
Frasers Commercial Trust

Proposed Merger with Frasers Logistics & Industrial Trust

2 December 2019



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DSV Facility, Venlo, The Netherlands

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Transaction Overview





Section A



Martin Brower Facility, New South Wales, Australia

Transaction Overview

Transaction	<ul style="list-style-type: none"> • Frasers Logistics & Industrial Trust (“FLT”) to acquire all units (“FCOT Units”) of Frasers Commercial Trust (“FCOT”) held by unitholders of FCOT (“FCOT Unitholders”) via a Trust Scheme (the “Proposed Merger”) • Subject to the completion of the Proposed Merger, FLT will acquire the remaining 50% interest in Farnborough Business Park (“FBP”) to hold 100% interest in FBP⁽¹⁾, resulting in the creation of the enlarged REIT (the “Enlarged REIT”)
Key Highlights	<ul style="list-style-type: none"> • Scheme Consideration represents 8.2% premium to the 12-month VWAP⁽²⁾ and 3.1% premium to the NAV per FCOT Unit⁽³⁾ • FCOT Unitholders to benefit from a pro forma DPU accretion of 4.2%⁽⁴⁾
Sole Financial Adviser	
Independent Financial Adviser	



The Scheme Consideration payable to the FCOT Unitholders is S\$1.680 per FCOT Unit⁽⁵⁾

Implied Gross Exchange Ratio of 1.355x⁽⁶⁾

The Scheme Consideration will be satisfied via:

1	Cash Consideration:	S\$0.151 in cash per FCOT Unit; <u>and</u>
2	Consideration Units:	1.233 new FLT Units⁽⁷⁾ to be issued per FCOT Unit

FCOT Unitholders shall have the right to receive and retain the Permitted Distributions⁽⁸⁾, in addition to the Scheme Consideration

FCOT Unitholders will receive S\$151.00 in cash and 1,233 FLT Units for every 1,000 FCOT Units held⁽⁹⁾

(1) Acquisition of the remaining 50% interest in FBP subject to approval to be obtained from unitholders of FLT (“**FLT Unitholders**”).

(2) The volume weighted average price (“**VWAP**”) is with reference to the relevant period up to and including 27 November 2019 (the “**Last Trading Date**”).

(3) The net asset value per FCOT Unit as at 30 September 2019 (“**NAV per FCOT Unit**”).

(4) Pro forma DPU accretion post-Proposed Merger and Proposed Asset Acquisition. Please refer to paragraph 5.1 of the Joint Announcement dated 2 December 2019 for further details.

(5) On an ex-distribution basis.

(6) Based on a Scheme Consideration of S\$1.680 per FCOT Unit divided by issue price of S\$1.240 per unit of FLT (“**FLT Units**”).

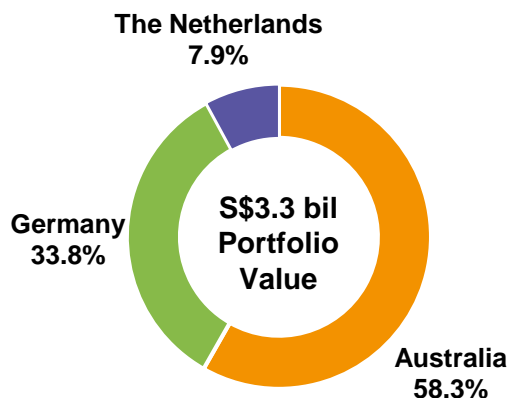
(7) 1,233 new FLT units to be issued at an issue price of S\$1.240 per FLT Unit.

(8) Permitted Distributions include distributions that are declared, paid or made in the ordinary course of business in respect for the period from 1 October 2019 up to the day immediately before the effective date of the Trust Scheme.

(9) The number of Consideration Units which each FCOT Unitholder will be entitled to pursuant to the Trust Scheme will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded. The aggregate Cash Consideration to be paid to each FCOT Unitholder shall be rounded to the nearest S\$0.01.

About Frasers Logistics & Industrial Trust

Quality portfolio concentrated in major logistics and industrial markets in Australia, Germany and The Netherlands



As at 30 September 2019	Total ⁽¹⁾	Australia	Europe
No. of Properties	92	62	30
Portfolio Value (S\$ bil)	3.3	1.9	1.4
Lettable Area (sqm)	2.3 mil	1.4 mil	0.9 mil
Average Age by Value	7.5 years	7.5 years	7.5 years
WALE⁽²⁾	6.3 years	5.8 years	7.4 years
Occupancy by Lettable Area	100%	100%	100%
Average Annual Rental Increment	N.A.	3.1%	Fixed/ CPI-linked ⁽³⁾

World Leading Green Industrial Portfolio

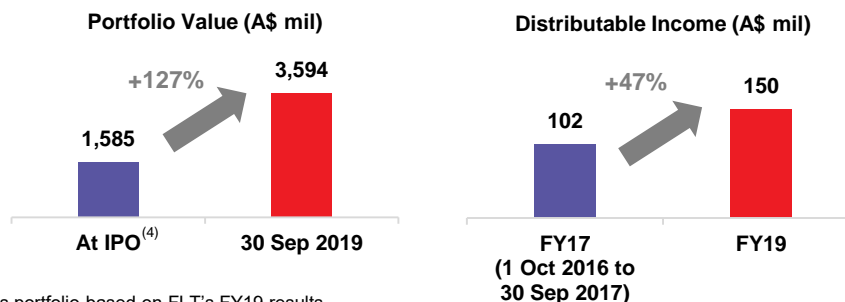


1st Global (Listed) Industrial



Highest Green Star performance rated portfolio in Australia

Strong Performance since 2016 IPO



Note: Unless otherwise stated, exchange rates of A\$1 : S\$0.9307 and €1 : S\$1.5087 were adopted for FLT's portfolio based on FLT's FY19 results.

(1) References to FLT's portfolio in this presentation are as at 30 September 2019, save that it excludes 610 Heatherton Road, Clayton South, Victoria, Australia which is classified as "Investment Property held for Sale", includes Fuggerstraße 17, Bielefeld, Germany (the "B+S GmbH Logistik Facility") which was completed on 28 November 2019 and includes the five-year lease signed with Amazon Commercial Services Pty Ltd at 60 Paltridge Road, Perth Airport, Western Australia in October 2019.

(2) Refers to weighted average lease expiry ("WALE") based on gross rental income ("GRI"), being the contracted rental income and estimated recoverable outgoings for the month of September 2019. Excludes straight lining rental adjustments.

(3) 94% of leases in Germany and The Netherlands have either fixed increase or CPI-linked indexation.

(4) Based on FLT IPO prospectus dated 10 June 2016.

Proposed Acquisition of Remaining 50% Interest in Farnborough Business Park

The Enlarged REIT will hold 100% interest in Farnborough Business Park

<p>Acquisition Structure</p>	<ul style="list-style-type: none"> Proposed acquisition of the remaining 50% freehold interest in Farnborough Business Park: High quality business park of 14 commercial buildings located in the United Kingdom (the “UK”) (the “Proposed Asset Acquisition”) Proposed Asset Acquisition will be conditional on approval by FLT Unitholders 	<p>46.5 Hectares of Freehold Land</p>	<p>50,882 sqm NLA</p>
<p>Agreed Property Value⁽¹⁾</p>	<p>£90.5 mil (approximately S\$158.4 mil)</p>	<p>6.8 years Long WALE⁽³⁾</p>	<p>99.1% Committed Occupancy Rate by Lettable Area⁽⁴⁾</p>
<p>Property Appraised Value⁽²⁾</p>	<p>£91.3 mil (approximately S\$159.8 mil)</p> <ul style="list-style-type: none"> Agreed Property Value is a 0.9% discount to Property Appraised Value 	<p>Award Winning Business Park</p>	<p>c.18,000 sqm of Development Potential⁽⁵⁾</p>
<p>Purchase Consideration</p>	<p>£90.1 mil (approximately S\$157.7 mil)</p>		
<p>Proposed Funding</p>	<p>100% debt funded</p>		

Note: An exchange rate of £1 : S\$1.75 is adopted for the Proposed Asset Acquisition.

(1) Negotiated and taking into account the two independent valuations conducted by Knight Frank LLP (“KF”) and BNP Paribas Real Estate Advisory & Property Management UK Limited (“BNPP”) (the “**Independent Valuers**”) as at 30 November 2019 (the “**Agreed Property Value**”).

(2) Being the higher of the two independent valuations conducted by the Independent Valuers, as at 30 November 2019.

(3) Based on GRI as at 30 September 2019 (including committed leases and excluding vacancy, lease incentives and retail turnover rents, if any).

(4) As at 30 September 2019, inclusive of a new lease concluded in October 2019.

(5) Based on planning permission.

Creation of one of the Largest S-REITs

The Enlarged REIT – Flagship Portfolio of Commercial and Industrial Assets

<p>\$5.7 bil Portfolio Value⁽¹⁾</p>	<p>98 Properties Across 5 Countries</p>	<p><input checked="" type="checkbox"/> Premium to Historical Trading Prices and DPU Accretive</p>
<p>2.6 mil sqm Total Space Under Management</p>	<p>5.8 years Long WALE⁽²⁾</p>	<p><input checked="" type="checkbox"/> Amongst the Top-10 S-REITs by Market Capitalisation and Free Float with Index Inclusion</p>
<p>99.5% Committed Occupancy Rate⁽³⁾</p>	<p>+4.2% DPU Accretion to FCOT Unitholders⁽⁴⁾</p>	<p><input checked="" type="checkbox"/> Enhanced Diversification and Portfolio Resilience</p>
		<p><input checked="" type="checkbox"/> Enlarged Capital Base and Funding Capacity</p>
		<p><input checked="" type="checkbox"/> >\$5 Billion of Right of First Refusal (“ROFR”) Pipeline</p>

Note: References to the Enlarged REIT in this Presentation are as at 30 September 2019, save that it excludes 610 Heatherston Road, Clayton South, Victoria, Australia which is classified as “Investment Property held for Sale”, includes the B+S GmbH Logistik Facility which was completed on 28 November 2019 and includes the five-year lease signed with Amazon Commercial Services Pty Ltd at 60 Paltridge Road, Perth Airport, Western Australia in October 2019. Exchange rates adopted for the valuation of the Enlarged REIT are A\$1 : S\$0.9307; €1 : S\$1.5087 and £1 : S\$1.6984.

(1) Portfolio value of the Enlarged REIT as at 30 September 2019 includes 100% interest in FBP, which is based on the Agreed Property Value at an exchange rate of £1 : S\$1.6984.

(2) References to Enlarged REIT’s WALE in this presentation are based on GRI as at 30 September 2019 (including committed leases and excluding vacancy, lease incentives and retail turnover rents, if any).

(3) References to the Enlarged REIT’s occupancy in this presentation are based on lettable area (including committed leases).

(4) Pro forma DPU accretion post-Proposed Merger and Proposed Asset Acquisition. Please refer to paragraph 5.1 of the Joint Announcement dated 2 December 2019 for further details.

Enlarged REIT's Investment Mandate and Structure

The Enlarged REIT will have a Broadened Investment Mandate

Investment Mandate



Logistics



Industrial

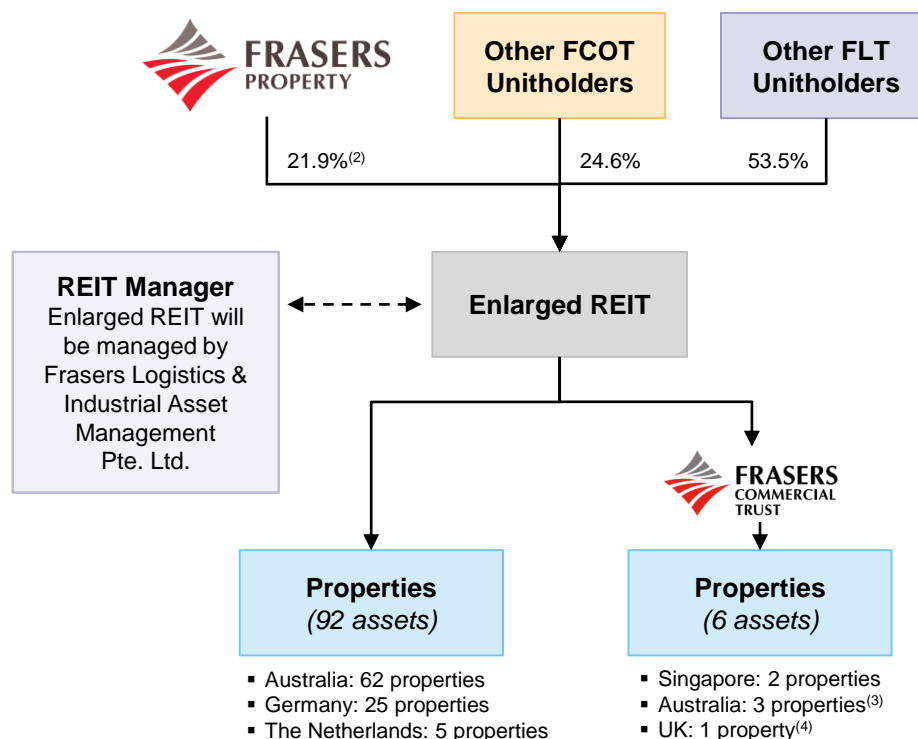


CBD Commercial



Office and Business Parks

Enlarged REIT Structure⁽¹⁾



(1) On a pro forma basis, based on the aggregate of (i) unitholdings as at the Last Trading Date; (ii) approximately 1.1 billion FLT Units to be issued to FCOT Unitholders as part of the Scheme Consideration; (iii) approximately 9.0 million FLT Units issued as consideration for the acquisition fee for the Proposed Merger; and (iv) approximately 0.6 million FLT Units issued as consideration for the acquisition fee for the Proposed Asset Acquisition.

(2) Comprises FLT Units held directly and/or indirectly by Frasers Property Limited ("FPL" or the "Sponsor"), the FLT Manager and the FCOT Manager.

(3) FCOT holds a 50% indirect interest in Central Park, Western Australia.

(4) FCOT presently holds a 50% indirect interest in FBP. Subject to completion of the Proposed Merger and the Proposed Asset Acquisition, the Enlarged REIT will hold a 100% interest in FBP.

Key Benefits of the Proposed Merger

Section B



Mazda Facility, Victoria, Australia

Key Benefits of the Proposed Merger



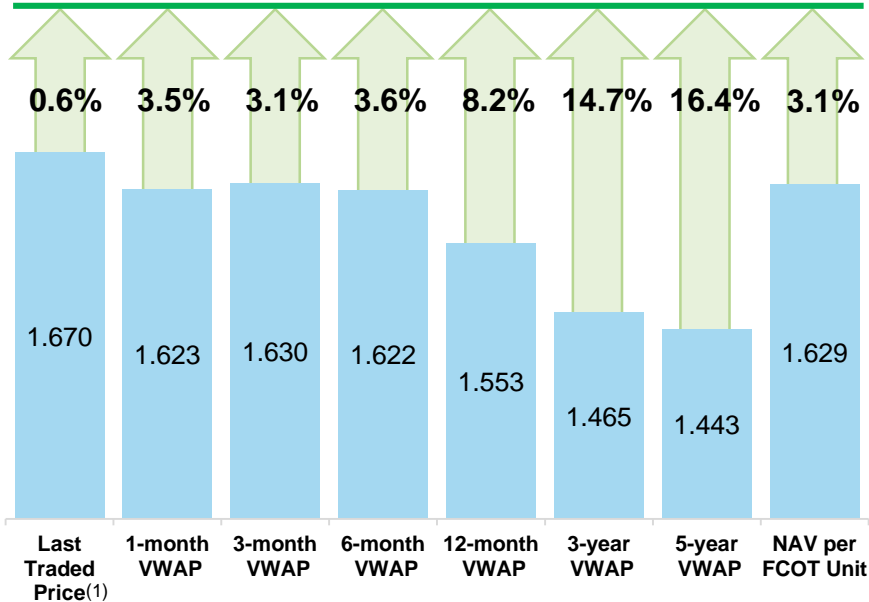
- 1 Premium to Historical Trading Prices and DPU Accretive
- 2 Flagship Portfolio of Commercial and Industrial Assets
- 3 Creation of a Top-10 S-REIT with Index Inclusion
- 4 Enhanced Diversification and Portfolio Resilience
- 5 Growth Trajectory from Enlarged Capital Base and ROFR Pipeline

1 Premium to Historical Trading Prices and DPU Accretive

Scheme Consideration is at a premium to historical trading prices and NAV per FCOT Unit

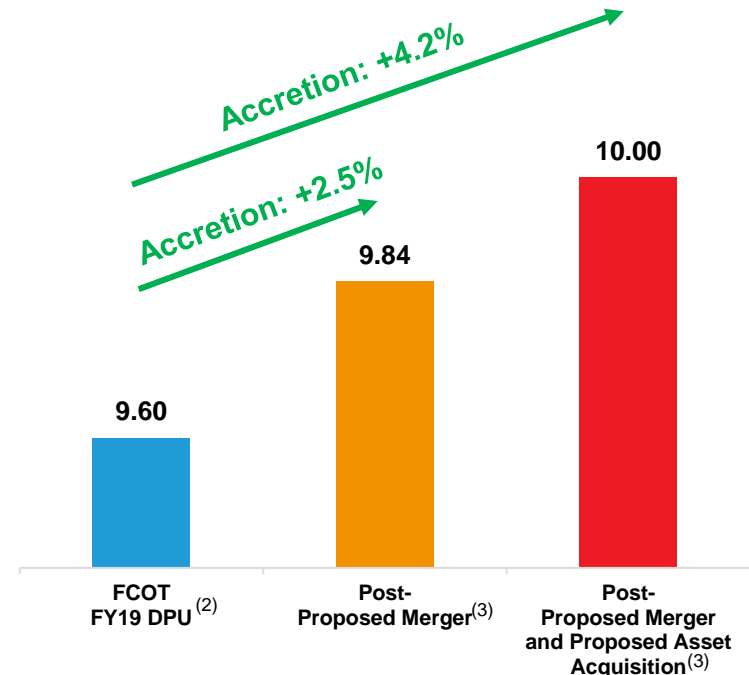
(S\$)

Scheme Consideration = S\$1.680 per FCOT Unit



DPU accretive to FCOT Unitholders on a pro forma basis

(Singapore cents per FCOT Unit)



Source: Bloomberg as at the Last Trading Date

Note: VWAPs are with reference to the relevant period up to and including 27 November 2019, except for the 1-month VWAP. The 1-month VWAP is with reference to the period from 25 October 2019 to 27 November 2019 taking into consideration the public holiday falling on 28 October 2019 (Monday).

(1) The last traded price per FCOT Unit on the Last Trading Day (the "Last Traded Price").

(2) Distribution per FCOT Unit for the financial year ended 30 September 2019 ("FCOT FY19 DPU").

(3) Please refer to paragraph 5.1 of the Joint Announcement dated 2 December 2019 for further details.

2 Flagship Portfolio of Commercial and Industrial Assets

Greater Flexibility to Actively Manage Portfolio across Geographies and Asset Classes



Broadened Investment Mandate
Comprising CBD Commercial, Office and Business Parks, Logistics and Industrial



Full Spectrum of Commercial and Industrial Solutions
Ability to meet end-to-end requirements of tenants



CBD Commercial



Office and Business Parks



Logistics



Industrial

Australia	#	Asset Value ⁽¹⁾
CBD Commercial	2	S\$2,771 mil (48.4%)
Office and Business Parks	1	
Logistics & Industrial	62	
Singapore	#	Asset Value ⁽¹⁾
CBD Commercial	1	S\$1,254 mil (21.9%)
Office and Business Parks	1	
Germany	#	Asset Value ⁽¹⁾
Logistics & Industrial	25	S\$1,132 mil (19.7%)
United Kingdom	#	Asset Value ⁽²⁾
Office and Business Parks	1	S\$307 mil (5.4%)
The Netherlands	#	Asset Value ⁽¹⁾
Logistics & Industrial	5	S\$265 mil (4.6%)

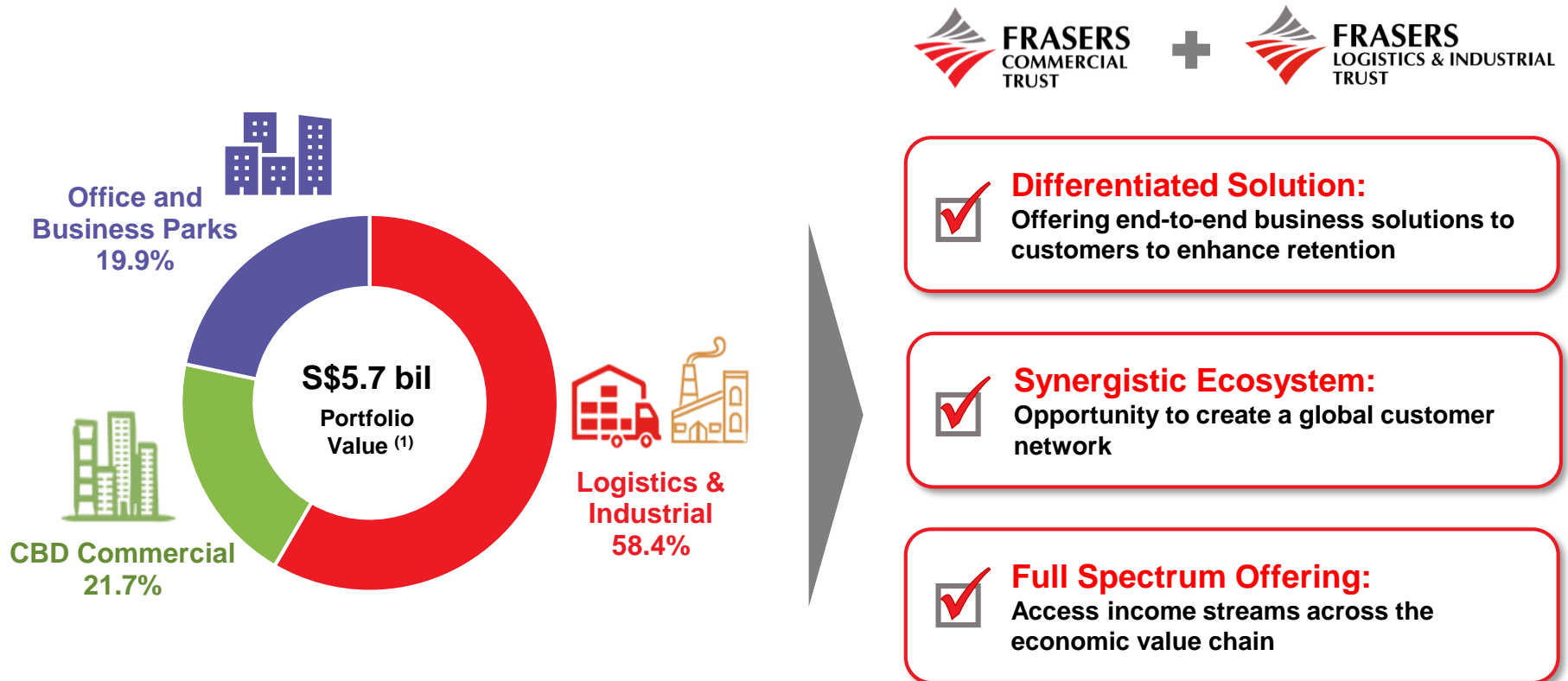
(1) As at 30 September 2019

(2) The value for 100% interest in FBP is based on the Agreed Property Value at an exchange rate of £1 : S\$1.6984.

2 Flagship Portfolio of Commercial and Industrial Assets

Ability to Provide Synergistic End-to-End Business Solutions for a Wider Customer Base

Enlarged REIT's Portfolio



(1) Portfolio value of the Enlarged REIT as at 30 September 2019 includes 100% interest in FBP, which is based on the Agreed Property Value at an exchange rate of £1 : S\$1.6984.

2 Flagship Portfolio of Commercial and Industrial Assets

Exposure to Attractive Logistics and Industrial Sectors



Australia

Established footprint in key demographic centres and major logistics & industrial markets



GDP growth of 1.4% y-o-y (Jun 19)

Continued support from low interest rates, recent tax cuts and infrastructure spending



Industrial vacancy near 5-year lows

Across three seaboard cities of Sydney, Melbourne and Brisbane



Favourable demand-supply

National take-up levels continue to exceed new completions



Germany

Strategic exposure to the major logistics clusters in Germany and the Netherlands



GDP growth of 0.4% y-o-y (Jun 19)

Positive contributions from domestic consumption demand



Stable warehouse take-up

+4% growth from Jan to Sep 19 compared to Jan to Sep 18



Yields remain low at 3.8% in major logistics hubs

Lowest yield recorded in Europe



The Netherlands



Economy grew 1.8% y-o-y (Jun 19)

Increased investments in fixed assets, household consumption and balance of trade



Robust growth in warehouse take-up

+14% growth from Jan to Sep 19 compared to Jan to Sep 18



Strong business confidence

All major occupier markets recorded healthy transaction volumes

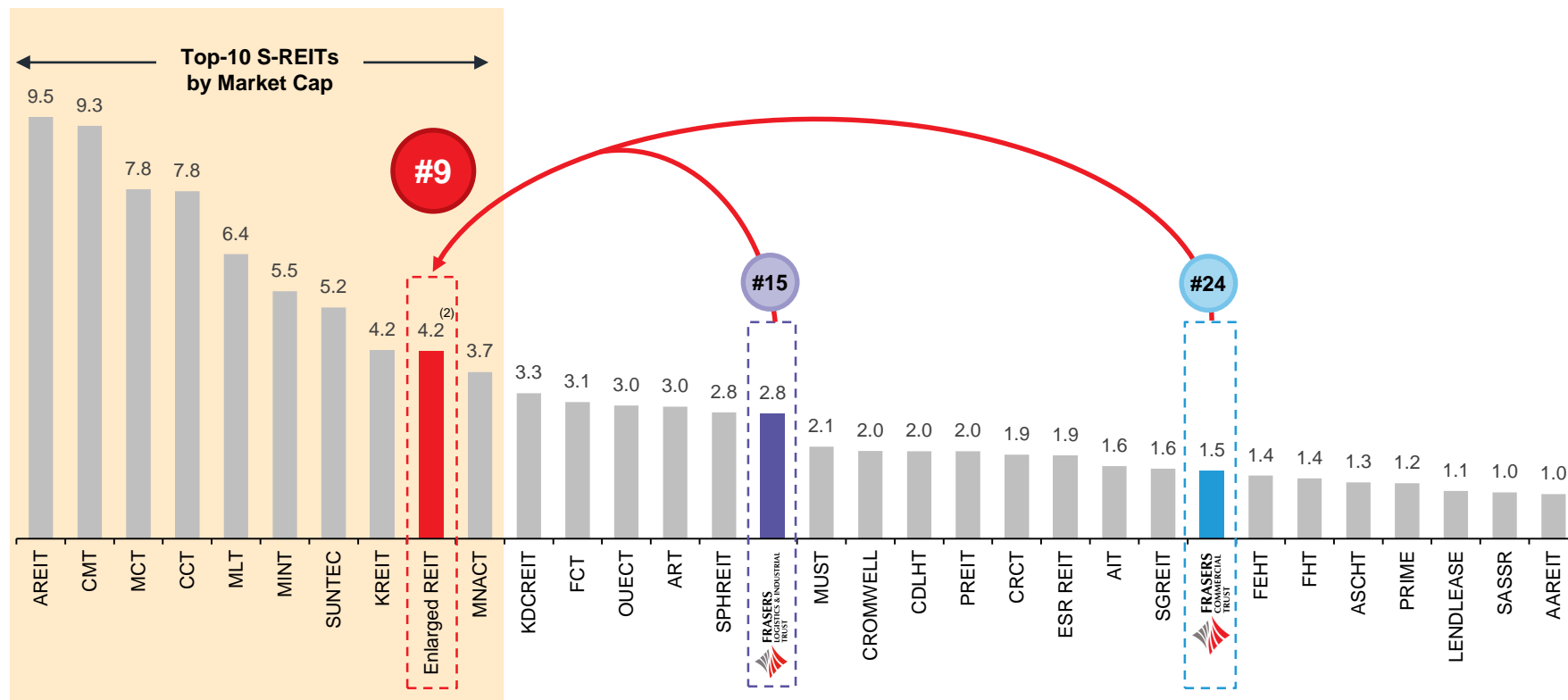
Note: GDP values are seasonally adjusted.

Sources: FLT FY19 results presentation. Australia: Australian Bureau of Statistics; JLL Real Estate Intelligence Service – Industrial Market Snapshot 3Q 2019, Jones Lang LaSalle Real Estate Data Solution – Industrial Occupier Moves from 3Q09 to 3Q19, Knight Frank Research – Australian Capital View Outlook 2Q19, Knight Frank Pushing the Button: Speculative Development on the Rise July 2019. Germany and the Netherlands: Destatisches Bundesamt (Federal Statistics Office of Germany), CBS (Statistics Netherlands), BNP Paribas Real Estate International Research October 2019.

3 Creation of a Top-10 S-REIT with Index Inclusion

Potential for Enlarged REIT to be amongst the Top-10 Largest S-REITs by Market Capitalisation

S-REIT Ranking by Market Capitalisation (S\$ bil)⁽¹⁾



Source: Bloomberg as at the Last Trading Date

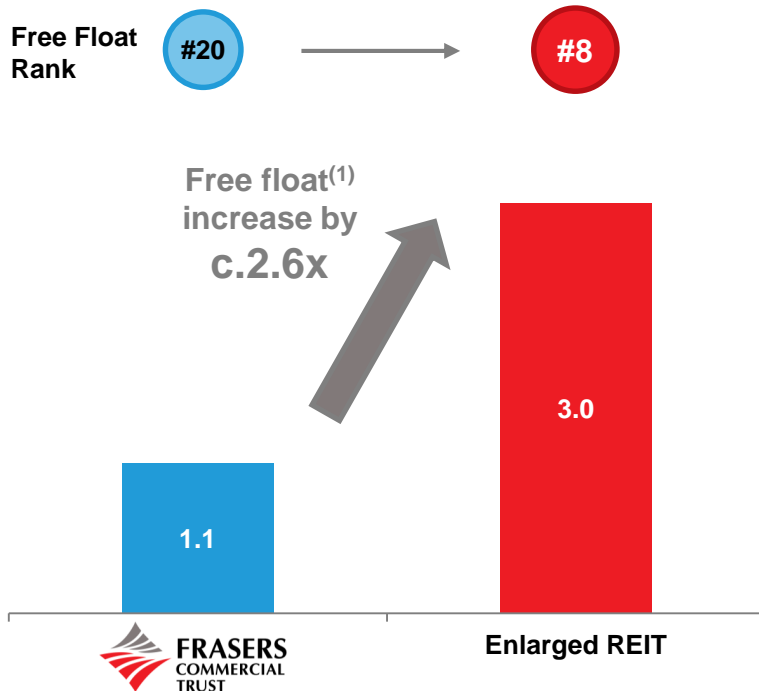
(1) The chart only includes S-REITs with primary listing on the SGX-ST and market capitalisation of at least S\$1.0 billion.

(2) Illustrative market capitalisation of the Enlarged REIT calculated as (i) the sum of (a) the number of FLT Units outstanding as at the Last Trading Date; (b) the number of FLT Units to be issued to satisfy the portion of Scheme Consideration in FLT Units; (c) the number of FLT Units to be issued as consideration for the acquisition fee for the Proposed Merger; and (d) the number of FLT Units to be issued as consideration for the acquisition fee for the Proposed Asset Acquisition, and (ii) multiplied by the issue price of S\$1.240 per FLT Unit.

3 Creation of a Top-10 S-REIT with Index Inclusion (cont'd)

The Enlarged REIT is Expected to be Amongst the Top-10 Largest S-REITs by Free Float

Free Float⁽¹⁾ (\$ bil)



✓ Significant increase in market capitalisation and free float

✓ **Index inclusion**
The Proposed Merger would allow FCOT to leverage on FLT's inclusion in the FTSE EPRA/NAREIT Index

✓ Potential higher liquidity

✓ Wider investor base

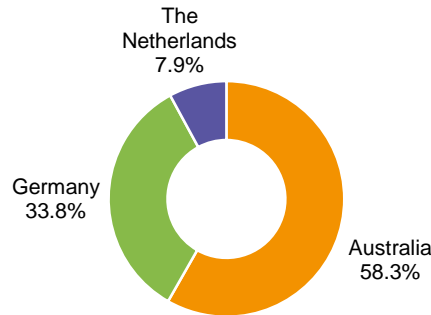
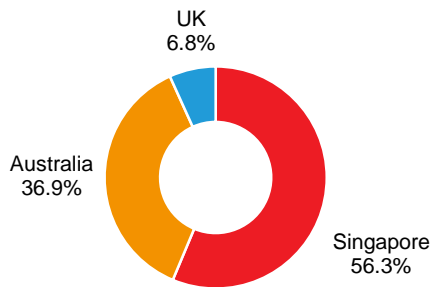
✓ Potential broader analyst coverage

Source: Bloomberg as at the Last Trading Date

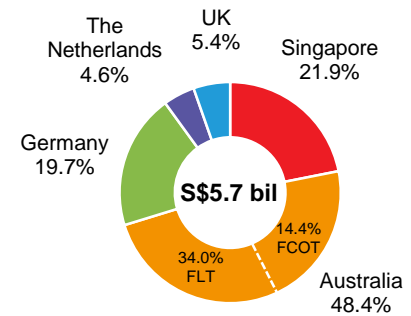
(1) Excludes the stakes held by the Sponsor, the FLT Manager, the FCOT Manager, directors and chief executive officers of the FLT Manager and the FCOT Manager, substantial FLT Unitholders and substantial FCOT Unitholders and their respective associates based on information available to the FLT Manager and the FCOT Manager as at the Last Trading Date.

4 Enhanced Geographical and Asset Diversification

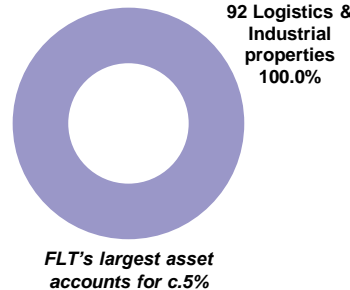
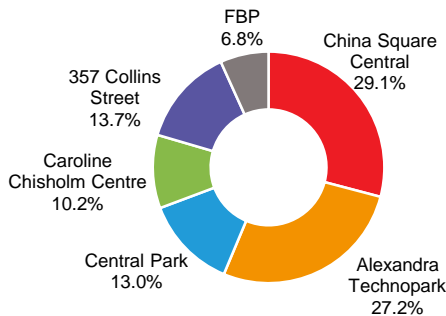
Valuation by Geography



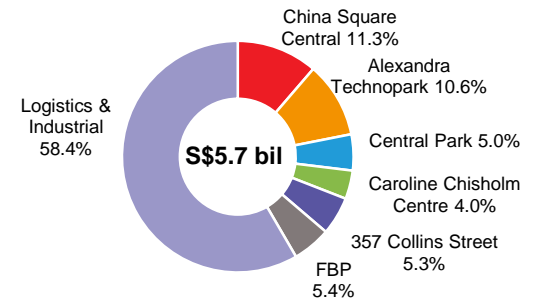
Enlarged REIT⁽²⁾
Capturing synergies in Australia and exposure to new markets in Germany and the Netherlands



Valuation by Asset



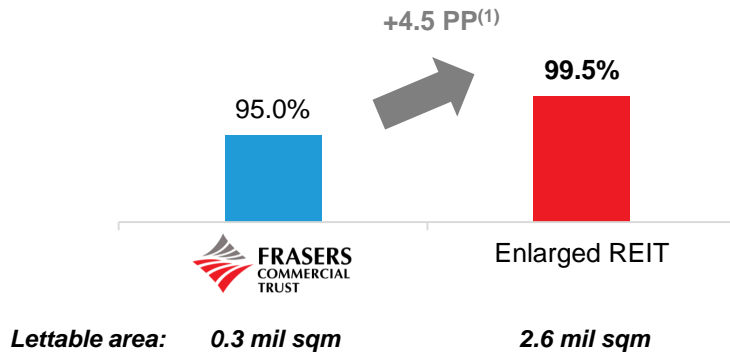
Significantly reduces largest single asset exposure from 29% to 11%



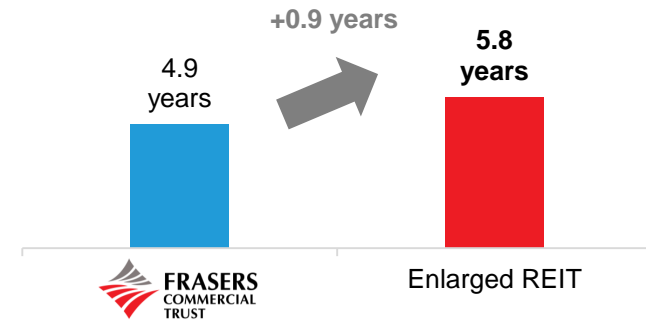
(1) FCOT's portfolio value based on exchange rates of A\$1 : S\$0.9307 and £1 : S\$1.6984 as per FCOT's FY19 reported results.
 (2) Portfolio value of the Enlarged REIT as at 30 September 2019 includes 100% interest in FBP, which is based on the Agreed Property Value at an exchange rate of £1 : S\$1.6984.

4 Enhanced Portfolio Resilience

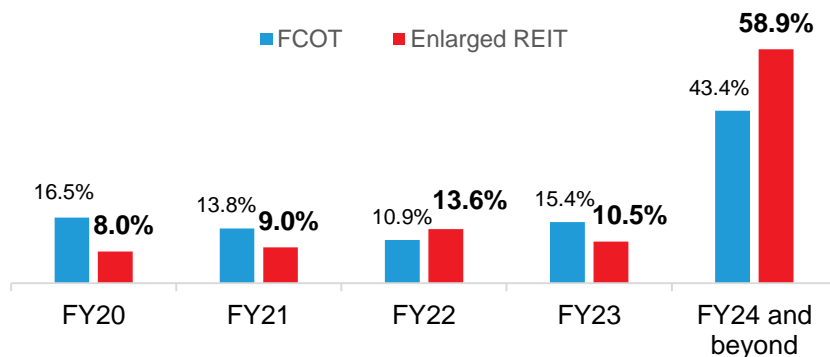
✓ Increase occupancy



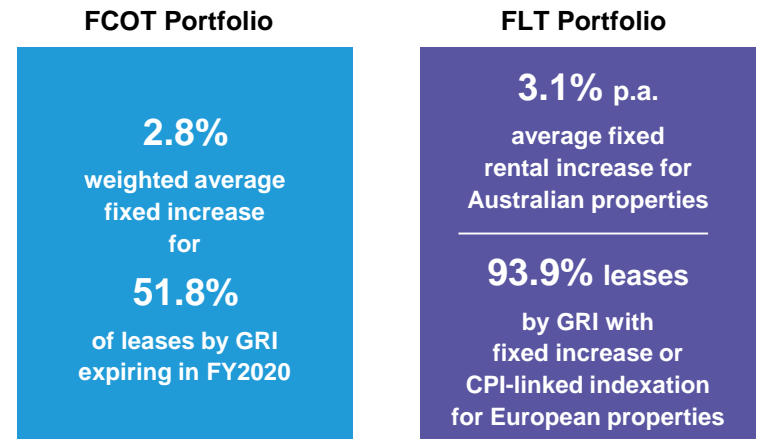
✓ Lengthen WALE



✓ Improve lease expiry profile⁽²⁾



✓ Embedded organic growth



Note: As at 30 September 2019. References to FCOT's portfolio metrics in this presentation are as per reported FY19 results

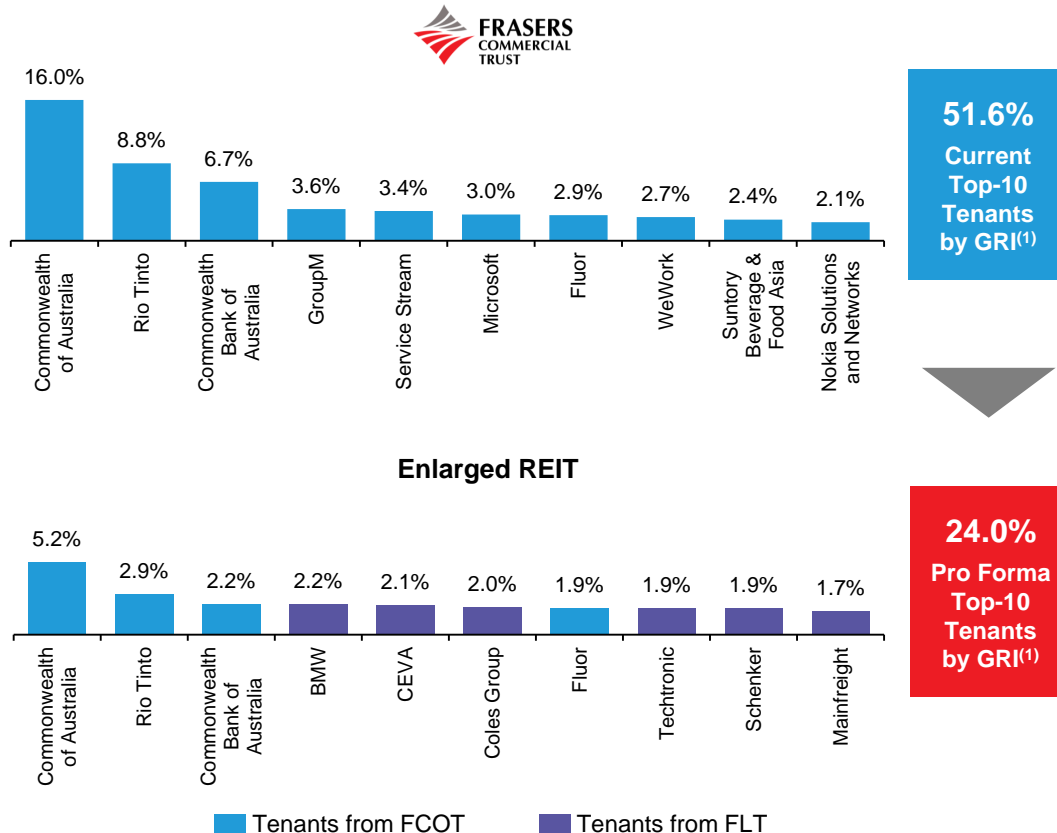
(1) Percentage points ("PP")

(2) Based on GRI as at 30 September 2019 (excluding vacancy, committed leases, lease incentives and retail turnover rents, if any).

4 Enhanced Portfolio Resilience

Reduce tenant income concentration

Top-10 Tenants by GRI⁽¹⁾



Addition of high-quality tenants

Other Selected Key Tenants

Aetna	Berkley Insurance
Bosch	British Telecom
DHL	DSV
Goodyear & Dunlop Tyres	Google Asia Pacific
Heinz	Inchape Motors
JustCo	Mazda
Olympus	Omron
Stanley Black & Decker	Syneos Health
Toll	Toshiba
Unilever	Volkswagen

(1) Based on GRI as at 30 September 2019 (excluding vacancy, committed leases, lease incentives and retail turnover rents, if any).

5 Enhanced Growth Trajectory

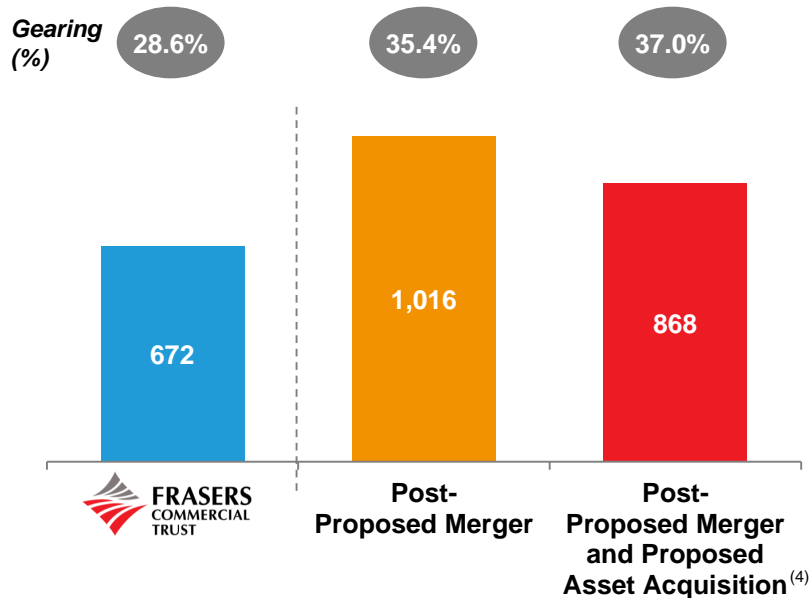
Enlarged capital base provides enhanced flexibility and ability to drive long term growth

✓ Increased Capital Base
Able to undertake larger transactions

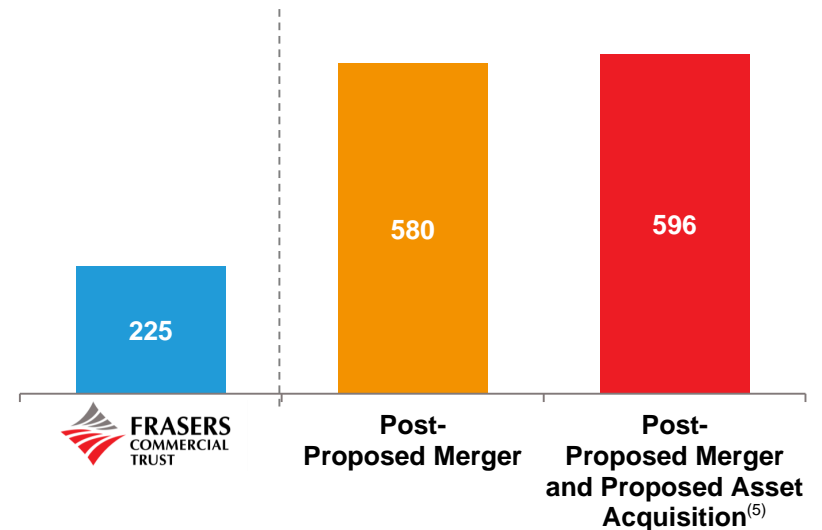
✓ Enhanced Agility
Able to react quicker to potential investments

✓ Increased Flexibility
Able to undertake AEI⁽¹⁾ and development projects on a larger scale

Enlarged Debt Headroom⁽²⁾ (S\$ mil)



AEI and Development Headroom⁽³⁾ (S\$ mil)



Note: As at 30 September 2019

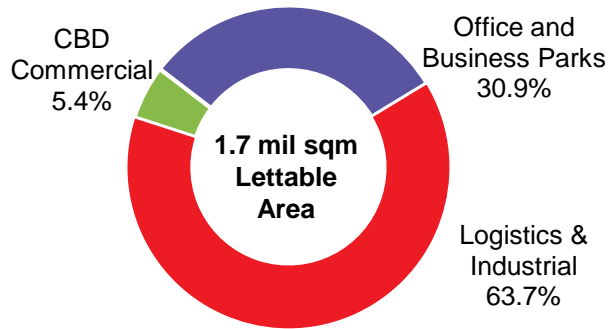
- (1) Asset Enhancement Initiatives ("AEI").
- (2) Prior to reaching the 45.0% aggregate leverage regulatory limit.
- (3) Based on 10% of Deposited Property.
- (4) Assumes the estimated total cost of the Proposed Asset Acquisition (excluding the acquisition fee) is fully funded by debt.
- (5) Based on 100% interest in FBP at Agreed Property Value.

5 Enlarged ROFR Pipeline from Sponsor

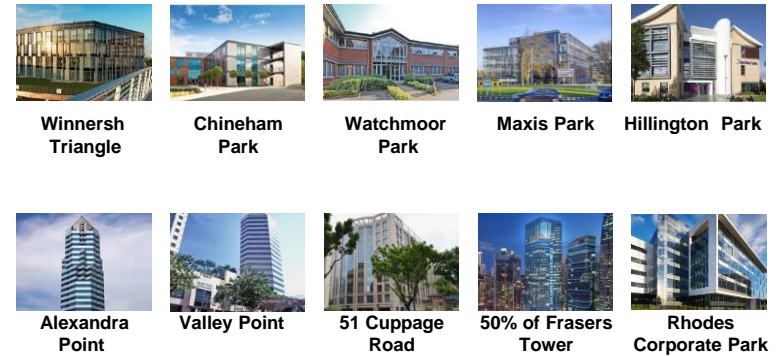
ROFR pipeline in excess of S\$5.0 billion

Ability to leverage on the Sponsor's Integrated Development and Asset Management Capabilities

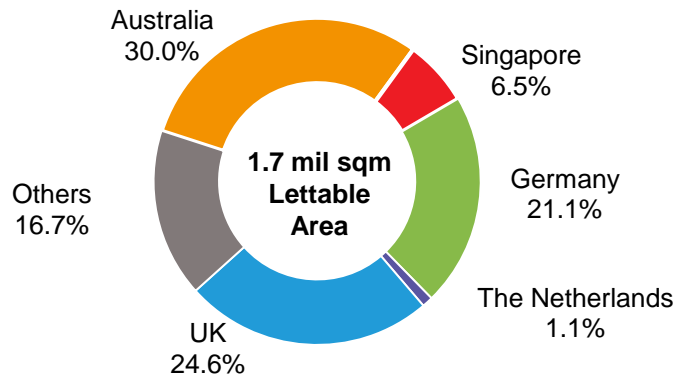
Breakdown by Sector



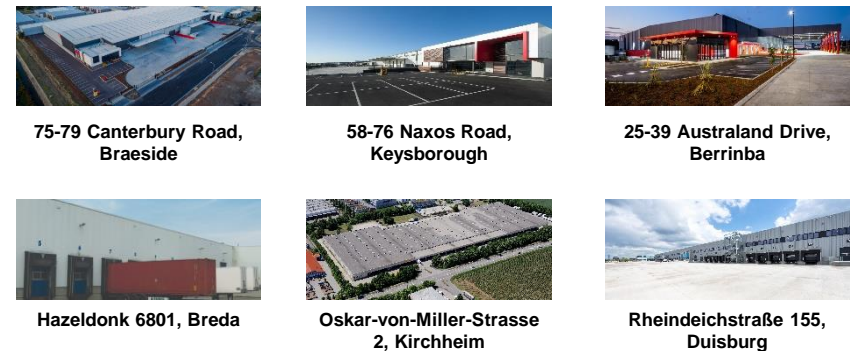
Commercial, Office and Business Parks



Breakdown by Region



Logistics & Industrial



Approvals Required and Indicative Timeline

Section C



Unitholders' Approvals Required

FCOT's Unitholders	Requirements
Proposed Amendments to FCOT's Trust Deed <i>(Extraordinary Resolution)</i>	<ul style="list-style-type: none"> More than 75% of the total number of votes cast⁽¹⁾
Scheme Resolution to approve Trust Scheme	<ul style="list-style-type: none"> More than 50% approval by headcount representing at least 75% in value⁽¹⁾ FLT and persons acting in concert with it will abstain from voting
The Scheme Resolution is conditional on the Extraordinary Resolution.	

FLT's Unitholders	Requirements
Proposed Merger <i>(Ordinary Resolution)</i>	<ul style="list-style-type: none"> More than 50% of the total number of votes cast⁽²⁾ Frasers Property Limited and its associates will abstain from voting
Proposed issuance of the Consideration Units <i>(Ordinary Resolution)</i>	<ul style="list-style-type: none"> More than 50% of the total number of votes cast⁽²⁾ Frasers Property Limited and its associates will abstain from voting
Proposed acquisition of FBP <i>(Ordinary Resolution)</i>	<ul style="list-style-type: none"> More than 50% of the total number of votes cast⁽²⁾ Frasers Property Limited and its associates will abstain from voting
The first two Ordinary Resolutions are inter-conditional. The third Ordinary Resolution is conditional on the first two Ordinary Resolutions.	

(1) Based on the FCOT Units held by FCOT Unitholders present and voting either in person or by proxy at the Trust Scheme Meeting.

(2) Based on the FLT Units held by FLT Unitholders present and voting either in person or by proxy at the FLT EGM.

Indicative Timeline for the Proposed Merger

Key Event	Date
Expected date of first Court Hearing of the application to convene the Scheme Meeting ⁽¹⁾	▪ Jan 2020 / Feb 2020
Expected date of FLT's EGM	▪ Feb 2020 / Mar 2020
Expected date of FCOT's EGM and Trust Scheme Meeting	▪ Feb 2020 / Mar 2020
Expected date of Court Hearing for Court Approval of Scheme ⁽¹⁾	▪ Mar 2020 / April 2020
Expected Effective Date of Scheme	▪ End Mar 2020 / April 2020
Expected payment of Cash Consideration and Consideration Units to FCOT Unitholders	▪ End Mar 2020 / April 2020
Expected delisting of FCOT	▪ End Mar 2020 / April 2020

The above timeline is indicative only and may be subject to change. Please refer to future announcements by FCOT for the exact dates of these events.

(1) The dates of the Court hearings of the application to (a) convene the Trust Scheme Meeting and (b) approve the Trust Scheme will depend on the dates that are allocated by the Court.

Conclusion

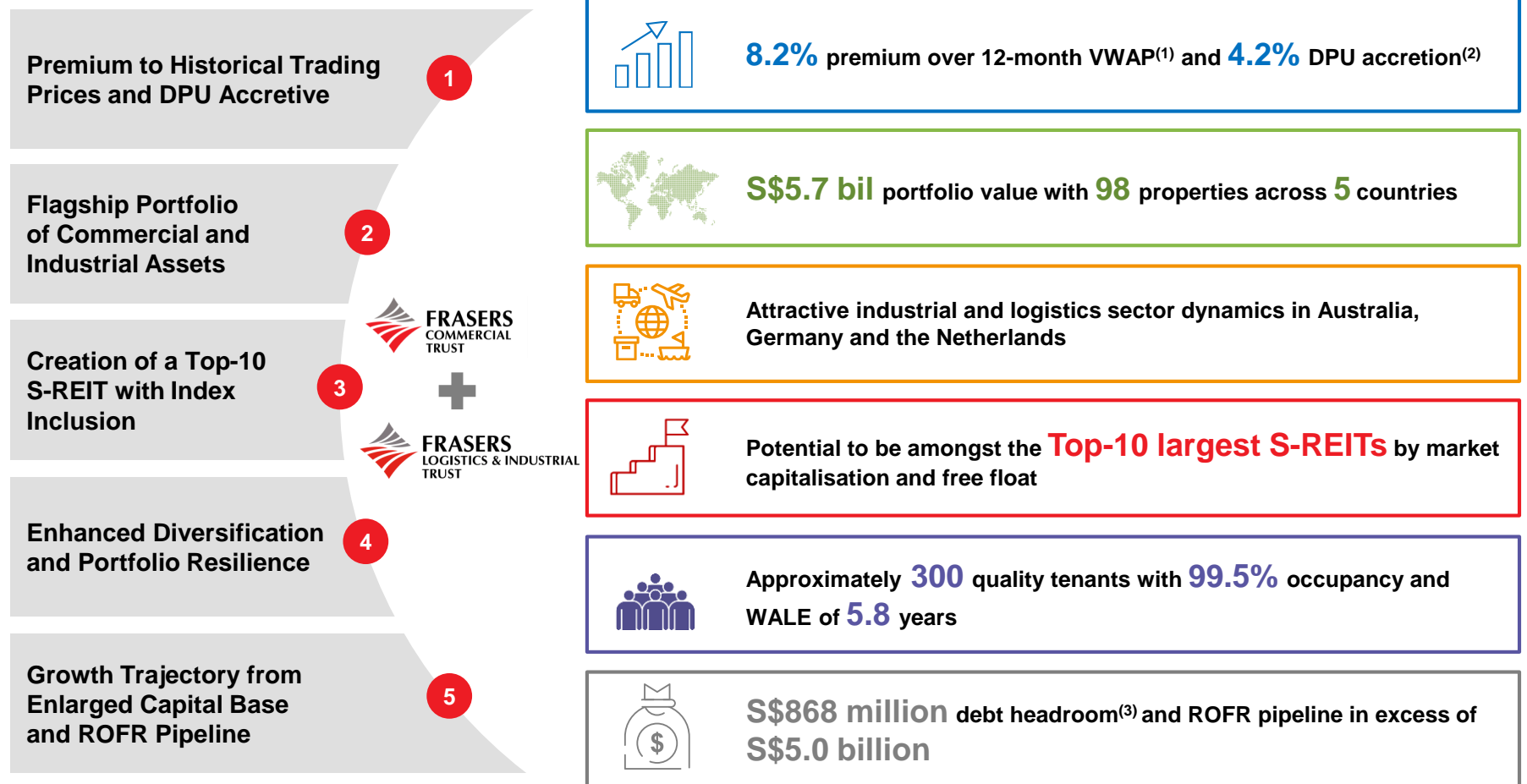


Section D



Nick Scali Facility, New South Wales, Australia

Conclusion – Flagship Portfolio of Commercial and Industrial Assets



(1) Up to and including 27 November 2019.

(2) Pro forma DPU accretion post-Proposed Merger and Proposed Asset Acquisition. Please refer to paragraph 5.1 of the Joint Announcement dated 2 December 2019 for further details.

(3) Prior to reaching the 45.0% aggregate leverage regulatory limit and assuming the Proposed Asset Acquisition (excluding the acquisition fee) was fully funded by debt.

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Farnborough Business Park



Appendix I



Highlights of Farnborough Business Park

46.5 hectares

Freehold land

50,882 sqm

NLA

6.8 years

WALE⁽¹⁾

99.1%

Committed
occupancy rate⁽²⁾

£182.8m

Valuation⁽³⁾

1

Strategic expansion in the attractive Thames Valley business park market

2

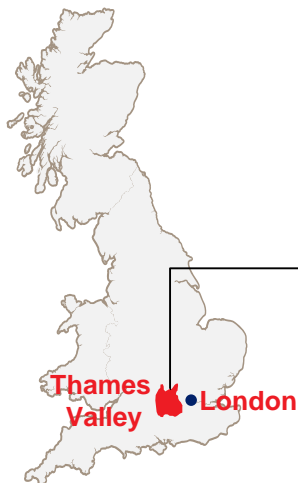
Award winning and high-quality business park

3

DPU-accretive acquisition and consistent with the Enlarged REIT's Investment Strategy

4

Embedded growth potential – additional 18,000 sqm of office space⁽⁴⁾ through developments



High Quality Tenants

Aetna

Audi Dealership

Syneos Health

Redhat

Fluor

BMW Dealership

TI Media

RBS

(1) Based on GRI as at 30 September 2019 (including committed leases and excluding vacancy, lease incentives and retail turnover rents, if any).

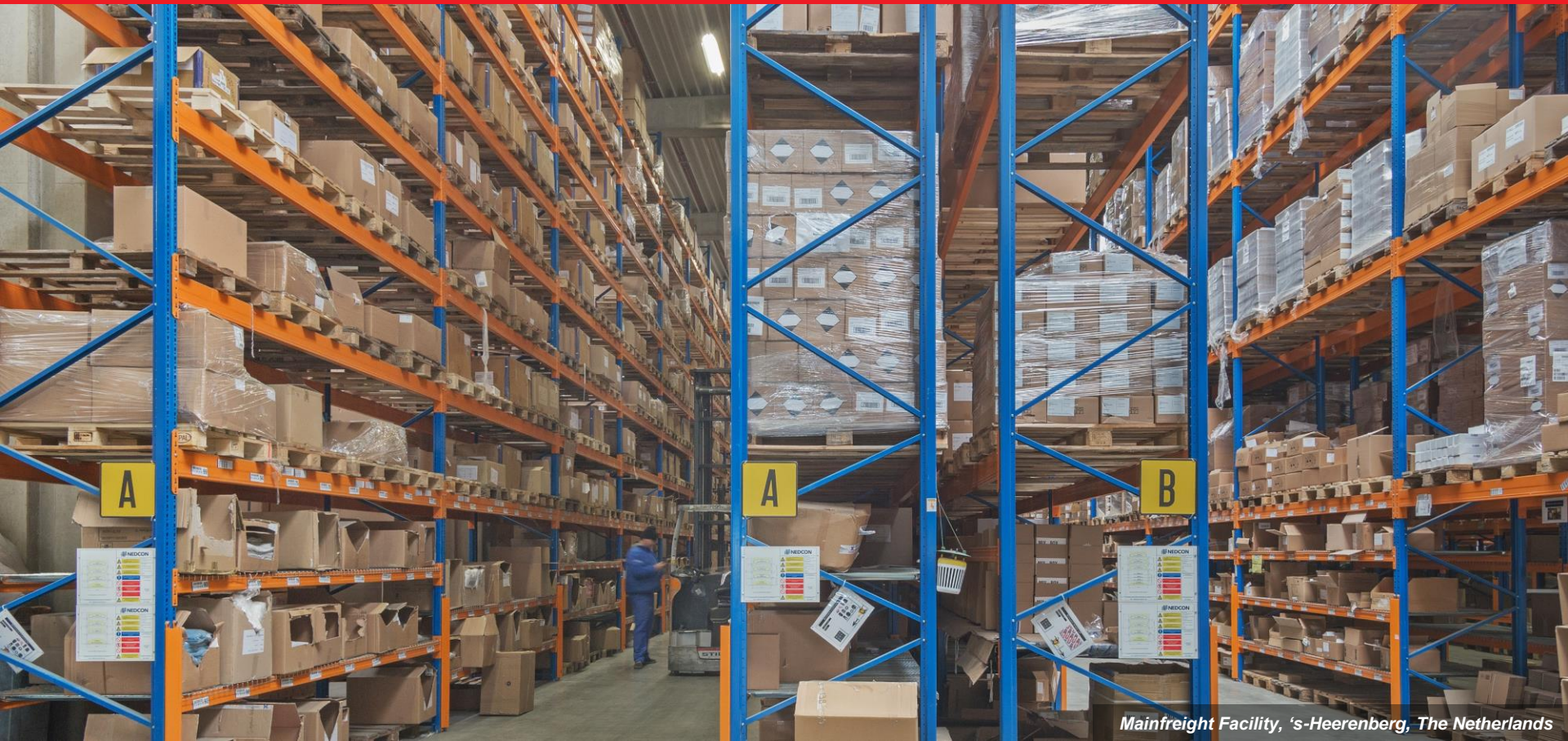
(2) By lettable area as at 30 September 2019, inclusive of a new lease concluded in October 2019.

(3) Being the higher of the two independent valuations conducted by the Independent Valuers, as at 30 November 2019.

(4) Based on planning permission.

Australia, Germany and the Netherlands Industrial and Logistics Markets

Appendix II

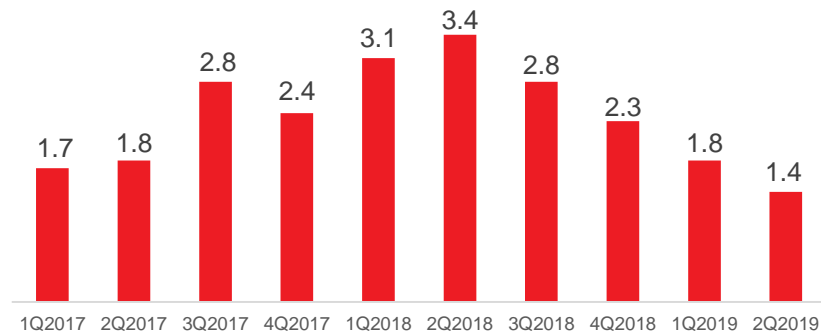


Australia – Economic Snapshot

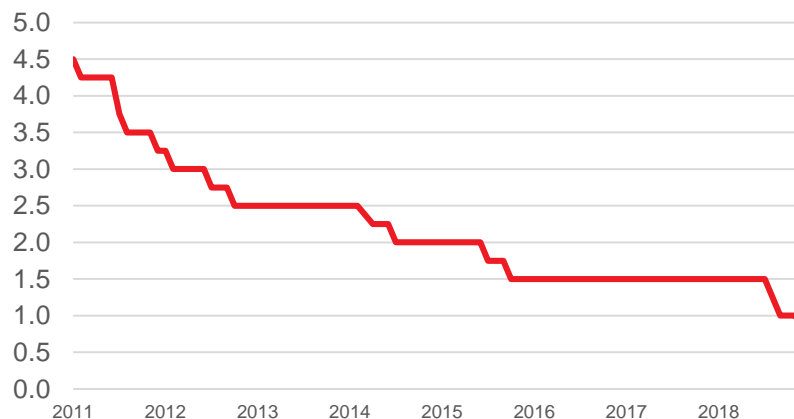
Key Economic Indicators

- ◆ **GDP Growth:** 1.4% for the 12-month period to June 2019, largely due to subdued consumption growth, reduced residential home construction and concerns regarding the US-China trade tensions. However, the growth will continue to be supported by the low level of interest rates, recent tax cuts, and ongoing spending on infrastructure
- ◆ **Low Unemployment rate:** 5.2% in September 2019 with the annual wage growth of 2.3%
- ◆ **Australian Dollar:** The Australian dollar is at its lowest level of recent times, possibly arising from lower interest rates, continued financial market volatility and global trade tensions
- ◆ **Official Interest Rates:** Cash rate has been lowered by 25 basis points to 0.75% in October. This easing of monetary policy is expected to support employment and income growth
- ◆ **Australian government 10-year bond yield:** 0.89% as of 10 October 2019

GDP Annual Growth Rates (%)



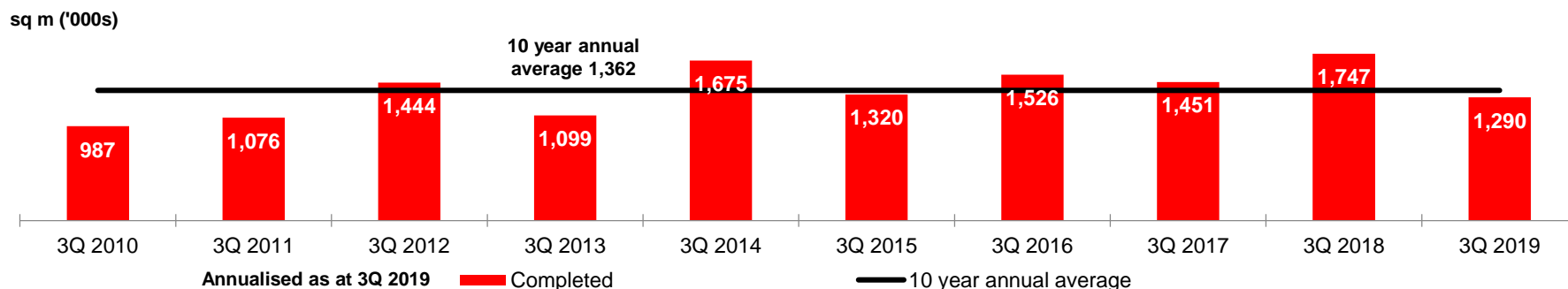
Official Cash Rate (%)



Australian Industrial Market

- ◆ **National take-up levels** is at parity with the 10-year average with approximately 2.3 million sq m of industrial space being leased over the 12 months to 30 September 2019. Supported by strong economic fundamentals and rental affordability, Melbourne has emerged as the leading market for industrial leasing activity. Melbourne accounts for approximately 36% of total Australian take-up over the past 12 months
- ◆ **New industrial supply** is slightly below the long-term average with approximately 1.3 million sq m of new stock being completed over the 12-month period to 30 September 2019. Sydney continues to be the leading development market, accounting for 48% of new completions
- ◆ As national take-up levels continue to exceed new completions, **vacancy levels** remain near 5 year lows across the three eastern seaboard cities of Sydney, Melbourne and Brisbane
- ◆ A shortage of developable land and the expansion of development activity have continued to place upward pressure on **land values**
- ◆ **Investor demand** for industrial space has continued with further yield compression compared to the second quarter of 2019 (“2Q19”). It is expected that yields will begin to stabilise over the next 12 months as the investment cycle approaches its peak

Australian Total Industrial Supply

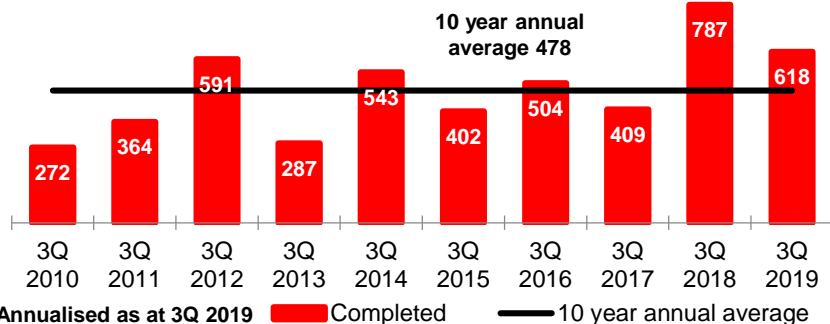


Sydney Industrial Market

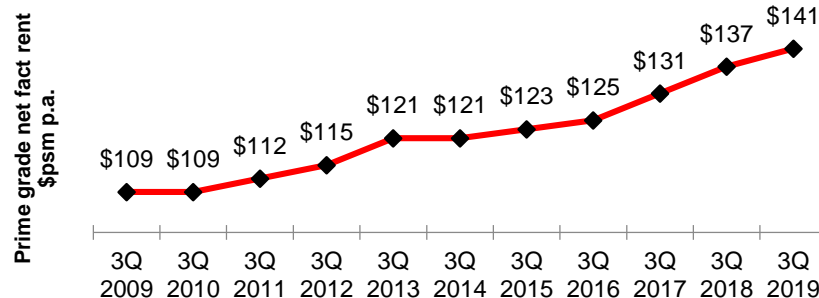
- ◆ **Supply:** Development activity in Sydney has exceeded the long-term average by 29% with approximately 618,000 sq m new stock being added to the market over the last 12 months. New construction continues to be concentrated in the Outer Central Western precincts. Developers continue to develop new stock on a speculative basis which reflects their continued confidence in fundamentals of the Sydney industrial market.
- ◆ **Demand:** Demand remains strong with 631,370 sq m of industrial space leased in the 12 months to 30 September 2019. Take-up levels continue to outpace new completions. The largest lease deal of the quarter was Dicker Data who secured a 29,000 sq m pre-lease of a warehouse in Kernell which is expected to be completed in 2021.
- ◆ **Rents:** The strong recent demand has translated to an average y-o-y rental growth of 2.4% across all precincts. The Outer Central West continues to be one of the strongest performing precincts showing an annual increase of 3.4% with current prime rents sitting at A\$123/sq m. Incentives in Sydney continue to remain relatively low compared to Melbourne and Brisbane.
- ◆ **Vacancy:** As at October 2019 the level of available industrial space currently sits at approximately 412,000 sq m and remains near historic 5-year lows. However, Sydney Industrial vacancy is expected to increase over the next 12 months as new speculative stock begins to hit the market

Sydney Industrial Total Supply

SQ M ('000s)



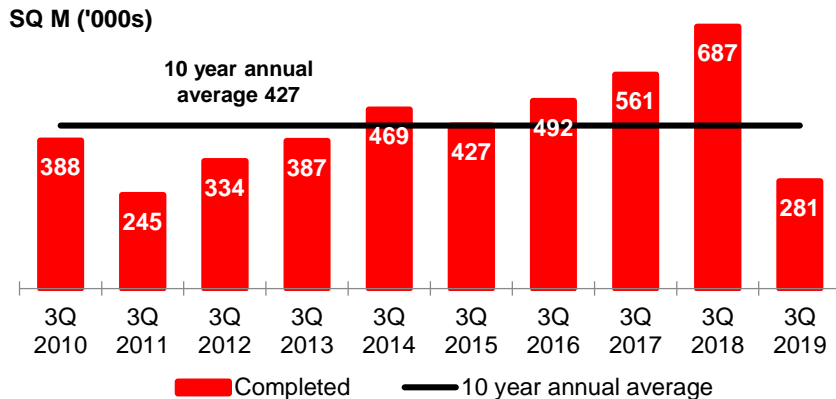
Sydney Industrial Prime Grade Net Face Rents



Melbourne Industrial Market

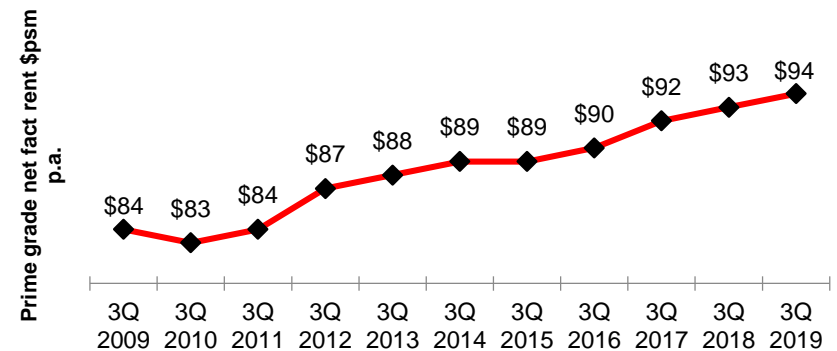
- ◆ **Supply:** Supply levels in Melbourne are below the long-term average with only 280,000 sq m completed during the 12 months to September 2019. However, the Melbourne market has a large supply pipeline of an estimated 673,400 sq m of new stock expected to be completed in the next 12 months
- ◆ **Demand:** Take-up levels remain above the long term average with 179,700 sq m of space leased in 3Q19. In the 12 months to 30 September 2019 approximately 820,000 sq m of industrial space was taken up which is 27% higher than the 10-year average. This continued strength reflects the overall strength of the Victorian economy and competitive pricing, including incentives, to attract occupiers. Demand continues to be driven by eCommerce and retail trades.
- ◆ **Rents:** Prime face rents have recorded a steady y-o-y growth of 1.3% across all precincts (except for City Fringe, which was stable). Incentives have been at elevated levels as landlords compete against developers to attract tenants to backfill space
- ◆ **Vacancy:** According to Knight Frank, vacancy in Melbourne remains near historic 5 year lows

Melbourne Industrial Total Supply



Annualised as at 3Q 2019

Melbourne Industrial Prime Grade Net Face Rents

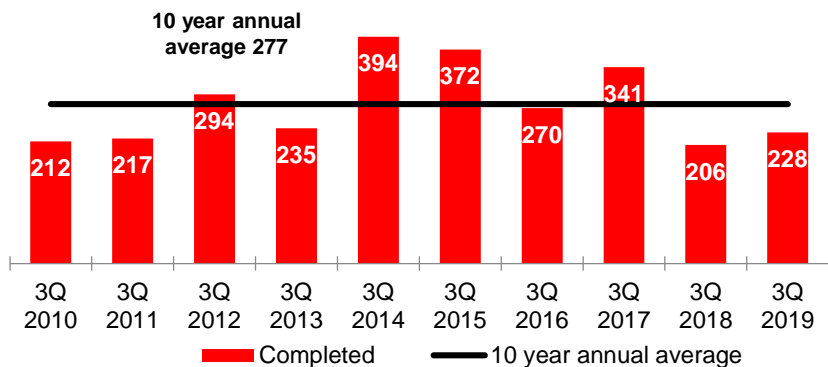


Brisbane Industrial Market

- ◆ **Supply:** Development in Brisbane remains below the long term average with only 39,726 sq m completed in 3Q19. There has been a total of 228,100 sq m of new stock added to the market in the last 12 months, dominated by the Southern and Trade Coast precincts
- ◆ **Demand:** Net absorption of industrial space continues to improve with annual take-up totalling 477,379 sq m (4% above the long term average). The largest lease deal over the quarter was a 65,000 sq m prelease to Coles at Redbank.
- ◆ **Rents:** The Brisbane industrial market is recovering with prime rents returning to pre-2017 levels. The falling vacancy and increasing land values have begun to translate into a steady rental growth of 2.4% across all precincts over the past 12 months to September 2019
- ◆ **Vacancy:** The improved occupier demand together with below average new supply being added to the market has resulted in the lowest vacancy in 5 years

Brisbane Industrial Total Supply

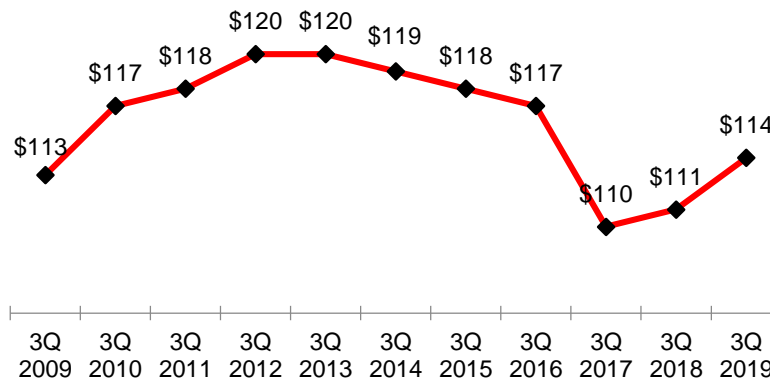
SQ M ('000s)



Annualised as at 3Q 2019

Brisbane Industrial Prime Grade Net Face Rents

Prime grade net fact rent \$psm p.a.



Economic Snapshot – Europe

Germany

- ◆ The German economy registered 0.4% year-on-year GDP growth in 2Q2019, with positive contributions driven by domestic consumption demand
- ◆ The unemployment rate on a seasonally adjusted basis held low at 3.1% in August 2019, which provides support even as ongoing US-China trade tensions and Brexit continue impact on economic growth

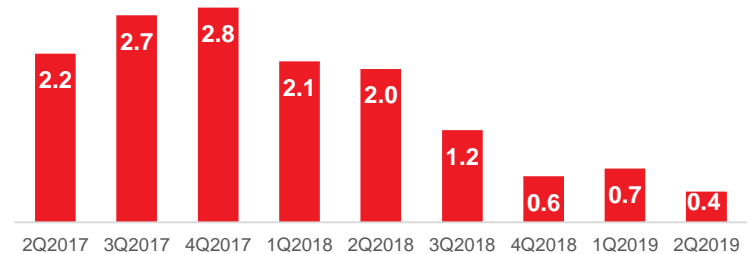
The Netherlands

- ◆ The Dutch economy grew 1.8% in 2Q2019, underpinned by increased investments in fixed assets, household consumption and balance of trade
- ◆ The unemployment rate in the Netherlands on a seasonally adjusted basis remains low at 3.5% in September 2019, from 3.7% a year ago

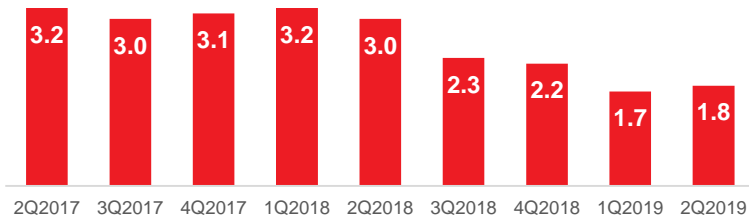
EURIBOR

- ◆ EURIBOR remained in the negative range as at 30 Sep 2019

German GDP Annual Growth Rates (%)

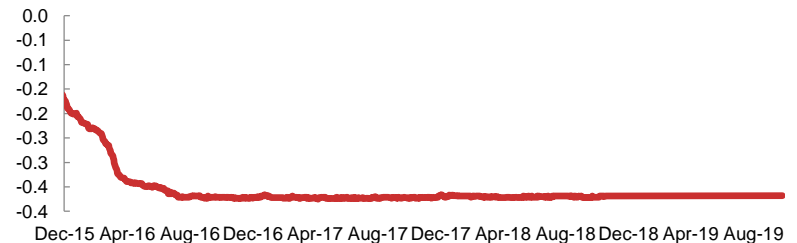


Dutch GDP Annual Growth Rates (%)



(%)

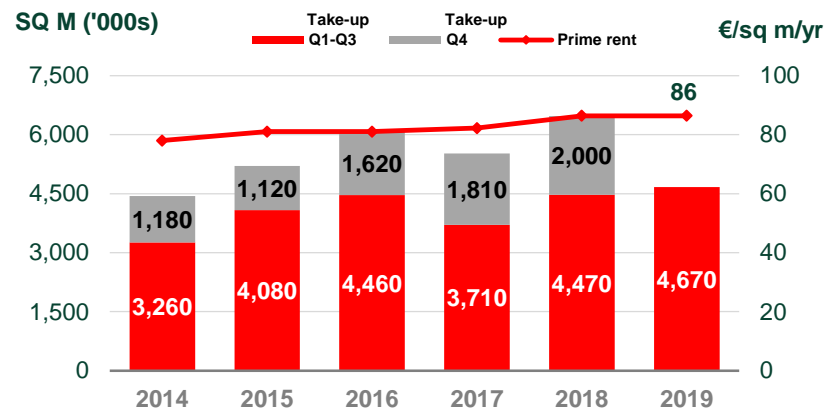
EURIBOR



Industrial Markets Overview Germany and The Netherlands

Germany

Take-up and Prime Rent (for warehouse >5,000 sq m)

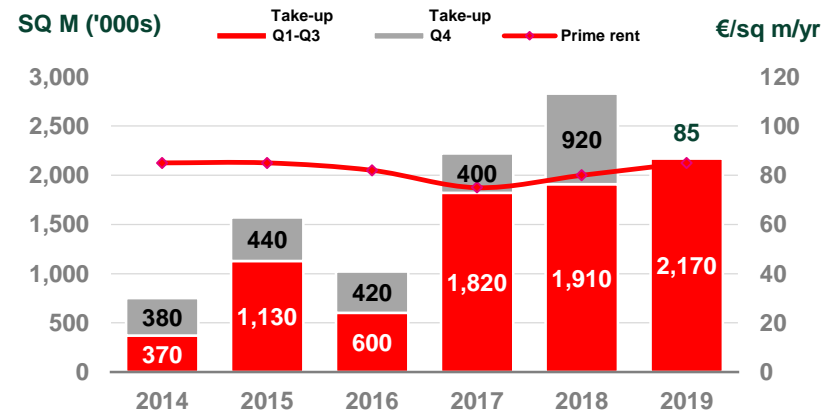


Take-up: +4% (Jan – Sep 2019 vs Jan – Sep 2018)

- ◆ Take-up in Germany remained high albeit lower in some of the main hubs due to a lack of modern space
- ◆ Overall, the market remained dynamic as many companies have been shifting to smaller locations outside the traditional hubs, where there is still sufficient supply
- ◆ The prime rent in Berlin recorded the highest value in Germany stabilising at €86/sq m/year
- ◆ The logistics investment market is stabilising; logistics products remain scarce in the major hubs
- ◆ Yields remain at 3.8% in the major logistics hubs, which is the lowest yield recorded in Europe

The Netherlands

Take-up and Prime Rent (for warehouse >5,000 sq m)



Take-up: +14% (Jan - Sep 2019 vs Jan - Sep 2018)

- ◆ Business confidence has been boosted by domestic demand and industrial output over the past two years
- ◆ All of the major occupier markets have recorded healthy transaction volumes
- ◆ Prime rents in Venlo increased to €50
- ◆ Industrial and logistics investment accounted for 26% of total commercial real estate investment over the past 12 months in the Netherlands
- ◆ Prime yields remain stable at 4.4% in the market of Venlo

**Experience
matters.**

