

Frasers Logistics & Industrial Trust

Investor Presentation



September 2018



National Tiles & Paccar Facility, Queensland, Australia

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Contents

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- ◆ Portfolio Overview
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FLT Overview



FLT Snapshot

82
properties⁽¹⁾

Frasers Logistics & Industrial Trust

A SGX-ST listed real-estate investment trust with a quality portfolio concentrated within major logistics and industrial markets in Australia, Germany and the Netherlands.

A\$2.9 billion

Portfolio Value⁽¹⁾⁽²⁾

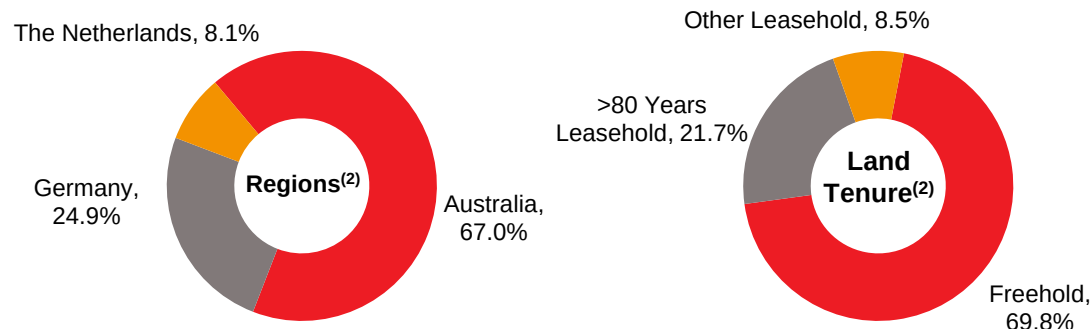
1.9 million

Gross Lettable Area (“GLA”)

99.3%

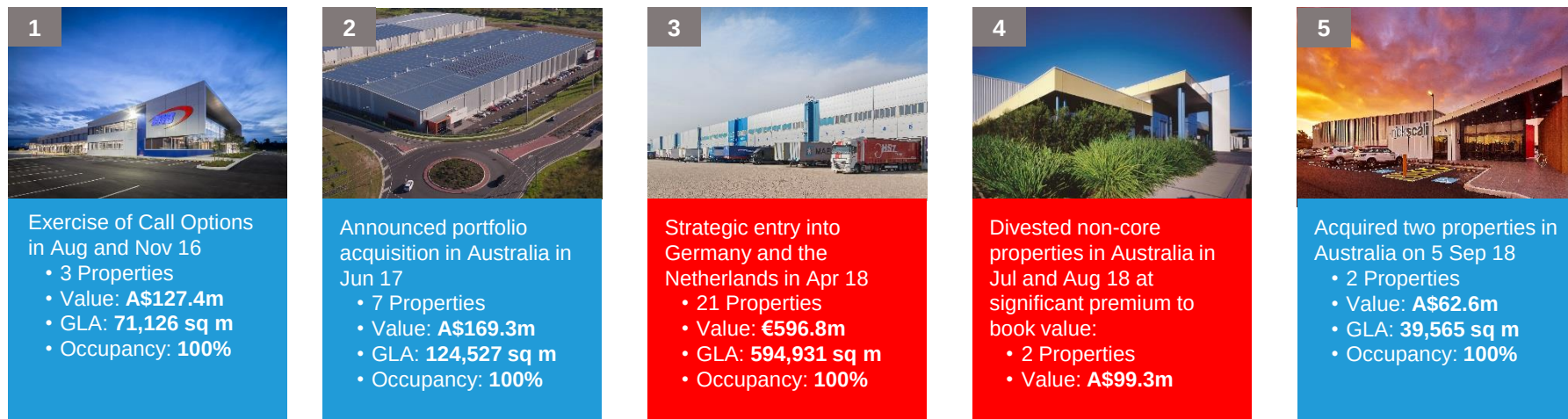
Occupancy Rate

Geographically
diversified,
predominantly
freehold or long
leasehold

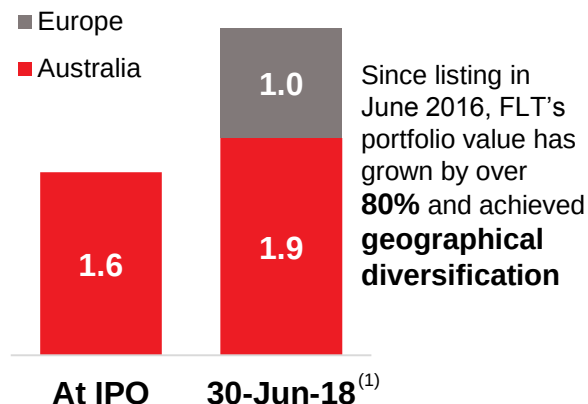


1. Excludes 80 Hartley Street, Smeaton Grange, New South Wales and Lot 102 Coghlan Road, South Australia which were divested in August 2018 (the “**Divested Properties**”) and include 3 Burilda Close, Wetherill Park, New South Wales and 103-131 Wayne Goss Drive, Berrinba, Queensland which were acquired on 5 September 2018 (the “**New Australian Properties**”)
2. Based on the appraised value of FLT’s Australian portfolio as at 30 September 2017 (Includes the balance of the acquisition amounts payable in respect of the Beaulieu, Stanley Black & Decker and Clifford Hallam Facilities, which were completed on 13 October 2017, 17 November 2017 and 4 May 2018, respectively, excludes the Divested Properties and includes the New Australian Properties which were valued on 31 July 2018), and the appraised value for the 21 German and Dutch properties (the “**New Properties**”) acquired by FLT on 25 May 2018

Disciplined Execution of Growth Strategies



Portfolio Value (A\$ billion)



Approximately A\$1.4 billion of accretive acquisitions in strategic markets:

- ✓ Improved portfolio metrics
- ✓ Strengthened footprint in the eastern seaboard of Australia
- ✓ Enhanced geographical diversification with entry into the attractive German and Dutch logistics and industrial markets
- ✓ Leveraging visible pipeline of right of first refusal ("ROFR") properties from FLT's sponsor, Frasers Property Limited

Stable DPU Performance

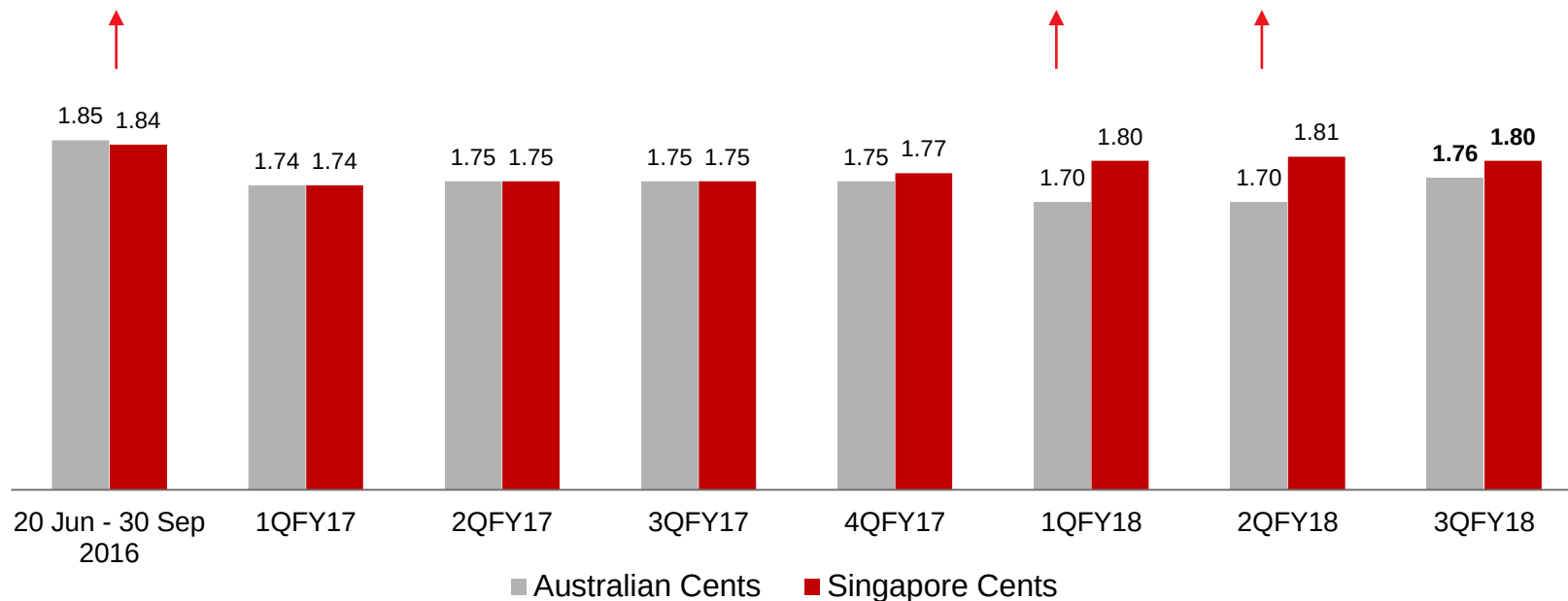
Distribution Per Unit (“DPU”) History

FLT has paid out 100% of distributable income since IPO

Includes DPU of **0.10** Singapore cents (0.10 Australian cents) for the period from 20 Jun to 30 Jun 16

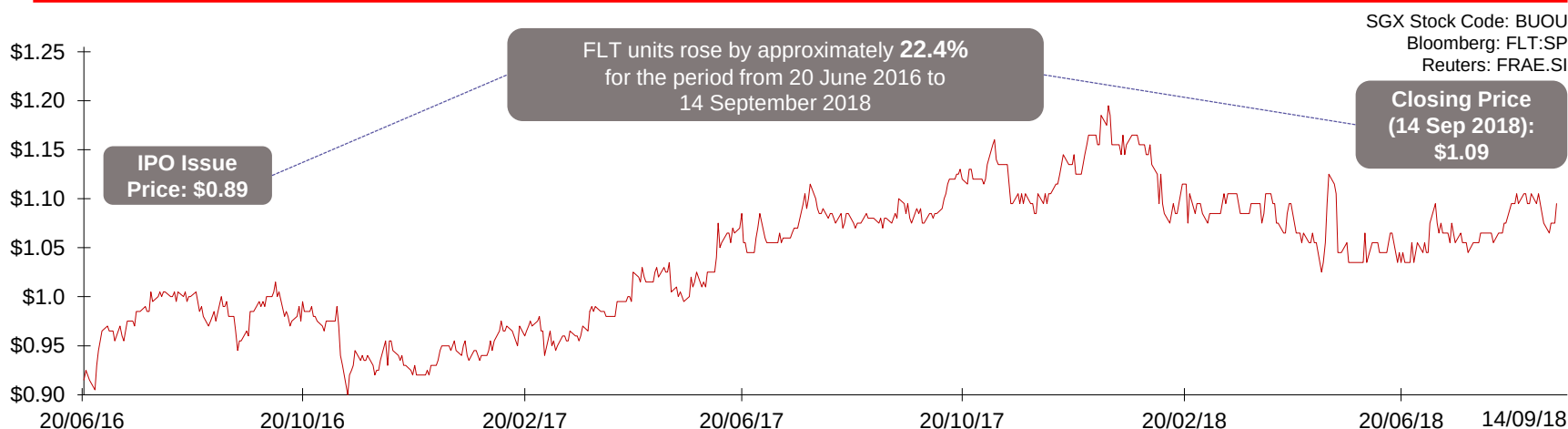
Assuming 100% of management fees were paid in units, 1QFY18 DPU would have been **1.75** Australian cents

Assuming 100% of management fees were paid in units, 2QFY18 DPU would have been **1.77** Australian cents



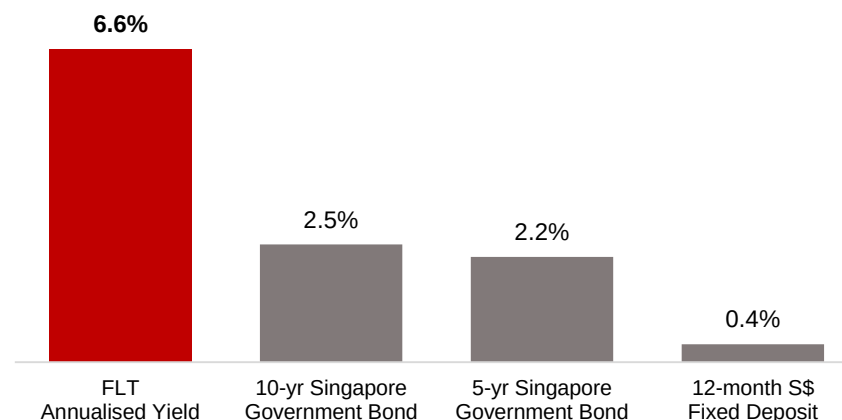
Attractive Trading Fundamentals

Trading Performance since IPO (20 June 2016 – 14 September 2018)



Stock Information (As at 14 September 2018)

Market capitalisation	S\$2,187.5 million
Free Float	73.4%
Average daily traded volume	4.5 million
Annualised Distribution Yield ⁽¹⁾	6.6%
Total Return since IPO ⁽²⁾	15.2%
Distribution Payment	Semi-annual



1. Based on FLT's closing price of A\$1.09 per unit as at 14 September 2018 and by annualising FLT's interim distribution of 3.61 Singapore cents for the period from 1 October 2017 to 31 March 2018
2. Source: Bloomberg LLP (For the period from 21 June 2018 to 14 September 2018). Calculation of total return assumed the distributions paid during the period are reinvested
3. Source: Monetary Authority of Singapore Daily SGS Prices and interest rates of banks and finance companies (Last accessed on 14 September 2018)

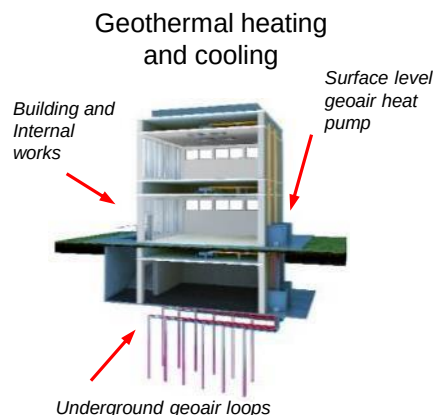
Leadership in Sustainability

Sustainability Initiatives

Energy-efficient LED lighting



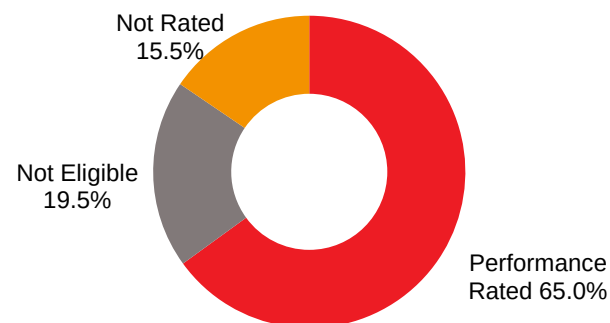
Solar PV Systems



FLT's Green Star-rated status ^(1,2) (By GLA)



The highest-rated industrial Green Star performance rated portfolio in Australia



Potential Sustainability Benefits

- ☒ Reduces ongoing occupancy costs
- ☒ Attracting new tenants, especially those using sustainability as a criteria
- ☒ Assists in retaining tenants at lease expiry
- ☒ Decreases building obsolescence
- ☒ Minimises vacancy downtime

GRESB Assessment⁽³⁾

Named Global Sector Leader 2018 (for Industrial)



1. Green Star rating is awarded by the Green Building Council of Australia (GBCA) which has assessed the Properties against nine key performance criteria – energy, water, transport, materials, indoor environment quality, management, land use & ecology, emissions and innovation

2. As at 30 June 2018 and excludes the New Properties. 'Not Eligible' refer to properties which have obtained Design or As-Built ratings, but yet to be eligible for Performance ratings

3. Refers to the 2018 Real Estate Assessment by Global Real Estate Sustainability Benchmark (GRESB), the global ESG benchmark for real estate

Alignment of Interest between the Sponsor, REIT Manager and Unitholders

FLT's Sponsor, Frasers Property Limited, is a multi-national real estate company with multi-segment expertise

- ◆ S\$35.2 billion assets under management¹ across 5 asset classes
- ◆ Strategic business units – Singapore, Australia, Hospitality; and Europe & rest of Asia

Substantial Sponsor ownership in FLT

- ☑ The Sponsor is the largest Unitholder in FLT
Sponsor ownership of 20.69%⁽²⁾

Substantial strategic investment in FLT

- ☑ TCC Group Investments Limited⁽³⁾ has committed 5.89%⁽²⁾ as a strategic investor

REIT Manager Fee structure

Management Fee	Fee Structure
Base Fee	0.4% p.a. of Deposited Property
Performance Fee	5.0% p.a. of Distributable Income

1. Comprises the full asset value of property assets in which the Frasers Property Limited has an interest, including assets held by its REITs, joint ventures and associates
2. As at 31 August 2018
3. TCC Group Investments Limited is a British Virgin Islands company that is owned equally by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi in equal proportions. As each of them holds 20.0% of the issued share capital of TCC Group Investments Limited, they are each deemed interested in TCC Group Investments Limited's direct interest in the Units

Portfolio Overview



Nick Scali & Plastic Bottles Facility, New South Wales, Australia

Portfolio Overview – Australia

Prime and modern properties with an average age of 6.9 years properties concentrated within major logistics and industrial markets



61
Properties



Melbourne (Victoria)

Properties	30
GLA	646,467 sq m
Valuation ⁽²⁾	A\$774.1m
% of Portfolio ⁽²⁾	40.0%



Sydney (NSW)

Properties	15⁽³⁾
GLA ⁽¹⁾	364,268 sq m
Valuation ⁽²⁾	A\$543.8m
% of Portfolio ⁽²⁾	28.1%



Brisbane (Queensland)

Properties	12
GLA ⁽¹⁾	268,597 sq m
Valuation ⁽²⁾	A\$572.9m
% of Portfolio ⁽²⁾	29.6%



Adelaide (South Australia)

Properties	3
GLA ⁽¹⁾	26,413 sq m
Valuation ⁽²⁾	A\$27.3m
% of Portfolio ⁽²⁾	1.4%



Perth (Western Australia)

Properties	1
GLA	20,143 sq m
Valuation ⁽²⁾	A\$17.0m
% of Portfolio ⁽²⁾	0.9%

As at 30 June 2018⁽¹⁾

A\$1.9 billion
Portfolio Value⁽²⁾

1,325,887 sq m
Portfolio GLA

99.0%
Occupancy

6.9 years
WALE⁽⁴⁾

3.1% p.a.
Average Fixed
Rental Increases

- Excludes the Divested Properties and includes the New Australian Properties
- Based on the appraised value of FLT's Australian portfolio as at 30 September 2017 (Includes the balance of the acquisition amounts payable in respect of the Beaulieu, Stanley Black & Decker and Clifford Hallam Facilities, which were completed on 13 October 2017, 17 November 2017 and 4 May 2018, respectively, excludes the Divested Properties and includes the New Australian Properties which were valued on 31 July 2018)
- 14 properties located in Sydney, 1 property located in Wollongong
- Based on Gross Rental Income ("GRI"), being the contracted rental income and estimated recoverable outgoings for the month of June 2018. Excludes straight lining rental adjustments

Portfolio Overview – Germany and the Netherlands

Prime, predominantly freehold industrial properties located in key global logistics hubs



21
Properties



Leipzig-Chemnitz

Properties	2
GLA	29,590 sq m
Valuation ⁽¹⁾	€29.7m
% of Portfolio ⁽¹⁾	4.9%



Munich-Nuremberg

Properties	4
GLA	139,991 sq m
Valuation ⁽¹⁾	€135.4m
% of Portfolio ⁽¹⁾	22.4%



Stuttgart-Mannheim

Properties	5
GLA	156,663 sq m
Valuation ⁽¹⁾	€186.4m
% of Portfolio ⁽¹⁾	30.9%



Düsseldorf-Cologne

Properties	4
GLA	75,100 sq m
Valuation ⁽¹⁾	€67.4m
% of Portfolio ⁽¹⁾	11.2%



Tilburg-Venlo

Properties	2
GLA	50,763 sq m
Valuation ⁽¹⁾	€41.9m
% of Portfolio ⁽¹⁾	6.9%



Utrecht-Zeewolde

Properties	2
GLA	136,509 sq m
Valuation ⁽¹⁾	€106.7m
% of Portfolio ⁽¹⁾	17.7%



Hamburg-Bremen

Properties	2
GLA	32,170 sq m
Valuation ⁽¹⁾	€36.4m
% of Portfolio ⁽¹⁾	6.0%

As at 30 June 2018

€\$603.9 million
Appraised Value

620,786 sq m
Portfolio GLA

100%
Occupancy

7.5 years
WALE⁽²⁾

89% leases
with CPI-linked
indexation or fixed
escalation

1. Based on the appraised value for the New Properties acquired by FLT on 25 May 2018
2. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of June 2018. Excludes straight lining rental adjustments

Key Portfolio Metrics

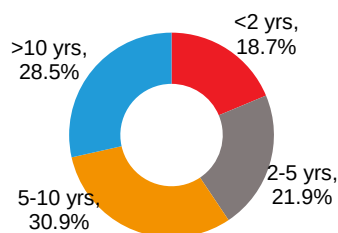
As at 30 June 2018

Completed Properties	82
Portfolio Value ⁽¹⁾	A\$2.9 billion
GLA (sq m)	1,946,673
Occupancy	99.3%
WALE (years) ⁽²⁾	7.1
Top 10 tenants concentration ⁽²⁾	32.2%
Average Property Age by GLA (years)	7.2

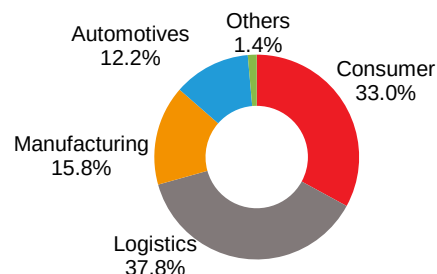
Top 10 Tenants⁽²⁾⁽³⁾

		% of GRI	WALE (Years)
Coles		7.2	14.0
CEVA Logistics		3.6	6.9
BMW		3.6	7.4
Schenker		3.3	6.4
Mainfreight		2.9	7.7
Constellium		2.5	9.0
Bakker Logistics		2.4	12.4
DSV Solutions		2.3	6.3
Techtronics Industries		2.2	4.1
Inchcape Motors		2.2	4.4

Portfolio Age by GLA



Tenant Sector⁽²⁾



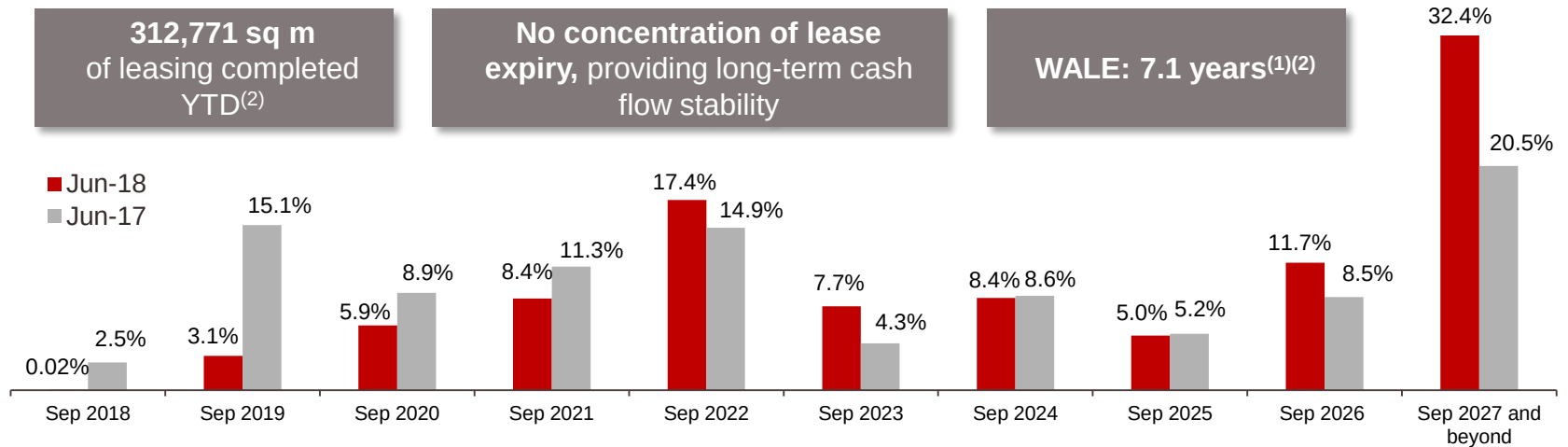
Modern Properties



1. Based on the appraised value of FLT's Australian portfolio as at 30 September 2017 (Includes the balance of the acquisition amounts payable in respect of the Beaulieu, Stanley Black & Decker and Clifford Hallam Facilities, which were completed on 13 October 2017, 17 November 2017 and 4 May 2018, respectively, excludes the Divested Properties and includes the New Australian Properties which were valued on 31 July 2018), and the New Properties acquired by FLT on 25 May 2018
2. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of June 2018. Excludes straight lining rental adjustments
3. Excludes the Divested Properties and includes the New Australian Properties

Proactive Asset Management

Well spread-out lease expiry profile⁽¹⁾⁽²⁾



Value creation through selective asset enhancement initiatives

57-71 Platinum Street, Crestmead, Queensland



- 1,219 sq m warehouse expansion with installation of a 773 sq m awning
- Building upgrades and sustainability initiatives including a 125kW solar PV system
- Return on cost: Approximately 10%
- Completed in December 2017

Keperstraße 10, 90451, Nuremberg, Germany



- 22,355 sq m warehouse expansion
- 5,489 sq m of the expanded space leased to Johnson Outdoors for a 10-year lease term expiring 30 June 2028
- Additional 5,676 sq m and 11,190 sq m respectively taken up by existing tenants Roman and Hellmann
- Completed in June 2018

1. Based on GRI, being the contracted rental income and estimated recoverably outgoings for the month of June 2018. Excludes straight lining rental adjustments
 2. Period from 1 October 2017 to 30 June 2018
 3. Excludes the Divested Properties and includes the New Australian Properties

Recent Acquisitions and Divestments

Recent Divestments

Property / Portfolio	Sale Consideration	Book Value	Premium to Book Value	Completion Date
Lot 102 Coghlan Road, Outer Harbor, South Australia	A\$8.75 million	A\$6.4 million ⁽¹⁾	36.7%	17 Aug 2018
80 Hartley Street, Smeaton Grange, New South Wales, Australia	A\$90.5 million	A\$64.5 million ⁽²⁾	40.3%	20 Aug 2018

Recent Acquisitions

Property / Portfolio	Value	GLA (sqm)	WALE (years) ⁽⁴⁾	Occupancy Rate	Completion Date
Portfolio of 21 properties in Germany and the Netherlands	€596.8 million ⁽³⁾	620,786	7.5	100%	25 May 2018
3 Burilda Close, Wetherill Park, New South Wales, Australia	A\$62.6 million	20,078	7.0	100%	5 Sep 2018
103-131 Wayne Goss Drive, Berrinba, Queensland, Australia		19,487	4.2	100%	

1. As at 30 June 2018

2. As at 31 March 2018

3. Based on 100% interest in each of the New Properties and on the basis of the completion of the committed asset enhancement works (where applicable)

4. "WALE" refers to the weighted average lease expiry by gross rental income, being the contracted rental income and estimated recoverable outgoings for the month of June 2018, and excludes straight lining rental adjustments.

Financial Review



Rheinberg Facility, Rheinberg, Germany

Financial Performance 1 October 2017 - 30 June 2018⁽¹⁾

(A\$'000)	9MFY18	9MFY17 ⁽²⁾	Change (%)	Remarks
Gross revenue	135,327	120,843	12.0	
Adjusted net property income ⁽³⁾	106,092	92,415	14.8	- Adjusted NPI contributions of the 2017 Acquisition Transaction⁽⁴⁾ of A\$6.4 million and 2018 Acquisition Transaction⁽⁵⁾ of A\$5.0 million (€3.2 million) - Net effect of the annual fixed increment in the Australian portfolio
Finance costs	(16,159)	(12,485)	(29.4)	Higher borrowings drawn to finance the 2017 Acquisition Transaction and 2018 Acquisition Transaction and existing debt of approximately €265.2 million (A\$418.6 million) assumed with the 2018 Acquisition Transaction
Distributable income to Unitholders	82,386	74,984	9.9	- Contributions from the 2018 and 2017 Acquisition Transactions; <i>which were partially offset by:</i> - Higher finance costs; and - Corporate income tax for the New Properties and higher withholding tax paid
DPU (Singapore cents)	5.41	5.24	3.2	- Higher hedged exchange rate of A\$1.00:S\$1.0466 (9MFY17: A\$1.00:S\$1.0011); <i>which was partially offset by:</i> 41% increase in the number of units in issue as at 30 June 2018 compared to 30 June 2017⁽⁶⁾; and - The Manager has elected to receive 82.9% (9MFY17: 100%) of management fees in the form of units (For illustration and comparison purposes only, assuming 100% of management fees had been taken in the form of units, 9MFY18 DPU would have been 5.28 Australian cents (9MFY17: 5.24 Australian cents))

1. For avoidance of doubt, excludes impact of the the Divested Properties and New Australian Properties

2. The comparative 9MFY17 figures are an aggregate of the 1QFY17 (extracted from Paragraph 1 of FLT's Financial Statements Announcement dated 3 February 2017), 2QFY17 (extracted from Paragraph 1 of FLT's Financial Statements Announcement dated 5 May 2017) and 3QFY17 results (extracted from Paragraph 1 of FLT's Financial Statements Announcement dated 28 July 2017)

3. Net property income excluding straight lining adjustments for rental income and after adding back straight lining adjustments for ground leases

4. On 6 June 2017, FLT announced its first portfolio acquisition of seven industrial properties located in Australia comprising four completed properties and three development properties for an aggregate consideration of approximately A\$169.3 million (the "2017 Acquisition Transaction")

5. On 20 April 2018, FLT announced its second portfolio acquisition of 17 industrial properties located in Germany and 4 located in the Netherlands for an aggregate consideration of approximately €596.8 million (the "2018 Acquisition Transaction") which was completed on 25 May 2018

6. Due to the issuance of management fee units, placement units and preferential offering for the 2017 and 2018 Acquisition Transactions

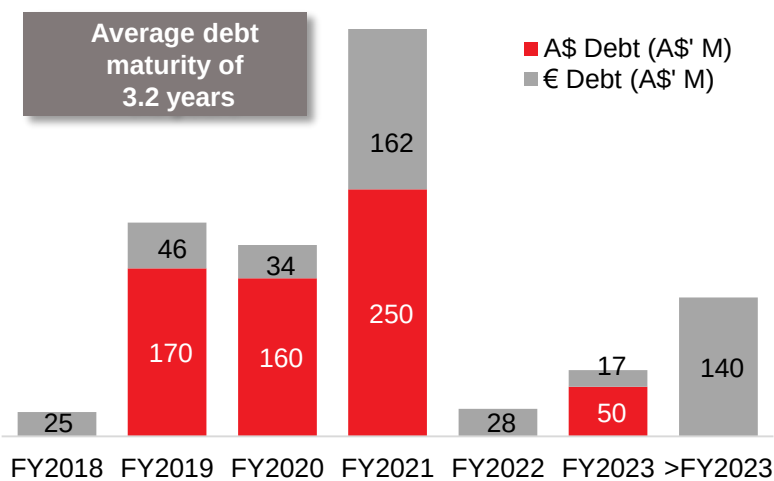
Balance Sheet⁽¹⁾

The value of investment properties increased 48.6% from A\$1.91 billion as at 30 September 2017 to A\$2.84 billion as at 30 June 2018, due mainly to:

- ♦ Completion of the 2018 Acquisition Transaction on 25 May 2018 (A\$942.0 million);
- ♦ Completion of the Stanley Black and Decker Facility (A\$16 million) on 17 November 2017, Clifford Hallam Facility on 4 May 2018 (A\$20 million), and the Stramit AEI (A\$2.1 million)
- ♦ FLT is in a net current liability position as at 30 June 2018 as A\$237 million of term loans which are repayable within the next 12 months are classified to current borrowings. This includes a A\$170 million term loan and also the instalment repayments for the debt assumed with the 2018 Acquisition Transaction. The REIT Manager is in discussion with banks to refinance these loans

Balance Sheet (A\$'000)	As at 30 Jun 18	As at 30 Sep 17
Investment properties	2,839,672	1,910,975
Other non-current assets	1,441	3,077
Current assets	140,277	62,272
Total assets	2,981,390	1,976,324
Non-current liabilities	866,726	592,797
Current liabilities	265,824	46,011
Total liabilities	1,132,550	638,808
Net asset value per Unit (A\$)	0.91	0.88
Net asset value per Unit (S\$)	0.92⁽²⁾	0.94⁽³⁾

Debt Maturity Profile



1. For avoidance of doubt, excludes impact of the the Divested Properties and New Australian Properties
2. Based on an exchange rate of A\$1.00:S\$1.0099 as at 30 June 2018
3. Based on an exchange rate of A\$1.00:S\$1.0636 as at 30 September 2017
4. Excluding upfront debt related expenses

Credit Metric Summary⁽¹⁾

Credit Metric Summary	As at 30 Jun 18
Aggregate Leverage	36.3%
Total Gross Borrowings	A\$1,082 million
Weighted Average Cost of Borrowings ⁽²⁾	2.5%
Average Weighted Debt Maturity	3.2 years
Interest Rate Exposure Fixed	81.0%
Interest Coverage Ratio	6.4 times
Available Debt Headroom	A\$469.0 million ⁽³⁾

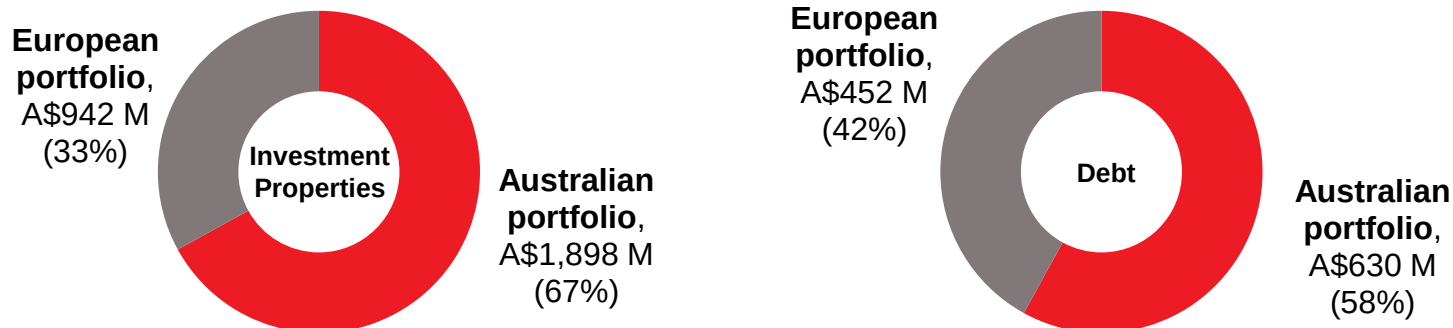
1. For avoidance of doubt, excludes impact of the the Divested Properties and New Australian Properties

2. Excluding upfront debt related expenses

3. Prior to reaching the 45.0% aggregate regulatory leverage limit

Capital Management⁽¹⁾

Investment Properties and Debt (As at 30 June 2018)



Interest Risk Management (As at 30 June 2018)



1. For avoidance of doubt, excludes impact of the the Divested Properties and New Australian Properties

Objectives and Strategy



Stanley Black & Decker Facility, Victoria, Australia

Principal Objectives and Strategy



Strategies to support the Principal Objectives

1 Active Asset Management	♦ Proactive leasing: Maintain high occupancy rate, long WALE and well-diversified tenant base ♦ Asset Enhancement: Assess and undertake AEIs⁽¹⁾ on the FLT portfolio to unlock further value
2 Selective Development	♦ Undertake development activities of properties complementary to the FLT portfolio ♦ Re-development of existing assets ♦ Sponsor's development pipeline⁽²⁾
3 Acquisition Growth	♦ Pursue strategic acquisition opportunities of quality industrial properties ♦ ROFR over 44 properties from FLT's Sponsor ♦ Third-party acquisitions
4 Capital & Risk Management	♦ Optimise capital mix and prudent capital management

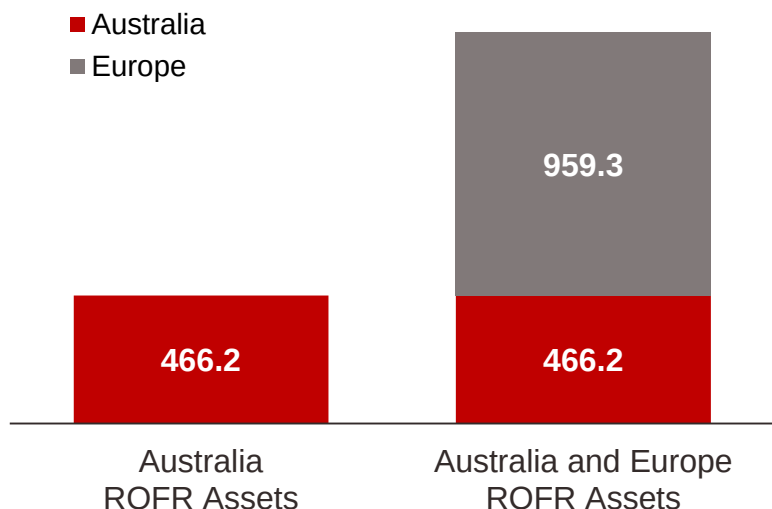
1. Asset Enhancement Initiative

2. Only completed income-producing real estate assets which are used for logistics or industrial purposes are included in the right of first refusal ("ROFR")

Access to visible ROFR pipeline⁽¹⁾

Access to a visible ROFR pipeline of 44 Australian and European assets of approximately 1.4 million sq m

ROFR Assets Pipeline (GLA, '000 sq m)



Australia:

- ✓ 15 existing ROFR assets with total GLA of ~426,600 sq m
- ✓ Potential growth from Sponsor's industrial property development pipeline of ~A\$800 million



Europe⁽²⁾:

- ✓ 29 existing ROFR assets with a total GLA of ~959,300 sq m
- ✓ Development pipeline of 8 projects with a total GLA of ~152,100 sq m

1. As at 30 June 2018 (excluding the GLA of the New Australian Properties which were acquired on 5 September 2018)
2. Includes the United Kingdom and the industrial portfolio of Alpha Industrial Holding S.A., Luxembourg

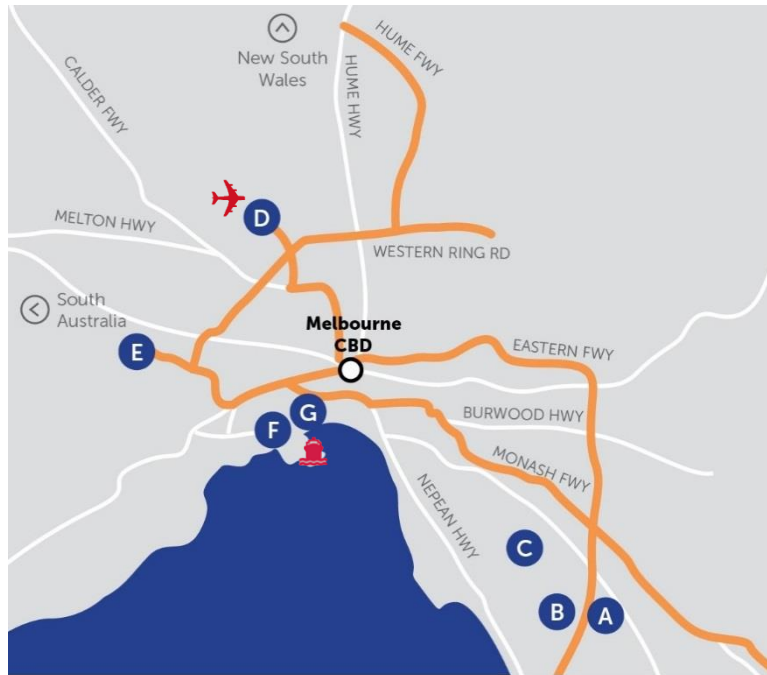
Appendix: Portfolio Overview, Economic and Market Snapshot



Clifford Hallam Facility, Victoria, Australia

Portfolio Overview Melbourne

- ♦ 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

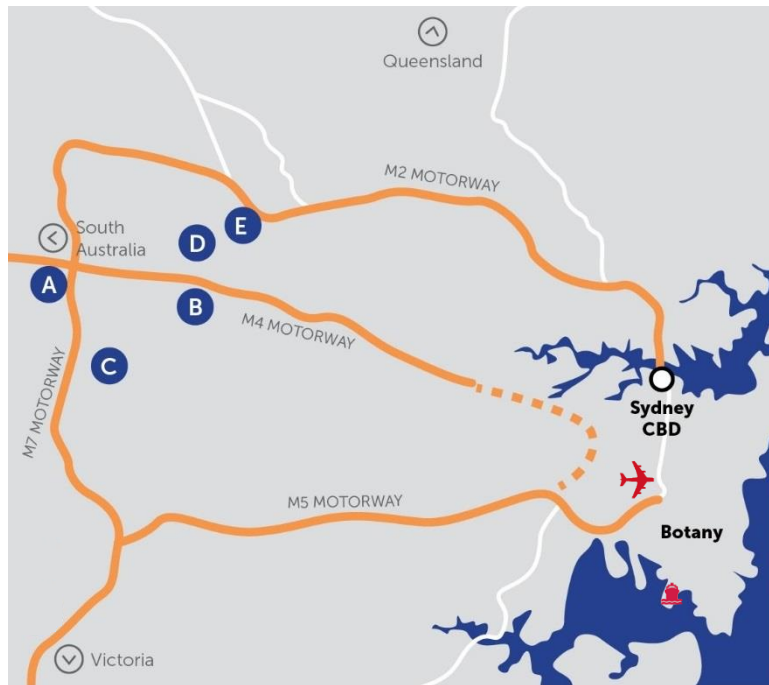


- | | |
|--|--------------------------------------|
| A South Park Industrial Estate | E West Park Industrial Estate |
| B The Key Industrial Park | F Altona Industrial Park |
| C Clayton South & Mulgrave | G Port Melbourne |
| D Melbourne Airport Business Park | |

Sub-market	Location	No. of Properties	Precinct Characteristic
South East	A	6	- Access to M1 (Monash Freeway) and M3 (EastLink) - Serves the large south eastern residential population base
	B	8	
	C	2	
North	D	6	- Access to key freeways, including the Tullamarine Freeway, Citylink Tollway, and Western Ring Road, together with the Tullamarine Airport. - Sydney is accessed via the Hume Highway
West	E	6	Close to the shipping port and access to the M1, Geelong Road, M80 Western Ring Road
City Fringe	F	1	Access to the M1 (Westgate Freeway) linking it to the west precinct
	G	1	
Total		30	

Portfolio Overview Sydney

- ♦ FLT's properties in Sydney are well-connected to major freeways, Sydney's port and are able to service growing population in the north west

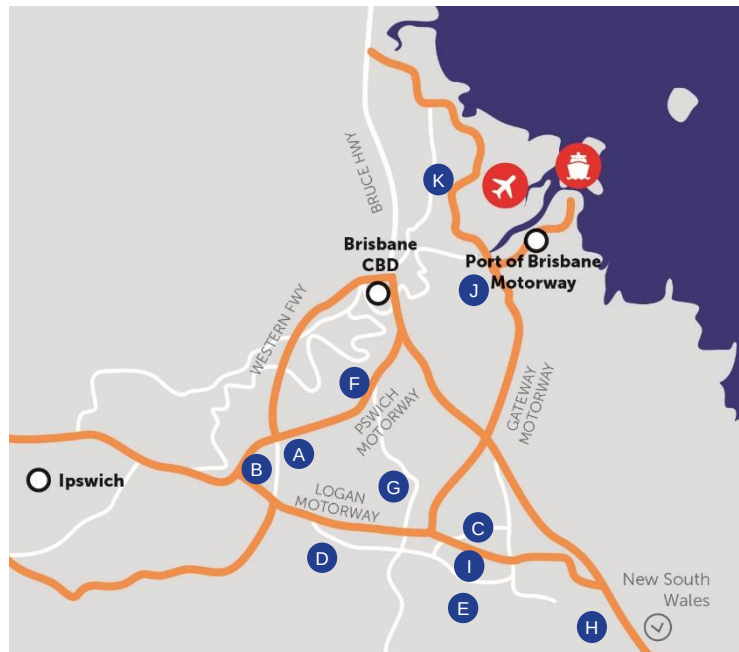


Sub-market	Location	No. of Properties	Precinct Characteristic
Outer Central West	A	4	- Excellent access to key motorways, including M7, M4 and other main arterial roads - Third-party logistics ("3PL"), retail and wholesale distribution centres for key brand name operators are located in this precinct
	B	2	
	C	3	
Outer North West	D	4	- Close to M2 and M7 and access to the large and growing north west population corridor - Supply is moderately constrained – sites suit smaller development
	E	1	
Port Kembla (Wollongong)	N.A.	1	One of the three major trade ports within New South Wales and is situated within the southern industrial city of Wollongong
Total		15	

- A Eastern Creek
- B Pemulwuy
- C Wetherill Park
- D Seven Hills
- E Winston Hills

Portfolio Overview Brisbane

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



A Flint Street	E Platinum Street	I Wayne Goss Road
B Boundary Road	F Shettleston Street	J Queensport Road
C Siltstone Place	G Sandstone Place	K Earnshaw Road
D Stradbroke Street	H Pearson Road	

Sub-market	Location	No. of Properties	Precinct Characteristic
Southern	A	1	• Largest geographical industrial precinct that has good road linkages to the north, west and south to the Gold Coast residential population
	B	1	
	C	1	
	D	1	
	E	1	
	F	1	
	G	1	
	H	2	
	I	1	
Trade Coast	J	1	• Close to key infrastructure, including Port of Brisbane and the Brisbane Airport • Access north and south via the M1 • Supply is constrained. Alternative use is strong competition for development in neighbouring suburbs
Northern	K	1	• Services the population to the North of Brisbane via the Gympie Road, Bruce Highway and Houghton Highway • Limited availability of development land
Total		12	

Market Overview Germany and Netherlands

Germany and the Netherlands sit at the crossroads of key global trade routes



Key global logistics hub – Germany and the Netherlands ranked #1 and #4 logistics hubs globally⁽¹⁾

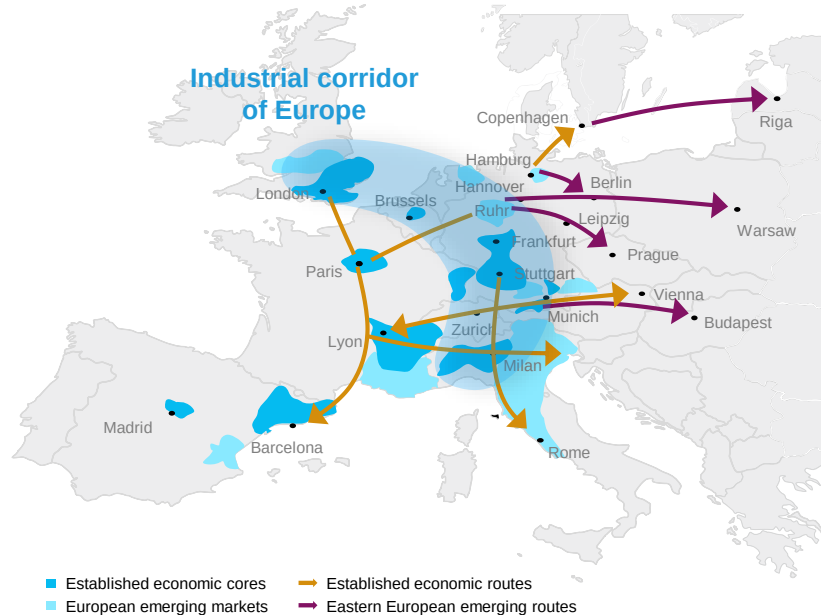


Located in heart of Europe with extensive road, motorway and rail network

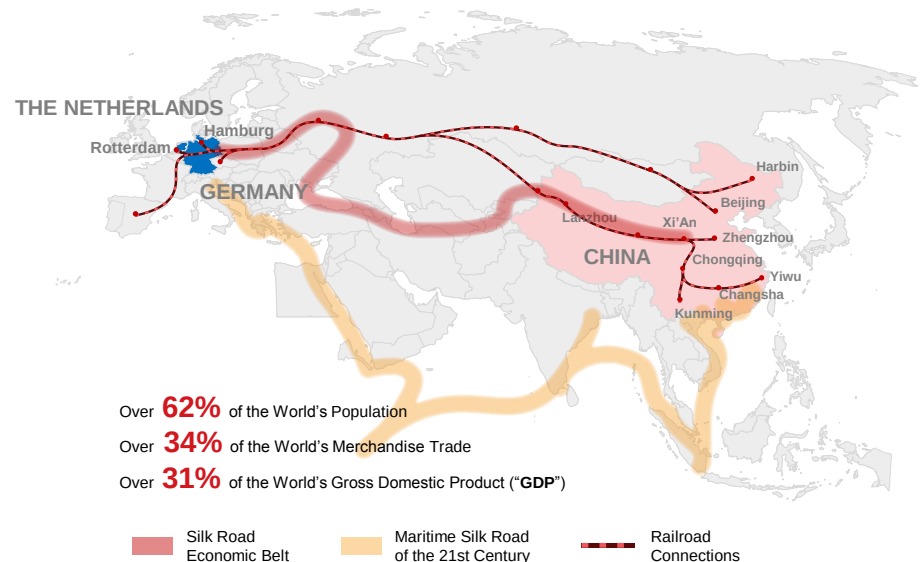


Further extension of global reach given critical role in China's Belt and Road Initiative

Europe's Main Trade Arteries Traverse Germany and the Netherlands



China's Belt and Road Initiative



Germany and the Netherlands are expected to benefit directly from China's Belt and Road Initiative given their trade-oriented economies

Economic Snapshot – Australia

Economic Growth

- ♦ Australian economy saw year-on-year GDP growth of 3.4% in the second quarter of 2018, printing the highest growth rate since September 2012; consistent with the Reserve Bank of Australia's (RBA) forecast for GDP to average above 3 per cent in 2018/19
- ♦ The outlook for non-mining investment has improved further and reported business conditions are high
- ♦ Increased public infrastructure investment has supported the economy
- ♦ Population growth exceeded calendar year 2017 forecasts at 1.6% and net overseas migration contributed 63.2% to the growth

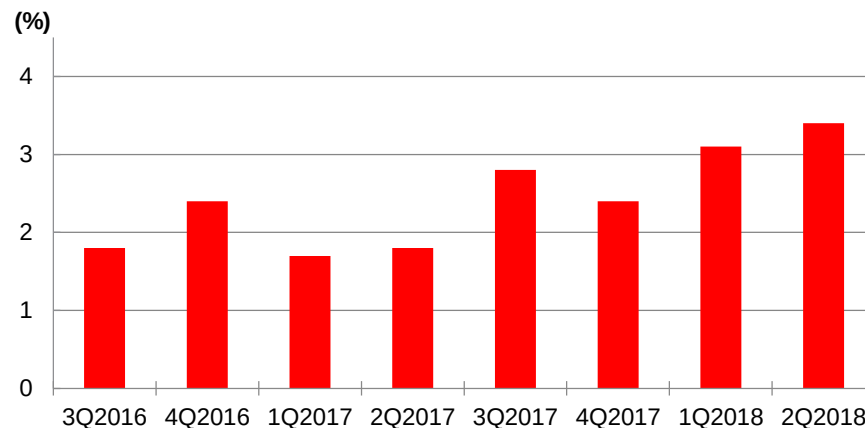
Official Interest Rates

- ♦ The RBA maintained the cash rate at 1.5%
- ♦ Australian government 10 year bond yields at 2.57%

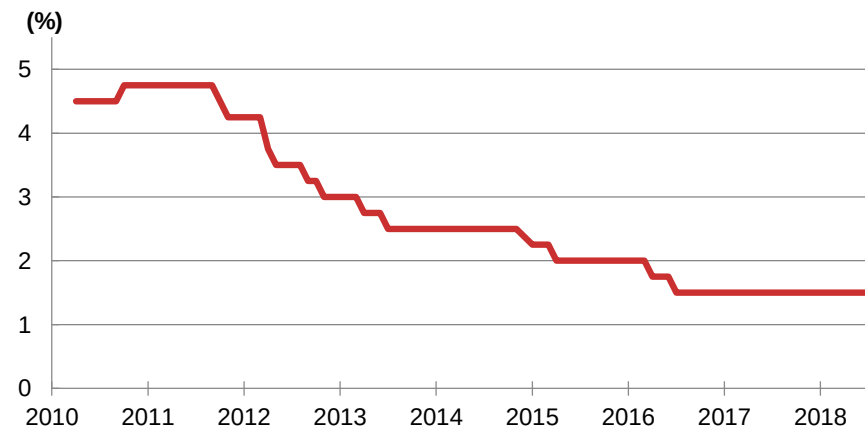
Unemployment Rate

- ♦ Low unemployment rate of 5.3% with employment rate growing by 2.4%
- ♦ Wage growth at 2.1% and is expected to pick up gradually as the labour market strengthens.

Australian GDP Annual Growth Rates

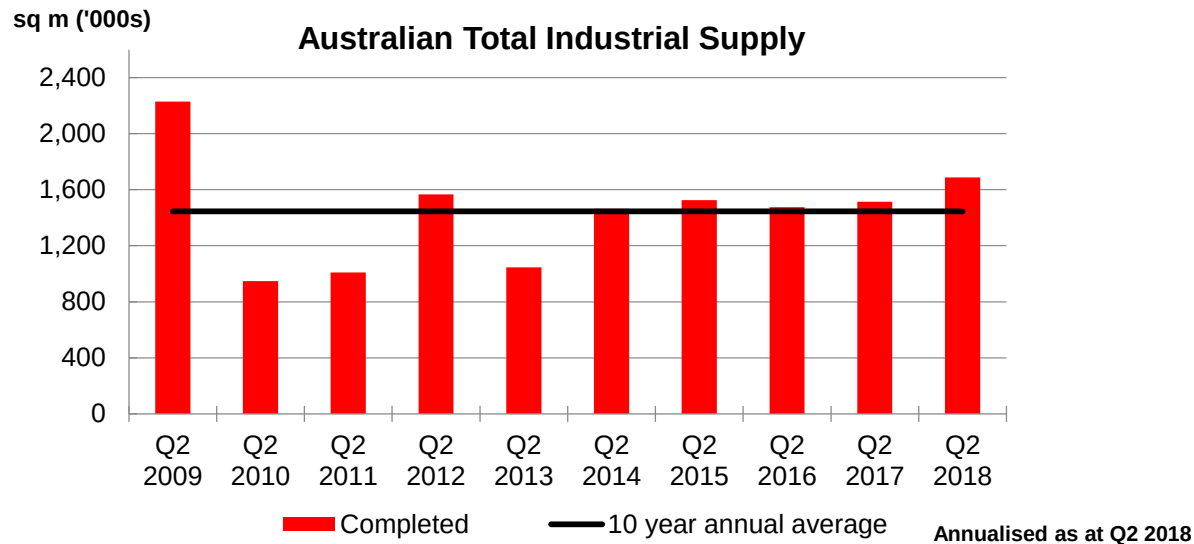


Australian Cash Rate



Australian Industrial Market

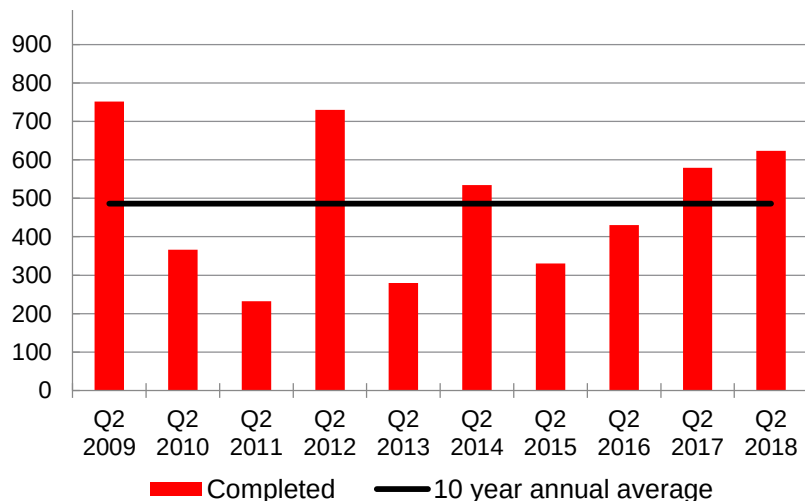
- ◆ Leasing market has been robust with year-to-date (“1H18”) **take-up levels** totalling 2.4 million sq m are 13% above the 10-year average. There has been a notable improvement in conditions reported for Brisbane (Southern precincts)
- ◆ Third party logistics providers (“3PLs”) and consumer sectors have been leading demand nationally and with the rise of online retailing becoming more significant. **E-Commerce** in Australia is growing at 29% per year and the growth will continue to have positive spillover effects on demand for industrial space
- ◆ **Australian industrial supply** is above the long term average with additions of nearly 340,000 sq m recorded in the second quarter of 2018 (“2Q18”). Sydney is in the midst of a development cycle and there has been increasing speculative developments as a result of the strong leasing market
- ◆ **Land value growth** has continued as a result of the demand-led expansion in development activity and re-zoning of land in certain precincts (especially South Sydney and Fisherman's Bend in Port Melbourne)
- ◆ **Prime yields** remain at the historically low levels



Sydney Industrial Market

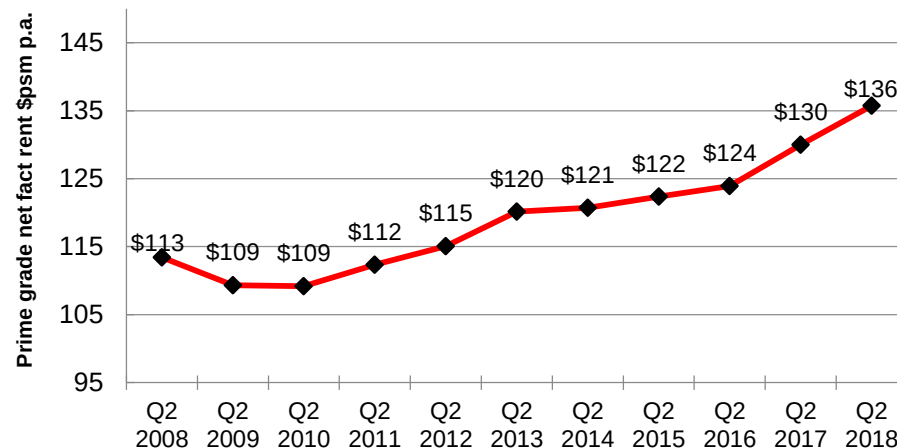
- ◆ **Supply:** Above-average supply is forecast to continue with completions of 373,000 sq m during 1H18 and a further 304,000 sq m under construction. However, a constrained supply of serviced land is likely to limit the amount of development activity post 2018
- ◆ **Demand:** Heightened demand has sustained with most absorption recorded in the Outer Central West; prime stock has accounted for most take-up, predominantly due to both pre-leased and speculative developments brought to the market. The major leasing activities over 2Q18 include DHL's pre-lease in Kemps Creek and Amazon which leased their first Sydney asset located in Moorebank
- ◆ **Rents:** Prime net rents are expected to remain stable over 2018 following the year-on-year growth of 4.4% across all precincts
- ◆ **Vacancy:** Available space is currently 40% below the historical average

SQ M ('000s) Sydney Industrial Total Supply



Annualised as at Q2 2018

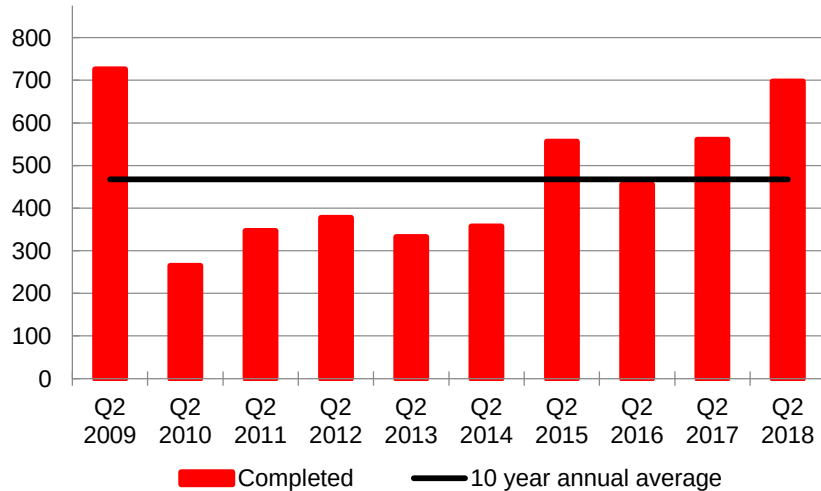
Sydney Industrial Prime Grade Net Face Rents



Melbourne Industrial Market

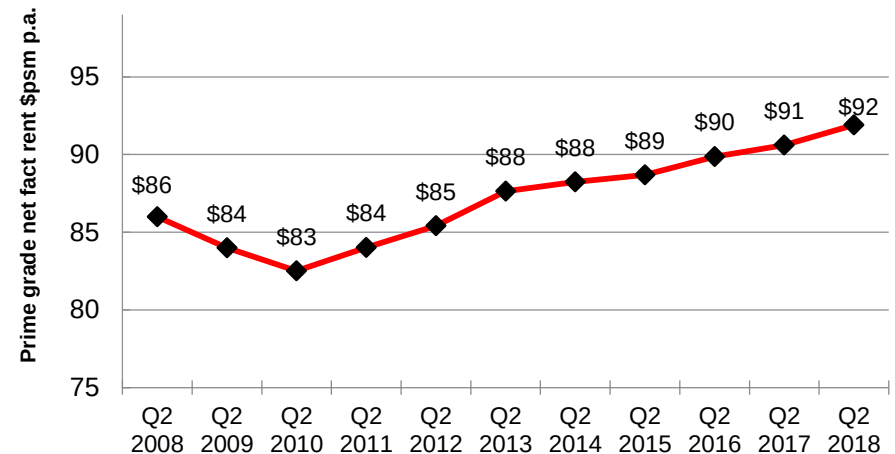
- ◆ **Supply:** Although Melbourne experienced modest additions of 95,000 sq m over 2Q18, annual supply levels have been increasing towards the previous construction peak (49% above long term average)
- ◆ **Demand:** Robust take-up levels of 268,200 sq m have been predominantly evident in the West and South East, driven by leases in existing assets
- ◆ **Rents:** Prime face rents have recorded a steady growth in the South East and there has seen an improvement in effective rents
- ◆ **Vacancy:** According to Knight Frank Research, vacancy is at its lowest level over the past four years, underpinned by a growing demand for industrial space (particularly from the e-commerce and transport & logistics sectors) and limited vacancy additions

SQ M ('000s) Melbourne Industrial Total Supply



Annualised as at Q2 2018

Melbourne Industrial Prime Grade Net Face Rents

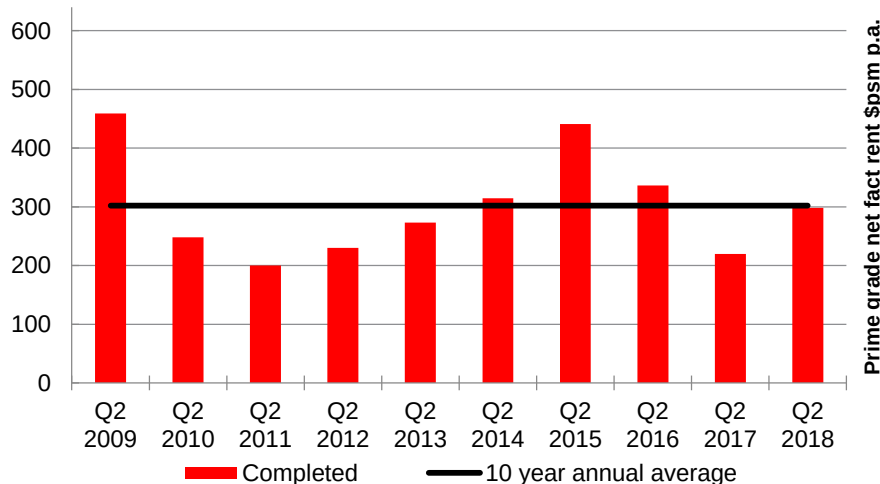


Brisbane Industrial Market

- ◆ **Supply:** Total annual supply remains at parity with the 10 year average. The addition in 2Q18 was largely attributable to the expansion of 30,100 sq m Coca-Cola distribution facility in Richlands. The forward pipeline is anticipated to be strong with 212,100 sq m to be delivered over 2018/2019
- ◆ **Demand:** year-to-date take-up is 18% above the long term average, mainly because third party logistics players, the most active sector, have continued to favour cost effective space in the Southern precincts
- ◆ **Rents:** As a result of improved occupier demand, prime rents in the Southern precincts have increased to A\$107.8 sq m with a year-on-year growth of 4.3%. Incentive levels appear to have plateaued across all precincts
- ◆ **Vacancy:** Vacancy has reduced by 18.9% over the past 12 months. The market is returning towards a balanced state and there has seen a reduction in availability of secondary stock

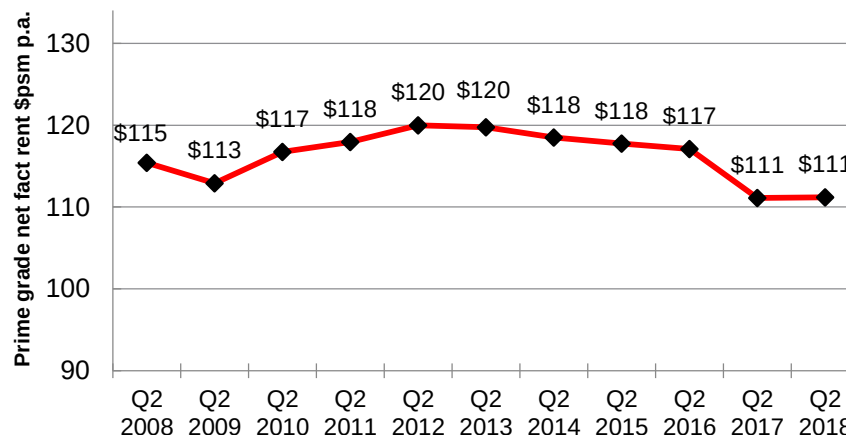
SQ M ('000s)

Brisbane Industrial Total Supply



Annualised as at Q2 2018

Brisbane Industrial Prime Grade Net Face Rents



Economic Snapshot – Europe

Germany

- Supported by domestic demand, the German economy grew 2.3% in 2Q18, marking the 16th quarter-on-quarter growth in a row, contributing to the longest upswing phase since 1991
- Low unemployment rate of 3.4% in July 2018

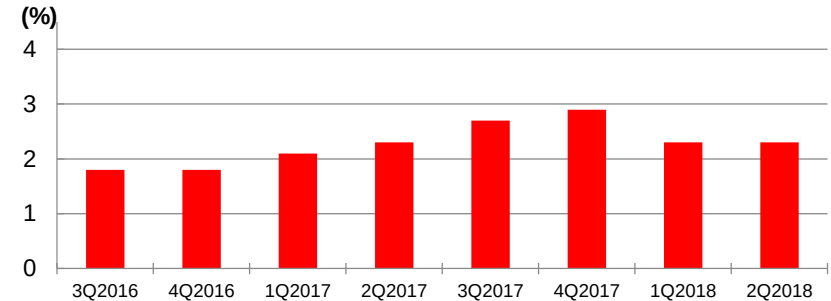
The Netherlands

- The Dutch economy grew 2.9% in 2Q18, mainly due to higher domestic expenditure: household consumption and investments in fixed assets grew substantially
- Exports grew as well, but imports grew even faster. For the first time in two years, net exports made a negative contribution to the growth of GDP as a result
- Low unemployment rate of 3.8% in July 2018

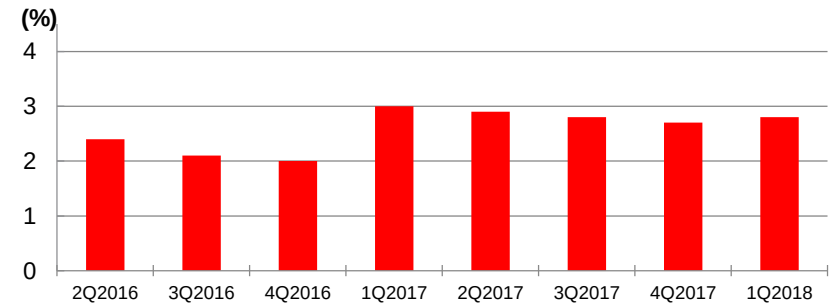
EURIBOR

- EURIBOR remained negative at 0.37%, and is expected to remain in the negative range for the rest of 2018

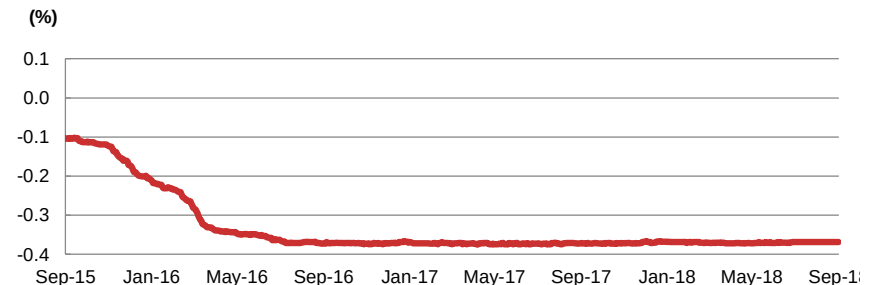
German GDP Annual Growth Rates



Dutch GDP Annual Growth Rates

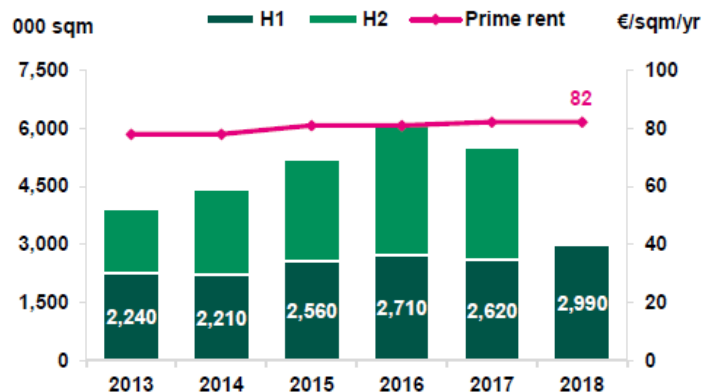


EURIBOR



Germany and the Netherlands Industrial Markets

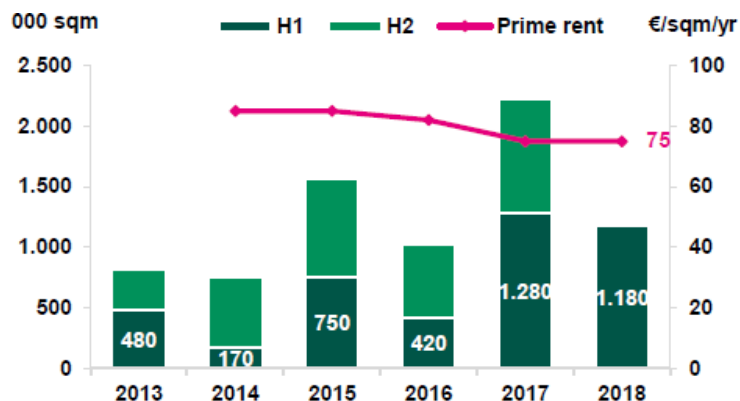
Germany Take-up and Prime Rent (for warehouse >5,000sqm)



Take-up : +14% (H1 2018 vs H1 2017)

- ◆ Industrial and logistics market remains underpinned by increasing demand, including growth in e-commerce and the favourable economic environment
- ◆ New industrial supply remains limited, with prime rents stable in most markets
- ◆ Following a strong compression in 2016 and 2017, yields compressed slightly in the second quarter of 2018

The Netherlands Take-up and Prime Rent (for warehouse >5,000sqm)



Take-up : -8% (H1 2018 vs H1 2017)

- ◆ Business confidence has been boosted by improving domestic demand and industrial output
- ◆ Industrial and logistics investment continued to increase sharply, representing 20% of total commercial real estate investment over the past 12 months to June 2018
- ◆ Further yield tightening in markets such as Venlo, Breda, Amsterdam and Rotterdam.

**Experience
matters.**



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