

## **SGX-ST ANNOUNCEMENT**

*For immediate release*

A hospitality 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)  
and  
**Frasers Hospitality Business Trust**  
(a business trust constituted on 20 June 2014 under the laws of the Republic of Singapore)

## **RESPONSES TO SGX-ST'S QUERY ON FY2020 ANNUAL REPORT**

The board of directors (the "**Boards**") of each of Frasers Hospitality Asset Management Pte. Ltd., in its capacity as the manager of Frasers Hospitality Real Estate Investment Trust, and Frasers Hospitality Trust Management Pte. Ltd., in its capacity as the trustee-manager of Frasers Hospitality Business Trust (collectively, the "**Managers**"), wishes to announce the following response to a query received from Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 11 January 2021 relating to the annual report of Frasers Hospitality Trust ("**FHT**") for the financial year ended 30 September 2020 ("**FY2020 Annual Report**").

### Query:

Provision 8.1 of the Code of corporate governance 2018 (the "**Code**") states that "The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel." (emphasis added)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Trust had not complied with Provision 8.1 of the Code with regard to the disclosure of the amounts of remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel. Please clarify how the practices the Trust had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Trust's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

### Response:

Pursuant to Provision 8.1 of the Code in relation to the remuneration of each individual director, the Managers would like to highlight that they have disclosed on page 116 of the FY2020 Annual Report, the remuneration of all of the directors of the Managers.

In relation to the disclosure of the amounts of remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel, the Managers would like to clarify that all persons who are considered key executives of the Managers have been listed in the remuneration table set out on page 117 of the FY2020 Annual Report.

The Managers have disclosed on page 117 of the FY2020 Annual Report the reasons why the Boards decided (a) to disclose the CEO's remuneration in bands of S\$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other key executives of the Managers in bands of S\$250,000, and (c) to disclose the aggregate remuneration of all of the key executives of the Managers (including the CEO).

The Managers would like to elaborate on the reasons as follows:

- (i) due to the commercial sensitivity and confidential nature of staff remuneration matters, the Managers are of the view that such disclosures could be prejudicial to the interests of stapled securityholders of FHT ("**Stapled Securityholders**");
- (ii) given the competitive business environment which FHT operates in, the Managers face significant competition for talent in the REIT management sector, and it had not disclosed the exact remuneration of the key executives (including the CEO) so as to minimise potential staff movement and undue disruption to its management team which would be prejudicial to the interests of Stapled Securityholders; and
- (iii) it is important for the Managers to ensure stability and continuity of their business by retaining a competent and experienced management team and being able to attract talented staff and disclosure of the remuneration of the key executives including the CEO could make it difficult to retain and attract talented staff on a long-term basis.

The Managers have also disclosed in detail on page 117 of the FY2020 Annual Report the components of the CEO's and the key management personnel's remuneration, comprising the fixed salary and performance bonus, and on pages 114 to 115 the annual appraisal process and the factors which are taken into account in assessing performance of the CEO and key management personnel, including but not limited to: (a) FHT's net property income (b) distribution per Stapled Security and (c) total Stapled Securityholder return relative to a peer group. The disclosure of these performance metrics show the relationship between the CEO's and the key management personnel's remuneration and the performance and long-term value creation for FHT. In addition, the Managers have disclosed on pages 113 to 114 of the FY2020 Annual Report the details of the Long-Term Incentive Plans, under which the key management personnel may be awarded with fully paid Stapled Securities in FHT, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met.

Taking into account the reasons why disclosure of the exact quantum of the remuneration of the CEO and key management personnel would be prejudicial to the interests of Stapled Securityholders and the disclosure of the remuneration policies, composition of remuneration, appraisal process and performance metrics which go towards determination of the performance bonus of the CEO and key management personnel, the Boards have determined that there is sufficient transparency on the Managers' remuneration policies, level and mix of remuneration, the procedure for setting remuneration

and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8.

**BY ORDER OF THE BOARD**

**Frasers Hospitality Asset Management Pte. Ltd.**

As manager of Frasers Hospitality Real Estate Investment Trust  
Company Registration No: 201331351D

**Frasers Hospitality Trust Management Pte. Ltd.**

As trustee-manager of Frasers Hospitality Business Trust  
Company Registration No: 201401270M

Catherine Yeo  
Company Secretary  
13 January 2021