Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Frasers Property Limited

Stock code: TQ5

Meeting details:
Date: 16 Jan 2025
Time: 2.00 p.m.
Venue: Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966

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Q1. The highlights of the group's progress in value creation are shown on page 31 of the annual report.

PROGRESSING ON SUSTAINABLE VALUE CREATION

CREATING VALUE		SUSTAINING VALUE	UNLOCKING VALUE
Measured pace of residential development	**Well-located build-to-core pipeline**	**Driving returns from investment properties**	**Efficient use of capital via recycling, sales and redevelopment**
~ 8,300 units settled in FY24	**~ 1,067,000 sqm** non-residential development pipeline GFA[1] as at 30 Sep 24	**~ 1,470,000 sqm** renewals and new leases in FY24	**$4.8 b** asset transactions[2] from FY20 to FY24
$1.1 b unrecognised revenue ~ 3,800 contracts on hand as at 30 Sep 24	**~ 7,741,000 sqm** non-residential land bank as at 30 Sep 24	**~ 503,000 sqm** AEI completed between FY20 to FY24	**$0.9 b** capital released from partnerships[3] from FY20 to FY24

Completed and settled residential development Palace of Yunjian, Shanghai, China, 4Q FY24	**First tenant is operational. Due for full completion in 2026** The YARDS, New South Wales, Australia, 2Q FY24	**Fifth year in operation; >97% retail & office occupancy** Samyan Mitrtown, Bangkok, 4Q FY24	**Divested Frasers Property's 24.5% stake to FCT** NEX, Singapore, 2Q FY24

(Source: company annual report)

(i) **What is management's outlook on the residential market in Singapore, and how does the group intend to position itself in light of current market trends?**

(ii) **What strategic considerations drove the group's decision to take a 25% minority stake in "The Orie" development, and how does this align with the group's broader residential strategy in Singapore? In addition, what is the targeted segment for the redevelopment of Robertson Walk and Fraser Residence Robertson Quay?**

(iii) **Can management elaborate further on the opportunities and risks it sees in the growth markets of China, Thailand and Vietnam? For China in particular, what factors does management identify as potential catalysts for recovery, and when does it anticipate a stabilisation or rebound in the real estate market?**

(iv) **What is the strategic rationale for maintaining Frasers Property (Thailand) Public Company Limited (FPT) as a separately listed entity on the Stock Exchange of Thailand? Has the group conducted an assessment of whether acquiring the remaining 40.4% non-controlling interest in FPT would be value-accretive, and if so, under what circumstances would such a move be strategically beneficial?**

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Q2. The group recognised net interest expense of $524.5 million in FY2024 (2023: $429.1 million). Total borrowings increased by 5% to $17.3 billion as at 30 September 2024, compared to $16.46 billion a year earlier.

In contrast, profit for the year was $519.5 million (2023: $294.7 million), and the group paid out $176.7 million in dividends in FY2023 and has proposed the same amount for FY2024.

As at 30 September 2024, the net debt-to-equity ratio increased from 75.8% to 83.4%. The average gross cost of debt is 3.9% per annum. The net interest cover ratio was at 2.6 times.

(i) **What is the cost of capital and is management closely tracking the important metric?**

(ii) **How does this metric influence decisions on capital structure, project approvals, and dividend policy? Has the high-interest rate environment necessitated stricter thresholds or revised criteria for approving new investments and projects?**

(iii) **What guidance has the board given to management with regard to optimising or reducing the group's borrowings?**

In the past 5 years, the return on shareholders' equity averaged out to be 2.84% per annum. Net asset value per share has decreased from $2.58 in FY2020 to $2.45 in FY2024.

(iv) **How does management assess the effectiveness of its current business model in addressing shareholders' concerns on declining NAV and low ROE? How does the board ensure that the "Pay-for-Performance" framework effectively aligns management incentives with long-term value creation for shareholders?**

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Q3. The share price of the company traded to as low as $0.78 for several months in the past year, before recovering to over $0.90 cents in the past month. Nevertheless, the share has lost about half its value over the past five years.

As at 30 September 2024, the company's net asset value per share was $2.45.

Frasers Property (TQ5) ▲ 0.935 +0.005 (0.538%)

Industry: Real Estate, Real Estate - Diversified
This company reports in this currency: SGD
For latest update, please refer to Company Announcements.

Cum Dividend/ Distribution

Print

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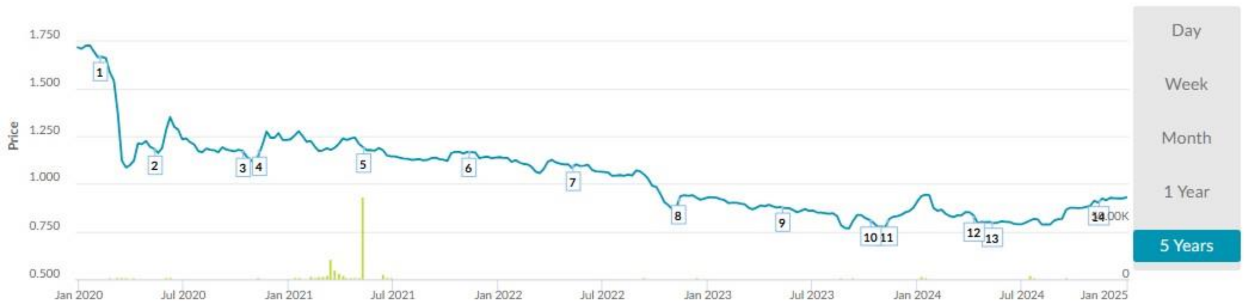

Overview | Valuation | Financials | Dividends | Ownership

Price/Book Value	0.368	Enterprise Value	19,389.21M
Price/Sales	0.866	Price/CF	2.934
Dividend Yield	4.84	P/E Ratio	22.14
Dividend Yield 5-yr avg	3.260	Net Debt	14,900.79M
5 Years PE Ratio	1.22		

(Source: https://investors.sgx.com/securities/stocks?security=TQ5)

Based on SGX Stock Screener, the company trades at a price-to-book of 0.368 times and offers a dividend yield of 4.84%.

Stock exchanges and regulators, including Tokyo Stock Exchange and Korea's Financial Services Commission, have started to ask companies to set up and disclose valuation boosting plans. These corporate value-boosting initiatives are needed as it is recognised that "corporate values" of listed companies have to improve and that the main driver in enhancing corporate value is the company itself. Efforts have been targeted at companies that trade below a price-to-book ratio of below 1. The plans focussed on increasing awareness and literacy of the cost of capital, capital efficiency and stock prices of listed companies.

Specifically, Tokyo Stock Exchange has required companies with price-to-book consistently below 1x to disclose their policies and specific initiatives to improve their valuations.

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(i) **Could the board, particularly the independent directors, explain the group's efforts to increase corporate value and improve capital efficiency?**

(ii) **Beyond attributing the company's low valuation to external market factors, would the board consider disclosing and implementing targeted strategies to narrow the discount gap, thereby creating value for shareholders?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on [SIAS website]

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