



**Securities Investors Association (Singapore)**

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UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Frasers Logistics & Industrial Asset Management Pte. Ltd.

**Security:** Frasers Logistics & Industrial Trust

**Meeting details:**

Date: 24 January 2019

Time: 10.00 a.m.

Venue: InterContinental Singapore, Ballrooms I, II & III (Level 2), 80 Middle Road, Singapore 188966

**Company Description**

Frasers Logistics & Industrial Trust ("FLT") is the first Singapore-listed real estate investment trust with a portfolio comprising 83 logistics and industrial properties, worth approximately A\$3.0 billion, concentrated within major logistics and industrial markets in Australia, Germany and the Netherlands. FLT was listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 June 2016. FLT's investment strategy is to invest globally in a diversified portfolio of income-producing industrial and logistics properties. With strong connectivity to key infrastructure, FLT's modern portfolio consists predominantly of freehold and long leasehold land tenure assets with a well-diversified tenant base. FLT is sponsored by Frasers Property Limited.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=BUOU](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BUOU))

1. Since the REIT's listing on the SGX-ST on 20 June 2016, the REIT promptly acquired three IPO call option properties and a portfolio of seven properties in August-September 2017, for a total consideration of A\$296.8 million which increased the gross lettable area (GLA) by 13% to 1.3 million sq m. In FY2018, the REIT further acquired a portfolio of 21 properties in Germany and the Netherlands for €596.8 million, thereby increasing the GLA by 621,506 sq m. In August 2018, two non-core properties in Australia were sold, and in September, the REIT added two assets in New South Wales and Queensland.

Since the IPO, the number of properties has increased from 51 to 83, and the GLA has increased by approximately 75%. The portfolio value has increased from A\$1.58 billion as at the IPO to A\$3.0 billion as at 30 September 2018.

The acquisitions were financed by higher leverage, private placements and a preferential offering.

Further to the interview with the CEO (pages 12 to 15 of the annual report), could the REIT provide unitholders with better clarity on the following? Specifically:

- (i) Growth:** Has the board evaluated the pace of the REIT's expansion given that the REIT and the manager have yet to establish a long track record as a listed REIT? While the CEO has mentioned that there are no specific growth targets, would the REIT's rapid expansion continue in the next 18-24 months, especially given the global trade turmoil and market uncertainty?
- (ii) Integration:** Has the REIT fully integrated its European assets onto its systems and processes? What are the challenges given that the REIT manager started out as an Australian-centric manager?
- (iii) Fund raising:** Since the IPO, the REIT has raised approximately A\$400 million through private placements and S\$147 million through the preferential offering. Has the board evaluated how unitholders could be given greater opportunity to participate in the fund raising so as to avoid undue dilution?
- (iv) Experience matters:** The theme of the annual report is "Experience matters". Can the REIT manager help unitholders understand its experience in managing and operating European assets?

2. With the acquisitions, the REIT now has a portfolio of assets in Australia, Germany and the Netherlands.

For unitholders in Singapore, the REIT has stated that there is partial natural hedge for its investments in foreign countries as the borrowings are in denominated in the same currency. In addition, the REIT has in place a policy to hedge Singapore dollar distributions to unitholders for a period of six months forward on a rolling basis by using appropriate derivative financial instruments.

- (i) **Has the board evaluated the impact of exchange rate fluctuations on the net asset value per unit in the long term?**
- (ii) **The REIT has clear visibility of the cash flows derived from the properties given the long lease expiries of its assets. Would it be beneficial to provide unitholders with a higher degree of certainty of the distribution by hedging its distributions more than six months forward?**

3. The attendance of directors at the board and board committee meetings is shown in the table below (page 130):

	Board	ARCC	NRC
<b>Meetings held for FY2018</b>	7	5	3
<b>Attendance of Directors at Meetings</b>			
Mr Ho Hon Cheong	6	4	3
Mr Goh Yong Chian	7	5	3
Mr Paul Gilbert Say	7	5	NA
Mr Panote Sirivadhanabhakdi	5	NA	1
Mr Lim Ee Seng	7	NA	NA
Mr Michael Bowden Newsom	7	NA	NA

(Source: Annual report 2018)

As seen in the table above, Mr Panote Sirivadhanabhakdi attended five out of seven board meetings. As a member of the Nominating and Remuneration Committee (NRC), Mr Panote Sirivadhanabhakdi attended one out of three NRC meetings.

Mr Ho Hon Cheong, as chairman and independent director of the board, was absent for one board meeting and one Audit, Risk and Compliance Committee meeting (ARCC).

- (i) **As the manager's constitution allows for board meetings to be conducted via telephone, video conference or any other form of electronic or instantaneous communication, can the REIT manager help unitholders understand if this was an option for directors who could not attend the board meetings?**
- (ii) **Can the REIT help unitholders understand if there were extenuating circumstances that led the directors to be absent for the board and board committee meetings? How far in advance are the meetings scheduled?**
- (iii) **In particular, can the REIT elaborate further on the effectiveness of the board committee meetings where only two directors are present?**
- (iv) **How can the REIT and the company secretary work together with the directors to schedule the board and board committee meetings so that all the directors are able to attend the meetings and contribute to the effectiveness of the board?**



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A copy of the questions for the Annual Report for the financial year ended 30 September 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Frasers%20Logistics%20&%20Industrial%20Trust>

The company's response could be found here: -----