A member of Frasers Property Group

FRASERS LOGISTICS & COMMERCIAL TRUST

LEADING WITH **PURPOSE**

Annual Report 2022

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LEADING WITH **PURPOSE**

At Frasers Logistics & Commercial Trust, people are at the centre of everything we do. We help connect and strengthen businesses and communities. We consider our impact on people and the planet. Our Purpose – ***Inspiring experiences, creating places for good.*** – requires us to maintain a long-term view to business, creating lasting shared value for our stakeholders. We want to collaborate with like-minded partners, taking a science-based approach for outcomes that are equitable, people-focused and climate-positive. By being purpose-led, we challenge ourselves to constantly innovate and evolve as we strive to help build a more sustainable, inclusive and healthy world for all. As we aspire to be a leading real estate investment trust of choice, we believe we will build further on the progress made thus far in ensuring a more resilient, future-ready business.

17 Hudson Court,
Keysborough, Victoria,
Australia

17 Hudson Court,
Keysborough, Victoria, Australia

ENHANCING EXPERIENCES

At FLCT, we nurture deep relationships with our tenants to understand and anticipate their evolving business needs and industry trends. This allows us to deliver a differentiated portfolio of well-managed high-quality properties that are integral to the long-term growth aspirations of our tenants.

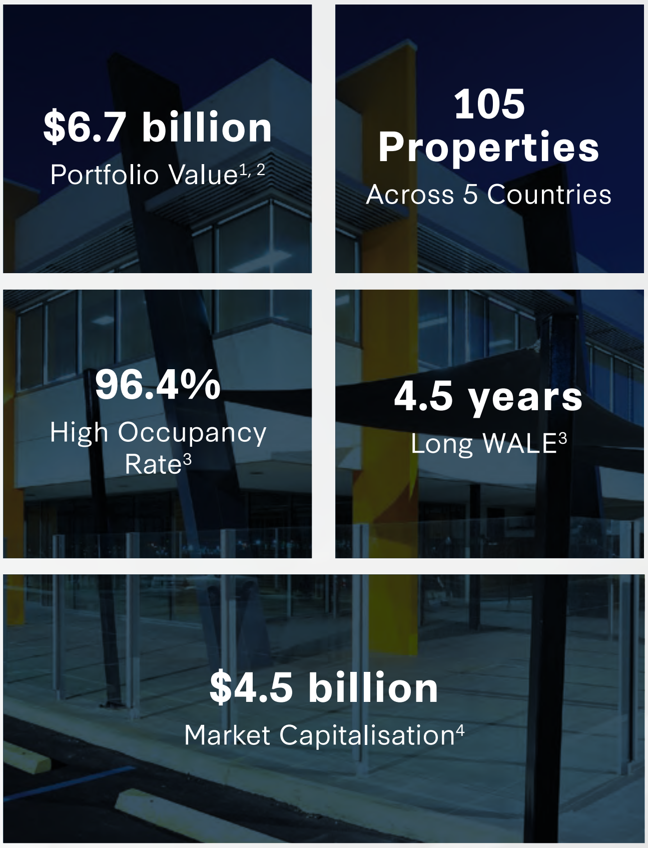
GLOSSARY

For ease of reading, this glossary provides definitions of acronyms that are frequently used throughout this report.

3PL	Third-party logistics
ABS	Australian Bureau of Statistics
AEI	Asset Enhancement Initiatives
AGM	Annual General Meeting
ARCC	Audit, Risk and Compliance Committee
Australian Dollar, A$ or AUD	The official currency of Australia
Board	Board of Directors of the REIT Manager
BREEAM	Building Research Establishment Environmental Assessment Method
British Pound, £ or GBP	The official currency of the United Kingdom
CAGR	Compound Annual Growth Rate
CBD	Central Business District
CDP	The Central Depository (Pte) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Code of Corporate Governance 2018
CIS Code	The Code on Collective Investment Schemes issued by the MAS
COVID-19	Coronavirus Disease 2019
CPF	Central Provident Fund
CPI	Consumer Price Index
DPU	Distribution per Unit
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
ESG	Environmental, Social and Governance
ERM	Enterprise-wide Risk Management
Euro, € or EUR	The official currency of the European Union
Frasers Property/Sponsor	Frasers Property Limited, the Sponsor of Frasers Logistics & Commercial Trust
FCOT	Frasers Commercial Trust
FLCT	Frasers Logistics & Commercial Trust (formerly known as Frasers Logistics & Industrial Trust ("FLT"))
Freehold	A property with a freehold title can be held by its owner indefinitely
FRS	Singapore Financial Reporting Standards
FTSE EPRA/Nareit	A free-float adjusted, market capitalisation-weighted index designed to track the performance of listed real estate companies worldwide
FTSE ST Index	FTSE Straits Times Index, a capitalisation-weighted stock market index that is regarded as the benchmark for the Singapore stock market. It tracks the performance of the top 30 companies listed on the Singapore Exchange
FTSE ST REIT Index	A free-float, market capitalisation-weighted index that measures the performance of stocks operating within the REIT Sector
Functional Currency	The main currency used by FLCT for reporting purposes
FY	Financial Year. FY2022 refers to the period from 1 October 2021 to 30 September 2022
GBCA	Green Building Council of Australia
GDP	Gross Domestic Product
GIY	Gross Initial Yield
GST	Good and Services Tax
Green Star	A sustainability rating system and certification trademark by the GBCA
Green Loans	Loans used specifically to finance green or sustainable projects
GRESB	Global Real Estate Sustainability Benchmark, the global ESG benchmark for real estate
GRI	Gross Rental Income
GRI Standards	Global Reporting Initiative Standards
GRP	Gross Regional Product
ICR	Interest Coverage Ratio
IPO	Initial Public Offering
IR	Investor Relations
KRI	Key Risk Indicator

Leasehold	A property with a leasehold title reverts to the state upon expiry of the lease period. The period of ownership is fixed and determined
Lettable Area	Leasable area which is the amount of floor space available to be rented in a property
Leverage	Calculated by dividing total debt by total deposited property
Leverage Limit	The leverage limit of 50% stipulated by the CIS Code governed by the MAS
Listing	Refers to the listing of FLT on the SGX-ST in June 2016
MAS	Monetary Authority of Singapore
MTI	Ministry of Transport and Industry, Singapore
Merger	The merger of FLT and FCOT which was effective from 15 April 2020
NABERS	National Australian Built Environment Rating System
NAV	Net Asset Value
New Economy Industries	Refers to high-growth industries with a high adoption of technology and innovation in operations, such as 3PL, e-commerce, IT and IT related-services
NPI	Net Property Income
NRC	Nominating & Remuneration Committee
Property Funds Appendix	Appendix 6 of the CIS Code
Q-o-Q	Quarter-on-quarter
RAP 7	Recommended Accounting Practice 7 Reporting Framework for Investment Funds issued by the Institute of Singapore Chartered Accountants
REIT	Real Estate Investment Trust
REIT Manager or Manager or FLCAM	Frasers Logistics & Commercial Asset Management Pte. Ltd. (formerly known as Frasers Logistics & Industrial Asset Management Pte. Ltd.) as the Manager of FLCT
REITAS	REIT Association of Singapore
ROFR	Right-of-First-Refusal
RUP	FLCT’s Restricted Unit Plan
SIAS	Securities Investors Association of Singapore
SGXNet	A web-based secure platform to enable our listed issuers to upload announcements on the company developments, news and corporate actions and also to request for their shareholders or bondholders reports
SGX-ST	Singapore Exchange Securities Trading Ltd
Singapore Dollar, $ or SGD	The official currency of Singapore and the functional currency of Frasers Logistics & Commercial Trust
Sqm	Square metre
Sqft	Square feet
S-REIT	Singapore-listed REIT
SSC	Sustainability Steering Committee
Sustainability-linked Financing	Loans and borrowings tied to the ESG-related performance of borrowers
TCFD	Task Force on Climate-Related Financial Disclosures
TOP 8	Refers to the major German logistics hubs (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig, Munich, Stuttgart)
Trust Deed	The Trust Deed constituting FLCT between the REIT Manager and the Trustee dated 30 November 2015 (as amended)
Trustee	Perpetual (Asia) Limited, as trustee of FLCT
UK	United Kingdom
Unit(s)	An undivided interest in FLCT as provided for in the Trust Deed
Unitholder(s)	The Depositor whose securities account with CDP is credited with Unit(s)
WALB	Weighted Average Lease to Break. The weighted average lease to break by headline rent based on the earlier of the next permissible break date(s) at the tenants election or the expiry of the lease
WALE	Weighted Average Lease to Expiry. The weighted average lease to expiry by headline rent based on the final termination date of the agreement
Y-o-Y	Year-on-year
YTD	Year-to-date

CORPORATE PROFILE



ABOUT FRASERS LOGISTICS & COMMERCIAL TRUST

Frasers Logistics & Commercial Trust ("FLCT") is a Singapore-listed real estate investment trust with a portfolio comprising 105 industrial and commercial properties, worth approximately $6.7 billion and diversified across five major developed markets – Australia, Germany, Singapore, the United Kingdom and the Netherlands. We were listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 June 2016 as Frasers Logistics & Industrial Trust and subsequently renamed Frasers Logistics & Commercial Trust on 29 April 2020 following our merger with Frasers Commercial Trust ("FCOT").

FLCT's investment strategy is to invest globally in a diversified portfolio of income-producing properties used predominantly for logistics or industrial purposes located globally, or commercial purposes (comprising primarily central business district ("CBD") office space) or business park purposes (comprising primarily non-CBD office space and/or research and development space) located in the Asia-Pacific region or in Europe (including the United Kingdom).

FLCT is a constituent of the FTSE EPRA/Nareit Global Real Estate Index Series (Global Developed Index), Straits Times Index and Global Property Research (GPR) 250.

FLCT is managed by Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "REIT Manager" or the "Manager"), a wholly-owned subsidiary of FLCT's sponsor – Frasers Property Limited ("Frasers Property", "FPL" or the "Sponsor", and together with its subsidiaries, the "Group").

ABOUT OUR SPONSOR

Frasers Property is a multi-national developer-owner-operator of real estate products and services across the property value chain. Listed on the Main Board of the SGX-ST and headquartered in Singapore, the Group has total assets of approximately $40.2 billion as at 30 September 2022.

Frasers Property's multi-national businesses operate across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The Group has businesses in Southeast Asia, Australia, Europe and China, and its well-established hospitality business owns and/or operates serviced apartments and hotels in over 20 countries in more than 70 cities across Asia, Australia, Europe, the Middle East and Africa.

Frasers Property is also the sponsor of two real estate investment trusts ("REITs") and one stapled trust listed on the SGX-ST. Frasers Centrepoint Trust and FLCT are focused on retail, and industrial & commercial properties, respectively. Frasers Hospitality Trust (comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) is a stapled trust focused on hospitality properties. In addition, the Group has two REITs listed on the Stock Exchange of Thailand. Frasers Property (Thailand) Public Company Limited is the sponsor of Frasers Property Thailand Industrial Freehold & Leasehold REIT, which is focused on industrial & logistics properties in Thailand, and Golden Ventures Leasehold Real Estate Investment Trust, which is focused on commercial properties.

1 Includes a 50% effective interest in Central Park, Perth, Australia
2 Book value as at 30 September 2022, excluding the property at 2-46 Douglas Street, Port Melbourne, Australia, which was divested on 24 October 2022, the three properties under development in UK and right-of-use assets
3 Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2022. Excludes straight-lining rental adjustments and includes committed leases
4 Based on the closing price and number of issued units in FLCT ("Units") as at 30 September 2022

OUR MULTI-NATIONAL PRESENCE

A FLAGSHIP LOGISTICS AND COMMERCIAL PORTFOLIO IN FIVE DEVELOPED COUNTRIES

105 properties across **5** countries

The Netherlands

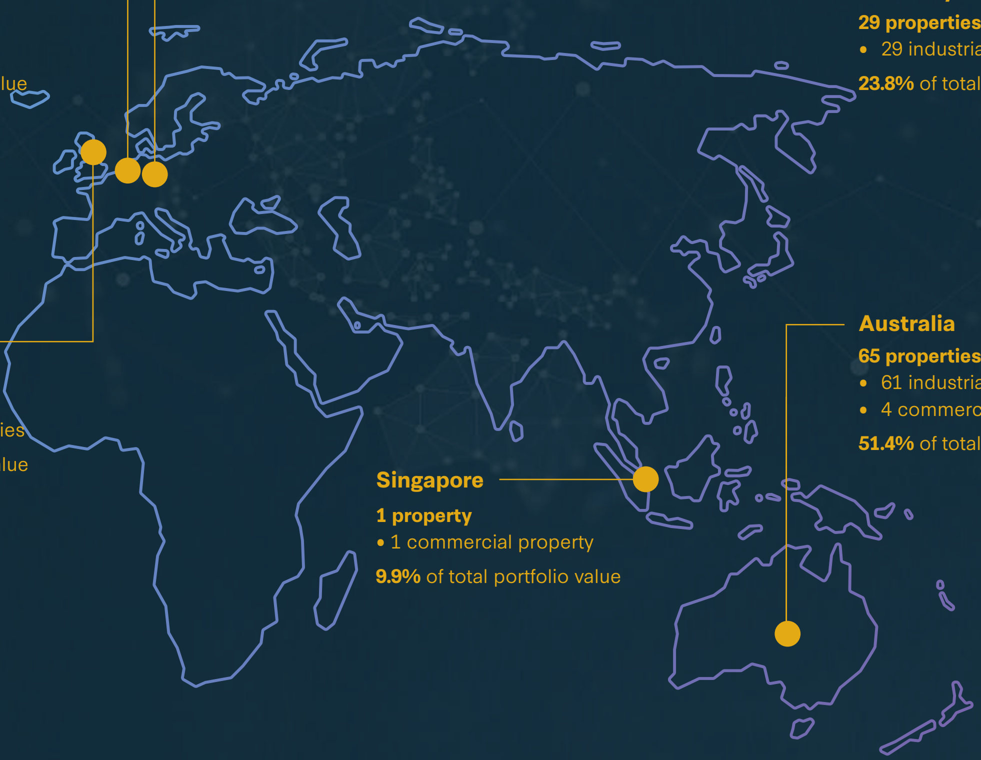
6 properties
- 6 industrial properties

5.5% of total portfolio value

Germany

29 properties
- 29 industrial properties

23.8% of total portfolio value



The UK

4 properties
- 1 industrial property
- 3 commercial properties

9.4% of total portfolio value

Australia

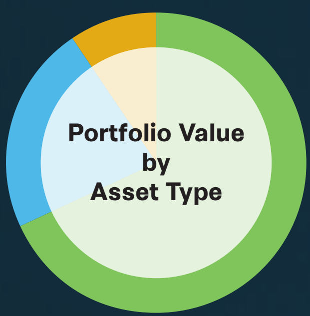
65 properties[1]
- 61 industrial properties
- 4 commercial properties

51.4% of total portfolio value

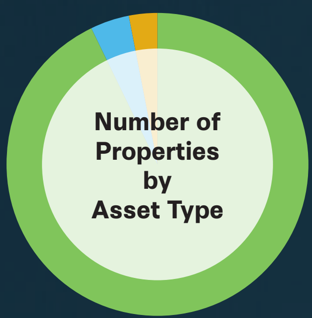
Singapore

1 property
- 1 commercial property

9.9% of total portfolio value



Logistics and Industrial	68.3%
Office and Business Parks	22.4%
CBD Commercial	9.3%



	Properties
Logistics and Industrial	97
Office and Business Parks	6
CBD Commercial	2

GREEN AND SUSTAINABLE PORTFOLIO

greenstar

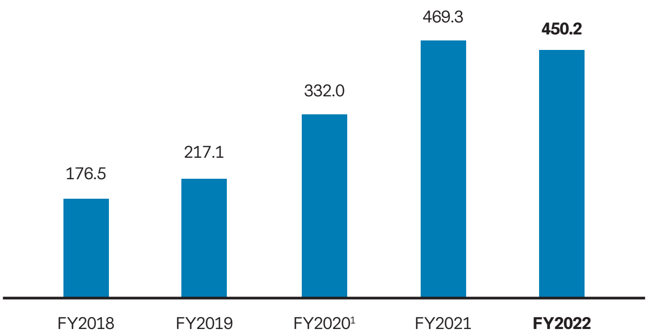
Highest rated industrial portfolio in Australia

GRESB

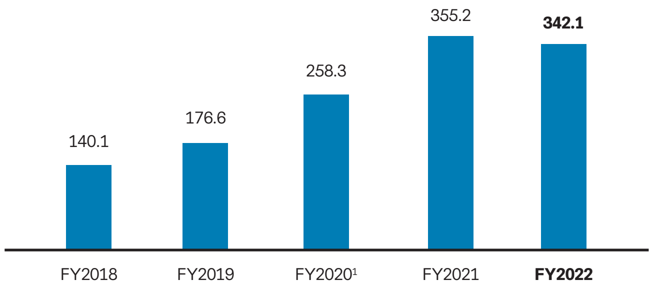
5-Star rating, with an improved score of 89 out of 100 in the 2022 assessment

FINANCIAL HIGHLIGHTS

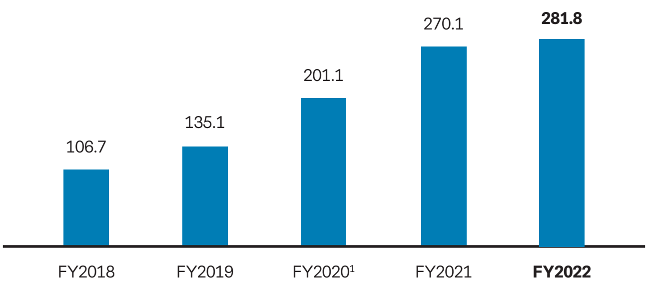
Revenue ($ million)



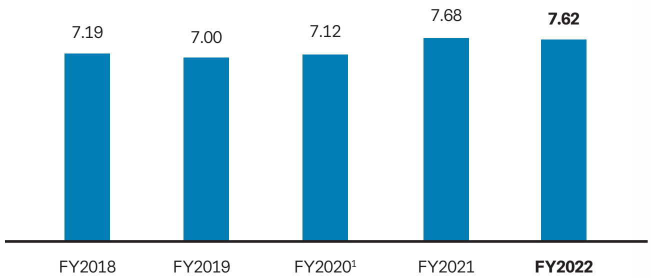
Adjusted net property income[2] ("Adjusted NPI") ($ million)



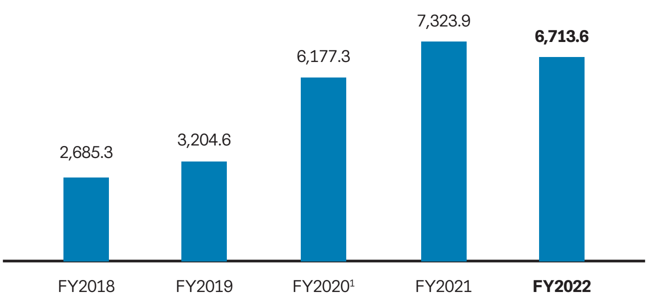
Distributable income ($ million)



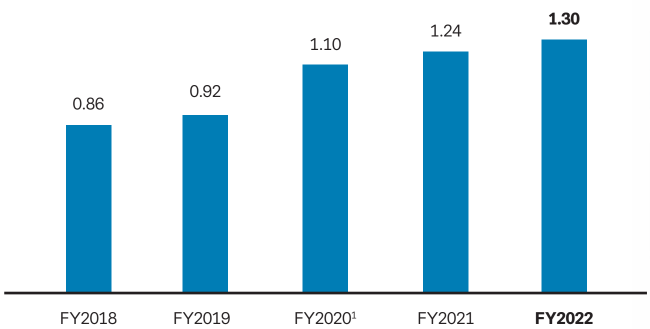
Distribution per Unit ("DPU") (cents)



Portfolio value ($ million)[a]



Net asset value ("NAV") per unit ($)



a Excludes the recognition of right-of-use assets upon the adoption of FRS 116 Leases with effect from 1 October 2019

		FY2018	FY2019	FY2020	FY2021	FY2022
Selected balance sheet data						
Total assets	$ million	2,790.6	3,353.1	6,734.6	7,680.2	**7,409.7**
Total gross borrowings	$ million	965.1	1,121.5	2,454.3	2,531.6	**1,977.6**
Unitholders' funds	$ million	1,735.1	2,086.2	3,770.5	4,574.6	**4,838.8**
Market capitalisation[3]	$ million	2,154.9	2,788.6	4,744.4	5,588.2	**4,546.3**
Key financial indicators						
Aggregate leverage[4]	%	34.6	33.4	37.4	33.7	**27.4**
Average weighted debt maturity	years	2.9	3.2	3.0	3.4	**2.7**
Average cost of borrowings[5]	% per annum	2.5	2.2	1.9	1.6	**1.6**

Notes:
FLCT has adopted the Singapore Dollar as its functional currency with effect from 15 April 2020 following its merger with FCOT. FY2018 and FY2019 results were based on the Australian Dollar translated at the 15 April 2020 exchange rate of A$1: S$0.9016 used for conversion of the accounts to Singapore Dollar
1 Includes FCOT with effect from 15 April 2020 following the merger with FCOT
2 For FY2019 and before, Adjusted NPI comprises the actual NPI excluding straight-lining adjustments for rental income and after adding back straight-lining adjustments for ground leases. For FY2020 and after, Adjusted NPI comprises the actual NPI excluding straight-lining adjustments for rental income and adding lease payments of right-of-use assets
3 Based on the closing price and number of issued units in FLCT ("Units") as at the last trading day of the respective financial year. Source: Bloomberg
4 The impact of FRS 116 Leases (adopted with effect from 1 October 2019), and the gross borrowings and total assets attributable to non-controlling interests have been excluded for the purpose of computing the aggregate leverage ratio
5 Based on trailing 12 months borrowing cost (including FCOT from 15 April 2020, being the date of merger completion)

Eiselauer Weg 2, Ulm, Germany

KEY TRENDS SHAPING OUR INDUSTRY

The REIT Manager stays up to date with the key developments and emerging trends shaping our industry, which enables us to remain agile and well prepared for opportunities and challenges in an ever-evolving real estate landscape. We summarise the global trends and themes that we view as most likely to define the future of logistics and commercial real estate.

Global Headwinds and Tailwinds

Growth of e-commerce

Global retail e-commerce to grow at a 4-year CAGR of 9.3% from US$5.7 trillion in 2022 to US$8.1 trillion in 2026[1], driving demand for quality warehousing.

FLCT's Approach

- Maintaining relevance of our logistics properties through regular asset reviews, strategic asset enhancement initiatives and ongoing tenant engagement

Supply Chain Security

Supply chains have transitioned from 'just-in-time' to 'just-in-case' in order to improve resilience and maintain higher inventory levels to meet customer needs. This is expected to continue to drive demand for warehousing.

FLCT's Approach

- Investing and maintaining a portfolio of 'best-in-class', modern, high-quality logistics and industrial properties which suit the storage and distribution needs of our customers

Transition to Net-zero Carbon

As businesses around the world focus on ESG, carbon neutral targets and disclosure, demand for properties with strong sustainability credentials will continue to rise.

FLCT's Approach

- Walk-the-talk with clear sustainability strategies and defined targets to provide market-leading real estate solutions with the potential to drive a rental premium and retain tenants
- Partnering customers and targeting new prospects who are aligned with FLCT on ESG commitments to reduce emissions
- Targeting acquisitions or undertaking developments which meet our ESG standards
- Leveraging on green/sustainability-linked financing to demonstrate ESG commitment

Future of Work

With hybrid working models becoming commonplace, office space utilisation may adjust towards a greater demand for higher quality, modern and/or flexible workspaces. There will be an emphasis on well-being and amenity to help attract and retain talent.

FLCT's Approach

- Positioning our assets to promote well-being in the workplace with high quality amenities, accompanied by smart building automation systems
- Targeting growth tenant segments such as the digital economy and resilient essential services and goods while reducing our exposure to lower growth sectors

1 Source: eMarketer, Retail e-commerce sales (September 2022)

Rising Cost of Energy

Exacerbated by the Russia-Ukraine conflict, energy prices continue to rise. This continues to contribute to inflationary pressures across global economies.

FLCT's Approach

- Working closely with customers to lower their energy use and facilitating power security through on-site renewable energy production

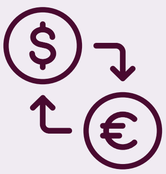
Inflationary Pressures and Rising Interest Rates Escalating Risk of Recession

Central banks continue to raise interest rates to combat rising inflation rates.

FLCT's Approach

- Enhancing portfolio income security through structuring long-term relationships with high-quality tenants. Leases, where possible, are structured to capture higher inflation through CPI-linked rental indexation or fixed annual rental increases
- Optimising our capital structure by maintaining a prudent loan-to-value limit, while retaining a well-spread debt expiry profile with diverse funding sources
- Hedging FLCT's interest rate position above the minimum target ratio of 50% required of its Treasury policy

Forex Volatility



Negative movement in the AUD, EUR and GBP against SGD would have an adverse impact on NAV and distributable income given FLCT's portfolio composition.

FLCT's Approach

- Narrowing the impact of foreign exchange movements through natural hedges where possible, by borrowing in the same currency as the investment and by entering into rolling hedges for foreign-sourced anticipated net dividends

OUR STRATEGY

In a challenging and volatile operating environment brought about by global headwinds in FY2022, the Manager of FLCT continued to harness the REIT's competitive advantages to deliver on its growth and value creation strategies. The Manager's initiatives and efforts have enhanced the REIT's ability to generate stable and regular distributions, driving sustainable long-term growth in DPU.

Our Competitive Advantages Define Us

QUALITY PORTFOLIO
We have a diversified portfolio of 97 prime and modern logistics and industrial properties and 8 commercial assets located in 5 developed countries

STRONG ASSET FUNDAMENTALS
Our quality assets have high occupancy rates, stable lease structures and long WALE across a well-diversified tenant base

ROBUST FINANCIALS
Our well-managed capital structure provides us with financial flexibility to tap the capital markets for our future growth

PROVEN TRACK RECORD
Continued value creation through portfolio optimisation, undertaking accretive acquisitions and portfolio recycling at premiums to book value

STRONG SPONSOR AND A CAPABLE MANAGER
We have a committed and reliable Sponsor in Frasers Property, and an experienced and capable REIT Management team

FOCUS ON SUSTAINABILITY
We continue to enhance our sustainability credentials and remain committed to high ESG standards

Our Strategy for Long-Term Value Creation

ACQUISITION GROWTH
- Focus on well-located modern properties
- Access to Sponsor's ROFR
- Selective third-party acquisitions including forward funding acquisitions

ACTIVE ASSET MANAGEMENT
- Optimise occupancy and tenant base
- Leverage AEIs to unlock further value
- Focus on greening our properties
- Constantly reviewing asset performance to ensure the portfolio remains relevant

CAPITAL & RISK MANAGEMENT
- Prudent capital management to ensure financial flexibility
- Well-spread debt expiry profile to minimise risk
- Hedging strategies to reduce volatility

SELECTIVE DEVELOPMENT
- Undertake asset development and/or development of existing assets
- Leverage Sponsor's development pipeline
- Incorporate sustainability initiatives

OUR FY2022 ACHIEVEMENTS

ROBUST FINANCIAL METRICS

- Distributable Income: **$281.8 million**
- DPU: **7.62 cents**
- DPU Yield: **6.2%**[1]

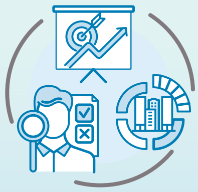
ACTIVE ASSET MANAGEMENT

- Portfolio Value: **$6.7 billion**
- High Occupancy: **96.4%**
- Long WALE: **4.5 years**
- New Leases and Renewals: **>351,000 sqm**

PURPOSEFUL GROWTH THROUGH STRATEGIC ACQUISITIONS

- Acquired ~**$342.0 million**[2] of high-quality properties and forward funding opportunities in FY2022, of which over 80% in value were for Logistics & Industrial

VALUE CREATION THROUGH STRATEGIC PORTFOLIO REBALANCING



- Divested Cross Street Exchange for **$810.8 million** at a **28.3%** premium to book value[3]
- Enhanced portfolio metrics and provided capital to pursue the new acquisitions and forward funding acquisitions

PROACTIVE CAPITAL MANAGEMENT

- Aggregate Leverage: **27.4%**
- ICR and adjusted ICR: **13.0 times**[4]
- Average Cost of Borrowings: **1.6%**[5]
- Debt Headroom: **$3.2 billion**[6]

HIGH SUSTAINABILITY AND GOVERNANCE PERFORMANCE

- GRESB: **5-Star rating**, with an improved score of 89 out of 100 in the 2022 assessment
- Achieved **'AA' MSCI ESG Ratings** by MSCI ESG Research
- Runner-up **Best Investor Relations Award at the Singapore Corporate Awards 2022**

1 Derived based on the FY2022 DPU of 7.62 Singapore cents and the closing price of FLCT as at 30 September 2022 of $1.23 per unit
2 Based on the values reported in the respective acquisition announcements
3 As at 30 September 2021
4 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 and for the purpose of adjusted ICR, distribution on hybrid securities. EBITDA includes gain on divestment of investment properties. Borrowing costs exclude interest expense on lease liabilities (effective from 28 December 2021)
5 Based on trailing 12 months borrowing cost
6 On the basis of an aggregate leverage limit of 50.0% pursuant to the Property Funds Appendix

LETTER TO UNITHOLDERS

WE EMBARK ON OUR FY2023 JOURNEY IN A STRONG FINANCIAL POSITION AND HAVE NUMEROUS VIABLE OPTIONS FOR GROWTH AND VALUE CREATION.

Dear Unitholders,

The global operating environment remains challenging. Geopolitical challenges such as supply disruptions related to the Ukraine war have led to a global energy crisis, driving energy costs higher. Globally, central banks have raised benchmark interest rates markedly to tame soaring inflation. These actions have wide ramifications across economies and social systems, escalating the risk of a global recession.

Amidst the economic and currency volatility, Frasers Logistics & Commercial Trust ("FLCT") remained resilient, maintaining prudent capital management and executing business strategies in a disciplined manner to deliver a year of stable performance. Leasing continues to be a key priority as we seek to strengthen partnerships with existing customers and develop new partnerships.

Through the sale of Cross Street Exchange, we have rebalanced our portfolio to maintain a logistics and industrial bias. Responding to the rising inflationary and interest rate environment, we were selective in our pursuit of acquisition opportunities. We deployed our capital towards the pursuit of meaningful long-term investments that are predominantly in the logistics and industrial space. These investment strategies have enabled FLCT to retain a well-diversified portfolio of modern logistics and commercial assets.

STABLE FINANCIALS AMIDST FOREX HEADWINDS

FY2022 revenue was $450.2 million, 4.1% lower from $469.3 million in FY2021, due to the sale of Cross Street Exchange during the year and the effects of lower exchange rates. The Singapore Dollar had appreciated strongly against the Australian Dollar, Euro and British Pound during the year in review.

The FY2022 distributable income rose 4.3% to $281.8 million, from $270.1 million a year ago. We also recognised a $169.7 million gain on the divestment of investment property which was related to the sale of Cross Street Exchange during the year.

We closed FY2022 with DPU of 7.62 Singapore cents, from 7.68 Singapore cents in FY2021. Based on the closing price of $1.23 per unit on 30 September 2022, our FY2022 DPU equates to a yield of 6.2%[1].

GROWING DEMAND FROM NEW ECONOMY INDUSTRIES

The strength of our underlying operating performance is anchored by our portfolio of 105 high-quality properties strategically located in five developed countries: Australia, Germany, Singapore, the United Kingdom and the Netherlands, which provides resilience and stability through the asset quality and strength of our tenant base.

Fuelled by positive demand-supply dynamics in our core markets, leasing momentum remained strong, ensuring that our portfolio occupancy remained high at 96.4% in FY2022. In addition, we successfully closed 69 leasing transactions comprising over 351,000 sqm of lettable area, and kept the WALE of our portfolio stable at 4.5 years.

For a third consecutive year, our logistics and industrial portfolio operated at 100% occupancy on the back of robust demand from tenants operating across a number of sectors, including new economy industries with strong tailwinds. Sustaining demand were three current global trends: the continued growth of e-commerce, albeit at a more moderate pace compared to the last two years; the evolution of inventory management models to enhance supply chain security; and the transition to net-zero carbon.

The industry expects global retail e-commerce to grow at a 4-year CAGR of 9.3% from US$5.7 trillion in 2022 to US$8.1 trillion in 2026[2]. This growth will invariably lift demand for quality warehousing spaces as players extend fulfilment networks to cater for larger volumes and enable faster delivery.

Supply chain security is a trend that has been in play since the onset of the pandemic. This is expected to support demand for warehousing as industry players continue to realign their inventory management strategies from 'just-in-time' to 'just-in-case' models and thus holding larger volumes of goods in their warehouses than in the past.

As sustainability takes centre stage, forward-thinking businesses will continue to reduce their carbon emissions in order to achieve net-zero carbon status. This is expected to elevate demand for properties with strong sustainability credentials, including our assets which have received globally recognised sustainability ratings including BREEAM, Fitwel, GRESB, Green Star and NABERS.

Occupancy at our commercial properties remained in the 90% range in FY2022 as companies continued to adopt hybrid workplace strategies to offer employees flexibility and benefits of working from home. With this trend, businesses continue to demand higher quality, modern and flexible workspaces. We believe that our well-located and high-grade commercial spaces are poised to benefit from the flight to quality.

LEADING WITH PURPOSE

During the year, we continued to deliver on our proven portfolio management strategies to optimise our portfolio and generate sustainable long-term value for our Unitholders.

Testament to the real estate expertise and ability of the Manager, we proactively rebalanced our portfolio with the strategic divestment of approximately $850 million of non-core assets at premiums to book values. These divestments provided us with capital and financial flexibility to maintain comfortable gearing levels and also pursue new acquisitions and forward funding acquisitions.

In March 2022, we completed the divestment of Cross Street Exchange in Singapore for $810.8 million, representing a 28.3% premium to the property's book value of $632.0 million[3]. The milestone divestment re-weighted our portfolio towards logistics and industrial properties and enhanced our portfolio metrics with a higher overall portfolio occupancy rate and longer WALE.

During the year, we also announced the proposed divestment of a leasehold property in Port Melbourne for A$41.5 million, being at a significant premium to the property's book value of A$21.8 million[4]. The divestment of this property was completed on 24 October 2022.

1 Based on the DPU of 7.62 Singapore cents for FY2022 and the closing price of FLCT as at 30 September 2022 of $1.23 per unit
2 eMarketeer, 23 September 2022
3 Based on the valuation by CBRE Pte. Ltd. as at 30 September 2021
4 Based on the valuation by Savills Valuations Pty Ltd as at 30 September 2022. The property value including the right-of-use asset as at 30 September 2022 is A$41.6 million

LETTER TO UNITHOLDERS

We executed a number of value accretive acquisitions with an aggregate value of approximately $342.0 million[5] in FY2022. This allowed us to deepen our presence in developed markets with high-quality properties and forward funding opportunities, of which over 80% were additions to our logistics and industrial portfolio.

These acquisitions include a £28.3 million[6] prime freehold warehouse development in Worcester, West Midlands, UK; a A$60.3 million prime freehold suburban commercial property at 545 Blackburn Road, Mount Waverley, Victoria, Australia; a portfolio of three newly completed, freehold prime logistics and industrial properties located in Truganina, Victoria, Australia with a combined value of A$61.0 million; and a £101.0 million[7] prime freehold logistics development in Cheshire, North West England, UK.

In February 2022, we announced the development of Connexion II at Blythe Valley Park in the UK for approximately £23.3 million. Upon completion in the first quarter of 2023, Connexion II will add 10,800 sqm of quality logistics and industrial space.

As a consequence of these strategic transactions and a $425.6 million increase in the valuation of our investment properties, our investment properties were valued at $6.7 billion[8] as at 30 September 2022. Our NAV per unit increased to $1.30 as at 30 September 2022, from $1.24 a year ago.

Whilst global interest rate hikes affected real estate cap rates and yields, investor interest in logistics and industrial assets and strong rental growth ensured that the asset class remained broadly resilient with relatively lower prime yields. Valuations for commercial properties in Australia and Singapore were relatively stable while overall valuation for the UK business park portfolio were lower as a result of widening cap rates and a relatively weaker leasing market in select markets.

PRUDENT CAPITAL MANAGEMENT

In line with our proactive and prudent approach to capital management, we strengthened our capital structure during the financial year. Utilising the net divestment proceeds from the sale of Cross Street Exchange, we repaid $504.9 million of borrowings, bringing our gearing to 27.4% as at 30 September 2022.

Our gearing level is one of the lowest amongst S-REITs, providing us with debt headroom of $3.2 billion[9] and greater financial flexibility to meet the needs of our future growth. Combined with our robust interest coverage ratio of 13.0 times, we are well positioned with sufficient internal funds and facilities to refinance or repay debt due in FY2023.

The high fixed-rate debt ratio of 81.7% also helps to cushion the impact of an increasing interest rate environment.

COMMITMENT TO GOVERNANCE AND SUSTAINABILITY

As a responsible business, we recognise that our decisions and actions have a compounding influence over our stakeholders and the environment. Under the stewardship of our Sponsor, we have integrated their sustainability values and programmes into our strategy, business and operations.

I would like to assure you of our long-term commitment to sustainability. Since 2017, we have had a sustainability strategy with specific goals and targets to measure our sustainability performance. We endeavour to achieve our objectives to the best of our ability and our continued progress is reported to our Unitholders, tenants, business partners and publics in an annual sustainability report that goes beyond basic reporting requirements.

To ensure that we move as one in the same direction, we encourage every employee to have a deep appreciation of our environment, social and governance values. We aim to achieve net-zero carbon status by 2030.

FLCT's portfolio of industrial and commercial properties retained its 5-Star rating in the 2022 Assessment by GRESB, ranking second in the 'Diversified – Office/ Industrial' category for the Asia-Pacific, with an improved score of 89 out of 100 points (88 out of 100 points in 2021).

In July 2022, we were upgraded to "AA" from "A" under the MSCI ESG Ratings by MSCI ESG Research LLC. The rating aims to measure a company's resilience to long-term ESG risks and our "AA" rating is the second highest on the scale. We were lauded for improved disclosures on executive

5 Based on the values reported in the respective acquisition announcements
6 Independent valuation conducted by CBRE Limited as at 15 November 2021. CBRE's valuation is on a completed and pre-let basis, and includes rent-free incentives which will be borne by the vendor and deducted from the agreed all-in maximum consideration
7 Independent valuation conducted by CBRE Limited as at 1 June 2022. CBRE's valuation is on a completed basis, on the basis that all relevant planning permission is in place and the property is leased to the tenant, Peugeot, based on the terms in the agreement for lease with Peugeot, and excludes the effects of rental incentives which will be borne by the vendor, Stoford
8 Includes a 50% effective interest in Central Park, Perth, Australia. Excludes the property at 2-46 Douglas Street, Port Melbourne, Australia, which was divested on 24 October 2022, the three properties under development in UK and right-of-use assets
9 On the basis of an aggregate leverage limit of 50.0% pursuant to the Property Funds Appendix

remuneration, corporate practices and audits on ethical practices.

On the governance front, we were accorded the Silver Award for Best Investor Relations in the REITS & Business Trusts category at the Singapore Corporate Awards 2022. We were recognised for our efforts in elevating corporate governance, transparency and implementing best practices in investor relations.

OUTLOOK

In spite of the dynamic macro environment and uncertainties, we believe that the overall operating environment for FLCT is expected to remain stable. However, we continue to closely monitor the potential resurgence of COVID-19, inflationary and rising interest rates environment, and implications of the ongoing conflict and developments in Europe. While our properties and customers in Europe have remained largely unaffected at this time, any escalation of the conflict may have wider implications on the price of global oil, energy and commodity prices. Such a situation will invariably increase the risk of a global recession.

Undeterred by these challenges, we remain focused on delivering on our strategy with restrained optimism. We embark on our FY2023 journey in a strong financial position and have numerous viable options for growth and value creation. With a market capitalisation of approximately $4.5 billion[10], we are one of the largest S-REITs in Singapore, with broad capabilities to explore potential acquisitions in both existing and new developed markets, either by way of third-party acquisition or through the Sponsor's pipeline. The outlook for our assets also remains broadly positive underpinned by strong tenant activity, continued e-commerce growth and increased demand for supply chain security.

A WORD OF APPRECIATION

As part of the Board renewal process, Mr Paul Gilbert Say and Mr Chin Yoke Choong retired as Non-Executive and Independent Directors on 31 January 2022 and 1 September 2022 respectively. On behalf of the Board, I would like to extend my heartfelt appreciation to Mr Say and Mr Chin for their dedication and invaluable contributions during their tenure of service.

We welcomed Mr Phang Sin Min as Non-Executive and Independent Director on 31 January 2022. Mr Phang comes with more than 30 years of experience in the investment management industry and his experience, particularly in portfolio strategy and risk, investment and asset management, real estate and private equities would provide further diversity to the core competencies and skillset of the Board.

We also appointed Mr Kyle Lee Khai Fatt as Non-Executive and Independent Director to the Board on 1 September 2022. Mr Lee has many years of experience in audit and business advisory services in the UK and Singapore. He was an audit partner and practice leader for business advisory services at PricewaterhouseCoopers LLP.

I would like to extend our sincere appreciation to our Sponsor, Unitholders, tenants and business partners for their loyalty and continued support. To our management team, thank you for your passion, dedication and resilience in delivering on our strategies and opportunities that drive long-term total returns for our Unitholders.

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

10 As at 30 September 2022

IN CONVERSATION WITH THE CEO

WE SPEAK WITH ROBERT WALLACE, CHIEF EXECUTIVE OFFICER OF THE MANAGER OF FLCT, ON HIS VIEWS OF FLCT'S FY2022 PERFORMANCE, STRATEGY FOR GROWTH, PORTFOLIO REBALANCING AND THE IMPACT OF INFLATIONARY PRESSURE.

Q WHAT'S YOUR TAKE ON FY2022 FOR FLCT?

FY2022 was marked by a confluence of events with many challenges and increased uncertainty across the world. Central banks have raised interest rates to combat inflation, affecting global recovery and growth. This was further exacerbated by volatile energy costs and disruptions to production and trade linked to the ongoing Russia-Ukraine conflict.

While many countries have taken an endemic approach to live with COVID-19, we are also mindful of our customers' evolving needs in a post-pandemic world due to changing occupier preferences for flexible working arrangements triggered by the pandemic.

I am pleased to report that amidst the strong headwinds in FY2022, the team remained committed and delivered on our value creation strategies to return a solid operational and financial performance in FY2022.

Operationally, we continued to build on our portfolio to strengthen our market position in an increasingly competitive environment. To attract and cater to tenants with new economy businesses, we continued to modernise our portfolio, acquiring six high-quality properties and forward funding opportunities in FY2022. Demonstrating our resolve to grow our logistics and industrial portfolio, whilst maintaining the support of choice high-quality suburban business parks/offices, more than 80% of FY2022 total acquisition value of approximately $342.0 million[1] comprised logistics and industrial assets.

We optimised our portfolio with the divestment of Cross Street Exchange for $810.8 million, representing a 28.3% premium to the property's book value of $632.0 million[2]. Proceeds from the divestment allowed us to strengthen our capital structure and provided us with capital to realise the acquisitions and forward funding acquisitions during the year.

With our proactive approach to asset and lease management, we anticipated and supported the evolving needs of tenants during this challenging period. As a result of robust tenant activity across our assets, overall portfolio occupancy rate remained high at 96.4%, with our logistics and industrial portfolio maintaining a commendable 100% occupancy rate for a third consecutive year. Demonstrating the quality of our tenant base, to date, we have not observed an increase in debt delinquency in our portfolio as a result of the energy crisis and inflationary pressures in Europe.

From an earnings viewpoint, we closed the year with distributable income of $281.8 million and DPU of 7.62 cents.

On the capital management side of the business, we repaid $504.9 million of borrowings with the net proceeds from the divestment of Cross Street Exchange, bringing our gearing down to 27.4%. At this level, we are well positioned with greater financial flexibility and have sufficient internal funds and facilities to refinance or repay the debt facilities maturing in FY2023. Furthermore, our high fixed-rate debt ratio of 81.7% also helps to cushion the impact of an increasing interest rate environment.

Adding to our commendable sustainability track record, we were upgraded to "AA" from "A", the second highest rating under the MSCI ESG Ratings by MSCI ESG Research LLC, while retaining our 5-Star GRESB rating, with an improved score of 89 out of 100 in the 2022 assessment.

Furthermore, we were recognised for our efforts in investor relations and corporate governance with the Silver Award for Best Investor Relations in the REITS & Business Trusts category at the Singapore Corporate Awards 2022.

Q COULD YOU ELABORATE ON YOUR PORTFOLIO REBALANCING STRATEGY AND WHY CROSS STREET EXCHANGE IN SINGAPORE WAS DIVESTED?

The Cross Street Exchange transaction achieved a sale price of $810.8 million representing a 28.3% premium to the property's book value of $632.0 million. Although this was an opportunistic development, it did align with our portfolio rebalancing strategy.

As part of our proactive asset management and portfolio rebalancing strategies, we periodically review the long-term value creation potential of every asset in our portfolio, and in turn, undertake appropriate course of actions to maximise the value of our investments. This enables us to maintain a portfolio that delivers income resilience and sustainable total returns to Unitholders.

The sale of Cross Street Exchange allowed us to optimise our portfolio by re-weighting our asset class mix towards logistics and industrial properties. This also resulted in enhanced portfolio metrics with a higher overall portfolio occupancy rate and longer WALE. Furthermore, we were able to direct part of the sale proceeds to pay down debt, providing FLCT with significant financial strength and flexibility.

Q CENTRAL BANKS CONTINUE TO BATTLE INFLATION BY INCREASING INTEREST RATES. WHAT DOES THIS MEAN FOR FLCT'S CAPITAL MANAGEMENT AND ITS ACQUISITION STRATEGY?

I believe that we have done relatively well on the capital management side, strengthening our financial flexibility. We repaid $504.9 million of debt in FY2022, largely utilising the net proceeds from the sale of Cross Street Exchange. At the end of the financial year, our gearing was 27.4% and one of the lowest among our peers. We remain well positioned with 81.7% of total debt on fixed interest rates and our average cost of debt is 1.6%. Our interest cover is healthy at 13.0 times and our near-term refinancing commitments are minimal at $159.0 million for FY2023. We will continue to closely monitor interest rate movements to keep our financing costs low.

1 Based on the values reported in the respective acquisition announcements
2 Based on the valuation by CBRE Pte. Ltd. as at 30 September 2021

IN CONVERSATION WITH THE CEO

Quality assets located in our core markets continue to command a premium – especially logistics and industrial assets which have a strong real estate investor following. However, we believe that yield-accretive third-party opportunities exist in our markets.

A case in point is the acquisition of a prime freehold warehouse development in Worcester, West Midlands, United Kingdom. This is our second third-party acquisition and our first forward funding opportunity. The £28.3 million[3] transaction was agreed in November 2021, comprising the fund through of a development property that has been pre-let to a leading UK flooring distributor for a 15-year period.

Another example is the acquisition of a prime freehold logistics development in Cheshire, North West England, UK. Completed in July 2022, the acquisition was made at a total consideration on a completed basis of £101.0 million[4]. This is our second forward funding opportunity and the property has been pre-let to Peugeot Motor Company Plc, a leading UK auto distributor also with a 15-year lease term.

Both fund through acquisitions have strong tenant covenants and periodic rental escalations, providing income certainty and growth over the term of the leases.

In addition, we will continue to look within and outside of our portfolio for development opportunities that can potentially provide higher returns, such as the development of Connexion II, a logistic and industrial facility at Blythe Valley Park.

Looking ahead, we will continue to grow via value accretive acquisitions in our key markets with a measured approach – one which will aim to deliver positive outcomes with minimal risk for our Unitholders.

Q IN THE CURRENT ENVIRONMENT, OPERATING COSTS CONTINUE TO ESCALATE WITH INFLATIONARY PRESSURES AND HIGHER ENERGY COSTS. WHAT HAS THE MANAGER DONE TO PROACTIVELY MANAGE THIS IMPACT?

With the disruptions and sanctions brought about by the Russia-Ukraine conflict, energy costs have continued to increase. This has elevated operating costs for businesses, increased inflationary pressures and interest rates across the world.

In the face of this challenging operating environment, FLCT remains largely resilient as the majority of outgoings are passed through to our customers for our portfolio outside of Singapore. Recoverable outgoings for commercial properties include property management fees, operation costs, utilities expenses, cleaning and repairs, amongst others.

Energy contracts are generally procured on a longer-term basis, which enables us to be better insulated from volatility in energy costs.

Further, our ESG initiatives are also focused on enhancing energy efficiency. This includes initiatives to install on-site renewable energy sources such as photovoltaic solar panels, which reduces our dependence on the power grid. Our progress on this front will help reduce operating costs for us and our customers.

Q WHAT IS FLCT'S ESG FOCUS?

As a major logistics and commercial real estate owner, we recognise our duty to conduct our business in an efficient and sustainable way. More importantly, we view ESG as an important competitive advantage and have since inception, upheld ESG as an integral part of our business strategy.

Sustainability is a major consideration in our decision making, ingrained across all key aspects of our business: from the evaluation of sustainability value add opportunities during leasing and/or asset enhancement plans, to the evaluation of acquisition and rebalancing opportunities, and extending into the management of our capital such as through the adoption of sustainable financing.

We also recognise the importance of high corporate governance standards and stakeholder well-being, working closely with our customers and other stakeholder groups to understand and address their evolving needs.

Our ESG initiatives are also well-aligned to our goal of achieving net-zero carbon by 2030. We invite you to read more about FLCT's ESG approach and progress in the sustainability report section embedded within this report.

3 Independent valuation conducted by CBRE Limited as at 15 November 2021. CBRE's valuation is on a completed and pre-let basis, and includes rent-free incentives which will be borne by the vendor and deducted from the agreed all-in maximum consideration

4 Independent valuation conducted by CBRE Limited as at 1 June 2022. CBRE's valuation is on a completed basis, on the basis that all relevant planning permission is in place and the property is leased to the tenant, Peugeot, based on the terms in the agreement for lease with Peugeot, and excludes the effects of rental incentives which will be borne by the vendor, Stoford

Q WHAT IS YOUR STRATEGY FOR THE FLCT PORTFOLIO OVER THE NEXT THREE YEARS? WHAT WILL BE YOUR KEY PRIORITIES?

As an experienced manager, we understand the importance of adopting an agile growth and investment approach which will allow us to deliver optimised returns to Unitholders over the longer term.

We believe that beyond the immediate macro uncertainty, the overall operating environment for FLCT is expected to remain positive. Our optimism is fuelled by strong logistics and industrial occupier demand, the continued growth of global e-commerce and demand as a result of supply chain security. In light of this, we will continue to maintain the current portfolio mix with a growth bias towards the logistics and industrial asset class.

To this end, we continue to seek properties with real estate metrics and attributes that will enhance our existing portfolio metrics: high-quality properties which are relatively new, have freehold tenure and are sited in prime locations with strong connectivity. As property tends to be a longer-term investment class, we prefer those assets with built-in rental escalations and/or CPI-linked indexation. We may also selectively invest in value-add opportunities of high-quality logistics and industrial properties with strong leasing fundamentals.

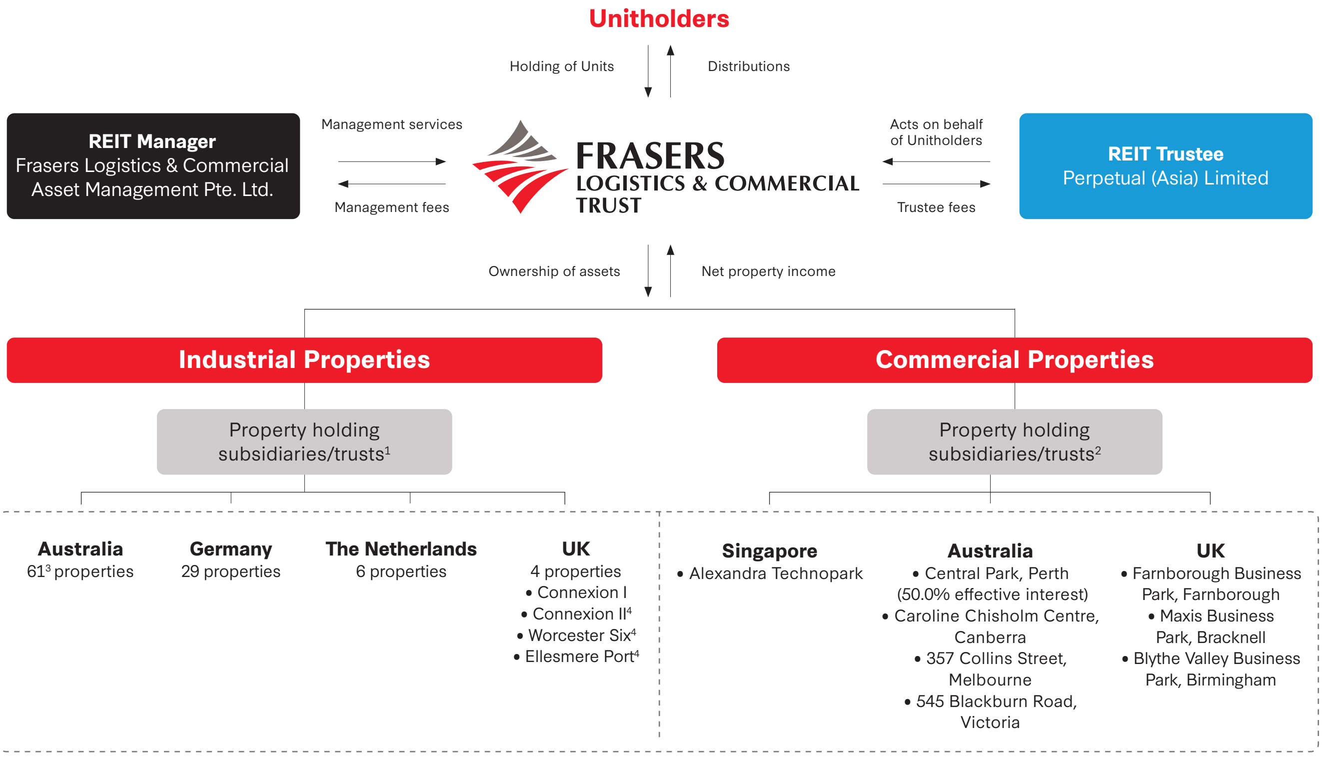
Accordingly, over the next three years, we will look to grow across our five existing markets – Australia, Germany, Singapore, the UK, and the Netherlands.

Each of these five markets, particularly in the logistics & industrial space, have exhibited favourable demand-supply dynamics which has generated a strong environment for high take-up and occupancy levels, driving positive rental growth and capital returns over the longer term.

We invite you to also read more about the drivers and fundamentals surrounding our five markets in the Independent Market Reports within this annual report.

Mr Robert Wallace
Chief Executive Officer

ORGANISATION STRUCTURE



The above presents a simplified trust structure for FLCT as of 30 September 2022. The industrial and commercial properties owned by FLCT are held through various intermediate entities comprising subsidiaries/trusts/sub-trusts.

1 Industrial properties located in Australia are held through a wholly-owned subsidiary and trust/sub-trusts of FLCT. Industrial properties located in Germany, the Netherlands and the United Kingdom are held through wholly-owned subsidiaries and trusts of FLCT

2 Alexandra Technopark in Singapore, Central Park, Caroline Chisholm Centre and 357 Collins Street in Australia, as well as Farnborough Business Park in the UK are held through FCOT, a wholly-owned sub-trust of FLCT. The trustee of FCOT is British and Malayan Trustees Limited. Maxis Business Park and Blythe Valley Park in the UK, as well as 545 Blackburn Road in Australia are held through wholly-owned subsidiaries and trusts/sub-trusts of FLCT

3 Excludes the property at 2-46 Douglas Street, Port Melbourne, Victoria, Australia which was divested on 24 October 2022

4 Investment property under development

CORPORATE STRUCTURE

The REIT Manager
Frasers Logistics & Commercial Asset Management Pte. Ltd.

BOARD OF DIRECTORS

(As at 30 September 2022)

Mr Ho Hon Cheong, 68

Chairman, Non-Executive and Independent Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2022):
6 years 4 months

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

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

Present Directorships in other companies (as at 30 September 2022):

Listed companies
- Non-Executive Independent Commissioner, PT Chandra Asri Petrochemical Tbk in Indonesia

Listed REITS/ Trusts
- Nil

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

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2019 to 30 September 2022):
- Non-Executive Non-Independent Director of Alliance Bank Malaysia Bhd in Malaysia

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

Others:
- Nil

Mr Kyle Lee Khai Fatt, 70

Non-Executive and Independent Director

Date of Appointment:
1 September 2022

Length of service as Director (as at 30 September 2022):
1 month

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

Academic & Professional Qualification(s):
- Bachelor of Arts (Honours) in Business Studies, Council for National Academic Awards, Polytechnic of South Bank, London
- Master of Business Administration, University of London, Imperial College of Science, Technology and Medicine
- Master of Science (Distinction) in International Management, The School of Oriental and African Studies, University of London
- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow of the Institute of Singapore Chartered Accountants
- Fellow of the Singapore Institute of Directors

Present Directorships in other companies (as at 30 September 2022):

Listed companies
- Non-Executive and Independent Director of Great Eastern Holdings Limited

Listed REITS/ Trusts
- Nil

Others
- Director of Great Eastern Life Assurance Company Limited

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2019 to 30 September 2022):
- Non-Executive and Independent Director of ComfortDelgro Corporation Limited
- Non-Executive and Independent Director of CapitaLand Integrated Commercial Trust Management Limited (manager of CapitaLand Integrated Commercial Trust)
- Non-Executive and Independent Director of FEO Hospitality Asset Management Pte Ltd (manager of Far East Hospitality Real Estate Investment Trust)
- Non-Executive and Independent Director of FEO Hospitality Trust Management Pte Ltd (trustee-manager of Far East Hospitality Business Trust)

Past Major Appointments:
- Partner, Price Waterhouse and PricewaterhouseCoopers LLP

Others:
- Nil

BOARD OF DIRECTORS

Mr Goh Yong Chian, 78

Non-Executive and Independent Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2022):
6 years 4 months

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

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

Present Directorships in other companies (as at 30 September 2022):

Listed companies
- Nil

Listed REITs/ Trusts
- Nil

Others
- Nil

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2019 to 30 September 2022):
- Nil

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

Others:
- Nil

Mr Phang Sin Min, 65

Non-Executive and Independent Director

Date of Appointment:
31 January 2022

Length of service as Director (as at 30 September 2022):
8 months

Board Committees served on:
- Audit, Risk & Compliance Committee

Academic & Professional Qualification(s):
- Bachelor of Commerce from the University of Canterbury in New Zealand
- Master of Business Administration from the University of New South Wales in Australia
- Advanced Management Program - Harvard Business School
- Chartered Financial Analyst, CFA Institute
- Associate Chartered Accountant, Australia & New Zealand

Present Directorships in other companies (as at 30 September 2022):

Listed companies
- Nil

Listed REITS/ Trusts
- Non-Executive and Independent Director of SPH REIT Management Pte. Ltd., the manager of SPH REIT

Others
- Nil

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2019 to 30 September 2022):
- Nil

Past Major Appointments:
- Managing Director, Head of Research & Strategic Planning for real estate in Singapore, GIC Pte. Ltd.
- Managing Director, Head of Investments for real estate in Europe, GIC Pte. Ltd.
- Executive Committee Member, Urban Land Institute

Others:
- Nil

Ms Soh Onn Cheng Margaret Jane, 66

Non-Executive and Independent Director

Date of Appointment:
29 April 2020

Length of service as Director (as at 30 September 2022):
2 year 5 months

Board Committee(s) served on:
- Nil

Academic & Professional Qualification(s):
- Bachelor of Laws (Honours), National University of Singapore
- Advocate and Solicitor, Supreme Court of Singapore

Present Directorships in other companies (as at 30 September 2022):

Listed companies
- Nil

Listed REITS/ Trusts
- Independent Non-Executive Director, KBS US Prime Property Management Pte. Ltd., Manager of Prime US REIT

Others
- Nil

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2019 to 30 September 2022):
- Frasers Commercial Asset Management Ltd., Manager of Frasers Commercial Trust

Past Major Appointments:
- Partner, Corporate Real Estate department of Allen & Gledhill LLP

Others:
- Nil

Mr Panote Sirivadhanabhakdi, 44

Non-Executive and Non-Independent Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2022):
6 years 4 months

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

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

Present Directorships in other companies (as at 30 September 2022):

Listed companies
- Frasers Property Limited
- Frasers Property (Thailand) Public Company Limited
- Thai Beverage Public Company Limited
- Univentures Public Company Limited

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

Others
- Adelfos Company Limited
- Athimart Company Limited (Vice-Chairman)
- Beer Thip Brewery (1991) Co., Ltd.
- Blairmhor Distillers Limited
- Blairmhor Limited
- Chiva-Som International Health Resorts Company Limited
- Cristalla Co., Ltd.
- F and B International Company Limited
- Frasers Assets Company Limited
- Frasers Property Australia Pty Limited
- Frasers Property Corporate Services (Thailand) Company Limited
- Frasers Property Holdings (Thailand) Company Limited
- Golden Land Property Development Public Company Limited (Chairman)
- International Beverage Holdings (China) Limited
- International Beverage Holdings (UK) Limited
- International Beverage Holdings Limited
- Kankwan Company Limited
- Kasem Subsiri Company Limited
- Kasemsubbhakdi Company Limited
- Lakeview Golf and Yacht Club Company Limited
- InterBev (Singapore) Limited
- Must Be Company Limited
- N.C.C. Exhibition Organizer Company Limited
- N.C.C. Image Company Limited
- N.C.C. Management and Development Company Limited
- Norm Company Limited
- One Bangkok Company Limited (FKA Kasemsubvadhana Company Limited)
- Quantum Capital Development Company Limited
- S.S. Karnsura Company Limited (Vice-Chairman)
- Siribhakditham Company Limited
- Sirivadhanabhakdi Company Limited
- SMJC Development Company Limited
- Sura Bangyikhan Group of Companies
- TCC Assets (Thailand) Company Limited
- TCC Exhibition and Convention Centre Company Limited
- TCC Technology Company Limited
- Terragro Fertilizer Company Limited
- The Cha-Am Yacht Club Hotel Company Limited
- Theparunothai Company Limited
- Vadhanabhakdi Company Limited

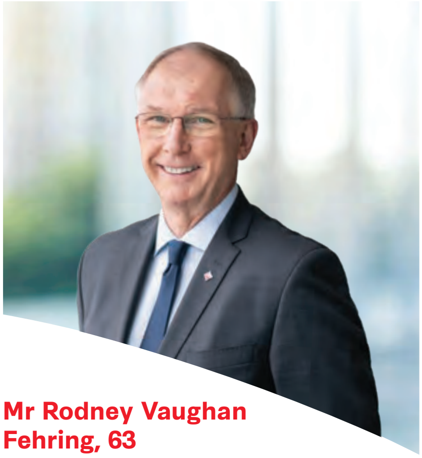
Major Appointments (other than Directorships):
- Group Chief Executive Officer of Frasers Property Limited
- Director/Board of Trustees of Singapore Management University
- Board Member of National Gallery Singapore

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2019 to 30 September 2022):
- Nil

Past Major Appointments:
- Chief Executive Officer of Univentures Public Company Limited
- Management Committee of Real Estate Developers' Association of Singapore (REDAS)

Others:
- Nil

BOARD OF DIRECTORS



Mr Rodney Vaughan Fehring, 63

Non-Executive and Non-Independent Director

Date of Appointment:
11 February 2019

Length of service as Director (as at 30 September 2022):
3 years 7 months

Board Committee(s) served on:
- Nil

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

Present Directorships in other companies (as at 30 September 2022):

Listed companies
- Nil

Listed REITS/ Trusts
- Nil

Others
- Nil

Major Appointments (other than Directorships):
- Executive Chairman, Frasers Property Australia Pty Limited
- Executive Chairman, Frasers Property Industrial Management Board
- Executive Chairman, Frasers Property United Kingdom Management Board
- Chairman, Cladding Safety Victoria (Statutory Authority)
- Independent Non-Executive Director – Lend Lease Retirement Living (LLRL)

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2019 to 30 September 2022):
- Nil

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

Others:
- Non-Executive Director of Green Building Council
- Trustee of Melbourne Cricket Ground Trust
- Non-Executive Director of Mission Australia Housing
- Chairman of Australian Housing & Urban Research Institute Ltd

Mr Chia Khong Shoong, 51

Non-Executive and Non-Independent Director

Date of Appointment:
11 February 2019

Length of service as Director (as at 30 September 2022):
3 years 7 months

Board Committee(s) served on:
- Nil

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

Present Directorships in other companies (as at 30 September 2022):

Listed companies
- Nil

Listed REITS/ Trusts
- Nil

Others
- Nil

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

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2019 to 30 September 2022):
- Frasers Commercial Asset Management Ltd., Manager of Frasers Commercial Trust

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

Others:
- Nil

Mr Reinfried Helmut Otter (Reini Otter), 52

Non-Executive and Non-Independent Director

Date of Appointment:
30 July 2020

Length of service as Director (as at 30 September 2022):
2 year 2 months

Board Committees served on:
- Nil

Academic & Professional Qualification(s):
- Graduate from the Advanced Management Program at INSEAD Business School, Europe
- Bachelor of Science (Architecture) and Bachelor of Architecture from the University of Sydney

Present Directorships in other companies (as at 30 September 2022):

Listed companies
- Nil

Listed REITS/ Trusts
- Nil

Others
- Nil

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

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2019 to 30 September 2022):
- Nil

Past Major Appointments:
- Executive General Manager of Commercial & Industrial and Investment Property, Frasers Property Australia Pty Limited
- Executive General Manager of Commercial & Industrial, Frasers Property Australia Pty Limited
- Regional General Manager of Frasers Property Australia Pty Limited

Others:
- Nil

Notes:
(1) The members of the Board of Directors are shown as at 30 September 2022
(2) Mr Phang Sin Min was appointed as a non-executive and independent director and a member of the ARCC, and Mr Paul Gilbert Say retired as a non-executive and independent director and a member of the ARCC, each with effect from 31 January 2022
(3) Mr Kyle Lee Khai Fatt was appointed as a non-executive and independent director, the chairman of the ARCC and a member of the NRC, and Mr Chin Yoke Choong retired as a non-executive and independent director, the chairman of the ARCC and a member of the NRC, each with effect from 1 September 2022
(4) Mr Rodney Vaughan Fehring retired as a non-executive and non-independent director with effect from 1 December 2022

MANAGEMENT TEAM

Robert Stuart Claude Wallace
Chief Executive Officer

Mr Wallace works closely with the FLCAM board of directors and the REIT management team to drive the overall business and investment strategies of FLCT. He provides leadership for the day to day management of the business, ensuring the effective implementation of FLCT's business plans.

Prior to joining the REIT Manager in 2016, Mr Wallace was the Executive General Manager of Investment Property at Frasers Property Australia, formerly Australand Property Group, which he joined in August 2007. During that time, he was responsible for leading the Investment Property Division which owned and managed a portfolio of commercial and industrial investment properties. He has been involved in many facets of the Frasers Property Australia business, including group strategy, funds management, acquisitions and dispositions, portfolio management, divisional reporting and capital sourcing. Mr Wallace was also the JV Manager for the Australand Logistics Joint Venture and the Fund Manager for Australand Wholesale Property Fund No. 6.

Mr Wallace has also held previous roles with MAB Funds Management, Jones Lang LaSalle and Charter Keck Cramer.

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

Tricia Yeo Whay Teng
Chief Financial Officer

Ms Yeo leads the finance team and is responsible for all aspects of the finance and treasury functions, including financial reporting, strategic capital management, financial risk management, taxation and compliance for FLCT. Her team works closely with the investment and portfolio management teams to support the REIT's strategic activities and initiatives. Prior to her appointment as CFO of the Manager on 1 October 2021, Ms Yeo assumed the role of Head of Capital Markets & Treasury of the Manager.

She has more than 20 years of experience in the finance industry including audit, advisory and banking. She started her career as an auditor with PricewaterhouseCoopers LLP, and subsequently moved into real estate investment banking with various international banks. Prior to the merger of FLT and FCOT, Ms Yeo was the CFO of FCOT's manager. Before joining FCOT in May 2017, she headed the real estate sector coverage at the investment banking arm of an Asian regional bank.

Tricia graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy (Honours) degree and holds an MBA from INSEAD. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Chartered Financial Analyst.

Jonathan James Spong
Head of Portfolio Management

Mr Spong spearheads FLCT's portfolio management function, working closely with the asset and property managers to drive property strategy, marketing and leasing as well as the implementation of organic growth strategies and portfolio initiatives, including asset enhancement and sustainability.

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

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

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

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

Annie Khung Shyang Lee
Head of Finance

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

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

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

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

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

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

MANAGEMENT TEAM

Chew Yi Wen
Head of Investments

Ms Chew is responsible for developing and executing FLCT's investment strategies within the REIT's investment mandate. The investment team led by Ms Chew sources and evaluates opportunities for new acquisitions and divestments to support the growth of FLCT. She has more than 15 years of experience in real estate investment management across global markets, including Australia, China, Germany, Singapore, the Netherlands and UK.

Prior to her current appointment, Ms Chew assumed the role of Assistant General Manager at Frasers Property's group investment team and was involved in several transformational transactions undertaken by Frasers Property during 2014 to 2017. She was actively involved with the overall planning and execution of the IPO of FLT in 2016. In recent years, Ms Chew has assisted in the growth of FLCT through investing in new markets of Germany, the Netherlands and UK and was actively involved in the merger with FCOT in 2020.

Ms Chew has a Bachelor of Science (Real Estate) Honors degree from the National University of Singapore and she is currently a MBA candidate with Imperial College London.

Ng Chung Keat
Vice President, Investor Relations

Mr Ng is in charge of FLCT's investor relations function and is responsible for maintaining transparent communication with the investment and research communities. Mr Ng also supports FLCT's sustainability reporting and management, and provides market intelligence as well as strategic counsel to senior management.

Mr Ng has over 15 years of experience in investor relations and communications. Prior to joining the REIT Manager in December 2016, Mr Ng was with a global strategic and financial communications consultancy, Citigate Dewe Rogerson from August 2011, where he provided media and investor relations counsel to public companies. Mr Ng has also been involved in multiple transactions and special situations, including mergers and acquisitions, spin-offs, issue management, initial and secondary public offerings.

Prior to that, Mr. Ng was with a specialist consultancy firm driving the implementation of investor relations and crisis communication programmes.

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

2 Hanson Place, Eastern Creek, New South Wales, Australia

FINANCIAL REVIEW

Statement of Total Return	FY2022 $'000	FY2021 $'000	Variance %
Revenue	450,187	469,328	(4.1)
Property operating expenses	(101,366)	(102,668)	(1.3)
Net property income ("NPI")	**348,821**	**366,660**	**(4.9)**
Managers' management fee	(42,018)	(39,617)	6.1
Trustees' fees	(906)	(844)	7.3
Trust expenses	(4,707)	(7,136)	(34.0)
Finance income	727	924	(21.3)
Finance costs	(41,595)	(45,687)	(9.0)
Exchange gains/(losses) (net)	2,124	(346)	N.M.
Net income	**262,446**	**273,954**	**(4.2)**
Net change in fair value of derivatives	276	1,400	(80.3)
Net change in fair value of investment properties	425,593	602,850	N.M.
Gain on divestment of investment properties	169,694	2,451	N.M.
Total return before tax	**858,009**	**880,655**	**(2.6)**
Tax expense	(119,268)	(140,897)	(15.4)
Total return for the year	**738,741**	**739,758**	**(0.1)**
Less: Total return attributable to non-controlling interests	(10,096)	(8,652)	16.7
Total return attributable to Unitholders	**728,645**	**731,106**	**(0.3)**
Tax related and other adjustments	(461,873)	(464,330)	(0.5)
Income available for distribution to Unitholders	**266,772**	**266,776**	N.M.
Capital distribution[1]	14,981	3,299	N.M.
Distributable income	**281,753**	**270,075**	**4.3**
Distribution per Unit (Singapore cents)	7.62	7.68	(0.8)
For information:			
Adjusted NPI[2]	**342,138**	**355,161**	**(3.7)**

Notes:

1 Capital distribution relates to (i) reimbursements received from the vendors in relation to outstanding lease incentives at the point of completion of the acquisition of certain properties in Australia and Europe in prior years; (ii) rental support received from vendors in relation to the acquisition of certain properties in the UK in 2021; and (iii) distribution of divestment gains. The capital distribution in FY2022 translated to a DPU equivalent to approximately 0.40 Singapore cents (FY2021: 0.09 Singapore cents), of which rental support translated to a DPU equivalent to approximately 0.09 Singapore cents (FY2021: 0.04 Singapore cents)

2 Adjusted NPI comprises the actual NPI excluding straight-lining adjustments for rental income and adding lease payments of right-of-use assets

STABLE FINANCIAL PERFORMANCE

For the financial year ended 30 September 2022 ("FY2022"), FLCT reported revenue of $450.2 million and adjusted NPI of $342.1 million, representing decreases of 4.1% and 3.7% respectively, from $469.3 million and $355.2 million in the corresponding financial year ("FY2021"). The year-on-year declines were mainly due to the sale of Cross Street Exchange on 31 March 2022 and weaker exchange rates in FY2022, which were partially offset by contributions from the acquisitions made in FY2021 and FY2022.

Total return attributable to Unitholders in FY2022 was $728.6 million, 0.3% lower compared to $731.1 million in FY2021. This included:

- fair value gain on investment properties of $425.6 million;
- gain on divestment of investment properties of $169.7 million; and
- net exchange gain of $2.1 million.

Tax expenses in FY2022 was $119.3 million, 15.4% or $21.6 million lower than $140.9 million in FY2021, primarily due to lower deferred tax on the net fair value gain on investment properties in FY2022 and a lower withholding tax expense due mainly to the lower capital gains tax incurred on divestment of investment properties in FY2022.

Income available for distribution to Unitholders was $266.8 million in FY2022, unchanged from $266.8 million recorded in FY2021. The REIT Manager has declared a capital distribution of $15.0 million for FY2022, $11.7 million higher than $3.3 million paid-out in FY2021. FY2022 DPU was 7.62 Singapore cents, compared to FY2021 DPU of 7.68 Singapore cents. FY2022 DPU represents a distribution yield of 6.2% per annum based on FLCT's closing price of $1.23 per Unit on 30 September 2022.

ROBUST BALANCE SHEET

As at 30 September 2022, FLCT's aggregate leverage was 27.4%, compared to 33.7% on 30 September 2021. During the year, FLCT repaid $504.9 million of borrowings, primarily with proceeds from the divestment of Cross Street Exchange. As a result, total borrowings stood at $2.0 billion, compared with $2.5 billion as at 30 September 2021.

FLCT's weighted average cost of debt for FY2022 was 1.6% per annum with 81.7% of borrowings at fixed rates. The REIT remains in compliance with all its financial covenants and is well-positioned to service its borrowings with an interest coverage ratio of 13.0 times as at 30 September 2022. FLCT has sufficient internal funds and facilities to meet its debt obligations due within the next 12 months.

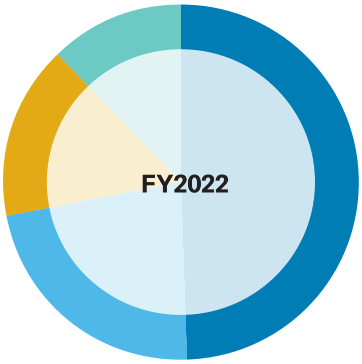
ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 Reporting Framework for Investment Funds issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of FLCT's Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Financial Reporting Standards in Singapore.

2 Hanson Place, Eastern Creek, New South Wales, Australia

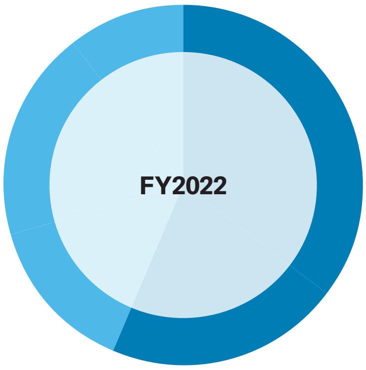
FINANCIAL REVIEW

Revenue by Geography



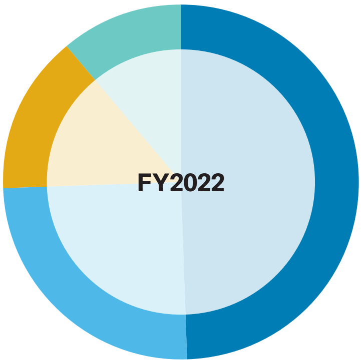
Australia	49.5%
Europe	22.6%
Singapore	15.7%
The UK	12.2%

Revenue by Asset Class



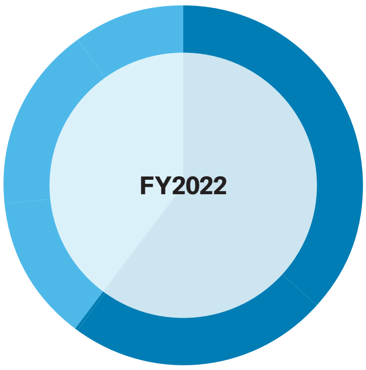
Industrial	
– Australia	34.0%
– Europe	22.6%
– The UK	0.7%
Commercial	
– Singapore	15.7%
– Australia	15.5%
– The UK	11.5%

Net Property Income by Geography



Australia	49.7%
Europe	24.8%
Singapore	14.6%
The UK	10.9%

Net Property Income by Asset Class



Industrial	
– Australia	35.2%
– Europe	24.8%
– The UK	0.8%
Commercial	
– Singapore	14.6%
– Australia	14.5%
– The UK	10.1%

21 Kangaroo Avenue, Eastern Creek, New South Wales, Australia

CAPITAL MANAGEMENT

The Manager of FLCT is anchored by a team of experienced and knowledgeable professionals whose prudent and disciplined approach to capital management continues to optimise the REIT's capital structure and balance sheet. On a landscape of rising interest rates, the Manager's proactive capital management approach provides FLCT with ample liquidity and financial flexibility to support the REIT's growth and portfolio enhancement initiatives.

Key Financial Indicators	As at 30 Sep 2022	As at 30 Sep 2021
Total gross borrowings ($ million)	1,977.6	2,531.6
Aggregate leverage (total gross borrowings as a % of total assets) (%)[a]	27.4	33.7
Average cost of debt (%)[b]	1.6	1.6
Average weighted debt maturity (years)	2.7	3.4
ICR and adjusted ICR (times)[c]	13.0	7.3
Debt headroom ($ million)[d]	3,239.9	2,459.3

Notes:
a. The impact of FRS 116 Leases, and the gross borrowings and total assets attributable to non-controlling interests have been excluded for the purpose of computing the aggregate leverage ratio
b. Based on the trailing 12 months borrowing costs
c. 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 and for the purpose of adjusted ICR, distribution on hybrid securities. EBITDA includes gain on divestment of investment properties. Borrowing costs exclude interest expense on lease liabilities (effective from 28 December 2021)
d. On the basis of an aggregate leverage limit of 50% pursuant to the Property Funds Appendix

PROACTIVE APPROACH DELIVERED OPTIMISED CAPITAL STRUCTURE

Through the Manager's proactive approach to capital management, FLCT closed FY2022 with total borrowings of approximately $2.0 billion, from $2.5 billion as at 30 September 2021. Utilising the proceeds from the sale of Cross Street Exchange in FY2022, the Manager repaid $504.9 million of borrowings in FY2022, improving the REIT's capital risk profile over the year.

With the debt repayment, FLCT's aggregate leverage reduced by 6.3 percentage points to 27.4% as at 30 September 2022, compared to 33.7% at the end of FY2021. The aggregate leverage of 27.4%, which is among the lowest for S-REITs, provides FLCT with enhanced financial flexibility and an attractive debt headroom of $3,239.9 million from which to deliver its growth and value creation strategy.

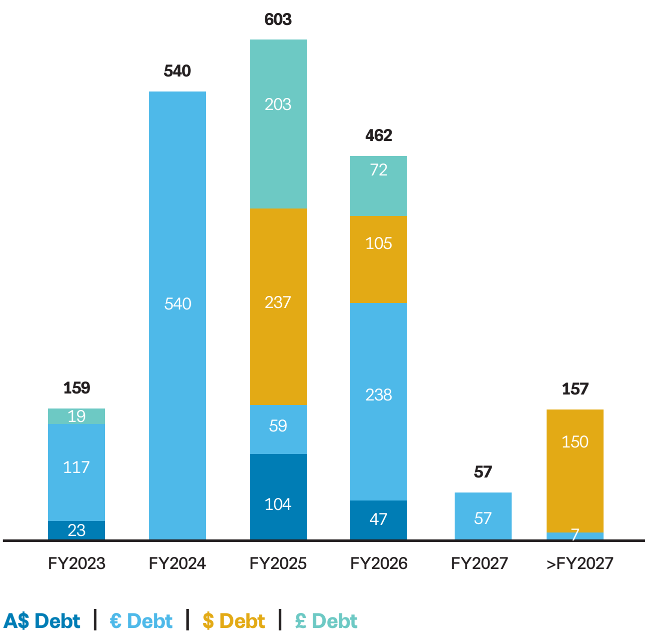
FLCT's interest coverage ratio was healthy at 13.0 times as at 30 September 2022, a significant improvement from 7.3 times in the year-ago period. Excluding the gains on divestment of investment properties from EBITDA, FLCT's interest coverage ratio remains at a healthy 8.5 times as at 30 September 2022 (30 September 2021: 7.3 times). The average cost of debt was 1.6% as at 30 September 2022, a similar level compared to the year-ago period.

S&P Global Ratings ("S&P") continues to maintain its 'BBB+' long-term issuer credit rating with stable outlook for FLCT. This is based on the S&P's expectation that FLCT will continue to maintain a prudent approach to acquisition to preserve its earnings stability and leverage.

In FY2022, FLCT further diversified its funding sources with the establishment of a $1 billion Euro-commercial paper programme, where notes can be issued with tenors of not more than 364 days. In line with the financial market's move towards digitalisation and automation, issuances from the programme will be digitalised, enabling FLCT to directly connect with investors and issue its notes in a digital marketplace.

DEBT MATURITY PROFILE

Debt Maturity Profile
(As at 30 September 2022)
(in $ millions)



The Manager has structured a well-spread debt maturity profile with weighted average debt tenor of 2.7 years for FLCT. No more than a third of borrowings will mature in any given year, minimising refinancing risks. Furthermore, in the current environment of monetary tightening, FLCT remains well-positioned to meet its debt obligations with $159.0 million or 8.0% of total debt maturing in FY2023.

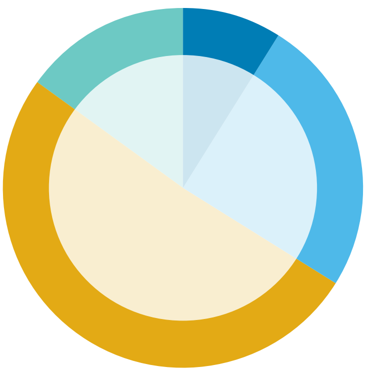
In-line with its prudent approach to capital management, the Manager will endeavour to maintain a well-staggered debt maturity profile for FLCT, optimise its cost of borrowings, and extend the debt tenor as it explores options to refinance borrowings ahead of their maturities.

HEDGING STRATEGY

With FLCT's quality properties domiciled across five countries, the REIT derives its revenues in four major currencies: Australian Dollar, Singapore Dollar, Euro and British Pound. This diversification subjects FLCT to foreign exchange rate and interest rate fluctuations.

As part of its hedging strategy, the Manager endeavours to use borrowings in the local currency or, if in a different currency, utilise cross currency swaps to allow for a natural currency hedge when financing investments. Foreign exchange volatility is managed with currency forward contracts. A significant portion of FLCT's distributable income (net of anticipated local currency requirements) are hedged to meet distribution payments on a six-month rolling basis.

Debt Profile by Currency
(As at 30 September 2022)[a]



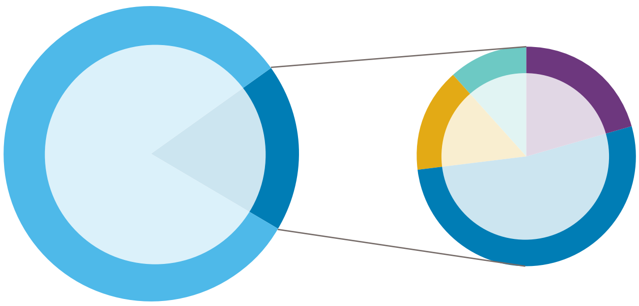
	$ million	As % of Total
Australian Dollar	**173.7**	**8.8%**
Singapore Dollar	**491.9**	**24.9%**
Euro	**1,017.6**	**51.4%**
British Pound	**294.4**	**14.9%**
Total Debt	**1,977.6**	**100.0%**

a Refers to debt in the currency or hedged currency of the country of the investment properties

FLCT's exposure to interest rate volatilities is managed by hedging at least 50% of the REIT's borrowings to a fixed rate. As at 30 September 2022, 81.7% of total borrowings are at fixed rates, reflecting an increase of 8.9 percentage points from 72.8% as at 30 September 2021. The high proportion of fixed rate debt, which were largely locked in a lower interest rate environment, helps to reduce the impact of rising borrowing costs on the REIT.

Based on FLCT's debt profile as at 30 September 2022, the Manager estimates that for every 50bps increase in interest rates on variable rate borrowings, the impact on DPU is approximately 0.05 Singapore cents.

Interest Rate Profile
(As at 30 September 2022)



Fixed Rate	**81.7%**
Variable Rate	**18.3%**

Singapore Dollar	**3.8%**
Euro	**9.6%**
Australian Dollar	**2.8%**
British Pound	**2.1%**

OPERATIONAL REVIEW

21 Kangaroo Avenue, Eastern Creek,
New South Wales, Australia

A FLAGSHIP LOGISTICS AND COMMERCIAL PORTFOLIO

Delivering Resilient Performance and Sustainable Returns

A high quality property portfolio diversified across five major developed countries - Australia, Germany, the United Kingdom, Singapore and the Netherlands.

$6.7 billion,
105 Properties

2,629,967 sqm
Lettable Area

Robust portfolio metrics maintained underpinned by a disciplined portfolio management approach that places priority on long-term value creation and high occupancy rates

96.4%
Portfolio Occupancy Rate

- 100% for Logistics & Industrial
- 91.2% for Commercial

4.5 years
Portfolio WALE

- 5.1 years for Logistics & Industrial
- 3.8 years for Commercial

25.4%
Top-10 Tenant Concentration

Low Top-10 tenant concentration provides stability through diversification

OPERATIONAL REVIEW

GROWING WITH DISCIPLINE AND REINFORCING OUR FOCUS ON LOGISTICS AND INDUSTRIAL

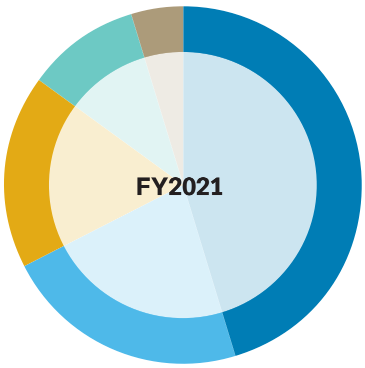
As the Manager of FLCT, our objective is to continue to improve the quality of our asset portfolio. We seek to achieve this through a proactive and disciplined approach to investment and asset management, which enables us to optimise the operational performance and sustained returns of our portfolio over the longer term.

In FY2022, we acquired three high quality logistics and industrial assets and a Grade-A suburban commercial property. We also entered into forward funding opportunities for two pre-let logistics and industrial assets. Collectively, these investments have a combined value of approximately $342.0 million[1].

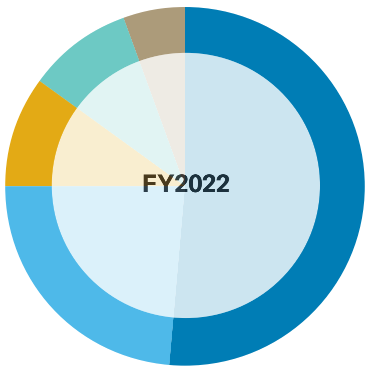
Concurrently, we rebalanced our portfolio with the divestment of Cross Street Exchange for $810.8 million, re-weighting our portfolio towards logistics and industrial assets. As a result, portfolio occupancy remained robust at 96.4% in FY2022, buoyed by our logistics and industrial portfolio which remained at 100% occupancy for a second consecutive year.

We ended the year with 105 modern and quality properties across Australia, Germany, Singapore, the United Kingdom and the Netherlands. Valued at $6.7 billion, our portfolio provides tenants with 2.6 million sqm of well-located and top quality accommodation.

Portfolio Value by Geography

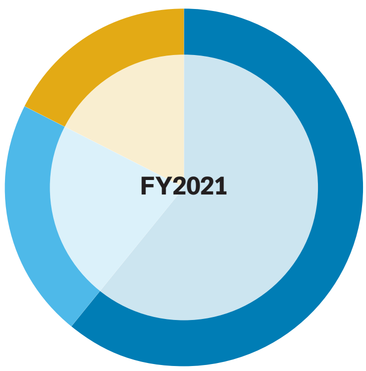


Australia	45.5%
Germany	22.0%
Singapore	17.6%
The UK	10.3%
The Netherlands	4.6%

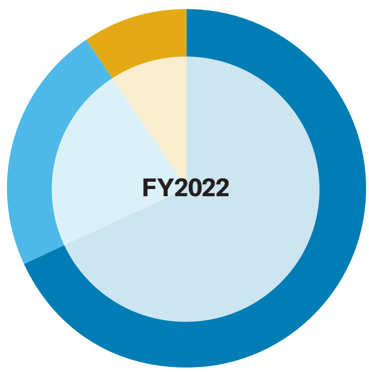


Australia	51.4%
Germany	23.8%
Singapore	9.9%
The UK	9.4%
The Netherlands	5.5%

Portfolio Value by Asset Type



Logistics & Industrial	61.1%
Office & Business Parks	21.5%
CBD Commercial	17.4%



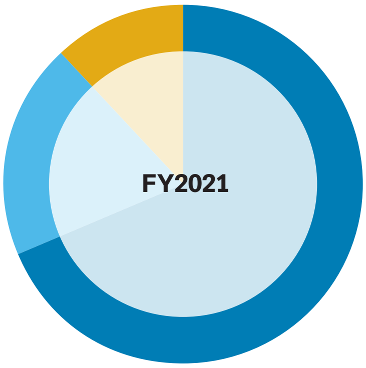
Logistics & Industrial	68.3%
Office & Business Parks	22.4%
CBD Commercial	9.3%

1 Based on the values reported in the respective acquisition announcements

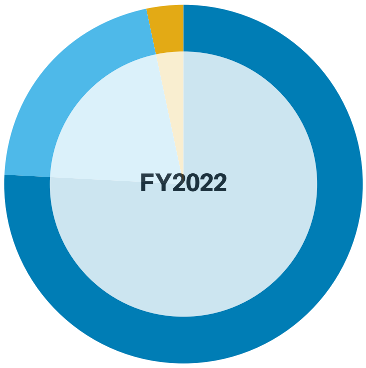
OUR ASSETS ARE PRIMARILY FREEHOLD TENURE

As at 30 September 2022, our portfolio comprises 96.9% of freehold and long leasehold properties by value. Freehold properties represented 75.9%, while properties with leasehold tenure of more than 75 years accounted for 21.0%.

Portfolio Land Tenure by Value



Freehold	68.8%
> 75-year leasehold	19.4%
Other leasehold	11.8%



Freehold	75.9%
> 75-year leasehold	21.0%
Other leasehold	3.1%

DELIVERING RESILIENCE THROUGH TENANT DIVERSIFICATION

At the end of the year, our portfolio was anchored by 312 high-quality and well-established tenants across five countries. The diversity of our tenant base, which predominantly comprises multi-nationals, conglomerates, publicly listed entities and government related entities, underpins our resilience through industry cycles.

Demonstrating the level of income diversity, Top-10 tenants accounted for only 25.4% of our portfolio's GRI with no single tenant accounting for more than 5.0% during FY2022. Adding to our portfolio resilience, our tenant base is concentrated in the high performing and growing 3PL/Distribution and Consumer and Retail sectors.

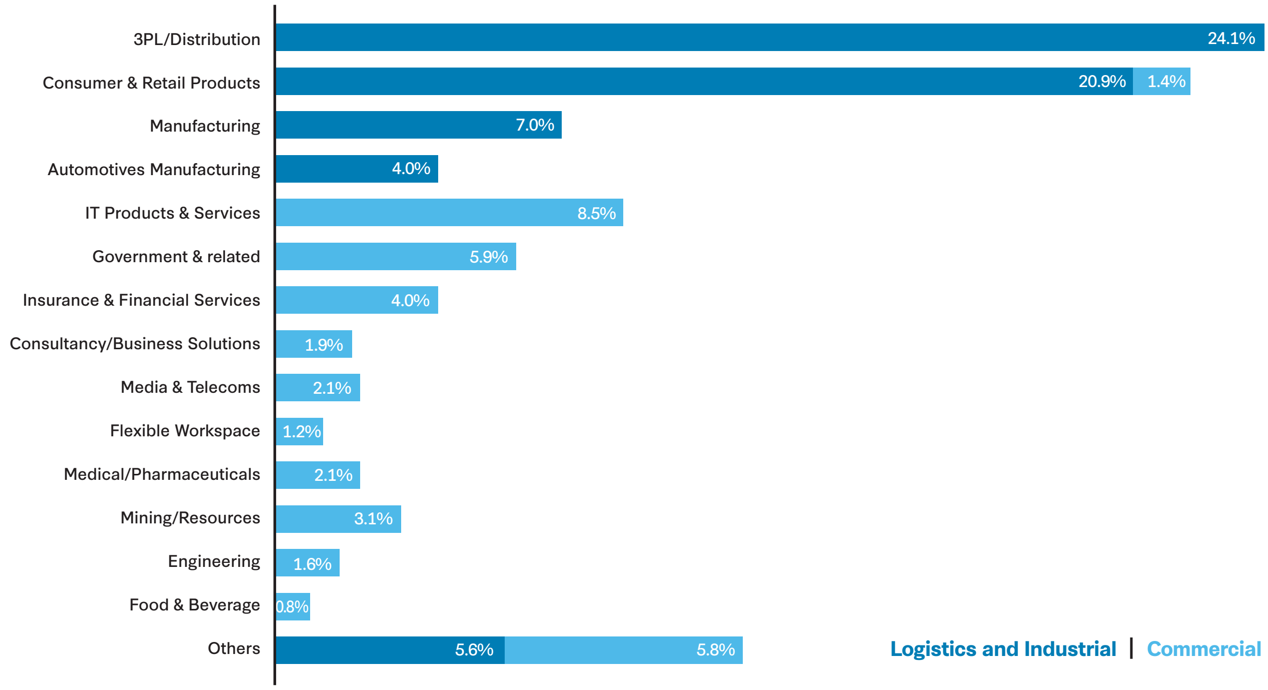
Top-10 Tenants of FLCT by GRI
(As at 30 September 2022)

Tenant	Country	Type of Business	% of GRI[2]	WALE (years)[2]
Commonwealth of Australia	Australia	Government	5.0%	2.8
Google Asia Pacific	Singapore	Information Technology	4.2%	2.3
Hermes Germany GmbH	Germany	Third Party Logistics	2.7%	10.0
Rio Tinto Shared Services	Australia	Resources	2.5%	7.8
Commonwealth Bank of Australia	Australia	Banking	2.1%	3.2
CEVA Logistics	Australia	Third Party Logistics	2.0%	3.0
Techtronic Industries	Australia	Consumer & Retail Products	1.9%	1.1
Schenker	Australia	Third Party Logistics	1.8%	2.7
BMW	Germany	Automotive	1.8%	5.8
Mainfreight	Germany	Third Party Logistics	1.4%	8.4

2 Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2022. Excludes straight-lining rental adjustments and includes committed leases

OPERATIONAL REVIEW

Portfolio Tenant Sector Breakdown by GRI
A Well-diversified Tenant Base with Positive Exposure to 'New Economy' Sectors
(As at 30 September 2022)

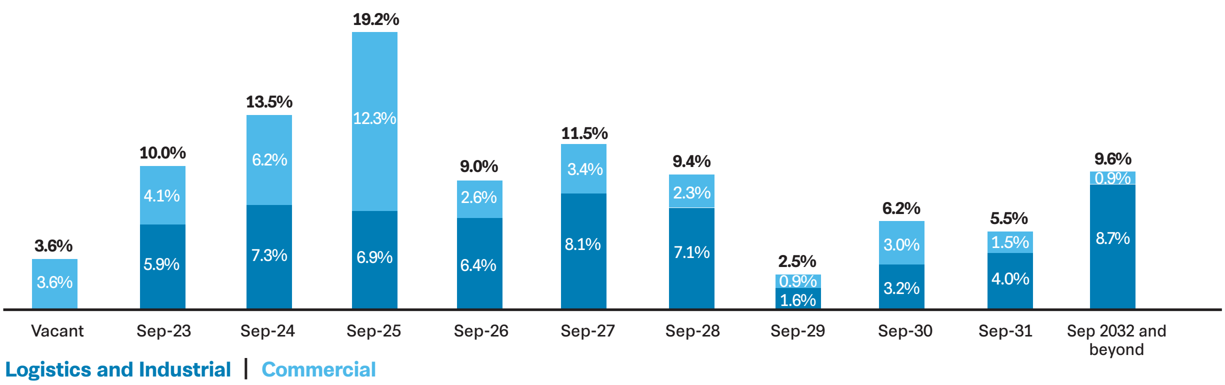


MINIMISING RISK WITH A WELL-SPREAD LEASE EXPIRY PROFILE

As part of our proactive approach to asset management, we engage existing tenants on forward lease renewals to strengthen our portfolio lease expiry profile and enhance the stability of income.

During the year, we saw strong leasing activity across our properties. As a result, we closed the year with a well-spread out lease expiry profile that ensures no more than 19.2% of GRI expires in any given year. Our portfolio had a WALB of 4.3 years as at 30 September 2022. On a sectoral basis, WALB for the logistics and industrial portfolio was 5.0 years while the commercial portfolio had a WALB of 3.2 years.

Portfolio Lease Expiry Profile by WALB
(As at 30 September 2022)



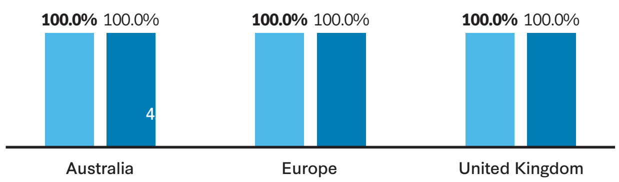
PROACTIVE LEASE MANAGEMENT SPURS HIGH OCCUPANCY

Our ability to consistently deliver high occupancy across our assets is underpinned by our proactive approach to lease management and the quality of our asset portfolio, which have benefited from a flight to quality as tenants focus on health and well-being, strong amenity and modern accommodation which enhances operational efficiencies. Frequent engagements with tenants have enabled us to foster strong relationships and an understanding of our tenants' business models and growth aspirations.

This has allowed us to anticipate and meet the bespoke needs of our long-term clients over the years. As a consequence, we closed the year with a portfolio occupancy level of 96.4%. On a sectoral basis, our logistics and industrial portfolio remained fully occupied as at 30 September 2022 whilst our commercial portfolio remained relatively stable at 91.2%.

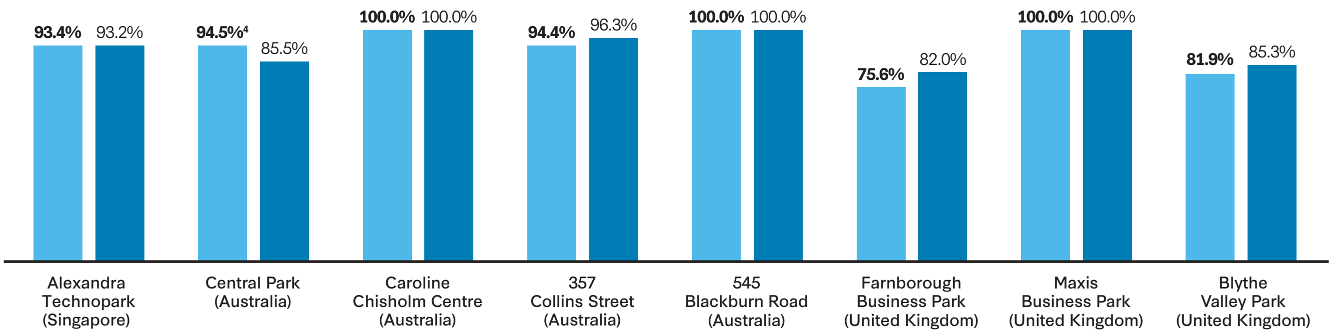
OCCUPANCY[3] ACROSS ASSET TYPES

Logistics & Industrial Portfolio



As at 30 Sep 22 | As at 30 Jun 22

Commercial Portfolio



As at 30 Sep 22 | As at 30 Jun 22

Backed by our strong landlord-tenant relationships, we recorded a robust tenant retention rate of 79.4%[3] in FY2022. This was a result of securing 44 lease renewals and 25 new leases, which accounted for over 350,000 sqm or 13.4% of our total portfolio lettable area. In aggregate, these 69 new and renewed leases have a WALE of 3.6 years as at 30 September 2022 and an aggregate rental of $59.1 million per annum.

We incorporate step-up rent structures in our leases to support sustainable and quality organic rental growth over the longer term. Negotiations with new and existing tenants focus on incorporating periodic fixed increments, inflation-linked adjustments or market reviews into leases. The form of these step-up rent structures varies across geographies and asset classes.

Our logistics and industrial leases in Australia generally have fixed annual increments averaging 3.1% while in Europe, a majority of our logistics and industrial leases benefit from CPI-linked indexation. Our commercial leases in Singapore and the UK are generally marked-to-market on lease renewals with some UK leases having mid-term rent reviews, while commercial leases in Australia generally have fixed annual increments averaging 3.2%.

3 Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month
4 Occupancy rate for Central Park includes a committed lease that will commence in July 2024

OPERATIONAL REVIEW

ACTIVE ASSET MANAGEMENT

Despite the challenging market, we continued to deliver on our proactive asset management strategies to optimise our portfolio and create long-term value for our Unitholders.

Acquisitions and Developments

During the year, we enlarged our portfolio with four high-quality properties in Australia and two forward funding opportunities in the United Kingdom. More than 80% of these investments by value are in logistics and industrial.

Demonstrating our ability to source and execute third-party acquisitions, we acquired a prime freehold warehouse development in Worcester, West Midlands, United Kingdom, from a third-party for £28.3 million in January 2022. We closed our second forward funding opportunity in the UK in July 2022 with the acquisition of a prime freehold logistics development in Cheshire, North West England, UK, for £101.0 million. The properties have been pre-let to Alliance Flooring Distribution Limited and Peugeot Motor Company Plc respectively for 15-year lease terms.

Acquisitions

		
Property	Worcester Six, West Midlands, United Kingdom[4]	545 Blackburn Road, Mount Waverley, Victoria, Australia
Asset Type	Logistics & Industrial	Commercial
Size (sqm)	16,734	7,311
Land Tenure	Freehold	Freehold
Tenant	Pre-let to Alliance Flooring Distribution Limited	Various
Tenant Trade Sector	Flooring Company	Various
Occupancy	100%	100%
Appraised Value on acquisition	£28.3 million (CBRE)	A$60.3 million (Colliers)
Purchase Price	£28.3 million	A$60.3 million
Vendor	Stoford (Worcester) Limited	Fortune Building No.3 Pty Ltd

		
Property	3 properties, comprising 1, 11 & 17 Magnesium Place, Truganina, Victoria, Australia	Ellesmere Port, Cheshire, North West England, United Kingdom[4]
Asset Type	Logistics & Industrial	Logistics & Industrial
Size (sqm)	25,089	61,984
Land Tenure	Freehold	Freehold
Tenant	Various	Pre-let to Peugeot Motor Company Plc
Tenant Trade Sector	Various	Automotive Distributor
Occupancy	100%	100%
Appraised Value on acquisition	A$61.1 million (Savills)	£101.0 million (CBRE)
Purchase Price	A$61.0 million	£101.0 million
Vendor	West Industry Park Pty Ltd	Stoford Properties Ltd

During the year, we also commenced the development of Connexion II in Blythe Valley Park, UK, a £23.3 million, 10,800 sqm L&I development comprising three standalone units suited for logistics and industrial purposes. This development builds on the strong demand for quality logistics and industrial accommodation in West Midlands, with two of three units pre-leased on 10-year terms to high-quality customers. Connexion II is on track for completion in the first quarter of 2023.

Divestments

We undertake divestments to realise the value of assets which we believe have limited upside potential or no longer meet the desired profile of our portfolio. This allows us to recycle capital into stronger returning investments, and rebalance our portfolio for greater resilience and cashflows over the longer term.

During the year, we divested Cross Street Exchange in Singapore to an unrelated third party, SCC Straits Pte. Ltd., for $810.8 million at a 28.3% premium to the property's book value of $632.0 million[5]. The divestment presented several key benefits. First, it allowed us to re-weight FLCT's portfolio towards logistics and industrial properties, enhancing our portfolio metrics with a higher occupancy rate and longer WALE. Secondly, the divestment provided us with capital to repay debt and pursue the acquisitions and forward funding acquisitions as mentioned above.

Subsequent to the financial year end, we also completed the divestment of a leasehold property located on the eastern side of Douglas Street in Port Melbourne for A$41.5 million in October 2022. This is at a significant premium to the property's book value of A$21.8 million as at 30 September 2022. The divestment provides greater financial strength and flexibility to FLCT.

These divestments are testament to our strategy of recycling non-core assets to create long-term value and builds on our track record of divesting assets at premiums above their book values.

SUSTAINABILITY AT THE HEART OF OUR STRATEGY

ESG continues to be at the core of everything that we do.

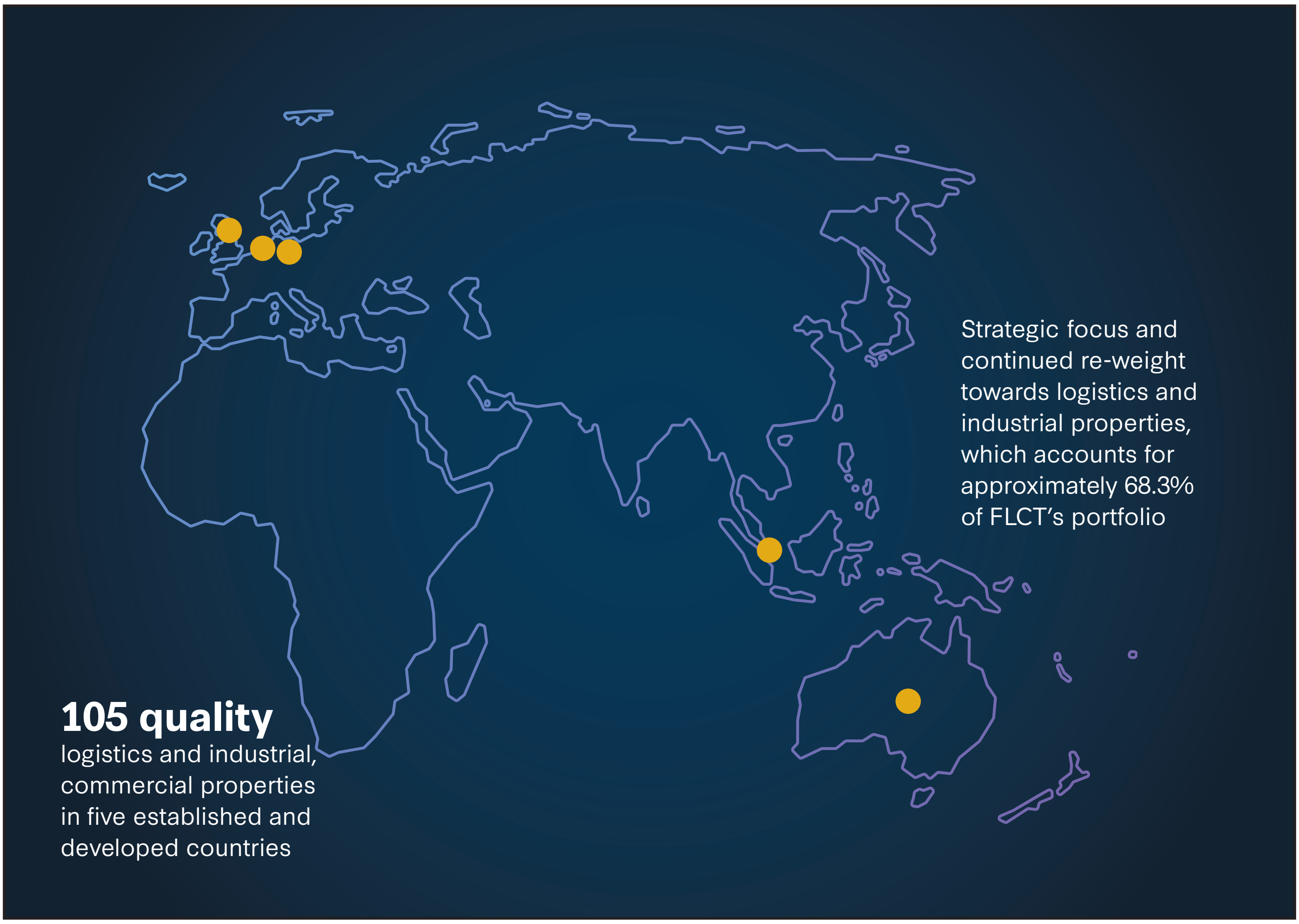
We participated in the annual GRESB assessment for a fifth consecutive year in 2022. Our portfolio of industrial and commercial properties retained its 5-Star rating, with an improved score of 89 out of 100 points.

We established our sustainable finance framework in July 2021, allowing us to improve the green/sustainable mix of our borrowings with the issuance of $150.0 million in maiden sustainable notes. As of 30 September 2022, 65% of our total borrowings were sustainability-linked financing.

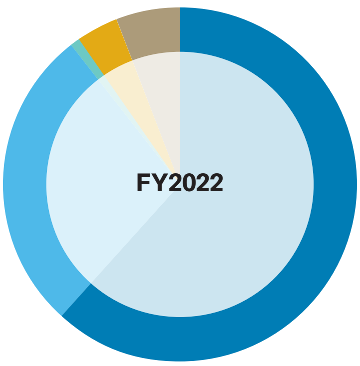
1 Magnesium Place, Truganina, Victoria, Australia

4 Forward funding acquisition. Appraised Value on acquisition and Purchase price are on a completed basis
5 Based on the valuation by CBRE Pte. Ltd. as at 30 September 2021

PORTFOLIO OVERVIEW

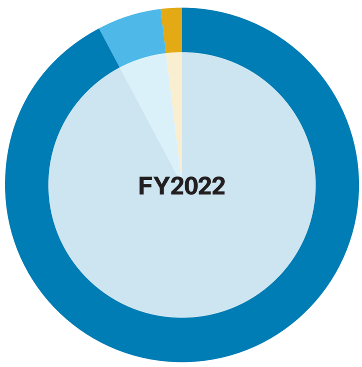


Portfolio Properties by Geography



	No. of Properties 30-Sep-22	No. of Properties 30-Sep-21
Australia	**65 (▲3)**	**62**
Germany	**29**	**29**
Singapore	**1(▼1)**	**2**
The UK	**4**	**4**
The Netherlands	**6**	**6**

Portfolio Properties by Asset Type



	No. of Properties 30-Sep-22	No. of Properties 30-Sep-21
Logistics & Industrial	**97(▲2)**	**95**
Office & Business Parks	**6(▲1)**	**5**
CBD Commercial	**2(▼1)**	**3**

AUSTRALIA

Portfolio: 65 properties
Lettable Area: 1,459,910 sqm
Valuation: $3.4 billion

Market Overview
With a population of more than 25.9 million[1], Australia is the world's 13th largest economy[2] and the sixth largest by land area. The country's economy continues to demonstrate relative strength and resilience compared to its major trading partners.

Australia's eastern seaboard is home to 95% of properties in our Australian portfolio. Located in thriving business and logistical hubs of Melbourne, Sydney and Brisbane, these assets continue to maintain high occupancy levels on the back of strong market demand for modern, quality spaces.

Valued at $3.4 billion, our portfolio of 65 Australian properties supported the needs of a diverse tenant base of more than 142 local and multinational tenants at the end of FY2022. With an aggregate lettable area of 1.5 million sqm, our properties are spread across three asset classes: logistics and industrial, CBD commercial, and suburban office and business parks.

For further market information, please refer to the Independent Market Research section within this report.

	No. of Properties
Melbourne	34
Sydney	16
Brisbane	12
Perth	2
Canberra	1

City (State/Territory)	Logistics and Industrial		Suburban Office and Business Parks		CBD Commercial		Total	
	Properties	Lettable Area(sqm)	Properties	Lettable Area(sqm)	Properties	Lettable Area(sqm)	Properties	Lettable Area(sqm)
Melbourne (Victoria)	32	667,428	1	7,311	1	31,822	34	706,561
Sydney (New South Wales)	16	397,107	-	-	-	-	16	397,107
Brisbane (Queensland)	12	229,808	-	-	-	-	12	229,808
Perth (Western Australia)	1	20,143	-		1	66,047	2	86,190
Canberra (Australian Capital Territory)	-	-	1	40,244	-	-	1	40,244
Total	61	1,314,486	2	47,555	2	97,869	65	1,459,910

City (State/Territory)	Logistics and Industrial		Suburban Office and Business Parks		CBD Commercial		Total	
	Valuation ($ million)	% FLCT Portfolio Valuation	Valuation ($ million)	% FLCT Portfolio Valuation	Valuation ($ million)	% FLCT Portfolio Valuation	Valuation ($ million)	% FLCT Portfolio Valuation
Melbourne (Victoria)	1,164.1	17.3%	55.4	0.8%	315.1	4.7%	1,534.6	22.9%
Sydney (New South Wales)	905.1	13.5%	-	-	-	-	905.1	13.5%
Brisbane (Queensland)	466.0	6.9%	-	-	-	-	466.0	6.9%
Perth (Western Australia)	10.1	0.2%			307.8[a]	4.6%	317.9	4.7%
Canberra (Australian Capital Territory)	-	-	225.1	3.4%	-	-	225.1	3.4%
Total	2,545.3	37.9%	280.5	4.2%	622.9	9.3%	3,448.7	51.4%

a Based on 50.0% effective interest in the property

1 Australian Bureau of Statistics, 31 March 2022
2 https://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal)

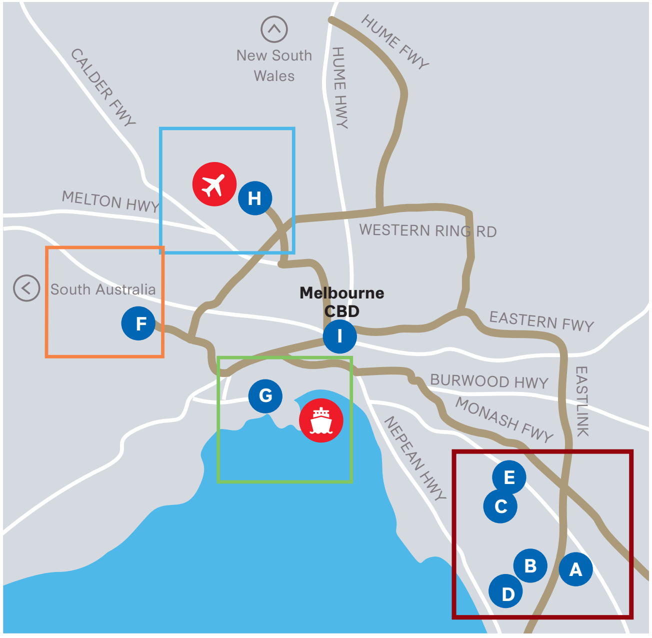
PORTFOLIO OVERVIEW

MELBOURNE, VICTORIA

Portfolio: 34 properties
Lettable Area: 706,561 sqm
Valuation: $1.5 billion

Melbourne is one of Australia's fastest-growing cities with a strong economy and a highly-skilled workforce. As the second most populous city in Australia with approximately 5.0 million residents[3], Melbourne remains one of the largest contributors to the country's economy.

FLCT's logistics and industrial properties in Melbourne are primarily located in the west and southeast industrial precincts, while its office assets are located in the heart of the city's CBD and its south-eastern commercial precinct.



Precinct	Location	Map	Properties	Precinct Characteristics
South East				
	South Park Industrial Estate	A	5	• Good access to the large residential population base through M1 (Monash Freeway) and M3 (Eastlink) • Rising scarcity of developable land in the Southeast sub-markets • Rezoning of industrial land to residential and commercial to limit supply
	The Key Industrial Park	B	9	
	Mulgrave	C	1	
	Braeside Industrial Estate	D	1	
	Mount Waverley	E	1	
West				
	West Melbourne	F	9	• Access to key freeways, including the Tullamarine Freeway, Citylink Tollway and Western Ring Road, together with the Tullamarine Airport • Accessible to Sydney via the Hume Highway
	Altona Industrial Park	G	1	
North				
	Melbourne Airport Business Park	H	6	• Australia's largest business park in excess of 500 hectares • Close to the shipping port and access to the M1, Geelong Road, and M80 Western Ring Road
CBD				
	Central Business District	I	1	• Australia's largest CBD in terms of commercial space

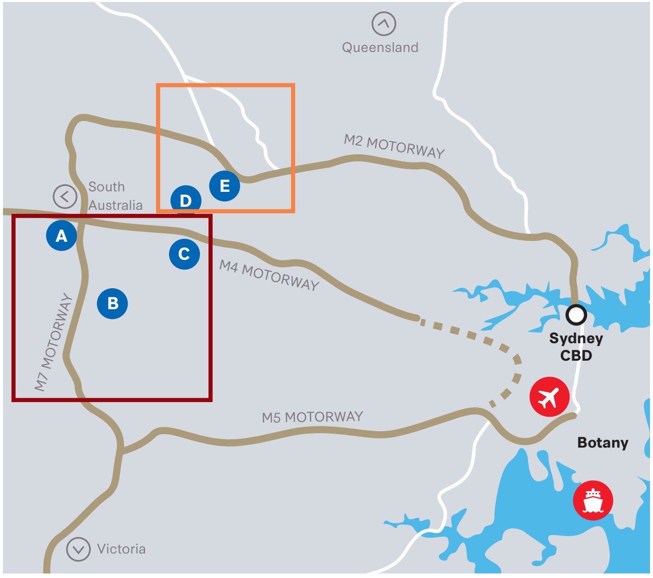
3 Australian Bureau of Statistics, 26 July 2022 (https://www.abs.gov.au/statistics/people/population/regional-population/latest-release)

SYDNEY, NEW SOUTH WALES

Portfolio: 16 properties
Lettable Area: 397,107 sqm
Valuation: $0.9 billion

With approximately 5.3 million residents, Sydney is Australia's most populous city[4] and has an advanced market economy driven by the finance, manufacturing and tourism industries.

FLCT's quality logistics and industrial assets in Sydney are well-located along or nearby major freeways which provide good access to Sydney's CBD, port and airport, serving the growing population in the north west.



Precinct	Location	Map	Properties	Precinct Characteristics
Outer Central West				
	Eastern Creek	A	5	• Excellent access to key motorways, including M7, M4 and other main arterial roads • 3PL, retail and wholesale distribution centres for key brand name operators are concentrated in this precinct
	Wetherill Park	B	3	
	Pemulwuy	C	2	
Outer North West				
	Seven Hills	D	4	• Close to M2 and M7 with access to the large and growing northwest population corridor • Supply is moderately constrained with sites suiting smaller development
	Winston Hills	E	1	
Wollongong				
	Port Kembla		1	• One of the three major trade ports within New South Wales and is situated within the southern industrial city of Wollongong • International trade gateway for bulk agricultural, automotive, construction and mining industries

4 Australian Bureau of Statistics, 26 July 2022 (https://www.abs.gov.au/statistics/people/population/regional-population/latest-release)

PORTFOLIO OVERVIEW

BRISBANE, QUEENSLAND

Portfolio: 12 properties
Lettable Area: 229,808 sqm
Valuation: $0.5 billion

Brisbane is the capital and most populous city of the Australian state of Queensland with over 2.5 million residents[5]. The city is one of the major business hubs in Australia, driven by industries such as mining, banking, insurance, transportation, information technology, and real estate.

FLCT's Brisbane logistics and industrial assets are primarily concentrated in the southern sub-market. This area is well-connected to northern, western and southern Brisbane via a network of accessible roads and motorways.

Precinct	Location	Map	Properties	Precinct Characteristics
Southern				
	Shettlestone Street	A	1	• Largest geographical industrial precinct that has good road linkages to the north, west and south, as well as to the residential population bases in the Gold Coast • Strong demand due to scarcity of land
	Flint Street	B	1	
	Boundary Road	C	1	
	Stradbroke Street	D	1	
	Siltstone Place	E	1	
	Wayne Goss Drive	F	2	
	Platinum Street	G	1	
	Pearson Road	H	2	
Trade Coast				
	Queensport Road	I	1	• Close to key infrastructure, including Port of Brisbane and Brisbane Airport • Access to the north and south via the M1 • Supply is constrained
Northern				
	Earnshaw Road	J	1	• Services the population to the North of Brisbane via Gympie Road, Bruce Highway and Houghton Highway • Limited availability of development land • Government studying to enhance the North-West Transport Network including a A$9.5 billion a six-lane tunnel which would connect with Airport Link

5 Australian Bureau of Statistics, 26 July 2022 (https://www.abs.gov.au/statistics/people/population/regional-population/latest-release)

PERTH, WESTERN AUSTRALIA

Portfolio: 2 properties
Lettable Area: 86,190 sqm
Valuation: $0.3 billion

Perth is Australia's fourth largest city with approximately 2.2 million residents[6]. The capital of Western Australia has an economy which is largely driven by three industries: Mining (40%), Professional, Scientific and Technical Services (12%), and Finance and Insurance (11%).

FLCT owns a logistics and industrial property which is located in the Perth Airport, and has a 50% stake in a CBD office tower – Central Park, which is Perth's tallest building.

Location	Properties	Precinct Characteristics
Perth Airport	1	• Close to key infrastructure, including Perth Airport and Freemantle Port • Easy access to, or in Perth's CBD • Perth Airport Masterplan 2020 includes a A$2.5 billion upgrade to meet expected air freight demand of 383,000 tonnes by 2040
Perth CBD	1	

CANBERRA, AUSTRALIAN CAPITAL TERRITORY

Portfolio: 1 property
Lettable Area: 40,244 sqm
Valuation: $0.2 billion

As the capital of Australia, Canberra is home to a population of 0.5 million residents[6] and numerous public administration divisions of the Australian government. The city has a thriving tech sector boasting investments in defence, cybersecurity, agri-tech, renewable energy and space; as well as a vibrant education and tourism sector.

FLCT owns the Caroline Chisholm Centre building, which is a five-storey Grade A office building that is wholly-let to the Commonwealth Government of Australia.

Location	Properties	Precinct Characteristics
Tuggeranong	1	• Located within the core of the Tuggeranong Town Centre in Canberra, Australia's capital city and the location of the Federal Parliament House

6 Australian Bureau of Statistics, 26 July 2022 (https://www.abs.gov.au/statistics/people/population/regional-population/latest-release)

PORTFOLIO OVERVIEW

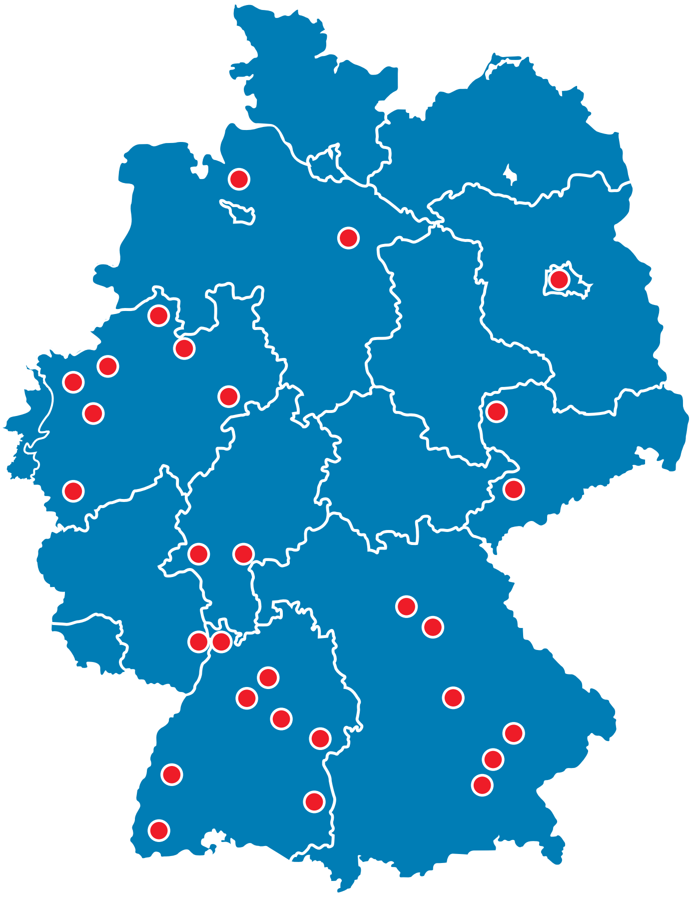
GERMANY

Portfolio: 29 properties
Lettable Area: 709,770 sqm
Valuation: $1.6 billion

After recording economic growth of 2.9% in 2021, Germany followed through with GDP growth of 0.4% in 3Q 2022. Although the removal of COVID-19 restrictions and safe distancing measures is expected to lend strength to the economy, surging inflation and uncertainty associated with the war in Ukraine and supply chain volatility is expected to have increased pressure on households and businesses.

In its August 2022 economic report, the Deutsche Bundesbank expects inflation to rise and hit approximately 10% in 4Q 2022. To counter rising costs, the government's fiscal policies are expected to stabilise macroeconomic developments, supporting households and enterprises[7]. The central bank expects the economy to grow approximately 2% this year[8].

FLCT owns 29 modern and quality logistics and industrial properties located in major global logistics hubs across Germany including Hamburg - Bremen, Leipzig - Chemnitz, Munich - Nuremberg, Stuttgart - Mannheim, Frankfurt, Düsseldorf - Cologne, Bielefeld, and Berlin.



For further market information, please refer to the Independent Market Research section within this report.

Region	Properties	Lettable Area (sqm)	Valuation ($ million)	% FLCT Portfolio Valuation
Hamburg - Bremen	2	32,170	55.8	0.8%
Leipzig - Chemnitz	2	29,332	49.1	0.7%
Munich - Nuremberg	6	164,909	371.2	5.5%
Stuttgart - Mannheim	9	273,833	621.5	9.4%
Frankfurt	2	36,439	143.5	2.1%
Düsseldorf - Cologne	6	137,609	241.6	3.6%
Bielefeld	1	22,336	49.7	0.7%
Berlin	1	13,142	67.3	1.0%
Total	29	709,770	1,599.7	23.8%

7 "Monthly Report - August 2022", Deutsche Bundesbank, August 2022
8 "Outlook for the German economy for 2022 to 2024", Deutsche Bundesbank, June 2022

Cluster	Characteristics
Hamburg – Bremen	• Hamburg is Germany's largest port and second largest city • Access to Bremen Airport, Hannover-Langenhagen Airport and Braunschweig-Wolfsburg Airport • Well-connected to motorways such as A28, A29, A293, A2 and A391
Leipzig – Chemnitz	• Serviced by Leipzig/Halle Airport and Dresden Airport • Leipzig is well-connected via rail and serves as an important junction of the north to south and west to east railway lines • Chemnitz is situated at the intersection of two key motorways – the A4 Erfurt-Dresden and the A72 Hof-Leipzig Autobahns
Munich – Nuremberg	• Munich is Germany's third largest city and has a strong economy driven by high-tech, biotechnology, IT, automobiles and engineering • Ranked as the #1 hi-tech location in Europe by the European Commission • Located on the intersection of two core network corridors of the Trans European Transport Network • Serves as a distribution centre and logistics hub for Southern Germany
Stuttgart – Mannheim	• Stuttgart is the largest city of the German state of Baden Wurttemberg and one of the wealthiest regions in Europe with a high level of employment • Mannheim is Germany's second most important intercity railway junction with Paris about 3 hours away
Frankfurt	• Frankfurt is Germany's fifth largest city and a global hub for commerce, culture, education, tourism and transportation • Key global gateway in Europe: 3-hour reach to every business metropolis in Europe • Frankfurt Airport is the biggest cargo airport in Germany and one of the largest international airports in the world
Düsseldorf – Cologne	• Düsseldorf is the seventh largest city in Germany and an international business and financial centre • A major hub in the Deutsche Bahn railway network and is also directly accessible via the A3 motorway • Served by Cologne Bonn Airport (ranked third busiest air cargo hub in Germany) and Düsseldorf International Airport (ranked third in passenger traffic in Germany)
Bielefled	• Access to Paderborn Lippstadt Airport, Münster Osnabrück International Airport and Hannover Airport • Well-connected to two major motorways, the A2 and A33 • Bielefeld railway station is part of the German ICE high-speed railroad system
Berlin	• Berlin is the capital and the largest city in Germany. Its economy is driven by IT, pharmaceuticals, biomedical engineering, clean tech, biotechnology, construction and electronics industries • Access to Tegel Airport and Schönefeld Airport • Well-connected via rail to all major German cities and many cities in Europe • Convenient access to a network of roads and motorways

PORTFOLIO OVERVIEW

SINGAPORE

Portfolio: 1 property
Lettable Area: 96,088 sqm
Valuation: $0.7 billion

With the opening of Singapore's borders and its population adapting to life in an endemic situation, Singapore's economy grew 4.4% year-on-year in the second quarter of 2022, faster than 3.8% growth recorded in the first quarter of 2022. The Government has forecast the economy to grow between 3.0% to 4.0% in 2022[9].

Alexandra Technopark, a quality suburban office & business park located in the southern district of Singapore, is FLCT's flagship and sole asset in Singapore. Valued at $662.0 million, Alexandra Technopark has a diverse occupier base of 57 tenants who take up 93.4% of its leaseable area of 96,088 sqm.

For further market information, please refer to the Independent Market Research section within this report.

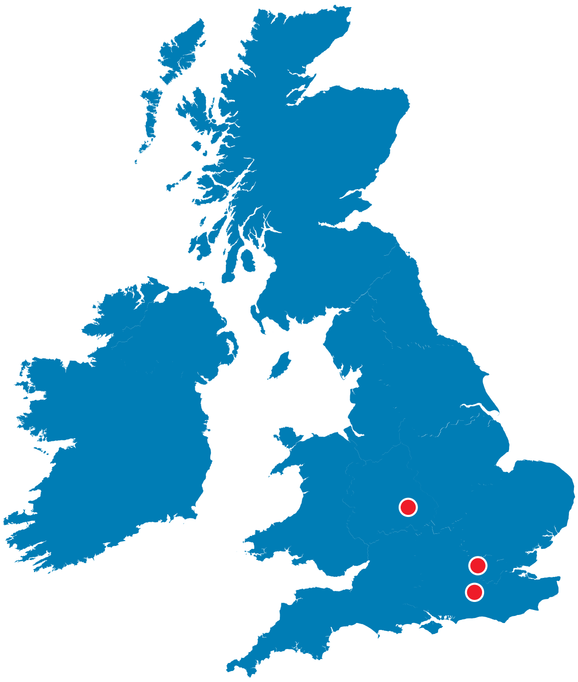
9 "MTI Narrows Singapore's GDP Growth Forecast for 2022 to "3.0 to 4.0 Per Cent"", Ministry of Transport, 11 August 2022
10 https://www.oecd.org/economy/united-kingdom-economic-snapshot/#:~:text=Economic%20Forecast%20Summary%20(June%20 2022,by%20the%20end%20of%202023.
11 https://lordslibrary.parliament.uk/the-governments-growth-plan-and-the-economy/

THE UK

Portfolio: 4 properties
Lettable Area: 130,326 sqm
Valuation: $0.6 billion

The United Kingdom recovered from the fallout of the COVID-19 pandemic due in part to the government's emergency support measures which protected jobs and incomes, as well as a rapid and effective national vaccination programme[10]. However, in the face of a major confluence of global challenges in early 2022, the UK economy has come under pressure from rising inflation and a weakening currency. The Bank of England forecast that the UK GDP would decrease by 0.1% in 3Q 2022[11].

FLCT's UK portfolio of completed assets comprises three business parks and one logistics and industrial asset. These include Farnborough Business Park and Maxis Business Park, both located west of London in Thames Valley and Bracknell, respectively; and an integrated logistics and business park located in Solihull, near Birmingham. Well-located in thriving and highly accessible hubs, the four properties have a total valuation of $634.3 million. With an aggregate leasable area of 130,326 sqm, the UK assets have a reputable and diverse tenant base of 80 tenants.



For further market information, please refer to the Independent Market Research section within this report.

Location	Logistics and Industrial		Suburban Office and Business Parks		Total	
	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)
Birmingham	1	19,534	1	42,190	2	61,724
Farnborough	-	-	1	50,743	1	50,743
Bracknell	-	-	1	17,859	1	17,859
Total	1	19,534	3	110,792	4	130,326

Location	Logistics and Industrial		Suburban Office and Business Parks		Total	
	Valuation ($ million)	% FLCT Portfolio Valuation	Valuation ($ million)	% FLCT Portfolio Valuation	Valuation ($ million)	% FLCT Portfolio Valuation
Birmingham	70.6	1.0%	206.2	3.1%	276.8	4.1%
Farnborough	-	-	266.5	4.0%	266.5	4.0%
Bracknell	-	-	91.0	1.3%	91.0	1.3%
Total	70.6	1.0%	563.7	8.4%	634.3	9.4%

Cluster	Characteristics
Birmingham	• Birmingham is the UK's second largest city and a major international commercial, transport, retail, events and conference hub • Strategically located at the heart of the UK's motorway network, adjacent to the J4/M42 with access to M5, M6, M40 and M42 motorways • Close proximity to Birmingham International Airport and strong connectivity with local and regional railways
Farnborough	• Farnborough is located in northeast Hampshire, approximately 60 minutes and 40 miles from London's city centre • Easily accessible via the nearby M3, A331 and A325 motorways, and is served by train stations on the South West Main Line (1) and North Downs Line (2) • The area is served by Farnborough Airport, UK's main business jet airport
Bracknell	• Bracknell is a large town located in Berkshire, within the Greater London Urban Area and is home to several notable global companies • The area is accessible via the M3 and M4 motorways and is served by two railway stations, Bracknell and Martins Heron • Heathrow Airport is 21km east and Blackbushe Airport is 24km southwest of Bracknell

PORTFOLIO OVERVIEW

THE NETHERLANDS

Portfolio: 6 properties
Lettable Area: 233,873 sqm
Valuation: $0.4 billion

The Netherlands reported its fifth quarter of GDP growth in 2Q 2022 as household consumption, the trade balance and investments continued to contribute to economic growth[12]. The 'AAA' rated country is supported by a high value-added, flexible and open economy, a structurally strong external position and a record low unemployment rate[13]. With the surge in energy prices, inflation is projected to average 8.7% in 2022 and the country's central bank, De Nederlandsche Bank, has forecast GDP to grow 2.8% in 2022, and 1.5% in 2023[14].

FLCT's Dutch portfolio comprises six quality logistics and industrial assets in well-established clusters. Valued at $368.9 million, these assets have an aggregate gross leasable area of 233,873 sqm.

For further market information, please refer to the Independent Market Research section within this report.

Logistics & Industrial Cluster	Properties	Lettable Area (sqm)	Valuation ($ million)	% FLCT Portfolio Valuation
Meppel	1	31,013	49.8	0.7%
Utrecht – Zeewolde	3	152,097	241.8	3.6%
Tilburg – Venlo	2	50,763	77.3	1.2%
Total	6	233,873	368.9	5.5%

Cluster	Characteristics
Meppel	• Developed as a transport and distribution inland harbour, Meppel enjoys strong transport connectivity to national motorways and the Meppel Barge Terminal • Located in the northeast region of the Netherlands and is an approximate 1.5 hours' drive from Amsterdam
Utrecht – Zeewolde	• Utrecht is one of the most notable logistics locations in the central part of the Netherlands due to its strong infrastructure • Zeewolde has 8 industrial estates with the concentration of logistics activities at the logistic park Trekkersveld I, II and III • Ede is a strategic and highly sought-after location in the east of the Netherlands and in proximity to key trading routes and the German border
Tilburg – Venlo	• Tilburg is the Netherlands' 6th largest city and largest inland logistics hub • It is a key city in the Belt and Road Initiative given its direct connection to China via the Chengdu-Europe Express Rail • Venlo is the main logistics hotspot of the Netherlands due to its strategic location between the Randstad, Flemisch and Ruhr regions • Rapid growth of transport infrastructure, coupled with the relatively low land and rents, make the region an attractive location for the distribution sector

12 https://www.cbs.nl/en-gb/news/2022/38/economic-growth-of-2-6-percent-in-q2-2022
13 https://www.fitchratings.com/research/sovereigns/netherlands-21-09-2022
14 "Economic Developments and Outlook - June 2022", De Nederlandsche Bank, 14 July 2022

2 Hanson Place, Eastern Creek, New South Wales, Australia

PROPERTY PROFILES

AUSTRALIA

Logistics and Industrial
CBD Commercial
Suburban Office & Business Parks

	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
MELBOURNE: SOUTH EAST									
South Park Industrial Estate									
1	98-126 South Park Drive, Dandenong South	100%	28,062	Freehold	Oct 2006	51.5	30.7	Woolworths	3.1
2	21-33 South Park Drive, Dandenong South	100%	22,106	Freehold	Nov 2005	36.8	21.5	Caprice Australia	1.8
3	22-26 Bam Wine Court, Dandenong South	100%	17,606	Freehold	Sep 2004	30.6	19.7	BAM Wine Logistics	2.0
4	16-32 South Park Drive, Dandenong South	100%	12,729	Freehold	Apr 2009	24.3	12.4	Australian Postal Corporation	1.4
5	89-103 South Park Drive, Dandenong South	100%	10,425	Freehold	Sep 2005	20.7	11.7	Ecolab	1.0

	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
MELBOURNE: SOUTH EAST									
The Key Industrial Park									
6	17 Pacific Drive and 170-172 Atlantic Drive, Keysborough	100%	30,004	Freehold	Dec 2012	51.5	31.9	BIC Australia Chrisco Hampers Australia	3.0
7	150-168 Atlantic Drive, Keysborough	100%	27,272	Freehold	Aug 2011	51.5	32.3	ESR Group Holdings Simons Transport	2.6
8	49-75 Pacific Drive, Keysborough	100%	25,163	Freehold	Dec 2011	48.5	26.2	Horizon Global	2.4
9	77 Atlantic Drive, Keysborough	100%	15,095	Freehold	Aug 2015	32.2	17.0	Miele Australia	1.7
10	78 & 88 Atlantic Drive, Keysborough	100%	13,495	Freehold	Nov 2014	28.0	15.5	AutoPacific Australia Orchard Manufacturing Co	1.6
11	111 Indian Drive, Keysborough	100%	21,660	Freehold	Jun 2016	50.1	29.3	Astral Pool Australia	3.0
12	29 Indian Drive, Keysborough	100%	21,854	Freehold	Nov 2017	45.0	28.0	Stanley Black & Decker Australia	2.1
13	17 Hudson Court, Keysborough	100%	21,271	Freehold	May 2018	45.0	26.9	Clifford Hallam Healthcare	2.0
14	8-28 Hudson Court, Keysborough	100%	25,762	Freehold	Dec 2016	46.4	31.4	Dana Australia Pinnacle Diversity Licensing Essentials	2.8
Mulgrave									
15	211A Wellington Road, Mulgrave	100%	7,175	Freehold	Apr 2016	48.2	34.0	Mazda Australia	3.4
Braeside Industrial Estate									
16	75-79 Canterbury Road, Braeside	100%	14,263	Freehold	May 2019	27.6	22.1	IVE Group Australia	1.2
MELBOURNE: WEST									
West Park Industrial Estate									
17	468 Boundary Road, Derrimut	100%	24,732	Freehold	Aug 2006	47.8	22.2	CHEP Australia	2.7
18	1 Doriemus Drive, Truganina	100%	74,546	Freehold	Jun 2016	121.3	75.8	CEVA Logistics (Australia)	6.9
19	2-22 Efficient Drive, Truganina	100%	38,335	Freehold	Mar 2015	65.9	37.9	MaxiPARTS Schenker Australia Bambis Import Co.	3.4
20	1-13 and 15-27 Sunline Drive, Truganina	100%	26,153	Freehold	Apr 2011	48.2	26.1	Retail Freight Services Freight Specialists	2.5

PROPERTY PROFILES

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Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
21 42 Sunline Drive, Truganina	100%	14,636	Freehold	Jun 2015	26.6	14.4	Vermile	1.3
22 43 Efficient Drive, Truganina	100%	23,088	Freehold	Feb 2017	35.8	22.1	CEVA Logistics (Australia)	2.0
West Industry Park								
23 1 Magnesium Place, Truganina	100%	9,489	Freehold	May 2022	22.2	23.8	Stedi & Goodride	0.3
24 11 Magnesium Place, Truganina	100%	7,314	Freehold	May 2022	15.9	17.0	Stoddart Group	0.2
25 17 Magnesium Place, Truganina	100%	8,286	Freehold	May 2022	17.9	19.1	Signet	0.2
Altona Industrial Park								
26 18-34 Aylesbury Drive, Altona	100%	21,493	Freehold	Feb 2015	35.8	20.7	Electrical Home-Aids Samsung SDS Global SCL Australia	2.0
MELBOURNE: NORTH								
Melbourne Airport Business Park								
27 38-52 Sky Road East, Melbourne Airport	100%	46,231	Leasehold (Expires 30 Jun 2047)	Oct 2008	46.8[1]	24.2	Unilever Australia (Holdings)	3.5
28 96-106 Link Road, Melbourne Airport	100%	18,599	Leasehold (Expires 30 Jun 2047)	Jun 2009	36.2[1]	22.7	DHL Global Forwarding (Australia)	3.0
29 17-23 Jets Court, Melbourne Airport	100%	9,869	Leasehold (Expires 30 Jun 2047)	Mar 2009	13.2[1]	7.1	Eagle Lighting Australia ICAL International Customs and Logistics	1.2
30 25-29 Jets Court, Melbourne Airport	100%	15,544	Leasehold (Expires 30 Jun 2047)	Dec 2007	18.4[1]	10.0	Quickstep Holdings John Cotton Australia	1.4
31 28-32 Sky Road East, Melbourne Airport	100%	12,086	Leasehold (Expires 30 Jun 2047)	Aug 2008	13.6[1]	8.1	Watpac Construction	1.0
32 115-121 South Centre Road, Melbourne Airport	100%	3,085	Leasehold (Expires 30 Jun 2047)	May 2008	8.4[1]	5.1	Prime Vigor Pty Ltd Alternative Freight Services	0.7

1 Includes right-of-use assets as at 30 September 2022

Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
SYDNEY: OUTER CENTRAL WEST								
Eastern Creek								
33 4-8 Kangaroo Avenue, Eastern Creek	100%	40,543	Freehold	Dec 2013	113.0	65.2	Schenker Australia	6.1
34 21 Kangaroo Avenue, Eastern Creek	100%	41,401	Freehold	Jul 2015	92.1	54.7	Techtronic Industries Australia	5.5
35 17 Kangaroo Avenue, Eastern Creek	100%	23,112	Freehold	Jun 2015	64.3	32.3	Fisher & Paykel Australia	3.3
36 7 Eucalyptus Place, Eastern Creek	100%	16,074	Freehold	Dec 2014	47.8	24.7	FDM Warehousing	2.5
37 2 Hanson Place, Eastern Creek	100%	32,839	Freehold	Mar 2019	91.4	59.1	FDM Warehousing Techtronic Industries Australia	4.7
Pemulwuy								
38 8-8A Reconciliation Rise, Pemulwuy	100%	22,511	Freehold	Dec 2005	67.1	32.0	Inchcape Motors Australia Ball & Doggett	3.5
39 6 Reconciliation Rise, Pemulwuy	100%	19,218	Freehold	Apr 2005	60.6	28.7	Ball & Doggett	3.0
Wetherill Park								
40 1 Burilda Close, Wetherill Park	100%	18,848	Leasehold (Expires 29 Sep 2106)	Sep 2016	118.0[1]	52.5	Martin Brower Australia	6.1
41 Lot 1, 2 Burilda Close, Wetherill Park	100%	14,333	Leasehold (Expires 14 Jul 2106)	Jul 2016	47.3[1]	19.3	RFD (Australia) Pty Ltd Phoenix Distribution (NSW) Pty Ltd)	2.1
42 3 Burilda Close, Wetherill Park	100%	20,078	Leasehold (Expires 15 May 2107)	May 2017	67.4[1]	28.4	Nick Scali Limited Plastic Bottles Pty Ltd	2.8

1 Includes right-of-use assets as at 30 September 2022

PROPERTY PROFILES

Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
SYDNEY: OUTER NORTH WEST								
Seven Hills								
43 8 Distribution Place, Seven Hills	100%	12,319	Freehold	May 2008	34.9	20.6	Legend Corporate Services	2.1
44 99 Station Road, Seven Hills	100%	10,772	Freehold	Mar 2011	30.5	15.6	RF Industries	1.6
45 10 Stanton Road, Seven Hills	100%	7,065	Freehold	Apr 2003	20.0	11.1	CSR Building Products	1.1
46 8 Stanton Road, Seven Hills	100%	10,708	Freehold	May 2002	30.8	14.4	EFM Logistics	1.5
Winston Hills								
47 11 Gibbon Road, Winston Hills	100%	16,625	Freehold	May 2015	50.4	34.7	Tailored Packaging Pty Ltd Toshiba International Corporation	3.6
SYDNEY: WOLLONGONG								
Port Kembla								
48 Lot 104 & 105 Springhill Road, Port Kembla	100%	90,661	Leasehold (Expires 13 Aug 2049 and 20 Aug 2049)	Aug 2009	23.4[1]	24.0	Inchcape Motors Australia Tesla Motors Australia	3.8

1 Includes right-of-use assets as at 30 September 2022

Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
BRISBANE: SOUTHERN								
49 99 Shettleston Street, Rocklea	100%	15,186	Leasehold (Expires 19 Jun 2115)	Jan 2002	19.8	20.9	Opal Packaging Australia	2.0
50 30 Flint Street, Inala	100%	15,052	Leasehold (Expires 19 Jun 2115)	Jan 2013	26.8	22.5	Isuzu Australia	2.2
51 55-59 Boundary Road, Carole Park	100%	13,250	Leasehold (Expires 19 Jun 2115)	May 2004	22.0	13.8	Goodyear & Dunlop Tyres (Aust)	1.4
52 51 Stradbroke Street, Heathwood	100%	14,916	Leasehold (Expires 19 Jun 2115)	Jun 2002	34.9	20.8	B & R Enclosures	2.1
53 10 Siltstone Place, Berrinba	100%	9,797	Leasehold (Expires 19 Jun 2115)	Oct 2014	19.7	12.2	TCK Alliance	1.2
54 103-131 Wayne Goss Drive, Berrinba	100%	19,487	Freehold	Sep 2017	37.7	28.0	National Tiles Co Paccar Australia	2.3
55 29-51 Wayne Goss Drive, Berrinba	100%	15,456	Freehold	Oct 2016	30.2	22.7	Avery Dennison Materials GM Kane and Sons Pty Ltd	1.6
56 57-71 Platinum Street, Crestmead	100%	20,518	Leasehold (Expires 19 Jun 2115)	Nov 2000	56.0	26.6	Stramit Corporation	3.1
57 143 Pearson Road, Yatala	100%	30,618	Leasehold (Expires 30 Aug 2115)	Jul 2016	49.4	33.1	Visy Glass Operations (Australia)	3.1
58 166 Pearson Road, Yatala	100%	23,218	Freehold	Oct 2017	52.6	30.7	Beaulieu of Australia	2.7

PROPERTY PROFILES

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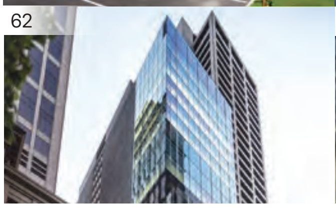

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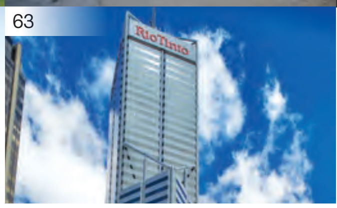

Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
BRISBANE: TRADE COAST								
59 286 Queensport Road, North Murarrie	100%	21,531	Leasehold (Expires 19 Jun 2115)	Sep 2004	48.0	32.3	Laminex Group	3.1
BRISBANE: NORTHERN								
60 350 Earnshaw Road, Northgate	100%	30,779	Leasehold (Expires 19 Jun 2115)	Dec 2009	68.9	45.7	H.J. Heinz Co. Australia	4.2
PERTH								
61 60 Paltridge Road, Perth Airport	100%	20,143	Leasehold (Expires 3 Jun 2033)	Feb 2009	10.1	16.6	Amazon Commercial Services Electrolux Home Products	2.5

CBD Commercial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
MELBOURNE: CBD								
62 357 Collins Street, Melbourne	94.4%	31,822	Freehold	Dec 2012	315.1	305.2	23 tenants. Key tenants include: Commonwealth Bank of Australia Service Stream Analytical Systems	21.4
PERTH: CBD								
63 Central Park, 152-158 St Georges Terrace, Perth[2]	94.5%	66,047	Freehold	1992	307.8	289.0	30 tenants. Key tenants include: Rio Tinto Shared Services Grant Thornton Australia Limited Australia Energy Market Operator IOOF Synergy	23.9

2 Based on a 50% effective interest in the property

	Suburban Office & Business Parks Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
CANBERRA: TUGGERANONG									
64	Caroline Chisholm Centre, Block 4 Section 13, Tuggeranong	100%	40,244	Leasehold (Expires 25 Jun 2101)	Jun 2007	225.1	228.0	Commonwealth of Australia (Department of Human Services)	23.4
MELBOURNE: MOUNT WAVERLEY									
65	545 Blackburn Road, Mount Waverley	100%	7,311	Freehold	Nov 2016	55.4	59.3	Lands of the North Sushi Sushi Segment 3 Viridian Financial ECI Plan B Bank of Melbourne MST Lawyers General Mills	1.2

PROPERTY PROFILES

GERMANY
Logistics and Industrial

Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
HAMBURG – BREMEN								
66 Am Krainhop 10, Isenbüttel	100%	20,679	Freehold	Jul 2014	28.4	23.6	Volkswagen	1.7
67 Am Autobahnkreuz 14, Rastede	100%	11,491	Freehold	Nov 2015	27.4	25.9	Broetje-Automation	2.1
LEIPZIG – CHEMNITZ								
68 Johann-Esche-Straße 2, Chemnitz	100%	17,795	Freehold	Jan 2007	27.0	23.0	VW Sachsen GmbH	1.8
69 Am Exer 9, Leipzig	100%	11,537	Freehold	Sept 2013	22.1	17.9	Eldra Kunststofftechnik GmbH	1.3
MUNICH – NUREMBERG								
70 Oberes Feld 2, 4, 6, 8, Moosthenning	100%	72,558	Freehold	Jul 2009, Aug 2012 and Aug 2015	124.0	94.2	BMW	6.0
71 Koperstraße 10, Nuremberg	100%	44,221	Leasehold (Expires 31 Dec 2080)	Apr 2015 and Jul 2018	113.2[1]	58.2	Roman Mayer Logistik Hellmann Worldwide Logistics Johnson Outdoors Vertriebsgesellschaft	5.3
72 Industriepark 1, Mamming	100%	14,193	Freehold	Aug 2013	24.6	21.9	Leadec	1.5
73 Jubatus-Allee 3, Ebermannsdorf	100%	9,389	Freehold	Apr 2005	15.9	10.5	Grammar Automotive	0.9
74 Hermesstraße 5, Graben, Augsburg	100%	11,534	Freehold	Feb 2018	64.3	48.5	Hermes Germany	2.5
75 Dieselstraße 30, Garching	100%	13,014	Freehold	Jan 2008	55.0	43.3	EDEKA Aktiengesellschaft	2.5

1 Includes right-of-use assets as at 30 September 2022


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Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
STUTTGART – MANNHEIM								
76 Industriepark 309, Gottmadingen	100%	55,007	Freehold	Between 1999 and 2017	77.8	66.4	Constellium	5.8
77 Otto-Hahn Straße 10, Vaihingen	100%	43,756	Freehold	Mar 2014	88.2	68.9	Dachser DSV Solutions	4.4
78 Eiselauer Weg 2, Ulm	100%	24,525	Freehold	Aug 2009	75.2	58.3	Transgourmet	3.5
79 Murrer Straße 1, Freiberg am Neckar	100%	21,104	Freehold	Sep 2013	57.9	45.5	Müller Die Lila Logistik Deutschland GmbH	2.8
80 Ambros-Nehren-Straße 1, Achern	100%	12,304	Freehold	Jul 2009, Aug 2012 and Aug 2015	24.5	18.6	Ziegler	1.2
81 Am Bühlfeld 2-8, Herbrechtingen	100%	44,501	Freehold	Apr 2015 and Jul 2018	63.8	45.7	Kentner	2.8
82 Bietigheimer Straße 50-52, Tamm	100%	38,932	Freehold	Aug 2013	123.0	99.5	Bosch	6.0
83 Buchäckerring 18, Bad Rappenau	100%	13,125	Freehold	Mar 2017	63.9	65.3	Hermes Germany	2.8
84 Am Römig 8, Frankenthal	100%	20,579	Freehold	Feb 2018	47.2	47.8	BASF	2.3
FRANKFURT								
85 Im Birkengrund 5-7, Obertshausen	100%	23,291	Freehold	Dec 2016	60.2	41.9	Amor Mühle Verpackungs- und Dienstleistungs	2.9
86 Genfer Allee 6, Mainz	100%	13,148	Freehold	Sep 2017	83.3	88.4	Hermes Germany	3.7

PROPERTY PROFILES


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Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
DÜSSELDORF – COLOGNE								
87 Saalhoffer Straße 211, Rheinberg	100%	31,957	Freehold	Sep 2016	50.2	39.5	BMW	2.4
88 Elbestraße 1-3, Marl	100%	16,831	Freehold	Jul 1995, Jun 2002 and May 2013	23.6	19.4	Bunzl	1.4
89 Keffelker Straße 66, Brilon	100%	13,352	Freehold	Nov 2009	16.6	14.0	Hitachi	1.2
90 Gustav-Stresemann-Weg 1, Münster	100%	12,960	Freehold	Jul 2009	22.0	20.5	Rieter Components Germany GmbH	1.6
91 An den Dieken 94, Ratingen	100%	43,105	Freehold	Mar 2014	94.4	67.2	Keramag Keramische WerkeAG HAAF	3.9
92 Walter-Gropius-Straße 19, Bergheim	100%	19,404	Freehold	Jun 2001, Oct 2018	34.8	27.8	STACI Deutschland GmbH WEG Germany GILOG Gesellschaft für Innovative Logistik	1.9
BIELEFELD								
93 Fuggerstraße 17, Bielefeld	100%	22,336	Freehold	Jul 2017	49.7	35.7	B+S GmbH Logistik und Dienstleistungen	2.3
BERLIN								
94 Gewerbegebiet Etzin 1, Berlin	100%	13,142	Freehold	Oct 2017	67.3	58.9	Hermes Germany	5.2

SINGAPORE

Suburban Office & Business Parks

Suburban Office & Business Parks Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
SINGAPORE: CITY FRINGE								
95 Alexandra Technopark, 438A/438B/438C Alexandra Road	93.4%	96,088	Leasehold (Expires 25 Aug 2108)	Dec 1996, Mar 1998 and Jun 2018	662.0	606.0	57 tenants. Key tenants include: Google Asia Pacific, Worley, Olympus Singapore, Omron Asia Pacific, Nokia Solutions and Networks (S)	52.5

PROPERTY PROFILES

THE UNITED KINGDOM

Logistics and Industrial
Suburban Office & Business Parks

Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
BIRMINGHAM								
96 Connexion, Blythe Valley Business Park, Shirley, Solihull	100%	19,534	Freehold	Sep 2018	70.6	71.6	Hofer Powertrain Gymshark Lounge Underwear Evac+Chair	3.2

Suburban Office & Business Parks Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
BIRMINGHAM								
97 Blythe Valley Business Park, Shirley, Solihull	81.9%	42,190	Freehold	Jan 1999 and Mar 2021	206.2	235.5	27 tenants. Key tenants include: Lounge Underwear Gymshark Virgin Active Regus	16.8
BRACKNELL, THAMES VALLEY								
98 Maxis Business Park, 43 Western Road, Bracknell	100%	17,859	Freehold	2009	91.0	121.1	12 tenants. Key tenants include: Panasonic UK Allegis Group Blue Yonder Cadence Design Systems	10.5
FARNBOROUGH, THAMES VALLEY								
99 Farnborough Business Park, Hampshire	75.6%	50,743	Freehold	1992 to 2019	266.5	311.4	39 tenants. Key tenants include: Fluor Syneos Health UK Siemens AETNA Global Benefits (UK) Red Hat UK	24.5

THE NETHERLANDS

Logistics and Industrial

100

101

102

103

104

105


Logistics and Industrial Property	Occupancy (%)	Lettable Area (sqm)	Title	Completion Date	Valuation as at 30 Sep 2022 ($m)	Purchase Price ($m)	Tenants	Gross Revenue FY2022 ($m)
MEPPEL								
100 Mandeveld 12, Meppel	100%	31,013	Freehold	May 2018	49.8	36.6	FrieslandCampina	2.3
UTRECHT - ZEEWOLDE								
101 Handelsweg 26, Zeewolde	100%	51,703	Freehold	Jul 1994, Jul 2000 and Jul 2010	80.2	55.5	Bakker Logistiek	4.1
102 Trafostraat 190, Ede	100%	15,588	Freehold	June 2021	37.9	30.3	Hendi B.V.	1.6
103 Brede Steeg 1, s-Heerenberg	100%	84,806	Freehold	Between 2001 and 2009	123.7	92.0	Mainfreight	6.3
TILBURG - VENLO								
104 Heierhoevenweg 17, Venlo	100%	32,642	Freehold	Oct 2015	49.1	36.1	DSV Solutions	2.3
105 Belle van Zuylenstraat 5, Tilburg	100%	18,121	Freehold	Jul 1996 and Jul 2000	28.2	21.1	Bakker Logistiek	1.4

INVESTOR RELATIONS

PROACTIVE INVESTOR RELATIONS

The Manager of FLCT is committed to delivering proactive, accurate and clear communication to Unitholders and the wider investment community. We believe that this is fundamental to empowering investors with timely material information, allowing each to make informed investment decisions.

We endeavour to enhance our investor engagement with best-in-class investor relations practices. As testament to our commitment and the quality of our investor relations programme, FLCT received the Silver Award for Best IR in the "REITs and Business Trusts" category at the Singapore Corporate Awards 2022.

DELIVERING EXCELLENCE IN INVESTOR COMMUNICATION

Our investor communication is supported by the platforms through which we channel and disseminate our communication. These include detailed and timely updates on our strategies, REIT developments, financial position, operating performance, and industry trends. We leverage a range of communication channels including written communication such as SGX announcements, news releases, our corporate website and social media. For direct engagements (both virtual and in-person), we leverage communication channels such as analyst and media briefings, investor conferences, as well as roadshows.

At the onset of the pandemic, when individuals and businesses were subject to restricted travel and social distancing measures, we adapted swiftly to leverage digital platforms and conferencing technologies to engage stakeholders. This facilitated constant communication, providing the investment community with timely updates on the business and convenient virtual real-time access to management. Although many countries are now living with COVID-19, there continues to be a risk of new variants and outbreaks. We remain well-positioned to engage investors – in-person or virtually, with speed and efficiency.

We have an integrated website (www.frasersproperty.com/reits/flct) which provides investors with timely and relevant information on FLCT's business, markets and performance. Our investor relations section has a comprehensive set of information allowing investors to make an informed decision. This includes corporate announcements, news releases, financial statements, presentations, a corporate video, and webcast presentations of FLCT's half-year and full-year results briefings.

For the convenience of analysts and investors, we also make available our financial and operational metrics on our investor relations website. Updated on a quarterly basis, the excel spreadsheet contains detailed information on our individual properties, lease expiry profile, tenant sector breakdown, capital management metrics, historical DPU and NAV, and the latest statement of total return and distribution statement.

These initiatives ensure that our website remains current and relevant to the financial community.

INVESTOR ENGAGEMENT

At FLCT, every decision and action we take is in the interest of our Unitholders. As such, we seek to educate, inform and articulate our strategies and plans to investors on a timely basis via multiple platforms and channels.

In FY2022, we engaged over 500 global investors through in-person and virtual investor engagements including 1-on-1 meetings, group meetings, results related investor briefings, investor conferences and non-deal roadshows.

We look forward to FLCT's Annual General Meeting ("AGM") as it allows the board of directors and management to engage Unitholders and communicate FLCT's latest developments, long-term plans and strategies. With safe distancing measures in place in early 2022, the AGM was held virtually on 20 January 2022 in Singapore with 85 unitholders and proxies as well as 65 invitees in attendance.

In line with virtual AGM best practices, Unitholders were invited to submit their questions ahead of the event. We published our responses to substantial and relevant questions received from Unitholders on our corporate and on SGXNet. Some of these questions were raised and addressed by our Chairman and CEO during the live webcast.

Following the conclusion of our general meetings, a formal announcement of voting results is uploaded to SGXNet on the same day. Furthermore, minutes of general meetings, which include details of unitholders' queries and responses, are made available for public viewing on the FLCT website.

For the convenience of unitholders and investors, we provide a dedicated investor relations email and phone number to ensure that the investing community continues to have access to the REIT Manager. Details are provided at the end of this section.

ANALYST AND MEDIA ENGAGEMENT

A core component of our investor relations programme is analyst and media engagement.

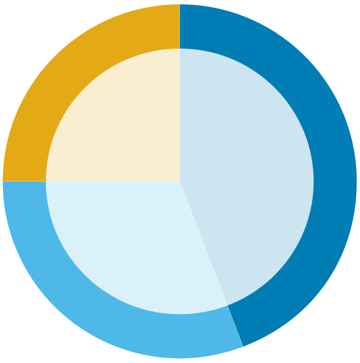
During the year, analysts at J.P. Morgan initiated coverage on FLCT, bringing the total number of research houses covering the REIT to thirteen:

1. BofA Securities
2. CGS-CIMB Research
3. Citi Investment Research
4. Credit Suisse
5. Daiwa Capital Markets
6. DBS Group Research
7. HSBC Global Research
8. J.P. Morgan
9. Macquarie Securities
10. Morgan Stanley Research
11. Morningstar Equity Research
12. OCBC Investment Research
13. UOB KayHian

As part of our media engagement efforts, we also periodically engage with members of the media industry to update financial journalists on the REIT's business and industry. These sessions may include briefings and interviews, related to FLCT's financial results, mergers & acquisitions, and other corporate developments.

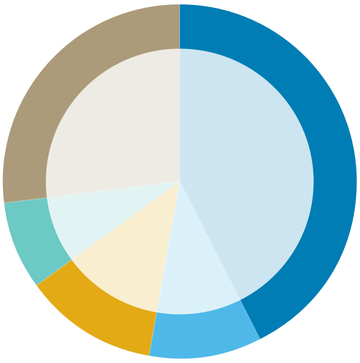
3 Burilda Close, Wetherill Park, New South Wales, Australia

Unitholders by Type
as at 15 September 2022



Institutional	44.4%
Retail	30.7%
Sponsor and related parties	24.9%

Unitholders by Geography
as at 15 September 2022



Singapore	42.6%
Asia (ex. Singapore)	10.3%
North America	12.1%
Europe, including UK	8.1%
Rest of World / Unallocated	26.9%

INVESTOR RELATIONS

FLCT FY2022 Investor Relations Calendar

Event / Activity	Date
2HFY2021 and FY2021 Results Announcement	11 November 2021
Final Distribution to Unitholders	16 December 2021
Annual General Meeting	20 January 2022
1QFY2022 Business Update	7 February 2022
1HFY2022 Results Announcement	6 May 2022
Interim Distribution to Unitholders	17 June 2022
3QFY2022 Business Update	5 August 2022
2HFY2022 and FY2022 Results Announcement	10 November 2022

FLCT FY2023 Planned Events and Activities

Event / Activity	Indicative Date
Annual General Meeting	17 January 2023
1QFY2023 Business Update	1 February 2023
1HFY2023 Results Announcement	4 May 2023
3QFY2023 Business Update	1 August 2023
2HFY2023 and FY2023 Results Announcement	2 November 2023

Note: The above dates are indicative and may be subject to change by the Manager without prior notice

INVESTOR RELATIONS CONTACT

The REIT Manager values and welcomes feedback from unitholders and other stakeholders.

For enquiries or feedback on FLCT, please contact:

Mr Ng Chung Keat
Frasers Logistics & Commercial Asset Management Pte Ltd
Phone +65 6813 0583
Email: ir_flct@frasersproperty.com
Website: www.frasersproperty.com/reits/flct

UNIT PRICE PERFORMANCE

FLCT UNIT PRICE PERFORMANCE IN FY2022

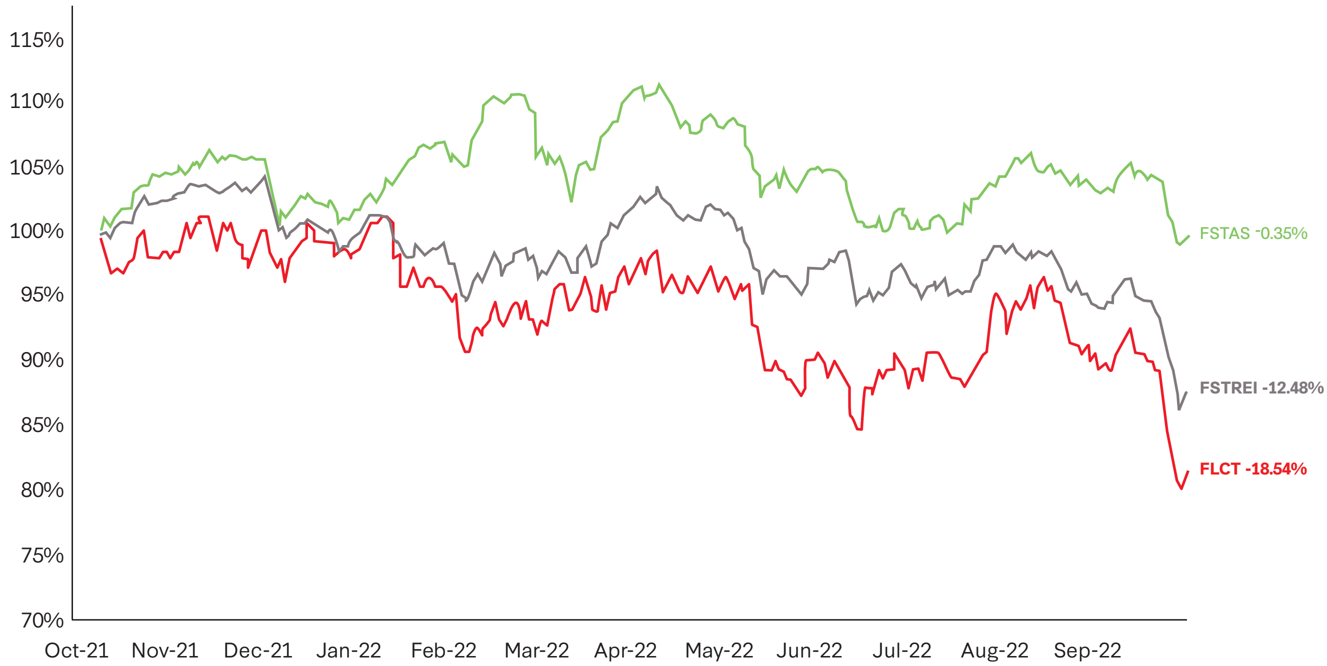
FLCT units opened the year with a closing price of $1.51 per unit on 1 October 2021. Our units tested a period high of $1.53 per unit on several days in November 2021 and January 2022 before trending downwards in tandem with declining global investor sentiment and stock markets. We closed FY2022 with a unit price of $1.23 per unit on 30 September 2022. As a result, FLCT units decreased by 18.5% in FY2022. Our performance is largely in-line with the subdued investor interest in logistics and industrial REITs which have performed strongly over the past two years. In addition, the market valuation of the overall Singapore REIT sector has been impacted amid the rising interest rate environment.

On a five-year basis, being the five financial years to 30 September 2022, FLCT units have appreciated 15.9% compared to a decline of 8.4% in the FTSE ST REIT Index and a decline of 5.2% in the FTSE ST All Share Index. From a total return perspective, FLCT provided unitholders with a 5-year total return of 54.6%, compared to 19.5% for the FTSE ST REIT Index and 15.7% for the FTSE ST All Share Index.

Despite the challenging investment landscape, FLCT continued to retain an active level of investor interest as described in the Investor Relations section of this annual report (see page 72). Trading liquidity remained healthy as FLCT recorded an average daily traded volume of 8.9 million units during the year and we closed FY2022 with a market capitalisation of approximately $4.5 billion.

FLCT is a constituent of the 30-component Straits Times Index since April 2021 and a constituent stock of the FTSE EPRA/NAREIT Global Developed Index since March 2019.

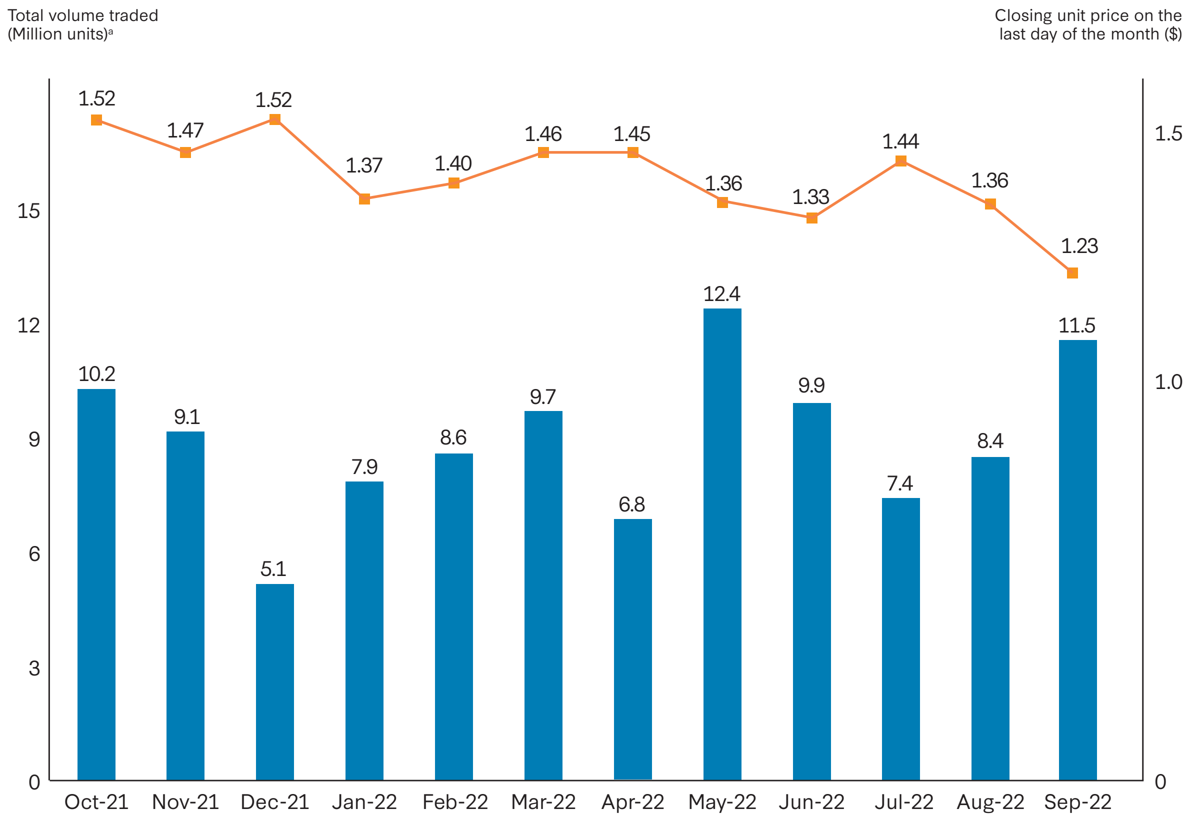
FLCT Unit Price Performance vs Major Indices In FY2022



Source: Bloomberg LLP

UNIT PRICE PERFORMANCE

FLCT Monthly Trading Performance In FY2022



Monthly daily traded volume | **Closing unit price on the last day of the month**

Source: Bloomberg LLP
a Sum of the daily traded volume in the respective month

FLCT Unit Price Performance Over the Past 5 Years

	FY2018	FY2019	FY2020	FY2021	FY2022
Opening Price ($)	1.065	1.080	1.240	1.39	1.51
Closing Price ($)	1.070	1.240	1.390	1.52	1.23
High Close ($)	1.190	1.290	1.460	1.57	1.53
Low Close ($)	1.020	1.010	0.665	1.21	1.21
Average Daily Traded Volume (million units)	4.6	6.5	10.1	10.3	8.9
Market Capitalisation as at 30 September ($ million)[1]	2,154.9	2,788.6	4,744.4	5,588.2	4,546.3

Source: Bloomberg LLP
1 Based on the closing price and number of issued units as at the last trading day of the respective financial year

FLCT Unit Total Returns

	1-Year[1]		3-Year[1]		5-Year[1]		IPO to end FY2022[1]	
	Price Change %	Total Return[2]	Price Change %	Total Return[2]	Price Change %	Total Return[2]	Price Change %	Total Return[2]
FLCT	-18.5%	-14.8%	-3.2%	13.1%	15.9%	54.6%	36.2%	95.0%
FTSE REIT Index	-12.5%	-7.5%	-20.3%	-7.5%	-8.4%	19.5%	3.0%	45.3%
FTSE ST All Share Index	-0.4%	3.9%	-3.3%	8.9%	-5.2%	15.7%	9.9%	40.9%

Source: Bloomberg LLP
1 Up to 30 September 2022
2 Assumes dividends are reinvested

Comparative Returns

	%
Total Return of FLCT Units for IPO Investors[1]	95.0%
FLCT FY2022 Total Return[2]	-14.8%
FTSE ST REIT Index FY2022 Total Return[2]	-7.5%
FTSE ST All Share Index FY2022 Total Return[2]	3.9%
FLCT FY2022 Dividend Yield[3]	6.2%
FTSE REIT Index 2022E Dividend Yield Estimate[4]	6.3%
FTSE ST Index 2022E Dividend Yield Estimate[4]	4.7%
CPF Interest Rate[5]	2.5%
10-Year Singapore Government Bond Yield[6]	3.5%
Deposit Rate of Singapore Dollar Denominated Deposits Offered to Non-Bank Customers[7]	0.6%

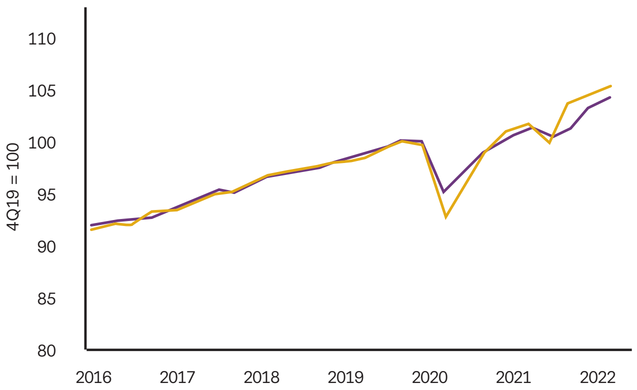
1 Bloomberg LLP. For the period from 21 June 2016 to 30 September 2022. Calculation of total return assumed distributions paid during the period are reinvested
2 Bloomberg LLP. For the period from 1 October 2021 to 30 September 2022. Calculation of total return assumed distributions paid during the period are reinvested
3 Calculated based on FLCT's closing unit price of $1.23 per Unit as at 30 September 2022, and total DPU of 7.62 Singapore cents declared for FY2022
4 Bloomberg LLP
5 Based on the interest rate paid for the CPF Ordinary Account (1 October 2022 to 31 December 2022) (https://www.cpf.gov.sg/Members/AboutUs/about-us-info/cpf-interest-rates)
6 10-year government bond yield on 12 October 2022 (https://www.mas.gov.sg/bonds-and-bills/SGS-Bond-Statistics)
7 Deposit Rate of Singapore Dollar Denominated Deposits Offered to Non-Bank Customers (https://eservices.mas.gov.sg/statistics/msb-xml/Report.aspx?tableSetID=III&tableID=III.3A)

INDEPENDENT MARKET RESEARCH

MACROECONOMIC OVERVIEW & OUTLOOK - AUSTRALIA

Australian Gross Domestic Product ("GDP") growth has recovered from the cyclical low of 2020, where growth fell by 7.0%. Australian GDP grew 1.4% over 2021 and 3.6% over the 12 months to June 2022. This growth has been supported by the complete reopening of international borders, supporting the inflow of migrants into the country, and solid household consumption expenditure. In the August 2022 Statement on Monetary Policy, the Reserve Bank of Australia ("RBA") highlighted the increase in consumption spending and recovery in services exports will be an important bellwether for economy in the near term. Therefore, the RBA projects GDP growth of 3.25% in 2022, 1.75% over 2023, and 1.75% in 2024.

Figure 1: Australian GDP and employment growth

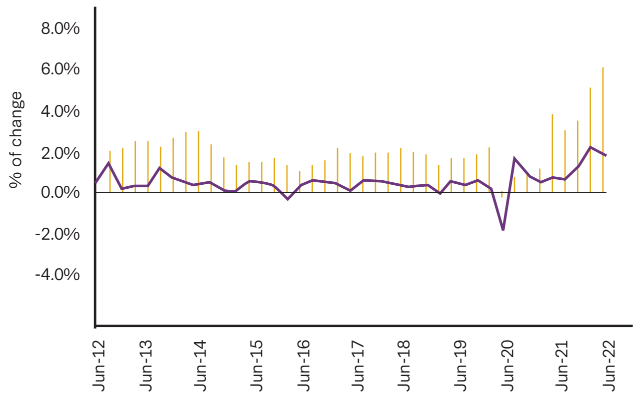


Employment | **GDP**
Source: Deloitte Access Economics, as at June 2022

Rising production costs combined with supply chain shortages have driven the Australian Consumer Price Index ("CPI") to increase sharply over a short period of time. CPI over the year to June 2022 was 6.1%, the highest level since September 1990. Oxford Economics expects household budgets to face greater pressure from brisk inflation in essential spending components such as food and energy. At the same time, higher interest rates will impact retail spending by households with mortgages. Projections by the RBA suggest that inflation could peak at 7.8% in 2022 before trending downwards to 4.3% in 2023.

To combat rising inflation, the RBA began raising the official interest rate in May 2022, which has reached 2.60% in October 2022. The RBA has signalled that it will continue to raise rates in the coming months, with its fundamental goal being to bring down the level of inflation.

Figure 2: Australian inflation rate



Annual | **Quarterly**
Source: ABS, as at June 2022

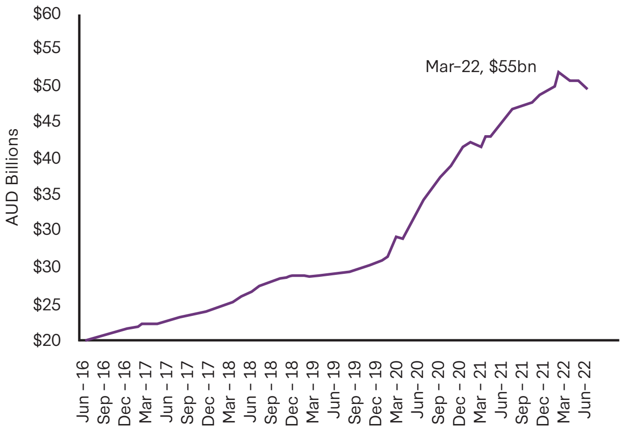
Despite these economic headwinds, the Australian labour market has continued to strengthen. Total employment as of September 2022 is 0.8% above pre-COVID-19 levels. There are a large number of jobs being advertised in the market, although many organisations from blue- and white-collar industries are reporting elevated difficulty in finding skilled workers for the jobs that they are advertising. This constraint is expected to drive higher wage growth in the near term. Meanwhile, business trading conditions and profitability remain solid. These factors have supported the improvement in the unemployment rate which has fallen from 4.7% in September 2021 to 3.5% in September 2022. Oxford Economics projects the Australian unemployment rate to gradually trend up to 4.0% in 2024, although this will remain below the 10-year long-term trend of 5.1%.

AUSTRALIAN INDUSTRIAL & LOGISTICS OVERVIEW AND TRENDS

The industrial and logistics sector has experienced a period of significant growth over the past two years. Major structural tailwinds and record low vacancy have accelerated occupier demand to new levels, which has been driving rental growth and record-high investment activity.

Whilst Australian e-commerce adoption is still lagging other major global economies, e-commerce adoption in Australia has accelerated significantly since the start of the pandemic. Based on data from the National Australia Bank, online retail spending has increased 72.1% since the beginning of the pandemic, with rolling annual online retail spending totalling AUD 54.9 billion in August 2022. Since March 2020, rolling annual online retail spending has increased on average by 29% each month. Online retail sales peaked in August 2021, when a large majority of Australia was in COVID induced lockdowns, at 14.3% of total retail sales. This number has moderated to 10.1% as at September 2022. However, this figure remains much higher than long-term averages.

Figure 3: Australian e-commerce spend – key milestones

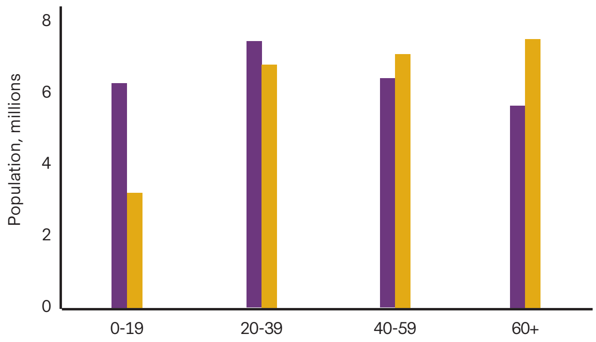


Source: NAB, JLL Research as at 3Q22

This is evidenced by the Retail Trade occupier industry sector accounting for 25% of all industrial gross take-up nationally since the start of 2020 (as at 3Q2022). This is a significant increase on the average of 19% over the previous decade. e-commerce giant Amazon has been expanding their Australian footprint over this time, taking up 315,700 sqm of space, including the largest single occupier move recorded in Australia, taking up 191,170 sqm at 804-882 Mamre Road, Kemps Creek in Sydney.

The ongoing reshaping of supply chains across Australia extends beyond e-commerce and into the popular 'quick commerce' space ("q-commerce"). The journey to q-commerce requires the onshoring of materials for both manufacturing and e-commerce processes. Supply chain constraints during the pandemic also facilitated a shift towards onshoring of materials, where the price of a 40-foot shipping container increased to a peak of being 702% higher than pre-COVID levels. Container prices have since decreased significantly as supply chain constraints have eased. Australian businesses are also increasing the diversity of their trade networks, within the context of current geopolitical challenges.

Figure 4: Population distribution by age - Australia

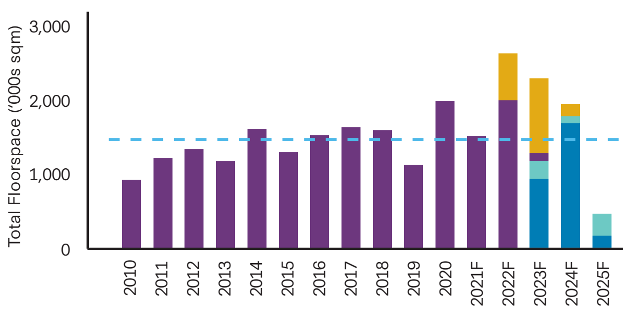


2020 | **2030**
Source: ABS, as at June 2022

Population drivers are supporting the long-term success prospects for the sector. Figure 4 shows that the millennial population is Australia's largest at 7.4 million in 2020, and this age group will reach its peak spending years, 35 to 55, by 2030. This generation is inherently more likely to support trends towards e-commerce and q-commerce activity because they are the most digitally competent generation.

Occupier activity has remained elevated after a record year in 2021. Despite elevated take-up levels, occupier activity in 2022 is being limited by record-low vacancies across Australia. There has been 2.4 million sqm of take-up in the first three quarters of 2022 ("9M2022"). Activity over 2022 remains primarily concentrated in the Melbourne and Sydney markets, which have accounted for 51% and 21% of national gross take-up, respectively. Key occupier industries have remained relatively consistent with historic trends, with the Transport, Postal & Warehousing (33%), Retail Trade (24%), Manufacturing (22%) and Wholesale Trade (6%) sectors accounting for 85% of national gross take-up over 9M2022.

Figure 5: National industrial development pipeline (2010-2025F)



Completed | **Plans Submitted** | **Plan Approved** | **Under Construction**
10-year Annual Average
Source: JLL Research as at 3Q22

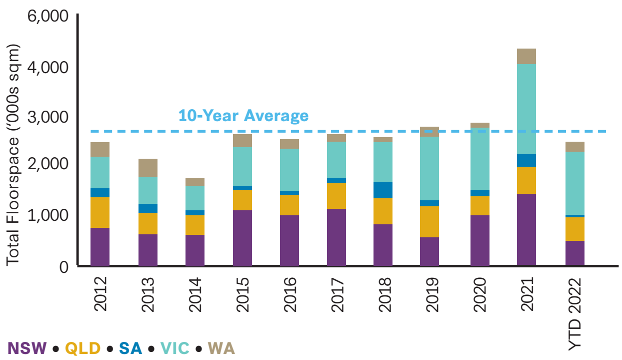
INDEPENDENT MARKET RESEARCH
Australia

Completion levels have been elevated after several disruptions pushed out completion dates from 2021 to early 2022. There has been 2.55 million sqm of stock delivered in the past year, which is 64% higher than the 10-year average.

Consistently elevated occupier demand, significantly below-average levels of speculative development and record levels of sales activity have resulted in significant appreciation in land, rental, and capital values.

The average Australian industrial prime net face rental rate increased by 9.3% in 3Q2022 – the highest single quarter increase since JLL began tracking this metric in 1988. Prime net face rent growth over the year to 3Q2022 has totalled 22.2%. The acceleration in rental growth is also evident in the secondary market, where the national average face rental rate has increased by 19.7% over the 12 months to 3Q2022. A lack of available space has led to a convergence of demand for prime and secondary assets, exemplified in the reduced spread of prime and secondary rental values.

Figure 6: National industrial gross take-up by market (2012-2022 YTD)



Source: JLL Research as at 3Q22

Strong structural tailwinds have led to elevated institutional demand within the sector. In 2021, sales transactions in the logistics and industrial sector totalled AUD 18.2 billion, more than double any previous year's transaction totals. The volume of capital seeking exposure to the sector placed pressure on yields, compressing average weighted Australian prime midpoint industrial yields to a low of 3.89% in 1Q2022. As of 3Q2022, in response to rising cost of debt and an uncertain macroeconomic outlook, average weighted Australian prime midpoint industrial yields have since softened to 4.31% and transaction volumes have slowed. Despite growing economic uncertainty, the industrial sector is still favoured by institutional investors largely because of its significant rental growth story and structural drivers.

INDUSTRIAL & LOGISTICS MARKET OVERVIEWS

SYDNEY

Supply:
Development completions in Sydney have been significantly elevated relative to 2021 levels as delayed projects were pushed into 2022. In 9M2022, 913,600 sqm of new stock were delivered to the market, representing a significant increase from 257,000 sqm for the entirety of 2021. This was contributed by a large backlog of developments completing after COVID-19 induced lockdowns, flooding, and supply chain constraints delayed completions in 2021. Furthermore, developments are coming to fruition after a period of extremely low cost of capital, which developers took advantage of to deploy new developments.

Completions for 2022 are expected to exceed 1.0 million sqm, the largest-ever completion total recorded for the Sydney market. Of the 557,000 sqm of projects that are currently under construction, approximately 57% of the space have been pre-committed. In response to a rapidly moving rental market, landlords are increasingly waiting until their assets are near practical completion to sign tenants to maximise their rental income.

Demand:
Gross take-up in YTD 2022 has been subdued relative to 2021 levels. Take-up in 9M2022 (510,320 sqm) was less than half the amount recorded in 9M2021 (1,130,000 sqm). The lower take-up level was not a function of decreased demand, but rather due to a lack of available space in supply-tight market like Sydney, where vacancy rates were at less than 1% across all of its occupier markets.

The Transport, Postal & Warehousing sector has accounted for the largest proportion of YTD take-up in 2022, accounting for 46% of the market total, followed by Retail Trade (16%) and Manufacturing (14%).

Prime Rents:
Record low vacancy levels combined with sustained elevated demand levels have placed significant pressure on prime rents across all precincts in the Sydney market. Average Sydney prime net face industrial rents have increased by 18.9% over the year to 3Q2022.

Growth has been led by the inner precincts, driven by a land-supply fuelled decline in development activity and rapidly increasing land values, particularly in the Outer Central West, where rents have increased by 33.5% over the 12 months to 3Q2022.

At the same time, strong competition between occupiers has placed downward pressure on incentives. Average prime incentives range between 4% and 6% across Sydney's industrial precincts.

Transaction Volumes & Yields:
YTD 2022 sales transaction activity in the Sydney industrial market was robust at AUD 2.0 billion. While this is lower than the record levels seen in 2021, sales transactions have remained robust through a period of emerging economic uncertainty. Land values have increased 65% over the past year for 2-5 hectare lots, and 61% for 1 hectare lots. Significant investor demand has driven up land values, although growth has likely peaked with land values remaining mostly flat in 3Q2022.

A rapidly rising cash rate and an uncertain economic backdrop have softened yields from record lows. Prime midpoint yields in Sydney have softened 38 bps over 3Q2022 to a midpoint of 3.94%.

MELBOURNE

Supply:
In line with trends seen across Australia, 2022 supply completions have been elevated relative to 2021 levels after several delayed projects were pushed into 2022. Over 9M2022, there has been 791,480 sqm of new supply delivered. This is significantly higher than the 10-year long-term average of 394,480 sqm (based on completions in the first three quarters), exemplifying the high level of development capital deployed to the sector in recent years. A further 256,800 sqm of industrial stock is projected to complete in 4Q2022.

Precommitment rates have remained strong over 2022 with 62% of the 1.5 million sqm of stock projected for completion in 2022 being precommitments.

The supply pipeline is expected to be subdued in the coming years in response to the evolving macroeconomic environment. The feasibility of new projects has become harder to justify in the face of increased costs of capital as well as rising input costs.

Demand:
Melbourne continues to lead the country in terms of occupier demand, with 1.3 million sqm of gross take-up recorded over 9M2022. Rolling annual take-up has increased at a compounded growth rate of 24% per year over the past decade and rolling annual take-up has remained at over one million sqm consistently since 2019.

Like Sydney, demand in Melbourne has been broad-based across several key industry sectors. The Transport, Postal & Warehousing sector has accounted for 35% of take-up in the YTD, followed by the Retail Trade (29%) and Manufacturing (20%) industries. This is in line with recent demand trends for Melbourne, with those three sectors accounting for 82% of total demand over the period 2019 to 2022.

Prime Rents:
Record low vacancy levels are persisting in the face of record tenant demand into the industrial sector, which is putting significant upward pressure on rents in Melbourne. The average Melbourne prime net face rent has grown 17.2% over the year to 3Q2022. Due to record low vacancy, there has been a convergence between prime and secondary assets to the point where they are almost homogenous in demand, as illustrated in secondary rents growing 25.4% over the 12 months to 3Q2022.

Growth has been led by the West precinct, which has been the most active occupier market in the country in 2022 where rents have increased by 22.5% over the year to 3Q2022.

Incentives have remained relatively stable across Melbourne over 2022 but remain low relative to pre-pandemic levels (23.3% in 1Q20). As at 3Q2022, the average prime incentive is 14.2%.

Transaction Volumes & Yields:
Despite rising macroeconomic uncertainty and rising yields, sales transactions have remained strong, with 2022 YTD sales transactions at AUD 1.6 billion. Strong rental growth is supporting an uplift in capital values despite the recent yield softening in 3Q2022. Land values for all lot sizes have increased over 50% over the past 12 months, although this rate of increase has slowed over recent quarters.

Average prime yields have softened 63 bps to 4.25% in 3Q2022 because of the rising cost of debt and uncertain macroeconomic environment.

BRISBANE

Supply:
Brisbane is projected to deliver 408,200 sqm of industrial space over 2022, significantly higher than historical levels (10-year average – 302,020 sqm). The Brisbane market has a significant supply pipeline, with 756,460 sqm of space expected to be delivered over the course of 2023, which would be more than double the long-term average. It is likely a large portion of these development could be pushed into later years if they cannot secure a precommitment.

Despite this significant pipeline, precommitment levels remain subdued relative to other Eastern Seaboard markets. Of the 408,200 sqm of stock currently under construction, only 43% of this space is pre-committed, compared to a 10-year average of 76%.

INDEPENDENT MARKET RESEARCH
Australia

Demand:
Take-up in the Brisbane market has been inconsistent over the past decade; however, occupier activity has trended upwards over the past two years in line with sector-wide trends. Since recording the third lowest rolling annual take-up level of the past decade in 4Q2020, rolling annual take-up has increased at a compounded growth rate of 19% per quarter (3Q2022 rolling annual take-up – 601,290 sqm).

Rolling annual take-up is currently 21% higher than the 10-year long-term average of 498,300 sqm. Take-up in 2022 has been dominated by four main industries. The Manufacturing industry (26%), Transport, Postal and Warehousing industry (24%), Wholesale Trade industry (23%), and Retail Trade industry (18%) account for 91% of take-up thus far in 2022.

Take-up in 2022 was led by the Southern and Trade Coast precincts. The Southern precinct accounted for 70% of take-up in 2022 (322,300 sqm), while the Trade Coast precinct accounted for 28% (131,020 sqm). The Northern precinct contributed marginally, accounting for 1.6% of take-up in 2022 (7,300 sqm).

Prime Rents:
While rents have not increased to the degree of Sydney and Melbourne rates, prime and secondary rents in Brisbane have increased 11.2% and 17.9% over the past year, respectively.

In response to growing competition among tenants and rapidly increasing rents, prime incentives have decreased substantially over the past two years, where the average midpoint for prime incentives in Brisbane is now 7.7% as at 3Q2022, down from 17.5% in 3Q2021.

Transaction Volumes & Yields:
The flow of capital in the Brisbane market has sharply increased since the start of 2019, with average annual transaction volumes at AUD 1.4 billion in 2019-2021, 105% higher than AUD 679 million recorded in the previous five years. In 2021, the market saw a record high AUD 2.2 billion of industrial sales transactions. On the back of this momentum, 9M2022 transactions was AUD 1.3 billion in aggregate.

Like the rest of Australia, the rising cost of debt and future economic uncertainties have resulted in a softening in yields. Brisbane average prime midpoint yields have softened 29 bps to 4.88%. Whilst the softening in yields will lead to a correction in capital values in Brisbane, this correction is being softened by solid levels of rental growth.

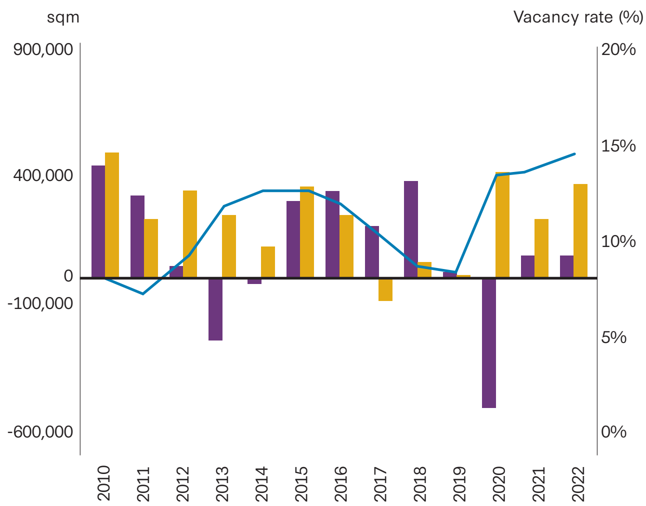
AUSTRALIAN OFFICE SECTOR OVERVIEW AND TRENDS

Over the 12 months to 3Q2022, the Australian office market has grown by 611,900 sqm to 28.6 million sqm. JLL tracks 19 office markets across Australia of which six are CBD markets and 13 are metropolitan office markets. JLL recorded the completion of 11 office projects totalling 306,100 sqm in its six tracked CBD markets, taking total stock to 18.2 million sqm. Over the period, 26 projects totalling 305,800 sqm were completed across the 13 metropolitan office markets taking total stock to 10.4 million sqm.

Australia's office markets have undergone a gradual recovery since the lows of 2020. However, there have been bumps to this recovery as larger corporates are continually reassessing their space requirements and offering sublease space to the market or electing to hand back space when re-signing a lease. Overall, Australian CBD net absorption has totalled 125,800 sqm over the year to 3Q2022. This positive rebound is trending towards the 20-year long-term average of 169,400 sqm.

The positive CBD demand result is being driven by a multitude of factors including the centralisation of tenants from suburban markets (which is particularly supporting demand in Brisbane, Adelaide and Perth), as well as small tenant leasing activity (sub-1,000 sqm cohort of the market) that is propping up demand across all CBD markets.

Figure 7: Australian CBD office market balance



Net absorption | Supply addition | Vacancy rate % (RHS)
Source: JLL Research as at 3Q22

Despite the positive levels of demand, the Australian CBD vacancy rate has broadly remained unchanged over the past year (14.1% as at 3Q2021 and 3Q2022). The unchanged vacancy rate reflects a sustained development pipeline across the CBD markets and backfill vacancy becoming available as tenants move into pre-committed space.

Current Trends:
The Property Council of Australia tracks return to office rates to observe how quickly workers are returning into office towers in Australia's CBD markets. Over the course of 2022, return-to-office rates have varied across the CBD markets. As at September 2022, return-to-office rates ranged from 41% in the Melbourne CBD, 54% in Canberra and 76% in the Perth CBD. There was a stall in the increase in occupancy rates over the past three months which was attributed to the winter months and a spike in COVID-19 cases which discouraged workers to come back to the office.

The spread in return to office rates across the CBD markets could be attributable to a variety of reasons, that include differences in hybrid work policies being implemented by various corporates, small and mid-sized organisations, government or private sector initiatives to encourage workers back into the CBD, company culture, or certain organisations trying to implement a "COVID safe" return to work approach (particularly for very large organisations that employ thousands of people). It is expected that most CBD markets' occupancy will trend towards 80% over the coming year as workers are slowly encouraged to come back into the office, whether it is from a social interaction standpoint or for collaborative work means.

JLL is also observing a high proportion of tenants upgrading into better quality office accommodation. Organisations are looking to attract the best talent (or retain workers) as well as take advantage of the attractive financial metrics on offer in the market, and therefore relocate into better quality stock. This trend is reflected in the net absorption figures. Prime grade net absorption across Australia's CBD markets (which captures Premium and A-Grade stock) has totalled 245,600 sqm over the year to 3Q2022, whereas secondary net absorption (which captured B, C and D-Grade stock) has totalled -119,800 sqm over the year to 3Q2022.

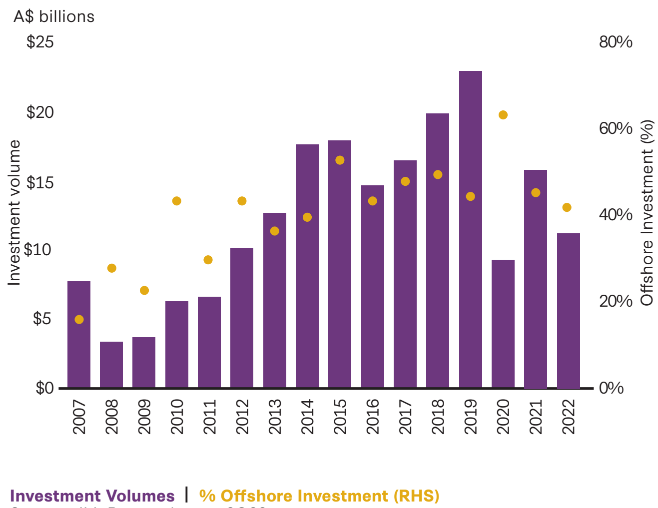
Supply:
JLL is projecting the completion of 439,000 sqm of office stock across 16 projects in Australia's CBD markets over 2022. The majority of these completions will be concentrated in the Sydney CBD (164,300 sqm or 37%) followed by Canberra (119,000 sqm or 27%). Completions for 2022 will be above the 20-year average of 385,900 sqm. From 2023 onwards, JLL is tracking 769,500 sqm across 32 projects that are under construction and that have a projected completion date between 2023 and 2025. Out of this total, 220,500 sqm or 29% is concentrated in the Melbourne CBD, followed by 180,400 sqm or 23% in the Sydney CBD.

Rents & Incentive:
Prime net face rents across Australia's CBD markets have reflected stable growth over the past year, growing at a blended rate of 3.6% over the year to 3Q2022. However, there has been a minor upward trend in CBD incentives over the past year with average CBD prime incentives increasing from 36.7% in 3Q2021 to 37.4% in 3Q2022. Despite this minor increase in incentives, positive face rental growth has supported effective rental growth. Australian CBD prime net effective rents reached their cyclical trough in 4Q2021 and have gradually grown since this period. Australian CBD prime net effective rents have increased by 2.0% over the year to 3Q2022.

Transaction Volumes & Yields:
Transaction volumes for Australia's CBD and metropolitan office markets have totalled AUD 11.2 billion for 9M2022. This figure is above the result for 9M2021 (AUD 10.1 billion) although it is not close to the 2019 record of AUD 16.7 billion over 9M2019. Offshore investors have accounted for AUD 4.7 billion of transaction activity in 2022, which is equivalent to approximately 42% of overall volumes.

Despite the healthy levels of transaction activity across Australia's office markets, JLL has recorded yield softening over 3Q2022. The average CBD prime midpoint yield has softened from 5.06% in 2Q2021 to 5.21% in 3Q2022. Whilst the softening is not a reflection of transaction evidence across most markets, the rising cost of debt and a narrowing in the risk premium between bonds and office yields have resulted in an adjustment in yields.

Figure 8: Australian office transaction volumes, 2007 to 2022



Source: JLL Research as at 3Q22

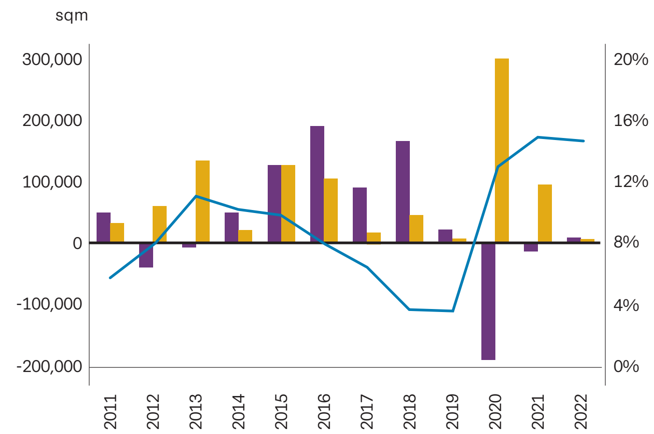
INDEPENDENT MARKET RESEARCH
Australia

OFFICE MARKET OVERVIEWS

MELBOURNE CBD

Demand & Vacancy:
Office demand within the Melbourne CBD has slowly recovered since the onset of the pandemic, as occupiers slowly return to the CBD. In the 12 months to 3Q2022, 17,500 sqm of net absorption was recorded in the Melbourne CBD, which was predominantly supported by the small tenant cohort market (<1,000 sqm). This is a healthy recovery when compared to the annual net absorption figures achieved in 2020 (-188,800 sqm) and 2021 (-12,800 sqm). Comparatively, the pre-pandemic 10-year net absorption average to 2019 was 73,000 sqm per annum. The Melbourne CBD market recorded a strong quarterly result of 20,200 sqm in 3Q2022, as small tenants, particularly in the sub 500 sqm cohort of the market expanded and made the most of the attractive financial metrics on offer.

Figure 9: Melbourne CBD office market balance, 2011 to 2022



Net absorption | Supply addition | Vacancy rate % (RHS)
Source: JLL Research as at 3Q22

As a result of the positive levels of demand within the Melbourne CBD, the vacancy rate has fallen from a cyclical peak of 15.0% in 3Q2021 to 14.6% in 3Q2022. This vacancy figure remains elevated, with the 10-year average being 8.9%. Flight-to-quality remains a dominant theme in the Melbourne CBD, as tenants continue to absorb prime grade space and take advantage of the large incentives on offer in higher-quality CBD assets.

Supply:
The Melbourne CBD has recorded zero office completions over 9M2022. One project has an expected completion date in 4Q2022: 637 Flinders Street (25,112 sqm). This follows a strong 2021, which saw 164,000 sqm of completions across four projects. JLL is currently tracking 245,565 sqm across 10 projects that are currently under construction with a projected completion date between 2022 and 2024. The largest CBD project currently under construction is Charter Hall's development of 555 Collins Street (47,800 sqm). The development is currently 48% pre-committed with a scheduled completion in 2023.

Rents & Incentives:
The rental market in the Melbourne CBD continues to remain tenant favourable, with prime incentives reaching 39.1%, the highest level recorded since 1994. Prime net face rents have recorded stable growth of 2.1% over the year to 3Q2022. Despite the recorded face rental growth as a result of rising incentives over the past year, prime net effective rents have marginally decreased by -0.3% over the 12 months to 3Q2022.

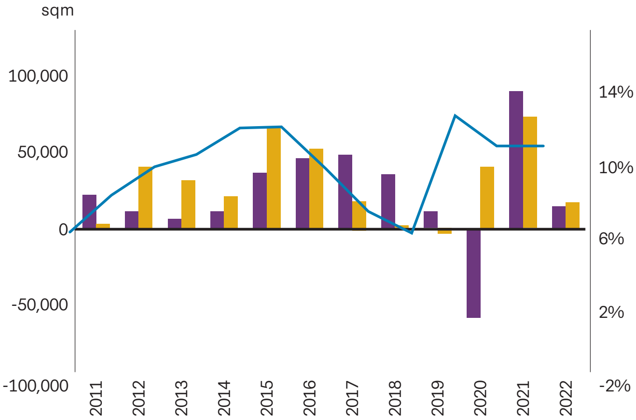
Transaction Volumes & Yields:
The Melbourne CBD has recorded AUD 2.3 billion in sales transactions in YTD 2022, surpassing the 2021 (1Q21-4Q21) result of AUD 2.0 billion. The largest transaction in YTD 2022 has been Charter Hall's 50% stake in Southern Cross Towers at 121-111 Exhibition Street, for a total of AUD 967.5 million sale across the two towers. Both Brookfield and Blackstone reduced their stake in each tower to Charter Hall.

Melbourne CBD prime midpoint yields softened by 6 bps to 4.75% over 3Q2022. The rising cost of debt and an uncertain macroeconomic environment led to the adjustment in yields. The upper end of the yield range held firm, whilst poorer quality assets softened.

MELBOURNE SOUTH-EAST SUBURBS

Demand & Vacancy:
Office demand within the Melbourne South-East Suburbs (S.E.S.) has softened throughout 2022, on the back of a strong annual net absorption result of 89,000 sqm in 2021. Whilst the first half of 2022 recorded mild demand of 3,500 sqm, JLL recorded -17,600 sqm of demand in 3Q2022, which was driven by consolidation activity in the education and finance sectors, as well as contraction activity by small tenants (<1,000 sqm).

Figure 10: Melbourne S.E.S office market balance, 2011 to 2022



Net absorption | Supply addition | Vacancy rate % (RHS)
Source: JLL Research as at 3Q22

Headline vacancy in the Melbourne S.E.S has remained robust throughout the course of the pandemic. However, as a result of recent contractionary activity, the vacancy rate has increased from 11.5% in 3Q2021 to 12.9% in 3Q2022. The current vacancy rate remains above the 10-year average of 10.1%. However, in comparison to the Melbourne Fringe and Melbourne CBD, the vacancy rate spread between the historical average and the current level is narrower in the S.E.S, which could be a function of the relative rental affordability of the S.E.S or a higher proportion of smaller businesses situated within the S.E.S that received a high amount of pandemic related subsidies over the past two years.

Supply:
JLL is projecting that Melbourne S.E.S office stock completions will total 27,200 sqm across 4 projects over 2022. These developments have achieved a blended precommitment rate of 48%. The 10-year average of new completions for the S.E.S is 26,500 sqm per annum.

There are currently three developments under construction in the S.E.S, which are expected to deliver 13,800 sqm by mid-2023 (58% pre-committed). The largest of these projects is the refurbishment of Chadstone Place at 1341 Dandenong Road. The development is expected to reinstate 8,000 sqm of office stock back into the S.E.S market by 2Q2023.

Rents & Incentives:
Rental growth in the Melbourne S.E.S remains solid, with prime net face rents growing 1.3% over the 12 months to 3Q2022. Average prime incentives within the S.E.S have also stabilised at 28.0% in 3Q2022, from 28.2% in 3Q2021. As a result, prime net effective rents have increased 1.4% over the year to 3Q2022, well above the 10-year average of 0.4% per annum.

Transaction Volumes & Yields:
The Melbourne S.E.S recorded AUD 521.5 million in sales over 9M2022, which was largely led by the AUD 165 million sale of the GSO Building at 165-169 Thomas Street, Dandenong and the AUD 125 million sale of the CV building at 141 Camberwell Road, Camberwell. Other notable transactions included the AUD 66 million sale of 611-625 Blackburn Road, Notting Hill, and the AUD 60.25 million sale of 545 Blackburn Road, Mount Waverley.

Melbourne S.E.S prime midpoint yields have softened from the cyclical low of 5.19% in 1Q2022 to 5.38% in 3Q2022. Similar to the rest of Australia, rising cost of debt has impacted how groups can price assets in the market which is likely to result in a continued price adjustment over the short-term.

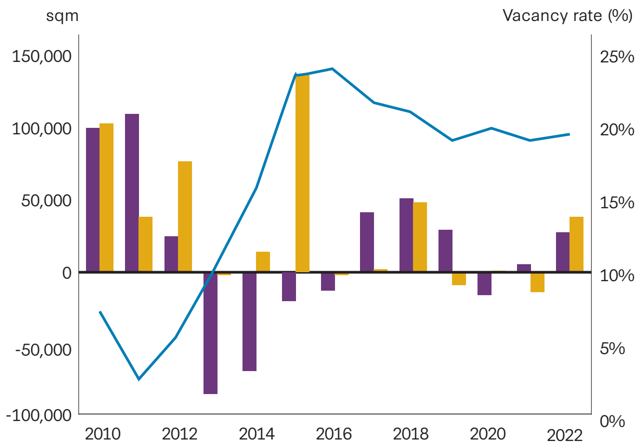
INDEPENDENT MARKET RESEARCH
Australia

PERTH CBD

Demand & Vacancy:
The Western Australian economy has grown at a solid pace over the past year which has supported job growth that has flowed through to white-collar employment. Perth CBD net absorption has totalled 28,300 sqm over the year to 3Q2022 which is nearly double the 20-year long-term average of 14,600 sqm per annum. Centralisation activity, that is, tenants relocating from suburban locations into the CBD remains a key theme to the Perth CBD demand story. Professional services groups, particularly engineering, consultancy and law firms have been positively expanding over the past year. Small tenants, particularly in the sub-500 sqm cohort of the market have shown a strong interest for fitted space and have acted quickly on securing office accommodation if it suited their needs.

Whilst there has been positive demand in the market, new and refurbished office space entering the market has resulted in the vacancy rate increasing marginally over the past year from 19.1% in 3Q2021 to 19.3% in 3Q2022.

Figure 11: Perth CBD office market balance, 2010 to 2021



Net absorption | **Supply addition** | **Vacancy rate % (RHS)**
Source: JLL Research as at 3Q22

Supply:
JLL has recorded the completion of two office assets over 2022 totalling 38,400 sqm. These assets had achieved a blended precommitment rate of 35% at practical completion. JLL is tracking a further four office developments that are under construction (totalling 88,800 sqm) and that have a projected completion date in 2023. These projects have achieved a blended precommitment rate of 59%.

Rents & Incentives:
As a result of the mining downturn that commenced around 2013, the Perth CBD underwent a prolonged correction in face rents and rising incentives. Recently, Perth CBD face rents have shown signs of an upward trend, with prime net face rents increasing by 0.6% over the year to 3Q2022, which is well above the 10-year long-term trend of -1.3% per annum. Average prime incentives have remained stable at 48.9% over the past 12 months.

Transaction Volumes & Yields:
The Perth CBD recorded AUD 940.0 million of office transaction activity over 2021. This was the highest year of transaction volumes since 2013. Investment activity over 9M2022 has totalled AUD 346.4 million. Perth CBD prime midpoint yields softened by 25 bps to 6.50% over the quarter to 3Q2022. Softening was driven by transaction evidence in the prime market that pointed to a softer price than the assets book valuation.

INDEPENDENT MARKET RESEARCH

Colliers

ECONOMY & OUTLOOK – GERMANY

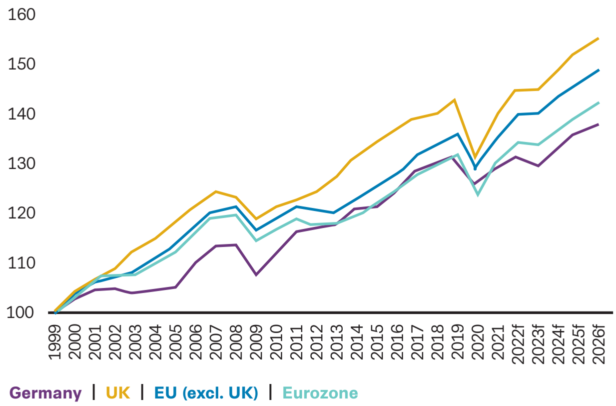
Business sentiment in Germany has deteriorated significantly. In July 2022, almost all indicators weakened with industrial output declining, especially in the energy-intensive sectors. New manufacturing orders declined for the sixth time in a row and foreign trade remained muted with exports declining slightly more than imports. On the positive side, real retail sales grew marginally to partly offset the declines seen in recent months.

Escalating energy prices as a result of a reduction in Russian gas supplies continues to weigh on all sectors of the German economy. Many companies and consumers expect prices for electricity and gas to continue to rise. The inflation rate, which according to preliminary calculations was 7.9% in August, is likely to rise again in September because the reduction in the fuel tax and the nine-euro public transport ticket (one-time 3 months special ticket) will then no longer have a dampening effect on prices. There are, however, some initial signs that global supply chains are beginning to see some light. The number of companies reporting a shortage of materials fell significantly in August. Container freight rates are also gradually declining. However, this may be due to the slowdown in the global economy and therefore cannot be seen exclusively as positive news.

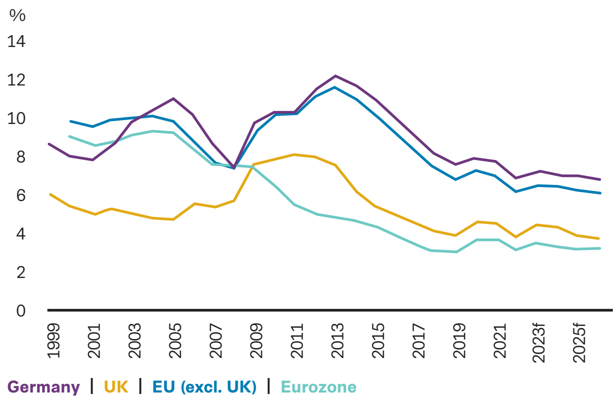
Following a robust 1H2022, the German economy is thus facing a difficult 2H2022. It has become easier to cope with the complete cessation of gas deliveries via Nord Stream 1 compared to a few months ago, as other suppliers have stepped in and demand has responded to the higher prices, so that Germany's gas storage facilities are now well-stocked. At the same time, the high gas prices result in welfare losses for Germany, as the terms of trade of the German economy have deteriorated significantly.

Key Factors	CAGR 2016-2021	Forecast 2022-2023
Population growth	+ 0.2%	+ 0.1%
Employment growth	+ 1.5%	+ 0.9%
Real Wage growth (in Euro)	+ 0.7%	- 2.0%
Consumer Price Inflation	+ 46%	- 41%

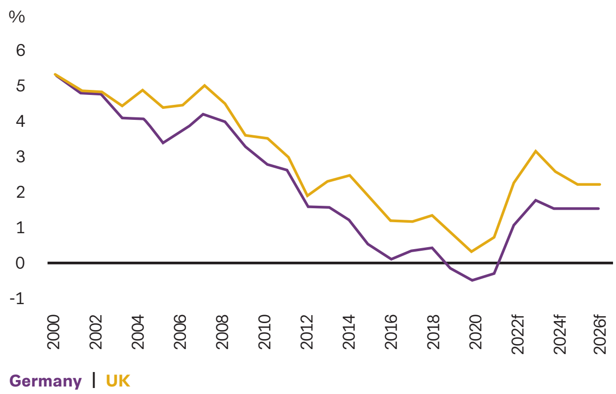
GDP Development (Index 1999 = 100)



Unemployment Rate (% of Workforce)



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



INDEPENDENT MARKET RESEARCH
Germany

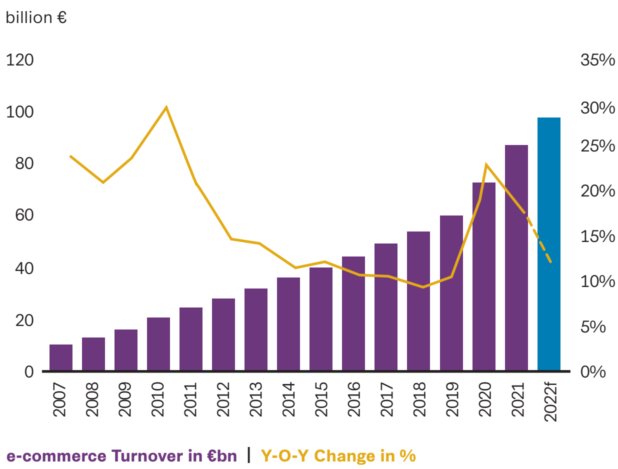
MARKET TRENDS - GERMANY

Since 2020, the markets have been strongly influenced by the pandemic and the associated challenges. Lockdowns as well as delays in supply chains with a simultaneous increase in parcel volumes have given rise to greater demand for logistics real estate. Germany is considered one of the most important countries for strategic leases due to its location in the centre of Europe. The share of retail companies in the total take-up for the TOP 8 regions increased from 30% in 2019 to currently 35%. And the trend is rising. The accelerated growth of e-commerce has continued in the second year of the pandemic. Online trade grew by 19% or €13.9 billion to almost €87 billion in 2021. Year-on-year growth was lower in 2021, which can be explained by an above-average result achieved in 2020. Excluding the special effect in 2020, e-commerce continues to record an accelerated, positive development.

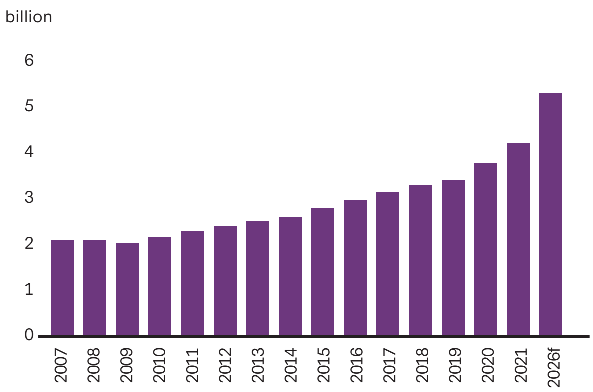
The courier, express and parcel market ("CEP") in Germany saw disproportionately stronger growth for the second time in a row in 2021. The volume of consignments increased by around 460 million CEP shipments. The volume of parcel, express and courier shipments in Germany grew by 11.2% in 2021, reflecting a double-digit growth for the second year in a row. While the volume of shipments is expected to grow 4.7% per annum to 5.7 billion in 2026, no forecast can be made for 2022 due to the uncertainties. The current trends and changes on the markets (Ukraine war, lockdown in China, price increase rates, higher energy costs and the uncertainty among consumers resulting from all these factors) have currently triggered a demand shock and do not allow an appropriate and reliable forecast of the market development for 2022.

Another challenge is presented by rising construction costs, which has increased significantly due to the current geopolitical conflicts in spring 2022. Although the effects of the lockdowns were already reflected in rising construction costs in 2021, market shocks due to the Ukraine war led to additional increases. According to the latest survey by Colliers, general contractors expect an increase in construction costs by 18% and a construction delay of around six months. This will have far-reaching consequences for the further development of new construction activity in Germany. It is expected that the record result of the previous year will not be achieved, which in turn will affect the available supply. The shortage of space is expected to continue to increase and further fuel the development of rents.

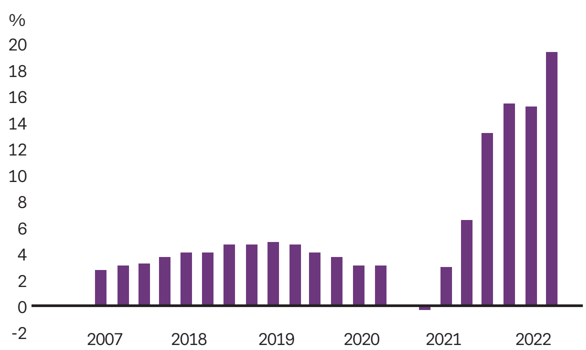
Annual e-commerce Revenue



Shipment Per Year



Construction Price Index – Commercial Buildings



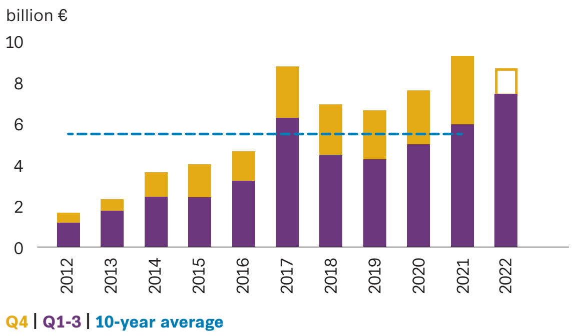
NATIONAL INDUSTRIAL MARKET GERMANY

Around €7.4 billion were poured into German industrial and logistics assets in the first three quarters of 2022. This above-average result is primarily attributed to an exceptionally strong start to the year (Q1: €3.7 billion) and reflects a 26% yoy increase in total transaction volume. The market for industrial and logistics assets has seen a slowdown since early 2022 because of the war in Ukraine and the shift in financing conditions. Just 15% of total transaction volume was generated in the summer months (or 19% by number of deals) as a result. Looking at the 3-year average, roughly 32% of total transaction volume is typically generated in Q3. Foreign investors accounted for around 52% (€3.9 billion) of total transaction volume with European investors proving particularly active (43%). The damper on market activity has continued to intensify since the end of Q2 and we saw more price corrections in the summer as a result. Investors are facing difficult financing conditions despite high demand for logistics and the attractiveness of the asset class.

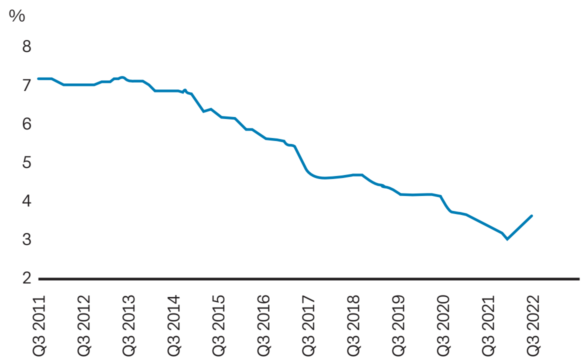
The ECB's interest rate hike in September was more drastic than expected with further increases expected on the horizon. This has additionally darkened the mood on the markets. Gross prime yields for core logistics assets in the space segment of over 3,000 sqm increased 25 bps through late September to 3.60%. This is equivalent to the level recorded in Q2 2021. Gross prime yields for light industrial assets rose as well and are currently in line with levels seen in Q1 2021 (4.60%). The end of yield compression can solely be attributed to changing financing conditions. We expect further yields widening towards year-end.

In the first three quarters of 2022, the German TOP 8 industrial and logistics real estate markets generated a total take-up of 2.8 million sqm. Around 12 % of the total result was attributable to the above-average owner-occupier settlement of Tesla in the logistics region of Berlin (around 327,000 sqm). Excluding the sizeable take-up by Tesla, the take-up of space in the TOP 8 industrial and logistics real estate markets amounted to around 2.5 million sqm. Although the record figure from the previous year was missed by 9% without the Tesla settlement, take-up was around 12% above the three-year average. The development of new buildings peaked in the previous year, so there will be less supply on the market in the future. In response to the declining development pipeline, a number of strategic lettings were made in 2021, which have since reappeared as sublets in Q3 2022. Although the majority of the TOP 8 logistics regions show a decline in both the number of deals and take-up, rental rates increased in all regions. Against the background of vacancy rates below 1.5% in the TOP 8 locations, rental growth is expected in all markets.

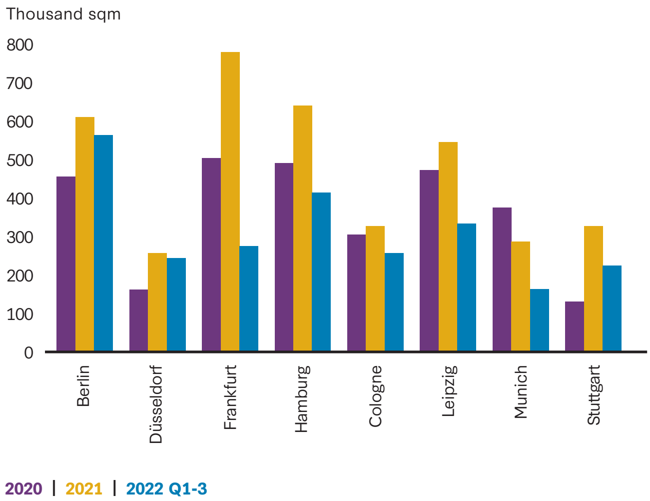
Transaction Volume Industrial & Logistics



Gross Initial Yield (Logistics) – Germany
Top 7 Investment Regions

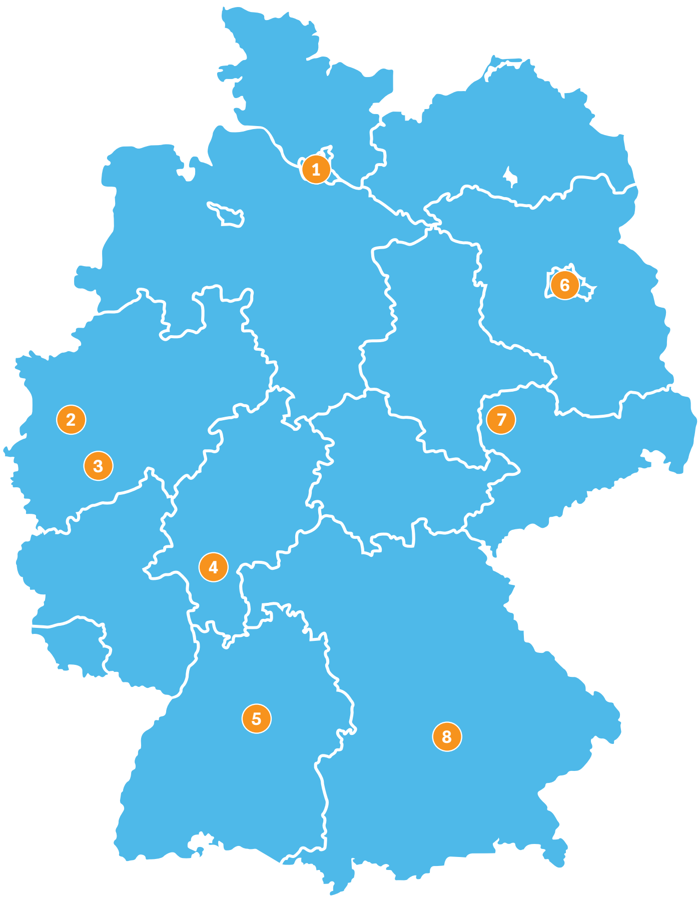


Take-Up of the Top Logistics Markets in Germany



INDEPENDENT MARKET RESEARCH
Germany

NATIONAL MARKET OVERVIEW
TOP LOGISTICS MARKETS GERMANY



	Q3 2021	Q3 2022	12-month Forecast
1. Hamburg			
GIY (in %)	3.4%	3.6%	↗
Prime Rent €/per sqm per annum	€78.0	€81.6	↗
2. Düsseldorf			
GIY (in %)	3.4%	3.6%	↗
Prime Rent €/sqm per annum	€74.4	€86.4	↗
3. Cologne			
GIY (in %)	3.4%	3.6%	↗
Prime Rent €/sqm per annum	€70.2	€81.0	↗
4. Frankfurt			
GIY (in %)	3.4%	3.6%	↗
Prime Rent €/sqm per annum	€81.6	€87.6	↗
5. Stuttgart			
GIY (in %)	3.4%	3.6%	↗
Prime Rent €/sqm per annum	€78.0	€86.4	↗
6. Berlin			
GIY (in %)	3.4%	3.6%	↗
Prime Rent €/sqm per annum	€74.4	€84.0	↗
7. Leipzig			
GIY (in %)	3.7%	3.6%	↗
Prime Rent €/sqm per annum	€55.2	€56.4	↗
8. Munich			
GIY (in %)	3.4%	3.6%	↗
Prime Rent €/sqm per annum	€90.0	€94.8	↗

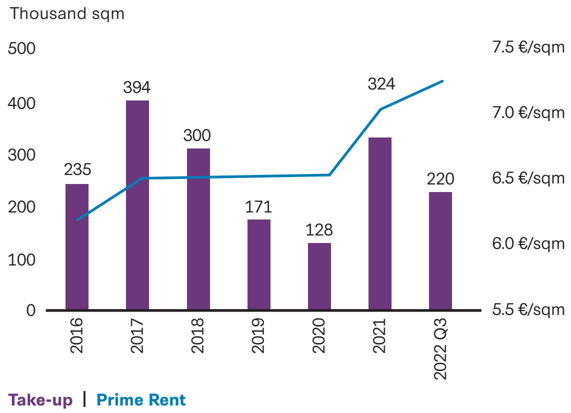
INDUSTRIAL MARKET - STUTTGART

Occupational Market:
The Stuttgart industrial and logistics real estate market achieved a take-up of 219,700 sqm. Compared to the previous year, the market recorded an increase of 2% and, despite the absence of market-relevant owner-occupiers, deals in the region as a whole were slightly above the previous year's level. It is noteworthy to mention that even around 6% more deals were signed compared to the previous year. The Stuttgart market is characterised above all by the low level of new construction activity and the majority (82%) of take-up took place in the existing stock. This had a particular impact on the average rent, which was put under further pressure and recorded an all-time high growth rate of 13%. Furthermore, the majority (69%) of the deals took place in the mid-sized space segment below 5,000 sqm. The few large-area deals took place in the periphery.

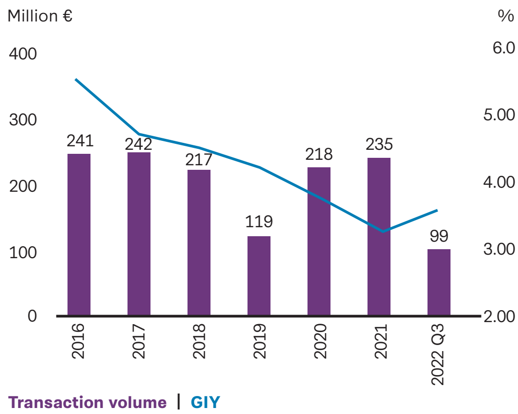
Investment Market:
The logistics region recorded an investment volume of approximately €99 million by the third quarter of 2022 and an increase of 6% compared to the previous year's result (approx. €84 million). In the past the market has shown stable investment activity. The region remains very attractive to investors given its low vacancy rate of below 2%, low supply with no new development activity, and a market structure which is characterised by regional owners.

Outlook:
Due to the current geopolitical situation, a slowdown in market activity is expected in the coming months. Regions which are strongly characterized by industrial companies will show less market activity because the industrial sector is currently taking a wait-and-see approach. This will be visible both on the letting and investment market. In Stuttgart, this offers an opportunity for e-commerce companies to penetrate further into the market.

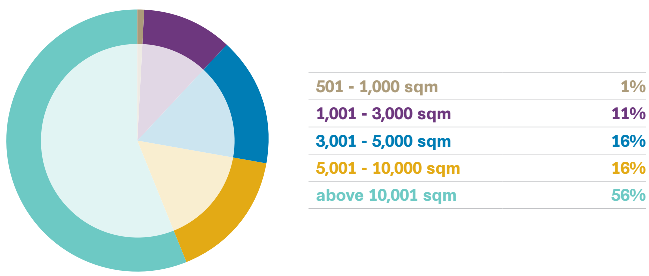
Take-Up and Prime Rent



Investment Volume and GIY



Take-Up by Size Q1-Q3 2022



Take-up by Sector (Q1-Q3 2022)

INDEPENDENT MARKET RESEARCH
Germany

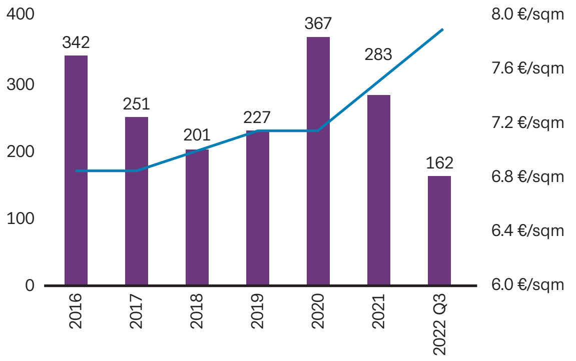
INDUSTRIAL MARKET - MUNICH

Occupational Market:
At the end of the first three quarters, the Munich industrial and logistics real estate market achieved a total take-up of 162,300 sqm, which corresponds to a decline of 9% compared to the same period last year. The pure letting performance amounts to around 140,700 sqm and was also below the previous year's value (-12%). It is noteworthy to mention that despite the downward trend in take-up, the number of deals remained stable. This indicates that the average deal size is declining. Traditionally, the majority of deals took place in the medium size segment below 5,000 sqm (92% of all deals). This is mainly due to the structure of the Munich market, which is characterised by a low vacancy rate and hardly any new developments. Thus, around 87% of the total take-up was generated in the existing stock. As a result, the pressure on existing rents continues to increase and the gap between prime and average rents is becoming ever smaller. The market is primarily characterised by production and industrial companies. This is reflected in the share of user sectors in total take-up. The most important submarkets are the northern surrounding municipalities.

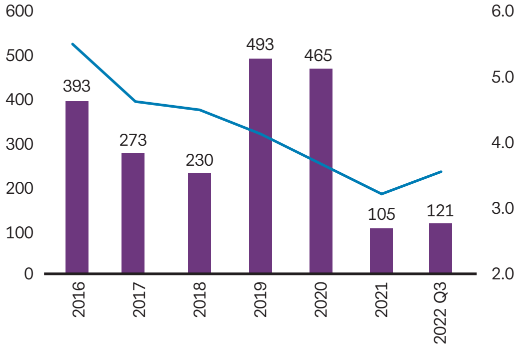
Investment Market:
The Munich industrial and logistics market registered an investment volume of only €121 million at the end of the third quarter. As in the previous year, the result was below average due to product shortage. Due to the structure of the market, there is increased investment in light industrial and production. In addition, investments in the first three quarters were predominantly in the small-volume sector below €50 million.

Outlook:
For the rest of the year, it is expected that further price corrections will follow in the form of falling purchase prices and a change in investment activity. For the rental market in Munich, it is expected that industrial companies will adopt a wait-and-see attitude. Retail companies will benefit from this and increasingly demand space. A continued positive rental price development is expected for the coming months due to the overhang of demand.

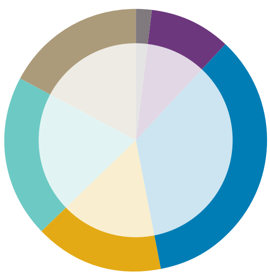
Take-Up



Investment Volume and GIY

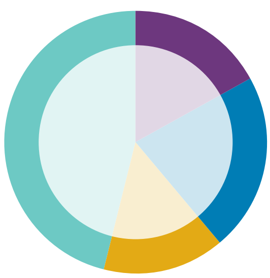


Take-Up by Size (Q1-Q3 2022)



up to 500 sqm	2%
501 - 1,000 sqm	10%
1,001 - 3,000 sqm	35%
3,001 - 5,000 sqm	16%
5,001 - 10,000 sqm	20%
above 10,001 sqm	17%

Take-up by Sector (Q1-Q3 2022)



Logistics Service Providers	17%
Production & Manufacturing Companies	22%
Trading Companies	15%
Others	46%

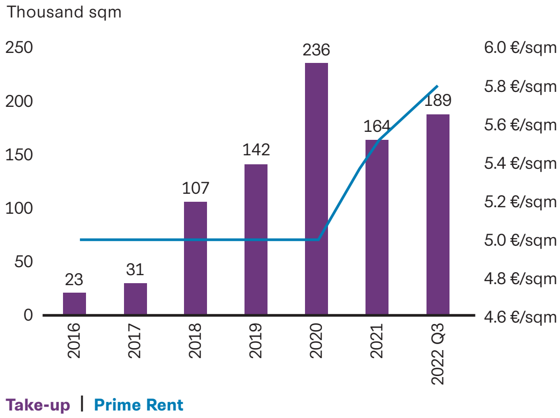
INDUSTRIAL MARKET - NUREMBERG

Occupational Market:
The logistics market in Nuremberg is one of the established logistics regions outside of the TOP 8 locations. During the first three quarters, the logistics real estate market in Nuremberg recorded an above average take-up of 189,400 sqm and doubled the previous year's result. In particular, large-scale new developments in the western submarkets provided new supply on the market. In the past, the market was characterised by brisk new construction activity in the periphery, which has been slowing down since early 2022. Within the city limits, the Nuremberg market shows almost no new developments relevant to the logistics market. The overhang of demand is increasing more and more in the region. This is particularly visible in the development of the prime rent, which in the past was at a stable level and has recorded a significant increase since 2021. Within the last 12 months, the prime rent increased by approximately 16%.

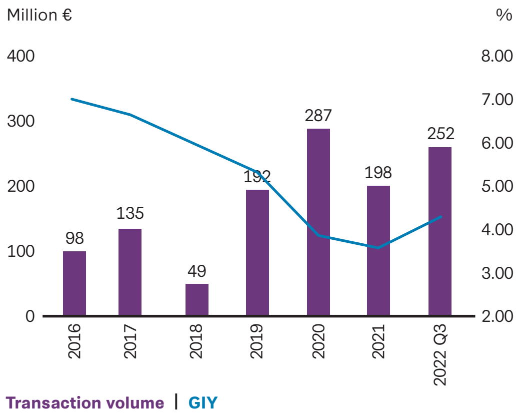
Investment Market:
With the exception of 2018, the Nuremberg investment market has recorded growth annually. The shortage of product in the TOP 8 regions is particularly visible in Nuremberg, which benefits from the proximity to Munich and Ingolstadt. More and more investors choose to invest in Nuremberg as reflected in the region's above average transaction volumes since 2020. In the first three quarters of 2022, the Nuremberg investment market recorded transaction volume of €252 million, 27% above previous year's result. DIC's majority holding in VIB Vermögen made a major contribution to this above-average result.

Outlook:
For the coming months, Nuremberg is expected to continue to benefit from high demand for space in the size segment above 10,000 sqm. Due to its central location and proximity to the A6 and A7 motorway interchange, the region is particularly attractive for retail companies and logistics service providers. Furthermore, the rent level is significantly more attractive than in the TOP 8 locations. The current rental growth even exceeds the growth rates of the TOP 8 locations and illustrates the attractiveness of the market.

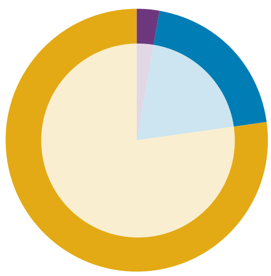
Take-Up



Investment Volume and GIY

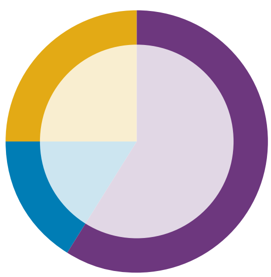


Take-Up by Size (Q1-Q3 2022)



3,001 - 5,000 sqm	3%
5,001 - 10,000 sqm	20%
above 10,001 sqm	77%

Take-up by Sector (Q1-Q3 2022)



Logistics Service Providers	59%
Production & Manufacturing Companies	16%
Trading Companies	25%
Others	0%

INDEPENDENT MARKET RESEARCH
Germany

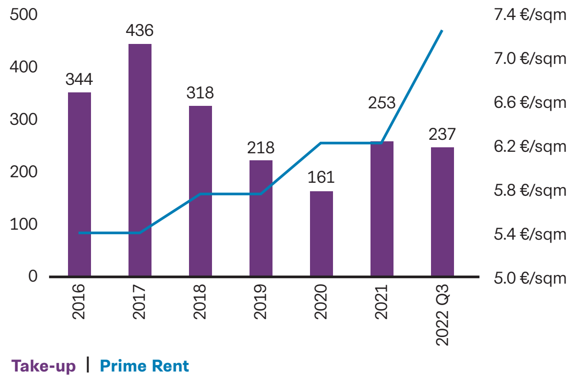
INDUSTRIAL MARKET - DÜSSELDORF

Occupational Market:
The Düsseldorf industrial and logistics real estate market achieved take-up of around 237,400 sqm in the first three quarters. Overall, the market recorded brisk demand for logistics space and was able to generate an increase of 41% despite the shortage of space. The shortage of land is reflected above all in the low owner-occupier rate. No market-relevant owner-occupier settlements took place in the last nine months. It is noteworthy that around 48% of all transactions took place in the large-volume segment above 10,000 sqm. The decline in new construction activity is reflected in the distribution of leases by building type. Thus, 60% of all lettings took place in existing buildings. Only three lettings were registered in project developments. The market is characterised by declining new construction activity and, at the same time, continued high demand, especially from retail companies. This led to both prime and average rents recording record double-digit growth.

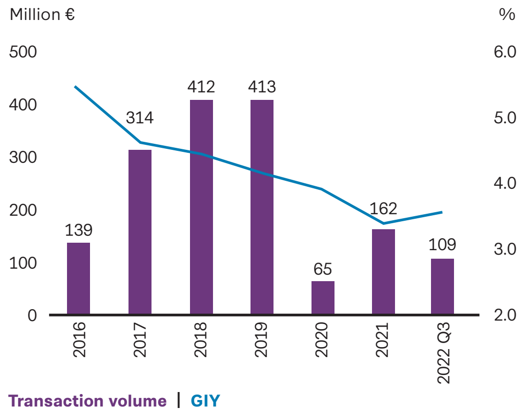
Investment Market:
Since the beginning of the year, around €109 million has been invested in the Düsseldorf market. Compared to the previous year, this corresponds to more than a doubling, but the market has recorded a clear product shortage since 2020. A shortage of land and a decline in new construction activity meant that there were hardly any suitable investment products on the market. This has continued into 2022 with the market mainly characterised by small-scale investments of less than €50 million.

Outlook:
The investment market will continue to face a significant lack of product resulting from a manageable project development pipeline and a very low vacancy rate. The number of brownfield developments is increasing at many locations in North Rhine-Westphalia. This will also shape the Düsseldorf market in the future. Some new developments are planned for the coming year on the left bank of the Rhine, which will ease the situation on the market in the short term.

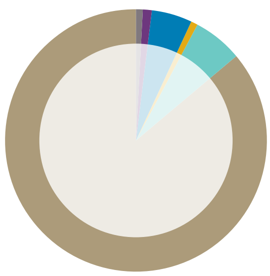
Take-Up



Investment Volume and GIY

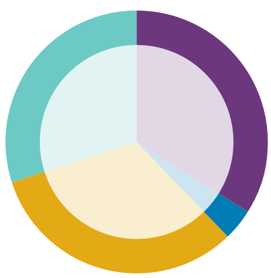


Take-Up by Size (Q1-Q3 2022)



up to 500 sqm	1%
501 - 1,000 sqm	1%
1,001 - 3,000 sqm	5%
3,001 - 5,000 sqm	1%
5,001 - 10,000 sqm	6%
above 10,001 sqm	86%

Take-up by Sector (Q1-Q3 2022)



Logistics Service Providers	34%
Production & Manufacturing Companies	4%
Trading Companies	32%
Others	30%

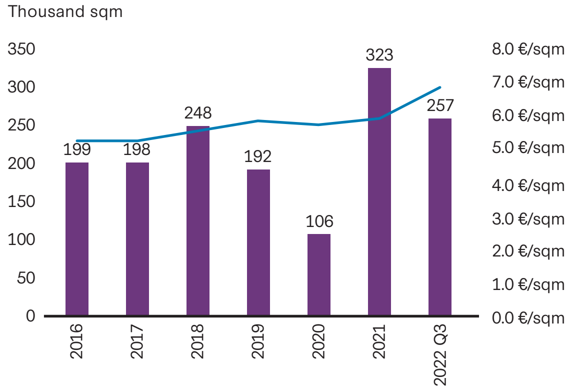
INDUSTRIAL MARKET - COLOGNE

Occupational Market:
The Cologne industrial and logistics market achieved a take-up of around 256,700 sqm in the first three quarters, being only 2% behind the take-up in the same period last year. Overall, the market remains solid despite an increasing shortage of space. The shortage in land has resulted in lower take-up levels, especially by owner-occupiers which accounted for close to almost no take-up during the period. It is worth mentioning that hardly any large-volume transactions took place, with this segment accounting for just 12% of all deals. Currently there is an increased demand for small-volume space in the industrial park segment. Consequently, 74% of all deals took place were in the sub-3,000 sqm segment. In addition, a total of around 12% more deals were registered than in the previous year. The decline in new construction activity had led to an accelerated rise in prime rents, which achieved a record growth of 15%.

Investment Market:
In the first three quarters, the Cologne investment market generated around €212 million in investments. For the third year in a row, the market recorded solid transaction volumes, illustrating the attractiveness of the region. Due to the increased demand for light industrial properties in the region, more light industrial properties and business parks were traded. In the future, the investment market in Cologne is expected to show an increase in transaction volumes due to brownfield developments, but a lower total number of investment products.

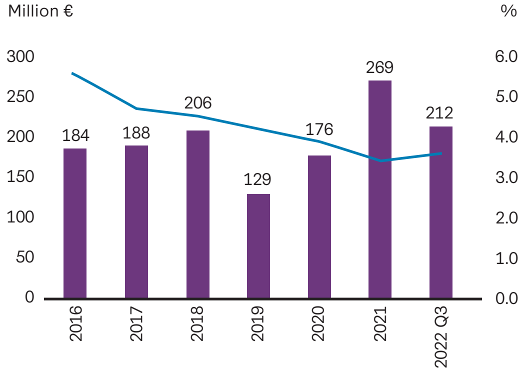
Outlook:
Due to long approval and construction periods, it is expected that hardly any new space will come into the market in the near term. Further, demand is expected to be supported by the resurgence of consumer activity. Consequently, demand for quality space in attractive catchment areas is expected to remain at a stable level until the end of the year. Accordingly, this expected to place upwards pressures on rental levels.

Take-Up



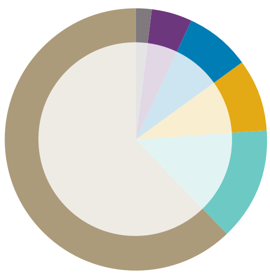
Take-up | **Prime Rent**

Investment Volume and GIY



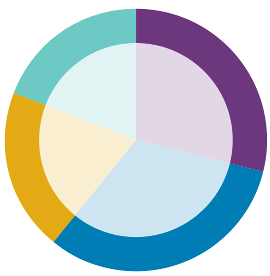
Transaction volume | **GIY**

Take-Up by Size (Q1-Q3 2022)



up to 500 sqm	2%
501 - 1,000 sqm	5%
1,001 - 3,000 sqm	8%
3,001 - 5,000 sqm	9%
5,001 - 10,000 sqm	14%
above 10,001 sqm	62%

Take-up by Sector (Q1-Q3 2022)



Logistics Service Providers	29%
Production & Manufacturing Companies	32%
Trading Companies	20%
Others	19%

INDEPENDENT MARKET RESEARCH

THE SINGAPORE ECONOMY

Based on the Ministry of Trade and Industry ("MTI") advanced estimates[1], Singapore's economy grew by 4.4%[2] year-on-year ("Y-o-Y") in 3Q 2022. On a quarter-on-quarter ("Q-o-Q") basis, it expanded by 1.5%[3], a turnaround from the 0.2% Q-o-Q decline in the previous quarter. On a Y-o-Y basis, all sectors posted positive growth due to the low base effect in the previous year attributed to the border and social restrictions put in place as a result of the COVID-19 pandemic.

The manufacturing sector expanded by 1.5% Y-o-Y in 3Q 2022, moderating from a 5.7% growth in the preceding quarter. The growth was supported by output expansions in the transport engineering, general manufacturing and precision engineering clusters, which outweighed output declines in the electronics and chemical clusters.

The construction sector experienced a 7.8% Y-o-Y growth in 3Q 2022, following a 4.8% Y-o-Y growth in the previous quarter. Construction output in both public and private sectors picked up this quarter, underpinned by the relaxation of border restrictions on the inflow of migrant workers. The sector recorded a 3.9% Q-o-Q growth in 3Q 2022, accelerating from a 1.5% Q-o-Q expansion in 2Q 2022.

In April 2022, Singapore's Disease Outbreak Response System Condition ("DORSCON") level was lowered from Orange to Yellow in-line with the endemic policy. The Government had progressively relaxed the safe management measures ("SMMs") and removed most border and social restrictions since 1Q 2022. SMMs changes included the removal of travel restrictions for travellers into Singapore, increased group sizes for social gatherings, as well as allowing employees to return to the workplace. By late 2022, most SMMs had been removed or relaxed as Singapore pivoted toward a pandemic-resilient community supported by high domestic inoculation rates.

However, the influence of various global economic and geopolitical factors has impacted the growth of Singapore's economy in 2022. The onset of the Russia-Ukraine conflict in February 2022 has impeded the global supply chain, disrupted the global supply of energy, and increased the prices of commodities. China, one of the world's largest trade partners, implemented its Covid-Zero policy which included the shutdown of all of its international borders. This has further exacerbated global supply chain issues and has weighed on the global economy. These factors have collectively contributed to global inflation and pressures on the growth of many global economies.

In an attempt to combat inflation, the Federal Reserve in the United States of America ("USA") raised interest rates by 75 basis points for the fourth consecutive time during the November Federal Open Market Committee ("FOMC") meeting, a total of 3.75% rate hike, pushing the interest rates to a target range of 3.75% to 4.00%, the highest levels since the Great Recession.

In response, the Monetary Authority of Singapore ("MAS") has been gradually tightening its monetary policy since October 2021, given inflationary pressures and Singapore's economic recovery. In October 2022, MAS announced that it would re-centre the mid-point of the Singapore Dollar Nominal Effective Exchange Rate ("S$NEER") for the fifth time this year, to dampen the momentum of inflation and achieve medium-term price stability. In addition, the Singapore Interbank Offered Rates ("SIBOR") and Singapore Overnight Rate Average ("SORA") have increased over the course of the year. As a result, these changes have led to the strengthening of the Singapore dollar and banks in Singapore raising their interest rates.

However, on the balance of global uncertainties and the resilience of the domestic economy, MTI has forecast Singapore's 2022 GDP growth to be 3.0% to 4.0%.

SINGAPORE HI-TECH AND BUSINESS PARK MARKET OVERVIEW

Hi-Tech industrial developments are modern industrial premises designed with higher-grade and more comprehensive building specifications compared to conventional industrial premises. For instance, the 4.8 ha Alexandra Technopark, situated in the City Fringe, is classified as a Hi-Tech development.

On the other hand, Business Parks are URA zoned sites that tend to be developed as larger campus-style developments occupying at least five hectares of land with modern office-like specifications. The campuses typically have lush greenery, a full suite of amenities and facilities, and high quality building designs.

Existing Stock:
As of 3Q 2022, the overall stock of Hi-Tech space increased by 0.7% Y-o-Y to 12.2 million sq ft. There were two major Hi-Tech developments completed In the last four quarters, namely UBIX (157,300 sq ft)[4] in 1Q 2022 and Trion (103,700 sq ft) in 2Q 2022.

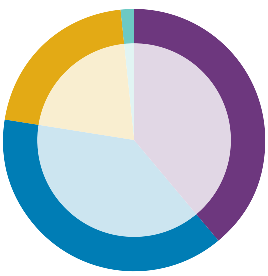
1 Advance GDP estimates for the third quarter of 2022 are computed largely from data in the first two months of the quarter (i.e., July and August 2022). They are intended as an early indication of GDP growth in the quarter and are subject to revision when more comprehensive data become available
2 Gross Domestic Product ("GDP") in Chained (2015)
3 Non-annualised, seasonally adjusted
4 All floor areas stated in this report are in Net Lettable Area ("NLA"), unless otherwise stated

Hi-Tech industrial buildings are seen as strong alternatives to Business Parks, with their large floorplates and flexible space configurations. For instance, the campus-life environment at Alexandra Technopark is equipped with communal spaces for collaborative and placemaking activities and a variety of lifestyle, wellness, sports, and social amenities.

In 3Q 2022, islandwide Business Parks stock held constant on a Q-o-Q basis but expanded by 3.1% Y-o-Y to 20.6 million sq ft, with the completion of CleanTech Three[5] (531,800 sq ft) within Jurong Innovation District in Year-To-Date ("YTD") 2022.

Future Supply:
From 4Q 2022 to 2025, the total islandwide stock of Hi-Tech and Business Park spaces is expected to increase by 7.9 million sq ft, with Hi-Tech spaces accounting for 33.9% and Business Park spaces accounting for the remaining 66.1%. Collectively, the Central Region will account for approximately 39.1% of the total pipeline supply, with the North East, West, and East Regions comprising 38.5%, 21.0%, and 1.4% of the remaining pipeline supply respectively (Chart 2.1).

Chart 2.1: Future Supply of 7.9 million sq ft of Hi-Tech and Business Park by Region (4Q 2022 – 2025)

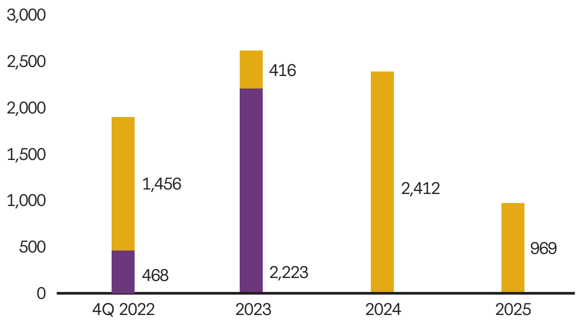


Central	39.1%
North East	38.5%
West	21.0%
East	1.4%

Source: CBRE

Chart 2.2: Future Hi-Tech and Business Park Supply

Estimated Net Lettable Area ('000s sq ft)



Hi-Tech | Business Park
Source: CBRE

Approximately 0.5 million sq ft of Hi-Tech space is expected to be completed in 4Q 2022, following the completion of addition & alteration ("A&A") works at Luzerne (198,000 sq ft) in the North East Region, as well as Grantral Complex (270,400 sq ft) in the Central Region.

In 2023, a total of 2.2 million sq ft of Hi-Tech space will enter the market, significantly higher than the average annual completion between 2017 and 2021 (206,000 sq ft). However, a majority of 2023 completions will be 2022 projects with delayed completions, and a majority of the new space is expected to be contributed by three major developments.

Harbourlink Innohub (Central Region, 602,000 sq ft), located at Alexandra Terrace, has been delayed till 2023. The development comprises a 5-storey ramp-up building alongside an 8-storey annex building, and will see a host of amenities including a childcare centre, recreational & fitness facilities, as well as end of trip facilities.

Elsewhere, Solaris @ Tai Seng (North East Region, 906,300 sq ft) and the Kolam Ayer 2 Redevelopment[6] (Central Region, 715,000 sq ft) are also expected to complete in 2023. Collectively, they will contribute 1.6 million sq ft of Hi-Tech space when completed. As of 3Q 2022, there are no known Hi-Tech developments that are slated for completion in 2024 and 2025. From 4Q 2022 to 2025, the supply of Business Park space will reach 5.3 million sq ft, with the Central Region comprising 28.4% of the total Business Park future supply. The average annual future supply from 2023 to 2025 is approximately 1.3 million sq ft, which stands at more than 500% above the 5-year average of completed business park space from 2017 to 2021.

5 40% of the development was completed in 3Q 2021
6 The development comprises 161 Kallang Way, 163 Kallang Way and 165 Kallang Way with a total NLA of 715,000 sq ft. 163 Kallang Way was delayed from 2022

INDEPENDENT MARKET RESEARCH
Singapore

Asset Enhancement Initiative ("AEI") works at Perennial Business City and the Business Park component of SJ Campus are expected to complete in 4Q 2022, collectively contributing about 1.5 million sq ft to the West Region. 2023 will see the completion of another two projects, Kajima HQ (111,700 sq ft) in the East Region and Elementum (304,400 sq ft) in one-north, within the Central Region.

Major developments to be completed in 2024 include the first phase of Punggol Digital District (2.0 million sq ft) in the North East Region, and 3 Science Park Drive (248,200 sq ft) in the Central Region. Additionally, 969,000 sq ft will enter the market in 2025 with the expected completion of 1 Science Park Drive in the Central Region.

Demand and Vacancy:
Over the past four quarters, net absorption for Hi-Tech space stood at 92,400 sq ft, against a total net supply of 84,400 sq ft over the same period. This has resulted in a slight contraction in vacancy levels from 10.6% in 3Q 2021 to 10.5% in 3Q 2022. Movement has been observed in the Hi-Tech market, with demand coming from the life sciences and medical technology industries in recent times. The availability of larger spaces, good ceiling height and floor loading specifications have been key considerations for these sectors.

The vacancy rate of Alexandra Technopark remains at 6.6% as of 3Q 2022, 3.9 percentage points lower than the islandwide vacancy rate of 10.5% as of 3Q 2022.

Islandwide net absorption for Business Park space over the past four quarters stood at 117,100 sq ft, against a net new supply of 613,700 sq ft. In addition, demand was relatively muted in 3Q 2022, with islandwide net absorption at approximately -190,200 sq ft. The softened demand was due to occupiers downsizing their current portfolio amidst a slowdown in growth, leading to increased vacancies in the Rest of Island submarkets. As such, the islandwide vacancy rate increased by 2.0 percentage points Y-o-Y and 0.9 percentage points Q-o-Q to 14.2% in 3Q 2022, the highest since 2Q 2016 (Chart 2.3).

Nonetheless, demand for business parks in the Central Region remains strong, with positive net absorption within one-north and Mapletree Business City over the past four quarters. With a limited pool of vacant Business Park stock in central locations, it has been increasingly challenging for mid-sized tenants to find large contiguous space within the City Fringe submarket. As a result, there has been some spillover demand to the Hi-Tech industrial space. In the Rest of Island submarket, a flight-to-efficiency trend was observed as some tenants relocated to buildings with more efficient specifications within the same vicinity.

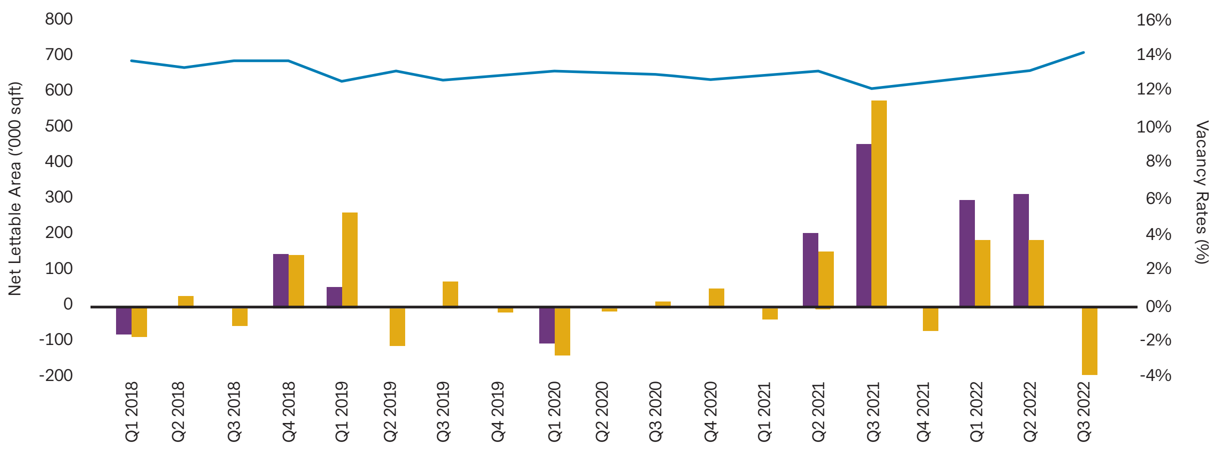
Rents:
Rent rates across Hi-Tech industrial spaces grew for the first time after holding constant for four consecutive quarters since 2Q 2021, rising by 1.5% Q-o-Q and Y-o-Y to $3.40 per sq ft per month in 3Q 2022 (Chart 2.4). The increase in rent was mainly due to a rollout of higher service charge by the landlords as a result of higher costs in utilities.

Despite higher vacancy rates of Business Parks in the Rest of Island submarkets, rents remained unchanged in 3Q 2022 at $3.65 per sq ft per month (Chart 2.4).

On the other hand, the decrease in vacancy rates and limited supply had pushed Business Park rents in the City Fringe submarket upwards, with rents rising for the sixth consecutive quarters by 0.8% Q-o-Q and 3.4% Y-o-Y to $6.05 per sq ft per month in 3Q 2022 (Chart 2.4).

Business Park spaces in the City Fringe submarket have always commanded a rental premium compared

Chart 2.3: Island-wide Business Park Net Supply, Net Absorption and Vacancy Rates



Net New Supply | Net Absorption | Vacancy Rate (RHS)
Source: CBRE

to those situated within the Rest of Island submarket, due to its strategic location and proximity to the Central Business District ("CBD"). As future supply continues to enter the Rest of Island submarket, rents of business park spaces in these regions will be under pressure. With the continual demand for high-quality spaces in accessible locations, the divergence in rents between the City Fringe and Rest of the Island submarkets is likely to become more apparent, further cementing the two-tiered market within the Business Park submarket. Business Park spaces located in the Rest of Island submarket are likely to attract office occupiers who are cost-sensitive with regards to their operations.

Investment and Capital Values:
Hi-Tech investments totalled $176.0 million from 4Q 2021 to 3Q 2022, representing a 60.2% Y-o-Y decrease from the prior four quarters (4Q 2020 to 3Q 2021). 4Q 2021 saw Metro acquiring 351 on Braddell for $121.0 million ($464 psf GFA), after Boustead Projects divested the property to its subsidiary Boustead Industrial Fund. The 7-storey, 260,600 sq ft GFA industrial development is located in the Central Region, with major tenants such as NETS, Secretlab and Electrolux.

UE BizHub Central at 12 Ang Mo Kio Street 64 was acquired by Apple, the existing anchor tenant, for $55 million ($141 psf GFA) from Yanlord Land group in 1Q 2022. The 388,000 sq ft GFA development comprises two buildings (7-storey and 4-storey).

In 4Q 2021, Ascendas REIT sold its 66% stake in TÜV SÜD PSB Building to CapitaLand Development at 1 Science Park Drive for $103.2 million. Following the transaction, the two parties formed a 34:66 joint venture with plans to redevelop the development into a life science campus. Upon completion, the campus will bring in 1.2 million sq ft GFA of Business Park space and 39,800 sq ft GFA of retail space, catering to the demand from tenants in the new economy sectors such as biomedical sciences, digital and technology. There were no notable transactions in the business park market in 2022.

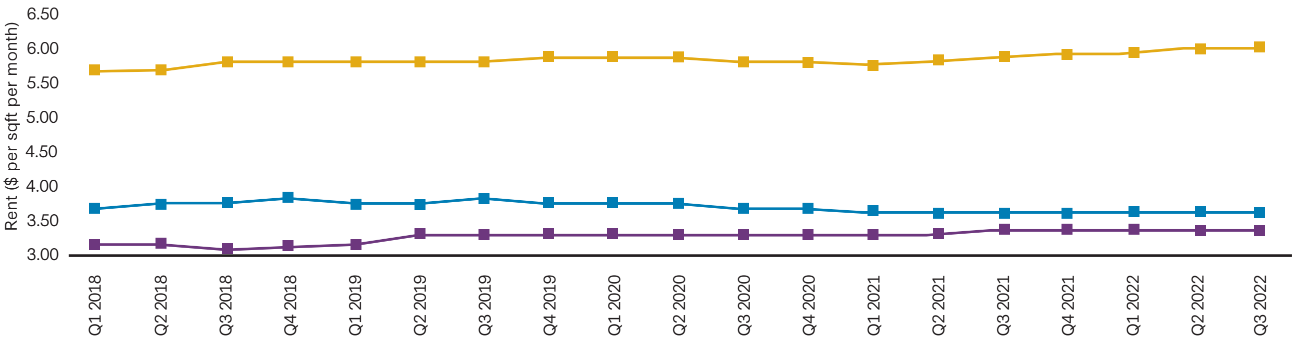
Market Outlook:
Pre-leasing activities for new projects in the Hi-Tech segment have improved significantly compared to a year ago, with the bio-medical and medical technology sectors continuing to drive leasing demand. The central location of Hi-Tech spaces remains an added advantage. For example, Alexandra Technopark benefits from its strategic location within the City Fringe and proximity to the CBD. The revitalisation of the Greater Southern Waterfront area will further increase the accessibility and appeal of the development. Additionally, Hi-Tech developments can incorporate light industrial uses, positioning itself as an option for tenants who require both office and industrial space.

A slight increase in the overall rents may be observed as some landlords have already started increasing service charges. Going forward, islandwide rents for Hi-Tech spaces could potentially be pressured by the higher volume of supply projected to enter the market in 2023.

However, only one development, Harbourlink Innohub, is expected to come into the Alexandra vicinity over the next three years. Furthermore, with the strong tenancy profile within the Alexandra precinct, coupled with the connectivity to public transport and amenities, demand within the area will likely remain robust. As 94.2% of the future supply of Business Park spaces from 2022 to 2025 are concentrated within the Rest of Island submarket, there is likely to be downward pressure on rents in this submarket. This will further accentuate the two-tier market between City Fringe and Rest of Island submarket.

Going into 2023, macroeconomic headwinds and a slowdown in the tech sector could weigh on demand for High-Tech and Business Park spaces. However, demand is expected to arise from growing sectors like R&D and biomedical. The increase in office rents may encourage tenants to preserve their existing business park portfolio while consolidating their CBD footprints. As a result, well-located Hi-Tech and Business Park developments, particularly within the City Fringe, are expected to remain attractive to prospective tenants.

Chart 2.4: Hi-Tech and Business Park Rents



Hi-Tech | Business Park - City Fringe | Business Park - Rest of the Island
Source: CBRE

INDEPENDENT MARKET RESEARCH

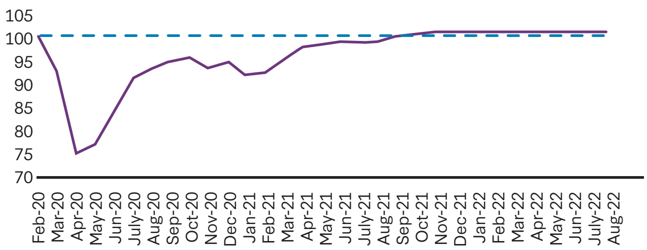
CBRE

UK ECONOMIC OUTLOOK

The UK economy contracted in the three months ended August 2022, representing a decline of 0.3% from the previous three months ended May 2022. This was largely due to the impact of higher prices weighing on both input costs for businesses and the affordability of goods to consumers.

Monthly GDP fell by 0.3% in August, mainly due to declines in manufacturing and consumer-facing services. Supported by an increase in private industrial, private housing and infrastructure work, the construction sector recorded two consecutive months of growth in August (0.4%) and July (0.1%).

UK Monthly GDP, Feb-20 = 100

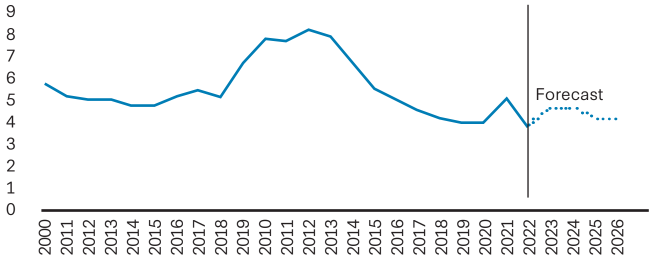


UK Monthly GDP | **Pre-pandamic GDP**
ONS, Oxford Economics, CBRE Research

The labour market remains tight with the unemployment rate at 3.5% for the three months ended August 2022 is at the lowest since 1974. This is the consequence of a weak labour supply market, which has risen as 21.7% of adults are economically inactive, some of whom have stopped working due to illness since the start of the COVID pandemic. As a result, approximately 300,000 fewer people are in employment, compared to before the pandemic. Job vacancies are at historically high levels—approximately a million compared to 0.8 million before the pandemic—but they have been falling for three consecutive quarters, suggesting the job market is cooling.

Annual growth in average total pay (including bonuses) was below inflation at 6.0% in June-August, indicating that real earnings fell by 2.4%. This is expected to place pressure on household finances. With sentiment weakening, job creation is likely to weaken further as businesses struggle in the current conditions.

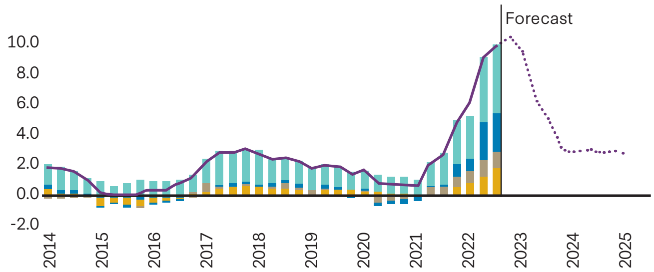
UK: International Labour Organisation (ILO) Unemployment Rate, %



Source: ONS Macrobond, CBRE Research

Driven by inflationary pressues and a global demand for durable goods, prices have been rising relentlessly over the past 18 months. China's zero covid policy is hampering the recovery of global supply chains, thereby increasing frictions in shipping and raising the costs of imported durable goods. CPI inflation rose by 9.9% in the 12 months to August 2022, down from a 40-year high of 10.1% in July 2022. UK inflation is high due to the direct and indirect impact of higher international energy and durable good prices, as well as the impetus of domestic inflation imparted by strong corporate pricing power and labour market tightness.

UK: Consumer Price Inflation (CPI), Annual Rate %

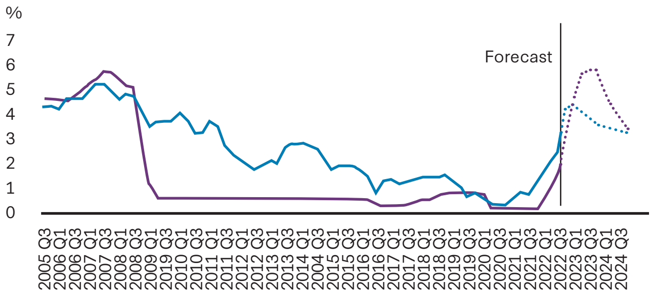


Food | **Petrol** | **Energy** | **Others** | **CPI**
Source: ONS, Macrobond, CBRE Research

Looking ahead, CBRE expects a shallow contraction of economic activity in the first half of 2023 as high inflation, rising interest rates and higher borrowing costs weigh on household income and spending.

Despite the weaker economic outlook, we expect the Bank of England to continue prioritising fighting inflation over supporting economic activity. Our current house view expects the Bank Rate to peak at 5.75% in 2023.

UK: Bank of England Base Rate and 10yr. Government Bond Yield



Bank rate | **10 year Government bond yield**
Source: ONS Macrobond, CBRE Research

However, there are risks surrounding our forecast. Our assumptions on inflation are conditional on energy and non-energy prices continuing their fall. In addition, the Bank of England is weighing up inflationary risks, which have been significantly increased by the fiscal policy loosening at the September fiscal event, against deflationary pressures, such as low income. The Central Bank runs the risk of inflation becoming ingrained if it tightens policy too little and runs the danger of deepening recession if it overtightens. We expect that the Bank Rate will not rise above 5.75% in the coming years and will gradually fall as inflation eases.

THE FUTURE OF THE OFFICE

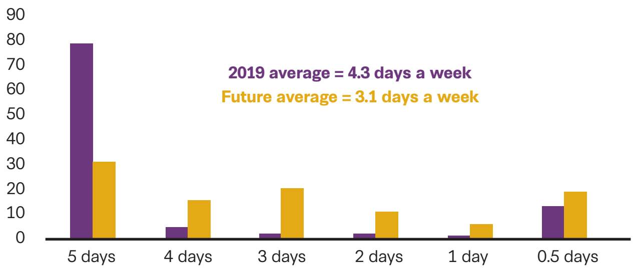
Covid-19 has had a profound impact on the way we live and work. The pandemic has given the work-from-home model significant credence and a number of businesses and workers have chosen to further embrace this work approach in the endemic world. This change will have implications for aggregate demand in office space and consequentially values.

Flexible working is a well-established part of working life in the UK, largely facilitated by technological change. It can encompass working from home, from a client's office, from a co-working space or from a café. Based on our interpolation of a Confederation of British Industry ("CBI") survey conducted in November 2020, we estimate the average office worker spent just over 4 days in the office during an ordinary working week in 2019. The pandemic has caused this trend to deepen, with more people expected to work from home once normal service resumes. Using responses from the same CBI survey, we estimate that number of days spent in the office in the future will fall to just over 3 days per week. This is the base case which we now use for our prime Central London office forecasts.

What this does not imply, however, is that occupiers will simply be able to reduce their footprint by 28% (calculated by scaling average office attendance to 3.1 days from 4.3 days). There are several factors that will mitigate the drop in demand caused by a decrease in the average number of days spent in the office. These include peak occupancy and de-densification.

Take-up across the South East office market rose to 2.3 million sq ft in 2021 as economic activity slowly returned to pre-lockdown levels. On the supply side, availability grew by 15% between Q1 and Q4 2021 to 14.5 million sq ft, 34% above the five-year quarterly average of 10.8 million sq ft. By way of comparison, second-hand availability continues to occupy a majority of the total availability in Q3 2022 in Central London at approximately 68%. Similar to this, availability in South East is dominated by second-hand space, which accounts for 79% of the total supply.

CBRE Interpolation of CBI / Ipsos MORI Survey on office usage, November 2020



2019 | **Future**
Source: CBRE Research

SOUTH EAST OFFICE MARKET

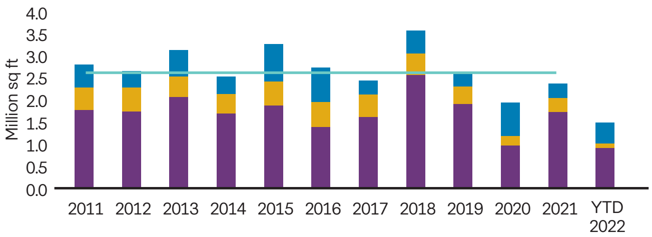
The South East market is split into three distinct geographical areas: Thames Valley (which includes the Blackwater Valley market), M25 North and M25 South. The market currently has a stock of approximately 197.5 million sq ft, of which 46% is in Thames Valley. The South East has attracted a mix of office occupiers in the last decade with a wide range of high-quality office space in town centre environments and some of the largest business parks in the UK.

Take-up & Demand:
Take-up across the South East was recorded at 2.3 million sq ft for 2021. The yearly total across the three markets was 22% higher than 2020, indicating highly resilient occupier demand, which is in line with pre-lockdown levels. However, the take-up was 9% below the 10-year average of 2.6 million sq ft, which was lifted by an above average year of take-up in 2018 when 3.5 million sq ft transacted, the highest level of take-up since 2007.

INDEPENDENT MARKET RESEARCH
United Kingdom

Take-up in the South East in 2021 was driven by a 77% increase in take-up to 1.7 million sq ft in Thames Valley, and a 42% increase in M25 North to 301,000 sq ft. This was partially offset by the performance of the M25 South market, where take-up fell by 54% year-on-year to 338,000 sq ft in 2021.

South East Office Take-up



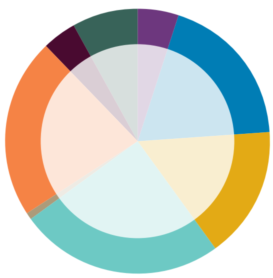
Thames Valley | **M25 North** | **M25 South** | **10-Year Average**
Source: CBRE Research

The South East proved to be resilient during this challenging period as companies such as Unilever, ITV Plc and Three UK, signed long-term lease contracts of 10-15 years terms for space in the market. The largest deal of 2022 was the take-up of 282,000 sq ft at Eden Campus, KT1, by Unilever Plc.

For another year in a row, Creative Industries was the dominant sector in 2021, contributing to 24% of the total take-up, followed by Manufacturing Industrial & Energy at 22%, Business Services at 18%, and Consumer Services and Leisure at 18%. The market has been a hub for creative companies such as ITV Plc, Three UK, Amazon, Canon and InterSystems Corporation.

Creative Industries was driven by the take-up of 120,000 sq ft at Broadcast House, White City Place by ITV Plc followed by the Manufacturing Industrial & Energy with its largest deal involving the take-up of 45,300 sq ft at 234 Bath Road, Slough by Lonza.

South East Take-up By Sector 2011-2021



Banking & FInance	**5%**
Business Services	**19%**
Consumer Services & Leisure	**16%**
Creative Industries	**25%**
Insurance	**1%**
Manufacturing Industrial & Energy	**22%**
Professional	**4%**
Public Sector / Regulatory Body	**8%**

Source: CBRE Research

MARKET SUMMARY Q3 2022

Take-up:
Take-up across the South East markets totalled 358,400 sq ft during Q3 2022, a decline of 49% from Q2 2022 and a 44% drop from the 5-year average, making it a subdued quarter for leasing activity.

Take-up in all three markets fell below the five-year average with Thames Valley accounting for 80% of Q3 2022 take-up. M25 South had the largest decline, with the take-up decreasing by 89% on the previous quarter. Newly completed space accounted for 51% of letting transactions, in-line with the demand for best-in-class space and demonstrating the continued flight to quality.

As a result, total take-up in the first nine months of 2022 was 1.5 million sq ft. Over this period, there were four transactions of over 50,000 sq ft completed, one of which was over 100,000 sq ft. The most significant transaction of the year was the take-up of 282,000 sq ft at Eden Campus in Kingston Upon Thames, by Unilever Plc.

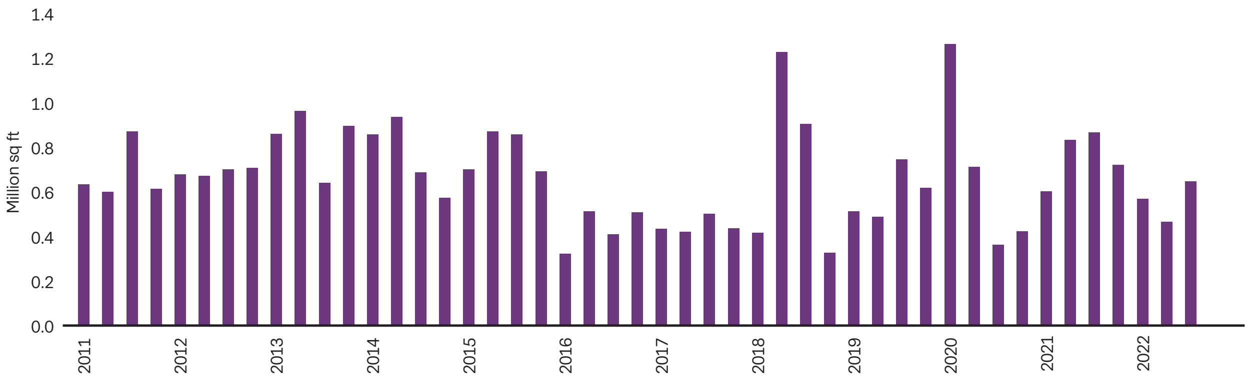
Demand:
Under offers witnessed a significant boost in Q3 2022. At the end of the quarter, a total of 658,700 sq ft of space was under offer, 3% less than the five-year quarterly average but 40% more than the previous quarter. This is a positive indicator that the market is recovering as occupiers return to the office.

At the end of the quarter, there were two potential transactions greater than 100,000 sq ft under offer across the market. The largest is a pre-let development under offer for 115,000 sq ft at Land North of the Sony Building, Weybridge. Despite having the largest under offer in M25 South, it still only accounts for 31% of the overall space under offer. Thames Valley has witnessed the highest amount under offers at 287,300 sq ft, 44% of the total across the three markets. This is spread over 14 deals with the largest at 200 Hammersmith Road, Hammersmith totalling 27,600 sq ft.

The under offers for M25 North and M25 South were above the five-year average by 59% and 4% respectively. However, Thames Valley recorded a decline in under offers, at 24% below the five-year average.

Named active tenant demand (occupiers seeking office space) across the market totalled 3 million sq ft at the end of Q3 2022, which was at 2.4 million sq ft over the same period in 2021.

South East Space Under Offer



Source: CBRE Research

Supply:
Following large increases in supply since the start of the pandemic, availability in the South East increased 7% sequentially in Q3 to 16.2 million sq ft, its highest supply level since 2013. Despite a marginal fall in new early marketed space over Q3, second-hand and newly completed space increased a further of 9% and 6% taking the availability to 12.9 million sq ft and 2.5 million sq ft respectively. Of the total supply, 67% is currently located in Thames Valley, comprising 4.5 million sq ft of Grade A space (42%) and 6 million sq ft of Grade B space (55%).

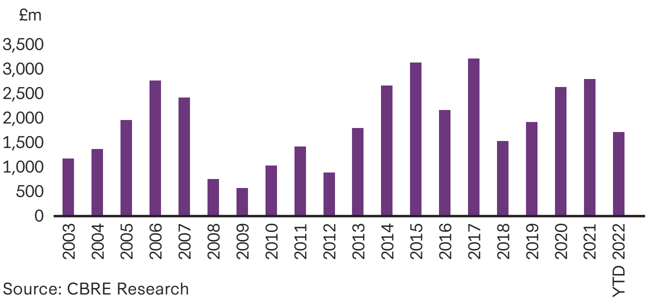
The vacancy rate for South East in Q3 2022 was 7.6%. While this is the highest vacancy rate recorded since 2012 when vacancy reached 8.0%, it is in-line with the economic outlook for a mild recession in early 2023. However, it remains below the dot.com crisis when vacancy increased to 9.4% and the Global Financial Crisis when vacancy reached 8.6%. As such, we anticipate the post pandemic recovery to be much quicker than those of previous economic downturns.

New space marginally increased above the five-year average by 1%. There is currently 1.9 million sq ft of office space under construction across 13 schemes. Of this, 44% is already pre-let. The largest speculative scheme is Building One, Station Hill, Reading, where 278,200 sq ft is expected to come to market in Q1 2024.

Investment:
YTD investment volumes for the South East amounted to £1.8 billion, 18% higher than the same time in the previous year. Three of the largest transactions took place in Thames Valley, with the most significant transaction taking place in Hillingdon.

Three transactions over £100 million were completed in 2022, the largest transaction of the three was Unilever's Office, Kingston Upon Thames, which was purchased by LCN Capital Partners for £240 million. Prime yields for South East increased from 5.5%, where it had remained since 2019 to its current level at 6.0% in Q3 2022. Investors have targeted core plus assets in prime locations which are characterised by strong occupational dynamics and transport links. Value add opportunities have been impacted by the rise in inflation and risk associated with a recession in 2023.

South East Investment Volumes



Source: CBRE Research

Prime Rents & Incentives:
Prime rents in South East are slowly increasing signifying rising occupier demand for quality space and a decreasing Grade A supply. The prime rent for Thames Valley increased to £40.00 psf in Q3 2022 as compared to £37.50 psf at the same time last year. In the M25 markets, prime rent currently sits at £42.00 psf in the North region (increasing from £38.50 psf in Q3 2021) and £37.50 psf in the South region (increasing from £36.75 psf in Q3 2021).

Towns such as Oxford and Cambridge have attracted a premium on this for lab space which requires a higher level of fit out. West London towns such as White City and Ealing have also witnessed an uplift as Central London occupiers become more footloose.
Prior to the pandemic, a typical rent free period on a five year lease term was 12 months. In order to maintain headline rents, this has now moved to 15-18 months for Thames Valley and 15 months for M25 markets.

INDEPENDENT MARKET RESEARCH
United Kingdom

BLACKWATER VALLEY OFFICE MARKET

Market Overview:
The core Blackwater Valley office market stretches along the M3 motorway and includes the major office sub-markets of Farnborough, Camberley, Fleet, Frimley, Aldershot and Hook.

Farnborough and Camberley both feature in the Blackwater Valley market although positioned under two separate local authorities: Rushmoor and Surrey Heath. Located approximately 30 miles from London, these towns are connected by the A325 as well as serviced by trainlines which run directly into London Waterloo. Farnborough airport is located just a 10-minute drive from the town centre, whilst Heathrow airport is a 30-minute drive away.

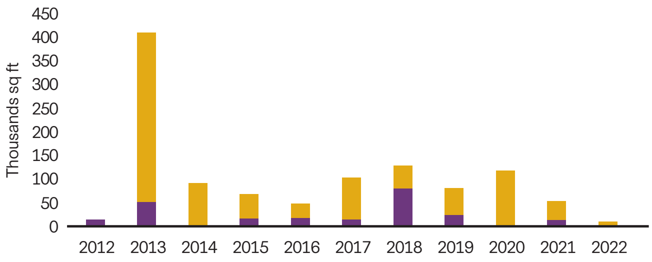
Over the past 10 years, a great deal of office stock in Camberley town centre has been lost to other uses. As a result, out of town business parks have flourished in Camberley and Farnborough which has led to rental growth.

Demand & Take-up:
Due to the small size of the market, the Farnborough and Camberley office market is subject to demand fluctuations, and annual take-up may not be consistent through the years as a single large transaction will invariably skew take-up figures. YTD 2022 take-up for Farnborough was 10,200 sq ft with no take-up in the Camberley market. As such, take-up total in YTD 2022 falls well below the annual 10-year average at 101,900 sq ft.

Out of the 19 deals transacted in Farnborough in the last five years, eight took place in Farnborough Business Park and another seven took place in Farnborough Aerospace. These areas occupied 43% and 39% of the total Farnborough take-up, demonstrating the demand for Business Parks in the market. A mix of tenants have been attracted to Farnborough, with the Business Services sector being the most dominant in the last five years, accounting of 32% of the total space.

There have been just eight deals transacted in Camberley in the last five years totaling 144,840 sq ft. Of these, only one has taken place in town, reflecting the limited supply on offer to prospective occupiers.

Camberley & Farnborough Office Take-up



Source: CBRE Research

Supply:
The local authority of Rushmoor, which encompasses the Farnborough market, is bordered by the borough of Surrey Heath where Camberley lies. Together they have a combined office stock of 4.8 million sq ft. The combined availability for the two markets in Q3 2022 was 554,200 sq ft (160,800 sq ft and 393,400 sq ft respectively), and the current vacancy rate for these boroughs was 11.1% on average.

Prime Rents & Incentives:
Prime rents in Farnborough at the end of Q3 2022 increased to £30.00 psf from £29.00 psf in Q3 2021. The market had seen significant increases in recent years following a period of stability during 2011-2014. However, with COVID-19 and subsequent lockdowns dramatically affecting demand, rent had been downgraded from £30.00 psf. As the occupiers will continue to pay premiums for the best quality office space, the rents have come back to the pre-pandemic levels.

The rents in Camberley have increased to £24.50 psf in Q3 2022 from £23.00 psf, where it stood for approximately seven years.

Prior to the pandemic, occupiers could expect to receive a rent free period of 12 months on a five year lease. In order to maintain headline rents, this has now moved to 15 months for Farnborough and 18 months for Camberley.

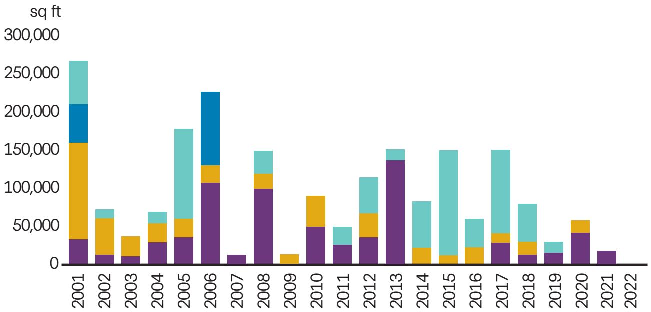
BRACKNELL OFFICE MARKET

Market Overview:
Bracknell is located 28 miles west from Central London, situated between junction 3 of the M23 and junction 10 of the M4. Historically the market has attracted occupiers from the Creative Industries sector, representing 44% of all space taken-up in the last 10 years. Companies looking to move into Bracknell have often come from less established office locations, such as Wokingham, but where the increase in rent is not as substantial as what would be paid in the prime M4 markets of Reading and Maidenhead.

Demand & Take-up:
Bracknell benefitted substantially from the technology boom of the 1990s and 2000s, however, since then, annual take-up has been reduced to the current ten-year annual average of 80,800 sq ft.

In recent times, office building Maxis Business Park, which was completed in 2009, has been particularly successful in attracting occupiers. In 2017, four deals took place in the building which together totalled 110,280 sq ft. There was no take-up in the Bracknell market in YTD 2022. The last deal that took place in this market was the take-up of 16,600 sq ft at Maxis 1, by Iri Investment Limited in Q3 2021.

Bracknell Office Take-up

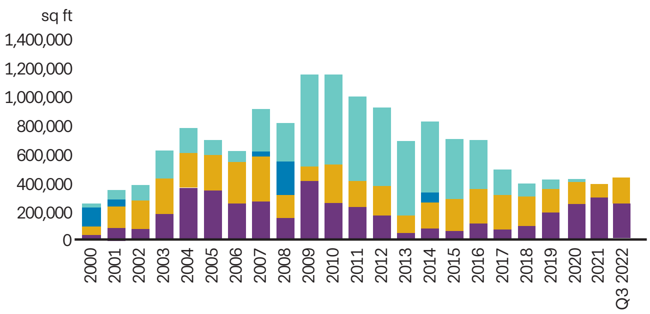


Modern Secondhand | Other Secondhand | Pre-let | New Completed
Source: CBRE Research

Supply:
Supply totalled 421,400 sq ft at the end of Q3 2022 across seventeen schemes, a 12% increase on the Q2 figure. However, this figure is 15% lower than the same period last year, and 28% below the 10-year average of 582,800 sq ft.

The largest space available was a second-hand modern space at 7 Arlington Square, Bracknell. Providing 65,800 sq ft, this modern second-hand availability was the largest of two second-hand spaces, accounting for 54% of the total. There was no newly completed space available in the market since 2020. This bucks the trend of many of the other nearby office markets within Thames Valley, where the majority of office space available is of older second-hand variety.

Bracknell Office Supply



Modern Secondhand | Other Secondhand | Early Marketed | New Completed
Source: CBRE Research

Prime Rents & Incentives:
Prime rents in Bracknell remained stable at £27.50 psf, after declining from Q3 2021 levels of £29.00 psf.

In Bracknell, rent free periods have risen to 18 months from 12 months for five-year leases prior to the pandemic.

WEST MIDLANDS BUSINESS PARK MARKET

Market Overview:
The West Midlands business park market has been predominantly based in the Birmingham Out of Town (OOT) and Solihull markets. There was a 50% fall seen in take-up in the six months to Q2 2022, with the current take-up figure at 114,000 sq ft.

There were only a few deals for the OOT market to date in 2022, with deals mainly in the smaller size bands. The largest deal included the Secretary of State taking up 22,000 sq ft of space at 3010 The Crescent in Birmingham Business Park. The second largest deal of the year was the take-up of 13,000 sq ft of space by ATS Euromaster at Aqueous 11 in Aston Cross Business Village.

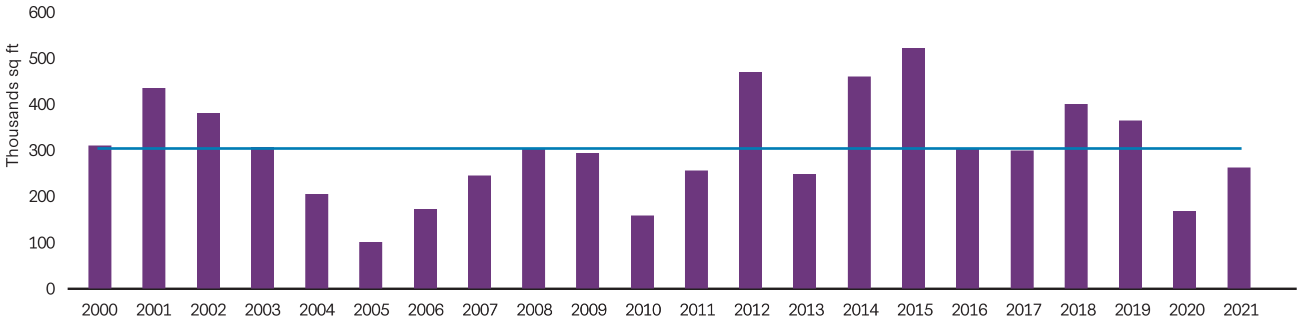
According to Property Market Analysis LLP ("PMA"), take-up for 2021 was at 268,000 sq ft, representing an increase of 55% year-on-year from 2020. Despite the rise in take-up, it was lower than the long-term average of 307,000 sq ft (-13%) and 5-year average of 304,000 sq ft (-12%).

Driven by a few key transactions, 2021 was a strong year for take-up in the West Midlands region. The largest deal of the year took place in the Birmingham Health and Innovation Campus, with University of Birmingham's Precision Health Technologies taking 133,000 sq ft. This building is under construction and is expected to be completed in 2023. The next largest deal saw Likewise Group take 57,000 sq ft at Radial Park in Q3 2021, followed by Mitie taking 33,000 sq ft at T2 Trinity Park in the same quarter. Apart from the few key deals, take-up consisted primarily of deals in smaller size bands.

Within Solihull, Blythe Valley Park and Birmingham Business Park have been popular with occupiers. Blythe Valley Park, an established and well-connected mixed-use campus comprising a mix of logistics and business space is located in the heart of the Midlands with excellent connectivity and the park is regarded as a prime location for companies and their staff. Tenants include Gymshark, St James Wealth Management and Regus.

INDEPENDENT MARKET RESEARCH
United Kingdom

Birmingham OOT & Solihull Office Take-up



Long-Term Average
Source: PMA

The Production sector has dominated the take-up since 2008, supported by large companies such as Jaguar Land Rover. This sector accounts for 39% of the overall take-up. The next most active sectors were Business Services and Trade, accounting for 21% and 13% of the take-up respectively.

Supply:
The Solihull and Birmingham OOT market have an estimated stock of 12.8 million sq ft, marginally higher than the Big Six OOT average of 12.3 million sq ft, making it one of the larger out of town markets in the UK.

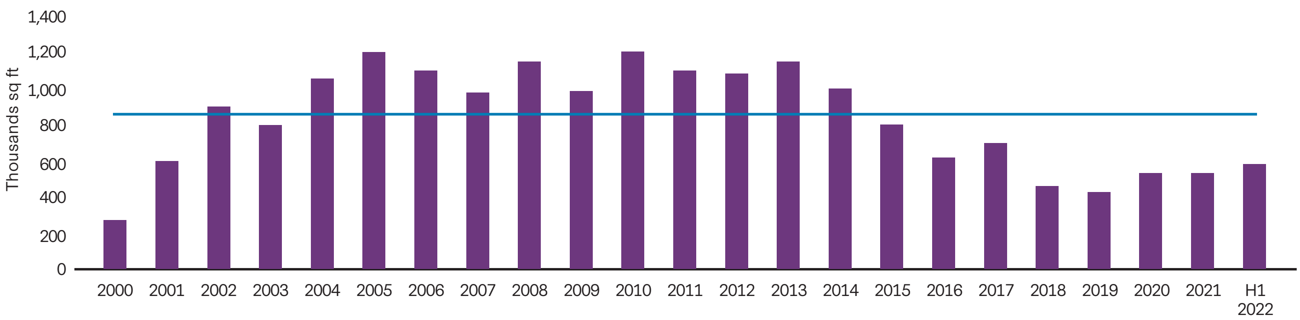
Office supply in Solihull and Birmingham OOT totalled 516,000 sq ft at the end of 2021, following a 4% decrease on the 2020 figure. The supply for the first half of 2020 totalled 585,000 sq ft, leading to a 13% rise on the 2021 figure. Despite the increase, the supply remained 30% below the long-term average demonstrating a supply constrained market.

The increase in availability during the first half of 2022 was due to the significant amount of secondary stock returning to the market. The largest stock was 42,000 sq ft at One Central Boulevard in Blythe Valley Park, followed by 37,000 sq ft of space at Blake House being vacated by Lex Autolease.

Prior to the pandemic, available space fell to the lowest levels in nearly 20 years as medium sized floor plates were taken off the market arising from increased demand. Vacancy rate at the end of 2021 was 4.1%, which was a 2% decrease as compared to 2020. A total of 180,000 sq ft completed in the Solihull and Birmingham OOT. 133,000 sq ft of space is under construction, with earliest completions at the end of 2022.

Prime Rents & Incentives:
Solihull prime rents remained stable at £26.00 psf in Q2 2022. Despite the pandemic which put a downward pressure on rents in many UK markets, prime rents in Solihull have stayed the same for the nearly three years consecutively.

Birmingham OOT & Solihull Office Supply



Long-Term Average
Source: PMA

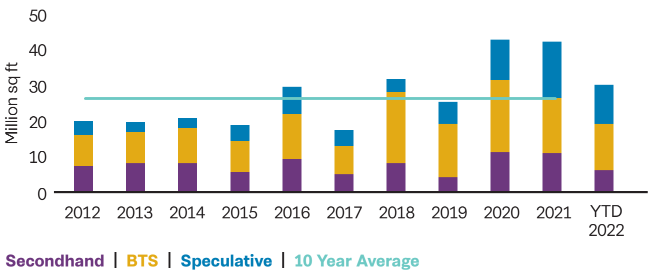
UK LOGISTICS MARKET

The UK logistics occupational market has remained resilient throughout 2022, with take-up for the nine months ended Q3 2022 reaching 30.2 million sq ft. This YTD figure already sits above the 10-year average for a full year's take-up and equates to 95.8% of 9M 2021 and 92.1% of 9M 2020, the latter being a record-breaking year for take-up. The YTD take-up was boosted in the first half of the year, when the UK experienced its best start to a year. The UK market started to normalise in Q3 2022 following the prolonged period of record-breaking numbers, contributing 7.67 million sq ft to the YTD total.

From 4Q 2020 to 3Q 2021, the market saw a pattern of heightened take-up of speculative developments as occupiers needed ready-to-occupy spaces in order to adapt to the quick consumer behaviour changes induced by the pandemic. During that timeframe, 40% of total take-up went to speculative units. However, this trend reversed across the year from Q4 2021 to Q3 2022 in which built-to-suit ("BTS") take-up significantly exceeded speculative and has totalled 45% of total demand compared to 34% for speculative. This shift has been driven by the lack of available speculative units requiring occupiers to opt to BTS to guarantee space, increasingly bespoke requirements from occupiers and a slightly reduced risk appetite amongst landlords.

The most prominent sector for take-up in YTD 2022 was third-party logistics which accounted for 35% of all take-up. Demand has also come from other sectors including Manufacturing (12%), Retail (12%), Online retail (10%) and Other (13%); the latter including data centres. 92 different occupiers have taken space across the 109 deals that have happened in the year so far, demonstrating that demand for logistics space in the UK is wide ranging.

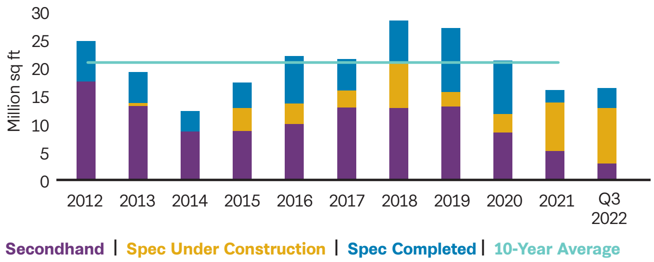
UK Logistics Take-up Q3 2022



Source: CBRE Research

At the end of Q3, availability across the UK was up 2% from end 2021 to 16.3 million sq ft, but remains below the 10-year average of 21 million sq ft. Distribution of available space has shifted as supply has responded to increased demand, with an increase in the amount of speculative development. Currently, 82% of available space is either speculative space under construction or newly completed speculative units, with the remaining 18% from second-hand space.

UK Logistics Availability Q3 2022



Source: CBRE Research

In total, there was 6.5 million sq ft of vacant space across the UK at the end of Q3 2022 which was down 12% compared to Q4 2021. In Q3, there has been a shift in the type of ready-to-occupy space compared to the end of 2021, with a 64% increase in speculative newly completed space available. The amount of vacant second-hand space on the market has reduced 45% compared to Q4 2021. The UK vacancy rate has dropped from 1.58% in Q4 2021 to 1.32% at the end of Q3 2022.

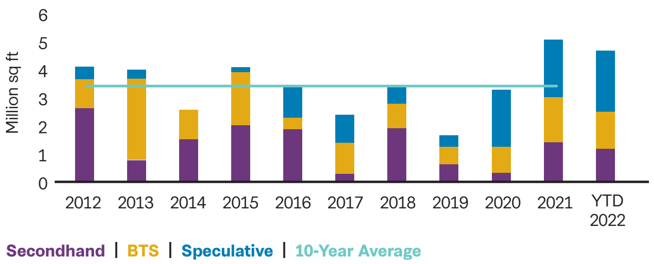
NORTH WEST LOGISTICS MARKET

Take-up in the North West region has been high across the nine months ended September 2022 ("9M 2022"). Take-up in the YTD was 4.7 million sq ft across 17 deals, significantly above the 3.8 million sq ft achieved in the year-ago period (which was a record year for North West take-up).

Across 9M 2022, the largest share of take-up in the North West has been in speculative units accounting for 47% of take-up. The remainder has been in BTS (29%) and second-hand units (24%). This post pandemic trend was particularly evident in Q3, where three speculative deals completed, accounting for 74% of North West take-up. Take-up YTD has been evenly split across a variety of sectors with the largest share, 27%, going to third-party logistics providers.

INDEPENDENT MARKET RESEARCH
United Kingdom

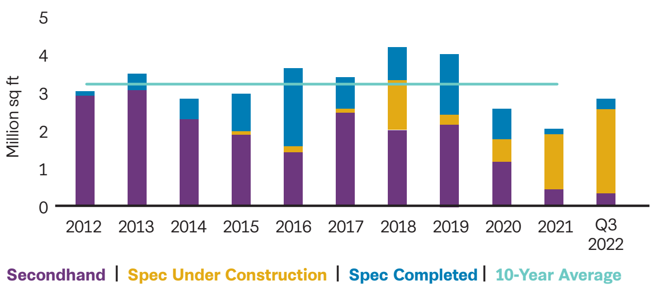
North West Logistics Take-up Q3 2022



Source: CBRE Research

Availability has risen 39% compared to Q4 2021, standing at 2.9 million sq ft at the end of Q3 2022. At current take-up levels, the availability only constitutes seven months of supply. Increased availability has been driven by a growth in the amount of speculative space under construction. Of all available units in the North West, 78% of space is speculative under construction, meaning that the amount of vacant ready-to-occupy space in the region is very low at 0.6 million sq ft across five units (all under 150,000 sq ft). This dynamic has resulted in a vacancy rate for the North West of 1.01% which is the lowest vacancy rate of any UK region.

North West Logistics Availability Q3 2022



Source: CBRE Research

Logistics prime rents have grown across the UK, and the North West has been no exception. Prime rents in the North West have faced significant upward pressure due to the acute lack of ready-to-occupy space. Rents across major logistics hubs including Manchester Airport, Trafford Park and Warrington have all experienced double digit rental growth YoY, up 10% to £8.25 psf in Q3.

Big box prime logistics yields in the North West region have moved out throughout Q2 and Q3 in line with trends seen across all regions. Yields were at 3.75% in Q4 2021, reached a low of 3.50% in Q1 2022 and have now risen to 4.50% at the end of Q3 2022.

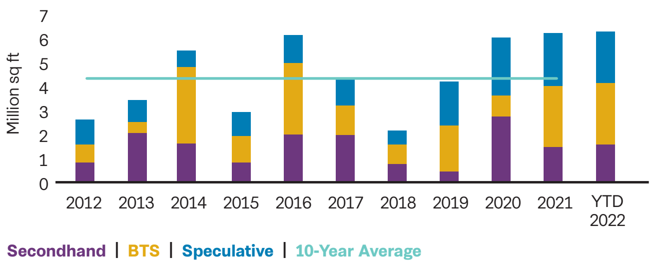
WEST MIDLANDS LOGISTICS MARKET

Demand in the West Midlands region has been high across 9M 2022. Take-up in YTD 2022 stands at 6.5 million sq ft, higher than the level achieved across all 12 months of 2021 (6.4 million sq ft), which was the previous record level for take-up. The majority of take-up in YTD 2022 was achieved in Q2, which saw 3.5 million sq ft of take-up, the strongest quarter the West Midlands ever experienced. In the YTD, the West Midlands has had the highest share of demand of all the UK regions at 21.6% of total take-up.

On a sector basis in 2021, the majority of demand was from third-party logistics providers and online retailers. Whilst demand from third party logistics providers continued into 9M 2022 with take-up of 3.4 million sq ft, the market did not record any take-up by online retailers during the period. Increased demand has come from physical data storage providers with 1.0 million sq ft of take-up and a return of interest from Manufacturers who took 0.9 million sq ft, having taken no space in 2021.

BTS and speculative developments have contributed equally to take-up in the West Midlands in YTD 2022. In 9M 2022, the split by building type for new developments stood at 54%. This continues the position seen in 2021, where the split stood at 53% and was in-line with the UK market as a whole.

West Midlands Logistics Take-up Q3 2022

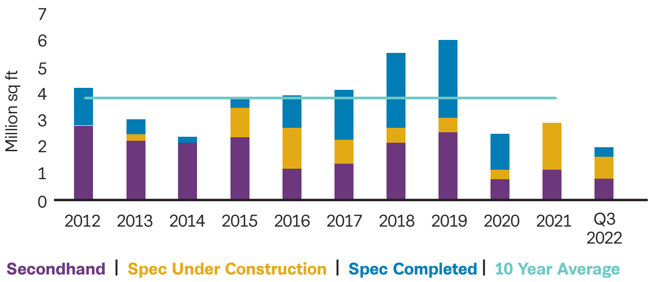


Source: CBRE Research

Availability in West Midlands declined 32% from Q4 2021 to 2.0 million sq ft, significantly lower compared to the 10-year average of 3.6 million sq ft or the 2-year average (2020-2021) of 2.7 million sq ft. New 'Grade A' stock available in the West Midlands consists of three assets already built and six under construction, all of which are speculative schemes in the 100,000 – 200,000 sq ft bracket. As in 2021, given take-up levels, this amount of availability only constitutes three months of supply.

The amount of space under offer at the end of Q3 2022 stood at 0.8 million sq ft, down 85% from the end of the first quarter of the year.

West Midlands Logistics Availability Q3 2022



Source: CBRE Research

Prime big box rents in the West Midlands continued to rise in 2022, up 20% YoY from £7.50 psf at the end of Q3 2021 to £9.00 psf at the end of Q3 2022. This has been driven by consistently low levels of ready-to-occupy stock combined with elevated demand across the last three years.

The increasing cost of debt and rising macroeconomic uncertainty have pushed yields out to 4.50%, a level last seen in Q2 2020. Yields were at 3.50% in Q4 2021, reached a low of 3.40% in Q1 2022 and have now risen to 4.50% at the end of Q3 2022. Similar movements have been seen in all the UK's regional markets.

INDEPENDENT MARKET RESEARCH

ECONOMY & OUTLOOK – THE NETHERLANDS

Despite the lockdowns, the Dutch economy grew strongly by 5% in 2021. Although growth moderated in 1Q2022 to 0.4%, the Dutch economy closed 2Q2022 with growth of 2.6%, outperforming the Eurozone economy which grew 0.7%.

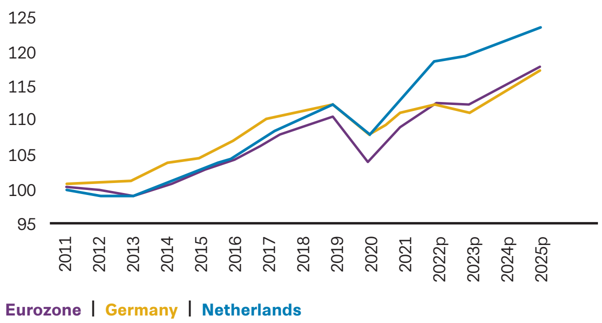
Whilst the impact and uncertainty surrounding the war in Ukraine only started to impact consumer spending just before the summer, the volume of retail sales started to decline in May. The delay is partly caused by increased savings during the pandemic. Consumer spending is expected to slow further in the second half of the year. According to the De Nederlandsche Bank ("DNB") forecast, the economy will continue to grow in 2022 and 2023, but at a slower pace than before. Growth will still be relatively high for 2022 due to the strong first half of the year. At the same time, unemployment is historically low. The labour shortage is large, so unemployment is not expected to increase much.

High inflation, primarily as a result of the rising energy prices caused by the war in Ukraine, is causing headwinds in the Netherlands. In September, the inflation rate stood at 14.5%. Energy prices continues to rise and is currently 200% higher than in the previous year. The prices of other products are also increasing rapidly as a result, including construction materials and food product. This high inflation rate also affects rent levels since annual rent increase is connected to inflation. The impact of this is expected to be large next year, when rent increases will be linked to the 2022 inflation rate.

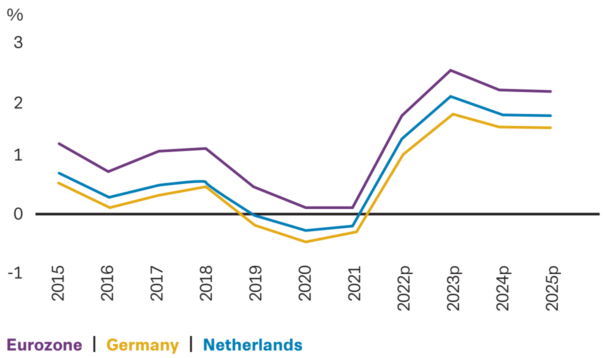
Linked to high inflation are the rising interest rates. For years, the European Central Bank ("ECB") has pursued a loose monetary policy to stimulate the economy. However, now that inflation is high, the ECB has chosen in July to raise interest rates with the aim of curbing it. A second increase followed in September. Higher interest rates ultimately lowers economic growth as it becomes more expensive for companies to borrow capital. This threatens the investment market. Investors and property developers are finding it increasingly difficult to make their business case, also in combination with higher construction costs. It is therefore causing rents and yields to increase.

Key Factors	CAGR 2015-2021	Forecast 2022-2023
Population growth	+ 0.6 %	+ 0.6 %
Employment growth	+ 1.6 %	+ 3.0 %
Real Wage growth	+ 0.9 %	- 3.4 %
Consumer Price Inflation	+ 1.1 %	+ 10.3 %

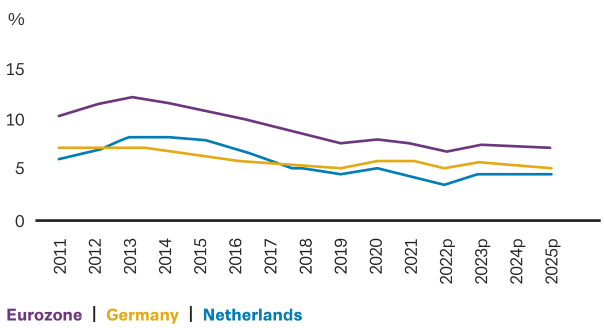
GDP Development (Index 2011 = 100)



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



Unemployment Rate



NATIONAL INDUSTRIAL AND LOGISTICS MARKET THE NETHERLANDS

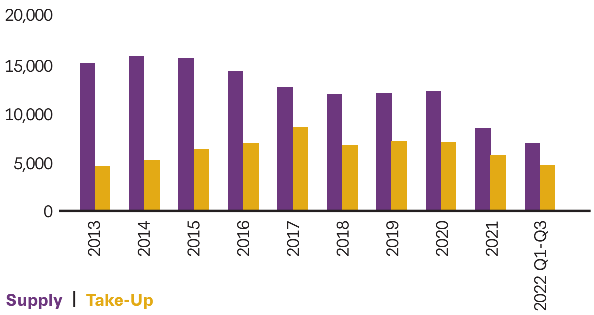
Occupier Market:
Take-up volume amounted over 4.5 million sqm of industrial and logistic space in the nine months ended September 2022 ("9M2022"), a similar level compared to 9M2021. Supply continues to decline, ensuring market conditions remain tight. In 3Q2021, supply was approximately 9 million sqm, however this declined approximately 25% to 6.9 million sqm in 3Q2022. This is a trend that has been in place since 2020.

The slowdown in the overall business environment will impact the Dutch occupier market in the near term. Manufacturing is slowing down, as well as the number of new orders. This is mainly due to high material prices, high energy prices and the poor economic outlook and geopolitical situation. Demand from abroad in particular is declining rapidly. This downturn is compounded by the fact that many buyers built up stocks during COVID-19. With the economy cooling down and interest rates higher, it is becoming more expensive to finance stock and therefore companies are trying to run them down. This may eventually lead to lower demand for warehousing, which could lead to a little more balance in the market.

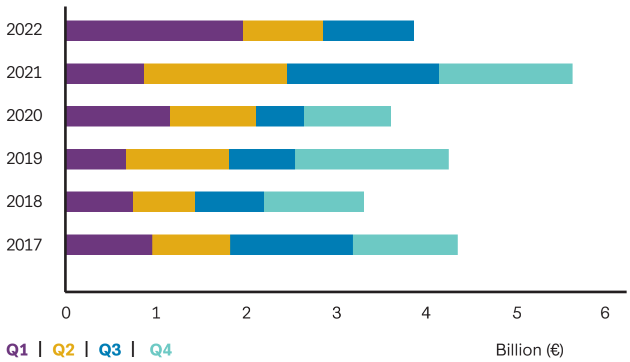
Investment Market:
Until September 2022, a total of €3.9 billion has been invested in industrial and logistic real estate this year. Compared to the same period last year, this represents a decrease of around €300 million. One of the reasons for this is that investment are under increasing pressure due to higher interest rates, while initial yields have fallen sharply in recent years. High construction and maintenance costs enhance this effect. As a result, financial viability is increasingly at stake for many projects.

Besides financeability, social opinion is increasingly starting to turn against the industrial and logistics sector. The debate on 'boxing' (building too many distribution centres in one location) is getting worse and politics is also getting more involved. Politicians are increasingly calling for a freeze on the construction of distribution centres, further limiting supply. In addition, the sector is still facing land scarcity, but also limited capacity on the electricity grid and delays in granting building permits due to the nitrogen problem, among others. One of the only ways out is to transform existing and obsolete real estate; brownfields. This pre-existing stock represents a lower value and can therefore become an increasingly attractive product for value-add investors.

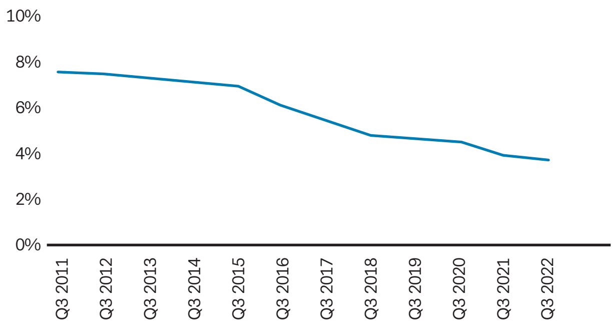
Occupier Market



Transaction Volume Industrial & Logistics



Gross Initial Yield Logistics – The Netherlands (Prime Yield, in %)



INDEPENDENT MARKET RESEARCH
The Netherlands

NATIONAL INDUSTRIAL AND LOGISTICS MARKET THE NETHERLANDS

Outlook:
Despite the global impact of the COVID-19 pandemic, the Dutch economy has held up well. Other countries in the Eurozone performed less favourable. Yet the outlook for the Netherlands is also less positive. The war in Ukraine and high inflation resulting from high energy prices, continue to weigh on market sentiment.

The Netherlands remains well-positioned as a logistics market given its favourable geographical position and good infrastructure with excellent hinterland connections. Consequently, the Netherlands remains an interesting location for investors.

The market remains concerned that the Dutch government wants more control over the construction of new distribution centers and the regulator may decide to freeze new construction. They do acknowledge the importance of the e-commerce sector within the Dutch economy, but also want more controlled development by only assigning locations on already existing sites and industrial clusters. This reduces the allocation of new land from the government, which in turn limits the number of new developments. Consequently, this will result in a larger shortage. This shortage is likely to accelerate the redevelopment of outdated brownfields and multi-storey developments. Developers are also required to focus on sustainability and allocate space in urban areas for city logistics hubs to guarantee emission-free delivery by 2025.

Together with the current macro-economic situation, this is putting increasing pressure on the market. At the same time, there is still a labour shortage in the industrial and logistics sector. The outlook for the industrial and logistics market is therefore moderate. The possible recessions in the Eurozone will influence productivity and spending. Since demand still exceeds supply, the impact will remain limited for the Netherlands.

NATIONAL MARKET OVERVIEW TOP LOGISTICS MARKETS – THE NETHERLANDS

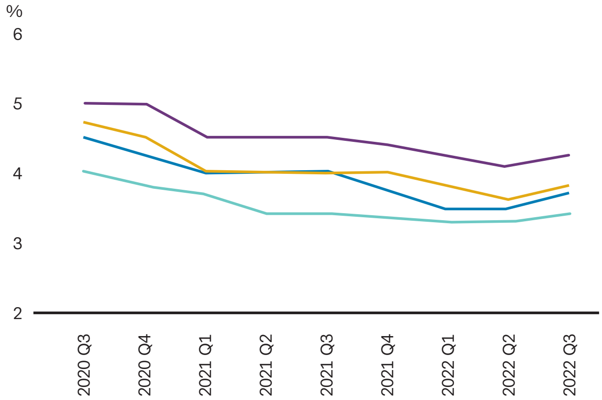
	Q3 2021	Q3 2022	12-month Forecast
1. Amsterdam			
GIY (in %)	4.50%	4.25%	↑
Prime Rent €/per sqm per annum	€65.0	€75.0	↑
2. Schiphol Region			
GIY (in %)	4.00%	3.80%	↑
Prime Rent €/sqm per annum	€85.0	€85.0	↑
3. Rotterdam			
GIY (in %)	4.00%	3.70%	↑
Prime Rent €/sqm per annum	€70.0	€75.0	↑
4. West-Brabant			
GIY (in %)	4.00%	3.75%	↑
Prime Rent €/sqm per annum	€55.0	€57.5	↑
5. Tilburg			
GIY (in %)	3.40%	3.40%	↑
Prime Rent €/sqm per annum	€57.5	€60.0	↑
6. Eindhoven			
GIY (in %)	4.25%	4.00%	↑
Prime Rent €/sqm per annum	€60.0	€65.0	↑
7. Venlo-Venray			
GIY (in %)	3.40%	3.40%	↑
Prime Rent €/sqm per annum	€55.0	€57.5	↑

NATIONAL MARKET OVERVIEW TOP LOGISTICS MARKETS - YIELDS – THE NETHERLANDS

Yield Development:
The ample availability of capital and favourable developments in the industrial and logistics sector, such as the rise of e-commerce, have led to a record investment volume in 2021. A total of €5.5 billion was invested. Consequently, the growing interest in the sector, combined with limited supply, resulted in a decline in gross initial yields. Over the past two years, yields have fallen by 70 bps and even more in the longer term.

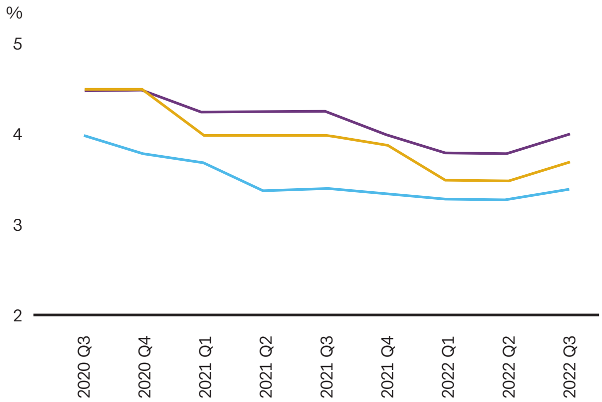
However, current macroeconomic developments have prompted the ECB to raise interest rates. This change makes investors more cautious. After all, financing projects and investments has become more expensive. This additionally darkened the mood on the markets, with a recession looming as well. Yield compression has consequently ended in the Netherlands. In 3Q2022, yields increased by 20 bps and are expected to soften more towards the end of the year.

Gross Initial Yield Development



Amsterdam | Schiphol Region | West-Brabant | Tilburg

Gross Initial Yield Development



Eindhoven | Rotterdam | Venlo-Vernay

ENTERPRISE-WIDE RISK MANAGEMENT

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

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

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

KEY RISKS IN FY2022

Regulatory Risk
This refers to the likelihood of adverse changes in the economic, regulatory (including tax), social and political environment affecting business operations in the markets which FLCT operates in. In mitigating regulatory risks, the Manager has measures in place to monitor the markets closely, such as through engaging with local authorities and Frasers Property's offices in Australia and Europe (including the UK), and participating in industry events organised by professional, tax and legal professionals in the various jurisdictions where FLCT operates. The Manager also reviews expert opinions and market indicators to keep itself informed of significant changes. Operationally, the Manager practises prudent capital management to allow for sufficient available liquidity to buffer for potential adverse impact.

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

Operational Risk
Operational risk refers to (i) increased market competition in attracting and retaining tenants, as well as changing customer requirements, and (ii) any unanticipated disruption impacting business continuity (e.g. outbreak of contagious diseases, natural disasters like floods and earthquakes). In mitigating these risk factors, the Manager maintains strong tenant relationships and understands their business and requirements with early engagement to secure lease renewals. Annual tenant surveys are carried out to measure tenant satisfaction. Other steps taken to mitigate these risk exposures include active asset management and maintaining properties to a high standard, as well as improving asset functionality and sustainability benefits.

The Manager has in place well-established standard operating procedures designed to identify, monitor, report and manage operational risks associated with the day-to-day management and operation of the REIT's properties. These include actively managing lease renewals and marketing of space to minimise rental voids, as well as actively monitoring and managing property expenses and rental arrears.

In mitigating the risks associated with an unanticipated and/or catastrophic events, insurance is procured to minimise any potential impacts of property damage and business disruption. The Manager also has in place property operating procedures and business continuity plans that enable the continuity and/or resumption of critical and time-sensitive business operations with minimal disruption. Such procedures and business continuity plans are also reviewed and tested regularly to ensure their continued relevance and effectiveness.

Funding and Liquidity Risks
The Manager actively manages FLCT's capital structure, and ensures that the gearing of FLCT is maintained at a prudent level and adheres to the applicable aggregate leverage limit under the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and loan facility agreements (where applicable). Refinancing risk is also monitored, taking into account the maturity profile of debt facilities and available sources of funding. As far as possible, the maturities of debt facilities are spread out to mitigate re-financing risks in any single financial year. In addition, a suitable level of working capital is maintained to meet the requirements of the REIT's operations. The Manager also seeks to broaden its sources of funding to ensure liquidity, fund capital expenditure requirements and investment opportunities as well as to refinance existing debt.

Credit risk
Credit risk is the potential financial loss resulting from failure of tenants to fulfil their rent payment obligations. To mitigate credit risk, credit evaluations are performed on prospective tenants before the lease agreements are entered into. Credit risk is also mitigated by collecting security deposits or requiring bankers' guarantees or corporate guarantees from tenants prior to the commencement of leases. Quarterly billing in advance for certain properties also reduces credit risk. Arrears by tenants are actively monitored and acted upon promptly.

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

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

Fraud Risk
Robust approval processes for purchasing and procurement and a whistle-blowing policy are in place to mitigate fraud risk. These are subject to regular internal audit reviews which are scheduled based on the internal audit work plans approved by the ARCC.

Foreign Currency Risk
FLCT is exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations, as FLCT's operations are currently in Australia, Germany, Singapore, the United Kingdom and the Netherlands where revenues are in the natural currency while distributions are declared in Singapore dollars. To mitigate this risk, FLCT has in place a policy to hedge Singapore dollar distributions to Unitholders for a period of six months forward on a rolling basis using mainly currency forwards for hedging actual underlying foreign exchange requirements. There is a partial natural hedge on the investment in assets to the extent that related borrowings are in the same currency or if not, swapped to the currency of the underlying investment. The net positions of the foreign exchange risk of investments in overseas assets are not hedged as such investments are long-term in nature.

Information Technology Risk
Digital disruption and the future of work that are enabled by digital technology offer new opportunities and challenges. Frasers Property, of which the Manager is part of, builds digital capabilities and invests in new technologies to ensure our business is future-ready.

Technology solutions were implemented to manage risk exposures such as cyber-attacks, phishing and malicious software such as ransomware. Incident management procedures and disaster recovery plans have been established to respond and recover from IT security incidents. Ongoing IT security training are provisioned for new and existing employees to institute awareness on evolving threats. External professional services are engaged to conduct proactive threat and vulnerability management.

For this financial year, the Manager engaged external experts to assist FLCT in addressing recent changes to the Technology Risk Management Guidelines issued by the MAS. The approach outlines the boundary of regulations for the Manager and defines the roles and responsibilities for the Board and ARCC. The Manager took steps to update the terms of reference for the ARCC in FY2022, which will provide the ARCC with oversight of technology risk management practices. The updated terms of reference were subsequently adopted by the ARCC in November 2022. Further, a management sub-committee of Information Technology & Cybersecurity Committee was also formed by Frasers Property to provide oversight on technology risks management. Group-wide policies, standards and procedures were established to govern the confidentiality, integrity and availability of business data and IT systems.

Environment and Climate Change Risk
The Manager places importance in managing the environmental and climate change risks in our operations. We recognise the implications and consequences that climate-related risks have on the environment and the potential impact to FLCT's properties and operations.

In mitigating our exposure to environmental and climate change issues, the Manager has put in place a sustainability strategy for FLCT since 2017. The sustainability targets established as part of the sustainability strategy are updated on a two-yearly basis with progress updates provided to the Board on a quarterly basis. The Manager's efforts on this front also include a target to achieve net-zero carbon in operation by 2030, to complete climate risk assessments on FLCT's assets and commence implementation of asset level adaptation and mitigation plans, and to develop a TCFD-aligned resilience policy and framework. FLCT has also adopted GRESB as its key assessment tool for the portfolio and incorporated it as a key measure of sustainability performance in its sustainability finance framework.

For more information on our sustainability objectives and progress to-date, please refer to the Sustainability Report section within this report.

FY2022 SUSTAINABILITY REPORT

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GLOSSARY

For ease of reading, this glossary provides definitions of abbreviations that are frequently used throughout this report.

ARCC : Audit, Risk and Compliance Committee
BBP : Better Buildings Partnership
BCA : Building and Construction Authority, Singapore
BREEAM : Building Research Establishment Environmental Assessment Method
CCS : Considerate Constructors Scheme
CSR : Corporate Social Responsibility
DGNB : German Sustainable Building Council
EAP : Employee Assistance Program
ERM : Enterprise Risk Management
ESG : Environmental, Social and Governance
GBCA : Green Building Council of Australia
GBP : Green Bond Principles
GCNS : Global Compact Network Singapore
GFA : Gross Floor Area
GHG : Greenhouse Gas
GRI : Global Reporting Initiative
HSE : Health, Safety and Environment
IEQ : Indoor Environment Quality
ISO 14001 : International Organisation for Standardisation (Environmental Management System)
ISO 45001 : International Organisation for Standardisation (Occupational Health and Safety Management System)
ISO 50001 : International Organisation for Standardisation (Energy Management System)
IWBI : International WELL Building Institute
L&D : Learning and Development
MAS : Monetary Authority of Singapore
NABERS : National Australian Built Environment Rating System
NGOs : Non-governmental Organisations
OH&S : Occupational Health and Safety
PUB : Public Utilities Board
PV : Photo-voltaic
RCP : Representative Concentration Pathway
REIT : Real Estate Investment Trust
REITAS : REIT Association of Singapore
SBTi : Science Based Targets initiative
SDG : Sustainable Development Goal
SEC : Singapore Environment Council
SGBC : Singapore Green Building Council
SIAS : Securities Investors Association (Singapore)
SLBP : Sustainability Linked Bond Principles
SLLP : Sustainability Linked Loan Principles
SSC : Sustainability Steering Committee
TAFEP : Tripartite Alliance for Fair and Progressive Employment Practices
TCFD : Task Force on Climate-related Financial Disclosures
UN : United Nations
UNGC : United Nations Global Compact
UNWEP : United Nations Women Empowerment Principles

BOARD STATEMENT

The transition to COVID-19 endemicity for many countries have deepened calls for the world to accelerate collective action around the larger crisis of our time - the worsening impacts of climate change. A survey commissioned by the World Economic Forum found that more than 70% of adults on the planet expect that climate change will have a severe impact on their area in the next ten years, with a third fearing it may force them from their homes[1]. With our diversified portfolio and position as one of the largest REITs listed on the Singapore Exchange, FLCT has a part to play in contributing to global efforts at tackling the environmental and social challenges that lie ahead.

FLCT's sustainability strategy charts our course in advancing the REIT's market-leading position in sustainability across the three focus areas of Acting Progressively, Consuming Responsibly and Focusing on People. We work in tandem with our Sponsor, Frasers Property Limited ("Frasers Property", or the "Group"), to deliver sustainable value for our stakeholders and the shared common goal of achieving a net-zero carbon future.

We demonstrate this in a tangible way in FY2022 by maintaining the highest Green Star Performance rated industrial portfolio in Australia and retaining our 5-Star GRESB rating with an improved score of 89 out of 100 (from 88 in FY2021). The FLCT portfolio ranks second of 19 entities in Asia-Pacific and Listed Companies under the "Diversified – Office/Industrial" category.

We made further headway towards our sustainability targets in FY2022. We have submitted our carbon reduction targets and roadmap to the Science Based Targets initiative ("SBTi") for validation and finalised an action plan to address and mitigate key physical and transition risks with alignment to the Financial Stability Board's Task Force on Climate-related Financial Disclosure ("TCFD"). The progress made puts us in good stead to meet FLCT's goal of achieving net-zero carbon emissions across our portfolio by 2030.

We continue to invest deeply in our people and make a difference in the communities that we serve, by caring for their holistic safety, inclusion and well-being. This year, employees from the REIT Manager contributed their time in packing milk powder tins and diaper packs for beneficiaries under the Milk & Diapers programme which provides parents from low-income families with milk and diapers for children up to three years of age. On behalf of our REIT Manager, a $10,000 contribution was made to the Milk & Diapers programme, in show of our support.

We are continuously striving for greater levels of transparency and accountability within our annual reporting disclosures and governance structures. This year, we took steps to align our disclosures with the

1 Ipsos, Climate Change: Severity of Effects and Expectations of Displacement, September 2022
2 Scope 3 energy consumption and greenhouse gas emissions by tenants

2 Hanson Place, Eastern Creek, New South Wales, Australia

TCFD recommendations. We also expanded the scope of FLCT sustainability-related information provided within this report, for which we have voluntarily sought external data assurance[2]. In view of the importance of sustainability to the business, the Board has also expanded our oversight over FLCT's sustainability strategy by redefining the remit of the Audit, Risk and Compliance Committee. As a testament to our efforts at open communication, FLCT received a Silver Award at the Singapore Corporate Awards for Best Investor Relations under the REITS and Business Trusts category in recognition of strong corporate governance performance and for sustaining shareholder returns.

To ensure that we are on track to achieve our goals and targets, the Board is supported by the Sponsor's Sustainability Steering Committee ("SSC"), together with the Sustainability Project Management Office, which supports the REIT Manager in driving the sustainability agenda within FLCT. The Board continues to provide strategic oversight of management and monitoring of FLCT's performance pertaining to sustainability.
We invite you to read more about our progress in FLCT's sixth Sustainability Report. With the support of our Sponsor and our stakeholders, we look forward to continuing on our shared sustainability journey to deliver on our Purpose of "Inspiring experiences, creating places for good".

Board of Directors
Frasers Logistics & Commercial Asset Management Pte. Ltd.

REIT Manager of Frasers Logistics & Commercial Trust

SUSTAINABILITY

THE YEAR AT A GLANCE

ACTING PROGRESSIVELY

Expanded Board oversight over sustainability strategy by redefining remit of Audit, Risk and Compliance Committee

Awarded Silver at the **17th Singapore Corporate Awards** for Best Investor Relations

89% of our portfolio by GFA **is green building certified or pursuing green building certification**

65% of total borrowings are in the form of **green, sustainable or sustainability-linked financing**

FLCT has the **highest Green Star Performance** rated industrial portfolio in Australia

Maintained our **5 Star rating** in the 2022 GRESB assessment, **ranking second out of 19 entities in Asia-Pacific** and Listed Companies under the "Diversified – Office/Industrial" category

CONSUMING RESPONSIBLY

Submitted **carbon reduction targets** to the Science Based Targets initiative for validation

100% of our Australian industrial assets retrofitted with high efficiency lighting

Implementation of a **Responsible Sourcing Policy** is underway to reduce negative impacts in our supply chain

FOCUSING ON PEOPLE

Women made up **11%** and **50%** of the **Board of Directors** and senior **management** respectively

Achieved an average of **53 learning hours per employee**

The REIT Manager **contributed $10,000** to Society of St Vincent de Paul (National Council of Singapore), for the **Milk & Diapers** community programme

EMBEDDING SUSTAINABILITY WITHIN OUR CORE

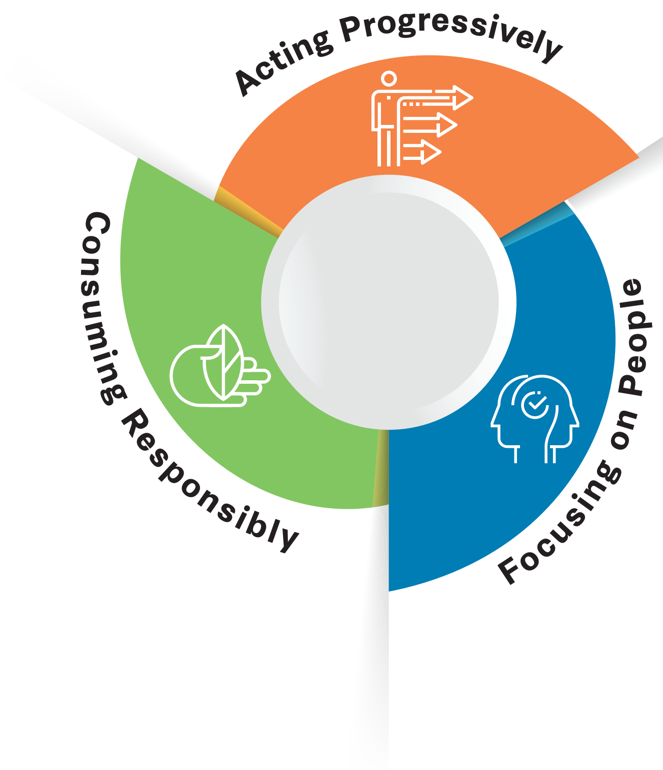
We recognise the importance of embedding key global environmental and social considerations within the way we do business to respond to a rapidly changing world. Beyond managing risks, we leverage sustainability as an opportunity to enhance our resilience, provide better offerings to customers, and future-proof our business for the longer term. Our sustainability framework provides the overarching strategy that drives FLCT's approach towards sustainability by focusing on three focus areas – Acting Progressively, Consuming Responsibly and Focusing on People.

We have established a sustainability roadmap with a clear action plan for FLCT to continue to lead the way and drive our sustainability performance[3]. This includes a goal for FLCT to achieve net-zero carbon status by 2030, with established targets that contribute towards our Sponsor's Group-wide goals.

Our Sponsor's sustainability goals:

- To be a net-zero carbon corporation by 2050
- To be climate resilient and establish adaptation and mitigation plans by 2024
- To green-certify 80% of its owned and asset-managed properties by 2024
- To finance a majority of its new sustainable asset portfolios with green and sustainable financing by 2024

FLCT's Sustainability Framework



CORE AREAS

ACTING PROGRESSIVELY
means challenging the way we operate by embracing flexibility and resilience.

We focus on the future and actively consider people and the planet when making decisions.

CONSUMING RESPONSIBLY
means being thoughtful about the way we use and dispose of our resources.

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

FOCUSING ON PEOPLE
means creating communities that are diverse, inclusive and safe.

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

3 Please visit https://www.frasersproperty.com/reits/flct/who-we-are/sustainability for a complete list of our targets

SUSTAINABILITY

MANAGING SUSTAINABILITY

We build upon a strong governance framework to deliver on our sustainability goals and targets. Effective management also underpins the way we work and collaborate with our Sponsor on sustainability. Our sustainability agenda is driven by the Sponsor's Sustainability Steering Committee ("SSC"), comprising senior management personnel who meet six times a year to drive the sustainability strategy, review sustainability performance against key material metrics and approve action plans and policies to internalise the sustainability practices.

The SSC is supported by the Frasers Property Group Sustainability Team and Project Management Office who are tasked with coordinating and driving continuous efforts for sustainability performance across the Group. The Project Management Office works closely with all business units within Frasers Property to develop their sustainability action plans and monitor their sustainability performance. For FLCT, a dedicated sustainability manager is responsible for improving the REIT's sustainability performance and ensuring that we are on track to meet our goals.

Specifically on climate risk and Frasers Property Group's goal to be a net carbon zero organisation by 2050, our Sponsor has also established a dedicated advisory group made up of senior management representatives from various corporate functions and representatives from business units across the Group, to support the SSC.

INDUSTRY ALIGNMENT

As part of the Group, FLCT drives positive change and deepen our impact within the real estate industry by participating in international and local movements to advance shared sustainability goals. FLCT actively engages with and share our knowledge and experience with industry bodies on sustainability matters.

Endorsement and Participation in Sustainability Initiatives
- United Nations Global Compact ("UNGC") Principles
- United Nations Sustainable Development Goals ("SDGs")
- GRESB Real Estate Assessment
- CitySwitch Green Office Programme of Australia
- United Nations Women Empowerment Principles ("UNWEP")
- Science Based Targets initiative ("SBTi")

Memberships of Associations
- Member of the Singapore Green Building Council ("SGBC")
- Member of the Green Building Council of Australia ("GBCA")
- Member of the REIT Association of Singapore ("REITAS")
- Global Compact Network of Singapore ("GCNS")

STAKEHOLDER ENGAGEMENT

We continuously engage with our diverse stakeholders to understand and address their evolving expectations and concerns. Through various channels, we identify the key material issues to seek, evaluate and act on feedback and facilitate continuous improvement.

Key Stakeholders
Tenants
Employees
Contractors/Consultants/Suppliers
Property managers
Unitholders and investor community
Local communities
Regulators/ Non-Governmental Organisations (NGOs)/ Industry bodies

Key Topics of Concern	Mode and Frequency of Engagement
• Clean, safe and pleasant environment • Reliable and efficient buildings • Tenant engagement • Tenant satisfaction • Quality of facilities and services • Health and safety • Tenants' corporate social responsibility ("CSR") goals • Improving the energy and water efficiency of our properties	• Annual tenant surveys Held regularly throughout the year through the REIT Manager or property managers: • Tenant engagement programs • Joint community programs with tenants • Tenant meetings
• Friendly, inclusive and safe working environment • Fair and competitive employment policies • Staff development • Health and safety • Business' impacts on the environment and society	• Twice a year performance reviews • Orientation program for new staff upon joining • Annual employee pulse surveys Held regularly throughout the year: • Communication via Frasers Property intranet and the Workplace platform • Training • Employee personal development plans • Environmental and Health & Safety awareness activities • Team bonding and employee wellness activities
• Health and safety • Business performance	• Established action plan for regular interactions with key contractors, consultants and suppliers starting from FY2023
• Key performance indicators for property managers • Operational performance of the properties	Held regularly throughout the year: • Meetings and discussions • Emails and phone calls
• Sustainable distribution • Operational and financial performance • Business strategies and outlook • Timely and transparent reporting • Good corporate governance	• Throughout the year, over 14 local and overseas conferences, corporate days and roadshows were held, with FLCT engaging with over 500 institutional investors and retail investors • Two business update and two results briefings for analysts and investors • Annual General Meetings • Ongoing website, announcement, management presentations, press release, webcasts of half-year and full-year results briefings • Bilateral communication, one-on-one meetings and site tours • Regular ESG surveys • Participation in the 2022 GRESB Real Estate Assessment. We maintained our 5-Star Rating and achieved a score of 89, up from 88 in 2021
• Build and nurture relationships with the wider community • Community investments • Business' impacts on the environment and society	• Social and community events and activities. This year, we supported the Milk & Diapers programme through four events involving employees of the REIT Manager • Annual donations • Annual Sustainability Report
• Government policies on S-REITs or the real estate sector • Compliance with rules and regulations • Engagement with industry forums and trade associations • Corporate governance	Annual Sustainability Reporting in alignment with SGX regulations and GRI Standards Held regularly throughout the year: • Meetings, briefings and consultations • Industry conferences and seminars, and memberships in industry bodies such as REITAS • Participation in NGOs

SUSTAINABILITY

MATERIALITY ASSESSMENT

We regularly review our material topics to strengthen resilience and ensure relevance to the business, our stakeholders and global trends. In FY2022, a global market review of sustainability trends and a survey with internal and external stakeholders to understand views on material ESG topics were conducted by our Sponsor. The findings affirmed that our material topics – which are similar to our Sponsor's - continue to remain relevant with stakeholder expectations and in relation to the GRI Universal Standards and the United Nations Sustainable Development Goals.

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

Sustainability Pillar	Focus Area	What it means to FLCT
Acting Progressively	**Risk-based Management**	We must maintain high standards of integrity, accountability and responsible governance and comply with the relevant laws and regulations to earn the trust of our stakeholders.
	Responsible Investment	Achieving long-term value is a priority for the REIT. It is critical to ensure the sustainable growth of FLCT's economic performance.
	Resilient Properties	Being flexible and resilient in the way we operate is crucial in responding to a rapidly changing industry. We need to build our properties' resilience to better face climate change and future challenges, as well as to grow our business.
	Innovation	Fostering an innovation culture that creates value and strengthens our competitive edge. We deliver added value to our tenants through innovative solutions.
Consuming Responsibly	**Energy & Carbon**	Energy consumption in the building sector is one of the largest sources of energy usage around the world. We endeavour to improve overall energy performance for our properties and proactively work with our tenants to help them manage the properties' energy consumption.
	Water	Water is a scarce resource. We strive to optimise water usage at our properties and to work with tenants to conserve water, where possible.
Focusing on People	**Diversity, Equity & Inclusion**	Empowering and promoting social inclusion for all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status.
	Skills & Leadership	It is paramount that the REIT Manager has the capabilities and capacity to manage and expand FLCT's portfolio to create value for our stakeholders. We seek to attract, develop and retain a workforce with diverse skills and knowledge that forms the cornerstone of our success.
	Health & Well-being	As landlords, our priority is to create places where people feel comfortable, safe and assured of their well-being. We ensure that our employees, suppliers, contractors, and tenants have a safe working environment.
	Community Connectedness	Through our properties, we have the potential to create significant positive impacts in the communities in which we operate. We endeavour to run a business that responds to our communities' needs.

Material Topics & GRI Indicators	Boundaries	Corresponding UN SDGs
• Anti-corruption (GRI 205) • Marketing and labelling (GRI 417)	FLCT, Contractors, Suppliers, Customers and Tenants	8 Decent Work and Economic Growth 13 Climate Action 9 Industry, Innovation and Infrastructure 17 Partnerships for the Goals
• Economic performance (GRI 201)	FLCT	
• Economic performance (GRI 201)	FLCT, Contractors, Customers and Tenants	
• Economic performance (GRI 201)	FLCT, Customers and Tenants	
• Energy (GRI 302) • Emissions (GRI 305)	FLCT, Customers and Tenants	6 Clean Water and Sanitation 11 Sustainable Cities and Communities 7 Affordable and Clean Energy 13 Climate Action 9 Industry, Innovation and Infrastructure
• Water and effluents (GRI 303)	FLCT, Customers and Tenants	
• Diversity and equal opportunity (GRI 405) • Labour/management relations (GRI 402) • Employment (GRI 401)	FLCT	3 Good Health and Well-Being 11 Sustainable Cities and Communities 8 Decent Work and Economic Growth 17 Partnerships for the Goals 10 Reduced Inequalities
• Training and education (GRI 404)	FLCT	
• Occupational health and safety (GRI 403)	FLCT, Contractors, Suppliers and Tenants	
• Local communities (GRI 413)	FLCT, Government, NGOs and Local Communities	

SUSTAINABILITY

ACTING PROGRESSIVELY

We are committed to creating long-term value for our portfolio, integrating environmental, social and governance considerations into our business decisions. This helps us build resilience and holistically manage risks associated with our business to continue to lead the way in the real estate industry. Our culture of strong corporate governance is underpinned by a robust framework of policies and a progressive mindset.

OUR APPROACH

- Establish relevant policies to guide and manage our processes to achieve business and sustainability objectives
- Adopt green building certifications and responsible investment practices
- Cultivate a culture that supports innovation

OUR PROGRESS

Focus Area	Our Goals	Our Progress in FY2022	Status*
Risk-based Management	• Establish holistic overarching internal policies to govern and guide management of the focus areas	• Achieved Silver award at the 17th Singapore Corporate Awards for Best Investor Relations • Incorporated environmental risk as a distinct key area to manage as part of the overall Enterprise Risk Management framework • Upgraded to "AA" from "A" under the MSCI ESG Ratings by MSCI ESG Research LLC	On Track
Responsible Investment	• Achieve green certification for at least 80% of our commercial and industrial portfolio by FY2024 • Achieve at least an average 4-Star Green Star Performance as assessed by the GBCA for the Australian industrial portfolio	• 89% of our portfolio by GFA is green building certified or pursuing green building certification • FLCT has the highest Green Star Performance rated industrial portfolio in Australia, maintaining an average 4-Star rating across our Australian industrial portfolio • Obtained BREEAM In-Use certification for five of our Dutch assets and 15 of our German assets	Achieved
	• Achieve at least BCA Green Mark Gold Certifications for all commercial assets in Singapore by FY2024	• Alexandra Technopark A is certified Green Mark Gold^{PLUS}	Achieved
	• Endeavour to continue structuring new borrowings in the form of green, sustainable or sustainability-linked financing	• 65% of FLCT's total borrowings as at 30 September 2022 are in the form of green, sustainable and/or sustainability-linked financing	On Track
Resilient Properties	• Carry out climate risk assessments and implement asset-level adaptation and mitigation plans aligned to the Task Force on Climate-related Financial Disclosures framework by 2024	• Expanded the Board's oversight over FLCT sustainability strategy by redefining the remit of the Audit, Risk and Compliance Committee • Completed a climate risk and climate 'value at-risk' portfolio-level assessment of our portfolio and developed action plan to address and mitigate key physical and transition risks	On Track
	• Update Resilience Policy and Framework to align with TCFD recommendations by 31 December 2020	• Delayed due to other urgent priorities during the pandemic. We aim to update Resilience Policy and Framework by FY2023	Not on Track
	• Foster an innovation culture to create value for all by 2030	• Continue to embrace design thinking as a tool to spur innovation • Implemented a digital solution to manage our diverse portfolio of properties across multiple regions	On Track

* **Achieved:** Target has been attained. **On Track:** Target is on track to be achieved on time. **In Progress:** Target is delayed but progress is still being made and could still be achievable on time. **Not on Track:** Target is delayed to the point that it is unlikely that it will be achieved on time.

RISK-BASED MANAGEMENT

What this means to us

To future-proof our business and create long-term value for our portfolio, we have put in place robust policies and processes to assess and mitigate the environmental, health and safety, and social risks associated with our business. We strive to maintain the highest standards of integrity and accountability across our operations and to strengthen the trust and confidence our stakeholders place in us.

How we manage Risk-Based Management

The FLCT Board ensures that the REIT Manager maintains a sound system of risk management and internal controls to achieve an appropriate balance between risks and performance. The REIT Manager has established an audit process, led by the Sponsor's internal audit function, to conduct an independent appraisal and assurance of the adequacy and effectiveness of its existing processes and controls – please refer to page 189 of this Annual Report for further details.

Further, the REIT Manager continually identifies, reviews and monitors key risks, and identified risks are mapped into our Risk Register and monitored on a quarterly basis. The key areas of risk we monitor actively on an ongoing basis include operational and investment activities, capital and financial management, human capital, fraud, foreign currency, information technology and environmental risks. Demonstrating our commitment to strengthening corporate governance, we have been a signatory to the annual Corporate Governance Statement of Support initiated by SIAS since FLCT's listing in 2016.

How we create value and our progress in FY2022

The REIT Manager believes that maintaining strong corporate governance extends beyond compliance to laws and regulations. We strive to uphold fair and ethical business conduct and have zero tolerance for corruption and fraud, which in turn enables us to strengthen the trust and confidence of our stakeholders.

Appended below comprises our key corporate policies, which are periodically reviewed and updated to ensure relevancy to our corporate purpose and operations:

- Anti-bribery Policy
- Board Diversity Policy
- Code of Business Conduct
- Competition Act Compliance
- Complaints/Feedback Handling Policy
- Policy for Continuing Education of Capital Markets Services Representatives
- Corporate Social Responsibility Policy
- Documents Management and Retention Policy
- Diversity & Inclusion Policy
- Investor Relations Policy
- Personal Data Protection Policy
- Personal Data Breach Incident Management Policy
- Policy for Disclosure and Approval of Purchase of Property Projects
- Policy for Investment Management
- Policy for Prevention of Money Laundering and Countering of Financing of Terrorism
- Policy on Dealings in Units of Frasers Logistics & Commercial Trust and Reporting Procedure
- Procurement Policy
- Responsible Sourcing Policy
- Treasury & Hedging Policy
- Valuation Policy
- Whistle-blowing Policy
- Technology Risk Management Policy
- Best Execution Policy for Capital Market Products

During the year, FLCT did not record any significant breaches of laws and regulations in relation to the environment, bribery and corruption, or industry codes around marketing communications. We strive to continue maintaining our performance and take pre-emptive steps to prevent non-compliance incidents and breaches. Further, 70% of our employees attended training sessions on anti-corruption. We remain committed to working closely with relevant stakeholders to ensure appropriate precautions are taken across our value chain.

ACTING PROGRESSIVELY

Aligning with MAS Guidelines on Environmental Risk Management for Asset Managers

Pursuant to MAS guidelines aimed at enhancing the resilience of funds, asset managers have been tasked to implement guidelines on six key areas of environmental risk management. We have put in place processes and practices to meet MAS' expectations in all six areas and will continue to strive for further alignment.

Key Area	Status
Governance and strategy: The Board and senior management should oversee integration of environmental risk considerations into asset managers' strategies, business plans and product offerings.	We expanded the Board's oversight over the FLCT sustainability strategy by redefining the remit of the Audit, Risk and Compliance Committee ("ARCC").
Research and portfolio construction: Asset managers should evaluate the potential impact of environmental risk on the return potential of our investments.	We consider operational indicators (such as greenhouse gas emissions, energy, waste and water) that may affect tenant demand – please refer to the **Energy and Carbon** section on page 137 of this Report for further details.
Portfolio risk management: Asset managers should put in place appropriate processes and systems to systematically assess, manage and monitor the impact of any risk.	We have put in place processes to manage environmental risk – for further information, please refer to the **How we manage Risk-Based Management** section on page 127 of this Report.
Scenario analysis: Asset managers should develop capabilities to assess the environmental risk impact on their portfolios and their alignment with climate goals set under a range of scenario pathways.	We have completed climate risk assessments including scenario analysis from temperature rises (below 2°C scenario: RCP 2.6 and below 4°C scenario: RCP 8.5) and established a roadmap to achieve net-zero carbon by 2030.
Stewardship: Asset managers should engage investee companies to improve risk profile and support their efforts to transition towards more sustainable policies and practices.	We have implemented asset enhancement initiatives with measures to improve energy and water efficiency or waste management.
Disclosures: Clear and meaningful disclosures referencing well-regarded international reporting frameworks.	We strive to enhance disclosures to further align to the TCFD recommendations.

As testament to our commitment in adhering to best-practice corporate governance processes at all levels of our organisation, FLCT won the Silver award at the 17th Singapore Corporate Awards, for Best Investor Relations under the REITs and Business Trusts category. In addition, FLCT was upgraded to "AA" from "A" under the MSCI ESG Ratings by MSCI ESG Research LLC for strong management of financially relevant ESG risks and opportunities.

RESPONSIBLE INVESTMENT

What this means to us

We recognise how FLCT can contribute to a greener future while also bringing sustainable commercial benefits to our properties and in turn contribute to long-term value for our stakeholders. We do this through making sound investment decisions that incorporate and enhance social and environmental performance of our properties. This involves adopting more sustainable financing, green building certifications and benchmarking our performance against the GRESB Real Estate Assessment.

How we manage Responsible Investment

We established a Sustainable Finance Framework to support our sustainable financing activities. The framework has undergone independent third-party assurance to verify that it is prepared in accordance with the following international principles and guidelines:

- Green Bond Principles ("GBP") 2021, Sustainability Bond Guidelines ("SBG") 2021 and Sustainability Linked Bond Principles ("SLBP") 2020 by the International Capital Market Association ("ICMA")
- Green Loan Principles ("GLP") 2021 and Sustainability Linked Loan Principles ("SLLP") 2021 by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association

For greening our portfolio, we aim to certify our assets to recognised green building standards such as BCA Green Mark and PUB Water Efficient Building in Singapore, Green Star and/or NABERS in Australia as well as BREEAM in Germany, the Netherlands and the UK.

We also monitor and strive for continuous improvement in the internationally recognised GRESB ratings (formerly known as the Global Real Estate Sustainability Benchmark), which provides a benchmark to chart our sustainability progress and identify areas for growth.

How we create value and our progress in FY2022

Green & Sustainable Financing

FLCT continues to deepen our green and sustainable financing practices and align them with international standards. We aim to actively leverage on financing opportunities to achieve our sustainability goals by structuring new borrowings in the form of sustainability-linked or green/sustainable loans or bonds. 65% of FLCT's total borrowings as at 30 September 2022 are in the form of green, sustainable or sustainability-linked financing.

Our Green Portfolio

Our properties are certified to various recognised green building certification schemes. As at 30 September 2022, 89% of our portfolio by GFA is green building certified or pursing green building certification.

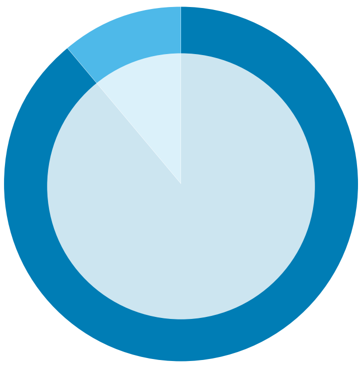
We maintained an average 4-Star Green Star Performance portfolio rating across our Australian industrial portfolio, retaining our position as the highest rated Green Star industrial portfolio in Australia. We continue to see robust NABERS results for several properties in Australia in FY2022. Our 357 Collins Street property maintained its NABERS Energy 6-Star rating and 5-Star Indoor Environment rating, and advanced by half a point to achieve a NABERS Water 6-Star rating. Our Legend Corporate and Martin Brower sites were also been selected to join the NABERS warehouses/cold stores pilot programme, and will be the first warehouses and cold stores in Australia to have a NABERS rating. Martin Brower achieved a 4.5-Star Energy rating for the pilot programme, with pilot ratings helping NABERS to further refine their benchmark to ensure its robustness.

In Singapore, Alexandra Technopark achieved the Eco-Office Champion certification from non-profit organisation Singapore Environment Council. Alexandra Technopark A also attained the BCA Green Mark Gold[PLUS] certification, in recognition of advanced responsible stewardship practices and sustainable building design.

We have also completed the BREEAM In-Use certification for our existing assets in the Netherlands. In Germany, we attained BREEAM New Construction Certification for three assets and will continue the process of optimising efficiencies and obtain the BREEAM In-Use certification for relevant properties.

We have also added to our green portfolio with the acquisition of green developments. In the UK, we invested in a prime freehold logistics development at Ellesmere Port in Cheshire, North West England. The property will be developed to meet BREEAM "Outstanding" and EPC A rating. We also acquired a prime freehold suburban commercial property in Mount Waverley, Australia, which currently has a NABERS Energy 4.5-Star rating.

FLCT Portfolio Green Certification Status (by GFA)



Certified or pursuing certification	**89%**
Not certified	**11%**

ACTING PROGRESSIVELY

Our green building certification progress is as follows:

INDUSTRIAL

Australia

Green Star Industrial Design & As-built with 6 stars:
- CEVA, 1 Doriemus Drive, Truganina, Victoria
- OI Glass 143 Pearson Road, Yatala, Queensland
- Survitec and Phoenix, 2 Burilda Close, Wetherill Park, New South Wales
- Nick Scali and Plastic Bottles, 3 Burilda Close, Wetherill Park, New South Wales
- CEVA, 43 Efficient Drive, West Park, Victoria
- Martin Brower, 1 Burilda Close, Wetherill Park, New South Wales
- Astral Pool, 111 Indian Drive, Keysborough, Victoria

Green Star Industrial Design & As-built with 5 stars:
- DB Schenker, 4 – 8 Kangaroo Avenue, Eastern Creek, New South Wales
- Tyres for U, 150-168 Atlantic Drive, Keysborough, Victoria
- Mazda, 211A Wellington Road, Mulgrave, Victoria
- Miele, 77-89 Atlantic Drive, Keysborough, Victoria
- Stanley Black and Decker, 29 Indian Drive, Keysborough, Victoria
- Clifford Hallam Healthcare, 17 Hudson Court, Keysborough, Victoria
- Beaulieu Carpets, 166 Person Road, Yatala, Queensland
- National Tiles and Paccar, 103-131 Wayne Goss Drive, Berrinba, Queensland
- Avery Dennison and CTI Logistics, 29-51 Wayne Goss Drive, Berrinba, Queensland
- Danna, Pinnacle & Licensing, 8-28 Hudson Court, Keysborough, Victoria
- FDM Warehousing & Spec – 2 Hanson Place, New South Wales
- Bluestar (Braeside & Spec) – 75-79 Canterbury Road, Victoria

Germany and the Netherlands

- Buchäckerring 18, 74906 Bad Rappenau, Baden-Württemberg
  - DGNB Gold
- Fuggerstraße 17, 33689 Bielefeld
  - DGNB Gold
- Ede - Trafostraat 190
  - BREEAM NC
- Hermesstraße 5, 86836, Graben, Augsburg
  - DGNB Gold
- Mandeveld 12, Meppel
  - BREEAM NC Very Good
- Gewerbegebiet Etzin 1, 14669 Berlin
  - DGNB Gold
- Genfer Allee 6, 55129 Mainz
  - DGNB Gold
- Heierhoevenweg 17, Venlo
  - BREEAM NC Very Good

United Kingdom
- Connexion II
  - Three new buildings targeting BREEAM New Construction "Excellent" to complete at Connexion II in early 2023

COMMERCIAL

Singapore

- Alexandra Technopark
  - Green Mark Gold^{PLUS} Award (Alexandra Technopark A), BCA
  - Water Efficient Building, PUB
  - GreenDNA, SEC
  - Eco Office – Champion, SEC

United Kingdom

- Farnborough Business Park
  - BREEAM New Construction: "Very Good" ratings for three buildings
  - BREEAM In-Use: "Excellent/Very Good" ratings for eight buildings
  - BREEAM In Use: "Good/Pass" ratings for two buildings
  - Green Flag Award®, Ministry of Housing, Communities & Local Government
  - 3-Star Fitwel rating – first 3-Star commercial site certification in the world
- Maxis Business Park (For both buildings in the development)
  - BREEAM New Construction: "Very Good" ratings
  - BREEAM In Use: "Excellent" ratings
- Blythe Valley Park
  - Two BREEAM New Construction "Very Good" Ratings

Australia

- Central Park
  - WELL Health-Safety Rating
  - First commercial building to achieve 4.5-Star NABERS Energy rating
  - First premium office building in Perth to attain a 5.0-Star NABERS Energy base building rating
  - 3.5-Star NABERS Water rating
- Caroline Chrisholm Centre
  - 5.0-Star NABERS Energy base building rating
  - 5.0-Star NABERS Indoor Environment base building rating
  - 5.5-Star NABERS Water rating
- 357 Collins Street
  - 6.0-Star NABERS Energy base building rating (with green power)
  - 6.0-Star NABERS Water rating
  - 5.0-Star NABERS Indoor Environment rating
- 545 Blackburn Road, Mount Waverley
  - 4.5-Star NABERS Energy base building rating

Benchmarking our ESG performance via GRESB
Along with green building certifications, our GRESB Real Estate Assessment scores have served as key benchmarks in providing greater transparency and accountability for investors to assess our sustainability performance. GRESB's Real Estate Assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real asset investments and are aligned with international reporting frameworks, goals and emerging regulations.

FLCT maintained our 5-Star GRESB Real Estate Assessment rating this year and improved our overall score to 89 points out of 100, up from 88 points last year. We ranked second of 19 in Asia-Pacific under the "Diversified – Office/Industrial" category. We continue to be deeply committed to advancing our sustainability progress to make a positive impact to our stakeholders.

RESILIENT PROPERTIES

What this means to us
As climate change continues to affect our business and operating environment, we recognise climate risks as financial risks. Recognising our exposure as owners of physical assets, we are focusing on enhancing the resilience of our properties to withstand these widespread changes. Embedding climate-related information into our financial risk management processes means we can increasingly measure – and manage – our climate risks and opportunities.

How we manage Resilient Properties
FLCT has introduced goals to inspire ambitious climate action, including to be net-zero carbon across our business and value chain by 2030, to be climate-resilient and establish adaptation and mitigation plans by 2024, and to finance the majority of our new sustainable asset portfolios with green and sustainable financing by 2024.

We are aligning our disclosures more closely with the TCFD recommendations this year to promote more informed investment, credit and insurance underwriting decisions and meeting growing investor demand. Our Sponsor has done so since 2019. We have also publicly declared as part of Frasers Property, our support for the TCFD recommendations.

How we create value and our progress in FY2022
The table below outlines our approach and progress towards managing climate-related risks and opportunities.

TCFD core element	Our approach	Our progress in FY2022
Governance Describe the organisation's governance around climate-related risks and opportunities.	The Board of FLCT provides oversight on broader sustainability trends, risks and opportunities to connect sustainability with corporate purpose and strategy. The Board is supported by the Sponsor's Sustainability Steering Committee and Sustainability Project Management Office.	We have expanded the Board's oversight over the FLCT sustainability strategy by redefining the remit of the Audit, Risk and Compliance Committee.
Describe management's role in assessing and managing climate-related risks and opportunities.	Senior management manages climate risk, identifies potential opportunities through accountability linked to remuneration and provides quarterly updates to the Board on climate-related risk to support decision making.	We established sustainability metrics, including climate-related objectives, within 'Key Responsibility Areas' and linked them to executive remuneration via the balanced-scorecard methodology. Three of our senior leaders underwent training on assessing and managing climate risks and opportunities, which included a deep-dive into TCFD recommendations and steps to be taken to better align with them and incorporate robust risk management processes into our strategy.

ACTING PROGRESSIVELY

TCFD core element	Our approach	Our progress in FY2022
Strategy Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	We carry out climate risk assessments that involve identifying potential risks to our assets and estimating financial impacts to the business using scenario analysis.	As part of our climate risk assessments, we have prioritised key physical and transitional climate-related risks to FLCT, and their financial impact to our business. We have also identified several climate-related opportunities we can leverage on. For further details on our assessed material risks and opportunities, please refer to Table A on Page 135
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Our climate risk assessments include an analysis of both the financial impacts to our major operating revenue and costs items in the absence of any mitigation actions and the potential value of damages to our assets in the face of extreme weather events.	FLCT developed an action plan to address and mitigate key physical and transition risks and prioritised strategies to achieve net-zero carbon by 2030. This includes (but is not limited to): – Improving greenhouse gas data coverage to facilitate more targeted decision-making – Developing enhanced green leases to help our tenants reduce power consumption while improving our visibility over energy usage patterns – Building partnerships for greater supply chain resilience
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our property managers have established a Resilience Policy and Framework to guide the implementation of sustainability strategy and embed resilience to a range of shocks and stresses across our asset portfolio in Australia. We also carry out climate and social resilience assessments that cover climate change and societal drivers such as sea level rise, temperature, precipitation, diversity and inclusion, affordability and access, skills and leadership and health and well-being. The assessments were performed via close engagement with key stakeholders in FLCT, including risk management personnel, to ensure that an understanding of operational continuity within the portfolios was integrated into resilience assessments. The Resilience Policy and Framework will be updated in FY2023 in alignment with TCFD recommendations to provide better integration of climate-related risks into our core business strategy.	We have reassessed climate-related risks in our assets in line with Green Star performance. This process is conducted every three years to ensure a continuous review of risks and trends. We have performed a readiness assessment of our practices as they relate to managing climate-related risk. This informed a roadmap to align more closely with TCFD recommendations. Examples of actions within the roadmap include: – Better integrating climate change risks and opportunities into strategic decision making – Providing annual training for business leaders – Strengthening processes to identify, assess, and manage climate-related risks and improving the quality of climate-related financial disclosures – This roadmap, approved by the FLCT Board, enables us to methodically address and mitigate physical and transition risks that are key to our business

TCFD core element	Our approach	Our progress in FY2022
Risk Management Describe the organisation's processes for identifying and assessing climate-related risks.	We seek to integrate climate risk management into our governance, business strategy and risk management procedures.	Cognisant of the serious impact that climate-related risks have on our properties and operations, environmental risk has been included in the FLCT Risk Register for monitoring. The relevant key risk indicators include retaining a 4-Star GRESB Real Estate Assessment rating for the FLCT portfolio and future proofing FLCT assets via green initiatives.
Describe the organisation's processes for managing climate-related risks.	We strive to ensure that our investment process accurately captures physical and transitional climate risks. Further, climate-related risk is managed through the inclusion of 'Climate Adaptation Plans' across all Australian developing activities to help manage, mitigate, and where appropriate, adapt to climate change and its impacts.	We have integrated mandatory criteria on climate-related risks into our acquisition process, including: – Availability of climate risk assessments – Availability of climate change adaption plans – Attributes including solar capacity, rainwater tank capacity, and availability of LED and EV charging stations – Certification against recognised green building standards In addition, FPUK, which supports us in the management of FLCT's properties in the UK, has implemented a sustainability acquisitions checklist which considers, among other factors: – Availability of climate risk assessments – Risk rating for various flood risks – History of climate-related events causing damage on site We include provisions within new and renewed lease agreements for tenants to share environmental data with our asset managers. This enables us to closely and consistently monitor the usage of the property and provide performance benchmarks and guide tenants' electrical and water consumption to align with our own performance goals.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We have implemented an Environmental, Health & Safety Policy and an Environmental, Health & Safety Management System aligned to the ISO 14001 and ISO 45001 standards in our key operating regions.	We included climate related issues in our environmental risk identification and commenced integrating our climate related risk identification activities within FLCT Enterprise Risk Management processes and associated risk register practices.

ACTING PROGRESSIVELY

TCFD core element	Our approach	Our progress in FY2022
Metrics and Targets Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	To ensure that we are on track to meet our target of net-zero carbon emissions by 2030, we measure and report our energy consumption and greenhouse gas emissions across Scopes 1, 2 and 3. Please refer to the Energy and Carbon section for detailed information on our metrics and targets.	We measure and disclose our performance using metrics including: – Scope 1, 2 and 3 energy consumption (GWh) – Scope 1, 2 and 3 energy intensity (kWh/m2) – Absolute Scope 1, 2 and 3 greenhouse gas emissions ('000 tonnes of CO_2e) – Scope 1, 2 and 3 greenhouse gas intensity ($kgCO_2e$/m2) FLCT has also restructured this Sustainability Report to better align with recommended TCFD disclosures.
	Across asset classes and regions, we certify our properties using third-party green building standards, and we continue to take steps to meeting our goal of achieving green certification for 80% of our commercial and industrial portfolio by FY2024.	89% of our portfolio by GFA is certified or pursuing certification against third-party green building schemes such as Green Star, NABERS, BREEAM and BCA Green Mark. Refer to "Green Building Certification Progress" under the Responsible Investment section for a full list of certifications. Founded by Green Building Council of Australia in 2003 and built on a quality process accredited to ISO 9001 standards, the Green Star rating system and certification process is a benchmark for healthy, resilient, positive buildings and places. While our industrial properties in Australia are certified to an average of 4-Star Green Star Performance ratings, the highest in the country, we are targeting a minimum of 5-Star Green Star Design & As Built ratings for all new industrial projects.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Please refer to the Energy and Carbon section for further information on metrics related to greenhouse gas emissions.	We are continuously increasing our carbon and climate related data coverage under Scopes 1,2, and 3. Examples of new data disclosed in this Sustainability Report include: – Scope 3 energy consumption (GWh) – Scope 3 energy intensity (kWh/m^2) – Absolute Scope 3 greenhouse gas emissions ('000 tonnes of CO_2e) – Scope 3 greenhouse gas intensity ($kgCO_2e/m^2$)
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We introduced goals to inspire ambitious climate action, such as attaining net-zero carbon across our business and value chain by 2030, being climate-resilient and establishing adaptation and mitigation plans by 2024, and financing the majority of our new sustainable asset portfolios with green and sustainable financing by 2024.	Each year, we track and disclose our progress against our targets. Key initiatives include developing a road map to achieving net-zero carbon emissions by 2030, including setting interim carbon emissions targets, and submitting these targets to the SBTi for validation. As at 30 September 2022, 65% of our total borrowings are in the form of green, sustainable and/ or sustainability-linked financing. FPUK, which supports the management of our properties in the UK, has targeted to deliver a 61% reduction in Scope 1 and 2 carbon emissions, and a 46% reduction in Scope 3 carbon emissions in its business parks by 2030, by taking steps such as phasing out gas in new developments, installing rooftop solar photovoltaics and greening the supply chain.

Table A: FLCT's Climate Risks and Opportunities

Risks		Opportunities
Physical • Asset damage from river floods • Higher mean temperatures • More frequent/intense heatwaves, floods, bushfires, droughts and storms **Transitional** • Carbon pricing • Policy requirements for low carbon buildings	**The financial impact of climate-related risks of our business include:** • Higher expenses in cooling, heating, insurance, repair and maintenance and ventilation due to extreme weather variations • Higher expenses from carbon-related legislation in various countries, whether due to tax or more frequent replacement of equipment • Lower revenues from closure of operations due to acute and chronic climate events • Lower portfolio valuations with higher costs of capital due to assets located in areas of high climate risk	• Improving the resilience and energy efficiency of our portfolio • Deepening partnerships with our tenants • Promoting innovative business models, such as for the retailing of renewable energy

Our key next steps

We strive to improve the quality of our climate-related financial disclosures each year, as we continue deepening our understanding of how climate change would affect our people and business. Our priorities in FY2023 include building capacity on what TCFD recommendations seek to achieve, what the industry and global context pertaining to TCFD recommendations is, and how implementing TCFD recommendations can create value for our business and key stakeholders.

INNOVATION

What this means to us

We aim to foster a culture of innovation by expanding on our design and technological capabilities to create value and strengthen our competitive edge. To deliver lasting change and to differentiate ourselves as an employer of choice, we leverage innovative solutions, harmonise and streamline progress and empower our team to surface progressive ideas.

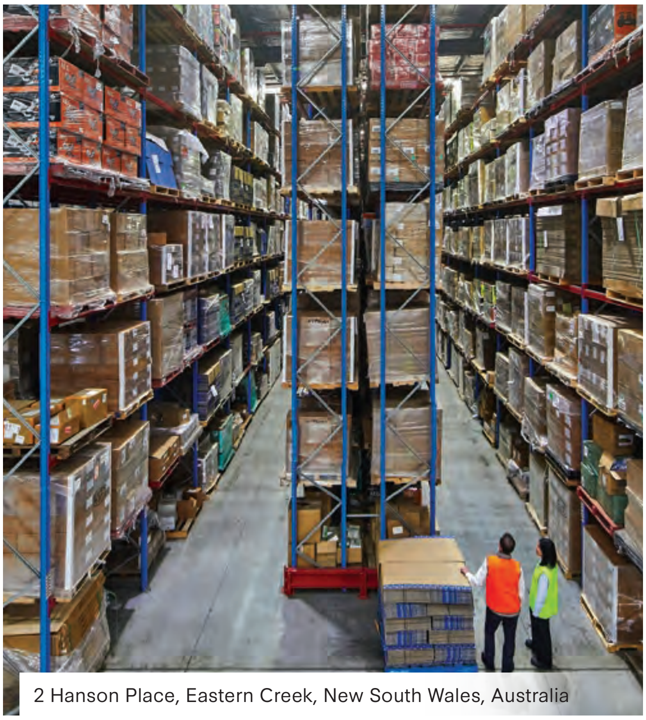
How we manage Innovation

We actively expand our innovation capabilities by adopting the design thinking tools that our Sponsor has been introducing to all employees, with staff from Australia also being trained to be innovation champions. These employees, while not being direct employees of the REIT Manager, assist to facilitate design thinking projects related to the management of our properties. Within FLCT, we have trained innovation champions to bring the innovation culture to the next level. The innovation champions have undergone externally certified training to equip them with the skills to promote ideation and implementation of new ideas. In the UK, the FPUK team which supports the management of our UK commercial and industrial properties also participated in a series of design thinking workshops to learn effective online collaboration tactics while working remotely.

How we create value and our progress in FY2022

Across the business, we implemented DASH, a programme to encourage innovation by crowd-sourcing ideas to solve practical challenges for our business and our stakeholders through a monthly problem statement. Each DASH spans four weeks – from announcing a challenge to shortlisting and implementing ideas.

This year, we also implemented a digital solution to manage our diverse portfolio of properties across multiple regions. The project leverages best-in-class standards to apply a consistent approach to capturing and analysing data across the portfolio, allowing us to make better informed decisions and gain a deeper understanding of our portfolio.



2 Hanson Place, Eastern Creek, New South Wales, Australia

SUSTAINABILITY

CONSUMING RESPONSIBLY

With our portfolio of industrial and commercial properties across five major developed markets, we recognise that we have both a duty and a valuable opportunity to minimise the environmental impacts in our value chain. We continue to make progress against our goal of achieving net-zero carbon emissions by 2030, taking steps to accelerate decarbonisation including implementing energy efficient solutions, increasing renewable energy use and partnering stakeholders to implement sustainable practices across our properties – from design through to operations. With an eye on evolving stakeholder needs and expectations, we constantly engage and collaborate with our tenants to help them meet their own environmental goals.

OUR APPROACH

- Establish policies that provides the framework to sustainable business operations and manage use of resources efficiently
- Engage with tenants and customers to increase awareness and promote responsible consumption
- Implement asset enhancement initiatives and energy, water and waste audits and improvement plans

OUR PROGRESS

Our goals and targets are reviewed periodically, with our next target review scheduled for December 2022. The table tracks our progress of the targets that have been established during our most recent target setting exercise in 2020:

Focus Area	Our Goals	Our Progress in FY2022	Status*
Energy & Carbon	• Be net-zero carbon in operations from 2030	• Developed roadmap to achieve net-zero carbon emissions by 2030, including setting interim carbon emissions targets • Submitted carbon reduction targets to the SBTi for validation • Installed 4,662 kW of solar panels in our properties, achieving a coverage of 49% and 67% by GLA of our industrial and commercial portfolio respectively	On Track
	• Retrofit 90% of Australian industrial assets with high-efficiency lighting by 2021	• 100% of our Australian industrial assets have been retrofitted with high efficiency lighting	Achieved
	• Develop carbon offset offerings for tenants through partnerships by 2020	• The initiative is on-going. Progress has been impacted by the COVID-19 pandemic	Not on Track
Water	• Achieve 20% water usage intensity reduction by 2030 from a baseline of 2015 for Singapore assets	• Water intensity reduced by 11.0% to 0.41 m^3/m^2 • Alexandra Technopark in Singapore certified a PUB Water Efficient Building	On Track
Waste	• Develop a general waste and recycling program, a partnership with tenants under the green lease initiative in Singapore	• Increased scope of disclosure in this Report to include metrics on waste and recycling for landlord-controlled areas • Reduction in waste generated in our commercial properties by 27% compared to FY2021 • Collected 59 kilograms of electronic waste for recycling at Alexandra Technopark	In Progress
Materials & Supply Chain	• Establish a responsible sourcing policy and implement it by start of 2021	• Implementation of Group Responsible Sourcing Policy underway • Frasers Property Australia, Frasers Property Industrial Australia and FLT Australia Trust jointly published their second Modern Slavery Statement • FPUK published its fourth Modern Slavery Statement	On Track

* **Achieved:** Target has been attained. **On Track:** Target is on track to be achieved on time. **In Progress:** Target is delayed but progress is still being made and could still be achievable on time. **Not on Track:** Target is delayed to the point that it is unlikely that it will be achieved on time

ENERGY AND CARBON

What this means to us

We believe there is a narrowing window for action to mitigate climate change and avoid its worst impacts. Given that buildings contribute to 39% of global energy-related greenhouse gas emissions, we are cognisant of our responsibility to partner stakeholders in our value chain to accelerate a transition towards a low-carbon economy. We strive to leverage on opportunities to decarbonise at every phase of building construction and operation, from maximising energy efficiency to increasing our use of renewable energy.

How we manage Energy and Carbon

Guided by our target to achieve net-zero carbon emissions by 2030, we take active steps to reduce the carbon footprint of our portfolio. We measure and manage our greenhouse gas emissions, implement policies which provide the framework to sustainable business operations and manage use of resources efficiently, and engage with our tenants and customers to increase awareness and promote responsible consumption.

How we create value and our progress in FY2022

Quantifying our carbon impact

To ensure that we are on track to meet our net-zero carbon goal, we measure and report our energy consumption and greenhouse gas emissions across Scopes 1, 2 and 3.

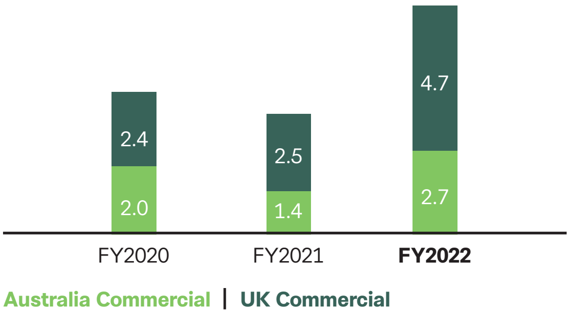
FLCT's logistics and industrial properties are fully tenant-controlled. As such, there is no scope 1 and 2 energy usage to report. Fuel is not used at Alexandra Technopark, and accordingly, there is no Scope 1 fuel consumption to report for Singapore.

In FY2022, fuel consumption from landlord-controlled areas in our Australia and UK commercial properties amounted to 7.4 GWh, an increase of 89.7% from FY2021. This was due to the inclusion of Blythe Valley Park in the UK, which was acquired in June 2021. Moreover, we also observed more employees returning to work. As a result, our weighted aggregate Scope 1 energy intensity increased by 76.2% to 49.7 kWh/m^2. Similarly, Scope 1 emissions and intensity across the portfolio reported Y-o-Y increases, with our weighted aggregate GHG emissions intensity increasing by 75.4% to 9.1 $kgCO_2e/m^2$.

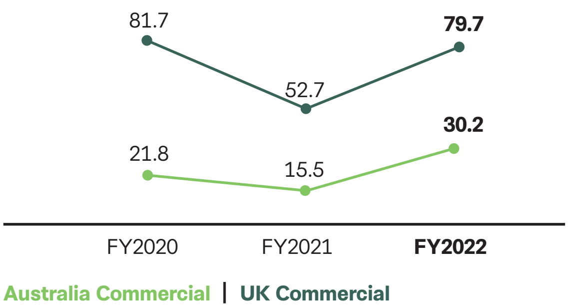
4 Energy consumption and GHG emissions are based on landlord's areas and exclude tenants' areas. GHG emissions are calculated using the location-based method. Total energy consumption includes fuel consumption in commercial properties in Australia and the UK, and are reported as a whole in text and separately in charts. Scope 1 GHG data for the reported periods are restated to factor in replacement of previous estimates with actual data, and updates in historical emissions factors

Scope 1[4]

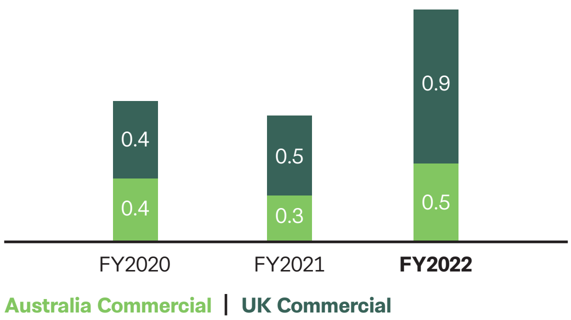
Scope 1 Energy Consumption
(Fuel) (GWh)



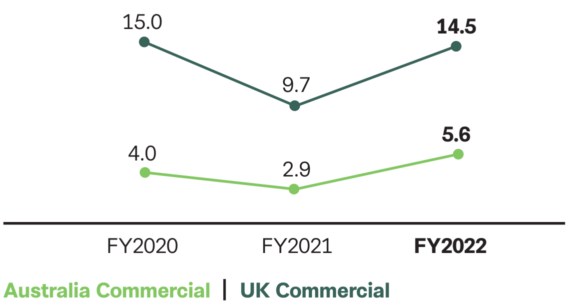
Scope 1 Energy Intensity
(Fuel) (kWh/m^2)



Scope 1 GHG Emissions
(Fuel) ('000 tonnes of CO_2e)



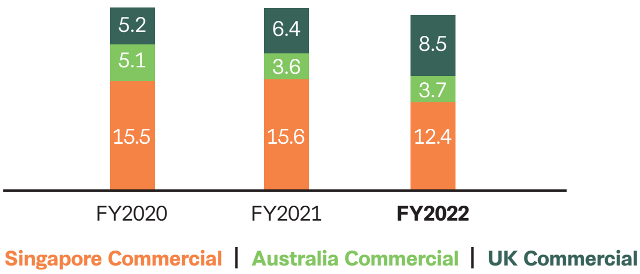
Scope 1 GHG Emission Intensity
(Fuel) ($kgCO_2e/m^2$)



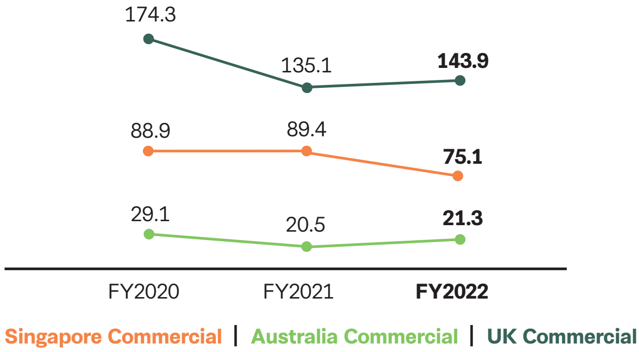
CONSUMING RESPONSIBLY

Scope 2[5]

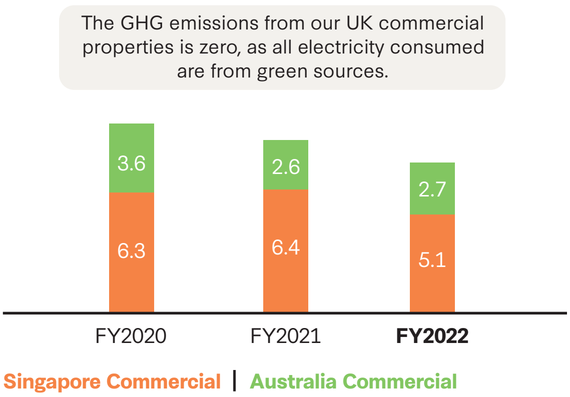
Scope 2 Energy Consumption
(Electricity) (GWh)



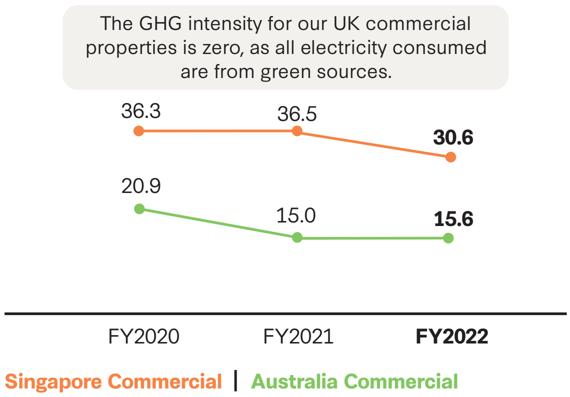
Scope 2 Energy Intensity
(Electricity) (kWh/m²)



Scope 2 GHG Emissions
(Electricity) ('000 tonnes of CO_2e)



Scope 2 GHG Emission Intensity
(Electricity) ($kgCO_2e/m^2$)



Electricity consumption from landlord-controlled areas in our Singapore, Australia and UK commercial properties amounted to 24.6 GWh, a 3.9% reduction from FY2021 due to more efficient use of energy.

As a result, the weighted aggregate Scope 2 energy intensity decreased by 6.7% to 60.2 kWh/m² Y-o-Y, while the weighted aggregate Scope 2 GHG emissions intensity decreased by 19.5% Y-o-Y to 18.2 $kgCO_2e/m^2$. The lower Scope 2 energy and GHG emissions were attributable to our continuous effort to raise awareness about energy reduction amongst our properties.

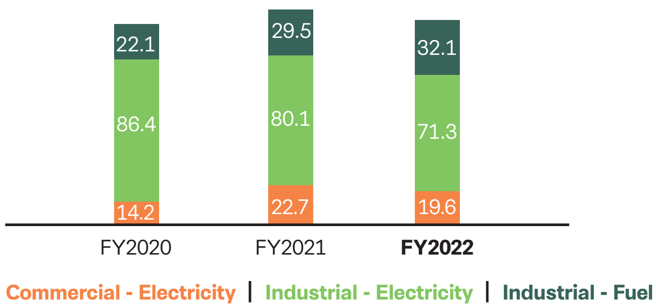
A total of 15.2 GWh of renewable energy was used in our commercial and industrial properties in FY2022, of which 8.7 GWh was purchased off-site from third parties and 6.5 GWh was generated from on-site solar PVs.

5 Energy consumption and GHG emissions are based on landlord's areas and exclude tenants' areas. GHG emissions are calculated using the location-based method. Total energy consumption includes purchased electricity, on-site generated renewable energy, and are reported as a whole in text and separately in charts. Scope 2 GHG data for the reported periods are restated to factor in avoided emissions from use of renewable energy, replacement of previous estimates with actual data, and updates in historical emissions factors. For the Australian commercial properties, some data were estimated based on the data management system's estimation tool. For the commercial properties in the UK, FY2022 Q4 consumption is estimated

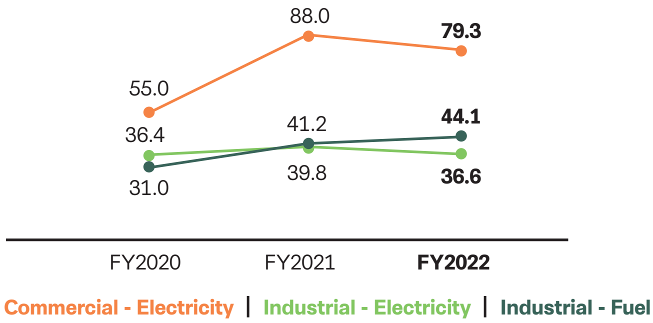
6 Energy consumption and GHG emissions are based on tenants' consumption only. GHG emissions are calculated using the location-based method. Total energy consumption includes purchased electricity, on-site generated renewable energy, and fuels, and are reported as a whole in text and separately in charts. GHG data for the reported periods are restated to factor in avoided emissions from use of renewable energy, replacement of previous estimates with actual data, and updates in historical emissions factors. Data coverage for the Industrial portfolio excludes one Australian tenant and 14 German properties. For the Australian industrial properties, some data were estimated based on the data management system's estimation tool. For the European industrial properties, data for the period from January to September 2022 were estimated by adopting a trailing twelve-month calculation methodology

Scope 3[6]

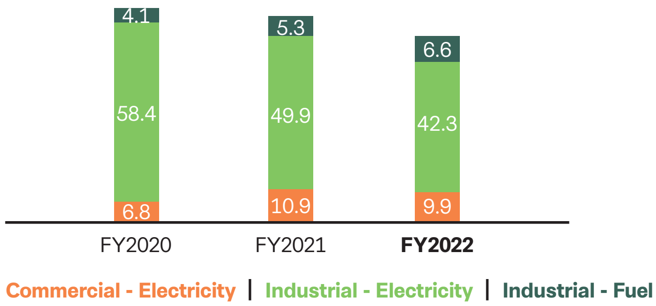
Scope 3 Energy Consumption
(GWh)



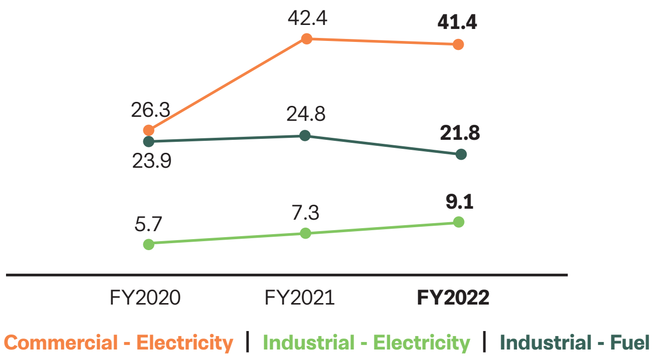
Scope 3 Energy Intensity
(kWh/m²)



Scope 3 GHG Emissions
('000 tonnes of CO_2e)



Scope 3 GHG Emission Intensity
($kgCO_2e/m^2$)



Despite having limited control over their energy management processes, we proactively engage our tenants on reducing energy consumption. In FY2022, total energy consumption at tenant-controlled areas across our commercial and industrial properties amounted to 122.9 GWh. This represented a 7.0% reduction from FY2021, attributable to a collaborative effort with our tenants to promote more efficient use of energy. The weighted aggregate Scope 3 energy intensity from electricity use in our commercial and industrial properties decreased by 9.9% and 7.9% respectively from FY2021. This led to a corresponding reduction in Scope 3 GHG emissions for these properties. However, energy intensity from fuel use in our industrial properties increased by 7.0% from FY2021 due to higher levels of operational activities. In general, we observed a 9.5% decrease in GHG emissions intensity from electricity and fuel consumption at tenanted areas.

As at 30 September 2022, we captured and analysed 99% of our Australian industrial tenants' electricity and gas usage. Using the data, we provide practical assistance in improving their energy consumption behaviours.

In Europe, data coverage stands at 21 out of 35 properties, an increase from 15 out of 35 properties in FY2021.

Taking active steps to decarbonise our portfolio
We seek opportunities to ensure optimal energy performance across our properties and reduce our reliance on non-renewable energy. Our business parks and industrial properties in the UK implemented significant energy efficiency improvements in FY2022, including:

- Replacing gas with electric equipment – such as replacing gas boilers with an electric heat pump at Building 150, Pinehurst 1 and 2 buildings in Farnborough Business Park, Thames Valley, which have the potential of reducing primary consumption of energy by up to 60%
- Installing water efficient fixtures, such as low flow taps and dual flush toilet bowls at Maxis Business Park, Bracknell
- Replacing onsite vehicles with electric solutions, such as an electric vehicle for the security team at Blythe Valley Park, Solihull

CONSUMING RESPONSIBLY

FLCT's business parks properties in the UK are aligned to FPUK's roadmap for achieving net-zero carbon emissions across all landlord-controlled areas by 2030. Our properties in the UK, which FPUK supports in the management of, are aligned to the UK Net Zero Carbon Framework published by the Better Buildings Partnership ("BBP"). All of our business parks in the UK are certified against ISO 14001 standards.

To ensure continuous improvements to our energy and resource efficiency, we certify our properties with third-party green building standards. For instance, we assess our commercial properties in Australia against NABERS Energy ratings to understand, benchmark and improve the energy efficiency of each of our buildings. Each of our commercial properties has at least a 4.5-Star NABERS Energy base building rating, with 357 Collins Street holding a 6.0-Star NABERS Energy base building rating, indicating market leading performance with half the greenhouse gas emissions of a 5.0-Star rated building. To ensure optimal energy efficiency, Alexandra Technopark in Singapore is also certified with ISO 50001 and ISO 14001 standards.

Transitioning towards low carbon modes of operation by reducing our reliance on fossil fuels remains an area of high priority for FLCT. We have successfully retrofitted all our Australian industrial assets with high efficiency lighting, an outcome of our commitment to progressively decarbonise our operations. In addition, we have installed 4,662 kW of solar panels in our properties, achieving a coverage of 49% and 67% respectively of our industrial and commercial portfolio by GLA. Further, our industrial properties in Australia generated 6.5 GWh of renewable energy from on-site solar photovoltaics ("PV") in FY2022, while in Europe, more than 1,770 kW of solar panels were installed in our properties this year.

WATER

What this means to us

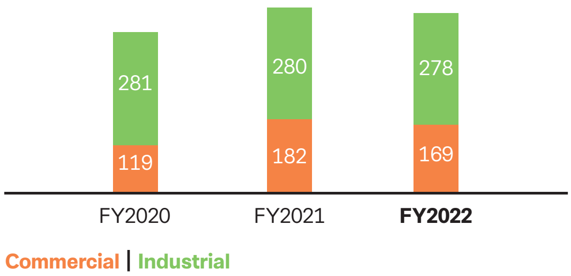
Water is a fundamental resource to our business and operations, from construction to domestic and process uses. We have identified more than 50% of assets within our portfolio by floor area that reside in countries under high or extremely high water stress, according to World Resources Institute's research (2013). With severe water stress expected to affect half the world's population by 2030, a challenge set to intensify over time as climate-related impacts take shape, managing and reducing our water use continues to be one of our biggest priorities.

How we manage water

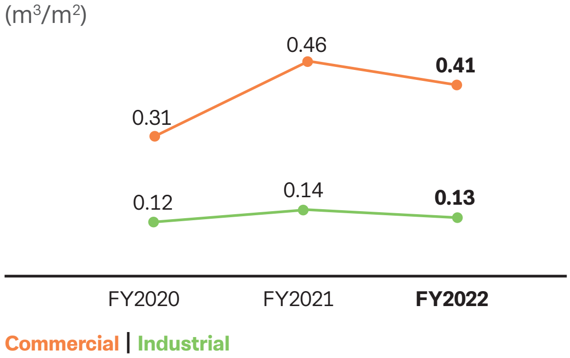
We aim to achieve a 20% reduction in water usage intensity by 2030 from a baseline of 2015 for Singapore assets by collaborating with our tenants to measure and manage their water use and continuing to assess our properties against third-party building certification schemes.

How we create value and our progress in FY2022

Water Consumption
(Megaliters)



Water Intensity
(m^3/m^2)



OUR COMMERCIAL PORTFOLIO[7]

In FY2022, total building water consumption in our commercial portfolio decreased by 7.1% Y-o-Y to 169 megalitres. Water intensity was 0.41 m^3/m^2, a decrease of 10.9% from the previous year. During the year, a total of 33,550 m^3 of NEWater[8] was used in Alexandra Technopark in Singapore and 4,898 m^3 of collected rainwater was used in Caroline Chisholm Centre in Australia.

We continue to assess our properties against third-party building certification schemes to ensure that we are aligned to robust industry standards of

7 Water consumption in Singapore and the UK is based on landlord's areas and exclude tenants' areas. Water consumption in Australia is based on whole building area. Data coverage for the commercial portfolio excludes one recently acquired UK property. Water consumption for the reported periods has been restated to replace previous estimates with actual data. For some of the Australian properties, data were estimated based on the data management systems' estimation tool. For the properties in the UK, consumption data for the period from July to September 2022 ("4QFY2022") were based on estimates

8 In Singapore, NEWater – ultra-clean, high-grade water reclaimed from treated used water – is used for industrial and air-con cooling purposes at wafer fabrication plants, industrial estates and commercial buildings in a government-led effort to buffer the country's water supply

water management. In FY2022, 357 Collins Street in Melbourne was upgraded to a 6.0-Star NABERS Water rating, the Caroline Chisholm Centre in Canberra holds a 5.5-Star NABERS Water rating, and Central Park in Perth holds a 3.5-Star NABERS Water rating. Alexandra Technopark in Singapore is certified as a Water Efficient Building by the PUB.

This year, to improve water efficiency for our tenants, we installed fixtures such as low flow taps and dual flush toilet bowls at Maxis Business Park in Bracknell.

6-Star NABERS Water Rating for 357 Collins Street in Melbourne, Australia

357 Collins Street, Melbourne, Australia

In our pursuit of adhering to rigorous standards in water management, we attained a 6-Star NABERS Water rating for 357 Collins Street in Melbourne, Australia - the highest possible rating. This brings us half a star up our rating last year, demonstrating our industry leadership and continuous efforts at driving efficient water consumption.

OUR INDUSTRIAL PORTFOLIO[9]

In FY2022, total water consumption for our industrial properties decreased to 278 megalitres. Water intensity remained stable at 0.13 m^3/m^2. Our tenants are the primary consumers of water at our industrial properties, and while we have little control over this usage, we continue to work together with them to manage their consumption. As a key first step, we aim to continuously expand our data coverage of water consumption of tenant-controlled areas across our portfolio. As at 30 September 2022, we have an overview of all our tenants' water usage in Australia and the Netherlands. In Germany, we have an overview of 62% of our properties' water usage and look forward to increasing our data coverage through the installation of more smart water solutions.

Moving forward, we will continue to undertake water efficiency audits for our most water usage intensive properties, present recommendations to our tenants, and incorporate such recommendations into our development activities or AEI delivery, where possible.

Expanding installation of smart water meters to our assets in Germany

After a successful pilot project of installing automated water meter readings via Smartvatten devices in all our industrial assets in the Netherlands to provide us with greater visibility over water consumption data, we have expanded the project to our properties in Germany.
In FY2022, we arranged interactive training workshops for our tenants in Germany on the need for a water consumption monitoring service, Smartvatten, as part of a collaborative effort to increase water efficiency. During the workshops, we engaged tenants on their specific needs and collaborated with them to ensure that all devices could be effectively installed.

These smart water systems allow our team and customers to track building water consumption directly from the meter, helping to identify and mitigate any potential leaks and to streamline online monitoring. The technology helps us and our tenants to save water and time taken to track consumption data. Moving forward, we plan to extend installation to the remainder of our assets in Germany by FY2023.

9 Water consumption is based on tenants' consumption only. Data coverage for the Industrial portfolio exclude nine German properties. Water consumption for the reported periods has been restated to replace previous estimates with actual data. For the Australian industrial properties, some data were estimated based on the data management system's estimation tool. For the European industrial properties, data for the period from January to September 2021 were estimated by adopting a trailing twelve months calculation methodology

CONSUMING RESPONSIBLY

WASTE[10]

What this means to us

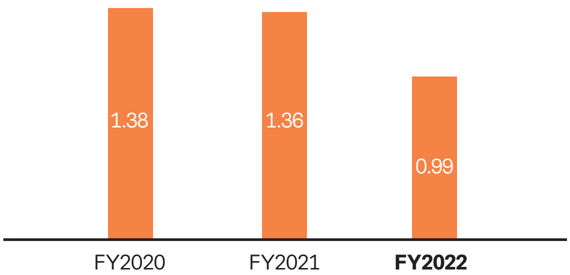
We are committed to managing our waste streams to minimise our impact on the environment and to conserve natural resources. We also promote waste reduction at our properties by providing the necessary facilities such as recycling bins and raising awareness amongst our tenants and employees through educational posters and other communications.

How we manage waste

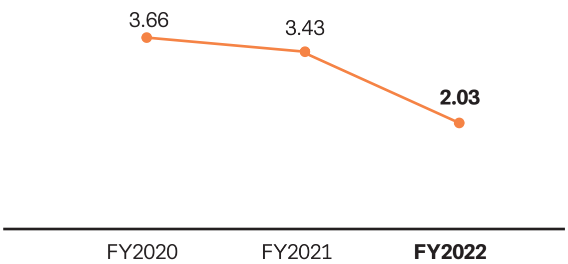
We adopt a partnership-based approach to managing waste in our portfolio. In Singapore, we have set a goal to implement a general waste and recycling programme, a partnership with tenants under the green lease initiative.

How we create value and our progress in FY2022

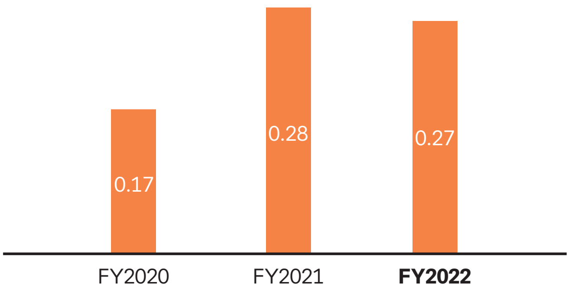
Waste Generated
('000 tonnes)



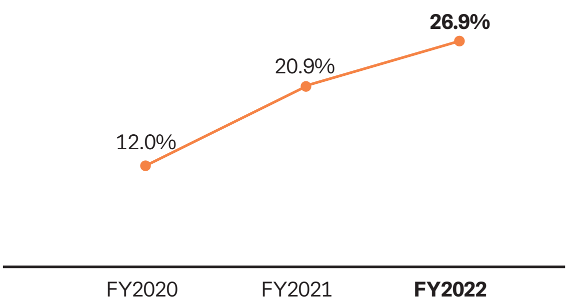
Waste Intensity
(kg/m²)



Waste sent for recycling
('000 tonnes)



Recycling Rate (%)



In FY2022, our commercial properties generated approximately 990 tonnes of waste, a significant decrease from 1,360 tonnes in FY2021. At 2.03 kg/m^2, waste intensity decreased by 40.8% Y-o-Y. Of the waste that we generated, 26.9% was recycled. The higher Y-o-Y recycling rate is attributed to higher levels of tenant activity and the results of initiatives to engage tenants and the public to participate more actively in recycling initaitives. In Australia, at 357 Collins Street, we continue to recycle used cooking oil by converting to bio-fuel or food for livestock. In Singapore, we partnered with ALBA E-waste Smart Recycling to continue encouraging our commercial tenants to recycle electronic waste ("e-waste"). From this initiative, Alexandra Technopark collected 59 kg of e-waste which will be processed under a national regulated e-waste management system.

10 Waste generated and recycled is based on whole building area in Singapore and Australia, and landlord-controlled areas in the UK. Total waste generated and recycled for the reported periods has been restated to replace previous estimates with actual data. 4Q FY2022 waste generated and recycled data for the commercial properties in the UK are estimated. We do not report our waste generation for industrial properties as it is largely dependent on tenants' economic activity and are hence not meaningful

MATERIALS AND SUPPLY CHAIN

What this means to us

Cognisant that our environmental and social impacts extend beyond our operations to our supply chain, we implement responsible sourcing practices and strive to collaborate with our suppliers to minimise risks along the value chain.

How we manage materials and supply chain

We adopt a risk-based approach to supplier management backed by policies and frameworks. FLCT's Responsible Sourcing Policy is aligned to our Sponsor's Group Responsible Sourcing Policy and governs our approach to sustainable procurement.

How we create value and our progress in FY2022

In FY2022, FLCT made progress towards implementing our Responsible Sourcing Policy, which sets out our expectations of our contractors and suppliers in four key areas:

- Environmental management – To manage the environmental impacts of their products and services and continuously seek to improve their environmental efforts
- Human rights and labour management – To eliminate human rights violations and oppose human trafficking in their operations and supply chains and provide fair and transparent employment conditions to their employees
- Health, safety and well-being – To manage health and safety risks and ensure that workers are safe and protected
- Business ethics and integrity – To uphold strong business ethics and ensure that business is conducted lawfully and with integrity

In FY2022, we mapped out the key suppliers of our asset management business based on the degree of environmental and social risks and initiated a process to engage them on our Responsible Sourcing Policy.

Addressing modern slavery continues to be a priority for FLCT. In FY2022, we joined our Sponsor to publish our second Modern Slavery Statement, building on progress made over the past few years to eliminate modern slavery and elevate the well-being of stakeholders across our Australian portfolio. Informed by an engagement with industry experts in 2018 and best practice management, the robust risk management framework focuses on identifying, mitigating, and remediating modern slavery risks, and assessing the effectiveness of these actions.

In Australia, our properties have adopted a risk-based approach to supplier management, in which we gradually engage with our direct suppliers based on their level of risk. We have categorised these suppliers into four categories of risk that are defined by annual spend and vendor type:

	Category 1	Category 2	Category 3	Category 4
Scope	High risk, high spend	High risk, low spend	Low risk, high spend	Low risk, low spend
Annual Spend (AUD)	>$5 million	<$5 million	>$5 million	<$5 million
Vendor Type	Build form construction/ maintainance contracts, cleaning, security, IT electronics, marketing goods catering, landscape maintenance, labour hire, waste removal, fit-out contractors		Civil construction contracts, all remaining vendor types	All remaining vendor type

To date, 69 of our suppliers have completed the Modern Slavery Supplier Assessment in partnership with Property Council of Australia, the technology company Informed365 and other leading property developers through the Property Council of Australia Supplier Platform. Six of the supplier assessments have been verified by an independent party to ensure accuracy of responses. We aim to expand our engagement by requesting all Category 2 suppliers to complete the assessment, with the intention to extend this further on a category-per year basis. All suppliers engaged since FY2021 are required to resubmit the assessment on an annual basis to ensure its ongoing relevance.

Further, our Australian business endorsed and published an internal modern slavery risk procedure and updated internal Health, Safety and Environment ("HSE") risk management procedures to include modern slavery considerations. All Frasers Property employees in Australia were also trained on ways to identify and mitigate modern slavery in their personal and professional capacities.

In FY2022, FPUK published its fourth Modern Slavery Statement, setting out its governance structures and processes for identifying and managing risks around modern slavery and human trafficking. For all new developments and asset enhancement initiatives over £1 million, it requires the principal contractor to register with the Considerate Constructors Scheme ("CCS"), a voluntary, not for profit scheme that encourages contractors to meet best practice standards in areas such as workforce, safety, community and environment. The CCS Code of Practice, which is monitored through audits, requires registered contractors to provide a workforce environment where everyone is respected, treated fairly and the staff meet high standards of welfare, health and safety.

As FLCT engages with various stakeholders, we strive to influence our tenants on our sustainability objectives. We adopt the use of a green lease standard for our industrial tenants to promote the use of sustainable materials and efficient management of the properties.

SUSTAINABILITY

FOCUSING ON PEOPLE

Our people are our most important asset, and we strive to nurture an environment that they can thrive in and be their best selves. With climate change impacts becoming more pressing and as the world eases into the endemic phase of the COVID-19 pandemic, it is crucial that we expand our capabilities in core skills like agility, resilience and design thinking. We invest in continuous development of our employees and take tangible steps to promote a progressive, respectful and diverse culture. We are also committed to supporting and protecting the interests, inclusion and well-being of our stakeholders through our business practices and community investments.

OUR APPROACH

- Focus on purpose, core values and agility to create a sustainable company culture
- Establish policies that focus on strengthening our human capital and leaving positive impact on communities
- Adopt practices that build synergies for our business, people and the community
- Engage stakeholders in driving awareness through collaboration, education and advocacy

OUR PROGRESS

Our goals and targets are reviewed periodically, with our next target review scheduled for December 2022. The table tracks our progress of the targets that have been established during our most recent target setting exercise in 2020:

Focus Area	Our Goals	Our Progress in FY2022	Status*
Diversity, Equity & Inclusion	• To embed diversity, equity and inclusion in our culture through employee engagement • To provide training and education that raises employee awareness of diversity and inclusion and associated benefits • To enhance processes and policies to encourage greater flexibility and diversity	• Women made up 11% and 50% of the Board of Directors and senior management respectively	On Track
Skills & Leadership	• To achieve 30 average learning hours per employee each year • To train all employees on sustainability and extend such training to the supply chain and other stakeholders • To ensure continuous learning to build a resilient organisation	• Achieved 53 learning hours per employee per year • 100% of employees are trained in sustainability	On Track
Health & Well-being	• To transform our workplace by building a wellness culture that positively engages employees • To create awareness of health management, support mental wellness and foster a connected workforce • To create a safe working environment and achieve zero injuries	• Achieved zero incidents of injuries for employees and contractors • ISO 45001 certification for our commercial property in Singapore	On Track
Community Connectedness	• To seek meaningful long-term relationships that respect local cultures and create lasting benefits • To identify measurements to quantify positive contributions	• Supported the Milk and Diapers Programme with employee volunteering and a donation of $10,000	On Track

* **Achieved:** Target has been attained. **On Track:** Target is on track to be achieved on time. **In Progress:** Target is delayed but progress is still being made and could still be achievable on time. **Not on Track:** Target is delayed to the point that it is unlikely that it will be achieved on time

11 The hiring rate refers to the number of new hires in the financial year divided by the total number of permanent employees as at 30 September 2022

12 The turnover rate refers to the number of employees who voluntarily left the company during financial year divided by the total number of permanent employees as at 30 September 2022

DIVERSITY, EQUITY AND INCLUSION

What this means to us

FLCT believes that a diverse and inclusive workplace is key in helping us to best manage and create value for stakeholders. We aim to foster an empathetic and open culture where differences are mutually respected and employees thrive. Such diversity connects us more to the communities that we serve, and the resulting wealth of knowledge, skills and experience will contribute to business success through greater productivity and talent retention.

How we manage diversity, equity and inclusion

We align with our Sponsor's group-wide Diversity and Inclusion Policy as well as the Group Diversity, Equity and Inclusion Framework, which lays a foundation for us to support a diverse and inclusive workforce. The Framework covers four key equity strands including gender equity, generation equity, cultural equity and ability equity. This is in line with FLCT's commitment to fair employment and anti-discrimination. We are a member of the Singapore National Employer Federation, and our employment practices are guided by the Tripartite Alliance for Fair and Progressive Employment practices ("TAFEP").

How we create value and our progress in FY2022

We conduct annual performance reviews consisting of an open appraisal process for all the REIT Manager's employees to assess performance and to better understand their professional development needs. Employees are rewarded based on meritocracy and have equal access to opportunities to grow.

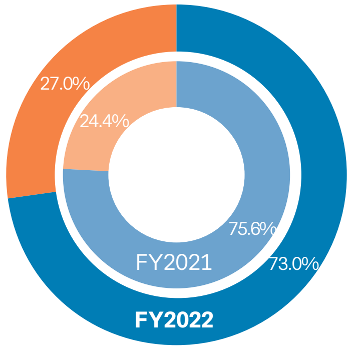
We also foster diversity and inclusion in our culture through regular employee engagement. Our employees participate in a biennial Culture Survey led by our Sponsor to help us to better understand our employees and help them to be their best selves. Following the Culture Survey, FLCT middle to senior management will have an open sharing session to look into and address the challenges faced by our team. In FY2022, we took part in an interim Pulse survey to track progress from actions arising from the survey insights. We will continue to partner our Sponsor and our employees to develop a more purpose-driven culture at FLCT.

As at 30 September 2022, the REIT Manager had a total of 37 permanent, full-time employees and one temporary employee. Our permanent employees comprised 24 women and 13 men, or 64.9% and 35.1% respectively. Women made up 50% of senior management and 11% of the Board of Directors respectively. 64.9% of our permanent employees were aged between 30 and 50. Our hiring rate[11] was 27.0%, an increase of 9.9 percentage points from FY2021, while our turnover rate[12] increased by 27.8 percentage points to 35.1%. The increase in hiring activity was attributable to the reopening of the global economy and continual easing of pandemic-related restrictions this year.

Employee Profile

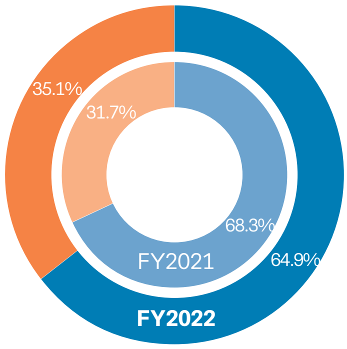
(Breakdown by Region, Gender and Age Group)

By Region



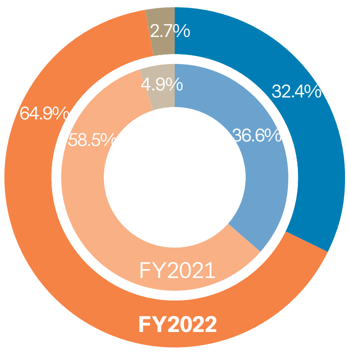
	FY2021	FY2022
Singapore	75.6%	73.0%
Overseas	24.4%	27.0%

By Gender



	FY2021	FY2022
Female	68.3%	64.9%
Male	31.7%	35.1%

By Age Group

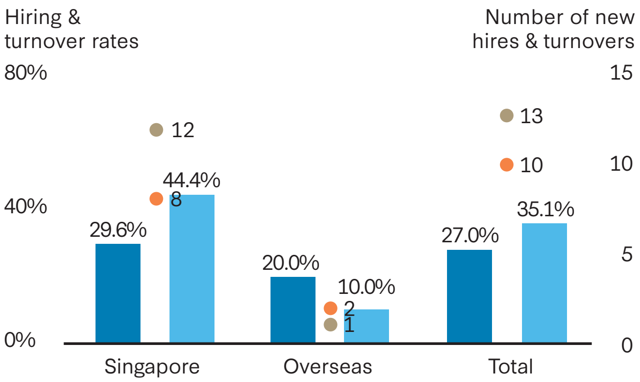


	FY2021	FY2022
<30 years old	36.6%	32.4%
30 - 50 years old	58.5%	64.9%
>50 years old	4.9%	2.7%

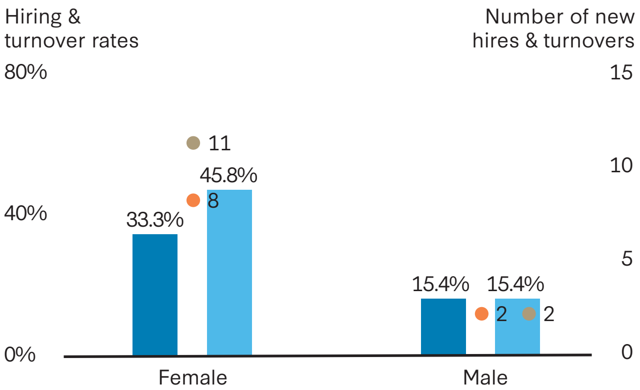
FOCUSING ON PEOPLE

Hiring and Turnover by Region, Gender and Age Group

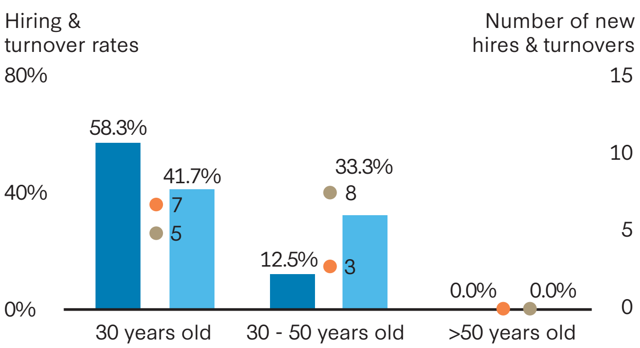
By Region



By Gender



By Age Group



Hiring rate | **Turnover rate** | **Number of new hires** |
Number of turnovers

SKILLS AND LEADERSHIP

What this means to us

Amidst today's rapidly evolving environment, we continuously develop our employee skillsets and nurture their talents to stay future-ready. Digitalisation and innovation are enabling rapid advancements in the real estate sector, and we seek to equip our team with the relevant capabilities to help them remain agile. This will strengthen FLCT's adaptability and the value that we bring to the industry.

How we manage skills and leadership

FLCT's Learning and Development ("L&D") initiatives are driven by our Sponsor's Learning Academy. Through our Learning Plan, the Learning Academy team identifies and curates comprehensive training programmes to meet the needs of diverse employees within the organisation. The Learning Plan is refreshed annually to better align with external trends and our business strategy. The Plan comprises seven learning themes: People & Culture, Sustainability, Innovation, Technology & Digitalisation, Customer-centricity, Functional Excellence and Mandatory & Compliance.

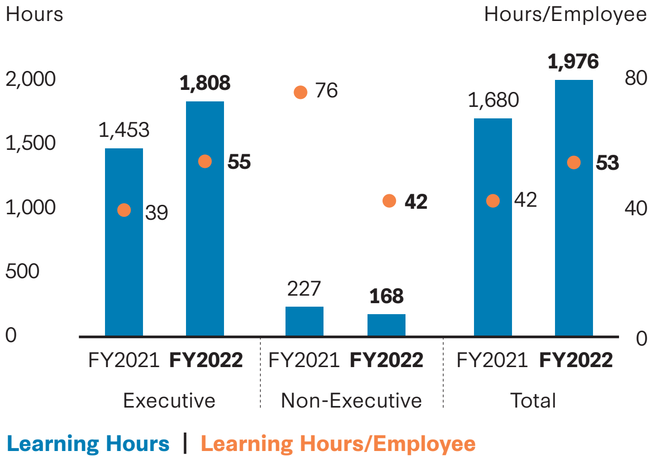
How we create value and our progress in FY2022

FLCT works in tandem with our Sponsor's Learning Academy during a learning needs dialogue session to discuss our employee requirements and craft solutions that meet our business learning priorities and outcomes. As part of the Learning Plan to support FLCT's growth and long-term sustainability, 100% of our employees completed training related to sustainability via an e-learning module.

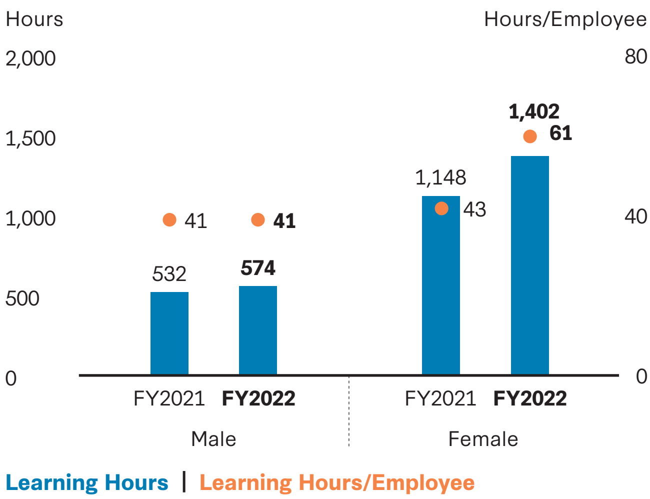
In FY2022, 18 FLCT employees participated in our Sponsor's third group-wide Learning Festival which was held across two weeks with the theme "Gain, Grow, Build". Employees had access to 21 virtual and in-person sessions presented across three tracks – Gain Insights, Grow Resilience and Build Community – involving 50 internal and external experts. This year's Festival featured a mix of in-person and virtual learning sessions, as well as elements of gamification to encourage greater engagement and participation.

Employees of the REIT Manager received an average of 53 hours of learning in FY2022, exceeding our goal of 30 average learning hours per employee. This represented a 26% increase from the 42 average learning hours attained in FY2021. Frasers Property Industrial in Australia also launched an internal mentoring programme for employees with dual aims of making industry skills and knowledge more widely accessible and encouraging a culture of mental and emotional support.

Learning Hours by Employment Category



Learning Hours by Gender



HEALTH AND WELL-BEING

What this means to us

With our multinational portfolio and diverse workforce, FLCT recognises that we can make a profound impact on the working environment of our stakeholders. The health, safety and well-being of our employee and customers is a crucial priority for us. We address this through upholding the highest safety and well-being standards within our workplace practices as well as in the development and management of our assets.

How we manage health and well-being

We have an established safety framework to create healthy working environments within our properties. This includes implementing robust occupational health and safety management systems in place to monitor and manage risks and areas of improvement. We also take guidance from our Sponsor's Enterprise Risk Management ("ERM") framework which includes the tracking of environmental, health and safety risks and human capital risks including health-and well-being.

In addition to the safety measures adopted at our properties, we have also rolled out holistic employee well-being initiatives to protect our employees and help them to maintain work-life balance. Our Sponsor's Corporate Wellness team crafts programmes to create a workplace that embodies care for staff well-being, through the Group Corporate Wellness Framework covering physical, mental, financial and environmental wellness.

How we create value and our progress in FY2022

Upholding the highest occupational health and safety standards across our properties

We strive to adhere to internationally or locally recognised occupational health and safety certification and standards across our properties. We have implemented the ISO 45001 Occupational Health and Safety ("OH&S") management system within Alexandra TechnoPark in Singapore and 357 Collins Street in Melbourne, Australia.

Moving beyond infrastructure, our property managers undergo safety related training courses to ensure that they are equipped with the right skills and knowledge to deal with security and emergency situations. To ensure that our tenants can respond to emergencies, evacuation drills are regularly conducted at our commercial properties.

We did not record any fatalities, lost-time injury, lost-days or significant safety-related non-compliance cases across our properties in FY2022.

FOCUSING ON PEOPLE

Cultivating holistic employee health, safety and well-being

All our full-time and contract employees have access to a comprehensive welfare and benefits scheme that covers insurance coverage, medical and dental benefits, maternity and parental leave and family care leave, as part of the Frasers Property Group. We make monthly contributions to our Singapore employees' Central Provident Fund accounts and Australia employee's superannuation fund accounts, in compliance with the social security policies legislated in both countries. All employees of the REIT Manager also have access to the Employee Assistance Program ("EAP") launched by our Sponsor to provide confidential professional counselling to our employees for any challenges they are facing. To further support our employees, the EAP was extended for Singapore-based staff's immediate family members in August 2022.

In line with our Sponsor, we enhanced our parental leave policy this year to empower our team through equitable opportunities in the workplace and fairer gender relations within the family. In Australia, we adopt a gender neutral approach to parental leave with an 18 week primary parental leave. Each business unit aligns their approach in line with national policies and local practices. In FY2021, one employee took paid maternity leave and returned to work in FY2022 at the conclusion of the leave period. The aforementioned employee remains employed with us to date. No other employees were on parental leave in FY2022.

FLCT respects that our employees have individual responsibilities and demands at different stages of their lives. We have a flexible work arrangement policy for all Singapore-based non-shift staff to tailor their work to their needs, such as job sharing, flexible hours and working from home or alternative sites. We have also designated every last Friday of the school term in Singapore 'Eat With Your Family Day' to encourage employees to leave work early and spend quality time with their loved ones. We take part in the regular wellness initiatives organised by our Sponsor and held a mindfulness session led by an external professional for employees of the REIT Manager in September 2022.

Creating places for the good of tenant health and well-being

Throughout our property design and management of each property, we proactively seek ways to deepen our health and well-being commitment to our tenants, who spend a considerable amount of time in our spaces. Central Park in Perth is one of the first assets in Western Australia to earn the WELL Health-Safety Rating for the whole building awarded by the International WELL Building Institute ("IWBI"). Key features of the property that contributed to this achievement were handwashing support, cleaning practices, health services and air and water quality monitoring protocols.

In the UK, Farnborough Business Park was certified with Fitwel Commercial Site certification – representing the largest area globally to be certified and setting a new standard for healthy business parks worldwide. Farnborough Business Park was also awarded the highest score available, a 3-Star rating, representing the top 5% of business parks globally for health and well-being excellence. In Maxis Business Park, we implemented a Health and Well-being Framework which covers key focus areas around maintaining high air quality standards, promoting active travel and transport, providing access to healthy food, activating pedestrian walkways and outdoor spaces, and hosting events that support healthy outcomes.

We also continue to carry out Indoor Environment Quality ("IEQ") assessments in accordance with the Green Star Performance indicators, and have successfully covered 26% of our industrial properties in Australia as at 30 September 2022.

COMMUNITY CONNECTEDNESS

What this means to us

We strive to harness the expertise of our team and our resources to forge a lasting relationship with those within the communities that we serve. We do this through wider community investment initiatives focused on education, health and the environment, as well as activities that promote vibrant community connectedness among our tenants.

How we manage community connectedness

FLCT's Corporate Social Responsibility Policy provides a guideline on how we carry out our community investment activities. We also align with our Sponsor's Community Investment Framework, which provides a basis for how we influence change in a needs-driven and coordinated way through our social impact and purpose-driven activities.

We have community managers located at our commercial property in Singapore, and dedicated community development teams in Australia to implement these programmes and seek regular feedback via surveys from tenants.

How we create value and our progress in FY2022

We share the Sponsor's purpose of 'inspiring experiences, creating places for good" and align our local community investment initiatives to the purpose. We contribute to local community through philanthropy and voluntary programmes, and partnerships.

Health

To promote health and well-being at our industrial portfolio in Australia, we partner with Healthy Heads in Trucks and Sheds, a not-for-profit charitable foundation established to create and deliver Australia's first single national mental health strategy for the road transport and logistics industries. Its core objective is to improve the mental health and well-being of every worker across the broader road transport, logistics and supply chain sectors.

We regularly update our customers about Healthy Heads through our communication channels and encourage them to sign up with the foundation as part of their customer renewal experience or new customer experience. This is in addition to continuously sharing mental health resources with customers in FY2022.

In Germany and the Netherlands, we supported the Stelvio for Life charity through cycling and hiking activities, raising more than €23,900 to fund cancer research.

In Singapore, Alexandra Technopark collaborated with Red Cross Singapore to organise a blood donation drive on our premises, with 31 units of blood collected from tenants during the one-day event.

Environment

During our Sponsor's Environment Month, we organised a beach clean-up for all office tenants from across our commercial properties in Singapore to promote environmental awareness

To further promote recycling, reusing and reducing practices in our community, we collected donations of unwanted items that are still in a good condition from tenants at Alexandra Technopark. These items were then put up for sale to give them a new lease of life. All sale proceeds were donated to the Children's Aid Society.

Local Communities

In Singapore, employees from our REIT Manager volunteered in packing milk powder tins and diaper packs for beneficiaries under the Milk & Diapers programme, which provides parents from low-income families with milk and diapers for children up to three years of age. A S$10,000 contribution was also made to the charity which runs the Milk & Diapers programme in show of our support.

In the UK, our business parks are guided by a social value framework that sets out targets around engaging our stakeholders. Each business park also selects a local charity to support for each year.

We are also pleased that Marine Calmettes, FPI's Sustainability Manager who supports us in our sustainability efforts, received the prestigious 2021 WELL community award by the International WELL Building Institute in recognition of strong leadership in educating others, advocating for buildings, organisations and communities that support global health, impacting the lives of countless people and paving the way for a healthier future.

Understanding and Engaging with our Tenants

We continuously track stakeholder satisfaction levels to ensure that the spaces and experiences we create are tailored to their specific needs. The feedback and insights gained from our annual surveys enable our teams to improve on our performance and enhance value creation for tenants.

In FY2022, we conducted a tenant satisfaction survey at our industrial properties in Australia to track our operational effectiveness and assess how we are meeting tenant needs. In Australia, our FLCT Customer Net Promoter Score for our industrial portfolio increased from +47 in 2020 to +62 in 2021, testament to our efforts at striving to deliver positive outcomes for customers. We also track customer feedback on our team's performance across building management, property manager and operations manager performance, as well as satisfaction levels on building facilities and environment.

For our commercial tenants at Alexandra Technopark in Singapore, the number of respondents who rated 'Satisfied to Very Satisfied' increased from 63% in FY2021 to 76% in FY2022. Tenants cited cleanliness and service levels and the provision of amenities and tenant engagement initiatives as examples of how we performed well this year.

In Singapore, we collaborated with a group of social enterprises and sustainability vendors for a pop-up event at Alexandra Technopark to create awareness amongst tenants on sustainable living options. In the UK, regular events were held across our business parks including food festivals, book pop-ups and coffee mornings. In Australia, a customer engagement working group launched the Elevate initiative to enhance customer interactions, starting with a review across customer touch points to identify opportunities to improve the way we communicate and engage. A series of short, medium and long-term actions were then articulated, with some actions trialled and ready for integration into day-to-day business operations. Training is to be programmed by December 2022 and integrated into the team's business process manual.

ABOUT THIS REPORT

This Sustainability Report covers our sustainability practices and performance in FY2022, being the period from 1 October 2021 to 30 September 2022. This report has been prepared in accordance with the sustainability reporting requirements of:

- the Global Reporting Initiative ("GRI") Universal Standards 2021.
- the SGX-ST Listing Manual (Rules 711A and 711B).

We have also voluntarily disclosed our alignment to the Task Force for Climate-related Financial Disclosures ("TCFD") framework by the Financial Stability Board.

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

Report Scope

The information and data disclosed within this report are in relation to all properties owned by FLCT in Australia, Germany, Singapore, the UK and the Netherlands, unless otherwise stated. Employee-related information in this report refers solely to the employees of Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "REIT Manager") and its subsidiaries located in Singapore, Australia and Europe. We also highlight information of employees of our property managers within the report, where applicable and relevant.

Within the report, we highlight the sustainability achievements and initiatives carried out at asset level by our property managers. The property manager for the Australian industrial properties is FPI Property Management Services Pty Limited and the property manager for 357 Collins Street in Melbourne is Frasers Property Management Services Pty Limited. The property manager for Central Park in Perth is Jones Lang LaSalle (WA) Pty Ltd and the property and facilities managers for Caroline Chisholm Centre in Canberra are Colliers International (ACT) Pty Limited and BGIS Australia Pty Ltd respectively. The property manager for the German and Dutch industrial properties is FPE Advisory B.V. The property manager for the Singapore commercial properties is Frasers Property Commercial Management Pte. Ltd. The property manager for Farnborough Business Park, Maxis Business Park, Blythe Valley Park and Connexion is MAPP (Property Management) Limited.

We are committed to maintaining open and proactive communications with our stakeholders. All information in this Sustainability Report has been prepared in good faith and to the best of our knowledge.

Feedback

FLCT welcomes any feedback regarding this Sustainability Report and our sustainability performance. Please address all feedback to ir_flct@frasersproperty.com.

INDEPENDENT ASSURANCE STATEMENT

To the REIT Manager of Frasers Logistics and Commercial Trust:

Ere-S Pte Ltd ("Ere-S") has undertaken an independent limited assurance on the content of Frasers Logistics and Commercial Trust's ("FLCT") Sustainability Report FY2022 (the "Report"). The engagement, which took place between September and November 2022, formed part of a wider assurance of Frasers Property Limited's Sustainability Report.

Scope

The assurance encompassed the entire Report and focused on all figures, statements and claims related to sustainability during the FY2022 reporting period October 2021 to September 2022. This included the environmental and social management approach and performance related to the company's corporate office and portfolio of owned and managed properties (over 100 in total), covering the following topics as stated in the GRI Content Index of the Report:

- Energy Management, Water Management, Materials, Effluents and Waste, Environmental Compliance
- Health and Safety, Diversity and Equal Opportunity, Staff Retention and Development

Ere-S did not verify that all elements required by the GRI Standards (what to report) on each disclosure listed in the Report's GRI Content Index had been fully reported, or whether FLCT's material issues, approaches and outcomes presented in the Report were specifically aligned with any other frameworks mentioned in the Report, such as the Task Force on Climate-related Financial Disclosures ("TCFD") framework and the UN Sustainable Development Goals ("SDGs").

Where applicable, FY2021 performance figures presented in charts and tables of the Report were crosschecked by Ere-S against the disclosures verified during last year's assurance carried out by our Team on FLCT's Sustainability Report 2021. Other historical performance data prior to FY2022 and figures or statements unrelated to sustainability were not covered in the assurance. These included organisation profile and corporate structure, corporate financial and economic performance, and, where applicable, technical descriptions and figures of construction, machineries, technologies, plants and production processes.

Reporting criteria

The information was verified against the principles of Accuracy, Verifiability, Clarity, Completeness, Balance, Comparability, Sustainability Context and Timeliness as defined under the Global Reporting Initiative ("GRI") Standards.

Type of assurance

This assurance engagement was carried out to a limited level of assurance in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited level assurance relies on desktop-based assessment and basic sampling that is sufficient to support the plausibility of the information.

Assurance methodology

The assurance procedures and principles applied in this engagement are compliant with ISAE 3000 and are drawn from a methodology developed by Ere-S comprising the following steps:

1. Identifying and classifying data sets according to the relevant topics and the types of evidence required for the verification process.

2. Carrying out virtual interviews and remote desktop-based data verification with the key data owners located at FLCT's corporate and management offices in Singapore, Australia, the United Kingdom and Europe. Specifically:
   - Enquiring about the quantitative and qualitative aspects of the performance disclosures, related statements and the underlying measurement systems, data collection and quality control mechanisms.
   - Requesting evidence of data sources from the data owner or key functional manager, as well as explanations of data collection and calculation methods (including conversion factors, estimates, key assumptions and apportionment methodologies) to substantiate the figures and claims.
   - Taking a broad sampling of quantitative data to validate data sets and corresponding sources, as well as other supporting information.
   - Challenging the claims made in the Report and comparing the presented evidence (including calculation methods, criteria and assumptions) with data from other properties covered in the wider assurance engagement and, where applicable, with external sources.

3. Assessing the collected data against the reporting criteria and providing recommendations for correction of the Report's content or for future improvement of the data collection and reporting procedures.

4. Validating the performance disclosures submitted in the final version of the Report and, where applicable, verifying that Ere-S recommendations have been applied.

INDEPENDENT ASSURANCE STATEMENT

During the engagement, Ere-S was given access to the data management systems covering FLCT's properties in Australia and Singapore to allow a more comprehensive evaluation of the environmental data by our assurance team.

Social performance figures, such as those relating to workforce profile, health and safety, training and survey results, as well as the compilation of the environmental figures and some of the group-level initiatives disclosed in the Report, were verified in separate interviews as part of the Frasers Property Limited assurance.

Ere-S assessment of statements concerning the number (or absence) of complaints, incidents, and cases of non-compliance to policies and regulations related to environmental and social issues was founded on confirmation by key data owners and, where available, internal documents presented during the interviews.

Stakeholder groups or their representatives were not interviewed during the assurance to assess the results of the engagement initiatives and the impact of the actions taken by the organisation.

Limitations

A limited assurance provides a relatively lower level of confidence in an organisation's disclosures than a reasonable level of assurance (as used in financial auditing) would provide. The restricted extent, timeline and precision of audit procedures in a limited assurance can leave small misstatements undetected. In addition, sustainability-related evidence being more persuasive rather than conclusive, the assurance findings are more constrained to the judgement of the assurance practitioner.

To mitigate the associated risk of material misstatement in the information being assessed during this engagement and to provide greater confidence in the accuracy of the information, Ere-S sought further confirmation of the presented evidence, including application of the management approach, data collection methods, criteria and assumptions, with multiple data owners and other documentation from internal and external sources.

Responsibility and independence

This statement represents the independent opinion of Ere-S, whose responsibility was to provide the assurance, to express conclusions according to the agreed scope, and to prepare the assurance report and this assurance statement for the REIT Manager of FLCT alone and for no other purpose. The REIT Manager of FLCT was responsible for the preparation of the Report, including all statements and figures contained within it, and for the selection and application of the methods to collect and compile the performance data of its operations and properties. Ere-S was not involved in the development of the Report or any other aspects or projects related to the sustainability framework of FLCT. The activities of Ere-S are independent of FLCT and Frasers Property Limited and contain no financial interest in their business operations.

FINDINGS AND OBSERVATIONS

Reasonable efforts in improving FLCT's sustainability framework and performance were observed during the reporting period and included further alignment with Frasers Property Limited guidelines and policies as well as the implementation of new social and environmental initiatives. Corporate governance including the management of sustainability-related risks appears strong and covers FLCT's operations, portfolios, and value chain, with evidence of climate change having a significant weight in the company's decision-making, business approach and objectives.

The completion of climate risk and resilience assessments at the company and portfolio levels, as well as the development of a roadmap and science-based targets to achieve net-zero GHG emissions by 2030, represent the most significant improvements made by FLCT during the reporting period. Most of the outcomes and positive effects of these new initiatives are however still to be determined and evaluated. Consistent engagement with key stakeholder groups were also observable through the reporting period, although there was limited evidence showing stakeholders' participation in decision-making or significant concerns expressed by stakeholders and acted upon by the company during the same period.

In Ere-S opinion, the Report content is clear and presents objectively FLCT's key social and environmental topics, management approach and performance data, which are improved this year with additional information aligned to the Climate-related Financial Disclosure ("TCFD") recommendations. Performance disclosures are still limited for some properties, particularly regarding tenants' energy, water, waste and Scope 3 emissions. Although these gaps are mostly due to inherent difficulties in obtaining reliable and comprehensive data from activities and sources that are not under the control or visibility of FLCT, we observed continuous efforts by the company to increase the number and scope of performance measurements amongst its tenants.

Overall, relatively high accuracy and traceability of the information were observed, with data points and supporting evidence that could be assessed by our assurance team through the interviews with data owners and the direct access to the FLCT data management systems. A relatively limited number of inconsistencies were identified through data assessment and sources sampling and were mostly related to incorrect transcription of source records into the relevant data compilation files and management systems. All major inconsistencies were addressed by FLCT's reporting team, and the resulting disclosures were crosschecked by the assurance team to ensure that data integrity is maintained.

Conclusion

On the basis of a limited assurance engagement consistent with the above-listed criteria and findings, nothing has come to Ere-S attention that causes us not to believe that, in all material respects, FLCT's Sustainability Report FY2022 provides a credible and fair representation of the organisation's sustainability profile and includes statements and figures that achieve an adequate level of reliability and accuracy.

A detailed assurance report containing the above findings and additional recommendations for improvement has been presented to the management of FLCT.

Ere-S

Reg no. 201003736W
www.ere-s.com

Singapore, 15 November 2022

Jean-Pierre Dalla Palma
Director and Lead Certified Sustainability Assurance Practitioner

Ivona Balint-Kowalczyk
Sustainability Assurance Practitioner, Partner

Ere-S Pte Ltd is a consulting company specialising in business sustainability and provides services in the domains of sustainability reporting, sustainability report assurance, stakeholder engagement and training. Our assurance team is composed of assurance practitioners with expertise in corporate sustainability and each member is required to follow Ere-S' assurance code of conduct, which can be found at www.ere s.com/assurance-code-of-conduct. Ere-S is not responsible for any actions taken by other parties as a result of the findings presented in this assurance statement.

GRI CONTENT INDEX

Frasers Logistics & Commercial Trust ("FLCT") has reported in accordance with the GRI Standards for the period 1 October 2021 to 30 September 2022 ("FY2022"). We adopt GRI 1: Foundation 2021 within our Sustainability Report. The applicable GRI Sector Standards are the GRI G4 Construction and Real Estate Sector Disclosures.

GRI Standard/ Other Source	Disclosure Number	Disclosure Title	Section And Page Reference/Notes	Omission	
				Requirement(s) Omitted	Reason and Explanation
General disclosures					
GRI 2: General Disclosures 2021	**The organization and its reporting practices**				
	2-1	Organizational details	• Corporate profile, pg. 6 Our Multi-national Presence, pg. 7		
	2-2	Entities included in the organization's sustainability reporting	• About this Report, pg. 150		
	2-3	Reporting period, frequency and contact point	• About this Report, pg. 150		
	2-4	Restatements of information	• Energy & Carbon, pgs. 137 - 140 • Water, pgs. 140 - 141 • Waste, pg. 142		
	2-5	External assurance	• Independent Assurance Statement, pgs. 151 - 153		
	Activities and workers				
	2-6	Activities, value chain and other business relationships	• Corporate profile, pg. 6 • Our Multi-national Presence, pg. 7		
	2-7	Employees	• Diversity, Equity and Inclusion, pgs. 145 - 148		
	2-8	Workers who are not employees		a, b, c	Not applicable due to the nature of our business.
	Governance				
	2-9	Governance structure and composition	• Corporate Structure, pg. 22 • Board of Directors, pgs. 23 - 27 • Management Team, pgs. 28 - 30 • Managing Sustainability, pgs. 122 - 123 • Corporate Governance Report - Board Composition, pgs. 172 - 178 • Corporate Information, inside back cover		
	2-10	Nomination and selection of the highest governance body	• Corporate Governance Report - Board Composition, pgs. 172 - 178		
	2-11	Chair of the highest governance body	• Board of Directors, pgs. 23 - 27		
	2-12	Role of the highest governance body in overseeing the management of impacts	• Board Statement, pgs. 118 - 119 • Managing Sustainability, pgs. 122 - 123 • Risk-Based Management, pg. 127		
	2-13	Delegation of responsibility for managing impacts	• Corporate Governance Report – Delegation of Authority Framework, pg. 168		
	2-14	Role of the highest governance body in sustainability reporting	• Board Statement, pgs. 118 - 119		

GRI Standard/ Other Source	Disclosure Number	Disclosure Title	Section And Page Reference/Notes	Omission	
				Requirement(s) Omitted	Reason and Explanation
GRI 2: General Disclosures 2021	2-15	Conflicts of interest	• Corporate Governance Report – Conflict of Interest Policy, pg. 178		
	2-16	Communication of critical concerns	• Corporate Governance Report – Governance of Risk and Internal Controls, pgs. 187 - 190		
	2-17	Collective knowledge of the highest governance body	• Resilient Properties - How we create value and our progress in FY2022, pg. 131 • Corporate Governance Report – Training and Development of Directors, pg. 171		
	2-18	Evaluation of the performance of the highest governance body	• Corporate Governance Report – Board Performance Evaluation, pg. 178		
	2-19	Remuneration policies	• Corporate Governance Report – Remuneration Matters, pgs. 179 - 184		
	2-20	Process to determine remuneration	• Corporate Governance Report – Remuneration Matters, pgs. 179 - 184		
	2-21	Annual total compensation ratio		a, b, c	Confidentiality constraints. We are unable to disclose the ratio due to our highly competitive labour market.
	Strategy, policies and practices				
	2-22	Statement on sustainable development strategy	• Board Statement, pgs. 118 - 119		
	2-23	Policy commitments	• Risk-based Management – How we create value and our progress in FY2022, pg. 127		
	2-24	Embedding policy commitments	• Risk-based Management – How we manage Risk-Based Management, pg. 127		
	2-25	Processes to remediate negative impacts	• Managing Sustainability – Stakeholder Engagement, pgs. 122 - 123 • Community Connectedness – How we create value and our progress in FY2022, pgs. 148 - 149		
	2-26	Mechanisms for seeking advice and raising concerns	• Risk-based Management – How we create value and our progress in FY2022, pg. 127		
	2-27	Compliance with laws and regulations	• Risk-based Management – How we create value and our progress in FY2022, pg. 127		
	2-28	Membership associations	• Risk-based Management – How we create value and our progress in FY2022, pg. 127		
	2-29	Approach to stakeholder engagement	• Managing Sustainability – Stakeholder Engagement, pgs. 122 - 123		
	2-30	Collective bargaining agreements	• There are no collective bargaining agreements in place.		

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure Number	Disclosure Title	Section And Page Reference/Notes	Omission	
				Requirement(s) Omitted	Reason and Explanation
Material topics					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	• Managing Sustainability – Materiality Assessment, pgs. 124 - 125		
	3-2	List of material topics	• Managing Sustainability - Materiality Assessment, pgs. 124 - 125		
Economic performance					
GRI 3: Material Topics 2021	3-3	Management of material topics	• In Conversation with the CEO, pgs. 18 - 21		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	• Financial Review, pgs 32 - 34 • Financial Statements, pgs. 207 - 307		
	201-2	Financial implications and other risks and opportunities due to climate change	• Risk-based Management - Aligning with MAS Guidelines on Environmental Risk Management for Asset Managers, pg. 128		
	201-3	Defined benefit plan obligations and other retirement plans	• Health and Well-being – Cultivating holistic employee health, safety and well-being, pgs. 147 - 149		
	201-4	Financial assistance received from government	• Notes to the Financial Statements – Government Grants, pg. 249		
Anti-corruption					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Risk-based Management, pg. 127		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	• Enterprise-wide Risk Management, pgs. 114 - 115 • Risk-based Management – How we manage Risk-based Management, pg. 127		
	205-2	Communication and training about anti-corruption policies and procedures	• Corporate Governance Report - Code of Business Conduct , pg. 193		
		Confirmed incidents of corruption and actions taken	• Risk-based Management - How we create value and our progress in FY2022, pg. 127		
Energy					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Energy and Carbon, pgs. 137 - 140		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	• Energy and Carbon - How we create value and our progress in FY2022, pgs. 137 - 140		
	302-2	Energy consumption outside of the organization	• Energy and Carbon - How we create value and our progress in FY2022, pgs. 137 - 140		
	302-3	Energy intensity	• Energy and Carbon – How we create value and our progress in FY2022, pgs. 137 - 140		
	302-4	Reduction of energy consumption	• Energy and Carbon – How we create value and our progress in FY2022, pgs. 137 - 140		
	302-5	Reductions in energy requirements of products and services	• Resilient Properties – How we create value and our progress in FY2022, pg. 131		

GRI Standard/ Other Source	Disclosure Number	Disclosure Title	Section And Page Reference/Notes	Omission	
				Requirement(s) Omitted	Reason and Explanation
Water and effluents					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Water, pgs. 140 - 141		
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	• Water - How we manage water, pg. 140		
	303-2	Management of water discharge-related impacts	• Water discharge is generally managed by municipalities.		
	303-3	Water withdrawal	• Water – How we create value and our progress in FY2022, pgs. 140 - 141		
	303-4	Water discharge	• Water discharge is generally managed by municipalities.		
	303-5	Water consumption	• Water – How we create value and our progress in FY2022, pgs. 140 - 141		
Emissions					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Energy and Carbon, pgs. 124 - 125		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	• Energy and Carbon – How we create value and our progress in FY2022, pg. 137		
	305-2	Energy indirect (Scope 2) GHG emissions	• Energy and Carbon – How we create value and our progress in FY2022, pg. 138		
	305-3	Other indirect (Scope 3) GHG emissions	• Energy and Carbon – How we create value and our progress in FY2022, pg. 139		
	305-4	GHG emissions intensity	• Energy and Carbon – How we create value and our progress in FY2022, pgs. 137 - 140		
	305-5	Reduction of GHG emissions	• Energy and Carbon – How we create value and our progress in FY2022, pgs. 137 - 140		
	305-6	Emissions of ozone-depleting substances (ODS)		a, b, c, d	Not applicable due to the nature of our business.
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		a, b, c	Not applicable due to the nature of our business.
Employment					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Diversity, Equity and Inclusion, pgs. 145 - 148		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	• Diversity, Equity and Inclusion – How we create value and our progress in FY2022, pg. 146		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Diversity, Equity and Inclusion – How we create value and our progress in FY2022, pgs. 145 - 146		
	401-3	Parental leave	• Health and Well-being – How we create value and our progress in FY2022, pg. 148		

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GRI Standard/ Other Source	Disclosure Number	Disclosure Title	Section And Page Reference/Notes	Omission	
				Requirement(s) Omitted	Reason and Explanation
Labor/management relations					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Health and Well-being - How we create value and our progress in FY2022, pg. 148		
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes		a, b	Not applicable. The notice period varies on a situational basis.
Occupational health and safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Health and Well-being, pg. 147		
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	• Health and Well-being - How we manage Health and Well-being, How we create value and our progress in FY2022, pg. 147		
	403-2	Hazard identification, risk assessment, and incident investigation	• Health and Well-being - How we manage Health and Well-being in FY2022, pg. 147		
	403-3	Occupational health services	• Health and Well-being - How we create value and our progress in FY2022, pg. 147		
	403-4	Worker participation, consultation, and communication on occupational health and safety	• Health and Well-being - How we create value and our progress in FY2022, pg. 147		
	403-5	Worker training on occupational health and safety	• Health and Well-being - How we create value and our progress in FY2022, pg. 147		
	403-6	Promotion of worker health	• Health and Well-being - How we create value and our progress in FY2022, pg. 147		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Health and Well-being - How we create value and our progress in FY2022, pg. 147		
	403-8	Workers covered by an occupational health and safety management system	• Health and Well-being - How we create value and our progress in FY2022, pg. 147		
	403-9	Work-related injuries	• Health and Well-being - How we create value and our progress in FY2022, pg. 147		
	403-10	Work-related ill health	• Health and Well-being - How we create value and our progress in FY2022, pg. 147		

GRI Standard/ Other Source	Disclosure Number	Disclosure Title	Section And Page Reference/Notes	Omission	
				Requirement(s) Omitted	Reason and Explanation
Training and education					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Skills and Leadership, pg. 146		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	• Skills and Leadership – How we create value and our progress in FY2022, pgs. 146 - 147		
	404-2	Programs for upgrading employee skills and transition assistance programs	• Diversity, Equity and Inclusion – How we create value and our progress in FY2022, pg. 145		
	404-3	Percentage of employees receiving regular performance and career development reviews	• Diversity, Equity and Inclusion – How we create value and our progress in FY2022, pg. 145		
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Diversity, Equity and Inclusion, pg. 145		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	• Diversity, Equity and Inclusion – How we create value and our progress in FY2022, pg. 145		
	405-2	Ratio of basic salary and remuneration of women to men		a, b	Information unavailable / Incomplete. Lack of data for meaningful disclosure. Further analysis to be carried out to take into account the diverse nature of our workforce.
Local communities					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Community Connectedness, pgs. 148 - 149		
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	• Community Connectedness – How we create value and our progress in FY2022, pgs. 148 - 149		
	413-2	Operations with significant actual and potential negative impacts on local communities	• Community Connectedness – How we manage Community Connectedness, pg. 148		

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GRI Standard/ Other Source	Disclosure Number	Disclosure Title	Section And Page Reference/Notes	Omission	
				Requirement(s) Omitted	Reason and Explanation
Marketing and labeling					
GRI 3: Material Topics 2021	3-3	Management of material topics	• Risk-Based Management, pg. 127		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling		a, b	Not applicable due to the nature of our business.
	417-2	Incidents of non-compliance concerning product and service information and labeling		a, b	Not applicable due to the nature of our business.
	417-3	Incidents of non-compliance concerning marketing communications	• Risk-based Management – How we create value and our progress in FY2022, pg. 127		

Notes

Energy, GHG emissions and Water Reporting Scope

- With the exceptions mentioned in the corresponding footnotes, electricity consumption and GHG emissions reported comprises of the landlord-controlled and tenant-controlled areas separately for the commercial properties, as well as whole areas for the industrial properties. Water consumption reported comprises of the landlord-controlled areas for the commercial properties in Singapore and the UK, as well as whole areas for the commercial properties in Australia and the industrial properties
- Energy, GHG and water intensities exclude both newly completed properties in FY2022 and properties divested at any point during the reporting period
- The GHG emission factors are from Energy Market Authority – Singapore Energy Statistics 2021, Australia National Greenhouse Accounts Factors 2021, UK Government GHG Reporting 2019, 2020, 2021, Entwicklung der spezifischen Kohlendioxid - Emissionen des deutschen Strommix in den Jahren 1990 – 2020 by the umweltbundesamt (German Environment Agency), and Association of Issuing Bodies for The Netherlands

Monetary Disclosure

All monetary related disclosures within the report are in Singapore Dollars ($) unless stated otherwise.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

In line with the listing manual of the SGX-ST (the "**SGX-ST Listing Manual**") and its obligations under the Guidelines to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Guideline No: SFA04–G07) issued by the Monetary Authority of Singapore ("**MAS**"), the REIT Manager complies with the principles of the Code of Corporate Governance 2018 (the "**CG Code**").

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

To the extent the practices may vary from any provision of the CG Code, the REIT Manager will state explicitly the provision from which it has varied, explain the reason for the variation and explain how the practices nevertheless are consistent with the intent of the relevant principle of the CG Code. The REIT Manager is also guided by the Practice Guidance which accompanies the CG Code and which sets out best practices for listed issuers, as this will build investor and stakeholder confidence in FLCT and the REIT Manager. A summary of compliance with the express disclosure requirements under the provisions of the CG Code is set out on pages 197 to 199 of this Annual Report.

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

The REIT Manager

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

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

The Values of the REIT Manager

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

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

- The REIT Manager ensures that the business and practices of FLCT are carried out in a manner that complies with applicable laws, rules and regulations, including the Securities and Futures Act 2001 of Singapore ("**SFA**"), the SGX-ST Listing Manual, the CG Code, the Code on Collective Investment Schemes (the "**CIS Code**") issued by the MAS (including Appendix 6 of the CIS Code, the "**Property Funds Appendix**"), the trust deed constituting FLCT between the REIT Manager and the Trustee dated 30 November 2015 (as amended) ("**Trust Deed**"), as well as the written directions, notices, codes and other guidelines that the MAS and other regulators may issue from time to time.

CORPORATE GOVERNANCE REPORT

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

The REIT Manager is staffed by an experienced and well-qualified team who manage the operational matters of FLCT. The REIT Manager is a subsidiary of FPL, a multinational developer-manager-investor of real estate products and services across the property value chain. FPL's multinational businesses operate across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The FPL Group[2] has businesses in Southeast Asia, Australia, Europe and China, and its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 cities and 20 countries across Asia, Australia, Europe, the Middle East and Africa.

As the Sponsor holds a substantial ownership stake of approximately 21.6%[2] in FLCT, there is an alignment of interests between the Sponsor, the REIT Manager and the Unitholders. The REIT Manager is able to benefit from and leverage on its association with the Sponsor in the management of FLCT in various ways, including tapping on the Sponsor's extensive experience in development and management of real estate assets, sourcing for talent and experienced personnel within the Sponsor pool of employees, including those who may be considered for appointment to the Board, access to the FPL Group's network of lenders for debt financing, and negotiating for favourable terms with external suppliers and vendors on a group basis. The REIT Manager is also able to benefit from the expertise of the FPL Group which was recognised as a global and regional sector leader in various categories in the Global Real Estate Sustainability Benchmark (GRESB) 2022.

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

BOARD MATTERS

The Board

The Board is responsible for the overall leadership and oversight of both FLCT's and the REIT Manager's business, financial, investment and material operational affairs and performance objectives, and its long-term success. The Board sets the strategic direction of FLCT and the REIT Manager, which includes appropriate focus on value creation, innovation and sustainability. The Board also determines the REIT Manager's approach to corporate governance, including setting the appropriate tone-from-the-top and the desired organisational culture, values and ethical standards of conduct, and works with Management on its implementation across all levels of the organisation's values, standards, policies and practices. The Board, supported by Management, ensures necessary resources are in place for FLCT and the REIT Manager to meet its strategic objectives. Through the enterprise-wide risk management framework of FLCT and its subsidiaries (the "**Group**"), the Board establishes and maintains a sound risk management framework to effectively monitor and manage risks and to achieve an appropriate balance between risks and the Group's performance. The Board also puts in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements. The Board, which comprises directors who, as fiduciaries, are expected to act objectively in the best interests of the REIT Manager and the Group, constructively challenges Management and reviews its performance, and holds Management accountable for performance. It also oversees Management to ensure transparency and accountability to key stakeholder groups.

[2] As at 30 September 2022.

[2] The "**FPL Group**" refers to Frasers Property Limited and its subsidiaries.

CORPORATE GOVERNANCE REPORT

The Chairman

The chairman of the Board (the "**Chairman**") leads the Board. The Chairman provides leadership and direction in the review of the REIT Manager's corporate strategy and objectives, sets the right ethical and behavioural tone and ensures the Board's effectiveness by, among other things, promoting and maintaining high standards of corporate governance and transparency, encouraging active and effective engagement, participation by all directors of the REIT Manager (the "**Directors**") and facilitating constructive relations among and between them and Management. The Chairman sets the agenda for each Board meeting to take full account of the issues and concerns of the Directors and the Management team, promotes a culture of openness at Board meetings and encourages Directors to engage in productive and thorough discussions and constructive debate on strategic, business and other key issues pertinent to the business and operations of the Group and the REIT Manager, leading to better decision-making and enhanced business performance. With the support of the Board, the Company Secretary of the REIT Manager ("**Company Secretary**") and Management, the Chairman spearheads the REIT Manager's drive to promote, attain and maintain high standards of corporate governance and transparency.

The Chairman also presides over the Annual General Meeting each year and any other general meetings of the Unitholders. The Chairman addresses, and/or requests the Chief Executive Officer (the "**CEO**") of the REIT Manager to address, the Unitholders' queries and ensures that there is clear and open dialogue between all stakeholders.

Role of the CEO and Management

The Management is led by the CEO of the REIT Manager. The CEO is responsible for the execution of the strategies and policies as approved by the Board, and leading, promoting and conducting the affairs of FLCT and the REIT Manager with the highest standards of integrity, corporate governance and transparency. The CEO is accountable to the Board for the conduct and performance of Management. The CEO and Management team are responsible for executing the REIT Manager's strategies and policies, and are accountable to the Board for the planning, direction, control, conduct and performance of the business operations of the REIT Manager. With the support of Management, the CEO seeks business opportunities, drives new initiatives and is responsible for the operational performance of the Group and building and maintaining strong relationships with stakeholders of the Group.

Division of Responsibilities between the Chairman and CEO

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

Relationships between the Board and CEO

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

CORPORATE GOVERNANCE REPORT

Members of the Board and Board Committees

The following table shows the composition of the Board and the various Board Committees (as defined below) as at 30 September 2022:

		Audit, Risk and Compliance Committee	Nominating and Remuneration Committee
Mr Ho Hon Cheong	Chairman, Non-Executive and Independent Director	√	√ (Chairman)
Mr Kyle Lee Khai Fatt[(1)]	Non-Executive and Independent Director	√ (Chairman)	√
Mr Goh Yong Chian	Non-Executive and Independent Director	√	√
Mr Phang Sin Min[(2)]	Non-Executive and Independent Director	√	
Ms Soh Onn Cheng Margaret Jane	Non-Executive and Independent Director		
Mr Panote Sirivadhanabhakdi	Non-Executive and Non-Independent Director		√
Mr Chia Khong Shoong	Non-Executive and Non-Independent Director		
Mr Rodney Vaughan Fehring[(3)]	Non-Executive and Non-Independent Director		
Mr Reinfried Helmut Otter (Reini Otter)	Non-Executive and Non-Independent Director		

Profiles of each of the Directors can be found at pages 23 to 27.

Notes:

(1) Mr Kyle Lee Khai Fatt was appointed as a non-executive and independent director, the chairman of the ARCC and a member of the NRC (each as defined below), and Mr Chin Yoke Choong retired as a non-executive and independent director, the chairman of the ARCC and a member of the NRC, each with effect from 1 September 2022.

(2) Mr Phang Sin Min was appointed as a non-executive and independent director and a member of the ARCC, and Mr Paul Gilbert Say retired as a non-executive and independent director and a member of the ARCC, each with effect from 31 January 2022.

(3) Mr Rodney Vaughan Fehring has retired as a non-executive and non-independent director with effect from 1 December 2022.

As at 30 September 2022, all of the Directors are non-executive and at least half of the Board comprises independent Directors.

Board Committees

The Board has formed committees of their respective boards (the "**Board Committees**") to oversee specific areas, for greater efficiency and has delegated authority and duties to such Board Committees based on written and clearly defined terms of reference. The terms of reference of the Board Committees set out their compositions, authorities and duties, including reporting back to the Board. There are two Board Committees, namely, the Audit, Risk and Compliance Committee ("**ARCC**"), and the Nominating and Remuneration Committee ("**NRC**").

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

CORPORATE GOVERNANCE REPORT

Audit, Risk and Compliance Committee	
Membership	Key Objectives
Mr Kyle Lee Khai Fatt[(1)], *Chairman* Mr Goh Yong Chian, *Member* Mr Ho Hon Cheong, *Member* Mr Phang Sin Min[(2)], *Member*	• Assists the Board in fulfilling responsibility for overseeing the quality and integrity of the accounting, auditing, financial practices, internal controls, risk management and sustainability practices of the REIT Manager

Notes:

(1) Mr Kyle Lee Khai Fatt was appointed as the chairman of the ARCC, and Mr Chin Yoke Choong retired as the chairman of the ARCC, each with effect from 1 September 2022.

(2) Mr Phang Sin Min was appointed as a member of the ARCC, and Mr Paul Gilbert Say retired as a member of the ARCC, each with effect from 31 January 2022.

As at 30 September 2022, the ARCC is made up of non-executive Directors, all of whom, including the chairman of the ARCC, are independent Directors ("**IDs**"). All members of the ARCC, including the chairman of the ARCC, are appropriately qualified and have recent and/or relevant accounting and related financial management expertise or experience. Their collective wealth of experience and expertise enables them to discharge their responsibilities competently.

Under the Terms of Reference of the ARCC, a former partner or director of FLCT's existing auditing firm or auditing corporation should not act as a member of the ARCC: (a) within a period of two years commencing on the date of his ceasing to be a partner of the auditing firm or a director of the auditing corporation; and in any case, (b) for as long as he has any financial interest in the auditing firm or auditing corporation. Save for Mr Chin Yoke Choong (who had retired as the Managing Partner of KPMG Singapore in 2005), for FY2022, none of the members of the ARCC is a former partner of FLCT's external auditors, KPMG LLP and none of the members of the ARCC has any financial interest in FLCT's external auditors, KPMG LLP. Mr Chin Yoke Choong retired as a Director and the chairman of the ARCC with effect from 1 September 2022.

Audit Functions

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

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

- Internal Audit: establishing an effective internal audit function which shall be adequately qualified to perform an effective role, adequately resourced, independent of the activities which it audits and able to discharge its duties objectively, and to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced[2];

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

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

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

2 For FY2022, the internal audit function is outsourced to the FPL Group.

CORPORATE GOVERNANCE REPORT

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

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

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

During FY2022, activities of the ARCC included assessing the impact of the COVID-19 pandemic and ensuring adequate cash flow and liquidity to sustain the Group's operations on an ongoing basis, and reviewing the internal and external audit plans to ensure the adequacy of the audit scope, including reviewing and approving adjustments to the annual internal audit plan to prioritise and address risks and constraints arising during the COVID-19 pandemic.

Where the external auditors raise any significant issues (where applicable) in their audit of FLCT's year-end financial statements, the ARCC will consider whether the issues raised have a material impact on the interim financial statements or business updates previously announced by FLCT. If there is, the ARCC will bring this to the Board's attention immediately so that the Board can consider whether an immediate announcement is required under the SGX-ST Listing Manual. In such a situation, the ARCC will also advise the Board if changes are needed to improve the quality of future interim financial statements or business updates – such changes (if any) will be disclosed in FLCT's annual report.

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

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

Risk Management

The ARCC shall review the framework and processes established by Management to achieve compliance with applicable laws, regulations, standards, best practice guidelines and the REIT Manager's policies and procedures. The ARCC shall assist the Board in ensuring that Management maintains a sound system of risk management and internal controls to safeguard the interests of the REIT Manager or the interests of Unitholders (as the case may be) and the assets of the REIT Manager and the assets of FLCT. The ARCC also assists the Board in its determination of the nature and extent of significant risks which the Board is willing to take in achieving the REIT Manager's strategic objectives and value creation, and the overall levels of risk tolerance and risk policies, including reviewing technology risks faced by the REIT Manager. Further information on the key activities conducted by the ARCC can be found in the sections titled "Financial Performance, Reporting and Audit" on pages 186 to 187 and "Governance of Risk and Internal Controls" on pages 187 to 190.

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Sustainability

The ARCC also assists the Board in carrying out its responsibility in determining ESG factors identified as material to the business, monitoring and managing ESG factors and overseeing standards, management processes and strategies to achieve sustainability practices. The ARCC has oversight of sustainability practices, and assists the Board in ensuring that management establishes and maintains a sound system of sustainability governance and an appropriate sustainability reporting framework which links sustainability risks and opportunities with strategy, other organisational risks and goals and which also enhances operational responses to sustainability risks and opportunities.

Nominating and Remuneration Committee Membership	Key Objectives
Mr Ho Hon Cheong, *Chairman* Mr Kyle Lee Khai Fatt[(1)], *Member* Mr Goh Yong Chian, *Member* Mr Panote Sirivadhanabhakdi, *Member*	• Establishes a formal and transparent process for appointment and re-appointment of Directors • Develops a process for evaluation of the performance and annual assessment of the effectiveness of the Board as a whole and each of its Board Committees and individual directors • Reviews succession plans • Assists the Board in establishing a formal and transparent procedure for developing policies on Director and executive remuneration, developing a general framework of remuneration for the Board and Key Management Personnel and fixing the remuneration packages of individual Directors and Key Management Personnel • Ensures that there is an appropriate proportion of independent directors on the Board, and review annually, or where required, the independence of each Director

Note:

(1) Mr Kyle Lee Khai Fatt was appointed as a member of the NRC, and Mr Chin Yoke Choong retired as member of the NRC, each with effect from 1 September 2022.

A majority of the members of the NRC, including the chairman of the NRC, are IDs.

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

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

- "Training and development of Directors" on page 171
- "Board Composition" on pages 172 to 173
- "Directors' Independence" on pages 174 to 178
- "Board Performance Evaluation" on pages 178 to 179

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

On an annual basis, the NRC also reviews and recommends, for the Board's approval, the REIT Manager's remuneration and benefits policies and practices (including long-term incentive schemes), and the performance and specific remuneration packages for each Director and Key Management Personnel, in accordance with the approved remuneration policies and processes. The NRC also proposes, for the Board's approval, criteria to assist in the evaluation of the performance of Key Management Personnel, and (where applicable) reviews the obligations of the REIT Manager arising in the event of the termination of the service agreements of Key Management Personnel to ensure that such contracts of service contain fair and reasonable termination clauses. The NRC also administers and approves awards under the FLCT Restricted Unit Plan ("**RUP**") and/or other long-term incentive schemes to senior executives of the REIT Manager.

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

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

Delegation of Authority Framework

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

While day-to-day operations of the business are delegated to Management, in order to facilitate the Board's exercise of its leadership and oversight of FLCT, the MOA contains a schedule of matters specifically reserved for approval by the Board and these are clearly communicated to Management in writing. These include approval of annual budgets, material transactions such as the major acquisitions and disposals of property assets, equity investments, unbudgeted asset enhancement initiatives and budgeted asset enhancement initiatives of specified amounts, the entry into credit facilities including hedging facilities and issuance of any financial instrument, and operational matters such as the entry into, or renewal of leases where the contract value exceeds a specified amount. Investments and strategic plans are subject to the approval of the Board.

CORPORATE GOVERNANCE REPORT

Meetings of the Board and Board Committees

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

The following table summarises the number of meetings of the Board and Board Committees and general meetings held and attended by the Directors in FY2022:

	Board Meetings	Audit, Risk and Compliance Committee Meetings	Nominating and Remuneration Committee Meetings	Annual General Meeting
Meetings held for FY2022	6	5	3	1
Mr Ho Hon Cheong	6 (C)[1]	5	3 (C)[1]	1 (C)[1]
Mr Kyle Lee Khai Fatt[2]	–	– (C)[1]	–	–
Mr Goh Yong Chian	6	5	3	1
Mr Phang Sin Min[3]	4	3	N.A.	-
Ms Soh Onn Cheng Margaret Jane	6	N.A.	N.A.	1
Mr Panote Sirivadhanabhakdi	6	N.A.	3	1
Mr Chia Khong Shoong	6	N.A.	N.A.	1
Mr Rodney Vaughan Fehring[4]	4	N.A.	N.A.	1
Mr Reinfried Helmut Otter (Reini Otter)	6	N.A.	N.A.	1
Mr Chin Yoke Choong[2]	6	5 (C)[1]	3	1
Mr Paul Gilbert Say[3]	2	2	N.A.	1

Notes:

(1) (C) refers to chairman.

(2) Mr Kyle Lee Khai Fatt was appointed as a non-executive and independent director, the chairman of the ARCC and a member of the NRC, and Mr Chin Yoke Choong retired as a non-executive and independent director, the chairman of the ARCC and a member of the NRC, each with effect from 1 September 2022.

(3) Mr Phang Sin Min was appointed as a non-executive and independent director and a member of the ARCC, and Mr Paul Gilbert Say retired as a non-executive and independent director and a member of the ARCC, each with effect from 31 January 2022.

(4) Mr Rodney Vaughan Fehring has retired as a non-executive and non-independent director with effect from 1 December 2022.

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Matters discussed by Board and Board Committees in FY2022

Board

- Strategy
- Business and Operations Update
- Financial Performance
- Governance
- Acquisitions and Divestment Proposals
- Asset Enhancement initiatives
- Feedback from Board Committees
- Cybersecurity and Threats
- Technology Risk Management
- Sustainability, Environmental, Social & Governance

Audit, Risk and Compliance Committee

- External and Internal Audit
- Financial Reporting
- Treasury, Debt and Capital Management
- Internal Controls and Risk Management
- Related/Interested Person Transactions
- Conflicts of Interests
- Technology Risk Management
- Sustainability, Environmental, Social & Governance
- Compliance with Legislation and Regulations

Nominating and Remuneration Committee

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

Board Oversight

Outside of Board and Board Committee meetings, Management also provides Directors with complete and adequate reports on major operational matters, business development activities, financial performance, potential investment opportunities, as well as such other relevant information on an on-going and timely basis to enable them to discharge their duties and responsibilities properly. In respect of budgets, any material variances between the projections and actual results will be disclosed and explained in the relevant periodic report.

Directors have separate and independent access to Management, and are entitled to request for such additional information as needed to make informed decisions and to fulfil their duties and responsibilities properly, which additional information will then be provided by Management in a timely manner. Where required or requested by Directors, site visits are also arranged for Directors to have an intimate understanding of the key business operations and to promote active engagement with Management.

Directors are provided with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to prepare adequately for Board and Board Committee meetings, make informed decisions and discharge their duties and responsibilities, and to ensure that Directors (including those who hold multiple board representations and other principal commitments) devote sufficient time and attention to the affairs of FLCT and the REIT Manager. At Board and Board Committee meetings, the Directors attend and actively participate, discuss, deliberate and appraise matters requiring their attention and decision. Where necessary for the proper discharge of their duties, the Directors may seek and obtain independent professional advice at the REIT Manager's expense.

The Company Secretary

The Board is supported by the Company Secretary, who is legally trained and familiar with company secretarial practices, and responsible for administering and executing Board and Board Committee procedures in compliance with the Companies Act 1967 of Singapore, the REIT Manager's Constitution, the Trust Deed and applicable law. The Company Secretary also provides advice and guidance on relevant guidelines, notices, rules and regulations, including disclosure requirements under the SFA, applicable MAS guidelines and notices, the CIS Code and the SGX-ST Listing Manual, as well as corporate governance practices and processes.

The Company Secretary attends all Board and Board Committee meetings and drafts and reviews the minutes of proceedings thereof, and facilitates and acts as a channel of communication for the smooth flow of information to and within the Board and its various Board Committees, as well as between and with senior Management. The Directors have separate and independent access to the Company Secretary, whose responsibilities include supporting and advising the Board on corporate and administrative matters.

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

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

Training and Development of Directors

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

Upon appointment, each new Director is issued a formal letter of appointment setting out his or her duties, responsibilities and obligations, including his or her responsibilities as fiduciaries and on the policies relating to conflicts of interest, as well as the expectations of the REIT Manager. An induction and orientation programme is also conducted to provide new appointees with information on the business activities, strategic direction, policies and corporate governance practices of the REIT Manager, as well as their statutory and other duties and responsibilities as directors. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his or her roles and responsibilities as prescribed by the SGX-ST, unless the NRC is of the view that training is not required because he or she has other relevant experience, in which case the basis of its assessment will be disclosed. During FY2022, Mr Phang Sin Min was appointed as a non-executive director and independent director and a member of the ARCC, and Mr Paul Gilbert Say retired as a non-executive director and independent director and a member of the ARCC, each with effect from 31 January 2022. Mr Kyle Lee Khai Fatt was appointed as a non-executive and independent director, the chairman of the ARCC and a member of the NRC, and Mr Chin Yoke Choong retired as a non-executive and independent director, the chairman of the ARCC and a member of the NRC, each with effect from 1 September 2022. There were no other new Directors who were appointed to the Board in FY2022. As Mr Phang Sin Min and Mr Kyle Lee Khai Fatt each have prior experience as a director of an issuer listed on the SGX-ST, they are not required to attend the trainings on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.

The Directors are kept continually and regularly updated on FLCT's business and the regulatory and industry specific environments in which the entities of the Group operate. The REIT Manager sees to it that the Board is regularly updated on new developments in laws and regulations or changes in regulatory requirements and financial reporting standards which are relevant to or may affect the REIT Manager or FLCT and such updates may be in writing, by way of briefings held by the REIT Manager's lawyers, external advisers and external auditors or disseminated by way of presentations and/or handouts. During FY2022, the Directors attended briefings and training programmes on, among others, (i) updates to the SGX-ST Listing Manual and greenwashing; (ii) updates on MAS Guidelines on Technology Risk Management Compliance; (iii) changes in the financial reporting standards; (iv) upcoming SGX sustainability reporting requirements and MAS Guidelines on Environmental Risk Management; (v) briefing on Task Force on Climate-related Financial Disclosures; (vi) updates on MAS new regulatory requirements; (vii) economic updates; and (viii) an update on taxes in Europe. A majority of the Directors attended an asset tour of FLCT's UK portfolio in August 2022.

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

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

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

All of the Directors are non-executive. During FY2022, the Board comprised five independent and four non-independent Directors.

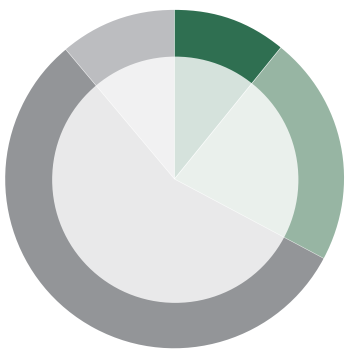
No alternate directors have been appointed on the Board for FY2022. Alternate directors will only be appointed in exceptional circumstances. As the Chairman, Mr Ho Hon Cheong, is a Non-Executive and Independent Director, no lead independent director has been appointed.

The NRC reviews, on an annual basis, the structure, size, and composition of the Board and Board Committees, taking into account the CG Code and Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations (the "**SFLCB Regulations**"). The NRC has assessed that the current structure, size and composition of the Board and Board Committees are appropriate for the scope and nature of FLCT's and the REIT Manager's operations. No individual or group dominates the Board's decision-making process or has unfettered powers of decision-making. There is a balanced exchange of views and robust deliberations and debates among members. The NRC is of the opinion that the Directors with their diverse backgrounds and competencies (including banking, accounting and finance, real estate, legal, and other relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management) provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age that avoids groupthink and fosters constructive debate and ensures the effectiveness of the Board and its Board Committees. The Board concurs with the views of the NRC.

Where Directors step down from the Board, cessation announcements providing detailed reason(s) for the cessation are released on SGXNet in compliance with the requirements of the SGX-ST Listing Manual.

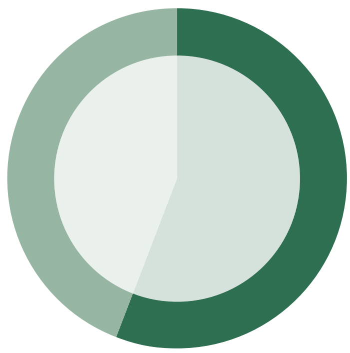
Board Composition in terms of Age Group, Independence, Tenure and Gender (as at 30 September 2022)

Age Group



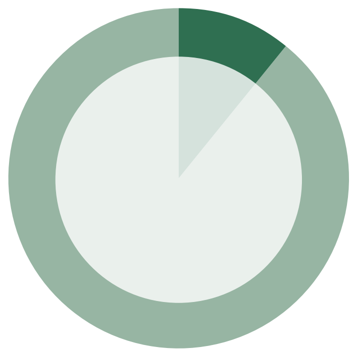
41-50 years old	11%
51-60 years old	22%
61-70 years old	56%
71-80 years old	11%

Independence

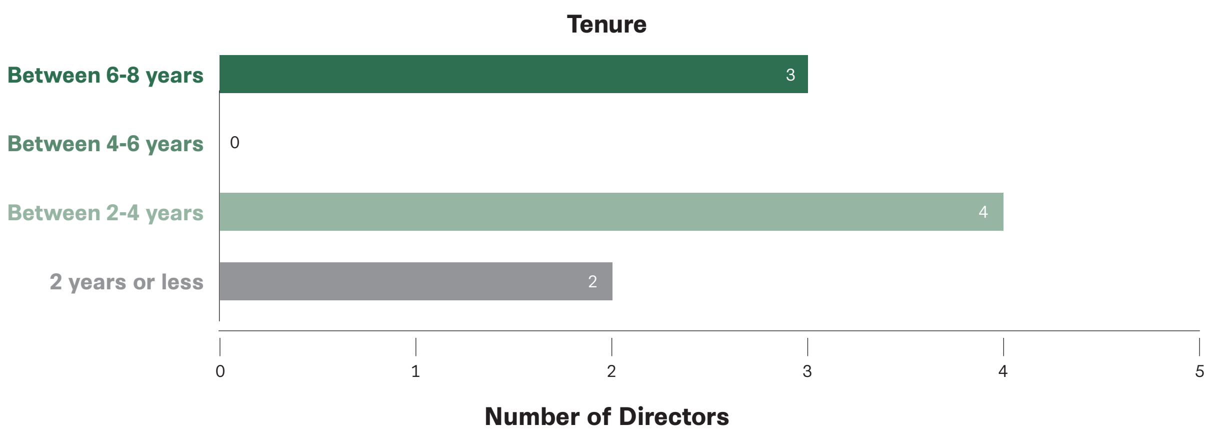


Non-Executive and Independent Directors	56%
Non-Executive and Non-Independent Directors	44%

Gender



Female	11%
Male	89%



CORPORATE GOVERNANCE REPORT

Under the NRC Terms of Reference, the NRC is tasked with making recommendations to the Board on all Board appointments and re-appointments, taking into account, among other things, the scope and nature of the operations of the Group, the requirements of the business, whether Directors who have multiple board representations are able to carry out and have been carrying out their duties as Directors and whether the Directors have given sufficient time and attention to the affairs of FLCT and the REIT Manager. The process for the selection, appointment and re-appointment of Directors also takes into account the composition and progressive renewal of the Board and Board Committees, each Director's experience, education, expertise, judgment, personal qualities and general and sector specific knowledge in relation to the needs of the Board as well as whether the candidates will add diversity to the Board and whether they are likely to have adequate time to discharge their duties, including attendance at all Board meetings. The NRC will also take into consideration whether a candidate had previously served on boards of companies with adverse track records or a history of irregularities, and assess whether such past appointments would affect his/her ability to act as a Director of the REIT Manager.

The NRC considers different channels to source and screen both internal and external candidates for Board appointments, depending on the requirements, including tapping on existing networks of contacts and recommendations. External consultants may be retained from time to time, where appropriate, to assist in assessing and selecting a broader range of potential internal and external candidates beyond the Board's existing network of contacts. Suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates are objective and well supported.

On an annual basis, the NRC reviews (a) the directorships and principal commitments of each Director, and (b) a framework for Board evaluation to be conducted by an external consultant on the effectiveness of the Board. Through the aforementioned review and Board evaluation exercise, the Directors assess whether Board members effectively manage his or her directorships and have the time and ability to contribute to the Board.

Instead of prescribing a maximum number of directorships and/or other principal commitments that each Director may have, the NRC adopts a holistic assessment of each Director's individual capacity and circumstances to carry out his or her duties, taking into consideration not only the number of other board and other principal commitments held by each Director, but also the nature and complexity of such commitments. The assessment also takes into consideration Directors' commitment, conduct and contributions (such as meaningful participation, candour and rigorous decision making) at Board meetings, as well as whether the Director's engagement with Management is adequate and effective. In respect of FY2022, the NRC is of the view that each Director, including Directors who hold multiple board representations, has been able to effectively discharge his duties as a Director of the REIT Manager. Further details on the Board evaluation exercise is set out under the section "Board Performance Evaluation" on pages 178 to 179.

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

Board Diversity Policy

The Board has adopted, with the recommendation of the NRC, a board diversity policy, and has charged the NRC with the task of setting qualitative and measurable quantitative objectives (where appropriate) for achieving board diversity, and reviewing the REIT Manager's progress towards achieving the objectives under the policy. The NRC will monitor and implement this policy, and will take the principles of the policy into consideration when determining the optimal composition of the Board, the appointment and re-appointment of Directors and when recommending any proposed changes to the Board. On the recommendation of the NRC, the Board may set certain measurable objectives and specific diversity targets, with a view to achieving an optimal Board composition, and these objectives and specific diversity targets may be reviewed by the NRC from time to time to ensure their appropriateness. The REIT Manager remains committed to implementing the board diversity policy and any progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

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

CORPORATE GOVERNANCE REPORT

Directors' Independence

The Directors exercise their judgment independently and objectively in the interests of FLCT and the REIT Manager. The NRC determines annually, and as and when circumstances require, if a Director is independent based on the rules, guidelines and/or circumstances on director independence as set out in Rule 210(5)(d) of the SGX-ST Listing Manual, Provision 2.1 of the CG Code and the accompanying Practice Guidance, the MAS Guidelines No. SFA04-G07 "Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" dated 1 January 2016 and the SFLCB Regulations (collectively, the "**Relevant Regulations**"). The NRC provides its views to the Board for the Board's consideration. Directors are expected to disclose any relationships with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial Unitholders of FLCT, if any, which may affect their independence, as and when they arise, to the Board.

Each of the IDs complete a declaration of independence annually which is reviewed by the NRC. Based on the declarations of independence of the IDs, and having regard to the rules, guidelines and circumstances set forth in the Relevant Regulations, the NRC and the Board have determined that as at 30 September 2022, there are five IDs on the Board (including the Chairman), namely, Mr Ho Hon Cheong, Mr Kyle Lee Khai Fatt, Mr Goh Yong Chian, Mr Phang Sin Min and Ms Soh Onn Cheng Margaret Jane.

Mr Ho Hon Cheong

Mr Ho Hon Cheong is currently a non-executive and independent commissioner of PT Chandra Asri Petrochemical Tbk in Indonesia and a non-executive and independent director of AIA Singapore Pte. Ltd. He has confirmed, *inter alia*, that he:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial Unitholder[2] of FLCT and does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial Unitholders of FLCT which could interfere with the exercise of his independent judgment as a Director;

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2022 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

(c) in FY2022 or the immediate or past financial year, (i) has not, and does not have any immediate family member who received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

Having considered the declaration of independence and the Relevant Regulations, the NRC has determined that Mr Ho is an independent director as at 30 September 2022.

Mr Kyle Lee Khai Fatt

Mr Kyle Lee Khai Fatt is currently a non-executive and independent director of Great Eastern Holdings Limited ("**GEH**") and a director of GEH's wholly-owned subsidiary, The Great Eastern Life Assurance Company Limited. He has confirmed, *inter alia*, that he:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial Unitholder[2] of FLCT and, save as elaborated below, does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial Unitholders of FLCT which could interfere with the exercise of his independent judgment as a Director;

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2022 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

CORPORATE GOVERNANCE REPORT

(c) in FY2022 or the immediate or past financial year, (i) has not, and does not have any immediate family member who received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

As mentioned above, Mr Lee is a non-executive and independent director of GEH and a director of GEH's wholly-owned subsidiary, The Great Eastern Life Assurance Company Limited. Great Eastern General Insurance Limited ("**GEG**"), a wholly-owned subsidiary of GEH, has provided insurance products to FLCT, the REIT Manager and/or their related corporations in the current and the immediately preceding financial year and received fees therefor ("**GEG Fees**"). In respect of the procurement process of insurance policies of FLCT and the REIT Manager, insurance policies are procured with the assistance of unrelated professional insurance brokers who will source for the most competitive quotes and terms, and make recommendations to FLCT and/or the REIT Manager accordingly. Notwithstanding this, such provision of insurance products fall within the categories of business relationships set out in Regulation 13G of the SFLCB Regulations.

The NRC has taken into account, *inter alia*, the declaration of independence by Mr Lee, the Relevant Regulations and the objective criteria in the procurement of insurance products from GEG, and affirms its view that the provision of insurance products by GEG to FLCT, the REIT Manager and/or its related corporations and the payment of the GEG Fees in respect thereof do not affect his continued ability to exercise strong objective judgment and be independent in conduct and character (in particular, in the expression of his views and in his participation in the deliberations and decision making of the Board and Board Committees of which he is a member), and do not interfere with the exercise of his independent judgment, acting in the best interests of all Unitholders as a whole. As such, the NRC has determined that Mr Lee is an independent director as at 30 September 2022.

Mr Goh Yong Chian

Mr Goh Yong Chian has confirmed, *inter alia*, that he:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial Unitholder[2] of FLCT and does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial Unitholders of FLCT which could interfere with the exercise of his independent judgment as a Director;

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2022 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

(c) in FY2022 or the immediate or past financial year, (i) has not, and does not have any immediate family member who received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

Having considered the declaration of independence and the Relevant Regulations, the NRC has determined that Mr Goh is an independent director as at 30 September 2022.

Mr Phang Sin Min

Mr Phang Sin Min is currently a non-executive and independent director of SPH REIT Management Pte. Ltd. He has confirmed, *inter alia*, that he:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial Unitholder[2] of FLCT and does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial Unitholders of FLCT which could interfere with the exercise of his independent judgment as a Director;

CORPORATE GOVERNANCE REPORT

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2022 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

(c) in FY2022 or the immediate or past financial year, (i) has not, and does not have any immediate family member who received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

Having considered the declaration of independence and the Relevant Regulations, the NRC has determined that Mr Phang is an independent director as at 30 September 2022.

Ms Soh Onn Cheng Margaret Jane

Ms Soh Onn Cheng Margaret Jane is a non-executive and independent director of KBS US Prime Property Management Pte. Ltd., the manager of Prime US REIT (which is listed on the Main Board of the SGX-ST). She has confirmed, *inter alia*, that she:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial Unitholder[2] of FLCT and does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial Unitholders of FLCT which could interfere with the exercise of her independent judgment as a Director;

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2022 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

(c) in FY2022 or the immediate or past financial year, (i) has not, and does not have any immediate family member who received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or Unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

Having considered the declaration of independence, and the Relevant Regulations the NRC has determined that Ms Soh is an independent director as at 30 September 2022.

Notes

(a) A Director is "connected" to a substantial shareholder of the REIT Manager or substantial Unitholder if:
  (I) in the case where the substantial shareholder or substantial Unitholder is an individual, he/she is:
    (i) a member of the immediate family of the substantial shareholder or substantial Unitholder;
    (ii) employed by the substantial shareholder or substantial Unitholder;
    (iii) a partner of a firm or a limited liability partnership of which the substantial shareholder or substantial Unitholder is also a partner; or
    (iv) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder or substantial Unitholder;
  (II) in the case where the substantial shareholder or substantial Unitholder is a corporation, he/she is:
    (i) employed by the substantial shareholder or substantial Unitholder;
    (ii) employed by a related corporation or associated corporation of the substantial shareholder or substantial Unitholder;
    (iii) a director of the substantial shareholder or substantial Unitholder;
    (iv) a director of a related corporation or associated corporation of the substantial shareholder or substantial Unitholder;
    (v) a partner of a firm or a limited liability partnership of which the substantial shareholder or substantial Unitholder is also a partner; or
    (vi) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder or substantial Unitholder.

(b) "**Substantial shareholder**" and "**substantial Unitholder**" refers to a shareholder or Unitholder holding not less than 5% of the total votes or units attached to all voting shares or units in the REIT Manager or FLCT, respectively.

(c) "**Immediate family**" refers to the person's spouse, child, adopted child, step-child, sibling, step-sibling, parent and step-parent.

(d) As a guide, payments aggregated over any financial year in excess of S$50,000 would generally be deemed as significant. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material.

(e) As a guide, payments aggregated over any financial year in excess of S$200,000 would generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material.

CORPORATE GOVERNANCE REPORT

The Board has considered the relevant requirements under the SFLCB Regulations and its views in respect of the independence of each Director for FY2022 are as follows:

The Director:	Mr Ho Hon Cheong	Mr Kyle Lee Khai Fatt	Mr Goh Yong Chian	Mr Phang Sin Min	Ms Soh Onn Cheng Margaret Jane	Mr Panote Sirivadhanabhakdi[1]	Mr Chia Khong Shoong[2]	Mr Rodney Vaughan Fehring[3]	Mr Reinfried Helmut Otter (Reini Otter)
(i) had been independent from the management of the REIT Manager and FLCT during FY2022	√	√	√	√	√				
(ii) had been independent from any business relationship with the REIT Manager and FLCT during FY2022	√	√	√	√	√			√	√
(iii) had been independent from every substantial shareholder of the REIT Manager and every substantial Unitholder during FY2022	√	√	√	√	√				
(iv) had not been a substantial shareholder of the REIT Manager or a substantial Unitholder during FY2022	√	√	√	√	√	√	√	√	√
(v) has not served as a director of the REIT Manager for a continuous period of nine years or longer as at the last day of FY2022	√	√	√	√	√	√	√	√	√

Notes:

(1) Mr Panote Sirivadhanabhakdi is a director and the Group Chief Executive Officer of FPL and, in addition to being a director of the REIT Manager, a director of certain other entities within the FPL Group (as defined below), including Frasers Property Corporate Services Pte. Ltd. FPL wholly-owns the REIT Manager and is a substantial Unitholder. Frasers Property Corporate Services Pte. Ltd. received directors' fees from the REIT Manager in FY2022. Mr Panote Sirivadhanabhakdi is also a director of various entities within the TCC Group (as defined below), which is the controlling shareholder of the FPL Group. He holds 20.0% of the issued share capital of TCC Group Investments Limited, which holds approximately 3.21% in FLCT as at 30 September 2022. Mr Panote Sirivadhanabhakdi is also the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi. As such, during FY2022, Mr Panote Sirivadhanabhakdi is deemed (a) to have a management relationship with the REIT Manager and FLCT; (b) to have a business relationship with the REIT Manager and FLCT; and (c) connected to the shareholder of the REIT Manager and a substantial Unitholder.

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

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

(2) Mr Chia Khong Shoong is the Group Chief Corporate Officer of FPL and is employed by a related corporation of the REIT Manager. In addition to being a director of the REIT Manager, he is also a director and/or executive of certain other entities within the FPL Group, including Frasers Property Corporate Services Pte. Ltd. and Frasers Property AHL Limited. Both Frasers Property Corporate Services Pte. Ltd. and Frasers Property AHL Limited received directors' fees from the REIT Manager in FY2022. As such, during FY2022, Mr Chia Khong Shoong is deemed (a) to have a management relationship with the REIT Manager and FLCT; (b) to have a business relationship with the REIT Manager and FLCT; and (c) connected to the shareholder of the REIT Manager and a substantial Unitholder.

(3) Mr Rodney Vaughan Fehring is the Executive Chairman of Frasers Property Australia, Frasers Property Industrial and Frasers Property UK, business units of FPL, and is employed by a related corporation of the REIT Manager. As such, during FY2022, Mr Rodney Vaughan Fehring is deemed (a) to have a management relationship with the REIT Manager and FLCT; and (b) connected to the shareholder of the REIT Manager and a substantial Unitholder.

(4) Mr Reinfried Helmut Otter (Reini Otter) is the Chief Executive Officer of Frasers Property Industrial, a strategic business unit of FPL and is employed by a related corporation of the REIT Manager. In addition to being a director of the REIT Manager, he is also a director and/or executive of certain other entities within the FPL Group. As such, during FY2022, Mr Reinfried Helmut Otter (Reini Otter) is deemed (a) to have a management relationship with the REIT Manager and FLCT; and (b) connected to the shareholder of the REIT Manager and a substantial Unitholder.

CORPORATE GOVERNANCE REPORT

The Board is satisfied that, as at the last day of FY2022, each of Mr Panote Sirivadhanabhakdi, Mr Chia Khong Shoong, Mr Rodney Vaughan Fehring and Mr Reinfried Helmut Otter (Reini Otter) was able to act in the best interests of all Unitholders as a whole. As at the last day of FY2022, each of Mr Panote Sirivadhanabhakdi, Mr Chia Khong Shoong, Mr Rodney Vaughan Fehring and Mr Reinfried Helmut Otter (Reini Otter) was able to act in the best interests of Unitholders as a whole.

The IDs lead the way in upholding good corporate governance at the Board level and their presence facilitates the exercise of objective independent judgment on corporate affairs. Their participation and input also ensure that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into account the long-term interests of FLCT and its Unitholders.

As at 30 September 2022, none of the IDs have served on the Board for a continuous period of nine years or longer. Board renewal is a continuing process where the appropriate composition of the Board is continually under review. In this regard, the tenure of each ID is monitored so that the process for board renewal is commenced ahead of any ID reaching the nine-year mark to facilitate a smooth transition and to ensure that the Board continues to have an appropriate balance of independence. To this end, the NRC is tasked with undertaking the process of reviewing, considering and recommending any changes to the composition of the Board, where appropriate, taking into account the requirements to be met by IDs including the SFLCB Regulations.

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

Conflict of Interest Policy

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

The REIT Manager does not have a practice of extending loans to Directors, and as at 30 September 2022, there were no loans granted by the REIT Manager to Directors. If there are such loans, the REIT Manager will comply with its obligations under the Companies Act in relation to loans, quasi-loans, credit transactions and related arrangements to Directors.

Board Performance Evaluation

The NRC is tasked with making recommendations to the Board on the process and objective performance criteria for evaluation of the performance of the Board as a whole, the Board Committees and the individual Directors.

The Board, with the recommendation of the NRC, has approved the objective performance criteria and implemented a formal process for assessing the effectiveness of the Board as a whole and its Board Committees separately, and the contribution by the Chairman and each individual Director to the effectiveness of the Board, on an annual basis. The objective performance criteria are not typically changed from year to year. In relation to FY2021, the outcome of the evaluation was generally affirmative across the evaluation categories. Based on the NRC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

For FY2022, an independent external consultant, Aon Solutions Singapore Pte. Ltd. ("**Aon**"), has been appointed to facilitate the process of conducting a Board evaluation survey. The external consultant has no connection with FLCT, the REIT Manager or any of the Directors.

CORPORATE GOVERNANCE REPORT

Each Director is required to complete a Board evaluation questionnaire, a Board Committee evaluation questionnaire and an individual Director self-evaluation questionnaire (the "**Questionnaires**"). The Questionnaires have been designed to provide an evaluation of the current effectiveness of the Board and to support the Chairman and the Board in proactively considering what can enhance the readiness of the Board to address emerging strategic priorities for the Company as a whole. The external consultant will facilitate the sending of questionnaires to all Directors, and one-to-one interviews are conducted selectively on a rotational basis, to obtain Directors' feedback.

The objective performance criteria covered in the Board evaluation exercise relate to the following key segments: (1) Board composition (balance of skills, experience, independence, knowledge of the company and diversity); (2) management of information flow; (3) Board processes (including Board practices and conduct); (4) Board's consideration of Environmental, Social and Governance aspects; (5) Board strategy and priorities; (6) Board's value add to, and management of the performance of the REIT Manager; (7) development and succession planning of executives; (8) development and training of Directors; (9) oversight of risk management and internal controls; and (10) the effectiveness of the Board Committees. The individual Director self-evaluation questionnaire aims to assess whether each Director is willing and able to constructively challenge and contribute effectively to the Board, and demonstrate commitment to his or her roles on the Board and Board Committees (if any).

The responses to the Questionnaires and interview(s), if any for that particular financial year, are summarised by the external consultant and its report submitted to the NRC. To provide a greater level of objectivity in the evaluation process, the report also includes peer comparisons and third-party benchmarking of the results to the evaluation. Findings and recommendations of the external consultant which include feedback from Directors would be taken into consideration and any necessary follow-up actions would be undertaken with a view to improving the overall effectiveness of the Board in fulfilling its role and meeting its responsibilities to Unitholders. The Chairman of the NRC will, in consultation with the NRC, where necessary, provide feedback to the Directors with a view to improving Board performance and, where appropriate, propose changes to the composition of the Board.

REMUNERATION MATTERS

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

Compensation Philosophy

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

Compensation Principles

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

(a) Pay-for-Performance

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

(b) Unitholder Returns

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

CORPORATE GOVERNANCE REPORT

(c) Sustainable Performance

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

(d) Market Competitiveness

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

Engagement of External Consultants

The NRC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Among other things, this helps the REIT Manager to stay competitive in its remuneration packages. During FY2022, Aon was appointed as the REIT Manager's remuneration consultant. The remuneration consultant does not have any relationship with FLCT, the REIT Manager, its controlling shareholders, its related entities and/or its Directors which would affect its independence and objectivity.

Remuneration Framework

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

The remuneration framework covers all aspects of remuneration including salaries, allowances, performance bonuses, benefits in kind, termination terms and payments, grant of awards of units of FLCT ("**Units**") and incentives for Key Management Personnel and fees for the IDs and other non-executive Directors, and the NRC considers all such aspects of remuneration to ensure they are fair and avoids rewarding poor performance.

The remuneration framework is tailored to the specific role and circumstances of each Director and Key Management Personnel, to ensure an appropriate remuneration level and mix that recognises the performance, potential and responsibilities of these individuals.

Remuneration Policy in Respect of Management and Other Employees

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

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

Fixed Component

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

CORPORATE GOVERNANCE REPORT

Variable Component

A significant and appropriate proportion of the remuneration of key executives of the REIT Manager ("**Key Executives**", which expression for the avoidance of doubt includes Key Management Personnel) comprises a variable component which is structured so as to link rewards to corporate and individual performance and incentivise sustained performance in both the short and long-term. The variable incentives are measured based on quantitative and qualitative targets, and overall performance will be determined at the end of the year and approved by the NRC. The performance targets are measurable, appropriate and meaningful so that they incentivise the right behaviour in a manner consistent with the Group's core values. For individuals in control functions, performance targets are principally based on the achievement of the objectives of their functions.

1. Short-Term Incentive Plans

The short-term incentive plans ("**STI Plans**") aim to incentivise excellence in performance in the short-term. All Key Management Personnel's performance are assessed using a balanced scorecard with pre-agreed financial and non-financial key performance indicators ("**KPIs**"). The financial KPIs are based on the performance of FLCT. Non-financial KPIs may include measures on People, Culture & Leadership, Business Development and Improvement, and Sustainability-related KPIs, which include areas such as entity level ESG benchmarking, green or sustainable finance and skills and leadership. These targets are established at the beginning of each financial year. At the end of the financial year, the achievements are measured against the pre-agreed targets and the short-term incentives of each Key Management Personnel are determined.

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

2. Long-Term Incentive Plans

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

The RUP is available to selected senior executives of the REIT Manager. Its objectives are to increase the REIT Manager's flexibility and effectiveness in its continuing efforts to attract, retain and motivate talented senior executives and to reward these executives for the future performance of FLCT and the REIT Manager.

Under the RUP, the REIT Manager grants Unit-based awards ("**Initial Awards**") with pre-determined performance targets being set at the beginning of the performance period. The NRC recommends the Initial Awards granted to Key Management Personnel to the Board for approval, taking into consideration the Key Management Personnel's individual performance. The performance period for the RUP is one year. The pre-set targets are net property income and distribution per Unit. Such performance conditions are generally performance indicators that are key drivers of business performance and Unitholder value creation and aligned to FLCT's business objectives.

The RUP awards represent the right to receive fully paid Units, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met. The final number of Units to be released ("**Final Awards**") will depend on the achievement of the pre-determined targets at the end of the performance period. If such targets are exceeded, more Units than the Initial Awards may be delivered, subject to a maximum multiplier of the Initial Awards. The Final Awards will vest in the participants in three tranches over two years after a one-year performance period. The obligation to deliver the Units is expected to be satisfied out of the Units held by the REIT Manager.

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

CORPORATE GOVERNANCE REPORT

Approach to Remuneration of Key Management Personnel

The REIT Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, and that is structured so as to link a significant and appropriate proportion of remuneration to which also takes into account FLCT's performance and that of the individual.

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

Executives who have a greater ability to influence outcomes within the REIT Manager have a greater proportion of overall reward at risk. The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and other stakeholders and promote the long-term success of FLCT, and appropriate to attract, retain and motivate Key Management Personnel to successfully manage FLCT for the long term.

Performance Indicators for Key Management Personnel

As set out above, the REIT Manager's variable remuneration comprises short-term and long-term incentives, taking into account both FLCT's and individual performance. This is to ensure employee remuneration is linked to performance. In determining the short-term incentives, both FLCT's financial and non-financial performance as per the balanced scorecard are taken into consideration. The performance targets align the interests of Key Management Personnel with the long-term growth and performance of FLCT and the REIT Manager. The financial performance indicators on which Key Management Personnel are evaluated comprise (a) Unitholder distribution per Unit, (b) portfolio occupancy, (c) weighted average lease expiry, and (d) total unitholder return relative to a peer group. These performance indicators are quantitative and are objective measures of FLCT's performance. The non-financial performance indicators on which Key Management Personnel are evaluated include (i) People, Culture & Leadership, (ii) Business Development and Improvement, and (iii) Sustainability-related KPIs, which include areas such as entity level ESG benchmarking, green or sustainable finance and skills and leadership. These qualitative performance indicators will align the Key Management Personnel's performance with FLCT's strategic objectives.

In relation to long-term incentives, the REIT Manager has implemented the RUP with effect from the financial year ended 30 September 2018 as set out above. The release of long-term incentive awards to Key Management Personnel are conditional upon the performance targets being met. The performance targets of the KPIs align the interests of Key Management Personnel with the long-term growth and performance of FLCT. For FY2022, the pre-determined target performance levels for the RUP grants were partially met.

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

Remuneration Packages of Key Management Personnel

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

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

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

CORPORATE GOVERNANCE REPORT

Remuneration Policy in respect of Non-Executive Directors

The remuneration of non-executive Directors has been designed to be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities, on the Board and Board Committees, and to attract, retain and motivate the Directors to provide good stewardship of FLCT to successfully manage FLCT for the long term.

Non-executive Directors do not receive bonuses, options or Unit-based incentives and awards. Directors' fees are paid in cash and not in the form of Units.

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

The REIT Manager's Board fee structure during the year is as set out below.

	Basic Fee per annum (S$)	Attendance Fee per meeting[1] (for physical attendance in Singapore where this is the home country of the Director) (S$)	Attendance Fee per meeting (for physical attendance outside Singapore) (S$)	Attendance Fee per meeting (for attendance via tele/video conference) (S$)
Board				
– Chairman	90,000	3,000	4,500	1,000
– Member	45,000	1,500	4,500	1,000
Audit, Risk and Compliance Committee				
– Chairman	40,000	3,000	4,500	1,000
– Member	20,000	1,500	4,500	1,000
Nominating and Remuneration Committee				
– Chairman	12,000	3,000	4,500	1,000
– Member	6,000	1,500	4,500	1,000

Note

(1) The attendance fee applies for physical attendance in Singapore, where this is the home country of the Director. Board members who travel to Singapore for Board, Board Committees or general meetings receive an overseas allowance fee of S$2,500 per trip.

CORPORATE GOVERNANCE REPORT

Disclosure of Remuneration of Directors and Key Executives

Information on the remuneration of Directors and Key Executives for FY2022 is set out below.

Directors of the REIT Manager	Remuneration S$
Mr Ho Hon Cheong	142,033.26
Mr Kyle Lee Khai Fatt	7,583.33[1]
Mr Goh Yong Chian	91,683.33
Mr Phang Sin Min	55,508.07[2]
Ms Soh Onn Cheng Margaret Jane	52,250.00
Mr Panote Sirivadhanabhakdi	61,580.00[3]
Mr Chia Khong Shoong	57,250.00[3]
Mr Rodney Vaughan Fehring	49,750.00[4]
Mr Reinfried Helmut Otter (Reini Otter)	59,750.00[4]
Mr Chin Yoke Choong	105,933.34[1]
Mr Paul Gilbert Say	26,575.19[2]

Notes:

(1) Mr Kyle Lee Khai Fatt was appointed as a non-executive and independent director, the chairman of the ARCC and a member of the NRC, and Mr Chin Yoke Choong retired as a non-executive and independent director, the chairman of the ARCC and a member of the NRC, each with effect from 1 September 2022.

(2) Mr Phang Sin Min was appointed as a non-executive and independent director and a member of the ARCC, and Mr Paul Gilbert Say retired as a non-executive and independent director and a member of the ARCC, each with effect from 31 January 2022.

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

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

Remuneration of CEO for FY2022	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
Between S$1,000,001 to S$1,250,000					
Mr Robert Stuart Claude Wallace	42	21	17	20	100

Remuneration of Key Executives[1] (excluding CEO) for FY2022	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
Ms Annie Khung Shyang Lee Ms Chew Yi Wen Mr Jonathan James Spong Mr Ng Chung Keat Ms Tricia Yeo Whay Teng	52[2]	22[2]	3[2]	23[2]	100
Aggregate Total Remuneration (excluding CEO)					**S$2,393,975**

Notes:

(1) For FY2022, the REIT Manager has five Key Executives (excluding the CEO). They are the CFO and division heads of the REIT Manager and are listed in this table.

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

CORPORATE GOVERNANCE REPORT

For FY2022, there were no termination, retirement and post-employment benefits granted to the Directors, the CEO and Key Management Personnel.

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

(a) given the competitive business environment which FLCT operates in, the REIT Manager faces significant competition for talent in the REIT management sector and the REIT Manager had not disclosed the exact remuneration of the Key Executives (including the CEO) so as to minimise potential staff movement and undue disruption to its management team which would be prejudicial to the interests of Unitholders;

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

(c) it is important for the REIT Manager to ensure stability and continuity of its business by retaining a competent and experienced management team and being able to attract talented staff and disclosure of the remuneration of the Key Executives, including the CEO, could make it difficult to retain and attract talented staff on a long-term basis;

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

(e) the remuneration of the Key Executives (including the CEO) are paid by the REIT Manager and there is full disclosure of the total amount of fees paid to the REIT Manager set out at pages 207, 249 and 312 of this Annual Report.

While the disclosure of the exact quantum of the remuneration of the CEO and the requisite remuneration band for each of the other Key Executives (who are not also Directors or the CEO) would be in full compliance with Provision 8.1 of the CG Code, taking into account the reasons why such disclosure would be prejudicial to the interests of Unitholders and that the REIT Manager has disclosed the remuneration policies, composition of remuneration, appraisal process and performance metrics which go towards determination of the performance bonus of the CEO and other Key Executives, the Board has determined that despite the partial deviation from Provision 8.1 of the CG Code, there is sufficient transparency on the REIT Manager's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the CG Code.

As at 30 September 2022, there are no employees within the REIT Manager who is a substantial Unitholder or who is an immediate family member of a Director, the CEO or a substantial Unitholder.

CORPORATE GOVERNANCE REPORT

FINANCIAL PERFORMANCE, REPORTING AND AUDIT

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

The REIT Manager prepares the financial statements of FLCT in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed. RAP 7 requires the accounting principles to generally comply with the recognition and measurement principles of the Singapore Financial Reporting Standards prescribed by the Accounting Standards Council.

The Board releases FLCT's half-yearly and full year financial results, business updates for the first and third quarter performance of FLCT and other price or trade sensitive information and material corporate developments through announcements to the SGX-ST and, where appropriate, press releases, FLCT's website, and/or media and analysts' briefings. The financial results and business updates contain information on the impact of the COVID-19 situation on FLCT's business operations and financial performance.

External Audit

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

Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The appointment of the previous KPMG LLP audit partner for the Group commenced from the financial period ended 30 September 2017. At the annual general meeting ("**AGM**") held on 20 January 2022, KPMG LLP was re-appointed by Unitholders as the external auditors of FLCT until the conclusion of the next AGM, and a new audit partner in charge was appointed for FY2022.

During FY2022, the ARCC conducted a review of the scope, quality, results and performance of audit by the external auditors and its cost effectiveness, as well as the independence and objectivity of the external auditors. It also reviewed all non-audit services provided by the external auditors during the financial period, and the aggregate amount of fees paid to them for such services. Details of fees payable to the external auditors in respect of audit and non-audit services for FY2022 are set out in the table below:

Fees relating to external auditors for FY2022	S$ ('000)
For audit and audit-related services	1,304
For non-audit services	85
Total	1,389

The ARCC has conducted a review of all non-audit services provided by KPMG LLP during the financial period. The ARCC is satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of KPMG LLP is put at risk. For details of the fees paid to KPMG LLP, please refer to the Financial Statements at page 251 of this Annual Report. KPMG LLP attended the ARCC meetings every quarter for FY2022, and where appropriate, has met with the ARCC without the presence of Management to discuss their findings, if any.

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

CORPORATE GOVERNANCE REPORT

In the review of the financial statements for FY2022, the ARCC reviewed the following key audit matter identified by the external auditors with Management:

Key Audit Matter	Review by the ARCC
Valuation of investment properties	The ARCC considered the methodologies and key assumptions applied by the valuers in arriving at the valuation of the properties. The ARCC reviewed the outputs from the year-end valuation process of the Group's investment properties and discussed the details of the valuation with Management, focusing on significant changes in fair value measurements and key drivers of the changes. The ARCC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARCC was satisfied with the valuation process, the methodologies used and the valuation of investment properties as adopted and disclosed in the financial statements as at 30 September 2022.

GOVERNANCE OF RISK AND INTERNAL CONTROLS

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

Enterprise Risk Management and Risk Tolerance

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

Internal Controls

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

A comfort matrix of key risks, by which relevant material financial, compliance, operational (including information technology) and environmental and climate change risks of FLCT and the REIT Manager have been documented to assist the Board to assess the adequacy and effectiveness of the existing internal controls. The comfort matrix is prepared with reference to the strategies, policies, processes, systems and reporting processes connected with the management of such key risks and presented to the Board and the ARCC.

CORPORATE GOVERNANCE REPORT

Risk Management

The Board, through the ARCC, reviews the adequacy and effectiveness of the REIT Manager's risk management framework to ensure that robust risk management and mitigating controls are in place. The REIT Manager has adopted an enterprise-wide risk management ("**ERM**") framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the REIT Manager's ERM framework and progress report is set out on pages 114 to 115.

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

In addition to the ERM framework, risk tolerance statements setting out the nature and extent of significant risks which the REIT Manager is willing to take in achieving its strategic objectives have been formalised and adopted.

The Board has received assurance from the CEO and the CFO that as at 30 September 2022:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2022 give a true and fair view of the Group's operations and finances;

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

(c) the risk management system in place for FLCT is adequate and effective to address risks which the REIT Manager considers relevant and material to FLCT's operations.

Board's Comment on Internal Controls and Risk Management Framework

Based on the internal controls established and maintained by the REIT Manager, work performed by internal and external auditors, reviews performed by Management and the ARCC, and assurance from the CEO and the CFO, the Board is of the view that the internal controls in place for FLCT were adequate and effective as at 30 September 2022 to address financial, operational, compliance and information technology risks, which the REIT Manager considers relevant and material to FLCT's operations.

Based on the risk management framework established and adopted by the REIT Manager, review performed by Management and assurance from the CEO and the CFO, the Board is of the view that the risk management system in place for FLCT was adequate and effective as at 30 September 2022 to address risks which the REIT Manager considers relevant and material to FLCT's operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the REIT Manager will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The ARCC concurs with the Board's view that as at 30 September 2022, the internal controls of FLCT (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to address risks which the REIT Manager considers relevant and material to FLCT's operations.

CORPORATE GOVERNANCE REPORT

Internal Audit

The internal audit function of the REIT Manager is performed by FPL Group's internal audit department ("**FPL Group IA**"). FPL Group IA is responsible for conducting objective and independent assessments on the adequacy and effectiveness of the REIT Manager's system of internal controls, risk management and governance practices. The Head of FPL Group IA reports directly to the ARCC and administratively to the FPL Group Chief Corporate Officer. The appointment and removal of FPL Group IA as the service provider of the REIT Manager's internal audit function requires the approval of the ARCC.

The ARCC ensures that FPL Group IA complies with the standards set by nationally or internationally recognised professional bodies. In this regard, in performing internal audit services, FPL Group IA has adopted and complies with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, Inc.

The ARCC is also responsible for ensuring that the internal audit function is adequately resourced and staffed with individuals possessing the relevant qualifications and experience. As at 30 September 2022, FPL Group IA comprised 24 professional staff. The Head of FPL Group IA and the Singapore-based FPL Group IA staff are members of The Institute of Internal Auditors, Singapore. To ensure that the internal audit activities are effectively performed, FPL Group IA recruits suitably qualified audit professionals with the requisite skills and experience. FPL Group IA staff are given relevant training and development opportunities to update their technical knowledge and auditing skills. This includes attending relevant technical workshops and seminars organised by The Institute of Internal Auditors, Singapore, and other professional bodies.

FPL Group IA operates within the framework of a set of terms of reference as contained in the Internal Audit Charter approved by the ARCC. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned with the key strategies of FLCT. Risk assessments are carried out on all key business processes, the results of which are used to determine the extent and frequencies of the reviews to be performed. Higher risk areas are subject to more extensive and frequent reviews. FPL Group IA conducts its reviews based on internal audit plans approved by the ARCC. FPL Group IA has unfettered access to FLCT's and the REIT Manager's documents, records, properties and personnel, and the ARCC members, and has appropriate standing within FLCT and the REIT Manager. All audit reports detailing audit findings and recommendations are provided to Management who would respond with the actions to be taken.

Each quarter, FPL Group IA submits reports to the ARCC on the status of completion of the audit plan, audit findings noted from reviews performed, and status of Management's action plans to address such findings, including implementation of the audit recommendations. The ARCC is satisfied that for FY2022, the FPL Group IA is independent, effective, adequately resourced and has appropriate standing within FLCT and the REIT Manager to perform its functions effectively. Quality assurance reviews on FPL Group's internal audit function are periodically carried out by qualified professionals from an external organisation. The last review was performed in FY2022. Where required, the ARCC will make recommendations to the Board to ensure that FPL Group IA remains an adequate, effective and independent internal audit function.

Related/Interested Person Transactions

The REIT Manager has established internal processes such that the Board, with the assistance of the ARCC, is required to be satisfied that all Related/Interested Person Transactions are undertaken on normal commercial terms, and are not prejudicial to the interests of FLCT and its Unitholders. This may entail obtaining (where practicable) quotations from parties unrelated to the REIT Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix). Directors who are interested in any proposed Related/Interested Person Transaction to be entered into by FLCT are required to abstain from any deliberations or decisions in relation to that Related/Interested Person Transaction.

All Related/Interested Person Transactions are entered in a register maintained by the REIT Manager. The REIT Manager incorporates into its internal audit plan a review of the Related/Interested Person Transactions recorded in the register to ascertain that internal procedures and requirements of the SGX-ST Listing Manual and Property Funds Appendix have been complied with. The ARCC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related/Interested Person Transactions have been complied with. The review includes the examination of the nature of the Related/Interested Person Transactions and its supporting documents or such other data deemed necessary by the ARCC. In addition, the Trustee also has the right to review any such relevant internal audit reports to ascertain that the Property Funds Appendix has been complied with.

CORPORATE GOVERNANCE REPORT

Any Related/Interested Person Transaction proposed to be entered into between FLCT and an interested person, would require the Trustee to satisfy itself that such Related/Interested Person Transaction is conducted on normal commercial terms, is not prejudicial to the interests of FLCT and its Unitholders, and is in accordance with all applicable requirements of the CIS Code and the SGX-ST Listing Manual.

Whistle-Blowing Policy

The REIT Manager has put in place a whistle-blowing policy (the "**Whistle-Blowing Policy**"). The Whistle-Blowing Policy provides an independent feedback channel through which matters of concern about possible improprieties, misconduct or wrongdoing relating to FLCT, the REIT Manager and its officers in matters of financial reporting, suspected fraud and corruption or other matters may be raised by employees and any other persons in confidence and in good faith, without fear of reprisal. Whistle-Blowers may report any matters of concern by mail, email or calling a hotline, details of which are provided in the Whistle-Blowing Policy, which is available on FLCT's website at www.frasersproperty.com/reits/flct. Any report submitted through this channel would be received by the head of the internal audit function and the REIT Manager has designated FPL Group IA, an independent function, to investigate all whistle-blowing reports made in good faith. The REIT Manager and FPL is committed to ensuring that whistle-blowers will be treated fairly and protected from reprisals or victimisation or any otherwise detrimental or unfair treatment for whistle-blowing in good faith. The REIT Manager will treat all information received confidentially and protect the identity of all whistle-blowers.

The improprieties, misconduct or wrongdoing that are reportable under the Whistle-Blowing Policy include: (a) financial or professional misconduct; (b) improper conduct, dishonest, fraudulent or unethical behaviour; (c) any irregularity or non-compliance with laws/regulations or the REIT Manager's policies and procedures, and/or internal controls; (d) violence at the workplace, or any conduct that may threaten health and safety; (e) corruption or bribery; (f) conflicts of interest; and (g) any other improprieties or matters that may adversely affect Unitholders'/shareholders' interests in, and assets of, FLCT/the REIT Manager as well as FLCT's/the REIT Manager's reputation. The Whistle-Blowing Policy is covered and explained in detail during staff training, including the procedures for raising concerns. All whistle-blowing complaints raised are independently investigated and if appropriate, an investigation committee will be constituted. The outcome of each investigation and any action taken is reported to the ARCC.

UNITHOLDER MATTERS

The REIT Manager treats all Unitholders fairly and equitably in order to enable them to exercise their Unitholders' rights and have the opportunity to communicate their views on matters affecting FLCT. Unitholders are also given a balanced and understandable assessment of FLCT's performance, financial position and prospects. The REIT Manager communicates regularly with Unitholders and facilitates the participation of Unitholders during general meetings and other dialogues to allow Unitholders to communicate their views on various matters affecting FLCT.

Investor Relations

The REIT Manager prides itself on its high standards of disclosure and corporate transparency. The REIT Manager aims to provide fair, relevant, comprehensive and timely information regarding FLCT's performance and progress and matters concerning FLCT and its business which are likely to materially affect the price or value of the Units and other FLCT securities or are likely to influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell the Units or other FLCT securities, to Unitholders and the investment community, to enable them to make informed investment decisions.

The REIT Manager's dedicated Investor Relations ("**IR**") manager is tasked with, and focuses on, facilitating communications between FLCT and its Unitholders, as well as with the investment community, analysts and the media. An IR policy which outlines the practices and processes for facilitating regular, timely, accurate and fair communications has been implemented. The IR policy also sets out the initiatives and channels by which Unitholders may be engaged, and the mechanism through which Unitholders may contact the REIT Manager with questions and through which the REIT Manager may respond to such questions.

CORPORATE GOVERNANCE REPORT

Continuous and informed dialogue between the REIT Manager and Unitholders is a central tenet of good corporate governance, and encourages more active stewardship. Regular engagement between these parties will thus benefit FLCT and investors. Notwithstanding disruptions brought about by the COVID-19 pandemic, the REIT Manager's stakeholder engagement efforts progressed unabated, leveraging digital platforms and conferencing technologies to conduct virtual investor meetings and conferences. The REIT Manager, through the IR team, the CEO and the CFO communicate regularly with Unitholders, as well as with the investment community, through timely disclosures of material and other pertinent information through announcements on SGXNet, half-year and full-year results briefings and conference calls, and provision of business updates on FLCT's operational performance for the first and third quarters. In the interim business updates for the first and third quarters of each financial year, the REIT Manager provides, *inter alia*, a discussion of the significant factors that affected FLCT's interim performance as well as relevant market trends, including the risks and opportunities that may have a material impact on the FLCT's prospects. Such information provides Unitholders a better understanding of FLCT's performance in the context of the current business environment. The REIT Manager also participates in roadshows, investor meetings, teleconferences and conferences to keep the market and investors apprised of FLCT's corporate developments and financial and operating performance and to solicit and understand the views of Unitholders and investors. During the year, the REIT Manager engaged with Singapore and foreign investors at conferences, briefings and calls, non-deal roadshows as well as one-on-one and group meetings. The aim of such engagements is to provide Unitholders and investors with prompt disclosure of relevant information, to enable them to have a better understanding of FLCT's businesses, performance and strategies and to solicit and understand the views of such Unitholders and investors. The REIT Manager also makes available on its website at www.frasersproperty.com/reits/flct all its briefing materials to analysts and the media, its financial information, its annual reports, and all SGXNet announcements, with the contact details of the IR manager for investors to channel their comments and queries.

Further details on the various activities organised by IR during the year can be found in the Investor Relations section of this Annual Report on pages 72 to 74.

Unitholders, investors and other stakeholders can communicate with Management via email or telephone to IR; please find their contact details on page 74.

An electronic copy of this Annual Report has been uploaded on FLCT's website. Unitholders can access this Annual Report (printed copies are available upon request) at https://flct.frasersproperty.com/publications.html.

The Trust Deed is available for inspection upon request at the REIT Manager's office.[2]

Conduct of General Meetings

Due to the COVID-19 situation in Singapore, the AGMs in respect of the financial years ended 30 September 2020 and 30 September 2021 ("**2022 AGM**") were convened and held wholly by way of electronic means, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Temporary Measures Order**"). While Unitholders were not able to attend the 2022 AGM physically and participate in person, they were able to submit questions to the Chairman of the meeting "live" at the 2022 AGM through the electronic platform for the 2022 AGM and have their questions addressed at the 2022 AGM itself. All the Directors attended the 2022 AGM either in-person or via electronic means.

In view of the progressive easing of the COVID-19 community safe management measures in Singapore, the forthcoming 6th Annual General Meeting ("**2023 AGM**") will be held in a wholly physical format on 17 January 2023 pursuant to the COVID-19 Temporary Measures Order and Unitholders (themselves or through duly appointed proxies) will be able to vote and ask questions in person at the 2023 AGM. The format of the 2023 AGM may be subject to further changes as may be necessitated due to the COVID-19 situation in Singapore.

[2] Prior appointment with the REIT Manager is appreciated.

CORPORATE GOVERNANCE REPORT

The Board supports and encourages active Unitholder participation at AGMs as it believes that general meetings serve as an opportune forum for Unitholders to meet the Board and senior Management, and to interact with them. As and when an extraordinary general meeting is convened, a circular is sent to Unitholders, containing details of the matters proposed for Unitholders' consideration and approval. To encourage participation, FLCT's general meetings are held at convenient locations. Unitholders are given the opportunity to participate effectively and vote at FLCT's general meetings, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated prior to the start of the meeting. Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation, and are able to appoint more than two proxies to attend, speak and vote at general meetings of FLCT. At FLCT's general meetings, Unitholders are also given opportunities to ask questions or give feedback to the REIT Manager.

The REIT Manager generally provides its Unitholders with longer than the minimum notice period required for general meetings. The REIT Manager tries its best not to schedule its AGMs during peak periods when these might coincide with the AGMs of other listed companies, and also gives Unitholders the necessary information on each resolution so as to enable them to exercise their votes on an informed basis.

To safeguard the Unitholders' interests and rights, the REIT Manager tables separate resolutions at general meetings of the Unitholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. In the event where resolutions are bundled, the REIT Manager will explain the reasons and material implications in the relevant notice of meeting. Unitholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions sought to be passed.

For greater transparency, the REIT Manager has implemented electronic poll voting at general meetings. This entails Unitholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Unitholders present or represented at the meeting to vote on a one Unit, one vote basis. The voting results of all votes cast for, against, or abstaining from each resolution is then screened at the meeting and announced via SGXNet after the meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings. As the authentication of Unitholder identity and other related security and integrity issues remain a concern, for FY2022, the REIT Manager did not implement absentia voting methods such as voting via mail, e-mail or fax.

At the AGM, a presentation is made to Unitholders to update on FLCT's financial and operational performance and prospects. The presentation materials are made available on SGXNET and the FLCT website before the commencement of the AGM for the benefit of Unitholders.

Board members and senior management are present, and for the entire duration of, at each Unitholders' meeting to respond to any questions from Unitholders, unless they are unable to attend due to exigencies. Certain external consultants including FLCT's external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

The Chairman of the meeting is tasked with facilitating constructive dialogue between the Unitholders and the Board, Management and the external auditors. Where appropriate, the Chairman allows senior management or specific Directors, such as the respective Board Committee chairmen, to answer queries on matters related to their roles. Unitholders are also given an opportunity to interact with the Directors before and/or after general meetings.

The minutes of Unitholders' meetings which capture the attendance of Board members at the meetings, matters approved by Unitholders, voting results and substantial and relevant comments or queries from Unitholders relating to the agenda of the general meeting together with responses from the Board and Management, are prepared by the REIT Manager. These minutes are available on the FLCT website.

Distributions

FLCT's distribution policy is to distribute at least 90.0% of its distributable income and such distributions are paid on a semi-annual basis. For FY2022, FLCT made two such distributions to Unitholders.

CORPORATE GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of FLCT are served. Stakeholders are parties who may be affected by FLCT's or the REIT Manager's activities or whose actions can affect the ability of FLCT or the REIT Manager to conduct its activities.

Sustainability

In order to review and assess the material factors relevant to FLCT's business activities, the REIT Manager from time to time proactively engages with various stakeholders, including employees, vendors, tenants, and the investment community, to gather feedback on the sustainability matters which have significant impact to the business and operations of FLCT and its stakeholders. Please refer to the Sustainability Report on pages 116 to 160 of this Annual Report, which sets out information on the REIT Manager's arrangements to identify and engage with its material stakeholder groups and to manage its relationships with such groups, and the REIT Manager's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2022.

Code of Business Conduct

The conduct of employees of the REIT Manager is governed by the FPL Code of Business Conduct. The FPL Group's business practices are governed by integrity, honesty, fair dealing and compliance with applicable laws. To guide FPL Group's employees across its multi-national network to uphold these values, FPL has established the FPL Code of Business Conduct to provide clear guidelines on ethics and relationships to safeguard the interests and reputation of the FPL Group, including the REIT Manager, as well as its stakeholders.

The Code of Business Conduct covers key aspects such as avoiding conflicts of interest, working with external stakeholders (including customers, suppliers, business partners, governments and regulatory officials), protecting company's assets, social media engagement, data privacy and upholding laws in countries where the FPL Group has geographical presence in. The Code of Business Conduct also emphasises the importance of upholding the FPL Group's core values to build a respectful culture. Employees are encouraged to be respectful to the elements that make people similar or different from one another, including background, views, experiences, capabilities, values, beliefs, physical differences, ethnicity and culture, gender, age, thinking styles, preferences and behaviours.

The Code of Business Conduct sets out the policies and procedures dealing with various issues such as conflicts of interests, the maintenance of records and reports, equal employment opportunities and sexual harassment. It includes requirements relating to the keeping of accurate and sufficiently detailed accounting records for financial transactions, internal financial reporting and financial reporting to stakeholders, sets out the standards to which employees must adhere in their business relationships with third parties and personal business undertakings and their obligations to the FPL Group, and provides for the need to obtain approval in certain situations where a conflict of interest may arise. It also covers an employee's obligations in protecting the FPL Group's confidential information and intellectual property and reiterates the FPL Group's zero tolerance approach to bribery and corruption.

Where applicable/appropriate, the Code of Business Conduct is also made available to other stakeholders such as the REIT Manager's agents, suppliers, business associates and customers.

Anti-Bribery and Anti-Corruption

The REIT Manager has procedures in place to comply with applicable anti-bribery laws and regulations. Under the Code of Business Conduct, employees are not to accept, offer, promise, or pay anything of value to another person with the intention to obtain or retain business, to improperly influence an official action or to secure an unfair business advantage, whether directly or through a third party. An anti-bribery policy, which is applicable to entities of the FPL Group incorporated or formed in the United Kingdom, and those carrying on business in the United Kingdom, has been implemented.

CORPORATE GOVERNANCE REPORT

Anti-Money Laundering and Countering the Financing of Terrorism Measures

The REIT Manager has a policy in place and has implemented procedures to comply with applicable anti-money laundering, counter-terrorism financing laws and regulations, including the notice and guidelines issued by the Monetary Authority of Singapore to capital intermediaries on the prevention of money laundering and countering the financing of terrorism. The REIT Manager's policy and procedures include, but are not limited to, risk assessment and mitigation, customer due diligence, reporting of suspicious transactions, and record keeping. Training on anti-money laundering, counter-terrorism financing laws and regulations are also conducted for employees, officers and representatives periodically and as and when needed.

Business Continuity Management

The REIT Manager adheres to the Group Business Continuity Management ("**BCM**") Policy which has been implemented by, and applies to, the entities within the FPL Group. The BCM Policy references the requirements of ISO22301 management system, sets directives and guides the REIT Manager in implementing and maintaining a BCM programme to protect against, reduce the likelihood of the occurrence of, prepare for, respond to and recover from disruptions when they arise. Annual tests, exercises and drills are carried out to assess the effectiveness of the business continuity plans.

The Code of Business Conduct, BCM Policy and the other policies mentioned above, are accessible to all employees on the FPL Group intranet.

POLICY ON DEALINGS IN SECURITIES

The REIT Manager has established a dealing policy on securities trading ("**Dealing Policy**") setting out the procedure for dealings in FLCT's securities by its Directors, officers and compliance with Rule 1207(19) of the SGX-ST Listing Manual on best practices on dealing in securities. The Group issues reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (a) two weeks prior to the announcement of the interim business updates of the first and third quarters of the financial year, and (b) one month before the announcement of half-year and full-year results, and ending on the date of such announcements (the "**Prohibition Period**"). Directors, officers and employees are also reminded not to trade in listed securities of FLCT at any time while in possession of unpublished price or trade sensitive information and to refrain from dealing in FLCT's securities on short-term considerations. Directors and the CEO are also required to report their dealings in FLCT's securities within two business days.

Every quarter, each Director, officer and employee is required to complete and submit a declaration form to the designated compliance officer to report any trades he/she made in Units in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the ARCC. Any non-compliance with the Dealing Policy will be reported to ARCC for its review and instructions.

Under the Dealing Policy, prior approval from the Board is required before the REIT Manager deals or trades in Units. In addition, the REIT Manager will not deal in Units:

(i) during the Prohibition Period; or

(ii) while in possession of unpublished material price sensitive information.

CORPORATE GOVERNANCE REPORT

ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE REIT MANAGER

Pursuant to the Trust Deed[1], the REIT Manager is entitled to receive the following fees:

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Base Fee	Pursuant to Clause 15.1.1 of the Trust Deed, the REIT Manager is entitled to receive a Base Fee not exceeding the rate of 0.4% per annum of the Value of FLCT's Deposited Property.	The Base Fee compensates the REIT Manager for the costs incurred in managing FLCT, which includes overheads, day-to-day operational costs, compliance, monitoring and reporting costs as well as administrative expenses.
	The Base Fee is payable quarterly in the form of cash and/or Units as the REIT Manager may elect.	The Base Fee is calculated at a fixed percentage of asset value as the scope of the REIT Manager's duties is commensurate with the size of FLCT's asset portfolio.
Performance Fee	Pursuant to Clause 15.1.2 of the Trust Deed, the REIT Manager is entitled to receive a Performance Fee equal to a rate of 5.0% per annum of the Distributable Income of FLCT (calculated before accounting for the Performance Fee but after accounting for the Base Fee and adding back Adjustments) in the relevant financial year. The Performance Fee is payable annually in the form of cash and/or Units as the REIT Manager may elect.	The Performance Fee, which is based on Distributable Income, aligns the interests of the REIT Manager with Unitholders as the REIT Manager is incentivised to proactively focus on improving rentals and optimising the operating costs and expenses of FLCT's properties. Linking the Performance Fee to Distributable Income will also motivate the REIT Manager to ensure the long-term sustainability of the distribution income instead of taking on excessive short-term risks to the detriment of Unitholders.

1 Capitalised terms used in this section shall have the same meanings ascribed to them in the Trust Deed.

CORPORATE GOVERNANCE REPORT

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Acquisition Fee	Pursuant to Clause 15.2.1(i) of the Trust Deed, the REIT Manager is entitled to receive an Acquisition Fee not exceeding the rate of (i) 0.5% for acquisitions from Related Parties; and (ii) 1.0% in all other cases, of the acquisition price[2] upon the completion of an acquisition. Subject to the Property Funds Appendix, the Acquisition Fee is payable as soon as practicable after completion of the acquisition in the form of cash and/or Units as the REIT Manager may elect.	The Acquisition Fee and Divestment Fee seek to motivate and compensate the REIT Manager for the time, cost and effort spent (in the case of an acquisition) in sourcing, evaluating and executing potential opportunities to acquire new properties to further grow FLCT's asset portfolio or, (in the case of a divestment) in rebalancing and unlocking the underlying value of the existing properties. The REIT Manager provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns, income sustainability and achieving the investment objectives of FLCT. The Acquisition Fee is higher than the Divestment Fee because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.
Divestment Fee	Pursuant to Clause 15.2.1(ii) of the Trust Deed, the REIT Manager is entitled to receive a Divestment Fee not exceeding the rate of 0.5% of the sale price[3] upon the completion of a sale or disposal. Subject to the Property Funds Appendix, the Divestment Fee is payable as soon as practicable after completion of the sale or disposal in the form of cash and/or Units as the REIT Manager may elect.	The Divestment Fee is lower than the Acquisition Fee because there is additional work to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.

[2] (a) being the acquisition price of any real estate purchased (whether directly or indirectly through one or more special purpose vehicles) plus any other payments made to the vendor in addition to the acquisition price in connection with the purchase of the real estate, pro-rated, if applicable, to the proportion of FLCT's interest;

(b) being, in relation to an acquisition of any special purpose vehicles or holding entities which hold real estate (whether directly or indirectly through one or more special purpose vehicles), the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased (whether directly by FLCT or through any special purpose vehicle(s)), plus any other payments made to the vendor in connection with the purchase of the equity interests, pro-rated, if applicable, to the proportion of FLCT's interest; or

(c) being the acquisition price of any Investment purchased by FLCT (whether directly or through any special purpose vehicle), in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate, or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

[3] (a) being the sale price of any real estate sold (whether directly or indirectly through one or more special purpose vehicles) plus any other payments made in addition to the sale price received from the purchaser in connection with the sale of the real estate, pro-rated, if applicable, to the proportion of FLCT's interest;

(b) being, in relation to a divestment of any special purpose vehicles or holding entities which hold real estate, the underlying value of any real estate which is taken into account when computing the sale price payable for the equity interests of any vehicle holding directly or indirectly the real estate sold (whether directly by FLCT or through any special purpose vehicle(s)), plus any other payments made by the purchaser in connection with the sale of the equity interests, pro-rated, if applicable, to the proportion of FLCT's interest; or

(c) being the sale price of any Investment sold by FLCT (whether directly or through any special purpose vehicle), in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate, or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

CORPORATE GOVERNANCE REPORT

SUMMARY OF COMPLIANCE WITH EXPRESS DISCLOSURE REQUIREMENTS IN PRINCIPLES AND PROVISIONS OF THE CG CODE

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CORPORATE GOVERNANCE REPORT

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Provision 8.2	Names and remuneration of employees who are substantial shareholders of the REIT Manager or substantial Unitholders, or are immediate family members of a Director, the CEO or such a substantial shareholder or substantial Unitholder, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The employee's relationship with the relevant director or the CEO or substantial shareholder or substantial Unitholder should also be stated.	185
Provision 8.3	All forms of remuneration and other payments and benefits, paid by the REIT Manager and its subsidiaries to directors and key management personnel of the REIT Manager.	184
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CORPORATE GOVERNANCE REPORT

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REPORT OF THE TRUSTEE

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Frasers Logistics & Commercial Trust (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "Regulations"), the Trustee shall monitor the activities of Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed dated 30 November 2015 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the financial year covered by these financial statements set out on pages 207 to 308, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Sin Li Choo
Director

Singapore
14 November 2022

STATEMENT BY THE MANAGER

In the opinion of the directors of Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "Manager"), the accompanying financial statements set out on pages 207 to 308 comprising the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 30 September 2022, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year ended 30 September 2022, and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust and the portfolio holdings of the Group as at 30 September 2022, the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended 30 September 2022 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Frasers Logistics & Commercial Asset Management Pte. Ltd.

Ho Hon Cheong
Director

Kyle Lee Khai Fatt
Director

Singapore
14 November 2022

INDEPENDENT AUDITORS' REPORT

Unitholders of Frasers Logistics & Commercial Trust
(Constituted in the Republic of Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frasers Logistics & Commercial Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 30 September 2022, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 207 to 308.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and the portfolio holdings of the Group and the financial position of the Trust as at 30 September 2022 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 10 of the financial statements)

Risk

The Group owns a portfolio of logistics and industrial properties in Australia, Germany, the Netherlands and the United Kingdom, as well as commercial properties and business parks in Singapore, Australia and the United Kingdom that are leased to third parties under operating leases. Investment properties represent the largest category of assets on the consolidated statement of financial position, with a carrying value of approximately S$6.9 billion as at 30 September 2022.

These investment properties are stated at their fair values based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied and a change in the assumptions may have an impact on the valuations.

INDEPENDENT AUDITORS' REPORT

Unitholders of Frasers Logistics & Commercial Trust
(Constituted in the Republic of Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended))

Our response

We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We evaluated the appropriateness of the key assumptions used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors. Where the assumptions were outside of the expected range, we undertook further procedures, and when necessary, held discussions with the external valuers to understand the effects of additional factors taken into account in the valuations.

Our findings

The external valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used by the valuers are in line with generally accepted market practices. The key assumptions applied in the valuations including the capitalisation rate, gross initial yield, net initial yield, discount rate, terminal yield, gross development value and estimated costs to complete were supported by the evidence available and are generally comparable to available market data. Where the assumptions were outside of the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence.

Other information

Frasers Logistics & Commercial Asset Management Pte. Ltd., the Manager of the Trust (the "Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Glossary, Corporate Profile, Our Multi-National Presence, Financial Highlights, Trends, Strategy & Achievements, Letter to Unitholders, In Conversation with the CEO, Organisation & Corporate Structure, Board of Directors, Management Team, Financial Review, Capital Management, Operational Review, Portfolio Overview, Property Profiles, Investor Relations, Unit Price Performance, Independent Market Research Australia, Independent Market Research Germany, Independent Market Research Singapore, Independent Market Research The UK, Independent Market Research The Netherlands, Enterprise-Wide Risk Management, Corporate Governance Report and Interested Person Transactions prior to the date of this auditors' report. The Sustainability Report and the Unitholders' Statistics are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Sustainability Report and Unitholders' Statistics, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITORS' REPORT

Unitholders of Frasers Logistics & Commercial Trust
(Constituted in the Republic of Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended))

Responsibilities of the Manager for the financial statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

Unitholders of Frasers Logistics & Commercial Trust
(Constituted in the Republic of Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended))

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lim Pang Yew Victor.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 November 2022

STATEMENT OF TOTAL RETURN

For the year ended 30 September 2022

	Note	Group 2022 S$'000	Group 2021 S$'000
Revenue	3	450,187	469,328
Property operating expenses	4	(101,366)	(102,668)
Net property income		348,821	366,660
Managers' management fees	5	(42,018)	(39,617)
Trustees' fees		(906)	(844)
Trust expenses		(4,707)	(7,136)
Exchange gains/(losses) (net)		2,124	(346)
Finance income		727	924
Finance costs		(41,595)	(45,687)
Net finance costs	6	(40,868)	(44,763)
Net income		262,446	273,954
Net change in fair value of derivatives		276	1,400
Net change in fair value of investment properties	10	425,593	602,850
Gain on divestment of investment properties		169,694	2,451
Total return for the year before tax		858,009	880,655
Tax expense	7	(119,268)	(140,897)
Total return for the year	8	738,741	739,758
Total return attributable to:			
Unitholders		728,645	731,106
Non-controlling interests		10,096	8,652
		738,741	739,758
Earnings per Unit (Singapore cents)			
Basic	9	19.74	20.84
Diluted	9	19.63	20.74

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

DISTRIBUTION STATEMENT

For the year ended 30 September 2022

	Group 2022 S$'000	Group 2021 S$'000
Distributable income during the year		
Total return for the year attributable to Unitholders	728,645	731,106
Tax related and other adjustments (**Note A**)	(461,873)	(464,330)
Income available for distribution to Unitholders	266,772	266,776
Capital distribution (**Note B**)	14,981	3,299
Distributable income	281,753	270,075
Amount available for distribution to Unitholders at beginning of the year	95,547	116,754
Distributable income for the year	281,753	270,075
Amount available for distribution to Unitholders	377,300	386,829
Distributions to Unitholders:		
Distribution of 3.39 Singapore cents per Unit for the period from 15 April 2020 to 30 September 2020	–	(116,076)
Distribution of 3.80 Singapore cents per Unit for the period from 1 October 2020 to 31 March 2021	–	(130,290)
Distribution of 1.31 Singapore cents per Unit for the period from 1 April 2021 to 2 June 2021	–	(44,916)
Distribution of 2.57 Singapore cents per Unit for the period from 3 June 2021 to 30 September 2021	(94,733)	–
Distribution of 3.85 Singapore cents per Unit for the period from 1 October 2021 to 31 March 2022	(142,108)	–
	(236,841)	(291,282)
Amount available for distribution to Unitholders at end of the year	140,459	95,547
Distribution per Unit (DPU) (Singapore cents)[1]	7.62	7.68

Note A

	2022 S$'000	2021 S$'000
Tax related and other adjustments relate to the following items:		
Straight-lining of rental adjustments	(708)	(5,032)
Managers' management fees paid/payable in Units	33,744	27,804
Exchange (gains)/losses (net)	(2,104)	329
Finance costs	3,864	4,900
Lease payments of right-of-use assets	(5,975)	(6,467)
Net change in fair value of derivatives	(276)	(1,400)
Net change in fair value of investment properties	(425,593)	(602,850)
Fair value gain on financial assets at fair value through profit or loss ("FVTPL")	(104)	(879)
(Gain)/Loss on divestment of investment properties, net of capital gains tax	(166,850)	5,181
Deferred tax expense	93,221	106,836
Non-controlling interests' share of adjustments	7,646	5,888
Other adjustments	1,262	1,360
Net distribution adjustments	(461,873)	(464,330)

Note B

	2022 S$'000	2021 S$'000
Capital distributions relate to the following:		
Lease incentives[a]	3,278	1,968
Rental support[b]	3,489	1,331
Divestment gains	8,214	–
	14,981	3,299

(1) The DPU relates to the distributions in respect of the relevant financial year. The distribution for the period from 1 April 2022 to 30 September 2022 (2021: 3 June 2021 to 30 September 2021) will be made subsequent to the financial year end.

(a) Reimbursements received from the vendors in relation to outstanding lease incentives at the point of completion of the acquisition of certain properties in Australia and Europe in prior years. The reimbursements received prior to 1 April 2021 were recognised as Revenue.

(b) Rental support received from vendors in relation to the acquisition of certain properties in the United Kingdom ("UK").

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2022

	Note	Group 2022 S$'000	Group 2021 S$'000	Trust 2022 S$'000	Trust 2021 S$'000
Non-current assets					
Investment properties	10	6,931,752	7,482,282	–	–
Plant and equipment	11	130	209	–	–
Investment in subsidiaries	12	–	–	2,763,312	2,887,282
Loans to subsidiaries	13	–	–	1,811,636	1,843,727
Derivative assets	14	165,241	16,455	149,672	14,492
		7,097,123	7,498,946	4,724,620	4,745,501
Current assets					
Cash and cash equivalents	15	220,728	140,367	98,230	13,597
Trade and other receivables	16	49,728	39,850	73,692	107,211
Derivative assets	14	3,870	1,015	939	1,015
Investment property held for sale	10	38,264	–	–	–
		312,590	181,232	172,861	121,823
Total assets		7,409,713	7,680,178	4,897,481	4,867,324
Current liabilities					
Trade and other payables	17	77,322	96,589	128,243	83,554
Loans and borrowings	18	160,079	234,505	22,893	1,799
Derivative liabilities	14	–	2,535	–	493
Current tax liabilities		23,761	27,052	30	5
Liabilities directly associated with the investment property held for sale	10	18,280	–	–	–
		279,442	360,681	151,166	85,851
Non-current liabilities					
Trade and other payables	17	9,787	14,313	–	–
Loans and borrowings	18	1,939,925	2,447,207	1,426,974	1,433,141
Derivative liabilities	14	451	15,025	451	13,128
Deferred tax liabilities	19	291,944	223,497	–	–
		2,242,107	2,700,042	1,427,425	1,446,269
Total liabilities		2,521,549	3,060,723	1,578,591	1,532,120
Net assets		4,888,164	4,619,455	3,318,890	3,335,204
Represented by:					
Unitholders' funds		4,838,844	4,574,641	3,318,890	3,335,204
Non-controlling interests	20	49,320	44,814	–	–
		4,888,164	4,619,455	3,318,890	3,335,204
Units in issue and to be issued ('000)	21	3,711,605	3,686,126	3,711,605	3,686,126
Net asset value per Unit (S$)	22	1.30	1.24	0.89	0.90

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the year ended 30 September 2022

	Note	Attributable to Unitholders S$'000	Non-controlling interests S$'000	Total S$'000
Group				
At 1 October 2021		4,574,641	44,814	4,619,455
Operations				
Increase in net assets resulting from operations		728,645	10,096	738,741
Transactions with owners				
Units issued and to be issued:				
– Managers' management fees paid/payable in Units		33,744	–	33,744
Distributions paid to Unitholders	23	(236,841)	–	(236,841)
Dividends paid to non-controlling interests		–	(749)	(749)
Net decrease in net assets resulting from transactions with owners		(203,097)	(749)	(203,846)
Hedging reserve				
Effective portion of change in fair value of cash flow hedges		72,497	196	72,693
Net increase in net assets resulting from hedging reserve		72,497	196	72,693
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries		(315,236)	(5,174)	(320,410)
Exchange differences on hedge of net investments in foreign operations		149,544	–	149,544
Exchange differences on monetary items forming part of net investment in foreign operations		(168,150)	–	(168,150)
Net decrease in net assets resulting from foreign currency translation reserve		(333,842)	(5,174)	(339,016)
Changes in ownership interests in subsidiaries				
Acquisition of non-controlling interests without a change in control		–	137	137
At 30 September 2022		4,838,844	49,320	4,888,164

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the year ended 30 September 2022

	Note	Attributable to Unitholders S$'000	Non-controlling interests S$'000	Total S$'000
Group				
At 1 October 2020		3,770,460	36,217	3,806,677
Operations				
Increase in net assets resulting from operations		731,106	8,652	739,758
Transactions with owners				
Units issued and to be issued:				
– Private placement	21	335,760	–	335,760
– Managers' management fees and acquisition fees paid/payable in Units		32,106	–	32,106
Unit issue costs		(5,197)	–	(5,197)
Distributions paid to Unitholders	23	(291,282)	–	(291,282)
Dividends paid to non-controlling interests		–	(2,448)	(2,448)
Net increase/(decrease) in net assets resulting from transactions with owners		71,387	(2,448)	68,939
Hedging reserve				
Effective portion of change in fair value of cash flow hedges		18,301	52	18,353
Net increase in net assets resulting from hedging reserve		18,301	52	18,353
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries		(7,559)	(519)	(8,078)
Exchange differences on hedge of net investments in foreign operations		7,290	–	7,290
Exchange differences on monetary items forming part of net investment in foreign operations		(16,344)	–	(16,344)
Net decrease in net assets resulting from foreign currency translation reserve		(16,613)	(519)	(17,132)
Changes in ownership interests in subsidiaries				
Acquisition of subsidiaries with non-controlling interests	32	–	2,860	2,860
At 30 September 2021		4,574,641	44,814	4,619,455

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the year ended 30 September 2022

	Note	2022 S$'000	2021 S$'000
Trust			
At 1 October		3,335,204	3,074,592
Operations			
Increase in net assets resulting from operations		131,587	177,629
Transactions with owners			
Units issued and to be issued:			
– Private placement	21	–	335,760
– Managers' management fees and acquisition fees paid/payable in Units		33,744	32,106
Unit issue costs		–	(5,197)
Distributions paid to Unitholders	23	(236,841)	(291,282)
Net (decrease)/increase in net assets resulting from transactions with owners		(203,097)	71,387
Hedging reserve			
Effective portion of change in fair value of cash flow hedges		55,196	11,596
Net increase in net assets resulting from hedging reserve		55,196	11,596
At 30 September		3,318,890	3,335,204

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 September 2022

	Note	Group 2022 S$'000	Group 2021 S$'000
Cash flows from operating activities			
Total return before tax		858,009	880,655
Adjustments for:			
Straight-lining of rental adjustments		(708)	(5,032)
Effects of recognising lease incentives on a straight-line basis over the lease term		5,765	5,162
Managers' management fees paid/payable in Units		33,744	27,804
Depreciation of plant and equipment		61	73
Loss on write-off of property, plant and equipment		18	–
Reversal of allowance for doubtful receivables		(107)	(326)
Unrealised exchange losses/(gains) (net)		6,346	(6,398)
Finance income	6	(727)	(924)
Finance costs	6	41,595	45,687
Net change in fair value of derivatives		(276)	(1,400)
Net change in fair value of investment properties	10	(425,593)	(602,850)
Gain on divestment of investment properties		(169,694)	(2,451)
Cash generated from operations before working capital changes		348,433	340,000
Changes in working capital:			
Trade and other receivables		(20,912)	(6,390)
Trade and other payables		6,168	(652)
Cash generated from operations		333,689	332,958
Tax paid		(26,744)	(31,143)
Net cash generated from operating activities		306,945	301,815
Cash flows from investing activities			
Acquisition of subsidiaries	32	–	(147,246)
Acquisition of investment properties (including acquisition costs)		(143,084)	(309,739)
Stamp duty incurred on acquisition of investment properties		(9,032)	(15,216)
Net proceeds from divestment of investment properties		803,246	175,679
Capital and other expenditure on investment properties		(127,619)	(28,886)
Interest received		699	44
Net cash generated from/(used in) investing activities		524,210	(325,364)
Cash flows from financing activities			
Interest paid		(38,519)	(41,599)
Proceeds from loans and borrowings		51,393	858,559
Repayment of loans and borrowings		(511,703)	(853,815)
Payment of upfront debt-related transaction costs		–	(3,611)
Payment of lease liabilities		(1,270)	(1,153)
Issuance of new Units		–	335,760
Unit issue costs paid		–	(5,197)
Distributions paid to Unitholders		(236,841)	(291,282)
Dividends paid to non-controlling interests		(749)	(2,448)
Net cash used in financing activities		(737,689)	(4,786)
Net increase/(decrease) in cash and cash equivalents		93,466	(28,335)
Cash and cash equivalents at beginning of year		140,367	168,652
Effect of exchange rate changes on cash and cash equivalents		(13,105)	50
Cash and cash equivalents at end of year	15	220,728	140,367

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 September 2022

SIGNIFICANT NON CASH TRANSACTIONS

Other than the non cash items as set out above, there were the following additional significant non cash financing and investing transactions during the following years:

2022

- 19,746,643 Units, amounting to S$28,921,000, were issued to the Managers as satisfaction of the management fees payable to the Managers.

2021

- 19,619,486 Units, amounting to S$27,859,000, were issued to the Managers as satisfaction of the management fees payable to the Managers.
- 3,580,450 Units, amounting to S$5,020,000, were issued to the Managers as satisfaction of the acquisition fees payable to the Managers for the acquisition of certain subsidiaries and investment properties acquired.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT

As at 30 September 2022

Group

Location of property	Acquisition date	Tenure[a]	Carrying amount 2022 S$'000	Carrying amount 2021 S$'000	Percentage of net assets attributable to Unitholders 2022 %	Percentage of net assets attributable to Unitholders 2021 %
Completed investment properties						
Logistics and industrial portfolio						
(A) Australia						
Melbourne, Victoria						
South East						
South Park Industrial Estate						
98-126 South Park Drive, Dandenong South	14 June 2016	Freehold	51,453	47,598	1.1	1.0
21-33 South Park Drive, Dandenong South	14 June 2016	Freehold	36,752	35,821	0.8	0.8
22-26 Bam Wine Court, Dandenong South	14 June 2016	Freehold	30,550	31,896	0.6	0.7
16-32 South Park Drive, Dandenong South	14 June 2016	Freehold	24,348	18,892	0.5	0.4
89-103 South Park Drive, Dandenong South	1 August 2017	Freehold	20,673	18,401	0.4	0.4
The Key Industrial Park						
17 Pacific Drive and 170-172 Atlantic Drive, Keysborough	14 June 2016	Freehold	51,453	50,542	1.1	1.1
150-168 Atlantic Drive, Keysborough	14 June 2016	Freehold	51,453	50,052	1.1	1.1
49-75 Pacific Drive, Keysborough	14 June 2016	Freehold	48,513	46,470	1.0	1.0
77 Atlantic Drive, Keysborough	14 June 2016	Freehold	32,158	31,405	0.6	0.7
78 & 88 Atlantic Drive, Keysborough	14 June 2016	Freehold	28,023	26,989	0.6	0.6
111 Indian Drive, Keysborough	31 August 2016	Freehold	50,075	48,580	1.0	1.1
29 Indian Drive, Keysborough	15 August 2017	Freehold	45,021	43,869	0.9	1.0
17 Hudson Court, Keysborough	12 September 2017	Freehold	45,021	44,163	0.9	1.0
8-28 Hudson Court, Keysborough	20 August 2019	Freehold	46,399	49,561	0.9	1.1
Mulgrave						
211A Wellington Road, Mulgrave	14 June 2016	Freehold	48,237	48,580	1.0	1.1
Braeside Industrial Estate						
75-79 Canterbury Road, Braeside	12 August 2020	Freehold	27,564	26,498	0.6	0.6
West						
West Park Industrial Estate						
468 Boundary Road, Derrimut	14 June 2016	Freehold	47,778	45,635	1.0	1.0
1 Doriemus Drive, Truganina	14 June 2016	Freehold	121,282	124,638	2.5	2.7
2-22 Efficient Drive, Truganina	14 June 2016	Freehold	65,855	62,123	1.4	1.3
1-13 and 15-27 Sunline Drive, Truganina	14 June 2016	Freehold	48,237	45,145	1.0	0.9
Balance carried forward			920,845	896,858	19.0	19.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT

As at 30 September 2022

Group

Location of property	Acquisition date	Tenure[a]	Carrying amount 2022 S$'000	Carrying amount 2021 S$'000	Percentage of net assets attributable to Unitholders 2022 %	Percentage of net assets attributable to Unitholders 2021 %
Balance brought forward			920,845	896,858	19.0	19.6
Melbourne, Victoria (cont'd)						
West (cont'd)						
West Park Industrial Estate (cont'd)						
42 Sunline Drive, Truganina	14 June 2016	Freehold	26,645	25,026	0.6	0.5
43 Efficient Drive, Truganina	1 August 2017	Freehold	35,833	34,840	0.7	0.8
West Industry Park						
1 Magnesium Place, Truganina	27 June 2022	Freehold	22,235	–	0.4	–
11 Magnesium Place, Truganina	27 June 2022	Freehold	15,941	–	0.3	–
17 Magnesium Place, Truganina	27 June 2022	Freehold	17,871	–	0.4	–
Altona Industrial Park						
18-34 Aylesbury Drive, Altona	14 June 2016	Freehold	35,833	36,901	0.7	0.8
North						
Melbourne Airport Business Park						
38-52 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	46,807[c]	49,227[c]	1.0	1.1
96-106 Link Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	36,168[c]	38,767[c]	0.7	0.8
17-23 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	13,269[c]	14,635[c]	0.3	0.3
25-29 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	18,374[c]	19,208[c]	0.4	0.4
28-32 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	13,583[c]	15,598[c]	0.3	0.4
115-121 South Centre Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	8,374[c]	8,878[c]	0.2	0.2
Port Melbourne						
2-46 Douglas Street, Port Melbourne	14 June 2016	37-year leasehold expiring on 30 March 2053	–[f]	40,527[c]	–	0.9
Balance carried forward			1,211,778	1,180,465	25.0	25.8

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT

As at 30 September 2022

Group

Location of property	Acquisition date	Tenure[a]	Carrying amount 2022 S$'000	Carrying amount 2021 S$'000	Percentage of net assets attributable to Unitholders 2022 %	Percentage of net assets attributable to Unitholders 2021 %
Balance brought forward			1,211,778	1,180,465	25.0	25.8
Sydney, New South Wales						
Outer Central West						
Eastern Creek						
4-8 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	113,012	106,973	2.3	2.3
21 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	92,064	88,326	1.9	1.9
17 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	64,316	60,749	1.3	1.3
7 Eucalyptus Place, Eastern Creek	14 June 2016	Freehold	47,778	44,163	1.0	1.0
2 Hanson Place, Eastern Creek	20 August 2019	Freehold	91,421	83,615	1.9	1.8
Pemulwuy						
8-8A Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	67,072	61,338	1.4	1.3
6 Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	60,641	54,713	1.3	1.2
Wetherill Park						
1 Burilda Close, Wetherill Park	30 November 2016	90-year leasehold expiring on 29 September 2106	118,079[c]	117,877[c]	2.4	2.6
Lot 1, 2 Burilda Close, Wetherill Park	1 August 2017	89-year leasehold expiring on 14 July 2106	47,214[c]	43,964[c]	1.0	1.0
3 Burilda Close, Wetherill Park	5 September 2018	89-year leasehold expiring on 15 May 2107	67,424[c]	62,230[c]	1.4	1.4
Outer North West						
Seven Hills						
8 Distribution Place, Seven Hills	14 June 2016	Freehold	34,914	32,730	0.7	0.7
99 Station Road, Seven Hills	14 June 2016	Freehold	30,504	28,755	0.6	0.6
10 Stanton Road, Seven Hills	14 June 2016	Freehold	19,984	19,039	0.4	0.4
8 Stanton Road, Seven Hills	1 August 2017	Freehold	30,780	26,645	0.7	0.6
Winston Hills						
11 Gibbon Road, Winston Hills	14 June 2016	Freehold	50,442	51,524	1.1	1.1
Wollongong						
Port Kembla						
Lot 104 & 105 Springhill Road, Port Kembla	14 June 2016	33-year leasehold, expiring on 13 August 2049[b] for Lot 104 and 20 August 2049[b] for Lot 105	23,415[c]	26,100[c]	0.5	0.7
Balance carried forward			2,170,838	2,089,206	44.9	45.7

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT

As at 30 September 2022

Group

Location of property	Acquisition date	Tenure[a]	Carrying amount 2022 S$'000	Carrying amount 2021 S$'000	Percentage of net assets attributable to Unitholders 2022 %	Percentage of net assets attributable to Unitholders 2021 %
Balance brought forward			2,170,838	2,089,206	44.9	45.7
Brisbane, Queensland						
Northern						
350 Earnshaw Road, Northgate	20 June 2016	99-year leasehold expiring on 19 June 2115	68,910	69,679	1.4	1.5
Trade Coast						
286 Queensport Road, North Murarrie	20 June 2016	99-year leasehold expiring on 19 June 2115	47,961	49,070	1.0	1.1
Southern						
57-71 Platinum Street, Crestmead	20 June 2016	99-year leasehold expiring on 19 June 2115	56,047	55,940	1.2	1.2
51 Stradbroke Street, Heathwood	20 June 2016	99-year leasehold expiring on 19 June 2115	34,914	35,576	0.7	0.8
30 Flint Street, Inala	20 June 2016	99-year leasehold expiring on 19 June 2115	26,829	27,774	0.6	0.6
99 Shettleston Street, Rocklea	20 June 2016	99-year leasehold expiring on 19 June 2115	19,754	21,100	0.4	0.5
55-59 Boundary Road, Carole Park	20 June 2016	99-year leasehold expiring on 19 June 2115	22,051	23,112	0.4	0.5
10 Siltstone Place, Berrinba	20 June 2016	99-year leasehold expiring on 19 June 2115	19,662	18,892	0.4	0.4
143 Pearson Road, Yatala	31 August 2016	99-year leasehold expiring on 30 August 2115	49,432	49,953	1.0	1.1
166 Pearson Road, Yatala	1 August 2017	Freehold	52,555	51,818	1.1	1.1
103-131 Wayne Goss Drive, Berrinba	5 September 2018	Freehold	37,671	37,293	0.8	0.8
29-51 Wayne Goss Drive, Berrinba	20 August 2019	Freehold	30,229	31,699	0.6	0.7
Perth, Western Australia						
60 Paltridge Road, Perth Airport	14 June 2016	17-year leasehold expiring on 3 June 2033	10,107	11,188	0.2	0.2
Balance carried forward			2,646,960	2,572,300	54.7	56.2

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT
As at 30 September 2022

Group

Location of property	Acquisition date	Tenure[a]	Carrying amount 2022 S$'000	Carrying amount 2021 S$'000	Percentage of net assets attributable to Unitholders 2022 %	Percentage of net assets attributable to Unitholders 2021 %
Balance brought forward			2,646,960	2,572,300	54.7	56.2
(B) Germany						
Stuttgart - Mannheim						
Industriepark 309, Gottmadingen	25 May 2018	Freehold	77,829	80,816	1.6	1.8
Otto-Hahn-Straße 10, Vaihingen	25 May 2018	Freehold	88,244	91,508	1.8	2.0
Eiselauer Weg 2, Ulm	25 May 2018	Freehold	75,155	71,776	1.6	1.6
Murrer Straße 1, Freiberg am Neckar	25 May 2018	Freehold	57,844	60,219	1.2	1.3
Ambros-Nehren-Straße 1, Achern	25 May 2018	Freehold	24,489	24,214	0.5	0.5
Bietigheimer Straße 50-52, Tamm	23 August 2019	Freehold	123,007	126,256	2.5	2.8
Am Bühlfeld 2-8, Herbrechtingen	3 September 2019	Freehold	63,755	67,452	1.3	1.5
Buchäckerring 18, Bad Rappenau	4 June 2021	Freehold	63,896	64,936	1.3	1.4
Am Römig 8, Frankenthal	4 June 2021	Freehold	47,148	47,641	1.0	1.1
Munich - Nuremberg						
Oberes Feld 2, 4, 6, 8, Moosthenning	25 May 2018	Freehold	123,992	116,508	2.6	2.5
Koperstraße 10, Nuremberg	25 May 2018	63-year leasehold expiring on 31 December 2080	113,213[c]	111,330[c]	2.4	2.4
Industriepark 1, Mamming	25 May 2018	Freehold	24,630	24,843	0.5	0.5
Jubatus-Allee 3, Ebermannsdorf	25 May 2018	Freehold	15,904	13,522	0.3	0.3
Dieselstraße 30, Garching	27 August 2019	Freehold	55,029	54,087	1.1	1.2
Hermesstraße 5, Graben, Augsburg	3 September 2019	Freehold	64,318	66,666	1.3	1.5
Hamburg - Bremen						
Am Krainhop 10, Isenbüttel	25 May 2018	Freehold	28,429	29,559	0.6	0.6
Am Autobahnkreuz 14, Rastede	25 May 2018	Freehold	27,444	29,088	0.6	0.7
Balance carried forward			3,721,286	3,652,721	76.9	79.9

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT

As at 30 September 2022

Group

Location of property	Acquisition date	Tenure[a]	Carrying amount 2022 S$'000	Carrying amount 2021 S$'000	Percentage of net assets attributable to Unitholders 2022 %	Percentage of net assets attributable to Unitholders 2021 %
Balance brought forward			3,721,286	3,652,721	76.9	79.9
Dusseldorf - Cologne						
Saalhoffer Straße 211, Rheinberg	25 May 2018	Freehold	50,244	53,458	1.0	1.2
Elbestraße 1-3, Marl	25 May 2018	Freehold	23,588	24,591	0.5	0.5
Keffelker Straße 66, Brilon	25 May 2018	Freehold	16,607	18,553	0.3	0.4
Gustav-Stresemann-Weg 1, Münster	25 May 2018	Freehold	21,955	24,056	0.5	0.5
Walter-Gropius-Straße 19, Bergheim	23 August 2019	Freehold	34,763	36,006	0.7	0.8
An den Dieken 94, Ratingen	23 August 2019	Freehold	94,437	93,552	2.0	2.0
Leipzig - Chemnitz						
Johann-Esche-Straße 2, Chemnitz	25 May 2018	Freehold	27,022	26,729	0.6	0.6
Am Exer 9, Leipzig	25 May 2018	Freehold	22,096	23,270	0.5	0.5
Frankfurt						
Im Birkengrund 5-7, Obertshausen	23 August 2019	Freehold	60,237	58,175	1.2	1.3
Genfer Allee 6, Mainz	4 June 2021	Freehold	83,318	86,791	1.7	1.9
Bielefeld						
Fuggerstraße 17, Bielefeld	28 November 2019	Freehold	49,681	49,370	1.0	1.1
Berlin						
Gewerbegebiet Etzin 1, Berlin	20 December 2019	Freehold	67,274	68,395	1.4	1.5
Balance carried forward			4,272,508	4,215,667	88.3	92.2

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT

As at 30 September 2022

Group

Location of property	Acquisition date	Tenure[a]	Carrying amount 2022 S$'000	Carrying amount 2021 S$'000	Percentage of net assets attributable to Unitholders 2022 %	Percentage of net assets attributable to Unitholders 2021 %
Balance brought forward			4,272,508	4,215,667	88.3	92.2
(C) Netherlands						
Tilburg – Venlo						
Belle van Zuylenstraat 5, Tilburg	25 May 2018	Freehold	28,148	28,663	0.6	0.6
Heierhoevenweg 17, Venlo	25 May 2018	Freehold	49,118	47,012	1.0	1.0
Utrecht – Zeewolde						
Brede Steeg 1, s-Heerenberg	25 May 2018	Freehold	123,711	107,860	2.5	2.4
Handelsweg 26, Zeewolde	25 May 2018	Freehold	80,222	76,414	1.6	1.7
Trafostraat 190, Ede	30 June 2021	Freehold	37,859	33,805	0.8	0.7
Meppel						
Mandeveld 12, Meppel	31 October 2018	Freehold	49,822	45,330	1.0	1.0
(D) The United Kingdom						
Connexion, Blythe Valley Business Park, Shirley, Solihull	4 June 2021	Freehold	70,563	78,028	1.5	1.7
Commercial portfolio						
(A) Singapore						
18, 20 & 22 Cross Street and 4 retail units at 181 South Bridge Road	15 April 2020	76-year leasehold expiring 2 February 2096	–[d]	632,000	–	13.8
Alexandra Technopark, 438A/438B/438C Alexandra Road	15 April 2020	88-year leasehold expiring 25 August 2108	662,000	657,000	13.7	14.3
Balance carried forward			5,373,951	5,921,779	111.0	129.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT

As at 30 September 2022

Group

Location of property	Acquisition date	Tenure[a]	Carrying amount 2022 S$'000	Carrying amount 2021 S$'000	Percentage of net assets attributable to Unitholders 2022 %	Percentage of net assets attributable to Unitholders 2021 %
Balance brought forward			5,373,951	5,921,779	111.0	129.4
(B) Australia						
Central Park 152-158 St Georges Terrace, Perth, Western Australia, 6000 ("Central Park")[e]	15 April 2020	Freehold	307,798	328,769	6.4	7.2
Caroline Chisholm Centre Block 4 Section 13, Tuggeranong, ACT 2900	15 April 2020	81-year leasehold expiring 25 June 2101	225,106	242,406	4.7	5.3
357 Collins Street, Melbourne, Victoria 3000	15 April 2020	Freehold	315,148	316,992	6.5	6.9
545 Blackburn Road, Mount Waverley, Victoria 3149	20 May 2022	Freehold	55,336	–	1.1	–
(C) The United Kingdom						
Farnborough Business Park, Farnborough, Thames Valley	30 April 2020	Freehold	266,495	314,659	5.5	6.9
Maxis Business Park, 43 Western Road, Bracknell	12 August 2020	Freehold	91,010	121,625	1.9	2.7
Blythe Valley Business Park, Shirley, Solihull	4 June 2021	Freehold	206,236	236,052	4.3	5.2
Total completed investment properties and balance carried forward			6,841,080	7,482,282	141.4	163.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENT

As at 30 September 2022

Group

Location of property	Acquisition date	Tenure[a]	Carrying amount 2022 S$'000	Carrying amount 2021 S$'000	Percentage of net assets attributable to Unitholders 2022 %	Percentage of net assets attributable to Unitholders 2021 %
Balance brought forward			6,841,080	7,482,282	141.4	163.6
Investment property held for sale						
Logistics and industrial portfolio						
Australia						
Port Melbourne						
2-46 Douglas Street, Port Melbourne	14 June 2016	37-year leasehold expiring on 30 March 2053	38,264[c], [f]	–	0.8	–
Investment properties under development						
Logistics and industrial portfolio						
The United Kingdom						
Worcester, West Midlands	26 January 2022	Freehold	26,621	–	0.5	–
Connexion II, Blythe Valley Business Park, Shirley, Solihull	4 June 2021	Freehold	26,621	–	0.5	–
Ellesmere, Cheshire, North West England	14 July 2022	Freehold	37,430	–	0.8	–
Total investment properties under development			90,672	–	1.8	–
Total completed investment properties, investment property held for sale and investment properties under development			6,970,016	7,482,282	144.0	163.6
Other assets and liabilities (net)			(2,081,852)	(2,862,827)	(43.0)	(62.6)
Net assets of the Group			4,888,164	4,619,455	101.0	101.0
Net assets attributable to non-controlling interests			(49,320)	(44,814)	(1.0)	(1.0)
Unitholders' funds			4,838,844	4,574,641	100.0	100.0

[a] From the date of acquisition.
[b] Includes an option for the Group to renew the land lease for 5 further terms of 5 years upon expiry.
[c] Includes right-of-use asset.
[d] The property was divested on 31 March 2022.
[e] The Group has an effective interest of 50% in the property.
[f] The property has been reclassified as investment property held for sale.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 14 November 2022.

1. GENERAL

Frasers Logistics & Commercial Trust (the "Trust") is a Singapore-domiciled unit trust constituted in Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended) (the "Trust Deed") between Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 June 2016 (the "Listing Date").

The registered office of the Manager is at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

For financial reporting purposes, the Group is regarded as a subsidiary of Frasers Property Limited, a Singapore-domiciled company. The ultimate holding company is TCC Assets Limited, which is incorporated in the British Virgin Islands.

On 15 April 2020, the Trust completed its merger with Frasers Commercial Trust ("FCOT") by way of a trust scheme of arrangement ("the Merger"). Following the completion of the transaction, FCOT was delisted from the Official List of the SGX-ST on 29 April 2020 and became a wholly-owned unlisted sub-trust of the Trust. With effect from 29 April 2020, the Trust was renamed Frasers Logistics & Commercial Trust. Accordingly, the Manager has been renamed Frasers Logistics & Commercial Asset Management Pte. Ltd. and has replaced Frasers Commercial Asset Management Ltd. ("FCOT Manager") as manager of FCOT. The Trustee of FCOT is British and Malayan Trustees Limited (the "FCOT Trustee"). The Trustee, the FCOT Trustee and the HAUT Trustee (as defined in Note 1(d)) are hereinafter collectively referred to as "the Trustees".

The principal activity of the Group is to invest directly or indirectly in a diversified portfolio of income producing real estate assets (i) used for logistics or industrial purposes and located globally which may also include office components ancillary to the foregoing purposes, or (ii) used for commercial purposes (comprising primarily office space in a Central Business District ("CBD office space") or business park purposes (comprising primarily non-CBD office space and/or research and development space) located in the Asia Pacific region or in Europe (including the United Kingdom).

The consolidated financial statements relate to the Trust and its subsidiaries. A list of significant subsidiaries is shown in Note 34.

The Group has entered into several service agreements in relation to the management of the Group and operations of its properties. The fee structures of these services are as follows:

(a)(i) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to management fees comprising a base fee of 0.4% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Group's Deposited Property (as defined in the Trust Deed) and a performance fee of 5.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Distributable Income (as defined in the Trust Deed) of the Group in the relevant financial year (calculated before accounting for the Manager's performance fee but after accounting for the Manager's base fee and the HAUT Manager's base fee and performance fee (as defined in Note 1(b)(i)).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

(a)(i) Manager's management fees (cont'd)

For the purpose of calculating the base fee, if the Trust holds only a partial interest in any Deposited Property, such Deposited Property shall be pro-rated in proportion to the partial interest held.

The Manager may elect to receive the base fee and performance fee in cash or Units, or a combination of cash and Units. Management fees payable in cash and in the form of Units shall be payable quarterly in arrears (in relation to the base fee) or annually in arrears (in relation to the performance fee).

As provided for in the Trust Deed, the price of a Unit issued shall be computed based on the volume weighted average price of a Unit for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days immediately preceding the relevant period in which the fees accrue.

Any increase in the rate or any change in the structure of the Manager's management fees must be approved by an extraordinary resolution at a meeting of the holders of Units of the Trust duly convened and held in accordance with the provisions of the Trust Deed.

The Manager's change in its election to receive cash or Units or a combination of cash and Units is not considered as a change in the structure of the Manager's management fees.

In 2022, the Manager had elected to receive 80.3% (2021: 70.2%) of the base and performance fees in the form of Units.

(a)(ii) Manager's acquisition fee and divestment fee

The Manager is entitled to:

- an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the acquisition price of any real estate (excluding stamp duty) purchased by the Trust, whether directly or indirectly through one or more special purpose vehicles ("SPVs"), plus any other payments in addition to the acquisition price made by the Trust or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of the Trust's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments made by the Trust or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of the Trust's interest); or

  (iii) the acquisition price of any investment purchased by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

(a)(ii) Manager's acquisition fee and divestment fee (cont'd)

- a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the sale price of any real estate sold or divested by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by the Trust or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated, if applicable, to the proportion of the Trust's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments received by the Trust or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the Trust's interest); or

  (iii) the sale price of the investment sold or divested by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

The Manager may elect to receive the acquisition fee and divestment fee in the form of cash and/or Units, provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee should be received in the form of Units.

In 2022, the manager had elected to receive 100% (2021: 0%) of the acquisition fee and divestment fee in the form of cash.

(a)(iii) Development management fee payable to the Manager

The Manager is entitled to receive development management fee equivalent to 3.0% of the Total Project Costs (as defined in the Trust Deed) incurred in a development project undertaken by the Manager on behalf of the Trust.

When the estimated Total Project Costs is greater than S$200.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the Manager may be directed by its independent directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the development management fee, the independent directors of the Manager shall have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust.

No acquisition fee shall be paid when the Manager receives the development management fee for a Development Project. For the avoidance of doubt, the Manager shall be entitled to receive an acquisition fee on the land costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

(b)(i) Head Australian Trust Manager's management fees

The Trust has a subsidiary which is the head Australian trust in Australia, FLT Australia Trust ("HAUT"). HAUT has a manager ("HAUT Manager") to perform investment management services for it. Pursuant to the investment management agreement for HAUT, the HAUT Manager is entitled to a management fee comprising a base fee of 0.2% per annum (or such lower percentage as may be determined by the HAUT Manager in its absolute discretion) of the total value of HAUT's assets and a performance fee of 1.5% (or such lower percentage as may be determined by the HAUT Manager in its absolute discretion) of HAUT's net property income (after non-cash adjustments) in the relevant financial year.

(b)(ii) Acquisition fee and divestment fee payable to the HAUT Manager

In consideration for HAUT Manager providing services under the investment management agreement with HAUT, the HAUT Manager will be entitled to:

- an acquisition fee of 0.4% for acquisitions from related parties and 0.8% for all other cases of:

  (i) the acquisition price of any real estate purchased by HAUT whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by HAUT or a SPV to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of HAUT's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by HAUT whether directly or indirectly through one or more SPVs, plus any other payments made by HAUT or a SPV to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of HAUT's interest); or

  (iii) the acquisition price of any investment purchased by HAUT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

- a divestment fee of 0.4% of:

  (i) the sale price of any real estate sold or divested by HAUT whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by HAUT or a SPV from the purchaser in connection with the sale or divestment of the property (pro-rated, if applicable, to the proportion of HAUT's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by HAUT, whether directly or indirectly through one or more SPVs, plus any other payments received by HAUT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the HAUT's interest); or

  (iii) the sale price of any investment sold or divested by HAUT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

(b)(ii) Acquisition fee and divestment fee payable to the HAUT Manager (cont'd)

The HAUT Manager will also be entitled to be reimbursed for certain expenses properly incurred in relation to performance of its role under the investment management agreement. The HAUT Manager's fees may be paid in the form of cash, or the Trust's Units, or by a combination of these sources as elected by the Manager.

The base fee, performance fee, acquisition fee and divestment fee payable to the Manager shall be reduced by the amount of the relevant fee payable to the HAUT Manager.

The Manager and HAUT Manager are hereinafter collectively referred to as "the Managers".

(c) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee is charged on a scaled basis of up to 0.015% per annum of the value of the Trust's Deposited Property (as defined in the Trust Deed), subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and goods and services tax ("GST"). The Trustee's fee is payable monthly, in arrears.

(d) HAUT Trustee's fee

Pursuant to the trust deed of HAUT, the trustee of the HAUT (the "HAUT Trustee") is entitled to a fee of 0.025% per annum of the total value of HAUT's assets excluding out-of-pocket expenses and GST. The HAUT Trustee's fee is payable quarterly, in arrears.

The HAUT Trustee will also be entitled to be reimbursed for certain expenses reasonably and properly incurred in the proper performance of its duties in relation to HAUT.

(e) FCOT Trustee's fees

Pursuant to the trust deed of FCOT, the FCOT Trustee's fee is charged on a scaled basis of up to 0.015% per annum of the gross asset value of FCOT and its subsidiaries, subject to a minimum of S$36,000 per annum, excluding out-of-pocket expenses and GST. The FCOT Trustee's fee is paid quarterly, in arrears.

(f) Property managers' fees

Fees payable to the property managers, which are companies controlled by a substantial Unitholder (except for the property managers of Central Park and Caroline Chisholm Centre in Australia, and certain property managers for the commercial properties in the United Kingdom), in relation to services provided, comprise:

(i) Property management fees

Logistics and industrial properties located in Australia

Pursuant to the Australian property management agreement, property management fees are payable as follows:

(I) a property management fee of 1.2% per annum of the Net Property Income (as defined in the Australian property management agreement) of each property; and

(II) where any property is not fully leased, A$1,000 per month per property in the event there is vacant lettable area in such property.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

1. GENERAL (CONT'D)

(f) Property managers' fees (cont'd)

(i) Property management fees (cont'd)

Logistics and industrial properties located in Germany and the Netherlands

In the event that the aggregate property management fees recovered by the property manager from the tenants under the relevant tenancy documents is more than the agreed property management fee, thereby amounting to an excess, no further amounts will be paid to the property manager. For the avoidance of doubt, the property manager will be entitled to retain for its own benefit such amounts recovered from the tenants which is excess of the agreed property management fee.

Pursuant to the master property management agreement, property management fees are payable as follows:

(I) a property management fee of up to 2.0% per annum of the Gross Revenue (as defined in the master property management agreement) of each property; and

(II) a lease management fee of up to 1.0% per annum of the Gross Revenue (as defined in the master property management agreement) of each property.

Commercial properties located in Singapore

Pursuant to the Singapore property management agreement for the Singapore commercial properties, a property management fee is payable at 3.0% per annum of the gross revenue of the properties and the property manager is entitled to employee costs reimbursement.

Commercial property located in Australia

In Australia, the property manager of 357 Collins Street is entitled to fixed property management fees with annual increases and employee costs reimbursement.

(ii) Project management fee

Under the property management agreement, the property manager will be entitled to project management fee of up to 3% of the construction costs depending on the quantum of the construction costs, to be mutually agreed by the Manager and the property manager, except for the commercial properties in Singapore where the fee is to be mutually agreed between the Manager, the FCOT Trustee and the property manager.

(iii) Marketing services commission

Under the property management agreement, the property manager will be entitled to commissions for the marketing services of up to 3 months' Gross Revenue (as defined in the property management agreement) depending on the length of the new lease or renewed leases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore (the "MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Financial Reporting Standards in Singapore ("FRSs"). The changes to significant accounting policies are described in Note 2.2.

The financial statements are presented in Singapore dollars ("SGD"), which is the functional currency of the Trust and rounded to the nearest thousand (S$'000), unless otherwise stated, and have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The accounting policies set out below have been applied by the Group consistently to the periods presented in these financial statements and have been applied consistently by the Group entities.

Significant accounting judgements and estimates

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in Note 2.10(d) - Property acquisitions and business combinations.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relates to valuation of investment properties as discussed below and in Note 2.7 – Estimation of provisions for current and deferred taxation.

Valuation of investment properties

The Group's investment properties are stated at their fair values, which are determined annually based on independent professional valuations undertaken. The fair values are based on independent professional valuations conducted annually. The fair values of investment properties are determined using the capitalisation method, discounted cash flow method and/or direct comparison method. These estimated fair values may differ from the prices at which the Group's investment properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the Managers' control, such as overall market conditions. As a result, actual results of operations and realisation of these investment properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amount of investment properties is disclosed in the statement of financial position and the portfolio statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the financial year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 10 – Investment properties

Note 29 – Fair values of financial instruments

2.2 Changes in accounting policies

New standards and amendments

The Group has applied *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to FRS 116)* for the first time for the annual period beginning on 1 October 2021. The application of this amendment to standards did not have a material impact on the financial statements.

2.3 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 October 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements. The Group is in the process of assessing the impact of the new standards, interpretations and amendments to standards on its financial statements.

2.4 Revenue

Rental income from operating leases

Rental income from investment properties is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which it is earned and the amount can be reliably measured.

Recoverable outgoings

Recoverable outgoings is recognised when the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

2.6 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- fair value gain on financial assets at fair value through profit or loss;
- amortisation of debt upfront costs; and
- interest expense.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of total return using the effective interest method.

2.7 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 **Taxes** (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financing reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Group has obtained certain tax rulings and confirmations from the Inland Revenue Authority of Singapore ("IRAS") and the Singapore Ministry of Finance ("MOF") in respect of the Singapore taxation on certain income from the properties located in Singapore and overseas (as the case may be).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Taxes (cont'd)

(a) Tax transparency treatment

The IRAS has granted tax transparency treatment on the Trust's taxable income ("Taxable Income") that is distributed to the Unitholders and approved sub-trust status to FCOT. Broadly, the Trust's Taxable Income includes distributions made by FCOT out of income from the letting of real estate properties in Singapore and incidental property related income and income from management or holding of real estate properties ("Specified Income"). For FCOT (an approved sub-trust), tax transparency treatment will only be applicable to the part of its Specified Income that is distributed to the Trust in the same year the income is derived.

Subject to meeting the terms and conditions, for the tax transparency treatment, the Trust will not be assessed tax on the Taxable Income. Instead, the Trust will deduct income tax at the prevailing corporate tax rate, currently at 17.0% (2021: 17.0%), from the distributions made to Unitholders that are made out of the Taxable Income of the Trust, except:

(i) where the beneficial owners are individuals or qualifying Unitholders, (excluding a person acting in the capacity of a trustee), or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are qualifying Unitholders, the Trust will make the distributions to such Unitholders without deducting any income tax; and

(ii) where the beneficial owners are qualifying foreign non-individual Unitholders or foreign funds, or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are qualifying foreign non-individual investors or foreign funds, the Trust will deduct/withhold tax at the reduced rate of 10.0% from the distribution made during the period from 18 February 2005 to 31 December 2025 (both dates inclusive).

A qualifying Unitholder is a Unitholder who is:

(i) a company incorporated and resident in Singapore;

(ii) a Singapore branch of a company incorporated outside Singapore;

(iii) a body of persons (excluding companies or partnerships) incorporated or registered in Singapore, including charities registered under Charities Act (Cap. 37) or established by any written law, town councils, statutory boards, co-operative societies registered under the Co-operatives Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (Cap. 333);

(iv) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145);

(v) real estate investment trust exchange-traded funds ("REIT ETFs") which have been accorded the tax transparency treatment;

(vi) an individual (including those who purchased units in the Trust through agent banks or Supplementary Retirement Scheme ("SRS") operators which act as their nominee under the CPF Investment Scheme or the Supplementary Retirement Scheme respectively); or

(vii) a nominee who can demonstrate that the Units are held for beneficial owners who are individuals or who fall within the classes of Unitholders listed in (i) to (iv) above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Taxes (cont'd)

(a) Tax transparency treatment (cont'd)

A qualifying foreign non-individual Unitholder is one who is not a resident of Singapore for income tax purposes and:

(i) who does not have any permanent establishment in Singapore; or

(ii) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

A qualifying foreign fund is a fund which is not a resident of Singapore for income tax purposes and qualifies for tax exemption under Section 13D, 13U or 13V of the Singapore Income Tax Act, and:

(i) does not have any permanent establishment in Singapore (other than a fund manager in Singapore); or

(ii) carries on any operation through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation in Singapore.

Under the tax transparency treatment, the Trust will have to distribute at least 90.0% of its Taxable Income by a specific time. For the remaining amount of Taxable Income of the Trust not distributed, tax will be assessed on and collected from the Trust on such remaining amount (referred to as "Retained Taxable Income").

In the event where a distribution is subsequently made out of such Retained Taxable Income, the Trust will not have to make a further deduction of income tax from the distribution.

In the event that there are subsequent adjustments to the Taxable Income when the actual Taxable Income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the Taxable Income for the next distribution following the agreement with IRAS.

The above tax transparency treatment to the Trust and FCOT does not apply to gains from the sale of real estate properties in Singapore and other income not constituting Specified Income. Such gains, if determined by the IRAS to be trading gains, are assessable to tax on the trustee of the respective trust.

(b) Tax exemption on foreign sourced income

Pursuant to Section 13(12) of the Singapore Income Tax Act, the Trust and FCOT have obtained various confirmations from the IRAS and/or the MOF in respect of certain foreign sourced income (including foreign sourced dividends, foreign sourced interest income and foreign sourced trust distributions) derived from its properties located overseas. Subject to satisfying certain conditions, such income is exempt from Singapore income tax and the Trust and FCOT can distribute such income, after deduction of certain expenses, to Unitholders without tax deduction at source.

2.8 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of Units outstanding during the financial year. Diluted earnings per Unit is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding adjusted for the effects of all dilutive potential Units.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly trust expenses.

Segment capital expenditure is the total cost incurred during the year on investment properties and plant and equipment.

2.10 Basis of consolidation and business combinations

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(b) Consolidation

The financial year of the Group ends on 30 September unless otherwise stated. The consolidated financial statements incorporate the financial statements of the Group made up to 30 September. The financial statements of subsidiaries are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to conform to the Group's significant accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(c) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note 2.10(a)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable assets or group of similar identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Basis of consolidation and business combinations (cont'd)

(c) *Business combinations (cont'd)*

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is recognised as equity, it is not remeasured and settlement is accounted for within unitholders' funds. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

NCI are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by another FRS.

(d) *Property acquisitions and business combinations*

Where a property is acquired, via corporate acquisitions or otherwise, the Manager considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of the judgement is set out in Note 2.10(c).

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. In such cases, the acquirer shall identify and recognise the individual identifiable assets acquired and liabilities assumed. The cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Such a transaction or event does not give rise to goodwill.

(e) *Joint operations*

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(f) *Subsidiaries in the separate financial statements*

Investment in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of each entity at rates of exchange approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates ruling at the reporting date. The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are recorded using the exchange rates ruling at the date of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was measured. Foreign currency differences arising on the settlement of monetary assets and liabilities or translating monetary assets and liabilities are recognised in the statement of total return. However, foreign currency differences arising from the translation of the following items are recognised in unitholders' funds:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

- qualifying cash flow hedges to the extent the hedges are effective.

(b) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in the foreign currency translation reserve in unitholders' funds. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, joint control or significant influence is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss or the statement of total return (as the case may be) as part of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Investment properties

Investment properties are properties held to earn rental income and capital appreciation, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment properties under development include properties that are being constructed or developed for future use as investment properties.

Investment properties and investment properties under development are measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment properties and investment properties under development.

Subsequent to initial recognition, investment properties and investment properties under development are measured at fair value. Any gains or losses arising from changes in fair values of the investment properties are recognised in the statement of total return in the period in which they arise.

Fair value is determined at each reporting date in accordance with the Trust Deed. In addition, the investment properties are to be valued by independent professional valuers at least once a year, in accordance with the Code on Collective Investment Schemes ("CCIS") issued by MAS.

Investment properties are de-recognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in the statement of total return in the year of retirement or disposal.

Subsequent expenditure relating to the investment properties and investment properties under development that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

2.13 Investment property held for sale

Investment property that is expected to be recovered primarily through disposal rather than through continued use, is classified as an investment property held for sale and accounted for as a current asset. The investment property is measured at fair value and any gains or losses arising from changes in the fair value of the investment property is recognised in the statement of total return in the period in which they arise.

2.14 Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes directly attributable costs of bringing the asset to a working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for repair and maintenance are charged to the statement of total return.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of the plant and equipment. Depreciation is recognised from the date that the plant and equipment are installed and are ready for use. The estimated useful lives of the plant and equipment are as follows:

Furniture and fittings	5 years
Equipment	5 years
Computers	3 years

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments

(a) Non-derivative financial assets

At initial recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of total return.

Classification

The Group classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income – debt investment;
- fair value through other comprehensive income – equity investment; or
- fair value through profit or loss.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(a) Non-derivative financial assets (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(a) Non-derivative financial assets (cont'd)

Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(c) Non-derivative financial liabilities

A financial liability is classified as fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in the statement of total return as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in the statement of total return.

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(d) Derecognition

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(e) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of a derivative as a hedging instrument, the Group formally documents the economic relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect the statement of total return.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of total return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

(i) Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

Where the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amounts accumulated in the hedging reserve is included in the initial cost of the non-financial item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in unitholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(f) *Derivative financial instruments and hedge accounting (cont'd)*

(ii) *Net investment hedges*

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses, is recognised in unitholders' funds and presented in the translation reserve within unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in the statement of total return. The amount recognised in unitholders' funds is reclassified to the statement of total return on disposal of the foreign operation.

Hedges directly affected by interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in unitholders' funds for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(g) Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12 months ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applied the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to entity in accordance with the contract and the cashflows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial instruments (cont'd)

(g) Impairment of financial assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.16 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial guarantee contracts

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees contracts are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.19 Unitholders' funds

Unitholders' funds are classified as equity.

Expenses incurred in connection with the issuance of Units are deducted directly against unitholders' funds.

2.20 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of properties, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

(i) As a lessee (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

2.21 Distribution policy

The Trust's distribution policy is to distribute at least 90% of the Distributable Income to the Unitholders. The actual level of distribution and payment of distributions will be at the sole discretion of the Board of Directors of the Manager.

Distributions are made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the six-month period ending on each of the said dates. In accordance with the Trust Deed, the Manager is required to pay distributions within 90 days of the end of each distribution period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

3. REVENUE

	Group 2022 S$'000	Group 2021 S$'000
Rental income	371,188	391,458
Incentives reimbursement	–	2,309
Recoverable outgoings	72,498	65,693
Other revenue	6,501	9,868
	450,187	469,328

Other revenue in 2022 relates mainly to the early surrender fee received from a tenant of Farnborough Business Park, Farnborough, Thames Valley, make good income received from various tenants of 357 Collins Street, Melbourne, Victoria and Central Park, and government grant income received by the Group in relation to property tax rebates on its Singapore properties and subsidies on certain properties in the European portfolio. Other revenue in 2021 relates mainly to the early surrender fee received from various tenants of Farnborough Business Park, Farnborough, Thames Valley, and government grant income received by the Group in relation to property tax rebates on its Singapore properties and subsidies on certain properties in the European portfolio.

4. PROPERTY OPERATING EXPENSES

	Group 2022 S$'000	Group 2021 S$'000
Land and property tax	21,470	23,383
Property management fees	16,259	14,746
Property maintenance and related expenses	32,480	30,647
Property related professional fees	618	591
Reversal of allowance for doubtful receivables	(107)	(326)
Statutory expenses	11,421	10,608
Other property expenses	19,225	23,019
	101,366	102,668

5. MANAGERS' MANAGEMENT FEES

	Group 2022 S$'000	Group 2021 S$'000
Base fee	29,753	27,040
Performance fee	12,265	12,577
	42,018	39,617

During the financial year, an aggregate of 25,478,672 (2021: 18,981,631) Units were issued or will be issued to the Managers as satisfaction of the management fees incurred, at unit prices ranging from S$1.26 to S$1.49 (2021: S$1.41 to S$1.51) per Unit, amounting to S$33,744,000 (2021: S$27,804,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

6. NET FINANCE COSTS

	Group 2022 S$'000	Group 2021 S$'000
Finance income		
Interest income	623	45
Fair value gain on financial assets at FVTPL	104	879
	727	924
Finance costs		
Financial liabilities measured at amortised cost:		
– Amortisation of debt upfront costs	(3,229)	(3,527)
– Interest expense on bank loans and notes	(39,962)	(34,682)
– Interest expense on lease liabilities	(4,709)	(5,314)
– Others	(711)	(804)
	(48,611)	(44,327)
Derivatives measured at fair value		
– Interest income/(expense)	7,016	(1,360)
	(41,595)	(45,687)
Net finance costs	(40,868)	(44,763)

7. TAX EXPENSE

The major components of tax expense are:

	Note	Group 2022 S$'000	Group 2021 S$'000
Current tax expense			
– Current year		11,191	14,804
– Under provision in respect of prior years		419	807
		11,610	15,611
Withholding tax expense		14,437	18,450
Deferred tax expense			
– Origination and reversal of temporary differences	19	93,221	106,836
		119,268	140,897

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

7. TAX EXPENSE (CONT'D)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year is as follows:

	Group	
	2022 S$'000	2021 S$'000
Total return for the year before tax	858,009	880,655
Tax using the Singapore tax rate of 17% (2021: 17%)	145,862	149,711
Effect of tax rates in foreign jurisdictions	1,607	(3,783)
Non-deductible expenses	23,272	18,704
Tax transparency	(6,856)	(7,752)
Income not subject to tax	(61,063)	(36,530)
Deferred tax assets not recognised	1,522	1,774
Withholding tax expense	14,437	18,450
Under provision in respect of prior years	419	807
Change in tax rate	454	–
Others	(386)	(484)
	119,268	140,897

8. TOTAL RETURN FOR THE YEAR

The following items have been included in arriving at total return for the year:

	Group	
	2022 S$'000	2021 S$'000
Audit fees paid/payable to auditors of the Trust	373	341
Audit fees paid/payable to other auditors	931	1,098
Non-audit fees paid/payable to auditors of the Trust	47	63
Non-audit fees paid/payable to other auditors	38	56
Valuation fees	631	652

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

9. EARNINGS PER UNIT

Basic earnings per Unit

The calculation of basic earnings per Unit for the Group is based on the total return for the year attributable to Unitholders and weighted average number of Units during the year:

	Group	
	2022 S$'000	2021 S$'000
Total return for the year attributable to Unitholders	728,645	731,106
	'000	'000
Issued Units at the beginning of the year	3,676,420	3,413,220
Effect of issue of new Units:		
– Private placement	–	78,904
– In satisfaction of the Managers' management fees paid in Units	14,784	15,022
– In satisfaction of the Managers' acquisition fees paid in Units	–	1,289
Weighted average number of Units	3,691,204	3,508,435

Diluted earnings per Unit

The calculation of diluted earnings per Unit for the Group is based on the total return for the year attributable to Unitholders and the weighted average number of Units during the year after adjustment for the effects of all dilutive potential Units.

	Group	
	2022 S$'000	2021 S$'000
Total return for the year attributable to Unitholders	728,645	731,106
	'000	'000
Weighted average number of Units used in calculation of basic earnings per Unit	3,691,204	3,508,435
– Effect of the Managers' management fees payable in Units	20,401	14,303
– Effect of the Managers' acquisition fees payable in Units	–	2,292
Weighted average number of Units (diluted)	3,711,605	3,525,030

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

10. INVESTMENT PROPERTIES

	Note	Completed Investment properties S$000	Investment properties under development S$000	Total S$'000
At 1 October 2020		6,352,240	–	6,352,240
Acquisition of investment properties through acquisition of subsidiaries (including acquisition costs)	32	234,293	–	234,293
Acquisition of investment properties (including acquisition costs)		328,151	–	328,151
Capital expenditure incurred		32,747	–	32,747
Disposal of investment properties		(45,962)	–	(45,962)
Capitalisation of leasing incentives, net of amortisation		1,810	–	1,810
Straight-lining of rental and other adjustments		4,242	–	4,242
Net change in fair value recognised in statement of total return		602,850	–	602,850
Translation differences		(28,089)	–	(28,089)
At 30 September 2021		7,482,282	–	7,482,282
At 1 October 2021		7,482,282	–	7,482,282
Acquisition of investment properties (including acquisition costs)		127,913	24,203	152,116
Capital expenditure incurred		34,997	71,601	106,598
Transfer to investment property held for sale		(38,264)	–	(38,264)
Transfer		(9,255)	9,255	–
Disposal of investment property		(633,552)	–	(633,552)
Capitalisation of leasing incentives, net of amortisation		852	–	852
Straight-lining of rental and other adjustments		(3,198)	–	(3,198)
Net change in fair value recognised in statement of total return		431,916	(6,323)	425,593
Translation differences		(552,611)	(8,064)	(560,675)
At 30 September 2022		6,841,080	90,672	6,931,752

Completed investment properties ("IP") comprise industrial properties in Australia, Germany, the Netherlands, and the United Kingdom and commercial properties and business parks in Singapore, Australia and the United Kingdom that are leased to third parties under operating leases (Note 24).

In December 2021, the Group announced its proposed divestment of a leasehold property at 2-46 Douglas Street, Port Melbourne, Victoria, Australia ("Port Melbourne Divestment"). Accordingly, the investment property, including the corresponding right-of-use assets, was reclassified to investment property held for sale and the corresponding lease liabilities was reclassified to liabilities directly associated with the investment property held for sale as at 30 September 2022. The Group completed the divestment on 24 October 2022 (Note 33).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

10. INVESTMENT PROPERTIES (CONT'D)

The Group divested Cross Street Exchange, Singapore on 31 March 2022.

Investment properties, including investment property held for sale, are stated at fair value at the reporting date. As at 30 September 2022, the fair values of the investment properties were based on independent valuations undertaken by the following property valuers:

Logistics and industrial portfolio

Properties in:	Property Valuer
Australia	CIVAS (VIC) Pty Ltd, CIVAS (NSW) Pty Ltd, Jones Lang LaSalle Advisory Services Pty Ltd, Knight Frank NSW Valuations & Advisory Pty Ltd, Knight Frank Valuation & Advisory Victoria and Savills Valuations Pty Ltd (2021: CIVAS (VIC) Pty Ltd, CIVAS (NSW) Pty Ltd, Jones Lang LaSalle Advisory Services Pty Ltd, Knight Frank NSW Valuations & Advisory Pty Ltd and Savills Valuations Pty Ltd)
Germany and the Netherlands	Jones Lang LaSalle SE, BNP Paribas Real Estate Consult GmbH and CBRE GmbH (2021: Jones Lang LaSalle SE, BNP Paribas Real Estate Consult GmbH and Savills PLC)
United Kingdom	CBRE Limited (2021: Knight Frank LLP)

Commercial portfolio

Properties in:	Property Valuer
Australia	CIVAS (VIC) Pty Ltd, Knight Frank Valuation & Advisory Canberra and Cushman & Wakefield (Valuations) Pty Ltd (2021: CIVAS (VIC) Pty Ltd, Knight Frank Australia Pty Ltd and Knight Frank Valuation & Advisory Canberra)
Singapore	CBRE Pte. Ltd. (2021: CBRE Pte. Ltd.)
United Kingdom	CBRE Limited (2021: Knight Frank LLP)

Included in the acquisition costs capitalised in 2021 are audit fees of S$42,000 paid to auditors of the Trust for services performed in relation to the Group's acquisition of certain properties during the year.

Security

As at 30 September 2022, investment properties with a carrying amount of S$1,014,717,000 (2021: S$1,035,014,000) are pledged as security to secure bank loans (see Note 18). The carrying amount of the properties excluding the right of use assets is S$988,904,000 (2021: S$1,005,915,000).

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For the year ended 30 September 2022

10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

In 2022, the fair values of the completed investment properties, including the investment property held for sale, were determined using the capitalisation method and/or discounted cash flow method (2021: capitalisation method and/or discounted cash flow method). The fair values of the investment properties under development ("IPUD") were determined using the residual approach (2021: not applicable). The valuation methods involve making certain estimates including those relating to capitalisation rate, gross initial yield, net initial yield, discount rate, terminal yield, gross development value and estimated costs to complete (2021: capitalisation rate, gross initial yield, net initial yield, discount rate and terminal yield).

The fair value measurement for all of the investment properties, including the investment property held for sale, has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. Details of the inputs used in the valuation techniques are disclosed in note (ii) below.

	2022 S$'000	2021 S$'000
Fair value of completed IP and IPUD (based on valuation reports)	6,804,308	7,323,891
Add: Carrying amount of lease liabilities (Note 18)	127,444	158,391
Carrying amount of completed IP and IPUD	6,931,752	7,482,282

	2022 S$'000
Fair value of investment property held for sale (based on valuation report)	19,984
Add: Carrying amount of lease liability	18,280
Carrying amount of investment property held for sale	38,264

(ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair values of completed investment properties, including investment property held for sale, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	Australia	Europe	United Kingdom
Logistics and industrial	Capitalisation method	Capitalisation rate	3.75% – 14.96% (2021: 4.00% – 14.19%)	N.A.	N.A.
		Gross initial yield[1]	N.A.	N.A. (2021: 4.78% – 6.26%)	N.A. (2021: 3.92%)
		Net initial yield[2]	N.A.	N.A. (2021: 3.75% – 5.14%)	3.72% (2021: 3.67%)
	Discounted cash flow method	Discount rate	5.25% – 9.00% (2021: 5.25% – 9.00%)	4.00% – 6.00% (2021: 3.75% – 6.00%)	N.A.
		Terminal yield	4.13% – 159.29% (2021: 4.25% – 66.99%)	3.50% – 5.75% (2021: 3.50% – 7.00%)	N.A.

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For the year ended 30 September 2022

10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

The following table shows the valuation techniques used in measuring the fair values of completed investment properties, including investment property held for sale, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	Australia	Singapore	United Kingdom
Commercial	Capitalisation method	Capitalisation rate	4.75% – 6.00% (2021: 4.88% – 6.00%)	5.75% (2021: 3.55% – 5.75%)	N.A.
		Gross initial yield[1]	N.A.	N.A.	N.A. (2021: 6.23% – 6.65%)
		Net initial yield[2]	N.A.	N.A.	3.56% – 7.26% (2021: 5.68% – 6.05%)
	Discounted cash flow method	Discount rate	5.75% – 7.00% (2021: 5.88% – 6.75%)	7.75% (2021: 6.50% – 7.75%)	N.A.
		Terminal yield	5.00% – 6.50% (2021: 5.13% – 6.25%)	6.00% (2021: 3.70% – 6.00%)	N.A.

The following table shows the valuation techniques used in measuring the fair values of investment properties under development as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	United Kingdom
Investment properties under development	Residual approach	Gross development value	S$48.6 million – S$165.5 million (2021: N.A.)
		Estimated costs to complete	S$7.7 million – S$89.0 million (2021: N.A.)

N.A.: Not applicable

[1] Rent divided by net property value

[2] Rent net of non-recoverable expenses divided by gross property value

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

Inter-relationship between key unobservable inputs and fair value measurements

The significant unobservable inputs used in the fair value measurement of investment properties, including the investment property held for sale, are capitalisation rate, gross initial yield, net initial yield, discount rate and terminal yield. An increase in capitalisation rate, gross initial yield, net initial yield, discount rate and terminal yield in isolation would result in a lower fair value.

The significant unobservable inputs used in the fair value measurement of investment properties under development are gross development value and estimated costs to complete. An increase in gross development value in isolation would result in a higher fair value. An increase in estimated costs to complete in isolation would result in a lower fair value.

Key unobservable inputs relate to:

- Capitalisation rate corresponds to a rate of return on a property based on the income that the property is expected to generate.
- Gross initial yield corresponds to a rate of return on a property based on the current passing income.
- Net initial yield corresponds to a rate of return on a property based on the current passing income net of estimated non-recoverable expenses.
- Discount rate represents the required rate of return, adjusted for a risk premium that reflects the risks relevant to the asset.
- Terminal yield reflects the exit capitalisation rate applied to a projected terminal cash flow.

(iii) Valuation policies and procedures

The fair values of investment properties are determined annually by independent professional valuers. Certain valuers have recommended that the value of the properties are to be kept under regular review given (i) the current market conditions including inflationary pressures, rising interest rates and ongoing war in Ukraine, and (ii) the impact of COVID-19.

The appropriateness of the valuation methodologies and assumptions adopted are reviewed by the Manager along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, the independent professional valuers are required to recalibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary.

In accordance with the Group's reporting policies, the valuation process and the results of the independent valuations are reviewed once a year by the Audit, Risk and Compliance Committee before the results are presented to the Board of Directors for approval.

In relying on the valuation reports, the Manager had exercised its judgement and was satisfied that the independent valuers have the appropriate professional qualifications and experience in the location and category of the properties being valued and the valuation estimates were reflective of the current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

11. PLANT AND EQUIPMENT

	Furniture and fittings S$'000	Equipment S$'000	Computers S$'000	Total S$'000
Group				
Cost				
At 1 October 2020	237	74	11	322
Write-off	–	–	(2)	(2)
At 30 September 2021	237	74	9	320
At 1 October 2021	237	74	9	320
Write-off	–	(35)	–	(35)
Disposal	–	–	(2)	(2)
At 30 September 2022	237	39	7	283
Accumulated depreciation				
At 1 October 2020	(29)	(7)	(4)	(40)
Depreciation	(54)	(15)	(4)	(73)
Write-off	–	–	2	2
At 30 September 2021	(83)	(22)	(6)	(111)
At 1 October 2021	(83)	(22)	(6)	(111)
Depreciation	(47)	(11)	(3)	(61)
Write-off	–	17	–	17
Disposal	–	–	2	2
At 30 September 2022	(130)	(16)	(7)	(153)
Net carrying amounts				
At 1 October 2020	208	67	7	282
At 30 September 2021	154	52	3	209
At 30 September 2022	107	23	–	130

12. INVESTMENT IN SUBSIDIARIES

	Trust	
	2022 S$'000	2021 S$'000
Equity investments, at cost	2,763,312	2,887,282

Details of the Group's significant subsidiaries are disclosed in Note 34.

13. LOANS TO SUBSIDIARIES

Loans to subsidiaries are unsecured. Included in loans to subsidiaries are amounts of S$888,777,000 (2021: S$821,110,000) which bear interest at 2.5% to 5.5% (2021: 2.5% to 5.0%) per annum and are repayable between 2024 and 2028 (2021: 2024 and 2028). The remaining loans to subsidiaries are interest-free and are repayable by providing a 13 months' notice, with final maturity being between 2028 and 2032 (2021: between 2028 and 2031). There is no impairment loss on these loans.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

14. DERIVATIVE ASSETS/(LIABILITIES)

	Group		Trust	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Derivative assets				
Interest rate swaps	35,172	3,734	19,227	2,116
Foreign currency forward contracts	793	1,015	793	1,015
Cross currency swaps	15,218	2,170	12,663	1,825
Cross currency interest rate swaps	117,928	10,551	117,928	10,551
	169,111	17,470	150,611	15,507
Classified as:				
– Non-current	165,241	16,455	149,672	14,492
– Current	3,870	1,015	939	1,015
	169,111	17,470	150,611	15,507
Derivative liabilities				
Interest rate swaps	–	(5,515)	–	(1,576)
Foreign currency forward contracts	–	(493)	–	(493)
Cross currency swaps	(451)	(4,468)	(451)	(4,468)
Cross currency interest rate swaps	–	(7,084)	–	(7,084)
	(451)	(17,560)	(451)	(13,621)
Classified as:				
– Non-current	(451)	(15,025)	(451)	(13,128)
– Current	–	(2,535)	–	(493)
	(451)	(17,560)	(451)	(13,621)
Net derivative assets as a percentage of net assets	3.45	*	4.52	0.06

* Less than 0.01%

(a) *Interest rate swaps used for hedging*

Interest rate swaps are used by the Group to hedge its exposure to interest rate risk associated with movements in interest rates on the loans and borrowings of the Group.

As at the reporting date, the Group and the Trust have interest rate swap arrangements in place for the following amounts:

	Group Nominal amount		Trust Nominal amount	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Maturing:				
Within one year	176,784	132,489	45,940	–
Between one to five years	412,671	579,901	215,671	232,343
	589,455	712,390	261,611	232,343

At 30 September 2022, the fixed interest rates of the outstanding interest rate swap contracts ranged between 0.26% to 2.40% (2021: 0.26% to 2.40%) per annum.

All of the Group's interest rate swaps were designated as cash flow hedges to hedge the Group's interest rate risk arising from variable rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

14. DERIVATIVE ASSETS/(LIABILITIES) (CONT'D)

(b) Foreign currency forward contracts, cross currency swaps and cross currency interest rate swaps

Foreign currency forward contracts are used by the Group to hedge its foreign currency risk on distributions to Unitholders. Cross currency swaps and cross currency interest rate swaps are used by the Group to hedge its foreign currency exposure and net investments in foreign operations.

As at the reporting date, the Group and the Trust have foreign currency forward contracts, cross currency swaps and cross currency interest rate swaps for the following amounts:

	Group Nominal amount		Trust Nominal amount	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Maturing:				
Within one year	35,180	31,096	18,434	31,096
Between one to five years	871,521	997,076	871,521	977,972
	906,701	1,028,172	889,955	1,009,068

15. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Cash at bank	156,076	139,866	33,578	13,096
Fixed deposits	64,652	501	64,652	501
	220,728	140,367	98,230	13,597

The Group's and the Trust's exposure to foreign currency risk on cash and cash equivalents are disclosed in Note 28(a).

16. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Trade receivables	8,528	12,388	–	–
Less: Allowance for doubtful receivables	(552)	(884)	–	–
Net trade receivables	7,976	11,504	–	–
Accrued receivables	1,010	1,138	–	–
Other receivables	2,870	5,004	139	19
Amounts due from subsidiaries (non-trade)	–	–	70,702	103,527
Amounts due from related parties (non-trade)	1,497	1,568	–	–
	13,353	19,214	70,841	103,546
Rental guarantee receivable	1,407	4,688	–	–
Prepayments	9,886	10,963	173	143
GST/VAT receivables	17,140	4,985	2,678	3,522
Tax receivables	7,942	–	–	–
	49,728	39,850	73,692	107,211

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

16. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables comprise mainly rental receivables. These are secured by way of bankers' and corporate guarantees or security deposits held by the Group.

Other receivables

Other receivables of the Group mainly comprise security deposits received from tenants which are held by the third party property manager on behalf of the Group.

Amounts due from subsidiaries and related parties

Amounts due from subsidiaries and related parties are unsecured, interest-free and repayable on demand. There is no impairment loss on these outstanding balances as the expected credit loss is not material.

Rental guarantee receivable

On 4 June 2021, the Group acquired a freehold property located in the United Kingdom. The vendor has agreed to provide a 24 months' guarantee of rent (the "Rental Guarantee") for certain vacant units in the property. The Rental Guarantee amount is dependent on the vacancy of these units and is measured at fair value at each reporting date with changes recognised in the statement of total return.

Credit risk

The Group's and the Trust's exposure to credit risk on trade receivables are disclosed in Note 28(c).

17. TRADE AND OTHER PAYABLES

	Group		Trust	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Current				
Trade payables	2,885	4,758	–	67
Accrued expenses	33,206	37,634	2,759	3,193
Accrued capital expenditure for investment properties	13,950	10,069	–	–
Security deposits	3,276	6,323	–	–
Amounts due to subsidiaries (non-trade)	–	–	125,484	74,894
Amounts due to related parties (non-trade)	4,526	13,618	–	5,400
Amounts due to non-controlling interests (non-trade)	309	937	–	–
	58,152	73,339	128,243	83,554
Deferred income	301	321	–	–
Rental received in advance	13,147	14,653	–	–
GST/VAT payables	5,722	8,276	–	–
	77,322	96,589	128,243	83,554
Non-current				
Security deposits	9,311	13,482	–	–
Deferred income	476	831	–	–
	9,787	14,313	–	–
Total trade and other payables	87,109	110,902	128,243	83,554

Amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

Amounts due to non-controlling interests are unsecured, bear interest at 0% (2021: 6%) per annum and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

18. LOANS AND BORROWINGS

	Group		Trust	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Current				
Bank loans				
– unsecured	22,970	210,310	22,970	1,800
– secured	116,990	21,852	–	–
Fixed rate notes (unsecured)	19,250	–	–	–
Floating rate notes (unsecured)	–	1,250	–	–
Less: Unamortised transaction costs	(83)	(167)	(77)	(1)
	159,127	233,245	22,893	1,799
Lease liabilities	952	1,260	–	–
	160,079	234,505	22,893	1,799
Non-current				
Bank loans				
– unsecured	1,509,228	1,820,432	1,281,228	1,439,432
– secured	159,150	308,494	–	–
Fixed rate notes (unsecured)	150,000	169,250	–	–
Loan from a subsidiary (unsecured)	–	–	150,000	–
Less: Unamortised transaction costs	(4,945)	(8,100)	(4,254)	(6,291)
	1,813,433	2,290,076	1,426,974	1,433,141
Lease liabilities	126,492	157,131	–	–
	1,939,925	2,447,207	1,426,974	1,433,141
Total bank loans and notes	1,972,560	2,523,321	1,449,867	1,434,940
Total lease liabilities (Note 10)	127,444	158,391	–	–
Total loans and borrowings	2,100,004	2,681,712	1,449,867	1,434,940

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

18. LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment structure

	Interest rate range per annum %	Year of maturity	Group Face value S$'000	Group Carrying amount S$'000	Trust Face value S$'000	Trust Carrying amount S$'000
2022						
AUD bank loans	2.9 to 3.3	2023 to 2026	574,550	572,601	574,550	572,601
Euro bank loans	1.1 to 2.6	2022 to 2036	276,140	276,140	–	–
SGD bank loans	1.6 to 3.0	2024 to 2026	747,999	745,836	519,999	518,527
GBP bank loans	2.7	2026	72,167	71,767	72,167	71,767
JPY bank loans	0.8	2026	49,885	49,660	49,885	49,660
USD bank loans	4.6	2025	87,597	87,312	87,597	87,312
SGD fixed rate notes	2.2 to 3.2	2023 to 2028	169,250	169,244	–	–
Loan from a subsidiary (unsecured)	2.2	2028	–	–	150,000	150,000
AUD lease liabilities	1.5 to 3.8	2024 to 2107	101,631	101,631	–	–
Euro lease liabilities	1.4	2080	25,813	25,813	–	–
			2,105,032	2,100,004	1,454,198	1,449,867
2021						
AUD bank loans	1.3 to 1.6	2022 to 2026	770,718	767,902	638,229	635,414
Euro bank loans	0.2 to 2.6	2022 to 2036	385,377	385,099	55,031	54,754
SGD bank loans	1.0 to 1.7	2022 to 2026	978,821	974,830	521,800	519,762
GBP bank loans	1.4	2026	82,415	81,908	82,415	81,907
JPY bank loans	0.9	2026	61,140	60,871	61,140	60,871
USD bank loans	1.7	2025	82,617	82,232	82,617	82,232
SGD fixed rate notes	2.2 to 3.2	2023 to 2028	169,250	169,230	–	–
SGD floating rate notes	1.2	2022	1,250	1,249	–	–
AUD lease liabilities	1.5 to 3.8	2024 to 2107	129,292	129,292	–	–
Euro lease liabilities	1.4	2080	29,099	29,099	–	–
			2,689,979	2,681,712	1,441,232	1,434,940

The interest rate range disclosed above excludes the effects of the related interest rate swaps, cross currency swaps, cross currency interest rate swaps and amortisation of borrowing costs. The secured bank loans are secured on certain investment properties (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

18. LOANS AND BORROWINGS (CONT'D)

The reconciliation of liabilities arising from financing activities were as follows:

	Note	Other loans and borrowings S$'000	Lease liabilities S$'000	Total S$'000
Group				
Balance as at 1 October 2020		2,445,883	174,923	2,620,806
Financing cashflows*		1,133	(6,467)	(5,334)
Acquisition of subsidiaries	32	74,518	–	74,518
The effect of changes in foreign exchange rates		(1,740)	424	(1,316)
Other changes:				
Adjustment to lease liabilities		–	4,824	4,824
Amortisation of debt transaction costs		3,527	–	3,527
Interest expense on lease liabilities		–	5,314	5,314
Disposal of lease liabilities on investment properties		–	(20,627)	(20,627)
Total other changes		3,527	(10,489)	(6,962)
Balance as at 30 September 2021		2,523,321	158,391	2,681,712
Balance as at 1 October 2021		2,523,321	158,391	2,681,712
Financing cashflows*		(460,310)	(5,979)	(466,289)
The effect of changes in foreign exchange rates		(93,680)	(11,220)	(104,900)
Other changes:				
Adjustment to lease liabilities		–	(177)	(177)
Amortisation of debt transaction costs		3,229	–	3,229
Interest expense on lease liabilities		–	4,709	4,709
Transfer to liabilities directly associated with the investment property held for sale	10	–	(18,280)	(18,280)
Total other changes		3,229	(13,748)	(10,519)
Balance as at 30 September 2022		1,972,560	127,444	2,100,004

* Cashflow from financing activities presented in the consolidated statement of cash flows include interest expense paid of S$33,810,000 (2021: S$36,285,000), which are included as part of accrued expenses in Note 17 - Trade and other payables. There are no material non-cash changes associated with interest payables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

19. DEFERRED TAX ASSETS/(LIABILITIES)

	At 1 October 2020 S$'000	Recognised in statement of total return (Note 7) S$'000	Translation differences S$'000	At 30 September 2021 S$'000	Recognised in statement of total return (Note 7) S$'000	Translation differences S$'000	At 30 September 2022 S$'000
Group							
Deferred tax assets							
Provisions	323	(331)	8	–	–	–	–
Deferred tax liabilities							
Investment properties	(121,753)	(106,505)	4,761	(223,497)	(93,221)	24,774	(291,944)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group	
	2022 S$'000	2021 S$'000
Deductible temporary differences	11,334	4,489

The deductible temporary differences do not expire under the current tax legislation.

Under FRS 12 *Income Taxes*, deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss. The Group's acquisition of subsidiaries were accounted for as acquisition of assets and not a business combination, and affected neither accounting nor taxable profit at the point of acquisition. Accordingly, the initial recognition exemption in FRS 12 applies. As at 30 September 2022, the Group has not recognised deferred tax liabilities of S$128.9 million (2021: S$128.9 million) relating to temporary differences on the initial recognition of assets and liabilities of subsidiaries acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

20. NON-CONTROLLING INTERESTS

The non-controlling interests ("NCI") relate to the following subsidiary:

Name	Principal place of business/ Country of incorporation	Effective interest held by NCI*	
		2022 %	2021 %
FLT Europe B.V. and its subsidiaries	The Netherlands	5.1 to 9.9	5.1 to 9.9

* This represents the effective interest held by NCI in various subsidiaries of FLT Europe B.V. ("FLTE"). The NCI in the underlying subsidiaries of FLTE are individually immaterial.

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2022 S$'000	2021 S$'000
Revenue	101,157	98,156
Profit and total comprehensive income	230,385	171,539
Profit and total comprehensive income attributable to NCI	10,096	8,652
Non-current assets	1,995,651	1,982,452
Current assets	77,368	79,726
Non-current liabilities	(974,475)	(1,161,245)
Current liabilities	(168,377)	(91,990)
Net assets	930,167	808,943
Net assets attributable to NCI	49,320	44,814
Cash flows from operating activities	58,616	82,051
Cash flows used in investing activities	(4,181)	(147,573)
Cash flows (used in)/from financing activities	(55,980)	70,737
Net (decrease)/increase in cash and cash equivalents	(1,545)	5,215

Dividends amounting to S$749,000 (2021: S$2,448,000) were paid to NCI during the year.

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For the year ended 30 September 2022

21. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust			
	2022		2021	
	Number of Units '000	S$'000	Number of Units '000	S$'000
Units issued				
At 1 October	3,676,420	3,443,233	3,413,220	3,074,594
Creation of new Units:				
– Private placement	–	–	240,000	335,760
– Managers' management fees paid in Units	19,747	28,921	19,620	27,859
– Managers' acquisition fees paid in Units	–	–	3,580	5,020
At 30 September	3,696,167	3,472,154	3,676,420	3,443,233
Units to be issued				
Managers' management fees payable in Units	15,438	19,488	9,706	14,666
Total issued and issuable Units	3,711,605	3,491,642	3,686,126	3,457,899

2022

During the year, 19,746,643 Units were issued at S$1.35 to S$1.51 per Unit, amounting to S$28,921,000, as satisfaction of the Managers' management fees payable in Units.

2021

During the year, the following new Units were issued:

- 240,000,000 Units were issued at S$1.40 per Unit, amounting to S$335,760,000, in a private placement undertaken by the Trust, for cash;
- 19,619,486 Units were issued at S$1.41 to S$1.43 per Unit, amounting to S$27,859,000, as satisfaction of the Managers' management fees payable in Units; and
- 3,580,450 Units were issued at S$1.40 to S$1.42 per Unit, amounting to S$5,020,000, as satisfaction of the Managers' acquisition fees payable in Units arising from certain subsidiaries acquired.

Each Unit in the Trust represents an undivided interest in the Trust.

A holder of the Units of the Trust has no equitable or proprietary interest in the underlying assets of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Group.

Under the Trust Deed, every Unit carries the same voting rights.

The holders of the Units are entitled to receive distributions as and when declared by the Trust.

The liability of a holder of the Units is limited to the amount paid for the Units.

All issued Units are fully paid.

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For the year ended 30 September 2022

22. NET ASSET VALUE PER UNIT

	Group		Trust	
	2022	2021	2022	2021
Net asset value per Unit is based on: Net assets attributable to Unitholders (S$'000)	4,838,844	4,574,641	3,318,890	3,335,204
Total issued and issuable Units at 30 September ('000) (Note 21)	3,711,605	3,686,126	3,711,605	3,686,126
Net asset value per Unit (S$)	1.30	1.24	0.89	0.90

23. DISTRIBUTIONS PAID TO UNITHOLDERS

	Group and Trust	
	2022 S$'000	2021 S$'000
Distributions paid during the year:		
Distribution of 3.39 Singapore cents per Unit for the period from 15 April 2020 to 30 September 2020 and paid on 17 December 2020	–	116,076
Distribution of 3.80 Singapore cents per Unit for the period from 1 October 2020 to 31 March 2021 and paid on 18 June 2021	–	130,290
Distribution of 1.31 Singapore cents per Unit for the period from 1 April 2021 to 2 June 2021 and paid on 24 August 2021	–	44,916
Distribution of 2.57 Singapore cents per Unit for the period from 3 June 2021 to 30 September 2021 and paid on 16 December 2021	94,733	–
Distribution of 3.85 Singapore cents per Unit for the period from 1 October 2021 to 31 March 2022 and paid on 17 June 2022	142,108	–
	236,841	291,282

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

24. LEASES

(i) Leases as lessee

The Group leases land. The leases typically run for periods ranging from 15 to 90 years, some with options to renew after the lease expiry dates. Some lease payments are subject to market review and renegotiated every five years to reflect market rentals and certain leases provide for additional rent payments that are based on changes in local price indices.

Information about leases for which the Group is a lessee is presented below.

Amounts recognised in statement of total return

	Group	
	2022 S$'000	2021 S$'000
Leases		
Interest on lease liabilities	4,709	5,314

	Group	
	2022 S$'000	2021 S$'000
Amounts recognised in statement of cash flows		
Payment of lease liabilities	1,270	1,153
Interest expense	4,709	5,314
Total cash outflow for leases	5,979	6,467

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The lease payments relating to lease extension periods for certain leasehold land leases had not been included in lease liabilities as the Group is not reasonably certain if the lease extension options will be exercised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

24. LEASES (CONT'D)

(ii) Leases as lessor

The Group leases out its investment properties consisting of its owned properties as well as leased properties (Note 10). All leases are classified as operating leases from a lessor perspective.

Operating leases

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from investment properties during 2022 was S$371,188,000 (2021: S$391,458,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2022 S$'000	2021 S$'000
Less than one year	350,059	395,840
One to two years	315,839	351,660
Two to three years	256,187	297,885
Three to four years	200,930	235,733
Four to five years	161,908	177,773
More than five years	587,935	568,440
Total	1,872,858	2,027,331

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year at terms agreed between parties:

	Group	
	2022 S$'000	2021 S$'000
With related parties of the Managers:		
– Acquisition of subsidiaries	–	(151,264)
– Settlement adjustment in relation to acquisition of subsidiaries	490	–
– Insurance expense paid/payable	(816)	(1,349)
– Rental income and other income received/receivable	998	1,659
– Lease incentive reimbursement received/receivable	3,286	4,281
– Reimbursements (to)/from	90	(1,780)
With the Managers:		
– Base management fees paid/payable	(29,753)	(27,040)
– Performance management fees paid/payable	(12,265)	(12,577)
– Acquisition fees paid/payable	(1,192)	(4,302)
– Divestment fees paid/payable	(4,054)	(889)
– Reimbursements to	(61)	–
With the property managers who are related parties of the Manager:		
– Property management fees paid/payable	(9,612)	(7,187)
– Marketing services commission and other expenses paid/payable	(2,750)	(4,362)
– Reimbursements to	(283)	(386)
With the Trustees:		
– Trustee fees paid/payable	(924)	(844)

26. COMMITMENTS

(a) *Capital commitments*

Capital expenditure contracted for at the end of the year but not recognised in the financial statements are as follows:

	Group	
	2022 S$'000	2021 S$'000
Capital commitments in respect of investment properties (including investment properties under development)	190,555	43,096

(b) *Guarantees*

(i) The Trust has provided unsecured corporate guarantees amounting to S$328,000,000 (2021: S$328,000,000) to banks for loans taken by certain subsidiaries.

(ii) The Trust has provided bankers' guarantees of S$93,015,000 (2021: S$nil) to unrelated parties in respect of performance contracts on behalf of certain subsidiaries. No liability is expected to arise.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

27. OPERATING SEGMENTS

The Group has six reportable segments, which are Logistics and industrial – Australia, Europe and UK and Commercial – Australia, Singapore and UK. Each segment is managed separately because of the differences in operating and regulatory environment. All the segments relate to properties used or predominantly used for logistics and industrial or commercial properties. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as the Manager believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Information about reportable segments

	◄--- Logistics and industrial ---►			◄-------- Commercial --------►			Total
	Australia	Europe	UK	Australia	Singapore	UK	
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2022							
Revenue	153,164	101,650	3,204	69,937	70,498	51,734	450,187
Property operating expenses	(30,467)	(15,094)	(366)	(19,134)	(19,659)	(16,646)	(101,366)
Reportable segment net property income	122,697	86,556	2,838	50,803	50,839	35,088	348,821
Finance income							727
Finance costs							(41,595)
Unallocated items:							
– Expenses							(45,507)
Net income							262,446
Net change in fair value of derivatives							276
Net change in fair value of investment properties	228,349	227,697	(3,954)	(2,529)	6,764	(30,734)	425,593
Gain on divestment of investment properties	–	–	–	–	169,694	–	169,694
Tax expense							(119,268)
Total return for the year							738,741
Capital expenditure	5,433	3,029	71,601	17,377	608	8,550	106,598
Non-current assets[1]	2,646,950	1,994,420	161,236	1,080,673	484,864	563,739	6,931,882

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

27. OPERATING SEGMENTS (CONT'D)

	Logistics and industrial			Commercial			Total
	Australia S$'000	Europe S$'000	UK S$'000	Australia S$'000	Singapore S$'000	UK S$'000	S$'000
2021							
Revenue	165,921	98,742	1,061	66,932	88,025	48,647	469,328
Property operating expenses	(31,329)	(12,911)	(88)	(19,442)	(27,087)	(11,811)	(102,668)
Reportable segment net property income	134,592	85,831	973	47,490	60,938	36,836	366,660
Finance income							924
Finance costs							(45,687)
Unallocated items:							
– Expenses							(47,943)
Net income							273,954
Net change in fair value of derivatives							1,400
Net change in fair value of investment properties	450,943	152,100	3,450	13,946	9,973	(27,562)	602,850
Gain on divestment of investment properties	2,451	–	–	–	–	–	2,451
Tax expense							(140,897)
Total return for the year							739,758
Capital expenditure	8,375	3,849	–	8,779	10,260	1,484	32,747
Non-current assets[1]	2,572,297	1,982,452	78,028	1,073,554	1,103,824	672,336	7,482,491

[1] Excluding financial assets

There is no tenant that contributed more than 10% of the Group's total revenue in 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Audit, Risk and Compliance Committee ("ARCC") of the Manager oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC. The ARCC then reports to the Board of Directors on any inadequacies, deficiencies or matters of concern of which the ARCC becomes aware or that it suspects, arising from its review of the Group's risk management policies and procedures.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's total return and unitholders' funds. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The entities within the Group normally conduct their business in their respective functional currencies.

The Group's foreign currency risk relates mainly to cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings, that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Australian dollar (AUD), Euro (EUR), British Pound (GBP) and Singapore dollar (SGD). The Manager monitors the Group's foreign currency exposure on an ongoing basis and limits its exposure to fluctuations in foreign currency exchange rates by using derivative financial instruments or other suitable financial products, where appropriate.

It is the Manager's policy to hedge the Group's anticipated foreign currency exposure in respect of its distributions to Unitholders, net of anticipated payments required in the same currency at least six months forward by using foreign currency forward contracts.

The Group's net investments in foreign subsidiaries are hedged naturally to the extent that borrowings are taken up in their respective foreign currencies.

The Group uses cross currency swaps and cross currency interest rate swaps to hedge its currency risk. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and amount of their respective cash flows.

The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the critical terms match and hypothetical derivative method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(i) *Foreign currency risk (cont'd)*

The exposure of the Group and the Trust to Australian dollar, Euro, British Pound and Singapore dollar in Singapore dollar equivalent is as follows:

	2022				
	AUD S$'000	EUR S$'000	GBP S$'000	JPY S$'000	USD S$'000
Group					
Cash and cash equivalents	18,999	8,899	1,686	107	–
Trade and other payables	(234)	(593)	(33)	–	–
Loans and borrowings	(574,550)	–	(72,167)	(49,885)	(87,597)
Net statement of financial position exposure	(555,785)	8,306	(70,514)	(49,778)	(87,597)
Less: Cross currency swaps and cross currency interest rate swaps	400,896	–	–	49,885	87,597
Less: Borrowings designated as net investment hedge	173,653	–	72,167	–	–
Net currency exposure	18,764	8,306	1,653	107	–

	2021					
	AUD S$'000	EUR S$'000	GBP S$'000	JPY S$'000	SGD S$'000	USD S$'000
Group						
Cash and cash equivalents	14,529	400	684	114	–	–
Trade and other payables	(16,058)	(643)	(26)	–	–	–
Loans and borrowings	(638,229)	(55,031)	(82,415)	(61,140)	(53,000)	(82,617)
Net statement of financial position exposure	(639,758)	(55,274)	(81,757)	(61,026)	(53,000)	(82,617)
Less: Cross currency swaps and cross currency interest rate swaps	428,209	–	–	61,140	53,000	82,617
Less: Borrowings designated as net investment hedge	210,020	55,031	82,415	–	–	–
Net currency exposure	(1,529)	(243)	658	114	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk* (cont'd)

(i) *Foreign currency risk* (cont'd)

	2022				
	AUD S$'000	EUR S$'000	GBP S$'000	JPY S$'000	USD S$'000
Trust					
Cash and cash equivalents	18,405	8,899	1,280	107	–
Trade and other receivables	4,201	–	30,246	–	–
Trade and other payables	(221)	–	(16,334)	–	–
Loans and borrowings	(574,550)	–	(72,167)	(49,885)	(87,597)
Net statement of financial position exposure	(552,165)	8,899	(56,975)	(49,778)	(87,597)
Less: Cross currency swaps and cross currency interest rate swaps	400,896	–	–	49,885	87,597
Less: Borrowings designated for net investment hedge	173,654	–	72,167	–	–
Net currency exposure	22,385	8,899	15,192	107	–

	2021				
	AUD S$'000	EUR S$'000	GBP S$'000	JPY S$'000	USD S$'000
Trust					
Cash and cash equivalents	10,539	400	407	114	–
Trade and other receivables	111,876	811	–	–	–
Trade and other payables	(49,621)	(25,081)	(14,512)	–	–
Loans and borrowings	(638,229)	(55,031)	(82,415)	(61,140)	(82,617)
Net statement of financial position exposure	(565,435)	(78,901)	(96,520)	(61,026)	(82,617)
Less: Cross currency swaps and cross currency interest rate swaps	428,209	–	–	61,140	82,617
Less: Borrowings designated for net investment hedge	210,020	55,031	82,415	–	–
Net currency exposure	72,794	(23,870)	(14,105)	114	–

As at 30 September 2022, the Group and the Trust had outstanding foreign currency forward contracts with nominal amount of approximately S$18.4 million and S$18.4 million (2021: S$31.1 million and S$31.1 million) respectively to hedge future payments of distribution.

Sensitivity analysis

It is estimated that a one percentage point strengthening in foreign currencies against the Singapore dollar would decrease the Group's total return by approximately S$473,000 (2021: S$301,000). It is also estimated that a one percentage point strengthening in foreign currencies against the Singapore dollar would decrease the Trust's total return by S$650,000 (2021: S$660,000). A one percentage point weakening in foreign currencies against the Singapore dollar would have an equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk

The Group adopts a policy of ensuring that at least 50% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps to hedge the variability in cash flows.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenures, repricing dates, maturities and the notional amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the critical terms of either the swaps or the loans and borrowings.

Managing interest rate benchmark reform and associated risks

The Group's IBOR exposures to non-derivative financial liabilities included floating-rate liabilities indexed to SOR and USD LIBOR (Note 18) and holds interest rate swaps and cross currency interest rate swaps for risk management purposes which are designated in cash flow and net investment hedging relationships. The interest rate swaps and cross currency interest rate swaps had floating legs that are indexed to SOR and USD LIBOR. During the year ended 30 September 2022, the Group has transitioned its non-derivative financial liabilities and derivatives indexed to SOR and USD LIBOR to reference SORA and SOFR respectively.

Hedge accounting

As at 30 September 2022, the Group replaced all its SOR and USD LIBOR interest rate derivatives used in cash flow and net investment hedging relationships with economically equivalent interest rate derivatives referencing SORA and SOFR by the end of 2022. Therefore, there is no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. As a result, the Group no longer applies the amendments to FRS 109 issued in December 2019 (Phase 1) to those hedging relationships.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk* (cont'd)

(ii) *Interest rate risk* (cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group Nominal amount		Trust Nominal amount	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Fixed rate instruments				
Financial assets	64,652	501	953,429	821,611
Financial liabilities	(442,300)	(508,365)	(150,000)	–
Effect of interest rate swaps	(589,455)	(712,390)	(261,611)	(232,343)
Effect of cross currency interest rate swaps	(773,381)	(779,402)	(754,131)	(779,402)
	(1,740,484)	(1,999,656)	(212,313)	(190,134)
Variable rate instruments				
Financial assets	156,076	139,866	33,578	13,096
Financial liabilities	(1,663,041)	(2,182,551)	(1,304,198)	(1,441,232)
Effect of interest rate swaps	589,455	712,390	261,611	232,343
Effect of cross currency interest rate swaps	773,381	779,402	754,131	779,402
	(144,129)	(550,893)	(254,878)	(416,391)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect total return.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased/(decreased) total return and unitholders' funds (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total return		Unitholders' funds	
	1% increase S$'000	1% decrease S$'000	1% increase S$'000	1% decrease S$'000
Group				
2022				
Variable rate instruments not hedged	(1,441)	1,441	–	–
Interest rate swaps	–	–	8,977	(7,669)
Cross currency interest rate swaps	–	–	5,633	(5,923)
Cash flow sensitivity (net)	(1,441)	1,441	14,610	(13,592)
2021				
Variable rate instruments not hedged	(5,509)	5,509	–	–
Interest rate swaps	–	–	12,019	(13,010)
Cross currency interest rate swaps	–	–	(404)	481
Cash flow sensitivity (net)	(5,509)	5,509	11,615	(12,529)
Trust				
2022				
Variable rate instruments not hedged	(2,549)	2,549	–	–
Interest rate swaps	–	–	3,518	(2,052)
Cross currency interest rate swaps	–	–	5,633	(5,923)
Cash flow sensitivity (net)	(2,549)	2,549	9,151	(7,975)
2021				
Variable rate instruments not hedged	(4,164)	4,164	–	–
Interest rate swaps	–	–	7,436	(7,706)
Cross currency interest rate swaps	–	–	(2,260)	2,337
Cash flow sensitivity (net)	(4,164)	4,164	5,176	(5,369)

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting*

(i) *Cash flow hedges*

At 30 September, the Group and the Trust held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Carrying amount			Changes in value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item S$'000	Hedging instrument S$'000	Hedged item S$'000	Weighted average hedge rate	Maturity date
2022							
Cash flow hedges							
Group							
Interest rate risk							
– Interest rate swaps to hedge floating rate loans and borrowings	589,455	35,172	Derivative financial instruments	72,497	(72,497)	0.78%	2023-2026
Foreign exchange risk							
– Cross currency swaps to hedge foreign currency loans and borrowings	66,937	(1,009)	Derivative financial instruments	(6,240)	6,240	–	2024-2026
Interest rate risk and foreign exchange risk							
– Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings	753,695	45,353	Derivative financial instruments	10,952	(10,592)	–	2024-2026

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For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting (cont'd)*

(i) *Cash flow hedges (cont'd)*

	Carrying amount			Changes in value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item S$'000	Hedging instrument S$'000	Hedged item S$'000	Weighted average hedge rate	Maturity date
2022							
Cash flow hedges							
Trust							
Interest rate risk							
– Interest rate swaps to hedge floating rate loans and borrowings	261,611	19,227	Derivative financial instruments	55,196	(55,196)	0.93%	2023-2026
Foreign exchange risk							
– Cross currency swaps to hedge foreign currency loans and borrowings	66,937	(1,009)	Derivative financial instruments	(6,240)	6,240	–	2024-2026
Interest rate risk and foreign exchange risk							
– Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings	753,695	45,353	Derivative financial instruments	10,802	(10,802)	–	2024-2026

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting* (cont'd)

(i) *Cash flow hedges* (cont'd)

	Carrying amount			Changes in value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item S$'000	Hedging instrument S$'000	Hedged item S$'000	Weighted average hedge rate	Maturity date
2021							
Cash flow hedges							
Group							
Interest rate risk							
– Interest rate swaps to hedge floating rate loans and borrowings	712,390	(1,781)	Derivative financial instruments	18,301	(18,301)	0.98%	2022-2026
Foreign exchange risk							
– Cross currency swaps to hedge foreign currency loans and borrowings	66,937	5,231	Derivative financial instruments	(19,900)	19,900	–	2024-2026
Interest rate risk and foreign exchange risk							
– Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings	754,650	34,401	Derivative financial instruments	31,180	(31,180)	–	2024-2026

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting (cont'd)*

(i) *Cash flow hedges (cont'd)*

	Carrying amount			Changes in value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item S$'000	Hedging instrument S$'000	Hedged item S$'000	Weighted average hedge rate	Maturity date
2021							
Cash flow hedges							
Trust							
Interest rate risk							
– Interest rate swaps to hedge floating rate loans and borrowings	232,343	540	Derivative financial instruments	11,596	(11,596)	0.84%	2022-2026
Foreign exchange risk							
– Cross currency swaps to hedge foreign currency loans and borrowings	66,937	5,231	Derivative financial instruments	(20,504)	20,504	–	2024-2026
Interest rate risk and foreign exchange risk							
– Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings	700,695	34,551	Derivative financial instruments	30,699	(30,699)	–	2024-2026

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting (cont'd)*

(i) *Cash flow hedges (cont'd)*

The following table provides a reconciliation by risk category of components of unitholders' funds resulting from cash flow hedge accounting.

	Group		Trust	
	2022	2021	2022	2021
	Hedging reserve		Hedging reserve	
	S$'000	S$'000	S$'000	S$'000
Balance as at 1 October	15,229	(3,072)	5,734	(5,862)
Cash flow hedges				
Change in fair value				
Interest rate risk	72,497	18,301	55,196	11,596
Balance as at 30 September	87,726	15,229	60,930	5,734

(ii) *Net investment hedge*

A foreign currency exposure arises from the Group's net investments in its subsidiaries in Australia, Europe and the United Kingdom ("UK") that have Australian dollar, Euro and British Pound as their functional currencies, respectively. The risk arises from the fluctuation in spot exchange rates between the Australian dollar, Euro and British Pound (2021: Australian dollar, Euro and British Pound) against the Singapore dollar, which causes the amount of the net investments to vary.

The hedged risk in the net investment hedge is the risk of a weakening Australian dollar, Euro and British Pound (2021: Australian dollar, Euro and British Pound) against Singapore dollar that will result in a reduction in the carrying amount of the Group's net investments in its subsidiaries in Australia, Europe and the UK (2021: Australia, Europe and the UK).

Part of the Group's net investment in foreign operations are hedged through the use of cross currency swaps and cross currency interest rate swaps. The Group entered into cross currency swaps and cross currency interest rate swaps to swap floating rate Singapore dollar obligations for floating rate Australian dollar, Euro and British Pound obligations. No ineffectiveness was recognised on the net investment hedges.

At the end of the financial year, the Group has designated a portion of the net investments in the subsidiaries as net investment hedges amounting to S$1,134.1 million (2021: S$1,290.6 million), which mitigate the currency risk arising from the subsidiaries' net assets. As at 30 September 2022, a cumulative net foreign exchange gain of S$82,643,000 (2021: net foreign exchange loss of S$66,901,000) in respect of the Group's net investment hedges remained in unitholders' funds.

To assess hedge effectiveness, the Group determines the economic relationship between the hedge instrument and the hedge item by adopting the critical term match method. Critical term match method would be applied to assess qualitatively the economic relationship between the hedging instrument and the hedged item. The hedged item and the hedging instrument are expected to move in opposite directions as a result of a change in the hedged risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations with the Group, as and when they fall due.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

Trade receivables

The Manager monitors the amounts owing by lessees on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. Credit risk is also mitigated by the bankers' and corporate guarantees or security deposits held for each lessee.

At 30 September 2022 and 30 September 2021, there was no significant concentration of credit risk. The Group's maximum exposure to credit risk is represented by the carrying amounts of financial assets in the statement of financial position, before taking into account security deposits held as collateral.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by operating segment was as follows:

	Group	
	2022 S$'000	2021 S$'000
Logistics and industrial		
– Australia	247	500
– Europe	980	755
– United Kingdom	–	194
Commercial		
– Australia	1,232	2,755
– Singapore	64	324
– United Kingdom	5,453	6,976
	7,976	11,504

Expected credit loss assessment for individual tenants

In measuring the expected credit losses, trade debtors are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtor to settle the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Credit risk (cont'd)*

Expected credit loss assessment for individual tenants *(cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 September:

	Group			
	2022 Gross carrying amount S$'000	2022 Impairment loss allowance S$'000	2021 Gross carrying amount S$'000	2021 Impairment loss allowance S$'000
Current (not past due)	741	–	680	–
1 – 30 days past due	6,870	–	7,294	(13)
31 – 60 days past due	304	–	1,910	(22)
61 – 90 days past due	28	–	271	–
More than 90 days past due	585	(552)	2,233	(849)
	8,528	(552)	12,388	(884)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have been adversely impacted by the COVID-19 pandemic and have defaulted on payments.

The allowance for impairment losses of receivables is made based on management's assessment of the amount that is expected to be recoverable.

The Manager believes that no allowance for impairment is necessary in respect of the remaining trade receivables as they relate mainly to tenants that have a good record with the Group or have provided bankers' and corporate guarantees or sufficient security deposits as collateral, and hence ECL is negligible.

The movement in the allowance for impairment loss in respect for trade receivables during the year was as follows:

	2022 S$'000	2021 S$'000
Group		
At 1 October	884	1,820
Reversal of impairment loss	(107)	(326)
Amount written off	(151)	(651)
Translation differences	(74)	41
At 30 September	552	884

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Derivatives

Derivative financial instruments are only entered into with banks and financial counterparties with sound credit ratings. The credit risk related to derivative financial instruments arises from the potential failure of counterparties to meet their obligations under the contracts. It is the Group's policy to enter into derivative financial instrument transactions with credit worthy counterparties.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Manager maintains a level of cash and cash equivalents and has unutilised committed and uncommitted facilities for drawdown deemed adequate to finance the Group's operations for a reasonable period, including the servicing of financing obligations, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the CCIS issued by the MAS concerning limits on total borrowings.

As at the end of the financial year, the Group maintains several unutilised lines of credit.

The Group has contractual commitments to incur capital expenditure on its investment properties (Note 26).

The following are the remaining contractual maturities of financial liabilities. The amounts are gross, undiscounted, include contractual interest payments and exclude the impact of netting agreements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) ***Liquidity risk*** *(cont'd)*

	Carrying amount S$'000	Contractual cash flows S$'000	Cash flows Within one year S$'000	Cash flows Between one and five years S$'000	Cash flows More than five years S$'000
Group					
2022					
Non-derivative financial liabilities					
Trade and other payables*	67,463	(67,463)	(58,152)	(7,421)	(1,890)
Loans and borrowings	2,100,004	(2,383,828)	(243,000)	(1,820,283)	(320,545)
	2,167,467	(2,451,291)	(301,152)	(1,827,704)	(322,435)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(35,172)	37,492	12,448	25,044	–
Foreign currency forward contracts (gross-settled)	(793)				
– outflow		(18,434)	(18,434)	–	–
– inflow		19,256	19,256	–	–
Cross currency swaps used for hedging (gross-settled)	(14,767)				
– outflow		(207,795)	(22,829)	(184,966)	–
– inflow		227,736	27,977	199,759	–
Cross currency interest rate swaps used for hedging (gross-settled)	(117,928)				
– outflow		(650,541)	(5,110)	(645,431)	–
– inflow		790,277	33,789	756,488	–
	(168,660)	197,991	47,097	150,894	–
	1,998,807	(2,253,300)	(254,055)	(1,676,810)	(322,435)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) ***Liquidity risk*** *(cont'd)*

			Cash flows		
	Carrying amount S$'000	Contractual cash flows S$'000	Within one year S$'000	Between one and five years S$'000	More than five years S$'000
Group					
2021					
Non-derivative financial liabilities					
Trade and other payables*	86,821	(86,821)	(73,339)	(9,592)	(3,890)
Loans and borrowings	2,681,712	(2,850,126)	(275,817)	(2,175,322)	(398,987)
	2,768,533	(2,936,947)	(349,156)	(2,184,914)	(402,877)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	1,781	(1,442)	(5,379)	3,937	–
Foreign currency forward contracts (gross-settled)	(522)				
– outflow		(31,096)	(31,096)	–	–
– inflow		31,637	31,637	–	–
Cross currency swaps used for hedging (gross-settled)	2,298				
– outflow		(228,737)	(1,303)	(227,434)	–
– inflow		226,350	2,898	223,452	–
Cross currency interest rate swaps used for hedging (gross-settled)	(3,467)				
– outflow		(830,935)	(7,304)	(823,631)	–
– inflow		834,271	9,971	824,300	–
	90	48	(576)	624	–
	2,768,623	(2,936,899)	(349,732)	(2,184,290)	(402,877)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) *Liquidity risk (cont'd)*

			Cash flows		
	Carrying amount S$'000	Contractual cash flows S$'000	Within one year S$'000	Between one and five years S$'000	More than five years S$'000
Trust					
2022					
Non-derivative financial liabilities					
Trade and other payables*	128,243	(128,243)	(128,243)	–	–
Loans and borrowings	1,449,867	(1,627,715)	(85,187)	(1,389,249)	(153,279)
	1,578,110	(1,755,958)	(213,430)	(1,389,249)	(153,279)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(19,227)	20,675	6,588	14,087	–
Foreign currency forward contracts (gross-settled)	(793)				
– outflow		(18,434)	(18,434)	–	–
– inflow		19,256	19,256	–	–
Cross currency swaps used for hedging (gross-settled)	(12,212)				
– outflow		(190,872)	(5,906)	(184,966)	–
– inflow		208,234	8,475	199,759	–
Cross currency interest rate swaps used for hedging (gross-settled)	(117,928)				
– outflow		(650,541)	(5,110)	(645,431)	–
– inflow		790,277	33,789	756,488	–
	(150,160)	178,595	38,658	139,937	–
	1,427,950	(1,577,363)	(174,772)	(1,249,312)	(153,279)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) ***Liquidity risk*** *(cont'd)*

			Cash flows	
	Carrying amount S$'000	Contractual cash flows S$'000	Within one year S$'000	Between one and five years S$'000
Trust				
2021				
Non-derivative financial liabilities				
Trade and other payables	83,554	(83,554)	(83,554)	–
Loans and borrowings	1,434,940	(1,539,949)	(20,553)	(1,519,396)
	1,518,494	(1,623,503)	(104,107)	(1,519,396)
Derivative financial instruments				
Interest rate swaps used for hedging (net-settled)	(540)	799	(1,566)	2,365
Foreign currency forward contracts (gross-settled)	(522)			
– outflow		(31,096)	(31,096)	–
– inflow		31,637	31,637	–
Cross currency swaps used for hedging (gross-settled)	2,643			
– outflow		(208,967)	(855)	(208,112)
– inflow		206,233	2,337	203,896
Cross currency interest rate swaps used for hedging (gross-settled)	(3,467)			
– outflow		(830,935)	(7,304)	(823,631)
– inflow		834,271	9,971	824,300
	(1,886)	1,942	3,124	(1,182)
	1,516,608	(1,621,561)	(100,983)	(1,520,578)

* Excluding deferred income, rental received in advance and GST/VAT payables

The maturity analyses above show the contractual undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement. The interest payments on floating rate loans and borrowings in the table above reflect market forward interest rates at the year end and these amounts may change as market interest rates changes. The future cash flows on derivative instruments may be different from the amounts in the above table as interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analyses could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

29. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) *Classifications and fair values*

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount					Fair value			
		Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group										
30 September 2022										
Financial assets measured at fair value										
Interest rate swaps	14	–	–	35,172	–	35,172	–	35,172	–	35,172
Foreign currency forward contracts	14	–	793	–	–	793	–	793	–	793
Cross currency swaps	14	–	–	15,218	–	15,218	–	15,218	–	15,218
Cross currency interest rate swaps	14	–	–	117,928	–	117,928	–	117,928	–	117,928
Trade and other receivables – Rental guarantee receivable	16	–	1,407	–	–	1,407	–	–	1,407	1,407
		–	2,200	168,318	–	170,518				
Financial assets not measured at fair value										
Cash and cash equivalents	15	220,728	–	–	–	220,728				
Trade and other receivables*	16	13,353	–	–	–	13,353				
		234,081	–	–	–	234,081				

* Excluding rental guarantee receivable, prepayments, GST/VAT receivables and tax receivables

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values* (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group										
30 September 2022										
Financial liabilities measured at fair value										
Interest rate swaps	14									
Foreign currency forward contracts	14	–	–	–	–	–	–	–	–	–
Cross currency swaps	14	–	–	(451)	–	(451)	–	(451)	–	(451)
Cross currency interest rate swaps	14	–	–	–	–	–	–	–	–	–
		–	–	(451)	–	(451)				
Financial liabilities not measured at fair value										
Trade and other payables**	17	–	–	–	(67,463)	(67,463)				
Loans and borrowings***	18	–	–	–	(1,972,560)	(1,972,560)	–	–	(1,953,955)	(1,953,955)
		–	–	–	(2,040,023)	(2,040,023)				

** Excluding deferred income, rental received in advance and GST/VAT payables

*** Excluding lease liabilities

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2022

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group										
30 September 2021										
Financial assets measured at fair value										
Interest rate swaps	14	–	–	3,734	–	3,734	–	3,734	–	3,734
Foreign currency forward contracts	14	–	1,015	–	–	1,015	–	1,015	–	1,015
Cross currency swaps	14	–	–	2,170	–	2,170	–	2,170	–	2,170
Cross currency interest rate swaps	14	–	–	10,551	–	10,551	–	10,551	–	10,551
Trade and other receivables – Rental guarantee receivable	16	–	4,688	–	–	4,688	–	–	4,688	4,688
		–	5,703	16,455	–	22,158				
Financial assets not measured at fair value										
Cash and cash equivalents	15	140,367	–	–	–	140,367				
Trade and other receivables*	16	19,214	–	–	–	19,214				
		159,581	–	–	–	159,581				

* Excluding rental guarantee receivable, prepayments and GST/VAT receivables

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2022

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group										
30 September 2021										
Financial liabilities measured at fair value										
Interest rate swaps	14	–	–	(5,515)	–	(5,515)	–	(5,515)	–	(5,515)
Foreign currency forward contracts	14	–	(493)	–	–	(493)	–	(493)	–	(493)
Cross currency swaps	14	–	–	(4,468)	–	(4,468)	–	(4,468)	–	(4,468)
Cross currency interest rate swaps	14	–	–	(7,084)	–	(7,084)	–	(7,084)	–	(7,084)
		–	(493)	(17,067)	–	(17,560)				
Financial liabilities not measured at fair value										
Trade and other payables**	17	–	–	–	(86,821)	(86,821)				
Loans and borrowings***	18	–	–	–	(2,523,321)	(2,523,321)	–	–	(2,540,811)	(2,540,811)
		–	–	–	(2,610,142)	(2,610,142)				

** Excluding deferred income, rental received in advance and GST/VAT payables

*** Excluding lease liabilities

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Trust										
30 September 2022										
Financial assets measured at fair value										
Interest rate swaps	14	–	–	19,227	–	19,227	–	19,227	–	19,227
Foreign currency forward contracts	14	–	793	–	–	793	–	793	–	793
Cross currency swaps	14	–	12,025	638	–	12,663	–	12,663	–	12,663
Cross currency interest rate swaps	14	–	72,575	45,353	–	117,928	–	117,928	–	117,928
		–	85,393	65,218	–	150,611				
Financial assets not measured at fair value										
Loans to subsidiaries		1,811,636	–	–	–	1,811,636	–	–	1,621,427	1,621,427
Cash and cash equivalents	15	98,230	–	–	–	98,230				
Trade and other receivables*	16	70,841	–	–	–	70,841				
		1,980,707	–	–	–	1,980,707				

* Excluding prepayments and GST/VAT receivables

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) ***Classifications and fair values*** *(cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Trust										
30 September 2022										
Financial liabilities measured at fair value										
Interest rate swaps	14	–	–	–	–	–	–	–	–	–
Foreign currency forward contracts	14	–	–	–	–	–	–	–	–	–
Cross currency swaps	14	–	1,196	(1,647)	–	(451)	–	(451)	–	(451)
Cross currency interest rate swaps	14	–	–	–	–		–	–	–	–
		–	1,196	(1,647)	–	(451)				
Financial liabilities not measured at fair value										
Trade and other payables	17	–	–	–	(128,243)	(128,243)				
Loans and borrowings	18	–	–	–	(1,449,867)	(1,449,867)	–	–	(1,434,968)	(1,434,968)
		–	–	–	(1,578,110)	(1,578,110)				

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2022

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Trust										
30 September 2021										
Financial assets measured at fair value										
Interest rate swaps	14	–	–	2,116	–	2,116	–	2,116	–	2,116
Foreign currency forward contracts	14	–	1,015	–	–	1,015	–	1,015	–	1,015
Cross currency swaps	14	–	(3,406)	5,231	–	1,825	–	1,825	–	1,825
Cross currency interest rate swaps	14	–	(23,436)	33,987	–	10,551	–	10,551	–	10,551
		–	(25,827)	41,334	–	15,507				
Financial assets not measured at fair value										
Loans to subsidiaries		1,843,727	–	–	–	1,843,727	–	–	1,924,545	1,924,545
Cash and cash equivalents	15	13,597	–	–	–	13,597				
Trade and other receivables*	16	103,546	–	–	–	103,546				
		1,960,870	–	–	–	1,960,870				

* Excluding prepayments and GST/VAT receivables

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Trust										
30 September 2021										
Financial liabilities measured at fair value										
Interest rate swaps	14	–	–	(1,576)	–	(1,576)	–	(1,576)	–	(1,576)
Foreign currency forward contracts	14	–	(493)	–	–	(493)	–	(493)	–	(493)
Cross currency swaps	14	–	(4,468)	–	–	(4,468)	–	(4,468)	–	(4,468)
Cross currency interest rate swaps	14	–	(7,498)	414	–	(7,084)	–	(7,084)	–	(7,084)
		–	(12,459)	(1,162)	–	(13,621)				
Financial liabilities not measured at fair value										
Trade and other payables	17	–	–	–	(83,554)	(83,554)				
Loans and borrowings	18	–	–	–	(1,434,940)	(1,434,940)				
		–	–	–	(1,518,494)	(1,518,494)				

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(b) *Valuation techniques and significant unobservable inputs*

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values.

Type	Valuation techniques
Financial instruments measured at fair value	
Group and Trust	
Interest rate swaps, foreign currency forward contracts, cross currency swaps and cross currency interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
Group	
Rental guarantee receivable (classified under trade and other receivables)	*Discounted cash flows:* The fair value is based on the present value of the expected future receipts, discounted at the market interest rate at the measurement date.
Financial instruments not measured at fair value	
Group and Trust	
Loans and borrowings	*Discounted cash flows:* The fair values are based on the present value of future payments, discounted at the market interest rate at the measurement date.
Trust	
Loans to subsidiaries	*Discounted cash flows:* The fair values are based on the present value of future receipts, discounted at the market rate of interest at the measurement date.

There were no transfers between the levels of the fair value hierarchy during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure to support the business and maximise Unitholders' value.

As at 30 September 2022, the FLCT Group's aggregate leverage ratio(1) was 27.4% (2021: 33.7%) with an interest coverage ratio(2) of 13.0 times (2021: 7.3 times), which were within the guidelines prescribed under the Property Fund Guidelines of the CIS Code issued by MAS.

The Group was in compliance with all externally imposed capital requirements for the financial years ended 30 September 2022 and 30 September 2021.

There were no substantial changes in the Group's and the Trust's approach to capital management during the year.

(1) The impact of FRS 116 *Leases* and non-controlling interests has been excluded for the purpose of computing the Aggregate Leverage Ratio.

(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 earnings before interest, tax, depreciation and amortisation (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).

31. FINANCIAL RATIOS

	2022 %	2021 %
Expense to weighted average net assets(1)		
– with performance fee of Managers	1.01	1.16
– without performance fee of Managers	0.76	0.86
Expense to net asset value(2)	3.05	3.25
Portfolio turnover ratio(3)	3.20	4.69

(1) The expense ratios are computed in accordance with the guidelines of the Investment Manager Association of Singapore. The expenses used in the computation relate to the expenses of the Group, excluding property expenses, interest expense, foreign exchange gains and losses and tax expense of the Group.

(2) The expense ratio is computed based on total operating expense, including property expenses and all fees and charges paid/payable to the Managers and the interested parties as a percentage of net asset value as at the end of the financial year.

(3) The portfolio turnover ratios are computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

32. ACQUISITION OF SUBSIDIARIES

There was no acquisition of subsidiaries in 2022. In 2021, the Group acquired equity interests in four property holding companies which held interests in four freehold logistics and industrial properties located in Germany and the Netherlands for a total consideration of S$151.3 million (€93.6 million).

The acquisitions were accounted for as acquisition of assets.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition for the subsidiaries acquired in 2021.

	S$'000
Investment properties	231,849
Trade and other receivables	3,677
Cash at bank	5,410
Trade and other payables	(12,240)
Loans and borrowings	(74,518)
Shareholders' loans	(90,686)
Total identifiable net assets	63,492
Less: Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(2,860)
Identifiable net assets acquired	60,632

Consideration transferred

	S$'000
Cash paid	151,318

Effect of the acquisition on cash flows

Consideration for equity interest	60,632
Add: Shareholders' loans assumed	90,686
	151,318
Add: Acquisition costs incurred	2,444
Less: Acquisition fee paid to the Manager in Units	(1,106)
Less: Cash at bank of subsidiaries acquired	(5,410)
Net cash outflow	147,246

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

33. SUBSEQUENT EVENTS

There were the following significant events subsequent to the reporting date:

- On 24 October 2022, the Group completed the Port Melbourne Divestment at a consideration of A$41.5 million (approximately S$38.2 million), of which, payment of A$6.5 million (approximately S$6.0 million) has been deferred to 11 December 2023.

- On 10 November 2022, the Manager declared a distribution of 3.77 Singapore cents per Unit to Unitholders in respect of the period from 1 April 2022 to 30 September 2022.

34. LIST OF SIGNIFICANT SUBSIDIARIES

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2022 %	2021 %
Direct subsidiaries					
FLT Australia Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLCT Treasury Pte. Ltd.[1]	Provision of treasury service	Singapore	Singapore	100.0	100.0
FLT Europe Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe Treasury Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe 1 Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe 2 Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe 3 Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLCT UK Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLCT Industrial UK Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLCT Commercial UK Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Australia Trust[2] [3]	Investment holding	Australia	Australia	100.0	100.0
Frasers Commercial Trust[1]	Property investment and investment holding	Singapore	Singapore	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2022 %	2021 %
Indirect subsidiaries					
Subsidiaries of FLT Australia Trust					
Atlantic Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Atlantic Drive Trust C	Property investment	Australia	Australia	100.0	100.0
Atlantic Drive Trust D	Property investment	Australia	Australia	100.0	100.0
Aylesbury Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Bam Wine Court Trust A	Property investment	Australia	Australia	100.0	100.0
Blackburn Road Trust A (formerly known as Hartley Street Trust A)	Property investment	Australia	Australia	100.0	100.0
Boundary Road Trust A	Property investment	Australia	Australia	100.0	100.0
Boundary Road Trust B	Property investment	Australia	Australia	100.0	100.0
Canterbury Road Trust A	Property investment	Australia	Australia	100.0	100.0
Distribution Place Trust A	Property investment	Australia	Australia	100.0	100.0
Doriemus Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Douglas Street Trust A	Property investment	Australia	Australia	100.0	100.0
Earnshaw Road Trust A	Property investment	Australia	Australia	100.0	100.0
Efficient Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Efficient Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Eucalyptus Place Trust A	Property investment	Australia	Australia	100.0	100.0
Flint Street Trust A	Property investment	Australia	Australia	100.0	100.0
Gibbon Road Trust A	Property investment	Australia	Australia	100.0	100.0
Hanson Place Trust A	Property investment	Australia	Australia	100.0	100.0
Horsley Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Horsley Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Horsley Drive Trust C	Property investment	Australia	Australia	100.0	100.0
Hudson Court Trust A	Property investment	Australia	Australia	100.0	100.0
Hudson Court Trust B	Property investment	Australia	Australia	100.0	100.0
Indian Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Indian Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Jets Court Trust A	Property investment	Australia	Australia	100.0	100.0
Jets Court Trust B	Property investment	Australia	Australia	100.0	100.0
Kangaroo Avenue Trust A	Property investment	Australia	Australia	100.0	100.0
Kangaroo Avenue Trust B	Property investment	Australia	Australia	100.0	100.0
Kangaroo Avenue Trust C	Property investment	Australia	Australia	100.0	100.0
Link Road Trust A	Property investment	Australia	Australia	100.0	100.0
Magnesium Place Trust A (formerly known as Coghlan Road Trust A)	Property investment	Australia	Australia	100.0	100.0
Magnesium Place Trust B (formerly known as South Park Drive Trust B)	Property investment	Australia	Australia	100.0	100.0
Magnesium Place Trust C	Property investment	Australia	Australia	100.0	–
Pacific Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Pacific & Atlantic Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Paltridge Road Trust A	Property investment	Australia	Australia	100.0	100.0
Pearson Road Trust A	Property investment	Australia	Australia	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2022 %	2021 %
Indirect subsidiaries					
Subsidiaries of FLT Australia Trust					
Pearson Road Trust B	Property investment	Australia	Australia	100.0	100.0
Platinum Street Trust A	Property investment	Australia	Australia	100.0	100.0
Queensport Road Trust A	Property investment	Australia	Australia	100.0	100.0
Reconciliation Rise Trust A	Property investment	Australia	Australia	100.0	100.0
Reconciliation Rise Trust B	Property investment	Australia	Australia	100.0	100.0
Shettleston Street Trust A	Property investment	Australia	Australia	100.0	100.0
Siltstone Place Trust A	Property investment	Australia	Australia	100.0	100.0
Sky Road East Trust A	Property investment	Australia	Australia	100.0	100.0
Sky Road East Trust B	Property investment	Australia	Australia	100.0	100.0
South Centre Road Trust A	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust A	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust C	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust D	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust E	Property investment	Australia	Australia	100.0	100.0
Springhill Road Trust A	Property investment	Australia	Australia	100.0	100.0
Stanton Road Trust A	Property investment	Australia	Australia	100.0	100.0
Stanton Road Trust B	Property investment	Australia	Australia	100.0	100.0
Station Road Trust A	Property investment	Australia	Australia	100.0	100.0
Stradbroke Street Trust A	Property investment	Australia	Australia	100.0	100.0
Sunline Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Sunline Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Wayne Goss Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Wayne Goss Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Wellington Road Trust A	Property investment	Australia	Australia	100.0	100.0
Subsidiary of FLT Europe Pte. Ltd.					
FLT Europe B.V.[(2)]	Investment holding	The Netherlands	The Netherlands	100.0	100.0
Subsidiaries of FLT Europe B.V.					
AI Gewerbepark Obertshausen GmbH	Property investment	Luxembourg	Luxembourg	94.0	94.0
AI Gewerbepark Ratingen GmbH	Property investment	Luxembourg	Luxembourg	94.0	94.0
AI Gewerbepark Tamm GmbH	Property investment	Luxembourg	Luxembourg	94.0	94.0
BV Maschinen GmbH	Investment holding	Luxembourg	Luxembourg	100.0	100.0
CCP IV Garching S.à.r.l.	Property investment	Luxembourg	Luxembourg	94.0	94.0
FLT Achern GmbH	Property investment	Germany	The Netherlands	94.0	94.0
FLT Freiberg B.V. (formerly known as FLT Freiberg GmbH)	Property investment	The Netherlands	The Netherlands	94.8	94.8
FLT Gottmadingen B.V. (formerly known as FLT Gottmadingen GmbH)	Property investment	The Netherlands	The Netherlands	90.1	90.1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2022 %	2021 %
Indirect subsidiaries					
Subsidiaries of FLT Europe B.V.					
FLT GUMES Verwaltung Objekt Bielefeld-Sennestadt GmbH (formerly known as GUMES Verwaltung Objekt Bielefeld-Sennestadt GmbH)	Property investment	Germany	Luxembourg	93.1	93.1
FLT INV 1 B.V.	Investment holding	The Netherlands	The Netherlands	94.9	94.9
FLT INV 2 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 3 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 4 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 5 B.V.	Property investment and investment holding	The Netherlands	The Netherlands	94.9	94.9
FLT INV 6 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 7 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 8 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 9 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 10 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 11 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 12 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 13 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 14 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 15 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 16 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 17 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 18 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 19 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2022 %	2021 %
Indirect subsidiaries					
Subsidiaries of FLT Europe B.V.					
FLT INV 20 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 21 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 22 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 23 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 24 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 25 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 26 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 27 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT Isenbuttel B.V. (formerly known as FLT Isenbuttel GmbH)	Property investment	The Netherlands	The Netherlands	94.8	94.8
FLT Marl GmbH	Investment holding	Germany	The Netherlands	94.9	94.9
FLT Marl Investment GmbH & Co. KG	Property investment	Germany	The Netherlands	94.9	94.9
FLT Moosthenning 1 GmbH	Property investment	Germany	The Netherlands	94.8	94.8
FLT Moosthenning 2 GmbH	Property investment	Germany	The Netherlands	94.8	94.8
FLT Moosthenning (SP) B.V. (formerly known as FLT Moosthenning (SP) GmbH)	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT Nuremberg B.V. (formerly known as FLT Nuremberg GmbH)	Property investment	The Netherlands	The Netherlands	94.0	94.0
FLT Rheinberg GmbH	Property investment	Germany	The Netherlands	94.9	94.9
FLT Vaihingen B.V. (formerly known as FLT Vaihingen GmbH)	Property investment	The Netherlands	The Netherlands	94.0	94.0
Frankenthal S.A.	Property investment	Luxembourg	Luxembourg	94.0	94.0
Gewerbepark Bergheim GmbH	Property investment	Luxembourg	Luxembourg	94.0	94.0
Subsidiaries of Frasers Commercial Trust					
Frasers Commercial Sub No. 1 Pte. Ltd.[(1)]	Investment holding	Singapore	Singapore	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2022 %	2021 %
Indirect subsidiaries					
Subsidiaries of Frasers Commercial Trust					
Frasers Commercial Sub No. 2 Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
Frasers Commercial Sub No. 3 Pte. Ltd.[1]	Investment holding	Singapore	Singapore	–[4]	100.0
Frasers Commercial Sub No. 4 Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
FCOT Treasury Pte. Ltd.[1]	Provision of treasury services	Singapore	Singapore	100.0	100.0
Frasers Commercial (UK) Sub. 1 Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
Frasers Commercial Investments No. 1 Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100.0	100.0
Frasers Commercial Investments No. 3 Pty Ltd	Investment holding	Cayman Islands	Cayman Islands	100.0	100.0
Frasers Commercial Investments No. 4 Pty Ltd	Investment holding	Cayman Islands	Cayman Islands	100.0	100.0
Central Park Landholding Trust	Property investment	Australia	Australia	100.0	100.0
Collins Street Landholding Trust	Property investment	Australia	Australia	100.0	100.0
Athllon Drive Landholding Trust	Property investment	Australia	Australia	100.0	100.0
ARC Trust	Investment holding	Australia	Australia	100.0	100.0
Farnborough Business Park Ltd	Property investment	Jersey	Jersey	100.0	100.0
Subsidiaries of FLCT UK Pte. Ltd.					
Maxis Business Park Limited	Property investment	Jersey	Jersey	100.0	100.0
Subsidiaries of FLCT Industrial UK Pte. Ltd.					
Connexion Property Co Limited	Investment holding	Jersey	Jersey	100.0	100.0
Connexion Trust	Property investment	Jersey	Jersey	100.0	100.0
FLCT UK 1 Pte Ltd[1]	Investment holding	Singapore	Singapore	100.0	100.0
FLCT Ellesmere Port Property Co Limited	Investment holding	Jersey	Jersey	100.0	–
FLCT Ellesmere Trust	Property investment	Jersey	Jersey	100.0	–
FLCT UK 3 Pte Ltd[1]	Investment holding	Singapore	Singapore	100.0	–
FLCT UK 4 Pte Ltd[1]	Investment holding	Singapore	Singapore	100.0	–
Worcester Property Co Limited	Property investment	Jersey	Jersey	100.0	–
Subsidiaries of FLCT Commercial UK Pte. Ltd.					
BVP Property Co Limited	Investment holding	Jersey	Jersey	100.0	100.0
BVP Trust	Property investment	Jersey	Jersey	100.0	100.0
FLCT UK 2 Pte Ltd[1]	Investment holding	Singapore	Singapore	100.0	100.0

(1) Audited by KPMG LLP, Singapore.

(2) Audited by other member firms of KPMG International.

(3) Held by the Trust and FLT Australia Pte. Ltd. with equity interest of 50% each.

(4) Struck off on 4 October 2021.

UNITHOLDERS' STATISTICS

As at 23 November 2022

ISSUED AND FULLY-PAID-UP UNITS

As at 23 November 2022

3,711,604,712 Units (voting rights; one vote per Unit)
Market Capitalisation S$4,082,765,183.2 (based on closing price of S$1.10 per Unit on 23 November 2022)

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	642	2.49	29,559	0.00
100 - 1,000	2,564	9.95	1,809,763	0.05
1,001 - 10,000	13,391	51.97	66,631,007	1.80
10,001 - 1,000,000	9,126	35.42	379,488,530	10.22
1,000,001 AND ABOVE	45	0.17	3,263,645,853	87.93
TOTAL	**25,768**	**100.00**	**3,711,604,712**	**100.00**

TWENTY LARGEST UNITHOLDERS

As at 23 November 2022
As shown in the Register of Unitholders

NO.	NAME	NO. OF UNITS	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	823,715,079	22.19
2	FRASERS PROPERTY INDUSTRIAL TRUST HOLDINGS PTE LTD	794,480,846	21.41
3	DBS NOMINEES (PRIVATE) LIMITED	423,184,093	11.40
4	HSBC (SINGAPORE) NOMINEES PTE LTD	375,322,397	10.11
5	DBSN SERVICES PTE. LTD.	230,430,492	6.21
6	RAFFLES NOMINEES (PTE.) LIMITED	209,297,527	5.64
7	DB NOMINEES (SINGAPORE) PTE LTD	135,349,035	3.65
8	BPSS NOMINEES SINGAPORE (PTE.) LTD.	61,650,847	1.66
9	FRASERS LOGISTICS & COMMERCIAL ASSET MANAGEMENT PTE LTD	20,798,352	0.56
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	20,027,438	0.54
11	PHILLIP SECURITIES PTE LTD	17,455,056	0.47
12	MAYBANK SECURITIES PTE. LTD.	14,836,713	0.40
13	OCBC SECURITIES PRIVATE LIMITED	12,041,847	0.32
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	11,575,585	0.31
15	IFAST FINANCIAL PTE LTD	11,407,497	0.31
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	10,963,065	0.30
17	UOB KAY HIAN PRIVATE LIMITED	10,659,143	0.29
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	10,487,970	0.28
19	ABN AMRO CLEARING BANK N.V.	10,353,592	0.28
20	SOCIETE GENERALE, SINGAPORE BRANCH	8,409,841	0.23
	TOTAL	**3,212,446,415**	**86.56**

UNITHOLDERS' STATISTICS

As at 23 November 2022

SUBSTANTIAL UNITHOLDERS

As at 23 November 2022

	Direct Interest No. of Units held	%	Deemed Interest No. of Units held	%	Total No. of Units held	%
Frasers Property Industrial Trust Holdings Pte Ltd	794,480,846	21.41	–	–	794,480,846	21.41
Frasers Property Limited[1]	–	–	815,279,198	21.97	815,279,198	21.97
Thai Beverage Public Company Limited[2]	–	–	815,279,198	21.97	815,279,198	21.97
International Beverage Holdings Limited[3]	–	–	815,279,198	21.97	815,279,198	21.97
InterBev Investment Limited[4]	–	–	815,279,198	21.97	815,279,198	21.97
Siriwana Co., Ltd[5]	–	–	815,279,198	21.97	815,279,198	21.97
Shiny Treasure Holdings Limited[6]	–	–	815,279,198	21.97	815,279,198	21.97
TCC Assets Limited[7]	–	–	815,279,198	21.97	815,279,198	21.97
Charoen Sirivadhanabhakdi[8]	–	–	815,279,198	21.97	815,279,198	21.97
Khunying Wanna Sirivadhanabhakdi[9]	–	–	815,279,198	21.97	815,279,198	21.97

Notes:

(1) Frasers Property Limited ("**FPL**") holds a 100% direct interest in each of Frasers Logistics & Commercial Asset Management Pte. Ltd. ("**FLCAM**") and Frasers Property Industrial Trust Holdings Pte. Ltd. ("**FPITH**"). Each of FLCAM and FPITH directly holds units in FLCT. FPL therefore has a deemed interest in the units in FLCT in which each of FLCAM and FPITH has an interest, by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore ("**SFA**").

(2) Thai Beverage Public Company Limited ("**ThaiBev**") holds a 100% direct interest in International Beverage Holdings Limited ("**IBHL**");

- IBHL holds a 100% direct interest in InterBev Investment Limited ("**IBIL**");
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

ThaiBev therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

(3) IBHL holds a 100% direct interest in IBIL;

- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

IBHL therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of section 4 of the SFA.

(4) IBIL holds a greater than 20% interest in FPL;

- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

IBIL therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of section 4 of the SFA.

(5) Siriwana Co., Ltd ("**SCL**"), holds directly, and indirectly through its wholly-owned subsidiary, Siriwanan Co., Ltd, a majority interest in ThaiBev;

- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

SCL therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

(6) Shiny Treasure Holdings Limited ("**STHL**") holds a greater than 20% interest in SCL;

- SCL holds, directly and indirectly, a majority interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

STHL therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

UNITHOLDERS' STATISTICS

As at 23 November 2022

(7) TCC Assets Limited ("**TCCA**") holds a majority interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

TCCA therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

(8) Charoen Sirivadhanabhakdi and his spouse, Khunying Wanna Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in FPL;
- FPL holds a 100% direct interest in FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

Charoen Sirivadhanabhakdi therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

(9) Khunying Wanna Sirivadhanabhakdi and her spouse, Charoen Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in FPL;
- FPL holds a 100% direct interest in FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

Khunying Wanna Sirivadhanabhakdi therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

UNITHOLDINGS OF DIRECTORS OF THE MANAGER

As at 21 October 2022

Directors	Direct Interest No. of Units held	Deemed Interest No. of Units held
Mr Ho Hon Cheong	–	1,123,100
Mr Goh Yong Chian	800,000	–
Mr Kyle Lee Khai Fatt	–	–
Mr Phang Sin Min	–	–
Ms Soh Onn Cheng Margaret Jane	–	18,495
Mr Panote Sirivadhanabhakdi	–	118,559,700
Mr Chia Khong Shoong	–	220,000
Mr Rodney Vaughan Fehring[1]	–	132,000
Mr Reinfried Helmut Otter	–	–

Note:

(1) Mr Rodney Vaughan Fehring has retired as a director with effect from 1 December 2022.

FREE FLOAT

Based on information available to the Manager as at 23 November 2022, approximately 75% of the Units are held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

INTERESTED PERSON TRANSACTIONS

Name of interested persons	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY22 S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) FY22 S$'000
Frasers Logistics & Commercial Asset Management Pte. Ltd. ("FLCAM")	Associates of controlling shareholder of REIT Manager and controlling unitholder of FLCT		
– Manager's base management fees paid/payable		(24,682)	–
– Manager's performance management fees paid/payable		(10,472)	–
– Manager's acquisition fees paid/payable		(239)	–
– Manager's divestment management fees paid/payable		(4,054)	–
– Reimbursement of expenses		(61)	–
FLT Australia Management Pty Ltd ("HAUT Manager")			
– Manager's base management fees paid/payable		(5,071)	–
– Manager's performance management fees paid/payable		(1,793)	–
– Manager's acquisition fees paid/payable		(953)	–
Frasers Property Management Services Pty Limited			
– Property management fees paid/payable		(704)	–
– Management office rental		46	–
Frasers Property Australia Pty Limited and its subsidiaries ("FPA Group")			
– Incentives reimbursement		3,054	–
– Reimbursement of expenses		90	–
Frasers Property Funds Management Limited (in its capacity as trustee of FLT Australia Trust)			
– Trustee fees payable		(68)	–
Southeast Insurance Public Company Limited ("Southeast")			
– Insurance expense paid/payable		(816)[1]	–
FPI Property Management Services Pty Limited			
– Property management fees paid/payable		(2,095)	–
– Facility management fees paid/payable		(807)	–
– Marketing services commissions paid/payable		(748)	–
Perpetual (Asia) Limited	FLCT Trustee		
– Trustee fees paid/payable		(554)	–
– Disbursements / out of pocket expenses paid		(4)	–

INTERESTED PERSON TRANSACTIONS

Name of interested persons	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY22 S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) FY22 S$'000
FPE Advisory B.V.	Associates of controlling shareholder of REIT Manager and controlling unitholder of FLCT		
– Property management fees paid/payable		(1,780)	–
– Leasing fees		(1,325)	–
Frasers Property Investments (Holland) B.V.			
– Incentives reimbursement		232	–
– Settlement adjustment in relation to Munro		490	–
British and Malayan Trustees Limited	FCOT Trustee		
– Trustee fees paid/payable		(302)	–
Fraser & Neave Limited	Associates of controlling shareholder of REIT Manager and controlling unitholder of FLCT		
– Rental and other property income		370	–
Frasers Management (UK) Limited			
– Leasing fees		(123)	–
Frasers Property Commercial Management Pte Ltd			
– Property management fees paid/payable and payroll-related expenses		(4,226)	–
– Marketing services commissions paid/payable		(320)	–
– Other expenses		(234)	–
Frasers Property Corporate Services Pte Ltd			
– Rental and other property income		365	–
– Other expenses		(41)	–
Frasers Property Alexandra Point Pte. Ltd.			
– Rental and other property income		185	–
– Other miscellaneous income		13	–

Fees payable to the Manager, the HAUT Manager, Frasers Property Funds Management Limited (in its capacity as trustee of FLT Australia Trust), Perpetual (Asia) Limited and certain of the fees payable to Frasers Property Management Services Pty Limited, FPA Group and FPI Property Management Services Pty Limited on the basis of, and in accordance with, the terms and conditions set out in the Trust Deed dated 30 November 2015 (as amended) and/or the prospectus dated 10 June 2016 (see "The REIT Manager and Corporate Governance – Related Party Transactions – Exempted Agreements") are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Save as disclosed above, there were no other interested person transactions (excluding transactions of less than $100,000 each) entered into during the financial year under review nor any material contracts entered into by the Trust that involved the interests of the CEO, any Director or any controlling unitholder of the Trust.

(1) Premium paid for the insurance policies purchased from Southeast for the period from 1 October 2021 to 30 September 2022. This policy has been cancelled with effect from February 2022 due to Southeast ceasing its insurance business and a refund of the premium of S$472,000 has been received.

NOTICE OF ANNUAL GENERAL MEETING

FRASERS LOGISTICS & COMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 30 November 2015 (as amended, restated and supplemented))

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting ("**AGM**") of the unitholders of FRASERS LOGISTICS & COMMERCIAL TRUST ("**FLCT**", and the unitholders of FLCT, "**Unitholders**") will be held at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 17 January 2023 at 2.00 p.m. for the following purposes:

(A) ROUTINE BUSINESS

Ordinary Resolution 1

1. To receive and adopt the Report of the Trustee of FLCT issued by Perpetual (Asia) Limited, in its capacity as trustee of FLCT (the "**Trustee**"), the Statement by the Manager issued by Frasers Logistics & Commercial Asset Management Pte. Ltd., as manager of FLCT (the "**Manager**"), the Audited Financial Statements of FLCT for the financial year ended 30 September 2022 and the Auditors' Report thereon.

Ordinary Resolution 2

2. To re-appoint KPMG LLP ("**KPMG**") as Auditors of FLCT to hold office until the conclusion of the next annual general meeting of FLCT, and to authorise the Manager to fix their remuneration.

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, Ordinary Resolution 3 which is proposed as an Ordinary Resolution:

Ordinary Resolution 3

3. That authority be and is hereby given to the Manager, to:

(a) (i) issue units in FLCT ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting FLCT (as amended, restated and supplemented) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next annual general meeting of FLCT or (ii) the date by which the next annual general meeting of FLCT is required by the applicable law or regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager, any director of the Manager ("**Director**") and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director, or, as the case may be, the Trustee may consider expedient or necessary or in the interest of FLCT to give effect to the authority conferred by this Resolution.

Frasers Logistics & Commercial Asset Management Pte. Ltd.
(Company Registration No: 201528178Z)
as manager of Frasers Logistics & Commercial Trust

Catherine Yeo
Company Secretary

Singapore
22 December 2022

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

(1) Printed copies of this Notice will be sent to Unitholders. This Notice will also be made available via publication on FLCT's website at the URL www.frasersproperty.com/reits/flct and on the SGX-ST website at the URL www.sgx.com/securities/company-announcements.

(2) A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in the Unitholder's stead. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies in the proxy form the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.

(3) A Unitholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies in the proxy form the number of Units in relation to which each proxy has been appointed.

"**Relevant Intermediary**" means:

(a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds Units in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(4) The accompanying proxy form for the AGM ("**Proxy Form**") may be downloaded from FLCT's website at the URL www.frasersproperty.com/reits/flct and on the SGX-ST website at the URL www.sgx.com/securities/company-announcements. For convenience, printed copies of the Proxy Form will also be sent by post to Unitholders. Additional printed copies of the Proxy Form, if required, can be requested from Boardroom Corporate & Advisory Services Pte. Ltd. by calling +65 6536 5355 or via email at flctagm2023@boardroomlimited.com. Requests for printed copies of the Proxy Form should be made by 5.00 p.m. on Friday, 6 January 2023.

(5) The Proxy Form must be submitted to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

(a) if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

(b) if submitted electronically, be submitted via email to the Unit Registrar at flctagm2023@boardroomlimited.com,

in either case, by 2.00 p.m. on Saturday, 14 January 2023, being 72 hours before the time fixed for the AGM.

A Unitholder who wishes to submit a Proxy Form by post or via email can either use the printed copy of the Proxy Form which is sent to him/her/it by post or download a copy of the Proxy Form from FLCT's website or the SGX-ST website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

(6) Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the AGM.

NOTICE OF ANNUAL GENERAL MEETING

(7) A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by the Central Depository (Pte) Limited ("**CDP**"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of FLCT, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder's name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders, the Unitholder should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.

(8) This Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

(9) Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the instrument may be treated as invalid.

(10) The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder's name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.

(11) A proxy need not be a Unitholder. CPF and SRS investors who wish to vote at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Thursday, 5 January 2023, being seven business days before the date of the AGM.

(12) Unitholders may submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM. In order for Unitholders to submit questions in advance of the AGM, the questions must be submitted in the following manner by 2.00 p.m on Friday, 6 January 2023:

(a) deposited at the registered office of the Manager at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958; or

(b) via email to the Manager, at ir_flct@frasersproperty.com.

Unitholders who submit questions via email must provide the following information for authentication: (a) the Unitholder's full name; (b) the Unitholder's address; and (c) the manner in which the Unitholder holds the Units (e.g., via CDP, CPF or SRS).

(13) The Annual Report for the financial year ended 30 September 2022 may be accessed at FLCT's website at the URL www.frasersproperty.com/reits/flct. Printed copies of the Notification & Request Form will be sent to Unitholders for Unitholders to request for a printed copy of the Annual Report (the "**Request Form**"). Requests for a physical copy of the Annual Report should be made by submitting the Request Form to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

(a) if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

(b) if submitted electronically, be submitted via email to the Unit Registrar at flctagm2023@boardroomlimited.com,

in either case, by no later than 5.00 p.m. on Friday, 6 January 2023.

NOTICE OF ANNUAL GENERAL MEETING

(14) Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the AGM at short notice. Unitholders should check FLCT's website at www.frasersproperty.com/reits/flct for the latest updates on the status of the AGM.

EXPLANATORY NOTE:

Ordinary Resolution 3

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the earliest of (i) the conclusion of the next annual general meeting of FLCT or (ii) the date by which the next annual general meeting of FLCT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of 20% for issues other than on a *pro rata* basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time Ordinary Resolution 3 above is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents or service providers) for the purpose of the processing and administration by the Manager and the Trustee (or their agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents or service providers) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

IMPORTANT NOTICE

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of FLCT is not necessarily indicative of the future performance of FLCT.

FRASERS LOGISTICS & COMMERCIAL TRUST
(Constituted in the Republic of Singapore
Pursuant to a Trust Deed dated 30 November 2015
(As amended, restated and supplemented))

IMPORTANT
1. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 2 for the definition of "**Relevant Intermediary**").
2. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 December 2022.

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
The annual general meeting ("**AGM**") of Frasers Logistics & Commercial Trust is being convened, and will be held at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 17 January 2023 at 2.00 p.m.. In addition to the printed copies of the Notice of Annual General Meeting dated 22 December 2022 which will be sent to unitholders of Frasers Logistics & Commercial Trust (the "**Unitholders**"), the Notice of Annual General Meeting will also be available through electronic means via publication on Frasers Logistics & Commercial Trust's website at www.frasersproperty.com/reits/flct, and will also be made available on the website of the SGX-ST at www.sgx.com/securities/company-announcements.

I/We ________________________ (Name) ________________________ (NRIC No. / Passport No. / Company Registration No.) of ________________________ (Address)

being a holder/s of units in Frasers Logistics & Commercial Trust ("**FLCT**", and the units of FLCT, the "**Units**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the AGM as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of FLCT to be held at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 17 January 2023 at 2.00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM (or any adjournment thereof). If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy/proxies to vote, for or against, or to abstain from voting on, the resolution to be proposed at the AGM for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

NO.	RESOLUTIONS RELATING TO:	No. of Votes For*	No. of Votes Against*	No. of Votes to Abstain*
	ROUTINE BUSINESS			
1.	To receive and adopt the Trustee's Report, the Statement by the Manager, the Audited Financial Statements of FLCT for the financial year ended 30 September 2022 and the Auditor's Report thereon			
2.	To re-appoint KPMG LLP as Auditors of FLCT to hold office until the conclusion of the next Annual General Meeting, and to authorise the Manager to fix their remuneration			
	SPECIAL BUSINESS			
3.	To authorise the Manager to issue Units and to make or grant convertible instruments			

* Voting will be conducted by poll. If you wish your proxy/proxies to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish your proxy/proxies to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the boxes provided. If you wish your proxy/proxies to abstain from voting on the resolution, please tick (√) within the "Abstain" box provided. Alternatively, please indicate the number of Units that your proxy/proxies is/are directed to abstain from voting.

Dated this ____________ day of ____________ 2022/2023 (delete as appropriate)

Total number of Units held (Note 6)

____
Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

Email Address of Unitholder(s) (optional): ________________________

IMPORTANT: PLEASE READ NOTES TO THE PROXY FORM

Fold here, do not staple. Glue all sides firmly.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes To Proxy Form

1. A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The accompanying proxy form for the AGM ("**Proxy Form**") may be downloaded from FLCT's website at the URL www.frasersproperty.com/reits/flct and on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of the Proxy Form will also be sent by post to Unitholders. Additional printed copies of the Proxy Form, if required, can be requested from Boardroom Corporate & Advisory Services Pte. Ltd. by calling +65 6536 5355 or via email at flctagm2023@boardroomlimited.com. Requests for printed copies of the Proxy Form should be made by 5.00 p.m. on Friday, 6 January 2023.
4. The Proxy Form must be submitted to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

   (a) if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Unit Registrar at flctagm2023@boardroomlimited.com,

   in either case, by 2.00 p.m. on Saturday, 14 January 2023, being 72 hours before the time fixed for the AGM.

   A Unitholder who wishes to submit a Proxy Form by post or via email can either use the printed copy of the Proxy Form which is sent to him/her/it by post or download a copy of the Proxy Form from FLCT's website or the SGX-ST website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
5. Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the AGM.
6. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of FLCT, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder's name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders, the Unitholder should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
7. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder's name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.
10. A proxy need not be a Unitholder. CPF and SRS investors who wish to vote at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Thursday, 5 January 2023, being seven business days before the date of the AGM.
11. The Annual Report for the financial year ended 30 September 2022 may be accessed at FLCT's website at the URL www.frasersproperty.com/reits/flct. Printed copies of the Notification & Request Form will be sent to Unitholders for Unitholders to request for a printed copy of the Annual Report (the "**Request Form**"). Requests for a physical copy of the Annual Report should be made by submitting the Request Form to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

    (a) if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

    (b) if submitted electronically, be submitted via email to the Unit Registrar at flctagm2023@boardroomlimited.com,

    in either case, by no later than 5.00 p.m. on Friday, 6 January 2023.
12. Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the AGM at short notice. Unitholders should check FLCT's website at the URL www.frasersproperty.com/reits/flct for the latest updates on the status of the AGM.

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LOGISTICS & COMMERCIAL
TRUST

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The Company Secretary
Frasers Logistics & Commercial Asset Management Pte. Ltd.
(as manager of Frasers Logistics & Commercial Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Mr Kyle Lee Khai Fatt
Non-Executive and Independent Director

Mr Goh Yong Chian
Non-Executive and Independent Director

Mr Phang Sin Min
Non-Executive and Independent Director

Ms Soh Onn Cheng Margaret Jane
Non-Executive and Independent Director

Mr Panote Sirivadhanabhakdi
Non-Executive and Non-Independent Director

Mr Chia Khong Shoong
Non-Executive and Non-Independent Director

Mr Rodney Vaughan Fehring
Non-Executive and Non-Independent Director

Mr Reinfried Helmut Otter (Reini Otter)
Non-Executive and Non-Independent Director

AUDIT, RISK AND COMPLIANCE COMMITTEE ("ARCC")

Mr Kyle Lee Khai Fatt
Chairman
Mr Ho Hon Cheong
Mr Goh Yong Chian
Mr Phang Sin Min

NOMINATING AND REMUNERATION COMMITTEE ("NRC")

Mr Ho Hon Cheong
Chairman
Mr Kyle Lee Khai Fatt
Mr Goh Yong Chian
Mr Panote Sirivadhanabhakdi

THE MANAGER

Frasers Logistics & Commercial Asset Management Pte. Ltd.
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958
Phone: +65 6813 0588
Fax: +65 6813 0578
www.frasersproperty.com/reits/flct

REGISTERED ADDRESS

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632
Phone: +65 6536 5355
Fax: +65 6536 1360

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Phone: +65 6213 3388
Fax: +65 6225 0984
Partner in charge: Lim Pang Yew Victor
Appointed since financial year ended 30 September 2022

COMPANY SECRETARY OF THE MANAGER

Ms Catherine Yeo

TRUSTEE

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

BANKERS

Bank of China Limited, Singapore Branch

Citibank N.A., Singapore Branch

DBS Bank Ltd.

Deutsche Pfandbriefbank AG

Oversea-Chinese Banking Corporation Limited

Sumitomo Mitsui Trust Bank Limited, Singapore Branch

The Bank of East Asia Limited, Singapore Branch

UniCredit Bank AG

United Overseas Bank Limited

Notes:
- The composition of the Board of Directors, the ARCC and the NRC are shown as at 30 September 2022
- Mr Phang Sin Min was appointed as a Non-Executive and Independent Director and a member of the ARCC, and Mr Paul Gilbert Say retired as a Non-Executive and Independent Director and a member of the ARCC, each with effect from 31 January 2022
- Mr Kyle Lee Khai Fatt was appointed as a Non-Executive and Independent Director, the chairman of the ARCC and a member of the NRC, and Mr Chin Yoke Choong retired as a Non-Executive and Independent Director, the chairman of the ARCC and a member of the NRC, each with effect from 1 September 2022
- Mr Rodney Vaughan Fehring retired as a Non-Executive and Non-Independent Director with effect from 1 December 2022

FRASERS LOGISTICS & COMMERCIAL TRUST
Managed by Frasers Logistics & Commercial Asset Management Pte. Ltd.
Company Registration Number: 201528178Z

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