

SGX-ST ANNOUNCEMENT

For immediate release

RESPONSE TO SGX-ST'S QUERY ON ANNUAL REPORT FY2020

The board of directors (the "**Board**") of Frasers Logistics & Commercial Asset Management Pte. Ltd. (formerly known as Frasers Logistics & Industrial Asset Management Pte. Ltd.), in its capacity as manager of Frasers Logistics & Commercial Trust ("**FLCT**", and as manager of FLCT, the "**Manager**"), wishes to announce the following in response to a query received from Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 30 December 2020 relating to FLCT's Annual Report for the financial year ended 30 September 2020 ("**FY2020 Annual Report**").

Query 1:

Listing Rule 210(5)(a) provides that a director who has no prior experience as a director of an issuer listed on the Exchange must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. In this regard, please disclose: (a) whether any new directors with no prior experience as a director of an issuer listed on the Exchange, was appointed to the board during the financial period under review; (b) whether the said director(s) have attended training as required; (c) the date of the training(s) attended; and (d) if no trainings have been attended, the reason why.

Response:

Listing Rule 210(5)(a) states as follows: "The directors and executive officers should have appropriate experience and expertise to manage the group's business. A director who has no prior experience as a director of an issuer listed on the Exchange must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. If the nominating committee is of the view that training is not required because the director has other relevant experience, the basis of its assessment must be disclosed. As a pre-quotations disclosure requirement, an issuer must release a statement via SGXNET or in the prospectus, offering memorandum or introductory document identifying for each director, whether the person has prior experience as a director of an issuer listed on the Exchange or if he has other relevant experience, and if so, provide details of his directorships and other relevant experience. If the director has no prior experience as a director of an issuer listed on the Exchange and has no other relevant experience, the issuer must confirm that the person has undertaken training as prescribed by the Exchange."

The Manager has disclosed on page 169 of the FY2020 Annual Report that the directors appointed to the Board in 2020 are Mr Chin Yoke Choong, Ms Soh Onn Cheng Margaret Jane and Mr Reinfried Helmut Otter (Reini Otter).

Mr Chin Yoke Choong was previously a director of Frasers Commercial Asset Management Ltd. (as the manager of Frasers Commercial Trust, the "**FCOT Manager**"), and currently serves as a director on the boards of other entities listed on SGX, such as Ho Bee Land Limited and Yeo Hiap Seng Limited. Ms Soh Onn Cheng Margaret Jane was previously a director of the FCOT Manager. Mr Chin Yoke Choong

and Ms Soh Onn Cheng Margaret Jane therefore have “prior experience as a director of an issuer listed on the Exchange”, and are not required to undergo further training under Listing Rule 210(5)(a).

As disclosed by the Manager in the SGXNET announcement dated 30 July 2020, Mr Reini Otter was appointed to the Board on 30 July 2020 and would be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Mr Reini Otter is required to complete the core modules of the Listed Entity Director Programme within 12 months from the date of his appointment. Mr Reini Otter has attended LED 4 – Stakeholder Engagement on 13 October 2020, and will be attending the following core modules by 29 July 2021:

- (i) LED 1 – Listed Entity Director Essentials;
- (ii) LED 2 – Board Dynamics; and
- (iii) LED 3 – Board Performance.

Query 2:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.1 of the Code with regards to the disclosure of remuneration (e.g. the remuneration of the top five key management personnel (who are not directors or the CEO) and the aggregate remuneration paid to these key management personnel). Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Response:

Provision 8.1 of the Code states as follows: “The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.”

The Manager would like to clarify that it has disclosed on page 169 of the FY2020 Annual Report, the remuneration of all of the directors of the Manager.

In relation to the remuneration of the CEO and the top five key management personnel, the Manager has disclosed on page 170 of the FY2020 Annual Report the reasons why the Board decided (a) to disclose the CEO’s remuneration in bands of \$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other Key Executives in bands of \$250,000, and (c) to disclose the aggregate remuneration of all of the abovenamed Key Executives (including the CEO). The Manager would like to elaborate on the reasons as follows:

- (i) due to the commercial sensitivity and confidential nature of staff remuneration matters, the Manager is of the view that such disclosures could be prejudicial to the interests of unitholders of FLCT (“**Unitholders**”);
- (ii) given the competitive business environment which FLCT operates in, the Manager faces significant competition for talent in the REIT management sector, and it had not disclosed the exact remuneration of the key executives (including the CEO) so as to minimise potential staff

- movement and undue disruption to its management team which would be prejudicial to the interests of Unitholders; and
- (iii) it is important for the Manager to ensure stability and continuity of its business by retaining a competent and experienced management team and being able to attract talented staff and disclosure of the remuneration of the key executives including the CEO could make it difficult to retain and attract talented staff on a long term basis.

The Manager has also disclosed in detail on page 169 of the FY 2020 Annual Report the components of the CEO's and the key management personnel's remuneration, comprising the fixed salary and performance bonus, and on pages 166 to 167 the annual appraisal process and the factors which are taken into account in assessing performance of the CEO and key management personnel, including but not limited to: (a) Unitholder distribution per Unit, (b) portfolio occupancy, (c) weighted average lease expiry, and (d) total unitholder return relative to a peer group. The disclosure of these performance metrics show the relationship between the CEO's and the key management personnel's remuneration and the performance and long term value creation for FLCT. In addition, the Manager has disclosed on page 166 of the FY2020 Annual Report the details of the Long-Term Incentive Plans, under which the key management personnel may be awarded with fully paid units in FLCT, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met.

Taking into account the reasons why disclosure of the exact quantum of the remuneration of the CEO and key management personnel would be prejudicial to the interests of Unitholders and the disclosure of the remuneration policies, composition of remuneration, appraisal process and performance metrics which go towards determination of the performance bonus of the CEO and key management personnel, the Board has determined that there is sufficient transparency on the Manager's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8.

BY ORDER OF THE BOARD

Frasers Logistics & Commercial Asset Management Pte. Ltd.
(formerly known as Frasers Logistics & Industrial Asset Management Pte. Ltd.)
As manager of Frasers Logistics & Commercial Trust
(formerly known as Frasers Logistics & Industrial Trust)
Company Registration No: 201528178Z

Catherine Yeo
Company Secretary
4 January 2021