

FRASERS HOSPITALITY TRUST
MINUTES OF THE ANNUAL GENERAL MEETING
HELD ON WEDNESDAY, 20 JANUARY 2021, AT 10.00 A.M.
BY WAY OF ELECTRONIC MEANS

Present: Stapled Securityholders

Present remotely:

As per attendance list

In attendance: Directors of Frasers Hospitality Asset Management Pte. Ltd., as manager of Frasers Hospitality Real Estate Investment Trust (“FH-REIT”, and the manager of FH-REIT, the “REIT Manager”) and Frasers Hospitality Trust Management Pte. Ltd., as trustee-manager of Frasers Hospitality Business Trust (“FH-BT”, and the trustee-manager of FH-BT, the “Trustee-Manager”, and together with the REIT Manager, the “Managers”)

Present in person:

Mr Law Song Keng, Chairman

Present remotely:

Mr Chua Phuay Hee

Mr Liew Choon Wei

Dr David Wong See Hong

Mr Panote Sirivadhanabhakdi

Mr Koh Teck Chuan

Executive Officers of the Managers

Present in person:

Mr Colin Low Hsien Yang, Chief Executive Officer

Present remotely:

Mr Eric Gan, Chief Financial Officer

Company Secretary of the Managers

Present in person:

Ms Catherine Yeo

Representatives of Perpetual (Asia) Limited, as trustee of FH-REIT

Present remotely:

As per attendance list

Representatives of KPMG LLP, as External Auditors of FHT

Present remotely:

As per attendance list

1. Introduction

- 1.1 Prior to the commencement of the Annual General Meeting (“**AGM**” or the “**Meeting**”), Ms Catherine Yeo (“**Ms Yeo**”), Company Secretary of the Managers, informed the Meeting that Perpetual (Asia) Limited, as trustee of FH-REIT (the “**REIT Trustee**”), and the Trustee-Manager, as trustee-manager of FH-BT, have each nominated Mr Law Song Keng (the “**Chairman**”), to preside as the Chairman of the Meeting. In accordance with the trust deeds constituting FH-REIT and FH-BT (and the stapled group Frasers Hospitality Trust comprising FH-BT and FH-REIT, “**FHT**”) dated 20 June 2014 (as amended, supplemented and restated) and 12 June 2014 (as amended, supplemented and restated) respectively, Mr Law presided as the Chairman of the Meeting. Noting that Boardroom Corporate & Advisory Services Pte. Ltd., the Stapled Security Registrar, had informed that there was a sufficient number of verified stapled securityholders of FHT (“**Stapled Securityholders**”, and the stapled securities held by Stapled Securityholders, “**Stapled Securities**”) who were attending the Meeting electronically such that the requisite quorum for the Meeting had been met, Ms Yeo invited the Chairman to proceed with the Meeting.
- 1.2 The Chairman welcomed Stapled Securityholders to the Meeting and informed them that the AGM was conducted via electronic means so as to ensure the safety of all attendees amidst the on-going COVID-19 situation. Pursuant to the COVID-19 (Temporary Measures) Act and the related order on the alternative arrangement for general meetings, Stapled Securityholders attending the Meeting via electronic means would be treated as present and may be named in the attendance lists. He requested Stapled Securityholders to bear with any technical issues or disruptions. The Chairman, on behalf of the board of directors (the “**Board**”) and the management team of the Managers, thanked the Stapled Securityholders for taking the time to pre-register for the Meeting and submitting questions in advance.
- 1.3 The Chairman noted that as stated in the Notice of Annual General Meeting dated 21 December 2020 (the “**Notice of AGM**”), there would not be a “live” question and answer session during the AGM. Instead, Stapled Securityholders were advised to submit questions prior to the Meeting and the responses to the substantial and relevant questions were published on SGXNet and the corporate website of FHT on 19 January 2021 and attached as **Annex A** (the “**Responses to Substantial and Relevant Questions**”). He also stated that some of the questions would be addressed at the AGM.

- 1.4 The Chairman proceeded to introduce the members of the Board and the representatives of the Managers who were present in person or via electronic means. He also thanked the representatives of the REIT Trustee and KPMG LLP, the auditors of FHT, who were attending the AGM remotely.
- 1.5 The Chairman noted that as stated in the Managers' SGXNet Announcement dated 21 December 2020 (the "**AGM Announcement**"), there would be no "live" voting during the Meeting. Instead, Stapled Securityholders had been advised to submit their votes by completing the proxy form circulated to Stapled Securityholders on 21 December 2020 (the "**Proxy Form**") to appoint the Chairman of the Meeting as proxy to vote on their behalf. Mr Law Song Keng, in his capacity as Chairman of the Meeting and as proxy for Stapled Securityholders, then proposed all the resolutions to be tabled at the Meeting and informed that he would vote, or abstain from voting, on behalf of Stapled Securityholders, in accordance with their specific instructions in their respective Proxy Forms for each of the motions to be tabled at the Meeting. All resolutions tabled at the Meeting would be conducted by poll. The Chairman noted that Proxy Forms submitted at least 48 hours before the Meeting had been checked, and the number of votes for, against and abstentions from voting on each motion had been verified by RHT Governance, Risk & Compliance (Singapore) Pte. Ltd., the scrutineer for the Meeting.
- 1.6 The Chairman noted that the annual report of FHT for the financial year ended 30 September 2020 ("**FY2020**", and the annual report for FY2020, the "**Annual Report**"), the Notice of AGM, the Proxy Form and the AGM Announcement which sets out the alternative arrangements for the conduct of the Meeting were published on SGXNet and the corporate website of FHT on 21 December 2020. Printed copies of the Notice of AGM, the Proxy Form and the AGM Announcement were also despatched to all Stapled Securityholders for their convenience.
- 1.7 The Chairman then briefly went through the contents of the Annual Report, and the Notice of AGM was taken as read.
- 1.8 The Chairman noted that Resolutions 1, 2 and 3 as found in the Notice of AGM are ordinary resolutions, and explained that an ordinary resolution is passed if more than 50% of the total votes cast for and against the resolution are cast in its favour.
- 1.9 Before proceeding to the resolutions, the Chairman invited Mr Colin Low Hsien Yang, the Chief Executive Officer of the Managers (the "**CEO**"), to deliver a presentation summarising the key highlights and performance of FHT in FY2020, and noted that a copy of the presentation had been uploaded on SGXNet and the corporate website of FHT on 19 January 2021.
- 1.10 Following the presentation, the Chairman and the CEO addressed Questions 1 and 4 and Questions 5 and 6, respectively, as set out in the Responses to Substantial and Relevant Questions by reading out the responses set out therein.
- 1.11 The Chairman then proceeded to explain the motions to be tabled at the Meeting as set out in the Notice of AGM.

2. Ordinary Resolution 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 FY2020 and the Auditor’s Report thereon

2.1 The Chairman introduced Resolution 1 as set out in the Notice of AGM, as follows:

2.2 *“Resolution 1 seeks Staped Securityholders’ approval to receive and adopt the Report of the Trustee-Manager, the Statement by the Chief Executive Officer of the Trustee-Manager, the Report of the REIT Trustee, the Statement by the Manager and the Audited Financial Statements of Frasers Hospitality Trust, Frasers Hospitality Business Trust and Frasers Hospitality Real Estate Investment Trust for the financial year ended 30 September 2020 and the Auditors’ Report thereon.”*

2.3 The full text of Resolution 1, as set out on Page 291 of the Annual Report, was taken as read.

2.4 The Chairman proceeded to put Resolution 1 to vote by poll. The result of the poll on Resolution 1 was as follows:

For		Against	
No. of Staped Securities	%	No. of Staped Securities	%
1,269,873,049	99.99%	89,144	0.01%

2.5 Based on the results of the poll, the Chairman declared Resolution 1 as carried.

3. Ordinary Resolution 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

3.1 The Chairman introduced Resolution 2 as set out in the Notice of AGM, as follows:

“Resolution 2 seeks the Staped Securityholders’ approval for the re-appointment of KPMG LLP as the Auditors of Frasers Hospitality Trust (a stapled group comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) to hold office until the conclusion of the next Annual General Meeting and authorisation for the REIT Manager and the Trustee-Manager to fix their remuneration.”

3.2 The Chairman informed the Meeting that the Audit, Risk and Compliance Committee of the Managers, with the Board’s endorsement, had nominated KPMG LLP for re-appointment as auditors of Frasers Hospitality Trust and KPMG LLP had expressed its willingness to accept such re-appointment.

3.3 The full text of Resolution 2, as set out on Page 291 of the Annual Report, was taken as read.

- 3.4 The Chairman proceeded to put Resolution 2 to vote by poll. The result of the poll on Resolution 2 was as follows:

For		Against	
No. of Stapled Securities	%	No. of Stapled Securities	%
1,269,453,434	99.92%	980,559	0.08%

- 3.5 Based on the results of the poll, the Chairman declared Resolution 2 as carried.

4. Ordinary Resolution 3:

To authorise the REIT Manager and the Trustee-Manager to issue Stapled Securities and to make or grant convertible instruments

- 4.1 The Chairman invited Ms Yeo to explain Resolution 3, as follows:

“This Resolution seeks Stapled Securityholders’ approval to authorise the Managers to issue Stapled Securities and/or to make or grant instruments which are convertible into Stapled Securities and issue Stapled Securities pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury Stapled Securities, if any), of which up to 20% may be issued other than on a pro rata basis to Stapled Securityholders. The mandate, if approved and unless revoked or varied, shall be effective from the date of this Meeting until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by the applicable law or regulations to be held, whichever is earlier. The basis of calculating the number of Stapled Securities that may be issued is described in the full text of this Resolution and the Explanatory Notes to this Resolution on pages 291 to 293 and 296 of the Annual Report.”

- 4.2 The full text of Resolution 3 and the Explanatory Notes to the Resolution, as set out on pages 291 to 293 and 296 of the Annual Report, were taken as read.

- 4.3 The Chairman proceeded to put Resolution 3 to vote by poll. The result of the poll on Resolution 3 was as follows:

For		Against	
No. of Stapled Securities	%	No. of Stapled Securities	%
1,269,592,228	99.93%	845,765	0.07%

- 4.4 Based on the results of the poll, the Chairman declared Resolution 3 as carried.

5. Closure

- 5.1** On behalf of the Board and management team of the Trustee-Manager and REIT Manager, the Chairman thanked the Stapled Securityholders for their attendance and support, and declared the Meeting closed at 10.52 a.m.

CONFIRMED BY,
MR LAW SONG KENG
CHAIRMAN OF MEETING



FRASERS HOSPITALITY TRUST

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)

6TH ANNUAL GENERAL MEETING HELD ON 20 JANUARY 2021

RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM FHT STAPLED SECURITYHOLDERS

- Q1 In view of COVID-19, most tourism industries are affected. What is the outlook of 2021 and what is your plan to boost growth? Any M&A plans?**
- Q2 In the light of COVID-19, what are the managers' strategies and plans for FY2021? Will FHT be looking at further acquisitions? If so, how will they be funded?**
- Q3 Are there any efforts undertaken currently to buy more investment properties as value seems to have appeared in the current environment, arising from the COVID-19 pandemic?**
- Q4 Are there plans for portfolio rebalancing or acquisitions to capitalise on the pandemic?**

Responses to Q1 to Q4:

The COVID-19 outbreak has impacted the travel and hospitality industries in unprecedented ways. It is probably the worst that the industries have ever seen. In the World Tourism Organization's (UNWTO) World Tourism Barometer Report December 2020, international arrivals are forecast to rebound in 2021, based on the assumption of a gradual reversal of the pandemic, the roll-out of COVID-19 vaccines, significant improvement in traveller confidence, and major lifting of travel restrictions by mid-2021. However, international tourism may take 2.5 to 4 years to return to the 2019 levels. The UNWTO also expects domestic tourism to return faster and stronger than international travel.

Against this backdrop, we anticipate that the pace of recovery for the hospitality industry is going to vary from country to country as it is dependent on the extent of restriction easing and lifting of travel bans for intrastate, interstate and eventually international travel.

We expect countries in which we have a presence, such as Australia, Japan and the UK, to be best positioned for earlier recovery, given their predominant domestic travel markets. While demand for accommodation is likely to be constrained by health concerns and the level of post-COVID-19 austerity, pent-up travel demand seems most evident within the leisure segment. Corporate travel demand is likely to be the next segment to recover as a consequence of essential travel having been postponed while large-scale MICE events would probably take longer to return.

The COVID-19 pandemic has led many companies to take stock and re-examine their business strategies. While our asset portfolio of hotels and serviced residences remains unchanged, we have looked at the fundamental shifts in the hospitality industry, the emerging trends and their implications on our assets.

Looking at the future of work for instance, we have asked ourselves what are the permanent changes arising from working from home which have affected the way people live, work and play, and how we can address these new needs by rethinking, redesigning and reorganising our offerings to offer experiential, flexible and multi-use of our real estate space. There are other fundamental shifts that may be emerging and we are constantly taking an in-depth look at how we can position ourselves to ride on the new norms.

With regard to acquisitions, there have been few hotel transactions since the COVID-19 pandemic as many sellers, who put their assets on the market before the outbreak, have put their plans on hold. Despite the current market uncertainty, our Investment team continues to keep abreast of market opportunities as there may be good quality distressed assets coming onto the market. Any opportunities, including M&As, that we pursue will have to be compelling and strategic, with investment decisions weighed carefully against funding options available, market conditions for equity fund raising and the cost of equity.

As for rebalancing of our portfolio, we are of the view that the pandemic may not present the right time for us to get the best price possible for any asset sale.

- Q5 How does the management intend to plan and recover gradually, if not sharply, to increase revenue and reduce expenses in view that tourism and hotel industries remain subdued and depressed, probably until the end of 2021 or 2H of 2022 where international travel could gradually recover. Has the introduction of the vaccines had a great impact to the bottomline of the organisation?**
- Q6 How is FHT going to overcome the COVID-19 storm? When is the projected recovery?**
- Q7 How is FHT navigating the drought of travel accommodation (casual and business) till the time when borders reopen and subsequent to that, assuming that travel will still be in subdued numbers? How is FHT utilising its spare capacity to make up for the losses?**

Responses to Q5 to Q7:

In collaboration with all our hotel and serviced residence operators, we have proactively taken painful but necessary measures to address the operating and financial impact of the COVID-19 pandemic. We have implemented comprehensive cost-containment measures to reduce our operating expenses and conserve cash. Discretionary expenditure and non-essential capital expenditure have been suspended while support measures by various governments such as property tax rebates and wage subsidies have been pursued. We continue to rationalise and improve our work processes and procedures on an ongoing basis.

On the revenue side, we were among the first movers to secure the isolation/quarantine business in Singapore, Sydney and Melbourne. Two of our hotels, namely Sofitel Sydney Wentworth and Novotel Melbourne on Collins, continue to have this business today.

Our other properties are looking for every revenue opportunity by actively pursuing domestic travel or staycation business. Some have launched new offerings to serve the evolving needs in their local markets while others are exploring new uses of existing space to drive more revenue. For instance, Sofitel Sydney Wentworth held 2 concerts at its courtyard last year to bid farewell to guests who were completing their 2-week quarantine. These have generated positive publicity for the hotel and its team is exploring to hold weekend concerts at the courtyard to drive room and food and beverage revenue. It is also exploring to bring luxury dining experience to small private groups with customised dining themes and menus at the courtyard.

The first COVID-19 vaccines are beginning to be introduced in countries. While the vaccine news is positive, recovery is expected to take some time due to production challenges and complex distribution processes. The impact of COVID-19 vaccines on the pandemic will also depend on other factors, such as the effectiveness of the vaccines and how many people get vaccinated. The roll-out of the vaccines is expected to gradually increase traveller confidence and contribute to the easing of travel restrictions.

Q8 What are the factors driving down the fair valuations of investment properties? The COVID-19 pandemic might be an issue in the short to medium term but unlikely to be a factor in the long run. Thus, what other factors are affecting the fair valuations of investment properties?

As at 30 September 2020, FHT's investment portfolio was valued at S\$2.25 billion by independent valuers, down 3.5% from S\$2.33 billion a year ago. While the capitalisation rates and discount rates were either unchanged or largely similar to those of the previous financial year, the valuations of all country portfolios in local currency terms declined year-on-year (**yoy**) as the impact of the COVID-19 pandemic and the uncertainty of recovery have affected the short- to medium-term cashflows and the consequent values of the properties.

However, compared to the previous financial year, all functional currencies appreciated against the Singapore dollar in FY2020, leading to a smaller yoy decline in total portfolio valuation of 3.5% to S\$2.25 billion.

Q9 The Westin Kuala Lumpur has been closed for a while now due to the COVID-19 pandemic. Does management have any plans to seek alternate revenue source for the property? The cases in Kuala Lumpur show no sign of subsiding yet. How long can the asset be closed before it becomes unsustainable? Kindly share management's contingency plans should the closure drag on for an extended period?

The Westin Kuala Lumpur has resumed operations since 18 December 2020. While the Malaysian government has again placed 5 states and 3 federal territories, including Kuala Lumpur, under movement control order (MCO) from 13 January 2021 to 26 January 2021, this is balanced with the view that vaccination is expected to start in February 2021. We will continue to closely monitor and assess the situation.

Q10 What is the optimum capital structure for FHT? Will FHT borrow more money?

Q11 What is the possibility of reducing the finance costs by taking advantage of the current low interest rate environment?

Responses to Q10 to Q11:

At FHT, we adopt an active capital management strategy and seek to diversify the sources of funding to optimise our capital structure. We also take a prudent and disciplined approach to spread out our debt maturity and hedge our interest rate exposure. As such, there is no debt maturing until FY2022 and in any one year, no more than 30% of our total debt are due.

To manage interest rate risk, about 75% of our total debt are on fixed interest rates. We have been able to secure lower floating rates on the balance 25% total debt, thus reducing our effective cost of borrowing to 2.3%, down from 2.5% a year ago.

As of 30 September 2020, our gearing stood at 37.7%. We remain in compliance with our debt covenants and have adequate reserves to fulfil our obligations. About 96.3% of our total assets remain unencumbered.

Given that the leverage limit for SREITs has been raised from 45% to 50%, we continue to have ample debt headroom.

END