FRASERS LOGISTICS & COMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 30 November 2015
(as amended, restated and supplemented))

ANNUAL GENERAL MEETING TO BE HELD ON 17 JANUARY 2023

QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Frasers Logistics & Commercial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Commercial Trust ("**FLCT**" and as the manager of FLCT, the "**Manager**"), refers to its announcement dated 11 January 2023 (the "**Update Announcement**") on its responses to substantial and relevant questions received from the unitholders of FLCT in connection with the 6th Annual General Meeting of FLCT, which will be held on Tuesday, 17 January 2023 at 2.00 p.m.

Further to the Update Announcement, the Manager has received certain questions from the Securities Investors Association (Singapore) ("**SIAS**").

The Manager has made minor editorial amendments to some of the questions to ensure that the meaning of each of the questions is clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions.

Please refer to Annex A for the Manager's responses to the questions from SIAS.

BY ORDER OF THE BOARD
Frasers Logistics & Commercial Asset Management Pte. Ltd.
as manager of Frasers Logistics & Commercial Trust
(Company Registration No.: 20158178Z)

Catherine Yeo
Company Secretary
16 January 2023

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IMPORTANT NOTICE

This Announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This Announcement is for information purposes only and does not constitute or form part of an offer for sale or an invitation or offer to acquire, purchase or subscribe for Units. The past performance of FLCT and the Manager, in its capacity as manager of FLCT, is not necessarily indicative of the future performance of FLCT and the Manager.

This Announcement is for information purposes only and does not constitute an offer for sale or an invitation or offer to acquire, purchase or subscribe for Units in the United States. This Announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada or Japan. The Units referred to herein have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdiction, and the Units may not be offered or sold in the United States, absent registration or an exemption from, the registration requirements under the Securities Act and applicable state or local securities laws. No public offering of securities is being made in the United States.

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This Announcement has not been reviewed by the Monetary Authority of Singapore.

ANNEX A

RESPONSES TO THE QUESTIONS FROM SIAS

1. **On pages 10 and 11 of the Annual Report 2022, the REIT disclosed the global headwinds and tailwinds as the key trends that will shape the industry going forward:**
   - **Growth of e-commerce**
   - **Supply Chain Security**
   - **Transition to Net-zero Carbon**
   - **Future of Work**
   - **Rising Cost of Energy**
   - **Inflationary Pressures and Rising Interest Rates Escalating Risk of Recession**
   - **Forex Volatility**

   The REIT's strategy and the FY2022 achievements can be found on pages 12 and 13 of the Annual Report respectively. In FY2022, the REIT successfully divested Cross Street Exchange for $810.8 million. This represented a 28.3% premium to the property's book value of $632.0 million. The portfolio was further optimised by re-weighting its asset class mix towards logistics and industrial properties. $504.9 million of debt in FY2022 was paid down, largely utilising the net proceeds from the sale of Cross Street Exchange and at the end of the financial year, the REIT's gearing was 27.4%, one of the lowest among its peers.

   (i) Singapore: With the sale of Cross Street Exchange, the REIT has 1 remaining property in Singapore, being Alexandra Technopark, which accounts for 9.9% of the total portfolio value. In the manager's view, how attractive is the Singapore market? What is the targeted allocation for Singapore at the portfolio level? In addition, can the manager help unitholders better understand if the REIT has evaluated logistics and industrial assets in Singapore and if so, how attractive is the sector?

   Response: In our view, the divestment of Cross Street Exchange was at an attractive premium, which unlocked value at an optimal stage of the property's life cycle and does not represent an intent by FLCT to reduce its exposure towards any particular asset class or region. Singapore remains an important market to FLCT. Alexandra Technopark continues to perform well and remains a core property within the FLCT portfolio.

   From a capital allocation and growth perspective, it is our strategy to assess opportunities across our existing asset classes and geographies, with a preferred leaning towards logistics and industrial. We do not typically work towards fixed growth targets by geography, and instead look for incremental growth opportunities with a focus on several criteria, including strategic fit with the FLCT portfolio, property fundamentals (e.g. location, age, lease terms, quality etc.), prospective returns, and the existence of a management platform.

(ii) Gearing: With the REIT's proactive capital management, the aggregate leverage was brought down to 27.4%, the interest coverage ratio stands at 13.0 times, the average cost of borrowings is at 1.6% and there is $3.2 billion of debt headroom available to the REIT. Can the manager elaborate further on the pace of acquisitions going forward?

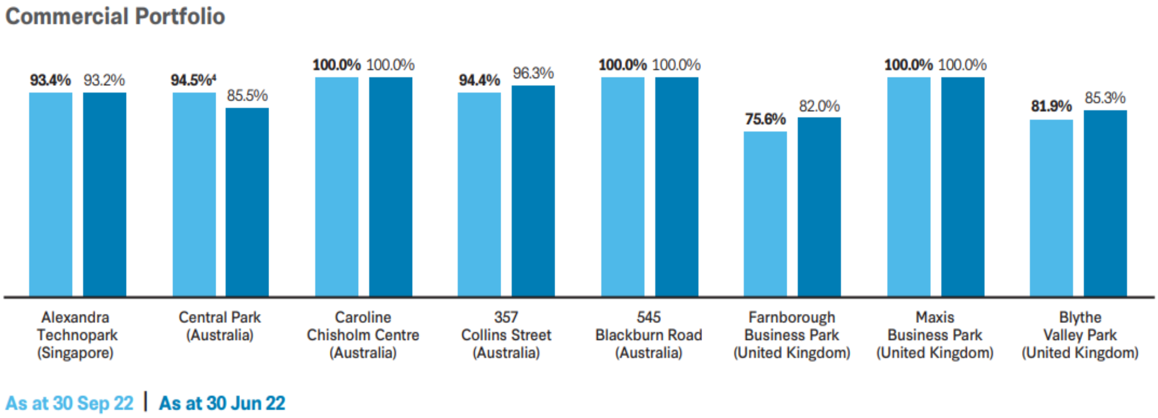
(iii) Interest rates: With interest rates trending substantially higher in the past 9 months, what adjustment has the manager made to its criteria for acquisitions and/or divestments?

<u>Response:</u> In response to the above questions relating to the pace of acquisitions and investment criteria, we are on a constant lookout for viable opportunities that could optimise and strengthen the FLCT portfolio, taking into consideration available market opportunities and the overall investment environment. Given the increasing cost of capital, we believe that the market is in a price discovery phase, and we will be measured in pursuing opportunities. Importantly, any acquisitions and/or divestments to be made will have to be metrics- and/or DPU-driven, aligning with our objectives to create sustainable long-term value for unitholders.

(iv) Inflation: What percentage of leases contain CPI-linked indexation? Would the manager be able to quantify the impact?

<u>Response:</u> As disclosed on Page 43 of our Annual Report 2022, our logistics and industrial leases in Australia generally have fixed annual increments averaging 3.1% while in Europe, a majority of our logistics and industrial leases benefit from CPI-linked indexation. Our commercial leases in Singapore and the UK generally have market reviews on lease renewals with some UK leases having mid-term rent reviews. Commercial leases in Australia generally have fixed annual increments averaging 3.2%.

2. **The REIT achieved full occupancy for its logistics and industrial portfolio. In the commercial portfolio, the occupancy rate was 91.2%.**



(Source: annual report)

(i) **Farnborough Business Park: What are the reasons for the low and decreasing occupancy rates (82% → 75.6%) at Farnborough Business Park? What is the manager's strategy to improve the occupancy rates? In addition, in the previous year, a former top 10 tenant gave up an entire building due to the impact of COVID-19 on its business. Has the upgrade to Grade A specifications been completed and has the building been leased out?**

<u>Response:</u> Farnborough Business Park has been most impacted by the downsizing of space requirements by one of its larger tenants, due mainly to a slowdown in the tenant's project pipeline during the pandemic. The upgrade to Grade-A specifications for one of the two available office buildings has been completed and an active leasing campaign is underway.

(ii) **Blythe Valley Park: Similarly, what are the reasons for the drop in the occupancy rate at Blythe Valley Park? Blythe Valley Park was acquired in June 2021. At the point of acquisition, the occupancy rate was 95.7%. This was the maiden third-party acquisition by the REIT. Has the asset performed up to manager's expectations?**

<u>Response:</u> Blythe Valley Park is a unique and attractive investment opportunity for FLCT, providing access to a high-quality mixed-use industrial and office park in the West Midlands. The UK office market has been challenging, due to lower physical occupancy levels as office workers have been slow to return to their physical workspace. However, we believe Blythe Valley Park is well-positioned to capture workspace demand, given the limited availability of comparable Grade-A space.

Our investment in Blythe Valley Park has also presented an opportunity for FLCT to further extend our logistics and industrial presence in the UK, both through the existing industrial component 'Connexion I' at Blythe Valley Park, as well as the ongoing development of a new logistics and industrial offering ‘Connexion II’ on existing land at Blythe Valley Park.

The property profiles of the assets in the United Kingdom can be found on page 70 of our Annual Report 2022. All four assets are now valued below their purchase price. The three UK business parks are 12% to 25% below their purchase prices. The decrease in valuation is as much as $45 million (for Farnborough Business Park).

(iii) Given the recent developments in the UK, can the manager restate its view on the UK economy and on the prospects of the UK business park segments?

Response: In relation to the above statement “The decrease in valuation is as much as $45 million (for Farnborough Business Park).”, we wish to clarify that the reported decrease in Singapore Dollar valuations in comparison to the purchase price is partially attributable to a difference in the foreign exchange rate at the point of purchase versus as at 30 September 2022.

The UK economy has faced challenges, though it remains a diverse and significant economy with high transparency levels. We believe in the long-term, the UK will remain an attractive investment market. FLCT’s UK business parks are high-quality properties that are competitively positioned to capture any prospective occupier demand.

(iv) What are the opportunities for asset enhancements?

Response: Opportunities for asset enhancements do exist, and we will continue to review opportunities, that include undertaking selective asset enhancements or developments at our UK business parks. For example, we are close to completing an industrial offering ‘Connexion II’ at Blythe Valley Park, which has seen strong leasing momentum with two of the three available units pre-leased on 10-year terms to two high-quality customers.

3. **As at 30 September 2022, 81.7% of total borrowings are at fixed rates (2021: 72.8%). The REIT has a policy of managing interest rate volatilities by hedging at least 50% of borrowings to a fixed rate. Based on the debt profile as at 30 September 2022, it is estimated that for every 50bps increase in interest rates on variable rate borrowings, the impact on DPU is approximately 0.05 Singapore cents.**

(i) What is the average maturity of the interest rate hedges?

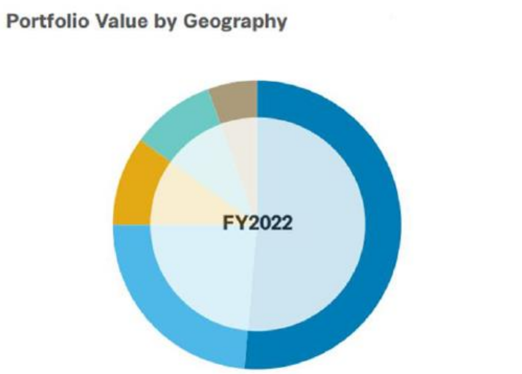
Response: The average maturity of the interest rate hedges is 2.7 years, in line with the weighted average debt tenor.

As noted in the letter to unitholders, the Singapore Dollar had appreciated strongly against the Australian Dollar, Euro and British Pound during the year in review. The net decrease in net assets resulting from foreign currency translation reserve increased from $(17.1) million to $(339.0) million (pages 210 – 211 of Annual Report 2022).

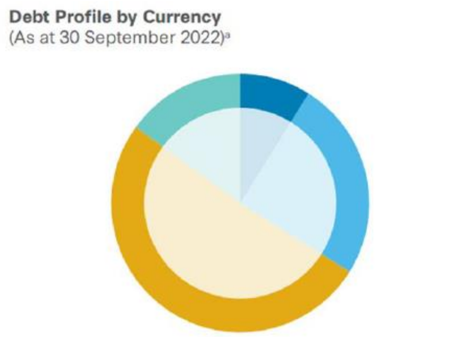
(ii) What is the level of natural hedging? Given that the REIT has over 90% of assets in foreign currency, would it be optimal to increase the level of natural hedging?

Response: To help mitigate the effects of foreign currency movements on our assets, whenever possible, FLCT would borrow in the currencies of the countries in which its properties are located to match the future revenue streams to be generated from its assets. i.e. natural hedge. As at 30 September 2022, around 90% of FLCT's total property assets of S$6.7 billion was outside Singapore. The level of debt is optimised based on the underlying assets and debt markets. All the debt used to fund these assets is in the currency of the assets in the FLCT portfolio.

In addition, the geographical breakdown of the portfolio and the debt profile by currency is shown below.



Australia	51.4%
Germany	23.8%
Singapore	9.9%
The UK	9.4%
The Netherlands	5.5%



	$ million	As % of Total
Australian Dollar	173.7	8.8%
Singapore Dollar	491.9	24.9%
Euro	1,017.6	51.4%
British Pound	294.4	14.9%
Total Debt	1,977.6	100.0%

(Adapted from annual report)

(iii) Is there a mismatch in the profiles of the REIT's portfolio (by value) and the sources of funding?

Response: Please refer to the response for Question 3 (ii).