FRASERS LOGISTICS & INDUSTRIAL TRUST

Enhancing **Resilience**

Annual Report 2019

A member of Frasers Property Group

FRASERS PROPERTY

3 Burilda Close, Wetherill Park
Sydney, New South Wales

Contents

About
Frasers Logistics & Industrial Trust

Frasers Logistics & Industrial Trust ("FLT") is a Singapore-listed real estate investment trust with a property portfolio concentrated in major logistics and industrial markets in Australia, Germany and the Netherlands. With a total gross lettable area ("GLA") of approximately 2.2 million square metres ("sq m") across 91[1] logistics and industrial properties, FLT's portfolio is worth approximately A$3.6 billion. 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 logistics & industrial 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 managed by Frasers Logistics & Industrial Asset Management Pte. Ltd. (the "REIT Manager" or the "Manager"), a wholly-owned subsidiary of FLT's sponsor – Frasers Property Limited ("Frasers Property", "FPL" or the "Sponsor", and together with its subsidiaries, the "Group").

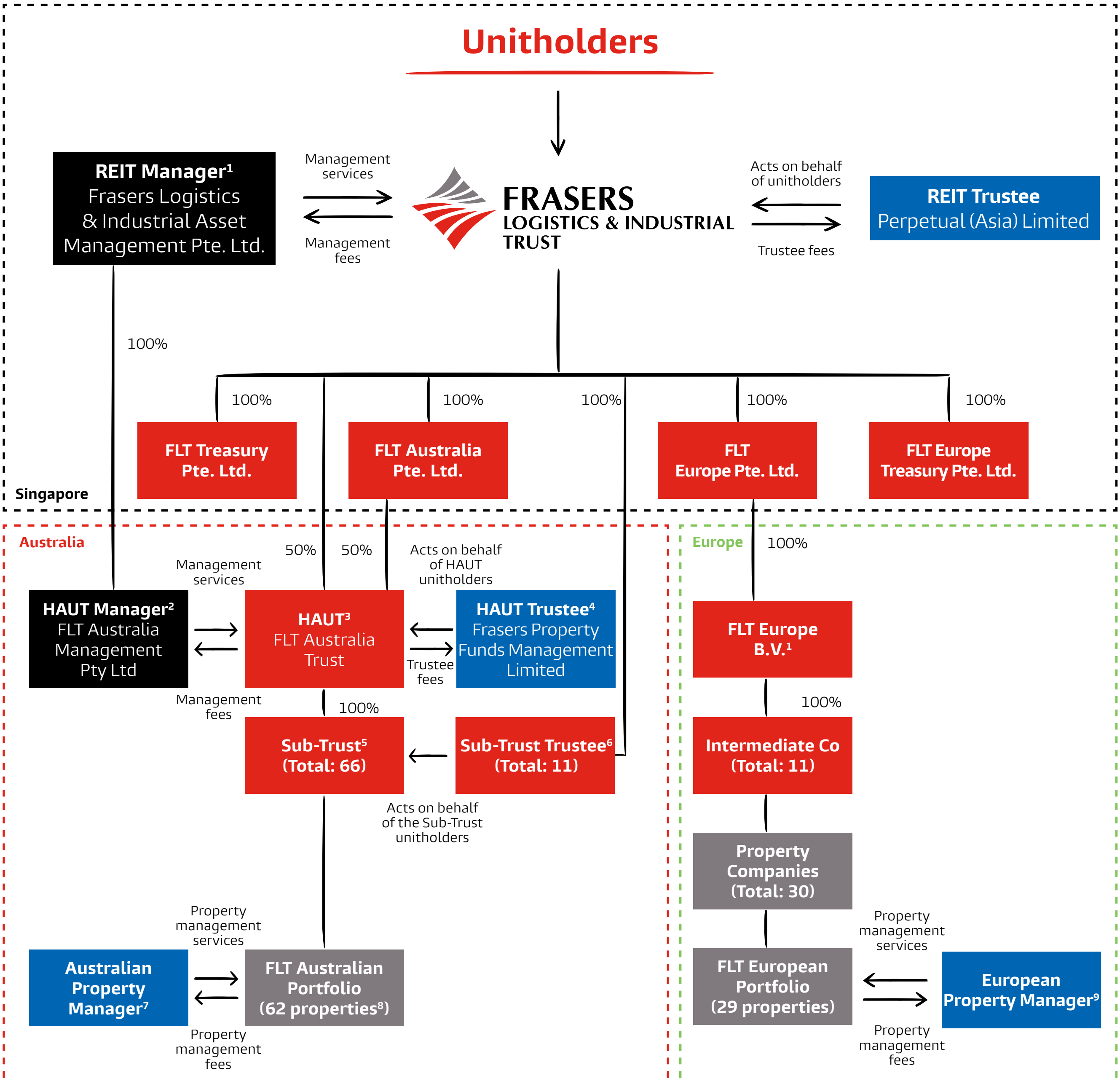
Frasers Property is a multi-national company that develops, owns and manages a diverse, integrated portfolio of properties. Listed on the Mainboard of the SGX-ST and headquartered in Singapore, the Group has total assets of approximately S$37.6 billion as at 30 September 2019.

Frasers Property's assets range from residential, retail, commercial & business parks, to logistics & industrial in Southeast Asia, Australia, Europe and China. Its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 cities across Asia, Australia, Europe, the Middle East and Africa. The Group is unified by its commitment to deliver enriching and memorable experiences to customers and stakeholders, leveraging its knowledge and capabilities from across markets and property sectors, to deliver value in its multiple asset classes.

Frasers Property is also the sponsor of three real estate investment trusts and one stapled trust listed on the SGX-ST. Frasers Centrepoint Trust, Frasers Commercial Trust, and FLT are focused on retail, commercial & business parks, and logistics & industrial properties respectively. Frasers Hospitality Trust (comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) is a stapled trust focused on hospitality properties. In addition, Frasers Property Thailand is the sponsor of Frasers Property Thailand Industrial Freehold & Leasehold REIT, which is focused on logistics and industrial properties in Thailand and is listed on the Stock Exchange of Thailand.

1 Excludes 610 Heatherton Road, Clayton South, Victoria, Australia which is classified as "Investment Property held for Sale" and excludes the acquisition of two German properties which are yet to complete as at 30 September 2019

Trust Structure



1 The REIT Manager provides management services to FLT Europe B.V.
2 HAUT refers to "FLT Australia Trust", a head Australian trust which holds the units in the Sub-Trusts. The investment manager of the HAUT (the "HAUT Manager") is FLT Australia Management Pty Ltd, a wholly-owned subsidiary of the REIT Manager. The HAUT Manager is incorporated in Australia
3 The REIT Trustee directly holds 50% of the issued units in the HAUT, and the remaining 50% is held by FLT Australia Pte. Ltd. (a Singapore- incorporated company that is wholly-owned by the REIT Trustee). Under the Australian Corporations Act, an Australian managed investment trust ("MIT") must be held by at least two unitholders
4 The trustee of the HAUT (the "HAUT Trustee") is Frasers Property Funds Management Limited, an Australian incorporated company and a wholly-owned subsidiary of Frasers Property Australia Pty Limited ("FPA"), which is in turn wholly-owned by FPL. The HAUT Trustee holds an Australian financial services licence and is a regulated entity in Australia
5 The FLT Australian Portfolio is held by FLT through the HAUT which holds 66 wholly-owned sub-trusts in Australia (the "Sub-Trusts")
6 The 11 trustees of the various Sub-Trusts are Australian incorporated companies and are wholly-owned by FLT (the "Sub-Trust Trustees", and each a "Sub-Trust Trustee" as trustee of its respective Sub-Trust)
7 The property manager for the FLT Australian Portfolio is Frasers Property Australia Management Services Pty Limited (the "Australian Property Manager"), a wholly-owned subsidiary of FPA
8 Excludes 610 Heatheron Road, Clayton South, Victoria, Australia
9 The property manager for the FLT European Portfolio is FPE Advisory B.V. (the "European Property Manager"), a wholly-owned indirect subsidiary of FPL

FY2019 Highlights

FLT continued to deliver on its strategy and key objectives, demonstrating the ability of the REIT Manager to build on its past success and create sustained value for Unitholders

Financial Stability

FY2019 Distribution Per Unit

7.27 Australian cents

(FY2018 6.94 Australian cents)

Creating Long-term Value

Acquired **11 Properties**[1]
in Australia and Europe

3 divestments[2]
at premiums to book value

Index Inclusion

FTSE EPRA NAREIT Index

Global Property Research 250 Index

Sustainability Leadership

GRESB[3]: Global Sector Leader 2019 (Industrial) for the second consecutive year

1 Excludes the acquisition of two German properties which are yet to complete as at 30 September 2019
2 Includes the divestment of 610 Heatherton Road, Clayton South, Victoria, Australia which is expected to complete by end 2019
3 Refers to the 2018 and 2019 Real Estate Assessment by Global Real Estate Sustainability Benchmark (GRESB), the global ESG benchmark for real estate

Financial and Capital Management Highlights

Distributable Income
A$149.8 million
(FY2018: A$118.3 million)

Private Placement
S$258.1 million raised
(3.2 times subscribed)

Net Asset Value Per Unit
A$1.02
(FY2018: A$0.95)

Aggregate Leverage
33.4%
(FY2018: 34.6%)

Weighted Average Debt Maturity
3.2 years
(FY2018: 2.9 years)

Proportion of Fixed Debt
60.0%
(FY2018: 82.0%)

Portfolio Highlights

Portfolio Value[1]
~A$3.6 billion

Gross Lettable Area
2,223,452 sq m

Average Property Age by Value
7.56 years

Occupancy Rate[2]
99.6%

Weighted Average Lease to Expiry[2]
6.31 years

Freehold and Long-leasehold[3] Properties
93.1%[4]

Portfolio Management

New and Renewal Leases
122,554 sq m

Tenant Retention Rate
91.2%

greenstar

Highest-rated
Green Star Performance-rated Portfolio

1 Excludes 610 Heatherton Road, Clayton South, Victoria, Australia
2 Based on Gross Rental Income, being the contracted rental income and estimated recoverable outgoings for the month of September 2019
Excludes straight lining rental adjustments
3 Long-leasehold properties are defined as properties with >80 year leasehold
4 81.0% of FLT's portfolio are freehold

Letter to **Unitholders**

Dear Unitholders,

In the financial year ended 30 September 2019 ("FY2019"), Frasers Logistics & Industrial Trust ("FLT") delivered a commendable set of results across all aspects of our business, demonstrating our ability to build on past successes and create sustained value amidst volatile market conditions. This was achieved through the successful execution of our business plan and strategies to realise value.

We live in uncertain times, as seen from a fragile global economy and growing potential unrest in key financial markets around the world. Recognising the difficulties that may lie ahead, we took further steps to enhance FLT's resilience by reshaping our portfolio to provide greater sustainable returns to our Unitholders.

GROWING OUR PRESENCE AND UNLOCKING VALUE

During the financial year, we completed the acquisition of 11 prime logistics properties in Australia, Germany and the Netherlands from our strong and established developer-sponsor, Frasers Property Limited ("Frasers Property" or the "Sponsor"). With these acquisitions, FLT's portfolio expanded on a net basis to 91[1] assets in Australia, Germany and the Netherlands, with gross leasable area of 2.2 million sq m, and a total valuation of approximately A$3.6 billion.

This is yet another testament to the successful business relationship and alignment of interests between the Sponsor and FLT, which has underpinned the growth of our portfolio since FLT's initial public offering in June 2016. We have grown in scale and have depth of presence in three major logistical markets. Through the support of Frasers Property, we are today one of the largest industrial S-REITs with a market capitalisation of approximately S$2.8 billion as at 30 September 2019.

The quality of our growth cannot be understated. Each acquisition and divestment opportunity undergoes a rigorous evaluation process, allowing us to optimise our transactions from a total return perspective and enhance the attributes of our portfolio. As a result of our disciplined approach, we have increased the freehold composition of our portfolio, lengthened the portfolio weighted-average lease expiry and lowered the average age of our portfolio.

1 Excludes 610 Heatherton Road, Clayton South, Victoria which is classified as "Investment Property held for Sale" and excludes the acquisition of two German properties which are yet to complete as at 30 September 2019

During the year, we also successfully captured value creation opportunities through organic growth such as proactive lease renewals, tenant retention and procuring new well-established tenants for our assets. We ended the year with a 99.6% occupancy rate, reflecting the attractiveness of our assets to logistics majors, multinationals and conglomerates. In FY2019, we signed 122,554 sq m of leases, of which 10,785 sq m were commitments from new tenants, and 111,769 sq m were lease renewals. The lease renewals represent an attractive 91.2% tenant retention rate.

DELIVERING STRONG RETURNS

FLT achieved another year of strong financial performance in FY2019. Revenue increased 23.0% from A$195.8 million in the previous financial year ("FY2018") to A$240.8 million in FY2019. This was driven by contributions from acquisitions in Europe and Australia and were partially offset by divestment activities in Australia. Distributable income in FY2019 increased 26.6% from A$118.3 million in FY2018 to A$149.8 million in FY2019. As a result, the distribution per unit ("DPU") of 7.27 Australian cents in FY2019 was 4.8% higher than 6.94 Australian cents in FY2018. In Singapore dollar terms, the DPU was 2.6% lower at 7.00 Singapore cents, from 7.19 Singapore cents a year ago, due to the softening of the Australian dollar and Euro against the Singapore dollar. Notwithstanding the currency volatility, the DPU achieved represents an attractive DPU yield of 5.6%[2] based on the closing price of S$1.24 per unit on 30 September 2019.

FLT's unit price appreciated by 14.8% over the course of the financial year, translating into a total return of 23.8%.[3] For our loyal Unitholders who have journeyed with us since IPO, the total return was 68.4%, outperforming both the FTSE ST All-Share Index and FTSE ST REIT Index which reported total returns of 28.4% and 57.1% respectively.[4]

As at 30 September 2019, FLT's investment properties were valued at A$3.6 billion, an increase of 19.3% over A$3.0 billion in the year-ago period. The increase was predominantly due to market rental growth, lease extensions and continued firming of market capitalisation rates. Net asset value per unit was A$1.02 per unit in FY2019, an increase of 7.4% from A$0.95 per unit in FY2018.

PRUDENT CAPITAL MANAGEMENT

Our ability to grow is underpinned by our prudent approach to capital management as we strive to diversify our sources of funding and minimise our exposure to foreign exchange volatility.

During the year, we raised S$258.1 million via a private placement of 220 million units at an issue price of S$1.173 per unit to partially finance the acquisition of 12 prime logistics properties located in Germany and Australia. The private placement was more than 3.2 times subscribed with strong demand from both new and existing institutional investors.

Underscoring our strong sustainability credentials, FLT also secured a A$170 million 5-year green loan facility during the year, with the funds deployed to refinance a A$170 million loan which was due in June 2019. The green loan has been swapped to Euro to take advantage of the negative Euribor interest rates, resulting in a reduction of FLT's weighted average cost of debt from 2.4% per annum to 2.2% per annum.

FLT ended FY2019 with a robust balance sheet. Aggregate leverage was 33.4% providing FLT with ample financial flexibility through a debt headroom of A$781 million. FLT remains well positioned with an interest coverage[5] ratio of 9.3 times, and an average weighted debt maturity of 3.2 years. Total borrowings were approximately A$1.2 billion, of which 60% were at fixed interest rates.

COMMITMENT TO SUSTAINABITY

FLT remains committed to conducting its business in "A Different Way". "A Different Way" is a progressive thinking sustainability programme that focuses on people and restoring resources in a sustainable and environmentally friendly manner. Our vision is to own and manage properties that are resource friendly and provide healthier workplaces for our customers and team.

Testament to FLT's firm commitment to environmental sustainability, we were named Global Sector Leader (Industrial - Listed) by the Global Real Estate Sustainability Benchmark ("GRESB") for the second consecutive year.

We also achieved an overall 4 Star Green Star rating from the Green Building Council Australia. FLT was also the first to achieve the 6 Star Green Star ratings for industrial facilities in New South Wales, Victoria and Queensland, and has the highest Green Star performance-rated portfolio in Australia.

OUR FUTURE

Looking ahead, we remain cautiously optimistic with regards to FLT's primary markets of Australia, Germany and the Netherlands. We understand that global growth momentum may continue to slow, primarily as a result of the US-China trade dispute and the impact of political uncertainty in major countries such as the United Kingdom.

The Reserve Bank of Australia ("RBA") expects Australian economic growth to be lower in 2019 as Australia's major trading partners continued to ease in the second quarter of 2019 and domestic economic growth in the first half was marginally lower than expected. The RBA suggested that employment growth could moderate by more than forecast, which could lead to lower than expected growth in household incomes and consumption. With these indicators, the RBA has forecast 2019 Gross Domestic Product ("GDP") growth to be 2.25%, 2.75% in 2020 and 3.0% in 2021.[6]

The Australian industrial market continued to see robust take-up levels of 2.3 million sq m over the 12 months to September 2019. Occupier demand is expected to remain healthy as a result of record levels of infrastructure investment, population growth, and expected demand from logistics and e-commerce users. Furthermore, vacancy levels are at 5-year lows across Sydney, Melbourne and Brisbane.[7]

The German economy unexpectedly contracted by 0.1% quarter-on-quarter on weaker exports, with the decrease in foreign sales mainly driven by Britain and below average demand from China.[8] The government expects to post a modest 0.5% growth this year[9]. Notwithstanding challenging economic conditions, the top 8 German industrial market remains robust with take-up of approximately 1.9 million sq m leased in the nine months to September 2019 ("9M2019"). New supply for the rental market remains limited as more users seek build-to-order solutions.[10]

The Dutch economy is expected to moderate to a growth of 1.6% in 2019, following growth of 3.0% in 2017 and 2.6% in 2018. This is largely attributable to trade challenges in the global markets, which will act as a drag on Dutch export growth. Economic activity is expected to remain high in 2020 and 2021 with a tight labour market and unemployment set to remain at a historic low of 3.3%.[11] The industrial market in The Netherlands is expected to remain healthy. The take-up rate remained high with 3.0 million sq m leased in 9M2019. This high take-up rate has decreased supply and increased demand, especially in popular areas with limited development options, such as Venlo, Tilburg and Rotterdam.[12]

ACKNOWLEDGEMENTS

On behalf of the board of directors, we would like to congratulate management on the addition of FLT to the FTSE EPRA/NAREIT Global Real Estate Index Series (Global Developed Index) in March 2019. This is a significant milestone event as FLT is the first S-REIT to be included in the well-followed index since 2013, and positions us on the radar of a new set of global investors who track their investments to indexes.

We would also like to acknowledge management's effort in securing a spot for FLT on the Global Property Research 250 Index Series. The index tracks the performance of the 250 leading and most liquid property companies worldwide.

In closing, we wish to extend our sincere appreciation to our team for their invaluable contributions and dedication. We would also like to thank our Unitholders, the Sponsor, tenants and business partners for their loyalty and continued support. We look forward to another year of exciting opportunities and growth.

Mr Ho Hon Cheong
Chairman and Independent
Non-Executive Director

2 Based on FY2019 DPU of 7.00 Singapore cents
3 Source: Bloomberg LLP. For the period from 1 October 2018 to 30 September 2019 (being the last trading day of the month). Calculation of total return assumed distributions paid during the period are reinvested
4 Source: Bloomberg LLP. For the period from 21 June 2016 to 30 September 2019. Calculation of total return assumed distributions paid during the period are reinvested
5 Prior to reaching the 45.0% aggregate regulatory leverage limit
6 The Reserve Bank of Australia, Statement on Monetary Policy, November 2019
7 JLL Real Estate Intelligence Service – Industrial Market Snapshot 2Q2019
8 "Recession Risks Rise for Germany as Industrial Orders Plunge", Reuters, 5 September 2019
9 "Wide Implications as Germany Teeters Towards Recession", AP, 20 August 2019
10 "Industrial & Logistics Leasing & Investment Market German Q1-Q3 2019", Colliers International
11 "Economic Developments and Outlook", DeNetherlandscheBank, June 2019
12 "Industrial & Logistics Leasing & Investment Market the Netherlands Q1-Q3 2019", Colliers International

CONVERSATIONS WITH THE CEO

The Power of Resilience

As a professional REIT Manager, we pride ourselves on executing our fiduciary duties and creating value for our Unitholders. Every asset acquisition opportunity undergoes a stringent evaluation process to determine the fit and income contribution, ensuring that the addition will enhance returns to the portfolio over the long-term.

Mr Robert Wallace, Chief Executive Officer of the REIT Manager, shares his views on the events that defined FLT's successful year and the outlook for the REIT in FY2020 and beyond.

What were some of the defining moments for FLT in FY2019?

FY2019 was another busy year as we delivered on our disciplined strategies for sustainable growth. We calibrated and enlarged our portfolio of quality freehold assets, acquiring a total of 11 prime logistics properties from our Sponsor to deepen our presence in major logistics hubs across Australia, Germany and the Netherlands.

In October 2018, we acquired Mandeveld 12 in Meppel to solidify FLT's footprint in the highly sought-after Dutch logistics and industrial sector. Subsequent to that in July 2019, we announced the portfolio acquisition of 12 prime logistics properties, comprising nine in Germany and three in Australia. As at 30 September 2019, the acquisition of the three Australian properties and seven out of the nine German properties had been completed. These transactions are testament to our expertise and ability to grow our portfolio with properties that are a strategic fit for FLT, adding more prime, modern and high-quality logistics facilities to the existing portfolio.

During the year, we also rebalanced our portfolio by divesting three assets in Australia at premiums to book value ranging from 8.8% to 13.3%, for A$171.9 million in aggregate. Proceeds from these sales provided FLT with greater financial flexibility.

Our efforts on the asset management side of the business continued as we created value through organic growth. During the year, we secured 10 lease renewals and 1 new lease with a total GLA of 122,554 sq m, demonstrating our ability to proactively manage our leases, retain quality tenants and procure new established tenants for our properties.

On 18 March 2019, FLT became the first S-REIT since 2013 to be added to the FTSE EPRA/NAREIT Global Developed Index. The inclusion in this benchmark real-estate index is a major step forward in FLT's growth journey, which enhances FLT's profile and trading liquidity.

Where do you see opportunities for growth in the current market?

Since our founding, we have been committed to growing and delivering sustainable returns to our Unitholders. Our work on this front has allowed us to grow our portfolio both in terms of scale and geography, from 51 assets in one country at the time of our IPO to 91[1] assets across Australia, Germany and the Netherlands as at 30 September 2019.

The pace and quality of this growth would not have been possible without the commitment and support of our Sponsor, Frasers Property Limited. We have been able to tap into the Right of First Refusal ("ROFR") arrangement from our Sponsor over its income-producing logistics and industrial properties to support FLT's growth.

As a professional REIT Manager, we pride ourselves on executing our fiduciary duties and creating value for our Unitholders. Every asset acquisition opportunity undergoes a stringent evaluation process to determine the fit and income contribution, ensuring that the addition will enhance returns to the portfolio over the long-term.

Looking ahead, FLT will focus on its key markets supported by the Sponsor's ROFR assets. We will also take an opportunistic approach with third party acquisitions in those markets, ensuring that we acquire prime grade properties with metrics that are complementary to our existing portfolio.

In light of a weakening global economy, what are some of the risks for the industry and FLT? What is the REIT Manager doing to mitigate these risks?

The global economy is being weighed down by prolonged uncertainty on the back of the US-China trade concerns, uncertainty over the Brexit outcome and sharper-than-expected slowdowns in several major economies. The International Monetary Fund expects global trade to slow to 1.25% in 2019, affecting the near-to-mid term outlook for our industry.[2]

As a forward-looking REIT Manager, we took proactive steps in FY2019 to enhance the resilience of our portfolio. Through a series of well-timed acquisitions and divestments at favourable valuations, we improved our asset base by increasing the freehold component of our portfolio while lowering the average age of our properties. We also reduced our tenant concentration, lowered vacancy levels and extended the weighted-average lease expiry of our portfolio, with the aim of providing FLT with greater rental income stability through market cycles.

We remain focused on prudent and proactive capital management to provide financial flexibility to grow FLT. We ended FY2019 with a robust balance sheet with aggregate leverage of 33.4% as at 30 September 2019, well below the regulatory limit of 45%, translating into a debt headroom of A$781 million. We remain well-positioned with total borrowings of approximately A$1.2 billion, an interest coverage ratio of 9.3 times and an average weighted debt maturity of 3.2 years.

During the year, FLT secured a A$170 million 5-year green loan facility with three leading Singapore banks to refinance an expiring A$170 million loan which was due in June 2019. We swapped the green loan to a Euro denominated loan to take advantage of the negative Euribor interest rates. This allowed us to reduce FLT's weighted average cost of debt from 2.4% per annum to 2.2% per annum.

As an industrial landlord, what differentiates FLT from its competition?

From an operational viewpoint, we believe in building quality relationships with our tenants as their experience matters most. We focus on the needs and wants of our tenants at every level of our engagement and through this, we gain valuable insights to strengthen the appeal of our properties and enhance our property management services.

We believe that our commitment to deliver the best value and experience to tenants sets us apart from the competition. Our ability to retain existing tenants and attract new ones demonstrates the strong FLT branding and service level in Australia, Germany and the Netherlands.

We also believe that our progressive efforts on sustainability have allowed us to attract and retain multinational companies and local firms that are placing greater emphasis on environmental sustainability. Our steadfast commitment to improve the green credentials of our portfolio has earned FLT numerous sustainability accolades. We were named Global Sector Leader (Industrial - Listed) by the Global Real Estate Sustainability Benchmark for the second consecutive year. In addition, we achieved an overall four-star Green Star rating from the Green Building Council Australia. FLT is also the first industrial and logistics property owner to achieve six-star Green Star ratings for industrial facilities in New South Wales, Victoria and Queensland.

What is your outlook for the markets in FY2020?

As an industrial and logistics player, we are in the right markets. Australia, Germany and the Netherlands are three major cornerstone markets in the global industrial and logistics supply chain which have over time demonstrated strong growth and returns for investors.

Australia ranks in the top five global industrial markets in terms of transaction volumes. Investor demand continues to be robust given the limited availability of investment grade industrial and logistics assets in the country. Occupier demand has been healthy over the past five years, largely driven by the growth of e-commerce, food and grocery, pharmaceuticals and supply chain outsourcing.

We are encouraged by the promising demand-supply dynamics in Australia. Demand in the first nine months of 2019 reached 1.7 million sq m, and is on track to close the year above the 10-year annual average of 2.1 million sq m. On the supply side, an average of 0.9 million sq m of industrial space per annum will come online between 2020 and 2023, well below the historical 10-year annual average of 1.5 million sq m. As a result, national prime average rents are expected to grow over the next few years, especially in Sydney, Melbourne, Brisbane, Adelaide and to a lesser extent, Perth.[3]

In Europe, there continues to be uncertainty on how the United Kingdom will leave the European Union and tensions arising from the US-China trade dispute. Despite these uncertainties, we believe that market conditions for the industrial and logistics sector remain positive, largely driven by the growth of e-commerce.

The German industrial and logistics real estate market recorded transaction volume of €4.3 billion in the nine months to September 2019, a marginal decrease of 4% from the year-ago period. This decline is largely due to a severe supply bottleneck with demand expected to rise over the next few years. We operate in the top 8 German markets, namely Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich and Stuttgart, which have all seen high tenant take-up despite the economic slowdown.[4]

Over in the Netherlands, demand for industrial and logistics real estate was healthy with almost 3.0 million sq m of space taken up in the nine months to September 2019. Whilst there continues to be the availability of space in the market, most of those assets are outdated and hard to rent. Exacerbated by limited suitable supply and declining development locations, rental prices of industrial and logistics assets are expected to increase in most locations across the Netherlands.[5]

Where do you see FLT in the next 5 years?

Given the overhang of fragile global economies, political uncertainties and challenging global trade concerns, it is difficult to forecast the economic outlook. However, at FLT, our strategy is to provide reliable returns and create greater value for our Unitholders.

Strategic asset acquisitions will continue to be a driver of growth. We will continue to evaluate investment opportunities, focusing on our key markets where we are able to leverage our platform's local knowledge, expertise and network of relationships. The value of our investment portfolio grew 2.3 times over a period of about 3 years from A$1.6 billion at the time of our IPO to A$3.6 billion as at 30 September 2019. We do not set growth targets, rather we look at both our Sponsor's portfolio and the general market for properties that will enhance FLT metrics and returns over the medium-to-long term.

We will also seek to enhance our asset portfolio through active asset management. We will identify, plan and deliver asset enhancement initiatives that are income and value accretive to maximise the returns to our Unitholders. Tenant retention and the reduction of lease expiry concentration risks will also be a priority for us as we seek to secure income stability.

We will also continue to optimise our capital structure and cost of capital to provide FLT with the financial flexibility to evaluate and pursue acquisitions and fund asset enhancement initiatives, as and when suitable opportunities arise.

Taking this opportunity, I would also like to thank our Unitholders, the Sponsor, tenants, business partners and staff for their continued support and trust. We remain committed to the growth of FLT and to creating value for our stakeholders. We look forward to journeying with all of you on yet another exciting year of opportunities and growth.

Mr Robert Wallace
Chief Executive Officer

1 Excludes 610 Heatherton Road, Clayton South, Victoria which is classified as "Investment Property held for Sale" and excludes the acquisition of two German properties which are yet to complete as at 30 September 2019
2 World Economic Outlook, October 2019, International Monetary Fund
3 Australian Independent Industrial Market Report, Jones Lang LaSalle Incorporated
4 Industrial & Logistics Leasing & Investment Market German Q1-Q3 2019, Colliers International
5 Industrial & Logistics Leasing & Investment Market The Netherlands Q1-Q3 2019, Colliers International

Board of **Directors**

Mr Ho Hon Cheong, 65

Chairman and Independent Non-Executive Director

Mr Goh Yong Chian, 75

Independent Non-Executive Director

Mr Paul Gilbert Say, 59

Independent Non-Executive Director

1 Mr Ho Hon Cheong, 65
Chairman and Independent Non-Executive Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2019):
3 years 4 months

Board Committee(s) served on:
- Audit, Risk & Compliance Committee
- Nominating & Remuneration Committee

Academic & Professional Qualification(s):
- Master of Business Administration (Accounting and Finance) McGill University
- Bachelor of Engineering (Honours) University of Malaya, Malaysia

Present Directorships in other companies (as at 30 September 2019):
Listed companies
- Non-Executive Independent Commissioner of PT Chandra Asri Petrochemical Tbk in Indonesia
- Non-Executive non-independent Director of Alliance Bank Malaysia Bhd in Malaysia

Listed REITS/ Trusts
- Nil

Others
- Non-Executive Independent Director of AIA Singapore Pte. Ltd.

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2016 to 30 September 2019):
- Nil

Past Major Appointments:
- Chief Executive Officer/President Director of PT Bank Danamon Indonesia Tbk
- Chief Executive Officer of PT Bank Internasional Indonesia Tbk
- Managing Director, Special Investments at Temasek Holdings Pte. Ltd.
- Non-Executive Chairman of Rothschild (Singapore) Pte Ltd

Others:
- Nil

2 Mr Goh Yong Chian, 75
Independent Non-Executive Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2019):
3 years 4 months

Board Committee(s) served on:
- Audit, Risk & Compliance Committee
- Nominating & Remuneration Committee

Academic & Professional Qualification(s):
- Fellow Chartered Certified Accountant, UK
- Associate Chartered Management Accountant, UK

Present Directorships in other companies (as at 30 September 2019):
Listed companies
- Nil

Listed REITs/ Trusts
- Nil

Others
- Nil

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2016 to 30 September 2019):
- Nil

Past Major Appointments:
- Head of Corporate Finance of Fraser and Neave, Limited

Others:
- Nil

3 Mr Paul Gilbert Say, 59
Independent Non-Executive Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2019):
3 years 4 months

Board Committee(s) served on:
- Audit, Risk & Compliance Committee

Academic & Professional Qualification(s):
- Graduate Diploma in Financial Planning and a Graduate Diploma in Finance & Investment, Financial Services Institute of Australia (FINSIA), Australia
- Associate Diploma of Real Estate Valuation
- Fellow of the Royal Institution of Chartered Surveyors and the Australian Property Institute, Australia

Present Directorships in other companies (as at 30 September 2019):
Listed companies
- Nil

Listed REITs/ Trusts
- Non-Executive Director of ALE Property Group

Others
- Director/Sole Trader of Strofum Pty Ltd
- Non-Executive Director of Women's Community Shelters

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2016 to 30 September 2019):
- Nil

Past Major Appointments:
- Chief Investment Officer and Chairman of the Investment Committee at DEXUS Property Group

Others:
- Nil

Mr Panote Sirivadhanabhakdi, 41

Non-Executive Director

Mr Chia Khong Shoong, 48

Non-Executive and Non-Independent Director

Mr Rodney Vaughan Fehring, 61

Non-Executive and Non-Independent Director

4 Mr Panote Sirivadhanabhakdi, 41
Non-Executive Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2019):
3 years 4 months

Board Committee(s) served on:
- Nominating & Remuneration Committee

Academic & Professional Qualification(s):
- Master of Science in Analysis, Design and Management of Information Systems, London School of Economics and Political Science, UK
- Bachelor of Science in Manufacturing Engineering, Boston University, USA
- Certificate in Industrial Engineering and Economics, Massachusetts University, USA

Present Directorships in other companies (as at 30 September 2019):
Listed companies
- Frasers Property Limited
- Golden Land Property Development Public Company Limited (Vice Chairman)
- Thai Beverage Public Company Limited
- Univentures Public Company Limited

Listed REITs/ Trusts
- Frasers Hospitality Asset Management Pte Ltd, Manager of Frasers Hospitality Real Estate Investment Trust
- Frasers Hospitality Trust Management Pte Ltd, Manager of Frasers Hospitality Business Trust

Others
- Frasers Property Australia Pty Limited
- Beer Thip Brewery (1991) Co., Ltd.
- Blairmhor Distillers Limited
- Blairmhor Limited
- InterBev (Singapore) Limited
- International Beverage Holdings (China) Limited
- International Beverage Holdings Limited
- International Beverage Holdings (UK) Limited
- Sura Bangyikhan Group of Companies

Major Appointments (other than Directorships):
- Group Chief Executive Officer of Frasers Property Limited
- Director/Board of Trustee of Singapore Management University
- Management Committee of Real Estate Developers' Association of Singapore (REDAS)

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2016 to 30 September 2019):
- Berli Jucker Public Company Limited

Past Major Appointments:
- Chief Executive Officer of Univentures Public Company Limited

Others:
- Nil

5 Mr Chia Khong Shoong, 48
Non-Executive and Non-Independent Director

Date of Appointment:
11 February 2019

Length of service as Director (as at 30 September 2019):
7 months

Board Committee(s) served on:
- Nil

Academic & Professional Qualification(s):
- Master of Philosophy (Management Studies), Cambridge University, UK
- Bachelor of Commerce (Accounting and Finance) (First Class Honours), University of Western Australia, Australia

Present Directorships in other companies (as at 30 September 2019):
Listed companies
- Nil

Listed REITS/ Trusts
- Frasers Commercial Asset Management Ltd., Manager of Frasers Commercial Trust

Others
- Nil

Major Appointments (other than Directorships):
- Group Chief Corporate Officer, Frasers Property Limited

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2016 to 30 September 2019):
- Frasers Centrepoint Asset Management Ltd, Manager of Frasers Centrepoint Trust (ceased on 1 October 2016)

Past Major Appointments:
- Group Chief Financial Officer of Frasers Property Limited
- Chief Executive Officer, Australia, New Zealand and United Kingdom of Frasers Property Limited
- Director, Investment Banking of The Hongkong & Shanghai Banking Corporation Ltd

Others:
- Nil

6 Mr Rodney Vaughan Fehring, 61
Non-Executive and Non-Independent Director

Date of Appointment:
11 February 2019

Length of service as Director (as at 30 September 2019):
7 months

Board Committee(s) served on:
- Nil

Academic & Professional Qualification(s):
- Bachelor of Applied Science, La Trobe University, Australia
- Graduate Diploma in Sports Administration, La Trobe University, Australia
- Graduate Diploma in Urban & Regional Planning, RMIT University, Australia
- Diploma, Advanced Management Program, The Wharton School, University of Pennsylvania, USA

Present Directorships in other companies (as at 30 September 2019):
Listed companies
- Nil

Listed REITS/ Trusts
- Nil

Others
- Chairman, Green Building Council of Australia

Major Appointments (other than Directorships):
- Chief Executive Officer, Frasers Property Australia Pty Limited

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2016 to 30 September 2019):
- Nil

Past Major Appointments:
- Managing Director and Chief Executive Officer of Lend Lease Primelife Ltd
- Chief Executive Officer of Delfin Lend Lease Ltd
- Chief Operating Officer of Urban Land Corporation, Victoria

Others:
- Trustee of Melbourne Cricket Ground Trust (1998 – 2007)
- Non-Executive Director of Mission Australia Housing (2011 – 2015)
- Chairman of Australian Housing & Urban Research Institute Ltd (2005 – 2013)

Management Team

Seated (from left to right): Mr Jonathan James Spong, Ms Susanna Cher Mui Sim, Mr Robert Stuart Claude Wallace
Standing (from left to right): Ms Chew Yi Wen, Mr Ng Chung Keat, Ms Annie Khung Shyang Lee

Mr Robert Stuart Claude Wallace
Chief Executive Officer

Mr Wallace works closely with the board of directors and management team to drive the overall business and investment strategies of FLT. He provides strategic leadership for the day-to-day management of the business, ensuring that FLT's business plans are proficiently executed.

Prior to joining the REIT Manager, Mr Wallace was the Executive General Manager of Investment Property at Frasers Property Australia, formerly Australand Property Group, which he joined in August 2007. During this time, he was responsible for leading the Investment Property Division, which owned and managed a portfolio of investment properties with an aggregate value of approximately A$2.5 billion. He has been involved in many facets of the Frasers Property Australia business, including group strategy, funds management, acquisitions and dispositions, portfolio management, divisional reporting and capital sourcing. Mr Wallace was also the JV Manager for the Australand Logistics Joint Venture and the Fund Manager for Australand Wholesale Property Fund No. 6.

From October 2002 to August 2007, he was a Fund Manager at MAB Funds Management Limited. He joined the group at its infancy and oversaw the growth of the funds under management, from A$15 million to a value in excess of A$275 million. Mr Wallace ensured that the managed funds were able to meet investor targets and ensured compliance with the relevant statutory guidelines. Mr Wallace has also held previous roles with Jones Lang LaSalle and Charter Keck Cramer.

Mr Wallace holds a Bachelor of Business (Property) from RMIT University and a Postgraduate Diploma in Applied Finance and Investment from FINSIA (formerly known as Securities Institute of Australia). He is also a Certified Practising Valuer with the Australian Property Institute.

Ms Susanna Cher Mui Sim
Chief Financial Officer

Ms Cher leads FLT's finance team and has oversight on finance, taxation, capital management, treasury, risk management as well as compliance matters for FLT. She also assists the CEO in executing the strategic plans.

Prior to joining the REIT Manager, Ms Cher was the GM Special Projects at FCL Management Services Pte. Ltd. from September 2015. She was with CitySpring Infrastructure Management Pte Ltd, the Trustee-Manager of CitySpring Infrastructure Trust, from November 2006 to May 2015 and was the Chief Financial Officer from July 2013, where she was responsible for all aspects of financial and statutory reporting and compliance with SGX-ST and the Monetary Authority of Singapore. She was also responsible for financing and treasury activities, risk management, as well as human resources, corporate secretarial and administration functions.

From November 1993 to November 2006, Ms Cher was the Chief Financial Officer at Thomson Medical Centre Ltd, where she was responsible for all aspects of financial and statutory reporting, as well as financing and tax matters for the Group. She was also responsible for procurement, information technology and patient service centres.

Ms Cher was also a Group Management Accountant at Wearnes Brothers Management Pte Ltd from July 1990 to August

1993, where she was responsible for statutory and SGX reporting. She was also responsible for reviewing the performance of the business segments in the Group. From April 1986 to June 1990, Ms Cher was a Financial Controller at Esco Scientific Technologies Pte Ltd. She was also an Audit/Senior Management Consultant at Ernst and Whinney from April 1982 to March 1986.

Ms Cher holds a Bachelor of Accountancy from the National University of Singapore and is a Chartered Accountant with the Institute of Chartered Accountants (Singapore) and a Certified Public Accountant (CPA) of Australia.

Mr Jonathan James Spong
General Manager, Asset Management

Mr Spong spearheads FLT's asset management function across the Australian and European portfolios. He works closely with local asset and property management teams to drive property strategy, marketing and leasing, as well as the implementation of organic growth strategies and portfolio initiatives, including asset enhancement and sustainability.

Prior to joining the REIT Manager, Mr Spong was Asset Manager, Investment Property at Frasers Property Australia, formerly Australand Property Group ("APG") from January 2015. During his time at APG, he was responsible for enhancing the value of a portfolio of 37 high quality logistics and industrial properties located in New South Wales and Queensland through proactive asset management.

Mr Spong was also a member of the Real Estate Team at Valad Property Group from January 2007 to December 2014, where he was responsible for the asset management of a portfolio of commercial and industrial properties located in Australia and New Zealand. His responsibilities included the implementation of asset plans to maximise rental returns as well as acquiring and disposing of assets to optimise portfolio metrics.

From July 2005 to December 2006, Mr Spong was Investment Analyst, Commercial Property at DEXUS Property Group, where he had analytical responsibilities for a portfolio of 40 high quality commercial assets. From September 1999 to July 2005, Mr Spong was Senior Valuer at DTZ (now known as Cushman & Wakefield), where he was responsible for providing a broad range of valuation services for secured lending purposes, portfolio valuations and development appraisal for national and international clients covering all property sectors.

Mr Spong holds a Bachelor of Science (Honours) from St Andrews University in Scotland and a Master of Land Economy from the University of Aberdeen in Scotland. Mr Spong is also a Qualified Associate of the Australian Property Institute and the Royal Institution of Chartered Surveyors.

Ms Annie Khung Shyang Lee
Financial Controller

Reporting to the CFO, Ms Khung is responsible for timely and accurate statutory reporting, compliance reporting and supporting the CFO.

Prior to joining the REIT Manager, Ms Khung was the Financial Controller at FEO Hospitality Asset Management Pte Ltd, the manager of Far East Hospitality Trust, from January 2016 to August 2016, where she was responsible for overseeing all aspects of finance and taxation matters, and provides support for compliance matters.

From May 2015 to January 2016, Ms Khung was the Senior Finance Manager at Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust, where she was involved in the Group's financial and reporting functions, treasury matters and other finance-related matters.

Ms Khung was with CitySpring Infrastructure Management Pte Ltd, the Trustee-Manager of CitySpring Infrastructure Trust, from September 2007 to May 2015, and was the Vice President, Finance from July 2010. She was involved in all aspects of finance matters, including the statutory and financial reporting of the group results, budgeting, taxation and certain compliance-related matters. She also reviewed the financial performance of the operating companies and assisted in the development of group financial policies and procedures.

Prior to that, Ms Khung was with Ernst & Young LLP, where she left as an Audit Manager.

Ms Khung holds Bachelor of Commerce and Bachelor of Finance degrees from University of Adelaide, Australia. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a member of CPA Australia.

Ms Chew Yi Wen
Head of Investments

Ms Chew leads the investment team and is responsible for sourcing, evaluating and executing acquisition and divestment transactions to optimise and grow FLT's asset portfolio for enhanced returns.

Prior to her current appointment, Ms Chew was Assistant General Manager at Frasers Property's group investment team from February 2014 to November 2017. She worked closely with the Group's Chief Investment Officer in implementing strategies on acquisitions, dispositions and capital sourcing, and played a key role in the execution of Frasers Property's merger and acquisition transactions. Ms Chew was involved in several transformational transactions of more than S$5 billion undertaken by Frasers Property in recent years, including the acquisition of Australand Property Group (currently known as Frasers Property Australia) in 2014 – which became an expanded platform to the Group in Australia;

the acquisition of Malmaison and Hotel du Vin Group in 2015 – a new boutique hotel brand added to Frasers Hospitality; as well as the acquisition of Geneba Properties N.V. (currently known as Frasers Property Europe) and the four business parks in the United Kingdom in 2017 – to strengthen the Group's presence in Europe. In 2016, she was also actively involved with the overall planning and execution of the IPO of FLT.

Prior to joining Frasers Property, Ms Chew was at CapitaLand Mall Asia Limited from April 2010 to January 2014, where she gained extensive experience in investment, asset management and property development in both Singapore and China. She started her real estate career with a consultancy firm specialising in valuation and feasibility studies for the hospitality industry. Her experience spans across different regions and various real estate asset classes, including industrial, office, retail and hospitality.

Ms Chew holds a Bachelor of Science (Real Estate) Honours from the National University of Singapore.

Mr Ng Chung Keat
Assistant Vice President, Investor Relations

Mr Ng is responsible for FLT's investor relations function and is in charge of maintaining transparent and timely communication with the investment and research communities. Mr Ng also supports FLT's sustainability and corporate governance reporting, and provides market intelligence as well as research support to management.

Prior to joining the REIT Manager in December 2016, Mr Ng was an Associate Director with public and investor relations consultancy, Citigate Dewe Rogerson i.MAGE Pte. Ltd. from August 2011, where he provided strategic media and investor relations counsel to listed companies. Mr Ng has also been involved in multiple transactions and special situations, including mergers and acquisitions, spin-offs, issue management, initial and secondary public offerings.

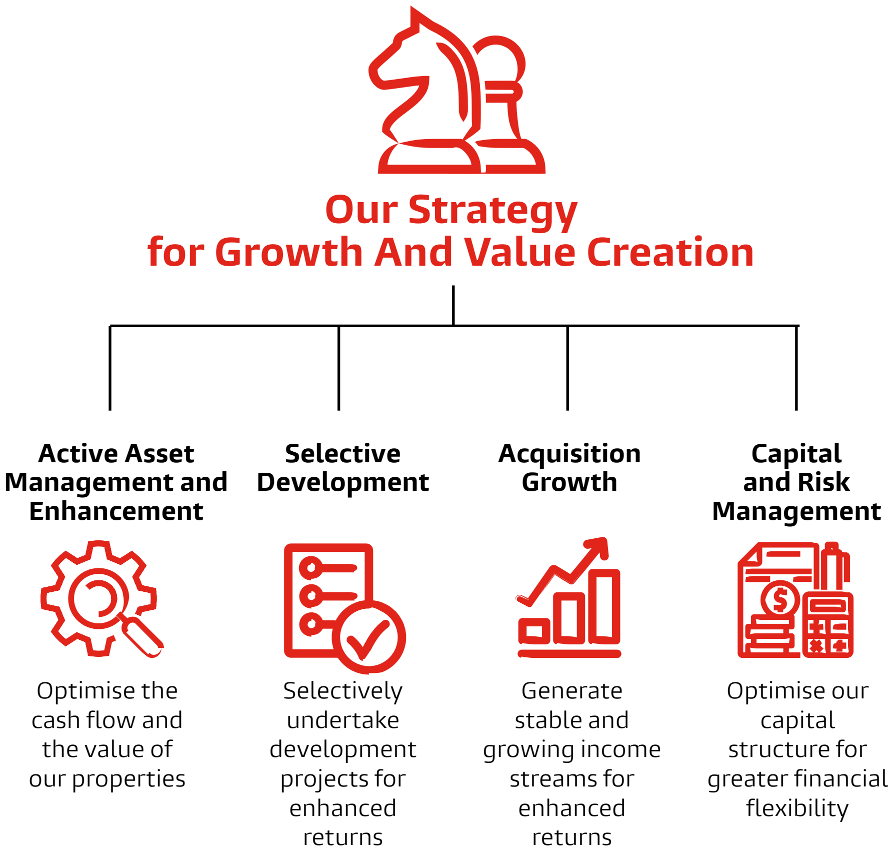
From November 2006 to August 2011, Mr Ng was an Associate Consultant at WeR1 Consultants Pte Ltd, where he supported the implementation of investor relations programmes for listed companies.

Mr Ng holds a Bachelor of Science, Finance, from the University College Dublin, Ireland.


FRASERS
PROPERTY

OUR **STRATEGY**

As Manager of FLT, we are focused on delivering regular and stable distributions to Unitholders, as well as achieving long-term growth in distribution and net asset value per Unit. To realise our aspirations, we have adopted a four-pronged strategy, allowing us to optimise our asset portfolio and maintain a sustainable capital structure over the longer term.



Active Asset Management and Enhancement Strategy

We proactively manage FLT's asset portfolio to enhance operational performance, allowing us to optimise the cash flow and value of our properties.

A disciplined and frequent review of asset strategies, involving monitoring market trends; development, occupier and investment dynamics; and a thorough analytics and valuation process, allows us to adjust strategies to take advantage of opportunities and maximise returns. Where appropriate, this may involve divesting and recycling non-core assets.

Our asset managers, when possible, deliver AEIs which are income and value accretive. Similarly, active tenant engagements underpin a significant component of our asset management operations. By leveraging our strong customer relationships and understanding our customers' business operations, we are able to identify initiatives to better service our customers and provide solutions for greater efficiency and functionality of the properties. In doing so, we seek to achieve healthy tenant retention rates and reduce lease expiry concentration risks.

This allows FLT to provide Unitholders with the security of income and access to organic growth from built-in rental increments, even through different stages of the economic cycle.

Selective Development Strategy

We have the ability to selectively undertake development activities either jointly or on our own, including greenfield developments; build-to-suit developments and subsequent acquisitions that are deemed complementary to the existing portfolio; and the re-development of existing assets.

In carrying out development activities, we will prudently consider the overall benefit to Unitholders and the requirements of prospective tenants. We seek to assess development and construction risks in the region. Additionally, in the development of existing or future properties, we also anticipate future sustainability needs and incorporate cost-saving, sustainability initiatives within the designs.

Acquisition Growth Strategy

We will continue to source and pursue strategic asset acquisition opportunities of quality logistics and industrial properties which provide attractive cash flows and yields that meet FLT's investment mandate. In doing so, we seek to generate stable and growing income streams which will enhance returns to Unitholders. It is our strategy to evaluate investment opportunities in global industrial markets, with a focus on FLT's key markets in Australia and Europe, where we can leverage on existing on-the-ground management expertise. A measured approach will be taken when evaluating acquisitions which meet FLT's investment mandate.

Backed by a strong and established Sponsor, Frasers Property, FLT is able to leverage on the Sponsor's strong network and pipeline of quality assets. FLT enjoys a Right of First Refusal ("ROFR") arrangement from the Sponsor that currently comprises 18 Australian properties and 21 European properties.

Furthermore, FLT has the potential to tap into growth opportunities from the Sponsor's industrial property development pipeline. We carefully assess opportunities that may arise under the ROFR for assets injection, typically when rental income generated by these properties has stabilised, among other factors.

Capital and Risk Management Strategy

We seek to optimise FLT's capital structure and cost of capital by employing an appropriate mix of debt and equity to finance growth. While adopting appropriate gearing levels to ensure optimal returns to Unitholders, we will endeavour to maintain financial flexibility to pursue acquisitions or incur future capital expenditure. We conduct periodic assessment of our sources of capital and will tap the capital markets if required to fund acquisitions.

Given our global investment mandate, there is a need to proactively manage currency risk.

We have in place currency risk management strategies that include the use of same currency borrowings or if in a different currency, is swapped, as a partial hedge to fund our investments, serving as a natural currency hedge. In addition, we manage foreign exchange volatility on our distributable income with hedging instruments and target to hedge distributions on a rolling six-month basis. Similarly, we apply interest rate hedging strategies to provide stable distributions to Unitholders. The policy is that at least 50% of FLT's borrowings will be hedged to a fixed rate (60% of borrowings as at 30 September 2019 are at fixed rates).

Financial **Review**

As Manager of FLT, we are focused on delivering regular and stable distributions to Unitholders, as well as achieving long-term growth in distribution and net asset value per Unit. To realise our aspirations, we have adopted a four-pronged strategy, allowing us to optimise our asset portfolio and maintain a sustainable capital structure over the longer term.

Statement of Total Return A$'000	FY2019	FY2018	Variance %
Revenue	240,758	195,766	23.0
Property operating expenses	(41,407)	(33,975)	21.9
Net property income ("NPI")	**199,351**	**161,791**	**23.2**
Managers' management fee	(19,332)	(14,780)	30.8
Trustees' fee	(457)	(355)	28.7
Trust expenses	(2,890)	(1,932)	49.6
Finance income	1,161	1,321	(12.1)
Finance costs	(27,882)	(23,805)	17.1
Exchange losses (net)	(3,256)	(6,451)	(49.5)
Net income	**146,695**	**115,789**	**26.7**
Gain on divestment of investment property	1,649	23,446	(93.0)
Net change in fair value of investment properties	121,989	72,411	68.5
Net change in fair value of derivative financial instruments	2,101	2,349	(10.6)
Total return before tax	**272,434**	**213,995**	**27.3**
Tax expenses	(44,530)	(34,361)	29.6
Total return for the year	**227,904**	**179,634**	**26.9**
Less: Total return attributable to non-controlling interests	(2,287)	(906)	N.M.
Total return attributable to Unitholders	**225,617**	**178,728**	**26.2**
Tax related and other adjustments	(80,037)	(62,387)	28.3
Income available for distribution to Unitholders	**145,580**	**116,341**	**25.1**
Distribution from divestment gain	4,256	2,000	N.M.
Distributable income	**149,836**	**118,341**	**26.6**
Distribution per Unit (Australian cents)	7.27	6.94	4.8
Distribution per Unit (Singapore cents)[1]	7.00	7.19	(2.6)
For information:			
Adjusted net property income[2]	**195,911**	**155,398**	**26.1**

1 Based on the hedged exchange rate of A$1.00: S$0.9632 (FY2018: A$1.00: S$1.0328)
2 Adjusted net property income comprises the actual net property income excluding straight lining adjustments for rental income and after adding back straight lining adjustments for ground leases

Revenue increased 23.0% from A$195.8 million in FY2018 to A$240.8 million in FY2019 as the Manager continued to deliver on its growth and value creation strategies, enlarging FLT's portfolio on a net basis to 91[3, 4] assets from 82 assets over the period.

FY2019 adjusted NPI was A$195.9 million, A$40.5 million or 26.1% higher than A$155.4 million in FY2018. The higher adjusted NPI in FY2019 was primarily due to increased contribution from the following:

- Acquisition of 21 industrial properties in Germany and the Netherlands which was completed on 25 May 2018 (the "FY2018 European Acquisition");
- Acquisition of 103-131 Wayne Goss Drive and 3 Burilda Close, Australia in August 2018 (the "FY2018 Australian Acquisition");
- Acquisition of Mandeveld 12, the Netherlands in October 2018 (the "FY2019 Dutch Acquisition");
- Acquisition of 3 prime Australian logistics properties which was completed in August 2019 (the "FY2019 Australian Acquisition");
- Acquisition of 7[3] prime logistics properties in Germany which was completed in August and September 2019 (the "FY2019 German Acquisition");
- Other income of A$2.4 million which relates to the early surrender fee received for 63-79 South Park Drive, Dandenong South, Victoria and make good income for both 63-79 South Park Drive, Dandenong South, Victoria and 610 Heatherton Road, Clayton South, Victoria;
- Partially offset by the loss of revenue from Lot 102 Coghlan Road and 80 Hartley Street, Australia which were divested in August 2018 (the "FY2018 Divestments"); and the divestment of two[4] assets in Australia, comprising 63-79 South Park Drive, Dandenong South, Victoria (the "South Park Drive Divestment") and the divestment of 50% interest in 99 Sandstone Place, Parkinson, Queensland (the "Sandstone Place Divestment") (collectively, the "FY2019 Divestments"), both of which were transacted at premiums to book value in FY2019.

FY2019 finance costs of A$27.9 million were A$4.1 million or 17.1% higher than A$23.8 million in FY2018. This was largely due to higher borrowings to finance the various FY2018 and FY2019 acquisitions listed above, which were partially offset by interest savings from the refinancing of A$170 million borrowings and from the repayment of debt from the proceeds of the various divestments in FY2018 and FY2019.

FLT had borrowings of A$1.2 billion at the end of FY2019, compared to A$1.1 billion as at end FY2018. FLT's weighted average interest rate (excluding upfront debt related expenses) for FY2019 was 2.2% per annum, an improvement from 2.5% per annum in FY2018. As at the end of FY2019, 60% of borrowings were at fixed rates.

The total return attributable to Unitholders was A$225.6 million in FY2019, an increase of A$46.9 million or 26.2% from A$178.7 million in FY2018. FY2019 total return attributable to Unitholders included:

- Gain on the South Park Drive Divestment of A$1.6 million;
- Fair value gain on investment properties of A$122.0 million;
- Fair value gain on foreign currency forward contracts of A$2.1 million to hedge the currency risk on distributions to Unitholders;
- In part offset by net exchange losses of A$3.3 million which relate to the translation of the Trust's foreign currency borrowings and were partially offset by the exchange differences arising from settlement of foreign currency forward contracts.

Tax expenses in FY2019 were A$44.5 million, A$10.2 million or 29.6% higher than A$34.4 million in FY2018, primarily due to higher current income tax, tax arising from the gain on the South Park Drive Divestment and the Sandstone Place Divestment, and higher deferred tax on the fair value gain on investment properties.

Demonstrating a strong alignment of interest with Unitholders, the Manager has elected to receive 92.2% of its FY2019 management fee in the form of units. This compares with 88.2% in FY2018.

FY2019 distributable income to Unitholders was A$149.8 million, an increase of A$31.5 million or 26.6% from A$118.3 million in FY2018. This includes A$4.3 million from the gain on divestments. As a result, FY2019 DPU was 7.27 Australian cents, 4.8% higher than the 6.94 Australian cents in FY2018.

3 Excludes the acquisition of two German properties which are yet to complete as at 30 September 2019
4 Excludes 610 Heatherton Road, Clayton South, Victoria, Australia

Australia Industrial & Logistics Market Overview

The reliance and need for logistics space is at an all-time high, driven by the advancements in eCommerce, food and grocery, pharmaceuticals, and third party logistics.

Economy and Outlook

GDP growth and key contributors

Australia has experienced long-term economic growth – recording 28 consecutive years of positive economic activity - making it a popular destination for offshore property investment.

Gross Domestic Product (GDP) was steady over 2019, expanding by 1.4% in the 12 months to October 2019. This was below the 10-year annual average of 2.6%. Marginal rise in household income and declining housing prices, thus dampening consumption growth, have been the main contributor to below-trend economic growth, despite solid labour market conditions.

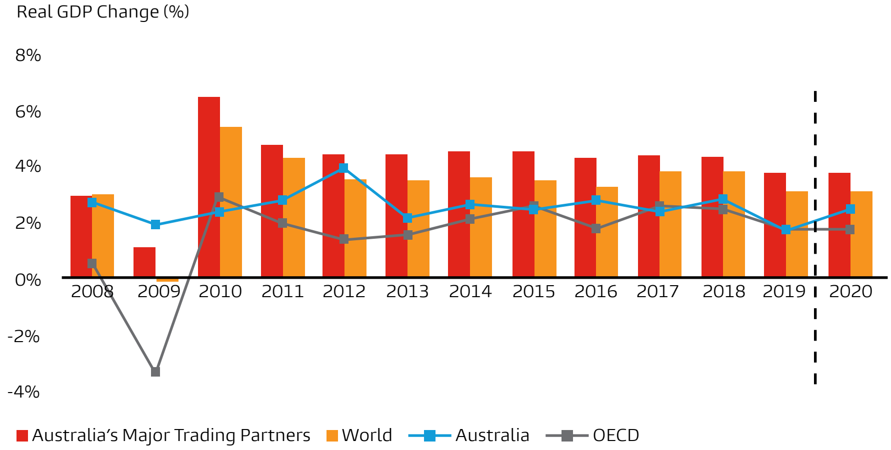
Growth across the states is expected to be more synchronised than it has been across the last decade, particularly as the resource mining states (i.e. QLD, WA, and SA) begin to recover.

In its August statement on Monetary Policy, the Reserve Bank of Australia (RBA) indicated that GDP growth was expected to be around 2.50% in 2019 and 2020, rising to 3.00% over 2021. Growth in the medium term is expected to be supported by lower interest rates and tax cuts, in turn, lifting household income and therefore consumption and dwelling investment. Mining activity is also forecast to increase, and exports will continue to contribute to growth.

Employment and real wage growth

The unemployment rate (currently at 5.2%, seasonally adjusted, as at September 2019) has trended downward over the past four years, subsequently improving the prospects for wage growth – which will have broad-based implications on consumption. This is expected to offset some of the drags on consumption from a slowing residential market. According to the RBA, the unemployment rates is forecast to trend downwards towards 4.9% by 2021.

Figure 1: Real GDP Growth



Source: Deloitte Access Economics / Jll Research

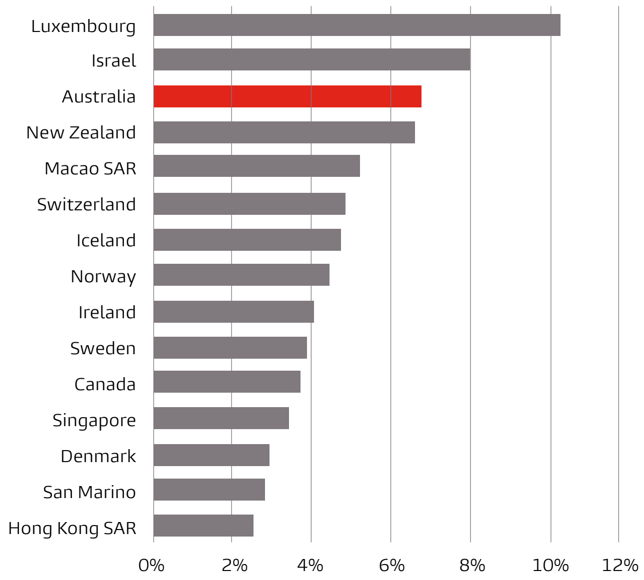
Population growth

Population growth has been, and will continue to be, a key contributor to Australia's economic growth.

The national population growth rate over the year to March has been relatively strong at 1.7% (or 713,901 additional persons).

According to the International Monetary Fund, Australia's population growth forecast over the next five years ranks third amongst the world's advanced economies, growing 6.8%. According to Deloitte Access Economics, the state of Victoria is expected to record the strongest annual growth rate at 1.8% between 2018 and 2027.

Figure 2: Population Growth Projection, 2019 to 2023 (Top 15 Advanced Economies)



Source: IMF, JLL Research

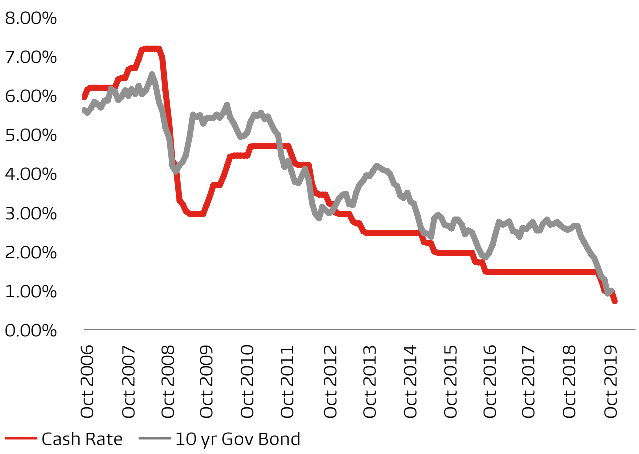
Inflation, interest rates and bond yields

Inflation remains below the RBA's target bank rate of 2-3%, with the consumer price index currently at 1.6% on an annual basis, indicating that inflationary pressures across the economy remains muted.

The RBA cut interest rates in June, July and October of 2019 to a new low of 0.75%, which were the first moves in rates since August 2016. The record low cash rate continues to push lending rates to even lower levels. The outlook for inflation is expected to be around 2.0% in the medium term.

According to the RBA, underlying inflation is expected to increase to 2.1% by the end of 2021. Bond rates globally have fallen on the prospect that interest rates will be further cut in several major economies. Australian bond rates fell ahead of the RBA's interest rate cuts. As at September, the 10-year bond yield was at 1.03% - at historical lows.

Figure 3: RBA Cash Rate and 10-Year Government Bond Yield

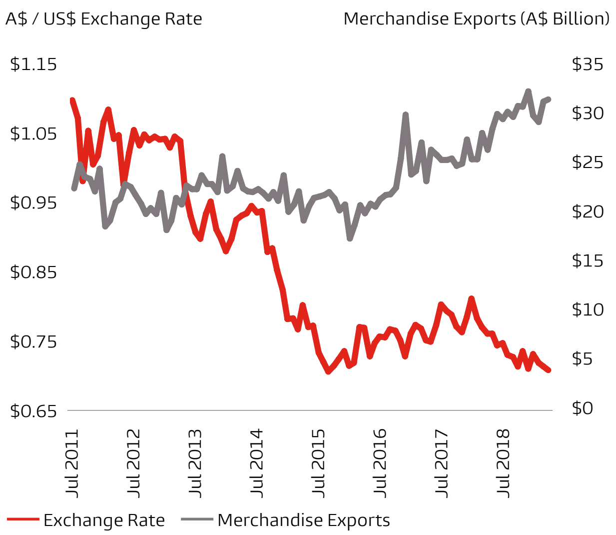


Source: RBA, JLL Research

Australian dollar and exchange rates

The Australian dollar (A$) has drifted slightly lower over recent months against the US dollar (US$) and the trade weighted index. As at mid-July, the A$ was trading around 0.70 to the US$, after reaching just over 0.68 in mid-June. A relatively low Australian dollar has contributed to a rise in Australia's export of goods.

Figure 4: A$/US$ Exchange Rate and Merchandise Exports



Source: RBA, ABS, JLL Research

National Industrial Market Overview

Australia is a key contributor to the global industrial investment story. With respect to the share of total industrial sales volume to GDP, we estimate that Australia ranks within the top five global industrial transaction volumes, with cross-border investors valuing the economic performance, stability, and transparency of the Australian market - a proxy for the Asia growth story and Australia's strong population growth. Investors also now have a greater understanding of the distinct risk factors influencing industrial assets.

One of the challenges for investment into the Australian industrial sector is the limited scale of the investable universe. Investor demand is unprecedented; however, the availability of investment grade stock is low. Competition for assets and a greater understanding on the quality and security of income have resulted in investors lowering their return expectations from the sector.

Demand

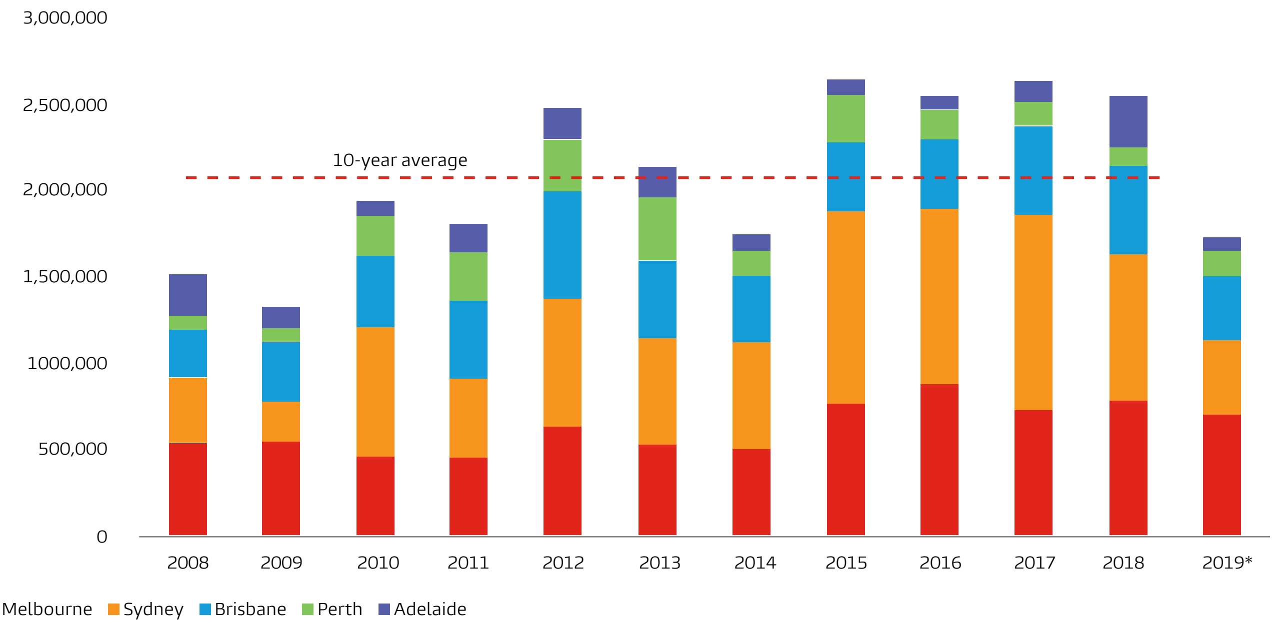
The reliance and need for logistics space is at an all-time high, driven by the advancements in eCommerce, food and grocery, pharmaceuticals (fuelled by an aging population), and supply chain outsourcing (third party logistics).

Occupier demand for industrial stock has trended higher since 2014. Demand over 2019YTD has remained strong, so far reaching 1.7 million sq m (as at 3Q19) and on track to reach similar levels recorded over the past four years – that is, above the 10-year annual average of 2.1 million sq m.

Take-up levels across the country continue to be attributed to new entrants and business expansion, rather than a pure relocation of operations. The transport/ logistics and retail sectors combined have accounted for over half of the total take-up of industrial floorspace in Australia over 2018 to 2019YTD.

Figure 5: Gross Take-Up by City, 2008 to 2019YTD

Total Floorspace (sq m)



*As at 3Q19. Source: JLL Research

Supply

Approximately 1.3 million sq m of new industrial developments are expected to be delivered to the market in 2019, below the 10-year annual average of 1.5 million sq m. As at 3Q19, around 869,969 sq m (or 67%) of floorspace was completed, with 354,378 sq m under construction and scheduled to complete in 4Q19.

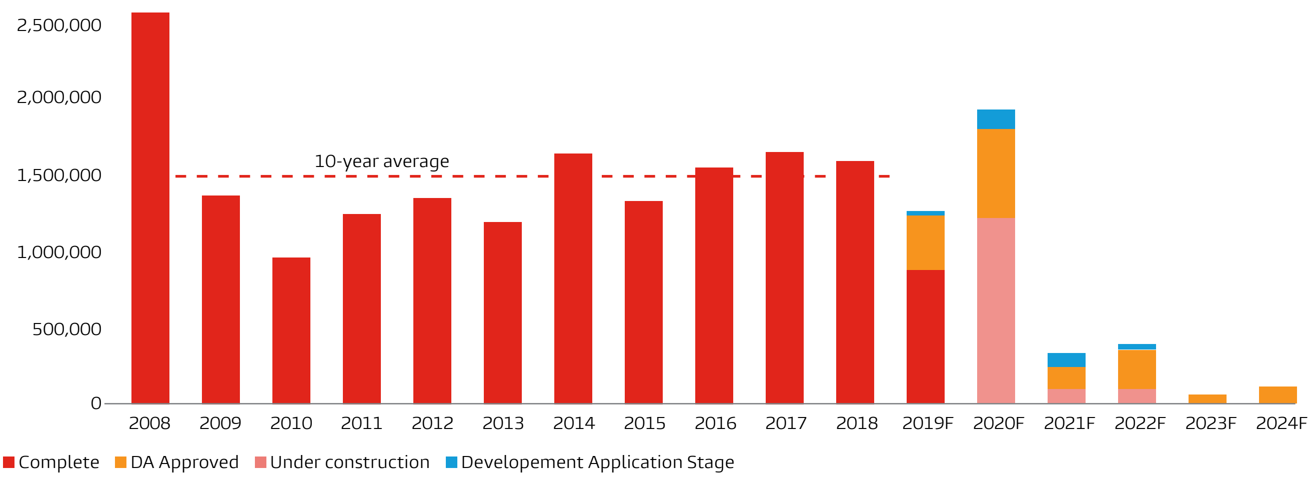
The projected fall in national supply in 2019 compared to 2018 (-21%) is mainly due to the step down in development activity in Sydney resulting from serviced land supply constraints.

Construction volumes have not risen to the same extent as occupier activity in recent years, with completion figures falling below initial projections. Stronger occupier activity supported construction activity across the east coast markets, accounting for 89% of the 2019 national supply: Sydney (46%), Melbourne (22%) and Brisbane (21%).

JLL is forecasting an average of 893,000 sq m of industrial space per annum (p.a.) projected to complete between 2020 and 2023. This is well below the ten-year historic annual average of 1.5 million sq m, indicating that quality assets are in demand and in short supply.

Figure 6: National supply completions

Total Floorspace (sq m)



As at 3Q19. Source: JLL Research

Prime rents

Headline rent figures over 2018 recorded growth. The national prime average weighted net face rent recorded growth of 2.99% over the course of 2018. Over the year, stronger levels of occupier demand resulted in increased rental growth across the Sydney, Melbourne, and Brisbane precincts.

National rental growth is forecast to continue over the next few years. This will be underscored by the steady rental growth in Sydney and Melbourne; the improvement in rental conditions in Brisbane and, in the medium term, Perth. In Adelaide, occupier demand is currently strong (record levels of take-up recorded in 2018) and is expected to translate into improved income levels for property owners. A moderate rental growth of 1.5% is forecast for 2019 before increasing to between 2.0% and 2.5% growth p.a. between 2020 and 2024.

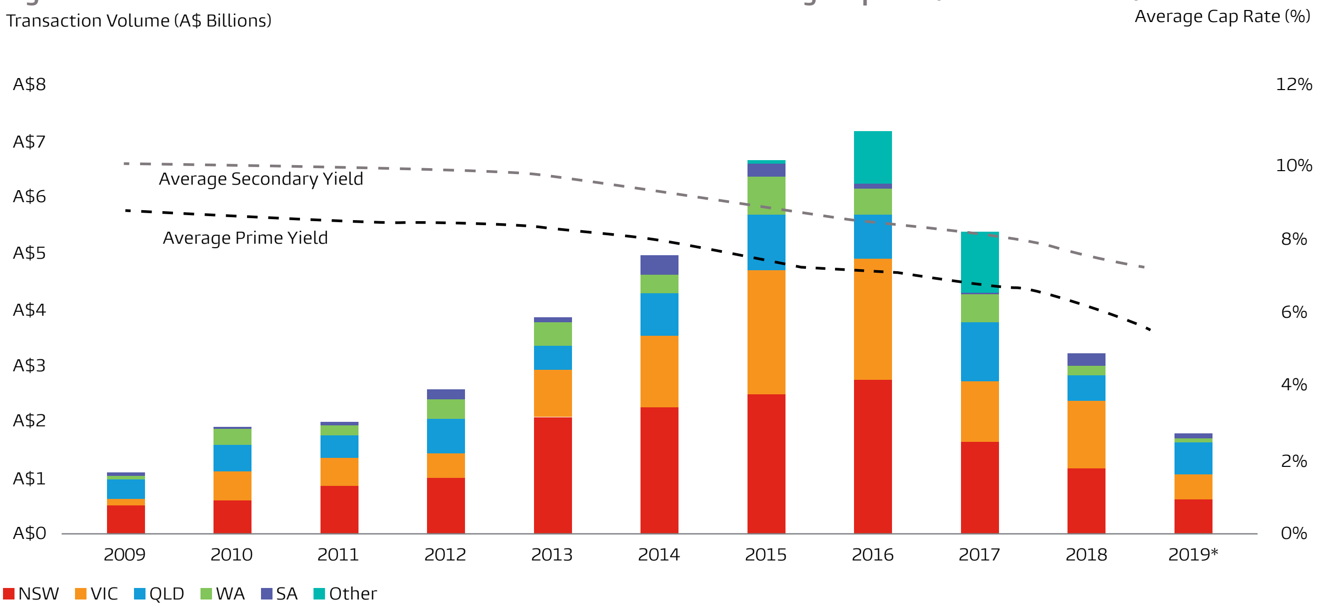
Transaction volumes and yields

In a market fuelled by historically low interest rates, strong levels of infrastructure investment, population growth, and an evolving eCommerce sector, investors have looked to the Australian industrial property sector for investment opportunities.

Over 2018, approximately A$3.2 billion in industrial investment sales was recorded (for transactions A$10 million and over). The diminishing availability of assets on the market for sale continued over 2018 and 2019YTD, as indicated in the reduction of the total volume of sales – a decline of 40% between 2017 and 2018. This is the first time since 2012 that industrial sale volumes were below the 10-year annual average of A$3.7 billion.

Like historical trends, the level of investment activity in 2018 was concentrated toward Australia's East Coast – representing around 90% (or A$2.9 billion) of total national sales.

Figure 7: National industrial investment transaction volume and average cap rate (2009 to 2019YTD)



To note: Reflects sales of A$10 million and greater.

*As at 3Q19. Source: JLL Research

Continued demand for prime and secondary grade assets has resulted in downward pressure on transaction yields, with cap rates continuing to compress. The national average recorded was 6.15% for prime assets and 7.27% for secondary assets (as at 3Q19). While the market is coming to terms with lower yields, Australia remains relatively attractive in a global context considering the decreasing yields within the European, Asian and North American markets.

Offshore investors have continued to be sourced mainly from Singapore, China, and the United States, with a number of these investors also participating in capital raising by domestic fund managers. The share of acquisitions made by offshore investors over 2019YTD represents approximately 28% of total sales volumes. There was, and will continue to be, limited opportunity to purchase assets over 2019 – particularly assets of 'scale' – more than A$100 million.

Market Overviews

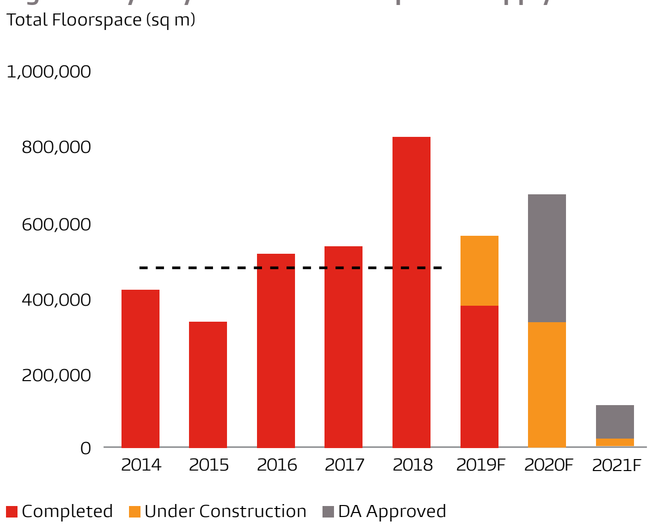
Sydney

Supply

Supply completions over the past six months to 3Q19 were strong, with approximately 316,000 sq m of stock added to the Sydney market. Projects under construction and due to complete in 4Q19 total 194,000 sq m, therefore bringing total completions in 2019 to 573,100 sq m. This is above the 10-year annual average of 477,200 sq m.

The 2019 supply pipeline is 31% (or 254,491 sq m) below the level delivered in 2018. New construction activity has been, and will continue to be, concentrated within the Outer West precincts. Over the past 12 months the Outer Central West Precinct accounted for 57% of total new supply delivered to the market. Development assets are expected to be 30% speculative built over the short term.

Figure 8: Sydney Industrial Development Supply



As at 3Q19. Source: JLL Research

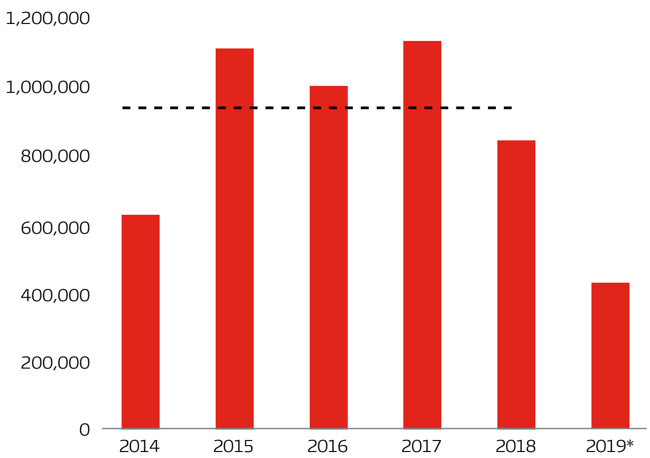
Demand

Gross take-up reached 462,158 sq m over 2019YTD, which is currently over half the level recorded in 2018. Although demand in 2018 did not reach the 1 million sq m mark recorded consecutively over 2015 to 2017, demand was still well above the 10-year annual average of 751,500 sq m in 2018. Over the past 12 months, take-up recorded in each quarter has been steadily decreasing, and this is mainly attributed to the lack of available space (both within existing and new builds).

The Transport, Postal & Warehousing sector continues to dominate demand in the Sydney industrial market, accounting for 45% of gross take-up in 2019YTD. The growth in eCommerce has led to increased industrial occupier demand within the Retail Trade sector. Between 2016 and 2018, the Retail Trade sector accounted for an average of 22% of annual demand, significantly higher than the 14% average over 2011 to 2015. Online retailing demand has also positively affected gross take-up in the Wholesale and Transport, Postal & Warehousing sectors. Gross take-up from these three sectors has averaged 711,800 sq m p.a. since 2015, above the 10-year average of 493,200 sq m p.a.

Figure 9: Sydney Industrial Gross Take-Up

Total Floorspace (sq m)



*As at 3Q19. Source: JLL Research

Prime rents, incentives and land values

The strong recent demand for prime grade industrial facilities has translated to positive rental growth across most precincts in Sydney. Over the year to 3Q19, North Sydney (4.9%) and South Sydney (4.2%) recorded the strongest annual rental growth. Average prime rents now sit at A$214 per sq m in North Sydney and A$204 per sq m in South Sydney, reflecting the scarcity of available space. The Outer West precincts are relatively more affordable and well served by infrastructure improvements. Rents in these three precincts range from A$111 per sq m for the Outer South West, A$123 per sq m for the Outer Central West and A$124 per sq m for the Outer North West.

Incentives for prime and secondary assets remained stable over the year, at an average of 10% and 9%, respectively. The prime incentives have increased by 1% over the past 12 months, whilst secondary incentives remained unchanged. Incentives have been reasonably stable over the last five years.

Pre-lease rents in the Outer Central West are on par with existing prime rents, providing a real incentive for occupiers to consider relocating to purpose-built space.

Land values continue to appreciate due to robust demand and the shortage of developable land available, although the rate of growth is slowing. Growth has been strong in Sydney's Outer West precincts. Across Sydney, the average land value for a 1-hectare lot in 3Q19 was A$730 per sq m, reflecting an increase of 5% over the past 12 months.

Transaction volumes and yields

Investor demand has been strong, although transaction volumes have trended down. Year-to-date transaction volumes total A$639.3 million.

The largest recent transaction was the sale of a distribution warehouse in Erskine Park by Barton Cottle to GPT, for A$107 million. The asset is occupied by Rondo Building Services and CSR Building Products.

Investor appetite has remained tight and several prime assets brought to the market has resulted in further yield compression. As at 3Q19, the prime yield range is 4.25% - 5.75%. The secondary yield range is currently 4.75% - 7.00%.

Outlook

Rental growth in the Sydney market is expected to continue over the remainder of the year as well as into 2020. Yields are approaching the end of the compression cycle. Average yields are forecast to remain stable across Sydney industrial markets over 2020 before decompressing in early 2021. Land values continue to appreciate due to robust demand coupled with the shortage of serviced and developable land.

Melbourne

Supply

A total of 221,800 sq m of industrial floorspace has been delivered in 2019YTD. Projects under construction and due to complete in 4Q19 total 50,300 sq m, therefore bringing total completions in 2019 to 272,100 sq m. This is approximately half of the 10-year annual average of 434,287 sq m.

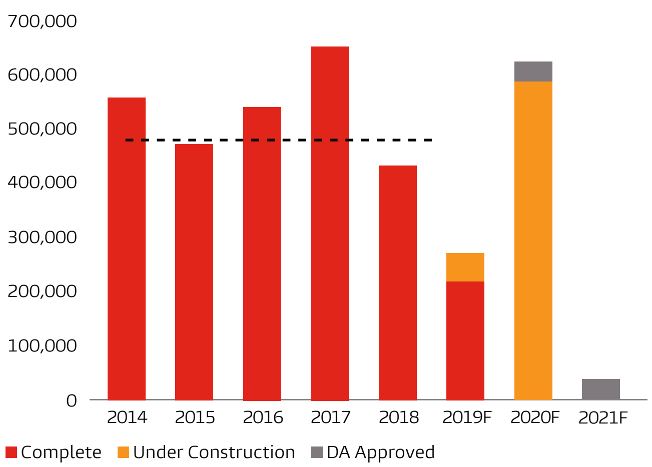
The 2019 supply pipeline is 37% (or 158,423 sq m) below the level delivered in 2018. The development pipeline is however expected to increase in 2020 with 645,060 sq m being added to the market.

New construction activity has been, and will continue to be, concentrated within the North and West precincts. Over the past 12 months, the West Precinct accounted for 68% of total new supply delivered to the market.

Due to the strong demand in Melbourne industrial market, twelve of the thirteen developments this year have been pre-committed to prior to completion.

Figure 10: Melbourne Industrial Development Supply

Total Floorspace (sq m)



As at 3Q19. Source: JLL Research

Demand

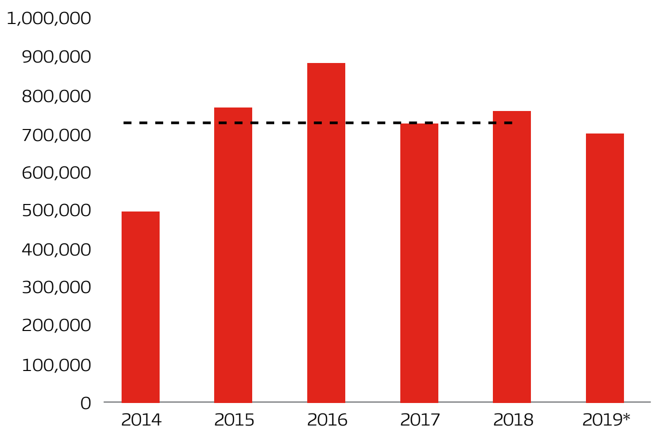
Gross take-up reached 699,787 sq m in 2019YTD, recorded across 45 lease deals, and is currently above the 10-year annual average of 617,500 sq m. Demand in Melbourne has remained robust in 2019, continuing from the strong level of take-up recorded in 2018 (757,472 sq m across 64 deals). The majority of gross take-up in Melbourne 2019YTD has been recorded in the West (62%), North (22%) and South East (16%) precincts.

The Retail Trade sector has driven gross-take-up volumes, accounting for 33% of all take-up in the 12 months to 3Q19. This matches the levels recorded within Transport, Postal and Warehousing (31%), which has historically been the dominant sector.

Demand has been strong as a result of increasing occupier preference for Melbourne as opposed to other major cities along the eastern seaboard. As of 3Q19, Melbourne on average has the cheapest rates (A$84 per sq m) in comparison to every other major city in Australia. As a result, Melbourne now represents the largest share of national take-up. Melbourne is expected to continue its strong leasing activity with strong supply pipeline expected for 2020.

Figure 11: Melbourne Industrial Gross Take-Up

Total Floorspace (sq m)



*As at 3Q19. Source: JLL Research

Prime rents and incentives

Prime rents in the South East Precinct recorded the strongest annual growth at 4.1%, followed by the West and North precincts with 1.8%. Prime existing net rents remain high in the South East (A$92 per sq m) due to a lack of vacant stock and limited development opportunities. As a result, occupiers have and will continue to look to the emerging North and West precincts for greater value in prime assets. Melbourne has the most competitive rents compared to other major industrial markets across Australia's East Coast.

Developers have remained consistent in offering high incentives to occupiers in Melbourne, particularly in the North and West precincts. In 2019YTD, average incentives have remained stable at 25% in the West Precinct and 23% in the North Precinct, while increasing in the South East by 3% to 23%.

Relatively strong growth in land values has occurred across all precincts, reflecting the continued strength of the Victorian economy and diminishing supply of quality serviced land. Average land values for a 1-hectare lot in Melbourne's South East in 3Q19 was A$448 per sq m (+10% year-on-year growth). Similarly, average land prices in Melbourne's West for a 1-hectare lot was A$303 per sq m (+18% year-on-year growth).

Transaction volumes and yields

Investor interest has remained healthy as several key portfolio and individual asset sales resulted in further yield compression. As at 3Q19, the prime yield range is 4.75% - 5.50%. The secondary yield range is currently 5.75% - 7.00%.

Transaction volumes over the six months to 3Q19 were relatively strong, with total sales volumes totalling A$562.5 million. The largest single-asset transaction over the last 12 months was Charter Hall's purchase of a 34,832 sq m distribution warehouse in Dandenong South from owner-occupier, Bombardier Transportation, for A$70.7 million.

While a total of A$659.2 million of sales were transacted in 2019YTD, sales in Melbourne is expected to fall below the 10-year average of A$1.1 billion.

Outlook

Victoria continues to lead the country in economic growth – underpinned by solid levels of consumption and investment by both the public and private sector. Melbourne provides a competitive alternative with respect to rent value differentials for occupiers relative to other cities along Australia's East Coast, given the strong infrastructure and population growth.

The outlook for the Melbourne's industrial investment market remains positive. Victoria is expected to benefit from the solid economic performance and strong population growth forecasts, largely in the West. Consequently, increased demand for industrial facilities should follow.

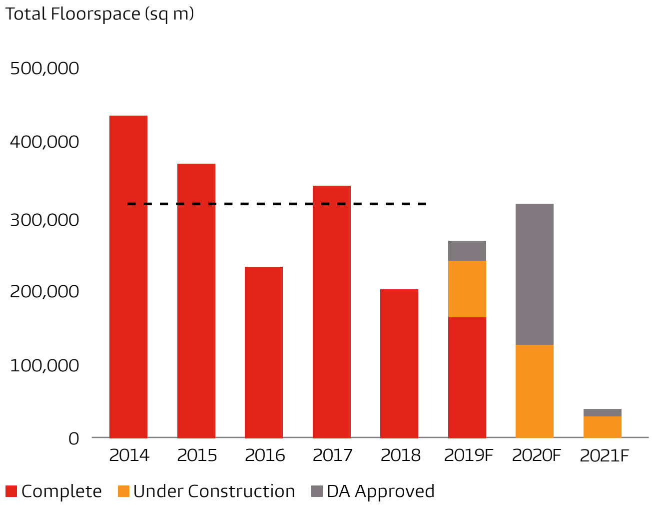
Brisbane

Supply

Supply completions over the past six months to 3Q19 were stable, with approximately 117,329 sq m of stock added to the Brisbane market. A total of 165,525 sq m of industrial floor space has been delivered in 2019YTD, below the 10-year average of 280,600 sq m. Projects under construction and due to complete in 4Q19 total 75,463 sq m, bringing total completions in 2019 to 240,988 sq m.

The 2019 supply pipeline is 14% higher than the level delivered in 2018 (207,000 sq m). Robust levels of supply are expected to continue into 2020, with 314,193 sq m currently in the pipeline, either under construction or plans approved. New construction activity has been, and will continue to be, concentrated within the Southern Precinct. This is being driven by land supply, the precinct's proximity to major transport infrastructure and the level of pre-commitments currently in the market. Over the past 12 months, the Southern Precinct accounted for 64% of total new supply delivered to the market.

Figure 12: Brisbane Industrial Development Supply



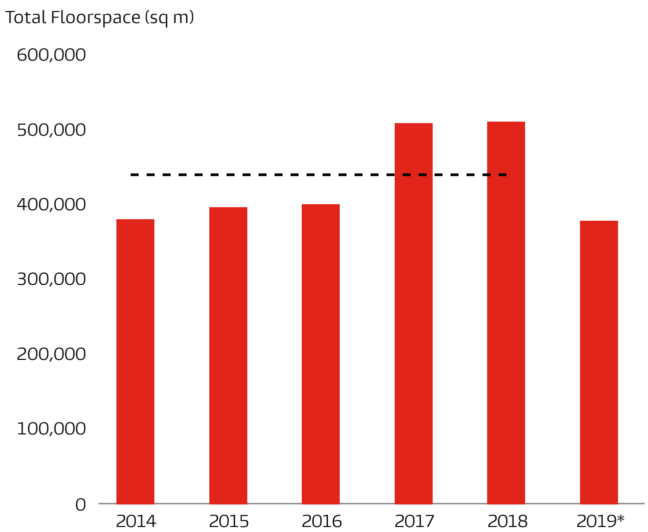
As at 3Q19. Source: JLL Research

Demand

Gross take-up reached 375,743 sq m in 2019YTD, recorded across 35 lease deals, and almost reaching the 10-year annual average of 432,611 sq m. Demand in Brisbane has remained robust in 2019YTD, continuing from the strong level of take-up recorded in 2018 (508,100 sq m across 64 deals), which was the strongest level recorded since 2012. Most of the lease transactions recorded in 2018 and 2019YTD have been in prime grade facilities, signalling the demand for quality stock among tenants. The leasing of existing assets accounted for 59% of total gross take-up over this period, whilst demand for new-build assets accounted for the remaining 41%.

The Southern Precinct continues to dominate demand, accounting for 74% of gross take-up in 2019YTD. Demand from industry has been spread across several sectors including Transport, Postal and Warehousing (37%) and Retail Trade (25%).

Figure 13: Brisbane Industrial Gross Take-Up



*As at 3Q19. Source: JLL Research

Prime rents, incentives and land values

Continued occupier demand and strengthening market sentiment has seen positive rental growth over the first half of 2019 for prime grade assets. As at 3Q19, average prime rents in Brisbane are A$114 per sq m, recording year-on-year growth of 2.4%. Over the 12 months to 3Q19, the Northern Precinct recorded the strongest prime annual growth at 4.4%, followed by the Southern Precinct (1.9%) and the Trade Coast (0.7%).

Institutional developers continue to offer high incentives, particularly in the Southern Precinct, due to strong competition in securing tenants. The average prime and secondary incentives in Brisbane are currently at 15% and 12%, respectively. As at 3Q19, prime incentives are 13% in the Northern and Trade Coast Precinct and 20% in the Southern Precinct.

Land values have been on an upward trajectory over the last 12 months, mainly among 2,000 sq m lots - which grew by 13% in Lytton (Trade Coast), 5.6% in Geebung (Northern Precinct) and 2.9% in the Southern Precinct over the 12 months to 3Q19. Average land value for 2,000 sq m lots in the Southern Precinct in 3Q19 was A$358 per sq m . 1 ha and 2-5 ha lots have remained stable across all precincts.

Transaction volumes and yields

Transaction volumes over the six months to 3Q19 were relatively strong, with total sales volumes totalling A$364.2 million. A total of A$838.7 million of sales were transacted in 2019YTD, above the 10-year average of A$664 million.

In 2Q19, transaction volumes were stronger in Brisbane (A$455.9 million) than in Sydney (A$272.6 million) and Melbourne (A$365.3 million). This trend has been consistent in 3Q19 where transaction volumes have remained higher than in Melbourne (A$197.2 million) and on par with Sydney (A$366.7 million), highlighting Brisbane's value proposition relative to these markets. Investor interest has remained robust and several prime assets brought to the market has resulted in further yield compression. As at 3Q19, the prime yield range is 5.50% - 6.50%, while the secondary yield range is currently 7.00% - 8.50%.

Outlook

The Queensland economy is growing relatively strong (by 3% year-on-year), which is expected to continue due to robust population growth, higher prices for resource exports, greater tourist activity (owing to a falling A$), and increased infrastructure spending in the State. The construction cycle is expected to peak around 2020. This is when most projects, such as Cross River Rail, Queen's Wharf and Brisbane Metro will be well underway, whilst Brisbane Airport's second runway would have become operational. Consequently, increased demand for the industrial sector should follow, particularly from the construction sector.

The State Government via its budget for FY19-20 proposed another round of increases in land taxes (increased to 2.5% for landholding over A$10 million). The proposed land tax rates are a substantial increase, which is anticipated to flow on to the rise in rental rates. The State Government is also proposing the introduction of a foreign surcharge for overseas corporations. The effect of these taxes will be significant, particularly with respect to the amount of investment transactions from overseas purchases (that being a reduction). Many organisations and industry bodies have raised this issue with the government and we anticipate exemption guidelines will be issued in due time which will minimise the impact of additional taxes.

Perth

Supply

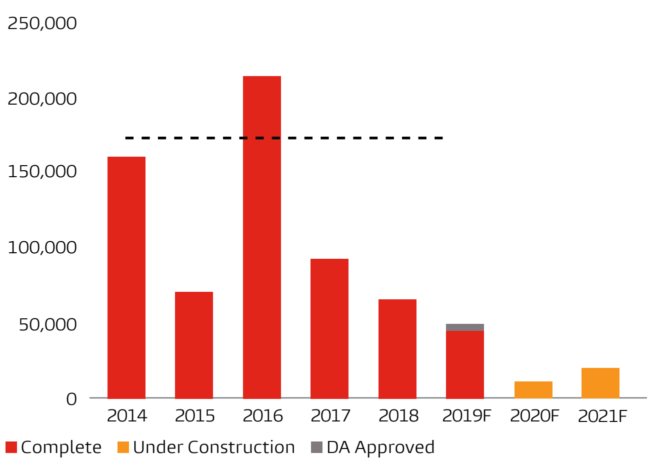
Two projects were completed in 3Q19, adding 29,700 sq m of industrial floor space. The last 12 months has seen 78,300 sq m of new supply added to the Perth industrial market.

There remains a limited supply pipeline for the Perth industrial market, with just three major projects currently under construction totalling 34,200 sq m. The largest project is Toll's new freight logistics facility at 164 Talbot Road in Hazelmere (21,680 sq m), expected to complete in 4Q21. The other two projects include workshops for K-Trans and Expro Group at the new Roe Highway Logistics Park, with completion expected early 2020.

The industrial supply pipeline may increase with the rezoning of land for industrial use, as lots are sold, and development commences. However, speculative development is anticipated to remain minimal. The lack of availability in prime and high-quality stock has pushed tenants towards pre-lease or design-and-construct options.

Figure 14: Perth Industrial Development Supply

Total Floorspace (sq m)



As at 3Q19. Source: JLL Research

Demand

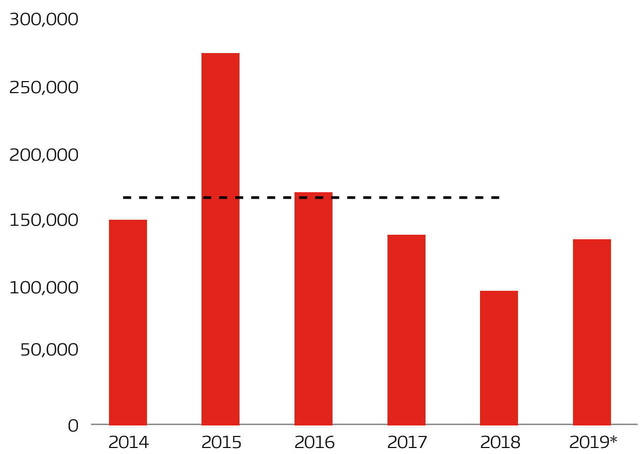
Leasing activity across the Perth industrial market increased significantly over 3Q19, with gross take-up totalling 84,938 sq m. This has raised the overall take-up figure for 2019YTD to 136,710 sq m – above the level recorded in 2018 (95,754 sq m). Take-up over 3Q19 was the strongest quarterly take-up figure recorded since 2Q15. The uptick in activity is mainly due to a 44,400 sq m of design-and-construct, pre-lease deals occurring this quarter as four new tenants take advantage of the expansive industrial space on offer from the new Roe Highway Logistics Park.

Occupier demand in the last year has been led by the Transport, Postal and Warehousing sector (36%). Leasing activity has consisted primarily of smaller leasing deals, with just five deals (10,000 sq m or greater).

Although the level of take-up remains below the 10-year annual average of 194,991 sq m, the resurgence in the mining industry and the availability of industrial space at the new Roe Highway Logistics Park provides opportunities for tenants looking to upgrade upon lease expiry or for businesses experiencing organic growth.

Figure 15: Perth Industrial Gross Take-Up

Total Floorspace (sq m)



*As at 3Q19. Source: JLL Research

Prime rents, incentives and land values

Prime rents remained unchanged in the North and East precincts in 3Q19 while prime rents in the South declined marginally. In the East precinct, prime net rents have fallen 24.8% from a peak of A$133 per sq m p.a. in 1Q13. The last twelve months has seen rents remain under pressure across the East and South precincts, as vacant prime and secondary stock experience higher let-up periods.

Given subdued demand levels and greater competition for tenants in the Perth market, there may be capacity for a further correction in prime rents over the short term, but the outlook is positive over the medium to long term. Rents are expected to show an average annual growth rate of 2.35% between 2020 and 2024, as leasing conditions are expected to rebound alongside an uptick in overall economic conditions.

Land values have remained steady with the only change occurring in Forrestfield which has seen a 13.6% increase in land values over the 12 months to 3Q19, based on recent transactional evidence. This is primarily due to the location being highly sought after given its close proximity to Perth Airport and limited availability of land in the area.

Investment market - Transaction volumes and yields

Prime yield ranges remained stable across all precincts in the September quarter. However, yield compression in prime assets in the last 12 months has been evident due to a lack of good quality stock on the market, and a limited number of investment opportunities. Secondary yields in the East compressed 25 bps at the lower end due to a strong investment market and a tightly held precinct.

Year-to-date transaction volumes are down on the previous three years, totalling A$118.7 million. In 3Q19, the largest industrial transaction was the sale of 103 Welshpool Road, Welshpool. This was one of three national industrial assets sold by Charter Hall Prime Industrial Fund to Investec Australia Property Fund. Investment stock with strong lease covenants continue to remain highly sought after.

Transaction volumes for the 12 months to 3Q19 reached A$215.5 million on the back of a strong 4Q18. This compares to the five-year average of A$401.5 million.

Outlook

Western Australia's economy is recovering, largely due to a strong pipeline of private and public capital investment within the resources (private) and transport (public) sectors totalling A$142.0 billion. Together with this, Western Australia has recorded strong exports growth over the 12 months to August 2019 (up 26.5%) which has contributed to an overall uptick in economic growth.

The recent improvement in State economic conditions is expected to result in stronger labour market conditions, therefore contributing to an increase in overall population growth. Industrial demand is expected to benefit from the projected increase in the State's population growth, averaging at 1.2% per annum over the next five years.

Ultimately, the outlook for Perth's industrial market will be underpinned by conditions in the overall state economy. This is looking positive, with Western Australia's Gross State Product (GSP) expecting to average 2.9% per annum over the next five years, above the national growth rate of 2.7% over the same time.

Adelaide

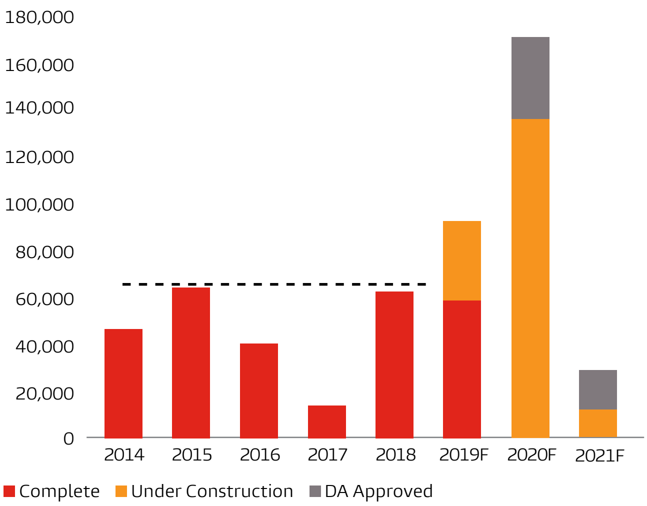
Supply

There was one project completion in 3Q19 with a 35,515 sq m design-and-construct distribution centre for Drakes Supermarkets' on Stebonheath Road in Edinburgh North opening in September. Additional new supply of 34,524 sq m is expected in 4Q19, bringing the annual total to 92,450 sq m, a 48% increase on the 2018 total (62,300 sq m).

Pre-lease and design-and-construct activity is underpinning future supply with an improved South Australian economic outlook supporting industrial occupier confidence and willingness to upgrade accommodation. The Northern precincts continue to be the desired destination for industrial tenants.

Figure 16: Adelaide Industrial Development Supply

Total Floorspace (sq m)



As at 3Q19. Source: JLL Research

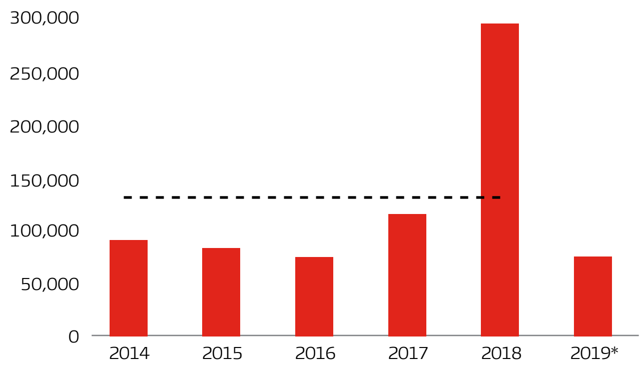
Demand

Gross take-up reached 78,968 sq m over the nine months to September 2019. This take-up figure is a decrease from the corresponding time period last year (241,110 sq m) when a high volume of large pre-lease and design-and-construct (D&C) deals occurred. However, the YTD 2019 figure is stronger than the corresponding time periods from 2015 to 2017.

While the volume of large pre-lease and design-and-construct deals has decreased in 2019, demand is still positive. The future demand outlook will be supported by sectors like defence, high-value manufacturing and agribusiness/wine. This was evident in 3Q19 when global defence and aerospace firm Raytheon pre-committed to a 14,442 sq m facility in Mawson Lakes in the North East precinct.

Figure 17: Adelaide Industrial Gross Take-Up

Total Floorspace (sq m)



*As at 3Q19. Source: JLL Research

Prime rents, incentives and land values

Average prime and secondary gross face rents were stable in 3Q19. However, improving demand and a tightening availability of prime warehouse space has resulted in between 1% and 2% annualised growth in the Northern precincts. Average prime incentives were unchanged in 3Q19. Average prime incentives ranged from 7.5% in the inner precincts to 25% in the outer precincts (based on a five-year lease).

Increased demand from owner-occupiers, and more recently, institutional developers, has resulted in a broad uplift in industrial land values. Land values in the more land constrained precincts in the Inner West/East and Inner South have increased between 13%-14% over the past 12 months. Land values in the Outer North, identified as the last real opportunity to secure large tracts of industrially zoned land in Adelaide, has increased 44% over the last 12 months, albeit from a low base.

Transaction volumes and yields

Prime grade yields have compressed significantly over the last 24 months. Average prime midpoint yields across all precincts have tightened between 37 – 63 basis points over the time period (with the exception of the Outer South where compression was more moderate).

Three industrial transactions (≥ A$5.0 million), including one national portfolio sale were recorded in 3Q19, totalling A$125 million. Sales in 3Q19 bring total transaction volume for the last 12 months to A$273.3 million over 13 transactions. This figure sits above the 10-year average of A$158.0 million.

Outlook

Industrial business sentiment remains positive with sectors like defence, high-tech manufacturing, and the food and beverage industry underpinning confidence.

Occupiers looking to expand or upgrade existing accommodation are limited by a lack of modern warehouse space available to lease. This is likely to support design-and-construct activity and rental growth over the medium term, particularly in the Northern precincts with connectivity to major road infrastructure and accessibility to Port Adelaide.

Comparative prime yield spreads between the Adelaide and Sydney and Melbourne industrial markets are at historically wide levels. The value proposition of Adelaide's prime industrial assets remains attractive to interstate private and institutional capital, along with local private and syndicated investors.

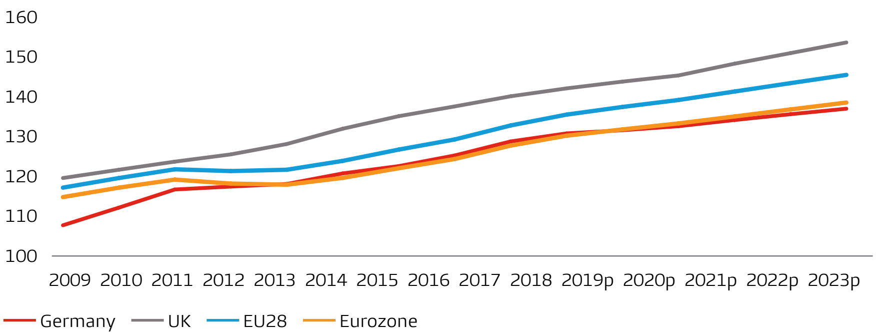
Germany Industrial & Logistics Market Overview

Economy and Outlook

The German economy started 2019 with gross domestic product rising by 0.4% in price-adjusted terms, while overall economic output fell by 0.1% in the second quarter.

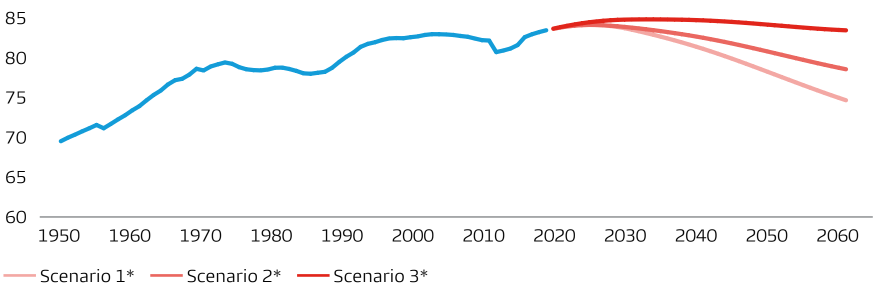
The ongoing trade conflicts, Brexit and geopolitical crises continue to dampen global trade and economies. This is also affecting the German industry. The export-oriented German industry continues to suffer from declining world trade and stagnating global industrial activity. In the second quarter, exports to the European Union and the United Kingdom in particular declined noticeably. The domestic economy will not remain unaffected by this, but has proven to be quite resilient so far. Importantly, domestic upward forces continue to have an impact. Private and public-sector consumer demand, as well as demand for construction services, have had a positive effect. Employment growth continued in the middle of the year, although at a slower pace due to the economic slowdown. The leading indicators suggest that the moderate increase in employment will continue while unemployment rise slightly.

GDP Development
(Index 1999 = 100)



Source: Oxford Economics

Population Growth
(in Millions)

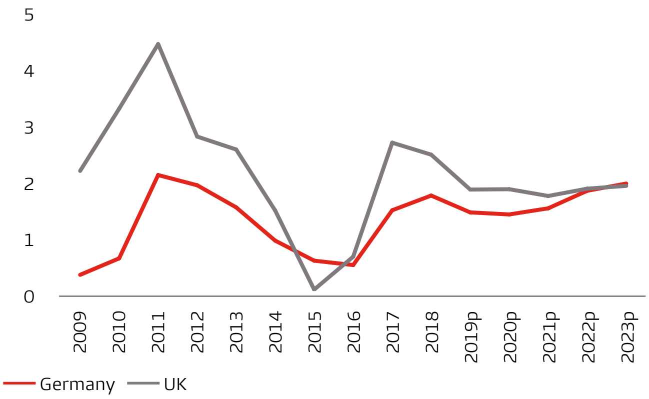


Source: Oxford Economics

The 14th coordinated population projection by the statistical offices has shown that the population is likely to decline in the coming decades. Population figures will remain stable or continue to rise, provided immigration numbers remain well above the long-term average population figure.

Consumer Price Inflation (Annual Average)

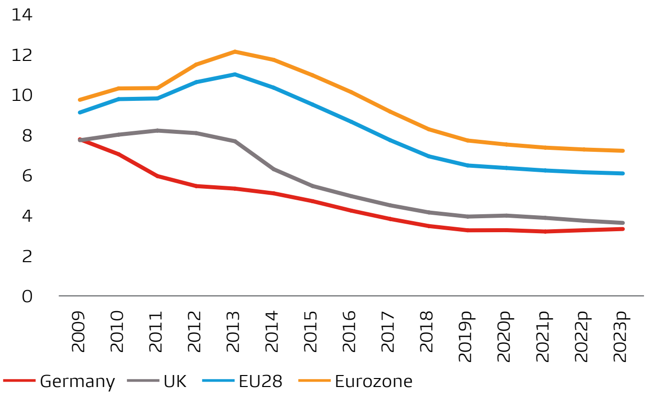
Change yoy (in %)



Source: Oxford Economics

Unemployment Rate (% of Workforce)

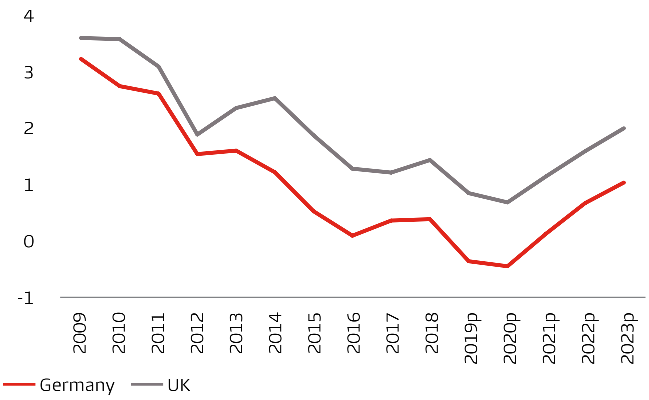
(in %)



Source: Oxford Economics

Long Term Interest Rate - Government Bond Yields (10 years)

(in %)



Source: Oxford Economics

It has forecast that there will be no increase in the main refinancing rate on the agenda for the ECB until mid-2020. Monetary policy remains expansionary and interest rates remain low. Yields on government bonds will therefore rise only very moderately next year. Despite this, the increase in bond yields remains limited - the increased investment allocation in the real estate market will continue during 2020. Furthermore, the ECB's deposit rate, which has been reduced to -0.5 percent, is pushing institutional investors with high liquidity into the real estate segment in order to avoid penalty interest.

National Industrial Market Overview

The German industrial and logistics real estate market posted roughly €4.3 billion in transaction volumes in the first three quarters of 2019, down 4% year-on-year. However, this year's third quarter is the strongest in a long-term comparison and is also 44% up on the same quarter of the previous year. Despite a strong quarterly performance, the market in general is still characterised by scarcity of supply, which continues to hamper transaction volume levels in Germany. Industrial and logistics properties are nevertheless able to maintain their double-digit market share and once again hold their own as the third-strongest asset class in the overall commercial real estate market in Germany with a 10% share. Important individual transactions to date have included the sale of the Hermes logistics centre in Ansbach (over €100 million) and the acquisition of the Amazon logistics centre in Mönchengladbach by La Française on behalf of South Korean investors Samsung and KB. The seller of the recently completed 150,000 sq m property is the project developer Ixocon. Intense competition for coveted and "uncomplicated" single-asset deals is also boosting purchase price multipliers to over 23x for latest-generation logistics assets under a standard lease term of 10 years and with a strong-covenant tenant.

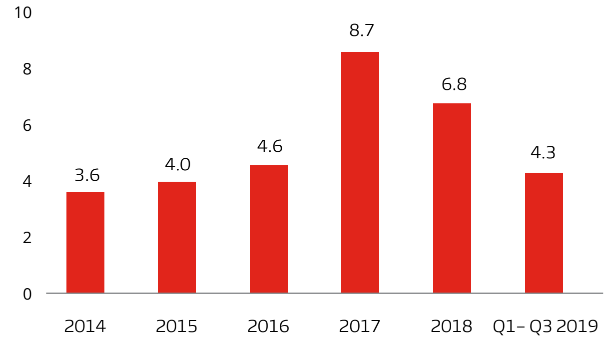
The top 8 industrial and logistics real estate markets in Germany collectively posted a take-up of around 1.9 million sq m, which is 19% lower than last year's figure.

Despite the economic slowdown, this represents a solid result and confirms the continuing high demand on the part of users, especially from the e-commerce sector. Most markets remain constrained with a lack of new space readily available to fulfill occupier demand at short notice. Property developments, which could help boost supply, remain scarce due to a lack of development sites.

Tenants with larger space requirements (more than 10,000 sq m) are struggling to find space in all of Germany's top 8 logistics markets and are having to compromise. Due to the increasing shortage of development space, logistics regions such as Nuremberg and Hanover will benefit in the longer term.

Transaction Volume (Industrial & Logistics)

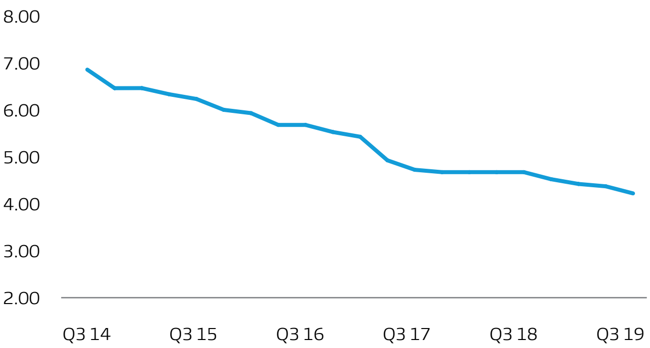
(in € billion)



Source: Colliers International

Gross Initial Yield (Logistics) – Germany

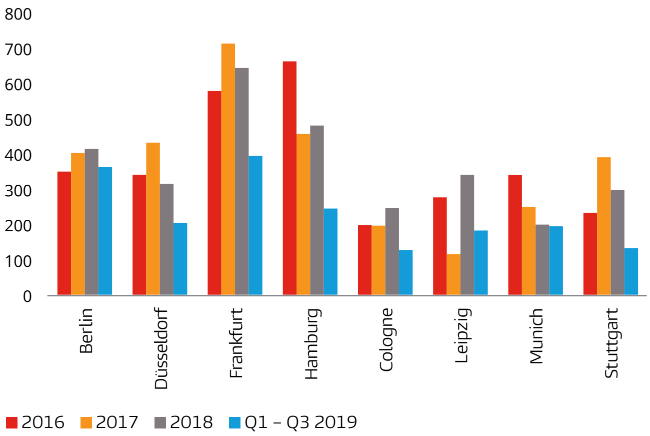
(Top 7, in %)



Source: Colliers International

Take-Up of the Top 8 Logistics Markets in Germany

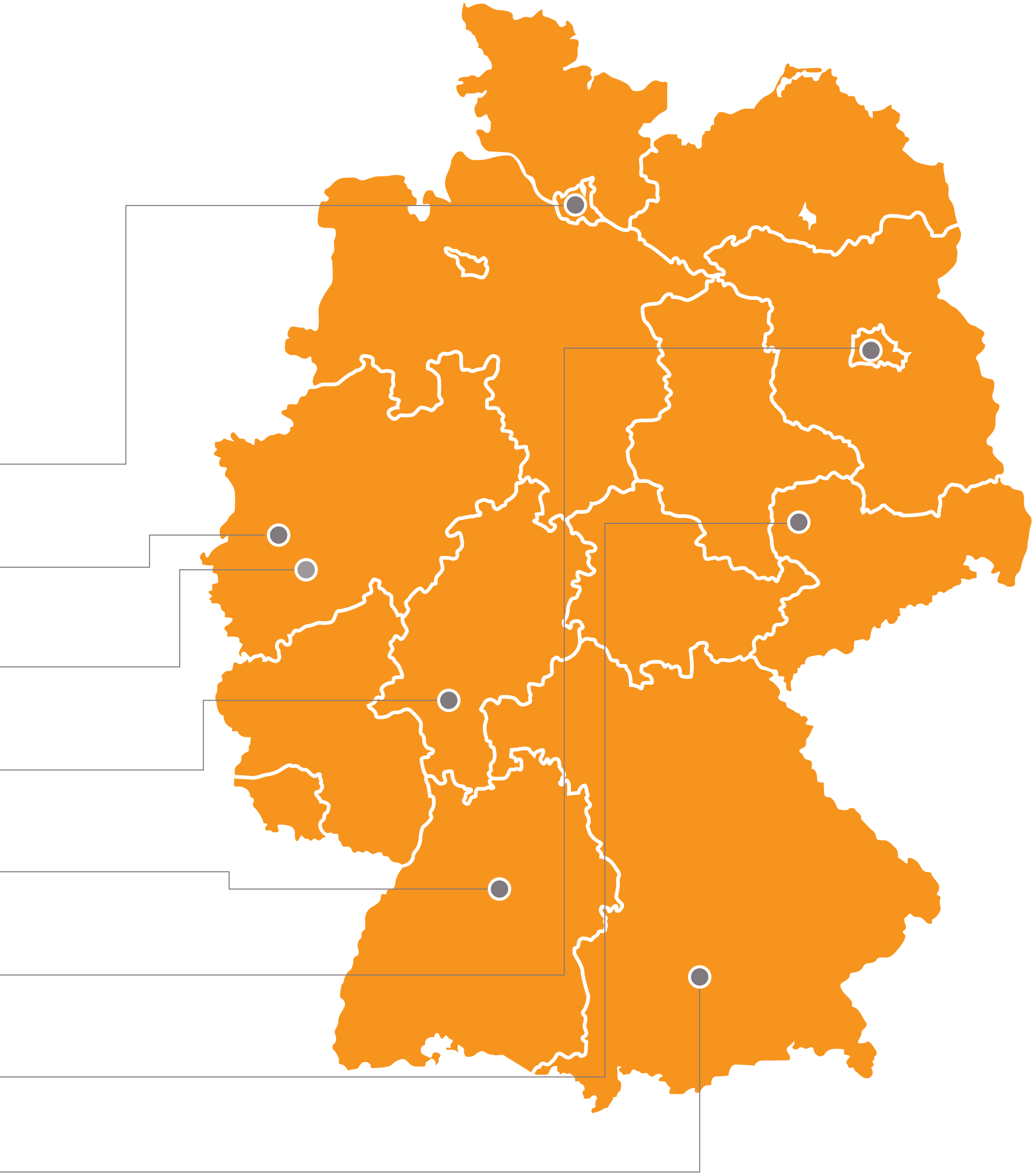
(in 1,000 sq m)



Source: Colliers International

	Q3 2018	Q3 2019	12 MONTHS FORECAST
Hamburg			
GIY (in %)	4.65 %	4.20%	↘
PRIME RENT €/per sq m per month	€6.00	€6.30	→
Düsseldorf			
GIY (in %)	4.65%	4.20%	↘
PRIME RENT €/per sq m per month	€5.40	€5.75	↗
Cologne			
GIY (in %)	4.65%	4.20%	↘
PRIME RENT €/per sq m per month	€5.20	€5.50	↗
Frankfurt			
GIY (in %)	4.65%	4.20%	↘
PRIME RENT €/per sq m per month	€6.40	€6.50	→
Stuttgart			
GIY (in %)	4.65%	4.20%	↘
PRIME RENT €/per sq m per month	€6.50	€6.50	→
Berlin			
GIY (in %)	4.65%	4.20%	↘
PRIME RENT €/per sq m per month	€5.50	€5.70	↗
Leipzig			
GIY (in %)	5.50%	4.50%	↘
PRIME RENT €/per sq m per month	€4.50	€4.60	↗
Munich			
GIY (in %)	4.65%	4.20%	↘
PRIME RENT €/per sq m per month	€7.00	€7.15	→

Germany



BERLIN

Market Overview

The Berlin industrial and logistics real estate market continues to be in good shape, generating a take-up of 366,000 sq m. In contrast to many other top regions, the region was able to exceed the previous year's result by 35%. A total of six deals over 10,000 sq m were registered, accounting for the lion's share of take-up with a share of 26% together with the size category up to 3,000 sq m (30%). Almost half of the take-up was generated by trading companies, thanks to high-volume deals such as those signed by Amazon (approximately 31,000 sq m) in Schönefeld.

A number of project developments are in progress in the surrounding areas, which will ensure the supply of space during the course of the year. On the other hand, the supply bottleneck within the city ensures that the price level continues to be on an upward trend, which is causing the gap between the urban area and the periphery to widen further. Available land near the logistics hotspots is becoming increasingly scarce. The largest potential of available land is concentrated in the city's southern periphery, mostly in the Schönefeld region and near the western motorway ring, which is particularly suitable for occupiers with larger space requirements.

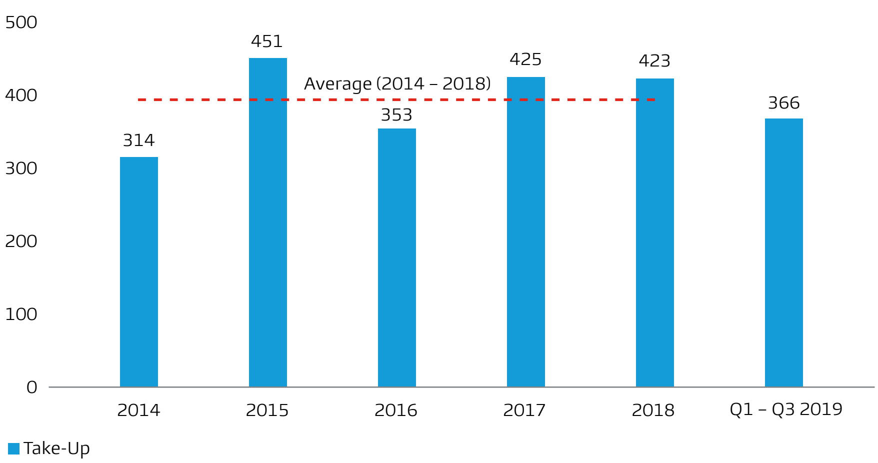
We expect annual take-up to come close to 450,000 sq m in 2019 as supply will most likely continue to fall short of demand despite high development activity.

Submarkets

Top 3 Submarkets	Take-Up in sq m	%
1 Periphery South	132,000	36
2 City South	54,700	15
3 Periphery North	45,300	14

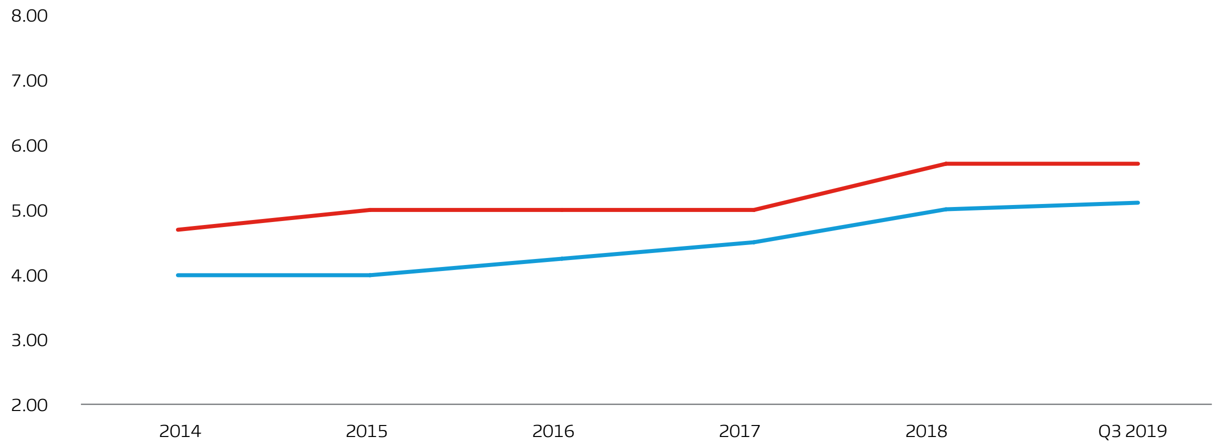
An extraordinarily successful 2018 is proof of how attractive Berlin continues to be among both German and foreign investors. In 2018, the Berlin Market recorded a new all-time high investment volume of €645 million, reflecting an increase of 148% compared to the previous year. The Berlin investment market continues to be active in 2019 as well.

Take-up
(in 1,000 sq m)



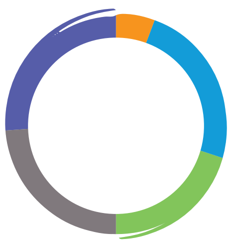
Source: Colliers International

Rental Development
(in €/sq m per month)



Source: Colliers International

Take-up by size (in %)



501 – 1,000 sq m	6%
1,001 – 3,000 sq m	24%
3,001 – 5,000 sq m	20%
5,001 – 10,000 sq m	24%
above 10,000 sq m	26%

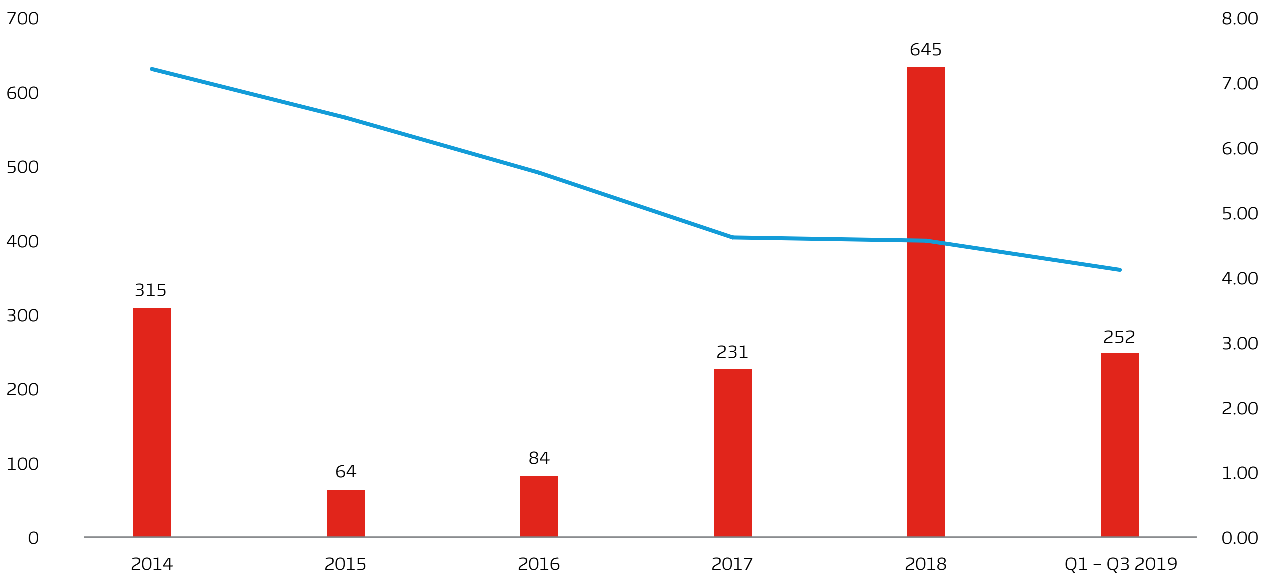
Source: Colliers International

Take-up by user (in %)

Logistics service providers	28%
Production & manufacturing companies	20%
Trading companies	33%
Others	19%

Source: Colliers International

Transaction Volume (in million €) & Yield Development (in %)



Source: Colliers International

Bielefeld/Münster/Osnabrück

Market Overview

The region is one of the logistics areas with a comparatively high availability of land and therefore provides large space potential compared to other regions. The region is well connected to important German highways and the railway network. In addition, the region offers low wage and land costs compared to other logistics regions. This allows short-term space activation even in locations with relatively high demand.

The predominantly medium-sized economic structure with a broad, logistics-related sector mix ensures constant demand for logistics space. There is comparatively high demand for small-scale logistics spaces up to 10,000 sq m, with high demand coming in particular from logistics service providers and companies in the engineering and food industries. The region is characterised by a high share of owner-occupiers. Their percentage in the region is above the national average.

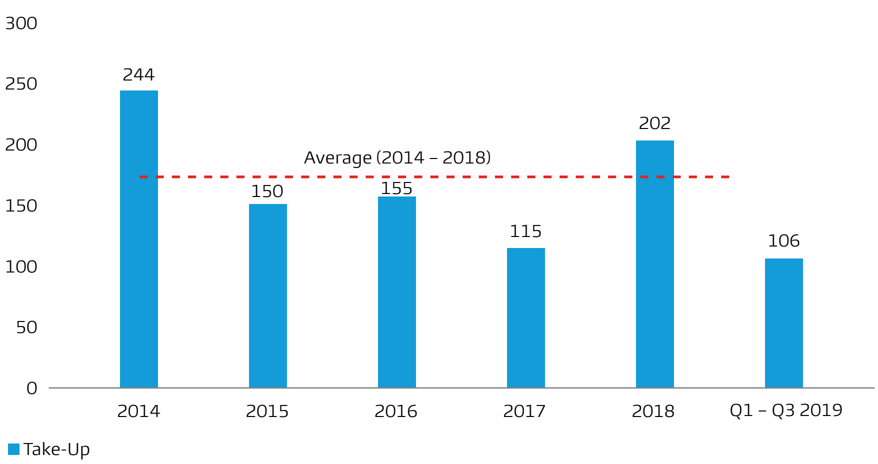
The construction of a logistics and production centre of over 100,000 sq m by kitchen furniture manufacturer Häcker Küchen in Ostercappeln is one of the largest new construction projects in Germany. Another important project development is the expansion of the Fiege logistics centre for trading company Media Markt-Saturn in Greven (approximately 60,000 sq m).

Submarkets

With an average investment volume of €111 million, the region is one of the established logistics regions in Germany. Due to the low availability of products in the top 8 markets, logistics regions such as Münster-Osnabrück-Bielefeld will continue to become more attractive to investors in the medium-to-long term.

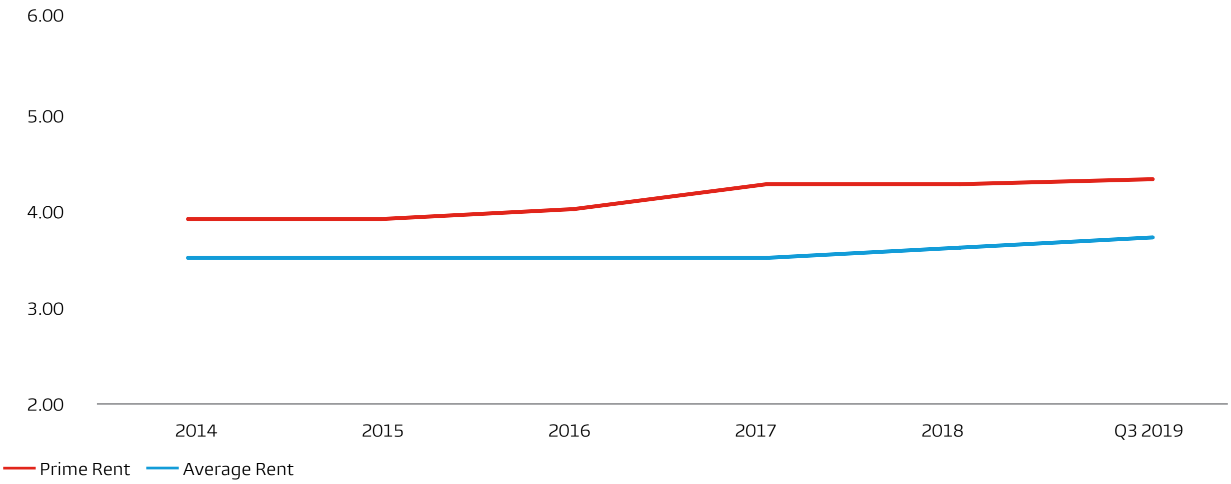
The strong logistics leasing market with its upside rent potential provides a solid basis for the investment activity we are seeing on the market. With transaction volumes of €200 million, the region recorded an above-average result in 2019. RLI Investors has acquired a logistics property (approximately 28,000 sq m) for its open special AIF RLI Logistics Fund-Germany II as part of a sale and lease-back transaction.

Take-up
(in 1,000 sq m)



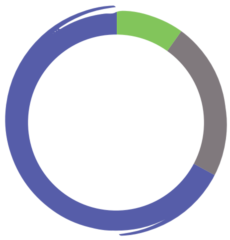
Source: Colliers International

Rental Development
(in €/sq m per month)



Source: Colliers International

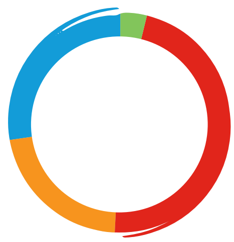
Take-up by size (in %)



3,001 – 5,000 sq m	10%
5,001 – 10,000 sq m	23%
above 10,000 sq m	67%

Source: Colliers International

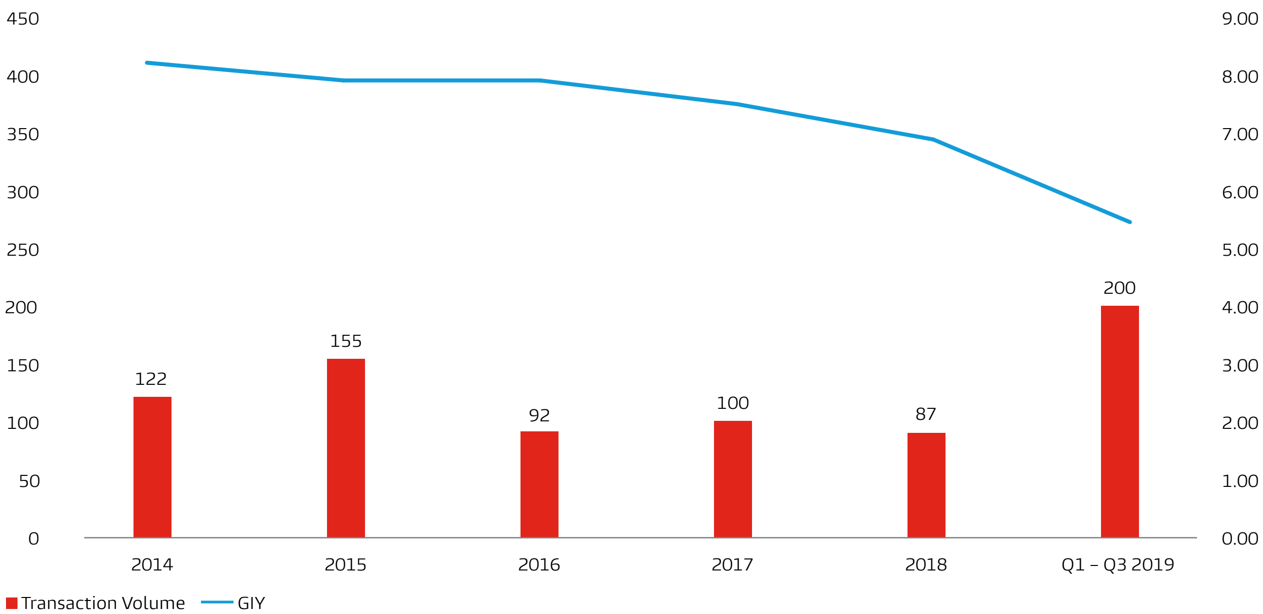
Take-up by user (in %)



Logistics service providers	47%
Production & manufacturing companies	22%
Trading companies	27%
Others	4%

Source: Colliers International

Transaction Volume (in million €) & Yield Development (in %)



Source: Colliers International

Düsseldorf

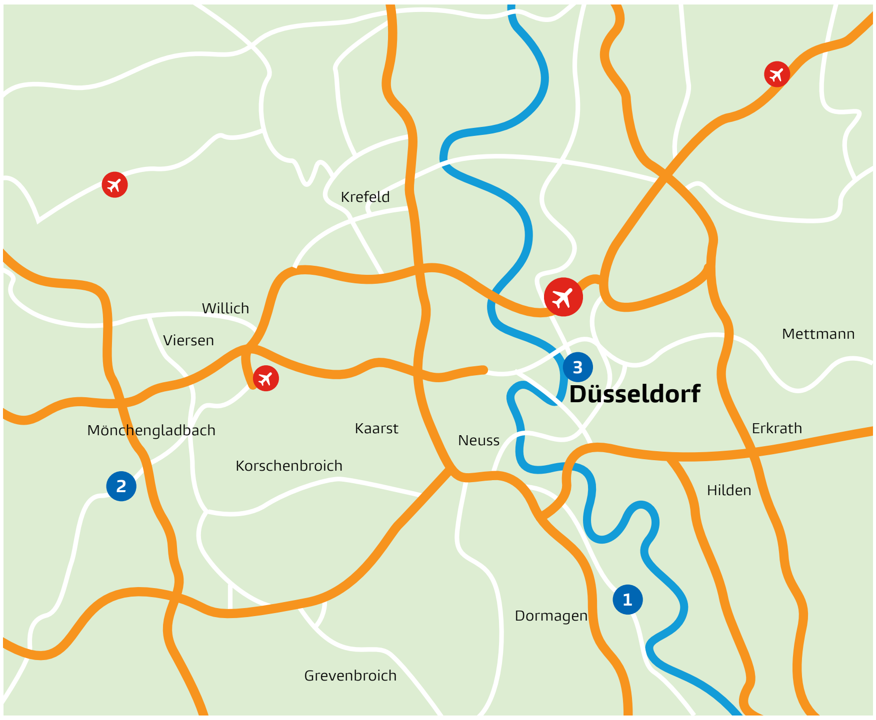
Market Overview

After a weak first quarter, the Düsseldorf industrial and logistics real estate market accelerated significantly in the third quarter and recorded a take-up of 205,700 sq m, roughly the same level as the previous years' result. One of the major deals was the lease of around 11,600 sq m of logistics space by the logistics service provider ABC-Logistik in the Port of Düsseldorf. A significant share of take-up was achieved through owner-occupier developments. These include the capacity expansions of Hamburg logistics company Hoyer GmbH in Dormagen (approximately 50,000 sq m) and the construction of a new logistics centre for online retailer Reuter (approximately 30,000 sq m) in Mönchengladbach.

The only obstacle to a higher result is the persistent shortage of adequate warehouse space. Particularly in the central locations, there is a restriction of supply in all size categories. Space in the segment above 10,000 sq m is particularly in short supply. As a result, the pressure on rental prices in A-locations is increasing. Due to the lack of space availability in the top locations, users are increasingly opting for peripheral locations. The Düsseldorf market is in good shape as seen from the number of speculative developments. For the current year, we expect a result that will range below the long-term average of 342,500 sq m.

The Dusseldorf region is of high interest among real estate investors. The region achieved a new investment record in 2018 with a transaction volume of €412 million.

Submarkets

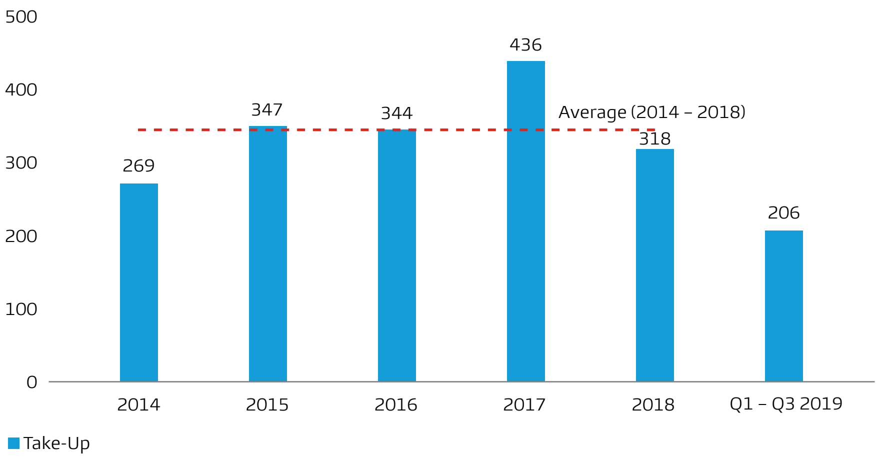


Top 3 Submarkets	Take-Up in sq m	%
1 Dormagen	53,900	26
2 Mönchengladbach	45,800	22
3 Düsseldorf	32,700	16

The purchase of 22 German logistics assets by Blackstone contributed significantly to this result. As Düsseldorf is one of the strongest investment centres in Germany, many portfolio transactions are proportionately accounted for by the market. However, as these are becoming increasingly rare, further declines in turnover are to be expected.

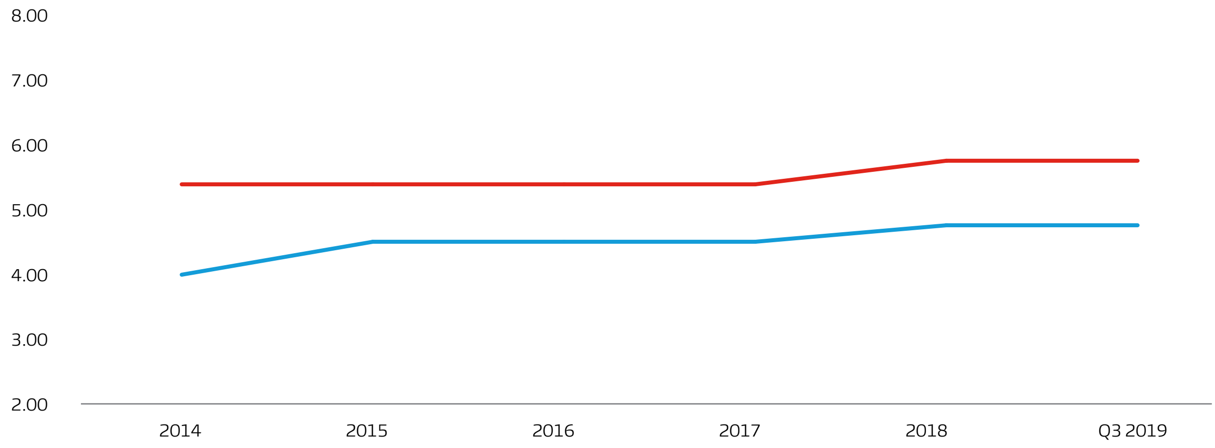
Take-up

(in 1,000 sq m)



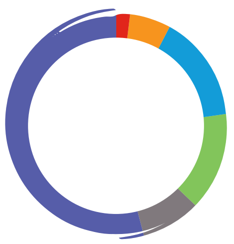
Source: Colliers International

Rental Development
(in €/sq m per month)



Source: Colliers International

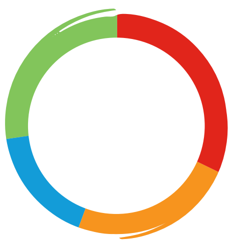
Take-up by size (in %)



■	up to 500 sq m	2%
■	501 – 1,000 sq m	6%
■	1,001 – 3,000 sq m	15%
■	3,001 – 5,000 sq m	14%
■	5,001 – 10,000 sq m	9%
■	above 10,000 sq m	54%

Source: Colliers International

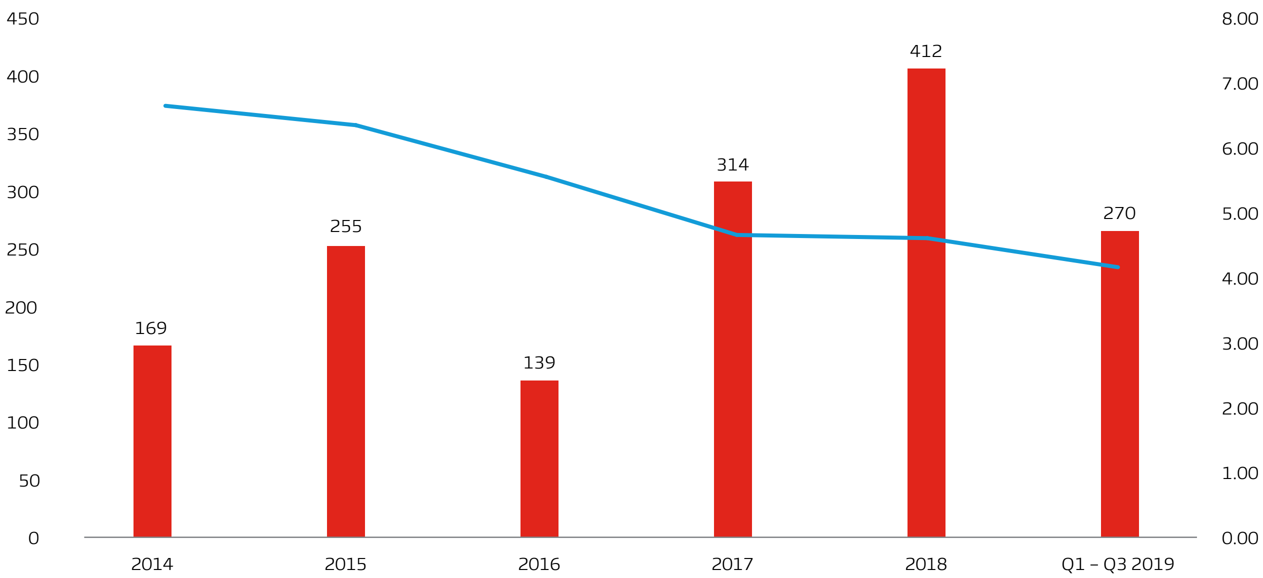
Take-up by user (in %)



■	Logistics service providers	32%
■	Production & manufacturing companies	24%
■	Trading companies	17%
■	Others	27%

Source: Colliers International

Transaction Volume (in million €)
& Yield Development (in %)



Source: Colliers International

Frankfurt

Market Overview

In the first nine months of 2019, the Frankfurt industrial and logistics real estate market achieved a total take-up of around 397,600 sq m, 25% below the previous year's result. The proportion of market share of the tenant groups was similar to that of the previous year: Trading companies took the lead, followed by transport and logistics companies. The largest deals included the leasing of around 20,300 sq m by Coca-Cola in Bodenheim, the lease contract signed by Geis Logistics in Rodenbach (approximately 29,200 sq m) and the owner-occupier purchase of IKEA (approximately 33,000 sq m) in Rüsselsheim. Supply at the moment is not sufficient to meet the ongoing high demand. This particularly applies to the large-scale segment, where demand is primarily being satisfied by new-build developments. As a result, the new-build segment accounted for 71% of total take-up.

Land sites in excess of 30,000 sq m became even harder to find as several were snapped up. Property developers and occupiers therefore have to be increasingly flexible when it comes to location and be willing to accept subpar options among other drawbacks.

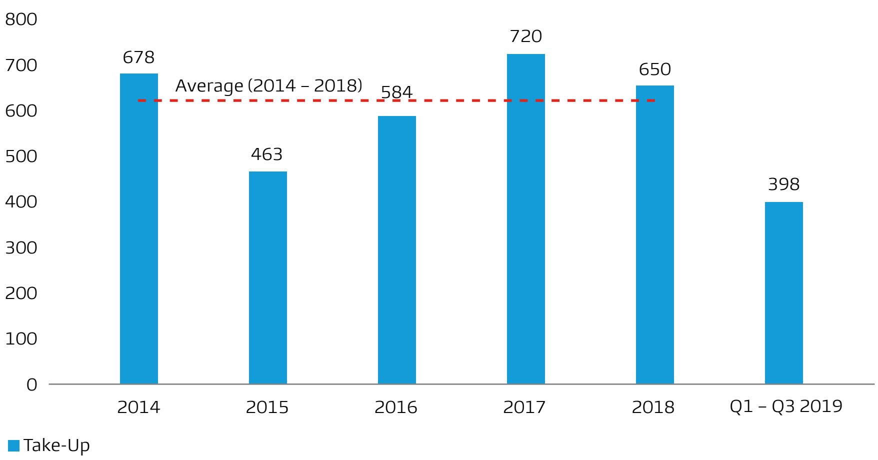
Due to the increasing shortage of land, brownfield developments are moving further into the focus of project developers. Among other ongoing projects, demolition work for a planned 20,000 sq m multi-user property in Hanau Technology Park has just begun. In addition, the completion of the first construction phase of Segro City Park in Rödelheim provided a supply of sought-after space close to the city centre.

Submarkets

Top 3 Submarkets	Take-Up in sq m	%
1 Groß-Gerau	130,400	33
2 Gießen	112,800	28
3 Main-Kinzig-Kreis	45,500	11

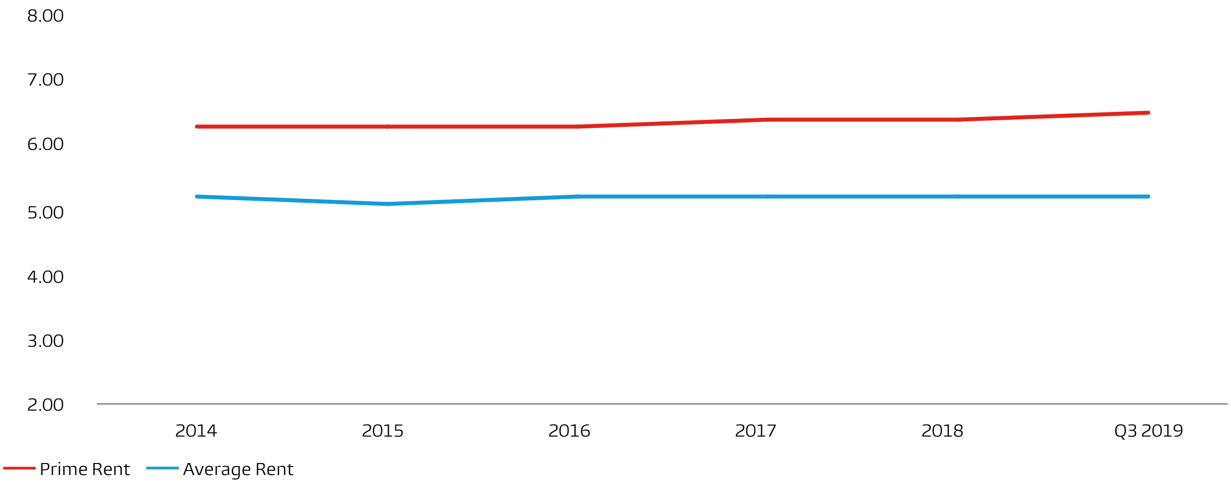
The Frankfurt investment market is one of the most sought-after investment markets in Germany. Since 2014, the market has continuously achieved double-digit growth rates.

Take-up
(in 1,000 sq m)



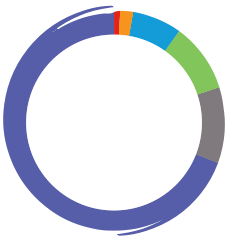
Source: Colliers International

Rental Development
(in €/sq m per month)



Source: Colliers International

Take-up by size (in %)



up to 500 sq m	1%
501 – 1,000 sq m	2%
1,001 – 3,000 sq m	7%
3,001 – 5,000 sq m	10%
5,001 – 10,000 sq m	11%
above 10,000 sq m	69%

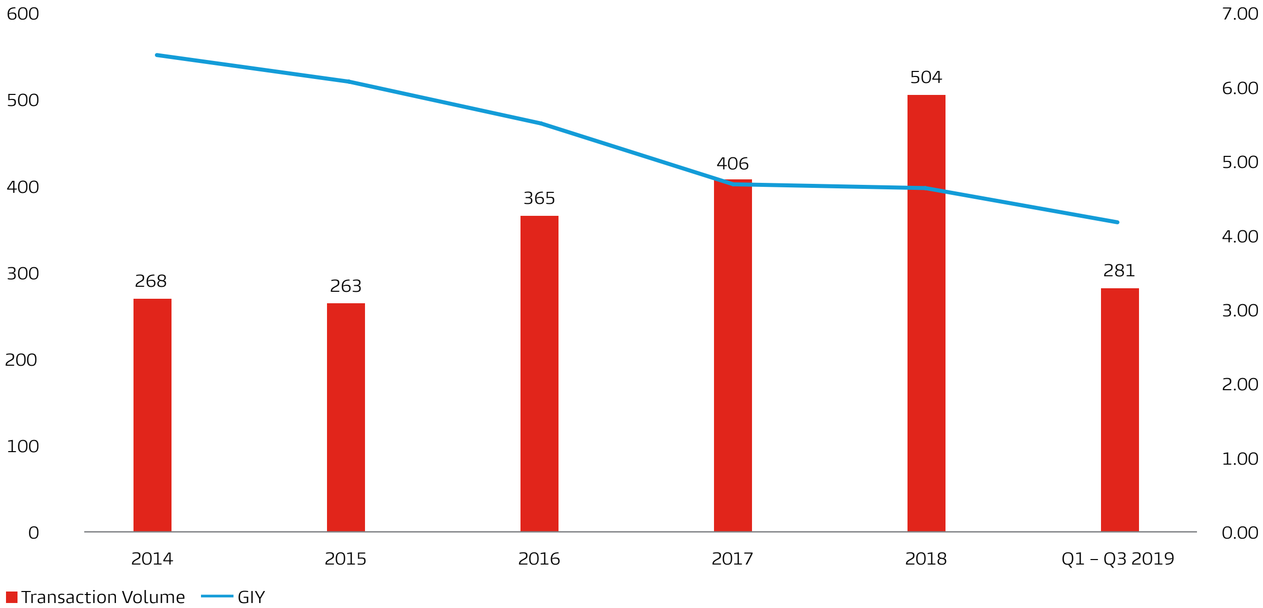
Source: Colliers International

Take-up by user (in %)

Logistics service providers	25%
Production & manufacturing companies	14%
Trading companies	49%
Others	12%

Source: Colliers International

Transaction Volume (in million €)
& Yield Development (in %)



Source: Colliers International

Cologne

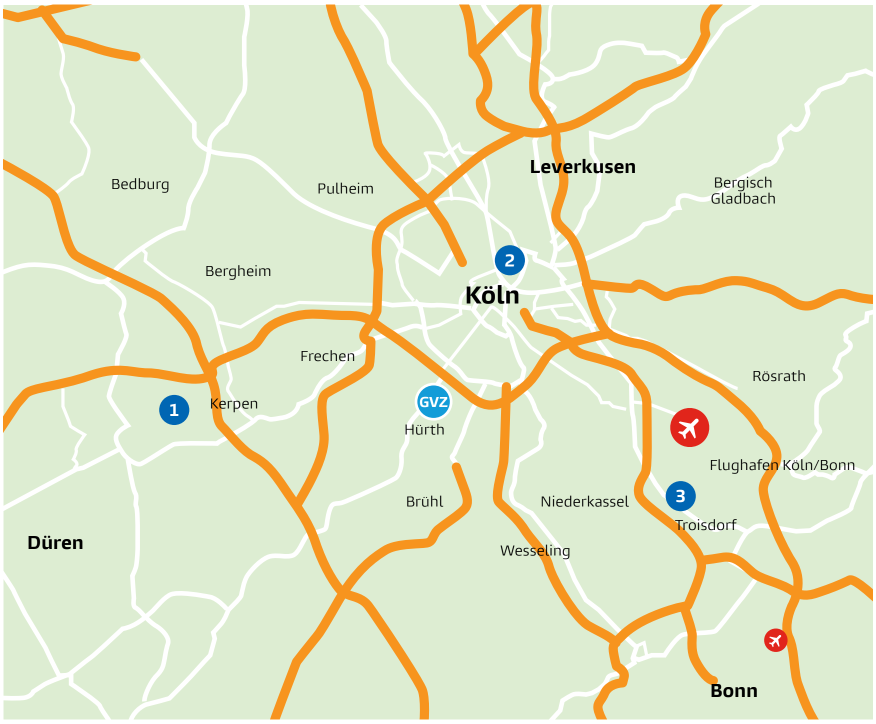
Market Overview

With a total take-up of 127,700 sq m in the first nine months of the year, the Cologne industrial and logistics real estate market was unable to match the previous year's result (-43%). Some of the more significant deals to date have been the lease of around 8,100 sq m by Die Bühnen der Stadt Köln in the Cologne submarket and logistics service provider Logwin's lease of approximately 18,000 sq m in Kerpen. Majority of the take-up came from contracts in the size category up to 5,000 sq m with an average space size of 1,700 sq m.

Solid demand is encouraging developers to launch an increasing number of speculative developments in Cologne and its periphery. The property developer Prologis, for example, is currently developing a 24,000 sq m logistics facility in Pulheim. The planned logistics park in Cologne-Niehl encompassing roughly 55,000 sq m of warehouse space is speculative as well. As only very few sites are available at competitive prices, even in peripheral areas, property developers are increasingly focusing on revitalising outdated space (brownfield developments).

The speculative developments could provide for a slight easing on the supply side in the course of the year. However, these will hardly be sufficient to noticeably reduce the excess demand in the market. The tense supply situation and the increase of construction and land prices also had an impact on price levels as early as the end of 2018. We expect a full-year result that will remain under the five-year average of 202,100 sq m.

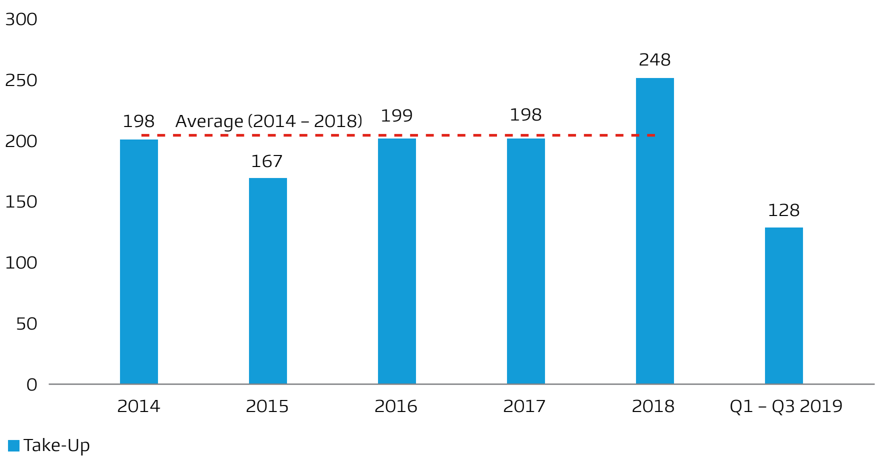
Submarkets



Top 3 Submarkets	Take-Up in sq m	%
1 Kerpen	35,300	28
2 Köln	29,800	23
3 Troisdorf	24,600	19

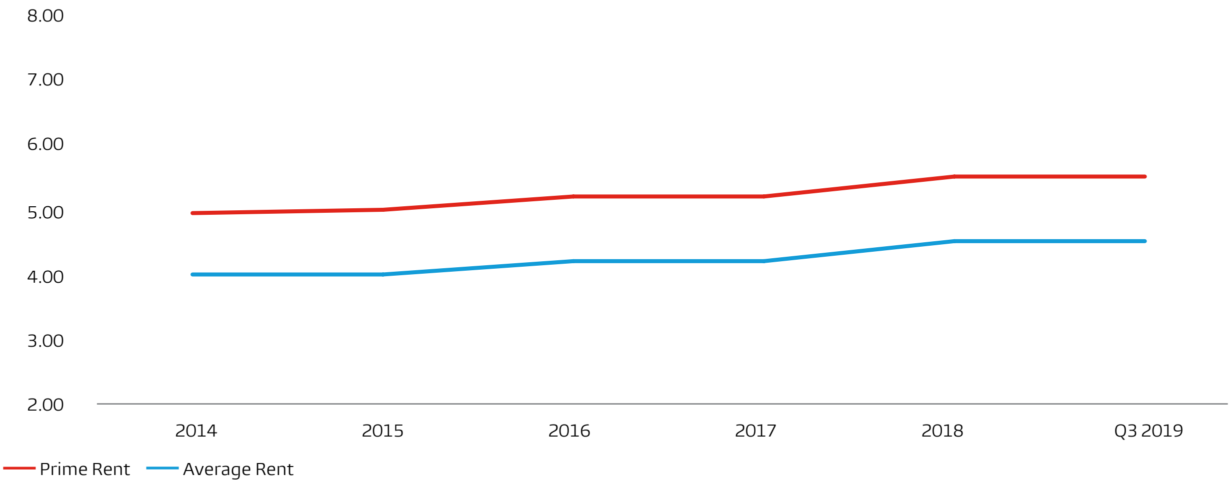
The Cologne region is also of high interest among real estate investors. The biggest deal over the last 24 months has been the sale of Alcaro Invests' "Log Plaza Colonia" which is located in the west of Cologne. Invesco, a national Asset Manager, bought the core property for approximately €35 million.

Take-up
(in 1,000 sq m)



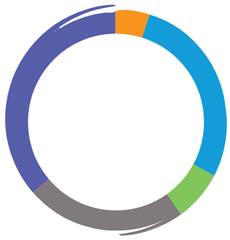
Source: Colliers International

Rental Development
(in €/sq m per month)



Source: Colliers International

Take-up by size (in %)



■	501 – 1,000 sq m	5%
■	1,001 – 3,000 sq m	28%
■	3,001 – 5,000 sq m	7%
■	5,001 – 10,000 sq m	24%
■	above 10,000 sq m	36%

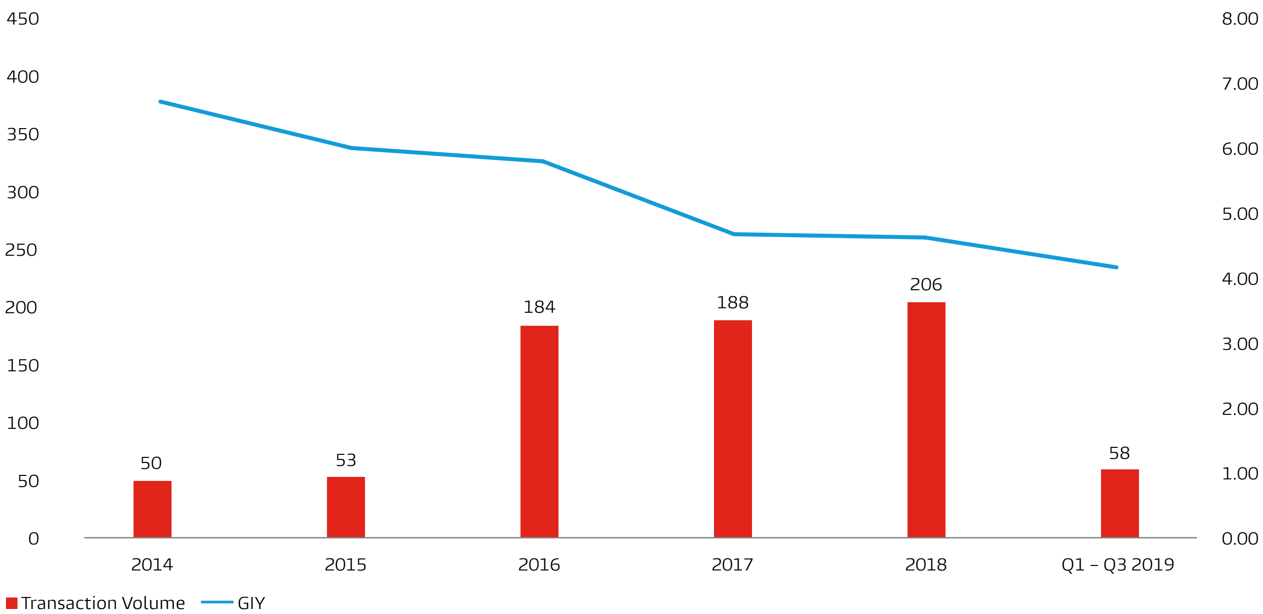
Source: Colliers International

Take-up by user (in %)

■	Logistics service providers	39%
■	Production & manufacturing companies	13%
■	Trading companies	10%
■	Others	38%

Source: Colliers International

Transaction Volume (in million €) & Yield Development (in %)



Source: Colliers International

Leipzig

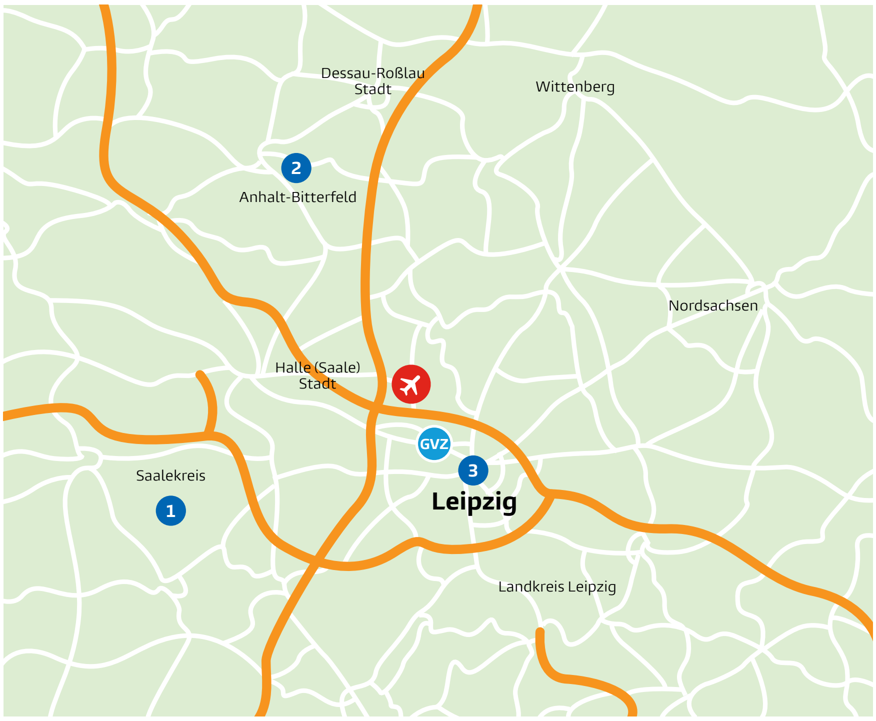
Market Overview

After a very dynamic year in 2018, the Leipzig industrial and logistics real estate market achieved a take-up of 183,900 sq m in the first nine months of 2019, falling short of previous year's take-up level (-40%). This was expected in view of the above-average number of large scale deals in the third quarter of last year, such as the construction of an approximately 65,000 sq m logistics center for online retailer Home24. Take-up was mainly achieved by some owner-occupier developments at several locations in the region. One of the largest lettings in the region, at approximately 18,000 sq m, was registered in the Leipzig city area by a company in the automation technology sector.

Due to the supply bottleneck of existing properties, construction activity in the Leipzig region has increased in the last 12 months, so that approximately 180,000 sq m of planned warehouse space is now available within the airport area. In the StarPark Halle/Saale, approximately 90,000 sq m of space can still be built at short notice. In the city area of Leipzig there are nearly 130,000 sq m available. However, readily available space is limited, in particular spaces ranging from 1,000 sq m to 5,000 sq m. Land sites, however, have become increasingly scarce over the last few years in the wake of several major developments.

Within the Leipzig urban area, the current prime rent of €4.60 per sq m is likely to rise further during the course of the year. The region's good economic situation and moderate land and rental prices compared to other logistics regions as well as the comparatively large pool of available labour in the region all serve to make the location attractive.

Submarkets

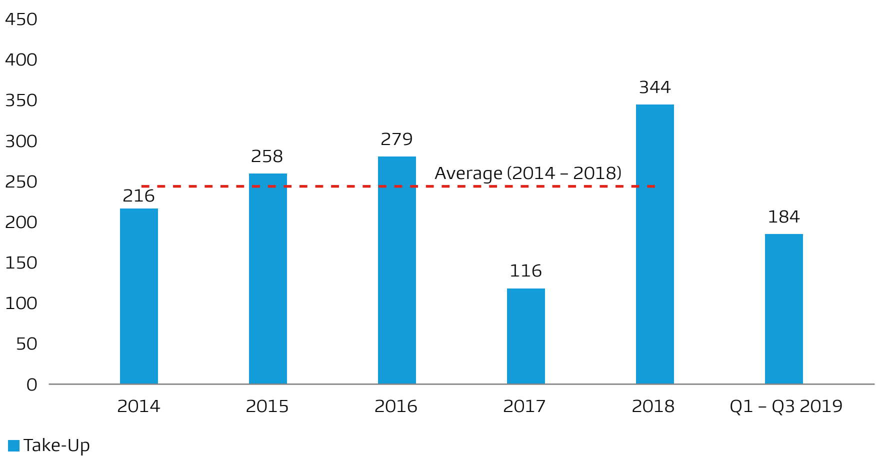


Top 3 Submarkets	Take-Up in sq m	%
1 Saalekreis	52,000	28
2 Anhalt-Bitterfeld	47,300	26
3 Leipzig	47,700	24

The current transaction volume at €124 million has already surpassed the five-year average. As a result of high national and international investor interest, yields are declining below 5%. The most significant deal-to-date was the transaction of a new built logistics centre (approximately 69,000 sq m) in the Star Park in Halle (Saale), which has been leased to online retailer Home24.

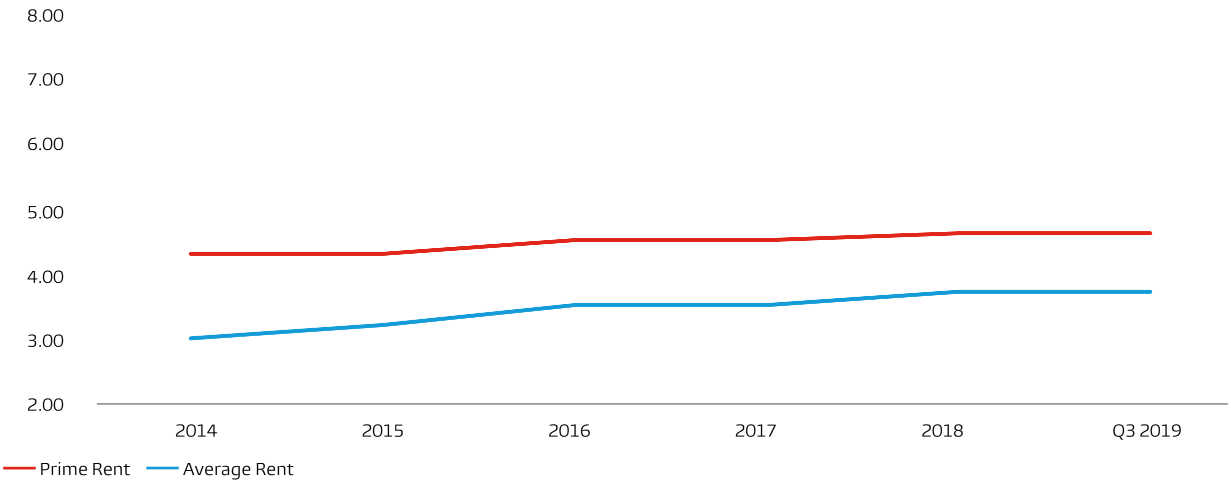
Take-up

(in 1,000 sq m)



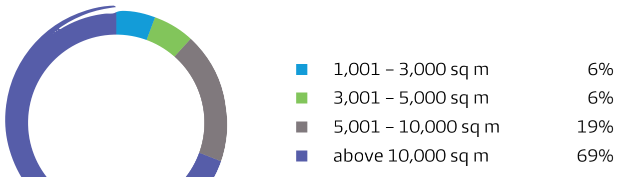
Source: Colliers International

Rental Development
(in €/sq m per month)



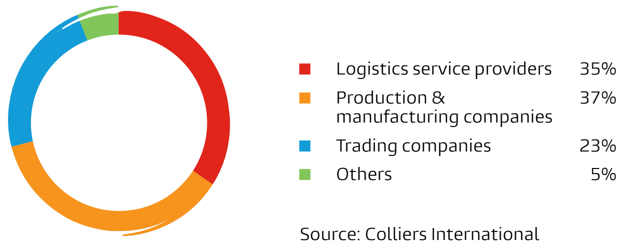
Source: Colliers International

Take-up by size (in %)



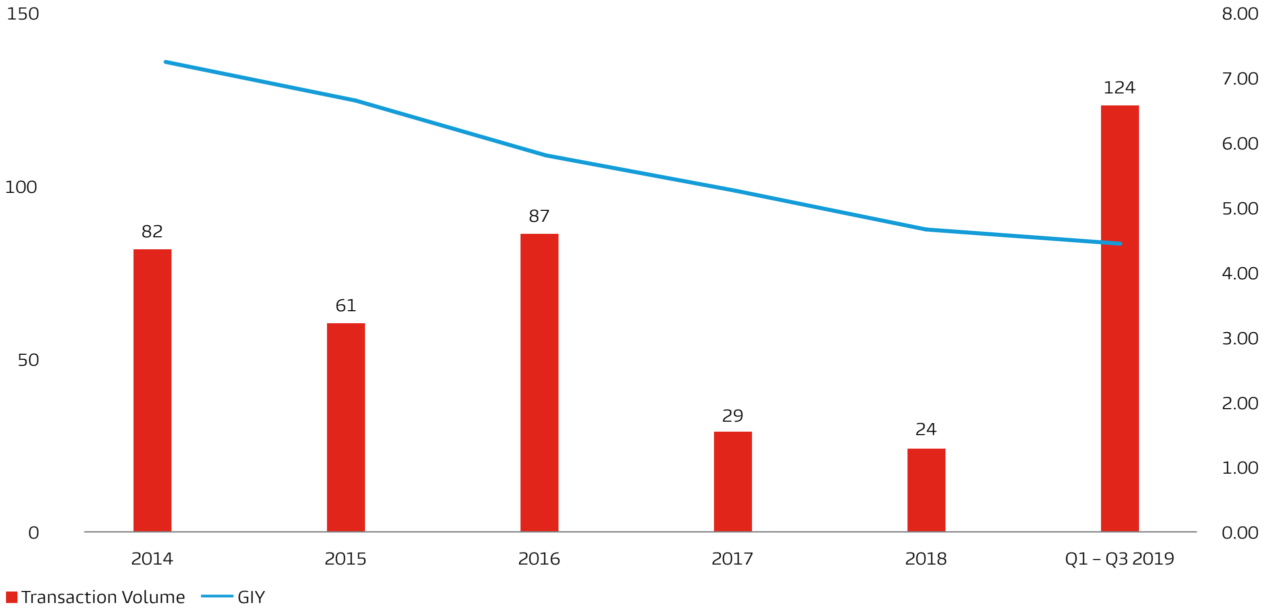
Source: Colliers International

Take-up by user (in %)



Source: Colliers International

Transaction Volume (in million €) & Yield Development (in %)



Source: Colliers International

Munich

Market Overview

After a rather subdued first half of the year, the third quarter saw some momentum again on the Munich industrial and logistics real estate market. From January through September this year, total take-up space (including owner-occupiers) was approximately 196,000 sq m, which represented a 32% increase year-on-year. In a nationwide comparison of the top 8 markets, Munich and Berlin were the only two regions to record positive growth rates at the end of this year's third quarter. This was mainly due to the largest rental agreement to date this year. BMW AG's planned relocation to the new Parsdorf VGP industrial park will create around 32,000 sq m of projected logistics space. It is also currently the largest construction project in the Munich industrial and logistics real estate market. Close to the A94 motorway in between Poing and Vaterstetten, around 250,000 sq m of leasable space for logistics and manufacturing are planned on a 40 hectare site. The vacancy rate for logistics space thus fell again slightly by 14 basis points to currently 1.47 percent. Only around 25,200 sq m are thus available on the industrial and logistics real estate market at short notice. The submarket area surrounding the north-east region and the locations along the A9 motorway again accounted for most of the take-up. Once again, the city area plays a subordinate role in terms of take-up. To date, a total of 19 contracts have been registered here, half of which show an area size of less than 1,000 sq m. The special feature of the Munich market is above all that, due to the supply bottleneck, existing space is now being re-let at new construction prices and this is reflected in the current average rent of €6.65 per sq m, which is by far the highest compared to other German cities.

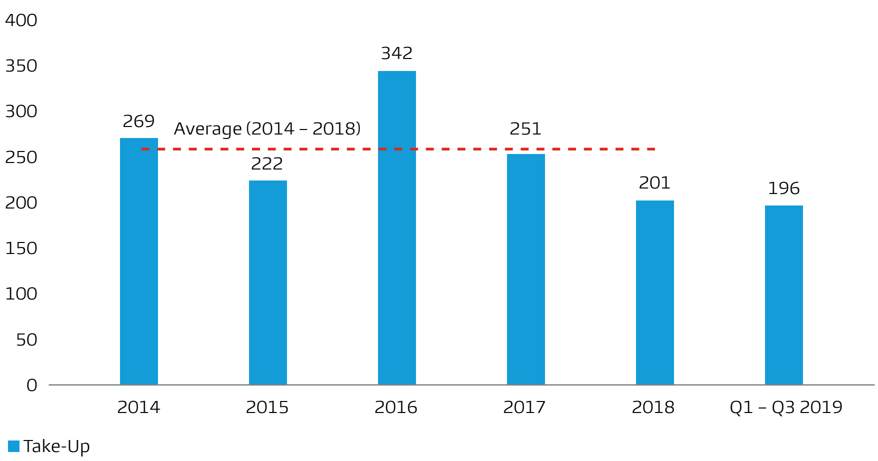
Submarkets

Top 3 Submarkets	Take-Up in sq m	%
1 Periphery North-East	60,900	31
2 Periphery South-East	43,500	22
3 Periphery South-West	14,800	18

With a market share of 76%, office real estate continues to be the strongest asset class, but it is currently followed by logistics and industrial real estate with a transaction volume of over €400 million - a new record thanks to two major deals worth €100 million in the second and third quarters. Strong competition and limited investment opportunities continue to push sales prices up. In Munich, land prices of over €400 per sq m are being called up.

Take-up

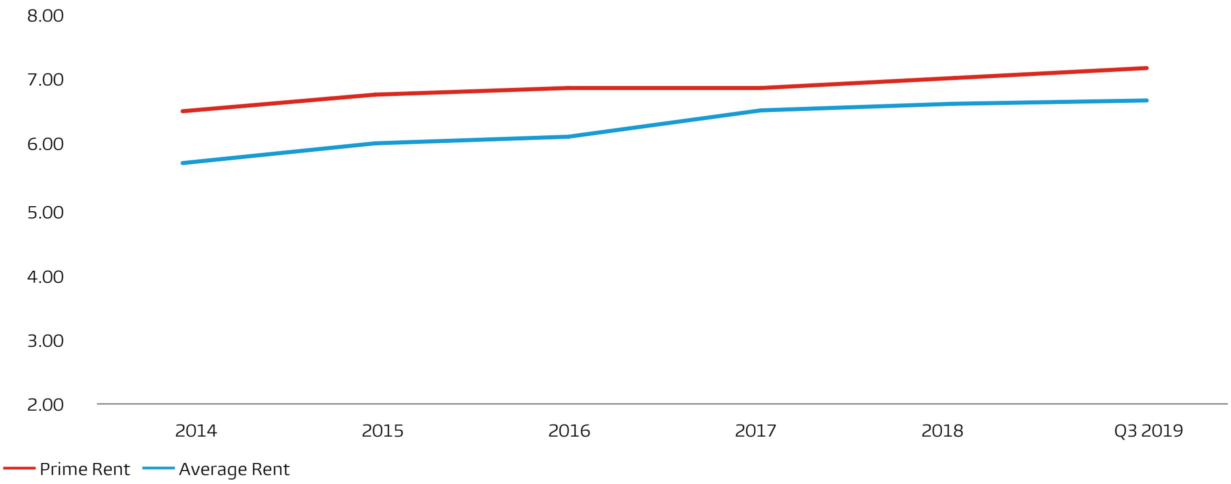
(in 1,000 sq m)



Source: Colliers International

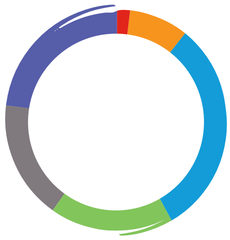
Rental Development

(in €/sq m per month)



Source: Colliers International

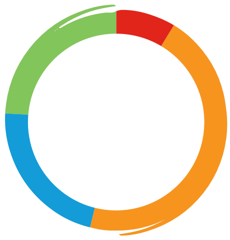
Take-up by size (in %)



up to 500 sq m	2%
501 – 1,000 sq m	9%
1,001 – 3,000 sq m	31%
3,001 – 5,000 sq m	18%
5,001 – 10,000 sq m	17%
above 10,000 sq m	23%

Source: Colliers International

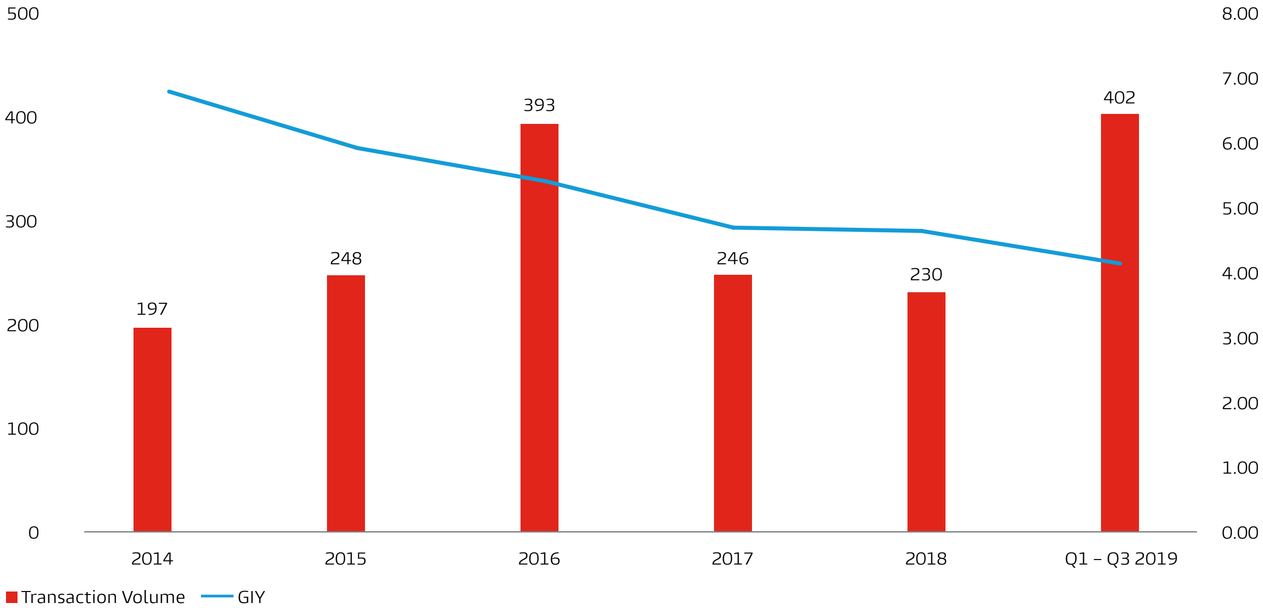
Take-up by user (in %)



Logistics service providers	9%
Production & manufacturing companies	45%
Trading companies	22%
Others	24%

Source: Colliers International

Transaction Volume (in million €) & Yield Development (in %)



Source: Colliers International

Nuremberg

Market Overview

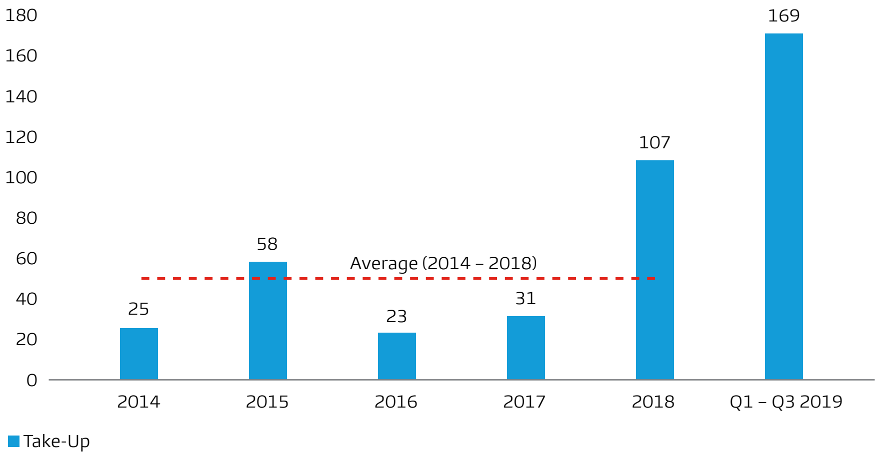
Nuremberg is strategically located at the intersection of four important national motorways – A3, A6, A9 and A73. In addition, the GVZ Nürnberg is situated there with a high-performance, multi-modal transshipment infrastructure. A concentration of the logistics focal points can be found around the city area and in Forchheim. One of the biggest deals to date is the rental of an approximately 23,000 sq m logistics centre by online retailer Amazon in Eggolsheim this year.

The region ranks in the middle in terms of new construction activity, when compared to other established logistics regions. The capacity expansion of tool manufacturer Hoffmann in Nuremberg with approximately. 100,000 sq m of warehouse space represents one of the most influential developments in the region in recent years. Another large project is the planned construction of a logistics and production centre of over 45,000 sq m by project developer DLH in Dombühl. The availability of development sites is decreasing in Nuremberg. Thus, peripheral locations and brownfield developments are increasingly becoming popular among all market players.

Submarkets

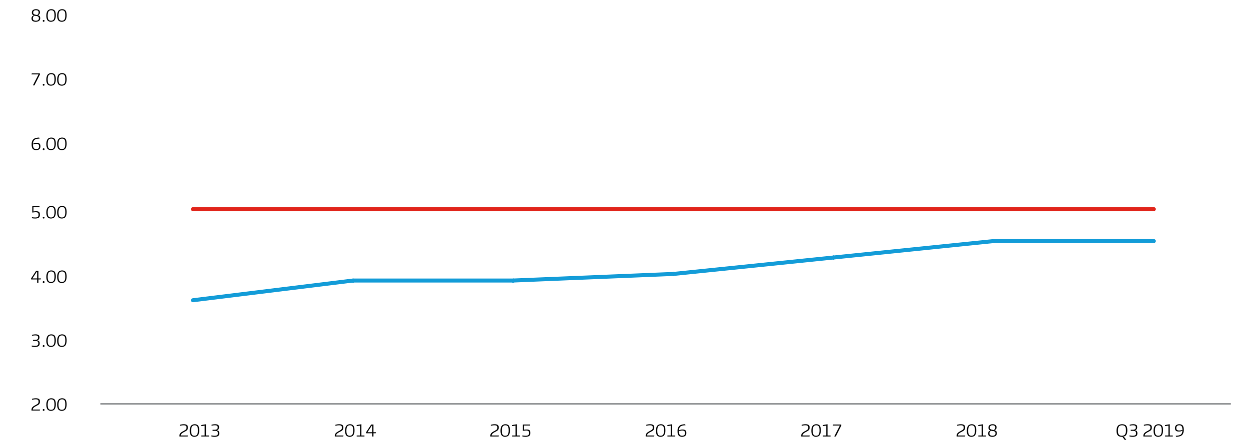
The Nuremberg region is becoming increasingly popular among national and international investors, which has increased values. One of the largest transactions to date involved the purchase of the ECE logistics center in Ansbach for approximately €120 million by British investor Savills IM for its European Logistics Fund 2. The property features 76,600 sq m of rental area still under construction with a lease term of 20 years.

Take-up
(in 1,000 sq m)



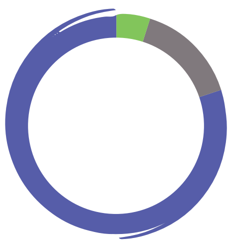
Source: Colliers International

Rental Development
(in €/sq m per month)



Source: Colliers International

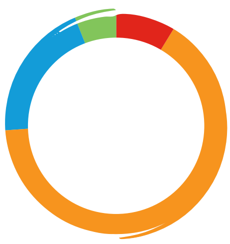
Take-up by size (in %)



3,001 – 5,000 sq m	5%
5,001 – 10,000 sq m	15%
above 10,000 sq m	80%

Source: Colliers International

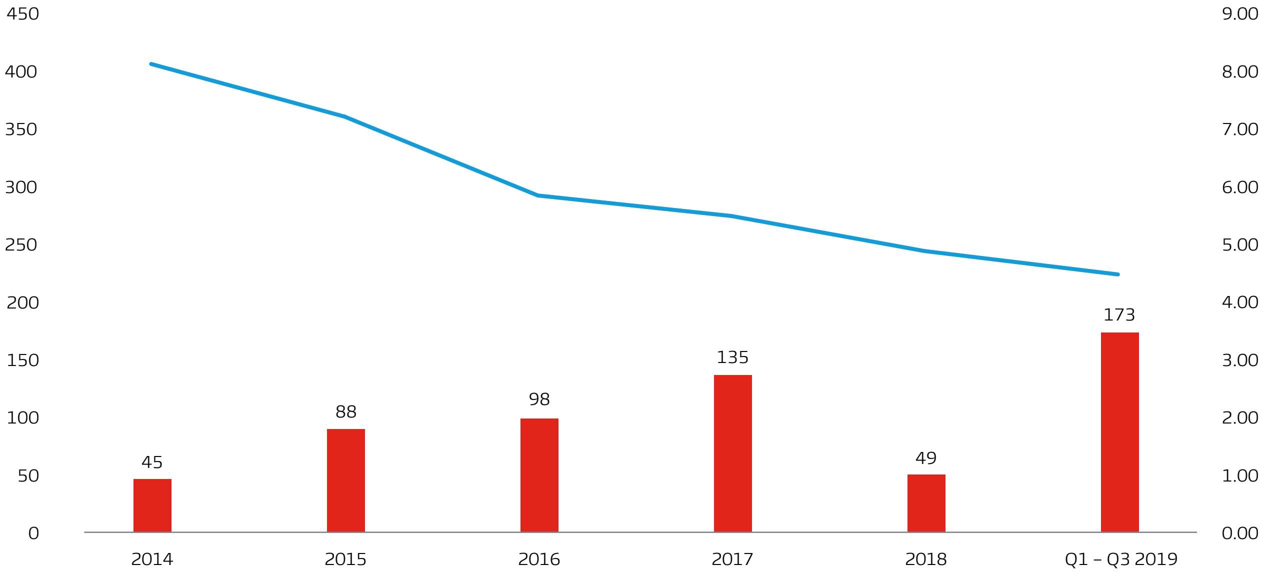
Take-up by user (in %)



Logistics service providers	9%
Production & manufacturing companies	65%
Trading companies	20%
Others	6%

Source: Colliers International

Transaction Volume (in million €) & Yield Development (in %)



Source: Colliers International

Stuttgart

Market Overview

Restricted by the lack of available rental space and development sites in the Stuttgart region, take-up in the first three quarters of 2019 totalled around 133,000 sq m and was 34% down on the previous year. The start of construction of a new development with more than 40,000 sq m of modern warehouse space in Waiblingen significantly contributed to the result. The new project development will be built by Greenfield development and Daimler AG leased the whole area to pre-assemble and supply its development departments for at least 10 years.

High demand continued to be seen for rental space in the small-size space segment below 3,000 sq m. 73% of the leases have been registered in this size range, but only accounted for a total of just under 31,100 sq m of take-up.

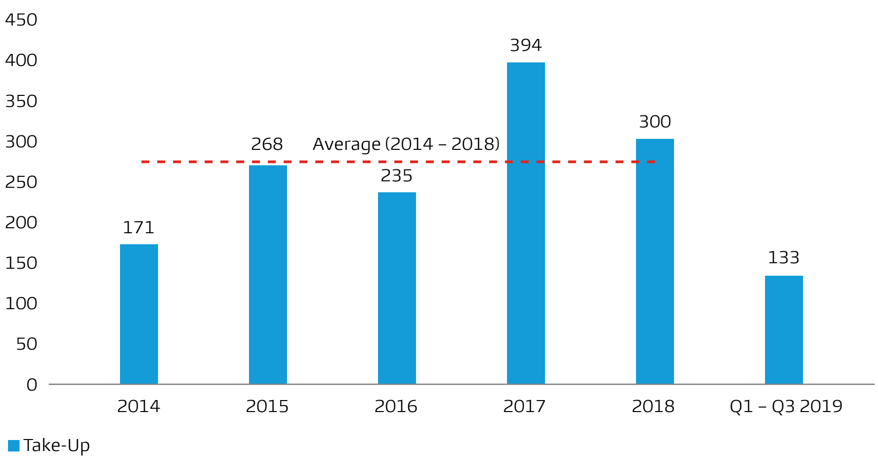
The lack of land designation and new building space are among the factors that slow down the take-up of space. Existing stock will therefore continue to absorb a large part of the demand, although some of these properties will hardly be able to meet tenant fitout requirements. Rising construction and land costs are also reasons why some market players are therefore increasingly well-connected locations on the edge or outside of the region, such as Geislingen which is in the east of Stuttgart. The developer Gazeley completed a logistics park of around 21,000 sq m in the Schwäbische Alb industrial park.

Submarkets

Top 3 Submarkets	Take-Up in sq m	%
1 Rems-Murr-District	58,900	44
2 Ludwigsburg	42,700	32
3 Esslingen	20,700	16

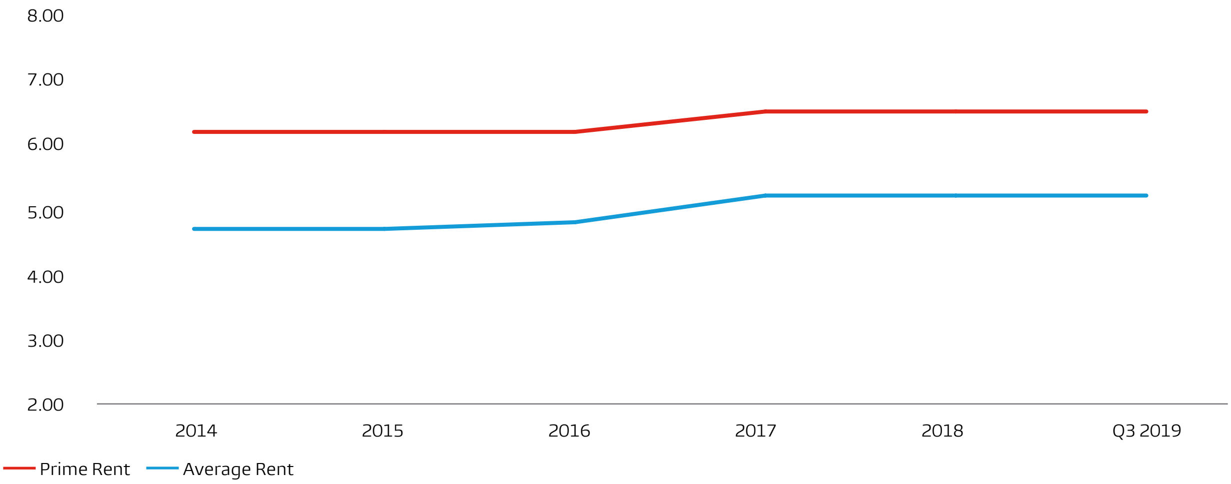
The product shortage in Stuttgart continues to be clearly noticeable. The increased demand for this attractive asset class is increasingly driving up prices for industrial and logistics real estate. In particular, the demand for industrial real estate rose sharply, which has led to an even stronger focus on Stuttgart as an industrial stronghold.

Take-up
(in 1,000 sq m)



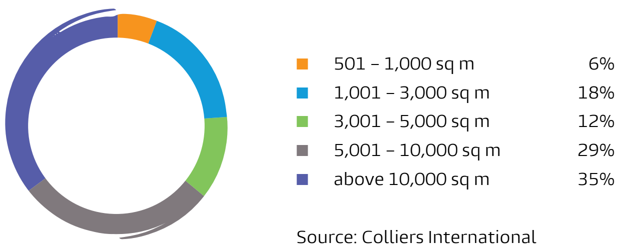
Source: Colliers International

Rental Development
(in €/sq m per month)



Source: Colliers International

Take-up by size (in %)

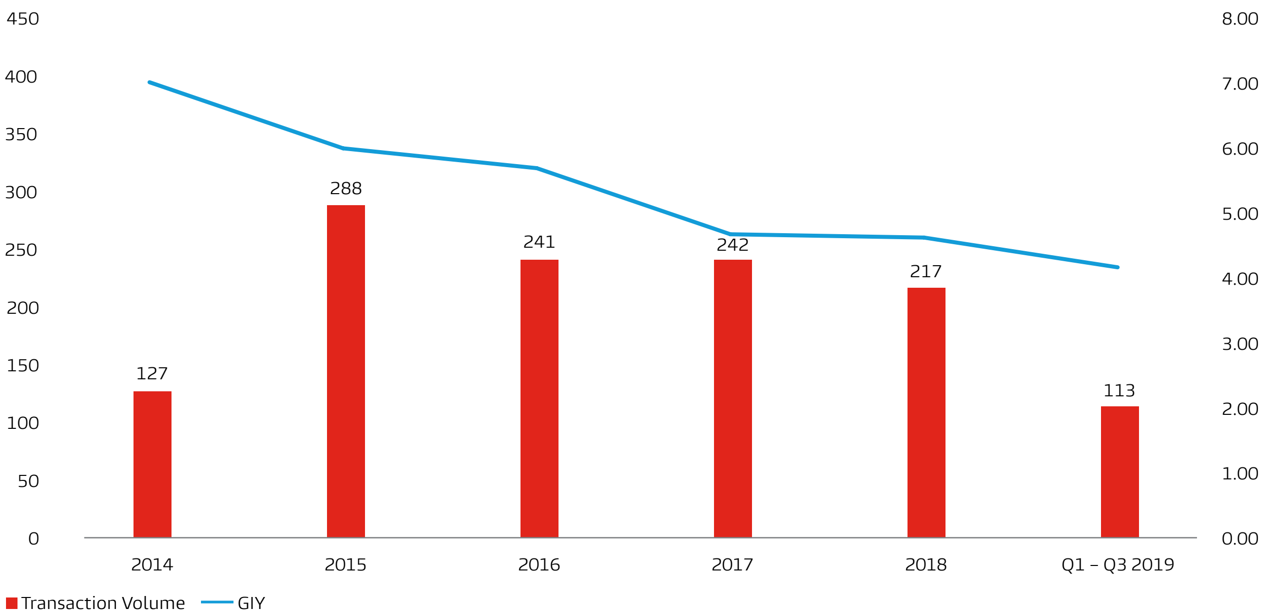


Source: Colliers International

Take-up by user (in %)

Source: Colliers International

Transaction Volume (in million €)
& Yield Development (in %)



Source: Colliers International

The Netherlands Industrial & Logistics Market Overview

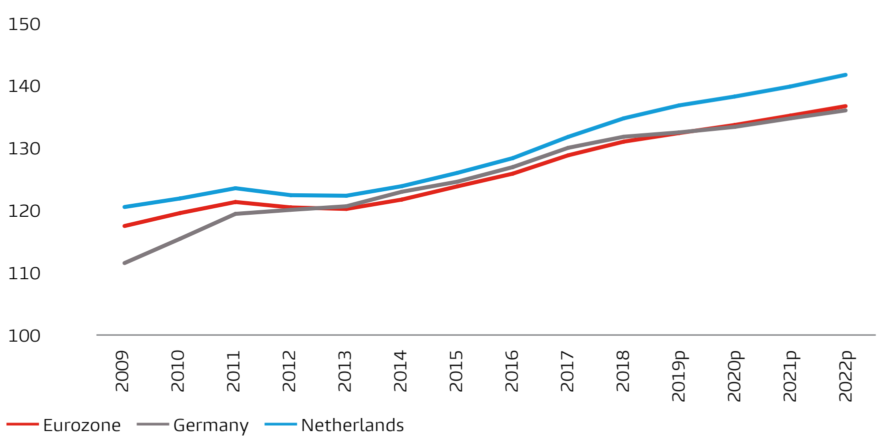
Economy & Outlook

The Netherlands shows a strong economic picture. While the pace of growth has moderated, it remains high in comparison to its peer nations. Partly due to economic growth, unemployment is at a historical low level. Unemployment has fallen to 3.5% with labour shortages leading to wage growth. For example, the new wage agreements in the collective agreements between employers and employees in 2019 increased 3.04%. This is the highest increase in 10 years.

Improving wages contributed to growing purchasing power among consumers, which can influence the real estate market. What is unique is that there is a discrepancy between wage growth and purchasing power development on the one hand and consumer confidence on the other. Consumer confidence which has shown a downward trend since 2017 continues to remain negative. This can be attributed to global concerns surrounding the ongoing trade tensions and Brexit. In addition, first-time home buyers in particular are now experiencing difficulty in entering the housing market due to sharp increase in home prices.

As of December 2018, the ECB has ceased buying government bonds. In March 2019, another round of liquidity support for banks was announced, called "Targeted Longer-term Refinancing Operations (TLTRO)". This makes it easier for banks to provide loans to consumers and businesses. By increasing lending, the Central Bank hopes to achieve its inflation target of 2%. Partly for this reason, the ECB also announced that it would keep interest rates low at least until the end of 2019. At the same time, interest rates on long term 10-year government bonds fell. In some Northern European countries, this interest rate fell below 0%. The low government bond yield keeps alternative investment markets such as real estate attractive for investors. As a result, it is expected that the real estate investment climate will remain strong during 2020.

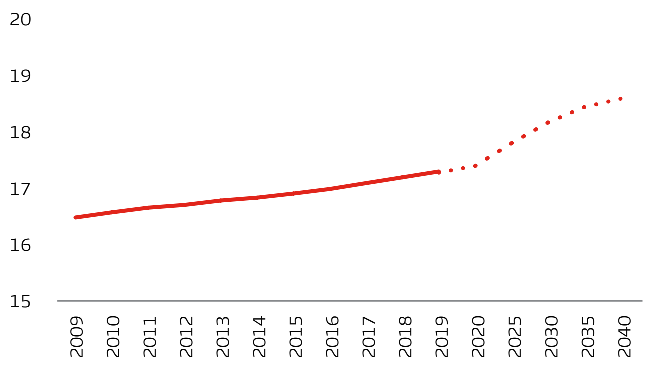
GDP Growth
Index 1999 = 100



Source: Oxford Economics

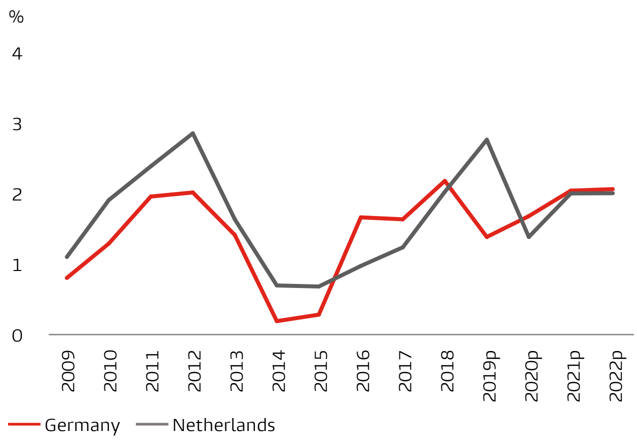
Population Growth

Dutch Population in Millions



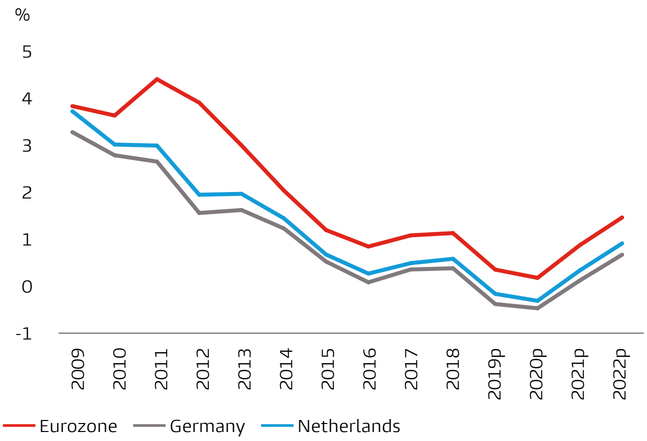
Source: Oxford Economics

Consumer Price Inflation Rate (Annual Average)



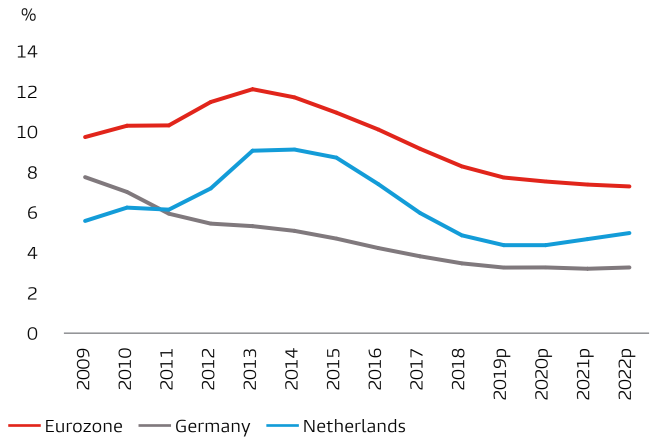
Source: Oxford Economics

Long-Term Interest Rate – Government Bond Yields (10 Years)



Source: Oxford Economics

Unemployment Rate (% of Workforce)



Source: Oxford Economics

National Industrial Market Overview

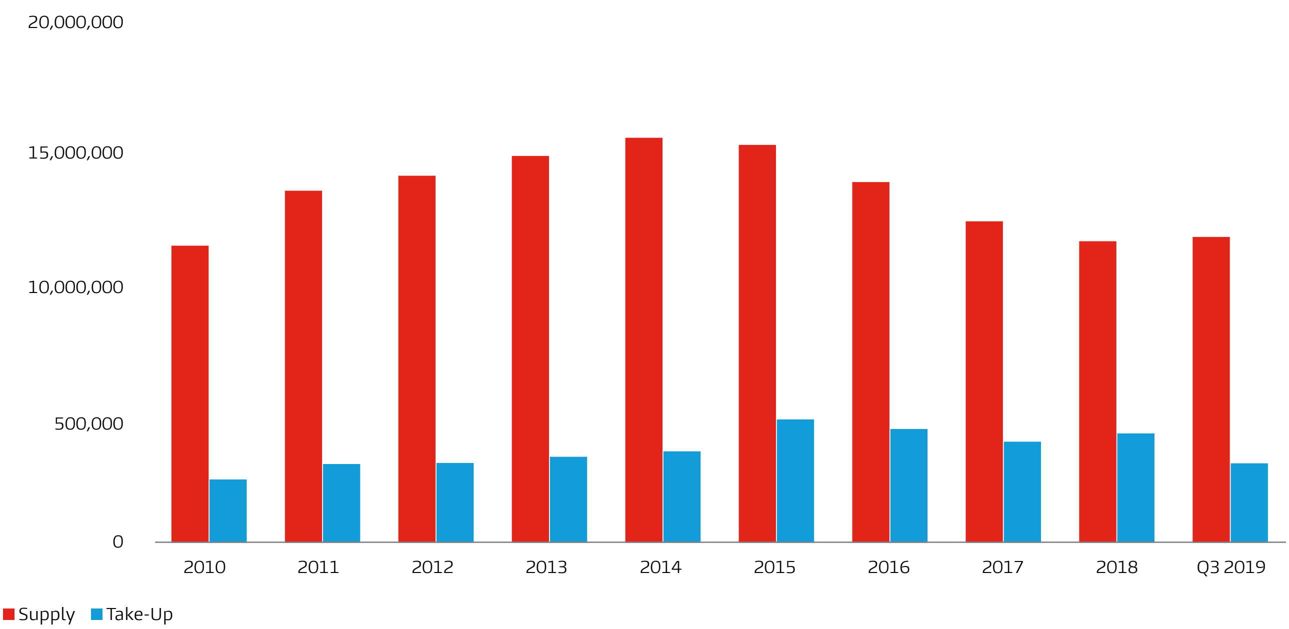
Occupational Market

In the first three quarters of 2019, approximately 3.0 million sq m of industrial and logistics supply was taken up in the Netherlands. As there is minimal speculative construction in the Netherlands, new developments have limited impact on available supply. This usually concerns existing buildings that are often outdated and no longer meet demand. More sites in strong economic regions are being redeveloped to keep up with demand. Producer confidence has fallen, but this has not yet had a direct impact on developments in the industrial market.

However, there is still enough optimism to limit major consequences in the short term. Declining producer confidence may have a negative impact on demand for industrial space in the medium term due to a reduced need for expansion among producers. As e-commerce continues to grow, the need for "last mile" distribution space is high. The available supply and development locations are decreasing, whilst consequently land and construction costs are rising. This also increases the rental rates of logistics real estate. For the time being this does not prevent companies from expanding their activities and putting new distribution centers into operation. Municipalities are considering releasing new land to satisfy the demand.

National Take-up and Supply, 2010 – Q3 2019

Total Floorspace (sq m)

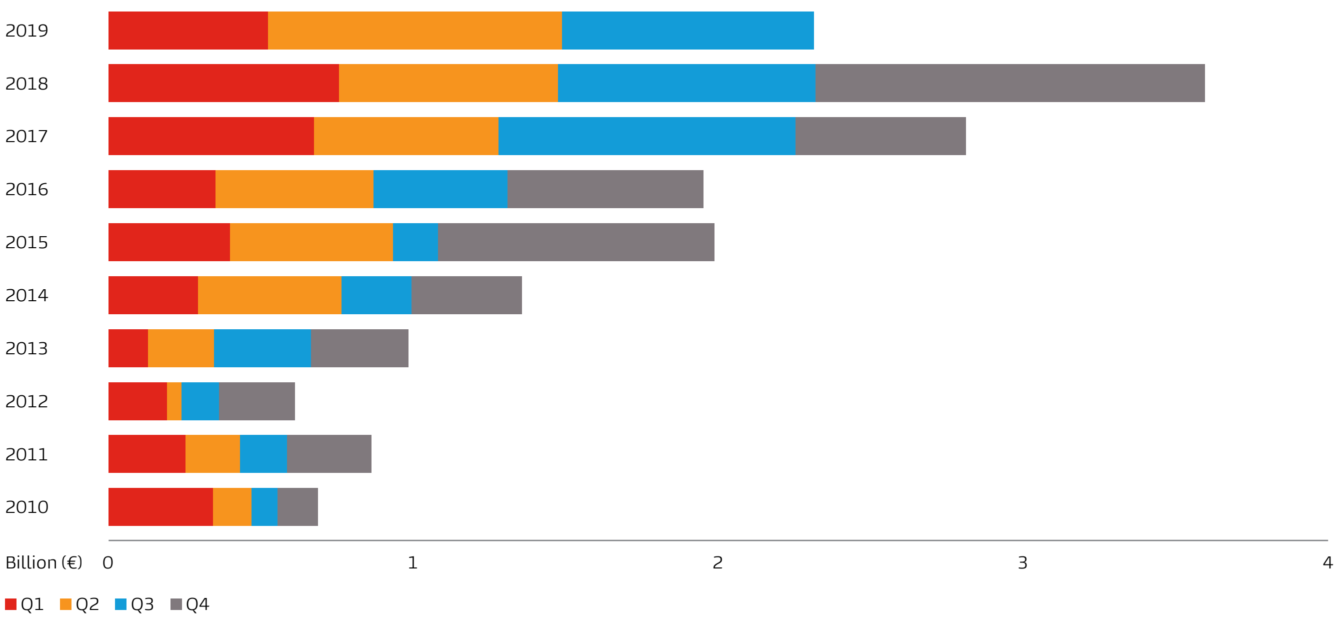


Source: Colliers International

Investment Market

The ample availability of capital and favourable developments in the logistics user market have resulted in record investment volume in 2018. There was an increase in investments by both domestic and international investors. The first quarter of 2019 started slightly more cautiously than the same period in the previous year, but the total volume for the first three quarters of 2019 is comparable to last year. The logistics and industrial investment market is attracting new entrants and as a result, investment volume is expected to remain high this year. The rising interest, together with the growing scarcity of investment products, has led to a further decrease in gross initial yields. Higher prices are also being paid for vacant new logistics buildings and existing properties with shorter term leases. Due to the pressure on the investment market, investors have broadened their horizons and focused on secondary logistics markets. Investors are also showing greater interest in small logistics properties, older (renovated) logistics buildings, high-quality built-to-suit / multi-let light industrial and "last mile" distribution-related real estate.

National Transaction Volumes, 2010 - Q3 2019



Source: Colliers International

	Q2 2018	Q3 2019	EXPECTATIONS (upcoming 6 months)
Amsterdam			
GIY (in %)	5.00% – 5.20%	5.00% – 5.20%	→
PRIME RENT €/per sq m per annum	€65	€65	→
Schiphol Region			
GIY (in %)	4.70% – 5.00%	4.70% – 5.00%	→
PRIME RENT €/sq m per annum	€85	€90	→
Utrecht-Nieuwegein			
GIY (in %)	5.00% – 5.30%	4.80% – 5.10%	→
PRIME RENT €/sq m per annum	€65	€67.50	→
Nijmegen-Geldermalsen-Tiel			
GIY (in %)	5.00% – 5.30%	4.80% – 5.10%	→
PRIME RENT €/sq m per annum	€47.50	€50	→
Rotterdam			
GIY (in %)	4.70% – 5.00%	4.70% – 5.00%	→
PRIME RENT €/sq m per annum	€70	€70	→
Moerdijk			
GIY (in %)	4.70% – 5.00%	4.70% – 5.00%	↘
PRIME RENT €/sq m per annum	€50	€52.50	→
Breda-Roosendaal-Bergen Op Zoom			
GIY (in %)	4.90% – 5.10%	4.50% – 4.80%	→
PRIME RENT €/sq m per annum	€50	€50	↗
Tilburg-Waalwijk			
GIY (in %)	4.50% – 4.80%	4.30% – 4.60%	→
PRIME RENT €/sq m per annum	€50	€52.50	↗
Eindhoven			
GIY (in %)	5.00% – 5.30%	5.00% – 5.30%	→
PRIME RENT €/sq m per annum	€55	€55	→
Venlo-Venray			
GIY (in %)	4.50% – 4.80%	4.30% – 4.60%	→
PRIME RENT €/sq m per annum	€50	€50	↗

The Netherlands

Outlook

There is still uncertainty regarding Brexit and tensions between the US and China remain amplified. As a result of these developments, industrial production in the Eurozone is shrinking, especially in Germany. There is still growth in the Netherlands, but this is declining.

Despite these uncertainties, the logistics market conditions are positive. The Netherlands has an attractive fiscal climate, with good infrastructure and a favourable location. This is positive, for example, when activities may be relocated from the UK if Brexit occurs. In addition, due to the tension with the US, China is increasingly looking at Europe for trade. The increasingly used direct railway line between Tilburg and China therefore offers many opportunities.

Due to increasing scarcity of construction sites and logistics real estate, redevelopment of brownfields will receive even more attention, also in the context of increasing demand for logistics city hubs. These locations are conveniently located in relation to densely populated areas. This is interesting both regarding catchment area and because of the availability of staff.

The increasing debate about the increasing number of distribution centers in the Netherlands can also have an impact on redevelopments. The Board of Government Advisors (in Dutch: College van Rijksadviseurs) has started an investigation regarding this. The results are expected to be announced in autumn. There are also uncertainties around the nitrogen debate. In May 2019, the Council of State scrapped the existing nitrogen standard for agriculture and construction works, the Program to Combat Nitrogen (Programma Aanpak Stikstof). As a result, construction works came to a standstill.

In the short term, however, we expect that demand for modern business and logistics real estate will continue to exist, and rents will increase further at most locations. The investment volume will again be high this year.

Venlo

Market Analysis

Vehicular access to Venlo is via motorway A67 (Venlo-Antwerp) and motorway A73 (Nijmegen-Roermond). Venlo is located approximately 40 minutes' drive from the city of Eindhoven and the German city of Düsseldorf. Düsseldorf Airport is located approximately 40 minutes away by car.

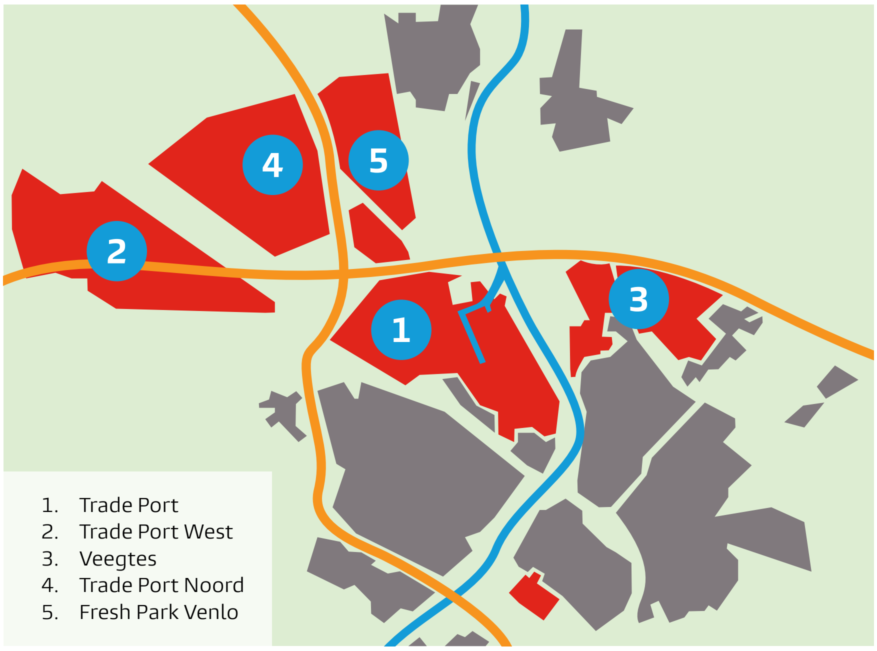
The Venlo region is one of the most important logistics hotspots in The Netherlands. Venlo is highly accessible and has various transport options, offering a vast array of transport solutions to the main ports and the hinterland for established companies and newcomers. A large number of international fashion and e-commerce logistics service providers are located in Venlo, benefiting from its favourable location in relation to both the German and Belgium markets. At the end of 2019, the largest train terminal of the Netherlands will open in Venlo. The terminal is connected to the Silk Road initiative, making it possible to send and receive goods as far as China by train.

It is relatively difficult for project developers to secure land in the Venlo area, which is regulated by the government. The developer needs to have a contract with an occupier in order to acquire the land. This leaves almost no room for speculative developments. Many new logistics buildings are constructed at Trade Port West and Trade Port Noord. Amongst new developments are the extension of the distribution center of LIDL with 40,000 sq m and the extension of VidaXL with 100,000 sq m.

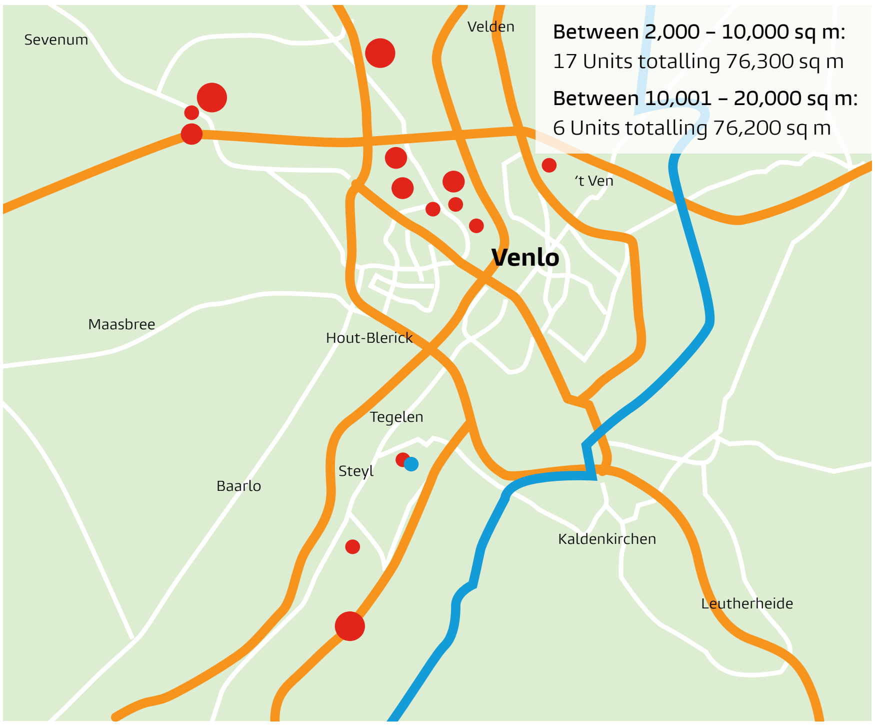
The popularity of Venlo, both on the occupational and investor side, has increased over recent years. 2017 was a record year with almost 350,000 sq m of take-up and more than €335 million in investments. In 2018, approximately €315 million was invested.

As a result of high investor interest, prime yields declined to 4.25%. The investment volume for 2019 is lagging behind and is expected to be slightly lower compared to 2017 and 2018. Rents for prime logistics have increased over the past years to €50 per sq m per year.

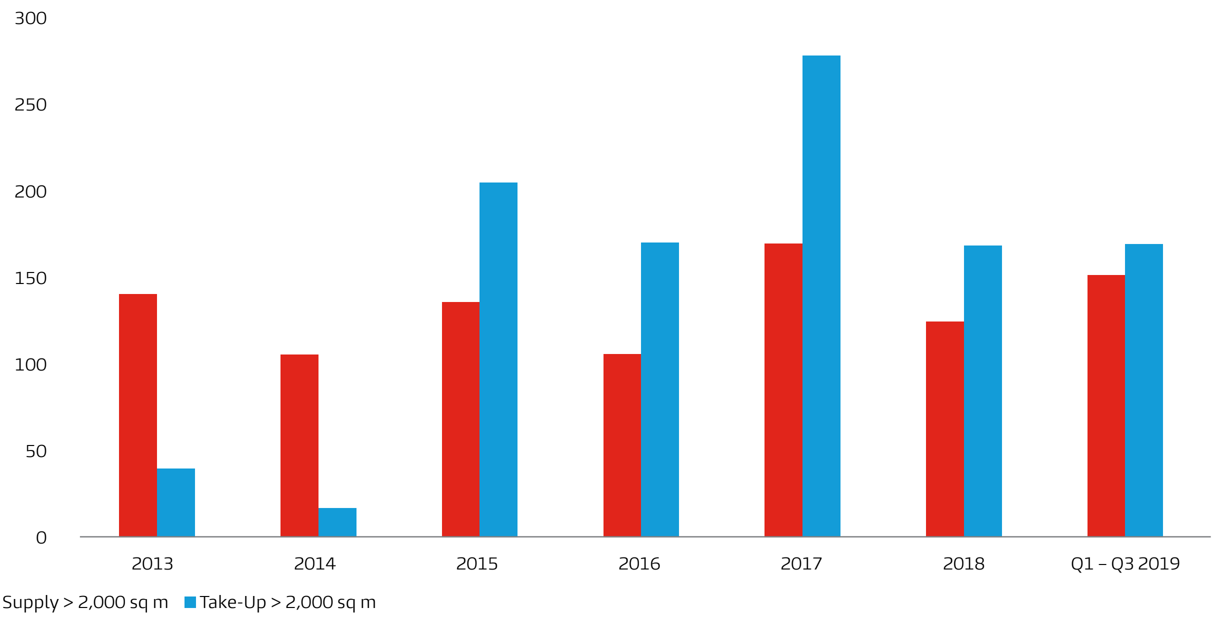
Industrial & Logistics sites – Venlo



Current Supply – Venlo



Supply & Take-up (including new developments)
(in 1,000 sq m)



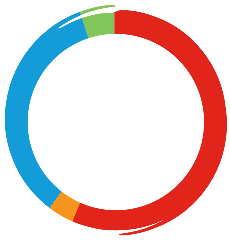
Source: Colliers International

Take-up by size 2017-2019

2,001 – 5,000 sq m	38%
5,001 – 10,000 sq m	25%
10,001 – 20,000 sq m	12%
above 20,000 sq m	25%

Source: Colliers International

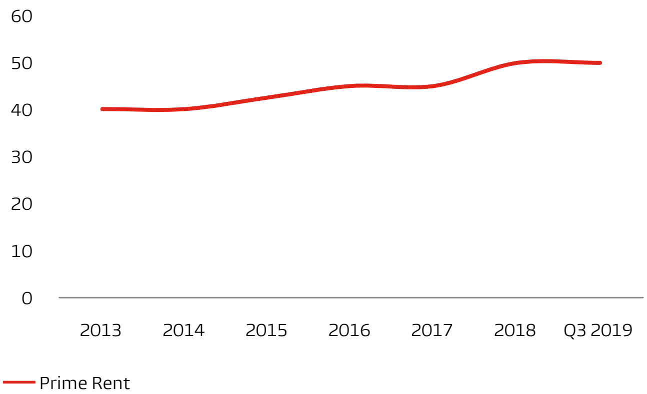
Take-up by user type 2017-2019



Logistics service providers	57%
Production & manufacturing	3%
Trading companies	35%
R&D	5%

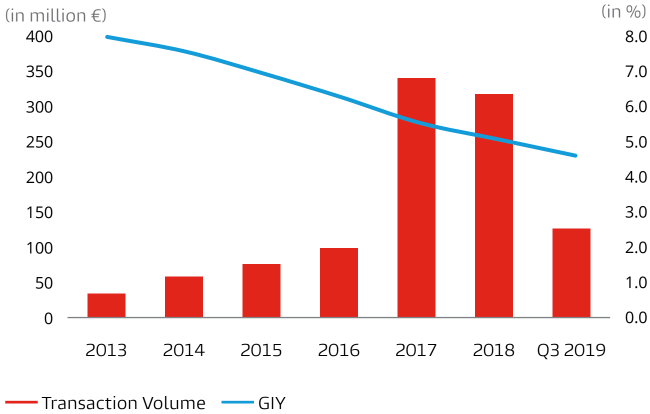
Source: Colliers International

Rents Development
(in €/sq m)



Source: Colliers International

Transaction Volume (in million €) & Yield Development (in %)



Source: Colliers International

Tilburg

Market Analysis

Tilburg is located strategically along motorway A58, one of the most important transportation motorways of the Netherlands, near the Belgian border. The logistics hotspot has two barge terminals and a rail terminal. Tilburg is one of the biggest rail ports in Europe. Seven times a week freight trains from the Chinese city of Chengdu arrives in Tilburg, part of the New Silk Road. The frequency has recently been increased. Motorway A58 between Tilburg and Eindhoven and between Galder and Sint Annabosch will be extended to 2 x 3 lanes (from 2 x 2 lanes). At this moment, studies are being carried out to determine if the part between Tilburg and Breda will also be extended. This seems to be inevitable given the increasing traffic intensity.

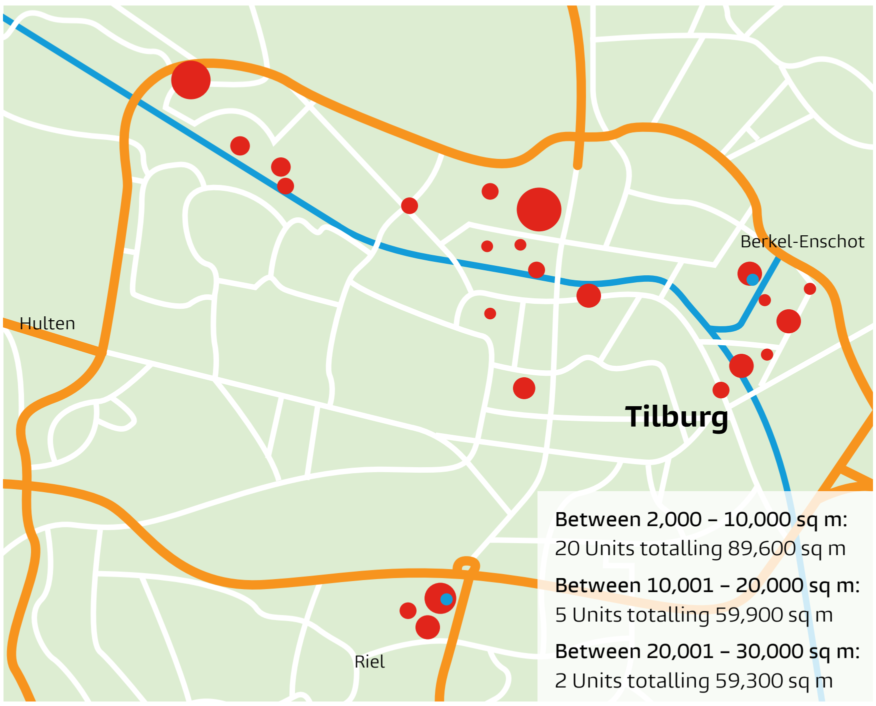
As a top logistics region in the Netherlands and Europe, there is a great demand for large plots in the Tilburg region, while supply is becoming limited. There are expansion sites planned on the edge of the municipality like Zwaluwenbunders and Wijkevoort. Also more and more logistics-related companies are settling or expanding in the neighbouring city of Waalwijk. Their most recent expansion site is Haven Acht (approximately 17 km from Tilburg).

Logistics and industrial take-up numbers have been strong since 2014. There is an ongoing demand for logistics space in the Tilburg region but take-up has decreased in 2018. This is partly due to the availability of land. Speculative building is not allowed at this moment. The average take-up over the last four years is 231,000 sq m.

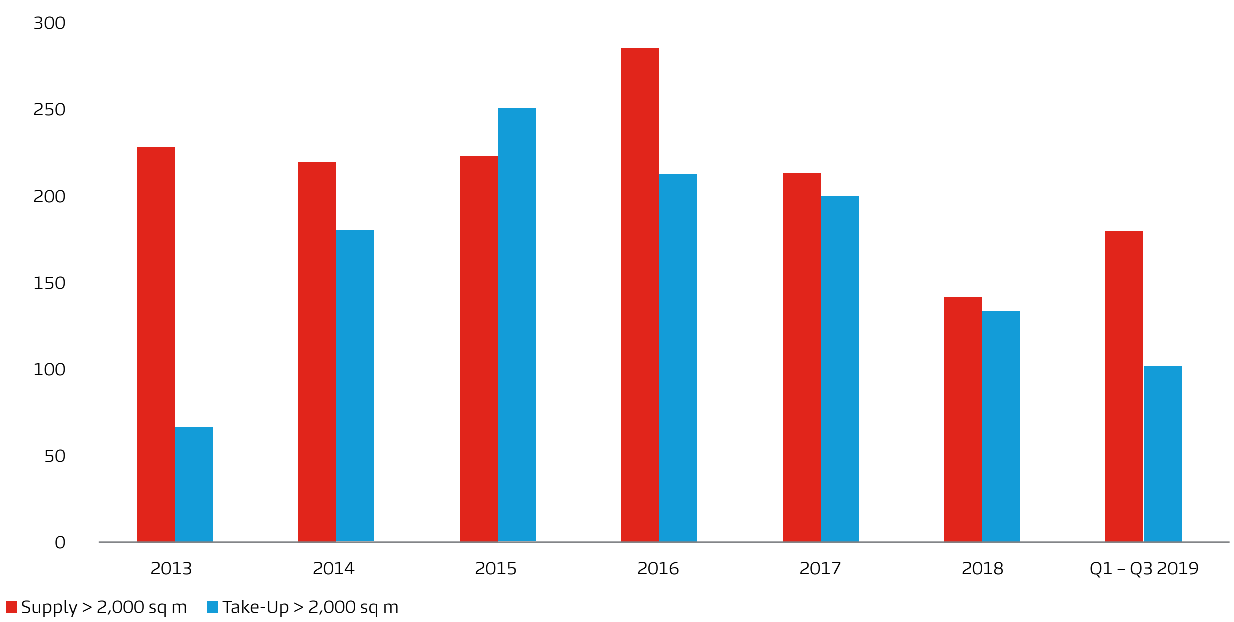
The Tilburg region is of high interest among logistics real estate investors. In 2018, investment volume was lower compared to the year before, due to fewer new developments. The volume of the first three quarters of 2019 has already doubled compared to 2018. As a result of high investor interest, prime yields declined to 4.25%. Rents for prime logistics have increased over the past years to €52.50 per sq m per year.

Industrial & Logistics sites – Tilburg

Current Supply – Tilburg



Supply & Take-up (including new developments)
(in 1,000 sq m)



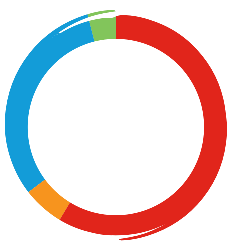
Source: Colliers International

Take-up by Size 2017-2019

2,001 – 5,000 sq m	18%
5,001 – 10,000 sq m	23%
10,001 – 20,000 sq m	27%
above 20,000 sq m	32%

Source: Colliers International

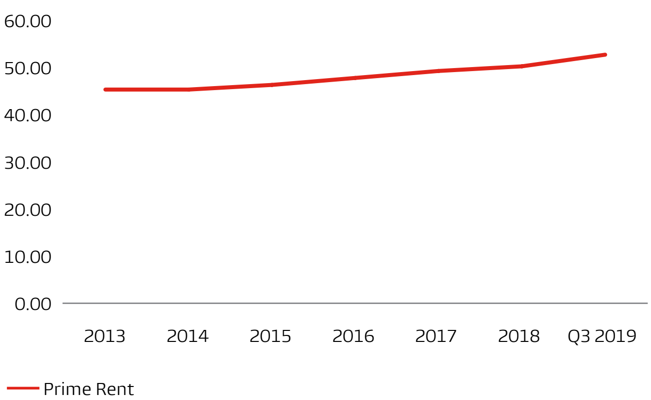
Take-up by User Type 2017-2019



Logistics service providers	59%
Production & manufacturing	6%
Trading companies	31%
Others	4%

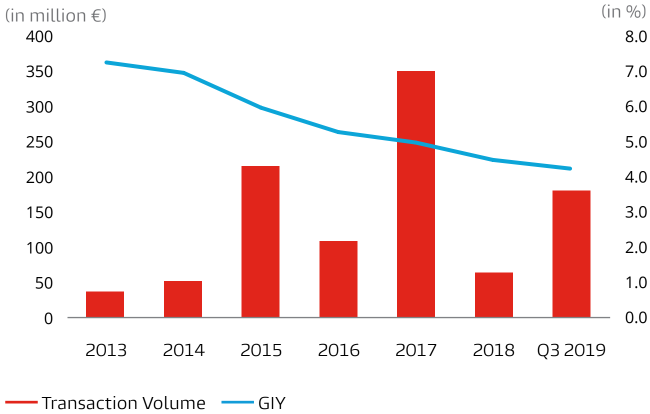
Source: Colliers International

Rents Development
(in €/sq m year)



Source: Colliers International

Transaction Volume (in million €)
& Yield Development (in %)



Source: Colliers International

s-Heerenberg

Market Analysis

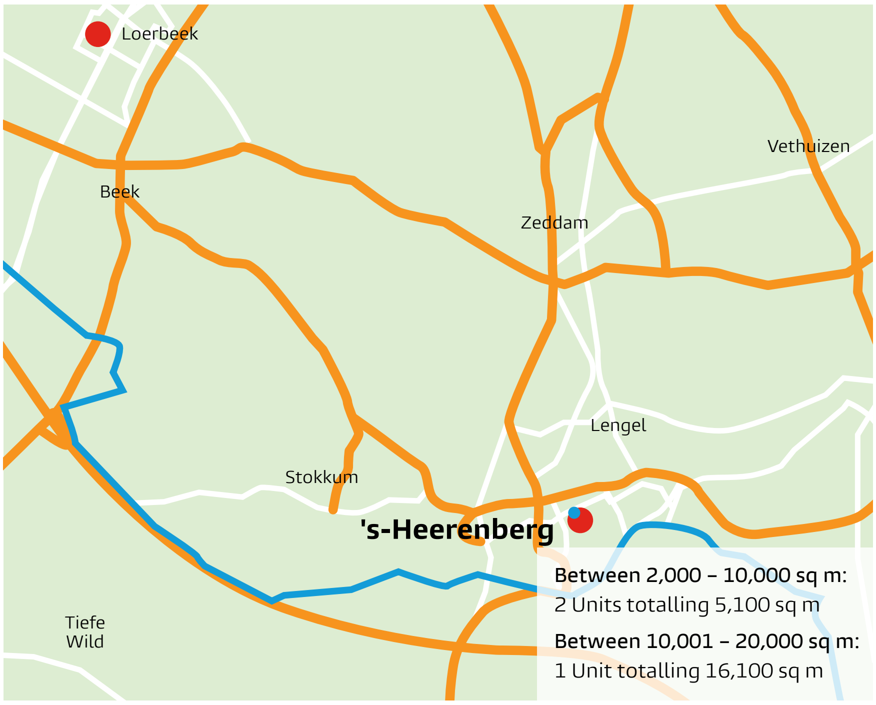
The most important business park in the municipality of Montferland is The DocksNLD business park. This is a modern supra-regional business park with various park management facilities, intended for industrial, logistics and wholesale companies. 's-Heerenberg is accessible trimodally and attracts many logistics-related companies because of its strategic location. 's-Heerenberg is favourably located close to motorway A12/ Bundesautobahn A3 and the Rhein Waal Terminal in Emmerich am Rhein (Germany) which is a short distance away (6 km). The nearest exit road to the A3 is only a 4 minutes' drive away. The A3 is a major connection between the Rhine-Ruhr area and southern Germany.

A favourable development in the region involves an extension of motorway A15 to motorway A12, which will improve the accessibility of the region of Montferland from and to Rotterdam. The works will start in 2020.

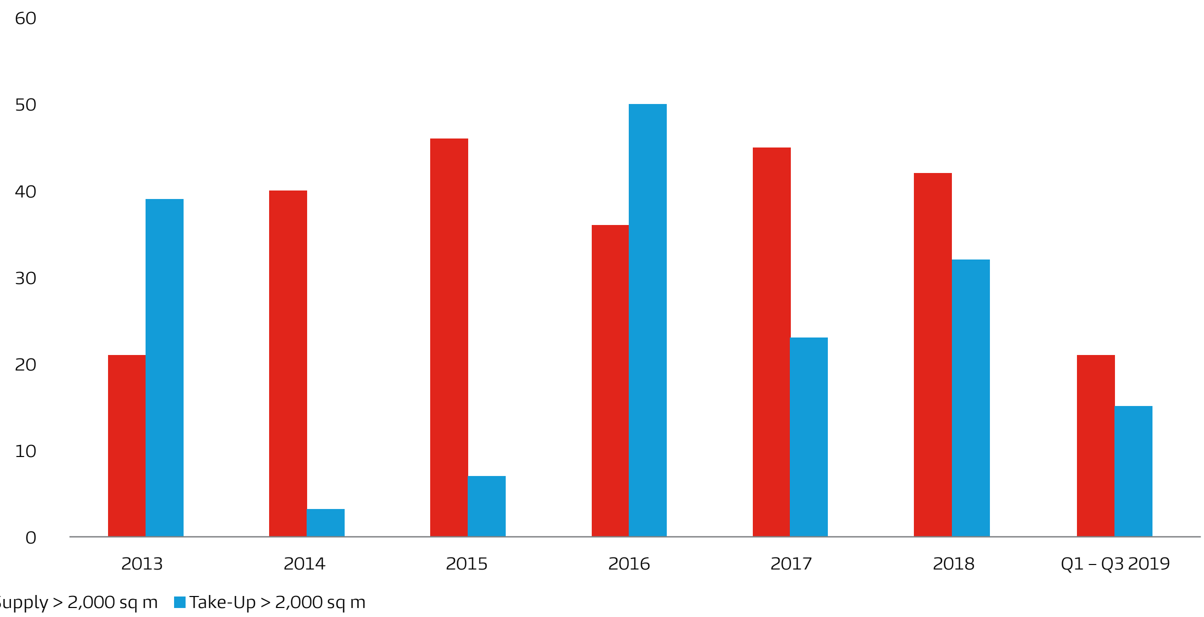
Demand for logistics space in 's-Heerenberg continues to grow over the years. Logistic companies are expanding or looking for new space in the border region. The growth in take-up was related to some large logistic transactions and the supply level has fallen to the lowest in years. The investment market shows an upswing in 2019. International investors have also expressed interest in single properties. Rents increased over the past year to approximately €48 per sq m per year, while prime yields were around 4.8%.

Industrial & Logistics sites – 's-Heerenberg

Current Supply – 's-Heerenberg



Supply & Take-up
(in 1,000 sq m)



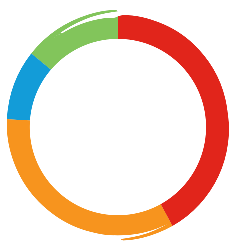
Source: Colliers International

Take-up by size 2010-2019

2,001 – 5,000 sq m	18%
5,001 – 10,000 sq m	23%
10,001 – 20,000 sq m	27%
above 20,000 sq m	32%

Source: Colliers International

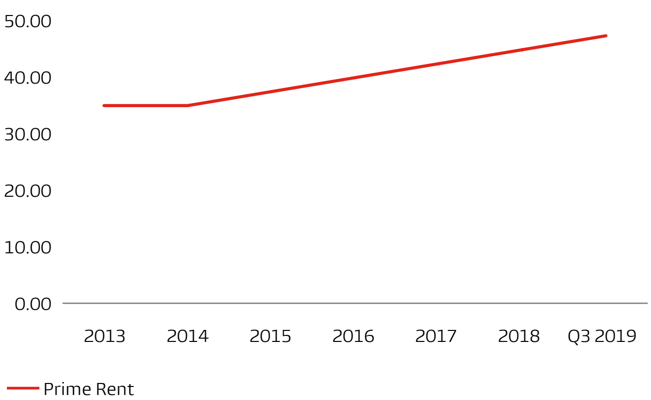
Take-up by user 2010-2019



Logistics service providers	42%
Production & manufacturing	34%
Trading companies	10%
Others	14%

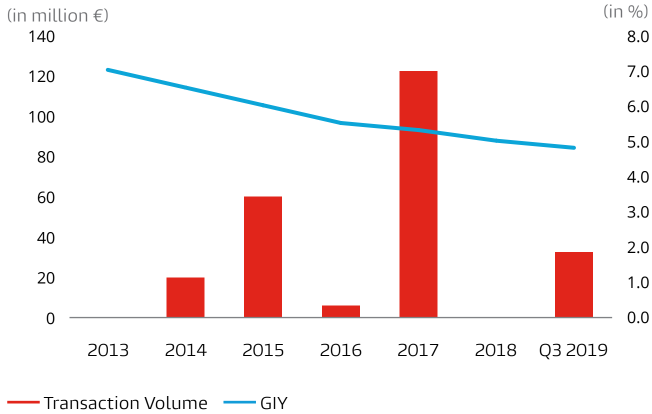
Source: Colliers International

Rents Development
(in €/sq m year)



Source: Colliers International

Transaction Volume (in million €) & Yield Development (in %)



Source: Colliers International

Meppel

Market Analysis

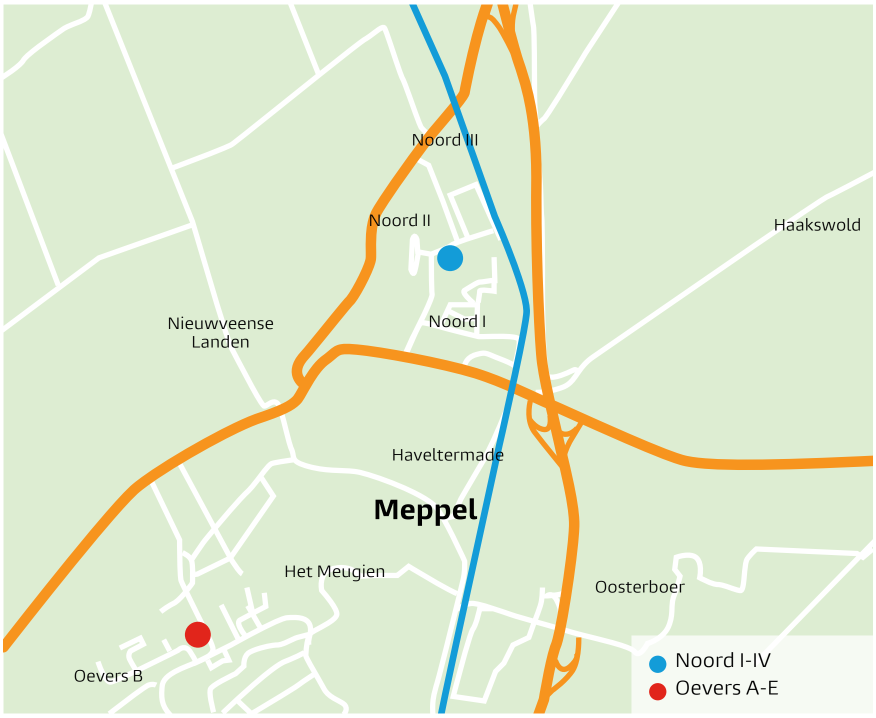
The most important business estates for logistics activities in Meppel are Noord and Oevers. Noord is separated into different parts. Business park "Noord I" is suitable for light to medium-sized businesses. The municipality no longer allocates land at "Noord I". "Noord II" is the newest part of the business park (12.3 hectares available). At "Noord II", located north of "Noord I", more large-scale businesses are located including production companies, transport and distribution companies, and wholesale companies. There are sufficient opportunities for companies with business activities up to environmental category 4.2. The business park is well connected to the nearest exit road of motorway A32. At "Noord II", up to 20,000 sq m of land are available. Containers are loaded and unloaded at the container terminal at business park "Oevers" in Meppel. The business park is separated into different parts (A to D). The harbour of Meppel is the most inland located harbour for ships up to 3,000 tons in the north of the Netherlands.

The supply level of existing industrial & logistics space in the municipality of Meppel has increased slightly compared to 2018. Most supply is located near the northern ring road (N375), which connects to the A32 motorway. A large part of the supply was built before 2000. The industrial take-up in Meppel shows a volatile trend, due to the variance in the number of transactions and because of relatively large transactions in specific years. Activities in the industrial market has increased slightly over the years.

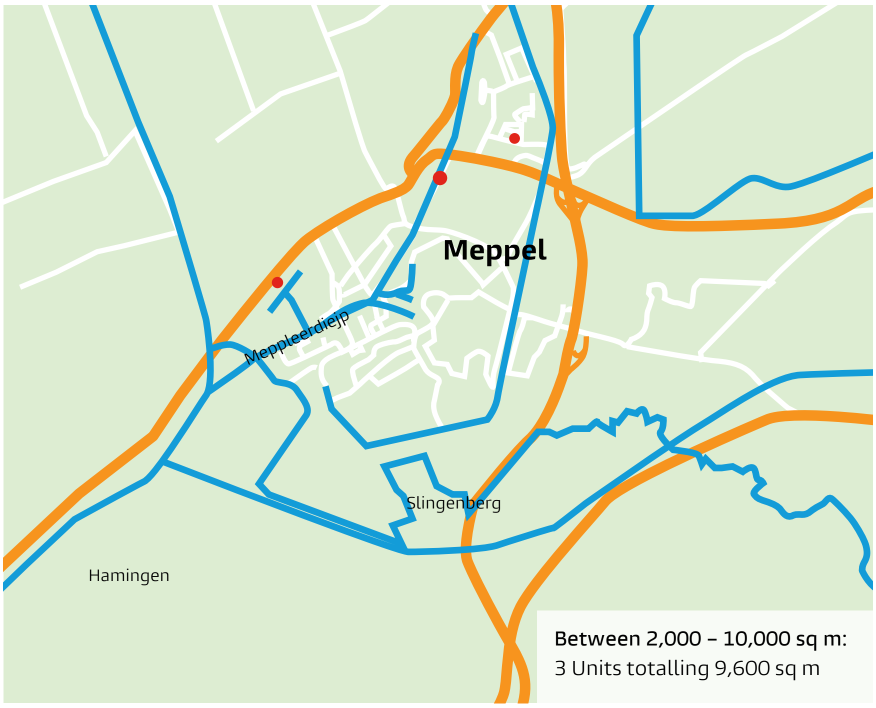
Most transactions over the past years were registered at business park "Noord". The lease of a new distribution centre by FrieslandCampina in 2017 pushed the take-up volume. The upswing in take-up also attracts more investors to the city, however Meppel does not have a dynamic investment market since logistics activity is less compared to other parts of the country.

Rental rates for industrial and logistics space in the municipality of Meppel vary between €25 and €50 per sq m.

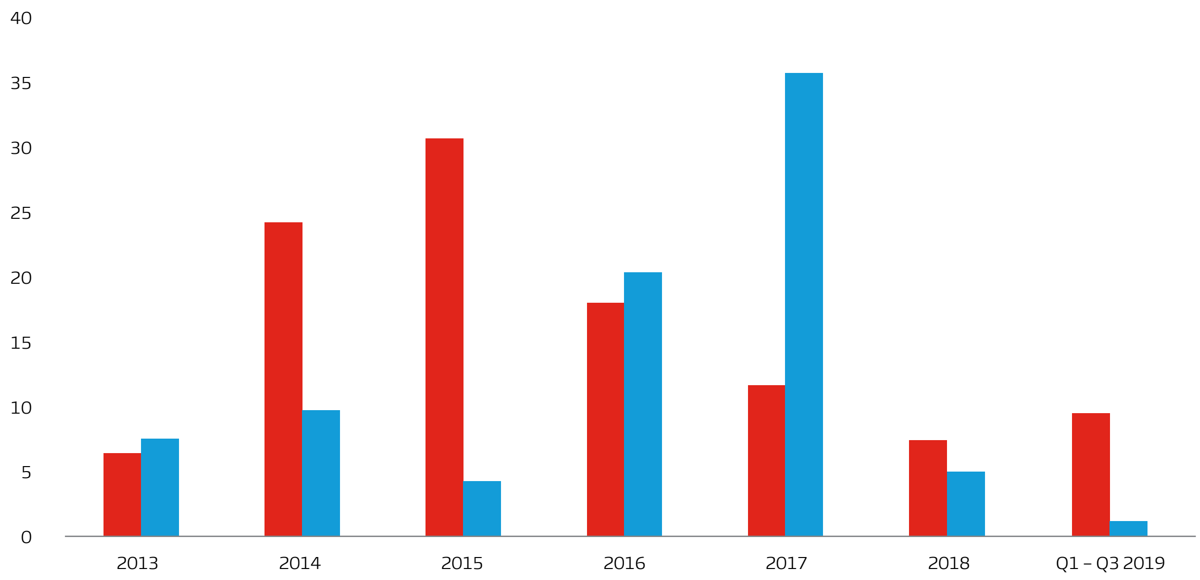
Industrial & Logistics sites – Meppel



Current Supply – Meppel

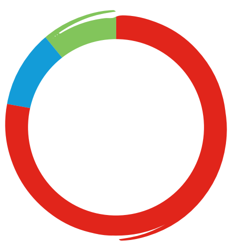


Supply & Take-up
(in 1,000 sq m)



Source: Colliers International

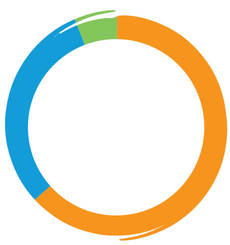
Take-up by size 2010-2019



2,001 – 5,000 sq m	80%
10,001 – 20,000 sq m	10%
above 20,000 sq m	10%

Source: Colliers International

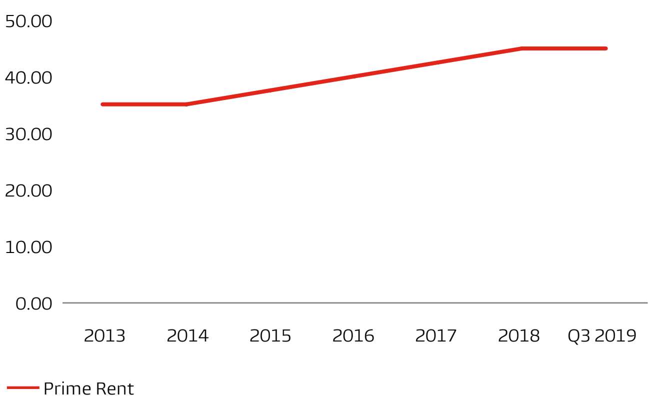
Take-up by user 2010-2019



Production & manufacturing	64%
Trading companies	30%
Others	6%

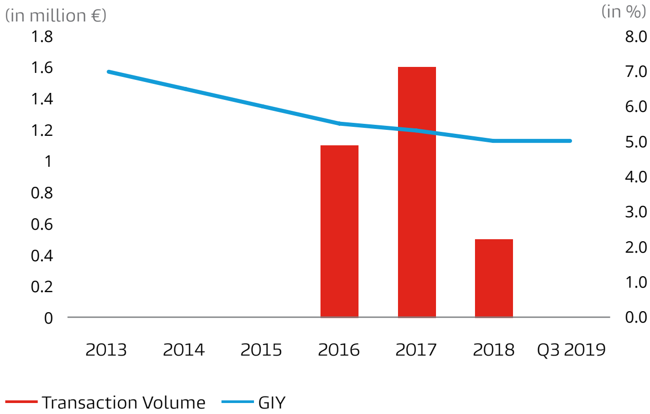
Source: Colliers International

Rents Development
(in €/sq m year)



Source: Colliers International

Transaction Volume (in million €) & Yield Development (in %)



Source: Colliers International

Operational Overview

FLT has maintained a steadfast growth trajectory via strategic acquisitions and divestments, increasing its portfolio value 2.3x from A$1.6 billion at IPO to A$3.6 billion as at 30 September 2019.

Portfolio Highlights

As at 30 September 2019

Number of Properties

91

Y-o-Y net change[1] (+9)

Gross Lettable Area (GLA)

2,223,452 sq m

Y-o-Y change (+14.2%)

Portfolio Value

A$3,554.1 million[1]

Y-o-Y change (+19.3%)

Occupancy Rate

99.6%

High occupancy

WALE

6.31 years

Long WALE

Average Property Age

7.56 years

Modern portfolio

Top 10 Tenant Concentration

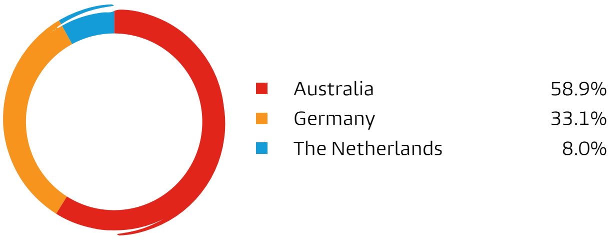
27.6%

Well-diversified

Steadfast Growth

Listed on the SGX-ST in June 2016 with an initial portfolio of 51 Australian properties worth approximately A$1.6 billion, FLT has over the years maintained a steadfast growth trajectory via strategic acquisitions and divestments, contributing to a 2.3 times net increase in portfolio value to A$3.6 billion as at 30 September 2019. During this period, FLT also achieved geographical diversification by entering the attractive logistics markets of Germany and the Netherlands. FLT ended FY2019 with 91 properties in its portfolio, comprising 62 properties in Australia, 24 in Germany and 5 in the Netherlands.

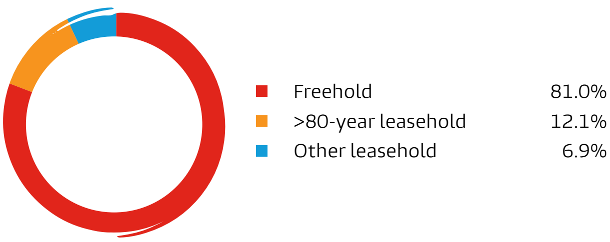
Portfolio Value by Geography



Predominantly Freehold Tenure

Approximately 93.1% of FLT's portfolio land tenure by value comprises freehold and long leasehold properties. Freehold properties represent approximately 81.0% of FLT's portfolio, while 12.1% is made up of properties with leasehold tenure of more 80 years.

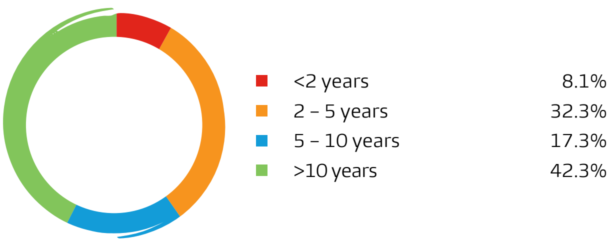
Portfolio Land Tenure by Value



Resilient Portfolio

With more than 57% of its portfolio by GLA comprising properties under 10 years of age, FLT benefits from lower maintenance capital expenditure requirements. The nature of the properties positions the portfolio to meet the needs of sophisticated logistics and industrial occupiers.

Portfolio Age by GLA



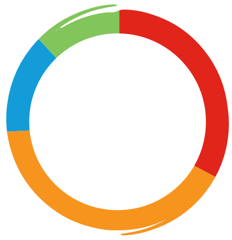
1 Excludes 610 Heatherton Road, Clayton South, Victoria, Australia which is classified as "Investment Property held for Sale" and excludes the acquisition of two German properties which are yet to complete as at 30 September 2019

Well-Diversified and High Quality Tenant Base

FLT ended the financial year with a high quality tenant base of 96 tenants, comprising multinational corporations, listed companies and conglomerates with long lease terms. The diversified tenant base was underpinned by primary industries including consumer, logistics services, manufacturing and automotives. The top ten tenants accounted for just 27.6% of FLT's gross income, and are geographically distributed across Australia, Germany and the Netherlands. In addition, no single tenant accounts for more than 3.5% of FLT's monthly gross income, offering income diversity within FLT's portfolio.

Breakdown of Tenants by Trade

(GRI for the month of September 2019)



Tenant Sector	% of portfolio
Consumer	32.8
Logistics Services	41.3
Manufacturing	14.2
Automotives	11.7

Top 10 Tenants of FLT by Gross Income

(as at 30 September 2019)

Tenant	Country	% of FLT Gross Income	WALE (Years)
BMW	Germany	3.5%	6.0
CEVA Logistics	Australia	3.4%	5.7
Coles Group	Australia	3.3%	12.7
Techtronics Industries	Australia	3.0%	3.4
Schenker	Australia	3.0%	5.0
Mainfreight	The Netherlands	2.7%	6.4
Constellium	Germany	2.3%	7.7
Bakker Logistics	The Netherlands	2.3%	11.1
DSV Solutions	Germany & The Netherlands	2.1%	5.1
Bosch	Australia	2.0%	8.8

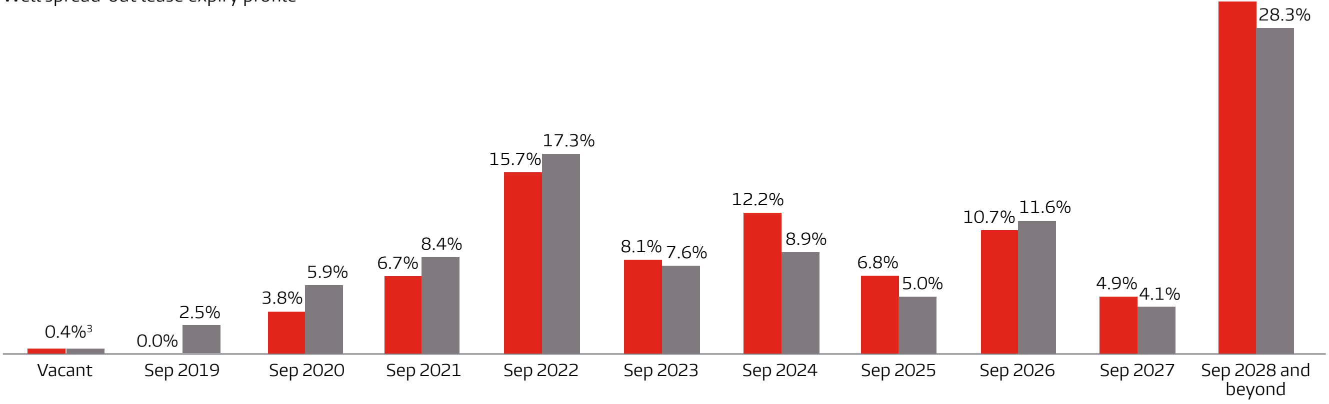
Stable Lease Structure and Profile

FLT's portfolio has a long WALE of 6.31 years with attractive annual step-up rents. Leases in the Australian portfolio generally incorporate fixed rate annual adjustments averaging 3.1% and a majority of the European leases benefit from CPI-linked indexation, thereby providing stability in earnings growth.

In addition, FLT's lease expiry profile is well spread-out, providing minimal disruption and long-term cash flow stability. No more than 15.7% of the portfolio's leases by gross rental income ("GRI") will expire in any single financial year.

Lease Expiry Profile

Well spread-out lease expiry profile[2]



2 Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2019. Excludes straight lining rental adjustments

3 The vacancy was reduced to zero following the signing of a five-year lease agreement with Amazon for the vacant tenancy at 60 Paltridge Road, Perth Airport, Western Australia

Strong Occupancy and Leasing Activities

FLT maintained a high occupancy rate of 99.6% as at 30 September 2019. The strong appeal of FLT's well-located and quality assets, coupled with the Manager's deep expertise in the logistics and industrial sector, played an integral role in driving its leasing transactions for the financial year, achieving a tenant retention rate of 91.2%.

Testament to the Manager's proactive efforts in identifying new tenants and engaging with existing tenants on lease renewal negotiations, FLT successfully secured 10 lease renewals and one new lease in FY2019, totalling 122,554 sq m. These leases have a WALE of 4.46 years and represent approximately 5.5% of the total portfolio GLA. The fixed annual rent increment of the newly renewed and newly leased Australian properties ranged from 2.5% to 3.5% for the Australian leases, while the two German leases will benefit from CPI-linked indexation. The average rental reversion for the 12-month period ended 30 September 2019 was negative 3.2%.

The Manager will continue to proactively engage in marketing and leasing activities to minimise vacancy downturn and lease expiry concentration, while maximising returns of the portfolio.

The leasing activities undertaken in FY2019 are listed in the table below.

Property	Lease Type	GLA (sq m)	Lease Term (years)	New Expiry Date	Annual Rent Increment
2-46 Douglas St, Port Melbourne	Renewed	3,262	5.0	30-Apr-24	3.50%
115-121 South Centre Road, Melbourne Airport	Renewed	206	5.0	4-May-23	3.25%
170 Atlantic Drive, Keysborough	Renewed	17,878	3.7	31-Mar-23	3.00%
468 Boundary Road, Derrimut	Renewed	24,732	10.0	9-Aug-31	2.50%
Unit 8, Reconciliation Rise, Pemulwuy,	Renewed	13,991	3.0	31-May-25	3.25%
Otto-Hahn Straße, Vaihingen	Renewed	13,217	4.0	31-May-24	CPI
16-32 South Park Drive	Renewed	12,729	1.0	31-Jul-21	N.A.
17-23 Jets Court	Renewed	3,822	0.5	19-Sep-20	3.50%
Koperstraße 10, Nuremberg	Renewed	10,794	5.0	31-Aug-25	CPI
10 Siltstone Place, Berrinba	New	9,797	5.0	19-Oct-24	3.00%
17 Pacific Drive, Keysborough	Renewed	12,126	3.0	19-Jun-24	3.00%

Active Portfolio Management

Acquisitions

In October 2018, FLT acquired a modern logistics property located at Mandeveld 12, Meppel, the Netherlands, for €25.36 million. The 31,013 sq m property was built in accordance with the Building Research Establishment Environmental Assessment Method ("BREEAM") "Very Good" certification requirements and is fully leased to a Dutch multinational dairy cooperative for a period of 15 years.

In July 2019, FLT also announced the proposed acquisition of 12 prime and freehold logistics properties in Germany and Australia for A$644.7 million. With a GLA of 297,032 sq m, this portfolio is 100% freehold, has an occupancy rate of 100%[4] and a long WALE of 8.6 years[5] as at 31 March 2019. The acquisition was funded via a combination of equity and borrowing, which included a S$258.1 million private placement that was oversubscribed by new and existing institutional investors. As at 30 September 2019, the acquisition of all three Australian properties and seven out of the nine German properties had been completed.

In all, the aforesaid acquisitions provided strategic benefits to the portfolio and enhanced the attributes of FLT's portfolio through geographical diversification, a higher proportion of freehold properties, a longer WALE, and reduced tenant concentration risk.

4 Includes the effects of the arrangement under the Rental Support Deed. Please refer to paragraph 2.7 of the announcement issued by the Manager on 3 July 2019 (the "Announcement") for further details on the arrangement under the Rental Support Deed. Excluding the Rental Support Deed, the target portfolio will have an overall occupancy rate of 93.7%

5 Based on the gross rental income, being the contracted rental income and estimated recoverable outgoings, for the month of March 2019. In respect of the New Properties, the arrangement under the Rental Support Deed has been taken into account. The vacancy was subsequently fully taken up by a occupier in May 2019

Divestments

During the financial year, FLT undertook strategic divestments worth A$171.9 million. Three properties in Australia were divested at premium-to-book values ranging from 8.8% to 13.3%. Collectively, the divestments created greater financial flexibility and further optimised FLT's portfolio metrics. It also reduced FLT's income exposure from a single tenant, providing greater income diversity.

Property	Country	Sale Consideration (A$' million)	Premium to Book Value (%)	Buyer	Completion Date
63-79 South Park Drive, Dandenong South, Victoria	Australia	17.25	13.1	Enborne Pty Ltd	16 May 2019
99 Sandstone Place, Parkinson, Queensland[6]	Australia	134.2	8.8	ACREF 99SP Pty Ltd	24 July 2019
610 Heatherton Road, Clayton South, Victoria[7]	Australia	20.4	13.3	Mack Bros Enterprises Pty Ltd; Enjoy Church Inc.	By end 2019

In line with its portfolio management strategy, the Manager will continue to selectively divest properties to realise the value of its assets and recycle capital, while optimising returns for Unitholders.

Asset Enhancement Initiatives

The Manager remains committed to identifying organic growth opportunities to unlock greater value from existing assets. The Manager endeavours to improve the income generating attributes of its properties through opportunistic asset enhancement initiatives ("AEIs") that focus on sustainability, as well as the efficiency and functionality of the properties.

In FY2019, the Manager completed one asset enhancement initiative at 468 Boundary Road, Derrimut, Victoria, Australia. It included an A$0.8 million (exclusive of GST) acquisition of an adjacent 12,320 sq m freehold site (59A FoxleyCourt, Derrimut) from Frasers Property Australia, as well as the expansion to existing hardstand area and an upgrade of existing facilities, including an office refurbishment. Sustainability upgrades were also carried out, which included LED lighting replacements and the installation of a 250 kilowatt hour solar photovoltaic system. The AEI was successfully completed in September 2019 and resulted in a 10-year lease extension to August 2031.

Enhanced Commitment to Environmental Sustainability

Sustainability remains at the core of our business and is a key driver to creating long-term value for our stakeholders. The valued recognition by both the Global Real Estate Sustainability Benchmark ("GRESB") and the Green Building Council of Australia ("GBCA") underscores the key role sustainability plays in FLT's growth journey as a leading industrial real-estate owner. FLT is cognisant that being at the forefront of internationally recognised sustainability standards will bring forth strategic benefits such as reducing ongoing occupancy costs, attracting new tenants, retaining tenants at lease expiry, decreasing building obsolescence and minimising vacancy downtime.

2019 marks the third year of FLT's participation in the annual GRESB Real Estate Assessment. FLT continues to be a trailblazer in this space and is recognised as the Global Sector Leader (1st Global / Industrial / Distribution Warehouse / Listed) for the second consecutive year. With an overall score of 90 out of 100, FLT was also named Overall Regional Sector Leader (1st Asia-Pacific / Industrial / Distribution Warehouse) and Regional Sector Leader (1st Australia / Industrial / Distribution Warehouse) in the GRESB 2019 Real Estate Assessment. The annual GRESB Assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real asset investments and are aligned with international reporting frameworks such as the Global Reporting Initiative and Principles for Responsible Investment.

The Green Star performance rating is awarded by the GBCA, which assesses properties against nine key performance criteria – energy, water, transport, materials, indoor environment quality, management, land use & ecology, emissions and innovation. As at 30 September 2019, 83.6% of FLT's portfolio was awarded the Green Star Performance Rating, with another 6.0% having obtained Design and As-built ratings. FLT also has the highest Green Star performance-rated portfolio in Australia. FLT achieved an overall 4 Star Green Star rating and is the first to achieve 6 Star Green Star ratings for industrial assets in New South Wales, Victoria and Queensland.

Looking ahead, FLT will continue to build on the momentum and proactively identify opportunities to enhance its properties with the use of sustainable design and technology. These include incorporating energy-efficient LED lightings, solar PV systems, geothermal heating and cooling systems, as well as rainwater collection and reuse systems.

6 Divestment of 50% interest in the Property at 99 Sandstone Place, Parkinson, Queensland
7 Classified as "Investment Property held for Sale", is 100% owned and has GLA of 8,387 sq m

Portfolio Overview

Quality portfolio of 91[1] prime and modern properties, strategically located across 3 countries.

Over the past 12 months, the Manager continued to deliver on FLT's acquisition growth strategy, with a focus on key logistics and industrial markets in Australia, Germany, and the Netherlands. As at 30 September 2019, FLT's portfolio comprises 91[1] logistics and industrial properties with a valuation of approximately A$3.6 billion, compared with 82 properties worth approximately A$3.0 billion as at 30 September 2018.

AUSTRALIA

FLT's Australian properties are predominantly located within Australia's major demographic centres – the eastern seaboard states of Melbourne, Sydney and Brisbane. Its Australian portfolio features 62[2] prime and modern properties located across five states, with an aggregate gross leasable area of 1,377,649 sq m, a weighted average lease expiry of 5.74 years, and a portfolio value of approximately A$2.1 billion.

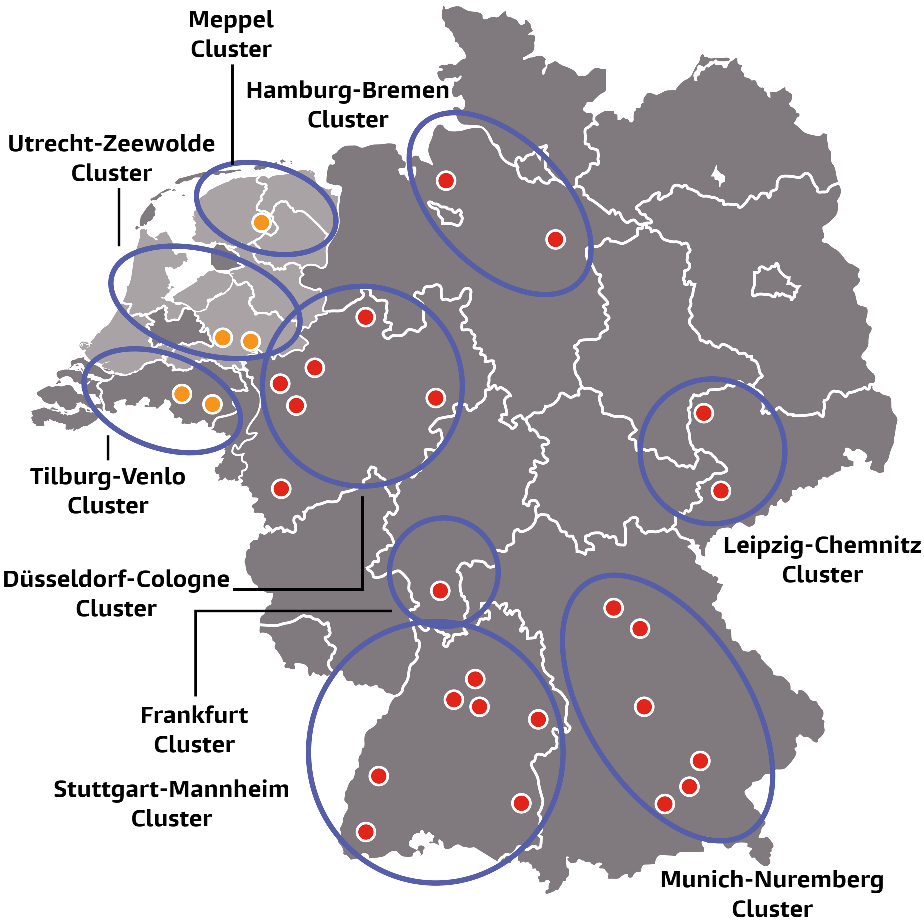
City (State)	Properties	GLA (sq m)	Valuation[3] (A$'m)	% of FLT Portfolio (by Valuation)
Melbourne (Victoria)	29[2]	649,879	841.7	23.7
Sydney (New South Wales)	16	397,162	683.0	19.2
Brisbane (Queensland)	13	284,053	531.1	14.9
Adelaide (South Australia)	3	26,412	25.9	0.7
Perth (Western Australia)	1	20,143	12.3	0.3

1 Excludes 610 Heatherton Road, Clayton South, Victoria which is classified as "Investment Property held for Sale" and excludes the acquisition of two German properties which are yet to complete as at 30 September 2019
2 Excludes 610 Heatherton Road, Clayton South, Victoria which is classified as "Investment Property held for Sale"
3 Based on the appraised value of FLT's Australian portfolio as at 30 September 2019

GERMANY & THE NETHERLANDS

FLT's presence in Europe spans across 29[4] prime and majority freehold industrial properties located in key global logistics hubs in Germany and the Netherlands. Its properties in Germany are situated in all the key logistics hubs in the country – Hamburg-Bremen, Leipzig-Chemnitz, Munich-Nuremberg, Stuttgart-Mannheim, Frankfurt, and Düsseldorf-Cologne. Similarly, its properties in the Netherlands are in the major logistics clusters of Meppel, Utrecht-Zeewolde, and Tilburg-Venlo. Collectively, FLT's European portfolio has an aggregate gross leasable area of 845,803 sq m, a weighted average lease expiry of 7.42 years, and a portfolio value of approximately A$1.5 billion.

- German Properties
- Dutch Properties
- Major Logistics Clusters



Logistics Clusters in Germany	Properties	GLA (sq m)	Valuation[5] (A$'m)	% of FLT Portfolio (by Valuation)
Hamburg – Bremen	2	32,170	59.0	1.7
Leipzig – Chemnitz	2	29,590	49.7	1.4
Munich – Nuremberg	6	164,909	327.1	9.2
Stuttgart – Mannheim	7	240,096	474.2	13.3
Frankfurt	1	23,154[6]	48.0	1.4
Düsseldorf – Cologne	6	137,599	217.8	6.1

Logistics Clusters in The Netherlands	Properties	GLA (sq m)	Valuation[7] (A$'m)	% of FLT Portfolio (by Valuation)
Meppel	1	31,013	42.1	1.2
Utrecht – Zeewolde	2	136,509	173.4	4.9
Tilburg – Venlo	2	50,763	68.8	1.9

4 Excludes the acquisition of two German properties which are yet to complete as at 30 September 2019
5 Based on the appraised value of FLT's German portfolio as at 30 September 2019
6 Includes the Amor & Mühle AEI. The Amor & Mühle Facility has undergone an expansion which was completed in March 2019, with a new lease to the existing tenant, Mühle, commencing from 1 April 2019
7 Based on the appraised value of FLT's Dutch portfolio as at 30 September 2019

Melbourne, Victoria

Total No. of Properties

29

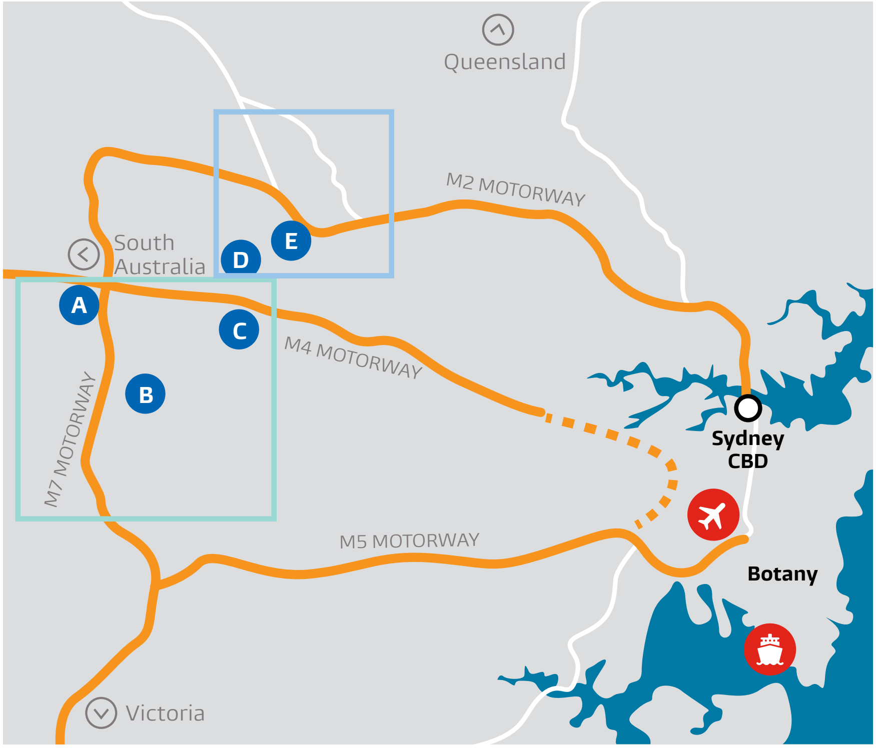
Melbourne continues to lead the country in economic growth, underpinned by solid levels of consumption and investment by both the public and private sector. The outlook for the Melbourne industrial investment market remains positive, which is expected to benefit from the solid economic performance and strong population growth forecasts, largely in the West. Consequently, increased demand for industrial facilities should follow.[8]

FLT's properties in Melbourne are primarily located in the west and south east industrial precincts and service Melbourne's port and large south eastern residential population base.

	Location	No. of Properties	Precinct Characteristics
South East	South Park Industrial Estate (A)	5	• Great access to the large residential population base through M1 (Monash Freeway) and M3 (Eastlink) • Rising scarcity of developable land in the South East sub-markets
	The Key Industrial Park (B)	9	
	Clayton South & Mulgrave (C)	1[9]	
North	Melbourne Airport Business Park (D)	6	• Access to key freeways, including the Tullamarine Freeway, Citylink Tollway, and Western Ring Road, together with the Tullamarine Airport • Accessible to Sydney via the Hume Highway
West	West Park Industrial Estate (E)	6	• Close to the shipping port and access to the M1, Geelong Road, and M80 Western Ring Road
	Altona Industrial Park (F)	1	
City Fringe	Port Melbourne (G)	1	• Access to the M1 (Westgate Freeway) linking it to the west precinct

8 "Australian Independent Industrial Market Report", Jones Lang LaSalle Incorporated
9 Excludes 610 Heatherton Road, Clayton South, Victoria which is classified as "Investment Property for Sale"

Sydney, New South Wales



Total No. of Properties

16

The strong recent demand for prime grade industrial facilities has translated to positive rental growth across most precincts in Sydney. Overall, rental growth in the Sydney market is expected to continue over the remainder of the year as well as into 2020, while average yields are forecast to remain stable across Sydney industrial markets over 2020 before decompressing in early 2021.[10]

FLT's properties in Sydney are well-connected to major freeways and Sydney's port, and are well-positioned to serve the growing population in the north west.

	Location	No. of Properties	Precinct Characteristics
Outer Central West	Eastern Creek (A)	5	• Excellent access to key motorways, including M7, M4 and other main arterial roads • Third-party logistics ("3PL"), retail and wholesale distribution centres for key brand name operators are concentrated in this precinct
	Wetherill Park (B)	3	
	Pemulwuy (C)	2	
Outer North West	Seven Hills (D)	4	• Close to M2 and M7 and access to the large and growing north west population corridor • Supply is moderately constrained with sites suiting smaller development
	Winston Hills (E)	1	
Port Kembla (Wollongong)		1	• One of the three major trade ports within New South Wales and is situated within the southern industrial city of Wollongong

10 "Australian Independent Industrial Market Report", Jones Lang LaSalle Incorporated

Brisbane, Queensland

Total No. of Properties

13

The Queensland economy is growing by 3% year-on-year, which is expected to continue due to robust population growth, higher prices for resource exports, greater tourist activity, and increased infrastructure spending in Brisbane.[11]

FLT's properties in Brisbane are primarily concentrated in the southern sub-market, which has good road linkages to the north, west and south, as well as to the residential population bases in the Gold Coast.

	Location	No. of Properties	Precinct Characteristics
Southern	Shettlestone Street (A)	1	• Largest geographical industrial precinct that has good road linkages to the north, west and south, as well as to the residential population bases in the Gold Coast
	Flint Street (B)	1	
	Boundary Road (C)	1	
	Stradbroke Street (D)	1	
	Sandstone Place (E)	1	
	Siltstone Place (F)	1	
	Wayne Goss Drive (G)	2	
	Platinum Street (H)	1	
	Pearson Road (I)	2	
Trade Coast	Queensport Road (J)	1	• Close to key infrastructure, including Port of Brisbane and Brisbane Airport • Access to the north and south via the M1 • Supply is constrained
Northern	Earnshaw Road (K)	1	• Services the population to the North of Brisbane via Gympie Road, Bruce Highway and Houghton Highway • Limited availability of development land

11 "Australian Independent Industrial Market Report", Jones Lang LaSalle Incorporated

Adelaide, South Australia

Total No. of Properties

3

Increased demand from owner-occupiers, and more recently, institutional developers, has resulted in a broad uplift in industrial land values. Overall, industrial business sentiment remains positive.[12]

FLT's properties in Adelaide are located in the major industrial cluster and in close proximity to Adelaide Airport, Port Adelaide and Adelaide's Central Business District.

Location	No. of Properties	Precinct Characteristics
Adelaide Airport	3	• Proximity to Adelaide's CBD and Port Adelaide • Located within Adelaide Airport Business Park

Perth, Western Australia

Total No. of Properties

1

The outlook of the Perth industrial market is expected to be positive over the medium to long term, underpinned by positive conditions in the state economy. The gross state product is expected to average 2.9% per annum over the next five years, above the national growth rate of 2.7%.[12]

FLT's property in Perth is situated within the Perth Airport Business Precinct with access to Perth Airport, Fremantle Port and Perth's Central Business District.

Location	No. of Properties	Precinct Characteristics
Perth Airport Business Precinct	1	• Close to key infrastructure, including Perth Airport and Freemantle Port • Easy access to Perth's CBD

12 "Australian Independent Industrial Market Report", Jones Lang LaSalle Incorporated

Germany & The Netherlands

	Location	No. of Properties	Precinct Characteristics
Germany	Hamburg-Bremen	2	• Access to Bremen Airport, Hannover-Langenhagen Airport and Braunschweig-Wolfsburg Airport • Well connected to motorways such as A28, A29, A293, A2 and A391
	Leipzig-Chemnitz	2	• Serviced by Leipzig/Halle Airport and Dresden Airport • Leipzig is well connected via rail and serves as an important junction of the north to south and west to east railway lines • Chemnitz is situated at the intersection of two key motorways – the A4 Erfurt-Dresden and the A72 Hof-Leipzig Autobahns
	Munich-Nuremberg	6	• Ranked as the #1 hi-tech location in Europe by the European Commission • Located on the intersection of two core network corridors of the Trans European Transport Network • Serves as a distribution centre and logistics hub for Southern Germany
	Stuttgart-Mannheim	7	• Stuttgart is the largest city of the German state of Baden Wurttemberg and one of the wealthiest regions in Europe with a high level of employment • Mannheim is Germany's second most important intercity railway junction with Paris about 3 hours away
	Frankfurt	1	• Key global gateway in Europe: 3 hours reach to every business metropolis in Europe • Frankfurt Airport is the biggest cargo airport in Germany and one of the largest international airports in the world
	Düsseldorf-Cologne	6	• 9 of Europe's top 100 logistics companies are located in North Rhine Westphalia along with over 24,000 logistics companies • A major hub in the Deutsche Bahn railway network and is also directly accessible via the A3 motorway • Served by Cologne Bonn Airport (ranked third busiest air cargo hub in Germany) and Dusseldorf International Airport (ranked third in passenger traffic in Germany)
Netherlands	Meppel	1	• Developed as a transport and distribution inland harbour, Meppel enjoys strong transport connectivity to national motorways and the Meppel Barge Terminal • Located in the northeast region of the Netherlands and is an approximate 1.5 hours' drive from Amsterdam
	Utrecht-Zeewolde	2	• Utrecht is one of the most notable logistics locations in the eastern part of the Netherlands due to its strong infrastructure • Zeewolde has 8 industrial estates with the concentration of logistics activities at the logistic park Trekkersveld I, II and III
	Tilburg-Venlo	2	• Tilburg is the Netherlands' 6th largest city and largest inland logistics hub • It is a key city in the Belt and Road Initiative given its direct connection to China via the Chengdu-Europe Express Rail • Venlo is the main logistics hotspot of the Netherlands due to its strategic location between the Randstad, Flemisch and Ruhr regions • Rapid growth of transport infrastructure, coupled with the relatively low land and rents, make the region an attractive location for the distribution sector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Property Profiles

Australia: Melbourne, Victoria


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	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
South East									
South Park Industrial Estate									
1	98-126 South Park Drive, Dandenong South	100	28,062	Freehold	Oct 2006	37.5	34.0	• Woolworths Limited	3.0
2	21-33 South Park Drive, Dandenong South	100	22,106	Freehold	Nov 2005	26.5	23.9	• Caprice Australia Pty Ltd	2.1
3	22-26 Bam Wine Court, Dandenong South	100	17,606	Freehold	Sep 2004	24.5	21.8	• BAM Wine Logistics Pty Ltd	2.1
4	16-32 South Park Drive, Dandenong South	100	12,729	Freehold	Apr 2009	15.2	13.8	• Australian Postal Corporation	1.2
5	89-103 South Park Drive, Dandenong South	100	10,425	Freehold	Sep 2005	15.0	13.0	• Ecolab Pty Ltd	1.1
The Key Industrial Park									
6	17 Pacific Drive and 170-172 Atlantic Drive, Keysborough	100	30,004	Freehold	Dec 2012	42.5	35.4	• BIC Australia Pty Ltd • Chrisco Hampers Australia Ltd	3.2
7	150-168 Atlantic Drive, Keysborough	100	27,272	Freehold	Aug 2011	37.0	35.8	• ESR Group Holdings Pty Ltd • Tyres 4 U Pty Ltd	3.3
8	49-75 Pacific Drive, Keysborough	100	25,163	Freehold	Dec 2011	31.0	29.1	• Horizon Global Ltd	2.6
9	77 Atlantic Drive, Keysborough	100	15,095	Freehold	Aug 2015	21.2	18.9	• Miele Australia Pty Ltd	1.7
10	78 & 88 Atlantic Drive, Keysborough	100	13,495	Freehold	Nov 2014	18.2	17.2	• Adairs Retail Group Pty Ltd • Blue Star Group Australia Pty Ltd	1.5
11	111 Indian Drive, Keysborough	100	21,660	Freehold	Jun 2016	38.5	32.5	• Astral Pool Australia Pty Ltd	2.9
12	29 Indian Drive, Keysborough	100	21,854	Freehold	Nov 2017	35.0	31.1	• Stanley Black & Decker Australia Pty Ltd	2.4
13	17 Hudson Court, Keysborough	100	21,271	Freehold	May 2018	34.3	29.8	• Clifford Hallam Healthcare Pty Ltd	2.4
14	8-28 Hudson Court, Keysborough	100	25,762	Freehold	Dec 2016	36.8	34.8	• Dana Australia Pty Ltd • Pinnacle Diversity Pty Ltd • Licensing Essentials Pty Ltd	0.3
Clayton South & Mulgrave									
15	211A Wellington Road, Mulgrave	100	7,175	Freehold	Apr 2016	40.0	37.7	• Mazda Australia Pty Ltd	3.4

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
West									
West Park Industrial Estate									
16	468 Boundary Road, Derrimut	100	24,732	Freehold	Aug 2006	36.6	24.6	• CHEP Australia Ltd	2.2
17	1 Doriemus Drive, Truganina	100	74,546	Freehold	Jun 2016	95.0	84.1	• CEVA Logistics (Australia) Pty Ltd	6.6
18	2-22 Efficient Drive, Truganina	100	38,335	Freehold	Mar 2015	46.5	42.0	• MaxiPARTS Pty Ltd • Schenker Australia Pty Ltd • Toll Transport Pty Ltd	3.5
19	1-13 and 15-27 Sunline Drive, Truganina	100	26,153	Freehold	Apr 2011	31.5	28.9	• Arlec Australia Pty Ltd • Freight Specialists Pty Ltd	2.7
20	42 Sunline Drive, Truganina	100	14,636	Freehold	Jun 2015	17.2	16.0	• Vermile Pty Ltd (trading as Austrans)	1.4
21	43 Efficient Drive, Truganina	100	23,088	Freehold	Feb 2017	25.9	24.5	• CEVA Logistics (Australia) Pty Ltd	2.1
Altona Industrial Park									
22	18-34 Aylesbury Drive, Altona	100	21,493	Freehold	Feb 2015	27.0	23.0	• Seaway Logistics Pty Ltd • Electrical Home-Aids Pty Ltd (trading as Godfreys)	1.9
North									
Melbourne Airport Business Park									
23	38-52 Sky Road East, Melbourne Airport	100	46,231	Leasehold (Expiring on 30 Jun 2047)	Oct 2008	28.0	26.8	• Unilever Australia (Holdings) Proprietary Limited	3.4
24	96-106 Link Road, Melbourne Airport	100	18,599	Leasehold (Expiring on 30 Jun 2047)	Jun 2009	26.3	25.2	• DHL Global Forwarding (Australia) Pty Ltd	3.7
25	17-23 Jets Court, Melbourne Airport	100	9,869	Leasehold (Expiring on 30 Jun 2047)	Mar 2009	7.7	7.9	• Eagle Lighting Australia Pty Limited • ICAL International Customs and Logistics Pty Ltd	1.2
26	25-29 Jets Court, Melbourne Airport	100	15,544	Leasehold (Expiring on 30 Jun 2047)	Dec 2007	11.1	11.1	• Agility Logistics Pty Limited • Boeing Defence Australia Limited	1.5
27	28-32 Sky Road East, Melbourne Airport	100	12,086	Leasehold (Expiring on 30 Jun 2047)	Aug 2008	7.8	9.0	• Agility Logistics Pty Limited	1.2
28	115-121 South Centre Road, Melbourne Airport	100	3,085	Leasehold (Expiring on 30 Jun 2047)	May 2008	5.3	5.7	• Prime Vigor Pty Ltd (trading as Jetstream Café) • Alternative Freight Services Pty Ltd	0.7
Port Melbourne									
29	2-46 Douglas Street, Port Melbourne	100	21,803	Leasehold (Expiring on 30 Mar 2053)	Oct 2005	22.6	21.7	• Siemens Rail Automation Pty Ltd • Toll Transport Pty Ltd	3.5

Sydney, New South Wales

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
Outer Central West									
Eastern Creek									
30	4-8 Kangaroo Avenue, Eastern Creek	100	40,543	Freehold	Dec 2013	85.4	72.3	• Schenker Australia Pty Ltd	6.2
31	21 Kangaroo Avenue, Eastern Creek	100	41,401	Freehold	Jul 2015	72.5	60.7	• Techtronic Industries Australia Pty Limited	5.3
32	17 Kangaroo Avenue, Eastern Creek	100	23,112	Freehold	Jun 2015	47.3	35.8	• Fisher & Paykel Australia Pty Limited • Quatius Logistics Pty Ltd	3.1
33	7 Eucalyptus Place, Eastern Creek	100	16,074	Freehold	Dec 2014	32.8	27.4	• FDM Warehousing Pty Limited	2.5
34	2 Hanson Place, Eastern Creek	100[1]	32,894	Freehold	Mar 2019	68.5	65.5	• FDM Warehousing Pty Ltd • Techtronic Industries Australia Pty Limited	0.5

1 The occupancy of the FDM Facility is 51.7% as at 31 March 2019, excluding the arrangement under the Rental Support Deed

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
Pemulwuy									
35	8-8A Reconciliation Rise, Pemulwuy	100	22,511	Freehold	Dec 2005	47.4	35.5	• Inchcape Motors Australia Limited • Ball & Doggett Pty Ltd	3.2
36	6 Reconciliation Rise, Pemulwuy	100	19,218	Freehold	Apr 2005	42.3	31.8	• Ball & Doggett Pty Ltd	3.3
Wetherill Park									
37	1 Burilda Close, Wetherill Park	100	18,848	Leasehold (Expiring on 29 Sep 2106)	Sep 2016	70.5	58.2	• Martin Brower Australia Pty Ltd	5.3
38	Lot 1,2 Burilda Close, Wetherill Park	100	14,333	Leasehold (Expiring on 14 Jul 2106)	Jul 2016	26.3	21.4	• RFD (Australia) Pty Ltd (trading as Survitec) • Phoenix Distribution (NSW) Pty Ltd (trading as Phoenix)	2.1
39	3 Burilda Close, Wetherill Park	100	20,078	Leasehold (Expiring on 14 May 2107)	May 2017	36.4	31.5	• Nick Scali Limited • Plastic Bottles Pty Ltd	2.9
Outer North West									
Seven Hills									
40	8 Distribution Place, Seven Hills	100	12,319	Freehold	May 2008	26.3	22.8	• Legend Corporate Services Pty Ltd	2.1
41	99 Station Road, Seven Hills	100	10,772	Freehold	Mar 2011	20.3	17.3	• RF Industries Pty Ltd	1.5
42	10 Stanton Road, Seven Hills	100	7,065	Freehold	Apr 2003	13.5	12.3	• CSR Building Products Limited	1.2
43	8 Stanton Road, Seven Hills	100	10,708	Freehold	May 2002	19.1	16.0	• Yusen Logistics (Australia) Pty Ltd	1.3
Winston Hills									
44	11 Gibbon Road, Winston Hills	100	16,625	Freehold	May 2015	48.0	38.5	• Tailored Packaging Pty Ltd (trading as Huhtamaki) • Toshiba International Corporation Pty Ltd	3.6
Port Kembla (Wollongong)									
45	Lot 104 & 105 Springhill Road, Port Kembla	100	90,661	Leasehold (Expiring on 13 Aug 2049[2] for Lot 104 and 20 Aug 2049[2] for Lot 105)	Aug 2009	26.4	26.6	• Inchcape Motors Australia Limited	3.9

2 Includes five options to renew for 5 years each

Brisbane, Queensland


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	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
Southern									
46	99 Shettleston Street, Rocklea	100	15,186	Leasehold (Expiring on 19 Jun 2115)	Jan 2002	23.1	22.4	• Orora Limited	2.0
47	30 Flint Street, Inala	100	15,052	Leasehold (Expiring on 19 Jun 2115)	Jun 2013	26.5	24.9	• Isuzu Australia Limited	2.2
48	55-59 Boundary Road, Carole Park	100	13,250	Leasehold (Expiring on 19 Jun 2115)	May 2004	19.8	15.3	• Goodyear & Dunlop Tyres (Aust) Pty Ltd	1.4
49	51 Stradbroke Street, Heathwood	100	14,916	Freehold	Jun 2002	27.4	23.1	• B & R Enclosures Pty Ltd	2.3
50	99 Sandstone Place, Parkinson	100	54,245	Freehold	Nov 2008	135.0[3]	232.7	• Coles Group Ltd	17.1
51	10 Siltstone Place, Berrinba	100	9,797	Leasehold (Expiring on 19 Jun 2115)	Oct 2014	16.0	13.5	• TCK Alliance[4]	1.3
52	103-131 Wayne Goss Drive, Berrinba	100	19,487	Freehold	Sep 2017	32.8	31.1	• National Tiles Co Pty Ltd • Paccar Australia Pty Ltd	2.6
53	29-51 Wayne Goss Drive, Berrinba	100	15,456	Freehold	Oct 2016	25.6	25.2	• Avery Dennison Materials Pty Ltd • CTI Logistics	0.2

3 Based on 50% interest in the Property at 99 Sandstone Place, Parkinson, Queensland. 50% interest in the property was divested on 24 July 2019
4 Lease commenced on 20 October 2019

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
54	57-71 Platinum Street, Crestmead	100	20,518	Leasehold (Expiring on 19 Jun 2115)	Nov 2000	44.2	29.5	• Stramit Corporation Pty Limited	3.4
55	143 Pearson Rd, Yatala	100	30,618	Leasehold (Expiring on 30 Aug 2115)	Jul 2016	41.4	36.7	• ACI Operations Pty Ltd (trading as O-I)	3.1
56	166 Pearson Road, Yatala	100	23,218	Freehold	Oct 2017	40.5	34.0	• Beaulieu of Australia Pty Limited	2.4
Trade Coast									
57	286 Queensport Road, North Murarrie	100	21,531	Leasehold (Expiring on 19 Jun 2115)	Sep 2004	40.0	35.8	• Laminex Group Limited	3.2
Northern									
58	350 Earnshaw Road, Northgate	100	30,779	Leasehold (Expiring on 19 Jun 2115)	Dec 2009	58.8	50.7	• H.J. Heinz Co. Australia Limited	5.2

Adelaide, South Australia & Perth, Western Australia

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
59	20-22 Butler Boulevard, Adelaide Airport	100	11,197	Leasehold (Expiring on 27 May 2097[5])	Aug 2009	10.5	11.7	• Agility Logistics Pty Limited • TNT Australia Pty Ltd	2.0
60	18-20 Butler Boulevard, Adelaide Airport	100	6,991	Leasehold (Expiring on 27 May 2097[5])	Dec 2007	7.0	8.3	• Thermo Gamma Metrics Pty Limited	1.3
61	5 Butler Boulevard, Adelaide Airport	100	8,224	Leasehold (Expiring on 27 May 2097[5])	Sep 2008	8.4	8.7	• Australian Postal Corporation • Adelaide Packaging Supplies Pty Ltd • Herbalife Australasia Pty Limited • JFC Australia Co Pty Ltd	1.6
62	60 Paltridge Road, Perth Airport	64.6	20,143	Leasehold (Expiring on 3 Jun 2033)	Feb 2009	12.3	18.4	• Electrolux Home Products Pty Ltd	2.0

5 Includes an option to renew for 49 years

Germany: Hamburg – Bremen

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
63	Am Krainhop 10, Isenbüttel	100	20,679	Freehold	Jul 2014	29.0	26.2	• Volkswagen	1.7
64	Am Autobahnkreuz 14, Rastede	100	11,491	Freehold	Nov 2015	30.0	28.7	• Broetje-Automation	2.3

Leipzig – Chemnitz

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
65	Johann-Esche-Straße 2, Chemnitz	100	18,053	Freehold	Jan 2007	27.2	25.5	• Rhenus	2.1
66	Am Exer 9, Leipzig	100	11,537	Freehold	Sep 2013	22.5	19.9	• Dräxlmaier	1.4

Munich – Nuremberg

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
67	Oberes Feld 2, 4, 6, 8, Moosthenning	100	72,558	Freehold	Jul 2009, Aug 2012 and Aug 2015	112.2	104.5	• BMW	6.2
68	Koperstraße 10, Nuremberg	100	44,221	Leasehold (Expiring on 31 Dec 2080)	Apr 2015 and Jul 2018	73.4	64.5	• Roman Mayer Logistik • Hellmann Worldwide Logistics • Johnson Outdoors Vertriebsgesellschaft mbH	5.4
69	Industriepark 1, Mamming	100	14,193	Freehold	Aug 2013	25.6	24.3	• Leadec	1.5
70	Jubatus-Allee 3, Ebermannsdorf	100	9,389	Freehold	Apr 2005	12.5	11.6	• Grammer Automotive	0.9
71	Hermesstraße 5, 86836, Graben, Augsburg	100	11,534[6]	Freehold	Feb 2018	54.8	53.8	• Hermes Germany GmbH	0.2
72	Dieselstraße 30, 85748, Garching	100	13,014	Freehold	Jan 2008	48.6	48.1	• EDEKA Aktiengesellschaft	0.2

6 Total contracted GLA is 48,642 sq m which includes a warehouse and office space of 11,534 sq m and an outdoor area of 37,108 sq m as per lease agreement

Stuttgart – Mannheim

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
73	Industriepark 309, Gottmadingen	100	55,007	Freehold	Between 1999 and 2014	77.6	73.6	• Constellium	5.3
74	Otto-Hahn Straße 10, Vaihingen	100	43,756	Freehold	Mar 2014	82.5	76.4	• Dachser • DSV Solutions	4.7
75	Eiselauer Weg 2, Ulm	100	24,525	Freehold	Aug 2009	69.5	64.7	• Transgourmet	3.7
76	Murrer Strasse, Freiberg	100	21,071	Freehold	Aug 2017	56.2	50.4	• Logistics Group International	3.0
77	Ambros-Nehren-Strasse, Achern	100	12,304	Freehold	Feb 2016	22.7	20.6	• Ziegler	1.2
78	Am Bühlfeld 2-8, 89543, Herbrechtingen	100	44,501	Freehold	Apr 2008	53.2	50.6	• Wilhelm Kentner Kraftwagen – Spedition GmbH & Co. KG	0.2
79	Bietigheimer Straße 50 – 52, Tamm	100	38,932	Freehold	Aug 2018	112.5	110.3	• Robert Bosch GmbH	0.6

Frankfurt

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
80	Im Birkengrund 5-7, 63179, Obertshausen	100	23,154[7]	Freehold	Dec 2017 – Mar 2019	48.0	46.5	• Amor GmbH • Mühle Verpackungs-und Dienstleistungs GmbH	0.3

7 Includes the Amor & Mühle AEI. The Amor & Mühle Facility has undergone an expansion which was completed in March 2019, with a new lease to the existing tenant, Mühle, commencing from 1 April 2019

Dusseldorf – Cologne

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
81	Saalhoffer Straße 211, Rheinberg	100	31,957	Freehold	Sep 2016	46.9	43.8	• BMW	2.5
82	Elbestraße 1-3, Marl	100	16,831	Freehold	Jul 1995, Jun 2002 and May 2013	23.3	21.5	• Bunzl	1.4
83	Keffelker Straße 66, Brilon	100	13,352	Freehold	Nov 2009	16.4	15.5	• ABB	1.3
84	Gustav-Stresemann-Weg 1, Münster	100	12,960	Freehold	Jul 2009	25.0	22.7	• Saurer Technologies	1.7
85	An den Dieken, 40885, Ratingen	100	43,095[8]	Freehold	Mar 2014	74.9	74.5	• Keramag Keramische WerkeAG • VCK Logistics SCS GmbH	0.4
86	Walter-Gropius-Straße 19, 50126, Bergheim	100	19,404	Freehold	Jun 2001, Oct 2018	31.3	30.8	• Callius GmbH • WEG Germany GmbH • GILOG Gesellschaft für Innovative Logistik mbH	0.2

Netherlands: Meppel

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
87	Mandeveld 12, Meppel	100	31,013	Freehold	May 2018	42.1	40.6	• FrieslandCampina	2.2

8 Total contracted GLA is 43,095 sq m which includes an outdoor area of 5,368 sq m as per lease agreement

Utrecht – Zeewolde


88


89

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
88	Brede Steeg 1, s-Heerenberg	100	84,806	Freehold	Between 2001 and 2009	107.6	102.0	• Mainfreight	6.7
89	Handelsweg 26, Zeewolde	100	51,703	Freehold	Jul 1994, Jul 2000 and Jul 2010	65.8	61.5	• Bakker Logistiek	4.2

Tilburg – Venlo


90


91

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2019 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2019 Gross Revenue (A$'m)
90	Belle van Zuylenstraat 5, Tilburg; Mraga Klompeweg 7, Tilburg	100	18,121	Freehold	Jul 1996 and Jul 2000	24.9	23.4	• Bakker Logistiek	1.4
91	Heierhoevenweg 17, Venlo	100	32,642	Freehold	Oct 2015	43.9	40.0	• DSV Solutions	2.4

Investor Relations

The Manager places priority on developing and maintaining long-term relationships with FLT's stakeholders through accurate, timely and active communications that are aligned with good corporate governance and investor relation practices.

Proactive and Transparent Communications

The Manager is committed to timely, unbiased and transparent communications with all stakeholders, which include all Unitholders, potential institutional and retail investors, analysts and the media. The Manager has been proactively communicating its strategies, FLT's business developments and market sentiments to enable stakeholders to make informed investment decisions.

Key updates on FLT's performance, strategies and initiatives are communicated to stakeholders on a regular basis through multiple communications channels. These include FLT's corporate website, announcements and press releases, analyst briefings, media briefings, investor conferences, non-deal roadshows ("NDRs") and investor meetings.

Timely Communication via Multiple Channels

Corporate Website (www.fraserslogisticstrust.com)

FLT's corporate website provides a wealth of information on the REIT and is a convenient point of information access for all stakeholder groups. The website is updated on a regular basis to ensure that all materials relating to its quarterly financial results, investments, corporate actions and regulatory disclosures are up-to-date and available to the investment community in a timely manner.

The website is an excellent platform for investors, analysts and the media to keep abreast of the REIT's performance, strategy and corporate developments.

Corporate Announcements

To facilitate the prompt dissemination of information to stakeholders, all announcements including corporate developments, financial statements, news releases and presentation slides, are uploaded onto FLT's corporate website shortly after the release on SGX-ST. FLT also publishes updates on its financials and operations on a regular basis, and presents the key information in a clear, concise and factual manner.

Annual or Extraordinary General Meetings

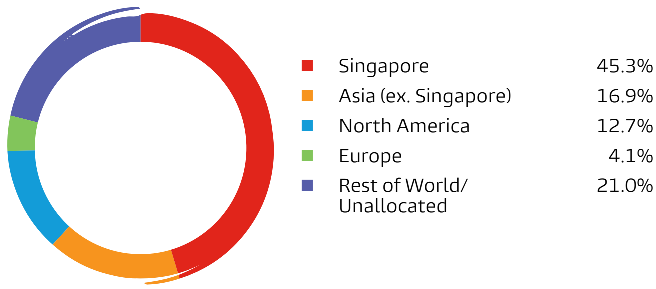
FLT holds its Annual General Meetings ("AGMs") every January in Singapore, with the most recent AGM held on 24 January 2019, which was attended by 315 Unitholders and proxies. AGMs serve as a useful platform for FLT to communicate its long-term plans and strategies, update Unitholders on its financial health, and allow the board and management of the REIT Manager to address any concerns that Unitholders may have. It also provides the opportunity for face-to-face interactions between the board, management of the REIT Manager and Unitholders.

Extraordinary General Meetings ("EGMs") are held, as and when required, to discuss specific issues and seek shareholder approval for value accretive transactions. On 20 August 2019, FLT held its second EGM, with the purpose of obtaining Unitholders' approval on the acquisition of 12 prime logistics properties in Germany and Australia. Unitholders expressed strong support, with 99.93% of all votes cast in favour of the acquisition. The EGM was attended by 339 Unitholders and proxies.

All resolutions put forth at FLT's AGMs and EGMs are polled electronically and the results detailing the number of votes for and against each resolution are announced during the general meetings and uploaded on SGX-ST.

Unitholders by Type
(As at 13 September 2019)

Unitholders by Geography
(As at 13 September 2019)



Outreach Activities

In line with its continued efforts to engage the investment community, FLT actively identifies opportunities to engage institutional investors and analysts on a regular basis. The REIT also endeavours to educate, inform and articulate its strategies and plans to the general public via various media platforms. To ensure that the investing community has continued access to the Manager, a dedicated investor relations email and phone line have been set in place for this purpose.

In support of its ongoing retail investor outreach programme, FLT participated in the annual REITs Symposium jointly organised by ShareInvestor and the REIT Association of Singapore ("REITAS"). At the Symposium, the Manager gave a presentation, "FLT - A High Quality Portfolio Focused on Major Developed Logistics Markets", reaching attendees from the retail and institutional investor community. During the year, the REIT Manager also participated in investor outreach activities organised by REITAS and other industry partners.

The Manager also holds regular face-to-face meetings with key investors, quarterly analyst teleconferences / briefings, investor luncheons, and participates in investment or industry conferences, corporate days and NDRs in key financial centres. Building on the groundwork established since listing, the Manager successfully engaged with investors and analysts through close to 200 investor relations meetings held during FY2019. These include one-on-one and group meetings, results luncheons, teleconferences, as well as local and overseas conferences in FY2019.

Key investor and analyst engagement activities undertaken in FY2019, from 1 October 2018 to 30 September 2019, are outlined as below:

FY2019 Investor Relations Calendar

Period	Date	Event / Activity	Location
1QFY19 1 October 2018 – 31 December 2018	5 Nov	Analysts' Results Teleconference for FY2018	Singapore
	22 – 23 Nov	SGX-UBS Singapore Real Estate Day	Melbourne, Sydney
	6 Dec	Non-deal Roadshow (Hosted by CIMB)	Kuala Lumpur
2QFY19 1 January 2019 – 31 March 2019	24 Jan	Annual General Meeting	Singapore
	25 Jan	Analysts' Results Teleconference for 1QFY19	Singapore
	25 Jan	Post-results Luncheon	Singapore
	5 - 6 Mar	Non-deal Roadshow (Hosted by DBS)	Bangkok
	13 Mar	Non-deal Roadshow (Hosted by Citibank)	Tokyo
3QFY19 1 April 2019 – 30 June 2019	29 Apr	Analysts' Results Briefing and Teleconference for 2QFY19	Singapore
	29 Apr	Post-results Luncheon (Investors from Hong Kong, Sydney, and Melbourne joined via video conference)	Singapore
	21 May	dbAccess Asia Conference 2019	Singapore
4QFY19 1 July 2019 – 30 September 2019	3 Jul	Analysts' Briefing and Teleconference in relation to proposed acquisition of 12 prime logistics properties in Germany and Australia	Singapore
	8 – 9 Jul	Investor Roadshow (Hosted by DBS)	Bangkok
	10 Jul	Investor Roadshow (Hosted by OCBC)	Singapore
	29 Jul	Analysts' Results Teleconference for 3QFY19	Singapore
	14 – 15 Aug	Investor Roadshow (Hosted by DBS)	Singapore
	20 Aug	Extraordinary General Meeting	Singapore
	9 – 11 Sep	Bank of America Merrill Lynch Global Real Estate Conference 2019	New York

Overall, the Manager continued the momentum established since listing and was successful in profiling FLT more effectively and increasing investor interest. The Manager remains committed to enhancing value for Unitholders through proactive, transparent and timely communication with all stakeholders.

Financial Calendar

Event / Activity	FY2019
4QFY18 and FY2018 Results Announcement	5 November 2018
Final Distribution to Unitholders	19 December 2018
Annual General Meeting	24 January 2019
1QFY19 Results Announcement	24 January 2019
2QFY19 Results Announcement	26 April 2019
Interim Distribution to Unitholders	26 June 2019
3QFY19 Results Announcement	26 July 2019
Extraordinary General Meeting	20 August 2019
Advanced Distribution to Unitholders	1 November 2019
4QFY19 and FY2019 Results Announcement	6 November 2019

Upcoming Event / Activity These dates are indicative - may be subject to change by the Manager without prior notice	FY2020
Annual General Meeting	14 January 2020
1QFY20 Results Announcement	5 February 2020
2QFY20 Results Announcement	30 April 2020
3QFY20 Results Announcement	3 August 2020
4QFY20 and FY2020 Results Announcement	6 November 2020

Analyst Coverage

FLT is actively covered by the following research houses:

- CGS-CIMB Research
- Citi Investment Research
- DBS Group Research
- Morgan Stanley Research
- OCBC Investment Research

Feedback Channels

The Manager values and welcomes feedback from Unitholders and other stakeholders.

For enquiries or feedback on FLT, please contact:

Mr Ng Chung Keat
Assistant Vice President, Investor Relations
Frasers Logistics & Industrial Asset Management Pte. Ltd.
Phone: +65 6813 0583
Email: ir@fraserslogisticstrust.com
Website: www.fraserslogisticstrust.com

Unit Performance

FY2019 was a volatile period for global equities, underpinned by uncertainties arising from the on-going United States – China trade disputes, Brexit concerns, and political turmoil in major key markets around the world. Amidst these challenges, FLT's Unit price increased by 14.8% to close FY2019 at S$1.24 per Unit, with a healthy average daily traded volume of approximately 6.5 million units. Based on the average traded Unit price of S$1.13 per Unit during the period, the average daily traded value of FLT Units was approximately S$7.3 million (US$5.3 million[1]). Given our increased unit liquidity and market capitalisation of approximately S$2.8 billion (US$2.0 billion[1]), FLT became the first S-REIT since 2013 to be added to the FTSE EPRA/NAREIT Global Developed Index in March 2019.

Price Performance of FLT Units

For the period from 1 October 2018 to 30 September 2019

IPO Price (S$)	0.89
Closing Price (S$) (30 Sep 2019)	1.24
High Close (S$) (8 Jul 2019)	1.29
Low Close (S$) (26 Dec 2018)	1.01
Total Trading Volume (units)	1,633,727,842
Average Daily Trading Volume (units)	6,534,911

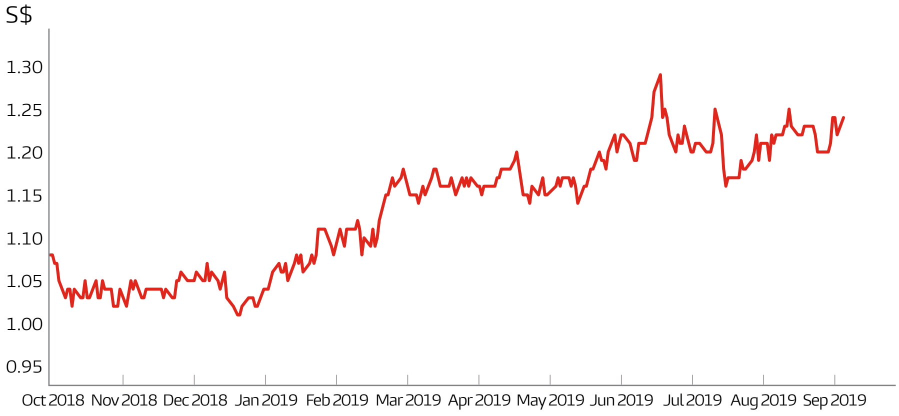
Monthly Trading Performance of FLT Units

For the period from 1 October 2018 to 30 September 2019

Month	Closing Price (S$)[2]	Total Traded Volume (units)[3]
October 2018	1.02	90,356,400
November 2018	1.06	71,177,100
December 2018	1.03	69,048,800
January 2019	1.08	111,359,900
February 2019	1.10	150,442,500
March 2019	1.16	252,488,942
April 2019	1.18	128,930,500
May 2019	1.14	117,737,700
June 2019	1.21	133,126,200
July 2019	1.20	172,789,000
August 2019	1.22	181,273,700
September 2019	1.24	154,997,100

FLT Unit Price Movement

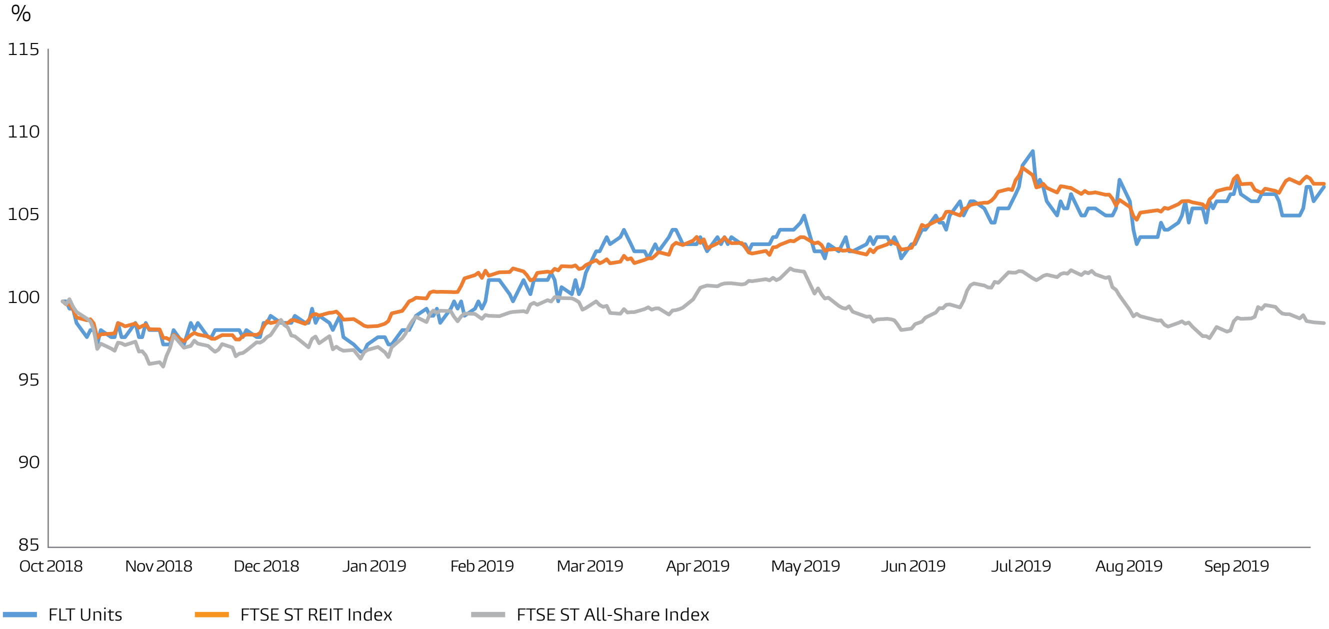
For the period from 1 October 2018 to 30 September 2019



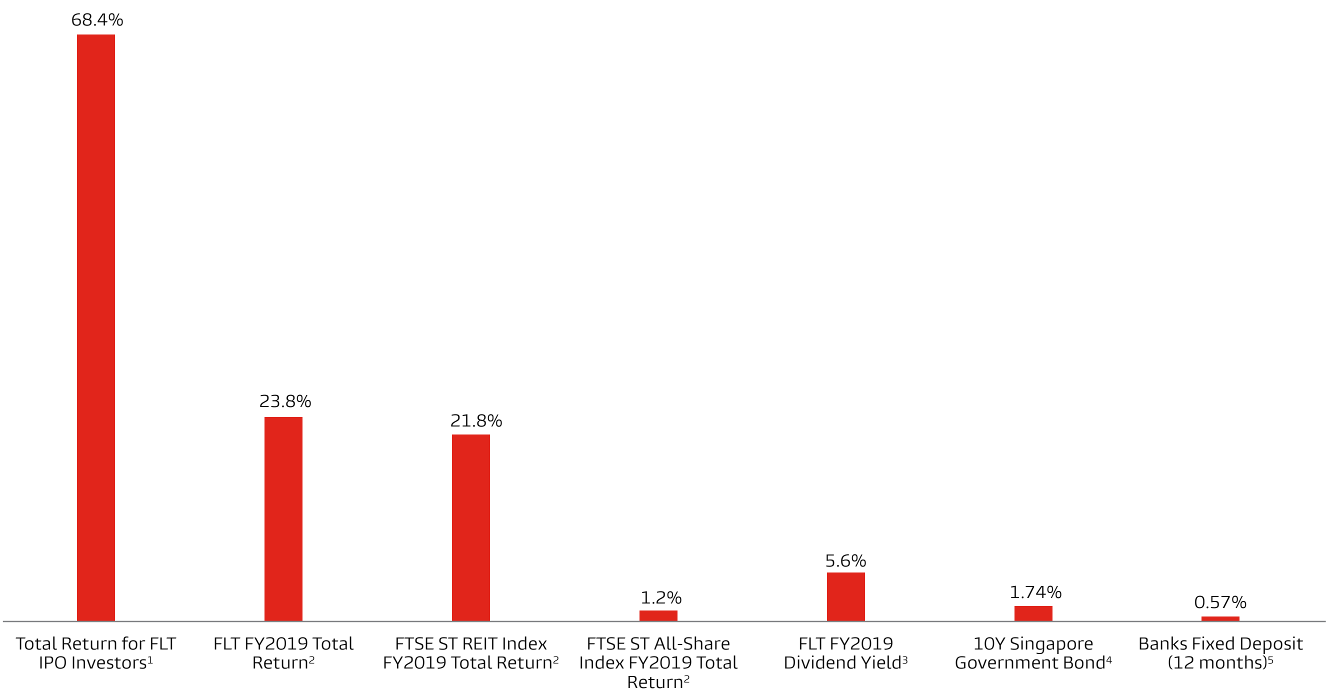
1 Based on an exchange rate of S$1 = US$0.72 on 1 October 2019
2 Source: Bloomberg LLP. Refers to the closing price of FLT Units on the last trading day of the month
3 Sum of the daily traded volume in the respective month

FLT Unit Price Performance vs Major Indicies

For the period from 1 October 2018 to 30 September 2019



Comparative Yield Returns



1 Source: Bloomberg LLP. For the period from 21 June 2016 to 30 September 2019. Calculation of total return assumed distributions paid during the period are reinvested
2. Source: Bloomberg LLP. For the period from 1 October 2018 to 30 September 2019. Calculation of total return assumed distributions paid during the period are reinvested
3 Calculated based on FLT's closing share price of S$1.24 per Unit as at 30 September 2019, and total distributions of 7.00 Singapore cents declared for FY2019
4 https://secure.sgs.gov.sg/fdanet/SgsBenchmarkIssuePrices.aspx
5 https://secure.mas.gov.sg/msb/InterestRatesOfBanksAndFinanceCompanies.aspx

Corporate Information

Board of Directors

Mr Ho Hon Cheong
Chairman and
Independent Non-Executive Director

Mr Goh Yong Chian
Independent Non-Executive Director

Mr Paul Gilbert Say
Independent Non-Executive Director

Mr Panote Sirivadhanabhakdi
Non-Executive Director

Mr Chia Khong Shoong
Non-Executive Director

Mr Rodney Vaughan Fehring
Non-Executive Director

Audit, Risk and Compliance Committee

Mr Goh Yong Chian
Chairman

Mr Ho Hon Cheong
Member

Mr Paul Gilbert Say
Member

Nominating and Remuneration Committee

Mr Ho Hon Cheong
Chairman

Mr Panote Sirivadhanabhakdi
Member

Mr Goh Yong Chian
Member

The Manager

Frasers Logistics & Industrial Asset Management Pte. Ltd.
438 Alexandra Road
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Singapore 119958
Phone: +65 6813 0588
Fax: +65 6813 0578

Registered Address

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Singapore 119958

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Unit Registrar

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Fax: +65 6536 1360

Auditors

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Phone: +65 6213 3388
Fax: +65 6225 0984
Partner in charge: Lo Mun Wai
Appointed since financial period ended 30 September 2017

Company Secretary of The Manager

Ms Catherine Yeo

Trustee

Perpetual (Asia) Limited
16 Collyer Quay #07-01
Singapore 049318
Phone: +65 6908 8203
Fax: +65 6438 0255

Bankers

Citibank N.A.
DBS Bank Ltd
Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft
Deutsche Postbank AG
ING Bank N.V.
Oversea-Chinese Banking Corporation Ltd
UniCredit Bank AG
United Overseas Bank Limited

ENTERPRISE-WIDE **RISK MANAGEMENT**

Enterprise-wide risk management ("ERM") is an integral part of the business strategy and activities of FLT. The objective of enterprise-wide risk management is to identify key risks and put in place controls, and to allocate appropriate resources to proactively manage the identified risks. The Board of Directors is responsible for governing the overall risk strategy and ensuring that the Manager implements sound risk management and internal control practices. The Board of Directors is supported by the Audit, Risk and Compliance Committee ("ARCC"). The Manager maintains a risk management system to proactively manage risks to support the achievement of FLT's business objectives.

The ERM framework covers key areas such as investment, financial management and operating activities. The risk exposures and potential mitigating measures, key risk indicators ("KRIs") are established to monitor risks. The KRIs are presented in the form of a report and reviewed by the Management and the ARCC on a regular basis. FLT's risk tolerance statement and risk thresholds have been developed by the REIT Manager, and reviewed and approved by the Board. The risk tolerance statement and thresholds set out the nature and extent of significant risks which the Manager is willing to take in achieving its strategic objectives in respect of FLT. The risk tolerance statements are reviewed periodically.

An ERM validation exercise was held at the end of the financial year, where Management provided assurance to the ARCC that the system of risk management is adequate and effective as at the end of the financial year to address risks in certain key areas which are considered relevant and material to the operations and to assess the validity of the existing key risks and to review emerging risks.

Key Risks In FY2019

Regulatory Risk

This refers to the likelihood of adverse changes in the economic, regulatory (including tax), social and political environment affecting business operations in the markets which FLT operates in. In mitigating regulatory risks, the Manager has measures in place to monitor the markets closely, such as through engaging with local authorities and industry events organised by professional, tax and legal professionals in the various jurisdictions where FLT owns assets. The Manager also reviews expert opinions and market indicators to keep informed of significant changes. Operationally, the Manager practices prudent capital management so as to allow for sufficient available liquidity to buffer for potential adverse impact.

Interest Rate Risk

The Manager proactively manages interest rate risk by adopting a policy of fixing interest rates for a portion of its outstanding borrowings via the use of derivative financial instruments or other suitable financial products. Interest rate derivative instruments are used for the purpose of hedging interest rate risk and managing the portfolio of fixed and floating rate. The Manager also monitors, on an ongoing basis, economic conditions and interest rate movements, and reviews its hedging strategy on an on-going basis.

External Risk

External risk refers to increased market competition in attracting and retaining tenants, as well as changing customer requirements. In mitigating these risk factors, the Manager maintains strong tenant relationships and understand their business and requirements with early engagement to secure lease renewals. Annual tenant surveys are carried out to measure tenant satisfaction. Other steps taken to mitigate the risk exposures include active asset management, and maintaining properties to a high standard and improving functionality and sustainability benefits. Asset plans are reviewed annually to identify asset KPIs which are reviewed monthly. The Manager also regularly reviews and assesses opportunities for divestments of non-core assets with long-term leasing risks and challenging configuration, specifications and/or locations.

Investment Risk

All investment proposals are evaluated against a comprehensive set of investment criteria and due diligence is carried out to mitigate potential investment risks. The evaluation process for all investment activities includes consideration of the location, macro-economic condition, quality of tenants, building condition and age, environmental impact, competitive landscape, investment return, long-term sustainability and growth potential.

Human Capital Risk

The Manager has in place a career planning and development system and conducts regular remuneration and benefits benchmarking to attract and retain appropriate talent for the business. Regular training and development opportunities are also provided to upgrade the skills of the staff. Organisational culture surveys are also deployed to measure employee engagement and sentiments.

Foreign Currency Risk

FLT may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations, as FLT's operations are currently in Australia, Germany and the Netherlands which earns revenue in the natural currency while distributions are declared in Singapore dollars. To mitigate this risk, FLT 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. FLT uses mainly currency forwards for hedging actual underlying foreign exchange requirements in accordance with hedging limits set by the ARCC and Board and does not engage in trading of foreign exchange derivatives. There is a partial natural hedge on the investment in assets to the extent that related borrowings are in the same currency. The net positions of the foreign exchange risk of investments in overseas assets are not hedged as such investments are long-term in nature.

Information Technology Risk

Digital disruption and the future of work that are enabled by digital technology offer new opportunities and challenges. The Frasers Property Group ("Frasers Property" or the "Group"), of which the Manager is part of, continues to build digital capabilities and invest in new technologies to ensure our business is future-ready. To safeguard our Group, a Frasers Property management sub-committee, being the Information Technology & Cybersecurity Committee, has been formed to oversee the management of technology risks including cyber risks such as unauthorised access, data leakages, and cyber-attacks. The Group has put in place group-wide policies and procedures which set out the governance and controls to ensure the confidentiality, availability and integrity of our IT systems, as well as ensuring that cybersecurity threats are managed. Disaster recovery plans and incident management procedures have been developed and tested regularly. Periodic trainings are also conducted for new and existing employees to raise IT security awareness. External professional services are engaged to conduct independent vulnerability assessment and penetration tests to further strengthen our Group's IT systems.

Sustainability Report

Contents

About this **Report**

This report is the third sustainability report published by Frasers Logistics & Industrial Trust ("**FLT**") and covers our sustainability practices and performance for the financial year ended 30 September 2019 ("**FY2019**").

We have prepared this report in accordance with the sustainability reporting requirements of the SGX-ST Listing Manual (Rules 711A and 711B) and the Global Reporting Initiative ("**GRI**") Standards: Core Option.

This report, together with our Annual Report, aims to provide a transparent and comprehensive commentary of FLT's overall performance to our stakeholders.

Report Scope

The information and data disclosed within this report are in relation to all properties owned by FLT in Australia, Germany and the Netherlands, unless otherwise stated. Employee-related information in this report refers solely to the employees of Frasers Logistics & Industrial Asset Management Pte. Ltd. (the "**REIT Manager**" or the "**Manager**") located in Singapore and Australia is also reported in this report, the manager of FLT.

Feedback

FLT welcomes any feedback regarding this Sustainability Report and our sustainability performance. Please address all feedback to **ir@fraserslogisticstrust.com**.

Board Statement

We are pleased to present FLT's third Sustainability Report which encapsulates our progress in sustainability over the past year. As a real estate investment trust involved in developing, investing and managing logistics and industrial properties for some of the world's largest companies, FLT recognises that properties with higher sustainability performance will reduce our environmental footprint, and at the same time, deliver direct and tangible benefits to our stakeholders. Accordingly, since our inception in 2016, FLT has consistently strived to maintain our standing as a frontrunner in industrial sector sustainability, by creating places where resources are reused, recycled and restored.

Our sustainability strategy provides an overarching guide to manage our environmental, social and governance ("**ESG**") performance. Our strategy is aligned with that of Frasers Property Limited's ("**Frasers Property**" or the "**Sponsor**") Sustainability Framework and aims to deliver compounded positive impacts to our properties and customers. In September 2019, we were once again recognised as the Global Sector Leader for our excellence in our sustainability performance and portfolio by the Global Real Estate Sustainability Benchmark ("**GRESB**"). This marks the second consecutive year that FLT has emerged as the global industrial leader, and is also the first year that incorporates the performance of FLT's properties in Germany and the Netherlands.

The Sponsor's Sustainability Steering Committee ("**SSC**") and Sustainability Working Committee ("**SWC**") oversee and manage the ESG risks and opportunities that are material to our business. We also ensure that our strategies are effectively communicated and able to address our stakeholders' expectations.

As we continue to grow, sustainability will underpin our strategies and foster a seamless experience with our stakeholders.

BOARD OF DIRECTORS
Frasers Logistics & Industrial Asset Management Pte. Ltd.
Manager of Frasers Logistics & Industrial Trust

Our Sustainability **Strategy**

FLT's sustainability strategy – 'A Different Way' – is aligned with the Sponsor's Sustainability Framework. It comprises three focus areas, namely Acting Progressively, Consuming Responsibly and Focusing on People. 'A Different Way' sets out the overarching basis of our sustainability vision, with each focus area underpinned by goals and targets to drive measurable progress. The targets are reviewed and updated annually to ensure that we continue to lead the way.

"We believe that our changing world demands a different approach.
A Different Way
is our commitment to create properties where resources are reused, recycled and restored."

Acting Progressively

Consuming Responsibly

Focusing on People

Core Areas

Acting Progressively means challenging the way we operate by embracing flexibility and resilience.

We need to focus on the future and rethink the way we make decisions to benefit the people and the planet.

Consuming Responsibly means reconsidering the way we use and dispose of our resources.

We have set ambitious targets to drive our approach to water, waste, energy and biodiversity across our portfolio and supply chain.

Focusing on People means creating communities that are diverse, inclusive and safe.

Our approach is anchored upon social connectedness and enabling more sustainable lifestyles.

Managing **Sustainability**

Effective management of our sustainability approach and strategies are key to enabling better collaboration across the business to achieve our sustainability objectives.

Sustainability Governance

FLT works together with the Sponsor to deliver on its sustainability strategy. Frasers Property's sustainability agenda is driven by the SSC chaired by the Sponsor's CEO, Mr. Panote Sirivadhanabhakdi. The SSC regularly reviews the Sustainability Framework, while the Board of Directors (the "**Board**") and management of the REIT Manager regularly assess the performance targets to ensure that FLT is progressing towards its sustainability objectives.

The SSC is supported by the SWC, which is responsible for driving and implementing the sustainability agenda. The SWC is responsible for monitoring the Group's sustainability performance, implementing action plans and communicating with stakeholders. The SWC comprises the middle and senior management of different business functions, including the Investor Relations Manager of the REIT Manager. A Global Sustainability Taskforce assembled by the Sponsor in FY2019, which is represented by all business units with an aim to establish their sustainability action plans by leveraging the sustainability knowledge of more experienced business units.

Stakeholder Engagement

We understand the importance of engaging our stakeholders to understand their evolving concerns and interests, through which we are able to identify the material issues that the business needs to consider and address.

We engage with our stakeholders through various modes of engagement shown below.

Key Stakeholders	Key Topics of Concern
Regulators / Non-Governmental Organisations (NGOs)	• Regulatory compliance • Corporate governance • Regulatory/industry trends and standards
Tenants	• Tenant satisfaction • Quality of facilities and services • Health and safety • Assisting with achieving our tenants' corporate social responsibility ("**CSR**") goals • Improving the energy and water efficiency of our properties
Investment Community	• Financial results • Business performance and outlook • Corporate governance
Employees	• Career development • Employee engagement • Staff bonding • Health and safety • Business' impacts on the environment and society
Contractors / Consultants / Suppliers	• Health and safety • Business performance
Local Community	• Community investments • Business' impacts on the environment and society

Mode of Engagement	Frequency of Engagement and FY2019 Highlights
• Participation in NGOs • Meetings, briefings and consultations	• Throughout the year • Participation in the REIT Association of Singapore (REITAS), and Green Building Council of Australia (GBCA)
• Bilateral communication and meetings • Tenant survey	• Throughout the year, the REIT Manager (or through the property managers) actively engaged tenants • Conducted Annual tenant survey
• Results briefings/teleconferences • Annual General Meeting • Extraordinary General Meeting • Investor Conferences and Roadshows, Tele/Videoconferencing meetings • Bilateral communication, one-on-one meetings and site tours • ESG surveys	• Quarterly • Annually • As required (Once in FY2019) • Throughout the year, 13 conferences, corporate days and roadshows were held • Site visits to FLT's properties were also facilitated • Participation in 2019 GRESB Real Estate Assessment, with a score of 90 out of 100
• Performance appraisals • Training, including orientation programme for new staff • Team building and staff activities • Environmental and Health & Safety awareness activities • Intranet (in Australia and Singapore)	• Annually, 100% of full-time staff received reviews • Throughout the year, 1504 hours of training completed • Orientation Day, Family Day, a culture survey as well as a staff conference were held • Staff from the REIT Manager participated in the annual Frasers Property Health & Safety Month and Frasers Property Environment Month activities
• Bilateral communication with our contractors, suppliers and consultants	• FLT maintains regular interactions with contractors, consultants and suppliers as applicable
• Social, charitable and community events • Donations	• Three community events involving employees of the REIT Manager were held

Materiality Assessment

The material ESG factors identified for FLT continue to be relevant for our business and stakeholders. Our material topics were identified through a materiality assessment process when our first sustainability report was developed. The process was conducted based on the GRI Reporting Principles and AA1000 Principles together with the sector-specific guidance from GRESB. This year, several surveys were carried out by the Sponsor with both internal and external stakeholders, including customers, tenants, property/project managers, contractors/suppliers across our operations to seek their views in relation to ESG issues that are deemed important for the Group. The survey findings noted that the Group's emerging topics remained relevant, with several new secondary focal points identified.

Sustainability Framework	Focus Area	What it means to FLT	Material Topics
Acting Progressively	Responsible Investment	Ensuring long-term unitholder value is a priority for the REIT and hence it is critical to ensure the sustainable growth of FLT's economic performance	Economic performance (GRI 201)
	Risk-based Management	We must maintain high standards of integrity, accountability and responsible governance and comply with the relevant laws and regulations to earn the trust of our stakeholders	Environmental Compliance (GRI 307) Anti-corruption (GRI 205)
	Resilience	The industry is changing rapidly. We need to be flexible and resilient in the way we operate. We need to build our properties' resilience to future-proof and grow our business	Economic Performance (GRI 201)
	Innovation	Fostering an innovation culture that creates value and strengthens our competitive edge	Economic Performance (GRI 201)
Consuming Responsibly	Energy & Carbon	Energy consumption in the building sector is one of the largest sources of energy usage around the world. We recognise its indispensable role in building operations and proactively work with our tenants to help them manage the properties' energy consumption	Energy (GRI 302) Emissions (GRI 305)
	Water	Water is a scarce resource that is essential for those who utilise our properties. We strive to help our tenants conserve water whenever possible to reduce unnecessary usage and expenses	Water (GRI 303)
Focusing on People	Skills & Leadership	It is paramount that the REIT Manager has the capacity to manage and expand FLT's portfolio to create value for our stakeholders. We seek to attract, develop and retain a knowledge pool that forms the cornerstone of our success	Employment (GRI 401) Training and Education (GRI 404)
	Diversity & Inclusion	Empowering and promoting the social inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status	Labour/ Management Relations (GRI 402)
	Health & Well Being	As landlords, our priority is to create places where people feel comfortable and safe. We ensure that our employees, suppliers, contractors, and tenants have a safe working environment	Occupational Health and Safety (GRI 403)
	Community Connectedness	We have the potential to create significant positive impacts in the communities that we operate in through our properties. We endeavour to run a business that responds to our communities' needs	Local Communities (GRI 413)

1 The United Nations Sustainable Development Goals (SDGs) is a set of global goals which aims to reduce global inequalities and eradicate poverty, protect the planet and ensure prosperity for all, as part of the 2030 Agenda for Sustainable Development

To ensure that our material topics remain relevant, we will continue to review and assess the material topics on an annual basis.

This year, we aligned FLT's material topics to the focus areas under our sustainability strategy and also mapped our sustainability performance to the Sustainable Development Goals[1] ("**SDGs**") to demonstrate our contributions to the global goals. We seek to strategically progress and respond to the global sustainability issues that are becoming increasingly important.

The table below shows where significant impacts occur for each of our material topics and where we have caused or contributed to the impacts through our business relationships.

Material Topic Boundaries	Progress in FY2019	SDGs
FLT	- FY2019 distributable income increased 26.6% year-on-year to A$149.8 million, from A$118.3 million a year ago - FLT was awarded First Placing (Industrial) by GRESB for the second consecutive year - There were zero reports of confirmed incidents of bribery and corruption - Zero incidents of non-compliance with regulations and industry codes	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS
FLT, Contractors & Suppliers and Tenants		
FLT, Contractors & Suppliers and Tenants		
FLT and Tenants	- 75% of properties fitted with high-efficiency LED lighting - 39% of properties with solar photovoltaic ("**PV**") panels installed - 99% of tenants' water usage data captured in Australia	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY
Tenants		
FLT	- 1,504 training hours for all employees, averaging 63 hours per employee - Zero cases of fatal incidents - Active contributions towards volunteering and community involvement opportunities	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
FLT		
FLT, Contractors & Suppliers and Tenants		
FLT and Local Communities		

Acting Progressively

Acting Progressively

Why is acting progressively important?

At FLT, a progressive mindset and strong corporate governance are integral to our business model as we seek to enhance the long-term value of our portfolio by integrating sustainability considerations into our business decision-making processes.

How does FLT manage this?

- Establish overarching policies to guide FLT to achieve its business and sustainability objectives
- Adopt practices that enhance FLT's competitive edge to stay ahead in the industrial market

Contribution to SDGs

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 17 PARTNERSHIPS FOR THE GOALS

Risk-based Management

FLT is committed to upholding the highest standards of corporate governance that goes beyond compliance to maintain our reputation as a trustworthy business.

In order to do so, we adhere to the following corporate policies to ensure the corporate integrity of our business:

- Code of Business Conduct
- Whistle-blowing Policy
- Anti-bribery Policy
- Policy on Dealing in Units of FLT and Reporting Procedures
- Personal Data Protection Act Policy
- Board Diversity Policy
- Environment, Health and Safety Policy
- Compliance Manual
- Policy for Prevention of Money Laundering and Countering the Financing of Terrorism
- Policy in Outsourcing
- Manual of Authority
- Investor Relations Policy
- Treasury Policy

In FY2019, we recorded zero breaches of environmental law and regulations, zero cases of bribery and corruption and zero incidents of non-compliance with regulations and industry codes in relation to marketing communications. We aim to maintain this performance in FY2020.

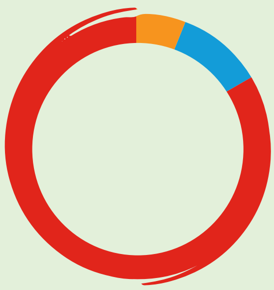
Responsible Investment

We recognise the importance of environmental sustainability in industrial real estate, and have since inception ensured that we make responsible investment decisions that are aligned with our corporate strategy.

Through our team's continuing efforts, FLT has today the highest Green Star Performance rated industrial portfolio in Australia.

Our Green Portfolio

As at 30 September 2019, FLT has obtained Green Star Performance ratings for 83.6% of its properties across Australia and Europe, with a further 6.0% having obtained Design and As-built ratings



Performance Rated	83.6%
Design and As-built	6.0%
Not rated	10.4%

Highest Green Star performance rated industrial portfolio in Australia

- Achieved an overall 4 Star Green Star rating as assessed by the GBCA
- First to achieve 6 Star Green Star ratings for industrial facilities in each of New South Wales, Victoria and Queensland

Green Star Industrial Design & As Built with 6 stars:

- CEVA, 1 Doriemus Drive, Truganina, Victoria
- OI Glass 143 Pearson Road, Yatala, Queensland
- Survitec and Phoenix, 2 Burilda Close, Wetherill Park, New South Wales
- Nick Scali and Plastic Bottles, 3 Burilda Close, Wetherill Park, New South Wales
- CEVA, 43 Efficient Drive, West Park, Victoria
- Martin Brower, 1 Burilda Close, Wetherill Park, New South Wales
- Astral Pool, 111 Indian Drive, Keysborough, Victoria

Green Star Industrial Design & As-built with 5 stars:

- DB Schenker, 4 – 8 Kangaroo Avenue, Eastern Creek, New South Wales
- Tyres for U, 150-168 Atlantic Drive, Keysborough, Victoria
- Mazda, 211A Wellington Road, Mulgrave, Victoria
- Miele, 77-89 Atlantic Drive, Keysborough, Victoria
- Stanley Black and Decker, 29 Indian Drive, Keysborough, Victoria
- Clifford Hallam Healthcare, 17 Hudson Court, Keysborough, Victoria
- Beaulieu Carpets, 166 Person Road, Yatala, Queensland
- National Tiles and Paccar, 103-131 Wayne Goss Drive, Berrinba, Queensland
- Avery Dennison and CTI Logistics, 29-51 Wayne Goss Drive, Berrinba, Queensland
- Danna, Pinnacle & Licensing, 8-28 Hudson Court, Keysborough, Victoria

BREEAM®

In October 2018, FLT acquired a prime freehold logistics property located at Mandeveld 12, Meppel, the Netherlands. A newly completed facility in May 2018, this property is a modern, freehold logistics facility built in accordance to the Building Research Establishment Environmental Assessment Method ("**BREEAM**") "Very Good" certification requirements. BREEAM is a sustainability assessment method that is used to masterplan projects, infrastructure and buildings. It sets standards for the environmental performance of buildings through the design, specification, construction and operation phases and can be applied to new developments or refurbishment schemes.

The Frasers Property Group is involved in the following industry and sustainability associations:

Memberships of Associations

Member of the Singapore Green Building Council (SGBC)

Member of the Green Building Council of Australia (GBCA)

Member of the Real Estate Developers' Association of Singapore (REDAS)

Member of the REIT Association of Singapore (REITAS)

Member of Securities Investors Association (Singapore) (SIAS)

Global Compact Network of Singapore (GCNS)

Endorsement and Participation in Sustainability Initiatives

United Nations Global Compact (UNGC) Principles

United Nations Sustainable Development Goals (SDGs)

The Global Real Estate Sustainability Benchmark (GRESB)

Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC)

CitySwitch Green Office Programme of Australia

Innovation

It is important that we innovate to stay relevant in the background of technological advancements and tech-savvy consumers that are reshaping the real estate industry. We are fostering a culture of innovation to create value for our stakeholders – people, customers, communities and investors.

Innovation Mission

In August 2018, FLT launched an innovation mission following a structured process prepared by Frasers Property Australia's ("**FPA**") innovation partner, Inventium. The mission aimed to identify opportunities to provide our tenants with certainty and simplicity in regards to occupancy costs. The mission scanned a selection of our tenants to identify how we could provide a market-leading service and has identified a Customer Service Framework.
It is currently at the experimentation phase before progressing to full implementation.

Consuming **Responsibly**

Consuming Responsibly

Why is this important to FLT?

As a major industrial landlord, one way we can curb climate change is by engaging and working together with our tenants to manage their resource consumption. The rise of green-minded tenants and businesses adopting greener initiatives create a collaborative ecosystem, which brings about tangible benefits to both our customers and business.

How does FLT manage this?

Establish policies that drive positive outcomes for the environment and across the business value chain

Adopt practices that enhance the value of FLT's properties and deliver tangible benefits to tenants

Contribution to SDGs

Energy & Carbon

In Australia, we captured and analysed 92% of our tenant's electricity usage and 100% of their gas usage data in the 2018 calendar year. We have been able to provide practical and useful advice to our tenants to allow them to make operational and behavioural changes that have positively impacted their energy use profiles. For instance, this has led to the installation of solar PV systems at four FLT properties over the past 12 months.

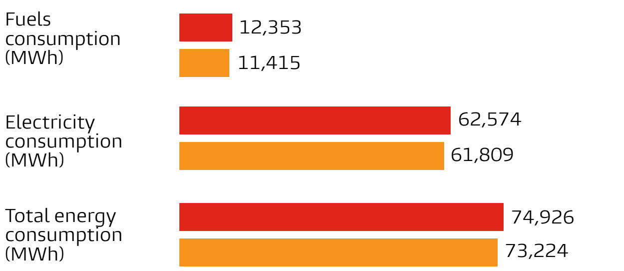
As at 30 September 2019, 75% of the FLT portfolio has high efficiency LED lighting in place and 39% of the total portfolio GLA has solar PV panels installed. Furthermore, we regularly assess and maintain our properties to ensure that our assets are performing efficiently and remain competitive in the market. Sustainability features are a key consideration when our assets undergo asset enhancement initiatives ("**AEIs**").

Asset Enhancement Initiative

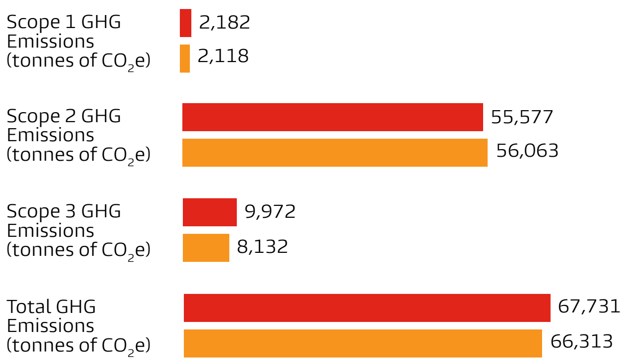
In August 2018, an AEI was completed at our property at 468 Boundary Road, Derrimut VIC. The project involved enhancing the efficiency of the property for the tenant, CHEP Australia Ltd ("**CHEP**"), by constructing an additional 11,209 sq m of hardstand, upgrading the fire system, refurbishing the office and amenities and improving access to the site. Sustainability initiatives included upgrading the lighting to LEDs throughout the property, installing a 250kW solar PV system and upgrading the landscaping with drought-tolerant plants. The project future-proofed the on-site operations for CHEP, who committed to an additional 10-year lease term.

While we do not have direct control over our tenants' resource consumption, as a responsible landlord, we continually strive to enhance the energy efficiency of our facilities and reduce our reliance on non-renewable energy sources via the installation of energy-efficient LED lighting and solar PV systems. We aim to develop a zero carbon roadmap by end 2019. In line with our aspiration to be carbon neutral, we have established targets to upgrade 90% of lights to high-efficiency lighting and install a minimum of 100kW of solar panels on 40% of our Australian properties by 2020.

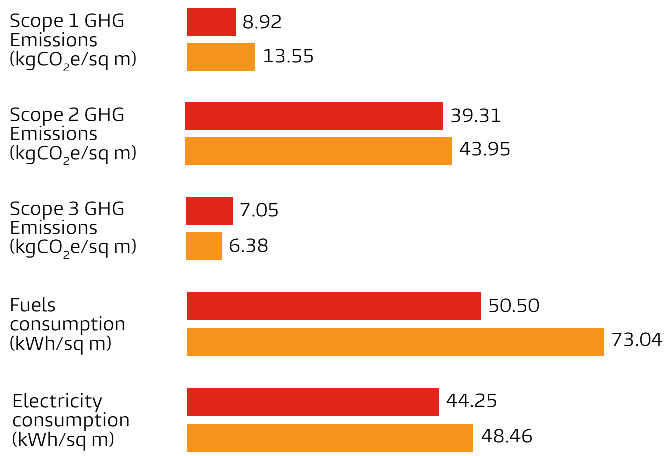
Total Energy Consumption
(MWh)



GHG Emissions
(tCO_2e)



Intensity – GHG Emissions and Energy Consumption



2017[2] 2018[3]

Energy Management

FLT takes a strategic approach towards investment in energy management to improve its asset quality and deliver financial savings to tenants and the REIT.

Target by 2020	Progress at end of FY2019
Install a minimum of 100kW of solar panels on 40% of our properties	39% of properties have solar PV installed with total solar PV capacity of 2,199 kW
Upgrade 90% of lighting for the portfolio to high-efficiency lighting by 2020	75% of properties have upgraded the lighting to LED

The Ball and Doggett facility was recently installed with a 125 kilowatts solar PV system to supplement grid electricity and reduce energy costs. The PV is expected to reduce non-renewable energy generation by 20%, or approximately 122,000 kWh per year. The PV installation cost was A$215,000 with projected annual savings of A$21,900 and GHG reduction of 102 tCO2e.

The Yusen Logistics facility underwent an upgrade to replace all its lighting to LED. The LED lighting cut down electricity consumption by 55%, saving over 220,000 kWh of electricity. The project broke-even within two years through savings in electricity expenses of A$40,200 per year.

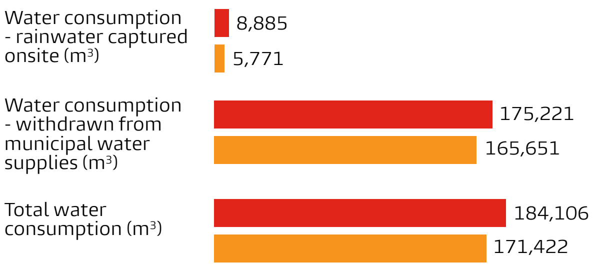
Water

FLT is committed to improving water management at our properties. While we have little control over the day-to-day water usage of our tenants, we work closely with our tenants to manage their water consumption and have successfully captured 99% of our tenants' water usage data in the 2018 calendar year.

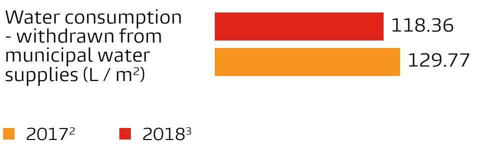
We continue to perform water efficiency audits to ensure that our properties are using water efficiently. Moving forward, we will also continue to undertake water efficiency audits for our most water usage intensive assets, present recommendations to our tenants, and incorporate such recommendations into our development activities or AEI delivery, where possible.

Total Water Consumption

(cubic metres)



Intensity – Water



Materials & Supply Chain

Human rights are the foundation of a healthy society and a sustainable business; therefore we are committed to adhering to human rights norms and will not tolerate any form of slavery or human trafficking in any part of our business or supply chains. Aside from it being the right thing to do, respecting human rights also makes good business sense in order to increase our chances of recruiting and retaining the best employees. FLT has made a commitment to be compliant with Australia's Modern Slavery act when it goes into effect in 2020.

We are also committed to only use and source for the safest, most renewable and responsible materials. Over the years, we have worked with a number of service and maintenance equipment providers for our assets. We understand that our impact extends beyond our operations, and that we should leverage our influence as a business and address key sustainability issues throughout our supply chain. We are currently in the process of developing a Responsible Supply Chain Procedure and target for it to be in place by end-2019.

FLT Eco-Challenge 2019

FLT is aware that adopting an environmentally responsible approach also includes creating awareness about environmental protection amongst our employees. FLT participates in the Frasers Property Environment Month annually to reinforce the importance of protecting the environment and educate our employees about their daily environmental impacts.

The theme of the Environment Month this year was "Consuming Responsibly", to raise awareness about the environmental impacts of their daily activities in both their work and personal capacity and consider how they can help preserve our limited resources for future generations.

In the first week of March 2019, a workplace survey was conducted among our employees to collect feedback and gather ideas on how the initiative should be carried out. Based on the findings, our colleagues hoped to be more sustainable without having to "go off the grid" or make drastic life changes. To support this, our sustainability team created an eco-challenge campaign which ran for three weeks. The team shared tips to encourage behavioural changes to conserve resources and employees were challenged to behave in a more environmentally friendly manner.

2 2017 data is computed from 1 January to 31 December 2017 and covers all properties owned by FLT as of 31 December 2017
3 2018 data is computed from 1 January to 31 December 2018 and covers all properties owned by FLT as of 31 December 2018

Focusing on **People**

Focusing on People

Why is this important to FLT?

Our workforce and community are crucial in determining the success of our business. We recognise our people and hope to facilitate communications across our stakeholders to establish long-lasting relationships and ultimately grow our business.

How does FLT manage this?

Establish policies to support the growth of our people and communities, together with FLT

Adopt practices that provide opportunities for professional and personal growth and strengthen the resilience of the communities we operate in

Contribution to SDGs

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

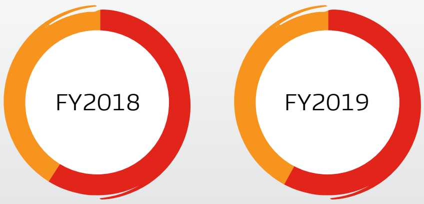
11 SUSTAINABLE CITIES AND COMMUNITIES

Diversity & Inclusion

FLT consistently strives to develop a diverse, fair and supportive workplace. As a member of the Frasers Property Group, FLT is committed to the same fair employment practices guided by the Tripartite Alliance for Fair and Progressive Employment Practices ("**TAFEP**"). We believe in meritocracy and do not tolerate any form of discrimination within our workforce. Annual performance review is conducted for all of the Manager's employees to assess their performance and also to understand their professional development needs. An open performance appraisal system is also applied to all employees of the Manager, providing employees with opportunities based on merit.

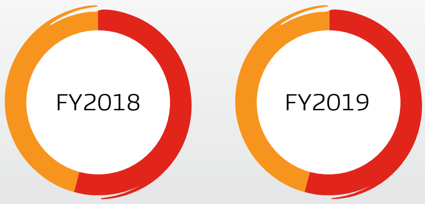
FLT Employee Profile[4]

By Gender
(as at 30 September)



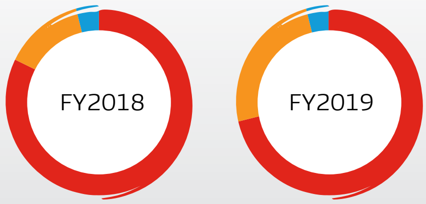
FY2018		FY2019	
Female	59%	Female	58%
Male	41%	Male	42%

By Country
(as at 30 September)



FY2018		FY2019	
Singapore	55%	Singapore	54%
Australia	45%	Australia	46%

By Age Group
(as at 30 September)

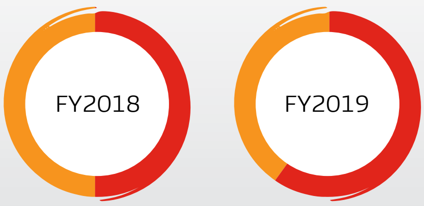


FY2018		FY2019	
< 30 years old	14%	< 30 years old	25%
30-49 years old	82%	30-49 years old	71%
≥ 50 years old	4%	≥ 50 years old	4%

Number and Rate of New Employee Hire[5,6,7,8]

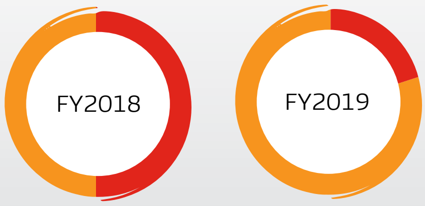
In FY2019, our total number of employees was 24, an increase from 22 a year ago. Our hiring rate of 20.8% was higher than the turnover rate, which was low at 4.2%.

By Gender



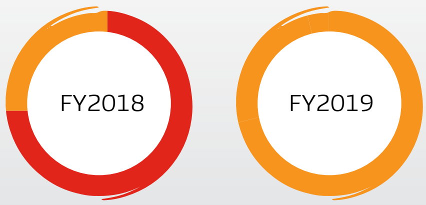
FY2018		FY2019	
Female	2	Female	3
Male	2	Male	2

By Country



FY2018		FY2019	
Singapore	2	Singapore	1
Australia	2	Australia	4

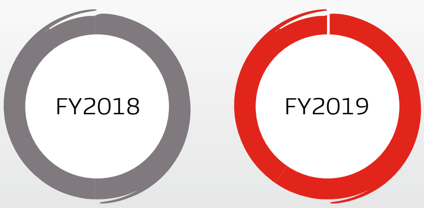
By Age Group



FY2018		FY2019	
< 30 years old	1	< 30 years old	5
30-49 years old	3	30-49 years old	0
≥ 50 years old	0	≥ 50 years old	0

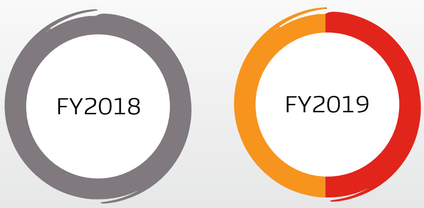
Number and Rate of Employee Turnover

By Gender



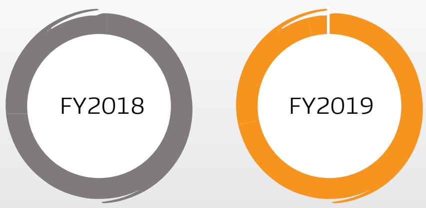
FY2018		FY2019	
Female	0	Female	1
Male	0	Male	0

By Country



FY2018		FY2019	
Singapore	0	Singapore	1
Australia	0	Australia	1

By Age Group



FY2018		FY2019	
< 30 years old	0	< 30 years old	1
30-49 years old	0	30-49 years old	0
≥ 50 years old	0	≥ 50 years old	0

4 All employees are full-time, permanent employees
5 Rate of new employee hires by gender = total number of new employee hires by gender category / total number of new employee hires
6 Rate of new employee hires by country = total number of new employee hires by country category / total number of new employee hires
7 Rate of new employee hires by age group = total number of new employee hires by age group category / total number of new employee hires
8 Total rate of new employee hires = total number of new employee hires / total number of employees

Skills & Leadership

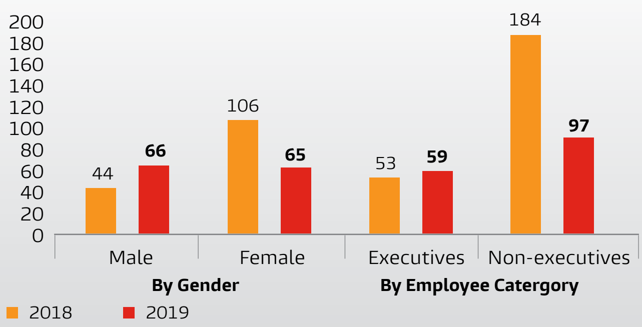
The success of our business is linked to the skills and talents of our employees. As such, it is important to continuously provide development opportunities to hone professional and leadership skills to drive innovation and growth across our business. Frasers Property's Human Resource ("**HR**") department develops comprehensive and future-focused Learning & Development ("**L&D**") programmes for our employees. To cater to the needs of the employees, these programmes take into consideration factors such as professional growth, business functions and career stages.

Our employees have access to a variety of online training content via the Group's HR platform, My HR Hub launched last year. Our employees may also submit specific training requests to the HR department or their supervisor. After each training course, feedback is collected to further improve and tailor the development programmes to meet the professional needs of our employees.

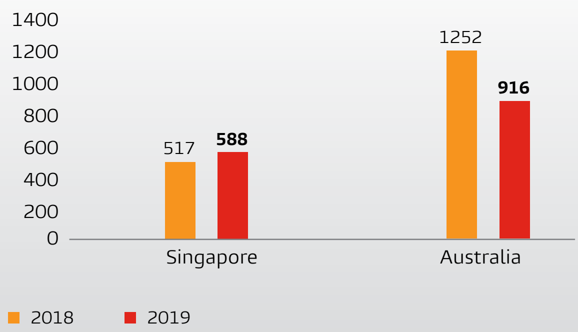
To future-proof our business, we train all relevant staff in key sustainability subjects, such as GRESB, Green Star Performance rating scheme, as well as relevant new technologies and initiatives. Green Star performance training was undertaken in 2017 and we increased engagement with our staff about sustainability in 2018 to empower them to make informed sustainable choices. In 2019, we also developed an engagement plan for internal and external audiences, including the launch of an "A Different Way" video for external audience, and internal events for staff.

On the training front, employees of the Manager completed 1,504 hours of training in FY2019, representing an average of 63 hours per employee.

Average Training Hours per Employee
(hours)



Total Training Hours by Country
(hours)



Health & Well-being

Safeguarding our people

A safe and healthy working environment gives security to our people and establishes trust in our business. We have set in place a robust workplace safety management system across our business operations to monitor and control risk hazards. The system also helps us to identify areas for improvement. In addition, FLT is a member of our Sponsor's health and safety senior management committee that oversees the Group's health and safety practices.

To continue our efforts in ensuring a healthy workplace, we have put in place annual Indoor Environment Quality ("**IEQ**") measurements based on Green Star Performance indicators, with such assessments conducted for 79% of our properties in Australia as at 30 September 2019.

We are pleased to report that there were no major health and safety incidents during the year. There was also no breach of health and safety regulations across our properties. We endeavour to ensure that our properties maintain this health and safety performance in the forthcoming year.

Promoting health and well-being

We care for our employees and encourage work-life balance for their well-being. We strongly advise our employees to participate in the health and wellness activities organised by the Frasers Property Corporate Wellness Committee. In support of the Group's wellness initiative, the REIT manager organised several initiatives such as a 5km trek through the southern ridges and held a captain's ball game at Alexandra Technopark.

Annual Tenant Survey

Customer satisfaction is key to our business. We engage with our tenants through an annual tenant survey to understand their satisfaction with our properties and services. The survey covers various components such as property performance, maintenance, contractor performance as well as environmental and sustainability management. We are able to identify areas of improvement which are important factors in retaining our tenants and ensuring that our properties and services are up to their expectations.

This year's survey highlights:

- 96.0% - Combined Satisfied and Very Satisfied ratings on property manager's performance
- 82.0% - Combined Satisfied and Very Satisfied ratings on operations managers
- 78.0% - Combined Satisfied and Very Satisfied ratings in property presentation
- 96.0% - of tenants surveyed were happy with the responsiveness of maintenance contractors arranged

Through the survey, we were able to monitor our effectiveness in responding to our tenants' needs. For instance, tenants noted an improvement in garden maintenance of our properties, which was previously an area that tenants demanded attention and improvement. With specific regard to the implementation of new technologies and efficiencies, tenants were generally interested in investigating opportunities to further enhance the environmental performance of the property. Four tenants are incorporating LED lighting to further improve their energy efficiency, 22 tenants have indicated that they have had works done to improve energy efficiency in the last 12 months and another 16 tenants are looking to discuss opportunities to reconfigure or adapt their premises to provide greater efficiencies.

Community Connectedness

We build to establish a sense of belonging in our community through innovative designs and initiatives. We also aim to serve a variety of needs by recognising diversity in our society and ultimately connect everyone together.

Community is the foundation of our business. Not only we build and design, but we also aim to take actions to foster positive changes in our society. Our Community Investment principles are aligned to our Sponsor's and one of the principles centred around 'Wellness', with the objective of enhancing the mental, physical and social well-being of our communities.

During the year, the Manager's staff actively participated in the community investment programmes organised by the Frasers Property Group. In 2018, FLT held its first Corporate Community Day by partnering Touch Community Services in a ration distribution event. This year, we had our second Corporate Community Day at an organic community farm in Melbourne, Australia. During the year, the Manager also organised FLT's inaugural donation drive, raising approximately S$3,100 for charity, and adopted an urban community gardening plot at Alexandra Technopark. We endeavour to continuously give back to the community by participating in various community investment programmes.

A Close Shave for Charity

During the year, the REIT Manager organised a donation drive where two of our colleagues from Melbourne, Australia (Mr Andrew McFadyen and Mr Simon Pearce) demonstrated community spirit by committing to shave their heads and beards in return for funds pledged towards a charitable cause.

Mr. McFadyen selected Touch Community Services ("**Touch**") as the charity of choice, following his involvement in FLT's 2018 Corporate Community Day event, Meals on Wheels. He was moved by the outreach programme organised and by the positive attitude and tireless work of the volunteers from Touch.

In aggregate, FLT presented Touch with cheques amounting to approximately S$3,100, which comprised contributions from staff members of the REIT Manager in Singapore and Australia, with dollar-for-dollar matching by the REIT Manager.

FLT CERES Involvement

In September 2019, 22 employees from Singapore and Australia, spent the day at an organic farm, CERES and undertook various tasks such as clearing of footpath overgrowth, planting, weeding, tidying and general maintenance of the market garden area. This initiative was intended to allow our employees to explore organic farming, and to help them understand and better align with FLT's sustainability goals.

CERES or the Centre for Education and Research in Environmental Strategies, is an award-winning, not-for-profit, sustainability centre located on a 4.5 hectares land on the Merri Creek in East Brunswick, Melbourne. The organisation runs extensive environmental education programmes, urban agriculture projects, green technology demonstrations and a number of social enterprises, including a market, grocery, café, community kitchen, organic online supermarket and a permaculture and bushfood nursery.

Wild Women on Top CoastTrek – Sydney

In March 2019, staff from the REIT Manager, alongside colleagues across the wider Frasers Property Group, took part in the CoastTrek charity and fundraising walk event. This event seeks to raise money for the Fred Hollows Foundation, supports the delivery of eye health services on the ground in remote areas of Australia and across the world. Teams of four, with at least 50% women, have between 10 to 18 hours to complete a 30 or 60km challenge along the Australian coastline. The aim was to stay fit while raising money to transform lives. The walk involves several months of planning, preparation and training involved. More than 20 representatives across Frasers Property took part, raising A$21,578.

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
Organisational Profile			
GRI 102: General Disclosures	102-1	Name of the organisation	About Frasers Logistics & Industrial Trust, pg. 2
	102-2	Activities, brands, products, and services	About Frasers Logistics & Industrial Trust, pg. 2
	102-3	Location of headquarters	Corporate Information, pg. 105
	102-4	Location of operations	About Frasers Logistics & Industrial Trust, pg. 2
	102-5	Ownership and legal form	About Frasers Logistics & Industrial Trust, pg. 2 Trust Structure, pg. 3
	102-6	Markets served	Portfolio Overview, pg. 80 Property Profiles, pg. 88
	102-7	Scale of the organisation	About Frasers Logistics & Industrial Trust, pg. 2
	102-8	Information on employees and other workers	Focusing on People – Diversity & Inclusion, pg. 122
	102-9	Supply chain	Managing Sustainability – Stakeholder Engagement, pg. 112 Consuming Responsibly – Materials & Supply Chain, pgs. 119 - 121
	102-10	Significant changes to organisation and its supply chain	About this Report, pg. 109
	102-11	Precautionary principle or approach	FLT does not specifically refer to the precautionary approach when managing risk; however, our management approach is risk-based, and underpinned by our internal audit framework
	102-12	External initiatives	Acting Progressively – Responsible Investment, pg. 117
	102-13	Membership of associations	Acting Progressively – Responsible Investment, pg. 117
Strategy			
GRI 102: General Disclosures	102-14	Statement from senior decision-maker	Board Statement, pg. 110
Ethics and Integrity			
GRI 102: General Disclosures	102-16	Values, principles, standards, and norms of behaviour	Acting Progressively - Risk-based Management, pg. 117
Governance			
GRI 102: General Disclosures	102-18	Governance structure	Corporate Information, pg. 105 Managing Sustainability, pgs. 112 - 115 Sustainability Governance, pg. 112 Board of Directors, pgs. 14 - 17 Management Team, pgs. 18 - 20 Corporate Governance, pgs. 131 - 160

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Stakeholder Engagement			
GRI 102: General Disclosures	102-40	List of stakeholder groups	Managing Sustainability – Stakeholder Engagement, pg. 112
	102-41	Collective bargaining agreements	There are no collective bargaining agreements in place.
	102-42	Identifying and selecting stakeholders	Managing Sustainability – Stakeholder Engagement, pg. 112
	102-43	Approach to stakeholder engagement	Managing Sustainability – Stakeholder Engagement, pg. 112
	102-44	Key topics and concerns raised	Managing Sustainability – Stakeholder Engagement, pg. 112
Reporting Practice			
GRI 102: General Disclosures	102-45	Entities included in the consolidated financial statements	Trust Structure, pg. 3 Notes to Financial Statements, pgs. 183 - 251
	102-46	Defining report content and topic Boundaries	Our Sustainability Strategy, pg. 111 Managing Sustainability - Materiality Assessment, pg. 114 Stakeholder Engagement, pg. 112
	102-47	List of material topics	About this report, pg. 109 Our Sustainability Strategy, pg. 111 Managing Sustainability - Materiality Assessment, pg. 114 Stakeholder Engagement, pg. 112
	102-48	Restatements of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	About This Report, pg. 109
	102-51	Date of most recent report	December 2018
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	About This Report – Feedback, pg. 109
	102-54	Claims of reporting in accordance with GRI Standards	About This Report, pg. 109
	102-55	GRI content index	GRI Content Index, pgs. 127 - 130
	102-56	External assurance	We have not sought external assurance on this data; however, we intend to review this stance in the future.
Management Approach			
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	Managing Sustainability - Materiality Assessment, pg. 114

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Our Strategy, pgs. 22 - 23
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Financial Review, pgs. 24 - 25 Financial Statements, pgs. 161 - 251
Anti-corruption			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-based Management, pg. 117
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	
Environmental Compliance			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-based Management, pg. 117
	103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	
Ethical Marketing			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-based Management, pg. 117
	103-3	Evaluation of the management approach	
GRI 417: Marketing and Labelling	417-3	Incidents of non-compliance concerning marketing communications	
Energy and Emissions			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Energy & Carbon, pgs. 119 - 120
	103-3	Evaluation of the management approach	
GRI 302: Energy	302-1	Energy consumption within the organization	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Water			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Water, pg. 121 All water consumed is from purchased utilities and rainwater harvesting
	103-3	Evaluation of the management approach	
GRI 303: Water	303-1	Water withdrawal by source	
Staff Retention and Development			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Diversity & Inclusion, pg. 122, FLT Employee Profile, pg. 123, Skills & Leadership, pg. 124.
	103-3	Evaluation of the management approach	
GRI 401: Employment	401-1	New employee hires and employee turnover	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	
	404-3	Percentage of employees receiving regular performance and career development reviews	
Labour/Management Relations			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Diversity & Inclusion, pg. 122
	103-3	Evaluation of the management approach	
GRI 402: Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	This is currently not covered in Group-wide collective agreements. The notice period varies.
Occupational Health and Safety			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Health and Well-being, pg. 124
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	Focusing on People – Health and Well-being, pg. 124 FPL has a Health and Safety senior management committee, of which FLT is a member
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Focusing on People – Health and Well-being, pg. 124
Local Communities			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Community Connectedness, pg. 125
	103-3	Evaluation of the management approach	
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes	

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INTRODUCTION

Frasers Logistics & Industrial Trust ("**FLT**") is a real estate investment trust ("**REIT**") listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). FLT is managed by Frasers Logistics & Industrial Asset Management Pte. Ltd. (the "**Manager**"), a wholly-owned subsidiary of Frasers Property Limited ("**FPL**" or the "**Sponsor**").

In line with the listing rules of the SGX-ST (the "**Listing Rules**") and its obligations under the Guidelines to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Guideline No: SFA04–G07) issued by the Monetary Authority of Singapore ("**MAS**"), the Manager complies with the principles of the Code of Corporate Governance 2018 (the "**CG Code**"). Even though the CG Code applies to annual reports covering financial years commencing from 1 January 2019, the Manager has elected to adopt and comply with Rule 710 of the listing manual of the SGX-ST (the "**SGX-ST Listing Manual**") to describe its corporate governance practices with specific reference to the principles and the provisions of the CG Code (and not the Code of Corporate Governance 2012).

The practices and activities of the Board of Directors (the "**Board**") and the management of the Manager (the "**Management**") adhere closely to the provisions under the CG Code.

To the extent the practices may vary from any provision of the CG Code, the Manager will explain the reason for the variation and how the practices nevertheless are consistent with the intent of the relevant principle of the CG Code. The Manager is also guided by the voluntary Practice Guidance which was issued to complement the CG Code and which sets out best practices for issuers, as this will build investor and stakeholder confidence in FLT and the Manager. A summary of compliance with the express disclosure requirements in the principles and provisions of the CG Code is set out on pages 158 to 160.

FLT is a signatory to the 2019 Corporate Governance Statement of Support organised by Securities Investors Association (Singapore) where FLT has pledged its commitment to uphold high standards in corporate governance.

The Manager

The Manager has general powers of management over the assets of FLT. As a manager of a REIT, the Manager holds a Capital Markets Services Licence issued by the MAS to carry out REIT management activities.

The Manager's main responsibility is to manage FLT's assets and liabilities for the benefit of unitholders of FLT ("**Unitholders**"). To this end, the Manager is able to set the strategic direction of FLT and make recommendations to Perpetual (Asia) Limited, in its capacity as trustee of FLT (the "**Trustee**"), on acquisitions, divestments and enhancement of the assets of FLT. The role of the Manager includes the pursuit of a business model that sustains the growth and enhances the value of FLT and is focussed on delivering regular and stable distributions to Unitholders. Other functions and responsibilities of the Manager include preparing annual asset plans and undertaking regular individual asset performance analysis and market research analysis, and managing finance functions relating to FLT (which includes financial and tax reporting, capital management, treasury and preparation of consolidated budgets).

The Values of the Manager

1. The Manager is committed to upholding and maintaining high standards of corporate governance, corporate transparency and sustainability, and instituting sound corporate practices and controls to facilitate the Manager's role in safeguarding and enhancing FLT's asset value so as to maximise returns from investments, and ultimately the total return to Unitholders. The Manager believes that a robust and sound governance framework is an essential foundation on which to build, evolve and innovate a business which is sustainable over the long term and one which is resilient in the face of the demands of a dynamic, fast-changing environment.

2. The Manager adheres to corporate policies, business practices and systems of risk management and internal controls, which are designed to ensure that it maintains consistently high standards of integrity, accountability and governance in FLT and its own daily operations.

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3. The Manager ensures that the business and practices of FLT are carried out in a manner that complies with applicable laws, rules and regulations, including the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**"), the SGX-ST Listing Manual, the CG Code, the Code on Collective Investment Schemes (the "**CIS Code**") issued by the MAS (including Appendix 6 of the CIS Code, the "**Property Funds Appendix**"), the trust deed constituting FLT between the Manager and the Trustee dated 30 November 2015 (as amended) ("**Trust Deed**"), as well as the written directions, notices, codes and other guidelines that the MAS and other regulators may issue from time to time.

The Board works with Management to ensure that these values underpin its leadership of the Manager.

The Manager is staffed by an experienced and well-qualified team which manages the operational matters of FLT. The Manager is appointed in accordance with the terms of the Trust Deed. The Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee under certain circumstances outlined in the Trust Deed, including where Unitholders, by a resolution duly passed by a simple majority of Unitholders present and voting (with no Unitholder being disenfranchised) at a Unitholders' meeting, decide that the Manager is to be removed.

BOARD MATTERS

The Board

The Board is responsible for the overall leadership and oversight of both FLT's and the Manager's business, financial, investment and material operational affairs and performance objectives, and its long-term success. The Board sets the strategic direction of FLT and the Manager and the Manager's approach to corporate governance, including the organisational culture, values and ethical standards of conduct, and works with Management on its implementation across all levels of the organisation, as well as focus on value creation, innovation and sustainability. The Board, supported by Management, ensures necessary resources are in place for FLT and the Manager to meet its strategic objectives. Through the enterprise-wide risk management framework of FLT and its subsidiaries (the "**Group**"), the Board establishes and maintains a sound risk management framework to effectively monitor and manage risks. It also oversees Management to ensure transparency and accountability to key stakeholder groups.

The Chairman

The chairman of the Board (the "**Chairman**") leads the Board. The Chairman sets the right ethical and behavioural tone and ensures the Board's effectiveness by, among other things, encouraging active and effective engagement, participation by and contribution from all directors of the Manager (the "**Directors**") and facilitating positive relations among and between them and Management. The Chairman promotes a culture of openness at Board meetings and encourages Directors to engage in productive and thorough discussions and constructive debate on strategic, business and other key issues pertinent to the business and operations of the Group and the Manager, leading to better decision making and enhanced business performance. With the support of the Board, the Company Secretary of the Manager ("**Company Secretary**") and Management, the Chairman spearheads the Manager's drive to promote, attain and maintain high standards of corporate governance and transparency.

Role of Management

The Management is led by the Chief Executive Officer (the "**CEO**") of the Manager. The CEO is responsible for the execution of the Board's adopted strategies and policies and is accountable to the Board for the conduct and performance of Management. Senior Management, comprising the CEO, and the Chief Financial Officer ("**CFO**") of the Manager (the "**Key Management Personnel**") are responsible for executing the Manager's strategies and policies, and are accountable to the Board for the planning, direction, control, conduct and performance of the business operations of the Manager.

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Division of Responsibilities between the Chairman and CEO

The Chairman and the CEO are separate persons and the division of responsibilities between the Chairman and the CEO is clearly demarcated. This avoids concentration of power and ensures a degree of checks and balances, an increased accountability, and greater capacity of the Board for independent decision-making. Such separation of roles between the Chairman and CEO promotes robust deliberations by the Board and Management on the business activities of FLT.

Relationships between the Board and CEO

None of the members of the Board and CEO are related to one another, and none of them has any business relationships among them.

Members of the Board and Board Committees

The following table shows the composition of the Board and the various committees of the Board ("**Board Committees**") as at 30 September 2019:

		Audit, Risk and Compliance Committee	Nominating and Remuneration Committee
Mr Ho Hon Cheong	Chairman, Non-Executive and Independent Director	✓	✓ (Chairman)
Mr Goh Yong Chian	Non-Executive and Independent Director	✓ (Chairman)	✓
Mr Paul Gilbert Say	Non-Executive and Independent Director	✓	
Mr Panote Sirivadhanabhakdi	Non-Executive and Non-Independent Director		✓
Mr Chia Khong Shoong	Non-Executive and Non-Independent Director		
Mr Rodney Vaughan Fehring	Non-Executive and Non-Independent Director		

Profiles of each of the Directors can be found at pages 14 to 17.

Board Committees

Board Committees were formed by the Board to oversee specific areas, for greater efficiency. There are two Board Committees, namely, the Audit, Risk and Compliance Committee ("**ARCC**"), and the Nominating and Remuneration Committee ("**NRC**").

Minutes of all Board Committee meetings are circulated to the Board so that Directors are aware of and kept updated as to the proceedings, matters discussed and decisions made during such meetings, and to enable the Directors to weigh in on any key points under consideration.

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Audit, Risk And Compliance Committee

Membership	Key Objectives
Mr Goh Yong Chian, *Chairman* Mr Ho Hon Cheong, *Member* Mr Paul Gilbert Say, *Member*	• Assist Board in fulfilling responsibility of overseeing the quality and integrity of the accounting, auditing, internal controls, risk management and financial practices of the Manager

As at 30 September 2019, the ARCC is made up of non-executive Directors, all of whom, including the chairman of the ARCC, are independent Directors ("**IDs**"). The members of the ARCC, including the chairman of the ARCC, are appropriately qualified and have recent and/or relevant accounting and related financial management expertise or experience. Their collective wealth of experience and expertise enables them to discharge their responsibilities competently.

Under the Terms of Reference of the ARCC, a former partner or director of FLT's existing auditing firm or auditing corporation should not act as a member of the ARCC: (a) within a period of two years commencing on the date of his ceasing to be a partner of the auditing firm or a director of the auditing corporation; and in any case, (b) for as long as he has any financial interest in the auditing firm or auditing corporation. None of the members of the ARCC is a former partner of FLT's external auditors, KPMG LLP and none of the members of the ARCC has any financial interest in FLT's external auditors, KPMG LLP.

Audit Functions

The Terms of Reference of the ARCC provide that some of the key responsibilities of the ARCC include:

- External Audit Process: reviewing and reporting to the Board, the scope, quality, results and performance of the external audit(s), its cost effectiveness and the independence and objectivity of the external auditors. It shall also review the nature and extent of non-audit services performed by external auditors;

- Internal Audit: establishing an effective internal audit function which shall be adequately qualified to perform an effective role, adequately resourced, independent of the activities which it audits and able to discharge its duties objectively, and to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

- Financial Reporting: reviewing and reporting to the Board, the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of FLT and the Manager and any announcements relating to FLT's and the Manager's financial performance, and to review the assurance provided by the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of FLT's and/or the Manager's operations and finances;

- Internal Controls and Risk Management: reviewing and reporting to the Board at least annually, its assessment of the adequacy and effectiveness of the Manager's internal controls for FLT and the Manager, including financial, operational, compliance and information technology controls (including those relating to compliance with existing legislation and regulations), and risk management policies and systems established by Management;

- Interested Person Transactions: reviewing interested person transactions (as defined in the SGX-ST Listing Manual) and interested party transactions (as defined in the Property Funds Appendix) (both such types of transactions constituting "**Related/Interested Person Transactions**") entered into from time to time and the internal audit reports to ensure compliance with applicable legislation, the SGX-ST Listing Manual and the Property Funds Appendix;

- Conflicts of Interests: deliberating on resolutions relating to conflicts of interest situations involving FLT;

- Whistle-blowing: reviewing the policy and arrangements by which staff of the Manager, FLT and any other persons may, in confidence, safely raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken; and

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- Investigations: reviewing the findings of internal investigations into any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, which the ARCC becomes aware of, and which has or is likely to have a material impact on FLT's operating results or financial position.

In carrying out its role, the ARCC is empowered to investigate any matter within its Terms of Reference, with full access to, and cooperation by, Management, to seek information it may require from any Director and/or employee of the Manager. The ARCC also has full discretion to request the attendance of any Director or employees of the Manager at its meetings, and reasonable resources to enable it to discharge its functions properly. The Chairman of the Board, non-executive Directors, the CEO, the CFO, the head of the internal audit function, representatives of the external auditor(s), or any other person with relevant experience and expertise may attend the meetings of the ARCC at the invitation of the ARCC. The meetings serve as a forum to review and discuss material risks and exposures of the Manager's businesses and strategies to mitigate risks. The ARCC meets with internal auditors and external auditors without the presence of Management at least once a year to review various audit matters, including reviewing the audit plans, and evaluating the internal accounting controls, the audit reports and the assistance given by Management to the internal and external auditors. In carrying out its function, the ARCC may also obtain independent or external legal or other professional advice or appoint external consultants as it considers necessary at the Manager's cost.

Periodic updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the ARCC so that they are kept abreast of such changes and its corresponding impact on the financial statements, if any.

Risk Management

The ARCC shall review the framework and processes established by Management to achieve compliance with applicable laws, regulations, standards, best practice guidelines and the Manager's policies and procedures. The ARCC shall assist the Board in ensuring that Management maintains a sound system of risk management and internal controls to safeguard the interests of the Manager or the interests of Unitholders (as the case may be) and the assets of the Manager and the assets of FLT. The ARCC also assists the Board in its determination of the nature and extent of significant risks which the Board is willing to take in achieving the Manager's strategic objectives and the overall levels of risk tolerance and risk policies. Further information on the key activities conducted by the ARCC can be found in the sections titled "Financial Performance, Reporting and Audit" on pages 150 to 151 and "Governance of Risk and Internal Controls" on pages 151 to 154.

Nominating And Remuneration Committee

Membership	Key Objectives
Mr Ho Hon Cheong, *Chairman* Mr Goh Yong Chian, *Member* Mr Panote Sirivadhanabhakdi, *Member*	• Establish a formal and transparent process for appointment and re-appointment of Directors • Develop a process for evaluation of the performance and annual assessment of the effectiveness of the Board as a whole and each of its board committees and individual directors • Review succession plans • Assist the Board in establishing a formal and transparent procedure for developing policies on Director and executive remuneration, developing a general framework of remuneration for the Board and Key Management Personnel and fixing the remuneration packages of individual Directors and Key Management Personnel • Ensure that there is an appropriate proportion of independent directors on the Board, and review annually, or where required, the independence of each Director

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A majority of the members of the NRC, including the chairman of the NRC, are independent non-executive Directors.

The NRC is guided by written Terms of Reference approved by the Board which set out the duties and responsibilities of the NRC. The NRC's responsibilities, in relation to its functions as a nominating committee, include reviewing the structure, size and composition and independence of the Board and its Board Committees, reviewing and making recommendations to the Board on the succession plans for Directors, the Chairman and Key Management Personnel, making recommendations to the Board on all Board appointments and re-appointments, and determining the independence of Directors. The NRC also proposes for the Board's approval, the objective performance criteria and process for the evaluation of the effectiveness of the Board, the Board Committees and individual Directors, and ensures that proper disclosures of such process is made. The NRC is also responsible for making recommendations to the Board on training and professional development programmes for the Board and the Directors.

Further information on the main activities of the NRC, in relation to its functions as a nominating committee, are outlined in the following sections:

- "Training and development of Directors" on page 139;
- "Board Composition" on pages 140 to 144;
- "Directors' Independence" on pages 141 to 143; and
- "Board Performance Evaluation" on pages 143 to 144.

The NRC's responsibilities, in reviewing remuneration matters, include: (i) reviewing and recommending to the Board, a framework of remuneration for the Board and Key Management Personnel, and (ii) ensuring that the remuneration of executive Directors shall not be linked in any way to FLT's gross revenue.

On an annual basis, the NRC also reviews and recommends, for the Board's approval, the Manager's remuneration and benefits policies and practices (including long-term incentive schemes), and the performance and specific remuneration packages for each Director and Key Management Personnel, in accordance with the approved remuneration policies and processes. The NRC also proposes, for the Board's approval, criteria to assist in the evaluation of the performance of Key Management Personnel, and (where applicable) reviews the obligations of the Manager arising in the event of the termination of the service agreements of Key Management Personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The NRC also administers and approves awards under the FLT Restricted Unit Plan ("**RUP**") and/or other long-term incentive schemes to senior executives of the Manager.

In carrying out its review on remuneration matters, the Terms of Reference of the NRC provide that the NRC shall consider all aspects of remuneration, including Directors' fees, special remuneration to Directors who render special or extra services to the Manager, salaries, allowances, bonuses, options, Unit-based incentives and awards, benefits-in-kind and termination payments, and shall aim to be fair and to avoid rewarding poor performance.

If necessary, the NRC can seek expert advice on remuneration within the FPL Group's Human Resources Department or from external sources. Where such advice is obtained from external sources, the NRC ensures that existing relationships, if any, between the Manager and the appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

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Delegation of authority framework

As part of the Manager's internal controls, the Board has adopted a framework of delegated authorisations in its Manual of Authority (the "**MOA**"). The MOA sets out the levels of authorisation required for particular types of transactions to be carried out, and specifies whether Board approval needs to be sought. It also sets out approval limits for operating and capital expenditure as well as investments and asset enhancement initiatives.

While day-to-day operations of the business are delegated to Management, in the Board's exercise of its leadership and oversight of FLT, the MOA contains a schedule of matters specifically reserved for approval by the Board. These include approval of annual budgets, financial plans, business strategies and material transactions, such as the major acquisitions and disposals of property assets, equity investments and asset enhancement initiatives of a value of more than A$5 million / EUR 3.1 million, the entry into credit facilities including hedging facilities, operational matters such as the entry into, or renewal of leases where the contract value exceeds a gross rental income of A$5 million / EUR 3.1 million per annum.

Meetings of the Board and Board Committees

The Board meets regularly, at least once every quarter, and also as required by business needs or if their members deem it necessary or appropriate to do so.

The following table summarises the number of meetings of the Board and Board Committees and general meetings held and attended by the Directors in the financial year ended 30 September 2019 ("**FY2019**"):

	Board Meetings	Audit, Risk and Compliance Committee Meetings	Nominating and Remuneration Committee Meetings	Annual General Meeting	Extraordinary General Meeting [6]
Meetings held for FY2019	6	5	1	1	1
Mr Ho Hon Cheong	6(C) [1]	5	1(C) [1]	1(C) [1]	1(C) [1]
Mr Goh Yong Chian	6	5(C) [1]	1	1	1
Mr Paul Gilbert Say	6	5	–	1	1
Mr Panote Sirivadhanabhakdi	4	–	–	1	1
Mr Lim Ee Seng [2]	3	–	–	1	– [2]
Mr Michael Bowden Newsom [3]	3	–	–	1	– [3]
Mr Chia Khong Shoong [4]	3	–	–	– [4]	1
Mr Rodney Vaughan Fehring [5]	3	–	–	– [5]	1

Notes:

(1) (C) refers to chairman.
(2) Mr Lim Ee Seng retired as a Director with effect from 11 February 2019.
(3) Mr Michael Bowden Newsom retired as a Director with effect from 11 February 2019.
(4) Mr Chia Khong Shoong was appointed as a Director with effect from 11 February 2019.
(5) Mr Rodney Vaughan Fehring was appointed as a Director with effect from 11 February 2019.
(6) Extraordinary General Meeting held on 20 August 2019.

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A calendar of activities is scheduled for the Board a year in advance.

The Manager's Constitution provides for Board members who are unable to attend physical meetings to participate through telephone conference, video conference or any other form of electronic or instantaneous communication facilities.

Directors are provided with Board papers setting out relevant information on the agenda items to be discussed at Board and Board Committee meetings around a week in advance of the meeting (save in cases of urgency), to give Directors sufficient time to prepare for the meeting and review and consider the matters being tabled so that discussions can be more meaningful and productive and Directors have the necessary information to make sound and informed decisions.

Senior members of the Management team attend Board meetings, and where necessary, Board Committee meetings, to brief and make presentations to the Directors, provide input and insight into matters being discussed, and respond to queries and take any follow up instructions from the Directors. At least once a year and if required, time is set aside after scheduled Board meetings for discussions amongst the Board without the presence of Management.

Where required by the Directors, external advisers may also be present or available whether at Board and Board Committee meetings or otherwise, and (if necessary), at the Manager's expense where applicable, to brief the Directors and provide their advice.

Matters Discussed By Board And Board Committees In FY2019

Board

- Strategy
- Business and Operations Update
- Financial Performance
- Acquisitions and divestment proposals
- Asset enhancement initiatives
- Governance Feedback from Board Committees
- Networking

Audit, Risk and Compliance Committee

- External and Internal Audit
- Financial Reporting
- Internal Controls and Risk Management
- Related/Interested Person Transactions
- Conflicts of Interests

Nominating and Remuneration Committee

- Board Composition and Renewal
- Board, Board Committees and Director Evaluations
- Training and Development
- Remuneration Policies and Framework
- Succession Planning

Board Oversight

Outside of Board and Board Committee meetings, Management also provides Directors with reports on major operational matters, business development activities, financial performance, potential investment opportunities, as well as such other relevant information on an on-going and timely basis to enable them to discharge their duties and responsibilities properly. Where required or requested by Directors, site visits are also arranged for Directors to have an intimate understanding of the key business operations of each division and to promote active engagement with Management.

Directors are provided with sufficient information to enable them to ensure that they prepare adequately for Board and Board Committee meetings, and devote sufficient time and attention to the affairs of FLT and the Manager. At Board and Board Committee meetings, the Directors actively participate, discuss, deliberate and appraise matters requiring their attention and decision. Where necessary for the proper discharge of their duties, the Directors may seek and obtain independent professional advice at the Manager's expense.

Corporate **Governance Report**

The Company Secretary

The Company Secretary, who is legally trained and familiar with company secretarial practices, is responsible for administering and executing Board and Board Committee procedures in compliance with the Companies Act (Chapter 50 of Singapore), the Manager's Constitution, the Trust Deed and applicable law. The Company Secretary also provides advice and guidance on relevant guidelines, notices, rules and regulations, including disclosure requirements under the SFA, applicable MAS guidelines and notices, the CIS Code and the SGX-ST Listing Manual, as well as corporate governance practices and processes.

The Company Secretary attends Board and Board Committee meetings and drafts and reviews the minutes of proceedings thereof, and facilitates and acts as a channel of communication for the smooth flow of information to and within the Board and its various Board Committees, as well as between and with senior Management.

The Company Secretary obtains and consolidates Directors' feedback and evaluation, facilitates induction and orientation programmes for new Directors, and assists with Directors' professional development matters. The Company Secretary also acts as the Manager's primary channel of communication with the SGX-ST.

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Training and development of Directors

The NRC is tasked with identifying and developing training programmes for the Board and Board Committees for the Board's approval and ensuring that Directors have the opportunity to develop their skills and knowledge.

Upon appointment, each new Director is issued a formal letter of appointment setting out his or her duties and obligations, including his or her responsibilities as fiduciaries and on the policies relating to conflicts of interest. An induction and orientation programme is also conducted to provide new appointees with information on the business activities, strategic direction, policies and corporate governance practices of the Manager, as well as their statutory and other duties and responsibilities as directors.

The Directors are kept continually and regularly updated on FLT's business and the regulatory and industry specific environments in which the entities of the Group operate. The Manager sees to it that the Board is regularly updated on new developments in laws and regulations or changes in regulatory requirements and financial reporting standards which are relevant to or may affect the Manager or FLT and such updates may be in writing, by way of briefings held by the Manager's lawyers and external auditors or disseminated by way of presentations and/or handouts. During FY2019, the Directors were updated on (a) changes in Financial Reporting Standards, (b) directors' independence, (c) recent changes to the CG Code and Listing Rules, (d) tax regulations in relevant jurisdictions, and (e) cybersecurity threats and regulations. The Directors also attended asset tours in Victoria, Australia in November 2018, and in Germany in May 2019.

To ensure the Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment, and provided with opportunities to develop and maintain their skills and knowledge at the Manager's expense. The Manager maintains a training record to track Directors' attendance at training and professional development courses.

Directors are encouraged to be members of the Singapore Institute of Directors ("**SID**") and for them to receive updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and business trends.

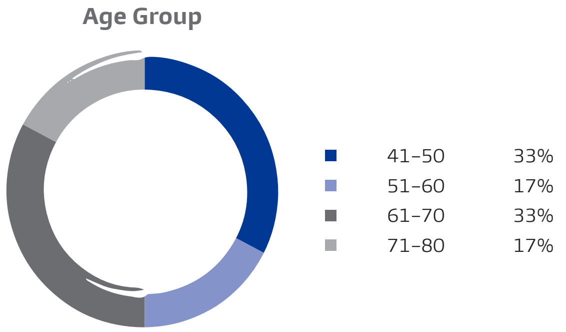
Corporate **Governance Report**

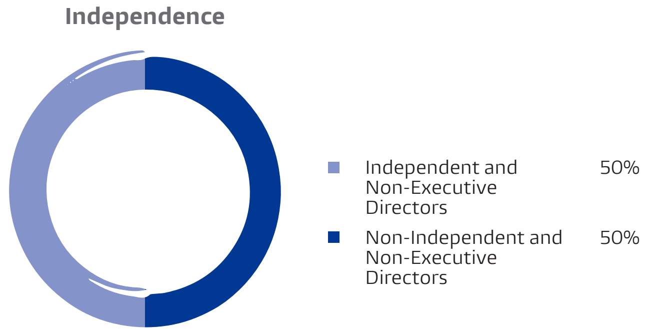
BOARD COMPOSITION

All of the Directors are non-executive and the Board comprises an equal number of independent and non-independent Directors.

The NRC has assessed that the current structure, size and composition of the Board are appropriate for the scope and nature of FLT's and the Manager's operations. No individual or group dominates the Board's decision-making process or has unfettered powers of decision-making. There is a balanced exchange of views and robust deliberations and debates among members. The NRC is of the opinion that the Directors with their diverse backgrounds and experience (including banking, accounting and finance, and property, coupled with relevant industry knowledge) provide the appropriate balance and mix of skills, knowledge, experience, competencies and other aspects of diversity that fosters constructive debate and ensures the effectiveness of the Board and its Board Committees. The Board concurs with the views of the NRC.

Board Composition in terms of Age Group, Independence and Tenure (as at 30 September 2019)





Corporate Governance Report

Under the NRC Terms of Reference, the NRC is tasked with making recommendations to the Board on all Board appointments and re-appointments, taking into account, among other things, the scope and nature of the operations of the Group, the requirements of the business, whether Directors who have multiple board representations are able to carry out and have been carrying out their duties as Directors and whether the Directors have given sufficient time and attention to the affairs of FLT and the Manager. The process for the selection, appointment and re-appointment of Directors also takes into account the composition and progressive renewal of the Board and Board Committees, each Director's experience, education, expertise, judgment, personal qualities and general and sector specific knowledge in relation to the needs of the Board as well as whether the candidates will add diversity to the Board and whether they are likely to have adequate time to discharge their duties. The NRC considers different channels to source and screen candidates for Board appointments, depending on the requirements, including tapping on existing networks of contacts and recommendations. Suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates are objective and well supported. Instead of prescribing a maximum number of directorships and/ or other principal commitments that each Director may have, the NRC adopts a holistic assessment of each Director's individual capacity and circumstances to carry out his or her duties, taking into consideration not only the number of other board and other principal commitments held by each Director, but also the nature and complexity of such commitments. No new members were appointed to the Board during FY2019.

Directors are not subject to periodic retirement by rotation. Under its Terms of Reference, the NRC is tasked with reviewing the succession plans for Directors, the Chairman and Key Management Personnel.

Board Diversity Policy

The Board has adopted, with the recommendation of the NRC, a board diversity policy. The NRC will monitor and implement this policy, and will take the principles of the policy into consideration when determining the optimal composition of the Board, the appointment and re-appointment of Directors and when recommending any proposed changes to the Board. On the recommendation of the NRC, the Board may set certain measurable objectives / specific diversity targets, with a view to achieving an optimal Board composition, and these objectives / specific diversity targets may be reviewed by the NRC from time to time to ensure their appropriateness.

The Board views diversity at the Board level as an essential element for driving value in decision-making and proactively seeks as part of its board diversity policy, to maintain an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diversity of backgrounds and competencies of the Directors, whose competencies range from banking, accounting and finance and property, coupled with relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. This is beneficial to FLT, the Manager and Management as decisions by, and discussions with, the Board would be enriched by the broad range of views and perspectives and the breadth of experience of the Directors.

Directors' Independence

The Directors exercise their judgment independently and objectively in the interests of FLT and the Manager. The Directors complete a declaration of independence annually which is reviewed by the NRC. The NRC determines annually, and as and when circumstances require, if a Director is independent. Based on the declarations of independence of the Directors, and having regard to the circumstances set forth in Provision 2.1 of the CG Code, Rule 210(5)(d) of the SGX-ST Listing Manual, the MAS Guidelines No. SFA04-G07 "Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" dated 1 January 2016 and Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**"), the NRC and the Board have determined that there are three IDs on the Board, namely: Mr Ho Hon Cheong, Mr Goh Yong Chian and Mr Paul Gilbert Say.

Based on each ID's declaration of independence, which includes questions relating to his relationship with FLT, the Manager, the Trustee and the Sponsor, all IDs have declared that there were no relationships or instances that would otherwise deem them not to be independent.

Corporate
Governance Report

The Board has considered the relevant requirements under the SFLCB Regulations and its views in respect of the independence of each Director for FY2019 are as follows:

The Director:		Mr Ho Hon Cheong	Mr Goh Yong Chian	Mr Paul Gilbert Say	Mr Panote Sirivadhanabhakdi [1]	Mr Chia Khong Shoong [2]	Mr Rodney Vaughan Fehring [3]
(i)	had been independent from the management of the Manager and FLT during FY2019	✓	✓	✓			
(ii)	had been independent from any business relationship with the Manager and FLT during FY2019	✓	✓	✓	✓	✓	✓
(iii)	had been independent from every substantial shareholder of the Manager and every substantial Unitholder during FY2019	✓	✓	✓			
(iv)	had not been a substantial shareholder of the Manager or a substantial Unitholder during FY2019	✓	✓	✓		✓	✓
(v)	has not served as a director of the Manager for a continuous period of nine years or longer as at the last day of FY2019	✓	✓	✓	✓	✓	✓

Notes:

[1] Mr Panote Sirivadhanabhakdi is a director and the Group Chief Executive Officer of FPL and a director of certain entities within the FPL Group (as defined below) other than the Manager. FPL wholly-owns the Manager and is a substantial Unitholder. Mr Panote Sirivadhanabhakdi is also a director of various entities within the TCC Group (as defined below), which is the controlling shareholder of the FPL Group. He holds 20.0% of the issued share capital of TCC Group Investments Limited, a substantial Unitholder. Mr Panote Sirivadhanabhakdi is also the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi. As such, during FY2019, Mr Panote Sirivadhanabhakdi is deemed (a) to have a management relationship with the Manager and FLT; (b) connected to the shareholder of the Manager and a substantial Unitholder; and (c) to be a substantial Unitholder.

"***FPL Group***" refers to FPL and/or its subsidiaries.

"***TCC Group***" refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

[2] Mr Chia Khong Shoong is the Group Chief Corporate Officer of FPL and is employed by a related corporation of the Manager. He is also a director and/or executive of certain entities within the FPL Group other than the Manager. As such, during FY2019, Mr Chia Khong Shoong is deemed (a) to have a management relationship with the Manager and FLT; and (b) connected to the shareholder of the Manager and a substantial Unitholder.

[3] Mr Rodney Vaughan Fehring is the Chief Executive Officer of Frasers Property Australia and is employed by a related corporation of the Manager. He is also a director and/or executive of certain entities within the FPL Group other than the Manager. As such, during FY2019, Mr Rodney Vaughan Fehring is deemed (a) to have a management relationship with the Manager and FLT; and (b) connected to the shareholder of the Manager and a substantial Unitholder.

Corporate **Governance Report**

The Board is satisfied that, as at the last day of FY2019, each of Mr Panote Sirivadhanabhakdi, Mr Chia Khong Shoong and Mr Rodney Vaughan Fehring was able to act in the best interests of all Unitholders as a whole. As at the last day of FY2019, each of Mr Panote Sirivadhanabhakdi, Mr Chia Khong Shoong and Mr Rodney Vaughan Fehring was able to act in the best interests of Unitholders as a whole.

The IDs lead the way in upholding good corporate governance at the Board level and their presence facilitates the exercise of objective independent judgment on corporate affairs. Their participation and input also ensure that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into account the long-term interests of FLT and its Unitholders. As of 30 September 2019, none of the IDs have been on the Board for more than nine years.

As at least half of the Board comprises IDs, the Manager will not be subjecting any appointment or re-appointment of Directors to voting by Unitholders under Regulation 13D of the SFLCB Regulations. The Chairman is presently an ID.

No alternate directors have been appointed on the Board for FY2019.

Conflict Policy

To address and manage possible conflicts of interest (including in relation to Directors, officers and employees) that may arise in managing FLT, the Manager has put in place procedures which, among other things, specify that: (a) the Manager shall be dedicated to the management of FLT and will not directly or indirectly manage other REITs, without first obtaining approval from the MAS; (b) all executive officers of the Manager will be employed by the Manager; (c) all resolutions in writing of the Directors in relation to matters concerning FLT must be approved by a majority of the Directors, including at least one ID; (d) at least one-third of the Board shall comprise IDs; (e) on matters where FPL, its subsidiaries and/or its shareholders have an interest (directly or indirectly), Directors nominated by FPL, its subsidiaries and/or its shareholders shall abstain from voting. On such matters, the quorum must comprise a majority of IDs and must exclude nominee Directors of FPL and/or its subsidiaries; and (f) an interested Director is required to disclose his interest in any proposed transaction with FLT and is required to abstain from voting on resolutions approving the transaction.

The Manager does not have a practice of extending loans to Directors, and as at 30 September 2019, there were no loans granted by the Manager to Directors. If there are such loans, the Manager will comply with its obligations under the Companies Act in relation to loans, quasi-loans, credit transactions and related arrangements to Directors.

Board Performance Evaluation

The NRC is tasked with developing a process for evaluation of the performance and annual assessment of the Board as a whole, each of the Board Committees and individual Directors.

For FY2019, the NRC recommended and the Board approved the process of conducting a Board evaluation survey facilitated by an independent external consultant, Ernst & Young LLP. The external consultant has no connection with FLT, the Manager or any of the Directors, apart from being the consultant in previous financial year(s).

The survey was designed to provide an evaluation of current effectiveness of the Board and to support the Chairman and the Board to proactively consider what can enhance the readiness of the Board to address emerging strategic priorities for FLT as a whole. As part of the survey, questionnaires were sent by the external consultant to the Directors to obtain feedback, and interviews would be conducted to clarify the responses where required. The objective performance criteria covered in the Board evaluation exercise translated into the following key segments in the questionnaire: (a) the Board's contribution to the overall development of the Manager's strategic and performance orientation; (b) Board composition and skills; (c) Governance of the Board and organisation focus; (d) Board functioning and dynamics, including the Board's internal operations, as well as engagement with key investors, Unitholders and strategic stakeholders; (e) the Board's relations with Management; (f) the Board's role in respect of Director development and succession planning for the Board and Management; (g) Director performance; (h) the Board's governance in the management of a REIT; and (i) the effectiveness of the Board Committees. The responses would be summarised by the external consultant and a report would be submitted to the NRC. Findings and recommendations of the external consultant which include feedback from Directors would be taken into consideration and any necessary follow-up actions would or will be undertaken with a view to improving the overall effectiveness of the Board in fulfilling its role and meeting its responsibilities to Unitholders.

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In addition to the survey, the contributions and performance of each Director would be assessed by the NRC as part of its periodic reviews of the composition of the Board and the various Board Committees.

Based on the NRC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

REMUNERATION MATTERS

The remuneration of the staff of the Manager and Directors' fees are paid by the Manager from the management fees it receives from FLT, and not by FLT. With the recommendations of the NRC, the Board has put in place a formal and transparent process for developing policies on remuneration of Directors and Key Management Personnel and for fixing the remuneration packages of individual Directors and Key Management Personnel.

Compensation Philosophy

The Manager seeks to incentivise and reward consistent and sustained performance through market competitive, internally equitable, performance-orientated and Unitholder-aligned compensation programmes. This compensation philosophy serves as the foundation for the Manager's remuneration framework, and guides the Manager's remuneration framework and strategies. In addition, the Manager's compensation philosophy seeks to align the aspirations and interests of its employees with the interests of FLT and its Unitholders, resulting in the sharing of rewards for both employees and Unitholders on a sustained basis. The Manager's comprehensive human capital strategy serves to attract, retain and motivate employees. The Manager aims to connect employees' desire to develop and fulfil their aspirations with the growth opportunities afforded by the Manager's strategic vision and corporate initiatives.

Compensation Principles

The design, determination and administration of all compensation programmes are guided by the following principles:

(a) Pay-for-Performance

The Manager's Pay-for-Performance principle encourages excellence, in a manner consistent with the Manager's core values. The Manager takes a total compensation approach, which recognises the value and responsibility of each role, and differentiates and rewards performance through its incentive plans.

(b) Unitholder Returns

Performance measures for incentives are established to drive initiatives and activities that are aligned with both short-term value creation and long-term Unitholder wealth creation, thus ensuring a focus on delivering Unitholder returns.

(c) Sustainable Performance

The Manager believes sustained success depends on the balanced pursuit and consistent achievement of short-term and long-term goals. Hence, variable incentives incorporate a significant pay-at-risk element to align employees with sustainable performance for the Manager.

(d) Market Competitiveness

The Manager aims to be market competitive by benchmarking its compensation levels with relevant comparators accordingly. However, the Manager embraces a holistic view of employee engagement that extends beyond monetary rewards. Recognising each individual as unique, the Manager seeks to motivate and develop employees through all the levers available to the Manager through its comprehensive human capital platform.

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Engagement of External Consultants

The NRC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Among other things, this helps the Manager to stay competitive in its remuneration packages. During FY2019, Korn Ferry was appointed as the Manager's remuneration consultant. The remuneration consultant does not have any relationship with FLT, the Manager, its controlling shareholders, its related entities and/or its Directors which would affect its independence and objectivity.

Remuneration Framework

The NRC reviews and makes recommendations to the Board on the remuneration framework for the IDs and other non-executive Directors and Key Management Personnel. The remuneration framework is endorsed by the Board.

The remuneration framework covers all aspects of remuneration including salaries, allowances, performance bonuses, grant of awards of units of FLT ("**Units**") and incentives for Key Management Personnel and fees for the IDs and other non-executive Directors.

Remuneration Policy in respect of Management and other employees

The NRC reviews the level, structure and mix of remuneration and benefits policies and practices (where appropriate) of the Manager, to ensure that they are appropriate and proportionate to the sustained performance and value creation of FLT and the Manager, taking into account the strategic objectives of FLT and the Manager, and designed to attract, retain and motivate Key Management Personnel to successfully manage FLT and the Manager for the long-term. The NRC takes into account all aspects of remuneration, including termination terms, to ensure that they are fair.

The remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. When conducting its review of the remuneration, the NRC takes into account the performance of FLT and individual performance. The performance of FLT is measured based on pre-set financial and non-financial indicators. Individual performance is measured via the employee's annual appraisal based on indicators such as core values, competencies and key performance indicators.

Fixed Component

The fixed component in the Manager's remuneration framework is structured to remunerate employees for the roles they perform, and is benchmarked against relevant industry market data. It comprises base salary, fixed allowances and any statutory contribution. The base salary and fixed allowances for Key Management Personnel are reviewed annually by the NRC and approved by the Board.

Variable Component

An appropriate proportion of the remuneration of key executives of the Manager ("**Key Executives**", which expression for the avoidance of doubt includes Key Management Personnel) comprises a variable component which is structured so as to link rewards to corporate and individual performance and incentivise sustained performance in both the short and long-term. The variable incentives are measured based on quantitative and qualitative targets, and overall performance will be determined at the end of the year and approved by the NRC.

Corporate **Governance Report**

1. Short-Term Incentive Plans

The short-term incentive plans ("**STI Plans**") aim to incentivise excellence in performance in the short-term. All Key Management Personnel's performance are assessed using a balanced scorecard with pre-agreed financial and non-financial key performance indicators ("**KPIs**"). The financial KPIs are based on the performance of FLT. Non-financial KPIs may include measures on People, Corporate Governance, Sustainability or specified projects. 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.

The NRC recommends the final short-term incentives that are awarded to Key Management Personnel for the Board's approval, taking into consideration any other relevant circumstances.

2. Long-Term Incentive Plans

The NRC administers the Manager's long-term incentive plan, namely, the RUP. The RUP was approved by the Board and adopted on 8 December 2017. Through the RUP, the Manager seeks to foster a greater ownership culture within the Manager by aligning more directly the interests of senior executives (including Key Executives) with the interests of Unitholders and other stakeholders, and for such employees to participate and share in FLT's growth and success, thereby ensuring alignment with sustainable value creation for Unitholders over the long-term.

The RUP is available to selected senior executives of the Manager. Its objectives are to increase the Manager's flexibility and effectiveness in its continuing efforts to attract, retain and motivate talented senior executives and to reward these executives for the future performance of FLT and the Manager. The RUP applies to senior Management in key positions who shoulder the responsibility of FLT's future performance and who are able to drive the growth of FLT and the Manager through superior performance. It serves as further motivation to the participants in striving for excellence, promoting FLT's and the Manager's long-term success and delivering long-term Unitholder value.

Under the RUP, the Manager grants Unit-based awards ("**Initial Awards**") with pre-determined performance targets being set at the beginning of the performance period. The NRC recommends the Initial Awards granted to Key Management Personnel to the Board for approval, taking into consideration the Key Management Personnel's individual performance. The performance period for the RUP is two years. The pre-set targets are net property income and distribution per Unit. Such performance conditions are generally performance indicators that are key drivers of Unitholder value creation and aligned to FLT's business objectives. The RUP awards represent the right to receive fully paid Units, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met. The final number of Units to be released ("**Final Awards**") will depend on the achievement of the pre-determined targets at the end of the performance period. If such targets are exceeded, more Units than the Initial Awards may be delivered, subject to a maximum multiplier of the Initial Awards. The Final Awards will vest in the participants in three tranches over two years after a two-year performance period. The obligation to deliver the Units is expected to be satisfied out of the Units held by the Manager.

The NRC has absolute discretion to decide on the Final Awards, taking into consideration any other relevant circumstances.

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Approach to Remuneration of Key Management Personnel

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, which also takes into account FLT's performance and that of its employees.

In designing the compensation structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation.

Executives who have a greater ability to influence outcomes within the Manager have a greater proportion of overall reward at risk. The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and other stakeholders and promote the long-term success of FLT.

Performance Indicators for Key Management Personnel

As set out above, the Manager's variable remuneration comprises short-term and long-term incentives, taking into account both FLT's and individual performance. This is to ensure employee remuneration is linked to performance. In determining the short-term incentives, both FLT's financial and non-financial performance as per the balanced scorecard are taken into consideration. The performance targets align the interests of Key Management Personnel with the long-term growth and performance of FLT and the Manager. The financial performance indicators on which Key Management Personnel are evaluated comprise (a) Unitholder distribution per Unit, (b) portfolio occupancy, (c) weighted average lease expiry, and (d) total unitholder return relative to a peer group. These performance indicators are quantitative and are objective measures of FLT's performance. The non-financial performance indicators on which Key Management Personnel are evaluated include (i) FLT's business development and international synergy, (ii) corporate governance and compliance, (iii) sustainability, (iv) branding, (v) people development. These qualitative performance indicators will align the Key Management Personnel's performance with FLT's strategic objectives.

In relation to long-term incentives, the Manager has implemented the RUP with effect from the financial year ended 30 September 2018 as set out above. The release of long-term incentive awards to Key Management Personnel are conditional upon the performance targets being met. The performance targets of the KPIs align the interests of Key Management Personnel with the long-term growth and performance of FLT. For FY2019, the majority of pre-determined target performance levels for the RUP grants were met.

Currently, the Manager does not have claw-back provisions which allow it to reclaim incentive components of remuneration from its Key Executives in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss.

Remuneration Packages of Key Management Personnel

The NRC reviews and makes recommendations on the specific packages and service terms for Key Management Personnel for endorsement by the Board. The NRC will review the short-term and long-term incentives in the Key Management Personnel's remuneration package to ensure its compliance with the substance and spirit of the directions and guidelines from the MAS.

No Director or Key Management Personnel is involved in deciding his or her remuneration.

The NRC aligns the CEO's leadership, through appropriate remuneration and benefit policies, with FLT's and the Manager's strategic objectives and key challenges. Performance targets are also set for the CEO and his performance is evaluated yearly.

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Remuneration Policy in respect of Non-Executive Directors

The remuneration of 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, and to attract, retain and motivate the Directors to provide good stewardship of FLT.

Non-executive Directors do not receive bonuses, options or Unit-based incentives and awards.

The Manager engages consultants to review Directors' fees by benchmarking such fees against the amounts paid by listed industry peers. Each non-executive Director's remuneration comprises a basic fee and attendance fees for attending Board and Board Committee meetings, including attendance fees for Board and Board Committee meetings requiring travel outside the home country of that Director. In addition, non-executive Directors who perform additional services in Board Committees are paid an additional fee for such services. The chairman of each Board Committee is also paid a higher fee compared with the members of the respective Board Committees in view of the greater responsibility carried by that office.

Disclosure of Remuneration of Directors and Key Executives

Information on the remuneration of Directors and Key Executives for FY2019 is set out below.

Directors of the Manager	**Remuneration S$**
Mr Ho Hon Cheong	162,500
Mr Goh Yong Chian	117,500
Mr Paul Gilbert Say	82,000
Mr Panote Sirivadhanabhakdi	56,000 [1]
Mr Chia Khong Shoong	32,660 [1] [3]
Mr Rodney Vaughan Fehring	34,660 [2] [4]
Mr Lim Ee Seng	20,340 [5]
Mr Michael Bowden Newsom	25,840 [2] [6]

Notes:

(1) Director's fees are paid to Frasers Property Corporate Services Pte. Ltd.

(2) Director's fees are paid to Frasers Property AHL Limited.

(3) Mr Chia Khong Shoong was appointed as a Director with effect from 11 February 2019.

(4) Mr Rodney Vaughan Fehring was appointed as a Director with effect from 11 February 2019.

(5) Mr Lim Ee Seng retired as a Director with effect from 11 February 2019.

(6) Mr Michael Bowden Newsom retired as a Director with effect from 11 February 2019.

Corporate Governance Report

Remuneration of CEO for FY2019	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
Between S$1,000,001 to S$1,250,000					
Mr Robert Stuart Claude Wallace	53	26	–	21	100

Remuneration of Key Executives (excluding CEO) for FY2019	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
Ms Susanna Cher Mui Sim					
Mr Jonathan James Spong	53 [1]	21 [1]	4 [1]	22 [1]	100
Ms Chew Yi Wen					
Aggregate Total Remuneration (including CEO)					**S$2,498,153**

Notes:

[1] Derived based on the aggregation of the respective remuneration components of each of the Key Executives (excluding the CEO) and represented as percentages against the total remuneration for these Key Executives.

There are no existing or proposed service agreements entered into or to be entered into by the Manager or any of its subsidiaries with Directors or Key Management Personnel which provide for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits, upon termination of employment.

Pursuant to MAS' "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" (Notice No: SFA4-N14), REIT managers are required to disclose the remuneration of the CEO and each individual director on a named basis, and the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are directors), on a named basis, in bands of S$250,000. The REIT manager may provide an explanation if it does not wish to or is unable to comply with such requirement. The Manager has decided (a) to disclose the CEO's remuneration in bands of S$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other Key Executives in bands of S$250,000, and (c) to disclose the aggregate remuneration of all of the abovenamed Key Executives (including the CEO) for the following reasons:

(i) competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the exact remuneration of its Key Executives (including the CEO) as this may give rise to recruitment and talent retention issues as well as the risk of unnecessary key management turnover;

(ii) the composition of the current management team has been stable and to ensure the continuity of business and operations of FLT, it is important that the Manager continues to retain its team of competent and committed staff;

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(iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosure could be prejudicial to the interests of Unitholders; and

(iv) the remuneration of the Key Executives (including the CEO) are paid by the Manager and there is full disclosure of the total amount of fees paid to the Manager set out at pages 168, 208 and 256 of this Annual Report.

As at 30 September 2019, there are no employees within the Manager who is a substantial Unitholder or who is an immediate family member of a Director, the CEO or a substantial Unitholder.

FINANCIAL PERFORMANCE, REPORTING AND AUDIT

The Board, with the support of Management, is responsible for providing a balanced and understandable assessment of FLT's performance, position and prospects. Financial reports are provided to the Board on a quarterly basis and monthly accounts are made available to the Directors on request.

The Manager prepares the financial statements of FLT in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the CIS Code and the provisions of the Trust Deed.

The Board releases FLT's quarterly and full year financial results, other price sensitive information and material corporate developments through announcements to the SGX-ST and, where appropriate, press releases, FLT's website, and/or media and analysts' briefings.

External Audit

The ARCC conducts an assessment of the external auditors, and recommends its appointment, re-appointment and removal to the Board. The assessment is based on factors such as the performance and quality of its audit, the cost effectiveness and the independence and objectivity of the external auditors.

At the annual general meeting ("**AGM**") held on 24 January 2019, KPMG LLP was re-appointed by Unitholders as the external auditors of FLT for FY2019. Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current KPMG LLP audit partner for the Group has been appointed since FLT was admitted to the Official List of the SGX-ST on 20 June 2016 and has held this appointment for less than five consecutive audits, thereby meeting the requirement.

During FY2019, the ARCC conducted a review of the scope, quality, results and performance of audit by the external auditors and its cost effectiveness, as well as the independence and objectivity of the external auditors. It also reviewed all non-audit services provided by the external auditors during the financial period, and the aggregate amount of fees paid to them for such services. Details of fees payable to the external auditors in respect of audit and non-audit services for FY2019 are set out in the table below:

Fees relating to external auditors for FY2019	A$ (Million)
For audit and audit-related services	0.9
For non-audit services	0.03
Total	0.93

The ARCC has conducted a review of all non-audit services provided by KPMG LLP during the financial period. The ARCC is satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of KPMG LLP is put at risk. For details of the fees paid to KPMG LLP, please refer to the Financial Statements at page 209 of this Annual Report. KPMG LLP attended the ARCC meetings every quarter for FY2019, and where appropriate, has met with the ARCC without the presence of Management to discuss their findings, if any.

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The Manager, on behalf of FLT, confirms that FLT has complied with Rule 712 of the SGX-ST Listing Manual which requires, amongst others, that a suitable auditing firm should be appointed by FLT having regard to certain factors. FLT has also complied with Rule 715 of the SGX-ST Listing Manual which requires that the same auditing firm of FLT based in Singapore audits its Singapore-incorporated subsidiaries and significant associated companies, and that a suitable auditing firm be engaged for its significant foreign-incorporated subsidiaries and associated companies.

In the review of the financial statements for FY2019, the ARCC reviewed the following significant matter identified by the external auditors with Management:

Valuation of investment properties	The ARCC considered the methodologies and key assumptions applied by the valuers in arriving at the valuation of the properties. The ARCC reviewed the outputs from the year-end valuation process of the Group's investment properties and discussed the details of the valuation with Management, focusing on significant changes in fair value measurements and key drivers of the changes. The ARCC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARCC was satisfied with the valuation process, the methodologies used and the valuation of investment properties as adopted as at 30 September 2019.

GOVERNANCE OF RISK AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls.

Enterprise Risk Management and Risk Tolerance

The Manager has established a sound system of risk management and internal controls comprising procedures and processes to safeguard FLT's assets and the interests of FLT and its Unitholders. The ARCC reviews and reports to the Board on the adequacy and effectiveness of such controls, including financial, compliance, operational and information technology controls, and risk management procedures and systems, taking into consideration the recommendations of both internal and external auditors.

Internal Controls

The ARCC, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the Manager's system of controls, including financial, compliance, operational and information technology controls. In assessing the effectiveness of internal controls, the ARCC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors (if any) in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

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Risk Management

The Board, through the ARCC, reviews the adequacy and effectiveness of the Manager's risk management framework to ensure that robust risk management and mitigating controls are in place. The Manager has adopted an enterprise-wide risk management ("**ERM**") framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the Manager's ERM framework and progress report is set out on pages 106 to 107.

Periodic updates are provided to the ARCC on FLT's and the Manager's risk profiles. These updates would involve an assessment of FLT's and the Manager's key risks by risk categories, current status, the effectiveness of any mitigating measures taken, and the action plans undertaken by Management to manage such risks.

In addition to the ERM framework, a comfort matrix of key risks, by which relevant material financial, compliance and operational (including information technology) risks of FLT and the Manager have been documented to assist the Board to assess the adequacy and effectiveness of the existing internal controls. The comfort matrix is prepared with reference to the strategies, policies, processes, systems and reporting processes connected with the management of such key risks and presented to the Board and the ARCC. Risk tolerance statements setting out the nature and extent of significant risks which the Manager is willing to take in achieving its strategic objectives have been formalised and adopted.

The Board has received assurance from the CEO and the CFO that as at 30 September 2019:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances;

(b) the system of internal controls in place for FLT is adequate and effective to address financial, operational, compliance and information technology risks which the Manager considers relevant and material to FLT's operations; and

(c) the risk management system in place for FLT is adequate and effective to address risks which the Manager considers relevant and material to FLT's operations.

Board's Comment on Internal Controls and Risk Management Framework

Based on the internal controls established and maintained by the Manager, work performed by internal and external auditors, reviews performed by Management and the ARCC, and assurance from the CEO and the CFO, the Board is of the view that the internal controls in place for FLT were adequate and effective as at 30 September 2019 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to FLT's operations.

Based on the risk management framework established and adopted by the Manager, review performed by Management and assurance from the CEO and the CFO, the Board is of the view that the risk management system in place for FLT was adequate and effective as at 30 September 2019 to address risks which the Manager considers relevant and material to FLT's operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Manager will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The ARCC concurs with the Board's view that as at 30 September 2019, the internal controls of FLT (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to address risks which the Manager considers relevant and material to FLT's operations.

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Internal Audit

The internal audit function of the Manager is performed by FPL Group's internal audit department ("**FPL Group IA**"). FPL Group IA is responsible for conducting objective and independent assessments on the adequacy and effectiveness of the Manager's system of internal controls, risk management and governance practices. The Head of the FPL Group IA, who is a Certified Fraud Examiner and a Fellow of the Institute of Singapore Certified Accountants, CPA Australia and ACCA reports directly to the chairman of the ARCC and administratively to the Group Chief Executive Officer of the Sponsor or such other officer as may be charged with this responsibility from time to time. The appointment and removal of the FPL Group's internal audit department as the service provider of the Manager's internal audit function requires the approval of the ARCC. In performing internal audit services, FPL Group IA has adopted and complies with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

As at 30 September 2019, FPL Group IA comprises 23 professional staff. The Head of the FPL Group IA and the Singapore-based FPL Group IA staff are members of The Institute of Internal Auditors, Singapore. To ensure that the internal audit activities are effectively performed, FPL Group IA recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are given relevant training and development opportunities to update their technical knowledge and auditing skills. All staff members of FPL Group IA also receive relevant technical training and attend seminars organised by The Institute of Internal Auditors, Singapore and other professional bodies. FPL Group IA operates within the framework of a set of terms of reference as contained in the Internal Audit Charter approved by the ARCC. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of FLT. The results of the risk assessments determine the level of focus and the review intervals for the various activities audited (i.e. greater focus and appropriate review intervals are set for higher risk activities and material internal controls). FPL Group IA conducts its audit reviews based on internal audit plans approved by the ARCC. FPL Group IA has the right to access all of FLT's and the Manager's documents, records, properties and personnel, and has access to the ARCC members. All audit reports detailing audit findings and recommendations are provided to Management who would respond with the actions to be taken.

Each quarter, FPL Group IA will submit reports to the ARCC on the status of the audit plans and on audit findings and actions taken by Management on such findings. Key findings are highlighted at ARCC meetings for discussion. The ARCC monitors the timely and proper implementation of the required follow-up measures undertaken by Management. The ARCC is satisfied that for FY2019, the internal audit function is independent, effective and adequately resourced and has appropriate standing within FLT and the Manager to perform its functions effectively. Quality assurance reviews on FPL Group's internal audit function are periodically carried out by qualified professionals from an external organisation. The last review was performed in the financial year ended 30 September 2018.

Related/Interested Person Transactions

The Manager has established internal processes such that the Board, with the assistance of the ARCC, is required to be satisfied that all Related/Interested Person Transactions are undertaken on normal commercial terms, and are not prejudicial to the interests of FLT and its Unitholders. This may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix). Directors who are interested in any proposed Related/Interested Person Transaction to be entered into by FLT are required to abstain from any deliberations or decisions in relation to that Related/Interested Person Transaction.

All Related/Interested Person Transactions are entered in a register maintained by the Manager. The Manager incorporates into its internal audit plan a review of the Related/Interested Person Transactions recorded in the register to ascertain that internal procedures and requirements of the SGX-ST Listing Manual and Property Funds Appendix have been complied with. The ARCC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related/Interested Person Transactions have been complied with. The review includes the examination of the nature of the Related/Interested Person Transactions and its supporting documents or such other data deemed necessary by the ARCC. In addition, the Trustee also has the right to review any such relevant internal audit reports to ascertain that the Property Funds Appendix has been complied with.

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Any Related/Interested Person Transaction proposed to be entered into between FLT and an interested person, would require the Trustee to satisfy itself that such Related/Interested Person Transaction is conducted on normal commercial terms, is not prejudicial to the interests of FLT and its Unitholders, and is in accordance with all applicable requirements of the CIS Code and the SGX-ST Listing Manual.

Whistle-Blowing Policy

The Manager has put in place a whistle-blowing policy (the "**Whistle-Blowing Policy**"). The Whistle-Blowing Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting, suspected fraud and corruption or other matters may be raised by employees and any other persons in confidence and in good faith, without fear of reprisal. Whistle-Blowers may report any matters of concern by mail, email or calling a hotline, details of which are provided in the Whistle-Blowing Policy, which is available on FLT's website at www.fraserslogisticstrust.com. Any report submitted through this channel would be received by the head of the internal audit function. For employees, the Whistle-Blowing Policy provides assurance that employees will be treated fairly, and protected from reprisals or victimisation for whistle-blowing in good faith.

The improprieties that are reportable under the Whistle-Blowing Policy include: (a) financial or professional misconduct; (b) improper conduct, dishonest, fraudulent or unethical behaviour; (c) any irregularity or non-compliance with laws/ regulations or the Manager's policies and procedures, and/or internal controls; (d) violence at the workplace, or any conduct that may threaten health and safety; (e) corruption or bribery; (f) conflicts of interest; and (g) any other improprieties or matters that may adversely affect Unitholders'/shareholders' interests in, and assets of, FLT/the Manager as well as FLT's/ the Manager's reputation. The Whistle-Blowing Policy is covered during staff training. All whistle-blowing complaints raised are independently investigated and if appropriate, an investigation committee will be constituted. The outcome of each investigation and any action taken is reported to the ARCC.

UNITHOLDER MATTERS

The Manager treats all Unitholders fairly and equitably in order to enable them to exercise their Unitholders' rights and have the opportunity to communicate their views on matters affecting FLT.

Investor Relations

The Manager prides itself on its high standards of disclosure and corporate transparency. The Manager aims to provide fair, relevant, comprehensive and timely information regarding FLT's performance and progress and matters concerning FLT and its business which are likely to materially affect the price or value of the Units and other FLT securities, to Unitholders and the investment community, to enable them to make informed investment decisions.

The Manager's dedicated Investor Relations ("**IR**") manager is tasked with, and focuses on, facilitating communications between FLT and its Unitholders, as well as with the investment community, analysts and the media. An IR policy is in place to promote regular, timely, accurate and fair communications. The IR policy is available on FLT's website at www.fraserslogisticstrust.com and includes contact details of the IR manager for investors to channel their comments and queries.

Continuous and informed dialogue between the Manager and Unitholders is a central tenet of good corporate governance, and encourages more active stewardship. Better engagement between these parties will thus benefit FLT and investors. The Manager, through its IR manager, the CEO and the CFO communicate regularly with Unitholders, as well as with the investment community, through timely disclosures of material and other pertinent information to the SGX-ST, and quarterly results briefings and conference calls. The Manager also conducts roadshows, and participates in investor seminars and conferences to keep the market and investors apprised of FLT's corporate developments and financial performance. During the year, the Manager engaged with Singapore and foreign investors at conferences, briefings and calls, non-deal roadshows as well as one-on-one and group meetings. The aim of such engagements is to provide Unitholders and investors with prompt disclosure of relevant information, to enable them to have a better understanding of FLT's businesses and performance. The Manager makes available all its briefing materials to analysts and the media, its financial information, its annual reports, and all announcements to the SGX-ST on its website at www.fraserslogisticstrust.com, with contact details of the IR manager for investors to channel their comments and queries.

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Further details on the various activities organised by IR during the year can be found in the Investor Relations section of this Annual Report on pages 100 to 102.

Unitholders, investors and other stakeholders can communicate with Management via email or telephone to IR; please find their contact details on page 102.

An electronic copy of this Annual Report has been uploaded on FLT's website. Unitholders can access this Annual Report (printed copies are available upon request) at https://flt.frasersproperty.com/publications.html

The Trust Deed is available for inspection upon request at the Manager's office.[1]

The Manager maintains and regularly updates its corporate website to communicate and engage with Unitholders and other stakeholders.

Conduct of general meetings

The Board supports and encourages active Unitholder participation at AGMs as it believes that general meetings serve as an opportune forum for Unitholders to meet the Board and senior Management, and to interact with them. To encourage participation, FLT's general meetings are held at convenient locations. Unitholders are given the opportunity to participate effectively and vote at FLT's general meetings, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated prior to the start of the meeting. At FLT's general meetings, Unitholders are also given opportunities to ask questions or give feedback to the Manager.

At general meetings, the Manager sets out separate resolutions on each substantially separate issue. Unitholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions sought to be passed.

For greater transparency, the Manager has implemented electronic poll voting at general meetings. This entails Unitholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Unitholders present or represented at the meeting to vote on a one Unit, one vote basis. The voting results of all votes cast for, against, or abstaining from each resolution is then screened at the meeting and announced to the SGX-ST after the meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings. The Manager will continue to use the electronic poll voting system at the forthcoming AGM. As the authentication of Unitholder identity and other related security and integrity issues still remain a concern, the Manager has decided for the time being, not to implement absentia voting methods such as voting via mail, e-mail or fax.

At the AGM, a presentation is made to Unitholders to update on FLT's financial and operational performance and prospects. The presentation materials are made available on SGXNET and the FLT website before the commencement of the AGM for the benefit of Unitholders.

Board members and senior Management are present at each Unitholders' meeting to respond to any questions from Unitholders, unless they are unable to attend due to exigencies. Certain external consultants including FLT's external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

The minutes of Unitholders' meetings which capture the attendance of Board members at the meetings, matters approved by Unitholders, voting results and substantial and relevant comments or queries from Unitholders relating to the agenda of the general meeting together with responses from the Board and Management, are prepared by the Manager. These minutes are available on the FLT website.

[1] Prior appointment with the Manager is appreciated.

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Distributions

FLT's distribution policy is to distribute at least 90.0% of its distributable income and such distributions are paid on a semi-annual basis. For FY2019, FLT made two such distributions to Unitholders, as well as an advanced distribution in connection with the private placement of 220,000 new units in FLT which was launched on 30 July 2019.

STAKEHOLDER ENGAGEMENT

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of FLT are served.

The conduct of employees of the Manager is governed by the Code of Business Conduct. Its key objective is to provide clear guidelines on ethics and relationships, in order to safeguard the reputation and interests of FPL Group, including the Manager. The Code of Business Conduct sets out the policies and procedures dealing with various issues such as conflicts of interests, the maintenance of records and reports, equal employment opportunities and sexual harassment and governs the conduct of employees.

In order to review and assess the material factors relevant to FLT's business activities, the Manager from time to time proactively engages with various stakeholders, including employees, vendors, tenants, and the investment community, to gather feedback on the sustainability matters which have significant impact to the business and operations of FLT and its stakeholders. Please refer to the Sustainability Report on pages 108 to 130 of this Annual Report, which sets out information on the Manager's arrangements to identify and engage with its material stakeholder groups and to manage its relationships with such groups, and the Manager's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019.

POLICY ON DEALINGS IN SECURITIES

The Manager has adopted a dealing policy on securities trading ("**Dealing Policy**") setting out the procedure for dealings in FLT's securities by its Directors, officers and in compliance with Rule 1207(19) of the SGX-ST Listing Manual on best practices on dealing in securities, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (a) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (b) one month before the announcement of full year results, and ending on the date of such announcements ("**Prohibition Period**"). Directors, officers and employees are also reminded not to trade in listed securities of FLT at any time while in possession of unpublished price sensitive information and to refrain from dealing in FLT's securities on short-term considerations. Outside of the Prohibition Period, Directors and the CEO are also required to report their dealings in FLT's securities within two business days.

Every quarter, each Director, officer and employee is required to complete and submit a declaration form to the designated compliance officer to report any trades he/she made in Units in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the ARCC. Any non-compliance with the Dealing Policy will be reported to ARCC for its review and instructions.

In compliance with the Dealing Policy in relation to the Manager, prior approval from the Board is required before the Manager deals or trades in Units. The Manager has undertaken that it will not deal in Units:

(i) during the period commencing (A) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (B) one month before the announcement of full year results and (where applicable) property valuations, and ending on the date of such announcements; or

(ii) whenever it is in possession of unpublished material price sensitive information.

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ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE MANAGER

Pursuant to the Trust Deed[1], the Manager is entitled to receive the following fees:

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Base Fee	Pursuant to Clause 15.1.1 of the Trust Deed, the Manager is entitled to receive a Base Fee not exceeding the rate of 0.4% per annum of the Value of FLT's Deposited Property. The Base Fee is payable quarterly in the form of cash and/or Units as the Manager may elect.	The Base Fee compensates the Manager for the costs incurred in managing FLT, which includes overheads, day-to-day operational costs, compliance, monitoring and reporting costs as well as administrative expenses. The Base Fee is calculated at a fixed percentage of asset value as the scope of the Manager's duties is commensurate with the size of FLT's asset portfolio.
Performance Fee	Pursuant to Clause 15.1.2 of the Trust Deed, the Manager is entitled to receive a Performance Fee equal to a rate of 5.0% per annum of the Distributable Income of FLT (calculated before accounting for the Performance Fee but after accounting for the Base Fee and adding back Adjustments) in the relevant financial year. The Performance Fee is payable annually in the form of cash and/or Units as the Manager may elect.	The Performance Fee, which is based on Distributable Income, aligns the interests of the Manager with Unitholders as the Manager is incentivised to proactively focus on improving rentals and optimising the operating costs and expenses of FLT's properties. Linking the Performance Fee to Distributable Income will also motivate the Manager to ensure the long-term sustainability of the distribution income instead of taking on excessive short-term risks to the detriment of Unitholders.
Acquisition Fee	Pursuant to Clause 15.2.1(i) of the Trust Deed, the Manager is entitled to receive an Acquisition Fee not exceeding the rate of (i) 0.5% for acquisitions from Related Parties; and (ii) 1.0% in all other cases, of the acquisition price[2] upon the completion of an acquisition. Subject to the Property Funds Appendix, the Acquisition Fee is payable as soon as practicable after completion of the acquisition in the form of cash and/or Units as the Manager may elect.	The Acquisition Fee and Divestment Fee seek to motivate and compensate the Manager for the time, cost and effort spent (in the case of an acquisition) in sourcing, evaluating and executing potential opportunities to acquire new properties to further grow FLT's asset portfolio or, (in the case of a divestment) in rebalancing and unlocking the underlying value of the existing properties. The Manager provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns, income sustainability and achieving the investment objectives of FLT. The Acquisition Fee is higher than the Divestment Fee because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.

1 Capitalised terms used in this section shall have the same meanings ascribed to them in the Trust Deed.

2 (a) being the acquisition price of any real estate purchased (whether directly or indirectly through one or more special purpose vehicles) plus any other payments made to the vendor in addition to the acquisition price in connection with the purchase of the real estate, pro-rated, if applicable, to the proportion of FLT's interest;

(b) being, in relation to an acquisition of any special purpose vehicles or holding entities which hold real estate (whether directly or indirectly through one or more special purpose vehicles), the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased (whether directly by FLT or through any special purpose vehicle(s)), plus any other payments made to the vendor in connection with the purchase of the equity interests, pro-rated, if applicable, to the proportion of FLT's interest; or

(c) being the acquisition price of any Investment purchased by FLT (whether directly or through any special purpose vehicle), in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate, or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

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Type of Fee	Computation and Form of Payment	Rationale and Purpose
Divestment Fee	Pursuant to Clause 15.2.1(ii) of the Trust Deed, the Manager is entitled to receive a Divestment Fee not exceeding the rate of 0.5% of the sale price[3] upon the completion of a sale or disposal. Subject to the Property Funds Appendix, the Divestment Fee is payable as soon as practicable after completion of the sale or disposal in the form of cash and/or Units as the Manager may elect.	The Divestment Fee is lower than the Acquisition Fee because there is additional work to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.

SUMMARY OF COMPLIANCE WITH EXPRESS DISCLOSURES REQUIREMENTS IN PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE

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Provision 1.3	Matters requiring Board approval	137
Provision 1.4	Names of Board Committee members, terms of reference of Board Committees, any delegation of Board's authority to make decisions and a summary of each Board Committee's activities	133 – 138
Provision 1.5	Number of Board and Board Committee meetings and each individual Directors' attendances at such meeting	137
BOARD COMPOSITION AND GUIDANCE		
Provision 2.2	The Board diversity policy and progress made towards implementation of the policy, including objectives	141

[3] (a) being the sale price of any real estate sold (whether directly or indirectly through one or more special purpose vehicles) plus any other payments made in addition to the sale price received from the purchaser in connection with the sale of the real estate, pro-rated, if applicable, to the proportion of FLT's interest;

(b) being, in relation to a divestment of any special purpose vehicles or holding entities which hold real estate, the underlying value of any real estate which is taken into account when computing the sale price payable for the equity interests of any vehicle holding directly or indirectly the real estate sold (whether directly by FLT or through any special purpose vehicle(s)), plus any other payments made by the purchaser in connection with the sale of the equity interests, pro-rated, if applicable, to the proportion of FLT's interest; or

(c) being the sale price of any Investment sold by FLT (whether directly or through any special purpose vehicle), in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate, or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

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BOARD MEMBERSHIP		
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Provision 4.4	Relationships that IDs have with FLT, its related corporations, its substantial Unitholders or its officers, if any, which may affect their independence, and the reasons why the Board, having taken into account the views of the NRC, has determined that such Directors are still independent	N.A. See pages 142 – 143
Provision 4.5	Listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, the NRC's and Board's reasoned assessment of the ability of the Director to diligently discharge his or her duties	14 – 17
BOARD PERFORMANCE		
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Report of **the Trustee**

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Frasers Logistics & Industrial Trust ("Trust") held by it or through its subsidiaries (collectively the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "Regulations"), the Trustee shall monitor the activities of Frasers Logistics & Industrial Asset Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed dated 30 November 2015 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the financial year covered by these financial statements set out on pages 168 to 251, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Sin Li Choo
Director

Singapore
27 November 2019

Statement by **the Manager**

In the opinion of the directors of Frasers Logistics & Industrial Asset Management Pte. Ltd. (the "Manager"), the accompanying financial statements set out on pages 168 to 251, comprising the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 30 September 2019, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year ended 30 September 2019, and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust and the portfolio holdings of the Group as at 30 September 2019, the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended 30 September 2019 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Frasers Logistics & Industrial Asset Management Pte. Ltd.

Ho Hon Cheong
Director

Goh Yong Chian
Director

Singapore
27 November 2019

Independent Auditors' Report

UNITHOLDERS OF FRASERS LOGISTICS & INDUSTRIAL TRUST
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT
TO THE TRUST DEED DATED 30 NOVEMBER 2015 (AS AMENDED))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frasers Logistics & Industrial Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 30 September 2019, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 168 to 251.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and the portfolio holdings of the Group and the financial position of the Trust as at 30 September 2019 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 10 of the financial statements)

Risk

The Group owns a portfolio of industrial properties in Australia, Germany and the Netherlands that are leased to third parties under operating leases. Investment properties represent the largest category of assets on the consolidated statement of financial position, with a carrying value of approximately A$3.6 billion as at 30 September 2019.

These investment properties are stated at their fair values based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied and a change in the assumptions may have an impact on the valuations.

Independent Auditors' Report

UNITHOLDERS OF FRASERS LOGISTICS & INDUSTRIAL TRUST
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT
TO THE TRUST DEED DATED 30 NOVEMBER 2015 (AS AMENDED))

Our response

We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We evaluated the appropriateness of the key assumptions used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors.

Our findings

We found the external valuers to be objective and competent. The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are comparable to available market data.

Other information

Frasers Logistics & Industrial Asset Management Pte. Ltd., the Manager of the Trust (the "Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained About Frasers Logistics & Industrial Trust, Trust Structure, FY2019 Highlights, Letter to Unitholders, Conversations with the CEO, Board of Directors, Management Team, Our Strategy, Financial Review, Australia Industrial & Logistics Market Overview, Germany Industrial & Logistics Market Overview, The Netherlands Industrial & Logistics Market Overview, Operational Review, Portfolio Overview, Property Profiles, Investor Relations, Unit Performance, Corporate Information, Risk Management, Sustainability Report, Corporate Governance Report, Use of Proceeds and Interested Person Transactions prior to the date of this auditors' report, and the Unitholders' Statistics, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Unitholders' Statistics, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Independent Auditors' Report

UNITHOLDERS OF FRASERS LOGISTICS & INDUSTRIAL TRUST
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT
TO THE TRUST DEED DATED 30 NOVEMBER 2015 (AS AMENDED))

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent
Auditors' Report

UNITHOLDERS OF FRASERS LOGISTICS & INDUSTRIAL TRUST
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT
TO THE TRUST DEED DATED 30 NOVEMBER 2015 (AS AMENDED))

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 November 2019

Statement of **Total Return**

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	Group 2019 A$'000	Group 2018 A$'000
Revenue	3	240,758	195,766
Property operating expenses	4	(41,407)	(33,975)
Net property income		199,351	161,791
Managers' management fees	5	(19,332)	(14,780)
Trustees' fees		(457)	(355)
Trust expenses		(2,890)	(1,932)
Exchange losses (net)		(3,256)	(6,451)
Finance income		1,161	1,321
Finance costs	6	(27,882)	(23,805)
Net income		146,695	115,789
Gain on divestment of investment properties		1,649	23,446
Net change in fair value of investment properties	10	121,989	72,411
Net change in fair value of derivatives		2,101	2,349
Total return for the year before tax		272,434	213,995
Tax expense	7	(44,530)	(34,361)
Total return for the year	8	227,904	179,634
Total return attributable to:			
Unitholders		225,617	178,728
Non-controlling interests		2,287	906
		227,904	179,634
Earnings per Unit (Australian cents)			
Basic	9	10.96	10.57
Diluted	9	10.89	10.48

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Distribution Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Group 2019 A$'000	Group 2018 A$'000
Amount available for distribution to Unitholders at beginning of the year	51,615	25,211
Total return for the year attributable to Unitholders	225,617	178,728
Tax related and other adjustments (**Note A**)	(80,037)	(62,387)
	145,580	116,341
Distribution from divestment gain	4,256	2,000
Amount available for distribution to Unitholders	201,451	143,552
Distributions to Unitholders:		
Distribution of 1.68 Singapore cents per Unit for the period from 6 July 2017 to 30 September 2017	–	(25,115)
Distribution of 3.61 Singapore cents per Unit for the period from 1 October 2017 to 31 March 2018	–	(51,768)
Distribution of 1.01 Singapore cents per Unit for the period from 1 April 2018 to 20 May 2018	–	(15,054)
Distribution of 2.57 Singapore cents per Unit for the period from 21 May 2018 to 30 September 2018	(51,591)	–
Distribution of 3.54 Singapore cents per Unit for the period from 1 October 2018 to 31 March 2019	(73,665)	–
	(125,256)	(91,937)
Amount available for distribution to Unitholders at end of the year	76,195	51,615
Distribution per Unit (Australian cents)	7.27	6.94
Distribution per Unit (Singapore cents)	7.00	7.19

Note A

Tax related and other adjustments relate to the following items:

	2019 A$'000	2018 A$'000
Straight-lining of rental adjustments	(3,440)	(6,393)
Managers' management fees paid/payable in Units	17,815	13,035
Exchange losses (net)	3,295	6,444
Gain on divestment of investment properties	(1,649)	(23,446)
Net change in fair value of investment properties	(121,989)	(72,411)
Net change in fair value of derivatives	(2,101)	(2,349)
Deferred tax	25,908	20,120
Other adjustments	2,124	2,613
Net distribution adjustments	(80,037)	(62,387)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of **Financial Position**

AS AT 30 SEPTEMBER 2019

	Note	Group 2019 A$'000	Group 2018 A$'000	Trust 2019 A$'000	Trust 2018 A$'000
Non-current assets					
Investment properties	10	3,554,142	2,978,204	–	–
Investment in subsidiaries	11	–	–	914,938	858,036
Loans to subsidiaries	12	–	–	1,848,932	1,568,967
Derivative assets	13	2,117	1,133	2,117	1,133
		3,556,259	2,979,337	2,765,987	2,428,136
Current assets					
Cash and cash equivalents	14	128,381	105,664	47,608	53,130
Trade and other receivables	15	14,176	9,691	62,111	26,154
Derivative assets	13	2,070	283	2,070	283
Investment property held for sale	10	18,000	–	–	–
		162,627	115,638	111,789	79,567
Total assets		3,718,886	3,094,975	2,877,776	2,507,703
Current liabilities					
Trade and other payables	16	53,217	40,404	3,445	2,408
Borrowings	17	206,237	219,654	112,627	169,619
Derivative liabilities	13	1,072	148	1,072	148
Current tax liabilities		10,429	6,741	144	84
		270,955	266,947	117,288	172,259
Non-current liabilities					
Trade and other payables	16	3,367	2,459	–	–
Borrowings	17	1,029,555	845,121	650,923	495,722
Derivative liabilities	13	9,674	620	6,647	620
Deferred tax liabilities	18	62,598	36,574	–	–
		1,105,194	884,774	657,570	496,342
Total liabilities		1,376,149	1,151,721	774,858	668,601
Net assets		2,342,737	1,943,254	2,102,918	1,839,102
Represented by:					
Unitholders' funds		2,313,810	1,924,388	2,102,918	1,839,102
Non-controlling interests	19	28,927	18,866	–	–
		2,342,737	1,943,254	2,102,918	1,839,102
Units in issue and to be issued ('000)	20	2,258,878	2,022,125	2,258,878	2,022,125
Net asset value per Unit (A$)	21	1.02	0.95	0.93	0.91

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Movements in **Unitholders' Funds**

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	Attributable to Unitholders A$'000	Non-controlling interests A$'000	Total A$'000
Group				
At 1 October 2018		1,924,388	18,866	1,943,254
Operations				
Increase in net assets resulting from operations		225,617	2,287	227,904
Transactions with owners				
Issue of new Units:	20			
– Private placement		274,328	–	274,328
– Managers' management fees paid/payable in Units		17,815	–	17,815
– Managers' acquisition fees paid/payable in Units		2,783	–	2,783
Unit issue costs		(4,376)	–	(4,376)
Distributions paid to Unitholders	22	(125,256)	–	(125,256)
Net increase in net assets resulting from transactions with owners		165,294	–	165,294
Hedging reserve				
Effective portion of change in fair value of cash flow hedges		(7,966)	(56)	(8,022)
Decrease in net assets resulting from hedging reserve		(7,966)	(56)	(8,022)
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries		6,334	197	6,531
Exchange differences on hedge of net investments in foreign operations		143	–	143
Increase in net assets resulting from foreign currency translation reserve		6,477	197	6,674
Changes in ownership interests in subsidiaries				
Acquisition of subsidiaries with non-controlling interests		–	7,633	7,633
At 30 September 2019		2,313,810	28,927	2,342,737

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Movements in **Unitholders' Funds**

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	Attributable to Unitholders A$'000	Non-Controlling interests A$'000	Total A$'000
Group				
At 1 October 2017		1,337,516	–	1,337,516
Operations				
Increase in net assets resulting from operations		178,728	906	179,634
Transactions with owners				
Issue of new Units:	20			
– Private placement		324,711	–	324,711
– Preferential offering		144,872	–	144,872
– Managers' management fees paid/payable in Units		13,035	–	13,035
– Managers' acquisition fees paid/payable in Units		4,729	–	4,729
Unit issue costs		(5,351)	–	(5,351)
Distributions paid to Unitholders	22	(91,937)	–	(91,937)
Net increase in net assets resulting from transactions with owners		390,059	–	390,059
Hedging reserve				
Effective portion of change in fair value of cash flow hedges		(2,364)	–	(2,364)
Decrease in net assets resulting from hedging reserve		(2,364)	–	(2,364)
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries		20,449	716	21,165
Increase in net assets resulting from foreign currency translation reserve		20,449	716	21,165
Changes in ownership interests in subsidiaries				
Acquisition of subsidiaries with non-controlling interests		–	17,244	17,244
At 30 September 2018		1,924,388	18,866	1,943,254

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Movements in **Unitholders' Funds**

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 A$'000	2018 A$'000
Trust			
At 1 October		1,839,102	1,333,309
Operations			
Increase in net assets resulting from operations		105,506	118,098
Transactions with owners			
Issue of new Units:	20		
– Private placement		274,328	324,711
– Preferential offering		–	144,872
– Managers' management fees paid/payable in Units		17,815	13,035
– Managers' acquisition fees paid/payable in Units		2,783	4,729
Unit issue costs		(4,376)	(5,351)
Distributions paid to Unitholders	22	(125,256)	(91,937)
Net increase in net assets resulting from transactions with owners		165,294	390,059
Hedging reserve			
Effective portion of change in fair value of cash flow hedges		(6,984)	(2,364)
Decrease in net assets resulting from hedging reserve		(6,984)	(2,364)
At 30 September		2,102,918	1,839,102

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of **Cash Flows**

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	Group 2019 A$'000	Group 2018 A$'000
Cash flows from operating activities			
Total return before tax		272,434	213,995
Adjustments for:			
Straight-lining of rental adjustments		(3,440)	(6,393)
Effects of recognising lease incentives on a straight-line basis over the lease term		(1,160)	(3,075)
Managers' management fees paid/payable in Units		17,815	13,035
Unrealised exchange losses/(gains) (net)		905	(1,254)
Finance income		(1,161)	(1,321)
Finance costs	6	27,882	23,805
Gain on divestment of investment properties		(1,649)	(23,446)
Net change in fair value of investment properties	10	(121,989)	(72,411)
Net change in fair value of derivatives		(2,101)	(2,349)
Cash generated from operations before working capital changes		187,536	140,586
Changes in working capital:			
Trade and other receivables		2,461	246
Trade and other payables		(16,633)	(5,557)
Cash generated from operations		173,364	135,275
Tax paid		(15,863)	(11,373)
Net cash generated from operating activities		157,501	123,902
Cash flows from investing activities			
Acquisition of subsidiaries	30	(304,109)	(460,761)
Acquisition of investment properties (including acquisition costs)		(125,900)	(63,076)
Stamp duty incurred on acquisition of investment properties		(7,105)	(3,554)
Net proceeds from divestment of investment properties		149,683	98,665
Capital expenditure on investment properties		(13,334)	(62,417)
Interest received		1,193	795
Net cash used in investing activities		(299,572)	(490,348)
Cash flows from financing activities			
Interest paid		(24,519)	(21,283)
Issuance of new Units		274,328	469,583
Unit issue costs		(4,376)	(5,351)
Proceeds from borrowings		411,337	295,310
Repayment of borrowings		(362,988)	(231,887)
Payment of upfront debt-related transaction costs		(4,969)	(2,004)
Distributions paid to Unitholders		(125,256)	(91,937)
Net cash generated from financing activities		163,557	412,431
Net increase in cash and cash equivalents		21,486	45,985
Cash and cash equivalents at beginning of year		105,664	56,097
Effect of exchange rate changes on cash and cash equivalents		1,231	3,582
Cash and cash equivalents at end of year	14	128,381	105,664

SIGNIFICANT NON CASH TRANSACTIONS

During the year, there were the following significant non-cash transactions:

- 14,499,712 (2018: 12,049,975) Units, amounting to A$16,122,000 (2018: A$12,459,000), were issued to the Managers as satisfaction of the management fees paid/payable to the Managers.
- 475,615 (2018: 5,038,244) Units, amounting to A$515,000 (2018: A$4,889,000), were issued to the Managers as satisfaction of the acquisition fees paid/payable to the Managers for the acquisition of certain investment properties.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statement

AS AT 30 SEPTEMBER 2019

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2019 A$'000	Carrying amount 2018 A$'000	Percentage of net assets attributable to Unitholders 2019 %	Percentage of net assets attributable to Unitholders 2018 %
(A) Australia						
Melbourne, Victoria						
South East						
South Park Industrial Estate						
98-126 South Park Drive, Dandenong South	14 June 2016	Freehold	37,500	36,000	1.6	1.9
21-33 South Park Drive, Dandenong South	14 June 2016	Freehold	26,500	25,500	1.1	1.3
22-26 Bam Wine Court, Dandenong South	14 June 2016	Freehold	24,500	23,500	1.1	1.2
63-79 South Park Drive, Dandenong South	14 June 2016	Freehold	–	15,250	–	0.8
16-32 South Park Drive, Dandenong South	14 June 2016	Freehold	15,250	13,500	0.7	0.7
89-103 South Park Drive, Dandenong South	1 August 2017	Freehold	15,000	13,900	0.6	0.7
The Key Industrial Park						
17 Pacific Drive and 170-172 Atlantic Drive, Keysborough	14 June 2016	Freehold	42,500	36,250	1.8	1.9
150-168 Atlantic Drive, Keysborough	14 June 2016	Freehold	37,000	36,500	1.6	1.9
49-75 Pacific Drive, Keysborough	14 June 2016	Freehold	31,000	31,000	1.3	1.6
77 Atlantic Drive, Keysborough	14 June 2016	Freehold	21,200	20,000	0.9	1.0
78 & 88 Atlantic Drive, Keysborough	14 June 2016	Freehold	18,200	17,100	0.8	0.9
111 Indian Drive, Keysborough	31 August 2016	Freehold	38,500	35,250	1.7	1.8
29 Indian Drive, Keysborough	15 August 2017	Freehold	35,000	32,400	1.5	1.7
17 Hudson Court, Keysborough	12 September 2017	Freehold	34,300	32,300	1.5	1.7
8-28 Hudson Court, Keysborough	20 August 2019	Freehold	36,800	–	1.6	–
Clayton South & Mulgrave						
211A Wellington Road, Mulgrave	14 June 2016	Freehold	40,000	40,200	1.7	2.1
610-638 Heatherton Road, Clayton South	14 June 2016	Freehold	– [b]	18,000	–	0.9
West						
West Park Industrial Estate						
468 Boundary Road, Derrimut	14 June 2016	Freehold	36,600	25,000	1.6	1.3
1 Doriemus Drive, Truganina	14 June 2016	Freehold	95,000	88,500	4.1	4.6
2-22 Efficient Drive, Truganina	14 June 2016	Freehold	46,500	46,250	2.0	2.4
1-13 and 15-27 Sunline Drive, Truganina	14 June 2016	Freehold	31,500	30,000	1.4	1.6
Balance carried forward			662,850	616,400	28.6	32.0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statement

AS AT 30 SEPTEMBER 2019

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2019 A$'000	Carrying amount 2018 A$'000	Percentage of net assets attributable to Unitholders 2019 %	Percentage of net assets attributable to Unitholders 2018 %
Balance brought forward			662,850	616,400	28.6	32.0
Melbourne, Victoria (cont'd)						
West *(cont'd)*						
West Park Industrial Estate (cont'd)						
42 Sunline Drive, Truganina	14 June 2016	Freehold	17,200	17,300	0.7	0.9
43 Efficient Drive, Truganina	1 August 2017	Freehold	25,900	25,700	1.1	1.3
Altona Industrial Park						
18-34 Aylesbury Drive, Altona	14 June 2016	Freehold	27,000	26,800	1.2	1.4
North						
Melbourne Airport Business Park						
38-52 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	28,000	27,750	1.2	1.4
96-106 Link Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	26,300	26,300	1.1	1.4
17-23 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	7,700	7,700	0.4	0.4
25-29 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	11,100	11,000	0.5	0.6
28-32 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	7,750	9,500	0.4	0.5
115-121 South Centre Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	5,300	5,100	0.2	0.3
City Fringe						
Port Melbourne						
2-46 Douglas Street, Port Melbourne	14 June 2016	37-year leasehold expiring on 30 March 2053	22,600	22,600	1.0	1.2
Balance carried forward			841,700	796,150	36.4	41.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statement

AS AT 30 SEPTEMBER 2019

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2019 A$'000	Carrying amount 2018 A$'000	Percentage of net assets attributable to Unitholders 2019 %	Percentage of net assets attributable to Unitholders 2018 %
Balance brought forward			841,700	796,150	36.4	41.4
Sydney, New South Wales						
Outer Central West						
Eastern Creek						
4-8 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	85,400	80,750	3.7	4.2
21 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	72,500	72,500	3.1	3.8
17 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	47,300	44,750	2.0	2.3
7 Eucalyptus Place, Eastern Creek	14 June 2016	Freehold	32,800	30,750	1.4	1.6
2 Hanson Place, Eastern Creek	20 August 2019	Freehold	68,500	–	3.0	–
Pemulwuy						
8-8A Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	47,400	43,000	2.0	2.2
6 Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	42,300	38,500	1.8	2.0
Wetherill Park						
1 Burilda Close, Wetherill Park	30 November 2016	90-year leasehold expiring on 29 September 2106	70,500	66,000	3.0	3.4
Lot 1, 2 Burilda Close, Wetherill Park	1 August 2017	89-year leasehold expiring on 14 July 2106	26,300	25,100	1.1	1.3
3 Burilda Close, Wetherill Park	5 September 2018	89-year leasehold expiring on 15 May 2107	36,400	32,300	1.6	1.7
Outer North West						
Seven Hills						
8 Distribution Place, Seven Hills	14 June 2016	Freehold	26,300	26,400	1.2	1.4
99 Station Road, Seven Hills	14 June 2016	Freehold	20,300	20,500	0.9	1.1
10 Stanton Road, Seven Hills	14 June 2016	Freehold	13,500	13,500	0.6	0.7
8 Stanton Road, Seven Hills	1 August 2017	Freehold	19,100	18,900	0.8	1.0
Winston Hills						
11 Gibbon Road, Winston Hills	14 June 2016	Freehold	48,000	44,000	2.1	2.3
Port Kembla (Wollongong)						
Port Kembla (Wollongong)						
Lot 104 & 105 Springhill Road, Port Kembla	14 June 2016	33-year leasehold, expiring on 13 August 2049 [c] for Lot 104 and 20 August 2049 [c] for Lot 105	26,400	26,250	1.2	1.3
Balance carried forward			1,524,700	1,379,350	65.9	71.7

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statement

AS AT 30 SEPTEMBER 2019

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2019 A$'000	Carrying amount 2018 A$'000	Percentage of net assets attributable to Unitholders 2019 %	Percentage of net assets attributable to Unitholders 2018 %
Balance brought forward			1,524,700	1,379,350	65.9	71.7
Brisbane, Queensland						
99 Sandstone Place, Parkinson	20 June 2016	99-year leasehold expiring on 19 June 2115	135,000 [d]	245,000	5.8	12.7
350 Earnshaw Road, Northgate	20 June 2016	99-year leasehold expiring on 19 June 2115	58,800	55,500	2.5	2.9
286 Queensport Road, North Murarrie	20 June 2016	99-year leasehold expiring on 19 June 2115	40,000	38,250	1.7	2.0
57-71 Platinum Street, Crestmead	20 June 2016	99-year leasehold expiring on 19 June 2115	44,200	38,000	1.9	2.0
51 Stradbroke Street, Heathwood	20 June 2016	99-year leasehold expiring on 19 June 2115	27,400	24,400	1.2	1.3
30 Flint Street, Inala	20 June 2016	99-year leasehold expiring on 19 June 2115	26,500	25,500	1.1	1.3
99 Shettleston Street, Rocklea	20 June 2016	99-year leasehold expiring on 19 June 2115	23,100	22,800	1.0	1.2
55-59 Boundary Road, Carole Park	20 June 2016	99-year leasehold expiring on 19 June 2115	19,800	16,550	0.9	0.8
10 Siltstone Place, Berrinba	20 June 2016	99-year leasehold expiring on 19 June 2115	16,000	13,500	0.7	0.7
143 Pearson Road, Yatala	31 August 2016	99-year leasehold expiring on 30 August 2115	41,400	39,500	1.8	2.0
166 Pearson Road, Yatala	1 August 2017	Freehold	40,500	35,900	1.8	1.9
103-131 Wayne Goss Drive, Berrinba	5 September 2018	Freehold	32,800	31,500	1.4	1.6
29-51 Wayne Goss Drive, Berrinba	20 August 2019	Freehold	25,600	–	1.1	–
Adelaide, South Australia & Perth, Western Australia						
20-22 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 [e]	10,500	11,000	0.5	0.6
18-20 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 [e]	7,000	7,400	0.3	0.4
5 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 [e]	8,400	8,900	0.4	0.5
60 Paltridge Road, Perth Airport	14 June 2016	17-year leasehold expiring on 3 June 2033	12,250	15,600	0.5	0.8
Balance carried forward			2,093,950	2,008,650	90.5	104.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statement

AS AT 30 SEPTEMBER 2019

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2019 A$'000	Carrying amount 2018 A$'000	Percentage of net assets attributable to Unitholders 2019 %	Percentage of net assets attributable to Unitholders 2018 %
Balance brought forward			2,093,950	2,008,650	90.5	104.4
(B) Germany						
Stuttgart – Mannheim						
Industriepark 309, Gottmadingen	25 May 2018	Freehold	77,648	76,550	3.4	4.0
Otto-Hahn-Straße 10, Vaihingen	25 May 2018	Freehold	82,479	80,292	3.6	4.2
Eiselauer Weg 2, Ulm	25 May 2018	Freehold	69,543	67,387	3.0	3.5
Murrer Straße 1, Freiberg	25 May 2018	Freehold	56,153	53,961	2.4	2.8
Ambros-Nehren-Straße 1, Achern	25 May 2018	Freehold	22,695	21,842	1.0	1.1
Bietigheimer Straße 50-52, Tamm	23 August 2019	Freehold	112,500	–	4.9	–
Am Bühlfeld 2-8, Herbrechtingen	3 September 2019	Freehold	53,170	–	2.3	–
Munich – Nuremberg						
Oberes Feld 2, 4, 6, 8, Moosthenning	25 May 2018	Freehold	112,208	110,557	4.8	5.8
Koperstraße 10, Nuremberg	25 May 2018	63-year leasehold expiring on 31 December 2080	73,401	69,925	3.2	3.6
Industriepark 1, Mamming	25 May 2018	Freehold	25,612	25,310	1.1	1.3
Jubatus-Allee 3, Ebermannsdorf	25 May 2018	Freehold	12,482	12,318	0.5	0.6
Dieselstraße 30, Garching	27 August 2019	Freehold	48,631	–	2.1	–
Hermesstraße 5, Graben, Augsburg	3 September 2019	Freehold	54,791	–	2.4	–
Hamburg – Bremen						
Am Krainhop 10, Isenbüttel	25 May 2018	Freehold	29,017	27,808	1.2	1.4
Am Autobahnkreuz 14, Rastede	25 May 2018	Freehold	29,989	30,321	1.3	1.6
Balance carried forward			2,954,269	2,584,921	127.7	134.3

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statement

AS AT 30 SEPTEMBER 2019

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2019 A$'000	Carrying amount 2018 A$'000	Percentage of net assets attributable to Unitholders 2019 %	Percentage of net assets attributable to Unitholders 2018 %
Balance brought forward			2,954,269	2,584,921	127.7	134.3
Dusseldorf – Cologne						
Saalhoffer Straße 211, Rheinberg	25 May 2018	Freehold	46,848	45,699	2.0	2.4
Elbestraße 1-3, Marl	25 May 2018	Freehold	23,343	23,174	1.0	1.2
Keffelker Straße 66, Brilon	25 May 2018	Freehold	16,373	16,333	0.7	0.9
Gustav-Stresemann-Weg 1, Münster	25 May 2018	Freehold	24,964	23,576	1.1	1.2
Walter-Gropius-Straße 19, Bergheim	23 August 2019	Freehold	31,327	–	1.4	–
An den Dieken 94, Ratingen	23 August 2019	Freehold	74,892	–	3.2	–
Leipzig – Chemnitz						
Johann-Esche-Straße 2, Chemnitz	25 May 2018	Freehold	27,233	26,900	1.2	1.4
Am Exer 9, Leipzig	25 May 2018	Freehold	22,532	21,552	1.0	1.1
Frankfurt						
Im Birkengrund 5-7, Obertshausen	23 August 2019	Freehold	47,983	–	2.1	–
(C) Netherlands						
Tilburg – Venlo						
Belle van Zuylenstraat 5, Tilburg; Mraga Klompeweg 7, Tilburg	25 May 2018	Freehold	24,915	23,849	1.1	1.3
Heierhoevenweg 17, Venlo	25 May 2018	Freehold	43,930	42,061	1.9	2.2
Utrecht – Zeewolde						
Brede Steeg 1, s-Heerenberg	25 May 2018	Freehold	107,637	106,156	4.6	5.5
Handelsweg 26, Zeewolde	25 May 2018	Freehold	65,749	63,983	2.8	3.3
Balance carried forward			3,511,995	2,978,204	151.8	154.8

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statement

AS AT 30 SEPTEMBER 2019

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2019 A$'000	Carrying amount 2018 A$'000	Percentage of net assets attributable to Unitholders 2019 %	Percentage of net assets attributable to Unitholders 2018 %
Balance brought forward			3,511,995	2,978,204	151.8	154.8
Meppel						
Mandeveld 12, Meppel	31 October 2018	Freehold	42,147	–	1.8	–
Total investment properties			3,554,142	2,978,204	153.6	154.8
Investment property held for sale						
Australia						
Melbourne, Victoria						
South East						
Clayton South & Mulgrave						
610-638 Heatherton Road, Clayton South	14 June 2016	Freehold	18,000 [b]	–	0.8	–
Total investment properties and investment property held for sale			3,572,142	2,978,204	154.4	154.8
Other assets and liabilities (net)			(1,229,405)	(1,034,950)	(53.1)	(53.8)
Net assets of the Group			2,342,737	1,943,254	101.3	101.0
Net assets attributable to non-controlling interests			(28,927)	(18,866)	(1.3)	(1.0)
Unitholders' funds			2,313,810	1,924,388	100.0	100.0

[a] From the date of acquisition.
[b] Transferred to investment property held for sale.
[c] Includes an option for the Trust to renew the land lease for 5 further terms of 5 years upon expiry.
[d] The Group divested 50% of its interest in the property during the year. The carrying amount represents the Group's remaining 50% interest in the property.
[e] Includes an option for the Trust to renew the land lease for a further term of 49 years upon expiry.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 27 November 2019.

1. GENERAL

Frasers Logistics & Industrial Trust (the "Trust") is a Singapore-domiciled unit trust constituted in Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended) (the "Trust Deed") between Frasers Logistics & Industrial Asset Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 June 2016 (the "Listing Date").

The registered office of the Manager is at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

The principal activity of the Group is to invest in income-producing real estate assets globally, which are used or predominantly used for logistics or industrial purposes, as well as such industrial real estate-related assets in connection with the foregoing, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

For financial reporting purposes, the Group is regarded as a subsidiary of Frasers Property Limited, a Singapore-domiciled company. The ultimate holding company is TCC Assets Limited, which is incorporated in the British Virgin Islands.

The consolidated financial statements relate to the Trust and its subsidiaries. A list of significant subsidiaries is shown in Note 32.

The Group has entered into several service agreements in relation to the management of the Group and operations of its properties. The fee structures of these services are as follows:

(a)(i) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to management fees comprising a base fee of 0.4% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Group's Deposited Property (as defined in the Trust Deed) and a performance fee of 5.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Distributable Income (as defined in the Trust Deed) of the Group in the relevant financial year (calculated before accounting for the Manager's performance fee but after accounting for the Manager's base fee and the HAUT Manager's base fee and performance fee (as defined in Note 1(b)(i)).

For the purpose of calculating the base fee, if the Trust holds only a partial interest in any Deposited Property, such Deposited Property shall be pro-rated in proportion to the partial interest held.

The Manager may elect to receive the base fee and performance fee in cash or Units, or a combination of cash and Units. Management fees payable in cash and in the form of Units shall be payable quarterly in arrears (in relation to the base fee) or annually in arrears (in relation to the performance fee).

Notes to the **Financial Statements**

30 SEPTEMBER 2019

1. GENERAL (CONT'D)

(a)(i) Manager's management fees (cont'd)

As provided for in the Trust Deed, the price of a Unit issued shall be computed based on the volume weighted average price of a Unit for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days immediately preceding the relevant period in which the fees accrue.

Any increase in the rate or any change in the structure of the Manager's management fees must be approved by an extraordinary resolution at a meeting of the holders of Units of the Trust duly convened and held in accordance with the provisions of the Trust Deed.

The Manager's change in its election to receive cash or Units or a combination of cash and Units is not considered as a change in the structure of the Manager's management fees.

(a)(ii) Manager's acquisition fees

The Manager is entitled to:

- an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the acquisition price of any real estate (excluding stamp duty) purchased by the Trust, whether directly or indirectly through one or more special purpose vehicles ("SPVs"), plus any other payments in addition to the acquisition price made by the Trust or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of the Trust's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments made by the Trust or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of the Trust's interest); or

  (iii) the acquisition price of any investment purchased by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

- a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the sale price of any real estate sold or divested by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by the Trust or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated, if applicable, to the proportion of the Trust's interest);

Notes to the **Financial Statements**

30 SEPTEMBER 2019

1. GENERAL (CONT'D)

(a)(ii) Manager's acquisition fees (cont'd)

(ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments received by the Trust or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the Trust's interest); or

(iii) the sale price of the investment sold or divested by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

The Manager may elect to receive the acquisition fee and divestment fee in the form of cash and/or Units, provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee should be received in the form of Units.

In 2019, the Manager had elected to receive 92.2% (2018: 88.2%) of the base and performance fees in the form of Units.

(a)(iii) Development management fee payable to the Manager

The Manager is entitled to receive development management fee equivalent to 3.0% of the Total Project Costs (as defined in the Trust Deed) incurred in a development project undertaken by the Manager on behalf of the Trust.

When the estimated Total Project Costs is greater than S$200.0 million (equivalent to A$214.9 million), the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the Manager may be directed by its independent directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the development management fee, the independent directors of the Manager shall have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust.

No acquisition fee shall be paid when the Manager receives the development management fee for a Development Project. For the avoidance of doubt, the Manager shall be entitled to receive an acquisition fee on the land costs.

(b)(i) Head Australian Trust Manager's management fees

The Trust has a subsidiary which is the head Australian trust in Australia, FLT Australia Trust ("HAUT"). HAUT has a manager ("HAUT Manager") to perform investment management services for it. Pursuant to the investment management agreement for HAUT, the HAUT Manager is entitled to a management fee comprising a base fee of 0.2% per annum (or such lower percentage as may be determined by the HAUT Manager in its absolute discretion) of the total value of HAUT's assets and a performance fee of 1.5% (or such lower percentage as may be determined by the HAUT Manager in its absolute discretion) of HAUT's net property income (after non-cash adjustments) in the relevant financial year.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

1. GENERAL (CONT'D)

(b)(ii) Acquisition fee and divestment fee payable to the HAUT Manager

In consideration for HAUT Manager providing services under the investment management agreement in connection with HAUT, the HAUT Manager will be entitled to:

- an acquisition fee of 0.4% for acquisitions from related parties and 0.8% for all other cases of:

  (i) the acquisition price of any real estate purchased by HAUT whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by HAUT or a SPV to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of HAUT's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by HAUT whether directly or indirectly through one or more SPVs, plus any other payments made by HAUT or a SPV to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of HAUT's interest); or

  (iii) the acquisition price of any investment purchased by HAUT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

- a divestment fee of 0.4% of:

  (i) the sale price of any real estate sold or divested by HAUT whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by HAUT or a SPV from the purchaser in connection with the sale or divestment of the property (pro-rated, if applicable, to the proportion of HAUT's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by HAUT, whether directly or indirectly through one or more SPVs, plus any other payments received by HAUT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the HAUT's interest); or

  (iii) the sale price of any investment sold or divested by HAUT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

  (iv) The HAUT Manager will also be entitled to be reimbursed for certain expenses properly incurred in relation to performance of its role under the investment management agreement. The HAUT Manager's fees may be paid in the form of cash, or the Trust's Units, or by a combination of these sources as elected by the Manager.

The base fee, performance fee, acquisition fee and divestment fee payable to the Manager shall be reduced by the amount of the relevant fee payable to the HAUT Manager.

The Manager and HAUT Manager are hereinafter collectively referred to as "the Managers".

Notes to the **Financial Statements**

30 SEPTEMBER 2019

1. GENERAL (CONT'D)

(c) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee is charged to a scaled basis of up to 0.015% per annum of the value of the Trust's Deposited Property, subject to a minimum of S$15,000 (equivalent to A$16,000) per month, excluding out-of-pocket expenses and goods and services tax ("GST"). The Trustee's fee is payable monthly in arrears.

(d) HAUT trustee's fee

Pursuant to the HAUT Trust Deed, the trustee of the HAUT (the "HAUT Trustee") is entitled to a fee of 0.025% per annum of the total value of HAUT's assets excluding out of pocket expenses and GST. The HAUT Trustee's fee is payable quarterly in arrears.

The HAUT Trustee will also be entitled to be reimbursed for certain expenses reasonably and properly incurred in the proper performance of its duties in relation to HAUT.

The Trustee and the HAUT Trustee are hereinafter collectively referred to as "the Trustees".

(e) Property managers' fees

Fees payable to the property managers, which are companies controlled by a substantial Unitholder, in relation to services provided comprise:

(i) Property management fees

Properties located in Australia

Pursuant to the Australian property management agreement, property management fees are payable as follows:

(I) a property management fee of 1.2% per annum of the Net Property Income (as defined in the Australian property management agreement) of each property; and

(II) where any property is not fully leased, A$1,000 per month per property in the event there is vacant lettable area in such property.

In the event that the aggregate property management fees recovered by the property manager from the tenants under the relevant tenancy documents is more than the agreed property management fee, thereby amounting to an excess, no further amounts will be paid to the property manager. For the avoidance of doubt, the property manager will be entitled to retain for its own benefit such amounts recovered from the tenants which is excess of the agreed property management fee.

Properties located outside Australia

Pursuant to the master property management agreement, property management fees are payable as follows:

(I) a property management fee of up to 2.0% per annum of the Gross Revenue (as defined in the master property management agreement) of each property; and

(II) a lease management fee of up to 1.0% per annum of the Gross Revenue (as defined in the master property management agreement) of each property.

Notes to the **Financial Statements**

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1. GENERAL (CONT'D)

(e) Property managers' fees (cont'd)

(ii) Project management fee

Properties located in Australia

Pursuant to the Australian property management agreement, in respect of the project management services to be provided by the property manager, the property manager will be entitled to the following fees in relation to the refurbishment, retrofitting, addition and alteration or renovation works of a property under its management:

(I) where the construction costs are A$20.0 million or less, a fee of 3.0% of the construction costs; and

(II) where the construction costs exceed A$20.0 million, a fee of less than 3.0% of the construction costs to be mutually agreed by the HAUT Manager and the property manager.

Properties located outside Australia

Pursuant to the master property management agreement, in respect of the project management services to be provided by the property manager, the property manager will be entitled to the following fees in relation to the refurbishment, retrofitting, addition and alteration or renovation works of a property under its management:

(I) where the construction costs are S$20.0 million or less, a fee of 3.0% of the construction costs; and

(II) where the construction costs exceed S$20.0 million, a fee of less than 3.0% of the construction costs to be mutually agreed by the REIT Manager and the property manager.

(iii) Marketing services commission

Properties located in Australia

In respect of the services provided by the property manager to secure new leases or renewals of existing leases for properties of the Group, the property manager will be entitled to the following commissions for the marketing services it provides:

(I) for a new lease, a one-time commission of 13.0% of the Year 1 Gross Revenue (as defined in the Australian property management agreement) derived from the relevant lease; and

(II) for renewal of an existing lease, a one-time commission of 7.0% of the Year 1 Gross Revenue derived from the relevant lease.

The above formula is based on a new lease or renewal of an existing lease of a minimum period of five years. In the event that the term of the new or renewed lease is less than five years, the leasing fee will be pro-rated based on the lease term.

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1. GENERAL (CONT'D)

(e) Property managers' fees (cont'd)

(iii) Marketing services commission (cont'd)

Properties located outside Australia

The property manager will be entitled to the commissions (as derived based on the table below) for the marketing services it provides to secure new leases for properties of the Group located outside Australia. For renewal of existing leases for properties of the Group, the commissions (as derived based on the table below) for the marketing services it provides will be reduced by 50.0%.

Length of new lease or renewed lease		Marketing services commission payable
(a)	Less than six months	Nil
(b)	Six months or more but less than three years	Pro-rated based on the commission of up to 1 month's Gross Revenue (as defined in the master property management agreement)
(c)	Three years	Up to 1 month's Gross Revenue
(d)	Between three years and five years	Pro-rated based on the commission of up to 2 months' Gross Revenue
(e)	Five years	Up to 2 months' Gross Revenue
(f)	More than five years	Pro-rated based on the commission of up to 2 months' Gross Revenue provided that the commission payable shall not exceed 3 months' Gross Revenue

There will be no double-counting of fees. In the event that a third party agent is employed to provide the foregoing services, the third party agent will be entitled to such commission instead of the property manager.

However, an administrative charge of 20.0% of the commission payable to such third party agent is payable to the property manager located in or outside Australia in the case of a new lease take-up which involves a third party agent. This administrative charge is meant to compensate the property manager for the marketing support and administrative services which will be rendered.

The property management fee, project management fee and marketing services commission may be payable in cash or Units or a combination of both (as the HAUT Manager or REIT Manager may elect).

Notes to the **Financial Statements**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore (the "MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Financial Reporting Standards in Singapore ("FRSs").

This is the first set of the Group's annual financial statements in which FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* have been applied. Changes to significant accounting policies are described in note 2.2.

The financial statements are presented in Australian dollars ("AUD"), which is the functional currency of the Trust and rounded to the nearest thousand (A$'000), unless otherwise stated, and have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The accounting policies set out below have been applied by the Group consistently to the periods presented in these financial statements and have been applied consistently by the Group entities.

Significant accounting judgements and estimates

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below:

Valuation of investment properties

The Group's investment properties are stated at their fair values, which are determined annually based on independent professional valuations undertaken. The fair values of investment properties are determined using the capitalisation and discounted cash flow methods. These estimated fair values may differ from the prices at which the Group's investment properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the Managers' control, such as overall market conditions. As a result, actual results of operations and realisation of these investment properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amount of investment properties is disclosed in the statement of financial position and the portfolio statement.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the financial year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 10 – Investment properties

Note 27 – Fair values of financial instruments

2.2 Changes in accounting policies

The Group has applied the following FRSs, amendments to and interpretations of FRSs for the first time for the annual period beginning on 1 October 2018:

- FRS 115 *Revenue from Contracts with Customers*;
- *Clarifications to FRS 115 Revenue from Contracts with Customers* (Amendments to FRS 115);
- FRS 109 *Financial Instruments*;
- *Transfers of Investment Property* (Amendments to FRS 40); and
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards did not have a material effect on the financial statements, except for FRS 109.

A. FRS 109 *Financial instruments*

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new expected credit loss ("ECL") model and a new general hedge accounting model.

As a result of the adoption of FRS 109, the Group has adopted consequential amendments to FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures for 2019 but have not been generally applied to comparative information.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

A. FRS 109 *Financial instruments* *(cont'd)*

Changes in accounting policies resulting from the adoption of FRS 109 have been applied by the Group retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2018 does not generally reflect the requirements of FRS 109, but rather those of FRS 39 *Financial instruments: Recognition and measurement*.

- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application.

- Changes to hedge accounting policies have been applied prospectively.

- All hedging relationships designated under FRS 39 at 30 September 2018 met the criteria for hedge accounting under FRS 109 at 1 October 2018 and are therefore regarded as continuing hedging relationships.

The impact upon adoption of the recognition and measurement principles of FRS 109 is described below.

(i) Classification and measurement of financial assets and financial liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through unitholders' funds and fair value through profit or loss ("FVTPL"). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available for sale.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of FRS 109 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under FRS 109, see note 2.13.

Trade and other receivables (excluding prepayments) and cash and cash equivalents that were classified as loans and receivables under FRS 39 have been classified at amortised cost under FRS 109 as at 1 October 2018. Derivative financial assets that were classified at fair value under FRS 39 continue to be classified at fair value under FRS 109 as at 1 October 2018.

There is no significant change to the measurement basis arising from the measurement model under FRS 109.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

A. FRS 109 *Financial instruments* *(cont'd)*

(ii) Impairment of financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost.

Under FRS 109, credit losses are recognised earlier than under FRS 39. For assets in the scope of the FRS 109 impairment model, impairment losses are generally expected to increase and become more volatile. The Group and the Trust have determined that the application of FRS 109's impairment requirements at 1 October 2018 did not result in a material additional allowance for impairment.

2.3 Standards issued but not yet effective

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 October 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these statements.

The following new FRSs, interpretations and amendments to FRSs are effective for annual periods beginning after 1 October 2018:

Applicable to financial statements for the year ending 30 September 2020

- FRS 116 *Leases*;
- INT FRS 123 *Uncertainty over Income Tax Treatments*; and
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and FRS 111).

The Group is in the process of assessing the impact of the new FRSs, amendments to and interpretations of FRSs on the financial statements. The Group's preliminary assessment of FRS 116, which is expected to have an impact on the Group is described below.

FRS 116

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 October 2019, with early adoption permitted.

The Group plans to apply FRS 116 initially on 1 October 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of unitholders' funds at 1 October 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply FRS 116 to all contracts entered into before 1 October 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

The Group as lessee

The Group expects to measure lease liabilities by applying a single discount rate to its portfolio of property leases with reasonably similar characteristics. Furthermore, the Group is likely to apply the practical expedient to recognise amounts of ROU assets equal to its lease liabilities at 1 October 2019. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under the principles of FRS 116.

The Group's operating lease commitments amounted to approximately A$525.6 million as at 30 September 2019 (Note 24(b)). Under FRS 116, remaining lease payments under the operating leases will be recognised at their present value discounted using an appropriate discount rate. In addition, the nature of expenses will now change as FRS 116 replaces the straight-line operating lease expense with interest expense on lease liabilities. The Group is currently finalising the transition adjustments.

The Group as lessor

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

2.4 Revenue

Rental income from operating leases

Rental income from investment properties is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.5 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

2.6 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- amortisation of debt upfront costs; and
- interest expense.

Interest income or expense is recognised using the effective interest method.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Finance income and finance costs (cont'd)

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of total return using the effective interest method.

2.7 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financing reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

– temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Taxes (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The Trust has obtained tax rulings from the Inland Revenue Authority of Singapore ("IRAS") in respect of Singapore taxation on certain income from the properties located overseas.

2.8 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of Units outstanding during the financial year. Diluted earnings per Unit is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding adjusted for the effects of all dilutive potential Units.

2.9 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly trust expenses.

Notes to the Financial Statements

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Basis of consolidation and business combinations

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(b) Consolidation

The financial year of the Group ends on 30 September unless otherwise stated. The consolidated financial statements incorporate the financial statements of the Group made up to 30 September. The financial statements of subsidiaries are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to conform to the Group's significant accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(c) Business combinations

Business combinations are accounted for by applying the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is recognised as equity, it is not remeasured and settlement is accounted for within unitholders' funds. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

The Group elects for each individual business combination, whether non-controlling interest ("NCI") in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, at the date of acquisition. Other components of non-controlling interests are measured on their acquisition date at fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment. Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. When the excess is negative, a bargain purchase is recognised immediately in the statement of total return.

Notes to the **Financial Statements**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Basis of consolidation and business combinations (cont'd)

(d) Property acquisitions and business combinations

At the time of acquisition, the Group considers whether each acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination where an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Manager considers whether significant processes such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business and accounted for as stated above. Where the acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(e) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(f) Subsidiaries in the separate financial statements

Investment in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated losses.

2.11 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of each entity at rates of exchange approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates ruling at the reporting date. The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are recorded using the exchange rates ruling at the date of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was measured. Foreign currency differences arising on the settlement of monetary assets and liabilities or translating monetary assets and liabilities are recognised in the statement of total return.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Foreign currencies (cont'd)

(b) Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in the foreign currency translation reserve in unitholders' funds. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, joint control or significant influence is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss or the statement of total return (as the case may be) as part of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in unitholders' funds.

2.12 Investment properties

Investment properties are properties held to earn rental income and capital appreciation, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes.

Investment properties are measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Subsequent to initial recognition, investment properties are measured at fair value. Any gains or losses arising from changes in fair values of the investment properties are recognised in the statement of total return in the period in which they arise.

Fair value is determined at each reporting date in accordance with the Trust Deed. In addition, the investment properties are to be valued by independent professional valuers at least once a year, in accordance with the Code on Collective Investment Schemes ("CCIS") issued by MAS.

Investment properties are de-recognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of total return in the year of retirement or disposal.

Subsequent expenditure relating to the investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Property that is being constructed for future use as an investment property is accounted for at fair value.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments

(a) Non-derivative financial assets

Policy applicable from 1 October 2018

At initial recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of total return.

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income – debt investment;
- fair value through other comprehensive income – equity investment; or
- fair value through profit or loss.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

Notes to the
Financial Statements

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(a) Non-derivative financial assets (cont'd)

Policy applicable from 1 October 2018 *(cont'd)*

Financial assets: Business model assessment (cont'd)

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the **Financial Statements**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(a) Non-derivative financial assets (cont'd)

Policy applicable before 1 October 2018

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayments).

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(c) Non-derivative financial liabilities

A financial liability is classified as fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in the statement of total return as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in the statement of total return.

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise trade and other payables and borrowings.

(d) Derecognition

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(e) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the **Financial Statements**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(f) Derivative financial instruments and hedge accounting

Policy applicable from 1 October 2018

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of a derivative as a hedging instrument, the Group formally documents the economic relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect the statement of total return.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of total return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedging relationships designated under FRS 39 *Financial instruments: Recognition and measurement* as at 30 September 2018 are treated as continuing hedges and the hedge documentation is aligned with the requirements of FRS 109.

(i) Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

Where the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amounts accumulated in the hedging reserve is included in the initial cost of the non-financial item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in unitholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(f) Derivative financial instruments and hedge accounting (cont'd)

***Policy applicable from 1 October 2018** (cont'd)*

(ii) Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses, is recognised in unitholders' funds and presented in the translation reserve within unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in the statement of total return. The amount recognised in unitholders' funds is reclassified to the statement of total return on disposal of the foreign operation.

Policy applicable before 1 October 2018

The policy applied in the comparative information presented for 2018 is similar to that applied for 2019. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of FRS 109. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under FRS 109.

(g) Impairment of financial assets

Policy applicable from 1 October 2018

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12 months ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applied the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(g) *Impairment of financial assets* *(cont'd)*

Policy applicable from 1 October 2018 *(cont'd)*

General approach

The Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to entity in accordance with the contract and the cashflows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(g) Impairment of financial assets (cont'd)

***Policy applicable from 1 October 2018** (cont'd)*

Presentation of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 October 2018

A financial asset not carried at fair value through profit or loss, is assessed at each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has been occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

All individually significant financial assets are assessed for specific impairment on an individual basis. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has incurred but not yet identified. The remaining financial assets that are not individually significant are collectively assessed for impairment by grouping together such instruments with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than that suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in the statement of total return and reflected as an allowance account against receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in the statement of total return.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.15 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Unitholders' funds

Unitholders' funds are classified as equity.

Expenses incurred in connection with the issuance of Units are deducted directly against unitholders' funds.

2.17 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Operating lease payments are recognised as an expense in the statement of total return on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is stated in Note 2.4.

Notes to the **Financial Statements**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Distribution policy

The Trust's distribution policy is to distribute at least 90% of the Distributable Income ("DI") to the Unitholders. The actual level of distribution and payment of distributions will be at the sole discretion of the Board of Directors of the Manager.

Distributions are made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the six-month period ending on each of the said dates. In accordance with the Trust Deed, the Manager is required to pay distributions within 90 days of the end of each distribution period. Unitholders have the option to elect to receive distributions in Singapore dollars (S$) or Australian dollars.

3. REVENUE

	Group	
	2019 A$'000	**2018 A$'000**
Rental income	206,338	166,013
Incentives reimbursement	5,580	4,887
Recoverable outgoings	26,474	22,880
Other revenue	2,366	1,986
	240,758	195,766

4. PROPERTY OPERATING EXPENSES

	Group	
	2019 A$'000	**2018 A$'000**
Land tax	8,874	6,643
Ground lease expenses	10,519	8,627
Statutory expenses	7,224	6,406
Property management fees	3,051	2,127
Other property expenses	11,739	10,172
	41,407	33,975

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5. MANAGERS' MANAGEMENT FEES

	Group	
	2019 A$'000	2018 A$'000
Base fee	12,607	9,450
Performance fee	6,725	5,330
	19,332	14,780

During the financial year, an aggregate of 14,491,971 (2018: 12,322,994) Units were issued or will be issued to the Managers as satisfaction of the management fees incurred, at unit prices ranging from S$1.03 to S$1.21 (2018: S$1.04 to S$1.13) per Unit.

6. FINANCE COSTS

	Group	
	2019 A$'000	2018 A$'000
Financial liabilities measured at amortised cost		
– Amortisation of debt upfront costs	2,557	2,376
– Interest expense	24,453	21,349
– Others	163	80
Derivatives measured at fair value		
– Interest expense	709	–
	27,882	23,805

7. TAX EXPENSE

Subject to full compliance with the terms and conditions of the following tax rulings, the taxation of Group is as follows:

(i) Tax rulings

The Trust and its subsidiaries, where applicable, have been granted tax exemption under Section 13 (12) of the Singapore Income Tax Act in respect of certain foreign-sourced income derived from their respective overseas subsidiaries, subject to meeting certain conditions.

(ii) Singapore sourced dividends

Dividend income received by the Trust from the Singapore subsidiaries will not be subject to Singapore income tax in the hands of the Trustee. They will be regarded as tax exempt income of the Trust.

(iii) Return of capital to the Trust

Any return of capital received by the Trust from its Singapore subsidiaries and/or HAUT is capital in nature and hence, is not taxable in the hands of the Trustee.

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7. TAX EXPENSE (CONT'D)

Tax expense

The major components of tax expense for the financial year ended 30 September 2019 are:

	Note	Group 2019 A$'000	Group 2018 A$'000
Current tax expense			
– Current year income tax		3,799	1,082
Deferred tax expense			
– Origination and reversal of temporary differences	18	25,908	20,120
Withholding tax expense		14,823	13,159
		44,530	34,361

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year is as follows:

	Group 2019 A$'000	Group 2018 A$'000
Total return for the year before tax	272,434	213,995
Tax using the Singapore tax rate of 17% (2018: 17%)	46,314	36,379
Effect of tax rates in foreign jurisdiction	(1,891)	(2,465)
Non-deductible expenses	6,734	7,887
Tax exempt income	(22,021)	(19,735)
Deferred tax assets not recognised	290	–
Change in unrecognised temporary differences	–	(534)
Withholding tax expense	14,823	13,159
Others	281	(330)
	44,530	34,361

8. TOTAL RETURN FOR THE YEAR

The following items have been included in arriving at total return for the year:

	Group 2019 A$'000	Group 2018 A$'000
Audit fees paid/payable to auditors of the Trust	189	146
Audit fees paid/payable to other auditors	639	467
Non-audit fees paid/payable to auditors of the Trust	34	12
Valuation fees	582	318

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30 SEPTEMBER 2019

9. EARNINGS PER UNIT

Basic earnings per Unit

The calculation of basic earnings per Unit for the Group is based on the total return for the year attributable to Unitholders and weighted average number of Units during the year:

	Group	
	2019 A$'000	2018 A$'000
Total return for the year attributable to Unitholders	225,617	178,728
	'000	'000
Issued Units at the beginning of the year	2,013,918	1,511,477
Effect of issue of new Units:		
– Private placement	32,548	121,412
– Preferential offering	–	46,688
– In satisfaction of the Managers' management fees paid in Units	11,327	9,612
– In satisfaction of the Managers' acquisition fees paid in Units	671	1,980
Weighted average number of Units	2,058,464	1,691,169

Diluted earnings per Unit

The calculation of diluted earnings per Unit for the Group was based on the total return for the year attributable to Unitholders and the weighted average number of Units during the year after adjustment for the effects of all dilutive potential Units.

	Group	
	2019 A$'000	2018 A$'000
Total return for the year attributable to Unitholders	225,617	178,728
	'000	'000
Weighted average number of Units used in calculation of basic earnings per Unit	2,058,464	1,691,169
Effect of the Managers' management fees payable in Units	11,090	10,362
Effect of the Managers' acquisition fees payable in Units	1,872	3,342
Weighted average number of Units (diluted)	2,071,426	1,704,873

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10. INVESTMENT PROPERTIES

	Note	Investment properties A$'000	Investment properties under development A$'000	Total A$'000
Group				
At 1 October 2017		1,848,575	62,400	1,910,975
Acquisition of investment properties through acquisition of subsidiaries	30	905,099	–	905,099
Acquisition of investment properties (including acquisition costs)		74,247	–	74,247
Capital expenditure incurred		7,202	32,511	39,713
Transfer upon completion of development		94,911	(94,911)	–
Divestments		(75,219)	–	(75,219)
Capitalised leasing incentives, net of amortisation		7,423	–	7,423
Straight-lining of rental adjustments		6,394	–	6,394
Net change in fair value recognised in statement of total return		72,411	–	72,411
Translation differences		37,161	–	37,161
At 30 September 2018		2,978,204	–	2,978,204
At 1 October 2018		2,978,204	–	2,978,204
Acquisition of investment properties through acquisition of subsidiaries	30	458,991	–	458,991
Acquisition of investment properties (including acquisition costs)		133,721	–	133,721
Capital expenditure incurred		11,528	–	11,528
Transfer to investment property held for sale		(18,000)	–	(18,000)
Divestments		(147,979)	–	(147,979)
Capitalised leasing incentives, net of amortisation		2,568	–	2,568
Straight-lining of rental adjustments		3,440	–	3,440
Net change in fair value recognised in statement of total return		121,989	–	121,989
Translation differences		9,680	–	9,680
At 30 September 2019		3,554,142	–	3,554,142

Investment properties comprise industrial properties in Australia and Europe that are leased to third parties under operating leases (Note 24(c)).

During the year, the Group announced its proposed divestment of 610 Heatherton Road, Clayton South located in Victoria, Australia. Accordingly, the investment property has been reclassified to investment property held for sale as at 30 September 2019. The proposed divestment is expected to be completed by the end of 2019.

Investment properties, including investment property held for sale, are stated at fair value at the reporting date. As at 30 September 2019, the fair values of the investment properties in Australia were based on independent valuations undertaken by CIVAS (VIC) Pty Limited (Colliers), Knight Frank NSW Valuations & Advisory Pty Ltd (KF), Savills Valuations Pty Ltd (Savills) and Urbis Valuations Pty Ltd, and the fair values of the investment properties in Germany and Netherlands were based on independent valuations by CBRE Ltd, Colliers International Valuation UK LLP and Jones Lang LaSalle SE.

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10. INVESTMENT PROPERTIES (CONT'D)

As at 30 September 2018, the fair values of the investment properties in Australia were based on independent valuations undertaken by CBRE Valuations Pty Limited (CBRE), CIVAS (VIC) Pty Limited (Colliers), Jones Lang LaSalle Advisory Services Pty Ltd (JLL), Savills Valuations Pty Ltd (Savills) and Urbis Valuations Pty Ltd, and the fair values of the investment properties in Germany and Netherlands were based on independent valuations by CBRE Ltd and Colliers International Valuation UK LLP.

The independent valuers have the appropriate professional qualifications and experience in the location and category of the properties being valued.

As at 30 September 2019, investment properties with a carrying amount of A$1,218,066,000 (2018: A$969,554,000) are pledged as security to secure bank loans (see Note 17).

Included in the acquisition costs capitalised are audit fees of A$83,000 (2018: A$137,000) paid to auditors of the Trust for services performed in relation to the Group's acquisition of certain properties during the year.

Measurement of fair value

(i) *Fair value hierarchy*

The fair values of the investment properties, including the investment property held for sale, were determined using the capitalisation and/or discounted cash flow methods. The valuation methods involve making certain estimates including those relating to capitalisation rate, gross initial yield, net initial yield, discount rate and terminal yield.

The fair value measurement for all of the investment properties, including the investment property held for sale, has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. Details of the inputs used in the valuation techniques are disclosed below.

(ii) *Valuation techniques and significant unobservable inputs*

The following table shows the valuation techniques used in measuring the fair values of investment properties, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	Australia	Europe
Investment properties, including investment property held for sale	Capitalisation method	Capitalisation rate	5.25% - 15.64% (2018: 5.55% - 11.82%)	Not applicable
		Gross initial yield [1]	Not applicable	4.56% – 6.51% [3] (2018: 4.10% – 7.54%)
		Net initial yield [2]	Not applicable	4.14% – 5.86% [3] (2018: 2.72% [4] – 6.63%)
	Discounted cash flow method	Discount rate	6.50% – 9.00% (2018: 6.75% – 9.00%)	5.50% – 7.50% [3] (2018: Not applicable)
		Terminal yield	5.25% – 44.86% (2018: 5.75% – 26.64%)	4.50% – 6.50% [3] (2018: Not applicable)

(1) Rent divided by net property value.
(2) Rent net of non-recoverable expenses divided by gross property value.
(3) In 2019, 10 properties in the European portfolio were valued using the discounted cash flow method (2018: capitalisation method).
(4) In 2018, the net initial yield of 2.72% for a property was due to the outstanding rent free incentives.

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10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

Inter-relationship between key unobservable inputs and fair value measurements

The significant unobservable inputs used in the fair value measurement of investment properties, including the investment property held for sale, are capitalisation rate, gross initial yield, net initial yield, discount rate and terminal yield. An increase in capitalisation rate, gross initial yield, net initial yield, discount rate and terminal yield in isolation would result in a lower fair value.

Key unobservable inputs relate to:

- Capitalisation rate corresponds to a rate of return on a property based on the income that the property is expected to generate.
- Gross initial yield corresponds to a rate of return on a property based on the current passing income.
- Net initial yield corresponds to a rate of return on a property based on the current passing income net of estimated non-recoverable expenses.
- Discount rate represents the required rate of return, adjusted for a risk premium that reflects the risks relevant to the asset.
- Terminal yield reflects the exit capitalisation rate applied to a projected terminal cash flow.

(iii) Valuation policies and procedures

The fair values of investment properties are determined annually by independent professional valuers. The appropriateness of the valuation methodologies and assumptions adopted are reviewed by the Manager along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, the independent professional valuers are required to recalibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary.

In accordance with the Group's reporting policies, the valuation process and the results of the independent valuations are reviewed once a year by the Audit, Risk and Compliance Committee before the results are presented to the Board of Directors for approval.

In relying on the valuation reports, the Manager had exercised its judgement and was satisfied that the independent valuers have the appropriate professional qualifications and experience in the location and category of the properties being valued and the valuation estimates were reflective of the current market conditions.

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11. INVESTMENT IN SUBSIDIARIES

	Trust	
	2019 A$'000	2018 A$'000
Equity investments, at cost	914,938	858,036

In 2019, the Group acquired equity interests in nine property holding companies which hold interests in eight freehold logistics properties located in Germany.

In 2018, the Group acquired 100% of the equity interest in FLT Europe B.V. ("FLTE"). FLTE and its subsidiaries ("FLTE Group") owned 17 industrial properties located in Germany and four industrial properties located in the Netherlands.

Details of interests in subsidiaries are disclosed in Note 32.

12. LOANS TO SUBSIDIARIES

Loans to subsidiaries are unsecured. Included in loans to subsidiaries are amounts of A$1,006,321,000 (2018: A$1,072,554,000) which bear interest at 3.9% - 5.4% (2018: 5.0% - 5.4%) per annum and are repayable between 2024 to 2028 (2018: 2026 to 2028). The remaining loans to subsidiaries are interest-free and are repayable on demand. The loans form part of the Trust's net investments in its subsidiaries and settlement of such loans is neither planned nor likely to occur in the foreseeable future. There is no impairment loss on these loans as the expected credit loss on them is not material.

13. DERIVATIVE ASSETS/(LIABILITIES)

	Group		Trust	
	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Derivative assets				
Interest rate swaps used for hedging	–	1,333	–	1,333
Foreign currency forward contracts	2,070	83	2,070	83
Cross currency swaps	2,117	–	2,117	–
	4,187	1,416	4,187	1,416
Classified as:				
– Non-current	2,117	1,133	2,117	1,133
– Current	2,070	283	2,070	283
	4,187	1,416	4,187	1,416
Derivative liabilities				
Interest rate swaps used for hedging	(9,333)	(620)	(6,306)	(620)
Foreign currency forward contracts	–	(148)	–	(148)
Cross currency swaps	(1,413)	–	(1,413)	–
	(10,746)	(768)	(7,719)	(768)
Classified as:				
– Non-current	(9,674)	(620)	(6,647)	(620)
– Current	(1,072)	(148)	(1,072)	(148)
	(10,746)	(768)	(7,719)	(768)

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13. DERIVATIVE ASSETS/(LIABILITIES) (CONT'D)

	Group 2019 %	Group 2018 %	Trust 2019 %	Trust 2018 %
Derivative assets/liabilities as a percentage of net assets	(0.28)	0.03	(0.17)	0.04

(a) *Interest rate swaps used for hedging*

Interest rate swaps are used by the Group to hedge its exposure to interest rate risk associated with movements in interest rates on the borrowings of the Group.

As at the reporting date, the Group and the Trust have interest rate swap arrangements in place for the following amounts:

	Group Nominal amount 2019 A$'000	Group Nominal amount 2018 A$'000	Trust Nominal amount 2019 A$'000	Trust Nominal amount 2018 A$'000
Maturing:				
Within one year	160,000	170,000	160,000	170,000
Between one to five years	243,473	350,000	190,000	350,000
After five years	34,121	–	–	–
	437,594	520,000	350,000	520,000

At 30 September 2019, the fixed interest rates of the outstanding interest rate swap contracts ranged between 0.30% - 2.40% (2018: 1.65% - 2.40%) per annum.

All of the Group's interest rate swaps were designated as cash flow hedges to hedge the Group's interest rate risk arising from variable rate borrowings.

(b) *Foreign currency forward contracts and cross currency swaps*

Foreign currency forward contracts and cross currency swaps are used by the Group to hedge its foreign currency risk on distributions to Unitholders and net investment in the subsidiaries in Europe.

As at the reporting date, the Group and the Trust have foreign currency forward contracts and cross currency swaps for the following amounts:

	Group and Trust Nominal amount 2019 A$'000	Group and Trust Nominal amount 2018 A$'000
Maturing:		
Within one year	79,663	19,330
Between one to five years	392,087	–
	471,750	19,330

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14. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Cash at bank	118,192	79,180	37,419	26,646
Fixed deposits	10,189	26,484	10,189	26,484
	128,381	105,664	47,608	53,130

Cash and cash equivalents denominated in foreign currencies are disclosed in Note 26(a)(i).

15. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Trade receivables	845	1,231	–	–
Accrued receivables	2,568	679	–	–
Other receivables	5,184	4,679	1,207	1,029
Amounts due from subsidiaries (non-trade)	–	–	60,783	25,073
Amounts due from related parties (non-trade)	387	968	–	–
	8,984	7,557	61,990	26,102
Prepayments	5,192	2,134	121	52
	14,176	9,691	62,111	26,154

Trade receivables

Trade receivables comprise mainly rental receivables. These are secured by way of bankers' guarantees or security deposits held by the Group. There is no impairment loss arising from these outstanding balances as the expected credit loss on them is not material.

Amounts due from subsidiaries and related parties

Amounts due from subsidiaries and related parties are unsecured, interest-free and repayable on demand. There is no impairment loss on these outstanding balances as the expected credit loss on them is not material.

Credit risk

The Group's and the Trust's exposure to credit risk on trade receivables, are disclosed in Note 26(c).

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16. TRADE AND OTHER PAYABLES

	Group		Trust	
	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Current				
Trade payables	7,862	3,330	705	295
Other payables	3,203	2,842	–	70
Accrued expenses	24,798	22,910	2,205	2,006
Accrued capital expenditure for investment properties	826	2,607	–	–
Deferred income	327	327	–	–
Rental received in advance	2,614	2,764	–	–
Amounts due to subsidiaries (non-trade)	–	–	535	25
Amounts due to related parties (non-trade)	12,635	2,105	–	12
Amounts due to non-controlling interests (non-trade)	952	3,519	–	–
	53,217	40,404	3,445	2,408
Non-current				
Security deposits	1,867	632	–	–
Deferred income	1,500	1,827	–	–
	3,367	2,459	–	–
Total trade and other payables	56,584	42,863	3,445	2,408

Amounts due to subsidiaries and related parties

Amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

Amounts due to non-controlling interests

Amounts due to non-controlling interests are unsecured, bear interest at 6% (2018: 6% to 8%) and have no fixed terms of repayment.

17. BORROWINGS

	Group		Trust	
	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Current				
Bank loans				
– unsecured	113,000	170,000	113,000	170,000
– secured	93,610	50,035	–	–
Less: Unamortised transaction costs	(373)	(381)	(373)	(381)
	206,237	219,654	112,627	169,619
Non-current				
Bank loans				
– unsecured	658,565	500,925	658,565	500,925
– secured	378,632	349,399	–	–
Less: Unamortised transaction costs	(7,642)	(5,203)	(7,642)	(5,203)
	1,029,555	845,121	650,923	495,722
Total borrowings	1,235,792	1,064,775	763,550	665,341

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17. BORROWINGS (CONT'D)

Terms and debt repayment structure

	Interest rate range %	Year of maturity	Group Face value A$'000	Group Carrying amount A$'000	Trust Face value A$'000	Trust Carrying amount A$'000
2019						
AUD bank loans	2.0 to 2.3	2020 to 2024	549,120	542,480	549,120	542,480
Euro bank loans	0.8 to 2.6	2019 to 2036	621,053	620,436	148,811	148,194
SGD bank loans	2.5	2024	73,634	72,876	73,634	72,876
			1,243,807	1,235,792	771,565	763,550
2018						
AUD bank loans	2.9 to 3.1	2019 to 2023	616,000	611,359	616,000	611,359
Euro bank loans	0.8 to 2.6	2019 to 2036	454,360	453,416	54,925	53,982
			1,070,360	1,064,775	670,925	665,341

The interest rate range disclosed above excludes the effects of the related interest rate swaps, cross currency swaps and amortisation of borrowing costs.

The Group has facilities comprising:

Available facilities	Facility amount	Amount drawn down
Term loan facilities	A$470 million (2018: A$470 million)	A$423 million (2018: A$470 million)
	€291 million (2018: €249 million)	A$472 million (€291 million) (2018: A$399 million (€249 million))
Revolving credit facility	A$100 million (2018: A$200 million)	A$50 million (2018: A$146 million)
Multicurrency facility comprising:		
– a term loan facility	€35 million (2018: €35 million)	A$57 million (€35 million) (2018: A$21 million (€13 million))
– a revolving credit facility	€65 million (2018: €65 million)	A$92 million (€57 million) (2018: A$34 million (€21 million))
Dual-currency facility comprising:		
– AUD facility	A$275.6 million (2018: A$ Nil)	A$76 million (2018: A$ Nil)
– SGD facility	S$129 million (2018: S$ Nil)	A$74 million (S$69 million) (2018: A$ Nil)
Multicurrency debt program	S$1 billion (2018: S$1 billion)	A$ Nil (2018: A$ Nil)
Money market line facility	A$50 million (2018: A$50 million)	A$ Nil (2018: A$ Nil)

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17. BORROWINGS (CONT'D)

The secured bank loans are secured on certain investment properties (Note 10).

The reconciliation of liabilities arising from financing activities were as follows:

	Note	Borrowings 2019 A$'000	Borrowings 2018 A$'000
Group			
At 1 October		1,064,775	574,109
Acquisition of subsidiaries	30	119,652	409,713
Financing cashflows *		43,380	61,419
Non-cash changes			
– Foreign exchange movement		5,428	17,183
– Amortisation of debt transaction costs		2,557	2,351
At 30 September		1,235,792	1,064,775

* Cashflow from financing activities presented in the consolidated statement of cash flows include interest expense paid of A$24,519,000 (2018: A$21,283,000), which are included as part of Note 16 - trade and other payables. There are no material non-cash changes associated with interest payables.

18. DEFERRED TAX LIABILITIES

	At 1 October 2017 A$'000	Recognised in statement of total return (Note 7) A$'000	Translation differences A$'000	At 30 September 2018 A$'000	Recognised in statement of total return (Note 7) A$'000	Translation differences A$'000	At 30 September 2019 A$'000
Group							
Deferred tax liabilities							
Investment properties	16,352	20,120	102	36,574	25,908	116	62,598

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group 2019 A$'000	Group 2018 A$'000
Deductible temporary differences	8,452	6,516

The deductible temporary differences do not expire under the current tax legislation.

Under FRS 12 *Income taxes*, deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss. In 2019 and 2018, the Group's acquisition of subsidiaries were accounted for as acquisition of assets and not a business combination, and affected neither accounting nor taxable profit at the point of acquisition. Accordingly, the initial recognition exemption in FRS 12 applies. As at 30 September 2019, the Group has not recognised deferred tax liabilities of A$44.7 million (€28.3 million) (2018: A$24.1 million (€15.6 million)) relating to temporary differences on the initial recognition of assets and liabilities of subsidiaries acquired.

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19. NON-CONTROLLING INTERESTS

The non-controlling interests (NCI) relate to the following subsidiary:

Name	Principal place of business/ Country of incorporation	Effective interest held by NCI 2019 %	Effective interest held by NCI 2018 %
FLT Europe B.V. and its subsidiaries	The Netherlands	5.1 to 9.9*	5.1 to 9.9*

* This represents the effective interest held by NCI in various subsidiaries of FLTE. The non-controlling interest in the underlying subsidiaries of FLTE are individually immaterial.

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2019 A$'000	2018 A$'000
Revenue	65,304	20,540
Profit and total comprehensive income	40,731	14,430
Profit and total comprehensive income attributable to NCI	2,287	906
Non-current assets	1,460,192	969,554
Current assets	70,997	40,658
Non-current liabilities	(418,679)	(375,963)
Current liabilities	(679,432)	(391,441)
Net assets	433,078	242,808
Net assets attributable to NCI	28,927	18,866
Cash flows from operating activities	25,705	10,787
Cash flows used in investing activities	(303,305)	(451,885)
Cash flows from financing activities	306,682	476,424
Net increase in cash and cash equivalents	29,082	35,326

No dividend was paid to NCI from 25 May 2018 (being the date of acquisition of FLTE) to 30 September 2018 and for the year ended 30 September 2019.

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20. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust			
	2019		2018	
	Number of Units '000	A$'000	Number of Units '000	A$'000
Units issued				
At 1 October	2,013,918	1,837,767	1,511,477	1,350,836
Creation of new Units:				
– Private placement	220,000	274,328	333,199	324,711
– Preferential offering	–	–	152,153	144,872
– Managers' management fees paid in Units	14,500	16,122	12,051	12,459
– Managers' acquisition fees paid in Units	475	515	5,038	4,889
At 30 September	2,248,893	2,128,732	2,013,918	1,837,767
Units to be issued				
Managers' management fees payable in Units	7,917	10,106	7,924	8,413
Managers' acquisition fees payable in Units	2,068	2,581	283	313
Total issuable Units	9,985	12,687	8,207	8,726
Total issued and issuable Units	2,258,878	2,141,419	2,022,125	1,846,493

2019

During the year, the following new Units were issued:

- 220,000,000 Units were issued at S$1.17 per Unit as part of a private placement undertaken by the Trust, amounting to A$274,328,000, for cash;
- 14,499,712 Units were issued at S$1.03 to S$1.21 per Unit, amounting to A$16,122,000, as satisfaction of the Managers' management fees payable in Units; and
- 475,615 Units were issued at S$1.03 to S$1.09 per Unit, amounting to A$515,000, as satisfaction of the Managers' acquisition fees payable in Units arising from certain investment properties acquired.

2018

During the year, the following new Units were issued:

- 333,199,000 Units were issued at S$0.987 per Unit as part of a private placement undertaken by the Trust, amounting to A$324,711,000, for cash;
- 152,153,437 Units were issued at S$0.967 per Unit as part of a preferential offering undertaken by the Trust, amounting to A$144,872,000, for cash;
- 12,049,975 Units were issued at S$1.04 to S$1.13 per Unit, amounting to A$12,459,000, as satisfaction of the Managers' management fees payable in Units; and
- 5,038,244 Units were issued at S$0.99 to S$1.10 per Unit, amounting to A$4,889,000, as satisfaction of the Managers' acquisition fees payable in Units arising from certain investment properties acquired.

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20. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Each Unit in the Trust represents an undivided interest in the Trust.

A holder of the Units of the Trust has no equitable or proprietary interest in the underlying assets of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Group.

Under the Trust Deed, every Unit carries the same voting rights.

The holders of the Units are entitled to receive distributions as and when declared by the Trust.

The liability of a holder of the Units is limited to the amount paid for the Units.

All issued Units are fully paid.

21. NET ASSET VALUE PER UNIT

	Group		Trust	
	2019	2018	2019	2018
Net asset value per Unit is based on:				
Net assets attributable to Unitholders (A$'000)	2,313,810	1,924,388	2,102,918	1,839,102
Total issued and issuable Units at 30 September ('000) (Note 20)	2,258,878	2,022,125	2,258,878	2,022,125
Net asset value per unit (A$)	1.02	0.95	0.93	0.91

22. DISTRIBUTIONS PAID TO UNITHOLDERS

	Group and Trust	
	2019 A$'000	2018 A$'000
Distributions paid during the year:		
Distribution of 1.68 Singapore cents per Unit for the period from 6 July 2017 to 30 September 2017 and paid on 19 December 2017	–	25,115
Distribution of 3.61 Singapore cents per Unit for the period from 1 October 2017 to 31 March 2018 and paid on 26 June 2018	–	51,768
Distribution of 1.01 Singapore cents per Unit for the period from 1 April 2018 to 20 May 2018 and paid on 7 August 2018	–	15,054
Distribution of 2.57 Singapore cents per Unit for the period from 21 May 2018 to 30 September 2018 and paid on 19 December 2018	51,591	–
Distribution of 3.54 Singapore cents per Unit for the period from 1 October 2018 to 31 March 2019 and paid on 26 June 2019	73,665	–
	125,256	91,937

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23. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party transactions elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year at terms agreed between parties:

	Group	
	2019 A$'000	2018 A$'000
With related parties of the Managers:		
– Acquisition of subsidiaries	(321,771)	(475,696)
– Capital expenditure for investment properties under development	–	(57,470)
– Acquisition of investment properties, land and freehold interest	(126,580)	(62,600)
– Insurance expense paid/payable	(950)	(842)
– Rental income*	3,258	–
– Lease incentive reimbursement received/receivable	5,580	4,887
– Interest receivable	–	494
– Reimbursements to	(1,289)	(108)
With the Managers:		
– Base management fees paid/payable	(12,607)	(9,450)
– Performance management fees paid/payable	(6,725)	(5,330)
– Acquisition fees paid/payable	(2,783)	(4,730)
– Divestment fees paid/payable	(757)	(496)
– Reimbursements to	(183)	(181)
With the property managers:		
– Property management fees paid/payable	(3,047)	(2,127)
– Marketing services commission paid/payable	(638)	(783)
With the Trustee:		
– Trustee fee paid/payable	(369)	(284)
With the HAUT Trustee:		
– Trustee fee paid/payable	(70)	(55)

* In relation to assignment of remaining lease term of 2 properties.

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24. COMMITMENTS

(a) *Capital commitments*

Capital and development expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group 2019 A$'000	Group 2018 A$'000
Capital commitments in respect of:		
– Investment properties	1,012	2,721

(b) *Operating lease commitments – as lessee*

The Group has entered into ground leases for certain investment properties. The operating leases are based on a fixed component of rent payable under the ground lease agreements, adjusted for increases in ground lease where such increases have been provided for under the ground lease agreements.

Future minimum lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

	Group 2019 A$'000	Group 2018 A$'000
Within 1 year	6,286	5,415
From 1 year to 5 years	26,418	22,737
After 5 years	492,847	503,223
	525,551	531,375

Ground lease expenses on the Group's investment properties for the year is disclosed in Note 4.

(c) *Operating lease commitments – as lessor*

The Group leases warehouse and logistics facilities under operating leases. The operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period is as follows:

	Group 2019 A$'000	Group 2018 A$'000
Within 1 year	223,508	196,430
From 1 year to 5 years	723,229	680,706
After 5 years	624,794	663,726
	1,571,531	1,540,862

Rental income from investment properties for the year is disclosed in Note 3.

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25. OPERATING SEGMENTS

The Group has two reportable segments, which are Australia and Europe. Each segment is managed separately because of the differences in operating and regulatory environment. All the segments relate to properties used or predominantly used for logistics or industrial properties. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Information about reportable segments

	Australia A$'000	Europe A$'000	Total A$'000
2019			
Revenue	175,454	65,304	240,758
Property operating expenses	(34,066)	(7,341)	(41,407)
Reportable segment net property income	141,388	57,963	199,351
Finance income	1,161	–	1,161
Finance costs	(18,634)	(9,248)	(27,882)
Unallocated items:			
– Expenses			(25,935)
Net income			146,695
Gain on divestment of investment properties	1,649	–	1,649
Net change in fair value of investment properties	100,657	21,332	121,989
Net change in fair value of derivatives			2,101
Tax expense			(44,530)
Total return for the year			227,904
Capital expenditure	11,352	176	11,528
Non-current assets [1]	2,093,950	1,460,192	3,554,142
2018			
Revenue	175,226	20,540	195,766
Property operating expenses	(31,706)	(2,269)	(33,975)
Reportable segment net property income	143,520	18,271	161,791
Finance income	1,321	–	1,321
Finance costs	(20,334)	(3,471)	(23,805)
Unallocated items:			
– Expenses			(23,518)
Net income			115,789
Gain on divestment of investment properties	23,446	–	23,446
Net change in fair value of investment properties	54,380	18,031	72,411
Net change in fair value of derivatives			2,349
Tax expense			(34,361)
Total return for the year			179,634
Capital expenditure	38,721	992	39,713
Non-current assets [1]	2,008,650	969,554	2,978,204

[1] Excluding financial assets.

There is no tenant that contributed more than 10% of the Group's total revenue in 2019. In 2018, revenue from one tenant in the Australian segment contributed 12.4% to the Group's total revenue.

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26. FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Audit, Risk and Compliance Committee of the Manager oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit, Risk and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Compliance Committee. The Audit, Risk and Compliance Committee then reports to the Board of Directors on any inadequacies, deficiencies or matters of concern of which the Audit, Risk and Compliance Committee becomes aware or that it suspects, arising from its review of the Group's risk management policies and procedures.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's total return and unitholders' funds. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The entities within the Group normally conduct their business in their respective functional currencies.

The Group's foreign currency risk mainly relates to cash and cash equivalents, trade and other receivables, trade and other payables and borrowings, that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Euro (€) and Singapore Dollars (S$). The Manager monitors the Group's foreign currency exposure on an ongoing basis and limits its exposure to fluctuations in foreign currency exchange rates by using derivative financial instruments or other suitable financial products, where appropriate.

It is the Manager's policy to hedge the Group's anticipated foreign currency exposure in respect of its distributions to Unitholders at least six months forward by using foreign currency forward contracts.

During the financial year, the Group entered into cross currency swaps to hedge against the currency risk arising from the Group's net investments in foreign subsidiaries.

The Group uses cross currency swaps to hedge its currency risk. The Group's policy is to align the terms of the cross currency swaps with the hedged item. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and amount of their respective cash flows.

The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(i) *Foreign currency risk (cont'd)*

The exposure of the Group and the Trust to Euro and Singapore dollar in Australian dollar equivalent is as follows:

	Group			
	2019		2018	
	€ A$'000	S$ A$'000	€ A$'000	S$ A$'000
Cash and cash equivalents	237	11,327	72	22,873
Trade and other receivables	62	1,264	–	1,028
Trade and other payables	(807)	(918)	–	(2,386)
Borrowings	(148,194)	(72,876)	(53,982)	–
Net statement of financial position exposure	(148,702)	(61,203)	(53,910)	21,515
Less: Cross currency swaps	–	72,758	–	–
Net currency exposure	(148,702)	11,555	(53,910)	21,515

	Trust			
	2019		2018	
	€ A$'000	S$ A$'000	€ A$'000	S$ A$'000
Cash and cash equivalents	237	11,327	72	22,873
Trade and other receivables	388	1,321	–	1,028
Trade and other payables	(807)	(918)	–	(2,386)
Borrowings	(148,194)	(72,876)	(53,982)	–
Net statement of financial position exposure	(148,376)	(61,146)	(53,910)	21,515
Less: Cross currency swaps	–	72,758	–	–
Net currency exposure	(148,376)	11,612	(53,910)	21,515

In addition, as at 30 September 2019, the Group and the Trust had cross currency swaps with nominal amount of approximately A$319.3 million (2018: A$Nil) which are designated as net investment hedges (Note 26(b)(ii)) and outstanding foreign currency forward contracts with nominal amount of approximately A$82.0 million (2018: A$7.3 million) to hedge future payments of distribution.

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Sensitivity analysis

In 2019, a 1% strengthening/weakening of the Australian dollar against the Euro and the Singapore dollar would increase/(decrease) total return and unitholders' funds (before any tax effects) of the Group and the Trust by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Trust
	Total return A$'000	Unitholders' Funds A$'000	Total return A$'000
2019			
Euro (1% strengthening)	(1,487)	3,193	1,710
Singapore dollar (1% strengthening)	936	–	936
Euro (1% weakening)	1,487	(3,193)	(1,710)
Singapore dollar (1% weakening)	(936)	–	(936)

In 2018, a 1% strengthening/weakening of the Australian dollar against the Euro and the Singapore dollar did not have a significant effect on total return and unitholders' funds.

(ii) Interest rate risk

The Group adopts a policy of ensuring that at least 50% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps to hedge the variability in cash flows.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

As at the reporting date, the Group and the Trust have outstanding interest rate swaps with a total nominal amount of A$437.6 million (2018: A$520.0 million) and A$350.0 million (2018: A$520.0 million) respectively (Note 13).

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group Nominal amount		Trust Nominal amount	
	2019 A$'000	2018 A$'000	2019 A$'000	2018 A$'000
Fixed rate instruments				
Financial assets	–	–	1,006,321	1,072,554
Financial liabilities	(356,080)	(355,680)	–	–
Effect of interest rate swaps	(437,594)	(520,000)	(350,000)	(520,000)
	(793,674)	(875,680)	656,321	552,554
Variable rate instruments				
Financial assets	128,381	105,664	47,608	53,130
Financial liabilities	(887,727)	(714,680)	(771,565)	(670,925)
Effect of interest rate swaps	437,594	520,000	350,000	520,000
	(321,752)	(89,016)	(373,957)	(97,795)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect total return.

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased/(decreased) total return and unitholders' funds (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total return		Unitholders' funds	
	1% increase A$'000	1% decrease A$'000	1% increase A$'000	1% decrease A$'000
Group				
2019				
Variable rate instruments not hedged	(3,218)	3,218	–	–
Interest rate swaps	–	–	4,720	(10,656)
Cash flow sensitivity (net)	(3,218)	3,218	4,720	(10,656)
2018				
Variable rate instruments not hedged	(890)	890	–	–
Interest rate swaps	–	–	8,816	(9,130)
Cash flow sensitivity (net)	(890)	890	8,816	(9,130)
Trust				
2019				
Variable rate instruments not hedged	(3,740)	3,740	–	–
Interest rate swaps	–	–	4,744	(4,891)
Cash flow sensitivity (net)	(3,740)	3,740	4,744	(4,891)
2018				
Variable rate instruments not hedged	(978)	978	–	–
Interest rate swaps	–	–	8,816	(9,130)
Cash flow sensitivity (net)	(978)	978	8,816	(9,130)

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Hedge accounting

(i) Cash flow hedges

At 30 September 2019, the Group and the Trust held the following instruments to hedge exposures to changes in foreign currency and interest rates.

		Carrying amount		Changes in fair value used for calculating hedge ineffectiveness			
	Contractual notional amount A$'000	Assets/ (Liabilities) A$'000	Financial statement line item A$'000	Hedging instrument A$'000	Hedged item A$'000	Weighted average hedge rate	Maturity date
Cash flow hedges							
Group							
Interest rate risk							
– Interest rate swaps to hedge floating rate borrowings	437,594	(9,333)	Derivative financial liabilities	(7,966)	7,966	1.61%	2020 – 2025
Foreign exchange risk							
– Cross currency swaps to hedge foreign currency borrowings	72,758	561	Derivative financial assets	561	(561)	–	2024
Trust							
Interest rate risk							
– Interest rate swaps to hedge floating rate borrowings	350,000	(6,306)	Derivative financial liabilities	(6,984)	6,984	1.88%	2020 – 2023

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting* (cont'd)

(i) *Cash flow hedges* (cont'd)

The following table provides a reconciliation by risk category of components of unitholders' funds resulting from cash flow hedge accounting.

	Group	Trust
	2019	
	Hedging reserve	
	A$'000	A$'000
Group		
Balance as at 1 October	713	713
Cash flow hedges		
Change in fair value Interest rate risk	(7,966)	(6,984)
Balance as at 30 September	(7,253)	(6,271)

(ii) *Net investment hedge*

A foreign currency exposure arises from the Group's net investments in its subsidiaries in Europe that have a EUR functional currency. The risk arises from the fluctuation in spot exchange rates between the EUR and the AUD, which causes the amount of the net investments to vary.

The hedged risk in the net investment hedge is the risk of a weakening EUR against the AUD that will result in a reduction in the carrying amount of the Group's net investments in its subsidiaries in Europe.

Part of the Group's net investment in subsidiaries in Europe are hedged through the use of cross currency swaps. The Group entered into cross currency swaps to swap floating rate AUD obligations for floating rate EUR obligations. No ineffectiveness was recognised on the net investment hedge. The Group's investments in other subsidiaries are not hedged.

At the end of the financial year, the Group have designated a portion of the net investments in the subsidiaries, with a carrying amount of A$319.3 million (2018: A$Nil) as net investment hedges, which mitigate the currency risk arising from certain subsidiaries' net assets. As at 30 September 2019, a cumulative net foreign exchange gain of A$143,000 (2018: A$Nil) in respect of the European net investment hedges remained in unitholders' funds.

To assess hedge effectiveness, the Group determine the economic relationship between the hedge instrument and the hedge item by adopting criticial term match method. Critical term match method would be applied to assess qualitatively the economic relationship between the hedging instrument and the hedged item. The hedged item and the hedging instrument are expected to move in opposite directions as a result of a change in the hedged risk.

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations with the Group, as and when they fall due.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

Trade receivables

The Manager monitors the amounts owing by lessees on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. Credit risk is also mitigated by the bankers' guarantees or security deposits held for each lessee.

At 30 September 2019 and 30 September 2018, there was no significant concentration of credit risk. The Group's maximum exposure to credit risk is represented by the carrying amounts of financial assets in the statement of financial position, before taking into account security deposits held as collateral.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by geographical region was as follows:

Exposure by segment	**Group**	
	2019 A$'000	**2018 A$'000**
Australia	567	946
Europe	278	285
	845	1,231

Expected credit loss assessment for individual tenants as at 1 October 2018 and 30 September 2019

The group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments (geographic region) based on actual credit loss experience over the past years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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30 SEPTEMBER 2019

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Credit risk* *(cont'd)*

Expected credit loss assessment for individual tenants as at 1 October 2018 and 30 September 2019 *(cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 September 2019:

	Group Gross carrying amount A$'000
Current (not past due)	518
1 – 30 days past due	98
31 – 90 days past due	104
More than 90 days past due	125
	845

The Manager believes that no allowance for impairment is necessary in respect of the trade receivables as these receivables relate mainly to tenants that have a good record with the Group or have sufficient security deposits as collateral, and hence ECL is negligible.

Comparative information applying the principles under FRS 39

The ageing of trade receivables is as follows:

	Group 2018 A$'000
Current (not past due)	1,163
1 – 30 days past due	54
31 – 90 days past due	14
	1,231

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 1-day expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Derivatives

Derivative financial instruments are only entered into with banks and financial counterparties with sound credit ratings. The credit risk related to derivative financial instruments arises from the potential failure of counterparties to meet their obligations under the contracts. It is the Group's policy to enter into derivative financial instrument transactions with credit worthy counterparties.

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30 SEPTEMBER 2019

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Manager maintains a level of cash and cash equivalents and has unutilised committed facilities for drawdown deemed adequate to finance the Group's operations for a reasonable period, including the servicing of financing obligations, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the CCIS issued by the MAS concerning limits on total borrowings.

As at the end of the financial year, the Group maintains several lines of credit (Note 17).

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

			Cash flows		
	Carrying amount A$'000	Contractual cash flows A$'000	Within one year A$'000	Between one and five years A$'000	More than five years A$'000
Group					
2019					
Non-derivative financial liabilities					
Trade and other payables*	52,143	(52,143)	(50,276)	–	(1,867)
Borrowings	1,235,792	(1,317,397)	(227,588)	(895,643)	(194,166)
	1,287,935	(1,369,540)	(277,864)	(895,643)	(196,033)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	9,333	(8,220)	(3,734)	(4,409)	(77)
Foreign currency forward contracts (gross-settled)	(2,070)				
– outflow		(80,006)	(80,006)	–	–
– inflow		82,024	82,024	–	–
Cross currency swaps used for hedging (gross-settled)	(704)				
– outflow		(426,512)	(1,745)	(424,767)	–
– inflow		426,529	6,048	420,481	–
	6,559	(6,185)	2,587	(8,695)	(77)
	1,294,494	(1,375,725)	(275,277)	(904,338)	(196,110)

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) *Liquidity risk* (cont'd)

	Carrying amount A$'000	Contractual cash flows A$'000	Cash flows Within one year A$'000	Cash flows Between one and five years A$'000	Cash flows More than five years A$'000
Group					
2018					
Non-derivative financial liabilities					
Trade and other payables*	37,945	(37,945)	(37,313)	–	(632)
Borrowings	1,064,775	(1,151,168)	(244,926)	(749,945)	(156,297)
	1,102,720	(1,189,113)	(282,239)	(749,945)	(156,929)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(713)	748	(221)	969	–
Foreign currency forward contracts (gross-settled)	65				
– outflow		(19,540)	(19,540)	–	–
– inflow		19,463	19,463	–	–
	(648)	671	(298)	969	–
	1,102,072	(1,188,442)	(282,537)	(748,976)	(156,929)

	Carrying amount A$'000	Contractual cash flows A$'000	Cash flows Within one year A$'000	Cash flows Between one and five years A$'000
Trust				
2019				
Non-derivative financial liabilities				
Trade and other payables	3,445	(3,445)	(3,445)	–
Borrowings	763,550	(813,904)	(125,623)	(688,281)
	766,995	(817,349)	(129,068)	(688,281)
Derivative financial instruments				
Interest rate swaps used for hedging (net-settled)	6,306	(6,374)	(3,400)	(2,974)
Foreign currency forward contracts (gross-settled)	(2,070)			
– outflow		(80,006)	(80,006)	–
– inflow		82,024	82,024	–
Cross currency swaps used for hedging (gross-settled)	(704)			
– outflow		(426,512)	(1,745)	(424,767)
– inflow		426,529	6,048	420,481
	3,532	(4,339)	2,921	(7,260)
	770,527	(821,688)	(126,147)	(695,541)

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	Carrying amount A$'000	Contractual cash flows A$'000	Cash flows: Within one year A$'000	Cash flows: Between one and five years A$'000
Trust				
2018				
Non-derivative financial liabilities				
Trade and other payables	2,408	(2,408)	(2,408)	–
Borrowings	665,341	(712,258)	(187,039)	(525,219)
	667,749	(714,666)	(189,447)	(525,219)
Derivative financial instruments				
Interest rate swaps used for hedging (net-settled)	(713)	748	(221)	969
Foreign currency forward contracts (gross-settled)	65			
– outflow		(19,540)	(19,540)	–
– inflow		19,463	19,463	–
	(648)	671	(298)	969
	667,101	(713,995)	(189,745)	(524,250)

* Excluding deferred income and rental received in advance.

The maturity analyses above show the contractual undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement. The interest payments on floating rate borrowings in the table above reflect market forward interest rates at the year end and these amounts may change as market interest rates changes. The future cash flows on derivative instruments may be different from the amounts in the above table as interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analyses could occur significantly earlier, or at significantly different amounts.

27. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) *Classifications and fair values*

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value			
	Note	Amortised cost A$'000	Fair value through profit or loss A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Group										
30 September 2019										
Financial assets measured at fair value										
Foreign currency forward contracts	13	–	2,070	–	–	2,070	–	2,070	–	2,070
Cross currency swaps	13	–	637	1,480	–	2,117	–	2,117	–	2,117
		–	2,707	1,480	–	4,187				
Financial assets not measured at fair value										
Cash and cash equivalents	14	128,381	–	–	–	128,381				
Trade and other receivables*	15	8,984	–	–	–	8,984				
		137,365	–	–	–	137,365				

27. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Classifications and fair values (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost A$'000	Fair value through profit or loss A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Group										
30 September 2019										
Financial liabilities measured at fair value										
Interest rate swaps	13	–	–	(9,333)	–	(9,333)	–	(9,333)	–	(9,333)
Cross currency swaps	13	–	(76)	(1,337)	–	(1,413)	–	(1,413)	–	(1,413)
		–	(76)	(10,670)	–	(10,746)				
Financial liabilities not measured at fair value										
Trade and other payables**	16	–	–	–	(52,143)	(52,143)				
Borrowings	17	–	–	–	(1,235,792)	(1,235,792)	–	–	(1,277,605)	(1,277,605)
		–	–	–	(1,287,935)	(1,287,935)				

27. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through profit or loss A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Group										
30 September 2018										
Financial assets measured at fair value										
Interest rate swaps	13	–	–	1,333	–	1,333	–	1,333	–	1,333
Foreign currency forward contracts	13	–	83	–	–	83	–	83	–	83
		–	83	1,333	–	1,416				
Financial assets not measured at fair value										
Cash and cash equivalents	14	105,664	–	–	–	105,664				
Trade and other receivables*	15	7,557	–	–	–	7,557				
		113,221	–	–	–	113,221				

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27. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through profit or loss A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Group										
30 September 2018										
Financial liabilities measured at fair value										
Interest rate swaps	13	–	–	(620)	–	(620)	–	(620)	–	(620)
Foreign currency forward contracts	13	–	(148)	–	–	(148)	–	(148)	–	(148)
		–	(148)	(620)	–	(768)				
Financial liabilities not measured at fair value										
Trade and other payables**	16	–	–	–	(37,945)	(37,945)				
Borrowings	17	–	–	–	(1,064,775)	(1,064,775)	–	–	(1,065,815)	(1,065,815)
		–	–	–	(1,102,720)	(1,102,720)				

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27. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost A$'000	Fair value through profit or loss A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Trust										
30 September 2019										
Financial assets measured at fair value										
Foreign currency forward contracts	13	–	2,070	–	–	2,070	–	2,070	–	2,070
Cross currency swaps	13	–	2,117	–	–	2,117	–	2,117	–	2,117
		–	4,187	–	–	4,187				
Financial assets not measured at fair value										
Loans to subsidiaries		1,848,932	–	–	–	1,848,932	–	–	1,938,359	1,938,359
Cash and cash equivalents	14	47,608	–	–	–	47,608				
Trade and other receivables*	15	61,990	–	–	–	61,990				
		1,958,530	–	–	–	1,958,530				

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27. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost A$'000	Fair value through profit or loss A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Trust										
30 September 2019										
Financial liabilities measured at fair value										
Interest rate swaps	13	–	–	(6,306)	–	(6,306)	–	(6,306)	–	(6,306)
Cross currency swaps	13	–	(1,413)	–	–	(1,413)	–	(1,413)	–	(1,413)
		–	(1,413)	(6,306)	–	(7,719)				
Financial liabilities not measured at fair value										
Trade and other payables	16	–	–	–	(3,445)	(3,445)				
Borrowings	17	–	–	–	(763,550)	(763,550)				
		–	–	–	(766,995)	(766,995)				

27. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through profit or loss A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Trust										
30 September 2018										
Financial assets measured at fair value										
Interest rate swaps	13	–	–	1,333	–	1,333	–	1,333	–	1,333
Foreign currency forward contracts	13	–	83	–	–	83	–	83	–	83
		–	83	1,333	–	1,416				
Financial assets not measured at fair value										
Loans to subsidiaries		1,568,967	–	–	–	1,568,967	–	–	1,590,515	1,590,515
Cash and cash equivalents	14	53,130	–	–	–	53,130				
Trade and other receivables*	15	26,102	–	–	–	26,102				
		1,648,199	–	–	–	1,648,199				

27. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values* *(cont'd)*

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through profit or loss A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Trust										
30 September 2018										
Financial liabilities measured at fair value										
Interest rate swaps	13	–	–	(620)	–	(620)	–	(620)	–	(620)
Foreign currency forward contracts	13	–	(148)	–	–	(148)	–	(148)	–	(148)
		–	(148)	(620)	–	(768)				
Financial liabilities not measured at fair value										
Trade and other payables	16	–	–	–	(2,408)	(2,408)				
Borrowings	17	–	–	–	(665,341)	(665,341)				
		–	–	–	(667,749)	(667,749)				

* Excluding prepayments
** Excluding deferred income and rental received in advance

Notes to the **Financial Statements**

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27. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values.

Type	Valuation techniques
<u>Financial instruments measured at fair value</u>	
Group and Trust	
Interest rate swaps, foreign currency forward contracts and cross currency swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
<u>Financial instruments not measured at fair value</u>	
Group	
Borrowings	*Discounted cash flows:* The fair values are based on the present value of future payments, discounted at the market rate of interest at the measurement date.
Trust	
Loans to subsidiaries	*Discounted cash flows:* The fair values are based on the present value of future receipts, discounted at the market rate of interest at the measurement date.

There were no transfers between the levels of the fair value hierarchy during the year.

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure to support the business and maximise Unitholders' value.

Under the Property Fund Guidelines of the CCIS, the aggregate leverage ratio should not exceed 45.0% of the Group's deposited property.

The aggregate leverage ratio is calculated as gross borrowings divided by total assets, based on the latest valuations.

	Group	
	2019	**2018**
Total borrowings (gross) (Note 17) (A$'000)	1,243,807	1,070,360
Total assets (A$'000)	3,718,886	3,094,975
Aggregate leverage (%)	33.4	34.6

The Group was in compliance with all externally imposed capital requirements for the financial years ended 30 September 2019 and 30 September 2018.

There were no substantial changes in the Group's and the Trust's approach to capital management during the year.

Notes to the
Financial Statements

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29. FINANCIAL RATIOS

	2019 %	2018 %
Expense to weighted average net assets [1]		
– with performance fee of Managers	1.14	1.06
– without performance fee of Managers	0.81	0.74
Expense to net asset value [2]	2.74	2.63
Portfolio turnover ratio [3]	7.24	4.63

(1) The expense ratios are computed in accordance with the guidelines of the Investment Manager Association of Singapore. The expenses used in the computation relate to the expenses of the Group, excluding property expenses, interest expense, foreign exchange gains and losses and tax expense of the Group.

(2) The expense ratio is computed based on total operating expense, including property expenses and all fees and charges paid/payable to the Managers and the interested parties as a percentage of net asset value as at the end of the financial year.

(3) The portfolio turnover ratios are computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

30. ACQUISITION OF SUBSIDIARIES

In 2019, the Group acquired equity interests in nine property holding companies which held interests in eight freehold logistics properties located in Germany for a total consideration of A$321.8 million (€198.8 million).

In 2018, the Group acquired 100% of the equity interest in FLTE Group for a total consideration of A$475.7 million (€308.2 million).

The acquisitions were accounted for as acquisition of assets.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Group	
	2019 A$'000	2018 A$'000
Investment properties	458,991	905,099
Trade and other receivables	1,777	4,401
Cash at bank	18,642	17,916
Trade and other payables	(30,353)	(24,763)
Borrowings	(119,652)	(409,713)
Shareholders' loans	(181,188)	(267,845)
Total identifiable net assets	148,217	225,095
Less: Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(7,634)	(17,244)
Identifiable net assets acquired	140,583	207,851

Notes to the **Financial Statements**

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30. ACQUISITION OF SUBSIDIARIES (CONT'D)

	Group 2019 A$'000	Group 2018 A$'000
Consideration transferred		
Cash paid	321,771	475,696
Effect of the acquisition on cash flows		
Consideration for equity interest	140,583	207,851
Add: Shareholders' loans assumed	181,188	267,845
	321,771	475,696
Add: Acquisition costs incurred	980	2,981
Less: Cash at bank of subsidiaries acquired	(18,642)	(17,916)
Net cash outflow	304,109	460,761

31. SUBSEQUENT EVENTS

There were the following significant events subsequent to the reporting date:

- On 23 October 2019, the Manager declared a distribution of 2.45 Singapore cents per Unit to Unitholders in respect of the period from 1 April 2019 to 7 August 2019, amounting to A$52.2 million.
- On 6 November 2019, the Manager declared a distribution of 1.01 Singapore cents per Unit to Unitholders in respect of the period from 8 August 2019 to 30 September 2019, amounting to A$24.0 million.
- On 11 November 2019, the following Units were issued:

In payment of	Period to which the fees relate to	Issue price per Unit	Number of Units issued '000
Managers' management fees			
– Base fee	1 July 2019 to 30 September 2019	S$1.21	2,609
– Performance fee	1 October 2018 to 30 September 2019	S$1.21	5,307
			7,916

- 2,067,968 Units were issued at an issue price of S$1.17 per Unit as payment of acquisition fees in respect of the Group's acquisition of (i) three Australian properties, and (ii) interests in seven German properties, during the year ended 30 September 2019.

Notes to the **Financial Statements**

30 SEPTEMBER 2019

32. LIST OF SUBSIDIARIES

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2019 %	2018 %
Direct subsidiaries					
FLT Australia Pte. Ltd [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Treasury Pte. Ltd [(1)]	Provision of treasury service	Singapore	Singapore	100.0	100.0
FLT Europe Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe Treasury Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe 1 Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe 2 Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	–
FLT Europe 3 Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	–
FLT Australia Trust [(2)(3)]	Investment holding	Australia	Australia	100.0	100.0
FLT Landowner Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 1 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 2 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 3 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 4 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 5 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 6 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 7 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 8 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 9 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
FLT Queensland No. 10 Pty Limited [(2)]	Trustee	Australia	Australia	100.0	100.0
Indirect subsidiaries					
Atlantic Drive Trust B [(2)]	Property investment	Australia	Australia	100.0	100.0
Atlantic Drive Trust C [(2)]	Property investment	Australia	Australia	100.0	100.0
Atlantic Drive Trust D [(2)]	Property investment	Australia	Australia	100.0	100.0
Aylesbury Drive Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Bam Wine Court Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Boundary Road Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Boundary Road Trust B [(2)]	Property investment	Australia	Australia	100.0	100.0
Butler Boulevard Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Butler Boulevard Trust B [(2)]	Property investment	Australia	Australia	100.0	100.0
Butler Boulevard Trust C [(2)]	Property investment	Australia	Australia	100.0	100.0
Coghlan Road Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Distribution Place Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Doriemus Drive Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Douglas Street Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Earnshaw Road Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Efficient Drive Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Efficient Drive Trust B [(2)]	Property investment	Australia	Australia	100.0	100.0
Eucalyptus Place Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Flint Street Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Gibbon Road Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Hanson Place Trust A [(2)]	Property investment	Australia	Australia	100.0	–
Hartley Street Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Heatherton Road Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Horsley Drive Trust A [(2)]	Property investment	Australia	Australia	100.0	100.0
Horsley Drive Trust B [(2)]	Property investment	Australia	Australia	100.0	100.0
Horsley Drive Trust C [(2)]	Property investment	Australia	Australia	100.0	100.0

Notes to the
Financial Statements

30 SEPTEMBER 2019

32. LIST OF SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2019 %	2018 %
Indirect subsidiaries (cont'd)					
Hudson Court Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Hudson Court Trust B [2]	Property investment	Australia	Australia	100.0	–
Indian Drive Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Indian Drive Trust B [2]	Property investment	Australia	Australia	100.0	100.0
Jets Court Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Jets Court Trust B [2]	Property investment	Australia	Australia	100.0	100.0
Kangaroo Avenue Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Kangaroo Avenue Trust B [2]	Property investment	Australia	Australia	100.0	100.0
Kangaroo Avenue Trust C [2]	Property investment	Australia	Australia	100.0	100.0
Link Road Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Pacific Drive Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Pacific & Atlantic Drive Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Paltridge Road Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Pearson Road Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Pearson Road Trust B [2]	Property investment	Australia	Australia	100.0	100.0
Platinum Street Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Queensport Road Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Reconciliation Rise Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Reconciliation Rise Trust B [2]	Property investment	Australia	Australia	100.0	100.0
Sandstone Place Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Shettleston Street Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Siltstone Place Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Sky Road East Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Sky Road East Trust B [2]	Property investment	Australia	Australia	100.0	100.0
South Centre Road Trust A [2]	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust A [2]	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust B [2]	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust C [2]	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust D [2]	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust E [2]	Property investment	Australia	Australia	100.0	100.0
Springhill Road Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Stanton Road Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Stanton Road Trust B [2]	Property investment	Australia	Australia	100.0	100.0
Station Road Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Stradbroke Street Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Sunline Drive Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Sunline Drive Trust B [2]	Property investment	Australia	Australia	100.0	100.0
Wayne Goss Drive Trust A [2]	Property investment	Australia	Australia	100.0	100.0
Wayne Goss Drive Trust B [2]	Property investment	Australia	Australia	100.0	–
Wellington Road Trust A [2]	Property investment	Australia	Australia	100.0	100.0
FLT Europe B.V. [2]	Investment holding	The Netherlands	The Netherlands	100.0	100.0
Al Gewerbepark Obertshausen GmbH	Property investment	Luxembourg	The Netherlands	94.0	–
Al Gewerbepark Ratingen GmbH	Property investment	Luxembourg	The Netherlands	94.0	–
Al Gewerbepark Tamm GmbH	Property investment	Luxembourg	The Netherlands	94.0	–
BV Maschinen GmbH	Investment holding	Luxembourg	The Netherlands	100.0	–
CCP IV Garching S.à.r.l.	Property investment	Luxembourg	The Netherlands	94.0	–
FLT Achern GmbH [2]	Property investment	Germany	The Netherlands	94.0	94.0

Notes to the **Financial Statements**

30 SEPTEMBER 2019

32. LIST OF SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2019 %	2018 %
Indirect subsidiaries (cont'd)					
FLT INV 1 B.V. (2)	Investment holding	The Netherlands	The Netherlands	94.9	94.9
FLT INV 2 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 3 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 4 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 5 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 6 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 7 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 8 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 9 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 10 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 11 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 12 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 13 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 14 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 15 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 16 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 17 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 18 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 19 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 20 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 21 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	–
FLT INV 23 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	–
FLT INV 24 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	–
FLT Marl GmbH (formerly known as Geneba RE 1 GmbH) (2)	Investment holding	Germany	The Netherlands	94.9	94.9
FLT Marl GmbH & Co. KG (formerly known as GRE 1 Schwerte-Marl GmbH & Co. KG) (2)	Property investment	Germany	The Netherlands	94.9	94.9
FLT Moosthenning 1 GmbH (2)	Property investment	Germany	The Netherlands	94.8	94.8
FLT Moosthenning 2 GmbH (2)	Property investment	Germany	The Netherlands	94.8	94.8
FLT Moosthenning (SP) GmbH (2)	Property investment	Germany	The Netherlands	100.0	100.0
FLT Nuremberg GmbH (formerly known as Greenfield LogistikPark Nürnberg GmbH) (2)	Property investment	Germany	The Netherlands	94.0	94.0
FLT Rheinberg GmbH (2)	Property investment	Germany	The Netherlands	94.9	94.9
FLT Vaihingen GmbH (formerly known as Greenfield LogistikPark Vaihingen-Ost GmbH) (2)	Property investment	Germany	The Netherlands	94.0	94.0
Gewerbepark Bergheim GmbH (2)	Property investment	Luxembourg	The Netherlands	94.0	–
Greenfield LogistikPark Freiberg GmbH (2)	Property investment	Germany	The Netherlands	94.8	94.8
LogProject Isenbuttel GmbH (2)	Property investment	Germany	The Netherlands	94.8	94.8
SMR2 Verwaltungs GmbH (2)	Property investment	Germany	The Netherlands	90.1	90.1

(1) Audited by KPMG LLP, Singapore.
(2) Audited by other member firms of KPMG International.
(3) Held by the Trust and FLT Australia Pte. Ltd. with equity interest of 50% each.

Use of **Proceeds**

AS AT 30 SEPTEMBER 2019

USE OF PRIVATE PLACEMENT PROCEEDS

On 8 August 2019, FLT issued 220,000,000 new Units from a private placement at an issue price of S$1.173 per Unit (the "Private Placement") and raised gross proceeds of approximately S$258.1 million. Total gross proceeds have been used in the following manner:

(1) approximately S$242.6 million (which is equivalent to 94.0% of the gross proceeds of the Private Placement) to fully fund the Australian Properties Acquisition and to partially fund the German Properties Acquisition; and

(2) approximately S$15.5 million (which is equivalent to 6.0% of the gross proceeds of the Private Placement) to pay the fees and expenses, including (i) the underwriting and placement commission and related fees and expenses payable to the Joint Lead Managers and Underwriters, and (ii) professional and other fees and expenses incurred by FLT in connection with the German and Australian Properties Acquisition (inclusive of approximately S$6.6 million of stamp duty arising from the Australian Properties Acquisition) and the Private Placement.

Such use of proceeds from the equity fund raising is in accordance with the intended use of proceeds previously disclosed in FLT's announcement dated 30 July 2019 in relation to the equity fund raising.

Unitholders' Statistics

AS AT 27 NOVEMBER 2019

ISSUED AND FULLY-PAID-UP UNITS

As at 27 November 2019

2,258,877,908 Units (voting rights: one vote per Unit)
Market Capitalisation S$2,801,008,605.92 (based on closing price of S$1.24 per Unit on 27 November 2019)

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Unitholders	%	No. of Units	%
1 – 99	13	0.09	433	0.00
100 – 1,000	1,201	8.58	1,076,171	0.05
1,001 – 10,000	7,840	56.02	38,748,534	1.72
10,001 – 1,000,000	4,913	35.10	165,000,452	7.30
1,000,001 AND ABOVE	29	0.21	2,054,052,318	90.93
Total	**13,996**	**100.00**	**2,258,877,908**	**100.00**

TOP 20 UNITHOLDERS

As at 27 November 2019
As shown in the Register of Unitholders

No.	Name	No. of Units	%
1	Frasers Property Industrial Trust Holdings Pte Ltd	433,564,327	19.19
2	DBS Nominees (Private) Limited	403,803,993	17.88
3	Citibank Nominees Singapore Pte Ltd	381,999,895	16.91
4	DBSN Services Pte. Ltd.	234,368,598	10.38
5	DB Nominees (Singapore) Pte Ltd	132,597,809	5.87
6	HSBC (Singapore) Nominees Pte Ltd	126,095,455	5.58
7	RHB Bank Nominees Pte Ltd	100,000,000	4.43
8	Raffles Nominees (Pte.) Limited	99,342,136	4.40
9	BPSS Nominees Singapore (Pte.) Ltd.	29,781,315	1.32
10	United Overseas Bank Nominees (Private) Limited	15,543,470	0.69
11	Morgan Stanley Asia (Singapore) Securities Pte Ltd	12,495,931	0.55
12	NTUC Fairprice Co-Operative Ltd	11,079,000	0.49
13	Meren Pte Ltd	11,000,000	0.49
14	Frasers Logistics & Industrial Asset Management Pte Ltd	8,024,081	0.36
15	UOB Kay Hian Private Limited	7,817,970	0.35
16	CGS-Cimb Securities (Singapore) Pte. Ltd.	6,492,651	0.29
17	Phillip Securities Pte Ltd	5,283,188	0.23
18	OCBC Securities Private Limited	5,070,439	0.22
19	KGI Securities (Singapore) Pte. Ltd.	4,617,747	0.20
20	Maybank Kim Eng Securities Pte. Ltd.	4,209,041	0.19
	Total	**2,033,187,046**	**90.02**

Unitholders' Statistics

AS AT 27 NOVEMBER 2019

SUBSTANTIAL UNITHOLDERS

As at 27 November 2019

	Direct Interest No. of Units held	%	Deemed Interest No. of Units held	%	Total No. of Units held	%
Frasers Property Industrial Trust Holdings Pte. Ltd. (formerly known as FCL Investments (Industrial) Pte. Ltd.)	433,564,327	19.19	–	–	433,564,327	19.19
Frasers Property Limited (formerly known as Frasers Centrepoint Limited) [1]	–	–	441,588,408	19.55	441,588,408	19.55
Thai Beverage Public Company Limited [2]	–	–	441,588,408	19.55	441,588,408	19.55
International Beverage Holdings Limited [3]	–	–	441,588,408	19.55	441,588,408	19.55
InterBev Investment Limited [4]	–	–	441,588,408	19.55	441,588,408	19.55
Siriwana Company Limited [5]	–	–	441,588,408	19.55	441,588,408	19.55
Maxtop Management Corp. [6]	–	–	441,588,408	19.55	441,588,408	19.55
Risen Mark Enterprise Ltd. [6]	–	–	441,588,408	19.55	441,588,408	19.55
Golden Capital (Singapore) Limited [6]	–	–	441,588,408	19.55	441,588,408	19.55
MM Group Limited [7]	–	–	441,588,408	19.55	441,588,408	19.55
TCC Assets Limited [8]	–	–	441,588,408	19.55	441,588,408	19.55
Charoen Sirivadhanabhakdi [9]	–	–	441,588,408	19.55	441,588,408	19.55
Khunying Wanna Sirivadhanabhakdi [10]	–	–	441,588,408	19.55	441,588,408	19.55
TCC Group Investments Limited [11]	–	–	118,559,700	5.25	118,559,700	5.25
Atinant Bijananda [11]	–	–	118,559,700	5.25	118,559,700	5.25
Thapana Sirivadhanabhakdi [11]	–	–	118,559,700	5.25	118,559,700	5.25
Wallapa Traisorat [11]	–	–	118,559,700	5.25	118,559,700	5.25
Thapanee Techajareonvikul [11]	–	–	118,559,700	5.25	118,559,700	5.25
Panote Sirivadhanabhakdi [11]	–	–	118,559,700	5.25	118,559,700	5.25
Rojana Industrial Park Public Company Limited	–	–	142,626,000	6.31	142,626,000	6.31

Notes:

(1) Frasers Property Limited (formerly known as Frasers Centrepoint Limited) ("**FPL**") holds a 100% direct interest in each of Frasers Logistics & Industrial Asset Management Pte. Ltd. ("**FLIAM**") and Frasers Property Industrial Trust Holdings Pte. Ltd (formerly known as FCL Investments (Industrial) Pte. Ltd.) ("**FPITH**"). Each of FLIAM and FPITH directly holds units in FLT. FPL therefore has a deemed interest in the units in FLT in which each of FLIAM and FPITH has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**").

(2) Thai Beverage Public Company Limited ("**ThaiBev**") holds a 100% direct interest in International Beverage Holdings Limited ("**IBHL**");
- IBHL holds a 100% direct interest in InterBev Investment Limited ("**IBIL**");
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT;

ThaiBev therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(3) IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

IBHL therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of section 4 of the SFA.

(4) IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

IBIL therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of section 4 of the SFA.

(5) Siriwana Company Limited ("**SCL**") holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

SCL therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

Unitholders' Statistics

AS AT 27 NOVEMBER 2019

SUBSTANTIAL UNITHOLDERS (CONT'D)

As at 27 November 2019

(6) Maxtop Management Corp. ("**MMC**") together with Risen Mark Enterprise Ltd. ("**RM**") and Golden Capital (Singapore) Limited ("**GC**") collectively hold a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

MMC, RM and GC each therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(7) MM Group Limited ("**MM**") holds a 100% direct interest in each of MMC, RM and GC;
- MMC, RM and GC collectively holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

MM therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(8) TCC Assets Limited ("**TCCA**") holds a majority interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT;

TCCA therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(9) Charoen Sirivadhanabhakdi and his spouse, Khunying Wanna Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in FPL;
- FPL holds a 100% direct interest in FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

Charoen Sirivadhanabhakdi therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(10) Khunying Wanna Sirivadhanabhakdi and her spouse, Charoen Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in FPL;
- FPL holds a 100% direct interest in FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

Khunying Wanna Sirivadhanabhakdi therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(11) Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi holds 20% of the issued share capital of TCC Group Investments Limited ("**TCCG**");
- TCCG holds units in FLT through a nominee account.

Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi therefore has a deemed interest in the units in FLT in which TCCG has an interest, by virtue of Section 4 of the SFA.

UNITHOLDINGS OF DIRECTORS OF THE MANAGER

As at 21 October 2019

Directors	Direct Interest No. of Units held	Deemed Interest No. of Units held
Mr Ho Hon Cheong	–	1,123,100
Mr Goh Yong Chian	400,000	–
Mr Paul Gilbert Say	–	165,000
Mr Panote Sirivadhanabhakdi	–	118,559,700 [1]
Mr Chia Khong Shoong	–	220,000
Mr Rodney Vaughan Fehring	–	132,000

Note:

(1) Mr Panote Sirivadhanabhakdi holds 20.0% of the issued share capital of TCC Group Investments Limited and is deemed interested in TCC Group Investments Limited's interest in 118,559,700 Units.

FREE FLOAT

Based on information available to the Manager as at 27 November 2019, approximately 69% of the Units are held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

Interested **Person Transactions**

NAME OF INTERESTED PERSONS	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) A$'000
Frasers Logistics & Industrial Asset Management Pte. Ltd	
– Manager's base management fees paid/payable	(8,495)
– Manager's performance management fees paid/payable	(4,656)
– Manager's acquisition fees paid/payable	(2,281)
– Manager's divestment fees paid/payable	(151)
– Reimbursement of expenses	(171)
FLT Australia Management Pty Ltd	
– Manager's base management fees paid/payable	(4,112)
– Manager's performance management fees paid/payable	(2,069)
– Manager's acquisition fees paid/payable	(502)
– Manager's divestment fees paid/payable	(606)
– Reimbursement of expenses	(12)
Frasers Property Management Services Pty Limited	
– Property management fees paid/payable	(1,852)
– Marketing services commission paid/payable	(638)
Frasers Property Australia Pty Limited and its subsidiaries	
– Incentives reimbursement	5,513
– Settlement adjustments	(14)
– Acquisition of investment properties, land and freehold interest	(126,580)
– Assignment of leases	3,258
– Reimbursement of expenses	(1,270)
Frasers Property Funds Management Limited (in its capacity as trustee of FLT Australia Trust)	
– Trustee fees payable	(70)
Southeast Insurance Public Company Limited	
– Insurance expense paid/payable	(950)
Perpetual (Asia) Limited	
– Trustee fees paid/payable	(369)
– Disbursements/out of pocket expenses paid	(4)
Frasers Property Limited and its subsidiaries	
– Reimbursement of expenses	(5)
– Rental expenses paid/payable	(3)
FPE Advisory B.V.	
– Property management fees paid/payable	(1,195)
Frasers Property Investments (Holland) B.V.	
– Acquisition of subsidiaries	(321,771)
– Incentives reimbursement	67

There are no transactions noted under the Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 of the SGX Listing Manual.

Notice of
Annual General Meeting

FRASERS LOGISTICS & INDUSTRIAL TRUST

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

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting ("**AGM**") of the unitholders of FRASERS LOGISTICS & INDUSTRIAL TRUST ("**FLT**", and the unitholders of FLT, "**Unitholders**") will be held at InterContinental Singapore, Grand Ballroom (Level 2), 80 Middle Road, Singapore 188966 on Tuesday, 14 January 2020 at 2:00 p.m. for the following purposes:

(A) ROUTINE BUSINESS

Ordinary Resolution (1)

1. To receive and adopt the Report of the Trustee of FLT issued by Perpetual (Asia) Limited, the trustee of FLT (the "**Trustee**"), the Statement by the Manager issued by Frasers Logistics & Industrial Asset Management Pte. Ltd., the manager of FLT (the "**Manager**"), the Audited Financial Statements of FLT for the financial year ended 30 September 2019 and the Auditors' Report thereon.

Ordinary Resolution (2)

2. To re-appoint KPMG LLP ("**KPMG**") as Auditors of FLT to hold office until the conclusion of the next AGM of FLT, and to authorise the Manager to fix their remuneration.

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, Ordinary Resolution (3) which is proposed as an Ordinary Resolution:

Ordinary Resolution (3)

3. That authority be and is hereby given to the Manager, to:

(a) (i) issue units in FLT ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

Notice of
Annual General Meeting

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting FLT (as amended, restated and supplemented) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM or (ii) the date by which the next AGM is required by the applicable law or regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager, any director of the Manager ("**Director**") and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interest of FLT to give effect to the authority conferred by this Resolution.

Frasers Logistics & Industrial Asset Management Pte. Ltd.
(Company Registration No: 201528178Z)
as manager of Frasers Logistics & Industrial Trust

Catherine Yeo
Company Secretary

Singapore
17 December 2019

Notice of
Annual General Meeting

NOTES:

(1) A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in the Unitholder's stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.

(2) A Unitholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies in the proxy form the number of Units in relation to which each proxy has been appointed.

"**Relevant Intermediary**" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(3) The instrument appointing a proxy or proxies (as the case may be) (the "**Proxy Form**") must be deposited with the company secretary of the Manager at the office of FLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.

EXPLANATORY NOTE:

Ordinary Resolution 3

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the earliest of (i) the conclusion of the next AGM of FLT or (ii) the date by which the next AGM of FLT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of 20% for issues other than on a *pro rata* basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time Ordinary Resolution 3 above is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Notice of **Annual General Meeting**

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

IMPORTANT NOTICE

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.

The past performance of FLT is not necessarily indicative of the future performance of FLT.

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FRASERS LOGISTICS & INDUSTRIAL TRUST

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

IMPORTANT

1. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 2 for the definition of "Relevant Intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 17 December 2019.

PROXY FORM

ANNUAL GENERAL MEETING

I/We ______________________________(Name) ______________________________ (NRIC/Passport No.)

of ____(Address)

being a holder/s of units in Frasers Logistics & Industrial Trust ("**FLT**", and the units of FLT, the "**Units**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of FLT to be held at InterContinental Singapore, Grand Ballroom (Level 2), 80 Middle Road, Singapore 188966, on Tuesday, 14 January 2020 at 2:00 p.m., and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting.

NO.	RESOLUTIONS RELATING TO:	No. of Votes For*	No. of Votes Against*
	ROUTINE BUSINESS		
1.	To receive and adopt the Trustee's Report, the Statement by the Manager, the Audited Financial Statements of FLT for the financial year ended 30 September 2019 and the Auditor's Report thereon		
2.	To re-appoint KPMG LLP as Auditors of FLT to hold office until the conclusion of the next Annual General Meeting, and to authorise the Manager to fix their remuneration		
	SPECIAL BUSINESS		
3.	To authorise the Manager to issue Units and to make or grant convertible instruments		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the boxes provided.

Dated this ______________ day of ______________ 2019/2020

Total number of Units held (Note 5)

____
Signature(s) of Unitholder(s)/Common Seal

IMPORTANT: PLEASE READ NOTES TO THE PROXY FORM

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes To Proxy Form

1. A holder of units in Frasers Logistics & Industrial Trust ("**FLT**", and a unitholder of FLT, "**Unitholder**") who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (as the case may be) (the "**Proxy Form**") must be deposited with the company secretary of the Manager at the office of FLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.
4. Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the meeting.
5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of FLT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders, the Unitholder should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
6. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder's name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by CDP to the Manager.

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FRASERS
LOGISTICS & INDUSTRIAL
TRUST

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The Company Secretary
Frasers Logistics & Industrial Asset Management Pte. Ltd.
(as manager of Frasers Logistics & Industrial Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

FRASERS LOGISTICS & INDUSTRIAL TRUST
Managed by Frasers Logistics & Industrial Asset Management Pte. Ltd.
Company Registration Number: 201528178Z

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