

# Investor Presentation

7 March 2022



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# Glossary

## **Frasers Property entities**

FLCT: Frasers Logistics & Commercial Trust

FCOT: Frasers Commercial Trust

FPL or the Sponsor: Frasers Property Limited

The Group: Frasers Property Limited, together with its subsidiaries

## **Other key acronyms**

AL: Aggregate Leverage

BCA: Building and Construction Authority

bps: basis points

CBD: Central Business District

COVID-19: Coronavirus disease 2019

CPI: Consumer Price Index

DPU: Distribution per Unit

EURIBOR: Euro Interbank Offered Rate

ESG: Environmental, Social, and Governance

FP: Financial Period

FY: Financial Year

GDP: Gross Domestic Product

GRESB: Global Real Estate Sustainability Benchmark

GRI: Gross Rental Income

IPO: Initial Public Offering

L&I: Logistics & Industrial

MNC: Multinational Corporation

psf: per square foot

p.p.: percentage points

q-o-q: quarter-on-quarter

REIT: Real estate investment trust

S&P: S&P Global Ratings

SGX-ST: Singapore Exchange Securities Trading Limited

sq ft: Square feet

sqm: Square metres

UK: the United Kingdom

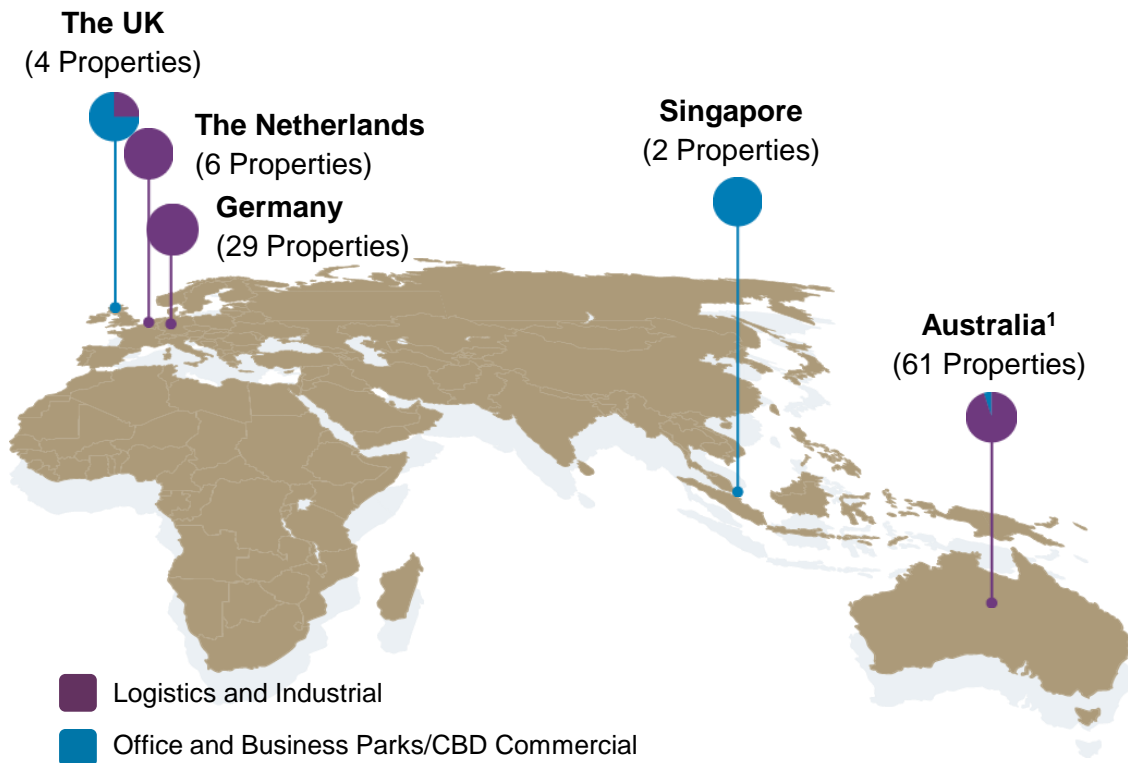
WALE: Weighted average lease expiry

WALB: Weighted average lease to break

y-o-y: Year-on-year

# FLCT: Flagship Logistics and Commercial Portfolio

Real Estate Investment Trust (REIT) with an established foothold in five developed countries



Properties  
102

Portfolio Value<sup>(2)</sup>  
S\$7.3 billion

Lettable Area  
2.6m sqm

Occupancy Rate<sup>(3)</sup>  
95.9%

WALE<sup>(3)</sup>  
4.7 years

**High ESG Standards**

- Net zero carbon commitment
- 5-Star GRESB rated portfolio

Note: S\$ values, unless otherwise stated, are based on an exchange rate of A\$1: S\$0.98, €1: S\$1.5343 and £1: S\$1.8248 as at 31 December 2021. For the avoidance of doubt, and unless otherwise stated, all portfolio metrics presented excludes the Port Melbourne property and includes Cross Street Exchange.

1. Includes a 50% effective interest in Central Park, Perth, Australia. 2. As at 31 December 2021. Excludes right-of-use assets. 3. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases.

We are Frasers Property

# Track Record in Value Creation

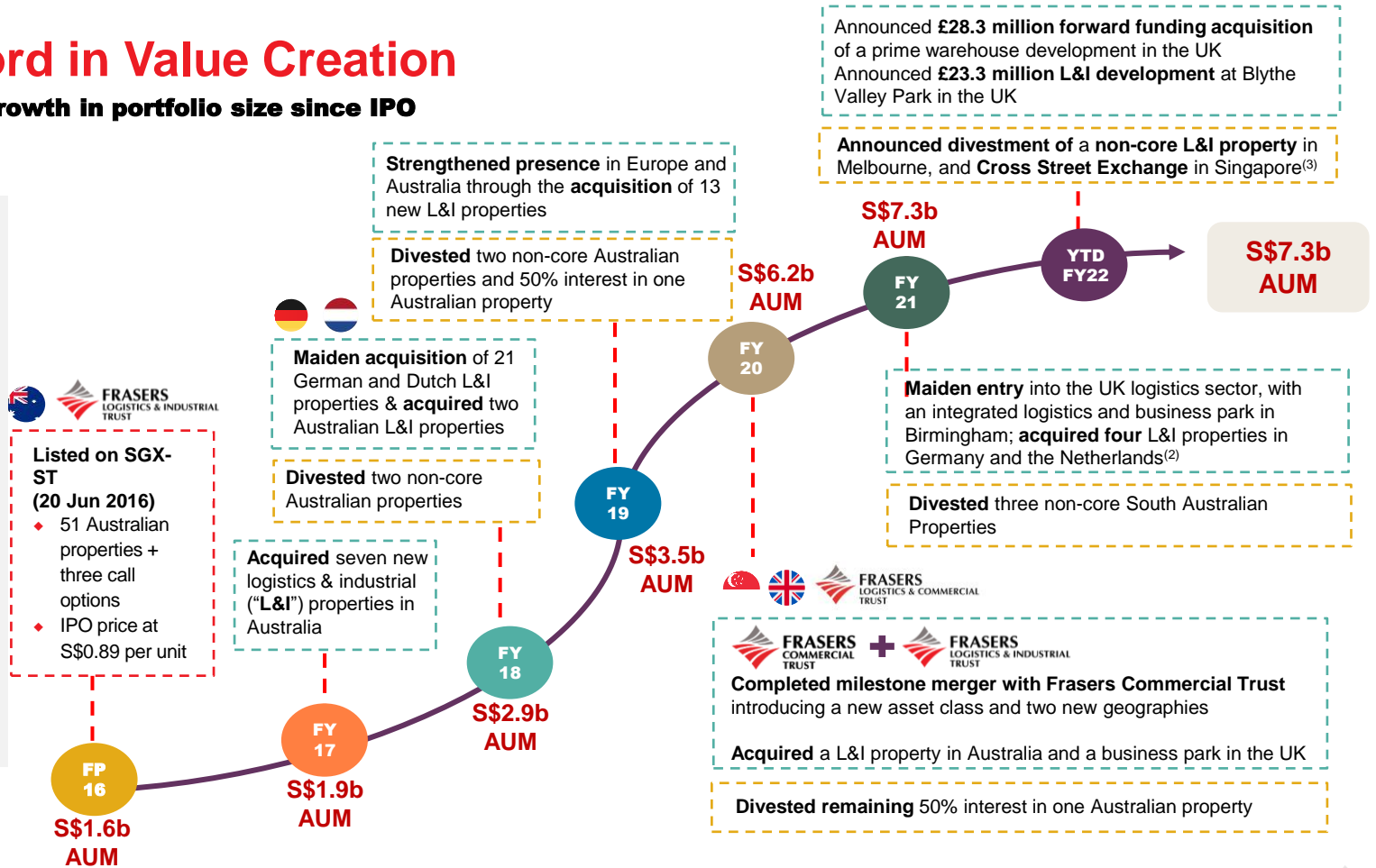
Over fourfold net growth in portfolio size since IPO



**Proven track record in executing value-accretive acquisitions:**  
Over **S\$5.0 billion<sup>(1)</sup>** of accretive acquisitions since IPO in June 2016



**Active portfolio rebalancing:**  
Over **S\$500 million** in strategic divestments, all at premiums to book value



1. Excludes three IPO call option properties. Includes the FCOT portfolio's book value of approximately S\$2.5 billion and based on 100% interest in Farnborough Business Park. 2. Please refer to the announcements dated 24 May 2021 and 4 June 2021 for details. 3. Please refer to the announcements dated 2 December 2021 and 25 January 2022 for details.

# Portfolio Overview – Logistics & Industrial

Prime and modern properties in Australia, Germany, the Netherlands and the UK

## Attractive assets with strong fundamentals



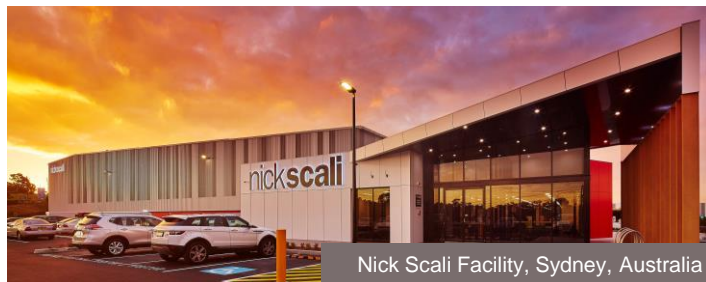
**Modern assets located in prime locations** with strong occupational dynamics and transport links



**100% occupancy rates** with a long WALE



**Built-in rental increments** ensures stability of income growth



As at 31 December 2021	Australia	Germany	The Netherlands	UK	Total
<b>No. of Properties</b>	58	29	6	1	<b>94</b>
<b>Portfolio Value</b>	S\$2,418.1 m	S\$1,575.6 m	S\$331.6 m	S\$77.8 m	<b>S\$4,403.1 m</b>
<b>Lettable Area</b>	1,289,397 sqm	709,995 sqm	233,873 sqm	19,534 sqm	<b>2,252,799 sqm</b>
<b>Average Age by Value</b>	9.2 years	7.8 years	13.2 years	3.0 years	<b>8.9 years</b>
<b>WALE<sup>(1)</sup></b>	4.4 years	6.7 years	7.9 years	9.6 years	<b>5.4 years</b>
<b>WALB<sup>(1)</sup></b>	4.3 years	6.6 years	7.9 years	8.7 years	<b>5.3 years</b>
<b>Occupancy Rate<sup>(1)</sup></b>	100.0%	100.0%	100.0%	100.0%	<b>100.0%</b>
<b>Average Annual Rental Increment</b>	3.1%	Fixed/CPI-linked <sup>(2)</sup>	CPI-linked	CPI-linked	<b>N.M.</b>
<b>Proportion of Freehold Assets</b>	73.2%	94.9%	100.0%	100.0%	<b>83.5%</b>

1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases. 2. 96.5% of the leases have either CPI-linked indexation or fixed escalations.

# Portfolio Overview – Office & Business Parks

High-quality properties in attractive locations

## Well-located office & business parks



Modern office & business parks in attractive decentralised business locations



Strong connectivity to city centres and/or major transportation routes



Resilient metrics with healthy occupancy levels and a stable WALE



Farnborough Business Park, the UK

As at 31 December 2021	Caroline Chisholm Centre	Alexandra Technopark	Farnborough Business Park	Maxis Business Park	Blythe Valley Park	Total
Country	Canberra, Australia	Singapore	United Kingdom	United Kingdom	United Kingdom	-
Ownership	100.0%	100.0%	100.0%	100.0%	100.0%	-
Property Value (\$ m)	242.5	656.8	314.7	121.3	236.2	1,571.5
Lettable Area (sqm)	40,244	96,087	51,005	17,859	41,646	246,841
WALE <sup>(1)</sup>	3.5 years	2.5 years	4.9 years	5.2 years	7.0 years	4.05 years
WALB <sup>(1)</sup>	3.5 years	2.2 years	3.4 years	2.4 years	4.6 years	3.06 years
Occupancy Rate	100.0%	94.8%	87.2%	100.0%	87.8% <sup>(2)</sup>	93.4%

1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases. 2. Rental guarantees are provided over certain vacant spaces.

# Portfolio Overview – CBD Commercial

## High-quality commercial assets in prime locations

### Stable and resilient properties



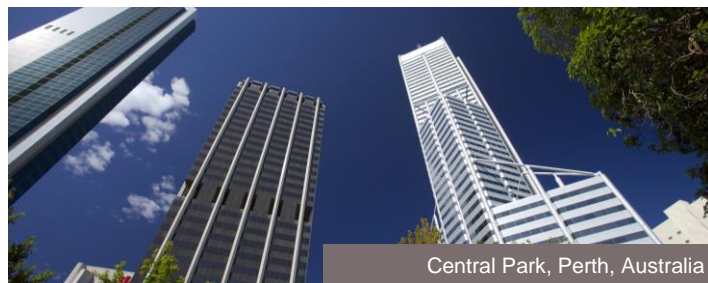
**High-quality CBD commercial properties** sited in major developed markets



**Strategically-located assets** that have continued to retain and attract established tenants



Continue to **operate at relatively high occupancy levels** amid the pandemic



Central Park, Perth, Australia

As at 31 December 2021	Cross Street Exchange	357 Collins Street	Central Park	Total
<b>Country</b>	Singapore	Melbourne, Australia	Perth, Australia	-
<b>Ownership</b>	100.0%	100.0%	50.0%	-
<b>Property Value (\$ m)</b>	632.0	316.7	330.5 <sup>(1)</sup>	1,279.2
<b>Lettable Area (sqm)</b>	36,497	31,962	66,031	134,490
<b>WALE<sup>(2)</sup></b>	2.5 years	1.7 years	5.9 years	3.4 years
<b>WALB<sup>(2)</sup></b>	2.5 years	1.7 years	5.9 years	3.3 years
<b>Occupancy Rate<sup>(2)</sup></b>	83.6%	95.8%	84.7%	87.3%








1. Based on 50% interest in the property. 2. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases.



# Prudent Capital Management

Well-spread debt maturity profile with weighted average debt tenor of 3.1 years

## Key Credit Metrics

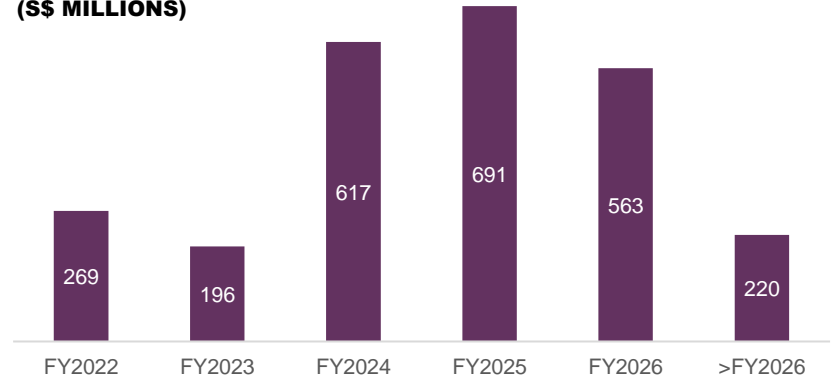
	As at 31 Dec 2021	Change from 30 Sep 2021
 Aggregate Leverage ("AL")	34.3%	▲ 0.6 p.p.
 Cost of Borrowings	1.6% <sup>(1)</sup>	-
 Average Weighted Debt Maturity	3.1 years	▼ 0.3 years
 % of Borrowings at Fixed Rates	71.6%	▼ 1.2 p.p.
 Interest Coverage Ratio	8.4x <sup>(2)</sup>	-
 Debt Headroom (to 50% AL) <sup>(3)</sup>	S\$2,320 m	▼ S\$139 m
 Credit Rating (S&P)	BBB+ / Stable	-

## Well-spread Debt Maturity Profile

- Management has commenced refinancing discussions on the loans due in FY2022 and is confident of refinancing them

Total Gross Borrowings: S\$2,556 million

## DEBT MATURITY PROFILE (\$ MILLIONS)



1. Based on trailing 12 months borrowing cost. 2. As defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore on 16 April 2020 and clarified on 29 May 2020 and 28 December 2021. Computed as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months borrowing costs. Borrowing costs exclude interest expense on lease liabilities (effective from 28 December 2021). 3. On the basis of an aggregate leverage limit of 50.0% pursuant to the Property Funds Appendix.



## Portfolio Highlights

*Blyth Valley Park, the UK*

# Operational Highlights – 1QFY22

## Healthy Leasing Momentum and Proactive Portfolio Rebalancing



Leasing Update

### Healthy Leasing Momentum

- **69,274 sqm of leasing** across the logistics & industrial portfolio
- **Maintained 100.0% occupancy for the L&I portfolio**, with only 2.2%<sup>(1)</sup> expiring in rest of FY2022
- **Stable 91.0% occupancy for the commercial portfolio**, with only 2.6%<sup>(1)</sup> expiring in rest of FY2022



Acquisitions & Developments

### Continued Value Creation

- 30 Nov 2021: Announced forward funding acquisition of a prime warehouse development in the UK, with a **committed lease term of 15 years for a total consideration on a completed basis of £28.3 million**. Completion expected in 1QFY23
- Commencing development of 'Connexion II' at Blythe Valley Park in the UK: **£23.3 million ~10,800 sqm L&I development** comprising three standalone units. Completion expected in 4QFY22



Selective Divestments

### Unlocking Value

- 2 Dec 2021: Announced **divestment of a leasehold property in Port Melbourne for A\$42.5 million** (significant premium to book value of A\$21.0 million<sup>(2)</sup>)
- 25 Jan 2022: Announced **divestment of Cross Street Exchange in Singapore for S\$810.8 million** (28.3% premium to book value of S\$632.0 million<sup>(2)</sup>)

1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases. 2. Book value as at 30 September 2021.

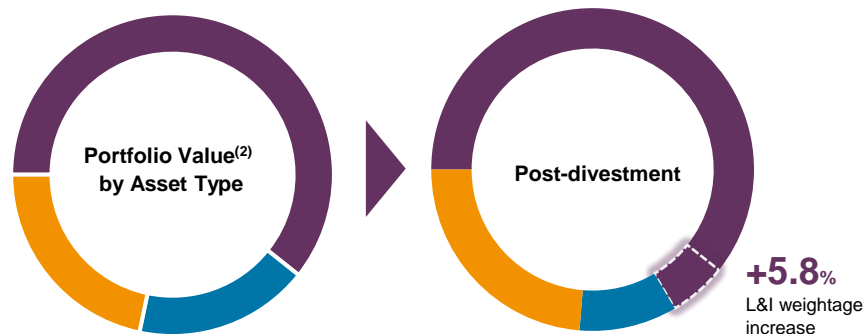
# Active Portfolio Rebalancing

## Subsequent Event on 25 January 2022: Announced divestment of Cross Street Exchange in Singapore

### Divestment of a non-core leasehold CBD Commercial Property

- Announced S\$810.8 million divestment of a non-core CBD commercial property at a 28.3% premium to the book value of S\$632.0 million<sup>(1)</sup>
- Divestment will enhance FLCT's portfolio metrics and lower its aggregate leverage

	As at 31 Dec 21	Post- divestment
Logistics & Industrial	60.7%	66.5%
Office & Business Parks	21.7%	23.7%
CBD Commercial	17.6%	9.8%



96.9%

Occupancy Rate<sup>(3)(4)</sup>

▲ 1.0 p.p.



4.8 years

WALE<sup>(4)</sup>

▲ 0.1 years



75.4%

Proportion of freehold<sup>(2)</sup>

▲ 6.6 p.p.



29.8%

Aggregate Leverage<sup>(5)</sup>

▼ 4.4 p.p.

Key  
Metrics

Post divestment

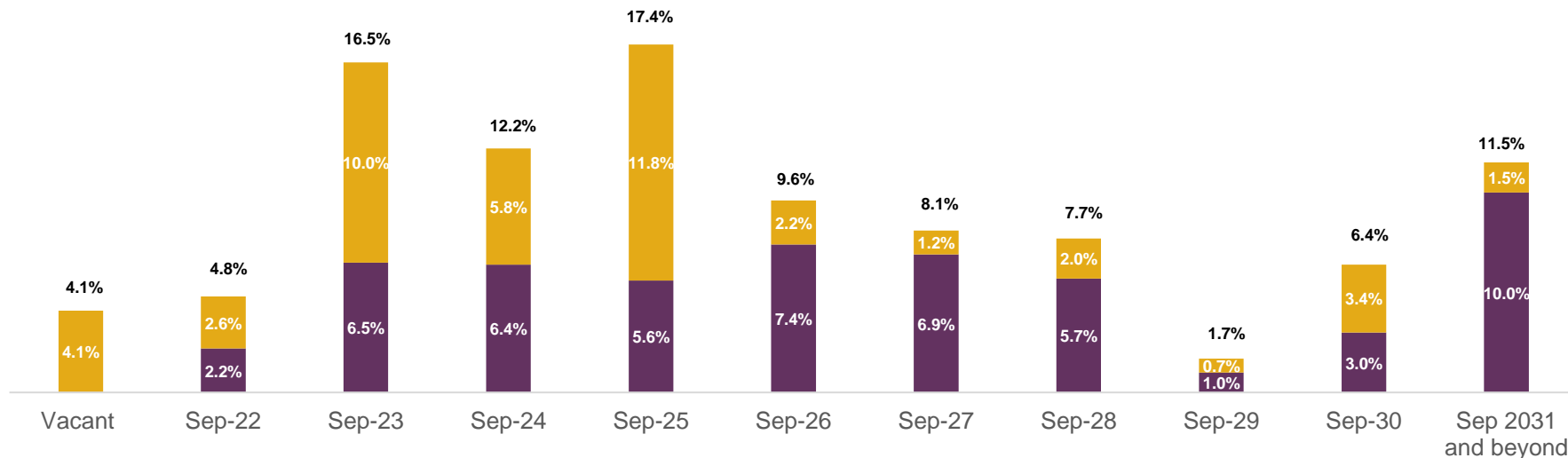
1. Book value as at 30 September 2021. 2. Book value as at 31 December 2021. Excludes right-of-use assets. 3. Committed occupancy as at 31 December 2021. 4. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases. 5. Assumes S\$395.2 million (or 49.2% of the Divestment Net Proceeds as defined in the announcement on the Divestment of Cross Street Exchange on 25 January 2022) are used to repay outstanding borrowings.

# Well-Spread Out Lease Expiry Profile

## Portfolio Lease Expiry Profile as at 31 December 2021<sup>(1)</sup>

- No more than 17.4% of GRI expiring in any single year, translating into reduced concentration risk
- 6 industrial and 38 commercial leases for renewal in the rest of FY2022, translating into GRI of 4.8%

■ Logistics & Industrial  
■ Commercial



1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases.

# Strength In High-Quality Tenant Base

## Top-10 portfolio tenants



**23.6%**

GRI contribution from Top-10 tenants



**4.6 years**

Average WALE for Top-10 tenants

- **High-quality tenant base** with majority of portfolio tenants comprising Government or related entities, MNCs, conglomerates and listed companies
- **Well-diversified tenant base** with no single tenant accounting for more than 4.8% of portfolio GRI<sup>(1)</sup>



Caroline Chisholm Centre, Canberra, Australia

No.	Top-10 Portfolio Tenants <sup>(1)</sup>	Country	% of GRI	WALE (Years)
1.	Commonwealth of Australia	Australia	4.8%	3.5
2.	Google Asia Pacific	Singapore	3.7%	3.0
3.	Hermes Germany GmbH	Germany	2.5%	10.7
4.	Rio Tinto Shared Services	Australia	2.3%	8.5
5.	Commonwealth Bank of Australia	Australia	1.9%	1.0
6.	CEVA Logistics (Australia)	Australia	1.9%	3.7
7.	BMW	Germany	1.7%	6.3
8.	Techtronic Industries	Australia	1.7%	1.8
9.	Schenker	Australia	1.7%	2.9
10.	Mainfreight	Germany	1.4%	4.2

1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases.

# Diversified Tenant Base With Lower Concentration Risk

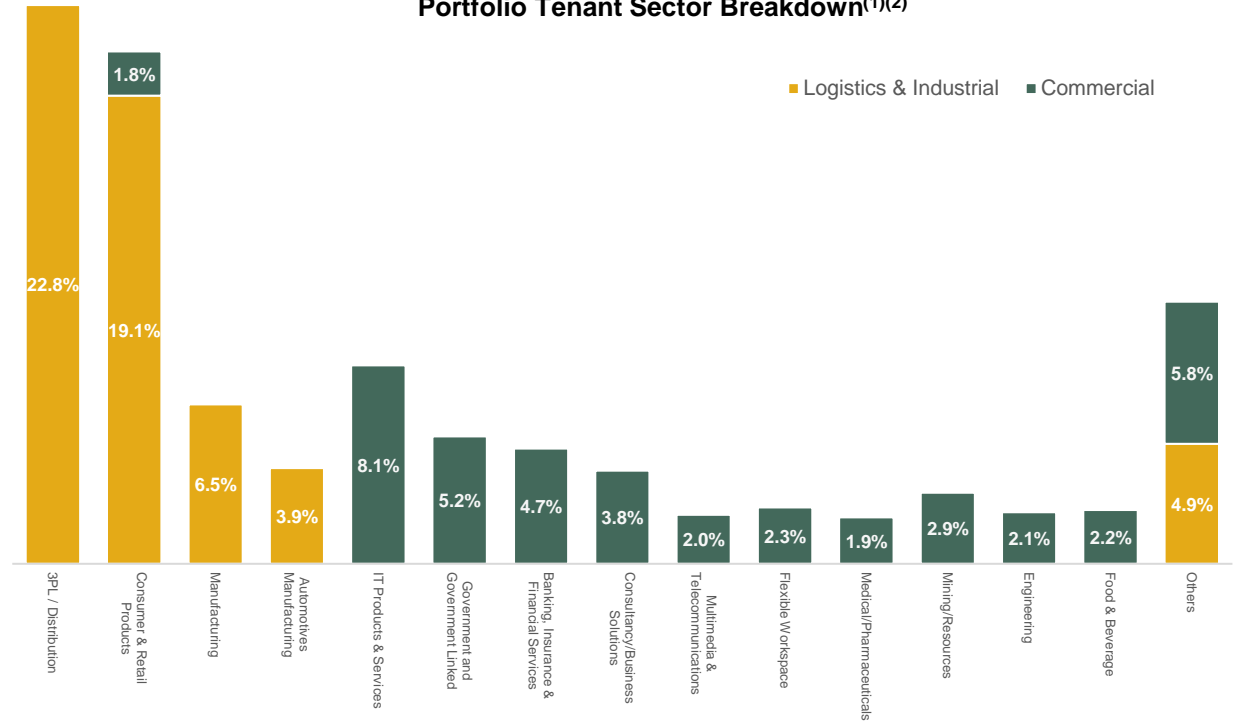


**54.7%**  
of GRI contribution from L&I tenants



**~82.1%**  
of the enlarged portfolio enjoys exposure to tenants in **government-linked; core and resilient industries; and attractive New Economy<sup>(3)</sup> sectors**

Portfolio Tenant Sector Breakdown<sup>(1)(2)</sup>



1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases. 2. Exclude vacancies. 3. "New Economy" sectors refer to high-growth industries with a high adoption of technology and innovation in operations, such as third-party logistics; e-commerce (consumer and enterprise); Information Technology and services amongst others.

# Environmental, Social And Corporate Governance Highlights

## Continuing commitment to high ESG standards

### Commitment to High ESG Standards



**Target  
Net Zero Carbon  
status by 2030**




**In-place  
Sustainability Strategy**  
since 2017 with specific goals & targets to measure our sustainability performance

**Acting Progressively**  
Integrate ESG considerations into our business decisions to build resilience and holistically manage risks


**Consuming Responsibly**  
Making conscious decisions that will positively impact our carbon footprint – adopting sustainable practices across our properties

**Focusing on People**  
Strive to build long-lasting relationships with our stakeholders – employees, tenants and communities


### Green & Sustainable Financing



**Sustainable  
Finance Framework**  
Established in July 2021










**54%**  
Percentage of green sustainability-linked financing as % of total borrowings



**\$S150 million**  
Maiden sustainability notes issuance in July 2021

### External Recognition

 <b>5-star rating</b> (Diversified – Office/Industrial) #2 in Asia-Pacific <sup>(1)</sup>	 <b>Highest</b> Green star performance-rated industrial portfolio in Australia <sup>(2)</sup>
 <b>‘Excellent’/ ‘Very Good’</b> (ratings for Farnborough Business Park and Maxis Business Park)	 357 Collins Street, Caroline Chisholm Centre and Central Park: minimum 5.0-star  Central Park: <b>first commercial building in Australia to achieve 4.5-star NABERS</b> Energy base building rating, <b>first premium office building in Perth to attain 5.0-star NABERS</b> Energy base building rating
 Farnborough Business Park: <b>First 3-star commercial site certification in the world</b>	 FLCT received runner-up award at the <b>SIAS Singapore Corporate Governance Award (SCGA) 2021</b> , REITs & Business Trusts Category in Oct 2021
	 <b>BCA Green Mark Gold Plus</b> (for Cross Street Exchange)

We invite you to read more about FLCT's sustainability strategy, performance and the Sustainable Finance Framework on our [website](#).

1. Refers to the 2021 Real Estate Assessments by GRESB, the global ESG benchmark for real estate. 2. Portfolio Green Star ratings as at 30 September 2021. Green Star ratings are awarded by the Green Building Council of Australia (GBCA) which has assessed the Australian properties against nine key performance criteria – energy, water, transport, materials, indoor environment quality management, land use and ecology, emissions and innovation



# Our Strategy For Long-Term Value Creation

**Harnessing FLCT's competitive advantages to deliver stable distributions and achieve sustainable long-term DPU growth**

## Why Invest In FLCT?



**Proven track record in executing value-accretive acquisitions:**  
Over **S\$5.0 billion<sup>(1)</sup>** of accretive acquisitions since IPO in June 2016



**Active portfolio rebalancing:**  
Over **S\$500 million** in strategic divestments all at premiums to book value



**High ESG Standards:**  
**5-Star GRESB rated** portfolio with industry-leading sustainability credentials and a strong continuing commitment

## FLCT's Competitive Advantages



**One of the largest SREITs**, with a **S\$7.3 billion portfolio** of strategically located and diversified logistics and commercial portfolio in major developed markets



**High portfolio occupancy rate** of over **95%**; stable lease structure and **long WALE of 4.7 years** with a well-diversified tenant base in attractive sectors, offering stability through market cycles



Healthy financials, **low gearing of 29.8%<sup>(2)</sup>** and a strong balance sheet with diverse sources of funding providing financial flexibility



**Proven track record** in undertaking value-accretive acquisitions, and portfolio recycling with an experienced REIT management team and a committed and **reputable Sponsor**, Frasers Property



Commitment to generate stable distributions and sustainable long-term DPU growth to unitholders; trading at a **yield of 5.3%<sup>(3)</sup>**



1. Excludes three IPO call option properties. Includes the FCOT portfolio's book value of approximately S\$2.5 billion and based on 100% interest in Farnborough Business Park. 2. Pro Forma aggregate post-divestment of Cross Street Exchange, which assumes S\$395.2 million (or 49.2% of the Divestment Net Proceeds as defined in the announcement on the Divestment of Cross Street Exchange on 25 January 2022) are used to repay outstanding borrowings. 3. Derived based on the DPU of 7.68 Singapore cents for FY2021 and the closing price of FLCT as at 4 March 2021 of \$1.45.



Central Park, Perth, Australia

## Market Information

# Operating Environment In Australia

## Key economic indicators and market overview

### Key Economic Indicators<sup>(1)</sup>



#### GDP

**+3.4% q-o-q for the Dec 21 quarter**  
+4.2% from the corresponding Dec 20 quarter



#### Unemployment Rate

**4.2% for the month of Jan 22**  
Remained at 4.2% since Dec 21



#### Consumer Price Index

**3.5% for the 12 months to Dec 21**  
3.0% for the 12 months to Sep 21



#### Cash Rate

**0.1%**  
Unchanged since Nov 20

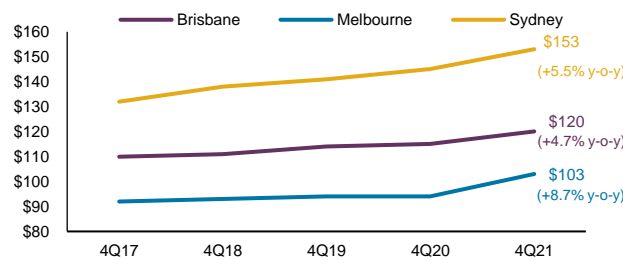


#### 10-year bond yield

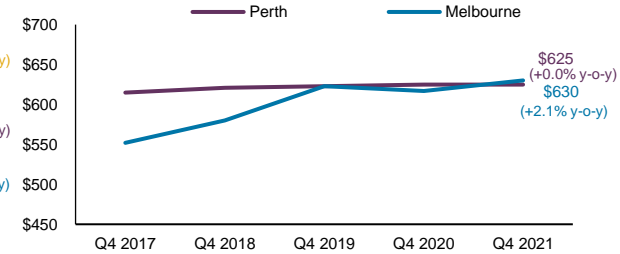
**2.15%**  
As at 4 Mar 22<sup>(2)</sup>

### Industrial and Commercial Market Overview<sup>(3)</sup>

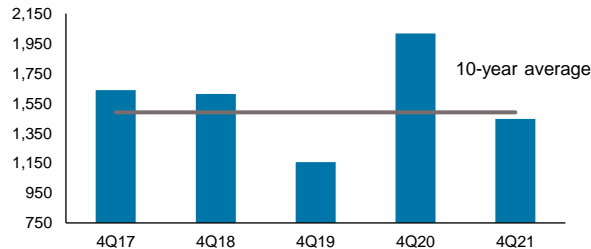
#### Industrial Prime Grade Net Face Rent (A\$/sqm/yr)



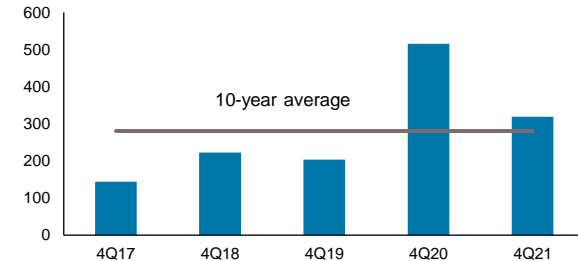
#### Prime CBD Commercial Net Face Rent (A\$/sqm/yr)



#### National Total Supply for Industrial ('000 sqm)



#### National Total Supply for CBD Commercial ('000 sqm)



1. Sources: Australian Bureau of Statistics and the Reserve Bank of Australia. Source: Bloomberg LLP (Last accessed on 4 Mar 22). 3. Jones Lang LaSalle Real Estate Intelligence Service Q4 2021.

# Operating Environment In Germany And The Netherlands

## Key economic indicators and market overview

### Key Economic Indicators in Germany<sup>(1)</sup>



**GDP**  
-0.3% q-o-q for Dec 21 quarter  
+1.8% from corresponding Dec 20 quarter



**Unemployment Rate**  
3.1% for the month of Jan 22  
From 3.2% in Dec 21



**Consumer Price Index**  
4.9% for the 12 months to Jan 22  
From 5.3% for the 12 months to Dec 21

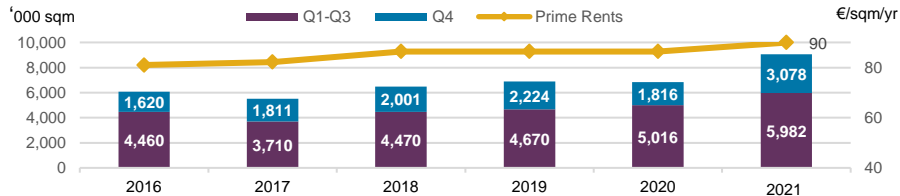


**EURIBOR**  
-0.532% 3-month EURIBOR  
Remained in the negative range<sup>(2)</sup>

### German Industrial Market Overview<sup>(3)</sup>

- **Take-up** in Germany increased **32.6% year-on-year in 2021** as the market continues to recover from the effects of COVID-19. Demand is **largely driven by the e-commerce market** which saw several large transactions.
- **Prime rents remained high in major logistics hubs** as a result of limited supply and transactions signed for speculative developments of logistics parks.
- **Investment volumes** reached €9.89 billion in 2021 across the major logistics hubs, with a **24% year-on-year increase** largely due to a strong fourth quarter.
- **Prime yields** dipped 20 bps further to 3.00%.

#### Take-up and Prime Rents in Germany (for warehouses >5,000 sqm)



### Key Economic Indicators in the Netherlands<sup>(4)</sup>



**GDP**  
+0.9% q-o-q for Dec 21 quarter  
+4.8% from corresponding Dec 20 quarter



**Unemployment Rate**  
3.6% for the month of Jan 22  
From 3.8% in Dec 21

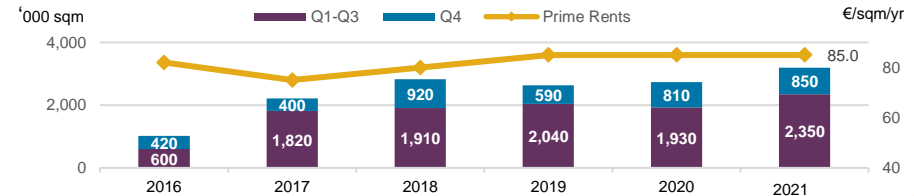


**Consumer Price Index**  
6.4% for the 12 months to Jan 22  
From 5.7% for the 12 months to Dec 21

### Dutch Industrial Market Overview<sup>(3)</sup>

- The Dutch market is thriving, reaching a new **record volume of transactions** at above the 3 million mark in 2021. Due to low availability, take-up continued to shift towards non-traditional / less established locations.
- **Prime rents have stabilised**, but strong demand and low availability are continually putting an upward pressure on rents.
- Investor focus shifted from other sectors to logistics driven by e-commerce. Industrial and logistics accounted for 40% of total investment in commercial real estate in 2021.
- **Prime yields** stabilised in Q4 2021 at 3.6% in Venlo, 3.5% in West Brabant and dropped to 3.0% in Tilburg, reflecting an aggressive pricing on prime products.

#### Take-up and Prime Rents in the Netherlands (for warehouses >5,000 sqm)



1. Source: Destatisches Bundesamt (Federal Statistics Office of Germany). 2. Source: <https://www.euribor-rates.eu/en/current-euribor-rates/> (As at 3 Mar 2022). Applicable for both Germany and the Netherlands.

3. Source: BNP Paribas Real Estate Q3/Q4 2021. 4. Source: CBS (Statistics Netherlands).

# Operating Environment In Singapore

## Key economic indicators and market overview

### Key Economic Indicators<sup>(1)</sup>



#### GDP

**+2.6% q-o-q for Dec 21 quarter**  
+5.9% from corresponding Dec 20 quarter



#### Unemployment Rate

**2.4% for the month of Dec 21**  
From 2.5% for the month of Nov 21



#### Consumer Price Index

**4.0% y-o-y in Jan 22**  
4.0% y-o-y in Dec 22



#### Singapore Overnight Rate Average<sup>(2)</sup>

**0.0746%**  
As at 4 Mar 2022

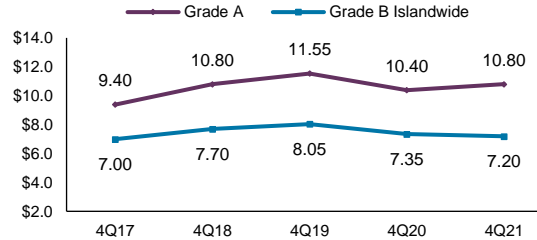


#### 10-year bond yield

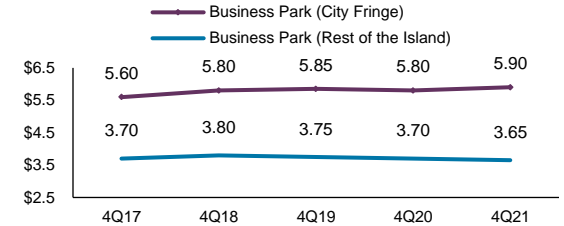
**1.88%**  
As at 3 Mar 22<sup>(2)</sup>

### Singapore Office and Business Park Markets Overview<sup>(3)</sup>

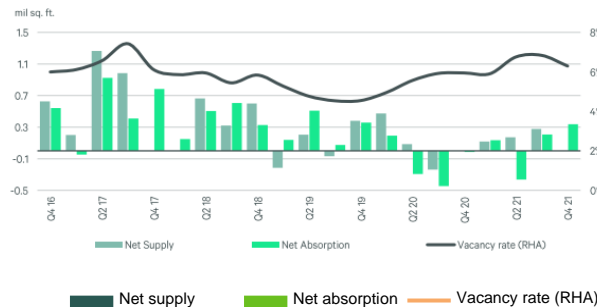
#### Grade A and Grade B Office Rents (\$\$ psf per month)



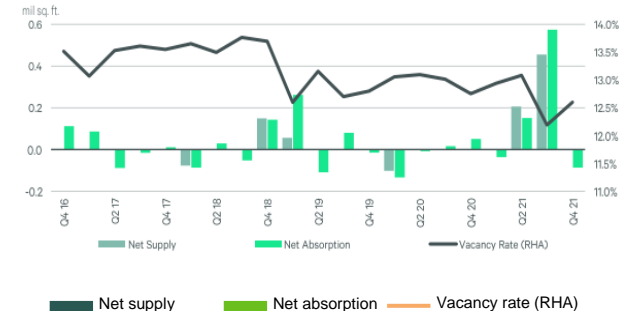
#### Business Park Rents<sup>(4)</sup> (\$\$ psf per month)



#### Office Supply-Demand Dynamics



#### Business Park Supply-Demand Dynamics



1. Sources: Singstat, Ministry of Trade and Industry Singapore, Ministry of Manpower Singapore. 2. Source: MAS SGS (Last accessed on 4 Mar 2022). 3. Source: CBRE, Singapore Market View, Q4 2021. 4. Alexandra Technopark is a high-specification B1 industrial development located at the city-fringe, with certain physical attributes similar to business parks. Due to limited availability of market research information directly relating to the asset class of Alexandra Technopark, market research information for business parks is provided for indicative reference.

# Operating Environment In The United Kingdom

## Key economic indicators and market overview

### Key Economic Indicators<sup>(1)</sup>



#### GDP

**+1.0% q-o-q for Dec 21 quarter**

+6.5% from corresponding Dec 20 quarter



#### Unemployment Rate

**4.8% for Dec 21 quarter**

4.1% for the Nov 21 quarter



#### Consumer Price Index

**4.9% for 12 months to Jan 22**

4.8% for the 12 months to Dec 21



#### Bank Rate

**0.5%**

Increased from 0.25% since 16 Dec 21



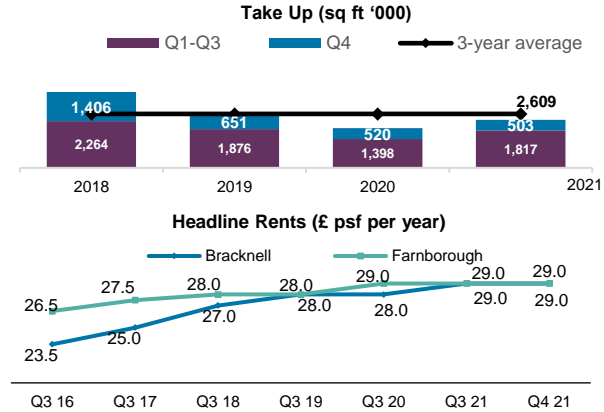
#### 10-year bond yield

**1.3%**

As at 4 Mar 22<sup>(2)</sup>

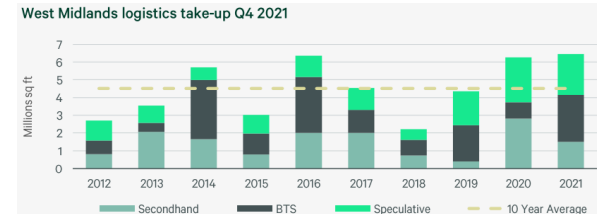
### South East Commercial Market Overview<sup>(3)</sup>

- **Take-up** in the South East in 2021 amounted to 503,000 sq ft, pushing up 2021 take-up volume to approximately 2.32 million sq ft, representing a 21.0% increase y-o-y compared to 2020.
- **Investment volume** is at £4.37 billion in 2021, exceeding the full year investment volume of 2020 of £2.60 billion.
- **Prime rents** have remained largely stable across the South East office market quarter-on-quarter.



### Midlands Industrial Market Overview<sup>(3)</sup>

- **Q4 Take-up** in the West Midlands jumped 196% q-o-q to 2.9m sq ft, reaching 6.4m sq ft on a full-year basis.
- Available space fell to 2.8m sq ft in Q4, down 41% q-o-q. The vacancy rate was 1.56%, in line with the UK average.
- West Midlands rents have seen **one of the highest levels of rental growth in the UK for Q4**, climbing to the second highest prime rent across all UK regions, at £8.25 psf.
- Yields have fallen to an all-time low of 3.50% in the region, in line with South East areas.



1. Source: Office for National Statistics, Bank of England, published December 2021 & January 2022. 2. Source: Bloomberg LLP (Last accessed on 4 Mar 22). 3. Source: CBRE Research Q4 2021.

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creating places for good.



# Appendix: Market Information



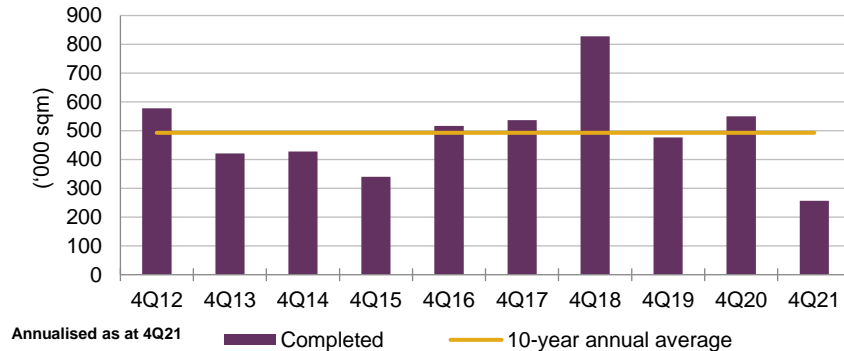


# Australian Industrial Market

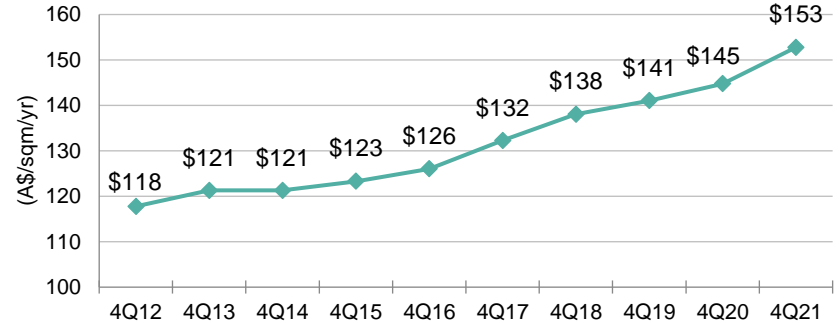
## Sydney

- **Supply:** A number of developments were delayed in the fourth quarter of 2021 (4Q21) as a result of COVID related shutdowns. Despite this, three projects reached practical completion adding 63,454 sqm of new supply to the market. The largest completion during the quarter was a 29,650 sqm warehouse at Altis' Altitude at Bankstown Airport. A further 987,170 sqm of new supply is currently under construction with 58% being pre-committed.
- **Demand:** Take-up levels remained above the 10-year average despite uncertainty from COVID-19. During the quarter, Sydney recorded 293,430 sqm of gross take-up. Demand was led by Transport, Postal and Warehousing users, which accounted for 47% of take-up during the quarter. The largest transaction during the period was a 46,400 sqm pre-lease to Australia Post at Goodman's Oakdale West Estate.
- **Rents:** Face rents in all precincts continued to increase over the quarter. Prime Rents in the Outer Central West precinct increased by 4.7% to \$134/sqm since 4Q20. Rental growth is expected to continue to strengthen as demand remains high and vacancies remain at record lows.
- **Vacancy:** As at 4Q21, Sydney industrial vacancy rates remain at record lows with only 0.4% of total stock vacant. The Sydney industrial vacancy rate is expected to increase over the next 12 months as new speculative stock is completed. However, occupancy will be supported through the strong tenant demand.

### Sydney Industrial Total Supply



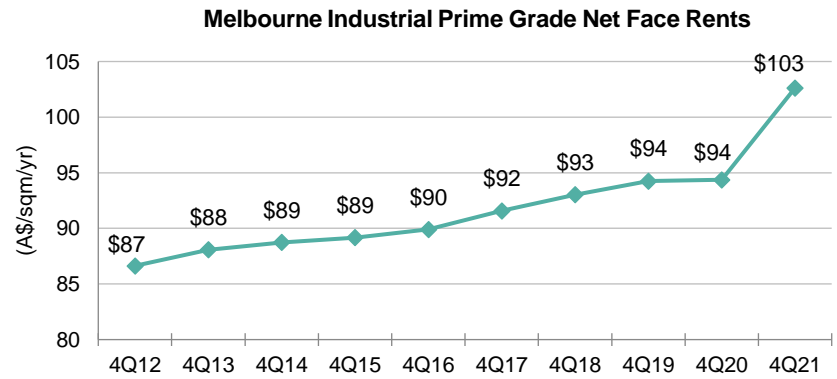
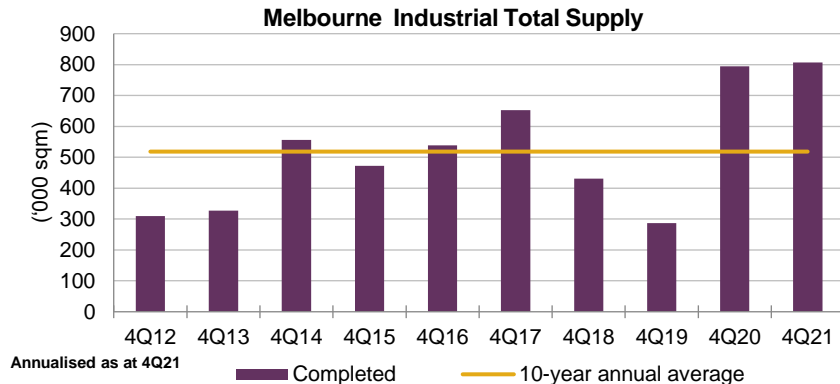
### Sydney Industrial Prime Grade Net Face Rents



# Australian Industrial Market

## Melbourne

- **Supply:** Fifteen new projects were completed over 4Q21, introducing a total of 270,670 sqm of new industrial space into the Melbourne market. The new supply completed in the quarter increased new completions to a record 807,000 sqm in 2021. Future supply continues to remain strong, with 369,063 sqm of industrial space in the South East and another 471,121 sqm of new space in the West expected to be completed in 2022.
- **Demand:** Total gross take-up in 2021 was 1.8 million sqm, with 4Q21 reflecting 221,560 sqm of gross take up. 2021 achieved the the highest levels of take up on record and was 49% higher than the previous annual record in 2019. The bulk of the take-up over the quarter was in the West, accounting for 52% followed by the North precinct which accounted for 31%.
- **Rents:** Prime net face rents have increased across all precincts over the quarter. Face rents in the West increased +1.4% to \$90/sqm, the South East by +2.3% to \$101/sqm and the North by +0.5% to \$85/sqm. Rents have also increased across all precincts on an annual basis, most notably in the West (+13.39%) followed by the South East (+8.3%) and North (+5.12%) precincts.
- **Vacancy:** Melbourne vacancy continues to remain at record lows of 1.3% in 4Q21. As COVID-19 restrictions subside, additional speculative development is anticipated to be introduced to the market, potentially elevating vacancy rates in the short-term. However, the strength in tenant demand is expected to partially absorb this space, providing developers confidence to progress with speculative developments.

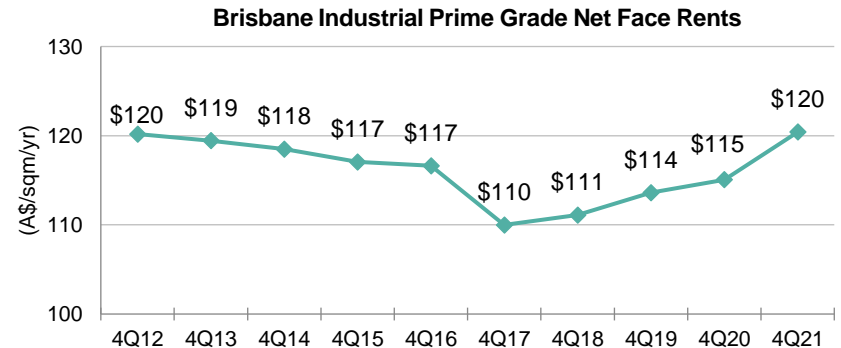
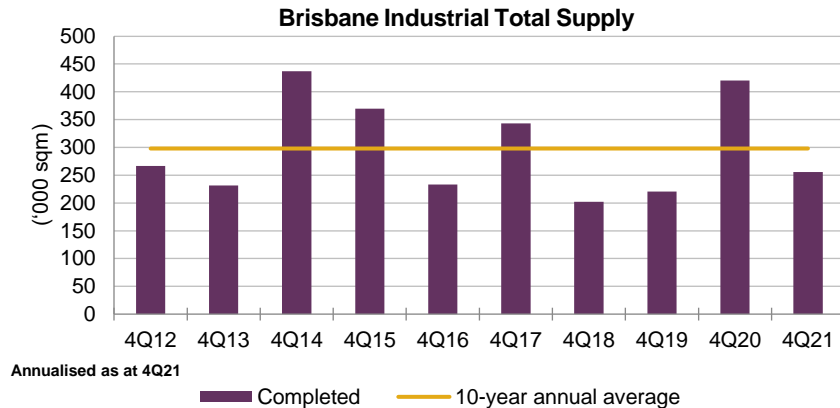


Sources: Jones Lang LaSalle Real Estate Intelligence Service – Melbourne Industrial Final Data 3Q21; Jones Lang LaSalle Real Estate Intelligence Service – Melbourne Industrial Snapshot 3Q21; Jones Lang LaSalle Real Estate Data Solution – Melbourne Construction Projects from 3Q12 to 3Q21; CBRE – Australia’s Industrial and Logistics Vacancy Second Half 2021 (2H21).

# Australian Industrial Market

## Brisbane

- **Supply:** Development activity in the 12 months to December 2021 was below the 10-year average with 255,765 sqm of new stock added to the Brisbane market. New construction continues to be concentrated in the Southern precinct. The largest completion over the quarter was the 60,000 sqm warehouse at Stage 1 Crestmead Logistics Estate which is being developed by Mapletree. The supply pipeline is expected to increase with 337,481sqm of new supply currently under construction.
- **Demand:** Tenant demand in Brisbane remains strong with 140,665 sqm taken up in 4Q21. Demand is predominantly concentrated in the South which received 71% of the gross take-up over the quarter. The largest leasing transaction of the quarter was a 14,726 sqm lease to Eagers Automotive Limited at 5-7 Viola Place, Brisbane Airport.
- **Rents:** Prime net face rents increased across all precincts over the quarter with the Northern precinct recording growth of 1.6% to \$124/sqm, the Trade Coast precinct rose by +0.8% to \$123/sqm, and rents in the Southern precinct increased by +1.8% to \$115/sqm. Rents have also increased across all precincts on an annual basis, most notably in the Northern (+6.9%) precinct, followed by the Southern (+4.5%) and Trade Coast (+2.5%) precincts.
- **Vacancy:** The vacancy rate in Brisbane has declined to 2.3% as at Q4. Vacancy rates in Brisbane are expected to increase over the next 12 months as new speculative stock is completed. However, occupancy will be supported through the strong tenant demand.

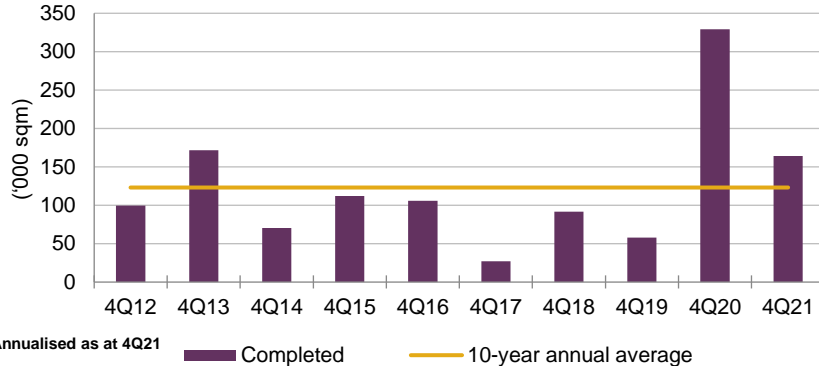


# Australian Commercial Market

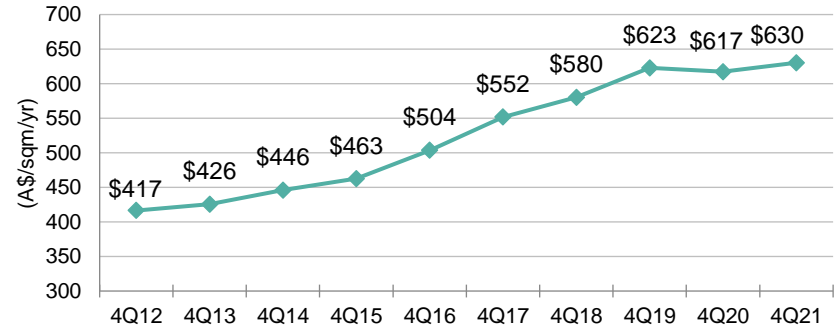
## Melbourne CBD Office

- **Supply:** One 100% pre-committed project reached practical completion in the Melbourne CBD over the quarter delivering 24,000 sqm in new supply. There are now five new projects totalling 153,690 sqm and three refurbishments totalling 75,660 sqm currently under construction and are expected to be completed by 2024.
- **Demand:** The Melbourne CBD recorded positive net absorption of 12,708 sqm despite the ongoing lockdown and restrictions to commercial inspections. This result was largely led by increasing demand for small tenancies as well as new pre-commitment activity in new developments.
- **Rents:** Tenant demand in the Melbourne CBD appears to be recovering however incentives and vacancies remain high. Over the last 12 months, average net prime rents in Melbourne CBD have increased slightly by +2.1% to A\$630/sqm. Face rents have recovered to their pre-COVID-19 levels however prime incentives in the Melbourne CBD have also increased significantly during the pandemic and are currently at 38.3%. Despite the positive rental growth, the increase of incentives has resulted in negative effective rental growth over the quarter.
- **Vacancy:** As at 4Q21, the vacancy rate in Melbourne's CBD rose to 15%, the highest level since 1999. This increase is due to a combination of weak tenant demand, increased sublease space as well as several large tenant contractions. As at 31 December 2021, there is approximately 780,242 sqm of vacant commercial space in the Melbourne CBD. According to JLL, vacancies are expected to moderate in 2022 as vacancies and sub-lease space are absorbed by the market.

### Melbourne Commercial Total Supply



### Melbourne Prime Grade Net Face Rent

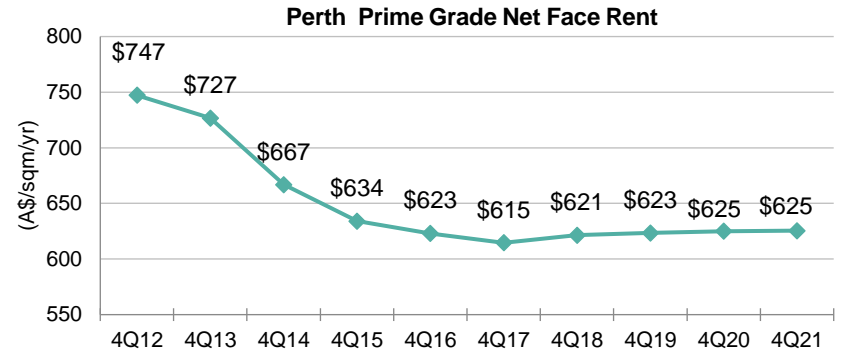
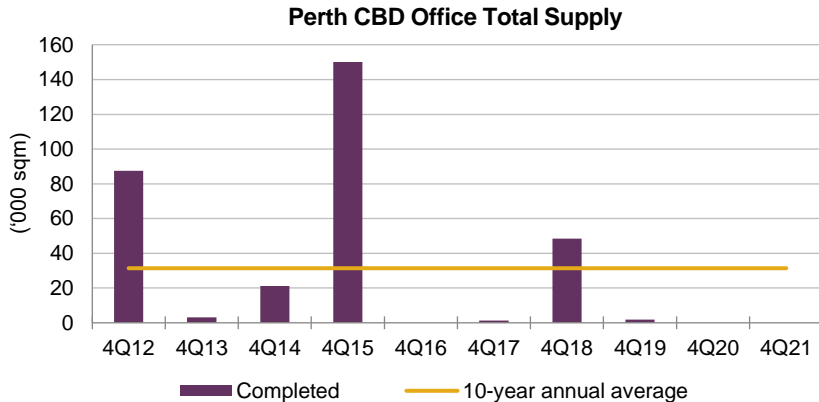


Sources: Jones Lang LaSalle Real Estate Intelligence Service – Melbourne CBD Office Final Data 4Q21; Jones Lang LaSalle Real Estate Intelligence Service – Melbourne CBD Office Snapshot 4Q21; Jones Lang LaSalle Real Estate Data Solution – Melbourne CBD Office Construction Projects from 1Q12 to 4Q 2021.

# Australian Commercial Market

## Perth CBD Office

- Supply:** Development activity in the Perth CBD has been subdued with no new developments being completed in the last 24 months. There are currently two major new developments under construction in the Perth CBD, Chevron HQ and Capital Square Tower 2. The two developments are expected to be completed in 4Q23 and 4Q21 respectively and will provide approximately 79,200 sqm of commercial space to the Perth Market. Due to the persistently high vacancy rates in Perth, there is unlikely to be any additional developments added to the supply pipeline.
- Demand:** Tenant demand has remained subdued with Perth CBD experienced net absorption of 100 sqm. Despite stable demand conditions, pre-lease activity lifted over the quarter with 10,000 sqm of office space committed at Capital Square.
- Rents:** Prime rents in the Perth CBD remained stable over the previous 12 months despite the ongoing Covid-19 pandemic. The average net prime rents in the Perth CBD are currently A\$625/sqm. Over the quarter incentives for prime office space have also remained stable at 49%. The high-level of incentives is due to continued high vacancy rates and modest tenant demand in the Perth CBD office market.
- Vacancy:** During 4Q21, the vacancy rate in Perth CBD remained stable at 19.1%. Currently, there is approximately 342,690 sqm of vacant commercial space in the Perth CBD market. Vacancy rates are expected to decrease as demand from the mining and professional service sector are expected to increase over the next 12 months.



Annualised as at 4Q21

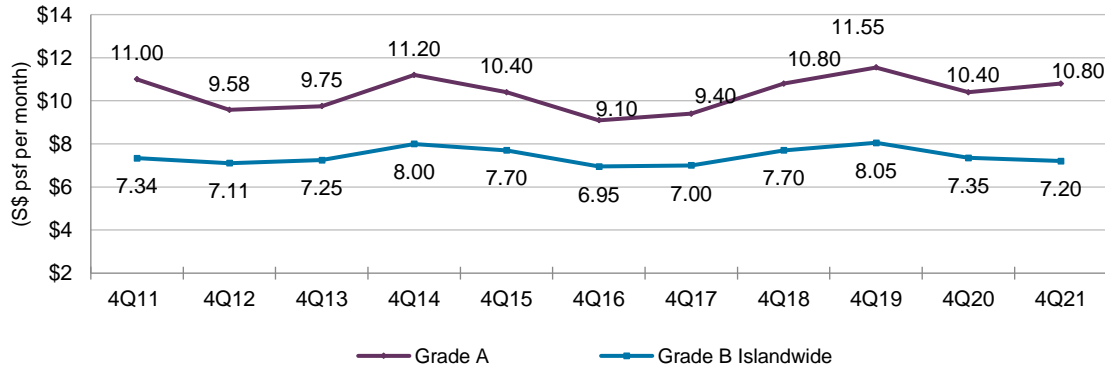
Sources: Jones Lang LaSalle Real Estate Intelligence Service – Perth CBD Office Final Data 4Q21; Jones Lang LaSalle Real Estate Intelligence Service – Perth CBD Office Snapshot 4Q21; Jones Lang LaSalle Real Estate Data Solution – Perth CBD Office Construction Projects from 1Q12 to 4Q21.

# Singapore Commercial Market

## CBD Office

- **Supply:** There were no new completions in 4Q21 and supply remains tight.
- **Demand:** 4Q21 absorption of 0.34 million sq ft is the highest since Q4 2019, signaling a positive market sentiment. The full year 2021 island-wide net absorption of 0.32 million sq ft is a strong reversal from a negative net absorption of 0.56 million sq ft recorded in the previous year. Although the Omicron variant introduced some uncertainty, occupiers' confidence is overall boosted by the Government's announcement on 14 Dec 2021 that work-from-home would no longer be the default work arrangement.
- **Rents:** Healthy demand compounded by a tight supply situation led to an overall increase in office rents islandwide. Grade A Core CBD rents saw the largest increase, maintaining a steady growth of 1.4% from the preceding quarter to \$10.80 psf/mth, whilst Grade B Core CBD rents rose for the first time since end-2019, by 0.6% to \$7.80 psf/mth in Q4 2021.
- **Vacancy:** Although there was some right-sizing activity on the back of occupiers adopting a hybrid working arrangement, Grade A Core CBD vacancy rate improved from 5.5% in the preceding quarter to 4.5% in Q4 2021. This was mainly driven by occupiers from the technology and non-bank financial sectors.

Singapore Grade A and Grade B office rents



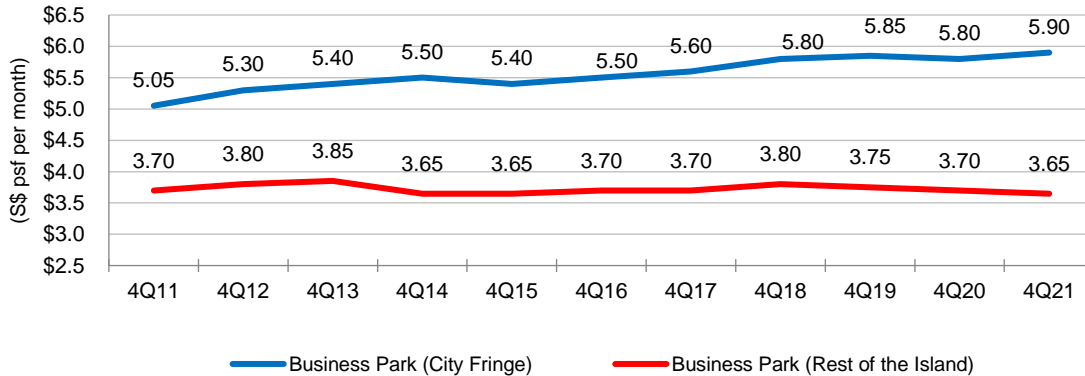
Singapore office rents	4Q21 (psf/ month)	q-o-q (%)
Grade A CBD Core	S\$10.80	▲ 1.4
Grade B CBD Core	S\$7.80	▲ 0.6
Grade B Islandwide	S\$7.20	▲ 0.7

# Singapore Commercial Market

## Business Park<sup>(1)</sup>

- **Supply:** The net supply for 4Q21 was zero.
- **Demand:** In 4Q21, there was a negative net absorption amounting to 86,471 sq ft which mainly stemmed from the Rest of Island submarket. The net absorption for the full year of 2021 stands at 0.60 million sq ft led by new completions during the year, a reversal from the negative net absorption of -0.08 million sq ft in 2020. While firms adopting the hybrid working model, consolidation and right-sizing efforts continued to be a common theme, it was observed that pharmaceutical firms were still actively expanding, particularly in the One-North region. As such, the two-tier market further widened this quarter, with strong leasing demand in the City Fringe submarket, while demand for the Rest of Island submarket was relatively more limited.
- **Rents:** On the back of stronger demand and tight vacancy in the City Fringe submarket, rents rose for the third consecutive quarter by 0.9% q-o-q to \$5.90 psf/month. On the other hand, rental performance in the Rest of Island submarket remained flat q-o-q at \$3.65 psf/month.
- **Vacancy:** Islandwide vacancy rate edged up by 0.4 percentage point to 12.6% which was mainly contributed by the increase in vacancy from 16.4% to 17.3% q-o-q in the Rest of Island submarket.

Singapore Business Park rents



Singapore Business Park rents	4Q21 (psf/ month)	q-o-q (%)
City fringe	S\$5.90	▲0.9
Rest of Island	S\$3.65	-

Source: CBRE, Singapore Market View, 4Q21.

1. Alexandra Technopark is a high-specification B1 industrial development located at the city-fringe, with certain physical attributes similar to business parks. Due to limited availability of market research information directly relating to the asset class of Alexandra Technopark, market research information for business parks is provided for indicative reference.

# Our COVID-19 Response

## Update and commentary

- The REIT Manager is working closely with FLCT's customers as economies reopen while focusing on managing any near- to mid-term downside risk from the pandemic
- The COVID-19 impact on FLCT's distributable income in 1QFY22 is approximately S\$0.2 million, comprising mainly rental waivers and allowance for doubtful receivables attributable to the COVID-19 pandemic, which has not been material for the REIT
- The REIT Manager will continue to monitor the situation closely, support our tenants and exercise prudence

### Australia

- Limited impact on the industrial and commercial properties
- Ongoing impact on the retail components of the Australian portfolio as the economy reopens under "living with the virus" strategy

### Singapore

- Continue to monitor the performance of the retail segment of the Singapore portfolio
- Progressive relaxation of COVID-19 restrictions

### Europe & UK

- Limited impact on the German, Dutch and UK industrial properties and business parks
- Continue to monitor the improving physical occupancy levels in the UK commercial properties as UK removes its COVID-19 restrictions

- **No material impact** to the FLCT portfolio to-date with only the retail segment of the commercial portfolio being more challenged, which represents just a **small proportion of FLCT's overall income at ~1.7%**<sup>(1)</sup>
- Structural changes driven by the **growth of e-commerce** activities and 'hub-and-spoke' trend are expected to drive demand for logistics and suburban office spaces, respectively



**FLCT's resilient portfolio, strong balance sheet and financial flexibility well-positions the REIT to face the current challenging global environment.**

1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases.



# Appendix: Additional Portfolio, Market and Financial Information



# Top-10 Tenants

## Breakdown by asset type

Top-10 Logistics & Industrial Tenants <sup>(1)</sup>	% of FLCT Portfolio GRI	WALE (Years)
Hermes, Germany	2.5%	10.7
Ceva Logistics, Australia	1.9%	3.7
BMW, Germany	1.7%	6.3
Techtronic Industries, Australia	1.7%	1.8
Schenker, Australia	1.7%	2.9
Mainfreight, the Netherlands	1.4%	4.2
Constellium, Germany	1.2%	5.5
Bakker Logistics, the Netherlands	1.1%	8.9
Bosch, Germany	1.2%	6.6
Martin Brower, Australia	1.1%	14.8

**TOTAL:  
15.5%**

**AVERAGE:  
6.5 YEARS**

Top-10 Commercial Tenants <sup>(1)</sup>	% of FLCT Portfolio GRI	WALE (Years)
Commonwealth of Australia	4.8%	3.5
Google Asia Pacific, Singapore	3.7%	3.0
Rio Tinto, Australia	2.3%	8.5
Commonwealth Bank of Australia	1.9%	1.0
WeWork, Australia and Singapore	1.1%	8.4
Fluor, United Kingdom	1.0%	3.3
GroupM Singapore	1.0%	1.6
Service Stream, Australia	0.9%	2.9
Syneos Health UK	0.8%	6.1
Suntory Beverage & Food Asia, Singapore	0.7%	1.4

**TOTAL:  
18.2%**

**AVERAGE:  
4.0 YEARS**

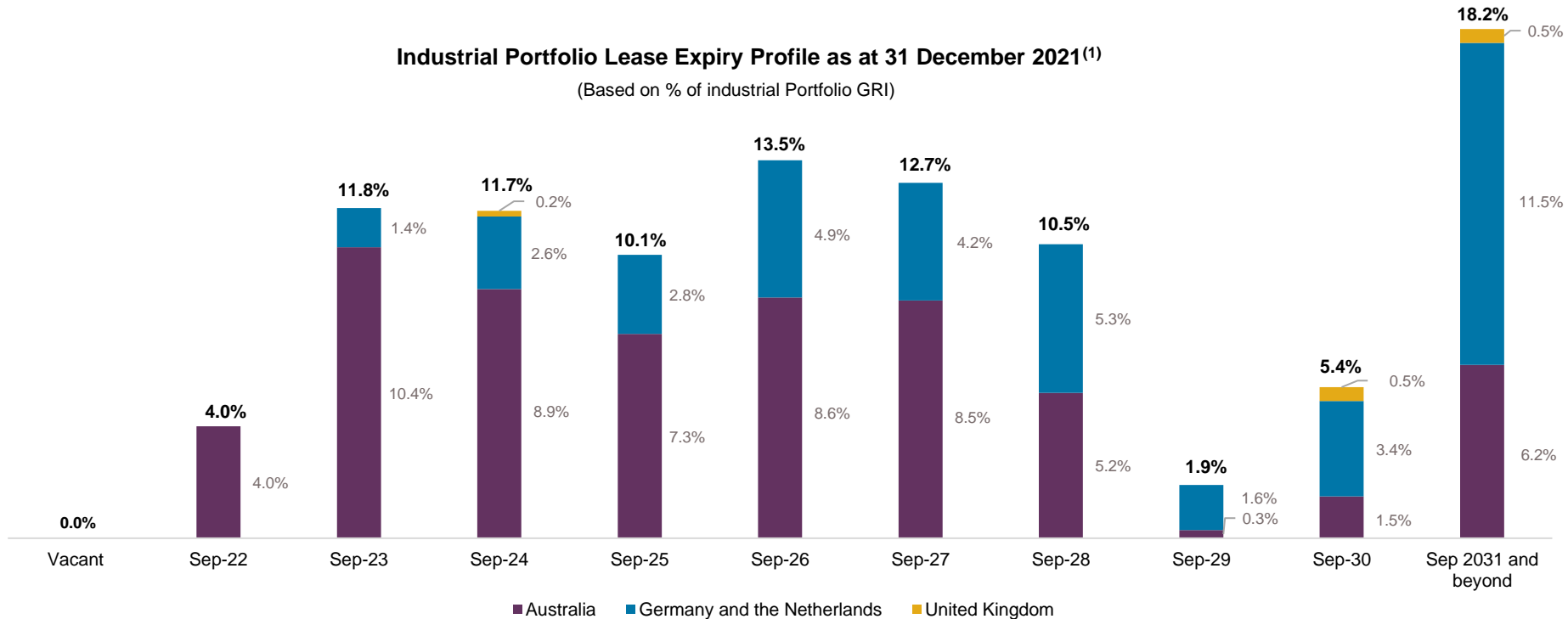
1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases.

# Lease Expiry Profile

## Logistics & Industrial

### Industrial Portfolio Lease Expiry Profile as at 31 December 2021<sup>(1)</sup>

(Based on % of industrial Portfolio GRI)



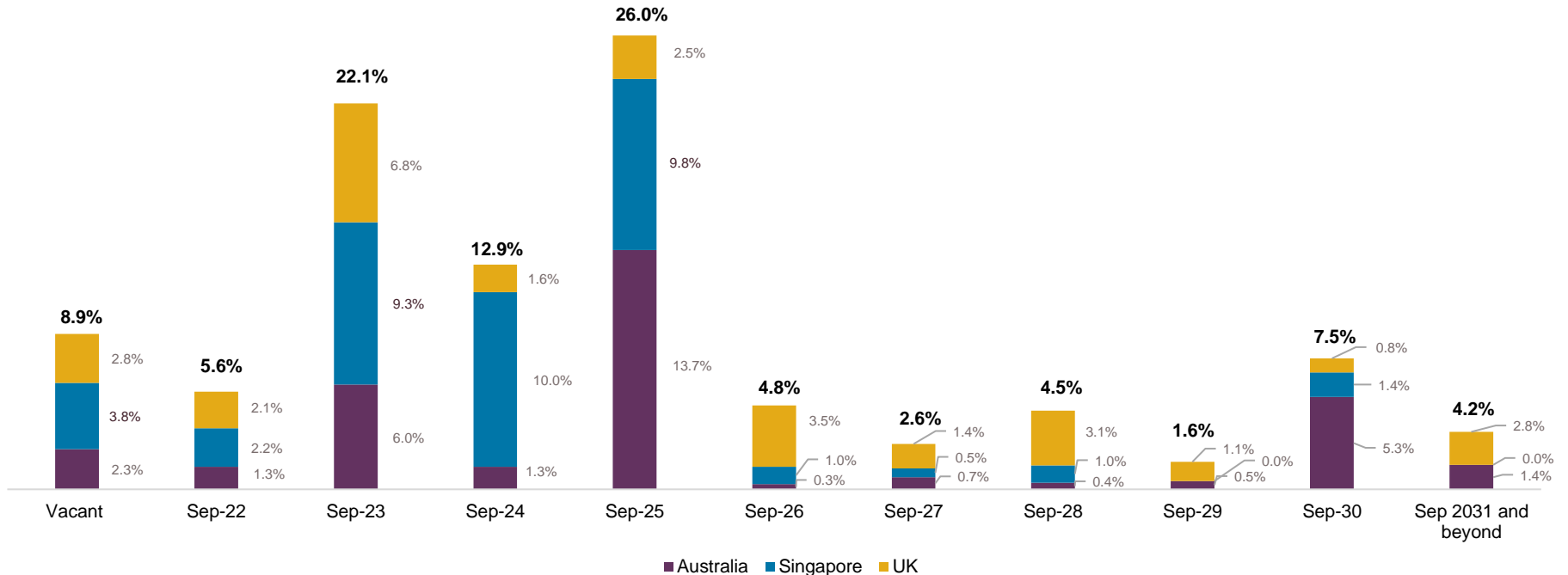
1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases.

# Lease Expiry Profile

## Commercial

### Commercial Portfolio Lease Expiry Profile as at 31 December 2021<sup>(1)</sup>

(Based on % of commercial Portfolio GRI)

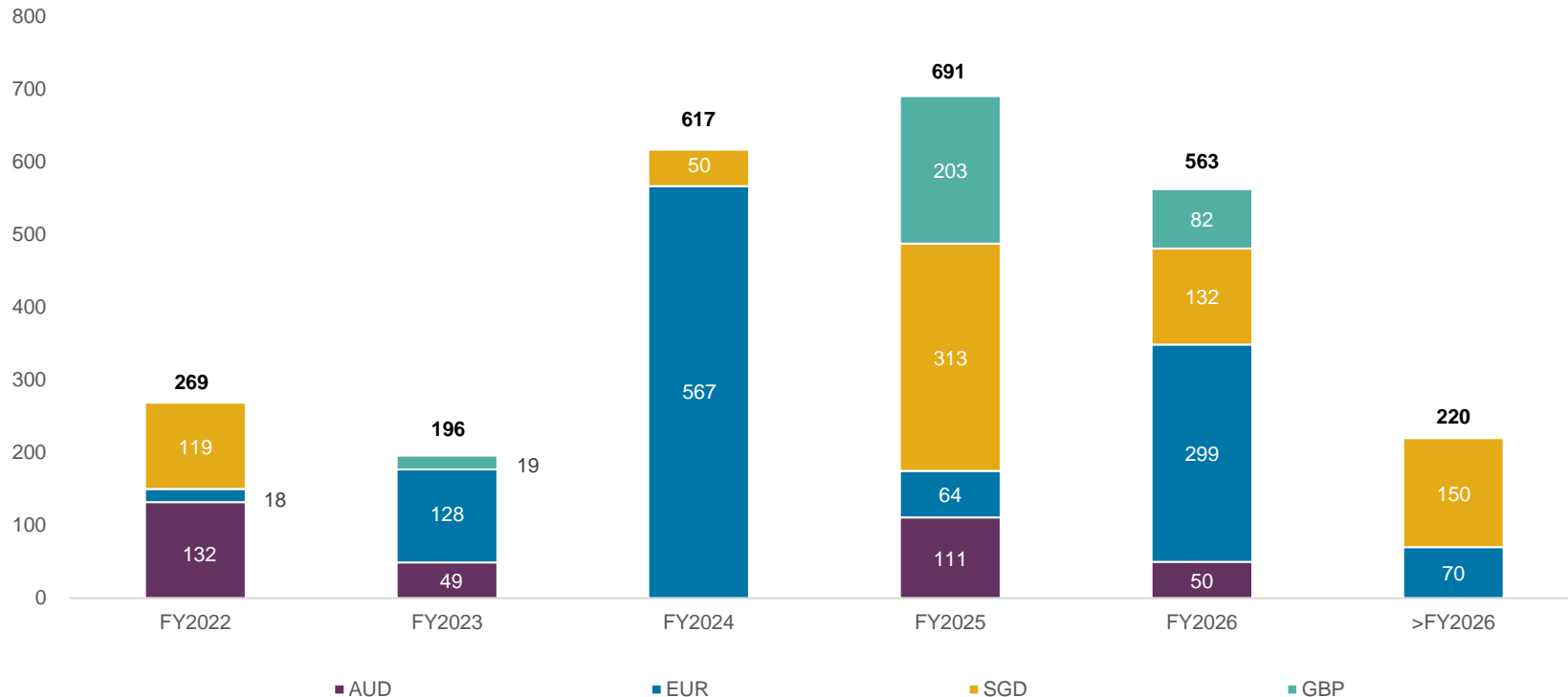


1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of December 2021. Excludes straight lining rental adjustments and include committed leases.

# Debt Maturity Profile

As at 31 December 2021

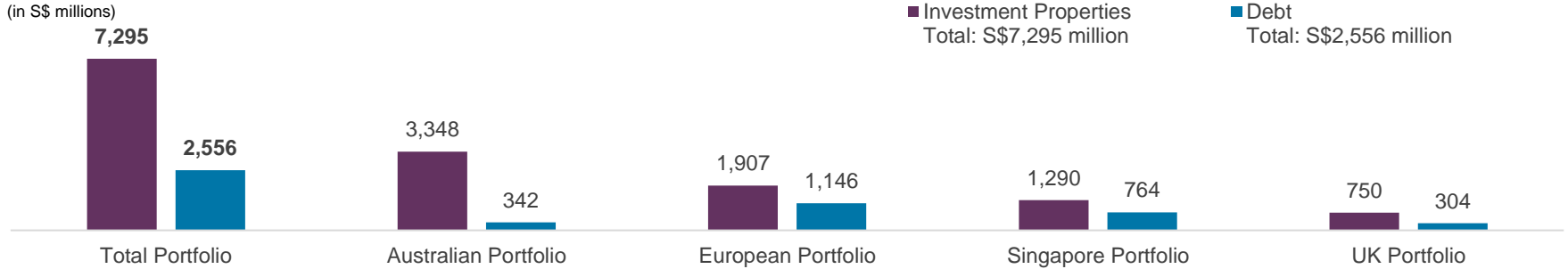
DEBT MATURITY PROFILE  
(S\$ MILLIONS)



# Prudent Capital Management

As at 31 December 2021

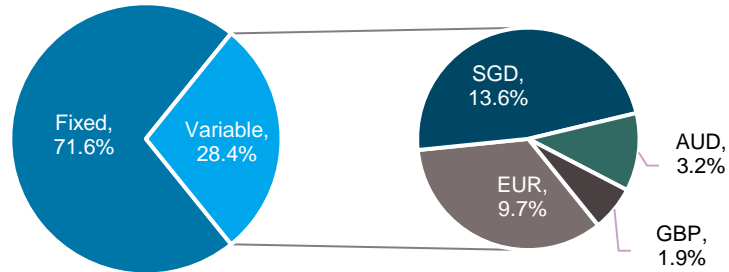
## Investment Properties<sup>(1)</sup> and Debt<sup>(2)</sup> as at 31 December 2021



## Interest Risk Management as at 31 December 2021



**71.6%**  
Borrowings at fixed rates  
▼ 1.2 p.p from 30 September 21



1. Excludes right-of-use assets. 2. Refers to debt in the currency or hedged currency of the country of the investment properties.