

ANNUAL REPORT 2017

# STRONG FUNDAMENTALS



**FRASERS**  
LOGISTICS & INDUSTRIAL  
TRUST



Top: 77 Atlantic Drive, Keysborough, Victoria  
Above left: Lot 1, 2 Burilda Close, Wetherill Park, New South Wales  
Above right: 1 Burilda Close, Wetherill Park, New South Wales

# ABOUT FRASERS LOGISTICS & INDUSTRIAL TRUST

Frasers Logistics & Industrial Trust ("FLT" or the "Trust") has a portfolio comprising 61 industrial properties concentrated within major industrial markets in Australia, predominantly located in Melbourne, Sydney and Brisbane. Coupled with properties in Adelaide and Perth, FLT's total portfolio is valued at A\$1.91 billion as at 30 September 2017. FLT was listed on the Mainboard of the Singapore Exchange ("SGX-ST") on 20 June 2016.

FLT's investment strategy is to invest in a diversified portfolio of income-producing 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., a wholly-owned subsidiary of FLT's sponsor – Frasers Centrepoint Limited ("FCL" or the "Sponsor").

FCL is a full-fledged international real estate company and one of Singapore's top property companies with total assets of around S\$27 billion as at 30 September 2017. FCL has three strategic business units – Singapore, Australia and Hospitality. In Singapore and Australia, the focus is on residential, commercial, retail and industrial properties. In Hospitality, the business spans more than 80 cities across Asia, Australia, Europe, and the Middle East and North Africa region. FCL also has an International Business unit that focuses on China, Europe and Southeast Asia.

## CONTENTS

### Overview

03	Our Unifying Idea
05	Group Structure
06	Key Highlights
10	Letter to Unitholders
15	Board of Directors
18	Management Team
22	Significant Events
24	Corporate Strategy
26	Financial Review
30	Australian Industrial & Logistics Market Overview
58	Operational Review
64	Portfolio Overview
70	Property Profiles
78	Investor Relations
81	Unit Performance
83	Corporate Information

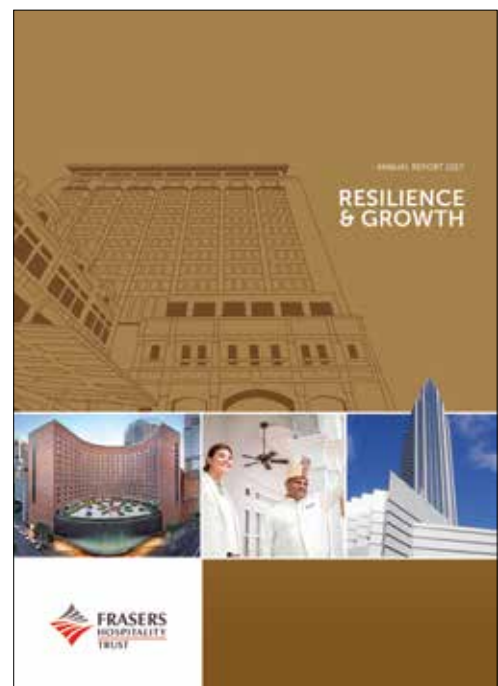
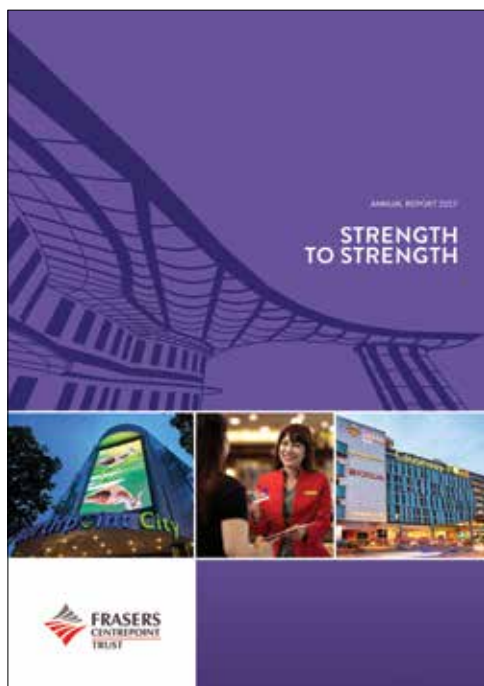
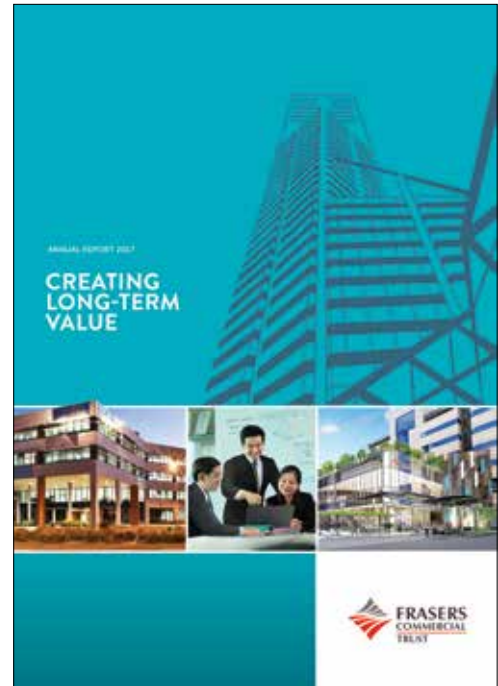
### Risk Management, Sustainability Report & Corporate Governance

84	Risk Management
86	Sustainability Report
109	Corporate Governance Report

### Financial Information

134	Financial Statements
198	Use of Proceeds
199	Unitholders' Statistics
203	Interested Person Transactions
204	Notice of Annual General Meeting Proxy Form









FLT strives to enhance long-term Unitholder returns through investments in value-accretive industrial properties and actively managing FLT's asset portfolio. This mission is enabled by our unifying idea, which we share with our sponsor, FCL.

# STRONG FUNDAMENTALS

## OUR UNIFYING IDEA

### 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 Sponsor's legacy is valuable and inspires our approach. We bring the right expertise to create value for our customers.

---

Beyond providing physical space, a building represents the successful combination of thoughtful design, curated experiences, and respectful stewardship. Like a blueprint, these form the foundation of a building. For this year's annual report design, the Frasers Centrepoint group of companies chose to feature line drawings of our key properties – a symbolic representation of our role as designer, curator and steward, not only of our properties, but also of our group. It represents our continuous efforts to build on our solid foundation to transform our blueprints of growth for the group into reality for our stakeholders.

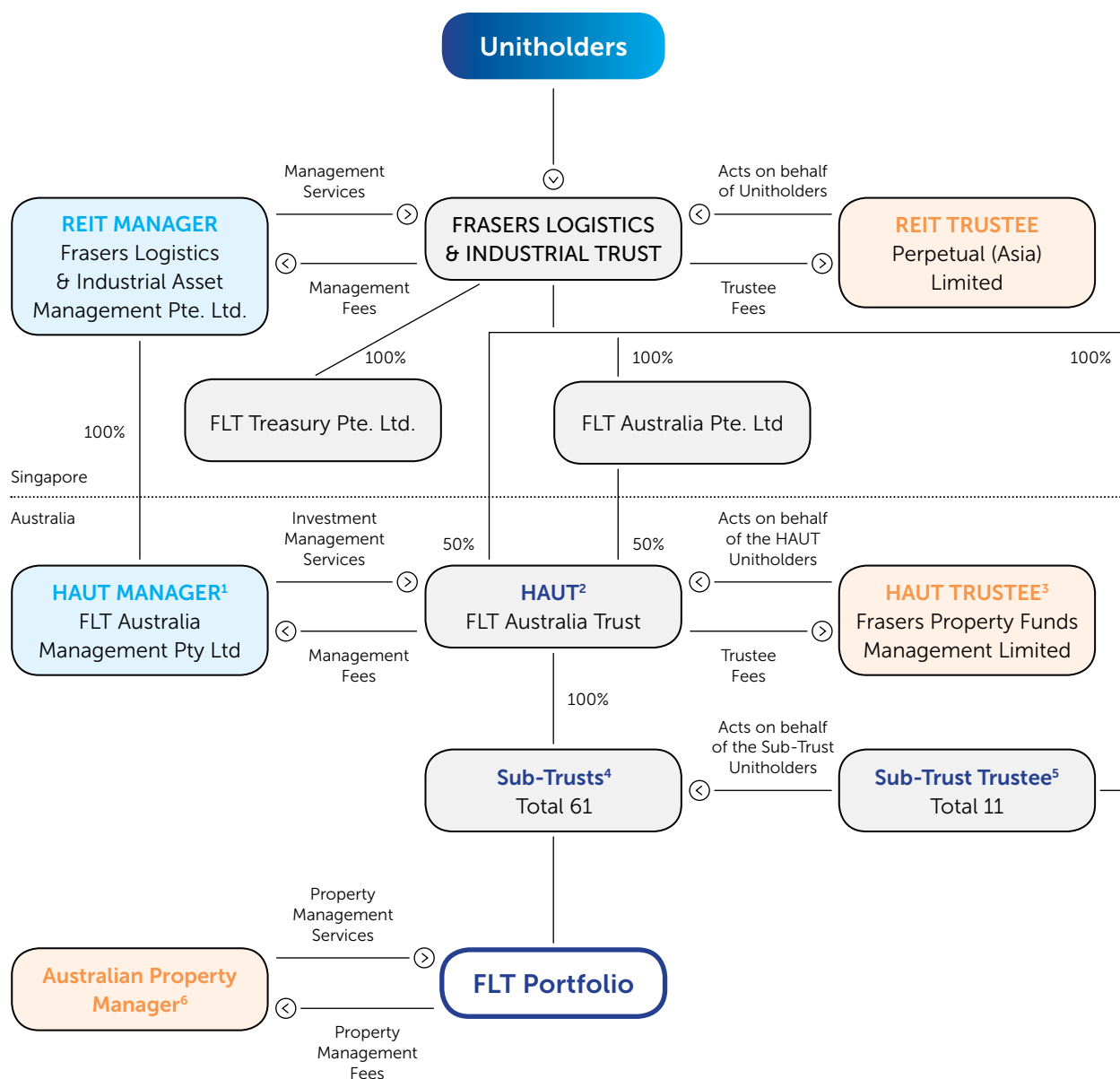
---

# SUSTAINING VALUE

Our strong portfolio fundamentals and sound financials as a result of prudent capital and risk management strategies continue to underpin FLT's performance.



# GROUP STRUCTURE



- 1 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.
- 2 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.
- 3 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 FCL. The HAUT Trustee holds an Australian financial services licence and is a regulated entity in Australia.
- 4 The FLT Portfolio is held by FLT through the HAUT which holds 61 wholly-owned sub-trusts in Australia (the "Sub-Trusts").
- 5 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).
- 6 The property manager for the FLT Portfolio is Frasers Property Australia Management Services Pty Limited (the "Australian Property Manager"), a wholly-owned subsidiary of FPA.

# KEY HIGHLIGHTS

(AS AT 30 SEPTEMBER 2017)

With a portfolio of 61 prime industrial properties concentrated in major industrial markets in Australia, FLT's strategic objectives are to deliver regular and stable distributions to Unitholders and achieve sustainable, long-term distribution per unit ("DPU") growth.

## FINANCIAL HIGHLIGHTS<sup>1</sup>



A\$206.1  
MILLION  
GROSS  
REVENUE



A\$157.5  
MILLION  
ADJUSTED NET  
PROPERTY INCOME<sup>2</sup>



A\$127.9  
MILLION  
DISTRIBUTABLE  
INCOME



8.85  
SINGAPORE CENTS  
DPU

## CAPITAL MANAGEMENT



29.3%  
GEARING  
RATIO



A\$ 0.88  
(S\$0.94)  
NET ASSET  
VALUE PER UNIT



2.8%  
p.a.  
AVERAGE  
COST OF  
BORROWINGS<sup>3</sup>

1 Please refer to Note 1 on Page 26.

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

3 Excluding upfront debt related expenses.





## PORTFOLIO HIGHLIGHTS



A\$**1.91**  
BILLION  
PORTFOLIO  
VALUE



**1,309,884**  
SQ M<sup>4</sup>  
GROSS LETTABLE AREA  
("GLA")



**61**  
PROPERTIES



**99.4%**<sup>4</sup>  
OCCUPANCY



**6.75**  
YEARS<sup>4</sup>  
WEIGHTED  
AVERAGE  
LEASE EXPIRY  
("WALE")



**7.02**  
YEARS<sup>4</sup>  
AVERAGE  
PORTFOLIO  
AGE

<sup>4</sup> Includes the property at 166 Pearson Road, Yatala, Queensland ("Beaulieu Facility") (which achieved practical completion on 13 October 2017) and excludes the two development properties in FLT's portfolio.



# SEIZING GROWTH OPPORTUNITIES

Since IPO, FLT's portfolio has grown from 51 properties to 61 properties as at 30 September 2017. Backed by a solid pipeline of quality industrial properties from our Sponsor, FLT will continue to proactively identify, review and seize growth opportunities.







FOR FP2017



+10

NO. OF PROPERTIES



+13.2%

GLA (SQ M)



# LETTER TO UNITHOLDERS



.....  
With the steadfast support  
of our Sponsor, we worked  
diligently to deliver on our  
promise of delivering growth  
and value to Unitholders,  
exceeding our IPO Forecast.  
.....



**S\$0.94**  
NET ASSET VALUE  
PER UNIT



**8.85**  
SINGAPORE CENTS  
DPU

Dear Unitholders,

On behalf of the Board of Directors of Frasers Logistics & Industrial Asset Management Pte. Ltd., the Manager of FLT, we are pleased to present FLT's inaugural Annual Report for the financial period ended 30 September 2017 ("FP2017")<sup>1</sup>.

## **DELIVERING ON OUR PROMISE OF GROWTH AND VALUE**

Despite the backdrop of geopolitical uncertainty and global economic weakness, the market dynamics of the logistics sector in Australia remained moderately positive, enabling FLT to post a strong performance in its debut year. With the steadfast support of our Sponsor, we worked diligently to deliver on our promise of delivering growth and value to Unitholders, exceeding our IPO Forecast<sup>1</sup>.

<sup>1</sup> FLT was constituted on 30 November 2015 and was dormant until its listing on SGX-ST on 20 June 2016 ("Listing Date"). Refer to Note 1 on Page 26.





In line with our investment strategy for sustainable, long-term growth, we acquired three IPO call option properties and a portfolio of seven quality industrial assets, growing our portfolio to 61 properties with a valuation of over A\$1.9 billion as at 30 September 2017. Proactive asset management and prudent capital management were employed to enhance the value and efficiency of our assets.

Adjusted net property income (excluding straight lining adjustment for rental income and after adding straight lining adjustments for ground leases) in FP2017 was A\$157.5 million, A\$1.3 million or 0.8% above IPO Forecast, while income available for distribution in FP2017 was A\$127.9 million, an increase of A\$7.4 million or 6.2% above Forecast of A\$120.5 million. Underpinned by this robust performance, the Manager declared distributions of 8.85 Singapore cents per Unit, which was 0.51 Singapore cents or 6.1% higher than the IPO Forecast

of 8.34 Singapore cents. Over this period, FLT recorded an annualised total return of 22.1%<sup>2</sup>, outperforming the FTSE ST All-Share Index and FTSE ST REIT Index which registered annualised total returns of 16.4% and 16.0% respectively<sup>3</sup>.

#### INVESTING FOR GROWTH

Our portfolio of quality industrial properties is the engine of our business. Since IPO, FLT has acquired ten properties for approximately A\$296.8 million, enlarging our GLA by 13.2% to approximately 1.3 million<sup>4</sup> sq m. These include the acquisition of three IPO call option properties: 111 Indian Drive, Keysborough, Melbourne; 143 Pearson Road, Yatala, Brisbane; and 1 Burilda Close, Wetherill Park, Sydney. These newly-completed, prime industrial assets possess attributes which we look for in our acquisitions: well-located in major industrial markets with access to key motorways, together with high occupancy rates, long lease contracts and quality tenant covenants.

2 FLT total return for period from Listing Date to 30 September 2017, calculated based on FLT's closing price of S\$1.07 on 30 September 2017, total distributions of 8.85 Singapore cents declared, and FLT's IPO issue price of S\$0.89. Calculation of total return assumed the distributions paid during the period are reinvested.

3 Source: Bloomberg LLP, for the period from 20 June 2016 to 30 September 2017. Calculation of total return assumed the distributions paid during the period are reinvested.

4 Includes the Beaulieu Facility (which achieved practical completion on 13 October 2017) and excludes the two development properties in FLT's portfolio.

# LETTER TO UNITHOLDERS



.....

**Our efforts to proactively engage tenants well before the expiry of leases allowed us to renew and sign on new tenants for 172,193 sq m or 13.1% of total portfolio GLA in FP2017. The tenant retention rate for the period was high at 94.4%, validating the attractiveness of our prime properties and the quality of our asset management services.**

.....

5 Includes the Beaulieu Facility (which achieved practical completion on 13 October 2017) and excludes the two development properties in FLT's portfolio.

In June 2017, FLT announced its first portfolio acquisition of A\$169.3 million, comprising seven Australian properties from its Sponsor. Comprising a combination of four completed properties and three development properties, the portfolio of seven properties possesses attractive metrics, including a long WALE in excess of nine years and an average property age of just 2.4 years as at 31 March 2017. These seven properties meet our investment criteria being 100% leased, or for the development properties – are pre-committed to incoming tenants, with long-term leases incorporating step-up annual rental increments averaging 3.1% (collectively, the "Acquisition Transaction"). We were delighted with the strong support from Unitholders at the Extraordinary General Meeting to approve this acquisition, and the overwhelming response from investors to the private placement of 78 million new units which was 4.6 times subscribed. The portfolio acquisition was subsequently completed over August and September 2017. The Beaulieu Facility development property achieved practical completion on 13 October 2017, with the two remaining properties scheduled for completion in late November 2017 and May 2018.

Portfolio occupancy was 99.4% as at 30 September 2017 as a result of the proactive lease management strategies employed by the Manager. Our efforts to proactively engage tenants well before the expiry of leases, allowed us to renew and sign on new tenants for 172,193 sq m or 13.1% of total portfolio GLA in FP2017<sup>5</sup>. The tenant retention rate for the period was high at 94.4%, validating the attractiveness of our prime properties and the quality of our asset management services.

A key area of growth is the optimisation of our properties through asset enhancement initiatives. Working closely with our tenants on their requirements, the Manager will evaluate potential asset enhancement projects on a case-by-case basis to ensure that the projects meet our internal rate of return and/or return on cost expectations. The asset enhancement of 57-71 Platinum

Street, Crestmead, Queensland is on schedule for completion by January 2018. The works will create 1,238 sq m of additional GLA, a 773 sq m awning and other sustainability upgrades that will benefit our tenant, Stramit Corporation Pty Limited, and provide FLT with an expected return on cost of approximately 10%.

### PRUDENT CAPITAL MANAGEMENT

The Manager has adopted a prudent capital management approach to minimise exposure to market volatility and maintain a strong balance sheet.

As at 30 September 2017, total borrowings was A\$580.0 million with a weighted average cost of borrowings of 2.8% per annum (excluding upfront debt-related expenses). FLT's refinancing risk is mitigated as no refinancing is required until FY2019 with 72% of the total debt on fixed interest rates and interest cover ratio at a healthy 8.3<sup>6</sup> times. FLT remains well positioned with a low aggregate leverage of 29.3%, providing the REIT with available debt headroom of A\$563.0 million to reach the regulated 45.0% aggregate leverage limit.

### COMMITMENT TO SUSTAINABILITY

At FLT, we believe that sustainability efforts should be at the heart of corporate business goals and objectives. From the onset, we have adopted sustainability as a business imperative, as it creates shared values amongst our stakeholders, paving the way for a longer-term positive impact on the key central factors of sustainability - environmental, social and governance (ESG).

FLT has the highest rated industrial Green Star<sup>7</sup> performance rated portfolio in Australia. Many of our properties are equipped with energy-efficient LED lighting, solar PV systems, and geothermal heating and cooling systems. This has allowed us to retain existing and attract new tenants, especially those that value sustainability as a key business criteria and seek occupancy cost savings.

In recognition of our efforts, FLT was named Regional Sector Leader (Australia/New Zealand) by Global Real Estate Sustainability Benchmark (GRESB) in the 2017 Real Estate Assessment. The GRESB Sector Leader Awards Program recognises real estate and infrastructure companies, funds and assets that have demonstrated outstanding leadership in sustainability. FLT was ranked first among its Australian and New Zealand peers in the industrial space and ranked third globally. FLT was also recognised as the global leader among industrial participants under the 'Health & Well-being' category, with a score of 93%. Moving forward, FLT remains firmly committed to maintaining excellence in sustainability performance.



.....  
**FLT has the highest rated industrial Green Star performance rated portfolio in Australia.**  
 .....

6 For the quarter ended 30 September 2017.

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

# LETTER TO UNITHOLDERS

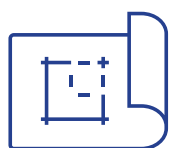
.....

The movement towards online retailing in recent years is also leading to a net increase in demand for high quality distribution space in areas close to population hubs as retailers assess their supply chain requirements.

.....

The movement towards online retailing in recent years is also leading to a net increase in demand for high quality distribution space in areas close to population hubs as retailers assess their supply chain requirements. It is expected that the consumer and logistics sectors, which account for 41.8% and 33.7% of our tenants respectively, will continue the investment in e-fulfilment capacities as they ride on the e-commerce wave. In view of the trends, we expect a positive impact on our industry and specifically, continued healthy demand for our portfolio of prime and modern industrial properties in key Australian markets.

## THE WAY AHEAD



AUSTRALIAN OCCUPIER  
DEMAND REMAINS  
STRONG WITH TAKE-  
UP LEVELS REMAINING  
ABOVE THE

**10-YEAR  
AVERAGE**

The Australian economy continues to be robust with the Reserve Bank of Australia (RBA) expecting average economic growth of 3.25% for 2018<sup>8</sup>. This growth is expected to be driven by low-interest rates, rising resource exports, household consumption, and public spending. In addition, business investment has gradually picked up in states which have not been directly affected by the transition away from the mining sector.

On the supply front, Australian industrial space is at parity with the long-term average, whilst occupier demand remains strong with take-up levels remaining above the 10-year average. In the first three quarters of 2017, approximately 1.05 million sq m of industrial developments were completed, with approximately 89% of space absorbed prior to completion. This positive development in the demand-supply imbalance bodes well for FLT and the wider industry, with market commentators expecting rental growth and lower vacancies in Sydney and Melbourne, which are home to 43 properties representing 77.1% of our completed asset portfolio by GLA.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, we wish to express our appreciation to our dedicated employees for their professionalism, expertise and enthusiasm. The dedication and commitment of our team has allowed us to deliver commendable results and distinguish FLT in an increasingly crowded and competitive S-REIT market.

We would like to thank our customers, Unitholders and the financial community for their confidence and support following our listing on the Singapore Exchange. This is testament to the quality of our asset portfolio, the strength of our Sponsor, the depth of management and the credibility that we have established by delivering on our investment strategy and objectives during our debut year.

We look forward to your continued support and confidence as we bring to fruition our strategic initiatives to take FLT to the next level and strengthen our position as the preferred REIT for longer-term growth and value creation.

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

**Mr Robert Stuart Claude Wallace**  
Chief Executive Officer

<sup>8</sup> Statement on Monetary Policy, November 2017, RBA (<https://www.rba.gov.au/publications/smp/2017/nov/pdf/statement-on-monetary-policy-2017-11.pdf>).



# BOARD OF DIRECTORS



**MR HO HON CHEONG, 63**  
*Chairman and Independent Non-Executive Director*

**Date of Appointment:** 26 May 2016

**Length of service as Director (as at 30 September 2017):**  
1 year 4 months

**Board Committees served on:**

- Audit, Risk & Compliance Committee
- Nominating & Remuneration Committee

**Academic & Professional Qualification(s):**

- 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 2017):**

**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):**

- Non-Executive Chairman of Rothschild (Singapore) Pte Ltd
- Corporate Advisor, Temasek International Advisors Pte Ltd

**Past Directorships in listed companies held over the preceding 3 years (from 1 October 2014 to 30 September 2017):**

- 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.

**Others:**

- Nil



**MR GOH YONG CHIAN, 73**  
*Independent Non-Executive Director*

**Date of Appointment:** 26 May 2016

**Length of service as Director (as at 30 September 2017):**  
1 year 4 months

**Board Committees served on:**

- Audit, Risk & Compliance Committee
- Nominating & Remuneration Committee

**Academic & Professional Qualification(s):**

- Fellow Chartered Certified Accountant, UK
- Associate Chartered Management Accountant, UK

**Present Directorships in other companies (as at 30 September 2017):**

**Listed companies**

- Nil

**Listed REITs/ Trusts**

- Nil

**Others**

- Nil

**Major appointments (other than Directorships):**

- Nil

**Past Directorships in listed companies held over the preceding 3 years (from 1 October 2014 to 30 September 2017):**

- Nil

**Past Major Appointment:**

- Head of Corporate Finance of Fraser and Neave, Limited

**Others:**

- Nil

# BOARD OF DIRECTORS



**MR PAUL GILBERT SAY, 57**  
*Independent Non-Executive Director*

**Date of Appointment:** 26 May 2016

**Length of service as Director (as at 30 September 2017):**  
1 year 4 months

**Board Committee served on:**

- Audit, Risk & Compliance Committee

**Academic & Professional Qualification(s):**

- 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 2017):**

**Listed companies**

- Nil

**Listed REITs/ Trusts**

- Nil

**Others**

- Non-Executive Director at ALE Property Group
- Director/Sole Trader at Stratum Pty Ltd

**Major appointments (other than Directorships):**

- Nil

**Past Directorships in listed companies held over the preceding 3 years (from 1 October 2014 to 30 September 2017):**

- Nil

**Past Major Appointments:**

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

**Others:**

- Nil



**MR PANOTE SIRIVADHANABHAKDI, 40**  
*Non-Executive Director*

**Date of Appointment:** 26 May 2016

**Length of service as Director (as at 30 September 2017):**  
1 year 4 months

**Board Committee served on:**

- Nominating & Remuneration Committee

**Academic & Professional Qualification(s):**

- Master of Science in Analysis, Design and Management of Information Systems, London School of Economics and Political Science, UK
- Bachelor of Science in Manufacturing Engineering, Boston University, USA
- Certificate in Industrial Engineering and Economics, Massachusetts University, USA

**Present directorships in other companies (as at 30 September 2017):**

**Listed companies**

- Frasers Centrepoint Limited
- Ticon Industrial Connection Public Company Limited
- Golden Land Property Development Public Company Limited
- Thai Beverage Public Company Limited
- Berli Jucker 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
- One Bangkok Holdings Co., Ltd.
- 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 Centrepoint Limited
- Singapore Management University (Director/Board Trustee)
- Real Estate Developers' Association of Singapore (REDAS) (Management Committee)

**Past directorships in listed companies held over the preceding 3 years (from 1 October 2014 to 30 September 2017):**

- Nil

**Past Major Appointments:**

- Chief Executive Officer of Univentures Public Company Limited

**Others:**

- Nil



**MR LIM EE SENG, 66**  
Non-Executive Director

**Date of Appointment:** 7 July 2015

**Length of service as Director (as at 30 September 2017):**  
2 year 2 months

**Board Committees served on:**

- Nil

**Academic & Professional Qualification(s):**

- 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 Directorship in other companies (as at 30 September 2017):**

Listed companies

- Nil

Listed REITs/ Trusts

- Nil

Others

- Nil

**Major Appointments (other than directorships):**

- Senior Advisor to the TCC Group
- Advisor to Frasers Centrepoint Limited

**Past Directorships in listed companies/REITs/Trusts held over the preceding 3 years (from 1 October 2014 to 30 September 2017):**

- Non-Executive Director of Frasers Centrepoint Asset Management Limited, Manager of Frasers Centrepoint Trust
- Non-Executive Director of Frasers Centrepoint Asset Management (Commercial) Limited, 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
- 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)



**MR MICHAEL BOWDEN NEWSOM, 65**  
Non-Executive Director

**Date of Appointment:** 26 May 2016

**Length of service as Director (as at 30 September 2017):**  
1 year 4 months

**Board Committees served on:**

- Nil

**Academic & Professional Qualification(s):**

- 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 2017):**

Listed companies

- Nil

Listed REITs/ Trusts

- Nil

Others

- 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 1 October 2014 to 30 September 2017):**

- Nil

**Past Major Appointments:**

- General Counsel and Company Secretary of Pioneer International Limited
- General Counsel and Company Secretary of Ampol Limited

**Others:**

- Nil

# MANAGEMENT TEAM



**1**  
**MR ROBERT STUART  
CLAUDE WALLACE**  
*Chief Executive Officer*

1 .....  
Prior to joining the REIT Manager, Mr Wallace was the Executive General Manager of Investment Property at Frasers Property (APG) Pty Limited which he joined in August 2007. During his 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 business, including group strategy, funds management, acquisitions and dispositions, portfolio management, divisional reporting and capital sourcing. Mr Wallace was also the joint venture manager for Australand Logistics Joint Venture which was a core property fund with a total asset value of over A\$500 million. Mr Wallace was also the Fund Manager for the A\$226 million Australand Wholesale Property Fund 6 which was wound up in December 2013.

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 in excess of A\$275 million in assets under management. Mr Wallace ensured that the managed funds were able to meet investor targets and ensured compliance with the relevant statutory guidelines.

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.



**2**  
**MS SUSANNA  
CHER MUI SIM**  
*Chief Financial Officer*

2 .....  
Prior to joining the REIT Manager, Ms Cher was 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 and for the human resources, corporate secretarial and administration functions.

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 preparing the Group's consolidated results 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.

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 holds a Bachelor of Accountancy from the National University of Singapore and is a Chartered Accountant with Institute of Singapore Chartered Accountants and an Australian Certified Public Accountant.





**3**  
**MR JONATHAN  
JAMES SPONG**  
*Investment and  
Asset Manager*

3 .....  
Prior to joining the REIT Manager, Mr Spong was the Asset Manager of the Investment Property Team at Frasers Property (APG) Pty Ltd from January 2015, where he was responsible for the asset management of a portfolio, comprising 37 high quality industrial and logistics properties located in New South Wales and Queensland. Mr Spong was also responsible for implementing asset plans to meet specified investment targets.

Mr Spong was also a Development Executive in 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. While at Valad Property, Mr Spong was also responsible for implementing asset plans to meet specified investment targets as well as acquiring and disposing of assets.

From July 2005 to December 2006, Mr Spong held the position of Investment Analyst in the Commercial Property Team 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 a 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.



**4**  
**MS ANNIE  
KHUNG SHYANG LEE**  
*Financial Controller*

4 .....  
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 provided support for compliance matters.

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

Ms Khung was with CitySpring Infrastructure Management Pte Ltd, the Trustee-Manager of CitySpring Infrastructure Trust from September 2007 to May 2015, and was the

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

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

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



**5**  
**MR NG CHUNG KEAT**  
*Investor Relations  
Manager*

5 .....  
Prior to joining the REIT Manager in December 2016, Mr Ng was an Associate Director with financial PR 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 publicly-listed companies.

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



FOR THE PERIOD FROM 20 JUNE  
2016 TO 30 SEPTEMBER 2017:



**+20.2%**  
UNIT PRICE (S\$)



**+27.5%**  
MARKET CAP (S\$)





# DELIVERING SUSTAINABLE RETURNS

Our deep sector and region expertise, coupled with the vast experience of our Board and Management, gives us the edge as we forge ahead with our strategic objectives of delivering regular and stable returns to Unitholders.



# SIGNIFICANT EVENTS



**20 JUNE 2016**

Listed on the SGX-ST.

**24 JUNE 2016**

Completion of the Schenker Extension at 4-8 Kangaroo Avenue, Eastern Creek, New South Wales<sup>1</sup>.

**30 JUNE 2016**

Completion of the property located at 1 Doriemus Drive, Truganina, Victoria.

**31 AUGUST 2016**

Acquired two call options properties: 111 Indian Drive, Keysborough, Victoria, and 143 Pearson Road, Yatala, Queensland for A\$69.2 million.

**30 SEPTEMBER 2016**

Awarded the runner-up accolade for the Most Transparent Company Award, New Issues Category, at the Securities Investors Association 17th Investors' Choice Awards 2016.

**28 OCTOBER 2016**

Established a S\$1 billion Multicurrency Debt Issuance Programme.

**18 NOVEMBER 2016**

Accorded Most Promising REIT in Asia at the Fortune Times REITs Pinnacle Awards 2016.

**30 NOVEMBER 2016**

Acquired third call option property: 1 Burilda Close, Wetherill Park, New South Wales for A\$58.2 million.

<sup>1</sup> The "Schenker Extension" is part of the property located at 4 Kangaroo Avenue, Eastern Creek, New South Wales (the "Schenker Property"). The Schenker Property comprises a completed facility located on one part of the land comprising the Schenker Property (formerly folio identifier 2/1189504) which was completed in December 2013 (the "Completed Schenker Facility") and the Schenker Extension, being a separate facility located on the other part of the land (formerly folio identifier 1/1192050). The Completed Schenker Facility and the Schenker Extension were formerly located on two separate adjacent land title lots which have since been consolidated into a single title lot. The Schenker Property (comprising both the Completed Schenker Facility and the Schenker Extension) was acquired by FLT as a single property.







#### 11 JANUARY 2017

Won Best IPO at The Asset Triple A Country Awards 2016 – Southeast Asia category.

#### 6 JUNE 2017

Announced the proposed acquisition of four completed and three development properties across Sydney, Melbourne and Brisbane for A\$169.3 million.

#### 28 JUNE 2017

Successful private placement of 78 million new units in FLT at an issue price of S\$1.01 per Unit. The new issuance was 4.62 times subscribed.

#### 27 JULY 2017

Obtained Unitholders' approval to proceed with the Acquisition Transaction.

#### 1 AUGUST 2017

Acquisition completion of the four completed properties and the Beaulieu Facility located at 166 Pearson Road, Yatala, Queensland.

#### 15 AUGUST 2017

Acquisition completion of the Stanley Black & Decker Facility located at 29 Indian Drive, Keysborough, Victoria.

#### 7 SEPTEMBER 2017

FLT named the Regional Sector Leader for Industrial (Australia/New Zealand) by GRESB, the global ESG benchmark for real estate, in the 2017 Real Estate Assessment. Also recognised as the leader among global industrial participants under the 'Health & Well-being' category.

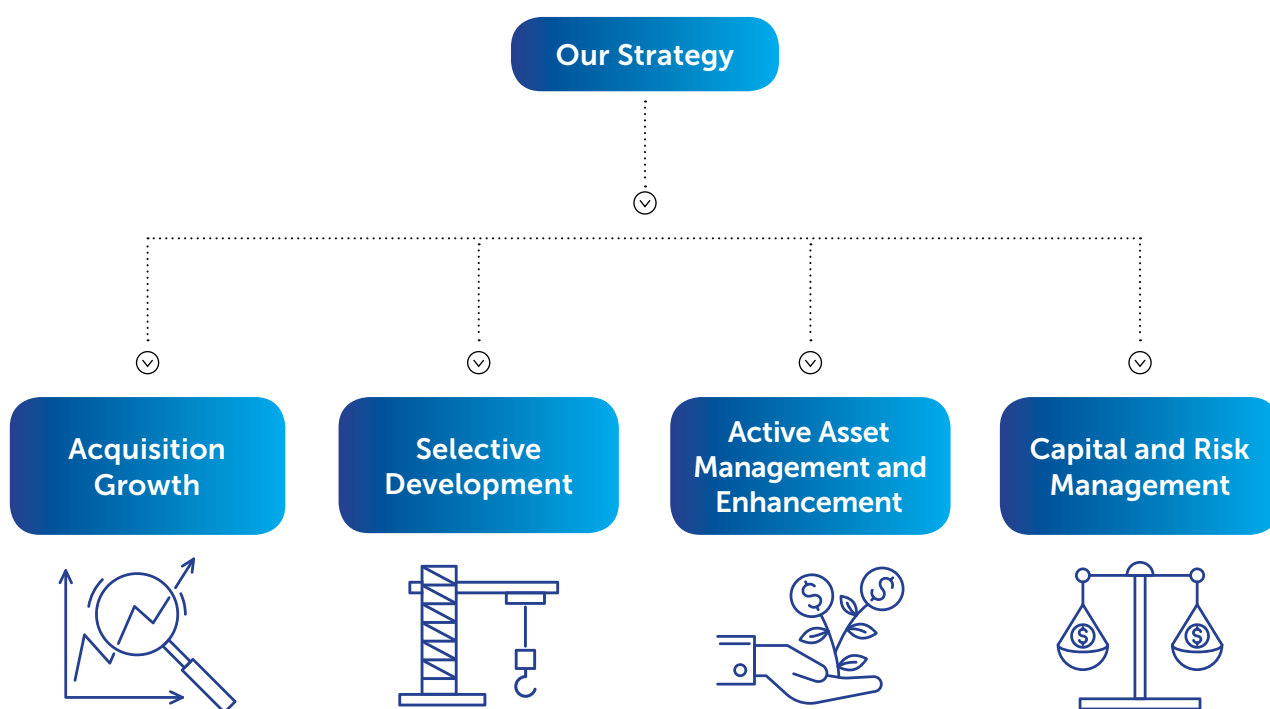
#### 12 SEPTEMBER 2017

Acquisition completion of the Clifford Hallam Facility located at 17 Hudson Court, Keysborough, Victoria.



# CORPORATE STRATEGY

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in distributions per Unit and net asset value per Unit, while maintaining a sustainable capital structure. The Manager has adopted a four-pronged strategy to guide the REIT's future growth.



## ACQUISITION GROWTH STRATEGY

The Manager will source and pursue strategic asset acquisition opportunities of quality industrial properties which provide attractive cash flows and yields as well as satisfy the REIT's investment mandate. In doing so, the Manager seeks to generate stable and growing income streams which will enhance returns to Unitholders.

While FLT was established with an initial focus on Australia, the Manager will evaluate investment opportunities within Australia and in other global industrial markets. A measured approach will be taken when evaluating acquisitions which meet FLT's investment mandate.

Backed by a strong and established sponsor FCL, a leading international real estate company, FLT will be able to leverage the Sponsor's strong network and pipeline of quality assets. Currently, the REIT enjoys a Right of First Refusal ("ROFR") arrangement that consists of 14 Australian properties and 25 European properties from the Sponsor as at 30 September 2017<sup>1</sup>. Furthermore, the REIT is able to tap into inorganic growth opportunities from the Sponsor's Australian industrial property development pipeline through Frasers Property Australia Pty Limited, a wholly-owned subsidiary of the Sponsor. The Manager will carefully assess these opportunities for portfolio injection only when rental income flow at these properties have stabilised, among other factors.

<sup>1</sup> 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 will endeavour 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; and re-development of existing assets. In carrying out development activities, the Manager will prudently consider overall benefits to Unitholders and the requirements of prospective tenants.

With a strong commitment to environmental sustainability, 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.

## **ACTIVE ASSET MANAGEMENT AND ENHANCEMENT STRATEGY**

The Manager will proactively manage 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 an analytics and valuation process, will 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 FLT, when possible, will deliver asset enhancement initiatives ("AEI") which are income and value accretive. The Manager will consider utilising the resources of the Sponsor and its subsidiaries to assess and undertake AEIs on assets within FLT's portfolio to unlock value and create sustained growth for Unitholders.

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

This will allow the REIT to provide Unitholders with the security of income and access to organic growth from built-in rental increments, even through economic cycles.

## **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 future capital expenditures or acquisitions. In addition, FLT's capital management strategy calls for periodic assessments of the diversification of its sources of debt financing, including tapping into the public capital markets.

Given the Manager's global investment mandate, there is a need to manage currency risks. The Manager has adopted currency risk management strategies that includes the use of foreign currency-denominated borrowings to match the currency of the asset investment as a natural currency hedge. The Manager will also manage foreign exchange volatility with hedging instruments and regularly evaluate the feasibility of implementing the appropriate level of foreign exchange hedges.

Similarly, the Manager endeavours to utilise interest rate hedging strategies, where appropriate, to optimise risk-adjusted returns to Unitholders. For example, at least 50% of FLT's term loans will be hedged to a fixed rate.

# FINANCIAL REVIEW

Statement of Total Return A\$'000	FP2017 <sup>1</sup> Actual	FP2017 <sup>1</sup> Forecast	Variance %
Gross revenue	206,111	203,876	1.1
Property operating expenses	(36,452)	(32,838)	(11.0)
<b>Net property income ("NPI")</b>	<b>169,659</b>	<b>171,038</b>	<b>(0.8)</b>
Interest income	953	–	N.M
Managers' management fee	(15,241)	(14,229)	(7.1)
Trustees' fees	(383)	(283)	(35.3)
Trust expenses	(11,184)	(14,333)	22.0
Finance costs	(20,847)	(25,274)	17.5
Exchange losses	(2,120)	–	N.M
<b>Net income before fair value changes and taxation</b>	<b>120,837</b>	<b>116,919</b>	<b>3.4</b>
Net change in fair value of derivative financial instruments	(2,414)	–	N.M
Net change in fair value of investment properties	8,084	(49,698)	116.3
<b>Total return before tax</b>	<b>126,507</b>	<b>67,221</b>	<b>88.2</b>
Tax expenses	(24,880)	(18,729)	(32.8)
<b>Total return for the period</b>	<b>101,627</b>	<b>48,492</b>	<b>109.6</b>
Tax related and other adjustments	26,276	71,985	(63.5)
<b>Income available for distribution</b>	<b>127,903</b>	<b>120,477</b>	<b>6.2</b>
Distribution per Unit (Singapore cents)	8.85	8.34	6.1
<b>Adjusted net property income<sup>2</sup></b>	<b>157,478</b>	<b>156,158</b>	<b>0.8</b>

Note:

- 1 FLT was dormant from 30 November 2015 (the date of its constitution) until 14 June 2016, being the non-Queensland property acquisition date on which the acquisition by FLT of the 42 non-Queensland properties forming part of its IPO portfolio was completed. The acquisition of the leasehold interests in the remaining 9 properties located in Queensland forming part of the IPO portfolio was completed on 20 June 2016 (the listing date) when the grant of the leases were completed.

The actual results for the FLT Group for the financial period from 30 November 2015 (date of constitution) to 30 September 2017 ("FP2017") is comprised of the following:

- the actual results for the period ended 31 December 2016, quarters ended 31 March 2017, 30 June 2017 and 30 September 2017 and
- (i) in respect of the non-Queensland properties, 108 days of operation from 14 June 2016 to 30 September 2016; and  
(ii) in respect of the Queensland properties, 102 days of operation from 20 June 2016 to 30 September 2016.

The Forecast figures for the financial period from 30 November 2015 (date of constitution) to 30 September 2017 ("FP2017 Forecast") comprises (i) projection for the enlarged portfolio for Projection Year 2017 (1 October 2016 to 30 September 2017) (which takes into account the acquisition of the three Call Option Properties) which are set out in the Prospectus; and (ii) the Forecast figures for the period from 20 June 2016 to 30 September 2016 which have been extracted from the Forecast and Projected Consolidated Statements of Total Return of the IPO portfolio for the Forecast Period 2016 (1 June 2016 to 30 September 2016) which are set out in the Prospectus ("FP16 Forecast"). For the FP16 Forecast due to the difference in the periods between the actual financial statements and the FP16 Forecast figures (which were prepared based on the assumption that the completion of the acquisition of the initial 51 IPO Properties was completed on 1 June 2016), for a more meaningful comparison, the FP16 Forecast have been proportionally pro-rated: (a) (in respect of the non-Queensland properties) 108 days of operations; and (b) (in respect of the Queensland properties) 102 days. This is with the exception of non-recurring items such as Victorian conversion duty and one-off unit issue costs incurred for the IPO, managers' management fee, trust expenses, net change in fair value of investment properties and tax expense, where additional adjustments have been made in order to arrive at a meaningful comparison with the actual results. The pro-rated figures are for comparative purposes only and do not represent the actual results of any specific 108 or 102 day period. The forecast figures for the financial period to 30 September 2017 excludes any contribution from the Acquisition Transaction.

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



Actual gross revenue for the financial period from 20 June 2016 to 30 September 2017 ("FP2017") was A\$206.1 million, representing an increase of 1.1% from the Forecast gross revenue of A\$203.9 million. This variance from the Forecast is due mainly to the rental income contribution from the previously vacant tenancy at Lot 5 Kangaroo Avenue which was leased from April 2016 and the acquisition of the Indian Drive and Pearson Road call option properties a month ahead of forecast. This was partially offset by a two-month delay in acquiring the Martin Brower call option property. The four completed properties of the Acquisition Transaction contributed gross revenue of A\$1.0 million for the two-month period from its completion on 1 August to 30 September 2017.

Actual Adjusted NPI was A\$157.5 million, 0.8% higher than the Forecast Adjusted NPI of A\$156.2 million. The four completed properties of the Acquisition Transaction contributed Adjusted NPI of A\$0.8 million for the two-month period from its completion on 1 August to 30 September 2017. The higher Adjusted NPI was also due to the higher revenue recorded and lower land tax expense incurred than FP2017 Forecast which was partially offset by repairs and maintenance costs incurred for some of the properties that had their leases extended and those undergoing leasing negotiations and the delay in the acquisition of the Martin Brower call option property.

Actual interest income of A\$1.0 million includes bank interest income from deposits and the coupon interest income on the initial payment for the three development properties in the Acquisition Transaction.

Actual trust expenses of A\$11.2 million were 22.0% lower than Forecast. These were due mainly to lower issue costs incurred for the IPO and a higher amount of issue costs capitalised in equity.

Actual finance costs were A\$20.8 million, which was A\$4.4 million or 17.5% lower than Forecast. This was largely attributable to interest savings from an actual weighted average interest rate of 2.8% compared to a forecast weighted average interest rate forecast of 3.4% (both excluding upfront debt related expenses), a two-month delay in the acquisition of the Martin Brower call

option property, and lower debt funding as compared to Forecast. This was partly offset by the finance cost incurred on the A\$40 million drawn for the financing of the Acquisition Transaction.

FLT has entered into interest rate swaps to hedge 100% of the total term loan facilities of A\$420 million. 72% of the interest rate risk on the total borrowings are hedged.

Actual net exchange losses of A\$2.1 million relates mainly to unrealised exchange differences arising from translation of the Group's cash balance held in Singapore dollars.

Actual net fair value change of derivative financial instruments was A\$2.4 million. Foreign currency forward contracts were entered into to hedge the currency risk on distributions to Unitholders.

Actual net change in fair value of investment properties of A\$8.1 million comprises A\$11.5 million net fair value gain arising from the valuation of the investment properties as at 30 September 2017 which was partially offset by the net fair value loss of A\$3.4 million based on the valuation of the investment properties as at 30 September 2016. The valuations were conducted by independent valuers.

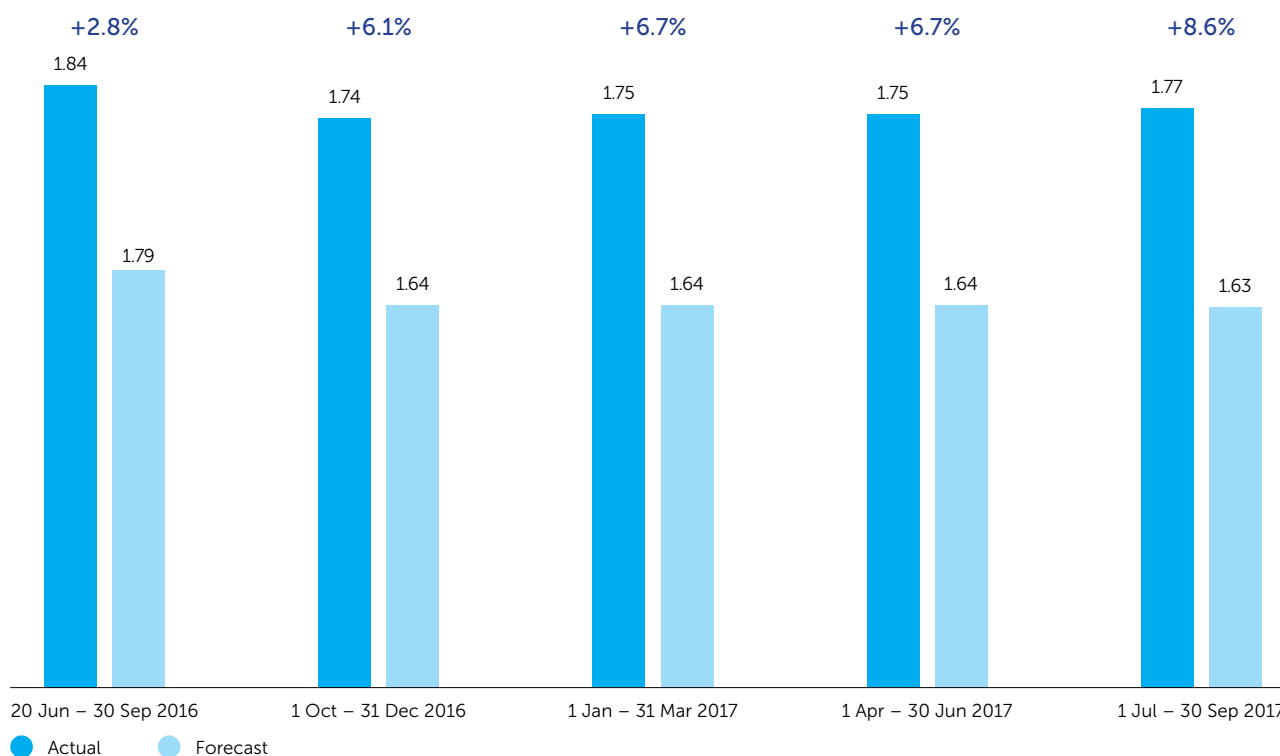
Actual tax expenses were A\$24.9 million, 32.8% higher than Forecast tax expenses. Actual tax expenses comprised withholding tax on interest income and distributable income of A\$8.5 million and deferred tax charge of A\$16.4 million. The higher actual tax expenses of A\$6.2 million was due mainly to higher deferred tax charge for the properties due to the differences between carrying values and the tax bases as at 30 September 2017.

Actual income available for distribution was A\$127.9 million, an increase of A\$7.4 million or 6.2% above the Forecast of A\$120.5 million. Actual distribution per Unit was 8.85 Singapore cents, which was 0.51 cents or 6.1% higher than the Forecast distribution per Unit of 8.34 Singapore cents.

# FINANCIAL REVIEW

## ACTUAL VS FORECAST DPU (SINGAPORE CENTS)

For the Financial Period from 20 June 2016 to 30 September 2017



## Statement of Financial Position

As at 30 September 2017  
A\$ '000

Investment properties	1,910,975
Cash and cash equivalents	56,097
<b>Total assets</b>	<b>1,976,324</b>
Total liabilities	638,808
<b>Total borrowings</b>	<b>580,000</b>
Net assets attributable to Unitholders	1,337,516
<b>Net asset value per Unit (A\$)</b>	<b>0.88</b>

As at 30 September 2017, investment properties was A\$1,911.0 million. This was an increase of A\$307.0 million from IPO as a result of the acquisition of three call option properties and four completed and three development industrial properties.

As at 30 September 2017, FLT's investment portfolio was, independently valued at A\$1,911.0 million, which represents a A\$8.1 million fair value gain compared to investment properties at IPO.

As at 30 September 2017, FLT's total borrowings and net assets were A\$580.0 million and A\$1,337.5 million

respectively. Net asset value per unit was A\$0.88, or S\$0.94<sup>3</sup> at the end of the period.

FLT's balance sheet remained strong at the end of the period with cash and cash equivalents of A\$56.1 million.

Total net cash inflow for FP2017 was A\$57.8 million, largely comprising cash flows generated from operating activities of A\$151.1 million and cash inflow from financing activities of A\$1,482.6 million, partially offset by cash outflow from investing activities of A\$1,575.9 million. The cash inflow from financing activities comprised mainly funds raised from the issuance of new

<sup>3</sup> Based on an exchange rate of A\$1:S\$1.0636 as at 30 September 2017.

units at the IPO and private placement and proceeds from borrowings. Cash outflow from investing activities mainly related to the acquisition of the IPO properties, three IPO call option properties and seven industrial properties during the financial period.

## CAPITAL MANAGEMENT

The Manager will endeavour to optimise Unitholders' returns through a prudent capital management programme to minimise exposure to market volatility and maintain a strong balance sheet. These measures may include employing an appropriate mix of debt and equity in financing acquisitions of properties, securing diversified funding sources to access both financial institutions and capital markets, optimising our cost of debt financing and utilise interest rate and foreign exchange hedging strategies, where appropriate. The Manager periodically reviews its capital management approach and strategies to ensure that it remains a core pillar of FLT's growth strategy.

In August 2016, FLT funded the acquisition of two IPO call option properties, namely 111 Indian Drive, Keysborough, Melbourne and 143 Pearson Road, Yatala Brisbane, through debt of A\$73 million.

A third IPO call option property located at 1 Burilda Close, Wetherill Park, Sydney, was acquired in November 2016 funded by A\$41.0 million debt and A\$20.4 million from the IPO proceeds.

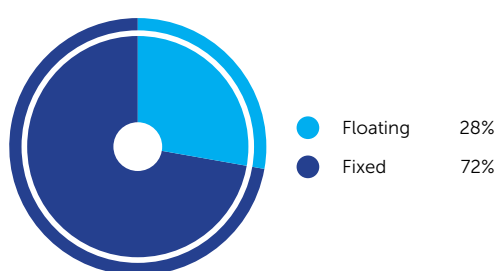
In June 2017, FLT acquired seven properties from its Sponsor for A\$169.3 million. Approximately A\$75.0 million was raised through a private placement of 78 million new units at S\$1.01. As at 30 September 2017, A\$40 million of debt was drawn from FLT's five-year revolving credit facility to part fund the acquisition. FLT has completed the acquisition of the four completed properties and three of the development properties as at 30 September 2017. The funding for this transaction is testament to FLT's capital management approach, which seeks to balance debt and equity financing to position the REIT for future growth.

As at 30 September 2017, FLT has total borrowings of A\$580.0 million, with an aggregate leverage of 29.3%. The REIT's refinancing risk is mitigated as no refinancing is required until FY2019 and interest cover ratio is at 8.3 times. FLT remains well positioned with available debt headroom of A\$563.0 million to reach the regulated 45.0% aggregate leverage limit.

Capital Management	As at 30 September 2017
Total debt	A\$580 million
Fixed borrowings as % of total borrowings	72%
Aggregate leverage	29.3%
Weighted average cost of borrowing	2.8% <sup>4</sup>
Interest cover ratio	8.3
Weighted average term to maturity	2.9 years
Percentage of assets encumbered	NIL

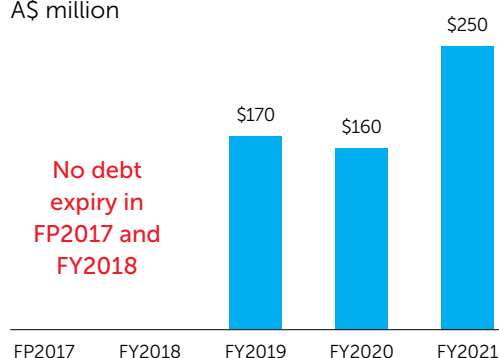
## DEBT COMPOSITION

Total Gross Borrowings  
A\$580 million



## DEBT MATURITY PROFILE

A\$ million



<sup>4</sup> Excluding upfront debt related expenses.

## DOMESTIC ECONOMY

### ECONOMIC CONDITIONS

Australian economic growth rebounded over the June 2017 quarter expanding by 0.8%. Key contributors to growth were household consumption and an increase in government expenditure. The Australian economy has expanded by 1.8% over the 2016-17 financial year<sup>1</sup>. Much of this growth was captured in the December 2016 quarter, with the economy expanding by 1.1%. Household final consumption expenditure contributed to nearly half of total quarterly growth (0.5 percentage points).

Citing positive conditions in the global economic outlook, the Reserve Bank of Australia (RBA) forecasts the Australian economy to expand between 2.75%-3.75% by early 2018, on an annualised basis. The RBA said low-interest rates, the diminishing drag on growth from falling resource investment and rising resource exports will likely continue as drivers of growth. The RBA noted that it continues to monitor risks associated with Australia's household debt.

The multi-pillared economy demonstrated resilience by continuing a smooth transition out of the back end of the mining boom, in spite of the volatility in the global commodity sector. The two-tier economy still remains, with New South Wales and Victoria benefiting from growth in the construction and financial sectors. The mining affected states of Western Australia and Queensland continue to contend with drags from downsized commodity sector investment. Both economies have increased resource production quantities over the course of 2016 and generated increased income from a recovery in iron ore and coal prices. Conditions in Adelaide have been steady

with strong retail turnover and employment growth. However, the outlook is challenged by a declining manufacturing sector and an outward reliance on federally funded projects.

Despite these factors, South Australia and Queensland have recorded robust economic growth results over the financial year. State final demand (on a seasonal measurement basis) was strongest in Victoria (4.7%) and South Australia (4.0%), while growth was steady in New South Wales (2.4%) and Queensland (2.8%). Western Australia's state final demand contracted by 4.3% during this period.

Indicators point toward an improvement in domestic demand with a jump in business conditions and business confidence in the first half of 2017. Moreover, company profits, especially those in the resources sector, reported strong growth. However, some moderating factors still remain. Private business investment has yet to transpire over a sustained period. Recent employment figures indicate that spare capacity exists in the labour market. This may continue to dampen wage growth and the accompanying consequences on inflation may further impact retail turnover growth. Low-interest rates and the wealth effect from rising house prices continue to boost the consumer sector. The household saving ratio, which has been trending downwards since 2010, edged down to 4.6% of disposable income in June 2017 – the lowest level since September 2008.

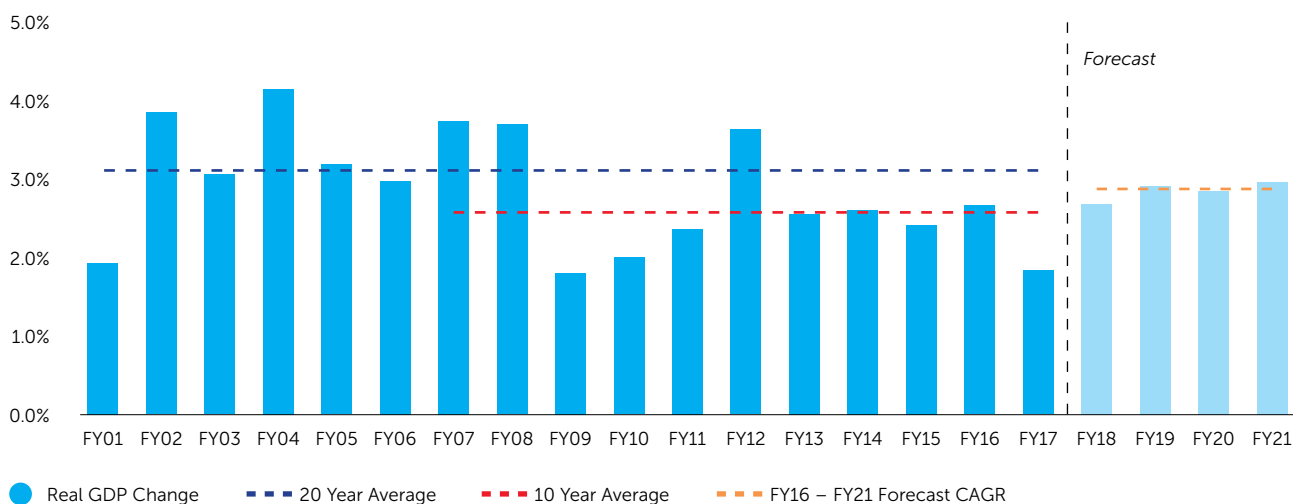
Deloitte Access Economics (DAE) forecasts domestic growth will lift to 2.7% in the 2017-18FY. The economy is expected to grow at a compounded annual growth rate of 2.9% in the five year period to 2021-22FY.

<sup>1</sup> Source: Australian Bureau of Statistics (ABS). Measured on a Seasonally Adjusted Basis. Last viewed October 2017.



## AUSTRALIAN REAL GDP GROWTH FORECAST TO FY21

(FY % change)



Source: Deloitte Access Economics (September 2017), JLL Research.

## LABOUR MARKET

Australia has generated approximately 325,600 jobs over the year to August 2017, which is equivalent to 2.7% jobs growth over this period of time. Each state has generated a positive amount of jobs over the past year (with the exception of the Northern Territory). Victoria and Queensland have each accounted for 29% of overall jobs growth over this period of time. The labour force participation rate has increased to 65.3% in August 2017, up from the cyclical low of 64.4% in October 2016. Wage growth remains at record lows of 1.9% in the year to 2Q17.

The Australian unemployment rate is currently 5.6% as at August 2017 and has hovered around this level over the past 18 months.

## RETAIL GROWTH

Retail turnover growth has continued to decline from the cyclical peak of 5.7% in October 2014 to 3.2% in May 2017. The slowdown was driven largely by the food category due to deflationary pressures and a moderation in the rate of growth in household goods retailing. Current retail turnover growth is trending well below the 10-year annual average of 4.2%. Slowing annual growth in clothing, footwear and accessory retailing, and negative growth in department stores retailing (-2.0%) was partly offset by a rebound in growth in food retailing and cafes, restaurants and takeaway food services.

The Westpac-Melbourne Institute Index of Consumer Sentiment Index rose by 2.5% over the month to September 2017 to 97.9, implying that pessimistic consumers marginally outweigh the optimists. This is the tenth consecutive month that the Index has been below 100 (ranging from 95.5 to 99.9). It was noted that deteriorating household affordability, pressure on family finances, and rising energy prices have all weighed on confidence in 2017. These factors have offset the improved outlook for the labour market over the short term.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## INFLATION AND INTEREST RATES

Headline inflation increased by 0.2% over the quarter and has increased by 1.9% over the year to June 2017, according to the Australian Bureau of Statistics (ABS). The inflation rate was below the RBA's target band of 2% to 3%. It has been below this target range since December 2014 (with the exception of the March 2017 quarter).

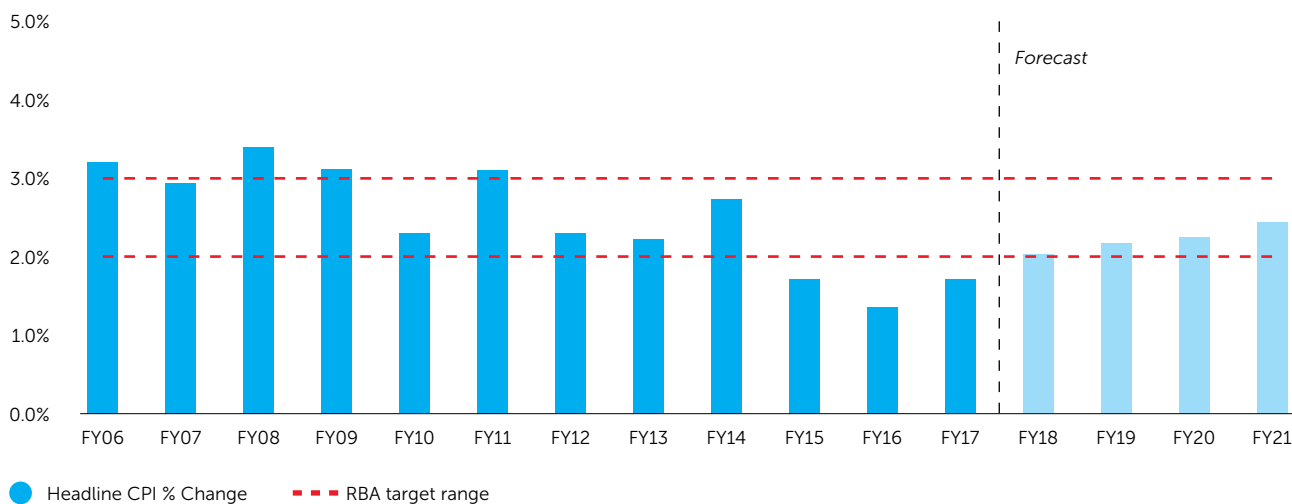
The RBA expects that headline inflation will gradually rise over 2017 and comfortably fall within its target band over the short term. The RBA notes that heightened competitive pressures in the retail sector appear to have kept retail inflation low. Retail growth was soft in 2016, impacted by increased competition among supermarkets and a fall in hardware sales via the liquidation of Masters Hardware.

At its meeting in September, the RBA decided to leave the official cash rate unchanged at 1.50%. It noted an improvement in conditions and expected the Australian economy will strengthen over the short term. Indicators for the Australian labour market remained mixed – although employment continued to rise, wage growth was subdued. Conditions in the housing market vary considerably around the country and the RBA notes that recent supervisory measures implemented by Australian Prudential Regulation Authority (APRA) should help address the risks associated with high and rising levels of household indebtedness.

DAE forecasts expect headline inflation to lift from this subdued period to reach the target range by FY18; with a growth rate of 2.0%. This forecast projects an average inflation to record a compounded annual rate (CAGR) of 2.3% over the five year period of FY18–FY23.

## HEADLINE CPI GROWTH FORECAST TO FY21

(FY % change)



Source: ABS, Deloitte Access Economics (September 2017), JLL Research.

Australian industrial bond yields have traditionally held a strong relationship with long-term domestic inflation-indexed bond yield. The domestic inflation-indexed bond yield has exhibited increased activity in the year to September 2017. This was attributed to two main factors. First, the indexed bond yield is highly affected by global bond events – particularly that in the United States (US). Over this period, increased expectations of growth

affected bond yields. Secondly, the US and China, two of the larger sources of capital creation since the GFC, tightened monetary policy.

Australian Commonwealth Government Bond rates fell to historically low levels in August 2016 and rose to a peak in March 2017, before moderating thereafter in the period to September 2017.

### AUSTRALIAN GOVERNMENT BOND RATES

	Commonwealth Government 10-Year Bond Yield (%)	Commonwealth Government Indexed Bond Yield (%)
August 2016	1.88%	0.47%
March 2017	2.81%	1.25%
September 2017	2.70%	1.15%

Source: RBA, JLL Research.

### AUSTRALIAN GOVERNMENT BOND RATES



Source: RBA, JLL Research.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## POPULATION GROWTH & DISPOSABLE INCOME

Population growth in Australia exceeded forecasts in 2016-17FY, growing by 1.6%. This was the strongest annual growth rate since FY14 (1.6%). This was underpinned by the steady growth in skilled migration. According to DAE Forecasts, national population growth is expected to be 1.5% in the next five years<sup>2</sup>.

In real terms, household disposable income in Australia grew by 3.0% in the decade to 2016-17. It is projected to grow by 2.5% p.a. over the next 10 years, according to DAE.

## AUSTRALIAN GOVERNMENT BOND RATES

Period	Population Growth (% CAGR)	Household Disposable Income (% CAGR)
<b>Historical period to July 2017</b>		
10 years	1.7%	3.0%
5 years	1.6%	1.7%
3 years	1.5%	1.6%
<b>Forecast period from July 2017</b>		
10 years forecast	1.4%	2.5%
5 years forecast	1.5%	2.6%
3 years forecast	1.5%	2.5%

Source: Deloitte Access Economics, JLL Research. As at September 2017.

## NATIONAL INDUSTRIAL AND LOGISTICS OVERVIEW

### OCCUPIER DEMAND

Gross take-up in the industrial sector has risen significantly in recent years. Gross take-up in 2015 (2.67 million sq m) and 2016 (2.56 million sq m) was above the 10-year average of 2.03 million sq m. This activity was driven by the growth in demand from the Sydney and Melbourne markets. Annual take-up in this period was above the respective 10-year averages: 1.56 times in Sydney and 1.38 times in Melbourne. In Brisbane, the annual take-up was marginally below the long-term average. In Perth and Adelaide, gross absorption was below the 10-year averages.

This heightened gross take-up activity has continued in 2017. In the first three quarters of the year, 1.84 million

sq m of industrial leases have been recorded. The east coast markets of Sydney, Melbourne and Brisbane have accounted for 92% of this activity. For these markets, gross leasing figures for the first three quarters of 2017 are broadly in line with what is typically expected over the entire year.

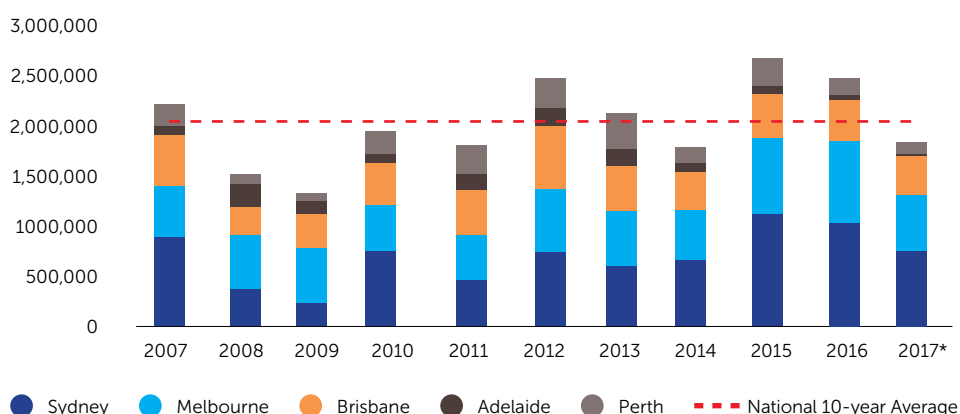
This growth in occupier activity is largely attributed to increased competition among institutional developers to secure pre-lease commitments, organic growth mandates and activity triggered by withdrawals from infield locations. This included same-roof consolidations and the take-up of newly-developed modern facilities with greater efficiency. Notwithstanding this, the take-up in existing facilities has been strong as well, accounting for 47% of leasing activity throughout 2017.

<sup>2</sup> CAGR – Compounded annual growth rate.

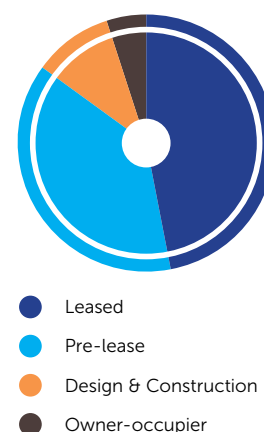


## National gross take-up by market

Gross Take-up (sq m)



## National take-up by type 2017



Source: JLL Research. At 3Q17.

## NATIONAL SUPPLY

Approximately 1.52 million sq m of new industrial space was completed in 2016. This was broadly in line with the 10-year annual average of 1.57 million sq m. This was the highest level of supply since 2014 (1.63 million sq m). The proportion of developments in the Sydney and Melbourne markets was greater than in previous years. Over 69.4% of floorspace delivered in 2016 was in the Sydney and Melbourne markets.

In the first three quarters of this year, approximately 1.05 million sq m of industrial developments were completed. This floorspace was predominantly leased, with 89% of space absorbed prior to completion.

Approximately 91% of the total completed floorspace in 2017 was in the Melbourne, Sydney and Brisbane markets.

An additional 487,867 sq m is currently under construction and programmed to be completed in the fourth quarter. This will bring the 2017 total supply to 1.53 million sq m, broadly in line with the 10-year average.

## NATIONAL SUPPLY SNAPSHOT – FLOORSPACE (SQ M)

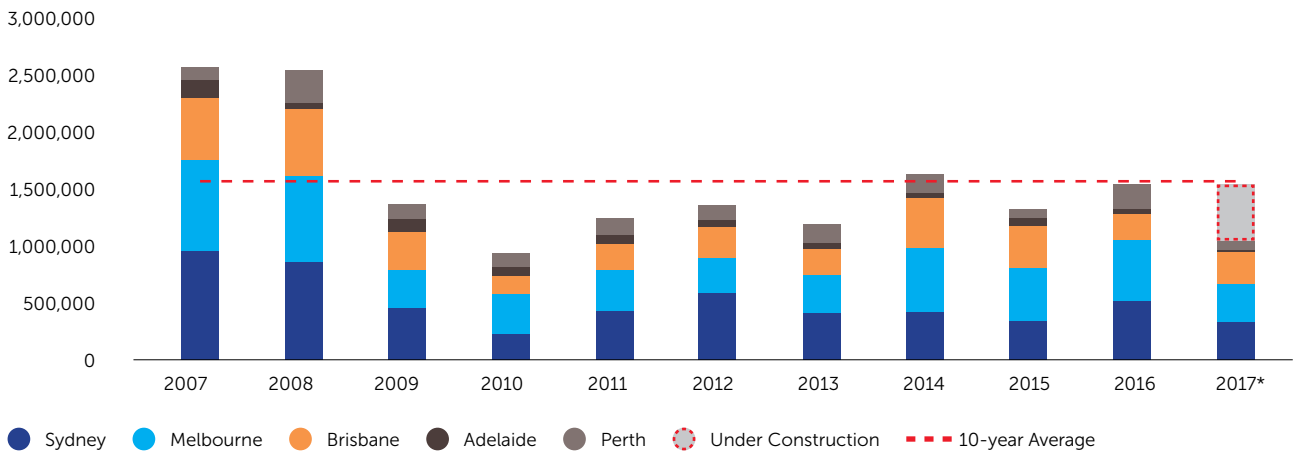
Completion Year	Completed	Under-Construction	Pipeline Pre-leased	Approved
2017	1,047,128	487,867	427,646	8,617
2018	–	457,467	848,382	718,336
2019	–	72,382	314,915	244,041

Source: JLL Research. At 3Q17.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## NATIONAL SUPPLY BY MARKET

Annual Supply (sq m)



Source: JLL Research. \*At 3Q17.

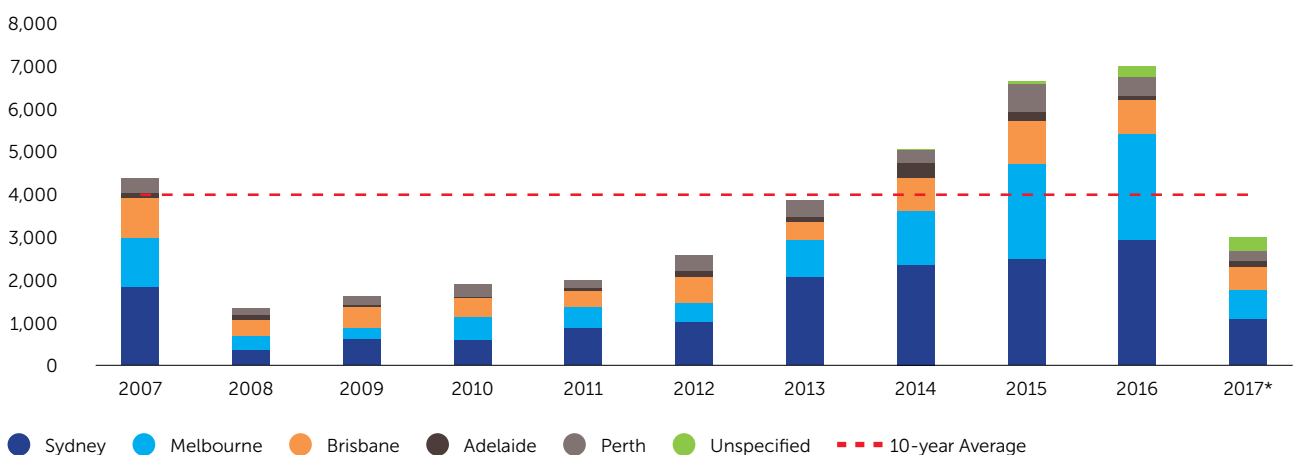
## NATIONAL TRANSACTION VOLUMES

Industrial and logistics investment volumes had nine consecutive years of growth to 2016. New record-high annual transaction volumes were set every year since 2014. Above A\$6.99 billion in industrial and logistics transactions occurred nationally throughout 2016.

In 2017, investment activity has been characterised by the evident lack of stock on market. Approximately A\$2.99 billion in industrial transactions have been recorded in 2017. Portfolio transactions remained strong, accounting for approximately A\$488 million of these transactions. Above A\$1.1 billion of the national transaction volumes occurred in the Sydney market.

## NATIONAL TRANSACTION VOLUMES BY MARKET

(A\$ million)



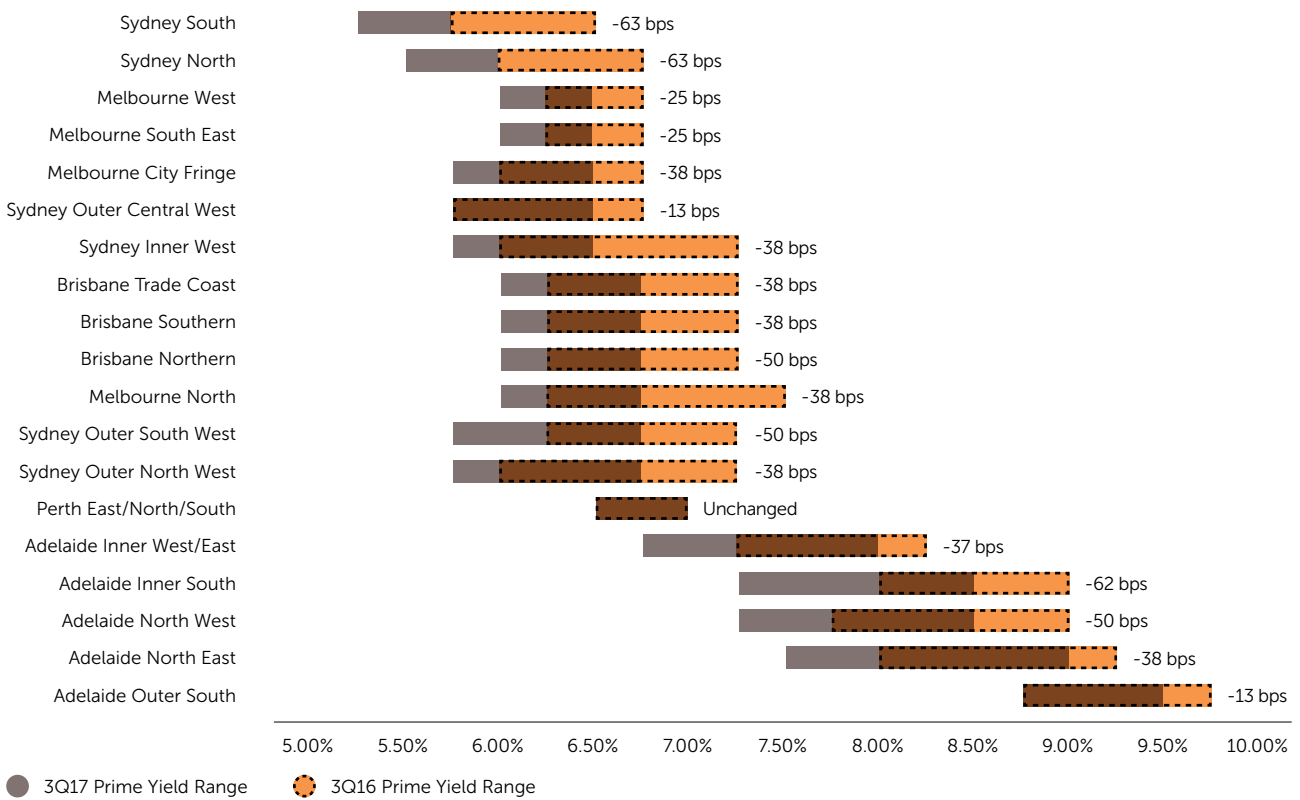
Source: JLL Research. \*At 3Q17.

## NATIONAL INDUSTRIAL YIELDS

Indicative prime yields have undergone a uniform compression in the past year. The Gross State Product (GSP) Weighted National Prime indicative industrial yield compressed 29 bps over the year to September 2017, recording a figure of 6.31%, at 3Q17. This is 58

bps below the pre-crisis lows reported in December 2007. Prime yields have reached record lows in every city bar Perth and Adelaide. Almost every prime market recorded compression throughout the year. The rate of yield compression appears to be moderating with more significant movement occurring in the earlier two-quarters of this period.

## PRIME YIELD RANGE BY PRECINCT



Source: JLL Research. At 3Q17.

## PRIME RENTS

Overall rental growth was subdued over the year but exhibited increased activity in recent quarters. The heightened development activity and an increased competition for pre-lease and design & construct deals placed pressure on rental growth and incentive levels. During the year, strong rental growth transpired in the Sydney and Melbourne markets. In this period, further contraction in net rents was recorded in the Perth and Brisbane markets while indicative rents in

Adelaide remained unchanged. As such, the national GSP-weighted average net rental annual growth rate was 0.1% in the 12 months to September 2017. JLL research anticipates a recovery in net face rents in 2018 (1.99%). A net rental CAGR of 2.64% is forecast in the five year period to 2022 (on a national GSP-weighted average basis).

Anecdotal evidence suggests indicative incentives have decreased in Melbourne and Sydney over the last year. While incentives are now more pervasive in Brisbane and Perth.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## TRENDS AND DEMAND DRIVERS IN THE WAREHOUSE LOGISTICS SECTOR

### Next-generation distribution

Technology continues to change the way in which distribution centres operate. The steady growth of e-commerce and influx of foreign retailers are redefining the requirements of the logistics sector. Technology is also lowering operational costs. The implementation of sustainable cost-saving initiatives have become increasingly feasible. Automated systems such as Goods-to-Person item picking and other robotics are being implemented in a growing number of distribution centres. These systems can achieve significantly greater stock-keeping unit (SKU) movements per hour, denser and more secure packing, improved inventory management and lower labour utilisation.

### Institutionalisation of the sector

Australia's industrial market has continued institutionalising over the past decade. Portfolio transaction volumes have risen by an annual average of 155% since 2013, with A\$2.1 billion in 2016 alone. A wider availability of data and benchmarks have helped reduce associated risk premiums and supported investment activity. This may potentially effect indicative incentive levels, given institutions' greater disposition to incorporate them in lease negotiations.

### Online Retailing

Online sales amounted to approximately A\$23.38 million in the 12 months to August 2017, accounting for 7.5% of total retail sales (National Australia Bank Online Retail Sales Index, August 2017).

The movement towards online retailing has stabilised in Australia, with growth ranging between 10%-15% over the past two years. Growth has moderated from the high rate achieved in 2011, but the value of sales has doubled since that time.

Many brick-and-mortar retailers are now going through the process of evaluating their supply chain requirements. This is leading to a net increase in the demand for quality distribution space. In particular, locations in proximity to larger urban areas and population hubs are coming under increased demand.

Retailers will likely continue the investment in e-fulfilment capacities to safeguard themselves against the threat from well-equipped international and online retailers.

### Urban renewal of industrial land

Elevated residential activity and an accelerated program of urban renewal and activation have affected the availability of stock. In precincts like the Sydney South and Melbourne South East, the substantial withdrawal of stock has created a cascade of occupier movement, creating immediate demand for existing stock, decreasing vacancy and placed upward pressure on rents.

### Tenant consolidation

Consolidation development activity continued from retailers and 3PLs that looked to consolidate their operations in a single building or campus-style hub. The growth of international retailers and shift in the retail landscape will affect the industrial market. International retailers generally outsource distribution and warehousing to 3PL operators.

## Infrastructure development

A record high level of infrastructure investment is currently underway in Australia. This will continue to play an integral role for the industrial logistics sector. We estimate approximately A\$86 billion in transportation infrastructure projects are in the development pipeline. This will have a direct impact on certain existing markets while unlocking others. The vast majority of this infrastructure pipeline is located in Sydney.

### Road and transportation pipeline

#### **Sydney**

Major projects include:

- Moorebank Intermodal Terminal
- WestConnex
- Sydney Metro
- Western Sydney Airport
- The Northern Road Upgrade
- NorthConnex
- Old Wallgrove upgrades and Mini-Link Road to M7 (Eastern Creek)

Other high priority projects include: Sydney Gateway, Southern Sydney to CBD public, Port Botany freight rail duplication, Chullora Junction upgrade, Preserve corridor for Western Sydney Airport, Preserve corridor for Western Sydney Freight, and Preserve corridor for Western Sydney Airport rail connection.

#### **Melbourne**

Major projects include:

- Melbourne Metro Tunnel
- Western Distributor

Other high priority initiatives include: Hoddle Street capacity upgrade, Cranbourne & Pakenham rail lines upgrade, Road connection between West Gate Freeway, Improve the connection between the Eastern, and Metropolitan Ring Road/E6.

#### **Brisbane**

Major projects include:

- Ipswich Motorway Upgrade: Rocklea–Darra Stage 1
- M1 Pacific Motorway – Gateway Motorway

Other high priority initiatives include: Cross River Rail, and Port of Brisbane dedicated freight.

#### **Perth**

Major projects include:

- Perth Freight Link (Roe 8) M1 Pacific Motorway – Gateway Motorway

#### **Adelaide**

Major projects include:

- Tarcoola Rail Upgrade Acceleration
- Torrens-to-Torrens Project

Other high priority initiatives include: Gawler Line rail upgrade.



# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## SYDNEY

### LEASING ACTIVITY, DEMAND AND SUPPLY DRIVERS

Occupier activity has increased substantially since 2015. The Sydney market has had two consecutive years of gross absorption above 1 million sq m. This was above the 10-year annual average of 685,900 sq m. A take-up figure of 1.03 million sq m was recorded for 2016. This followed a corresponding amount of 1.11 million sq m in 2015.

Momentum in the leasing market has continued in Sydney. Approximately 749,000 sq m of leases have been recorded in the first three quarters of 2017. Gross

take-up volumes were driven by leasing activity in the new build market, with pre-lease and design & construct deals, accounting for approximately 62% (464,865 sq m) of gross take-up in the year-to-date (YTD). The leasing activity in existing assets has also been strong, with 263,933 sq m of leases recorded in the same period.

In Sydney, the majority of take-up occurred in the Outer Central West precinct, accounting for 40% of the YTD activity. This was followed by the Outer South West (25%).

### GROSS TAKE-UP SYDNEY FOR THE PERIOD FROM 1Q17 TO 3Q17 (SQ M)

Precinct	Pre-lease	Leased	Design & Construction	Owner-Occupier	Grand Total
Outer Central West	150,679	91,174	35,682	20,211	297,746
Outer South West	144,807	44,382	–	–	189,189
Inner West	22,020	51,719	46,850	–	120,589
Outer North West	9,035	71,433	–	–	80,468
South Sydney	–	5,225	55,792	–	61,017
<b>Grand Total</b>	<b>326,541</b>	<b>263,933</b>	<b>138,324</b>	<b>20,211</b>	<b>749,009</b>

Source: JLL Research. At 3Q17.

Gross take-up in the YTD was concentrated in the four traditional occupier industries:

- Retail Trade (33%);
- Wholesale Trade (31%);
- Transport, Postal and Warehousing (15%); and
- Manufacturing (14%).

Since 2015, the Sydney industrial gross take-up from the retail, wholesale and transport, postal and warehousing sub-sectors has been 67% above the 10-year average. Over the past decade, take up from these three sectors would typically account for 386,000 sq m per year. In the first three quarters of 2017, 588,648 sq m of take-up was recorded from these sectors. This trend will likely continue as retailers, both online and in-store, look to capture the growth in e-commerce.

### RENTS AND INCENTIVES TREND

Rental growth in the Sydney market has been above expectations. Robust year-on-year prime rental growth was recorded across all precincts.

In the 12 months to September 2017, indicative prime rents for existing assets in the South Sydney and Sydney North precincts recorded a strong rental growth, 7.19% and 5.35% respectively. Rents in the Outer Western submarkets exhibited steady growth. Prime rents grew in the Outer South West (4.23%), Outer Central West (3.54%) and Outer North West (2.41%).

The outlook for rents is positive given the strong organic growth in demand occurring across the Sydney market. Moreover, the precincts will continue to benefit from ongoing urban renewal and construction activity. The steady supply and aggressive competition for pre-leases will restrict significant rental growth. However, an increasing scarcity of developable land is expected to constrain the Sydney medium-term pipeline.

JLL Research forecasts rental growth of 4.0% p.a. in South Sydney in 2018. The precinct is forecast to have a prime average rental CAGR of 3.15% in the five year period to 2022. In the Outer Central West precinct, prime rents are expected to rise by 2.00% in 2018 and average 2.60% on a CAGR basis over the five years to 2022.

## SYDNEY RENTAL OVERVIEW 3Q17

Precinct	Grade	Net Face Rents (A\$/sq m pa)		Net Face Rents Growth (% y-o-y)	Current Average Incentives (%)		Forecast Average CAGR Rental Growth % p.a. 2018 – 2022*
		3Q17	3Q16		Low	High	
North	Prime	197	187	5.3%	8%	15%	–
	Secondary	186	174	7.0%	8%	15%	–
South	Prime	182	170	7.2%	3%	10%	3.15%
	Secondary	161	148	8.8%	5%	10%	–
Outer Central West	Prime	116	112	3.5%	7%	10%	2.60%
	Secondary	103	98	5.5%	8%	13%	–
Outer South West	Prime	110	106	4.2%	8%	13%	–
	Secondary	96	86	11.6%	8%	13%	–
Outer North West	Prime	114	111	2.4%	8%	12%	–
	Secondary	111	110	1.4%	8%	12%	–

Source: JLL Research. \*At 3Q17.

## SUPPLY

The Sydney market recorded 516,720 sq m of industrial completions in 2016. This was broadly in line with the long-term average of 524,000 sq m, and above the 2015 supply of 339,205 sq m. In 2017, there has been 335,084 sq m of completions. Of this, 274,874 sq m has been pre-leased prior to practical completion. At 3Q17, an additional 141,272 sq m was under-construction and programmed to complete in 4Q17. This would bring the Sydney 2017 construction completions figure to 476,356 sq m.

In the first three quarters of 2017, the Outer South West recorded the largest completions in supply, with 164,645 sq m of floorspace reaching practical completion. This was followed by the Outer Central West (152,369 sq m) and Outer North West (18,070 sq m).

From the 141,272 sq m scheduled to complete in 4Q17, 96,408 sq m will be in the Outer North West, while the remaining supply will be in the Outer Central West (38,149 sq m) and Outer South West (6,715 sq m).

## ANTICIPATED SUPPLY FOR 2017 (SQ M)

Precinct	Completed	Under-Construction	Total
Outer Central West	152,369	38,149	190,518
Outer North West	18,070	96,408	114,478
Outer South West	164,645	6,715	171,360
<b>Grand Total</b>	<b>335,084</b>	<b>141,272</b>	<b>476,356</b>

Source: JLL Research. At 3Q17.

Given the heightened level of take-up activity, JLL forecasts a sustained period of robust supply for the Sydney market. Approximately 543,000 sq m in projects

have been approved (363,800 sq m) or commenced construction (180,000 sq m) for the Sydney market, with an anticipated completion in 2018.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## FORECAST SUPPLY SYDNEY 2018 (SQ M)

Development Stage	Outer Central West	Outer South West	Inner West	Outer North West	Grand Total
Plans Approved	37,750	243,866	40,264	41,917	363,797
Plans Submitted	195,517	67,472	–	24,701	287,690
Under-Construction	118,609	8,000	52,900	–	179,509
<b>Grand Total</b>	<b>351,876</b>	<b>319,338</b>	<b>93,164</b>	<b>66,618</b>	<b>830,996</b>

Source: JLL Research. At 3Q17.

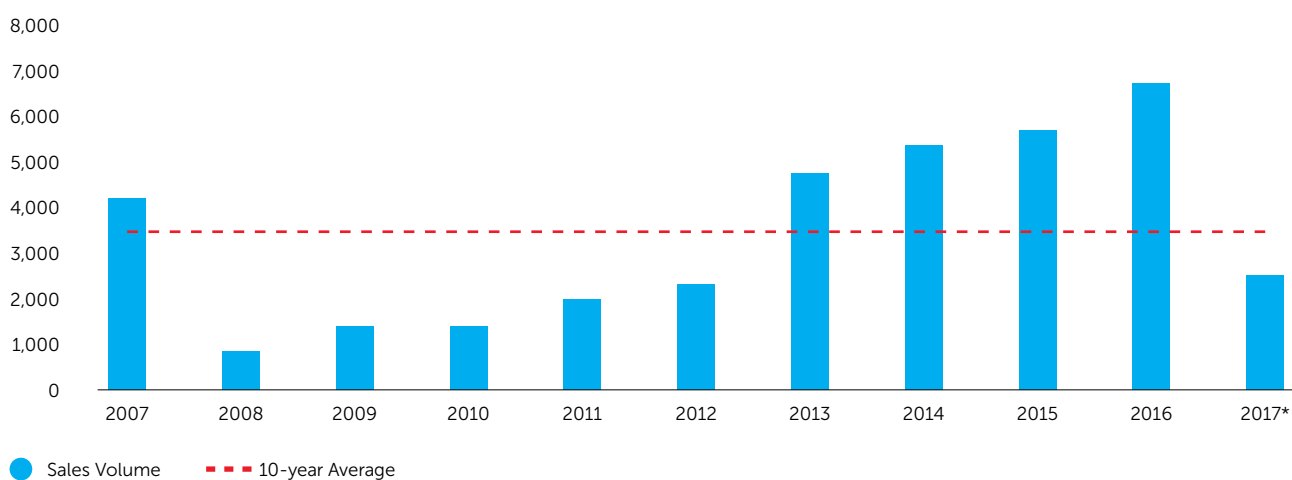
## SALES AND CAP RATES

Investment activity in Sydney continues to be restricted by the scarcity of stock placed for sale. From the A\$2.99 billion in industrial transactions recorded nationally in 2017, the Sydney market has accounted for over A\$1.1

billion. The majority of the transaction volumes have occurred in the Inner West (35%) and Outer North West (21%). Despite strong sales volumes over recent years, unsatisfied capital remains in the market, with multiple capital sources seeking to increase exposure to the Sydney industrial market.

## SYDNEY INVESTMENT VOLUMES

(A\$ million)

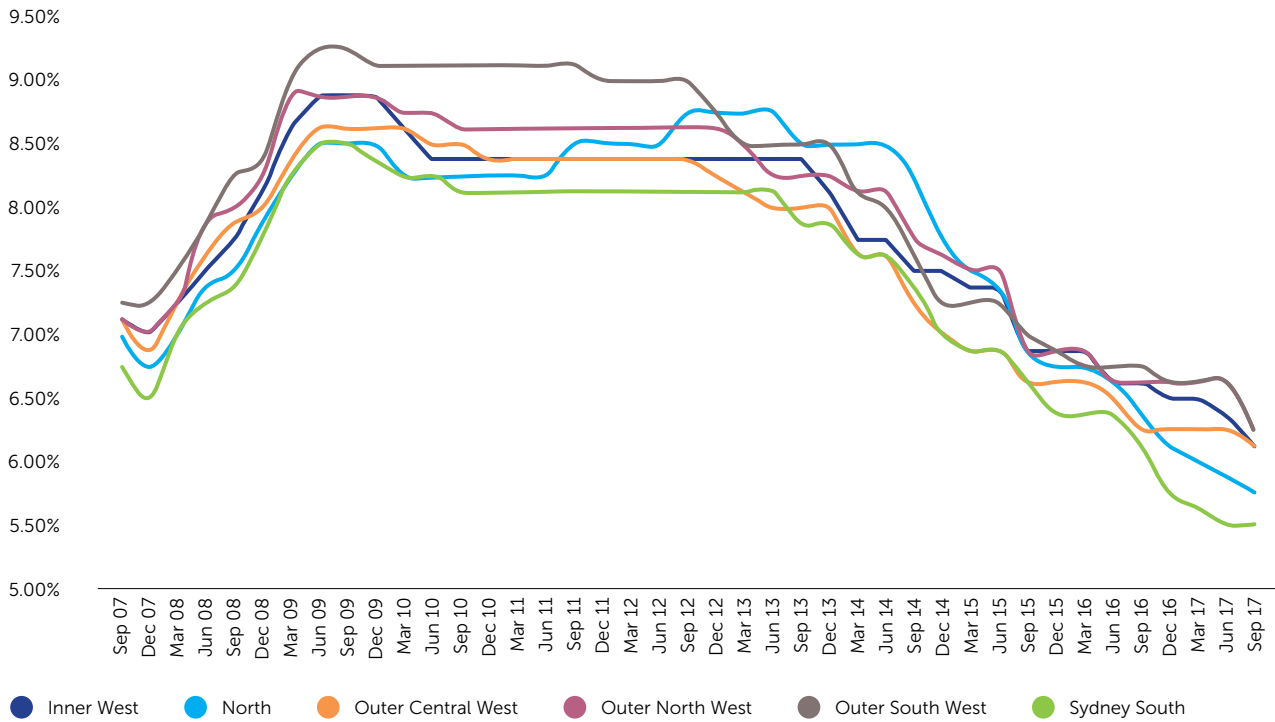


Source: JLL Research. \*At 3Q17.

Two of the larger transactions to take place in the year included the Woolworths distribution centre in Minchinbury and the Simonson Portfolio sale. The Woolworths Distribution centre was sold by Lend lease Australian Prime Property Fund Industrial to LOGOS Property Group for A\$161 million. The Simonson Portfolio consisted of six assets and was sold by Simonson Properties to Leda Holdings for A\$71 million.

Prime yields continued to compress in the 12 months to September 2017. During this period, midpoint yields hardened by 44 bps on average. The stock-constrained markets of South Sydney and Sydney North recorded the most movement (-63 bps). The Inner West (-50 bps), Outer South West (-53 bps) and Outer North West (-38 bps) indicative prime midpoint yields also compressed.

## SYDNEY MIDPOINT YIELDS



Source: JLL Research. At 3Q17.

Industrial occupier demand for prime space in Sydney is anticipated to remain robust. Organic growth in business operations, lease expiry, consolidation of occupiers into more modern and efficient space, and new third-party logistics (3PL) contracts will combine to support strong industrial take-up levels over the next 12-24 months.

Investment demand for Sydney industrial assets is predicted to remain firm, with demand for prime assets outweighing investment opportunities. This is particularly the case for assets located along key

transport nodes with long Weighted Average Lease Expiry (WALE) and strong leasing covenants.

JLL expects prime yields in the Sydney market to remain broadly flat until the next decompression cycle. Despite this, forecasts expect minor compression for the South Sydney and Outer Central West precincts. The prime midpoint yield in South Sydney is expected to compress to a cyclical low of 5.5% by the end of 2017, with a moderate decompression cycle anticipated in 2019.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## MELBOURNE

### LEASING ACTIVITY, DEMAND AND SUPPLY DRIVERS

Gross take-up activity in Melbourne, like Sydney, has exhibited strong growth since 2015. The Melbourne market had two consecutive years with annual gross take-up well above the 10-year average of 575,000 sq m. A take-up figure of 823,674 sq m was recorded for 2016. This followed an annual take-up figure of 765,018 sq m in 2015.

Heightened occupier activity has continued into 2017. Approximately 556,000 sq m of leases have been

recorded in the first three quarters of 2017. The vast majority of this take-up occurred in the West precinct, accounting for 66% of the YTD activity. This was followed by the South East (22%) and North (12%).

Gross take-up volumes were primarily concentrated in existing assets, accounting for 55% (308,082 sq m) of the area leased in the YTD. Leasing activity in the new build market was also strong. Pre-lease volumes accounted for approximately 36% (201,852 sq m) of activity.

### GROSS TAKE-UP MELBOURNE FOR THE PERIOD FROM 1Q17 TO 3Q17 (SQ M)

Precinct	Leased	Pre-lease	Owner-Occupier	Grand Total
West	190,457	135,846	40,831	367,134
South East	51,906	66,006	5,112	123,024
North	65,719	–	–	65,719
<b>Grand Total</b>	<b>308,082</b>	<b>201,852</b>	<b>45,943</b>	<b>555,877</b>

Source: JLL Research. At 3Q17.

Gross take-up in the YTD was predominantly concentrated in the Transport, Postal and Warehousing sub-sector, accounting for 38% (212,619 sq m) of the YTD take-up. This was followed by the Wholesale sector (26%) and the Manufacturing sector (16%).

JLL believe that e-commerce has lifted take-up figures in Melbourne's industrial market. Gross take-up from the retail, wholesale and transport, postal and warehousing industries have risen for four consecutive years. Since 2015, annual net absorption from these industries has been 71% above the 10-year average, typically accounting for 355,000 sq m. In the YTD, these industries have leased just 408,541 sq m. Notable leases recorded recently include Quatius Logistics in Altona North (40,831 sq m), CEVA logistics in Truganina (37,000), Albi imports in Truganina (28,070 sq m) and Amazon (24,387 sq m) in Dandenong.

### RENTS AND INCENTIVES TREND

The Melbourne market has experienced strong rental growth in recent quarters. Year-on-year prime rents have exhibited growth across all the precincts.

In the 12 months to September 2017, indicative prime rents grew for existing assets in the North (3.55%), West (2.91%) and South East (1.86%). This growth materially accelerated the three quarters to September 2017. Prime rents across Melbourne precincts have grown by 2.6% on average, since 4Q17.

The outlook for rents remains steady given the strong state population and economic growth. However, the robust supply pipeline and aggressive competition for pre-leases could limit substantial rental growth.

JLL Research forecast a rental growth of 2.5% in 2018 in Melbourne's South East. The precinct is forecast to have a prime average rental CAGR of 2.90% in the five year period to 2022. In the West precinct, prime rents are expected to rise by 2.00% in 2018 and average 2.40% on a CAGR basis over the five years to 2022.



## MELBOURNE RENTAL OVERVIEW 3Q17

Precinct	Grade	Net Face Rents (A\$/sq m pa)		Net Face Rents Growth (% y-o-y)	Current Average Incentives (%)		Forecast Average CAGR Rental Growth % p.a. 2018 – 2022*
		3Q17	3Q16		Low	High	
West	Prime	75	73	2.9%	22%	30%	2.40%
	Secondary	60	58	3.4%	18%	28%	–
South East	Prime	87	85	1.9%	20%	30%	2.90%
	Secondary	72	68	5.7%	15%	23%	–
North	Prime	79	76	3.6%	20%	30%	–
	Secondary	59	60	-1.8%	15%	25%	–

Source: JLL Research. \*At 3Q17.

## SUPPLY

The Melbourne market recorded 539,204 sq m of industrial completions in 2016. This was above the 10-year average of 418,000 sq m and an annual supply of 472,125 sq m in 2015. In the YTD, there have been 336,420 sq m of completions recorded. Of this space, 93% (314,297 sq m) of the floorspace was leased before practical completion. A large pipeline is anticipated to complete in 4Q17, with 278,402 sq m under-construction and programmed to complete. This would bring the Melbourne 2017 annual supply to 614,822 sq m.

In the first three quarters of 2017, the West recorded the largest completions in supply, with 160,419 sq m of floorspace reaching practical completion. This was followed by the South East (116,001 sq m) and North (60,000 sq m).

From the 278,402 sq m scheduled to complete in the final quarter of 2017, 182,113 sq m will be in West, while the remaining supply will be in the South East (71,289 sq m) and North (25,000 sq m). Approximately 70% (194,287 sq m) of this is pre-leased.

## ANTICIPATED SUPPLY FOR 2017 (SQ M)

Precinct	Completed	Under-Construction	Total
West	160,419	182,113	342,532
South East	116,001	71,289	187,290
North	60,000	25,000	85,000
<b>Grand Total</b>	<b>336,420</b>	<b>278,402</b>	<b>614,822</b>

Source: JLL Research. At 3Q17.

JLL's records indicate a steady period of supply in the near-term. Approximately 410,000 sq m in projects have been approved (286,000 sq m) or under-construction

(125,000 sq m) for the Melbourne market, with anticipated completion in 2018.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## FORECAST SUPPLY MELBOURNE 2018 (SQ M)

Development Stage	West	South East	North	Grand Total
Plans Approved	115,264	157,267	13,420	285,951
Under-Construction	47,445	77,495	–	124,940
<b>Grand Total</b>	<b>162,709</b>	<b>234,762</b>	<b>13,420</b>	<b>410,891</b>

Source: JLL Research. At 3Q17.

## SALES AND CAP RATES

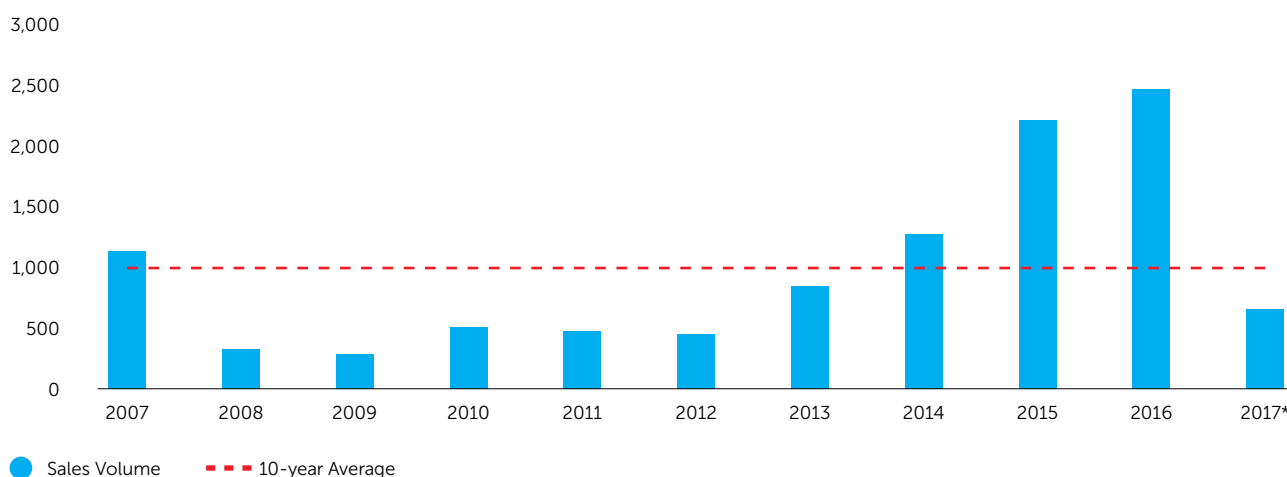
Investment volumes reached A\$2.47 billion in 2016. This was well above the 10-year average of A\$998 million. This marked the third consecutive year of annual sales volumes exceeding the 10-year average. In 2015, A\$2.22 billion in transactions were recorded. Over the three quarters to September 2017, investment volumes were broadly in line with the 10-year average, with

approximately A\$660 million in transactions taking place. This decline in volumes reflected a lack of investable stock coming to market.

The South East accounted for the largest share of investment volumes in the YTD, with A\$272.2 million in transactions recorded. This was followed by the West (A\$214.6 million), the North (A\$89.6 million) and the City Fringe (A\$17.9 million).

## MELBOURNE INVESTMENT VOLUMES

(A\$ million)



Source: JLL Research. \*At 3Q17.

Melbourne prime yields exhibited further compression in the 12 months to September 2017. During this period, midpoint yields hardened by 31 bps, on average. Indicative midpoint prime yields in the City Fringe and

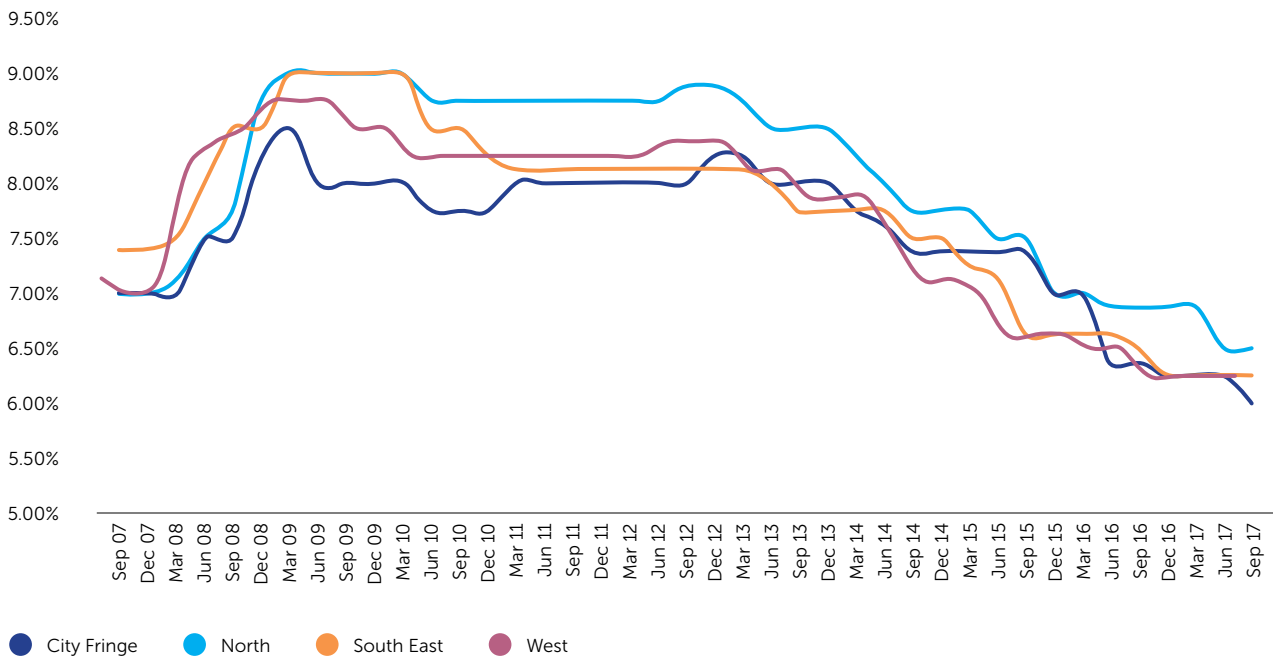
North compressed by 38 bps over the 12 months, while the two largest precincts, the West and South East, indicative midpoint yields declined by 25 bps.

## LARGEST SALES IN 2017

Asset	Precinct	Sale Price	Total Area	Vendor	Buyer
6-23 Dunmore Drive	West	A\$66.0 million	16,960 sq m	CorVal	Deutsche Asset Management
Morgan Stanley Altona Industrial Portfolio	West	A\$65.5 million	(2 assets)	Mirvac	Morgan Stanley
Kingston Distribution Centre	South East	A\$50.6 million	40,554 sq m	Propertylink	Dexus Property Group

Source: JLL Research. At 3Q17.

## MELBOURNE MIDPOINT YIELDS



Source: JLL Research. At 3Q17.

Retailers and 3PL operators are expected to drive demand, while some manufacturing users may rotate from manufacturing space to distribution-focused space. Strong investment volumes are expected to continue during 2017. Limited opportunities to acquire prime grade assets, are anticipated to direct further investment capital toward secondary assets and value-add opportunities.

JLL expects prime yields in Melbourne to remain broadly flat until the next decompression cycle. Despite the scope for moderate compression in the two forecast precincts, (South East and West), indicative midpoint yields are forecast to remain unchanged in the near-term.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## BRISBANE

### LEASING ACTIVITY, DEMAND AND SUPPLY DRIVERS

Occupier activity in the Brisbane market has been steady in recent years. Annual gross take-up volumes over the past three years have been broadly in line with the 10-year average of 430,062 sq m. In 2016, take-up volumes reached 391,900 sq m. This was below the corresponding 2015 figure of 436,649 sq m. Leasing activity in the YTD has been strong. The Brisbane market has recorded 392,000 sq m of leases in the first three quarters of 2017.

Gross take-up volumes have predominantly occurred in existing assets, accounting for approximately 51% (198,727 sq m) of gross take-up in the YTD. Business conditions were also driven by consolidation mandates with several large corporates committing to attractive new build agreements. Leasing activity from the pre-lease market accounted for 156,456 sq m of leases in the YTD.

The majority of take-up occurred in the Southern precinct; responsible for 57% (224,865) in the YTD activity. This included 128,531 sq m of leases in existing assets. Leasing activity was also strong in the Trade Coast (147,644 sq m) while Northern precinct accounted for 5% of the YTD volumes.

### GROSS TAKE-UP BRISBANE FOR THE PERIOD FROM 1Q17 TO 3Q17 (SQ M)

Precinct	Lease	Pre-lease	Design & Construction	Owner-Occupier	Grand Total
Southern	82,458	128,531	4,000	9,876	224,865
Trade Coast	108,743	27,925	–	10,976	147,644
Northern	7,526	–	12,000	–	19,526
<b>Grand Total</b>	<b>198,727</b>	<b>156,456</b>	<b>16,000</b>	<b>20,852</b>	<b>392,035</b>

Source: JLL Research. At 3Q17.

There was a notable rise in leasing from the manufacturing sector, which has accounted for 33% (131,223 sq m) in the YTD leasing volumes. Take-up from the sector is now above the 10-year average. In 1Q17, Beaulieu Carpets signed a 23,051 sq m pre-lease in Yatala. While more recently, demand from food product manufacturing has increased. In Lytton, PepsiCo signed a 19,738 sq m lease for the Export Street warehouse and the Inghams group leased 14,479 sq m in a warehouse on Trade Street.

The largest demand in Brisbane industrial space in the YTD has come from the Retail Trade sector; with 36% (141,303 sq m) of gross take-up. The Transport, Postal and Warehousing sector contributed to 19% (73,719 sq m) of YTD leasing volumes.

### RENTS AND INCENTIVES TREND

Further rental contractions were recorded in Brisbane with competitive leasing conditions continuing throughout the 12 months to September 2017. In this period, indicative prime face rents have declined by 5.68%. This was recorded across all the precincts: Northern (-6.9%), Trade Coast (-5.5%) and Southern (-4.6%).

Notwithstanding this, the outlook for rents is more positive. There has been a notable recovery in wider economic conditions. This was reflected in the industrial market through increased construction and investment activity.

JLL Research forecasts prime rental growth in the Southern precinct to stabilise in 2018, with a forecast 0.5% p.a. over the year. The precinct is forecast to have a prime average rental CAGR of 2.55% in the five year period to 2022.

## BRISBANE RENTAL OVERVIEW 3Q17

Precinct	Grade	Net Face Rents (A\$/sq m pa)		Net Face Rents Growth (% y-o-y)	Current Average Incentives (%)		Forecast Average CAGR Rental Growth % p.a. 2018 – 2022*
		3Q17	3Q16		Low	High	
Southern	Prime	103	108	-4.6%	15%	30%	2.55%
	Secondary	82	84	-1.7%	10%	15%	–
Trade Coast	Prime	117	124	-5.5%	10%	15%	–
	Secondary	92	97	-5.2%	8%	15%	–
Northern	Prime	109	118	-6.9%	7%	15%	–
	Secondary	81	86	-5.8%	7%	12%	–

Source: JLL Research. \*At 3Q17.

## SUPPLY

The Brisbane market recorded 233,459 sq m of industrial completions in 2016. This was well below the 10-year average (345,415 sq m) and 2015 supply of 369,805 sq m. In the YTD, there have been 276,963 sq m of completions recorded. Speculative development commencements remain low. Approximately 88% (244,621 sq m) of the completed floorspace was pre-leased before practical completion. At 3Q17, an additional 47,588 sq m was under-construction and programmed to complete

in the 4Q17. This would bring the Brisbane 2017 construction completion figure to 324,551 sq m.

In the first three quarters of 2017, the Southern precinct recorded the largest completions in supply, with 159,687 sq m of floorspace reaching practical completion. This was followed by the Trade Coast (117,276 sq m).

From the 47,588 sq m scheduled to complete in 4Q17, 39,644 sq m will be in the Southern Precinct.

## ANTICIPATED SUPPLY FOR 2017 (SQ M)

Precinct	Completed	Under-Construction	Total
Southern	159,687	39,644	199,331
Trade Coast	117,276	–	117,276
Northern	–	7,944	7,944
<b>Grand Total</b>	<b>276,963</b>	<b>47,588</b>	<b>324,551</b>

Source: JLL Research. At 3Q17.

Given the recent recovery in occupier demand and investment, JLL forecasts a steady period of supply for the Brisbane market over the near-term. Approximately 174,000 sq m in projects have been approved (65,126 sq m) or commenced construction (108,000 sq m) for

the Brisbane market, with anticipated completion in 2018. JLL believes positive underlying conditions will encourage further commencements over the course of the year.



# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## FORECAST SUPPLY 2018 (SQ M)

Development Stage	Northern	Southern	Trade Coast	Grand Total
Plans Approved	22,865	24,301	17,960	65,126
Under-Construction	8,487	82,475	17,828	108,760
<b>Grand Total</b>	<b>31,352</b>	<b>106,776</b>	<b>35,788</b>	<b>173,916</b>

Source: JLL Research. At 3Q17.

## SALES AND CAP RATES

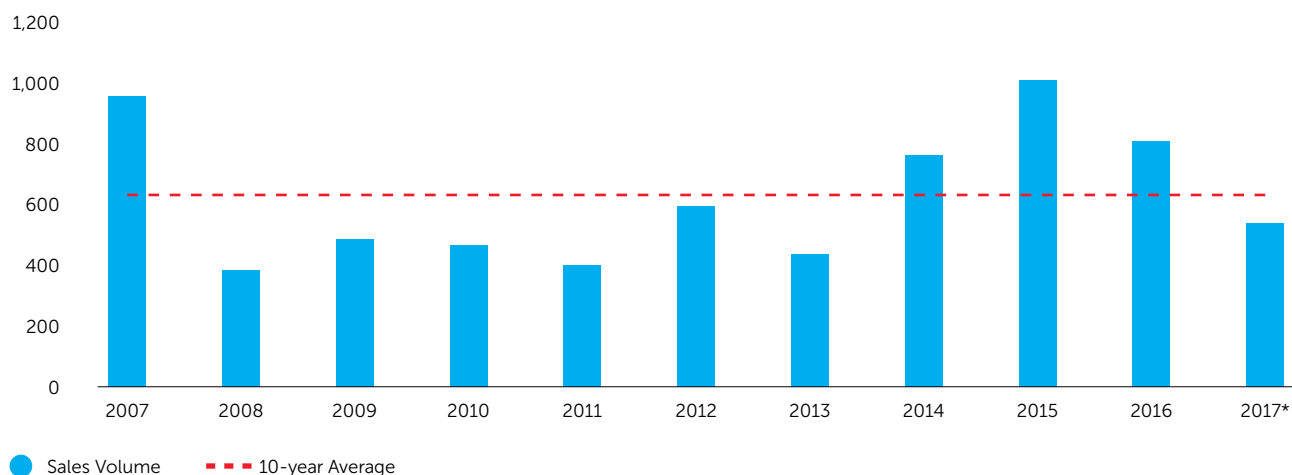
Annual investment volumes in the Brisbane market have exceeded longer-term averages since 2014. Total investment volumes reached A\$811 million in 2016, well above the 10-year average of A\$631 million. However, this was still below the 2015 record of A\$1.01 billion. In a market with a growing scarcity of prime assets placed for sale, sale-and-leaseback and industrial development

projects have underscored sales volumes. In the YTD, approximately A\$542 million in transactions have occurred in the Brisbane market.

The majority of the YTD transactions have occurred in the Southern precinct, accounting for 65% (A\$352 million), while Trade Coast and Northern precincts recorded volumes of A\$97.5 million and A\$92.5 million respectively.

## BRISBANE INVESTMENT VOLUMES

(A\$ million)



Source: JLL Research. \*At 3Q17.

The largest sale of the year was the Coca-Cola Amatil Distribution Facility in Richlands. The asset was sold on a sale-and-leaseback agreement with Coca-Cola Amatil, secured to a 20-year lease. The site comprises an existing 50,414 sq m warehouse and

manufacturing facility with an ancillary office. Coca-Cola Amatil recently commenced the construction of a new distribution facility, which will predominantly be complete by December. The sale is understood to have transacted at an initial yield of 5.19%.

## LARGEST SALES 2017

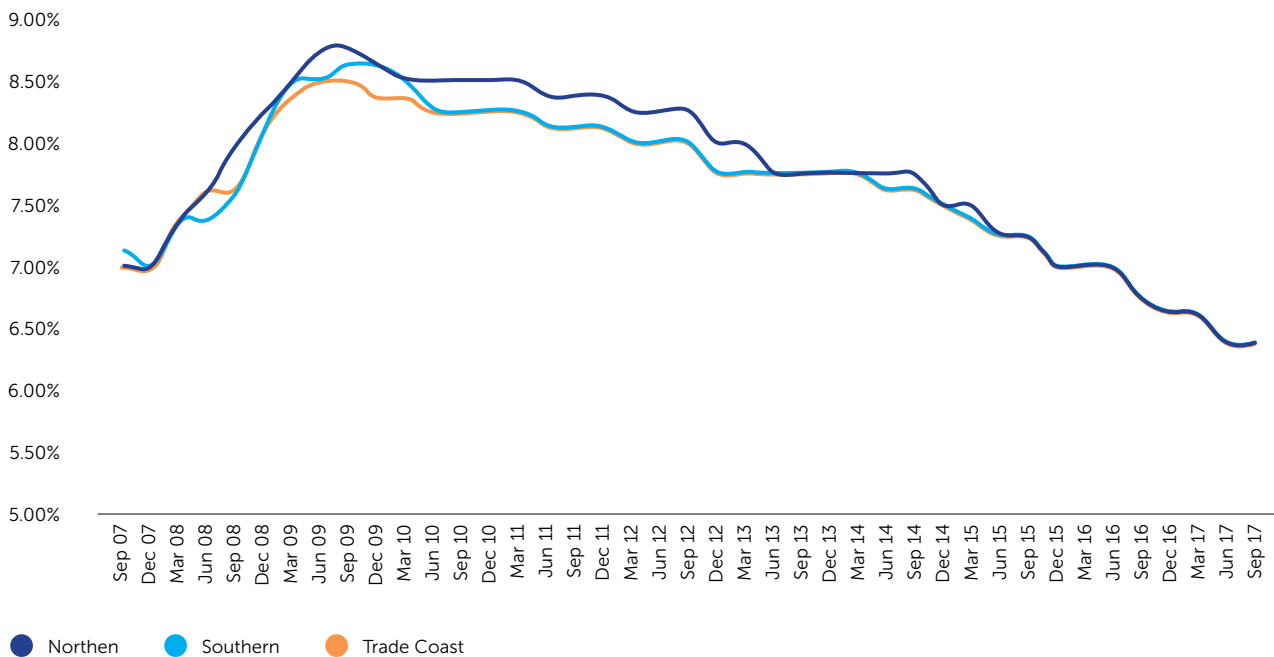
Asset	Precinct	Sale Price	Total Area	Vendor	Buyer
Coca-Cola Amatil Distribution Facility	Southern	A\$157.0 million	79,254 sq m	Coca Cola Amatil	Charter Hall Core Plus Industrial Fund (CPIF)
Oji Fibre Solutions	Southern	A\$30.0 million	23,646 sq m	Frasers Property	Oji Fibre Solutions
Health World	Northern	A\$28.3 million	8,764 sq m	Ethical Nutrients Pty Ltd	Augusta Capital

Source: JLL Research. At 3Q17.

Prime yields continued to compress in the 12 months to September 2017. During this period, indicative midpoint yields hardened by 38 bps across the recorded precincts.

At 3Q17, the prime yield range for the Brisbane market was 6.00%-6.75%. This compressed from a range of 6.25%-7.25% in September 2016.

## BRISBANE MIDPOINT YIELDS



Source: JLL Research. At 3Q17.

There has been a notable recovery in the Brisbane market amid an improvement in underlying economic and favourable demographic growth prospects. The ongoing transition of the resource sector, from the investment to the production phase, will support Queensland export volumes and the broader recovery in the state economy.

JLL expects prime yields in the Brisbane market to remain broadly unchanged until the next decompression cycle. Indicative prime yields in the Brisbane Southern precinct are expected to remain at the current level of 6.38% before a projected moderate decompression, anticipated in 2019.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## PERTH

### LEASING ACTIVITY, DEMAND AND SUPPLY DRIVERS

Occupier industrial demand remained soft in recent years, largely on the account of relatively weak state economic conditions. Gross take-up reached 175,500 sq m in 2016, below the 10-year average of 215,600 sq m. In the YTD, 119,750 sq m gross take-up was recorded.

Consequently, vacancy remains elevated. However, the majority of vacancy is concentrated in older, secondary facilities. However, despite high vacancy levels and relatively lower rents, occupiers remain hesitant to make relocation decisions. Due to the limited supply, 61% of the YTD leasing activity was based on existing assets.

The majority of take-up has occurred in the South precinct, accounting for 51% in the YTD activity.

### GROSS TAKE-UP PERTH FOR THE PERIOD FROM 1Q17 TO 3Q17 (SQ M)

Precinct	Leased	Design & Construction	Pre-lease	Grand Total
South	39,608	21,130	–	60,738
East	11,761	5,515	20,605	37,881
North	21,131	–	–	21,131
<b>Grand Total</b>	<b>72,500</b>	<b>26,645</b>	<b>20,605</b>	<b>119,750</b>

Source: JLL Research. At 3Q17.

Gross take-up in the YTD was concentrated in the Wholesale Trade (30%), Transport, Postal and Warehousing (29%) and Retail Trade (14%) sectors.

fell by 11.0% and are now 21.0% lower than the 2012 rental peak. Similarly, year-on-year rents decreased by 6.83% in the North and 5.65% in the South.

### RENTS AND INCENTIVES TREND

Prime grade face rents contracted further over the 12 months to months to September 2017, largely as a result of elevated vacancy and subdued industrial demand conditions. In this period, prime rents in the East precinct

JLL Research expects prime rents in the East to remain unchanged over 2018, with positive growth anticipated in 2019 onwards. Average prime rental CAGR of 2.00% p.a. is forecast in the East precinct during the forecast period 2018-2022.

### PERTH RENTAL OVERVIEW 3Q17

Precinct	Grade	Net Face Rents (A\$/sq m pa)		Net Face Rents Growth (% y-o-y)	Current Average Incentives (%)		Forecast Average CAGR Rental Growth % p.a. 2018 – 2022*
		3Q17	3Q16		Low	High	
North	Prime	102	110	-6.8%	10%	16%	–
	Secondary	88	93	-5.4%	–	–	–
South	Prime	96	102	-5.7%	10%	20%	–
	Secondary	81	90	-9.9%	–	–	–
East	Prime	105	118	-11.0%	12%	17%	2.0%
	Secondary	92	94	-2.4%	–	–	–

Source: JLL Research. \*At 3Q17.

## SUPPLY

Industrial supply in Perth was high with 216,200 sq m of industrial stock completing in 2016. This was the highest level of completions since 2008, and significantly above the 10-year annual average of 152,400 sq m. The elevated supply in 2016 was driven by the completion of purpose-built facilities for major logistics and retail groups: CEVA Logistics, Mainfreight, Reece, ALDI, Kmart and Hitachi.

In the YTD, supply has moderated, with 85,561 sq m in projects reaching practical completion. This has predominantly occurred in the East precinct, which has accounted for 85% of the completed floorspace. The remaining 15% was in the South precinct. An additional 20,605 sq m, across three assets, is anticipated to complete in the South precinct in 4Q17.

## ANTICIPATED SUPPLY FOR 2017 (SQ M)

Precinct	Completed	Under-Construction	Total
South	72,537	20,605	93,142
East	13,024	–	13,024
<b>Grand Total</b>	<b>85,561</b>	<b>20,605</b>	<b>106,166</b>

Source: JLL Research. At 3Q17.

The pipeline is expected to be limited in the near-term. Given the subdued economic activity in Western Australia, some larger construction projects have been put on hold. Many large occupiers have secured new facilities in the

past 24 months, and forward construction will remain low given the prevailing level of vacancy. At September 2017, approximately 30,107 sq m of projects are being tracked with an anticipated completion in 2018.

## FORECAST SUPPLY 2018 (SQ M)

Development Stage	South	East	Grand Total
Plans Approved	3,462	–	3,462
Under-Construction	21,130	5,515	26,645
<b>Grand Total</b>	<b>24,592</b>	<b>5,515</b>	<b>30,107</b>

Source: JLL Research. At 3Q17.

## SALES AND CAP RATES

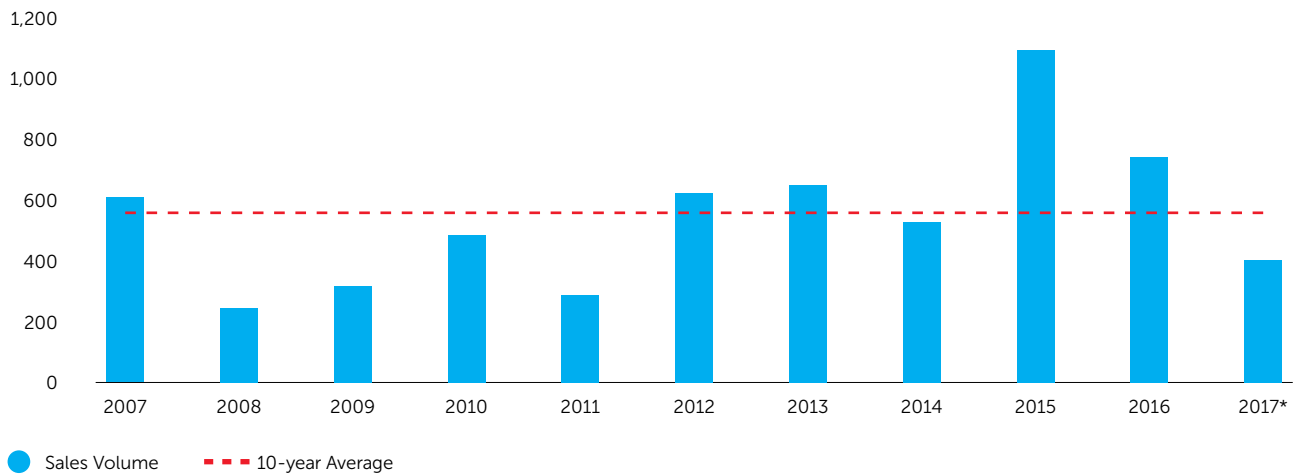
Industrial transaction volumes in Perth totalled A\$432.5 million in 2016. This value was above the 10-year

average of A\$327.5 million. In the YTD, the Perth market has recorded A\$235.4 million in investment sales. This was lifted by the A\$46 million portfolio sale of four assets by Desmar Holdings to Growthpoint Properties Australia.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## PERTH INVESTMENT VOLUMES

(A\$ million)

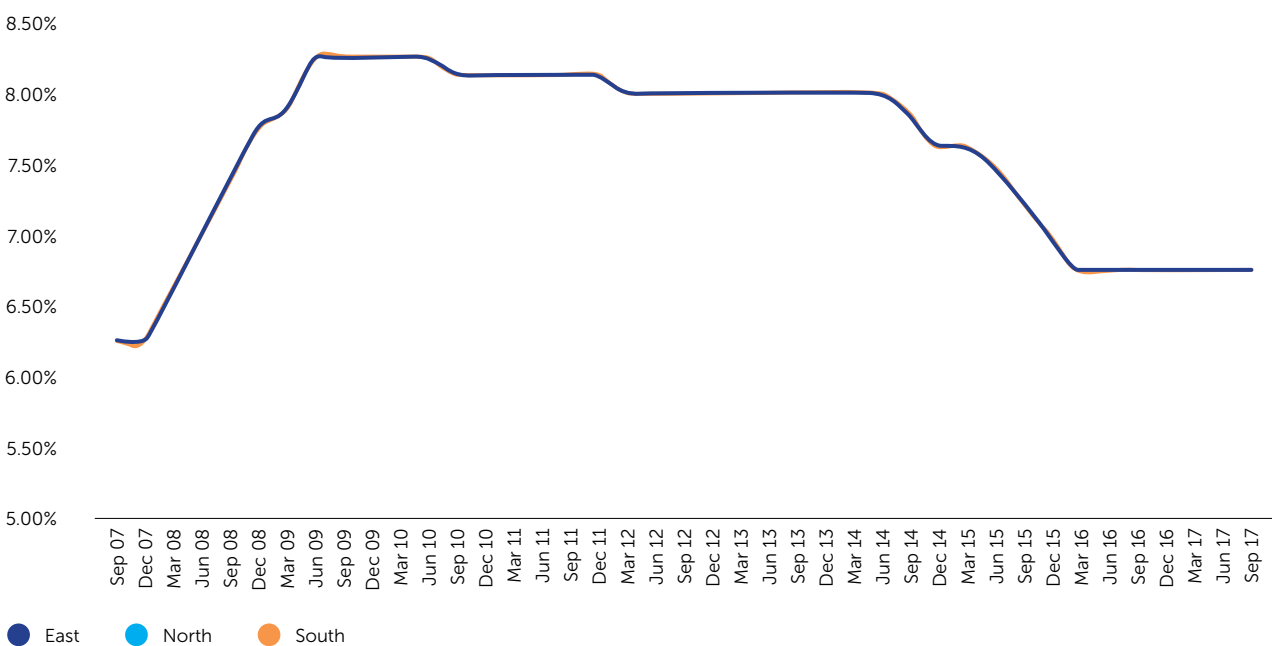


Source: JLL Research. \*At 3Q17.

Prime yields in the Perth market remained unchanged over the 12 months to September 2017. Prime yields across all the recorded Perth precincts were in an

indicative yield range of 6.50%-7.00%. JLL expects prime yields in the Perth market to remain broadly flat until the next decompression cycle.

## PERTH MIDPOINT YIELDS



Source: JLL Research. At 3Q17.



## ADELAIDE

### LEASING ACTIVITY, DEMAND AND SUPPLY DRIVERS

Gross take-up was subdued in 2016, with 71,018 sq m in leases recorded. This was 43% below the 10-year average of 125,000 sq m annual average (> 3,000 sq m deals). Throughout the first three quarters to 3Q17, 28,269 sq m of leases were recorded over six transactions.

JLL leasing operatives continue to report a minimal source of demand growth in the Adelaide market. Future uncertainty on the outlook for the South Australian economy and the ongoing unknowns about the impact of the car manufacturing base in the Outer North market will affect growth in the industrial sector. Despite this, there have been improved indicators from the manufacturing sector; particularly food and beverage production.

### GROSS TAKE-UP ADELAIDE FOR THE PERIOD FROM 1Q17 TO 3Q17 (SQ M)

Precinct	Pre-lease	Leased	Grand Total
North West	17,519	3,300	20,819
Inner South	–	3,950	3,950
Outer South	3,500	–	3,500
<b>Grand Total</b>	<b>21,019</b>	<b>7,250</b>	<b>28,269</b>

Source: JLL Research. At 3Q17.

Gross take-up in the YTD was led by Transport, Postal and Warehousing (50%, 14,000 sq m) and Manufacturing users (26%, 7,469 sq m). This was followed by the Construction (12%, 3,500 sq m) and the Wholesale sector (12%, 3,300 sq m).

### RENTS AND INCENTIVES TREND

Prime net face rents remained unchanged in 2016 with the exception of the Outer South, which recorded a rental decline of 4.91% in the year. Indicative prime rents in Adelaide have remained unchanged in the 12 months to September 2017.

Leasing conditions will remain challenging given Adelaide's uncertain economic outlook in the near-term. Although growth and employment factors have stabilised in the past year, anticipated manufacturing closures over the coming 24 months will encourage conservative business sentiment. However, the minimal supply in recent years will limit the aggressive reductions in rent in the near-term.

JLL Research forecast rents to remain unchanged in 2017, before moderately improving in 2018 (0.50% p.a.). JLL Research forecast a prime rental CAGR of 2.45% in the North West Adelaide precinct through the forecast period 2018-2022.

# AUSTRALIAN INDUSTRIAL & LOGISTICS MARKET OVERVIEW

## ADELAIDE RENTAL OVERVIEW 3Q17

Precinct	Grade	Net Face Rents (A\$/sq m pa)		Net Face Rents Growth (% y-o-y)	Current Average Incentives (%)		Forecast Average CAGR Rental Growth % p.a. 2018 – 2022*
		3Q17	3Q16		Low	High	
Inner West/East	Prime	110	110	–	5%	10%	–
	Secondary	80	80	–	10%	20%	–
North East	Prime	81	81	–	10%	20%	–
	Secondary	60	60	–	20%	30%	–
North West	Prime	86	86	–	10%	30%	2.45%
	Secondary	66	66	–	10%	30%	–
Outer South	Prime	68	68	–	20%	30%	–
	Secondary	46	46	–	20%	30%	–
Outer North	Prime	70	70	–	25%	30%	–
Inner South	Prime	99	99	–	5%	10%	–
	Secondary	67	67	–	10%	20%	–

Source: JLL Research. \*At 3Q17.

## SUPPLY

Supply in Adelaide has been trending downward since 2009. This trend was interrupted in 2015 due to the construction of an ALDI Distribution Centre. The 34,607

sq m supply in 2016 was the smallest year on record since 2002. In the three quarters to September 2017, two projects totalling 13,100 sq m have completed. No other projects are expected to complete in 4Q17.

## ANTICIPATED SUPPLY FOR 2017 (SQ M)

Precinct	Completed	Under-Construction	Total
North West	10,000	–	10,000
Inner South	3,100	–	3,100
<b>Grand Total</b>	<b>13,100</b>	<b>–</b>	<b>13,100</b>

Source: JLL Research. At 3Q17.

The supply pipeline is expected to lift in 2018, with approximately 17,600 sq m of projects currently under construction.

## FORECAST SUPPLY 2018 (SQ M)

Development Stage	North West	Inner South	Grand Total
Under-Construction	13,633	3,950	<b>17,583</b>

Source: JLL Research. At 3Q17.

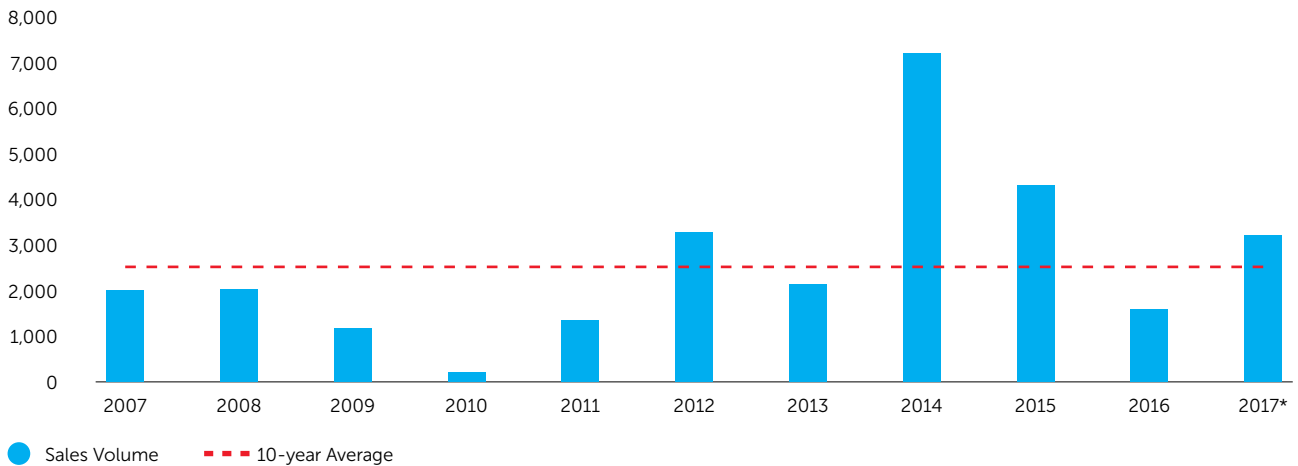
## SALES AND CAP RATES

Investment activity in Adelaide has rebounded following a subdued period in 2016. Sales volumes in 2016 were

approximately A\$80 million. This was well below the 10-year average of A\$127 million. In the three quarters to September 2017, approximately A\$161 million in transactions have occurred.

## ADELAIDE INVESTMENT VOLUMES

(A\$ million)

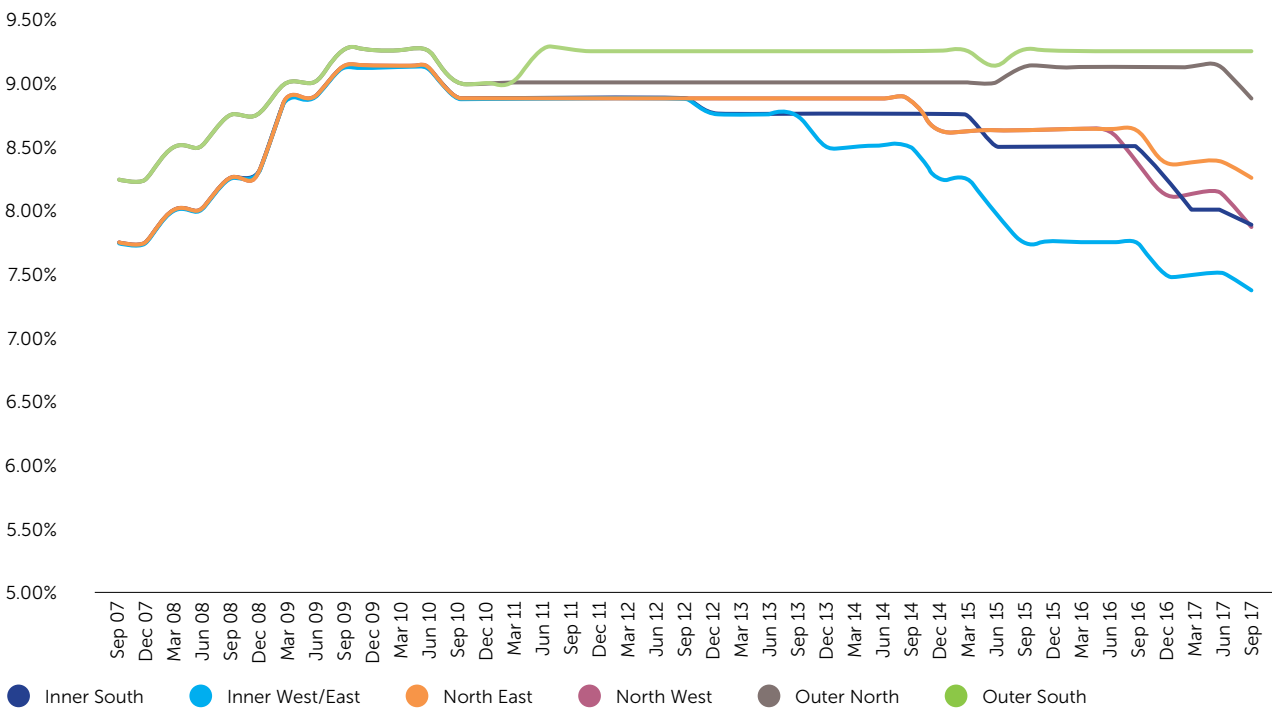


Source: JLL Research. \*At 3Q17.

Indicative prime yields in the Adelaide market compressed during the 12 months period to September 2017. In this period, midpoint yields hardened by 35 bps on average. The largest compression was recorded in the Inner South

(-62 bps) and North West (-50 bps). JLL anticipated indicative prime yields in the North West precinct to remain broadly flat until the next decompression cycle, forecasted in 2019.

## ADELAIDE MIDPOINT YIELDS



Source: JLL Research. At 3Q17.

# OPERATIONAL REVIEW

## PORTFOLIO ANALYSIS

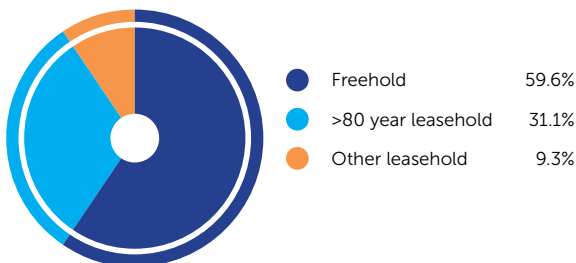


- 1 Based on 59 properties. Includes the Beaulieu Facility (which achieved practical completion on 13 October 2017) and excludes the two development properties in FLT's portfolio.
- 2 Based on 61 properties.

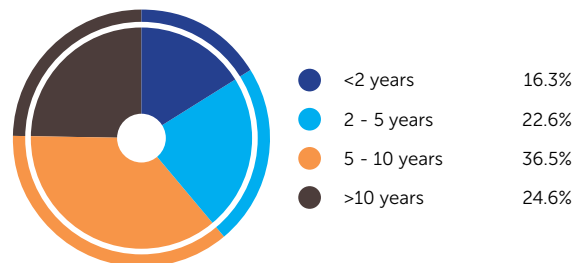
FLT's portfolio, acquired from its Sponsor, consists predominantly of freehold and long leasehold land tenure assets located in established industrial precincts in Australia that are well-served by transportation infrastructure. Since its IPO in June 2016, FLT has grown its portfolio steadily from 51 properties to 61 properties with a total portfolio valuation of A\$1.91 billion as at 30 September 2017, which represents a 20.1% increase from A\$1.59 billion at IPO. Accordingly, the aggregate GLA of FLT's portfolio, excluding two properties under development, increased by 13.2% from 1.16 million sq m at the time of IPO to approximately 1.31 million sq m.

FLT's properties serve 71 tenants and the portfolio is geographically diversified across five states in Australia with a focus on the major trade, distribution and population centres of Melbourne, Sydney and Brisbane. Furthermore, properties with an age of under 10 years account for 75.4% of FLT's portfolio by GLA, representing high quality modern logistics and industrial accommodation that benefits from lower capital expenditure requirements.

### LAND TENURE BY VALUE



### PORTFOLIO AGE BY GLA

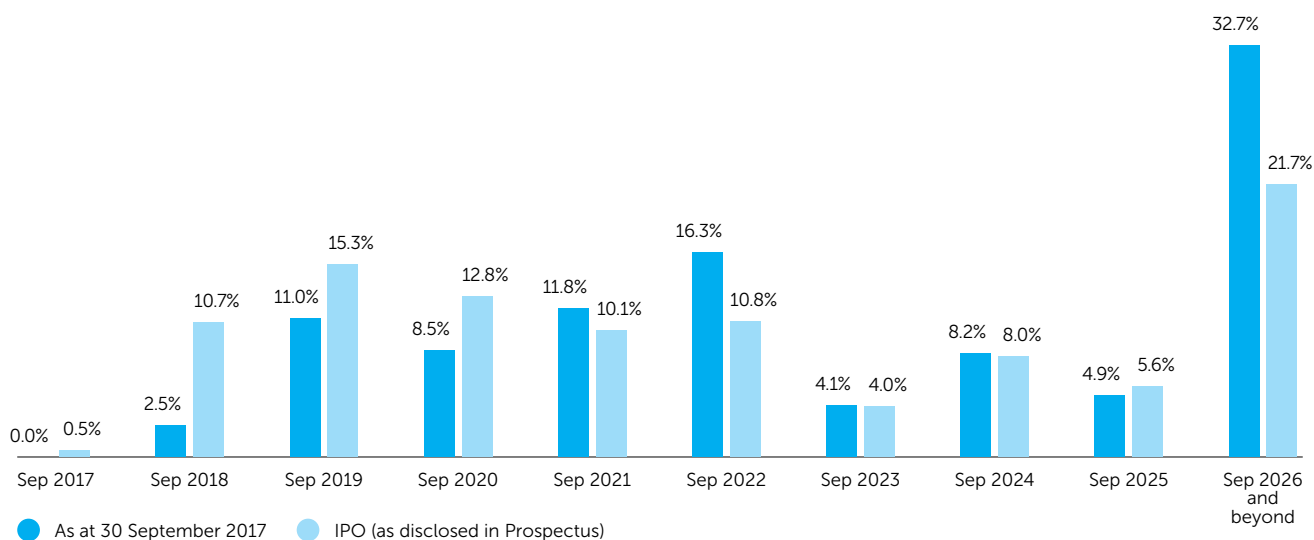


## LEASE EXPIRY PROFILE

FLT's portfolio enjoys cashflow stability from its well-staggered lease expiry profile. Not more than 17% of the portfolio leases by gross rental income ("GRI") will expire in a single financial year until September 2025.

The portfolio has a long WALE by GRI of 6.75 years as at 30 September 2017, with minimal lease expiries of 2.5% by GRI in FY2018.

## LEASE EXPIRY BY GRI<sup>(1)(2)</sup>



- 1 As at 30 September 2017, and excluding straight lining rental adjustments for rental income.
- 2 Includes the Beaulieu Facility which achieved practical completion on 13 October 2017. Excludes the two development properties in FLT's portfolio.

## PROACTIVE LEASE MANAGEMENT

To mitigate the risk of vacancy and lease expiry concentration, the Manager proactively engages tenants for renewal negotiations ahead of lease expiry. FLT achieved a healthy portfolio occupancy rate of 99.4% as at 30 September 2017, which is an improvement from 98.3% at the time of IPO.

Since FLT's IPO in June 2016, FLT secured new leases and lease renewals totalling 172,193 sq m, representing 13.1% of portfolio GLA. This includes the renewal of lease

for 57–71 Platinum Street, Crestmead in Queensland, which also included an asset enhancement through a 1,238 sq m expansion, as well as the installation of a 773 sq m awning among other building upgrades such as sustainability initiatives. Average rental reversions, comparing the new signing rents for new and renewed leases against the last payable rent, was negative 8.2% for the 12-month period ended 30 September 2017.

FLT maintained a high tenant retention rate of 94.4% for all leasing transactions from the date of IPO to 30 September 2017.

**172,193 sq m**

of new leases and lease renewals

**13.1%**

Total portfolio GLA leased / renewed

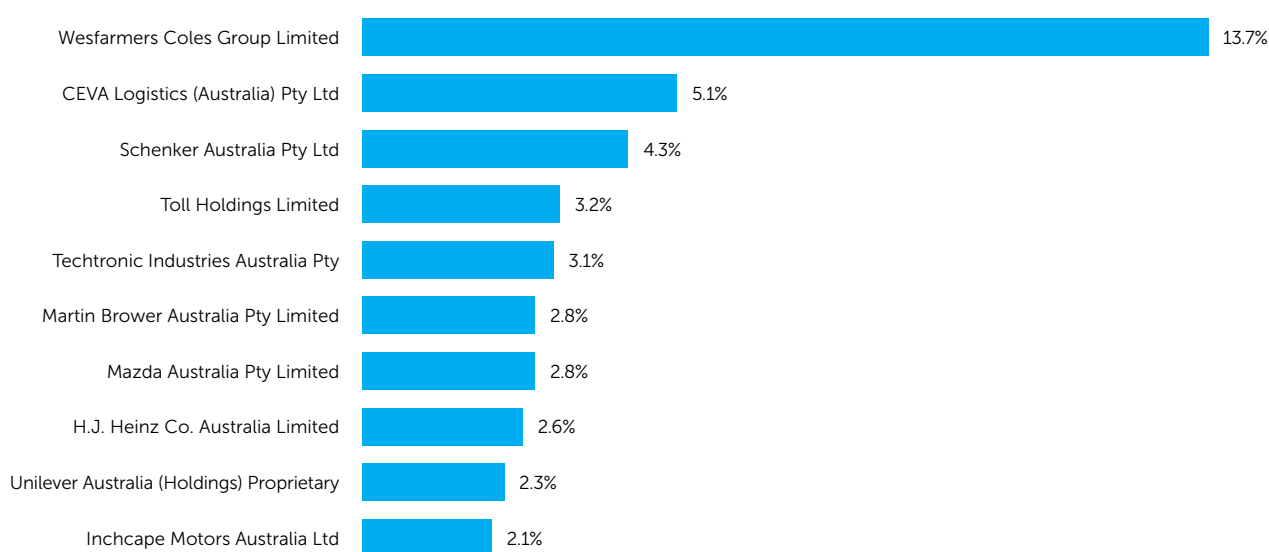
# OPERATIONAL REVIEW

## TENANT BASE

With a tenant base of around 71 well-reputed local, multinational and listed companies, FLT has a diversified and high quality tenant profile across a wide range of industries, from fast-moving consumer goods to logistics and manufacturing. As at 30 September 2017, the top 10 tenants collectively contributed 42.0% of GRI and only two tenants accounted for more than 5% of GRI. This contributes to income stability and diversity within FLT's portfolio.

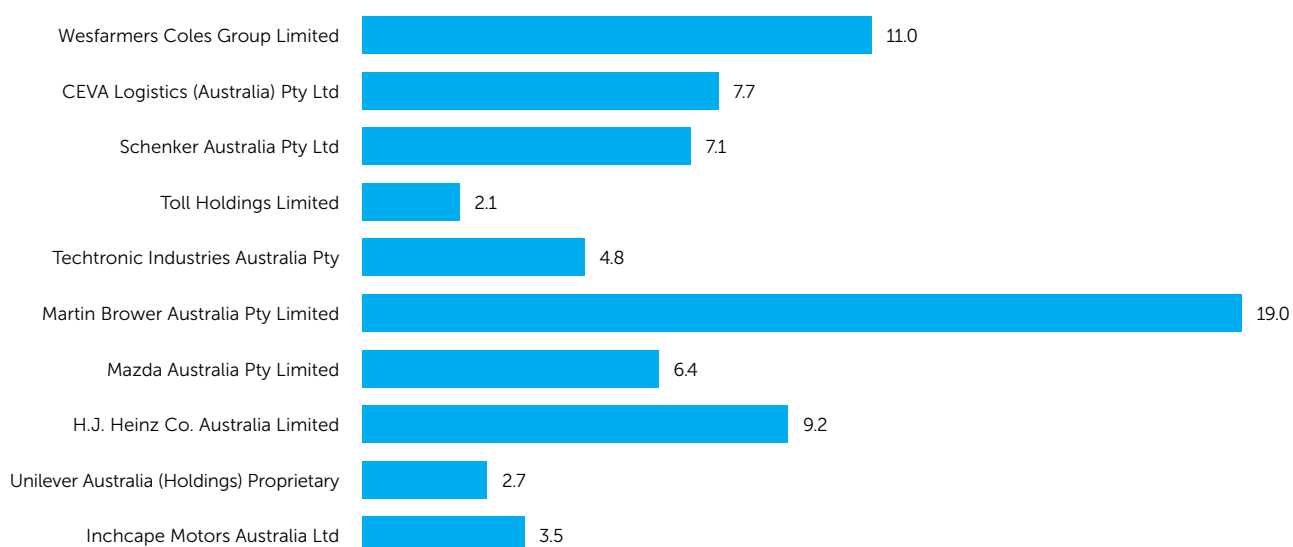
### FLT TOP 10 TENANTS BY GRI

(% FLT Gross Income)



### YEARS TO LEASE EXPIRATION OF TOP 10 TENANTS BY GRI

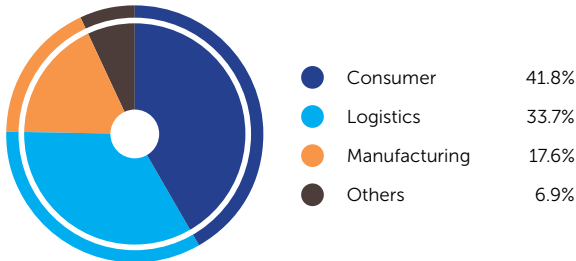
(Number of Years)





## BREAKDOWN OF TENANTS BY TRADE

(GRI for the month of September 2017)



"Others" includes Automotive, Postal, Retail, Service and Wholesale industries.

### Consumer Sector Tenants



### Logistics Sector Tenants



## COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

FLT has the highest rated Green Star performance rated industrial portfolio in Australia. Green Star performance rating is awarded by the Green Building Council of Australia (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 2017, approximately 66.1% of FLT's portfolio has obtained Green Star Performance Ratings. In addition, FLT's property at 1 Doriemus Drive, Truganina, Victoria, also became the first industrial property in Australia to achieve a 6 Star Green Star Design & As Built v1.1 certified rating from the GBCA.

As sustainability gains traction in the Australian real estate sector, having a Green Star performance rated portfolio helps to reduce ongoing occupancy costs, decrease building obsolescence and minimise vacancy downtime by assisting in retaining tenants at lease expiry and attracting new tenants, especially those using sustainability as a criteria in choosing their distribution centres.

Sustainability initiatives implemented by FLT include the installation of solar photovoltaic systems to generate renewable energy for on-site usage, as well as energy-



saving LED lighting and geothermal systems to maximise energy efficiency. Additionally, high efficiency water fittings, rainwater harvesting systems, stormwater treatment systems and drought-resistant landscaping are among the sustainability elements that have been incorporated to strengthen water conservation and management.

As a testament to FLT's commitment to environmental sustainability, FLT was named "Regional Sector Leader (Australia/New Zealand)" by the Global Real Estate Sustainability Benchmark (GRESB) in the 2017 Real Estate Assessment, which recognises real estate and infrastructure companies, funds and assets that have demonstrated outstanding leadership in sustainability. In addition to ranking first among Australian peers in the industrial space, FLT was also recognised as the leader among global industrial participants under the 'Health & Well-being' category, with a score of 93%.

# STRENGTHENING OUR PORTFOLIO

We proactively manage our assets and lease expiries with a view towards maintaining high occupancy rates, long WALE and a well-diversified tenant base.





AS AT 30 SEPTEMBER 2017:



**6.75** YEARS  
WALE



**99.4%**  
PORTFOLIO  
OCCUPANCY RATE





# PORTFOLIO OVERVIEW

As at 30 September 2017, FLT's portfolio comprises 61 logistics and industrial properties located in major industrial markets in Australia with strong connectivity to key infrastructure.

The majority of FLT's properties are located along Australia's eastern seaboard in Australia's three largest cities: Sydney, Melbourne and Brisbane. All properties in FLT's portfolio were developed by FPA, a subsidiary of FLT's sponsor, and most of the properties are situated within industrial estates developed by FPA.

## DIVERSIFIED PORTFOLIO OF

**61** QUALITY PROPERTIES  
ACROSS **5** STATES



### PERTH (WESTERN AUSTRALIA)

Properties: 1  
GLA: 20,143 sq m  
Valuation: A\$17.0m

### ADELAIDE (SOUTH AUSTRALIA)

Properties: 4  
GLA: 33,038 sq m  
Valuation: A\$33.7m

### MELBOURNE (VICTORIA)

Properties: 30  
GLA: 603,342 sq m  
Valuation: A\$741.7m

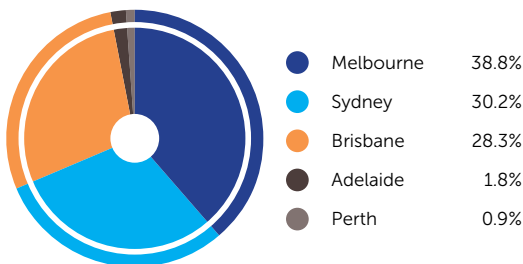
### SYDNEY (NEW SOUTH WALES)

Properties: 15<sup>1</sup>  
GLA: 405,471 sq m  
Valuation: A\$576.8m

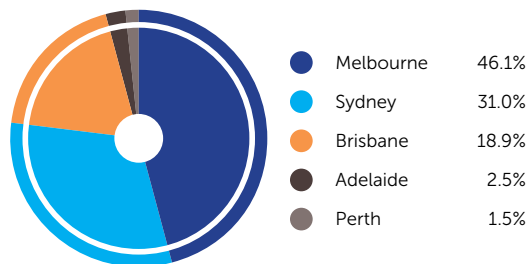
### BRISBANE (QUEENSLAND)

Properties: 11  
GLA: 247,891 sq m  
Valuation: A\$541.8m

### GEOGRAPHICAL BREAKDOWN (BY VALUATION)

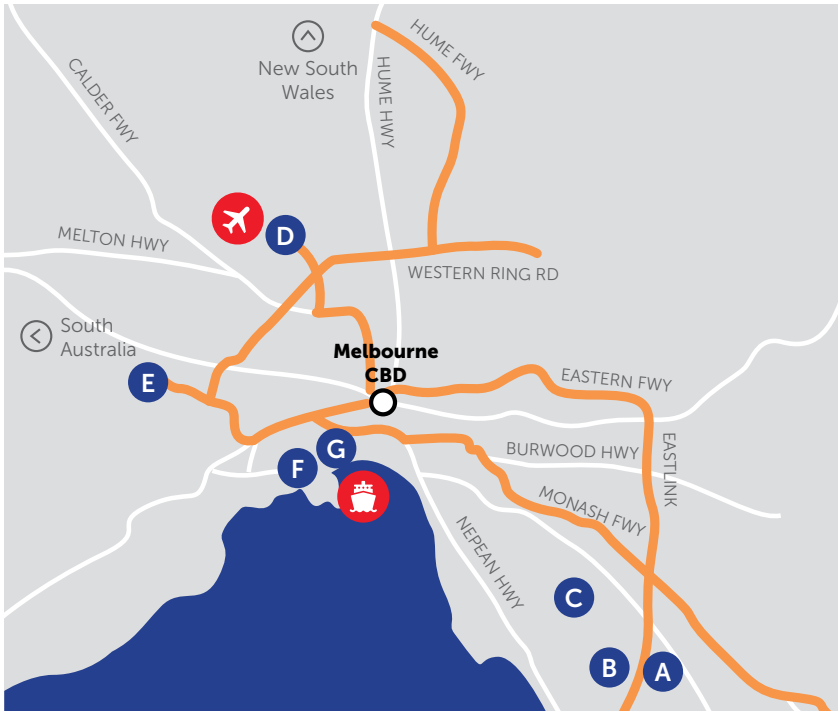


### GEOGRAPHICAL BREAKDOWN (BY GLA)



<sup>1</sup> 14 properties located in Sydney, 1 property located in Wollongong

## MELBOURNE, VICTORIA



TOTAL NO. OF PROPERTIES  
**30**

Melbourne is Australia's second largest city and has the largest container port by volume. According to the Australian Bureau of Statistics, the state of Victoria is currently experiencing strong population growth with an increase of 2.4% for the 12-month period to 31 March 2017. The FLT properties are predominantly located in Melbourne's west and south-east industrial precincts, servicing Melbourne's shipping port, airport and large south eastern residential population base.

### SOUTH EAST

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

#### Precinct Characteristics

- Excellent access to key motorways, including the EastLink and Monash Freeways
- Third-party logistics ("3PL"), retail and wholesale distribution centres for key brand name operators are located in this precinct

### NORTH

Location	No. of Properties
<b>D</b> Melbourne Airport Business Park	6

#### Precinct Characteristics

- Access to key freeways, including the Tullamarine Freeway, Citylink Tollway, and Western Ring Road, together with close proximity to the Tullamarine Airport
- New South Wales is accessible via the Hume Highway

### WEST

Location	No. of Properties
<b>E</b> West Park Industrial Estate	6

#### Precinct Characteristics

- Close to the Port of Melbourne and access to the M1 and M80 Western Ring Road
- Typically larger footprint industrial properties in this location

### CITY FRINGE

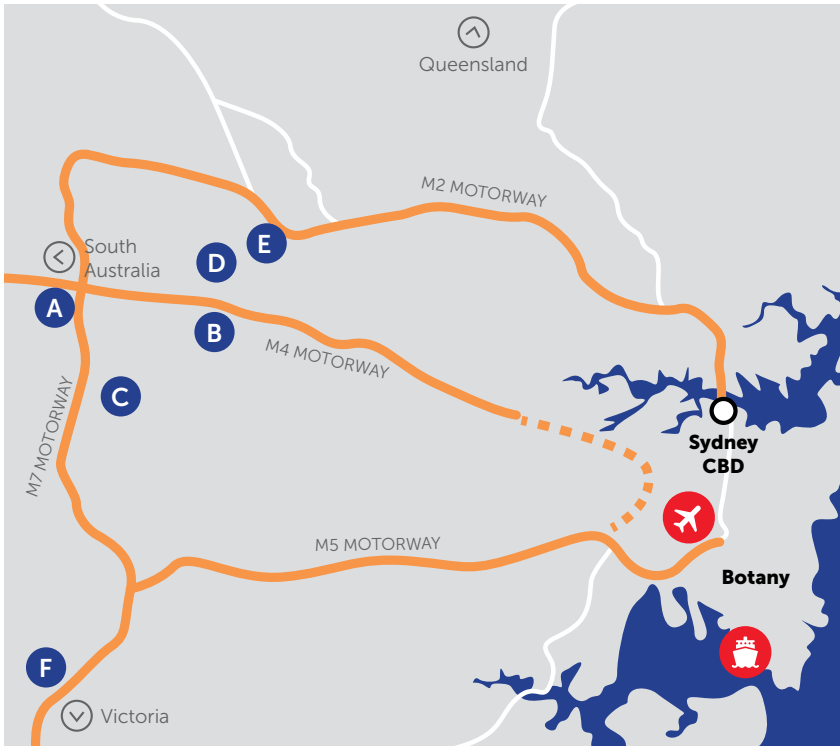
Location	No. of Properties
<b>F</b> Altona Industrial Park	1
<b>G</b> Port Melbourne	1

#### Precinct Characteristics

- Access to the M1 (Westgate Freeway) linking it to the West precinct
- Proximity to Melbourne CBD

# PORTFOLIO OVERVIEW

## SYDNEY, NEW SOUTH WALES



TOTAL NO. OF PROPERTIES  
**15**

Sydney is Australia's international gateway city and has Australia's largest population. Sydney is experiencing strong population growth and the economy is well supported by strong levels of government infrastructure spending. FLT's properties in Sydney are well-connected to major freeways, Sydney port and are able to service the growing population in the north west.

### OUTER CENTRAL WEST

Location	No. of Properties
<b>A</b> Eastern Creek	4
<b>B</b> Pemulwuy	2
<b>C</b> Wetherill Park	2

#### Precinct Characteristics

- Prime location with excellent access to key motorways, including the M7, M4 and M2 Motorways
- 3PL retail and wholesale distribution centres for key brand name operators are located in this precinct

### OUTER NORTH WEST

Location	No. of Properties
<b>D</b> Seven Hills	4
<b>E</b> Winston Hills	1

#### Precinct Characteristics

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

### OUTER SOUTH WEST

Location	No. of Properties
<b>F</b> Smeaton Grange	1

#### Precinct Characteristics

- Access to the M5 Motorway and South Sydney/Port, the Southern Sydney Freight Line and Moorebank Intermodal terminal

### PORT KEMBLA

Location	No. of Properties
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



## BRISBANE, QUEENSLAND



TOTAL NO. OF PROPERTIES

11

Primarily concentrated in the southern sub-market, FLT's properties in Brisbane enjoy good road linkages to the north, west and south to the Gold Coast residential population.

### 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

#### 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
I Queensport Road	1

#### Precinct Characteristics

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

### NORTHERN

Location	No. of Properties
J Earnshaw Road	1

#### Precinct Characteristics

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

# PORTFOLIO OVERVIEW

## ADELAIDE AND PERTH

In Adelaide, FLT's properties are located in major industrial clusters and in proximity to the Adelaide Airport, Port Adelaide and Adelaide's Central Business District. In Western Australia, FLT's property is situated within the Perth Airport Business Precinct with access to Perth Airport, Fremantle Port and Perth's Central Business District.

TOTAL NO. OF PROPERTIES

5

### SOUTH AUSTRALIA

Location	No. of Properties
Adelaide Airport	3
<b>Precinct Characteristics</b>	
<ul style="list-style-type: none"> <li>Proximity to Adelaide's CBD and Port Adelaide</li> <li>Location is within the Adelaide Airport Business Park</li> <li>Located within the Flinders Port district with access to Adelaide's CBD and Airport</li> </ul>	
Outer Harbor	1
<b>Precinct Characteristics</b>	
<ul style="list-style-type: none"> <li>Strategically located adjacent to Port Adelaide</li> </ul>	






### WESTERN AUSTRALIA

Location	No. of Properties
Perth Airport Business Precinct	1
<b>Precinct Characteristics</b>	
<ul style="list-style-type: none"> <li>Close to key infrastructure, including Perth Airport and Fremantle Port</li> <li>Easy access to Perth's CBD</li> </ul>	

# STRONG FUNDAMENTALS

We will continue to monitor the performance of our prime industrial portfolio closely so as to safeguard the interests of our Unitholders, while ensuring the sustainable development of FLT's business.



# PROPERTY PROFILES

(BY REGION)

## MELBOURNE, VICTORIA



Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2017 (A\$'million)	Purchase Consideration (A\$'million)	Tenant(s)	FP2017 Gross Revenue (A\$'million)
1 1-13 & 15-27 Sunline Drive, Truganina	100	26,153	Freehold	Apr 2011	30.0	28.9	<ul style="list-style-type: none"> <li>Arlec Australia Pty Ltd</li> <li>Freight Specialists Pty Ltd</li> </ul>	3.5
2 150-168 Atlantic Drive, Keysborough	100	27,272	Freehold	Aug 2011	36.0	35.8	<ul style="list-style-type: none"> <li>ESR Group Holdings Pty Ltd</li> <li>Tyres 4 U Pty Ltd</li> </ul>	4.2
3 16-32 South Park Drive, Dandenong South	100	12,729	Freehold	Apr 2009	14.0	13.8	<ul style="list-style-type: none"> <li>Australian Postal Corporation</li> </ul>	1.6
4 17 Pacific Drive & 170-172 Atlantic Drive, Keysborough	100	30,004	Freehold	Dec 2012	36.3	35.4	<ul style="list-style-type: none"> <li>BIC Australia Pty Ltd</li> <li>Chrisco Hampers Australia Ltd</li> </ul>	4.3
5 18-34 Aylesbury Drive, Altona	100	21,493	Freehold	Feb 2015	24.3	23.0	<ul style="list-style-type: none"> <li>Cosmic S&amp;S Pty Ltd</li> <li>Electrical Home-Aids Pty Ltd (trading as Godfreys)</li> </ul>	2.7
6 211A Wellington Road, Mulgrave	100	7,175	Freehold	Apr 2016	38.8	37.7	<ul style="list-style-type: none"> <li>Mazda Australia Pty Ltd</li> </ul>	4.3
7 21-33 South Park Drive, Dandenong South	100	22,106	Freehold	Nov 2005	24.5	23.9	<ul style="list-style-type: none"> <li>Caprice Australia Pty Ltd</li> </ul>	2.7
8 2-22 Efficient Drive, Truganina	100	38,335	Freehold	Mar 2015	44.0	42.0	<ul style="list-style-type: none"> <li>MaxiPARTS Pty Ltd,</li> <li>Schenker Australia Pty Ltd</li> <li>Toll Transport Pty Ltd</li> </ul>	4.5

## MELBOURNE, VICTORIA



Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2017 (A\$'million)	Purchase Consideration (A\$'million)	Tenant(s)	FP2017 Gross Revenue (A\$'million)
9 22-26 Bam Wine Court, Dandenong South	100	17,606	Freehold	Sep 2004	23.0	21.8	• BAM Wine Logistics Pty Ltd	2.6
10 42 Sunline Drive, Truganina	100	14,636	Freehold	Jun 2015	16.8	16.0	• Vermile Pty Ltd (trading as Austrans)	1.8
11 78 & 88 Atlantic Drive, Keysborough	100	13,495	Freehold	Nov 2014	16.8	17.2	• Adairs Retail Group Pty Ltd • Blue Star Group Australia Pty Ltd	2.0
12 468 Boundary Road, Derrimut	100	24,732	Freehold	Aug 2006	25.0	24.6	• CHEP Australia Ltd	2.9
13 49-75 Pacific Drive, Keysborough	100	25,163	Freehold	Dec 2011	30.0	29.1	• Horizon Global Ltd	3.3
14 610-638 Heatherton Road, Clayton South	100	8,387	Freehold	Feb 2008	18.0	20.5	• Metro Trains Melbourne Pty Ltd	3.8
15 63-79 South Park Drive, Dandenong South	100	13,963	Freehold	May 2004	15.3	16.5	• L&L Products Australia Pty Ltd	2.1
16 77 Atlantic Drive, Keysborough	100	15,095	Freehold	Aug 2015	19.3	18.9	• Miele Australia Pty Ltd	2.1
17 98-126 South Park Drive, Dandenong South	100	28,062	Freehold	Oct 2006	35.0	34.0	• Woolworths Limited	3.8
18 1 Doriemus Drive, Truganina	100	74,546	Freehold	Jun 2016	85.0	84.1	• CEVA Logistics (Australia) Pty Ltd	8.4



# PROPERTY PROFILES

(BY REGION)

## MELBOURNE, VICTORIA



Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2017 (A\$'million)	Purchase Consideration (A\$'million)	Tenant(s)	FP2017 Gross Revenue (A\$'million)
19 111 Indian Drive, Keysborough	100	21,660	Freehold	Jun 2016	33.2	32.5	• Astral Pool Australia Pty Ltd	3.0
20 43 Efficient Drive, Truganina	100	23,088	Freehold	Feb 2017	25.5	24.5	• CEVA Logistics (Australia) Pty Ltd	0.3
21 89-103 South Park Drive, Dandenong South	100	10,425	Freehold	Sep 2005	13.0	13.0	• Ecolab Pty Ltd	0.2
22 115-121 South Centre Road, Melbourne Airport	100	3,085	Leasehold (Expiring on 30 Jun 2047)	May 2008	4.7	5.7	• Prime Vigor Pty Ltd (trading as Jetstream Café) • Toll Transport Pty Ltd	1.2
23 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	4.9
24 17-23 Jets Court, Melbourne Airport	100	9,869	Leasehold (Expiring on 30 Jun 2047)	Mar 2009	8.2	7.9	• Eagle Lighting Australia Pty Limited • Smith & Staff Pty Limited	1.6
25 25-29 Jets Court, Melbourne Airport	100	15,544	Leasehold (Expiring on 30 Jun 2047)	Dec 2007	11.1	11.1	• Agility Logistics Pty Limited • Boeing Defence Australia Limited	2.1
26 28-32 Sky Road East, Melbourne Airport	100	12,086	Leasehold (Expiring on 30 Jun 2047)	Aug 2008	9.4	9.0	• Agility Logistics Pty Limited	1.7



## MELBOURNE, VICTORIA



	Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2017 (A\$'million)	Purchase Consideration (A\$'million)	Tenant(s)	FP2017 Gross Revenue (A\$'million)
27	38-52 Sky Road East, Melbourne Airport	100	46,231	Leasehold (Expiring on 30 Jun 2047)	Oct 2008	27.5	26.8	<ul style="list-style-type: none"> <li>Unilever Australia (Holdings) Proprietary Limited</li> </ul>	4.9
28	2-46 Douglas Street, Port Melbourne	100	21,803	Leasehold (Expiring on 30 Mar 2053)	Oct 2005	22.6	21.7	<ul style="list-style-type: none"> <li>Siemens Rail Automation Pty Ltd</li> <li>Toll Transport Pty Ltd</li> </ul>	4.6
29	29 Indian Drive, Keysborough	N.A.	21,854	Freehold	Nov 2017	18.8 <sup>1</sup>	31.1 <sup>2</sup>	<ul style="list-style-type: none"> <li>Stanley Black &amp; Decker Australia Pty Ltd</li> </ul>	–
30	17 Hudson Court, Keysborough	N.A.	21,200	Freehold	May 2018 (estimated)	9.6 <sup>1</sup>	29.7 <sup>3</sup>	<ul style="list-style-type: none"> <li>Clifford Hallam Healthcare Pty Limited</li> </ul>	–

1 Assessed based on the residual approach as these properties are under development as at 30 September 2017.

2 Based on aggregate acquisition amount as announced on 24 November 2017 when the property achieved its practical completion on 17 November 2017.

3 Comprises amount payable to the vendor under the development property contract of sale and the development agreement price payable to the developer under the development agreement on practical completion of the facility.

# PROPERTY PROFILES

(BY REGION)

## SYDNEY, NEW SOUTH WALES



Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2017 (A\$'million)	Purchase Consideration (A\$'million)	Tenant(s)	FP2017 Gross Revenue (A\$'million)
31 10 Stanton Road, Seven Hills	100	7,065	Freehold	Apr 2003	13.0	12.3	• CSR Building Products Limited	1.6
32 11 Gibbon Road, Winston Hills	100	16,625	Freehold	May 2015	41.5	38.5	• Tailored Packaging Pty Ltd • Toshiba International Corporation Pty Ltd	4.4
33 4-8 Kangaroo Avenue, Eastern Creek	100	40,543	Freehold	Dec 2013	76.1	72.3	• Schenker Australia Pty Ltd	7.7
34 6 Reconciliation Rise, Pemulwuy	100	19,218	Freehold	Apr 2005	33.4	31.8	• BJ Ball Pty Ltd	3.7
35 8 Distribution Place, Seven Hills	100	12,319	Freehold	May 2008	24.3	22.8	• Legend Corporate Services Pty Ltd	2.6
36 80 Hartley Street, Smeaton Grange	100	61,281	Freehold	Dec 1998	64.5	65.0	• Coles Group Limited	7.9
37 8-8A Reconciliation Rise, Pemulwuy	100	22,511	Freehold	Dec 2005	39.0	35.5	• Inchcape Motors Australia Limited • Metcash Limited	4.2
38 99 Station Road, Seven Hills	100	10,772	Freehold	Mar 2011	19.2	17.3	• RF Industries Pty Ltd	2.1

## SYDNEY, NEW SOUTH WALES



Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2017 (A\$'million)	Purchase Consideration (A\$'million)	Tenant(s)	FP2017 Gross Revenue (A\$'million)
39 7 Eucalyptus Place, Eastern Creek	100	16,074	Freehold	Dec 2014	29.3	27.4	• Freight & Distribution Management Systems Pty Limited; and FDM Warehousing Pty Limited	3.1
40 17 Kangaroo Avenue, Eastern Creek	100	23,112	Freehold	Jun 2015	42.3	35.8	• Fisher & Paykel Australia Pty Limited • Quatius Logistics Pty Ltd	4.0
41 21 Kangaroo Avenue, Eastern Creek	100	41,401	Freehold	Jul 2015	66.5	60.7	• Techtronic Industries Australia Pty Limited	6.7
42 8 Stanton Road, Seven Hills	100	10,708	Freehold	May 2002	16.7	16.0	• Yusen Logistics (Australia) Pty Limited	0.2
43 Lot 104 & 105 Springhill Road, Port Kembla	100	90,661	Leasehold (Expiring on 13 Aug 2049 <sup>4</sup> for Lot 104 <sup>4</sup> and 20 Aug 2049 <sup>4</sup> for Lot 105 <sup>4</sup> )	Aug 2009	24.5	26.6	• Inchcape Motors Australia Limited • Mazda Australia Pty Limited	5.0
44 1 Burilda Close, Wetherill Park	100	18,848	Leasehold (Expiring on 29 Sep 2106)	Sep 2016	63.5	58.2	• Martin Brower Australia Pty Ltd	4.1
45 Lot 1, 2 Burilda Close, Wetherill Park	100	14,333	Leasehold (Expiring on 14 Jul 2106)	Jul 2016	23.2	21.4	• RFD (Australia) Pty Ltd (trading as Survitec) • Phoenix Distribution (NSW) Pty Ltd (trading as Phoenix)	0.3

4 Includes six options to renew for 5 years each.

# PROPERTY PROFILES

(BY REGION)

## BRISBANE, QUEENSLAND



Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2017 (A\$'million)	Purchase Consideration (A\$'million)	Tenant(s)	FP2017 Gross Revenue (A\$'million)
46 10 Siltstone Place, Berrinba	100	9,797	Leasehold (Expiring on 19 Jun 2115)	Oct 2014	13.7	13.5	• Hankook Tyre Australia Pty Ltd	1.6
47 286 Queensport Road, North Murarrie	100	21,531	Leasehold (Expiring on 19 Jun 2115)	Sep 2004	37.3	35.8	• Laminex Group Limited	4.0
48 30 Flint Street, Inala	100	15,052	Leasehold (Expiring on 19 Jun 2115)	Jan 2013	25.2	24.9	• Isuzu Australia Limited	2.8
49 350 Earnshaw Road, Northgate	100	30,779	Leasehold (Expiring on 19 Jun 2115)	Dec 2009	55.0	50.7	• H.J. Heinz Co. Australia Limited	6.5
50 51 Stradbroke Street, Heathwood	100	14,916	Leasehold (Expiring on 19 Jun 2115)	Jun 2002	24.0	23.1	• B & R Enclosures Pty Ltd	2.9
51 55-59 Boundary Road, Carole Park	100	13,250	Leasehold (Expiring on 19 Jun 2115)	May 2004	16.3	15.3	• Goodyear & Dunlop Tyres (Aust) Pty Ltd	1.7
52 57-71 Platinum Street, Crestmead	100	19,299 <sup>5</sup>	Leasehold (Expiring on 19 Jun 2115)	Nov 2000	33.3	29.5	• Stramit Corporation Pty Limited	3.9
53 99 Sandstone Place, Parkinson	100	54,245	Leasehold (Expiring on 19 Jun 2115)	Nov 2008	243.0	232.7	• Coles Group Ltd.	23.7
54 99 Shettleston Street, Rocklea	100	15,186	Leasehold (Expiring on 19 Jun 2115)	Jan 2002	22.8	22.4	• Orora Limited	2.6
55 143 Pearson Road, Yatala	100	30,618	Leasehold (Expiring on 30 Aug 2115)	Jul 2016	37.3	36.7	• ACI Operations Pty Ltd (trading as O-I)	3.3
56 166 Pearson Road, Yatala	100	23,218	Freehold	Oct 2017	34.0 <sup>6</sup>	34.0 <sup>7</sup>	• Beaulieu of Australia Pty Limited	–

<sup>5</sup> To increase to 20,537 sq m (estimated) after completion of expansion works.

<sup>6</sup> Assessed based on the residual approach as this property was under development as at 30 September 2017.

<sup>7</sup> Based on aggregate acquisition amount as announced on 20 October 2017 when the property achieved its practical completion on 13 October 2017.

## ADELAIDE, SOUTH AUSTRALIA



Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2017 (A\$'million)	Purchase Consideration (A\$'million)	Tenant(s)	FP2017 Gross Revenue (A\$'million)
57 Lot 102 Coghlan Road, Outer Harbor	100	6,626	Freehold	Apr 2001	6.4	6.9	<ul style="list-style-type: none"> <li>JF Hillebrand Australia Pty Limited</li> <li>Qube Logistics (SA) Pty Ltd</li> </ul>	1.0
58 18-20 Butler Boulevard, Adelaide Airport	100	6,991	Leasehold (Expiring on 27 May 2097 <sup>8</sup> )	Dec 2007	8.0	8.3	<ul style="list-style-type: none"> <li>Thermo Gamma Metrics Pty Limited</li> </ul>	1.9
59 20-22 Butler Boulevard, Adelaide Airport	100	11,197	Leasehold (Expiring on 27 May 2097 <sup>8</sup> )	Aug 2009	10.5	11.7	<ul style="list-style-type: none"> <li>Agility Logistics Pty Limited</li> <li>TNT Australia Pty Ltd</li> </ul>	2.5
60 5 Butler Boulevard, Adelaide Airport	100	8,224	Leasehold (Expiring on 27 May 2097 <sup>8</sup> )	Sep 2008	8.8	8.7	<ul style="list-style-type: none"> <li>Australian Postal Corporation</li> <li>Adelaide Packaging Supplies Pty Ltd</li> <li>Herbalife Australasia Pty Limited</li> <li>JFC Australia Co Pty Ltd</li> </ul>	1.9

## PERTH, WESTERN AUSTRALIA



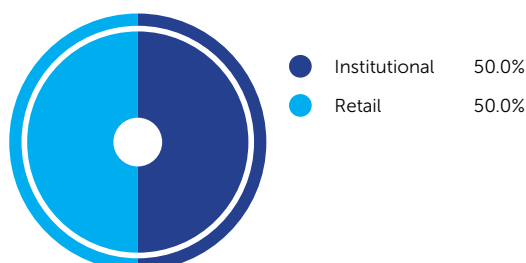
Property	Occupancy (%)	GLA (sq m)	Title	Completion Date	Valuation as at 30 Sep 2017 (A\$'million)	Purchase Consideration (A\$'million)	Tenant(s)	FP2017 Gross Revenue (A\$'million)
61 60 Paltridge Road, Perth Airport	52.6	20,143	Leasehold (Expiring on 3 Jun 2033)	Feb 2009	17.0	18.4	<ul style="list-style-type: none"> <li>Electrolux Home Products Pty Ltd</li> </ul>	3.1

8 Includes an option to renew for 49 years.

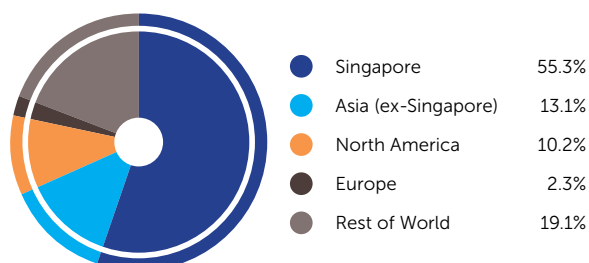


# INVESTOR RELATIONS

## UNITHOLDERS BY TYPE (As at 15 September 2017)



## UNITHOLDERS BY GEOGRAPHY (As at 15 September 2017)



### PROACTIVE AND TRANSPARENT COMMUNICATION

The Manager is committed to all FLT stakeholders and continues to foster strong relationship with all Unitholders and the financial and investment communities by engaging them in regular and transparent communications. Beyond just compliance to fulfil our disclosure duties, we seek to communicate proactively and allow existing and potential investors to make informed decisions.

We are heartened to have been awarded the runner-up accolade for the Most Transparent Company Award, New Issues Category, at the Securities Investors Association 17th Investors' Choice Awards 2016. The Company continues to adopt high standards of transparency and regularly reaches out to existing and potential investors, analysts, media and Unitholders through various communications channels and programmes such as the corporate website, corporate announcements, annual general meeting and outreach activities, throughout the year.

### MULTIPLE COMMUNICATIONS CHANNELS

#### Corporate Website

([www.fraserslogisticstrust.com](http://www.fraserslogisticstrust.com))

FLT's corporate website allows for easy access to comprehensive information on the REIT. Information such as stock data, SGX announcements, financial statements, news releases, presentation slides,

publications and other corporate developments are regularly updated to keep Unitholders and the general public abreast of the REIT's performance in a timely basis. From the information available on the corporate website, FLT also provides insights into its growth strategy and latest developments.

#### Corporate Announcements

All announcements, such as corporate developments, financial statements, news releases and presentation slides are posted on the corporate website following its release to the SGX to ensure prompt dissemination of information to Unitholders. FLT regularly publishes updates on its financials and operations in a clear, concise and factual manner.

#### Annual or Extraordinary General Meeting

From 2018 onwards, FLT will hold its Annual General Meeting ("AGM") every January in Singapore. Extraordinary General Meetings ("EGM") will be held, when required, to discuss specific issues. In July 2017, an EGM was held to seek Unitholders' approval on the proposed acquisition of seven industrial properties in Australia.

AGMs and EGMs serve as a platform for all Unitholders to interact with the Board of Directors and management of the REIT Manager, as well as to decide on the proposed resolutions. The AGM also allows the Manager to share with the Unitholders the strategic direction of the REIT and for the Board of Directors and management to address Unitholders' questions or concerns.



### Outreach Activities

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

We also hold regular face-to-face meetings with key investors, quarterly analyst teleconferences/briefings and investor luncheons as well as participate in investment

or industry conferences, corporate days and non-deal investor roadshows ("NDRs") in key financial centres.

During the period under review, FLT participated in three NDRs in Singapore, as well as three overseas NDRs in Europe, Hong Kong, and Malaysia.

Outlined below are some of the key investor engagement activities since FLT's listing on 20 June 2016 ("Listing") to 30 September 2017:

Date	Event
Oct 2016	SGX-CS Real Estate Corporate Day, Singapore
Nov 2016	Analysts' Results Teleconference for the financial period ended 30 September 2016 Post-results Luncheon and NDR, Singapore SGX-Nomura Corporate Day, Japan Morgan Stanley Asia Pacific Summit, Singapore
Feb 2017	Analysts' Results Teleconference for 1Q2017 Post-results Luncheon and NDR, Singapore SGX-REITAS Education Series, Singapore
May 2017	Analysts' Results Briefing for 2Q2017 Post-results Luncheon and NDR, Singapore Post-results Video Conference with Australian Investors dbAccess Asia Conference 2017, Singapore Fraser's Day 2017, Thailand REITs Symposium 2017, Singapore
Jul 2017	Investor Roadshow with DBS, Singapore Extraordinary General Meeting
Aug 2017	Analysts' Results Teleconference for 3Q2017 Post-results NDR, Malaysia C-Suite Singapore REITs & Sponsors Corporate Day 2017, Singapore Asean Yield Focus Corporate Day 2017, Japan

# INVESTOR RELATIONS

For the period under review, the Manager held approximately 270 meetings with investors and analysts globally.

Periodically, the Manager facilitates site visits to its key properties to help investors, analysts and the media better understand the REIT's portfolio.

The Manager was able to effectively reach out to both its existing and new investors to raise awareness and investor interest in FLT through this outreach programme and would strive to consistently improve on its ongoing stakeholder communications.

## FINANCIAL CALENDAR

Event/Activity	FP2017
Maiden results announcement	1 November 2016
Maiden distribution to Unitholders	15 December 2016
1Q results announcement	3 February 2017
2Q results announcement	5 May 2017
Interim distribution to Unitholders	23 June 2017
Extraordinary General Meeting	26 July 2017
3Q results announcement	28 July 2017
Advanced distribution to Unitholders	29 September 2017
4Q and FP2017 results announcement	2 November 2017
Final distribution to Unitholders	19 December 2017

Upcoming Events/Activities (Subject to changes by the Manager without prior notice)	FY2018
Annual General Meeting	25 January 2018
1Q results announcement	25 January 2018
2Q results announcement	4 May 2018
3Q results announcement	1 August 2018
4Q and FY2018 results announcement	2 November 2018

## ANALYST COVERAGE

The following brokerage houses provide research coverage on FLT as at 30 September 2017:

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

## FEEDBACK CHANNELS

The REIT also actively seeks investors' feedback by encouraging Unitholders to provide feedback or submit their enquiries to the Manager.

For enquiries or feedback on FLT, please contact:

Mr. Ng Chung Keat  
 Investor Relations Manager  
 Frasers Logistics & Industrial Asset Management Pte. Ltd.  
 Phone: (65) 6813 0583  
 Email: [ir@fraserslogisticstrust.com](mailto:ir@fraserslogisticstrust.com)  
 Website: [www.fraserslogisticstrust.com](http://www.fraserslogisticstrust.com)

# UNIT PERFORMANCE

## FLT UNIT PRICE PERFORMANCE<sup>1</sup>

For the period from Listing to 30 September 2017

IPO Price (S\$)	0.890
Closing Price (S\$) (29 Sep 2017)	1.070
High (S\$) (25 Jul 2017)	1.120
Low (S\$) (14 Nov 2016)	0.890
Total Trading Volume (million units)	1,407.157
Average Daily Trading Volume (million units)	4.370

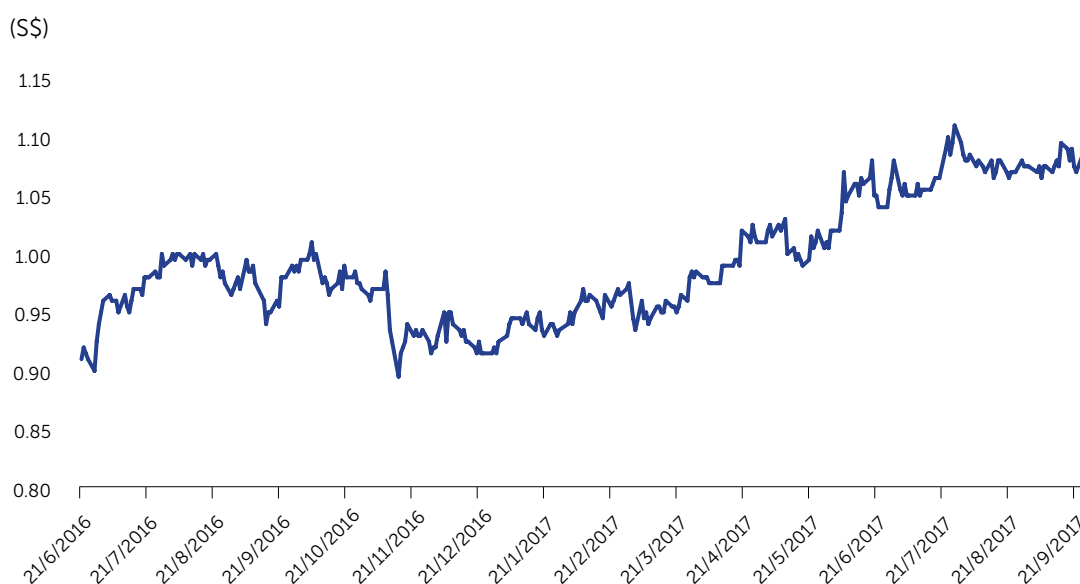
## FLT MONTHLY TRADING PERFORMANCE<sup>1</sup>

For the period from Listing to 30 September 2017

	Price (S\$) <sup>2</sup>	Trading Volume (million units) <sup>3</sup>		Price (S\$) <sup>2</sup>	Trading Volume (million units) <sup>3</sup>
Jun 16 (since IPO)	0.950	265.756	Feb 17	0.975	68.318
Jul 16	0.990	81.069	Mar 17	0.985	67.372
Aug 16	0.975	59.156	Apr 17	1.010	57.489
Sep 16	0.995	65.505	May 17	1.005	76.351
Oct 16	0.965	69.569	Jun 17	1.080	93.344
Nov 16	0.920	128.427	Jul 17	1.095	73.076
Dec 16	0.925	72.925	Aug 17	1.075	78.334
Jan 17	0.940	53.358	Sep 17	1.070	97.109

## FLT UNIT PRICE MOVEMENT<sup>1</sup>

For the period from Listing to 30 September 2017



<sup>1</sup> Source: Bloomberg LLP.

<sup>2</sup> Based on the closing price on the last trading day of the month.

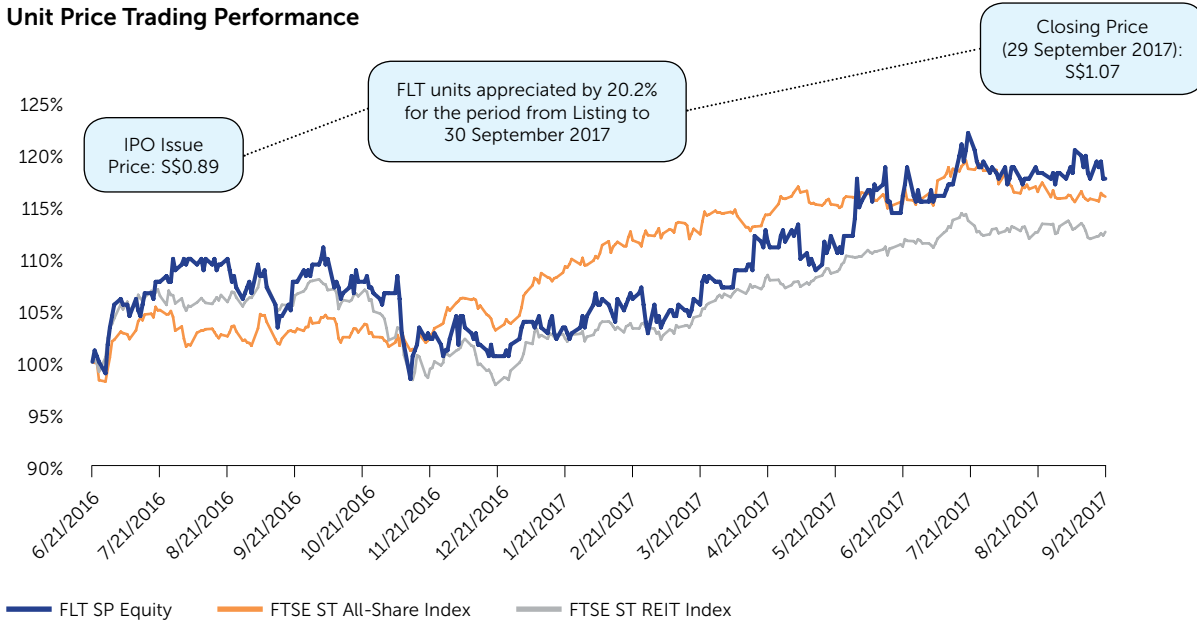
<sup>3</sup> Sum of trading volume in the respective months.

# UNIT PERFORMANCE

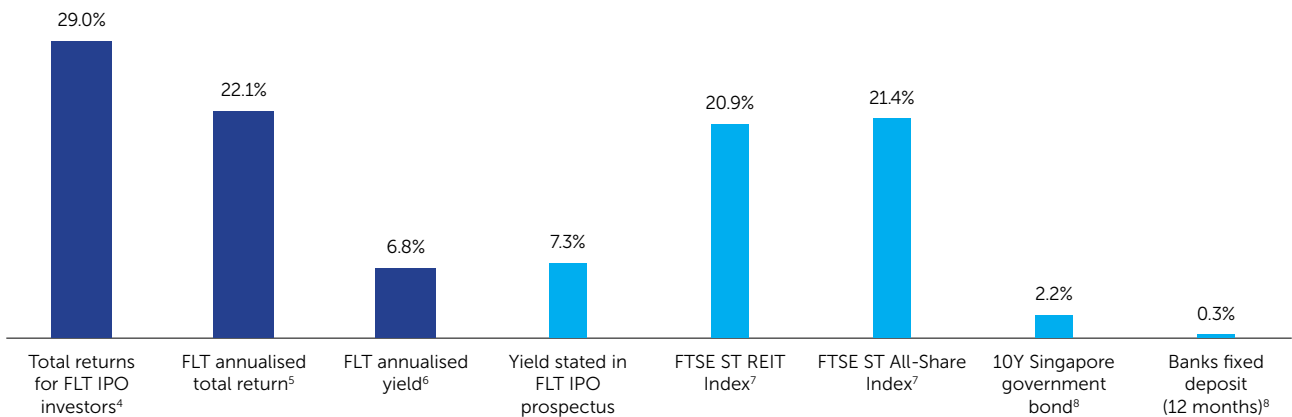
## FLT UNIT PRICE PERFORMANCE<sup>1</sup>

For the period from Listing to 30 September 2017 vs. major indices

### Unit Price Trading Performance



### COMPARATIVE YIELD RETURNS



4 FLT total return for period from Listing to 30 September 2017, calculated based on FLT's Closing Price of S\$1.07 on 30 September 2017, total distributions of 8.85 Singapore cents declared, and FLT's IPO price of S\$0.890. Calculation of total return assumed the distributions paid during the period are reinvested.

5 Annualised for the period from Listing to 30 September 2017.

6 Annualised for the period from Listing to 30 September 2017. Calculated based on FLT's Closing Price of S\$1.07 on 30 September 2017 and total distributions of 8.85 Singapore cents declared.

7 For the period from 20 June 2016 to 30 September 2017. Calculation of total return assumed the distributions paid during the period are reinvested.

8 Based on bond yields and rates published on the Monetary Authority of Singapore website as at 30 September 2017.

# 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](http://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

(from 1 October 2016)

### MR. PIYA TRERUANGRACHADA

(until 30 September 2016)

## TRUSTEE

### PERPETUAL (ASIA) LIMITED

(formerly known as The Trust Company (Asia) Limited)  
16 Collyer Quay #07-01  
Singapore 049318  
Phone: +65 6908 8203  
Fax: +65 6438 0255

## BANKERS

### CITIBANK N.A.

### DBS BANK LTD

### OVERSEA-CHINESE BANKING CORPORATION LTD

### UNITED OVERSEAS BANK LIMITED

# 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 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 Annual ERM validation exercise was held at the end of the financial period, where Management provided assurance to the ARCC Committee 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 review emerging risks.

## KEY RISKS IN FP2017

### Credit Risk

Credit risk is the potential financial loss resulting from customers not being able to meet the financial obligations of their lease. Credit evaluations are conducted on new tenants before the lease agreements are entered into and bankers' guarantees or security deposits are entered into with the leases. In order to mitigate credit risk, customer arrears are monitored by the property managers on a weekly basis. Arrears are reported on a monthly basis to the Board and REIT Trustee.

### 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 rate. 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 identifying asset KPIs which are reviewed monthly. The Manager also regularly reviews and assess 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 which earns Australian Dollars, while distributions are declared in Singapore Dollars. To mitigate this risk, FLT has in place a policy to hedge Singapore Dollar distributions to unitholders 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 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.





# SUSTAINABILITY REPORT

87

OUR REPORT

88

OUR SUSTAINABILITY  
COMMITMENT

90

THE YEAR  
AT A GLANCE

91

MANAGING  
SUSTAINABILITY

94

UPHOLDING GOOD CORPORATE  
CITIZENSHIP

95

CHANGING THE WAY WE LOOK  
AT NATURAL RESOURCES

100

INVESTING IN A WORKFORCE OF  
THE FUTURE

104

CREATING STRONG AND  
INTEGRATED COMMUNITIES

105

GIVING BACK  
TO SOCIETY



# OUR REPORT

## ABOUT THIS REPORT

This Sustainability Report provides information about our material issues, as well as our environmental, societal and governance (ESG) impacts.

This report covers the period from 1 October 2016 to 30 September 2017. We will be adopting the standards issued by Global Reporting Initiative (GRI). We have prepared this report in accordance with GRI Standards "Core", which supersede GRI G4 Guidelines, and include GRI G4's Construction and Real Estate Sector supplements.

## REPORT SCOPE

Data disclosed in this sustainability report relates to all properties owned by Frasers Logistics and Industrial Trust's ("FLT") which are located in Australia, and the staff of Frasers Logistics and Industrial Asset Management Pte. Ltd (the "Manager"), who are based in Singapore and Australia. Our data is reported in good faith and to the best of our knowledge.

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.

## 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](mailto:ir@fraserslogisticstrust.com)

# OUR SUSTAINABILITY COMMITMENT

## SUSTAINABILITY OVERVIEW AND STRATEGY



As the leading industrial landlord in Australia, it is our firm belief that sustainability goes hand in hand with business development strategies, as we seek to create meaningful long-term value for our stakeholders.

- Mr. Robert Wallace, CEO of the REIT Manager



As a leading industrial landlord in Australia, we operate responsibly and consider the needs of our stakeholders in everything we do. We recognise the importance of environmental and socio-economic sustainability, and in early 2017, introduced FLT's sustainability strategy and targets. These targets provide a clear and transparent framework to measure our sustainability performance.

The implementation of this strategy enables us to:

- Contribute where possible to minimise our carbon footprint.
- Continue the sustainability leadership position established for the portfolio.
- Future proof our assets.
- Reduce operating costs for customers and to assist in customer retention.



### OUR CHANGING WORLD DEMANDS A DIFFERENT APPROACH

"A Different Way" is how we talk about our vision for a more sustainable future. It is our commitment to creating properties where resources are reused, recycled and restored. It is where new ideas are fostered to support people and the planet, and where we take initiatives to create healthier workplaces for our people and customers.

To achieve our goals, we have focused "A Different Way" on three core areas, being (i) Progressive Thinking, (ii) People Focused and (iii) Restoring Resources. Each area is supported by goals and targets that form the basis of the sustainability strategy. 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.



## DEFINING OUR STRATEGY



### PROGRESSIVE THINKING

We will endeavour to make responsible decisions and 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, and create and scale our approach, so that we are constantly getting better and doing more.*



### PEOPLE FOCUSED

We will adopt 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.*

.....

We have developed a number of targets to ensure the success of our strategy, which are reviewed on an annual basis. Our targets are outlined on our website ([www.fraserslogisticstrust.com](http://www.fraserslogisticstrust.com)). Selected targets are highlighted in this report.

.....



# THE YEAR AT A GLANCE

## HIGHLIGHTS

### ESTABLISHED FLT'S SUSTAINABILITY STRATEGY AND TARGETS

*Took proactive steps to strengthen FLT's sustainability performance*



**PARTICIPATED FOR THE FIRST TIME**

IN THE 2017 REAL ESTATE ASSESSMENT BY GRESB<sup>1</sup>

RECOGNISED AS THE REGIONAL SECTOR LEADER FOR INDUSTRIAL (AUSTRALIA/NEW ZEALAND)  
**RANKED THIRD GLOBALLY**

**RANKED 1<sup>ST</sup>**  
IN THE HEALTH AND WELL-BEING CATEGORY AMONGST GLOBAL INDUSTRIAL PARTICIPANTS

FLT OWNS SOME OF THE FIRST ASSETS IN THE THREE KEY AUSTRALIAN CAPITAL CITIES TO ACHIEVE 6 STAR GREEN STAR RATINGS<sup>2</sup> FROM THE GREEN BUILDING COUNCIL OF AUSTRALIA (GBCA):

#### BRISBANE

**143 Pearson Road, Yatala**

First industrial facility in Queensland to achieve 6 Star Green Star Design v1.1 rating



#### MELBOURNE

**1 Doriemus Drive, Truganina**

First industrial facility in Australia to achieve 6 Star Green Star Design & As Built v1.1 rating



#### SYDNEY

**1 Burilda Close, Wetherill Park**

First industrial facility in New South Wales to achieve 6 Star Green Star Design v1.1 rating



1 Refers to Global Real Estate Sustainability Benchmark, the global ESG benchmark for real estate.

2 6 Star Green Star ratings represent world leadership in sustainable design, and is the highest available rating.



# MANAGING SUSTAINABILITY

## MANAGEMENT STRUCTURE

The Sponsor of FLT, Frasers Centrepoint Limited (“FCL” or the “Sponsor”), is one of the first real estate players to report on sustainability for both Sponsor and REIT levels, demonstrating how our support for sustainability runs throughout the brand. As a recently listed REIT, FLT not only joins the rest of our group (collectively, the “Frasers Group”) in reporting on sustainability, it also collaborates and supports the group on managing sustainability. The Frasers Group’s Sustainability

Steering Committee (“SSC”) provides guidance and drives our group corporate sustainability agenda in the business operations. The committee is chaired by the Sponsor’s CEO, Mr Panote Sirivadhanabhakdi, and comprises top management – the CEOs of all our business units including CEO of REIT Manager, Mr Robert Wallace. To ensure the progression of our sustainability efforts the SSC meets quarterly to review performance against each of our sustainability themes.

## STAKEHOLDER ENGAGEMENT

Our stakeholders provide us with important insights to our business. By connecting with and listening to them, we are better able to identify opportunities and reduce

risks. We use our regular interaction with them as inputs into how we determine the most material ESG factors for FLT to consider.

Stakeholder	Engagement method
Contractors/Supplier/Consultants	<ul style="list-style-type: none"> <li>Bilateral communication with our contractors, suppliers and consultants</li> <li>Regular safety briefings, site visits, safety declarations</li> </ul>
Tenants	<ul style="list-style-type: none"> <li>Bilateral communication and regular meetings</li> <li>Annual tenant survey</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Performance appraisals on an annual basis</li> <li>Training, including orientation programme for new staff</li> <li>Team building activities</li> <li>Intranet (in Australia and Singapore)</li> <li>Staff activities such as orientation day, family day, and staff conferences</li> </ul>
Investment Community	<ul style="list-style-type: none"> <li>Quarterly briefings</li> <li>Annual general meeting, extraordinary general meeting</li> <li>Investor conferences and roadshows (both local and overseas), tele/videoconferencing meetings</li> <li>Bilateral communication, one-on-one meetings and site tours</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>Social and community events</li> </ul>
Regulators / Non-governmental Organisations (NGOs)	<ul style="list-style-type: none"> <li>Participation in NGOs, including: REIT Association of Singapore (REITAS),GRESB and GBCA</li> </ul>

# MANAGING SUSTAINABILITY

## MATERIALITY

As part of our first sustainability reporting process, a materiality assessment was conducted to determine the material topics in relation to sustainability issues of FLT and those that affect our stakeholders. This materiality assessment process was based on the international standards for materiality, GRI and AA1000 principles, as well as the application of sector-specific guidance from the Global Real Estate Sustainability Benchmark (GRESB) and the GRI Construction and Real Estate Sector supplements.

Together with our Sponsor, we reviewed the materiality assessment process and aligned our material factors with the Sponsor. As landlords, our operational control over the day to day activities at our properties is limited. Therefore, our disclosure over Energy, Water and Health and Safety material factors differ from the rest of the Frasers Group.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations (UN) Sustainable Development Goals ("SDGs") are a set of 17 global goals that officially came into effect on 1 January 2016. The SDGs aims to reduce global inequalities, end all forms of poverty and tackle climate

change, while ensuring that no one is left behind. We have reviewed the SDGs against our material factors and business operations for relevance and have determined seven relevant goals that we can contribute meaningfully to.

Theme	Material factors	Relevant Sustainable Development Goals (SDGs)
Economic	1. Economic performance <sup>1</sup>	Goal 8: Decent work and economic growth Goal 9: Industry, innovation and infrastructure
Upholding Good Corporate Citizenship	2. Environmental Compliance 3. Anti-corruption 4. Ethical Marketing	Goal 17: Partnerships for the goals
Changing the way we look at Natural Resources	5. Energy Management <sup>2</sup> 6. Water Management	Goal 7: Affordable and clean energy Goal 9: Industry, innovation and infrastructure Goal 11: Sustainable cities and communities
Investing in a workforce of the future	7. Staff retention and development 8. Labour/management relations 9. Health and safety	Goal 3: Good health and wellbeing Goal 8: Decent work and economic growth Goal 10: Reduced inequalities
Creating Strong and Integrated Communities	10. Local Communities	Goal 9: Industry, innovation and infrastructure
Giving back to society	10. Local Communities	Goal 17: Partnerships for the goals

<sup>1</sup> Not covered in this section. Please refer to our annual report for further details.

<sup>2</sup> Although Energy and Water Management are material factors, due to our position as landlords, we do not have operational control over the use of energy and water in our properties. These factors are not disclosed in line with GRI.

In developing this report, we considered the GRI Principles of defining report content and quality:

<p><b>Stakeholder Inclusiveness</b></p> <p>We have a formal stakeholder engagement plan and also engages with them informally on a regular basis. See page 91 for details.</p>	<p><b>Sustainability Context</b></p> <p>We regularly refer to national and global agenda's such as the UN Sustainable Development Goals, GBCA and GRESB to keep our sustainability activities relevant.</p>	<p><b>Materiality</b></p> <p>Please refer to page 92 for details.</p>
<p><b>Completeness</b></p> <p>Our report encompasses all properties owned by FLT and staff at the Manager. See more on our report scope on page 87.</p>	<p><b>Balance</b></p> <p>We believe honesty and transparency breeds trust and respect, therefore, we have kept our report balanced and fair.</p>	<p><b>Comparability</b></p> <p>We refer to our peers, both for materiality and disclosures in order for our readers to compare our performance both over time and relative to other organisations.</p>
<p><b>Accuracy and Reliability</b></p> <p>We have various internal monitoring processes, including an internal audit function.</p>	<p><b>Timeliness</b></p> <p>We will report annually within four months of the end of our financial year.</p>	<p><b>Clarity</b></p> <p>Clarity allows readers to better understand the information disclosed.</p>

## INFLUENCING OUR SUPPLY CHAIN

Our supply chain consists of a number of service providers as well as suppliers of maintenance equipment for our assets. We have developed a target to develop a sustainable procurement guideline for

purchasing consumables to encourage sustainability and transparency in product specification. This is currently in progress.



# UPHOLDING GOOD CORPORATE CITIZENSHIP



## BEYOND COMPLIANCE

As a responsible corporate citizen, we believe in good corporate governance that goes beyond regulated compliance. Our high standard of governance drives good business, and we aim to maintain high standards of integrity, accountability and responsibility. We aim for zero incidents of non-compliance with environmental laws and regulations.

### PERFORMANCE DATA

<b>NO BREACH</b> OF ENVIRONMENTAL LAWS AND REGULATIONS	<b>ZERO CASES</b> WITH REGARDS TO BRIBERY AND CORRUPTION REPORTED	<b>ZERO INCIDENTS</b> of non-compliance with regulations and industry codes in relation to marketing communications for which fines were issued to the Company this year
---	--	---

## ENVIRONMENTAL COMPLIANCE

We have set a target for all new buildings owned by FLT to achieve a minimum rating of 5 star Green Star Design & As Built as awarded by the GBCA.

## CORPORATE POLICIES

The Manager believes that sustainability should be integral to the corporate governance policies of our business. As such, we strive to maintain high standards of integrity, accountability and responsible governance, 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:

Corporate Policies	Guidance on:
Code of Business Conduct	Company values, ethics and conduct in relation to compliance monitoring, record keeping, information confidentiality, conflicts of interest, insider trading, relations with key stakeholder
Whistle-Blowing Policy	Provide a channel for stakeholders to report concerns on improprieties in financial reporting, professional misconduct, irregularities or non-compliance with laws and regulations
Anti-Bribery Policy	Prevention and management of bribery and corruption
Competition Act Compliance Manual	Compliance with the Competition Act to protect and promote healthy competition within our markets
Personal Data Protection Act Policy	Compliance with the Personal Data Protection (PDP) Act 2012
Environment, Health and Safety Policy	Safeguard the health and safety of all relevant stakeholders and interested parties within its premises and providing an environmental friendly and safe place for them to work in and to conduct their business
Compliance Manual	Provides guidance on compliance with relevant rules and regulations
Policy on Dealing in Units of FLT and Reporting Procedures	Provides guidance with regard to dealings in FLT units by directors, officers and employees
Policy for Prevention of Money Laundering and Countering the Financing of Terrorism	Provides guidance so that employees of the Manager are aware of their obligations and responsibilities and meet the obligations under the relevant Prevention of Money Laundering and Countering the Financing of Terrorism regulations
Policy on Outsourcing	Provides guidance with regard to adopting sound risk management practices on outsourcing of services
Treasury Policy	Provides guidance on the management of treasury activities

# CHANGING THE WAY WE LOOK AT NATURAL RESOURCES

Relevant SDGs



## ENERGY MANAGEMENT

The Manager aligns its environmental goals with that of the Sponsor and supports group-level targets. However, as our properties are operated by the tenants, our control over the energy use within them is limited. Despite this, we believe there is still a part for us, as landlords, to play in improving the energy efficiency of our properties. We work closely with our tenants to help them to

improve their energy management and when assessing, maintaining and retro-fitting our properties, energy efficiency is a key consideration. In addition, in our various offices, we look for energy saving opportunities where possible, such as using laptops rather than PCs and 100% green power is purchased in the Melbourne and Sydney Frasers Property Australia (FPA) offices.

## PERFORMANCE DATA

<p><b>UNDERTOOK LED AND SOLAR PANEL ANALYSIS</b></p> <p>for existing properties and presented results to tenants and potential tenants</p>	<p>Completed the upgrade to LED lighting for <b>23% OF OUR PORTFOLIO THIS YEAR</b></p> <p>bringing the total percentage of properties with LED lighting to <b>43%</b></p>	<p><b>ON TRACK</b></p> <p>to achieve our target to undertake LED lighting upgrades and install solar PV panels across <b>25% OF THE PORTFOLIO BY AREA BY 2018</b></p>
--	---	---

### ENERGY EFFICIENT BUILDINGS

Green buildings are not just about winning awards, we believe an eco-efficient building provides value to our tenants and FLT. Eco-efficient buildings have lower occupancy costs, which saves costs for our tenants and makes our properties more desirable resulting in lower vacancy downtime. In addition, we initiate best practice maintenance procedures for landscaping and hard surfaces in line with the Green Star Performance requirements which benefits our unique ecosystem.

### 1 BURILDA CLOSE, WETHERILL PARK, NEW SOUTH WALES (THE "MARTIN BROWER PROPERTY")

This year, the Martin Brower Property achieved a 6 Star Green Star Design v1.1 rating from the GBCA. Sustainability systems and features include:



- On-site power is generated from a roof-mounted, 777kW solar photovoltaic system and metering enables the building manager to fine tune systems.
- Operational performance information is collated and accessed from a computer-controlled energy monitoring program that notifies of deviations from preset energy use targets.
- Outstanding water efficiency is achieved by harvesting rainwater with a total on site collection capacity of 550,000 litres for re-use within the refrigeration systems, toilets, irrigation and truck wash.
- LED lighting is automated. Warehouse lights have photo-electric controls that monitor the available natural light and respond accordingly, while office lights are equipped with light and movement sensors.



# CHANGING THE WAY WE LOOK AT NATURAL RESOURCES

## WATER MANAGEMENT

Water is a scarce resource in Australia and we continue to improve our property's water management. Like energy use, as landlords, we have little control over the day-to-day behaviors of our tenants, however, we are embarking on water audits of our properties in order to identify opportunities for water conservation and reuse.

### PERFORMANCE DATA

**CURRENTLY UNDERTAKING WATER CONSERVATION AND REUSE FEASIBILITY STUDIES**

for our most water usage intensive sites

**TARGET - TO COMPLETE WATER CONSERVATION AND REUSE FEASIBILITY STUDIES**

for our most water usage intensive sites by 2018

## GREEN BUILDINGS

### AWARD WINNING PORTFOLIO

We have the highest rated industrial Green Star performance rated portfolio in Australia:

#### Green Star Industrial Design & As Built v1.1 with 6 stars:

- 1 Doriemus Drive, Truganina, Victoria



#### Green Star Industrial Design v1.1 with 6 stars:

- 4 – 8 Kangaroo Avenue, Eastern Creek, New South Wales
- 1 Burilda Close, Wetherill Park, New South Wales
- Lot 1, 2 Burilda Close, Wetherill Park, New South Wales
- 143 Pearson Road, Yatala, Queensland



#### Green Star Industrial Design v1.1 with 5 stars:

- 150-168 Atlantic Drive, Keysborough, Victoria
- 211A Weillington Road, Mulgrave, Victoria



## WATER EFFICIENT BUILDINGS

When it comes to water use, we are committed to understanding our impact in greater detail. We have set ambitious targets to enable us to rethink our approach to water use and reuse. Thus we have engaged an external consultant to undertake water conservation and reuse feasibility studies for our most water usage intensive sites. The process began in October 2017 and we expect results later in the year.

## CAPTURING AND RECYCLING WATER

We use recycled water for non-portable applications such as irrigation, washing, water features and cooling towers across our portfolio. For cooling towers, we use water treatment systems that can achieve at least seven cycles of concentration. Rainwater is collected in on-site storage tanks and used for landscaping irrigation, external wash points and flushing toilets, benefiting in reducing mains water use and cost.



Overall,

**60 TENANCIES**

across

**46 PROPERTIES**

have achieved **Green Star Performance ratings**, with a further 10 properties under design review.



We were named the Australia/New Zealand Regional Sector Leader 2017 for Industrial by GRESB in the 2017 Real Estate Assessment:



### RANKINGS:

**1st**  
Industrial  
—  
Australia/  
New Zealand

**3rd**  
Industrial  
—  
Listed  
(Global)

Health and  
Wellbeing  
**1st**  
Global  
—  
Industrial



# CHANGING THE WAY WE LOOK AT NATURAL RESOURCES

## SUSTAINABLE DESIGN AND TECHNOLOGY

Our business success rests on our underlying assets. We strive for continual improvement in our properties to better serve our customers and get ahead of the competition and we believe that sustainable design and technology helps us to do that. Innovation will help us reduce risks and create tangible benefits for everyone.

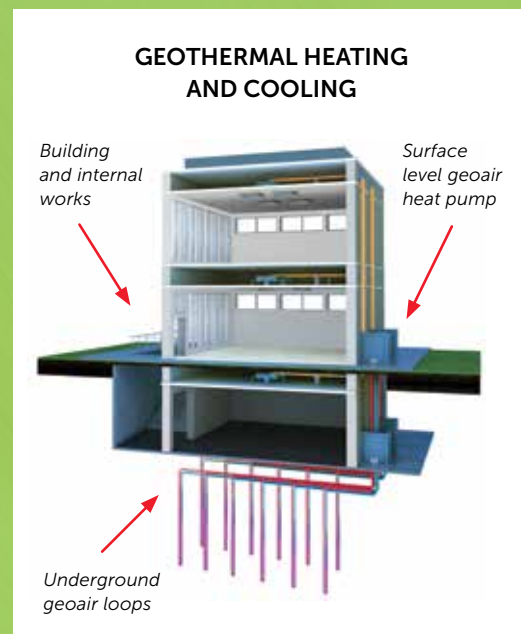
### INVESTING IN RENEWABLE ENERGY GENERATION

We believe investing in alternative sources of energy is a priority for reducing the energy demand of industrial properties. Renewable energy has both benefits for the planet as well as providing savings for the operations of our buildings. One example of our investment into renewable energy generation is at the property located at 1 Doriemus Drive, Truganina, Victoria.

- Installed a 300kW Solar PV system, which has resulted in savings of A\$22,927 on energy since operations began in December 2016
- Efficient LED lighting and daylight controls throughout the property is expected to generate over A\$300,000 in operational energy costs annually, as compared to a conventional facility.
- Rainwater collection and reuse system which feeds the landscape irrigation and toilet flushing
- Active transport facilities including bike racks, showers and lockers for staff
- A whole life cycle assessment of the embodied carbon was completed, which allowed us to make design changes to reduce embodied carbon by 71%.

### INTEGRATING GEOTHERMAL HEATING AND COOLING SYSTEMS

Geothermal heating and cooling systems take advantage of the stable temperature underground using a piping system. They transfer heat to and from the earth via water pipes, rather than using fossil fuels to cool or heat the air. This system also reduces and eliminates the necessity for refrigerants in heating and cooling. We have currently integrated geothermal heating and cooling in the base design of two properties, which are located at 17 Kangaroo Avenue, Eastern Creek, New South Wales and Lot 1, 2 Burilda Close, Wetherill Park respectively.



## CREATING AWARENESS

### FRASERS ENVIRONMENT MONTH, MARCH

During the Frasers Group's Environment Month held in March 2017, employees participated in a series of workshops, engagement sessions, educational tours, and an on-site coastal clean-up. These programmes hope to increase the awareness about upcycling and recycling, water sustainability as well as the conservation of resources. We seek to educate and engage our employees, to encourage them to reduce their environmental impacts at work and at home through our internal engagement events, including: EnviroWeek, World Green Building Week, Clean Up Australia Day and Tree Day.

### WORKING WITH OUR TENANTS

We work closely with our tenants to encourage good energy management. We request and analyse their energy usage data and discuss this usage with management. We captured 96% of our tenants' electricity usage data, 97% of their gas usage data and 85% of their water 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.

### WORKING WITH TRADE ASSOCIATIONS

As part of the Frasers Group, we are involved in several leading trade associations:

- Member of the Singapore Green Building Council (SGBC)
- Member of the GBCA
- United Nations Global Compact (UNGC) Principles
- Global Compact Network of Singapore (GCNS)
- The Principles for Responsible Investing (PRI)
- GRESB
- The Conference of the Parties (COP) 21
- ISO 14001 Environmental Management
- Occupational Health and Safety Assessment Series (OHSAS) 18001
- Workplace Safety and Health Council (WSHC), Singapore
- City Switch
- Member of the Real Estate Developers' Association of Singapore (REDAS)
- Member of Securities Investors Association (Singapore) ("SIAS")

# INVESTING IN A WORKFORCE OF THE FUTURE

Relevant SDGs



## KNOWING OUR PEOPLE

The Manager is made up of a lean team of highly experienced and skilled individuals. The success of FLT is dependent on the abilities of the Manager's employees. Therefore, we cultivate a workplace that is diverse, inclusive, safe and promotes a healthy active lifestyle in order to support, nurture and instill a sense of pride and loyalty. We have a total of 18 employees as of 30 September 2017.

### PERFORMANCE DATA (AS AT 30 SEPTEMBER 2017)

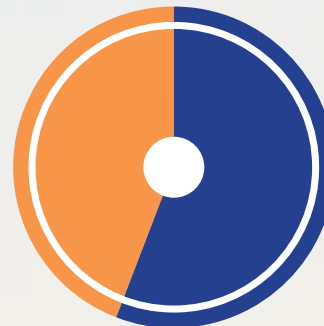
ACHIEVED TARGET OF HAVING A MINIMUM OF AT LEAST 40% FEMALE STAFF

RATIO OF STAFF – GENDER



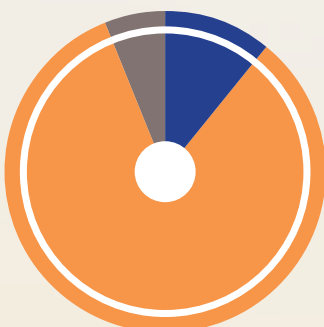
● Male 33%  
● Female 67%

RATIO OF STAFF – COUNTRY



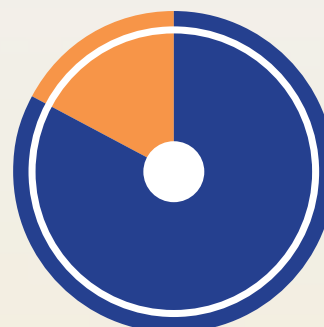
● Singapore 56%  
● Australia 44%

RATIO OF STAFF – AGES



● <30 11%  
● 30 – 50 83%  
● >50 6%

RATIO OF STAFF – TYPE

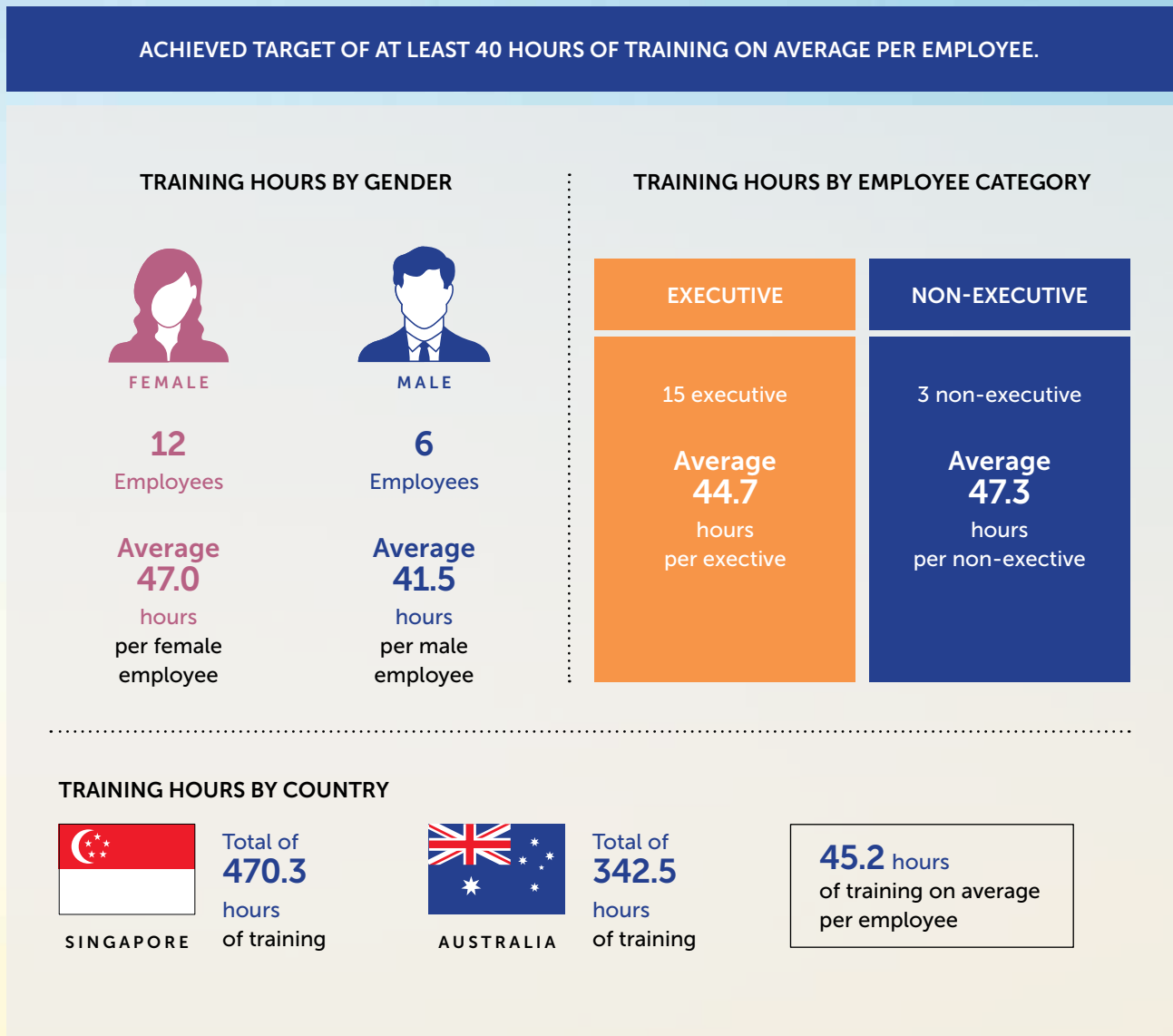


● Executive 83%  
● Non-Executive 17%



# NURTURING TALENT

## PERFORMANCE DATA<sup>1</sup>



<sup>1</sup> Data includes two new employees who joined in September 2017.

# INVESTING IN A WORKFORCE OF THE FUTURE

Having a diverse talent pool encourages growth, innovation and inclusivity, all of which contribute positively to FLT's business performance. As a part of the Frasers Group's commitment to adopt fair employment practices, the Sponsor became a signatory of Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) in Singapore and also a member of Singapore National Employer Federation. Thus FLT is also

committed and is guided by these principles. We also adopt FCL'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.

## IN-HOUSE TRAINING

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 across our business.

Training and development initiatives for our employees are undertaken by Frasers Group's HR department. The HR Learning Directory, which is available on the Frasers Group intranet, features training courses ranging from general skills and stress management, to job specific skills. Employees may also request specific training courses.

It is also vital that our employees are kept up-to-date with our policies and procedures. All new employees are provided the Code of Business Conduct and updates are also made available to all staff through the Frasers Group intranet. All staff are trained in sustainability, to create awareness and build competence. Our staff have been trained on GRESB and Green Star Performance, as well as receive regular training on new technologies and initiatives that are available within the marketplace. They are supported at all times by two dedicated sustainability professionals employed by the Sponsor.

To encourage more awareness in our future leaders, we train all relevant staff in sustainability and target a high GRESB rating. Green Star performance training was undertaken in 2016 and regular presentations on new initiatives and technologies such as solar, Skycool and thermoX are arranged.

## HEALTH, SAFETY AND WELLBEING

Our staff can occasionally be exposed to health and safety risks in the workplace and we believe in everyone's right to a safe working environment. We implement workplace safety management systems across key business operations to identify and control hazards, monitor performance and identify areas for

improvement. In addition, we believe in a balance of work and personal life and we feel that employees can perform better when they feel satisfied and comfortable in their jobs. As well as our own activities, the Manager's employees take part in activities as organised by the Frasers Corporate Wellness Committee.

### 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 aim for 80% staff participation and we encourage our customers to join in this initiative as well.

### INDOOR ENVIRONMENT QUALITY (IEQ)

We require all our industrial assets to have annual IEQ assessments based on Green Star Performance indicators. IEQ measurements have commenced in Victoria, where we have assessed 47% of the portfolio. We plan to commence assessments in New South Wales and Queensland at the end of 2017. Understanding the indoor environment quality of our properties allows us to create healthier and more productive workplaces.

### STAFF ENGAGEMENT

On 18 June 2017, the Frasers Group organised an outing to Universal Studios Singapore as a part of our annual Family Day event to foster greater family bonds. Employees and their families were treated to a day of thrills and delights, enjoying the exhilarating rides around the park. Besides spending time with their families, employees were able to connect with their colleagues in a different environment.

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.

# CREATING STRONG AND INTEGRATED COMMUNITIES

Relevant SDG



## BUILDING CUSTOMER CONFIDENCE

### PERFORMANCE DATA



**No Breaches Of Health And Safety Regulations In Regards To Our Building Users**

At FLT, our priority is to create 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 a high quality of health and safety at all times.



**No Major Safety Incidents Across Our Portfolio**

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 GBCA.



**Plan To Focus On Increasing Our Terrorism Incident Planning Over The Next 12 Months**

### ANNUAL TENANT SURVEY

Our tenants are our customers, and in order to enhance their experience, we engage with them regularly to assess their satisfaction with our properties and service and where improvements 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.

#### 2016 TENANT SURVEY KEY HIGHLIGHTS

**86.0%**

Combined Excellent and Good ratings on property manager's performance. Tenants specifically commented that responses of the property manager to their calls were good.

**89.1%**

Combined Excellent and Good ratings in property presentation, with garden maintenance performance requiring the most attention.

**77.1%**

of tenants surveyed were happy with the responsiveness of maintenance contractors arranged.

**72.0%**

Combined Excellent and Good ratings on operation managers.

#### 2016 TENANT SURVEY KEY SUSTAINABILITY FINDINGS

With regard to sustainability initiatives, tenants were generally interested in investigating opportunities to further enhance the environmental performance of the property which we are working with tenants to achieve. Finally, in general, tenants were satisfied with our environmental and sustainability management. We will continue to engage with our tenants to gather feedback and aim to work on the areas in which they indicated improvements were needed.



# GIVING BACK TO SOCIETY

Relevant SDG



At FLT, we align our Community Investment principles with the Sponsor's and we shape our efforts around the theme of 'Wellness'. We aim to enhance the wellness of the minds, hearts, spirits and bodies of our communities as well as contribute to the wellness of our chosen charitable causes.

In 2017, the Manager's staff took part in community investment activities organized by the Frasers Group. Two of these are highlighted here.



## THE MELBOURNE 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 the 30 – 60km challenge along the Australian coastline, getting fit while raising money to transform lives. The walk involves several months of planning, preparation and training. Six teams of Frasers staff, including two of the Manager's staff members, joined the Melbourne challenge on the 26th May 2017. Our six teams raised A\$38,856 for the Foundation through their participation in the walk, which was supported by FPA.



## THE BIG UMBRELLA "A REAL MEAL"

The Manager's staff joined FPA staff to volunteer at Melbourne's on-street soup station, The Big Umbrella, on 8 February 2017. 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. FPA participates in this event on a regular basis and received a certificate of appreciation from The Big Umbrella for its participation over the last 12 months.





# GRI INDEX

GRI Standards (2016)		Notes/Page number(s)
<b>General Disclosures</b>		
<b>Organisational Profile</b>		
102-1	Name of the organisation	Frasers Logistics and Industrial Trust (FLT) Report Scope (Pg 87)
102-2	Activities, brands, products, and services	Report Scope (Pg 87), Highlights (Pg 90), About Frasers Logistics & Industrial Trust (Pg 1)
102-3	Location of headquarters	Corporate Information (Pg 83)
102-4	Location of operations	Report Scope (Pg 87), Corporate Information (Pg 83)
102-5	Ownership and legal form	About Frasers Logistics & Industrial Trust (Pg 1), Group Structure (Pg 5)
102-6	Markets served	Report Scope (Pg 87), About Frasers Logistics & Industrial Trust (Pg 1), Portfolio Overview (Pg 64)
102-7	Scale of the organisation	About Frasers Logistics & Industrial Trust (Pg 1), Knowing Our People (Pg 100), Financial Statements (Pg 134)
102-8	Information on employees and other workers	Knowing Our People (Pg 100) All activities are carried out by employees of the Manager of FLT All our staff are permanent and full-time
102-9	Supply chain	Influencing Our Supply Chain (Pg 93)
102-10	Significant changes to organisation and its supply chain	Listed on the SGX-ST on 20 June 2016
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	Creating Awareness (Pg 99), Giving back to society (Pg 105)
102-13	Membership of associations	Creating Awareness (Pg 99)
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Our Sustainability Commitment (Pg 88)
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	Beyond Compliance (Pg 94), Corporate Policies (Pg 94)
<b>Governance</b>		
102-18	Governance structure	Management Structure (Pg 91),
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Stakeholder Engagement (Pg 91)
102-41	Collective bargaining agreements	There are no collective bargaining agreements in place

GRI Standards (2016)		Notes/Page number(s)
<b>General Disclosures</b>		
<b>Stakeholder Engagement</b>		
102-42	Identifying and selecting stakeholders	Stakeholder Engagement (Pg 91)  <i>(We have selected these Stakeholders based on their interests in our business.)</i>
102-43	Approach to stakeholder engagement	Stakeholder Engagement (Pg 91)
102-44	Key topics and concerns raised	Stakeholder Engagement (Pg 91)
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Notes to Financial Statements (Pg 151)
102-46	Defining report content and topic Boundaries	About This Report (Pg 87), Report Scope (Pg 87)
102-47	List of material topics	Materiality (Pg 92)
102-48	Restatements of information	As this is our first sustainability report, this is not relevant for us
102-49	Changes in reporting	About This Report (Pg 87)
<b>Reporting Practice</b>		
102-50	Reporting period	About This Report (Pg 87)
102-51	Date of most recent report	This is our first sustainability report
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	Report Scope (Pg 87)
102-54	Claims of reporting in accordance with GRI Standards	About This Report (Pg 87)
102-55	GRI content index	GRI Index (Pg 106-108)
102-56	External assurance	We have not sought external assurance on this data, however we intend to review this stance in the future.
<b>Management Approach</b>		
103-1	Explanation of the material topic and its boundary	Materiality (Pg 92), Managing Sustainability (Pg 91-93), Upholding Good Corporate Citizenship (Pg 94), Changing the Way We Look at Natural Resources (Pg 95-99), Investing in a Workforce of the Future (Pg 100-103) The boundaries of all our material topics are internal, except for customer health & safety and local communities which are both internal and external.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

# GRI INDEX

GRI Standards (2016)		Notes/Page number(s)
<b>Material Topics</b>		
<b>Economic Performance</b>		
201-1	Direct economic value generated and distributed	Financial Statements (Pg 134)
<b>Anti-corruption</b>		
205-3	Confirmed incidents of corruption and actions taken	Beyond Compliance (Pg 94)
<b>Environmental Compliance</b>		
307-1	Non-compliance with environmental laws and regulations	Beyond Compliance (Pg 94)
<b>Employment</b>		
401-1	New employee hires and employee turnover	Nurturing Talent (Pg 101)
<b>Labor/Management Relations</b>		
402-1	Minimum notice periods regarding operational changes	This is currently not covered in group-wide collective agreements. The notice period varies
<b>Occupational Health and Safety</b>		
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
<b>Training and Education</b>		
404-1	Average hours of training per year per employee	Nurturing Talent (Pg 101)
404-2	Programs for upgrading employee skills and transition assistance programs	Nurturing Talent (Pg 101)
404-3	Percentage of employees receiving regular performance and career development reviews	Nurturing Talent (Pg 101)
<b>Local Communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Sharing Our Resources" with "Stakeholder Engagement (Pg 91), Giving Back to Society (Pg 105)
<b>Marketing and Labelling</b>		
417-3	Incidents of non-compliance concerning marketing communications	Beyond Compliance (Pg 94)

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

Frasers Logistics & Industrial Trust (“**FLT**”) is a real estate investment trust (“**REIT**”) listed on the Main Board 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 Centrepoint Limited (“**FCL**”).

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 Unitholders, including pursuing sustainable growth and enhancing the value of FLT. The Manager sets the strategic direction for FLT. This includes making recommendations to 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 of FLT (“**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. FLT was listed on SGX-ST on 20 June 2016 and this CG Report covers the corporate governance practices and activities of the Manager from the date of listing to 30 September 2017 (“**FP2017**”).

## 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 2017 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 has entered into any service contract directly with FLT.

# CORPORATE GOVERNANCE REPORT

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

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, 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 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. This includes visits to the various properties in the FLT portfolio or for potential acquisitions. 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.

The Board is regularly updated on new developments in laws and regulations or changes in regulatory requirements and financial reporting standards which are relevant to or may affect the Manager or FLT. During FP2017, the Board was briefed and updated on changes to the Companies Act and changes to the auditors' report.

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.

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.



# CORPORATE GOVERNANCE REPORT

The number of Board and ARCC meetings held during FP2017 and the attendance of Directors at these meetings are set out below:

	Board	ARCC	NRC <sup>(1)</sup>
<b>Meetings held for FP2017</b>	<b>6</b>	<b>5</b>	<b>Nil</b>
<b>Attendance of Directors at Meetings</b>			
Mr Ho Hon Cheong	6	5	–
Mr Goh Yong Chian	6	5	–
Mr Paul Gilbert Say	6	5	NA
Mr Panote Sirivadhanabhakdi	6	NA	–
Mr Lim Ee Seng	6	NA	NA
Mr Michael Bowden Newsom	6	NA	NA

**Note:**

<sup>(1)</sup> Matters during FP2017 requiring the NRC's approval were dealt with via circular resolutions.

## Principle 2: Board Composition and Guidance

For FP2017, 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 FP2017, 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.

<sup>1</sup> The first NRC meeting was held after FP2017.

# CORPORATE GOVERNANCE REPORT

## 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 the proposed Regulations 13D to 13G of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10), Chapter 289. A Director is considered independent if he has no relationship with the REIT Manager or its related corporations or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the REIT Manager.

The NRC takes into account the existence of relationships or circumstances, including those identified by the CG Code, that are relevant in its determination as to whether a Director is independent. Such relationships or circumstances include the employment of a Director by the Company or any of its related corporations during the financial year in question or in any of the previous three financial years; the acceptance by a Director of any significant compensation from the Company or any of its related corporations for the provision of services during the financial year in question or the previous financial year, other than compensation for board service; and a Director being related to any organisation from which FCL or any of its subsidiaries received significant payments or material services during the financial year in question or the previous financial year.

In its review for FP2017, the NRC has endorsed in its recommendation to the Board that the following directors are independent:

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, Frasers Centrepoint Limited, whereby all have declared that there were no relationships or instances that would otherwise deem him not to be independent.

Each of Mr Panote Sirivadhanabhakdi, Mr Lim Ee Seng and Mr Michael Bowden Newsom are not independent under proposed Regulation 13E of the Securities and Futures (Licensing and Conduct of Business) Regulations as they are executives employed by a related corporation of the Manager.

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 and which facilitates incisive, well-balanced discussions which 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 ensures the 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.

# CORPORATE GOVERNANCE REPORT

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 Nominating and Remuneration Committee (or 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 non-executive Directors.

The NRC assists the Board in its nominating function, responsibilities and role. 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;
- 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; and
- 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 the Manager, and they should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

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 person for the role.

# CORPORATE GOVERNANCE REPORT

The CG Code requires listed companies to 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. Holistically, the contributions by the Directors to and during meetings of the Board, the ARCC and the NRC as well as their attendance at such meetings should also be taken into account. Details of such directorships and other principal commitments of our Directors may be found on pages 15 to 17 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 NRC has appointed Ernst & Young Advisory Pte. Ltd. to assist in its evaluation and assessment process of the Board's performance during FP2017. Members of the Board will be required to assess the Board's performance, which includes areas such as the Board's composition and processes, effectiveness in its management of FLT's performance and such other areas which the Board is of the view that improvements are required.

The findings of the evaluation and assessment will be reviewed by the Board with a view to improving its overall effectiveness in fulfilling its role and meeting its responsibility to unitholders. The Board is committed to ensure that collectively as a Board, and individually its members, both contribute effectively to such improvement, and is of the view that the evaluation and assessment framework would assist to meet such commitment.

## 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.

# CORPORATE GOVERNANCE REPORT

## 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 personnel ("**Key Management Personnel**") of the Company, and for determining the remuneration packages of individual directors and Key Management Personnel 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 talents without being excessive, and thereby maximise Unitholder value. 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 each Director to the Board for endorsement. The NRC also reviews the remuneration of the Key Management Personnel 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
- 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



# CORPORATE GOVERNANCE REPORT

## 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 FP2017 are shown in the table below.

<b>Board Members</b>	<b>Directors' Fees for FY2016 (on a pro-rata basis) <sup>(1)</sup></b>	<b>Directors' Fees for FY2017 <sup>(2)</sup></b>
Mr Ho Hon Cheong (Chairman) (Member of ARCC and Chairman of NRC)	43,221	134,000
Mr Goh Yong Chian (Chairman of ARCC and Member of ARCC)	26,742	84,500
Mr Paul Gilbert Say (Member of ARCC)	24,437	78,000
Mr Panote Sirivadhanabhakdi	17,131	51,500 <sup>(3)</sup>
Mr Lim Ee Seng	15,478 <sup>(3)</sup>	47,500
Mr Michael Bowden Newsom	17,978 <sup>(4)</sup>	54,000 <sup>(4)</sup>

### Notes

<sup>(1)</sup> Period from the date of appointment to 30 September 2016.

<sup>(2)</sup> Period from 1 October 2016 to 30 September 2017.

<sup>(3)</sup> Director's fees are paid to FCL Management Services Pte Ltd.

<sup>(4)</sup> Director's fees are paid to Frasers Property Limited.

The Manager's Board fee structure during the year is as set out below.

	<b>Basic Fee (S\$)</b>	<b>Attendance Fee (for physical attendance in Singapore where this is the home country of the Director) <sup>(1)</sup> (S\$)</b>	<b>Attendance Fee (for attendance via tele/video conference) (S\$)</b>
<b>Board</b>			
– Chairman	80,000	3,000	1,000
– Member	40,000	1,500	1,000
<b>Audit, Risk and Compliance Committee</b>			
– Chairman	20,000	3,000	1,000
– Member	15,000	1,500	1,000
<b>Nominating and Remuneration Committee</b>			
– Chairman	10,000	3,000	1,000
– Member	5,000	1,500	1,000

### Note

<sup>(1)</sup> The attendance fee applies for physical attendance in Singapore, where this is the home country of the Director. Board members who travel to Singapore for the Board or Board committee meetings receive an overseas allowance fee of S\$2,500 per trip.

# CORPORATE GOVERNANCE REPORT

## Remuneration Policy for Management

The Manager's remuneration framework comprises (i) a fixed component; and (ii) a variable component comprising short-term and long-term incentives. The variable component is linked to and determined based on both: (a) FLT's performance, and (b) annual appraisal of each individual employee against performance indicators including adherence to core values, competencies and key result areas. The potential of the employee is also taken into consideration. The mix of fixed and variable components is considered appropriate for the Managers and for each individual employee's role.

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 businesses 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 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 personnel

As set out above, the Manager's variable remuneration comprise 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 Personnel, where both FLT's financial and non-financial performance will be taken into consideration. The financial performance indicators in which the Key Management Personnel will be evaluated on comprise (i) FLT's portfolio Adjusted Net Property Income<sup>(1)</sup>, (ii) Unitholder distribution, (iii) portfolio occupancy and (iv) 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 Personnel will be evaluated on include (i) FLT's business development, (ii) portfolio management, (iii) corporate sustainability, (iv) efficiency and (v) people development. These qualitative performance indicators will align the Key Management Personnel's performance with FLT's strategic objectives.

For the financial year ended 30 September 2017, long-term incentives in the form of FCL share awards were granted to Key Management Personnel based on various performance indicators, including individual performance and FLT's performance. The grant of long-term incentives in the form of FCL share awards falls within the framework of the long-term incentive plans of the FCL group, which the Manager is part of as it is wholly-owned by FCL. Such incentives allow the Manager to attract and retain management staff by leveraging on the branding, size and value of FCL, which is one of Singapore's top property companies and well-established globally. FCL is also a substantial unitholder of FLT. With effect from the financial year ending 30 September 2018, long-term incentives in the form of FLT unit awards will be awarded to Key Management Personnel so as to more closely align their interests with the long-term interests of FLT and Unitholders. The award of the FLT units will be structured as a Restricted Unit Plan. Eligible participants will receive a contingent award based on their individual performance from their annual appraisal. The release of the contingent award is conditional upon meeting performance targets as approved by the NRC. The long-term incentives may be settled in FLT units, their equivalent cash value or a combination thereof.

The NRC will review the short-term and long-term incentives in the Key Management Personnel's remuneration package to ensure its compliance with the substance and spirit of such 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 executive personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss.

### Note:

<sup>(1)</sup> 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.

# 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 Board has assessed and decided against the disclosure of the remuneration of the CEO and executive officers on a named basis, whether in exact quantum or in bands of S\$250,000, as well as the disclosure of the total remuneration paid to the top five key executive officers (who are not directors or the CEO), and believes that the interests of the Unitholders will not be prejudiced as a result of such non-disclosure, for the following reasons:

- (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 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 quite 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;
- (iv) there is full disclosure of the total amount of fees paid to the Manager set out in pages 141, 171 and 203 of this Annual Report.

There were no employees of the Manager who are immediate family members of a Director or the CEO during FP2017.

## 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.

# CORPORATE GOVERNANCE REPORT

## 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 page 84 to 85 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 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 2017:

- (a) the financial records of FLT have been properly maintained and the financial statements for FP2017 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 2017 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 2017 to address risks which the Manager considers relevant and material to FLT's operations.

# CORPORATE GOVERNANCE REPORT

## 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 2017 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 2017 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.

## 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 FP2017, audit fees of A\$727,000 and fees of A\$8,000 for the non-audit services were paid/payable to FLT group's external auditors;
- reviewing the adequacy and effectiveness of the internal audit function ("IA"), including its resources, audit plans and the scope and effectiveness of the internal audit procedures;



# CORPORATE GOVERNANCE REPORT

- 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.

The following significant matter impacting the financial statements was discussed with Management and the external auditors and reviewed by ARCC:

---

<b>Valuation of investment properties</b>	<p>The ARCC considered the methodologies and key assumptions applied by the valuers in arriving at the valuation of the properties.</p> <p>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.</p> <p>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.</p> <p>The ARCC was satisfied with the valuation process, the methodologies used and the valuation of investment properties as adopted as at 30 September 2017.</p>
---	---

---

For FP2017, the ARCC comprised the following three independent non-executive Directors:

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.

# CORPORATE GOVERNANCE REPORT

## 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 25 January 2018. 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 FP2017. 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 details of the fees paid to KPMG, please refer to Note 8 to the Financial Statements (Page 173 of the Annual Report). KPMG has attended the ARCC meetings held every quarter for FP2017, 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.

## 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 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 function established within the FCL 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 FCL 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 FCL 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 FCL 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 would submit 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 FP2017, the internal audit function is adequately resourced and has appropriate standing within FLT and the Manager to perform its functions effectively.

# CORPORATE GOVERNANCE REPORT

## 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 the 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.

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 FP2017, the senior management and the IR manager, held approximately 270 meetings with investors and analysts globally, at events including investment conferences, non-deal road shows, broker lunch talks as well as one-on-one and group meetings. The Manager also conducts post-result teleconferences and/or briefings for analysts, following the release of its quarterly results. The Manager makes available all its briefing materials, its financial information and all announcements to the SGX-ST on its website at [www.fraserslogisticstrust.com](http://www.fraserslogisticstrust.com), with contact details for investors to channel their comments and queries.

### Principle 16: Conduct of Unitholder Meetings

A copy of the FLT Annual Report will be sent to all Unitholders. In compliance with the Code on CIS, an Annual General Meeting ("**AGM**") will be held after the close of each financial year allowing the Manager to interact with investors.

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 conducts 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.

# CORPORATE GOVERNANCE 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 trade 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 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.

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;

# CORPORATE GOVERNANCE REPORT

- On matters where FCL and/or its subsidiaries have an interest (directly or indirectly), Directors nominated by them shall abstain from voting. In such matters, the quorum must comprise a majority of independent Directors and must exclude nominee Directors of FCL 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
<b>Base Fee</b>	<p>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.</p> <p>The Base Fee is payable quarterly in the form of cash and/or Units as the Manager may elect.</p>	<p>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.</p> <p>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.</p>
<b>Performance Fee</b>	<p>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.</p> <p>The Performance Fee is payable annually in the form of cash and/or Units as the Manager may elect.</p>	<p>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.</p>

### 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

## ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE MANAGER (CONT'D)

Type of Fee	Computation and Form of Payment	Rationale and Purpose
<b>Acquisition Fee</b>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Divestment Fee</b>	<p>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.</p> <p>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.</p>	<p>The Divestment Fee is lower than the Acquisition 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.</p>

# CORPORATE GOVERNANCE REPORT

## GUIDELINES FOR DISCLOSURE

Guideline	Questions	How has the Company complied
General	<p>(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.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Please refer to the disclosures and references in this table for the specific deviations from the Code.</p> <p>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 &amp; Industrial Trust ("<b>FLT</b>"), is listed and managed externally by the Manager.</p>
<b>Board Responsibility</b>		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Please refer to page 110 of this Annual Report.
<b>Members of the Board</b>		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(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.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p>	<p>Please refer to pages 111 to 114 of this Annual Report.</p> <p>Please refer to pages 111 to 114 of this Annual Report.</p> <p>Please refer to pages 111 to 114 of this Annual Report.</p>

# CORPORATE GOVERNANCE REPORT

## GUIDELINES FOR DISCLOSURE (CONT'D)

Guideline	Questions	How has the Company complied
<b>Members of the Board (cont'd)</b>		
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.	<p>FLT was listed on 20 June 2016. The Directors of the Manager were appointed in connection with the Manager's application to the Monetary Authority to Singapore for a Capital Markets Services Licence. No other new directors were appointed or re-elected in FP2017.</p> <p>Please refer to pages 111-114 of this Annual Report.</p>
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why	Yes. Please refer to page 110 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 110 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 114 of this Annual Report
	(c) What are the specific considerations in deciding on the capacity of directors?	Please refer to page 114 of this Annual Report
<b>Board Evaluation</b>		
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 114 of this Annual Report.
	(b) Has the Board met its performance objectives?	Please refer to page 114 of this Annual Report.

# CORPORATE GOVERNANCE REPORT

## GUIDELINES FOR DISCLOSURE (CONT'D)

Guideline	Questions	How has the Company complied
<b>Independence of Directors</b>		
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 pages 111-112 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.
<b>Disclosure on Remuneration</b>		
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?	The fees paid to all directors have been disclosed. Please refer to pages 116 and 118 of this Annual Report.



# CORPORATE GOVERNANCE REPORT

## GUIDELINES FOR DISCLOSURE (CONT'D)

Guideline	Questions	How has the Company complied
<b>Disclosure on Remuneration (cont'd)</b>		
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 page 118 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 page 118 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 page 117 of this Annual Report.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to page 117 of this Annual Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Please refer to page 117 of this Annual Report.

# CORPORATE GOVERNANCE REPORT

## GUIDELINES FOR DISCLOSURE (CONT'D)

Guideline	Questions	How has the Company complied
<b>Risk Management and Internal Controls</b>		
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 114 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 122 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 page 120 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 119 of this Annual Report.
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 120 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 122 of this Annual Report.

# CORPORATE GOVERNANCE REPORT

## GUIDELINES FOR DISCLOSURE (CONT'D)

Guideline	Questions	How has the Company complied
<b>Communication With Shareholders</b>		
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 page 123 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 page 123 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 page 123 of this Annual Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

# FINANCIAL STATEMENTS CONTENTS

135	Report of the Trustee
136	Statement by the Manager
137	Independent Auditors' Report
141	Statement of Total Return
142	Distribution Statement
143	Statements of Financial Position
144	Statements of Movements in Unitholders' Funds
145	Statement of Cash Flows
147	Portfolio Statement
151	Notes to the Financial Statements



# 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 as well as 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.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the financial period covered by these financial statements set out on pages 141 to 197 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**  
22 November 2017



## 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 141 to 197, 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 2017, 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 period from 30 November 2015 (date of constitution) to 30 September 2017, 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 2017, 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 period from 30 November 2015 (date of constitution) to 30 September 2017 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**  
22 November 2017

# 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 2017, 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 period from 30 November 2015 (date of constitution) to 30 September 2017, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 141 to 197.

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 2017 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 period from 30 November 2015 (date of constitution) to 30 September 2017 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 that are leased to third parties under operating leases. Investment properties represent the largest category of assets on the consolidated statement of financial position, at A\$1.9 billion as at 30 September 2017.

These investment properties are stated at their fair values based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied and a change in the assumptions may have an impact on the valuations.

# INDEPENDENT AUDITORS' REPORT

UNITHOLDERS OF FRASERS LOGISTICS & INDUSTRIAL TRUST  
(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO THE TRUST DEED DATED  
30 NOVEMBER 2015 (AS AMENDED))

## ***Our response***

We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We evaluated the appropriateness of the key assumptions used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors.

## ***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 Our Unifying Idea, Group Structure, Key Highlights, Letter to Unitholders, Board of Directors, Management Team, Significant Events, Corporate Strategy, Financial Review, Australian Industrial & Logistics Market Overview, Operational Review, Portfolio Overview, Property Profiles, Investor Relations, Unit Performance, Corporate Information, Risk Management, Sustainability Report, Corporate Governance Report, Report of the Trustee, Statement by the Manager, 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.

# 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))

## *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**

22 November 2017



# STATEMENT OF TOTAL RETURN

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

	Note	Group Period from 30 November 2015 to 30 September 2017 A\$'000
Revenue	3	206,111
Property operating expenses	4	(36,452)
<b>Net property income</b>		<u>169,659</u>
Managers' management fees	5	(15,241)
Trustees' fees		(383)
Trust expenses		(11,184)
Finance income		953
Finance costs	6	(20,847)
Exchange losses (net)		(2,120)
<b>Net income</b>		<u>120,837</u>
Net change in fair value of derivative financial instruments		(2,414)
Net change in fair value of investment properties	10	8,084
<b>Total return for the period before tax</b>		<u>126,507</u>
Tax expense	7	(24,880)
<b>Total return for the period</b>	8	<u>101,627</u>
<b>Earnings per Unit (Australian cents)</b>		
Basic	9	7.04
Diluted	9	<u>6.98</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# DISTRIBUTION STATEMENT

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
<b>Income available for distribution to Unitholders at beginning of the period</b>	–
Total return for the period attributable to Unitholders	101,627
Tax related and other adjustments ( <b>Note A</b> )	26,276
	<u>127,903</u>
<b>Income available for distribution to Unitholders</b>	<u>127,903</u>
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)
	<u>(102,692)</u>
<b>Income available for distribution to Unitholders at end of the period</b>	<u>25,211</u>
<b>Distribution per Unit (Australian cents)</b>	<u>8.84</u>
<b>Distribution per Unit (Singapore cents)</b>	<u>8.85</u>
<b>Note A</b>	
Tax related and other adjustments relate to the following items:	
Straight-lining of rental adjustments	(12,181)
Managers' management fees paid/payable in Units	15,241
Victorian conversion duty	3,489
Unit issue costs	4,976
Exchange losses (net)	2,138
Net change in fair value of derivative financial instruments	2,414
Net change in fair value of investment properties	(8,084)
Deferred tax	16,352
Other adjustments	1,931
<b>Net distribution adjustments</b>	<u>26,276</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	Note	Group 2017 A\$'000	Trust 2017 A\$'000
<b>Non-current assets</b>			
Investment properties	10	1,910,975	–
Investment in subsidiaries	11	–	789,746
Loans to a subsidiary	12	–	1,065,658
Derivative financial instruments	13	3,077	3,077
		<u>1,914,052</u>	<u>1,858,481</u>
<b>Current assets</b>			
Cash and cash equivalents	14	56,097	48,495
Trade and other receivables	15	5,719	4,208
Derivative financial instruments	13	456	456
		<u>62,272</u>	<u>53,159</u>
<b>Total assets</b>		<u>1,976,324</u>	<u>1,911,640</u>
<b>Current liabilities</b>			
Trade and other payables	16	41,348	1,296
Derivative financial instruments	13	2,870	2,870
Current tax liabilities		1,793	56
		<u>46,011</u>	<u>4,222</u>
<b>Non-current liabilities</b>			
Trade and other payables	16	2,336	–
Borrowings	17	574,109	574,109
Deferred tax liabilities	18	16,352	–
		<u>592,797</u>	<u>574,109</u>
<b>Total liabilities</b>		<u>638,808</u>	<u>578,331</u>
<b>Net assets</b>		<u>1,337,516</u>	<u>1,333,309</u>
Represented by:			
Unitholders' funds		<u>1,337,516</u>	<u>1,333,309</u>
<b>Units in issue and to be issued ('000)</b>	19	<u>1,519,599</u>	<u>1,519,599</u>
<b>Net asset value per Unit (A\$)</b>	20	<u>0.88</u>	<u>0.88</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

AS AT 30 SEPTEMBER 2017

	Note	Group Period from 30 November 2015 to 30 September 2017 A\$'000	Trust Period from 30 November 2015 to 30 September 2017 A\$'000
<b>Net assets at beginning of period</b>		–	–
<b>Operations</b>			
Total return for the period		101,627	97,420
<b>Net change in net assets resulting from operations</b>		101,627	97,420
<b>Unitholders' transactions</b>			
Issue of new Units	19		
– Initial public offering		1,268,022	1,268,022
– Private placement		75,036	75,036
– Managers' management fees paid/payable in Units		15,241	15,241
– Managers' acquisition fees paid/payable in Units		847	847
Unit issue costs	21	(23,642)	(23,642)
Distributions to Unitholders	22	(102,692)	(102,692)
<b>Net change in net assets resulting from Unitholders' transactions</b>		1,232,812	1,232,812
<b>Hedging reserve</b>			
Effective portion of change in fair value of cash flow hedge		3,077	3,077
<b>Net change in net assets resulting from hedging reserve</b>		3,077	3,077
<b>Net assets at end of period</b>		1,337,516	1,333,309

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

	Note	Group Period from 30 November 2015 to 30 September 2017 A\$'000
<b>Cash flows from operating activities</b>		
<b>Total return before tax</b>		126,507
<b>Adjustments for:</b>		
Straight-lining of rental adjustments		(12,181)
Effects of recognising lease incentives on a straight-line basis over the lease term		(3,428)
Managers' management fees paid/payable in Units	5	15,241
Unrealised exchange losses (net)		1,717
Unit issue costs		4,976
Finance income		(953)
Finance costs	6	20,847
Net change in fair value of derivative financial instruments		2,414
Net change in fair value of investment properties	10	(8,084)
Cash generated from operations before working capital changes		147,056
Changes in working capital:		
Trade and other receivables		(5,438)
Trade and other payables		16,203
Cash generated from operations		157,821
Tax paid		(6,735)
<b>Net cash generated from operating activities</b>		151,086
<b>Cash flows from investing activities</b>		
Acquisition of investment properties (including acquisition costs)		(1,535,684)
Stamp duty incurred on acquisition of investment properties		(39,141)
Capital expenditure on investment properties		(1,699)
Interest received		672
<b>Net cash used in investing activities</b>		(1,575,852)
<b>Cash flows from financing activities</b>		
Interest paid		(18,809)
Issuance of new Units		1,060,498
Unit issue costs		(28,618)
Proceeds from borrowings		580,000
Payment of upfront debt-related transaction costs		(7,800)
Distributions paid to Unitholders		(102,692)
<b>Net cash generated from financing activities</b>		1,482,579
<b>Net increase in cash and cash equivalents</b>		57,813
Cash and cash equivalents at beginning of period		-
Effect of exchange rate changes on cash and cash equivalents		(1,716)
<b>Cash and cash equivalents at end of period</b>	14	56,097

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## Significant non cash transactions

During the period, there were the following significant non-cash transactions:

- Part of the purchase consideration for the 51 properties acquired as part of the Trust's initial public offering, amounting to A\$282,560,000, payable to the vendor, a related party of the Manager, was set off against the proceeds from the issuance of new Units receivable from another related party of the Manager.
- 15,604,696 Units, amounting to A\$15,241,000, were issued or will be issued to the Managers as satisfaction of the management fees paid/payable to the Managers.
- 844,342 Units, amounting to 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 period.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# PORTFOLIO STATEMENT

AS AT 30 SEPTEMBER 2017

Group	Location of property	Acquisition date	Tenure <sup>(a)</sup>	Carrying amount 2017 A\$'000	Percentage of net assets 2017 %
<b>Completed investment properties</b>					
<b>Located in the State of New South Wales</b>					
	10 Stanton Road, Seven Hills	14 June 2016	Freehold	13,000	1.0
	11 Gibbon Road, Winston Hills	14 June 2016	Freehold	41,500	3.1
	4-8 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	76,100	5.7
	6 Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	33,350	2.5
	8 Distribution Place, Seven Hills	14 June 2016	Freehold	24,250	1.8
	80 Hartley Street, Smeaton Grange	14 June 2016	Freehold	64,500	4.8
	8-8A Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	39,000	2.9
	99 Station Road, Seven Hills	14 June 2016	Freehold	19,200	1.4
	7 Eucalyptus Place, Eastern Creek	14 June 2016	Freehold	29,250	2.2
	17 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	42,250	3.2
	21 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	66,500	5.0
	8 Stanton Road, Seven Hills	1 August 2017	Freehold	16,700	1.2
	Lot 104 & 105 Springhill Road, Port Kembla	14 June 2016	33-year leasehold, expiring on 13 August 2049 <sup>(b)</sup> for Lot 104 and 20 August 2049 <sup>(b)</sup> for Lot 105	24,500	1.8
	1 Burilda Close, Wetherill Park	30 November 2016	90-year leasehold expiring on 29 September 2106	63,500	4.8
	Lot 1, 2 Burilda Close, Wetherill Park	1 August 2017	89-year leasehold expiring on 14 July 2106	23,200	1.7
<b>Located in the State of Queensland</b>					
	10 Siltstone Place, Berrinba	20 June 2016	99-year leasehold expiring on 19 June 2115	13,725	1.0
	286 Queensport Road, North Murarrie	20 June 2016	99-year leasehold expiring on 19 June 2115	37,250	2.8
	30 Flint Street, Inala	20 June 2016	99-year leasehold expiring on 19 June 2115	25,200	1.9
	350 Earnshaw Road, Northgate	20 June 2016	99-year leasehold expiring on 19 June 2115	55,000	4.1
	51 Stradbroke Street, Heathwood	20 June 2016	99-year leasehold expiring on 19 June 2115	24,000	1.8
	55-59 Boundary Road, Carole Park	20 June 2016	99-year leasehold expiring on 19 June 2115	16,300	1.2
	57-71 Platinum Street, Crestmead	20 June 2016	99-year leasehold expiring on 19 June 2115	33,300	2.5
	99 Sandstone Place, Parkinson	20 June 2016	99-year leasehold expiring on 19 June 2115	243,000	18.2
	99 Shettleston Street, Rocklea	20 June 2016	99-year leasehold expiring on 19 June 2115	22,800	1.7
	143 Pearson Rd, Yatala	31 August 2016	99-year leasehold expiring on 30 August 2115	37,250	2.8
<b>Located in the State of South Australia</b>					
	Lot 102 Coghlan Road, Outer Harbor	14 June 2016	Freehold	6,400	0.5
	18-20 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 <sup>(c)</sup>	8,000	0.6
	20-22 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 <sup>(c)</sup>	10,500	0.8
	5 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 <sup>(c)</sup>	8,800	0.6
	Balance carried forward			1,118,325	83.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# PORTFOLIO STATEMENT

AS AT 30 SEPTEMBER 2017

Group	Location of property	Acquisition date	Tenure <sup>(a)</sup>	Carrying amount 2017 A\$'000	Percentage of net assets 2017 %
<b><u>Completed investment properties</u></b>					
	Balance brought forward			1,118,325	83.6
<b><i>Located in the State of Victoria</i></b>					
	1-13 and 15-27 Sunline Drive, Truganina	14 June 2016	Freehold	30,000	2.2
	150-168 Atlantic Drive, Keysborough	14 June 2016	Freehold	36,000	2.7
	16-32 South Park Drive, Dandenong South	14 June 2016	Freehold	14,000	1.1
	17 Pacific Drive and 170-172 Atlantic Drive, Keysborough	14 June 2016	Freehold	36,250	2.7
	18-34 Aylesbury Drive, Altona	14 June 2016	Freehold	24,250	1.8
	211A Wellington Road, Mulgrave	14 June 2016	Freehold	38,800	2.9
	21-33 South Park Drive, Dandenong South	14 June 2016	Freehold	24,500	1.8
	2-22 Efficient Drive, Truganina	14 June 2016	Freehold	44,000	3.3
	22-26 Bam Wine Court, Dandenong South	14 June 2016	Freehold	23,000	1.7
	42 Sunline Drive, Truganina	14 June 2016	Freehold	16,750	1.3
	78 & 88 Atlantic Drive, Keysborough	14 June 2016	Freehold	16,750	1.3
	468 Boundary Road, Derrimut	14 June 2016	Freehold	25,000	1.9
	49-75 Pacific Drive, Keysborough	14 June 2016	Freehold	30,000	2.2
	610-638 Heatherton Road, Clayton South	14 June 2016	Freehold	18,000	1.4
	63-79 South Park Drive, Dandenong South	14 June 2016	Freehold	15,250	1.1
	77 Atlantic Drive, Keysborough	14 June 2016	Freehold	19,300	1.4
	Balance carried forward			1,530,175	114.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# PORTFOLIO STATEMENT

AS AT 30 SEPTEMBER 2017

Group	Location of property	Acquisition date	Tenure <sup>(a)</sup>	Carrying amount 2017 A\$'000	Percentage of net assets 2017 %
<b>Completed investment properties</b>					
	Balance brought forward			1,530,175	114.4
<b>Located in the State of Victoria</b>					
	98-126 South Park Drive, Dandenong South	14 June 2016	Freehold	35,000	2.6
	1 Doriemus Drive, Truganina	14 June 2016	Freehold	85,000	6.4
	111 Indian Drive, Truganina	31 August 2016	Freehold	33,200	2.5
	43 Efficient Drive, Truganina	1 August 2017	Freehold	25,500	1.9
	89-103 South Park Drive, Dandenong South	1 August 2017	Freehold	13,000	1.0
	115-121 South Centre Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	4,650	0.3
	96-106 Link Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	26,250	2.0
	17-23 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	8,200	0.6
	25-29 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	11,100	0.8
	28-32 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	9,400	0.7
	38-52 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	27,500	2.0
	2-46 Douglas Street, Port Melbourne	14 June 2016	37-year leasehold expiring on 30 March 2053	22,600	1.7
<b>Located in the State of Western Australia</b>					
	60 Paltridge Road, Perth Airport	14 June 2016	17-year leasehold expiring on 3 June 2033	17,000	1.3
<b>Total completed investment properties carried forward</b>				<b>1,848,575</b>	<b>138.2</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# PORTFOLIO STATEMENT

AS AT 30 SEPTEMBER 2017

Group	Location of property	Acquisition date	Tenure <sup>(a)</sup>	Carrying amount 2017 A\$'000	Percentage of net assets 2017 %
	Total completed investment properties brought forward			1,848,575	138.2
	<b><u>Investment properties under development</u></b>				
	<b><i>Located in the State of Queensland</i></b>				
	166 Pearson Road, Yatala	1 August 2017	Freehold	34,000	2.6
	<b><i>Located in the State of Victoria</i></b>				
	29 Indian Drive, Keysborough	15 August 2017	Freehold	18,800	1.4
	17 Hudson Court, Keysborough	12 September 2017	Freehold	9,600	0.7
	<b>Total investment properties under development</b>			62,400	4.7
	<b>Total investment properties</b>			1,910,975	142.9
	<b>Other assets and liabilities (net)</b>			(573,459)	(42.9)
	<b>Net assets of the Group</b>			<b>1,337,516</b>	<b>100.0</b>

<sup>(a)</sup> From the date of acquisition

<sup>(b)</sup> Includes an option for the Trust to renew the land lease for six further terms of 5 years upon expiry.

<sup>(c)</sup> 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 PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 22 November 2017.

## 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 Centrepoint 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 accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 1. GENERAL (CONT'D)

### (a)(i) *Manager's management fees (cont'd)*

The Manager may elect to receive the base fee and performance fee in cash or Units, or a combination of cash and Units. Management fees payable in cash and in the form of Units shall be payable quarterly in arrears (in relation to the base fee) or annually in arrears (in relation to the performance fee).

As provided for in the Trust Deed, the price of a Unit issued shall be computed based on the volume weighted average price of a Unit for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days immediately preceding the relevant period in which the fees accrue.

Any increase in the rate or any change in the structure of the Manager's management fees must be approved by an extraordinary resolution at a meeting of the holders of Units of the Trust duly convened and held in accordance with the provisions of the Trust Deed.

The Manager's change in its election to receive cash or Units or a combination of cash and Units is not considered as a change in the structure of the Manager's management fees.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 1. GENERAL (CONT'D)

### **(a)(ii) Manager's acquisition fees (cont'd)**

- a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):
  - (i) the sale price of any real estate sold or divested by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by the Trust or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated, if applicable, to the proportion of the Trust's interest);
  - (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments received by the Trust or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the Trust's interest); or
  - (iii) the sale price of the investment sold or divested by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

The Manager may elect to receive the acquisition fee and divestment fee in the form of cash and/or Units, provided that in respect of any acquisition and sale or divestment of real estate assets from/to related parties, such a fee should be received in the form of Units.

During the current financial period, the Manager has elected to receive 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 1. GENERAL (CONT'D)

### **(b)(i) Head Australian Trust Manager's management fees**

The Trust has a subsidiary which is the head Australian trust in Australia, FLT Australia Trust ("HAUT"). HAUT has a manager ("HAUT Manager") to perform investment management services for it. Pursuant to the investment management agreement for HAUT, the HAUT Manager is entitled to a management fee comprising a base fee of 0.2% per annum (or such lower percentage as may be determined by the HAUT Manager in its absolute discretion) of the total value of HAUT's assets and a performance fee of 1.5% (or such lower percentage as may be determined by the HAUT Manager in its absolute discretion) of HAUT's net property income (after non-cash adjustments) in the relevant financial year.

### **(b)(ii) Acquisition fee and divestment fee payable to the HAUT Manager**

In consideration for HAUT Manager providing services under the investment management agreement 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);
  - (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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 1. GENERAL (CONT'D)

### **(b)(ii) Acquisition fee and divestment fee payable to the HAUT Manager (cont'd)**

- (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.

### **(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 manager's fees**

Fees payable to the property manager, which is a company controlled by a substantial Unitholder, in relation to services provided comprise:

- (i) Property management fees

Pursuant to the 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 property management agreement) of each property; and
- (II) where any property is not fully leased, A\$1,000 per month per property in the event there is vacant lettable area in such property.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 1. GENERAL (CONT'D)

### (e) *Property manager's fees (cont'd)*

#### (ii) Project management fee

Pursuant to the 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.

#### (iii) Marketing services commission

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 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.

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 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 may elect).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 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 of the Group have been prepared in accordance with FRS. 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 period presented in these financial statements and have been applied consistently by the Group entities.

This set of financial statements is for the period from 30 November 2015 (date of constitution) to 30 September 2017.

#### ***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 value of investment properties is determined using capitalisation and discounted cash flow methods. These estimated market 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (cont'd)

- (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 reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 – Investment properties
- Note 26 – Financial instruments

### 2.2 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 30 November 2015 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Trust in future financial periods, the Group is assessing the transition options and the potential impact on its financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Standards issued but not yet effective (cont'd)

#### (ii) FRS 109 *Financial instruments* (cont'd)

**Impairment** – The Group is evaluating the approach to adopt in respect of recording expected impairment losses on trade receivables. On adoption of FRS 109, the Group does not expect a significant impact to the impairment allowance.

**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 high-level assessment of the new standard on the Group's existing operating lease arrangements as a lessee (refer to Note 24(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 ROU assets and 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. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in the coming year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 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.

### 2.4 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.

### 2.5 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.

### 2.6 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Taxes (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

### 2.7 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 period. 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.

### 2.8 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. No segment information has been presented as all the Group's properties are in the logistics and industrial business segment and located in Australia.

### 2.9 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Basis of consolidation and business combinations (cont'd)

#### (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.

#### (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 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Basis of consolidation and business combinations (cont'd)

#### (d) *Subsidiaries in the separate financial statements*

Investment in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated losses.

### 2.10 Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of each entity at rates of exchange approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates ruling at the reporting date. The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are recorded using the exchange rates ruling at the date of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was measured. Foreign currency differences arising on the settlement of monetary assets and liabilities or translating monetary assets and liabilities are recognised in the statement of total return, 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.

### 2.11 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Investment properties (cont'd)

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.

### 2.12 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. Loans and receivables are initially recognised on the date that they are originated. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 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 2.12.

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 2.18(b).

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. The accounting policy is stated in Note 2.12.

### 2.15 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 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.

### 2.17 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Impairment (cont'd)

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.

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.

### 2.19 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.

### 2.20 Unitholders' funds

Unitholders' funds are classified as equity.

Expenses incurred in connection with the issuance of Units are deducted directly against Unitholders' funds.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.21 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 2.3.

### 2.22 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

	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
Rental income	170,099
Incentives reimbursement	11,705
Recoverable outgoings	24,307
	<u>206,111</u>

Revenue from one tenant represents approximately A\$23,698,000 of the Group's total revenue.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 4. PROPERTY OPERATING EXPENSES

	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
Land tax	6,581
Ground lease expenses	8,730
Statutory expenses	7,274
Property management fees	1,935
Other property expenses	11,932
	<u>36,452</u>

## 5. MANAGERS' MANAGEMENT FEES

	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
Base fee	9,436
Performance fee	5,805
	<u>15,241</u>

During the financial period, an aggregate of 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\$0.92 to S\$1.08 per Unit.

## 6. FINANCE COSTS

	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
<b>Finance costs</b>	
Amortisation of debt upfront costs	1,930
Interest expense	18,692
Others	225
	<u>20,847</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 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 has obtained foreign-sourced income tax exemption rulings from the IRAS on the Singapore taxation of certain foreign-sourced income in respect of the properties located in Australia. Such income will be regarded as tax exempt income of the Trust under Section 13(12) of the Singapore Income Tax Act. The foreign-sourced income tax exemption rulings are granted subject to 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.

### Tax expense

The major components of tax expense for the financial period ended 30 September 2017 are:

	Note	Group Period from 30 November 2015 to 30 September 2017 A\$'000
Current tax expense		
– Current period income tax		56
Deferred tax expense		
– Origination and reversal of temporary differences	18	16,352
Withholding tax expense		8,472
		<u>24,880</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 7. TAX EXPENSE (CONT'D)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period ended 30 September 2017 is as follows:

	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
<b>Total return for the period before tax</b>	<b>126,507</b>
Tax using the Singapore tax rate of 17%	21,506
Effect of tax rates in foreign jurisdiction	(2,084)
Non-deductible expenses	6,981
Income not subject to tax	(11,601)
Withholding tax	8,472
Deferred tax assets not recognised	1,512
Others	94
	<b>24,880</b>

## 8. TOTAL RETURN FOR THE PERIOD

The following items have been included in arriving at total return for the period:

	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
Audit fees paid/payable to auditors of the Trust	150
Audit fees paid/payable to other auditors	513
Non-audit fees paid/payable to auditors of the Trust	8
Non-audit fees paid/payable to other auditors	128
Valuation fees	404
Victorian conversion duty	<b>3,489</b>

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).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 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 period attributable to Unitholders and weighted average number of Units during the period:

	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
Total return for the period attributable to Unitholders	<u>101,627</u>
	<b>'000</b>
Issued Units at the beginning of the period	–
Effect of issue of new Units:	
– Upon constitution of the Trust	*
– Initial public offering	1,425,150
– Private placement	14,500
– In satisfaction of the Managers' management fees paid in Units	4,023
– In satisfaction of the Managers' acquisition fees paid in Units	49
Weighted average number of Units	<u>1,443,722</u>

- Less than 1,000

### Diluted earnings per Unit

The calculation of diluted earnings per Unit for the Group was based on the total return for the period attributable to Unitholders and the weighted average number of Units during the period after adjustment for the effects of all dilutive potential Units.

	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
Total return for the period attributable to Unitholders	<u>101,627</u>
	<b>'000</b>
Weighted average number of Units used in calculation of basic earnings per Unit	1,443,722
Effect of the Managers' management fees paid/payable in Units	11,581
Effect of the Managers' acquisition fees paid/payable in Units	796
Weighted average number of Units (diluted)	<u>1,456,099</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 10. INVESTMENT PROPERTIES

	Completed investment properties A\$'000	Investment properties under development A\$'000	Total A\$'000
<b>Group</b>			
At 30 November 2015 (date of constitution)	–	–	–
Acquisition of investment properties (including acquisition costs)	1,818,350	39,956	1,858,306
Capitalised leasing incentives, net of amortisation	5,038	–	5,038
Straight-lining of rental adjustments	12,181	–	12,181
Capital expenditure incurred	2,407	24,959	27,366
Net change in fair value recognised in statement of total return	10,599	(2,515)	8,084
At 30 September 2017	<u>1,848,575</u>	<u>62,400</u>	<u>1,910,975</u>

Investment properties comprise industrial properties in Australia that are leased to third parties under operating leases (Note 24).

Included in the acquisition costs capitalised are audit fees of 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.

### Measurement of fair value

#### **(i) Fair value hierarchy**

Investment properties are stated at fair value at the reporting date. As at 30 September 2017, the fair values of the investment properties 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) and Savills Valuations Pty Ltd (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 discounted cash flow methods. The valuation methods involve making certain estimates including those relating to capitalisation rate, 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 10. INVESTMENT PROPERTIES (CONT'D)

### (ii) Valuation techniques and significant unobservable inputs

The following table shows the Group's 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	Inter-relationship between key unobservable inputs and fair value measurements
Completed investment properties	Capitalisation method	<ul style="list-style-type: none"> <li>Capitalisation rate: 5.75% - 11.42%</li> </ul>	The estimated fair value would increase/(decrease) if:
	Discounted cash flow method	<ul style="list-style-type: none"> <li>Discount rate: 7.13% - 9.50%</li> <li>Terminal yield: 6.00% - 22.77%</li> </ul>	<ul style="list-style-type: none"> <li>The capitalisation rate was lower/(higher)</li> <li>The discount rate and terminal yield were lower/(higher)</li> </ul>

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Investment properties under development	Residual approach	<ul style="list-style-type: none"> <li>Gross development value: A\$29.8 million – A\$34.0 million</li> <li>Capitalisation rate: 6.00% – 6.25%</li> <li>Discount rate: 7.25%</li> <li>Terminal yield: 6.25% – 7.00%</li> <li>Estimated costs to complete: A\$12.1 million – A\$20.2 million</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>The gross development value was higher/(lower)</li> <li>The capitalisation rate was lower/(higher)</li> <li>The discount rate and terminal yield were lower/(higher)</li> <li>The estimated costs to complete were lower/(higher)</li> </ul>

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.
- Discount rates represent 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 10. INVESTMENT PROPERTIES (CONT'D)

### (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

	<b>Trust 2017 A\$'000</b>
Equity investments, at cost	<u>789,746</u>

Details of interests in subsidiaries are disclosed in Note 30.

## 12. LOANS TO A SUBSIDIARY

Loans to a subsidiary are unsecured, bear interest at 5.0% – 5.4% per annum and are repayable between 2026 to 2027. There is no impairment loss arising from these loans.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 13. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>Group and Trust 2017 A\$'000</b>
<hr/>	
<b>Assets</b>	
Interest rate swaps used for hedging	3,077
Foreign currency forward contracts	456
	<hr/> 3,533
Classified as:	
– Current	456
– Non-current	3,077
	<hr/> 3,533
<b>Liabilities</b>	
Foreign currency forward contracts	<hr/> (2,870)
Classified as:	
– Current	<hr/> (2,870)
	<hr/>
	<b>Group and Trust 2017 %</b>
Derivative financial instruments as a percentage of net assets	<hr/> 0.05

### (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:

	<b>Group and Trust 2017 A\$'000</b>
<hr/>	
<b>Nominal amounts</b>	
Between one to five years	<hr/> 420,000

At 30 September 2017, the fixed interest rates of the outstanding interest rate swap contracts ranged between 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 13. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

### (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:

	<b>Group and Trust 2017 A\$'000</b>
<b>Nominal amount</b>	
Within one year	<u>114,000</u>

## 14. CASH AND CASH EQUIVALENTS

	<b>Group 2017 A\$'000</b>	<b>Trust 2017 A\$'000</b>
Cash at bank	30,840	23,238
Fixed deposits	25,257	25,257
	<u>56,097</u>	<u>48,495</u>

Cash and cash equivalents denominated in foreign currencies are disclosed in Note 25(a)(i).

## 15. TRADE AND OTHER RECEIVABLES

	<b>Group 2017 A\$'000</b>	<b>Trust 2017 A\$'000</b>
Trade receivables	485	–
Accrued receivables	721	–
Other receivables	771	183
Amounts due from subsidiaries (non-trade)	–	3,980
Amounts due from related parties (non-trade)	276	–
	<u>2,253</u>	<u>4,163</u>
Prepayments	3,466	45
	<u>5,719</u>	<u>4,208</u>

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 15. TRADE AND OTHER RECEIVABLES (CONT'D)

The ageing of trade receivables that were not impaired at the reporting date was:

	<b>Group 2017 A\$'000</b>
Neither past due nor impaired	426
Past due 0 to 30 days	39
Past due 31 to 90 days	14
Past due 91 to 180 days	6
	<u>485</u>

### 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

	<b>Group 2017 A\$'000</b>	<b>Trust 2017 A\$'000</b>
<b>Current</b>		
Trade payables	338	178
Other payables	1,411	89
Accrued expenses	10,043	997
Accrued capital expenditure for investment properties	25,667	-
Deferred income	327	-
Rental received in advance	3,034	-
Amounts due to subsidiaries (non-trade)	-	19
Amounts due to related parties (non-trade)	528	13
	<u>41,348</u>	<u>1,296</u>
<b>Non-current</b>		
Security deposits	182	-
Deferred income	2,154	-
	<u>2,336</u>	<u>-</u>
<b>Total trade and other payables</b>	<u>43,684</u>	<u>1,296</u>

### Amounts due to subsidiaries and related parties

Amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 17. BORROWINGS

	<b>Group and Trust 2017 A\$'000</b>
<b>Non-current</b>	
Bank loans (unsecured)	580,000
Less: Unamortised transaction costs	(5,891)
	<u>574,109</u>

The Group has obtained unsecured facilities comprising: (i) term loan facilities of A\$420 million maturing in three to five years from 20 June 2016, (ii) a revolving credit facility ("RCF") of A\$200 million maturing in five years from 20 June 2016, (iii) money market line facility amounting to A\$50 million and (iv) S\$1 billion multicurrency debt program.

As at 30 September 2017, the term loan facilities were fully drawn down and A\$160 million was drawn down under the RCF.

### Terms and debt repayment structure

	<b>Interest rate range %</b>	<b>Year of maturity</b>	<b>Face value A\$'000</b>	<b>Carrying amount A\$'000</b>
<b>Group and Trust 2017</b>				
AUD bank loans	2.6 to 2.9	2019 to 2021	<u>580,000</u>	<u>574,109</u>

The Group's and Trust's term loans bear floating interest rates at BBSW plus margin. The interest rate range disclosed above excludes the effects of the related interest rate derivative financial instruments and amortisation of borrowing costs.

## 18. DEFERRED TAX LIABILITIES

	<b>At 30 November 2015 A\$'000</b>	<b>Recognised in statement of total return (Note 7) A\$'000</b>	<b>At 30 September 2017 A\$'000</b>
<b>Group</b>			
<b>Deferred tax liabilities</b>			
Investment properties	–	16,352	<u>16,352</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 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:

	<b>Group 2017 A\$'000</b>
Deductible temporary differences	<u>10,079</u>

The deductible temporary differences do not expire under the current tax legislation.

## 19. UNITS IN ISSUE AND TO BE ISSUED

	<b>Group and Trust 2017</b>	
	<b>Number of Units '000</b>	<b>A\$'000</b>
<b>Units issued</b>		
At 30 November 2015 (date of constitution)	*	*
Creation of new Units:		
– Initial public offering	1,425,150	1,268,022
– Private placement	78,000	75,036
– Managers' management fees paid in Units	7,953	7,404
– Managers' acquisition fee paid in Units	374	374
At 30 September 2017	<u>1,511,477</u>	<u>1,350,836</u>
<b>Units to be issued</b>		
Managers' management fees payable in Units	7,652	7,837
Managers' acquisition fees payable in Units	470	473
Total issuable Units	<u>8,122</u>	<u>8,310</u>
Total issued and issuable Units	<u>1,519,599</u>	<u>1,359,146</u>

\* Less than 1,000

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 19. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

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.

## 20. NET ASSET VALUE PER UNIT

	Group 2017	Trust 2017
Net asset value per Unit is based on:		
Net assets (A\$'000)	1,337,516	1,333,309
Total issued and issuable Units at 30 September ('000) (Note 19)	1,519,599	1,519,599
Net asset value per unit (A\$)	0.88	0.88

## 21. UNIT ISSUE COSTS

	Group and Trust 2017 A\$'000
Issue costs comprise the following:	
– Professional and other fees <sup>(1)</sup>	4,368
– Financial advisory fee and underwriting fee	19,274
	23,642

<sup>(1)</sup> Includes solicitors' fees and fees for the reporting accountants, tax advisers and independent valuers and other professionals in connection with the Trust's initial public offering and private placement.

Issue costs have been deducted directly against the proceeds from the issuance of the Units.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 22. DISTRIBUTIONS TO UNITHOLDERS

	<b>Group and Trust 2017 A\$'000</b>
Distributions paid during the period:	
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 19 September 2017	26,353
	<u>102,692</u>

## 23. 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 period at terms agreed between parties:

<b>Description</b>	<b>Group Period from 30 November 2015 to 30 September 2017 A\$'000</b>
With related parties of the Managers:	
– Acquisition of investment properties	(1,817,886)
– Insurance expense paid/payable	(1,044)
– Service charge expenses paid/payable	(17)
– Lease incentive reimbursement received/receivable	11,705
– Interest receivable	276
– Reimbursements made on behalf	4,637
With the Managers:	
– Base management fee paid/payable in Units	(9,436)
– Performance management fee paid/payable in Units	(5,805)
– Acquisition fee paid/payable in Units	(847)
With the property manager:	
– Property management fee paid/payable	(1,935)
– Marketing services commission paid/payable	(703)
With the HAUT Trustee:	
– Trustee fee paid/payable	<u>(69)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 24. 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:

	<b>Group 2017 A\$'000</b>
Capital commitments in respect of:	
– Investment properties under development	32,224
– Investment properties	<u>2,243</u>

### (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:

	<b>Group 2017 A\$'000</b>
Within 1 year	4,954
From 1 year to 5 years	17,474
After 5 years	<u>345,722</u>
	<u>368,150</u>

Ground lease expenses on the Group's investment properties 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:

	<b>Group 2017 A\$'000</b>
Within 1 year	140,551
From 1 year to 5 years	478,525
After 5 years	<u>523,424</u>
	<u>1,142,500</u>

Rental income from investment properties is disclosed in Note 3.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 25. 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 and trade and other payables that are denominated in 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 25. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market risk (cont'd)

#### (i) Foreign currency risk (cont'd)

The Group's exposure to Singapore dollar in Australian dollar equivalent is as follows:

	<b>Group and Trust</b>
	<b>S\$</b>
	<b>A\$'000</b>
Cash and cash equivalents	26,153
Trade and other payables	(191)
<b>Net exposure</b>	<b>25,962</b>

In addition, as at 30 September 2017, the Group had outstanding foreign currency forward contracts with notional amount of approximately A\$91,325,000 to hedge future payments of distribution.

#### *Sensitivity analysis*

A 1% strengthening/weakening of the Australian dollar against the Singapore dollar during the financial period 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 notional amount of A\$420,000,000 (Note 13).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 25. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market risk (cont'd)

#### (ii) Interest rate risk (cont'd)

##### Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	<b>Group Nominal amount 2017 A\$'000</b>	<b>Trust Nominal amount 2017 A\$'000</b>
<b>Fixed rate instruments</b>		
Financial assets	–	1,065,658
Effect of interest rate swaps	(420,000)	(420,000)
	<u>(420,000)</u>	<u>645,658</u>
<b>Variable rate instruments</b>		
Financial assets	56,097	48,495
Financial liabilities	(580,000)	(580,000)
Effect of interest rate swaps	420,000	420,000
	<u>(103,903)</u>	<u>(111,505)</u>

##### 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.

	<b>Total return</b>		<b>Unitholders' funds</b>	
	<b>1% increase A\$'000</b>	<b>1% decrease A\$'000</b>	<b>1% increase A\$'000</b>	<b>1% decrease A\$'000</b>
<b>Group 2017</b>				
Variable rate instruments not hedged	(1,039)	1,039	–	–
Interest rate swaps	–	–	9,547	(9,909)
Cash flow sensitivity (net)	<u>(1,039)</u>	<u>1,039</u>	<u>9,547</u>	<u>(9,909)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 25. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market risk (cont'd)

#### (ii) Interest rate risk (cont'd)

	Total return		Unitholders' funds	
	1% increase A\$'000	1% decrease A\$'000	1% increase A\$'000	1% decrease A\$'000
<b>Trust 2017</b>				
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)

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 25. FINANCIAL RISK MANAGEMENT (CONT'D)

### (c) Liquidity risk (cont'd)

As at the reporting date, the Group maintains the following lines of credit:

- An A\$420 million unsecured term loan facility (comprising A\$170 million for a 3-year term, A\$160 million for a 4-year term and A\$90 million for a 5-year term). At the reporting date, the facility was fully drawn down.
- An A\$200 million unsecured revolving credit facility. At the reporting date, A\$160 million was drawn down.
- A S\$1 billion multicurrency debt program. At the reporting date, no issuance has been made under the program.
- An A\$50 million money market line facility. At the reporting date, the facility is unutilised.

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.

	Carrying amount A\$'000	Contractual cash flows A\$'000	Cash flows		
			Within one year A\$'000	Between one and five years A\$'000	More than five years A\$'000
<b>Group 2017</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables *	38,169	(38,169)	(37,987)	–	(182)
Borrowings	574,109	(633,601)	(16,410)	(617,191)	–
	<u>612,278</u>	<u>(671,770)</u>	<u>(54,397)</u>	<u>(617,191)</u>	<u>(182)</u>
<b>Derivative financial instruments</b>					
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	–	–
	<u>(663)</u>	<u>891</u>	<u>(2,309)</u>	<u>3,200</u>	<u>–</u>
	<u>611,615</u>	<u>(670,879)</u>	<u>(56,706)</u>	<u>(613,991)</u>	<u>(182)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 25. 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
<b>Trust</b>				
<b>2017</b>				
<b>Non-derivative financial liabilities</b>				
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)
<b>Derivative financial instruments</b>				
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 period 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 26. 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.

Group	Note	Carrying amount			Fair value					
		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
<b>30 September 2017</b>										
<b>Financial assets measured at fair value</b>										
	13	-	456	-	-	456	-	456	-	456
	13	-	-	3,077	-	3,077	-	3,077	-	3,077
		-	456	3,077	-	3,533	-	3,533	-	3,533
<b>Financial assets not measured at fair value</b>										
	14	56,097	-	-	-	-	-	-	-	56,097
	15	2,253	-	-	-	-	-	-	-	2,253
		58,350	-	-	-	-	-	-	-	58,350
<b>Financial liabilities measured at fair value</b>										
	13	-	(2,870)	-	-	-	-	(2,870)	-	(2,870)
<b>Financial liabilities not measured at fair value</b>										
	16	-	-	-	(38,169)	(38,169)	-	(38,169)	-	(38,169)
	17	-	-	-	(574,109)	(574,109)	-	(574,109)	-	(574,109)
		-	-	-	(612,278)	(612,278)	-	(612,278)	-	(612,278)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 26. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

### (a) Classifications and fair values (cont'd)

Note	Loans and receivables A\$'000	statement of total return A\$'000	Carrying amount			Fair value				
			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
<b>Trust</b>										
<b>30 September 2017</b>										
<b>Financial assets measured at fair value</b>										
13	-	456	-	-	-	-	456	-	-	456
13	-	-	3,077	-	-	-	3,077	-	3,077	3,077
	-	456	3,077	-	-	-	3,533	-	-	3,533
<b>Financial assets not measured at fair value</b>										
12	1,065,658	-	-	-	-	-	1,065,658	-	-	1,072,221
14	48,495	-	-	-	-	-	48,495	-	-	1,072,221
15	4,163	-	-	-	-	-	4,163	-	-	1,072,221
	1,118,316	-	-	-	-	-	1,118,316	-	-	1,072,221
<b>Financial liabilities</b>										
<b>Financial liabilities measured at fair value</b>										
13	-	(2,870)	-	-	-	-	(2,870)	-	(2,870)	(2,870)
<b>Financial liabilities not measured at fair value</b>										
16	-	-	-	-	(1,296)	-	(1,296)	-	-	(1,296)
17	-	-	-	-	(574,109)	-	(574,109)	-	-	(574,109)
	-	-	-	-	(575,405)	-	(575,405)	-	-	(575,405)

\* Excluding prepayments

\*\* Excluding deferred income and rental received in advance

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 26. 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
<u>Financial instruments measured at fair value</u>	
<b>Group and Trust</b> 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.
<u>Financial instruments not measured at fair value</u>	
<b>Trust</b> Loans to a subsidiary	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 period.

## 27. 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.

	<b>Group 2017</b>
Total borrowings (gross) (Note 17) (A\$'000)	580,000
Total assets (A\$'000)	1,976,324
Aggregate leverage (%)	<u>29.3</u>

The Group is in compliance with all externally imposed capital requirements for the financial period ended 30 September 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 28. FINANCIAL RATIOS

	2017 %
Expense to weighted average net assets <sup>(1)</sup>	
– with performance fee of Managers	1.15
– without performance fee of Managers	0.79
Expense to net asset value <sup>(2)</sup>	4.10
Portfolio turnover ratio <sup>(3)</sup>	–

<sup>(1)</sup> 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.

<sup>(2)</sup> The expense ratios are 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.

<sup>(3)</sup> 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.

## 29. SUBSEQUENT EVENTS

There were the following significant events subsequent to the reporting date:

- One of the Group's development properties, 166 Pearson Road, Yatala, achieved its practical completion on 13 October 2017 and the remaining development costs of A\$21.0 million was paid.
- On 2 November 2017, the Manager declared a distribution of 1.68 Singapore cents per Unit to Unitholders in respect of the period from 6 July 2017 to 30 September 2017, amounting to A\$25.1 million.
- On 7 November 2017, 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 2017 to 30 September 2017	S\$1.08	2,005
– Performance fee	20 June 2016 to 30 September 2017	S\$1.08	5,646
			<u>7,651</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 30. LIST OF SUBSIDIARIES

Name of subsidiaries	Principal activity	Principal place of business/ Country of incorporation	Effective interest (%) held by the Trust 2017
<i>Direct subsidiaries</i>			
FLT Australia Pte. Ltd <sup>(1)</sup>	Investment holding	Singapore	100%
FLT Treasury Pte. Ltd <sup>(1)</sup>	Provision of treasury service	Singapore	100%
FLT Australia Trust <sup>(2)(3)</sup>	Investment holding	Australia	100%
FLT Landowner Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 1 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 2 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 3 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 4 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 5 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 6 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 7 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 8 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 9 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
FLT Queensland No. 10 Pty Limited <sup>(2)</sup>	Trustee	Australia	100%
<i>Indirect subsidiaries</i>			
Atlantic Drive Trust B <sup>(2)</sup>	Property investment	Australia	100%
Atlantic Drive Trust C <sup>(2)</sup>	Property investment	Australia	100%
Atlantic Drive Trust D <sup>(2)</sup>	Property investment	Australia	100%
Aylesbury Drive Trust A <sup>(2)</sup>	Property investment	Australia	100%
Bam Wine Court Trust A <sup>(2)</sup>	Property investment	Australia	100%
Boundary Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Boundary Road Trust B <sup>(2)</sup>	Property investment	Australia	100%
Butler Boulevard Trust A <sup>(2)</sup>	Property investment	Australia	100%
Butler Boulevard Trust B <sup>(2)</sup>	Property investment	Australia	100%
Butler Boulevard Trust C <sup>(2)</sup>	Property investment	Australia	100%
Coghlan Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Distribution Place Trust A <sup>(2)</sup>	Property investment	Australia	100%
Dorismus Drive Trust A <sup>(2)</sup>	Property investment	Australia	100%
Douglas Street Trust A <sup>(2)</sup>	Property investment	Australia	100%
Earnshaw Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Efficient Drive Trust A <sup>(2)</sup>	Property investment	Australia	100%
Efficient Drive Trust B <sup>(2)</sup>	Property investment	Australia	100%
Eucalyptus Place Trust A <sup>(2)</sup>	Property investment	Australia	100%
Flint Street Trust A <sup>(2)</sup>	Property investment	Australia	100%
Gibbon Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Hartley Street Trust A <sup>(2)</sup>	Property investment	Australia	100%
Heatherton Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Horsley Drive Trust A <sup>(2)</sup>	Property investment	Australia	100%
Horsley Drive Trust B <sup>(2)</sup>	Property investment	Australia	100%
Hudson Court Trust A <sup>(2)</sup>	Property investment	Australia	100%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 30 NOVEMBER 2015 (DATE OF CONSTITUTION) TO 30 SEPTEMBER 2017

## 30. LIST OF SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Principal place of business/ Country of incorporation	Effective interest (%) held by the Trust 2017
<i>Indirect subsidiaries (cont'd)</i>			
Indian Drive Trust A <sup>(2)</sup>	Property investment	Australia	100%
Indian Drive Trust B <sup>(2)</sup>	Property investment	Australia	100%
Jets Court Trust A <sup>(2)</sup>	Property investment	Australia	100%
Jets Court Trust B <sup>(2)</sup>	Property investment	Australia	100%
Kangaroo Avenue Trust A <sup>(2)</sup>	Property investment	Australia	100%
Kangaroo Avenue Trust B <sup>(2)</sup>	Property investment	Australia	100%
Kangaroo Avenue Trust C <sup>(2)</sup>	Property investment	Australia	100%
Link Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Pacific & Atlantic Drive Trust A <sup>(2)</sup>	Property investment	Australia	100%
Paltridge Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Pearson Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Pearson Road Trust B <sup>(2)</sup>	Property investment	Australia	100%
Platinum Street Trust A <sup>(2)</sup>	Property investment	Australia	100%
Queensport Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Reconciliation Rise Trust A <sup>(2)</sup>	Property investment	Australia	100%
Reconciliation Rise Trust B <sup>(2)</sup>	Property investment	Australia	100%
Sandstone Place Trust A <sup>(2)</sup>	Property investment	Australia	100%
Shettleston Street Trust A <sup>(2)</sup>	Property investment	Australia	100%
Siltstone Place Trust A <sup>(2)</sup>	Property investment	Australia	100%
Sky Road East Trust A <sup>(2)</sup>	Property investment	Australia	100%
Sky Road East Trust B <sup>(2)</sup>	Property investment	Australia	100%
South Centre Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
South Park Drive Trust A <sup>(2)</sup>	Property investment	Australia	100%
South Park Drive Trust B <sup>(2)</sup>	Property investment	Australia	100%
South Park Drive Trust C <sup>(2)</sup>	Property investment	Australia	100%
South Park Drive Trust D <sup>(2)</sup>	Property investment	Australia	100%
South Park Drive Trust E <sup>(2)</sup>	Property investment	Australia	100%
Springhill Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Stanton Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Stanton Road Trust B <sup>(2)</sup>	Property investment	Australia	100%
Station Road Trust A <sup>(2)</sup>	Property investment	Australia	100%
Stradbroke Street Trust A <sup>(2)</sup>	Property investment	Australia	100%
Sunline Drive Trust A <sup>(2)</sup>	Property investment	Australia	100%
Sunline Drive Trust B <sup>(2)</sup>	Property investment	Australia	100%
Wellington Road Trust A <sup>(2)</sup>	Property investment	Australia	100%

<sup>(1)</sup> Audited by KPMG LLP, Singapore.

<sup>(2)</sup> Audited by other member firm of KPMG International.

<sup>(3)</sup> Held by the Trust and FLT Australia Pte. Ltd. with equity interest of 50% each.

## 31. COMPARATIVE FIGURES

No comparative figures have been presented as this is the first set of financial statements prepared by the Trust and the Group since the date of constitution of the Trust.



# USE OF PROCEEDS

AS AT 30 SEPTEMBER 2017

## Use of IPO proceeds

On 20 June 2016, being the listing date of FLT, 1,425,149,999 Units were issued at an issue price of S\$0.89 per Unit pursuant to (i) the IPO of FLT comprising Units issued to investors under the international placement and public offer, (ii) the subscription agreement entered into with Australand Property Limited, as trustee of Australand Property Trust ("APT", and the trustee of APT, "APL") (the "Sponsor Subscription Agreement"), (iii) the subscription agreement entered into with TCC Group Investments Limited (the "TCCG Subscription Agreement") and (iv) the subscription agreements entered into with various cornerstone investors (the "Cornerstone Subscription Agreements"). Gross proceeds of approximately S\$1,268.4 million (equivalent to A\$1,268.0 million) were raised from the foregoing issuance of Units.

The use of proceeds raised from the IPO, the issuance of Units under TCCG Subscription Agreement, the issuance of Units under the Cornerstone Subscription Agreements together with drawdown of loan facilities amounting to A\$426.0 million 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 <sup>(1)</sup>		Actual <sup>(2)</sup>		Difference	
	A\$'000	S\$'000	A\$'000	S\$'000	A\$'000	S\$'000
Acquisition of						
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 <sup>(3)</sup>	51,162	(1,472)	(1,648)
<b>Total</b>	<b>1,411,462</b>	<b>1,407,933</b>	<b>1,411,462</b>	<b>1,407,933</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> The use of proceeds disclosed in the Listing Announcement dated 20 June 2016 was translated into S\$ using the exchange rate of A\$1.00 : S\$0.9975 which is the weighted average rate at which the REIT Manager has hedged S\$907.8 million of the IPO proceeds.

<sup>(2)</sup> 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.

<sup>(3)</sup> Since the Listing Date, A\$28.9 million (S\$30.2 million) out of the A\$51.1 million raised from the IPO which was allocated to working capital purposes had been utilised in the following manner:

- A\$7.1 million (S\$7.3 million) towards payment of interest expenses on borrowings;
- 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; and
- A\$20.4 million (S\$21.4 million) towards payment of acquisition of Martin Brower Call Option Property, stamp duty and transaction costs for the exercise of the three call option properties.

The amount of S\$285.4 million (approximately A\$282.5 million) payable under the Sponsor Subscription Agreement was utilised towards the acquisition of the IPO Properties (as defined in the Listing Announcement). Such use of proceeds is in accordance with the intended use and is in accordance with the allocation as stated in the Prospectus and the Listing Announcement.

With the use of proceeds raised from the IPO stated above, approximately S\$20.8 million of the proceeds raised from the IPO remain unutilised.

The Manager will make periodic announcements on the utilisation of the remaining proceeds raised from the IPO as and when such funds are materially utilised.

## Use of private placement proceeds

On 6 July 2017, FLT issued 78 million new Units at an issue price of S\$1.01 per Unit. Gross proceeds of approximately S\$78.8 million (equivalent to A\$75.0 million) were raised from the placement.

The net private placement proceeds were fully deployed to partially fund the portfolio acquisition of seven industrial properties located in Australia, comprising four completed properties and three development properties.

Such use of proceeds from the private placement is in accordance with the intended use of proceeds previously disclosed in FLT's announcement dated 27 June 2017 in relation to the private placement.

# UNITHOLDERS' STATISTICS

AS AT 1 DECEMBER 2017

## ISSUED AND FULLY-PAID-UP UNITS

As at 1 December 2017

1,519,128,679 Units (voting rights: one vote per Unit)

Market Capitalisation S\$1,671,041,547 (based on closing price of S\$1.10 per Unit on 1 December 2017)

## TOP 20 UNITHOLDERS

As at 1 December 2017

As shown in the Register of Unitholders

No.	Name	No. of Units	%
1	DBS Nominees (Private) Limited	367,293,857	24.18
2	DBS Vickers Securities (Singapore) Pte Ltd	300,690,300	19.79
3	Citibank Nominees Singapore Pte Ltd	217,547,932	14.32
4	HSBC (Singapore) Nominees Pte Ltd	130,940,180	8.62
5	Raffles Nominees (Pte) Limited	77,801,538	5.12
6	United Overseas Bank Nominees (Private) Limited	72,810,952	4.79
7	DBSN Services Pte Ltd	56,743,971	3.73
8	DB Nominees (Singapore) Pte Ltd	38,318,150	2.52
9	OCBC Securities Private Limited	24,195,495	1.59
10	BPSS Nominees Singapore (Pte.)Ltd.	16,452,360	1.08
11	Meren Pte Ltd	13,000,000	0.86
12	Morgan Stanley Asia (Singapore) Securities Pte Ltd	9,052,648	0.60
13	KGI Securities (Singapore) Pte	6,931,300	0.46
14	UOB Kay Hian Private Limited	5,259,900	0.35
15	Phillip Securities Pte Ltd	4,494,300	0.30
16	Merrill Lynch (Singapore) Pte Ltd	2,564,300	0.17
17	Hwang Nian Huei	2,558,000	0.17
18	OCBC Nominees Singapore Private Limited	2,385,200	0.16
19	Maybank Kim Eng Securities Pte. Ltd.	2,328,100	0.15
20	CIMB Securities (Singapore) Pte. Ltd.	1,985,934	0.13
	<b>Total</b>	<b>1,353,354,417</b>	<b>89.09</b>

## DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Unitholders	%	No. of Units	%
1 – 99	4	0.03	94	0.00
100 – 1,000	2,099	16.47	2,050,626	0.13
1,001 – 10,000	7,771	60.97	45,874,400	3.02
10,001 – 1,000,000	2,846	22.33	110,369,742	7.27
1,000,001 AND ABOVE	26	0.20	1,360,833,817	89.58
<b>Total</b>	<b>12,746</b>	<b>100.00</b>	<b>1,519,128,679</b>	<b>100.00</b>

# UNITHOLDERS' STATISTICS

AS AT 1 DECEMBER 2017

## SUBSTANTIAL UNITHOLDERS

As at 1 December 2017<sup>(1)</sup>

	Direct Interest		Deemed Interest		Total No. of	
	No. of Units held	%	No. of Units held	%	Units held	%
FCL Investments (Industrial) Pte. Ltd. <sup>(2)</sup>	–	–	307,759,696	20.26	307,759,696	20.26
Frasers Centrepoint Limited <sup>(3)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
Thai Beverage Public Company Limited <sup>(4)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
International Beverage Holdings Limited <sup>(5)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
InterBev Investment Limited <sup>(6)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
Siriwana Company Limited <sup>(7)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
Maxtop Management Corp. <sup>(8)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
Risen Mark Enterprise Ltd. <sup>(8)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
Golden Capital (Singapore) Limited <sup>(8)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
MM Group Limited <sup>(9)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
TCC Assets Limited <sup>(10)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
Charoen Sirivadhanabhakdi <sup>(11)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
Khunying Wanna Sirivadhanabhakdi <sup>(12)</sup>	–	–	308,133,679	20.28	308,133,679	20.28
TCC Group Investments Limited <sup>(13)</sup>	–	–	89,887,000	5.92	89,887,000	5.92
Atinant Bijananda <sup>(13)</sup>	–	–	89,887,000	5.92	89,887,000	5.92
Thapana Sirivadhanabhakdi <sup>(13)</sup>	–	–	89,887,000	5.92	89,887,000	5.92
Wallapa Traisorat <sup>(13)</sup>	–	–	89,887,000	5.92	89,887,000	5.92
Thapanee Techajareonvikul <sup>(13)</sup>	–	–	89,887,000	5.92	89,887,000	5.92
Panote Sirivadhanabhakdi <sup>(13)</sup>	–	–	89,887,000	5.92	89,887,000	5.92
Sumitomo Mitsui Trust Holdings, Inc. <sup>(14)</sup>	–	–	91,288,614	6.01	91,288,614	6.01
Sumitomo Mitsui Trust Bank, Limited <sup>(15)</sup>	–	–	90,289,214	5.94	90,289,214	5.94
Nikko Asset Management Co., Ltd. <sup>(16)</sup>	–	–	90,370,714	5.95	90,370,714	5.95

### Notes:

<sup>(1)</sup> Based on the information available to the Manager as at 1 December 2017.

<sup>(2)</sup> Pursuant to a declaration of trust dated 21 June 2016, Australand Property Limited ("APL"), as trustee of Australand Property Trust ("APT"), holds units in FLT upon trust absolutely for FCL Investments (Industrial) Pte. Ltd. ("FCLI"). In addition, FCLI holds units in FLT through a nominee account with OCBC Securities Private Limited. FCLI therefore has a deemed interest in units in FLT, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore) ("SFA").

<sup>(3)</sup> Frasers Centrepoint Limited ("FCL") holds a 100% direct interest in each of Frasers Logistics & Industrial Asset Management Pte. Ltd. ("FLIAM") and FCLI. FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT. FCL therefore has a deemed interest in the units in FLT in which each of FLIAM and FCLI has an interest, by virtue of Section 4 of the SFA.

<sup>(4)</sup> 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 more than 20% interest in FCL;
- FCL holds a 100% direct interest in each of FLIAM and FCLI; and
- FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT;

ThaiBev therefore has a deemed interest in the units in FLT in which FCL has an interest, by virtue of Section 4 of the SFA.

<sup>(5)</sup> IBHL holds a 100% direct interest in IBIL;

- IBIL holds a more than 20% interest in FCL;
- FCL holds a 100% direct interest in each of FLIAM and FCLI; and
- FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT.

IBHL therefore has a deemed interest in the units in FLT in which FCL has an interest, by virtue of section 4 of the SFA.

<sup>(6)</sup> IBIL holds a more than 20% interest in FCL;

- FCL holds a 100% direct interest in each of FLIAM and FCLI; and
- FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT.

IBIL therefore has a deemed interest in the units in FLT in which FCL has an interest, by virtue of section 4 of the SFA.

<sup>(7)</sup> Siriwana Company Limited ("SCL") holds a more than 20% interest in ThaiBev;

- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a more than 20% interest in FCL;
- FCL holds a 100% direct interest in each of FLIAM and FCLI; and
- FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT.

SCL therefore has a deemed interest in the units in FLT in which FCL has an interest, by virtue of Section 4 of the SFA.

# UNITHOLDERS' STATISTICS

AS AT 1 DECEMBER 2017

## SUBSTANTIAL UNITHOLDERS (CONT'D)

As at 1 December 2017

- <sup>(8)</sup> Maxtop Management Corp. ("**MMC**") together with Risen Mark Enterprise Ltd. ("**RM**") and Golden Capital (Singapore) Limited ("**GC**") collectively hold a more than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
  - IBHL holds a 100% direct interest in IBIL;
  - IBIL holds a more than 20% interest in FCL;
  - FCL holds a 100% direct interest in each of FLIAM and FCLI; and
  - FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT.
- MMC, RM and GC each therefore has a deemed interest in the units in FLT in which FCL has an interest, by virtue of Section 4 of the SFA.
- <sup>(9)</sup> MM Group Limited ("**MM**") holds a 100% direct interest in each of MMC, RM and GC;
- MMC, RM and GC collectively hold a more than 20% interest in ThaiBev;
  - ThaiBev holds a 100% direct interest in IBHL;
  - IBHL holds a 100% direct interest in IBIL;
  - IBIL holds a more than 20% interest in FCL;
  - FCL holds a 100% direct interest in each of FLIAM and FCLI; and
  - FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT.
- MM therefore has a deemed interest in the units in FLT in which FCL has an interest, by virtue of Section 4 of the SFA.
- <sup>(10)</sup> TCC Assets Limited ("**TCCA**") holds a majority interest in FCL;
- FCL holds a 100% direct interest in each of FLIAM and FCLI; and
  - FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT.
- TCCA therefore has a deemed interest in the units in FLT in which FCL has an interest, by virtue of Section 4 of the SFA.
- <sup>(11)</sup> 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 FCL;
  - FCL holds a 100% direct interest in FLIAM and FCLI; and
  - FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT.
- Charon Sirivadhanabhakdi therefore has a deemed interest in the units in FLT in which FCL has an interest, by virtue of Section 4 of the SFA.
- <sup>(12)</sup> 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 FCL;
  - FCL holds a 100% direct interest in FLIAM and FCLI; and
  - FLIAM directly holds units in FLT, and FCLI has a deemed interest in units in FLT.
- Khunying Wanna Sirivadhanabhakdi therefore has a deemed interest in the units in FLT in which FCL has an interest, by virtue of Section 4 of the SFA.
- <sup>(13)</sup> 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 with DBS Nominees Pte. Ltd.
- 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.
- <sup>(14)</sup> Based on information provided by Sumitomo Mitsui Trust Holdings, Inc. ("**SMTH**") on 7 December 2017. SMTH has a deemed interest in units in FLT, on the basis of its controlling interest in each of Sumitomo Mitsui Trust Asset Management Co., Ltd. ("**SMTAM**") and Sumitomo Mitsui Trust Bank, Limited ("**SMTB**"). SMTB in turn has a controlling interest in Nikko Asset Management Co., Ltd. ("**NAM**") which has a controlling interest in Nikko Asset Management International Limited ("**NAMIL**"). NAMIL has a controlling interest in Nikko Asset Management Asia Limited ("**NAMAsia**") and separately holds more than 20% of the shareholdings of Affin Hwang Asset Management Berhad ("**AHAM**"). AHAM has a controlling interest in AIIMAN Asset Management ("**AIIMAN**"). Therefore, SMTH is deemed to have an interest in the units in FLT held in aggregate by portfolios managed by SMTB, SMTAM, NAM, NAMAsia, AHAM and AIIMAN.
- <sup>(15)</sup> SMTB has a deemed interest in units in FLT: (i) held in aggregate by portfolios managed by it; and (ii) on the basis of its deemed interest arising out of its controlling interest in NAM which has a controlling interest in NAMIL. NAMIL in turn has a controlling interest in NAMAsia and separately holds more than 20% of the shareholdings of AHAM. AHAM has a controlling interest in AIIMAN. Therefore, SMTB is deemed to have an interest in the units in FLT held in aggregate by portfolios managed by NAM, NAMAsia, AHAM and AIIMAN.
- <sup>(16)</sup> NAM has a deemed interest in units in FLT: (i) held in aggregate by portfolios managed by it; and (ii) on the basis of its deemed interest arising out of its controlling interest in NAMIL. NAMIL has a controlling interest in NAMAsia and separately holds more than 20% of the shareholdings of AHAM. AHAM has a controlling interest in AIIMAN. Therefore, NAM is deemed to have an interest in the units in FLT held in aggregate by portfolios managed by NAMAsia, AHAM and AIIMAN.

# UNITHOLDERS' STATISTICS

AS AT 1 DECEMBER 2017

## UNITHOLDINGS OF DIRECTORS OF THE MANAGER

As at 21 October 2017

	<b>Directors</b>	<b>Direct Interest No. of Units</b>	<b>Deemed Interest No. of Units</b>
1	Ho Hon Cheong	583,000	438,000
2	Goh Yong Chian	300,000	–
3	Paul Gilbert Say	–	150,000
4	Panote Sirivadhanabhakdi	–	89,887,000
5	Lim Ee Seng	400,000	–
6	Michael Newsom Michael	–	60,000

## FREE FLOAT

Based on information available to the Manager as at 1 December 2017, approximately 67% 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 FP2017 under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) A\$'000
<b>Frasers Logistics &amp; Industrial Asset Management Pte. Ltd</b>	
– Manager's base management fees paid/payable	(4,863)
– Manager's performance management fees paid/payable	(3,443)
– Manager's acquisition management fees paid/payable	(169)
<b>FLT Australia Management Pty Ltd</b>	
– Manager's base management fees paid/payable	(4,573)
– Manager's performance management fees paid/payable	(2,362)
– Manager's acquisition management fees paid/payable	(678)
<b>Frasers Property Management Services Pty Limited</b>	
– Property management fees paid/payable	(1,935)
– Marketing services commissions paid/payable	(703)
<b>Australand Property Pty Limited, as Trustee of Australand Property Trust</b>	
– Incentives reimbursement	17,697
– Settlement adjustments	4,637
– Acquisition of investment properties	(1,780,474)
– Acquisition of development investment properties	(37,412)
– Coupon interest income receivable	276
<b>Frasers Property Funds Management Limited (in its capacity as trustee of FLT Australia Trust)</b>	
– Trustee fees payable	(69)
<b>Southeast Insurance Public Company Limited</b>	
– Insurance expense paid/payable	(1,044)
<b>Perpetual (Asia) Limited</b>	
– Trustee fees paid/payable	(296)
– Services set up fees paid	(5)
– Disbursements / out of pocket expenses paid	(6)
<b>Intercontinental Singapore</b>	
– Rental & service charge expenses paid/payable	(17)

\* 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



(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 1<sup>st</sup> Annual General Meeting (“**AGM**”) of the unitholders of FRASERS LOGISTICS & INDUSTRIAL TRUST (“**FLT**”, and the unitholders of FLT, “**Unitholders**”) will be held at Nicoll Room 1, Suntec Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 25 January 2018 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 period ended 30 September 2017 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, of which Ordinary Resolution (3) will be proposed as an Ordinary Resolution and Extraordinary Resolution (4) will be proposed as an Extraordinary 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,

DBS Bank Ltd. and Citigroup Global Markets Singapore Pte. Ltd. are the joint financial advisers, global coordinators and issue managers for the initial public offering of the units in Frasers Logistics & Industrial Trust (the “**Offering**”). DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Morgan Stanley Asia (Singapore) Pte., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited are the joint bookrunners and underwriters for the Offering (collectively, the “**Joint Bookrunners**”). The Joint Bookrunners for the Offering assume no responsibility for the contents of this announcement.

# NOTICE OF ANNUAL GENERAL MEETING

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.

# NOTICE OF ANNUAL GENERAL MEETING

## Extraordinary Resolution (4)

4. That:
- (a) approval be and is hereby given to amend the Trust Deed to include provisions regarding electronic communications of notices and documents to Unitholders in the manner set out in Annex A of the appendix to the Notice of Annual General Meeting (the "**Appendix**") dated 26 December 2017 (the "**Proposed Electronic Communications Trust Deed Supplement**"); and
  - (b) the Manager 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 or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of FLT to give effect to the Proposed Electronic Communications Trust Deed Supplement.

*(Please see the Explanatory Note)*

## **Frasers Logistics & Industrial Asset Management Pte. Ltd.**

(Company Registration No: 201528178Z)

as manager of Frasers Logistics & Industrial Trust

**Catherine Yeo**

**Company Secretary**

Singapore

26 December 2017

## **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

# NOTICE OF ANNUAL GENERAL MEETING

- (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 (a form is enclosed) 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.

### Extraordinary Resolution 4

In connection with the amendments to the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), companies are allowed to send notices and documents electronically to their shareholders with the express, deemed or implied consent (the "**Deemed Consent Regime**" and the "**Implied Consent Regime**", respectively) of the shareholders if the constitution of the company provides for it and the specified modes of electronic communications are set out in the constitution of the company (the "**Companies Act Electronic Communications Amendments**"). The SGX-ST has recently amended the listing rules of the SGX-ST (the "**Listing Rules**") to align the Listing Rules with the Companies Act Electronic Communications Amendments, with issuers allowed to transmit certain types of notices and documents to shareholders (or Unitholders, in the case of a listed real estate investment trust ("**REIT**") such as FLT) electronically with the express, deemed or implied consent of shareholders.

Although FLT is not bound by the Companies Act, it is nonetheless bound by the Listing Rules as a listed REIT. Accordingly, the Manager proposes to amend the Trust Deed to adopt certain provisions of the Listing Rules to implement the Implied Consent Regime and the Deemed Consent Regime and allow for such electronic transmission of notices and documents in relation to FLT.

(See the Appendix in relation to the Proposed Electronic Communications Trust Deed Supplement for further details.)

# 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.**

This page has been intentionally left blank.



This page has been intentionally left blank.

# 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 26 December 2017.

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 Nicoll Room 1, Suntec Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 25 January 2018 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*
	<b>ROUTINE BUSINESS</b>		
1.	To receive and adopt the Trustee's Report, the Statement by the Manager and the Audited Financial Statements of FLT for the financial period ended 30 September 2017 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		
	<b>SPECIAL BUSINESS</b>		
3.	To authorise the Manager to issue Units and to make or grant convertible instruments		
4.	To approve the Proposed Electronic Communications Trust Deed Supplement		

\* 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 \_\_\_\_\_ 2017/2018

**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

**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 (a form is enclosed) 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 instrument appointing a proxy or proxies 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 instrument of proxy, 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 form of proxy will be deemed to relate to all the Units held by the Unitholder.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 an instrument appointing a proxy or proxies 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 instrument of proxy, failing which the instrument 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

Affix  
Postage  
Stamp

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

438 Alexandra Road  
#21-00 Alexandra Point  
Singapore 119958

Phone: +65 6813 0588

Fax: +65 6813 0578

[www.fraserslogisticstrust.com](http://www.fraserslogisticstrust.com)

