

FRASERS LOGISTICS & COMMERCIAL TRUST
MINUTES OF THE ANNUAL GENERAL MEETING
HELD ON THURSDAY, 20 JANUARY 2021, AT 2.00 P.M.
BY WAY OF ELECTRONIC MEANS

Present: Unitholders

Present remotely:

As per attendance list

In attendance: Directors of Frasers Logistics & Commercial Asset Management Pte. Ltd., as manager of Frasers Logistics & Commercial Trust ("FLCT", and the manager of FLCT, the "Manager")

Present via video conference or remotely:

Mr Ho Hon Cheong, Chairman

Mr Goh Yong Chian

Mr Paul Gilbert Say

Ms Soh Onn Cheng Margaret Jane

Mr Panote Sirivadhanabhakdi

Mr Chia Khong Shoong

Mr Rodney Vaughan Fehring

Mr Reinfried Helmut Otter (Reini Otter)

Present in person:

Mr Bobby Chin Yoke Choong

Executive Officers of the Manager

Present in person:

Mr Robert Stuart Claude Wallace, Chief Executive Officer

Present remotely:

Ms Susanna Cher Mui Sim, Chief Financial Officer

Company Secretary of the Manager

Present in person:

Ms Catherine Yeo

Representatives from Perpetual (Asia) Limited, as trustee of FLCT

Present remotely:

As per attendance list

Representatives from KPMG LLP, as External Auditors of FLCT

Present remotely:

As per attendance list

1. Introduction

- 1.1 Prior to the commencement of the Annual General Meeting (“**AGM**” or the “**Meeting**”), Ms Catherine Yeo (“**Ms Yeo**”), the Company Secretary of the Manager, informed the Meeting that Perpetual (Asia) Limited, as trustee of FLCT (the “**Trustee**”), has nominated Mr Ho Hon Cheong (the “**Chairman**”), to preside as the Chairman of the Meeting. In accordance with the trust deed constituting FLCT dated 30 November 2015 (as amended, restated, and supplemented) (the “**Trust Deed**”), Mr Ho presided as the Chairman of the Meeting. Ms Yeo further informed that in the event of technical or other issues during the Meeting which prevented Mr Ho Hon Cheong from continuing to attend the Meeting, Mr Bobby Chin Yoke Choong, a non-executive and independent director of the Manager and Chairman of the Audit, Risk and Compliance Committee of the Manager, was authorised to take the Chair in accordance with the Trust Deed and proceed with the AGM. Noting that Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar, had informed that there was a sufficient number of verified unitholders of FLCT (“**Unitholders**”) who were attending the Meeting electronically such that the requisite quorum for the Meeting had been met, Ms Yeo invited the Chairman, who was joining the Meeting via video conference from Kuala Lumpur, Malaysia, to proceed with the Meeting.
- 1.2 The Chairman welcomed Unitholders to the Meeting and informed them that the AGM was conducted via electronics means so as to ensure the safety of all attendees amidst the ongoing COVID-19 situation. Pursuant to the COVID-19 (Temporary Measures) Act 2020 and the related order on the alternative arrangements for general meetings, Unitholders attending the Meeting via electronic means would be treated as present and may be named in the attendance lists. As this was the first time that FLCT conducted a general meeting by way of electronic means, the Chairman requested that Unitholders bear with any technical issues or disruptions. The Chairman, on behalf of the board of directors (the “**Board**”) and the management team of the Manager, thanked the Unitholders for taking the time to pre-register for the Meeting and for submitting their questions in advance.
- 1.3 The Chairman noted that as stated in the notice of Annual General Meeting dated 18 December 2020 (the “**Notice of AGM**”), there would not be a “live” question and answer session. Instead, Unitholders were advised to submit questions prior to the Meeting, and the responses to the substantial and relevant questions were published on the corporate website of FLCT and on SGXNet on 19 January 2021 and attached as Annex A.

- 1.4** The Chairman then invited Ms Yeo to introduce the members of the Board and Chief Executive Officer of the Manager, and to explain the procedures for voting. Following the introduction of the members of the Board and Mr Robert Wallace, the Chief Executive Officer of the Manager (the “**CEO**”), who were present in person or via electronic means, she thanked the representatives of the Trustee and KPMG LLP, the auditors of FLCT, who were attending the Meeting remotely.
- 1.5** Ms Yeo noted that, as stated in the Manager’s SGXNet Announcement dated 18 December 2020 (the “**AGM Announcement**”), there would be no “live” voting during the Meeting. Instead, Unitholders had been advised to submit their votes by completing the proxy form circulated on 18 December 2020 (the “**Proxy Form**”) to appoint the Chairman of the Meeting as proxy to vote on their behalf. Mr Ho Hon Cheong, in his capacity as Chairman of the Meeting, would therefore be voting, or abstaining from voting, on behalf of Unitholders, in accordance with their specific instructions in their respective Proxy Forms for each of the motions to be tabled at the Meeting. Ms Yeo noted that Proxy Forms submitted at least 72 hours before the Meeting had been checked, and the number of votes for, against and abstentions from voting on each motion had been verified by RHT Governance, Risk & Compliance (Singapore) Pte. Ltd., the scrutineer for the Meeting.
- 1.6** Ms Yeo then informed that Mr Ho Hon Cheong, in his capacity as Chairman of the Meeting and proxy for Unitholders, has proposed all the motions to be tabled at the Meeting. Ms Yeo also stated that voting would be conducted by poll and in order to facilitate the proceedings at the Meeting, the Chairman would put all the motions to the vote by poll only after each of the motions to be tabled at the Meeting had been introduced and explained. The results of the poll would be declared thereafter.
- 1.7** The Chairman noted that the annual report of FLCT for the financial year ended 30 September 2020 (“**FY2020**”, and the annual report for FY2020, the “**Annual Report**”), the Notice of AGM, the Proxy Form and the AGM Announcement which sets out the alternative arrangements for the conduct of the Meeting were published on the corporate website of FLCT and on SGXNet on 18 December 2020. Printed copies of the Notice of AGM, Proxy Form and SGXNET Announcement dated 18 December 2020 were also despatched to all Unitholders for their convenience.
- 1.8** The Chairman then briefly went through the contents of the Annual Report, and the Notice of AGM was taken as read.
- 1.9** The Chairman noted that Resolutions 1, 2 and 3 as found in the Notice of AGM are ordinary resolutions, and explained that an ordinary resolution is passed if more than 50% of the total number of votes cast for and against the resolution are cast in its favour.
- 1.10** Before proceeding to the Resolutions, the Chairman then invited the CEO to deliver a presentation summarising key highlights and performance of FLCT in FY2020, and noted that a copy of the presentation had also been uploaded on the corporate website of FLCT and on SGXNet on 19 January 2021.
- 1.11** Following the presentation, the Chairman proceeded to explain the motions to be tabled at the Meeting, as set out in the Notice of AGM.

2. Ordinary Resolution 1:

To receive and adopt the Trustee's Report, the Statement by the Manager, the Audited Financial Statements of FLCT for FY2020 and the Auditors' Report thereon

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

2.2 *"Resolution 1 seeks Unitholders' approval to receive and adopt the Report of the Trustee issued by Perpetual (Asia) Limited, as trustee of Frasers Logistics & Commercial Trust, the Statement by the Manager issued by Frasers Logistics & Commercial Asset Management Pte. Ltd., the manager of Frasers Logistics & Commercial Trust, the Audited Financial Statements of Frasers Logistics & Commercial Trust for the financial year ended 30 September 2020 and the Auditors' Report thereon."*

2.3 The full text of Resolution 1, as set out on page 298 of the Annual Report, was taken as read.

3. Ordinary Resolution 2:

To re-appoint KPMG LLP as Auditors of FLCT to hold office until the conclusion of the next Annual General Meeting, and to authorise the Manager to fix their remuneration

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

"Resolution 2 seeks Unitholders' approval for the re-appointment of KPMG LLP as the Auditors of Frasers Logistics & Commercial Trust to hold office until the conclusion of the next Annual General Meeting, and authorisation for the Manager to fix their remuneration."

3.2 The Chairman informed the Meeting that the Audit, Risk and Compliance Committee of the Manager, with the Board's endorsement, had nominated KPMG LLP for re-appointment as auditors of FLCT, and that KPMG LLP had expressed its willingness to accept the re-appointment.

3.3 The full text of Resolution 2, as set out on page 298 of the Annual Report, was taken as read.

4. Ordinary Resolution 3:

To authorise the Manager to issue Units and to make or grant convertible instruments

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

"This Resolution seeks Unitholders' approval to authorise Frasers Logistics & Commercial Asset Management Pte. Ltd., the manager of Frasers Logistics & Commercial Trust, to issue Units and/or to make or grant instruments, which are convertible into Units, and issue Units pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any), of which up to 20% may be issued other than on a pro rata basis to Unitholders. The mandate, if approved, and unless revoked or varied, shall be effective from the date of this Meeting until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by applicable law or regulations to be held, whichever is earlier. The basis of calculating the number of Units that may be issued

is described in the full text of this Resolution and the Explanatory Notes to this Resolution on pages 298, 299 and 302 of the Annual Report.”

- 4.2 The full text of Resolution 3 and the Explanatory Notes to the Resolution, as set out on pages 298, 299 and 302 of the Annual Report, were taken as read.

5. Voting and Declaration of Results

- 5.1 The Chairman, having introduced and explained all the motions to be tabled at the meeting, proceeded to put Resolutions 1, 2 and 3 to vote by poll. The results of the polls on each of the Resolutions were as follows:

Resolution 1

For		Against	
No. of Units	%	No. of Units	%
1,987,451,731	99.99%	205,724	0.01%

Resolution 2

For		Against	
No. of Units	%	No. of Units	%
1,984,211,989	99.98%	394,912	0.02%

Resolution 3

For		Against	
No. of Units	%	No. of Units	%
1,904,498,471	95.96%	80,111,530	4.04%

- 5.2 Based on the results of the polls, the Chairman declared Resolutions 1, 2 and 3 as carried.

6. Closure

- 6.1 On behalf of the Board and management team of the Manager, the Chairman thanked the Unitholders for their attendance and support, and declared the Meeting closed at 2.30 p.m.

CONFIRMED BY,
MR HO HON CHEONG
CHAIRMAN OF MEETING



FRASERS LOGISTICS & COMMERCIAL TRUST

(a real estate investment trust constituted on 30 November 2015 under the laws of the Republic of Singapore)

4TH ANNUAL GENERAL MEETING HELD ON 20 JANUARY 2021

RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM FLCT UNITHOLDERS

A. COVID-19 PANDEMIC

1. **What was the impact of the COVID-19 pandemic on the overall performance of FLCT? What measures have the REIT Manager taken to mitigate such impact?**
 - For FY2020, the total impact of the COVID-19 pandemic on distributable income was approximately \$5.7 million, comprising mainly rental waivers for tenants under the Singapore and Australian government concession deeds and provisions made for doubtful debts. Notwithstanding the waivers and provisions made, the REIT Manager was able to leverage the strength of FLCT's enlarged portfolio of high-quality properties and its management capabilities to deliver a 1.7% growth in DPU to 7.12 Singapore cents for FY2020, on the back of a record \$332.0 million in gross revenue, which rose 53.0% from \$217.1 million in FY2019.
 - The FLCT portfolio has remained relatively resilient, underpinned by the quality of the assets, strategic locations, quality tenant base and favourable lease attributes.
 - Retail tenants were more impacted by the COVID-19 pandemic, although the retail segment represents a small proportion of FLCT's overall portfolio, at just 2.5% of portfolio GRI as at 30 September 2020.
 - The COVID-19 pandemic is unprecedented and still evolving, with uncertainties over its duration and the magnitude of the impact on the global economy. The REIT Manager will continue to focus on strengthening the portfolio, whilst maintaining a prudent approach to capital management, prioritising tenant retention and working closely with our tenants to navigate through this challenging period.

2. **With more employees working from home due to the COVID-19 pandemic, what is the impact on the leasing outlook for the commercial properties? What is the REIT Manager's strategy to mitigate risks that may arise from a drop in demand for commercial space? Are there any plans to reduce the weightage of the office/business park segment in the FLCT portfolio?**
 - While the COVID-19 pandemic may redefine future demand for office and workspaces in the longer term, the situation is still evolving and any long-term trends have yet to be determined. The REIT Manager has been closely monitoring the work-from-home arrangements brought about by the pandemic but remains optimistic that demand for physical office space will remain buoyant over the longer-term.
 - Findings from a survey by JLL Asia Pacific¹ showed that employees increasingly missed the benefits of an office environment including the social and cultural

¹ "Majority of Asia Pacific employees eyeing office return", Jones Lang LaSalle Asia Pacific, 22 July 2020.

aspects. Dedensification trends arising from the pandemic also potentially translate to a greater office area requirement per employee, in part off-setting any long-term trends for continued work from home.

3. Are the disruptions to the supply chain due to the COVID-19 pandemic favourable or unfavourable to FLCT? Will FLCT's industrial properties be able to participate in the vaccine supply chain and logistics?

- Based on our understanding of our tenants, there has been minimal impact on their supply chain arising from the COVID-19 pandemic. Operators within the consumer and logistics space have benefited from major structural changes driven by the acceleration of e-commerce activities during the pandemic.
- As at 30 September 2020, FLCT's logistics & industrial properties are 100% occupied and we understand that our tenants are presently not engaged in the storage and distribution of the vaccines.

B. ACQUISITIONS/ DIVESTMENTS

4. What is FLCT's acquisition and divestment strategy and where does the REIT Manager see such opportunities (in terms of sectoral and geographical location)?

5. What is the REIT Manager's target asset allocation by sector and geographical location?

6. What is a comfortable size and criteria that the REIT Manager looks for in acquisitions and will there be further yield accretive acquisitions and/or capital raise in 2021?

7. Would FLCT be expanding to the ASEAN region to leverage on the shift in manufacturing base from China?

8. What is the strategy to grow high-specs warehouses to support e-commerce growth?

9. What is the business strategy and outlook for FLCT over the next 3 to 5 years?

- The REIT Manager has exercised discipline in growing the REIT steadily over the years, ensuring that acquisitions undertaken are DPU-accretive and comprise properties that fit strategically with the overall FLCT portfolio, while selective divestments are undertaken to recycle capital from non-core assets.
- It is the REIT Manager's preference not to have any fixed targets on sector and geographical mix. Looking ahead, the REIT Manager remains focused on growing FLCT's existing presence in developed countries with good transparency, where it is also able to leverage on the in-depth local knowledge and established management capabilities of its Sponsor, Frasers Property Limited.
- FLCT's acquisition strategy is also supported by a right-of-first refusal ("ROFR") pipeline provided by its Sponsor, which has an aggregate value in excess of \$5 billion. FLCT may also participate in third-party acquisitions.
- In relation to capital raises, the REIT Manager continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives, including raising funds via bank borrowings, and debt capital and equity market issuances.
- Please also refer to pages 8 and 9 of the FY2020 Annual Report for details on FLCT's strategy.

- 10. Please provide details of the pipeline of properties from FLCT's Sponsor.**
- FLCT has access to a sizeable ROFR pipeline of more than \$5 billion granted by the Sponsor.
 - The ROFR pipeline is approximately 2.0 million sqm, of which the majority comprise logistics and industrial assets (75.5%), followed by office and business parks (19.2%) and CBD commercial (5.3%). By geography, the majority of the ROFR pipeline are located in Australia (36.0%), Germany (26.9%) and the UK (24.4%).
 - Please refer to page 16 of the AGM presentation slides dated 19 January 2021 for details of the ROFR pipeline.
- 11. Will there be a merger with Frasers Centrepoint Trust ("FCT") to grow the Trust? Will FLCT diversify into data centres given the resilient performance and income stability of this asset class especially during the COVID-19 pandemic? If not, why?**
- There are currently no plans for a merger with FCT or to diversify into data centres. The REIT Manager remains focused on FLCT's existing asset classes and sub-sectors.

C. CAPITAL MANAGEMENT

- 12. Is an aggregate leverage of 40% to 45% a comfortable level for FLCT?**
- The REIT Manager intends to maintain an aggregate leverage ratio of below 40%. As at 30 September 2020, FLCT's aggregate leverage was 37.4%.
- 13. How does the REIT Manager intend to leverage on the current low interest rate environment?**
- As at 30 September 2020, 54.6% of borrowings were at fixed rates thus allowing the REIT Manager to leverage the current low interest rate environment.
- 14. Will there be further foreign exchange risk in FY2021 from rental collections from the properties in Australia and Europe? What are the steps taken to mitigate such risk?**
- The REIT Manager manages foreign exchange volatility on distributable income with currency forward contracts and hedge distributions on a six-month rolling basis. In addition, the REIT Manager endeavours to use borrowings in the same currency or if in a different currency, swapped, as a partial hedge to fund investments, serving as a natural hedge.
- 15. Can the DPU continue to grow for the next 3 years in a sustainable manner? What is the projected DPU for FY2021 and when will the payment of full dividends be restored?**
- The REIT Manager is unable to provide any forecast to DPU. Nevertheless, the REIT Manager will continue to focus on delivering sustainable long-term growth in DPU and stable and regular distributions to Unitholders. FLCT paid out 100% of its income available for distribution to Unitholders for FY2020.

D. PORTFOLIO

16. What was the reason for the wide range of capitalisation rates adopted for the valuation of the properties in Australia?

- The capitalisation rates adopted for the logistics and industrial portfolio were between 5.00% and 16.22%, while those for the commercial portfolio were between 4.88% and 7.00%.
- The outlier capitalisation rates adopted for the logistics and industrial portfolio were mainly attributed to the shorter leasehold term of certain assets such as those located in Victoria (>8.00%), New South Wales (>8.00%), South Australia (9.00% to 9.25%) and Western Australia (16.22%). In any case, these properties constitute only a small proportion (2.6%) of the FLCT portfolio value as at 30 September 2020. Please refer to page 243 of the FY2020 Annual Report for details of the capitalisation rates.

17. Why did the industrial properties record a negative rental reversion despite the rising or stable industrial rents over the last few years?

- In FY2020, the logistics and industrial portfolio recorded a rental reversion of -3.5% for 9.6% of total portfolio lettable area, as the fixed annual increments over the lease term have surpassed market rental growth.
- For the logistics and industrial portfolio, new leases and renewals in FY2020 include fixed annual increments ranging from 3.0% to 3.5% in Australia while European leases tend to generally benefit from CPI-linked indexation.

18. Please provide a Y-o-Y comparison of the performance of the logistics and industrial and commercial portfolio.

- Please refer to the following for details of the segmental revenue and results:

	FY20	FY19	Change
	S\$'000	S\$'000	%
<u>Revenue</u>			
Industrial (Australia)	159,739	158,195	1.0
Industrial (Europe)	88,143	58,881	49.7
Commercial (Australia)	30,537	-	N.M.
Commercial (Singapore)	39,785	-	N.M.
Commercial (United Kingdom)	13,825	-	N.M.
Total revenue	332,029	217,076	53.0
<u>Net property income</u>			
Industrial (Australia)	133,027	127,479	4.4
Industrial (Europe)	78,633	52,262	50.5
Commercial (Australia)	22,033	-	N.M.
Commercial (Singapore)	26,372	-	N.M.
Commercial (United Kingdom)	9,750	-	N.M.
Total net property income	269,815	179,741	50.1

The revenue and net property income for FY2020 includes the contribution from the Merger from 15 April 2020.

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