

## **MANAGEMENT AND CORPORATE GOVERNANCE**

### **FHT**

FHT comprises FH-REIT, a Singapore-based REIT, and FH-BT, a Singapore-based business trust registered under the BTA. The REIT Manager and the Trustee-Manager, being the responsible entities of FH-REIT and FH-BT, respectively, each has their own board of directors (which will comprise the same persons) and its own set of procedures in relation to corporate governance.

As at the Listing Date, for the purpose of avoiding any conflict between FH-REIT and FH-BT, the REIT Manager Board and the Trustee-Manager Board will comprise the same directors.

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

### **The REIT Manager**

The manager of FH-REIT is Frasers Hospitality Asset Management Pte. Ltd., which is a wholly-owned subsidiary of the Sponsor.

The REIT Manager was incorporated in Singapore under the Companies Act on 20 November 2013. It has an issued and paid-up capital of S\$1.0 million and its registered office is located at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958. The telephone and facsimile numbers of the REIT Manager are +65 6276 4882 and +65 6276 6328, respectively.

The REIT Manager has been issued a CMS Licence for REIT management pursuant to the SFA and is regulated by the MAS.

### **The REIT Trustee**

The trustee of FH-REIT is The Trust Company (Asia) Limited. The REIT Trustee is a company incorporated in Singapore on 30 December 2005 and it is an indirect wholly-owned subsidiary of The Trust Company Limited, which is ultimately owned by Perpetual Limited, one of the largest trustees in Australia and is listed on the Australian Securities Exchange. The REIT Trustee is registered as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under the SFA and is regulated by the MAS. It also holds a capital markets services licence for the provision of custodial services for securities. The REIT Trustee acts as trustee to two Singapore listed REITs and several unit trusts, custodian to several private pension funds and private equity funds, and bond trustee to institutional and retail bond issues and supervises over S\$12 billion of corporate assets. The ultimate parent company of the REIT Trustee, Perpetual Limited and its controlled entities, currently has in excess of AUD420 billion of funds under administration across its Corporate Trust fiduciary business.

As at the date of this Prospectus, the REIT Trustee has a paid-up capital of S\$7,974,811. The REIT Trustee's registered address is 8 Marina Boulevard, #05-02, Marina Bay Financial Centre, Singapore 018981. The telephone and facsimile numbers of the REIT Trustee are +65 6645 0830 and +65 6438 0255, respectively.

## **The Trustee-Manager**

The trustee-manager of FH-BT is Frasers Hospitality Trust Management Pte. Ltd., which is a wholly-owned subsidiary of the Sponsor.

The Trustee-Manager was incorporated in Singapore under the Companies Act on 13 January 2014. As at the Latest Practicable Date, it has an issued and paid-up capital of S\$1.00 and its issued and paid-up capital will be increased to S\$10,000 on or prior to the Listing Date. Its registered office is located at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958. The telephone and facsimile numbers of the Trustee-Manager are +65 6276 4882 and +65 6276 6328, respectively. There has been no change in the ownership of the Trustee-Manager for the period from the date of its incorporation to the Latest Practicable Date.

Under Section 10(2)(a) of the BTA, the Trustee-Manager is required to act in the best interests of all the holders of FH-BT Units as a whole. Further, under Section 11(1)(a) of the BTA, a Director of the Trustee-Manager is required to act honestly and exercise reasonable diligence in the discharge of the duties of his office and, in particular, shall take all reasonable steps to ensure that the Trustee-Manager discharges its duties under, among other things, Section 10(2)(a) of the BTA.

The MAS has granted the Trustee-Manager an exemption from compliance with Sections 10(2)(a) and 11(1)(a) of the BTA to the extent that Sections 10(2)(a) and 11(1)(a) require the Trustee-Manager and the Trustee-Manager Directors to act in the best interests of the holders of FH-BT Units only, subject to the conditions that:

- (i) the Trustee-Manager shall ensure that the FH-BT Units remain stapled to the FH-REIT Units; and
- (ii) the Trustee-Manager and the Trustee-Manager Directors shall act in the best interests of all the Stapled Securityholders as a whole.

In the event that FH-BT becomes active and engages in development contracts which carry a substantially different risk vis-a-vis FH-REIT, such transactions (including contracts) should be subject to the threshold set out in Rule 1006 of the Listing Manual.

## **Substantial Shareholders of the Managers**

Each of the REIT Manager and the Trustee-Manager is a wholly-owned subsidiary of the Sponsor. As at the Latest Practicable Date, each of InterBev Investment Limited, International Beverage Holdings Limited, Thai Beverage Public Company Limited, TCC Assets Limited, Siritwana Co., Ltd., Maxtop Management Corp., Risen Mark Enterprise Ltd., Golden Capital (Singapore) Limited, MM Group Limited, Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi has a deemed interest in 100.0% of the shares in each of the REIT Manager and the Trustee-Manager and are accordingly substantial shareholders of each of the Managers. None of the Directors of the Managers nor the Chief Executive Officer of the Managers has an interest, whether direct or deemed under Section 4 of the SFA, in the shares of the Managers.

## **Composition of the Board of Directors of the Managers**

Under Regulation 12 of the Business Trusts Regulations (the “BTR”), the Trustee-Manager Board is required to comprise:

- at least a majority of the Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of the Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and

- at least a majority of Trustee-Manager Directors who are independent from any single substantial shareholder of the Trustee-Manager.

On the other hand, under paragraph 2.1 of the Code of Corporate Governance 2012, at least one-third of the REIT Manager Board is required to comprise independent directors. However, at least half of the Board should comprise independent directors where:

- the Chairman and the Chief Executive Officer is the same person;
- the Chairman and the Chief Executive Officer are immediate family members;
- the Chairman is part of the management team; or
- the Chairman is not an independent director.

While FH-REIT remains stapled to FH-BT, in order to avoid any conflict between FH-REIT and FH-BT, each of the directors of the REIT Manager Board will also be a director of the Trustee-Manager Board and *vice versa*. Accordingly, a majority of the directors of the Trustee-Manager Board and the REIT Manager Board will be independent directors.

### **Board of Directors of the Managers**

The Board of Directors of the Managers is entrusted with the responsibility for the overall management of the Managers.

The following table sets forth information regarding the Directors of the Managers:

<b>Name</b>	<b>Age</b>	<b>Address</b>	<b>Position</b>
Mr Law Song Keng	69	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Chairman and Independent Director
Mr Chua Phuay Hee	60	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Independent Director
Mr Liew Choon Wei	59	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Independent Director
Mr David Wong See Hong	61	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Independent Director
Mr Choe Peng Sum	53	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Non-Executive Director
Mr Lim Ee Seng	63	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Non-Executive Director
Mr Panote Sirivadhanabhakdi	36	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Non-Executive Director

As at the Latest Practicable Date, none of the Directors of the Managers has any family relationship with or is related to one another, with any Executive Officers of the REIT Manager or the Trustee-Manager, or with any employee of the REIT Manager or the Trustee-Manager upon whose work FHT is dependent on.

In addition, save for Mr Panote Sirivadhanabhakdi, as at the Latest Practicable Date, none of the Directors of the Managers is related to any person with an interest in not less than 5.0% of the shares in issue ("**Substantial Shareholder**") of the Managers or any person expected to be a Substantial Stapled Securityholder (as defined herein) as at the Listing Date. Mr Panote Sirivadhanabhakdi is a son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, each a Substantial Shareholder and is a sibling of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat and Thapanee Techajareonvikul, each a Substantial Stapled Securityholder.

None of the independent directors of the Managers sits on the boards of the principal subsidiaries of FH-REIT and FH-BT that are based in Singapore or other jurisdictions.

Each of the independent directors of the Managers confirms that they are able to devote sufficient time to discharge their duties as an independent director of the Managers.

### ***Experience and Expertise of the Board of Directors of the Managers***

Information on the business and working experience of the Directors of the Managers are set out below.

**Mr Law Song Keng** was appointed as the Chairman of the Board and an Independent Director of the Managers on 10 June 2014.

Mr Law is currently also a director of IFS Capital Ltd, ECICS Ltd, Asia Capital Reinsurance Company Pte Ltd, ACR Capital Holdings and Great Eastern Holdings Ltd.

Mr Law began his career with the Ministry of Finance in 1970 and moved on to the Monetary Authority of Singapore where he was appointed the Insurance Commissioner and Actuary in 1980. He was subsequently appointed Deputy Managing Director (Administration and Insurance) in 1988. Mr Law held the position of Managing Director and CEO of Overseas Assurance Corporation Ltd from 1992 to 2003.

Previously a member of the Central Provident Fund Board as well as a Director of the Inland Revenue Authority of Singapore, the Singapore Deposit Insurance Corporation and Manulife (Singapore) Pte Ltd, Mr Law was also Chairman of the Singapore Insurance Institute, and President of the Singapore Actuarial Society, the Life Insurance Association and the General Insurance Association.

Mr Law received his Bachelor of Science in Mathematics (First Class Honours) from the University of Singapore and Master of Science in Actuarial Science from the Northeastern University, Boston, USA. He qualified as a Fellow of the Society of Actuaries, USA, in 1978 and attended the Advanced Management Program at Harvard University in 1989. Mr Law was awarded the Public Service Star (BBM) in 2001.

**Mr Chua Phuay Hee** was appointed as an Independent Director of the Managers on 10 June 2014.

Mr Chua Phuay Hee is the former Executive Director for finance, risk management, IT and corporate services at Wilmar International Ltd, a leading agribusiness listed on the Singapore stock exchange. He retired in December 2011 after serving nine years during which the group expanded its global business rapidly and had a successful public listing in 2006.

Mr Chua currently sits on the board of Temasek Life Sciences Laboratory Limited and chairs its audit & risk management committee. He is also a non-executive director of Industrial Bank in China, a commercial bank listed on the Shanghai Stock Exchange. He was on the board of Wilmar International from 2006-2011 and also an independent director at Eltech Electronics Limited in the 1990s.

Prior to Wilmar International Ltd, Mr Chua was Chief Financial Officer and Chief Risk Officer at Keppel TatLee Bank, which was merged into OCBC Bank in 2002. Mr Chua joined Tat Lee Bank as Executive Vice President in 1990 and was actively involved in its merger with Keppel Bank in 1998. He left the bank in 2002 and served for a few months as chief executive officer of a property fund, China Homes Limited.

Mr Chua started his working career with the Insurance Commissioner's Department at the Monetary Authority of Singapore in 1981. He then moved to head the personnel department in 1983 and Securities Industry Department from 1987 to 1990.

Mr Chua received a Bachelor of Science (First Class Honours) degree in mathematics from Nanyang University, Singapore and a Master of Science (Actuarial Science) degree from Northeastern University, Boston, USA under an Asia Foundation scholarship.

**Mr Liew Choon Wei** was appointed as an Independent Director of the Managers on 10 June 2014.

Mr Liew was with Ernst & Young from 1979 to 2013. Mr Liew was an accountant with Ernst & Young from November 1979 to June 1990 and was made a partner of Ernst & Young in July 1990. Mr Liew has been the Audit Partner in charge of some of the significant clients of Ernst & Young in the real estate, banking, media, hospitality, and retail industries until his retirement from Ernst & Young at end March 2013. Mr Liew headed the firm's Real Estate Industry Group and represented the firm in the E&Y Global Real Estate Group.

Mr Liew is a Fellow of The Association of Chartered Certified Accountants and is a Chartered Accountant of Singapore.

**Mr David Wong See Hong** was appointed as an Independent Director of the Managers on 10 June 2014.

Mr Wong was the Deputy Chief Executive of the Bank of China (Hong Kong) Group from 2008 to 2013, with overall responsibility for the financial market businesses which include Global Markets, Global Transaction Banking, Investment Management, Insurance, Asset Management and other capital market-related businesses. He was also a Director of BOC Group Life Assurance Company Limited from 2008 to 2013. Prior to joining the Group, Mr Wong was the Corporate Executive Vice President and Country Executive of ABN AMRO Bank ("**ABN**") and was responsible for ABN's operations in South East Asia. He joined ABN in 1995 and has held various senior positions within ABN, including Regional Head of Financial Markets, Country Executive in Singapore, and Managing Director of the Hong Kong Branch. Mr. Wong has spent over 30 years in the banking sector and has extensive knowledge and experience in treasury and financial products.

Mr Wong served as a board member of Energy Market Authority till March 2009 and was a Board Member of the Civil Service College in Singapore from March 2007 to Oct 2013, and currently serves as Customer Advisory Board Member of Thomson Reuters and Finance Management Committee Member of the HK Management Association in Hong Kong.

Mr Wong graduated from the University of Singapore with a Bachelor's Degree in Business Administration and was awarded a Master's Degree in Science in Investment Management by the Hong Kong University of Science and Technology. He was awarded the Financial Industry Certified Professional from the Institute of Banking and Finance, Singapore.

**Mr Choe Peng Sum** was appointed as a Non-Executive Director of the Managers on 20 November 2013.

Mr Choe is currently the Chief Executive Officer of Frasers Hospitality Pte. Ltd.

Mr Choe brings with him over 30 years of experience in the hospitality industry. As Chief Executive Officer of Frasers Hospitality Pte. Ltd., Mr Choe stewarded the company from its inception in 1998 with two properties in Singapore, to 92 properties (operational and signed up) in over 49 cities globally with a total of over 15,000 apartments. Today, Frasers Hospitality Pte. Ltd. is regarded as the top three global companies for serviced residences.

Mr Choe started his career in the hospitality industry with Westin and subsequently Shangri-La International in 1981, where he was awarded the Shangri-La overseas scholarship. Mr Choe held senior management positions with Shangri-La Singapore and The Portman Shangri-La Shanghai, China, before returning to Singapore in 1996 to start up the hospitality arm of Singapore conglomerate, Fraser and Neave, Limited.

Mr Choe graduated from Cornell University (Ithaca, New York) with a Bachelor of Science with Distinction. He was awarded the National Dean's List (USA) as well as the Phi Kappa Phi for academic excellence. Mr Choe is also currently Chairman of the Board of Directors for Crest Secondary School, a board member of the Council of Private Education set up by the Ministry of Education, Singapore, a governing Council member of the Singapore Quality Awards, Spring Singapore, Singapore's business representative to ASEAN in the East Asia Business Council and a Lay-person Member of the Complaints Panel for the Singapore Pharmacy Council.

**Mr Lim Ee Seng** was appointed as a Non-Executive Director of the Managers on 10 June 2014.

Mr Lim is also the Chief Executive Officer of FCL. Mr Lim joined FCL in October 2004 where as its Chief Executive Officer he is responsible for the management and performance of the FCL Group's entire portfolio of real estate business that spans over 11 countries. These include property development, property investment, retail mall management, and an international chain of serviced residences.

Mr Lim has more than 26 years of experience in the real estate industry. From 1996 to October 2004, he was the Managing Director of MCL Land Limited, a public listed company on the SGX-ST. Under his leadership, MCL Land Limited became a reputed developer of numerous successful property development projects known for their quality and reliability.

From 1989 to 1996, Mr Lim was the General Manager of the property division of First Capital Corporation Ltd (now known as GuocoLand Limited), a public listed company on the SGX-ST, where he played a key role in transforming the company into a major property development and investment group.

Mr Lim holds a Masters degree in Project Management and a Bachelors degree in Civil Engineering from the National University of Singapore. He was a board member of the Building & Construction Authority of Singapore from 2005 to 2009, and a council member of the Chinese Chamber of Commerce from 2000 to 2004. He is also currently the second vice president of the Real Estate Developers Association of Singapore.



**Mr Panote Sirivadhanabhakdi** was appointed as a Non-Executive Director of the Managers on 10 June 2014.

Mr Panote also serves on the boards of various listed companies in Singapore and Thailand, including Berli Jucker Public Company Limited, Golden Land Property Development Public Company Limited, Siam Food Products Public Company Limited, Thai Beverage Public Company Limited, Univentures Public Company Limited, as well as private companies such as International Beverage Holdings (China) Limited, International Beverage Holdings Limited, InterBev (Singapore) Limited, Beer Thip Brewery (1991) Co., Ltd, Sura Bangyikhan Group of Companies, International Beverage Holdings (UK) Limited, Blairmhor Limited and Blairmhor Distillers Limited.

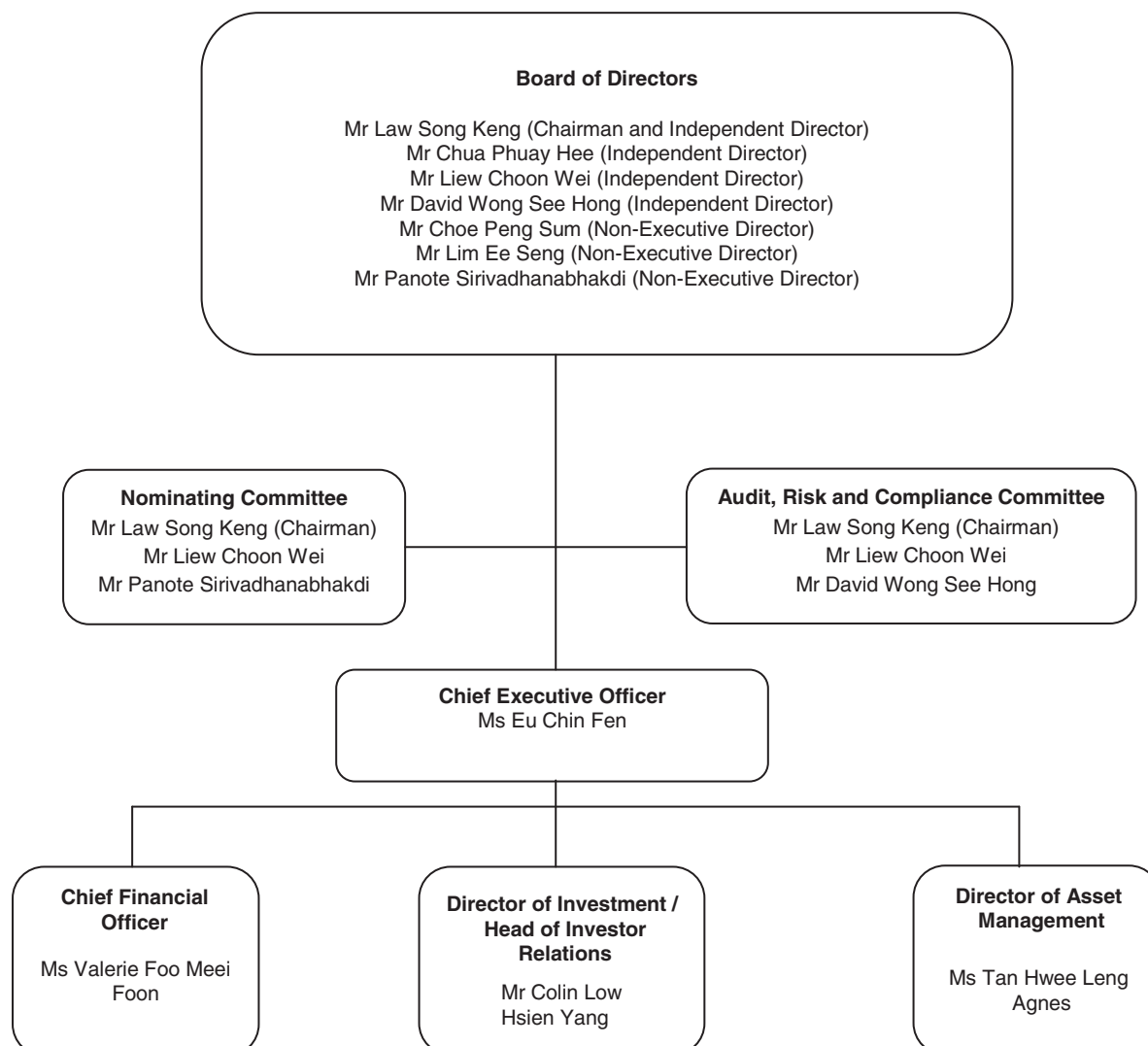
Mr Panote has been an Executive Director of Univentures Public Company Limited since 2007 and is the Chief Executive Officer of Univentures Public Company Limited. Mr Panote obtained a Bachelor of Science in Manufacturing Engineering from Boston University (USA) in 2000, a Master of Science in Analysis, Design and Management of Information Systems from the London School of Economics and Political Science (UK) in 2005, and Industrial Engineering and Economics from Massachusetts University (USA) in 1997.

Save for Mr David Wong See Hong, Mr Liew Choon Wei and Mr Choe Peng Sum, for whom appropriate arrangements have been made to orientate each of them in acting as a director of the manager of a publicly-listed REIT and BT, each of the Directors of the Managers has served as a director of a public-listed company and/or manager of a publicly-listed REIT or business trust and has appropriate experience to act as Directors of the Managers and are familiar with the rules and responsibilities of a director of a publicly-listed company and/or manager or trustee-manager of a publicly-listed REIT or business trust.

#### **List of Present and Past Principal Directorships of the Directors**

A list of the present and past directorships of each Director of the Managers over the last five years preceding the Latest Practicable Date is set out in Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”.

Management Reporting Structure of the REIT Manager





## Executive Officers of the REIT Manager

The executive officers of the REIT Manager are entrusted with the responsibility for the daily operations of the REIT Manager. The following table sets forth information regarding the executive officers of the REIT Manager:

Name	Age	Address	Position
Ms Eu Chin Fen	42	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Chief Executive Officer
Ms Valerie Foo Meei Foon	40	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Chief Financial Officer
Mr Colin Low Hsien Yang	37	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Director of Investment/Head of Investor Relations
Ms Tan Hwee Leng Agnes	38	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Director of Asset Management

### *Roles and Responsibilities of the Executive Officers of the REIT Manager*

The **Chief Executive Officer** of the REIT Manager is responsible for working with the REIT Manager Board to determine the overall business, investment and operational strategies for FH-REIT. The Chief Executive Officer will also work with the other members of the management team of the REIT Manager and the Master Lessees and Tenant to ensure that the business, investment and operational strategies of FH-REIT are carried out as planned. In addition, the Chief Executive Officer is responsible for the overall management and planning of the strategic direction of FH-REIT, including overseeing the acquisition of hospitality and hospitality-related assets and asset and property management strategies for FH-REIT.

The **Chief Financial Officer** of the REIT Manager is responsible for the finances of FH-REIT. A key role of the Chief Financial Officer is to focus, monitor and report on the financial performance of FH-REIT. The Chief Financial Officer is also responsible for the preparation of statutory accounts, co-ordination with external auditors, managing tax affairs and treasury matters, and preparation of performance reports for investors and regulators.

The **Head of Investor Relations** of the REIT Manager is responsible for facilitating communications and liaising with Stapled Securityholders. This includes producing annual reports to the Stapled Securityholders and ensuring compliance by FHT with the reporting requirements under the Listing Manual and the law. The key role of the Head of Investor Relations is to maintain continuous disclosure and transparent communications with Stapled Securityholders and the market. He will promote and market FHT to Stapled Securityholders, prospective investors and media through regular communication.

The **Director of Asset Management** of the REIT Manager is responsible for formulating the business plans in relation to FH-REIT's properties with short-, medium- and long-term objectives, with a view to optimising the income of FH-REIT. The Director of Asset Management will ensure that the asset management team works closely with the Master Lessees and Tenant to implement FH-REIT's strategies to optimise the income generation potential and minimise the expense base of the properties without compromising their marketability. The asset management team led by the Director of Asset Management focuses on the operations of FH-REIT's properties, the

implementation of the short- to medium-term objectives of FH-REIT's portfolio and supervises the Master Lessees and Tenant in the implementation of FH-REIT's property-related strategies including analysing and recommending asset enhancement initiatives.

The **Investment Manager** of the REIT Manager is responsible for identifying, researching and evaluating potential acquisitions and related investments or divestments where applicable.

### ***Experience and Expertise of the Executive Officers of the REIT Manager***

Information on the working experience of the executive officers of the REIT Manager is set out below.

**Ms Eu Chin Fen** is the Chief Executive Officer of the Managers.

Prior to joining the REIT Manager, Ms Eu was the Chief Investment Officer of Frasers Hospitality Pte. Ltd. from April 2011 where she was responsible for business development and investments relating to the hospitality division of the Frasers Centrepoint Limited group of companies and setting strategic directions for the division together with the division's Chief Executive Officer.

From July 2010 to March 2011, she was the Senior Vice President of the Asset-Backed Securitisation team of DBS Bank Ltd., where she was responsible for origination and listing of real estate investment trusts and business trusts in Singapore. She was the Vice President and Assistant Vice President of the Asset-Backed Securitisation team of DBS Bank Ltd. from July 2006 to June 2010 and June 2005 and June 2006, respectively. During her stint with the Asset-Backed Securitisation team at DBS Bank Ltd., she was involved in project management of various initial public offerings ("**IPO**") and secondary fund raising projects, including the IPO of Frasers Centrepoint Trust, the IPO of Pacific Shipping Trust, the re-capitalisation of Frasers Commercial Trust via a rights issue and issuance of convertible perpetual preferred units, the IPO of Perennial China Retail Trust, the IPO of Mapletree Industrial Trust and the secondary fund raising of CDL Hospitality Trust.

From February 2004 to June 2005, Ms Eu was a Relationship Manager at DBS Bank Ltd. From July 1999 to June 2003, she held the position of Assistant Vice President with Incofood Management Services Pte Ltd and was responsible for acquisitions of businesses for the Incofood group in Singapore. She was involved in the acquisition and takeover of Coffee Club (S) Pte Ltd in 2003 and the acquisition and takeover of Chocolate Products Sdn Bhd group of companies from Lion Corporation in Malaysia in 2001.

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

**Ms Valerie Foo Meei Foon** is the Chief Financial Officer of the Managers.

Ms Foo has more than 15 years of financial experience, with her most recent position being the Regional Financial Controller of Frasers Hospitality Pte. Ltd. from October 2009, where she was responsible for the financial accounting and reporting of the Frasers Hospitality group of companies and provided strategic financial input on decision making issues affecting the companies. From March 2007 to October 2009, she was the Regional Financial Manager of Frasers Hospitality Pte. Ltd., in charge of the full spectrum of financial, accounting and management reporting activities for Singapore investment holding companies and overseas subsidiaries and oversaw the treasury activities of the properties under the hospitality division of the Frasers Centrepoint Limited group of companies, including cash flow management and management of gearing within optimised levels.

From January 2005 to March 2007, Ms Foo was the Finance Manager of Infineon Technologies Asia Pacific Pte Ltd where she oversaw the financial systems of seven companies in the Asia-Pacific region (including Singapore, Indonesia, India, Hong Kong, Taiwan, Korea and Australia).

Ms Foo was the Assistant Manager, Overseas Accounting (Regional), the Regional Accountant for South East Asia and the Interline Accountant, of Singapore Airlines Limited from April 2001 to January 2005, September 2000 to March 2001 and December 1996 to September 2000, respectively.

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

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the REIT Manager Audit, Risk and Compliance Committee to cause them to believe that Ms Foo does not have the competence, character and integrity expected of the Chief Financial Officer of the Managers. The REIT Manager Audit, Risk and Compliance Committee considers that Ms Foo's chartered accountant qualification coupled with her extensive experience of over 15 years of financial experience makes her a suitable candidate to be the Chief Financial Officer of the Managers. On this basis, the Audit, Risk and Compliance Committee is of the opinion that Ms Foo is suitable as the Chief Financial Officer on the basis of her qualifications and relevant past experience.

**Mr Colin Low Hsien Yang** is the Director of Investment and Head of Investor Relations of the REIT Manager.

Prior to joining the REIT Manager, Mr Low was Director of Business Development with Frasers Hospitality Pte. Ltd. from October 2011 to November 2013, where he was responsible for Frasers Hospitality's overall expansion across Asia-Pacific.

From April 2011 to September 2011, Mr Low was Senior Manager in Regional Investments and Asset Management of CapitaMalls Asia Limited, where he was responsible for evaluating potential investment deals. From September 2008 to December 2010, he was an Investment Manager with AIG Global Real Estate Investment (Asia) LLC.

From April 2005 to August 2008, Mr Low was with The Ascott Limited, where his last held position was Director of Business Development. From August 2001 to April 2005, Mr Low was with United Overseas Bank Limited where his last held position was Assistant Vice President in the Corporate Banking division.

Mr Low holds a Bachelor of Social Science (with Honours) in Economics from National University of Singapore.

**Ms Tan Hwee Leng Agnes** is the Director of Asset Management of the REIT Manager.

Ms Tan joined Frasers Hospitality Pte. Ltd. as its Asset Manager in December 2013.

From February 2007 to June 2013, Ms Tan was Director of Business Development and Asset Management of The Ascott Limited, where she was responsible for deal sourcing and structuring, financial analysis, development of new business initiatives and asset management of the company's portfolio in Singapore and China.

From April 2001 to February 2007, Ms Tan was with United Engineers Developments Pte Ltd as a Manager in Business Development, where she was responsible for evaluating investment proposals, formulating business plans and development proposals, market research and financial analysis. From June 1999 to March 2001, Ms Tan was a Senior Marketing Executive in Office Services with CB Richard Ellis Pte Ltd.

Ms Tan holds a Bachelor of Science with Honours in Real Estate from National University of Singapore.

### **List of Present and Past Principal Directorships of the Executive Officers of the REIT Manager**

A list of the present and past directorships of each Executive Officer of the REIT Manager over the last five years preceding the Latest Practicable Date is set out in Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”.

### **Compliance Officer**

The REIT Manager has appointed Mr Chong Kim Soon as the Compliance Officer. The Compliance Officer will report to the Chief Executive Officer of the REIT Manager, the REIT Manager Board and his duties include:

- assisting the REIT Manager in putting in place suitable compliance processes to ensure that the REIT Manager fulfils the compliance requirements under the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual, the CMS Licence, and all applicable laws, regulations and guidelines, as well as updating the Directors, the Chief Executive Officer, Executive Officers, and employees of the REIT Manager on such compliance requirements;
- preparing returns to the MAS as required under the SFA (including those required by the CMS Licence);
- assisting in any other matters concerning compliance with the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual, the CMS Licence and all applicable laws, regulations and guidelines.

### **Company Secretary of the REIT Manager**

The company secretaries of the REIT Manager (each, a “**Company Secretary**”) are Mr Piya Treruengrachada and Mr Anthony Cheong Fook Seng. Mr Piya Treruengrachada is a member of the Institute of Singapore Chartered Accountants and Mr Anthony Cheong Fook Seng is a Fellow of the Institute of Singapore Chartered Accountants. Mr Piya Treruengrachada and Mr Anthony Cheong Fook Seng are also the company secretaries of the Trustee-Manager.

The roles of the Company Secretary include the following:

- ensuring that board procedures of the REIT Manager Board are followed;
- ensuring, under the direction of the Chairman, good information flows within the REIT Manager Board and its board committees and between the management and the Non-Executive Directors;
- assisting the REIT Manager with corporate secretarial administration matters for the REIT Manager, both in its personal capacity and in its capacity as manager of FH-REIT, including attending all board meetings;

- assisting in the application process for the appointment of new directors to the REIT Manager Board and Trustee-Manager Board; and
- assisting the REIT Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

### **Shared Services Arrangements**

The REIT Manager will discharge its duties as a manager of FH-REIT diligently and may, in its personal capacity, enter into shared services arrangements with the Sponsor for the provision of corporate administrative and support services required by the REIT Manager from time to time, subject to such laws, regulations and guidelines, as may be applicable. Such services may include information technology support, tax, human resources, legal, regulatory compliance and corporate secretarial services, as well as data collation to be used by the REIT Manager to make decisions.

### **The Key Roles of the REIT Manager Board**

The key roles of the REIT Manager Board are to:

- guide the corporate strategy and directions of the REIT Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the REIT Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

The REIT Manager Board will meet to review the key activities and business strategies of FH-REIT. The REIT Manager Board intends to meet regularly, at least once every three months, to deliberate the strategic policies of FH-REIT, including acquisitions and disposals, approval of the annual budget and review of the performance of FHT. The REIT Manager Board will also review any offer of the Sponsor ROFR Properties and TCC ROFR Properties under the FCL ROFR and TCC ROFR, respectively, to FH-REIT, subject to the procedures to deal with potential conflicts of interest issues instituted by the REIT Manager. Accordingly, in a potential acquisition by FH-REIT pursuant to the FCL ROFR or TCC ROFR, any nominees appointed by the Sponsor or, as the case may be, the TCC Group, to the REIT Manager Board to represent its interests will abstain from deliberations and voting on such matters.

Each Director of the REIT Manager has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of FH-REIT. The Directors of the REIT Manager will contribute in different ways to further the interests of FH-REIT.

The REIT Manager Board intends to approve a set of internal controls which sets out approved limits for capital expenditure, investments and divestments, and borrowings as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Taking into account the fact that FH-REIT is only constituted on 12 June 2014 and will only acquire its portfolio on the Listing Date, the REIT Manager Board, with the concurrence of the REIT Manager Audit, Risk and Compliance Committee, is of the opinion that the internal controls as further described in:

- “Management and Corporate Governance – FH-REIT – The Key Roles of the REIT Manager Board”;
- “Management and Corporate Governance – FH-REIT – Compliance Officer”;
- “Management and Corporate Governance – FH-REIT – Corporate Governance of the REIT Manager – The REIT Manager Board”;
- “Management and Corporate Governance – FH-REIT – Corporate Governance of the REIT Manager – The REIT Manager Audit, Risk and Compliance Committee”;
- “Management and Corporate Governance – FH-REIT – Corporate Governance of the REIT Manager – Dealings in Stapled Securities or, as the case may be, FH-REIT Units”;
- “Management and Corporate Governance – FH-REIT – Corporate Governance of the REIT Manager – Management of Business Risk”;
- “Management and Corporate Governance – FH-REIT – Corporate Governance of the REIT Manager – Potential Conflicts of Interest”;
- “Management and Corporate Governance – FH-REIT – Related Party Transactions – The REIT Manager’s Internal Control System”;
- “Management and Corporate Governance – FH-REIT – Related Party Transactions – Role of the REIT Manager Audit, Risk and Compliance Committee for Related Party Transactions”;
- “Management and Corporate Governance – FH-REIT – Related Party Transactions – Related Party Transactions in Connection with the Setting Up of FH-REIT and the Offering”;
- “Management and Corporate Governance – FH-REIT – Related Party Transactions – Exempted Agreements”; and
- “Management and Corporate Governance – FH-REIT – Related Party Transactions – Future Related Party Transactions”,

are adequate in addressing financial, operational and compliance risks faced by FH-REIT.

Changes to regulations and accounting standards are monitored closely by the members of the REIT Manager Audit, Risk and Compliance Committee (see “Management and Corporate Governance – FH-REIT – The REIT Manager Audit, Risk and Compliance Committee” for further details). To keep pace with regulatory changes, where these changes have an important bearing on the disclosure obligations of the REIT Manager or its Directors, the REIT Manager Directors will be briefed either during the meetings of the REIT Manager Board or at specially convened sessions involving the relevant professionals. The management will also provide the REIT Manager Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

Four Directors of the REIT Manager comprising a majority of the REIT Manager Board of seven directors are non-executive and independent of the management. This enables the management to benefit from their external, diverse and objective perspectives on issues that are brought before the REIT Manager Board. It would also enable the REIT Manager Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process.



The positions of Chairman of the REIT Manager Board and Chief Executive Officer of the REIT Manager are held by two different individuals in order to maintain effective checks and balances. The Chairman of the REIT Manager Board is Mr Law Song Keng, while the Chief Executive Officer is Ms Eu Chin Fen. Mr Law Song Keng is also the Chairman of the Trustee-Manager Board.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer of the REIT Manager. The Chairman is responsible for the overall management of the REIT Manager Board as well as ensuring that the members of the REIT Manager Board and the management work together with integrity and competency, and that the REIT Manager Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the REIT Manager.

The REIT Manager Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board of Directors of the Managers also have access to independent professional advice where appropriate and whenever requested. (See “Management and Corporate Governance – FH-REIT – Company Secretary of the REIT Manager” for details of the Company Secretary and his qualifications.)

### **Roles and Responsibilities of the REIT Manager in relation to management of FH-REIT**

The REIT Manager has general powers of management over the assets of FH-REIT. The REIT Manager’s main responsibility is to manage FH-REIT’s assets and liabilities for the benefit of the holders of FH-REIT Units.

The REIT Manager is responsible for formulating the business plans in relation to FH-REIT’s properties. The REIT Manager will work closely with the Hotel Managers and the Serviced Residence Operators through the Master Lessees and Tenant to implement FH-REIT’s strategies. Further, the REIT Manager will set the strategic direction of FH-REIT and give recommendations to the REIT Trustee on the acquisition, divestment or enhancement of assets of FH-REIT in accordance with its stated investment strategy.

The REIT Manager is required under paragraph 4 of the Property Funds Appendix to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, but so long as FH-REIT holds its first annual general meeting within 18 months of its constitution, it need not hold it in the year of its constitution or in the following year.

The REIT Manager has covenanted in the FH-REIT Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner, to ensure that FH-REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for FH-REIT at arm’s length and on normal commercial terms.

The REIT Manager will also be responsible for ensuring that FH-REIT complies with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix), the FH-REIT Trust Deed, the Stapling Deed, the CMS Licence, the Tax Ruling and all relevant contracts.



The REIT Manager may require the REIT Trustee to borrow on behalf of FH-REIT (upon such terms and conditions as the REIT Manager deems fit, including the charging or mortgaging of all or any part of the FH-REIT Deposited Property) whenever the REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable the REIT Trustee to meet any liabilities or whenever the REIT Manager considers it desirable that monies be borrowed or raised to:

- finance the acquisition of any Authorised Investments, directly or indirectly, through SPVs; or
- finance the repurchase and/or redemption of FH-REIT Units by the REIT Manager; or
- finance the distributions of FH-REIT.

However, the REIT Manager must not direct the REIT Trustee to incur a borrowing, if to do so, would mean that FH-REIT's total borrowings exceed the Aggregate Leverage limit of 35.0% of the value of the FH-REIT Deposited Property at the time the borrowing is incurred. The Aggregate Leverage of FH-REIT may exceed 35.0% (up to a maximum of 60.0%) only if a credit rating from Fitch Inc., Moody's or S&P is obtained and disclosed to the public. FH-REIT will continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of the FH-REIT Deposited Property.

In the absence of fraud, gross negligence, wilful default or breach of the FH-REIT Trust Deed or the Stapling Deed by the REIT Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the FH-REIT Trust Deed. In addition, the REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as manager of FH-REIT, to have recourse to the FH-REIT Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the FH-REIT Trust Deed by the REIT Manager. The REIT Manager may, in managing FH-REIT and in carrying out and performing its duties and obligations under the FH-REIT Trust Deed, with the written consent of the REIT Trustee, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the FH-REIT Trust Deed, provided always that the REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

## **Fees Payable to the REIT Manager**

### ***Management fees payable to the REIT Manager***

The REIT Manager is entitled under the FH-REIT Trust Deed to the following management fees:

- a Base Fee of 0.3% per annum of the value of the FH-REIT Deposited Property; and
- a Performance Fee of 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee).

There should be no double-counting of fees. In the event that both the REIT Manager and the Trustee-Manager are entitled to the Performance Fee, such fees payable to both the REIT Manager and the Trustee-Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee<sup>1</sup>. For the avoidance of doubt, the maximum Performance Fee payable to both the REIT Manager and the Trustee-Manager collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

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

The REIT Manager may elect to receive the Base Fee and Performance Fee in cash or Stapled Securities or, as the case may be, FH-REIT Units, or a combination of cash and Stapled Securities or, as the case may be, FH-REIT Units (as it may in its sole discretion determine). For Forecast Period 2014 and Projection Year 2015, the REIT Manager has elected to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Stapled Securities. Any portion of management fees payable in the form of Stapled Securities or, as the case may be, FH-REIT Units shall be payable quarterly (in relation to the Base Fee) or semi-annually (in relation to the Performance Fee) in arrears and any portion of management fees payable in cash shall be payable monthly in arrears (in relation to the Base Fee) or semi-annually in arrears (in relation to the Performance Fee).

For so long as the Stapled Securities or, as the case may be, FH-REIT Units are listed, when management fees are payable in the form of Stapled Securities or, as the case may be, FH-REIT Units, the REIT Manager shall be entitled to receive such number of Stapled Securities or, as the case may be, FH-REIT Units as may be purchased with the relevant amount of the management fees attributable to the relevant period at an issue price equivalent to the “market price”, *i.e.* the volume weighted average price per Stapled Security or, as the case may be, FH-REIT Units for all trades on the SGX-ST, in the ordinary course of trading, for the last 10 Business Days<sup>2</sup> of the relevant period in which the management fees accrue or, if the REIT Manager believes that the foregoing calculation does not provide a fair reflection of the market price of a FH-REIT Unit or a Stapled Security (which may include, among others, instances where there is disorderly trading activity in the FH-REIT Units or the Stapled Securities), means an amount as determined by the REIT Manager (after consultation with a stockbroker approved by the REIT Trustee), and as approved by the REIT Trustee, as being the fair market price, and this will be announced on the SGXNET for so long as FH-REIT is listed on the SGX-ST.

Any increase in the rate or any change in the structure of the REIT Manager’s management fees must be approved by an Extraordinary Resolution at a meeting of the holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

For the avoidance of doubt, the REIT Manager’s change in its election to receive cash or FH-REIT Units or a combination of cash and FH-REIT Units is not considered as a change in structure of the REIT Manager’s management fees.

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<sup>1</sup> In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.

<sup>2</sup> “**Business Day**” refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

### ***Acquisition fee and divestment fee payable to the REIT Manager***

The REIT Manager is also entitled to:

- an acquisition fee<sup>1</sup> of 0.5% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):
  - (i) the acquisition price of any real estate purchased by FH-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs, plus any other payments<sup>2</sup> in addition to the acquisition price made by FH-REIT or its SPV to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);
  - (ii) the underlying value<sup>3</sup> of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs, plus any other payments<sup>2</sup> made by FH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of FH-REIT's interest); or
  - (iii) the acquisition price of any investment purchased by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee<sup>4</sup> 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<sup>5</sup> in addition to the sale price received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest);

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<sup>1</sup> No acquisition fee is payable for the transfer of assets from FH-BT.

<sup>2</sup> “other payments” refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the acquisition price as the asset enhancements are not completed, but “other payments” do not include stamp duty or other payments to third party agents and brokers.

<sup>3</sup> 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.

<sup>4</sup> No divestment fee is payable for the transfer of assets to FH-BT.

<sup>5</sup> “other payments” refer to additional payments to FH-REIT or its SPVs for the sale of the real estate, for example, where FH-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but “other payments” do not include stamp duty or other payments to third party agents and brokers.

- (ii) the underlying value<sup>1</sup> 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<sup>2</sup> received by FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-REIT's interest); or
- (iii) the sale price of the investment sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

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

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

Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of FH-REIT shall be paid out of the FH-REIT Deposited Property and not by the REIT Manager to such persons.

No acquisition fee is payable for the acquisition of the Properties. The acquisition fee and divestment fee are payable to the REIT Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-REIT Units (where Unstapling has taken place) (as the REIT Manager may elect) provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Stapled Securities or, as the case may be, FH-REIT Units at prevailing market price(s) instead of cash. The Stapled Securities or, as the case may be, FH-REIT Units issued to the REIT Manager as its acquisition or divestment fee should not be sold within one year from the date of their issuance.

Any increase in the maximum permitted level of the acquisition fee or divestment fee must be approved by an Extraordinary Resolution passed at a meeting of holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

#### ***Development management fee payable to the REIT Manager***

The REIT Manager is also entitled to receive development management fees equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of FH-REIT. FH-REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments).

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<sup>1</sup> For example, if FH-REIT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by FH-REIT as sale price and any debt of the special purpose company.

<sup>2</sup> "other payments" refer to additional payments to FH-REIT or its SPVs for the sale of the real estate, for example, where FH-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

**“Total Project Costs”** means the sum of the following (where applicable):

- (i) construction cost based on the project final account prepared by the project quantity surveyor;
- (ii) principal consultants fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iii) the cost of obtaining all approvals for the project;
- (iv) site staff costs;
- (v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and
- (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.

For the avoidance of doubt, land costs will not be included in the computation of Total Project Costs.

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

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

Any increase in the percentage of the development management fee or any change in the structure of the development management fee must be approved by an Extraordinary Resolution passed at a meeting of holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed.

#### ***Fees payable to other asset managers***

In the event that the REIT Manager appoints or, the REIT Trustee or any entity which is held by FH-REIT (whether wholly or partially) at the recommendation of the REIT Manager, appoints an asset manager, investment managers or any other entities (including related entities of the Managers) (the **“FH-REIT Relevant Entity”**) to provide asset management services or investment management services in respect of any asset of FH-REIT, the FH-REIT Relevant Entity shall be entitled to receive out of the FH-REIT Deposited Property, a fee for its services to be paid either directly (by the REIT Trustee) or indirectly (by the entity which is held by FH-REIT) (the **“FH-REIT**

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<sup>1</sup> The threshold of S\$200.0 million is derived by the Managers based on industry estimates that the development costs of hospitality real estate assets are generally greater than development costs compared to other types of real estate asset class.

**Relevant Fee**”), provided that the relevant fee payable to the REIT Manager shall be reduced by the FH-REIT Relevant Fee to the extent that such FH-REIT Relevant Fee relates to asset management fee, acquisition fee, divestment fee and development management fee.

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

For the avoidance of doubt, any other relevant fee not related to asset management fee, acquisition fee, divestment fee and development management fee shall not reduce the fees payable to the REIT Manager. The fees which reduce the fees payable to the REIT Manager relate primarily to fees arising from the performance of services which is within the scope of duties of the REIT-Manager so as to prevent the double-charging of fees.

(See “Overview – The Structure of FHT – Certain Fees and Charges” for further details).

### **Retirement or Removal of the REIT Manager**

The REIT Manager shall have the power to retire in favour of a corporation approved by the REIT Trustee to act as the manager of FH-REIT.

Also, the REIT Manager may be removed by notice given in writing by the REIT Trustee if:

- the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the REIT Manager;
- the REIT Manager ceases to carry on business;
- the REIT Manager fails or neglects after reasonable notice from the REIT Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the FH-REIT Trust Deed;
- the holders of FH-REIT Units, by a resolution duly passed by a majority greater than 50.0% of the total number of votes cast for and against such resolution with no participants being disenfranchised at a meeting of holders of FH-REIT Units duly convened and held in accordance with the provisions of the FH-REIT Trust Deed, shall so decide;
- for good and sufficient reason, the REIT Trustee is of the opinion, and so states in writing, that a change of the REIT Manager is desirable in the interests of the holders of FH-REIT Units provided that where the REIT Manager is removed on the basis that a change of the REIT Manager is desirable in the interests of the holders of FH-REIT Units, the REIT Manager has a right under the FH-REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the REIT Manager, the REIT Trustee and all the holders of FH-REIT Units; or
- the MAS directs the REIT Trustee to remove the REIT Manager.

### **Corporate Governance of the REIT Manager**

The following outlines the main corporate governance practices of the REIT Manager.



### ***The REIT Manager Board***

The REIT Manager Board is responsible for the overall corporate governance of the REIT Manager including establishing goals for management and monitoring the achievement of these goals. The REIT Manager is also responsible for the strategic business direction and risk management of FH-REIT. All the REIT Manager Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of performance of directors.

The REIT Manager Board has established a framework for the management of the REIT Manager and FH-REIT, including a system of internal controls and a business risk management process. The REIT Manager Board consists of seven members, four of whom are independent<sup>1</sup> directors.

The composition of the REIT Manager Board is determined using the following principles:

- the Chairman of the REIT Manager Board should be a non-executive director of the REIT Manager;
- the REIT Manager Board should comprise directors with a broad range of commercial experience including expertise in property development, investment, management, marketing and leasing and/or finance; and
- while FH-REIT Units remain stapled to FH-BT Units, in order to avoid any conflict between FH-REIT and FH-BT, each of the directors of the REIT Manager Board will also be a director of the Trustee-Manager Board. In order for the Trustee-Manager Board to comply with the requirement under Regulation 12 of the BTR, a majority of the directors of the board of the trustee-manager of a business trust is required to comprise directors who are independent from management and business relationships with the trustee-manager. Accordingly, a majority of the directors of both the REIT Manager Board and the Trustee-Manager Board will comprise such independent directors.

The composition of the REIT Manager Board will be reviewed regularly to ensure that the REIT Manager Board has the appropriate mix of expertise and experience.

### ***The REIT Manager Audit, Risk and Compliance Committee***

The REIT Manager Audit, Risk and Compliance Committee is appointed by the REIT Manager Board from among the REIT Manager Directors and is composed of three non-executive members, a majority of whom (including the Chairman of the REIT Manager Audit, Risk and Compliance Committee) are required to be directors independent from management and business relationships with the REIT Manager. As at the date of this Prospectus, the members of the REIT Manager Audit, Risk and Compliance Committee are Mr Law Song Keng, Mr Liew Choon Wei and Mr David Wong See Hong, all of whom are independent directors. Mr Law Song Keng has been appointed as the Chairman of the REIT Manager Audit, Risk and Compliance Committee.

The role of the REIT Manager Audit, Risk and Compliance Committee is to monitor and evaluate the effectiveness of the REIT Manager's internal controls. The REIT Manager Audit, Risk and Compliance Committee will review the quality and reliability of information prepared for inclusion in financial reports, and will be responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

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<sup>1</sup> The independence of the directors in this context refers to their independence from management and business relationships with the REIT Manager.



The REIT Manager Audit, Risk and Compliance Committee's responsibilities include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to Interested Person Transactions (as defined in the Listing Manual) and the provisions of the Property Funds Appendix relating to Interested Party Transactions (as defined in the Property Funds Appendix) (both such types of transactions constituting **"Related Party Transactions"**);
- reviewing transactions constituting Related Party Transactions;
- deliberating on resolutions relating to conflicts of interest involving FH-REIT;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;
- reviewing the arrangements by which employees of FH-REIT may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;
- examining the effectiveness of financial, operating and compliance controls and risk management policies and systems at least annually;
- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- reviewing the adequacy of external audits in respect of cost, scope and performance;
- reviewing the nature and extent of non-audit services performed by external auditors;
- making recommendations to the REIT Manager Board on the appointment, reappointment and removal of external auditors and approving the remuneration and terms of engagement of external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors and where the external auditors also provide a substantial volume of non-audit services to FH-REIT, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit function is independent from the management and will report to the chairman of the Audit, Risk and Compliance Committee and adequately qualified to perform an effective role;
- ensuring, at least annually, the adequacy of the internal audit function;
- meeting with external and internal auditors, without the presence of the executive officers of the REIT Manager, at least on an annual basis;
- reviewing the financial statements of FH-REIT;

- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of FH-REIT and any formal announcements relating to FH-REIT's financial performance;
- investigating any matters within the REIT Manager Audit, Risk and Compliance Committee's terms of reference, whenever it deems necessary; and
- reporting to the REIT Manager Board on material matters, findings and recommendations.

### ***The REIT Manager Nominating Committee***

The Nominating Committee of the REIT Manager is required to be composed of three or more members:

- at least a majority of whom, including the chairman of the Nominating Committee, should be independent; and
- the lead independent director, if any, should be a member of the Nominating Committee.

As at the date of this Prospectus, the members of the REIT Manager Nominating Committee are Mr Law Song Keng, Mr Liew Choon Wei and Mr Panote Sirivadhanabhakdi, a majority of whom are independent directors. Mr Law Song Keng has been appointed as the Chairman of the Nominating Committee.

The role of the Nominating Committee is to make recommendations to the REIT Manager Board on all board appointments. The Nominating Committee should also make recommendations to the REIT Manager Board on relevant matters relating to:

- (a) the review of board succession plans for directors, in particular, the Chairman and for the Chief Executive Officer;
- (b) the development of a process for evaluation of the performance of the REIT Manager Board, its board committees and directors;
- (c) the review of training and professional development programs for the REIT Manager Board; and
- (d) the appointment and re-appointment of directors (including alternate directors, if applicable).

The Nominating Committee's responsibilities also include, but are not limited to, the following:

- determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 of the Code of Corporate Governance 2012 and any other salient factors. If the Nominating Committee considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the REIT Manager Board for its consideration. Conversely, the Nominating Committee has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in Guideline 2.3 or Guideline 2.4 of the Code of Corporate Governance 2012, and should similarly provide its views to the REIT Manager Board for its consideration;
- where a director has multiple board representations, deciding if the director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments;

- if a person is proposed to be appointed as an alternate director to an independent director, review with the REIT Manager Board and conclude whether the person would similarly qualify as an independent director, before his appointment as an alternate director;
- carry out the process for assessing the effectiveness of the REIT Manager Board as a whole and its board committees and for assessing the contribution by the Chairman and each individual director to the effectiveness of the REIT Manager Board;
- decide how the REIT Manager Board's performance may be evaluated and propose objective performance criteria to the REIT Manager Board; and
- advise the Chairman on the results of the performance evaluation.

***Dealings in Stapled Securities or, as the case may be, FH-REIT Units***

Each REIT Manager Director and the CEO of the REIT Manager is to give notice to the REIT Manager of his acquisition of Stapled Securities or (in the event that Unstapling has taken place) FH-REIT Units or of changes in the number of Stapled Securities or, as the case may be, FH-REIT Units which he holds or in which he has an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of the Stapled Securities or, as the case may be, FH-REIT Units which he holds or in which he has an interest (see "The Formation and Structure of FHT, FH-REIT and FH-BT – The Formation and Structure of FH-REIT – The REIT Manager Board's Declaration of Holdings of FH-REIT Units" for further details).

All dealings in the Stapled Securities or, as the case may be, FH-REIT Units by the REIT Manager Directors will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

The directors and employees of the REIT Manager are prohibited from dealing in the Stapled Securities:

- in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of FHT or (in the event that Unstapling has taken place) FH-REIT, and ending on the date of announcement of the relevant results or (as the case may be) property valuations; and
- at any time while in possession of price sensitive information.

The directors and employees of the REIT Manager are also prohibited from communicating price sensitive information to any person.

Pursuant to Section 137ZC of the SFA, the REIT Manager will be required to, *inter alia*, announce to the SGX-ST the particulars of any acquisition or disposal of interest in FH-REIT Units by the REIT Manager as soon as practicable, and in any case no later than the end of the Business Day following the day on which the REIT Manager became aware of the acquisition or disposal. In addition, all dealings in FH-REIT Units by the Chief Executive Officer will also need to be announced by the REIT Manager via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com> and in such form and manner as the Authority may prescribe.

### ***Management of Business Risk***

The REIT Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of FH-REIT against a previously approved budget. The REIT Manager Board will also review the business risks of FH-REIT, examine liability management and will act upon any comments from both the internal and external auditors of FH-REIT.

The REIT Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of FH-REIT. In assessing business risk, the REIT Manager Board will consider the economic environment and risks relevant to the hospitality and hospitality-related industries. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the REIT Manager and FH-REIT and discuss any disclosure issues.

### ***Potential Conflicts of Interest***

The REIT Manager has instituted the following procedures to deal with potential conflicts of interest issues:

- The REIT Manager will not manage any other REIT which invests in the same type of properties as FH-REIT;
- All key executive officers will be employed by the REIT Manager and will not hold executive positions in any other entities;
- All resolutions in writing of the REIT Manager Directors in relation to matters concerning FH-REIT must be approved by a majority of the directors, including at least one director independent from management and business relationships with the REIT Manager;
- At least a majority of the REIT Manager Board shall comprise such independent directors;
- In respect of matters in which a REIT Manager Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the REIT Manager Directors and must exclude such interested director;
- In respect of matters in which the Sponsor has an interest, direct or indirect, for example, in matters relating to:
  - potential acquisitions of additional properties or property-related investments by FH-REIT in competition with the Sponsor; and/or
  - competition for tenants between properties owned by FH-REIT and properties owned by the Sponsor,

any nominees appointed by the Sponsor to the REIT Manager Board to represent its interests will abstain from deliberations and voting on such matters. In such matters, the quorum must comprise a majority of the REIT Manager Directors independent from management and business relationships with the REIT Manager and must exclude nominee directors of the Sponsor;

- Save as to resolutions relating to the removal of the REIT Manager, the REIT Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of FH-REIT Units convened to approve any matter in which the REIT Manager and/or any of its associates has an interest, and for so long as the REIT Manager is the manager of FH-REIT, the controlling shareholders (as defined in the Listing Manual) of the REIT Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of FH-REIT Units convened to consider a matter in respect of which the relevant controlling shareholders of the REIT Manager and/or of any of its associates have an interest; and
- It is also provided in the FH-REIT Trust Deed that if the REIT Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the REIT Trustee for and on behalf of FH-REIT with an Interested Person (as defined in the Listing Manual) and/or, as the case may be, an Interested Party (as defined in the Property Funds Appendix) (collectively, a “**Related Party**”) of the REIT Manager, the REIT Manager shall be obliged to consult with a reputable law firm (acceptable to the REIT Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the REIT Trustee, on behalf of FH-REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the REIT Manager shall be obliged to take appropriate action in relation to such agreement. The REIT Manager Directors will have a duty to ensure that the REIT Manager so complies. Notwithstanding the foregoing, the REIT Manager shall inform the REIT Trustee as soon as it becomes aware of any breach of any agreement entered into by the REIT Trustee for and on behalf of FH-REIT with a Related Party of the REIT Manager and the REIT Trustee may take such action as it deems necessary to protect the rights of the holders of FH-REIT Units and/or which is in the interests of the holders of FH-REIT Units. Any decision by the REIT Manager not to take action against a Related Party of the REIT Manager shall not constitute a waiver of the REIT Trustee’s right to take such action as it deems fit against such Related Party.

## **Related Party Transactions**

### ***The REIT Manager’s Internal Control System***

The REIT Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of FH-REIT and the holders of FH-REIT Units.

As a general rule, the REIT Manager must demonstrate to the REIT Manager Audit, Risk and Compliance Committee that such transactions satisfy the foregoing criteria, which may entail:

- obtaining (where practicable) quotations from parties unrelated to the REIT Manager; or
- obtaining valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The REIT Manager will maintain a register to record all Related Party Transactions which are entered into by FH-REIT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into.

The REIT Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by FH-REIT. The REIT Manager Audit, Risk and Compliance Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and

procedures established to monitor Related Party Transactions have been complied with. In addition, the REIT Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix have been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the REIT Manager Audit, Risk and Compliance Committee. If a member of the REIT Manager Audit, Risk and Compliance Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Further, the following procedures will be undertaken:

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S\$100,000 in value but less than 3.0% of the value of FH-REIT's net tangible assets (based on the latest audited accounts) will be subject to review by the REIT Manager Audit, Risk and Compliance Committee at regular intervals;
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of FH-REIT's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the REIT Manager Audit, Risk and Compliance Committee. Such approval shall only be given if such transaction is on normal commercial terms and is consistent with similar types of transactions made by the REIT Trustee with third parties which are unrelated to the REIT Manager; and
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of FH-REIT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the REIT Manager Audit, Risk and Compliance Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transaction would have to be approved by the holders of FH-REIT Units at a duly convened meeting.

Pursuant to the Listing Manual, transactions with a value below S\$100,000 are disregarded on the ground that they do not put FH-REIT at risk. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning FH-REIT relate to transactions entered into or to be entered into by the REIT Trustee for and on behalf of FH-REIT with a Related Party of the REIT Manager (which would include relevant "associates" as defined under the Listing Manual) or FH-REIT, the REIT Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of FH-REIT and the holders of FH-REIT Units, and in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the REIT Trustee has the ultimate discretion under the FH-REIT Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the REIT Manager or FH-REIT. If the REIT Trustee is to sign any contract with a Related Party of the REIT Manager or FH-REIT, the REIT Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.



Save for the transactions described under the sections “Management and Corporate Governance – FH-REIT – Related Party Transactions – Related Party Transactions in connection with the Setting Up of FH-REIT” and “Management and Corporate Governance – FH-REIT – Related Party Transactions – Future Related Party Transactions”, FH-REIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the Listing Manual) during the same financial year, is 3.0% or more of the value of FH-REIT’s latest audited net tangible assets.

The aggregate value of all Interested Person Transactions in accordance with the Listing Manual in a particular year, each of at least S\$100,000 in value and which are subject to Rules 905 and 906 of the Listing Manual, will be disclosed in FHT’s annual report, or (if Unstapling has occurred), FH-REIT’s annual report for the relevant financial year.

***Role of the REIT Manager Audit, Risk and Compliance Committee for Related Party Transactions***

The REIT Manager Audit, Risk and Compliance Committee will monitor the procedures established to regulate Related Party Transactions, including reviewing any Related Party Transactions entered into from time to time and the internal audit reports to ensure compliance with the relevant provisions of the Listing Manual and the Property Funds Appendix.

If a member of the REIT Manager Audit, Risk and Compliance Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

***Related Party Transactions in connection with the Setting Up of FH-REIT and the Offering***

The REIT Trustee, on behalf of FH-REIT, has entered into a number of transactions with the REIT Manager and certain Related Parties of the REIT Manager in connection with the setting up of FH-REIT and the Offering. These Related Party Transactions are as follows:

- The REIT Trustee has entered into the FH-REIT Trust Deed with the REIT Manager.
- The REIT Trustee has also entered into the Stapling Deed with the Managers. The terms of the FH-REIT Trust Deed and Stapling Deed are generally described in “The Formation and Structure of FHT, FH-REIT and FH-BT”.
- The REIT Trustee has entered into the Sale and Purchase Agreements in relation to the Singapore Properties and ANA Crowne Plaza Kobe with the relevant Vendors. The terms of the Sale and Purchase Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties”.
- The REIT Trustee and the REIT Manager will enter into the Master Lease Agreements by the Listing Date. The terms of the Master Lease Agreements are more particularly described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties”.
- The REIT Trustee will enter into the Master Serviced Residence Management Agreement and Master Serviced Residence Licence Agreement, subject to the terms of the relevant individual serviced residence management agreements and individual serviced residence licence agreements. In accordance with the terms of the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement, the REIT Trustee will enter into the Individual Serviced Residence Management Agreements and the Individual Serviced Residence Licence Agreements in relation to the Serviced Residences



comprised in the Initial Portfolio. The terms of the Master Serviced Residence Management Agreement and the Individual Serviced Residence Management Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Management Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Management Agreements”. The terms of the Master Serviced Residence Licence Agreement and the Individual Serviced Residence Licence Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Licence Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Licence Agreements”.

- The REIT Trustee will enter into the Master Technical Services Agreement, subject to the terms of the relevant individual technical services agreements. In accordance with the terms of the Master Technical Services Agreement, the REIT Trustee will enter into the Individual Technical Services Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Technical Services Agreement and the Individual Technical Services Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Technical Services Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Technical Services Agreements”.
- The REIT Trustee has entered into the Top-Up Deed with River Valley Apartments Pte Ltd in respect of Fraser Suites Singapore and with BCH Hotel Investment Pte Ltd in respect of InterContinental Singapore and the Escrow Agreements in connection therewith. The terms of the Payment Top-Up Deeds are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Payment Top-Up Deeds”.
- The REIT Trustee has been granted the TCCL Guarantees and Corporate Guarantees. The terms of the TCCL Guarantees and Corporate Guarantees are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties”.
- The REIT Trustee has entered into the Investment Management Agreement. The terms of the Investment Management Agreement are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to the Australian Properties – Investment Management Agreements”.
- The REIT Trustee has entered into the Non-Disturbance Agreements. The terms of the Non-Disturbance Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties”.
- The REIT Trustee has entered into the FCL ROFR, TCC ROFR and the TCC-FCL Agreement. The terms of the FCL ROFR, TCC ROFR and the TCC-FCL Agreement are more particularly described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Right of First Refusal Agreements”.

The REIT Manager has entered into the following Related Party Transactions:

- the Master Serviced Residence Management Agreement and Master Serviced Residence Licence Agreement, subject to the terms of the relevant individual serviced residence management agreements and individual serviced residence licence agreements. In accordance with the terms of the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement, the REIT Manager will enter into the Individual Serviced Residence Management Agreements and the Individual Serviced Residence Licence Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Serviced Residence Management Agreement and

the Individual Serviced Residence Management Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Management Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Management Agreements”. The terms of the Master Serviced Residence Licence Agreement and the Individual Serviced Residence Licence Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Licence Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Licence Agreements”.

- the Master Technical Services Agreement, subject to the terms of the relevant individual technical services agreements. In accordance with the terms of the Master Technical Services Agreement, the REIT Manager will enter into the Individual Serviced Residence Management Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Technical Services Agreement and the Individual Technical Services Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Technical Services Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Technical Services Agreements”.
- The REIT Manager has entered into the Investment Management Agreement. The terms of the Investment Management Agreement are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Agreements Relating to the Australian Properties – Investment Management Agreements”.

FH-REIT’s subsidiaries and related entities have also entered into the following Related Party Transactions:

- the Sale and Purchase Agreements in relation to the rest of the Initial Portfolio (excluding the Singapore Properties and ANA Crowne Plaza Kobe) entered into by FH-REIT’s property-holding entities and the relevant Vendors;
- the FF&E Sale and Purchase Agreements in relation to Fraser Suites Sydney, Fraser Suites Edinburgh and Fraser Suites Queens Gate and ANA Crowne Plaza Kobe;
- the Master Lease and Tenancy Agreements for the lease of the rest of the Initial Portfolio (excluding the Singapore Properties) entered into by FH-REIT’s property-holding entities and the relevant Master Lessees and Tenant;
- the relevant TCCL Guarantees and Corporate Guarantees;
- the Retail Master Lease Agreement for the lease of the retail component of ANA Crowne Plaza Kobe;
- the share purchase agreement for the acquisition of Excellence Prosperity Japan K.K. entered into by a Singapore-incorporated subsidiary of FH-REIT and Excellence Prosperity (Singapore) Pte. Ltd. (the “**EPJKK Share Purchase Agreement**”);
- the Non-Disturbance Agreements;
- the relevant Individual Serviced Residence Management Agreements, Individual Serviced Residence Licence Agreements and Individual Technical Services Agreements;
- the investment management agreement entered into between the MIT Trustee, the MIT Manager, the REIT Manager and the Trustee-Manager in relation to MIT Australia and the

investment management agreements entered into between the MIT Sub-Trustee and the MIT Manager in relation to the MIT Sub-trusts (the “**Investment Management Agreements**”); and

- the servicing agreement under the ABS structure entered into between the Malaysian SPV, the REIT Manager and the Bond Trustee (the “**ABS Servicing Agreement**”).

In connection with the acquisition of the Australian Properties and the establishment of MIT Australia, The Trust Company (Australia) Limited will be appointed as the trustee of MIT Australia and The Trust Company (PTAL) Limited, which is a wholly-controlled entity of the MIT Trustee, will be appointed as the trustee of the sub-trusts. The Trust Company (Australia) Limited is a wholly-owned subsidiary of The Trust Company Limited. The REIT Trustee is an indirect wholly-owned subsidiary of The Trust Company Limited.

Based on its experience, expertise and knowledge of contracts, the REIT Manager Board and the executive officers of FH-REIT believe that the appointments and agreements set out above, are on normal commercial terms and are not prejudicial to the interests of FH-REIT and Stapled Securityholders.

Save as disclosed in this Prospectus, the REIT Trustee has not entered into any other transactions with the REIT Manager or any Related Party of the REIT Manager in connection with the setting up of FH-REIT.

### ***Exempted Agreements***

The entry into and the fees and charges payable by FH-REIT under:

- the FH-REIT Trust Deed;
- the Stapling Deed;
- the FF&E Sale and Purchase Agreements;
- the Sale and Purchase Agreements;
- the Payment Top-Up Deeds and the Escrow Agreements;
- the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement (including, for the avoidance of doubt, the option term);
- the Individual Serviced Residence Management Agreements (including, for the avoidance of doubt, the option term) and Individual Serviced Residence Licence Agreements (including, for the avoidance of doubt, the option term);
- the Master Technical Services Agreement (including, for the avoidance of doubt, the option term);
- the Individual Technical Services Agreements (including, for the avoidance of doubt, the option term);
- the EPTMK Share Purchase Agreement;
- the EPJKK Share Purchase Agreement;
- the Master Lease Agreements (including, for the avoidance of doubt, the option term);

- the Retail Master Lease Agreement;
- the Tenancy Agreement (including, for the avoidance of doubt, the initial option terms, the conversion to a 20-year lease and the subsequent option term);
- the Investment Management Agreements;
- the appointment of The Trust Company (Australia) Limited as the trustee of MIT Australia and The Trust Company (PTAL) Limited as the trustee of the sub-trusts; and
- the ABS Servicing Agreement,

which each constitutes a Related Party Transaction, are deemed to have been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect FH-REIT.

(See “Overview – Certain Fees and Charges” for the fees and charges payable by FH-REIT in connection with the establishment and on-going management and operation of FH-REIT.)

However, any renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual.

(See “– Related Party Transactions – The REIT Manager’s Internal Control System” for further details.)

### ***Future Related Party Transactions***

As a REIT listed on the SGX-ST, FH-REIT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulates, among other things, transactions entered into by the REIT Trustee (for and on behalf of FH-REIT) with an Interested Party relating to FH-REIT’s acquisition of assets from or sale of assets to an Interested Party, FH-REIT’s investment in securities of or issued by an Interested Party and the leasing of assets to an Interested Party.

Depending on the materiality of transactions entered into by FH-REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by an Interested Party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the holders of FH-REIT Units be obtained.

The Listing Manual regulates all Interested Person Transactions, including transactions already governed by the Property Funds Appendix. Depending on the materiality of the transaction, FH-REIT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain the prior approval of the holders of FH-REIT Units for the transaction (Rule 906 of the Listing Manual). The FH-REIT Trust Deed requires the REIT Trustee and the REIT Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as such other guidelines relating to Interested Person Transactions as may be prescribed by the SGX-ST to apply to REITs.

The REIT Manager may at any time in the future seek a general annual mandate from the holders of FH-REIT Units pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to leases and/or license agreements (including any Master Lease and Tenancy Agreement entered into by the REIT Trustee with an Interested Party) to be entered into

with Interested Persons, and all transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements of Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the REIT Trustee will appoint an independent financial adviser (without being required to consult the REIT Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of FH-REIT and the holders of FH-REIT Units.

Both the Property Funds Appendix and the Listing Manual requirements would have to be complied with in respect of a proposed transaction which is prima facie governed by both sets of rules. Where matters concerning FH-REIT relate to transactions entered or to be entered into by the REIT Trustee for and on behalf of FH-REIT with a Related Party of FH-REIT or the REIT Manager, the REIT Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

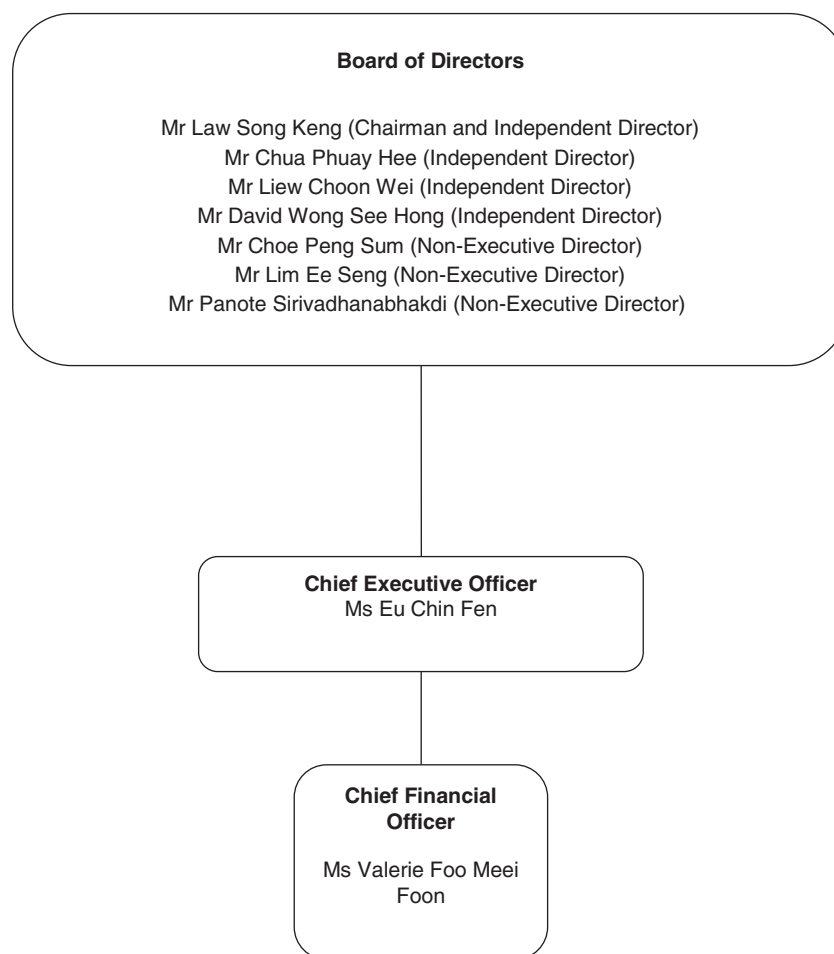
The REIT Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the REIT Trustee (when acting other than in its capacity as trustee of FH-REIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of FH-REIT and the holders of FH-REIT Units. The REIT Manager shall not be liable to account to the REIT Trustee or to the holders of FH-REIT Units for any profits or benefits or other commissions made or derived from or in connection with any such transaction. The REIT Trustee shall not be liable to account to the REIT Manager or to the holders of FH-REIT Units for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the REIT Manager, its “connected persons” (as defined in the Listing Manual) and any director of the REIT Manager are prohibited from voting their respective own FH-REIT Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

#### **FH-BT**

FH-BT will be dormant on the Listing Date. For as long as FH-BT is dormant, the primary role of the Trustee-Manager Board will be to ensure that the Trustee-Manager complies with the requirements under the Listing Manual, the BTA and the BTR (except where waivers have been obtained) as well as the FH-BT Trust Deed and the Stapling Deed.

## Management Reporting Structure of the Trustee-Manager



### The Trustee-Manager Board

As at the Listing Date, the Trustee-Manager Directors will be the same as the REIT Manager Directors. (See “Management and Corporate Governance – FHT – Board of Directors of the Managers” for further details.) As FH-BT will be dormant as at the Listing Date, no compensation is payable to the Directors of the Trustee-Manager.

### Executive Officers of the Trustee-Manager

As at the Listing Date, the executive officers of the Trustee-Manager comprise the Chief Executive Officer and the Chief Financial Officer, who are also the Chief Executive Officer and Chief Financial Officer of the REIT Manager, respectively.

The following table sets forth information regarding the executive officers of the Trustee-Manager:

<b>Name</b>	<b>Age</b>	<b>Address</b>	<b>Position</b>
Ms Eu Chin Fen	42	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Chief Executive Officer
Ms Valerie Foo Meei Foon	40	c/o 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958	Chief Financial Officer

### ***Roles and Responsibilities of the Executive Officers of the Trustee-Manager***

The **Chief Executive Officer** of the Trustee-Manager is responsible for working with the Trustee-Manager Board to determine the overall business, investment and operational strategies for FH-BT (where relevant). The Chief Executive Officer will also work with the other members of the management team of the Trustee-Manager to ensure that the business, investment and operational strategies of FH-BT are carried out as planned. In addition, the Chief Executive Officer is responsible for the overall management and planning of the strategic direction of FH-BT.

The **Chief Financial Officer** of the Trustee-Manager is responsible for the finances of FH-BT. A key role of the Chief Financial Officer is to focus, monitor and report on the financial performance of FH-BT (where relevant). The Chief Financial Officer is also responsible for the preparation of statutory accounts, co-ordination with external auditors, managing tax affairs and treasury matters, and preparation of performance reports for investors and regulators.

(See “– FH-REIT – Executive Officers of the REIT Manager – Experience and Expertise of the Executive Officers of the REIT Manager” and Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers” for further details.)

As FH-BT will be dormant as at the Listing Date, no compensation is payable to the Chief Executive Officer and Chief Financial Officer of the Trustee-Manager.

### **Employees of the Trustee-Manager**

There are two employees employed by the Trustee-Manager, being the Chief Executive Officer, Ms Eu Chin Fen, with the Chief Financial Officer, Ms Valerie Foo Meei Foon, being responsible for the finances of FH-BT. As at the date of this Prospectus, the two employees are based in Singapore and are not unionised.

### **Service Agreements**

None of the members of the Trustee-Manager Board has entered or proposed to enter into service agreements with the Trustee-Manager or any subsidiary or subsidiary entity of FHT which provide for benefits upon termination of employment.

### **Company Secretary of the Trustee-Manager**

The company secretaries of the Trustee-Manager, Mr Piya Treruagrachada and Mr Anthony Cheong Fook Seng, are also the company secretaries of the REIT Manager. Mr Piya Treruagrachada is a member of the Institute of Singapore Chartered Accountants and Mr Anthony Cheong Fook Seng is a Fellow of the Institute of Singapore Chartered Accountants.



The roles of the Company Secretary include the following:

- ensuring that board procedures of the Trustee-Manager Board are followed;
- assisting the Trustee-Manager with corporate secretarial administration matters for the Trustee-Manager, both in its personal capacity and in its capacity as manager of FH-BT, including attending all board meetings; and
- assisting the Trustee-Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

### **The Key Roles of the Trustee-Manager Board when FH-BT becomes active**

When FH-BT becomes active, the key roles of the Trustee-Manager Board will be to:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the Trustee-Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

When FH-BT becomes active, the Trustee-Manager Board will meet to review the key activities and business strategies of the Trustee-Manager. The Trustee-Manager Board intends to meet regularly, at least once every three months, to deliberate the strategic policies of FH-BT, including acquisitions and disposals, approval of the annual budget and review of the performance of FH-BT.

Each Director of the Trustee-Manager has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of FH-BT. The Directors of the Trustee-Manager will contribute in different ways to further the interests of FH-BT.

On the basis FH-BT is dormant on the Listing Date, an application has been made to the MAS for an exemption from the requirement for an audit committee to be constituted by the Trustee-Manager Board and the functions that will be undertaken by an audit committee will be assumed by the Trustee-Manager Board. The MAS has granted an exemption from compliance with Section 15(1) of the BTA to the extent that Section 15(1) of the BTA requires an audit committee to be constituted when FH-BT is dormant, subject to certain conditions. (See “General Information – Waivers from the MAS – Paragraph (15)(b)” for further details on the exemption granted and the conditions imposed by the MAS). When FH-BT becomes active, the Trustee-Manager Board will put in place appropriate internal control systems.

A majority of the Trustee-Manager Board (namely four out of seven Directors) are non-executive and independent.

The positions of Chairman of the Trustee-Manager Board and Chief Executive Officer of the Trustee-Manager are held by two different individuals in order to maintain effective checks and balances. The Chairman of the Trustee-Manager Board is Mr Law Song Keng, while the Chief Executive Officer is Ms Eu Chin Fen. Mr Law Song Keng is also the Chairman of the REIT Manager Board. The Chairman is responsible for the overall management of the Trustee-Manager Board, while the Chief Executive Officer has full executive responsibilities over the business directions of the Trustee-Manager.

The Trustee-Manager Board has access to the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Trustee-Manager also has access to independent professional advice where appropriate and whenever requested. (See “Management and Corporate Governance – FH-BT – Company Secretary of the Trustee-Manager” for details of the Company Secretary and his qualifications.)

### **Roles and Responsibilities of the Trustee-Manager in relation to the management of FH-BT**

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

The Trustee-Manager will set the strategic direction of FH-BT. The Trustee-Manager is also responsible for ensuring that FH-BT complies with the applicable provisions of all relevant laws, regulations and guidelines including the BTA, the SFA, the Listing Manual, the FH-BT Trust Deed and the Stapling Deed.

The Trustee-Manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a registered business trust under the BTA (“**Due Care**”) to comply with the applicable provisions of all relevant legislation, as well as the Listing Manual, and is responsible for ensuring compliance with the FH-BT Trust Deed and all relevant contracts entered into by the Trustee-Manager on behalf of FH-BT.

The Trustee-Manager, in exercising its powers and carrying out its duties as FH-BT’s trustee-manager, is required to:

- treat the holders of FH-BT Units who hold FH-BT Units in the same class fairly and equally and holders of FH-BT Units who hold FH-BT Units in different classes (if any) fairly;
- ensure that all payments out of the FH-BT Trust Property are made in accordance with the BTA, the FH-BT Trust Deed and the Stapling Deed;
- report to the Authority any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 by any other person that:
  - relates to FH-BT; and
  - has had, has or is likely to have, a material adverse effect on the interests of all the holders of FH-BT Units, or any class of holders of FH-BT Units,as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the FH-BT Trust Property is properly accounted for; and
- ensure that the FH-BT Trust Property is kept distinct from the property held in its own capacity.

The Trustee-Manager may:

- while the FH-REIT Units and FH-BT Units are stapled together, lend monies to FH-REIT out of FH-BT’s property whenever the Trustee-Manager considers, among other things, that such lending is necessary or desirable in order to further the interests of the investors of the Stapled Securities as a whole; and

- borrow on behalf of FH-BT (upon such terms and conditions as it deems fit, including the charging or mortgaging of all or any part of FH-BT's property) whenever the Trustee-Manager considers, among other things, that such borrowings are necessary or desirable in order to enable the Trustee-Manager to meet any contractual obligations or liabilities or whenever the Trustee-Manager considers it desirable that monies be borrowed or raised to:
  - finance the acquisition of any Authorised Investments;
  - finance the repurchase and/or redemption of FH-BT Units by the Trustee-Manager;
  - finance any distributions of FH-BT;
  - finance any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Investment undertaken by FH-BT or any Trust Asset (as defined under the FH-BT Trust Deed); or
  - while the FH-REIT Units and FH-BT Units are stapled together, on-lend monies to FH-REIT in order to further the interests of the investors of the Stapled Securities as a whole.

FH-BT will not guarantee the financial obligations, debts or any other liabilities of FH-REIT and *vice versa*.

The Trustee-Manager also has the following statutory duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as FH-BT's trustee-manager in accordance with the BTA and the FH-BT Trust Deed;
- act in the best interests of all holders of FH-BT Units as a whole and give priority to the interests of all holders of FH-BT Units as a whole over its own interests in the event of a conflict between the interests of all holders of FH-BT Units as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as FH-BT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the holders of FH-BT Units; and
- hold the FH-BT Trust Property on trust for all holders of FH-BT Units as a whole in accordance with the terms of the FH-BT Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it shall be:

- liable to all holders of FH-BT Units as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all holders of FH-BT Units as a whole as a result of the contravention; and
- guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000.

While the Trustee-Manager is required to be dedicated to the conduct of the business of FH-BT, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the FH-BT Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be subject as trustee-

manager, to have recourse to the Trust Property of FH-BT or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or by the failure of the Trustee-Manager to exercise Due Care. The Trustee-Manager may, in managing FH-BT and in carrying out and performing its duties and obligations under the FH-BT Trust Deed, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the FH-BT Trust Deed, and shall not be liable for all acts and omissions of such persons provided that the Trustee-Manager had exercised Due Care in selecting as well as monitoring such persons.

### **Constituent Documents of the Trustee-Manager**

Certain key provisions of the Memorandum and Articles of Association of the Trustee-Manager are set out below.

#### ***A Trustee-Manager Director shall not vote on any proposal, arrangement or contract in which he is interested***

Each Trustee-Manager Director who is, directly or indirectly, interested in a transaction or proposed transaction with the Trustee-Manager has to, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Trustee-Manager Board. A Trustee-Manager Director shall not vote in respect of any transaction, contract or arrangement or any other proposal in which he has any personal material interest, directly or indirectly. A Trustee-Manager Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is disqualified from voting.

#### ***The borrowing powers exercisable by the Trustee-Manager and how such borrowing powers may be varied***

The Trustee-Manager has full rights, powers and privileges to carry on or undertake any business or activity, do any act or enter into any transaction subject to the provisions of the Companies Act, the BTA and any other written law and the Memorandum of Association of the Trustee-Manager. In this case, the business is that of acting as trustee-manager of FH-BT.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing on behalf of FH-BT unless the power of borrowing is conferred upon it by the FH-BT Trust Deed. The FH-BT Trust Deed empowers the Trustee-Manager to borrow on behalf of FH-BT for the purpose of enabling the Trustee-Manager to meet any liabilities under or in connection with the trusts of the FH-BT Trust Deed or with any investment of FH-BT, for the purpose of financing any acquisition of any Authorised Investment on behalf of FH-BT, or financing the repurchase and/or redemption of FH-BT Units by the Trustee-Manager, or financing any distributions of FH-BT, or for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Investment undertaken by FH-BT or any Trust Asset (as defined under the FH-BT Trust Deed), or while the FH-REIT Units and FH-BT Units are stapled together, on-lend monies to FH-REIT in order to further the interests of the investors of the Stapled Securities as a whole upon such terms and conditions as it thinks fit and, in particular, by charging or mortgaging all or any of the investments of FH-BT or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of FH-BT, provided that the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the borrowing or raising of moneys which (in its opinion) cause the Trustee-Manager's liability to extend beyond the limits of the FH-BT Trust Property<sup>1</sup>.

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<sup>1</sup> The on-lending of monies from FH-BT to FH-REIT will count towards the borrowings of FH-REIT for the purposes of calculating FH-REIT's Aggregate Leverage.

Any variation of the borrowing powers as contained in the FH-BT Trust Deed would require the approval of the holders of FH-BT Units by way of an Extraordinary Resolution passed at a meeting of holders of FH-BT Units duly convened and held in accordance with the FH-BT Trust Deed and such other regulatory approvals as may be required to vary the terms of the FH-BT Trust Deed.

***The retirement or non-retirement of a Trustee-Manager Director under an age limit requirement***

The Memorandum and Articles of Association of the Trustee-Manager do not specify an age limit beyond which a Trustee-Manager Director shall retire<sup>1</sup>.

***The number of units in the business trust, if any, required for the qualification of a Trustee-Manager Director***

A Trustee-Manager Director is not required to hold any FH-BT Units to qualify as a Trustee-Manager Director.

***Retirement of Trustee-Manager Directors***

The appointment of the directors on the Trustee-Manager Board shall continue until such time as they resign or become prohibited from being a director by reason of any order made under the Companies Act or the BTA, or cease to be a director by virtue of any of the provisions of the Companies Act or the BTA or the Articles of Association of the Trustee-Manager, or has a receiving order made against him or suspends payments or compounds with his creditors generally, or is found lunatic or becomes of unsound mind or is otherwise removed by way of an Ordinary Resolution passed at a meeting of the shareholder(s) of the Trustee-Manager duly convened and held.

**Fees Payable to the Trustee-Manager**

***Management Fee***

The Trustee-Manager shall be entitled under the FH-BT Trust Deed to:

- (i) a management fee comprising a Base Fee of 0.3% per annum of the value of the FH-BT Trust Property; and
- (ii) a Performance Fee of 5.5% of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the REIT Performance Fee and the BT Performance Fee but after accounting for the REIT Base Fee and the BT Base Fee),

payable in the event that FH-BT becomes active.

There should be no double-counting of fees. In the event that both the Trustee-Manager and the REIT Manager are entitled to the Performance Fee, such fees payable to both the Trustee-Manager and the REIT Manager will be apportioned based on the respective proportionate contributions of FH-REIT and FH-BT in the Performance Fee<sup>1</sup>. For the avoidance of doubt, the maximum Performance Fee payable to both the Trustee-Manager and the REIT Manager

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<sup>1</sup> Subject to the Companies Act.

<sup>2</sup> In the event that one of FH-REIT and FH-BT generates negative Distributable Income in the relevant financial year while the other stapling entity generates positive Distributable Income, such other stapling entity shall be entitled to the whole amount of the Performance Fee.

collectively is 5.5% per annum of the aggregate Distributable Income of FHT in the relevant financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee).

For the purpose of calculating the management fee, if FH-BT holds only a partial interest in an investment from which such profit is derived, such profit shall be pro-rated in proportion to the partial interest held.

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

Any portion of management fee payable in the form of Stapled Securities or, as the case may be, FH-BT Units shall be payable quarterly (in relation to the Base Fee) or semi-annually (in relation to the Performance Fee) in arrears and any portion of management fees payable in cash shall be payable monthly in arrears (in relation to the Base Fee) or semi-annually in arrears (in relation to the Performance Fee). On the basis that the Stapled Securities or, as the case may be, FH-BT Units are listed, when management fees are payable in the form of Stapled Securities or, as the case may be, FH-BT Units, the Trustee-Manager shall be entitled to receive such number of Stapled Securities or, as the case may be, FH-BT Units as may be purchased with the relevant amount of the management fees at an issue price equivalent to the "market price", *i.e.* the volume weighted average price per Stapled Security or, as the case may be, FH-BT Units for all trades on the SGX-ST, in the ordinary course of trading, for the last 10 Business Days<sup>1</sup> of the relevant period in which the management fees accrue or, if the Trustee-Manager believes that the foregoing calculation does not provide a fair reflection of the market price of a Stapled Security or, as the case may be, a FH-BT Unit (which may include, among others, instances where there is disorderly trading activity in the FH-BT Units or the Stapled Securities), an amount as determined by the Trustee-Manager (after consultation with a stockbroker approved by the Trustee-Manager), as being the fair market price, and this will be announced on the SGXNET for so long as FH-BT is listed on the SGX-ST.

Any increase in the rate or any change in the structure of the Trustee-Manager's management fees must be approved by an Extraordinary Resolution at a meeting of the holders of FH-BT Units duly convened and held in accordance with the provisions of the FH-BT Trust Deed.

For the avoidance of doubt, the Trustee-Manager's change in its election to receive cash or FH-BT Units or a combination of cash and FH-BT Units is not considered as a change in structure of the Trustee-Manager's management fees.

### ***Trustee Fee***

Under the FH-BT Trust Deed, 0.1% per annum of the value of the FH-BT Trust Property and subject to a minimum fee of S\$10,000 per month, if any, shall be paid to the Trustee-Manager as trustee fees, provided that the value of the FH-BT Trust Property is at least S\$50.0 million and FH-BT is active.

For the purpose of calculating the trustee fee, if FH-BT holds only a partial interest in any of its FH-BT Trust Property, such FH-BT Trust Property shall be pro-rated in proportion to the partial interest held.

The trustee fee shall be payable in arrears on a quarterly basis in the form of cash.

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<sup>1</sup> "Business Day" refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.



## ***Acquisition Fee and Divestment Fee payable to the Trustee-Manager***

The Trustee-Manager is entitled to:

- an acquisition fee<sup>1</sup> 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<sup>2</sup> 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<sup>3</sup> 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<sup>2</sup> 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<sup>4</sup> 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<sup>5</sup> 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<sup>6</sup> 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<sup>5</sup> received by the FH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-BT's interest); or

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<sup>1</sup> No acquisition fee is payable for the transfer of assets from FH-REIT.

<sup>2</sup> “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.

<sup>3</sup> For example, if FH-BT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by FH-BT as purchase consideration and any debt of the special purpose company.

<sup>4</sup> No divestment fee is payable for the transfer of assets to FH-REIT.

<sup>5</sup> “other payments” refer to additional payments to FH-BT or its SPVs for the sale of the real estate, for example, where FH-BT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but “other payments” do not include stamp duty or other payments to third party agents and brokers.

<sup>6</sup> For example, if FH-BT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by FH-BT as sale price and any debt of the special purpose company.



- (iii) the sale price of the investment sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

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

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

The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, FH-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Stapled Securities at prevailing market price(s) instead of cash. The Stapled Securities issued to the Trustee-Manager as its acquisition or divestment fee should not be sold within one year from the date of their issuance.

Any increase in the rate or any change in the structure of the Trustee-Manager's management fee and trustee fee, or in the maximum permitted level of the acquisition fee or divestment fee, must be approved by an Extraordinary Resolution passed at a meeting of holders of FH-BT Units duly convened and held in accordance with the provisions of the FH-BT Trust Deed.

#### ***Development Management Fee payable to the Trustee-Manager***

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

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

For the avoidance of doubt, no acquisition fee shall be paid when the Trustee-Manager receives the development management fee for a Development Project.

Any increase in the percentage of the development management fee or any change in the structure of the development management fee must be approved by an Extraordinary Resolution passed at a meeting of holders of FH-BT Units duly convened and held in accordance with the provisions of the FH-BT Trust Deed.

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<sup>1</sup> The threshold of S\$200.0 million is derived by the Managers based on industry estimates that the development costs of hospitality real estate assets are generally greater than development costs compared to other types of real estate asset class.

## **Fees payable to other asset managers**

In the event that the Trustee-Manager appoints or, any entity which is held by FH-BT (whether wholly or partially) at the recommendation of the Trustee-Manager, appoints an asset manager, investment managers or any other entities (including related entities of the Managers) (the “**FH-BT Relevant Entity**”) to provide asset management services or investment management services in respect of any asset of FH-BT, the FH-BT Relevant Entity shall be entitled to receive out of the FH-BT Trust Property, a fee for its services to be paid either directly (by the Trustee-Manager) or indirectly (by the entity which is held by FH-BT) (the “**FH-BT Relevant Fee**”), provided that the relevant fee payable to the Trustee-Manager shall be reduced by the FH-BT Relevant Fee to the extent that such FH-BT Relevant Fee relates to asset management fee, acquisition fee, divestment fee and development management fee.

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

For the avoidance of doubt, any other relevant fee not related to asset management fee, acquisition fee, divestment fee and development management fee shall not reduce the fees payable to the Trustee-Manager. The fees which reduce the fees payable to the Trustee-Manager relate primarily to fees arising from the performance of services which is within the scope of duties of the Trustee-Manager so as to prevent the double-charging of fees.

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

(See “Overview – The Structure of FHT – Certain Fees and Charges” for further details).

## **Retirement or Removal of the Trustee-Manager**

Under the BTA, the Trustee-Manager may only be removed, as trustee-manager of FH-BT, if a resolution to remove the Trustee-Manager is approved by holders of FH-BT Units holding in the aggregate not less than three-fourths of the voting rights of all the holders of the FH-BT Units who, being entitled to do so, vote in person or where proxies are allowed, by proxy present at a meeting of the holders of FH-BT Units or the Trustee-Manager may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with such procedures as the MAS may prescribe. Any purported change of the trustee-manager of a registered business trust is ineffective unless it is made in accordance with the BTA.

The Trustee-Manager will remain the trustee-manager of FH-BT until another person is appointed by:

- the holders of FH-BT Units to be the trustee-manager of FH-BT; or
- the court under Section 21(1) of the BTA to be the temporary trustee-manager of FH-BT,

and such appointment shall be effective from the date stated in the resolution of the holders of FH-BT Units or court order as the effective date of the appointment of the trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to Section 21(1) of the BTA, upon application by the MAS or the Trustee-Manager or a holder of FH-BT Units, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of FH-BT for a period of three months if the court is satisfied that the appointment is in the interest of the holders of FH-BT Units.

The temporary trustee-manager of FH-BT is required, within such time and in accordance with such requirements as may be prescribed by the MAS, to take such steps to enable the holders of FH-BT Units to appoint another person as the trustee-manager (not being a temporary trustee-manager) of FH-BT.

### **Corporate Governance of the Trustee-Manager**

The BTA stipulates requirements and obligations in respect of corporate governance that are more stringent than those for companies and collective investment schemes. Corporate governance of companies and collective investment schemes are governed by the Code of Corporate Governance 2012 and, in the case of collective investment schemes, the CIS Code. The Code of Corporate Governance 2012 and the CIS Code only set out broad principles for guidance while the regime under the BTA sets out the requirements for, among other things, board composition of a trustee-manager, audit committee composition of a trustee-manager and independence of directors of a trustee-manager. The following is a summary of the material provisions of the BTA insofar as they relate to the Trustee-Manager Board.

#### ***Composition of the Trustee-Manager Board***

Under Regulation 12(1) of the BTR, the Trustee-Manager Board is required to comprise:

- at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager; and
- at least a majority of Trustee-Manager Directors who are independent from any single Substantial Shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of seven members, four of whom are Independent Directors for the purposes of the BTA, being independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager. The MAS has granted an exemption from the requirement under Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that Regulations 12(1)(a) and 12(1)(b) require the Trustee-Manager Directors to (a) be independent from management and business relationships with the Trustee-Manager and (b) be independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager, namely, the Sponsor, subject to certain conditions. (See “General Information – Waivers from the MAS – Paragraph (15)” for further details on the exemption granted and the conditions imposed by the MAS.)

In addition to compliance with requirements under the BTA, the composition of the Trustee-Manager Board is determined using the following principles:

- the Chairman of the Trustee-Manager Board should be a non-executive Director; and
- the Trustee-Manager Board should consist of Directors with a broad range of commercial experience.

The composition of the Trustee-Manager Board will be reviewed regularly to ensure that the Trustee-Manager Board has the appropriate mix of expertise and experience.

### ***Independence of the Trustee-Manager Directors***

A majority of the Trustee-Manager Directors must be independent from management and business relationships with the Trustee-Manager.

(i) Independence from management and business relationships

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of FH-BT or FHT), a Trustee-Manager Director must not have any:

- management relationships with the Trustee-Manager or with any of its subsidiaries; and
- business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his independent judgment with regard to the interests of all the holders of FH-BT Units as a whole.

(ii) Independence from management relationships

A Trustee-Manager Director is not considered to be independent from management relationships with the Trustee-Manager if:

- he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;
- any member of his immediate family:
  - is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the Trustee-Manager Board or the subsidiary, as the case may be; or
  - has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or
- he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

(iii) Independence from business relationships

A Trustee-Manager Director is not considered to be independent from business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, if:

- he is a Substantial Shareholder of the Trustee-Manager, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of FH-BT or FHT) at any time during the current or immediately preceding financial year of the Trustee-Manager; or

- he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as an Trustee-Manager Director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

(iv) Independence from Substantial Shareholders of the Trustee-Manager

A Trustee-Manager Director is considered to be independent from a Substantial Shareholder of the Trustee-Manager if he is not that Substantial Shareholder or is not connected to that Substantial Shareholder.

The Trustee-Manager Director is connected to the Substantial Shareholder if:

- in the case where the Substantial Shareholder is an individual, the Trustee-Manager Director is:
  - a member of the immediate family of the Substantial Shareholder;
  - a partner of a firm of which the Substantial Shareholder is also a partner; or
  - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial Shareholder; or
- in the case where the Substantial Shareholder is an corporation, the Trustee-Manager Director is:
  - employed by the Substantial Shareholder;
  - employed by a subsidiary or an associated company (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005) of the Substantial Shareholder;
  - a director of the Substantial Shareholder;
  - an executive director of a subsidiary or an associated company of the Substantial Shareholder;
  - a non-executive director of a subsidiary or an associated company of the Substantial Shareholder, where the subsidiary or associated company is not the Trustee-Manager;
  - a partner of a firm of which the Substantial Shareholder is also a partner; or
  - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial Shareholder.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a Substantial Shareholder as the Managers are wholly-owned subsidiaries of the Sponsor.

However, due to the structure of FHT, appointing a Trustee-Manager Board which is the same as the REIT Manager Board would avoid any differences or deadlock in the operation of FHT. Operationally, the structure of FHT would require a high degree of co-operation between the Managers. In order for FH-REIT and FH-BT to function effectively, it is important that the Managers co-operate with each other in, for example:

- implementation of investment strategies of FHT;
- sharing accounting and other information as may be necessary or desirable to fulfil their respective obligations under the stapling deed;
- preparing and providing financial information to investors;
- valuing assets;
- preparing property accounts;
- holding general meetings;
- issuing Stapled Securities; and
- making distributions.

The MAS has granted an exemption from the requirements under Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that Regulations 12(1)(a) and 12(1)(b) require the Trustee-Manager Directors to (a) be independent from management and business relationships with the Trustee-Manager and (b) be independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager, namely, the Sponsor, subject to certain conditions. (See “General Information – Waivers from the MAS – Paragraph (15)” for further details on the exemption granted and the conditions imposed by the MAS.) The stapling together of FH-BT Units and FH-REIT Units means that the holders of FH-BT Units are at the same time the investors of the Stapled Securities, who stand to benefit as a whole regardless of whether the appointed Trustee-Manager Directors are independent of the Sponsor. Since the FH-REIT Units and FH-BT Units are held by the same pool of investors in the same proportion, concerns and potential abuses applicable to interested party transactions will be absent in transactions between FH-REIT and FH-BT.

#### ***Dealings in Stapled Securities or, as the case may be, FH-BT Units***

The BTA requires each Trustee-Manager Director to give notice in writing to the Trustee-Manager of his acquisition of Stapled Securities or (in the event that Unstapling has taken place) FH-BT Units or changes in the number of Stapled Securities, or (as the case may be) FH-BT Units which he holds or in which he has an interest, within two Business Days after the date on which the Trustee-Manager Director became a director of the Trustee-Manager or the date of such acquisition or the occurrence of the event giving rise to changes in the number of Stapled Securities, or (as the case may be) FH-BT Units which he holds or in which he has an interest. Pursuant to Section 13(18) of the BTA, the above shall not apply in respect of a registered business trust: (a) all or any of the units of which are listed for quotation on the official list of a securities exchange; and (b) to which Subdivision (2) of Division 2 of Part VII of the SFA applies.

Pursuant to Section 137N of the SFA, each Trustee-Manager Director and the Trustee-Manager Chief Executive Officer is required to give notice in writing to the Trustee-Manager of, among other things, particulars of his interest in FH-BT Units or of changes in the number of FH-BT Units which he has an interest, within two Business Days after the date on which the Trustee-Manager Director or Trustee-Manager Chief Executive Officer became a director or chief executive officer of the

Trustee-Manager or the date on which he acquires an interest in the FH-BT Units or he becomes aware of the occurrence of the event giving rise to changes in the number of FH-BT Units in which he has an interest.

All dealings in Stapled Securities by the Trustee-Manager Directors and the Chief Executive Officer of the Trustee-Manager, will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

The directors and employees of the Trustee-Manager are prohibited from dealing in the Stapled Securities or (as the case may be) FH-BT Units:

- in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of FHT or (in the event that Unstapling has taken place) FH-BT, and ending on the date of announcement of the relevant results or (as the case may be) property valuations; and
- at any time while in possession of price sensitive information.

The directors and employees of the Trustee-Manager are also prohibited from communicating price sensitive information to any person.

Pursuant to Section 137R of the SFA, the Trustee-Manager is required to announce to the SGX-ST the particulars of its holdings in the FH-BT Units and any changes thereto as soon as practicable and in any case no later than the end of the Business Day in Singapore following the day on which it acquires or, as the case may be, disposes of any FH-BT Units.

### ***Management of Business Risk***

The following will be put in place by the Trustee-Manager to manage business risk when FH-BT becomes active.

The Trustee-Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of FH-BT against a previously approved budget. The Trustee-Manager Board will also review the business risks of FH-BT, examine liability management and will act upon any comments from both the internal and external auditors of FH-BT.

In assessing business risk, the Trustee-Manager Board will consider the economic environment and risks relevant to the property industry. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the Trustee-Manager and FH-BT and discuss any disclosure issues.

### ***Interested Person Transactions and Potential Conflicts of Interest***

In general, transactions between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of FH-BT) or any of the subsidiaries or associated companies of FH-BT); and
- any of the Interested Persons (namely the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of FH-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of FH-BT) (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations



2005), a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, a controlling Stapled Securityholder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Stapled Securityholder),

would constitute an Interested Person Transaction.

### ***The Trustee-Manager's Internal Control System***

The Trustee-Manager will establish an internal control system to ensure that all future Interested Person Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of FH-BT and Stapled Securityholders.

The Trustee-Manager will maintain a register to record all Interested Person Transactions which are entered into by FH-BT and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager will also incorporate into its internal audit plan a review of all Interested Person Transactions entered into by FH-BT.

Where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of FH-BT and Stapled Securityholders; and
- in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the transactions described under “Management and Corporate Governance – FH-BT – Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions in Connection with the Setting up of FH-BT”, FH-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of FH-BT's latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in FH-BT's annual report for the relevant financial year.

### ***Interested Person Transactions in connection with the setting up of FH-BT***

The Trustee-Manager, on behalf of FH-BT, entered into a number of transactions with certain Interested Persons in connection with the setting up of FH-BT. These Interested Person Transactions are as follows:

- The Trustee-Manager entered into the FH-BT Trust Deed in connection with the setting up of FH-BT. The terms of the FH-BT Trust Deed are generally described in “The Formation and Structure of FHT, FH-REIT and FH-BT”.
- The Trustee-Manager entered into the Stapling Deed with the REIT Manager and REIT Trustee. The terms of the Stapling Deed are generally described in “The Formation and Structure of FHT, FH-REIT and FH-BT”.
- The Trustee-Manager will enter into the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement, subject to the terms of the relevant individual serviced residence management agreements and individual serviced residence licence agreements. In accordance with the terms of the Master Serviced Residence Management Agreement and the Master Serviced Residence Licence Agreement, the Trustee-Manager will enter into the Individual Serviced Residence Management Agreements and the Individual Serviced Residence Licence Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Serviced Residence Management Agreement and the Individual Serviced Residence Management Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Management Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Management Agreements”. The terms of the Master Serviced Residence Licence Agreement and the Individual Serviced Residence Licence Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Serviced Residence Licence Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Serviced Residence Licence Agreements”.
- The Trustee-Manager will enter into the Master Technical Services Agreement subject to the terms of the relevant individual technical services agreements. In accordance with the terms of the Master Technical Services Agreement, the Trustee-Manager will enter into the Individual Technical Services Agreements in relation to the Serviced Residences comprised in the Initial Portfolio. The terms of the Master Technical Services Agreement and the Individual Technical Services Agreements are generally described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Master Technical Services Agreement” and “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Individual Technical Services Agreements”.
- the investment management agreement entered into between the MIT Trustee, the MIT Manager, the REIT Manager and the Trustee-Manager in relation to MIT Australia.
- The Trustee-Manager has entered into the FCL ROFR, TCC ROFR and the TCC-FCL Agreement. The terms of the FCL ROFR, TCC ROFR and the TCC-FCL Agreement are more particularly described in “Certain Agreements Relating to FHT, FH-REIT, FH-BT and the Properties – Right of First Refusal Agreements”.

### ***Exempted Agreements***

The entry into and the fees and charges payable by FH-BT under the FH-BT Trust Deed the Stapling Deed, the Master Serviced Residence Management Agreement (including for the avoidance of doubt, the option term) and Master Serviced Residence Licence Agreement (including for the avoidance of doubt, the option term), the Individual Serviced Residence Management Agreements (including for the avoidance of doubt, the option term), the Individual Serviced Residence Licence Agreements (including for the avoidance of doubt, the option term), the Master Technical Services Agreement (including, for the avoidance of doubt, the option term), the Individual Technical Services Agreements (including, for the avoidance of doubt, the option term) and the Investment Management Agreement, which each constitutes an Interested Person Transaction, are deemed to have been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect FH-BT. However, the renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual. (See “Overview – Certain Fees and Charges” for the fees and charges payable by FH-BT in connection with the establishment of FH-BT.)

Any renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual. (See “Management and Corporate Governance – FH-BT – Interested Person Transactions and Potential Conflicts of Interest – The Trustee-Manager’s Internal Control System” for further details.)

### ***Future Interested Person Transactions***

FH-BT is regulated by the Listing Manual and the BTA. The Listing Manual and the BTA regulate all Interested Person Transactions. Depending on the materiality of the transaction, FH-BT may be required to make a public announcement of the transaction (pursuant to Rule 905 of the Listing Manual), or to make a public announcement of and to obtain the prior approval of Stapled Securityholders for the transaction (pursuant to Rule 906 of the Listing Manual). Section 86 of the BTA further requires (i) the Trustee-Manager Board to make a written statement in accordance with a resolution of the Trustee-Manager Board and signed by not less than two Directors on behalf of the Trustee-Manager Board certifying that, among other things, the relevant Interested Person Transaction is not detrimental to the interests of all Stapled Securityholders as a whole based on the circumstances at the time of the transaction, and (ii) the Chief Executive Officer of the Trustee-Manager to, in his or her personal capacity, make a written statement certifying that he or she is not aware of any violation of duties of the Trustee-Manager that would have a material adverse effect on the business of FH-BT and the interests of all Stapled Securityholders as a whole. These statements must be annexed to the profit and loss accounts of FH-BT in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Board to attach to FH-BT’s profit and loss accounts, a statement of policies and practices in relation to management and governance of FH-BT containing such information as prescribed by Regulation 20 of the BTR including, among other things, a description of measures put in place by the Trustee-Manager to review Interested Person Transactions in relation to FH-BT.

The FH-BT Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as the BTA and such other guidelines relating to Interested Person Transactions as may be prescribed by the MAS or the SGX-ST applying to business trusts.

The Trustee-Manager may at any time in the future seek a general annual mandate from Stapled Securityholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with Interested Persons, and all transactions conducted under such a general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee-Manager will appoint an independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of FH-BT and Stapled Securityholders.

Both the BTA and the Listing Manual requirements would have to be complied with in respect of a proposed Interested Person Transaction that is prima facie governed by both sets of rules. Where matters concerning FH-BT relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of FH-BT with an Interested Person (as defined under the Listing Manual and/or the BTA), the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

### ***Potential Conflicts of Interest***

The Trustee-Manager has instituted the following procedures to deal with conflict of interest issues:

- all resolutions in writing of the Trustee-Manager Directors in relation to matters concerning FHT must be approved by a majority of the Trustee-Manager Directors, including at least one Independent Trustee-Manager Director;
- all key executive officers will be employed by the Trustee-Manager and will not hold executive positions in other entities;
- in respect of matters in which a Trustee-Manager Director or his associate (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Trustee-Manager Directors and must exclude such interested director;
- in respect of matters in which the Sponsor has an interest, direct or indirect, any nominees appointed by the Sponsor to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Trustee-Manager Directors and must exclude any nominee directors of the Sponsor; and
- where matters concerning FH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of FH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or FH-BT, the Trustee-Manager Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of FH-BT and Stapled Securityholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or FH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and SGX-ST that apply to business trusts.

It should be noted that under Section 6(3) of the BTA, the Trustee-Manager is prohibited from carrying on any business other than the management and operation of FH-BT as its trustee-manager.

## **ANNUAL REPORTS**

So long as FH-REIT is stapled to FH-BT, an annual report covering the period incorporating disclosures as required under the Listing Manual and all relevant laws (including the Property Funds Appendix) will be issued by FHT within the timeframe as set out in the Listing Manual and the CIS Code, and at least 14 days before the annual general meeting of Stapled Securityholders, containing, among other things, the following key items:

- (i) details of all real estate transactions entered into during the accounting period;
- (ii) details of FH-REIT's and (if applicable) FH-BT's real estate assets;
- (iii) if applicable, with respect to investments other than real estate property:
  - (a) a brief description of the business;
  - (b) proportion of share capital owned;
  - (c) cost;
  - (d) (if relevant) directors of the Managers' valuation and in the case of listed investments, market value;
  - (e) dividends received during the year (indicating any interim dividends);
  - (f) dividend cover or underlying earnings;
  - (g) any extraordinary items; and
  - (h) net assets attributable to investments;
- (iv) cost of each property held by FH-REIT and (if applicable) FH-BT;
- (v) annual valuation of each property of FH-REIT and (if applicable) FH-BT;
- (vi) analysis of provision for diminution in value of each property of FH-REIT and (if applicable) FH-BT (to the extent possible);
- (vii) annual rental income for each property;
- (viii) occupancy rates for each property;
- (ix) remaining term for each of FH-REIT's and (if applicable) FH-BT's leasehold properties;
- (x) amount of distributable income of FH-REIT and (if applicable) FH-BT held pending distribution;
- (xi) details of assets other than real estate of FH-REIT and (if applicable) FH-BT;
- (xii) details of FH-REIT's and (if applicable) FH-BT's exposure to derivatives;

- (xiii) details of FH-REIT's and (if applicable) FH-BT's investments in other property funds;
- (xiv) details of borrowings by and other financial accommodation to FH-REIT and (if applicable) FH-BT;
- (xv) value of the FH-REIT Deposited Property and the value of the FH-BT Trust Property and the NAV of FH-REIT and FH-BT at the beginning and end of the accounting period under review;
- (xvi) the prices at which the Stapled Securities were quoted at the beginning and end of the accounting period, and the highest and lowest prices at which the Stapled Securities were traded on the SGX-ST during the accounting period;
- (xvii) volume of trade in the Stapled Securities during the accounting period;
- (xviii) the aggregate value of all transactions entered into by FH-REIT with a Related Party and all transactions entered into by (if applicable) FH-BT with an Interested Party during the accounting period under review;
- (xix) total operating expenses of FH-REIT and (if applicable) FH-BT in respect of the accounting period, including expenses paid to the REIT Manager, the REIT Trustee, the Trustee-Manager and Related Parties (if any), and taxation incurred in relation to FH-REIT's and (if applicable) FH-BT's properties;
- (xx) historical performance of FH-REIT and (if applicable) FH-BT, including rental income obtained and occupancy rate for each property where applicable in respect of the accounting period and other various periods of time (*e.g.* one-year, three-year, five-year or 10-year) and any distributions made;
- (xxi) names of the REIT Manager, the REIT Trustee and the Trustee-Manager, together with an indication of the terms and duration of their appointment and the basis of their remuneration;
- (xxii) total amount of fees paid to the REIT Manager, the REIT Trustee and the Trustee-Manager and the price(s) at which any Stapled Securities were issued in part payment thereof;
- (xxiii) an analysis of realised and unrealised surpluses or losses, stating separately profits and losses as between listed and unlisted investments, if applicable;
- (xxiv) any extraordinary items; and
- (xxv) such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

The first report will cover the period from the Listing Date to 30 September 2015.

Additionally, FHT will announce the NAV of FH-REIT and FH-BT on a quarterly basis. The announcement of the NAV of FH-REIT and FH-BT will be based on the latest available valuation of the real estate of FH-REIT and FH-BT, which will be conducted at least once a year (as required under the Property Funds Appendix). The first such valuation will be conducted by 31 December 2014.

The Trustee-Manager Board is also required under Section 86 of the BTA to make a written statement, in accordance with a board resolution and signed by not less than two directors on behalf of the Trustee-Manager Board, certifying that:

- (i) fees or charges paid or payable out of the FH-BT Trust Property to the Trustee-Manager are in accordance with the FH-BT Trust Deed;
- (ii) Interested Person Transactions are not detrimental to the interests of all the holders of FH-BT Units as a whole based on the circumstances at the time of the transaction; and
- (iii) The Trustee-Manager Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of FH-BT or on the interests of all the holders of FH-BT Units as a whole.

Such statement must be attached to the profit and loss accounts of FH-BT.

#### **CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

The REIT Manager and the Trustee-Manager believe in being responsible corporate citizens and will ensure that they adhere their business operations and strategy to FCL's existing corporate social responsibility framework, which is committed to contributing positively towards the community and the environment. The REIT Manager and the Trustee-Manager will work on corporate social responsibility initiatives under the framework in order to enhance the social well-being of the local community and contribute to a sustainable future.