

**FRASERS HOSPITALITY TRUST**  
**MINUTES OF THE SCHEME MEETING**  
**HELD ON MONDAY, 12 SEPTEMBER 2022, AT 10.30 A.M.**  
**GRAND BALLROOM, LEVEL 2, INTERCONTINENTAL SINGAPORE,**  
**80 MIDDLE ROAD, SINGAPORE 188966**

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Present: Stapled Securityholders

Present in person or by proxy

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”, and the stapled group Frasers Hospitality Trust comprising FH-BT and FH-REIT, “FHT”)

Present in person:

Mr Law Song Keng, Chairman

Mr Chua Phuay Hee

Mr Liew Choon Wei

Present by way of electronic means:

Dr David Wong See Hong

Mr Panote Sirivadhanabhakdi

Executive Officers of the Managers

Present in person:

Ms Eu Chin Fen, Chief Executive Officer (the “CEO”)

Mr Eric Gan, Chief Financial Officer (the “CFO”)

Company Secretary of the Managers

Present in person:

Ms Catherine Yeo

Representatives from Perpetual (Asia) Limited, as trustee of FH-REIT (the "FH-REIT Trustee")

Present in person:

Ms Sin Li Choo

Representatives of advisors and consultants

Present in person:

- (a) DBS Bank Ltd., the lead financial adviser to the Managers;
- (b) Maybank Securities Pte. Ltd., the financial adviser to the Managers;
- (c) Deloitte & Touche Corporate Finance Pte Ltd, the independent financial adviser to the directors of FHT who are considered independent for the purposes of the trust scheme of arrangement (the ("**Independent Directors**") and to the FH-REIT Trustee;
- (d) Allen & Gledhill LLP, legal adviser to the Managers; and
- (e) KPMG LLP, the independent auditors of FHT.

As per attendance list

## 1. Introduction

- 1.1 Prior to the commencement of the scheme meeting (the "**Meeting**"), Ms Catherine Yeo ("**Ms Yeo**"), Company Secretary of the Managers, informed the Meeting that in accordance with the applicable Order of Court, the Court had appointed Mr Law Song Keng (the "**Chairman**") to preside as the Chairman of the Meeting. Noting 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 all stapled securityholders of FHT ("**Stapled Securityholders**", and the stapled securities held by Stapled Securityholders, the "**Stapled Securities**") and introduced the panellists for the Meeting, and also expressed his thanks to the representatives of the advisers and consultants to the Managers who were attending the meeting. The Chairman then advised that the vote on the resolution (the "**Scheme Resolution**") to approve the proposed privatisation of FHT by Frasers Property Hospitality Trust Holdings Pte. Ltd. (the "**Offeror**"), a wholly owned subsidiary of Frasers Property Limited ("**FPL**"), by way of a trust scheme of arrangement (the "**Scheme**") as set out in the Notice of Scheme Meeting will be conducted by poll. Polling would be conducted using a wireless handheld device.
- 1.3 The Chairman then invited Ms Yeo to explain the procedures for casting of votes. Following Ms Yeo's explanation of the voting procedures, she informed the Stapled Securityholders that the proceedings of the Meeting would be recorded in order to facilitate the preparation of minutes and for record-keeping purposes, and that one may be identified by name in the minutes of the Meeting. She further informed the Meeting that the minutes would be published on the corporate website of FHT in due course. Ms Yeo then informed the Meeting that Tricor Evatthouse Corporate Services had been appointed as the scrutineers for the Meeting.

- 1.4** The Chairman encouraged participation from all Stapled Securityholders and went through the procedure for the facilitation of questions with respect to the Scheme Resolution being proposed at the Meeting.
- 1.5** The Chairman explained that the Notice of Scheme Meeting, proxy form and scheme document (the "**Scheme Document**") were published on the corporate website of FHT and on SGXNet on 19 August 2022, and that printed copies of the Notice of Scheme Meeting and proxy form were also despatched to all Stapled Securityholders for their convenience. The Chairman noted that the Scheme Document contained an overview and information in relation to the Scheme, and drew the attention of Stapled Securityholders to Paragraph 16.2 on Pages 63 to 68 of the Scheme Document, which summarised the opinion of Deloitte & Touche Corporate Finance Pte Ltd, the independent financial adviser (the "**IFA**") to the Independent Directors and the FH-REIT Trustee in respect of the Scheme, further highlighting that the detailed advice of the IFA was set out in Appendix B to the Scheme Document.
- 1.6** The Chairman also referred Stapled Securityholders to Paragraph 18.2 on Page 70 of the Scheme Document on "Scheme Resolution" in relation to the abstentions from voting. The Chairman highlighted the parties who are required to abstain from voting on the Scheme Resolution, namely (a) the Managers, (b) the Offeror, being a substantial Stapled Securityholder, (c) the concert parties of the Offeror and (d) persons who are both (i) substantial shareholders of the Offeror and its concert parties, and (ii) substantial Stapled Securityholders (i.e. those holding 5% or more interests in both the Offeror and its concert parties, and FHT). The Chairman also highlighted that each of these parties had declined to accept appointments as proxies in respect of the Scheme Resolution, and that FHT would also disregard any votes cast by persons required to abstain from voting.

## **2. Scheme Resolution**

- 2.1** The Chairman noted that the Notice of Scheme Meeting was set out in the relevant section of the Scheme Document. The Notice of Scheme Meeting was, with the approval of Stapled Securityholders, taken as read.
- 2.2** The Chairman informed the Meeting that the resolution to amend the trust deeds constituting FHT (collectively, the "**FHT Trust Deeds**") which was proposed at the Extraordinary General Meeting held earlier that morning had been approved, and accordingly, Stapled Securityholders' approval for the Scheme Resolution to carry out the Scheme would be proceeded to be sought at the Meeting.
- 2.3** The Chairman explained that the full text of the Scheme Resolution was set out in the Notice of Scheme Meeting section of the Scheme Document, and highlighted that the proposed Scheme Resolution will be passed if the proposed Scheme Resolution is voted in favour by a majority in number of the Stapled Securityholders representing at least three-fourths (75.0%) in value of the Stapled Securities held by the Stapled Securityholders present and voting either in person or by proxy at the Meeting to approve the Scheme.
- 2.4** The Chairman then invited the management of the Managers ("**Management**") to make a short presentation on the overview and rationale of the proposed privatisation. Before the Management presentation, Ms Yeo invited Stapled Securityholders to check their voting

devices to ensure that the devices show the correct number of Stapled Securities held by such Stapled Securityholders, before handing the time to the CEO. The CEO thanked the Stapled Securityholders for their attendance at the Meeting and proceeded to give the Management presentation (which was based on the slides that had been uploaded to SGXNet earlier that morning on 12 September 2022).

- 2.5** The Chairman thanked the CEO for her presentation and noted that it provided a good overview of why the offer under the Scheme had been recommended by both the Independent Directors and the IFA. The Chairman then invited questions and comments from the floor, the salient points of which are recorded below.
- 2.6** Mr Mano Sabnani ("**Mr Sabnani**") expressed that the Scheme consideration of S\$0.700 per Stapled Security was lower than his estimation of FHT's intrinsic value. He observed that the arguments set forth in the Scheme Document on the difficulties faced by FHT as a listed trust generally mirrored the risk disclosures made in the offer document at the initial public offering ("**IPO**") of FHT in 2014 at an offer price of S\$0.880 per Stapled Security, noting that FHT had been taken public at a greater premium to its book value compared to the current Scheme consideration. He queried as to the return on investment ("**ROI**") to be obtained by FHT's sponsor, FPL, since IPO assuming that FHT was privatised and noted that this was likely to compare more favourably to the ROI to be obtained by other Stapled Securityholders given the difference between the IPO offer price and the current Scheme consideration as well as the distributions per Stapled Security ("**DPS**") in the interim.
- 2.7** The CEO thanked Mr Sabnani for his comments and noted that FHT's performance since IPO had been adversely affected by foreign exchange movements. The Chairman added that the Board was concerned whether this situation would improve, and had therefore proposed the Scheme to provide Stapled Securityholders with an opportunity to assess and make their own decision on the prospects of FHT, with the Board having done its best to negotiate a favourable Scheme consideration for the Stapled Securityholders. The Chairman further highlighted several key risks such as hyperinflation, stagflation and increased interest rates in the current environment and that it would be difficult to change FHT's trajectory based on these factors.
- 2.8** Mr Sabnani expressed his view that the Chairman's response did not address his concerns as it simply referred to the Scheme Document and highlighted the factors set out therein. The Chairman explained that the question of ROI obtained by each party was beyond the scope of the Board's purview. The CEO supplemented this by noting that the intentions of the sponsor, FPL, for FHT's portfolio post-privatisation was beyond their control. The CEO highlighted that the focus of the Managers since IPO had been to improve the DPS as investors typically invested in a real estate investment trust ("**REIT**") for the income, and FHT would not trade well if its dividend performance was poor.
- 2.9** The CEO set out the factors contributing to a REIT's performance, being (1) the growth of its existing portfolio of assets, (2) its ability to raise money to increase the growth of the portfolio via acquisitions, and (3) prudent management of its capital structure so that interest and tax costs are minimised at the property level, which would culminate in consistent growth of the distributions over time (which would in turn translate to improved trading performance for income-investors). The CEO noted that, while the Managers had been optimistic in FHT's prospects when it was listed at the IPO, nobody could have foreseen the extent of the foreign

exchange headwinds (which had in fact worsened even further since the Managers announced their strategic review in April 2022). The CEO explained that, given that approximately 65% of FHT's income was derived from its overseas properties, whatever growth generated by FHT would not be able to offset the adverse foreign exchange trends. The CEO further clarified that it was not the intention of the Managers to craft an operational outlook which appeared pessimistic compared to that at FHT's IPO, but that circumstances had in fact changed since then (especially in light of further disruptions due to two and a half years of the COVID-19 pandemic). She noted that FHT had paid less than S\$0.01 in DPS in 2021, and that it would not be unreasonable to expect 5% returns from a more stable REIT in the current environment, which, assuming a price per Stapled Security of S\$0.700, would amount to S\$0.035 in DPS. The CEO noted that it would take time for FHT to recover to a DPS of S\$0.035, such that investors may wish to consider taking the Scheme consideration and reinvesting it in larger hospitality trusts (and thereby benefiting from the recovery in the hospitality market).

- 2.10** Mr Sabnani then referred to page 39 of the Scheme Document which mentioned that FPL would adopt a rigorous and disciplined approach to drive performance, noting that this appeared to take a rather optimistic view on FHT's assets such that the outlook may not be as pessimistic as Management and the Board had set out. He further noted that there was a major recovery in the hospitality industry (including high levels of bookings and record room rates), and that there was opportunity for growth.
- 2.11** The CEO acknowledged that there was a recovery but clarified that there were also structural issues to be cognisant of. The Chairman highlighted that there was also the risk of the ongoing geopolitical conflicts, which impact could not be predicted with certainty, and that this would introduce variance into the greater picture, with the Scheme being a balanced approach to allow Stapled Securityholders a good exit opportunity.
- 2.12** Mr Sabnani separately queried what actions had been taken by the Managers to attract more investors to invest in FHT, noting that the units of Ascott REIT and Far East Hospitality Trust (which Mr Sabnani had interests in) had performed much better than FHT. The CEO explained that size matters for a REIT (which was the reason for the many REIT consolidations in the market and why Frasers Commercial Trust had previously merged with Frasers Logistics & Industrial Trust). As such, institutional investors were looking for REITs with a large public float for greater trading liquidity to enter and exit the market easily. She explained that FHT had been unable to attract institutional investors due to its smaller public float (which lacked the trading volume which institutional investors were looking for), and this was a structural issue which affected its prospects. The CEO therefore expressed her view that the interests of Stapled Securityholders would be best served taking the Scheme consideration and reinvesting it in a REIT which could provide yields of 5% or more, such as a larger REIT with institutional investors.
- 2.13** Mr Sabnani referred to the options which the Managers had considered as part of the strategic review of FHT as set out in the Scheme Document, and queried why the sponsor, FPL, was identified as the only buyer for FHT and/or its assets despite the Managers having conducted a global search. The CEO explained that traded securities with liquidity were trading at below book value, such that any third-party buyer would be looking to acquire at a discounted value, while mergers and acquisitions were not only subject to approval by both parties' shareholders but also involved significant negotiation of the acquisition valuation based on the relative trading value of each party. As such, she was of the view the current offer of S\$0.700 per Stapled

Security in cash provided Stapled Securityholders with maximum flexibility to reinvest their proceeds and was therefore the best option for them (as opposed to an offer which was comprised of a mixture of offeror securities and cash). Mr Sabnani asked whether any third-party buyers had actually made offers to acquire FHT, and also asked whether it would be possible to disclose the identity of such third-party buyers. The CEO replied that this could not be disclosed due to existing confidentiality undertakings, and commented that in any case Management and the Board would act in line with the discharge of their respective duties.

**2.14** Mr Sabnani expressed his view that, based on his past experience as an analyst, the Scheme consideration was too low and that the Stapled Securities were worth at least S\$0.80 each. The CEO explained that the trading price of a REIT was dependent on its DPS. Mr Sabnani opined that it would be dependent on the yield.

**2.15** Next, Mr Lee Shin Ho (“**Mr Lee**”), as proxy of Tan Mei Mui and Lee Yun Zhi, expressed his view that the uncertainties and less optimistic factors highlighted earlier related to the period between 2020 and May 2022 (being the height of the COVID-19 pandemic). He highlighted the recovery in the Singapore hospitality sector (including record room rates) and invited the other Stapled Securityholders to do their own research on the room rates. The CEO acknowledged that real estate is cyclical in nature and the hospitality sector would recover, but emphasised that this will take time. She explained that hotel room rates were high due to a shortage in manpower, so the key metric to assess FHT’s performance would be the revenue per available room (RevPar) and the focus was on maximising revenue despite the disruptions. The CEO further highlighted that, the revenue was not at pre-COVID levels, and that the operational costs were also not favourable as more than half of FHT’s costs were for manpower and utilities, and these two items would create cost pressure on FHT. She expressed her agreement with Mr Lee’s view that the hospitality sector would recover, which however, would take time and therefore retail investors would need to ride out the slow recovery.

**2.16** Mr Lee opined that the recovery of the hospitality sector had already arrived, with average occupancy rates being 79% and room rates being high. The CEO explained that FHT operates its properties in other parts of the world, and the reality was that the entire travel and hospitality industry had retrenched over two-thirds of its staff during the pandemic such that it will take time to recover the lost staff and rebuild capacity. Mr Lee acknowledged that there had been layoffs, but expressed his belief that FHT would have recovered a significant portion of the workforce by now as it would be difficult to maintain such high occupancy rates without appropriate manpower. The CEO explained that this was incorrect as many of the laid-off workers had found employment elsewhere and that hotels worldwide were facing the same manpower issues. Mr Lee disagreed, noting that it would not be difficult to recover the workforce given the high unemployment levels in countries such as Malaysia, China and Vietnam, and further noted that with room rates at elevated levels, it should be possible to provide workers with higher pay. He also noted that the same issues would apply if Stapled Securityholders accepted the Scheme consideration and re-invested their proceeds in other hospitality trusts. The CEO explained that the other hospitality trusts were larger in size, which have advantages. Mr Lee disagreed, noting that the law of diminishing returns would apply and size beyond a certain point would be disadvantageous. He also noted that the worst case scenario for foreign exchange movements amounted to a 10% decline and expressed his view that the Monetary Authority of Singapore would intervene if declines were greater. Mr Lee stated that in summary, the overall outlook was not as pessimistic as Management had presented.

- 2.17** Ms Chang Ban Heng Nancy ("**Ms Chang**") then referred to the recent sale by Stamford Land Corporation of a hotel in Sydney (*Sir Stamford at Circular Quay* hotel) at a record price, and noted that FHT has several promising properties in Australia which could also be sold at high prices. The CEO explained that FHT is a trust which focused on DPS, and that other entities may be more appropriate to invest in if investors opt for capital play. She noted that a trust had to be able to grow its dividends or DPS over time, and that any sale of assets would always be with a view to rebalancing its portfolio towards obtaining assets with better yield.
- 2.18** Ms Chang clarified that her point was that the pessimistic outlook of Management could not be validated in view of the high sale price of hotel properties, suggesting that the current Scheme consideration of S\$0.700 could be improved further. The CEO explained that the current terms of the Scheme had been arrived at after heavy negotiations with the Offeror. Ms Chang queried whether it was possible to renegotiate given that market conditions had changed since the time of the negotiations. The CEO noted her concerns.
- 2.19** Mr Lee stepped up with further comments, expressing his view that if the Stapled Securityholders refused to sell their Stapled Securities, the Offeror would naturally provide a higher offer.
- 2.20** Mr Mohammad ("**Mr Mohammad**") expressed his misgivings about the views of the Board and Management, which he believed to be against the interests of the Stapled Securityholders and any other investors who wished to enter the hospitality industry. He asked whether there was any conflict of interest involved and whether the board was acting in the interests of the Stapled Securityholders.
- 2.21** Mr Panote Sirivadhanabhakdi commented that the proposed Scheme is just an alternative path for the Stapled Securityholders to unlock value. He expressed his view that the Managers had done their best in providing this alternative path, and ultimately it is at the discretion of the Stapled Securityholders whether to accept the offer under the Scheme. The Chairman's and the CEO's role was simply to support the Stapled Securityholders in making their decision whatever the outcome.
- 2.22** Mr Ting Kian Wei ("**Mr Ting**") noted that FHT had rights of first refusal over hospitality assets in FPL, and queried as to the total size of the assets which were subject to such rights. The CFO clarified that the right of first refusal held by FHT over hospitality assets in the FPL group approximated S\$2.4 billion worth of assets. He noted that FHT had not been able to exercise such right to acquire the relevant assets even before the COVID-19 pandemic because some of the assets were not ready for sale then, or were in any case not yield accretive.
- 2.23** Mr Ting then asked about the tax benefits of a REIT structure, as well as the estimated loss for FHT if it were to be privatised (given that it would lose such tax benefits). The CFO noted that the tax benefits related to the COVID-19 pandemic, such as the job support scheme and property tax rebates, had already been accounted for in FHT's financial results for the relevant years and that he was not aware of any such outstanding benefits. He explained that he was not privy to and would not be in a position to comment on the effectiveness of the tax structure of FHT if it is privatised and forms part of the FPL group, but noted that FHT faces some existing tax concerns such as the challenges by the Malaysian tax authorities (as announced on FHT's corporate

website and the SGXNet), and that there was uncertainty on how the global minimum tax requirement may impact FHT and the REIT industry in general.

**2.24** As there were no further questions, the Chairman proceeded to move to the voting of the Scheme Resolution. The Chairman highlighted that he had, in his capacity as Chairman of the Meeting, been appointed as proxy by some Stapled Securityholders and that he would be voting in accordance with their instructions.

**2.25** The Chairman explained that the Scheme Resolution sought Stapled Securityholders' approval for the trust scheme of arrangement dated 19 August 2022 proposed to be made in accordance with the FHT Trust Deeds (as amended pursuant to the resolution passed at the Extraordinary General Meeting held earlier that morning) and in compliance with the Singapore Code on Take-overs and Mergers. The Scheme Resolution (the full text of which was set out in the Notice of Scheme Meeting section of the Scheme Document) was, with approval of Stapled Securityholders, taken as read. The Chairman invited a Stapled Securityholder to propose the Scheme Resolution, and Ms Lim Wai Quan proposed the Scheme Resolution.

### **3. Voting and Declaration of Results**

**3.1** The Chairman, having introduced and explained the motion to be tabled at the Meeting, proceeded to put the Scheme Resolution to vote by poll. The results of the poll on the Scheme Resolution were as follows:

|   | For         |                               | Against    |                               | Total       |
|---|-------------|-------------------------------|------------|-------------------------------|-------------|
|   | Number      | Percentage (%) <sup>(1)</sup> | Number     | Percentage (%) <sup>(1)</sup> | Number      |
| Stapled Securities represented by votes (either in person or by proxy)    | 170,392,070 | 74.88                         | 57,175,616 | 25.12                         | 227,567,686 |
| Stapled Securityholders present and voting (either in person or by proxy) | 429         | 70.91                         | 176        | 29.09                         | 605         |

**Note:**

(1) The percentages are rounded to the nearest two decimal places.

**3.2** Based on the results of the poll, the Chairman declared the Scheme Resolution as not carried.

### **4. Closure**

**4.1** The Chairman thanked the Stapled Securityholders for their attendance and support, and highlighted that the resolution to amend the FHT Trust Deeds at the Extraordinary General



Meeting held earlier that morning would still be effective. The Chairman declared the Meeting closed at 12.08 p.m.

CONFIRMED BY,  
MR LAW SONG KENG  
CHAIRMAN OF MEETING