

FRASERS PROPERTY LIMITED
(Incorporated in Singapore)
(Company Registration No. 196300440G)

58th ANNUAL GENERAL MEETING TO BE HELD ON 21 JANUARY 2022
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Frasers Property Limited (the “**Company**”) would like to thank shareholders for submitting their questions in advance of the 58th Annual General Meeting which will be conducted virtually on Friday, 21 January 2022 at 10.00 a.m. (Singapore time) via live audio-visual webcast and live audio-only streaming.

Please refer to Annex A for the list of substantial and relevant questions received, and the Company’s responses to these questions. These questions have been consolidated in Annex A, and some have been edited or rephrased so that the contexts of these questions are clearer.

BY ORDER OF THE BOARD

Catherine Yeo
Company Secretary
14 January 2022

ANNEX A: RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM SHAREHOLDERS OF FRASERS PROPERTY LIMITED (THE “COMPANY”, “FPL” OR “FRASERS PROPERTY”, AND TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”)

STRATEGY AND OUTLOOK	
Q1	In light of the challenges in the property development sector, will the Company consider restructuring its property development business and spinning off other business divisions so that it can focus on its investment properties and fee income business? This may result in a better reflection of Frasers Property’s business and valuation.
	<p>Response to Q1:</p> <p>We are always open to exploring options to create value for shareholders. Currently we are focused on executing our strategies, which are:</p> <ul style="list-style-type: none"> • Maintaining a rigorous and disciplined approach towards active management of the Group’s portfolio to ensure that strategic platforms and assets are optimised for the long-term benefit of shareholders – and capitalising on opportunities for value creation; • Exercising financial discipline and effective capital management; and • Executing operational enhancements that drive productivity and efficiency. <p>As real estate segments converge amid trends such as the accelerated rise of e-commerce and work-from-home arrangements, our capabilities in mixed-use property development and management, as well as placemaking, are important differentiators.</p> <p>Having platforms with the right focus, relevant scale, and strong local expertise have been critical to how we have navigated through business challenges. These platforms have given FPL a sustained competitive advantage, while placing the Group in a stronger position to deliver long-term shareholder value.</p> <p>We continually review our business structure and, should there be any viable opportunities to meaningfully increase shareholder value in a sustainable manner, we will pursue them. We will continue to evolve the organisation and develop our people to better align with, and support, our strategic objectives, whilst enhancing productivity and exercising financial prudence to further strengthen the Group’s base.</p>
Q2	Does Frasers Property have any plans to list a new REIT(s) on the SGX in 2022? If yes, which asset classes will the REIT(s) focus on?
	<p>Response to Q2:</p> <p>Our REITs platform is strategically important to the Group. Over the years, we have built our REITs platform to a credible scale with a listed REIT for each non-residential asset class that the Group has exposure to. There are no plans to list another REIT at this point in time.</p>

Q3	Will Frasers Property consider merging Frasers Property Thailand Industrial Freehold & Leasehold Real Estate Investment Trust (“FTREIT”) with Frasers Logistics & Commercial Trust (“FLCT”) to create an enlarged industrial REIT?
	<p>Response to Q3:</p> <p>Frasers Property Thailand and its REITs, FTREIT and Golden Ventures Leasehold REIT, are separately listed on the Stock Exchange of Thailand. They, as well as FLCT, each have their own boards with independent directors. These boards act in the best interest of each of their constituent shareholders/unitholders, including assessing the merits of mergers and capital market initiatives. We do note that Thailand has foreign ownership laws for real estate which restrict foreign ownership to below 50%. Such considerations mean that any form of merger between the Group’s Thai entities and non-Thai entities may be impracticable.</p> <p>Having said that, we recognise that there are opportunities for the Group’s various business entities to leverage its collective experience for growth. In this regard, Frasers Property Thailand and Frasers Property Industrial have been collaborating closely, sharing market intelligence and leveraging their combined networks and existing strong connections to enhance Frasers Property’s value proposition to customers.</p>
SHAREHOLDER RETURNS	
Q4	The proposed dividend for FY21 is significantly lower than the dividends paid before the COVID-19 pandemic despite attributable profit returning to pre-COVID-19 levels. What are FPL’s plans for dividends in FY22? Are there plans to restore dividends to pre-COVID-19 levels or higher?
	<p>Response to Q4:</p> <p>We appreciate shareholders' support and understand that shareholders want to see a return on their investment.</p> <p>We are mindful that dividends need to be a function of sustainable earnings. In keeping with the Group’s efforts to maintain financial flexibility in light of the ongoing COVID-19 pandemic, FPL’s Board proposed a first and final dividend of 2.0 Singapore cents per share for FY21, which is higher than the first and final dividend of 1.5 Singapore cents per share declared for FY20. Based on core earnings, the dividend for FY21 translates to a payout ratio of approximately 20%¹, including a one-time non-cash accounting gain in FY21 from change in use of a portfolio of industrial and logistics properties. The payout ratio excluding this one-time accounting gain is approximately 53%, which is largely comparable to historical payout ratio pre-COVID-19.</p> <p>It is pertinent to note that the business environment remains uncertain, albeit green shoots are showing. The Board and management team of Frasers Property will continue to monitor the evolving COVID-19 situation closely and will review our position over the course of FY22.</p> <p>As previously disclosed in the Introductory Document issued by the Company on 28 October 2013 in connection with its listing on the SGX-ST, the Company intends to recommend dividends of up to 75% of its net profit after tax after considering factors such</p>

¹ Based on core earnings before distribution to perpetual securities holders.

	<p>as its level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any circumstances which might reduce the amount of reserves available to pay dividends and other factors relevant to the Board (including the expected financial performance of the Company).</p>
Q5	<p>What is the rationale for renewing the Company's Share Purchase Mandate given that as at 29 November 2021, only approximately 11% of the issued shares are held in public hands? Will the Company consider discontinuing this mandate since a larger free float may improve the liquidity and value of the shares?</p>
	<p>Response to Q5:</p> <p>In line with market practice, we are seeking shareholders' approval for the renewal of Frasers Property's Share Purchase Mandate at the 2021 AGM to provide us with greater flexibility in managing the Company's capital and maximising returns to its shareholders. If and when the Company has capital and surplus funds which are well in excess of its financial needs and growth plans, the Share Purchase Mandate will provide the Company with the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.</p> <p>The purchase or acquisition of shares will only be undertaken if it can benefit FPL and its shareholders. Shareholders should note that purchases or acquisitions of shares pursuant to the Share Purchase Mandate need not and may not be carried out to the full limit as authorised.</p> <p>Since its listing on the SGX-ST, Frasers Property has not undertaken any share repurchases.</p>
Q6	<p>What is the management team's strategy for improving the share price performance and trading liquidity of FPL's shares?</p>
	<p>Response to Q6:</p> <p>We understand that shareholders wish to see total shareholder returns increase over time. As share price movements and trading liquidity are subject to market forces beyond our control, our focus remains on laying the foundation for a future-ready business.</p> <p>We want to ensure we are evolving to have a business model that is driven by a disciplined 'investor mindset'. As we navigate through the COVID-19 crisis, we are focusing on improving our returns and further developing core capabilities through innovation, digitalisation and technology, as well as making progress with environmental, social and governance practices. Our ongoing evolution to build business and financial resilience for future readiness remains a priority for management and the Board.</p>

CAPITAL MANAGEMENT

Q7	How has Frasers Property utilised proceeds raised from the Rights Issue to strengthen its industrial and logistics business?
	<p>Response to Q7:</p> <p>We have a healthy development pipeline that will allow us to capture opportunities, providing visibility of delivering further growth of our industrial and logistics portfolio, as well as our commercial and business parks portfolio. Our ability to create value through development in addition to acquiring, operating and recycling capital well, is an important differentiator for us.</p> <p>In FY21, we completed around 313,000 sqm of industrial and logistics projects, as well as commercial and business park development projects. Across the Group, the development pipeline to be delivered over the next two financial years in these two asset classes stand at approximately 663,000 sqm as at 30 September 2021. About half of that comprises development projects being undertaken in Australia and Europe by Frasers Property Industrial, with total gross development value of around S\$751 million.</p> <p>As announced in the Rights Issue Offering Information Statement dated 8 March 2021, FPL has allocated S\$700 million of the proceeds to the acquisitions, investments, capital expenditure and development of industrial, logistics and business park assets. As stated on the revised page 407 of FPL Annual Report 2021 (digital version), as at 23 December 2021, S\$258.7 million from the gross proceeds has been used to fund the acquisition, investment, capital expenditure and development of industrial and logistics assets, while another S\$1.0 million was used to pay transactions costs incurred in connection with the Rights Issue. The balance of gross proceeds from the Rights Issue stands at S\$900.1 million.</p> <p>We will provide updates as and when there are material developments on how the funds have been utilised.</p>
Q8	As announced on 23 December 2021, FPL’s indirect wholly-owned subsidiary Suzhou Sing He Xiang Management Consultancy Co (“ SHX ”) did not proceed with its proposed participation in a potential investment in land. Was part of the proceeds raised from FPL’s Rights Issue intended for this usage? How much of the proceeds remain after this?
	<p>Response to Q8:</p> <p>The proceeds from the Rights Issue were not intended for this proposed investment.</p> <p>See also our response to Q7 above on the utilisation of proceeds from the Rights Issue.</p>

Q9	Why did the average cost of debt on a portfolio basis remain flat at 2.3% for FY21 and FY20 despite a low interest rate environment over most of FY21?
	<p>Response to Q9:</p> <p>Our Group maintains active relationships with a large network of banking partners globally and receives very strong support from our relationship banks across all segments of Frasers Property's business.</p> <p>In managing the Group's interest rate profile, we consider the interest rate outlook, the expected cash flow generated from business operations, debt maturity profiles, banking and debt provider relationships, the holding period of long-term investments as well as any acquisition and divestment plans. We manage interest cost by maintaining a prudent mix of fixed and floating rate borrowings.</p> <p>On a portfolio basis, over the course of FY21, we increased the proportion of the Group's borrowings in fixed rates from 61.8% as at 30 September 2020 to 75.4% as at 30 September 2021. Notwithstanding the 13.6 percentage point increase in the Group's fixed rate debt, we were able to maintain average cost of debt on a portfolio basis at 2.3% per annum.</p>
Q10	Does Frasers Property have an annual target for divestments?
	<p>Response to Q10:</p> <p>Active asset management has always been part of FPL's capital management strategy and we will continue to explore all options in relation to our portfolio of investment properties that are in line with our strategic and investment objectives.</p> <p>We do not publicise any annual target for our capital recycling. Our focus is to generate sustainable returns for the Group and for our shareholders. Every divestment is undertaken as part of our broader capital management strategy and active portfolio management.</p>
Q11	Will Frasers Property consider selling its non-core assets to raise funds in the future instead of undertaking a rights issue or share placement?
	<p>Response to Q11:</p> <p>As stewards of shareholders' funds, it is our responsibility to optimise return on capital. Maintaining a prudent capital management policy is a key aspect of that and we consider all fundraising options carefully. Key considerations in determining the appropriate fundraising option include the prevailing business environment, our short- to medium-term business outlook, the costs associated with the different fundraising options, the effect on the Group's capital structure, and implications on the Group's ability to grow long-term shareholder value.</p> <p>Active asset management and capital recycling, which includes divestments of non-core assets, has always been part of FPL's capital management strategy and we will continue to explore all options in relation to our portfolio of investment properties that are in line with our investment objectives. These options include injecting the assets into our REITs or divesting to third parties.</p>

REMUNERATION

Q12	The proposed increase of S\$500,000 in Directors' fees is substantial. Why is FPL asking for more Directors' fees this year? Are the current basic Director fees of S\$100,000 per director and attendance fees of S\$1,000 to S\$4,500 per meeting comparable to market rates? Will the Board review the need for attendance fees in view of the high basic fees?
	<p>Response to Q12:</p> <p>Mr Charles Mak Ming Ying, Mr Chan Heng Wing, Mr Philip Eng Heng Nee and Mr Weerawong Chittmittrapap (collectively, the "Prospective Nine-Year IDs"), all of whom joined the Board on 25 October 2013, are Independent Directors who will each have served for an aggregate of more than nine years on the Board by 25 October 2022, and will each be regarded as non-independent from 25 October 2022 under Rule 210(5)(d)(iii) of the SGX-ST Listing Manual. To facilitate an orderly and smooth transition and continuity of knowledge, experience and good governance during the Board renewal exercise, the Nominating Committee and the Board have recommended that appointment of new Independent Directors be on a staggered basis, with a period of overlap with the Prospective Nine-Year IDs.</p> <p>The proposed increase of S\$500,000 over the sum approved for last year is to accommodate any fee increases due to the appointment of new Independent Directors during the transitional period, as well as, amongst others, any additional unscheduled Board or Board committee meetings and the inclusion of basic fees for the directors who serve as Chairman or members of the Information Technology & Cybersecurity Committee upon its conversion to a formalised Board committee, which is anticipated to take place in FY22.</p> <p>The current Directors' fee structure, which is set out on page 198 of the Company's Annual Report FY2021 (digital version), has remained the same since FY18. Apart from the inclusion of the basic fees for the Information Technology & Cybersecurity Committee, there are no other anticipated changes to the Directors' fee structure for FY22.</p> <p>The remuneration of Independent Directors and other non-executive Directors has been designed to be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities, on the Board and Board Committees, to attract, retain and motivate the Directors to provide good stewardship of the Company to successfully manage the Company for the long term. The Company engages independent consultants to review Directors' fees by benchmarking such fees against the amounts paid by listed industry peers. Based on the most recent benchmarking exercise conducted by the independent remuneration consultants, the current Directors' fee structure is competitive based on market comparables.</p> <p>Other than a basic fee and attendance fees as set out in the fee structure on page 198 of the digital FY21 Annual Report, Independent Directors and other non-executive Directors do not receive options, share-based incentives or bonuses.</p>

Q13	On page 194 of the digital FY21 Annual Report, it was mentioned that Aon Solutions Singapore Pte. Ltd. (“Aon”) was appointed as the Company’s remuneration consultant. What were their recommendations?
	<p>Response to Q13:</p> <p>During FY21, Aon was appointed as the Company’s remuneration consultant, and part of its scope is to review and provide recommendations on the Company’s remuneration framework for Key Management Personnel and other management personnel of the Company.</p> <p>Aon provided market data and market practices in view of the COVID-19 situation, performed competitiveness analysis, and provided compensation recommendations (including salaries, performance bonuses, grant of share awards and incentives for the Key Management Personnel) to ensure balance between the Group’s resources and rewarding employees’ performance.</p> <p>The Remuneration Committee then reviewed the recommendations provided by Aon and made its recommendations to the Board on the remuneration framework for the Key Management Personnel and other management personnel of the Company. The remuneration framework was endorsed by the Board.</p> <p>The remuneration framework is tailored to the specific role and circumstances of each Key Management Personnel, to ensure an appropriate remuneration level and mix that recognises the performance, potential and responsibilities of these individuals.</p> <p>For the remuneration of Key Management Personnel, the Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, and is structured so as to link a significant and appropriate proportion of remuneration, including short-term and long-term incentives, to the Company’s performance and that of the individual.</p>
SUSTAINABILITY	
Q14	Can you share more details on FPL’s short- and long-term sustainability strategy? Are there plans to link FPL’s sustainability performance to the Group’s remuneration framework?
	<p>Response to Q14:</p> <p>Since 2017, Frasers Property has been supporting the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (“SDGs”) adopted by UN member states in 2015. These SDGs establish a clear pathway and framework for how our businesses can work towards creating a more positive future by 2030. Our sustainability goals and framework are aligned to the eight SDGs where our business can make the most significant impact. In each focus area, we have set ambitious targets including the five Group-wide sustainability goals, comprising both long-term and short-term goals, established in FY20:</p> <ol style="list-style-type: none"> 1. To be a net-zero carbon corporation by 2050 2. To be climate-resilient and establish adaptation and mitigation plans by 2024 3. To green-certify 80% of our owned and asset-managed properties by 2024

4. To finance the majority of our sustainable asset portfolios with green and sustainable financing by 2024
5. To train all our employees on sustainability by 2021

Our business units and listed trusts continuously review their practices, policies, performance and targets in relation to these focus areas and goals. The three pillars of our Sustainability Framework — Acting Progressively, Consuming Responsibly and Focusing on People — continue to align us with our key priorities through to 2030. We invite shareholders to visit the Group's [sustainability webpage](#) for more information on our sustainability strategy and practice.

In FY21, we expanded the Board's oversight over the Group's sustainability strategy by redefining the remit of the Board Risk Management and Sustainability Committee. We believe that this extended scope elevates the importance of accelerating the adoption of more sustainable operating practices across the Group.

With regards to linking the Group's sustainability performance to remuneration, the Group's remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. All Key Management Personnel are assessed using a balanced scorecard with pre-agreed financial and non-financial Key Performance Indicators ("**KPIs**") for the short-term incentive plans. Non-financial KPIs include measures on Sustainability and with targets which are set in alignment with the Group's sustainability strategy. These targets are established at the beginning of each financial year. At the end of the financial year, the achievements are measured against the pre-agreed targets and the short-term incentives of each Key Management Personnel are determined.