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Introduction

Fraser's Logistics & Industrial Trust ("FLT" or the "Trust") is a real estate investment trust established under a Trust Deed dated 30 November 2015 (as amended) entered into between Fraser's Logistics & Industrial Asset Management Pte. Ltd. ("FLIAM") (as manager of FLT) (the "Manager") and Perpetual (Asia) Limited (in its capacity as trustee of FLT) (the "Trustee").

At its Initial Public Offering on 20 June 2016, FLT held 51 properties. This was subsequently increased to 54 properties after the completion of the acquisition of the 3 call option properties. On 6 June 2017, FLT announced its first portfolio acquisition of seven industrial properties located in Australia comprising four completed properties and three development properties for an aggregate consideration of approximately A\$169.3 million (the "FY2017 Acquisition Transaction"). The REIT Manager completed the acquisitions of the four completed properties on 1 August 2017. The three development properties achieved practical completion from October 2017 to May 2018.

On 20 April 2018, FLT announced its second portfolio acquisition of 17 industrial properties located in Germany and four located in the Netherlands (the "FY2018 European Properties"). The agreed purchase price for the FY2018 European Properties was approximately €596.8 million (the "Property Purchase Price"). The consideration of approximately €308.2 million was based on the aggregate value of the Property Purchase Price, adjusted for the consolidated net assets and liabilities of FPE Logistics B.V. ("the Target Company") which included the existing debt of €265.4 million (the "FY2018 European Acquisition"). On 8 May 2018, unitholders at FLT's EGM approved the FY2018 European Acquisition as it was an interested person transaction. The REIT Manager raised total proceeds of S\$476 million through a private placement and a preferential offering to part finance the transaction which was completed on 25 May 2018.

On 17 and 20 August 2018, FLT completed the divestment of Lot 102 Coghlan Road in South Australia and 80 Hartley Street in New South Wales respectively (the "FY2018 Divestments"). The former property was divested for A\$8.75 million and the latter for A\$90.5 million.

On 31 August 2018, FLT announced the acquisition of a freehold property at 103 -131 Wayne Goss Drive, Berrinba, Queensland and a leasehold property at 3 Burilda Close, Wetherill Park, New South Wales for a total consideration of A\$62.6 million (the "FY2018 Australian Acquisition"). The transaction was completed on 5 September 2018.

On 31 October 2018, FLT announced the acquisition of the freehold interest in a prime logistics property located at Mandeveld 12, Meppel, the Netherlands (the "FY2019 Dutch Property"). The agreed property purchase price of the FY2019 Dutch Property was €25.4 million (approximately A\$40.6 million). The consideration for the transaction was approximately €24.8 million (approximately A\$39.6 million) based on the net asset value of the company acquired as at completion ("FY2019 Dutch Acquisition").

Following the above, FLT's portfolio comprises 83 logistics and industrial properties located in Australia, Germany and the Netherlands.

	Portfolio as at 31/12/2018
Number of Properties	83
GLA (sq m)	1,978,406
Occupancy	99.6%
WALE ¹	6.71 years
Portfolio Age ²	7.61 years

FLT's investment strategy is to invest globally, directly or indirectly, in a diversified portfolio of income producing real estate assets which are predominantly used for logistics or industrial purposes³, whether wholly or partially, as well as such industrial⁴ real estate-related assets in connection with the foregoing.

¹ The weighted average lease expiry or "WALE" is calculated on a gross rental income basis (excluding straight lining rental adjustments) with respect to the unexpired lease terms of the existing tenants.

² Portfolio age refers to the average age of the buildings of the properties, weighted by value.

³ Such real estate assets used for "logistics" or "industrial" purposes also include office components ancillary to the foregoing purposes.

⁴ References to real estate assets used for "industrial" purposes means real estate assets used for "industrial" or "logistics" purposes interchangeably.

Distribution Policy

FLT will distribute at least 90% of its Distributable Income. Distributions will be made on a semi-annual basis for the six-month periods ending 31 March and 30 September. The actual level of distributions above 90% is to be determined at the REIT Manager's discretion. Unitholders have the option to elect to receive distributions in Singapore dollars or Australian dollars.

Summary of Group Results

	Note	Group		
		1/10/2018 to 31/12/2018 1QFY19 A\$'000	1/10/2017 to 31/12/2017 1QFY18 A\$'000	Change
				%
Revenue		59,524	42,430	40.3
Adjusted net property income*		48,930	33,391	46.5
Total return for the period		30,012	25,560	17.4
Attributable to:				
Unitholders of the Trust		29,721	25,560	16.3
Non-controlling interests		291	-	N.M
Distributable Income	1	36,698	25,854	41.9
Distribution per Unit ("DPU")				
- Australian cents	2	1.81	1.70	6.5
- Singapore cents	1	1.78	1.80	(1.1)

* Adjusted net property income ("Adjusted NPI") comprises the actual net property income excluding straight lining adjustments for rental income and after adding back straight lining adjustments for ground leases.

Notes:

- (1) 1QFY19 DPU is calculated based on 83.1% (1QFY18: 78.1%) of management fees to be taken in the form of units and after taking into consideration the foreign currency forward contracts entered into to hedge the currency risk for distributions to Unitholders at A\$1.00: S\$0.9820 (1QFY18: A\$1.00: S\$1.0583).
- (2) For illustration and comparison purpose only, assuming 100% of management fees had been taken in the form of units, 1QFY19 DPU would have been 1.85 Australian cents (1QFY18: 1.75 Australian cents).

1(a) Consolidated Statement of Total Return and Distribution Statement

		Group		
	Note	1QFY19	1QFY18	Change
		A\$'000	A\$'000	%
Revenue	1	59,524	42,430	40.3
Property operating expenses	2	(9,272)	(7,642)	21.3
Net property income		50,252	34,788	44.5
Managers' management fee				
- Base fee		(3,084)	(2,003)	54.0
- Performance fee		(1,694)	(1,203)	40.8
Trustees' fees		(104)	(84)	23.8
Trust expenses		(912)	(430)	112.1
Finance income		281	444	(36.7)
Finance costs		(7,512)	(4,770)	57.5
Exchange losses (net)	3	(1,589)	(957)	66.0
Net income		35,638	25,785	38.2
Net change in fair value of investment properties	4	108	-	N.M
Net change in fair value of derivative financial instruments	5	162	3,957	(95.9)
Total return for the period before tax		35,908	29,742	20.7
Tax expenses	6	(5,896)	(4,182)	41.0
Total return for the period		30,012	25,560	17.4
Attributable to:				
Unitholders of the Trust		29,721	25,560	16.3
Non-controlling interests		291	-	N.M
		30,012	25,560	17.4
Distribution Statement				
Total return after tax		29,721	25,560	16.3
Tax related and other adjustments	7	6,977	294	N.M
Income available for distribution to Unitholders		36,698	25,854	41.9
For information:				
Adjusted NPI		48,930	33,391	46.5

Notes:

(1) Revenue comprises the following:

		Group		
		1QFY19	1QFY18	Change
		A\$'000	A\$'000	%
Rental income		51,155	36,053	41.9
Incentives reimbursement		1,316	1,284	2.5
Recoverable outgoings		5,817	5,093	14.2
Others*		1,236	-	N.M
		59,524	42,430	40.3

* Relates to the early surrender fee received for Lot 63-79 South Park Drive, Dandenong South, Victoria.

Notes (cont'd):

(2) Property operating expenses comprise the following:

	Group		
	1QFY19	1QFY18	Change
	A\$'000	A\$'000	%
Land tax	(1,882)	(1,414)	33.1
Ground lease expenses*	(2,514)	(2,028)	24.0
Statutory expenses**	(1,464)	(1,489)	(1.7)
Property management fee	(738)	(437)	68.9
Other property expenses	(2,674)	(2,274)	17.6
	(9,272)	(7,642)	21.3

* Includes straight lining adjustments for annual increments.

**Relates to council rates, utility charges and other government levies.

(3) Net exchange losses relate mainly to the realised and unrealised exchange differences arising from translation of the Group's cash balances held in Singapore dollars, bank borrowings at Trust level held in Euro dollars, and the exchange differences arising from settlement of foreign currency forward contracts.

(4) Net change in fair value of investment properties relates to the accounting adjustment on investment property from the FY2019 Dutch Acquisition.

(5) Net change in fair value of derivative financial instruments relates to the change in fair value of foreign currency forward contracts entered into to hedge the currency risk on distributions to Unitholders.

(6) Tax expenses comprise the following:

	Group		
	1QFY19	1QFY18	Change
	A\$'000	A\$'000	%
Current tax expenses	(3,440)	(2,457)	40.0
Deferred tax expenses	(2,456)	(1,725)	42.4
	(5,896)	(4,182)	41.0

Current tax expenses comprise mainly the income tax on the FY2019 Dutch Acquisition and the FY2018 European Acquisition and withholding tax on the taxable distributable income and interest income from the Group's Australian entities. Deferred tax is provided on the temporary differences between the tax bases of investment properties and their carrying amounts at the reporting date.

Notes (cont'd):

(7) Tax related and other adjustments comprise the following:

	Group		
	1QFY19 A\$'000	1QFY18 A\$'000	Change %
Straight-lining of rental adjustments	(1,322)	(1,397)	(5.4)
Managers' management fee paid/payable in Units*	3,973	2,505	58.6
Exchange losses (net)	1,577	955	65.1
Net change in fair value of investment properties	(108)	-	N.M
Net change in fair value of derivative financial instruments	(162)	(3,957)	(95.9)
Deferred tax	2,456	1,725	42.4
Other adjustments	563	463	21.6
Tax related and other adjustments	6,977	294	N.M

* The REIT Manager has elected to receive 83.1% for 1QFY19 (1QFY18: 78.1%) of management fees in the form of units.

1(b) (i) Statements of Financial Position

	Note	Group		Trust	
		31/12/2018 A\$'000	30/9/2018 A\$'000	31/12/2018 A\$'000	30/9/2018 A\$'000
Non-current assets					
Investment properties	1	3,031,417	2,978,204	-	-
Investment in subsidiaries		-	-	858,036	858,036
Loans to subsidiaries		-	-	1,632,692	1,568,967
Derivative financial instruments	2	446	1,133	446	1,133
Total non-current assets		3,031,863	2,979,337	2,491,174	2,428,136
Current assets					
Cash and cash equivalents		73,042	105,664	24,686	53,130
Trade and other receivables		15,364	9,691	23,702	26,154
Derivative financial instruments	2	292	283	292	283
Total current assets		88,698	115,638	48,680	79,567
Total assets		3,120,561	3,094,975	2,539,854	2,507,703
Current liabilities					
Trade and other payables		39,859	40,404	1,828	2,408
Derivative financial instruments	2	6	148	6	148
Current tax liabilities		2,829	6,741	113	84
Borrowings	3	205,805	219,654	169,751	169,619
Total current liabilities		248,499	266,947	171,698	172,259
Non-current liabilities					
Trade and other payables		2,379	2,459	-	-
Derivative financial instruments	2	1,279	620	1,279	620
Borrowings	3	899,327	845,121	570,011	495,722
Deferred tax liabilities		39,080	36,574	-	-
Total non-current liabilities		942,065	884,774	571,290	496,342
Total liabilities		1,190,564	1,151,721	742,988	668,601
Net assets attributable to Unitholders		1,929,997	1,943,254	1,796,866	1,839,102
Represented by:					
Unitholders' funds		1,910,678	1,924,388	1,796,866	1,839,102
Non-controlling interests	4	19,319	18,866	-	-
Total equity		1,929,997	1,943,254	1,796,866	1,839,102

Notes:

- (1) Investment properties include fair value adjustments made based on independent valuations as at 30 September 2018. The increase in investment properties was due mainly to the completion of acquisition of the freehold interest in a prime logistics property located at Mandeveld 12, Meppel, the Netherlands on 31 October 2018. The agreed purchase price for the property was €25.4 million (approximately A\$40.6 million).
- (2) Derivative financial instruments relate to fair values of interest rate swaps entered into to hedge the Group's interest rate risk in respect of its borrowings and foreign currency forward contracts. The movement is due to changes in fair value of derivative financial instruments.
- (3) Total borrowings increased due to the additional debt drawn to finance the FY2019 Dutch Acquisition. The decrease in short term borrowings was due mainly to the refinancing of one of the loans in the FY2018 European Acquisition.

Notes (cont'd):

- (4) Non-controlling interests are attributable to minority interests held by various parties in the companies acquired in the FY2018 European Acquisition.
- (5) FLT is in a net current liability position at 31 December 2018. Included in the A\$205.8 million short term borrowings is a A\$170 million term loan due in June 2019. The REIT Manager is in discussion with banks to refinance the loan.

b) (ii) Aggregate Amount of Borrowings

	31/12/2018 A\$'000	30/9/2018 A\$'000
<u>Amount repayable before one year¹</u>		
Secured	36,054	50,035
Unsecured	169,751	169,619
	205,805	219,654
<u>Amount repayable after one year¹</u>		
Secured	329,316	349,399
Unsecured	570,011	495,722
	899,327	845,121

Details of borrowings and collateral

FLT has obtained unsecured facilities comprising (i) term loan facilities of A\$470 million; (ii) revolving credit facility amounting to a total of A\$200 million ("RCF"); (iii) money market line facility amounting to A\$50 million; (iv) S\$1 billion multicurrency debt program and (v) €100 million equivalent multicurrency facility (the "Euro Loan").

As at 31 December 2018, the A\$470 million term loan facilities were fully drawn and A\$146 million was drawn from the RCF. A total of €79.5 million was drawn from the Euro Loan. FLT also has secured borrowings of A\$365.4 million (€225.6 million) as at 31 December 2018. The borrowings are secured against the properties acquired in the FY2018 European Acquisition with a total carrying amount of A\$977.8 million (1QFY18: A\$ Nil).

In aggregate, 79% (1QFY18: 68%) of the interest rate risk on the total borrowings were at fixed rates.

¹ Gross borrowings net of upfront debt related expenses

1(c) Consolidated Statement of Cash Flows

	Group	
	1QFY19	1QFY18
	A\$'000	A\$'000
Cash flow from operating activities		
Total return for the period before tax	35,908	29,742
Adjustments for:		
Straight-lining of rental adjustments	(1,322)	(1,397)
Effects of recognising leasing incentives on a straight line basis over the lease term	(409)	(294)
Managers' management fee paid/payable in Units	3,973	2,505
Exchange losses/(gains) (net)	1,242	(1,395)
Finance income	(281)	(444)
Finance costs	7,512	4,770
Net change in fair value of investment properties	(108)	-
Net change in fair value of derivative financial instruments	(162)	(3,957)
Cash generated from operations before working capital changes	46,353	29,530
Changes in working capital:		
Trade and other receivables	(5,429)	(2,186)
Trade and other payables	(2,330)	781
Cash generated from operations	38,594	28,125
Taxes paid	(7,411)	(3,198)
Net cash generated from operating activities	31,183	24,927
Cash flows from investing activities		
Acquisition of a subsidiary	(39,872)	-
Capital expenditure on investment properties	(1,250)	(39,227)
Interest received	55	160
Net cash used in investing activities	(41,067)	(39,067)
Cash flows from financing activities		
Interest paid	(6,992)	(4,253)
Proceeds from borrowings	72,756	35,000
Repayment of borrowings	(36,896)	-
Payment of debt-related transaction costs	-	(1,000)
Distributions paid to Unitholders	(51,591)	(25,115)
Net cash (used in)/generated from financing activities	(22,723)	4,632
Net decrease in cash and cash equivalents	(32,607)	(9,508)
Cash and cash equivalents at beginning of period	105,664	56,097
Effect of exchange rate changes on cash and cash equivalents	(15)	1,396
Cash and cash equivalents at end of period	73,042	47,985

1(d) (i) Statements of Movements in Unitholders' Funds

	1QFY19			1QFY18
	Attributable to Unitholders A\$'000	Non-controlling interests A\$'000	Total A\$'000	Total A\$'000
Group				
At 1 October	1,924,388	18,866	1,943,254	1,337,516
Operations				
Increase in net assets resulting from operations	29,721	291	30,012	25,560
Transactions with owners				
Issue of new Units:				
- Managers' management fees/acquisition fees paid/payable in Units	4,176	-	4,176	2,506
Distributions paid to Unitholders	(51,591)	-	(51,591)	(25,115)
Net decrease in net assets resulting from transactions with owners	(47,415)	-	(47,415)	(22,609)
Hedging reserve				
Effective portion of change in fair value of cash flow hedges	(1,356)	-	(1,356)	(731)
Net decrease in net assets resulting from hedging reserve	(1,356)	-	(1,356)	(731)
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries	5,340	162	5,502	-
Net increase in net assets resulting from foreign currency translation reserve	5,340	162	5,502	-
At 31 December	1,910,678	19,319	1,929,997	1,339,736

1(d) (i) Statements of Movements in Unitholders' Funds (cont'd)

	<u>1QFY19</u> A\$'000	<u>1QFY18</u> A\$'000
Trust		
At 1 October	1,839,102	1,333,309
Operations		
Increase in net assets resulting from operations	6,535	17,656
Transactions with owners		
Issue of new Units:		
- Managers' management fees/acquisition fees paid/payable in Units	4,176	2,506
Distributions paid to Unitholders	(51,591)	(25,115)
Net decrease in net assets resulting from transactions with owners	(47,415)	(22,609)
Hedging reserve		
Effective portion of change in fair value of cash flow hedges	(1,356)	(731)
Net decrease in net assets resulting from hedging reserve	(1,356)	(731)
At 31 December	<u>1,796,866</u>	<u>1,327,625</u>

1(d) (ii) Details of Changes in Issued and Issuable Units

		Group & Trust	
		1QFY19	1QFY18
		Units	Units
	Note		
Balance at beginning of the period		2,013,918,118	1,511,477,462
<u>Issued Units</u>			
Issuance of Units - Base fee		2,862,714	2,005,147
Issuance of Units - Performance fee		5,061,522	5,646,070
Issuance of Units - Acquisition fee		283,125	308,730
Total issued units at end of period		2,022,125,479	1,519,437,409
<u>Units to be issued</u>			
Managers' management fee payable in Units			
- Base fee		2,163,017	1,200,074
- Performance fee	1	1,608,704	1,108,383
Managers' acquisition fee payable in Units	2	192,490	148,101
Total issued and issuable units at end of period		2,026,089,690	1,521,893,967

Notes:

(1) Pursuant to the Trust Deed, the performance fee is paid only once in each financial year and, if paid in Units, at an issue price determined based on the volume weighted average price of the Units for the last 10 business days (the "10-day VWAP") of the relevant financial year. The number of performance fee Units to be issued is computed using an issue price based on the 10-day VWAP for the period ended 31 December 2018.

(2) The acquisition fee payable relates to the FY2019 Dutch Acquisition.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditor.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, there has been no change in the accounting policies and methods of computation adopted by the Trust and the Group for the current reporting period compared with the audited financial statements for the financial year ended 30 September 2018.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Trust and the Group have adopted the new FRSs (FRS 115 *Revenue from contracts with customers* and FRS 109 *Financial instruments*) that are mandatory for the financial year beginning on 1 October 2018. The adoption of these FRSs has no significant impact on the financial statements of the Trust and the Group.

6 Earnings per Unit (“EPU”) and distribution per Unit (“DPU”) for the financial period ended 31 December 2018

		Group	
		1QFY19	1QFY18
Total return for the period (A\$'000)	Note 1	29,721	25,560
<u>Basic EPU</u>			
Weighted average number of Units		2,022,278,712	1,519,331,643
Basic EPU (Australian cents)	2	1.47	1.68
<u>Diluted EPU</u>			
Weighted average number of Units		2,026,089,690	1,521,893,967
Diluted EPU (Australian cents)	3	1.47	1.68
Distributable Income (A\$'000)	1	36,698	25,854
<u>DPU</u>			
Number of issued and issuable Units entitled to distribution	4	2,024,480,986	1,520,637,483
DPU based on the total number of issued and issuable Units entitled to distribution			
- Australian cents		1.81	1.70
- Singapore cents	5	1.78	1.80

Notes:

- (1) As shown in 1(a) on page 5.
- (2) Basic EPU has been calculated by dividing the total return for the period by the weighted average number of Units during the period.
- (3) Diluted EPU has been calculated by dividing the total return for the period by the weighted average number of Units during the period, adjusted on the basis that the Managers' management fee Units and Managers' acquisition fee Units were issued at the beginning of the period.

6 Earnings per Unit (“EPU”) and distribution per Unit (“DPU”) for the financial period ended 31 December 2018 (cont’d)

- (4) The higher number of units in issue compared to 1QFY18 was due to the issuance of management fee units, the placement and the preferential offering units and the manager’s acquisition fees for the FY2018 European Acquisition.
- (5) 1QFY19 DPU is calculated after taking into consideration the foreign currency forward contracts that FLT has entered into to hedge the currency risk on distributions to Unitholders at A\$1.00 : S\$0.9820 (1QFY18: A\$1.00 : S\$1.0583).

7 Net Asset Value (“NAV”) and Net Tangible Asset (“NTA”) per Unit based on Units in issue and to be issued at the end of the period

	Note	Group		Trust	
		31/12/2018	30/9/2018	31/12/2018	30/9/2018
Total issued and issuable Units at end of period		2,026,089,690	2,022,125,479	2,026,089,690	2,022,125,479
NAV/NTA per Unit (A\$)		0.94	0.95	0.89	0.91
NAV/NTA per Unit (S\$)	1	0.91	0.94	0.86	0.90

Notes:

- (1) Based on exchange rate of A\$1.00 : S\$0.9659 (30 September 2018: A\$1.00 : S\$0.9878).

8 Review of performance

Review of Performance for the quarter from 1 October 2018 to 31 December 2018 (“1QFY19”) vs 1 October 2017 to 31 December 2017 (“1QFY18”)

Adjusted NPI for 1QFY19 of A\$48.9 million was A\$15.5 million (or 46.5%) higher than 1QFY18. The higher Adjusted NPI for 1QFY19 was contributed by the FY2018 Australian Acquisition, the FY2018 European Acquisition, the FY2019 Dutch Acquisition and other income of A\$1.2 million for 1QFY19 which relates to the early surrender fee received for Lot 63-79 South Park Drive, Dandenong South, Victoria. These were partly offset by the effect of the FY2018 Divestments.

1QFY19 finance costs of A\$7.5 million was A\$2.7 million higher than 1QFY18. This was due mainly to higher borrowings to finance the various acquisitions in FY2018 and FY2019 and after net proceeds from the FY2018 Divestments. Actual weighted average interest rate (excluding upfront debt related expenses) for 1QFY19 was 2.4% and 1QFY18 was 2.8% per annum. At 31 December 2018, 79% (31 December 2017: 68%) of borrowings were at fixed rates.

The actual total return attributable to Unitholders of the Trust for 1QFY19 of A\$29.7 million was A\$4.2 million (or 16.3%) higher than 1QFY18 which included (a) exchange losses of A\$1.6 million which relates to translation of the Group’s cash balances held in Singapore dollars and the exchange differences arising from settlement of foreign currency forward contracts; (b) fair value gain on investment properties of A\$0.1 million; (c) fair value gain on foreign currency forward contracts of A\$0.2 million to hedge the currency risk on distributions to Unitholders.

Tax expenses for 1QFY19 of A\$5.9 million was A\$1.7 million (or 41.0%) higher than 1QFY18. Current income tax was higher due mainly to higher distributable income.

The REIT Manager has elected to receive 83.1% of the 1QFY19 quarterly management fee in the form of units (1QFY18: 78.1%).

Income available for distribution to Unitholders was A\$36.7 million, an increase of A\$10.8 million (or 41.9%) over 1QFY18.

9 Variance from Forecast Statement

Not applicable.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Australia¹

Australian industrial take-up levels have continued to be above historical benchmarks with a total of 2.5 million sq m leased over 2018. This strong growth is largely attributable to the benefits of an e-commerce boom, significant public infrastructure spending and tenant consolidations. Although year-to-date industrial supply is above the long-term average, the majority of developments have been concentrated in Sydney with all new space leased prior to completion. In addition, land values have appreciated considerably across the three largest industrial markets of Sydney, Melbourne and Brisbane on the back of an increasing scarcity of developable land. The Sydney and Melbourne industrial markets are still outperforming, with demand outstripping supply and falling vacancies. Prime rents in Sydney have experienced strong annual growth of 4.3%, while Melbourne has recorded a steady rental growth across almost all precincts (except for the City Fringe submarket which was stable). The Brisbane market is recovering with net absorption of industrial space returning to moderate levels. Increasing land values and improving economic fundamentals in Queensland are expected to translate into solid rental growth in 2019.

The diminishing availability of assets on the market for sale continued to occur over 2018 with investor demand at robust levels. Given limited access to assets, merger and acquisitions as well as joint venture activity have re-emerged in Australia.

Germany and the Netherlands²

General conditions remain consistently favorable for investors in Germany, promising stability, low interest rates and rising rents. The market share generated by light industrial assets has increased notably in past months. Industrial assets accounted for around one third of transaction volume at the end of Q3, or roughly €1.5 billion. The gross prime yield in the top 7 investment clusters is at a low but stable level of 4.65%. The main driver behind this favorable development is the e-commerce business, which is boosting demand for industrial and logistics properties in Germany and encouraging new project developments. Growing customer expectations for same-day and same-hour delivery are forcing an increasing number of service providers to build smaller logistics centers of up to 10,000 sq m in the cities.

¹ Source: Jones Lang LaSalle Real Estate Intelligence Service – Industrial Final Data 4Q18; Jones Lang LaSalle Real Estate Data Solution – Construction Projects from 4Q08 to 4Q18; Jones Lang LaSalle Real Estate Data Solution – Industrial Occupier Moves from 4Q08 to 4Q18

² Source: Colliers International Deutschland GmbH; Industrial & Logistics Leasing & Investment Market Germany Q1 to Q3 2018; Industrial & Logistics Leasing & Investment Market Netherlands

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months (cont'd)

In the Netherlands, the supply of industrial and logistics real estate has declined though demand remained high. The take-up volume of the first three quarters of 2018 has exceeded the volume of the first three quarters of 2017. In the south of the Netherlands more large distribution centers are being developed, mainly because of a lower land price and the east-west transport corridor from the Rotterdam harbor and Germany, Poland and other markets. In addition, development in this region is cheaper, given the fact that there is no or hardly any need for driving piles for the foundations. In the industrial market, there is a growing demand for smaller industrial units, partly because of a growing construction sector and an increasing number of independent entrepreneurs in this sector.

In the short term, demand for industrial and logistics real estate are expected to remain high and rental rates to rise further. For the near future, the economy is expected to grow and drive demand for both industrial and logistics real estate. The increase of e-commerce will result in both new large scale e-fulfillment centers and smaller city hubs for the last-mile city distribution.

Overview

The REIT Manager continues to monitor developments on the ongoing global trade tensions and on Brexit. Looking ahead, the REIT Manager will continue to grow FLT's prime industrial portfolio with a focus on generating sustainable and long-term value for FLT unitholders.

11 Distributions

(a) Current financial period

Any distribution declared for the current period?
No

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the corresponding period of the immediate preceding financial period?
No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no distributions has been declared / recommended, a statement to that effect

FLT makes distribution to Unitholders on a semi-annual basis for every six-month period ending 31 March and 30 September.

13 If the Group has obtained a general mandate from Unitholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

FLT Group has not obtained a general mandate from Unitholders for any Interested Person Transactions.

14 Additional information – Foreign Investment Regime of Australia

Australia's foreign investment regime is set out in the Australian Foreign Acquisitions and Takeovers Act 1975 (the "**FATA**"), the Australian Foreign Acquisitions and Takeovers Regulation and the Australian Government's Foreign Investment Policy, including Guidance Notes issued by the Foreign Investment Review Board ("**FIRB**").

A "foreign person"³ that acquires Units is required under the FATA to notify and receive a prior no objections notification ("**FIRB Approval**") of its investment in FLT from the Australian Treasurer through the FIRB if any of the circumstances set out below apply at the time the Units are acquired:

- (a) if FLT is considered to be an "Australian Land Trust"⁴ ("**ALT**") at the time of acquisition, all foreign persons acquiring Units (including existing holders of Units acquiring additional Units) will require FIRB Approval unless an exemption applies (see below);
- (b) if FLT is not an ALT, but has gross Australian assets in excess of a specified threshold prescribed under FATA (as at the Latest Practicable Date, the threshold prescribed under FATA is A\$261.0 million) at the time of acquisition, all investors (i) who are foreign persons and (ii) who are acquiring a substantial interest (20% or more held solely or together with associates) in FLT or have a substantial interest (20% or more held solely or together with associates) and increase their holding, will require FIRB Approval; or

³ A "**foreign person**" is broadly defined in the FATA and includes:

- an individual not ordinarily resident in Australia; or
- a corporation in which an individual not ordinarily resident in Australia, a foreign corporation or a foreign government holds a substantial interest (20% or more held solely or together with associates); or
- a corporation in which 2 or more persons, each of whom is an individual not ordinarily resident in Australia, a foreign corporation or a foreign government, hold an aggregate substantial interest (40% or more including associate holdings); or
- the trustee of a trust in which an individual not ordinarily resident in Australia, a foreign corporation or a foreign government holds a substantial interest (20% or more held solely or together with associates); or
- the trustee of a trust in which 2 or more persons, each of whom is an individual not ordinarily resident in Australia, a foreign corporation or a foreign government, hold an aggregate substantial interest (40% or more including associate holdings); or
- a foreign government.

⁴ An ALT is a unit trust in which the value of interests in Australian land exceeds 50% of the value of the total assets of the unit trust.

14 Additional information – Foreign Investment Regime of Australia (cont'd)

- (c) any investor that is a Foreign Government Investor⁵ acquiring a “direct interest”⁶ in FLT will require FIRB Approval at the time of acquisition, regardless of whether FLT is considered to be an ALT or whether FLT has gross Australian assets in excess of A\$261.0 million.

Exemptions from ALT requirements

The FATA contains two relevant exemptions from the requirement to obtain FIRB Approval that would otherwise apply if FLT was considered to be an ALT:

- (a) where the relevant person is not a foreign government investor and the relevant person's interest in FLT would not be valued in excess of a specified threshold prescribed under the FATA (at the Latest Practicable Date, the threshold prescribed under the FATA is A\$261.0 million, unless the ALT has ‘sensitive’ land holdings, in which case the threshold is A\$57.0 million)⁷; and
- (b) the relevant person, together with associates, is acquiring an interest of less than 10% in FLT and will not be in a position to influence or participate in the central management and control of the ALT or to influence, participate in or determine the policy of the ALT⁸.

Significant actions

As at 31 December 2018, the value of the Australian land assets comprised in FLT's portfolio is 64.5% of the total asset value of FLT. Consequently, FLT is considered to be an ALT. As at 31 December 2018, FLT has gross Australian assets of approximately A\$2,012.1 million, which is above A\$261.0 million.

Any investor that is a “foreign person” acquiring Units on the secondary market should seek their own advice on the FIRB requirements as they pertain to their specific circumstances.

⁵ A “foreign government investor” means an entity that is:

- a foreign government or separate government entity; or
- a corporation, or trustee of a trust, or general partner of a limited partnership in which:
 - a foreign government or separate government entity, alone or together with one or more associates, holds an interest of at least 20%; or
 - foreign governments or separate government entities of more than one country (or parts of more than one foreign country), together with any one or more associates, hold an interest of at least 40%;
- a “separate government entity” means an individual, corporation or corporation sole that is an agency or instrumentality of a foreign country or part of a foreign country, but not part of the body politic of a foreign country or of a part of a foreign country.

The FATA deems foreign government related entities from the same country to be associated. The effect is that an entity will be a foreign government investor where one or more foreign government related entities from the same country have in aggregate a 20% or more interest in the subject entity.

⁶ A “direct interest” is defined to mean:

- an interest of at least 10% in the entity or business, or
- an interest of at least 5% in the entity or business if the person who acquires the interest has entered a legal arrangement relating to the businesses of the person and the entity or business, or
- an interest of any percentage in the entity or business if the person who has acquired the interest is in a position to:
 - participate or influence the central management and control of the entity or business; or
 - influence, participate or determine the policy of the entity or business.

⁷ This applies in respect of ALTs that have predominantly developed commercial real estate portfolios (i.e. less than 10% residential or vacant commercial land). Previously, there was no applicable monetary threshold. It is the value of the interest being acquired, rather than the value of the underlying land that is determinative for the purposes of this exemption. The concept of ‘sensitive’ land is broad and includes mines and critical infrastructure (for example, an airport or port) as well as property that has Australian government tenants.

⁸ This exemption applies where an ALT is listed on an official stock exchange (whether in Australia or not).

15 Confirmation pursuant to Rule 720(1) of the SGX-ST Listing Manual

Fraser's Logistics & Industrial Asset Management Pte. Ltd. ("FLIAM"), the Manager of FLT confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual.

16 Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of FLIAM (as Manager of FLT) which may render these interim financial results to be false or misleading, in any material aspect.

For and on behalf of the Board of Directors of
Fraser's Logistics & Industrial Asset Management Pte. Ltd.

Ho Hon Cheong
Chairman

Goh Yong Chian
Director

By Order of the Board of Directors of
Fraser's Logistics & Industrial Asset Management Pte. Ltd.
(Company registration no. 201528178Z)
As manager of Fraser's Logistics & Industrial Trust

Catherine Yeo
Company Secretary
24 January 2019

Important Notice

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

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 their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of FLT and the Manager is not necessarily indicative of the future performance of FLT and the Manager.