

Experience matters

Annual Report 2018





‘Experience matters’ is the belief that underpins everything we do.

Our attention to detail reflects this belief. From the big, macro concepts and developments to the small, micro moments and thoughtful, sustainable touches, we embrace details which make an impact.

This year’s annual report highlights some elements that matter to us, and to the people in our properties. Whether it is a feature of an asset or a nuance of an engagement, we captured moments that illustrate our commitment to building meaningful experiences.

At Frasers Hospitality Trust, we focus on our guests’ needs, putting them at the heart of everything we do. This commitment is evident across all our hospitality properties, including InterContinental Singapore – a luxury landmark that exudes the charm of its locale by blending heritage-inspired aesthetics with modern comforts. Even before arriving at our properties, our guests know that they can look forward to both excellent service and warm hospitality, enriching each experience and enlivening their stay. With every attention to detail, we pride ourselves in creating more than just memorable experiences, but creating memories that last.

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About Frasers Hospitality Trust

Frasers Hospitality Trust ("FHT") is a global hotel and serviced residence trust listed on the Mainboard of the Singapore Exchange on 14 July 2014.

Established with the principal strategy of investing globally (excluding Thailand) on a long-term basis in income-producing real estate assets used predominantly for hospitality purposes, we provide investors exposure to one of the largest global hospitality portfolios, with a total of 3,914 rooms comprising 3,072 hotel rooms and 842 serviced residence units.

Our well diversified portfolio of 15 quality assets are in prime locations across 9 key cities in Asia, Australia and Europe. With a combined appraised value of approximately SGD2.40 billion, these 9 hotels and 6 serviced residences are: Novotel Melbourne on Collins, Novotel Sydney Darling Square, Sofitel Sydney Wentworth, Fraser Suites Sydney, InterContinental Singapore, Fraser Suites Singapore, ibis Styles London Gloucester Road, Park International London, Fraser Place Canary Wharf London, Fraser Suites Edinburgh, Fraser Suites Glasgow, Fraser Suites Queens Gate London, ANA Crowne Plaza Kobe, The Westin Kuala Lumpur and Maritim Hotel Dresden.

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

FHT is sponsored by Frasers Property Limited ("Frasers Property" or the "Sponsor"), a multi-national company that owns, develops and manages a diverse, integrated portfolio of properties. Our strategic partner, TCC Group Investments Limited ("TCCG"), is one of the largest conglomerates in Southeast Asia engaging in a variety of businesses including real estate. While we enjoy full flexibility in sourcing for acquisitions from third parties, both Frasers Property and TCCG have granted FHT the right of first refusal to a pipeline of hospitality assets. This further provides FHT with access to future acquisition opportunities.

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

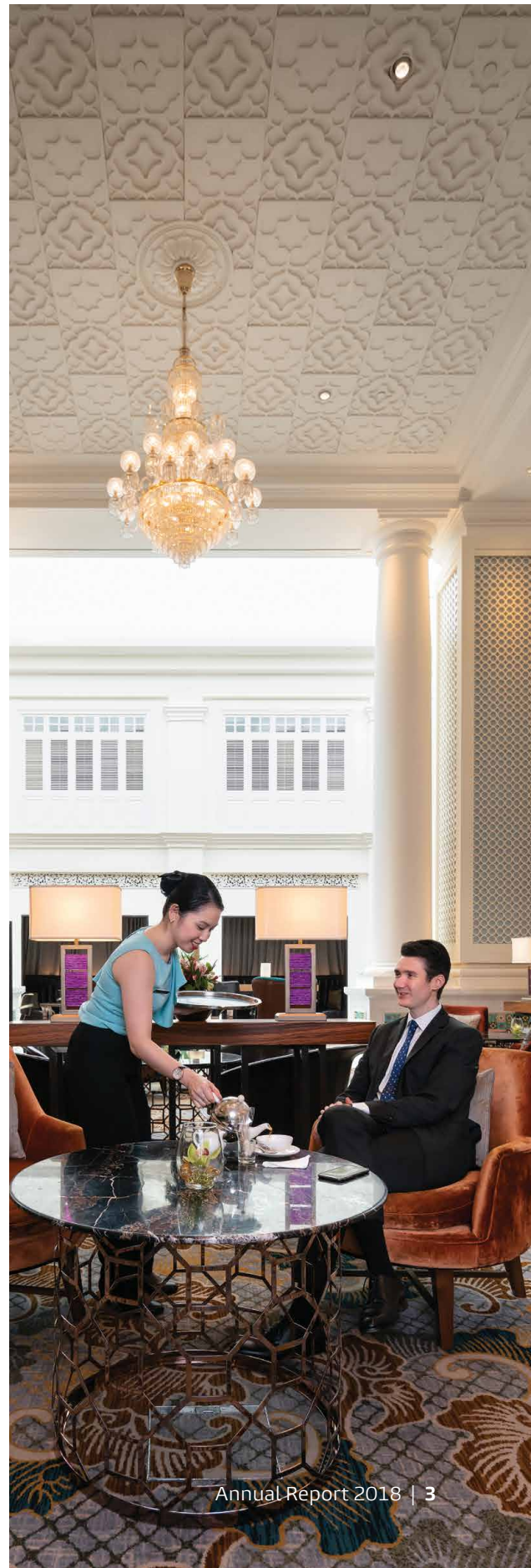
Experience Matters

We believe that our customers' experience matters.

When we focus on our customers' needs, we gain valuable insights which guide our products and services. We create memorable and enriching experiences for our customers.

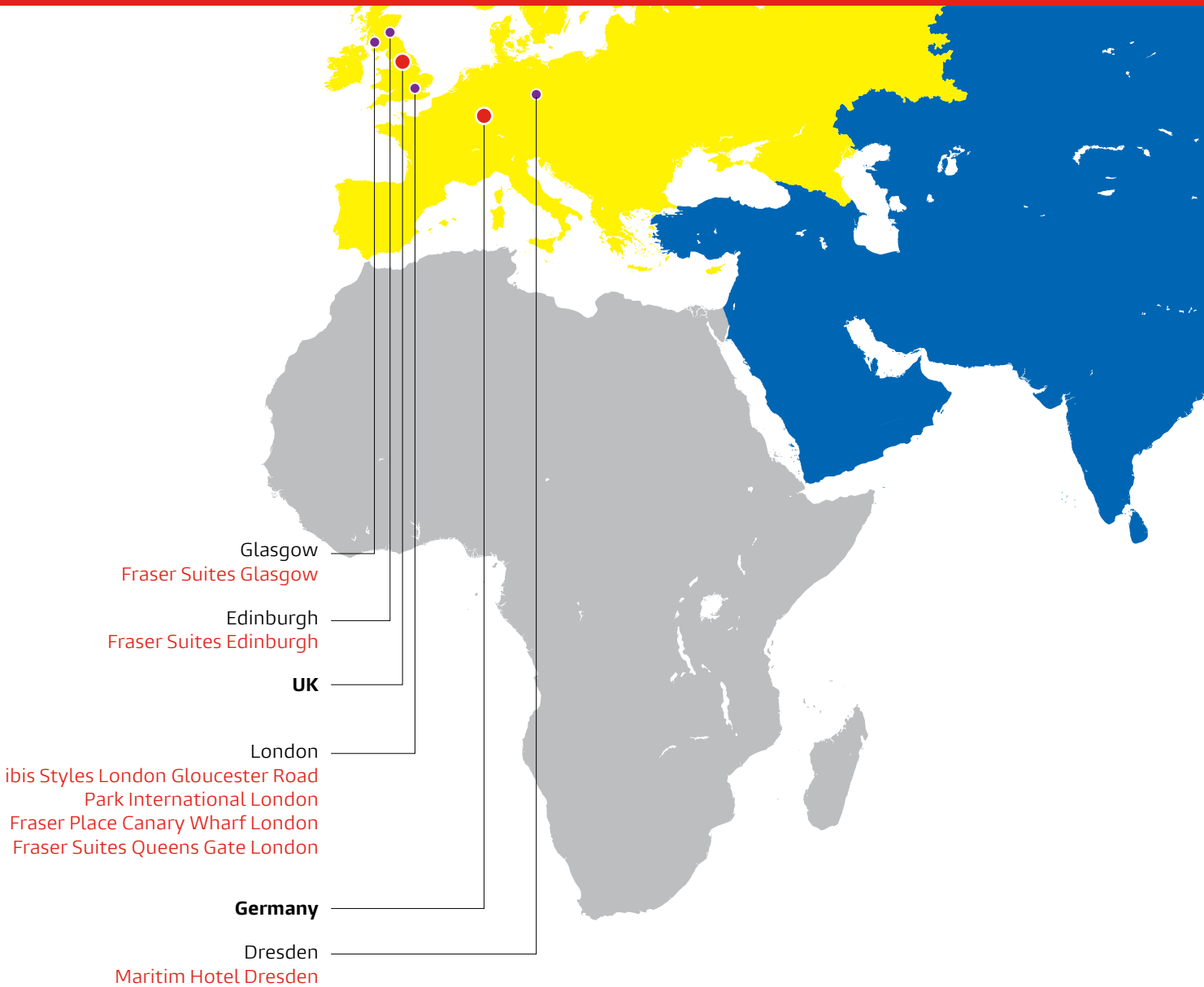
We believe our experience matters.

Our legacy is valuable and inspires our future successes. As a member of the Frasers Property Group, a multi-national business of scale and diversity, we bring the right expertise to create value for our customers. We celebrate the diversity of our people and the expertise they bring, and we commit ourselves to enabling their professional and personal development.



Our Portfolio

FHT has a well-diversified portfolio of 15 quality assets. Most of them are located in key gateway cities across Asia, Australia and Europe.





SGD2.40B
Total Portfolio Value



9
Key Cities



15
Properties



3,914
Keys



Growth Strategy



Acquisition Growth

The REIT Manager actively pursues asset acquisitions that will provide attractive cash flows and yields to satisfy its investment mandate, so as to enhance returns to FHT's Stapled Securityholders and improve the future income and capital growth prospects of FHT.

The REIT Manager seeks opportunities in key cities with sound economic fundamentals, favourable hospitality market conditions, and a good mix of both business and leisure guests. With FHT's global investment mandate (excluding Thailand), the REIT Manager has maximum flexibility in scanning various regions for opportunities in the hotels and serviced residence asset classes.

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



Active Asset Management and Enhancement Strategy

The REIT Manager will continue to identify opportunities and implement strategies to improve the operational cash flow of the properties. Working closely with the hotel and serviced residence operators, the REIT Manager focuses on the areas of revenue optimisation, cost control and operating efficiency, prioritising strategies that have the highest impact on the overall performance of the properties.

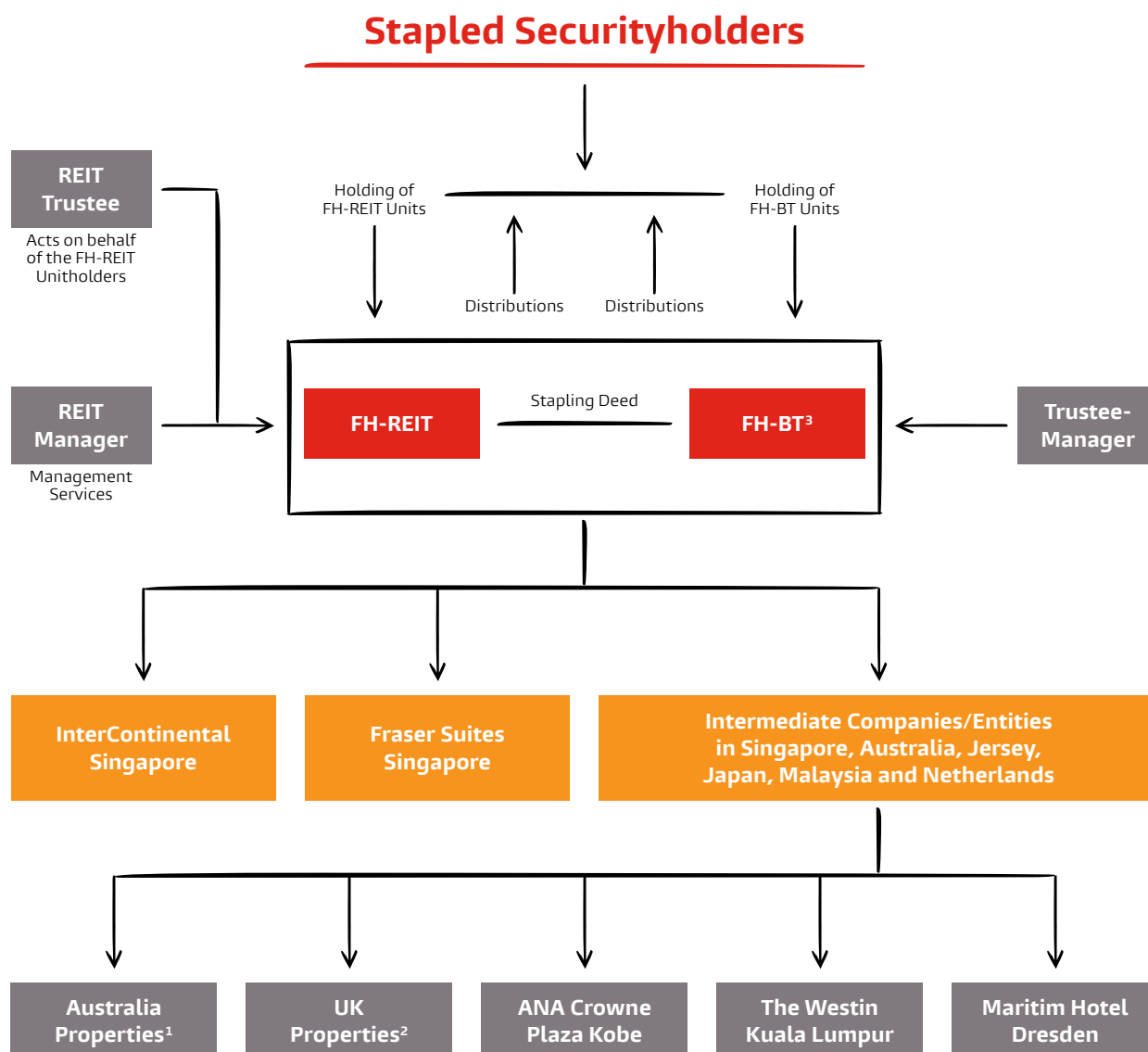
In addition to active asset management of the properties, the REIT Manager actively identifies opportunities to undertake asset enhancement initiatives that successfully reposition the properties, generate incremental cash flows and increase the value of the properties.



Capital and Risk Management Strategy

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

Trust Structure

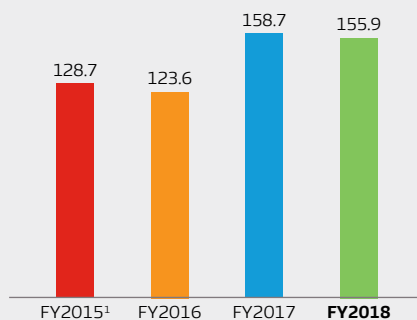


Notes:

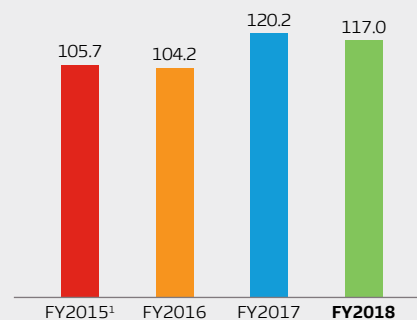
- 1 "Australia Properties" refer to Novotel Melbourne on Collins, Novotel Sydney Darling Square, Sofitel Sydney Wentworth and Fraser Suites Sydney.
- 2 "UK Properties" refer to ibis Styles London Gloucester Road, Park International London, Fraser Place Canary Wharf London, Fraser Suites Edinburgh, Fraser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

Financial Highlights

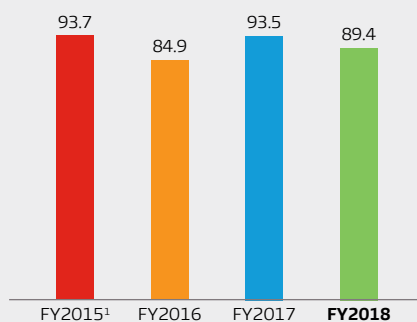
Gross Revenue
(SGD Million)



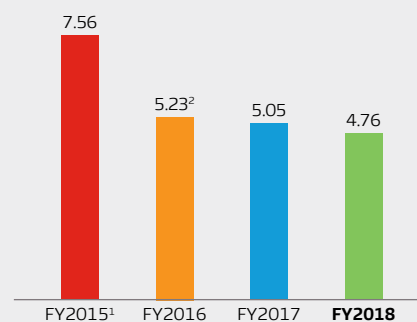
Net Property Income
(SGD Million)



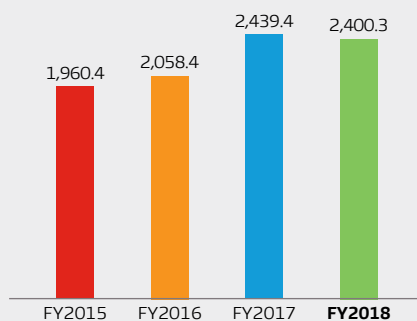
Distributable Income Attributable to Stapled Securityholders
(SGD Million)



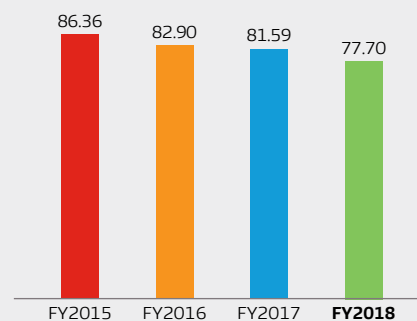
Distribution Per Stapled Security
(SGD Cents)



Total Portfolio Valuation
(SGD Million)



Net Asset Value Per Stapled Security
(SGD Cents)



¹ For the financial period from 14 July 2014 to 30 September 2015.

² FY2016 Distribution per Stapled Security includes the effect of the Rights Issue.



Novotel Sydney Darling Square – Pier St. Kitchen

	FY2015 ¹	FY2016	FY2017	FY2018
Statement of Total Return (SGD million)				
Gross Revenue	128.7	123.6	158.7	155.9
Net Property Income	105.7	104.2	120.2	117.0
Distributable Income Attributable to Stapled Securityholders	93.7	84.9	93.5	89.4
Balance Sheet Highlights (as at 30 September) (SGD million)				
Total Assets	2,031.7	2,161.0	2,533.9	2,494.7
Total Portfolio Valuation	1,960.4	2,058.4	2,439.4	2,400.3
Total Liabilities	859.4	916.8	927.7	942.2
Total Borrowings (gross)	790.6	814.0	813.7	837.3
Net Assets	1,172.3	1,244.2	1,606.2	1,552.5
Key Financial Indicators				
Distribution per Stapled Security (SGD cents)	7.56	5.23 ²	5.05	4.76
Net Asset Value per Stapled Security (SGD cents)	86.36	82.90	81.59	77.70
Gearing (%)	38.9	37.7	32.1	33.6
Interest cover (times)	5.3	4.9	5.1	5.0
Effective cost of borrowings (%)	2.4	2.6	2.6	2.6
Borrowings on fixed rates (%)	73.0	86.0	74.7	73.3
Unencumbered assets as a % of property portfolio	92.6	93.4	94.3	94.2

Letter to Stapled Securityholders

Notwithstanding the tough operating environment, the performance of our portfolio has been resilient.

Continuing our practice to distribute fully our distribution income, our FY2018 distribution per Stapled Security was 4.76 cents.

Dear Stapled Securityholders,

It is our pleasure to present to you FHT's annual report for the financial year ended 30 September 2018 ("FY2018").

During the year in review, a few of the properties in our portfolio faced headwinds in the markets they operate in. Notwithstanding the tough operating environment, the performance of our overall portfolio has been resilient, as we stayed focused and worked closely with our operators to strengthen the competitive positioning of our hotels and serviced residences.

FY2018 Financial Performance

For FY2018, our gross revenue and net property income decreased year-on-year ("yoy") by 1.8% and 2.6% to SGD155.9 million and SGD117.0 million respectively. The declines were due to weaker performances from our Australia and Malaysia portfolios.

Our income available for distribution was SGD89.4 million, 4.4% lower yoy due to lower net property income, unfavourable foreign exchange impact, higher finance costs from refinancing loans with longer-term notes and an increase in borrowings.

Continuing our practice to distribute fully our distribution income, our FY2018 distribution per Stapled Security was 4.76 cents, 5.6% lower yoy.

Resilient Portfolio Performance

FHT has a portfolio of 15 hotels and serviced residences located across Asia, Australia and Europe, within prime locations of key cities.

As at 30 September 2018, our portfolio valuation stood at SGD2.40 billion, down from SGD2.44 billion in FY2017. The 1.6% yoy decline was mainly attributed to the weakening of most foreign currencies against the SGD, except for JPY and MYR. In local currency terms, the valuations of our Australia, United Kingdom ("UK"), Japan and Germany portfolios were higher than a year ago, reflecting the quality of our assets.

For FY2018, our country portfolios reported mixed results (in local currency terms).

Our Australia portfolio recorded lower revenue and profit as the performance of Novotel Sydney Darling Square was affected by a major refurbishment which was completed in February 2018, while our other properties in Sydney faced a more competitive trading environment due to softer corporate demand and increase in new room supply. On the other hand, Novotel Melbourne on Collins continued to perform well. The hotel reported a yoy growth of 9.3% in revenue per available room ("RevPAR"), on the back of healthy gains in average daily rate ("ADR") and occupancy.

Our Singapore portfolio reported higher profit due to better cost control and operating efficiencies achieved by both properties, as well as higher food and beverage revenue reported by InterContinental Singapore. Portfolio revenue was lower yoy as Fraser Suites Singapore continued to face downward pressure in its ADR. InterContinental Singapore prioritised ADR increase over occupancy growth as its strategy was to position the property as a luxury hotel in the Bugis precinct. This led to a slight dip in the hotel's RevPAR.



Letter to Stapled Securityholders

In the UK, our portfolio revenue was stable while profit was lower than a year ago. Despite an overall increase in ADR of 1.7% yoy, the portfolio RevPAR was flat as the portfolio occupancy was mainly affected by a renovation of ibis Styles London Gloucester Road since August 2018. Costing GBP2.2 million, the renovation was planned as part of its rebranding. Our UK properties also continued to face pressure of higher staff costs, following the increase in minimum wage rates in the UK. This has contributed to the lower portfolio profit.

Our hotel in Kobe, Japan reported lower revenue yoy due to cancellations of room and banquet bookings following the severe typhoons that took place in the last quarter of FY2018. However, the hotel's profit was flat yoy due to the productivity and efficiency gains achieved by its food and beverage division.

The Westin Kuala Lumpur reported poorer performance on the back of increased room supply and a significant drop in corporate demand before and after the Malaysia general election. These adverse factors contributed to the hotel's lower room and food and beverage revenue.

In Germany, Maritim Hotel Dresden continued to perform well in FY2018. The hotel is master leased on a long-term basis to the Maritim Hotel Group, an established hotel operator in Germany. In FY2018, we received a higher variable rent on top of the high fixed rent arising from the lease structure. The higher variable rent was attributed to healthy RevPAR gains due to occupancy growth.

Prudent Risk and Capital Management

At FHT, our principal strategic objective is to manage and expand our portfolio, within our risk capacity and risk appetite, to deliver long-term growth in distribution and net asset value to our Stapled Securityholders.

We adopt a disciplined and prudent approach in managing our capital structure and financial risks to maintain a strong balance sheet so that we will have continual access to funding in both capital and debt markets at optimal cost. FHT has a Baa2 rating, with a stable outlook, accorded by Moody's Investors Service.

Underscoring our ability to tap into different sources of funding, we issued SGD120 million, 3.08% fixed rate notes due in 2024 under our SGD1 billion Multicurrency Debt Issuance Programme in November 2017. The net proceeds from this notes issuance was largely used to partially prepay SGD110 million of the SGD500 million 5-year term loan due in July 2019.

In March 2018, we made a second partial prepayment of SGD65 million out of this SGD500 million term loan, which we funded with another SGD70 million, 5-year term loan.

In July 2018, we refinanced a 3-year term loan of AUD117.2 million due in the same month, with a 5-year term loan of AUD120 million. As a result, our weighted average debt to maturity has been extended to 2.91 years, thus providing more certainty to our finance costs over a longer period.

In managing foreign currency risks associated with the capital values of our overseas assets, we create a natural hedge by borrowing in the same currency as the underlying asset. This is achieved through direct borrowing in the foreign currency, or via cross currency swaps which can be at a lower cost of funding.

In November 2017, we swapped SGD120 million for fixed interest rate JPY obligations. The loan-to-valuation (in local currencies) for our overseas assets have since been maintained in the range of 20% to 80% during FY2018.

As at 30 September 2018, our gross borrowings totalled SGD837.3 million, up from SGD813.7 million as at the end of FY2017, while our gearing was 33.6%. We incurred higher finance costs due to borrowings to fund the asset enhancement initiative of Novotel Sydney Darling Square, and higher interest rates following the refinancing of bank borrowings with longer-term notes. However, our effective cost of borrowings for FY2018 remained stable at 2.6% per annum (2.6% in FY2017) as the higher costs of refinancing were mitigated by lower costs of the financial derivative instruments.

To mitigate the impact and provide certainty in a rising interest rate environment, approximately 73.3% of our borrowings were secured on fixed interest rates while 96.1% of our borrowings consisted of unsecured debt, offering more flexibility in managing our loan portfolio.

Sustainability Reporting

Sustainability has always been an integral part of FHT's mission to be a fair and responsible owner by working with established hotel and serviced residence operators to adopt best environmental, social and governance ("ESG") practices.

While we have been reporting extensively on our sustainability performance right from our first annual report, FY2018 sustainability report marks our first mandatory reporting under the Singapore Exchange Listing Rules.

We took the opportunity to reassess and revise our material ESG factors and expanded the scope of our report to include ESG disclosures of our hotels that are independently managed by reputable international hotel chains.

Prepared in accordance with the Global Reporting Initiative Standards: Core option, our sustainability report is covered on pages 72 to 92 of this annual report.

Awards & Accolades

During FY2018, many of our properties continued to be recognised as the preferred accommodation for corporate and leisure travellers around the world.

At the Tourism Accommodation Australia (“TAA”) NSW Awards for Excellence 2018, Novotel Sydney Darling Square took home the Metropolitan Superior Hotel of the Year award while Fraser Suites Sydney was inducted into the TAA Hall of Fame, having won the Apartment/Suite Hotel of the Year for 3 consecutive years. Sofitel Sydney Wentworth was named Luxury Historical Hotel and Luxury Hotel & Conference Centre at the World Luxury Hotel Awards 2018.

Receiving several accolades during the year, InterContinental Singapore was accorded “four-star rating” by Forbes Travel Guide while its 2 food and beverage outlets, Man Fu Yuan and Ash and Elm, were bestowed the Michelin Plate honour and T Dining Best Restaurants by Singapore Tatler. The hotel also received the Green Mark Gold ^{Plus} award from the Building and Construction Authority of Singapore, and the Merit award at the 3R Awards for Hotels 2018, in recognition for its waste minimisation and recycling practices.

At the World Travel Awards 2018, Fraser Suites Edinburgh was named Scotland’s Leading Serviced Apartments, and at the Scottish Hotel Awards Gala Dinner 2018, Fraser Suites Glasgow scooped the Serviced Apartment of the Year award.

Outlook for FY2019

Looking ahead, the demand in Sydney and Melbourne hotel markets is expected to remain healthy, underpinned by inbound tourism growth and a busy year-round calendar of events. While a relatively large number of new rooms is anticipated to enter the Sydney hotel market over the next 3 years, the healthy demand is expected to help offset the increase in supply.

In Singapore, hotel trading performance is expected to improve in the near term, on the back of demand fuelled by continued growth in tourist arrivals and limited room supply growth. These could lead to improved occupancy levels, potentially allowing hotels to increase rates.

Ongoing Brexit and economic uncertainty, and any escalation of global trade tensions could continue to slow business travel growth in the UK in 2019. New room supply over the medium term could further weigh on hotel trading performance going forward.

Japan is expected to remain a moderately positive market for us as key events such as the Rugby World Cup 2019 and the 2020 Tokyo Olympic Games are likely to provide continued support for inbound tourism growth.

In Kuala Lumpur, Malaysia, hotel trading performance is expected to remain under pressure amid increasing competition arising from the large incoming room supply. With tourism being one of the largest contributors to the country’s economy, marketing initiatives and investment in tourism infrastructure to boost visitor arrivals are expected to continue.


The outlook for Dresden in Germany remains stable to positive as the capital of the state of Saxony has progressively become a leisure, business and MICE (meetings, incentives, conventions and exhibitions) destination with increasing international appeal, underpinned by healthy tourism demand.

Moving forward, we will proactively pursue opportunities that will optimise our portfolio and further improve the competitive positioning of our properties, to create value for our Stapled Securityholders.

Acknowledgements

We thank our Stapled Securityholders, hotel and serviced residence guests, business partners, advisers, bankers and the Trustee for their continued support and trust. We also thank the Board of Directors for their wise counsel and guidance, and the management for their dedication and hard work.

We look forward to seeing you at our forthcoming annual general meeting on 22 January 2019.



Law Song Keng
Chairman



Eu Chin Fen
Chief Executive Officer

Financial Review

SGD million unless otherwise indicated	FY2018	FY2017	Change
Gross Revenue ("GR")	155.9	158.7	(1.8%)
Net Property Income ("NPI")	117.0	120.2	(2.6%)
Distributable Income Attributable to Stapled Securityholders ("DI")	89.4	93.5	(4.4%)
Distribution per Stapled Security ("DPS") (SGD cents)	4.76	5.05	(5.6%)

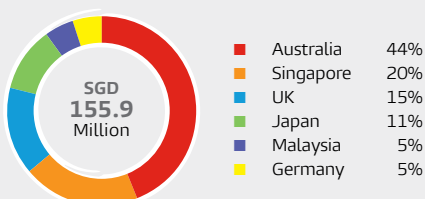
GR and NPI

In FY2018, FHT achieved GR¹ and NPI of SGD155.9 million and SGD117.0 million respectively, recording a marginal decline of 1.8% and 2.6% as compared to FY2017 respectively.

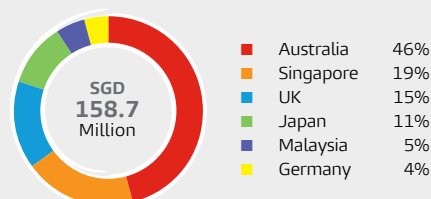
The decline in GR and NPI was mainly due to lower operating performance of the Australia portfolio, partially mitigated by improved operating performance yoy from Maritim Hotel Dresden, the Germany portfolio.

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

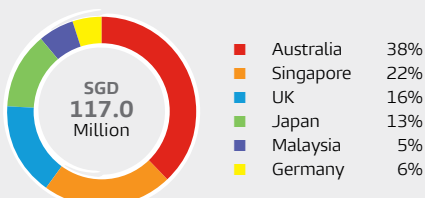
FY 2018 GR



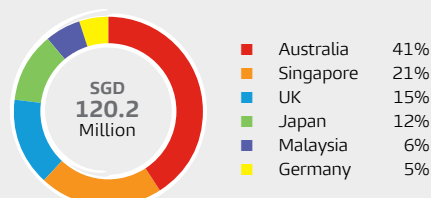
FY 2017 GR



FY 2018 NPI



FY 2017 NPI



The overall contribution to GR and NPI from the country portfolios had remained substantially comparable to FY2017, with the exception of the Australia portfolio.

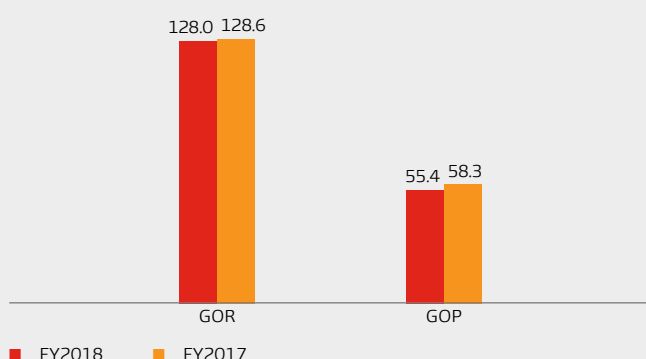
The Australia portfolio continues to be a major contributor to FHT's GR and NPI. It contributed 44% to GR and 38% to NPI, recording a decline of 2 percentage points and 3 percentage points respectively from FY2017. The decline was due to challenging operating environment in Sydney, resulting in lower revenue and profitability. The weakening of AUD against SGD by approximately 4.2% yoy had further exacerbated the decline in contribution to FHT.

The remaining assets in the portfolio reported relatively stable operating results but GR and NPI were impacted by movements in foreign currencies against SGD. In general, GBP and EUR have depreciated against SGD yoy, while JPY and MYR had appreciated against SGD yoy.

¹ GR comprised master lease rental income and Gross Operating Revenue from managed hotel (Novotel Melbourne on Collins).

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

Australia Portfolio (AUD Million)

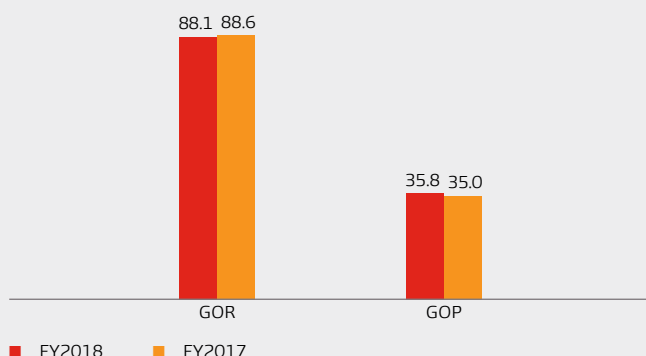


The Australia portfolio recorded a marginal decline in Gross Operating Revenue ("GOR") as the operating environment in Sydney market faced more competition due to softer corporate demand, coupled with an increase in new room supply. Gross Operating Profit ("GOP") had declined due to lower GOR and higher operating expenses.

Within the Sydney portfolio, it recorded a decline in GOR and GOP as Novotel Sydney Darling Square ("NSDS") was under renovation, hence temporarily impacted the operations. Since the completion of its renovation in February 2018, NSDS has performed better with the return of its full room inventory.

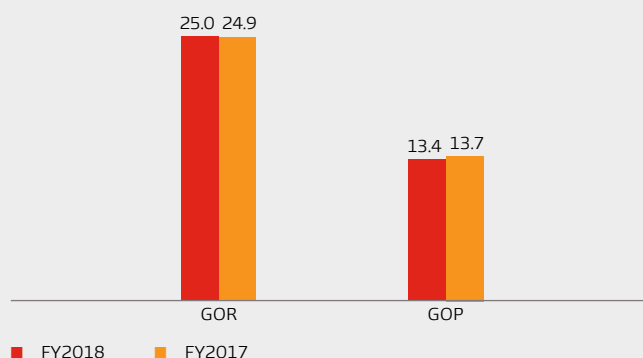
The overall decline in the Australia portfolio performance was partially mitigated by continued improvement of Novotel Melbourne on Collins' performance. The hotel achieved a yoy RevPAR growth of 9.3%.

Singapore Portfolio (SGD Million)



Operationally, the Singapore portfolio recorded marginally lower GOR due to decline in RevPAR. Despite increased competition from the micro market in which InterContinental Singapore operates in, the hotel achieved marginal improvement in food and beverage sales while room sales remained relatively stable. Fraser Suites Singapore ("FSSG") had performed marginally lower GOR as it pursued an occupancy strategy by securing long-stay guests. The overall improvement in GOP arose from higher operational efficiencies and cost management in both properties.

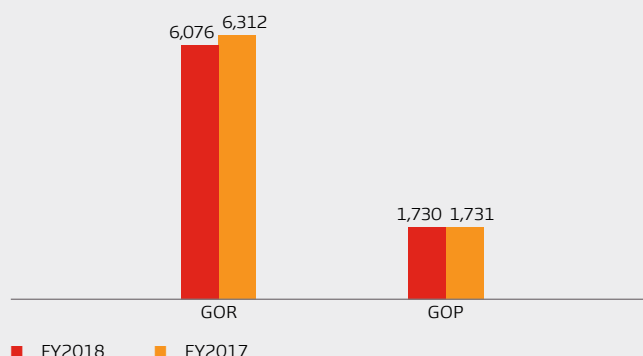
UK Portfolio (GBP Million)



The UK portfolio achieved a relatively flat RevPAR in FY2018 as compared to FY2017 notwithstanding ibis Styles London Gloucester Road ("ISLG") being under renovation since August 2018. Excluding ISLG, the portfolio would have recorded a 1.1% increase in RevPAR yoy.

Overall, GOR of the UK portfolio was marginally higher, but higher operating cost primarily due to the increase in minimum wages in the UK had resulted in marginally lower GOP.

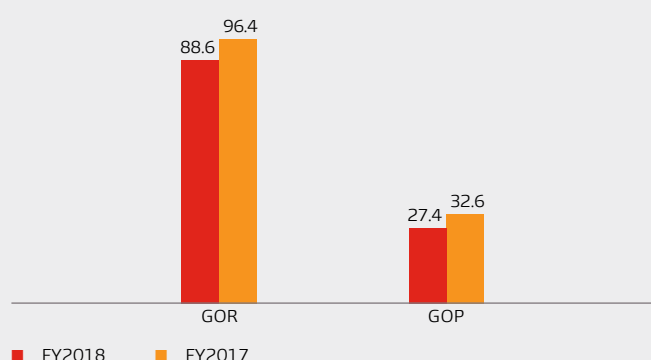
Japan Portfolio (JPY Million)



Financial Review

ANA Crowne Plaza Kobe recorded lower operating performance in FY2018 mainly due to lower banquet sales. During the year, the hotel undertook a replacement of banquet space partition wall, hence the closure of banquet space had resulted in lower banquet sales. The hotel operation was also affected by typhoons during the year which resulted in cancellation of rooms and banquet events. Notwithstanding the lower GOR, the hotel was able to maintain its GOP through improved productivity, and efficiency gains achieved in the food and beverage division.

Malaysia Portfolio (MYR Million)



The Westin Kuala Lumpur recorded poorer GOR due to increased competition from new room supply in Kuala Lumpur. Moreover, the weak market demand during the period leading up to and after the Malaysia general election in May 2018 had also impacted the operating performance, as corporate spending stalled on the back of uncertainty surrounding businesses and projects. The decline in GOP was partially mitigated as the hotel managed its operating expenses in light of the weak market.

Distributions

In FY2018, FHT recorded DI of SGD89.4 million, a decline of 4.4% yoy as a result of lower NPI and higher finance costs. DPS for FY2018 of SGD4.76 cents was 5.6% lower yoy, in line with lower DI.

Prudent Capital and Risk Management

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

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

The policies and guidelines also ensure that the REIT Manager is prudent in managing the interest rate risk arising from FH-REIT's borrowings and foreign exchange risk arising mainly from foreign sourced income. By hedging the interest rate risk and foreign exchange risk using suitable derivative financial instruments, the income available for distribution will be less exposed to fluctuations in market interest rates and exchange rates.

FHT has a Baa2 rating accorded by Moody's Investors Service.

The REIT Manager continues to tap on different sources of financing for FH-REIT's funding requirements.

On 8 November 2017, FH-REIT (through its wholly-owned subsidiary FH-REIT Treasury Pte. Ltd) issued SGD120 million 3.08% 7-year fixed rate notes with maturity date on 8 November 2024. The net proceeds from this notes issue were largely used to partially refinance SGD110 million of the SGD500 million 5-year term loan secured at initial public offering ("IPO") which matures on 15 July 2019. The longer weighted average years to maturity provides more certainty to FHT's finance costs over a longer period and strengthens FH-REIT's debt profile in an environment of rising interest rates.

On 2 March 2018, FH-REIT also secured a SGD70 million 5-year term loan with maturity on 10 March 2023 to partially refinance SGD65 million of the SGD500 million 5-year term loan secured at IPO which matures on 15 July 2019. The refinancing was ahead of the maturity so as to strengthen FH-REIT's debt profile in an environment of rising interest rates.

On 2 July 2018, FH-REIT (through its wholly-owned subsidiary FHT Sydney Trust 3 which owns the 75-year leasehold interest in Sofitel Sydney Wentworth), refinanced its 3-year term loan facility of AUD117.2 million expiring on 6 July 2018 with a AUD120 million 5-year term loan facility.



As at 30 September 2018, FHT's gross borrowings was SGD837.3 million (FY2017: SGD813.7 million), with an interest rate averaging 2.6% per annum for FY2018 (FY2017: 2.6% per annum). FH-REIT incurred higher finance cost in FY2018 due to increased borrowings to finance the asset enhancement initiative for NSDS and higher interest rates following the refinancing of bank borrowings with fixed rate notes of longer tenure.

Out of the gross borrowings of SGD837.3 million, SGD384.8 million are maturing in July 2019. The REIT Manager is presently working on refinancing the SGD384.8 million borrowings ahead of their maturity.

As at 30 September 2018, FH-REIT has undrawn revolving credit facilities of SGD51 million. It also has the ability to tap on the unutilised balance of SGD660 million from the SGD1 billion Multicurrency Debt Issuance Programme that was established in January 2016.

The leverage ratio of FHT as at 30 September 2018 was 33.6% (FY2017: 32.1%). The higher leverage ratio arose with increased borrowings from the partial refinancing of maturing term loan and increased borrowings to finance the asset enhancement initiative for NSDS.

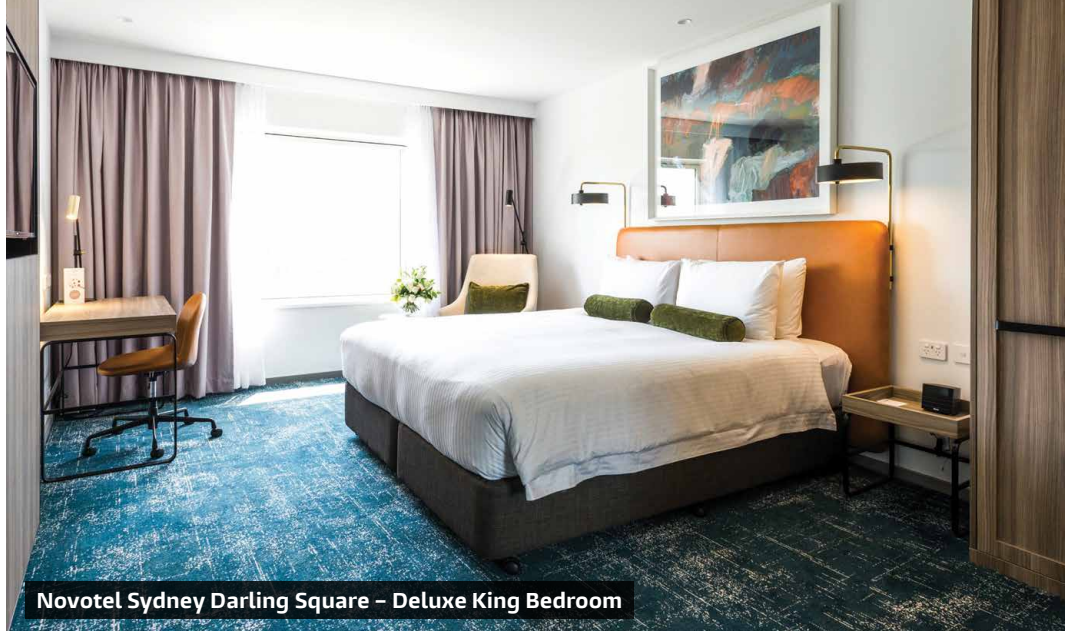
As at 30 September 2018, approximately 73.3% (FY2017: 74.7%) of FHT's borrowings were on fixed rates,

which safeguard against interest rate volatility and provide certainty of interest expenses. In addition, 94.2% (FY2017: 94.3%) of FHT's assets are unencumbered, thus providing for operational and financial flexibility. FHT maintains a healthy interest cover of 5.0 times (FY2017: 5.1 times).

When managing the foreign currency risks associated with the capital values of FHT's overseas assets, to the extent possible, FHT's borrowings are made in the same currency as the underlying asset as a natural hedging strategy. During FY2018, FHT used cross currency swaps to hedge its investments by entering into cross currency swaps to swap SGD120 million for fixed rate JPY obligations. As at 30 September 2018, FHT achieved between 23% to 77% natural hedging for its portfolio of assets denominated in foreign currencies.

The REIT Manager will continue to actively manage the capital structure and the financial risks of FH-REIT to meet its stated objectives.

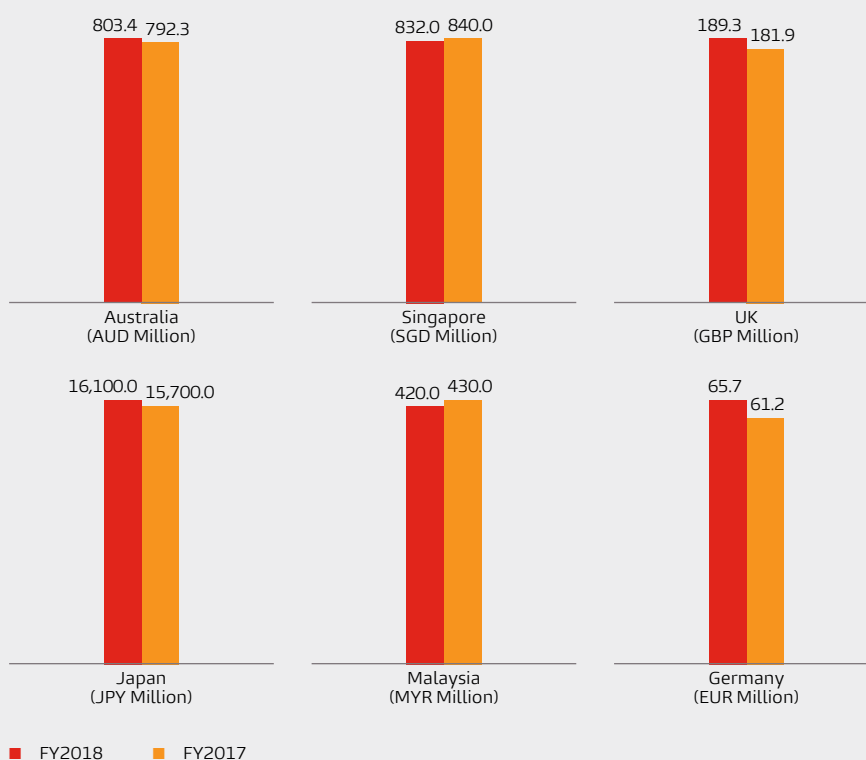
Asset Portfolio Valuation



FHT has a portfolio of 9 hotels and 6 serviced residences with a total of 3,914 rooms in Australia, Singapore, the UK, Japan, Malaysia and Germany. As at 30 September 2018, the portfolio's valuation was SGD2.40 billion, 1.6% lower than that as at 30 September 2017. The decline is mainly due to a decline in value of InterContinental Singapore as well as unfavorable foreign exchange rate movements of AUD and GBP against SGD.

In local currency terms, the total valuation was lifted by that of the properties in the UK and Germany, which increased by 4.1% and 7.4% respectively. The valuation of the Singapore properties decreased marginally by 1.0% owing to a softening of trading conditions in the luxury segment. In Malaysia, continued weakness in demand from corporations for meetings and events led to a decline in the property's trading performance, resulting in a decline of the valuation by 2.3%. Valuations in Australia and Japan increased marginally, at 1.4% and 2.5% respectively.

Valuation in Local Currency by Geography

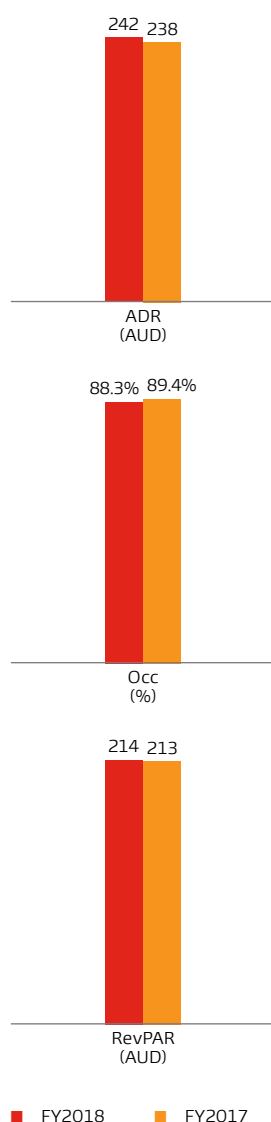


Operations Review



Novotel Melbourne on Collins – Standard Twin Room

Australia



Melbourne is the second most important city in Australia in terms of corporate and leisure demand. A total of 30.8 million visitor nights were recorded in 2017. As at year-to-date ("YTD") March 2018, Melbourne received a total of 9.9 million visitor nights, of which international visitor nights accounted for 70.0%. International visitor nights increased 3.8% whereas domestic visitor nights increased by 12.4%. A significant increase in room supply was recorded in Melbourne in 2018 (5% of existing supply). Notwithstanding the increase in supply, Occupancy for the market increased slightly as at YTD August 2018 to 84.4%, up 0.2 percentage points while ADR increased by 1.1% yoy to AUD195. RevPAR increased slightly by 1.4% yoy to AUD164.

With 11 development projects representing 2,527 rooms or 11.9% of existing stock, the outlook for the Melbourne lodging market is expected to be more muted going forward. Supply growth is expected to outstrip demand growth in the next 5 years, resulting in modest RevPAR growth.

Sydney continues to be the major corporate and tourism centre in Australia. A total of 38.3 million visitor nights were recorded in 2017, representing a yoy increase of 4.1%. As at YTD March 2018, Sydney received over 11.4 million visitor nights of which 70% were international visitor nights. In 2018, a lower than typical level of corporate and event-related demand as well as new rooms supply (2.8% of existing rooms) in the city have led to a slight decrease in occupancy. As at YTD August 2018, the city recorded

an occupancy of 87.2%, down by 1.8 percentage points yoy while ADR increased to AUD256, up 1.2% yoy. RevPAR declined 0.9% yoy to AUD223.

The slowdown in RevPAR growth is expected to be short term with performance picking up again over the medium term. Over the next 5 years, total visitor nights for the city are expected to grow at an average annual growth rate of 5.5%. The increased projected performance of Sydney International Convention Centre ("SICC") and relatively weak AUD are expected to underpin an increase in both domestic and international visitation to Sydney.

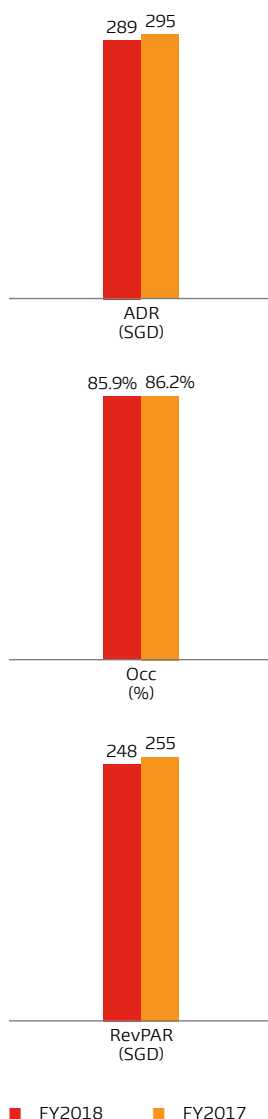
FHT's 4 hotels in Australia, Novotel Melbourne on Collins, Novotel Sydney Darling Square, Sofitel Sydney Wentworth and Fraser Suites Sydney, performed in line with the market in FY2018. With the exception of Novotel Sydney Darling Square, all properties closed the year with occupancies above 90%. The ongoing renovation works at the hotel reduced the saleable inventory until completion in February 2018. Fully renovated and repositioned, the hotel is now expected to contribute positively to the growth in the Australia portfolio. The portfolio achieved a RevPAR of AUD214, flat yoy. Excluding Novotel Sydney Darling Square, the portfolio's RevPAR would have increased 0.7% yoy. GR for the portfolio decreased 0.8% to AUD67.8 million while NPI declined 4.9% to AUD43.5 million.

Operations Review



InterContinental Singapore – Ambassador Suite

Singapore



Despite the strength of the SGD, arrivals to Singapore increased by 7.5% as at YTD August 2018 to 12.6 million. The increase was driven by stronger visitation from India (+16.3%), Vietnam (+14.5%), the United States of America (the "USA") (+13.6%) and China (+9.4%). Marketing efforts undertaken by the Singapore Tourism Board ("STB") in 2017 in secondary cities in China and India began bearing fruit in 2018. Singapore also hosted several important biennial events in 2018, including the Singapore Airshow, Food and Hotel Asia as well as Asia's largest Oil and Gas industry event. STB's strong marketing reach, continued relationship with F1 as well as the city's strong position as a regional MICE destination are likely to continue to drive arrivals in the short to medium term.

An estimated 3,210 rooms (4.8% of existing supply) were added to the hotel market in 2017. Several high-profile brands opened in the city, including Andaz Singapore, Sofitel Singapore City Centre and InterContinental Robertson Quay. In 2018, a further 344 rooms are expected to be added to the market. Notwithstanding the recent supply increase, the Singapore market has recorded moderate growth in 2018. As at YTD August 2018, RevPAR grew by 2.5% yoy to SGD209. This was driven by increases in occupancy and ADR which grew by 0.2 percentage points and 2.3% respectively.

FHT's Singapore portfolio recorded moderate declines in RevPAR in FY2018. At InterContinental Singapore the repositioning efforts post-renovation continued to bear fruit with both the food and beverage outlets as well as the banqueting department improving their yoy performance. The hotel's RevPAR, however, recorded a decline of 0.9%. Increased competition in the Bugis area following the opening of JW Marriott and Andaz have resulted in a lower than market performance for the hotel.

Fraser Suites Singapore, on the other hand, was affected by the continued softness in the serviced residences market. With vacancy rates in the residential sector continuing to be elevated, the availability of shorter term leases has continued to put pressure on the performance of serviced residences. These headwinds led to an overall decline of 5.3% in RevPAR yoy for FY2018.

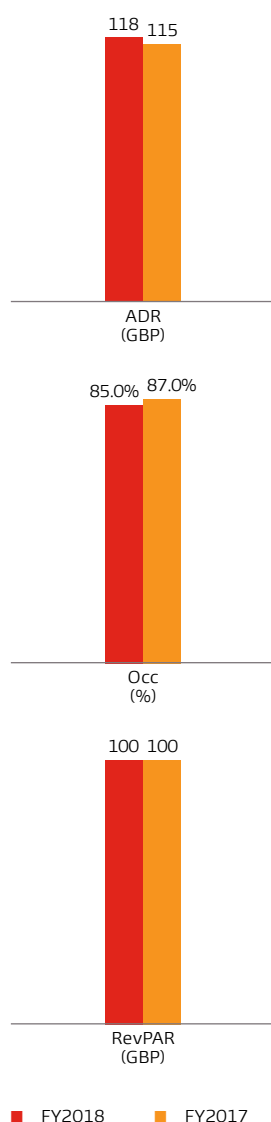
The Singapore portfolio's overall GR increased by 0.5% to SGD31.2 million and NPI increased by 2.3% to SGD26.2 million, as compared to FY2017.

Operations Review



Park International London – Junior Suite

UK



London welcomed 31.9 million visitors in 2017, a 2.2% increase from 2016. International visitors reached close to 20 million in 2017, up 4.0% yoy. Particularly the first half of 2017 saw strong growth in leisure business on the back of the weaker GBP. Arrivals from North America continued to be London's largest source market, increasing by 13.0% yoy. Strong growth was also recorded from key emerging markets with arrivals from India and China growing yoy by 40.0% and 33.0% respectively. London continues to attract a well-balanced mix of business and leisure travelers.

As at YTD August 2018, hotels in London recorded 1.3% increase in RevPAR. Occupancy rose 0.8 percentage points, while ADR remained flat. The strengthening of GBP in late 2017 resulted in slower growth from leisure arrivals. The recent weakening of the currency in the second half of 2018 as well as the hosting of a number of key events (Women's Football Final Cup, International Cricket World Cup, Wimbledon Tennis Championships) are expected to continue to support strong demand growth for the city in 2019. Despite uncertainty surrounding Brexit, London's rich and diverse cultural offering make it one of the most desired travel destinations and underpin its strong demand fundamentals in the short and medium term.

As Scotland's capital city, Edinburgh remains a popular international destination for business and leisure visitors. It has the largest financial centre outside of London and has a strong track record of hosting international conferences. The city recorded 2.1 million tourist visitors

in 2017, up 19.0% yoy. Edinburgh's hotel supply grew by 880 rooms in 2017 and the first half of 2018. Against the backdrop of increases in supply, RevPAR in the city as at August YTD 2018 declined 0.4% yoy to reach GBP88. With a significant supply addition of 2,210 rooms (15.0% of existing supply) in the pipeline between August 2018 and 2020, RevPAR growth in the city is projected to remain moderate. Glasgow, Scotland's largest city and its commercial capital, welcomed a record 856,890 visitors in 2017, up 18.0% yoy. Increases in both occupancy and ADR resulted in a RevPAR growth of 8.9% yoy.

FHT's 4 London properties performed in line with the market in FY2018. The Best Western Cromwell was rebranded to an ibis Styles London Gloucester Road from 1 January 2018 under a long-term management contract with AccorHotels. As part of its rebranding, the hotel is undergoing extensive refurbishment works to the guest rooms, restaurant and lobby. Following the expected completion of the renovation works by March 2019, the hotel is projected to contribute positively to the growth of the UK portfolio. Excluding the ibis Styles London Gloucester Road, which recorded a lower occupancy due to the renovation, FHT's properties recorded a RevPAR growth of 1.1%. The Edinburgh property recorded a decline in RevPAR of 2.1% while strong market conditions in Glasgow resulted in the property recording a 7.7% growth in RevPAR.

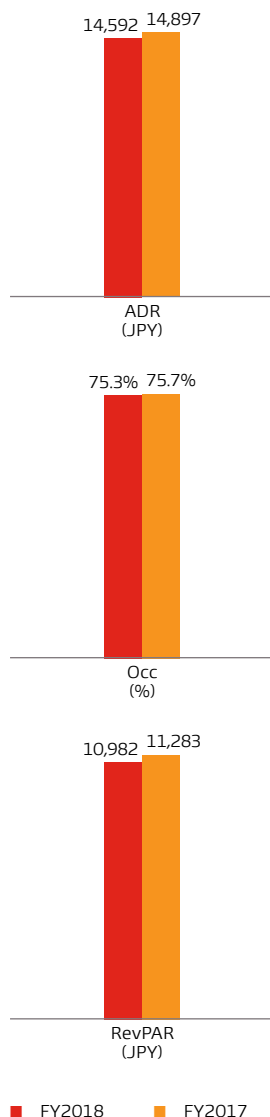
GR for the UK portfolio declined by 0.5% to GBP13.1 million and NPI decreased by 0.9% to GBP10.1 million, as compared to 2017.

Operations Review



ANA Crowne Plaza Kobe – Club Deluxe Twin

Japan



Kobe recorded 1.8 million room nights as at YTD June 2018, down 5.2% yoy. The decline in guest nights is primarily due to the decline recorded by domestic room nights which declined 6.1% over the same period. With domestic room nights accounting for 85.0% of total room nights, hotel performance in Kobe is very reliant on domestic demand. International room nights increased by 5.1% yoy, a testament to the city's potential to attract more international arrivals.

Historically, Kobe with its proximity to Osaka benefited from spill over demand. However, with Osaka recording a significant increase in rooms supply in 2017, spillover demand from Osaka to Kobe has been impacted. In addition, 2,030 rooms (14.0% of the existing room supply), all in the limited service category, are projected to be added to the rooms supply in Kobe by 2021. With no international operators entering Kobe, FHT's property is not expected to be directly impacted. However, the additional rooms will likely put pressure on the market's performance.

As at August YTD 2018, Kobe recorded a RevPAR growth of 4.6% driven by an increase in both occupancy and ADR. The earthquake that occurred in Osaka in June 2018 resulted in a shift in demand from Osaka to Kobe. However, the Kansai region was impacted by several typhoons that occurred from August to September 2018. Both Osaka and Kobe were severely impacted and suffered declines in business volume and cancellations during this period.

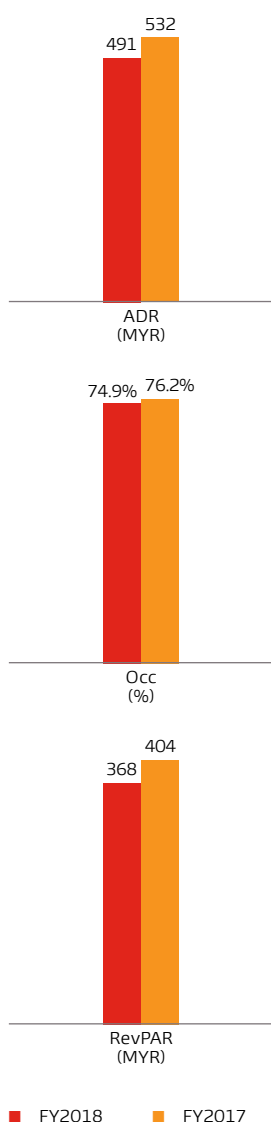
The performance of ANA Crowne Plaza Kobe was also impacted by the typhoons that occurred during the August to September period. However, with these events occurring during the last 2 months of FY2018, the property still turned in a positive performance for full year 2018. Growth was achieved primarily in general banquets and through increases in labour efficiency. GR increased by 7.8% to JPY1.5 billion while NPI increased by 10.9% to JPY1.2 billion, compared to 2017.

Operations Review



The Westin Kuala Lumpur – Chairman Suite

Malaysia



Tourism arrivals declined 3.4% yoy to 8.5 million as at YTD April 2018. This is a continuing decline from 2017, which registered a full year decrease of 3.0%. This was largely due to decline in visitors from Singapore, which fell 18.3% yoy to 3.4 million. However, visitors from China (+37.2%), South Korea (+26.5%), India (+21.2%) and Indonesia (+8.4%) rose significantly. The more convenient visa application for Chinese and Indian visitors is one of the key contributors to the significant growth from these 2 countries.

In FY2018, The Westin Kuala Lumpur was impacted by the weaker demand from some of its key corporate accounts. Particularly the consulting sector as well as the oil and gas sector recorded lower demand levels at the property. Demand was further impacted in the run up and aftermath of the general election in May 2018, which negatively impacted banquet and conferences at the hotel. Overall, GR declined by 17.0% to MYR21.5 million and NPI decreased by 18.0% to MYR19.6 million, compared to FY2017.

Approximately 5,100 rooms are expected to open in 2018, a 11.3% increase from 2017 and significantly more than the 1,214 rooms that were added to the supply in 2017. Among the new hotels are new to market brands such as Four Seasons Place (236 rooms), W Kuala Lumpur (150 rooms), CitizenM Kuala Lumpur (198 rooms), and Pavilion Hotel Kuala Lumpur Managed by Banyan Tree (337 rooms). As at August YTD 2018, RevPAR for upscale and luxury hotels in the city increased yoy by 4.8%, driven primarily by an increase in occupancy. The significant increase in supply as well as muted overall arrival growth is expected to put pressure on the performance of the market in the short term.

Operations Review



Dresden continues to be a popular leisure destination in Germany and was the country's seventh most visited city in 2017. As at YTD August 2018, tourism arrivals and overnight stays increased yoy by 5.2% and 5.7% respectively. In addition to the numerous annual events, such as the Christmas Market, Dresden is also an important economic centre in Eastern Europe and home to a number of leading companies in the area of microelectronics. The Messe Dresden, the city's trade fair venue, hosted 118 events in 2017, up 2.6% yoy. The city's historic inner city with several historic sites as well as positive marketing of the region are also important factors underpinning the growth of arrivals in the city.

International visitors account for 20.0% of total overnight stays. Key international feeder markets include the USA and Switzerland which comprised of 9.1% and 8.3% of total international overnight stays respectively in 2017. Over the past 10 years, international demand increased steadily, registering a compound annual growth rate of 5.6% between 2008 and 2017.

Maritim Hotel Dresden is a triple-net leased property which was acquired in June 2016. In FY2018, its GR increased 4.0% to EUR4.3 million and its NPI rose 2.4% to EUR4.2 million.

Operations Review

Growth via Asset Enhancement Initiatives



ibis Styles London Gloucester Road – Double Room

ibis Styles London Gloucester Road

ibis Styles London Gloucester Road, formerly known as Best Western Cromwell London, was rebranded on 1 January 2018. As part of the rebranding to ibis Styles, a comprehensive refurbishment is being undertaken. All 85 guest rooms, lobby, and breakfast areas will be refurbished. Renovation works commenced in August 2018 and are expected to be completed by March 2019.

Refurbishment of the guest rooms includes replacing all furniture,

soft furnishings and parts of the bathroom. The two smallest guest rooms in the property will be combined into one, improving the saleability of the guest room. This will bring the overall inventory down to 84. The lobby bar will be enhanced to integrate with the main lobby and the breakfast room at the lower ground level will also be refurbished.

Following the completion of the renovation, the hotel will be well-positioned to appeal to both leisure and corporate customers.

Novotel Sydney Darling Square

The comprehensive renovation of Novotel Sydney Darling Square, formerly known as Novotel Rockford Darling Harbour, was completed in February 2018. The hotel was renamed on 1 January 2018 to capitalise on its location in the newly developed Darling Square precinct.

As part of its renovation, all of the hotel's 230 guest rooms as well as the lobby, all-day dining restaurant and meeting rooms were refurbished. A new meeting room was created,

bringing the number of meeting rooms to 6.

The newly renovated hotel is well received by business and leisure guests alike. It has been receiving excellent reviews post renovation. The renovation works will enable the hotel to capitalise on its proximity to the SICC and the growing importance of Darling Harbour within Sydney. The heritage-listed Pumphouse restaurant is scheduled for renovation in 2019.

Market Overview

This report has been prepared by JLL for FHT



Melbourne

Tourism Market

The city of Melbourne sits on the northern banks of the Yarra River, around the shores of Port Phillip Bay and is renowned for its extensive annual calendar of festivals, exhibitions and major sporting events.

The city is Australia's second busiest aviation hub, serviced by 2 major airports namely Melbourne Tullamarine and Avalon as well as Essendon Airport. The Melbourne Airport attracted more than 35.5 million passenger movements in 2017. As at YTD July 2018, the airport recorded a total of 21.1 million passenger movements, an increase of 4.4% compared to the previous year. During this period, international services recorded a yoy growth of 9.0% to 6.4 million passengers, while domestic and regional services also experienced a 2.5% increase to 14.7 million passengers.

In 2017, 30.8 million visitor nights were recorded in Melbourne City, representing 5.0% of the total visitor nights spent in Australia. Approximately 38.5% of the total visitor nights were spent in paid accommodation (hotels, motels, guesthouses and serviced apartments) in Melbourne City, which translates to a decrease of 6.7% yoy. Mainland China was Melbourne's largest source market, contributing 28.6% of all international visitor nights or 5.7 million visitor nights. The next top source markets were the UK (6.2%), Malaysia (5.0%) and Taiwan (4.9%).

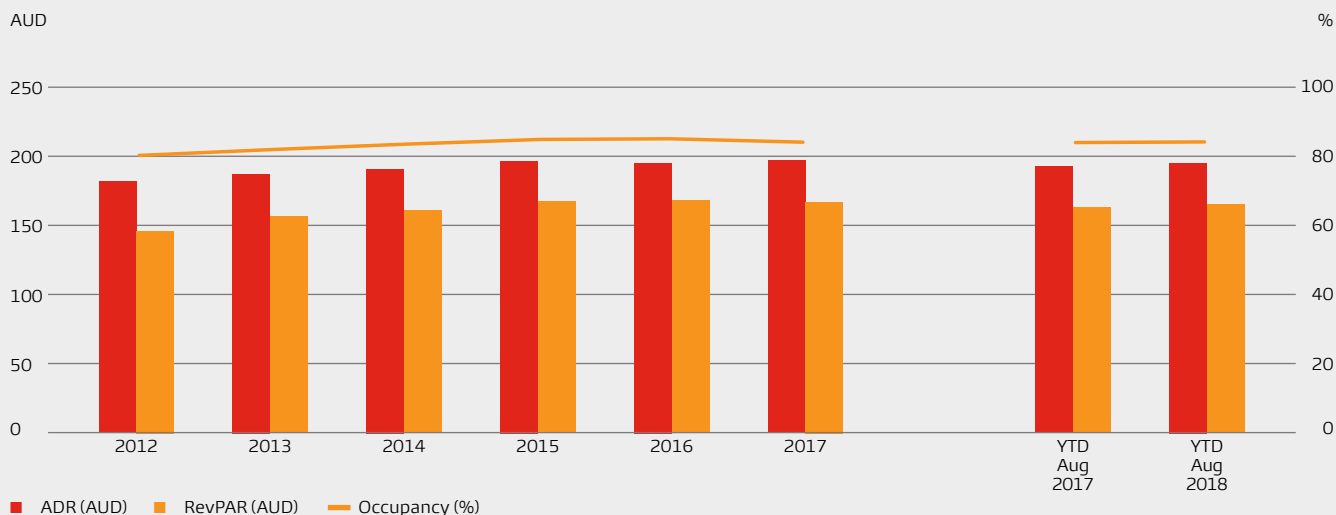
According to the latest available data as at YTD March 2018, Melbourne received a total of 9.9 million visitor nights, of which international visitor nights accounted for 70.0%. In comparison to the same period last year, international visitor nights increased by 3.8% to 6.9 million visitor nights and domestic visitor nights increased by 12.4% to 2.9 million visitor nights.

Existing and Future Hotel Supply

According to STR, there were an average of 21,171 short-term accommodation rooms available as at end-2017 in Melbourne City. In 2018, approximately 1,050 rooms or 5.0% are expected to be added to the existing stock within the Melbourne central business district ("CBD"). Notable completions include the 347-room Novotel Melbourne South Wharf (March 2018); 150-room AVANI Hotel Melbourne (March 2018); 70-room Mantra on City Road (September 2018); and the 483-room ibis and Novotel Little Lonsdale Street (December 2018).

A further 11 accommodation developments are currently under construction in the city centre due for completion in the next 3 years, representing an increase of 2,527 rooms or 11.9% of the existing stock as at end-2017. Upcoming hotels include but are not limited to the 252-room Sharma Luxe Aurora Melbourne Central (June 2019); 204-room Vibe Hotel Queen Street (December 2019); 294-room W Hotel Melbourne (December 2019); and the 263-room Ritz Carlton Melbourne (December 2021). Additionally, another 9 likely proposed properties will result in an increase of 2,566 rooms, or 12.1% on existing stock.

Accommodation Trading Performance in Melbourne City



Source: STR, JLL Hotels & Hospitality Group
Note: The republication of this data is strictly prohibited

Hotel Trading Performance

Melbourne's hotel trading performance as at YTD August 2018 remained fairly stable, with occupancy levels increasing by 0.2 percentage points to 84.4%. ADR improved by 1.1% yoy to AUD 195, which correspondingly led to an overall increase in RevPAR of 1.4% to AUD 164.

Hotel Market Outlook

Melbourne has historically absorbed new supply relatively quickly. Given the city's position as a mature commercial centre and major sporting and events capital along with the size of the accommodation market compared to other capital cities in Australia, a robust demand environment is expected to sustain the hotel sector's appeal to developers. However, it is also noteworthy that while Melbourne has generally absorbed new hotel supply fairly rapidly, sustained increases may put pressure on hotel trading performance going forward. This in turn may impact the metrics of some ongoing and future development projects.

Nevertheless, Melbourne's accommodation market has experienced a robust level of growth over the last 5 years, capitalising on the city's extensive calendar of events and the closure of the Sydney Convention and Exhibition Centre between 2014 and 2016. Melbourne City also has a long history of investment in tourism and transport infrastructure, as well as successful marketing campaigns for the city both nationally and globally.

The underlying market buoyancy of recent years is anticipated to moderate over the medium-term. While the city has an excellent track record of absorbing new supply, the development pipeline continues to build

with a number of large mixed-use developments and standalone hotel projects concentrated around the CBD and Docklands area.

According to the Tourism Research Australia's forecast prepared in 2017, total visitation to Melbourne (including domestic and international visitors) is projected to grow by an average of 5.4% annually over the 5 years to 2021-22 and by an average of 5.2% annually over the 10 years to 2026-27.

According to JLL forecasts, supply increases in Melbourne City are expected to average at 3.9% per annum over the 5 years to 2023, which compares to forecast room night demand increases averaging of 3.2% per annum. This is likely to result in some downward pressure on the high levels of occupancy that the market has been recently experiencing. ADR is forecasted to have an average annual growth rate of 2.3% for the 5 years to 2023, with a considerable number of upper upscale and luxury rooms set to enter the market, helping to achieve stronger rate growth from 2020. As a result, RevPAR growth is forecasted to grow at an average annual rate of 1.7% for the 5 years to 2023.



Sydney

Tourism Market

Sydney is the major corporate centre in Australia from both a domestic and international perspective. It is also the largest economy in Australia and one of the largest in Asia Pacific. The tourism industry has continued to benefit from the healthy economic growth experienced over many years, which is underpinned by the strong corporate environment within Sydney.

The Sydney Airport is Australia's busiest airport, attracting more than 43.3 million passenger movements in 2017. As at YTD July 2018, the airport experienced a total of 25.6 million passenger movements, an increase of 3.3% compared to the previous year. In the same period, international services recorded a yoy growth of 5.0% to 9.7 million passengers, while domestic and regional services also experienced a 2.2% increase to 15.9 million passengers.

A total of 38.3 million visitor nights were recorded in Sydney City in 2017, with approximately 35.2% of the total visitor nights spent on paid accommodation (hotels, motels, guesthouses and serviced apartments). This represents an increase of 4.1% yoy. Mainland China was Sydney's largest source market, contributing 19.3% of all international visitor nights or 5.2 million visitor nights. The next largest source markets were the UK (10.8%), the USA (7.4%) and Japan (6.0%).

According to the latest available data as at YTD March 2018, Sydney received a total of 11.4 million visitor nights, of which international visitor nights accounted for 70.0%. International visitors were mainly attracted to Sydney's diverse tourism market, with the majority of visitors stemming from the leisure and education segments. Over a sustained period, demand has outstripped supply growth, resulting in a strong trading environment.

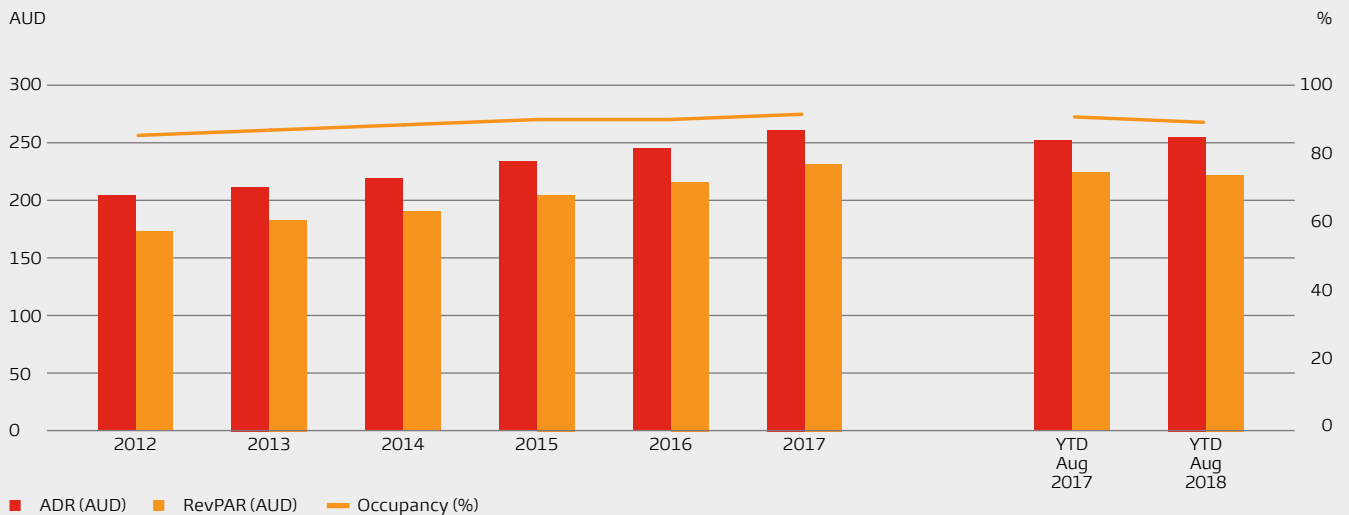
Existing and Future Hotel Supply

According to STR, there were an average of 20,037 short-term accommodation rooms available as at end-2017 in Sydney City. Average room supply recorded a marginal 1.7% average annual increase over the past 5 years, and a 2.1% annual average increase over the past 3 years.

In 2018, approximately 559 rooms or 2.8% of the existing stock are expected to be added within the Sydney CBD. Notable completions include the 297-room Four Points by Sheraton Central Park (August 2018); the 73-room SKYE Hotel Suites Sydney (December 2018); and the 87-room boutique hotel on York Street, which has yet to name an operator (December 2018).

There are 6 accommodation developments currently under construction in the city centre due for completion in the next 3 years, which will represent an increase of 1,427 rooms or 7.1% of the existing stock as at end-2017. Upcoming hotels include but are not limited to the 202-room Meriton Suites Sussex Street (June 2019); 152-room Crowne Plaza Sydney (December 2019); 590-room W Hotel – The Ribbon Hotel and Residences (June 2020); and the 194-room Adina Apartment Hotel Sydney George Street (June 2020).

Accommodation Trading Performance in Sydney City



Source: STR, JLL Hotels & Hospitality Group
Note: The republication of this data is strictly prohibited

Additionally, there are 5 likely proposed properties, which will result in an additional 1,095 rooms or 5.5% on existing stock.

Furthermore, publicly announced longer-term projects of particular note include the Sandstone Hotel on Bridge Street, Dexus's planned luxury hotel at 201 Elizabeth Street, and The Ritz Carlton near The Star Casino in Pyrmont.

Hotel Trading Performance

In terms of trading performance, ADR increased by 1.2% to AUD 256 as at YTD August 2018. While occupancy levels in Sydney remained strong at 87.2%, it is a slight decrease of 1.8 percentage points compared to the same period last year. As the decrease in occupancy level has outpaced the increase in ADR, RevPAR decreased marginally by 0.9% yoy to AUD 223. Despite a lower than typical level of corporate and event-related demand felt through the winter months, the market is widely anticipated to strengthen, in line with forecasts over the second half of the year.

Hotel Market Outlook

Sydney's accommodation market has continued to perform well on a yearly basis, which is in line with strong corporate and leisure related demand, as well as limited supply. The YTD August 2018 slowdown in RevPAR growth is anticipated to be short-term with growth expected to gather pace in the second half of the year.

Thereafter, the market is expected continue to perform strongly with relatively limited supply increases, and the increased projected performance of the Sydney

International Convention Centre. The New South Wales government has also enhanced demand through the creation of events during the traditionally lower yielding winter months, which have proved popular. AUD is also relatively low compared to a few years ago with the result being an increase in both domestic and international visitations to Australia's gateway city.

According to the Tourism Research Australia's forecast prepared in 2017, total visitation to Sydney (including domestic and international visitors) is projected to grow over the 5 years to 2021-22 by an average of 5.5% annually and over the 10 years to 2026-27 by an average of 5.2% annually.

According to JLL forecasts, supply increases in Sydney City are anticipated to average at 3.4% per annum over the next 5 years, which compares to the forecast room night demand increases of an average of 3.2% per annum. Notwithstanding the increase in supply, ADR is forecasted to increase by an average annual growth rate of 3.9% for the 5 years to 2023. As a result, RevPAR is projected to grow by an average annual growth rate of 3.7% during the same period.



Singapore

Tourism Market

International visitor arrivals to Singapore rose by 6.2% yoy to reach a record high of 17.4 million in 2017. This was approximately 5.0% higher than the initial forecast projected by the Singapore Tourism Board ("STB") at the start of the year. The positive trend is expected to continue in 2018, with total visitor arrivals well on track to reach the target of between 17.6 and 18.1 million visitors, a growth in the range of 1.0% to 4.0%.

As at YTD August 2018, international visitor arrivals registered an uplift of 7.5% yoy to 12.6 million. This was driven by positive growth from the country's top 10 source markets, which accounted for almost 75% of the total international visitor arrivals. Strong growth was recorded by visitors from markets such as India (+16.3%), Vietnam (+14.5%), the USA (+13.6%) and China (+9.4%). The increases were supported by several marketing initiatives launched by the STB in 2017, which started to bear fruit in 2018.

In 2017, the STB, Changi Airport Group and Singapore Airlines undertook a joint effort to promote inbound travel to Singapore. Under the renewed 3-year partnership that will see the joint investment of SGD 33.8 million, the 3 parties will focus on promoting Singapore as a stopover or twinning destination to travellers globally. Another key area of the tripartite partnership will also include broadening the current marketing programme to attract MICE visitors.

As an ongoing effort to ensure that Singapore tours are up to speed with the ever-changing consumer preferences, STB has partnered with industry stakeholders to curate tours ("Passion Tours") and hotel experiences that are aligned with the refreshed marketing campaign - Passion Made Possible. Since the inaugural launch, the marketing campaign has reached a global audience of over 555 million. The marketing video showcasing Singapore's people, talent and stories, has also clocked almost 300 million views. Tour operators noted an increase of 10% to 30% in sign-ups for the Passion Tours, which is likely to have fuelled increased demand for hotels.

In 2018, the city has hosted a range of biennial events, including the Singapore Airshow, Food and Hotel Asia, as well as the largest Oil and Gas industry event in Asia (OSEA). In September 2018, the city-state held the Singapore Formula 1 Night Race for the eleventh year, and recorded the second highest 3-day attendance in the race's history. 2018 also marks Singapore's chairmanship of ASEAN, which is expected to boost foreign delegates and a number of events and meetings across the island state throughout the year.

Capitalising on the rising popularity of fly-cruise tourism, the STB has in October 2018, announced a tripartite partnership with Costa Cruises and Changi Airport Group (CAG) to boost the country's appeal as a cruise destination. Leveraging on the strength of Costa Cruises' global presence and Changi Airport's air connectivity, the joint marketing effort is expected to attract over 100,000 international fly-cruise visitors to Singapore over the next 3 years. Moreover, Changi Airport was named as Asia's most connected

international airport in Asia in 2018 by consultancy firm OAG, which further cements Singapore's position as a cruise hub for the region.

Existing and Future Hotel Supply

Total hotel supply in Singapore was close to 67,000 rooms as at end-2017. An estimated 3,210 rooms, or approximately 4.8% of the supply, were added to the hotel market in 2017. These comprise of several notable luxury hotel developments such as Andaz Singapore (342 rooms), InterContinental Robertson Quay Singapore (225 rooms), Sofitel Singapore City Centre (223 rooms); upscale hotels such as Novotel Singapore on Stevens (254 rooms) and Courtyard by Marriott Singapore Novena (250 rooms); and midscale hotels such as Mercure Singapore on Stevens (518 rooms) and Yotel (610 rooms).

A further 344 rooms are expected to be added to the existing hotel stock in 2018, albeit a decrease from the 3,210 rooms that were added to the hotel market in 2017. The additional supply includes 3 developments, namely the 49-room Six Senses Duxton (April 2018); 157-room The Capitol Kempinski (September 2018); and the 138-room Six Senses Maxwell (end-2018).

In 2017, tourist spending on accommodation rose by about 2.0% yoy, largely supported by the record intake of visitor arrivals during the same period. Considering the sustained positive trend in tourism demand, the upcoming completions in 2018 are expected to be well-absorbed by the market.

Hotel Trading Performance

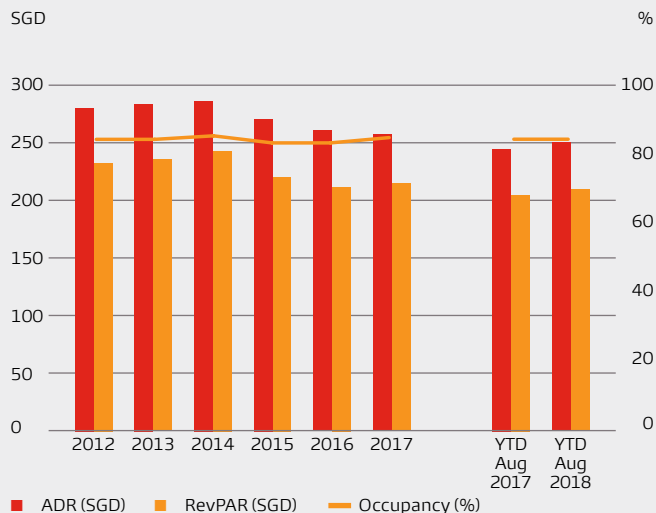
The robust tourism sector is reflected in the hotels' trading performances. RevPAR recorded a yoy uplift of 2.5% to SGD 209 as at YTD August 2018. This was supported by increases in both occupancy and ADR in the same period, which rose by 0.2 percentage points and 2.3% yoy to 83.8% and SGD 249, respectively. With visitor arrivals on track to reach record levels in 2018, hotel trading performance is expected to remain strong for the rest of the year.

Hotel Market Outlook

Singapore is an established tourism destination and, according to the Mastercard Global Destination Cities Index ("MGDCI") 2018, is the fifth most visited city in the world, inching up one position compared to 2017. Ranked fourth globally by MGDCI 2018, Singapore retains its lead as the top Asian city in terms of visitor expenditure, attracting the highest average daily spend of USD286 per day.

Following the STB's successful introduction of the refreshed marketing campaign in 2017, Passion Made Possible, the second instalment in August 2018 is expected to further boost Singapore's profile as one of the most desired tourist destinations in Asia. For the rest

Upscale Trading Performance in Singapore



Source: STR, JLL Hotels & Hospitality Group
Note: The republication of this data is strictly prohibited

of 2018, the global campaign is scheduled to be launched in 16 countries including Singapore's top 10 source markets such as Australia, China, India, Indonesia, Japan, Philippines, Malaysia, South Korea, Vietnam, and the USA.

In addition to these marketing initiatives, the widely anticipated opening of Jewel Changi Airport in the first half of 2019 is expected to further anchor Singapore's reputation as one of the most attractive aviation hubs in the region. Terminal 1 is connected directly to Jewel Changi Airport, while Terminals 2 and 3 will be linked via air-conditioned pedestrian bridges. The 10-storey Jewel Changi Airport complex will house approximately half a million square feet of net lettable retail space and feature the Rain Vortex, the world's tallest indoor waterfall.

In the short-term, the projected sustained growth in demand and more subdued growth in hotel room supply is expected to bode well for hotel trading performance in the city-state. However, potential headwinds from a possible trade war between the USA and China as well as other geo-political risks, could impact the medium to long-term outlook for hotel trading performance in Singapore.

Market Overview



Edinburgh

Tourism Market

Scotland's capital city, home to the Scottish Parliament and world famous tourist attractions such as Edinburgh Castle, has seen consistent hotel occupancy boosted by summer demand peaking in August. With the largest financial centre outside of London and a track record of hosting international conferences, Edinburgh remains a popular international destination for both business and leisure. Edinburgh continues to be a key hotel market in the UK after London, with many brands actively seeking to increase their presence in the city.

Edinburgh's renowned attractions and festivals attract visitors worldwide. This is particularly concentrated through August when the Edinburgh Festival is host to performers appealing to all ages and tastes. Hence, demand is expected to continue to peak during the month due to the strength of leisure tourism.

Tourism in Edinburgh and the Lothians area recorded 2.1 million tourist visitors in 2017 (International, Domestic Overnight and Domestic Day Trips), which generated over GBP 839 million in expenditure. This represented a 19.0% yoy increase in trips and a 23.0% growth in spend. The favourable exchange rate with key markets currencies, as well as the events surrounding the Year of History, Heritage and Archaeology, contributed to the good growth. The USA was the number one feeder market in 2017, comprising 19.5% of the total visits. This was followed by Germany (11.7 %), France (5.3%) and Italy (4.9%).

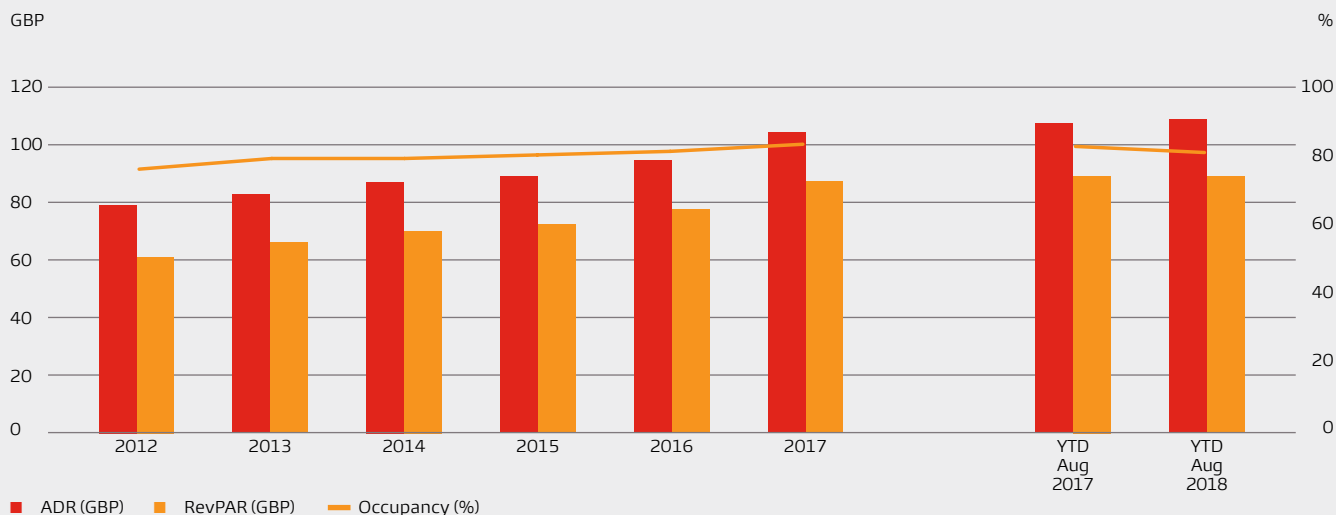
Existing and Future Hotel Supply

According to STR, the Edinburgh hotel market has 14,866 rooms as at YTD August 2018. Around 26.9% of the inventory is in the upscale segment, followed by the upper upscale (20.8%) and economy (19.5%) segments. International and domestic brands make up the bulk of supply, with UK budget hotel Premier Inn leading the market, comprising 9.0% of the branded hotel market. Other major players in the market include budget brands such as Travelodge and Holiday Inn Express.

Seven new hotels opened their doors in 2017 and the first half of 2018, providing over 880 rooms to the Edinburgh hotel market. The upscale and upper midscale segments accounted for around half of the new supply. This includes the 228-room Hampton By Hilton Edinburgh West End, which opened in 2017. As at YTD August 2018, 3 hotels opened, namely hub by Premier Inn Edinburgh Haymarket, Mode Aparthotel Edinburgh and The Edinburgh Grand.

Around 2,210 new hotel rooms are expected to enter the hotel market from August 2018 to 2020, equating to 15.0% of the existing supply. Over 50% of the pipeline is in the upper upscale segment, including Canopy by Hilton London City, Autograph Collection Bankside and Millennium London Mayfair. The upscale segment is expected to account for 18.0% of the future pipeline, followed by the economy (11.0%) and luxury (10.9%) segments.

Hotel Trading Performance in Edinburgh



Source: STR, JLL Hotels & Hospitality Group
Note: The republication of this data is strictly prohibited

Hotel Trading Performance

Hotel performance in Edinburgh outperformed the Regional UK, with occupancy reaching 81.8% as at YTD August 2018. ADR grew by 1.3% yoy to GBP 108, resulting in a RevPAR of GBP 88. While RevPAR declined marginally by 0.4% yoy, it was GBP 32 above the Regional UK average.

Hotel Market Outlook

With rising confidence in the economy, Scottish tourism is going from strength-to-strength. Edinburgh looks to capitalise on the positive outlook. Encouraging developments, strong hotel operating performance and lower inflation, provide further positive sentiment for the rest of the year. For instance, the city is benefitting from significant project pipelines, including the proposed GBP 850 million Edinburgh St James development, which will transform the area east of Princes Street, with prime retail, residential and a luxury hotel that will be operated as a W Hotel.

In addition, much effort is also placed in promoting Edinburgh as a first-class meetings and conventions destination. Led by Convention Edinburgh, the city welcomed the Global Cynergies to a 3-day trip in May 2018, which provided delegates with first-hand experiences of hosting events in Edinburgh. The delegates from across North America, Europe and Asia were exposed to a range of product offerings for conference and meetings, providing a great opportunity for the city to raise awareness of the business tourism campaigns.

Edinburgh continues to hold its position as the Regional UK city that tops hotel investor and brand requirement lists. The city is set to build on the momentum of the recently completed tram line (now fully operational), which provides Edinburgh with an integrated transport that rivals other leading European cities. The 'Edinburgh 12' is an initiative to progress 12 development sites across the city to be delivered by 2020, with a gross value add of GBP 2.1 billion. These will include hotels, Grade A office space, retail, leisure and residential developments. Moreover, Edinburgh was chosen to host the upcoming European Cities Marketing Spring Meeting in February 2019, an event which is expected to attract tourism leaders to the city. Other key events in the pipeline include the annual Edinburgh Fringe Festival, the biggest arts event in the world, the Edinburgh International Film Festival, and Edinburgh Art Festival.

Looking forward, the Regional UK is expected to experience a growth in RevPAR in the short-term, driven primarily by ADR growth. In terms of economic performance, all parts of the UK are likely to see moderate GDP growth in 2018-19. While the slower economic growth is likely to pose some challenge to travel demand, the weaker British Pound is expected to continue supporting inbound international travel.



Glasgow

Tourism Market

Glasgow is Scotland's largest city and commercial capital. In the first half of 2018, the city continued to enjoy a buoyant period. It has seen much in the way of regeneration from its heavy industrial history, vast redevelopment across the city, waterfront areas transformed and retail facilities placed firmly on the map.

Glasgow has built a reputation as the most popular shopping destination outside of London and is also Europe's fastest growing conference destination. Moreover, the world renowned success of the SSE Hydro Arena, as well as the Scottish Exhibition and Conference Centre ("SECC"), are significant demand drivers of the city's ever-growing reputation as a conference and leisure destination. The SSE Hydro Arena, which is the world's third busiest live entertainment venue, generates significant demand for the SECC and surrounding businesses.

In 2017, Tourism in Glasgow and Clyde Valley area recorded 856,890 tourist visitors (International, Domestic Overnight and Domestic Day Trips), generating over GBP 398 million in expenditure. This represented an 18.0% yoy increase in trips and a 22.0% yoy growth in spend.

The majority of the city's tourists in 2017 came from Europe and North America. The latest statistics from the Office for National Statistics revealed a 40.0% rise in the number of people visiting from North America compared to 2016. Glasgow also attracted more North American visitors than Manchester, Birmingham and Liverpool. The city has benefitted from major events such as Celtic Connections, the World Pipe Band Championships and the World Irish Dancing Championships, which generated nearly GBP 34 million for the local economy. Glasgow also welcomed a record 500 conferences, worth an estimated GBP 123.0 million.

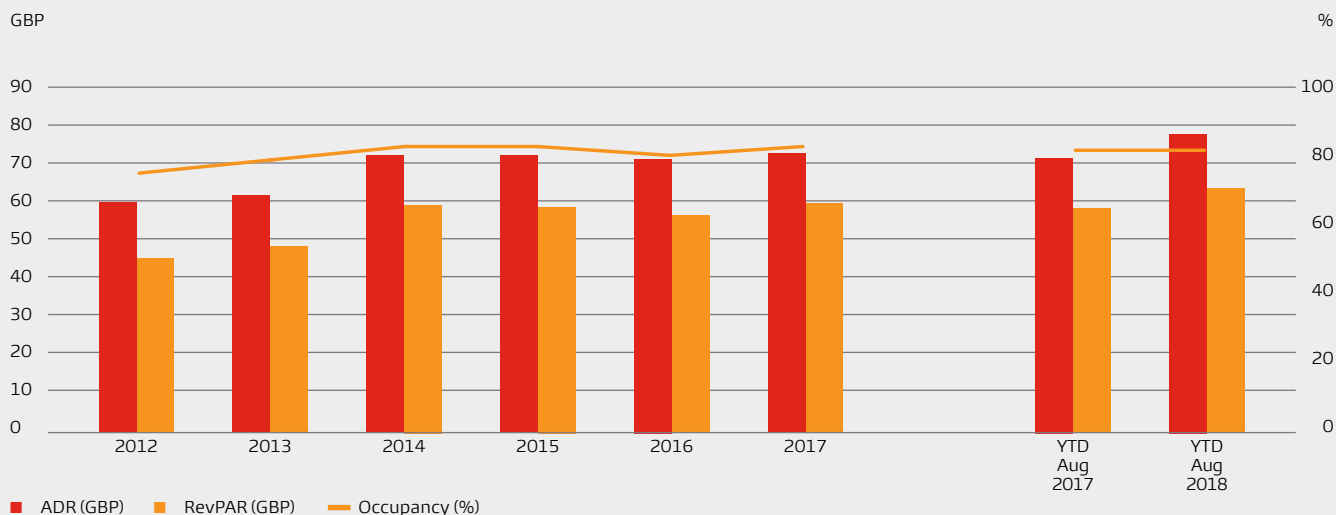
Existing and Future Hotel Supply

According to STR, the Glasgow hotel market comprises approximately 11,427 rooms as at YTD August 2018. Hotel supply is concentrated in the economy class, consisting of about 27.1% of the supply. There is a rather limited supply of luxury hotels, with only 4 hotels comprising an estimated 0.9% of the existing supply.

Around 78.5% of the hotel rooms are branded, with Premier Inn taking the lead comprising 17.5% of the branded hotel market. This is followed by Hilton, with a 5.5% market share. Other brands such as Motel One, Travelodge and ibis Styles each account between 4.2% to 5.5% of the branded hotel rooms.

Five new hotels opened in 2017 and the first 6 months of 2018, adding 831 rooms to the Glasgow hotel market. One hotel, Point A Hotel Glasgow, opened in 2017, while around 60.0% of the hotel rooms that opened in the first half of 2018 were in the midscale class, such as the 137-room ibis Styles Glasgow and the 374-room Motel One Glasgow.

Hotel Trading Performance in Glasgow



Source: STR, JLL Hotels & Hospitality Group
 Note: The republication of this data is strictly prohibited

Around 6,918 new hotel rooms are in the pipeline with 1,517 expected to enter the hotel market from September 2018 to 2020. Over 40% of the pipeline is in the upper midscale class, including MOXY Glasgow Merchant City and Carlton George. Economy class accounts for 27.5% of the future pipeline, followed by the upscale class (26.4%).

In addition, Glasgow also co-hosted the inaugural European Championship with Berlin in August 2018, a new multi-sport event that brings together 4,500 athletes from 52 nations. With an estimated 1.0 billion of television audience across Europe, it is expected to further boost the city's appeal as sporting events destination.

Hotel Trading Performance

In terms of hotel trading performances, Glasgow outperformed Regional UK hotels, with occupancy level reaching 81.9% as at YTD August 2018. ADR grew by 8.5% yoy to GBP 77, resulting in a RevPAR uplift of 8.9% to GBP 63, 13.5% above the Regional UK average during the same period. As trading continues to perform above the UK Regional average, the city is expected to gain more interest from investors looking to enter the market or increase existing presence.

Hotel Market Outlook

After the growth experienced in 2014 due to the Commonwealth Games, Glasgow has continued to push ahead, achieving consistent hotel performance over the last two years. This can be attributed to stronger tourism demand and strengthening trade from the continued success of the Hydro Arena.

Demand is further supported by the Conference Bid Fund, introduced in 2012, which offers a subsidy per delegate to attract conference business to Glasgow from competing cities such as Barcelona, Paris, Tokyo and San Francisco. To date, Visit Scotland reported a boost of GBP 27 million to the city's economy as a result of the initiative. For instance, the World Haemophilia Conference in Glasgow's SECC in May 2018, attracted over 5,000 delegates from over 136 countries.

Market Overview



London

Tourism Market

London's rich and diverse cultural offering is attracting visitors in record numbers. The capital is home to 4 world heritage sites, 8 Royal Parks and all of the UK's top 10 tourist attractions. According to the Google search rankings, it is the most searched global destination for city and short breaks, and also the second most popular tourist destination in the world, according to the Mastercard Global Cities Destination Index.

London receives a well-balanced mix of leisure and business tourism demand. The favourable currency post-Brexit referendum boosted leisure tourism during the first half of 2017. Growth slowed as the British Pound gradually bounced back in the second half of 2017. However, 2017 was still a record year for London in terms of overnight visits, totalling 31.9 million. The USA was London's largest feeder market, with a 13.0% uplift in the number of visits yoy. Growth also came from key emerging markets with annual visits from India and China growing at 40.0% and 33.0% respectively.

Close to 20 million international tourists visited London in 2017, up 4.0% from previous year. London is the second most visited city in the world, according to GlobalData. London Heathrow Airport is the UK's main international airport and it has been Europe's top rated major airport for the last 3 years. Arrivals from Europe accounted for nearly half of the total arrivals, followed by North America and Asia Pacific. According to London and Partners, it is forecasted that the total number of overnight visits (both domestic and international) to London will rise to over 40 million by 2025.

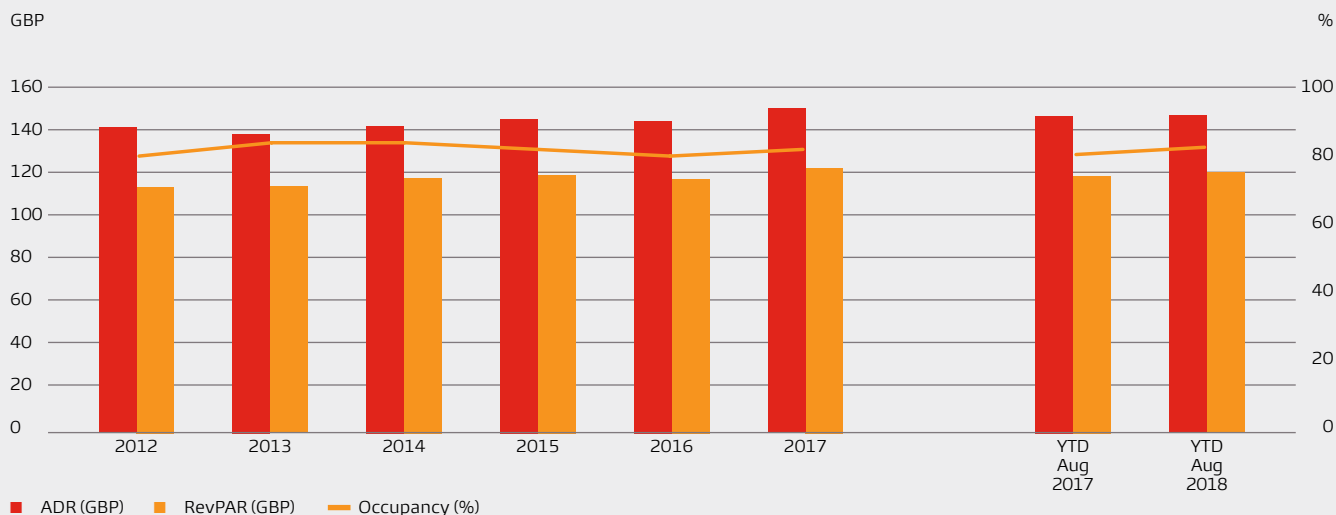
Existing and Future Hotel Supply

According to STR, the London hotel market has around 139,000 rooms as at YTD August 2018, which accounts for 20.9% of the total UK supply. The majority of the hotel rooms in London are in the upscale (23.8%), economy (20.0%) and upper upscale (19.0%) segments.

In 2017 and first half of 2018, 62 new hotels opened in the capital, adding over 8,500 rooms to the market. The economy segment stood out from the other segments, accounting for around half of the new supply. Whitbread continues its expansion with 13 new properties consisting of 2,812 rooms opening under 2 brands, namely Premier Inn and hub by Premier Inn. Examples include the 613-room Premier Inn London Heathrow Airport Terminal 4 and the 398-room hub by Premier Inn London Kings Cross. Travelodge opened 8 properties totalling 1,037 rooms, with the largest one in Tower Hamlets comprising 395 rooms.

The upper midscale segment has also seen a substantial increase in new openings, with 9 properties (1,516 rooms) entering the market in the last 18 months. Moxy opened 3 hotels, adding almost 1,000 rooms to the existing hotel supply. Of these, 2 of the properties are located in the east of London (Stratford and London Excel), while the other is situated in close proximity to London Heathrow Airport.

Hotel Trading Performance in London



Source:STR, JLL Hotels & Hospitality Group
Note:The republication of this data is strictly prohibited

With London being one of the most desired travel destinations, hotel companies are eager to gain a presence in the capital. Around 11,000 new hotel rooms are expected to enter the hotel market from September 2018 to 2020, equating to 7.9% of the existing supply.

Around one-third of the pipeline is in the upscale segment, including the Crowne Plaza London Heathrow, Doubletree London West End, Courtyard by Marriott London City Airport and CitizenM London St Paul's. The expansion of economy hotels continues to be strong, taking up 26.0% of total future supply, followed by the upper upscale hotels (22.0%).

Hotel Trading Performance

As at YTD August 2018, hotels in London recorded a 1.3% increase in RevPAR to GBP 120. The capital had a strong summer and the uplift demonstrated that the market has absorbed the new supply. Occupancy rose by 0.8 percentage points to 82.0%, with ADR remaining relatively unchanged at GBP 146.

Hotel Market Outlook

In 2017, London benefited from the softening of the British Pound and attracted a record level of international tourists, boosting hotel performance. As the British Pound started to bounce back in late 2017, there was a slight dip in hotel performance. However, both tourism arrivals and RevPAR are forecasted to grow, supported by the strength of both the USA and Eurozone economies.

RevPAR growth in the short-term is expected to be supported by some of the key upcoming events in 2019 that will bolster hotel demand. These include the

Women's Football Association ("FA") Cup Final at the Wembley Stadium, FA Cup Final, Royal Horticulture Society Chelsea Flower Show, International Cricket Council Cricket World Cup and the Wimbledon Lawn Tennis Championships.

Looking forward, RevPAR is forecasted to grow, albeit at a slower pace than in 2017. Tourist arrivals are also anticipated to be on an uptrend, with strong inbound of visitors from China and India. Taking into account of the city's solid fundamentals, the London hotel and hospitality market is set to remain positive in the short- to medium-term.

Market Overview



Kobe

Tourism Market

Kobe City is the capital of Hyogo Prefecture in the Kansai region on Honshu Island. As one of the major cities of the Kansai region, Kobe has a sizeable number of global and domestic companies generating corporate demand into the city.

Kobe's tourist attractions are located throughout the city, with a higher concentration in the Sannomiya / Motomachi, Kitano and Kobe Bay area. Leisure demand in these areas is typically higher due to Kobe's convenient accessibility to and from major tourist destinations in the Kansai region.

In addition, MICE events held in Kobe are also key demand drivers for hotels in Kobe. Well-established MICE infrastructure such as the Kobe Convention Centre on Kobe Port Island, convenient accessibility from major cities in Japan, as well as the presence of 3 airports with easy access to Kobe, are the 3 attractive points that have enabled the city to be an attractive MICE destination.

According to the Japan Tourism Agency, 1.8 million guest nights were spent in Kobe as at YTD June 2018, marking a yoy decrease of 5.2%. This was mainly due to the 6.1% decrease in the number of domestic guest nights, which accounted for around 85.0% of the total. The overall decline was despite the 5.1% yoy increase in international demand, which accounted for a smaller proportion of the total guest nights in the city.

In the past 2 to 3 years, Kobe has enjoyed spillover accommodation demand from Osaka due to Osaka's limited supply of hotel rooms amid the increase in international visitors. While the influx of new hotel supply in Osaka from 2017 is expected to support the increased demand in the area, hotel demand in Kobe may be negatively impacted as a result.

Existing and Future Hotel Supply

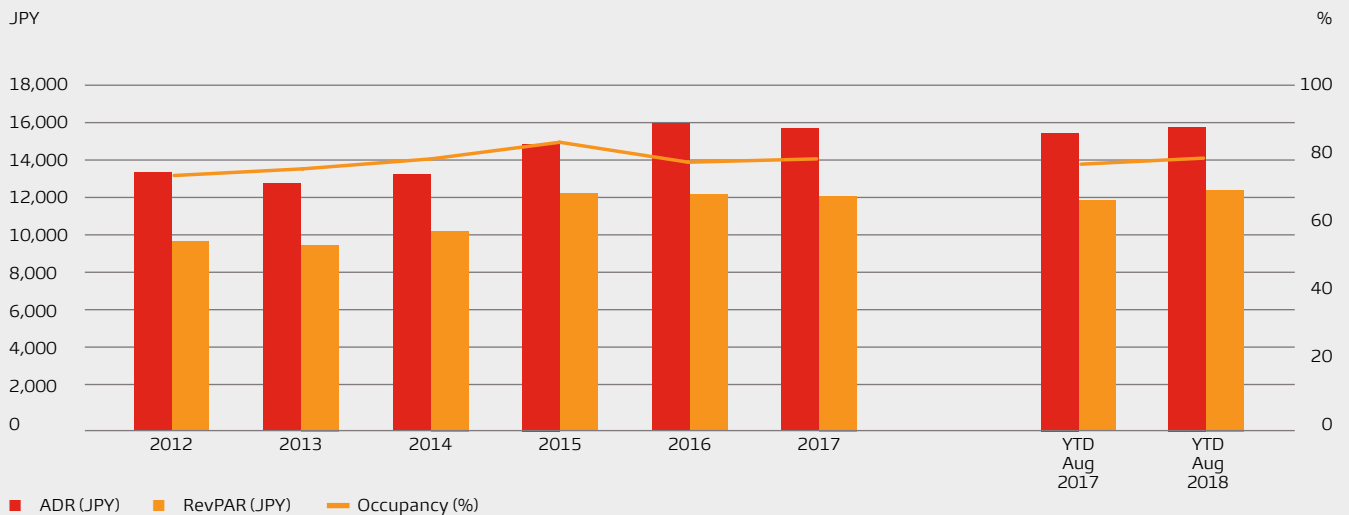
According to the Japan Ministry of Health, Labour and Welfare, there are 133 hotels with 13,315 guest rooms in Kobe as at YTD March 2017, a 2.9% yoy increase from the previous year. Between April 2017 and September 2018, there were 5 new openings of limited-service hotels, which added 840 rooms to the total existing stock in Kobe City. Consequently, this brings the total room supply in the city to 14,155 rooms as at YTD September 2018.

In the next 2 to 3 years, the number of hotel rooms in Kobe is anticipated to increase by around 14.0%. Ten hotel developments consisting of 2,030 rooms are projected to complete during the period, all of which are under the limited-service category, with no major international hotel operators expected to enter to the market in the near future.

Hotel Trading Performance

While trading performance of the Kobe's full-service hotel market improved steadily from 2012 to 2016, it witnessed a slowdown in 2017. The slowdown

Luxury & Upscale Trading Performance in Kobe



Source: STR, JLL Hotels & Hospitality Group
Note: The republication of this data is strictly prohibited

was mainly attributed to lower spillover demand from Osaka following the completion of several new hotels in the city.

According to STR, Kobe's full-service hotel occupancy increased by 0.9 percentage points to reach 77.8% in 2017. This was on the back of lower ADR, which decreased by 1.6% yoy to JPY 15,614 in the same period. Consequently, this led to a marginal decline in RevPAR by 0.5% yoy to JPY 12,114.

Trading performance has since rebounded as at YTD August 2018, with RevPAR increasing by 4.6% to JPY 12,460, mainly driven by yoy improvements in both occupancy and ADR. Occupancy increased by 1.0 percentage points to 77.3%, while ADR increased by 1.9% to JPY 15,690 during the same period. This was partly attributed to the shift in demand from Osaka to Kobe due to the Osaka earthquake that occurred in June 2018.

Market Outlook

Although Kobe's full-service hotel market is showing signs of recovery as of YTD August 2018, it is unlikely that the hotel trading performance in 2018 will see significant growth as previously seen in 2015 and 2016. Taking into account the lower domestic guest nights, as well as the increase in projected room supply in Kobe and Osaka over the next few years, trading performance in Kobe is not expected to increase significantly in the medium-term.

As the host city of the upcoming Rugby World Cup in 2019, Kobe is expected to benefit from the increase in demand for hotel bookings. Moreover, the city is also anticipated to enjoy spillover visitation from the Tokyo

Olympic Games in 2020, which is expected to lend further support to the positive hotel trading performance. However, it is also noteworthy that such large-scale events are likely to result in some spikes and subsequent dips in visitor arrivals and hotel trading performance in the short-term, as is common for host cities of large events.

Market Overview



Kuala Lumpur

Tourism Market

International visitor arrivals to Malaysia decreased by 3.0% yoy to 25.9 million in 2017, a reversal from the 4.0% increase reported in 2016. This was mainly due to lower visitor arrivals from the country's top two source markets, namely Singapore and Indonesia, which fell by 6.3% and 8.3% to 12.4 million and 2.8 million, respectively.

Overall international visitor arrivals to the country continued on a downtrend, falling by 3.4% yoy to 8.5 million as at YTD April 2018. This was largely due to the decline in visitors from Singapore, which fell by 18.3% yoy to 3.4 million. Nonetheless, the overall pace of decline was partially offset by the strong increase in visitors from Mainland China, Malaysia's third largest market source, which rose by 37.2% yoy to 1.0 million. Visitors from Indonesia rebounded, rising by 8.4% yoy to 1.0 million as at YTD April 2018. Double-digit growths in visitor arrivals were noted from South Korea and India, increasing by 26.5% and 21.2% to approximately 204,000 and 186,000, respectively. One of the key contributors of the increase in Chinese and Indian visitors was the more convenient visa application process introduced in March 2017.

Malaysia ranked 26th out of 126 countries in the Travel Competitiveness Index 2017 report by the World Economic Forum. Although it fell 1 position in the rankings, Malaysia had improved in terms of overall score, from 4.41 in 2015 to 4.50 in 2017. Malaysia's travel competitiveness is largely underpinned by its price competitiveness (3rd), strong air connectivity (21st) and the provision of natural resources (28th). The "Tourism Malaysia Integrated Promotion Plan 2018-2020" strategies and programmes are geared towards achieving the government's target of 36 million visitor arrivals and MYR 168 billion in tourist receipts by 2020. The plan focuses on 6 main strategic directions including optimising the use of the latest information technology; leveraging on upcoming major events; synergising with the development of major projects; enhancing initiatives made under the National Key Economic Area ("NKEA"); maximising integrated marketing campaigns; and promoting Malaysia as a filming destination.

Kuala Lumpur is the tenth most visited city in the world, according to Euromonitor's International Top 100 City Destinations Ranking 2017. Furthermore, according to the Mastercard Global Destinations Cities Index, Kuala Lumpur ranked seventh in Asia, capturing some 12.6 million international visitor arrivals in 2017. Hotel guests in Kuala Lumpur reached approximately 18.0 million in 2017, registering an uplift of 11.3% yoy. Unlike in other states in Malaysia, international hotel guests in Kuala Lumpur make up the majority (60.0%) of hotel guests.

The general elections in May 2018 saw the Pakatan Harapan taking over from the previous government, which has been in office since 1957. This has fuelled renewed optimism for the country but it remains to be seen how the incumbent government will support the tourism promotion ambitions, considering its stern stance to fiscal commitments.

Existing and Future Hotel Supply

Total hotel supply in Kuala Lumpur comprises approximately 45,200 rooms as at end-2017. Some 1,214 rooms, or about 2.7% of the supply, were added to the hotel market in 2017. This consists of 5 hotels, namely the 213-room Mercure Kuala Lumpur Shaw Parade; 184-room Hotel Stripes Kuala Lumpur Autograph Collection; 252-room Element Kuala Lumpur; 312-room Sofitel Kuala Lumpur Damansara; and the 253-room Sheraton Petaling Jaya.

Approximately 5,100 rooms are expected to open in Kuala Lumpur in 2018, which is a significant uptick from the 1,214 rooms that entered the market in 2017. By the end of the year, total hotel room stock in Kuala Lumpur is projected to reach more than 50,000 rooms.

Notable openings as of YTD September 2018 include mostly new-to-market brands, such as the 126-room Alila Bangsar (May 2018); 236-room Four Seasons Place Kuala Lumpur (July 2018); 55-room Banyan Tree Kuala Lumpur (August 2018); and the 150-room W Kuala Lumpur (September 2018).

Upcoming openings for the rest of the year include the 198-room CitizenM Kuala Lumpur and the 337-room Pavilion Hotel Kuala Lumpur Managed by Banyan Tree.

Hotel Trading Performance

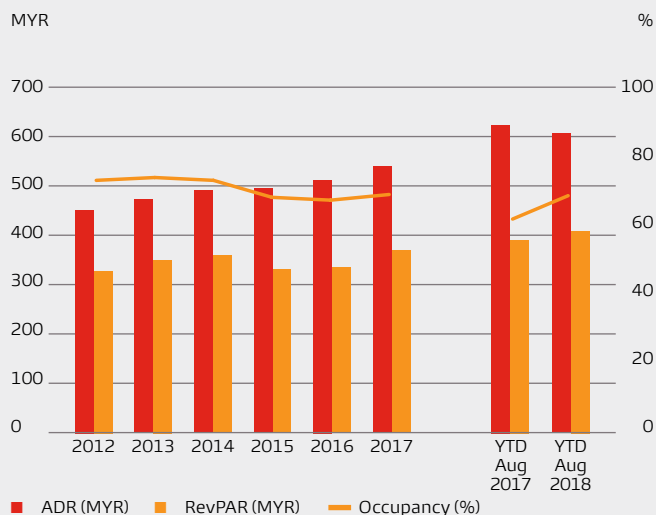
Average occupancy rate for the upscale and luxury hotels in Kuala Lumpur rose by 4.9 percentage points to 67.6% as at YTD August 2018. This was on the back of lower ADR, which fell by 2.8% yoy to MYR 608. Nevertheless, the increase in occupancy rate had more than offset the decline in ADR, resulting in an overall increase in RevPAR by 4.8% yoy to MYR 411.

Considering the influx of hotel room supply in 2018, hotel trading performance in Kuala Lumpur is expected to face short-term pressure. Furthermore, the lukewarm growth in visitor arrivals as at YTD April 2018 is expected to further dampen overall hotel demand.

Hotel Market Outlook

According to Tourism Malaysia, the target set for international visitor arrivals to Malaysia in 2018 is 33.1 million, an estimated 27.6% yoy increase from 2017. While the targeted figure may seem ambitious given the 3.0% yoy decline in visitors as at YTD April 2018, the decline was largely attributed to the continued fall in Singapore visitors, most of whom are day-trippers to the Johor state located just across the causeway between Malaysia and Singapore. Hence, the decline in international visitation to Malaysia may not be truly reflective of the Kuala Lumpur market. In fact, according to Mastercard Global Destination Cities Index 2018, international overnight visitors are projected to grow by 7.5% yoy in 2018.

Luxury & Upscale Trading Performance in Kuala Lumpur



Source: STR, JLL Hotels & Hospitality Group
Note: The republication of this data is strictly prohibited

Visitor growth is expected to be buoyed by the influx of visitor arrivals from China, with Kuala Lumpur fast becoming one of the must-visit destinations among the Chinese visitors, according to the same report by Mastercard. The uptick in Chinese visitation should bode well in terms of tourism receipts, as an average Chinese visitor spends at least a third more than the other nationalities, according to Maybank Research.

New and upcoming attractions such as the 20th Century Fox World Theme Park in Genting Highlands are also expected to further boost tourism demand in the country, with Kuala Lumpur likely to be a huge beneficiary given that its airport is the key international gateway into the country. Continued expansion of low-cost carriers is expected to lend further support to visitor growth, particularly from the tier 2 cities in China and Indonesia.

Supply-side pressures, however, are likely to remain given the significant influx of new hotel supply in Kuala Lumpur over the next few years. Whilst this will be largely offset by the sustained growth in visitor arrivals, hotel trading performance is expected to face short-term pressure, with the anticipated increase in competition likely limit ADR and occupancy growths.

Nevertheless, considering that the tourism industry is the third largest contributor to the country's economy in 2017, it is likely that the government will continue to market initiatives and invest in tourism infrastructure to boost visitor arrivals to the country including Kuala Lumpur. Furthermore, the tourism and hospitality industry is also recognised as one of the NKEA to transform Malaysia into a high-income nation by 2020.

Market Overview



Dresden

Tourism Market

Dresden is a popular leisure tourism destination in Germany and was the seventh most visited city in Germany in 2017. The city's main tourism demand generator is its historic inner city with various famous sites such as the Frauenkirche, the Semper Opera House and the Zwinger Palace. In addition, numerous annual events, such as the Christmas Market, generate considerable visitor demand. With many technology firms from sectors such as micro-electronics, nano-technology and solar energy being based in the city and its surroundings, Dresden is also an important economic centre in Eastern Germany. Furthermore, a number of universities and research institutions, such as the Dresden University of Technology, the Helmholtz-Zentrum Dresden-Rossendorf and the Fraunhofer Institute, also have a presence in the city. Another important demand driver includes the Messe Dresden, a trade fair venue, which hosted 118 events (+2.6% growth yoy) and welcomed over 480,000 visitors (+1.8% growth yoy) in 2017. The largest of the 25 trade fairs hosted last year include HAUS and Reisemesse Dresden, both of which are annual fairs that welcome over 30,000 visitors each.

Dresden had a strong tourism year in 2017 with around 2.2 million arrivals and 4.4 million overnight stays in all accommodation establishments, representing yoy increases of 3.9% and 3.8%, respectively. These increases reflect a recovery in tourism performances following the right-wing demonstrations, which started to impact the city and demand levels as of early 2015. As at YTD August 2018, the numbers of both tourism arrivals and overnight stays depicted strong yoy increases of 5.2 % and 5.7%, respectively, largely due to increased positive marketing of the region.

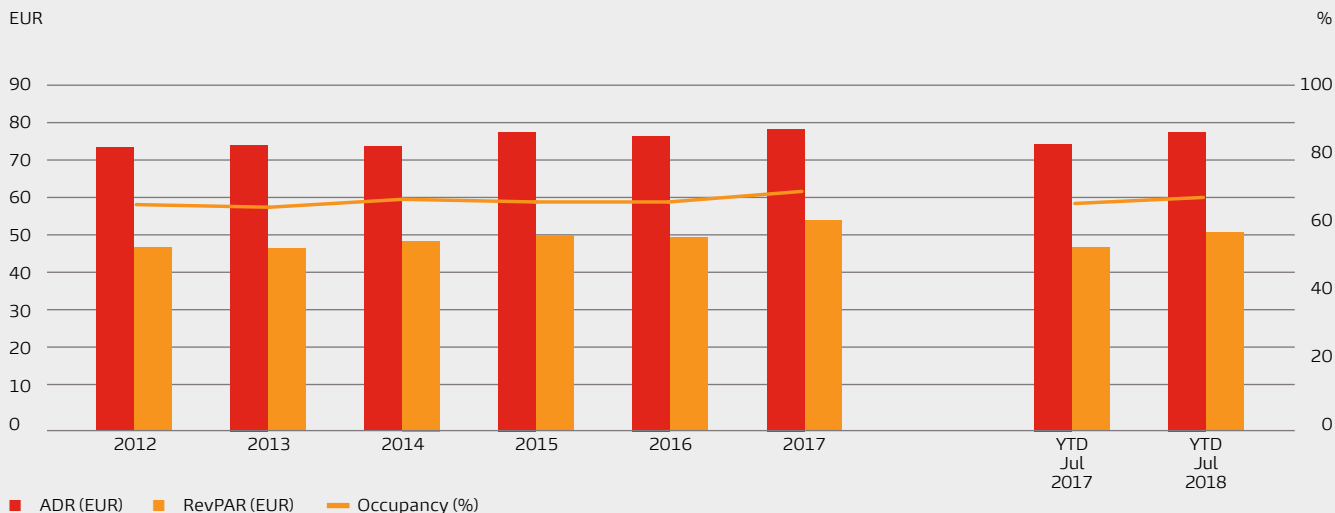
The average length of stay as at YTD August 2018 remained at 2.0 days, which was supported by strong weekend performances especially for short city breaks. In 2017, the busiest tourism months in terms of overnight stays were August and December, indicating strong demand during key summer festivals and the annual Christmas market.

Tourism demand remains largely domestic, accounting for almost 80% of overnight stays in 2017. The key international feeder markets included the USA, which comprised an estimated 9.1% of all international overnights. This was followed by Switzerland (8.3%), Austria (7.3%), Poland (6.0%) and the Netherlands (5.5%). As at YTD August 2018, international overnight stays increased by 8.8% compared to the same period last year with Poland, as well as the Netherlands, achieving the highest yoy growths of 36.8% and 15.9%, respectively. Over the past 10 years, international demand increased steadily, recording a compound annual growth rate ("CAGR") of 5.6% between 2008 and 2017.

Existing and Future Hotel Supply

According to the Federal Statistics Office of Saxony, there were 185 accommodation establishments comprising 23,076 rooms as at August 2018, a yoy increase of 2.8% and 3.7%, respectively. The CAGR from 2008 to 2017

Hotel Trading Performance in Dresden



Source: STR, JLL Hotels & Hospitality Group
Note: The republication of this data is strictly prohibited

showed an increase in establishments and beds of 1.0% and 2.6% respectively, suggesting that the average size of hotel properties have increased over the years.

The local market seems to be well-occupied by national and international hotel chains, especially in the midscale and upscale segments. Around 60.6% of midscale and upper midscale segment hotels and 53.3% of upscale segment hotels are represented by a national or international hotel chain, according to STR.

In terms of new hotel supply, 3 hotels entered the market in 2017 and the first half of 2018, namely the 155-room Amedia Plaza Dresden; the rebranded 95-room luxury hotel Vienna House QF Dresden and the 306-room midscale The Student Hotel Dresden.

Overall, hotel development has picked up in recent years and Dresden currently has 7 hotels and 1 hotel extension totalling over 1,100 rooms in the pipeline. These consist of the 132-room Hotel Indigo Dresden – Wettiner Platz (2018); 50-room Hotel Suitess Dresden an der Frauenkirche (2019); 176-room Super 8 Dresden Neustadt (2019); 197-room Premier Inn Hotel Dresden (2020); 131-room Arcotel Dresden (2020); 165-room Meininger Hotel Dresden (2021); 162-room Moxy Dresden (unconfirmed opening date); and the 113-room Première Classe Dresden (unconfirmed opening date).

Hotel Trading Performance

Hotels in Dresden achieved a strong yoy increase in occupancy of 2.4 percentage points to reach 66.3% as at YTD July 2018. ADR also recorded a solid increase of 4.3% yoy to EUR 76 for the same period. Correspondingly,

these increases resulted in an impressive RevPAR growth of 8.3% to EUR 50 as at YTD July 2018. Increase in international overnight stays and strong visitor numbers to key trade fairs had largely contributed to the positive trajectory of the hotel trading performances.

Hotel Market Outlook

Dresden has developed itself into a well-established leisure, business and MICE destination with increasing international appeal. In 2018, the city is expected to achieve solid growths in tourism figures, as well as overall trading performances. This is supported by the strong yoy tourism and trading figures recorded thus far, with YTD August 2018 overnight stays surpassing the record numbers previously reached in 2014.

Looking forward, 2019 and 2020 are also set to be strong tourism years for Dresden with key anniversaries occurring. In 2019, the Cultural Palace, for example, will celebrate its 50th year. In 2020, it will mark the 350th birthday of Saxony's crown prince Friedrich August, the 150th anniversary of the Dresden Philharmonic, as well as the 50th anniversary of the Dixieland Music Festival.

With the large inward investments, established MICE sector, positive hotel trading performance, as well as the increasing international visitors, Dresden is anticipated to experience growing tourism demand in the short- to medium-term.

Board of Directors

As at
30 September 2018



Law Song Keng, BBM, 73
Chairman and Independent Director

REIT Manager

Date of appointment as Director: 10 June 2014

Length of service as Director (as at 30 September 2018):
4 years 3 months

Trustee-Manager

Date of appointment as Director: 10 June 2014

Length of service as Director (as at 30 September 2018):
4 years 3 months

Board committees served on

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

Academic & professional qualifications

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

Present directorships in other companies (as at 30 September 2018)

Listed companies

- IFS Capital Ltd
- Great Eastern Holdings Ltd

Listed REITs/Trusts

Nil

Others

- Asia Capital Reinsurance Company Pte Ltd
- Asia Capital Reinsurance Company Sdn Bhd
- ACR Capital Holdings Pte Ltd
- Concord Insurance Company Limited

Major appointments (other than directorships)

Nil

Past directorships in listed companies held over the preceding 3 years (from 1 October 2015 to 30 September 2018)

Nil

Past major appointments

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

Others

- Awarded Public Service Star (BBM)



Chua Phuay Hee, 65
Independent Director

REIT Manager

Date of appointment as Director: 10 June 2014

Length of service as Director (as at 30 September 2018):
4 years 3 months

Trustee-Manager

Date of appointment as Director: 10 June 2014

Length of service as Director (as at 30 September 2018):
4 years 3 months

Board committees served on

Nil

Academic & professional qualifications

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

Present directorships in other companies (as at 30 September 2018)

Listed companies

- Perennial Real Estate Holdings Limited

Listed REITs/Trusts

Nil

Others

- Temasek Life Sciences Laboratory Limited
- Lu International (Singapore) Financial Asset Exchange Pte Ltd

Major appointments (other than directorships)

Nil

Past directorships in listed companies held over the preceding 3 years (from 1 October 2015 to 30 September 2018)

- Armada Holdings Limited listed on the Stock Exchange of Hong Kong
- Industrial Bank Co., Ltd. listed on Shanghai Stock Exchange

Past major appointments

- Executive Director for finance, risk management, IT and corporate services, Wilmar International Limited
- Board Member, Wilmar International Limited
- Independent Director, Eltech Electronics Limited
- Chief Financial Officer and Chief Risk Officer, Keppel TatLee Bank
- Executive Vice President, Tat Lee Bank
- Director of Securities Industry, Monetary Authority of Singapore

Others

Nil



Liew Choon Wei, 64
Independent Director

REIT Manager

Date of appointment as Director: 10 June 2014

Length of service as Director (as at 30 September 2018):
4 years 3 months

Trustee-Manager

Date of appointment as Director: 10 June 2014

Length of service as Director (as at 30 September 2018):
4 years 3 months

Board committees served on

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

Academic & professional qualifications

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

Present directorships in other companies (as at 30 September 2018)

Listed companies

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

Listed REITs/Trusts

Nil

Others

- Kuok (Singapore) Ltd

Major appointments (other than directorships)

Nil

Past directorships in listed companies held over the preceding 3 years (from 1 October 2015 to 30 September 2018)

Nil

Past major appointments

- Retired Partner of Ernst & Young Singapore. Head of Ernst & Young Singapore's Real Estate Industry Group

Others

Nil

Board of Directors

As at 30 September 2018



Dr David Wong See Hong, 65
Independent Director

REIT Manager

Date of appointment as Director: 10 June 2014
Length of service as Director (as at 30 September 2018): 4 years 3 months

Trustee-Manager

Date of appointment as Director: 10 June 2014
Length of service as Director (as at 30 September 2018): 4 years 3 months

Board committees served on

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

Academic & professional qualifications

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

Present directorships in other companies (as at 30 September 2018)

Listed companies

- China Merchants Bank Co., Ltd

Listed REITs/Trusts

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

Others

- Tahoe Life Assurance Company Limited (formerly known as Dah Sing Life Assurance Company Limited)

Major appointments (other than directorships)

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

Past directorships in listed companies held over the preceding 3 years (from 1 October 2015 to 30 September 2018)

Nil

Past major appointments

- Deputy Chief Executive, Bank of China (Hong Kong) Group
- Director, BOC Group Life Assurance Company Limited
- Chairman, BOC International-Prudential Trustee Limited
- Chairman, BOCHK Asset Management Limited
- Board Member, Civil Service College, Singapore
- Board Member, Energy Market Authority
- Customer Advisory Board Member, Thomson Reuters

Others

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



Panote Sirivadhanabhakdi, 40
Non-Executive Director

REIT Manager

Date of appointment as Director: 10 June 2014
Length of service as Director (as at 30 September 2018): 4 years 3 months

Trustee-Manager

Date of appointment as Director: 10 June 2014
Length of service as Director (as at 30 September 2018): 4 years 3 months

Board committees served on

- Nominating & Remuneration Committee

Academic & professional qualifications

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

Present directorships in other companies (as at 30 September 2018)

Listed companies

- Frasers Property Limited
- Golden Land Property Development Public Company Limited
- Ticon Industrial Connection Public Company Limited
- Thai Beverage Public Company Limited
- Univentures Public Company Limited

Listed REITs/Trusts

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

Others

- Beer Thip Brewery (1991) Co., Ltd.
- Blairmhor Distillers Limited
- Blairmhor Limited
- Frasers Property Australia Pty Limited
- InterBev (Singapore) Limited
- International Beverage Holdings (China) Limited
- International Beverage Holdings Limited
- International Beverage Holdings (UK) Limited
- Sura Bangyikhan Group of Companies

Major appointments (other than directorships)

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

Past directorships in listed companies held over the preceding 3 years (from 1 October 2015 to 30 September 2018)

- Berli Jucker Public Company Limited

Past major appointments

- Chief Executive Officer of Univenture Public Company Limited

Others

Nil



Choe Peng Sum, 58
Non-Executive Director

REIT Manager

Date of appointment as Director: 20 November 2013
Length of service as Director (as at 30 September 2018):
4 years 10 months

Trustee-Manager

Date of appointment as Director: 13 January 2014
Length of service as Director (as at 30 September 2018):
4 years 8 months

Board committees served on

Nil

Academic & professional qualifications

- Bachelor of Science with Distinction, Cornell University, Ithaca, New York, USA
- Phi Kappa Phi, Cornell University, New York, USA
- President's Honor Roll, Washington State University
- Executive Development Programme, International College of Hospitality Administration, Brig, Switzerland

**Present directorships in other companies
(as at 30 September 2018)**

Listed companies

Nil

Listed REITs/Trusts

Nil

Others

Nil

Major appointments (other than directorships)

- Chief Executive Officer, Frasers Hospitality, Frasers Property Limited
- Chief Executive Officer, Frasers Hospitality Pte. Ltd.
- Chief Executive Officer, Frasers Hospitality International Pte. Ltd.
- Chairman, Board of Directors, Crest Secondary School
- Governing Council Member, Singapore Quality Awards, Spring Singapore
- SPC Complaints Panel (Laypersons), Singapore Pharmacy Council
- Board of Governors, Anglo-Chinese School (ACS)
- Board of Governors, Singapore Armed Forces Reservist Association (SAFRA)

**Past directorships in listed companies held over the preceding
3 years (from 1 October 2015 to 30 September 2018)**

Nil

Past major appointments

Nil

Others

- Built Fraser and Neave, Limited's hospitality arm in 1996
- Held senior management positions with Shangri-La Singapore and The Portman Shangri-La Shanghai, China

Management Team

Eu Chin Fen Chief Executive Officer

Ms Eu is responsible for the overall business, investment and operational strategies of FHT. Prior to her current appointment, she was Chief Investment Officer at Frasers Hospitality Pte. Ltd., responsible for business development and investments relating to Frasers Property's hospitality division and for setting strategic directions together with the division's Chief Executive Officer.

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

Ms Eu currently sits on the Board of the Singapore Hotel Association. She is also a member of the Board of Advisors of the Institute of Service Excellence at Singapore Management University and a member of the Regulatory Sub-committee of the REIT Association of Singapore.

A Chartered Financial Analyst, Ms Eu holds a Bachelor of Business degree in Financial Analysis from Nanyang Technological University, Singapore.

Valerie Foo Interim Chief Financial Officer

Ms Foo is concurrently the Interim Chief Financial Officer of FHT and the Chief Financial Officer, Executive Vice President of Frasers Hospitality International Pte. Ltd., responsible for the latter's financial accounting and

reporting, and providing strategic financial input for the Hospitality Business Unit in Frasers Property.

Previously, Ms Foo was FHT's Chief Financial Officer from July 2014 to December 2016. Before that, she was the Regional Financial Controller at Frasers Hospitality Pte. Ltd., in charge of the full spectrum of financial, accounting and management reporting activities. She also oversaw its treasury activities including cashflow management and management of gearing within optimised levels.

Prior to joining the Frasers Property Group, Ms Foo was Finance Manager at Infineon Technologies Asia Pacific Pte Ltd, overseeing the financial systems of 7 companies in the Asia-Pacific region (Singapore, Indonesia, India, Hong Kong, Taiwan, Korea and Australia). At Singapore Airlines Limited, she held various positions, namely Assistant Manager, Overseas Accounting (Regional), Regional Accountant for South East Asia, and Interline Accountant.

Ms Foo holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University, Singapore, and a Master of Business Administration degree (International Management) from Royal Melbourne Institute of Technology. She is a Chartered Accountant of Singapore.

Eric Gan Chief Financial Officer (Designate)

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

Prior to joining FHT, Mr Gan was Chief Financial Officer of OUE Hospitality REIT Management Pte. Ltd., the REIT Manager of OUE Hospitality Real Estate Investment Trust from August 2014 to September 2018. Before that, he was Chief Financial Officer of Meritus Hotels & Resorts (Hospitality Division) of OUE Limited, the sponsor of OUE Hospitality Trust.



Standing from left: Sandy Leng, Jason Leong, Caris Ang, Rita Kaonang, Valerie Foo and Christine Chua
Seated from left: Lim Wai Quan, Eu Chin Fen and Mark Rohner
(Not in photo: Eric Gan)

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

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

Mark Rohner
Senior Vice President,
Head of Asset Management

Mr Rohner is responsible for the asset management of FHT's portfolio. His role includes working with the hotel management teams to optimise and improve overall operating performance as well as identifying and executing asset enhancement initiatives that will have an accretive effect on the cash flows generated by the properties.

Prior to his current appointment, Mr Rohner was Vice President, Finance, at Shangri-La Asia Ltd, in charge of acquisitions and asset management of the group's owned hotel portfolio. During his time with Shangri-La, he actively asset managed the group's key hotel properties in Asia Pacific and Europe, and completed hotel and land acquisitions in Australia, Hong Kong, Italy and Mauritius totalling over USD800 million.

Mr Rohner joined Shangri-La from Government of Singapore Investment Corporation ("GIC"), where he worked in both its London and Singapore offices. He was responsible for the asset management of the fund's hotel properties in Europe, Japan and Australia, and for debt investments and restructurings in Japan. Prior to GIC, he held corporate positions in revenue management and strategic marketing at Hyatt Hotels & Resorts in Chicago and Lausanne.

Mr Rohner holds a Bachelor of Science degree from Ecole hôtelière de Lausanne (Honours) and a Master of Business Administration degree from INSEAD.

Jason Leong
Senior Vice President,
Head of Investment

Mr Leong is responsible for growing FHT's portfolio through the acquisition of new hospitality assets. He was previously the Deputy Head of Investment. Prior to the formation of FHT, he was Deputy Director of Business Development at Frasers Hospitality Pte. Ltd., heading its business development and investments across the Southeast Asia and Australia regions.

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

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

Management Team

Christine Chua Vice President, Deputy Head of Investment

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

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

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

Caris Ang Vice President, Asset Management

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

Prior to her current appointment, Ms Ang was Senior Manager of Business Development at Frasers Hospitality Pte. Ltd., responsible for its business development and investments across the Asia-Pacific region. Previously at Mapletree Logistics

Trust Management Ltd., the manager of Mapletree Logistics Trust, she was the asset manager for a portfolio of logistics properties in Singapore and Malaysia. She started her career at City Developments Limited, focusing on property management of commercial assets.

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

Sandy Leng Vice President, Head of Investor Relations

Ms Leng is FHT's key point of contact for the investment community and the media. She is responsible for developing and presenting a consistently applied investment message to the investment community on behalf of FHT. She also monitors, analyses and presents to management and the Board the opinions of the investment community regarding FHT's performance.

Prior to her current appointment, Ms Leng was with SATS Ltd. as its Vice President, Corporate Relations. She was overseeing both its investor relations and corporate communications functions. Before that, she has also assumed various investor relations positions in other public listed companies including The Ascott Group Limited (before it was delisted), Singapore Technologies Engineering Ltd and SembCorp Industries Ltd.

Ms Leng holds a Bachelor of Business Administration degree from the National University of Singapore.

Lim Wai Quan Vice President, Finance

Ms Lim is responsible for the financial matters of the REIT Manager and FHT.

Prior to her current appointment, Ms Lim was Finance Manager at Internet Technology Group Limited (formerly listed on the Singapore Exchange). She was responsible for the group's financial and management reporting, and accounting operations. Before

that, she was Audit Manager with Ernst & Young LLP, Singapore.

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

Rita Kaonang Senior Manager, Investment

Ms Kaonang is responsible for growing FHT's portfolio size through acquisition of new hospitality assets.

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

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

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

Key Events



October 2017

FHT declared a final distribution of 2.5137 cents per Stapled Security for the period from 1 April 2017 to 30 September 2017. The distribution was paid on 29 December 2017.

April 2018

FHT declared an interim distribution of 2.4233 cents per Stapled Security for the period from 1 October 2017 to 31 March 2018 which paid on 29 June 2018.

November 2017

FHT issued SGD120 million 3.08% fixed rate notes with a 7-year tenure under its SGD1 billion Multicurrency Debt Issuance Programme. The proceeds from the issuance were used to partially prepay the SGD110 million under its SGD500 million 5-year term loan facility.

July 2018

RAM Rating Services reaffirmed the ratings of Notable Vision Sdn. Bhd.'s Medium Term Notes ("MTN") by maintaining the negative rating outlook on its Class A Senior MTN and Class B Junior MTN, and the stable rating outlook on its Class C Junior MTN.

January 2018

FHT's third Annual General Meeting was held on 24 January 2018 and all resolutions proposed were duly passed.

August 2018

The AEI to rebrand ibis Styles London Gloucester Road commenced, covering all 85 guest rooms, the breakfast room and the lobby bar.

February 2018

The asset enhancement initiative ("AEI") for Novotel Sydney Darling Square, which covered the entire property including 230 guest rooms, 2 food and beverage outlets as well as the lobby and public areas, was completed.

March 2018

FHT took up a SGD70 million 5-year term loan facility and used the proceeds to partially prepay SGD65 million under its SGD500 million 5-year term loan facility.

Portfolio Summary

Property	Purchase price (million)	FY2018 Occupancy (%)	FY2017 Occupancy (%)
Novotel Melbourne on Collins	AUD237.0	89.7	86.4
Novotel Sydney Darling Square	AUD66.0	81.4	86.1
Sofitel Sydney Wentworth	AUD224.0	89.8	91.5
Fraser Suites Sydney	AUD103.5	90.0	94.0
InterContinental Singapore	SGD497.1	85.1	86.4
Fraser Suites Singapore	SGD327.0	87.1	86.0
ibis Styles London Gloucester Road	GBP17.0	79.7	85.4
Park International London	GBP39.3	88.1	90.4
Fraser Place Canary Wharf London	GBP31.5	83.2	84.0
Fraser Suites Edinburgh	GBP11.5	83.3	87.2
Fraser Suites Glasgow	GBP7.5	85.2	83.6
Fraser Suites Queens Gate London	GBP46.3	87.5	88.4
ANA Crowne Plaza Kobe	JPY11,200.0	75.3	75.7
The Westin Kuala Lumpur	MYR455.0	74.9	76.0
Maritim Hotel Dresden	EUR58.4	NA ¹	NA ¹

Top 10 Tenants	Industry	Percentage of Gross Revenue ⁴
BCH Hotel investment Pte Ltd	Hotel	15.7%
K.K. Shinkobe Holding	Hotel	14.8%
Ananke Holdings Pty Ltd	Hotel	13.5%
River Valley Apartments Pte Ltd	Serviced residence	10.3%
Fraser Townhall Residences Operations Pty Ltd	Serviced residence	8.8%
Fairdace Limited	Serviced residence	6.4%
P I Hotel Management Limited	Hotel	6.0%
JBB Hotels Sdn Bhd	Hotel	6.0%
Maritim Hotelgesellschaft mbH	Hotel	5.8%
39QGG Management Limited	Serviced residence	5.6%

Gross Revenue for FY2018 (million)	Gross Revenue for FY2017 (million)	Master Lessee	Fixed Rent Per Annum (million)	Variable Rent Per Annum
AUD35.3	AUD32.4	FH-BT NMCS Operations Pty Ltd	AUD5.88	86.0% GOP less Fixed Rent plus FF&E reserve ²
AUD6.2	AUD7.0	Frasers Sydney ML Hotel Pty Ltd	AUD2.5	84.0% GOP less Fixed Rent plus FF&E reserve ²
AUD15.9	AUD18.0	Ananke Holdings Pty Ltd	AUD6.0	83.0% GOP less Fixed Rent plus FF&E reserve ²
AUD10.4	AUD11.0	Frasers Townhall Residences Operations Pty Ltd	AUD4.2	20.0% GOR + 54.5% GOP less Fixed Rent plus FF&E reserve ²
SGD18.9	SGD18.1	BCH Hotel investment Pte Ltd	SGD8.0	76.0% GOP less Fixed Rent plus FF&E reserve ²
SGD12.3	SGD13.0	River Valley Apartments Pte Ltd	SGD7.7	20.0% GOR + 59.0% GOP less Fixed Rent plus FF&E reserve ²
GBP0.8 ⁵	GBP1.1	P I Hotel Management Limited	GBP0.6	91.5% GOP less Fixed Rent plus FF&E reserve ²
GBP3.1 ⁵	GBP2.9	P I Hotel Management Limited	GBP1.3	91.5% GOP less Fixed Rent plus FF&E reserve ²
GBP3.2 ⁵	GBP3.3	Fairdace Limited	GBP1.4	20.0% GOR + 65.0% GOP less Fixed Rent plus FF&E reserve ²
GBP1.2 ⁵	GBP1.2	Frasers (St Giles Street) Management Limited	GBP0.5	20.0% GOR + 45.0% GOP less Fixed Rent plus FF&E reserve ²
GBP1.0 ⁵	GBP0.9	Fairdace Limited	GBP0.4	20.0% GOR + 50.0% GOP less Fixed Rent plus FF&E reserve ²
GBP3.7 ⁵	GBP3.8	39QGG Management Limited	GBP1.8	20.0% GOR + 67.0% GOP less Fixed Rent plus FF&E reserve ²
JPY1,458.2	JPY1,352.2	Hotel: K.K. Shinkobe Holding Retail: Y.K. Toranomom Properties	JPY600.0	77.8% GOP less Fixed Rent plus FF&E reserve ²
MYR21.5	MYR26.0	JBB Hotels Sdn Bhd	MYR14.8	78.5% GOP less Fixed Rent plus FF&E reserve ²
EUR4.3	EUR4.2	Maritim Hotelgesellschaft mbH	NA ¹	

Tenancy

As at 30 September 2018, there are 15 master leases for FHT's investment properties³.

The weighted average lease expiry ("WALE") of FHT's investment properties (excluding the master lease for Novotel Melbourne on Collins) is 15.3 years. It was computed based on the gross annual revenue from each of the investment properties.

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

As at 30 September 2018, none of the 15 master leases would be maturing in the next 5 years.

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

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

3 This includes a retail master lease for the retail space in ANA Crowne Plaza Kobe. As the retail master lessee assumes all the economic benefits and losses attributable to the retail component, the rental received by FHT for the financial year is the amount equivalent to property and damage insurance premiums and property taxes relating to the retail space. The master lease for Novotel Melbourne on Collins is excluded as it is an internal master lease arrangement between FH-REIT and FH-BT. 100% of FHT's gross revenue is contributed by master lessees from the hospitality sector.

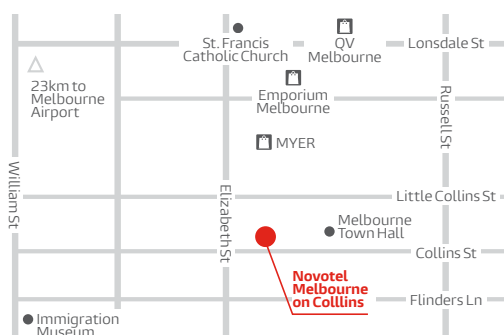
4 Based on gross revenue derived from the 15 master leases and excludes the gross revenue from the Novotel Melbourne on Collins management contract for FY2018.

5 Rounding differences.

Asset Profile



Novotel Melbourne on Collins Australia



Located in the heart of Melbourne CBD, Novotel Melbourne on Collins is minutes away from the city's main shopping district. The hotel is within walking distance to Melbourne's theatre district, including Her Majesty's Theatre and Princess Theatre, and The National Gallery of Victoria. It is also within a few minutes drive from renowned sporting venues such as the Melbourne Cricket Ground and the Rod Laver Arena. The hotel is approximately 25km from Melbourne International Airport and is easily accessible by tram and other forms of public transport.

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

Location

270 Collins Street Melbourne
VIC3000 Australia

Market Segment

Mid-scale

No. of Rooms

380

F&B Facilities

1 restaurant, 1 bar

Meeting Facilities

9 meeting rooms

Gross Floor Area

20,860 sqm

Valuation as at 30 September 2018

AUD251.5 million



Novotel Sydney Darling Square

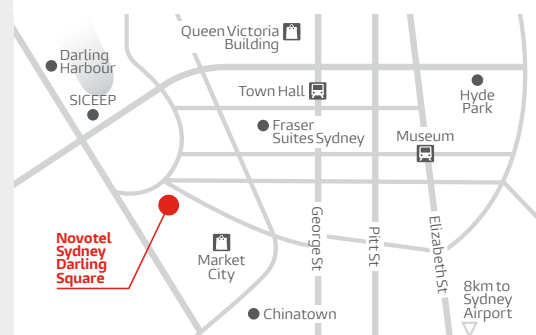
Australia

Novotel Sydney Darling Square (formerly known as Novotel Rockford Darling Harbour) is situated at the edge of Darling Harbour, within a newly developed precinct, Darling Square. The hotel is within walking distance of many shops and restaurants at Darling Harbour, Cockle Bay, King Street Wharf and SICC.

The hotel features 230 newly-renovated guest rooms, the Pumphouse Bar & Restaurant, a brand new all-day dining restaurant and lobby bar, and 6 meeting rooms, providing an ideal setting for corporate luncheons and business meetings.

Awards and Accreditations

Description of Award	Awarder	Year
Metropolitan Superior Hotel of the Year (Winner)	Tourism Accommodation Australia NSW Awards for Excellence	2018
Hotel Interior Design (Highly Commended)	Hotel Magazine Award for Hotel and Accommodation Excellence	2018



Location

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

Market Segment

Mid-scale

No. of Rooms

230

F&B Facilities

2 restaurants; 1 bar

Meeting Facilities

6 meeting rooms

Gross Floor Area

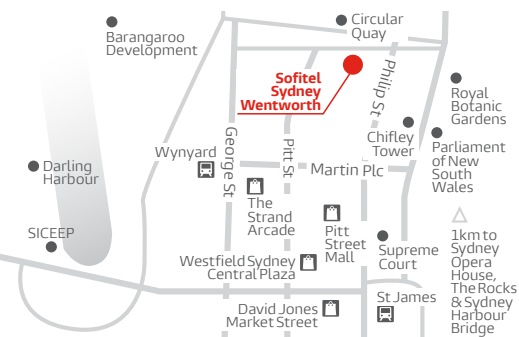
12,128 sqm

Valuation as at 30 September 2018

AUD115.5 million



Sofitel Sydney Wentworth Australia



Location

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

Market Segment

Luxury

No. of Rooms

436

F&B Facilities

1 restaurant; 1 bar;
1 lounge

Meeting Facilities

11 meeting rooms

Gross Floor Area

33,589 sqm

Valuation as at 30 September 2018

AUD307.9 million

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

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

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

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

Awards and Accreditations

Description of Award	Awarder	Year
Luxury Historical Hotel (Winner)	World Luxury Hotel Awards	2018
Luxury Hotel & Conference Centre (Winner)	World Luxury Hotel Awards	2018



Fraser Suites Sydney

Australia

Fraser Suites Sydney is situated within the western corridor of the city's CBD in close proximity to Sydney Town Hall, Chinatown, Darling Harbour and World Square retail, office and entertainment precinct. The serviced residence is also within walking distance of Cockle Bay Wharf, which features the IMAX theatre, the SICC and numerous restaurants and entertainment facilities.

Sydney's Kingsford Smith Airport is approximately a 20-minute drive away. The serviced residence is designed by the internationally renowned architects Foster and Partners and it is directly connected to Regent Place, a 3-storey retail plaza with a myriad of F&B outlets. Fraser Suites Sydney features 201 apartments and is comprised of studio and 1-bedroom apartments and 2 penthouses. Each unit is fully furnished with spacious living areas and affords panoramic views of the city's skyline.

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

Awards and Accreditations

Description of Award	Awarder	Year
Hall of Fame – Apartment/Suite Hotel of the Year	Tourism Accommodation Australia NSW Awards for Excellence	2018
Australasia's Leading Serviced Apartments 2018	World Travel Awards	2018



Location

488 Kent Street, Sydney, NSW 2000, Australia

Market Segment

Upper Upscale

No. of Rooms

201

F&B Facilities

1 restaurant

Meeting Facilities

5 meeting rooms

Gross Floor Area

12,137 sqm

Valuation as at 30 September 2018

AUD128.5 million



InterContinental Singapore Singapore



Location

80 Middle Road,
Singapore 188966

Market Segment

Luxury

No. of Rooms

406

F&B Facilities

3 restaurants; 1 bar;
1 club lounge

Meeting Facilities

3 ballrooms;
6 meeting rooms

Gross Floor Area

49,987 sqm

Valuation as at 30 September 2018

SGD527.0 million

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

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

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

Awards and Accreditations

Description of Award	Awarder	Year
Forbes Four-Star Rating	Forbes Travel Guide	2018
3R Awards for Hotels 2018/2019 - Merit	National Environment Agency and Singapore Hotel Association	2018
Top 50 Meeting Hotels in Asia Pacific 2018 (ranked 19 th)	Cvent	2018
Her World Brides Venue Awards - Best Modern Wedding Theme (5-Star)	Her World Brides	2018
T Dining Best Restaurants – Ash & Elm	Singapore Tatler	2018
T Dining Best Restaurants – Man Fu Yuan	Singapore Tatler	2018
Singapore's Top Restaurants 2018/2019 One-Star Award – Ash & Elm	Wine & Dine	2018/19
CTrip Gourmet List 2018 – Ash & Elm and Man Fu Yuan	CTrip	2018
The Plate Michelin – Ash & Elm and Man Fu Yuan	Michelin Guide	2018



Fraser Suites Singapore Singapore

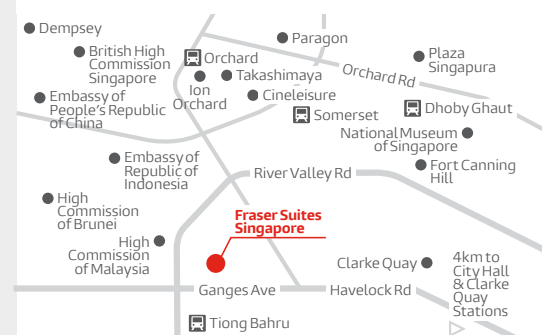
Situated in River Valley, a prime residential district, Fraser Suites Singapore is approximately 2 km from the Orchard Road shopping belt and approximately 3.5 km from the CBD. The serviced residence is also close to the Dempsey, Boat Quay and Clarke Quay entertainment areas.

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

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

Awards and Accreditations

Description of Award	Awarder	Year
Singapore's Leading Serviced Apartments 2018	World Travel Awards	2018
Certificate of Excellence Travellers' Choice 2018	TripAdvisor	2018
2 nd Largest Serviced Residence 2017	Singapore Business Review Business Ranking Awards	2017



Location

491A River Valley Road,
Singapore 248372

Market Segment

Upper Upscale

No. of Rooms

255

F&B Facilities

1 restaurant

Meeting Facilities

1 meeting room

Gross Floor Area

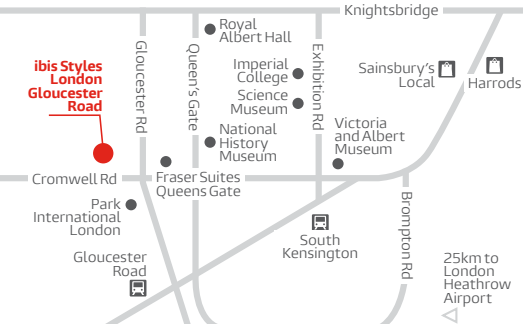
27,018 sqm

Valuation as at 30 September 2018

SGD305.0 million



ibis Styles London Gloucester Road UK



The rebranded ibis Styles London Gloucester Road (formerly known as Best Western Cromwell London) is set in a Victorian-style building on Cromwell Road in the South Kensington borough, with the Gloucester Road Underground Station, served by the Piccadilly, Circle and District lines, in close proximity. Nearby attractions include the Science Museum, the Natural History Museum, the Victoria & Albert Museum, as well as shopping destinations such as Harrods and Harvey Nichols.

The newly renovated hotel offers a variety of room options ranging from single to double rooms. Its strategic location allows it to capture demand from both business and leisure travellers.

Location

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

Market Segment

Mid-scale

No. of Rooms

85

F&B Facilities

1 restaurant; 1 bar

Meeting Facilities

1 meeting room

Gross Floor Area

2,512 sqm

Valuation as at 30 September 2018

GBP18.8 million



Park International London UK

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

Park International London offers a variety of room options, from single rooms to junior suites. The hotel also offers a wide range of recreational and business facilities, including a gym and a business centre.



Location

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

Market Segment

Mid-scale

No. of Rooms

171

F&B Facilities

2 restaurants; 1 bar

Meeting Facilities

1 meeting room

Gross Floor Area

6,825 sqm

Valuation as at 30 September 2018

GBP43.3 million



Fraser Place Canary Wharf London UK



Location

80 Boardwalk Place,
London E14 5SF,
UK

Market Segment

Upper Upscale

No. of Rooms

108

F&B Facilities

1 restaurant

Meeting Facilities

–

Gross Floor Area

5,659 sqm

Valuation as at 30 September 2018

GBP41.9 million

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

Refurbished in 2014, Fraser Place Canary Wharf London comprises 14-storeys with each floor having only 4 to 8 units. The sizes of the serviced residence units range from 21 sqm for a studio apartment to 200 sqm for a penthouse. Each unit is fully furnished with spacious living areas and all units afford views of Canary Wharf, the River Thames and The O2 in Greenwich.

Fraser Place Canary Wharf London offers a wide range of recreational and business facilities, including a 24-hour gym and a full-service business centre.



Fraser Suites Edinburgh UK

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

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

Awards and Accreditations

Description of Award	Awarder	Year
Scotland's Leading Serviced Apartments 2018	World Travel Awards	2018



Location

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

Market Segment

Upper Upscale

No. of Rooms

75

F&B Facilities

1 restaurant

Meeting Facilities

–

Gross Floor Area

3,952 sqm

Valuation as at 30 September 2018

GBP14.7 million



Fraser Suites Glasgow UK



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

The serviced residence is set in a restored 1850s building, once the city bank, which has a classic Victorian Scottish façade. It comprises 5 storeys and offers 98 rooms.

The unit sizes range from 41 sqm for a studio apartment to 59 sqm for a 2-bedroom and each unit is fully furnished with a kitchenette. The serviced residence has a 24-hour gym and a meeting room.

Location

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

Market Segment

Upper Upscale

No. of Rooms

98

F&B Facilities

1 restaurant

Meeting Facilities

1 meeting room

Gross Floor Area

7,386 sqm

Valuation as at 30 September 2018

GBP10.9 million

Awards and Accreditations

Description of Award	Awarder	Year
Serviced Apartments of the Year 2018	Scottish Hotel Awards	2018



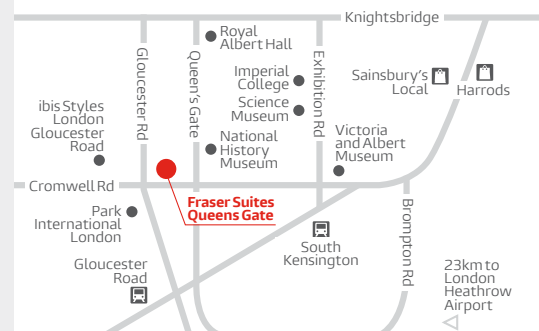
Fraser Suites Queens Gate London UK

Fraser Suites Queens Gate London is conveniently situated within walking distance of Knightsbridge, Chelsea, Hyde Park, Royal Albert Hall and Harrods. It is located close to Gloucester Road Underground Station (Piccadilly, District and Circle lines) and about 23 km from London Heathrow Airport.

The 7-storey serviced residence is housed in a preserved 19th century historical building and offers 105 rooms. It underwent an extensive renovation in 2014 and now features elegant interiors and a dining conservatory.

The unit sizes at Fraser Suites Queens Gate London range from studio deluxe units to 2-bedroom deluxe units.

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



Location

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

Market Segment

Upper Upscale

No. of Rooms

105

F&B Facilities

1 restaurant

Meeting Facilities

1 meeting room

Gross Floor Area

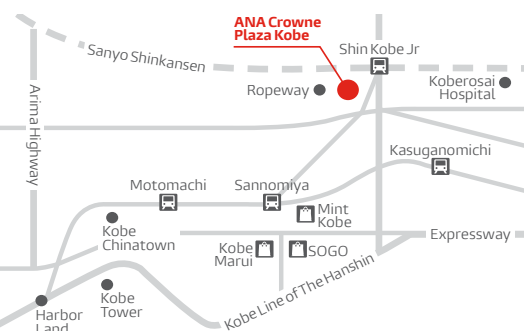
6,416 sqm

Valuation as at 30 September 2018

GBP59.7 million



ANA Crowne Plaza Kobe Japan



Location

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

Market Segment

Upper Upscale

No. of Rooms

593

F&B Facilities

7 restaurants; 1 bar;
1 club lounge

Meeting Facilities

23 function /
meeting rooms

Gross Floor Area

136,656 sqm

Valuation as at 30 September 2018

JPY16.1 billion

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

ANA Crowne Plaza Kobe offers a variety of room options, ranging from 15 sqm single-bedrooms to 125 sqm club suites.

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 gym and features an all-season indoor swimming pool and a sauna bath.

ANA Crowne Plaza Kobe has event spaces covering 3,298 sqm which include exhibit areas and a ballroom. The ballroom can accommodate up to 2,000 persons. The hotel has 7 restaurants and a bar, offering a wide range of dining options and a total seating capacity of 968 persons. It also offers a 70-seat chapel, spa facilities, a beauty salon, a florist and a gift shop on its premises.

Awards and Accreditations

Description of Award	Awarder	Year
Recommended on HolidayCheck 2018 Certificate	HolidayCheck	2018
Experts' Choice	TripExpert	2018
hotels.com ninki yado (popular hotel)	Expedia	2018
Best Luxury Hotels in Japan	Booked.net	2018



The Westin Kuala Lumpur Malaysia

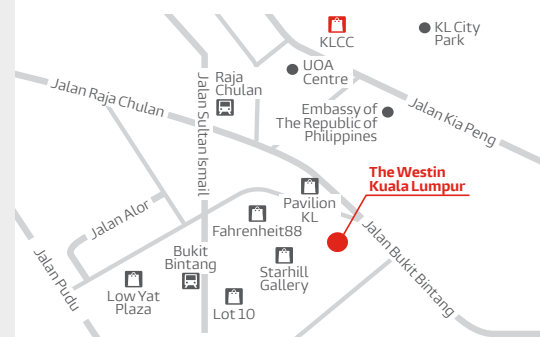
The Westin Kuala Lumpur, located in the bustling Golden Triangle, offers convenient access to the city's shopping malls and nightlife. The hotel is directly opposite the Pavilion mall, which has more than 500 retail shops. It is also in close proximity to Kuala Lumpur City Centre, where multinational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

The 35-storey hotel offers 380 hotel rooms and 63 residential suites. It has a wide range of recreational and business facilities, including a gym, swimming pool, F&B outlets serving Chinese, Italian and International cuisines as well as a bar lounge.

The Westin Kuala Lumpur has 20 meeting rooms and conference facilities, all equipped with state-of-the-art audio-visual equipment. The hotel's grand ballroom can accommodate up to 50 round tables. In 2014, the hotel renovated the Westin Executive Club Lounge, which has 2 small meeting rooms catering to corporate travellers.

Awards and Accreditations

Description of Award	Awarder	Year
Time Out KL Food & Drink Awards 2017 – Prego (shortlisted)	Time Out	2017
Time Out KL Food & Drink Awards 2017 – Five Sen5es (shortlisted)	Time Out	2017



Location

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

Market Segment

Luxury

No. of Rooms

443

F&B Facilities

4 restaurants; 1 club lounge;
1 bar lounge

Meeting Facilities

20 meeting rooms

Gross Floor Area

79,593 sqm

Valuation as at 30 September 2018

MYR420.0 million



Maritim Hotel Dresden

Germany



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

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

Location

Devrientstrasse 10-12,
01067 Dresden, Germany

Market Segment

Upscale

No. of Rooms

328

F&B Facilities

1 restaurant; 1 bar

Meeting Facilities

–

Gross Floor Area

25,916 sqm

Valuation as at 30 September 2018

EUR65.7 million

Investor Relations

Fair, Transparent and Prompt Communications

The Managers of FHT are committed to maintaining fair, regular, timely and accurate communications with our Stapled Securityholders, the investment community and the media.

We ensure that our announcements, news releases, presentation slides, annual report, circulars and all other relevant disclosures are made publicly available on a timely and non-selective basis to help our stakeholders make informed investment decisions. Price-sensitive information relating to financial performance and strategic developments is promptly released via SGXNET, and subsequently on FHT's website at www.fraserhospalitytrust.com.

FHT's quarterly financial results are publicly released no later than 30 days from the end of each quarter. Notification on the date of release of each quarter's results is filed with the Singapore Exchange at least 2 weeks in advance of the actual release and posted on FHT's website, which is regularly updated.

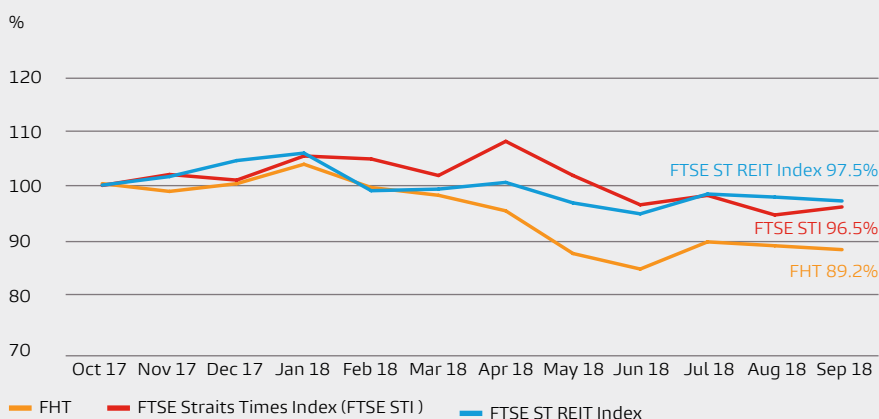
Active Engagement via Multiple Platforms

The Managers actively engage the investment community through investor meetings, conference calls, non-deal roadshows and investor conferences. Such interactions not only help to raise the profile of FHT and provide the investment community access to management, they also enable the Managers to gain insight into the market perceptions and expectations of FHT.

The Managers also conduct quarterly results briefings for analysts via face-to-face meetings for the first half and full year, and conference calls for the first and third quarters. Property visits are organised upon request to help the investment community better understand FHT's operations and performance.

At our third Annual General Meeting ("AGM") held on 24 January 2018, the Board of Directors and management of the Managers were present to engage Stapled Securityholders and address their queries and concerns. Updates on FHT's performance, market outlook and growth strategies were provided at the meeting which was well attended. Resolutions for the AGM were then put to the vote by way of electronic polling. The results, showing the number of votes cast for and against each resolution, were announced after the meeting.

Comparative Trading Performance for FY2018



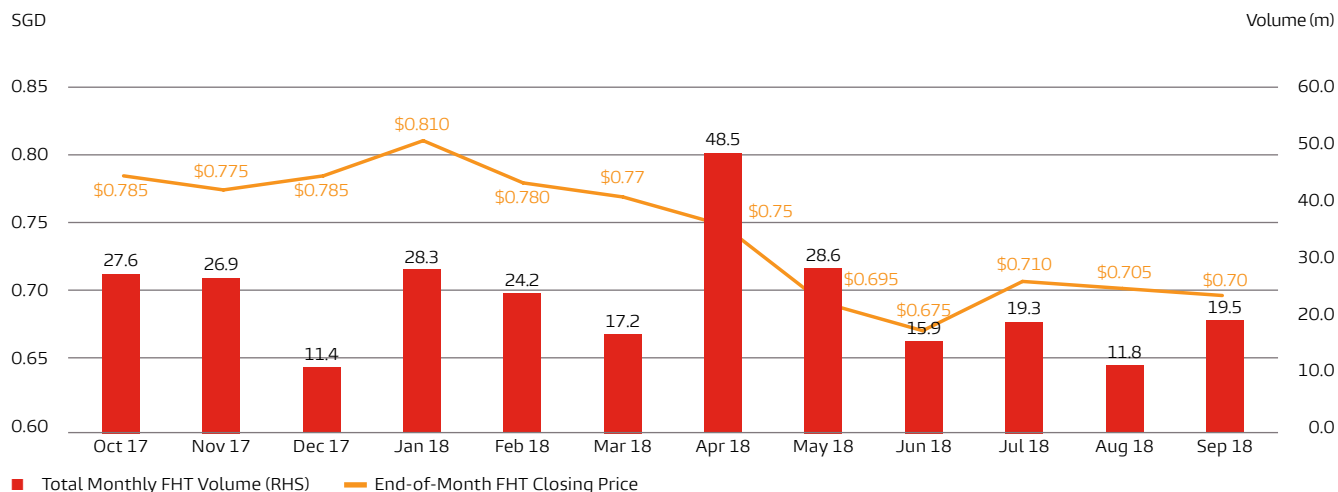
Source: Bloomberg

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

For dates that fall on non-trading days, share price data is extracted from the corresponding previous trading day.

Investor Relations

FHT Monthly Trading Performance for FY2018



Source: Bloomberg

FHT 3-Year Stock Trading Performance

	FY2016	FY2017	FY2018
Opening price	SGD0.730 (1 October 2015)	SGD0.690 (3 October 2016)	SGD0.755 (2 October 2017)
Closing price	SGD0.690 (30 September 2016)	SGD0.750 (29 September 2017)	SGD0.700 (28 September 2018)
Highest price traded	SGD0.820	SGD0.765	SGD0.825
Lowest price traded	SGD0.685	SGD0.630	SGD0.665
Total volume of Stapled Securities traded	79.0 million	214.3 million	279.0 million
Average daily volume of Stapled Securities traded	0.3 million	0.9 million	1.1 million
Market capitalisation as at 30 September	SGD952.1 million	SGD1,384.2 million	SGD1,308.4 million

Source: Bloomberg

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

1-Year and 3-Year Total Returns

	1 Year ¹		3 Years ¹	
	Price Change	Total Return ²	Price Change	Total Return ²
FHT	-7.28%	-1.02%	-5.41%	21.02%
FTSE STI	-0.15%	3.59%	16.25%	29.55%
FTSE ST REIT Index	-0.69%	5.63%	15.95%	40.42%

Source: Bloomberg

¹ 1-year return is for the period from 2 October 2017 to 28 September 2018 and 3-year return is for the period from 1 October 2015 to 28 September 2018.

² Assumes dividends are reinvested.

Investor Relations Calendar for FY2018

First Quarter FY2018 (1 October 2017 – 31 December 2017)	
Analyst briefing for FY2017 results	October 2017
Morgan Stanley Asia Pacific Summit 2017, Singapore	November 2017
Second Quarter FY2018 (1 January 2018 – 31 March 2018)	
AGM	January 2018
Analyst earnings call for 1Q2018 results	January 2018
UOBKH ASEAN Conference 2018, Taipei	March 2018
Third Quarter FY2018 (1 April 2018 – 30 June 2018)	
DBS-Frasers Corporate Access Day, Seoul	April 2018
Analyst briefing for 2Q2018 results	April 2018
dbAccess Asia Conference 2018, Singapore	May 2018
Singapore's 4th REITS Symposium 2018	May 2018
Frasers Day, Bangkok	June 2018
Fourth Quarter FY2018 (1 July 2018 – 30 September 2018)	
Analyst earnings call for 3Q2018 results	July 2018

Financial Calendar for FY2018

24 January 2018

Third AGM

24 January 2018

Release of 1Q2018 results

26 April 2018

Release of 2Q2018 results

29 June 2018

Payment of interim distribution for FY2018

26 July 2018

Release of 3Q2018 results

26 October 2018

Release of 4Q and FY2018 results

28 December 2018

Payment of final distribution for FY2018

Financial Calendar for FY2019

(subject to changes by the Managers without prior notice)

22 January 2019

Fourth AGM

30 January 2019

Release of 1Q2019 results

April 2019

Release of 2Q2019 results

June 2019

Payment of interim distribution for FY2019

July 2019

Release of 3Q2019 results

October 2019

Release of 4Q and FY2019 results

December 2019

Payment of final distribution for FY2019

Equity Research Coverage

FHT is covered by sell-side analysts from:

- DBS Vickers Securities
- Maybank Kim Eng Research
- SooChow CSSD Capital Markets
- UOB Kay Hian

Feedback

To promote open and transparent communication, FHT values and welcomes feedback which may be made via: ir@frasershospitality.com.

Sustainability Report



About This Report

FHT's Sustainability Report follows the financial reporting period from 1 October 2017 to 30 September 2018 ("FY2018"). It describes our approach towards sustainability and our progress to date, with a focus on addressing our material environmental, social and governance ("ESG") factors.

While this is our fourth Sustainability Report, it marks our first mandatory reporting under the Singapore Exchange ("SGX") Listing Rules.

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

Report Scope

In this report, we have expanded our disclosure of sustainability performance related to energy, water, waste management, customer experience, and employee health and safety from 8 to 14 properties in Asia, Australia and Europe¹. Considering the expansion in reporting scope for these properties, only FY2018 data is presented in this report for the aforementioned ESG factors. This report also covers performance related to talent retention and development, and health and well-being of the staff of Frasers Hospitality Asset Management Pte. Ltd. (the "REIT Manager") located in Singapore and overseas.

Our sustainability information has been disclosed in good faith and to the best of our knowledge. As we continue our sustainability journey, we welcome any feedback that will help us in improving our reporting and performance. Comments or feedback can be sent to: ir@frasershospitality.com.

¹ Maritim Hotel Dresden has been excluded from the report scope due to limitations imposed by master lease agreement.

Sustainability Report Board Statement

We consider sustainability as an integral part of our growth strategy and key to our long-term viability. As an asset owner and investor, we encourage good ESG practices.

At FHT, we are committed to sustainable practices in managing our global portfolio of hotels and serviced residences to deliver enhanced value to our customers and other stakeholders. While we are guided by our Sponsor's Unifying Idea and Sustainability Framework, we are keenly aware that our sustainability initiatives should be relevant to our hospitality activities and stakeholders.

We consider sustainability as an integral part of our growth strategy and key to our long-term viability. As an asset owner and investor, we encourage good ESG practices. We work closely with our hotel and serviced residence operators, business partners, employees and other stakeholders to monitor and enhance our portfolio's ESG performance over time and bring the right experiences and expertise to the table for our customers. We have also assessed and revised the material factors for FHT and expanded the scope of this year's Sustainability Report to include ESG disclosures for those properties that are independently managed by reputable international hotel chains.

The Board is supported by a Sustainability Task Force ("STF"), which comprises the senior management team of the REIT Manager. The STF assists the Board to strategically identify and respond to ESG issues that are pertinent to our business, and to oversee the management and monitoring of FHT's ESG performance.

We look forward to sharing with you our progress along our sustainability journey.

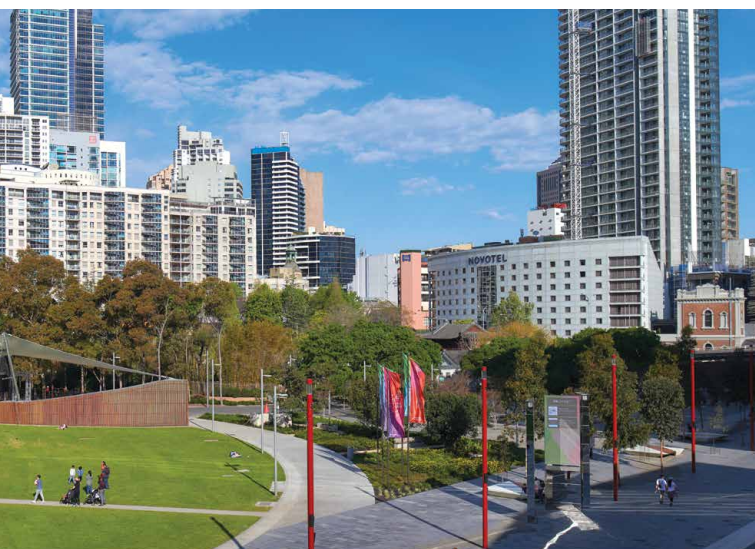
Board of Directors

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

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

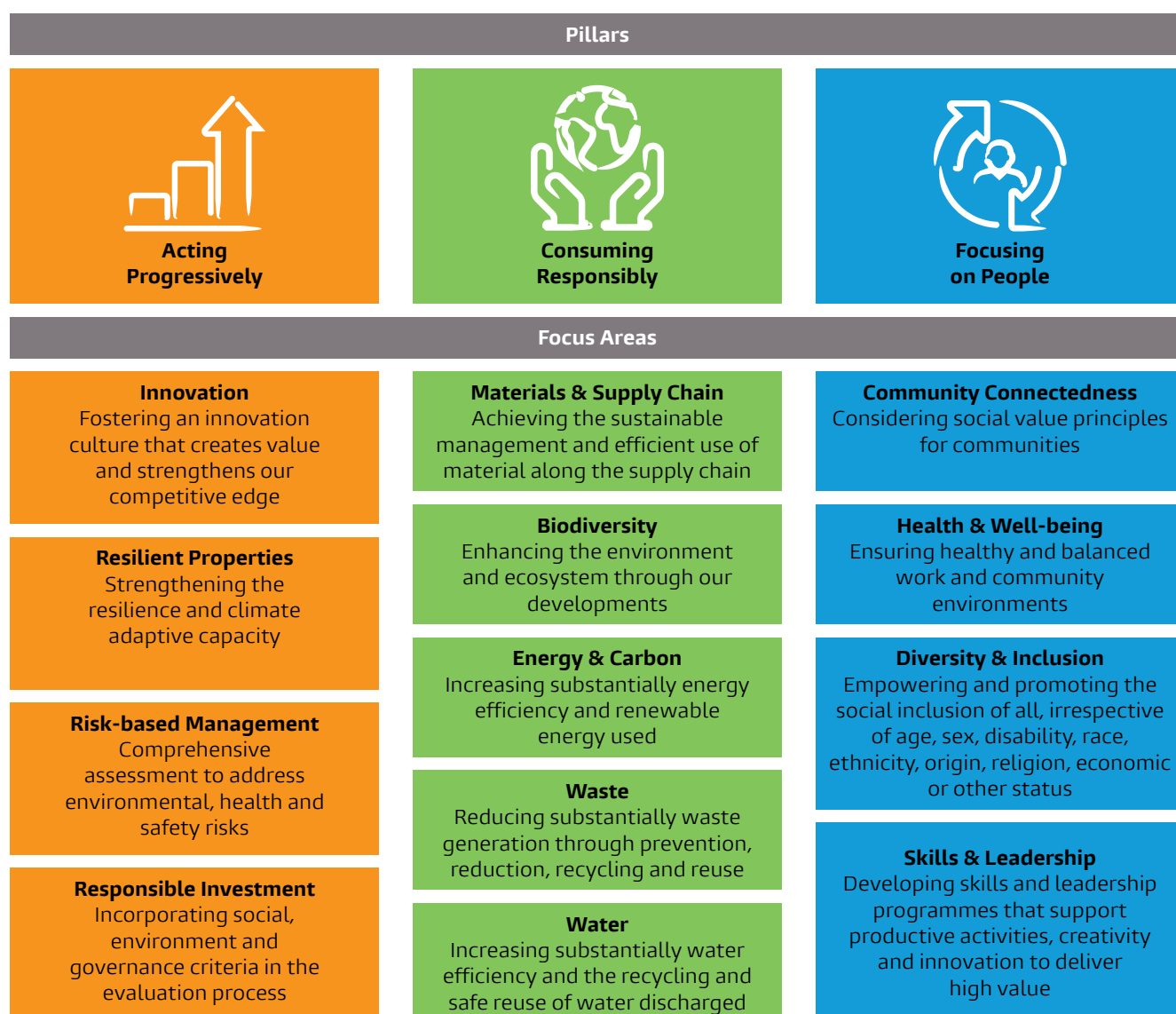
Sustainability Report

Sustainability Framework






Our Sponsor has developed a Sustainability Framework in FY2018 which sets out the sustainability priorities for the Frasers Property Group (“the Group”) towards 2030. This Framework is driven by 3 pillars, namely Acting Progressively, Consuming Responsibly and Focusing on People. The 3 pillars guide the Group’s multidisciplinary approach towards sustainability, with 13 ESG focus areas that direct the Group’s efforts to manage and deliver its sustainability priorities across the value chain.

The Framework provides flexibility for FHT to develop our sustainability strategy tailored to our business and operations. With a refreshed set of 8 ESG material factors relevant to FHT’s business and stakeholders, we will continue to develop action plans in FY2019 that will contribute to the sustainability goals of our business and the Group.



Sustainability Report

The Year At A Glance

Key Performance for FY2018	
 <p>Acting Progressively</p>	<ul style="list-style-type: none"> • Zero confirmed incidents of corruption • 5 Green awards received
 <p>Consuming Responsibly</p>	<ul style="list-style-type: none"> • Energy intensity: 50.66 kWh/occupied room • GHG emission intensity: 0.03 tCO₂e/occupied room • Water intensity: 0.67 m³/occupied room • 57% of properties have a waste management policy in place and monitor waste data
 <p>Focusing on People</p>	<ul style="list-style-type: none"> • 70 training hours per employee • 24% new employee hire rate • 29% employee turnover rate • Zero major safety incidents across our portfolio • 100% of properties have customer satisfaction evaluation mechanism and customer health and safety policies/procedures in place • Zero incidents of non-compliance with regulations concerning customer health and safety



Key Green Awards Won:

InterContinental Singapore

- Building and Construction Authority of Singapore ("BCA") Green Mark GOLD^{PLUS} Award

Fraser Suites Edinburgh

- Green Tourism Silver Award

Fraser Suites Glasgow

- Green Tourism Bronze Award

Managing Sustainability

Sustainability Governance

As a sponsored REIT, our sustainability approach and practices are aligned with those of our Sponsor.

Fraser's Property's Sustainability Steering Committee ("SSC") provides guidance and drives the Group's corporate sustainability agenda. The SSC is chaired by the Group CEO, Mr. Panote Sirivadhanabhakdi, and comprises top management and the CEOs of Fraser's Property's business divisions including Ms. Eu Chin Fen, CEO of the REIT Manager. The SSC meets to review the strategic direction of the Group's sustainability strategy and performance against the Group's sustainability objectives.

The SSC is supported by the Sustainability Working Committee ("SWC") which drives and implements the Group's sustainability agenda. The SWC is

represented by management of different business functions and its main task is to monitor the Group's sustainability performance, implement action plans, and communicate with various stakeholders.

At FHT, we push forth our sustainability agenda with the support of our STF, which comprises the CEO and heads of various departments of the REIT Manager, including Asset Management, Finance, Investment and Investor Relations. The Asset Management team works closely with each property's General Manager to track the property's sustainability performance against indicators identified by the STF.

Sustainability Report

Stakeholder Engagement

Sustainability is important to our long-term viability and we understand that the ESG aspects of our business are of interest to our stakeholders. Hence, we engage our stakeholders on a regular basis and interact with them via multiple platforms and channels. Their feedback and concerns are carefully considered to ensure decisions will contribute to the continual improvement of our operational and sustainability performance.



Key Stakeholders	Key Topics of Concern
Customers and Guests	<ul style="list-style-type: none"> • Customer satisfaction • Quality of facilities and services • Health and safety
Investment Community and Stapled Securityholders	<ul style="list-style-type: none"> • Financial and operational performance • Business strategy and outlook • Acquisition and sources of funding • Divestments • Corporate governance
Hotel and Serviced Residence Operators	<ul style="list-style-type: none"> • Asset management and asset enhancement initiatives • Business opportunities • Property maintenance programmes • ESG practices
Employees	<ul style="list-style-type: none"> • Employee development and retention • Occupational health and safety • Employee well-being • Organisation updates
Suppliers and Business Partners	<ul style="list-style-type: none"> • Appropriate cost and budgeting • Adherence to terms and conditions of purchasing policies
Local Community	<ul style="list-style-type: none"> • Social and community projects • Business impact on the environment and society
Media	<ul style="list-style-type: none"> • Financial and operational performance • Latest developments, including acquisitions, equity fund raising, and divestments
Regulators and Non-governmental Organisations	<ul style="list-style-type: none"> • Regulatory compliance • Regulatory and industry trends • Industry dialogues and issues • Corporate governance

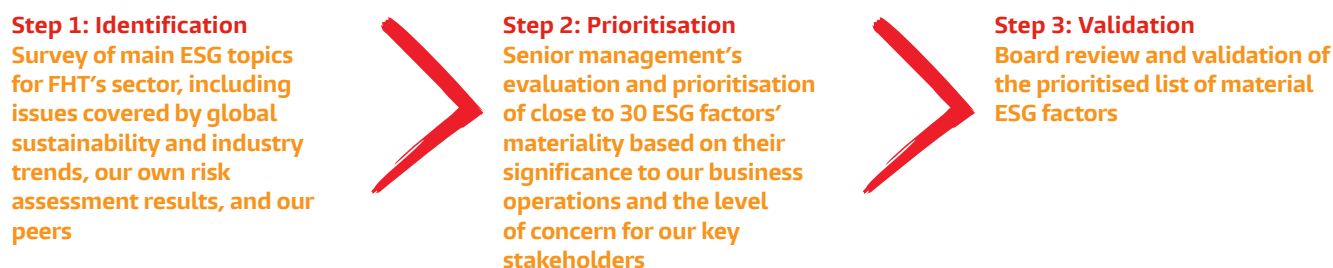
Mode of Engagement	Frequency of Engagement
<ul style="list-style-type: none"> • Bilateral communications • Events • Surveys 	<ul style="list-style-type: none"> • Throughout the year • Throughout the year • Throughout the year
<ul style="list-style-type: none"> • Results briefings and earning calls • Annual General Meeting • Local and overseas investor conferences and roadshows • Bilateral communications and meetings via emails, teleconferences, and company and site visits • Corporate website 	<ul style="list-style-type: none"> • Quarterly • Annually • Throughout the year • As and when requested • Throughout the year
<ul style="list-style-type: none"> • Regular site meetings • Discussions via calls and emails • ESG performance data collection 	<ul style="list-style-type: none"> • Throughout the year • Throughout the year • Annually
<ul style="list-style-type: none"> • Performance appraisals • Training, including courses and orientation programme for new staff • Frasers Health and Safety Month • Team bonding, sports, volunteering and other social events • Internal communications via emails, the intranet and newsletters 	<ul style="list-style-type: none"> • Annually (all staff completed performance review in FY2018) • Throughout the year (1,192 hours of training completed in FY2018) • Annually • Throughout the year • Throughout the year
<ul style="list-style-type: none"> • Quotations, proposals and tenders • Regular meetings • Discussions via calls and emails 	<ul style="list-style-type: none"> • As and when requested • As and when requested • As and when requested
<ul style="list-style-type: none"> • Community engagement activities • Frasers Environment Month 	<ul style="list-style-type: none"> • Throughout the year • Annually
<ul style="list-style-type: none"> • Luncheons with relevant journalists • Media releases 	<ul style="list-style-type: none"> • Quarterly • Throughout the year
<ul style="list-style-type: none"> • Briefings, discussion and consultations • Participation in relevant industry associations 	<ul style="list-style-type: none"> • Throughout the year • Member of the REIT Association of Singapore • Member of Securities Investors Association (Singapore) • CEO of the REIT Manager, Ms. Eu Chin Fen, is a Board Member of the Singapore Hotel Association and a Member of the Regulatory Sub-Committee of REITAS. She is also a Member of the Board of Advisors of the Institute of Service Excellence at Singapore Management University.

Sustainability Report

Materiality Assessment

In line with the GRI Standards' Materiality Principle, FHT completed a materiality assessment in FY2018, with the support of an external consultant. We considered recent ESG issues and trends globally and pertaining to the hospitality industry. We also looked at the issues and concerns of our stakeholders and those that most affect our business operations.

Our materiality assessment involved a 3-step process:



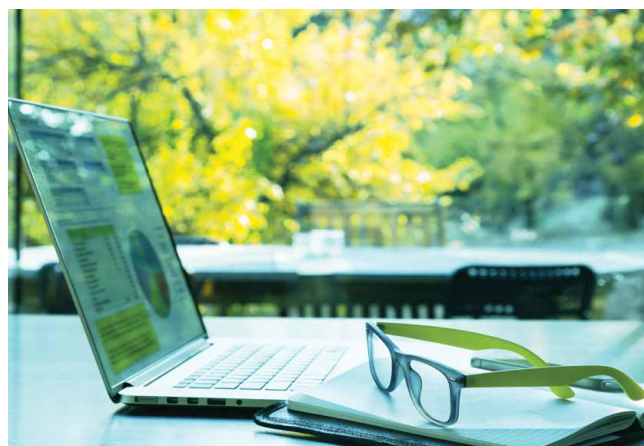
Group Sustainability Framework Pillars	Material Factors	Materiality to FHT
Acting Progressively	Economic Performance ²	Our strategic objective is to manage and expand our portfolio, within our risk capacity and appetite, to deliver long-term growth in distribution and net asset value to our Stapled Securityholders
	Anti-corruption	As a listed REIT, we maintain high standards of governance and accountability to earn the trust and confidence of our stakeholders. Our reputation is built by dealing fairly and ethically.
Consuming Responsibly	Energy and GHG Emissions Management	Availability of electricity is essential for the operations of hospitality assets. Considering that energy consumption is one of the largest environmental impact that our operations generate, it is crucial to actively monitor and manage the energy consumption at our properties.
	Water Management	Water is a necessity in relation to the services that we provide to our customers and guests at our properties. It is critical to ensure that water is constantly available and is also conserved whenever possible, in order to reduce unnecessary usage and expenses.
	Waste Management	The operations of our hospitality assets generate various types of waste. Proper waste management is key in preventing adverse impact on the local environment and public health.
Focusing on People	Customer Experience	Customer experience is of utmost importance, given the nature of the hospitality business. Our customers and guests are one of the salient factors determining the success of our business. Hence, meeting and even exceeding their expectations is our priority.
	Talent Recruitment and Retention	As a global hospitality trust, it is paramount that the REIT Manager has the capacity to manage and expand FHT's portfolio to create value for our stakeholders. We seek to attract and retain a knowledge pool that forms the cornerstone of our success.
	Employee Well-being and Empowerment	Employees are at the heart of hospitality operations. It is vital for us to ensure our hotel and serviced residence operators value the well-being of their employees so that they are equipped and motivated to deliver positive memorable experiences to our customers and guests.












For each material factor, the table above shows where significant impact occur and where we have caused or contributed to the impact through our business relationships.

Through this process, we identified 8 material factors that are relevant to our business and would influence decisions of our stakeholders, namely:

1. Economic Performance
2. Anti-corruption
3. Energy and GHG Emissions Management
4. Water Management
5. Waste Management
6. Customer Experience
7. Talent Recruitment and Retention
8. Employee Well-being and Empowerment

We will continue to review and assess our material factors annually to ensure their relevance to our business, stakeholders, and the ESG focus areas set out in the Group's Sustainability Framework.



Material Factor Boundaries				Corresponding Topic-Specific GRI Standards	Relevant United Nations Sustainable Development Goals (SDGs)
FHT	Suppliers/ Contractors	Properties			
✓				GRI 201: Economic Performance 2016	 
✓	✓	✓	✓	GRI 205: Anti-corruption 2016	
			✓	GRI 302: Energy 2016 GRI 305: Emissions 2016	 
			✓	GRI 303: Water 2016	
			✓	GRI 306: Effluents and Waste 2016	
			✓	GRI 416: Customer Health and Safety 2016	
✓				GRI 401: Employment 2016 GRI 404: Training and Education 2016	 
✓			✓	GRI 403: Occupational Health and Safety 2016	

2 Please refer to our annual report for further details.

Sustainability Report

Acting Progressively

FY2018 Performance

Zero confirmed incidents of bribery and corruption



Upholding Corporate Integrity

As a responsible corporate citizen, we aim to maintain high standards of integrity, accountability and responsible governance.

We strongly believe that our reputation rests on fair and ethical dealings. We comply with all applicable laws, rules and regulations, including the Code of Corporate Governance 2012 and the Singapore Code of Advertising Practice. We adopt a risk-based management approach to sustainability and regularly review our policies and compliance levels. We also ensure that our communications with the investment community are transparent, clear, timely and accurate.

Guided by our Sponsor, we subscribe to the following corporate policies to uphold the corporate integrity of our business.

Corporate Policies

Code of Business Conduct
Whistle-Blowing Policy
Anti-Bribery Policy
Competition Act Compliance Manual
Personal Data Protection Act Policy
Environment, Health and Safety Policy

Incorporating Sustainability in Our Business

Our success rests on the performance of our assets. We view our properties' sustainability attributes as a competitive advantage, as they help enhance the value of our properties. We therefore aim to incorporate sustainability into our considerations for asset and portfolio management.

We are pleased to report that the following properties have been recognised for their sustainability endeavours:

Sustainability-Related Certificates and Awards

InterContinental Singapore

- BCA Green Mark GOLD^{PLUS} Award
- EarthCheck Gold Certification 2017
- 3R Awards for Hotels 2018/2019 - Merit

Fraser Suites Edinburgh

- Green Tourism Silver Award

Fraser Suites Glasgow

- Green Tourism Bronze Award

Sustainability Report

Acting Progressively

Some of our properties have also proactively participated in or launched their own sustainability schemes to holistically drive their ESG performance.

Green Tourism Programme

Green Tourism is recognised as one of the most credible sustainable tourism certification programmes in the world. The programme is designed to help companies develop their road map to become a more sustainable business and be able to offer sustainable lifestyle options to their customers. Companies are assessed against 10 criteria, including management, marketing and communication, social responsibility and equality, energy, water and effluents, sustainable procurement, waste minimisation, travel, nature and culture, and innovation and benchmarking. Depending on the percentage score achieved based on a maximum of 50 measures, a business is awarded 4 levels of membership: Going Green, Bronze, Silver and Gold.

Fraser Suites Edinburgh was awarded Silver for achieving 65-79% of the 50 measures, and Fraser Suites Glasgow was awarded Bronze for realising 40-64% of the 50 measures.

A member of the Green Tourism Programme receives an assessment visit once every two years. A detailed report including recommendations and an action plan is provided to the members after the visit.

IHG Green Engage™ System

The InterContinental Hotels Group ("IHG") Green Engage™ System is an online sustainability platform that allows IHG's hotels to report their energy, carbon, water and waste performance, and track their progress against goals set in the system.

Our property, InterContinental Singapore, has adopted the Green Engage™ System to monitor its environmental performance on a monthly basis, track reductions achieved and benchmark its yoy targets. The System has helped the hotel lower its overall utility costs and reduce its environmental impact using a methodical approach.

Planet 21

Planet 21 is AccorHotels Group's global sustainable development programme. The latest 2016-2020 phase lays out AccorHotels' sustainability goals for 2020 around 4 strategic priorities: working with employees, involving customers, innovating with partners and working with local communities.

Our 4 properties - namely Novotel Melbourne on Collins, Novotel Sydney Darling Square, Sofitel Sydney Wentworth and ibis Styles London Gloucester Road (managed by AccorHotels) - actively participate in the Planet 21 programme.

ibis Styles London Gloucester Road has been appointed a Planet 21 Champion for its sustainability efforts.

"Because we care for millions of guests, each of our hotels is a planet in itself and every action matters. We are committed to positive hospitality. We have been guided by respect for the planet we share and for its inhabitants who are our employees, guests, partners and hotel owners. Planet 21 crystallises our longstanding commitment to sustainable development as it carries a vision and road map for our hotels, with 18 established commitments across 6 focus areas of guests, partners, people, communities, food and buildings. We are aiming high and enlisting our stakeholders to drive sustainable growth that will benefit everyone around us."

Simon McGrath
Chief Operating Officer – Pacific
AccorHotels

We firmly believe we can play a role in encouraging and driving sustainability in the real estate and hospitality sectors. As part of the Group, we are involved in the following sustainability initiatives:

Endorsement and Participation in Sustainability Initiatives

- United Nations Global Compact (UNGC) Principles
- United Nations Sustainable Development Goals (SDGs)
- The Principles for Responsible Investing (PRI)
- The Global Real Estate Sustainability Benchmark (GRESB)
- Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC)

Sustainability Report

Consuming Responsibly

With the increasing awareness of environmental issues, especially amongst our global customers and guests, we recognise the importance of addressing their changing demands and concerns to remain competitive and relevant. We engage our property operators to practise good energy, water and waste management and receive from them monthly reports, including data on each property's energy and water consumption and waste management (where applicable).

In view that we have expanded our reporting scope to cover 14 properties, only FY2018 performance data is presented in this report. We look forward to enhancing the comparability of our performance by incorporating past sustainability data starting in FY2019.

Conserving Energy

As availability of electricity is essential for the operations of our hotels and serviced residences, we work with our properties, customers and guests to jointly reduce energy consumption.

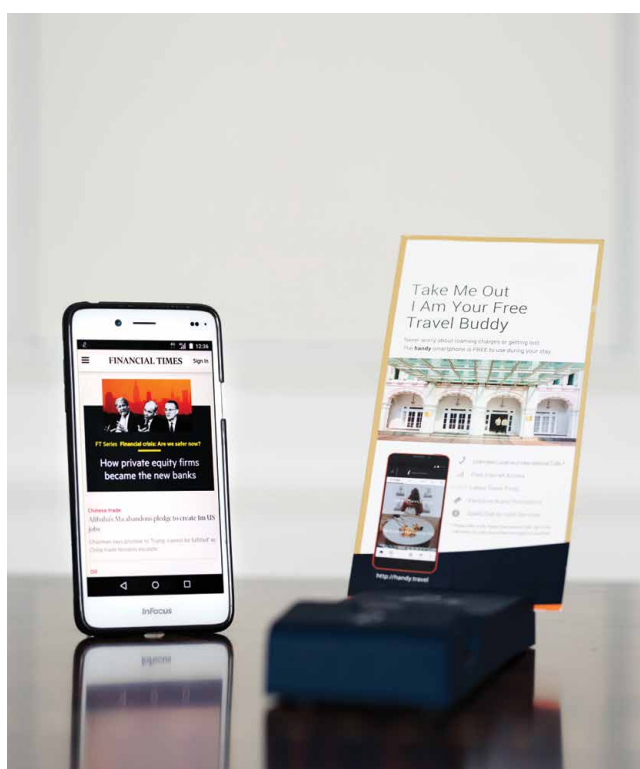
We encourage our hotel and serviced residence operators to implement energy-saving measures where possible, and monitor closely the energy consumption at our properties. In FY2018, our properties consumed a total of 55,329,650 kWh of electricity, which contributed to 32,699 tonnes of CO₂e emissions³. Each occupied room in our portfolio used 50.66 kWh of electricity and emitted 0.03 tonnes of CO₂e in FY2018.

“We always return to InterContinental Singapore whenever we visit Singapore. The Club InterContinental team is an amazing bunch whom we have grown close to. Apart from the high standard of service and unique guest rooms, we also appreciate that this is a certified green hotel. To combine sustainability with business can be hard, but we have seen the implementation of more green initiatives including the digital newspaper and removal of single-use plastic straws. Kudos to the hotel's team!”

Ms Kerry Browne
A repeat guest of InterContinental Singapore

Energy-Saving Initiatives Implemented in FY2018

- Novotel Sydney Darling Square completed its refurbishment in February 2018, which included the installation of energy-efficient fan coil units and LED lightings.
- Novotel Melbourne on Collins completed 80% of its installation of LED lightings for the hotel, with the replacement of car park lightings, with LED lights being its latest conversion efforts. The hotel has also upgraded its hot water system to reduce gas usage.
- Fraser Place Canary Wharf London installed energy-saving lightings throughout the property and motion detecting light switches on all floors.
- Fraser Suites Queens Gate London adopted the practice to remotely switch off air-conditioning in guest rooms after guests have checked out.



³ GHG emissions are computed based on electricity grid emission factors published in Singapore Energy Statistics 2018, UK Government GHG Conversion Factors for Company Reporting 2017 and 2018, Australian National Greenhouse Accounts Factors 2017, Malaysian Green Technology Corporation's Study on Grid Connected Electricity Baselines in Malaysia 2014, and Kansai Electric Power (KEPCO) Group Report 2018.

Sustainability Report

Consuming Responsibly

Saving Water

With water scarcity being a global environmental issue, we continually engage our hotel and serviced residence operators and our guests to join us in reducing water consumption and wastage.

In FY2018, our properties consumed 732,937 m³ of water, which averaged out to 0.67 m³ per occupied room⁴.

Water-Saving Measures in FY2018

- Fraser Suites Singapore completed installing water-saving devices for water taps in all apartments. It has also installed a tap filtration system in all bedrooms to encourage guests to drink direct from the tap and reduce consumption of bottled water.
- As part of its renovation, Novotel Sydney Darling Square installed water-saving taps, toilets and showerheads in all guest rooms.
- Fraser Suites Queens Gate London completed installing water-saving showerheads.
- Fraser Suites Edinburgh installed A+++ rated washing machines in its self-service launderette.



Reducing Waste

We are mindful of the different types of waste that our hospitality assets generate, including general and recyclable waste and food waste. All of our properties abide by local regulatory guidelines relating to waste management, collection, disposal and recycling. To further ensure efficient use of resources and avoid wastefulness, we support our properties to go beyond compliance in their approach to waste management.

In FY2018, we surveyed whether our properties have waste management policies and procedures in place, and collected data related to waste disposal and recycling. Presently, 8 properties, which represent 57% of our portfolio covered in this report, have established a waste management policy and monitored the volume of waste generated or recycled. Going forward, we aim to ensure that waste management policies are in place for our remaining properties. In addition, we will decide on the feasibility for our properties to report waste-related data.



⁴ Total water consumption does not include Fraser Place Canary Wharf London. All water consumed at the properties is withdrawn from municipal water supplies.

Sustainability Report

Consuming Responsibly

Influencing Our Supply Chain

When working with our property operators and suppliers, we look for opportunities to encourage sustainable thinking and practices across our supply chain wherever possible. Some of the initiatives that we have assessed together with our property operators and suppliers include:

- Replacement of equipment with eco-efficient and environmentally-friendly alternatives as and when the need arises
- Use of appropriate and adequate risk management procedures in the sourcing and selection of materials process
- Inclusion of environmental considerations in our procurement contracts
- Consideration of green features when reviewing and developing asset enhancement plans



Adopting Sustainable Sourcing Practices

- InterContinental Singapore has put in place standards to select products and materials from environmentally-responsible sources. The hotel has engaged its vendors on environmental policies and responsibilities, and prioritises procuring green products from certified suppliers, such as suppliers that have adopted ISO 14001 Environmental Management System.
- As part of AccorHotels' Planet 21 Programme, Novotel Sydney Darling Square has banned the use of overfished species for its food and beverage business.

Raising Awareness

With a mindset to reduce our environmental footprint, our properties launched various initiatives during the year to raise awareness and foster environmentally-friendly behaviours amongst staff and guests.

Fraser's Property Environment Month 2018

During the annual Fraser's Property Environment Month in March, which was themed "Greening Our Dollars", employees across the Group participated in a series of workshops and educational tours, that encourage them to think about the environmental impact of their purchases before they spend and empower them to "vote with their wallet" by adjusting their purchasing habits.

Fraser's Go Green Programme

The Go Green programme at the Fraser's Hospitality-managed serviced residences includes sustainability awareness campaigns which seek to educate our guests on topics such as limiting the use of laundry services to save water and energy, and reducing waste through the removal of unnecessary wrapping of toiletries and amenity products. Our properties deploy Go Green cards and Dear Guest notes to inform guests of our sustainability efforts and invite them to participate. We also engage our guests by seeking and acting on their feedback on energy- and water-saving measures at our properties.

Environmental Awareness Initiatives in FY2018

- ibis Styles London Gloucester Road has been appointed a Planet 21 Champion in the AccorHotels Group. The hotel conducted staff training to raise awareness on reduced energy usage. Energy consumption is monitored and discussed during the hotel's quarterly Health & Safety Committee meetings.
- Fraser Suites Glasgow retrained its housekeeping staff on water management and created a green team to further its environmental endeavours.

Sustainability Report

Focusing On People

The well-being of our people and customers are fundamental to the success of our business. We are committed to meeting their needs and expectations, as well as safeguarding their health and safety at our properties.

Enhancing Customer Experience

Customer experience is one of the salient factors determining the success of hospitality business. We

believe meeting and even exceeding our customers' and guests' expectations is crucial to the sustainability of our hospitality assets. We monitor and ensure that all properties have mechanisms in place to evaluate customer satisfaction. We also require all properties to regularly report customer health and safety incidents.

We have taken a 3-pronged approach to continue enhancing our customers' experience at our properties.

Monitor Customer Feedback and Satisfaction	Provide Trainings Targeting Customer Service Excellence	Engage External Parties to Evaluate Service Quality
<ul style="list-style-type: none"> Guest feedback is collated and monitored via various channels, including in-room surveys, post-stay surveys, and reviews on major travel service platforms Targets for response rate have been established for online reviews and direct guest communications Guest complaint handling procedures have also been established to ensure guest complaints are treated with upmost care 	<ul style="list-style-type: none"> At Frasers Hospitality-managed serviced residences, our staff attend Front-Office Excellence Training and Epitome Training and Grooming At InterContinental Singapore, fortnightly training on IHG's approach to hospitality is offered to new hires and current staff At Novotel Melbourne on Collins, Peopleology Service training is provided to new hires prior to commencement of employment 	<ul style="list-style-type: none"> Third-party mystery shopper audits are deployed to assess service quality at our properties At InterContinental Singapore, audits on brand standards are conducted annually to ensure all IHG properties operate under same standards, including for customer health and safety At Sofitel Sydney Wentworth, Leading Quality Assurance Brand and Luxury Benchmark audits are completed annually to understand where its performance stands against other luxury hotels

FY2018 Performance

100% of our properties have customer satisfaction evaluation mechanism in place

100% of our properties have customer health and safety policies/procedures in place

Zero incidents of non-compliance with regulations concerning customer health and safety

Customer health and safety is another important aspect of customer experience. We are committed to safeguarding our customers' health and safety during their stay at our properties. All of our properties have customer health and safety related management policies and procedures in place. For instance, food handlers are required to possess relevant food handling certificates at all times. Regular refresher trainings on food handling are also provided. In FY2018, there were no incidents of non-compliance with regulations concerning customer health and safety.

Industry Awards and Accolades

InterContinental Singapore

- Forbes Four-Star Rating 2018 by Forbes Travel Guide

Fraser Suites Singapore

- Singapore's Leading Serviced Apartments 2018 by World Travel Awards

Fraser Suites Edinburgh

- Scotland's Leading Serviced Apartments 2018 by World Travel Awards

Fraser Suites Glasgow

- Serviced Apartments of the Year 2018 by Scottish Hotel Awards

ANA Crowne Plaza Kobe

- Experts' Choice 2018 by TripExpert

Sustainability Report

Focusing On People

Cultivating Talent

We believe that having a diverse talent pool encourages growth, innovation and inclusivity, and in turn will contribute positively to our business performance. In support of the Group's commitment to adopt fair employment practices, we subscribe to the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP) in Singapore and adopt the Group's Code of Business

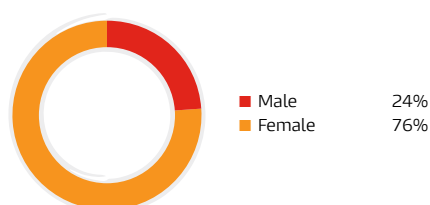
Conduct to reiterate our commitment to equal employment opportunity practice based on meritocracy.

Employee recruitment, development and retention remains a focus for the REIT Manager. We seek to retain our knowledge pool while attracting a managed stream of new talents and skills. In FY2018, all employees of the REIT Manager completed their annual performance appraisal, during which

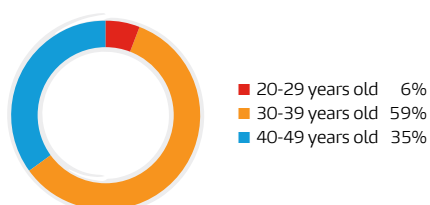
development needs were assessed and addressed. As of 30 September 2018, we have a lean team of 17 employees, including 3 overseas staff who are based in Australia and the UK. Five employees left during FY2018 while 4 new employees were recruited, translating to a hiring rate of 24% and a turnover rate of 29% respectively.

Employee Profile of the REIT Manager⁵ (as at 30 September 2018)

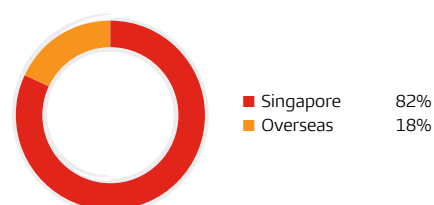
By Gender



By Age Group

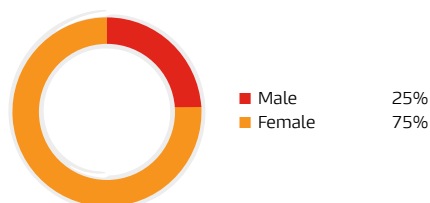


By Region

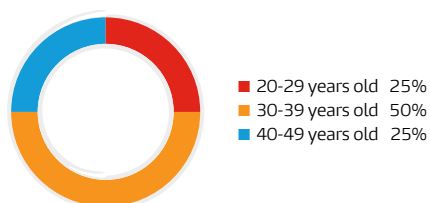


New Employee Hires

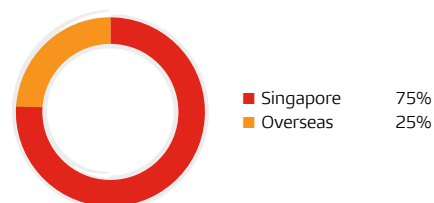
By Gender



By Age Group

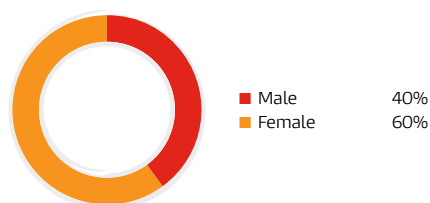


By Region

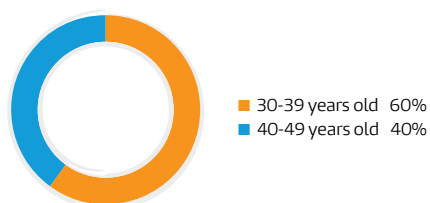


Employee Turnover

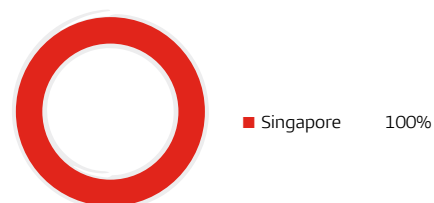
By Gender



By Age Group



By Region



⁵ Data on employees presented in the sustainability report is in relation to the REIT Manager. All employees of the REIT Manager are full-time, permanent employees.

Sustainability Report

Focusing On People

We are committed to cultivating a learning culture by providing various learning and development (“L&D”) programmes that are coordinated by the Group Human Resource department. Guided by the Group’s values of “Collaborative, Respectful, Progressive, Real” and unifying idea “Experience matters”, our L&D programmes are designed to be transformative and forward-looking. Our employees also took initiative to sign up for specific trainings in areas that are relevant to their work.

In FY2018, our employees attended trainings and seminars covering topics such as emerging trends and landscape of the real estate and REIT markets, Personal Data Protection Act, procedures on prevention of money laundering and financing of terrorism, key sustainability trends in the hospitality sector, and Frasers Hospitality’s updated core values.

Our employees clocked in a total of 1,192 training hours for FY2018, which averages out to 70 hours per employee, 87 hours per male employee and 65 hours per female employee⁶.

Promoting Health and Well-being

To create a secure environment for our people, our properties are equipped with all requisite safety equipment. In addition to establishing stringent health and safety policies and practices that must be followed, each property operator has set up a designated committee or team that meets regularly to monitor and manage the overall health and safety performance of our hotels and serviced residences, including conducting regular risk review and assessments, updating hazard identification checklist, and implementing equipment test and maintenance.

A business continuity plan (“BCP”) is in place for Frasers Hospitality-managed properties to minimise the impact that a potential disruptive scenario, such as pandemic disease, fire and power failure, could cause. The properties establish a BCP test schedule every year and carry out procedures and drills for the different test scenarios to ensure the BCP’s effectiveness. Results of the drills are reported quarterly.

To complement the health and safety management mechanism in place, various third-party audits and internal inspections are carried out regularly to confirm our safety equipment are well maintained. Trainings are also conducted to ensure our property staff are capable of implementing safety procedures and operating safety equipment.

Health and Safety Training

We provide regular health and safety training to our property staff to keep them and our guests safe. We also conduct health and safety briefing sessions for vendors where possible to enhance health and safety along our supply chain.

Topics covered by the trainings offered include:

- Workplace health and safety induction for all new employees
- Incident reporting and emergency response
- Occupational first aid, CPR (cardiopulmonary resuscitation) and AED (automated external defibrillator)
- Fire evacuation
- Food hygiene and safe food handling
- Community emergency preparedness
- Terrorism preparedness

At InterContinental Singapore, representatives from every department, who are also represented in the Risk Committee, have completed BizSafe Level 3 Training.

FY2018 Performance

Zero incidents of non-compliance with health and safety regulations

No major safety incidents across our portfolio

“FHT volunteers are awesome! They brought joy to our seniors through games and door-to-door distribution of food rations to those financially needy beneficiaries. We are blessed to have FHT working alongside us for more than two years, reaching out and touching lives in the community where we serve to give hope and meaning to the elderly. Thank you, FHT, for the invaluable friendships and willing hearts you bring to our community.”

Anastasia Tan
Care and Programme Executive
St. Hilda’s Community Services Centre

⁶ Employee categories at the REIT Manager are executive and non-executive. For FY2018, all employees at the REIT Manager are executives.

Sustainability Report

Focusing On People



In addition to workplace safety, we value the well-being of our staff. We engage them regularly, both through formal means such as staff meetings and annual staff survey at our properties, and informal means including office get-togethers, volunteering and team bonding events. We aim to support them in balancing their work and personal lives and make coming to work an enjoyable experience for them.

Staff Engagement

- Our staff were engaged through voices of Frasians, as annual staff survey, to better understand their needs, expectations and sense of career fulfilment.
- Our staff enjoyed a fun day of games and learning with their families during Frasers Property Annual Family Day which was held at the Science Centre Singapore
- In FY2018, the Group introduced regular “Eat with Your Family Day” to encourage family bonding over dinner. Every last Friday of the school semester, our staff on regular work schedule are encouraged to leave work early at 5pm to spend quality time over dinner with their loved ones.
- Our staff returned to St. Hilda’s Community Services Centre twice during the year to engage elderly beneficiaries in an afternoon of games and to distribute food rations to the needy elderlies befriended by the Centre. A total of 96 manhours were clocked by our staff volunteers.

Frasers Property Health & Safety Month 2018

Our Sponsor holds the Frasers Property Health & Safety Month annually to promote complete wellness, including the physical, mental, emotional, social, environmental and even financial well-being. For this year’s Health & Safety Month themed “Live Well”, our property staff across the globe took part in various wellness advocating activities:

- Fraser Suites Singapore conducted its yearly refresher training on how to use a fire extinguisher for its staff.
- During the month of August, Fraser Suites Sydney organised a walk on every Friday in Hyde Park for staff to promote the importance of exercise in staying fit and healthy.
- At Fraser Place Canary Wharf London, staff were given fruit salad during lunch for the whole month to promote healthy eating habit.
- At Park International, a team of female staff took part in Race for Life – a female-only event to raise funds for cancer research and improve their fitness level. One of its staff came in first in the 5-km race.

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
Organisational Profile			
GRI 102: General Disclosures	102-1	Name of the organisation	About Frasers Hospitality Trust, p.3
	102-2	Activities, brands, products, and services	About Frasers Hospitality Trust, p.3
	102-3	Location of headquarters	Corporate Information, Inside Back Cover
	102-4	Location of operations	About Frasers Hospitality Trust, p.3
	102-5	Ownership and legal form	About Frasers Hospitality Trust, p.3 Trust Structure, p.7
	102-6	Markets served	Our Portfolio, p.4-5 Asset Profile, p.54-68
	102-7	Scale of the organisation	About Frasers Hospitality Trust, p.3 Financial Highlights, p.8-9 Focusing on People – Cultivating Talent, p.86-87
	102-8	Information on employees and other workers	Focusing on People – Cultivating Talent, p.86-87
	102-9	Supply chain	Consuming Responsibly – Influencing Our Supply Chain, p.84
	102-10	Significant changes to organisation and its supply chain	Key Events, p.51
	102-11	Precautionary principle or approach	FHT does not specifically refer to the precautionary approach when managing risk; however, our management approach is risk-based, and underpinned by our internal audit framework.
	102-12	External initiatives	Acting Progressively – Incorporating Sustainability in Our Business, p.81
	102-13	Membership of associations	Stakeholder Engagement, p.76-77
Strategy			
GRI 102: General Disclosures	102-14	Statement from senior decision-maker	Board Statement, p.73
Ethics and Integrity			
GRI 102: General Disclosures	102-16	Values, principles, standards, and norms of behaviour	About Frasers Hospitality Trust, p.3 Acting Progressively – Upholding Corporate Integrity, p.80-81
Governance			
GRI 102: General Disclosures	102-18	Governance structure	Corporate Information, Inside Back Cover Managing Sustainability – Sustainability Governance, p.75
Stakeholder Engagement			
GRI 102: General Disclosures	102-40	List of stakeholder groups	Managing Sustainability – Stakeholder Engagement, p.76-77
	102-41	Collective bargaining agreements	There are no collective bargaining agreements in place.
	102-42	Identifying and selecting stakeholders	Managing Sustainability – Stakeholder Engagement, p.76-77

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI 102: General Disclosures	102-43	Approach to stakeholder engagement	Managing Sustainability – Stakeholder Engagement, p.76-77
	102-44	Key topics and concerns raised	Managing Sustainability – Stakeholder Engagement, p.76-77
Reporting Practice			
GRI 102: General Disclosures	102-45	Entities included in the consolidated financial statements	Trust Structure, p.7 Financial Statements, p.124-264
	102-46	Defining report content and topic Boundaries	Report Scope, p.72 Materiality Assessment, p.78-79
	102-47	List of material topics	Materiality Assessment, p.78-79
	102-48	Restatements of information	None
	102-49	Changes in reporting	Materiality Assessment, p.78-79
	102-50	Reporting period	About This Report, p.72
	102-51	Date of most recent report	December 2017
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	About This Report, p.72
	102-54	Claims of reporting in accordance with GRI Standards	About This Report, p.72
	102-55	GRI content index	GRI Content Index, p.89-92
	102-56	External assurance	We have not sought external assurance on this data; however we intend to review this stance in the future.
Management Approach			
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	Materiality Assessment, p.78-79
Topic-Specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Growth Strategy, p.6
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Financial Review, p.14-17 Financial Statements, p.124-264
Anti-corruption			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Upholding Corporate Integrity, p.80-81
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Energy and GHG Emissions Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Conserving Energy, p.82
	103-3	Evaluation of the management approach	
GRI 302: Energy	302-1	Energy consumption within the organization	
	302-3	Energy intensity	
GRI 305: Emissions	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	
Water Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Saving Water, p.83
	103-3	Evaluation of the management approach	
GRI 303: Water	303-1	Water withdrawal by source	
Waste Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Reducing Waste, p.83
	103-3	Evaluation of the management approach	
GRI 306: Effluents and Waste	306-2	Waste by type and disposal method	Not disclosed as only some of our properties collect data on waste generated. We aim to engage our properties, standardise data to be collected and start disclosing this information for the properties that are able to report in FY2020.
Customer Experience			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Enhancing Customer Experience, pg. 85
	103-3	Evaluation of the management approach	
Talent Recruitment and Retention			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Cultivating Talent, p.86-87
	103-3	Evaluation of the management approach	
GRI 401: Employment	401-1	New employee hires and employee turnover	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	
	404-2	Programs for upgrading employee skills and transition assistance programs	

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI 404: Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	Focusing on People – Cultivating Talent, p.86-87
Employee Well-being and Empowerment			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Promoting Health and Well-being, pg. 87-88
	103-3	Evaluation of the management approach	As a REIT, we require all of our properties to report health and safety incidents on a regular basis.
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	FHT is represented in the Sponsor's Health and Safety Committee.
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	As a REIT, we require all of our properties to report health and safety incidents on a regular basis.

Risk Management

Enterprise-Wide Management

The objective of enterprise-wide risk management ("ERM") is to safeguard Stapled Securityholders' interests and FHT's assets. Management adopts an ERM framework to identify key risks, put in place controls, and allocate appropriate resources to proactively manage the identified risks. The ERM framework covers key areas such as investment, financial management and operating activities. Enterprise-wide risk reporting is facilitated through a web-based Corporate Risk Scorecard system which enables the reporting of risks and risk status on a common platform in a consistent and cohesive manner. Risks are reported and monitored using a Risk Scorecard which captures risks, mitigating measures, timeline for action items and risk ratings. Where applicable, Key Risk Indicators ("KRIs") are established to monitor risks. The Risk Scorecard and KRIs are presented in the form of a Key Risk Dashboard and reviewed by the Management and the REIT Manager's Audit, Risk and Compliance ("ARC") Committee on a regular basis.

Risk tolerance statements setting out the nature and extent of significant risks which the REIT Manager is willing to take in achieving its strategic objectives in respect of FH-REIT, have been formalised and adopted. The risk tolerance statements are reviewed annually according to the business plan. Risk limits, which set the risk boundaries in strategic and operational areas, support the risk tolerance statements. The risk limit status is monitored by the Management and reported to the ARC Committee quarterly.

The REIT Manager has implemented a Comfort Matrix Framework, which provides an overview of the mitigating measures, and assurance processes for managing key financial, compliance, IT and operational risks.

Key Risks in 2018

Investment Risk

All investment proposals are evaluated against a comprehensive set of investment criteria and due diligence is carried out to mitigate potential investment risks. The acquisition must be aligned with FHT's investment mandate. The evaluation process for all investment activities includes consideration of the location, guests mix, building condition, competitive conditions, expected investment return, long-term sustainability of asset performance and growth potential.

Regulatory and Compliance Risk

FHT has global operations and is subject to the laws and regulations of the markets it operates in.

FHT comprises FH-REIT, a Singapore-based REIT, and FH-BT, a Singapore-based business trust registered under the Business Trust Act. The REIT Manager and the Trustee-Manager (the 'Managers'), being the responsible entities of FH-REIT and FH-BT, respectively, each has its own Board of Directors (which comprises the same persons) and its own set of procedures in relation to corporate governance.

Due to the different legislative and regulatory requirements in relation to a REIT as compared with a business trust, the corporate governance procedures and disclosure requirements in relation to the REIT Manager are different from those in relation to the Trustee-Manager.

The Managers have put in place policies and procedures to facilitate compliance with applicable laws and regulations. They keep abreast of the latest developments in relevant laws and regulations through training and attending talks and briefings. Where necessary, the Managers will consult external legal counsel for advice.

Risk Management

Foreign Currency Risk

The entities within the stapled group normally conduct their business in their respective functional currencies.

FHT's foreign currency risk mainly relates to its AUD, GBP, JPY, MYR and EUR denominated investments and distribution income and interest income from its foreign subsidiaries. The Managers monitor FHT's foreign currency exposures on an ongoing basis and limit its exposure to fluctuations in exchange rates by using derivative financial instruments or other suitable financial products.

It is the Managers' policy to fix FHT's anticipated foreign currency exposure in respect of distribution income, net of anticipated payments required in the same currency from its foreign subsidiaries at least 6 months forward by using foreign currency forward exchange contracts and certain currency derivatives.

Investment in overseas assets are hedged naturally to the extent that borrowings are taken up in their respective foreign currencies. It is the Managers' policy to hedge at least 20% of its investments denominated in foreign currencies, either through borrowings in the same foreign currencies or using cross currency swap contracts. The net position of the foreign exchange risk of these investments in overseas assets are not hedged as such investments are long term in nature.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the FHT's financial instruments will fluctuate because of changes in market interest rates.

FHT's exposure to changes in interest rates relate primarily to its interest-bearing borrowings. Interest rate risk is actively managed by the Managers on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Managers adopt a policy of fixing the interest rates for at least 50% of their outstanding borrowings via the use of derivative financial instruments or other suitable financial products.

Interest rate derivatives in respect of FHT's borrowings have been entered into to achieve an appropriate mix of fixed and floating rates exposures within FHT's policy. Generally, the maturities of these interest rate derivatives follow the maturities of the related borrowings.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations with FHT, as and when they fall due.

FHT's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The REIT Manager has established credit limits for lessees and monitors their balances on an ongoing basis. Credit evaluations are performed by the REIT Manager before lease agreements are entered into with the lessees. Credit risk is also mitigated by the security deposits collected from lessees.

The security deposits were received in cash and were equivalent to 8 months of the monthly fixed rent under the Master Lease Agreements entered into during FHT's IPO as well as the Master Lease Agreement with Sofitel Sydney Wentworth.

In addition, Frasers Property Limited ("Frasers Property") and TCC Land International Limited (the "Corporate Guarantors") have granted a corporate guarantee to FH-REIT for the performance of the master lessees and retail master lessee respectively (excluding Maritim Hotel Dresden and Novotel Melbourne on Collins). Upon default, the Corporate Guarantors will pay the rent and other sums payable under the Master Lease Agreements and the Retail Master Lease Agreement respectively.

Cash and cash equivalents are placed with financial institutions which are regulated. Derivative financial instruments are only entered into with banks with sound credit ratings.

At the end of the reporting period, approximately 51.8% of FHT's trade and other receivables were due from related companies of the REIT Manager. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statements of Financial Position.

Liquidity Risk

Liquidity risk is the risk arising in the event that FHT encounters difficulty in meeting its financial obligations due to shortage of funds. The Managers monitor and maintain a level of cash and cash equivalents deemed adequate to finance FHT's operations for a reasonable period, including the servicing of financing obligations, and to mitigate the effects of fluctuations in cash flows.

In addition, the REIT Manager monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings.

The Managers also ensure that FHT has access to revolving credit lines from financial institutions to fund its working capital needs and capital expenditure requirements in the short to medium term.

As at the end of FY2018, FHT still has SGD660 million of untapped facility under its SGD1 billion Multicurrency Debt Issuance Programme.

It is the Manager's intention to ensure that the debt maturities of the borrowings are spread out to mitigate financing risks. In FY2018, the REIT Manager partially refinanced SGD175 million of the SGD500 million term loan that matures in July 2019 by issuing SGD120 million fixed rate notes with a 7-year tenure, and entering into a new SGD70 million 5-year term loan, thereby extending the maturity of FHT's borrowings. The REIT Manager also successfully refinanced the AUD117.2 million 3-year term loan which matured on 6 July 2018 with a new facility for AUD120 million on 5-year tenure.

As at 30 September 2018, FHT's gross borrowings were SGD837.3 million, of which SGD384.8 million are maturing in July 2019. The REIT Manager is presently working on refinancing the SGD384.8 million borrowings ahead of their maturity.

Operational Risks

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

Global terrorism risk poses a threat to the operations of the serviced residences and hotels. Where physical controls at the properties are inadequate, events such as terrorist attacks could result in physical damage to FHT's assets and injury to guests and employees at the properties. The serviced residence and hotel operators have implemented business continuity and crisis management procedures at the properties, to reduce the risk of loss of lives and damage to property. The REIT Manager has procured adequate insurance coverage for property damage, business interruption and political violence.

Information Technology Risk

The Frasers Property Group, of which the Managers are a part of, places a high priority on information availability, information technology (IT) governance and IT security. Group-wide IT policies and procedures have been put in place to address evolving IT security threats, such as hacking, malware, privileged access, phishing, mobile threats and data-loss. Disaster recovery plans and incident management procedures are developed and tested annually. Measures and considerations have also been taken to enable effective privileged access monitoring, patch management, data security, data protection and prolonged service unavailability of critical IT systems. Periodic training is also conducted for new and existing employees to raise IT security awareness. External professional services are engaged to conduct independent vulnerability assessment and penetration tests to further strengthen the IT systems.

Fraud Risk

A Whistle Blowing Policy and a Manual of Authority, in particular for the approval of purchases and payments, are in place to mitigate fraud risk. FHT and its Managers are subject to regular internal audit reviews scheduled based on the internal audit work plans approved by the Managers' ARC Committees.

Corporate Governance Report

INTRODUCTION

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

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

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

The REIT Manager has been issued a Capital Markets Services Licence ("**CMS Licence**") by the Monetary Authority of Singapore ("**MAS**") under the licensing regime for REIT managers under the SFA to conduct REIT management activities.

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

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

The Managers are wholly-owned subsidiaries of Frasers Property Limited ("**Frasers Property**").

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

The Managers ensure that the business of FHT is carried on and conducted in a proper and efficient manner adhering to the principles and guidelines of the Code of Corporate Governance 2012 (the "**CG Code**") and other applicable laws and regulations, including the listing rules of SGX-ST, the Code on Collective Investment Schemes (the "**Code on CIS**"), the BTA and the SFA.

The Managers are committed to high standards of corporate governance in the business and operations of FHT for the benefit of the holders of the Stapled Securities. This corporate governance report provides an insight on the Managers' corporate governance framework and practices in compliance with the principles and guidelines of the CG Code. Deviations from the CG Code are explained.

Corporate Governance Report

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Each of REIT Manager and the Trustee-Manager have their own Board of Directors. The Board of Directors of each of the REIT Manager and the Trustee-Manager comprise the same persons.

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 MAS has granted the Trustee-Manager an exemption from compliance with Sections 10(2)(a) and 11(1)(a) of the BTA to act in the best interests of the holders of FH-BT unit holders only, subject to: (i) the FH-BT units remaining stapled to the FH-REIT units and (ii) the Directors of the Trustee-Manager and the Trustee-Manager acting in the best interests of all holders of Stapled Securities (the "**Stapled Securityholders**") as a whole.

The key roles of the Board of Directors of the Trustee-Manager ("**Trustee-Manager Board**") are 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.

(More information on the roles and responsibilities of the Trustee-Manager Board can be found in the Statement on the Policies and Practices in Relation to the Management and Governance of FH-BT on pages 131 to 137 of this Annual Report.)

In connection with the activation of FH-BT on 19 October 2016 to act as master lessee of "Novotel Melbourne on Collins" under the Melbourne Master Lease Agreement, the Trustee-Manager had established an audit, risk and compliance committee for the Trustee-Manager (the "**Trustee-Manager ARC Committee**") on 17 October 2016. The composition of the Trustee-Manager ARC Committee is identical to the composition of the existing audit, risk and compliance committee of the REIT Manager (the "**REIT Manager ARC Committee**", and together with the Trustee-Manager ARC Committee, the "**ARC Committees**").

The REIT Manager has general powers of management over the assets of FH-REIT. Its main responsibility is to manage FH-REIT's assets and liabilities for the benefit of the holders of FH-REIT units as a whole and to formulate the business plans in relation to FH-REIT's properties.

The Board of Directors of the REIT Manager (the "**REIT Manager Board**") oversees the business affairs of FH-REIT and the REIT Manager, and assumes responsibility for their strategic direction and plans. In carrying out its responsibilities, the REIT Manager Board is involved strategically in the establishment of performance objectives for both FH-REIT and the REIT Manager; financial planning, budget creation and monitoring, material operational initiatives, investment and asset enhancement initiatives, financial and operational performance reviews, the establishment of risk management practices and risk monitoring, and establishment and monitoring of corporate governance and compliance practices.

The REIT Manager Board is assisted in its financial reporting, corporate governance and risk management responsibilities by the REIT Manager ARC Committee. A nominating and remuneration committee ("**REIT Manager NR Committee**") also assists the REIT Manager Board in succession planning, reviewing independence of directors and reviewing the REIT Manager's remuneration policy and practices.

Corporate Governance Report

The Board of Directors of each of the Managers (the “**Boards**”) meet at least once every quarter and on such other occasions that necessitate their involvement. The Managers’ constitutions allow for such meetings to be conducted via telephone, video conference or any other form of electronic or instantaneous communication. Where required, time is set aside after scheduled Board meetings for discussions amongst the members of the Boards without the presence of the management team of the Managers (the “**Management**”), in line with the guidelines of the CG Code, as this facilitates a more effective check on Management.

The number of REIT Manager Board, Trustee-Manager Board, REIT Manager ARC Committee, Trustee-Manager ARC Committee, REIT Manager NR Committee and Trustee-Manager NR Committee meetings held for the financial year ended 30 September 2018 (“**FY2018**”), as well as the attendance of each Board member at these meetings, are set out below.

Directors’ Attendance at REIT Manager’s Board and Board Committee Meetings held during the financial year

Meetings Held in FY2018	Board Meetings	REIT Manager NR Committee Meetings	REIT Manager ARC Committee Meetings
Attendance of Directors at Meetings	6	1	4
Mr Law Song Keng	6	1	4
Mr Chua Phuay Hee	6	NA	NA
Mr Liew Choon Wei	6	1	4
Dr David Wong See Hong	6	1	4
Mr Panote Sirivadhanabhakdi	3	–	NA
Mr Choe Peng Sum	5	NA	NA

Directors’ Attendance at Trustee-Manager’s Board Meetings and Board Committee Meetings held during the financial year

Meetings Held in FY2018	Board Meetings	Trustee-Manager NR Committee Meetings	Trustee-Manager ARC Committee Meetings
Attendance of Directors at Meetings	6	1	4
Mr Law Song Keng	6	1	4
Mr Chua Phuay Hee	6	NA	NA
Mr Liew Choon Wei	6	1	4
Dr David Wong See Hong	6	1	4
Mr Panote Sirivadhanabhakdi	3	–	NA
Mr Choe Peng Sum	5	NA	NA

To ensure that business and operational efficacy is maintained without compromising the standard of corporate governance, a Manual of Authority (“**MOA**”) approved by the REIT Manager Board in consultation with the Chief Executive Officer (“**CEO**”) of the REIT Manager has been implemented. The MOA sets out the levels of authorisation and their respective approval limits for a range of transactions, including but not limited to investments, asset enhancement initiatives, and operating and capital expenditures. Transactions and matters which require the REIT Manager Board’s approval are clearly set out in the MOA. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency. The Trustee-Manager has also implemented a similar MOA during FY2018.

The Boards are regularly updated on new laws affecting FHT’s business, as well as changes in applicable regulations. During FY2018, the Boards were briefed on the key changes in the Financial Reporting Standards, and updated on tax regulations in relevant jurisdictions, SGX-ST sustainability reporting requirements and on proposed changes to the Code of Corporate Governance, listing rules of the SGX-ST and amendments to the Code on Collective Investment Schemes.

In addition to talks conducted by relevant professionals, members of the Boards are encouraged to attend relevant courses and seminars so as to keep themselves updated on developments and changes in FHT’s operating environment, to be members of the Singapore Institute of Directors (“**SID**”) and to receive updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and the business trends.

A formal letter setting out a director’s duties and obligations to the Managers and the Stapled Securityholders as a whole is issued to each Director. Newly-appointed members of the Boards are required to undergo orientation to familiarise themselves with FHT’s business, strategic plans and objectives, the regulatory environment in which FHT operates and the Managers’ corporate governance practices.

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Principle 2: Board Composition and Guidance

The composition of each of the REIT Manager Board and the Trustee-Manager Board as at 30 September 2018 are as follows:

Mr Law Song Keng	Chairman, Non-Executive	Independent
Mr Chua Phuay Hee	Non-Executive	Independent
Mr Liew Choon Wei	Non-Executive	Independent
Dr David Wong See Hong	Non-Executive	Independent
Mr Panote Sirivadhanabhakdi	Non-Executive	Non-Independent
Mr Choe Peng Sum	Non-Executive	Non-Independent

During FY2018, each of the REIT Manager Board and the Trustee-Manager Board comprises six members, the majority of whom are independent non-executive Directors. All members of the Managers' Boards are non-executive Directors.

Directors exercise their judgement independently and objectively in the interests of all Stapled Securityholders as a whole.

The REIT Manager NR Committee determines the independence of the Directors of the REIT Manager Board annually based on the definitions and the guidelines of independence set out in the CG Code and Regulations 13D to 13H¹ of the Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**"). Under the SFLCB Regulations, a director is considered to be independent if the director:

- (i) is independent from the management of the REIT Manager and FH-REIT;
- (ii) is independent from any business relationship with the REIT Manager and FH-REIT;
- (iii) is independent from every substantial shareholder of the REIT Manager and every substantial stapled securityholder of FHT;
- (iv) is not a substantial shareholder of the REIT Manager or a substantial stapled securityholder of FHT; and
- (v) has not served as a director of the REIT Manager for a continuous period of 9 years or longer.

In its review for FY2018, the REIT Manager NR Committee has endorsed in its recommendation to the REIT Manager Board that the following Directors are independent for FY2018:

Mr Law Song Keng	Independent
Mr Chua Phuay Hee	Independent
Mr Liew Choon Wei	Independent
Dr David Wong See Hong	Independent

As part of its review, the REIT Manager NR Committee has taken into consideration, *inter alia*, each Independent Director's declaration of independence, which includes questions relating to his relationship with FH-REIT, the REIT Manager, the Trustee, and FHT's sponsor, Frasers Property, whereby, all have declared that there were no relationships or instances that would otherwise deem him not to be independent.

1 The SFLCB Regulations were amended by the Securities and Futures (Licensing and Conduct of Business) (Amendment No. 2) Regulations 2018 which came into operation on 8 October 2018. One of the amendments to the SFLCB Regulations was the insertion of Regulations 13D to 13H which relate to board composition and director's independence.

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For the purposes of Regulation 13E(b)(i) of the SFLCB Regulations, the Board of the REIT Manager, after considering the relevant requirements under the SFLCB Regulations, wishes to set out its views in respect of each of the Directors as follows:

The Director:	Mr Law Song Keng ⁽¹⁾	Mr Liew Choon Wei ⁽²⁾	Mr Chua Phuay Hee ⁽³⁾	Dr David Wong See Hong ⁽⁴⁾	Mr Panote Sirivadhanabhakdi ⁽⁵⁾	Mr Choe Peng Sum ⁽⁶⁾
(i) had been independent from the management of the REIT Manager and FH-REIT during FY2018	✓	✓	✓	✓		
(ii) had been independent from any business relationship with REIT Manager and FH-REIT during FY2018					✓	✓
(iii) had been independent from every substantial shareholder of the REIT Manager and every substantial stapled securityholder of FHT during FY2018						
(iv) had not been a substantial shareholder of the REIT Manager or a substantial stapled securityholder of FHT during FY2018	✓	✓	✓	✓		✓
(v) has not served as a Director of the REIT Manager for a continuous period of 9 years or longer as at the last day of FY2018	✓	✓	✓	✓	✓	✓

- (1) Mr Law Song Keng is a director of the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of Frasers Property which is a substantial stapled securityholder of FHT. As such, during FY2018, Mr Law Song Keng is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and substantial stapled securityholder of FHT. Nonetheless, the Board of the REIT Manager is satisfied that, as at the last day of FY2018, Mr Law Song Keng was able to act in the best interests of all the stapled securityholders of FHT as a whole and is of the view that Mr Law Song Keng should be treated as an independent director of the REIT Manager. As at the last day of FY2018, Mr Law Song Keng was able to act in the best interests of all the stapled securityholders of FHT as a whole.
- (2) Mr Liew Choon Wei is a director of the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of Frasers Property which is a substantial stapled securityholder of FHT. As such, during FY2018, Mr Liew Choon Wei is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and substantial stapled securityholder of FHT. Nonetheless, the Board of the REIT Manager is satisfied that, as at the last day of FY2018, Mr Liew Choon Wei was able to act in the best interests of all the stapled securityholders of FHT as a whole and is of the view that Mr Liew Choon Wei should be treated as an independent director of the REIT Manager. As at the last day of FY2018, Mr Liew Choon Wei was able to act in the best interests of all the stapled securityholders of FHT as a whole.
- (3) Mr Chua Phuay Hee is a director of the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of Frasers Property which is a substantial stapled securityholder of FHT. As such, during FY2018, Mr Chua Phuay Hee is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and substantial stapled securityholder of FHT. Nonetheless, the Board of the REIT Manager is satisfied that, as at the last day of FY2018, Mr Chua Phuay Hee was able to act in the best interests of all the stapled securityholders of FHT as a whole and is of the view that Mr Chua Phuay Hee should be treated as an independent director of the REIT Manager. As at the last day of FY2018, Mr Chua Phuay Hee was able to act in the best interests of all the stapled securityholders of FHT as a whole.

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- (4) Dr David Wong See Hong is a director of the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of Frasers Property which is a substantial stapled securityholder of FHT. As such, during FY2018, Dr David Wong See Hong is deemed (a) to have a business relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and substantial stapled securityholder of FHT. Nonetheless, the Board of the REIT Manager is satisfied that, as at the last day of FY2018, Dr David Wong See Hong was able to act in the best interests of all the stapled securityholders of FHT as a whole and is of the view that Dr David Wong See Hong should be treated as an independent director of the REIT Manager. As at the last day of FY2018, Dr David Wong See Hong was able to act in the best interests of all the stapled securityholders of FHT as a whole.
- (5) Mr Panote Sirivadhanabhakdi is currently a director and the Group Chief Executive Officer of Frasers Property and a director of other entities within the Frasers Property Group¹ other than the REIT Manager. Frasers Property wholly-owns the REIT Manager and is a substantial stapled securityholder of FHT. Mr Panote Sirivadhanabhakdi is also a director of various entities within the TCC Group² (which is the controlling shareholder of the Frasers Property Group) and holds 20.0% of the issued share capital of TCC Group Investments Limited, a substantial stapled securityholder of FHT. Mr Panote Sirivadhanabhakdi is also the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi. In addition, Mr Panote Sirivadhanabhakdi is a director of the Trustee-Manager. As such, during FY2018, Mr Panote Sirivadhanabhakdi is deemed (a) to have a management relationship with the REIT Manager and FH-REIT; (b) connected to a substantial shareholder of the REIT Manager and substantial stapled securityholder of FHT; and (c) to be a substantial stapled securityholder of FHT. The Board of the REIT Manager is satisfied that, as at the last day of FY2018, Mr Panote Sirivadhanabhakdi was able to act in the best interests of all the stapled securityholders of FHT as a whole. As at the last day of FY2018, Mr Panote Sirivadhanabhakdi was able to act in the best interests of all the stapled securityholders of FHT as a whole.
- (6) Mr Choe Peng Sum is currently employed by a related corporation of the REIT Manager and is a director of various subsidiaries and / or associated companies of Frasers Property, which is a substantial shareholder of the REIT Manager and substantial stapled securityholder of FHT. In addition, Mr Choe Peng Sum is a director of the Trustee-Manager. As such, during FY2018, Mr Choe Peng Sum is deemed (a) to have a management relationship with the REIT Manager and FH-REIT; and (b) connected to a substantial shareholder of the REIT Manager and substantial stapled securityholder of FHT. The Board of the REIT Manager is satisfied that, as at the last day of FY2018, Mr Choe Peng Sum was able to act in the best interests of all the stapled securityholders of FHT as a whole. As at the last day of FY2018, Mr Choe Peng Sum was able to act in the best interests of all the stapled securityholders of FHT as a whole.

The independence of the Directors of the Trustee-Manager Board is determined by the nominating and remuneration committee of the Trustee-Manager (the **"Trustee-Manager NR Committee"**). (More information on the independence of the Directors of the Trustee-Manager Board under the BTA and the related exemption granted by the MAS from the requirement under Regulation 12(1) of the Business Trusts Regulations can be found in the Statement on Composition of the Board of Directors of FH-BT on pages 138 to 139 of this Annual Report.)

The Boards are of the view that the current size and composition of each of the REIT Manager Board and the Trustee-Manager Board is appropriate for the scope and nature of the operations of the Managers and FHT and facilitates effective decision-making. In line with the CG Code, the Boards are also of the view that the current size of each of the REIT Manager Board and the Trustee-Manager Board is not so large as to be unwieldy. In this regard, the Boards have taken into account the requirements of the businesses of the Managers and FHT and the need to avoid undue disruptions from changes to the composition of the Boards, the ARC Committees, the NR Committees.

Each of the REIT Manager Board and the Trustee-Manager Board considers that its present size, composition and balance between non-executive and independent Directors provides for an appropriate balance and diversity of skills, experience and knowledge of FHT and the Managers, core competencies such as banking, finance, accounting and other relevant industry knowledge, as well as entrepreneurial and management experience, required for the Boards and the REIT Manager ARC Committee, the REIT Manager NR Committee, the Trustee-Manager ARC Committee and the Trustee-Manager NR Committee (the **"Board Committees"**) to be effective. The Boards collectively have the critical skills and expertise needed in the strategic direction and planning of the business of FHT.

¹ "Frasers Property Group" refers to Frasers Property and/or its subsidiaries

² "TCC Group" refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

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The current composition gives the Boards the ability to consider and make decisions objectively and independently on issues relating to FHT and the Managers with a balanced exchange of views, robust deliberations and debates among members, and provides for effective oversight over Management. Under the current composition, no one individual or group dominates either of the Boards' decisions or their processes.

The composition of each of the REIT Manager Board and the Trustee-Manager Board are reviewed regularly to ensure that each of the Boards has the appropriate size and mix of expertise and experience.

The diversity of skills, expertise and experience of its members bring to each of the REIT Manager Board and the Trustee-Manager Board an independent and objective perspective, thereby enabling balanced and well-considered decisions to be made. There is a strong and independent element on each of the Boards. (More information on the Directors, including their academic and professional qualifications, and directorships held currently and in the preceding three years can be found in the Board of Directors section on pages 44 to 47 of this Annual Report.)

Principle 3: Chairman and Chief Executive Officer

The roles of the Chairman of the Boards and the CEO of the REIT Manager (the latter being also the CEO of the Trustee-Manager) are separate to ensure an appropriate balance of power and authority. The levels of authority and the approval limits under the MOA of the REIT Manager reflects such a separation. This separation of roles promotes greater accountability from Management and allows the Boards to exercise their independence in their oversight of and deliberations with Management. The Chairman, who is an independent and a non-executive director, is not related to the CEO of the REIT Manager and the Trustee-Manager. There is no business relationship between him and the CEO of the REIT Manager and the Trustee-Manager.

The Chairman leads the Boards and ensures their effectiveness by, among other things, steering effective, productive and comprehensive discussions amongst members of the Boards and the Management team on strategic, business and other key issues pertinent to the business and operations of FHT and the Managers. With the full support of the Boards, the company secretary of the REIT Manager and the Trustee-Manager (the **"Company Secretary"**) and the Management, the Chairman spearheads the Managers' drive to promote, attain and maintain high standards of corporate governance and transparency.

The CEO has full executive responsibilities over the business direction and operations of the Managers, and is responsible for the execution of the Boards' adopted strategies and policies. The CEO leads the Management team in the management of FHT and is accountable to the Boards for the conduct and performance of the Management team.

Principle 4: Board Membership

The role of each of the REIT Manager NR Committee and the Trustee-Manager NR Committee is to make recommendations to the REIT Manager Board and the Trustee-Manager Board respectively on all board appointments and on relevant matters relating to:

- (a) the review of board succession plans for Directors, in particular, for the Chairman and for the CEO;
- (b) the development of a process for evaluation of the performance of the REIT Manager Board and the Trustee-Manager Board, and their respective Board Committees and Directors;
- (c) the review of training and professional development programs for the REIT Manager Board and the Trustee-Manager Board; and
- (d) the appointment and re-appointment of Directors (including alternate Directors, if applicable). Directors of the REIT Manager Board and the Trustee-Manager Board are not subject to periodic retirement by rotation.

Its responsibilities also include, but are not limited to, the following:

- determining annually, and as and when circumstances require, if a Director is independent, in accordance with the provisions of the CG Code;

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- 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 REIT Manager and the Trustee-Manager, taking into consideration the Director's number of listed company board representations and other principal commitments and whether the Director has given sufficient time and attention to the affairs of the REIT Manager and FH-REIT, and of the Trustee-Manager and FH-BT;
- carrying out the process for assessing the effectiveness of the REIT Manager Board and the Trustee-Manager Board as a whole and each of the Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the REIT Manager Board and the Trustee-Manager Board; and
- deciding how the REIT Manager Board's and the Trustee-Manager Board's performance may be evaluated and proposing objective performance criteria to the REIT Manager Board and the Trustee-Manager Board.

Each of the REIT Manager NR Committee and the Trustee-Manager NR Committee (together, the **"NR Committees"**) is required to be comprised of three or more members, at least a majority of whom, including the chairman of the NR Committees, should be independent.

The members of the REIT Manager NR Committee are Mr Law Song Keng (Chairman), Mr Liew Choon Wei, Dr David Wong See Hong, and Mr Panote Sirivadhanabhakdi, a majority of whom are independent Directors. The members of the Trustee-Manager NR Committee, which was set up on 16 October 2017, are Mr Law Song Keng (Chairman), Mr Liew Choon Wei, Dr David Wong See Hong, and Mr Panote Sirivadhanabhakdi, a majority of whom are independent Directors.

As at least half of the REIT Manager Board comprises Independent Directors, the REIT Manager will not be voluntarily subjecting any appointment or re-appointment of directors of the REIT Manager to voting by Stapled Securityholders. The Chairman of the REIT Manager Board is presently an Independent Director.

Board appointments on the Trustee-Manager Board and all relevant matters thereto are decided by the Trustee-Manager's NR Committee. (More information on the composition of the Trustee-Manager Board and the requirement that the Directors of the Trustee-Manager Board are the same as the Directors of the REIT Manager Board can be found in the Statement on Composition of the Board of Directors of FH-BT on pages 138 to 139 of this Annual Report.)

Each of the Boards proactively seeks to ensure that the balance and diversity of the Boards maintain an appropriate balance of skill, experience, gender and knowledge required by the Boards, and this is substantially reflected in the diversity of backgrounds and core competencies of the current directors. Such competencies include banking, finance, accounting and other relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. This benefits the Management as it allows them to tap on the broad range of views and perspectives and the breadth of experience of the Directors.

The REIT Manager NR Committee and the Trustee-Manager NR Committee shall make recommendations to the REIT Manager Board and the Trustee-Manager Board respectively on all Board appointments, re-appointments and composition of the REIT Manager Board and the Trustee-Manager Board respectively, taking into account the balance between executive and non-executive Directors, independent and non-independent Directors, as well as the scope and nature of the operations of FHT, the requirements of the business of FHT and the Managers and the need to avoid undue disruptions from changes to the composition of the REIT Manager Board, the Trustee-Manager Board and Board Committees. In relation thereto, the NR Committees shall consider the composition and progressive renewal of the Boards respectively and each Director's competencies, commitment, contribution and performance.

The CG Code requires the REIT Manager Board and the Trustee-Manager Board to determine the maximum number of Board representations on other listed companies that the Directors may hold and disclose it in its annual report. (Details of such directorships held, other principal commitments of and key information on the Managers' Directors are found in the Board of Directors section on pages 44 to 47 of this Annual Report.)

In determining whether each Director is able to devote sufficient time to discharge his duties to FHT, each of the REIT Manager NR Committee and the Trustee-Manager NR Committee has taken cognisance of the CG Code's requirement and does not recommend setting a maximum number of listed company board representations a Director may hold. Each of the REIT Manager NR Committee and the Trustee-Manager NR Committee is of the view that its assessment should not be restricted to the number of listed board representations held by a Director per se. The attendance and contributions by the Directors to and during meetings of the Boards and the relevant Board Committees are holistically assessed and taken into account.

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Principle 5: Board Performance

The Boards have implemented formal processes for assessing the effectiveness of the Boards and the Board Committees, the contribution by each individual Director to the effectiveness of the respective Boards.

For FY2018, an independent external third-party consultant was appointed to facilitate the process of conducting a Board evaluation survey. The survey is designed to provide an evaluation of current effectiveness of the Boards and to support the Chairman and the Boards to proactively consider what can enhance the readiness of the Boards to address emerging strategic priorities for FHT. As part of the survey, questionnaires were sent by the external consultant to the Directors to obtain feedback, and interviews were conducted to clarify the responses where required. The areas covered in the questionnaires included: (1) Board performance in shaping and adapting FHT's strategy; (2) Board oversight on FHT's performance and risk and crisis management; (3) Board composition and structure; (4) Board culture and dynamics, including the Board's partnership with Management; (5) Board's role in respect of succession planning for the Board and Management; and (6) the effectiveness of the Board Committees. In addition to the survey, the contributions and performance of each Director would be assessed by the NR Committees as part of their periodic reviews of the composition of the Boards and the various Board Committees.

In the process, the findings and recommendations of the consultant which include feedback from Directors would be considered, and the necessary follow up actions would be taken with a view to improving the overall effectiveness of the Boards in fulfilling their role and meeting their responsibilities to the Stapled Securityholders. Based on the NR Committees' review, the Boards and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Boards.

Principle 6: Access to Information

It is the Management's commitment that the Boards and the Board Committees are provided with complete, timely and adequate information, both prior to Boards and Board Committees meetings and on an ongoing basis so as to allow the Boards and Board Committee members to discharge their duties. Prior to each meeting of the Boards and Board Committees, papers on matters to be discussed are sent to members of the Boards and Board Committees ahead of such meetings, so that such matters may be considered and discussed thoroughly and fully, prior to the making of any decision. The Management may be requested to attend meetings of the Boards so as to be at hand to answer any questions or contribute to any discussions. Presentations are made by Management at the meetings of the Boards to facilitate deliberations and discussions.

For matters which require the Boards' decision outside such meetings, board papers will be circulated through the Company Secretary for the Boards' consideration, with discussions and clarifications taking place between members of the Boards and Management, where required, before approval is granted.

Directors, whether as a group or individually, may at their discretion and where necessary, seek and obtain independent professional advice in the furtherance of their duties. Any expenses and costs associated thereto are borne by the Managers, subject to the costs being approved by the Chairman in advance as being reasonable.

Directors have separate and independent access to Management and the Company Secretary. The Company Secretary attends all meetings of the Boards and advises the Boards on relevant corporate governance issues, facilitates orientation programmes for the new Directors and assists with their professional development as required. The Company Secretary ensures compliance with the procedures of the Boards and the relevant rules and regulations. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow between the Boards and Management. Direct communication between the CEO, the Chairman and members of the Boards are encouraged by the Boards, and each of the Boards may at its discretion communicate with Management if it so wishes.

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REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The remuneration of directors, the CEO and employees of the Managers are paid by the REIT Manager and Trustee-Manager from the fees received from FH-REIT and FH-BT respectively, and not by FH-REIT and/or FH-BT, as the case may be.

The REIT Manager NR Committee was redesignated on 16 September 2016 to include the roles and responsibilities of a remuneration committee. The Trustee-Manager NR Committee was set up on 16 October 2017.

The composition of each of the REIT Manager NR Committee and the Trustee-Manager NR Committee has been set out under Principle 4 on page 103 of this Annual Report. Majority of the REIT Manager NR Committee and the Trustee-Manager NR Committee are independent Directors.

Each of the REIT Manager NR Committee and the Trustee-Manager NR Committee has written terms of reference setting out the scope and authority in performing the functions of a remuneration committee, which include, among others, the following matters:

- reviewing the remuneration framework for the relevant Board and the key executive officers of the REIT Manager and the Trustee-Manager;
- reviewing the disclosures in FHT's annual report on the REIT Manager's and the Trustee-Manager's remuneration policies respectively, level and mix of remuneration, and the procedure for setting remuneration; and
- ensuring that the remuneration of executive directors of the REIT Manager shall not be linked in any way to FH-REIT's gross revenue.

The NR Committees are responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration and for determining the remuneration packages of individual Directors and key management executives of the Managers ("**Key Management Executives**"). The NR Committees assist the Boards to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate talent without being excessive. The NR Committees recommend a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind) and the specific remuneration packages for each Director to the REIT Manager Board and the Trustee-Manager Board for endorsement. The NR Committees also review the remuneration of the CEO and the Key Management Executives of the REIT Manager and the Trustee-Manager.

There are no existing or proposed service agreements entered into or to be entered into by the REIT Manager and the Trustee-Manager with their respective executive Directors and the Key Management Executives which provide for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits, upon termination of employment.

The NR Committees, in performing the functions of a remuneration committee and in accordance with the REIT Manager NR Committee's and the Trustee-Manager NR Committee's written terms of reference respectively, will support the Boards in determining and reviewing the remuneration policies and practices of the Managers.

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Policies in respect of Directors' Remuneration

The remuneration of non-executive Directors takes into account their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings.

Directors are paid a basic fee and attendance fees for attending Board meetings. Non-executive Directors who perform services through Board Committees are paid additional basic and attendance fees for such services. No Director decides his own fees. Directors' fees are paid in cash and are reviewed periodically to benchmark such fees against the amounts paid by other major listed REITs in Singapore.

The directors' fees for FY2018 are shown in the table below.

Director	FY 2018 SGD
Mr Law Song Keng (Chairman of Board, REIT Manager NR Committee, REIT Manager ARC Committee, Trustee-Manager ARC Committee and Trustee-Manager NR Committee)	175,000
Mr Chua Phuay Hee (Member)	54,000
Mr Liew Choon Wei (Member, REIT Manager NR Committee, REIT Manager ARC Committee, Trustee-Manager ARC Committee and Trustee-Manager NR Committee)	87,500
Dr David Wong See Hong (Member, REIT Manager NR Committee, REIT Manager ARC Committee, Trustee-Manager ARC Committee and Trustee-Manager NR Committee)	87,500
Mr Panote Sirivadhanabhakdi ⁽¹⁾ (Member, REIT Manager NR Committee and Trustee-Manager NR Committee)	55,500
Mr Choe Peng Sum ⁽¹⁾ (Member)	52,500

Note:

(1) Director's fees are paid to Mr Panote Sirivadhanabhakdi's employing company, Frasers Property Corporate Services Pte. Ltd.. Director's fees were paid to Mr Choe Peng Sum's employing company being Frasers Property Corporate Services Pte. Ltd. from 1 Oct 2017 to 31 Dec 2017, Fraser Hospitality Pte. Ltd. from 1 Jan 2018 to 31 Jul 2018, and Frasers Hospitality International Pte. Ltd from 1 Aug 2018 to 30 Sept 2018.

None of the Directors of the REIT Manager Board and the Trustee-Manager Board has entered or proposed to enter into service agreements with the REIT Manager and the Trustee-Manager or any subsidiary or any subsidiary entity of FHT which provides benefits upon termination of employment, retirement and post-employment benefits.

Remuneration Policy for Management

The Managers' remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. The Managers link executive remuneration to FHT performance and individual performance. The performance of FHT is measured based on pre-set financial and non-financial indicators. Individual performance is measured via employee's annual appraisal based on indicators such as core values, competencies and key result areas. The potential of the employee is also taken into consideration.

Fixed Component

The fixed component in the Managers' remuneration framework is structured to reward employees for their role performed, and is benchmarked against relevant industry market data.

It comprises base salary, fixed allowances and any statutory contribution.

Variable Component

The variable component in the Managers' remuneration framework is structured to incentivise sustained performance in both the short and long term. The variable incentives are measured based on quantitative and qualitative targets and overall performance will be determined at the end of the relevant performance period and approved by the NR Committees.

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1. Short Term Incentive Plans

The short term incentive plans aim to incentivise excellence in performance in the short term.

All Key Management Executives are assessed using a balanced scorecard with pre-agreed financial and non-financial Key Performance Indicators (“**KPIs**”). The financial KPIs are based on REIT performance. Each financial KPI has 3 levels of targets, namely threshold, target and stretch. Non-financial KPIs may include measures on People, Corporate Governance, etc. These targets are established prior to each financial year.

At the end of the financial year, the achievements are measured against the pre-agreed targets and the final short term incentives of each Key Management Executive are determined.

The NR Committees recommend the final short term incentives that are awarded to the CEO and Key Management Executives for Boards’ endorsement, taking into consideration any other relevant circumstances.

2. Long Term Incentive Plan

The NR Committees administer the Managers’ long term incentive plan (“**LTI Plan**”), namely, the Restricted Stapled Security Plan (“**RSSP**”)⁽¹⁾.

Note:

(1) The RSSP was approved by the Boards and adopted on 8 December 2017.

Through the LTI Plan, the Managers seek to align directly the interests of CEO, Key Management Executives and senior executives with the interest of the Stapled Securityholders of FHT, and for such employees to participate and share in FHT’s growth and success. It is also intended to retain employees whose contributions are essential to the well-being and growth of the Managers and FHT.

The RSSP is available to selected senior executives of the Managers. Its objectives are to increase the Managers’ flexibility and effectiveness in its continuing efforts to attract, motivate and retain talented senior executives and to reward these executives for the future performance of the FHT. It serves as further motivation to the participants in striving for excellence and delivering long-term shareholder value.

Under the RSSP, the Managers grants Stapled Securities based awards (“**Base Awards**”) with pre-determined performance targets being set over the relevant performance period. The performance period for the RSSP is two years. The pre-set targets are Net Property Income and Distribution per Stapled Security.

The RSSP awards represent the right to receive fully paid Stapled Securities, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met. The final number of Stapled Securities to be released (“**Final Awards**”) will depend on the achievement of the pre-determined targets at the end of the performance period. If such targets are exceeded, more Stapled Securities than the Base Awards can be delivered, subject to a maximum multiplier of the Base Awards.

The obligation to deliver the Stapled Securities is expected to be satisfied out of the Stapled Securities held by the Managers.

The NR Committees have absolute discretion to decide on the Final Awards, taking into consideration of any other relevant circumstances.

The level and mix of remuneration and the remuneration benefits, policies and practices of the Managers, where appropriate, including the long-term incentives will be reviewed by the NR Committees. The NR Committees will ensure that competitive remuneration policies and practices are in place to attract and motivate high-performing executives so as to drive FHT’s business to greater growth, efficiency and profitability.

In its deliberation, the NR Committees will take into consideration industry practices and benchmarks against relevant industry players to ensure that the remuneration and employment conditions are competitive and may, if they consider necessary, engage independent remuneration consultant(s). The mix of fixed and variable components is considered appropriate for the Managers and for each individual employee’s role.

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The NR Committees will exercise broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of Stapled Securityholders and promote the long-term success of FHT. The NR Committees will ensure that remuneration policies and incentives are not structured to promote behaviour contrary to the Managers' or FHT's risk profile.

Performance Indicators for Key Management Personnel

As set out above, the Managers' variable remuneration comprise short-term and long-term incentives which takes into account individual performance and FHT's performance.

The Managers have put in place a framework whereby in determining the short-term incentives of the Key Management Executives, both FHT's financial and non-financial performance will be taken into consideration. The financial performance indicators in which the Key Management Executives will be evaluated on comprise (i) Net Property Income and (ii) Distribution per Stapled Security. These performance indicators are quantitative and are objective measures of the Managers' performance. The non-financial performance indicators in which Key Management Executives will be evaluated on include (i) business process, (ii) corporate governance and compliance, (iii) sustainability, (iv) branding, (v) investor relations; and (vi) people development. These qualitative performance indicators will align the Key Management Executive's performance with FHT's strategic objectives.

In relation to long term incentives, the Managers have implemented the RSSP with effect from the financial year ending 30 September 2018 as set out above. The release of long term incentive awards to the Key Management Executives are conditional upon the performance targets being met. The performance targets of the KPIs align the interests of the Key Management Executives with the long-term growth and performance of the FHT.

The NR Committees will review the short-term and long-term incentives in the Key Management Executive's remuneration package to ensure its compliance with the substance and spirit of the directions and guidelines from the MAS.

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

The remuneration of the CEO in bands of SGD250,000, and a breakdown of the remuneration of the Key Executives (including the CEO) of the Managers in percentage terms, are provided below:

Key Executives' Remuneration for FY2018

Names of CEOs and Key Executives	Salary %	Bonus %	Allowances & Benefits %	Long-term Incentives %	Total %
Between SGD500,001 to SGD750,000					
Eu Chin Fen	44	21	6	29	100
Key Executives (excluding CEO)					
Josephine Lee Woan Chiou ⁽¹⁾					
Colin Low Hsien Yang ⁽²⁾					
Jason Leong Say Boon ⁽³⁾	66 ⁽⁴⁾	12 ⁽⁴⁾	8 ⁽⁴⁾	14 ⁽⁴⁾	100
Mark Rohner					
Sandy Leng Wei Woon					
Aggregate Total Remuneration (including CEO)				SGD1,767,844	

Notes:

- (1) Ms Josephine Lee was the Chief Financial Officer from 1 October 2017 to 8 March 2018, as such, the remuneration disclosed is for the aforementioned period. The remuneration of Ms Valerie Foo, who was appointed acting Chief Financial Officer from 9 March 2018, was borne by Frasers Property and/or its subsidiaries (other than the Managers).
- (2) Mr Colin Low was the Head of Investment from 1 October 2017 to 19 June 2018. As such, the remuneration disclosed is for the aforementioned period.
- (3) For the period as Vice President, Investments, from 20 June 2018 to 30 September 2018.
- (4) Derived based on the aggregation of the respective remuneration components of each of the key executives (excluding the CEO) and represented as percentages against the total remuneration for these key executives.

Corporate Governance Report

Pursuant to MAS' "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management", REIT managers are required to disclose (i) the remuneration of the CEO and each individual director on a named basis, and (ii) the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are directors), on a named basis, in bands of SGD250,000. The Managers have decided (a) to disclose the CEO's remuneration in bands of SGD250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other key executives of the Managers in bands of SGD250,000, and (c) to disclose the aggregate remuneration of all key executives of the Managers (including the CEO), for the following reasons:

- (i) competition for talent in the REIT management industry is very keen and the Managers have, in the interests of Stapled Securityholders, opted not to disclose the exact remuneration of its CEO and top five executive officers as this may give rise to recruitment and talent retention issues, as well as the risk of unnecessary key management turnover;
- (ii) the composition of the current management team has been stable and to ensure the continuity of business and operations of FHT, it is important that the Managers continue to retain their team of competent and committed staff;
- (iii) due to the confidentiality and sensitivity of staff remuneration matters, the Managers are of the view that such disclosure could be prejudicial to the interests of Stapled Securityholders; and
- (iv) the remuneration of the CEO and key executives of the Managers are paid by the Managers, and there is full disclosure of the total amount of fees paid to the Managers set out in page 190 of this Annual Report.

No employee of the Managers was an immediate family member of a director or the CEO and whose remuneration exceeded SGD50,000 during FY2018.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The REIT Manager prepares the consolidated financial statements of FH-REIT Group and FHT in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on CIS issued by the MAS and the provisions of the FH-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting principles to generally comply with the recognition and measurement principles of the Singapore Financial Reporting Standards prescribed by the Accounting Standards Council.

The Trustee-Manager prepares the consolidated financial statements of FH-BT Group in compliance with the principles of the Singapore Financial Reporting Standards and the provisions of the BTA and the FH-BT Trust Deed.

The Boards, with the support of Management, are responsible for providing a balanced and understandable assessment of FHT's performance, position and prospects. Financial reports are provided to the Boards on a quarterly basis and monthly accounts will be made available to the Directors on request. Quarterly and annual financial reports and other material information are disseminated to the Stapled Securityholders through announcements released via SGXNET, FHT's corporate website and where applicable, media releases and analysts' briefings. Such financial reports are reviewed by the Boards before dissemination.

Principle 11: Risk Management and Internal Controls

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

Corporate Governance Report

Internal Controls

The REIT Manager ARC Committee and the Trustee-Manager ARC Committee, through the assistance of internal and external auditors, reviews and reports to the Boards on the adequacy and effectiveness of the Managers' system of controls, including financial (eg. for capital expenditure, investments and divestments, and borrowings), compliance, operational and information technology controls. In assessing the effectiveness of internal controls, the ARC Committees ensure primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

Risk Management

The Boards, through the ARC Committees, reviews the adequacy and effectiveness of the REIT Manager's and the Trustee Manager's risk management framework to ensure that robust risk management and mitigating controls are in place. The REIT Manager and the Trustee Manager have adopted an enterprise-wide risk management ("**ERM**") framework to enhance their risk management capabilities.

Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the REIT Manager's ERM framework and progress report is set out on pages 93 and 95 of this Annual Report.

During FY2018, periodic updates were provided to the REIT Manager ARC Committee on FH-REIT's and the REIT Manager's risk profile. Periodic updates were also provided to the Trustee-Manager ARC Committee with respect to FH-BT and the Trustee-Manager's risk profile. These updates would involve an assessment of FH-REIT's, the REIT Manager's, FH-BT's and the Trustee-Manager's key risks by risk categories, their current status, the effectiveness of any mitigating measures taken, and any proposals and action plans by Management to manage such risks. In addition to the ERM framework, a comfort matrix of key risks, by which relevant material financial, compliance and operational (including information technology) risks of FH-REIT, FH-BT, the REIT Manager and the Trustee-Manager have been documented to assist the Board to assess the adequacy and effectiveness of the existing internal controls. The comfort matrix has been prepared with reference to the strategies, policies, processes, systems and reporting processes connected with the management of such key risks and presented to the Boards and the ARC Committees. Risk tolerance statements setting out the nature and extent of significant risks which the REIT Manager and the Trustee-Manager are willing to take in achieving its strategic objectives have been formalised and adopted.

The Boards have received assurance from the CEO and the CFO of the Managers that as at 30 September 2018:

- (a) the financial records of FHT have been properly maintained and the financial statements for the financial year ended 30 September 2018 give a true and fair view of FHT's operations and finances;
- (b) the system of internal controls in place for FHT is adequate and effective as at 30 September 2018 to address financial, operational, compliance and information technology risks which the Managers consider relevant and material to FHT's operations; and
- (c) the risk management system in place for FHT is adequate and effective as at 30 September 2018 to address risks which the Managers consider relevant and material to FHT's operations.

Corporate Governance Report

Opinion of the Board on Internal Controls and Risk Management Framework

Based on the internal controls established and maintained by the Managers, reviews performed by internal and external auditors, reviews performed by Management and the ARC Committees and assurances from the CEO and CFO of the Managers, the Boards, with the concurrence of the ARC Committees, are of the opinion that taking into account the nature, scale and complexity of the Managers' operations, the internal controls in place for FHT, including financial, operational, compliance and information technology controls, were adequate and effective as at 30 September 2018 to address financial, operational, compliance and information technology risks, which the Managers consider relevant and material to FHT's operations.

Based on the risk management framework established and assurance from the CEO and the CFO of the Managers, the Boards are of the view that the risk management system in place for FHT was adequate and effective as at 30 September 2018 to address risks which the Managers consider relevant and material to FHT's operations.

The Boards note that the system of internal controls and risk management provides reasonable, but not absolute, assurance that FHT will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives.

In this regard, the Boards also note that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

Principle 12: Audit Committee

Based on their written terms of reference, the ARC Committees are to monitor and evaluate the effectiveness of the REIT Manager and the Trustee-Manager's respective internal controls, review the quality and reliability of information prepared for inclusion in financial reports, and will be responsible for the nomination of external auditors and review of the adequacy of external audits in respect of cost, scope and performance. They are authorised to investigate any matter in relation thereto whenever they deem necessary.

Each of the ARC Committees has full access to, and has the full cooperation of, Management, with full authority and discretion to invite any Director or employee of the relevant Manager to attend its meetings. The ARC Committees are able to call upon the Managers' resources to enable them to discharge their functions effectively.

The ARC Committees' responsibilities include:

- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the consolidated financial statements of FHT, FH-REIT Group and, as the case may be, FH-BT Group and any formal announcements relating to FH-REIT Group's and FH-BT Group's financial performance;
- reviewing and monitoring the effectiveness of the REIT Manager's and, as the case may be, the Trustee-Manager's internal controls, including financial, operational, compliance, information technology and risk management controls and procedures and reporting findings thereon to the Boards at least annually;
- reviewing the adequacy and effectiveness of the internal audit function, including its resources, audit plans and the scope and effectiveness of the internal audit procedures;
- 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 Group and, as the case may be, FH-BT Group, keeping the nature and extent of such services under review, and seeking to balance the maintenance of objectivity and value for money; and
- making recommendations to the REIT Manager Board and, as the case may be, the Trustee-Manager Board on the appointment, re-appointment and removal of external auditors and approving the remuneration and terms of engagement of external auditors.

Corporate Governance Report

In performing their functions, the ARC Committees meet with the internal and external auditors at least once on an annual basis without the presence of the executive officers of the Managers. All audit findings and recommendations are presented to the ARC Committees for discussion.

The ARC Committees review the internal and external audit plans for FHT and the Managers and the assistance given by Management to the auditors.

Updates on changes in accounting standards and treatment are prepared by external auditors and will be circulated to members of the ARC Committees periodically.

The composition of each of the ARC Committees is identical and comprises the following non-executive Directors, all of whom are independent:

Mr Law Soon Keng	Chairman
Mr Liew Choon Wei	Member
Dr David Wong See Hong	Member

The Boards are of the view that the members of the ARC Committees collectively possess the accounting and related financial management expertise and experience required for the ARC Committees to discharge their responsibilities and assist the Boards in their oversight over Management in the design, implementation and monitoring of risk management and internal control systems.

In the review of the financial statements for FY2018, the ARC Committees have discussed the following key audit matter identified by the external auditors with Management:

Key audit matter	Review by the ARC Committees
Valuation of properties	The ARC Committees considered the independence and competency of the external valuers, as well as the methodologies applied by them to the valuation of the properties. The ARC Committees reviewed the outcomes of the annual external valuation process and discussed the details of the valuation with the Management and the external auditors. The ARC Committees noted that the valuation of properties was an area of focus for the external auditors as a key audit matter in its auditors' report and also noted their assessment of the appropriateness of the valuation models, data and assumptions used. The ARC Committees concur with the basis and conclusions included in the auditors' report with respect to the audit matter.

External Auditors

With effect from the last annual general meeting ("**AGM**") of FHT held on 24 January 2018, KPMG LLP ("**KPMG**") was re-appointed as external auditors of FHT for FY2018. The REIT Manager and Trustee-Manager confirm that they comply with Rules 712 and 715 of the SGX-ST Listing Manual (the "**Listing Manual**") in relation to the appointment of KPMG as the auditor of FHT.

The ARC Committees have conducted a review of all non-audit services provided by KPMG during FY2018 and the corresponding fees and ensured that the fees for such non-audit fees did not impair their audit independence. Based on their review, the ARC Committees were satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of KPMG was put at risk. For details of the fees paid to KPMG, please refer to Note 6 to the Financial Statements.

KPMG attended the ARC Committees meetings every quarter for FY2018, and where appropriate has met with the ARC Committees without the presence of Management to discuss their findings, if any.

Corporate Governance Report

Whistle Blowing Policy

A Whistle-Blowing Policy is in place to provide an avenue through which employees and any other persons may report in good faith and in confidence any concerns in financial and other matters, and for independent investigation of such matters and appropriate follow-up action. All whistle-blower complaints will be reviewed by the ARC Committees to ensure that investigations and follow-up actions are carried out, if needed.

Principle 13: Internal Audit

The REIT Manager and the Trustee-Manager have in place an internal audit function (“**IA**”) established within the Frasers Property Group to independently examine and evaluate the activities of the REIT Manager and the Trustee-Manager, focusing on the adequacy and effectiveness of internal controls, risk management and corporate governance processes.

The Frasers Property Group IA (“**Group IA**”) is independent of the activities that it audits. The head of Group IA who is a Certified Fraud Examiner and a Fellow of the Institute of Singapore Certified Accountants (ISCA), CPA Australia and ACCA, reports directly to the Chairman of the ARC Committees.

The head of Group IA and the Singapore-based IA staff are members of the Institute of Internal Auditors, Singapore, and have adopted and complied with the International Standards for the Professional Practice of Internal Auditing (Standards) set by the Institute of Internal Auditors, Inc. To ensure that the internal audits are effectively performed, Group IA recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are also given relevant training and development opportunities to update their technical knowledge and auditing skills. All IA staff received relevant technical training and attended seminars organised by the Institute of Internal Auditors, Singapore or other professional bodies.

The Group IA operates within the framework stated in its Terms of Reference as contained in the Internal Audit Charter approved by the ARC Committees. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of FHT. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities, and material internal controls. The audit scope also includes the review of compliance with the policies, procedures and regulatory responsibilities of FHT, REIT Manager and the Trustee-Manager.

During the financial year, Group IA conducted its audit reviews based on the approved internal audit plans. All audit reports detailing audit findings and recommendations are provided to Management who would respond on the actions to be taken. Each quarter, Group IA submits to the ARC Committees a report on the status of the audit plan and on audit findings and actions taken by Management on such findings. Key findings are highlighted at the ARC Committees meetings for discussion and follow-up actions. The ARC Committees monitor the timely and proper implementation of required corrective, preventive or improvement measures undertaken by Management.

Each of the ARC Committees is satisfied that for the financial year, the internal audit function is adequately resourced to perform its functions, and has appropriate standing within FH-REIT, FH-BT, the REIT Manager and the Trustee-Manager to perform its functions effectively.

STAPLED SECURITYHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Stapled Securityholders Rights

The Managers believe in treating all Stapled Securityholders fairly and equitably. It aspires to keep all Stapled Securityholders and the investment community in Singapore and beyond informed of FHT’s activities, including material changes (if any) in FHT’s business which are likely to affect the price or value of its Stapled Securities, in a timely and consistent manner.

Stapled Securityholders are also given the opportunity to participate effectively and vote at the general meetings of FHT, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.

Corporate Governance Report

Principle 15: Communication with Unitholders

The Managers are committed to regular, effective and fair communication with all Stapled Securityholders. The Managers have a dedicated investor relations personnel which handles communications with the Stapled Securityholders, the investment community and the media.

During FY2018, the Managers met investors and analysts globally and participated in investor conferences and non-deal roadshows in Bangkok, Seoul, Singapore and Taipei. These are good avenues for the Managers to engage the investment community, raise the profile of FHT and provide updates on FHT's portfolio and financial performance, latest developments, growth strategy and outlook. At the same time, they are also a forum for the Managers to better understand the matters which are key to investors.

Briefings for analysts are generally held in conjunction with the release of FHT's quarterly financial results. To ensure transparency, press releases and presentation slides are released to SGX-ST via SGXNET, and posted on FHT's website at www.fraserhospitalitytrust.com. Announcements through FHT's website and the SGXNET are the principal media of communication with Stapled Securityholders.

A signatory to the 2018 Corporate Governance Statement of Support initiated by the Securities Investors Association (Singapore), FHT continued to pledge its commitment to uphold high standards in corporate governance for the fourth consecutive year.

Principle 16: Conduct of Stapled Securityholders' Meetings

A copy of FHT's Annual Report 2018 is sent to all Stapled Securityholders.

At the AGM of FHT to be held on Tuesday, 22 January 2019, Stapled Securityholders will be invited to vote on each of the resolutions by poll, using an electronic voting system. This will allow those who are present or represented at the AGM to vote on a per Stapled Security per vote basis. The voting result will be screened at the AGM and announced via the SGX-ST after the AGM.

As and when an extraordinary general meeting is convened, a circular will be sent to each Stapled Securityholder. The circular will contain details of the matters proposed for Stapled Securityholders' consideration and approval.

Board members and Management are present at FHT's annual and extraordinary general meetings where Stapled Securityholders will have the opportunity to raise questions and clarify any issues they may have relating to the resolutions to be passed. The external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

ADDITIONAL INFORMATION

Dealings in Stapled Securities

The REIT Manager and the Trustee-Manager have adopted a dealing policy on securities trading (the "**Dealing Policy**") which provides guidance with regard to dealings in the Stapled Securities by its directors, officers and employees. Directors, officers and employees are prohibited from dealing in the Stapled Securities:

- in line with the Listing Rule 1207(19)(c) on Dealings in Securities, two weeks before the date of announcement of quarterly financial statements and one month before the date of announcement of full-year results ("**Prohibition Period**"); and
- at any time while in possession of unpublished material or price sensitive information. Directors, officers and employees are also directed to refrain from dealing in Stapled Securities on short-term considerations.

Corporate Governance Report

Prior to the commencement of the Prohibition Period, directors, officers and employees will be reminded not to trade during this period or whenever they are in possession of unpublished price sensitive information. Outside of the Prohibition Period, any trades must be reported to the REIT Manager Board and the Trustee-Manager Board within 48 hours. Every quarter, each director, officer or employee is required to complete and submit a declaration form to the compliance officer to report any trades that he/she has made in Stapled Securities in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the ARC Committees. Any non-compliance with the Dealing Policy such as trading within the Prohibition Period will be reported to the ARC Committees for their review and instructions.

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 directors of the REIT Manager 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 directors of the REIT Manager shall comprise such independent directors;
- in respect of matters in which a director of the REIT Manager 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 Directors of the REIT Manager and must exclude such interested director;
- in respect of matters in which Frasers Property 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 Frasers Property; and/or
 - competition for tenants between properties owned by FH-REIT and properties owned by Frasers Property, any nominees appointed by Frasers Property to the REIT Manager's 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 directors of the REIT Manager independent from management and business relationships with the REIT Manager and must exclude nominee directors of Frasers Property;
- 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's 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 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

Corporate Governance Report

- 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 Code on CIS) (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 directors of the REIT Manager 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.

Information on the measures and procedures put in place by the Trustee-Manager to manage potential conflicts of interest can be found in the Statement on the Policies and Practices in Relation to the Management and Governance of FH-BT on pages 131 to 137 of this Annual Report.

Related Party Transactions

There is no general mandate obtained for interested party transactions as defined in Chapter 9 of the Listing Manual ("**IPTs**" and each an "**IPT**") under Rule 920 of the Listing Manual.

All IPTs in relation to FH-REIT are undertaken on normal commercial terms and the REIT Manager Board, with the assistance of the REIT Manager ARC Committee, ensures that such IPTs are not prejudicial to the interests of FH-REIT and the minority Stapled Securityholders. This may entail obtaining (where practicable) quotations from parties unrelated to the REIT Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Code on CIS).

All IPTs are entered in a register maintained by the REIT Manager, including any quotations from unrelated parties and independent valuations forming the bases on which such IPTs are entered into. The REIT Manager incorporates into its internal audit plan a review of all IPTs recorded in the register. The review includes the examination of the nature of the IPTs and its supporting documents or such other data deemed necessary by the REIT Manager ARC Committee. The REIT Manager ARC Committee reviews the internal audit reports to ascertain that internal procedures and the relevant provisions of the Listing Manual and the Code on CIS are complied with by Management in its dealings on IPTs. The REIT Trustee, in its capacity as trustee of FH-REIT, has the right to review any such relevant internal audit reports to ascertain that the requirements under the Code on CIS have been complied with.

Directors of the REIT Manager who are interested in a proposed IPT to be entered into by FH-REIT are required to abstain from any deliberations or decisions in relation to that IPT.

Any IPT proposed to be entered into between FH-REIT and a Related Party of the REIT Manager or FH-REIT (which includes relevant associates thereof), would require the REIT Trustee to satisfy itself that such IPT is conducted on normal commercial terms, is not prejudicial to the interests of the Stapled Securityholders, and is in accordance with all applicable requirements of the Code on CIS and the Listing Manual. Further, the REIT Trustee has the ultimate discretion under the FH-REIT Trust Deed to decide whether or not to enter into such a transaction.

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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 SGD100,000 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 ARC 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 ARC 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 ARC 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 of the Code on CIS, such transaction would have to be approved by the Stapled Securityholders at a meeting duly convened.

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" in FHT's Prospectus dated 30 June 2014, FH-REIT will comply with Rule 905 of the Listing Manual by announcing any IPTs in accordance with the Listing Manual if such transaction, by itself or when aggregated with other IPTs entered into with the same Interested Person (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.

Information on the measures and procedures put in place by the Trustee-Manager to manage potential IPTs (including the Trustee-Manager's Internal Control Systems) can be found in the Statement on the Policies and Practices in Relation to the Management and Governance of FH-BT on pages 131 to 137 of this Annual Report.

ADDITIONAL DISCLOSURES ON FEES PAYABLE TO THE REIT MANAGER

Pursuant to the revised Code on CIS which came into effect on 1 January 2016, the methodology and justifications for each type of fees payable to the REIT Manager should be disclosed, where such fees are payable out of the deposited property of FH-REIT (the "**FH-REIT Deposited Property**").

Base Fee and Performance Fee

For the provision of ongoing management services, which includes an extensive scope of functions including but not limited to investment management, asset management, financing, marketing and investor relations, the REIT Manager is entitled to the following fees (payable in the form of Stapled Securities and/or cash):

- pursuant to Clause 15.1.1 of the FH-REIT Trust Deed, a Base Fee (as defined under Clause 15.1.1(i) of the FH-REIT Trust Deed) of 0.3% per annum (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of the value of the FH-REIT Deposited Property; and

Corporate Governance Report

- pursuant to Clause 15.1.2 of the FH-REIT Trust Deed, a Performance Fee (as defined under Clause 15.1.2(i) of the FH-REIT Trust Deed), being a fee not exceeding the rate of 5.5% per annum or such lower percentage as may be determined by the REIT Manager in its absolute discretion) in arrears of the aggregate of the Distributable Income (as defined in the FH-REIT Trust Deed) of FHT and the distributable income of FH-BT in the relevant financial year (calculated before accounting for the Performance Fee payable to the REIT Manager and the performance fee payable to the Trustee-Manager but after accounting for the Base Fee payable to the REIT Manager and the base fee payable to the Trustee-Manager).

Pursuant to Clauses 15.1.1(v) and 15.1.2(vi) of the FH-REIT Trust Deed, the Base Fee and Performance Fee are payable in the form of cash and/or Stapled Securities (as the REIT Manager may elect). The Base Fee and Performance Fee payable in Stapled Securities will be issued at the volume weighted average price for a Stapled Security for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the FH-REIT Trust Deed) immediately preceding the relevant Business Day.

In accordance with the revised Code on CIS, crystallisation of the Performance Fee should be no more frequent than once a year. Therefore, with effect from FY2017, the Performance Fee payable to the REIT Manager in the form of Stapled Securities and/or cash will be paid on an annual basis in arrears, subsequent to the end of the applicable financial year.

Rationale and purpose for Base Fee and Performance Fee

The primary role of the REIT Manager includes managing and optimising the portfolio of properties held by FH-REIT. The REIT Manager is committed to delivering value to the stakeholders of FHT, in addition to its key responsibilities in managing and maintaining the long-term interests of all Stapled Securityholders.

The Base Fee covers the operational and administrative overheads incurred by the REIT Manager for formulating strategies and business plans, monitoring the performance of the assets to optimise the portfolio of properties and implementing proactive measures to enhance the returns from these properties so as to achieve optimal distribution to Stapled Securityholders, ensuring that FH-REIT and its subsidiaries comply with the applicable reporting and regulatory requirements and legislation in each of the countries that FH-REIT operates in.

The Base Fee represents the compensation to the REIT Manager for executing its core responsibilities and is based on a percentage of the value of the FH-REIT Deposited Property, which is an appropriate metric that commensurates with the complexity of FH-REIT's operations and the efforts required of the REIT Manager in managing FH-REIT. As the portfolio grows in size and/or geographical diversity, it is expected that the degree and complexity of the REIT Manager's responsibilities will correspondingly increase.

The Performance Fee methodology, which is based on Distributable Income, is an objective benchmark and incentivises the REIT Manager to achieve higher income yields for Stapled Securityholders over the long-term through proactive management, which may include but are not limited to asset enhancement initiatives, repositioning or rebranding of a property, re-segmentation of a property's customer base and driving cost efficiencies to improve profit margin.

Such fee methodology aligns the interests between the REIT Manager and Stapled Securityholders and also takes into account the Stapled Securityholders' long-term interests as the REIT Manager receives an amount that is commensurate with the value it delivers to the Stapled Securityholders.

Since the listing of FHT on the Mainboard of the SGX-ST, the REIT Manager has received 100% of the Base Fee and Performance Fee in the form of Stapled Securities, further aligning the interests between the REIT Manager and Stapled Securityholders.

Corporate Governance Report

Acquisition Fee and Divestment Fee

In addition, the REIT Manager is also entitled to the following one-off fees for services rendered towards the strategic acquisition or disposal of any property by FH-REIT in deriving long-term returns for its Stapled Securityholders:

- pursuant to Clause 15.2.1(i) of the FH-REIT Trust Deed, the REIT Manager is entitled to receive an Acquisition Fee (as defined under Clause 15.1.2(i) of the FH-REIT Trust Deed) at the rate of 0.5% for acquisitions from Related Parties as defined in the FH-REIT Trust Deed and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to no double-counting):
 - (i) the acquisition price of any real estate purchased by FH-REIT, whether directly or indirectly through one or more special purpose vehicles (“SPVs”), plus any other payments³ 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 value⁴ of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-REIT whether directly or indirectly through one or more SPVs plus any other payments made by FH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of FH-REIT’s interest); or
 - (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; and
- pursuant to Clause 15.2.1(ii) of the FH-REIT Trust Deed, the REIT Manager is entitled to receive a Divestment Fee (as defined under Clause 15.1.2(ii) of the FH-REIT Trust Deed) at the rate of 0.5% (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of each of the following as is applicable (subject to no double-counting):
 - (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 payments⁵ in addition to the sale price received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-REIT’s interest);
 - (ii) the underlying value⁶ 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, purchased 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
 - (iii) the sale price of any investment sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

³ “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.

⁴ 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.

⁵ “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.

⁶ 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 the sale price and any debt of the special purpose company.

Corporate Governance Report

Rationale and purpose for Acquisition Fee and Divestment Fee

To continue delivering long-term sustainable distributable income to Stapled Securityholders, the REIT Manager regularly reviews its portfolio of properties and considers the recycling of capital, where appropriate, to optimise its portfolio. This involves a thorough review of the exposures, risks and returns as well as the overall value-add of the acquisition or divestment to FH-REIT's existing portfolio and future growth expectations. When the transaction is completed, the REIT Manager receives the Acquisition Fee or, as the case may be, the Divestment Fee, based on the acquisition price or sale price respectively.

The Acquisition Fee is higher than the Divestment Fee because the time and efforts undertaken in terms of sourcing, evaluating and conducting due diligence, and fund raising for an acquisition, are higher as compared to a divestment.

The Acquisition Fee and Divestment Fee payable to the REIT Manager serve as a form of compensation of the time, effort and resources spent by the REIT Manager's team of skilled and experienced executives in sourcing, evaluating and executing of potential opportunities to acquire new properties or in unlocking the underlying value of existing properties within its asset portfolio to optimise Stapled Securityholders' returns. The REIT Manager provides these services over and above the provision of ongoing management services with the aim of ensuring income sustainability, achieving the investment objectives of FH-REIT and generating long term benefits for Stapled Securityholders.

GUIDELINES FOR DISCLOSURE

Guideline	Questions	How has the Company complied?
General	<p>(a) Has the Company complied with all the principles and guidelines of the CG Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the CG Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the CG Code?</p>	<p>Please refer to the disclosures and references in this table for specific deviations from the CG Code.</p> <p>The Managers have adopted alternative corporate governance practices which reflect the fact the Managers themselves are not listed entities but that the entities which they manage, FH-REIT and FH-BT, are listed and managed externally by the Managers.</p>
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Please refer to page 98 in this Annual Report which make reference to the MOA.
Members of the Board		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p>	<p>Please refer to pages 101 to 102 in this Annual Report.</p>
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>No new directors were appointed or re-elected in the financial year.</p> <p>Directors of the Managers are not subject to periodic retirement by rotation</p>

Corporate Governance Report

Guideline	Questions	How has the Company complied?
Members of the Board (cont'd)		
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Please refer to page 98 in this Annual Report.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Please refer to pages 102 to 103 in this Annual Report.
	(b) If a maximum number has not been determined, what are the reasons?	Please refer to pages 102 to 103 in this Annual Report.
	(c) What are the specific considerations in deciding on the capacity of directors?	Please refer to pages 102 to 103 in this Annual Report.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The Board carried out a Board and Board Committees' evaluation exercise.
	(b) Has the Board met its performance objectives?	Yes.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	None.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.

Corporate Governance Report

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>Please refer to pages 106 to 109 in this Annual Report.</p> <p>Please refer to pages 106 to 109 in this Annual Report.</p>
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of SGD250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to page 108 in this Annual Report.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to page 108 in this Annual Report.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds SGD50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Please refer to pages 106 to 109 in this Annual Report. There are no executive directors on the Boards of the Managers.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to pages 106 to 109 in this Annual Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Please refer to pages 106 to 109 in this Annual Report.

Corporate Governance Report

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to page 104 in this Annual Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Please refer to pages 109 to 111 in this Annual Report.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Please refer to pages 109 to 111 in this Annual Report.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Please refer to page 191 in this Annual Report.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Please refer to page 191 in this Annual Report.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Please refer to page 114 in this Annual Report.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Please refer to page 114 in this Annual Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

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Report of the Trustee of Frasers Hospitality Real Estate Investment Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Perpetual (Asia) Limited (the “REIT Trustee”) is under a duty to take into custody and hold the assets of Frasers Hospitality Real Estate Investment Trust (“FH-REIT”) held by it or through its subsidiaries (collectively the “FH-REIT Group”) in trust for the holders (“Stapled Securityholders”) of units in FH-REIT. In accordance with the Securities and Futures Act (Chapter 289) of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the “Regulations”), the REIT Trustee shall monitor the activities of Frasers Hospitality Asset Management Pte. Ltd. (the “REIT Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the Amended and Restated Trust Deed (“Trust Deed”) dated 20 June 2014 as amended or supplemented from time to time between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to Stapled Securityholders in an annual report.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed FH-REIT during the financial year covered by these financial statements set out on pages 145 to 244, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the REIT Trustee,
Perpetual (Asia) Limited

Sin Li Choo
Director

Singapore
23 November 2018

Statement by the Manager of Frasers Hospitality Real Estate Investment Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

In the opinion of the directors of Frasers Hospitality Asset Management Pte. Ltd., the financial statements of FH-REIT and its subsidiaries (collectively “FH-REIT Group”), and Frasers Hospitality Trust (the “Stapled Group”), comprising the FH-REIT Group and Frasers Hospitality Business Trust (“FH-BT”) and its subsidiaries (collectively, the “FH-BT Group”) set out on pages 145 to 244, comprising the Statements of Financial Position and Portfolio Statement as at 30 September 2018, the Statements of Total Return, Distribution Statements, Statements of Changes in Stapled Securityholders’ Funds and Statements of Cash Flows for the financial year then ended, and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio position of FH-REIT Group and the Stapled Group as at 30 September 2018, the total returns, changes in Stapled Securityholders’ funds, distributable income and cash flows of the FH-REIT Group and the Stapled Group for the financial year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed dated 20 June 2014 (as amended) between the REIT Manager and the REIT Trustee, and the stapling deed of Frasers Hospitality Trust between the REIT Trustee, the REIT Manager and Frasers Hospitality Trust Management Pte. Ltd. (the “Trustee-Manager”) dated 20 June 2014. At the date of this statement, there are reasonable grounds to believe that the FH-REIT Group and the Stapled Group will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Board of Directors of the REIT Manager,
Frasers Hospitality Asset Management Pte. Ltd.

Panote Sirivadhanabhakdi
Director

Choe Peng Sum
Director

Singapore
23 November 2018

Report of the Trustee-Manager of Frasers Hospitality Business Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors of Frasers Hospitality Trust Management Pte. Ltd., the trustee-manager of Frasers Hospitality Business Trust ("FH-BT") and its subsidiaries (collectively, the "FH-BT Group"), (the "Trustee-Manager"), are pleased to present their report to the Stapled Securityholders of Frasers Hospitality Trust (the "Trust" or "FHT") for the financial year ended 30 September 2018, together with the audited financial statements of FH-BT Group for the financial year ended on that date.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are:

Mr Law Song Keng (Chairman)
Mr Chua Phuay Hee
Mr Liew Choon Wei
Dr David Wong See Hong
Mr Panote Sirivadhanabhakdi
Mr Choe Peng Sum

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE STAPLED SECURITIES AND DEBENTURES

Neither at the end of nor at any time during the financial year ended 30 September 2018 was the Trustee-Manager a party to any arrangement whose objective is to enable any or all directors of the Trustee-Manager to acquire benefits by means of the acquisition of Stapled Securities, or debentures, of FH-BT.

DIRECTORS' INTEREST IN STAPLED SECURITIES OR DEBENTURES OF FHT

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the "BTA"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in Stapled Securities of FHT are as follows:

Name of Director	Number of Stapled Securityholdings					
	1 October 2017		30 September 2018		21 October 2018	
	Direct	Deemed	Direct	Deemed	Direct	Deemed
Mr Law Song Keng	549,900	Nil	549,900	Nil	549,900	Nil
Mr Panote Sirivadhanabhakdi	Nil	707,310,200	Nil	707,310,200	Nil	707,310,200
Mr Choe Peng Sum	528,000	Nil	528,000	Nil	528,000	Nil

Except as disclosed in this statement, there were no changes in any of the above mentioned interests in FHT between the end of the financial year and 21 October 2018.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year, no director of the Trustee-Manager has received or became entitled to receive a benefit in FH-BT by reason of a contract made by the Trustee-Manager, on behalf of FH-BT or a related corporation with the director, or with a firm of which such director is a member or with a company in which such director has a substantial financial interest, except that the directors served as directors or employees of related corporations and received remuneration in that capacity from related corporations.

Report of the Trustee-Manager of Frasers Hospitality Business Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

STAPLED SECURITY OPTIONS

During the financial year, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued Stapled Securities in FHT; and
- (ii) no Stapled Securities issued by virtue of any exercise of option to take up unissued Stapled Securities in FHT.

There were no unissued Stapled Securities in FHT under option as at the end of the financial year.

AUDIT COMMITTEE

The Trustee-Manager had established an Audit, Risk and Compliance Committee for the Trustee-Manager (the "Trustee-Manager Audit, Risk and Compliance Committee") on 17 October 2016.

The composition of the Trustee-Manager Audit, Risk and Compliance Committee comprise the following independent directors from the Board of Directors of the Trustee-Manager:

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

The composition of the Trustee-Manager Audit, Risk and Compliance Committee is identical to the composition of the Audit, Risk and Compliance Committee of the REIT Manager.

AUDITOR

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

For and on behalf of the Board of Directors of the Trustee-Manager,
Frasers Hospitality Trust Management Pte. Ltd.

Panote Sirivadhanabhakdi
Director

Choe Peng Sum
Director

Singapore
23 November 2018

Statement by the Trustee-Manager of Frasers Hospitality Business Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

In the opinion of the directors,

- (a) The financial statements of FH-BT Group as set out on pages 145 to 244 are drawn up so as to give a true and fair view of the financial position of FH-BT Group as at 30 September 2018, and of the financial performance, changes in Stapled Securityholders' funds and cash flows of FH-BT Group, for the financial year then ended in accordance with the provisions of the BTA and Financial Reporting Standards in Singapore; and
- (b) At the date of this statement, there are reasonable grounds to believe that FH-BT Group will be able to pay its debts as and when they fall due.

In accordance with Section 86(2) of the BTA, the directors of the Trustee-Manager further certify that:

- fees or charges paid or payable out of the trust property of FH-BT Group to the Trustee-Manager are in accordance with the FH-BT Trust Deed dated 20 June 2014;
- the interested person transactions are not detrimental to the interests of all the Stapled Securityholders as a whole based on the circumstances at the time of the transactions; and
- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of FH-BT or the interests of the Stapled Securityholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
Frasers Hospitality Trust Management Pte. Ltd.

Panote Sirivadhanabhakdi
Director

Choe Peng Sum
Director

Singapore
23 November 2018

Statement by the Chief Executive Officer of the Trustee-Manager

FOR THE YEAR ENDED 30 SEPTEMBER 2018

In accordance with Section 86 of the BTA, I, the Chief Executive Officer of Frasers Hospitality Trust Management Pte. Ltd., as Trustee-Manager of Frasers Hospitality Business Trust ("FH-BT") (the "Trustee-Manager"), in my personal capacity, certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of FH-BT or on the interests of all the Stapled Securityholders of the FH-BT as a whole.

Eu Chin Fen
Chief Executive Officer

Singapore
23 November 2018

Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Frasers Hospitality Business Trust ("FH-BT") was dormant from the listing of Frasers Hospitality Trust ("FHT") on 14 July 2014 on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") until it was activated on 19 October 2016.

The key roles of the Trustee-Manager Board are as follows:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the Trustee-Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

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

The Trustee-Manager, in exercising its powers and carrying out its duties as FH-BT's trustee-manager, is required to:

- treat the FH-BT Unitholders in the same class fairly and equally and FH-BT Unitholders who hold FH-BT units in different classes (if any) fairly;
- ensure that all payments out of the FH-BT Trust Property are made in accordance with the BTA, the FH-BT Trust Deed and the Stapling Deed;
- report to the MAS any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 by any other person that:
 - relates to FH-BT; and
 - has had, has or is likely to have, a material adverse effect on the interests of all the FH-BT Unitholders, or any class of FH-BT Unitholders;

as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention; and

- ensure that the FH-BT Trust Property is properly accounted for and ensure that the FH-BT Trust Property is kept distinct from the property held in its own capacity.

Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Trustee-Manager has the following duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as FH-BT's trustee-manager in accordance with the BTA, the FH-BT Trust Deed;
- act in the best interests of all FH-BT Unitholders as a whole and give priority to the interests of all FH-BT Unitholders as a whole over its own interests in the event of a conflict between the interests of all FH-BT Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as FH-BT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the FH-BT Unitholders;
- hold the FH-BT Trust Property on trust for all FH-BT Unitholders as a whole in accordance with the terms of the FH-BT Trust Deed;
- adhere with the business scope of FH-BT as set out in the FH-BT Trust Deed;
- review interested person transactions in relation to FH-BT;
- review expense and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of FH-BT out of the Trust Property of FH-BT, and ensure that fees and expenses charged to FH-BT are appropriate and in accordance with the FH-BT Trust Deed; and
- comply with the BTA and the Listing Manual.

The MAS has granted the Trustee-Manager waivers from compliance with Sections 10(2)(a) and 11(1)(a) of the BTA to the extent that Sections 10(2)(a) and 11(1)(a) of the BTA require the Trustee-Manager and the Trustee-Manager Directors to act in the best interests of the FH-BT Unitholders as a whole only, subject to the conditions that:

- (i) the FH-BT Units remain stapled to the FH-REIT Units; and
- (ii) the Trustee-Manager and the Trustee-Manager Directors shall act in the best interests of all the Stapled Securityholders as a whole.

Trust Property is Properly Accounted for

The Trustee-Manager ensures that the Trust Property of FH-BT shall be properly accounted for and kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts shall be maintained for the Trustee-Manager in its personal capacity and its capacity as trustee-manager of FH-BT.

Adherence to the Business Scope of FH-BT

The Trustee-Manager Board shall review and approve all authorised businesses undertaken by FH-BT so as to ensure its adherence to the business scope as set out in the FH-BT Trust Deed.

Such authorised businesses include:

- (i) the acquisition, disposition and ownership of Authorised Investments (as defined in the FH-BT Trust Deed) and all activities, concerns, functions and matters reasonably incidental thereto;
- (ii) ownership of subsidiaries which are engaged in the acquisition, disposition and ownership of Authorised Investments of FH-BT and all activities, concerns, functions and matters reasonably incidental thereto; and
- (iii) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (i) and (ii), including the management and leasing of the Authorised Investments of FH-BT.

Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Management of Business Risk

The following procedures have been put in place by the Trustee-Manager to manage business risk:

- The Trustee-Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of FH-BT against a previously approved budget or other applicable performance benchmark and indicators. The Trustee-Manager Board will also review the business risks of FH-BT, examine liability management and will act upon any comments from both the internal and external auditors of FH-BT.
- In assessing business risk, the Trustee-Manager Board will consider the economic environment and risks relevant to the property industry. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the Trustee-Manager and FH-BT and discuss any disclosure issues.

Interested Person Transactions and Potential Conflicts of Interest

In general, transactions between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of FH-BT) or any of the subsidiaries or associated companies of FH-BT); and
- any of the Interested Persons (namely the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of FH-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of FH-BT) (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005), a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, a controlling Stapled Securityholder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Stapled Securityholder);

would constitute an Interested Person Transaction.

The Trustee-Manager's Internal Control System

The Trustee-Manager has established an internal control system to ensure that all Interested Person Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of FH-BT and Stapled Securityholders.

The Trustee-Manager maintains a register to record all Interested Person Transactions which are entered into by FH-BT and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager also incorporates into its internal audit plan a review of all Interested Person Transactions entered into by FH-BT.

Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

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Where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of FH-BT and Stapled Securityholders; and
- in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the Interested Person Transactions as disclosed in the IPO prospectus of FHT under “Management and Corporate Governance – FH-BT – Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions in Connection with the Setting up of FH-BT”, FH-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of FH-BT’s latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in FHT’s annual report for the relevant financial year.

Potential Conflicts of Interest

The Trustee-Manager has instituted the following procedures to deal with conflict of interest issues:

- all resolutions in writing of the Trustee-Manager Directors in relation to matters concerning FH-BT must be approved by a majority of the Trustee-Manager Directors, including at least one Independent Trustee-Manager Director;
- save for the corresponding executive positions held in the REIT Manager, all key executive officers will be employed by the Trustee-Manager and will not hold executive positions in other entities;
- in respect of matters in which a Trustee-Manager Director or his associate (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Trustee-Manager Directors and must exclude such interested director;
- in respect of matters in which the Sponsor has an interest, direct or indirect, any nominees appointed by the Sponsor to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Trustee-Manager Directors and must exclude any nominee directors of the Sponsor; and

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- where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of FH-BT and Stapled Securityholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and SGX-ST that apply to business trusts.

It should be noted that under Section 6(3) of the BTA, the Trustee-Manager is prohibited from carrying on any business other than the management and operation of FH-BT as its trustee-manager.

Expenses Charged to FH-BT

The Trustee-Manager Board will carry out quarterly reviews to ensure that the expenses payable to the Trustee-Manager out of the FH-BT Trust Property are appropriate and in accordance with the FH-BT Trust Deed.

Fees Payable to the Trustee-Manager

Management Fee

The Trustee-Manager shall be entitled under the FH-BT Trust Deed to the following management fees:

- (i) a Base Fee of 0.3% per annum of the value of the FH-BT Trust Property; and
- (ii) a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee).

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

For the purpose of calculating the management fee, if FH-BT holds only a partial interest in an investment from which such profit is derived, such profit shall be pro-rated in proportion to the partial interest held.

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

In the current financial year, approximately SGD 52,000 of management fees were paid to the Trustee-Manager.

Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

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Trustee Fee

Under the FH-BT Trust Deed, 0.1% per annum of the value of the FH-BT Trust Property and subject to a minimum fee of SGD 10,000 per month, if any, shall be paid to the Trustee-Manager as trustee fees, provided that the value of the FH-BT Trust Property is at least SGD 50.0 million and FH-BT is active.

In the current financial year, no trustee fee was paid to the Trustee-Manager as the value of the FH-BT Trust Property was lower than SGD 50.0 million.

Acquisition Fee and Divestment Fee

The Trustee-Manager is entitled to:

- an acquisition fee of 0.5% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double counting):
 - (i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by FH-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-BT's interest);
 - (ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments made by FH-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of FH-BT's interest); or
 - (iii) the acquisition price of any investment purchased by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):
 - (i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by FH-BT, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-BT's interest);
 - (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments received by the FH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-BT's interest); or
 - (iii) the sale price of the investment sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

Statement on the Policies and Practices in Relation to the Management and Governance of Frasers Hospitality Business Trust

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The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Stapled Securities at prevailing market price(s) instead of cash. The Stapled Securities issued to the Trustee-Manager as its acquisition or divestment fee should not be sold within one year from the date of their issuance.

Compliance with the BTA and the Listing Manual

The Trustee-Manager has an internal compliance manual which sets out the rules and regulations applicable to FH-BT.

The Trustee-Manager will engage the services of and obtain advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the BTA and the Listing Manual.

Statement on Composition of the Board of Directors of Frasers Hospitality Business Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Under Regulation 12(1) of the Business Trust Regulations 2005 (the “BTR”), the Trustee-Manager Board is required to comprise:

- at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Trustee-Manager Directors who are independent from any single substantial shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of six members, four of whom are Independent Directors for the purposes of the BTA, being independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager.

They are:

Mr Law Song Keng	(Chairman and Independent Director)
Mr Chua Phuay Hee	(Independent Director)
Mr Liew Choon Wei	(Independent Director)
Dr David Wong See Hong	(Independent Director)
Mr Panote Sirivadhanabhakdi	(Non-Executive Director)
Mr Choe Peng Sum	(Non-Executive Director)

In addition to compliance with requirements under the BTA, the composition of the Trustee-Manager Board is determined using the following principles:

- the Chairman of the Trustee-Manager Board should be a Non-Executive Director; and
- the Trustee-Manager Board should consist of Directors with a broad range of commercial experience.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a substantial shareholder as the Managers are wholly-owned subsidiaries of Frasers Property Limited (the “Sponsor”).

However, due to the structure of FHT, appointing a Trustee-Manager Board which is the same as the REIT Manager Board would avoid any differences or deadlock in the operation of FHT. Operationally, the structure of FHT would require a high degree of co-operation between the REIT Manager and the Trustee-Manager (collectively, the “Managers”).

Statement on Composition of the Board of Directors of Frasers Hospitality Business Trust

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The MAS has granted an exemption from the requirement under Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that Regulations 12(1)(a) and 12(1)(b) require the Trustee-Manager Directors to (a) be independent from management and business relationships with the Trustee-Manager and (b) be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager, namely, the Sponsor, subject to the following conditions:

- (i) the Trustee-Manager shall ensure that the FH-BT Units remain stapled to the FH-REIT Units;
- (ii) the Trustee-Manager shall ensure that, in relation to the composition of the Trustee-Manager Board:
 - (1) the Trustee-Manager Directors are also the REIT Manager Directors;
 - (2) at least a majority of the Trustee-Manager Directors shall be independent from management and business relationships with the Managers; and
 - (3) at least one-third of the Trustee-Manager Directors shall be independent from management and business relationships with the Managers and from every substantial shareholder of the Managers; and
- (iii) the Stapling Deed shall contain covenants binding the Managers to exercise all due diligence and vigilance to safeguard the rights and interests of the Stapled Securityholders in the event of a conflict between the interests of the Managers and their respective shareholders, and that of the Stapled Securityholders.

The composition of the Trustee-Manager Board will be reviewed regularly to ensure that the Trustee-Manager Board has the appropriate mix of expertise and experience.

Grant of Exemption in respect of the establishment of the Trustee-Manager Audit, Risk and Compliance Committee

In connection with the establishment of the Trustee-Manager Audit, Risk and Compliance Committee, the Managers had applied to the MAS for, and the MAS had, pursuant to a letter dated 14 October 2016, granted an exemption to the Trustee-Manager from the requirement to comply with Regulations 13(1)(b)(i) and (ii) of the BTR (the "ARCC Exemption"). The MAS has granted the ARCC Exemption subject to the following conditions:

- (a) the Trustee-Manager shall ensure that the units of FH-BT remain stapled to the units of FH-REIT;
- (b) the Trustee-Manager shall ensure that, in relation to the composition of the Trustee-Manager Audit, Risk and Compliance Committee, it shall be composed of 3 or more members:
 - (i) all of whom are independent of management and business relationships with the Managers; and
 - (ii) at least a majority of whom, including the Chairman of the Trustee-Manager Audit, Risk and Compliance Committee, are independent of management and business relationships with the Managers and independent from every substantial shareholder of the Managers; and
- (c) the Trustee-Manager shall ensure that the Trustee-Manager Audit, Risk and Compliance Committee and REIT Manager Audit, Risk and Compliance Committee comprise identical directors.

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TO THE STAPLED SECURITYHOLDERS OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST AND FRASERS HOSPITALITY BUSINESS TRUST
CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO THE TRUST DEEDS DATED 12 JUNE 2014 AND 20 JUNE 2014 RESPECTIVELY (AS AMENDED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited:

- (i) the consolidated financial statements of Frasers Hospitality Real Estate Investment Trust ("FH-REIT") and its subsidiaries ("FH-REIT Group"), which comprise the Statement of Financial Position and Portfolio Statement as at 30 September 2018, the Statement of Total Return and Statement of Comprehensive Income, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies;
- (ii) the consolidated financial statements of Frasers Hospitality Business Trust ("FH-BT") and its subsidiaries ("FH-BT Group"), which comprise the Statement of Financial Position as at 30 September 2018, the Statement of Total Return and Statement of Comprehensive Income, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- (iii) the consolidated financial statements of Frasers Hospitality Trust ("FHT"), which comprise the Statement of Financial Position and Portfolio Statement as at 30 September 2018, the Statement of Total Return and Statement of Comprehensive Income, Distribution Statement, Statement of Changes in Stapled Securityholders' Funds and Statement of Cash Flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 145 to 244. Frasers Hospitality Trust, which comprises the FH-REIT Group and the FH-BT Group, is hereinafter referred to as the "Stapled Group".

In our opinion:

- (a) the accompanying consolidated financial statements of the FH-REIT Group and the Stapled Group present fairly, in all material respects, the financial position and portfolio holdings of the FH-REIT Group and the Stapled Group as at 30 September 2018 and the financial performance, changes in stapled securityholders' funds, and cash flows of the FH-REIT Group and the financial performance, distributable income, changes in stapled securityholders' funds and cash flows of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants ("ISCA"); and
- (b) the accompanying consolidated financial statements of the FH-BT Group are properly drawn up in accordance with the provisions of the Business Trust Act, Chapter 31A of Singapore (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the state of affairs of the FH-BT Group as at 30 September 2018 and the financial performance, changes in stapled securityholders' funds and cash flows of the FH-BT Group for the year ended on that date.

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Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the FH-REIT Group, the FH-BT Group and the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of properties

(Refer to Note 11 and Note 12 to the financial statements)

Risk

The Stapled Group has properties comprising serviced residences and hotel properties located in Australia, Japan, Malaysia, Singapore, Germany and United Kingdom. Properties that are leased under a master lease are classified as investment properties whereas a property that is operated under a hotel management contract is classified as property, plant and equipment. Investment properties and a property operated under a hotel management contract represent significant asset items on the Statements of Financial Position, at SGD 2.15 billion and SGD 0.25 billion respectively as at 30 September 2018.

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

Our response

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

Our findings

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

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Other information

Fraser Hospitality Asset Management Pte. Ltd., the Manager of the FH-REIT (the "REIT Manager"), and Fraser Hospitality Trust Management Pte. Ltd., the Trustee-Manager of the FH-BT (the "Trustee-Manager") are responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Stapled Securityholders (the "Report"), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the REIT Manager and the Trustee-Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the REIT Manager for the financial statements

The REIT Manager is responsible for the preparation and fair presentation of the consolidated financial statements of the FH-REIT Group and the Stapled Group in accordance with the recommendations of RAP 7 issued by ISCA, and for such internal control as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the REIT Manager is responsible for assessing the ability of the FH-REIT Group and the Stapled Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to terminate the FH-REIT Group and the Stapled Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the REIT Manager include overseeing the financial reporting process of the FH-REIT Group and the Stapled Group.

Responsibilities of the Trustee-Manager for the financial statements

The Trustee-Manager is responsible for the preparation of the consolidated financial statements of the FH-BT Group that give a true and fair view in accordance with the provisions of the Act and Financial Reporting Standards in Singapore, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the ability of the FH-BT Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to liquidate FH-BT Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Trustee-Manager include overseeing the financial reporting process of the FH-BT Group.

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Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the FH-REIT Group, the FH-BT Group and the Stapled Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT Manager and the Trustee-Manager.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the REIT Manager and the Trustee-Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the FH-REIT Group, the FH-BT Group and the Stapled Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the FH-REIT Group, the FH-BT Group and the Stapled Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the FH-REIT Group, the FH-BT Group and the Stapled Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the REIT Manager and the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the REIT Manager and the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the REIT Manager and the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

TO THE STAPLED SECURITYHOLDERS OF FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST AND FRASERS HOSPITALITY BUSINESS TRUST
CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO THE TRUST DEEDS DATED 12 JUNE 2014 AND 20 JUNE 2014 RESPECTIVELY (AS AMENDED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by Trustee-Manager on behalf of FH-BT have been properly kept in accordance with the provisions of the Act.

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

23 November 2018

Statements of Total Return and Statements of Comprehensive Income

YEAR ENDED 30 SEPTEMBER 2018

	Note	FHT		FH-REIT Group		FH-BT Group	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Master lease rental	11	119,944	124,284	135,583	139,750	-	-
Room revenue		27,957	25,377	-	-	27,957	25,377
Food and beverage revenue		6,398	5,946	-	-	6,398	5,946
Other income		1,578	3,117	-	-	1,578	3,117
Revenue		155,877	158,724	135,583	139,750	35,933	34,440
Property tax		(9,615)	(10,436)	(9,615)	(10,436)	-	-
Property insurance		(1,313)	(1,512)	(1,224)	(1,414)	(89)	(98)
Property management fees		(5,499)	(5,639)	(5,499)	(5,639)	-	-
Other property expenses		(3,354)	(3,421)	(3,354)	(3,421)	-	-
Operations and maintenance expenses		(6,661)	(6,062)	(163)	(41)	(7,563)	(6,996)
Energy and utilities expenses		(630)	(562)	-	-	(630)	(562)
Hotel management fee		(1,059)	(957)	-	-	(1,059)	(957)
Rental expense		-	-	-	-	(15,639)	(15,466)
Staff costs	3	(7,291)	(6,919)	-	-	(7,291)	(6,919)
Marketing expenses		(2,588)	(2,208)	-	-	(2,588)	(2,208)
Administrative expenses		(827)	(824)	-	-	(827)	(824)
Property operating expenses		(38,837)	(38,540)	(19,855)	(20,951)	(35,686)	(34,030)
Net property income		117,040	120,184	115,728	118,799	247	410
Depreciation	12	(4,290)	(5,786)	-	-	(981)	(2,628)
Acquisition fee paid in Stapled Securities	19	-	(2,447)	-	(2,413)	-	(34)
REIT Manager's management fees	4(a)	(7,401)	(6,812)	(7,401)	(6,812)	-	-
Trustee-Manager's management fees	4(b)	(52)	(65)	-	-	(52)	(65)
Other management fees	4(c)	(5,008)	(5,050)	(5,008)	(5,050)	-	-
Trustees' fees	5	(504)	(498)	(504)	(498)	-	-
Other trust expenses	6	(3,199)	(3,222)	(3,137)	(3,162)	(62)	(60)
Non-capitalisable expenses in relation to asset acquisition and Rights Issue	7	-	(745)	-	(680)	-	(65)
Other income		46	1	46	1	-	-
Finance income		473	365	441	344	109	95
Amortisation of debt upfront costs	8(a)	(1,916)	(1,629)	(1,916)	(1,629)	-	-
Finance costs	8(b)	(20,597)	(19,058)	(20,674)	(19,132)	-	-
Total return before foreign exchange differences, fair value changes and tax		74,592	75,238	77,575	79,768	(739)	(2,347)
Foreign exchange (loss)/gain, net		(989)	278	(969)	279	(20)	(1)
Net change in fair value of investment properties	11	(1,386)	97,457	(186)	100,895	-	-
Net change in fair value of derivative financial instruments		473	12,947	473	12,947	-	-
Realised loss on derivative financial instruments, net		(304)	(393)	(304)	(393)	-	-
Total return for the year before tax		72,386	185,527	76,589	193,496	(759)	(2,348)
Taxation	9	(5,866)	(28,946)	(6,028)	(30,000)	(19)	458
Total return for the year after tax		66,520	156,581	70,561	163,496	(778)	(1,890)

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

Statements of Total Return and Statements of Comprehensive Income

YEAR ENDED 30 SEPTEMBER 2018

	Note	FHT		FH-REIT Group		FH-BT Group	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total return attributable to:							
Stapled Securityholders and Perpetual Securities holders		66,520	156,581	70,561	163,496	(778)	(1,890)
Total return for the year after tax attributable to:							
- Stapled Securityholders		62,070	152,131	66,111	159,046	(778)	(1,890)
- Perpetual Securities holders		4,450	4,450	4,450	4,450	-	-
		66,520	156,581	70,561	163,496	(778)	(1,890)
Other comprehensive income							
Items that will not be reclassified to total return:							
Revaluation of property, plant and equipment	23(c)	3,476	5,635	-	-	-	-
Items that may be reclassified subsequently to total return:							
Effective portion of changes in fair value of cash flow hedges	23(a)	4,522	4,941	4,522	4,941	-	-
Net change in fair value of cash flow hedges reclassified to total return	23(a)	(1,545)	(3,005)	(1,545)	(3,005)	-	-
Foreign currency translation differences	23(b)	(47,713)	(77)	(47,260)	(247)	(506)	174
Total comprehensive income for the year, net of tax		25,260	164,075	26,278	165,185	(1,284)	(1,716)
Earnings per Stapled Security (cents)							
Basic	10	3.32	8.34				
Diluted	10	3.29	8.17				

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

Distribution Statements

YEAR ENDED 30 SEPTEMBER 2018

	Note	FHT		FH-REIT Group		FH-BT Group	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Reconciliation of total return to income available for distribution							
Total return for the year after tax, attributable to Stapled Securityholders and Perpetual Securities holders							
		66,520	156,581	70,561	163,496	(778)	(1,890)
Non-tax deductible/(non-taxable) items and other adjustments:							
Acquisition fee paid in Stapled Securities		–	2,447	–	2,413	–	34
Amortisation of debt upfront costs		1,916	1,629	1,916	1,629	–	–
Amortisation of other assets		73	73	73	73	–	–
Depreciation		4,290	5,786	–	–	981	2,628
Foreign exchange loss, net		985	424	966	423	19	1
Non-capitalisable expenses in relation to assets acquisition and Rights Issue		–	745	–	680	–	65
Net change in fair value of investment properties		1,386	(97,457)	186	(100,895)	–	–
Net change in fair value of derivative financial instruments		(473)	(12,947)	(473)	(12,947)	–	–
Other management fees paid and payable in Stapled Securities		4,705	4,755	4,705	4,755	–	–
Property management fees paid and payable in Stapled Securities, net of withholding tax		5,470	5,605	5,470	5,605	–	–
REIT Manager's management fees paid and payable in Stapled Securities		7,401	6,812	7,401	6,812	–	–
Trustee-Manager's management fees paid and payable in Stapled Securities		52	65	–	–	52	65
Trustee's fee in relation to FH-REIT		300	291	300	291	–	–
Deferred tax	9	2,248	23,501	2,547	24,575	(118)	(478)
Other adjustments		(1,026)	(376)	1	559	38	40
Net effect of non-tax deductible/(non-taxable) items and other adjustments							
		27,327	(58,647)	23,092	(66,027)	972	2,355
Income available for distribution							
		93,847	97,934	93,653	97,469	194	465
Income available for distribution attributable to:							
– Stapled Securityholders		89,397	93,484	89,203	93,019	194	465
– Perpetual Securities holders		4,450	4,450	4,450	4,450	–	–
		93,847	97,934	93,653	97,469	194	465

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

Distribution Statements

YEAR ENDED 30 SEPTEMBER 2018

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amount available for distribution to Stapled Securityholders at the beginning of the year	46,771	42,891	46,346	42,891	425	-
Income available for distribution attributable to Stapled Securityholders	89,397	93,484	89,203	93,019	194	465
Distribution to Stapled Securityholders						
Distribution of 2.3347 cents per Stapled Security for the period from 1 April 2016 to 30 September 2016	-	(42,872)	-	(42,872)	-	-
Distribution of 2.5321 cents per Stapled Security for the period from 1 October 2016 to 31 March 2017	-	(46,732)	-	(46,692)	-	(40)
Distribution of 2.5137 cents per Stapled Security for the period from 1 April 2017 to 30 September 2017	(46,785)	-	(46,362)	-	(423)	-
Distribution of 2.4233 cents per Stapled Security for the period from 1 October 2017 to 31 March 2018	(45,295)	-	(45,205)	-	(90)	-
	(92,080)	(89,604)	(91,567)	(89,564)	(513)	(40)
Amount available for distribution to Stapled Securityholders at the end of the year	44,088	46,771	43,982	46,346	106	425
Distribution per Stapled Security (cents)	4.7613	5.0458	4.7509	5.0209	0.0104	0.0249

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

Statements of Financial Position

AS AT 30 SEPTEMBER 2018

	Note	2018 \$'000	FHT 2017 \$'000	FH-REIT Group 2018 \$'000	FH-REIT Group 2017 \$'000	FH-BT Group 2018 \$'000	FH-BT Group 2017 \$'000
Non-current assets							
Investment properties	11	2,151,867	2,172,119	2,397,657	2,435,515	-	-
Property, plant and equipment	12	248,432	267,282	-	-	2,642	3,886
Derivative financial instruments	18	4,895	630	4,895	630	-	-
Rental deposits		-	-	-	-	1,796	1,853
Deferred expense	16(a)	-	-	-	-	2,003	2,277
Deferred tax assets	9	560	479	-	-	560	479
		<u>2,405,754</u>	<u>2,440,510</u>	<u>2,402,552</u>	<u>2,436,145</u>	<u>7,001</u>	<u>8,495</u>
Current assets							
Inventories		34	58	-	-	34	58
Other assets		48	121	48	121	-	-
Prepayments		1,758	1,539	1,504	1,292	254	247
Trade and other receivables	13	9,554	11,907	9,959	11,173	1,132	3,253
Derivative financial instruments	18	462	1	462	1	-	-
Cash and cash equivalents	14	77,080	79,755	72,541	76,796	4,539	2,959
		<u>88,936</u>	<u>93,381</u>	<u>84,514</u>	<u>89,383</u>	<u>5,959</u>	<u>6,517</u>
Total assets		<u>2,494,690</u>	<u>2,533,891</u>	<u>2,487,066</u>	<u>2,525,528</u>	<u>12,960</u>	<u>15,012</u>
Current liabilities							
Trade and other payables	15	15,616	17,956	11,338	13,921	6,687	7,160
Deferred income	16	686	1,092	686	1,092	-	-
Derivative financial instruments	18	-	698	-	698	-	-
Borrowings	17	408,132	134,760	408,132	134,760	-	-
Income tax payables		2,332	3,839	2,219	3,839	113	-
		<u>426,766</u>	<u>158,345</u>	<u>422,375</u>	<u>154,310</u>	<u>6,800</u>	<u>7,160</u>
Net current liabilities		<u>(337,830)</u>	<u>(64,964)</u>	<u>(337,861)</u>	<u>(64,927)</u>	<u>(841)</u>	<u>(643)</u>
Non-current liabilities							
Rental deposits		21,893	21,735	23,689	23,588	-	-
Other payables	15	221	168	-	-	221	168
Deferred income	16(b)	8,837	9,877	10,840	12,154	-	-
Derivative financial instruments	18	4,474	8,666	4,474	8,666	-	-
Borrowings	17	426,884	676,182	426,884	676,182	-	-
Deferred tax liabilities	9	53,085	52,746	53,085	52,746	-	-
		<u>515,394</u>	<u>769,374</u>	<u>518,972</u>	<u>773,336</u>	<u>221</u>	<u>168</u>
Total liabilities		<u>942,160</u>	<u>927,719</u>	<u>941,347</u>	<u>927,646</u>	<u>7,021</u>	<u>7,328</u>
Net assets		<u>1,552,530</u>	<u>1,606,172</u>	<u>1,545,719</u>	<u>1,597,882</u>	<u>5,939</u>	<u>7,684</u>
Represented by:							
Stapled Securityholders' funds							
Stapled Securities in issue and to be issued	19	1,514,692	1,497,064	1,505,175	1,487,599	9,517	9,465
Issue costs	20	(25,764)	(25,764)	(25,759)	(25,759)	(5)	(5)
Revenue reserves		92,571	122,581	104,100	129,556	(3,241)	(1,950)
Hedging reserve	23(a)	573	(2,404)	573	(2,404)	-	-
Foreign currency translation reserve	23(b)	(138,932)	(91,219)	(138,649)	(91,389)	(332)	174
Revaluation reserve	23(c)	9,111	5,635	-	-	-	-
		<u>1,452,251</u>	<u>1,505,893</u>	<u>1,445,440</u>	<u>1,497,603</u>	<u>5,939</u>	<u>7,684</u>
Perpetual Securities holders' funds	21	<u>100,279</u>	<u>100,279</u>	<u>100,279</u>	<u>100,279</u>	<u>-</u>	<u>-</u>
		<u>1,552,530</u>	<u>1,606,172</u>	<u>1,545,719</u>	<u>1,597,882</u>	<u>5,939</u>	<u>7,684</u>
Number of Stapled Securities in issue ('000)	19	<u>1,869,165</u>	<u>1,845,574</u>	<u>1,869,165</u>	<u>1,845,574</u>	<u>1,869,165</u>	<u>1,845,574</u>
Net asset value per Stapled Security (cents)	34	<u>77.70</u>	<u>81.59</u>	<u>77.33</u>	<u>81.15</u>	<u>0.32</u>	<u>0.42</u>

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

	Note	Attributable to Stapled Securityholders							Perpetual Securities holders' funds	Total
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Total \$'000		
FHT										
At 1 October 2017		1,497,064	(25,764)	122,581	(2,404)	(91,219)	5,635	1,505,893	100,279	1,606,172
Total return for the year		-	-	66,520	-	-	-	66,520	-	66,520
Total return for the year, attributable to Perpetual Securities holders		-	-	(4,450)	-	-	-	(4,450)	-	(4,450)
<u>Other comprehensive income</u>										
Effective portion of changes in fair value of cash flow hedges	23(a)	-	-	-	4,522	-	-	4,522	-	4,522
Net change in fair value of cash flow hedges reclassified to total return	23(a)	-	-	-	(1,545)	-	-	(1,545)	-	(1,545)
Foreign currency translation differences	23(b)	-	-	-	-	(47,713)	-	(47,713)	-	(47,713)
Revaluation of property, plant and equipment	23(c)	-	-	-	-	-	3,476	3,476	-	3,476
Total other comprehensive income for the year, net of tax		-	-	-	2,977	(47,713)	3,476	(41,260)	-	(41,260)
Total comprehensive income for the year, net of tax		-	-	62,070	2,977	(47,713)	3,476	20,810	-	20,810
<u>Contributions by and distributions to Stapled Securityholders</u>										
REIT Manager's management fees paid and payable in Stapled Securities		7,401	-	-	-	-	-	7,401	-	7,401
Trustee-Manager's management fees paid and payable in Stapled Securities		52	-	-	-	-	-	52	-	52
Other management fees paid and payable in Stapled Securities		4,705	-	-	-	-	-	4,705	-	4,705
Property management fees paid and payable in Stapled Securities		5,470	-	-	-	-	-	5,470	-	5,470
Distributions to Stapled Securityholders		-	-	(92,080)	-	-	-	(92,080)	-	(92,080)
Total contributions by and distributions to Stapled Securityholders		17,628	-	(92,080)	-	-	-	(74,452)	-	(74,452)
Stapled Securityholders' funds at 30 September 2018		1,514,692	(25,764)	92,571	573	(138,932)	9,111	1,452,251	100,279	1,552,530

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

	Attributable to Stapled Securityholders						Total \$'000	Perpetual Securities holders' funds \$'000	Total \$'000
	Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000			
FHT									
Contributions by and distributions to Perpetual Securities holders									
Total return for the year, attributable to Perpetual Securities holders	-	-	-	-	-	-	-	4,450	4,450
Distributions to Perpetual Securities holders	-	-	-	-	-	-	-	(4,450)	(4,450)
Total contributions by and distributions to Perpetual Securities holders, representing Perpetual Securities holders' funds as at 30 September 2018	-	-	-	-	-	-	-	-	-
At 30 September 2018	1,514,692	(25,764)	92,571	573	(138,932)	9,111	1,452,251	100,279	1,552,530

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

	Note	Attributable to Stapled Securityholders						Perpetual Securities holders' funds	Total
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000		
FHT									
At 1 October 2016		1,202,801	(23,482)	60,054	(4,340)	(91,142)	-	1,143,891	100,259 1,244,150
Total return for the year		-	-	156,581	-	-	-	156,581	- 156,581
Total return for the year, attributable to Perpetual Securities holders		-	-	(4,450)	-	-	-	(4,450)	- (4,450)
<u>Other comprehensive income</u>									
Effective portion of changes in fair value of cash flow hedges	23(a)	-	-	-	4,941	-	-	4,941	- 4,941
Net change in fair value of cash flow hedges reclassified to total return	23(a)	-	-	-	(3,005)	-	-	(3,005)	- (3,005)
Foreign currency translation differences	23(b)	-	-	-	-	(77)	-	(77)	- (77)
Revaluation of property, plant and equipment	23(c)	-	-	-	-	-	5,635	5,635	- 5,635
Total other comprehensive income for the year, net of tax		-	-	-	1,936	(77)	5,635	7,494	- 7,494
Total comprehensive income for the year, net of tax		-	-	152,131	1,936	(77)	5,635	159,625	- 159,625
<u>Contributions by and distributions to Stapled Securityholders</u>									
Issue costs	20	-	(2,282)	-	-	-	-	(2,282)	- (2,282)
REIT Manager's management fees paid and payable in Stapled Securities	19	10,663	-	-	-	-	-	10,663	- 10,663
Trustee-Manager's management fees paid and payable in Stapled Securities	19	65	-	-	-	-	-	65	- 65
Other management fees paid and payable in Stapled Securities	19	6,273	-	-	-	-	-	6,273	- 6,273
Property management fees paid and payable in Stapled Securities	19	8,561	-	-	-	-	-	8,561	- 8,561
Acquisition fee paid in Stapled Securities	19	2,447	-	-	-	-	-	2,447	- 2,447
Rights Issue	19	266,254	-	-	-	-	-	266,254	- 266,254
Distributions to Stapled Securityholders		-	-	(89,604)	-	-	-	(89,604)	- (89,604)
Total contributions by and distributions to Stapled Securityholders		294,263	(2,282)	(89,604)	-	-	-	202,377	- 202,377
Stapled Securityholders' funds at 30 September 2017		1,497,064	(25,764)	122,581	(2,404)	(91,219)	5,635	1,505,893	100,259 1,606,152

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

		Attributable to Stapled Securityholders							
Note	Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Total \$'000	Perpetual Securities holders' funds \$'000	Total \$'000
FHT									
<u>Contributions by and distributions to Perpetual Securities holders</u>									
Issue costs	22	-	-	-	-	-	-	20	20
Total return for the year, attributable to Perpetual Securities holders		-	-	-	-	-	-	4,450	4,450
Distributions to Perpetual Securities holders		-	-	-	-	-	-	(4,450)	(4,450)
Total contributions by and distributions to Perpetual Securities holders, representing Perpetual Securities holders' funds as at 30 September 2017		-	-	-	-	-	-	20	20
At 30 September 2017		1,497,064	(25,764)	122,581	(2,404)	(91,219)	5,635	1,505,893	100,279 1,606,172

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

Note	Attributable to Stapled Securityholders						Perpetual Securities holders' funds \$'000	Total \$'000
	Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000		
FH-REIT Group								
At 1 October 2017	1,487,599	(25,759)	129,556	(2,404)	(91,389)	1,497,603	100,279	1,597,882
Total return for the year	-	-	70,561	-	-	70,561	-	70,561
Total return for the year, attributable to Perpetual Securities holders	-	-	(4,450)	-	-	(4,450)	-	(4,450)
<u>Other comprehensive income</u>								
Effective portion of changes in fair value of cash flow hedges	23(a)	-	-	-	4,522	-	4,522	-
Net change in fair value of cash flow hedges reclassified to total return	23(a)	-	-	-	(1,545)	-	(1,545)	-
Foreign currency translation differences	23(b)	-	-	-	-	(47,260)	(47,260)	-
Total other comprehensive income for the year, net of tax		-	-	-	2,977	(47,260)	(44,283)	-
Total comprehensive income for the year, net of tax		-	-	66,111	2,977	(47,260)	21,828	-
<u>Contributions by and distributions to Stapled Securityholders</u>								
REIT Manager's management fees paid and payable in Stapled Securities		7,401	-	-	-	-	7,401	-
Other management fees paid and payable in Stapled Securities		4,705	-	-	-	-	4,705	-
Property management fees paid and payable in Stapled Securities		5,470	-	-	-	-	5,470	-
Distributions to Stapled Securityholders		-	-	(91,567)	-	-	(91,567)	-
Total contributions by and distributions to Stapled Securityholders		17,576	-	(91,567)	-	-	(73,991)	-
Stapled Securityholders' funds at 30 September 2018								
	1,505,175	(25,759)	104,100	573	(138,649)	1,445,440	100,279	1,545,719

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

	Attributable to Stapled Securityholders					Total \$'000	Perpetual Securities holders' funds \$'000	Total \$'000
	Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000			
FH-REIT Group								
<u>Contributions by and distributions to Perpetual Securities holders</u>								
Total return for the year, attributable to Perpetual Securities holders	-	-	-	-	-	-	4,450	4,450
Distributions to Perpetual Securities holders	-	-	-	-	-	-	(4,450)	(4,450)
Total contributions by and distributions to Perpetual Securities holders, representing Perpetual Securities holders' funds as at 30 September 2018	-	-	-	-	-	-	-	-
At 30 September 2018	1,505,175	(25,759)	104,100	573	(138,649)	1,445,440	100,279	1,545,719

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

	Note	Attributable to Stapled Securityholders						Perpetual Securities holders' funds	Total
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000		
FH-REIT Group									
At 1 October 2016		1,202,791	(23,482)	60,074	(4,340)	(91,142)	1,143,901	100,259	1,244,160
Total return for the year		-	-	163,496	-	-	163,496	-	163,496
Total return for the year, attributable to Perpetual Securities holders		-	-	(4,450)	-	-	(4,450)	-	(4,450)
<u>Other comprehensive income</u>									
Effective portion of changes in fair value of cash flow hedges	23(a)	-	-	-	4,941	-	4,941	-	4,941
Net change in fair value of cash flow hedges reclassified to total return	23(a)	-	-	-	(3,005)	-	(3,005)	-	(3,005)
Foreign currency translation differences	23(b)	-	-	-	-	(247)	(247)	-	(247)
Total other comprehensive income for the year, net of tax		-	-	-	1,936	(247)	1,689	-	1,689
Total comprehensive income for the year, net of tax		-	-	159,046	1,936	(247)	160,735	-	160,735
<u>Contributions by and distributions to Stapled Securityholders</u>									
Issue costs	20	-	(2,277)	-	-	-	(2,277)	-	(2,277)
REIT Manager's management fees paid and payable in Stapled Securities	19	10,663	-	-	-	-	10,663	-	10,663
Other management fees paid and payable in Stapled Securities	19	6,273	-	-	-	-	6,273	-	6,273
Property management fees paid and payable in Stapled Securities	19	8,561	-	-	-	-	8,561	-	8,561
Acquisition fee paid in Stapled Securities	19	2,413	-	-	-	-	2,413	-	2,413
Rights Issue	19	256,898	-	-	-	-	256,898	-	256,898
Distributions to Stapled Securityholders		-	-	(89,564)	-	-	(89,564)	-	(89,564)
Total contributions by and distributions to Stapled Securityholders		284,808	(2,277)	(89,564)	-	-	192,967	-	192,967
Stapled Securityholders' funds at 30 September 2017		1,487,599	(25,759)	129,556	(2,404)	(91,389)	1,497,603	100,259	1,597,862

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

		Attributable to Stapled Securityholders						
Note	Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000	Perpetual Securities holders' funds \$'000	Total \$'000
FH-REIT Group								
<u>Contributions by and distributions to Perpetual Securities holders</u>								
Issue costs	22	-	-	-	-	-	20	20
Total return for the year, attributable to Perpetual Securities holders		-	-	-	-	-	4,450	4,450
Distributions to Perpetual Securities holders		-	-	-	-	-	(4,450)	(4,450)
Total contributions by and distributions to Perpetual Securities holders, representing Perpetual Securities holders' funds as at 30 September 2017		-	-	-	-	-	20	20
At 30 September 2017		1,487,599	(25,759)	129,556	(2,404)	(91,389)	1,497,603	100,279 1,597,882

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

	Note	Attributable to Stapled Securityholders					Perpetual Securities holders' funds	Total
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000		
FH-BT Group								
At 1 October 2017		9,465	(5)	(1,950)	-	174	7,684	7,684
Total return for the year		-	-	(778)	-	-	(778)	(778)
<u>Other comprehensive income</u>								
Foreign currency translation differences	23(b)	-	-	-	-	(506)	(506)	(506)
Total other comprehensive income for the year, net of tax		-	-	-	-	(506)	(506)	(506)
Total comprehensive income for the year, net of tax		-	-	(778)	-	(506)	(1,284)	(1,284)
<u>Contributions by and distributions to Stapled Securityholders</u>								
Trustee-Manager's management fees paid and payable in Stapled Securities		52	-	-	-	-	52	52
Distributions to Stapled Securityholders		-	-	(513)	-	-	(513)	(513)
Total contributions by and distributions to Stapled Securityholders		52	-	(513)	-	-	(461)	(461)
At 30 September 2018		9,517	(5)	(3,241)	-	(332)	5,939	5,939

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

Statements of Changes in Stapled Securityholders' Funds

YEAR ENDED 30 SEPTEMBER 2018

	Note	Attributable to Stapled Securityholders					Total \$'000	Perpetual Securities holders' funds \$'000	Total \$'000
		Stapled Securities in issue and to be issued \$'000	Issue costs \$'000	Revenue reserves \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000			
FH-BT Group									
At 1 October 2016		10	-	(20)	-	-	(10)	-	(10)
Total return for the year		-	-	(1,890)	-	-	(1,890)	-	(1,890)
<u>Other comprehensive income</u>									
Foreign currency translation differences	23(b)	-	-	-	-	174	174	-	174
Total other comprehensive income for the year, net of tax		-	-	-	-	174	174	-	174
Total comprehensive income for the year, net of tax		-	-	(1,890)	-	174	(1,716)	-	(1,716)
<u>Contributions by and distributions to Stapled Securityholders</u>									
Issue costs	20	-	(5)	-	-	-	(5)	-	(5)
Trustee-Manager's management fees paid and payable in Stapled Securities	19	65	-	-	-	-	65	-	65
Acquisition fee paid in Stapled Securities	19	34	-	-	-	-	34	-	34
Rights Issue	19	9,356	-	-	-	-	9,356	-	9,356
Distributions to Stapled Securityholders		-	-	(40)	-	-	(40)	-	(40)
Total contributions by and distributions to Stapled Securityholders		9,455	(5)	(40)	-	-	9,410	-	9,410
At 30 September 2017		9,465	(5)	(1,950)	-	174	7,684	-	7,684

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

Statements of Cash Flows

YEAR ENDED 30 SEPTEMBER 2018

	Note	FHT		FH-REIT Group		FH-BT Group	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Total return before tax		72,386	185,527	76,589	193,496	(759)	(2,348)
Adjustments for:							
Acquisition fee paid in Stapled Securities	19	–	2,447	–	2,413	–	34
Amortisation of debt upfront costs	8(a)	1,916	1,629	1,916	1,629	–	–
Amortisation of other assets		73	73	73	73	–	–
Depreciation	12	4,290	5,786	–	–	981	2,628
Effect of recognising rental income on a straight-line basis over the lease term	11	(641)	(651)	(755)	(765)	–	–
Effect of recognising rental expense on a straight-line basis over the lease term	16(a)	–	–	–	–	114	114
Finance costs	8(b)	20,597	19,058	20,674	19,132	–	–
Finance income		(473)	(365)	(441)	(344)	(109)	(95)
Net change in fair value of derivative financial instruments		(473)	(12,947)	(473)	(12,947)	–	–
Net change in fair value of investment properties	11	1,386	(97,457)	186	(100,895)	–	–
Non-capitalisable expenses in relation to assets acquisition and Rights Issue	7	–	745	–	680	–	65
Other management fees paid and payable in Stapled Securities		4,705	4,755	4,705	4,755	–	–
Property, plant and equipment written off		16	–	–	–	16	–
Property management fees paid and payable in Stapled Securities, net of withholding tax		5,470	5,605	5,470	5,605	–	–
REIT Manager's management fees paid and payable in Stapled Securities	4(a)	7,401	6,812	7,401	6,812	–	–
Trustee-Manager's management fees paid and payable in Stapled Securities	4(b)	52	65	–	–	52	65
Unrealised loss/(gain) on foreign exchange, net		437	(92)	424	(92)	13	–
Cash generated from operations before working capital changes		117,142	120,990	115,769	119,552	308	463
Changes in working capital:							
Inventories		24	(12)	–	–	24	(12)
Prepayments		(220)	(113)	(213)	27	(7)	(140)
Trade and other receivables		2,499	(1,818)	891	(1,395)	2,122	(2,338)
Trade and other payables		(643)	(866)	(678)	(1,147)	(160)	2,921
Rental deposits		–	–	–	1,746	–	(1,746)
Deferred income		(389)	502	(389)	2,802	–	–
Deferred expense		–	–	–	–	–	(2,346)
Cash generated from/(used in) operations		118,413	118,683	115,380	121,585	2,287	(3,198)
Tax paid		(6,088)	(5,708)	(6,067)	(5,690)	(21)	(18)
Interest income received		473	439	441	344	32	21
Net cash generated from/(used in) operating activities		112,798	113,414	109,754	116,239	2,298	(3,195)

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

Statements of Cash Flows

YEAR ENDED 30 SEPTEMBER 2018

	Note	FHT		FH-REIT Group		FH-BT Group	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisition of investment properties		-	-	-	(231,029)	-	-
Additions to investment properties		(26,180)	(12,765)	(26,180)	(12,765)	-	-
Acquisition of hotel assets/business, net of cash acquired	30	-	(234,125)	-	-	-	(3,096)
Additions to property, plant and equipment	12	(746)	(370)	-	-	-	-
Net cash used in investing activities		(26,926)	(247,260)	(26,180)	(243,794)	-	(3,096)
CASH FLOWS FROM FINANCING ACTIVITIES							
Distributions paid to Stapled Securityholders		(92,080)	(89,604)	(91,567)	(89,564)	(513)	(40)
Distributions paid to Perpetual Securities holders		(4,450)	(4,450)	(4,450)	(4,450)	-	-
Finance costs paid		(20,684)	(17,760)	(20,684)	(17,760)	-	-
Issue costs for Perpetual Securities		-	(43)	-	(43)	-	-
Issue costs in relation to Rights Issue		-	(3,027)	-	(2,957)	-	(70)
Proceeds from Rights Issue	19	-	266,254	-	256,898	-	9,356
Proceeds from borrowings, net of debt upfront costs		364,237	134,774	364,237	134,774	-	-
Repayment of borrowings		(334,079)	(134,150)	(334,079)	(134,150)	-	-
Net cash (used in)/generated from financing activities		(87,056)	151,994	(86,543)	142,748	(513)	9,246
Net (decrease)/increase in cash and cash equivalents		(1,184)	18,148	(2,969)	15,193	1,785	2,955
Cash and cash equivalents at the beginning of the financial year		79,755	64,385	76,796	64,381	2,959	4
Effect of exchange rate changes on cash and cash equivalents		(1,491)	(2,778)	(1,286)	(2,778)	(205)	-
Cash and cash equivalents at the end of the financial year	14	77,080	79,755	72,541	76,796	4,539	2,959

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

Portfolio Statement

AS AT 30 SEPTEMBER 2018

Property	Acquisition date	Tenure	Location	Existing use	Latest valuation \$'000	Valuation date	FHT			
							30 September 2018		30 September 2017	
							At valuation/ carrying value \$'000	Percentage of net assets %	At valuation/ carrying value \$'000	Percentage of net assets %
Investment properties										
InterContinental Singapore	14 July 2014	75 year leasehold expiring in 2089	80 Middle Road, Singapore 188966	Hotel	527,000	30 September 2018	527,000	33.94	535,000	33.32
Fraser Suites Singapore	14 July 2014	75 year leasehold expiring in 2089	491A River Valley Road, Singapore 248372	Serviced Residences	305,000	30 September 2018	305,000	19.65	305,000	18.99
The Westin Kuala Lumpur	14 July 2014	Freehold	199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia	Hotel	138,684	30 September 2018	138,684	8.93	138,202	8.60
ANA Crowne Plaza Kobe	14 July 2014	Freehold	1-Chome, Kitano-Cho Chuo-Ku, Kobe, 650-0002, Japan	Hotel	194,665	30 September 2018	194,665	12.54	189,153	11.78
Sofitel Sydney Wentworth	7 July 2015	75 year leasehold expiring in 2090	61-101 Phillip Street, Sydney, NSW 2000, Australia	Hotel	304,144	30 September 2018	304,144	19.59	327,270	20.38
Novotel Sydney Darling Square	14 July 2014	84 year leasehold expiring in 2098	17 Little Pier Street Darling Harbour, NSW 2000, Australia	Hotel	114,091	30 September 2018	114,091	7.35	111,465	6.94
Fraser Suites Sydney	14 July 2014	75 year leasehold expiring in 2089	488 Kent Street, Sydney, NSW 2000, Australia	Serviced Residences	126,932	30 September 2018	126,932	8.18	136,673	8.51
Park International London	14 July 2014	75 year leasehold expiring in 2089	117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom	Hotel	77,113	30 September 2018	77,113	4.96	74,831	4.66

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

Portfolio Statement

AS AT 30 SEPTEMBER 2018

Property	Acquisition date	Tenure	Location	Existing use	Latest valuation \$'000	Valuation date	FHT			
							30 September 2018		30 September 2017	
							At valuation/ carrying value \$'000	Percentage of net assets %	At valuation/ carrying value \$'000	Percentage of net assets %
ibis Styles London Gloucester Road	14 July 2014	75 year leasehold expiring in 2089	108, 110 and 112 Cromwell Road, London, SW7 4ES, United Kingdom	Hotel	33,481	30 September 2018	33,481	2.15	32,590	2.03
Fraser Place Canary Wharf	14 July 2014	75 year leasehold expiring in 2089	80 Boardwalk Place, London E14 5SF, United Kingdom	Serviced Residences	74,620	30 September 2018	74,620	4.81	72,464	4.51
Fraser Suites Queens Gate	14 July 2014	75 year leasehold expiring in 2089	39B Queens Gate Gardens, London SW7 5RR, United Kingdom	Serviced Residences	106,320	30 September 2018	106,320	6.85	106,511	6.63
Fraser Suites Glasgow	14 July 2014	75 year leasehold expiring in 2089	1-19 Albion Street Glasgow G1 1LH, Scotland, United Kingdom	Serviced Residences	19,412	30 September 2018	19,412	1.25	18,207	1.13
Fraser Suites Edinburgh	14 July 2014	75 year leasehold expiring in 2089	12-26 St Giles Street, Edinburgh EH1 1 PT, Scotland, United Kingdom	Serviced Residences	26,179	30 September 2018	26,179	1.69	26,582	1.65
Maritim Hotel Dresden	15 June 2016	Freehold	Devrientstrasse 10-12, 01067 Dresden, Germany	Hotel	104,226	30 September 2018	104,226	6.71	98,171	6.11
Investment properties							2,151,867	138.60	2,172,119	135.24
Property, plant and equipment										
Novotel Melbourne on Collins	19 October 2016	Freehold	270 Collins Street and 233-239 Collins Street, Melbourne Victoria, Australia	Hotel	248,432*	30 September 2018	248,432*	16.00	267,282*	16.64
Property, plant and equipment							248,432	16.00	267,282	16.64
Other net liabilities							(847,769)	(54.60)	(833,229)	(51.88)
Net assets of FHT							1,552,530	100.00	1,606,172	100.00

* Includes the net book value of capitalised equipment, furniture and fittings.

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

Portfolio Statement

AS AT 30 SEPTEMBER 2018

Property	Acquisition date	Tenure	Location	Existing use	Latest valuation \$'000	Valuation date	FH-REIT Group			
							30 September 2018		30 September 2017	
							At valuation/ carrying value \$'000	Percentage of net assets %	At valuation/ carrying value \$'000	Percentage of net assets %
<u>Investment properties</u>										
InterContinental Singapore	14 July 2014	75 year leasehold expiring in 2089	80 Middle Road, Singapore 188966	Hotel	527,000	30 September 2018	527,000	34.10	535,000	33.48
Fraser Suites Singapore	14 July 2014	75 year leasehold expiring in 2089	491A River Valley Road, Singapore 248372	Serviced Residences	305,000	30 September 2018	305,000	19.73	305,000	19.09
The Westin Kuala Lumpur	14 July 2014	Freehold	199, Jalan Bukit Bintang, Kuala Lumpur, 55100, Malaysia	Hotel	138,684	30 September 2018	138,684	8.97	138,202	8.65
ANA Crowne Plaza Kobe	14 July 2014	Freehold	1-Chome, Kitano-Cho Chuo-Ku, Kobe, 650-0002, Japan	Hotel	194,665	30 September 2018	194,665	12.59	189,153	11.84
Sofitel Sydney Wentworth	7 July 2015	75 year leasehold expiring in 2090	61-101 Phillip Street, Sydney, NSW 2000, Australia	Hotel	304,144	30 September 2018	304,144	19.68	327,270	20.48
Novotel Sydney Darling Square	14 July 2014	84 year leasehold expiring in 2098	17 Little Pier Street Darling Harbour, NSW 2000, Australia	Hotel	114,091	30 September 2018	114,091	7.38	111,465	6.98
Fraser Suites Sydney	14 July 2014	75 year leasehold expiring in 2089	488 Kent Street, Sydney, NSW 2000, Australia	Serviced Residences	126,932	30 September 2018	126,932	8.21	136,673	8.55
Park International London	14 July 2014	75 year leasehold expiring in 2089	117-129 Cromwell Road, South Kensington, London, SW7 4DS, United Kingdom	Hotel	77,113	30 September 2018	77,113	4.99	74,831	4.68

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

Portfolio Statement

AS AT 30 SEPTEMBER 2018

Property	Acquisition date	Tenure	Location	Existing use	Latest valuation \$'000	Valuation date	FH-REIT Group			
							30 September 2018		30 September 2017	
							At valuation/ carrying value \$'000	Percentage of net assets %	At valuation/ carrying value \$'000	Percentage of net assets %
ibis Styles London Gloucester Road	14 July 2014	75 year leasehold expiring in 2089	108, 110 and 112 Cromwell Road, London, SW7 4ES, United Kingdom	Hotel	33,481	30 September 2018	33,481	2.17	32,590	2.04
Fraser Place Canary Wharf	14 July 2014	75 year leasehold expiring in 2089	80 Boardwalk Place, London E14 5SF, United Kingdom	Serviced Residences	74,620	30 September 2018	74,620	4.83	72,464	4.54
Fraser Suites Queens Gate	14 July 2014	75 year leasehold expiring in 2089	39B Queens Gate Gardens, London SW7 5RR, United Kingdom	Serviced Residences	106,320	30 September 2018	106,320	6.88	106,511	6.67
Fraser Suites Glasgow	14 July 2014	75 year leasehold expiring in 2089	1-19 Albion Street Glasgow G1 1LH, Scotland, United Kingdom	Serviced Residences	19,412	30 September 2018	19,412	1.26	18,207	1.14
Fraser Suites Edinburgh	14 July 2014	75 year leasehold expiring in 2089	12-26 St Giles Street, Edinburgh EH1 1 PT, Scotland, United Kingdom	Serviced Residences	26,179	30 September 2018	26,179	1.69	26,582	1.66
Maritim Hotel Dresden	15 June 2016	Freehold	Devrientstrasse 10-12, 01067 Dresden, Germany	Hotel	104,226	30 September 2018	104,226	6.74	98,171	6.14
Novotel Melbourne on Collins	19 October 2016	Freehold	270 Collins Street and 233-239 Collins Street, Melbourne Victoria, Australia	Hotel	245,790	30 September 2018	245,790	15.90	263,396	16.48
Investment properties							2,397,657	155.12	2,435,515	152.42
Other net liabilities							(851,938)	(55.12)	(837,633)	(52.42)
Net assets of FH-REIT Group							1,545,719	100.00	1,597,882	100.00

Independent valuation of the properties was undertaken by valuers mentioned in Note 11 and Note 12. The net changes in fair values of these investment properties and the net changes in revaluation of the property, plant and equipment have been recognised in the Statements of Total Return and Stapled Securityholders' funds respectively in accordance with the Stapled Group's accounting policies.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Trustee-Manager, the REIT Manager and the REIT Trustee on 23 November 2018.

1. GENERAL

Frasers Hospitality Trust ("FHT") is a stapled trust comprising Frasers Hospitality Real Estate Investment Trust ("FH-REIT") and its subsidiaries (collectively, "FH-REIT Group") and Frasers Hospitality Business Trust ("FH-BT") and its subsidiaries (collectively, "FH-BT Group") (collectively, the "Stapled Group").

FH-REIT is a Singapore-domiciled real estate investment trust constituted in Singapore pursuant to the Trust Deed dated 12 June 2014 which was amended by an amending and restating deed dated 20 June 2014 (collectively, the "FH-REIT Trust Deed"). The FH-REIT Trust Deed was entered between Frasers Hospitality Asset Management Pte. Ltd. (the "REIT Manager") and Perpetual (Asia) Limited as trustee of FH-REIT (the "REIT Trustee"). The REIT Trustee is under a duty to take into custody and hold the assets of FH-REIT in trust for the Stapled Securityholders of FH-REIT.

FH-BT is a Singapore-domiciled business trust constituted in Singapore by a Trust Deed dated 20 June 2014 ("FH-BT Trust Deed") and is managed by Frasers Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager").

The securities in each of FH-REIT and FH-BT are stapled together under the terms of a stapling deed dated 20 June 2014 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the "Stapling Deed") and cannot be traded separately. Each stapled security in FHT (the "Stapled Security") comprises a unit of FH-REIT (the "FH-REIT unit") and a unit of FH-BT (the "FH-BT unit").

FHT was formally admitted to the Official List of the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 14 July 2014 (the "Listing Date").

The registered office of the REIT Manager and the Trustee-Manager (collectively, the "Managers") is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 and principal place of business is located at 438 Alexandra Road, #17-01 Alexandra Point, Singapore 119958.

The principal activity of the FH-REIT Group is to invest in income-producing real estate which are used for hospitality purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

FH-BT functions as master lessee and may also undertake certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for FH-REIT.

The consolidated financial statements of the FH-REIT Group relates to FH-REIT and its subsidiaries. The consolidated financial statements of the FH-BT Group relates to FH-BT and its subsidiaries. The consolidated financial statements of the Stapled Group relates to the FH-REIT Group and the FH-BT Group.

Several service agreements are in place in relation to the management of FH-REIT and FH-BT and its properties operations. The fee structures of these services are as follows:

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL (CONT'D)

(a) REIT Manager's fees

(i) Management fees

Pursuant to the FH-REIT Trust Deed, the REIT Manager is entitled to management fees comprising a Base Fee of 0.3% per annum of the value of the FH-REIT's Deposited Property (as defined in the FH-REIT Trust Deed) and Performance Fee of 5.5% per annum of the Distributable Income of FHT in the relevant financial year (calculated before accounting for the FH-REIT Performance Fee and the FH-BT Performance Fee but after accounting for the FH-REIT Base Fee and the FH-BT Base Fee).

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

The REIT Manager may elect to receive the Base Fee and Performance Fee in cash or Stapled Securities, or a combination of cash and Stapled Securities. Any portion of management fees payable in the form of Stapled Securities shall be payable quarterly in arrears (in relation to the Base Fee) or annually (in relation to the Performance Fee) in arrears and any portion of management fees payable in cash shall be payable monthly in arrears (in relation to the Base Fee) or annually in arrears (in relation to the Performance Fee).

As provided for in the FH-REIT Trust Deed, the price of a Stapled Security issued shall be computed based on the volume weighted average price of a Stapled Security for the last 10 business days immediately preceding the relevant period in which the fees accrue.

Any increase in the rate or any change in the structure of the REIT Manager's management fees must be approved by an Extraordinary Resolution at a meeting of the holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

The REIT Manager's change in its election to receive cash or Stapled Securities or a combination of cash and Stapled Securities is not considered as a change in the structure of the REIT Manager's management fees.

(ii) Acquisition fee and divestment fee

The REIT Manager is entitled to:

- an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):
 - (i) the acquisition price of any real estate (excluding stamp duty) purchased by FH-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more Special Purpose Vehicles ("SPVs"), plus any other payments in addition to the acquisition price made by FH-REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);
 - (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-REIT, whether directly or indirectly through a holding of shares, units or any other interest in one or more SPVs, plus any other payments made by FH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of FH-REIT's interest); or

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL (CONT'D)

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

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

- (iii) the acquisition price of any investment purchased by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):
 - (i) the sale price of any real estate sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);
 - (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-REIT's interest); or
 - (iii) the sale price of 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.

The REIT Manager may elect to receive the acquisition fee and divestment fee in the form of cash and/or Stapled Securities provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee should be in the form of Stapled Securities.

(iii) Development management fee

The REIT Manager is entitled to receive development management fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of FH-REIT.

Total Project Costs means the sum of the following (where applicable):

- (i) construction cost based on the project final account prepared by the project quantity surveyor;
- (ii) principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iii) the cost of obtaining all approvals for the project;
- (iv) site staff costs;
- (v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL (CONT'D)

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

(iii) Development management fee (cont'd)

- (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.

Development Project means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FH-REIT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix of the Code of Collective Investment Schemes ("CIS Code") issued by Monetary Authority of Singapore (the "MAS"), shall be complied with for the purposes of such development.

FH-REIT will only undertake development activities within the limits of the Property Funds Appendix.

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

No acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project. For the avoidance of doubt, the REIT Manager shall be entitled to receive an acquisition fee on the land costs.

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

(i) Management fees

Pursuant to the Investment Management Agreements for MIT Australia and each underlying MIT Sub-Trust, the MIT Manager is entitled to a management fee comprising a Base Fee of 0.3% per annum of the total value of MIT Australia's trust property and a Performance Fee of 5.5% of MIT Australia's aggregate earnings before interest, taxes, depreciation and amortisation in the relevant financial year.

There is no double-counting of management fees under the Investment Management Agreements.

(ii) Acquisition fee and divestment fee

In consideration for MIT Manager providing services under each of the Investment Management Agreements in connection with MIT Australia and the underlying sub-trusts, the MIT Manager will be entitled to:

- an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases of:
 - (i) the acquisition price of any real estate purchased by MIT Australia whether directly or indirectly through one or more special purpose vehicles, plus any other payments in addition to the acquisition price made by MIT Australia or a special purpose vehicle to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of MIT Australia's interest);

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL (CONT'D)

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

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

- (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by MIT Australia whether directly or indirectly through one or more special purpose vehicles, plus any other payments made by MIT Australia or a special purpose vehicle to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of MIT Australia's interest); or
 - (iii) the acquisition price of any investment purchased by MIT Australia, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of:
 - (i) the sale price of any real estate sold or divested by MIT Australia whether directly or indirectly through one or more special purpose vehicles, plus any other payments in addition to the sale price received by MIT Australia or a special purpose vehicle from the purchaser in connection with the sale or divestment of the property (pro-rated, if applicable, to the proportion of MIT Australia's interest);
 - (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by MIT Australia, whether directly or indirectly through one or more special purpose vehicles, plus any other payments received by MIT Australia or its special purpose vehicles from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the MIT Australia's interest); or
 - (iii) the sale price of any investment sold or divested by MIT Australia, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

The MIT Manager will also be entitled to be reimbursed for certain expenses properly incurred in relation to performance of its role under the Investment Management Agreements. Except for the development management fee (which may only be paid in cash), the MIT Manager's fees may be paid out of the trust's income or capital, or by an issue of Stapled Securities, or by a combination of these sources as elected by the MIT Trustee subject to and in accordance with the direction of the REIT Manager and the Trustee-Manager.

For the avoidance of doubt, the base fee, performance fee, acquisition fee, divestment fee and development management fee payable to the REIT Manager shall be reduced by the amount of the relevant fee payable to the MIT Manager.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL (CONT'D)

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

(iii) Development management fee

The MIT Manager is entitled to receive a development management fee of 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of MIT Australia or a MIT Sub-Trust.

(c) Kobe Asset Manager's management fees

Pursuant to the Asset Management Agreements for Kobe Excellence TMK and Excellence Prosperity (Japan) K.K., the Kobe Asset Manager is entitled to an annual management fee of Japanese Yen ("JPY") 12.0 million and JPY 3.0 million respectively (exclusive of consumption tax), payable quarterly in arrears.

(d) Asset-Based Securities ("ABS") Servicer fees

Pursuant to the ABS Servicing Agreement for Notable Vision Sdn. Bhd., a Servicer Fee (exclusive of applicable service tax or goods and services tax ("GST")), of Malaysian Ringgit ("MYR") 360,000 per annum, is payable in arrears on a semi-annual basis to the REIT Manager for the provision of its services as Servicer.

(e) FH-REIT Trustee's fees

Pursuant to the FH-REIT Trust Deed, the FH-REIT Trustee's fee is charged to a scaled basis of up to 0.015% per annum of the value of the FH-REIT Deposited Property, subject to a minimum of SGD 15,000 per month, excluding out-of-pocket expenses and GST.

The FH-REIT Trustee's fees are payable monthly in arrears.

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

Pursuant to the Investment Management Agreements,

- (i) MIT Trustee's fees are Australian Dollars ("AUD") 55,000 per annum; and
- (ii) MIT Sub-trustee's fees for FHT Sydney Trusts (i.e. FHT Sydney Trust 1, FHT Sydney Trust 2 and FHT Sydney Trust 3) and FHT Melbourne Trust 1, are AUD 15,000 per annum (per sub-trust) and AUD 13,500 per annum respectively, excluding out-of-pocket expenses and GST.

The Trustee's fees and the MIT Sub-trustee's fees are payable quarterly in arrears. The fees are adjustable yearly by reference to the Australian Consumer Price Index.

(g) Tokutei Mokuteki Kaisha ("TMK") Trustee's fees

Pursuant to the Japan Trust Agreement, the TMK Trustee's fee is JPY 5.4 million per annum and payable quarterly in arrears.

(h) Malaysian Bond Trustee's fees

Pursuant to the ABS Trust Deed, the Malaysian Bond Trustee's fee is MYR 60,000 per annum and payable in advance on an annual basis.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL (CONT'D)

(i) Property management fees

Property management fees payable to Serviced Residence operators, which are companies controlled by a substantial Stapled Securityholder, comprise:

(i) Management Services Fees

Pursuant to the Serviced Residences Management Agreements, the management services fees are as follows:

- a base management fee of 1.0% per annum of the gross operating revenue of the Serviced Residences;
- a marketing fee of 1.0% per annum of the gross operating revenue of the Serviced Residences; and
- an incentive fee of 8.0% per annum of gross operating profit of the Serviced Residences.

(ii) Trademark License Fees

Pursuant to the Serviced Residences Licence Agreement, trademark license fee is 1.0% per annum of the gross operating revenue of the Serviced Residences.

The Serviced Residences operators may receive the management services and trademark license fees in cash or Stapled Securities or a combination of both (as the REIT Manager or Trustee-Manager may elect).

(iii) Technical Services Fees

Pursuant to the Master Technical Services Agreement and the Individual Technical Services Agreement, the technical services fees will be an amount mutually agreed upon subject to a cap of United States Dollar ("USD") 1,500 per Serviced Residence unit which is exclusive of reimbursable expenses. The technical services fees shall be payable when technical services relating to conceptualising, planning, designing, decorating, furnishing and equipping Serviced Residences are provided in connection with any development, re-development, refurbishment, retrofitting, addition and alteration and renovation works.

(j) Trustee-Manager's fees

Pursuant to the FH-BT Trust Deed, the Trustee-Manager is entitled to the following fees:

- (i) a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-BT's Trust Property and Performance Fee of 5.5% per annum of the Distributable Income of FHT in the relevant financial period, payable in the event that FH-BT becomes active; and

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL (CONT'D)

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

- (ii) a trustee fee of a maximum of 0.1% per annum of the value of the FH-BT Trust Property, subject to a minimum fee of SGD 10,000 per month provided that the value of the FH-BT Trust Property is at least SGD 50.0 million, payable in the event that FH-BT becomes active.
- (iii) an acquisition fee of 0.5% for acquisitions from Related Parties and 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of all other cases of any of the following (subject to there being no double-counting):
 - the acquisition price of any real estate purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by FH-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-BT's interest);
 - the equity interest of any vehicle holding directly or indirectly the real estate, the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-BT whether directly or indirectly through one or more SPVs, plus any other payments made by FH-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of FH-BT's interest); or
 - the acquisition price of any investment purchased by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- (iv) a divestment fee of 0.5% for all other cases of any of the following (subject to there being no double-counting):
 - the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by FH-BT, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-BT's interest);
 - the underlying value of any real estate which is taken into account when computing the sale price for the equity interest in any vehicle holding, directly or indirectly the real estate, sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments received by the FH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interest (pro-rated if applicable to the proportion of FH-BT's interest);
 - the sale price of the investment sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of property corporation or other SPVs owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities, provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee should be in the form of Stapled Securities.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL (CONT'D)

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

- (v) a development management fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of FH-BT. Development Project means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or lease by FH-BT, including major development, re-development, retrofitting, addition and alteration and renovations works.

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

No acquisition fee shall be paid when the Trustee-Manager receives the development management fee for a Development Project. For the avoidance of doubt, the Trustee-Manager shall be entitled to receive an acquisition fee on the land costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the FH-REIT Group, the FH-BT Group and the Stapled Group consistently to all periods presented in these financial statements.

2.1 Basis of preparation

The financial statements of the FH-REIT Group and the Stapled Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code of Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the FH-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards in Singapore ("FRSs").

The financial statements of the FH-BT Group have been prepared in accordance with FRSs, the applicable requirements of the Business Trust Act, Chapter 31A of Singapore and the provisions of FH-BT Trust Deed.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

Significant accounting judgements and estimates

The preparation of financial statements in conformity with RAP 7 requires the REIT Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.1 Basis of preparation (cont'd)

(a) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of properties

The Stapled Group's properties are stated at their fair values, which are determined annually. The fair values are based on independent professional valuations conducted annually. The fair value of properties is determined using discounted cash flow method. These fair values may differ from the prices at which the Stapled Group's properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the directors' control, such as overall market conditions. As a result, actual results of operations and realisation of these properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amount of properties is disclosed in the Statements of Financial Position.

(b) *Judgements made in applying accounting policies*

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

Income taxes

The Stapled Group has exposure to income taxes in numerous jurisdictions. Assumptions are required in determining the group-wide provision for income taxes. The ultimate determination of taxability of income and deductibility of expenses from certain transactions are uncertain during the ordinary course of business. The tax computations arising from business combinations would also be subjected to uncertainty and formal assessment by tax authorities. The Stapled Group recognises the liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of provision for taxation, deferred tax assets and liabilities are as disclosed in the Statements of Financial Position.

2.2 Changes in accounting policies

(a) *Revised standards*

The Stapled Group has applied the following amendments for the first time for the annual period beginning on 1 October 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendment to FRS 7)

From 1 October 2017, as a result of the amendments to FRS 7, the Stapled Group has provided additional disclosure in relation to the changes in liabilities and net assets arising from financing activities for the year ended 30 September 2018. Comparative information has not been presented (Note 17).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.3 Basis of consolidation and business combinations

(a) *Stapling*

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

(b) *Subsidiaries*

Subsidiaries are entities controlled by the FH-REIT Group or the FH-BT Group. The FH-REIT Group or the FH-BT Group control an entity when they are exposed to or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through its power over the entity.

(c) *Consolidation*

The financial year of the FH-REIT Group, the FH-BT Group and the Stapled Group ends on 30 September unless otherwise stated. The consolidated financial statements incorporate the financial statements of the FH-REIT Group, the FH-BT Group and the Stapled Group made up to 30 September. The financial statements of subsidiaries are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to conform to the FH-REIT Group, the FH-BT Group and the Stapled Group's significant accounting policies. A list of significant subsidiaries is shown in Note 24.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the FH-REIT Group or the FH-BT Group and the Stapled Group obtain control, and continue to be consolidated until the date that such control ceases.

(d) *Business combinations*

Business combinations are accounted for by applying the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the FH-REIT Group, the FH-BT Group and the Stapled Group incur in connection with a business combination are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is recognised as equity, it is not remeasured and settlement is accounted for within the Stapled Securityholders' Funds. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the Statements of Total Return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Statements of Total Return.

The FH-REIT Group, the FH-BT Group and the Stapled Group elect for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, at the date of acquisition. Other components of non-controlling interests are measured on their acquisition date at fair value, unless another measurement basis is required by another FRS.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.3 Basis of consolidation and business combinations (cont'd)

(d) *Business combinations (cont'd)*

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the FH-REIT Group, the FH-BT Group and the Stapled Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment. Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. When the excess is negative, a bargain purchase is recognised immediately in the Statements of Total Return.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Trust and are presented separately in the Statements of Total Return and Statements of Comprehensive Income, and within the Stapled Securityholders' Funds in the Statements of Financial Position, separately from the Stapled Securityholders' Funds attributable to Stapled Securityholders. Changes in the Stapled Group's ownership interest in a subsidiary that does not result in a loss of control are accounted for as transactions within Stapled Securityholders' Funds. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in Stapled Securityholders' Funds and attributable to Stapled Securityholders of the Trust.

(e) *Property acquisition and business combinations*

Where a property is acquired, via corporate acquisitions or otherwise, the Manager considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The FH-REIT Group, the FH-BT Group and the Stapled Group account for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g. maintenance, cleaning, security, bookkeeping, hotel operations, etc.).

When acquisition of an asset or a group of assets that does not constitute a business, they are not treated as business combinations. In such cases, the acquirer shall identify and recognise the individual identifiable asset acquired and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

2.4 Foreign currencies

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the FH-REIT Group, the FH-BT Group and the Stapled Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "functional currency"). The financial statements of the FH-REIT Group, the FH-BT Group and the Stapled Group are presented in Singapore dollars ("SGD"), which is the functional currency of the FH-REIT Group, the FH-BT Group and the Stapled Group and rounded to the nearest thousand (\$'000), unless otherwise stated.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.4 Foreign currencies (cont'd)

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of each entity at rates of exchange approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are revalued to the functional currency at the rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items measured at historical cost in a foreign currency are recorded using the exchange rates ruling at the date of the initial transaction dates. Non-monetary assets and liabilities measured at fair value in a foreign currency are revalued using the exchange rates at the date that the fair value was measured. Foreign currency differences arising on the settlement of monetary items or revaluing monetary items are recognised in the Statements of Total Return, except for differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in Stapled Securityholders' Funds directly.

(c) *Foreign currency translation*

The results and financial positions of foreign operations are translated into Singapore dollars using the following procedures:

- (i) Assets and liabilities are translated to Singapore dollars at exchange rates at the end of the reporting period; and
- (ii) Income and expenses are translated to Singapore dollars at the average exchange rates for the period, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in the Statement of Comprehensive Income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation, the cumulative amount of exchange differences recognised in other comprehensive income relating to the foreign operation is recognised in the Statements of Total Return as a component of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve on consolidation in Stapled Securityholders' Funds.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the reporting date.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Subsequent to initial recognition, investment properties are measured at fair value. Any gains or losses arising from changes in fair values of the investment properties are recognised in the Statements of Total Return in the period in which they arise.

Fair value is determined at each reporting date in accordance with the FH-REIT Trust Deed. In addition, the investment properties are to be valued by independent professional valuers at least once a year, in accordance with the CIS Code issued by MAS.

Investment properties are de-recognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statements of Total Return in the year of retirement or disposal.

Subsequent expenditure relating to the investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the FH-REIT Group and the Stapled Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

2.6 Property, plant and equipment

All items of property, plant and equipment are measured at cost on initial recognition. Subsequent to the initial recognition, freehold land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses while equipment, furniture and fittings are measured at cost less accumulated depreciation and accumulated impairment losses.

Fair value of the land and buildings is determined at each reporting date. Any increase in valuation on revaluation shall be credited directly to the Stapled Securityholders' Funds. However, the increase shall be recognised in the Statements of Total Return to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statements of Total Return. A revaluation deficit is recognised in the Statements of Total Return, except to the extent that it offsets an existing surplus on the same asset carried in the Stapled Securityholders' Funds.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use and estimate of the costs of dismantling and removing the items and restoring the site on which they are located when the FH-BT Group and the Stapled Group has an obligation to remove the asset or restore the site. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repair are charged to the Statements of Total Return. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the Statements of Total Return.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.6 Property, plant and equipment (cont'd)

Property, plant and equipment except freehold land, are depreciated on the straight line method so as to write-off the cost of the assets over their estimated useful lives. No depreciation is provided on freehold land. The estimated useful lives for the current year is as follows:

- Building 50 years
- Equipment, furniture and fittings 3 to 10 years

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, depreciation method and residual values are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

2.7 Financial assets

(a) Initial recognition and measurement

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised when, and only when, the Stapled Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Stapled Group determines the classification of its financial assets at initial recognition.

(b) Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payment that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Gains and losses are recognised in the Statements of Total Return when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Derecognition

A financial asset is derecognised when the contractual rights to receive cash flow from the asset have expired, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Stapled Group is recognised as a separate asset or liability.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.7 Financial assets (cont'd)

(c) *Derecognition* (cont'd)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the Statements of Total Return.

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when, and only when, the Stapled Group has a legal right to offset and there is intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Receivables

Trade and other receivables, including amounts due from related companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy is stated in Note 2.7.

An allowance is made for uncollectible amounts when there is objective evidence that the Stapled Group will not be able to collect the debt. Bad debts are written off when identified. Further details of accounting policy for impairment of financial assets are stated in Note 2.16.

2.9 Other assets

Other assets comprise operating supplies and equipment. They are stated at cost less accumulated amortisation.

2.10 Inventories

Inventories comprise mainly beverage stocks for the hotel operations.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in and first-out principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

2.11 Cash and cash equivalents

Cash on hand and in banks and fixed deposits which are held to maturity are classified and accounted for as loans and receivables under FRS 39. The accounting policy is stated in Note 2.7.

2.12 Financial liabilities

(a) *Initial recognition and measurement*

Financial liabilities within the scope of FRS 39 are recognised when, and only when, the Stapled Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

(b) *Subsequent measurement*

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.12 Financial liabilities (cont'd)

(c) *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statements of Total Return.

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when, and only when, the Stapled Group has a legal right to offset and there is intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Rental deposits and deferred income and expense

Rental deposits are received from lessees or paid to the lessors of the properties (as the case may be). Deferred income (expense) relates to the difference between the considerations received (paid) for rental deposits and its fair value on initial recognition and it is credited (charged) to the Statements of Total Return as rental income (expense) on a straight-line basis over the individual lease term.

2.14 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in Statements of Total Return over the period of the borrowings using the effective interest method.

2.15 Derivative financial instruments

The Stapled Group uses derivative financial instruments to hedge against risks associated with foreign currency and interest rate fluctuations. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the Statements of Total Return.

Foreign exchange forward contracts are used to hedge its risks associated primarily with foreign currency fluctuations. Interest rate swap contracts are used to hedge its risks associated with interest rate fluctuations. Cross-currency swaps are used to hedge its risks associated with foreign currency fluctuations. It is the Stapled Group's policy not to trade in derivative financial instruments.

Derivatives are initially recognised at fair value; any attributable transaction costs are recognised in the Statements of Total Return on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statements of Total Return.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.15 Derivative financial instruments (cont'd)

The Stapled Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. At the inception of a hedge relationship, the Stapled Group formally designates and documents the hedge relationship to which the Stapled Group wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge, together with the methods that will be used to assess the effectiveness of the hedging relationship. Such hedges are expected to be highly effective in achieving offsetting changes in cash flow of the respective hedged items attributable to the hedged risk and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated, and whether the actual results of each hedge are within a range of 80 - 125%. Hedges which meet the criteria for hedge accounting are accounted for as follows:

(a) *Cash flow hedges*

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the hedging reserve in Stapled Securityholders' Funds while any ineffective portion is recognised immediately in the Statements of Total Return. Amounts recognised as other comprehensive income are transferred to the Statements of Total Return when the hedged transaction affects the Statements of Total Return, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

Where the hedged item is a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, amounts previously recognised in Stapled Securityholders' Funds are transferred to the Statements of Total Return.

(b) *Hedge of net investment in a foreign operation*

In the entities' financial statements, foreign currency differences arising from the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the Statements of Total Return. On consolidation, such differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in the Stapled Securityholders' Funds, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the Statements of Total Return. When the hedge net investment is disposed of, the cumulative amount in other comprehensive income is transferred to the Statements of Total Return.

2.16 Impairment

(a) *Non-financial assets*

The carrying amounts of the Stapled Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.16 Impairment (cont'd)

(a) *Non-financial assets (cont'd)*

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the Statements 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 in the Statements of Total Return only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(b) *Non-derivative financial assets*

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 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 debtors or issuers will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Stapled Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Stapled 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 Stapled Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management'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 Statements of Total Return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Stapled Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statements of Total Return.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.17 Stapled Securityholders' Funds

Stapled Securityholders' Funds represent the Stapled Securityholders' residual interest in the Stapled Group's net assets upon termination.

Expenses incurred in connection with the issuance and placement of Stapled Securities are deducted directly against Stapled Securityholders' Funds.

2.18 Perpetual Securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the FH-REIT Group. As the FH-REIT Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

2.19 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item is classified as an operating lease.

As lessor

The accounting policy for rental income under operating leases is stated in Note 2.21(a). Variable rental are recognised as revenue in the period in which they are earned.

As lessee

Payments made under operating leases are recognised in the Statements of Total Return on a straight-line basis over the term of the lease.

2.20 Distribution policy

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

FH-REIT's distribution policy is to distribute 100% of the Distributable Income ("DI") to the Stapled Securityholders for the period from the Listing Date (14 July 2014) to 30 September 2018, and at least 90% of the DI thereafter.

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

Distributions are made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the six-month period ending on each of the said dates. In accordance with the Trust Deeds, the Managers are required to pay distributions within 90 days of the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the FH-REIT Group, the FH-BT Group and the Stapled Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

(a) *Master lease rental income from operating leases*

Fixed rental income receivable under operating leases is recognised in the Statements of Total Return on a straight-line basis. The aggregate costs of incentives provided to leases are recognised as a reduction of rental income over the lease term on a straight-line basis. Variable rent, which is based on gross turnover or gross operating profit is recognised as income in the accounting period on an accrual basis in the period in which it is earned and the amount can be measured reliably.

(b) *Room revenue and food and beverage revenue*

Revenue from hotel operations is recognised when the relevant rooms and services are rendered to the customers.

(c) *Dividend and distribution income*

Dividend and distribution income is recognised in the Statements of Total Return on the date when the right to receive the payment is established.

2.22 Finance income

Finance income relates to interest income, and is recognised as it accrues in the Statements of Total Return, using the effective interest method.

2.23 Expenses

(a) *Property operating expenses*

Property operating expenses are recognised on an accrual basis in the period that expenses are incurred.

(b) *REIT Manager's fees*

Fees paid or payable to the REIT Manager are recognised on an accrual basis based on the applicable formula as set out in Note 1(a).

(c) *Trustees' fees*

Fees paid or payable to the Trustees are recognised on an accrual basis. Included in trust expenses are the REIT Trustee's fees, MIT's and MIT Sub-Trustee's fees, TMK Trustee's fees, Malaysian Bond Trustee's fees and Trustee-Manager's trustee fees which are based on the applicable formulae as set out in Notes 1(e), (f), (g), (h) and (j)(ii).

(d) *Trustee-Manager's fees*

Fees paid or payable to the Trustee-Manager are recognised on an accrual basis based on the applicable formula as set out in Note 1(j)(i).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.23 Expenses (cont'd)

(e) *Employee benefits*

Defined contribution plans

As required by law, the FH-BT Group and the Stapled Group make contributions to state pensions schemes in accordance with local regulatory requirements. The pension contributions are recognised as compensation expense in the same period as the employment that give rises to the contribution.

Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

2.24 Borrowing costs

Borrowing costs comprise finance costs and debt upfront costs. Finance costs consist mainly interest expense on borrowings. Interest expense is recognised in Statements of Total Return in the period it occurs. Debt upfront costs are recognised in Statements of Total Return using the effective interest method over the tenure of the underlying borrowing.

2.25 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statements of Total Return except to the extent that it relates to items recognised directly in Statement of Changes in Stapled Securityholders' Funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financing reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.25 Taxes (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Stapled Group take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Stapled Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Stapled Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

FH-REIT has obtained tax rulings from the Inland Revenue Authority of Singapore ("IRAS") in respect of Singapore taxation on certain income from the Singapore investment properties and from the properties located overseas.

2.26 Earnings per Stapled Security

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Securityholders of the Stapled Group by the weighted-average number of Stapled Securities outstanding, during the financial period adjusted for own Stapled Securities held. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Securityholders and the weighted-average number of Stapled Securities outstanding adjusted for own Stapled Securities held, for the effects of all dilutive potential Stapled Securities.

2.27 Segment reporting

An operating segment is a component of the FH-REIT Group's, the FH-BT Group's and the Stapled Group that engage in business activities from which they may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the FH-REIT Group's, the FH-BT Group's and the Stapled Group's other components.

Management determines the operating segments based on the reports reviewed by Chief Operating Decision Makers ("CODMs") that are used to make strategic decisions.

CODMs include the Chief Executive Officer, the Chief Financial Officer, the Asset Managers and the Investment Managers. CODMs review the FH-REIT Group's, the FH-BT Group's and the Stapled Group's internal reporting in order to assess performance and operations of the Stapled Group. Management has determined the operating segments based on these assessments. The CODMs consider the segments from a geographic and business perspective as it is based on the management and internal reporting structure.

Segment results and asset include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Unallocated items comprise mainly finance income, finance costs, trust expenses, non-capitalisable expenses in relation to asset acquisition and Rights Issue, and net change in fair value of derivative financial instruments.

Segment capital expenditure is the total costs incurred on investment properties and property, plant and equipment during the financial year.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

2.28 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Stapled Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the Statements of Financial Position of the Stapled Group, except for contingent liabilities assumed in a business combination (as the case may be) that are present obligations and which the fair values can be reliably determined.

3. STAFF COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Salaries, bonuses and other costs	6,710	6,365	–	–	6,710	6,365
Contributions to defined contribution plans	581	554	–	–	581	554
	7,291	6,919	–	–	7,291	6,919

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

4. MANAGEMENT FEES

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) REIT Manager's management fees						
– Base fee	4,701	4,610	4,701	4,610	–	–
– Performance fee	2,700	2,202	2,700	2,202	–	–
	7,401	6,812	7,401	6,812	–	–
(b) Trustee-Manager's management fees						
– Base fee	41	39	–	–	41	39
– Performance fee	11	26	–	–	11	26
	52	65	–	–	52	65
(c) Other management fees						
– MIT Manager's base fee	2,499	2,310	2,499	2,310	–	–
– MIT Manager's performance fee	2,206	2,445	2,206	2,445	–	–
– Kobe Asset Manager's management fee	183	179	183	179	–	–
– ABS Servicer fee	120	116	120	116	–	–
	5,008	5,050	5,008	5,050	–	–

During the financial year, REIT Manager, Trustee-Manager and MIT Manager fees were paid or payable in Stapled Securities. An aggregate of 16,977,000 (2017: 16,844,000) units were issued or are issuable to the Managers as satisfaction of the management fees incurred, at unit prices ranging from 68.25 cents to 78.54 cents (2017: 64.91 cents to 74.26 cents) per Stapled Security.

5. TRUSTEES' FEES

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trustees' fees						
– FH-REIT Trustee's fees	300	291	300	291	–	–
– Other trustee fees	204	207	204	207	–	–
	504	498	504	498	–	–

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

6. OTHER TRUST EXPENSES

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Audit fees paid and payable to auditor of the Trusts	400	367	349	319	51	48
Non-audit fees paid and payable to auditor of the Trusts	328	426	319	414	9	12
Non-audit fees paid and payable to other auditors	40	112	40	112	-	-
Other expenses	2,431	2,317	2,429	2,317	2	-
	<u>3,199</u>	<u>3,222</u>	<u>3,137</u>	<u>3,162</u>	<u>62</u>	<u>60</u>

In the previous financial year, professional fees of SGD 160,000 were paid to FHT auditors for services performed for the purpose of Rights Issue. The fees has been capitalised as part of the issue cost of Stapled Securities (Note 20).

7. NON-CAPITALISABLE EXPENSES IN RELATION TO ASSET ACQUISITION AND RIGHTS ISSUE

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other expenses	-	745	-	680	-	65

Non-capitalisable expenses relate to one-off items of expense of such size, nature or incidence that their disclosure is relevant to explain the performance of FHT for the period arising from non-recurring and non-operating transactions.

In the previous financial year, SGD 745,000 of other non-capitalisable issuance expenses relating to the asset acquisition and Rights Issue were expensed off. Of which, professional fees of SGD 68,000 were paid to FHT auditors for their services performed.

8. FINANCE COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Amortisation of debt upfront costs	<u>1,916</u>	<u>1,629</u>	<u>1,916</u>	<u>1,629</u>	<u>-</u>	<u>-</u>
(b) Finance costs						
- Interest expense on loans and borrowings	20,085	18,556	20,085	18,556	-	-
- Others	512	502	589	576	-	-
	<u>20,597</u>	<u>19,058</u>	<u>20,674</u>	<u>19,132</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

9. TAXATION

For Singapore income tax purposes, FHT is not a taxable entity. Instead, FH-REIT and FH-BT are subject to tax separately based on their own characteristics as a real estate investment trust and a registered business trust respectively.

FH-REIT has been granted tax transparency treatment in respect of certain income derived from the Singapore properties, as well as tax exemption under Section 13(12) of the Singapore Income Tax Act in respect of certain foreign-sourced income derived from their respective overseas subsidiaries, subject to meeting certain conditions.

FH-BT which is registered as a business trust in Singapore under the Business Trust Act will be treated like a company under the one-tier corporate tax system for Singapore income tax purposes. Consequently, FH-BT will be assessed to Singapore income tax on its taxable income, if any, at the prevailing corporate tax rate in accordance with the Singapore Income Tax Act.

The income tax expense is in respect of taxes paid by the Stapled Group's operations in Singapore, Australia, UK, Japan, Malaysia and Germany.

Subject to full compliance with the terms and conditions of the following Tax Rulings, the taxation of FH-REIT Group is as follows:

(i) Tax Ruling 1

FH-REIT has obtained the Tax Transparency Ruling from the Inland Revenue Authority of Singapore ("IRAS") in respect of the "**Specified Taxable Income**" (as defined herein) derived from the InterContinental Singapore and Fraser Suites Singapore (collectively the "Singapore investment properties"). Such income includes rent and income from or ancillary to the management or holding of the Singapore investment properties, as well as interest income from the placement of cash surpluses in bank deposits, but not gains from the disposal of the Singapore investment properties.

Subject to the terms and conditions of the Tax Transparency Ruling, FH-REIT will not be taxed on Specified Taxable Income distributed to the Stapled Securityholders in the year in which the income was derived. Instead, the REIT Trustee and the REIT Manager would undertake to deduct income tax at source at the prevailing corporate tax rate from distributions made to certain Stapled Securityholders out of such Specified Taxable Income.

The application of the Tax Transparency Ruling is conditional upon the REIT Trustee and the REIT Manager fulfilling certain terms and conditions including distribution of at least 90.0% of Specified Taxable Income by the REIT Trustee to the Stapled Securityholders in the year in which the income is derived by the REIT Trustee.

(ii) Tax Ruling 2

FH-REIT has obtained Foreign-Sourced Income Tax Exemption Rulings from the IRAS on the Singapore taxation of certain foreign-sourced income in respect of the properties located in Australia, UK, Malaysia, Japan and Germany. Such income will be regarded as Tax Exempt Income of FH-REIT under Section 13(12) of the Income Tax Act. The Foreign-Sourced Income Tax Exemption Rulings are granted subject to certain conditions.

(iii) Singapore sourced dividends

Dividend income received by FH-REIT from the Singapore subsidiaries will not be subject to Singapore income tax in the hands of the REIT Trustee. They will be regarded as Tax Exempt Income of FH-REIT.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

9. TAXATION (CONT'D)

(iv) Return of capital to FH-REIT

Any return of capital received by FH-REIT from its Singapore subsidiaries and/or MIT Australia is capital in nature and hence, is not taxable in the hands of the REIT Trustee.

Tax expense/(credit)

The major components of tax expense/(credit) for the financial year ended 30 September 2018 are:

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statements of Total Return						
Current tax expense						
– Current year income tax	3,029	2,825	2,913	2,825	116	–
– Overprovision in respect of prior year	(114)	(50)	(114)	(50)	–	–
	2,915	2,775	2,799	2,775	116	–
Deferred tax credit						
– Provision and accruals	217	(272)	–	–	217	(272)
– Origination and reversal of temporary differences	(335)	(206)	–	–	(335)	(206)
	(118)	(478)	–	–	(118)	(478)
Deferred tax expense						
– Origination and reversal of temporary differences	2,366	23,979	2,547	24,575	–	–
Withholding tax expense	703	2,670	682	2,650	21	20
	5,866	28,946	6,028	30,000	19	(458)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

9. TAXATION (CONT'D)

Relationship between tax expense/(credit) and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the prevailing corporate tax rate for the financial year ended 30 September 2018 is as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total return for the year before tax	72,386	185,527	76,589	193,496	(759)	(2,348)
Tax at the domestic rates applicable to profits in the countries where the Stapled Group operates	17,892	51,467	18,718	53,138	(241)	(716)
Adjustments:						
Expenses not deductible for tax purposes	11,297	7,092	9,910	5,875	803	262
Income not subject to tax	(20,968)	(23,503)	(20,312)	(22,885)	(476)	(22)
Tax transparency	(2,402)	(3,408)	(2,402)	(3,408)	–	–
Deferred tax assets not recognised	5	2	5	2	–	–
Utilisation of unrecognised tax losses	(125)	(4,915)	(37)	(4,915)	(88)	–
Overprovision of prior year tax	(114)	(50)	(114)	(50)	–	–
Withholding tax	703	2,670	682	2,650	21	20
Others	(422)	(409)	(422)	(407)	–	(2)
	5,866	28,946	6,028	30,000	19	(458)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Deferred tax assets

Deferred tax assets as at 30 September 2018 shown on the Statements of Financial Position (prior to offsetting of balances) are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets (non-current):						
Provision and accruals	43	273	–	–	43	273
Unabsorbed capital allowances	517	206	–	–	517	206
	560	479	–	–	560	479

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

9. TAXATION (CONT'D)

The movements in the deferred tax assets are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 October	(479)	–	–	–	(479)	–
Recognised in Statements of Total Return	(118)	(478)	–	–	(118)	(478)
Translation differences	37	(1)	–	–	37	(1)
At 30 September	(560)	(479)	–	–	(560)	(479)

Deferred tax liabilities

Deferred tax liabilities as at 30 September 2018 shown on the Statements of Financial Position (prior to offsetting of balances) are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Deferred tax liabilities (non-current):						
Arising from acquisition of subsidiaries	4,466	4,450	4,466	4,450	–	–
Fair value gain on investment properties	43,104	41,235	43,832	41,831	–	–
Revaluation gain on property, plant and equipment	728	596	–	–	–	–
Others	4,787	6,465	4,787	6,465	–	–
	53,085	52,746	53,085	52,746	–	–

The movements in the deferred tax liabilities are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 October	52,746	29,049	52,746	29,049	–	–
Recognised in Statements of Total Return	2,366	23,979	2,547	24,575	–	–
Recognised in Stapled Securityholders' Funds	175	596	–	–	–	–
Translation differences	(2,202)	(878)	(2,208)	(878)	–	–
At 30 September	53,085	52,746	53,085	52,746	–	–

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

10. EARNINGS PER STAPLED SECURITY

The calculation of basic earnings per Stapled Security is based on:

	FHT	
	2018	2017
Total return for the year attributable to Stapled Securityholders (\$'000)	62,070	152,131
Issued Stapled Securities at beginning of the year ('000)	1,845,574	1,379,842
Effect of management fees and acquisition fee paid/payable in Stapled Securities ('000)	21,851	21,650
Effect of Stapled Securities issued under Rights Issue ('000)	–	422,194
Weighted average number of Stapled Securities during the year ('000)	1,867,425	1,823,686
Basic Earnings per Stapled Security (cents)	3.32	8.34

The calculation of diluted earnings per Stapled Security is based on:

	FHT	
	2018	2017
Total return for the year attributable to Stapled Securityholders (\$'000)	62,070	152,131
Weighted average number of Stapled Securities (basic) ('000)	1,867,425	1,823,686
Effect of Rights Issue and contingently issuable Stapled Securities ('000)	18,238	37,501
Weighted average number of Stapled Securities (diluted) ('000)	1,885,663	1,861,187
Diluted Earnings per Stapled Security (cents)	3.29	8.17

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

11. INVESTMENT PROPERTIES

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statements of Financial Position:						
At 1 October	2,172,119	2,058,413	2,435,515	2,058,413	-	-
Acquisition	-	-	-	255,114	-	-
Subsequent capital expenditure incurred	26,399	14,945	26,399	14,945	-	-
Net fair value change	(1,386)	97,457	(186)	100,895	-	-
Translation differences	(45,265)	1,304	(64,071)	6,148	-	-
At 30 September	2,151,867	2,172,119	2,397,657	2,435,515	-	-
Statements of Total Return:						
Rental revenue from investment properties:						
- Minimum lease payments	58,142	58,236	64,128	64,485	-	-
- Variable rent based on lessees' gross operating revenue and/or gross operating profit	61,161	65,397	70,700	74,500	-	-
- Effect of recognising rental income on a straight-line basis over lease term	641	651	755	765	-	-
	119,944	124,284	135,583	139,750	-	-

The investment properties as at 30 September 2018 are as follows:

	FHT		FH-REIT Group	
	Carrying value		Carrying value	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
InterContinental Singapore	527,000	535,000	527,000	535,000
Fraser Suites Singapore	305,000	305,000	305,000	305,000
The Westin Kuala Lumpur	138,684	138,202	138,684	138,202
ANA Crowne Plaza Kobe	194,665	189,153	194,665	189,153
Sofitel Sydney Wentworth	304,144	327,270	304,144	327,270
Novotel Sydney Darling Square	114,091	111,465	114,091	111,465
Fraser Suites Sydney	126,932	136,673	126,932	136,673
Park International London	77,113	74,831	77,113	74,831
ibis Styles London Gloucester Road	33,481	32,590	33,481	32,590
Fraser Place Canary Wharf	74,620	72,464	74,620	72,464
Fraser Suites Queens Gate	106,320	106,511	106,320	106,511
Fraser Suites Glasgow	19,412	18,207	19,412	18,207
Fraser Suites Edinburgh	26,179	26,582	26,179	26,582
Maritim Hotel Dresden	104,226	98,171	104,226	98,171
Novotel Melbourne on Collins	-	-	245,790	263,396
	2,151,867	2,172,119	2,397,657	2,435,515

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

11. INVESTMENT PROPERTIES (CONT'D)

Independent valuation of the investment properties was undertaken by the following independent valuers:

Country	2018	2017
Singapore	HVS Singapore	HVS Singapore
Malaysia	Henry Butcher Malaysia Sdn Bhd	Henry Butcher Malaysia Sdn Bhd
Japan	Japan Valuers Co. Ltd.	Japan Valuers Co. Ltd.
Australia	HVS Singapore	HVS Singapore
UK	HVS London	HVS London
Germany	HVS London	HVS London

In relying on the valuation reports, the REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of market conditions prevailing at the end of the financial year. Details of valuation techniques and inputs used are disclosed in Note 29.

Investment property pledged as security

As at 30 September 2018 and 30 September 2017, The Westin Kuala Lumpur is mortgaged to secure the Medium Term Notes issued by a subsidiary (Note 17).

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and Building \$'000	Equipment, furniture and fittings \$'000	Total \$'000
FHT			
Cost			
At 1 October 2016	–	–	–
Acquisition	255,114	6,396	261,510
Additions	–	370	370
Net change in revaluation	6,231	–	6,231
Elimination of accumulated depreciation on revaluation	(3,137)	–	(3,137)
Translation differences	4,839	120	4,959
At 30 September 2017	263,047	6,886	269,933
At 1 October 2017	263,047	6,886	269,933
Additions	–	746	746
Written off	–	(30)	(30)
Net change in revaluation	3,651	–	3,651
Elimination of accumulated depreciation on revaluation	(3,213)	–	(3,213)
Translation differences	(18,651)	(512)	(19,163)
At 30 September 2018	244,834	7,090	251,924

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and Building \$'000	Equipment, furniture and fittings \$'000	Total \$'000
FHT			
<i>Accumulated depreciation</i>			
At 1 October 2016	-	-	-
Depreciation	(3,137)	(2,649)	(5,786)
Elimination of accumulated depreciation on revaluation	3,137	-	3,137
Translation differences	-	(2)	(2)
At 30 September 2017	-	(2,651)	(2,651)
At 1 October 2017	-	(2,651)	(2,651)
Depreciation	(3,213)	(1,077)	(4,290)
Written off	-	14	14
Elimination of accumulated depreciation on revaluation	3,213	-	3,213
Translation differences	-	222	222
At 30 September 2018	-	(3,492)	(3,492)
<i>Carrying amounts</i>			
At 1 October 2016	-	-	-
At 30 September 2017	263,047	4,235	267,282
At 30 September 2018	244,834	3,598	248,432
		Equipment, furniture and fittings \$'000	
FH-BT Group			
<i>Cost</i>			
At 1 October 2016			-
Acquisition			6,396
Additions			-
Translation differences			120
At 30 September 2017			6,516
At 1 October 2017			6,516
Additions			-
Written off			(30)
Translation differences			(464)
At 30 September 2018			6,022

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Equipment, furniture and fittings \$'000
FH-BT Group	
Accumulated depreciation	
At 1 October 2016	–
Depreciation	(2,628)
Translation differences	(2)
At 30 September 2017	(2,630)
At 1 October 2017	(2,630)
Depreciation	(981)
Written off	14
Translation differences	217
At 30 September 2018	(3,380)
Carrying amounts	
At 1 October 2016	–
At 30 September 2017	3,886
At 30 September 2018	2,642

Independent valuation of the freehold land and building was undertaken by the HVS Singapore on 30 September 2018. In relying on the valuation report, the REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of market conditions prevailing at the end of the financial year. Details of the valuation techniques and inputs used are disclosed in Note 29.

The carrying amount of the freehold land and buildings as at 30 September 2018 would be SGD 235.1 million (2017: SGD 256.6 million) if the property had been measured using the cost model.

13. TRADE AND OTHER RECEIVABLES

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables:						
– related companies of the REIT Manager	4,952	5,495	4,952	5,495	–	–
– FH-BT Group	–	–	984	2,478	–	–
– third parties	725	2,679	–	–	725	2,679
	5,677	8,174	5,936	7,973	725	2,679
Other receivables:						
– related parties	170	176	170	176	–**	–**
– FH-BT Group	–	–	553	41	–	–
– net VAT*/ GST receivable	1,119	894	1,119	894	–	–
– third parties	2,577	2,363	2,170	1,789	407	574
	3,866	3,433	4,012	2,900	407	574
Accrued interest income	1	1	1	1	–	–
Deposits	10	299	10	299	–	–
Total trade and other receivables	9,554	11,907	9,959	11,173	1,132	3,253

* VAT: value added tax

** Denotes amount less than \$1,000

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

13. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivable from related companies of the REIT Manager and FH-BT Group are the master lessees of FH-REIT Group's properties. There is no impairment loss arising from these outstanding balances.

Other receivables from related parties and from the FH-BT Group are unsecured, interest free and repayable on demand. There is no impairment loss arising from these outstanding balances.

The ageing of trade receivables at the end of the financial year is:

	Gross 2018 \$'000	Gross 2017 \$'000
FHT		
Not past due	5,587	8,014
Past due 1 – 30 days	90	151
Past due 31 – 60 days	–*	3
Past due 61 – 90 days	–	6
	<u>5,677</u>	<u>8,174</u>
FH-REIT Group		
Not past due	<u>5,936</u>	<u>7,973</u>
FH-BT Group		
Not past due	635	2,519
Past due 1 – 30 days	90	151
Past due 31 – 60 days	–*	3
Past due 61 – 90 days	–	6
	<u>725</u>	<u>2,679</u>

* Denotes amount less than \$1,000

There were no receivables impaired at the reporting date.

Based on historical default rates, the FH-REIT Group and the FH-BT Group believes that no impairment is necessary in respect of trade receivables not past due. These receivables related to customers that have a good credit record with the FH-REIT Group and the FH-BT Group.

14. CASH AND CASH EQUIVALENTS

	FHT		FH-REIT Group		FH-BT Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash and cash at bank	73,954	75,444	69,415	72,485	4,539	2,959
Fixed deposits	3,126	4,311	3,126	4,311	–	–
Total cash and cash equivalents	77,080	79,755	72,541	76,796	4,539	2,959

Cash and cash equivalents denominated in foreign currencies are disclosed in Note 28(a)(i).

Notes to the Financial Statements

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15. TRADE AND OTHER PAYABLES

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current						
Trade payables						
– related companies of the REIT Manager	180	–	180	–	–	–
– FH-REIT Group	–	–	–	–	984	2,478
– third parties	745	735	315	311	430	424
	925	735	495	311	1,414	2,902
Other payables						
– related companies of the REIT Manager	347	401	347	401	–	–
– FH-REIT Group	–	–	–	–	553	41
– Advanced deposits	2,045	1,454	–	–	2,045	1,454
– net VAT/GST payable	3,455	1,997	3,320	1,888	135	109
– third parties	453	3,305	451	3,303	2	1
	6,300	7,157	4,118	5,592	2,735	1,605
Accruals						
– interest	3,840	4,489	3,840	4,489	–	–
– others	4,551	5,575	2,885	3,529	2,538	2,653
	8,391	10,064	6,725	8,018	2,538	2,653
Non-current						
Provision for employee benefits	221	168	–	–	221	168
Total trade and other payables	15,837	18,124	11,338	13,921	6,908	7,328
Represented by :						
– Current	15,616	17,956	11,338	13,921	6,687	7,160
– Non-current	221	168	–	–	221	168
	15,837	18,124	11,338	13,921	6,908	7,328

Amounts due to related companies of the REIT Manager and amount due to FH-REIT Group are unsecured, interest free and repayable on demand.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

16. DEFERRED EXPENSE AND INCOME

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Deferred expense (Non-current)						
Cost						
At 1 October	-	-	-	-	2,391	-
Additions	-	-	-	-	-	2,380
Translation differences	-	-	-	-	(171)	11
At 30 September	-	-	-	-	2,220	2,391
Accumulated amortisation						
At 1 October	-	-	-	-	(114)	-
Charge for the financial year	-	-	-	-	(114)	(114)
Translation differences	-	-	-	-	11	-*
At 30 September	-	-	-	-	(217)	(114)
Net deferred expense	-	-	-	-	2,003	2,277
(b) Deferred income (Non-current)						
Cost						
At 1 October	11,765	11,623	14,155	11,623	-	-
Additions	-	-	-	2,380	-	-
Translation differences	(480)	142	(650)	152	-	-
At 30 September	11,285	11,765	13,505	14,155	-	-
Accumulated amortisation						
At 1 October	(1,888)	(1,219)	(2,001)	(1,218)	-	-
Charge for the financial year	(641)	(651)	(755)	(765)	-	-
Translation differences	81	(18)	91	(18)	-	-
At 30 September	(2,448)	(1,888)	(2,665)	(2,001)	-	-
Net deferred income	8,837	9,877	10,840	12,154	-	-

* Denotes amount less than \$1,000

Deferred expense (non-current) relates to the difference between the considerations paid for a rental deposit arising from FH-BT Group master lease with FH-REIT Group and its fair value on initial recognition and is charged to the Statements of Total Return as rental expense on a straight-line basis over the individual lease term.

Deferred income (non-current) relates to the difference between the considerations received from related companies of the REIT Manager for rental deposits arising from FH-REIT Group master leases and its fair value on initial recognition and is credited to the Statements of Total Return as rental income on a straight-line basis over the individual lease term.

Deferred income (current) relates mainly to one month fixed rental income received in advance from related companies of the REIT Manager.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

17. BORROWINGS

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current						
Medium term notes (secured)	–	30,533	–	30,533	–	–
Fixed rate notes (unsecured)	240,000	120,000	240,000	120,000	–	–
Bonds (unsecured)	–	28,311	–	28,311	–	–
Bank loans (unsecured)	188,536	500,000	188,536	500,000	–	–
Less: unamortised transaction costs	(1,652)	(2,662)	(1,652)	(2,662)	–	–
	426,884	676,182	426,884	676,182	–	–
Current						
Medium term notes (secured)	31,369	–	31,369	–	–	–
Bonds (unsecured)	28,412	–	28,412	–	–	–
Bank loans (unsecured)	349,000	134,854	349,000	134,854	–	–
Less: unamortised transaction costs	(649)	(94)	(649)	(94)	–	–
	408,132	134,760	408,132	134,760	–	–
Total borrowings	835,016	810,942	835,016	810,942	–	–

Medium Term Notes (secured)

A Medium Term Note – Senior Bond of MYR 95.0 million (equivalent to SGD 31.4 million) (2017: MYR 95.0 million (equivalent to SGD 30.5 million)) is secured by The Westin Kuala Lumpur with a carrying amount of SGD 138.7 million (2017: SGD 138.2 million). At the end of the financial year, the Senior Bond has been fully issued.

Fixed Rate Notes (unsecured)

FH-REIT and its wholly-owned subsidiary, FH-REIT Treasury Pte. Ltd. (the “Issuers” and each an “Issuer”) have in place a SGD 1.0 billion Multicurrency Debt Issuance Programme (the “Programme”). Under the Programme, the Issuers may issue notes and/or perpetual securities (Note 21).

At the end of the financial year, an aggregate principal amount of SGD 240.0 million (2017: SGD 120.0 million) fixed rate notes have been issued by FH-REIT Treasury Pte. Ltd.. These comprise:

- SGD 120.0 million (2017: SGD 120.0 million) of 5-year fixed rate notes; and
- SGD 120.0 million (2017: nil) of 7-year fixed rate notes.

SGD 660.0 million (2017: SGD 780.0 million) of the Programme remains unutilised.

Bonds (unsecured)

FH-REIT’s indirect subsidiary, Kobe Excellence TMK, issued unsecured Japanese Yen-denominated bonds Kobe Excellence TMK Series 1 Bond of JPY 2.35 billion (equivalent to SGD 28.4 million) (2017: JPY 2.35 billion (equivalent to SGD 28.3 million)). The bonds carry a variable interest rate of Japanese Yen London Interbank Offered Rates (“JPY LIBOR”) + 1.28% per annum. At the end of the financial year, the bonds have been fully issued.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

17. BORROWINGS (CONT'D)

Bank loans (unsecured)

As at the end of the financial year, the FH-REIT Group has the following facilities:

Facilities fully drawn down

- FH-REIT's indirect subsidiary, FHT Sydney Trust 3, secured a AUD 120.0 million (SGD 118.5 million) (2017: AUD 117.2 million (SGD 124.7 million)) term loan facility. Perpetual (Asia) Limited (in its capacity as trustee for FH-REIT) has provided a corporate guarantee to the lending bank in respect of the AUD 120.0 million term loan. At the end of the financial year, this facility was fully drawn down.
- The Term Loan Facilities ("TLF") of SGD 615.0 million are unsecured. The TLF comprises the following tranches: Tranche A – up to SGD 115.0 million; and Tranche B – up to SGD 500.0 million. Tranche A was fully repaid in the prior financial year. SGD 175.0 million of Tranche B was repaid during the year. At the end of the financial year, the balance of SGD 325.0 million of Tranche B was fully drawn down.
- Term Loan Facility of SGD 70.0 million (2017: nil) is unsecured. At the end of the financial year, this facility was fully drawn down.

Facilities partially drawn down or available for utilisation

- Uncommitted Multi-Currency Short-Term Banking Facilities of SGD 25.0 million (2017: SGD 25.0 million) of which SGD 14.0 million (2017: SGD 14.8 million) remained unutilised. At the end of the financial year, SGD 11.0 million (2017: SGD 10.2 million) of the uncommitted Multi-Currency Short-Term Banking Facilities was utilised.
- Uncommitted Revolving Credit Facility of SGD 50.0 million (2017: nil), of which SGD 37.0 million remained unutilised. At the end of the financial year, SGD 13.0 million of the uncommitted Revolving Credit Facility was utilised.
- Uncommitted Revolving Credit Facility of MYR 4.0 million (equivalent to SGD 1.3 million) (2017: MYR 4.0 million (SGD 1.3 million)) for the purpose of funding the Debt Service Reserve Account (if required) in relation to the Medium Term Notes, which remained unutilised.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

17. BORROWINGS (CONT'D)

Terms and debt repayment structure

	Currency	Nominal Interest rate	Year of maturity	Face Value \$'000	Carrying Value \$'000
FHT and FH-REIT Group 2018					
Medium term notes (secured)	MYR	4.90%	2019	31,369	31,358
Fixed rate notes (unsecured)	SGD	2.63% – 3.08%	2022-2024	240,000	239,223
Bonds (unsecured)	JPY	JPY LIBOR + 1.28%	2019	28,412	28,412
Bank loans (unsecured)	SGD	SOR** + 1.0%	2019-2023	395,000	394,050
Bank loans (unsecured)	AUD	BBSY* + 1.35%	2023	118,536	117,973
Bank loans (unsecured)	SGD	1.70% – 2.46%	2019	24,000	24,000
Total loan and borrowings				837,317	835,016

	Currency	Nominal Interest rate	Year of maturity	Face Value \$'000	Carrying Value \$'000
FHT and FH-REIT Group 2017					
Medium term notes (secured)	MYR	4.90%	2019	30,533	30,510
Fixed rate notes (unsecured)	SGD	2.63%	2022	120,000	119,594
Bonds (unsecured)	JPY	JPY LIBOR + 1.28%	2019	28,311	28,311
Bank loans (unsecured)	SGD	SOR** + 1.0%	2019	500,000	497,767
Bank loans (unsecured)	AUD	BBSY* + 1.1%	2018	124,654	124,560
Bank loans (unsecured)	SGD	1.25% – 1.82%	2018	10,200	10,200
Total loan and borrowings				813,698	810,942

Included in the borrowings as at 30 September 2018 were borrowings of SGD 325.0 million (2017: SGD 449.7 million) which together with interest rate swaps have been designated as a cash flow hedges (Note 18).

* Australian dollar bank bill swap bid rate ("BBSY")

** Swap-offer rate ("SOR")

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

17. BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	FHT				FH-REIT Group				FH-BT Group	
	Liabilities		Net assets		Liabilities	Net assets			Net assets	
	Loans and borrowings	Accrued Interest*	Revenue Reserves	Perpetual Securities holders' funds	Loans and borrowings	Accrued Interest*	Revenue Reserves	Perpetual Securities holders' funds	Revenue Reserves	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2017	810,942	4,489	122,581	100,279	810,942	4,489	129,556	100,279	(1,950)	(1,950)
Changes from financing cash flows										
Distributions paid to Stapled Securityholders	-	-	(92,080)	-	-	-	(91,567)	-	(513)	(513)
Distributions paid to Perpetual Securities holders	-	-	-	(4,450)	-	-	-	(4,450)	-	-
Finance costs paid	-	(20,684)	-	-	-	(20,684)	-	-	-	-
Proceeds from borrowings, net of debt upfront costs	364,237	-	-	-	364,237	-	-	-	364,237	-
Repayment of borrowings	(334,079)	-	-	-	(334,079)	-	-	-	(334,079)	-
Total changes from financing cash flows	30,158	(20,684)	(92,080)	(4,450)	30,158	(20,684)	(91,567)	(4,450)	(513)	(513)
Effect of changes in foreign exchange rates	(8,000)	(50)	-	-	(8,000)	(50)	-	-	-	-
Other changes										
Amortisation of debt-upfront costs	1,916	-	-	-	1,916	-	-	-	1,916	-
Interest expense	-	20,085	-	-	-	20,085	-	-	20,085	-
Total liability-related other changes	1,916	20,085	-	-	1,916	20,085	-	-	22,001	-
Total equity related other changes	-	-	62,070	4,450	-	-	66,111	4,450	(778)	(778)
Balance as at 30 September 2018	835,016	3,840	92,571	100,279	835,016	3,840	104,100	100,279	(3,241)	(3,241)

* Included as part of trade and other payables

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Year of maturity	Nominal amount '000	Assets \$'000	Liabilities \$'000
FHT and FH-REIT Group				
2018				
<i>Non-hedging instrument</i>				
Currency forward (sell)	2018	AUD 2,117	43	-
Currency forward (sell)	2018 - 2019	EUR 3,000	97	-
Currency forward (sell)	2018	GBP 1,217	20	-
Currency forward (sell)	2019	MYR 4,680	30	-
			190	-
<i>Cash flow hedge</i>				
Interest rate swaps	2019	SGD 325,000	272	-
<i>Net investment hedge</i>				
Cross-currency swap	2021	AUD 100,000	4,880	-
Cross-currency swap	2021	EUR 19,249	-	(736)
Cross-currency swap	2021	GBP 33,935	-	(449)
Cross-currency swap	2022	GBP 67,099	15	(463)
Cross-currency swap	2024	JPY 10,036,000	-	(2,826)
			4,895	(4,474)
Total			5,357	(4,474)
Represented by:				
Current			462	-
Non-current			4,895	(4,474)
			5,357	(4,474)
2017				
<i>Non-hedging instrument</i>				
Currency forward (sell)	2017 - 2018	AUD 8,467	1	(82)
Currency forward (sell)	2017 - 2018	EUR 2,250	-	(152)
Currency forward (sell)	2017 - 2018	GBP 3,595	-	(153)
Currency forward (sell)	2018	MYR 4,680	-	(23)
Cross-currency swap	2021	EUR 19,249	630	-
			631	(410)
<i>Cash flow hedge</i>				
Interest rate swaps	2019	SGD 325,000	-	(2,290)
Interest rate swaps	2018	AUD 117,200	-	(288)
			-	(2,578)
<i>Net investment hedge</i>				
Cross-currency swap	2021	EUR 19,249	-	(1,330)
Cross-currency swap	2021	AUD 100,000	-	(1,176)
Cross-currency swap	2021	GBP 33,935	-	(1,336)
Cross-currency swap	2022	GBP 67,099	-	(2,534)
			-	(6,376)
Total			631	(9,364)
Represented by:				
Current			1	(698)
Non-current			630	(8,666)
			631	(9,364)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

	FHT		FH-REIT Group	
	2018	2017	2018	2017
Derivative financial instruments as a percentage of net assets	0.06%	(0.54%)	0.06%	(0.55%)

(a) Currency forwards

Forward currency contracts are used by FH-REIT Group to hedge foreign currency risks arising from the receipts of distributions and interest income from overseas subsidiaries where certainty exists over the amounts at the time of hedging.

(b) Interest rate swaps and cross-currency swaps are used by FH-REIT Group to hedge its exposure to interest rate risk and foreign exchange risk associated with movements in interest rates and foreign exchange rates.

(i) Interest rate swaps (cash flow hedge)

FH-REIT Group entered into interest rate swaps to exchange the floating-rate interest on Singapore dollar (2017: Singapore dollar and Australian dollar) denominated loans into fixed rate loans. These interest rate swaps have been assessed to be highly effective and no ineffectiveness have been recognised in the Statements of Total Return.

(ii) Cross-currency swaps (net investment hedge)

FH-REIT entered into cross-currency swaps to hedge foreign currency risks arising from net investments in the Australia, Japan, Netherlands and Jersey Channel Islands (2017: Australia, Netherlands and Jersey Channel Islands).

(c) As at 30 September 2018, the fixed interest rates of the outstanding interest rate swaps and cross-currency swaps range between 0.765% to 4.000% (2017: 1.630% to 4.000%) while the floating interest rates are linked to the Singapore dollar SOR (2017: Singapore dollar SOR and Australian BBSY) as applicable to FH-REIT Group's borrowings.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

19. STAPLED SECURITIES IN ISSUE AND TO BE ISSUED

	Number of Stapled Securities '000	FHT 2018 \$'000	Number of Stapled Securities '000	FH-REIT Group 2018 \$'000	Number of Stapled Securities '000	FH-BT Group 2018 \$'000
Stapled Securities in issue						
At 1 October 2017	1,845,574	1,485,536	1,845,574	1,476,117	1,845,574	9,419
REIT Manager's management fees paid in Stapled Securities	9,750	7,330	9,750	7,330	9,750	–
Trustee-Manager's management fees paid in Stapled Securities	91	68	91	–	91	68
Other management fees paid in Stapled Securities	6,497	4,873	6,497	4,873	6,497	–
Property management fees paid in Stapled Securities	7,253	5,483	7,253	5,483	7,253	–
At 30 September 2018	1,869,165	1,503,290	1,869,165	1,493,803	1,869,165	9,487
Stapled Securities to be issued						
REIT Manager's management fees payable in Stapled Securities	7,305	5,052	7,305	5,052	7,305	–
Trustee-Manager's management fees payable in Stapled Securities	43	30	43	–	43	30
Other management fees payable in Stapled Securities	4,976	3,445	4,976	3,445	4,976	–
Property management fees payable in Stapled Securities	4,174	2,875	4,174	2,875	4,174	–
At 30 September 2018	16,498	11,402	16,498	11,372	16,498	30
Total Stapled Securities in issue and to be issued	1,885,663	1,514,692	1,885,663	1,505,175	1,885,663	9,517

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

19. STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

	FHT		FH-REIT Group		FH-BT Group	
	Number of Stapled Securities '000	2017 \$'000	Number of Stapled Securities '000	2017 \$'000	Number of Stapled Securities '000	2017 \$'000
Stapled Securities in issue						
At 1 October 2016	1,379,842	1,202,801	1,379,842	1,202,791	1,379,842	10
REIT Manager's management fees paid in Stapled Securities	8,142	5,682	8,142	5,682	8,142	-
Trustee-Manager's management fees paid in Stapled Securities	28	19	28	-	28	19
Other management fees paid in Stapled Securities	3,849	2,660	3,849	2,660	3,849	-
Property management fees paid in Stapled Securities	8,115	5,673	8,115	5,673	8,115	-
Acquisition fee paid in Stapled Securities	4,049	2,447	4,049	2,413	4,049	34
Rights Issue	441,549	266,254	441,549	256,898	441,549	9,356
At 30 September 2017	1,845,574	1,485,536	1,845,574	1,476,117	1,845,574	9,419
Stapled Securities to be issued						
REIT Manager's management fees payable in Stapled Securities	6,740	4,981	6,740	4,981	6,740	-
Trustee-Manager's management fees payable in Stapled Securities	62	46	62	-	62	46
Other management fees payable in Stapled Securities	4,882	3,613	4,882	3,613	4,882	-
Property management fees payable in Stapled Securities	3,929	2,888	3,929	2,888	3,929	-
At 30 September 2017	15,613	11,528	15,613	11,482	15,613	46
Total Stapled Securities in issue and to be issued	1,861,187	1,497,064	1,861,187	1,487,599	1,861,187	9,465

Each unit of FH-REIT is stapled together with a unit of FH-BT under the terms of the Stapling Deed entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in FH-REIT and FH-BT.

A holder of the Stapled Securities has no equitable or proprietary interest in the underlying assets of FHT and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of FHT.

Under the FH-REIT Trust Deed, every FH-REIT Stapled Security carries the same voting rights. Similarly, under the FH-BT Trust Deed, every FH-BT Stapled Security carries the same voting rights. Each Stapled Security carries one vote.

The holders of the Stapled Securities are entitled to receive distributions as and when declared by FHT.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

19. STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Rights Issue

On 14 October 2016, 441,549,281 Rights Stapled Securities were issued at an issue price of 60.3 cents per Stapled Security. The proceeds raised from the Rights Issue were used to partially fund the acquisition of Novotel Melbourne on Collins.

20. STAPLED SECURITIES ISSUE COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	25,764	23,482	25,759	23,482	5	–
Additional issue costs comprise the following:						
– Professional and other fees	–	568 ⁽¹⁾	–	563 ⁽¹⁾	–	5 ⁽¹⁾
– Financial advisory fee, underwriting fee and selling commission	–	1,714	–	1,714	–	–
At 30 September	25,764	25,764	25,759	25,759	5	5

⁽¹⁾ Includes solicitors' fees and fees for auditors, tax advisers and other professionals in connection with the Rights Issue.

21. PERPETUAL SECURITIES IN ISSUE

On 12 May 2016, FH-REIT issued SGD 100,000,000 of fixed rate subordinated perpetual securities with an initial distribution rate of 4.45% per annum with the first distribution rate reset falling on 12 May 2021 and subsequent resets occurring every five years thereafter.

The perpetual securities have no fixed redemption date and redemption is at the option of FH-REIT in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of FH-REIT and will be non-cumulative.

In the event of winding-up of FH-REIT, these perpetual securities rank pari passu with the most junior class of preferred units (if any) and rank ahead of the Stapled Securityholders of FHT, but junior to the claims of all other present and future creditors of FH-REIT.

FHT shall not declare or pay any dividends or make any payments to the Stapled Securityholders, or redeem, reduce, cancel, buy-back or acquire any Stapled Securities, unless FH-REIT pays all scheduled distributions to the holders of the perpetual securities.

These perpetual securities are classified as equity instruments and recorded in equity in the Statements of Changes in Stapled Securityholders' Funds.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

22. PERPETUAL SECURITIES ISSUE COSTS

	FHT		FH-REIT Group		FH-BT Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 October	1,452	1,472	1,452	1,472	–	–
Additional issue costs comprise the following:						
– Professional and other fees ⁽¹⁾	–	(20) ⁽¹⁾	–	(20) ⁽¹⁾	–	–
At 30 September	1,452	1,452	1,452	1,452	–	–

⁽¹⁾ Includes the reversal of accrual of solicitors' fees and fees for the reporting accountants, tax advisers and other professionals.

23. RESERVE

(a) Hedging reserve

	FHT		FH-REIT Group		FH-BT Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 October	(2,404)	(4,340)	(2,404)	(4,340)	–	–
Effective portion of changes in fair value of cash flow hedges	4,522	4,941	4,522	4,941	–	–
Net change in fair value of cash flow hedges reclassified to total return	(1,545)	(3,005)	(1,545)	(3,005)	–	–
At 30 September	573	(2,404)	573	(2,404)	–	–

Hedging reserve represents the effective portion of the cumulative fair value changes of derivative financial instruments. The fair value changes that are recognised in other comprehensive income are not subjected to tax.

(b) Foreign currency translation reserve

	FHT		FH-REIT Group		FH-BT Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 October	(91,219)	(91,142)	(91,389)	(91,142)	174	–
Net translation differences arising from translation of foreign operations	(47,922)	(5,770)	(47,469)	(5,940)	(506)	174
Net exchange differences on hedge of net investments in foreign operations	209	5,693	209	5,693	–	–
At 30 September	(138,932)	(91,219)	(138,649)	(91,389)	(332)	174

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

23. RESERVE (CONT'D)

(b) Foreign currency translation reserve (cont'd)

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from Singapore dollars, as well as effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

(c) Revaluation reserve

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October	5,635	–	–	–	–	–
Net change in revaluation on property, plant and equipment (Note 12)	3,651	6,231	–	–	–	–
Related deferred tax (Note 9)	(175)	(596)	–	–	–	–
At 30 September	9,111	5,635	–	–	–	–

The revaluation reserve relates to the revaluation of property, plant and equipment.

24. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of FHT and FH-REIT are as follows:

Name of subsidiary	Country of Constitution	Principal activities/ place of business	Effective equity held by FHT	
			2018 %	2017 %
Held by FH-REIT				
Excellence Prosperity TMK Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT Australia Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT Australia Trust ⁽²⁾	Australia	Investment holding Australia	100 ⁽³⁾	100 ⁽³⁾
FHT Japan Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT Malaysia Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT UK Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FH-REIT Treasury Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
FHT Investment 1 Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100

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24. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of Constitution	Principal activities/ place of business	Effective equity held by FHT	
			2018 %	2017 %
Held by FH-REIT subsidiaries				
FHT Australia Trust ⁽²⁾	Australia	Investment holding Australia	100 ⁽³⁾	100 ⁽³⁾
FHT Sydney Trust 1 ⁽²⁾	Australia	Property holding Australia	100	100
FHT Sydney Trust 2 ⁽²⁾	Australia	Property holding Australia	100	100
FHT Sydney Trust 3 ⁽²⁾	Australia	Property holding Australia	100	100
FHT Melbourne Trust 1 ⁽²⁾	Australia	Property holding Australia	100	100
FHT London 1 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT London 2 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT London 3 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT London 4 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT Scotland 1 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
FHT Scotland 2 Ltd ⁽²⁾	Jersey Channel Islands	Property holding United Kingdom	100	100
Kobe Excellence TMK ⁽²⁾	Japan	Property holding Japan	100	100
Excellence Prosperity (Japan) KK ⁽²⁾	Japan	Investment holding Japan	100	100
Notable Vision Sdn. Bhd. ⁽²⁾	Malaysia	Property holding Malaysia	100 ⁽⁴⁾	100 ⁽⁴⁾
FHT Investment Holding 1 B.V. ⁽⁵⁾	Netherlands	Investment holding Netherlands	100	100
FHT Property 1 B.V. ⁽⁵⁾	Netherlands	Property holding Germany	100	100
Held by FH-BT				
FH-BT Australia Operations Pte. Ltd. ⁽¹⁾	Singapore	Investment holding Singapore	100	100
Held by FH-BT subsidiary				
FH-BT NMCS Operations Pty Ltd ⁽²⁾	Australia	Hotel Australia	100	100

⁽¹⁾ Audited KPMG LLP, Singapore.

⁽²⁾ Audited by other member firms of KPMG International.

⁽³⁾ Held by FH-REIT and FHT Australia Pte. Ltd. in shareholdings of 50.0% (2017: 50%) and 50.0% (2017: 50.0%) respectively.

⁽⁴⁾ This structured entity is consolidated in the financial statements in accordance with FRS 110 *Consolidated Financial Statements*.

⁽⁵⁾ Not required to be audited under laws of the country of incorporation.

Notes to the Financial Statements

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25. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to those related party information elsewhere in the financial statements, the following significant transactions between the Stapled Group and related parties took place during the financial year at terms agreed between parties:

	FHT		FH-REIT Group		FH-BT Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
With related companies of the Managers						
– Rental income received and receivable	112,373	117,200	112,373	117,200	–	–
– Reimbursement of expenses paid on behalf	(1,358)	(861)	(1,358)	(861)	–	–
With the REIT Manager						
– Base management fee paid and payable	(4,701)	(4,610)	(4,701)	(4,610)	–	–
– Performance management fee paid and payable	(2,700)	(2,202)	(2,700)	(2,202)	–	–
– Reimbursement of expenses paid on behalf	(121)	(82)	(120)	(81)	(1)	(1)
– Servicer fee paid and payable	(120)	(116)	(120)	(116)	–	–
With the MIT Manager						
– Base management fee paid and payable	(2,499)	(2,310)	(2,499)	(2,310)	–	–
– Performance management fee paid and payable	(2,206)	(2,445)	(2,206)	(2,445)	–	–
– Acquisition fee paid	–	(2,413)	–	(2,413)	–	–
– Reimbursement of expenses paid on behalf	–	(69)	–	(69)	–	–
With the Trustee-Manager						
– Base management fee paid and payable	(41)	(39)	–	–	(41)	(39)
– Performance management fee paid and payable	(11)	(26)	–	–	(11)	(26)
– Acquisition fee paid	–	(34)	–	–	–	(34)
With the Property Managers						
– Property management fees paid and payable	(5,499)	(5,639)	(5,499)	(5,639)	–	–
With the Trustee						
– FH-REIT Trustee fees paid and payable	(300)	(291)	(300)	(291)	–	–
– Other trustee fees paid and payable	(204)	(207)	(204)	(207)	–	–
Between FH-REIT Group and FH-BT Group						
– Master lease rental received and receivable/(paid and payable)	–	–	15,639	15,352	(15,639)	(15,352)
– Reimbursement of expenses (paid on behalf)/received	–	–	(126)	(351)	126	351

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

26. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments – lessor

FH-REIT Group leases out its investment properties to related companies with the exception of Maritim Hotel Dresden which is leased to a third party lessee. The leases are for an initial lease term between 10 to 20 years with an option by the lessee to renew the lease for an additional lease term between 5 to 20 years. Non-cancellable operating lease rental receivables are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within one year	57,418	58,534	63,226	64,788	–	–
Between one to five years	229,671	234,135	252,904	259,151	–	–
More than five years	530,514	600,821	606,292	688,668	–	–
	817,603	893,490	922,422	1,012,607	–	–

(b) Operating lease commitments – lessee

FH-REIT Group has entered into ground leases for certain properties. The operating leases are based on a fixed component of rent payable under the ground lease agreement, adjusted for increases in ground lease where such increases have been provided for under the ground lease agreement.

FH-BT (through its subsidiary) has a master lease agreement with FH-REIT (through its subsidiary) for the lease of Novotel Melbourne on Collins with an initial lease term of 20 years and an option to renew the lease for an additional lease term of 20 years.

Future minimum lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within one year	–	438	–	438	5,808	6,254
Between one to five years	–	1,753	–	1,753	23,233	25,016
More than five years	20,792	33,332	20,792	33,332	75,778	87,847
	20,792	35,523	20,792	35,523	104,819	119,117

(c) Financial guarantee contracts

As at 30 September 2018, FH-REIT has provided a corporate guarantee of AUD 120.0 million (SGD 118.5 million) (2017: AUD 117.2 million (SGD 124.7 million)) in respect of the term loan of a subsidiary (Note 17). At the reporting date, FH-REIT Group and the Stapled Group do not consider it probable that a claim will be made against FHT under the guarantee.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

26. COMMITMENTS AND CONTINGENCIES (CONT'D)

(d) Capital commitments

Capital expenditures contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Commitments in respect of:						
– contracted capital expenditure for properties	5,270	8,016	5,250	8,016	20	–

27. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below summarises the accounting classification of the Stapled Group's, FH-REIT Group's and FH-BT Group's financial assets and liabilities at the reporting date:

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loans and receivables						
Trade and other receivables*	8,435	11,013	8,840	10,279	1,132	3,253
Cash and cash equivalents (Note 14)	77,080	79,755	72,541	76,796	4,539	2,959
Rental deposits	–	–	–	–	1,796	1,853
	85,515	90,768	81,381	87,075	7,467	8,065
Derivative assets at fair value through profit or loss						
Derivative financial instruments (Note 18)	190	631	190	631	–	–
Derivative assets at fair value – cash flow/net investment hedges						
Derivative financial instruments (Note 18)	5,167	–	5,167	–	–	–
Financial liabilities at amortised cost						
Trade and other payables**	12,382	16,127	8,018	12,033	6,773	7,219
Borrowings (Note 17)	835,016	810,942	835,016	810,942	–	–
Rental deposits	21,893	21,735	23,689	23,588	–	–
	869,291	848,804	866,723	846,563	6,773	7,219
Derivative liabilities at fair value through profit or loss						
Derivative financial instruments (Note 18)	–	410	–	410	–	–
Derivative liabilities at fair value – cash flow/net investment hedges						
Derivative financial instruments (Note 18)	4,474	8,954	4,474	8,954	–	–

* excluding net VAT/GST receivable

** excluding net VAT/GST payable

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Stapled Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Managers are responsible for setting the objectives and underlying principles of financial risk management for the Stapled Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Audit, Risk and Compliance Committee of the Managers oversee how management monitors compliance with the Stapled Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group. The Audit, Risk and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Compliance Committee of the Managers. The Audit, Risk and Compliance Committee then reports to the Board of Directors of the Managers on any inadequacies, deficiencies or matters of concern of which the Audit, Risk and Compliance Committee becomes aware or that it suspects, arising from its review of the Stapled Group's risk management policies and procedures.

(a) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Stapled Group's total return and Stapled Securityholders' funds. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) *Foreign currency risk*

The entities within the Stapled Group normally conduct their business in their respective functional currencies.

The Stapled Group's foreign currency risk mainly relates to its AUD, Sterling Pound ("GBP"), MYR, JPY and Euro ("EUR") denominated investments, distribution income and interest income from its foreign subsidiaries. The Managers monitor the Stapled Group's foreign currency exposures on an ongoing basis and limit its exposure to fluctuations in foreign currency exchange rates by using derivative financial instruments or other suitable financial products.

It is the Managers' policy to hedge the Stapled Group's anticipated foreign currency exposure in respect of distribution income, net of anticipated payments required in the same currency from its foreign subsidiaries at least six months forward by using foreign currency forward exchange contracts (Note 18).

The FH-REIT's investments in Australia, Japan, the Netherlands and Jersey Channel Islands subsidiaries are hedged by AUD, JPY, EUR and GBP denominated cross-currency swaps as disclosed in Note 18, which mitigate the currency risks relating to the subsidiaries' net assets. The cross-currency swaps are designated as net investment hedges and no ineffectiveness was recognised from these hedges. The Stapled Group's investments in its Japan and Malaysia subsidiaries are hedged by taking foreign currency denominated borrowings.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

The Stapled Group's exposures to foreign currencies are as follows:

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FHT 2018						
Financial assets						
Cash and cash equivalents	78	340	1,146	1,814	-	-
Trade and other receivables	-	19,536	721	6,379	2,082	5,489
Derivative financial instruments	-	4,923	97	35	30	-
	78	24,799	1,964	8,228	2,112	5,489
Financial liabilities						
Trade and other payables	(3)	(10,775)	-	(4,211)	-	-
Derivative financial instruments	-	-	(736)	(912)	-	(2,826)
	(3)	(10,775)	(736)	(5,123)	-	(2,826)
Net currency exposure	75	14,024	1,228	3,105	2,112	2,663
2017						
Financial assets						
Cash and cash equivalents	82	5	571	1,014	-	-
Trade and other receivables	-	8,433	1,061	2,217	1,440	-
Derivative financial instruments	-	1	630	-	-	-
	82	8,439	2,262	3,231	1,440	-
Financial liabilities						
Trade and other payables	(5)	-	(305)	-	-	-
Derivative financial instruments	-	(1,258)	(1,482)	(4,023)	(23)	-
	(5)	(1,258)	(1,787)	(4,023)	(23)	-
Net currency exposure	77	7,181	475	(792)	1,417	-
FH-REIT Group 2018						
Financial assets						
Cash and cash equivalents	78	7	1,146	1,814	-	-
Trade and other receivables	-	19,521	721	6,379	2,082	5,489
Derivative financial instruments	-	4,923	97	35	30	-
	78	24,451	1,964	8,228	2,112	5,489
Financial liabilities						
Trade and other payables	(3)	(10,775)	-	(4,211)	-	-
Derivative financial instruments	-	-	(736)	(912)	-	(2,826)
	(3)	(10,775)	(736)	(5,123)	-	(2,826)
Net currency exposure	75	13,676	1,228	3,105	2,112	2,663

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FH-REIT Group						
2017						
Financial assets						
Cash and cash equivalents	82	5	571	1,014	-	-
Trade and other receivables	-	8,251	1,061	2,217	1,440	-
Derivative financial instruments	-	1	630	-	-	-
	82	8,257	2,262	3,231	1,440	-
Financial liabilities						
Trade and other payables	(5)	-	(305)	-	-	-
Derivative financial instruments	-	(1,258)	(1,482)	(4,023)	(23)	-
	(5)	(1,258)	(1,787)	(4,023)	(23)	-
Net currency exposure	77	6,999	475	(792)	1,417	-
FH-BT Group						
2018						
Financial assets						
Cash and cash equivalents	-	333	-	-	-	-
Trade and other receivables	-	15	-	-	-	-
Net currency exposure	-	348	-	-	-	-
2017						
Financial assets						
Trade and other receivables	-	182	-	-	-	-
Net currency exposure	-	182	-	-	-	-

Sensitivity analysis

A 1% strengthening/weakening of the Singapore dollar against the following currencies during the financial year would (decrease)/increase the total return (before any tax effects) and Stapled Securityholders' funds by the amounts as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FHT 2018						
Increase in total return for the financial year						
-1% weakening of the Singapore dollar	–*	112	67	62	163	55
(Decrease)/Increase in Stapled Securityholders' funds						
-1% weakening of the Singapore dollar	–	(1,034)	(280)	(1,870)	–	1,279
Decrease in total return for the financial year						
-1% strengthening of the Singapore dollar	–*	(112)	(67)	(62)	(163)	(55)
Increase/(Decrease) in Stapled Securityholders' funds						
-1% strengthening of the Singapore dollar	–	1,034	371	1,870	–	(1,305)
2017						
Increase/(Decrease) in total return for the financial year						
-1% weakening of the Singapore dollar	–*	16	(23)	(33)	(132)	–
Decrease in Stapled Securityholders' funds						
-1% weakening of the Singapore dollar	–	(1,125)	(278)	(1,961)	–	–
(Decrease)/Increase in total return for the financial year						
-1% strengthening of the Singapore dollar	–*	(16)	23	33	132	–
Increase in Stapled Securityholders' funds						
-1% strengthening of the Singapore dollar	–	1,122	398	1,957	–	–

* Denotes amount less than \$1,000

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FH-REIT Group						
2018						
Increase in total return for the financial year						
-1% weakening of the Singapore dollar	–*	108	67	62	163	55
(Decrease)/Increase in Stapled Securityholders' funds						
-1% weakening of the Singapore dollar	–	(1,034)	(280)	(1,870)	–	1,279
Decrease in total return for the financial year						
-1% strengthening of the Singapore dollar	–*	(108)	(67)	(62)	(163)	(55)
Increase/(Decrease) in Stapled Securityholders' funds						
-1% strengthening of the Singapore dollar	–	1,034	371	1,870	–	(1,305)
2017						
Increase/(Decrease) in total return for the financial year						
-1% weakening of the Singapore dollar	–*	15	(23)	(33)	(132)	–
Decrease in Stapled Securityholders' funds						
-1% weakening of the Singapore dollar	–	(1,125)	(278)	(1,961)	–	–
(Decrease)/Increase in total return for the financial year						
-1% strengthening of the Singapore dollar	–*	(15)	23	33	132	–
Increase in Stapled Securityholders' funds						
-1% strengthening of the Singapore dollar	–	1,122	398	1,957	–	–

* Denotes amount less than \$1,000

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(i) *Foreign currency risk (cont'd)*

	Singapore Dollar \$'000	Australian Dollar \$'000	Euro \$'000	Sterling Pound \$'000	Malaysian Ringgit \$'000	Japanese Yen \$'000
FH-BT Group 2018						
Increase in total return for the financial year -1% weakening of the Singapore dollar	-	3	-	-	-	-
Decrease in total return for the financial year -1% strengthening of the Singapore dollar	-	(3)	-	-	-	-
2017						
Increase in total return for the financial year -1% weakening of the Singapore dollar	-	2	-	-	-	-
Decrease in total return for the financial year -1% strengthening of the Singapore dollar	-	(2)	-	-	-	-

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of the Stapled Group's financial instruments will fluctuate because of changes in market interest rates.

The Stapled Group's exposure to changes in interest rates relate primarily to its interest-bearing borrowings. Interest rate risk is managed by the Managers on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Managers adopt a policy of fixing the interest rates for a portion of its outstanding borrowings via the use of derivative financial instruments or other suitable financial products.

Interest rate derivative financial instruments in respect of the Stapled Group's borrowings have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Stapled Group's policy. Generally, the maturities of these interest rate derivative financial instruments follow the maturities of the related borrowings.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

At the reporting date, the interest rate profile of the interest-bearing financial instruments were as follows:

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Nominal Amount Variable Rate Instruments						
Borrowings	(565,948)	(663,165)	(565,948)	(663,165)	-	-
Derivative financial instruments	325,000	449,654	325,000	449,654	-	-
	(240,948)	(213,511)	(240,948)	(213,511)	-	-

Sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rate at the end of the financial year would increase/ (decrease) the Stapled Group's total return (before any tax effects) and Stapled Securityholders' funds by the amounts below. This analysis assumes that all other variables remain constant.

FHT and FH-REIT Group Cash flow sensitivity	Total return		Stapled Securityholders' funds	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$'000	\$'000	\$'000	\$'000
2018	(2,409)	2,409	2,364	(2,402)
2017	(2,135)	2,135	6,001	(6,973)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations with the Stapled Group, as and when they fall due.

The Stapled Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The REIT Manager has established credit limits for lessees and monitor their balances on an ongoing basis. Credit evaluations are performed by the REIT Manager before lease agreements are entered into with the lessees. Credit risk is also mitigated by the rental deposits held for each lessee. The rental deposits were received in cash and were equivalent to eight months of the monthly fixed rent under the Master Lease Agreements.

In addition, Frasers Property Limited and TCC Land International Limited have granted a corporate guarantee to FH-REIT for the performance of certain master lessees and retail master lessee respectively. Upon default, the corporate guarantors will pay the rent and other sums payable under the Master Lease Agreement and the Retail Master Lease Agreement respectively.

Cash and cash equivalents are placed with reputable financial institutions. Derivative financial instruments are only entered into with banks and financial counterparties with sound credit ratings.

Credit risk concentration profile

At the end of the reporting period, approximately 51.8% (2017: 46.1%) of the Stapled Group's trade and other receivables were due from related companies of the REIT Manager. Other than as disclosed herein, the Stapled Group has no significant concentration of credit risk at the reporting date. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statements of Financial Position.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

Liquidity risk is the risk that the Stapled Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The REIT Manager and Trustee-Manager monitor and maintain a level of cash and cash equivalents deemed adequate to finance the Stapled Group's operations for a reasonable period, including the servicing of financing obligations, and to mitigate the effects of fluctuations in cash flows. In addition, the REIT Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

As at end of the financial year, the Stapled Group maintains several lines of credit (Note 17).

The table below summarises the maturity profile of the Stapled Group's financial liabilities, including estimated interest payments and excluding the impact of netting arrangements at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount \$'000	Within one year \$'000	Between one and five years \$'000	More than five years \$'000	Total \$'000
FHT 2018					
Non-derivative financial liabilities					
Trade and other payables*	(8,542)	(8,321)	(56)	(165)	(8,542)
Borrowings (gross) (Note 17)	(837,317)	(408,781)	(308,536)	(120,000)	(837,317)
Interest payable on borrowings	(3,840)	(19,184)	(45,665)	(5,559)	(70,408)
Rental deposits	(21,893)	–	–	(31,303)	(31,303)
	(871,592)	(436,286)	(354,257)	(157,027)	(947,570)
Derivative financial instruments					
Cross-currency swaps (gross-settled)	(4,474)				
– outflow		(3,885)	(213,124)	(142,185)	(359,194)
– inflow		6,699	220,738	125,569	353,006
	(4,474)	2,814	7,614	(16,616)	(6,188)
	(876,066)	(433,472)	(346,643)	(173,643)	(953,758)
2017					
Non-derivative financial liabilities					
Trade and other payables*	(11,638)	(11,470)	(164)	(4)	(11,638)
Borrowings (gross) (Note 17)	(813,698)	(134,854)	(678,844)	–	(813,698)
Interest payable on borrowings	(4,489)	(16,212)	(24,480)	–	(40,692)
Rental deposits	(21,735)	–	–	(21,735)	(21,735)
	(851,560)	(162,536)	(703,488)	(21,739)	(887,763)
Derivative financial instruments					
Interest rate swaps used for cash flow hedge (net-settled)	(2,578)	(1,801)	(800)	–	(2,601)
Forward exchange contracts (gross-settled)	(410)				
– outflow		(19,551)	–	–	(19,551)
– inflow		19,131	–	–	19,131
Cross-currency swaps (gross-settled)	(6,376)				
– outflow		(5,981)	(357,668)	–	(363,649)
– inflow		6,458	350,992	–	357,450
	(9,364)	(1,744)	(7,476)	–	(9,220)
	(860,924)	(164,280)	(710,964)	(21,739)	(896,983)

* excluding VAT/GST payable and interest payable

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Liquidity risk (cont'd)*

	Carrying amount \$'000	Within one year \$'000	Between one and five years \$'000	More than five years \$'000	Total \$'000
FH-REIT Group					
2018					
Non-derivative financial liabilities					
Trade and other payables*	(4,178)	(4,178)	–	–	(4,178)
Borrowings (gross) (Note 17)	(837,317)	(408,781)	(308,536)	(120,000)	(837,317)
Interest payable on borrowings	(3,840)	(19,184)	(45,665)	(5,559)	(70,408)
Rental deposits	(23,689)	–	–	(35,175)	(35,175)
	(869,024)	(432,143)	(354,201)	(160,734)	(947,078)
Derivative financial instruments					
Cross-currency swaps (gross-settled)	(4,474)				
– outflow		(3,885)	(213,124)	(142,185)	(359,194)
– inflow		6,699	220,738	125,569	353,006
	(4,474)	2,814	7,614	(16,616)	(6,188)
	(873,498)	(429,329)	(346,587)	(177,350)	(953,266)
2017					
Non-derivative financial liabilities					
Trade and other payables*	(7,544)	(7,544)	–	–	(7,544)
Borrowings (gross) (Note 17)	(813,698)	(134,854)	(678,844)	–	(813,698)
Interest payable on borrowings	(4,489)	(16,212)	(24,480)	–	(40,692)
Rental deposits	(23,588)	–	–	(23,588)	(23,588)
	(849,319)	(158,610)	(703,324)	(23,588)	(885,522)
Derivative financial instruments					
Interest rate swaps used for cash flow hedge (net-settled)	(2,578)	(1,801)	(800)	–	(2,601)
Forward exchange contracts (gross-settled)	(410)				
– outflow		(19,551)	–	–	(19,551)
– inflow		19,131	–	–	19,131
Cross-currency swaps (gross-settled)	(6,376)				
– outflow		(5,981)	(357,668)	–	(363,649)
– inflow		6,458	350,992	–	357,450
	(9,364)	(1,744)	(7,476)	–	(9,220)
	(858,683)	(160,354)	(710,800)	(23,588)	(894,742)
FH-BT Group					
2018					
Financial liabilities					
Trade and other payables*	(6,773)	(6,552)	(56)	(165)	(6,773)
2017					
Financial liabilities					
Trade and other payables*	(7,219)	(7,051)	(164)	(4)	(7,219)

* excluding VAT/GST payable and interest payable

Notes to the Financial Statements

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28. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Liquidity risk (cont'd)*

The maturity analyses above show the contractual undiscounted cash flows of the Stapled Group's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

(d) *Derivative financial assets and liabilities designated as cash flow hedges*

The table below indicates the periods in which the cash flows associated with the cash flow hedges are expected to occur and the fair value of the related hedging instruments.

	Carrying amount \$'000	Within one year \$'000	Between one and five years \$'000	More than five years \$'000	Expected cash flows \$'000
FHT and FH-REIT Group					
2018					
Interest rate swaps					
Assets	272	275	–	–	275
2017					
Interest rate swaps					
Liabilities	(2,578)	(1,801)	(800)	–	(2,601)

29. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Stapled Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs from the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between levels during the financial years ended 30 September 2018 and 30 September 2017.

(b) *Classifications and fair values*

The following tables show the carrying amounts and fair values of assets and liabilities, including their levels of hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value when the carrying amount is a reasonable approximation of fair value.

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Classifications and fair values (cont'd)

	Fair value			Carrying amount
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Total \$'000
FHT				
2018				
Assets and Liabilities measured at fair value:				
Financial assets				
Currency forward contracts	190	–	190	190
Interest rate swaps	272	–	272	272
Cross-currency swaps	4,895	–	4,895	4,895
	<u>5,357</u>	<u>–</u>	<u>5,357</u>	<u>5,357</u>
Non-financial assets				
Investment properties	–	2,151,867	2,151,867	2,151,867
Property, plant and equipment*	–	244,834	244,834	244,834
	<u>–</u>	<u>2,396,701</u>	<u>2,396,701</u>	<u>2,396,701</u>
Financial liabilities				
Cross-currency swaps	(4,474)	–	(4,474)	(4,474)
Liabilities not carried at fair value but for which fair value are disclosed:				
Financial liabilities				
Borrowings (non-current)	(236,251)	–	(236,251)	(239,223)
Rental deposits (non-current)	–	(20,394)	(20,394)	(21,893)
	<u>(236,251)</u>	<u>(20,394)</u>	<u>(256,645)</u>	<u>(261,116)</u>
2017				
Assets and Liabilities measured at fair value:				
Financial assets				
Currency forward contracts	1	–	1	1
Cross-currency swaps	630	–	630	630
	<u>631</u>	<u>–</u>	<u>631</u>	<u>631</u>
Non-financial assets				
Investment properties	–	2,172,119	2,172,119	2,172,119
Property, plant and equipment*	–	263,047	263,047	263,047
	<u>–</u>	<u>2,435,166</u>	<u>2,435,166</u>	<u>2,435,166</u>
Financial liabilities				
Currency forward contracts	(410)	–	(410)	(410)
Interest rate swaps	(2,578)	–	(2,578)	(2,578)
Cross-currency swaps	(6,376)	–	(6,376)	(6,376)
	<u>(9,364)</u>	<u>–</u>	<u>(9,364)</u>	<u>(9,364)</u>
Liabilities not carried at fair value but for which fair value are disclosed:				
Financial liabilities				
Borrowings (non-current)	(150,899)	–	(150,899)	(150,104)
Rental deposits (non-current)	–	(21,361)	(21,361)	(21,735)
	<u>(150,899)</u>	<u>(21,361)</u>	<u>(172,260)</u>	<u>(171,839)</u>

* relates to freehold land and building

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Classifications and fair values (cont'd)

	Fair value			Carrying amount
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Total \$'000
FH-REIT Group				
2018				
Assets and Liabilities measured at fair value:				
Financial assets				
Currency forward contracts	190	–	190	190
Interest rate swaps	272	–	272	272
Cross-currency swaps	4,895	–	4,895	4,895
	5,357	–	5,357	5,357
Non-financial assets				
Investment properties	–	2,397,657	2,397,657	2,397,657
Financial liabilities				
Cross-currency swaps	(4,474)	–	(4,474)	(4,474)
Liabilities not carried at fair value but for which fair value are disclosed:				
Financial liabilities				
Borrowings (non-current)	(236,251)	–	(236,251)	(239,223)
Rental deposits (non-current)	–	(22,637)	(22,637)	(23,689)
	(236,251)	(22,637)	(258,888)	(262,912)
2017				
Assets and Liabilities measured at fair value:				
Financial assets				
Currency forward contracts	1	–	1	1
Cross-currency swaps	630	–	630	630
	631	–	631	631
Non-financial assets				
Investment properties	–	2,435,515	2,435,515	2,435,515
Financial liabilities				
Currency forward contracts	(410)	–	(410)	(410)
Interest rate swaps	(2,578)	–	(2,578)	(2,578)
Cross-currency swaps	(6,376)	–	(6,376)	(6,376)
	(9,364)	–	(9,364)	(9,364)
Liabilities not carried at fair value but for which fair value are disclosed:				
Financial liabilities				
Borrowings (non-current)	(150,899)	–	(150,899)	(150,104)
Rental deposits (non-current)	–	(23,785)	(23,785)	(23,588)
	(150,899)	(23,785)	(174,684)	(173,692)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Classifications and fair values (cont'd)

	Fair value			Carrying amount
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Total \$'000
FH-BT Group				
2018				
Assets not carried at fair value but for which fair value are disclosed:				
Financial assets				
Rental deposits (non-current)	-	2,243	2,243	1,796
2017				
Assets not carried at fair value but for which fair value are disclosed:				
Financial assets				
Rental deposits (non-current)	-	2,424	2,424	1,853

(c) Level 2 fair value measurements

Currency forward contracts, interest rate swaps and cross-currency swaps are valued using market comparison technique where the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs

The following table presents the valuation techniques and key inputs that were used to determine the fair value of the properties categorised under Level 3 of the fair value hierarchy.

Countries	Valuation techniques	Unobservable input	2018 Range	2017 Range
Asia	Discounted cash flow method	Discount rate Terminal capitalisation rate	4.70% - 8.00% 3.50% - 6.50%	4.75% - 8.00% 3.50% - 6.50%
Australia	Discounted cash flow method	Discount rate Terminal capitalisation rate	8.75% - 9.00% 6.25% - 6.50%	8.75% - 9.00% 6.25% - 6.50%
Europe	Discounted cash flow method	Discount rate Terminal capitalisation rate	7.25% - 9.25% 5.25% - 7.25%	7.25% - 9.75% 5.25% - 7.75%

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) *Level 3 fair value measurements (cont'd)*

(i) **Information about significant unobservable inputs (cont'd)**

Key unobservable inputs correspond to:

- Discount rate represents the required rate of return, adjusted for a risk premium that reflect the risks relevant to an asset.
- Terminal capitalisation rate reflects an exit capitalisation rate applied to a projected terminal cash flow.

Interrelationship between key unobservable inputs and fair value measurement

The estimated fair values vary inversely against the discount rate and terminal capitalisation rate.

(ii) **Movement in Level 3 assets measured at fair value**

The movements of Level 3 assets, which comprise investment properties and property, plant and equipment, have been disclosed in Note 11 and Note 12.

(iii) **Valuation policies and procedures**

The significant non-financial assets of the Stapled Group categorised within Level 3 of the fair value hierarchy are investment properties (Note 11) and property, plant and equipment (Note 12). Generally, the fair values of the properties are determined annually by independent professional valuers.

The independent professional valuers are experts who possess the relevant credentials and knowledge on the subject of property valuation and valuation methodologies to perform the valuation. For valuations performed by the independent professional valuers, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Stapled Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, the independent professional valuers are required to recalibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Stapled Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

In accordance with the Stapled Group's reporting policies, the valuation process and the results of the independent valuations are reviewed at least once a year by the Audit, Risk and Compliance Committee before the results are presented to the Board of Directors for approval.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Other financial assets and liabilities not measured at fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values due to their short term nature.

The carrying amount of variable rate interest-bearing borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

The fair value of financial liabilities (including non-current rental deposits and non-current fixed rate interest-bearing borrowings) are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date or based on their quoted ask price at the reporting date, where appropriate.

The interest rate used to discount estimated cash flows is set out below:

	2018 %	2017 %
Rental deposits	1.24 – 4.70	1.27 – 4.50
Medium term notes – Senior Bond	–	4.44

30. ACQUISITION OF NOVOTEL MELBOURNE ON COLLINS

For the year ended 30 September 2017

On 20 October 2016, the Stapled Group acquired the land and buildings known as Novotel Melbourne on Collins (the "Hotel") with the associated car park (collectively, the "Property") via the FH-REIT Group and the hotel assets, including but not limited to the business intellectual property and equipment, furniture and fittings relating to the Hotel (collectively, the "Hotel Assets") via the FH-BT Group. The acquisition of the Property and Hotel Assets was accounted for as a business combination, as the Stapled Group had acquired various operational processes, together with the Property and the Hotel Assets.

From 20 October 2016 to 30 September 2017, the Hotel Business contributed gross revenue of SGD 34.4 million and total return before tax of SGD 14.1 million to the Stapled Group's results. Had the acquisition occurred on 1 October 2016, management estimated that the Stapled Group's revenue would have been SGD 36.3 million and the Stapled Group's total return before tax for the year would have been SGD 14.9 million. In determining these amounts, management had assumed that the fair value adjustments, that arose on the date of acquisition, would have been the same had the acquisition occurred on 1 October 2016.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

30. ACQUISITION OF NOVOTEL MELBOURNE ON COLLINS (CONT'D)

For the year ended 30 September 2017 (cont'd)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	FHT \$'000	FH-BT Group \$'000
Property, plant and equipment	247,380	6,061
Inventories	45	45
Prepayment	105	105
Trade and other receivables	898	898
Cash and cash at bank	18	18
Trade and other payables	(3,742)	(3,742)
Total identifiable net assets	244,704	3,385

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation techniques
Property, plant and equipment	Capitalisation Analysis and Discounted cash flow Analysis: The Capitalisation Analysis method involves the application of a market derived yield to the assessed Net Operating Income from the property to indicate its market value. The Discounted cash flow Analysis is based upon a forecast of the Property's potential trading performance.

Cash flows relating to the acquisition

	FHT \$'000	FH-BT Group \$'000
Purchase consideration	244,704	3,385
Add: Acquisition-related costs	16,577	369
Less: Cash acquired	(18)	(18)
Less: Deposits placed in relation to acquisition of assets in 2016	(24,691)	(606)
Less: Acquisition-related costs paid in form of Stapled Securities	(2,447)	(34)
Net cash outflow on acquisition	234,125	3,096

Acquisition-related costs

The Stapled Group incurred one-off transaction costs of SGD 14.1 million on stamp duties, solicitor fees, and other professional fees incurred directly due to the acquisition transaction. These costs are capitalised as part of the costs of the property, plant and equipment.

Other non-capitalised one-off costs of SGD 2.4 million in relation to acquisition fees paid in Stapled Securities and included in the Statements of Total Return.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

31. CAPITAL MANAGEMENT

The primary objective of the Stapled Group's capital management is to ensure that it maintains an optimal capital structure to support the business and maximise Stapled Securityholders' value.

Under the Property Fund Guidelines of the CIS Code, the aggregate leverage limit (gearing ratio) should not exceed 45.0% of the deposited property.

The gearing ratio is calculated as gross borrowings divided by total assets, based on the latest valuations.

	FH-REIT Group	
	2018	2017
Total borrowings (gross) (Note 17) (\$'000)	837,317	813,698
Total assets (\$'000)	2,487,066	2,525,528
Gearing ratio (%)	33.67	32.22

The Stapled Group is in compliance with all externally imposed capital requirements for the financial years ended 30 September 2018 and 30 September 2017. There are no substantial changes in the Stapled Group's approach to capital management during the year.

32. OPERATING SEGMENTS

Segment information is presented in respect of the Stapled Group's operating segments from two dimensions: (a) geographical; and (b) line of business.

The operations of each of the Stapled Group's geographical segments are separately managed because of the different economic environments in which they operate in. This forms the basis of identifying the geographical segments of the Stapled Group. There are six (2017: six) reportable geographical segments, as described below:

- Singapore – two investment properties are leased and one operated as a hotel, the other as a serviced residence
- Australia – three Sydney investment properties are leased, two operated as hotels, and one as a serviced residence
 - Novotel Melbourne on Collins is operated under a management contract
- Malaysia – one investment property is leased and operated as a hotel
- Japan – one investment property is leased and operated as a hotel
- United Kingdom – six investment properties are leased, four operated as serviced residences and the other two as hotels
- Germany – one investment property is leased and operated as a hotel

The operations of the Stapled Group under master leases and hotel under management contract have different risks and returns. This forms the basis of identifying the business segments of the Stapled Group. There are two (2017: two) reportable business segments, as described below:

- Master leases – the properties are leased to tenants/master lessees in the hospitality industry to operate as hotels or serviced residences for which the Stapled Group earns master lease rental income
- Hotel under management contract – the property is managed by a hotel operator who is paid a management fee to run the hotel operations for the Stapled Group

For the purpose of monitoring segment performance, CODMs monitor the non-financial assets as well as financial assets attributable to each segment.

Information regarding the Stapled Group's reportable segments is presented in the following tables.

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

32. OPERATING SEGMENTS (CONT'D)

Major Customers

Revenue from related companies of the Managers accounted for approximately SGD 112.4 million (2017: SGD 117.2 million) of the revenue of the FH-REIT Group. Such revenue is attributable to all geographical segments of the FH-REIT Group except for Germany.

(a) By geographical segments

	Singapore \$'000	Australia \$'000	Malaysia \$'000	Japan \$'000	UK \$'000	Germany \$'000	Total \$'000
FHT							
1 October 2017 to 30 September 2018							
Revenue	31,202	69,046	7,185	17,761	23,742	6,941	155,877
Property operating expenses	(5,034)	(24,730)	(641)	(2,800)	(5,469)	(163)	(38,837)
Segment net property income	26,168	44,316	6,544	14,961	18,273	6,778	117,040
Depreciation	–	(4,290)	–	–	–	–	(4,290)
Net change in fair value of investment properties	(8,701)	(7,200)	(4,529)	156	11,703	7,185	(1,386)
Other income	–	46	–	–	–	–	46
Total reportable segment return							111,410
Unallocated items:							
– Finance income							473
– Trust expenses							(18,080)
– Finance costs							(20,597)
– Foreign exchange loss, net							(989)
– Net change in fair value of derivative financial instruments							473
– Realised loss on derivative financial instruments							(304)
Total return for the year, before tax							72,386
Taxation							(5,866)
Total return for the year							66,520
Reportable segmental non-current assets	836,895	794,160	138,684	194,665	337,124	104,226	2,405,754
Reportable segmental current assets	9,800	20,931	4,729	32,378	16,241	4,857	88,936
Total assets for reportable segments	846,695	815,091	143,413	227,043	353,365	109,083	2,494,690
Capital expenditure	701	18,831	1,198	4,750	1,656	9	27,145

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FOR THE YEAR ENDED 30 SEPTEMBER 2018

32. OPERATING SEGMENTS (CONT'D)

(a) By geographical segments (cont'd)

	Singapore \$'000	Australia \$'000	Malaysia \$'000	Japan \$'000	UK \$'000	Germany \$'000	Total \$'000
FHT							
1 October 2016 to 30 September 2017							
Revenue	31,038	72,646	8,357	16,860	23,377	6,446	158,724
Property operating expenses	(5,468)	(23,998)	(657)	(3,048)	(5,316)	(53)	(38,540)
Segment net property income	25,570	48,648	7,700	13,812	18,061	6,393	120,184
Depreciation	–	(5,786)	–	–	–	–	(5,786)
Acquisition fee	–	(2,447)	–	–	–	–	(2,447)
Net change in fair value of investment properties	(358)	70,124	5,576	16,719	1,971	3,425	97,457
Other income	1	–	–	–	–	–	1
Total reportable segment return							209,409
Unallocated items:							
– Finance income							365
– Trust expenses							(17,276)
– Non capitalisable expenses							(745)
– Finance costs							(19,058)
– Foreign exchange gain, net							278
– Net change in fair value of derivative financial instruments							12,947
– Realised loss on derivative financial instruments							(393)
Total return for the year, before tax							185,527
Taxation							(28,946)
Total return for the year							156,581
Reportable segmental non-current assets	840,630	843,169	138,202	189,154	331,185	98,170	2,440,510
Reportable segmental current assets	17,359	24,856	6,758	31,424	9,751	3,233	93,381
Total assets for reportable segments	857,989	868,025	144,960	220,578	340,936	101,403	2,533,891
Capital expenditure	358	274,560	864	760	155	128	276,825

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32. OPERATING SEGMENTS (CONT'D)

(b) Reconciliation of reportable total return

	FHT	
	2018 \$'000	2017 \$'000
Total return		
Total reportable segment return	111,410	209,409
Unallocated items	(44,890)	(52,828)
Consolidated total return	66,520	156,581

(c) By business segments

	Master leases \$'000	Hotel under management contract \$'000	Consolidation adjustments \$'000	Total \$'000
FHT				
1 October 2017 to 30 September 2018				
Revenue	135,583	35,933	(15,639)	155,877
Property operating expenses	(19,855)	(35,686)	16,704	(38,837)
Segment net property income	115,728	247	1,065	117,040
Depreciation	–	(981)	(3,309)	(4,290)
Net change in fair value of investment properties	(186)	–	(1,200)	(1,386)
Other income	46	–	–	46
Finance income	441	109	(77)	473
Trust expenses	(17,966)	(114)	–	(18,080)
Finance costs	(20,674)	–	77	(20,597)
Foreign exchange loss, net	(969)	(20)	–	(989)
Net change in fair value of derivative financial instruments	473	–	–	473
Realised loss on derivative financial instruments	(304)	–	–	(304)
Total return for the year, before tax				72,386
Taxation				(5,866)
Total return for the year				66,520
Reportable segmental non-current assets	2,402,552	7,001	(3,799)	2,405,754
Reportable segmental current assets	84,514	5,959	(1,537)	88,936
Total assets for reportable segments	2,487,066	12,960	(5,336)	2,494,690
Capital expenditure	26,399	746	–	27,145

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

32. OPERATING SEGMENTS (CONT'D)

(c) By business segments (cont'd)

	Master leases \$'000	Hotel under management contract \$'000	Consolidation adjustments \$'000	Total \$'000
FHT				
1 October 2016 to 30 September 2017				
Revenue	139,750	34,440	(15,466)	158,724
Property operating expenses	(20,951)	(34,030)	16,441	(38,540)
Segment net property income	118,799	410	975	120,184
Depreciation	–	(2,628)	(3,158)	(5,786)
Acquisition fee	(2,413)	(34)	–	(2,447)
Net change in fair value of investment properties	100,895	–	(3,438)	97,457
Other income	1	–	–	1
Finance income	344	95	(74)	365
Trust expenses	(17,151)	(125)	–	(17,276)
Non capitalisable expenses	(680)	(65)	–	(745)
Finance costs	(19,132)	–	74	(19,058)
Foreign exchange gain/(loss), net	279	(1)	–	278
Net change in fair value of derivative financial instruments	12,947	–	–	12,947
Realised loss on derivative financial instruments	(393)	–	–	(393)
Total return for the year, before tax				185,527
Taxation				(28,946)
Total return for the year				156,581
Reportable segmental non-current assets	2,436,145	8,495	(4,130)	2,440,510
Reportable segmental current assets	89,383	6,517	(2,519)	93,381
Total assets for reportable segments	2,525,528	15,012	(6,649)	2,533,891
Capital expenditure	14,945	261,880	–	276,825

33. FINANCIAL RATIOS

	FHT		FH-REIT Group	
	2018 %	2017 %	2018 %	2017 %
Expense to weighted average net assets ⁽¹⁾				
– with performance fee of the Managers ⁽²⁾	1.03	1.03	1.02	1.03
– without performance fee of the Managers ⁽²⁾	0.72	0.73	0.71	0.72
Total operating expenses to net asset value ⁽³⁾	3.82	3.89	2.32	2.43
Portfolio turnover ratio ⁽⁴⁾	–	16.35	–	16.02

⁽¹⁾ The expense ratios are computed in accordance with the guidelines of the Investment Manager Association of Singapore. The expenses used in the computation relate to the expenses of the Stapled Group and FH-REIT Group, excluding property expenses, interest expense and tax expense of each entity, where applicable.

⁽²⁾ Excluding acquisition fee and costs associated with the acquisition of Novotel Melbourne on Collins.

⁽³⁾ The expense ratios are computed based on total operating expense of SGD 59,291,000 and SGD 35,905,000 (2017: SGD 62,420,000 and SGD 38,886,000) of the Stapled Group and FH-REIT Group respectively, as a percentage of its respective net asset value as at the end of September (including all fees and charges paid/payable to the Managers and the interested parties).

⁽⁴⁾ The portfolio turnover ratios are computed based on the lesser of purchases or sales of underlying properties of the Stapled Group and the FH-REIT Group expressed as a percentage of daily average net asset value.

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34. NET ASSET VALUE PER STAPLED SECURITY

	FHT		FH-REIT Group		FH-BT Group	
	2018	2017	2018	2017	2018	2017
Net asset value per Stapled Security is computed based on:						
Net assets (\$'000)	1,452,251	1,505,893	1,445,440	1,497,603	5,939	7,684
Total issued Stapled Securities at 30 September ('000) (Note 19)	1,869,165	1,845,574	1,869,165	1,845,574	1,869,165	1,845,574

35. SUBSEQUENT EVENTS

- On 26 October 2018, the REIT Manager and Trustee-Manager declared a distribution of 2.3380 cents per Stapled Security to Stapled Securityholders in respect of the period from 1 April 2018 to 30 September 2018.
- On 31 October 2018, the following Stapled Securities were issued:

In payment of	Period of fees accrual	VWAP ⁽¹⁾ for the relevant period	Number of Stapled Securities issued
REIT Manager base fee	1 April 2018 to 30 June 2018	68.25 cents	1,720,076
MIT Manager base fee	1 April 2018 to 30 June 2018	68.25 cents	907,061
Property management fees	1 April 2018 to 30 June 2018	68.25 cents	2,005,522
Trustee-Manager base fee	1 April 2018 to 30 June 2018	68.25 cents	14,064
REIT Manager base fee	1 July 2018 to 30 September 2018	69.44 cents	1,696,224
MIT Manager base fee	1 July 2018 to 30 September 2018	69.44 cents	891,833
Property management fees	1 July 2018 to 30 September 2018	69.44 cents	2,168,734
Trustee-Manager base fee	1 July 2018 to 30 September 2018	69.44 cents	13,683
REIT Manager performance fee	1 October 2017 to 30 September 2018	69.44 cents	3,887,974
MIT Manager performance fee	1 October 2017 to 30 September 2018	69.44 cents	3,177,357
Trustee-Manager performance fee	1 October 2017 to 30 September 2018	69.44 cents	15,326
Total			16,497,854

⁽¹⁾ Volume weighted average price for all trades of FHT Stapled Securities on Singapore Exchange Securities Trading Limited in the ordinary course of trading for the last 10 business days of the relevant period in which the respective fees accrue.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

36. FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") AND ADOPTION OF NEW STANDARDS

Applicable to 2019 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies and business trusts listed on the SGX-ST will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018. Other Singapore-incorporated companies may voluntarily apply SFRS(I) at the same time.

The FH-BT Group's financial statements for the financial year ending 30 September 2019 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared by the FH-BT Group under the current FRS. In adopting the new framework, the FH-BT Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

The FH-REIT Group and the Stapled Group will continue to prepare their financial statements under Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts*. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of FRS.

In addition to the adoption of SFRS(I) framework by the FH-BT Group as described above, a number of new FRS or SFRS(I)s, amendments to and interpretations of FRS or SFRS(I) are effective from 1 January 2018. Those which are relevant to the Stapled Group, the FH-REIT Group and the FH-BT Group (collectively, "the Entities") are set out below:

- FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to FRS 115/ SFRS(I) 15 *Clarifications to FRS 115/SFRS(I) 15*
- FRS 109/SFRS(I) 9 *Financial instruments*

The FH-BT Group does not expect its initial adoption of SFRS(I) framework to have a significant impact on its financial statements. The Entities also do not expect the application of the above new standards to have a significant impact on their financial statements. The Entities are currently finalising the transition adjustments.

Details of SFRS(I) 1 and the new accounting standards relevant to the Entities are set out below.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

When the FH-BT Group adopts SFRS(I) 1 in the financial year ending 30 September 2019 ("FY 2019"), the FH-BT Group will apply SFRS(I) 1 with 1 October 2017 as the date of transition. SFRS(I) 1 generally requires that the FH-BT Group applies SFRS(I) 1 on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in FY 2019, restatement of comparatives may be required because SFRS(I) 1 requires both the opening statement of financial position and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The FH-BT Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on its financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

36. FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") AND ADOPTION OF NEW STANDARDS (CONT'D)

FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to FRS 115/ SFRS(I) 15 *Clarifications to FRS 115/SFRS(I) 15*

FRS 115/SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Entities plan to adopt FRS 115/SFRS(I) 15 in their financial statements for FY 2019, using the retrospective approach. As a result, the Entities will apply all of the requirements of FRS 115/SFRS(I) 15 retrospectively and the comparative period presented in the FY 2019 financial statements will be restated.

The Entities do not expect the application of this standard to have significant impact on the financial statements.

FRS 109/SFRS(I) 9 *Financial instruments*

FRS 109/SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss ("ECL") model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of FRS 109/SFRS(I) 9 will generally be applied by the Entities retrospectively. The Entities plan to take advantage of the exemption in SFRS(I) 1 and FRS 109 allowing them not to restate comparative information in the FY 2019 financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 and FRS 109 are recognised in reserves as at 1 October 2018.

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 October 2018:
 - The determination of the business model within which a financial asset is held.
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL").
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 *Financial Instruments: Recognition and Measurement* at 30 September 2018 that meet the criteria for hedge accounting under FRS 109/SFRS(I) 9 at 1 October 2018 will be regarded as continuing hedging relationships.

The expected impact on adoption of FRS 109/SFRS(I) 9 are described below. The information below reflects the Entities' expectation of the implications arising from changes in the accounting treatment.

(i) Classification and measurement

The Entities do not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109/SFRS(I) 9.

For financial assets currently held at fair value, the Entities expect to continue measuring these assets at FVTPL.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109/SFRS(I) 9.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

36. FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") AND ADOPTION OF NEW STANDARDS (CONT'D)

(ii) Impairment

Under FRS 109/SFRS(I) 9, loss allowances of the Entities will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Entities plan to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of FRS 115/SFRS(I) 15. The Entities do not expect a material change in its impairment loss allowance as at 1 October 2018.

Applicable to 2020 financial statements and thereafter

A number of new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2019, those which are relevant to the Entities are set out below:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

The Entities are still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Entities' preliminary assessment of SFRS(I) 16, which is expected to have an impact on the Entities, are as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Entities plan to adopt the standard for the financial year beginning on 1 October 2019 and expects to apply the standard using the modified retrospective approach.

The Entities are likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 October 2019. Accordingly, existing lease contracts that are still effective on 1 October 2019 continue to be accounted for as lease contracts under SFRS(I) 16.

The approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases (as the case may be). The Entities will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

36. FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") AND ADOPTION OF NEW STANDARDS (CONT'D)

The Entities as lessee

The Entities expect its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis as at 30 September 2018 is disclosed in Note 26(b). Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Entities as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Entities continue to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

FINANCIAL STATEMENT OF TRUSTEE-MANAGER

FRASERS HOSPITALITY TRUST MANAGEMENT PTE. LTD.

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Directors' Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors have pleasure in presenting their statement to the member together with the audited financial statements of Frasers Hospitality Trust Management Pte. Ltd. (the "Company") for the financial year ended 30 September 2018.

In our opinion:

- (i) the financial statements set out on pages 250 to 264 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2018 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of the statement, authorised these financial statements for issue.

DIRECTORS

The directors of the Company in office at the date of this statement are:-

Mr Law Song Keng
Mr Chua Phuay Hee
Mr Liew Choon Wei
Dr David Wong See Hong
Mr Panote Sirivadhanabhakdi
Mr Choe Peng Sum

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of, nor at any time during, the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate, save as disclosed in this statement.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

- (a) The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Companies Act, Chapter 50, interest in the following shares in, or debentures of, the Company or its related corporations:

Name of Director	Direct Interest		Deemed Interest	
	As at 1 Oct 2017	As at 30 Sep 2018	As at 1 Oct 2017	As at 30 Sep 2018
Choe Peng Sum				
– Frasers Property Limited ("Frasers Property")				
• Ordinary Shares	845,184	1,120,859	–	–
• Awards under Frasers Property Restricted Share Plan ("Frasers Property RSP")	–	–	720,325 ⁽¹⁾	624,700 ⁽²⁾
• Awards under Frasers Property Performance Share Plan ("Frasers Property PSP")	–	–	271,000 ⁽³⁾	292,000 ⁽³⁾
– Fraser and Neave, Limited				
• Ordinary Shares	92,049	92,049	–	–

⁽¹⁾ For the Frasers Property RSP, save for 130,525 Frasers Property shares which have been finalised, the actual number of Frasers Property shares to be delivered pursuant to the awards granted under the Frasers Property RSP will range from 0% to 150% and is contingent on the level of achievement of performance targets set over a two-year performance period.

⁽²⁾ For the Frasers Property RSP, save for 193,150 Frasers Property shares which have been finalised, the actual number of Frasers Property shares to be delivered pursuant to the awards granted under the Frasers Property RSP will range from 0% to 150% and is contingent on the level of achievement of performance targets set over a two-year performance period.

⁽³⁾ For the Frasers Property PSP, the actual number of Frasers Property shares to be delivered pursuant to the awards granted under the Frasers Property PSP will range from 0% to 200% and is contingent on the level of achievement of performance targets set over a three-year performance period.

Directors' Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2018

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

- (b) Except as disclosed in this statement, no director who held office at the end of the financial year had interest in shares or debentures of the Company, or of its related corporations, either at the beginning or at the end of the financial year.

SHARE OPTIONS

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

AUDIT COMMITTEE

The Company had established an Audit, Risk and Compliance Committee ("ARC Committee") on 17 October 2016.

The composition of the ARC Committee comprise the following independent directors from the Board of Directors of the Company:

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

AUDITOR

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Panote Sirivadhanabhakdi
Director

Choe Peng Sum
Director

Singapore
23 November 2018

Independent Auditors' Report

TO THE MEMBER OF FRASERS HOSPITALITY TRUST MANAGEMENT PTE. LTD.
FOR THE YEAR ENDED 30 SEPTEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frasers Hospitality Trust Management Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 30 September 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 250 to 264.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 30 September 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Independent Auditors' Report

TO THE MEMBER OF FRASERS HOSPITALITY TRUST MANAGEMENT PTE. LTD.
FOR THE YEAR ENDED 30 SEPTEMBER 2018

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

23 November 2018

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 \$'000	2017 \$'000
REVENUE	4	52	99
COSTS AND EXPENSES	5		
Administrative costs		(14)	(4)
Other operating costs		(2)	–
		(16)	(4)
PROFIT BEFORE TAXATION		36	95
Taxation	6	(1)	(6)
PROFIT AFTER TAXATION		35	89
Other comprehensive income, net of tax		–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		35	89

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

Statement of Financial Position

AS AT 30 SEPTEMBER 2018

	Note	2018 \$'000	2017 \$'000
NON-CURRENT ASSETS			
Investment in a subsidiary	7	3	3
Intangible asset	8	16	-
		19	3
CURRENT ASSETS			
Other receivables	9	29	58
Cash at bank		97	34
		126	92
TOTAL ASSETS		145	95
CURRENT LIABILITIES			
Other payables	10	23	4
Income tax payable		2	6
		25	10
NET CURRENT ASSETS		101	82
NET ASSETS		120	85
Financed by:-			
Share capital	11	10	10
Retained earnings		110	75
TOTAL EQUITY		120	85

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share Capital \$'000	(Accumulated Losses)/Retained Earnings \$'000	Total Equity \$'000
2017			
At 1 October 2016	10	(14)	(4)
Profit for the year	–	89	89
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	89	89
At 30 September 2017	10	75	85
2018			
At 1 October 2017	10	75	85
Profit for the year	–	35	35
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	35	35
At 30 September 2018	10	110	120

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 \$'000	2017 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	36	95
Adjustment for:		
Amortisation of intangible asset	2	-
Operating cash flow before working capital changes	38	95
Other receivables	29	(58)
Other payables	1	(10)
Cash generated from operations	68	27
Income tax paid	(5)	-
Net cash generated from operating activities	63	27
CASH FLOW FROM INVESTING ACTIVITY		
Investment in a subsidiary	-	(3)
Net cash used in investing activity	-	(3)
Net increase in cash at bank	63	24
Cash at bank at the beginning of the financial year	34	10
Cash at bank at the end of the financial year	97	34

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The following Notes form an integral part of the Financial Statements.

The financial statements for the financial year ended 30 September 2018 were authorised for issue in accordance with a resolution of the directors on 23 November 2018.

1. CORPORATE INFORMATION

Frasers Hospitality Trust Management Pte. Ltd. (the “Company”) is a limited liability company. It is a wholly-owned subsidiary of Frasers Property Limited (“Frasers Property”). The two companies are domiciled and incorporated in Singapore. TCC Assets Limited, incorporated in the British Virgin Islands, is the ultimate holding company.

The registered office is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 and principal place of business of the Company is located at 438 Alexandra Road, #17-01 Alexandra Point, Singapore 119958.

The principal activities of the Company are those relating to investment advisory, property fund management and to act as Trustee-Manager for Frasers Hospitality Business Trust, a business trust which is part of Frasers Hospitality Trust (“FHT”), a stapled group comprising Frasers Hospitality Real Estate Investment Trust and its subsidiaries, and Frasers Hospitality Business Trust and its subsidiaries. FHT is listed on Singapore Exchange Securities Trading Limited.

Related companies in the financial statements refer to the Frasers Property group of companies and the entities related to the shareholders of TCC Assets Limited.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards (“FRSs”).

2.2 Basis of measurement

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies below.

2.3 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “functional currency”).

The financial statements of the Company are presented in Singapore Dollars (“\$”), the functional currency of the Company. All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

Revised standards

The Company has applied the following amendments for the first time for the annual period beginning on 1 October 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

The adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign differences arising on translation are recognised in profit or loss.

3.2 Subsidiary

A subsidiary is an entity that is controlled by the Company. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in a subsidiary is stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.3 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

3.3 Intangible assets (cont'd)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Software

Software are initially capitalised at cost, which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use.

Subsequent to initial recognition, software are amortised to profit or loss on a straight line basis over their estimated useful lives of 3 to 10 years.

3.4 Non-derivative financial assets

Initial recognition and measurement

The Company classifies non-derivative financial assets as loans and receivables. Loans and receivables comprises of other receivables and cash at bank.

Loans and receivable are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised on the date that they are originated.

When loans and receivables are recognised initially, they are measured at fair value plus any directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Derecognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

3.5 Non-derivative financial liabilities

Initial recognition and measurement

The Company classifies non-derivative financial liabilities as other financial liabilities. Other financial liabilities comprise of other payables.

All other financial liabilities are recognised initially on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument.

All other financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.6 Impairment

(a) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset 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.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

3.6 Impairment (cont'd)

(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 is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact 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, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that debtors or issuer will enter bankruptcy and adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at a specific asset level. All individually significant loans and receivables are assessed for specific impairment.

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 profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.9 Revenue recognition

Management fee income

Management fee income is derived from the management of a business trust and it is recognised when the service is rendered.

Acquisition fee income

Acquisition fee income relates to fees earned in relation to the acquisition or investment by the business trust managed by the Company. The fee is recognised when the service has been rendered.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

3.10 Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. REVENUE

	2018 \$'000	2017 \$'000
Management fee	52	65
Acquisition fee	-	34
	52	99

Revenue is derived from a related entity.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

5. COSTS AND EXPENSES

	2018 \$'000	2017 \$'000
Included in costs and expenses :		
Administrative expenses		
– Professional fees	(4)	(4)
– Other administrative costs	(10)	–
	(14)	(4)
Other operating costs		
– Amortisation of intangible asset	(2)	–
	(2)	–
	(16)	(4)

6. TAXATION

	2018 \$'000	2017 \$'000
Current tax expense		
– Current year income tax	2	6
– Overprovision in prior year	(1)	–
	1	6

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

	2018 \$'000	2017 \$'000
Profit before tax for the year	36	95
Adjustments:		
Tax at Singapore income tax rate of 17% (2017: 17%)	6	16
Non-deductible expenses	1	–
Effect of partial tax exemption	(4)	(10)
Tax incentive	(1)	–
Overprovision in prior year	(1)	–
	1	6

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

7. INVESTMENT IN A SUBSIDIARY

			2018 \$'000	2017 \$'000
Unquoted shares, at cost			3	3
			Effective equity held	
Name of subsidiary	Country of incorporation	Principal activities	2018 %	2017 %
Fraser's Hospitality Japan Trust Management GK	Japan	Portfolio, asset and investment management	100	100

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of Fraser's Property, which prepares and publishes consolidated financial statements for public use. Fraser's Property is a company incorporated in Singapore and its registered office is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

8. INTANGIBLE ASSET

	Software \$'000	Total \$'000
Cost		
At 1 October 2017	–	–
Additions	18	18
At 30 September 2018	18	18
Accumulated Amortisation		
At 1 October 2017	–	–
Charge for the year	(2)	(2)
At 30 September 2018	(2)	(2)
Net Book Value		
At 30 September 2017	–	–
At 30 September 2018	16	16

9. OTHER RECEIVABLES

	2018 \$'000	2017 \$'000
Amount due from a subsidiary	–	12
Accrued management fee	29	46
Total other receivables	29	58

Amount due from a subsidiary was non-trade related, unsecured, interest-free and was repayable on demand.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

10. OTHER PAYABLES

	2018 \$'000	2017 \$'000
Accruals	4	4
Amount due to immediate holding company	19	–
Total other payables	23	4

Amount due to immediate holding company is non-trade related, unsecured, interest-free, and is repayable on demand.

11. SHARE CAPITAL

	2018 \$'000	2017 \$'000
Fully paid ordinary shares		
At beginning and end of the year	10	10

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. All shares rank equally with regard to the Company's residual assets.

12. SIGNIFICANT RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in these financial statements, there were no other significant related party transactions during the financial year.

Transactions with key management personnel

The directors of the Company are employees of either the immediate holding company or a related corporation and no consideration is paid to these companies for the services rendered by the directors.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

13. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk.

The Company has risk management policies and guidelines governing all investments, which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control hedging transactions in a timely and accurate manner. All investment opportunities are reviewed regularly by the Board of Directors to ensure that the Company's policy guidelines are adhered to.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligations.

At the reporting date, the Company's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

As at 30 September 2018 and 30 September 2017, the Company's exposure to credit risk arises primarily from other receivables and cash at bank. The Directors believe that there is no significant credit risk as the counterparties are of good credit standing.

Cash at bank are placed with reputable financial institutions.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to a shortage of funds.

Consequently, the Company is dependent on the immediate holding company to provide funds to meet its obligations as and when they fall due.

The Company's financial liabilities at the reporting date as presented in the Company's statement of financial position represent the contractual undiscounted cash flow due within one year.

14. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of fair value

The Company does not have any assets and liabilities that are carried at fair value at the end of the reporting period.

Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Other receivables and payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

15. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure that it maintains a healthy capital ratio. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 30 September 2018 and 30 September 2017.

The Company monitors capital using the net assets of the Company, which is total assets less total liabilities.

16. FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") AND ADOPTION OF NEW STANDARDS

Applicable to 2019 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018. Other Singapore-incorporated companies may voluntarily apply SFRS(I) at the same time. The Company plans to voluntarily apply SFRS(I) on 1 October 2018.

The Company's financial statements for the financial year ending 30 September 2019 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS. In adopting the new framework, the Company will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the Company will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS (I) 15*;
- SFRS(I) 9 *Financial Instruments*;
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

Based on a preliminary assessment, the Company does not expect the adoption of the new framework and the above standards and interpretations to have a significant impact on its financial statements.

Statistics of Stapled Securityholders

ISSUED AND FULLY PAID-UP STAPLED SECURITIES

As at 29 November 2018

1,885,662,609 Stapled Securities (voting rights: one vote per Stapled Security)

Market Capitalisation SGD1,348,248,765 (based on closing price of SGD0.715 per Stapled Security as at 29 November 2018).

20 LARGEST STAPLED SECURITYHOLDERS

As at 29 November 2018

No.	Name	No. of Stapled Securities	%
1	DB Nominees (Singapore) Pte Ltd	726,548,099	38.53
2	Fraser Property Hospitality Trust Holdings Pte Ltd	426,207,157	22.60
3	DBS Nominees (Private) Limited	205,925,766	10.92
4	Citibank Nominees Singapore Pte Ltd	98,976,634	5.25
5	Raffles Nominees (Pte) Limited	49,419,698	2.62
6	Fraser Hospitality Asset Management Pte Ltd	20,054,379	1.06
7	DBSN Services Pte. Ltd.	17,064,289	0.90
8	Meren Pte Ltd	14,504,800	0.77
9	UOB Kay Hian Private Limited	13,060,885	0.69
10	Fraser Hospitality Pte Ltd	11,668,847	0.62
11	United Overseas Bank Nominees (Private) Limited	8,228,460	0.44
12	BNP Paribas Nominees Singapore Pte Ltd	7,621,060	0.40
13	HSBC (Singapore) Nominees Pte Ltd	7,246,396	0.38
14	OCBC Securities Private Limited	6,286,826	0.33
15	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,827,845	0.31
16	Phillip Securities Pte Ltd	5,427,148	0.29
17	RHB Securities Singapore Pte. Ltd.	5,199,259	0.28
18	Merrill Lynch (Spore) Pte Ltd	4,576,144	0.24
19	Jack Investment Pte Ltd	3,539,500	0.19
20	Liew Chee Kong	3,000,000	0.16
TOTAL		1,640,383,192	86.98

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

As at 29 November 2018

Size of Holdings	No. of Stapled Securityholders	%	No. of Stapled Securities	%
1 – 99	43	0.34	1,710	0.00
100 – 1,000	1,313	10.52	1,228,175	0.07
1,001 – 10,000	6,353	50.91	32,924,483	1.75
10,001 – 1,000,000	4,737	37.96	178,477,345	9.46
1,000,001 and above	34	0.27	1,673,030,896	88.72
Total	12,480	100.00	1,885,662,609	100.00

Country	No. of Stapled Securityholders	%	No. of Stapled Securities	%
Singapore	12,227	97.97	1,878,912,290	99.64
Malaysia	183	1.47	4,768,105	0.25
Others	70	0.56	1,982,214	0.11
Total	12,480	100.00	1,885,662,609	100.00

Statistics of Stapled Securityholders

SUBSTANTIAL STAPLED SECURITYHOLDERS

As at 29 November 2018

Substantial Stapled Securityholders	Direct Interest		Deemed Interest		Total	
	No. of Stapled Securities	%	No. of Stapled Securities	%	No. of Stapled Securities	%
Frasers Property Hospitality Trust Holdings Pte. Ltd.	426,207,157	22.60	–	–	426,207,157	22.60
Frasers Property Limited ⁽¹⁾	–	–	457,930,383	24.28	457,930,383	24.28
Thai Beverage Public Company Limited ⁽²⁾	–	–	457,930,383	24.28	457,930,383	24.28
International Beverage Holdings Limited ⁽³⁾	–	–	457,930,383	24.28	457,930,383	24.28
InterBev Investment Limited ⁽⁴⁾	–	–	457,930,383	24.28	457,930,383	24.28
Siriwana Company Limited ⁽⁵⁾	–	–	457,930,383	24.28	457,930,383	24.28
Maxtop Management Corp. ⁽⁶⁾	–	–	457,930,383	24.28	457,930,383	24.28
Risen Mark Enterprise Ltd. ⁽⁷⁾	–	–	457,930,383	24.28	457,930,383	24.28
Golden Capital (Singapore) Limited ⁽⁸⁾	–	–	457,930,383	24.28	457,930,383	24.28
MM Group Limited ⁽⁹⁾	–	–	457,930,383	24.28	457,930,383	24.28
TCC Assets Limited ⁽¹⁰⁾	–	–	457,930,383	24.28	457,930,383	24.28
Charoen Sirivadhanabhakdi ⁽¹¹⁾	–	–	457,930,383	24.28	457,930,383	24.28
Khunying Wanna Sirivadhanabhakdi ⁽¹²⁾	–	–	457,930,383	24.28	457,930,383	24.28
TCC Group Investments Limited	707,310,200	37.51	–	–	707,310,200	37.51
Atinant Bijananda ⁽¹³⁾	–	–	707,310,200	37.51	707,310,200	37.51
Thapana Sirivadhanabhakdi ⁽¹³⁾	–	–	707,310,200	37.51	707,310,200	37.51
Wallapa Traisorat ⁽¹³⁾	–	–	707,310,200	37.51	707,310,200	37.51
Thapanee Techajareonvikul ⁽¹³⁾	–	–	707,310,200	37.51	707,310,200	37.51
Panote Sirivadhanabhakdi ⁽¹³⁾	–	–	707,310,200	37.51	707,310,200	37.51

Notes:

- (1) Frasers Property Limited (“**Frasers Property**”) holds a 100% direct interest in each of Frasers Hospitality Asset Management Pte. Ltd. (“**FHAM**”), Frasers Hospitality Pte. Ltd. (“**FHPL**”) and Frasers Property Hospitality Trust Holdings Pte. Ltd. (“**FPHTH**”); and FHAM, FHPL and FPHTH hold Stapled Securities in FHT. Frasers Property therefore has a deemed interest in the Stapled Securities in FHT in which each of the FHAM, FHPL and FPHTH has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore) (“**SFA**”).
- (2) Thai Beverage Public Company Limited (“**ThaiBev**”) holds a 100% direct interest in International Beverage Holdings Limited (“**IBHL**”);
- IBHL holds a 100% direct interest in InterBev Investment Limited (“**IBIL**”);
 - IBIL holds a greater than 20% interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of the FHAM, FHPL and FPHTH; and
 - FHAM, FHPL and FPHTH hold Stapled Securities in FHT.
- ThaiBev therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (3) IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
 - FHAM, FHPL and FPHTH hold Stapled Securities in FHT.
- IBHL therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (4) IBIL holds a greater than 20% interest in Frasers Property;
- Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
 - FHAM, FHPL and FPHTH hold Stapled Securities in FHT.
- IBIL therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (5) Siriwana Company Limited (“**SCL**”) holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
 - FHAM, FHPL and FPHTH hold Stapled Securities in FHT.
- SCL therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (6) Maxtop Management Corp. (“**MMC**”) together with Risen Mark Enterprise Ltd. (“**RM**”) and Golden Capital (Singapore) Limited (“**GC**”) collectively holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPHTH; and
 - FHAM, FHPL and FPHTH hold Stapled Securities in FHT.
- MMC therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.

Statistics of Stapled Securityholders

SUBSTANTIAL STAPLED SECURITYHOLDERS (CONT'D)

As at 29 November 2018

- (7) RM together with MMC and GC collectively holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPPTH; and
 - FHAM, FHPL and FPPTH hold Stapled Securities in FHT.
- RM therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (8) GC together with MMC and RM collectively holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPPTH; and
 - FHAM, FHPL and FPPTH hold Stapled Securities in FHT.
- GC therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (9) MM Group Limited ("**MM**") holds a 100% direct interest in each of MMC, RM and GC;
- MMC, RM and GC collectively holds a greater than 20% interest in ThaiBev;
 - ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPPTH; and
 - FHAM, FHPL and FPPTH hold Stapled Securities in FHT.
- MM therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (10) TCC Assets Limited ("**TCCA**") holds a majority interest in Frasers Property;
- Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPPTH; and
 - FHAM, FHPL and FPPTH hold Stapled Securities in FHT.
- TCCA therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (11) Charoen Sirivadhanabhakdi and his spouse, Khunying Wanna Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPPTH; and
 - FHAM, FHPL and FPPTH hold Stapled Securities in FHT.
- Charoen Sirivadhanabhakdi therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (12) Khunying Wanna Sirivadhanabhakdi and her spouse, Charoen Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in Frasers Property;
 - Frasers Property holds a 100% direct interest in each of FHAM, FHPL and FPPTH; and
 - FHAM, FHPL and FPPTH hold Stapled Securities in FHT.
- Khunying Wanna Sirivadhanabhakdi therefore has a deemed interest in the Stapled Securities in FHT in which Frasers Property has an interest, by virtue of Section 4 of the SFA.
- (13) Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi holds 20% of the issued share capital of TCC Group Investments Limited ("**TCCG**");
- TCCG holds Stapled Securities in FHT.
- Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi therefore has a deemed interest in the Stapled Securities in FHT in which TCCG has an interest, by virtue of Section 4 of the SFA.

Statistics of Stapled Securityholders

STAPLED SECURITYHOLDINGS OF DIRECTORS OF THE MANAGERS

As at 21 October 2018

Name of Director	No. of Stapled Securities Held	
	Direct Interest	Deemed Interest
Mr Law Song Keng	549,900	Nil
Mr Panote Sirivadhanabhakdi	Nil	707,310,200
Mr Choe Peng Sum	528,000	Nil

FREE FLOAT

Based on information made available to the Managers as at 29 November 2018, approximately 38% of the Stapled Securities are held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been compiled with.

Interested Person Transactions

The transactions entered into with interested persons for the financial period from 1 October 2017 to 30 September 2018 ("FY2018") which fall within the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions of less than \$100,000 each) are as follows:

Names of Interested Persons	Aggregate value of all Interested Person Transactions during the financial period under review (excluding transactions of less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all Interested Person Transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Frasers Hospitality Asset Management Pte. Ltd.		
– Management fees paid and payable ¹	(7,401)	–
– Reimbursement of expenses paid on behalf of FH-REIT	(121)	–
– Servicer fee paid and payable	(120)	–
Frasers Hospitality Trust Management Pte. Ltd.		
– Management fees paid and payable ¹	(52)	–
FHT Australia Management Pty Ltd		
– Management fees paid and payable ¹	(4,705)	–
Frasers Hospitality Pte. Ltd.		
– Management, marketing and trademark licence fees paid and payable ¹	(3,279)	–
Frasers Hospitality UK Ltd.		
– Management, marketing and trademark licence fees paid and payable ¹	(2,220)	–
BCH Hotel Investment Pte. Ltd.		
– Rental income from InterContinental Singapore ²	18,827	–
River Valley Apartments Pte. Ltd.		
– Rental income from Fraser Suites Singapore ²	12,255	–
Fairdace Limited		
– Rental income from Fraser Place Canary Wharf ²	5,789	–
– Rental income from Fraser Suites Glasgow ²	1,856	–
39QGG Management Limited		
– Rental income from Fraser Suites Queens Gate ²	6,658	–
P I Hotel Management Limited		
– Rental income from Best Western Cromwell London ² / ibis Styles London Gloucester Road ²	1,504	–
– Rental income from Park International London ²	5,625	–

Interested Person Transactions

Names of Interested Persons	Aggregate value of all Interested Person Transactions during the financial period under review (excluding transactions of less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all Interested Person Transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Frasers (St. Giles Street) Management Limited		
– Rental income from Fraser Suites Edinburgh ²	2,132	–
Frasers Town Hall Residences Operations Pty Ltd		
– Rental income from Fraser Suites Sydney ²	10,486	–
– Reimbursement of expenses paid on behalf of FH-REIT	(559)	–
Frasers Town Hall Land Pty Ltd		
– Reimbursement of expenses paid on behalf of FH-REIT	(652)	–
Frasers Sydney ML Hotel Pty Ltd		
– Rental income from Novotel Sydney Darling Square ²	6,266	–
JBB Hotels Sdn. Bhd.		
– Rental income from The Westin Kuala Lumpur ²	7,185	–
K.K. Shinkobe Holding		
– Rental income from ANA Crowne Plaza Kobe ²	17,698	–
Y.K. Toranomom Properties		
– Rental income from ANA Crowne Plaza Kobe ²	1,894	–
– Reimbursement of expenses paid on behalf of FH-REIT	(1,015)	–
Ananke Holdings Pty Ltd		
– Rental income from Sofitel Sydney Wentworth ²	16,080	–
– Reimbursement of expenses paid on behalf of FH-REIT	(284)	–
Frasers Hospitality Australia Pty Ltd		
– Reimbursement of expenses paid on behalf of FH-REIT	(710)	–
Perpetual (Asia) Limited		
– Trustee's fees	(300)	–
The Trust Company (Australia) Limited		
– Trustee's fees	(115)	–

Please also refer to Note 25 'Significant related party transactions' in FHT's financial statements.

Interested Person Transactions

Management fees and servicer fee payable to Frasers Hospitality Asset Management Pte. Ltd. (also referred to as "REIT Manager"), Frasers Hospitality Trust Management Pte. Ltd. (also referred to as "Trustee-Manager"), FHT Australia Management Pty Ltd (also referred to as "MIT Manager"), Frasers Hospitality Pte. Ltd. ("FHPL") and Frasers Hospitality UK Ltd. ("FHUK"), and Trustee's fees payable to Perpetual (Asia) Limited and The Trust Company (Australia) Limited on the basis of, and in accordance with the terms and conditions set out in the FH-REIT Trust Deed dated 12 June 2014 (as amended), the FH-BT Trust Deed dated 20 June 2014 (as amended), the FHT Australia Trust Deed dated 20 June 2014 (as amended) and/or FHT's Prospectus dated 30 June 2014 are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Except as disclosed above, there were no other interested person transactions (excluding transactions of less than \$100,000 each) entered into during the financial year under review nor any material contracts entered into by FHT that involved the interests of the Chief Executive Officer, any Director or any controlling Stapled Securityholder of FHT.

Notes

- 1 A summary of the number of Stapled Securities issued for the payment of the REIT management fees, Trustee-Manager management fees and MIT management fees to the REIT Manager, the Trustee-Manager and the MIT Manager and serviced residence management fees to FHPL and FHUK in FY2018 is as follows:

	Issue date	Stapled Security Units issued	Value \$'000
Frasers Hospitality Asset Management Pte. Ltd.			
Base fee for the period from 1 April 2017 to 30 September 2017	1 Nov 2017	3,143,429	2,310
Performance fee for the period from 1 October 2016 to 30 September 2017	1 Nov 2017	3,596,882	2,671
Base fee for the period from 1 October 2017 to 31 March 2018	30 Apr 2018	3,009,682	2,349
Frasers Hospitality Trust Management Pte. Ltd.			
Base fee for the period from 1 April 2017 to 30 September 2017	1 Nov 2017	27,996	21
Performance fee for the period from 1 October 2016 to 30 September 2017	1 Nov 2017	34,407	26
Base fee for the period from 1 October 2017 to 31 March 2018	30 Apr 2018	28,509	22
FHT Australia Management Pty Ltd			
Base fee for the period from 1 April 2017 to 30 September 2017	1 Nov 2017	1,589,138	1,168
Performance fee for the period from 1 October 2016 to 30 September 2017	1 Nov 2017	3,292,497	2,445
Base fee for the period from 1 October 2017 to 31 March 2018	30 Apr 2018	1,615,004	1,260
Frasers Hospitality Pte. Ltd.			
Management fees for the period from 1 April 2017 to 30 September 2017	1 Nov 2017	2,229,970	1,639
Management fees for the period from 1 October 2017 to 31 March 2018	30 Apr 2018	2,131,420	1,664
Frasers Hospitality UK Ltd.			
Management fees for the period from 1 April 2017 to 30 September 2017	1 Nov 2017	1,699,017	1,250
Management fees for the period from 1 October 2017 to 31 March 2018	30 Apr 2018	1,193,089	932

Frasers Property Hospitality Trust Holdings Pte. Ltd. ("Frasers Property Hospitality Trust Holdings"), a wholly-owned subsidiary of Frasers Property Limited, has been nominated by the REIT Manager to receive 9,749,993 Stapled Securities which the REIT Manager is entitled to receive as payment of its fees and pursuant to the nomination agreement between the REIT Manager and Frasers Property Hospitality Trust Holdings dated 5 May 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to the REIT Manager approximately SGD7.3 million being an amount equal to the aggregate issue price of such Stapled Securities.

Frasers Property Hospitality Trust Holdings has been nominated by the Trustee-Manager to receive 90,912 Stapled Securities which the Trustee-Manager is entitled to receive as payment of its fees and pursuant to the nomination agreement between the Trustee-Manager and Frasers Property Hospitality Trust Holdings dated 30 December 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to the Trustee-Manager approximately SGD0.07 million being an amount equal to the aggregate issue price of such Stapled Securities.

Frasers Property Hospitality Trust Holdings has been nominated by the MIT Manager to receive 6,496,639 Stapled Securities which the MIT Manager is entitled to receive as payment of its fees and pursuant to the nomination agreement between the MIT Manager and Frasers Property Hospitality Trust Holdings dated 5 May 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to the MIT Manager approximately SGD4.9 million being an amount equal to the aggregate issue price of such Stapled Securities.

Frasers Property Hospitality Trust Holdings has been nominated by the FHPL to receive 4,361,390 Stapled Securities which FHPL is entitled to receive as payment of its fees and pursuant to the nomination agreement between FHPL and Frasers Property Hospitality Trust Holdings dated 5 May 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to FHPL approximately SGD3.3 million being an amount equal to the aggregate issue price of such Stapled Securities.

Frasers Property Hospitality Trust Holdings has been nominated by the FHUK to receive 2,892,106 Stapled Securities which FHUK is entitled to receive as payment of its fees and pursuant to the nomination agreement between FHUK and Frasers Property Hospitality Trust Holdings dated 5 May 2016. In connection with such nomination, Frasers Property Hospitality Trust Holdings will pay to FHUK approximately SGD2.2 million being an amount equal to the aggregate issue price of such Stapled Securities.

- 2 The rental income disclosed as Interested Person Transactions above were received pursuant to Master Lease Agreements which were entered into in connection with the IPO of FHT and are deemed to have been specifically approved by Stapled Securityholders and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect FH-REIT. (See pages 342 and 343 of FHT's Prospectus dated 30 June 2014)

Notice of Annual General Meeting

FRASERS HOSPITALITY TRUST

A stapled group comprising:

FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 12 June 2014 under the laws of the Republic of Singapore)

FRASERS HOSPITALITY BUSINESS TRUST

(a business trust constituted on 20 June 2014 under the laws of the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 4th annual general meeting (the “**Annual General Meeting**”) of Frasers Hospitality Trust (“**FHT**”) (a stapled group comprising Frasers Hospitality Real Estate Investment Trust (“**FH-REIT**”) and Frasers Hospitality Business Trust (“**FH-BT**”)) will be held at 10.00 a.m. on Tuesday, 22 January 2019 at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958, for the following purposes:

ROUTINE BUSINESS

Ordinary Resolution (1)

1. To receive and adopt the Report of the Trustee-Manager issued by Frasers Hospitality Trust Management Pte. Ltd., in its capacity as trustee-manager of FH-BT (the “**Trustee-Manager**”), the Statement by the Chief Executive Officer of the Trustee-Manager, the Report of the Trustee issued by Perpetual (Asia) Limited, in its capacity as trustee of FH-REIT (the “**REIT Trustee**”), the Statement by the Manager issued by Frasers Hospitality Asset Management Pte. Ltd., as manager of FH-REIT (the “**REIT Manager**”) and the Audited Financial Statements of FHT, FH-BT and FH-REIT for the financial year ended 30 September 2018 and the Auditors’ Report thereon.

Ordinary Resolution (2)

2. To re-appoint KPMG LLP as Auditors of FHT (a stapled group comprising FH-REIT and FH-BT) and to authorise the REIT Manager and the Trustee-Manager to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following Ordinary Resolution:

Ordinary Resolution (3)

3. That authority be and is hereby given to the REIT Manager and the Trustee-Manager, to:
 - (a) (i) issue new units in FH-REIT (“**FH-REIT Units**”) and new units in FH-BT (“**FH-BT Units**”, together with FH-REIT Units, the “**Stapled Securities**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities,

at any time and upon such terms and conditions and for such purposes and to such persons as the REIT Manager and the Trustee-Manager may in their absolute discretion deem fit; and

Notice of Annual General Meeting

- (b) issue Stapled Securities in pursuance of any Instrument made or granted by the REIT Manager and the Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

provided that:

- (1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of Stapled Securities to be issued other than on a *pro rata* basis to holders of the Stapled Securities ("**Stapled Securityholders**") does not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) as calculated in accordance with sub-paragraph (2) below;
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (1) above, the total number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury FH-REIT Units and FH-BT Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
- (3) in exercising the authority conferred by this Resolution, the REIT Manager and Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Business Trusts Act, Chapter 31A of Singapore for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore (the "**MAS**")), trust deed constituting FH-REIT (as amended) (the "**FH-REIT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the MAS), the trust deed constituting FH-BT (as amended) (the "**FH-BT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the MAS) and the stapling deed (the "**Stapling Deed**") entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager for the time being in force (unless otherwise exempted or waived by the MAS);
- (4) unless revoked or varied by Stapled Securityholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next annual general meeting of FHT or (ii) the date by which the next annual general meeting of FHT is required by the applicable law or regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the REIT Manager and the Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Stapled Securities are issued; and

Notice of Annual General Meeting

- (6) the REIT Manager, the Trustee-Manager, any director of the REIT Manager or the Trustee-Manager (each a **“Director”** and collectively, the **“Directors”**) and the REIT Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, the Trustee-Manager, such Director, or, as the case may be, the REIT Trustee may consider expedient or necessary or in the interest of FHT, FH-BT and FH-REIT to give effect to the authority conferred by this Resolution.

BY ORDER OF THE BOARD

Frasers Hospitality Asset Management Pte. Ltd.

(as REIT Manager of Frasers Hospitality Real Estate Investment Trust)
(Company Registration No. 201331351D)

Frasers Hospitality Trust Management Pte. Ltd.

(as Trustee-Manager of Frasers Hospitality Business Trust)
(Company Registration No. 201401270M)

27 December 2018

NOTES:

- (1) A Stapled Securityholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote instead of the Stapled Securityholder. A proxy need not be a Stapled Securityholder. Where a Stapled Securityholder appoints more than one proxy, he/she must specify the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A Stapled Securityholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Stapled Securityholder, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder. Where such Stapled Securityholder appoints more than two proxies, the appointments shall be invalid unless the Stapled Securityholder specifies the number of Stapled Securities in relation to which each proxy has been appointed.

“Relevant Intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Stapled Securities in that capacity; or
- (c) the Central Provident Fund Board (**“CPF Board”**) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Notice of Annual General Meeting

- (3) The instrument appointing a proxy or proxies (as the case may be) must be deposited with the Company Secretary of the REIT Manager and the Trustee-Manager (collectively, the “**Managers**”) at the offices of the Managers’ Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the Annual General Meeting.

EXPLANATORY NOTE:

Ordinary Resolution 3

The Ordinary Resolution 3 above, if passed, will empower the REIT Manager and the Trustee-Manager from the date of this Annual General Meeting until the date of the next annual general meeting, to issue Stapled Securities and to make or grant instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities, of which up to 20% may be issued other than on a pro rata basis to Stapled Securityholders.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the issued Stapled Securities at the time the Ordinary Resolution 3 is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time the Ordinary Resolution 3 is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Securityholders is required under the Listing Manual of the SGX-ST, the FH-REIT Trust Deed, the FH-BT Trust Deed and the Stapling Deed or any applicable laws and regulations in such instances, the REIT Manager and the Trustee-Manager will then obtain the approval of Stapled Securityholders accordingly.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Stapled Securityholder (i) consents to the collection, use and disclosure of the Stapled Securityholder’s personal data by the Managers and the REIT Trustee (or their agents) for the purpose of the processing and administration by the Managers and the REIT Trustee (or their agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Managers and the REIT Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Stapled Securityholder discloses the personal data of the Stapled Securityholder’s proxy(ies) and/or representative(s) to the Managers and the REIT Trustee (or their agents), the Stapled Securityholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Managers and the REIT Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Stapled Securityholder will indemnify the Managers and the REIT Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder’s breach of warranty.

Important Notice

The value of the Stapled Securities and the income derived from them, if any, may fall or rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers, the REIT Trustee or any of their affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Managers to redeem their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of FHT and the Managers is not necessarily indicative of the future performance of FHT and the Managers.

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IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 2 of the notes to the Proxy Form for the definition of "relevant intermediary").
2. PLEASE READ THE NOTES TO THE PROXY FORM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 27 December 2018.

FRASERS HOSPITALITY TRUST

A stapled group comprising:

FRASERS HOSPITALITY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 12 June 2014 under the laws of the Republic of Singapore)

FRASERS HOSPITALITY BUSINESS TRUST

(a business trust constituted on 20 June 2014 under the laws of the Republic of Singapore)

Proxy Form

Annual General Meeting

I/We _____ (Name) _____ (NRIC/Passport Number/ Company Registration Number, where applicable) of _____ (Address) being a holder/s of units in Frasers Hospitality Real Estate Investment Trust ("FH-REIT") and units in Frasers Hospitality Business Trust ("FH-BT") (collectively, "**Stapled Securities**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholding (Note 2)	
			No. of Stapled Securities	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Stapled Securityholding (Note 2)	
			No. of Stapled Securities	%

or both of whom failing, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to attend, to speak and to vote for me/us on my/our behalf at the AGM to be held at 10.00 a.m. on Tuesday, 22 January 2019 at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958, and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

NO.	RESOLUTIONS RELATING TO:	No. of Votes For*	No. of Votes Against*
	ROUTINE BUSINESS		
1.	To receive and adopt the Trustee-Manager's Report, the Statement by the Chief Executive Officer of the Trustee-Manager, the REIT Trustee's Report, the REIT Manager's Statement and the Audited Financial Statements of FHT, FH-BT and FH-REIT for the financial year ended 30 September 2018 and the Auditor's Report thereon		
2.	To re-appoint KPMG LLP as Auditors of FHT comprising FH-REIT and FH-BT, and to authorise the REIT Manager and the Trustee-Manager to fix their remuneration		
	SPECIAL BUSINESS		
3.	To authorise the REIT Manager and the Trustee-Manager to issue Stapled Securities and to make or grant convertible instruments		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018/2019 (delete as appropriate)

Signature(s) of Stapled Securityholder(s)/Common Seal

Total number of Stapled Securities held (Note 4)

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

NOTES TO PROXY FORM

1. A stapled securityholder of Frasers Hospitality Trust ("**FHT**", and a stapled securityholder of FHT, a "**Stapled Securityholder**") who is not a relevant intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote instead of the Stapled Securityholder. A proxy need not be a Stapled Securityholder. Where a Stapled Securityholder appoints more than one proxy, he/she must specify the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Stapled Securityholder who is a relevant intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Stapled Securityholder, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder. Where such Stapled Securityholder appoints more than two proxies, the appointments shall be invalid unless the Stapled Securityholder specifies the number of Stapled Securities in relation to which each proxy has been appointed.
"Relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Stapled Securities in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (as the case may be) must be deposited with the Stapled Security Registrar of the REIT Manager and the Trustee-Manager (the "**Managers**"), Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the AGM.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Stapled Securityholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Stapled Securityholder attends the meeting in person, and in such event, the Managers reserve the right to refuse to admit any person or persons appointed under this instrument of proxy, to the meeting.

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Affix
Postage
Stamp

Company Secretary
Frasers Hospitality Asset Management Pte. Ltd.
(as REIT Manager of Frasers Hospitality Real Estate Investment Trust)
Frasers Hospitality Trust Management Pte. Ltd.
(as Trustee-Manager of Frasers Hospitality Business Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

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5. A Stapled Securityholder should insert the total number of Stapled Securities held. If the Stapled Securityholder has Stapled Securities entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities registered in his/her name in the Register of Stapled Securityholders, he/she should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities entered against his/her name in the said Depository Register and registered in his/her name in the Register of Stapled Securityholders, he/she should insert the aggregate number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by the Stapled Securityholder.
6. If the Stapled Securityholder is shown to not have any Stapled Securities entered against his name as at 48 hours before the time fixed for the AGM, the instrument appointing a proxy or proxies (the "**Proxy Form**") will be rejected.
7. The Proxy Form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where a Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must (failing previous registration with the Managers) be lodged with the Proxy Form; failing which the instrument may be treated as invalid.
9. The Managers shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Stapled Securities entered in the Depository Register, the Managers may reject a Proxy Form if the Stapled Securityholder, being the appointor, is not shown to have Stapled Securities entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Managers.
10. All Stapled Securityholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
11. On a poll, every Stapled Securityholder who is present in person or by proxy shall have one vote for every Stapled Security of which he/she is the Stapled Securityholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.

Corporate Information

REIT Manager of FH-REIT
Frasers Hospitality Asset Management Pte. Ltd.

Trustee-Manager of FH-BT
Frasers Hospitality Trust Management Pte. Ltd.

Registered Address of REIT Manager and Trustee-Manager
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958
Tel: (65) 6276 4882 | Fax: (65) 6276 6328
Website: www.frasershospitalitytrust.com

Directors of the REIT Manager and Trustee-Manager
Mr Law Song Keng
Chairman and Independent Director

Mr Chua Phuay Hee
Independent Director

Mr Liew Choon Wei
Independent Director

Dr David Wong See Hong
Independent Director

Mr Panote Sirivadhanabhakdi
Non-Executive Director

Mr Choe Peng Sum
Non-Executive Director

Audit, Risk and Compliance Committee of the REIT Manager
Audit, Risk and Compliance Committee of the Trustee-Manager
Mr Law Song Keng, Chairman
Mr Liew Choon Wei
Dr David Wong See Hong

Nominating and Remuneration Committee of the REIT Manager
Nominating and Remuneration Committee of the Trustee-Manager
Mr Law Song Keng, Chairman
Mr Liew Choon Wei
Dr David Wong See Hong
Mr Panote Sirivadhanabhakdi

Company Secretary
Ms Catherine Yeo

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

Stapled Security Registrar and Stapled Security Transfer Office
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

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

Principal Bankers
DBS Bank Ltd.
Bank of China Limited, Singapore Branch
Australia and New Zealand Banking Group Limited, Sydney Branch
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad, Singapore Branch
CIMB Bank Berhad, Singapore Branch
Standard Chartered Bank Malaysia Berhad
United Overseas Bank Limited, Tokyo Branch

FRASERS HOSPITALITY ASSET MANAGEMENT PTE. LTD.

As REIT Manager of Frasers Hospitality Real Estate Investment Trust
Company Registration Number: 201331351D

FRASERS HOSPITALITY TRUST MANAGEMENT PTE. LTD.

As Trustee-Manager of Frasers Hospitality Business Trust
Company Registration Number: 201401270M

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