FRASERS LOGISTICS & INDUSTRIAL TRUST

Experience matters

Annual Report 2018

A member of Frasers Property Group

FRASERS PROPERTY

'Experience matters' is the belief that underpins everything we do.

Our attention to detail reflects this belief. From the big, macro concepts and developments to the small, micro moments and thoughtful, sustainable touches, we embrace details which make an impact.

This year’s annual report highlights some of the key elements that matter to us and to the people in our properties. Whether it is a feature of an asset or a nuance of an engagement, we captured details and moments that illustrate our commitment to building meaningful experiences.

At FLT, we are constantly building on our experience to create sustainable stakeholder value. We believe in the strength of our people, whose collective expertise continue to propel our growth journey.

Beyond human capital, we are also invested in the quality of our property portfolio and how it impacts our future. Our featured property is a prime example. We outfitted the temperature-controlled facility with solar panels to provide our tenants with a green solution to their energy needs. Our commitment to sustainability enables us to grow alongside our tenants while safeguarding the environment and enhancing the value we bring to our stakeholders.

Contents

About
Frasers Logistics & Industrial Trust

Frasers Logistics & Industrial Trust ("**FLT**") is a Singapore-listed real estate investment trust with a property portfolio concentrated in major logistics and industrial markets in Australia, Germany and the Netherlands. With a total gross lettable area ("**GLA**") of approximately 2.0 million square metres ("**sq m**") across 83 logistics and industrial properties[1], FLT's portfolio is worth approximately A$3.0 billion. FLT was listed on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 20 June 2016.

FLT's investment strategy is to invest globally in a diversified portfolio of income-producing logistics & industrial properties. With strong connectivity to key infrastructure, FLT's modern portfolio consists predominantly of freehold and long leasehold land tenure assets with a well-diversified tenant base. FLT is managed by Frasers Logistics & Industrial Asset Management Pte. Ltd., (the "**REIT Manager**" or the "**Manager**") a wholly-owned subsidiary of FLT's sponsor – Frasers Property Limited ("**Frasers Property**" or the "**Sponsor**").

Frasers Property is a multi-national company that owns, develops and manages a diverse, integrated portfolio of properties. Listed on the Mainboard of the SGX-ST and headquartered in Singapore, Frasers Property has total assets of approximately S$32 billion as at 30 September 2018.

Frasers Property's assets range from residential, retail, commercial and business parks, to logistics and industrial in Singapore, Australia, Europe, China and Southeast Asia. Its well-established hospitality business owns and/or operates serviced apartments and hotels in over 80 cities across Asia, Australia, Europe, the Middle East and Africa. Frasers Property is unified by its commitment to deliver enriching and memorable experiences to customers and stakeholders, leveraging on its knowledge and capabilities from across markets and property sectors, to deliver value in its multiple asset classes.

Frasers Property is also the sponsor of three real estate investment trusts and one stapled trust listed on the SGX-ST. Frasers Centrepoint Trust, Frasers Commercial Trust, and FLT are focused on retail, commercial, and logistics and industrial properties respectively. Frasers Hospitality Trust (comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) is a stapled trust focused on hospitality properties.

Experience matters

We believe our customers' experience matters.

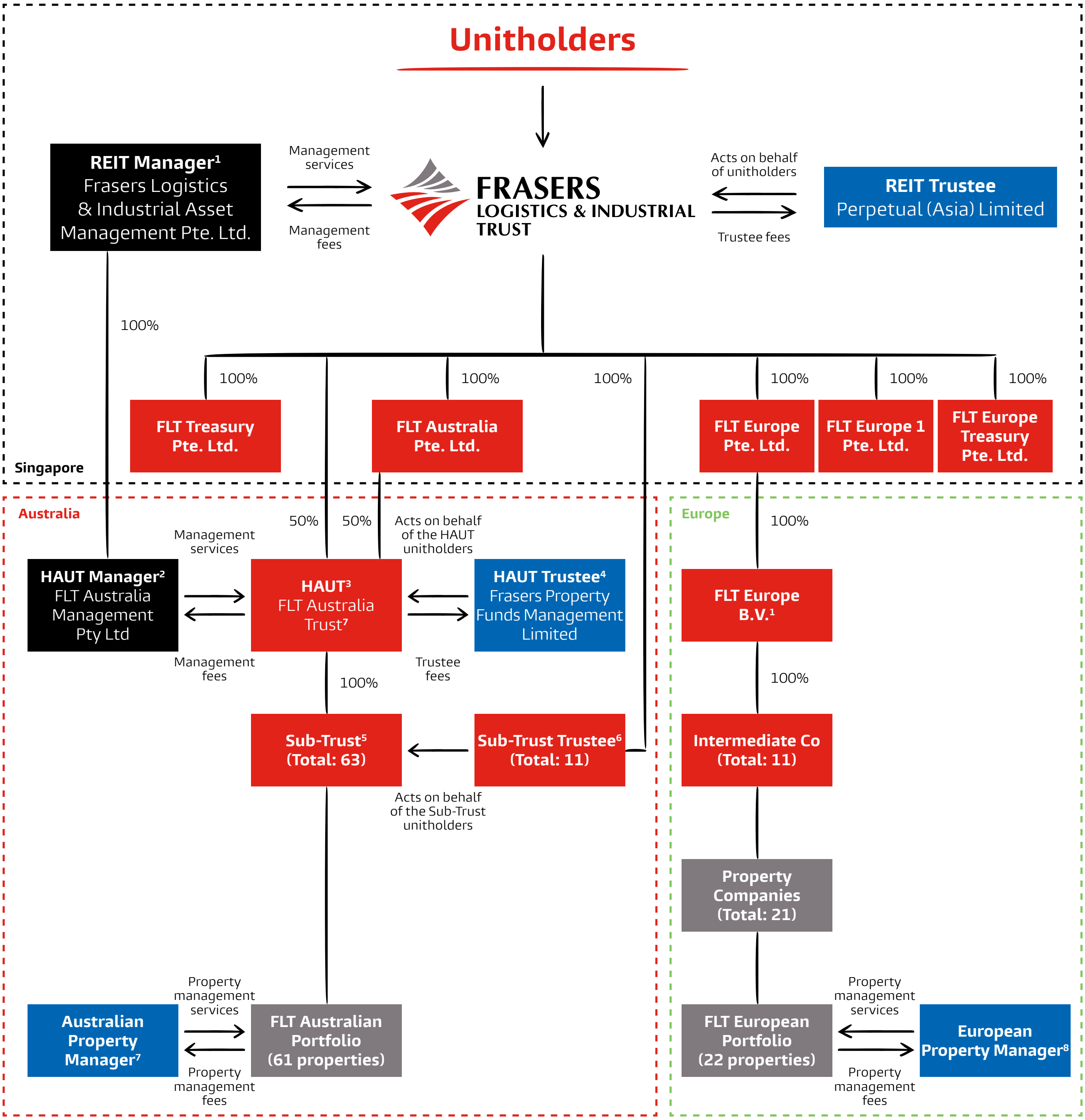
When we focus on our customers' needs, we gain valuable insights which guide our products and services. We create memorable and enriching experiences for our customers.

We believe our experience matters.

Our legacy is valuable and inspires our future successes. As a member of the Frasers Property Group, a multi-national business of scale and diversity, we bring the right expertise to create value for our customers. We celebrate the diversity of our people and the expertise they bring, and we commit ourselves to enabling their professional and personal development.

1 Includes Mandeveld 12, Meppel, the Netherlands, which was acquired on 31 October 2018

Trust Structure



1 The REIT Manager provides management services to FLT Europe B.V.

2 HAUT refers to "**FLT Australia Trust**", a head Australian trust which holds the units in the Sub-Trusts. The investment manager of the HAUT (the "**HAUT Manager**") is FLT Australia Management Pty Ltd, a wholly-owned subsidiary of the REIT Manager incorporated in Australia

3 The REIT Trustee directly holds 50% of the issued units in the HAUT, and the remaining 50% is held by FLT Australia Pte. Ltd. (a Singapore- incorporated company that is wholly-owned by the REIT Trustee). Under the Australian Corporations Act, an Australian managed investment trust ("**MIT**") must be held by at least two unitholders

4 The trustee of the HAUT (the "**HAUT Trustee**") is Frasers Property Funds Management Limited, an Australian incorporated company and a wholly-owned subsidiary of Frasers Property Australia Pty Limited ("**FPA**"), which is in turn wholly-owned by Frasers Property. The HAUT Trustee holds an Australian financial services licence and is a regulated entity in Australia

5 The FLT Portfolio is held by FLT through the HAUT which holds 63 wholly-owned sub-trusts in Australia (the "**Sub-Trusts**").

6 The 11 trustees of the various Sub-Trusts are Australian incorporated companies and are wholly-owned by FLT (the "**Sub-Trust Trustees**", and each a "**Sub-Trust Trustee**" as trustee of its respective Sub-Trust)

7 The property manager for the FLT Australian Portfolio is Frasers Property Australia Management Services Pty Limited (the "**Australian Property Manager**"), a wholly-owned subsidiary of FPA

8 The property manager for the FLT European Portfolio is FPE Advisory B.V. (the "**European Property Manager**"), a wholly-owned indirect subsidiary of Frasers Property

FY2018 Highlights

FLT is committed to delivering regular and stable distributions to Unitholders, as well as achieving long-term growth.

Returns to Unitholders

Distribution Per Unit ("DPU")

+2.6%

7.19 Singapore cents
(FY2017[1]: 7.01 Singapore cents)

Distributable Income

+16.6%

A$118.3 million
(FY2017: A$101.5 million)

Net Asset Value ("NAV") Per Unit

A$0.95

(FY2017: A$0.88)

Capital Management

Aggregate Leverage

34.6%

Weighted Average Debt Maturity

2.9 years

Proportion of Fixed Debt

82.0%

S$476.0 million equity raised to finance the acquisition of German and Dutch logistics portfolio

Private Placement

- S$328.9 million
- 3.9x subscribed
- Priced at S$0.987 (1.3% discount[2])

Preferential Offering

- S$147.1 million
- 1.9x subscribed
- Priced at S$0.967 (3.3% discount[2])

1 For the purposes of comparison with FY2018, the comparative FY2017 figures are an aggregate of the 1QFY17, 2QFY17, 3QFY17 and 4QFY17 results (extracted from Paragraph 1 of FLT's Financial Statements Announcement dated 3 February 2017, 5 May 2017, 28 July 2017, and 2 November 2017 respectively)
2 Calculated based on an adjusted volume weighted average price of S$1.0003 per unit

FY2018 Highlights

Portfolio Management

New Assets Purchased

~A$1.0 billion

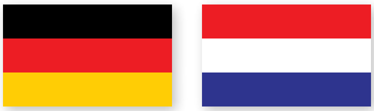
Strategic Asset Sales

A$99.3 million

Portfolio Value

~A$3.0 billion

as at 30 Sep 2018



Acquisitions

Strategic entry into the attractive German and Dutch logistics and industrial markets

- Property purchase price of €596.8 million
- 21 prime industrial properties in key global logistics hubs
- GLA: 621,506 sq m
- Occupancy: 100%
- WALE[1]: 7.29 years

3 Burilda Close, Wetherill Park, New South Wales

- Acquired at A$31.5 million
- GLA: 20,078 sq m
- WALE: 6.70 years

103-131 Wayne Goss Drive, Berrinba, Queensland

- Acquired at A$31.1 million
- GLA: 19,487 sq m
- WALE: 3.98 years

Divestments

Divested two non-core properties at A$99.3 million

80 Hartley Street, Smeaton Grange, New South Wales

- Divested at A$90.5 million
- 40.3% premium to book value

Lot 102 Coghlan Road, Outer Harbor, South Australia

- Divested at A$8.75 million
- 36.7% premium to book value

1 Refers to weighted average lease expiry ("**WALE**") by gross rental income ("**GRI**"), being the contracted rental income and estimated recoverable outgoings for the month September 2018. Excludes straight lining rental adjustments

Portfolio Management

GLA

1.95 million sq m

WALE

6.87 years

Occupancy

99.6%

Lease Management

296,953 sq m of leasing completed, representing 15.3% of portfolio GLA

- Tenant retention rate of 84.0%
- Average reversion of -3.2%

Developments

Completed development of three freehold properties

Beaulieu Facility

- 166 Pearson Road, Yatala, Queensland
- GLA: 23,218 sq m

Stanley Black & Decker Facility

- 29 Indian Drive, Keysborough, Victoria
- GLA: 21,854 sq m

Clifford Hallam Facility

- 17 Hudson Court, Keysborough, Victoria
- GLA: 21,271 sq m

Asset Enhancement Initiatives ("AEIs")

Completed two AEIs in Australia and Germany

57-71 Platinum Street, Crestmead, Queensland, Australia

- 1,219 sq m warehouse expansion with installation of a 773 sq m awning, building upgrades and sustainability initiatives including a 125kW solar photovoltaic ("**PV**") system
- Completed in Dec 2017

Koperstraße 10, Nuremberg, Germany

- 22,355 sq m warehouse expansion – 5,489 sq m leased to Johnson Outdoors for a 10-year lease term expiring 30 Jun 2028, with the remaining space taken up by two existing tenants
- Completed in Jun 2018

Sustainability

- Awarded Global Sector Leader 2018 (Industrial) by the Global Real Estate Sustainability Benchmark ("**GRESB**")
- Highest-rated industrial Green Star performance rated portfolio in Australia by the Green Building Council of Australia ("**GBCA**")

Best Practice Communications

- Awarded Best Annual Report for first-year listed companies at the Singapore Corporate Awards 2018

Letter to Unitholders

"FLT's expansion into the highly sought-after German and Dutch logistics and industrial markets is timely, providing FLT with a first-mover advantage and strategic footing in two countries that are ranked amongst top logistics hubs globally."

Dear Unitholders,

On behalf of the Board of Directors and management of the REIT Manager, I am delighted to present FLT's annual report for the financial year from 1 October 2017 to 30 September 2018 ("**FY2018**").

Delivering Value to Unitholders

FLT's value creation efforts in FY2018 were underpinned by the support of its Sponsor, Frasers Property, from whom we acquired 21 quality properties in Germany and the Netherlands in May 2018, expanding FLT's footprint to now include three well-established logistics and industrial markets – Australia, Germany and the Netherlands. This growth has enabled FLT to diversify its portfolio across geographies and tenant mix, providing Unitholders with diversified, stable and sustainable income streams.

At the close of our financial year, FLT's investment properties were valued by independent valuers at approximately A$3.0 billion, which represents an increase of A$56.0 million[1] compared to its carrying value of A$2.9 billion. Net asset value per unit was A$0.95 (S$0.94) as at 30 September 2018, an increase of 8.0% from A$0.88 (S$0.94) as at 30 September 2017[2].

As at 30 September 2018, FLT is amongst the largest Singapore-listed industrial REITs with a market capitalisation of approximately S$2.1 billion. With FLT's unit price appreciating 20.2% since listing on the SGX-ST on 20 June 2016, Unitholders who invested in FLT since listing would have enjoyed a total return of approximately 34.7%, outperforming the FTSE ST All-Share Index and FTSE ST REIT Index which recorded total returns of 26.8% and 29.0% respectively[3].

FLT's DPU was 2.6% higher at 7.19 Singapore cents, from 7.01 Singapore cents in the comparative twelve-month period ending 30 September 2017 ("**FY2017**"). This works out to be an attractive distribution yield of 6.7% based on the closing price of S$1.07 on 28 September 2018, being the last trading day of the financial year.

The DPU growth was achieved on the back of distributable income of A$118.3 million in FY2018, representing an increase of 16.6% from A$101.5 million in FY2017.

Replicating Experience in Value Creation

FLT's expansion into the highly sought-after German and Dutch logistics and industrial markets is timely, providing FLT with a first-mover advantage and strategic footing in two countries that are ranked amongst top logistics hubs globally. Both countries sit at the crossroads of key global trade routes and are crucial gateways into the European Union's trade and consumer markets. The favourable outlook for both of these global logistics hubs are underpinned by limited supply and strong take-up rates.

FLT's newly-acquired A$1.0 billion German-Dutch property portfolio shares similar characteristics with its Australian property portfolio: modern properties with reputable tenants; high occupancy rates; long weighted average lease expiries with the majority of the leases supported by consumer price index

1 Total net change in fair value of investments properties for FY2018 was A$72.4 million, which includes a A$16.4 million accounting adjustment on investment properties in relation to the 21 properties in Germany and the Netherlands which were acquired by FLT in May 2018
2 Based on exchange rate of A$1.00 : S$0.9878 (30 September 2017: A$1.00 : S$1.0636)
3 Source: Bloomberg LLP. For the period from 21 June 2016 to 28 September 2018 (being the last trading day of the month). Calculation of total return assumed distributions paid during the period are reinvested

Mr Ho Hon Cheong
Chairman and
Independent
Non-Executive Director

("**CPI**")-linked or fixed annual rental increments. In light of similar portfolio metrics, the new assets are highly complementary to FLT. Further, the REIT Manager is also able to leverage on the Sponsor's European management platform, Frasers Property Europe, to undertake management functions for this portfolio. The presence of a local European management platform possessing strong local knowledge, wide networks and expertise, provides FLT with a competitive advantage to many of its peers.

We believe that the experience and multi-faceted ability of a Manager is reflected in its ability to create value for Unitholders not only through acquisitions, but also through proactive asset management.

In August 2018, in line with the Manager's ongoing efforts to optimise the quality of the portfolio, two non-core properties in Australia – Lot 102 Coghlan Road in South Australia and 80 Harley Street in New South Wales – were divested at an aggregate sales value of A$99.3 million, representing a significant premium of 40.0% above the aggregate book value of A$70.9 million. Shortly after in September 2018, the Manager redeployed part of the divestment proceeds into newer properties. Both 3 Burilda Close, Wetherill Park, New South Wales and 103-131 Wayne Goss Drive, Berrinba, Queensland were acquired for a total value of A$62.6 million, adding 39,565 sq m to the FLT portfolio.

The Manager's strategy of proactive asset and portfolio management continues to create value for Unitholders. During the year, 296,953 sq m of leasing was completed, extending the weighted average lease expiry of the FLT portfolio to 6.87 years.

Prudent Capital Management

Prudent capital management remains one of the key thrusts of the Manager as we seek to minimise FLT's exposure to market volatility whilst maintaining a strong balance sheet and financial flexibility.

During the year, we raised approximately A$476.0 million through a private placement of 333,199,000 new units and a preferential offering of 152,153,437 new units to fund the acquisition of 21 properties in Germany and the Netherlands.

The private placement which was launched in May 2018, drew strong demand from new and existing investors, being 3.9 times subscribed overnight. The issue price of S$0.987 per unit was at the top end of the indicative price range and enabled FLT to raise gross proceeds of S$328.9 million. The preferential offering was concluded in June 2018 with the new units issued at a price of S$0.967 per unit, raising gross proceeds of approximately S$147.1 million. The overwhelming response to FLT's private placement and preferential offering is testament to investors' confidence in FLT and its Manager.

FLT has an average weighted debt maturity of 2.9 years and a healthy interest coverage ratio of 7.1 times. It also remains well positioned with a gearing of 34.6%, providing the REIT with a debt headroom of A$585 million[4]. Total borrowings were approximately A$1.1 billion, 82% of which were at fixed interest rates.

Excellence and Commitment to Sustainability

A dynamic world demands a different approach for a sustainable future. We recognise and value the importance of environmental and socio-economic sustainability as a core business imperative. FLT is committed to creating properties where resources are reused, recycled and restored, and healthier workplaces for our people and customers.

To achieve our business goals, we are focused on approaching three core areas in "A Different Way – Progressive Thinking; People Focus and Restoring Resources". Each of these areas are supported by specific goals and targets that form the basis of our environmental, societal and governance strategy detailed in our comprehensive sustainability report.

FLT was awarded First Place (Industrial) in the GRESB 2018 Assessment. The prestigious accolade recognises real estate and infrastructure companies, funds and assets that have demonstrated outstanding leadership in sustainability. We achieved an overall score of 91%, ranking FLT first among global participants in the industrial sector, and was also recognised as the leader among global industrial participants under the "Health & Wellbeing" category, with a score of 98%.

Going Forward

Looking ahead, FLT is expected to benefit from the positive market fundamentals in Australia, Germany and the Netherlands, which are likely to support rental growth given the favourable demand-supply dynamics.

The Australian government expects the economy to remain strong on the back of favourable business conditions with increased investment in non-mining sectors and higher spending on public infrastructure. The Reserve Bank of Australia ("**RBA**") reported that the Australian economy grew 3.4% in the second quarter of 2018 and has forecast 2018 Gross Domestic Product ("**GDP**") growth at above 3.0%. The Australian industrial leasing market saw healthy take-up levels totalling 2.4 million in the first half of 2018, which was 13% above the 10-year average. This was driven by strong demand from third-party logistics providers, players in the consumer sector and the continued growth of online retailing across the nation.[5]

The German economy recorded growth of 2.3% in the second quarter of 2018 to mark its 16th quarter of sequential growth, and continues its longest positive growth trend since 1991. The strength of the economy is attributed to the strong business investment landscape. With strong job growth and unemployment falling to new post-reunification lows, rising wages have continued to boost domestic consumption. Germany's logistics and industrial market remains underpinned by increasing demand especially from the e-commerce industry and new industrial supply is limited with prime rents stable in most markets.[6]

In the Netherlands, the economy grew 2.9% in the second quarter of 2018, primarily due to higher domestic expenditure and stronger international trade. With unemployment rate at a relatively low level, household consumption and investments in fixed assets continue to grow and support the wider economy. The strong business sentiment in the Netherlands led to strong investor interest in the logistics and industrial sectors with investments into the asset class reaching €2 billion in the first half of 2018, a 57% increase over the same period in 2017.[6]

Whilst we have made good progress in FY2018 and stand on solid footing, we still have a long journey ahead. We will continue to employ our strategies of active asset management, selective development, growth through acquisitions and prudent capital management, to achieve our objective of delivering growing and sustainable distributions to Unitholders.

Appreciation

On behalf of the Board of Directors and Management, we would like to thank our dedicated staff whose hard work, loyalty and enthusiasm are greatly appreciated. We would also like to extend our sincere thanks to our valued tenants and business partners for their confidence and support. Finally, we would like to thank you, our Unitholders, for your continued trust and support in FLT.

Mr Ho Hon Cheong
Chairman and Independent Non-Executive Director

"We will continue to employ our strategies of active asset management, selective development, growth through acquisitions and prudent capital management, to achieve our objective of delivering growing and sustainable distributions to Unitholders."

4 Prior to reaching the 45% aggregate regulatory limit
5 JLL Real Estate Intelligence Service; Jones Lang LaSalle Real Estate Data Solution, 2Q2018
6 https://www.realestate.bnpparibas.com/european-logistics-market-h1-2018

Conversations with the CEO

"FY2018 was a milestone year in which strategic acquisitions combined with proactive asset management and prudent capital management, provided us with the platform to deliver value and strong financial performance to Unitholders."

Looking back at FY2018, what are some of the defining moments for FLT?
FY2018 was a milestone year in which strategic acquisitions combined with proactive asset management and prudent capital management, provided us with the platform to deliver value and strong financial performance to Unitholders.

During the year, we marked our strategic entry into the attractive German and Dutch logistics and industrial markets, with the acquisition of 21 prime industrial properties. The predominantly freehold portfolio provides a diversified tenant mix comprising quality tenants from primary industries of the resilient German and Dutch economies such as logistics services, automotive, food logistics and industrial manufacturing.

Most importantly, this acquisition has created significant long-term value by enhancing the defensive attributes of our portfolio. We achieved geographical diversification, enhanced tenant diversity, improved our lease expiry profile and also increased the proportion of freehold assets in the FLT portfolio, all of which will provide resilience over economic cycles.

During the year, we also seized available market opportunities to rejuvenate our Australian portfolio through the divestment of two older, non-core properties in New South Wales and South Australia at attractive premiums to book values, and successfully redeployed part of the capital towards acquiring two newer, prime-grade modern industrial properties in New South Wales and Queensland.

Another defining moment was in September 2018 when FLT was accorded First Place (Industrial) in the GRESB 2018 Assessment, giving recognition to our ongoing commitment to integrate sustainability principles within all aspects of our operations.

What distinguishes FLT from the competition?
There are many supporting factors that allow FLT to stand out from the crowd. From an operational viewpoint, FLT's prime portfolio features highly defensive attributes such as a long and well-spread lease expiry profile, quality tenant covenants, average 3.1% built-in annual rental step-ups for our Australian leases, as well as CPI-linked or fixed reviews for 89% of our European assets.

We also pride ourselves as an active asset manager, maintaining regular dialogue with our tenants to understand their needs and requirements. As a testament to this, we closed 13 leasing transactions, representing 296,953 sq m or 15.3% of total portfolio space in FY2018. This lends support to our commitment to de-risk cashflows and vacancy concerns. We are also prudent with our capital management and our gearing is 34.6% as at 30 September 2018. This translates into significant available debt headroom positioning us well to fund future growth.

The strong support from our Sponsor, Frasers Property, continues to play an instrumental role in driving the long-term growth of FLT. With a strategic holding of approximately 20.7%, there is strong co-alignment of interest between the Sponsor and FLT. We have a right of first refusal over the Sponsor's completed and income producing logistics and industrial assets, as well as access to its local management platforms. These factors will provide us with a competitive edge when we look to expand.

Lastly, the diverse capabilities and experiences of our committed management team place us in good stead to remain ahead of the curve and identify new opportunities to deliver value to our Unitholders.

Mr Robert Stuart Claude Wallace
Chief Executive Officer

Conversations with the CEO

Can you share the outlook for FLT's key markets in FY2019?
In Australia, healthy economic activity and sustained population growth, high levels of public infrastructure spending, as well as increased consumer spending are expected to provide underlying demand for logistics and industrial assets. We also expect our performance in the core eastern seaboard markets to remain positive. Sydney and South Eastern Melbourne in particular, are among the strongest markets, in terms of demand and rental growth. Likewise, Brisbane is also benefiting from an improved economy and infrastructure spending, which will support demand for logistics and industrial facilities.

The German market has also revealed several bright spots, including steady and broad-based economic growth, healthy employment rates, rising income and consumer demand with stable consumer prices. The low-interest rate environment is also expected to attract capital. As demand for logistics and industrial assets grows against a background of limited supply, we expect to see positive rental growth in Germany's top seven markets, of which FLT has presence in six of them.

Across the border, we are witnessing the formation of a solid economic foundation in the Netherlands. This is underpinned by strong economic growth figures and lower unemployment rates, which we believe will continue to improve consumer confidence and strengthen purchasing power. Similar to our other markets, the limited supply of logistics and industrial space, coupled with high take-up levels, augurs well for rental growth. According to market watchers, demand for logistics and industrial real estate is forecast to remain high and rental rates are expected to rise further over the near-term.

How will the growth of e-commerce impact FLT's portfolio?
The growing e-commerce activity is expected to drive demand for third-party logistics, supporting industrial space demand, particularly for large-scale distribution centres and last-mile e-fulfilment centres. E-commerce and technology advancements will continue to influence the way in which distribution centres operate, while automated systems and robotics will likely become more commonplace, driving demand for newer and modern facilities.

FLT's portfolio in Australia is strategically located in major logistics and industrial locations and is well-placed to benefit from the rising e-commerce wave. Likewise, e-commerce is a major demand driver for logistics assets in Germany and the Netherlands. Therefore, strong e-commerce growth coupled with limited land supply, will provide the underlying impetus for sustained rental growth.

What is your acquisition strategy? Will FLT look to grow beyond the Sponsor's ROFR and development pipeline?
Rather than work towards specific growth targets, be it assets under management or geographical split, our preference has been to consider opportunities based on their merits and strategic fit with our overall portfolio. We favour assets that complement our defensive attributes – case in point being our two portfolio acquisitions in 2017 and 2018 respectively – predominantly freehold or long leasehold, high occupancy, young portfolio age, good tenants with long WALE and well-spread lease expiry profile.

We also like mature, established markets and would see our near-term focus remain in Australia, Germany and the Netherlands. In addition, the availability of an experienced and trusted management platform is also important in the real-estate industry, where local knowledge of the markets and cultures is important. As such, we will continue to tap on our Sponsor's track record and strong expertise to grow our portfolio.

You mentioned that FLT divested two properties in FY2018. Should the market be expecting more moving forward?
Both properties were non-core to FLT and were opportunistically divested at attractive premiums to book values. At the point of divestment, 80 Hartley Street was a 20-year old purpose-built facility, while the Coghlan Road property was one of the smallest and oldest assets in our portfolio with limited income growth potential. The divestments gave us the opportunity to undertake capital recycling, where we redeployed the proceeds to acquire two newer, prime grade modern assets in New South Wales and Queensland.

Portfolio reviews will continue to be part of our proactive asset management and portfolio rebalancing strategies. As and when appropriate, we will reposition our portfolio or may undertake strategic divestments.

What do you see as the greatest challenges for FLT over the next 12 months?
The challenges that we will seek to overcome in FY2019 include the impact of trade wars on economies and currencies, rising interest rate environment as well as increasing competition. Let me elaborate on how we intend to engage these challenges.

Firstly, even as the economies of our key markets (Australia, Germany, and the Netherlands) have maintained good growth momentum and their respective job markets have been strong, uncertainty in the world economy arising from ongoing global trade tensions have and will invariably impact global businesses and the strength of currencies.

1 Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2018. Excludes straight lining rental adjustments

In line with our objective of providing sustainable returns for investors, FLT will continue to appropriately hedge our currency exposures to minimise the impact on FLT distributions. We will keep a close watch on the market and continue to de-risk rental income through proactive lease management (which has already been reduced to just 2.5% for FY2019[1]).

From an interest rate perspective, even though Australian cash rates have remained low at 1.5% and the EURIBOR has stayed in the negative range, the low-interest rate environment is unlikely to prevail over the longer term. The US Federal Reserve has already increased interest rates three times this year, and there are expectations that developed markets are better positioned to navigate through the rising interest rate environment. Against this backdrop, we will continue to actively manage our cost of capital, and prudently manage our interest rates exposure. As at 30 September 2018, 82% of our borrowings are at fixed rates.

Lastly, amidst increasing competition for quality logistics and industrial stock, FLT will continue to evaluate opportunities with a view towards generating sustainable returns for Unitholders.

Looking ahead into FY2019 and beyond, what are your priorities for FLT and what opportunities do you see in the sector?

Notwithstanding the global trade turmoil and market uncertainty, we remain focused on delivering stable distributions to our Unitholders and, where appropriate, executing our growth strategies. We will continue to optimise our portfolio through active lease management and pursuing development opportunities in conjunction with tenant requirements, where applicable.

Given that sustainability sits at the core of our corporate DNA, we will continue to explore initiatives to green our portfolio and strengthen our leadership in this field.

We are encouraged to see prospects in our key markets, underpinned by economic stability, consumer spending, as well as growing e-commerce demand, which will spur demand for prime grade logistics and industrial properties. We will proactively review inorganic opportunities that are complementary to our portfolio.

In closing, I would like to take the opportunity to express our deepest appreciation to Unitholders for their continued support – for giving us the mandate to proceed with the acquisition of the 21 properties in Germany and the Netherlands, as well as their keen support of the equity fund raising. Moving forward, we will continue to strive to grow and add value to our Unitholders.

Mr Robert Stuart Claude Wallace
Chief Executive Officer

"We are encouraged to see prospects in our key markets, underpinned by economic stability, consumer spending, as well as growing e-commerce demand, which will spur demand for prime grade logistics and industrial properties. FLT will continue to evaluate opportunities with a view towards generating sustained returns for Unitholders."


MJ
MK


AEG
SECURITY SEAL

Board of Directors

Mr Ho Hon Cheong, 64
Chairman and Independent Non-Executive Director

Date of appointment as Director:
26 May 2016
Length of service as Director:
2 years 4 months
(as at 30 September 2018)

Board committees served on
- Audit, Risk & Compliance Committee
- Nominating & Remuneration Committee

Academic & professional qualifications
- Master of Business Administration (Accounting and Finance) from McGill University
- Bachelor of Engineering (Honours) from University of Malaya

Present Directorships in other companies as at 30 September 2018
Listed companies
- Non-Executive Independent Commissioner at PT Chandra Asri Petrochemical Tbk in Indonesia
- Non-Executive non-independent Director at Alliance Bank Malaysia Bhd in Malaysia

Listed REITs/Trusts
- Nil

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

Major appointments (other than Directorships)
- Corporate Advisor, Temasek International Advisors Pte Ltd

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2015 to 30 September 2018)
- Nil

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

Others
- Nil

Mr Goh Yong Chian, 74
Independent Non-Executive Director

Date of appointment as Director:
26 May 2016
Length of service as Director:
2 years 4 months
(as at 30 September 2018)

Board committees served on
- Audit, Risk & Compliance Committee
- Nominating & Remuneration Committee

Academic & professional qualifications
- Fellow Chartered Certified Accountant, UK
- Associate Chartered Management Accountant, UK

Present Directorships in other companies as at 30 September 2018
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 01 October 2015 to 30 September 2018)
- Nil

Past major appointments
- Head of Corporate Finance of Fraser and Neave, Limited

Others
- Nil

Mr Paul Gilbert Say, 58
Independent Non-Executive Director

Date of appointment as Director:
26 May 2016
Length of service as Director:
2 years 4 months
(as at 30 September 2018)

Board committees served on
- Audit, Risk & Compliance Committee

Academic & professional qualifications
- Graduate Diploma in Financial Planning and a Graduate Diploma in Finance & Investment from the Financial Services Institute of Australia (FINSIA)
- Associate Diploma of Real Estate Valuation
- Fellow of the Royal Institution of Chartered Surveyors and the Australian Property Institute

Present Directorships in other companies as at 30 September 2018
Listed companies
- Nil

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

Others
- Director/Sole Trader at Stratum Pty Ltd
- Non-Executive Director at Women's Community Shelters

Major appointments (other than Directorships)
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2015 to 30 September 2018)
- Nil

Past major appointments
- Chief Investment Officer and Chairman of the Investment Committee at DEXUS Property Group

Others
- Nil

Board of Directors

Mr Panote Sirivadhanabhakdi, 40
Non-Executive Director

Date of appointment as Director:
26 May 2016
Length of service as Director:
2 years 4 months
(as at 30 September 2018)

Board committees served on
- Nominating & Remuneration Committee

Academic & professional qualifications
- 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 2018
Listed companies
- Frasers Property Limited
- Ticon Industrial Connection Public Company Limited
- Golden Land Property Development Public Company Limited (Vice Chairman)
- Thai Beverage Public Company Limited
- Univentures Public Company Limited

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

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

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

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2015 to 30 September 2018)
- Berli Jucker Public Company Limited

Past major appointments
- Chief Executive Officer of Univentures Public Company Limited

Others
- Nil

Mr Michael Bowden Newsom, 65
Non-Executive Director

Date of appointment as Director:
26 May 2016
Length of service as Director:
2 years 4 months
(as at 30 September 2018)

Board committees served on
- Nil

Academic & professional qualifications
- Bachelor of Arts and Bachelor of Laws degrees from Australian National University
- Admitted as a solicitor of the Supreme Court of New South Wales since July 1977
- Member of Australian Institute of Company Directors

Present Directorships in other companies as at 30 September 2018
Listed companies
- Nil

Listed REITs/ Trusts
- Nil

Others
- Certain subsidiaries of FLT
- FLT Australia Management Pty Ltd
- Certain subsidiaries of Frasers Property Australia Pty Ltd

Major appointments (other than Directorships)
- General Counsel of Frasers Property Australia Group since August 2000

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2015 to 30 September 2018)
- Nil

Past major appointments
- General Counsel and Company Secretary of Pioneer International Limited
- General Counsel and Company Secretary of Ampol Limited

Others
- Nil

Mr Lim Ee Seng, 67
Non-Executive Director

Date of appointment as Director:
7 July 2015
Length of service as Director:
3 years 2 months
(as at 30 September 2018)

Board committees served on
- Nil

Academic & professional qualifications
- Bachelor of Engineering (Civil Engineering), University of Singapore
- Master of Science (Project Management), National University of Singapore
- Fellow, Singapore Institute of Directors
- Member, The Institution of Engineers, Singapore

Present Directorships in other companies as at 30 September 2018
Listed companies
- Nil

Listed REITs/ Trusts
- Nil

Others
- Nil

Major appointments (other than Directorships)
- Senior Advisor to the TCC Group
- Advisor to Frasers Property Limited

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2015 to 30 September 2018)
- Non-Executive Director of Frasers Centrepoint Asset Management Limited, Manager of Frasers Centrepoint Trust
- Non-Executive Director of Frasers Centrepoint Asset Management (Commercial) Limited (now known as Frasers Commercial Asset Management Ltd.), Manager of Frasers Commercial Trust
- Non-Executive Director of Frasers Hospitality Asset Management Pte Ltd, Manager of Frasers Hospitality Real Estate Investment Trust
- Non-Executive Director of Frasers Hospitality Trust Management Pte Ltd, Manager of Frasers Hospitality Business Trust

Past major appointments
- Board member of the Building and Construction Authority of Singapore
- Council member of the Singapore Chinese Chamber of Commerce & Industry
- 2nd Vice-President, Real Estate Developers' Association of Singapore
- Group Chief Executive Officer, Frasers Centrepoint Limited (now known as Frasers Property Limited)
- Managing Director of MCL Land Limited
- Non-Executive Director of Frasers Property Australia Pty Limited
- Director of Vacaron Company Sdn Bhd
- General Manager of the property division of First Capital Corporation Limited (now known as Guocoland Limited)

Others
- Awarded Public Service Star (BBM)

Management Team

Mr Robert Stuart Claude Wallace
Chief Executive Officer

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

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

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

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

Ms Susanna Cher Mui Sim
Chief Financial Officer

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

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

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

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

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

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

Mr Jonathan James Spong
General Manager, Asset Management

Mr Spong spearheads FLT's asset 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 from January 2015. During his time at APG, he was responsible for enhancing the value of a portfolio of 37 high quality logistics and industrial properties located in New South Wales and Queensland through proactive asset management.

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

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

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

Ms Annie Khung Shyang Lee
Financial Controller

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

Management Team

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

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

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

Ms Chew Yi Wen
Head of Investments

Ms Chew leads the investment team and is responsible for sourcing, evaluating and executing acquisition and divestment transactions for FLT.

Prior to her current appointment, Ms Chew was Assistant General Manager at Frasers Property's group investment team from February 2014 to November 2017. She worked closely with the Group's Chief Investment Officer in implementing strategies on acquisitions, dispositions and capital sourcing, and played a key role in the execution of Frasers Property's merger and acquisition transactions. Ms Chew was involved in several transformational transactions of more than S$5 billion undertaken by Frasers Property in recent years, including the acquisition of Australand Property Group (currently known as Frasers Property Australia) in 2014 – which became an expanded platform to the group in Australia; the acquisition of Malmaison and Hotel du Vin Group in 2015 – a new boutique hotel brand added to Frasers Hospitality; as well as the acquisition of Geneba Properties N.V. (currently known as Frasers Property Europe) and the four business parks in United Kingdom in 2017 – to strengthen the group's presence in Europe. In 2016, she was also actively involved with the overall planning and execution of the IPO of FLT.

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

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

Mr Ng Chung Keat
Senior Manager, Investor Relations

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

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

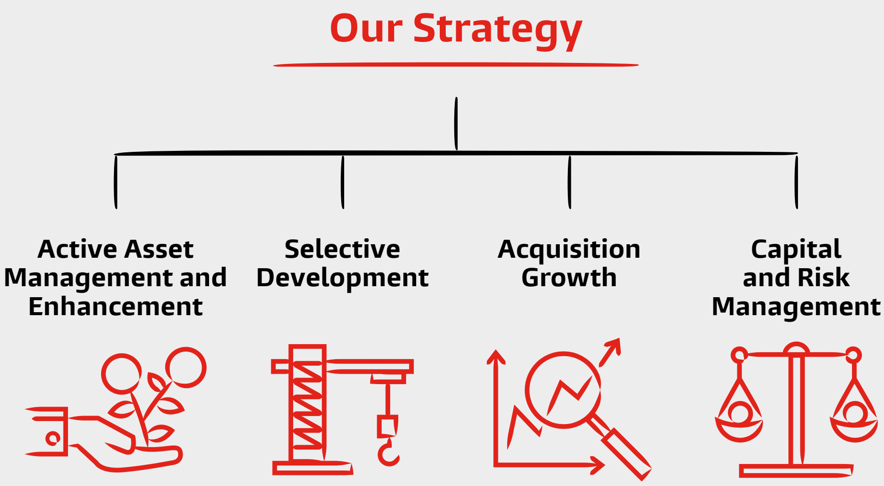
From November 2006 to August 2011, Mr Ng was an Associate Consultant at WeR1 Consultants Pte Ltd, where he supported the implementation of investor relations programmes to listed companies.

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

Our Strategy

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders, as well as to achieve long-term growth in DPU and NAV per unit, while maintaining a sustainable capital structure.

The Manager has adopted a four-pronged strategy to guide the REIT's future growth.



Active Asset Management and Enhancement Strategy

The Manager proactively manages FLT's portfolio properties to improve operational performance, allowing the REIT to optimise the cash flow and the value of its properties. A disciplined and frequent review of asset strategies, involving monitoring market trends; development, occupier and investment dynamics; and a thorough analytics and valuation process, allow the Manager to adjust strategies to take advantage of opportunities and maximise returns. Where appropriate this may involve divesting and recycling non-core assets.

The asset management team at the Manager, when possible, delivers AEIs which are income and value accretive.

Similarly, active tenant engagements underpin a significant component of the Manager's asset management operations. By leveraging our strong customer relationships and through an understanding of our customers' business operations, the Manager is able to identify initiatives to better service our customers and provide solutions for greater efficiency and functionality of the properties. In doing so, FLT seeks to achieve healthy tenant retention rates and reduce lease expiry concentration risks.

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

1 Only completed income-producing real estate assets which are used for logistics or industrial purposes are included in the ROFR

Selective Development Strategy

The Manager has the ability to selectively undertake development activities either jointly or on its own, including greenfield developments; build-to-suit developments and subsequent acquisitions that are deemed complementary to the existing portfolio; together with the re-development of existing assets. In carrying out development activities, the Manager prudently considers the overall benefits to Unitholders and the requirements of prospective tenants.

FLT seeks to assess development and construction risks in the region. Additionally, in the development of existing or future properties, FLT will anticipate future sustainability needs and incorporate cost-saving, sustainability initiatives within the designs.

Acquisition Growth Strategy

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

Backed by a strong and established Sponsor, Frasers Property Limited, FLT is able to leverage on the Sponsor's strong network and pipeline of quality assets. FLT enjoys a Right of First Refusal ("**ROFR**") arrangement from the Sponsor[1] that currently comprises 17 Australian properties and 29 European properties. Furthermore, FLT has the potential to tap into growth opportunities from the Sponsor's industrial property development pipeline. The Manager carefully assesses opportunities that may arise under the ROFR for assets injection, typically when rental income generated by these properties has stabilised, among other factors.

Capital and Risk Management Strategy

The Manager seeks to optimise the capital structure and cost of capital by employing an appropriate mix of debt and equity to finance growth. While adopting appropriate gearing levels to ensure optimal returns to Unitholders, FLT will also maintain flexibility to pursue acquisitions or incur future capital expenditure. FLT conducts periodic assessment of its sources of capital and will tap the capital markets if required to fund acquisitions.

Given the Manager's global investment mandate, there is a need to proactively manage currency risks. The Manager has adopted currency risk management strategies that includes the use of same currency borrowings as a partial hedge (gearing of 34.6% as at 30 September 2018) to fund its investments, serving as a natural currency hedge. The Manager manages foreign exchange volatility on its distributable income with hedging instruments and targets to hedge its distributions on a rolling six-month basis.

Similarly, the Manager applies interest rate hedging strategies to provide stable distributions to Unitholders. The policy is that at least 50% of FLT's borrowings will be hedged to a fixed rate (82% of borrowings as at 30 September 2018 are at fixed rates).

Financial Review

"As part of the Manager's focus on managing risk, 82% of borrowings were at fixed rates as at 30 September 2018, compared to 72% as at 30 September 2017."

Statement of Total Return A$'000	FY2018	FY2017[1]	Variance %
Revenue	195,766	163,060	20.1
Property operating expenses	(33,975)	(29,086)	16.8
Net property income ("NPI")	**161,791**	**133,974**	**20.8**
Managers' management fee	(14,780)	(12,043)	22.7
Trustees' fee	(355)	(294)	20.7
Trust expenses	(1,932)	(1,699)	13.7
Finance income	1,321	838	57.6
Finance costs	(23,805)	(16,942)	40.5
Exchange gains / (losses) (net)	(6,451)	1,027	N.M.
Net income	**115,789**	**104,861**	**10.4**
Gain on divestment of investment properties	23,446	-	N.M.
Net change in fair value of investment properties	72,411	11,461	N.M.
Net change in fair value of derivative financial instruments	2,349	177	N.M.
Total return before tax	**213,995**	**116,499**	**83.7**
Tax expenses	(34,361)	(18,737)	83.4
Total return for the period	**179,634**	**97,762**	**83.7**
Less: Total return attributable to non-controlling Interests	(906)	-	N.M.
Total return attributable to Unitholders	**178,728**	**97,762**	**82.8**
Tax related and other adjustments	(62,387)	3,739	N.M.
Amount available for distribution to Unitholders	**116,341**	**101,501**	**14.6**
Distribution from divestment gain	2,000	-	N.M.
Distributable income	**118,341**	**101,501**	**16.6**
Distribution per Unit (Singapore cents)	7.19	7.01	2.6

For information:

Adjusted net property income ("Adjusted NPI")[2]	**155,398**	**124,735**	**24.6**

Notes:
(1) The comparative FY2017 figures are an aggregate of the 1QFY2017, 2QFY2017, 3QFY2017 and 4QFY2017 extracted from Paragraph 1 of FLT's Financial Statements Announcement dated 3 February 2017, 5 May 2017, 28 July 2017 and 2 November 2017 respectively.
(2) Adjusted net property income comprises the actual net property income excluding straight lining adjustments for rental income and after adding back straight lining adjustments for ground leases.

FLT's revenue for FY2018 was A$195.8 million, an increase of 20.1% or A$32.7 million from A$163.1 million in FY2017.

Adjusted NPI for FY2018 was A$155.4 million, an increase of 24.6% or A$30.7 million from A$124.7 million in FY2017. This was primarily due to the following:

- higher revenues arising from the acquisition of 21 industrial properties in Germany and the Netherlands which was completed on 25 May 2018 (the "**2018 European Acquisition**");
- increase in revenues from the practical completion of the Beaulieu facility, Stanley Black & Decker facility, and Clifford Hallam facility in FY2018. These three properties are part of FLT's portfolio acquisition of seven industrial properties located in Australia comprising four completed properties and three development properties on 6 June 2017 (the "**2017 Acquisition Transaction**");
- revenue contribution from 103 -131 Wayne Goss Drive and 3 Burilda Close, which were acquired in August 2018;
- other income of A$2.0 million relating to the early surrender fee received for Lot 105 Springhill Road, Port Kembla; and
- partially offset by the loss of revenue from Lot 102 Coghlan Road and 80 Hartley Street properties which were divested in August 2018 (the "**2018 Divestments**").

Finance income of A$1.3 million for FY2018 included the coupon interest income on the initial payment for the three development properties in the 2017 Acquisition Transaction.

FY2018 finance costs of A$23.8 million were A$6.9 million higher than FY2017. This was due mainly to higher borrowings during the financial year to finance the various acquisitions stated above. As at 30 September 2018, FLT had borrowings of A$1.1 billion, compared to A$580 million as at 30 September 2017.

As part of the Manager's focus on managing risk, 82% of borrowings were at fixed rate as at 30 September 2018, compared to 72% as at 30 September 2017. Actual weighted average interest rate for FY2018 was 2.5%[1], an improvement from 2.8%[1] per annum in FY2017.

The actual total return attributable to Unitholders was A$178.7 million in FY2018, an increase of 82.8% or A$81.0 million from A$97.8 million in FY2017. FY2018 actual total return attributable to Unitholders included:

- a gain of A$23.4 million arising from the 2018 Divestments;
- a fair value gain on investment properties of A$56.0 million arising from the valuation of the investment properties as at 30 September 2018 and a fair value gain of A$16.4 million which relates to the accounting adjustment on investment properties from the 2018 European Acquisition;
- a fair value gain of A$2.3 million arising from foreign currency forward contracts entered into to hedge the currency risk on distributions to Unitholders for FY2018; and
- partially offset by net exchange losses of A$6.5 million which was due mainly to the exchange differences arising from settlement of foreign currency forward contracts.

Tax expenses were A$34.4 million in FY2018, A$15.6 million higher than A$18.7 million in FY2017. Current income tax was higher due mainly to higher distributable income, tax arising from the gain recorded for the 2018 Divestments and on other income. Deferred tax charge was also higher due mainly to the fair value gain recorded for investment properties.

Amount available for distribution to Unitholders was A$116.3 million, an increase of 14.6% over A$101.5 million in FY2017. This includes A$2.0 million from the gain on the 2018 Divestments.

1 Excluding upfront debt related expenses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WAREN-ANNAHME

Australia Industrial & Logistics Market Overview

Economy and Outlook

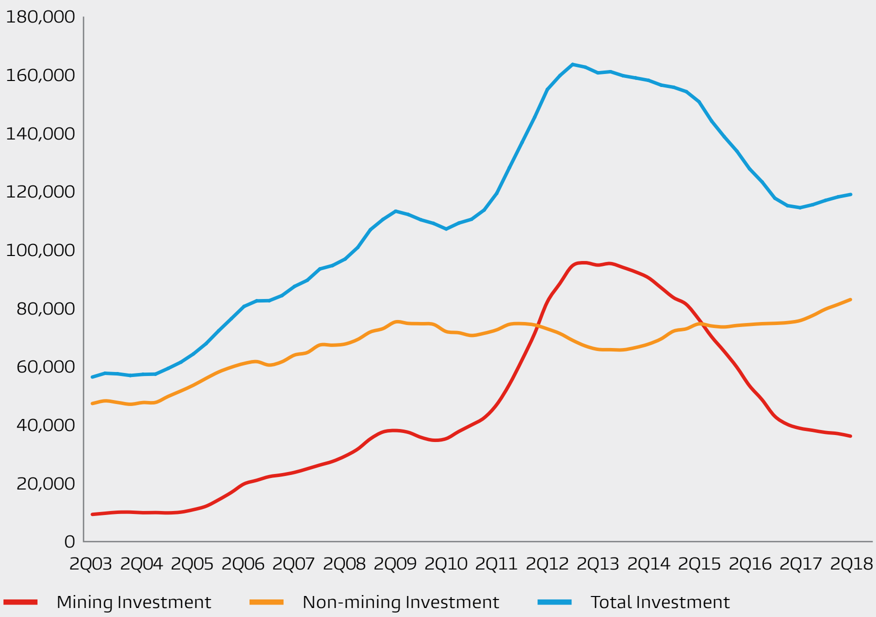
GDP growth and key contributors

The Australian economy grew by 0.9% in the June quarter, following growth of 1.0% in the March quarter. On an annual basis, the economy expanded by 3.4% year-year, on par with long-term average growth.

Composition of growth continues to transition from mining and dwelling investment to non-mining business investment and public infrastructure spending. Household consumption has continued to be a strong contributor to growth. However, low wages growth, high household debt, and falling house prices are expected to dampen future growth. The tightening labour market should support wage growth from current levels.

Mining versus Non-Mining Investment in Australia, $ million per annum

($ million)

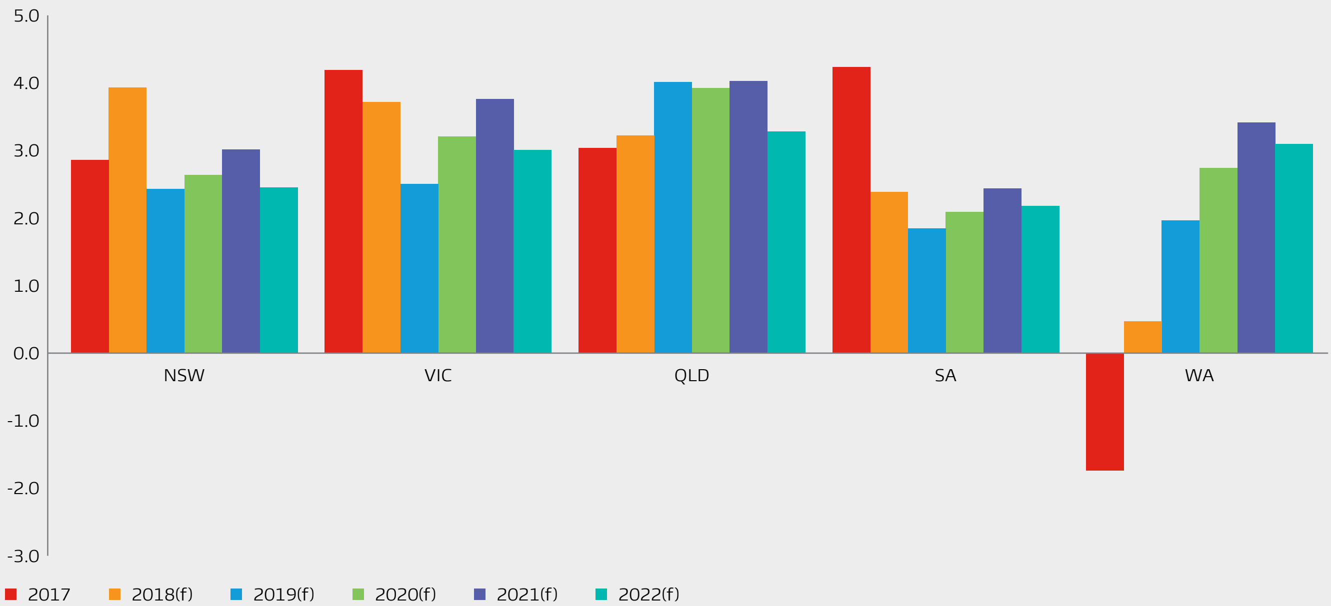


Source: Australian Bureau of Statistics (Cat 5625), JLL Research

In its August statement on Monetary Policy, the Reserve Bank of Australia (RBA) indicated that GDP growth was expected to be around 3.25% in 2018 and 2019, with export volumes in the resources sector continuing to drive growth. Ongoing solid growth in non-mining investment is anticipated and the current rate of consumption growth is expected to continue.

With the exception of Western Australia (WA), all states have reported moderate to strong economic growth in 2017. New South Wales (NSW) is expected to lead the way in 2018, followed by Victoria (VIC). Queensland's (QLD) economic growth is expected to build over the next 2-3 years while WA is forecast to rebound from 2019 after low growth in 2018.

State by State Economic Growth – State Final Demand
(% per annum)



Source: Australian Bureau of Statistics, Deloitte Access Economics (2Q18), JLL Research

Differences in state economic performance has been reflected in the divergent performance of industrial markets nationally. The NSW and VIC industrial markets continue to outperform, with gross take-up above historical benchmarks, while demand in QLD has improved, as has its economy. Recent enquiry is starting to pick up in Adelaide, South Australia (SA), where the expansion of food and beverage operators continues, while enquiry is also improving in WA for prime grade space.

Population growth

Population growth has been a vital element in Australia's economic growth, growing at a relatively strong 1.6% per annum (or 380,700 persons) over the year to March 2018. The major contributor to growth has been net overseas migration, which grew by 236,000 people.

Victoria has experienced the strongest recent growth, expanding by 2.2% over the year to March 2018, or an additional 137,400 residents.

Inflation, interest rates and bond yields

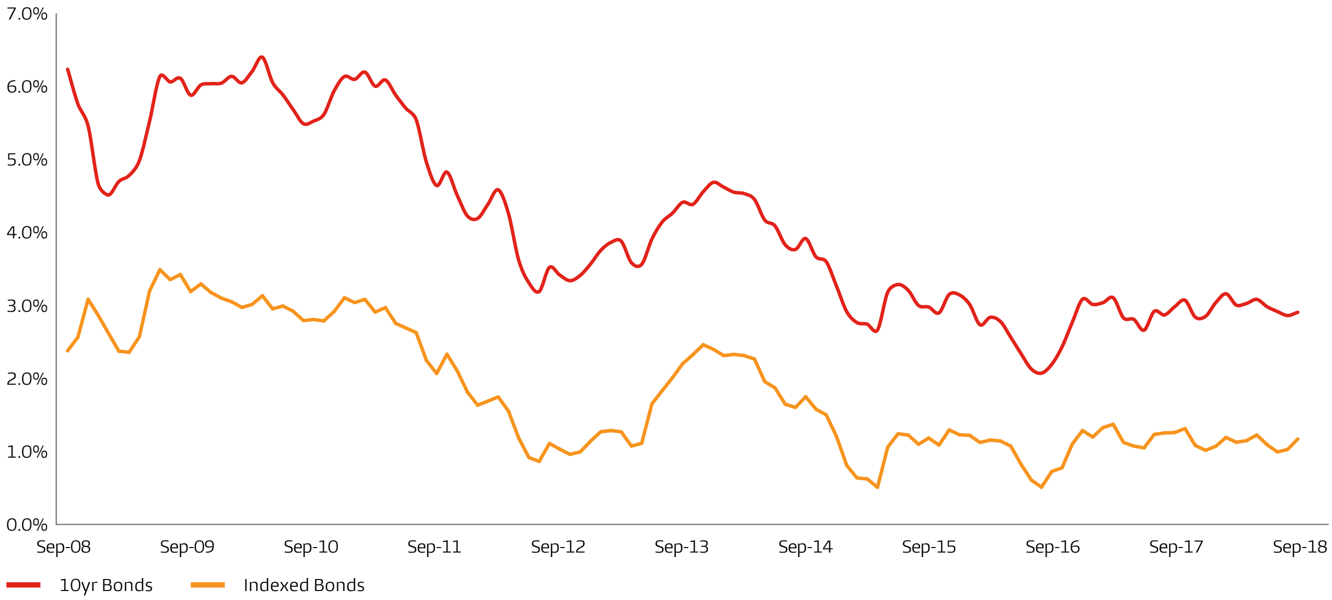
Inflation remains below the RBA's medium-term target of 2-3% and is likely to remain low for some time. The Consumer Price Index (CPI) increased by just 0.4% in the June quarter and 2.1% over the year to June 2018. Low wages growth has also kept inflation levels towards the bottom of the RBA's target range. The outlook for inflation is consistent with the inflation target of 2-3%, with inflation expected to be around 2.5% in the medium term.

At its monthly meeting in October, the RBA left the overnight cash rate unchanged at 1.5%. The rate has now remained at that level since August 2016. The RBA stated it is of the view that holding the cash rate steady at 1.5% would support the gradual progress being made on unemployment and inflation, with steady monetary policy promoting stability and confidence. It also noted that higher interest rates are likely to be appropriate at some point if the economy continues to evolve as expected, but the general consensus is that rates will remain on hold over the next 12 months.

Bond yields remain at historically low levels. The 10-year indexed Commonwealth Government bond rate has broadly ranged around the 1.0% mark for most of 2018, rising slightly to 1.19% as at 8th October 2018.

Australia Industrial & Logistics Market Overview

Australian Government Bond Rates



Source: Reserve Bank of Australia, JLL Research

Australian dollar and exchange rates

The AUD has depreciated recently against the USD and on a trade-weighted basis. The depreciation is largely due to rising global interest rates, particularly by the US Federal Reserve, trade disputes between the US and its major trading partners, and expectations of interest rate increases by the RBA being pushed back. As at 2 October, 2018, the AUD was buying USD0.72, compared to USD0.78 a year earlier.

Employment and real wage growth

The Australian labour market continues to experience strong growth. The total number of people employed increased by 306,400 (+2.5%) over the 12 months to August 2018, slower growth than the previous 12 months but still strong, positive growth.

The unemployment rate in August was 5.3%. Better employment prospects have encouraged more people to re-enter the workforce and look for work, resulting in the participation rate gradually increasing from 64.5% in September 2016 to 65.7% in August 2018.

Nevertheless, there still remains spare capacity in the Australian labour market, although the labour market is expected to tighten, with the unemployment rate expected to decline to around 5% by the end of 2020. As the labour market tightens, wage growth and inflation should gradually increase.

National Industrial Market Overview

Occupier Demand

Occupier demand has continued to be relatively strong with gross take-up reaching 2.546 million sq m in the 12 months to 3Q18. Gross take-up for the first three quarters of 2018 was 1.976 million sq m and is on track to reach similar or higher levels than 2015-2017. The Transport, Postal and Warehousing sector has been the key driver, accounting for 45% of total gross take-up. Manufacturing (23%) and Retail Trade (15%) were also important sectors.

Demand has been driven by relatively buoyant economic growth, which has been dominated by NSW and Victoria but is now building in QLD and SA. Incentives have also played a part, with major landlords providing attractive incentives to attract occupiers to both existing facilities and pre-commitments to new facilities.

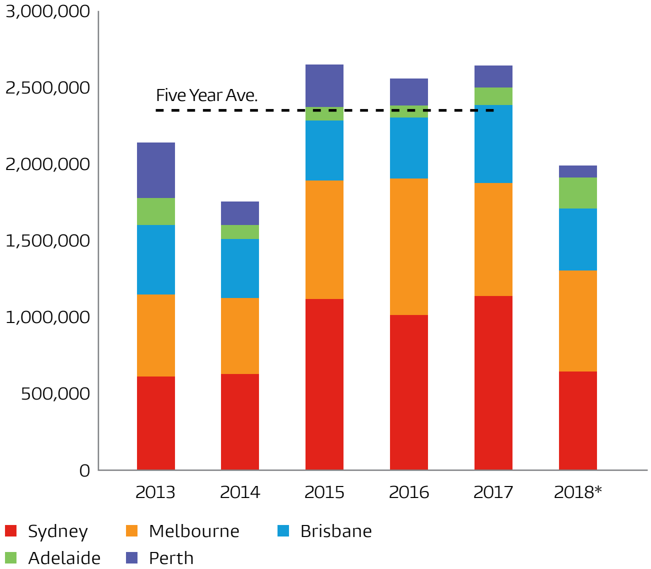
National Supply

Approximately 1.64 million sq m of new industrial space was completed in 2017. This was the highest level of supply since 2008 (2.5 million). In the first three quarters of this year, approximately 1.16 million sq m of industrial developments were completed. A further 384,000 sq m of supply is under construction and due to complete before the end of 2018, bringing total supply for 2018 to 1.5 million sq m.

Sydney has contributed approximately 45% of total new supply over the 12 months to 3Q18 while Melbourne contributed 39% of new supply, continuing the dominance of these two markets to new supply of industrial space.

National Gross Take-up by Market, 2013-2018*

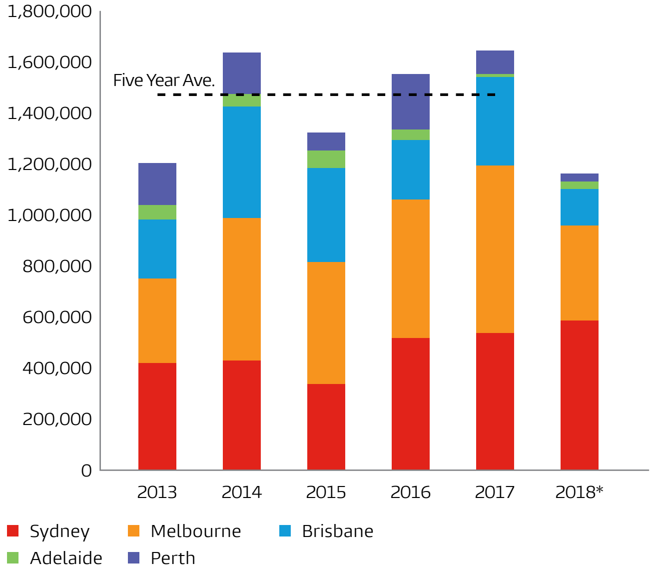
Gross Take-up (sq m)



* As at 3Q18. Source: JLL Research

National Supply by Market, 2013-2018*

New Supply (sq m)



* As at 3Q18. Source: JLL Research

Prime Rents

Nationally, rental growth has improved over the 12 months to 3Q18, with growth reported in 16 of 22 markets monitored by JLL Research. The best performing market was Sydney, particularly the South Sydney and Outer North West markets, with annual growth of 7.3% and 7.6% respectively.

Rental growth is forecast to continue over the near-term, with the anticipated positive economic growth in all states leading to all capital cities experiencing growth. Much of the recent growth is attributed to the major markets in Melbourne and Sydney, However, the occupier market in Perth has stabilised, while conditions in Brisbane and Adelaide have notably improved.

Incentives remain elevated in most markets, although it appears to have peaked or are now past their cyclical peak. The main exception is the Sydney industrial markets, where incentives are at moderate levels (generally 10% or lower).

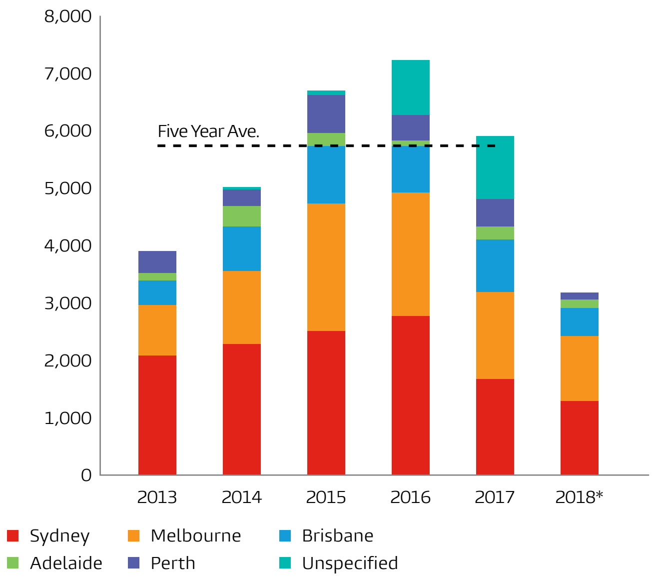
National transaction volumes

Industrial and logistics investment volumes had nine consecutive years of growth to 2016 with over $7 billion in industrial and logistics transactions occurred nationally in 2016. In 2017 and 2018, investment activity has scaled back due primarily to limited stock on the market, with investor interest remaining strong. Approximately $5.9 billion in industrial transactions were recorded in 2017 while transactions in the first three quarters of 2018 reached $3.1 billion. Both the Melbourne and Sydney markets have reported over $1 billion in industrial transactions year to date.

We note some transactions are not assigned to specific markets as they formed part of a portfolio sale and details of individual sale price by asset was not available. These transactions are shown in the chart below as "unspecified".

National Supply by Market, 2013-2018*

Transaction Value ($ million)



* As at 3Q18. Source: JLL Research

Australia Industrial & Logistics Market Overview

National Industrial Yields

Indicative prime yields have undergone further compression over the past year and are at historically low levels. Yields are expected to be at or near their cyclical low with a partial reversion in bond yields limiting scope for further compression. JLL Research expects prime yields will remain relatively stable over the remainder of 2018 and throughout 2019, before commencing a gradual decompression cycle thereafter.

Trends and demand drivers in the warehouse logistics sector

Key trends and demand drivers in the industrial market include the following:

- Technology continues to shift the way in which distribution centres operate. The growth of e-commerce and influx of foreign retailers are redefining the requirements of the logistics sector. Technology such as automated systems and robotics are being implemented in a growing number of distribution centres. These factors are expected to drive demand for modern distribution centres.

- E-commerce - The heightened emphasis on supply chain efficiency and effectiveness over the past 12 months in a bid to deliver goods with speed and agility for Australian consumers will continue to drive demand for industrial property. Over the past 12 months, the transport/logistics and retail sectors combined have accounted for over half of the total take-up of industrial floor space in Australia.

- Urban renewal continues to target old industrial land, impacting on the availability of stock in the inner and middle suburban markets such as Sydney South. This has placed upward pressure on rents for remaining stock and lowered vacancies.

- Tenant consolidation - New development continued to be led by retailers and 3PLs with multiple facilities that are looking to consolidate their operations in a single building or campus-style hub.

- Infrastructure development - A record high level of infrastructure investment is underway in Australia. This is supported by the 2018-19 Federal Budget, which announced federal government investment of $75 billion through the 10-year National Infrastructure Plan, as well as state government and private investment. This will continue to play an integral role for the industrial logistics sector. Industrial property has followed infrastructure, particularly in the Sydney's west, and the strong pipeline of projects will see this trend continue.

Sydney

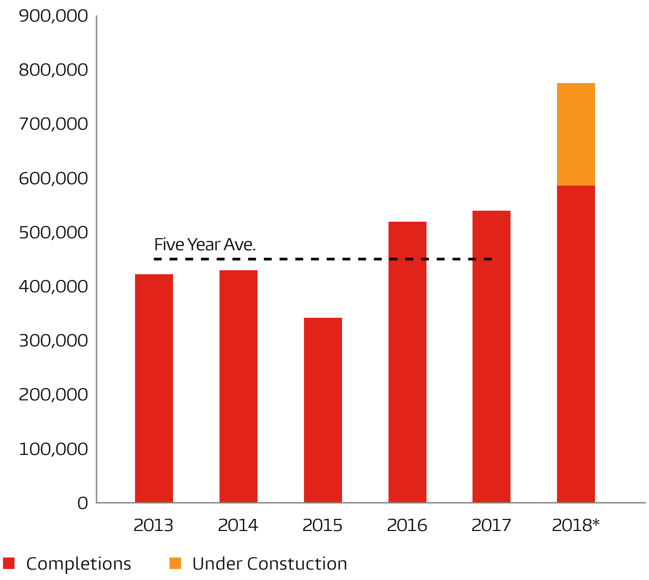
Supply

Supply completions were strong in 3Q18, with approximately 210,300 sq m of stock added to the Sydney market, bring the total for the year to date to 583,900 sq m. This is already well above the five-year average of 448,000 sq m. Projects under construction and due to complete in 4Q18 total 188,400 sq m, bringing total completions in 2018 to 771,300 sq m.

New construction activity is concentrated in the Outer West, with limited opportunities in other Sydney precincts. The vast majority of new supply is pre-committed prior to construction or on completion. Around 82% of completions in 2018 has already been leased. Pre-commitments to new projects will continue to drive supply in 2019 and 2020. Speculative activity is expected to be a relatively minor part of the market.

New Supply, Sydney, 2013 – 2018*

New Supply (sq m)



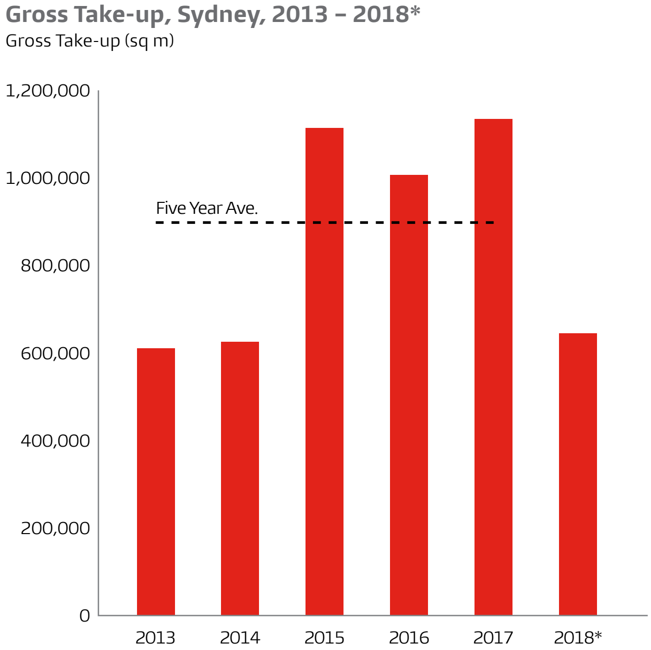
* As at 3Q18. Source: JLL Research

Demand

Gross take-up reached 645,300 sq m year to date and 895,800 sq m in the 12 months to 3Q18. This is below the five-year average although we note the particularly strong levels of take-up between 2015 and 2017. The strong demand over recent years has been for both existing facilities and pre-commitments to new facilities.

Key sectors driving demand include manufacturing, transport and logistics, and retail. Demand from the retail sector is primarily driven by e-commerce and growth in international retailers entering the market.

Gross Take-up, Sydney, 2013 – 2018*



* As at 3Q18. Source: JLL Research

Prime rents, incentives, land values

The strong recent demand for prime grade industrial facilities has translated to positive rental growth across most precincts in Greater Sydney. Over the year to 3Q18, South Sydney (7.3%) and the Outer North West (7.6%) recorded the strongest annual rental growth. Average prime rents now sit at $196 per sq m in South Sydney and $204 per sq m in North Sydney, reflecting the scarcity of available space. The Outer West precincts are more affordable and well served by infrastructure improvements. Rents in these three precincts range from $111 per sq m for the Outer South West, $119 per sq m for the Outer Central West and $123 per sq m for the Outer North West.

The positive sentiment evident in the market, due to strong economic conditions and demand for industrial assets, is expected to continue to see growth in prime rents.

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

Average incentives in Sydney's Outer West precincts have remained at an average of 10-11% over the last 12 months. Incentives have been reasonably stable over the last five years.

Land values continue to appreciate due to robust demand and the shortage of developable land available, although the rate of growth is slowing. Growth has been strong in Sydney's Outer West precincts. The average land value for a 1 hectare lot in 3Q18 was $608 per sq m, reflecting an increase of 14% over the past 12 months.

Investment market – Transaction volumes and yields

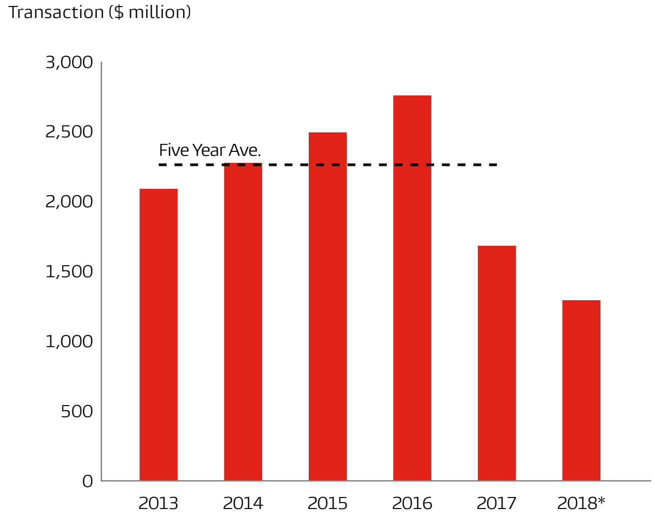
Prime midpoint yields compressed in all monitored precincts in 3Q18. The yield range in the Outer West precincts are 5.25% to 6.00%. South Sydney reported the tightest yield range (4.50%-5.00%). A lack of prime investable stock, along with implicit conversion upside, has placed downward pressure on indicative yields over the quarter.

Investor demand has been strong, although transaction volumes are well down on the peak of 2016 ($2.757 million). Year to date transaction volumes are at $1.288 million, with $572.7 million in 3Q18.

The largest recent transaction was Mirvac Group divesting 50% of Calibre Estate in Eastern Creek for $125.2 million to Mirvac Industrial Logistics Partnership, which is sponsored by Morgan Stanley Real Estate Investing.

Also, Frasers Logistics & Industrial Trust sold a 61,281 sq m asset in Smeaton Grange for $90.5 million. The Charter Hall Prime Industrial Fund purchased the asset on an initial yield of 6.11%.

Transaction Volumes, Sydney, 2013 – 2018*



* As at 3Q18. Source: JLL Research

Outlook

Rental growth in the Sydney market is expected to stabilise over the remainder of 2018. Yields are approaching the end of the compression cycle. Average yields are forecast to remain stable across Sydney industrial markets for the remainder of 2018 and into 2019. However, moderate compression may occur in certain precincts, such as South Sydney where yields are continuing to tighten due to structural changes underway in the market.

The supply pipeline for 2019 is modest, but this can change quickly with pre-commitments.

Australia Industrial & Logistics Market Overview

Melbourne

Supply

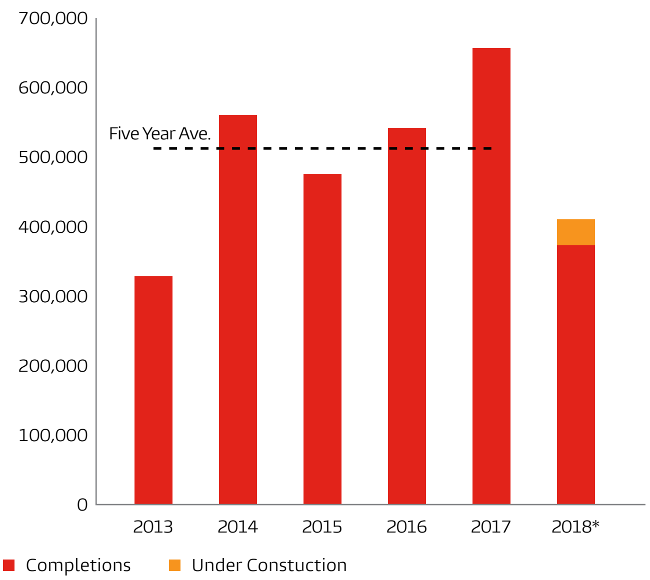
The year to date supply additions in Melbourne's industrial market reached 371,400 sq m. With just 37,100 sq m of new projects under construction and due to complete in 4Q18, annual completions are set to reach 408,500 sq m. This is below the five-year average of 509,500 sq m.

New construction activity has been concentrated in Melbourne's West, followed by the South-East precinct. This trend is expected to continue, with pipeline projects also primarily in these precincts.

Around 89% of new supply in 2018 has already been leased, reflecting the modest level of speculative development. Pre-commitments to new projects is expected to continue to drive supply in 2019 and 2020.

New Supply, Melbourne, 2013 – 2018*

New Supply (sq m)



* As at 3Q18. Source: JLL Research

Demand

Gross take-up reached 796,600 sq m in the 12 months to 3Q18, in line with the five-year average. The Transport, Postal and Warehousing sector continues to drive gross take-up volumes, accounting for 36% of all take-up in the 12 months to 3Q18. Manufacturing (25%) and Retail Trade (17%) were the other most active sectors.

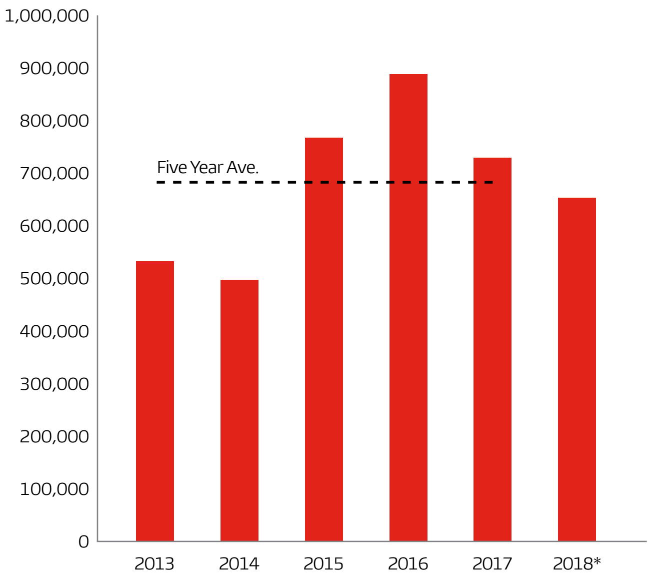
Take-up has been particularly strong in Melbourne's South East in the last 12 months, matching the level of take-up in Melbourne's West, which has been the dominant precinct in recent years.

Demand has been strong for both pre-commitments to new facilities and existing assets, reflecting the overall strength of the Victorian economy and competitive pricing, including incentives, to attract occupiers to existing assets.

The outlook for the Melbourne industrial market remains positive. The market is expected to benefit from the strong recent economic performance, and continued strong population growth in Victoria. We note some speculative supply is due to be completed in 2019, a sign of confidence in the current market.

Gross Take-up, Melbourne, 2013 – 2018*

Gross Take-up (sq m)



* As at 3Q18. Source: JLL Research

Prime rents, incentives, land values

Prime rents in the West have increased by 3.8% in the year to 3Q18 to average $78 per sq m. Prime rents are higher in Melbourne's South East, averaging $89 per sq m, although growth over the year to 3Q18 has been lower at 1.8%. Melbourne's rents are competitive compared to other Australian industrial markets.

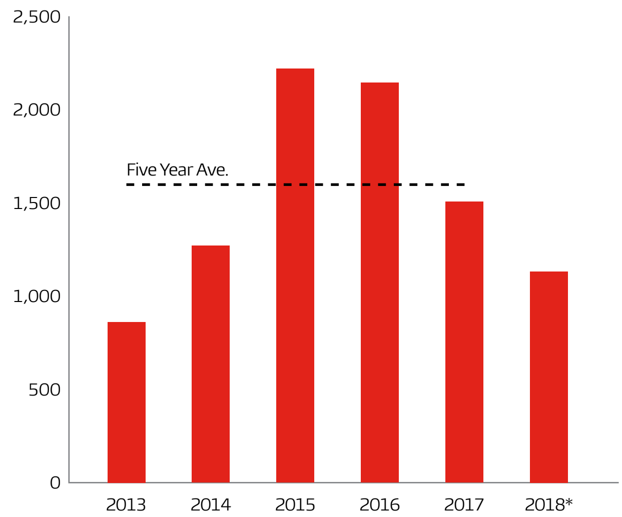
Incentives are relatively high and have been at elevated levels over the last four years. There has been a slight reduction of up to 5% in incentive levels over the last 12 months, but average prime incentives in 3Q18 are still at 20% in the South East and 25% in the West. This mirrors the relatively strong supply cycle in the Melbourne industrial market, with landlords offering generous incentives to remain competitive and backfill vacant space. Very strong growth in land values has occurred across all precincts, reflecting the continued strength of the Victorian economy and the diminishing supply of quality serviced land. Average land values for a 1 hectare lot in Melbourne's South East in 3Q18 was $406 per sq m, which is 45% higher than 12 months earlier. Similarly, average land prices in Melbourne's West for a 1 hectare lot was $257 per sq m, or 53% higher than 3Q17.

Investment market – Transaction volumes and yields
Prime midpoint yields remained stable in all precincts over 3Q18, while yields compressed in the South East and West precincts of 25 bps over the 12 months to 3Q18. The yield range for the West and South-East precincts was 5.75%-6.25%.

Investment volumes were strong in 3Q18, totalling $523.0 million. The largest single-asset transaction in 3Q18 and over the last 12 months was the $119.0 million sale of the Kmart Distribution Centre in Truganina. Invesco Real Estate sold the 76,938 sq m asset to LOGOS Property on an initial yield of 5.45%.

Investor volumes for the 12 months to 3Q18 reached $1.408 billion, below the five-year average of $1.598 billion but still relatively strong. Investor appetite for Melbourne industrial assets remains strong, as evidenced by the record low yields.

Transaction Volumes, Melbourne, 2013 – 2018*
Transactions ($ million)



* As at 3Q18. Source: JLL Research

Outlook
Steady rental growth in the West and South East precincts is expected over the remainder of 2018, with buoyant demand for both prime and secondary assets. Yield compression is approaching the trough of the cycle. Average yields are forecast to remain stable across Melbourne industrial markets for the remainder of 2018 and through 2019, with investor appetite in the market remaining strong.

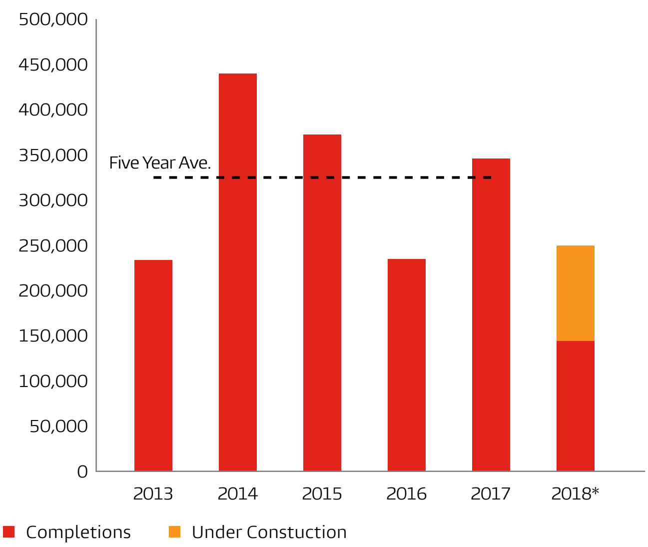
Brisbane

Supply
The year to date supply additions in Brisbane's industrial market reached 143,600 sq m in 3Q18, which is less than half the five-year average of 323,100 sq m. With 104,000 sq m of new projects under construction and due to complete in 4Q18, annual completions are set to reach 247,600 sq m.

New construction activity has been concentrated in Brisbane's Southern precincts, although we note this is a large area with many sub-precincts. There is a reasonable level of activity in the Trade Coast while very limited activity has occurred in the Northern precinct due primarily to limited available sites.

Around 73% of new supply in 2018 has been leased as at 3Q18. We do not expect speculative development to become a major part of future supply in the near future, with pre-commitments driving supply in 2019 and 2020.

New Supply, Brisbane, 2013 – 2018*
New Supply (sq m)



* As at 3Q18. Source: JLL Research

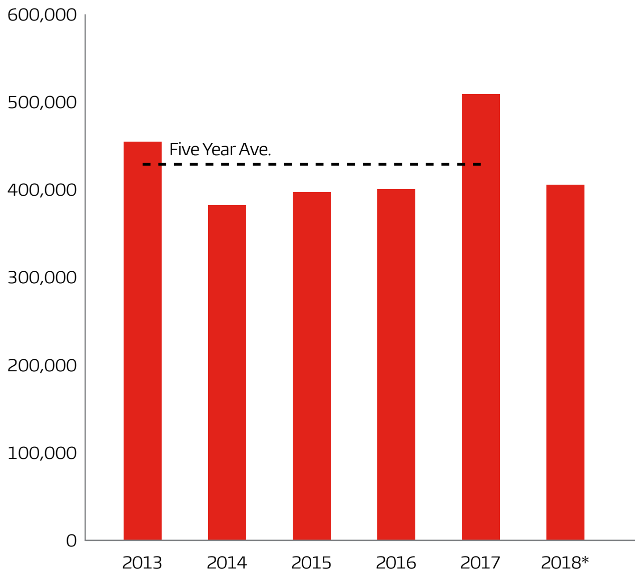
Demand
Gross take-up reached 483,100 sq m in the 12 months to 3Q18, above the five-year average of 426,900 sq m. Demand has been slowly building over the last two years, a reflection of improved economic conditions across Queensland. An improved economy and infrastructure investment is expected to support demand for industrial facilities over the remainder of 2018 and into 2019.

As with supply, gross take-up has been concentrated in the Southern precinct. Key sectors driving demand include Manufacturing and the Transport, Postal and Warehousing sectors.

Australia Industrial & Logistics Market Overview

Leasing enquiry has continued to improve over the quarter as tenants look to take advantage of competitive effective rents for facility upgrades and expansion.

Gross Take-up, Brisbane, 2013 – 2018*
Gross Take-up (sq m)



* As at 3Q18. Source: JLL Research

Prime rents, incentives, land values

Prime net rents have experienced mixed results over the 12 months to 3Q18. Net rents in the Southern precinct have increased by an average 6.1% to $108 per sq m while there has been a decline in average rents in both the Trade Coast and the Northern precinct. Much of the recent activity has been in the expanding Southern precinct, and rents now are in line with the Northern precinct and edging closer to the Trade Coast's rents ($117 per sq m)

High levels of incentives are evident across the market, particularly within the Southern precinct as developers continue to aggressively compete for pre-commitments. Average incentives in the Southern precinct reached 23% in 3Q17 and have remained at this peak level throughout the last 12 months.

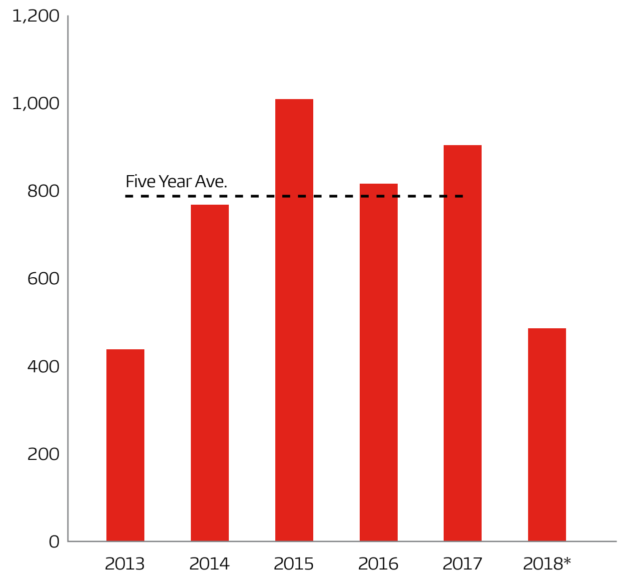
Average land values in the Southern precinct grew by 20.1% over the 12 months to 3Q18. The average price for a 1 hectare lot at Acacia Ridge is $325 per sq m. Land values remain below the levels of a decade ago but have generally been on an upward trajectory over the last three years.

Investment market – Transaction volumes and yields

Prime yields remained stable at a range of 6.00%-6.75% across all precincts over the 12 months to 3Q18. Transaction volumes over the 12 months to 3Q18 are $627 million, below the five-year average of $783 million.

While investor interest has remained robust, a lack of large prime assets brought to market has resulted in less overall transaction value. There have been no asset sales of more than $40 million over the past 12 months. The largest asset sale in 3Q18 was the Oz Trail Building at 71 Charles Ulm Place, Eagle Farm. The asset was purchased by Trade Coast Central for $35.5 million, on an initial yield of 5.89%. The largest transaction over the last year was the Bayside Business Park at 15 Weippin Street, Cleveland. The asset was purchased by Australian unlisted property trust, Heathley Funds Management, for a sale price of $37.7 million.

Transaction Volumes, Brisbane, 2013 – 2018*
Transactions ($ million)



* As at 3Q18. Source: JLL Research

Outlook

The recovery of the Queensland economy is well underway and is expected to generate stronger leasing demand, which will flow through to improved rental growth. While JLL forecasts suggest modest rental growth averaging between 3-4% over the next five years, a winding back of incentives may see even stronger effective rental growth.

Average prime yields are expected to hold firm over the course of 2018 and through 2019. This is expected to be the cyclical low in the current investment cycle. Institutional investment demand for well-leased prime grade assets is expected to keep yields at their current levels over the next 12-18 months.

The supply pipeline is reasonably buoyant leading into 2019, although projects are likely to only proceed once pre commitments are secured.

Perth

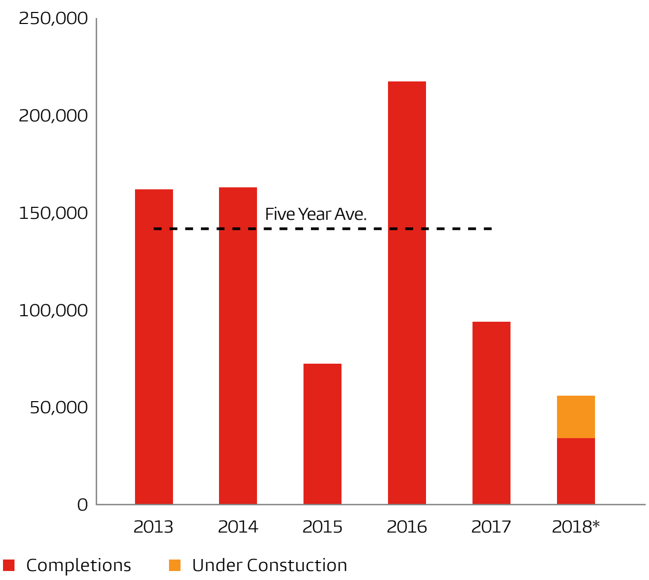
Supply

Over the 12 months to 3Q18, 42,000 sq m of new supply was added to the Perth industrial market over six projects. The supply pipeline is thin, with just one major pre-committed project under construction for Sigma Pharmaceuticals at Brewer Road in Canning Vale (21,130 sq m).

With vacancy levels across the industrial market currently elevated, new construction activity will primarily be driven by pre-commitments for occupiers. We note that vacancy is primarily in secondary grade stock, which may eventually lead to increased pre-commitment activity for tenants requiring prime grade facilities.

New Supply, Perth 2013 – 2018*

New Supply (sq m)



* As at 3Q18. Source: JLL Research

Demand

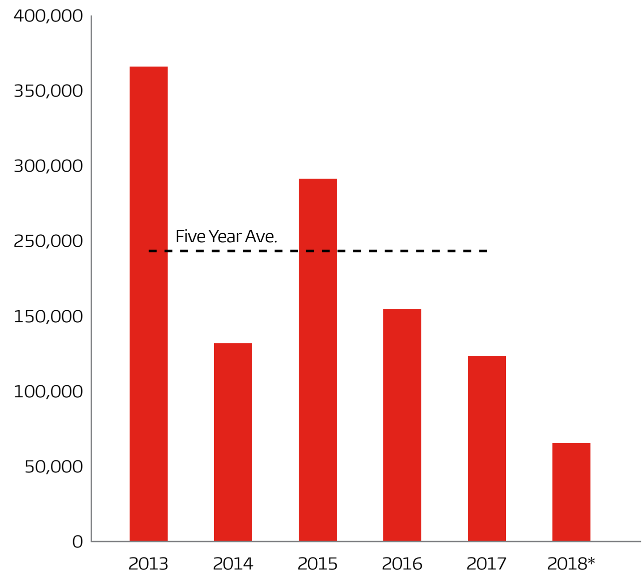
Major take-up of industrial space in the Perth market remains subdued, with three major occupier moves (≥3,000sq m) recorded in 3Q18 totalling 17,600 sq m. Gross take-up for the 12 months to 3Q18 was a low 88,900 sq m compared to the five-year average of 219,900 sq m.

Enquiry has been primarily for prime grade space in core industrial locations. Recent leasing activity has been for smaller leasing deals, with only one deal in excess of 10,000 sq m reported in 2018 to date and only two such deals in 2017.

The outlook for industrial demand is for continued subdued enquiry over the short-term, focussed on requirements under 10,000 sq m. A major pick-up in activity is likely to follow a sustained recovery in the mining and resources sector.

Gross Take-up, Perth, 2013 – 2018*

Gross Take-up (sq m)



* As at 3Q18. Source: JLL Research

Prime rents, incentives, land values

Average prime existing net rents were largely unchanged over the 12 months to 3Q18 in the South and East precincts in the Perth market in 3Q18. Prime net rents in the North precinct declined by 2.1% over the last 12 months. Slowing occupier demand and rising vacancies have placed downward pressure on face rents and increased incentive levels offered in the market over the last two years as landlords compete for tenants. However, incentives appear to have stabilised over 2018 at between 15%-18% on a long-term lease.

Face net rents for pre-lease deals have reduced by up to 28% from the peak of 2012, and are relatively competitive compared to prime net rents for existing facilities. However, the incentives offered by landlords for existing facilities are playing a significant role in lease negotiations.

There has been minimal movement in land values over the 12 months to 3Q18. Typical pricing for a 1 hectare lot ranges from $275 per sq m in Bibra Lake (South precinct) to $320 per sq m in Balcatta and Welshpool (North precinct).

Investment market – Transaction volumes and yields

Prime yield ranges reported slight firming at the tighter end of the yield range in the South and East precincts over the past 12 months. The yield range in 3Q18 was 6.25%-7.00% for the South and East precincts and 6.50%-7.00% in the North precinct.

The slight firming of yields reflects the continued strength of the investment market for prime grade assets with strong lease covenants, despite the current weakness in

Australia Industrial & Logistics Market Overview

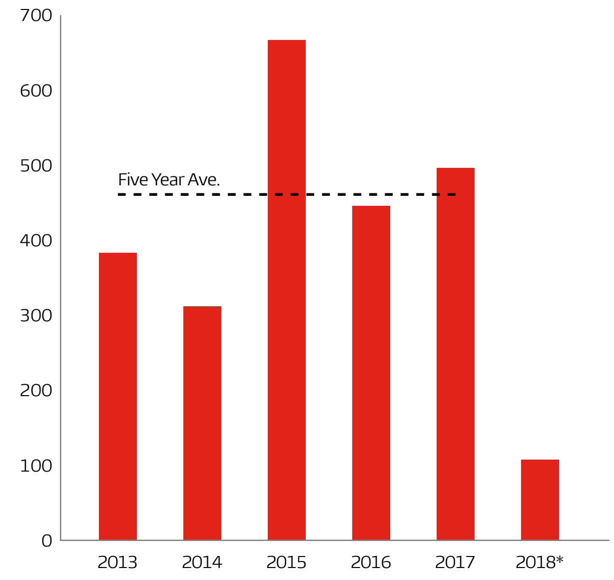
tenant enquiry and subdued Western Australian economy. The yield gap between prime and secondary yields has widened as investors target quality assets.

Year to date transaction volumes are well down on the previous three years, with just $108.0 million as at 3Q18. Four industrial transactions (≥ $5.0 million) were reported in 3Q18, totalling $75.5 million. Investment stock with strong lease covenants remain highly sought after.

Transaction volumes for the 12 months to 3Q18 reached $360.3 million on the back of a strong 4Q17. This compares to the five-year average of $459 million.

Transaction Volumes, Perth, 2013 – 2018*

Transactions ($ million)



* As at 3Q18. Source: JLL Research

Outlook

The Western Australian economy is showing signs of slowly turning around and this should lead to improved market conditions in Perth's industrial market. Perth industrial assets continue to offer good returns in comparison to the larger eastern seaboard markets, and this should see investor interest remain buoyant over the medium term.

Supply, tenant demand and market rents are well off the peaks of 2012-13 but are expected to have reached the bottom of the current cycle. JLL research forecasts low growth in prime net rents to commence in 2019, before moderate growth in 2020 and beyond. This is in line with improved economic conditions in 2019 and 2020. Prime yields are at a cyclical low following a strong compression cycle over the last eight years and are forecast to remain stable over the next 12 months.

Adelaide

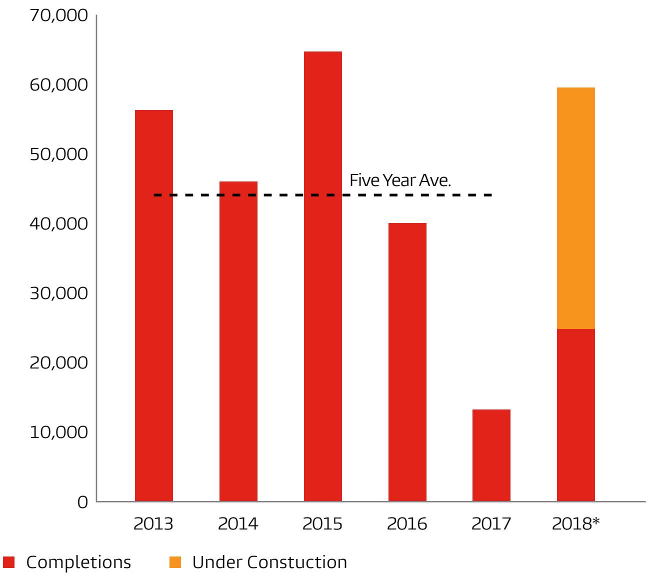
Supply

Three projects have reached completion as at 3Q18 totalling 24,700 sq m. Five projects totalling an additional 34,500 sq m are under construction and expected to complete by the end of the year, bringing annual supply to reach 59,200 sq m, above the five-year average of 43,800 sq m.

With most vacant industrial space being secondary grade space and enquiry levels improving, pre-commitments to new projects is picking up and will drive new supply in 2019 and 2020.

New Supply, Adelaide, 2013 – 2018*

New Supply (sq m)



* As at 3Q18. Source: JLL Research

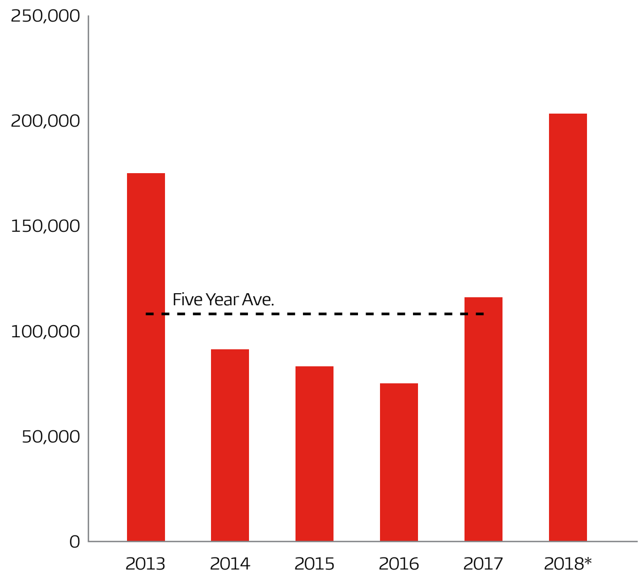
Demand

Gross take-up reached 281,700 sq m in the 12 months to 3Q18, driven by improved pre-lease and design & construction activity. Large pre-lease commitments of 35,500 sq m to Drakes supermarkets and 37,500 sq m to glass manufacturer O-I are two of the largest pre-commitments over the last decade in the Adelaide market. Gross take-up of the first three quarters of 2018 is already well above the five-year average.

Key sectors driving demand include food manufacturing at the Northern Adelaide Food Park, and the wine (glass manufacturing) and logistics sectors. The defence sector, including companies associated with Adelaide's defence shipbuilding, is also expected to drive demand over the coming years.

Gross Take-up, Adelaide, 2013 – 2018*

Gross Take-up (sq m)



* As at 3Q18. Source: JLL Research

Prime rents, incentives, land values

Prime rents increased in the Inner West/East and North East precincts in 3Q18 as availability of lettable space tightened. The growth in rents was greatest in the Inner West/East where strong competition from a diverse range of land uses is driving rental growth. Most of the tenant enquiry has been in the northern Adelaide industrial sectors.

Pre-lease rents in the Outer North precinct have remained stable over the last five years at $90 per sq m, reflecting a premium of 25% compared to average prime rents in the Outer North.

Incentives have risen in markets such as the Outer North and Outer South, where competition between developers seeking pre-commitments on vacant land and landlords of vacant buildings for tenants is strong. Incentives of around 25% on a long-term lease are common. However, there is some evidence of incentives being wound back, with incentives peaking in 2017.

Land values in the Outer North have been wound back considerably over the last decade, with significant amount of development ready land and until recently, weak demand. Average land values for a 1 hectare site in the Outer North are now $45 per sq m compared to $90 per sq m in 3Q08.

Investment market – Transaction volumes and yields

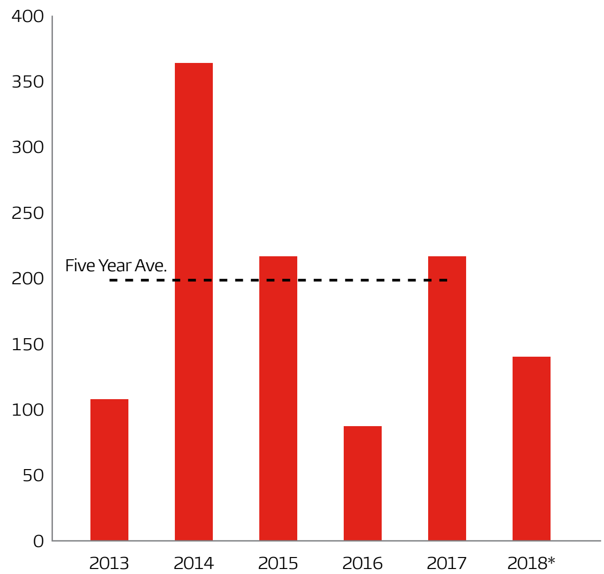
Prime grade yields compressed earlier in 2018. The prime grade yield range for the North West precinct is 7.00%-8.50%.

Investor demand has been strong with Adelaide industrial assets providing a relatively high yielding investment compared to eastern seaboard markets. In 3Q18, Singaporean fund Straits Real Estate purchased four Adelaide industrial assets from Commercial & General for $83.0 million as part of an $130.5 million national industrial portfolio acquisition. Total transactions for the 12 months to 3Q18 was $187.4 million, in line with the five-year average of $198 million.

We note the South Australian State Government has phased out stamp duties on commercial property transactions. As of July 1st 2018, a complete abolition of stamp duty of non-residential, non-primary production land has been actioned. This may influence investment decisions moving forward.

Transaction Volumes, Adelaide, 2013 – 2018*

Transactions ($ million)



* As at 3Q18. Source: JLL Research

Outlook

Industrial occupier demand from growth sectors like defence, agribusiness, wine and logistics operators will support increased pre-commitments. This in turn will see a lift in new supply activity over the next 12 months.

The low speculative supply pipeline and limited availability of modern space for lease is forecast to lead to positive rental growth, although this is expected to be relatively low.

Average prime yields are expected to hold firm over the course of 2018, representing the cyclical low in the current investment cycle. Ongoing institutional and interstate investment demand for well-leased prime grade assets should maintain current yield levels through 2019.

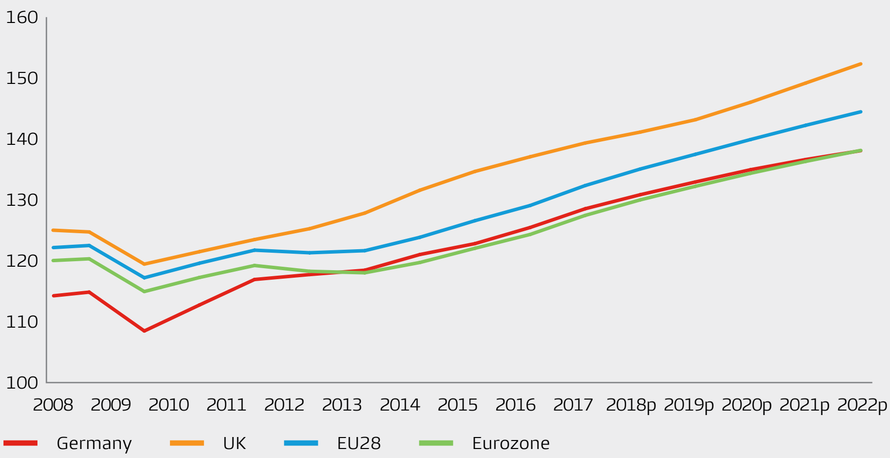
Germany Industrial & Logistics Market Overview

Economy and Outlook

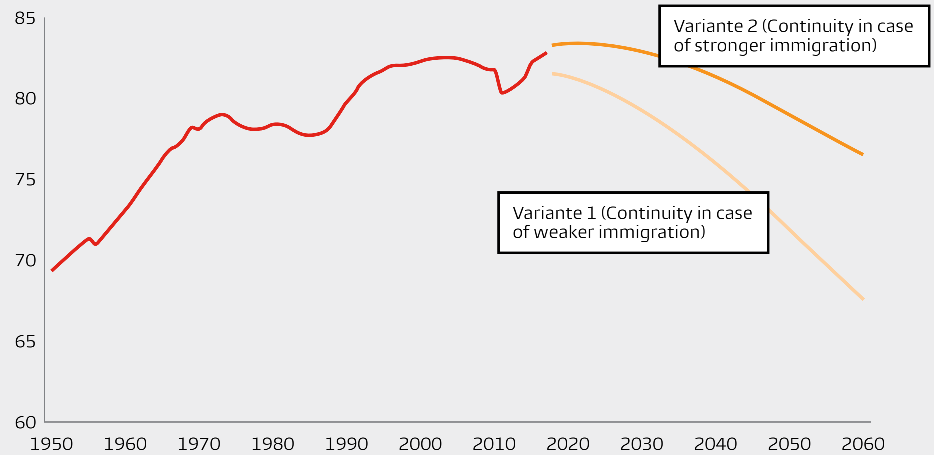
The German economy is experiencing a steady and broad-based upswing with a solid domestic economic foundation. Capacities are well utilized, employment is at record levels and consumer prices are stable. For the current year, the German government expects gross domestic product to rise by 1.8% (price-adjusted). An increase of 1.8% is also expected for 2019.

Production in the manufacturing sector will be dampened by special effects arising from the restructuring and production adjustments at manufacturers of passenger cars in the current quarter. Incoming orders in the manufacturing sector rose after two weak months, and the order backlog remains very high. The construction industry is experiencing a boom. The development of income and consumer demand in private households remains upward. Employment continues to rise strongly and unemployment is falling noticeably. Structural problems on the labor market, however, remain challenging. The latest indicators for industry and the economy as a whole suggest that the upturn in the German economy has a solid foundation. Important domestic economic drivers continue to have their effect: employment and income continue to rise strongly. Especially in the service sectors, value added continues to increase and the construction industry is booming. The implementation of the coalition agreements is expected to provide strong impetus in the coming year.

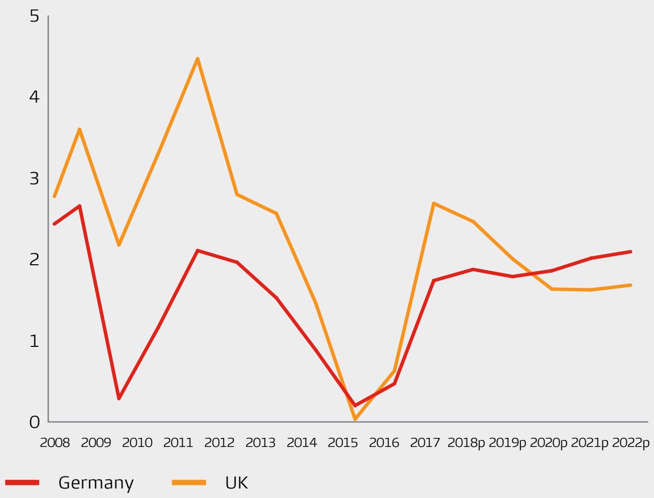
GDP Growth
(Index 1999 = 100)



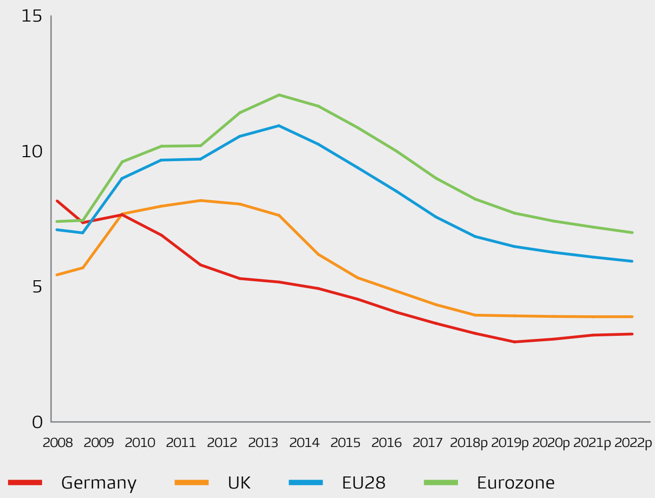
Population Growth
(in millions)



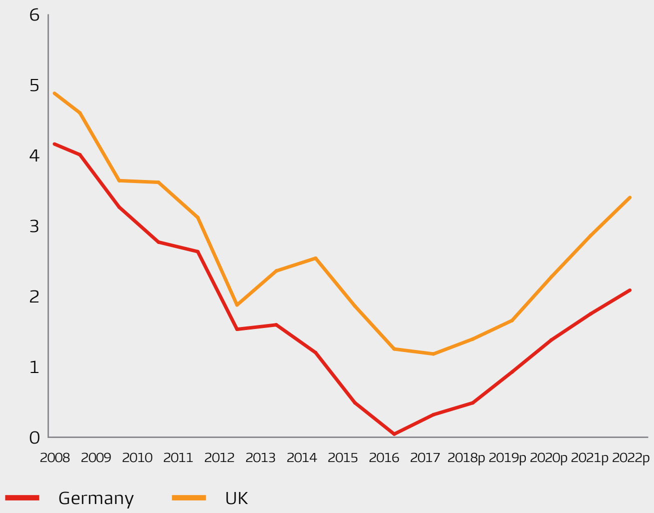
Consumer Price Inflation (Annual Average)
Change yoy (in %)



Unemployment Rate (% of Workforce)
(in %)



Long-term Interest Rate - Government Bond Yields (10 years)
(in %)



Despite some tick up in wage growth, broader inflation measures are expected to remain very low across Europe which will put little upward pressure on 10-year government bond yields. However, changes to non-traditional domestic and global monetary policy will put additional upward pressure on longer-term bond yields over the coming years. However, the increase in bond yields remains limited, so that the increased investment allocation in real estate market will last in 2019.

Source: Oxford Economics, Cushman & Wakefield Research

National Industrial Market Overview

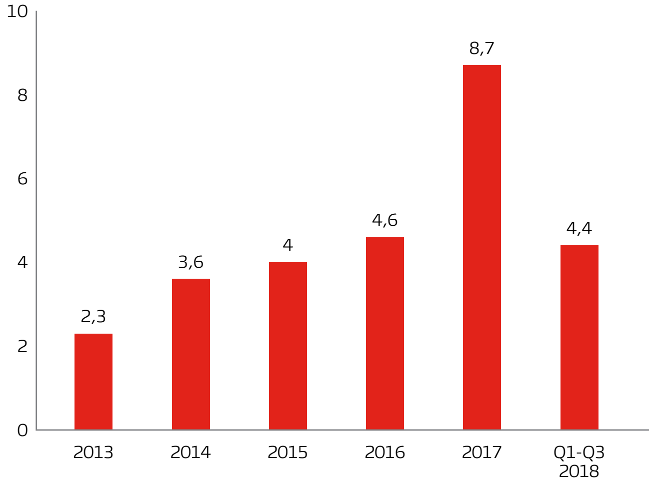
Around €4.4 billion were poured into German industrial and logistics assets in the first three quarters of 2018, reflecting a year-on-year ("yoy") decrease of 29%. Looking at the past several years, however, this year’s transaction volume is the second highest posted between January and September for some time. The industrial and logistics asset class secured 11% of the general commercial real estate market, solidifying its position in 3rd place behind office and retail. General conditions remain consistently favorable for investors in Germany, promising stability, low interest rates and rising rents. The market share generated by light industrial assets has increased notably in past months. Industrial assets accounted for around one third of transaction volume at the end of Q3, or roughly €1.5 billion, reflecting a significant increase of roughly 67% yoy. Portfolio sales accounted for 51% of the transaction volume, with 87% attributable to foreign investors alone. Around two thirds (63%) of transaction volume was generated by foreign investors, which roughly corresponds to the previous year’s result. Asian investors were particularly active with a transaction volume of around €1.1 billion, representing one quarter of total transaction volume.

The gross prime yield in the top 7 logistics hubs is at a low but stable level of 4.65%. However, the current market situation suggests that the gross prime yield could fall again in the coming months if more core products were to reach the market in these locations.

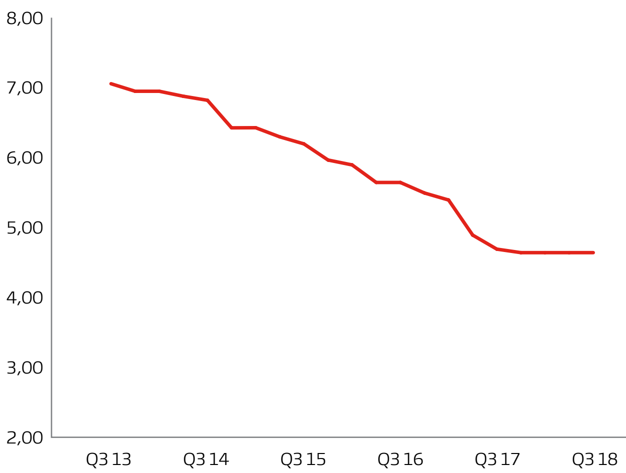
Germany Industrial & Logistics Market Overview

The main driver behind this favorable development is the e-commerce business, which is boosting demand for industrial and logistics properties in Germany and encouraging new project developments. Growing customer expectations for same-day and same-hour delivery are forcing an increasing number of CEP service providers (courier, express and parcel) like Hermes and DHL to build smaller logistics centers of up to 10,000 sq m in the cities. Brownfield developments will particularly play an increasingly significant role in Germany's top 7 markets due to intensified shortage of space as a way to make optimum use of land potential.

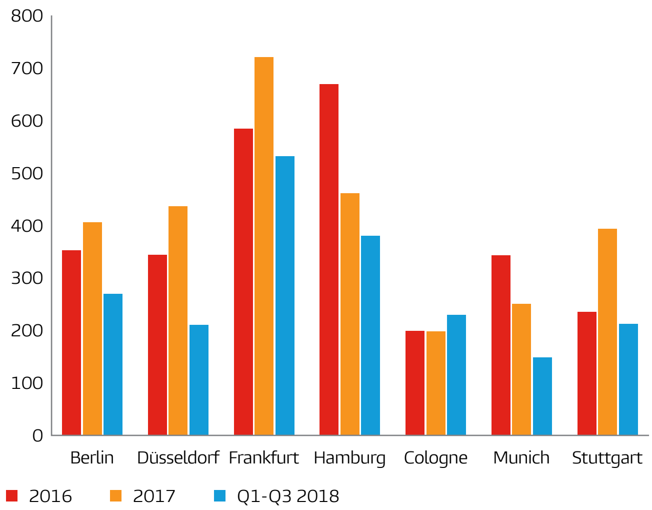
National Transaction Volumes, 2013 - Q3 2018
(in € billion)



Gross Initial Yield ("GIY") (Logistics) – Germany
(Top 7 Logistics Hubs, in %)

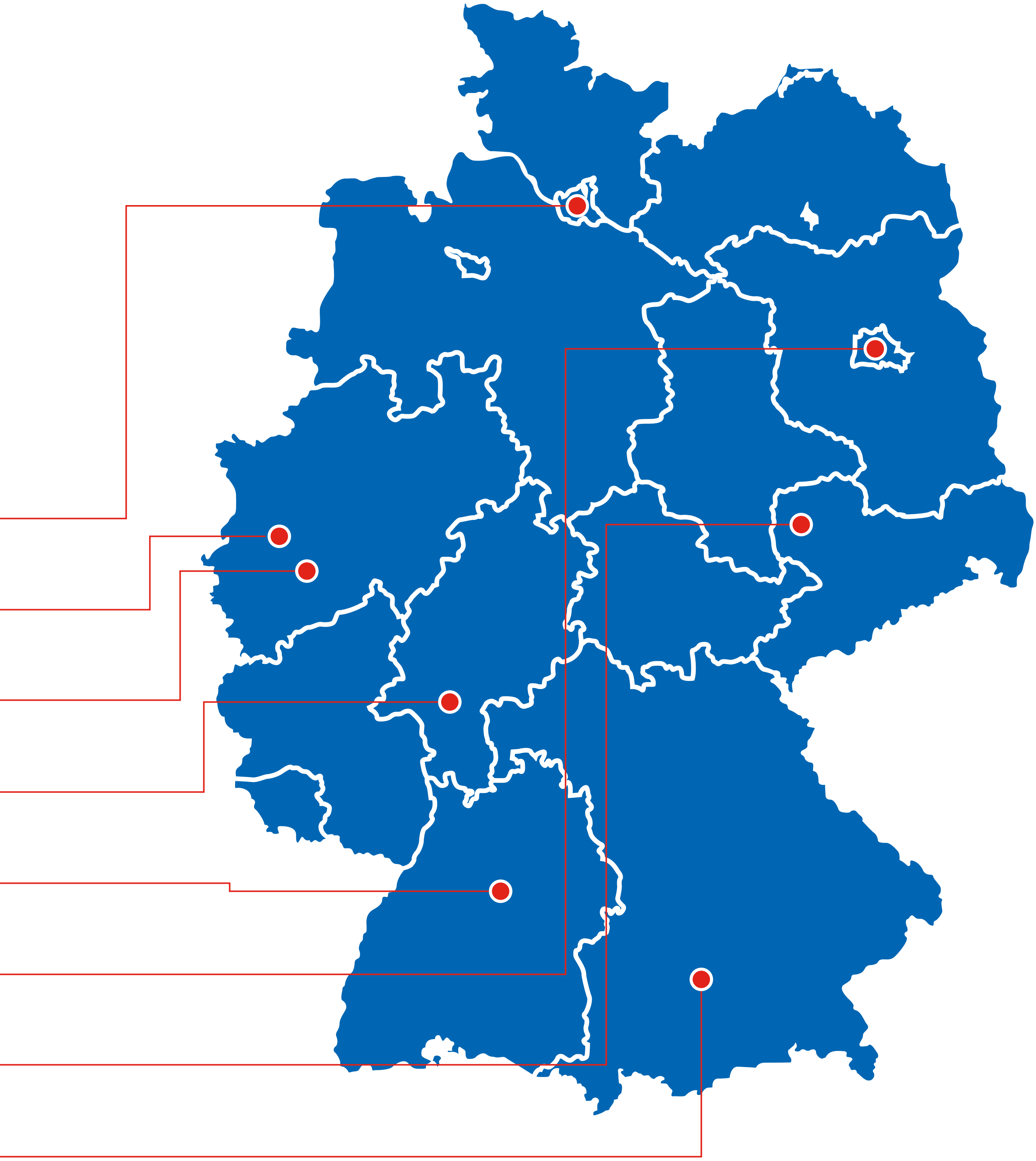


Take-Up of the Top 7 Logistics Hubs, 2016 - Q3 2018
(in 1,000 sq m)



	Q3 2017	Q3 2018	12 MONTHS FORECAST
Hamburg			
GIY (in %)	4,70%	4,65%	↘
PRIME RENT €/per sq m per month	€ 5,80	€ 6,00	↗
Dusseldorf			
GIY (in %)	4,70%	4,65%	↘
PRIME RENT €/per sq m per month	€ 5,40	€ 5,40	→
Cologne			
GIY (in %)	4,70%	4,65%	↘
PRIME RENT €/per sq m per month	€ 5,20	€ 5,20	↗
Frankfurt			
GIY (in %)	4,70%	4,65%	↘
PRIME RENT €/per sq m per month	€ 6,40	€ 6,40	→
Stuttgart			
GIY (in %)	4,70%	4,65%	↘
PRIME RENT €/per sq m per month	€ 6,50	€ 6,50	↗
Berlin			
GIY (in %)	4,70%	4,65%	↘
PRIME RENT €/per sq m per month	€ 5,00	€ 5,50	↗
Leipzig			
GIY (in %)	5,70%	5,50%	↘
PRIME RENT €/per sq m per month	€ 4,50	€ 4,50	↗
Munich			
GIY (in %)	4,70%	4,65%	↘
PRIME RENT €/per sq m per month	€ 6,85	€ 7,00	→

Germany



Dusseldorf

Market Overview

The Dusseldorf industrial and logistics market achieved a take-up of around 210,100 sq m in the first nine months of the year. One of the largest deals was the rental of approximately 31,000 sq m new developed logistics space in Dormagen by one of the biggest e-commerce companies in the world.

Due to the continuing shortage of space that prevails at almost all German logistics hotspots, more and more users are moving to the surrounding area of Dusseldorf. The developer Goodman has secured the last available space in the Regiopark Mönchengladbach and is speculatively planning 33,000 sq m of logistics space there. Furthermore, the developer LogProject Development plans to build an industrial park with approximately 43,000 sq m of rental space. In response to the high demand for modern logistics space, Segro is also expanding its Logistics Park Krefeld by a further 37,000 sq m. Besides, greenfield developments such as the Amazon logistics center in Mönchengladbach (approximately 140,000 sq m) are becoming rare on the market, which is why the revitalization of obsolete space is becoming increasingly common among project developers. Together with the continuing vital demand, this is reflected in the rental level. The average rent of € 4.50/sq m, which has remained stable for years, rose moderately to € 4.70/sq m.

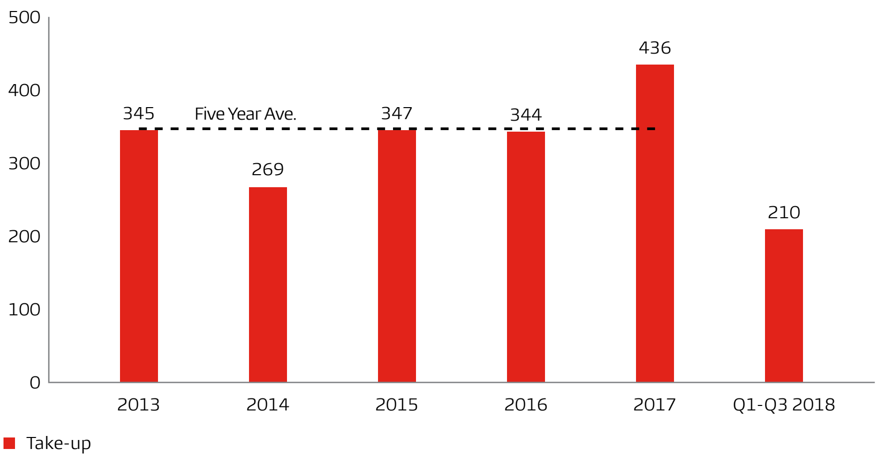
The speculative developments on the supply side testify to the good state of the Dusseldorf market and point to a continued vital development in take-up.

Submarkets

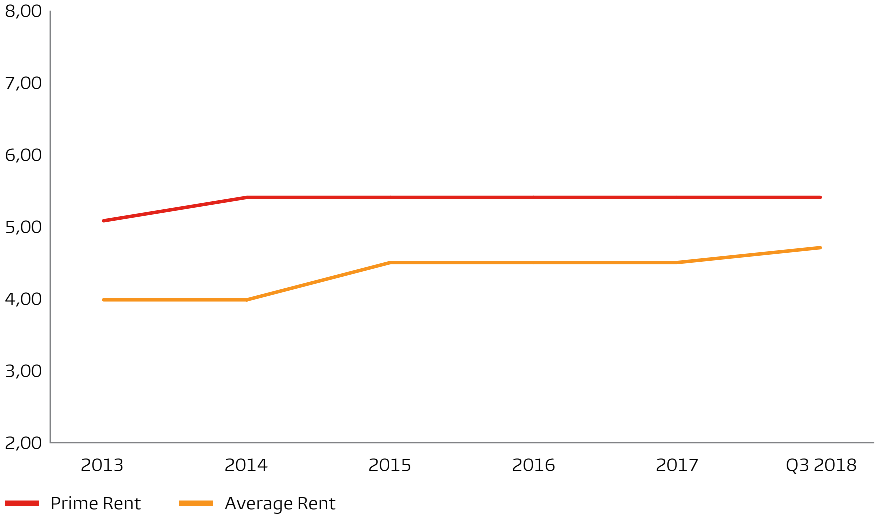
Top 3 Submarkets	Take-Up in sq m	%
1 Dusseldorf	60,000	28
2 Krefeld	30,000	14
3 Neuss	28,700	14

The Dusseldorf region is also of high interest among real estate investors. In the first three quarters of 2018 a transaction volume of € 225 million was recorded, roughly matching previous year result. The purchase of several German logistics assets by Blackstone contributed significantly to this result.

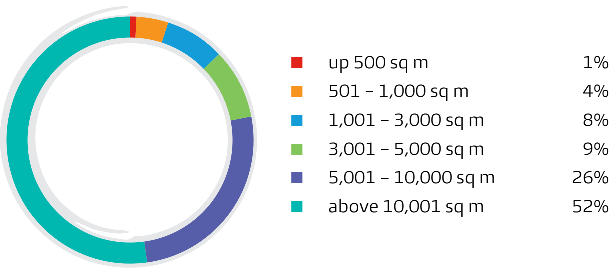
Take-up
(in 1,000 sq m)



Rental Development
(in €/sq m per month)

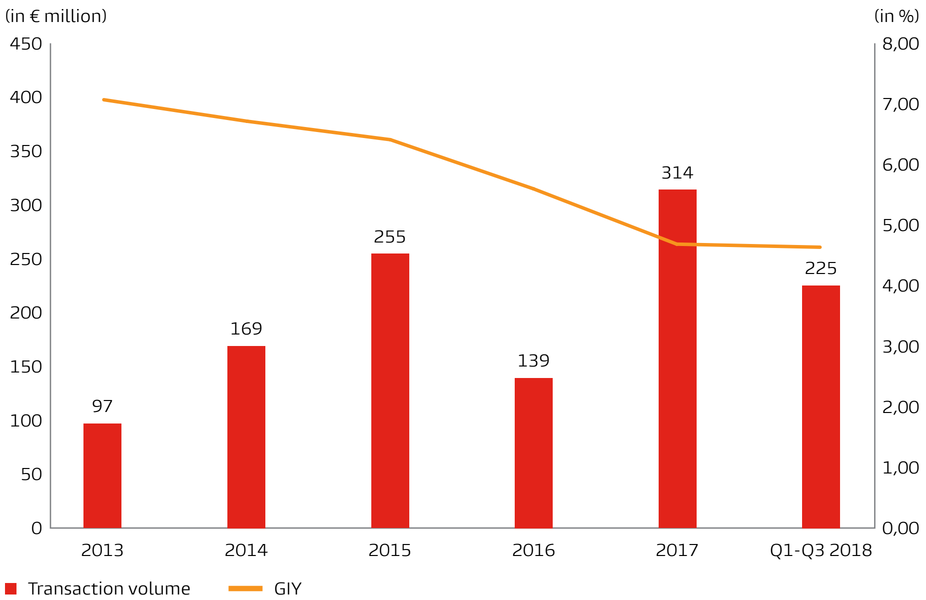


Take-Up by Size Category (in %)



Take-Up by Branch (in %)

Transaction Volume and Yield Development



Germany Industrial & Logistics Market Overview

Frankfurt

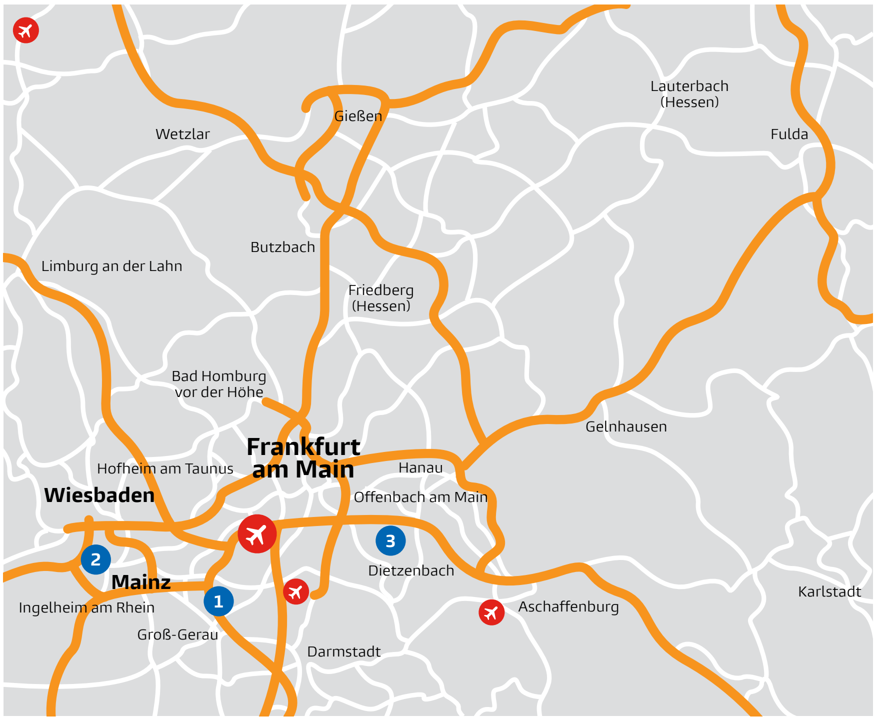
Market Overview

The Frankfurt industrial and logistics market is once again buoyant and generated a take-up of approximately 531,700 sq m by the first nine months of the year. Above all, large-volume deals by trading companies and logistics service providers ensured this satisfactory result. REWE rented around 32,500 sq m in the M-Port[3] in Kelsterbach and Toom Baumarkt GmbH around 30,000 sq m in the VGP Park Rodgau. This also includes the largest transaction to date, the rental of ID Logistics of approximately 38,500 sq m new developed logistics space in Hammersbach from the project developer Dietz AG. It is noteworthy that almost all major deals larger than 20,000 sq m are rental space and owner-occupiers are responsible for only 16% of total take-up.

New construction activity in the region is brisk despite an increasing shortage of land. Current new construction projects confirming the supply side are the construction of Nextpark GG Rhein Main and SEGRO Logistics Park Bischofsheim, of which the second construction phase (approximately 14,300 sq m) will be completed in summer 2019. Many large (partly) speculative project developments are increasingly approaching completion and are driving take-up forward, so that the five-year average can be surpassed again this year.

The prime rent for modern new logistics space remains at a constant level and ranks at €6.40/sq m, despite almost 70% of take-up is attributable to modern new buildings. This price level is achieved in the submarkets Frankfurt am Main and in the district of Groß-Gerau near the airport.

Submarkets

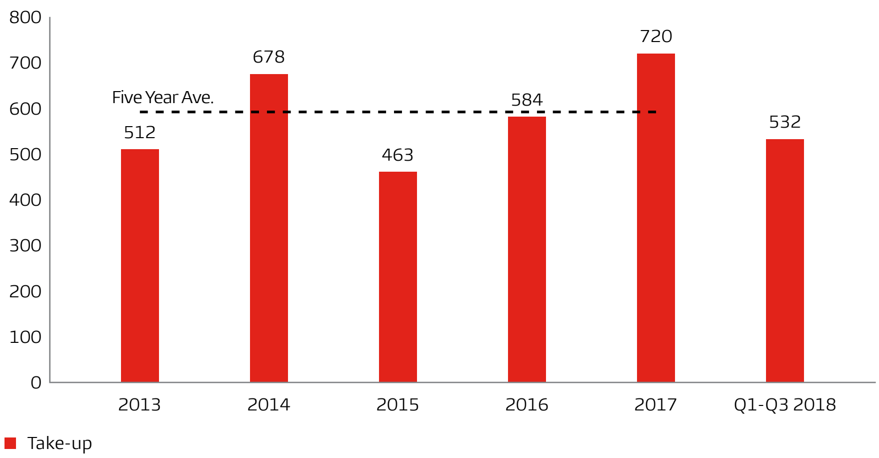


Top 3 Submarkets	Take-Up in sq m	%
1 District Groß-Gerau	174,300	33
2 Main-Kinzig District	99,400	19
3 Offenbach City and District	76,300	14

As in previous years the logistics region currently takes the top spot with € 309 million concerning the transaction volume. A variety of large-volume deals and a relatively high proportion of foreign investors underline the attractiveness of the region for national and international investors.

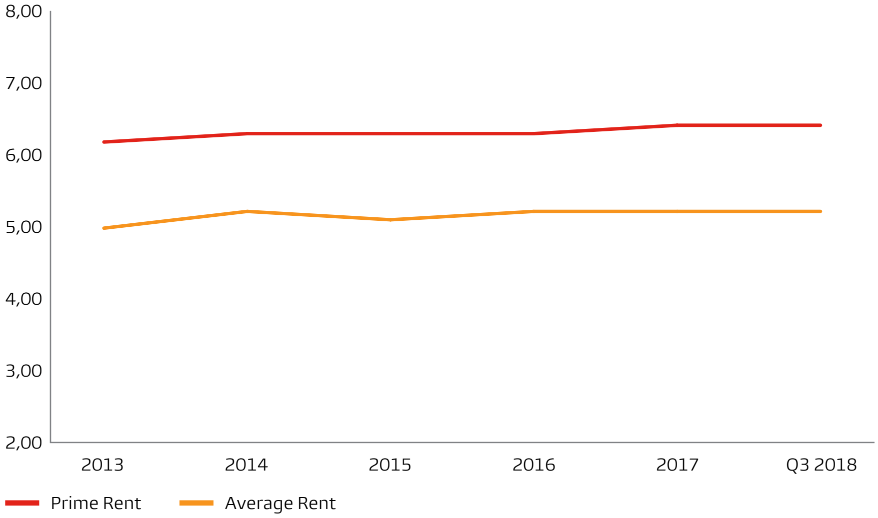
Take-Up

(in 1,000 sq m)

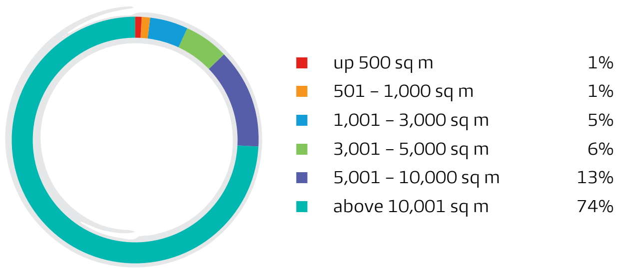


Rental Development

(in €/sq m per month)

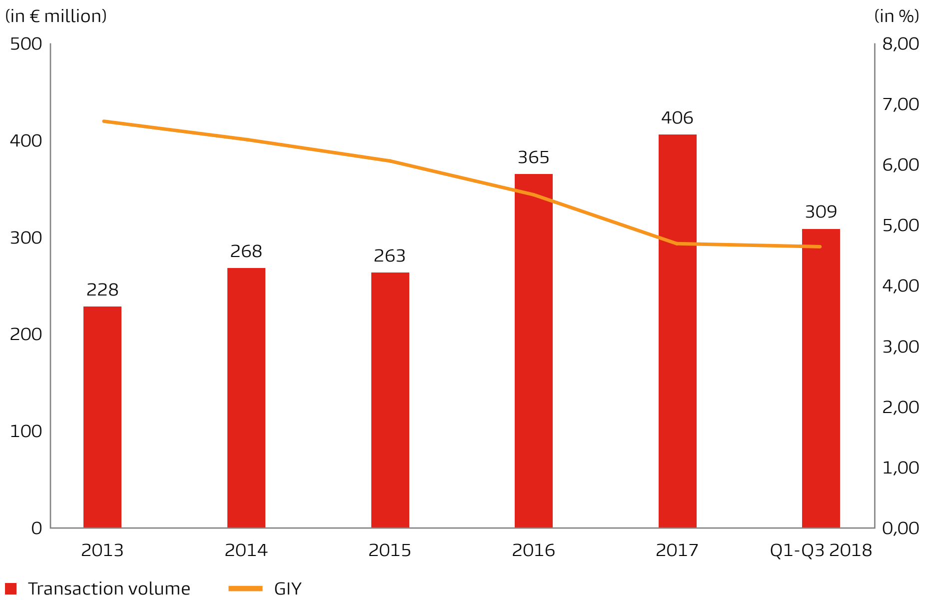


Take-Up by Size Category (in %)



Take-Up by Branch (in %)

Transaction Volume and Yield Development



Germany Industrial & Logistics Market Overview

Leipzig

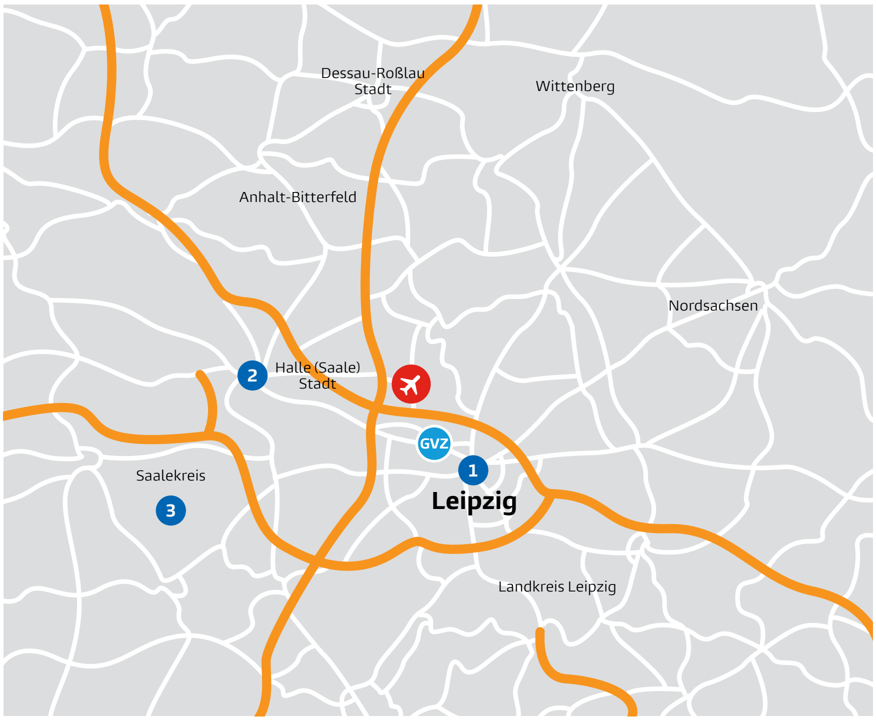
Market Overview

Leipzig is heading to an excellent annual result. In the first nine months of the year approximately 306,300 sq m of industrial and logistics space had already been let in the region, which corresponds to an increase of 252% compared to previous year. This was due in particular to the exceptionally low number of large contracts concluded in 2017. The result, which is already above the five-year average, was also achieved by a number of requests that could no longer be served in 2017. Due to the limited supply of existing space, the majority of requests are realised via project developments, with new buildings accounting for around 89% of take-up. Since many new buildings are constructed as built-to-suit for tenants and owner-occupiers, the demand for existing space has increased, leading to an increase in average rent to € 3.70/sq m (+6%).

In contrast to the previous year, the size category larger than 10,000 sq m dominates again, as in the long-term comparison. The construction of a 65,000 sq m logistics centre for the online retailer Home24 in Starpark Halle is a major contribution to this result. In general, there is strong demand for large areas close to the motorways and for inner-city locations, which are becoming increasingly scarce. As these areas are in short supply, investor activity is increasing in this sector.

However, project developments such as the mechanical delivery base for DHL (6,000 sq m) currently under construction in the industrial park Berliner Brücke in Leipzig's city area are becoming increasingly difficult to realize.

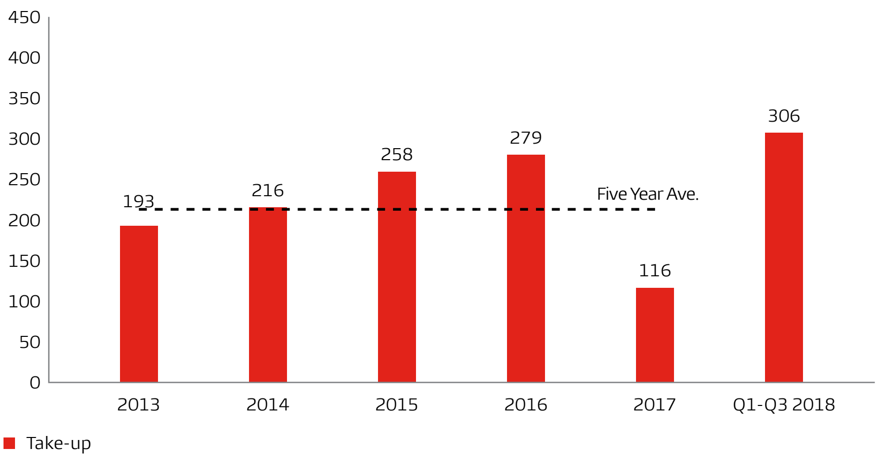
Submarkets



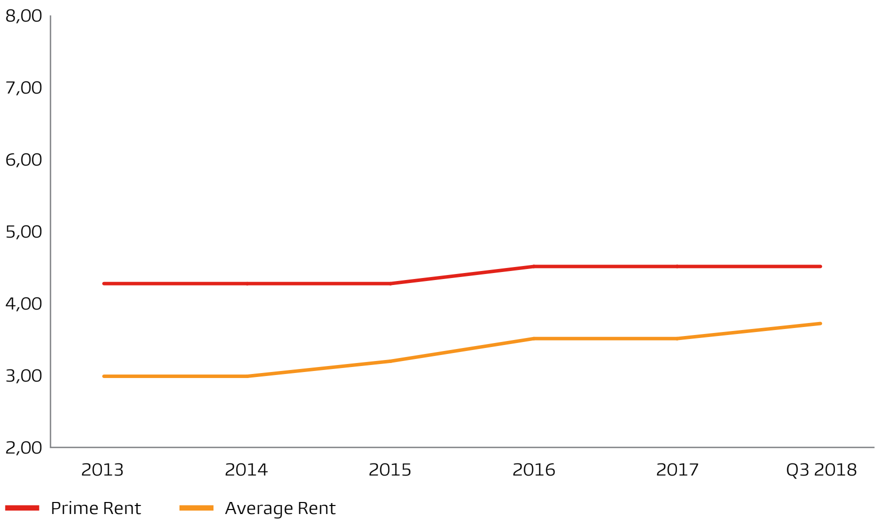
Top 3 Submarkets	Take-Up in sq m	%
1 Leipzig City	137,000	44
2 Halle (Saale) City	123,800	40
3 Saalekreis	37,200	12

Due to the good market situation and a comparatively high achievable yield of 5.50% the region is attracting more and more interest from national as well as international investors. With a transaction volume of € 31 million, the result of 2017 has already been surpassed.

Take-up
(in 1,000 sq m)



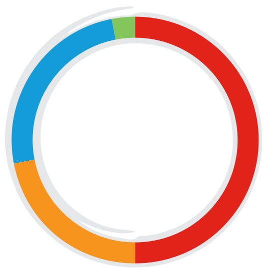
Rental Development
(in €/sq m per month)



Take-Up by Size Category (in %)

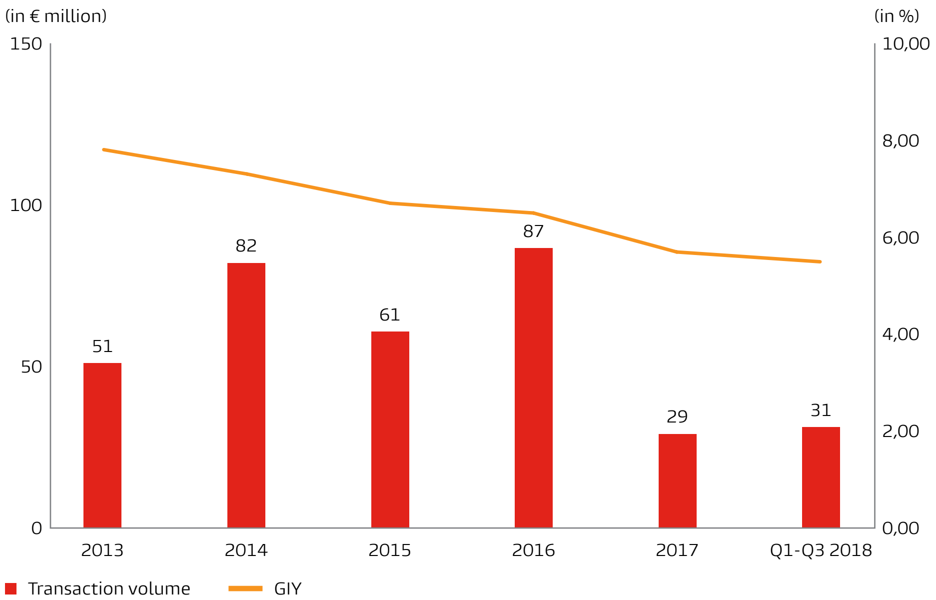
■	up 500 sq m	0%
■	501 – 1,000 sq m	0%
■	1,001 – 3,000 sq m	5%
■	3,001 – 5,000 sq m	3%
■	5,001 – 10,000 sq m	4%
■	above 10,001 sq m	88%

Take-Up by Branch (in %)



■	Logistics service providers	50%
■	Production & manufacturing companies	22%
■	Trading companies	25%
■	Others	3%

Transaction Volume and Yield Development



Germany Industrial & Logistics Market Overview

Munich

Market Overview

In the first nine months of the year, the Munich industrial and logistics real estate market generated a total take-up of around 148,600 sq m, which corresponds to a decline of 11% compared to the previous year. With a current vacancy rate of approximately 2%, the Munich market for industrial and logistics properties is at near full occupancy. The supply bottleneck leads to the fact that the majority of lettings are concluded in the periphery of Munich. Especially the northern periphery is in high demand.

As the market is mainly lacking new project developments, demand will continue to be covered by existing space. As a result, rental prices for existing space could continue to rise, unless further project developments provide for replenishment. The imbalance between demand and supply is also reflected in the fact that existing spaces with expiring leases often are re-let before they have even been available on the market.

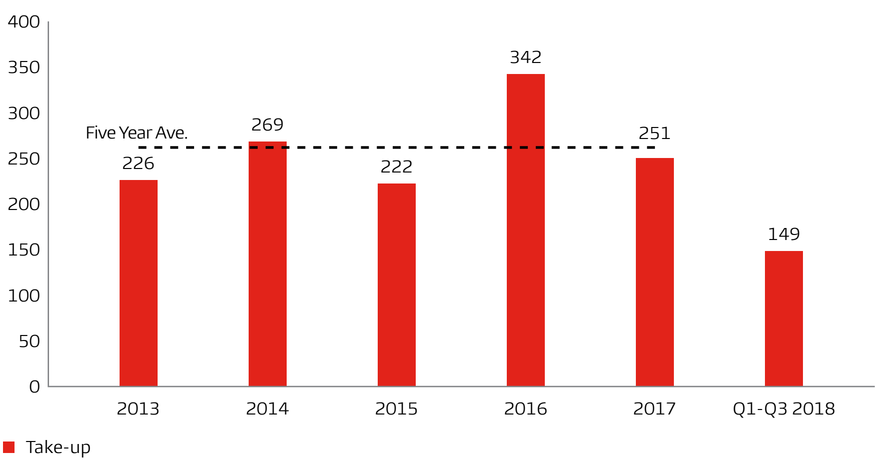
It is difficult for project developers to secure land in the Munich area. The skepticism of municipalities with regard to logistics settlements is high due to the expected increase in traffic and noise, which is why business parks and light industrial properties are enjoying increasing popularity. Thus, VIB Vermögen, a project developer and real estate investor active throughout Germany, recently announced that they would not be implementing its planned 100,000 sq m logistics center in Erding. Instead, an industrial and technology park is to be built on the project site. For modern light industrial spaces within Munich's city limits, rental prices of up to € 14/sq m are now called for.

Submarkets

Top 3 Submarkets	Take-Up in sq m	%
1 Periphery North-East	70,200	47
2 Periphery North-West	38,500	26
3 Periphery South-West	11,000	7

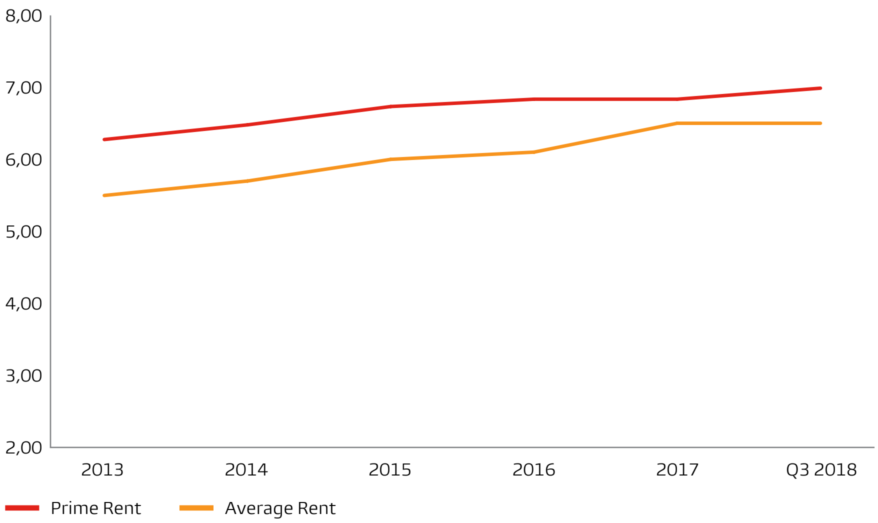
The lack of supply of assets led to a 39% decline in transaction volume to € 120 million in the first three quarters of the year. The increased product shortage encourages investors to invest in riskier properties. Smaller warehouse and logistics properties, particularly in city locations, are attracting investor interest due to the increasing importance of city logistics and amenities.

Take-Up
(in 1,000 sq m)

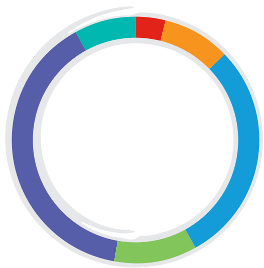


Rental Development

(in €/sq m per month)

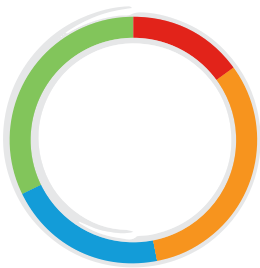


Take-Up by Size Category (in %)



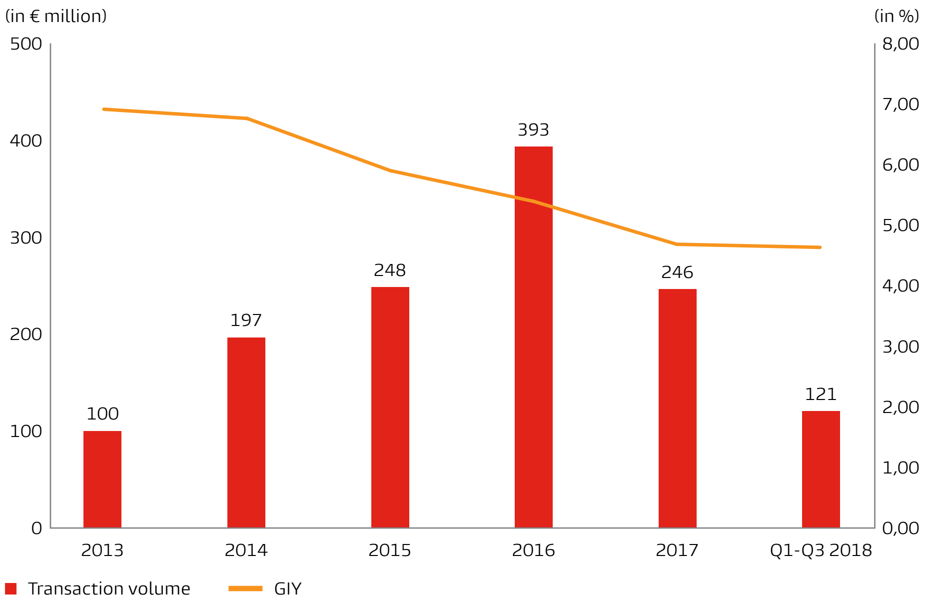
■	up 500 sq m	4%
■	501 – 1,000 sq m	9%
■	1,001 – 3,000 sq m	29%
■	3,001 – 5,000 sq m	11%
■	5,001 – 10,000 sq m	39%
■	above 10,001 sq m	8%

Take-Up by Branch (in %)



■	Logistics service providers	15%
■	Production & manufacturing companies	32%
■	Trading companies	21%
■	Others	32%

Transaction Volume and Yield Development



Germany Industrial & Logistics Market Overview

Stuttgart

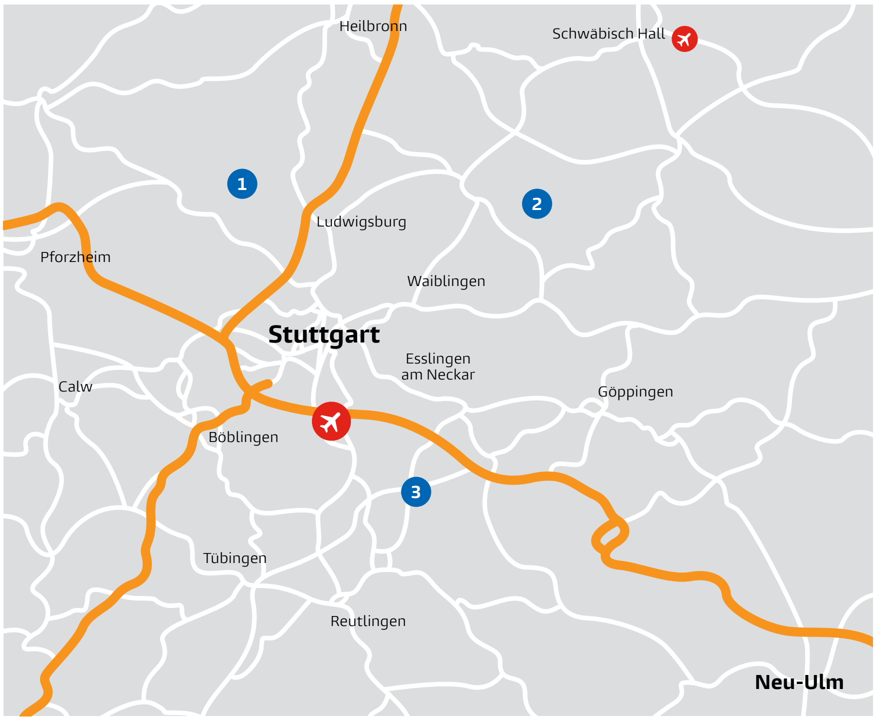
Market Overview

Curtailed by the lack of available rental space and development sites in the Stuttgart region, take-up in the first three quarter of 2018 totalled around 201,700 sq m and was 22% down on the previous year. The situation is different for pure letting turnover (excluding owner-occupiers). Owner-occupiers are so far under-represented compared to last year (decrease of 22%). They contributed only 14% to take-up, so that the bulk was achieved through rentals. Due to the shortage of space in the Stuttgart district, settlements in the neighbouring regions and B-locations of Baden-Württemberg continue to increase.

Large deals with more than 10,000 sq m account for approximately 62% of take-up. The construction of a new research and development center with approximately 40,000 sq m for Daimler in Waiblingen is making a major contribution to the result. Furthermore, the leasing of Schneider Logistik with over 20,000 sq m in Geislingen an der Steige was one of the most significant lease agreements to date. In addition, the industrial park Frickenhausen is now fully rented due to the rental of approximately 13,200 sq m by Schmalz+Schön Logistics. In addition to logistics service providers, the production and manufacturing sector continued to account for the majority of take-up, generating more than half of total take-up. Thus, a new logistics centre with a total area of over 11,000 sq m is currently being built for Porsche in Freiberg (LK Ludwigsburg).

The shortage of land and rising land and construction prices in the region are making settlement increasingly difficult. As a result, it can be assumed that rents in the region could continue to rise.

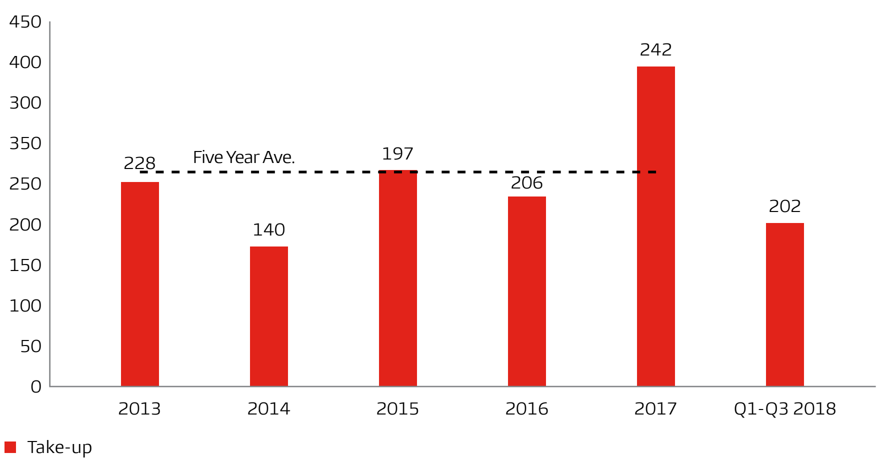
Submarkets



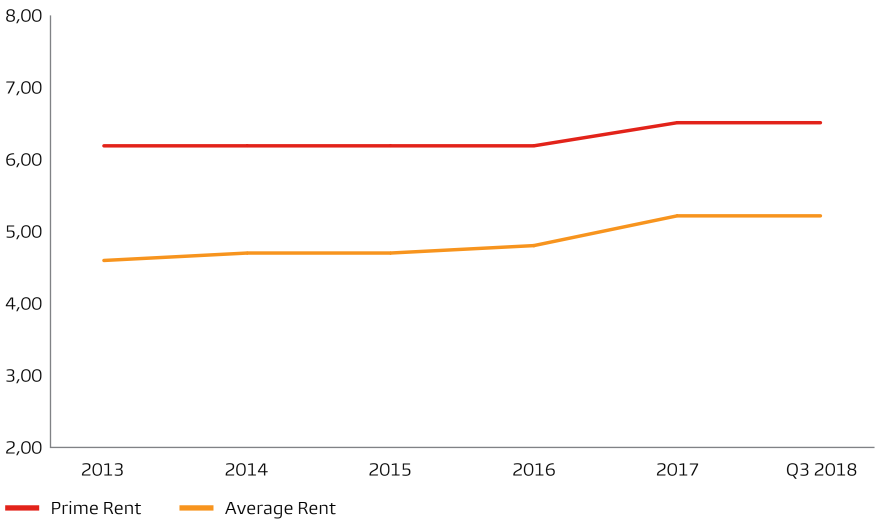
Top 3 Submarkets	Space in sq m	%
1 Ludwigsburg	62,300	31
2 Rems-Murr-Kreis	57,800	29
3 Esslingen	30,200	15

The Stuttgart logistics and industrial market with a transaction volume of € 200 million (+ 58% compared to previous year) is currently very popular with investors. Demand for industrial assets in particular increased. Light-industrial objects and industrial parks accounted for around three-quarters of transaction volume at the end of Q3.

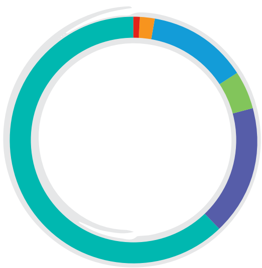
Take-Up
(in 1,000 sq m)



Rental Development
(in €/sq m per month)

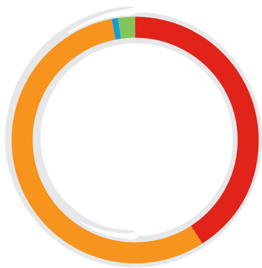


Take-Up by Size Category (in %)



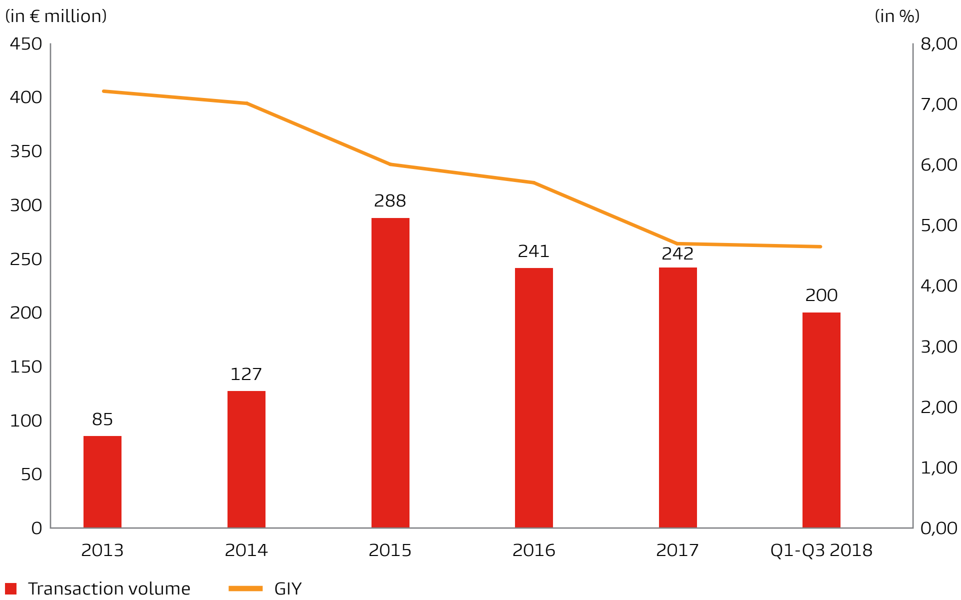
■	up 500 sq m	1%
■	501 – 1,000 sq m	2%
■	1,001 – 3,000 sq m	13%
■	3,001 – 5,000 sq m	5%
■	5,001 – 10,000 sq m	17%
■	above 10,001 sq m	62%

Take-Up by Branch (in %)



■	Logistics service providers	41%
■	Production & manufacturing companies	56%
■	Trading companies	1%
■	Others	2%

Transaction Volume and Yield Development



The Netherlands Industrial & Logistics Market Overview

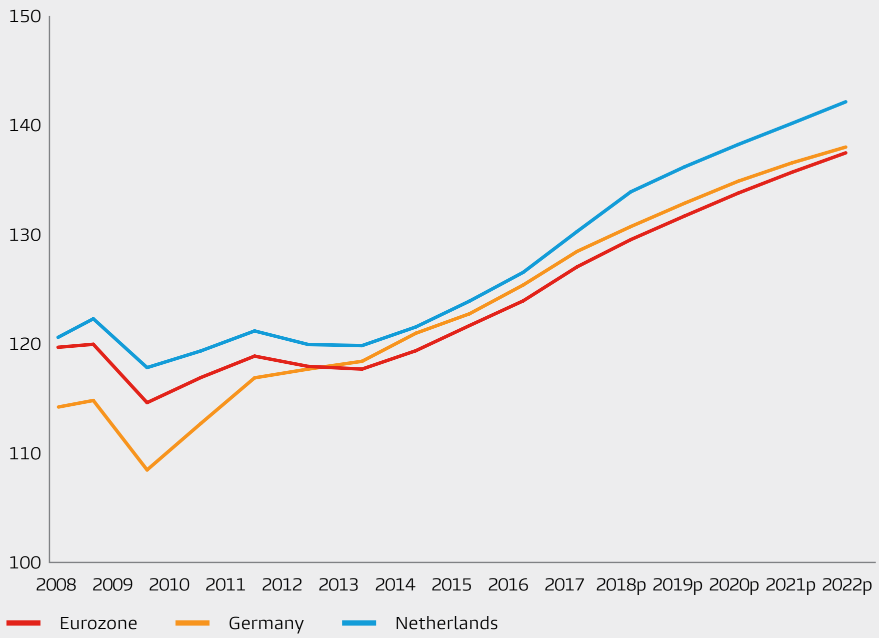
Economy and Outlook

The Netherlands has a solid economic foundation. The economy is showing strong growth figures, also in relation to other European countries. As a result the unemployment rate has shown a sharp decline in recent years. This has a positive effect on consumer confidence and also ensures improved purchasing power for consumers. This is reflected, among other things, in the increased demand for residential and increased consumer spending in the retail market. In the coming period, wages are expected to increase further, mostly due to the scarce availability of potential employees.

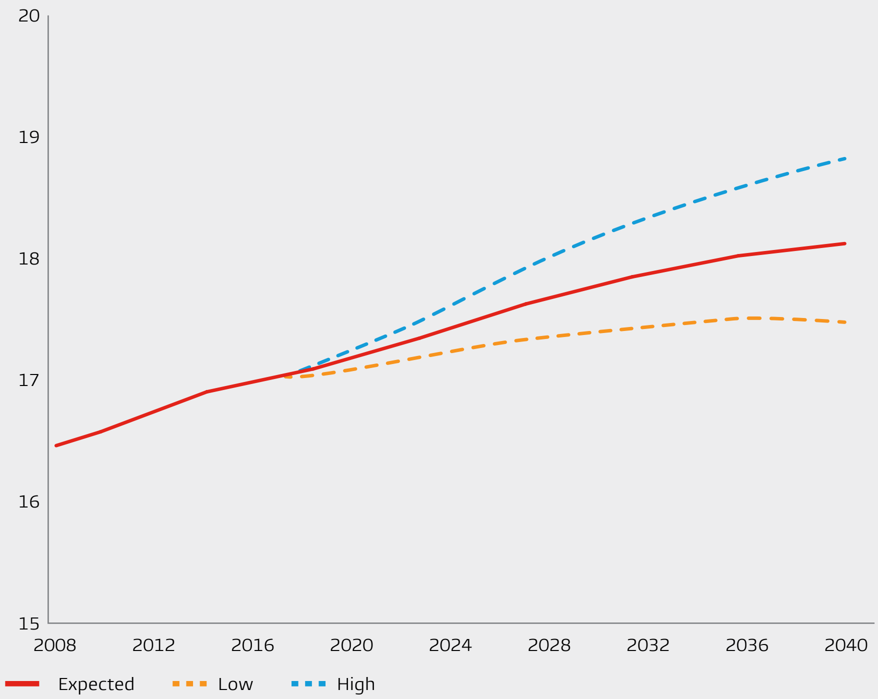
Also, producer confidence is very optimistic. The positive development of the economy is driving company growth and an increasing need for expansion. The number of relocations on the real estate market will increase. The scarcity is increasing in fast-growing land areas. Therefore, providing sufficient high-quality space for companies in the near future is of great importance. Currently, some uncertainty exists regarding the trade restrictions imposed by the United States of America. Until now, the real estate market did not show any reaction to these restrictions.

The ECB's current policy is an important contribution to the investment climate in the Dutch real estate market. The low bond yields stimulate investors to allocate a larger share of their investments to the real estate market. A change in these low bond rates can change this allocation. Despite reducing the buyout policy by half and the intention to terminate the program in 2019, the increase in bond yields remains limited. As a result, no change in the investment allocation is expected. For 2018, the expectation is that investment volumes will remain high. The spread between the bond yield and the GIY on the Dutch real estate market is still large, therefore a further decline in the initial yield can be expected.

GDP Growth
(Index 1999 = 100)



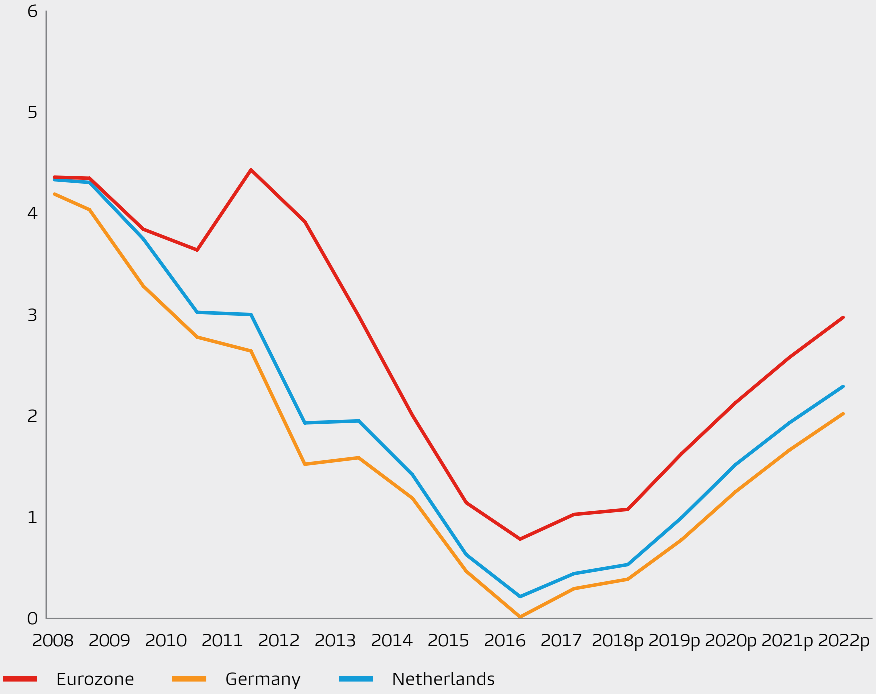
Population Growth
in millions



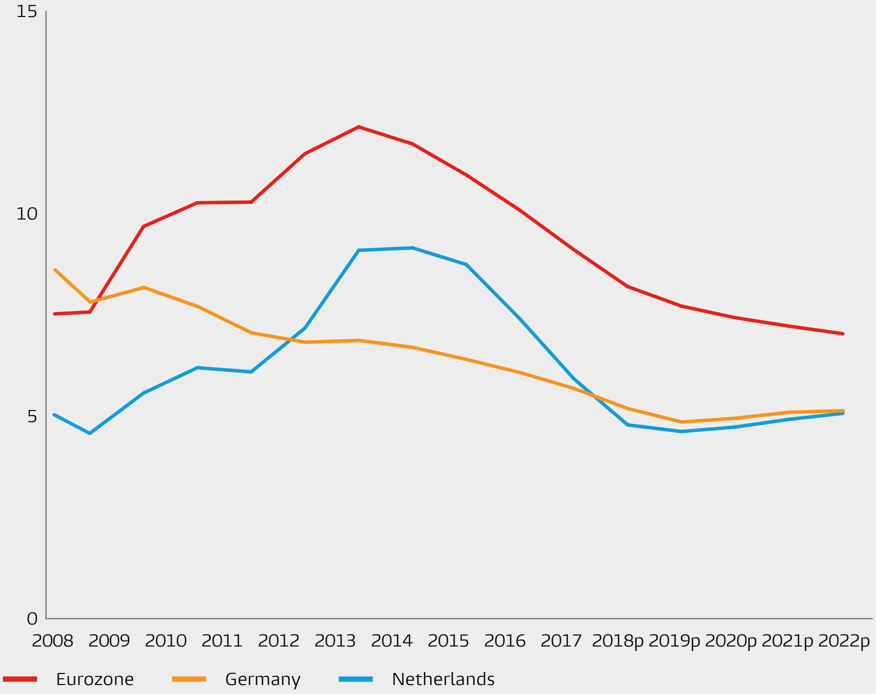
Consumer Price Inflation Rate (Annual Average)

The Netherlands Industrial & Logistics Market Overview

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



Unemployment Rate (% of Workforce)



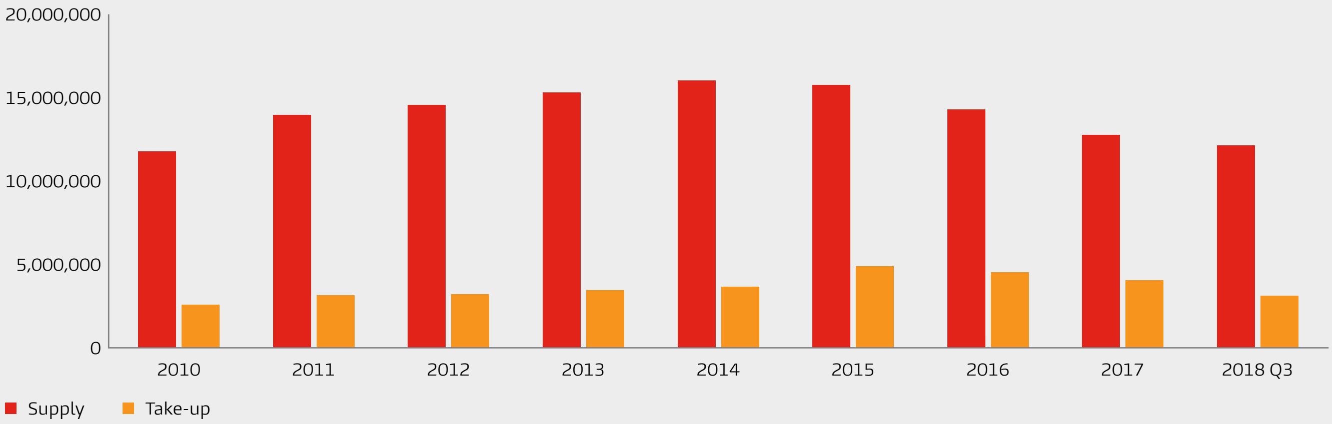
National Industrial Market Overview

Occupational Market

The supply of industrial and logistics real estate has declined further. The demand for high-quality real estate remains high, but the number of available spaces and development locations is becoming more limited. The take-up volume of the first three quarters of 2018 has exceeded the volume of the first three quarters of 2017. In the south of the Netherlands more large distribution centers are being developed, mainly because of a lower land price and the east-west transport corridor from the Port of Rotterdam and Germany, Poland and other markets. In addition, development in this region is cheaper, given the fact that there is no or hardly any need for driving piles for the foundations. In the industrial market, there is a growing demand for smaller industrial units, partly because of a growing construction sector and an increasing number of independent entrepreneurs in this sector. At primary logistics hotspots such as Tilburg and Venlo, municipalities are increasingly allocating plots user-based. In the case of secondary hotspots, it is still possible to built at speculative basis, although the availability is limited. Municipalities increasingly consider issuing new plots due to pressure on the market. This is for example the case in Tiel, Zaltbommel, Haarlemmermeer (Schiphol) and Bleiswijk.

National Take-up and Supply, 2010 - Q3 2018

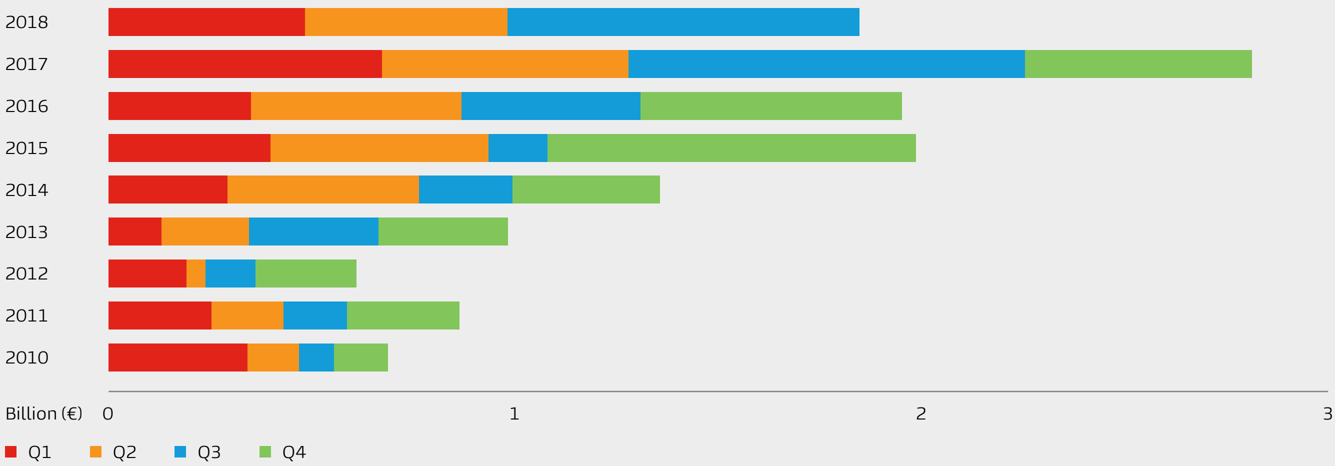
(sq m)



Investment Market

The Netherlands has an attractive market for investors due to the stable political climate, good infrastructure and favorable tax legislation. In addition, the location that guarantees trade flows for the whole of Europe remains essential. Despite the fact that the investment volume of mid-2018 in logistics and industrial real estate is still lagging behind the volume of last year, there is a lot of activity in the investment market. There is a lot of interest in investing in new construction. Building Research Establishment Environmental Assessment Method-certified logistics real estate with a good connection to a multimodal network is particularly popular among investors. The demand is no longer centered within the logistics hotspots, but is expanding across the Netherlands. Initial yields at the logistics hotspots have once again been sharpened. In Venlo-Venray and Tilburg-Waalwijk, the initial yields reached a historical level of 4.5% for prime real estate.

National Transaction Volumes, 2010 - Q3 2018



The Netherlands Industrial & Logistics Market Overview

	Q2 2018	Q3 2018	EXPECTATIONS (upcoming 6 months)
Amsterdam			
GIY (in %)	5,20% – 5,40%	5,00% – 5,20%	→
PRIME RENT €/ sq m per annum	€ 70	€ 75	↗
Schiphol Region			
GIY (in %)	4,70% – 5,00%	4,70% – 5,00%	→
PRIME RENT €/ sq m per annum	€ 80	€ 80	↗
Utrecht-Nieuwegein			
GIY (in %)	5,00% – 5,30%	5,00% – 5,30%	↘
PRIME RENT €/ sq m per annum	€ 65	€ 65	→
Rotterdam			
GIY (in %)	5.00% – 5.30%	4,70% – 5,00%	→
PRIME RENT €/ sq m per annum	€ 70	€ 70	↗
Moerduk			
GIY (in %)	4,70% – 5,00%	4,70% – 5,00%	→
PRIME RENT €/ sq m per annum	€ 45	€ 47,50	↗
Nijmegen-Geldermalsen-Tiel			
GIY (in %)	5,00% – 5,30%	5,00% – 5,30%	↘
PRIME RENT €/ sq m per annum	€ 45	€ 47,50	↗
Breda-Roosendaal-Bergen Op Zoom			
GIY (in %)	4,90% – 5,10%	4,90% – 5,10%	→
PRIME RENT €/ sq m per annum	€ 50	€ 50	↗
Tilburg-Waalwuk			
GIY (in %)	4.70% – 5.00%	4,50% – 4,80%	→
PRIME RENT €/ sq m per annum	€ 50	€ 50	↗
Eindhoven			
GIY (in %)	5.00% – 5.30%	5.00% – 5.30%	↘
PRIME RENT €/ sq m per annum	€ 55	€ 55	↗
Venlo-Venray			
GIY (in %)	4.70% – 5.00%	4,50% – 4,80%	↘
PRIME RENT €/ sq m per annum	€ 50	€ 50	↗
’s-Heerenberg			
GIY (in %)	5,00% – 5,30%	5,00% – 5,30%	↘
PRIME RENT €/ sq m per annum	€ 45	€ 45	↗

The Netherlands

Outlook

In the short term, we expect demand for industrial and logistics real estate to remain high and rental rates to rise further. For the near future (2-5 years), we expect the economy to grow, continuously driving demand for both industrial and logistics real estate. The increase of e-commerce will result in both new large scale e-fulfillment centers and smaller city hubs for the last-mile city distribution. In addition, growing industrial companies together with transformation of existing business parks into housing in the large cities, results in (replacement) demand in the years to come. More new developments will be demand-based and focus will be more on how to optimize logistical processes.

In all major cities, pressure on available city distribution centers is mounting. The availability of industrial space in the neighbourhood of a city is vital for maintaining a good, affordable and sustainable city distribution structure. Small logistical hubs around the different city districts could enable a proper supply for each city district.

Investors have a greater focus on developments in the labor market in the surrounding of logistics hotspots, given the major impact the availability of potential employees has on the functioning of logistics centers. The labor potential is becoming more limited at various locations. This asks for more creativity of logistical suppliers in the competition for personnel. Being able to provide a modern and healthy working environment and a well-accessible location prove to be crucial. It furthermore motivates end-users to invest in automation.

The Netherlands Industrial & Logistics Market Overview

Venlo

Market Overview

The municipality of Venlo has approximately 100,900 inhabitants and is the second city of the province of Limburg in terms of number of inhabitants. Venlo is the largest city in the northern part of the province of Limburg, located near the German border. The city also has a prominent role with regard to Germans living and working in the border region. Venlo is accessed by car via motorway A67 (Venlo-Antwerpen) and motorway A73 (Nijmegen-Roermond). Venlo is located at approximately 40 minutes driving from the city of Eindhoven and the German city of Düsseldorf. Düsseldorf Airport is located at approximately 40 minutes driving.

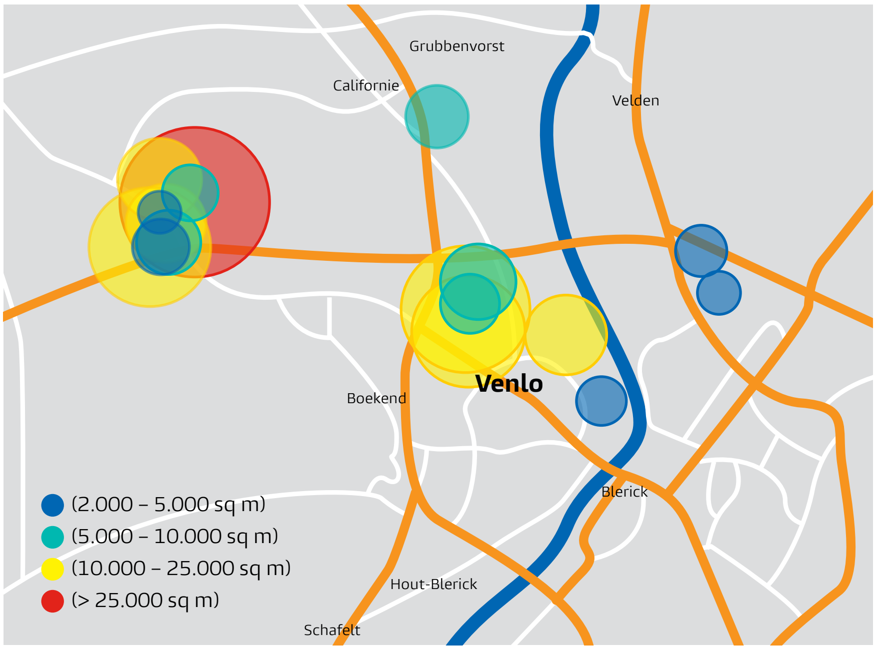
Venlo and its surroundings is one of the most important logistics hotspots in The Netherlands. The Venlo region is highly accessible and has various transport options, in order to offer a vast array of transport solutions to the main ports and the hinterland for established companies and newcomers. The current logistics stock in Venlo is 1.4 million sq m and is 5% of the total logistics space in the Netherlands. In Venlo, a relatively large number of international fashion and e-commerce logistics service providers are located, due to its favorable location in relation to both the German and Belgian markets.

It is relatively difficult for project developers to secure land in the Venlo area. The developer needs to have a contract with an occupier in order to acquire the land. This leaves almost no room for speculative developments. Many new logistics buildings are constructed at Trade Port West and Trade Poort Noord. Trade Port Noord is a strategic prime location for companies founded on excellent establishment criteria. The area encompasses 400 hectares and offers the space for large-scale business activities for companies in the logistics, agri-food and manufacturing industry. Plots up to approximately 30 hectares are available on the business park that can be flexibly utilized.

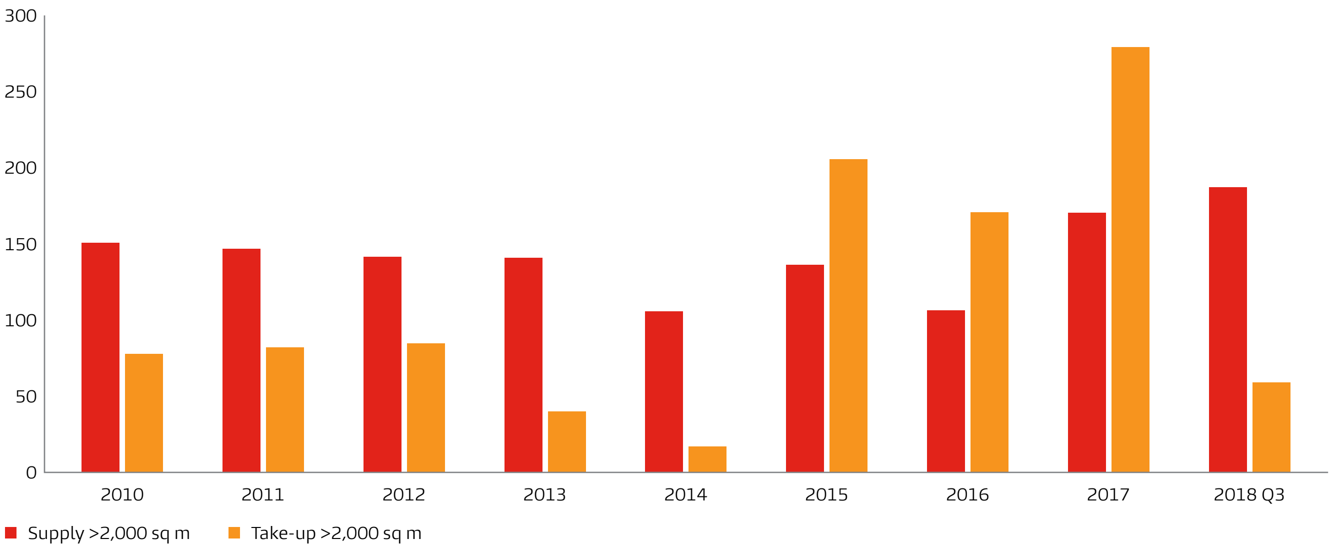
The popularity of Venlo, both on the occupational and investor side, has increased over the last years. Last year was a record year, with almost 280.000 m² take-up and more than €250 million investments. Despite relatively low take-up numbers in the first three quarters of 2018, the investment level already surpassed the 2017 level. As a result of high investor interest, yields are declining below 5%.

Industrial & Logistics sites – Venlo

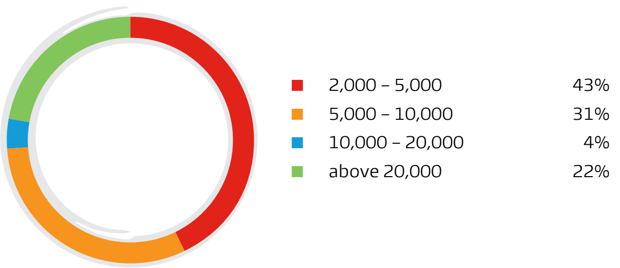
Current Supply – Venlo



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

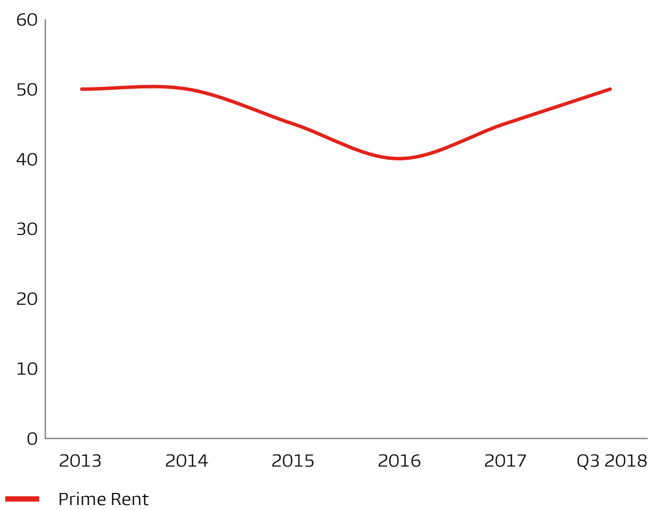


Take-Up by Size Category (in %)

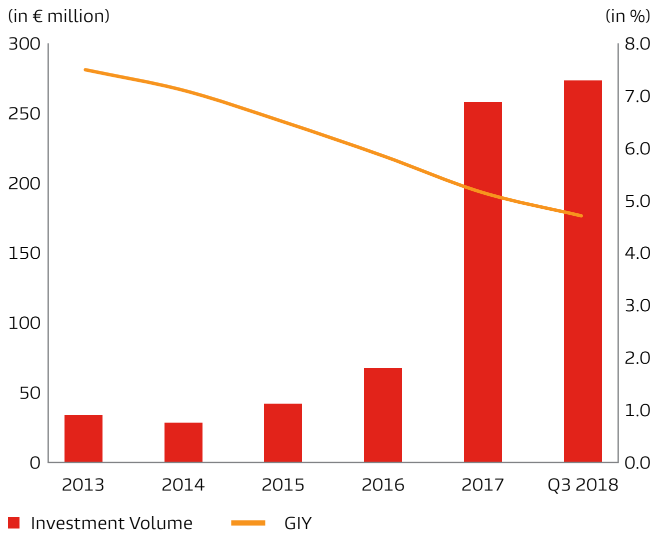


Take-Up by Branch (in %)

Rental Development
(in €/sq m)



Transaction Volume and Yield Development



The Netherlands Industrial & Logistics Market Overview

Tilburg

Market Overview

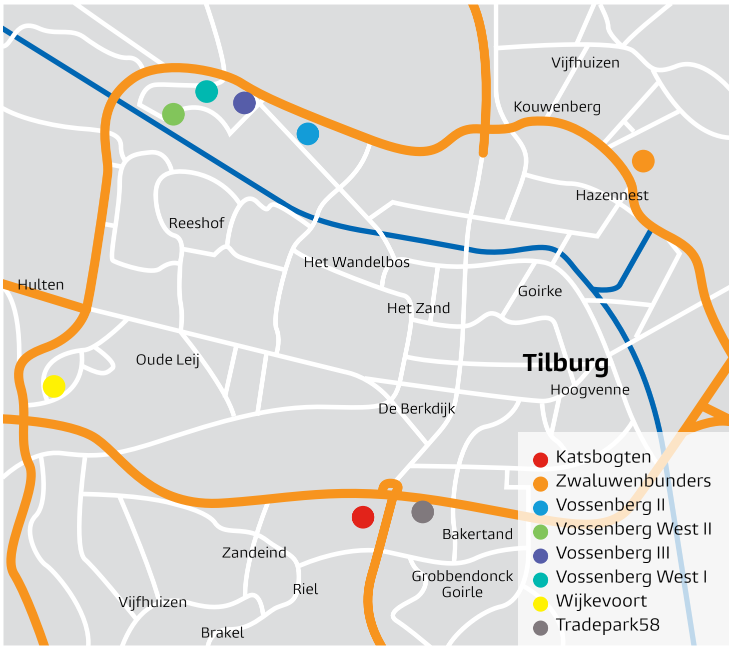
In the first nine months of the year, the Tilburg industrial and logistics real estate market generated a total take-up (transactions over 2,000 sq m) of around 154,800 sq m. This corresponds to the take-up trend in the previous years. There's an ongoing demand for logistics space in the Tilburg region.

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

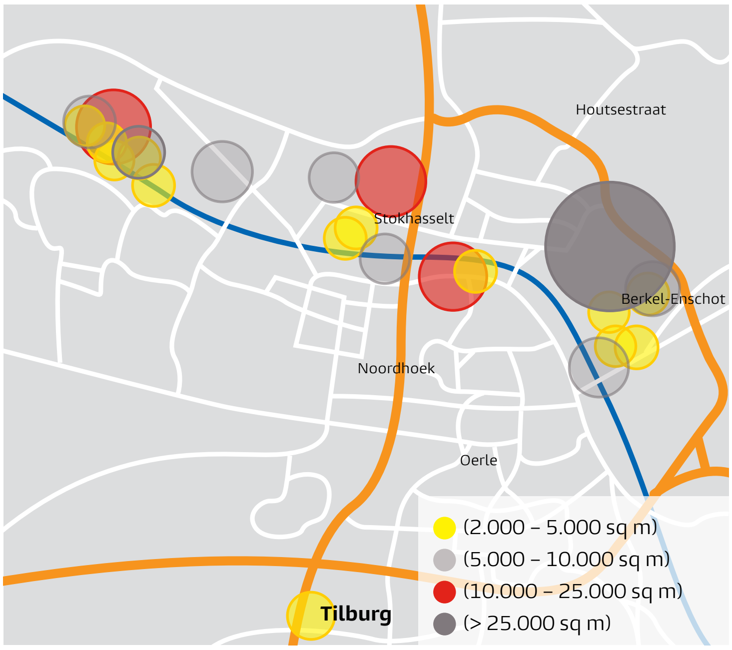
As a top logistics region in The Netherlands and Europe there's a great demand for (very) large plots in the Tilburg region, while the supply is getting limited. There are expansion sites planned on the edge of the municipality like Zwaluwenbunders and Wijkevoort. Also more and more logistics-related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

Logistics & Industrial take-up numbers have been strong since 2014. The average take-up over de last 4 years is 245.000 sq m, which is very high. The Tilburg region is also of high interest among logistics real estate investors. Last year, a volume of € 351 million was recorded. We notice the same yield developments in Tilburg as in Venlo, with prime yields recorded under the 5% level.

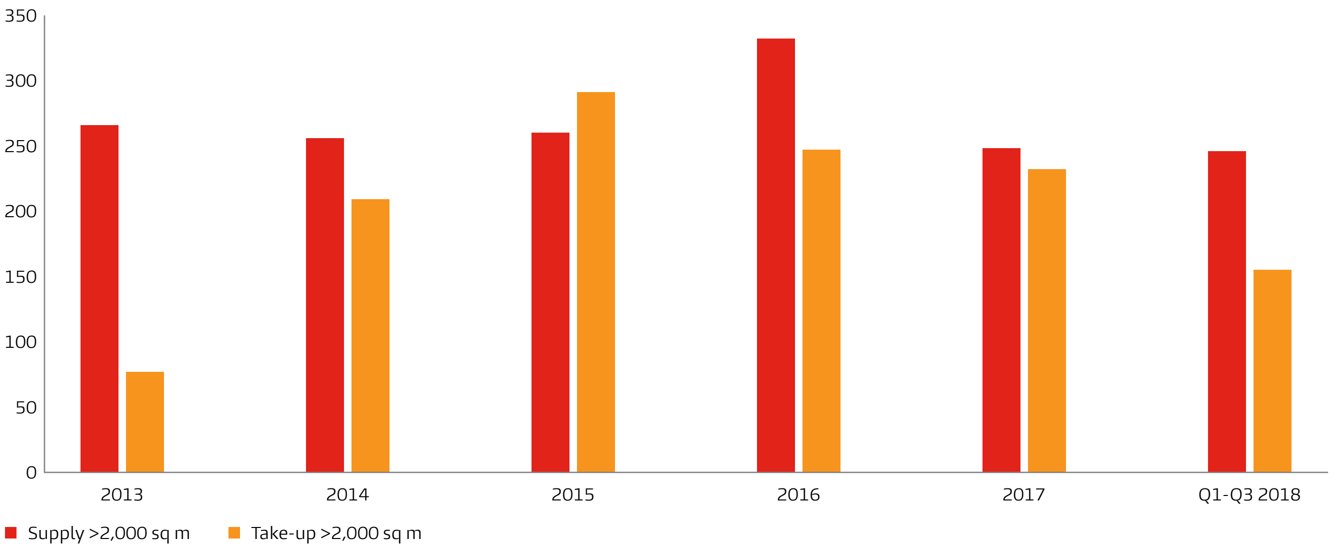
Industrial & Logistics sites – Tilburg



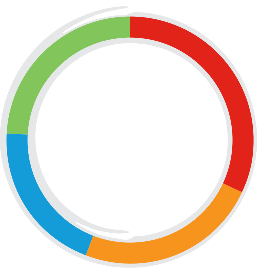
Current Supply – Tilburg



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

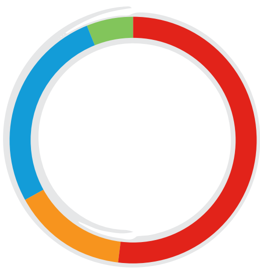


Take-Up by Size Category (in %)



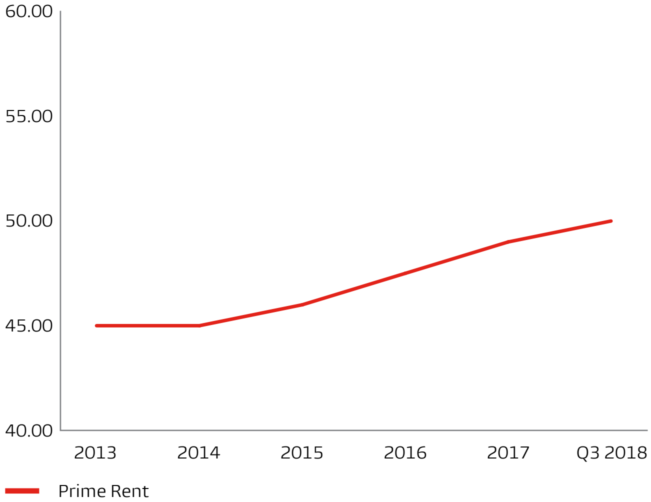
2,000 – 5,000	32%
5,000 – 10,000	24%
10,000 – 20,000	20%
above 20,000	24%

Take-Up by Branch (in %)

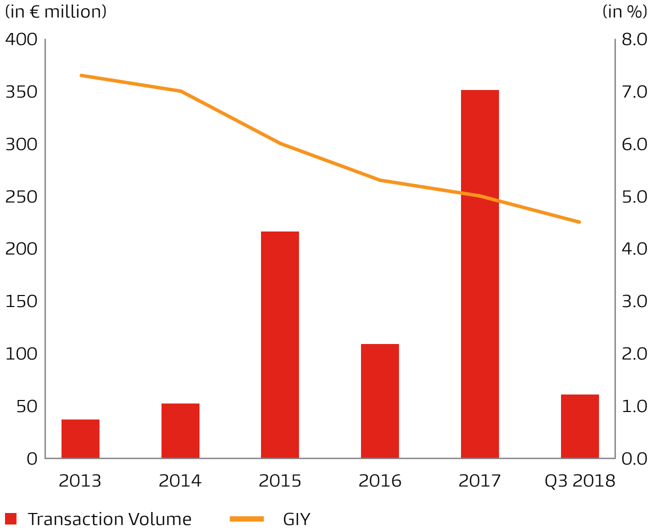


Logistics service providers	52%
Production & manufacturing companies	15%
Trading companies	27%
Others	6%

Rental Development
(in €/sq m year)



Transaction Volume and Yield Development



's-Heerenberg

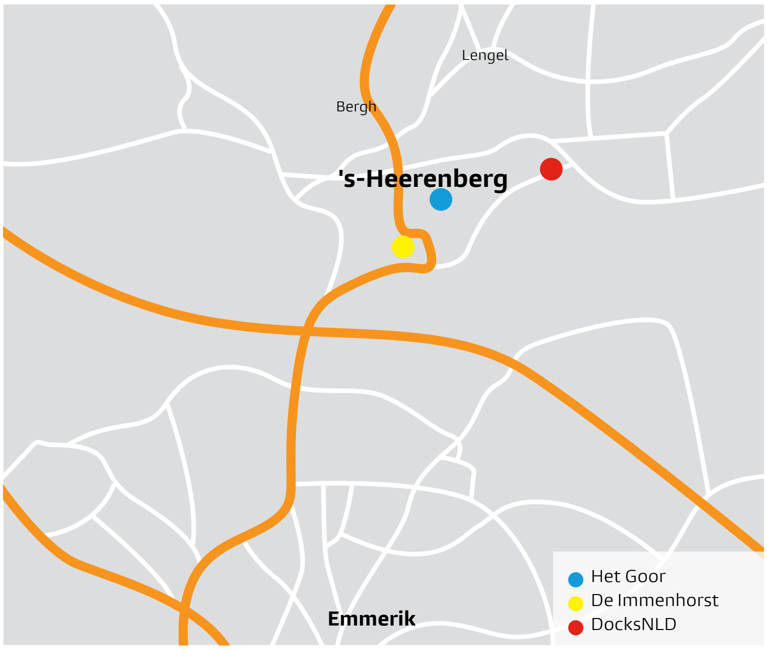
Market Overview

In the first nine months of the year, the Montferland (municipality where 's-Heerenberg is part of) industrial and logistics real estate market generated a take-up (transactions over 2,000 sq m) of around 31,500 sq m. This corresponds to an increase of 40% compared to the previous year in total. In the past years demand for logistics space in 's-Heerenberg is growing.

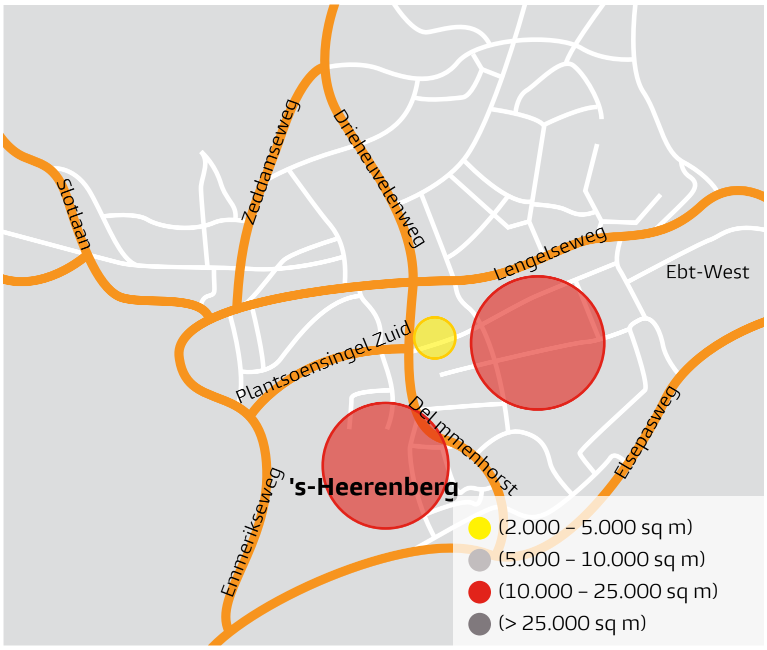
The most important business park of the municipality is The DocksNLD business park. This is a modern supra-regional business park with various park management facilities, intended for industrial, logistics and wholesale companies. 's-Heerenberg is accessible trimodally and attracts many logistics-related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

The municipality is negotiating with other stakeholders for an expansion of DocksNLD. Fear of creating oversupply in the region is one of the counter-arguments. However, the existing supply level of industrial & logistics real estate has declined and there's a growing demand for modern business space. Besides, logistics companies are looking for the best accessed well-facilitated locations in the region. Therefore they will rather choose a location where there is already more logistics activity like 's-Heerenberg.

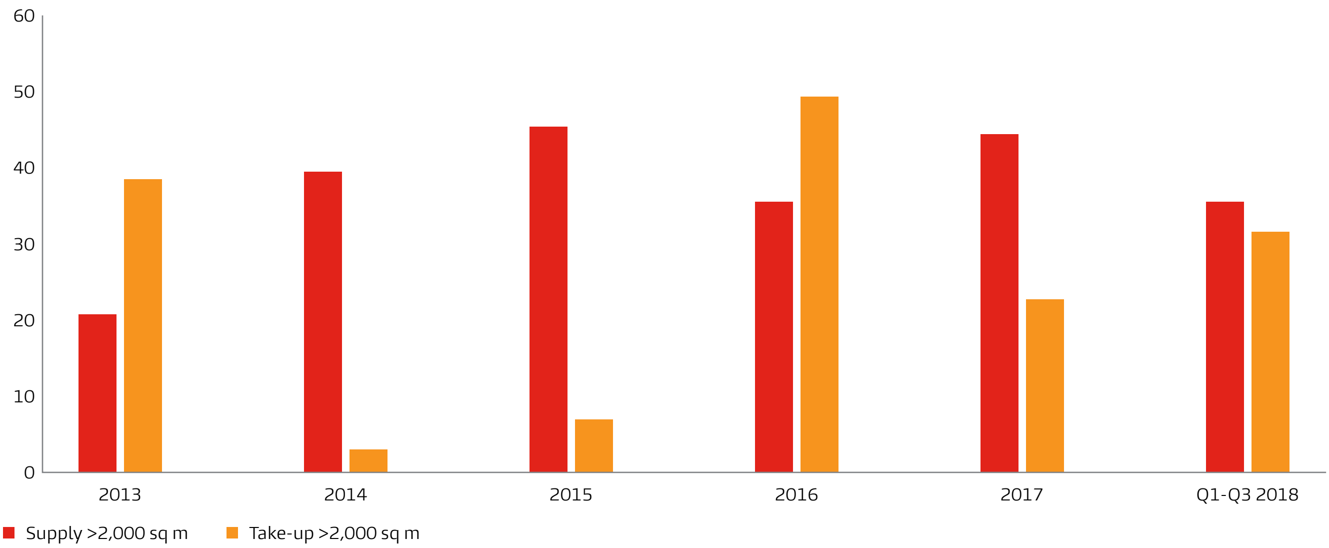
Industrial & Logistics sites – 's-Heerenberg



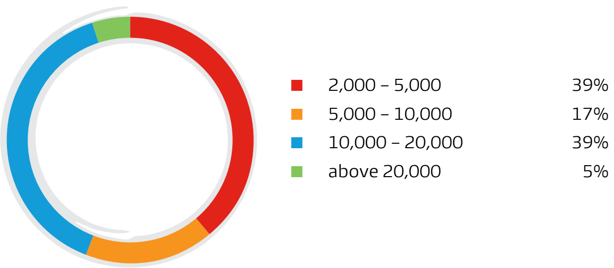
Current Supply – 's-Heerenberg



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

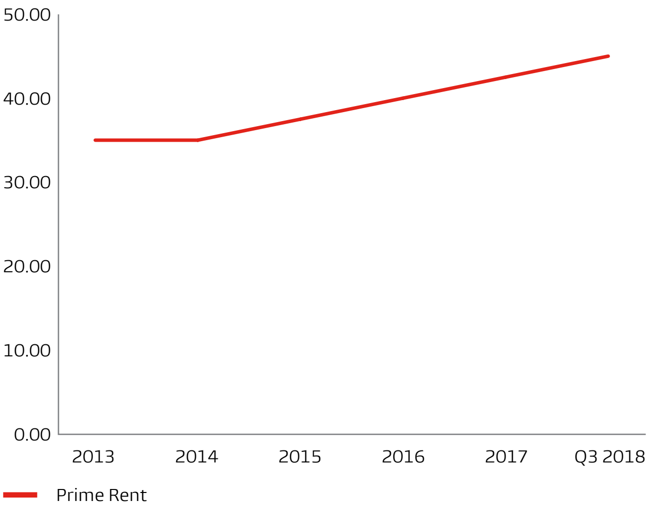


Take-Up by Size Category (in %)

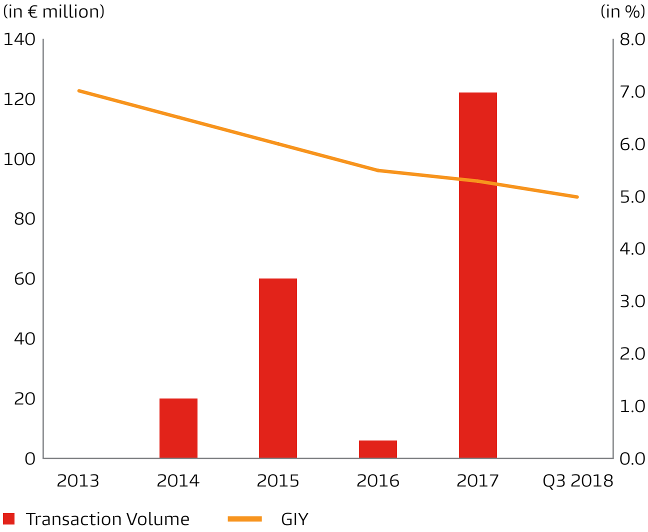


Take-Up by Branch (in %)

Rental Development
(in €/sq m year)



Transaction Volume and Yield Development

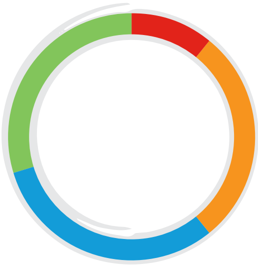


Operational Review

Portfolio Land Tenure by Value

Freehold	70.1%
>80-year leasehold	21.6%
Other leasehold	8.3%

Portfolio Age by GLA



<2 years	10.9%
2 – 5 years	28.4%
5 – 10 years	31.1%
>10 years	29.6%

Portfolio Highlights

As at 30 September 2018

Number of Properties
82
Y-O-Y Change (+21)

Gross Lettable Area (GLA)
1,947,393 sq m
Y-O-Y Change (up 48.6%)

Portfolio Value
A$3.0 billion

Occupancy Rate
99.6%
Y-O-Y Change (up 0.2%)

WALE
6.87 years
Y-O-Y Change (up 0.12 years)

Modern Portfolio (Portfolio Age)
7.5 years

Top 10 tenants concentration
32.2%
Y-O-Y Change (down 9.9%)

Overview

On 20 June 2016, FLT listed on the SGX-ST with an initial portfolio of 51 logistics and industrial properties. Since then, the Manager has grown FLT's portfolio significantly both in terms of size and geographical presence. During FLT's first twelve months of public ownership, the Manager added ten prime properties on the eastern seaboard of Australia to the REIT's portfolio. Subsequently in May 2018, FLT entered into the attractive German and Dutch logistics and industrial markets via a portfolio acquisition of 21 prime properties from its Sponsor. During the year, the REIT also undertook a portfolio recycling exercise, divesting two older, non-core properties in Australia and reinvesting the capital into the acquisition of two prime, modern facilities in Sydney and Brisbane.

As at 30 September 2018, FLT's portfolio consists of 82 properties located in major logistics and industrial markets spanning Australia, Germany and the Netherlands. Total portfolio valuation stood at approximately A$3.0 billion at the end of FY2018. Accordingly, the aggregate GLA of FLT's portfolio increased over 12 months from 1.3 million sq m to 1.9 million sq m as at 30 September 2018, representing an increase of 48.6%.

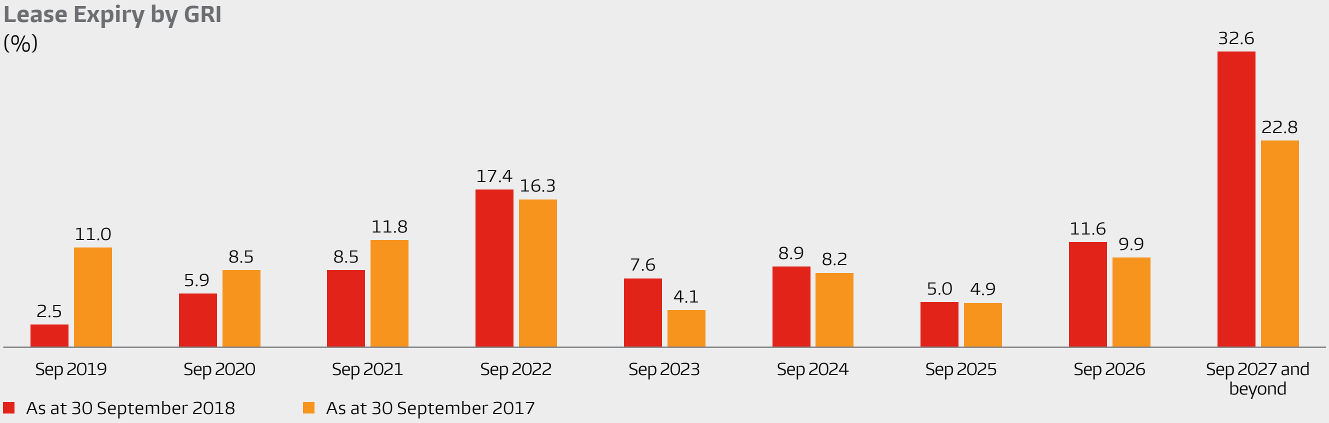
With 70.4% of the portfolio by GLA comprising properties under 10 years of age, FLT benefits from lower capital expenditure requirements, and provides high quality modern logistics and industrial facilities for its growing pool of tenants.

Lease Expiry Profile

The lease expiry profile has limited, with no more than 17.4% of the portfolio's leases by GRI expiring in any single financial year, and therefore FLT's portfolio enjoys long-term cashflow stability.

The portfolio also has a long WALE by GRI of 6.87 years as at 30 September 2018, with only 2.5% of the portfolio's leases by GRI expiring in FY2019.

Lease Expiry by GRI
(%)



Proactive Marketing and Leasing

To minimise vacancy downtime and lease expiry concentration while maximising returns on the portfolio, the Manager proactively sources new tenants and engages with existing tenants on lease renewal negotiations, well ahead of lease expiry. Testament to the quality of its assets and the strong reputation that FLT enjoys in the industry, the REIT maintained a healthy portfolio occupancy rate of 99.6% as at 30 September 2018, and successfully retained 84.0% of tenants for its lease renewal transactions in FY2018.

In FY2018, FLT secured 4 new leases and 9 lease renewals totalling 296,953 sq m. This represented approximately 15.3% of the total portfolio GLA. These leases have a WALE of 4.8 years and accounted for 11.8% of FLT's gross revenue for the month of September 2018. The annual rent increment of the newly-leased and newly-renewed properties range from 2.5% to 3.5%. Average rental reversions for the 12-month period ended 30 September 2018 was -3.2%.

The leasing activities undertaken in FY2018 are listed in the table below.

Property	Lease Type	GLA (sq m)	Lease Term (years)	New Expiry Date	Annual Rent Increment
2-46 Douglas Street, Port Melbourne, Victoria	Extension	18,541	2.0	October 2021	2.50%
18-34 Aylesbury Drive, Altona, Victoria	New	9,077	3.0	June 2021	3.00%
Lot 104 & 105 Springhill Road, Port Kembla, New South Wales	New & Extension	48,561 and 42,100	3.0 (Lot 104) and 5.0 (Lot 105)	Aug 2021 and Aug 2024	3.50%
6 Reconciliation Rise, Pemulwuy, New South Wales	Extension	19,218	7.1	June 2028	3.15%
8-8A Reconciliation Rise, Pemulwuy, New South Wales	New	8,520	10.0	June 2028	3.15%
78 & 88 Atlantic Drive, Keysborough, Victoria	Extension	6,789	2.0	March 2020	3.25%
20-22 Butler Boulevard, Adelaide Airport, South Australia	Extension	5,590	5.0	August 2024	3.00%
51 Stradbroke Street, Heathwood, Queensland	Extension	14,916	10.0	August 2030	3.00%
38-52 Sky Road East, Melbourne Airport, Victoria	Extension	46,231	3.0	May 2023	3.25%
115-121 South Centre Road, Melbourne Airport, Victoria	New	2,879	10.0	August 2028	3.00%
55-59 Boundary Road, Carole Park, Queensland	Extension	13,250	5.0	May 2024	3.00%
80 Hartley Street, Smeaton Grange, New South Wales (Divested)	Renewal	61,281	4.0	June 2023	3.00%

Operational Review

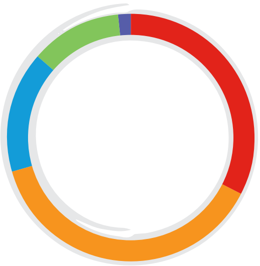
Tenant Base

With 96 tenants, FLT's tenant base ranges across a wide range of industries, from fast-moving consumer goods to logistics, manufacturing and automotives. The acquisition of properties in Germany and the Netherlands further diversified FLT's tenant base, further contributing to income stability within FLT's portfolio.

As at 30 September 2018, the top 10 tenants were distributed evenly across Australia, Germany and the Netherlands, and collectively contributed 32.2% of FLT's GRI. Only one tenant within the portfolio accounted for more than 5% of GRI.

Tenant	Asset Location	% of FLT Gross Income	Average Lease Term (years)
Coles	Australia	7.1	13.7
BMW	Germany	3.6	7.2
CEVA Logistics	Australia	3.6	6.7
Schenker	Australia	3.2	6.1
Mainfreight	Netherlands	2.9	7.4
Constellium	Germany	2.5	8.8
Bakker Logistics	Netherlands	2.4	12.1
Techtronics Industries	Australia	2.3	3.8
DSV Solutions	Germany & Netherlands	2.3	6.1
Inchcape Motors	Australia	2.2	4.0

Breakdown of Tenants by Trade
(GRI for the month of September 2018)



Tenant Sector	% of portfolio
Consumer	32.8
Logistics	37.9
Manufacturing	15.8
Automotives	12.2
Others*	1.3

* Others include Postal, Retail, Service and Wholesale industries

Active Portfolio Management

Asset Enhancement Initiatives

The Manager continually evaluates its portfolio of properties to identify opportunities to unlock value from existing assets while giving due consideration to the long-term strategic positioning of the properties within the portfolio. Through selective asset enhancement initiatives, the Manager seeks to improve the income generating attributes of properties through efforts such as the implementation of sustainability initiatives to save costs over the longer term, as well as improving the efficiency and functionality of the properties for customers by reconfiguring underutilised space and expanding the accommodation.

In FY2018, asset enhancement initiatives were completed on the following properties:

57-71 Platinum Street, Crestmead, Queensland, Australia

- Expansion of the facility by 1,219 sq m, as well as the installation of a 773 sq m awning and a 125kW solar PV system
- Completed in December 2017

Koperstraße 10, Nuremberg, Germany

- Expansion of 22,355 sq m of modern Class A logistics space
- Completed in June 2018

Acquisitions

The Manager continues to explore acquisition opportunities that will add value or provide strategic benefits to the portfolio. In FY2018, FLT made its maiden entry into Europe with the acquisition of 21 prime industrial properties in key global logistics hubs in Germany and the Netherlands for a property purchase price of €596.8 million. Completed in May 2018, the acquisition added 651,506 sq m to FLT's GLA and A$1 billion to its total portfolio value.

In September 2018, FLT also completed the acquisition of two prime properties in Australia for A$62.6 million. Located at 3 Burilda Close, Wetherill Park, New South Wales and 103-131 Wayne Goss Drive, Berrinba, Queensland, the properties strengthened FLT's footprint in Australia's eastern seaboard and are strategically located in established industrial precincts. Collectively, the two properties increased FLT's GLA by 39,565 sq m.

Divestments

During the financial year, FLT completed the divestments of two non-core properties in Australia, which are in line the Manager's proactive asset management and portfolio rebalancing strategies.

Lot 102 Coghlan Road, Outer Harbor, South Australia was divested to Qube Logistics (SA1) Pty Ltd for A$8.75 million, at a 36.7% premium to book value. Separately, 80 Hartley Street, Smeaton Grange, New South Wales was divested to the Charter Hall Group at a 40.3% premium to book value, for a total consideration of A$90.5 million.

Subsequent Event

Subsequent to the financial year end, FLT added a fifth property to its portfolio in the Netherlands, with the acquisition of a modern logistics facility located at Mandeveld 12, Meppel, the Netherlands. Newly completed in May 2018, the freehold property is built in accordance to Building Research Establishment Environmental Assessment Method (BREEAM) "Very Good" certification requirements. Occupying a GLA of 31,013 sq m, the new property is fully-leased to a Dutch multinational dairy cooperative for a period of 15 years. The lease benefits from annual CPI indexation, and the new property also has an additional land plot adjacent to the existing facility, which provides possibility for future building expansion.

Commitment to Environmental Sustainability

FLT firmly believes that sustainability is a key driver to creating meaningful long-term value for its stakeholders and is committed to ensuring that its portfolio remains at the forefront of internationally recognised sustainability standards.

FLT has the highest-rated industrial Green Star performance portfolio in Australia. The REIT's properties, 143 Pearson Road, 1 Doriemus Drive, and 1 Burilda Close, were the first industrial assets in the three key Australian capital cities to achieve a 6-star Green Star rating from the GBCA in Australia's three largest capital cities.

Green Star performance rating is awarded by the GBCA, which assesses the properties against nine key performance criteria – energy, water, transport, materials, indoor environment quality, management, land use & ecology, emissions and innovation. As at 30 September 2018, approximately 41.0% of FLT's portfolio has obtained Green Star Performance Ratings and the REIT currently has another 13 properties that are under design review.

As the green building movement continues to gain traction, FLT strives to keep pace by continuously improving its properties with the use of sustainable design and technology to better serve its customers and lead the market. To date, FLT has installed solar PV systems, energy-saving LED lightings, geothermal systems as well as rainwater collection and reuse systems to maximise energy and water efficiency at many of its properties. These sustainability initiatives have helped FLT reduce its ongoing occupancy costs, attract new tenants, particularly those with a strong focus on sustainability, retain tenants at lease expiry, decrease building obsolescence and minimise vacancy downtime.

FLT's sustainability efforts have also gained recognition on the global stage. In September 2018, FLT was awarded first place GRESB in the Industrial category with an improved overall score of 91%. FLT was also recognised as the leader among global industrial participants under the 'Health & Well-being' category.

The annual assessment by GRESB benchmarks the environmental, social and governance performance of real estate assets worldwide and monitors the sector's progress towards global sustainability goals that are aligned with international reporting frameworks, such as the Global Reporting Initiative and Principles for Responsible Investment.

Portfolio Overview

As at 30 September 2018, FLT's portfolio comprises 82 logistics and industrial properties, worth approximately A$3.0 billion, concentrated within major logistics and industrial markets in Australia, Germany and the Netherlands. Subsequent to the financial year end, FLT expanded its presence in the Netherlands on 31 October 2018 with the acquisition of a newly-completed freehold property located at Mandevald 12, Meppel, the Netherlands.

Australia

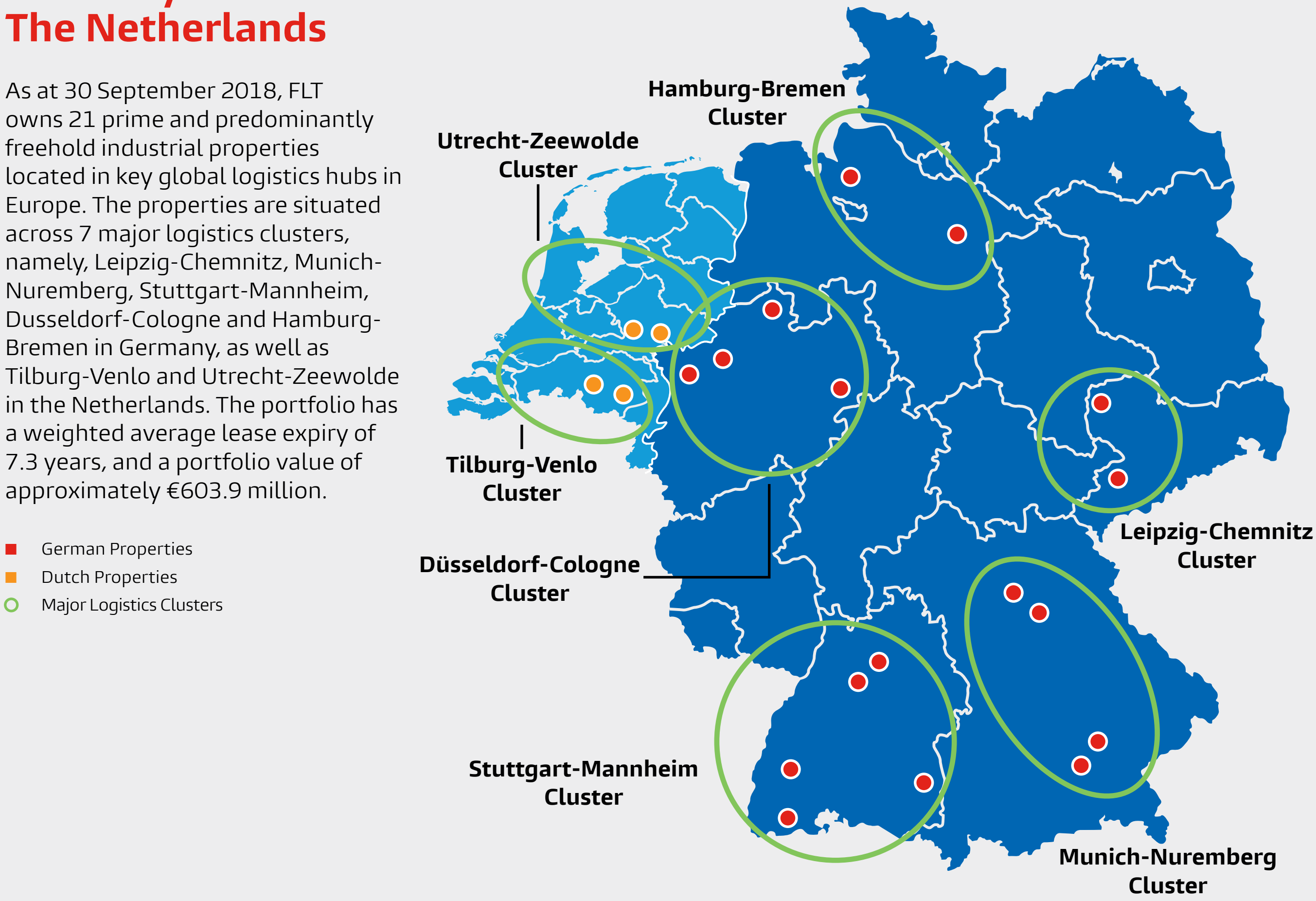
The majority of FLT's Australian properties are located within the country's three largest cities: Sydney, Melbourne and Brisbane. FLT's Australian portfolio comprises 61 prime and modern properties with an aggregate GLA of 1.3 million sq m, weighted average lease expiry of 6.72 years, and a portfolio value of approximately A$2.0 billion.

City (State)	Properties	GLA (sq m)	Valuation[1] (A$'m)	% of FLT Portfolio (by Valuation)
Melbourne (Victoria)	30	646,467	795.9	26.7
Sydney (New South Wales)	15	364,268	583.4	19.6
Brisbane (Queensland)	12	268,597	586.4	19.7
Adelaide (South Australia)	3	26,412	27.3	0.9
Perth (Western Australia)	1	20,143	15.6	0.5

1 Based on the appraised value of FLT's Australian portfolio as at 30 September 2018

Germany & The Netherlands

As at 30 September 2018, FLT owns 21 prime and predominantly freehold industrial properties located in key global logistics hubs in Europe. The properties are situated across 7 major logistics clusters, namely, Leipzig-Chemnitz, Munich-Nuremberg, Stuttgart-Mannheim, Dusseldorf-Cologne and Hamburg-Bremen in Germany, as well as Tilburg-Venlo and Utrecht-Zeewolde in the Netherlands. The portfolio has a weighted average lease expiry of 7.3 years, and a portfolio value of approximately €603.9 million.



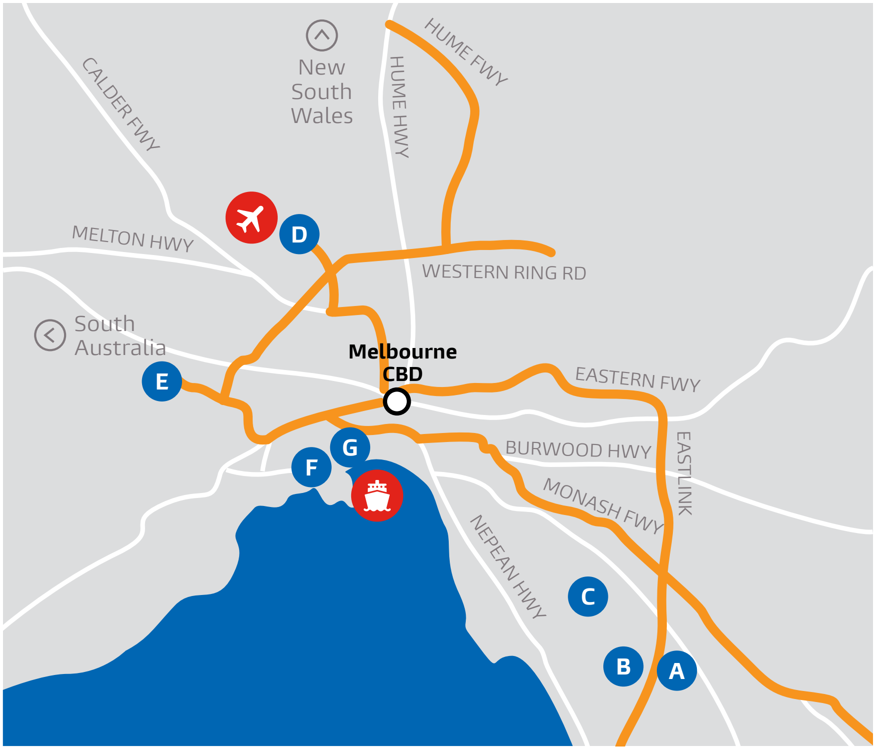
Logistics Clusters in Germany	Properties	GLA (sq m)	Valuation[2] (A$'m)	% of FLT Portfolio (by Valuation)[3]
Leipzig-Chemnitz	2	29,590	48.5	1.6
Munich-Nuremburg	4	140,711	218.1	7.3
Stuttgart-Mannheim	5	156,663	300.0	10.1
Dusseldorf-Cologne	4	75,100	108.8	3.7
Hamburg-Bremen	2	32,170	58.1	2.0

Logistics Clusters in The Netherlands[3]	Properties	GLA (sq m)	Valuation[4] (A$'m)	% of FLT Portfolio (by Valuation)[3]
Tilburg-Venlo	2	50,763	65.9	2.2
Utrecht-Zeewolde	2	136,509	170.2	5.7

2 Based on the appraised value of FLT's German portfolio as at 30 September 2018
3 Excludes the property at Mandeveld 12, Meppel, the Netherlands which was acquired by FLT on 31 October 2018
4 Based on the appraised value of FLT's Dutch portfolio as at 30 September 2018

Portfolio Overview
Australia

Melbourne, Victoria



Total No. of Properties

30

Melbourne continues to strengthen its position as a major Australian industrial market, supported by strong population growth and significant infrastructure investment. The Port of Melbourne being Australia's largest container port continues to boost the industrial market. FLT's properties in Melbourne are primarily located in the west and south east industrial precincts and service Melbourne's port and large south eastern residential population base.

South East

Location	No. of Properties
A South Park Industrial Estate	6
B The Key Industrial Park	8
C Clayton South & Mulgrave	2

Precinct Characteristics
- Access to M1 (Monash Freeway) and M3 (EastLink)
- Services the large south eastern residential population base

West

Location	No. of Properties
E West Park Industrial Estate	6

Precinct Characteristics
- Close to the shipping port and access to the M1, Geelong Road and M80 Western Ring Road

North

Location	No. of Properties
D Melbourne Airport Business Park	6

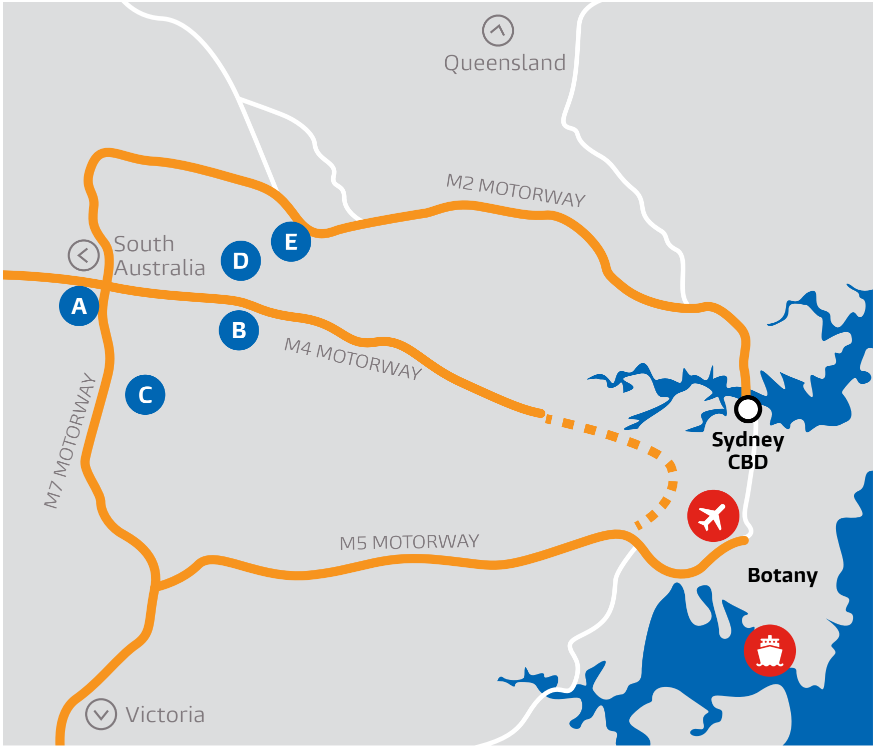
Precinct Characteristics
- Access to key freeways, including the Tullamarine Freeway, Citylink Tollway, and Western Ring Road, together with the Tullamarine Airport.
- Sydney is accessed via the Hume Highway

City Fringe

Location	No. of Properties
F Altona Industrial Park	1
G Port Melbourne	1

Precinct Characteristics
- Access to the M1 (Westgate Freeway) linking it to the west precinct
- Proximity to Melbourne CBD

Sydney, New South Wales



Total No. of Properties

15

Backed by a robust domestic economy and an unprecedented level of infrastructure investment, Sydney witnessed an increase in speculative industrial developments with all new space leased prior to completion and demand continues to outstrip supply[5]. FLT's properties in Sydney are well-connected to major freeways and ports, and are well-positioned to serve the growing population in the north-west.

Outer Central West

Location	No. of Properties
A Eastern Creek	4
B Pemulwuy	2
C Wetherill Park	3

Precinct Characteristics

- Excellent access to key motorways, including M7, M4 and other main arterial roads
- Third-party logistics ("**3PL**"), retail and wholesale distribution centres for key brand name operators are located in this precinct

Outer North West

Location	No. of Properties
D Seven Hills	4
E Winston Hills	1

Precinct Characteristics

- Close to M2 and M7 and access to the large and growing north west population corridor
- Supply is moderately constrained – sites suit smaller development

Port Kembla (Wollongong)

Location	No. of Properties
Port Kembla (Wollongong)	1

Precinct Characteristics

- One of the three major trade ports within New South Wales and is situated within the southern industrial city of Wollongong

5 Colliers International Research and Forecast Report – Industrial Second Half 2018

Brisbane, Queensland

Total No. of Properties

12

Improving economic conditions combined with employment opportunities continued to drive household consumption, which has underpinned tenant and buyer demand for industrial space[6] in Queensland. FLT's properties in Brisbane are primarily concentrated in the southern sub-market, which has good road linkages to the north, west and south to the Gold Coast residential population bases.

Southern

Location	No. of Properties
A Flint Street	1
B Boundary Road	1
C Siltstone Place	1
D Stradbroke Street	1
E Platinum Street	1
F Shettlestone Street	1
G Sandstone Place	1
H Pearson Road	2
I Wayne Goss Road	1

Precinct Characteristics

- Largest geographical industrial precinct that has good road linkages to the north, west and south to the Gold Coast residential population

Trade Coast

Location	No. of Properties
J Queensport Road	1

Precinct Characteristics

- Close to key infrastructure, including Port of Brisbane and the Brisbane Airport
- Access north and south via the M1
- Supply is constrained. Alternative use is strong competition for development in neighbouring suburbs

Northern

Location	No. of Properties
K Earnshaw Road	1

Precinct Characteristics

- Services the population to the north of Brisbane via the Gympie Road, Bruce Highway and Houghton Highway
- Limited availability of development land

6 Colliers International Research and Forecast Report – Industrial Second Half 2018

Adelaide, South Australia

Total No. of Properties

3

The rise in job advertisements, increased defence spending and the abolishment of stamp duty bode well for both investment and leasing markets in Adelaide[7]. FLT's properties in Adelaide are well located in proximity to the Adelaide Airport and Adelaide's Central Business District.

Location	No. of Properties
Adelaide Airport	3

Precinct Characteristics

- Location is within the Adelaide Airport Business Park
- Situated within the Flinders Port district with access to Adelaide's CBD, Airport and Port Adelaide

Perth, Western Australia

Total No. of Properties

1

An improving job landscape and the recovery in resources sector will lend support to industrial space enquiries in Perth[8]. FLT's property in Perth is situated within the Perth Airport Business Precinct with access to Perth Airport, Fremantle Port and Perth's Central Business District.

Location	No. of Properties
Perth Airport	1

Precinct Characteristics

- Close to key infrastructure, including Perth Airport and Freemantle Port
- Easy access to Perth's CBD

7 Colliers International Research and Forecast Report – Industrial Second Half 2018
8 Colliers International Research and Forecast Report – Industrial Second Half 2018

Portfolio Overview
Germany & The Netherlands

Germany

Location	No. of Properties	Precinct Characteristics
Leipzig-Chemnitz	2	• Serviced by the Leipzig/Halle Airport and the 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	4	• 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	5	• 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
Dusseldorf-Cologne	4	• 9 of Europe's top 100 logistics companies are located in North Rhine-Westphalia along with over 24,000 logistics companies • A major hub in the Deutsche Bahn railway network and is also directly accessible via the A3 motorway • Served by Cologne Bonn Airport (ranked third busiest air cargo hub in Germany) and Dusseldorf International Airport (ranked third in passenger traffic in Germany)
Hamburg-Bremen	2	• Access to Bremen airport, Hannover-Langenhagen airport in Germany and Braunschweig-Wolfsburg airport • Well connected to motorways such as A28, A29, A293, A2 and A391

The Netherlands

Location	No. of Properties	Precinct Characteristics
Tilburg-Venlo	2	• Tilburg is the Netherlands' 6th largest city and largest inland logistics hub • It is a key city in the Belt and Road Initiative given its direct connection to China via the Chengdu-Europe Express Rail • Venlo is the main logistics hotspot of the Netherlands due to its strategic location between the Randstad, Flemish and Ruhr regions • Rapid growth of transport infrastructure in combination with the relatively low land and rents make the region an attractive location for the distribution sector
Utrecht-Zeewolde	2	• Utrecht is one of the most notable logistics locations in the eastern part of the Netherlands due to the strong infrastructure • Zeewolde has 8 industrial estates with the concentration of logistics activities at the logistic park Trekkersveld I, II and III
Meppel[9]	1	• Developed as a transport and distribution inland harbour, Meppel enjoys strong transport connectivity to national motorways and the Meppel Barge Terminal • Located in the northeast region of the Netherlands and is an approximate 1.5 hours' drive from Amsterdam

9 One newly completed property in Meppel was acquired by FLT on 31 October 2018 and is not included in the portfolio count as of 30 September 2018

Property Profiles

Australia: Melbourne, Victoria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	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
South East									
South Park Industrial Estate									
1	98-126 South Park Drive, Dandenong South	100	28,062	Freehold	Oct 2006	36.0	34.0	• Woolworths Limited	3.0
2	21-33 South Park Drive, Dandenong South	100	22,106	Freehold	Nov 2005	25.5	23.9	• Caprice Australia Pty Ltd	2.1
3	22-26 Bam Wine Court, Dandenong South	100	17,606	Freehold	Sep 2004	23.5	21.8	• BAM Wine Logistics Pty Ltd	2.0
4	63-79 South Park Drive, Dandenong South	100	13,963	Freehold	May 2004	15.2	16.5	• L&L Products Australia Pty Ltd	1.6
5	16-32 South Park Drive, Dandenong South	100	12,729	Freehold	Apr 2009	13.5	13.8	• Australian Postal Corporation	1.2
6	89-103 South Park Drive, Dandenong South	100	10,425	Freehold	Sep 2005	13.9	13.0	• Ecolab Pty Ltd	1.1
The Key Industrial Park									
7	17 Pacific Drive and 170-172 Atlantic Drive, Keysborough	100	30,004	Freehold	Dec 2012	36.2	35.4	• BIC Australia Pty Ltd • Chrisco Hampers Australia Ltd	3.4
8	150-168 Atlantic Drive, Keysborough	100	27,272	Freehold	Aug 2011	36.5	35.8	• ESR Group Holdings Pty Ltd • Tyres 4 U Pty Ltd	3.2
9	49-75 Pacific Drive, Keysborough	100	25,163	Freehold	Dec 2011	31.0	29.1	• Horizon Global Ltd	2.6
10	77 Atlantic Drive, Keysborough	100	15,095	Freehold	Aug 2015	20.0	18.9	• Miele Australia Pty Ltd	1.7
11	78 & 88 Atlantic Drive, Keysborough	100	13,495	Freehold	Nov 2014	17.1	17.2	• Adairs Retail Group Pty Ltd • Blue Star Group Australia Pty Ltd	1.5
12	111 Indian Drive, Keysborough	100	21,660	Freehold	Jun 2016	35.2	32.5	• Astral Pool Australia Pty Ltd	2.9
13	29 Indian Drive, Keysborough	100	21,854	Freehold	Nov 2017	32.4	31.1	• Stanley Black & Decker Australia Pty Ltd	2.1
14	17 Hudson Court, Keysborough	100	21,271	Freehold	May 2018	32.3	29.8	• Clifford Hallam Healthcare Pty Ltd	0.9
Clayton South & Mulgrave									
15	211A Wellington Road, Mulgrave	100	7,175	Freehold	Apr 2016	40.2	37.7	• Mazda Australia Pty Ltd	3.4
16	610-638 Heatherton Road, Clayton South	100	8,387	Freehold	Feb 2008	18.0	20.5	• Metro Trains Melbourne Pty Ltd	2.9

Property Profiles

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
West									
West Park Industrial Estate									
17	468 Boundary Road, Derrimut	100	24,732	Freehold	Aug 2006	25.0	24.6	• CHEP Australia Ltd	2.3
18	1 Doriemus Drive, Truganina	100	74,546	Freehold	Jun 2016	88.5	84.1	• CEVA Logistics (Australia) Pty Ltd	6.7
19	2-22 Efficient Drive, Truganina	100	38,335	Freehold	Mar 2015	46.2	42.0	• MaxiPARTS Pty Ltd. • Schenker Australia Pty Ltd • Toll Transport Pty Ltd	3.6
20	1-13 and 15-27 Sunline Drive, Truganina	100	26,153	Freehold	Apr 2011	30.0	28.9	• Arlec Australia Pty Ltd • Freight Specialists Pty Ltd	2.7
21	42 Sunline Drive, Truganina	100	14,636	Freehold	Jun 2015	17.3	16.0	• Vermile Pty Ltd (trading as Austrans)	1.4
22	43 Efficient Drive, Truganina	100	23,088	Freehold	Feb 2017	25.7	24.5	• CEVA Logistics (Australia) Pty Ltd	2.1
North									
Melbourne Airport Business Park									
23	38-52 Sky Road East, Melbourne Airport	100	46,231	Leasehold (Expiring on 30 Jun 2047)	Oct 2008	27.7	26.8	• Unilever Australia (Holdings) Proprietary Limited	3.7
24	96-106 Link Road, Melbourne Airport	100	18,599	Leasehold (Expiring on 30 Jun 2047)	Jun 2009	26.3	25.2	• DHL Global Forwarding (Australia) Pty Ltd	3.6
25	17-23 Jets Court, Melbourne Airport	100	9,869	Leasehold (Expiring on 30 Jun 2047)	Mar 2009	7.7	7.9	• Eagle Lighting Australia Pty Limited • Smith & Staff Pty Limited	1.2
26	25-29 Jets Court, Melbourne Airport	100	15,544	Leasehold (Expiring on 30 Jun 2047)	Dec 2007	11.0	11.1	• Agility Logistics Pty Limited • Boeing Defence Australia Limited	1.5
27	28-32 Sky Road East, Melbourne Airport	100	12,086	Leasehold (Expiring on 30 Jun 2047)	Aug 2008	9.5	9.0	• Agility Logistics Pty Limited	1.3
28	115-121 South Centre Road, Melbourne Airport	100	3,085	Leasehold (Expiring on 30 Jun 2047)	May 2008	5.1	5.7	• Prime Vigor Pty Ltd (trading as Jetstream Café) • Alternative Freight Services Pty Ltd	0.6
City Fringe									
Altona Industrial Park									
29	18-34 Aylesbury Drive, Altona	100	21,493	Freehold	Feb 2015	26.8	23.0	• Seaway Logistics Pty Ltd • Electrical Home-Aids Pty Ltd (trading as Godfreys)	2.0
Port Melbourne									
30	2-46 Douglas Street, Port Melbourne	100	21,803	Leasehold (Expiring on 30 Mar 2053)	Oct 2005	22.6	21.7	• Siemens Rail Automation Pty Ltd • Toll Transport Pty Ltd	3.5

Australia: Sydney, New South Wales

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
Outer Central West									
Eastern Creek									
31	4-8 Kangaroo Avenue, Eastern Creek	100	40,543	Freehold	Dec 2013	80.8	72.3	• Schenker Australia Pty Ltd	6.3
32	21 Kangaroo Avenue, Eastern Creek	100	41,401	Freehold	Jul 2015	72.5	60.7	• Techtronic Industries Australia Pty Limited	5.3
33	17 Kangaroo Avenue, Eastern Creek	100	23,112	Freehold	Jun 2015	44.8	35.8	• Fisher & Paykel Australia Pty Limited • Quatius Logistics Pty Ltd	3.1
34	7 Eucalyptus Place, Eastern Creek	100	16,074	Freehold	Dec 2014	30.8	27.4	• Freight & Distribution Management Systems Pty Limited • FDM Warehousing Pty Limited	2.5

Property Profiles

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
Outer Central West									
Pemulwuy									
35	8-8A Reconciliation Rise, Pemulwuy	100	22,511	Freehold	Dec 2005	43.0	35.5	• Inchcape Motors Australia Limited • Ball & Doggett Pty Ltd	3.3
36	6 Reconciliation Rise, Pemulwuy	100	19,218	Freehold	Apr 2005	38.5	31.8	• Ball & Doggett Pty Ltd	2.9
Wetherill Park									
37	1 Burilda Close, Wetherill Park	100	18,848	Leasehold (Expiring 29 Sep 2106)	Sep 2016	66.0	58.2	• Martin Brower Australia Pty Ltd	5.1
38	Lot 1,2 Burilda Close, Wetherill Park	100	14,333	Leasehold (Expiring on 14 Jul 2106)	Jul 2016	25.1	21.4	• RFD (Australia) Pty Ltd (trading as Survitec) • Phoenix Distribution (NSW) Pty Ltd (trading as Phoenix)	2.1
39	3 Burilda Close, Wetherill Park	100	20,078	Leasehold (Expiring May 2107)	May 2017	32.3	31.5	• Nick Scali Limited • Plastic Bottles Pty Ltd	0.2
Outer North West									
Seven Hills									
40	8 Distribution Place, Seven Hills	100	12,319	Freehold	May 2008	26.4	22.8	• Legend Corporate Services Pty Ltd	2.0
41	99 Station Road, Seven Hills	100	10,772	Freehold	Mar 2011	20.5	17.3	• RF Industries Pty Ltd	1.6
42	10 Stanton Road, Seven Hills	100	7,065	Freehold	Apr 2003	13.5	12.3	• CSR Building Products Limited	1.2
43	8 Stanton Road, Seven Hills	100	10,708	Freehold	May 2002	18.9	16.0	• Yusen Logistics (Australia) Pty Ltd	1.3
Winston Hills									
44	11 Gibbon Road, Winston Hills	100	16,625	Freehold	May 2015	44.0	38.5	• Tailored Packaging Pty Ltd • Toshiba International Corporation Pty Ltd	3.5
Port Kembla (Wollongong)									
45	Lot 104 & 105 Springhill Road, Port Kembla	100	90,661	Leasehold (Expiring on 13 Aug 2049[1] for Lot 104 and 20 Aug 2049[1] for Lot 105)	Aug 2009	26.3	26.6	• Inchcape Motors Australia Limited	5.9

1 Includes six options to renew for 5 years each

Australia: Brisbane, Queensland


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	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
46	99 Sandstone Place, Parkinson	100	54,245	Leasehold (Expiring 19 Jun 2115)	Nov 2008	245.0	232.7	• Coles Group Ltd.	18.6
47	350 Earnshaw Road, Northgate	100	30,779	Leasehold (Expiring 19 Jun 2115)	Dec 2009	55.5	50.7	• H.J. Heinz Co. Australia Limited	4.9
48	286 Queensport Road, North Murarrie	100	21,531	Leasehold (Expiring 19 Jun 2115)	Sep 2004	38.2	35.8	• Laminex Group Limited	3.1
49	57-71 Platinum Street, Crestmead	100	20,518	Leasehold (Expiring 19 Jun 2115)	Nov 2000	38.0	29.5	• Stramit Corporation Pty Limited	3.4
50	51 Stradbroke Street, Heathwood	100	14,916	Leasehold (Expiring 19 Jun 2115)	Jun 2002	24.4	23.1	• B & R Enclosures Pty Ltd	2.0
51	30 Flint Street, Inala	100	15,052	Leasehold (Expiring 19 Jun 2115)	Jun 2013	25.5	24.9	• Isuzu Australia Limited	2.2
52	99 Shettleston Street, Rocklea	100	15,186	Leasehold (Expiring 19 Jun 2115)	Jan 2002	22.8	22.4	• Orora Limited	2.0
53	55-59 Boundary Road, Carole Park	100	13,250	Leasehold (Expiring 19 Jun 2115)	May 2004	16.6	15.3	• Goodyear & Dunlop Tyres (Aust) Pty Ltd	1.3

Property Profiles

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
54	10 Siltstone Place, Berrinba	100	9,797	Leasehold (Expiring 19 Jun 2115)	Oct 2014	13.5	13.5	• Hankook Tyre Australia Pty Ltd	1.3
55	143 Pearson Road, Yatala	100	30,618	Leasehold (Expiring 30 Aug 2115)	Jul 2016	39.5	36.7	• ACI Operations Pty Ltd (trading as O-I)	3.0
56	166 Pearson Road, Yatala	100	23,218	Freehold	Oct 2017	35.9	34.0	• Beaulieu of Australia Pty Limited	2.2
57	103-131 Wayne Goss Drive, Berrinba	100	19,487	Freehold	Sep 2017	31.5	31.1	• National Tiles Co Pty Ltd • Paccar Australia Pty Ltd	0.2

Australia: Adelaide, South Australia & Perth, Western Australia

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
58	20-22 Butler Boulevard, Adelaide Airport	100	11,197	Leasehold (Expiring 27 May 2097[2])	Aug 2009	11.0	11.7	• Agility Logistics Pty Limited • TNT Australia Pty Ltd	2.0
59	18-20 Butler Boulevard, Adelaide Airport	100	6,991	Leasehold (Expiring 27 May 2097[2])	Dec 2007	7.4	8.3	• Thermo Gamma Metrics Pty Limited	1.3
60	5 Butler Boulevard, Adelaide Airport	100	8,224	Leasehold (Expiring 27 May 2097[2])	Sep 2008	8.9	8.7	• Australian Postal Corporation • Adelaide Packaging Supplies Pty Ltd • Herbalife Australasia Pty Limited • JFC Australia Co Pty Ltd	1.5
61	60 Paltridge Road, Perth Airport	64.5	20,143	Leasehold (Expiring on 3 Jun 2033)	Feb 2009	15.6	18.4	• Electrolux Home Products Pty Ltd	1.9

2 Includes an option to renew for 49 years

Germany: Stuttgart – Mannheim


62

63

64

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66

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
62	Industriepark 309, Gottmadingen	100	55,007	Freehold	Between 1999 and 2014	76.5	73.6	• Constellium	1.8
63	Otto-Hahn Straße 10, Vaihingen	100	43,756	Freehold	2014	80.3	76.4	• Dachser • DSV Solutions	1.5
64	Eiselauer Weg 2, Ulm	100	24,525	Freehold	2009	67.4	64.7	• Transgourmet	1.3
65	Murrer Straße 1, Freiberg	100	21,071	Freehold	2017	54.0	50.4	• Logistics Group International	1.1
66	Ambros-Nehren-Straße 1, Achern	100	12,304	Freehold	2016	21.8	20.6	• Ziegler	0.4

Germany: Munich – Nuremberg


67

68

69

70

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
67	Oberes Feld 2, 4, 6, 8, Moosthenning	100	72,558	Freehold	2009, 2012 and 2015	110.6	104.5	• BMW	2.3
68	Koperstraße 10, Nuremberg	100	44,571	Leasehold (Expiring 31 Dec 2080)	2015 and 2018	69.9	64.5	• Roman Mayer Logistik • Hellmann Worldwide Logistics	1.7
69	Industriepark 1, Mamming	100	14,193	Freehold	2014	25.3	24.3	• Leadec	0.6
70	Jubatus-Allee 3, Ebermannsdorf	100	9,389	Freehold	2004	12.3	11.6	• Grammer Automotive	0.3

Property Profiles

Germany: Hamburg – Bremen


71


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	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
71	Am Krainhop 10, Isenbüttel	100	20,679	Freehold	2014	27.8	26.2	• Volkswagen	0.5
72	Am Autobahnkreuz 14, Rastede	100	11,491	Freehold	2015	30.3	28.7	• Broetje-Automation	0.7

Germany: Dusseldorf – Cologne


73


74


75


76

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
73	Saalhoffer Straße 211, Rheinberg	100	31,957	Freehold	2016	45.7	43.8	• BMW	0.9
74	Elbestraße 1-3, Marl	100	16,831	Freehold	1995, 2002 and 2013	23.2	21.5	• Bunzl	0.5
75	Keffelker Straße 66, Brilon	100	13,352	Freehold	2010	16.3	15.5	• ABB	0.4
76	Gustav-Stresemann-Weg 1, Münster	100	12,960	Freehold	2009	23.6	22.7	• Saurer Technologies	0.6

Germany: Leipzig – Chemnitz


77


78

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
77	Johann-Esche-Straße 2, Chemnitz	100	18,053	Freehold	2007	26.9	25.5	• Rhenus	0.7
78	Am Exer 9, Leipzig	100	11,537	Freehold	2013	21.6	19.9	• Dräxlmaier	0.5

Netherlands: Tilburg – Venlo


79


80

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
79	Belle van Zuylenstraat 5, Tilburg; Mraga Klompeweg 7, Tilburg	100	18,121	Freehold	1996 and 2000	23.8	23.4	• Bakker Logistiek	0.4
80	Heierhoevenweg 17, Venlo	100	32,642	Freehold	2015	42.1	40.0	• DSV Solutions	0.8

Netherlands: Utrecht – Zeewolde

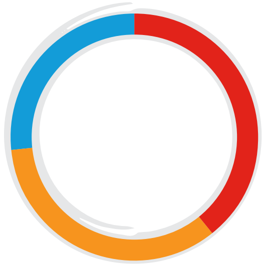

81


82

	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2018 (A$'m)	Purchase Price (A$'m)	Tenant(s)	FY2018 Gross Revenue (A$'m)
81	Brede Steeg 1, s-Heerenberg	100	84,806	Freehold	Between 2001 and 2009	106.2	102.0	• Mainfreight	2.2
82	Handelsweg 26, Zeewolde	100	51,703	Freehold	1994, 2000 and 2010	64.0	61.5	• Bakker Logistiek	1.4

Investor Relations

Unitholders by Type
(As at 15 September 2018)



Institutional	39.2%
Retail	34.2%
Sponsor and related entities	26.6%

Unitholders by Geography
(As at 15 September 2018)

Singapore	48.7%
Asia (ex-Singapore)	16.5%
North America	10.6%
Europe (includes United Kingdom)	3.2%
Rest of World	21.0%

Our Unitholders

As at 15 September 2018, 39.2% of the total issued units in FLT were held by institutional investors (comprising domestic and foreign institutions, hedge funds and brokers), 26.6% were held by the Sponsor and related entities, with the remaining classified as retail holdings. From a geographical perspective, Asia remains FLT's largest investor market, with Singapore investors making up the bulk at 48.7% and the rest of Asia accounting for 16.5%.

Engaging Transparently and Proactively

The Manager is committed to communicating with all stakeholders in a timely, unbiased and transparent manner. Beyond complying with regulatory requirements, FLT aims to proactively communicate its strategies, corporate developments and market conditions, to help all stakeholders make informed investment decisions.

Key updates on financial and operational performance, strategies and initiatives are communicated to Unitholders, prospective investors, analysts and the media on a regular basis through multiple communications channels and programmes including FLT's corporate website, announcements and press releases, analyst briefings, media briefings, investor conferences, non-deal roadshows ("**NDRs**"), investor meetings as well as retail investor briefings.

In recognition of our commitment and efforts to maintain a high standard of disclosure and good corporate governance, FLT was awarded the Best Annual Report Award (Merit), in the category for first-year listed companies, at the 13th Singapore Corporate Awards. The award marked a significant milestone for FLT as a listed logistics and industrial REIT and sets the foundation for FLT to enhance our corporate governance practices.

Multiple Communications Channels

Corporate Website (www.fraserslogisticstrust.com)

FLT's corporate website allows for easy access to comprehensive information on the REIT. The website is updated regularly, ensuring that all materials relating to its quarterly financial results, investments, corporate actions and regulatory disclosures are relevant and available to the investment community. This allows investors, analysts and the media to keep abreast of the REIT's performance, strategy and corporate developments on a timely basis.

Corporate Announcements

Subsequent to regulatory release on SGX-ST, all announcements such as corporate developments, financial results, news releases and presentation slides are posted on the corporate website to ensure prompt dissemination of information to Unitholders. FLT publishes quarterly updates on its financials and operations in a clear, concise and factual manner.

Annual or Extraordinary General Meetings

FLT held its maiden Annual General Meeting ("**AGM**") on 25 January 2018 and will continue to hold subsequent AGMs every January in Singapore. Extraordinary General Meetings ("**EGMs**") will be held, as and when required, to discuss and approve specific matters. In May 2018, FLT held an EGM to seek Unitholders' approval on the acquisition of 21 industrial properties in Germany and the Netherlands, and an equity fundraising to issue up to 525 million new units in FLT.

General meetings serve as a platform for all Unitholders to interact with the Board of Directors and management of the REIT Manager. These Unitholder events allow the Manager to share on FLT's recent financial and operational performance, business outlook and strategy, and for the Board of

Directors to address Unitholders' questions or concerns. Voting for all the general meeting resolutions are conducted via poll and the results detailing the number of votes cast for and against each resolution are announced during the general meeting and on SGX-ST.

Outreach Activities

FLT remains committed to engaging institutional investors and analysts on a regular basis as part of its investment community outreach programme. Through media platforms, the REIT also seeks to educate, inform and articulate its strategies and plans to the general public.

The Manager holds regular face-to-face meetings with key investors, quarterly analyst teleconferences / briefings, investor luncheons, investment or industry conferences, corporate days and NDRs in major financial centres. In FY2018, FLT participated in 12 investor engagement events in Singapore and six events overseas. A dedicated investor relations email and phone line are also maintained for the investing community to contact the Manager.

Building on the momentum from the previous financial period, the Manager engaged with fund managers and analysts through 275 investor relations activities such as one-on-one meetings, post-results investor luncheons and teleconferences, as well as local and overseas conferences in FY2018.

Key investor engagement activities undertaken in FY2018, from 1 October 2017 to 30 September 2018, are outlined below:

FY2018 Investor Relations Calendar

Period	Date	Event / Activity	Location
1QFY18 1 October – 31 December 2017	Nov	Analysts' Results Briefing for FY2017	Singapore
	Nov	Post-results Presentation	Singapore
	Nov	Morgan Stanley 16th Asia Pacific Summit	Singapore
	Nov	SGX-JP Morgan – Real Estate Corporate Day	Sydney
2QFY18 1 January – 31 March 2018	Jan	Annual General Meeting	Singapore
	Jan	Analysts' Results Teleconference for 1Q2018	Singapore
	Jan	Post-results Luncheon and NDR	Singapore
3QFY2018 1 April – 30 June 2018	April	Frasers Day	Seoul
	April – May	Investor Roadshow (Hosted by DBS, Bank of America Merrill Lynch, CitiBank)	Singapore, Hong Kong, Bangkok
	May	Analysts' Results Teleconference for 2Q2018	Singapore
	May	Extraordinary General Meeting	Singapore
	May	REITAS & Shareinvestor REIT Symposium	Singapore
	Jun	Frasers Day	Bangkok
4QFY2018 1 July 2018 – 30 September 2018	Aug	Analysts' Results Teleconference for 3Q2018	Singapore
	Aug	Post-results Luncheon	Singapore
	Sep	Bank of America Merill Lynch 2018 Global Real Estate Conference	New York

Overall, the Manager was able to effectively engage both its existing and new investors to raise awareness and investor interest in FLT through the various outreach programmes and FLT remains committed to strengthening its stakeholder communications.

Investor Relations

Financial Calendar

Event / Activity	**FY2018**
4Q and FP2017 Results Announcement	2 November 2017
Final Distribution to Unitholders	19 December 2017
Annual General Meeting	25 January 2018
1Q Results Announcement	25 January 2018
2Q Results Announcement	7 May 2018
Extraordinary General Meeting	8 May 2018
Interim Distribution to Unitholders	26 June 2018
3Q Results Announcement	1 August 2018
Advanced Distribution to Unitholders	7 August 2018

Upcoming Event / Activity *(may be subject to change by the Manager without prior notice)*	**FY2019**
Annual General Meeting	24 January 2019
1Q Results Announcement	24 January 2019
2Q Results Announcement	26 April 2019
3Q Results Announcement	1 August 2019
4Q and FY2019 Results Announcement	5 November 2019

Analyst Coverage

As at 30 September 2018, FLT is covered by the following six research houses:

- CIMB Research
- Citi Investment Research
- DBS Group Research
- Morgan Stanley Research
- OCBC Investment Research
- UOB Kay Hian Research

Feedback Channels

To encourage open and transparent communication, the Manager values and welcomes feedback from Unitholders and other stakeholders.

For enquiries or feedback on FLT, please contact:

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

Unit Performance

FY2018, covering the period from 1 October 2017 to 30 September 2018, was a year of trading volatility for global markets. Amid a backdrop of geopolitical uncertainties, global trade tensions and US Fed rate hikes, the FTSE ST Real Estate Investment Trust Index ("**FSTREI**") index, which tracks the performance of Singapore listed REITs, delivered a total return of 5.63% in FY2018. FLT's units reached a historical high of S$1.19 on 9 January 2018 and closed the year at S$1.07 per unit, delivering a total return of 5.79% to outperform the benchmark FSTREI Index in FY2018.

FLT Unit Price Performance

For the period from 1 October 2017 to 30 September 2018

IPO Price (S$)	0.89
Closing Price (S$) (28 September 2018)	1.07
High (S$) (9 January 2018)	1.19
Low (S$) (7 May 2018)	1.02
Total Trading Volume (million units)	1,152.21
Average Daily Trading Volume (million units)	4.61

FLT Monthly Trading Performance

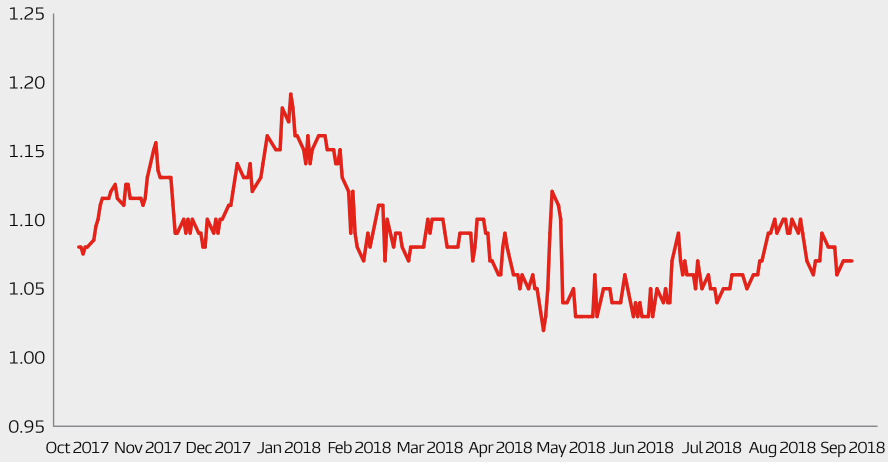
For the period from 1 October 2017 to 30 September 2018

Monthly Trading Performance	Closing Price (S$)[1]	Trading Volume (million units)[2]
October 2017	1.115	104.060
November 2017	1.080	123.107
December 2017	1.160	70.770
January 2018	1.140	108.690
February 2018	1.090	120.010
March 2018	1.090	56.080
April 2018	1.050	96.570
May 2018	1.060	185.900
June 2018	1.050	92.850
July 2018	1.050	73.790
August 2018	1.100	66.920
September 2018	1.070	53.470

FLT Unit Price Movement

For the period from 1 October 2017 to 30 September 2018

(S$)

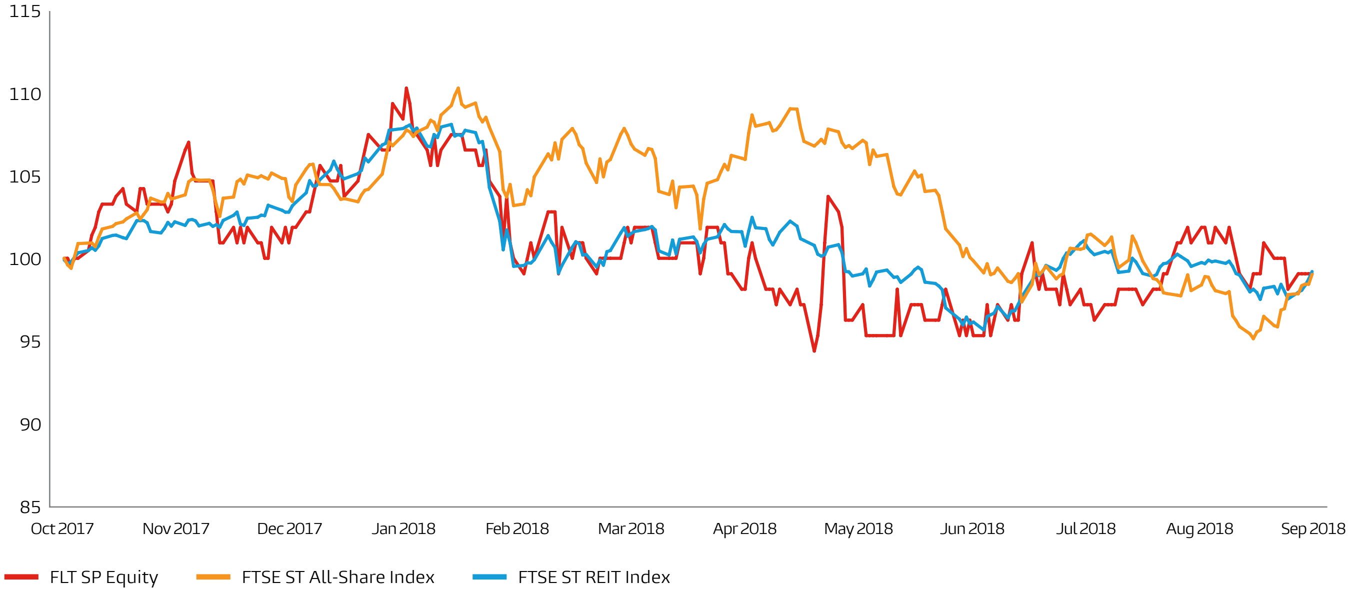


1 Based on the closing price on the last trading day of the month
2 Sum of trading volume in the respective months

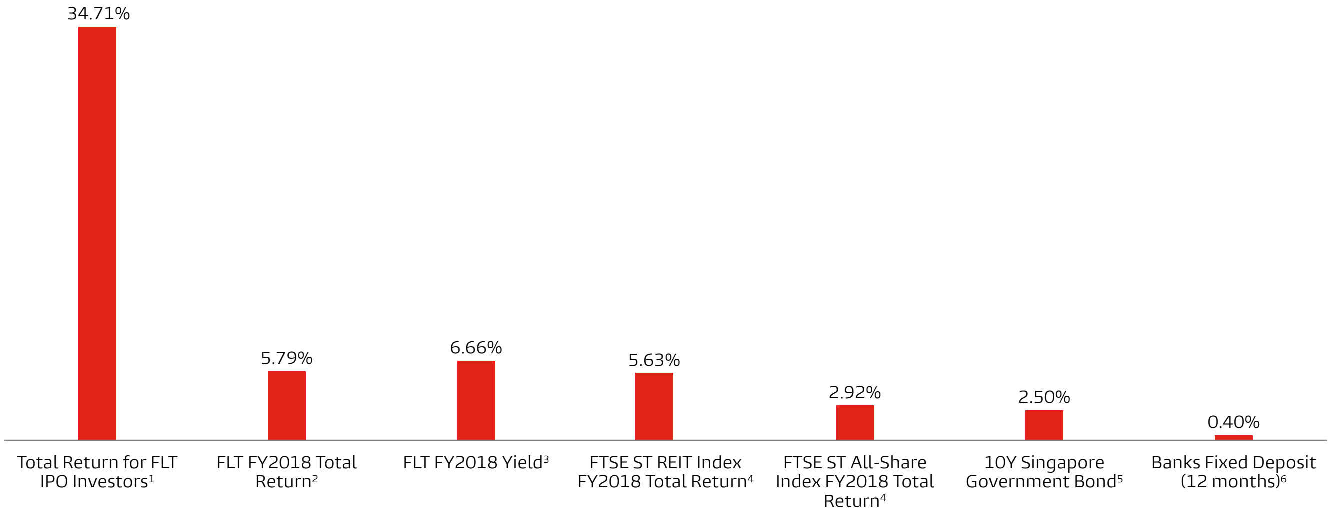
Unit Performance

FLT Unit Price Performance

For the period from 1 October 2017 to 30 September 2018 vs. Major Indices
(%)



Comparative Yield Returns



1 Source: Bloomberg LLP. For the period from 21 June 2016 to 28 September 2018 (being the last trading day of the month). Calculation of total return assumed distributions paid during the period are reinvested
2 Source: Bloomberg LLP. For the period from 2 October 2017 (being the first trading day of the month) to 28 September 2018. Calculation of total return assumed distributions paid during the period are reinvested
3 Calculated based on FLT's closing price of S$1.07 as at 28 September 2018 and total distributions of 7.19 Singapore cents declared for FY2018
4 Source: Bloomberg LLP. For the period from 2 October 2017 to 28 September 2018. Calculation of total return assumed distributions paid during the period are reinvested
5 https://secure.sgs.gov.sg/fdanet/SgsBenchmarkIssuePrices.aspx
6 https://secure.mas.gov.sg/msb/InterestRatesOfBanksAndFinanceCompanies.aspx

Corporate Information

Board of Directors

Mr Ho Hon Cheong
Chairman and
Independent Non-Executive Director

Mr Goh Yong Chian
Independent Non-Executive Director

Mr Paul Gilbert Say
Independent Non-Executive Director

Mr Panote Sirivadhanabhakdi
Non-Executive Director

Mr Lim Ee Seng
Non-Executive Director

Mr Michael Bowden Newsom
Non-Executive Director

Audit, Risk and Compliance Committee

Mr Goh Yong Chian
Chairman

Mr Ho Hon Cheong
Member

Mr Paul Gilbert Say
Member

Nominating and Remuneration Committee

Mr Ho Hon Cheong
Chairman

Mr Panote Sirivadhanabhakdi
Member

Mr Goh Yong Chian
Member

The Manager

Frasers Logistics & Industrial Asset Management Pte. Ltd.
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958
Phone: +65 6813 0588
Fax: +65 6813 0578

Registered Address

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

www.fraserslogisticstrust.com

Unit Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01 Singapore Land Tower
Singapore 048623
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: Lo Mun Wai
Appointed since financial period ended 30 September 2017

Company Secretary of The Manager

Ms Catherine Yeo

Trustee

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

Bankers

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


BAKKER
Van Gerwen Logistic Servi


JUNGHEINRICH
AV
AW

Risk Management

Enterprise-Wide Risk Management

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

The ERM framework covers key areas such as investment, financial management and operating activities. The risk exposures and potential mitigating measures, key risk indicators ("**KRIs**") are established to monitor risks. The KRIs are presented in the form of a report and reviewed by the Management and the ARCC on a regular basis.

FLT's risk tolerance statement and risk thresholds have been developed by the REIT Manager, and reviewed and approved by the Board. The risk tolerance statement and thresholds set out the nature and extent of significant risks which the Manager is willing to take in achieving its strategic objectives in respect of FLT. The risk tolerance statements are reviewed periodically.

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

Key Risks in FY2018

Regulatory Risk

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

Interest Rate Risk

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

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

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

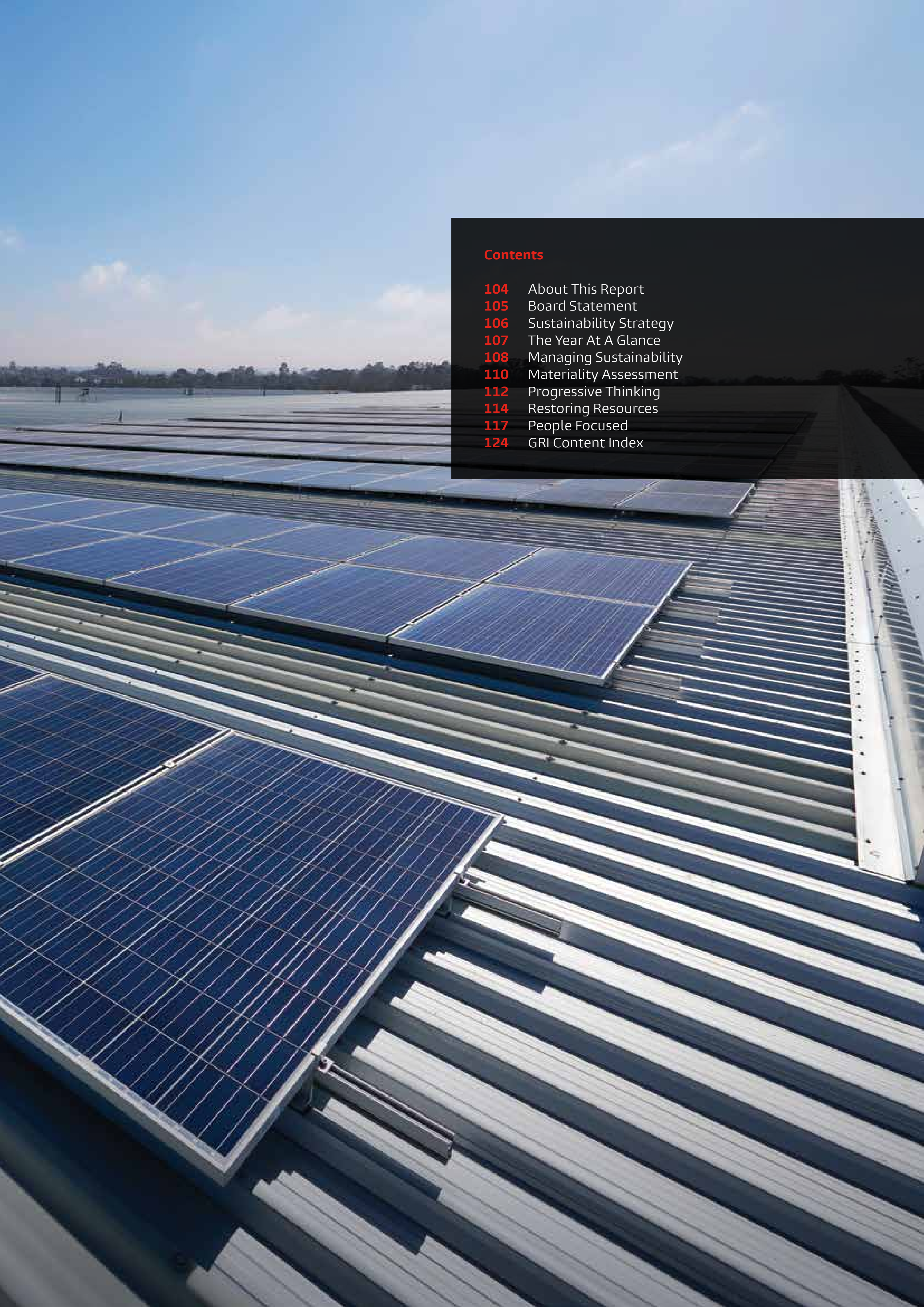
Human Capital Risk
The Manager has in place a career planning and development system and conducts regular remuneration and benefits benchmarking to attract and retain appropriate talent for the business. Regular training and development opportunities are also provided to upgrade the skills of the staff.

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

Information Technology Risk
The Frasers Property Group[1], of which the Manager is part of, places a high priority on information availability, information technology (IT) governance and IT security. Group-wide IT policies and procedures have been put in place to address evolving IT security threats, such as hacking, malware, privileged access, phishing, mobile threats and data-loss. Disaster recovery plans and incident management procedures are developed and tested annually. Measures and considerations have also been taken to enable effective privileged access monitoring, patch management, data security, data protection and prolonged service unavailability of critical IT systems. Periodic training is also conducted for new and existing employees to raise IT security awareness. External professional services are engaged to conduct independent vulnerability assessment and penetration tests to further strengthen the IT systems.

1 "Frasers Property Group" refers to Frasers Property Limited and/or its subsidiaries.

Sustainability Report



Contents

About This Report

Our second Sustainability Report describes Frasers Logistics and Industrial Trust's ("**FLT**") sustainability practices and performance for the period of 1 October 2017 to 30 September 2018 ("**FY2018**"), with a focus on addressing our material Environmental, Social and Governance ("ESG") factors.

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

Report Scope
Data disclosed in this report relates to all properties owned by FLT located in Australia, and the staff of Frasers Logistics and Industrial Asset Management Pte. Ltd (the "**REIT Manager**" or the "**Manager**") located in Singapore and Australia, unless otherwise stated. Our data is reported in good faith and to the best of our knowledge.

In FY2018, we acquired 21 properties located in key global logistics hubs in Germany and the Netherlands. We intend to include our properties in Europe in our sustainability reporting in the forthcoming year.

Together with the other information set out in our Annual Report, this Sustainability Report plays an integral role in promoting communication and transparent reporting to our stakeholders.

Feedback
We are listening: we welcome your feedback as we seek to continuously improve our sustainability performance. Feedback on this report can be directed to **ir@fraserslogisticstrust.com**

Board Statement

As a real estate investment trust leasing logistics and industrial properties to some of the world's largest companies, we understand the importance of managing environmental, social and governance ("**ESG**") impacts along the global value chains. Properties with higher sustainability performance have enabled us to retain existing and attract new tenants, especially those that value sustainability as a key business criteria and seek occupancy cost savings.

We therefore place sustainability at the heart of our corporate strategy and goals, as the sustainability of our assets is key to creating shared, long-term values amongst our stakeholders. Our Sponsor, Frasers Property Limited ("**Frasers Property**" or the "**Sponsor**") has developed a Sustainability Framework which sets out sustainability priorities across the Group towards 2030. In line with the three sustainability pillars and 13 corresponding ESG focus areas identified in the Sponsor's Sustainability Framework, FLT's sustainability strategy is based on the three core areas of "Progressive Thinking", "People Focused" and "Restoring Resources".

To implement our sustainability strategy, we are supported by FLT's representation in Frasers Property's Sustainability Steering Committee ("**SSC**") and Sustainability Working Committee ("**SWC**"). Jointly, we oversee the identification and management of ESG risks and opportunities that are material to us, as guided by our sustainability strategy, and communicate FLT's sustainability efforts to our stakeholders. Moving forward, we will continue to refine our sustainability strategy and action plans.

We continued to strengthen the sustainability attributes of our portfolio in FY2018. We assessed the sustainability features of the properties that we propose to acquire, and collaborated with our tenants to enhance the environmental performance of our existing assets. We presently have the highest-rated Green Star Performance logistics and industrial portfolio in Australia. We completed the upgrade to energy-efficient LED lighting for an additional 15% of our portfolio, and installed solar photovoltaic ("**PV**") panels for an additional 8% of our properties. We proactively conducted water efficiency audits for our properties and shared the findings with our tenants. In recognition of our efforts, FLT was named Global Leader among 61 industrial category participants by Global Real Estate Sustainability Benchmark ("**GRESB**") in the 2018 Real Estate Assessment.

As FLT grows, we remain firmly committed to maintaining excellence in sustainability performance. Emphasis on sustainability will continue to guide our interactions with our stakeholders, as well as our approach to managing our portfolio.

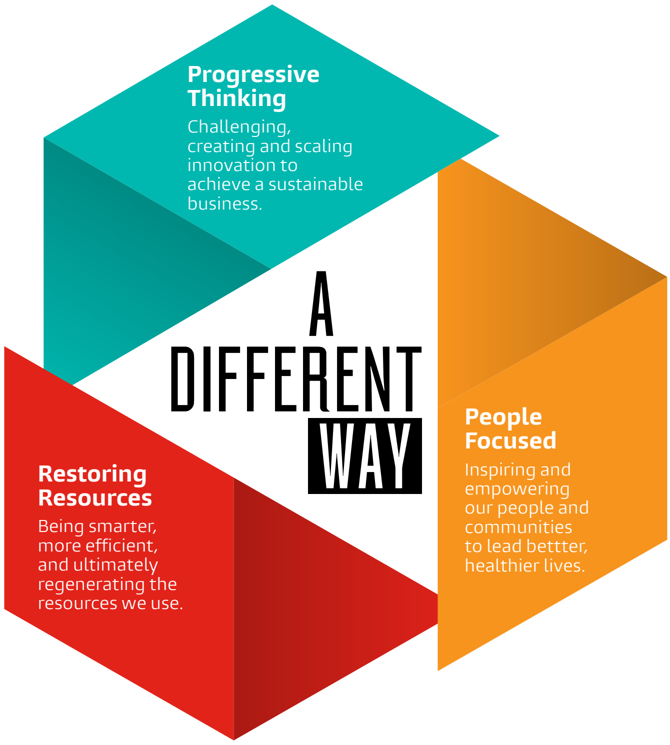
Board of Directors
Frasers Logistics & Industrial Asset Management Pte. Ltd.
Manager of Frasers Logistics & Industrial Trust

Sustainability Strategy

To realise the Frasers Group of Companies' aspiration to be a leader in building sustainable communities, our Sponsor has developed a Sustainability Framework in FY2018, which sets out sustainability priorities for the Group towards 2030. The Sustainability Framework provides common grounds for the various businesses within the Group, upon which we will direct our efforts to manage and deliver our sustainability priorities across the value chain.[1]

At FLT, we have defined our sustainability vision and strategy – "A Different Way" – which is aligned to the Group's sustainability agenda. We believe that our changing world demands a different approach. "A Different Way" is our commitment to create properties where resources are reused, recycled and restored. It is our commitment to foster new ideas that will support people and the planet. It is our commitment to enable our people, customers and communities to lead better, healthier lives.

To achieve our vision for a more sustainable future, we have focused "A Different Way" on three core areas that are aligned to the Sponsor's Sustainability Framework, namely "Progressive Thinking", "People Focused" and "Restoring Resources", in line with the three pillars of the Group's Sustainability Framework. Each area is supported by goals and targets that form the basis of the sustainability strategy, and provide a transparent structure to measure our sustainability performance. The progress of the strategy implementation is monitored during regular sustainability reviews and the targets are reviewed and updated on an annual basis, to ensure that we continue to lead the way.[2]



Progressive Thinking

- Progressive thinking is about taking responsibility for the investment we make, making choices that help us look after both people and the planet.
- It is about being flexible and resilient in the way we operate to enable sustainable development and to make a difference in a changing world.
- Ongoing innovation will keep us relevant to our people, our customers and investors. It will help us reduce risks and create tangible benefits.

Our Goal: We want to continue to challenge ourselves, to enhance and scale our approach, so that we are constantly getting better and doing more.

People Focused

- People focused is about developing a more consistent approach towards how we develop skills in the organisation and to develop the leadership of the organisation with a more diverse, inclusive leadership group.
- It is also about maintaining the ongoing health and wellbeing of our people and our customers. Monitoring and understanding the indoor environment quality of our properties allows us to create healthier workplaces.

Our Goal: We want to take active steps to inspire and enable our people and communities to lead better and healthier lives.

Restoring Resources

- We want to be smarter and more efficient in the way we use the planet's finite resources, and ultimately, regenerate what we use.
- Restoring resources is about understanding our impact in greater detail and rethink our approach to water, waste, energy and materials across our whole portfolio in order to conserve, regenerate and enhance the planet's ecosystems.

Our Goal: We want to be smarter and more efficient in the way we use the planet's finite resources, and ultimately regenerate what we use.

1 Please see Frasers Property's FY2018 Sustainability Report for more details on the Sustainability Framework
2 Please visit www.fraserslogisticstrust.com for a complete list of our targets

The Year at a Glance

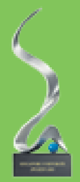
Environmental, Social and Corporate Governance (ESG) Highlights

Recognised as Global Leader for Industrial by GRESB in the 2018 Real Estate Assessment

- Improved score of 91, from 80 in 2017
- Ranked 1st for Industrial, Global (listed)
- Ranked 1st for Industrial, Australia (indirectly managed)
- Ranked 1st in the Health and Wellbeing category amongst global industrial participants

Achieved first 6 Star Green Star ratings for industrial facilities in New South Wales, Victoria and Queensland

Highest-rated industrial Green Star performance rated portfolio in Australia



Awarded Best Annual Report for first-year listed companies at the Singapore Corporate Awards 2018

FY2018 Performance Highlights

Progressive Thinking

- **Zero** breach of environmental laws and regulations
- **Zero** incidents of non-compliance with regulations and industry codes in relation to marketing communications that resulted in fines
- Largest Green Star Performance rated industrial portfolio in Australia

People Focused

- **84** hours of training per employee
- **83%** of FLT portfolio conducted Indoor Environmental Quality measurements

Restoring Resources

- **Additional 15%** of FLT's Australian properties upgraded to energy-efficient LED lighting
- **Additional 8%** of FLT's Australian properties installed solar PV panels

"We are delighted to recognise Frasers Logistics & Industrial Trust for its global leadership in sustainability. This demonstrates the significant steps they have taken to incorporating sustainability into their operations and communicating their performance to investors. Frasers Logistics & Industrial Trust has set the bar even higher for sustainability performance in 2018, while at the same time paving the way for the entire sector to follow."

Mr. Sander Paul van Tongeren
Co-Founder and Managing Director at GRESB

Managing Sustainability

Sustainability Governance

Frasers Property was one of the first real estate players to publish sustainability reports at both Sponsor and Trust level cohesively, demonstrating our unified commitment and approach towards sustainability throughout the Group.

FLT collaborates and supports the Group on managing sustainability collectively. The SSC provides guidance and drives the Group's corporate sustainability agenda. The SSC is chaired by the Sponsor's CEO, Mr. Panote Sirivadhanabhakdi, and comprises top management – the CEOs of all our business divisions including CEO of the REIT Manager, Mr. Robert Wallace. The SSC meets regularly to review the strategic direction of our sustainability strategy as a group, as well as performance against our sustainability objectives.

SSC is supported by the SWC to drive and implement the sustainability agenda. The SWC consists of middle and senior management of different business functions, including the Investor Relations Manager of the REIT Manager. The SWC's main task is to monitor our sustainability performance, implement action plans, and communicate to our stakeholders.

Key Stakeholders	Key Topics of Concern	Mode of Engagement	Frequency of Engagement and FY2018 Highlights
Regulators / Non-Governmental Organisations ("NGOs")	• Regulatory compliance • Corporate governance • Regulatory/industry trends and standards	• Participation in NGOs	• Participation in REIT Association of Singapore (REITAS), and Green Building Council of Australia (GBCA)
Tenants	• Tenant satisfaction • Quality of facilities and services • Health and safety	• Bilateral communication and meetings • Tenant survey	• Throughout the year, the REIT Manager (or through the property managers) actively engaged tenants • 32 responses were collected for the 2017 tenant survey
Investment Community	• Financial results • Business performance and outlook • Corporate governance	• Results briefings • Annual General Meeting • Extraordinary General Meeting • Investor conferences and roadshows, Tele/ Videoconferencing meetings • Bilateral communication, one-on-one meetings and site tours • ESG surveys	• Quarterly • Annually • As required (once in FY2018) • Throughout the year, 19 conferences, corporate days and roadshows were held • Site visits to FLT's properties were also facilitated • Participation in 2018 GRESB Real Estate Assessment, with a score of 91 out of 100

Stakeholder Engagement

We connect to our stakeholders to better understand their expectations, and identify various risks and opportunities within our operations. We interact with them on a regular basis to determine the most material ESG factors relevant to our business.

Key Stakeholders	Key Topics of Concern	Mode of Engagement	Frequency of Engagement and FY2018 Highlights
Employees	• Career development	• Performance appraisals	• Annually, 100% of full-time staff received reviews
	• Employee engagement	• Training, including orientation programme for new staff	• Throughout the year, 1,769 hours of training were completed
	• Staff bonding	• Team building and staff activities	• Orientation Day, Family Day, as well as a staff conference were held
	• Health and safety • Business impact on the environment and society	• Environmental and Health & Safety awareness activities	• Throughout the year, staff from the REIT Manager participated in the annual Frasers Health & Safety Month and Frasers Environment Month activities
		• Intranet (in Australia and Singapore)	
Contractors / Consultants / Suppliers	• Health and safety • Business performance	• Bilateral communication with our contractors, suppliers and consultants	• FLT maintains regular interaction with contractors, consultants and suppliers as applicable
Local Community	• Community investments • Business impact on the environment and society	• Social and community events	• Throughout the year, 5 community events were held, involving 21 staff

Materiality Assessment

We conducted a materiality assessment in our first sustainability reporting process based on the GRI Reporting Principles, AA1000 Principles, as well as the application of sector-specific guidance from GRESB, to determine material ESG issues that affect our business and our stakeholders.

We reviewed the materiality assessment process and aligned our material factors with the Sponsor in FY2018. As we have little operational control over the day-to-day activities of our properties as landlords, our disclosure of our performance over Energy, Water and Health and Safety material factors differ from the rest of the Group. Nevertheless, we will continue to work with our tenants to enhance disclosure of their sustainability performance in our future reporting.

We will continue to review and assess our material factors annually with the Sponsor to ensure their relevance to our business, stakeholders and the ESG focus areas set out in our sustainability strategy.

For each material factor, the table below shows where significant impacts occur and where we have caused or contributed to the impacts through our business relationships.

Group Sustainability Framework Pillars	Material Factors	Materiality to FLT
Acting Progressively	Economic Performance[4]	Maximising shareholder wealth is one of the key objectives of FLT as a REIT, hence it is critical to ensure the growth of economic performance.
	Environmental Compliance	Compliance with relevant environmental laws and regulations is indispensable to the operations of our properties.
	Anti-corruption	We must maintain high standards of integrity, accountability and responsible governance to earn the trust of our stakeholders. Our reputation as a listed REIT is built by dealing fairly and ethically.
	Ethical Marketing	We ensure that our communications and marketing practices are accurate and responsible to cultivate long-lasting, positive relationships with our tenants.
Consuming Responsibly	Energy Management	Energy consumption in the building sector is one of the largest sources of energy usage around the world. We recognise its indispensable role in building operations and proactively work with our tenants to help them manage the properties' energy consumption.
	Water Management	Water is a scarce resource that is essential for those who utilise our properties. We strive to help our tenants conserve water whenever possible to reduce unnecessary usage and expenses.
Focusing on People	Staff Retention and Development	It is paramount that the REIT Manager has the capacity to manage and expand FLT's portfolio to create value for our stakeholders. We seek to attract, develop and retain a knowledge pool that forms the cornerstone of our success.
	Labour / Management Relations	Our employees are the foundation of our success. We believe that maintaining effective two-way communications with our employees is key to fostering a collaborative and progressive culture.
	Health and Safety	As landlords, our priority is to create places where people feel comfortable and safe. We ensure that our employees, suppliers, contractors, and tenants have a safe working environment.
	Local Communities	We hold an immense potential to create positive impacts in the communities where our properties have a presence. We endeavour to run a business that responds to their needs and is in turn supported by the local communities.

3 The United Nations Sustaianble Development Goals (SDGs) is a set of global goals which aims to reduce global inequalities and eradicate poverty, protect the planet and ensure prosperity for all, as part of the 2030 Agenda for Sustainable Development. Please refer to www.un.org for more details.
4 Please refer to our annual report for further details.

	Material Factor Boundaries				Corresponding Topic-specific GRI Standards	Relevant SDGs[3]
	FLT	Suppliers/ Contractors	Tenants	NGOs/ Local Communities		
	✓				GRI 201: Economic Performance 2016	8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure
	✓	✓	✓		GRI 307: Environmental Compliance 2016	17 Partnerships for the Goals
	✓	✓	✓		GRI 205: Anti-corruption 2016	17 Partnerships for the Goals
	✓				GRI 417: Marketing and Labelling 2016	17 Partnerships for the Goals
			✓		GRI 302: Energy 2016 GRI 305: Emissions 2016	7 Affordable and Clean Energy; 13 Climate Action
			✓		GRI 303: Water 2016	6 Clean Water and Sanitation
	✓				GRI 401: Employment 2016 GRI 404: Training and Education 2016	8 Decent Work and Economic Growth; 10 Reduced Inequalities
	✓				GRI 402: Labour/Management Relations 2016	8 Decent Work and Economic Growth
	✓	✓	✓		GRI 403: Occupational Health and Safety 2016	3 Good Health and Well-being
	✓			✓	GRI 413: Local Communities 2016	11 Sustainable Cities and Communities

FY2018 Performance

No breaches of environmental laws and regulations

Zero cases with regards to bribery and corruption reported

Zero incidents of non-compliance with regulations and industry codes in relation to marketing communications

Progressive Thinking

With sound corporate governance as our foundation, we innovate the way we invest and manage properties to realise business sustainability. We incorporate sustainability considerations into our investment decisions and leasing requirements to enhance the long-term value of our portfolio.

Upholding Corporate Integrity

As a responsible corporate citizen, we believe in good corporate governance that goes beyond regulated compliance. Good governance serves as an indispensable foundation upon which we could evolve and innovate as a business. We aim to maintain high standards of integrity, accountability and responsibility, in line with our zero tolerance approach towards corruption and fraud.

We believe that our reputation is built by behaving fairly and ethically. We subscribe to the following corporate policies to ensure the corporate integrity of our business.

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

For FY2019, we target to maintain our record of no breaches of environmental law and regulations, no confirmed cases of bribery and corruption, and no incidents of non compliance with regulations and industry codes in relation to marketing communications.

Innovating The Way We Do Business

Our business success rests on our underlying assets, therefore we strengthen our portfolio's sustainability attributes to leverage them as our competitive advantage. We ensure that our responsible investment decisions are aligned with our corporate strategy for growth.

Potential benefits of a sustainable property include:

- Reducing ongoing occupancy costs
- Assisting in retaining tenants at lease expiry
- Attracting new tenants, especially those using sustainability as a criteria for choosing their distribution centres
- Decreasing building obsolescence
- Minimising vacancy downtime

Currently, we have the largest Green Star Performance rated industrial portfolio in Australia.[5] We have set a target for all our new buildings to achieve a minimum rating of 5 star Green Star Design & As Built. We also target to have all eligible properties operationally rated, as well as achieve a minimum 4 star average Green Star Performance portfolio rating for all of our properties in Australia by 2019. Furthermore, we aim to integrate best practice leasing requirements into our precedent lease by 2019, including data sharing requirements, to promote sustainability practices among our tenants.

5 Green Star Performance ratings are awarded by the GBCA, which assess properties against nine key performance criteria – management, indoor environment quality, energy, transport, water, materials, land use and ecology, emissions and innovation.

Portfolio Sustainability
66.1% of our portfolio is Green Star Performance rated, 15.8% of our portfolio has obtained Green Star Design & As Built ratings, and 18.2% of our portfolio is under design review, by GLA.

60 tenancies across 46 properties have achieved Green Star Performance ratings, with a further 10 properties under design review.

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, 3 Burilda Close, Wetherill Park, New South Wales
- CEVA Nissan, 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 you, 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, 17 Hudson Court, Keysborough, Victoria

In addition to our approach to responsible investment, we believe we could play a role in encouraging and driving sustainability in the real estate sector. As part of the Frasers Group, we are involved in the following industry associations and sustainability initiatives.

Membership of Associations
- Member of the Singapore Green Building Council (SGBC)
- Member of the Green Building Council of Australia (GBCA)
- Member of the Real Estate Developers' Association of Singapore (REDAS)
- Member of the REIT Association of Singapore (REITAS)
- Member of Securities Investors Association (Singapore) (SIAS)
- Global Compact Network of Singapore (GCNS)

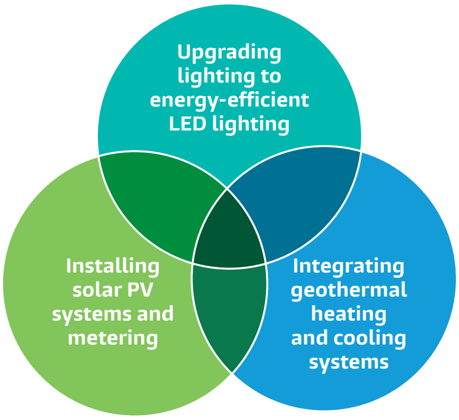
Endorsement and Participation in Sustainability Initiatives
- United Nations Global Compact (UNGC) Principles
- United Nations Sustainable Development Goals (SDGs)
- The Principles for Responsible Investing (PRI)
- The Global Real Estate Sustainability Benchmark (GRESB)
- Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC)
- CitySwitch Green Office Programme of Australia

Restoring Resources

We recognise the role we play in encouraging sustainable practices at our properties and across the value chain. We engage and work with our tenants and business partners to decrease our energy and water consumption collectively.

Conserving Energy

Our properties are operated by the tenants and we have little control over their energy use. However, we understand our responsibility and we work closely with our tenants to help them improve on their energy management. We captured and analysed 93% of our tenants' electricity usage data and 87% of their gas usage data in the 2017 calendar year. We have been able to provide practical and useful advice to our tenants to allow them to make operational and behavioural changes that have positively impacted their energy use profiles. For instance, this has led to the installation of solar PV systems at four FLT properties over the past 12 months.



Our approach on reduction of carbon footprint
We also strive for continual improvement in our properties to better serve our tenants and ensure the competitiveness of our assets. When assessing, maintaining and retro-fitting our properties, energy efficiency is a top consideration. For instance, our asset management team considers the incorporation of sustainability initiatives when designing and delivering asset enhancement initiatives ("**AEIs**") for our properties.

AEI for 57-71 Platinum Street, Crestmead, Queensland

We have completed an AEI for the Stramit Property in December 2017. The return on costs invested in the expansion and upgrading works is approximately 10%. The AEI includes:

- Expansion of the warehouse by 1,219 sq m
- Installation of a 773 sq m awning and further building upgrades
- Incorporation of sustainability initiatives, including the installation of a 125kW solar PV system

"As one of Australia's largest steel roll-formers, our job is to help businesses create sustainable spaces. Thanks to our long-term partnership with Frasers Logistics and Industrial Trust, our Crestmead facility is now a place we're proud to say reflects our brand.

Our Crestmead facility was approximately 18 years old and needed renovations to meet our business' future needs. With the support of Frasers, the site was renovated with minimal disruption to our manufacturing operations. Our customers now have a large, modern pick-up facility, while our people can get the job done in light, bright work spaces.

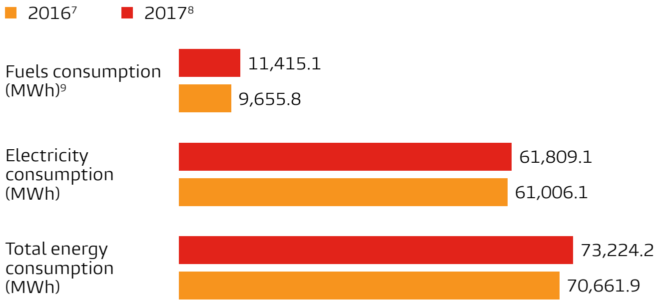
Our environmental legacy is equally important. As a business, we are always looking to improve our eco-friendly practices and aim for zero waste across our sites. Frasers supported this commitment as part of the Crestmead renovations by incorporating sustainable features such as a 125kW solar PV system, energy efficient air-conditioning and low energy lighting that reduced our lighting power consumption by 75%.

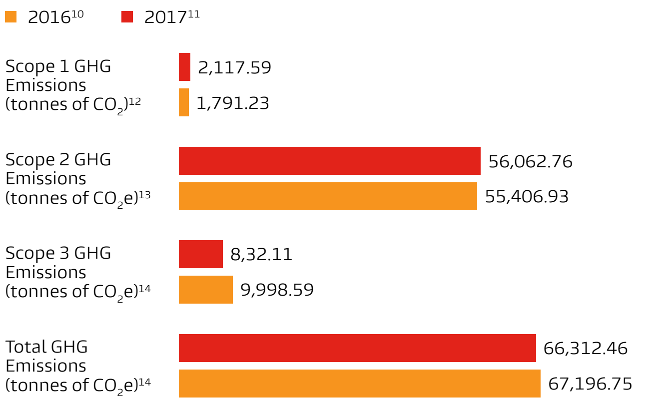
I would like to personally thank Frasers for creating a place that reflects who we are - an organisation that cares about our legacy."

Mr Paul Tudor
General Manager
Stramit

Between 2016 and 2017, we saw an increase in the amount of energy our properties consumed. This is due to an increase in the number of properties in our portofolio. Alternatively, we continue to strive to increase our energy efficiency and reduce our reliance on non-renewable energy sources by installing LED lighting and solar PV systems across our Australian portfolio.

Performance data[6]





- **Completed LED lighting upgrade for 15% of our Australian portfolio by net lettable area (NLA) in FY2018**
- **Total percentage of properties with LED lighting: 56%**

- **Installed solar PV panels across 8% of our portfolio by NLA in FY2018**
- **Installed solar PV panels of minimum 100kW on 5.8% of our portfolio by NLA in FY2018**
- **Total percentage of properties with solar PV panels: 26%**
- **Total solar PV capacity installed thus far: 2,199 kW**

We aim to develop a zero carbon roadmap by 2019. In line with our aspiration to be carbon neutral, we target to upgrade 90% of lights to high-efficiency lighting and install a minimum of 100kW of solar on 40% of our Australian properties by 2020.

We continuously look for opportunities to save energy and support alternative sources of energy in our various offices. In our Melbourne and Sydney Frasers Property Australia ("**FPA**") offices, we procure 100% green power.

Frasers Property Environment Month
During the annual Environment Month, employees across the Group participate in a series of workshops, engagement sessions, educational tours, coastal clean-ups and tree planting activities. These programmes hope to educate, engage and encourage our employees to adopt behaviours and actions that would reduce their environmental impacts at work and at home. Our employees participated in the following programmes during Frasers Property Environment Month 2018:

- Frasers Property Global Eco Challenge: we provided 11 goals for our employees to achieve over a 2-week period. The goals included elements around reducing waste, saving energy and resources, and improving air quality. Points were awarded for each goal completed and individuals with the highest scores were the winners of the Challenge. 70% of our employees participated.
- Clean Up Australia Day: employees across the Group and students from schools located near Frasers' properties came together to clean up spaces such as parks and beaches in Sydney, Melbourne, Brisbane and Perth. In 2018, 73 employees across the Group, including staff from FLT, participated and collected 75 bags of trash.

6 As FLT does not have operational control over its properties and fully relies on tenants for information and data collation, FLT is only able to disclose energy and GHG emissions data by calendar year to ensure completeness of the data disclosed
7 2016 data is computed from 1 January to 31 December 2016, and covers all properties owned by FLT as of 31 December 2016
8 2017 data is computed from 1 January to 31 December 2017, and covers all properties owned by FLT as of 31 December 2017
9 Fuels consumption includes consumption of gas. Conversion factor into Megawatt hours ("**MWh**") is derived from megajoules into MWh
10 2016 data is computed from 1 January to 31 December 2016, and covers all properties owned by FLT as of 31 December 2016
11 2017 data is computed from 1 January to 31 December 2017, and covers all properties owned by FLT as of 31 December 2017
12 GHG emissions are calculated by our data management system, CCAP. Scope 1 emission factors are derived from the Technical Guidelines for the Estimation of Greenhouse Gas Emissions by Facilities in Australia, and are updated annually in CCAP
13 GHG emissions are calculated by our data management system, CCAP. Scope 2 emission factors are derived from the Technical Guidelines for the Estimation of Greenhouse Gas Emissions by Facilities in Australia, and are updated annually in CCAP
14 GHG emissions are calculated by our data management system, CCAP. Scope 3 emission factors are derived from the National Greenhouse Accounts Factors, and are updated annually in CCAP

Saving Water

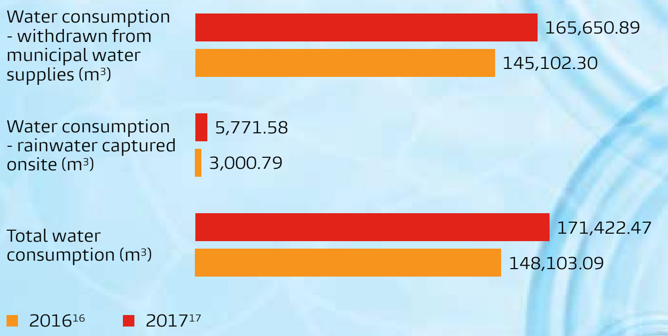
Water scarcity is a critical environmental issue across the globe and we continue to improve our properties' water management. Similar to energy use, we have little control over the day-to-day behaviours of our tenants as landlords. We work with our tenants to manage water consumption and captured 96% of our tenants' water usage data in the 2017 calendar year.

We also ensure our properties are equipped with the following water-saving features:

- On-site rainwater storage tanks, where rainwater is collected and used for non-portable applications, such as landscaping irrigation, external wash points and flushing toilets
- Water Efficiency Labelling and Standards (WELS) rated fixtures and fittings
- Under mulch drip irrigation systems
- Water treatment systems that reduce water refill frequency of cooling towers

Over the calendar years of 2016 and 2017, there was an increase in our portfolio's water consumption, which was due to an increase in the number of properties in our portfolio. To further understand the impacts of water usage at our properties and explore options for water saving, we have embarked on undertaking water efficiency audits of our properties to identify opportunities for water efficiency improvement. In FY2018, we have completed water efficiency audits for three of our Australian properties. All our water efficiency audit reports recommended enhancement of water monitoring process through installation of water meters and sub-meters for better water management. We have presented the recommendations to our tenants for their consideration and will continue to work with our tenants to improve quality of water usage data at our properties.

Performance data[15]



Completed water efficiency audits for 3 properties in Australia:

- CHEP pallet washing facility (468 Boundary Road, Derrimut, Victoria)
- Horizon Global manufacturing facility (49-75 Pacific Drive, Keysborough, Victoria)
- B&R Enclosures facility (51 Stradbroke Street, Heathwood, Queensland)

Going forward, we will continue to undertake water efficiency audits for our most water intensive assets, present recommendations to our tenants, and incorporate these recommendations into our development activities or AEI delivery where possible in FY2019.

Influencing Our Supply Chain

We work with a number of service and maintenance equipment providers for our assets. We understand that our impact extends beyond our operations, and that we should leverage our influence as a business and address key sustainability issues throughout our supply chain. This is why we are working with our suppliers to achieve our mission to source only the safest, most renewable and responsible materials. We are currently in the process of developing a Responsible Supply Chain Procedure and we target for it to be in place by 2019.

15 As FLT does not have operational control over its properties and fully relies on tenants for information and data collation, FLT is only able to disclose energy and GHG emissions data by calendar year to ensure completeness of the data disclosed
16 2016 data is computed from 1 January to 31 December 2016, and covers all properties owned by FLT as of 31 December 2016
17 2017 data is computed from 1 January to 31 December 2017, and covers all properties owned by FLT as of 31 December 2017

People Focused

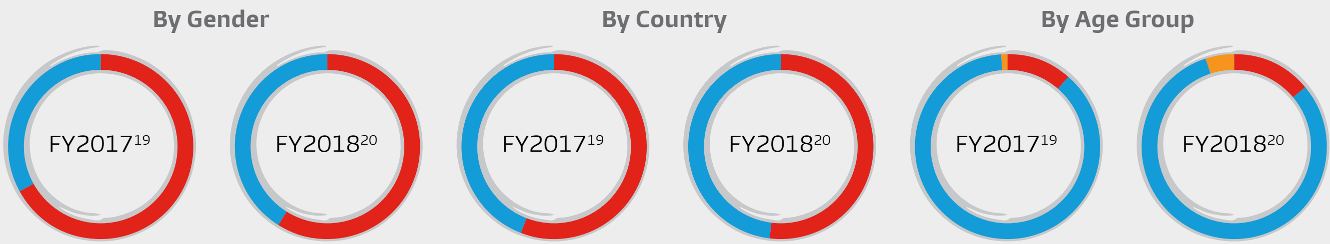
We value our interactions with our people, tenants and communities. We aim to create interactions that are inspiring and meaningful, which are key to cultivating long-lasting relationships that would benefit our business.

Cultivating Talent

The success of FLT is dependent on the abilities of the Manager's employees who are highly experienced and skilled. We believe in cultivating a motivated workplace which is diverse, inclusive, safe and supportive to nurture a sense of pride and loyalty in our team.

Frasers Property is a signatory of Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) in Singapore and a member of Singapore National Employer Federation. FLT is committed and guided by the same fair employment practices as the Group. We also adopt the Group's Code of Business Conduct to reiterate our commitment of employment opportunities being based on meritocracy and eliminate any discrimination. All of the Manager's employees participate in an annual performance review, during which development needs are assessed and addressed.

FLT Employee Profile[18]



By Gender

	FY2017[19]	FY2018[20]
Female	12 (67%)	13 (59%)
Male	6 (33%)	9 (41%)

By Country

	FY2017[19]	FY2018[20]
Singapore	10 (56%)	12 (52%)
Australia	8 (44%)	10 (48%)

By Age Group

	FY2017[19]	FY2018[20]
<30 years old	2 (11%)	3 (14%)
30-50 years old	15 (83%)	18 (81%)
>50 Years old	1 (6%)	1 (5%)

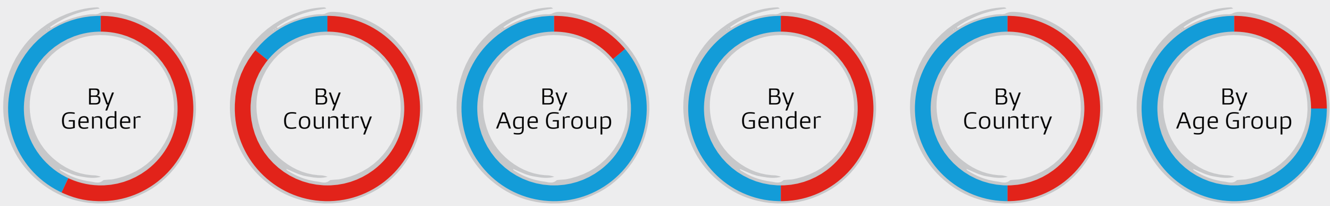
Number and Rate of New Employee Hires[21, 22, 23, 24]

FY2017

7 new employees were hired in FY2017, representing a hiring rate of 38.9%

FY2018

4 new employees were hired in FY2018, representing a hiring rate of 18.2%



FY2017

By Gender	
Female	4 (57%)
Male	3 (43%)

By Country	
Singapore	6 (86%)
Australia	1 (14%)

By Age Group	
<30 years old	1 (14%)
30-50 years old	6 (86%)
>50 Years old	0 (0%)

FY2018

By Gender	
Female	2 (50%)
Male	2 (50%)

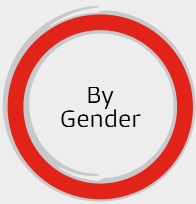
By Country	
Singapore	2 (50%)
Australia	2 (50%)

By Age Group	
<30 years old	1 (25%)
30-50 years old	3 (75%)
>50 Years old	0 (0%)

18 All employees at FLT are full-time, permanent employees
19 As of 30 September 2017
20 As of 30 September 2018
21 Rate of new employee hires by gender = total number of new employee hires by gender category / total number of new employee hires
22 Rate of new employee hires by country = total number of new employee hires by country category / total number of new employee hires
23 Rate of new employee hires by age group = total number of new employee hires by age group category / total number of new employee hires
24 Total rate of new employee hires = total number of new employee hires / total number of employees

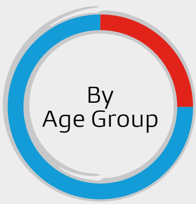
Number and Rate of Employee Turnover[25, 26, 27, 28]

FY2017	FY2018
Turnover rate for FY2017 was 22.2%	**Turnover rate for FY2018 was zero**



Female	4 (100%)
Male	0 (0%)

Singapore	4 (100%)
Australia	0 (0%)



<30 years old	1 (25%)
30-50 years old	3 (75%)
>50 Years old	0 (0%)

25 Rate of employee turnover by gender = total number of employee turnover by gender category / total number of employee turnover
26 Rate of employee turnover by country = total number of employee turnover by country category / total number of employee turnover
27 Rate of employee turnover by age group = total number of employee turnover by age group category / total number of employee turnover
28 Total rate of employee turnover = total number of employee turnover / total number of employees

We recognise that our success as a business is intrinsically linked to the talent and expertise of our people. This is why we are committed to growing individual skills and leadership qualities that will fuel growth and innovation across our business.

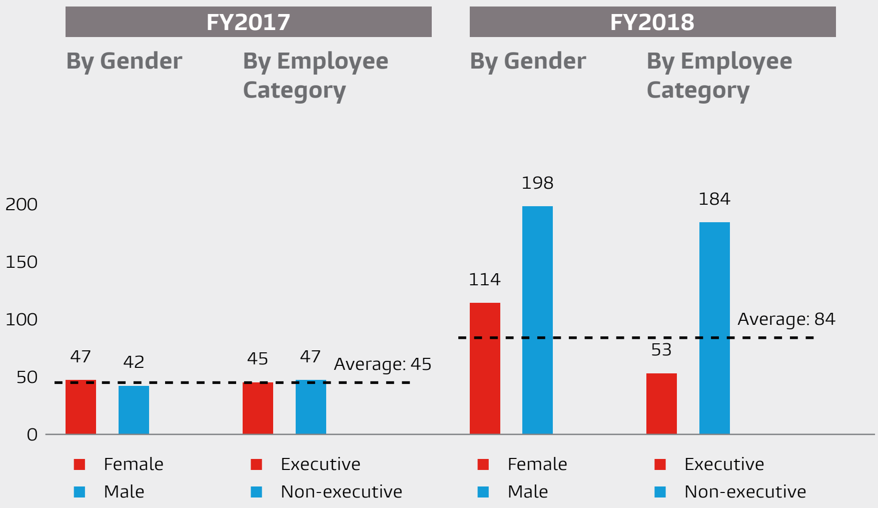
Learning and development (L&D) of our employees is undertaken by Frasers Group's HR department. Guided by Frasers' values of "collaborative, respectful, progressive, real" and unifying idea "experience matters", our L&D programmes are designed to be transformative and forward-looking. The Group's HR department also ensures that L&D programmes offered holistically cater to the needs of employees in various business functions and career stages.

Our staff also has access to a variety of online training content via the Group's new HR platform, My HR Hub. Employees may also submit specific training requests to the HR department or their supervisor. After each training course, staff feedback is collected to see how the training and development programmes could be improved in the future.

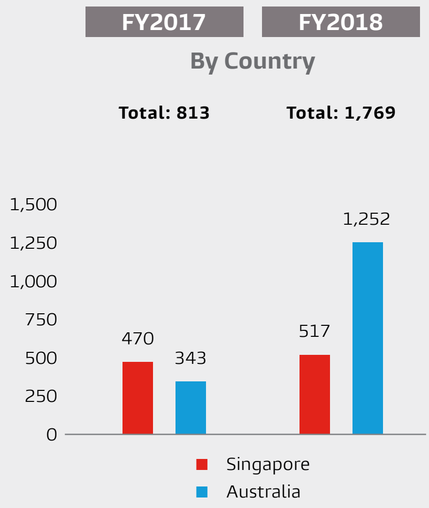
To future-proof our business, we train all relevant staff in key sustainability subjects, such as GRESB, Green Star Performance rating scheme, as well as relevant new technologies and initiatives. Green Star performance training was undertaken in 2017 and we increased engagement with our staff about sustainability in 2018 to empower them to make informed sustainability choices. We will also develop an engagement plan for internal and external audiences by 2019.

1. **Orientation programme for new staff**
2. **General and soft skill programmes, such as building effective working relationships, professional writings**
3. **Job-specific trainings, such as service excellence, leasing certifications**
4. **Leadership programmes for executive officers**

Average Training Hours Per Employee



Total Training Hours



Promoting Health and Wellbeing

We believe in a safe working environment for our workforce. We implement workplace safety management systems across key business operations, such as incident management procedures to identify and control hazards, monitor performance and identify areas for improvement. FLT also participates in the Sponsor's Health and Safety senior management committee to discuss and align workplace health and safety practices across the Group.

In order to help balance work and personal life, FLT employees are encouraged to take part in health and wellness activities organised by the Frasers Corporate Wellness Committee.

Ride2Work Day

Ride2Work is a Bicycle Network initiative, which engages the wider community around the issues of health and wellbeing, as well as supports women in sports recreation. Everyday citizens and particularly commuters are encouraged to forgo driving to work in lieu of cycling, promoting exercise and tackling peak hour traffic problems for a greener, happier Melbourne. Changing behaviour and making riding conditions safer are two of the main goals of the initiative.

Live Life Get Active

In Australia, we partnered with a private social initiative called 'Live Life Get Active'. The purpose of this initiative is to build a fitter, healthier and happier Australia. Our employees are provided with health, fitness and nutritional education to help them with adopting a healthier lifestyle. We believe that by providing an environment that is fun and motivating, we can create a positive change to their lives. We target 80% staff participation and encourage our customers to also join in this initiative as well.

Staff Engagement

On 18 June 2017, the Frasers Group organised an outing to Science Centre Singapore as a part of our annual Family Day event to promote greater family bonds. Employees and their families were treated to a day of fun and learning. Besides spending time with their families, employees were able to connect with their colleagues in a different environment.

At the REIT level, FLT held its second annual staff conference and inaugural community day in Singapore, bringing together colleagues from Australia and Singapore for three days of team-building, learning and community service.

Themed "Driving the Next Phase of Growth", the two-day event, which comprised many valuable and positive workshop sessions, as well as fun and challenging team building games, provided an excellent opportunity for the FLT team to come under one roof to bond, discuss and exchange knowledge and experiences relating to the future growth of the REIT.

The Frasers Group also offers health and wellbeing benefits for our staff. Comprehensive health insurances for its staff and allowances/ reimbursements for medical costs incurred are also provided for its staff.

Flexi Working Arrangement

In Australia and Singapore, employees are given the choice of flexible work arrangement such as working from home. This allows the employees, especially care takers with children or elderly parents, to balance their work and responsibilities at home.

Indoor Environment Quality (IEQ)

Understanding the indoor environment quality of our properties allows us to create healthier workplaces. We require all our industrial assets to have annual IEQ assessments based on Green Star Performance indicators. IEQ measurements have been completed in all of our properties in Victoria, New South Wales and Queensland, where we have assessed 83% of the portfolio.

To continue our efforts in ensuring a healthy workplace, we aim to put in place annual IEQ measurements based on Green Star Performance indicators for 100% of our properties in Australia by 2019.

We are also committed to creating places where people feel comfortable through safe, well maintained and accessible buildings. Our properties are protected with both updated equipment and established practices, such as essential locking mechanisms, safety lighting and fire and emergency procedures. We also conduct regular risk assessments and walk-throughs of our buildings to uphold high health and safety standards at all times.

We focus on improving the accessibility and convenience of our properties and we are currently developing a sustainable logistic transport framework and methodology. We are working with a number of organisations on this subject, as well as discussing feasibility with the Green Building Council of Australia

No breaches of health and safety regulations in regards to our building users

No major safety incidents across our portfolio

We will continue to strive to ensure that there are no major health and safety incidents across our portfolio in FY2019.

Annual Tenant Survey

We engage with our tenants regularly to assess their satisfaction with our properties and service, as well as areas of improvements that can be made in both the physical assets as well as our relationship with them. We conduct an annual tenant survey to gather feedback on aspects such as performance of the property and operation management staff, presentation of the property, fit out processes, maintenance, contractor performance and environmental management and sustainability.

2017 Tenant Survey Key Highlights

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

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

Investing in Communities

We align our Community Investment principles with that of our Sponsor's by shaping our community investment efforts around the theme of 'Wellness'. We aim to enhance the mental, physical and social well-being of our beneficiaries and communities.

In FY2018, the Manager's staff took part in community investment activities organised by the Frasers Group. FLT also held its inaugural Corporate Community Day to further encourage our staff to give back to society.

In FY2019, we will continue to contribute to the wellness of our communities and beneficiaries through active participation in various community investment activities.

Sharing through time - we involve our people to directly contribute to our communities.

Sharing through gifts - we give financially towards social causes that are important for our communities.

FLT Corporate Community Day: Meals-on-Wheels
In partnership with Touch Community Services, FLT held its inaugural Corporate Community Day event on 17 August 2018 by participating in the "Meals-On-Wheels" ration distribution event conducted by Touch Community Services, a Singapore Charity organisation.

21 FLT staff rallied together to deliver close to 100 meals, as well as goodie bags that were prepared by the team, to beneficiaries located in Singapore's Toa Payoh precinct. Mr Robert Wallace, Chief Executive Officer of the REIT Manager, also presented a cheque for S$5,000 to Touch Community, in support of the Charity's community work.

The Big Umbrella "A ReaL MeaL"
FLT staff joined Frasers Property Australia ("FPA") staff to volunteer at Melbourne's on-street soup station, The Big Umbrella, on 1 November 2017 and 28 February 2018. The soup kitchen provides essential meals and assistance to homeless members of the Melbourne community and relies on the time of volunteers for their success. The participants help to set up, put together packs for the homeless, served the meals and cleaned up afterwards.

Steptember
Alongside other teams from FPA, 17 FLT staff forming four teams participated in the 2018 'Steptember Challenge'. Conducted by the Cerebral Palsy Alliance, the Steptember charity event challenges people to commit towards taking 10,000 steps a day for 28 days straight in the month of September, with the teams raising money by organising sponsorship from personal networks. A total of A$5,068 was raised.

Wild Women on Top CoasTrek
Wild Women on Top organised a regular walking event in Sydney, Melbourne and the Sunshine Coast to raise money for the Fred Hollows Foundation. The Foundation supports the delivery of eye health services on the ground in remote areas of Australia and across the world. The Foundation targets the main causes of avoidable blindness such as cataract, trachoma, refractive error and diabetic retinopathy through improvements in nutrition and health and investing equipment and technology to prevent and restore eyesight loss.

Teams of four, with at least 50% women, have between 10 to 18 hours to complete a 30 or 60km challenge along the Australian coastline, getting fit while raising money to transform lives. The walk involves several months of planning, preparation and training. A total of 20 teams of Frasers staff, including two of our FLT staff members, joined the Sydney and Melbourne challenges on 25 May 2018. The Group raised a total of A$81,129 for the Foundation through their participation in the walk as well as corporate donations.

"I am inspired to be part of a team that is focused on the future, and has taken heart to incorporate best-practice environmental, social and corporate governance principles as part of the company's business, with an eye each on corporate success and environmental sustainability. FLT has also walked the extra mile to develop and promote meaningful CSR campaigns, empowering us to support good and meaningful causes."

Mr Andrew Caldwell
Senior Asset Manager, FLIAM

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
Organisational Profile			
GRI 102: General Disclosures	102-1	Name of the organisation	About Frasers Logistics & Industrial Trust (Pg 3)
	102-2	Activities, brands, products, and services	About Frasers Logistics & Industrial Trust (Pg 3)
	102-3	Location of headquarters	Corporate Information (Pg 97)
	102-4	Location of operations	About Frasers Logistics & Industrial Trust (Pg 3)
	102-5	Ownership and legal form	About Frasers Logistics & Industrial Trust (Pg 3) Trust Structure (Pg 4)
	102-6	Markets served	Portfolio Overview (Pg 74) Property Profiles (Pg 82)
	102-7	Scale of the organisation	About Frasers Logistics & Industrial Trust (Pg 3) FY2018 Highlights (Pg 5) People Focused – Cultivating Talent (Pg 117)
	102-8	Information on employees and other workers	People Focused – Cultivating Talent (Pg 117)
	102-9	Supply chain	Restoring Resources – Influencing Our Supply Chain (Pg 116)
	102-10	Significant changes to organisation and its supply chain	FY2018 Highlights (Pg 5) About This Report (Pg 104)
	102-11	Precautionary principle or approach	FLT does not specifically refer to the precautionary approach when managing risk; however, our management approach is risk-based, and underpinned by our internal audit framework.
	102-12	External initiatives	Progressive Thinking – Innovating The Way We Do Business (Pg 112)
	102-13	Membership of associations	Progressive Thinking – Innovating The Way We Do Business (Pg 112)
Strategy			
GRI 102: General Disclosures	102-14	Statement from senior decision-maker	Board Statement (Pg 105)
Ethics and Integrity			
GRI 102: General Disclosures	102-16	Values, principles, standards, and norms of behaviour	Our Unifying Idea (Pg 3) Progressive Thinking - Upholding Corporate Integrity (Pg 112)
Governance			
GRI 102: General Disclosures	102-18	Governance structure	Corporate Information (Pg 97) Managing Sustainability – Sustainability Governance (Pg 108)

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
Stakeholder Engagement			
GRI 102: General Disclosures	102-40	List of stakeholder groups	Managing Sustainability – Stakeholder Engagement (Pg 109)
	102-41	Collective bargaining agreements	There are no collective bargaining agreements in place.
	102-42	Identifying and selecting stakeholders	Managing Sustainability – Stakeholder Engagement (Pg 109)
	102-43	Approach to stakeholder engagement	Managing Sustainability – Stakeholder Engagement (Pg 109)
	102-44	Key topics and concerns raised	Managing Sustainability – Stakeholder Engagement (Pg 109)
Reporting Practice			
GRI 102: General Disclosures	102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements (Pg 172)
	102-46	Defining report content and topic Boundaries	About This Report (Pg 104) Materiality Assessment (Pg 111)
	102-47	List of material topics	Materiality Assessment (Pg 111)
	102-48	Restatements of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	About This Report (Pg 104)
	102-51	Date of most recent report	December 2017
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	About This Report (Pg 104)
	102-54	Claims of reporting in accordance with GRI Standards	About This Report (Pg 104)
	102-55	GRI content index	GRI Content Index (Pg 124)
	102-56	External assurance	We have not sought external assurance on this data; however we intend to review this stance in the future.
Management Approach			
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	Materiality Assessment (Pg 111)
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Our Strategy (Pg 26)
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Financial Review (Pg 28) Financial Statements (Pg 151)

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Topic-specific Standards			
Anti-corruption			
GRI 103: Management Approach	103-2	The management approach and its components	Progressive Thinking – Upholding Corporate Integrity (Pg 112)
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	
Environmental Compliance			
GRI 103: Management Approach	103-2	The management approach and its components	Progressive Thinking - Upholding Corporate Integrity (Pg 112)
	103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	
Ethical Marketing			
GRI 103: Management Approach	103-2	The management approach and its components	Progressive Thinking – Upholding Corporate Integrity (Pg 112)
	103-3	Evaluation of the management approach	
GRI 417: Marketing and Labelling	417-3	Incidents of non-compliance concerning marketing communications	
Energy Management			
GRI 103: Management Approach	103-2	The management approach and its components	Restoring Resources – Conserving Energy (Pg 114)
	103-3	Evaluation of the management approach	
GRI 302: Energy	302-1	Energy consumption within the organization	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	
Water Management			
GRI 103: Management Approach	103-2	The management approach and its components	Restoring Resources – Saving Water (Pg 116)
	103-3	Evaluation of the management approach	
GRI 303: Water	303-1	Water withdrawal by source	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Topic-specific Standards			
Staff Retention and Development			
GRI 103: Management Approach	103-2	The management approach and its components	People Focused – Cultivating Talent (Pg 117)
	103-3	Evaluation of the management approach	
GRI 401: Employment	401-1	New employee hires and employee turnover	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	
	404-3	Percentage of employees receiving regular performance and career development reviews	Managing Sustainability – Stakeholder Engagement (Pg 109)
Labour/Management Relations			
GRI 103: Management Approach	103-2	The management approach and its components	People Focused – Cultivating Talent (Pg 117)
	103-3	Evaluation of the management approach	
GRI 402: Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	This is currently not covered in Group-wide collective agreements. The notice period varies
Health and Safety			
GRI 103: Management Approach	103-2	The management approach and its components	People Focused – Promoting Health and Wellbeing (Pg 119)
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	FLT is represented in the Sponsor's Health and Safety senior management committee.
Local Communities			
GRI 103: Management Approach	103-2	The management approach and its components	People Focused – Investing in Communities (Pg 122)
	103-3	Evaluation of the management approach	
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	

Corporate Governance Report

INTRODUCTION

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

The Manager has general powers of management over the assets of FLT. The Manager's primary role is to manage FLT's assets and liabilities for the benefit of the unitholders of FLT (the "**Unitholders**"), including pursuing sustainable growth and enhancing the value of FLT. The Manager sets the strategic direction for FLT. This includes making recommendations to Perpetual (Asia) Limited, in its capacity as trustee of FLT (the "**Trustee**") on acquisitions, divestments and enhancement of assets in accordance with its strategy.

As required under the licensing regime for REIT managers, the Manager holds a Capital Markets Services Licence ("**CMS Licence**") issued by the Monetary Authority of Singapore ("**MAS**") to carry out REIT management activities.

The Manager is committed to maintaining high standards of corporate governance, instituting sound corporate practices and controls to facilitate the Manager's role in safeguarding and enhancing FLT's asset value so as to maximise returns from investments, and ultimately the total return to Unitholders.

The Manager ensures that the business and practices of FLT are carried out in a manner that adheres closely to the principles and guidelines of the Code of Corporate Governance 2012 (the "**CG Code**") and other applicable laws, rules and regulations, including the SGX-ST Listing Manual, the Code on Collective Investment Schemes (the "**Code on CIS**") and the Securities and Futures Act (the "**SFA**").

This corporate governance report ("**CG Report**") provides an overview of the Manager's corporate governance framework and practices in compliance with the principles and guidelines of the CG Code and covers the corporate governance practices and activities of the Manager for the financial year ended 30 September 2018 ("**FY2018**").

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The composition of the board of directors of the Manager ("**Directors**", and the board of Directors, the "**Board**") as at 30 September 2018 is as follows:

Mr Ho Hon Cheong	Chairman, Non-Executive (Independent)
Mr Goh Yong Chian	Non-Executive (Independent)
Mr Paul Gilbert Say	Non-Executive (Independent)
Mr Panote Sirivadhanabhakdi	Non-Executive (Non-Independent)
Mr Lim Ee Seng	Non-Executive (Non-Independent)
Mr Michael Bowden Newsom	Non-Executive (Non-Independent)

The Board is entrusted with the overall strategic direction and leadership of both FLT and the Manager, and has oversight over their business, financial, investment and material operational affairs and performance objectives. It works closely with Management, and has oversight of and reviews Management's performance. The Board is also involved in setting the values and standards of corporate governance for the Manager and FLT, including establishment and monitoring of risk management practices and corporate governance practices. None of the Directors have entered into any service contract directly with FLT.

Management provides the Board with complete, timely and adequate information to keep the Directors updated on the operations and financial performance of FLT.

Corporate Governance Report

As part of the Manager's internal controls, the Board has established a Manual of Authority ("**MOA**"). The MOA sets out the levels of authorisation and their respective approval limits for a range of transactions, including but not limited to investments, asset enhancement initiatives, and operating and capital expenditures. Transactions and matters which require the Board's approval are clearly set out in the MOA. Such transactions and matters include the acquisition and disposal of property assets, equity investments and asset enhancement initiatives of a value of more than A$5 million/EUR3.1 million, the annual capital and operating budget, the entry into credit facilities including hedging facilities as well as operational matters such as the entry into, or renewal of leases where the contract value exceeds a gross rental income of A$5 million/EUR3.1 million per annum.

To assist the Board, specific areas of responsibilities have been delegated to two board committees, namely the Audit, Risk and Compliance Committee ("**ARCC**") which assists the Board in its corporate governance, compliance and risk management responsibilities, and the Nominating and Remuneration Committee ("**NRC**") which assists the Board in its nominating and remuneration responsibilities.

Upon joining the Board, new Directors will be required to undergo an induction and/or orientation programme to provide them with information on FLT's business, strategic directions, governance practices, policies and business activities, including major new projects. New Directors who join the Board are issued a formal letter of appointment setting out relevant Directors' duties and obligations, so as to acquaint them with their responsibilities as Directors of the Manager.

Following their appointment, Directors are provided with opportunities for continuing education in relevant areas and are regularly updated on new developments in laws and regulations or changes in regulatory requirements and financial reporting standards which are relevant to or may affect the Manager or FLT. The Manager maintains a training record to track Directors' attendance at training and professional development courses.

In addition to talks conducted by relevant professionals, members of the Board are encouraged to attend relevant courses and seminars so as to keep themselves updated on developments and changes in FLT's operating environment, and to be members of the Singapore Institute of Directors ("**SID**") and for them to receive journal updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and the business environment and outlook. During FY2018, the training programmes for the Directors included briefings and updates on proposed changes to the Code of Corporate Governance, Listing Manual and Amendments to the Property Funds Appendix and Changes to financial reporting standards and seminars conducted by SID. Directors have also participated in property tours, as part of their continuing education to familiarise themselves with FLT's business.

The Board meets regularly, at least once every quarter, to review the key activities, performance, business strategies and significant operations and/or management matters pertaining to the Manager and/or FLT. In the event Directors are unable to attend Board meetings physically, the Manager's Constitution allows for such meetings to be conducted via telephone, video conference or any other form of electronic or instantaneous communication. If a Director is unable to attend a meeting, he will still receive all the papers and materials for discussion at that meeting for review. Management will arrange separate discussion with the Board members, if required, to brief them on the issues discussed. In addition to meetings, the members of the Board have access to the management team of the Manager (the "**Management**") throughout the financial year, thereby allowing the Board continuous strategic oversight over the activities of FLT.

At least once a year and if required, time is set aside after scheduled Board meetings for discussions amongst the members of the Board without the presence of Management, in line with the guidelines of the CG Code.

The number of Board, ARCC and NRC meetings held during FY2018 and the attendance of Directors at these meetings are set out below:

	Board	ARCC	NRC
Meetings held for FY2018	7	5	3
Attendance of Directors at Meetings			
Mr Ho Hon Cheong	6	4	3
Mr Goh Yong Chian	7	5	3
Mr Paul Gilbert Say	7	5	NA
Mr Panote Sirivadhanabhakdi	5	NA	1
Mr Lim Ee Seng	7	NA	NA
Mr Michael Bowden Newsom	7	NA	NA

Principle 2: Board Composition and Guidance

For FY2018, the Board comprised six members, of whom three are independent non-executive Directors and three are non-independent, non-executive Directors.

The size of the Board is appropriate and adequate, having regard to the scope and nature of the Manager's and FLT's business and operations. The Board is of the view that the current size and composition of the Board is appropriate for the scope and nature of the operations of the Manager and FLT and facilitates effective decision-making. In line with the CG Code, the Board, with the assistance of the NRC, undertook a review of the structure, size and composition of the Board for FY2018, and following the review, is of the view that the Board's present composition and balance between Executive, Non-Executive and Independent Directors is appropriate and allows for a balanced exchange of views, robust deliberations and debates among members and effective oversight over Management.

The current composition gives the Board the ability to consider and make decisions objectively and independently on issues relating to FLT and the Manager. Under the current composition, no one individual or group dominates the Board's decisions or its process. With respect to its size, the Board is of the view that it meets the requirements of the business of the Manager and FLT, and is sufficient to avoid undue disruptions from changes to its composition, especially in the event of exigencies. The composition of the Board shall be reviewed regularly to ensure that the Board has the appropriate size and mix of expertise and experience. There is a strong and independent element on the Board.

Directors exercise their judgment independently and objectively in the interests of FLT and the Manager.

INDEPENDENCE

The NRC reviews and assesses annually the independence of its directors based on the definitions and guidelines of independence set out in the CG Code and Regulations 13D to 13H[(1)] of the Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**"). Under the SFLCB Regulations, a director is considered to be independent if the director:

(i) is independent from the management of the Manager and FLT;

(ii) is independent from any business relationship with the Manager and FLT;

(iii) is independent from every substantial shareholder of the Manager and every substantial unitholder of FLT;

(iv) is not a substantial shareholder of the Manager or a substantial unitholder of FLT; and

(v) has not served as a director of the Manager for a continuous period of 9 years or longer.

Note:

(1) The SFLCB Regulations were amended by the Securities and Futures (Licensing and Conduct of Business)(Amendment No.2) Regulations 2018 which came into operation on 8 October 2018. One of the amendments to the SFLCB Regulations was the insertion of Regulations 13D to 13H which relate to board composition and director's independence.

In its review for FY2018, the Board has determined, taking into account the endorsement of the NRC, that the following directors are independent (the "**Independent Directors**"):

Mr Ho Hon Cheong
Mr Goh Yong Chian
Mr Paul Gilbert Say

As part of its review, the NRC has taken into consideration each Independent Director's declaration of independence, which includes questions relating to his relationship with FLT, the Manager, the Trustee, and FLT's sponsor, FPL, whereby all have declared that there were no relationships or instances that would otherwise deem him not to be independent.

For the purposes of Regulation 13E(b)(i) of the SFLCB Regulations, the Board of the Manager, after considering the relevant requirements under the SFLCB Regulations, wishes to set out its views in respect of each of the Directors as follows:

The Director:		Mr Ho Hon Cheong	Mr Goh Yong Chian	Mr Paul Gilbert Say	Mr Panote Sirivadhana bhakdi[(1)]	Mr Michael Bowden Newsom[(2)]	Mr Lim Ee Seng[(3)]
(i)	had been independent from the management of the Manager and FLT during FY2018	√	√	√			
(ii)	had been independent from any business relationship with the Manager and FLT during FY2018	√	√	√	√	√	
(iii)	had been independent from every substantial shareholder of the Manager and every substantial unitholder of FLT during FY2018	√	√	√			
(iv)	had not been a substantial shareholder of the Manager or a substantial unitholder of FLT during FY2018	√	√	√		√	√
(v)	has not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY2018	√	√	√	√	√	√

Notes:

(1) Mr Panote Sirivadhanabhakdi is a director and the Group Chief Executive Officer of FPL and a director of other entities within the FPL Group (as defined below) other than the Manager. FPL wholly-owns the Manager and is a substantial unitholder of FLT. Mr Panote Sirivadhanabhakdi is also a director of various entities within the TCC Group (as defined below), which is the controlling shareholder of the FPL Group. He holds 20.0% of the issued share capital of TCC Group Investments Limited, a substantial unitholder of FLT. Mr Panote Sirivadhanabhakdi is also the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi. As such, during FY2018, Mr Panote Sirivadhanabhakdi is deemed (a) to have a management relationship with the Manager and FLT; (b) connected to the shareholder of the Manager and a substantial unitholder of FLT; and (c) had been a substantial unitholder of FLT.

"***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 Michael Bowden Newsom is a director and/or executive of certain entities within the FPL Group other than the Manager. As such, during FY2018, Mr Michael Bowden Newsom is deemed (a) to have a management relationship with the Manager and FLT; and (b) connected to the shareholder of the Manager and a substantial unitholder of FLT.

(3) Mr Lim Ee Seng was the Group Chief Executive Officer of FPL before stepping down in 2016. He is currently a senior advisor to the TCC Group and advisor to FPL. As such, during FY2018, Mr Lim Ee Seng is deemed (a) to have a management and business relationship with the Manager and FLT; and (b) connected to the shareholder of the Manager and a substantial unitholder of FLT.

The Board is satisfied that, as at the last day of FY2018, each of Mr Panote Sirivadhanabhakdi, Mr Michael Bowden Newsom and Mr Lim Ee Seng was able to act in the best interests of the unitholders of FLT as a whole. Each of Mr Panote Sirivadhanabhakdi, Mr Michael Bowden Newsom and Mr Lim Ee Seng was able to act in the best interests of the unitholders of FLT as a whole as at the last day of FY2018.

The Board members have core competencies and expertise and experience in wide-ranging fields which include banking, accounting and finance, and property. Coupled with relevant industry knowledge and expertise of the Board members, the Board has the requisite skills and experience to provide direction, oversight and input which facilitate incisive, well-balanced discussions. This enables the Board to come to independent, considered decisions which is critical to the direction and growth of FLT.

Principle 3: Chairman and Chief Executive Officer

The offices of Chairman and Chief Executive Officer are held by separate persons to ensure an appropriate balance of power and authority and a clear demarcation of responsibilities and accountability. The separation of roles between the Chairman and the Chief Executive Officer facilitates, and is consistent with, the role of the Board in providing oversight over Management and promotes accountability of Management. The Chairman is an independent non-executive director and is not related to the Chief Executive Officer. There is no other business relationship between them.

The Chairman leads the Board by, among other things, guiding Board members through detailed, robust discussions and facilitates overall effectiveness of the Board. Through the Chairman's continuing leadership of the Board, constructive discussions among the Board members as well as between the Board and Management, and effective contribution by the Directors, are promoted. Standards of corporate governance are maintained as a result.

The Chief Executive Officer has full executive responsibilities over the business direction and operations of the Manager. The Chief Executive Officer leads the Management team in the management of FLT and is accountable to the Board for the conduct and performance of the Management team.

Principle 4: Board Membership

The NRC is made up of the following Directors:

Mr Ho Hon Cheong	Chairman
Mr Panote Sirivadhanabhakdi	Member
Mr Goh Yong Chian	Member

A majority of the members of this Committee, including the Chairman, are independent Directors.

The NRC assists the Board in the nomination and appointment of new directors to the Board and developing the processes for this. The NRC has written terms of reference setting out its scope and authority in performing the functions of a nominating committee, which include the following:

- making recommendations to the Board on all Board appointments, re-appointments and the composition of the Board and on relevant matters relating to the appointment and re-appointment of directors;

- regularly reviewing the Board structure, size, composition and the independence of the Board to ensure that the Board has the appropriate mix of expertise and experience, and recommending to the Board such adjustments as it may deem necessary;

- ensuring that at all times, there should be a strong and independent element on the Board;

- putting in place board succession plans for the Board's approval and making recommendations on relevant matters relating to the review of board succession plans for directors, in particular, the Chairman and for the CEO;

- identifying candidates, reviewing and approving nominations for directors, alternate directors and membership of Board committees (including the ARCC and the NRC), as well as appraising the qualifications and experience of any proposed new appointments to the Board and recommending to the Board whether the nomination should be supported; and

- reviewing, on an annual basis and as and when circumstances require, whether or not a director is independent, bearing in mind the circumstances set forth in the CG Code and any other salient factors.

The composition of the Board is determined using the following principles:

- at least one-third of the Board should comprise independent directors where Unitholders have the right to vote on the appointment of directors to the Board, and at least half of the Board should comprise independent directors if the Chairman and the CEO is the same person, the Chairman and the CEO are immediate family members, the Chairman is part of the management team, the Chairman is not an independent director, or where Unitholders do not have the right to vote on the appointment of directors to the Board;
- the Board and its committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of FLT and the Manager, and they should also possess core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge; and

As at least half of the Board comprises Independent Directors, the Manager will not be voluntarily subjecting any appointment or reappointment of directors to voting by Unitholders. The Chairman of the Board is presently an Independent Director.

In respect of the search and nomination process for new directors, the NRC will identify the relevant and/or desirable skills and experience, and engage search companies as well as networking contacts to identify and shortlist candidates, to spread its reach for the best candidate for the role.

The CG Code provides that the Board should fix the maximum number of board representations on other listed companies that their directors may hold and to disclose this in their annual report. In determining whether each Director is able to devote sufficient time to discharge his duties, the Board has taken cognizance of the CG Code requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and their respective principal commitments per se. The attendance and contributions by the Directors to and during meetings of the Board, the ARCC and the NRC as well are holistically assessed and taken into account. Details of such directorships and other principal commitments of our Directors may be found on pages 18 to 21 of this Annual Report.

All appointments and resignations of Board members are approved by the Board. With the establishment of the NRC, the NRC shall be instrumental in assisting in the review of all Board appointments, re-appointments and the composition of the Board, its recommendations of which shall be taken into consideration by the Board in its decision.

Principle 5: Board Performance

The Board, with the assistance of the NRC, has implemented a process to evaluate and assess the performance of the Board and the ARCC and their decision-making processes.

The Board has implemented a formal process for assessing the effectiveness of the Board and the Board Committees, the contribution by each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman.

For FY2018, an independent external third-party consultant was appointed to facilitate the process of conducting a Board evaluation survey. The survey is designed to provide an evaluation of current effectiveness of the Board and to support the Chairman and the Board to proactively consider what can enhance the readiness of the Board to address emerging strategic priorities for FLT. As part of the survey, questionnaires were sent by the external consultant to the Directors to obtain feedback, and interviews were conducted to clarify the responses where required.

The areas covered in the questionnaires included: (1) Board performance in shaping and adapting FLT's strategy; (2) Board oversight on FLT's performance and risk and crisis management; (3) Board composition and structure; (4) Board culture and dynamics, including the Board's partnership with Management; (5) Board's role in respect of succession planning for the Board and Management; and (6) the effectiveness of the Board Committees.

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

In the process, the findings and recommendations of the consultant which include feedback from Directors would be considered, and the necessary follow up action would be taken with a view to improving the overall effectiveness of the Board in fulfilling its role and meeting its responsibilities to the Unitholders. 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.

Principle 6: Access to Information

Management has ensured that complete, timely and adequate information is provided to both the Board and ARCC members, on an on-going basis, and prior to Board and ARCC meetings, which allows the Board and ARCC to discharge their duties. Papers are sent to the Board members ahead of meetings in order for matters to be considered thoroughly, prior to the making of any decision. Board members have separate and independent access to Management and the Company Secretary to facilitate discussions or any queries they may have.

The annual calendar of Board activities is scheduled in advance. Board papers are dispatched to Directors about a week before scheduled meetings so that Directors have sufficient time to review and consider matters being tabled and discussed at the meetings. Under the direction of the Chairman, the Company Secretary ensures that Board procedures, and applicable rules and regulations are complied with. She attends all Board meetings and acts as a channel of communication for information flow and dissemination to and within the Board, as well as between senior Management and non-executive Directors.

For matters which require the Board's decision outside such meetings, board papers are circulated through the Company Secretary, for the Board's consideration, with discussions and clarifications taking place between members of the Board and Management, before approval is granted.

The Directors, either individually or as a group, may seek or obtain independent professional advice, where necessary, in the furtherance of their duties.

REMUNERATION MATTERS

Principle 7: Remuneration Matters

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The remuneration of the staff of the Manager and Directors' fees are paid by the Manager from the management fees it receives from FLT.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on the remuneration of the Board and key management executives ("**Key Management Executives**") of the Company, and for determining the remuneration packages of individual directors and Key Management Executives of the Manager. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate talent without being excessive. The NRC recommends the framework of remuneration (which covers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind) and the specific remuneration packages for the CEO and each Director to the Board for endorsement. The NRC also reviews the remuneration of the Key Management Executives of the Manager.

The written terms of reference of the NRC, which sets out its scope and authority, requires the NRC, in reviewing remuneration matters, to take into consideration the following (amongst other factors):

- the remuneration for non-executive directors should be appropriate to the level of contribution, in terms of effort, time spent and responsibilities; and shall be a fixed sum; and
- the principles under the CG Code in respect of remuneration and the requirements under the Notice to REIT Managers and Guidelines to REIT Managers issued by the Monetary Authority of Singapore and effective 1 January 2016.

In addition, under the written term of reference of the NRC, the NRC is to:

- ensure that the remuneration of executive directors of the Manager shall not be linked in any way to FLT's gross revenue; and
- review the disclosures in FLT's annual report on the Manager's remuneration policies, level and mix of remuneration, and the procedure for setting remuneration.

Policies in respect of Directors' Remuneration

The remuneration of Non-Executive Directors takes into account their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings. Non-Executive Directors are paid a basic fee and attendance fees for attending Board meetings. Non-Executive Directors who perform services through Board Committees are paid additional fees for such services. No Director decides his own fees. Non-Executive Directors' fees will be reviewed periodically to benchmark such fees against the amounts paid by other major listed companies and REITs.

The Directors' fees for FY2018 are shown in the table below.

Board Members	Directors' Fees for FY2018 S$'000	Directors' Fees for FY2017 S$'000
Mr Ho Hon Cheong (Chairman of Board and NRC)	161.5	134.0
Mr Goh Yong Chian (Chairman of ARCC)	121.0	84.5
Mr Paul Gilbert Say	87.5	78.0
Mr Panote Sirivadhanabhakdi	59.5[1]	51.5[1]
Mr Lim Ee Seng	54.0	47.5
Mr Michael Bowden Newsom	67.0[2]	54.0[2]

Notes

(1) Director's fees are paid to Frasers Property Corporate Services Pte Ltd (formerly known as FCL Management Services Pte Ltd).

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

Remuneration Policy for Management

The Manager's remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. The Manager links executive remuneration to the REIT and the individual's performance. REIT performance is measured based on pre-set financial and non-financial indicators. Individual performance is measured based on the employee's annual appraisal which includes an assessment on various indicators such as core values, competencies and key result areas. The potential of the employee is also taken into consideration.

Fixed Component

The fixed component in the Manager's remuneration framework is structured to reward employees for their role performed, and is benchmarked against relevant industry market data. It comprises base salary, fixed allowances and any statutory contribution.

Variable Component

The variable component in the Manager's remuneration framework is structured to incentivise sustained performance for 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 relevant performance period and approved by the NRC.

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 Executives are assessed using a balanced scorecard with pre-agreed financial and non-financial Key Performance Indicators ("**KPIs**"). The financial KPIs are based on REIT performance. Each financial KPI has 3 levels of targets, namely threshold, target and stretch. Non-financial KPIs may include measures on People, Corporate Governance or specified projects. These targets are established prior to each financial year.

At the end of the financial year, the achievements are measured against the pre-agreed targets and the final short term incentives of each Key Management Executive are determined.

The NRC recommends the final short term incentives that are awarded to the CEO and Key Management Executives for the Board's endorsement, taking into consideration any other relevant circumstances.

2. Long Term Incentive Plan

The NRC administers the Manager's long term incentive plan ("**LTI Plan**"), namely, the Restricted Unit Plan (RUP)[1].

Note:

[1] The RUP was approved by the Board and adopted on 8 December 2017.

Through the LTI Plan, the Manager seeks to align directly the interests of CEO, Key Management Executives and senior executives with the interest of the Unitholders of the REIT, and for such employees to participate and share in the REIT's growth and success. It is also intended to retain employees whose contributions are essential to the well-being and growth of the REIT and the Manager.

The RUP is available to selected senior executives of the Manager. Its objectives are to increase the Manager's flexibility and effectiveness in its continuing efforts to attract, motivate and retain talented senior executives and to reward these executives for the future performance of the REIT. It serves as further motivation to the participants in striving for excellence and delivering long-term unitholder value.

Under the RUP, the Manager grants unit-based awards ("**Base Awards**") with pre-determined performance targets being set over the relevant performance period. The performance period for the RUP is two years. The pre-set targets are Net Property Income and Distribution per Unit.

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 Base Awards can be delivered, subject to a maximum multiplier of the Base Awards.

The obligation to deliver the Units is expected to be satisfied out of the Units held by the Manager.

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

The level and mix of remuneration and the remuneration benefits, policies and practices of the Manager, where appropriate, including long-term incentives will be reviewed by the NRC. The NRC will ensure that competitive remuneration policies and practices are in place to attract and motivate high-performing executives so as to drive FLT's business to greater growth, efficiency and profitability. In its deliberation, the NRC will take into consideration industry practices and benchmarks against relevant industry players to ensure that its remuneration and employment conditions are competitive and may, if it considers necessary, engage independent remuneration consultant(s). The mix of fixed and variable components is considered appropriate for the Manager and for each individual employee's role.

Corporate Governance Report

The NRC will exercise broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and promote the long-term success of FLT. The NRC will ensure that the overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Manager's or FLT's risk profile.

Performance Indicators for Key Management Executives

As set out above, the Manager's variable remuneration comprises short-term and long-term incentives, and takes into account individual performance and FLT's performance.

The Manager has put in place a framework whereby in determining the short-term incentives of the Key Management Executives, both FLT's financial and non-financial performance will be taken into consideration. The financial performance indicators in which the Key Management Executives will be evaluated on comprise (i) Unitholder Distributable Income, (ii) portfolio occupancy and (iii) weighted average lease expiry. These performance indicators are quantitative and are objective measures of the Manager's performance. The non-financial performance indicators in which Key Management Executives will be evaluated on include (i) FLT's business development, (ii) corporate governance and compliance, (iii) sustainability, (iv) branding and (v) people development. These qualitative performance indicators will align the Key Management Executive's performance with FLT's strategic objectives.

In relation to long term incentives, the Manager has implemented the RUP with effect from the financial year ended 30 September 2018 as set out above. The release of the long term incentive awards to the Key Management Executives are conditional upon the performance targets being met. The performance targets of the KPIs align the interests of the Key Management Executives with the long-term growth and performance of the REIT.

The NRC will review the short-term and long-term incentives in the Key Management Executive's remuneration package to ensure its compliance with the substance and spirit of the directions and guidelines from the MAS.

Currently, the Manager does not have claw-back provisions which allow them to reclaim incentive components of remuneration from their key executives in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss.

The remuneration of the CEO in bands of S$250,000, and a breakdown of the remuneration of the key executives (including the CEO) of the Manager in percentage terms, are provided below:

Key Executives' Remuneration for FY2017/18

Names of CEO and Key Executives	Salary %	Bonus %	Allowances & Benefits %	Long-term Incentives %	Total %
Between S$750,001 to S$1,000,000					
Robert Stuart Claude Wallace	56	28	–	16	100
Key Executives (excluding CEO)					
Susanna Cher Mui Sim Jonathan James Spong Chew Yi Wen[2]	54[1]	20[1]	4[1]	22[1]	100
Aggregate Total Remuneration (including the CEO)					S$2,316,150

Note:

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

[2] Ms Chew Yi Wen was appointed the Head of Investments from 22 November 2017. As such, the remuneration disclosed is for the period commencing 22 November 2017 to 30 September 2018.

Corporate Governance Report

Pursuant to MAS' "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management", REIT managers are required to disclose (i) the remuneration of the CEO and each individual director on a named basis, and (ii) 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 Manager has decided (a) to disclose the CEO's remuneration in bands of $250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other key executives of the Manager in bands of $250,000, and (c) to disclose the aggregate remuneration of all key executives of the Manager (including the CEO). The rationale for these disclosures are:

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

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

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

(iv) the remuneration of the CEO and key executives of the Manager are paid by the Manager and there is full disclosure of the total amount of fees paid to the Manager set out in pages 158, 194 and 237 of this Annual Report.

There were no employees of the Manager who are immediate family members of a Director or the CEO during FY2018.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board, with the support of Management, is responsible for providing a balanced and understandable assessment of FLT's performance, position and prospects, on a quarterly basis. Quarterly and annual financial statements and other material information are disseminated to Unitholders through announcements to the SGX-ST, and, where applicable, media releases and analysts' briefings. Such financial reports are reviewed by the Board before dissemination. Quarterly and annual financial statements are prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on CIS issued by the MAS and the provisions of the FLT Trust Deed.

Principle 11: Risk Management and Internal Controls

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

Internal Controls

The ARCC, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the Manager's system of controls, including financial, compliance, operational and information technology controls. In assessing the effectiveness of internal controls, the ARCC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors 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.

Risk Management

The Board, through the ARCC, reviews the adequacy and effectiveness of the Manager's risk management framework for the Manager and FLT to ensure that robust risk management and mitigating controls are in place. The Manager has adopted an enterprise-wide risk management ("**ERM**") framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the Manager's ERM framework and progress report is set out on pages 100 to 101 of this Annual Report.

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

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

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer of the Manager that as at 30 September 2018:

(a) the financial records of FLT have been properly maintained and the financial statements for FY2018 give a true and fair view of FLT's operations and finances;

(b) the system of internal controls in place for FLT is adequate and effective as at 30 September 2018 to address financial, operational, compliance and information technology risks which the Manager considers relevant and material to FLT's operations; and

(c) the risk management system in place for FLT is adequate and effective as at 30 September 2018 to address risks which the Manager considers relevant and material to FLT's operations.

Opinion of the Board on Internal Controls and Risk Management Framework

Based on the internal controls established and maintained by the Manager, work performed by internal and external auditors, reviews performed by Management and the ARCC and assurance from the CEO and the CFO of the Manager, the Board, with the concurrence of the ARCC, is of the opinion that the internal controls in place for FLT, were adequate and effective as at 30 September 2018 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to FLT's operations.

Based on the risk management framework established and assurance from the CEO and the CFO of the Manager, the Board is of the view that the risk management system in place for FLT was adequate and effective as at 30 September 2018 to address risks which the Manager considers relevant and material to FLT's operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Manager will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives.

In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Corporate Governance Report

Principle 12: Audit, Risk and Compliance Committee

The ARCC is governed by written terms of reference defining its scope of authority and in accordance with such terms, is authorised to investigate any matter in connection with FLT and the Manager. The ARCC has full access to, and has the full cooperation of, Management, with full authority and discretion to invite any Director or employee of the Manager to attend its meetings. The ARCC is able to call upon the Manager's resources to enable it to discharge its functions effectively.

The ARCC's responsibilities include:

- reviewing and monitoring the effectiveness of the Manager's internal control processes for the Manager and FLT, including financial, compliance and risk management controls/framework;
- reviewing the financial statements and the audit report for recommendation to the Board for approval;
- monitoring Management's compliance with applicable rules and legislation, such as the listing rules of the SGX-ST, the Code on CIS and the SFA;
- reviewing with the external auditors, the audit plans, audit reports and their evaluation of the system of internal controls;
- reviewing the appointment and re-appointment of the external auditors and their fees and recommending the same to the Board for approval, as well as reviewing the adequacy and effectiveness of external audits in respect of cost, scope and performance;
- reviewing the independence and objectivity of the external auditors, taking into consideration the non-audit services provided by the external auditors. For FY2018, audit fees of A$750,000 and fees of A$12,000 for the non-audit services were paid/payable to FLT's external auditors;
- reviewing the adequacy and effectiveness of the internal audit ("**IA**") function, including its resources, audit plans and the scope and effectiveness of the internal audit procedures;
- being updated on and monitoring payments under the Contingent Rental Support Arrangements, the Incentive Reimbursements Deeds for the IPO Properties, the Incentive Reimbursement Deeds for the Development Properties and the Incentive Reimbursement Deeds for the Call Option Properties (in respect of the funding of the Rent Free Development Incentives) (each as defined in the Prospectus of FLT dated 10 June 2016); and
- reviewing Interested Person/Party Transactions to ascertain compliance with internal procedures and provisions of applicable laws and regulations.

In performing its functions, the ARCC meets with the internal and external auditors and reviews the internal and external audit plans and reports for FLT and the Manager, and the assistance given by Management to the auditors. All audit findings and recommendations are presented to the ARCC for discussion. In addition, updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the ARCC periodically.

Corporate Governance Report

The following significant matter impacting the financial statements was discussed with Management and the external auditor, and reviewed by 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 as at 30 September 2018.

For FY2018, the ARCC comprised three independent non-executive Directors:

Name	**Role**
Mr Goh Yong Chian	Chairman
Mr Ho Hon Cheong	Member
Mr Paul Gilbert Say	Member

The separation of the roles of the Chairman of the Board and the Chairman of the ARCC ensures greater independence of the ARCC in the discharge of its duties. This is also with a view to increasing its effectiveness in assisting the Board in the discharge of its statutory and other responsibilities in the areas of internal controls, financial and accounting matters, compliance and risk management.

Members of the ARCC collectively possess the accounting and related financial management, expertise and experience required for the ARCC to discharge its responsibilities and assist the Board in its oversight over Management in the design, implementation and monitoring of risk management and internal control systems.

External Auditors

The Board has approved the re-appointment of KPMG LLP ("**KPMG**") as external auditors of FLT, subject to the approval of the Unitholders at the forthcoming FLT Annual General Meeting on 24 January 2019. The Manager confirms that FLT complies with Rules 712 and 715 of the Listing Manual in relation to the re-appointment of KPMG as the external auditors of FLT. The ARCC has conducted a review of all non-audit services provided by KPMG during FY2018. 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 is put at risk. For FY2018, audit fees of A$750,000 and fees of A$12,000 for the non-audit services were paid/payable to FLT's external auditors. KPMG has attended the ARCC meetings held every quarter for FY2018, and where appropriate, has met with the ARCC without the presence of Management to discuss their findings, if any.

It is proposed that at the forthcoming FLT Annual General Meeting, KPMG be re-appointed as the external auditors of FLT and that the Manager be authorised to fix their remuneration.

Corporate Governance Report

WHISTLE-BLOWING POLICY

A Whistle-Blowing Policy is in place to provide an avenue through which employees and any other persons may report in good faith and in confidence, any concerns relating to financial and other matters, so that an independent investigation of such matters can be conducted and appropriate follow-up action taken.

Principle 13: Internal Audit

The Manager has in place an internal audit ("**IA**") function established within the FPL Group to independently examine and evaluate the activities of the Manager, focusing on the adequacy and effectiveness of internal controls, risk management and corporate governance processes.

The FPL Group IA is independent of the activities that it audits. The Head of Group IA, who is a Certified Fraud Examiner and a Fellow of The Institute of Singapore Certified Accountants (ISCA), CPA Australia and ACCA, reports directly to the Chairman of the ARCC. The Head of Group IA and the Singapore-based IA staff are members of the Institute of Internal Auditors, Singapore and FPL Group IA has adopted and complied with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, Inc. To ensure that the internal audits are effectively performed, it recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are also given relevant training and development opportunities to update their technical knowledge and auditing skills. All IA staff received relevant technical training and attended seminars organised by the Institute of Internal Auditors, Singapore or other professional bodies.

The FPL Group IA operates within the framework stated in the Terms of Reference as contained in the Internal Audit Charter approved by the ARCC. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of FLT. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities and material internal controls. The audit scope also included review of compliance with the policies, procedures and regulatory responsibilities of FLT and the Manager.

During the year, Group IA conducted its audit reviews based on the approved Internal Audit Plan. All audit reports detailing audit findings and recommendations are provided to Management who would respond on the actions to be taken. Each quarter, IA submits to the ARCC a report on the status of the Audit Plan and on audit findings and actions taken by Management on such findings. Key findings are highlighted at the ARCC meetings for discussion and follow-up action. The ARCC monitors the timely and proper implementation of appropriate follow-up measures to be undertaken by Management.

The ARCC is satisfied that for FY2018, the internal audit function is adequately resourced and has appropriate standing within FLT and the Manager to perform its functions effectively.

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Unitholder Rights

The Manager believes in treating all Unitholders fairly and equitably. It aspires to keep all Unitholders and other stakeholders and analysts in Singapore and beyond informed of FLT's activities, including changes (if any) in FLT's business which are likely to materially affect the price or value of its Units, in a timely and consistent manner.

Unitholders are also given the opportunity to participate effectively and vote at general meetings of FLT, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.

Principle 15: Communication with Unitholders

The Manager is committed to upholding high standards of disclosure and corporate transparency. The Manager provides timely and comprehensive information relating to FLT's performance and its developments to its Unitholders and the investment community through announcements to the SGX-ST and on FLT's website, to enable them to make informed investment decisions. The Manager has a dedicated investor relations manager ("**IR manager**") to facilitate communications with FLT's Unitholders, investors, analysts, and the media.

Corporate Governance Report

The Manager meets and communicates regularly with Unitholders and the investment community to keep them apprised of FLT's corporate developments and financial performance. During FY2018, the Manager engaged with fund managers and analysts through 275 investor relations activities such as one-on-one meetings, post-results investor luncheons, meetings and teleconferences, as well as local and overseas conferences. The Manager makes available all its briefing materials, its financial information, its annual report and all announcements to the SGX-ST on its website at https://www.frasersproperty.com/reits/flt, with contact details for investors to channel their comments and queries.

Principle 16: Conduct of Unitholder Meetings

In compliance with the Code on CIS, an Annual General Meeting ("**AGM**") is held after the close of each financial year allowing the Manager to interact with investors. Prior to the AGM, copies of the Notice of AGM and proxy forms are sent to all Unitholders. The FLT Annual Report is made available on the Manager's website and may be obtained on request by Unitholders.

As and when an Extraordinary General Meeting is convened, a circular is sent to each Unitholder. The circular contains details of the matters proposed for Unitholders' consideration and approval.

The Manager employs electronic poll voting at its Annual and Extraordinary General Meetings, whereby Unitholders are invited to vote on each of the resolutions by way of poll using an electronic voting system. This will allow all Unitholders present or represented at the meeting to vote on a one vote per Unit basis. The voting results of all votes cast for, or against, of each resolution will displayed at the meeting and announced to the SGX-ST after the meeting.

Board members and Management are present at Unitholders' meetings to attend to questions or queries raised by Unitholders in relation to the resolutions sought to be passed. The external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

DEALINGS IN UNITS

The Manager has adopted a dealing policy ("**Dealing Policy**") on securities trading which provides guidance with regard to dealings in FLT units by its Directors, officers and employees. Directors, officers and employees are prohibited from dealing in FLT units:

- in line with the Listing Rule 1207(19)(c) on Dealings in Securities, two weeks before the date of announcement of quarterly financial statements and one month before the date of announcement of full-year results ("**Prohibition Period**"); and
- at any time while in possession of unpublished material or price sensitive information.

Directors, officers and employees are also directed to refrain from dealing in FLT units on short-term considerations.

Prior to the commencement of the Prohibition Period, Directors, officers and employees will be reminded not to trade during this period or whenever they are in possession of unpublished price sensitive information. Outside of the Prohibition Period, any trades must be reported to the Board within 48 hours. Every quarter, each Director, officer or employee is required to complete and submit a declaration form to the Compliance Officer to report any trades he/she made in FLT 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. Any non-compliance with the Dealing Policy will be reported to the ARCC for its review and instructions.

In compliance with the Dealing Policy in relation to the Manager, prior approval from the Board is required before the Manager deals or trades in FLT units. The Manager has undertaken that it will not deal in FLT units:

a) during the period commencing one month before the public announcement of FLT 's full-year results and (where applicable) property valuations and two weeks before the public announcement of FLT 's quarterly results; or

b) whenever it is in possession of unpublished material price sensitive information.

Corporate Governance Report

The Manager has also given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in FLT units and any changes thereto within two business days after the date on which it acquires or disposes of any FLT units, as the case may be.

CONFLICTS OF INTEREST

Procedures have been implemented to address potential conflicts of interest (including in relation to Directors, officers and employees) which may arise in managing FLT. These include the following:

- The Manager is to be dedicated to managing FLT and will not directly or indirectly manage other REITs;
- All executive officers of the Manager will be employed by the Manager;
- All resolutions in writing of the Directors in relation to matters concerning FLT must be approved by a majority of the Directors, including at least one Independent Director;
- At least one-third of the Board shall comprise Independent Directors;
- On matters where FPL and/or its subsidiaries have an interest (directly or indirectly), Directors nominated by them shall abstain from voting. On such matters, the quorum must comprise a majority of independent Directors and must exclude nominee Directors of FPL and/or its subsidiaries; and
- An interested Director is required to disclose his interest in any proposed transaction with FLT and is required to abstain from voting on resolutions approving the transaction.

INTERESTED PERSON TRANSACTIONS

The Manager has established internal processes such that the Board, with the assistance of the ARCC, is required to be satisfied that all interested person transactions ("**IPTs**") are undertaken on normal commercial terms, and are not prejudicial to the interests of FLT and the Unitholders. This may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix). Directors who are interested in any proposed IPT to be entered into by FLT are required to abstain from any deliberations or decisions in relation to that IPT.

All IPTs are entered in a register maintained by the Manager. The Manager incorporates into its internal audit plan a review of the IPTs recorded in the register to ascertain that internal procedures and requirements of the Listing Manual and Property Funds Appendix have been complied with. The ARCC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor IPTs have been complied with. 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.

In respect of transactions entered into or to be entered into by the Trustee for and on behalf of FLT with an interested person, the Trustee is required to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of FLT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual.

Corporate Governance Report

ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE MANAGER

Pursuant to the Trust Deed, the Manager is entitled to receive the following fees:

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Base Fee	Pursuant to Clause 15.1.1 of the Trust Deed, the Manager is entitled to receive a Base Fee not exceeding the rate of 0.4% per annum of the Value of FLT's Deposited Property. The Base Fee is payable quarterly in the form of cash and/or Units as the Manager may elect.	The Base Fee compensates the Manager for the costs incurred in managing FLT, which includes overheads, day-to-day operational costs, compliance, monitoring and reporting costs as well as administrative expenses. The Base Fee is calculated at a fixed percentage of asset value as the scope of the Manager's duties is commensurate with the size of FLT's asset portfolio.
Performance Fee	Pursuant to Clause 15.1.2 of the Trust Deed, the Manager is entitled to receive a Performance Fee equal to a rate of 5.0% per annum of the Distributable Income of FLT (calculated before accounting for the Performance Fee but after accounting for the Base Fee and adding back Adjustments) in the relevant financial year. The Performance Fee is payable annually in the form of cash and/or Units as the Manager may elect.	The Performance Fee, which is based on Distributable Income, aligns the interests of the Manager with Unitholders as the Manager is incentivised to proactively focus on improving rentals and optimising the operating costs and expenses of FLT's properties. Linking the Performance Fee to Distributable Income will also motivate the Manager to ensure the long-term sustainability of the distribution income instead of taking on excessive short-term risks to the detriment of Unitholders.
Acquisition Fee	Pursuant to Clause 15.2.1(i) of the Trust Deed, the Manager is entitled to receive an Acquisition Fee not exceeding the rate of (i) 0.5% for acquisitions from Related Parties; and (ii) 1.0% for acquisitions in all other cases, of the acquisition price upon the completion of an acquisition. Subject to the Property Funds Appendix, the Acquisition Fee is payable as soon as practicable after completion of the acquisition in the form of cash and/or Units as the Manager may elect.	The Acquisition Fee and Divestment Fee seek to motivate and compensate the Manager for the time, cost and effort spent (in the case of an acquisition) in sourcing, evaluating and executing potential opportunities to acquire new properties to further grow FLT's asset portfolio or, (in the case of a divestment) in rebalancing and unlocking the underlying value of the existing properties. The Manager provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns, income sustainability and achieving the investment objectives of FLT. The Acquisition Fee is higher than the Divestment Fee because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.
Divestment Fee	Pursuant to Clause 15.2.1(ii) of the Trust Deed, the Manager is entitled to receive a Divestment Fee not exceeding the rate of 0.5% of the sale price upon the completion of a sale or disposal. Subject to the Property Funds Appendix, the Divestment Fee is payable as soon as practicable after completion of the sale or disposal in the form of cash and/or Units as the Manager may elect.	The Divestment Fee is lower than the Acquisition Fee because there is additional work to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.

Note

Capitalised terms used in this section shall have the same meanings ascribed to them in the Trust Deed between the Manager and Perpetual (Asia) Limited (in its capacity as trustee of FLT) dated 30 November 2015 (as amended).

Corporate Governance Report

GUIDELINES FOR DISCLOSURE

Guideline	Questions		How has the Company complied
General	(a)	Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Please refer to the disclosures and references in this table for the specific deviations from the Code.
	(b)	In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The Manager has adopted alternative corporate governance practices which reflect the fact that the Manager itself is not a listed entity but that the entity which it manages, Frasers Logistics & Industrial Trust ("**FLT**"), is listed and managed externally by the Manager.
Board Responsibility			
Guideline 1.5	What are the types of material transactions which require approval from the Board?		Please refer to page 130 of this Annual Report.
Members of the Board			
Guideline 2.6	(a)	What is the Board's policy with regard to diversity in identifying director nominees?	Please refer to pages 131 to 134 of this Annual Report.
	(b)	Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Please refer to pages 131 to 134 of this Annual Report.
	(c)	What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	Please refer to pages 131 to 134 of this Annual Report.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.		Please refer to pages 131 to 134 of this Annual Report. Directors of the Manager are not subject to periodic retirement by rotation.
Guideline 1.6	(a)	Are new directors given formal training? If not, please explain why	Yes. Please refer to page 130 of this Annual Report.
	b)	What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Please refer to page 130 of this Annual Report.
Guideline 4.4	(a)	What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	No maximum number has been prescribed.
	(b)	If a maximum number has not been determined, what are the reasons?	Please refer to page 134 of this Annual Report
	(c)	What are the specific considerations in deciding on the capacity of directors?	Please refer to page 134 of this Annual Report

Corporate Governance Report

Guideline	Questions		How has the Company complied
Board Evaluation			
Guideline 5.1	(a)	What was the process upon which the Board reached the conclusion on its performance for the financial year?	Please refer to page 134 of this Annual Report.
	(b)	Has the Board met its performance objectives?	Please refer to page 134 of this Annual Report.
Independence of Directors			
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company		Yes. Please refer to page 131 of this Annual Report.
Guideline 2.3	(a)	Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	None.
	(b)	What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	(a)	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.
Disclosure on Remuneration			
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?		Please refer to pages 136 and 138 of this Annual Report.

Corporate Governance Report

Guideline	Questions	How has the Company complied
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to pages 138 to 139 of this Annual Report.
	(b) Please disclose the aggregate remuneration paid to the top key management personnel (who are not directors or the CEO).	Please refer to pages 138 to 139 of this Annual Report.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Please refer to pages 136 to 138 of this Annual Report. There are no executive directors on the Board of the Manager.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to pages 136 to 138 of this Annual Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Please refer to pages 136 to 138 of this Annual Report.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to page 135 of this Annual Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why	Yes. Please refer to page 143 of this Annual Report.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Please refer to pages 139 to 140 of this Annual Report.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Please refer to page 140 of this Annual Report.

Corporate Governance Report

Guideline	Questions		How has the Company complied
Guideline 12.6	(a)	Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year	Please refer to page 141 of this Annual Report.
	(b)	If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors	Please refer to page 142 of this Annual Report.
Communication With Shareholders			
Guideline 15.4	(a)	Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Please refer to pages 143 to 144 of this Annual Report.
	(b)	Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes. Please refer to pages 143 to 144 of this Annual Report.
	(c)	How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the Annual Report?	Please refer to pages 143 to 144 of this Annual Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.		Not applicable.

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Report of the Trustee

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Frasers Logistics & Industrial Trust ("Trust") held by it or through its subsidiaries (collectively the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "Regulations"), the Trustee shall monitor the activities of Frasers Logistics & Industrial Asset Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed dated 30 November 2015 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the financial year covered by these financial statements set out on pages 158 to 231, 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
23 November 2018

Statement by the Manager

In the opinion of the directors of Frasers Logistics & Industrial Asset Management Pte. Ltd. (the "Manager"), the accompanying financial statements set out on pages 158 to 231, 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 2018, 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 2018, 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 2018, 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 2018 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Frasers Logistics & Industrial Asset Management Pte. Ltd.

Ho Hon Cheong
Director

Goh Yong Chian
Director

Singapore
23 November 2018

Independent Auditors' Report

UNITHOLDERS OF FRASERS LOGISTICS & INDUSTRIAL TRUST
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT
TO THE TRUST DEED DATED 30 NOVEMBER 2015 (AS AMENDED))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frasers Logistics & Industrial Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 30 September 2018, 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 158 to 231.

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 2018 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 10 of the financial statements)

Risk

The Group owns a portfolio of industrial properties in Australia, Germany and the Netherlands that are leased to third parties under operating leases. Investment properties represent the largest category of assets on the consolidated statement of financial position, with a carrying value of approximately A$3.0 billion as at 30 September 2018.

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.

Our response

We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We evaluated the appropriateness of the key assumptions used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors.

Our findings

We found the external valuers to be objective and competent. The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are comparable to available market data.

Other information

Frasers Logistics & Industrial Asset Management Pte. Ltd., the Manager of the Trust (the "Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained About Frasers Logistics & Industrial Trust, Trust Structure, FY2018 Highlights, Letter to Unitholders, Conversations with the CEO, Board of Directors, Management Team, Our Strategy, Financial Review, Australia Industrial & Logistics Market Overview, Germany Industrial & Logistics Market Overview, The Netherlands Industrial & Logistics Market Overview, Operational Review, Portfolio Overview, Property Profiles, Investor Relations, Unit Performance, Corporate Information, Risk Management, Sustainability Report, Corporate Governance Report, Use of Proceeds and Interested Person Transactions prior to the date of this auditors' report, and the Unitholders' Statistics is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Unitholders' Statistics, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report

UNITHOLDERS OF FRASERS LOGISTICS & INDUSTRIAL TRUST
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT
TO THE TRUST DEED DATED 30 NOVEMBER 2015 (AS AMENDED))

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 November 2018

Statement of Total Return

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	Group Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Revenue	3	195,766	206,111
Property operating expenses	4	(33,975)	(36,452)
Net property income		161,791	169,659
Managers' management fees	5	(14,780)	(15,241)
Trustees' fees		(355)	(383)
Trust expenses		(1,932)	(11,184)
Exchange losses (net)		(6,451)	(2,120)
Finance income		1,321	953
Finance costs	6	(23,805)	(20,847)
Net income		115,789	120,837
Gain on divestment of investment properties		23,446	–
Net change in fair value of investment properties	10	72,411	8,084
Net change in fair value of derivative financial instruments		2,349	(2,414)
Total return for the year/period before tax		213,995	126,507
Tax expense	7	(34,361)	(24,880)
Total return for the year/period	8	179,634	101,627
Total return attributable to:			
Unitholders		178,728	101,627
Non-controlling interests		906	–
		179,634	101,627
Earnings per Unit (Australian cents)			
Basic	9	10.57	7.04
Diluted	9	10.48	6.98

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Distribution Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Group Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Amount available for distribution to Unitholders at beginning of the year/period	25,211	–
Total return for the year/period attributable to Unitholders	178,728	101,627
Tax related and other adjustments (**Note A**)	(62,387)	26,276
	116,341	127,903
Distribution from divestment gain	2,000	–
Amount available for distribution to Unitholders	143,552	127,903
Distributions to Unitholders:		
Distribution of 1.84 Singapore cents per Unit for the period from 20 June 2016 to 30 September 2016	–	(26,402)
Distribution of 3.49 Singapore cents per Unit for the period from 1 October 2016 to 31 March 2017	–	(49,937)
Distribution of 1.84 Singapore cents per Unit for the period from 1 April 2017 to 5 July 2017	–	(26,353)
Distribution of 1.68 Singapore cents per Unit for the period from 6 July 2017 to 30 September 2017	(25,115)	–
Distribution of 3.61 Singapore cents per Unit for the period from 1 October 2017 to 31 March 2018	(51,768)	–
Distribution of 1.01 Singapore cents per Unit for the period from 1 April 2018 to 20 May 2018	(15,054)	–
	(91,937)	(102,692)
Amount available for distribution to Unitholders at end of the year/period	51,615	25,211
Distribution per Unit (Australian cents)	6.94	8.84
Distribution per Unit (Singapore cents)	7.19	8.85

Note A

Tax related and other adjustments relate to the following items:

Straight-lining of rental adjustments	(6,393)	(12,181)
Managers' management fees paid/payable in Units	13,035	15,241
Victorian conversion duty	–	3,489
Unit issue costs	–	4,976
Exchange losses (net)	6,444	2,138
Gain on divestment of investment properties	(23,446)	–
Net change in fair value of investment properties	(72,411)	(8,084)
Net change in fair value of derivative financial instruments	(2,349)	2,414
Deferred tax	20,120	16,352
Other adjustments	2,613	1,931
Net distribution adjustments	(62,387)	26,276

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

AS AT 30 SEPTEMBER 2018

	Note	Group 2018 A$'000	Group 2017 A$'000	Trust 2018 A$'000	Trust 2017 A$'000
Non-current assets					
Investment properties	10	2,978,204	1,910,975	–	–
Investment in subsidiaries	11	–	–	858,036	789,746
Loans to subsidiaries	12	–	–	1,568,967	1,065,658
Derivative financial instruments	13	1,133	3,077	1,133	3,077
		2,979,337	1,914,052	2,428,136	1,858,481
Current assets					
Cash and cash equivalents	14	105,664	56,097	53,130	48,495
Trade and other receivables	15	9,691	5,719	26,154	4,208
Derivative financial instruments	13	283	456	283	456
		115,638	62,272	79,567	53,159
Total assets		3,094,975	1,976,324	2,507,703	1,911,640
Current liabilities					
Trade and other payables	16	40,404	41,348	2,408	1,296
Borrowings	17	219,654	–	169,619	–
Derivative financial instruments	13	148	2,870	148	2,870
Current tax liabilities		6,741	1,793	84	56
		266,947	46,011	172,259	4,222
Non-current liabilities					
Trade and other payables	16	2,459	2,336	–	–
Borrowings	17	845,121	574,109	495,722	574,109
Derivative financial instruments	13	620	–	620	–
Deferred tax liabilities	18	36,574	16,352	–	–
		884,774	592,797	496,342	574,109
Total liabilities		1,151,721	638,808	668,601	578,331
Net assets		1,943,254	1,337,516	1,839,102	1,333,309
Represented by:					
Unitholders' funds		1,924,388	1,337,516	1,839,102	1,333,309
Non-controlling interests	19	18,866	–	–	–
		1,943,254	1,337,516	1,839,102	1,333,309
Units in issue and to be issued ('000)	20	2,022,125	1,519,599	2,022,125	1,519,599
Net asset value per Unit (A$)	21	0.95	0.88	0.91	0.88

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Movements in Unitholders' Funds

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

		2018			2017
		Attributable to:			
	Note	Unitholders A$'000	Non-controlling interests A$'000	Total A$'000	Total A$'000
Group					
At 1 October 2017/30 November 2015		1,337,516	–	1,337,516	–
Operations					
Increase in net assets resulting from operations		178,728	906	179,634	101,627
Transactions with owners					
Issue of new Units:	20				
– Initial public offering		–	–	–	1,268,022
– Private placement		324,711	–	324,711	75,036
– Preferential offering		144,872	–	144,872	–
– Managers' management fees paid/payable in Units		13,035	–	13,035	15,241
– Managers' acquisition fees paid/payable in Units		4,729	–	4,729	847
Unit issue costs	22	(5,351)	–	(5,351)	(23,642)
Distributions paid to Unitholders	23	(91,937)	–	(91,937)	(102,692)
Net increase in net assets resulting from transactions with owners		390,059	–	390,059	1,232,812
Hedging reserve					
Effective portion of change in fair value of cash flow hedges		(2,364)	–	(2,364)	3,077
Net (decrease)/increase in net assets resulting from hedging reserve		(2,364)	–	(2,364)	3,077
Foreign currency translation reserve					
Translation differences relating to financial statements of foreign subsidiaries		20,449	716	21,165	–
Net increase in net assets resulting from foreign currency translation reserve		20,449	716	21,165	–
Changes in ownership interests in subsidiary					
Acquisition of subsidiary with non-controlling interest		–	17,244	17,244	–
At 30 September 2018/30 September 2017		1,924,388	18,866	1,943,254	1,337,516

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Movements in Unitholders' Funds

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 A$'000	2017 A$'000
Trust			
At 1 October 2017/30 November 2015		1,333,309	–
Operations			
Increase in net assets resulting from operations		118,098	97,420
Transactions with owners			
Issue of new Units:	20		
– Initial public offering		–	1,268,022
– Private placement		324,711	75,036
– Preferential offering		144,872	–
– Managers' management fees paid/payable in Units		13,035	15,241
– Managers' acquisition fees paid/payable in Units		4,729	847
Unit issue costs	22	(5,351)	(23,642)
Distributions paid to Unitholders	23	(91,937)	(102,692)
Net increase in net assets resulting from transactions with owners		390,059	1,232,812
Hedging reserve			
Effective portion of change in fair value of cash flow hedges		(2,364)	3,077
Net (decrease)/increase in net assets resulting from hedging reserve		(2,364)	3,077
At 30 September 2018/30 September 2017		1,839,102	1,333,309

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Note	Group Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Cash flows from operating activities			
Total return before tax		213,995	126,507
Adjustments for:			
Straight-lining of rental adjustments		(6,393)	(12,181)
Effects of recognising lease incentives on a straight-line basis over the lease term		(3,075)	(3,428)
Managers' management fees paid/payable in Units		13,035	15,241
Unrealised exchange losses (net)		(1,254)	1,717
Unit issue costs		–	4,976
Finance income		(1,321)	(953)
Finance costs	6	23,805	20,847
Gain on divestment of investment properties		(23,446)	–
Net change in fair value of investment properties	10	(72,411)	(8,084)
Net change in fair value of derivative financial instruments		(2,349)	2,414
Cash generated from operations before working capital changes		140,586	147,056
Changes in working capital:			
Trade and other receivables		246	(5,438)
Trade and other payables		(5,557)	16,203
Cash generated from operations		135,275	157,821
Tax paid		(11,373)	(6,735)
Net cash generated from operating activities		123,902	151,086
Cash flows from investing activities			
Acquisition of subsidiaries	11	(460,761)	–
Acquisition of investment properties (including acquisition costs)		(63,076)	(1,535,684)
Stamp duty incurred on acquisition of investment properties		(3,554)	(39,141)
Net proceeds from divestment of investment properties		98,665	–
Capital expenditure on investment properties		(62,417)	(1,699)
Interest received		795	672
Net cash used in investing activities		(490,348)	(1,575,852)
Cash flows from financing activities			
Interest paid		(21,283)	(18,809)
Issuance of new Units		469,583	1,060,498
Unit issue costs		(5,351)	(28,618)
Proceeds from borrowings		295,310	580,000
Repayment of borrowings		(231,887)	–
Payment of upfront debt-related transaction costs		(2,004)	(7,800)
Distributions paid to Unitholders		(91,937)	(102,692)
Net cash generated from financing activities		412,431	1,482,579
Net increase in cash and cash equivalents		45,985	57,813
Cash and cash equivalents at beginning of year/period		56,097	–
Effect of exchange rate changes on cash and cash equivalents		3,582	(1,716)
Cash and cash equivalents at end of year/period	14	105,664	56,097

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

SIGNIFICANT NON CASH TRANSACTIONS

During the year, there were the following significant non-cash transactions:

- 12,322,994 Units (2017: 15,604,696), amounting to A$13,035,000 (2017: A$15,241,000), were issued or will be issued to the Managers as satisfaction of the management fees paid/payable to the Managers.

- 4,851,010 Units (2017: 844,342), amounting to A$4,729,000 (2017: A$847,000), were issued or will be issued to the Managers as satisfaction of the acquisition fees payable to the Managers for the acquisition of certain investment properties during the year.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group

Location of property	Acquisition date	Tenure [(a)]	Carrying amount 2018 A$'000	Carrying amount 2017 A$'000	Percentage of net assets attributable to Unitholders 2018 %	Percentage of net assets attributable to Unitholders 2017 %
Completed investment properties						
Australia: Melbourne, Victoria						
South East						
South Park Industrial Estate						
98-126 South Park Drive, Dandenong South	14 June 2016	Freehold	36,000	35,000	1.9	2.6
21-33 South Park Drive, Dandenong South	14 June 2016	Freehold	25,500	24,500	1.3	1.8
22-26 Bam Wine Court, Dandenong South	14 June 2016	Freehold	23,500	23,000	1.2	1.7
63-79 South Park Drive, Dandenong South	14 June 2016	Freehold	15,250	15,250	0.8	1.1
16-32 South Park Drive, Dandenong South	14 June 2016	Freehold	13,500	14,000	0.7	1.1
89-103 South Park Drive, Dandenong South	1 August 2017	Freehold	13,900	13,000	0.7	1.0
The Key Industrial Park						
17 Pacific Drive and 170-172 Atlantic Drive, Keysborough	14 June 2016	Freehold	36,250	36,250	1.9	2.7
150-168 Atlantic Drive, Keysborough	14 June 2016	Freehold	36,500	36,000	1.9	2.7
49-75 Pacific Drive, Keysborough	14 June 2016	Freehold	31,000	30,000	1.6	2.2
77 Atlantic Drive, Keysborough	14 June 2016	Freehold	20,000	19,300	1.0	1.4
78 & 88 Atlantic Drive, Keysborough	14 June 2016	Freehold	17,100	16,750	0.9	1.3
111 Indian Drive, Keysborough	31 August 2016	Freehold	35,250	33,200	1.8	2.5
29 Indian Drive, Keysborough	15 August 2017	Freehold	32,400	–	1.7	–
17 Hudson Court, Keysborough	12 September 2017	Freehold	32,300	–	1.7	–
Clayton South & Mulgrave						
211A Wellington Road, Mulgrave	14 June 2016	Freehold	40,200	38,800	2.1	2.9
610-638 Heatherton Road, Clayton South	14 June 2016	Freehold	18,000	18,000	0.9	1.4
West						
West Park Industrial Estate						
468 Boundary Road, Derrimut	14 June 2016	Freehold	25,000	25,000	1.3	1.9
1 Doriemus Drive, Truganina	14 June 2016	Freehold	88,500	85,000	4.6	6.4
2-22 Efficient Drive, Truganina	14 June 2016	Freehold	46,250	44,000	2.4	3.3
1-13 and 15-27 Sunline Drive, Truganina	14 June 2016	Freehold	30,000	30,000	1.6	2.2
Balance carried forward			616,400	537,050	32.0	40.2

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2018 A$'000	Carrying amount 2017 A$'000	Percentage of net assets attributable to Unitholders 2018 %	Percentage of net assets attributable to Unitholders 2017 %
Completed investment properties						
Balance brought forward			616,400	537,050	32.0	40.2
Australia: Melbourne, Victoria (cont'd)						
West (cont'd)						
West Park Industrial Estate (cont 'd)						
42 Sunline Drive, Truganina	14 June 2016	Freehold	17,300	16,750	0.9	1.3
43 Efficient Drive, Truganina	1 August 2017	Freehold	25,700	25,500	1.3	1.9
North						
Melbourne Airport Business Park						
38-52 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	27,750	27,500	1.4	2.0
96-106 Link Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	26,300	26,250	1.4	2.0
17-23 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring on on 30 June 2047	7,700	8,200	0.4	0.6
25-29 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring 30 June 2047	11,000	11,100	0.6	0.8
28-32 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	9,500	9,400	0.5	0.7
115-121 South Centre Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	5,100	4,650	0.3	0.3
City Fringe						
Altona Industrial Park						
18-34 Aylesbury Drive, Altona	14 June 2016	Freehold	26,800	24,250	1.4	1.8
Port Melbourne						
2-46 Douglas Street, Port Melbourne	14 June 2016	37-year leasehold expiring on 30 March 2053	22,600	22,600	1.2	1.7
Australia: Sydney, New South Wales						
Outer South West						
Smeaton Grange						
80 Hartley Street, Smeaton Grange	14 June 2016	Freehold	–*	64,500	–	4.8
Balance carried forward			796,150	777,750	41.4	58.1

* The property was divested on 20 August 2018

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statements

AS AT 30 SEPTEMBER 2018

Group

Location of property	Acquisition date	Tenure [(a)]	Carrying amount 2018 A$'000	Carrying amount 2017 A$'000	Percentage of net assets attributable to Unitholders 2018 %	Percentage of net assets attributable to Unitholders 2017 %
Completed investment properties						
Balance brought forward			796,150	777,750	41.4	58.1
Australia: Sydney, New South Wales (cont'd)						
Outer Central West						
Eastern Creek						
4-8 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	80,750	76,100	4.2	5.7
21 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	72,500	66,500	3.8	5.0
17 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	44,750	42,250	2.3	3.2
7 Eucalyptus Place, Eastern Creek	14 June 2016	Freehold	30,750	29,250	1.6	2.2
Pemulwuy						
8-8A Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	43,000	39,000	2.2	2.9
6 Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	38,500	33,350	2.0	2.5
Wetherill Park						
1 Burilda Close, Wetherill Park	30 November 2016	90-year leasehold expiring on 29 September 2106	66,000	63,500	3.4	4.8
Lot 1, 2 Burilda Close, Wetherill Park	1 August 2017	89-year leasehold expiring on 14 July 2106	25,100	23,200	1.3	1.7
3 Burilda Close, Wetherill Park	5 September 2018	89-year leasehold expiring on 15 May 2107	32,300	–	1.7	–
Outer North West						
Seven Hills						
8 Distribution Place, Seven Hills	14 June 2016	Freehold	26,400	24,250	1.4	1.8
99 Station Road, Seven Hills	14 June 2016	Freehold	20,500	19,200	1.1	1.4
10 Stanton Road, Seven Hills	14 June 2016	Freehold	13,500	13,000	0.7	1.0
8 Stanton Road, Seven Hills	1 August 2017	Freehold	18,900	16,700	1.0	1.2
Winston Hills						
11 Gibbon Road, Winston Hills	14 June 2016	Freehold	44,000	41,500	2.3	3.1
Balance carried forward			1,353,100	1,265,550	70.4	94.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2018 A$'000	Carrying amount 2017 A$'000	Percentage of net assets attributable to Unitholders 2018 %	Percentage of net assets attributable to Unitholders 2017 %
Completed investment properties						
Balance brought forward			1,353,100	1,265,550	70.4	94.6
Port Kembla (Wollongong)						
Port Kembla (Wollongong)						
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	26,250	24,500	1.3	1.8
Australia: Brisbane, Queensland						
99 Sandstone Place, Parkinson	20 June 2016	99-year leasehold expiring on 19 June 2115	245,000	243,000	12.7	18.2
350 Earnshaw Road, Northgate	20 June 2016	99-year leasehold expiring on 19 June 2115	55,500	55,000	2.9	4.1
286 Queensport Road, North Murarrie	20 June 2016	99-year leasehold expiring on 19 June 2115	38,250	37,250	2.0	2.8
57-71 Platinum Street, Crestmead	20 June 2016	99-year leasehold expiring on 19 June 2115	38,000	33,300	2.0	2.5
51 Stradbroke Street, Heathwood	20 June 2016	99-year leasehold expiring on 19 June 2115	24,400	24,000	1.3	1.8
Balance carried forward			1,780,500	1,682,600	92.6	125.8

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group

Location of property	Acquisition date	Tenure [(a)]	Carrying amount 2018 A$'000	Carrying amount 2017 A$'000	Percentage of net assets attributable to Unitholders 2018 %	Percentage of net assets attributable to Unitholders 2017 %
Completed investment properties						
Balance brought forward			1,780,500	1,682,600	92.6	125.8
Australia: Brisbane, Queensland (cont'd)						
30 Flint Street, Inala	20 June 2016	99-year leasehold expiring on 19 June 2115	25,500	25,200	1.3	1.9
99 Shettleston Street, Rocklea	20 June 2016	99-year leasehold expiring on 19 June 2115	22,800	22,800	1.2	1.7
55-59 Boundary Road, Carole Park	20 June 2016	99-year leasehold expiring on 19 June 2115	16,550	16,300	0.8	1.2
10 Siltstone Place, Berrinba	20 June 2016	99-year leasehold expiring on 19 June 2115	13,500	13,725	0.7	1.0
143 Pearson Road, Yatala	31 August 2016	99-year leasehold expiring on 30 August 2115	39,500	37,250	2.0	2.8
166 Pearson Road, Yatala	1 August 2017	Freehold	35,900	–	1.9	–
103-131 Wayne Goss Drive, Berrinba	5 September 2018	Freehold	31,500	–	1.6	–
Australia: Adelaide, South Australia & Perth, Western Australia						
20-22 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 [(c)]	11,000	10,500	0.6	0.8
18-20 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 [(c)]	7,400	8,000	0.4	0.6
5 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 [(c)]	8,900	8,800	0.5	0.6
Lot 102 Coghlan Road, Outer Harbor	14 June 2016	Freehold	–*	6,400	–	0.5
60 Paltridge Road, Perth Airport	14 June 2016	17-year leasehold expiring on 3 June 2033	15,600	17,000	0.8	1.3
Balance carried forward			2,008,650	1,848,575	104.4	138.2

* The property was divested on 17 August 2018

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2018 A$'000	Carrying amount 2017 A$'000	Percentage of net assets attributable to Unitholders 2018 %	Percentage of net assets attributable to Unitholders 2017 %
Balance brought forward			2,008,650	1,848,575	104.4	138.2
Germany: Stuttgart – Mannheim						
Industriepark 309, Gottmadingen	25 May 2018	Freehold	76,550	–	4.0	–
Otto-Hahn-Straße 10, Vaihingen	25 May 2018	Freehold	80,292	–	4.2	–
Eiselauer Weg 2, Ulm	25 May 2018	Freehold	67,387	–	3.5	–
Murrer Straße 1, Freiberg	25 May 2018	Freehold	53,961	–	2.8	–
Ambros-Nehren-Straße 1, Achern	25 May 2018	Freehold	21,842	–	1.1	–
Germany: Munich – Nuremberg						
Oberes Feld 2, 4, 6, 8, Moosthenning	25 May 2018	Freehold	110,557	–	5.8	–
Koperstraße 10, Nuremberg	25 May 2018	63-year leasehold expiring on 31 December 2080	69,925	–	3.6	–
Industriepark 1, Mamming	25 May 2018	Freehold	25,310	–	1.3	–
Jubatus-Allee 3, Ebermannsdorf	25 May 2018	Freehold	12,318	–	0.6	–
Germany: Hamburg – Bremen						
Am Krainhop 10, Isenbüttel	25 May 2018	Freehold	27,808	–	1.4	–
Am Autobahnkreuz 14, Rastede	25 May 2018	Freehold	30,321	–	1.6	–
Balance carried forward			2,584,921	1,848,575	134.3	138.2

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statements

AS AT 30 SEPTEMBER 2018

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2018 A$'000	Carrying amount 2017 A$'000	Percentage of net assets attributable to Unitholders 2018 %	Percentage of net assets attributable to Unitholders 2017 %
Balance brought forward			2,584,921	1,848,575	134.3	138.2
Germany: Dusseldorf – Cologne						
Saalhoffer Straße 211, Rheinberg	25 May 2018	Freehold	45,699	–	2.4	–
Elbestraße 1-3, Marl	25 May 2018	Freehold	23,174	–	1.2	–
Keffelker Straße 66, Brilon	25 May 2018	Freehold	16,333	–	0.9	–
Gustav-Stresemann-Weg 1, Münster	25 May 2018	Freehold	23,576	–	1.2	–
Germany: Leipzig – Chemnitz						
Johann-Esche-Straße 2, Chemnitz	25 May 2018	Freehold	26,900	–	1.4	–
Am Exer 9, Leipzig	25 May 2018	Freehold	21,552	–	1.1	–
Netherlands: Tilburg – Venlo						
Belle van Zuylenstraat 5, Tilburg; Mraga Klompeweg 7, Tilburg	25 May 2018	Freehold	23,849	–	1.3	–
Heierhoevenweg 17, Venlo	25 May 2018	Freehold	42,061	–	2.2	–
Netherlands: Utrecht – Zeewolde						
Brede Steeg 1, s-Heerenberg	25 May 2018	Freehold	106,156	–	5.5	–
Handelsweg 26, Zeewolde	25 May 2018	Freehold	63,983	–	3.3	–
Total completed investment properties carried forward			2,978,204	1,848,575	154.8	138.2

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statements

AS AT 30 SEPTEMBER 2018

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2018 A$'000	Carrying amount 2017 A$'000	Percentage of net assets attributable to Unitholders 2018 %	Percentage of net assets attributable to Unitholders 2017 %
Total completed investment properties brought forward			2,978,204	1,848,575	154.8	138.2
Investment properties under development						
Australia: Brisbane, Queensland						
166 Pearson Road, Yatala	1 August 2017	Freehold	–	34,000	–	2.6
Australia: Melbourne, Victoria						
South East						
The Key Industrial Park						
29 Indian Drive, Keysborough	15 August 2017	Freehold	–	18,800	–	1.4
17 Hudson Court, Keysborough	12 September 2017	Freehold	–	9,600	–	0.7
Total investment properties under development			–	62,400	–	4.7
Total investment properties			2,978,204	1,910,975	154.8	142.9
Other assets and liabilities (net)			(1,034,950)	(573,459)	(53.8)	(42.9)
Net assets of the Group			1,943,254	1,337,516	101.0	100.0
Net assets attributable to non-controlling interests			(18,866)	–	(1.0)	–
Unitholders' funds			1,924,388	1,337,516	100.0	100.0

(a) From the date of acquisition
(b) Includes an option for the Trust to renew the land lease for 6 further terms of 5 years upon expiry.
(c) Includes an option for the Trust to renew the land lease for a further term of 49 years upon expiry.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 23 November 2018.

1. GENERAL

Frasers Logistics & Industrial Trust (the "Trust") is a Singapore-domiciled unit trust constituted in Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended) (the "Trust Deed") between Frasers Logistics & Industrial Asset Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 June 2016 (the "Listing Date").

The registered office of the Manager is at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

The principal activity of the Group is to invest in income-producing real estate assets globally, which are used or predominantly used for logistics or industrial purposes, as well as such industrial real estate-related assets in connection with the foregoing, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

For financial reporting purposes, the Group is regarded as a subsidiary of Frasers Property Limited, a Singapore-domiciled company. The ultimate holding company is TCC Assets Limited, which is incorporated in the British Virgin Islands.

The consolidated financial statements relate to the Trust and its subsidiaries.

The Group has entered into several service agreements in relation to the management of the Group and operations of its properties. The fee structures of these services are as follows:

(a)(i) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to management fees comprising a base fee of 0.4% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Group's Deposited Property (as defined in the Trust Deed) and a performance fee of 5.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Distributable Income (as defined in the Trust Deed) of the Group in the relevant financial year (calculated before accounting for the Manager's performance fee but after accounting for the Manager's base fee and the HAUT Manager's base fee and performance fee (as defined in Note 1(b)(i)).

For the purpose of calculating the base fee, if the Trust holds only a partial interest in any Deposited Property, such Deposited Property shall be pro-rated in proportion to the partial interest held.

The Manager may elect to receive the base fee and performance fee in cash or Units, or a combination of cash and Units. Management fees payable in cash and in the form of Units shall be payable quarterly in arrears (in relation to the base fee) or annually in arrears (in relation to the performance fee).

1. GENERAL (CONT'D)

(a)(i) Manager's management fees (cont'd)

As provided for in the Trust Deed, the price of a Unit issued shall be computed based on the volume weighted average price of a Unit for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days immediately preceding the relevant period in which the fees accrue.

Any increase in the rate or any change in the structure of the Manager's management fees must be approved by an extraordinary resolution at a meeting of the holders of Units of the Trust duly convened and held in accordance with the provisions of the Trust Deed.

The Manager's change in its election to receive cash or Units or a combination of cash and Units is not considered as a change in the structure of the Manager's management fees.

(a)(ii) Manager's acquisition fees

The Manager is entitled to:

- an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the acquisition price of any real estate (excluding stamp duty) purchased by the Trust, whether directly or indirectly through one or more special purpose vehicles ("SPVs"), plus any other payments in addition to the acquisition price made by the Trust or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of the Trust's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments made by the Trust or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of the Trust's interest); or

  (iii) the acquisition price of any investment purchased by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

- a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the sale price of any real estate sold or divested by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by the Trust or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated, if applicable, to the proportion of the Trust's interest);

  (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

1. GENERAL (CONT'D)

(a)(ii) Manager's acquisition fees (cont'd)

(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 2018, the Manager had elected to receive 88.2% (period from 30 November 2015 to 30 September 2017: 100%) of the base and performance fees in the form of Units.

(a)(iii) Development management fee payable to the Manager

The Manager is entitled to receive development management fee equivalent to 3.0% of the Total Project Costs (as defined in the Trust Deed) incurred in a development project undertaken by the Manager on behalf of the Trust.

When the estimated Total Project Costs is greater than S$200.0 million (equivalent to A$188.0 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.

(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 in connection with HAUT, the HAUT Manager will be entitled to:

- an acquisition fee of 0.4% for acquisitions from related parties and 0.8% for all other cases of:

  (i) the acquisition price of any real estate purchased by HAUT whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by HAUT or a SPV to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of HAUT's interest);

1. GENERAL (CONT'D)

(b)(ii) Acquisition fee and divestment fee payable to the HAUT Manager (cont'd)

(ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by HAUT whether directly or indirectly through one or more SPVs, plus any other payments made by HAUT or a SPV to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of HAUT's interest); or

(iii) the acquisition price of any investment purchased by HAUT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

- a divestment fee of 0.4% of:

(i) the sale price of any real estate sold or divested by HAUT whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by HAUT or a SPV from the purchaser in connection with the sale or divestment of the property (pro-rated, if applicable, to the proportion of HAUT's interest);

(ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by HAUT, whether directly or indirectly through one or more SPVs, plus any other payments received by HAUT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the HAUT's interest); or

(iii) the sale price of any investment sold or divested by HAUT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

(iv) The HAUT Manager will also be entitled to be reimbursed for certain expenses properly incurred in relation to performance of its role under the investment management agreement. The HAUT Manager's fees may be paid in the form of cash, or the Trust's Units, or by a combination of these sources as elected by the Manager.

The base fee, performance fee, acquisition fee and divestment fee payable to the Manager shall be reduced by the amount of the relevant fee payable to the HAUT Manager.

The Manager and HAUT Manager are hereinafter collectively referred to as "the Managers".

(c) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee is charged to a scaled basis of up to 0.015% per annum of the value of the Trust's Deposited Property, subject to a minimum of S$15,000 (equivalent to A$14,000) per month, excluding out-of-pocket expenses and GST. The Trustee's fee is payable monthly in arrears.

1. GENERAL (CONT'D)

(d) HAUT trustee's fee

Pursuant to the HAUT Trust Deed, the trustee of the HAUT (the "HAUT Trustee") is entitled to a fee of 0.025% per annum of the total value of HAUT's assets excluding out of pocket expenses and GST. The HAUT Trustee's fee is payable quarterly in arrears.

The HAUT Trustee will also be entitled to be reimbursed for certain expenses reasonably and properly incurred in the proper performance of its duties in relation to HAUT.

The Trustee and the HAUT Trustee are hereinafter collectively referred to as "the Trustees".

(e) Property managers' fees

Fees payable to the property managers, which are companies controlled by a substantial Unitholder, in relation to services provided comprise:

(i) Property management fees

Properties located in Australia

Pursuant to the Australian property management agreement, property management fees are payable as follows:

(I) a property management fee of 1.2% per annum of the Net Property Income (as defined in the Australian property management agreement) of each property; and

(II) where any property is not fully leased, A$1,000 per month per property in the event there is vacant lettable area in such property.

In the event that the aggregate property management fees recovered by the property manager from the tenants under the relevant tenancy documents is more than the agreed property management fee, thereby amounting to an excess, no further amounts will be paid to the property manager. For the avoidance of doubt, the property manager will be entitled to retain for its own benefit such amounts recovered from the tenants which is excess of the agreed property management fee.

Properties located outside Australia

Pursuant to the master property management agreement, property management fees are payable as follows:

(I) a property management fee of up to 2.0% per annum of the Gross Revenue (as defined in the master property management agreement) of each property; and

(II) a lease management fee of up to 1.0% per annum of the Gross Revenue (as defined in the master property management agreement) of each property.

1. GENERAL (CONT'D)

(e) *Property managers' fees (cont'd)*

(ii) Project management fee

Properties located in Australia

Pursuant to the Australian property management agreement, in respect of the project management services to be provided by the property manager, the property manager will be entitled to the following fees in relation to the refurbishment, retrofitting, addition and alteration or renovation works of a property under its management:

(I) where the construction costs are A$20.0 million or less, a fee of 3.0% of the construction costs; and

(II) where the construction costs exceed A$20.0 million, a fee of less than 3.0% of the construction costs to be mutually agreed by the HAUT Manager and the property manager.

Properties located outside Australia

Pursuant to the master property management agreement, in respect of the project management services to be provided by the property manager, the property manager will be entitled to the following fees in relation to the refurbishment, retrofitting, addition and alteration or renovation works of a property under its management:

(I) where the construction costs are S$20.0 million or less, a fee of 3.0% of the construction costs; and

(II) where the construction costs exceed S$20.0 million, a fee of less than 3.0% of the construction costs to be mutually agreed by the REIT Manager and the property manager.

(iii) Marketing services commission

Properties located in Australia

In respect of the services provided by the property manager to secure new leases or renewals of existing leases for properties of the Group, the property manager will be entitled to the following commissions for the marketing services it provides:

(I) for a new lease, a one-time commission of 13.0% of the Year 1 Gross Revenue (as defined in the Australian property management agreement) derived from the relevant lease; and

(II) for renewal of an existing lease, a one-time commission of 7.0% of the Year 1 Gross Revenue derived from the relevant lease.

The above formula is based on a new lease or renewal of an existing lease of a minimum period of five years. In the event that the term of the new or renewed lease is less than five years, the leasing fee will be pro-rated based on the lease term.

Properties located outside Australia

The property manager will be entitled to the commissions (as derived based on the table below) for the marketing services it provides to secure new leases for properties of the Group located outside Australia. For renewal of existing leases for properties of the Group, the commissions (as derived based on the table below) for the marketing services it provides will be reduced by 50.0%.

1. GENERAL (CONT'D)

(e) Property managers' fees (cont'd)

(iii) Marketing services commission (cont'd)

Properties located outside Australia (cont'd)

Length of new lease or renewed lease		Marketing services commission payable
a)	Less than six months	Nil
b)	Six months or more but less than three years	Pro-rated based on the commission of up to 1 month Gross Revenue (as defined in the master property management agreement)
c)	Three years	Up to 1 month Gross Revenue
d)	Between three years and five years	Pro-rated based on the commission of up to 2 months Gross Revenue
e)	Five years	Up to 2 months Gross Revenue
f)	More than five years	Pro-rated based on the commission of up to 2 months Gross Revenue provided that the commission payable shall not exceed 3 months Gross Revenue

There will be no double-counting of fees. In the event that a third party agent is employed to provide the foregoing services, the third party agent will be entitled to such commission instead of the property manager.

However, an administrative charge of 20.0% of the commission payable to such third party agent is payable to the property manager located in or outside Australia in the case of a new lease take-up which involves a third party agent. This administrative charge is meant to compensate the property manager for the marketing support and administrative services which will be rendered.

The property management fee, project management fee and marketing services commission may be payable in cash or Units or a combination of both (as the HAUT Manager or REIT Manager may elect).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements are presented in Australian dollars ("AUD"), which is the functional currency of the Trust and rounded to the nearest thousand (A$'000), unless otherwise stated, and have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The accounting policies set out below have been applied by the Group consistently to the periods presented in these financial statements and have been applied consistently by the Group entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Significant accounting judgements and estimates

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below:

(i) Valuation of completed investment properties

The Group's investment properties are stated at their fair values, which are determined annually based on independent professional valuations undertaken. The fair values of investment properties are determined using capitalisation and discounted cash flow methods. These estimated fair values may differ from the prices at which the Group's investment properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the Managers' control, such as overall market conditions. As a result, actual results of operations and realisation of these investment properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amount of investment properties is disclosed in the statement of financial position.

(ii) Valuation of investment properties under development

Investment properties under development are stated at their fair values, which are determined annually based on independent professional valuations undertaken. The fair values of these properties are determined using the residual method, which considers the significant risks relevant to the development process, including, but not limited to, construction and letting risks.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Measurement of fair values *(cont'd)*

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 10 – Investment properties

Note 28 – Fair value of financial instruments

2.2 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 October 2017:

- *Disclosure Initiative (Amendments to FRS 7)*
- *Recognition of deferred tax assets for unrealised losses (Amendments to FRS 12)*
- *Clarification of the scope of FRS 112 (Improvements to FRS 2016)*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendment to FRS 7)

From 1 October 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financial activities for the year ended 30 September 2018. Comparative information has not been presented (see note 17).

2.3 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 October 2017 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

An initial assessment of the new standards that are relevant to the Group is set out below:

Applicable to financial statements for the year ending 30 September 2019

(i) FRS 115 *Revenue from contracts with customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 October 2018, with early adoption permitted. The Group plans to adopt the standard when it becomes effective on 1 October 2018.

Potential impact on the financial statements

The Group does not expect a significant impact on the financial statements upon adoption of this standard.

(ii) FRS 109 *Financial instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement.* It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect will be recorded in opening equity as at 1 October 2018.

Potential impact on the financial statements

Classification and measurement – The Group does not expect a significant change to the measurement basis arising from the new classification and measurement model under FRS 109.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using the amortised cost model under FRS 109.

For financial assets and liabilities currently held at fair value, the Group expects to continue measuring these assets at fair value under FRS 109.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

Applicable to financial statements for the year ending 30 September 2019 (cont'd)

(ii) FRS 109 *Financial instruments* *(cont'd)*

Impairment – FRS 109 requires the Group to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected impairment losses on all loans and receivables. The Group does not expect the impairment calculated using the expected credit loss model to have a significant impact on the financial statements.

Hedge accounting – The Group expects that all existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

Transition – The Group plans to adopt the standard when it becomes effective on 1 October 2018 without restating comparative information.

Applicable to financial statements for the year ending 30 September 2020

FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Potential impact on the financial statements

Based on a preliminary assessment of the new standard on the Group's existing operating lease arrangements as a lessee (refer to Note 25(b)), the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of lease liabilities to be lower due to discounting and as the lease terms run down.

The Group plans to adopt the standard when it becomes effective as at 1 October 2019 and expects to apply the standard using the modified retrospective approach.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

Rental income from operating leases

Rental income from investment properties is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.5 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

2.6 Finance income and finance costs

Finance income relates to interest income on bank balances. Finance income is recognised as it accrues in the statement of total return, using the effective interest method.

Finance costs consist of interest expense on borrowings and derivative instruments and amortisation of debt upfront costs. Finance costs are recognised in the 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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Taxes (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

The Trust has obtained tax rulings from the Inland Revenue Authority of Singapore ("IRAS") in respect of Singapore taxation on certain income from the properties located overseas.

2.8 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of Units outstanding during the financial year. Diluted earnings per Unit is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding adjusted for the effects of all dilutive potential Units.

2.9 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly trust expenses.

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 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Basis of consolidation and business combinations (cont'd)

(c) Business combinations

Business combinations are accounted for by applying the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is recognised as equity, it is not remeasured and settlement is accounted for within Unitholders' funds. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

The Group elects for each individual business combination, whether non-controlling interest ("NCI") in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, at the date of acquisition. Other components of non-controlling interests are measured on their acquisition date at fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment. Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. When the excess is negative, a bargain purchase is recognised immediately in the statement of total return.

(d) Property acquisitions and business combinations

At the time of acquisition, the Group considers whether each acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination where an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Manager considers whether significant processes such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business and accounted for as stated above. Where the acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(e) Subsidiaries in the separate financial statements

Investment in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Foreign currencies

(a) Foreign current 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, except for differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in Unitholders' funds directly.

(b) Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in the foreign currency translation reserve in Unitholders' funds. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, joint control or significant influence is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss or the statement of total return (as the case may be) as part of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in Unitholders' funds.

2.12 Investment properties

Investment properties are properties held to earn rental income and capital appreciation, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes.

Investment properties are measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Subsequent to initial recognition, investment properties are measured at fair value. Any gains or losses arising from changes in fair values of the investment properties are recognised in the statement of total return in the period in which they arise.

Fair value is determined at each reporting date in accordance with the Trust Deed. In addition, the investment properties are to be valued by independent professional valuers at least once a year, in accordance with the Code on Collective Investment Schemes ("CCIS") issued by MAS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Investment properties (cont'd)

Investment properties are de-recognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of total return in the year of retirement or disposal.

Subsequent expenditure relating to the investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Property that is being constructed for future use as an investment property is accounted for at fair value.

2.13 Non-derivative financial assets

(a) Initial recognition and measurement

The Group initially recognises loans and receivables on the date that they originate. All other financial assets are recognised initially on the trade date, which is the date the Group becomes a party to the contractual provisions of the financial instrument.

When non-derivative financial assets are recognised initially, they are measured at fair value, plus, in the case of non-derivative financial assets not at fair value through the statement of total return, directly attributable transaction costs. The Group determines the classification of its non-derivative financial assets at initial recognition.

The Group only has one category of non-derivative financial assets – loans and receivables.

(b) Subsequent measurement

Non-derivative financial assets with fixed or determinable payment that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in the statement of total return when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Derecognition

A non-derivative financial asset is derecognised when the contractual rights to receive cash flow from the asset have expired, or it transfers the rights to receive the contractual cash flows on the non-derivative financial asset in a transaction in which substantially all the risks and rewards of ownership of the non-derivative financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred non-derivative financial assets that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of a non-derivative financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of total return.

Non-derivative 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 legally enforceable right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Receivables

Trade and other receivables (excluding prepayments), including loans and amounts due from subsidiaries and related parties, are classified and accounted for as loans and receivables under FRS 39. The accounting policy is stated in Note 2.13.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details of accounting policy for impairment of financial assets are stated in Note 2.19(b).

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. The accounting policy is stated in Note 2.13.

2.16 Non-derivative financial liabilities

(a) Initial recognition and measurement

Non-derivative financial liabilities within the scope of FRS 39 are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

The Group determines the classification of its non-derivative financial liabilities at initial recognition. Non-derivative financial liabilities are measured initially at fair value less any directly attributable transaction costs.

(b) Subsequent measurement

Subsequent to initial recognition, non-derivative financial liabilities are measured at amortised cost using the effective interest method.

(c) Derecognition

A non-derivative financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired.

Where an existing non-derivative financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of total return.

Non-derivative 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 legally enforceable right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of total return over the period of the borrowings using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Derivative financial instruments

The Group uses derivative financial instruments to hedge against risks associated with foreign currency and interest rate fluctuations.

Foreign exchange forward contracts are used to hedge its risks associated primarily with foreign currency fluctuations. Interest rate swap contracts are used to hedge its risks associated with interest rate fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivatives are initially recognised at fair value; any attributable transaction costs are recognised in the statement of total return on the date a derivative contract is entered into. Subsequent to initial recognition, derivatives are measured at their fair value. The changes in fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of total return.

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. For the purpose of hedge accounting, these hedges are classified as cash flow hedges. On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the 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, and whether the actual results of each hedge are within a range of 80% to 125%.

(a) Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in the statement of total return. Amounts recognised in Unitholders' funds are transferred to the statement of total return when the hedged transaction affects the statement of total return.

Where the hedged item is a non-financial asset or non-financial liability, the amounts accumulated in Unitholders' funds are retained in Unitholders' funds and reclassified to the statement of total return in the same period or periods during which the non-financial item affects total return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, amounts previously recognised in Unitholders' funds are transferred to the statement of total return.

2.19 Impairment

(a) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Impairment (cont'd)

(a) Non-financial assets (cont'd)

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and its value in use. 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 CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications 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 in the statement of total return 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.

(b) Non-derivative financial assets

A financial asset not carried at fair value through the statement of total return is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be measured reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Impairment (cont'd)

(b) Non-derivative financial assets (cont'd)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

2.20 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.

2.21 Unitholders' funds

Unitholders' funds are classified as equity.

Expenses incurred in connection with the issuance of Units are deducted directly against Unitholders' funds.

2.22 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Operating lease payments are recognised as an expense in the statement of total return on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is stated in Note 2.4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Distribution policy

The Trust's distribution policy is to distribute 100% of the Distributable Income ("DI") to the Unitholders for the period from the Listing Date to 30 September 2017, and at least 90% of the DI thereafter. The actual level of distribution and payment of distributions will be at the sole discretion of the Board of Directors of the Manager.

Distributions are made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the six-month period ending on each of the said dates. In accordance with the Trust Deed, the Manager is required to pay distributions within 90 days of the end of each distribution period. Unitholders have the option to elect to receive distributions in Singapore dollars (S$) or Australian dollars.

3. REVENUE

	Group	
	Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Rental income	166,013	170,099
Incentives reimbursement	4,887	11,705
Recoverable outgoings	22,880	24,307
Other revenue	1,986	–
	195,766	206,111

4. PROPERTY OPERATING EXPENSES

	Group	
	Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Land tax	6,643	6,581
Ground lease expenses	8,627	8,730
Statutory expenses	6,406	7,274
Property management fees	2,127	1,935
Other property expenses	10,172	11,932
	33,975	36,452

5. MANAGERS' MANAGEMENT FEES

	Group	
	Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Base fee	9,450	9,436
Performance fee	5,330	5,805
	14,780	15,241

During the financial year, an aggregate of 12,322,994 (2017: 15,604,696) Units were issued or will be issued to the Managers as satisfaction of the management fees incurred, at unit prices ranging from S$1.04 to S$1.13 (2017: S$0.92 to S$1.08) per Unit.

6. FINANCE COSTS

	Group	
	Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Finance costs		
Amortisation of debt upfront costs	2,376	1,930
Interest expense	21,349	18,692
Others	80	225
	23,805	20,847

7. TAX EXPENSE

Subject to full compliance with the terms and conditions of the following tax rulings, the taxation of Group is as follows:

(i) Tax rulings

The Trust and its subsidiaries, where applicable, have been granted tax exemption under Section 13 (12) of the Singapore Income Tax Act in respect of certain foreign-sourced income derived from their respective overseas subsidiaries, subject to meeting certain conditions.

(ii) Singapore sourced dividends

Dividend income received by the Trust from the Singapore subsidiaries will not be subject to Singapore income tax in the hands of the Trustee. They will be regarded as tax exempt income of the Trust.

(iii) Return of capital to the Trust

Any return of capital received by the Trust from its Singapore subsidiaries and/or HAUT is capital in nature and hence, is not taxable in the hands of the Trustee.

7. TAX EXPENSE (CONT'D)

Tax expense

The major components of tax expense for the financial year ended 30 September 2018 are:

	Note	Group Year ended 30 September 2018 A$'000	Group Period from 30 November 2015 to 30 September 2017 A$'000
Current tax expense			
- Current year/period income tax		1,082	56
Deferred tax expense			
- Origination and reversal of temporary differences	18	20,120	16,352
Withholding tax expense		13,159	8,472
		34,361	24,880

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 30 September 2018 is as follows:

	Group Year ended 30 September 2018 A$'000	Group Period from 30 November 2015 to 30 September 2017 A$'000
Total return for the year/period before tax	213,995	126,507
Tax using the Singapore tax rate of 17%	36,379	21,506
Effect of tax rates in foreign jurisdiction	(2,465)	(2,084)
Non-deductible expenses	7,887	6,981
Tax exempt income	(19,735)	(11,601)
Deferred tax assets not recognised	–	1,512
Change in unrecognised temporary differences	(534)	–
Withholding tax expense	13,159	8,472
Others	(330)	94
	34,361	24,880

8. TOTAL RETURN FOR THE YEAR/PERIOD

The following items have been included in arriving at total return for the year/period:

	Group	
	Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Audit fees paid/payable to auditors of the Trust	146	150
Audit fees paid/payable to other auditors	467	513
Non-audit fees paid/payable to auditors of the Trust	12	8
Valuation fees	318	404
Victorian conversion duty	–	3,489

Victorian conversion duty is the duty paid on conversion of the Trust from a "private unit trust scheme" to a "public unit trust scheme" under section 89B of the Duties Act 2000 (Victoria).

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	
	Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Total return for the year/period attributable to Unitholders	178,728	101,627
	'000	'000
Issued Units at the beginning of the year/period	1,511,477	–
Effect of issue of new Units:		
- Upon constitution of the Trust	–	*
- Initial public offering	–	1,425,150
- Private placement	121,412	14,500
- Preferential offering	46,688	–
- In satisfaction of the Managers' management fees paid in Units	9,612	4,023
- In satisfaction of the Managers' acquisition fees paid in Units	1,980	49
Weighted average number of Units	1,691,169	1,443,722

* Less than 1,000

9. EARNINGS PER UNIT (CONT'D)

Diluted earnings per Unit

The calculation of diluted earnings per Unit for the Group was based on the total return for the year attributable to Unitholders and the weighted average number of Units during the year after adjustment for the effects of all dilutive potential Units.

	Group	
	Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
Total return for the year/period attributable to Unitholders	178,728	101,627
	'000	'000
Weighted average number of Units used in calculation of basic earnings per Unit	1,691,169	1,443,722
Effect of the Managers' management fees payable in Units	10,362	11,581
Effect of the Managers' acquisition fees payable in Units	3,342	796
Weighted average number of Units (diluted)	1,704,873	1,456,099

10. INVESTMENT PROPERTIES

	Completed investment properties A$'000	Investment properties under development A$'000	Total A$'000
Group			
At 30 November 2015 (date of constitution)	–	–	–
Acquisition of investment properties (including acquisition costs)	1,818,350	39,956	1,858,306
Capital expenditure incurred	2,407	24,959	27,366
Capitalised leasing incentives, net of amortisation	5,038	–	5,038
Straight-lining of rental adjustments	12,181	–	12,181
Net change in fair value recognised in statement of total return	10,599	(2,515)	8,084
At 30 September 2017	1,848,575	62,400	1,910,975
Acquisition of subsidiaries	905,099	–	905,099
Acquisition of investment properties (including acquisition costs)	74,247	–	74,247
Transfer upon completion of development	94,911	(94,911)	–
Capital expenditure incurred	7,202	32,511	39,713
Divestments	(75,219)	–	(75,219)
Capitalised leasing incentives, net of amortisation	7,423	–	7,423
Straight-lining of rental adjustments	6,394	–	6,394
Net change in fair value recognised in statement of total return	72,411	–	72,411
Translation differences	37,161	–	37,161
At 30 September 2018	2,978,204	–	2,978,204

Investment properties comprise industrial properties in Australia and Europe that are leased to third parties under operating leases (Note 25 (c)).

As at 30 September 2018, investment properties with a carrying amount of A$969,554,000 (2017: A$Nil) are pledged as security to secure bank loans (see Note 17).

Included in the acquisition costs capitalised are audit fees of A$137,000 (2017: A$64,000) paid to auditors of the Trust for services performed in relation to the Group's acquisition of certain properties during the year.

10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

Investment properties are stated at fair value at the reporting date. As at 30 September 2018, the fair values of the investment properties in Australia were based on independent valuations undertaken by CBRE Valuations Pty Limited (CBRE), CIVAS (VIC) Pty Limited (Colliers), Jones Lang LaSalle Advisory Services Pty Ltd (JLL), Savills Valuations Pty Ltd (Savills) and Urbis Valuations Pty Ltd, and the fair values of the investment properties in Germany and Netherlands were based on independent valuations by CBRE Ltd and Colliers International Valuation UK LLP.

As at 30 September 2017, the fair values of the investment properties in Australia were based on independent valuations undertaken by CBRE, Colliers, JLL and Savills. The independent valuers have the appropriate professional qualifications and experience in the location and category of the properties being valued.

The fair values of the completed investment properties were determined using the capitalisation and/or discounted cash flow methods. The valuation methods involve making certain estimates including those relating to capitalisation rate, gross initial yield, net initial yield, discount rate and terminal yield. The fair values of investment properties under development are stated at their "As Is" fair values which are determined using the residual approach. Under this approach, a property under development is valued by estimating the gross development value of the completed property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of the valuation, which is determined using the capitalisation and discounted cash flow methods.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. Details of the inputs used in the valuation techniques are disclosed below.

(ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair values of investment properties, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	Australia	Europe
Completed investment properties	Capitalisation method	Capitalisation rate	5.55% – 11.82% (2017: 5.75% – 11.42%)	Not applicable
		Gross initial yield [(1)]	Not applicable	4.10% – 7.54%
		Net initial yield [(2)]	Not applicable	2.72% [(3)] – 6.63%

10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

Type	Valuation techniques	Significant unobservable inputs	Australia	Europe
Completed investment properties	Discounted cash flow method	Discount rate	6.75% – 9.00% (2017: 7.13% – 9.50%)	Not applicable
		Terminal yield	5.75% – 26.64% (2017: 6.00% – 22.77%)	Not applicable

Type	Valuation techniques	Significant unobservable inputs	Australia [4]
Investment properties under development	Residual approach	Gross development value	2017: A$29.8 million – A$34.0 million
		Capitalisation rate	2017: 6.00% – 6.25%
		Discount rate	2017: 7.25%
		Terminal yield	2017: 6.25% – 7.00%
		Estimated costs to complete	2017: A$12.1 million – A$20.2 million

[1] Rent divided by net property value
[2] Rent net of non-recoverable expenses divided by gross property value
[3] The net initial yield of 2.72% is calculated based on rent net of non-recoverable expenses including rent free incentives, divided by gross property value
[4] There were no investment properties under development as at 30 September 2018

Inter-relationship between key unobservable inputs and fair value measurements

The significant unobservable inputs used in the fair value measurement of completed investment properties 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, capitalisation rate, discount rate, terminal yield and estimated costs to complete. An increase in gross development value in isolation would result in a higher fair value. An increase in capitalisation rate, discount rate, terminal yield and estimated costs to complete in isolation would result in a lower fair value.

10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

Key unobservable inputs relate to:

- Capitalisation rate corresponds to a rate of return on a property based on the income that the property is expected to generate.
- Gross initial yield corresponds to a rate of return on a property based on the current passing income.
- Net initial yield corresponds to a rate of return on a property based on the current passing income net of estimated non-recoverable expenses.
- Discount rate represents the required rate of return, adjusted for a risk premium that reflects the risks relevant to the asset.
- Terminal yield reflects the exit capitalisation rate applied to a projected terminal cash flow.

(iii) Valuation policies and procedures

The fair values of investment properties are determined annually by independent professional valuers. The appropriateness of the valuation methodologies and assumptions adopted are reviewed by the Manager along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, the independent professional valuers are required to recalibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary.

In accordance with the Group's reporting policies, the valuation process and the results of the independent valuations are reviewed once a year by the Audit, Risk and Compliance Committee before the results are presented to the Board of Directors for approval.

In relying on the valuation reports, the Manager had exercised its judgement and was satisfied that the independent valuers have the appropriate professional qualifications and experience in the location and category of the properties being valued and the valuation estimates were reflective of the current market conditions.

11. INVESTMENT IN SUBSIDIARIES

	Trust	
	2018 A$'000	2017 A$'000
Equity investments, at cost	858,036	789,746

On 25 May 2018, the Group acquired 100% of the equity interest in FLT Europe B.V. ("FLTE"). FLTE and its subsidiaries ("FLTE Group") own 17 industrial properties located in Germany and four industrial properties located in the Netherlands. The consideration of A$475.7 million (€308.2 million) was based on the aggregate purchase price for the properties, adjusted for the consolidated net assets and liabilities of FLTE Group at the date of acquisition. The net cash outflow amounted to A$460.8 million (€298.5 million). The acquisition was accounted for as an acquisition of assets.

Details of interests in subsidiaries are disclosed in Note 32.

12. LOANS TO SUBSIDIARIES

Loans to subsidiaries are unsecured. Included in loans to subsidiaries are amounts of A$1,072,554,000 (2017: A$1,065,658,000) which bear interest at 5.0% – 5.4% (2017: 5.0% – 5.4%) per annum and are repayable between 2026 to 2028 (2017: 2026 to 2027). The remaining loans to subsidiaries are interest-free and are repayable on demand. The loans form part of the Trust's net investments in its subsidiaries and settlement of such loans is neither planned nor likely to occur in the foreseeable future. There is no impairment loss arising from these loans.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Trust	
	2018 A$'000	2017 A$'000
Assets		
Interest rate swaps used for hedging	1,333	3,077
Foreign currency forward contracts	83	456
	1,416	3,533
Classified as:		
– Non-current	1,133	3,077
– Current	283	456
	1,416	3,533
Liabilities		
Interest rate swaps used for hedging	(620)	–
Foreign currency forward contracts	(148)	(2,870)
	(768)	(2,870)
Classified as:		
– Non-current	(620)	–
– Current	(148)	(2,870)
	(768)	(2,870)

	Group	
	2018 %	2017 %
Derivative financial instruments as a percentage of net assets	0.03	0.05

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

(a) Interest rate swaps

Derivative financial instruments are used by the Group to hedge its exposure to interest rate risk associated with movements in interest rates on the borrowings of the Group.

As at the reporting date, the Group and the Trust have interest rate swap arrangements in place for the following amounts:

	Group and Trust Nominal amount	
	2018 A$'000	2017 A$'000
Maturing:		
Within one year	170,000	–
Between one to five years	350,000	420,000
	520,000	420,000

At 30 September 2018, the fixed interest rates of the outstanding interest rate swap contracts ranged between 1.65% – 2.40% (2017: 1.65% – 1.80%) per annum.

All of the Group's interest rate swaps were designated as cash flow hedges to hedge the Group's interest rate risk arising from variable rate borrowings.

(b) Foreign currency forward contracts

Foreign currency forward contracts are used by the Group to hedge its foreign currency risk on distributions to Unitholders.

As at the reporting date, the Group and the Trust have foreign currency forward contracts arrangements in place for the following amounts:

	Group and Trust Nominal amount	
	2018 A$'000	2017 A$'000
Maturing:		
Within one year	19,330	114,000

14. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2018 A$'000	2017 A$'000	2018 A$'000	2017 A$'000
Cash at bank	79,180	30,840	26,646	23,238
Fixed deposits	26,484	25,257	26,484	25,257
	105,664	56,097	53,130	48,495

Cash and cash equivalents denominated in foreign currencies are disclosed in Note 27(a)(i).

15. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018 A$'000	2017 A$'000	2018 A$'000	2017 A$'000
Trade receivables	1,231	485	–	–
Accrued receivables	679	721	–	–
Other receivables	4,679	771	1,029	183
Amounts due from subsidiaries (non-trade)	–	–	25,073	3,980
Amounts due from related parties (non-trade)	968	276	–	–
	7,557	2,253	26,102	4,163
Prepayments	2,134	3,466	52	45
	9,691	5,719	26,154	4,208

Trade receivables

Trade receivables comprise mainly rental receivables. These are secured by way of bankers' guarantees or security deposits held by the Group. There is no impairment loss arising from these outstanding balances.

The ageing of trade receivables that were not impaired at the reporting date was:

	Group	
	2018 A$'000	2017 A$'000
Neither past due nor impaired	1,163	426
Past due 0 to 30 days	54	39
Past due 31 to 90 days	14	14
Past due 91 to 180 days	–	6
	1,231	485

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 arising from these outstanding balances.

16. TRADE AND OTHER PAYABLES

	Group		Trust	
	2018 A$'000	2017 A$'000	2018 A$'000	2017 A$'000
Current				
Trade payables	3,330	338	295	178
Other payables	2,842	1,411	70	89
Accrued expenses	22,910	10,043	2,006	997
Accrued capital expenditure for investment properties	2,607	25,667	–	–
Deferred income	327	327	–	–
Rental received in advance	2,764	3,034	–	–
Amounts due to subsidiaries (non-trade)	–	–	25	19
Amounts due to related parties (non-trade)	2,105	528	12	13
Amounts due to non-controlling interests (non-trade)	3,519	–	–	–
	40,404	41,348	2,408	1,296
Non-current				
Security deposits	632	182	–	–
Deferred income	1,827	2,154	–	–
	2,459	2,336	–	–
Total trade and other payables	42,863	43,684	2,408	1,296

16. TRADE AND OTHER PAYABLES (CONT'D)

Amounts due to subsidiaries and related parties

Amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

Amounts due to non-controlling interests

Amounts due to non-controlling interests are unsecured, bear interest at 6% to 8% (2017: Nil) and have no fixed terms of repayment.

17. BORROWINGS

	Group		Trust	
	2018 A$'000	2017 A$'000	2018 A$'000	2017 A$'000
Current				
Bank loans				
– unsecured	170,000	–	170,000	–
– secured	50,035	–	–	–
Less: Unamortised transaction costs	(381)	–	(381)	–
	219,654	–	169,619	–
Non-current				
Bank loans				
– unsecured	500,925	580,000	500,925	580,000
– secured	349,399	–	–	–
Less: Unamortised transaction costs	(5,203)	(5,891)	(5,203)	(5,891)
	845,121	574,109	495,722	574,109
Total borrowings	1,064,775	574,109	665,341	574,109

The Group has unsecured facilities comprising:

- An A$470 million (2017: A$420 million) unsecured term loan facility. At the reporting date, the facility was fully drawn down.
- An A$200 million (2017: A$200 million) unsecured revolving credit facility. At the reporting date, A$146 million (2017: A$160 million) was drawn down.
- An S$1 billion (2017: S$1 billion) multicurrency debt program. At the reporting date, no issuance has been made under the program.
- An A$50 million (2017: A$50 million) money market line facility. At the reporting date, the facility is unutilised.
- A €100 million (2017: €Nil) equivalent multicurrency facility comprising a €35 million term loan facility and a €65 million revolving credit facility. At the reporting date, A$55 million (€34 million) (2017: A$Nil) comprising A$21 million (€13 million) from the term loan facility and A$34 million (€21 million) from the revolving credit facility was drawn down.

The secured bank loans are secured over investment properties with a total carrying amount of A$969,554,000 (2017: A$Nil) (Note 10).

17. BORROWINGS (CONT'D)

Terms and debt repayment structure

	Interest rate range %	Year of maturity	Group Face value A$'000	Group Carrying amount A$'000	Trust Face value A$'000	Trust Carrying amount A$'000
2018						
AUD bank loans	2.9 to 3.1	2019 to 2023	616,000	611,359	616,000	611,359
Euro bank loans	0.8 to 2.6	2019 to 2036	454,360	453,416	54,925	53,982
			1,070,360	1,064,775	670,925	665,341
2017						
AUD bank loans	2.6 to 2.9	2019 to 2021	580,000	574,109	580,000	574,109

The interest rate range disclosed above excludes the effects of the related interest rate derivative financial instruments and amortisation of borrowing costs.

The reconciliation of liabilities arising from financing activities were as follows:

Group	Borrowings A$'000
At 1 October 2017	574,109
Financing cashflows *	61,419
Acquisition of subsidiaries	409,713
Non-cash changes	
– Foreign exchange movement	17,183
Others	2,351
At 30 September 2018	1,064,775

* Cashflow from financing activities presented in the consolidated statement of cash flows include interest expense paid of $21,283,000, which are included as part of Note 16 - trade and other payables. There are no material non-cash changes associated with interest payables.

18. DEFERRED TAX LIABILITIES

	At 30 November 2015 A$'000	Recognised in statement of total return (Note 7) A$'000	At 30 September 2017 A$'000	Recognised in statement of total return (Note 7) A$'000	Translation differences A$'000	At 30 September 2018 A$'000
Group						
Deferred tax liabilities						
Investment properties	–	16,352	16,352	20,120	102	36,574

18. DEFERRED TAX LIABILITIES (CONT'D)

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	
	2018 A$'000	2017 A$'000
Deductible temporary differences	6,516	10,079

The deductible temporary differences do not expire under the current tax legislation.

Under FRS 12 *Income taxes*, deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss. In 2018, the Group's acquisition of subsidiaries were accounted for as acquisition of assets and not a business combination, and neither affected accounting or taxable profit at the point of acquisition. Accordingly, the initial recognition exemption in FRS 12 applies. As at 30 September 2018, the Group has not recognised deferred tax liabilities of A$24.1 million (€15.6 million) (2017: Nil) relating to temporary differences on the initial recognition of assets and liabilities of subsidiaries acquired during the year.

19. NON-CONTROLLING INTERESTS

The non-controlling interests (NCI) relate to the following subsidiary:

Name	Principal place of business/ Country of incorporation	Effective interest held by NCI	
		2018 %	2017 %
FLT Europe B.V. and its subsidiaries	The Netherlands	5.1 to 9.9*	–

* This represents the effective interest held by NCI in various subsidiaries of FLTE. The non-controlling interest in the underlying subsidiaries of FLTE are individually immaterial.

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2018 A$'000
Revenue	20,540
Profit and total comprehensive income	14,430
Profit and total comprehensive income attributable to NCI	906
Non-current assets	969,554
Current assets	40,658
Non-current liabilities	(375,963)
Current liabilities	(391,441)
Net assets	242,808
Net assets attributable to NCI	18,866
Cash flows from operating activities	10,787
Cash flows used in investing activities	(451,885)
Cash flows from financing activities	476,424
Net increase in cash and cash equivalents	35,326

No dividend was paid to NCI from 25 May 2018 (being the date of acquisition of FLTE) to 30 September 2018.

20. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust			
	2018		2017	
	Number of Units '000	A$'000	Number of Units '000	A$'000
Units issued				
At 1 October 2017/30 November 2015 (date of constitution)	1,511,477	1,350,836	*	*
Creation of new Units:				
– Initial public offering	–	–	1,425,150	1,268,022
– Private placement	333,199	324,711	78,000	75,036
– Preferential offering	152,153	144,872	–	–
– Managers' management fees paid in Units	12,051	12,459	7,953	7,404
– Managers' acquisition fees paid in Units	5,038	4,889	374	374
At 30 September 2018/ 30 September 2017	2,013,918	1,837,767	1,511,477	1,350,836
Units to be issued				
Managers' management fees payable in Units	7,924	8,413	7,652	7,837
Managers' acquisition fees payable in Units	283	313	470	473
Total issuable Units	8,207	8,726	8,122	8,310
Total issued and issuable Units	2,022,125	1,846,493	1,519,599	1,359,146

* Less than 1,000

2018

During the year, the following new Units were issued:

- 333,199,000 Units were issued at S$0.987 per Unit as part of a private placement undertaken by the Trust, amounting to A$324,711,000, for cash;
- 152,153,437 Units were issued at S$0.967 per Unit as part of a preferential offering undertaken by the Trust, amounting to A$144,872,000, for cash;
- 12,049,975 Units were issued at S$1.04 to S$1.13 per Unit, amounting to A$12,459,000, as satisfaction of the Managers' management fees payable in Units; and
- 5,038,244 Units were issued at S$0.99 to S$1.10 per Unit, amounting to A$4,889,000, as satisfaction of the Managers' acquisition fees payable in Units arising from certain investment properties acquired.

20. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

2017

During the period, the following new Units were issued:

- 1 Unit was issued at S$1.00 on constitution of the Trust for cash;
- 1,425,149,999 Units were issued at S$0.89 per Unit as part of the Trust's initial public offering, amounting to A$1,268,022,000, for cash;
- 78,000,000 Units were issued at S$1.01 per Unit as part of a private placement undertaken by the Trust, amounting to A$75,036,000, for cash;
- 7,953,479 Units were issued at S$0.92 to S$1.05 per Unit, amounting to A$7,404,000, as satisfaction of the Managers' management fees payable in Units; and
- 373,983 Units were issued at S$1.08 per Unit, amounting to A$374,000, as satisfaction of the Managers' acquisition fees payable in Units arising from certain investment properties acquired during the period.

Each Unit in the Trust represents an undivided interest in the Trust.

A holder of the Units of the Trust has no equitable or proprietary interest in the underlying assets of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Group.

Under the Trust Deed, every Unit carries the same voting rights.

The holders of the Units are entitled to receive distributions as and when declared by the Trust.

The liability of a holder of the Units is limited to the amount paid for the Units.

All issued Units are fully paid.

21. NET ASSET VALUE PER UNIT

	Group		Trust	
	2018	2017	2018	2017
Net asset value per Unit is based on: Net assets attributable to Unitholders (A$'000)	1,924,388	1,337,516	1,839,102	1,333,309
Total issued and issuable Units at 30 September ('000) (Note 20)	2,022,125	1,519,599	2,022,125	1,519,599
Net asset value per unit (A$)	0.95	0.88	0.91	0.88

22. UNIT ISSUE COSTS

	Group and Trust 2018 A$'000	Group and Trust 2017 A$'000
Issue costs comprise the following:		
– Professional and other fees [1]	1,279	4,368
– Financial advisory fee and underwriting fee	4,072	19,274
	5,351	23,642

[1] Includes solicitors' fees, tax advisers and independent valuers and other professionals in connection with the Trust's initial public offering, private placement and preferential offering.

Unit issue costs have been deducted directly against the proceeds from the issuance of the Units.

23. DISTRIBUTIONS TO UNITHOLDERS

	Group and Trust 2018 A$'000	Group and Trust 2017 A$'000
Distributions paid during the year:		
Distribution of 1.84 Singapore cents per Unit for the period from 20 June 2016 to 30 September 2016 and paid on 15 December 2016	–	26,402
Distribution of 3.49 Singapore cents per Unit for the period from 1 October 2016 to 31 March 2017 and paid on 23 June 2017	–	49,937
Distribution of 1.84 Singapore cents per Unit for the period from 1 April 2017 to 5 July 2017 and paid on 29 September 2017	–	26,353
Distribution of 1.68 Singapore cents per Unit for the period from 6 July 2017 to 30 September 2017 and paid on 19 December 2017	25,115	–
Distribution of 3.61 Singapore cents per Unit for the period from 1 October 2017 to 31 March 2018 and paid on 26 June 2018	51,768	–
Distribution of 1.01 Singapore cents per Unit for the period from 1 April 2018 to 20 May 2018 and paid on 7 August 2018	15,054	–
	91,937	102,692

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party transactions elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year at terms agreed between parties:

	Group	
	Year ended 30 September 2018 A$'000	Period from 30 November 2015 to 30 September 2017 A$'000
With related parties of the Managers:		
– Acquisition of subsidiaries	(475,696)	–
– Capital expenditure for investment properties under development	(57,470)	–
– Acquisition of investment properties	(62,600)	(1,817,886)
– Insurance expense paid/payable	(842)	(1,044)
– Service charge expenses paid/payable	–	(17)
– Lease incentive reimbursement received/receivable	4,887	11,705
– Interest receivable	494	276
– Reimbursements (to)/from	(108)	4,637
With the Managers:		
– Base management fees paid/payable	(9,450)	(9,436)
– Performance management fees paid/payable	(5,330)	(5,805)
- Acquisition fees paid/payable	(4,730)	(847)
- Divestment fees paid/payable	(496)	–
- Reimbursements to	(181)	–
With the property managers:		
– Property management fees paid/payable	(2,127)	(1,935)
– Marketing services commission paid/payable	(783)	(703)
With the Trustee:		
– Trustee fee paid/payable	(284)	(296)
With the HAUT Trustee:		
– Trustee fee paid/payable	(55)	(69)

25. COMMITMENTS

(a) Capital commitments

Capital and development expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2018 A$'000	2017 A$'000
Capital commitments in respect of:		
– Investment properties under development	–	32,224
– Investment properties	2,721	2,243

(b) Operating lease commitments – as lessee

The Group has entered into ground leases for certain investment properties. The operating leases are based on a fixed component of rent payable under the ground lease agreements, adjusted for increases in ground lease where such increases have been provided for under the ground lease agreements.

Future minimum lease payments under non-cancellable operating leases at the end of the reporting period is as follows:

	Group	
	2018 A$'000	2017 A$'000
Within 1 year	5,415	4,954
From 1 year to 5 years	22,737	17,474
After 5 years	503,223	345,722
	531,375	368,150

Ground lease expenses on the Group's investment properties for the year are disclosed in Note 4.

(c) Operating lease commitments – as lessor

The Group leases warehouse and logistics facilities under operating leases. The operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period is as follows:

	Group	
	2018 A$'000	2017 A$'000
Within 1 year	196,430	140,551
From 1 year to 5 years	680,706	478,525
After 5 years	663,726	523,424
	1,540,862	1,142,500

Rental income from investment properties for the year is disclosed in Note 3.

26. OPERATING SEGMENTS

The Group has two reportable segments, which are Australia and Europe. Each segment is managed separately because of the differences in operating and regulatory environment. All the segments relate to properties used or predominantly used for logistics or industrial properties. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Information about reportable segments

	Australia A$'000	Europe A$'000	Total A$'000
Year ended 30 September 2018			
Revenue	175,226	20,540	195,766
Property operating expenses	(31,706)	(2,269)	(33,975)
Reportable segment net property income	143,520	18,271	161,791
Finance income	1,321	–	1,321
Finance costs	(20,334)	(3,471)	(23,805)
Unallocated items:			
– Expenses			(23,518)
Net income			115,789
Gain on divestment of investment properties	23,446	–	23,446
Net change in fair value of investment properties	54,380	18,031	72,411
Net change in fair value of derivative financial instruments			2,349
Tax expense			(34,361)
Total return for the year			179,634

	Australia A$'000	Europe A$'000	Total A$'000
30 September 2018			
Non-current assets [1]	2,008,650	969,554	2,978,204

[1] Excluding financial assets

Revenue from one tenant in the Australian segment represents approximately A$24,268,000 (2017: A$31,647,000) of the Group's total revenue.

No segment information has been presented in 2017 as all the Group's properties are in the logistics and industrial business segment and located in Australia.

27. FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Audit, Risk and Compliance Committee of the Manager oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit, Risk and Compliance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Compliance Committee. The Audit, Risk and Compliance Committee then reports to the Board of Directors on any inadequacies, deficiencies or matters of concern of which the Audit, Risk and Compliance Committee becomes aware or that it suspects, arising from its review of the Group's risk management policies and procedures.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's total return and Unitholders' funds. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The entities within the Group normally conduct their business in their respective functional currencies.

The Group's foreign currency risk mainly relates to cash and cash equivalents, trade and other receivables, trade and other payables and borrowings, that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Euro (€) and Singapore Dollars (S$). The Manager monitors the Group's foreign currency exposure on an ongoing basis and limits its exposure to fluctuations in foreign currency exchange rates by using derivative financial instruments or other suitable financial products, where appropriate.

It is the Manager's policy to hedge the Group's anticipated foreign currency exposure in respect of its distributions to Unitholders at least six months forward by using foreign currency forward contracts.

The exposure of the Group and the Trust to Euro and Singapore dollar in Australian dollar equivalent is as follows:

	Group and Trust			
	2018		2017	
	€ A$'000	S$ A$'000	€ A$'000	S$ A$'000
Cash and cash equivalents	72	22,873	–	26,153
Trade and other receivables	–	1,028	–	–
Trade and other payables	–	(2,386)	–	(191)
Borrowings	(53,982)	–	–	–
Net currency exposure	(53,910)	21,515	–	25,962

27. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(i) *Foreign currency risk (cont'd)*

In addition, as at 30 September 2018, the Group had outstanding foreign currency forward contracts with nominal amount of approximately A$7,310,000 (2017: A$91,325,000) to hedge future payments of distribution.

Sensitivity analysis

In 2018 and 2017, a 1% strengthening/weakening of the Australian dollar against the Euro and the Singapore dollar would not have a significant effect on total return.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to changes in interest rates relate primarily to its interest-bearing borrowings. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Manager adopts a policy of fixing the interest rates for a portion of its outstanding borrowings via the use of derivative financial instruments or other suitable financial products.

Interest rate swaps in respect of the Group's borrowings have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy. Generally, the maturities of these interest rate swaps follow the maturities of the related borrowings.

As at the reporting date, the Group and the Trust has outstanding interest rate swaps with a total nominal amount of A$520,000,000 (2017: A$420,000,000) (Note 13).

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	
	2018 A$'000	2017 A$'000	2018 A$'000	2017 A$'000
Fixed rate instruments				
Financial assets	–	–	1,072,554	1,065,658
Financial liabilities	(355,680)	–	–	–
Effect of interest rate swaps	(520,000)	(420,000)	(520,000)	(420,000)
	(875,680)	(420,000)	552,554	645,658
Variable rate instruments				
Financial assets	105,664	56,097	53,130	48,495
Financial liabilities	(714,680)	(580,000)	(670,925)	(580,000)
Effect of interest rate swaps	520,000	420,000	520,000	420,000
	(89,016)	(103,903)	(97,795)	(111,505)

27. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, 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.

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased/ (decreased) total return and Unitholders' funds (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total return		Unitholders' funds	
	1% increase A$'000	1% decrease A$'000	1% increase A$'000	1% decrease A$'000
Group				
2018				
Variable rate instruments not hedged	(890)	890	–	–
Interest rate swaps	–	–	8,816	(9,130)
Cash flow sensitivity (net)	(890)	890	8,816	(9,130)
2017				
Variable rate instruments not hedged	(1,039)	1,039	–	–
Interest rate swaps	–	–	9,547	(9,909)
Cash flow sensitivity (net)	(1,039)	1,039	9,547	(9,909)
Trust				
2018				
Variable rate instruments not hedged	(978)	978	–	–
Interest rate swaps	–	–	8,816	(9,130)
Cash flow sensitivity (net)	(978)	978	8,816	(9,130)
2017				
Variable rate instruments not hedged	(1,115)	1,115	–	–
Interest rate swaps	–	–	9,547	(9,909)
Cash flow sensitivity (net)	(1,115)	1,115	9,547	(9,909)

27. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) 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. The Manager monitors the amounts owing by lessees on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. Credit risk is also mitigated by the bankers' guarantees or security deposits held for each lessee.

Cash and cash equivalents are placed with reputable financial institutions. 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.

Credit risk concentration profile

The Group has no significant concentration of credit risk at the reporting date. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(c) 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 monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations for a reasonable period, including the servicing of financing obligations, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the CCIS issued by the MAS concerning limits on total borrowings.

As at the end of the financial year, the Group maintains several lines of credit (Note 17).

27. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) ***Liquidity risk*** *(cont'd)*

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

			Cash flows		
	Carrying amount A$'000	Contractual cash flows A$'000	Within one year A$'000	Between one and five years A$'000	More than five years A$'000
Group					
2018					
Non-derivative financial liabilities					
Trade and other payables *	37,945	(37,945)	(37,313)	–	(632)
Borrowings	1,064,775	(1,151,168)	(244,926)	(749,945)	(156,297)
	1,102,720	(1,189,113)	(282,239)	(749,945)	(156,929)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(713)	748	(221)	969	–
Forward exchange contracts (gross-settled)	65				
– outflow		(19,540)	(19,540)	–	–
– inflow		19,463	19,463	–	–
	(648)	671	(298)	969	–
	1,102,072	(1,188,442)	(282,537)	(748,976)	(156,929)
2017					
Non-derivative financial liabilities					
Trade and other payables *	38,169	(38,169)	(37,987)	–	(182)
Borrowings	574,109	(633,601)	(16,410)	(617,191)	–
	612,278	(671,770)	(54,397)	(617,191)	(182)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(3,077)	3,227	27	3,200	–
Forward exchange contracts (gross-settled)	2,414				
– outflow		(114,109)	(114,109)	–	–
– inflow		111,773	111,773	–	–
	(663)	891	(2,309)	3,200	–
	611,615	(670,879)	(56,706)	(613,991)	(182)

27. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Liquidity risk (cont'd)*

	Carrying amount A$'000	Contractual cash flows A$'000	Cash flows Within one year A$'000	Between one and five years A$'000
Trust				
2018				
Non-derivative financial liabilities				
Trade and other payables	2,408	(2,408)	(2,408)	–
Borrowings	665,341	(712,258)	(187,039)	(525,219)
	667,749	(714,666)	(189,447)	(525,219)
Derivative financial instruments				
Interest rate swaps used for hedging (net-settled)	(713)	748	(221)	969
Forward exchange contracts (gross-settled)	65			
– outflow		(19,540)	(19,540)	–
– inflow		19,463	19,463	–
	(648)	671	(298)	969
	667,101	(713,995)	(189,745)	(524,250)
2017				
Non-derivative financial liabilities				
Trade and other payables	1,296	(1,296)	(1,296)	–
Borrowings	574,109	(633,601)	(16,410)	(617,191)
	575,405	(634,897)	(17,706)	(617,191)
Derivative financial instruments				
Interest rate swaps used for hedging (net-settled)	(3,077)	3,227	27	3,200
Forward exchange contracts (gross-settled)	2,414			
– outflow		(114,109)	(114,109)	–
– inflow		111,773	111,773	–
	(663)	891	(2,309)	3,200
	574,742	(634,006)	(20,015)	(613,991)

* Excluding deferred income and rental received in advance

The maturity analyses above show the contractual undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement. The interest payments on floating rate borrowings in the table above reflect market forward interest rates at the year end and these amounts may change as market interest rates changes. The future cash flows on derivative instruments may be different from the amounts in the above table as interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analyses could occur significantly earlier, or at significantly different amounts.

All the interest rate swaps are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and impact the total return.

28. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through statement of total return A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Group										
30 September 2018										
Financial assets measured at fair value										
Interest rate swaps	13	–	–	1,333	–	1,333	–	1,333	–	1,333
Foreign currency forward contracts	13	–	83	–	–	83	–	83	–	83
		–	83	1,333	–	1,416				
Financial assets not measured at fair value										
Cash and cash equivalents	14	105,664	–	–	–	105,664				
Trade and other receivables *	15	7,557	–	–	–	7,557				
		113,221	–	–	–	113,221				

28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through statement of total return A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Group										
30 September 2018										
Financial liabilities measured at fair value										
Interest rate swaps	13	–	–	(620)	–	(620)	–	(620)	–	(620)
Foreign currency forward contracts	13	–	(148)	–	–	(148)	–	(148)	–	(148)
		–	(148)	(620)	–	(768)				
Financial liabilities not measured at fair value										
Trade and other payables **	16	–	–	–	(37,945)	(37,945)				
Borrowings	17	–	–	–	(1,064,775)	(1,064,775)	–	–	(1,065,815)	(1,065,815)
		–	–	–	(1,102,720)	(1,102,720)				

28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Classifications and fair values (cont'd)

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through statement of total return A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Group										
30 September 2017										
Financial assets measured at fair value										
Interest rate swaps	13	–	–	3,077	–	3,077	–	3,077	–	3,077
Foreign currency forward contracts	13	–	456	–	–	456	–	456	–	456
		–	456	3,077	–	3,533				
Financial assets not measured at fair value										
Cash and cash equivalents	14	56,097	–	–	–	56,097				
Trade and other receivables *	15	2,253	–	–	–	2,253				
		58,350	–	–	–	58,350				

28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through statement of total return A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Group										
30 September 2017										
Financial liabilities measured at fair value										
Foreign currency forward contracts	13	–	(2,870)	–	–	(2,870)	–	(2,870)	–	(2,870)
Financial liabilities not measured at fair value										
Trade and other payables **	16	–	–	–	(38,169)	(38,169)				
Borrowings	17	–	–	–	(574,109)	(574,109)				
		–	–	–	(612,278)	(612,278)				

28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Classifications and fair values (cont'd)

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through statement of total return A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Trust										
30 September 2018										
Financial assets measured at fair value										
Interest rate swaps	13	–	–	1,333	–	1,333	–	1,333	–	1,333
Foreign currency forward contracts	13	–	83	–	–	83	–	83	–	83
		–	83	1,333	–	1,416				
Financial assets not measured at fair value										
Loans to subsidiaries	12	1,568,967	–	–	–	1,568,967	–	–	1,590,515	1,590,515
Cash and cash equivalents	14	53,130	–	–	–	53,130				
Trade and other receivables *	15	26,102	–	–	–	26,102				
		1,648,199	–	–	–	1,648,199				

28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through statement of total return A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Trust										
30 September 2018										
Financial liabilities measured at fair value										
Interest rate swaps	13	–	–	(620)	–	(620)	–	(620)	–	(620)
Foreign currency forward contracts	13	–	(148)	–	–	(148)	–	(148)	–	(148)
		–	(148)	(620)	–	(768)				
Financial liabilities not measured at fair value										
Trade and other payables	16	–	–	–	(2,408)	(2,408)				
Borrowings	17	–	–	–	(665,341)	(665,341)				
		–	–	–	(667,749)	(667,749)				

28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through statement of total return A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Trust										
30 September 2017										
Financial assets measured at fair value										
Interest rate swaps	13	–	–	3,077	–	3,077	–	3,077	–	3,077
Foreign currency forward contracts	13	–	456	–	–	456	–	456	–	456
		–	456	3,077	–	3,533				
Financial assets not measured at fair value										
Loans to subsidiaries	12	1,065,658	–	–	–	1,065,658	–	–	1,072,221	1,072,221
Cash and cash equivalents	14	48,495	–	–	–	48,495				
Trade and other receivables *	15	4,163	–	–	–	4,163				
		1,118,316	–	–	–	1,118,316				

28. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Loans and receivables A$'000	Fair value through statement of total return A$'000	Fair value – hedging instruments A$'000	Other financial liabilities A$'000	Total A$'000	Level 1 A$'000	Level 2 A$'000	Level 3 A$'000	Total A$'000
Trust										
30 September 2017										
Financial liabilities measured at fair value										
Foreign currency forward contracts	13	–	(2,870)	–	–	(2,870)	–	(2,870)	–	(2,870)
Financial liabilities not measured at fair value										
Trade and other payables	16	–	–	–	(1,296)	(1,296)				
Borrowings	17	–	–	–	(574,109)	(574,109)				
		–	–	–	(575,405)	(575,405)				

* Excluding prepayments
** Excluding deferred income and rental received in advance

28. 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 and foreign currency forward contracts	*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.
Financial instruments not measured at fair value	
Group Borrowings	*Discounted cash flows:* The fair values are based on the present value of future payments, discounted at the market rate of interest at the measurement date.
Trust Loans to subsidiaries	*Discounted cash flows:* The fair values are based on the present value of future receipts, discounted at the market rate of interest at the measurement date.

There were no transfers between the levels of the fair value hierarchy during the year.

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure to support the business and maximise Unitholders' value.

Under the Property Fund Guidelines of the CCIS, the aggregate leverage ratio should not exceed 45.0% of the Group's deposited property.

The aggregate leverage ratio is calculated as gross borrowings divided by total assets, based on the latest valuations.

	Group	
	2018	2017
Total borrowings (gross) (Note 17) (A$'000)	1,070,360	580,000
Total assets (A$'000)	3,094,975	1,976,324
Aggregate leverage (%)	34.6	29.3

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 September 2018 and 30 September 2017.

There were no substantial changes in the Group's and the Trust's approach to capital management during the year.

30. FINANCIAL RATIOS

	2018 %	2017 %
Expense to weighted average net assets [1]		
– with performance fee of Managers	1.06	1.15
– without performance fee of Managers	0.74	0.79
Expense to net asset value [2]	2.63	4.10
Portfolio turnover ratio [3]	4.63	–

(1) The expense ratios are computed in accordance with the guidelines of the Investment Manager Association of Singapore. The expenses used in the computation relate to the expenses of the Group, excluding property expenses, interest expense, foreign exchange gains and losses, unit issue costs, Victorian conversion duty 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.

31. SUBSEQUENT EVENTS

There were the following significant events subsequent to the reporting date:

- On 31 October 2018, the Group completed the acquisition of all the issued shares of FPE Investments RE20 B.V., an indirect wholly-owned subsidiary of Frasers Property Limited, which holds the freehold interest of a logistics property located at Mandeveld 12, Meppel, the Netherlands, for an agreed purchase price of €25.4 million. The acquisition was funded by drawing down on the Group's credit facilities.

- On 5 November 2018, the Manager declared a distribution of 2.57 Singapore cents per Unit to Unitholders in respect of the period from 21 May 2018 to 30 September 2018, amounting to A$51.6 million.

- On 12 November 2018, the following Units were issued:

In payment of	Period to which the fees relate to	Issue price per Unit	Number of Units issued '000
Managers' management fees			
– Base fee	1 July 2018 to 30 September 2018	S$1.07	2,863
– Performance fee	1 October 2017 to 30 September 2018	S$1.07	5,061
			7,924

In addition to the above, 283,125 Units were issued at an issue price of S$1.0939 per Unit as payment of acquisition fees in respect of the acquisitions of (i) 103-131 Wayne Goss Drive, Berrinba, Queensland, and (ii) 3 Burilda Close, Wetherill Park, New South Wales.

32. LIST OF SUBSIDIARIES

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2018 %	2017 %
Direct subsidiaries					
FLT Australia Pte. Ltd [(1)]	Investment holding	Singapore	Singapore	100	100
FLT Treasury Pte. Ltd [(1)]	Provision of treasury service	Singapore	Singapore	100	100
FLT Europe Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100	–
FLT Europe Treasury Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100	–
FLT Europe 1 Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100	–
FLT Australia Trust [(2)(3)]	Investment holding	Australia	Australia	100	100
FLT Landowner Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 1 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 2 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 3 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 4 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 5 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 6 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 7 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 8 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 9 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
FLT Queensland No. 10 Pty Limited [(2)]	Trustee	Australia	Australia	100	100
Indirect subsidiaries					
Atlantic Drive Trust B [(2)]	Property investment	Australia	Australia	100	100
Atlantic Drive Trust C [(2)]	Property investment	Australia	Australia	100	100
Atlantic Drive Trust D [(2)]	Property investment	Australia	Australia	100	100
Aylesbury Drive Trust A [(2)]	Property investment	Australia	Australia	100	100
Bam Wine Court Trust A [(2)]	Property investment	Australia	Australia	100	100
Boundary Road Trust A [(2)]	Property investment	Australia	Australia	100	100
Boundary Road Trust B [(2)]	Property investment	Australia	Australia	100	100
Butler Boulevard Trust A [(2)]	Property investment	Australia	Australia	100	100
Butler Boulevard Trust B [(2)]	Property investment	Australia	Australia	100	100
Butler Boulevard Trust C [(2)]	Property investment	Australia	Australia	100	100
Coghlan Road Trust A [(2)]	Property investment	Australia	Australia	100	100
Distribution Place Trust A [(2)]	Property investment	Australia	Australia	100	100
Doriemus Drive Trust A [(2)]	Property investment	Australia	Australia	100	100
Douglas Street Trust A [(2)]	Property investment	Australia	Australia	100	100
Earnshaw Road Trust A [(2)]	Property investment	Australia	Australia	100	100
Efficient Drive Trust A [(2)]	Property investment	Australia	Australia	100	100
Efficient Drive Trust B [(2)]	Property investment	Australia	Australia	100	100
Eucalyptus Place Trust A [(2)]	Property investment	Australia	Australia	100	100
Flint Street Trust A [(2)]	Property investment	Australia	Australia	100	100
Gibbon Road Trust A [(2)]	Property investment	Australia	Australia	100	100
Hartley Street Trust A [(2)]	Property investment	Australia	Australia	100	100
Heatherton Road Trust A [(2)]	Property investment	Australia	Australia	100	100
Horsley Drive Trust A [(2)]	Property investment	Australia	Australia	100	100
Horsley Drive Trust B [(2)]	Property investment	Australia	Australia	100	100
Horsley Drive Trust C [(2)]	Property investment	Australia	Australia	100	–
Hudson Court Trust A [(2)]	Property investment	Australia	Australia	100	100

32. LIST OF SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2018 %	2017 %
Indirect subsidiaries(cont'd)					
Indian Drive Trust A (2)	Property investment	Australia	Australia	100	100
Indian Drive Trust B (2)	Property investment	Australia	Australia	100	100
Jets Court Trust A (2)	Property investment	Australia	Australia	100	100
Jets Court Trust B (2)	Property investment	Australia	Australia	100	100
Kangaroo Avenue Trust A (2)	Property investment	Australia	Australia	100	100
Kangaroo Avenue Trust B (2)	Property investment	Australia	Australia	100	100
Kangaroo Avenue Trust C (2)	Property investment	Australia	Australia	100	100
Link Road Trust A (2)	Property investment	Australia	Australia	100	100
Pacific & Atlantic Drive Trust A (2)	Property investment	Australia	Australia	100	100
Paltridge Road Trust A (2)	Property investment	Australia	Australia	100	100
Pearson Road Trust A (2)	Property investment	Australia	Australia	100	100
Pearson Road Trust B (2)	Property investment	Australia	Australia	100	100
Platinum Street Trust A (2)	Property investment	Australia	Australia	100	100
Queensport Road Trust A (2)	Property investment	Australia	Australia	100	100
Reconciliation Rise Trust A (2)	Property investment	Australia	Australia	100	100
Reconciliation Rise Trust B (2)	Property investment	Australia	Australia	100	100
Sandstone Place Trust A (2)	Property investment	Australia	Australia	100	100
Shettleston Street Trust A (2)	Property investment	Australia	Australia	100	100
Siltstone Place Trust A (2)	Property investment	Australia	Australia	100	100
Sky Road East Trust A (2)	Property investment	Australia	Australia	100	100
Sky Road East Trust B (2)	Property investment	Australia	Australia	100	100
South Centre Road Trust A (2)	Property investment	Australia	Australia	100	100
South Park Drive Trust A (2)	Property investment	Australia	Australia	100	100
South Park Drive Trust B (2)	Property investment	Australia	Australia	100	100
South Park Drive Trust C (2)	Property investment	Australia	Australia	100	100
South Park Drive Trust D (2)	Property investment	Australia	Australia	100	100
South Park Drive Trust E (2)	Property investment	Australia	Australia	100	100
Springhill Road Trust A (2)	Property investment	Australia	Australia	100	100
Stanton Road Trust A (2)	Property investment	Australia	Australia	100	100
Stanton Road Trust B (2)	Property investment	Australia	Australia	100	100
Station Road Trust A (2)	Property investment	Australia	Australia	100	100
Stradbroke Street Trust A (2)	Property investment	Australia	Australia	100	100
Sunline Drive Trust A (2)	Property investment	Australia	Australia	100	100
Sunline Drive Trust B (2)	Property investment	Australia	Australia	100	100
Wayne Goss Drive Trust A (2)	Property investment	Australia	Australia	100	–
Wellington Road Trust A (2)	Property investment	Australia	Australia	100	100
FLT Europe B.V. (2)	Investment holding	The Netherlands	The Netherlands	100	–
FLT Achern GmbH (2)	Property investment	Germany	The Netherlands	94.0	–

32. LIST OF SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2018 %	2017 %
Indirect subsidiaries(cont'd)					
FLT INV 1 B.V. (2)	Investment holding	The Netherlands	The Netherlands	94.9	–
FLT INV 2 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	–
FLT INV 3 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	–
FLT INV 4 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	–
FLT INV 5 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	–
FLT INV 6 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	–
FLT INV 7 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	–
FLT INV 8 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	–
FLT INV 9 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	–
FLT INV 10 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	–
FLT INV 11 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	–
FLT INV 12 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	–
FLT INV 13 B.V. (2)	Property investment	The Netherlands	The Netherlands	94.9	–
FLT INV 14 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	–
FLT INV 15 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	–
FLT INV 16 B.V. (2)	Property investment	The Netherlands	The Netherlands	100.0	–
FLT INV 17 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	–
FLT INV 18 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	–
FLT INV 19 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	–
FLT INV 20 B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	–
FLT Moosthenning 1 GmbH (2)	Property investment	Germany	The Netherlands	94.8	–
FLT Moosthenning 2 GmbH (2)	Property investment	Germany	The Netherlands	94.8	–
FLT Moosthenning (SP) GmbH (2)	Property investment	Germany	The Netherlands	100.0	–
FLT Rheinberg GmbH (2)	Property investment	Germany	The Netherlands	94.9	–
Geneba RE 1 GmbH (2)	Investment holding	Germany	The Netherlands	94.9	–
GRE 1 Schwerte-Marl (2)	Property investment	Germany	The Netherlands	94.9	–
Greenfield Logistikpark Freiberg GmbH (2)	Property investment	Germany	The Netherlands	94.8	–
Greenfield LogistikPark Vaihingen-Ost GmbH (2)	Property investment	Germany	The Netherlands	94.0	–
Greenfield LogistikPark Nürnberg GmbH (2)	Property investment	Germany	The Netherlands	94.0	–
LogProject Isenbuttel GmbH (2)	Property investment	Germany	The Netherlands	94.8	–
SMR2 Verwaltungs GmbH (2)	Property investment	Germany	The Netherlands	90.1	–

(1) Audited by KPMG LLP, Singapore.
(2) Audited by other member firms of KPMG International.
(3) Held by the Trust and FLT Australia Pte. Ltd. with equity interest of 50% each.

33. COMPARATIVE INFORMATION

The comparative figures relate to the period from 30 November 2015 (date of constitution) to 30 September 2017. Accordingly, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in Unitholders' funds and consolidated statement of cash flows are not comparable to those for the current year.

Use of Proceeds

AS AT 30 SEPTEMBER 2018

USE OF IPO PROCEEDS

Gross proceeds of approximately S$1,268.4 million (equivalent to A$1,268.0 million) were raised during the IPO of FLT from the foregoing issuance of Units.

The use of proceeds raised from the IPO is in accordance with the intended use and allocation as disclosed in the Prospectus and the announcement dated 20 June 2016 in relation to the listing of FLT on the SGX-ST (the "Listing Announcement"), save that the amount allocated for working capital purposes has increased to A$51.1 million from A$49.6 million as a result of lower transaction costs actually incurred, and is as set out below:

	Per Listing Announcement [1]		Actual [2]		Difference	
	A$'000	S$'000	A$'000	S$'000	A$'000	S$'000
Acquisition of the IPO Properties	1,295,672	1,292,432	1,295,672	1,292,432	–	–
Transaction costs	58,352	58,206	56,880	56,558	1,472	1,648
Debt-related costs	7,800	7,781	7,800	7,781	–	–
Working capital purposes	49,638	49,514	51,110 [3]	51,162	(1,472)	(1,648)
Total	**1,411,462**	**1,407,933**	**1,411,462**	**1,407,933**	**–**	**–**

(1) The use of proceeds disclosed in the Listing Announcement dated 20 June 2016 was translated into SGD using the exchange rate of A$1.00 : S$0.9975 which is the weighted average rate at which the REIT Manager had hedged the IPO proceeds.

(2) Based on an exchange rate of A$1.00 : S$0.9975, being the exchange rate mentioned in (1), except for transaction costs relating to unit issuance costs which are translated at an exchange rate of A$1.00 : S$0.9910, being the average rate for June 2016.

(3) Since the Listing Date, A$51.1 million (S$51.1 million) which was raised from the IPO, which was allocated to working capital purposes had been fully utilised in the following manner:

- (a) A$12.3 million (S$12.8 million) towards payment of interest expenses on borrowings, and debt related transaction costs; and
- (b) A$1.4 million (S$1.5 million) towards payment of trustee fees and trust expenses which includes investor relations related expenses and bank charges.
- (c) A$20.4 million (S$21.4 million) towards payment of acquisition of Martin Brower Call Option Property, stamp duty and transaction costs for 3 Call Option Properties.
- (d) A$14.1 million (S$12.4 million) towards partial payment of acquisition of Beaulieu and Stanley Black & Decker facilities and Clifford Hallam facility being part of the 2017 Acquisition Transaction.
- (e) A$2.9 million (S$3.0 million) towards capital expenditure and asset enhancement project.

(4) The above use of proceeds is in accordance with the intended use and is mainly in accordance with the allocation as stated in the Prospectus.

USE OF PRIVATE PLACEMENT AND PREFERENTIAL OFFERING PROCEEDS

On 21 May 2018, FLT issued 333,199,000 new Units from a private placement at an issue price of S$0.987 per Unit and raised gross proceeds of approximately S$328.9 million (equivalent of A$324.7 million). On 11 June 2018, FLT issued 152,153,437 new Units from a preferential offering at an issue price of S$0.967 per Unit and raised gross proceeds of approximately S$147.1 million (equivalent of A$144.9 million). Total gross proceeds from both the private placement and the preferential offering (collectively "equity fund raising") were used to partially fund the portfolio acquisition of 17 industrial properties located in Germany and four located in the Netherlands.

Such use of proceeds from the equity fund raising is in accordance with the intended use of proceeds previously disclosed in FLT's announcement dated 9 May 2018 in relation to the equity fund raising.

Unitholders' Statistics

AS AT 29 NOVEMBER 2018

ISSUED AND FULLY-PAID-UP UNITS

As at 29 November 2018

2,022,125,479 Units (voting rights: one vote per Unit)
Market Capitalisation S$2,123,231,753 (based on closing price of S$1.05 per Unit on 29 November 2018)

TOP 20 UNITHOLDERS

As at 29 November 2018
As shown in the Register of Unitholders

No.	Name	No. of Units	%
1	Frasers Property Industrial Trust Holdings Pte Ltd	419,072,356	20.72
2	DBS Nominees (Private) Limited	408,858,057	20.22
3	Citibank Nominees Singapore Pte Ltd	272,295,654	13.47
4	DBSN Services Pte. Ltd.	228,887,478	11.32
5	DB Nominees (Singapore) Pte Ltd	153,573,349	7.59
6	HSBC (Singapore) Nominees Pte Ltd	99,141,224	4.90
7	Raffles Nominees (Pte) Limited	81,264,360	4.02
8	United Overseas Bank Nominees (Private) Limited	19,214,310	0.95
9	BPSS Nominees Singapore (Pte.) Ltd.	18,441,754	0.91
10	NTUC Fairprice Co-Operative Ltd	11,079,000	0.55
11	Meren Pte Ltd	11,000,000	0.54
12	UOB Kay Hian Private Limited	8,876,870	0.44
13	OCBC Securities Private Limited	7,732,739	0.38
14	KGI Securities (Singapore) Pte. Ltd.	6,968,063	0.34
15	Maybank Kim Eng Securities Pte. Ltd.	6,879,025	0.34
16	DBS Vickers Securities (Singapore) Pte Ltd	5,902,170	0.29
17	Frasers Logistics & Industrial Asset Management Pte Ltd	5,763,623	0.29
18	Phillip Securities Pte Ltd	5,745,594	0.28
19	OCBC Nominees Singapore Private Limited	4,991,541	0.25
20	CGS-Cimb Securities (Singapore) Pte. Ltd.	3,633,816	0.18
	Total	**1,779,320,983**	**87.98**

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	5	0.04	54	0.00
100 - 1,000	1,106	7.61	1,030,668	0.05
1,001 - 10,000	7,957	54.75	39,369,424	1.95
10,001 - 1,000,000	5,434	37.39	183,589,063	9.08
1,000,001 AND ABOVE	31	0.21	1,798,136,270	88.92
Total	**14,533**	**100.00**	**2,022,125,479**	**100.00**

Unitholders' Statistics

AS AT 29 NOVEMBER 2018

SUBSTANTIAL UNITHOLDERS

As at 29 November 2018

	Direct Interest No. of Units held	Direct Interest %	Deemed Interest No. of Units held	Deemed Interest %	Total No. of Units held	%
Frasers Property Industrial Trust Holdings Pte. Ltd. (formerly known as FCL Investments (Industrial) Pte. Ltd.)	419,072,356	20.72	–	–	419,072,356	20.72
Frasers Property Limited (formerly known as Frasers Centrepoint Limited)[1]	–	–	424,835,979	21.01	424,835,979	21.01
Thai Beverage Public Company Limited[2]	–	–	424,835,979	21.01	424,835,979	21.01
International Beverage Holdings Limited[3]	–	–	424,835,979	21.01	424,835,979	21.01
InterBev Investment Limited[4]	–	–	424,835,979	21.01	424,835,979	21.01
Siriwana Company Limited[5]	–	–	424,835,979	21.01	424,835,979	21.01
Maxtop Management Corp.[6]	–	–	424,835,979	21.01	424,835,979	21.01
Risen Mark Enterprise Ltd.[6]	–	–	424,835,979	21.01	424,835,979	21.01
Golden Capital (Singapore) Limited[6]	–	–	424,835,979	21.01	424,835,979	21.01
MM Group Limited[7]	–	–	424,835,979	21.01	424,835,979	21.01
TCC Assets Limited[8]	–	–	424,835,979	21.01	424,835,979	21.01
Charoen Sirivadhanabhakdi[9]	–	–	424,835,979	21.01	424,835,979	21.01
Khunying Wanna Sirivadhanabhakdi[10]	–	–	424,835,979	21.01	424,835,979	21.01
TCC Group Investments Limited[11]	–	–	118,559,700	5.86	118,559,700	5.86
Atinant Bijananda[11]	–	–	118,559,700	5.86	118,559,700	5.86
Thapana Sirivadhanabhakdi[11]	–	–	118,559,700	5.86	118,559,700	5.86
Wallapa Traisorat[11]	–	–	118,559,700	5.86	118,559,700	5.86
Thapanee Techajareonvikul[11]	–	–	118,559,700	5.86	118,559,700	5.86
Panote Sirivadhanabhakdi[11]	–	–	118,559,700	5.86	118,559,700	5.86

Notes:

(1) Frasers Property Limited (formerly known as Frasers Centrepoint Limited) ("**FPL**") holds a 100% direct interest in each of Frasers Logistics & Industrial Asset Management Pte. Ltd. ("**FLIAM**") and Frasers Property Industrial Trust Holdings Pte. Ltd (formerly known as FCL Investments (Industrial) Pte. Ltd.) ("**FPITH**"). Each of FLIAM and FPITH directly holds units in FLT. FPL therefore has a deemed interest in the units in FLT in which each of FLIAM and FPITH has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**").

(2) Thai Beverage Public Company Limited ("**ThaiBev**") holds a 100% direct interest in International Beverage Holdings Limited ("**IBHL**");
- IBHL holds a 100% direct interest in InterBev Investment Limited ("**IBIL**");
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT;

ThaiBev therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(3) IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

IBHL therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of section 4 of the SFA.

(4) IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

IBIL therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of section 4 of the SFA.

(5) Siriwana Company Limited ("**SCL**") holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

SCL therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

Unitholders' Statistics

AS AT 29 NOVEMBER 2018

SUBSTANTIAL UNITHOLDERS (CONT'D)

As at 29 November 2018

(6) Maxtop Management Corp. ("**MMC**") together with Risen Mark Enterprise Ltd. ("**RM**") and Golden Capital (Singapore) Limited ("**GC**") collectively hold a greater than 20% interest in ThaiBev;

- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

MMC, RM and GC each therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(7) MM Group Limited ("**MM**") holds a 100% direct interest in each of MMC, RM and GC;

- MMC, RM and GC collectively holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

MM therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(8) TCC Assets Limited ("**TCCA**") holds a majority interest in FPL;

- FPL holds a 100% direct interest in each of FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT;

TCCA therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(9) Charoen Sirivadhanabhakdi and his spouse, Khunying Wanna Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;

- TCCA holds a majority interest in FPL;
- FPL holds a 100% direct interest in FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

Charoen Sirivadhanabhakdi therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(10) Khunying Wanna Sirivadhanabhakdi and her spouse, Charoen Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;

- TCCA holds a majority interest in FPL;
- FPL holds a 100% direct interest in FLIAM and FPITH; and
- Each of FLIAM and FPITH directly holds units in FLT.

Khunying Wanna Sirivadhanabhakdi therefore has a deemed interest in the units in FLT in which FPL has an interest, by virtue of Section 4 of the SFA.

(11) Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi holds 20% of the issued share capital of TCC Group Investments Limited ("**TCCG**");

- TCCG holds units in FLT through a nominee account.

Each of Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi therefore has a deemed interest in the units in FLT in which TCCG has an interest, by virtue of Section 4 of the SFA.

Unitholders' Statistics

AS AT 29 NOVEMBER 2018

UNITHOLDINGS OF DIRECTORS OF THE MANAGER

As at 29 November 2018

Directors	Direct Interest No. of Units held	Deemed Interest No. of Units held
Mr Ho Hon Cheong	–	1,123,100
Mr Goh Yong Chian	400,000	–
Mr Paul Gilbert Say	–	165,000
Mr Panote Sirivadhanabhakdi	–	118,559,700[1]
Mr Lim Ee Seng	440,000	–
Mr Michael Bowden Newsom	–	66,000

Note:

(1) Mr Panote Sirivadhanabhakdi holds 20.0% of the issued share capital of TCC Group Investments Limited and is deemed interested in TCC Group Investments Limited's interest in 118,559,700 Units.

FREE FLOAT

Based on information available to the Manager as at 29 November 2018, approximately 73% of the Units are held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

Interested Person Transactions

Name of Interested Persons	Aggregate value of all Interested Person Transactions during FY2018 under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) A$'000
Frasers Logistics & Industrial Asset Management Pte. Ltd	
– Manager's base management fees paid/payable	(5,497)
– Manager's performance management fees paid/payable	(3,303)
– Manager's acquisition fees paid/payable	(4,478)
– Manager's divestment management fees paid/payable	(99)
– Reimbursement of expenses	(141)
FLT Australia Management Pty Ltd	
– Manager's base management fees paid/payable	(3,953)
– Manager's performance management fees paid/payable	(2,027)
– Manager's acquisition fees paid/payable	(252)
– Manager's divestment management fees paid/payable	(397)
– Reimbursement of expenses	(40)
Frasers Property Management Services Pty Limited	
– Property management fees paid/payable	(1,770)
– Marketing services commissions paid/payable	(783)
– Reimbursement of expenses	(2)
Frasers Property Australia Pty Limited and its subsidiaries	
– Incentives reimbursement	4,887
– Settlement adjustments	9
– Capital expenditure for investment properties under development	(57,470)
– Acquisition of completed investment properties	(62,600)
– Coupon interest income received	494
– Reimbursement of expenses	(117)
Frasers Property Funds Management Limited (in its capacity as trustee of FLT Australia Trust)	
– Trustee fees paid/payable	(55)
Frasers Property Investments (Holland) B.V.	
Acquisition of subsidiaries	(475,696)
Frasers Property Advisory B.V.	
– Property management fees paid/payable	(357)
Perpetual (Asia) Limited	
– Trustee fees paid/payable	(284)
– Disbursements/out of pocket expenses paid	(4)
Southeast Insurance Public Company Limited	
– Insurance expense paid/payable	(842)

There are no transactions noted under the Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 of the SGX Listing Manual.

Notice of Annual General Meeting

FRASERS LOGISTICS & INDUSTRIAL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 30 November 2015 (as amended, restated and supplemented))

NOTICE IS HEREBY GIVEN that the 2nd Annual General Meeting ("**AGM**") of the unitholders of FRASERS LOGISTICS & INDUSTRIAL TRUST ("**FLT**", and the unitholders of FLT, "**Unitholders**") will be held at InterContinental Singapore, Ballrooms I, II & III (Level 2), 80 Middle Road, Singapore 188966, on Thursday, 24 January 2019 at 10:00 a.m. for the following purposes:

(A) ROUTINE BUSINESS

Ordinary Resolution (1)

1. To receive and adopt the Report of the Trustee of FLT issued by Perpetual (Asia) Limited, the trustee of FLT (the "**Trustee**"), the Statement by the Manager issued by Frasers Logistics & Industrial Asset Management Pte. Ltd., the manager of FLT (the "**Manager**"), the Audited Financial Statements of FLT for the financial year ended 30 September 2018 and the Auditors' Report thereon.

Ordinary Resolution (2)

2. To re-appoint KPMG LLP ("**KPMG**") as Auditors of FLT to hold office until the conclusion of the next AGM of FLT, and to authorise the Manager to fix their remuneration.

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, Ordinary Resolution (3) which is proposed as an Ordinary Resolution:

Ordinary Resolution (3)

3. That authority be and is hereby given to the Manager, to:

(a) (i) issue units in FLT ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued), provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting FLT (as amended, restated and supplemented) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM or (ii) the date by which the next AGM is required by the applicable law or regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager, any director of the Manager ("**Director**") and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interest of FLT to give effect to the authority conferred by this Resolution.

Frasers Logistics & Industrial Asset Management Pte. Ltd.
(Company Registration No: 201528178Z)
as manager of Frasers Logistics & Industrial Trust

Catherine Yeo
Company Secretary

Singapore
21 December 2018

Notice of Annual General Meeting

NOTES:

(1) A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in the Unitholder's stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.

(2) A Unitholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies in the proxy form the number of Units in relation to which each proxy has been appointed.

"**Relevant Intermediary**" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(3) The instrument appointing a proxy or proxies (as the case may be) (the "**Proxy Form**") must be deposited with the company secretary of the Manager at the office of FLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.

EXPLANATORY NOTE:

Ordinary Resolution 3

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the earliest of (i) the conclusion of the next AGM of FLT or (ii) the date by which the next AGM of FLT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of 20% for issues other than on a *pro rata* basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time Ordinary Resolution 3 above is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Notice of Annual General Meeting

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

IMPORTANT NOTICE

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of FLT is not necessarily indicative of the future performance of FLT.

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FRASERS LOGISTICS & INDUSTRIAL TRUST

(Constituted in the Republic of Singapore
pursuant to a trust deed dated 30 November 2015
(as amended, restated and supplemented))

Proxy Form

ANNUAL GENERAL MEETING

IMPORTANT

1. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 2 for the definition of "Relevant Intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 21 December 2018.

I/We ______________________________ (Name) ______________________________ (NRIC/Passport No.)

of ____ (Address)

being a holder/s of units in Frasers Logistics & Industrial Trust ("**FLT**", and the units of FLT, the "**Units**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of FLT to be held at InterContinental Singapore, Ballrooms I, II & III (Level 2), 80 Middle Road, Singapore 188966, on Thursday, 24 January 2019 at 10:00 a.m., and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting.

NO.	RESOLUTIONS RELATING TO:	No. of Votes For*	No. of Votes Against*
	ROUTINE BUSINESS		
1.	To receive and adopt the Trustee's Report, the Statement by the Manager, the Audited Financial Statements of FLT for the financial year ended 30 September 2018 and the Auditor's Report thereon		
2.	To re-appoint KPMG LLP as Auditors of FLT to hold office until the conclusion of the next Annual General Meeting, and to authorise the Manager to fix their remuneration		
	SPECIAL BUSINESS		
3.	To authorise the Manager to issue Units and to make or grant convertible instruments		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the boxes provided.

Dated this ______________ day of ______________ 2018/2019

Total number of Units held (Note 5)

____
Signature(s) of Unitholder(s)/Common Seal

IMPORTANT: PLEASE READ NOTES TO THE PROXY FORM

Apply glue here

Apply glue here

Fold here Do not staple. Glue all sides firmly.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes To Proxy Form

1. A holder of units in Frasers Logistics & Industrial Trust ("**FLT**", and a unitholder of FLT, "**Unitholder**") who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.
   "**Relevant Intermediary**" means:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (as the case may be) (the "**Proxy Form**") must be deposited with the company secretary of the Manager at the office of FLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.
4. Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the meeting.
5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of FLT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders, the Unitholder should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
6. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder's name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by CDP to the Manager.

fold here

FRASERS
LOGISTICS & INDUSTRIAL
TRUST

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The Company Secretary
Frasers Logistics & Industrial Asset Management Pte. Ltd.
(as manager of Frasers Logistics & Industrial Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

FRASERS LOGISTICS & INDUSTRIAL TRUST
Managed by Frasers Logistics & Industrial Asset Management Pte. Ltd.
Company Registration Number: 201528178Z

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