

**BOUSTEAD PROJECTS FY2021 ANNUAL GENERAL MEETING
AND EXTRAORDINARY GENERAL MEETING
ADVANCE QUESTIONS AND RESPONSES**

SINGAPORE, 26 JULY 2021

The Board of Directors (“Board”) of Boustead Projects Limited (“Company”) wishes to express its appreciation to all shareholders who had submitted questions in advance of the Company’s Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”) to be convened and held by way of electronic means in a back-to-back arrangement respectively on Wednesday, 28 July 2021 at 10.30am.

The Board is pleased to present both the relevant and significant questions submitted for the purpose of the AGM and EGM and the Company’s responses in advance of the AGM and EGM. Due to the high commercial sensitivity of some questions and/or to be in compliance with SGX, the Company has not provided a response to every question that had been posed. Where there are overlaps in questions, the Company has grouped related and similar questions and provided responses.

The questions and responses have been grouped as follows:

- Impact of COVID-19 pandemic on Boustead Projects Group (“BP Group”) (pages 1-2)
- Boustead Industrial Fund (“BIF”) (pages 3-4)
- Non-BIF Leasehold Portfolio (pages 4-5)
- Expansion Plans and Uses of Cash (page 5)
- EGM Questions (page 6)
- Others (pages 6-7)

It is important to note that these responses should be read in conjunction with the Boustead Projects Limited FY2021 Annual Report (“Annual Report”), Notice of AGM, Addendum to Notice of AGM and Additional Information for AGM released on 6 July 2021, and Notice of EGM, Additional Information for EGM and related EGM Circular to Shareholders (“Circular”) released on 12 July 2021 and Corrigendum to EGM released on 17 July 2021, all of which were earlier made available through SGXNET and the Company’s website and with contextual reference to the proceedings of the AGM and EGM including the presentation to be made and resolutions to be tabled.

	TOPIC: IMPACT OF COVID-19 PANDEMIC ON BP GROUP
1)	How is the BP Group adapting to an endemic COVID-19 world in terms of labour planning and capturing further business opportunities within and outside of Singapore?
Response:	As mentioned in the Letter to Shareholders on pages 24 to 25 of the Annual Report, lower productivity and foreign labour shortages are expected to remain in the foreseeable future. Technology continues to play a key role in mitigating risks associated with the pandemic, whereby the use of Cloud-based sharing platforms including integrated digital delivery, 7D building information modelling and other technologies, have helped to automate certain processes, partially reduce the reliance on certain types of personnel and provided for a certain level of safe distancing between stakeholders, where possible. In addition, there has been increased use of prefabrication to reduce labour-intensive onsite activities, greater planning of worker accommodations to segregate foreign labour from different project sites to prevent cross-project infections and wider sourcing of alternative materials across geographic markets in case of local disruptions and lockdowns.

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	<p>Nonetheless, there are strict safe management measures that have been applied to project sites which already limit the capacity of foreign labour at project sites and which have affected the ability to accelerate progress at project sites. Among subcontractor workers allowed onto project sites, the BP Group successfully piloted TraceSafe at the largest project site and is in the process of rolling out TraceSafe across all Singapore project sites to keep all team members and subcontractor workers at project sites safer.</p> <p>Unfortunately, the restrictions on bringing in foreign labour apply to the entire built environment sector, which means that the BP Group will have to work closely with subcontractors to ensure that appointed subcontractors have enough workers and this also applies to prequalifying subcontractors for future projects that can demonstrate that they have enough workers to undertake the scheduled works. The shortage of foreign labour is more prevalent in Singapore than overseas, due to Singapore's stricter safe management measures and also greater reliance on foreign labour and materials.</p> <p>Further mitigation of risks has come in the BP Group's first-mover participation in proof-of-concept initiatives together with government agencies and the built environment sector to create enhanced digital, security, health and safety networks to navigate the challenges of construction in a world where COVID-19 is endemic.</p> <p>Regarding business development activities, these will continue to be affected as long as there is uncertainty around a geographic market's foreign direct investments. As widespread vaccinations are rolled out across specific geographic markets and where the pandemic is perceived to be under control and other economic and political factors are deemed favourable, there will likely be an improvement in business development activities in such geographic markets. The BP Group has been more cautious and selective in taking on new contracts, with a preference towards more manageable moderate-sized projects in high value-added sectors. Overseas, the BP Group has also deepened partnerships with local contractors to bid for and take on new opportunities in order to secure necessary local resources and diversify risk, although some margins have to be shared as a result.</p>
2)	<p>In the Annual Report, it was mentioned that as the margins for projects secured pre-pandemic do not take into considerations subsequent elevated costs, the Engineering & Construction ("E&C") business segment's performance will continue to be affected in FY2022. For such projects, will there be lower margins or will there be a loss to complete these projects?</p>
Response:	<p>In general, projects secured pre-pandemic will have lower margins due to unforeseen and unprecedented increases in costs as a result of disruptions caused by the pandemic. For a select few projects, losses have been registered. Overall, the E&C business segment aims to achieve a breakeven-type situation on projects secured pre-pandemic.</p> <p>Projects secured after the start of the pandemic are not expected to face significant impact on projected margins, unless the pandemic significantly worsens and results in prolonged project closures, there are unexpected shortages in foreign labour beyond the current situation and/or severe supply chain disruptions. In addition, projects secured after the start of the pandemic have incorporated better contractual terms that mitigate pandemic-related risks.</p>

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	TOPIC: BIF
3)	What are the plans going forward to grow BIF? Are there any properties slated for injection into BIF in the coming years? What is the timeline like and are there milestones?
Response:	<p>As mentioned in the Letter to Shareholders on page 25 of the Annual Report, even as the bulk of our wholly-owned properties has now been sold into BIF, the Company still retains a pipeline of leasehold properties – mainly under joint ventures – with over S\$700 million in expected market valuation. Once eligible assets in Singapore are stabilised, they will have the potential to be injected into BIF. With the Company's existing portfolio and future pipeline of secured development projects, the Company expects that there will be a steady stream of sponsor assets that can be progressively injected into BIF over several years.</p> <p>While the Company is not able to provide a definitive timeline for the injection of properties into BIF, properties that are in a stabilised state and provide the right tenure and yield, among other factors that meet BIF's investment mandate, may be considered in whole or part, ready for injection into BIF.</p> <p>Out of the 11 remaining properties retained by the Company – both wholly-owned and jointly-owned – that are outside of BIF, eight properties are in Singapore and therefore fall within BIF's geographic focus.</p>
4)	What is the expected revenue stream in managing BIF? What is it dependent on and what is the expected growth rate?
Response:	<p>As mentioned in the Letter to Shareholders on page 25 of the Annual Report, as the Company owns 100% of Boustead Industrial Fund Management Pte Ltd, the manager of BIF, the Company will continue to reap the benefits of properties sold to BIF, especially when it expands. Holding the manager role, the Company will be entitled to base management fees, development fees, acquisition fees, divestment fees and property management fees, similar to what listed REIT managers would receive for managing their respective listed REITs.</p> <p>For competitive reasons, the Company is unable to share the exact fee structure.</p> <p>As assets are injected into BIF through the Company's pipeline of development projects or acquired from the open market, the expected revenue stream will grow with the expanded asset base. In addition, the expected revenue stream may be boosted by the outperformance of assets, as part of the fee structure includes performance fees where income exceeds specific thresholds. Recurring income from BIF is expected to become meaningful to the Company's overall profitability over the longer term.</p>
5)	Is there any possibility for BIF to consider taking in overseas properties where the Company has joint ventures in future?
Response:	<p>BIF's mandate is to specifically acquire Singapore properties. It is unlikely that BIF's mandate will be changed to include the acquisition of overseas properties, since this would change the risk profile of BIF and also require the approval of BIF's unitholders.</p> <p>For overseas properties, once they reach appropriate valuations and if the economic and market conditions are right, it is possible that the Company could inject such overseas properties into a new syndicated fund to be managed by the Company.</p>

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6)	<p>Is there a dividend policy for leasing income received from BIF? Are shareholders expecting dividends from BIF every quarter, like other REITs? As the Company owns 25% of BIF, would shareholders of the Company receive 25% of the leasing income less whatever costs are incurred? If not, what would be the minimum stable dividends that shareholders of the Company would receive semi-annually or annually?</p>
Response:	<p>The distribution policy for BIF only applies directly to BIF’s unitholders and not to shareholders of the Company. Distributions made by BIF to the Company will be treated as part of the profits generated by the Real Estate business segment. Taking into account the full-year performance of the combined E&C and Real Estate business segments, working capital requirements, and investment and capital expenditure plans, the Board would then propose dividends to shareholders of the Company.</p>
7)	<p>Would the Company be able to provide leasing business updates in BIF every quarter, like other REITs? Would the annual report, financial statements and business performance updates of BIF be made accessible to shareholders of the Company?</p>
Response:	<p>The Company will not be providing regular leasing business updates, annual reports and financial statements of BIF and any other partnerships and funds that the Company manages, to shareholders of the Company, as these are under private arrangements and not listed separately. General updates on BIF and any other partnerships and funds may be made to shareholders of the Company, at the discretion of the Company or where there are necessary material conditions to do so under SGX rules, provided that such updates do not infringe on confidentiality and/or commercial sensitivities with regards to BIF and any other partnerships and funds’ mandates and performances.</p>
	TOPIC: NON-BIF LEASEHOLD PORTFOLIO
8)	<p>Is there any update on non-BIF assets?</p>
Response:	<p>As mentioned on pages 34 to 37 of the Annual Report, an overview of both the wholly-owned and jointly-owned properties outside of BIF is provided. For commercial reasons, a detailed breakdown of the performance of individual properties will not be provided.</p> <p>The only property which is on a short-term temporary lease, 36 Tuas Road, is still under review for potential redevelopment in the future.</p>
9)	<p>What is the current occupancy rate for ALICE@Mediapolis (“ALICE”)? Is there any show of interest by existing tenants or new prospects to take up space? Is JTC flexible to tenants and prospects other than small and medium-sized enterprises (“SMEs”) or JTC LaunchPad graduates who want to expand or take up space at ALICE due to the ongoing pandemic?</p>
Response:	<p>The current committed and advanced negotiation rate for ALICE is about 90%. While there is interest being shown by multinational corporations and established corporations in the infocommunications and technology sectors to take up space at ALICE, such space is currently allocated to Venture Suite space for SMEs or JTC</p>

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	LaunchPad graduates, a group of clients that has been heavily impacted by the pandemic. The Company is not in a position to comment on JTC's policies.
	TOPIC: EXPANSION PLANS AND USE OF CASH
10)	Is there any update on expansion into Vietnam, particularly the KTG & Boustead Industrial Logistics Fund ("KBILF")?
Response:	Other than the already announced option agreement signed with KTG for KBILF which was released on 2 June 2021, there are no further updates. The Company continues to proceed on clearing all conditions precedent for KBILF in alignment with what has been set out in the option agreement and which was shared in the announcement.
11)	Are there any plans to further reward shareholders by distributing more of the S\$134.8 million gains made from the BIF Value Unlocking Gain to loyal shareholders?
Response:	As mentioned in the Letter to Shareholders on page 25 of the Annual Report, the Company is looking to consummate the formation of KBILF, which will require a substantial level of funding, given that KBILF is expected to acquire about US\$141 million in seed assets in Phase 1, with a potential doubling of portfolio size in Phase 2, if KBILF proceeds to acquire other assets under an identified pipeline of targets. It was also mentioned that the Company is pursuing a number of development opportunities in Singapore and overseas. The Board assessed the pipeline of opportunities, working capital and capital expenditure requirements when proposing the special dividend of 14.5 cents per share for FY2021, ensuring that adequate funds are available to invest in the pipeline of opportunities, execute growth plans and fund expected increases in working capital required to execute the same volume of work due to the adverse impact of the pandemic on the built environment sector. The Board will periodically review the requirements stated above to determine the size of future dividends, if any.
12)	In terms of being a developer and fund manager, what is the Board's view regarding the Company's valuation? Is the Company fairly valued? If not, would the Board consider further value unlocking strategies (e.g. privatising the property development part of the business)?
Response:	Considering that there is over S\$700 million in market valuation of properties outside of BIF which have yet to be unlocked, the Board is of the view that the revalued net asset value ("RNAV") of the Company is highly likely to be in excess of the net asset value of the Company of S\$1.369 per share as announced in the FY2021 financial results announcement released on 25 May 2021. However, the Board does not consider a privatisation of any part of the business as being in the best interests of shareholders of the Company. This is due to the fact that the successful launch of BIF has led to an integration of the entire business park and industrial real estate value chain that is transformative for the Company's business model and is strategically important to the overall health and sustainability of the Company.

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	TOPIC: EGM QUESTIONS
13)	How do you justify the number of treasury shares awarded to the Directors?
Response:	<p>Three major factors were considered by the Remuneration Committee in arriving at their proposal to the Board on the treasury shares award to Executive Directors and Independent Non-Executive Directors.</p> <p>The first consideration was on the significant amount of effort and time that has been expended by the Directors to lead to the successful launch of BIF. Bearing in mind the complexities posed by the pandemic and the extreme pressure on the Company's business segments – especially the E&C business segment – the Executive Directors had to exert themselves in business continuity activities and strategies to overcome numerous pandemic-related issues, while going above and beyond to unlock the value of the leasehold portfolio in this highly uncertain environment. As mentioned in the Corporate Governance section on page 63 of the Annual Report, the Directors also held an additional nine Board meetings, beyond the four quarterly Board meetings, with full attendance for all meetings. Most of the additional Board meetings were dedicated to BIF matters.</p> <p>The second consideration was the voluntary decision taken by both Executive Directors and Independent Non-Executive Directors early in FY2021 to take a 10% reduction respectively in their basic remuneration packages and in their directors' fees. Notwithstanding the profit achievement after BIF was successfully launched, this reduction continued for the rest of the financial year.</p> <p>The third consideration relates to the previously shareholder-approved Restricted Share Plan ("RSP") under which all Directors would have been eligible for awards of free shares for exemplary performance. In lieu of the award of free shares, all Directors offered to pay for such number of treasury shares at such price that would equate to a similar level of benefits to the Directors had they accepted the award of free shares. The main reasons for the Directors' offer to buy the shares were to demonstrate their commitment to the Company and to further increase the alignment of their interests with those of all shareholders.</p> <p>The Remuneration Committee and the Board are of the view that the Directors' offer was positive and the quantum of shares awarded are reasonable and not prejudicial to the interests of the Company.</p>
	TOPIC: OTHERS
14)	Is there any update on the Beijing Tongzhou Integrated Development Phase 1?
Response:	<p>There has been no material change to the Company's previous update on the Beijing Tongzhou Integrated Development Phase 1. Construction commenced in December 2019, with strata sales and marketing expected to commence in 2022 and completion expected progressively from 2023. The original cost of investment for the BP Group's 4% effective interest in the development was about S\$20.5 million in September 2012. This investment is currently classified on the BP Group's balance sheet as a financial asset, at fair value through other comprehensive income (FVOCI), with a fair value of S\$31.4 million as at the end of FY2021.</p>

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15)	<p>In the Annual Report, it is interesting to note that one Key Management Personnel has a much higher remuneration than the Executive Directors. Can more details be provided on his role and why the remuneration is structured in this way?</p>
Response:	<p>With reference to the Corporate Governance section on page 74 of the Annual Report, the Key Management Personnel referred to is Samuel Lim Swee Hong, who is the Director of Real Estate of Boustead Fund Management Pte Ltd. His profile can also be found in the Key Management Team on page 49 of the Annual Report. In his position, Samuel is responsible for assisting the Deputy Chairman & Executive Director in setting up, managing and developing the Company's Real Estate business segment and new fund management business. When Samuel joined the Company in FY2020, the Company set a performance bonus for him tied to very specific deliverables, which were eventually completed at the start of FY2021 and which resulted in that specific performance bonus being paid to him at that time. It should be noted that Samuel did not receive a performance bonus in FY2020. In FY2021, Samuel and his team achieved their strategic performance target by significantly contributing to the successful launch of BIF. Samuel's remuneration for FY2021 therefore effectively includes two performance bonuses, thereby contributing to his higher than normal annual figure. It should be noted that the remuneration of the Executive Directors as listed in the Annual Report does not include the treasury share awards that are now subject to shareholders' approval at the forthcoming EGM.</p> <p>The Company adopts a performance-based remuneration system where executives are rewarded performance bonuses that are tied to the achievement of specific goals. This is an important part of the Company's system of reward for performance and talent retention plan.</p>

-- END OF COMPANY ANNOUNCEMENT --

About Boustead Projects Limited

Established in 1996 and listed on the SGX Mainboard, Boustead Projects Limited (SGX:AVM) is a leading provider of innovative real estate solutions with a regional presence across Singapore, China, Malaysia and Vietnam. Our core businesses are uniquely integrated to support the business park and industrial real estate ecosystem, comprising:

- Turnkey engineering, full-fledged integrated digital delivery ("IDD"), and project and construction management encompassing design-and-build;
- Real estate development, asset and leasing management; and
- Real estate fund management including being the sponsor and manager of Boustead Industrial Fund, a scalable private real estate trust platform for business park, logistics and industrial properties, and joint owner of Echo Base-BP Capital Pte Ltd, an Asia-centric fund management and services platform focused on smart buildings and integrated developments.

To date, we have constructed and/or developed more than 3,000,000 square metres of real estate for clients including Fortune 500, S&P 500 and Euronext 100 corporations, across diverse sectors like aerospace, business park, food, healthcare and pharmaceutical, high-tech manufacturing, logistics, research & development, technology and waste management, among others. Under the Boustead Development Partnership with a reputable Middle East sovereign wealth fund, we have developed or redeveloped more than half a million square metres of real estate in Singapore including landmark developments like ALICE@Mediapolis and GSK Asia House.

Our in-house capabilities are backed by core engineering expertise, the progressive adoption of transformative methodologies including full-fledged IDD and Industry 4.0 technologies and augmented by strategic partnerships which enable the co-creation of smart, eco-sustainable and future-ready developments. Our wholly-owned engineering & construction subsidiary in Singapore, Boustead Projects E&C Pte Ltd ("BP E&C") is the eco-sustainability leader in pioneering Green Mark Platinum-rated new private sector industrial developments under the Building & Construction Authority ("BCA") Green Mark Programme and a national champion of best practices for quality, environmental and workplace safety and health ("WSH") management. BP E&C's related achievements include being the quality leader on the BCA CONQUAS all-time top 100 industrial projects list, one of only eight bizSAFE Mentors and also bizSAFE Star, receiving numerous awards for exemplary WSH performance.

We were also awarded the Singapore Corporate Governance Award in the Newly Listed Category at the Securities Investors Association (Singapore) Investors' Choice Awards 2017 and are one of only 92 SGX-listed corporations on the SGX Fast Track Programme - which aims to affirm listed issuers that have been publicly recognised for high corporate governance standards and for maintaining a good compliance track record - with prioritised clearance for their corporate action submissions. We are also listed on the MSCI World Micro Cap Index and FTSE ST Fledgling Index.

Boustead Projects is a 53%-owned subsidiary of Boustead Singapore Limited (SGX:F9D), a progressive global infrastructure-related engineering and technology group which is separately listed on the SGX Mainboard.

Visit us at www.bousteadprojects.com.

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