

**FRASERS LOGISTICS & INDUSTRIAL TRUST**

(Constituted in the Republic of Singapore pursuant to a trust deed dated 30 November 2015 (as amended, restated and supplemented))

managed by  
**FRASERS LOGISTICS & INDUSTRIAL ASSET MANAGEMENT PTE. LTD.**

**CIRCULAR TO UNITHOLDERS IN RELATION TO THE PROPOSED ACQUISITION OF INTERESTS IN 12 PROPERTIES IN GERMANY AND AUSTRALIA**

**CIRCULAR DATED 30 July 2019**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

Singapore Exchange Securities Trading Limited (the "SGX-ST") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. **If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your units in Frasers Logistics & Industrial Trust ("FLT", and units in FLT, the "Units"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

**IMPORTANT DATES AND TIMES FOR UNITHOLDERS**

Last date and time for lodgement of Proxy Forms	17 August 2019 at 10.00 am
Date and time of Extraordinary General Meeting	20 August 2019 at 10.00 am
Place of Extraordinary General Meeting	Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989

Independent Financial Adviser to the Independent Directors and Audit, Risk and Compliance Committee of Frasers Logistics & Industrial Asset Management Pte. Ltd. and to the Trustee (as defined herein)

**PricewaterhouseCoopers Corporate Finance Pte Ltd**  
 (Incorporated in the Republic of Singapore)  
 (Company Registration No.: 197501605H)

This section is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular.  
The meaning of each capitalised term is found in the Glossary of this Circular

## PROPOSED ACQUISITION OF 12 PRIME LOGISTICS PROPERTIES STRATEGICALLY LOCATED IN GERMANY AND AUSTRALIA

### Further Penetration into Key Logistics Hubs

- ✓ Post-acquisition, FLT will have a strategic presence across key logistics hubs in Germany



### Deepens Foothold in Strategic Locations

- ✓ Solidifying foothold in Australia's major demographic centers – the eastern seaboard states



**12**  
Properties

**~A\$507.2M**  
(~S\$481.8M)  
Purchase  
Consideration

**100%**  
Occupancy Rate<sup>1</sup>

**100%**  
Freehold

**~297,000 sq m**  
GLA<sup>2</sup>




**3.7 years**  
Average Age<sup>3</sup>

**8.6 years**  
WALE<sup>4</sup>

**100%**  
Leases with CPI-  
Linked Indexation  
or Fixed Annual  
Escalations

### POST-PROPOSED ACQUISITION

**93**  
Properties

    
**(56.3%) (35.8%) (7.9%)**  
Geographical Breakdown<sup>5</sup>

**~A\$3.5B**  
Appraised Value<sup>5</sup>

**~2.3M sq m**  
GLA

**6.7 years**  
WALE

An exchange rate of €1 = A\$1.6211, A\$1 = S\$0.9500 and €1 = S\$1.5400 is adopted where applicable.

Notes:

- Includes the effects of the arrangement under the Rental Support Deed. Excluding the Rental Support Deed, the target portfolio will have an overall occupancy rate of 93.7%.
- As at 31 March 2019. Excludes an additional area of 6,192 sq m from the Amor & Mühle AEI. The Amor & Mühle Facility has undergone an expansion which was completed in March 2019, with a new lease to the existing tenant, Mühle, commencing from 1 April 2019.
- Weighted average age as at 31 March 2019 based on the Appraised Value of the New Properties.
- Weighted average lease expiry as at 31 March 2019 based on Gross Rental Income, being the contracted rental income and estimated recoverable outgoings for the month of March and taking into account the arrangement under the Rental Support Deed for the FDM Facility.
- Based on FLT's Existing Portfolio Appraised Value and the New Properties Appraised Value.

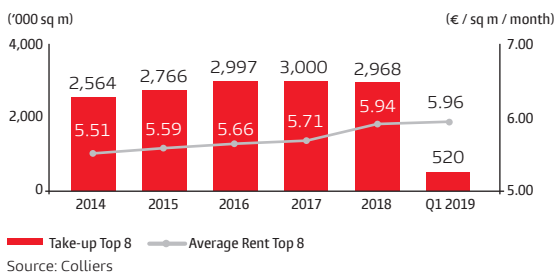
# RATIONALE AND KEY BENEFITS



## 1 DEEPENS PRESENCE IN ATTRACTIVE LOGISTICS MARKETS OF GERMANY AND AUSTRALIA

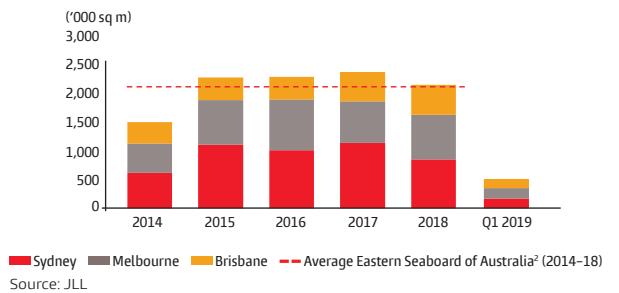
### Resilient Take-up Driving up Rents

Take-up and average rent of the Top 8 markets<sup>1</sup> (2014-Q1 2019)



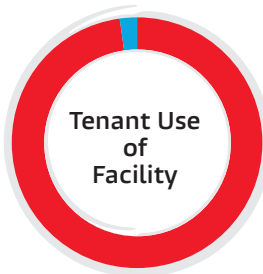
### Resilient Take-up Driven by Solid Fundamentals

Gross take-up by market (2014 - Q1 2019)



## 2 PRIME, MODERN AND HIGH-QUALITY PORTFOLIO

### Tenant Mix and Use of New Properties



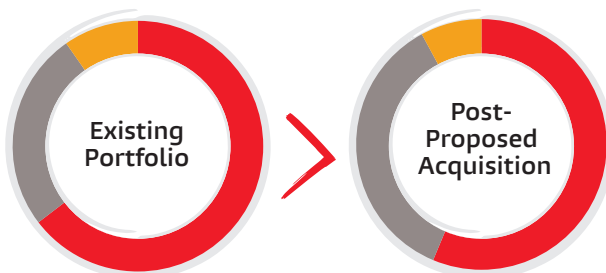
### Key Tenants of New Properties



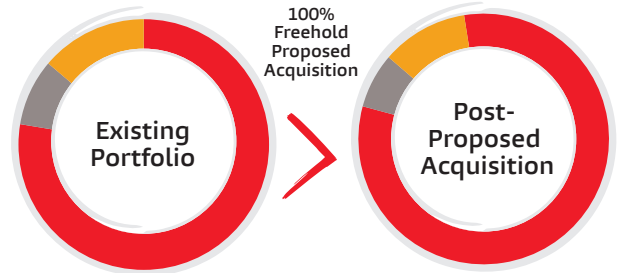
- > Diversified tenant pool with reduced concentration risk
- > Exposed to the key high performing trade sectors

## 3 STRENGTHENS THE FLT PORTFOLIO

### Enhanced Geographical Diversification<sup>3</sup>



### Increased Proportion of Freehold Assets<sup>3</sup>



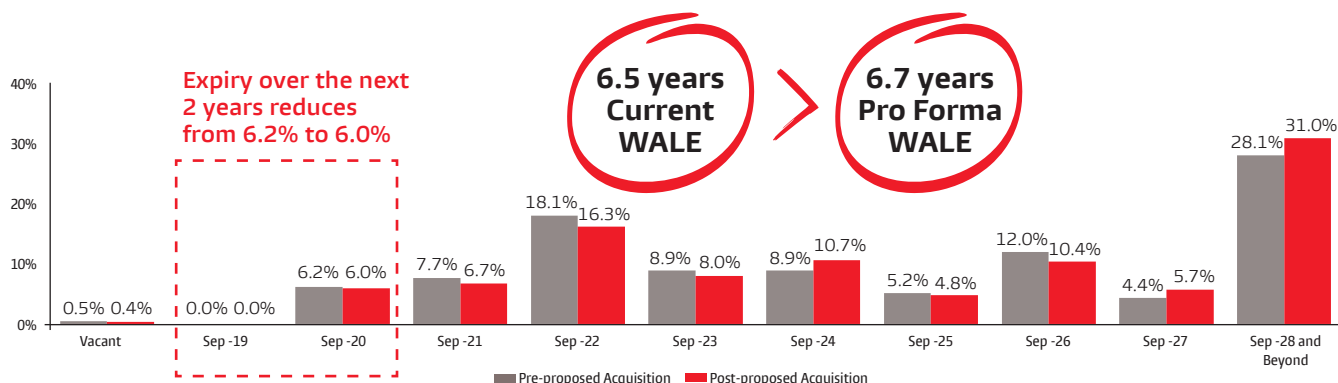
Notes:

- 1 Include Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich and Stuttgart.
- 2 Includes Sydney, Melbourne and Brisbane (Excludes Adelaide and Perth).
- 3 Based on FLT's Existing Portfolio Appraised Value and the New Properties Appraised Value.

# OF THE PROPOSED ACQUISITION

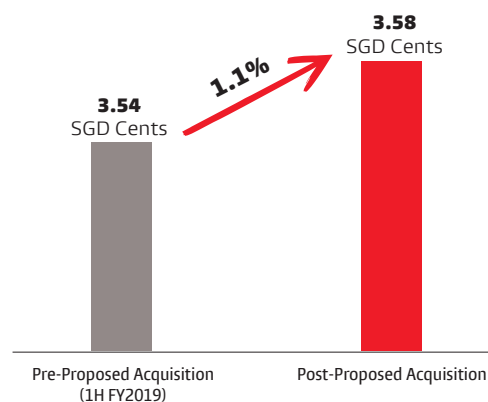


Improved portfolio WALE with no single Financial Year having more than 16.3% of lease expiries<sup>4</sup>



## 4 DPU ACCRETION AND CONSISTENT WITH MANAGER'S INVESTMENT STRATEGY

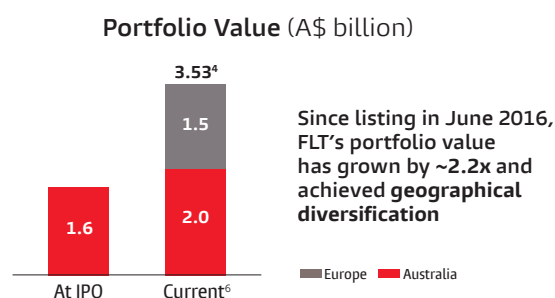
- The Proposed Acquisition is expected to be DPU Accretive<sup>5</sup>



Key Financials (A\$million)	1H FY2019	Post-FY2019 Divestments	Post-FY2019 Divestments and Proposed Acquisition	Change (%)
Net Property Income	99.2	92.8	109.1	10.0% ▲
Distributable Income	73.6	70.6	82.8	12.5% ▲

## 5 CONSISTENT TRACK RECORD IN LEVERAGING SPONSOR'S PLATFORM TO ENHANCE PORTFOLIO VALUE

~A\$1.9 billion of Accretive Acquisitions since IPO



Access to Robust Right of First Refusal ("ROFR") Pipeline<sup>7</sup>



<sup>4</sup> Based on Gross Rental Income for the month of March 2019. In respect of the New Properties, this takes into account the arrangement under the Rental Support Deed.  
<sup>5</sup> Please refer to paragraph 6 of the Letter to Unitholders in this Circular for the pro forma financial effects of the Proposed Transaction on FLT's DPU, Net Property Income and Distributable Income.  
<sup>6</sup> Includes the New Properties.  
<sup>7</sup> Only completed income-producing real estate assets which are used for logistics or industrial purposes are included in the ROFR.

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**PROXY FORM**

## CORPORATE INFORMATION

<b>Directors of Frasers Logistics &amp; Industrial Asset Management Pte. Ltd. (the “Manager”)</b>	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 Chia Khong Shoong (Non-Executive Director) Mr Rodney Vaughan Fehring (Non-Executive Director)
<b>Registered Office of the Manager</b>	438 Alexandra Road #21-00, Alexandra Point Singapore 119958
<b>Trustee of FLT (the “Trustee”)</b>	Perpetual (Asia) Limited 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
<b>Legal Adviser to the Manager in relation to the Proposed Acquisition</b>	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser to the Manager in relation to the Proposed Acquisition as to the Laws of Germany</b>	Linklaters LLP Taunusanlage 8 60329 Frankfurt am Main Postfach 17 01 11 60075 Frankfurt am Main Germany
<b>Legal Adviser to the Manager in relation to the Proposed Acquisition as to the Laws of Australia</b>	King & Wood Mallesons Level 61, Governor Phillip Tower 1 Farrer Place Sydney NSW 2000 Australia
<b>Legal Adviser to the Trustee as to Singapore Law</b>	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
<b>Unit Registrar and Unit Transfer Office</b>	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
<b>Independent Financial Adviser to the Independent Directors and the Audit, Risk and Compliance Committee of the Manager and the Trustee</b>	PricewaterhouseCoopers Corporate Finance Pte Ltd 7 Straits View, Marina One, East Tower, Level 12 Singapore 018936

**Independent Tax Adviser**

Ernst & Young Solutions LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

**Independent Valuers in relation  
to the proposed acquisition  
of the New German Properties**

CBRE Ltd  
St Martin's Court  
10 Paternoster Row  
London EC4M 7HP  
United Kingdom  
(appointed by the Manager)

Colliers International Valuation UK LLP  
50 George Street  
London W1U 7GA  
United Kingdom  
(appointed by the Trustee)

**Independent Valuers in relation  
to the proposed acquisition  
of the New Australian Properties**

Urbis Valuations Pty Ltd  
Level 12  
120 Collins Street  
Melbourne VIC 3000  
Australia  
(appointed by the Manager)

CIVAS (VIC) Pty Ltd  
Level 30  
367 Collins Street  
Melbourne VIC 3000  
Australia  
(appointed by the Trustee)

**Independent Market Research  
Consultants**

Colliers International Deutschland GmbH  
Thurn-und-Taxis-Platz 6  
60313 Frankfurt am Main  
Germany

Jones Lang LaSalle Australia Pty Limited  
Level 25  
420 George Street  
Sydney NSW 2000  
Australia



## SUMMARY

*Unless otherwise stated, the S\$ equivalent of the A\$ figures and € figures in this Circular have been arrived at based on assumed exchange rates of €1 : A\$1.6211, A\$1 : S\$0.9500 and €1 : S\$1.5400, respectively.*

*The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 95 to 105 of this Circular.*

*Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.*

### OVERVIEW

#### Overview of FLT

Listed on 20 June 2016, FLT is a Singapore real estate investment trust (“**REIT**”) established with the investment strategy (the “**FLT Investment Strategy**”) of principally investing globally, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are predominantly used for logistics or industrial purposes<sup>1</sup>, whether wholly or partially, as well as such industrial<sup>2</sup> real estate-related assets in connection with the foregoing.

As at 29 July 2019, being the latest practicable date prior to the issuance of this Circular (the “**Latest Practicable Date**”), FLT has a market capitalisation of approximately S\$2.4 billion. The existing portfolio of FLT (“**Existing Portfolio**”)<sup>3</sup> comprises 81 industrial properties located in Australia, Germany and the Netherlands with an aggregate gross lettable area (“**GLA**”) of approximately 2.0 million square metres (“**sq m**” or “**m<sup>2</sup>**”). The Existing Portfolio’s value was approximately A\$2.9 billion (approximately S\$2.8 billion) as at 31 March 2019 (the “**Existing Portfolio Appraised Value**”)<sup>4</sup>.

The Sponsor, Frasers Property Limited (“**FPL**” or the “**Sponsor**”) is a multi-national company that develops, owns and manages a diverse, integrated portfolio of properties. Listed on the Mainboard of the SGX-ST and headquartered in Singapore, FPL and its subsidiaries (the “**FPL Group**”) have total assets of approximately S\$33.2 billion as at 31 March 2019.

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<sup>1</sup> Such real estate assets used for “**logistics**” or “**industrial**” purposes also include office components ancillary to the foregoing purposes.

<sup>2</sup> References to real estate assets used for “**industrial**” purposes in this Circular means real estate assets used for “**industrial**” or “**logistics**” purposes interchangeably.

<sup>3</sup> Includes Mandeveld 12, Meppel, the Netherlands (see the announcement and press release issued by the Manager on 31 October 2018 in relation to the acquisition) (the “**Meppel Acquisition**”). Excludes 63-79 South Park Drive, Dandenong South, Victoria, Australia (see the press release issued by the Manager on 29 March 2019 in relation to its divestment) (the “**South Park Drive Divestment**”) and 610 Heatherton Road, Clayton South, Victoria, Australia (see the press releases issued by the Manager on 16 May 2019 and 31 May 2019 in relation to its divestment) (the “**Heatherton Road Divestment**”). Includes 99 Sandstone Place, Parkinson, Queensland, Australia (see the announcement and press release issued by the Manager on 13 June 2019 in relation to the divestment of a 50% interest in the property) (the “**Sandstone Place Divestment**”) (collectively with the South Park Drive Divestment and the Heatherton Road Divestment, the “**FY2019 Divestments**”).

<sup>4</sup> Based on the appraised value of the portfolio as at 30 September 2018, with the Meppel Acquisition valued as at 1 October 2018. Excludes the South Park Drive Divestment, the Heatherton Divestment and includes the remaining 50% interest in 99 Sandstone Place, Parkinson, Queensland, Australia at a value of A\$134.2 million as at 1 May 2019.

FPL's assets range from residential, retail, commercial and business parks, to logistics and industrial in Southeast Asia, Australia, Europe and China. Its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 cities across Asia, Australia, Europe, the Middle East and Africa. FPL is unified by its commitment to deliver enriching and memorable experiences for customers and stakeholders, leveraging its knowledge and capabilities from across markets and property sectors, to deliver value in its multiple asset classes.

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

## Overview of the Proposed Acquisition

On 2 July 2019, FLT, through FLT Europe B.V. ("**FLT Europe**")<sup>1</sup>, entered into a conditional share purchase agreement (the "**Share Purchase Agreement**") with Frasers Property Investments (Europe) B.V. ("**FPIE**"), FPE Investments RE11 B.V. ("**FPE11**") and FPE Investments RE12 B.V. ("**FPE12**") (collectively, the "**German Vendors**") to acquire the equity interests in 10 property holding companies<sup>2</sup> (each a "**Property Company**" and collectively, the "**Property Companies**") which hold interests in nine freehold logistics properties located in Germany (the "**New German Properties**"). The acquisition of the New German Properties through the acquisition of the equity interests in the Property Companies shall hereinafter be referred to as the "**German Properties Acquisition**".

On 2 July 2019, FLT, through the Sub-Trust Trustees<sup>3</sup> acting as trustees respectively of sub-trusts wholly-owned by FLT, entered into three asset sale and purchase agreements (each an "**Asset Sale and Purchase Agreement**", collectively the "**Asset Sale and Purchase Agreements**") to acquire three freehold logistics properties located in Australia (the "**New Australian Properties**", and together with the New German Properties, the "**New Properties**") from Australand C&I Land Holdings Pty Ltd ("**Australand C&I Trustee**") as trustee of the Australand C&I Land Holdings (Eastern Creek Stage 4 No. 1) Trust, Australand Property Holdings Pty Limited ("**Australand Property**") as trustee of FPT (Keysborough No. 6) Trust and Australand C&I Land Holdings Pty Ltd ("**Australand C&I**") (collectively, the "**Australian Vendors**", and together with the German Vendors, the "**Vendors**") (the "**Australian Properties Acquisition**", and together with the German Properties Acquisition, the "**Proposed Acquisition**").

The agreed property purchase price<sup>4</sup> for the New Properties is approximately A\$644.7 million (approximately S\$612.5 million) (the "**Property Purchase Price**") being the aggregate of:

- (i) for the New German Properties, approximately €320.3 million (approximately A\$519.2 million and approximately S\$493.3 million); and
- (ii) for the New Australian Properties, approximately A\$125.5 million (approximately S\$119.2 million).

<sup>1</sup> FLT Europe is an indirect wholly-owned subsidiary of FLT.

<sup>2</sup> One of the Property Companies, BV Maschinen GmbH, is a holding company which holds the fixtures of two of the New German Properties.

<sup>3</sup> The "**Sub-Trust Trustees**" refer to FLT Queensland No. 3 Pty Limited ("**FLT Queensland No. 3**") as trustee of Wayne Goss Drive Trust B, FLT Queensland No. 4 Pty Limited ("**FLT Queensland No. 4**") as trustee of Hanson Place Trust A and FLT Landowner Pty Limited ("**FLT Landowner**") as trustee of Hudson Court Trust B.

<sup>4</sup> Based on a 100% effective interest.

The appraised value for the New Properties (the “**New Properties Appraised Value**”), being the aggregate of the higher of the two independent valuations of each New Property conducted by the Independent Valuers (as defined herein) as at 15 June 2019, is approximately A\$651.4 million (approximately S\$618.8 million).<sup>1</sup> The Property Purchase Price which takes into account the independent valuations conducted by the Independent Valuers, represents a discount of approximately 1.0% to the New Properties Appraised Value and a discount of approximately 0.4% to the aggregate of the average of the two independent valuations of each New Property.<sup>2</sup>

The purchase consideration payable under the Share Purchase Agreement (the “**Share Purchase Consideration**”) of approximately €235.4 million (approximately A\$381.7 million and approximately S\$362.6 million) is based on:

- (i) the Property Purchase Price of approximately €320.3 million (approximately A\$519.2 million and approximately S\$493.3 million) for the New German Properties which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations described herein and the effective interests in the Property Companies that FLT will be acquiring, as adjusted for the estimated aggregate net assets and liabilities of the Property Companies<sup>3</sup> (including their existing debt facilities amounting to approximately €73.7 million<sup>4</sup> (approximately A\$119.5 million and approximately S\$113.5 million)) (the “**Existing Debt Facilities**”) (subject to further post-completion adjustments based on the actual aggregate net assets and liabilities of the Property Companies at completion of the German Properties Acquisition); and
- (ii) the amount of inter-company loans<sup>5</sup> owing by the Property Companies to the German Vendors as at completion of the German Properties Acquisition (the “**Inter-Company Loans**”) to be assigned to FLT Europe.

The assets sale and purchase consideration payable under the Asset Sale and Purchase Agreements (the “**Asset Purchase Consideration**”) of approximately A\$125.5 million (approximately S\$119.2 million) is based on the Property Purchase Price for the New Australian Properties.

The aggregate of the Share Purchase Consideration and the Asset Purchase Consideration (collectively, the “**Purchase Consideration**”) is approximately A\$507.2 million (approximately S\$481.8 million).

Under the incentive reimbursement deed in respect of the Amor & Mühle Facility (as defined herein) and the Bosch Facility (as defined herein) (the “**Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed**”), the incentive reimbursement deed in respect of the Kentner Facility (as defined herein) (the “**Kentner Facility Incentive Reimbursement Deed**”) (together with the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed, the “**New German Properties Incentive Reimbursement Deeds**”), the incentive reimbursement deed in respect of the Avery Dennison & GM Kane and Sons Facility (as defined herein) (the “**Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed**”) and the incentive reimbursement deed in respect of the Dana & Pinnacle & Licensing Facility (as defined

<sup>1</sup> The New Properties Appraised Value takes into account the effects of the Incentive Reimbursement Deeds and Rental Support Deed (as defined herein).

<sup>2</sup> Please refer to the table under “Description of the New Properties” which sets out a comparison of the Property Purchase Price against the two independent valuations of each New Property.

<sup>3</sup> Based on the estimated financial statements of the Property Companies as at 31 August 2019.

<sup>4</sup> The Hermes Augsburg Facility, the EDEKA Facility, the Kentner Facility, the Amor & Mühle Facility and the Keramag & VCK Facility (each as defined herein) have existing debt.

<sup>5</sup> Based on the estimated outstanding Inter-Company Loans as at 31 August 2019.

herein) (the “**Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed**”, and together with the Avery Dennison & GM Kane and Sons Incentive Reimbursement Deed, the “**New Australian Properties Incentive Reimbursement Deeds**”, and collectively with the New German Properties Incentive Reimbursement Deeds, the “**Incentive Reimbursement Deeds**”), the respective Vendors will be reimbursing<sup>1</sup> FLT Europe or the relevant Property Company as FLT Europe may elect, and the relevant Sub-Trust Trustee for incentives (for example, rent abatement) which the Vendor or, as the case may be, relevant Property Company has made available or agreed to grant to the respective tenant of the Amor & Mühle Facility, the Bosch Facility, the Kentner Facility, the Avery Dennison & GM Kane and Sons Facility and the Dana & Pinnacle & Licensing Facility as part of the relevant Vendor or, as the case may be, Property Company’s costs and obligations.

In connection with the Australian Properties Acquisition, FLT had on 2 July 2019, through FLT Queensland No. 4, as trustee of Hanson Place Trust A, entered into the rental support deed (the “**Rental Support Deed**”) in respect of the Vacant Unit (as defined herein) of the FDM Facility with Frasers Property AHL Limited (“**FPAHL**”), pursuant to which FPAHL has agreed to provide rental support.

Under the Rental Support Deed, FPAHL will pay FLT Queensland No. 4 an amount equivalent to a net rent of A\$120 per m<sup>2</sup> of lettable area per annum for the Vacant Unit of the FDM Facility (increased annually by 3.0%) for a period of five years (the “**Guaranteed Amount**”) or until the Vacant Unit is leased, whichever is earlier. If a lease agreement for the Vacant Unit of the FDM Facility from the completion of the acquisition of the FDM Facility is entered into but the rent amount payable is less than the Guaranteed Amount, FPAHL must pay FLT Queensland No. 4 an amount which is equivalent to the shortfall by monthly instalments from the date of commencement of the lease. The obligations of FPAHL and amounts payable under the Rental Support Deed are the Guaranteed Amount and the recoverable outgoings that FLT Queensland No. 4 would have received during the period in which the arrangements under the Rental Support Deed are valid. The Rental Support Deed is also subject to a Capitalised Payment (as defined herein) which may result in adjustments to the total amount paid in respect of the FDM Facility based on the actual lease agreement entered into for the Vacant Unit of the FDM Facility.<sup>2</sup>

The Manager intends to finance the Total Transaction Cost (as defined herein) from a combination of equity and debt financing, with the final debt/equity proportions to be decided at a later stage by the Manager.

As part of the Proposed Acquisition, FLT intends to grow its presence in both Germany and Australia. This is in line with the current FLT Investment Strategy of principally investing globally, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are predominantly used for logistics or industrial purposes, whether wholly or partially, as well as such industrial real estate-related assets in connection with the foregoing, as set out above. While FLT will hold the properties it acquires on a long-term basis, the Manager may, subject to applicable laws and regulations, divest properties of FLT to realise their optimal market potential and value if options present themselves which the Manager considers to be in the interests of Unitholders.

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<sup>1</sup> The total amount of incentive reimbursement is approximately 0.8% of the Property Purchase Price as at completion of the Proposed Acquisition.

<sup>2</sup> See paragraph 2.11 of the Letter to Unitholders for more details on the calculation of the Capitalised Payment.

## SUMMARY OF APPROVAL SOUGHT

The Manager is convening an extraordinary general meeting (“**EGM**”) of FLT to seek approval from Unitholders by way of an Ordinary Resolution<sup>1</sup> in respect of the Proposed Acquisition (as an Interested Person Transaction and an Interested Party Transaction).

## THE PROPOSED ACQUISITION

In connection with the Proposed Acquisition:

- (i) FLT had on 2 July 2019, through FLT Europe, entered into the Share Purchase Agreement with the German Vendors to acquire the equity interests in the Property Companies<sup>2</sup>, which in turn hold interests in nine freehold logistics properties in Germany;
- (ii) FLT had on 2 July 2019, through the Sub-Trust Trustees entered into the Asset Sale and Purchase Agreements to acquire three freehold logistics properties<sup>3</sup> in Australia;
- (iii) FLT had on 2 July 2019, through FLT Europe and the relevant Sub-Trust Trustee entered into the Incentive Reimbursement Deeds under which the respective Vendors will be reimbursing FLT Europe or the relevant Property Company as FLT Europe may elect, and the relevant Sub-Trust Trustee for incentives (for example, rent abatement) which the Vendor or, as the case may be, relevant Property Company has made available or agreed to grant to the respective tenants of the Amor & Mühle Facility, the Bosch Facility, the Kentner Facility, the Avery Dennison & GM Kane and Sons Facility and the Dana & Pinnacle & Licensing Facility as part of the relevant Vendor or, as the case may be, Property Company’s costs and obligations;
- (iv) FLT had on 2 July 2019, through FLT Queensland No. 4 entered into the Rental Support Deed with FPAHL in respect of the Vacant Unit of the FDM Facility under which FPAHL agreed to provide rental support; and
- (v) FLT had on 2 July 2019, through FLT Europe entered into the deed of indemnity (the “**Deed of Indemnity**”) with FPIE pursuant to which FPIE will, among others, indemnify FLT Europe (on behalf of FLT) or the Property Companies (at FLT Europe’s election) against certain claims for taxation.

(See the table on pages 6 to 9 of this Circular and paragraph 2 of the Letter to Unitholders for further details.)

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<sup>1</sup> “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed (as defined herein).

<sup>2</sup> One of the Property Companies, BV Maschinen GmbH, is a holding company which holds the fixtures of two of the New German Properties. Please refer to “Effective Interest” in the table under “Description of the New Properties” for the effective interests in each of the nine New German Properties that FLT will be acquiring.

<sup>3</sup> The relevant Sub-Trust Trustee will be acquiring 100% interest in each of the three New Australian Properties.

## DESCRIPTION OF THE NEW PROPERTIES

The following table sets out a summary of selected information on the New Properties.

S/No	Address	Tenant(s)	Trade Sector of Tenant	Effective Interest (%)	Land Tenure	GLA (sq m) <sup>(1)</sup>	Valuation by CBRE (as defined herein) (€ m) <sup>(2)</sup>	Valuation by Colliers UK (as defined herein) (€ m) <sup>(2)</sup>	Property Purchase Price (€ m) <sup>(3)</sup>	WALE (years) <sup>(4)</sup>	Occupancy (%) <sup>(1)</sup>
<b>New German Properties</b>											
<b>State: Baden-Württemberg</b>											
1	Am Bühlfeld 2-8, 89543 Herbrechtingen, Germany (the "Kentner Facility")	Kentner	Logistics	94.9	Freehold	44,501	32.3 <sup>(5)</sup>	31.3 <sup>(5)</sup>	31.1	7.8	100
2	Bietigheimer Straße 50-52, 71732 Tamm, Germany (the "Bosch Facility")	Bosch	Consumer	94.0	Freehold	38,932	68.2 <sup>(5)</sup>	68.7 <sup>(5)</sup>	68.1	9.3	100
<b>State: Bavaria</b>											
3	Hermesstraße 5, 86836 Graben, Augsburg, Germany (the "Hermes Augsburg Facility")	Hermes	Logistics	94.9	Freehold	11,534	33.2	32.9	33.1	13.9	100
4	Dieselstraße 30, 85748 Garching, Germany (the "EDEKA Facility")	EDEKA	Consumer	94.0	Freehold	13,014	29.7	29.8	29.7	13.7	100

S/No	Address	Tenant(s)	Trade Sector of Tenant	Effective Interest (%)	Land Tenure	GLA (sq m) <sup>(1)</sup>	Valuation by CBRE (as defined herein) (€ m) <sup>(2)</sup>	Valuation by Colliers UK (as defined herein) (€ m) <sup>(2)</sup>	Property Purchase Price (€ m) <sup>(3)</sup>	WALE (years) <sup>(4)</sup>	Occupancy (%) <sup>(1)</sup>
<b>State: Berlin</b>											
5	Gewerbegebiet Etzin 1, 14669 Berlin, Germany (the "Hermes Berlin Facility")	Hermes	Logistics	94.9	Freehold	13,142	40.2	38.5	40.2	13.6	100
<b>State: Hesse</b>											
6	Im Birkengrund 5-7, 63179 Obertshausen, Germany (the "Amor & Mühle Facility")	Amor & Mühle	Consumer, Logistics	94.0	Freehold	16,962 <sup>(6)</sup>	29.3 <sup>(5)</sup>	29.3 <sup>(5)</sup>	28.8	14.1	100
<b>State: North Rhine-Westphalia</b>											
7	Walter-Gropius-Straße 19, 50126 Bergheim, Germany (the "Callius & WEG & GILOG Facility")	Callius & WEG & GILOG	Logistics, Manufacturing	94.0	Freehold	19,404	19.1	18.9	19.0	5.1	100
8	An den Dieken 94, 40885 Ratingen, Germany (the "Keramag & VCK Facility")	Keramag & VCK	Consumer, Logistics	94.0	Freehold	43,095	45.5	46.4	45.9	6.7	100
9	Fuggerstraße 17, 33689 Bielefeld, Germany (the "B+S GmbH Logistik Facility")	B+S GmbH Logistik	Logistics	93.1	Freehold	22,336	24.5	24.3	24.4	8.3	100
<b>Total for the New German Properties</b>						<b>222,920</b>	<b>322.0</b>	<b>320.1</b>	<b>320.3</b>	<b>10.1</b>	<b>100</b>

S/No	Address	Tenant(s)	Trade Sector of Tenant	Effective Interest (%)	Land Tenure	GLA (sq m) <sup>(1)</sup>	Valuation by Colliers AU (as defined herein) (A\$ m) <sup>(2)</sup>	Valuation by Urbis (as defined herein) (A\$ m) <sup>(2)</sup>	Property Purchase Price (A\$ m) <sup>(3)</sup>	WALE (years) <sup>(4)</sup>	Occupancy (%) <sup>(1)</sup>
<b>New Australian Properties</b>											
<b>State: New South Wales</b>											
1	2 Hanson Place, Eastern Creek, New South Wales, Australia (the "FDM Facility")	FDM <sup>(7)</sup>	Logistics	100.0	Freehold	32,894	65.5 <sup>(8)</sup>	65.5 <sup>(8)</sup>	65.5	5.0	51.7 <sup>(9)</sup>
<b>State: Victoria</b>											
2	8-28 Hudson Court, Keysborough, Victoria, Australia (the "Dana & Pinnacle & Pinnacle & Licensing Facility")	Dana & Pinnacle & Licensing	Automotive, Consumer	100.0	Freehold	25,762	35.3 <sup>(5)</sup>	36.0 <sup>(5)</sup>	34.8	4.2	100
<b>State: Queensland</b>											
3	29-51 Wayne Goss Drive, Berrinba, Queensland, Australia (the "Avery Dennison & GM Kane and Sons Facility")	Avery Dennison & GM Kane and Sons	Consumer, Logistics	100.0	Freehold	15,456	25.5 <sup>(5)</sup>	25.5 <sup>(5)</sup>	25.2	3.9	100
<b>Total for the New Australian Properties</b>						<b>74,112</b>	<b>126.3</b>	<b>127.0</b>	<b>125.5</b>	<b>4.5</b>	<b>100<sup>(10)</sup></b>
<b>Total for New Properties (A\$ m)</b>						<b>297,032</b>			<b>644.7</b>	<b>8.6</b>	<b>100<sup>(11)</sup></b>

**Notes:**

- (1) As at 31 March 2019.
- (2) Valuation as at 15 June 2019 and is based on a 100% effective interest in each New Property.
- (3) The Property Purchase Price is based on a 100% effective interest in each New Property.
- (4) "WALE" refers to the weighted average lease expiry as at 31 March 2019 based on Gross Rental Income, being the contracted rental income and estimated recoverable outgoings for the month of March 2019, and taking into account the arrangement under the Rental Support Deed for the FDM Facility.



- (5) Valuation includes the effects of the arrangement under the relevant Incentive Reimbursement Deed.
- (6) Excludes an additional area of 6,192 sq m from the expansion of the Amor & Mühle Facility (the "**Amor & Mühle AEI**"). The Amor & Mühle Facility has undergone an expansion which was completed in March 2019, with a new lease to the existing tenant, Mühle, commencing from 1 April 2019.
- (7) The FDM Facility consists of two leaseable units, one of which is currently leased to FDM Warehousing Pty Ltd and the other unit is currently vacant (the "**Vacant Unit**").
- (8) Valuation includes the effects of the arrangement under the Rental Support Deed which takes into account a 5-year lease at a net rent of A\$120/sq m/year from the settlement of the acquisition for the Vacant Unit of the FDM Facility which was completed in May 2019. Excluding the Rental Support Deed, the valuation would be A\$63.4 million and A\$63.5 million for Colliers AU and Urbis, respectively.
- (9) The occupancy of the FDM Facility is 100% as at 31 March 2019, taking into account the arrangement under the Rental Support Deed.
- (10) Includes the effects of the arrangement under the Rental Support Deed. Excluding the Rental Support Deed, the New Australian Properties will have an occupancy rate of 76.2%.
- (11) Includes the effects of the arrangement under the Rental Support Deed. Excluding the Rental Support Deed, the New Properties will have an overall occupancy rate of 93.7%.

## Valuation and Purchase Consideration

The Trustee has commissioned an independent valuer, Colliers International Valuation UK LLP (“**Colliers UK**”), and the Manager has commissioned an independent valuer, CBRE Limited (“**CBRE**”), to respectively value the New German Properties. The Trustee has commissioned an independent valuer, CIVAS (VIC) Pty Ltd (“**Colliers AU**”), and the Manager has commissioned an independent valuer, Urbis Valuations Pty Ltd (“**Urbis**”), to respectively value the New Australian Properties. Urbis, collectively with Colliers AU, Colliers UK and CBRE are referred to herein as the “**Independent Valuers**”.

The Share Purchase Consideration payable to the German Vendors under the Share Purchase Agreement in cash in Euros for the interests in the New German Properties is approximately €235.4 million (approximately A\$381.7 million and approximately S\$362.6 million). The Share Purchase Consideration is based on:

- (i) the Property Purchase Price of approximately €320.3 million (approximately A\$519.2 million and approximately S\$493.3 million) for the New German Properties which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations described herein and the effective interests in the Property Companies that FLT will be acquiring, as adjusted for the estimated aggregate net assets and liabilities of the Property Companies (including their Existing Debt Facilities amounting to approximately €73.7 million<sup>1</sup> (approximately A\$119.5 million and approximately S\$113.5 million)) (subject to further post-completion adjustments based on the actual aggregate net assets and liabilities of the Property Companies at completion of the German Properties Acquisition); and
- (ii) the Inter-Company Loans to be assigned to FLT Europe.

The Asset Purchase Consideration payable to the Australian Vendors under the Asset Sale and Purchase Agreements in cash in Australian Dollars for the New Australian Properties is approximately A\$125.5 million (approximately S\$119.2 million) which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations described herein.

The aggregate of the Purchase Consideration of the Proposed Acquisition is approximately A\$507.2 million (approximately S\$481.8 million).

The Property Purchase Price of the New Properties of approximately A\$644.7 million (approximately S\$612.5 million) represents a discount of approximately 1.0% to the New Properties Appraised Value and a discount of approximately 0.4% to the aggregate of the average of the two independent valuations of each New Property.<sup>2</sup>

(See Appendix B of this Circular for further details regarding the valuations of the New Properties.)

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<sup>1</sup> The Hermes Augsburg Facility, the EDEKA Facility, the Kentner Facility, the Amor & Mühle Facility and the Keramag & VCK Facility have existing debt.

<sup>2</sup> Please refer to the table under “Description of the New Properties” which sets out a comparison of the Property Purchase Price against the two independent valuations of each New Property.

## ESTIMATED TOTAL TRANSACTION COST

The estimated total cost of the Proposed Acquisition (the “**Total Transaction Cost**”) is approximately A\$530.4 million (approximately S\$503.9 million), comprising:

- (i) the Purchase Consideration of approximately A\$507.2 million (approximately S\$481.8 million), comprising the Share Purchase Consideration of approximately €235.4 million (approximately A\$381.7 million and approximately S\$362.6 million) and the Asset Purchase Consideration of approximately A\$125.5 million (approximately S\$119.2 million);
- (ii) the acquisition fee payable to the Manager for the Proposed Acquisition pursuant to the trust deed dated 30 November 2015 (as amended and supplemented) constituting FLT (the “**Trust Deed**”), which amounts to approximately A\$3.1 million (approximately S\$2.9 million) (the “**Acquisition Fee**”)<sup>1</sup>; and
- (iii) the estimated professional and other fees and expenses incurred or to be incurred by FLT in connection with the Proposed Acquisition (inclusive of approximately A\$7.3 million (approximately S\$6.9 million) of stamp duty arising from the Australian Properties Acquisition) of approximately A\$20.1 million (approximately S\$19.2 million).

### Payment of Acquisition Fee in Units

As the Proposed Acquisition will constitute an “interested party transaction” under Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**MAS**” and Appendix 6, the “**Property Funds Appendix**”), the Acquisition Fee<sup>2</sup> payable to the Manager in respect of the Proposed Acquisition will be in the form of Units (the “**Acquisition Fee Units**”), which shall not be sold within one year from the date of issuance.

### Proposed Method of Financing the Proposed Acquisition

The Manager intends to finance the Total Transaction Cost from a combination of equity and debt financing, with the final debt/equity proportions to be decided at a later stage by the Manager.

## RATIONALE FOR AND KEY BENEFITS OF THE PROPOSED ACQUISITION

The Manager believes that the Proposed Acquisition will bring the following key benefits to the Unitholders:

### 1. Deepens Presence in Attractive Logistics Markets of Germany and Australia

- Resilient economic fundamentals in Germany and Australia underpinned by positive drivers in the key markets
- Timely expansion supported by favourable low interest rate and yield spread tailwinds
- The German economy remains resilient with foreign trade, industrial production and the labour market showing continued growth

<sup>1</sup> The Acquisition Fee in respect of each of the New Properties is 0.5% of the Property Purchase Price of the New Properties (in proportion to the effective interest which FLT will hold in each New Property), and will only be paid on completion of the acquisition of the New Properties.

<sup>2</sup> Based on the Trust Deed, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the issue price of Units issued to finance or part finance the Proposed Acquisition in respect of which the Acquisition Fee is payable.

- Demand for German logistics space remains strong underpinned by Germany's status as the largest logistics market in Europe
- Australia's logistics market is driven by solid fundamentals and remains one of the most sought-after sectors by both domestic and global players

## **2. Prime, Modern and High-Quality Portfolio**

- Predominantly located in major logistics clusters in Germany
- Strategically located in prime sub-markets of the eastern seaboard of Australia
- Prime and modern logistics facilities with high specifications
- More quality tenants in diversified industries

## **3. Strengthens the FLT Portfolio**

- Enhanced investments through diversification in attractive German and Australian markets
- Increased proportion of freehold assets in the enlarged portfolio comprising the Existing Portfolio and the New Properties (the "**Enlarged Portfolio**")
- Reduced concentration risk in the top 10 tenants
- Improved portfolio WALE

## **4. DPU Accretion and Consistent with the Manager's Investment Strategy**

- DPU accretion
- Proposed Acquisition is in line with FLT's key objectives

## **5. Consistent Track Record in Leveraging Sponsor's Platform to Enhance Portfolio Value**

(See paragraph 5 of the Letter to Unitholders for further details.)

## REQUIREMENT FOR UNITHOLDERS' APPROVAL

### **Interested Person Transactions and Interested Party Transactions (collectively, "Related Party Transactions")**

As at the Latest Practicable Date, the FPL Group holds an aggregate direct and indirect interest in 429,729,337 Units, which is equivalent to approximately 21.20% of the total number of Units in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling unitholder" of FLT for the purposes of both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of FPL, the FPL Group is therefore regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix.

As each of FPIE, FPE11, FPE12, Australand C&I Trustee, Australand Property and Australand C&I, being the Vendors, is an indirect subsidiary of FPL, for the purposes of Chapter 9 of the Listing Manual and paragraph 5 of the Property Funds Appendix, each of the Vendors (being a subsidiary of a "controlling unitholder" of FLT and a subsidiary of a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" of FLT and (for the purposes of the Property Funds Appendix) an "interested party" of FLT.

Therefore, (i) the entry by FLT Europe into the Share Purchase Agreement and the Deed of Indemnity, (ii) the entry by the Sub-Trust Trustees into the Asset Sale and Purchase Agreements, (iii) the entry by FLT Europe, FLT Queensland No. 3 and FLT Landowner into the Incentive Reimbursement Deeds and (iv) the entry by FLT Queensland No. 4 into the Rental Support Deed will constitute Interested Person Transactions under Chapter 9 of the Listing Manual, as well as Interested Party Transactions under the Property Funds Appendix.

(See paragraph 3 of the Letter to Unitholders for further details.)

Given that the Purchase Consideration is approximately A\$507.2 million (approximately S\$481.8 million) (which is 26.4% of both the latest audited net tangible assets ("**NTA**") and the net asset value ("**NAV**") of FLT as at 30 September 2018), the value of the Proposed Acquisition exceeds 5.0% of the NTA and the NAV of FLT. Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Proposed Acquisition.

**Each of the TCC Group, the FPL Group, TCC Group Investments Limited ("**TCCGI**") and the Manager will abstain, and will procure their associates to abstain from voting at the EGM on the resolution to approve the Proposed Acquisition unless specific instructions as to voting are given.**

## INDICATIVE TIMETABLE

The timetable for the EGM is indicative only and is subject to change at the absolute discretion of the Manager. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

The timetable for events which are scheduled to take place after the EGM is indicative only and is subject to the absolute discretion of the Manager.

<b>Event</b>		<b>Date and Time</b>
Last date and time for lodgement of Proxy Forms	:	17 August 2019 at 10.00 a.m.
Date and time of the EGM	:	20 August 2019 at 10.00 a.m.
<b>If the approval for the Proposed Acquisition is obtained at the EGM:</b>		
Target date for completion of the Proposed Acquisition	:	To be determined (but is expected to be by end August 2019)

# LETTER TO UNITHOLDERS

## FRASERS LOGISTICS & INDUSTRIAL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 30 November 2015  
(as amended, restated and supplemented))

**MANAGED BY**  
**FRASERS LOGISTICS & INDUSTRIAL ASSET MANAGEMENT PTE. LTD.**

### Directors of the Manager

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 Chia Khong Shoong (Non-Executive Director)  
Mr Rodney Vaughan Fehring (Non-Executive Director)

### Registered Office

438 Alexandra Road  
#21-00, Alexandra Point  
Singapore 119958

30 July 2019

To: Unitholders of Frasers Logistics & Industrial Trust

Dear Sir/Madam

## 1. SUMMARY OF APPROVAL SOUGHT

The Manager is convening an EGM of FLT to seek approval from Unitholders in respect of the Proposed Acquisition (as an Interested Person Transaction and an Interested Party Transaction).

The Proposed Acquisition constitutes a Related Party Transaction under Chapter 9 of the Listing Manual and paragraph 5 of the Property Funds Appendix. Accordingly, in compliance with the requirements of the Listing Manual and the Property Funds Appendix, the Manager is convening the EGM to seek Unitholders' approval by way of an Ordinary Resolution in respect of the Proposed Acquisition.

## 2. THE PROPOSED ACQUISITION

### 2.1 Introduction

On 2 July 2019, FLT, through FLT Europe<sup>1</sup>, entered into the Share Purchase Agreement with the German Vendors, namely, FPIE, FPE11 and FPE12, to acquire the equity interests in 10 Property Companies<sup>2</sup> which own the New German Properties.

On 2 July 2019, FLT, through the Sub-Trust Trustees acting as trustees respectively of sub-trusts wholly-owned by FLT, entered into the three Asset Sale and Purchase Agreements to acquire the New Australian Properties from the Australian Vendors, being Australand C&I Trustee, Australand Property and Australand C&I.

The Proposed Acquisition is expected to be completed by end August 2019, subject to conditions of the Proposed Acquisition being met.

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<sup>1</sup> FLT Europe is an indirect wholly-owned subsidiary of FLT.

<sup>2</sup> One of the Property Companies, BV Maschinen GmbH, is a holding company which holds the fixtures of two of the New German Properties.

The Property Purchase Price for the New Properties is approximately A\$644.7 million (approximately S\$612.5 million) being the aggregate of:

- (i) for the New German Properties, approximately €320.3 million (approximately A\$519.2 million and approximately S\$493.3 million); and
- (ii) for the New Australian Properties, approximately A\$125.5 million (approximately S\$119.2 million).

The New Properties Appraised Value, being the aggregate of the higher of the two independent valuations of each New Property conducted by the Independent Valuers as at 15 June 2019, is approximately A\$651.4 million (approximately S\$618.8 million).<sup>1</sup> The Property Purchase Price of approximately A\$644.7 million (approximately S\$612.5 million) which takes into account the independent valuations conducted by the Independent Valuers, represents a discount of approximately 1.0% to the New Properties Appraised Value and a discount of approximately 0.4% to the aggregate of the average of the two independent valuations of each New Property.<sup>2</sup>

The Share Purchase Consideration payable under the Share Purchase Agreement of approximately €235.4 million (approximately A\$381.7 million and approximately S\$362.6 million) is based on:

- (i) the Property Purchase Price of approximately €320.3 million (approximately A\$519.2 million and approximately S\$493.3 million) for the New German Properties which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations described herein and the effective interests in the Property Companies that FLT will be acquiring, as adjusted for the estimated aggregate net assets and liabilities of the Property Companies<sup>3</sup> (including their Existing Debt Facilities amounting to approximately €73.7 million<sup>4</sup> (approximately A\$119.5 million and approximately S\$113.5 million)) (subject to further post-completion adjustments based on the actual aggregate net assets and liabilities of the Property Companies at completion of the German Properties Acquisition); and
- (ii) the Inter-Company Loans<sup>5</sup> to be assigned to FLT Europe.

The Asset Purchase Consideration payable under the Asset Sale and Purchase Agreements of approximately A\$125.5 million (approximately S\$119.2 million) is based on the Property Purchase Price for the New Australian Properties.

The Purchase Consideration of the Proposed Acquisition is approximately A\$507.2 million (approximately S\$481.8 million).

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<sup>1</sup> The New Properties Appraised Value takes into account the effects of the Incentive Reimbursement Deeds and Rental Support Deed.

<sup>2</sup> Please refer to the table under "Description of the New Properties" which sets out a comparison of the Property Purchase Price against the two independent valuations of each New Property.

<sup>3</sup> Based on the estimated financial statements of the Property Companies as at 31 August 2019.

<sup>4</sup> The Hermes Augsburg Facility, the EDEKA Facility, the Kentner Facility, the Amor & Mühle Facility and the Keramag & VCK Facility have existing debt.

<sup>5</sup> Based on the estimated outstanding Inter-Company Loans as at 31 August 2019.



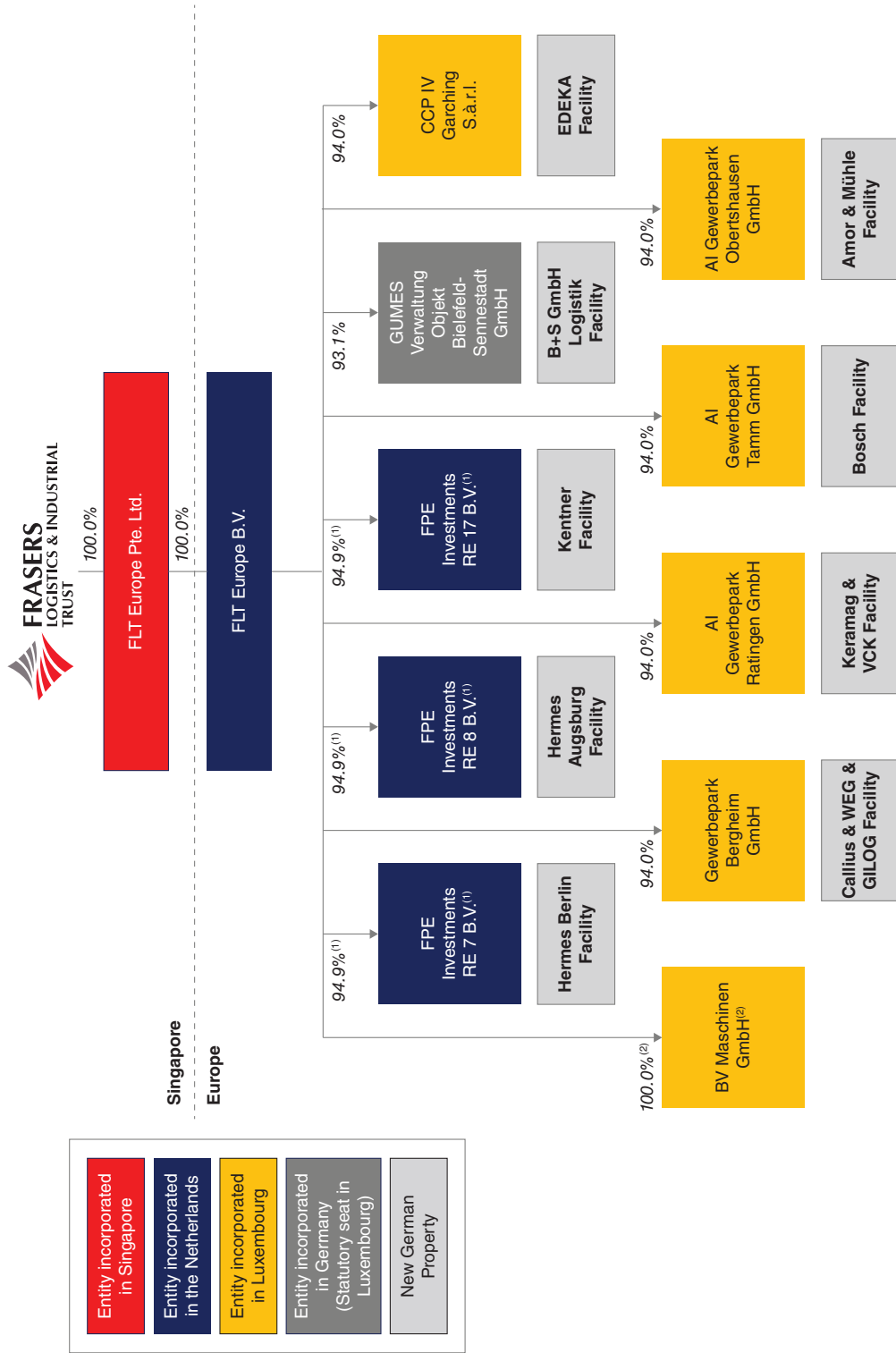
Under the Incentive Reimbursement Deeds, the respective Vendors will be reimbursing FLT Europe or the relevant Property Company as FLT Europe may elect, and the relevant Sub-Trust Trustee for incentives (for example, rent abatement) which the Vendor or, as the case may be, the relevant Property Company has made available or agreed to grant to the tenants of the Amor & Mühle Facility, the Bosch Facility, the Kentner Facility, the Avery Dennison & GM Kane and Sons Facility and the Dana & Pinnacle & Licensing Facility as part of the relevant Vendor or, as the case may be, Property Company's costs and obligations.

Under the Rental Support Deed, FPAHL will pay FLT Queensland No. 4 the Guaranteed Amount or until the Vacant Unit is leased, whichever is earlier. If a lease agreement for the Vacant Unit of the FDM Facility for a period of five years from the completion of the acquisition of the FDM Facility is entered into but the rent amount payable is less than the Guaranteed Amount, FPAHL must pay FLT Queensland No. 4 an amount which is equivalent to the shortfall by monthly instalments from the date of commencement of the lease. The obligations of FPAHL and amounts payable under the Rental Support Deed are the Guaranteed Amount and the recoverable outgoings that FLT Queensland No. 4 would have received during the period in which the arrangements under the Rental Support Deed are valid. The Rental Support Deed is also subject to a Capitalised Payment which may result in adjustments to the total amount paid in respect of the FDM Facility based on the actual lease agreement entered into for the Vacant Unit of the FDM Facility.<sup>1</sup>

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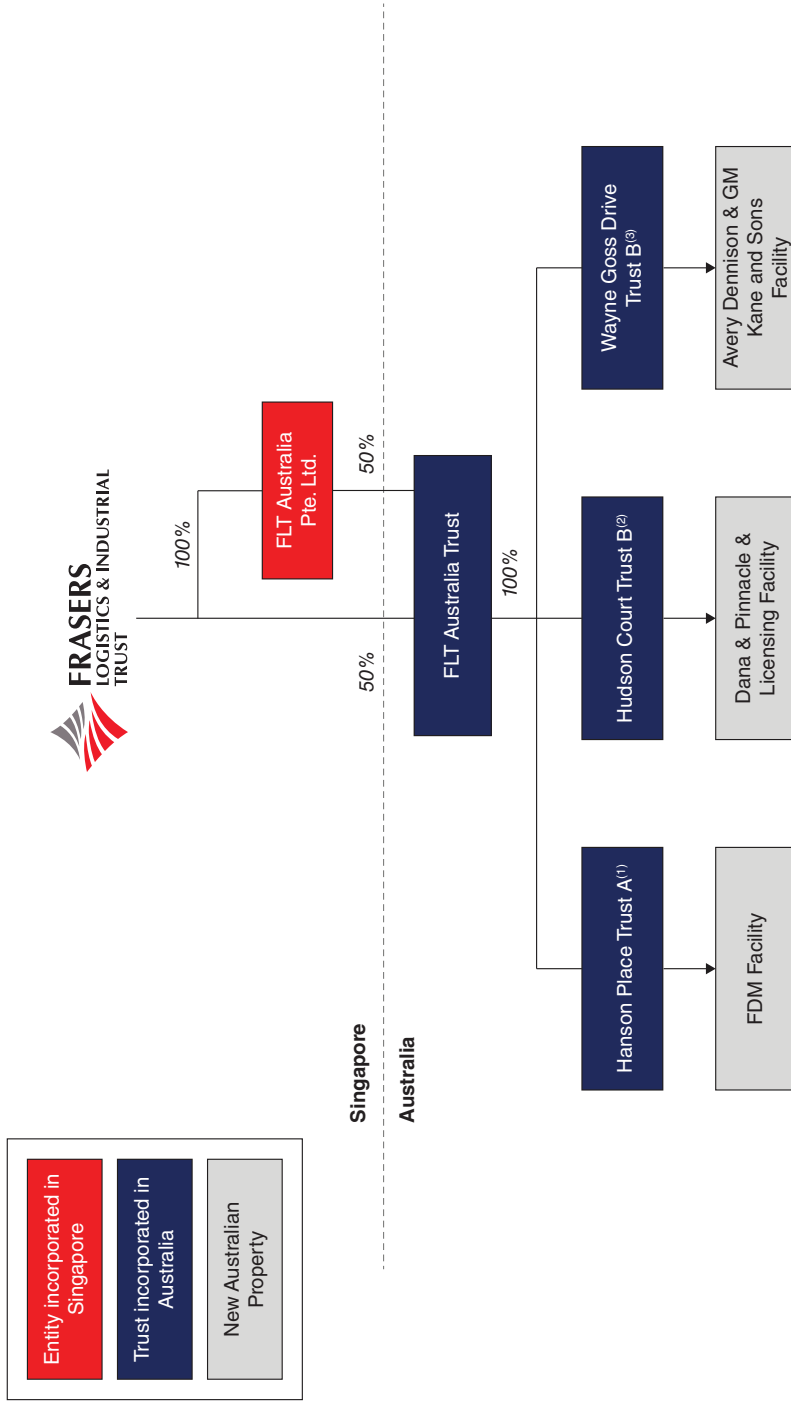
<sup>1</sup> See paragraph 2.11 of the Letter to Unitholders for more details on the calculation of the Capitalised Payment.

The following diagram sets out the proposed holding structure of the New German Properties following the completion of the German Properties Acquisition.



1. The 5.1% non-controlling interest is currently held by FPIE, but FPIE intends to transfer this interest to a third party unrelated to both FPIE and FLT
2. Entity holds fixtures of the assets in the Amor & Mühle Facility and the Keramag & VCK Facility

The following diagram sets out the proposed holding structure of the New Australian Properties following the completion of the Australian Properties Acquisition.



1. FLT Queensland No 4 Pty Limited (as trustee for Hanson Place Trust A)
2. FLT Landowner Pty Limited (as trustee for Hudson Court Trust B)
3. FLT Queensland No 3 Pty Limited (as trustee for Wayne Goss Drive Trust B)

## 2.2 Description of the New Properties

Further details on each of the New Properties are set out in the subsequent pages:

### 2.2.1 New German Properties

#### Kentner Facility

Am Bühlfeld 2-8, 89543 Herbrechtingen, Germany



#### Description

Built in 2008, the Kentner Facility serves a variety of customers such as Voith Group (paper production) and AL-KO (garden machinery). A part of the building has a 10 tonnes/m<sup>2</sup> floor loading capacity to accommodate the heavy machinery operated for Voith Group. The Kentner Facility is also well-positioned with close access to the A7 Motorway.

The tenant, Wilhelm Kentner Kraftwagen-Spedition GmbH & Co. KG, was founded in 1945 and is based in Heidenheim, Germany. It offers general cargo, parcel delivery, and freight forwarding services; and Internet order entry services. As of July 2012, Wilhelm Kentner Kraftwagen-Spedition GmbH & Co. KG operates as a subsidiary of C.E. Noerpel GmbH.

The table below sets out a summary of selected information on the Kentner Facility.

<b>Title</b>	Freehold
<b>Property Company</b>	FPE Investments RE17 B.V.
<b>Effective Interest in the New German Property (%)</b>	94.9 <sup>(3)</sup>
<b>Year Completed (including last expansion)</b>	2008
<b>GLA (sq m) (as at 31 March 2019)</b>	44,501
<b>WALE (as at 31 March 2019)</b>	7.8 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by CBRE (as at 15 June 2019) (€ m)<sup>(1)</sup></b>	32.3
<b>Independent Valuation by Colliers UK (as at 15 June 2019) (€ m)<sup>(1)</sup></b>	31.3
<b>Property Purchase Price (€ m)<sup>(2)</sup></b>	31.1
<b>Number of Tenants</b>	1
<b>Tenant</b>	Wilhelm Kentner Kraftwagen-Spedition GmbH & Co. KG
<b>Trade Sector of Tenant</b>	Logistics

**Notes:**

- (1) The valuation is based on a 100% effective interest and includes the effects of the arrangement under the relevant Incentive Reimbursement Deed.
- (2) The Property Purchase Price in respect of the Kentner Facility is based on a 100% effective interest in the Kentner Facility.
- (3) The 5.1% non-controlling interest is currently held by FPIE, but FPIE intends to transfer this interest to a third party unrelated to both FPIE and FLT.

## **Bosch Facility**

Bietigheimer Straße 50-52, 71732 Tamm, Germany



### **Description**

Completed in 2018, the Bosch Facility has a GLA of 38,932 m<sup>2</sup> and is located 25 km northwest of Stuttgart, which is the headquarters for numerous multinational corporations including Mercedes Benz, Daimler, Porsche, Bosch, Hewlett Packard, IBM and SAP. The Bosch Facility also has good connections to the A81 and B27 Motorways.

The tenant, Robert Bosch GmbH, develops solutions for electronics systems in passenger cars, commercial vehicles, off-highway, powersports, industry, marine, and rail applications. It offers solutions in the areas of powertrain and power electronics; energy and battery management; E/E-systems and control units; vehicle dynamics, chassis, and braking systems; infotainment, human machine interface, and display instruments; and concept vehicles, prototypes, and demonstration models. Since 1964, the tenant's majority shareholder has been Robert Bosch Stiftung GmbH, a charitable foundation.

The table below sets out a summary of selected information on the Bosch Facility.

<b>Title</b>	Freehold
<b>Property Company</b>	AI Gewerbepark Tamm GmbH
<b>Effective Interest in the New German Property (%)</b>	94.0 <sup>(3)</sup>
<b>Year Completed (including last expansion)</b>	2018
<b>GLA (sq m) (as at 31 March 2019)</b>	38,932
<b>WALE (as at 31 March 2019)</b>	9.3 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by CBRE (as at 15 June 2019) (€ m)<sup>(1)</sup></b>	68.2
<b>Independent Valuation by Colliers UK (as at 15 June 2019) (€ m)<sup>(1)</sup></b>	68.7
<b>Property Purchase Price (€ m)<sup>(2)</sup></b>	68.1
<b>Number of Tenants</b>	1
<b>Tenant</b>	Robert Bosch GmbH
<b>Trade Sector of Tenant</b>	Consumer

**Notes:**

- (1) The valuation is based on a 100% effective interest and includes the effects of the arrangement under the relevant Incentive Reimbursement Deed.
- (2) The Property Purchase Price in respect of the Bosch Facility is based on a 100% effective interest in the Bosch Facility.
- (3) The 6.0% non-controlling interest is held by a third party unrelated to both FPIE and FLT.

## Hermes Augsburg Facility

Hermesstraße 5, 86836 Graben, Augsburg, Germany



### Description

Completed in 2018, the Hermes Augsburg Facility has a GLA of 11,534 m<sup>2</sup> and is a prime cross-dock logistics facility fitted with an automated conveyor system. The facility is located in Graben with direct links to the B17 Motorway.

The tenant, Hermes Germany GmbH, is Germany's largest post-independence logistics service provider for deliveries to private customers, with over 14,000 ParcelShops in Germany. The company has over 15,000 employees. Headquartered in Hamburg, the company is owned by Otto GmbH, one of the world's largest e-commerce groups.



The table below sets out a summary of selected information on the Hermes Augsburg Facility.

<b>Title</b>	Freehold
<b>Property Company</b>	FPE Investments RE8 B.V.
<b>Effective Interest in the New German Property (%)</b>	94.9 <sup>(2)</sup>
<b>Year Completed (including last expansion)</b>	2018
<b>GLA (sq m) (as at 31 March 2019)</b>	11,534 <sup>(3)</sup>
<b>WALE (as at 31 March 2019)</b>	13.9 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by CBRE (as at 15 June 2019) (€ m)</b>	33.2
<b>Independent Valuation by Colliers UK (as at 15 June 2019) (€ m)</b>	32.9
<b>Property Purchase Price (€ m)<sup>(1)</sup></b>	33.1
<b>Number of Tenants</b>	1
<b>Tenant</b>	Hermes Germany GmbH
<b>Trade Sector of Tenant</b>	Logistics

**Notes:**

- (1) The Property Purchase Price in respect of the Hermes Augsburg Facility is based on a 100% effective interest in the Hermes Augsburg Facility.
- (2) The 5.1% non-controlling interest is currently held by FPIE, but FPIE intends to transfer this interest to a third party unrelated to both FPIE and FLT.
- (3) The Hermes Augsburg Facility has an outdoor area of 37,108 m<sup>2</sup>.

## EDEKA Facility

Dieselstraße 30, 85748 Garching, Germany



### Description

Built in 2007, the EDEKA Facility is a temperature-controlled facility with a GLA of 13,014 m<sup>2</sup>. The EDEKA facility enjoys easy access to an extensive road and rail network, multimodal reloading point at the Riem container terminal and fast-growing cargo transportation facilities at Munich's International Airport hub.

The tenant, EDEKA Aktiengesellschaft, which is part of the EDEKA Group, is the largest German supermarket corporation as of 2017, with a market share of 23.0%. Founded in 1898, it consists of several cooperatives of independent supermarkets all operating under the umbrella organisation Edeka Zentrale AG & Co KG, with headquarters in Hamburg. There are approximately 4,100 stores with the EDEKA nameplate that range from small corner stores to hypermarkets. The company is privately owned and has approximately 250,000 employees.

The table below sets out a summary of selected information on the EDEKA Facility.

<b>Title</b>	Freehold
<b>Property Company</b>	CCP IV Garching S.à.r.l.
<b>Effective Interest in the New German Property (%)</b>	94.0 <sup>(2)</sup>
<b>Year Completed</b>	2007
<b>GLA (sq m) (as at 31 March 2019)</b>	13,014
<b>WALE (as at 31 March 2019)</b>	13.7 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by CBRE (as at 15 June 2019) (€ m)</b>	29.7
<b>Independent Valuation by Colliers UK (as at 15 June 2019) (€ m)</b>	29.8
<b>Property Purchase Price (€ m)<sup>(1)</sup></b>	29.7
<b>Number of Tenants</b>	1
<b>Tenant</b>	EDEKA Aktiengesellschaft
<b>Trade Sector of Tenant</b>	Consumer

**Notes:**

- (1) The Property Purchase Price in respect of the EDEKA Facility is based on a 100% effective interest in the EDEKA Facility.
- (2) The 6.0% non-controlling interest is held by a third party unrelated to both FPIE and FLT.

## Hermes Berlin Facility

Gewerbegebiet Etzin 1, 14669 Berlin, Germany



### Description

Built in 2018, the Hermes Berlin Facility is a cross-dock logistics facility with an automated conveyor system. It has a GLA of 13,142 m<sup>2</sup> and an outdoor area of 44,108 m<sup>2</sup>. Near the A10 Motorway, the Hermes Berlin Facility is approximately 37 km away from Berlin Airport.

The tenant, Hermes Germany GmbH, is Germany's largest post-independence logistics service provider for deliveries to private customers, with over 14,000 ParcelShops in Germany. The company has over 15,000 employees. Headquartered in Hamburg, the company is owned by Otto GmbH, one of the world's largest e-commerce groups.

The table below sets out a summary of selected information on the Hermes Berlin Facility.

<b>Title</b>	Freehold
<b>Property Company</b>	FPE Investments RE7 B.V.
<b>Effective Interest in the New German Property (%)</b>	94.9 <sup>(2)</sup>
<b>Year Completed</b>	2018
<b>GLA (sq m) (as at 31 March 2019)</b>	13,142 <sup>(3)</sup>
<b>WALE (as at 31 March 2019)</b>	13.6 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by CBRE (as at 15 June 2019) (€ m)</b>	40.2
<b>Independent Valuation by Colliers UK (as at 15 June 2019) (€ m)</b>	38.5
<b>Property Purchase Price (€ m)<sup>(1)</sup></b>	40.2
<b>Number of Tenants</b>	1
<b>Tenant</b>	Hermes Germany GmbH
<b>Trade Sector of Tenant</b>	Logistics

**Notes:**

- (1) The Property Purchase Price in respect of the Hermes Berlin Facility is based on a 100% effective interest in the Hermes Berlin Facility.
- (2) The 5.1% non-controlling interest is currently held by FPIE, but FPIE intends to transfer this interest to a third party unrelated to both FPIE and FLT.
- (3) The Hermes Berlin Facility has an outdoor area of 44,108 m<sup>2</sup>.

## Amor & Mühle Facility

Im Birkengrund 5-7, 63179 Obertshausen, Germany



### Description

Originally built in 2017, the Amor & Mühle Facility has undergone an expansion which was completed in March 2019. Upon completion, the additional area of 6,192 m<sup>2</sup> was leased to the existing tenant, Mühle Verpackungs-und Dienstleistungs GmbH (“Mühle”) on 1 April 2019. The total GLA is 23,154 m<sup>2</sup> after the completion of the expansion works. The Amor & Mühle Facility is well positioned to cater to the Rhine-Main region, the second largest industrial density in Germany after the Ruhr area. Located in close proximity to the A3 and B3 Motorways, the Amor & Mühle Facility is also located near to Frankfurt Airport.

One of the tenants, Amor GmbH, manufactures jewellery and supplies it online as well as through retailers across Europe. Founded in 1978, Amor GmbH has approximately 1,300 employees and is based in Obertshausen. The other tenant, Mühle, is based in Stützengrün, Saxony. Mühle is a certified packaging service provider for packaging and logistics services up to order fulfilment.

The table below sets out a summary of selected information on the Amor & Mühle Facility.

<b>Title</b>	Freehold
<b>Property Company</b>	AI Gewerbepark Obertshausen GmbH <sup>(3)</sup>
<b>Effective Interest in the New German Property (%)</b>	94.0 <sup>(4)</sup>
<b>Year Completed (including last expansion)</b>	2017
<b>GLA (sq m) (as at 31 March 2019)</b>	16,962 <sup>(5)</sup>
<b>WALE (as at 31 March 2019)</b>	14.1 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by CBRE (as at 15 June 2019) (€ m)<sup>(1)</sup></b>	29.3
<b>Independent Valuation by Colliers UK (as at 15 June 2019) (€ m)<sup>(1)</sup></b>	29.3
<b>Property Purchase Price (€ m)<sup>(2)</sup></b>	28.8
<b>Number of Tenants</b>	2
<b>Tenants</b>	1. Amor GmbH 2. Mühle Verpackungs-und Dienstleistungs GmbH
<b>Trade Sector of Tenants</b>	Consumer, Logistics

**Notes:**

- (1) The valuation is based on a 100% effective interest and includes the effects of the arrangement under the relevant Incentive Reimbursement Deed.
- (2) The Property Purchase Price for the Amor & Mühle Facility has taken into account the expansion which has been completed in March 2019 and based on a 100% effective interest in the Amor & Mühle Facility.
- (3) BV Maschinen GmbH holds the fixtures in the Amor & Mühle Facility.
- (4) The 6.0% non-controlling interest is held by a third party unrelated to both FPIE and FLT.
- (5) Excludes an additional area of 6,192 sq m from the Amor & Mühle AEI. The Amor & Mühle Facility has undergone an expansion which was completed in March 2019, with a new lease to the existing tenant, Mühle, commencing from 1 April 2019.

## **Callius & WEG & GILOG Facility**

Walter-Gropius-Straße 19, 50126 Bergheim, Germany



### **Description**

The Callius & WEG & GILOG Facility comprises four units. The original building was built in 2001 and two additional halls were later added in 2018. The Callius & WEG & GILOG Facility has a single dock face and shared hardstand access off Walter Gropius Straße. Located strategically with excellent access to the A61 and B477 Motorways, the Callius & WEG & GILOG Facility is positioned to the north-east of the Bergheim town centre within an established industrial precinct comprising larger distribution centres and small industrial units.

One of the tenants, Callius GmbH, is a private logistics services company founded in 2009. Callius GmbH is owned by Staci which was established in 1989 and services the e-commerce sector through its network of 40 sites throughout Europe. Another tenant, WEG Germany GmbH, is a Brazilian company, founded in 1961 and operates in the electric engineering, power and automation technology areas worldwide. Headquartered in Jaraguá do Sul, Brazil, the company produces electric motors, generators, transformers, drives and coatings. WEG Germany GmbH has operations in around 100 countries, with approximately 31,000 employees as of 2018 and is the largest Latin American electric-motor manufacturer. The third tenant, GILOG Gesellschaft für Innovative Logistik mbH, is a privately-owned logistics services company with 65 employees and has been in operations for 15 years.



The table below sets out a summary of selected information on the Callius & WEG & GILOG Facility.

<b>Title</b>	Freehold
<b>Property Company</b>	Gwerbepark Bergheim GmbH
<b>Effective Interest in the New German Property (%)</b>	94.0 <sup>(2)</sup>
<b>Year Completed</b>	2001 and 2018
<b>GLA (as at 31 March 2019) (sq m)</b>	19,404
<b>WALE (as at 31 March 2019)</b>	5.1 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by CBRE (as at 15 June 2019) (€ m)</b>	19.1
<b>Independent Valuation by Colliers UK (as at 15 June 2019) (€ m)</b>	18.9
<b>Property Purchase Price (€ m)<sup>(1)</sup></b>	19.0
<b>Number of Tenants</b>	3
<b>Tenants</b>	1. Callius GmbH 2. WEG Germany GmbH 3. GILOG Gesellschaft für Innovative Logistik mbH
<b>Trade Sector of Tenants</b>	Logistics, Manufacturing

**Notes:**

- (1) The Property Purchase Price in respect of the Callius & WEG & GILOG Facility is based on a 100% effective interest in the Callius & WEG & GILOG Facility.
- (2) The 6.0% non-controlling interest is held by a third party unrelated to both FPIE and FLT.

## **Keramag & VCK Facility**

An den Dieken 94, 40885 Ratingen, Germany



### **Description**

The Keramag & VCK Facility is located in the Rhine-Rhur Metropolitan region, the second largest metropolitan area in Europe. The Keramag & VCK Facility has excellent access to A524 and A52 Motorways and is also in close proximity to Düsseldorf Airport.

One of the tenants, Keramag Keramische Werke AG, is one of Germany's leading brand manufacturers of high-quality sanitary ware. Keramag Keramische Werke AG is part of the Geberit Group, headquartered in Switzerland, with more than 12,000 employees in 50 countries. The Gerberit Group is listed on the SIX Swiss Exchange since 2012. The other tenant, VCK Logistics SCS GmbH, through its subsidiaries, provides logistics and travel services globally. VCK Logistics SCS GmbH also offers supply chain solutions ranging from inventory management to distribution; and technical logistics to installation, service logistics, and secure transport services. The group also provides air and ocean freight services, including customised logistics services; and port logistics services, such as inland and ocean shipping services.

The table below sets out a summary of selected information on the Keramag & VCK Facility.

<b>Title</b>	Freehold
<b>Property Company</b>	AI Gewerbepark Ratingen GmbH <sup>(2)</sup>
<b>Effective Interest in the New German Property (%)</b>	94.0 <sup>(3)</sup>
<b>Year Completed</b>	2014
<b>GLA (as at 31 March 2019) (sq m)</b>	43,095 <sup>(4)</sup>
<b>WALE (as at 31 March 2019)</b>	6.7 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by CBRE (as at 15 June 2019) (€ m)</b>	45.5
<b>Independent Valuation by Colliers UK (as at 15 June 2019) (€ m)</b>	46.4
<b>Property Purchase Price (€ m)<sup>(1)</sup></b>	45.9
<b>Number of Tenants</b>	2
<b>Tenants</b>	1. Keramag Keramische Werke AG 2. VCK Logistics SCS GmbH
<b>Trade Sector of Tenants</b>	Consumer, Logistics

**Notes:**

- (1) The Property Purchase Price in respect of the Keramag & VCK Facility is based on a 100% effective interest in the Keramag & VCK Facility.
- (2) BV Maschinen GmbH holds the fixtures in the Keramag & VCK Facility.
- (3) The 6.0% non-controlling interest is held by a third party unrelated to both FPIE and FLT.
- (4) Total contracted GLA is 43,095 m<sup>2</sup> which includes an external area of 5,368 m<sup>2</sup>.

## **B+S GmbH Logistik Facility**

Fuggerstraße 17, 33689 Bielefeld, Germany



### **Description**

Built in 2016, the B+S GmbH Logistik Facility has a GLA of 22,336 m<sup>2</sup>. The B+S GmbH Logistik Facility is located in the Rhine-Ruhr region, the second largest metropolitan area in Europe, and has excellent access to both A2 and A33 Motorways.

The tenant, B+S GmbH Logistik und Dienstleistungen, was founded in 2001. Its business lies in providing contract, warehouse, pharmaceuticals and transportation logistics and e-commerce fulfilment.

The table below sets out a summary of selected information on the B+S GmbH Logistik Facility.

<b>Title</b>	Freehold
<b>Property Company</b>	GUMES Verwaltung Objekt Bielefeld-Sennestadt GmbH
<b>Effective Interest in the New German Property (%)</b>	93.1 <sup>(2)</sup>
<b>Year Completed</b>	2016
<b>GLA (as at 31 March 2019) (sq m)</b>	22,336
<b>WALE (as at 31 March 2019)</b>	8.3 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by CBRE (as at 15 June 2019) (€ m)</b>	24.5
<b>Independent Valuation by Colliers UK (as at 15 June 2019) (€ m)</b>	24.3
<b>Property Purchase Price (€ m)<sup>(1)</sup></b>	24.4
<b>Number of Tenants</b>	1
<b>Tenant</b>	B+S GmbH Logistik und Dienstleistungen
<b>Trade Sector of Tenant</b>	Logistics

**Notes:**

- (1) The Property Purchase Price in respect of the B+S GmbH Logistik Facility is based on a 100% effective interest in the B+S GmbH Logistik Facility.
- (2) The 6.9% non-controlling interest is held by a third party unrelated to both FPIE and FLT.

## 2.2.2 New Australian Properties

### FDM Facility

2 Hanson Place, Eastern Creek, New South Wales 2766, Australia



### Description

Completed in 2019, the FDM Facility has a GLA of 32,894 m<sup>2</sup>. The facility is divided into two facilities, with each facility providing for warehouse and office accommodation, with truck turning and loading areas and associated on-site parking. The FDM Facility is located within Eastern Creek, a prime industrial precinct within Sydney and is located approximately 41 km from the Sydney Central Business District. The facility also has excellent proximity to the M4 and M7 Motorways, and the Great Western Highway.

FDM Warehousing Pty Ltd (which is currently the only tenant at one of the two units), is a Belgian-owned company that specialises in providing a personalised customer service for warehousing and distributing products around Australia. The company was established in January 2003 and the tenant signed its first major Third Party Logistics (“3PL”) contract in 2005. The company currently has a number of 3PL customers occupying approximately 15,000 m<sup>2</sup> of warehouse space and distributes up to 10,000 cartons per day.

The table below sets out a summary of selected information on the FDM Facility.

<b>Title</b>	Freehold
<b>Holding Sub-Trust</b>	Hanson Place Trust A
<b>Effective Interest in the New Australian Property (%)</b>	100.0
<b>Year Completed</b>	2019
<b>GLA (as at 31 March 2019) (sq m)</b>	32,894
<b>WALE (as at 31 March 2019)</b>	5.0 years <sup>(3)</sup>
<b>Occupancy (as at 31 March 2019) (%)</b>	51.7 <sup>(4)</sup>
<b>Independent Valuation by Colliers AU (as at 15 June 2019) (A\$ m)<sup>(1)</sup></b>	65.5
<b>Independent Valuation by Urbis (as at 15 June 2019) (A\$ m)<sup>(1)</sup></b>	65.5
<b>Property Purchase Price (A\$ m)<sup>(2)</sup></b>	65.5
<b>Number of Tenants</b>	1
<b>Tenant</b>	FDM Warehousing Pty Ltd <sup>(5)</sup>
<b>Trade Sector of Tenant</b>	Logistics

**Notes:**

- (1) Valuation includes the effects of the arrangement under the Rental Support Deed which takes into account a 5-year lease at a net rent of A\$120/m<sup>2</sup>/year from settlement of the acquisition for the vacant unit at 2 Hanson Place, Eastern Creek, New South Wales which was completed in May 2019. Excluding the Rental Support Deed, the valuation would be A\$63.4 million and A\$63.5 million for Colliers AU and Urbis, respectively.
- (2) The Property Purchase Price in respect of the FDM Facility is based on a 100% effective interest in the FDM Facility.
- (3) Taking into account the Rental Support Deed.
- (4) The occupancy of the FDM Facility is 100.0% as at 31 March 2019, taking into account the arrangement under the Rental Support Deed.
- (5) The FDM Facility consists of two leaseable units, one of which is currently leased to FDM Warehousing Pty Ltd and the other unit is currently vacant.

## **Dana & Pinnacle & Licensing Facility**

8-28 Hudson Court, Keysborough, Victoria 3045, Australia



### **Description**

Built in 2016, the property comprises an industrial building with a GLA of 25,762 m<sup>2</sup>, which is configured to provide three separate warehouse tenancies. Each tenancy is provided with a high clearance warehouse and a single or double storey office component. The warehousing component also features multiple roller shutter doors and recessed loading docks. Dual truck entrances are provided to all the warehouses. Located within proximity of the Eastlink and Monash Freeway, the Dana & Pinnacle & Licensing Facility is approximately 39 km from the CBD.

One of the tenants, Dana Australia Pty Ltd, is recognised as a leader in aftermarket parts and automotive supplies including drivetrain products, sealing products and thermal products.

Another tenant, Pinnacle Diversity Pty Ltd, an Australian-owned company, is recognised as a garage storage expert specialising in innovative and quality storage solutions, garden sheds, pet enclosures, hardware and fasteners. The company produces a wide range of products including bolts, screws & nuts, hardware, sheds, storage and tools.

The third tenant, Licensing Essentials Pty Ltd, an Australian-owned company with its headquarter based in Melbourne, is regarded as the industry leader in licensed merchandise in Australia and New Zealand. It produces a wide range of products including gifting, home décor, apparel and accessories, outdoor, stationery, bar accessories, gaming or memorabilia.



The table below sets out a summary of selected information on the Dana & Pinnacle & Licensing Facility.

<b>Title</b>	Freehold
<b>Holding Sub-Trust</b>	Hudson Court Trust B
<b>Effective Interest in the New Australian Property (%)</b>	100.0
<b>Year Completed</b>	2016
<b>GLA (as at 31 March 2019) (sq m)</b>	25,762
<b>WALE (as at 31 March 2019)</b>	4.2 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by Colliers AU (as at 15 June 2019) (A\$ m)<sup>(1)</sup></b>	35.3
<b>Independent Valuation by Urbis (as at 15 June 2019) (A\$ m)<sup>(1)</sup></b>	36.0
<b>Property Purchase Price (A\$ m)<sup>(2)</sup></b>	34.8
<b>Number of Tenants</b>	3
<b>Tenants</b>	1. Dana Australia Pty Ltd 2. Pinnacle Diversity Pty Ltd 3. Licensing Essentials Pty Ltd
<b>Trade Sector of Tenants</b>	Automotive, Consumer

**Notes:**

- (1) The valuation includes the effects of the arrangement under the relevant Incentive Reimbursement Deed.
- (2) The Property Purchase Price in respect of the Dana & Pinnacle & Licensing Facility is based on a 100% effective interest in the Dana & Pinnacle & Licensing Facility.

## **Avery Dennison & GM Kane and Sons Facility**

29-51 Wayne Goss Drive, Berrinba, Queensland, Australia



### **Description**

Constructed in 2016, the Avery Dennison & GM Kane and Sons Facility comprises a modern dual tenancy industrial facility with a GLA of 15,456 m<sup>2</sup>. The Avery Dennison & GM Kane and Sons Facility is located within the Southwest Brisbane Industrial Precinct, an area of strategic importance for South East Queensland which comprises the established suburbs of Carole Park, Richlands, Darra, Wacol, Heathwood, Larapinta and Berrinba. The property is also in close proximity to the Logan Motorway.

One of the tenants, Avery Dennison Materials Pty Ltd, is an international manufacturer and supplier of labelling and packaging materials in over 50 countries.

The other tenant, GM Kane and Sons Pty Ltd, which operates as a subsidiary of CTI Logistics Limited, is a national 3PL transport provider with operations in all major Australian cities.

The table below sets out a summary of selected information on the Avery Dennison & GM Kane and Sons Facility.

<b>Title</b>	Freehold
<b>Holding Sub-Trust</b>	Wayne Goss Drive Trust B
<b>Effective Interest in the New Australian Property (%)</b>	100.0
<b>Completion Date</b>	2016
<b>GLA (as at 31 March 2019) (sq m)</b>	15,456
<b>WALE (as at 31 March 2019)</b>	3.9 years
<b>Occupancy (as at 31 March 2019) (%)</b>	100.0
<b>Independent Valuation by Colliers AU (as at 15 June 2019) (A\$ m)<sup>(1)</sup></b>	25.5
<b>Independent Valuation by Urbis (as at 15 June 2019) (A\$ m)<sup>(1)</sup></b>	25.5
<b>Property Purchase Price (A\$ m)<sup>(2)</sup></b>	25.2
<b>Number of Tenants</b>	2
<b>Tenants</b>	1. Avery Dennison Materials Pty Ltd 2. GM Kane and Sons Pty Ltd
<b>Trade Sector of Tenant</b>	Consumer, Logistics

**Notes:**

- (1) The valuation includes the effects of the arrangement under the relevant Incentive Reimbursement Deed.
- (2) The Property Purchase Price in respect of the Avery Dennison & GM Kane and Sons Facility is based on a 100% effective interest in the Avery Dennison & GM Kane and Sons Facility.

### 2.3 Valuation and Purchase Consideration

The Trustee has commissioned an independent valuer, Colliers UK, and the Manager has commissioned an independent valuer, CBRE, to respectively value the New German Properties. The Trustee has also commissioned an independent valuer, Colliers AU, and the Manager has commissioned an independent valuer, Urbis, to respectively value the New Australian Properties.

The Purchase Consideration payable to the Vendors is approximately A\$507.2 million (approximately S\$481.8 million). The Share Purchase Consideration is based on (i) the Property Purchase Price of the New German Properties which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations described herein and the effective interests in the Property Companies that FLT will be acquiring, as adjusted for the estimated aggregate net assets and liabilities of the Property Companies (including their Existing Debt Facilities amounting to approximately €73.7 million (approximately A\$119.5 million and approximately S\$113.5 million (subject to further post-completion adjustments based on the actual aggregate net assets and liabilities of the Property Companies at completion of the German Properties Acquisition)) and (ii) the Inter-Company Loans to be assigned to FLT Europe. The Asset Purchase Consideration is based on the Property Purchase Price for the New Australian Properties.

The New Properties Appraised Value, which is the aggregate of the higher of the two independent valuations of each New Property conducted by the Independent Valuers as at 15 June 2019, is approximately A\$651.4 million (approximately S\$618.8 million).<sup>1</sup> The aggregate Property Purchase Price of the New Properties of approximately A\$644.7 million (approximately S\$612.5 million) represents a discount of approximately 1.0% to the New Properties Appraised Value and a discount of approximately 0.4% to the aggregate of the average of the two independent valuations of each New Property.<sup>2</sup>

(See Appendix B of this Circular for further details regarding the valuations of the New Properties.)

## **2.4 Estimated Total Transaction Cost**

The estimated Total Transaction Cost is approximately A\$530.4 million (approximately S\$503.9 million), comprising:

- (i) the Purchase Consideration of approximately A\$507.2 million (approximately S\$481.8 million), comprising of the Share Purchase Consideration of approximately €235.4 million (approximately A\$381.7 million and approximately S\$362.6 million) and the Asset Purchase Consideration of approximately A\$125.5 million (approximately S\$119.2 million);
- (ii) the Acquisition Fee, which amounts to approximately A\$3.1 million<sup>3</sup> (approximately S\$2.9 million); and
- (iii) the estimated professional and other fees and expenses incurred or to be incurred by FLT in connection with the Proposed Acquisition (inclusive of approximately A\$7.3 million (approximately S\$6.9 million) of stamp duty arising from the Australian Properties Acquisition) of approximately A\$20.1 million (approximately S\$19.2 million).

## **2.5 Payment of Acquisition Fee in Units**

As the Proposed Acquisition will constitute an “interested party transaction” under Paragraph 5 of the Property Funds Appendix, the Acquisition Fee<sup>4</sup> payable to the Manager in respect of the Proposed Acquisition will be in the form of the Acquisition Fee Units, which shall not be sold within one year from the date of issuance.

(See details on the proposed method of financing the Proposed Acquisition in paragraph 4.3 below.)

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<sup>1</sup> The New Properties Appraised Value takes into account the effects of the Incentive Reimbursement Deeds and the Rental Support Deed.

<sup>2</sup> Please refer to the table under “Description of the New Properties” which sets out a comparison of the Property Purchase Price against the two independent valuations of each New Property.

<sup>3</sup> The Acquisition Fee is 0.5% of the Property Purchase Price of the New Properties (in proportion to the effective interest which FLT will hold in each of the New Properties), and will only be paid on completion of the acquisition of the New Properties.

<sup>4</sup> Based on the Trust Deed, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the issue price of Units issued to finance or part finance the Proposed Acquisition in respect of which the Acquisition Fee is payable.

## 2.6 Principal Terms of the Share Purchase Agreement

In connection with the German Properties Acquisition, FLT had on 2 July 2019, through FLT Europe, entered into the Share Purchase Agreement with the German Vendors to acquire certain of the shares of the Property Companies which in turn hold freehold interests in the New German Properties and fixtures in respect of two New German Properties.<sup>1</sup>

The principal terms of the Share Purchase Agreement include, among others, the following:

- (a) the completion of the German Properties Acquisition is subject to the satisfaction of certain conditions precedent, which include (i) the Manager obtaining the approval of the Unitholders at the EGM; (ii) the Manager procuring financing for the German Properties Acquisition; and (iii) the transfer of fixtures in BV Maschinen GmbH which are not in relation to the Amor & Mühle Facility and the Keramag & VCK Facility;
- (b) on completion of the Proposed Acquisition, FLT Europe shall pay an initial consideration sum to the German Vendors, which is calculated in accordance with the Share Purchase Agreement and based on the quantum of the NAV reflected in a pro forma consolidated balance sheet of each of the Target Companies and the Inter-Company Loans, made up to the date of completion of the German Properties Acquisition based on the German Vendors' best estimates;
- (c) if, at any time prior to completion of the German Properties Acquisition, any one or more of the New German Properties is/are materially damaged<sup>2</sup> (i) either party to the Share Purchase Agreement may terminate the agreement (save for provisions stated in the Share Purchase Agreement to survive termination of the agreement) by giving notice in writing to the other party to the Share Purchase Agreement whereupon each party to the Share Purchase Agreement shall bear their own solicitors' costs in the matter and neither shall have any claim or demand against the other for damages, costs or otherwise; or (ii) both FLT Europe and the relevant Vendor shall co-operate and discuss on the mechanism to exclude the materially damaged New German Property or New German Properties, or the Property Companies which hold the materially damaged New German Property or New German Properties, as the case may be, and proceed with the German Properties Acquisition, in which case the parties to the Share Purchase Agreement shall in good faith discuss and make adjustments to the Share Purchase Consideration payable and the Vendors shall take the necessary steps to effect the restructuring, such steps to be completed as soon as reasonably practicable and in any event on or before the date falling six months from the date of the EGM (the "**Long Stop Date**") or, subject to applicable laws, regulations and the Property Funds Appendix, such other date as the parties to the Share Purchase Agreement may mutually agree in writing;

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<sup>1</sup> The New German Properties will be acquired subject to pre-existing encumbrances pursuant to the Existing Debt Facilities.

<sup>2</sup> "**materially damaged**" means, in respect of any of the New German Properties, that there is damage to the New German Property or any part of such New German Property (i) which, either singly or in aggregate, causes, or will cause, results or will result in, the Gross Rental Income for the relevant calendar month falling by 10.0% or more of the Gross Rental Income for the full calendar month prior to the date of the Share Purchase Agreement, (ii) which, either singly or in aggregate, is such that the aggregate cost of reinstatement and repair of the damaged part of such New German Property is more than 10.0% of the aggregate Property Purchase Price of the New German Properties or (iii) which, either singly or in aggregate, is such that more than 10.0% of the aggregate lettable area of the New German Properties is destroyed or rendered unusable for a period exceeding six months.

- (d) if, at any time prior to completion of the German Properties Acquisition, any one or more of the New German Properties is damaged, but not materially damaged, then neither party to the Share Purchase Agreement may on that account terminate the Share Purchase Agreement but the Vendors shall procure the relevant Property Company to forthwith reinstate such New German Property to its state and condition before the event of damage. Any unpaid costs and expenses for any reinstatement works, to the extent that they are not recoverable from insurances, shall be paid by the Vendors to each of the Property Companies, and all reinstatement works shall be completed prior to completion of the German Properties Acquisition or if that is not possible, as soon as practicable after completion of the German Properties Acquisition;
- (e) if, at any time prior to completion of the German Properties Acquisition, there is any change in the law (including subordinate legislation) or proposed change in the law (including subordinate legislation) with retroactive effect in relation to the transactions contemplated under the Share Purchase Agreement that materially increases either party's liabilities in relation to the transactions contemplated under the Share Purchase Agreement materially, FLT Europe or the relevant Vendor (as the case may be), may, in its sole discretion, choose to (i) terminate the agreement (save for provisions stated in the Share Purchase Agreement to survive termination of the agreement) by giving notice in writing to the Vendors or FLT Europe (as the case may be) whereupon each party to the Share Purchase Agreement shall bear their own solicitors' costs in the matter and neither shall have any claim or demand against the other for damages, costs or otherwise; or (ii) co-operate with the Vendors or FLT Europe (as the case may be) and discuss on possible amendments to the transactions contemplated in the Share Purchase Agreement in order to reduce the liabilities to FLT Europe or the Vendors (as the case may be) resulting from the transactions contemplated in the Share Purchase Agreement to an amount comparable to its liabilities before such change, and proceed with the German Properties Acquisition, in which case the parties to the Share Purchase Agreement shall in good faith discuss and make any necessary adjustments to the Share Purchase Consideration payable and the parties to the Share Purchase Agreement shall take the necessary steps to effect the amendments, such steps to be completed as soon as reasonably practicable and in any event on or before the Long Stop Date or, subject to applicable laws, regulations and the Property Funds Appendix, such other date as the parties to the Share Purchase Agreement may mutually agree in writing. The parties to the Share Purchase Agreement shall use reasonable best efforts in discussing the possible amendments; and
- (f) certain limited representations and warranties are made by the Vendors including in relation to the capacity of the Vendors, information disclosed, legal matters, title to the New German Properties and other matters in relation to the relevant New German Properties.

Claims under the indemnities and for breach of warranties are subject to a cap on liability. Claims for breach of tax-related indemnities must be made within five years of the end of the year of assessment in which the completion of the German Properties Acquisition falls and claims for breach of all other warranties and other indemnities (save for an indemnity in relation to leases at the New Properties) must be made within 18 months after the completion of the German Properties Acquisition. The amount of a claim (together with the aggregate amount of any previous claims in respect of a breach of the warranties or the Vendor's obligations under the Share Purchase Agreement and claims under indemnities, which may be in respect of different subject matters) must be equal to or greater than €32,000 and the maximum aggregate liability of the Vendors (subject to certain excepted claims in respect of which there shall be no limitation as regards the Vendors' liability) in

respect of all claims (which shall include breach of warranties and claims under the indemnities (for example, under the tax-related indemnities)) must not exceed the Share Purchase Consideration.

## **2.7 Principal Terms of the Deed of Indemnity**

FLT Europe will also enter into the Deed of Indemnity with FPIE pursuant to which FPIE will, or will procure the relevant German Vendor to, among others, indemnify FLT Europe (on behalf of FLT) or the Property Companies (at FLT Europe's election) against any claim for taxation (a) in respect of or arising from any transaction effected or deemed to have been effected on or before completion under the Share Purchase Agreement; (b) by reference to any income, profits or gains earned, accrued or received on or before completion under the Share Purchase Agreement; (c) in relation to the waiver and/or settlement of any loans between any of the Property Companies and any subsidiary or direct or indirect holding company of each of the German Vendors and any other subsidiary of that holding company which had been entered into prior to completion under the Share Purchase Agreement; and (d) in relation to the payment and/or settlement of any payables, between any of the Property Companies and any subsidiary or direct or indirect holding company of each of the German Vendors and any other subsidiary of that holding company, prior to completion under the Share Purchase Agreement.

The above indemnities are subject to the limitations of liability set out in the Share Purchase Agreement (see paragraph 2.6 above of this Letter to Unitholders which sets out the material limitations of liability in the Share Purchase Agreement).

## **2.8 Principal Terms of the New German Properties Incentive Reimbursement Deeds<sup>1</sup>**

### **2.8.1 The Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed**

Under the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed, FPE11 will be reimbursing FLT Europe or the relevant Property Company as FLT Europe may elect for incentives (for example, rent abatement) which FPE11 has made available or agreed to the tenant of the Amor & Mühle Facility and Bosch Facility respectively as part of FPE11's costs and obligations, in accordance with the following terms, among others:

- (a) if AI Gewerbepark Obertshausen GmbH or AI Gewerbepark Tamm GmbH is required to pay an incentive amount under the terms of the relevant existing lease agreement, FLT Europe must provide FPE11 with a monthly statement showing the total amount payable for that month (or unpaid amounts from a previous month), and FPE11 must pay FLT Europe or the relevant Property Company as FLT Europe may elect those amounts;
- (b) FPE11 indemnifies FLT Europe against all expenses, losses, damages and costs that FLT Europe and/or AI Gewerbepark Obertshausen GmbH or AI Gewerbepark Tamm GmbH may suffer if FPE11 breaches the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed;

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<sup>1</sup> Save as disclosed in this paragraph 2.8, there are no incentive reimbursement arrangements in respect of the other New German Properties.

- (c) the obligations of FPE11 to FLT Europe under the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed for the Amor & Mühle Facility and Bosch Facility shall terminate on the date the last monthly payment is made to FLT Europe so that the incentive amounts payable by FPE11 have been paid in full;
- (d) if the relevant existing lease agreement is terminated, the obligations of FPE11 to pay the incentive amount also terminate on the date of termination of the relevant lease agreement. If Al Gewerbepark Obertshausen GmbH or Al Gewerbepark Tamm GmbH varies the incentive amount, then the obligations of FPE11 to pay the incentive amount will reduce (if the incentive amount is reduced) but will not increase if the incentive amount is increased; and
- (e) FLT Europe can only assign the benefit of the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed to a person who is the new owner of the Amor & Mühle Facility and Bosch Facility or a person with the benefit of a mortgage or charge registered against the Amor & Mühle Facility and Bosch Facility, and FPE11 agrees to enter into a new document on substantially the same terms as with that person.

The actual amount reimbursable under the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed will be based on the actual tenancies in respect of the relevant Amor & Mühle Facility and Bosch Facility as at the time that the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed takes place.

### **2.8.2 The Kentner Facility Incentive Reimbursement Deed**

Under the Kentner Facility Incentive Reimbursement Deed, FPIE will be reimbursing FLT Europe or the Property Company, FPE Investments RE17 B.V., as FLT Europe may elect, for incentives (for example, rent abatement) which FPIE has made available or agreed to the tenant of the Kentner Facility respectively as part of FPIE's costs and obligations, in accordance with the following terms, among others:

- (a) if FPE Investments RE17 B.V. is required to pay an incentive amount under the terms of the relevant existing lease agreement, FLT Europe must provide FPIE with a monthly statement showing the total amount payable for that month (or unpaid amounts from a previous month), and FPIE must pay FLT Europe or FPE Investments RE17 B.V., as FLT Europe may elect, those amounts;
- (b) FPIE indemnifies FLT Europe against all expenses, losses, damages and costs that FLT Europe and/or FPE Investments RE17 B.V. may suffer if FPIE breaches the Kentner Facility Incentive Reimbursement Deed;
- (c) the obligations of FPIE to FLT Europe under the Kentner Facility Incentive Reimbursement Deed for the Kentner Facility terminate on the date the last monthly payment is made to FLT Europe so that the incentive amounts payable by FPIE have been paid in full;
- (d) if the relevant existing lease agreement is terminated, the obligations of FPIE to pay the incentive amount also terminate on the date of termination of the relevant agreement for lease. If FPE Investments RE17 B.V. varies an



incentive amount, then the obligations of FPIE to pay the incentive amount will reduce (if the incentive amount is reduced) but will not increase if the incentive amount is increased; and

- (e) FLT Europe can only assign the benefit of the Kentner Facility Incentive Reimbursement Deed to a person who is the new owner of the Kentner Facility or a person with the benefit of a mortgage or charge registered against the Kentner Facility, and FPIE agrees to enter into a new document on substantially the same terms as with that person.

The actual amount reimbursable under the Kentner Facility Incentive Reimbursement Deed will be based on the actual tenancies in respect of the Kentner Facility as at the time that the Kentner Facility Incentive Reimbursement Deed takes place.

## 2.9 Principal Terms of the Asset Sale & Purchase Agreements

In connection with the Australian Properties Acquisition, FLT had on 2 July 2019, through the Sub-Trust Trustees acting as trustees respectively of sub-trusts wholly-owned by FLT, entered into the Asset Sale and Purchase Agreements with the Australian Vendors to acquire the New Australian Properties.

The common principal terms of the Asset Sale and Purchase Agreements include, among others, the following:

- (a) the completion of the Australian Properties Acquisition is subject to the satisfaction of the following conditions precedent, which include (i) the Manager obtaining the approval of the Unitholders at the EGM; and (ii) the Manager procuring financing for the Proposed Acquisition;
- (b) the respective Australian Vendor is entitled to Tenant Payments<sup>1</sup> and will be liable for all outgoings up to and including the Settlement Date<sup>2</sup> after which the respective Sub-Trust Trustee will be entitled and liable. Tenant Payments which are unpaid at the Adjustment Date<sup>3</sup> for periods current at the Settlement Date are not to be adjusted on the Adjustment Date. The respective Australian Vendor must prepare a statement showing the total of all Tenant Payments and Outgoings and must deliver it to the respective Sub-Trust Trustee within the period of 30 business days following the Settlement Date together with evidence of such amounts; and

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<sup>1</sup> “**Tenant Payments**” means all rents, levies, fees and other money which under the terms of the Tenancies (as defined in the Asset Sale and Purchase Agreements), a tenant is liable to pay or reimburse to the respective Australian Vendor as landlord or licensor, whether payable before or after the Settlement Date and includes: (a) any licence fees and fees payable for car parking spaces; (b) any amounts payable in respect of electricity, gas and other power charges; and (c) money payable as contributions for operating expenses in relation to the Building or otherwise in payment of a tenant’s proportion of Outgoings (as defined in the Asset Sale and Purchase Agreements), but excludes: (d) the tenant’s Statutory Outgoings (as defined in the Asset Sale and Purchase Agreements); (e) capitalised payments which a tenant is liable to pay or reimburse to the respective Australian Vendor before Settlement Date, including amounts for reimbursement for fitout costs and damages payable for a breach of a Tenancy; and (f) GST (as defined in the Asset Sale and Purchase Agreements) on those amounts.

<sup>2</sup> “**Settlement Date**” means the date on which settlement of the sale and purchase of a New Australian Property occurs.

<sup>3</sup> “**Adjustment Date**” refers to the 30 business days following the Settlement Date.

- (c) the parties agree to assist each other after completion to collect these unpaid Tenant Payments and to adjust them as they are collected. The respective Australian Vendor must pay to the respective Sub-Trust Trustee any Tenant Payments the respective Australian Vendor receives for a period after the period current at the Settlement Date, or if not received by settlement, promptly after receiving it. The respective Sub-Trust Trustee must pay to the respective Australian Vendor any Tenant Payments the respective Sub-Trust Trustee receives for a period before the period current at the Settlement Date, promptly after receiving it.

Claims for breach of warranties are subject to a cap on liability. Claims for breach of all warranties must be made in writing within 15 months after the Settlement Date and legal proceedings in connection with such breaches must have commenced within 12 months after notice of the claim. The amount of a claim (in respect of a particular matter) must be equal to or greater than A\$50,000 and the maximum aggregate liability of the Vendors in respect of all claims (which shall include breach of warranties) must not exceed the purchase price of the respective New Australian Properties.

## **2.10 Principal Terms of the New Australian Properties Incentive Reimbursement Deeds<sup>1</sup>**

### **2.10.1 The Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed**

Under the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed, Australand C&I will be reimbursing FLT Queensland No. 3 for incentives (for example, rent abatement) which Australand C&I has made available to the tenant of the Avery Dennison & GM Kane and Sons Facility under an existing incentive agreement, in accordance with the following terms, among others:

- (a) If FLT Queensland No. 3 is required to pay an incentive amount under the terms of the incentive agreement, it must provide Australand C&I with a monthly statement showing the total amount payable for that month (or unpaid amounts from a previous month), and Australand C&I must pay FLT Queensland No. 3 those amounts;
- (b) Australand C&I indemnifies FLT Queensland No. 3 against all expenses, losses, damages and costs that FLT Queensland No. 3 may suffer if Australand C&I breaches the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed;
- (c) The obligations of Australand C&I to FLT Queensland No. 3 under the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed for the Avery Dennison & GM Kane and Sons Facility terminate on the date the last monthly payment is made to FLT Queensland No. 3 so that the incentive amounts payable by FLT Queensland No. 3 have been paid in full;
- (d) If the incentive agreement is terminated, the obligations of Australand C&I to pay the incentive amount also terminate on the date of termination of the incentive agreement. If FLT Queensland No. 3 varies an incentive amount, then the obligations of Australand C&I to pay the incentive amount will reduce (if the incentive amount is reduced) but will not increase if FLT Queensland No. 3 agrees to increase the incentive amount; and

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<sup>1</sup> Save as disclosed in this paragraph 2.10, there are no incentive reimbursement arrangements in respect of the other New Australian Properties.

- (e) FLT Queensland No. 3 can only assign the benefit of the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed to a person who is the new owner of the Avery Dennison & GM Kane and Sons Facility or a person with the benefit of a mortgage or charge registered against the Avery Dennison & GM Kane and Sons Facility, and Australand C&I agrees to enter into a new document on substantially the same terms as the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed with that person.

The actual amount reimbursable under the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed will be based on the actual tenancies in respect of the relevant Avery Dennison & GM Kane and Sons Facility as at the time that the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed takes place.

#### **2.10.2 The Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed**

Under the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed, Australand Property will be reimbursing FLT Landowner for incentives (for example, rent abatement) which Australand Property has made available or agreed to the tenant of the Dana & Pinnacle & Licensing Facility development incentives (for example, fit out contribution, rent abatement or rent credit) as part of Australand Property's costs and obligations, in accordance with the following terms, among others:

- (a) If FLT Landowner is required to pay an incentive amount under the terms of the works and incentive agreement and relevant agreement for lease, it must provide Australand Property with a monthly statement showing the total amount payable for that month (or unpaid amounts from a previous month), and Australand Property must pay FLT Landowner those amounts. Frasers Property Industrial Constructions Pty Ltd (the "**Developer**") is only a party to the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed for the purpose of assigning its rights to cease or claw-back certain incentive amounts under the relevant agreement for lease and is under no obligation to pay or reimburse any amount of the incentive amount to FLT Landowner;
- (b) Australand Property indemnifies FLT Landowner against all expenses, losses, damages and costs that FLT Landowner may suffer if Australand Property breaches the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed;
- (c) The obligations of Australand Property to FLT Landowner under the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed for the Dana & Pinnacle & Licensing Facility terminate on the date the last monthly payment is made to FLT Landowner so that the incentive amounts payable by FLT Landowner have been paid in full;
- (d) If the works and incentive agreement or relevant lease agreement is terminated, the obligations of Australand Property to pay the incentive amount also terminate on the date of termination of the incentive agreement. If FLT Landowner varies an incentive amount, then the obligations of Australand Property to pay the incentive amount will reduce (if the incentive amount is reduced) but will not increase if FLT Landowner agrees to increase the incentive amount; and

FLT Landowner can only assign the benefit of the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed to a person who is the new owner of the Dana & Pinnacle & Licensing Facility or a person with the benefit of a mortgage or charge registered against the Dana & Pinnacle & Licensing Facility, and Australand Property and the Developer agrees to enter into a new document on substantially the same terms as the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed with that person.

The actual amount reimbursable under the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed will be based on the actual tenancies in respect of the relevant Dana & Pinnacle & Licensing Facility as at the time that the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed takes place.

## **2.11 Principal Terms of the Rental Support Deed**

The Rental Support Deed has been entered into in respect of the Vacant Unit of the FDM Facility between FPAHL and FLT Queensland No. 4 as trustee of Hanson Place Trust A.

Under the Rental Support Deed, FPAHL will pay FLT Queensland No. 4 the Guaranteed Amount (being an amount equivalent to a net rent of A\$120 per m<sup>2</sup> of lettable area per annum for the Vacant Unit of the FDM Facility (increased annually by 3.0%)) for a period of five years or until the Vacant Unit of the FDM Facility is leased, whichever is earlier. If a lease agreement for the Vacant Unit of the FDM Facility after the completion of the acquisition of the FDM Facility is entered into but the rent amount payable is less than the Guaranteed Amount, FPAHL must pay FLT Queensland No. 4 an amount which is equivalent to the shortfall by monthly instalments from the date of commencement of the lease. The obligations of FPAHL and amounts payable under the Rental Support Deed are the Guaranteed Amount and the recoverable outgoings that FLT would have received during the period in which the arrangements under the Rental Support Deed are valid.

In addition, FLT Queensland No. 4 appoints FPAHL to procure leasing of the Vacant Unit during the period when arrangements under the Rental Support Deed are valid, but no fee is payable to FPAHL for the leasing service. FPAHL may liaise and negotiate agreements for lease and leases with proposed tenants for the Vacant Unit, subject to FLT Queensland No. 4's consent to the tenancy proposal and the tenant being an Approved Tenant (as defined in the Rental Support Deed).

The Rental Support Deed includes a Capitalised Payment which varies in amount depending on the rental and term of the lease to be entered into for the Vacant Unit of the FDM Facility where:

- (a) the rent payable during the first year is more than A\$1,925,400<sup>1</sup> for the Vacant Unit of the FDM Facility but less than a net rent of A\$125 per m<sup>2</sup> of lettable area per annum; and/or
- (b) the initial term of lease agreement is greater than or less than 5 years.

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<sup>1</sup> Based on the first-year net rent of A\$120 per m<sup>2</sup> of lettable area for the Vacant Unit of the FDM Facility under the Guaranteed Amount.

The capitalised payment (the “**Capitalised Payment**”) means the amount calculated as follows:

$$C = (R \div RCR) - (A\$1,925,400 \div ICR)$$

where:

C equals the Capitalised Payment

R equals the Actual Rent (as defined herein) payable under the lease agreement plus any shortfall against the Guaranteed Amount payable by FPAHL during the first year

RCR equals the revised capitalisation rate, which shall be determined as follows:

- (a) where the initial term of the lease is more than or equal to 3 years but is less than 5 years, 6.25%;
- (b) where the initial term of the lease is more than or equal to 5 years but is less than 7 years, 6.03%;
- (c) where the initial term of the lease is more than or equal to 7 years but is less than 10 years, 5.75%; or
- (d) where the initial term of the lease is more than or equal to 10 years, 5.50%.

ICR equals the initial capitalisation rate of 6.03%

FLT Queensland No. 4 must pay to FPAHL (or where the calculation is a negative number, FPAHL must pay to FLT Queensland No. 4) the Capitalised Payment, within 28 days after the Vacant Unit of the FDM Facility becomes Occupied (as defined herein), such payment of the Capitalised Payment being a lump sum payment.

For illustration purposes, assuming that FPAHL secures a tenant for the Vacant Unit with a lease term of 10 years at a net rent of A\$125 per m<sup>2</sup> of lettable area per annum (increased annually by 3.0%), based on the Capitalised Payment formula, the Capitalised Payment by FLT Queensland No. 4 to FPAHL would be A\$4.5 million (approximately S\$4.3 million) (being the maximum amount of the Capitalised Payment pursuant to the Rental Support Deed), i.e. the Property Purchase Price of the FDM Facility would be A\$70.0 million instead of A\$65.5 million. In the respective valuations by Colliers AU and Urbis, the indicative valuations of the FDM Facility are A\$70.1 million and A\$69.5 million respectively, assuming a notional lease of the same lease terms and rent.

Should FPAHL secure a tenant for the Vacant Unit with a lease term of less than 5 years at a rent of less than or equal to a net rent of A\$120 per m<sup>2</sup> of lettable area per annum, based on the Capitalised Payment formula, the Capitalised Payment will be a negative number and FPAHL will have to pay FLT Queensland No. 4 an amount of approximately A\$1.1 million (approximately S\$1.0 million).

The Rental Support Deed is put in place because the construction of the Vacant Unit of the FDM Facility was only completed in May 2019 and is currently being marketed for lease. Both Colliers AU and Urbis are of the view that a net rent of A\$120 per m<sup>2</sup> (per annum) of lettable area of the FDM Facility (increased annually by 3.0%) is consistent with market rental for the five-year period under the Rental Support Deed. Supported by the

independent valuations from Colliers AU and Urbis, the Manager is of the view that a net rent of A\$120 per m<sup>2</sup> of lettable area per annum of the Vacant Unit of the FDM Facility (increased annually by 3.0%) is consistent with market rental for the five-year period under the Rental Support Deed under current market conditions.

FLT Queensland No. 4 can only assign the benefit of the Rental Support Deed to a new owner of the FDM Facility or to a person who has the benefit of a mortgage or a charge registered against the FDM Facility.

## **2.12 Property Manager in respect of the New Properties**

In connection with the initial public offering of FLT (“**IPO**”), Frasers Property Corporate Services Pte. Ltd. (formerly known as FCL Management Services Pte. Ltd.) was appointed on 17 June 2016 as the property manager in respect of properties of FLT located outside of Australia pursuant to a master property management agreement entered into between the Trustee, the Manager and Frasers Property Corporate Services Pte. Ltd. (the “**Master Property Management Agreement**”). In connection with the Proposed Acquisition and pursuant to the terms of the Master Property Management Agreement, FLT, through each of the Property Companies, will enter into individual property management agreements to appoint FPE Advisory B.V., (formerly known as Geneba Properties N.V.), a related corporation of Frasers Property Corporate Services Pte. Ltd. (a subsidiary of FPL), to provide property management (including lease management) and marketing services in respect of the New German Properties.

In connection with the IPO, Frasers Property Australia Management Services Pty Limited was appointed on 3 June 2016 as the property manager of the IPO properties pursuant to the property management agreement entered into between Frasers Property Funds Management Limited, the trustee of the head Australian unit trust of FLT (“**HAUT**”), FLT Australia Management Pty Ltd, the manager of the HAUT and Frasers Property Australia Management Services Pty Limited (the “**Australian Property Management Agreement**”). Frasers Property Australia Management Services Pty Limited will provide property management, lease management and marketing services in respect of the New Australian Properties, subject to the overall management and supervision of FLT Australia Management Pty Ltd pursuant to the Australian Property Management Agreement.

## **3. REQUIREMENT FOR UNITHOLDERS’ APPROVAL**

### **3.1 Related Party Transaction**

Under Chapter 9 of the Listing Manual, where the Trustee proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of FLT’s latest audited NTA, Unitholders’ approval is required in respect of the transaction.

Based on the latest audited financial statements of FLT (“**FLT Audited Financial Statements**”) for the financial year ended 30 September 2018 as disclosed in the annual report of FLT issued on 21 December 2018, the NTA of FLT as at 30 September 2018 was A\$1,924.4 million (approximately S\$1,828.2 million). Accordingly, if the value of a transaction which is proposed to be entered into by the Trustee during the current financial year ending 30 September 2019 with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year

ending 30 September 2019, equal to or greater than A\$96.2 million (approximately S\$91.4 million), such a transaction would be subject to approval from Unitholders.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by the Trustee whose value is equal to or exceeds 5.0% of FLT's latest audited NAV. Based on the FLT Audited Financial Statements, the NAV of FLT as at 30 September 2018 was A\$1,924.4 million (approximately S\$1,828.2 million). Accordingly, if the value of a transaction which is proposed to be entered into by the Trustee with an interested party during the current financial year ending 30 September 2019 is equal to or greater than A\$96.2 million (approximately S\$91.4 million), such a transaction would also be subject to approval from Unitholders.

As at the Latest Practicable Date, save for the Proposed Acquisition, the value of all interested person transactions entered into between FLT and the FPL Group and its associates during the course of the current financial year ending 30 September 2019 up to the Latest Practicable Date is approximately A\$45.0 million (approximately S\$42.8 million) (the "**Existing Interested Person Transactions**") (which is approximately 2.3% of the NTA and NAV of FLT as at 30 September 2018).

Details of the Existing Interested Person Transactions may be found in Appendix D of this Circular.

### **3.1.1 The Proposed Acquisition**

As at the Latest Practicable Date, the FPL Group holds an aggregate direct and indirect interest in 429,729,337 Units, which is equivalent to approximately 21.20% of the Units in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling unitholder" of FLT for the purposes of both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of FPL, the FPL Group is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As each of FPIE, FPE11, FPE12, Australand C&I Trustee, Australand Property and Australand C&I, being the Vendors, is an indirect subsidiary of FPL, for the purposes of Chapter 9 of the Listing Manual and paragraph 5 of the Property Funds Appendix, each of the Vendors (being a subsidiary of a "controlling unitholder" of FLT and a subsidiary of a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" of FLT and (for the purposes of the Property Funds Appendix) an "interested party" of FLT.

Therefore, (i) the entry by FLT Europe into the Share Purchase Agreement, (ii) the entry by the Sub-Trust Trustees into the Asset Sale and Purchase Agreements and (iii) the entry by FLT Europe, FLT Queensland No. 3 and FLT Landowner into the Incentive Reimbursement Deeds will constitute Interested Person Transactions under Chapter 9 of the Listing Manual, as well as Interested Party Transactions under the Property Funds Appendix.

The Purchase Consideration is approximately A\$507.2 million (approximately S\$481.8 million), which is 26.4% of both the latest audited NTA and the NAV of FLT as at 30 September 2018. The value of the Proposed Acquisition exceeds 5.0% of the NTA and the NAV of FLT, being the respective thresholds under the Listing Manual and the Property Funds Appendix in respect of Related Party Transactions, and would therefore be subject to Unitholders' approval.

FPL and its associates are prohibited from voting on the resolution to approve the Proposed Acquisition.

### 3.2 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Listing Manual

**3.2.1** Chapter 10 of the SGX-ST Listing Manual governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by FLT. Such transactions are classified into the following categories:

- (i) non-discloseable transactions;
- (ii) discloseable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse take-overs.

**3.2.2** A proposed acquisition by FLT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the net profits attributable to the assets acquired, compared with FLT's net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (ii) the aggregate value of the consideration given or received, compared with FLT's market capitalisation based on the total number of issued Units pursuant to Rule 1006(c) of the Listing Manual.

Rule 1006(d) of the Listing Manual is not applicable as FLT will not be issuing any units as consideration for the Proposed Acquisition.

**3.2.3** The relative figures computed on the bases set out in Rules 1006(b) and 1006(c) of the Listing Manual are as follows:

Comparison of:	The Proposed Acquisition	FLT	Relative Figure (%)
Net Property Income <sup>(1)</sup> (A\$ m)	16.3	99.2 <sup>(2)</sup>	16.4
Purchase Consideration against market capitalisation (S\$ m)	482 <sup>(3)</sup>	2,432 <sup>(4)</sup>	19.8

**Notes:**

- (1) In the case of a REIT, Net Property Income is a close proxy to the net profits attributable to its assets.
- (2) Based on FLT's actual Net Property Income for 1H FY2019 Unaudited Financial Statements. The Net Property Income of the New Properties is also based on the same 1H FY2019 period.
- (3) Please refer to paragraph 2.1 of this Circular for details of how the Purchase Consideration (which comprises the Share Purchase Consideration for the German Properties Acquisition and the Asset Purchase Consideration for the Australian Properties Acquisition) is computed.
- (4) Based on the weighted average price of the Units transacted on the SGX-ST on 1 July 2019, being the market day preceding the date of signing of the Share Purchase Agreement and the Asset Sale and Purchase Agreements, of S\$1.20 per Unit.



Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless such transaction is in the ordinary course of FLT's business. The Manager is of the view that the Proposed Acquisition is in the ordinary course of FLT's business as the New Properties being acquired are within the investment mandate of FLT, the New German Properties and the New Australian Properties are in the same asset class and countries as the existing properties in FLT's portfolio and, accordingly, the Proposed Acquisition does not change the risk profile of FLT. As such, the Proposed Acquisition is not subject to Chapter 10 of the Listing Manual.

However, the proposed Acquisition is an "interested person transaction" under Chapter 9 of the Listing Manual, as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the specific approval of the Unitholders is required.

#### **4. DISCLOSURE OF INTERESTS**

##### **4.1 Interests of Directors and Substantial Unitholders**

As at the Latest Practicable Date, the interests of the Directors in the Proposed Acquisition are as follows:

- (i) Mr Panote Sirivadhanabhakdi is a Non-Executive Director of the Manager, a director and the Group Chief Executive Officer of FPL, a director of other entities within the FPL Group other than the Manager, a director of various entities within the TCC Group<sup>1</sup> (which is the controlling shareholder of the FPL Group) and holds 20.0% of the issued share capital of TCCGI. Mr Panote Sirivadhanabhakdi is also the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi;
- (ii) Mr Chia Khong Shoong is a Non-Executive Director of the Manager, the Chief Corporate Officer of FPL and a director of various subsidiaries of FPL other than the Manager; and
- (iii) Mr Rodney Vaughan Fehring is a Non-Executive Director of the Manager, the Chief Executive Officer of Frasers Property Australia Pty Limited ("**FPA**"), a subsidiary of FPL, and a director of various subsidiaries of FPL other than the Manager.

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<sup>1</sup> "**TCC Group**" refers to the companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

Based on the Register of Directors' Unitholdings maintained by the Manager, the direct and deemed interests of the Directors in the Units as at the Latest Practicable Date are as follows:

Name of Director	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units held	%	No. of Units held	%		
Mr Ho Hon Cheong	–	–	1,123,100	0.0554	1,123,100	0.0554
Mr Goh Yong Chian	400,000	0.0197	–	–	400,000	0.0197
Mr Paul Gilbert Say	–	–	165,000	0.0081	165,000	0.00814
Mr Panote Sirivadhanabhakdi	–	–	118,559,700	5.8490 <sup>(1)</sup>	118,559,700	5.8490
Mr Chia Khong Shoong	–	–	220,000	0.0109	220,000	0.0109
Mr Rodney Vaughan Fehring	–	–	132,000	0.0065	132,000	0.0065

**Note:**

- (1) Mr Panote Sirivadhanabhakdi holds 20.0% of the issued share capital of TCCGI and is deemed interested in TCCGI's deemed interest in 118,559,700 Units.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units held	%	No. of Units held	%		
Frasers Property Industrial Trust Holdings Pte. Ltd.	423,773,224	20.91	–	–	423,773,224	20.91
Frasers Property Limited <sup>(1)</sup>	–	–	429,729,337	21.20	429,729,337	21.20
TCC Group Investments Limited <sup>(2)</sup>	–	–	118,559,700	5.8490	118,559,700	5.8490

**Notes:**

- (1) FPL holds a 100% direct interest in each of Frasers Logistics & Industrial Asset Management Pte. Ltd. ("FLIAM") and Frasers Property Industrial Trust Holdings Pte. Ltd. (formerly known as FCL Investments (Industrial) Pte. Ltd.) ("FPITH"). Each of FLIAM and FPITH directly holds Units. FPL therefore has a deemed interest in the Units in which each of FLIAM and FPITH has an interest.

Each of InterBev Investment Limited, International Beverage Holdings Limited, Thai Beverage Public Company Limited, TCC Assets Limited, Siriwana Company Limited, Maxtop Management Corp., Risen Mark Enterprise Ltd., Golden Capital (Singapore) Limited, MM Group Limited, Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi is deemed interested in the Units which FPL is deemed interested in, based on their respective shareholdings (direct or indirect) as at the Latest Practicable Date.

- (2) TCCGI is a British Virgin Islands company that is owned by Atinant Bijananda, Thapana Sirivadhanabhakdi, Wallapa Traisorat, Thapanee Techajareonvikul and Panote Sirivadhanabhakdi in equal proportions. As each of them holds 20.0% of the issued capital of TCCGI, they are deemed interested in TCCGI's interest in the Units. As TCCGI holds its Units in a nominee account, its interest in the Units is a deemed interest.

Saved as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the Proposed Acquisition.

**4.2 Directors’ Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Proposed Acquisition or any other transactions contemplated in relation to the Proposed Acquisition.

**4.3 Proposed Method of Financing the Proposed Acquisition**

The Manager intends to finance the Total Transaction Cost from a combination of equity and debt financing, with the final debt/equity proportions to be decided at a later stage by the Manager.

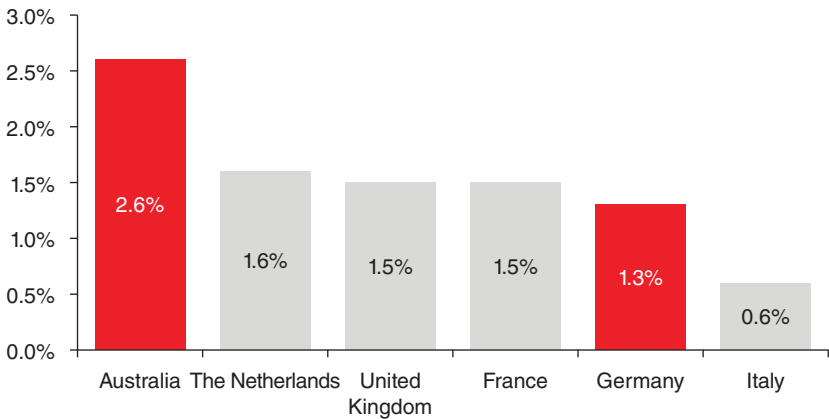
**5. RATIONALE FOR AND KEY BENEFITS OF THE PROPOSED ACQUISITION**

**5.1 Deepens Presence in Attractive Logistics Markets of Germany and Australia**

**5.1.1 Resilient economic fundamentals in Germany and Australia underpinned by positive drivers in the key markets**

Both German and Australian economies are expected to see resilient economic growth from 2019 to 2024E, with average annual Gross Domestic Product (“GDP”) growth forecasts of 1.3% and 2.6% respectively during this period.

**Average Annual GDP Growth of Key Europeans Countries and Australia (2019 – 2024E)**



**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

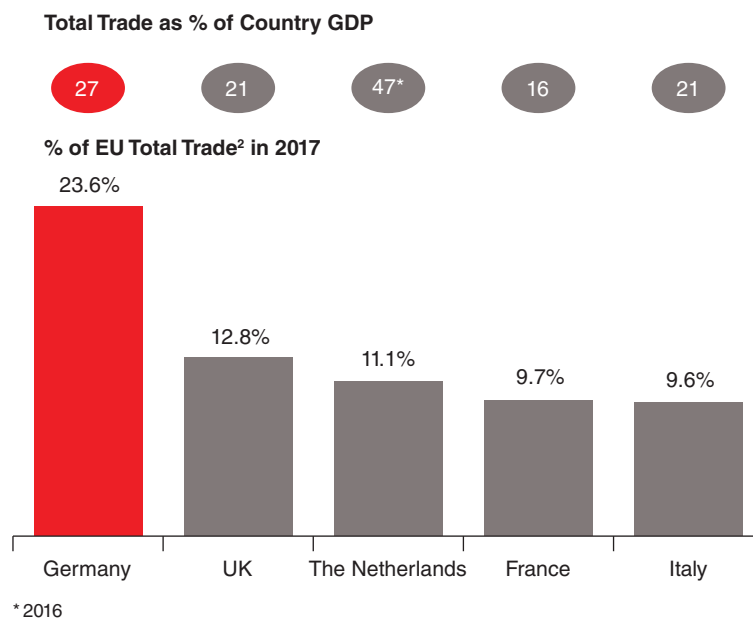
## Germany

As the fourth largest economy in the world and the largest economy in Europe, Germany serves as the region's economic centre and has a strong trade orientation given its strategic location.

As a result of its strategic location, Germany effectively serves as one of Europe's gateways to global trade and accounts for approximately 23.6% of the European Union's ("EU")<sup>1</sup> total trade. Germany also ranks amongst the top three contributors to EU trade.

Whilst Germany's strength as a major global exporter exposes it to downside risks from the slowdown in global trade, subdued leading indicators, trade tensions and still-looming risks of US car tariffs, the German economy remains on a growth course for the tenth year in a row since 2009. Supported by strong export and import prospects, economic weakness, if any, are expected to be short term in nature and average GDP growth over the medium term, across 2019 to 2024E, is expected to be approximately 1.3% per annum.

### Total trade<sup>2</sup> of Key European Countries (2017)



**Source:** Independent Market Research Reports (See Appendix C "Independent Market Research Reports" for further details)

<sup>1</sup> Comprises the 28 members of the European Union, including Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

<sup>2</sup> Total trade refers to the sum of exports and imports.

## Australia

The Australian economy has continued to transition from mining and dwelling investment to non-mining investment, supported by strong public infrastructure spending.

In its May 2019 Statement of Monetary Policy, the Reserve Bank of Australia indicated that GDP growth was expected to be around 3.25% in 2018 and 2019, with export volumes in the resources sector continuing to drive growth. This will be further supported by continued expected growth in non-mining investment and consumption growth.

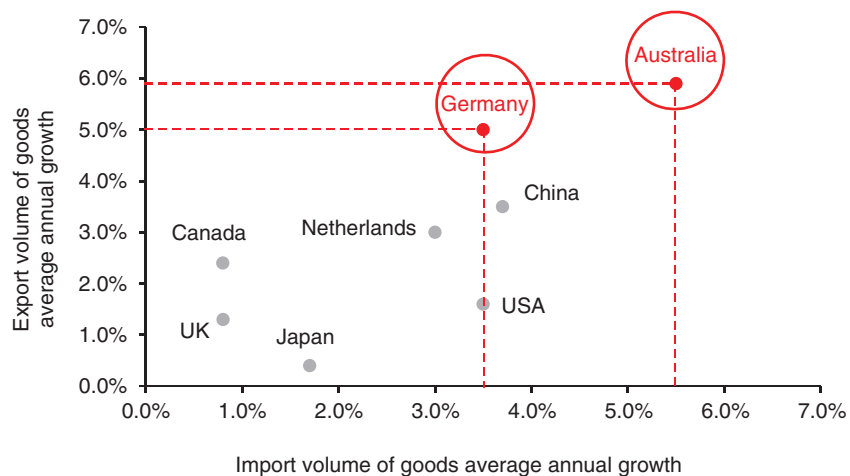
Further, continued growth has attracted migrants globally, driving population growth, and introducing new skilled workers to the labour force. Interest rates and exchange rates that are favourable for domestic investment have also supported GDP growth, along with good business conditions on an international scale.

Accordingly, Australia's economy is expected to continue its stable growth trajectory, with GDP forecasted to grow at approximately 2.6% per annum from 2019 to 2024E.

### High Expected Trade Flows Growth: Germany and Australia

Based on International Monetary Fund's forecasts, trade flows in Germany and Australia are expected to remain strong, compared to other major economies, and this is expected to drive demand for logistics properties. In particular, export volume in Germany and Australia are expected to increase by approximately 5.0% and 5.9% respectively whilst import volume is expected to increase by approximately 3.5% and 5.5% respectively from 2019 to 2024E.

#### Projected Growth Rates in Volume of Imports and Exports (2019 – 2023E)



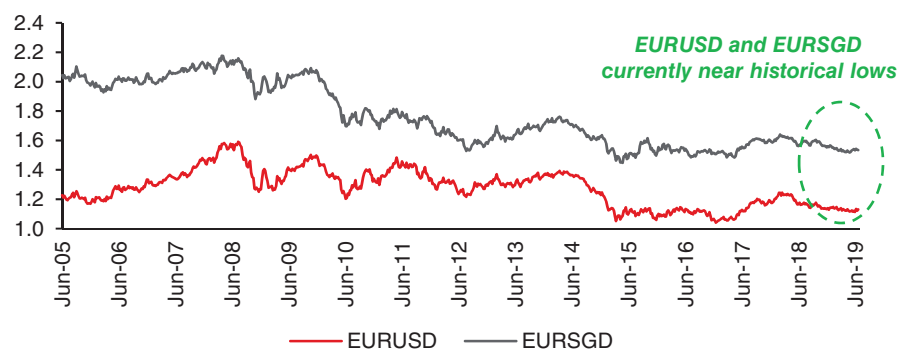
**Source:** Independent Market Research Reports (See Appendix C "Independent Market Research Reports" for further details)

## 5.1.2 Timely expansion supported by favourable low interest rate and yield spread tailwinds

### *Euro and Australian Dollar Near Historical Lows*

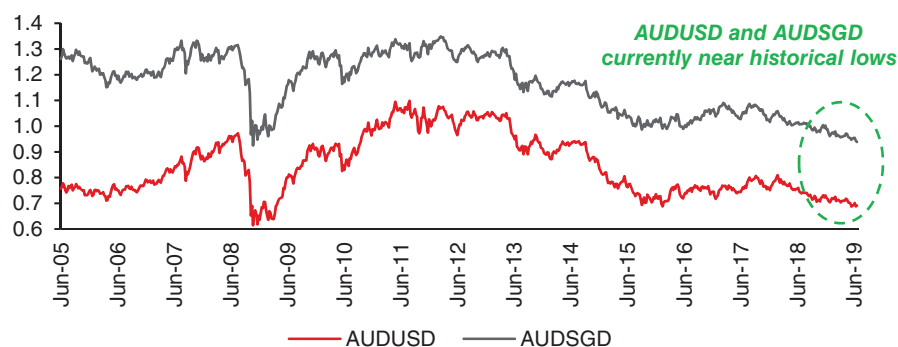
The Euro and Australian Dollar are currently near historical lows since June 2005. The European and Australian markets are presented with a favourable foreign investment environment given that the Euro and Australian Dollar are weakening.

#### Exchange Rate, Weekly EURUSD and EURSGD (June 2005 – June 2019)



**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

#### Exchange Rate, Weekly AUDUSD and AUDSGD (June 2005 – June 2019)

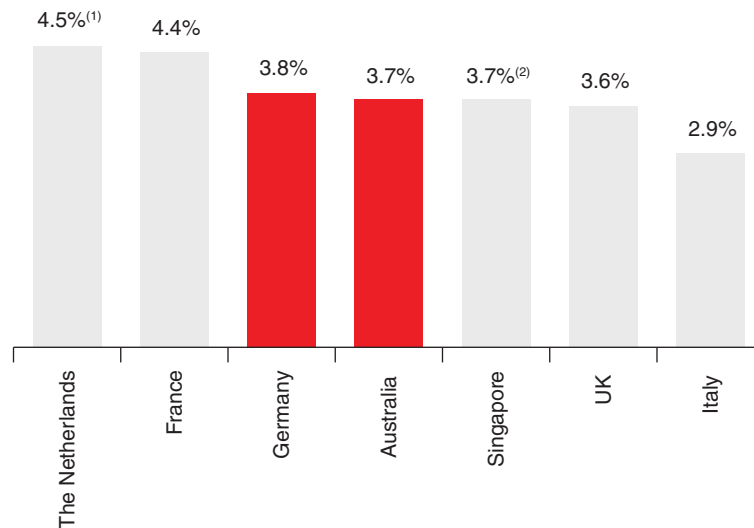


**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

### *Net Prime Yield Spreads Remain Attractive Relative to Key Competitive Markets*

Despite recent yield compression due to limited supply and continued high demand especially in prime locations, prime logistics yield spread over 10-year government bond yield for Germany and Australia remain attractive, at 3.8% and 3.7% respectively, when compared to other key European markets as at fourth quarter of 2018 (“**Q4 2018**”).

## Prime Logistics Yields over 10-year Bond Yields of Key Markets (Q4 2018)



### Notes:

(1) Based on Q3 2018 net prime yield.

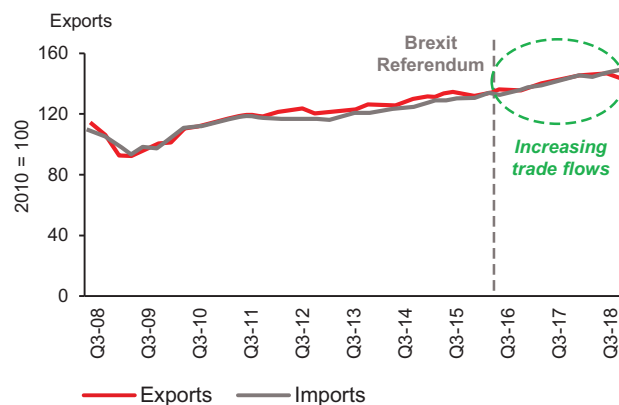
(2) Singapore yield spread is computed on 30-year leasehold yield.

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

### 5.1.3 The German economy remains resilient with foreign trade, industrial production and the labour market showing continued growth

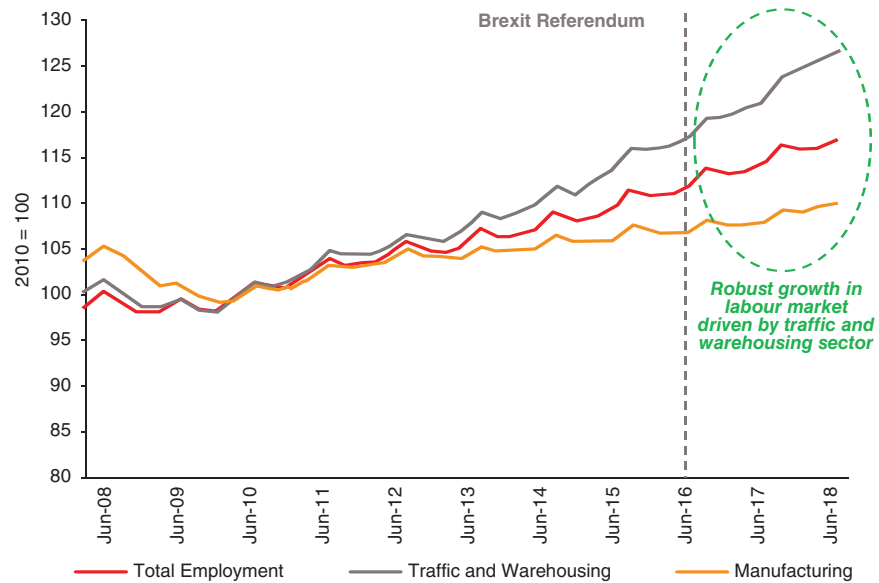
The German economy remained robust even after the British exit (“**Brexit**”) referendum, which has been reflected in strong foreign trade performance, industrial production and a robust labour market.

#### German Foreign Trade (2008 – 2018)



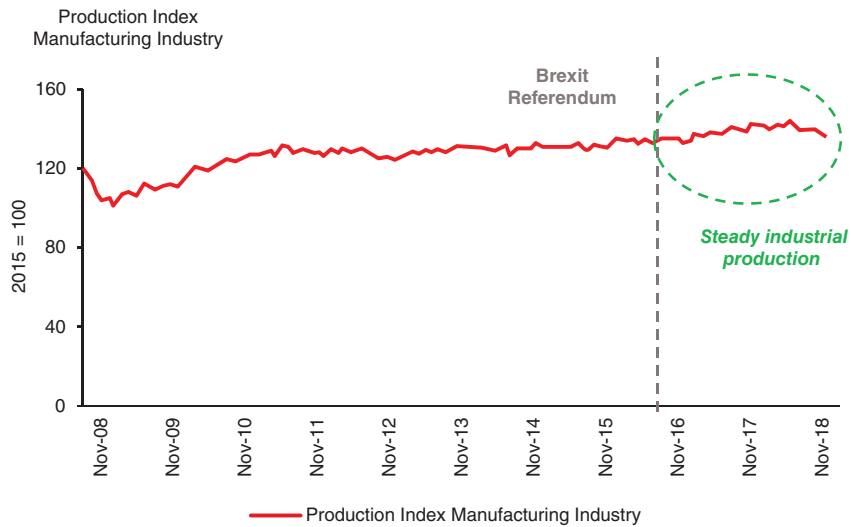
**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

### German Labour Market (2008 – 2018)



**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

### Industrial Production in German (2008 – 2018)



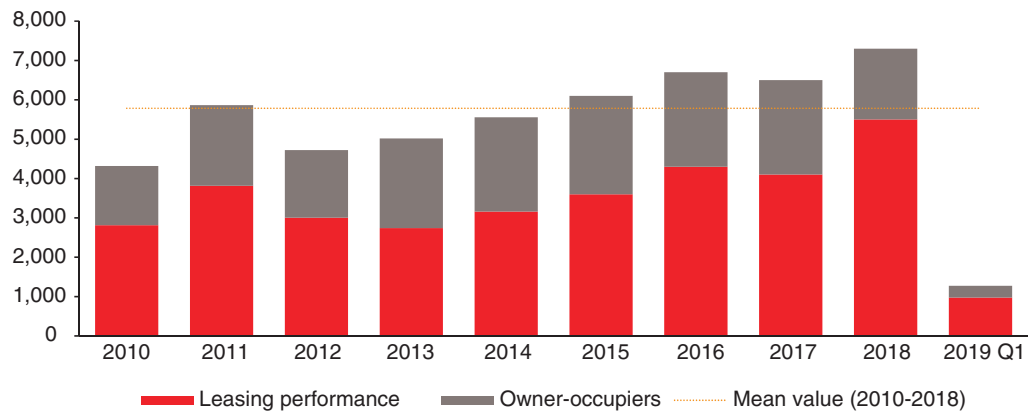
**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

#### 5.1.4 Demand for German logistics space remains strong underpinned by Germany’s status as the largest logistics market in Europe

Germany is one of the most attractive logistics markets worldwide attributable to its central location in Europe, excellent infrastructure, high technological standards and excellent building quality. The logistics sector is one of Germany’s key economic engines with a transaction volume of around €274.0 billion.



### Total German Industrial and Logistics Take-up ('000 sq m)

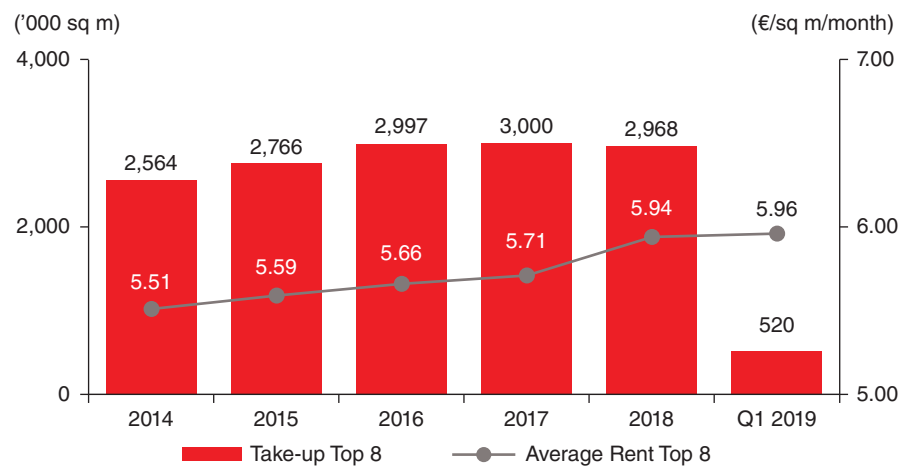


**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

Take-up trend in Germany remains robust with total take-up of approximately 7.3 million sq m achieved in 2018 representing a year-on-year growth of approximately 12.3% and an approximately 26.2% out-performance when compared against average over the last 8 years. The bulk of the take-up was driven by core sectors being logistics (39.0%), trading (27.0%) and manufacturing (25.0%).

Take-up in first quarter of 2019 (“Q1 2019”) has been supported by healthy demand but actual take-up figures have been dampened by a lack of available development sites and supply.

### Take-up and Average Rent of the Top 8 Markets<sup>1</sup> (2014 – Q1 2019)

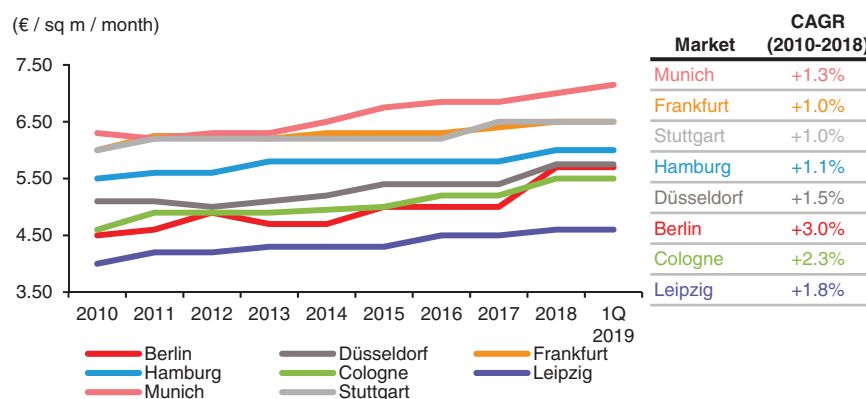


**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

<sup>1</sup> Includes Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich and Stuttgart.

Germany's top eight logistics regions, Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich and Stuttgart, generated total take-up of around 3.0 million sq m in 2018, in line with previous year results. Overall, the climate remains positive, with excess demand supporting take-up in Q1 2019 but an insufficient supply of space in almost all top logistics regions has been dampening actual take-up figures.

### Prime Rent of the Top 8 Markets<sup>1</sup> (2014 – Q1 2019)



**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

Continuing the strong historical trend, 2018 also saw substantial excess demand for industrial and logistics space. This has also resulted in high pre-leasing rates at new-build developments with 30.0% to 50.0% pre-leasing rate obtained for new builds. Consequently, availability is not expected to increase significantly in the next one to two years. This continued excess demand and under supply dynamic is expected to further drive rental rates in the near term.

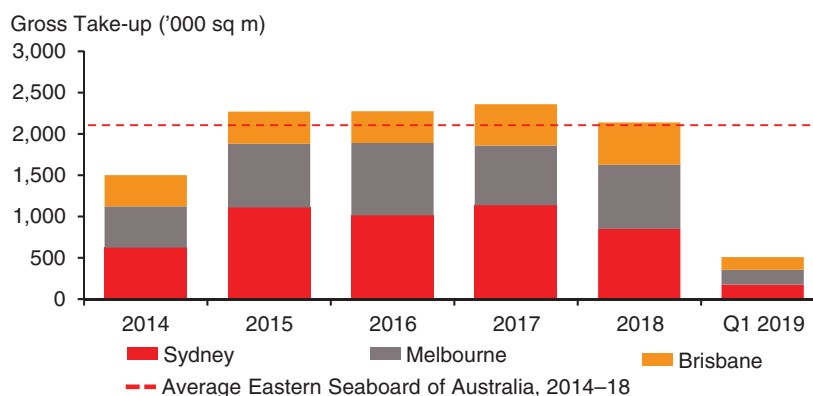
#### 5.1.5 Australia's logistics market is driven by solid fundamentals and remains one of the most sought-after sectors by both domestic and global players

Demand has been driven by healthy economic growth, particularly in Melbourne and Sydney. Occupier demand has continued to be strong with national gross take-up reaching 2.6 million sq m in the 12 months to Q1 2019. National gross take-up in Q1 2019 was slightly higher than the corresponding quarter in 2018, reaching 566,100 sq m. Leasing volumes in 2019 are again expected to exceed 2 million sq m approaching levels of the previous four years.

The transport, postal and warehousing sector has been the key driver over the last 12 months, accounting for 32.0% of the national total gross take-up with retail trade and manufacturing accounting for 21.0% and 20.0% respectively.

<sup>1</sup> Includes Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich and Stuttgart.

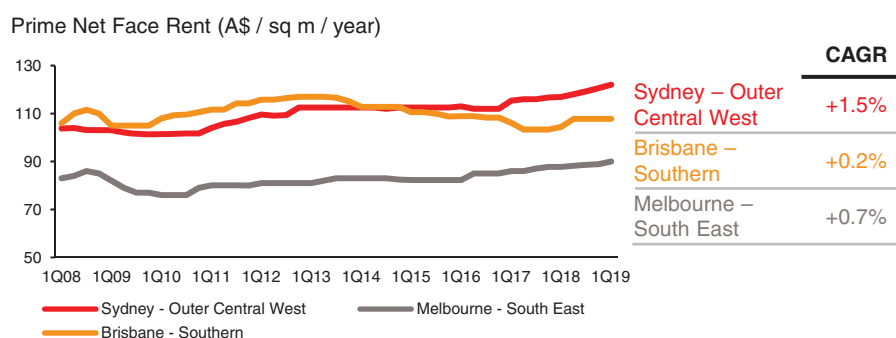
### Gross Take-up by Market (2014 – Q1 2019)



**Note:** Eastern Seaboard of Australia includes Sydney, Melbourne and Brisbane (Excludes Adelaide and Perth).

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

### Prime Rent by Market (Q1 2008 – Q1 2019)



**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

Prime rents in Q1 2019 have recorded steady year-on-year growth of 3.5% and 2.2% in Sydney and Melbourne respectively. Brisbane market is recovering with prime rents returning to pre-2017 levels as the local economy rebounds and infrastructure investment improves.

The positive sentiment is evident in Australia especially in the eastern seaboard cities, supported by strong projected population growth, the e-commerce boom and continued supply chain and infrastructure investments. This is expected to support further growth in prime rents.

## 5.2 Prime, Modern and High-Quality Portfolio

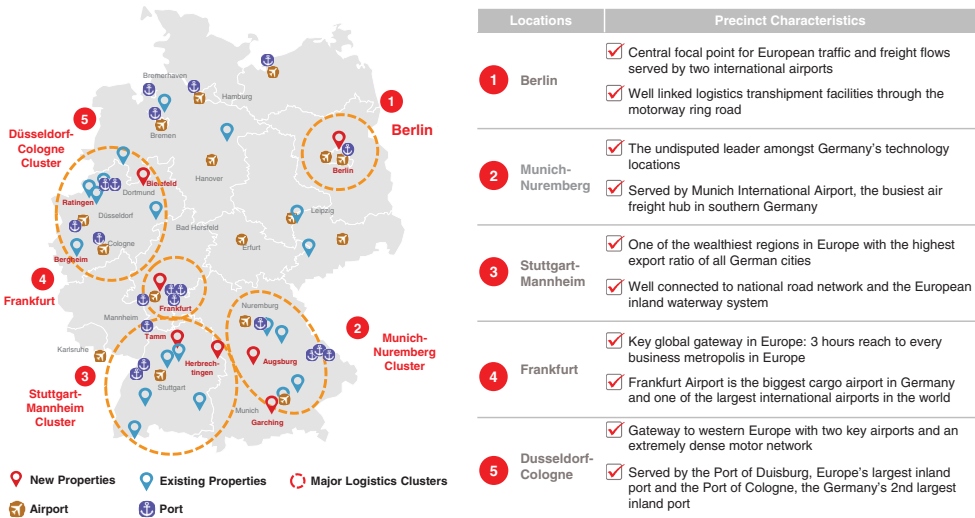
### 5.2.1 Predominantly located in major logistics clusters in Germany

A majority of the New German Properties are strategically located within the major logistics clusters in Germany which cater to the country’s core distribution needs. Many of the New German Properties are also located in or near to designated micro logistic hubs that cater to local communities.

The key characteristics of the major logistics clusters include: well developed transport infrastructure, a large concentration of industrial and logistics real estate, good market access to industrial or end customers and a favourable regulatory environment that facilitates the movement of goods along supply chains.

The New German Properties are complementary to the existing German properties in FLT’s Existing Portfolio and expands FLT’s footprints in Germany to other key logistics regions such as Berlin which had the highest take-up and rental growth in 2018.

#### Major Logistics Clusters of New German Properties in Germany



Source: Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

The following illustrates the distribution of the New Properties within the major logistics clusters of Germany, as well as the characteristics of the sub-markets where they are located.

### German Logistics Cluster: Berlin

#### Sub-market: Berlin



Key Tenants (New Properties)



- ✓ Germany's world-stage metropolitan region
- ✓ Offers highly developed infrastructure, a vibrant economic environment and access to a huge pool of highly qualified staff and senior management
- ✓ Many companies are locating to the economic region, expanding and attracting highly qualified staff from other areas in Germany and abroad
- ✓ Leading global location for business start-ups with the world's best growth potential
- ✓ Well-linked to the logistics sites in the commuter belt around Berlin
- ✓ In close proximity with the three freight centres in Großbeeren, Freienbrink and Wustermark which provide great potential for multimodal transshipment
- ✓ Situated close to the industrial zone "Etzin", which is 43 kilometres west of Berlin

Source: Independent Market Research Reports (See Appendix C "Independent Market Research Reports" for further details)

### German Logistics Cluster: Munich-Nuremberg

#### Sub-market: Munich



Key Tenants (New Properties)



- ✓ Capital of Bavaria and Germany's third-largest city, with approximately 1.5 million inhabitants
- ✓ Currently experiencing economic growth and is one of the most popular places to live and work in the country
- ✓ Home to world-renowned companies and hi-tech companies such as BMW, Allianz, Munich Re, ProSiebenSat1, Infineon, Siemens and Linde
- ✓ Hosts around 22,000 hi-tech companies in the electronics, media-tech, electrical engineering, mechanical engineering and vehicle manufacturing sectors and also in the aerospace industry
- ✓ Benefits from good supra-regional connections with both the national and international motorway networks
- ✓ Provides container shipment facilities principally via the München-Riem Deutsche Umschlaggesellschaft Schiene – Straße ("DUSS") terminal
- ✓ The Munich Airport is the busiest air freight hub in southern Germany

Source: Independent Market Research Reports (See Appendix C "Independent Market Research Reports" for further details)

## German Logistics Cluster: Stuttgart-Mannheim

### Sub-market: Stuttgart



Key Tenants (New Properties)



- ✓ Known as the centre of one of the economically strongest metropolitan regions and is one of the most innovative high-tech locations in Europe
- ✓ Home to a mix of global players such as Daimler and Porsche, a very lively middle class with many world market leaders, an excellently trained workforce and one of the leading research and development landscapes
- ✓ Highly attractive to contract logistics services and industrial owner-occupiers
- ✓ The ports of Stuttgart and Heilbronn constitute two important trimodal traffic centres
- ✓ The Port of Stuttgart also offers transshipment options for rail/road transport services, handling mainly incoming raw materials for local industry as well as the resulting finished products
- ✓ Features the Kornwestheim freight centre (GVZ) in the north of the region

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

## German Logistics Cluster: Frankfurt

### Sub-market: Frankfurt



Key Tenants (New Properties)

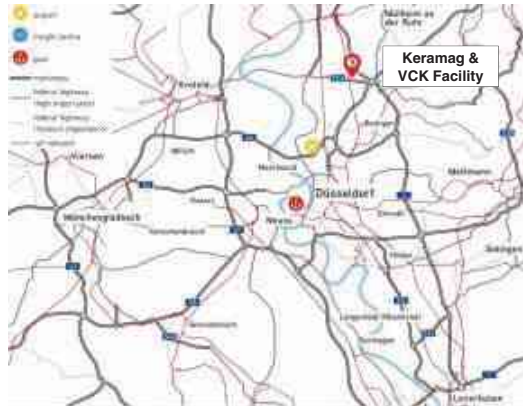


- ✓ Centrally located and is accessible to every business metropolis in Europe within a maximum of three hours
- ✓ Attracts large and internationally active logistics and trading companies (15 of the top 100 logistic companies are found in the region)
- ✓ One of the best equipped and top-performing logistics regions in Germany
- ✓ One of the most important international hubs for air traffic, with Frankfurt International Airport being one of the ten largest airports in the world
- ✓ Features the container terminals in Frankfurt and Mainz that can be used for combined transportation
- ✓ Includes the Frankfurt main station which is one of the largest train stations within Europe with excellent connections to important and high frequented international rail routes

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

## German Logistics Cluster: Düsseldorf-Cologne

### Sub-market: Düsseldorf



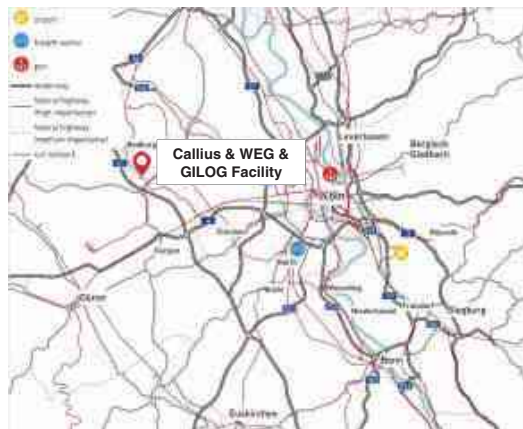
Key Tenants (New Properties)



- ✓ Underpinned by Düsseldorf – state capital of North Rhine-Westphalia
- ✓ 40% of all EU citizens live within a 500-km radius of Düsseldorf
- ✓ Key economic hub for many global companies from the USA, The Netherlands, UK, France, Scandinavia, Taiwan, Korea and Japan
- ✓ Consistently high demand and a lack of supply have translated into occupiers accepting longer lease terms
- ✓ Has one of the most efficient infrastructures and is one of the most flexible logistics regions in Germany
- ✓ A major hub in the Deutsche Bahn railway network and is also directly accessible via the A3 motorway
- ✓ Served by Port of Duisburg, Europe's largest inland port and Germany's most important transshipment hub
- ✓ Düsseldorf International Airport (ranked Germany's third in passenger traffic) can be reached within 15 minutes

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

### Sub-market: Cologne



Key Tenants (New Properties)



- ✓ The urban areas in the region are served by an extremely dense motorway network
- ✓ Crossroads for important transport routes such as the north-south A1 and the east-west A4
- ✓ Various options for container trans-shipment
- ✓ Served by the Cologne Eifelton freight centre (GVZ) which is one of the country's busiest freight centres
- ✓ Features the Port of Cologne, which is the second largest inland port in Germany
- ✓ Cologne Bonn Airport is Germany's third largest air freight hub and is used for receiving and dispatching time-critical goods by air freight
- ✓ The airport supports around-the-clock operations

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

## Sub-market: Münster-Osnabrück-Bielefeld



Key Tenants (New Properties)



- ✓ Benefits from its location on the east-west axis from the Netherlands to Eastern Europe and from the German seaports to the Ruhr area
- ✓ Distinguished as a location for many specific and individual logistics services
- ✓ Suitable for both internationally active companies such as Dr. Oetker and FIEGE Logistics and medium-sized companies
- ✓ Features three different locations that offer trimodal transhipment options for combined transport: Rheine freight centre, Osnabrück freight centre and in Gutersloh
- ✓ Located at an ideal intersection between the A1 motorway that runs north-south, connecting the region with the sea ports in the north of Germany as well as with the Ruhr Valley, the A30 that runs east to west and connects the region with the Netherlands, and the city of Hanover

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

### 5.2.2 Strategically located in prime sub-markets of the eastern seaboard of Australia

The New Australian Properties are strategically located within the prime sub-markets of the eastern seaboard of Australia which benefits from favourable trends and demand drivers in the warehouse and logistics sector including growth of e-commerce, population growth, urban renewal, tenant consolidation and transport infrastructure investment.

#### Sydney



- **Strengthens FLT’s portfolio of assets in Outer Central West, Sydney’s premier logistics hub**
  - Close proximity to the intersection of two major expressways, M4 and M7 which provides direct access to Sydney airport and seaports as well as the CBD and major suburbs
  - Infrastructure projects: A\$971.0 million Pacific Highway to Coffs Harbour Bypass, A\$400.0 million Port Botany Rail Line Duplication, A\$100.0 million Monaro Highway Upgrade

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)



## Melbourne



- **Expands our footprint in South East industrial precinct**
  - Access to the large residential population base through Monash Freeway and Eastlink
  - Rising scarcity of developable land in the South East sub-markets
  - Infrastructure projects: A\$5.0 billion Melbourne Airport Rail Link, A\$175.0 billion North East Link Project, A\$475.0 million Monash Rail, A\$50.0 million Geelong Rail Line

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

## Brisbane



- **Deepens our presence in the Southern sub-market in Brisbane**
  - Ideally located between Brisbane and the well populated Gold Coast
  - Accessible to major transport infrastructure including M1, Gateway and Logan motorways
  - Infrastructure projects: A\$3.3 billion Bruce Highway, A\$300.0 million Brisbane Metro, A\$1.0 billion M1 Pacific Motorway, A\$390.0 million Beerburrum to Nambour Rail upgrade

**Source:** Independent Market Research Reports (See Appendix C “Independent Market Research Reports” for further details)

### 5.2.3 Prime and modern logistics facilities with high specifications

The New Properties are high-quality and modern logistics facilities with an average age of approximately 3.7<sup>1</sup> years, resulting in less expected future capital expenditure outlay in the near term.

The New Properties comprise high specifications installations, for example, solar photovoltaic systems, extensive hardstand, light-emitting diode (LED) lighting, high quality sprinkler systems and ventilation plants. This significantly enhances tenant retention for the New Properties.

In addition, two of the New German Properties, which are leased to Hermes Germany GmbH and completed in 2018, are state-of-the-art cross-dock facilities equipped with above-market specifications to cater for high volume e-commerce parcel deliveries. Features include a fully automated conveyor system with mezzanine, capable of processing 13,500 parcels per hour, multiple access docks to cater for a range of vehicles and extensive truck manoeuvring and parking areas.

#### Selected New Properties



*FDM Facility, Australia*



*Bosch Facility, Germany*

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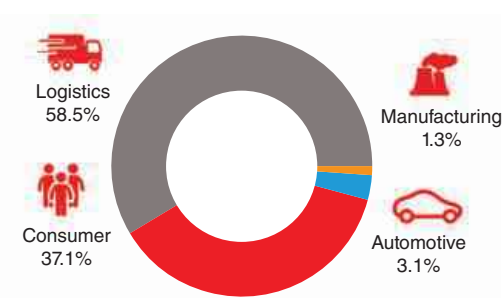
<sup>1</sup> Weighted average age as at 31 March 2019 based on the Appraised Value of the New Properties.

## 5.2.4 More quality tenants in diversified industries

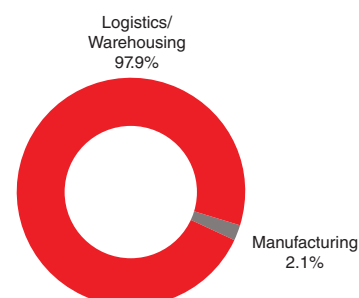
The New Properties offer a diversified tenant mix focused on the primary industries of automotive, logistics services, food logistics and industrial manufacturing. As at 31 March 2019, the portfolio of New Properties has a long WALE of approximately 8.6<sup>1</sup> years and an occupancy rate of 100%<sup>1</sup>. The New Properties also enjoy stable leases with approximately 100% of leases having Consumer Price Index (“CPI”)-linked indexation or fixed annual escalations.

In addition, the portfolio of New Properties is underpinned by a high-quality tenant base with strong corporate profiles. Notably, the key tenants of the New Properties comprise a mix of multinational corporations with investment grade credit ratings and public listed corporations.

**Tenant Mix by Trade Sector of New Properties by Gross Rental Income**



**Tenant Use of Facility of New Properties by Gross Rental Income**



### Key Tenants of New Properties



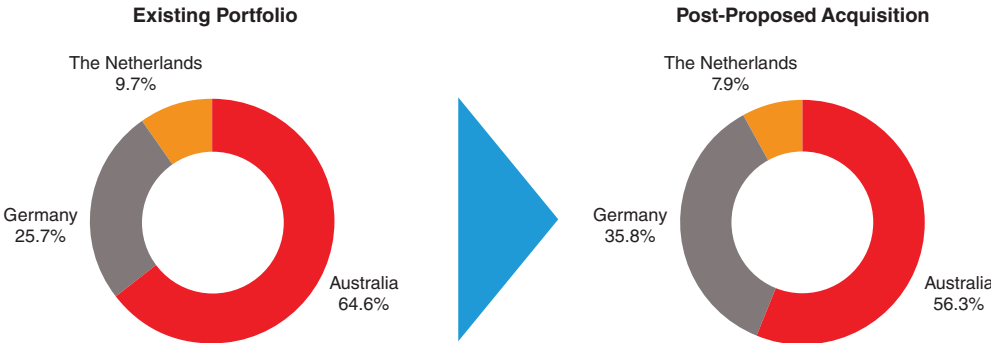
<sup>1</sup> Based on Gross Rental Income, in respect of the New Properties, for the month of March 2019. The Rental Support Deed arrangement has been taken into account in the FDM Facility with a 5-year lease at a net rent of A\$120/m<sup>2</sup>/year from the settlement of the acquisition. Excluding the Rental Support Deed, the target portfolio will have an overall occupancy rate of 93.7%.

**5.3 Strengthens the FLT Portfolio**

**5.3.1 Enhanced investments through diversification in attractive German and Australian markets**

The Proposed Acquisition will allow FLT to further diversify into the attractive German and Australian logistics markets. Post-completion of the Proposed Acquisition, FLT’s portfolio will continue to be predominantly Australian assets of approximately 56.3% and the German assets will make up approximately 35.8% of the total portfolio.

**Total Portfolio Geographical Spread**

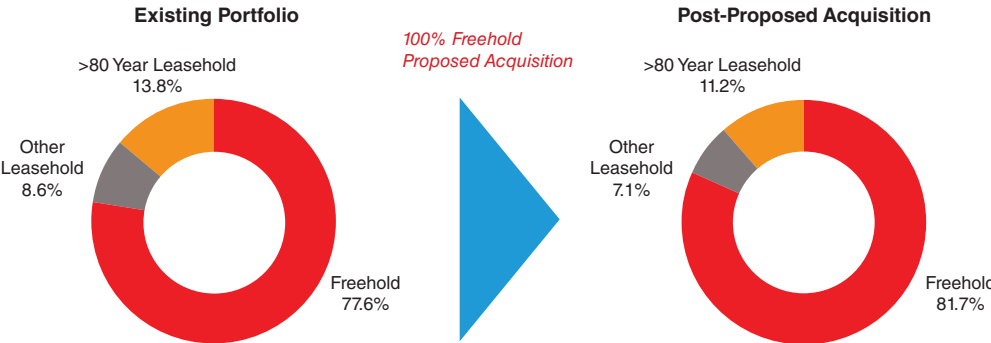


**Note:** Based on FLT’s Existing Portfolio Appraised Value and the New Properties Appraised Value.

**5.3.2 Increased proportion of freehold assets in the Enlarged Portfolio**

The Proposed Acquisition will increase the proportion of freehold assets in the Existing Portfolio from 77.6% (under the Existing Portfolio) to 81.7% (under the Enlarged Portfolio).

**Proportion of Freehold Assets**

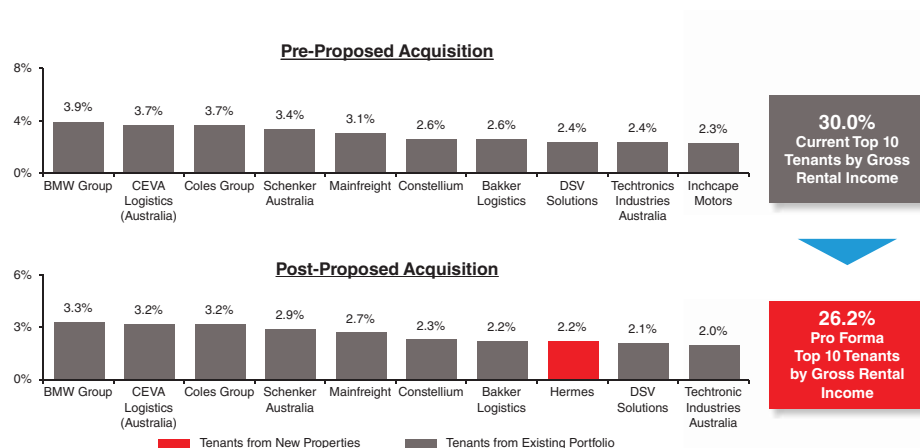


**Note:** Based on FLT’s Existing Portfolio Appraised Value and the New Properties Appraised Value.

### 5.3.3 Reduced concentration risk in the top 10 tenants

The top 10 tenants' contribution to the Existing Portfolio's Gross Rental Income for the month of March 2019 will decrease from 30.0% to 26.2% following the Proposed Acquisition.

#### Top 10 Tenants

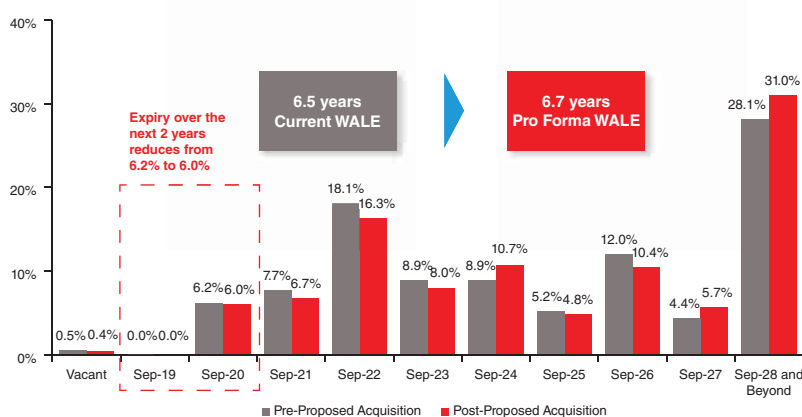


**Note:** Breakdown based on Gross Rental Income for the month of March 2019. Excludes straight lining rental adjustments. In respect of the New Properties, the Rental Support Deed arrangement has been taken into account in the FDM Facility with a 5-year lease at a net rent of A\$120/m<sup>2</sup>/year from the settlement of the acquisition.

### 5.3.4 Improved portfolio WALE

Leases expiring in FY2020 will decrease from 6.2% to 6.0% of Gross Rental Income for the month of March 2019. The Existing Portfolio's WALE will also increase from the current 6.5 years to 6.7 years following the completion of the Proposed Acquisition.

#### Lease Expiry Profile



**Note:** Breakdown based on Gross Rental Income for the month of March 2019. Excludes straight lining rental adjustments. In respect of the New Properties, the Rental Support Deed arrangement has been taken into account in the FDM Facility with a 5-year lease at a net rent of A\$120/m<sup>2</sup>/year from the settlement of the acquisition.

## **5.4 DPU Accretion and Consistent with Manager's Investment Strategy**

### **5.4.1 DPU Accretion**

Based on the pro forma financial effects of the FY2019 Divestments and the Proposed Acquisition on the DPU for the first half ("1H") of FY2019<sup>1</sup>, the DPU in Australian cents and Singapore cents is expected to increase by approximately 1.4% and approximately 1.1% respectively.

Upon completion of the FY2019 Divestments and the Proposed Acquisition, FLT's Net Property Income<sup>2</sup> and Distributable Income<sup>2</sup> for 1H FY2019<sup>1</sup> will be enlarged by 10.0% and 12.5% respectively.

### **5.4.2 Proposed Acquisition is in line with FLT's key objectives**

The Proposed Acquisition is in line with FLT's key objectives of delivering stable and regular distributions as well as long-term DPU growth to Unitholders. The portfolio of New Properties provides geographical diversification to the Existing Portfolio and access to the highly strategic German and Australian logistics markets. The portfolio of New Properties comprises prime, modern and freehold logistics assets, which are similar in characteristics to the assets in the Existing Portfolio. At present, the New Properties are 100%<sup>3</sup> occupied by quality tenants through long leases, offering income stability with approximately 100% of leases by Gross Rental Income for the month of March 2019 having CPI-linked indexation and fixed annual escalations. The Enlarged Portfolio, through tenant diversification, reduces concentration risks for FLT's portfolio. Following the Proposed Acquisition, the Manager will continue to maintain an optimal capital mix and prudent capital management for FLT.

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<sup>1</sup> Please refer to paragraph 6 below for the pro forma financial effects of the Proposed Acquisition on FLT's DPU, Net Property Income and Distributable Income for 1H FY2019.







<sup>2</sup> In Australian dollars.

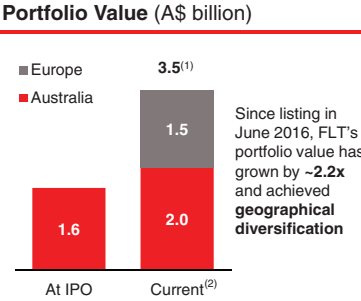
<sup>3</sup> Includes the effects of the arrangement under the Rental Support Deed. Excluding the Rental Support Deed, the New Properties will have an overall occupancy rate of 93.7%.

### 5.5 Consistent Track Record in Leveraging Sponsor’s Platform to Enhance Portfolio Value

Since IPO, FLT has delivered a strong track record in enhancing portfolio value, growing by approximately 2.2 times to A\$3.5 billion through accretive acquisitions in key markets and proactive asset management strategies.

#### FLT’s Track Record since IPO

 <p><b>1</b></p> <p>Exercise of Call Options in Aug and Nov 16</p> <ul style="list-style-type: none"> <li>• 3 Properties</li> <li>• Value: A\$127.4m</li> <li>• GLA: 71,126 sq m</li> <li>• Occupancy: 100%</li> </ul>	 <p><b>2</b></p> <p>Announced portfolio acquisition in Australia in Jun 17</p> <ul style="list-style-type: none"> <li>• 7 Properties</li> <li>• Value: A\$169.3m</li> <li>• GLA: 124,527 sq m</li> <li>• Occupancy: 100%</li> </ul>	 <p><b>3</b></p> <p>Strategic entry into Germany and the Netherlands in Apr 18</p> <ul style="list-style-type: none"> <li>• 21 Properties</li> <li>• Value: €596.8m</li> <li>• GLA: 594,931 sq m</li> <li>• Occupancy: 100%</li> </ul>	 <p><b>4</b></p> <p>Acquired two properties in Australia in Sep 18</p> <ul style="list-style-type: none"> <li>• 2 Properties</li> <li>• Value: A\$62.6m</li> <li>• GLA: 39,565 sq m</li> <li>• Occupancy: 100%</li> </ul>	 <p><b>5</b></p> <p>Acquired a property in the Netherlands in Oct 18</p> <ul style="list-style-type: none"> <li>• 1 Property</li> <li>• Value: €25.36m</li> <li>• GLA: 31,031 sq m</li> <li>• Occupancy: 100%</li> </ul>	 <p><b>6</b></p> <p>Announced the Proposed Acquisition in Jul 19</p> <ul style="list-style-type: none"> <li>• 12 Properties</li> <li>• Value: A\$644.7m</li> <li>• GLA: 297,032 sq m</li> <li>• Occupancy: 100%</li> </ul>
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- ~A\$1.9 billion of accretive acquisitions in strategic markets since IPO**
- Improved portfolio metrics
  - Strengthened footprint in the eastern seaboard of Australia
  - Enhanced geographical diversification with entry into the attractive German and Dutch logistics and industrial markets
  - Leveraging visible pipeline of right of first refusal (“ROFR”) properties from Sponsor

1. Based on the Existing Portfolio Appraised Value for the Existing Portfolio and based on the New Properties Appraised Value for the New Properties.  
 2. Includes the New Properties.

By expanding its footprint in Germany and Australia, FLT will be able to further leverage on FPL’s well-established logistics and industrial platform in Europe and Australia. Today, FPL has built its presence in Europe as one of the leading logistics and industrial property developers. Across Australia and Europe, the FPL Group holds S\$5.5 billion assets under management, with strong expertise in development, asset management and third-party capital management capabilities across the FPL Group’s core logistics and industrial markets in these two regions. The operations in Europe span across Germany, the Netherlands and Austria, with solid expertise managing over 1.6 million sq m of logistics and industrial assets. FPA also possesses on-the-ground greenfield development capabilities with more than A\$3.5 billion of assets since 2001 and holds a market leadership position in the development of industrial assets in Australia.

With the Sponsor’s resources in Australia, Germany and the Netherlands, as well as the management team’s experience in managing assets and relationships with existing and prospective tenants and partners in these markets, FLT will be able to enhance portfolio value through active lease management, asset enhancement initiatives and tenant retention. In connection with the ROFR granted by FPL, FLT will benefit from a pipeline of approximately 1.1 million sq m of ROFR properties.

## Sponsor's Platform and ROFR Pipeline

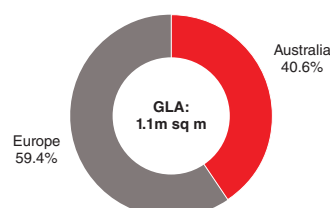
### Integrated Development and Asset Management Platform

- Leveraging Sponsor's integrated development and asset management platform
  - Active lease management
  - Asset enhancement initiatives ("AEIs")
  - Enhance tenant retention
- Potential growth from Sponsor's development pipeline

### Access to Robust ROFR Pipeline<sup>(1)</sup>

-  **Frasers Property Australia:**
  - 17 existing ROFR assets with total GLA of ~465,000 sq m
-  **Frasers Property Europe:**
  - 18 existing ROFR assets with total GLA of ~679,000 sq m

### ROFR Assets Pipeline<sup>(1)</sup> Mix



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

## 6. CERTAIN FINANCIAL INFORMATION RELATING TO THE PROPOSED ACQUISITION

### 6.1 Pro Forma Financial Effects of the Proposed Acquisition based on the FLT Unaudited Financial Statements

The pro forma financial effects of the Proposed Acquisition for the period from 1 October 2018 to 31 March 2019 ("1H FY2019") on the DPU and NAV per Unit presented below are strictly for illustrative purposes only and were prepared based on:

- (a) the FLT Unaudited Financial Statements for 1H FY2019 ("**1H FY2019 Unaudited Financial Statements**") which was announced on 26 April 2019;
- (b) the management accounts for the New Properties for 1H FY2019 (save for the properties which were acquired on 1 November 2018, and not including the Amor & Mühle AEI);
- (c) the management accounts for the B+S GmbH Logistik Facility and the EDEKA Facility which were acquired on 1 November 2018 was extrapolated to 182 days;
- (d) the estimated Net Property Income for the Amor & Mühle AEI which commenced on 1 April 2019 was extrapolated to 182 days based on the pre-committed lease amount;
- (e) the estimated Net Property Income for the tenant, GM Kane and Sons Pty Ltd of the Avery Dennison & GM Kane and Sons Facility, whose lease commenced on 1 December 2018, was extrapolated to 182 days;
- (f) the estimated Net Property Income for the tenant, FDM Warehousing Pty Ltd of the FDM Facility, whose lease commenced on 2 March 2019, was extrapolated to 182 days;



- (g) the estimated Net Property Income pursuant to the Rental Support Deed, assuming a 5-year lease at a net rent of A\$120 per m<sup>2</sup> of lettable area per annum was in place since 1 October 2018;
- (h) the FY2019 Divestments had occurred on 1 October 2018 and the net divestment proceeds were used for the repayment of bank borrowings;
- (i) the translation of € to A\$, A\$ to S\$ and € to S\$ at the exchange rates prevailing in the preparation of the 1H FY2019 Unaudited Financial Statements; and

taking into account the Total Transaction Cost, and incorporating certain assumptions including (but not limited to) the following:

- (i) approximately 223.0 million new Units are issued under the equity fund raising at an assumed issue price of S\$1.12 per new Unit, purely for illustrative purposes;
- (ii) Acquisition Fee of approximately A\$3.1 million is paid in Units to the Manager in respect of the Proposed Acquisition;
- (iii) the balance of the Total Transaction Cost of approximately A\$264.4 million is financed by borrowings; and
- (iv) the Total Transaction Cost is translated at an exchange rate of €1 : A\$1.6211.

For the avoidance of doubt, financial information obtained from the management accounts, estimated financial results and estimated annual net income in respect of the New Properties have taken into account the effective interests which FLT will be acquiring in the New Properties.

### 6.1.1 Pro Forma DPU

The pro forma financial effects of the Proposed Acquisition on the DPU for 1H FY2019, are strictly for illustration purposes only, as if (a) FLT had purchased the New Properties and the Proposed Acquisition had completed on 1 October 2018, and (b) all the New Properties are or are assumed to be generating Net Property Income for the full period of 1H FY2019, based on the assumptions set out in paragraph 6.1 of the Letter to Unitholders, are as follows:

#### FOR ILLUSTRATION PURPOSES ONLY

	Pro Forma Effects of the Proposed Acquisition for 1H FY2019		
	1H FY2019 Unaudited Financial Statements	Immediately after completion of the FY2019 Divestments	Immediately after completion of the FY2019 Divestments and after the Proposed Acquisition <sup>(1)</sup>
<b>Net Property Income (A\$ m)</b>	99.2	92.8	109.1 <sup>(2)</sup>
<b>Distributable Income (A\$ m)</b>	73.6	70.6	82.8 <sup>(3)</sup>
<b>No. of Units ('000)</b>	2,027,019 <sup>(4)</sup>	2,027,019	2,253,765 <sup>(5)</sup>
<b>DPU (Australian cents)</b>	3.63	3.49 <sup>(6)</sup>	3.68 <sup>(7)</sup>
<b>DPU (Singapore cents)</b>	3.54	3.40 <sup>(6)</sup>	3.58 <sup>(7)</sup>

#### Notes:

- (1) Taking into account the equity fund raising and the balance of the Total Transaction Cost being financed with borrowings.
- (2) Adjusted for the property management fees payable for the New German Properties (assumed at 2.0% of the contracted rental income).
- (3) Taking into account the Manager's management fees and related tax effects.
- (4) Number of issued and issuable Units entitled to distribution as at 31 March 2019 as stated in the 1H FY2019 Unaudited Financial Statements.
- (5) Based on the issued and issuable Units as at 31 March 2019 in note (4) above and including (a) new Units issued under the equity fund raising, (b) new Units issuable as payment of the Manager's base management fees and Acquisition Fee for the Proposed Acquisition. The new Units are assumed to be issued at an issue price of S\$1.12 per New Unit, purely for illustrative purposes.
- (6) Before taking into consideration the estimated capital gains tax on the FY2019 Divestments. Taking into consideration the estimated capital gains tax on the FY2019 Divestments of A\$4.2 million, DPU would be 3.28 Australian cents (3.19 Singapore cents).
- (7) Before taking into consideration the estimated capital gains tax on the FY2019 Divestments. Taking into consideration the estimated capital gains tax on the FY2019 Divestments of A\$4.2 million, DPU would be 3.47 Australian cents (3.37 Singapore cents).

### 6.1.2 Pro Forma NAV

The pro forma financial effects of the Proposed Acquisition on the NAV per Unit as at 31 March 2019, as if the Proposed Acquisition had been completed on 31 March 2019, are as follows:

	Pro Forma Effects of the Proposed Acquisition as at 31 March 2019		
	1H FY2019 Unaudited Financial Statements	Immediately after completion of the FY2019 Divestments	Immediately after completion of the FY2019 Divestments and after the Proposed Acquisition <sup>(1)</sup>
<b>NAV (A\$ m)</b>	1,934.9	1,954.3	2,216.5 <sup>(2)</sup>
<b>No. of Units ('000)</b>	2,029,886 <sup>(3)</sup>	2,029,886	2,255,480 <sup>(4)</sup>
<b>NAV per Unit (A\$)</b>	0.95	0.96	0.98
<b>NAV per Unit (S\$)</b>	0.91	0.92	0.94

**Notes:**

- (1) Taking into account the equity fund raising, the Acquisition Fee being paid in Units to the Manager and the balance of the Total Transaction Cost being financed with borrowings.
- (2) Based on an exchange rate of €1 : A\$1.6211.
- (3) Number of Units issued and issuable as at 31 March 2019 as stated in the 1H FY2019 Unaudited Financial Statements.
- (4) Based on the issued and issuable Units as at 31 March 2019 in note (3) above and including (a) new Units issued under the equity fund raising, and (b) new Units issuable as payment of Acquisition Fee for the Proposed Acquisition. The new Units are assumed to be issued at an issue price of S\$1.12 per New Unit, purely for illustrative purposes.

### 6.1.3 Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of FLT as at 31 March 2019, as if FLT had completed the Proposed Acquisition on 31 March 2019.

	1H FY2019 Unaudited Financial Statements	Immediately after completion of the FY2019 Divestments	Immediately after completion of the FY2019 Divestments and after the Proposed Acquisition <sup>(1)</sup>
<b>Total assets (A\$ m)</b>	3,131.0	2,993.6	3,673.3
<b>Total debt (A\$ m)</b>	1,097.5	940.5	1,324.3
<b>Total Unitholders' funds (excluding non-controlling interests) (A\$ m)</b>	1,934.9	1,954.3	2,216.5
<b>Total capitalisation (A\$ m)</b>	3,032.4	2,894.8	3,540.8
<b>Gearing ratio<sup>(2)</sup> (%)</b>	35.1	31.4	36.1

**Notes:**

- (1) Taking into account the equity fund raising, the Acquisition Fee being paid in Units to the Manager and the balance of the Total Transaction Cost being financed with borrowings.
- (2) Calculated based on total debt divided by total assets.

### 6.2 Pro Forma Financial Effects of the Proposed Acquisition based on the FLT Audited Financial Statements

The pro forma financial effects of the Proposed Acquisition for the financial year ended 30 September 2018 on the DPU and NAV per Unit presented below are strictly for illustrative purposes only and were prepared based on:

- the FLT Audited Financial Statements (“**FY2018 Audited Financial Statements**”);
- the management accounts for the Hermes Berlin Facility, which was acquired on 1 March 2018, for a period of 214 days;
- the management accounts for the Hermes Augsburg Facility, which was acquired on 1 April 2018, for a period of 183 days;
- the management accounts for the Kentner Facility, the Amor & Mühle Facility, the Callius & WEG & GILOG Facility and the Keramag & VCK Facility, which were acquired on 1 July 2018, for a period of 92 days;

(the management accounts in (b), (c) and (d) are collectively referred to as the “**New Properties FY2018 Management Accounts**”),

- (e) the actual Net Property Income for the tenant, Avery Dennison Materials Pty Ltd of the Avery Dennison & GM Kane and Sons Facility, whose lease commenced on 4 October 2016;
- (f) the actual Net Property Income from the Dana & Pinnacle & Licensing Facility for the period from 1 October 2017 to 30 September 2018;
- (g) the translation of € to A\$, A\$ to S\$ and € to S\$ at the exchange rates prevailing in the preparation of the FY2018 Audited Financial Statements; and

taking into account the Total Transaction Cost, and incorporating certain assumptions including (but not limited to) the following:

- (i) approximately 223.0 million new Units are issued under the equity fund raising at an assumed issue price of S\$1.12 per new Unit, purely for illustrative purposes;
- (ii) Acquisition Fee of approximately A\$3.1 million is paid in Units to the Manager in respect of the Proposed Acquisition;
- (iii) the balance of the Total Transaction Cost of approximately A\$264.4 million is financed by borrowings; and
- (iv) the Total Transaction Cost is translated at an exchange rate of €1 : A\$1.6211.

For the avoidance of doubt, financial information obtained from the management accounts, estimated financial results and estimated annual net income in respect of the New Properties have taken into account the effective interests which FLT will be acquiring in the New Properties.

## 6.2.1 Pro Forma DPU

The pro forma financial effects of the Proposed Acquisition on the DPU for the period from 1 October 2017 through to 30 September 2018, are strictly for illustration purposes only, as if (a) the Proposed Acquisition had completed on 1 October 2017 or the date the respective New Properties were acquired (whichever is later), and (b) using the New Properties FY2018 Management Accounts and the actual Net Property Income derived from the New Properties and the assumptions set out in paragraph 6.2 of the Letter to Unitholders, are as follows:

### FOR ILLUSTRATION PURPOSES ONLY

	Pro Forma Effects of the Proposed Acquisition for FY2018	
	FY2018 Audited Financial Statements	After the Proposed Acquisition <sup>(1),(2)</sup>
<b>Net Property Income (A\$ m)</b>	161.8	169.6 <sup>(3)</sup>
<b>Distributable Income (A\$ m)</b>	118.3	121.6 <sup>(4)</sup>
<b>No. of Units ('000)</b>	2,022,125 <sup>(5)</sup>	2,250,204 <sup>(6)</sup>
<b>DPU (Australian cents)</b>	6.94	6.22
<b>DPU (Singapore cents)</b>	7.19	6.43

#### Notes:

- (1) Taking into account the equity fund raising, and the balance of the Total Transaction Cost being financed with borrowings.
- (2) The Proposed Acquisition has not taken into consideration the following:
  - (a) Distributable Income contribution from the Bosch Facility which was acquired by the relevant German Vendor on 27 September 2018, the EDEKA Facility and the B+S GmbH Logistik Facility which were acquired by the relevant German Vendors on 1 November 2018 and the pre-committed lease for the Amor & Mühle AEI which commenced on 1 April 2019;
  - (b) Net Property Income for the tenant, GM Kane and Sons Pty Ltd of the Avery Dennison & GM Kane and Sons Facility as the lease commenced on 1 December 2018; and
  - (c) Net Property Income from the FDM Facility.
- (3) Adjusted for the property management fees payable for the New German Properties (assumed at 2.0% of the contracted rental income).
- (4) Taking into account the Manager's management fees and related tax effects.
- (5) Number of issued and issuable Units entitled to distribution as at 30 September 2018 as stated in the FLT Audited Financial Statements.
- (6) Based on the issued and issuable Units as at 30 September 2018 in note (5) above and including (a) new Units issued under the equity fund raising, and (b) new Units issuable as payment of the Manager's base and performance management fees and Acquisition Fee for the Proposed Acquisition. The new Units are assumed to be issued at an issue price of S\$1.12 per New Unit, purely for illustrative purposes.

## 6.2.2 Pro Forma NAV

The pro forma financial effects of the Proposed Acquisition on the NAV per Unit as at 30 September 2018, as if the Proposed Acquisition had been completed on 30 September 2018, are as follows:

	Pro Forma Effects of the Proposed Acquisition as at 30 September 2018	
	FY2018 Audited Financial Statements	After the Proposed Acquisition <sup>(1)</sup>
<b>NAV (A\$ m)</b>	1,924.4	2,186.6 <sup>(2)</sup>
<b>No. of Units ('000)</b>	2,022,125 <sup>(3)</sup>	2,247,720 <sup>(4)</sup>
<b>NAV per Unit (A\$)</b>	0.95	0.97
<b>NAV per Unit (S\$)</b>	0.94	0.96

### Notes:

- (1) Taking into account the equity fund raising, the Acquisition Fee being paid in Units to the Manager and the balance of the Total Transaction Cost being financed with borrowings.
- (2) Based on an exchange rate of €1 : A\$1.6211.
- (3) Number of Units issued and issuable as at 30 September 2018.
- (4) Based on the issued and issuable Units as at 30 September 2018 in note (3) above and includes (a) new Units issued under the equity fund raising, and (b) new Units issuable as payment of the Acquisition Fee for the Proposed Acquisition. The new Units are assumed to be issued at an issue price of S\$1.12 per New Unit, purely for illustrative purposes.

## 6.2.3 Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of FLT as at 30 September 2018, as if FLT had completed the Proposed Acquisition on 30 September 2018.

	FY2018 Audited Financial Statements	After the Proposed Acquisition <sup>(1)</sup>
<b>Total assets (A\$ m)</b>	3,095.0	3,779.0
<b>Total debt (A\$ m)</b>	1,070.4	1,454.2
<b>Total Unitholders' funds (excluding non-controlling interests) (A\$ m)</b>	1,924.4	2,186.6
<b>Total capitalisation (A\$ m)</b>	2,994.8	3,640.8
<b>Gearing ratio<sup>(2)</sup> (%)</b>	34.6	38.5 <sup>(3)</sup>

### Notes:

- (1) Taking into account the equity fund raising, the Acquisition Fee being paid in Units to the Manager and the balance of the Total Transaction Cost being financed with borrowings.
- (2) Calculated based on total debt divided by total assets.
- (3) Excluded the use of net proceeds from the FY2019 Divestments to reduce borrowings.

## 7. EXISTING RELATED PARTY TRANSACTIONS

Except for transactions with a value below S\$100,000<sup>1</sup> (see Appendix D of this Circular for details of the Existing Interested Person Transactions), both the Trustee and the Manager have not entered into any Related Party Transaction with FPL or its respective subsidiaries and associates during the course of the current financial year ending 30 September 2019 up to the Latest Practicable Date.

## 8. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

8.1 The Manager has appointed PricewaterhouseCoopers Corporate Finance Pte Ltd (the “**IFA**”) to advise the independent directors of the Manager (the “**Independent Directors**”), the audit, risk and compliance committee of the Manager (the “**Audit, Risk and Compliance Committee**”) and the Trustee in relation to the Proposed Acquisition. A copy of the letter from the IFA to the Independent Directors, the Audit, Risk and Compliance Committee and the Trustee (the “**IFA Letter**”), containing its advice in full in relation to the Proposed Acquisition, is set out in Appendix A of this Circular. Unitholders are advised to read the IFA Letter in its entirety carefully.

### 8.2 The Proposed Acquisition

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of FLT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors recommend that Unitholders vote in favour of the resolution to approve the Proposed Acquisition.

## 9. RECOMMENDATION

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix A of this Circular) and having regard to the rationale for and key benefits of the Proposed Acquisition as set out in paragraph 5 above, the Independent Directors and the Audit, Risk and Compliance Committee are of the opinion that the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of FLT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution relating to the Proposed Acquisition.

## 10. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 20 August 2019 at 10.00 a.m. at Stephen Riady Auditorium @NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989 for the purpose of considering and, if thought fit, passing with or without modification, the Ordinary Resolution in the Notice of Extraordinary General Meeting, which is set out on pages F-1 to F-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolution.

Approval by way of an Ordinary Resolution is required in respect of the resolution.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP as at 72 hours before the EGM.

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<sup>1</sup> Rules 905(1), 905(2) and 906 of the Listing Manual do not apply to any transaction below S\$100,000.



## **11. ABSTENTIONS FROM VOTING**

### **11.1 Relationship between the FPL Group and the Manager**

As at the Latest Practicable Date, the Manager is a wholly-owned subsidiary of FPL. The FPL Group holds an aggregate indirect interest in 429,729,337 Units, comprising approximately 21.20% of the 2,027,018,837 Units in issue as at the Latest Practicable Date.

### **11.2 Abstentions From Voting**

As at the Latest Practicable Date, the TCC Group (as defined herein), through the FPL Group, has a deemed interest in 429,729,337 Units, which comprises approximately 21.20% of the total number of Units in issue. TCCGI has a deemed interest in 118,559,700 Units, which comprises approximately 5.8490% of the total number of Units in issue.

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested at the EGM.

Given that the New Properties will be acquired from the Vendors, each of which is an indirect wholly-owned subsidiary of FPL, each of the TCC Group, the FPL Group, TCCGI and the Manager (i) will abstain, and will procure their associates to abstain from voting at the EGM on the resolution to approve the Proposed Acquisition and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the resolution to approve the Proposed Acquisition unless specific instructions as to voting are given.

## **12. ACTION TO BE TAKEN BY UNITHOLDERS**

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the company secretary of the Manager at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore 048623, not later than 17 August 2019 at 10.00 a.m., being 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person if he so wishes.

Persons who have an interest in the approval of the resolution must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the Resolution.

## **13. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, FLT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

## 14. CONSENTS

The IFA, each of the Independent Valuers and the Independent Market Research Consultants have given and have not withdrawn their written consent to the issue of this Circular with the inclusion of their names and, respectively, the IFA Letter, the Valuation Summaries, the Independent Market Research Reports and all references thereto, in the form and context in which they are included in this Circular.

## 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager<sup>1</sup> at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958, from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the Share Purchase Agreement;
- (ii) the Asset Sale and Purchase Agreements;
- (iii) the Deed of Indemnity;
- (iv) the Incentive Reimbursement Deeds;
- (v) the Rental Support Deed;
- (vi) the IFA Letter;
- (vii) the valuation summaries and the full valuation reports on the New Properties issued by the Independent Valuers;
- (viii) the Independent Market Research Reports;
- (ix) the FLT Audited Financial Statements; and
- (x) the FLT Unaudited Financial Statements.

The Trust Deed will also be available for inspection at the registered office of the Manager, for so long as FLT is in existence.

Yours faithfully

Frasers Logistics & Industrial Asset Management Pte. Ltd.  
(as manager of Frasers Logistics & Industrial Trust)

Ho Hon Cheong  
Chairman and Independent Non-Executive Director

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<sup>1</sup> Prior appointment with the Manager (telephone number: +65 6813 0588) will be appreciated.

## IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, the Trustee or any of their affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager or any of its affiliates 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.

The past performance of FLT is not necessarily indicative of the future performance of FLT.

This Circular 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 (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events. The major assumptions are certain expected levels of property rental income and property expenses over the relevant period, which are considered by the Manager to be appropriate and reasonable as at the date of this Circular.

### Foreign Investment Regime of Australia

Australia's foreign investment regime is set out in the Australian Foreign Acquisitions and Takeovers Act 1975 ("**FATA**") and the Australian Government's Foreign Investment Policy.

### Acquisition of Units in FLT

A "foreign person"<sup>1</sup> that acquires Units is required under the FATA to notify and receive a prior no objections notification ("**FIRB Approval**") in respect of its investment in FLT from the Australian Treasurer through the Foreign Investment Review Board ("**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"<sup>2</sup> ("**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);

<sup>1</sup> 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.

<sup>2</sup> 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.

- (b) if FLT is not an ALT, but has gross Australian assets in excess of a specified threshold prescribed under FATA (as at the date of this Announcement, the threshold prescribed under FATA is A\$266.0 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
- (c) any investor that is a Foreign Government Investor<sup>1</sup> acquiring a “direct interest”<sup>2</sup> 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\$266.0 million.

### Exemptions from ALT requirements

There are two relevant exemptions from the requirement to obtain FIRB Approval under the FATA 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 date of this announcement, the threshold prescribed under the FATA is A\$266.0 million, unless the ALT has ‘sensitive’ land holdings, in which case the threshold is A\$58.0 million)<sup>3</sup>; 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 FLT or to influence, participate in or determine the policy of FLT.<sup>4</sup>

<sup>1</sup> A “foreign government investor” means an entity that is:

- 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.

<sup>2</sup> 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.

<sup>3</sup> This applies in respect of ALTs that have predominantly developed commercial real estate portfolios (i.e. less than 10% residential or vacant commercial land). 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 transport logistics facilities, mines and critical infrastructure (for example, an airport or port) as well as property that has Australian government tenants.

<sup>4</sup> This applies where an ALT is listed on an official stock exchange (whether in Australia or not).

## **Significant actions**

As at 30 June 2019, the value of the Australian land assets comprised in FLT's portfolio is 64.4% of the total asset value of FLT. Consequently, FLT is considered to be an ALT.

As at 30 June 2019, FLT has gross Australian assets of approximately A\$2,025.6 million, which is above A\$266.0 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.

## **Acquisition of New Australian Properties**

An entity that is a 'foreign person' for the purposes of Australia's foreign investment regime is required under the FATA to notify and receive FIRB Approval in respect of their acquisitions of interests in Australian land from the Australian Treasurer, through the FIRB, if any of the circumstances set out below apply at the time the interest in Australian land is acquired unless an exemption applies:

- (i) if the property is developed commercial land that is sensitive land and is valued at A\$58 million or more;
- (ii) if the property is developed commercial land that is non-sensitive land and is valued at A\$266 million or more;
- (iii) if the land is vacant land regardless of value; or
- (iv) if FLT is a foreign government investor, regardless of value of the interest acquired.

The acquisitions of the New Australian Properties do not require separate FIRB Approval.

The acquisitions of the New Australian Properties are acquisitions of interests in developed commercial land for the purposes of the FATA that is non-sensitive. FLT is a foreign person and ordinarily, prior FIRB Approval of those acquisitions would be required. However, as the acquisitions of each of the New Australian Properties are below the thresholds for the operation of the FATA, a separate FIRB Approval is not required.

An explanation of key terms under Australia's foreign investment regime is set out below.

## **Sensitive land**

Developed commercial land in Australia will be considered "sensitive" land if it is not vacant and:

- (a) the land will be leased to the Commonwealth, a State, a Territory or a Commonwealth, State or Territory body, excluding leases with most corporate Commonwealth entities (within the meaning of the *Public Governance, Performance and Accountability Act 2013*);
- (b) the land will be fitted out specifically for a business that is a sensitive business (i.e. supply of military goods, encryption and security technologies, extraction of uranium, plutonium or operation of nuclear facilities) or a business of providing storage of bulk data;
- (c) the land will be fitted out specifically to store, handle or dispose of biological agents on the List of Security sensitive Biological Agents (within the meaning of the *National Health Security Act 2007*);

- (d) an authorisation under a law of the Commonwealth, a State or a Territory will allow materials that are regulated under that law to be produced or stored on the land;
- (e) a mine, oil or gas well, quarry, or other similar operation under a mining or production tenement, will operate on the land;
- (f) a stored communication (within the meaning of the *Telecommunications (Interception and Access) Act 1979*) will be stored on the land;
- (g) the failure of part of a network unit (within the meaning of the *Telecommunications Act 1997*) on the land will result in telephony or internet services not being provided on other land;
- (h) the failure of part of a network unit (within the meaning of the *Telecommunications Act 1997*) on the land will result in telephony or internet services not being provided on other land;
- (i) servers critical to an ADI (within the meaning of the *Banking Act 1959*) or a stock exchange in Australia will be located on the land; or
- (j) public infrastructure will be located on the land.

#### **Non-sensitive land**

Developed commercial land in Australia that is not vacant and is not sensitive land.

#### **Vacant land**

Land is vacant if there is no substantive permanent building on the land that can be lawfully occupied by persons, goods or livestock. Despite this, land is not vacant if there is a wind or solar power station located on the surface of the land.

Land that is under development is vacant for the purposes of the FATA until the building is able to be lawfully occupied. There is no value threshold under the FATA for the acquisition of vacant land. All acquisitions of interests in vacant land are required to be notified for FIRB approval.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States, Canada or Japan.

This Circular is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. There will be no public offer of securities in the United States.

## GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

<b>1H</b>	:	First half of the year
<b>1H FY2019 Unaudited Financial Statements</b>	:	The FLT Unaudited Financial Statements for 1H FY2019
<b>3PL</b>	:	Third Party Logistics
<b>Acquisition Fee</b>	:	The acquisition fee payable to the Manager for the Proposed Acquisition pursuant to the Trust Deed, which amounts to approximately A\$3.1 million (approximately S\$2.9 million) (being 0.5% of the Property Purchase Price (in proportion to the effective interest which FLT will hold in each of the New Properties))
<b>Acquisition Fee Units</b>	:	Units to be issued to the Manager as payment of the Acquisition Fee
<b>Actual Rent</b>	:	In respect of the Rental Support Deed, means the actual annual rent payable per annum during the initial term of an approved lease excluding contributions to outgoings (disregarding any rent reduction, rent-free period or rent abatement (whether partial or whole) under a lease) or other incentive including an incentive or inducement provided to tenant in relation to an approved agreement for lease or approved lease
<b>Adjustment Date</b>	:	In respect of the Asset Sale and Purchase Agreements, means the 30 business days following the Settlement Date
<b>ALT</b>	:	Australian Land Trust
<b>Amor &amp; Mühle AEI</b>	:	The expansion of Amor & Mühle Facility which was completed in March 2019
<b>Amor &amp; Mühle Facility</b>	:	The freehold interest in the property located at Im Birkengrund 5-7, 63179 Obertshausen, Germany
<b>Amor &amp; Mühle Facility and Bosch Facility Incentive Reimbursement Deed</b>	:	The incentive reimbursement deed in respect of the Amor & Mühle Facility and the Bosch Facility
<b>Asset Purchase Consideration</b>	:	The share purchase consideration payable to the Australian Vendors in respect of the New Australian Properties under the Asset Sale and Purchase Agreements

<b>Asset Sale and Purchase Agreements</b>	:	The conditional asset sale and purchase agreements dated 2 July 2019 entered into between the Australian Vendors and FLT Queensland No. 4 as trustee of Hanson Place Trust A, FLT Landowner as trustee of Hudson Court Trust B and FLT Queensland No. 3 as trustee of Wayne Goss Drive Trust B in respect of the New Australian Properties
<b>Audit, Risk and Compliance Committee</b>	:	The audit, risk and compliance committee of the Manager
<b>AUD or A\$</b>	:	Australian dollar
<b>Australand C&amp;I</b>	:	Australand C&I Land Holdings Pty Ltd Ltd
<b>Australand C&amp;I Trustee</b>	:	Australand C&I Land Holdings Pty Ltd Ltd as trustee of the Australand C&I Land Holdings (Eastern Creek Stage 4 No. 1)
<b>Australand Property</b>	:	Australand Property Holdings Pty Limited as trustee of FPT (Keysborough No. 6) Trust
<b>Australian Property Management Agreement</b>	:	The property management agreement dated 3 June 2016 entered into between the HAUT Trustee, the HAUT Manager and Frasers Property Australia Management Services Pty Limited
<b>Australian Properties Acquisition</b>	:	The acquisition by FLT of the New Australian Properties
<b>Australian Vendors</b>	:	Australand C&I Land Trustee, Australand Property and Australand C&I
<b>Avery Dennison &amp; GM Kane and Sons Facility</b>	:	The freehold interest in the property located at 29-51 Wayne Goss Drive, Berrinba, Queensland, Australia
<b>Avery Dennison &amp; GM Kane and Sons Facility Incentive Reimbursement Deed</b>	:	The incentive reimbursement deed in respect of the Avery Dennison & GM Kane and Sons Facility
<b>B+S GmbH Logistik Facility</b>	:	The freehold interest in the property located at Fuggerstraße 17, 33689 Bielefeld, Germany
<b>Bosch Facility</b>	:	The freehold interest in the property located at Bietigheimer Straße 50-52, 71732 Tamm, Germany
<b>Brexit</b>	:	British exit
<b>Callius &amp; WEG &amp; GILOG Facility</b>	:	The freehold interest in the property located at Walter-Gropius-Straße 19, 50126 Bergheim, Germany



<b>Capitalised Payment</b>	:	The capitalised payment under the Rental Support Deed which shall be calculated in accordance with the formula set out in paragraph 2.11 of the Letter to Unitholders
<b>CBRE</b>	:	CBRE Ltd
<b>CDP</b>	:	The Central Depository (Pte) Limited
<b>Circular</b>	:	Circular dated 30 July 2019 issued by the Manager to the Unitholders
<b>Colliers AU</b>	:	CIVAS (VIC) Pty Ltd Limited
<b>Colliers UK</b>	:	Colliers International Valuation UK LLP
<b>CPI</b>	:	Consumer Price Index
<b>Dana &amp; Pinnacle &amp; Licensing Facility</b>	:	The freehold interest in the property located at 8-28 Hudson Court, Keysborough, Victoria, 3045, Australia
<b>Dana &amp; Pinnacle &amp; Licensing Facility Incentive Reimbursement Deed</b>	:	The incentive reimbursement deed in respect of the Dana & Pinnacle & Licensing Facility
<b>Deed of Indemnity</b>	:	The deed of indemnity which FLT Europe will enter into with the Vendors in respect of claims for taxation
<b>Developer</b>	:	Frasers Property Industrial Constructions Pty Ltd
<b>Director</b>	:	A director of the Manager
<b>DPU</b>	:	Distribution per Unit
<b>EDEKA Facility</b>	:	The freehold interest in the property located at Dieselstraße 30, 85748 Garching, Germany
<b>EGM</b>	:	Extraordinary general meeting
<b>Enlarged Portfolio</b>	:	The Existing Portfolio and the New Properties, collectively
<b>Existing Debt Facilities</b>	:	The existing debt facilities of the Property Companies amounting to approximately €73.7 million (approximately A\$119.5 million and approximately S\$113.5 million)
<b>Existing Interested Person Transactions</b>	:	The interested person transactions listed in Appendix D

<b>Existing Portfolio</b>	:	FLT's existing portfolio comprising 81 industrial properties in Australia, Germany and the Netherlands, including Mandeveld 12, Meppel, the Netherlands (see the announcement and press release issued by the Manager on 31 October 2018 in relation to the acquisition) and 99 Sandstone Place, Parkinson, Queensland, Australia (see the announcement and press release issued by the Manager on 13 June 2019 in relation to the divestment of a 50% interest in the property) but excluding 63-79 South Park Drive, Dandenong South, Victoria, Australia (see the press release issued by the Manager on 29 March 2019 in relation to its divestment) and 610 Heatherton Road, Clayton South, Victoria, Australia (see the press releases issued by the Manager on 16 May 2019 and 31 May 2019 in relation to its divestment)
<b>Existing Portfolio Appraised Value</b>	:	Based on the appraised value of the portfolio as at 30 September 2018, with the Meppel Acquisition valued as at 1 October 2018. Excludes the South Park Drive Divestment, the Heatherton Divestment and includes the remaining 50% interest in 99 Sandstone Place, Parkinson, Queensland, Australia at a value of A\$134.2 million as at 1 May 2019
<b>EU</b>	:	The 28 members of the European Union, including Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK
<b>FATA</b>	:	The Australian Foreign Acquisitions and Takeovers Act 1975
<b>FDM Facility</b>	:	The freehold interest in the property located at 2 Hanson Place, Eastern Creek, New South Wales 2766, Australia
<b>FIRB</b>	:	Foreign Investment Review Board
<b>FIRB Approval</b>	:	A prior no objections notification issued under the FATA by the Australian Treasurer, through the FIRB
<b>FLIAM</b>	:	Frasers Logistics & Industrial Asset Management Pte. Ltd.
<b>FLT</b>	:	Frasers Logistics & Industrial Trust
<b>FLT Audited Financial Statements</b>	:	The latest audited financial statements of FLT in respect of the financial period from 1 October 2017 to 30 September 2018 as disclosed in the annual report of FLT issued on 21 December 2018
<b>FLT Europe</b>	:	FLT Europe B.V.

<b>FLT Investment Strategy</b>	:	FLT's investment strategy of principally investing globally, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are predominantly used for logistics or industrial purposes, whether wholly or partially, as well as such industrial real estate-related assets in connection with the foregoing
<b>FLT Landowner</b>	:	FLT Landowner Pty Limited
<b>FLT Queensland No. 3</b>	:	FLT Queensland No. 3 Pty Limited
<b>FLT Queensland No. 4</b>	:	FLT Queensland No. 4 Pty Limited
<b>FLT Unaudited Financial Statements</b>	:	The unaudited financial statements of FLT in respect of the period from 1 October 2018 to 31 March 2019
<b>FPA</b>	:	Frasers Property Australia Pty Limited
<b>FPAHL</b>	:	Frasers Property AHL Limited
<b>FPE11</b>	:	FPE Investments RE11 B.V.
<b>FPE12</b>	:	FPE Investments RE12 B.V.
<b>FPIE</b>	:	Frasers Property Investments (Europe) B.V.
<b>FPITH</b>	:	Frasers Property Industrial Trust Holdings Pte. Ltd. (formerly known as FCL Investments (Industrial) Pte. Ltd.)
<b>FPL or Sponsor</b>	:	Frasers Property Limited (formerly known as Frasers Centrepont Limited)
<b>FPL Group</b>	:	FPL and/or any of its subsidiaries
<b>FY2018 Audited Financial Statements</b>	:	The FLT Audited Financial Statements
<b>FY2019 Divestments</b>	:	The South Park Drive Divestment, the Heatherton Road Divestment and the Sandstone Place Divestment
<b>GDP</b>	:	Gross domestic product
<b>German Properties Acquisition</b>	:	The acquisition by FLT of the New German Properties
<b>German Vendors</b>	:	FPIE, FPE11 and FPE12
<b>GLA</b>	:	Gross lettable area

<b>Gross Rental Income</b>	:	In respect of the New Properties, the contracted rental income and estimated recoverable outgoings of the New Properties
		In respect of the Existing Portfolio, the contracted rental income and estimated recoverable outgoings of the Existing Portfolio
<b>Guaranteed Amount</b>	:	The amount payable by FPAHL to FLT Queensland No. 4 under the Rental Support Deed in respect of the Vacant Unit of the FDM Facility
<b>HAUT</b>	:	The head Australian unit trust of FLT
<b>HAUT Manager</b>	:	The Manager of HAUT, FLT Australia Management Pty Ltd
<b>HAUT Trustee</b>	:	The trustee of HAUT, Frasers Property Funds Management Limited
<b>Heatherton Road Divestment</b>	:	The divestment of 610 Heatherton Road, Clayton South, Victoria, Australia
<b>Hermes Augsburg Facility</b>	:	The freehold interest in the property located at Hermesstraße 5, 86836 Graben, Augsburg, Germany
<b>Hermes Berlin Facility</b>	:	The freehold interest in the property located at Gewerbegebiet Etzin 1, 14669 Berlin, Germany
<b>Holding Sub-Trusts</b> (each a <b>Holding Sub-trust</b> )	:	The three sub-trusts which hold the freehold interests in the New Australian Properties, which are Hanson Place Trust A, Hudson Court Trust B and Wayne Goss Drive Trust B
<b>IBHL</b>	:	International Beverage Holdings Limited
<b>IFA</b>	:	PricewaterhouseCoopers Corporate Finance Pte Ltd in its capacity as the independent financial adviser
<b>IFA Letter</b>	:	The letter from the IFA to the Independent Directors, the Audit, Risk and Compliance Committee and to the Trustee containing its advice as set out in Appendix A of this Circular
<b>Incentive Reimbursement Deeds</b>	:	The New German Properties Incentive Reimbursement Deeds and the New Australian Properties Incentive Reimbursement Deeds
<b>Independent Directors</b>	:	The independent directors of the Manager
<b>Independent Market Research Consultants</b>	:	Colliers UK in respect of the German market and Jones Lang LaSalle Australia Pty Limited in respect of the Australian market

<b>Independent Valuers</b>	:	CBRE and Colliers UK in respect of the New German Properties and Colliers AU and Urbis in respect of the New Australian Properties
<b>Inter-Company Loans</b>	:	The inter-company loans owing by the Property Companies to the German Vendors as at completion of the Proposed Acquisition to be assigned to FLT Europe
<b>Interested Party Transaction</b>	:	Has the meaning ascribed to it in the Property Funds Appendix
<b>Interested Person Transaction</b>	:	Has the meaning ascribed to it in the Listing Manual
<b>IPO</b>	:	Initial public offering of FLT
<b>Kentner Facility</b>	:	The freehold interest in the property located at Am Bühlfeld 2-8, 89543 Herbrechtingen, Germany
<b>Kentner Facility Incentive Reimbursement Deed</b>	:	The incentive reimbursement deed in respect of the Kentner Facility
<b>Keramag &amp; VCK Facility</b>	:	The freehold interest in the property located at An den Dieken 94, 40885 Ratingen, Germany
<b>Latest Practicable Date</b>	:	29 July 2019, being the latest practicable date prior to the issuance of this Circular
<b>Listing Manual</b>	:	The Listing Manual of the SGX-ST
<b>Long Stop Date</b>	:	The date falling six months from the date of the EGM
<b>Manager</b>	:	Frasers Logistics & Industrial Asset Management Pte. Ltd., as manager of FLT
<b>MAS</b>	:	Monetary Authority of Singapore
<b>Master Property Management Agreement</b>	:	The master property management agreement dated 17 June 2016 entered into between the Trustee, the Manager and Frasers Property Corporate Services Pte. Ltd. (formerly known as FCL Management Services Pte. Ltd.) in respect of properties of FLT located outside of Australia
<b>Meppel Acquisition</b>	:	The acquisition of Mandeveld 12, Meppel, the Netherlands
<b>Mühle</b>	:	Mühle Verpackungs-und Dienstleistungs GmbH
<b>NAV</b>	:	Net asset value
<b>Net Property Income</b>	:	Gross Rental Income less property operating expenses

<b>New Australian Properties</b>	:	The three freehold logistics properties in Australia
<b>New Australian Properties Incentive Reimbursement Deed</b>	:	The incentive reimbursement deed in respect of the Avery Dennison & GM Kane and Sons Facility and the incentive reimbursement deed in respect of the Dana & Pinnacle & Licensing Facility
<b>New German Properties</b>	:	The nine freehold logistics properties in Germany
<b>New German Properties Incentive Reimbursement Deeds</b>	:	The incentive reimbursement deed in respect of the Amor & Mühle Facility and Bosch Facility and the incentive reimbursement deed in respect of the Kentner Facility
<b>New Properties</b>	:	The New German Properties and the New Australian Properties
<b>New Properties Appraised Value</b>	:	The aggregate of the higher of the two independent valuations of each New Property conducted by the Independent Valuers
<b>New Properties FY2018 Management Accounts</b>	:	The management accounts for the Hermes Berlin Facility, which was acquired on 1 March 2018, for a period of 214 days, the management accounts for the Hermes Augsburg Facility, which was acquired on 1 April 2018, for a period of 183 days and the management accounts for the Kentner Facility, the Amor & Mühle Facility, the Callius & WEG & GILOG Facility and the Keramag & VCK Facility, which were acquired on 1 July 2018, for a period of 92 days
<b>NTA</b>	:	Net tangible assets
<b>Occupied</b>	:	<p>In respect of the Rental Support Deed, means under an approved lease or an approved agreement for lease which has been executed by the tenant and FLT Queensland No. 4 in relation to the whole of the Vacant Unit of the FDM Facility, starting from the earlier of:</p> <p>(a) the actual commencement date of the approved lease under the Rental Support Deed; and</p> <p>(b) the date on which an approved lease would have commenced but for any termination of the relevant approved agreement for lease by reason of the default of FLT Queensland No.4, but excluding where that default is caused by FPAHL failing to comply with its obligations under the Rental Support Deed or that approved agreement for lease.</p>
<b>Ordinary Resolution</b>	:	A resolution proposed and passed as such by a majority of votes being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed

<b>Property Companies (each a Property Company)</b>	:	The 10 property companies which hold the freehold interests in the New German Properties and the fixtures in respect of two of the New German Properties
<b>Property Funds Appendix</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
<b>Property Purchase Price</b>	:	The agreed purchase price for the New Properties of approximately A\$644.7 million (approximately S\$612.5 million), which is based on 100% interest in each of the New Properties
<b>Proposed Acquisition</b>	:	The acquisition by FLT of the New Properties
<b>Proxy Form</b>	:	The instrument appointing a proxy or proxies
<b>Purchase Consideration</b>	:	The Asset Purchase Consideration and the Share Purchase Consideration
<b>Q1 2019</b>	:	First quarter of 2019
<b>Q4 2018</b>	:	Fourth quarter of 2018
<b>recoverable outgoings</b>	:	Outgoings payable in relation to a New Property (e.g. council rates and charges) that are charged to the tenants of the New Properties in accordance with the terms of their lease or (as the case may be) agreement for lease. Such recoverable outgoings may include costs in relation to cleaning or the provision of security
<b>Rental Support Deed</b>	:	The rental support deed in respect of the Vacant Unit of the FDM Facility
<b>REIT</b>	:	Real estate investment trust
<b>Related Party Transactions</b>	:	Interested Person Transactions and Interested Party Transactions
<b>ROFR</b>	:	Right of first refusal
<b>Sandstone Place Divestment</b>	:	The divestment of 50% interest in 99 Sandstone Place, Parkinson, Queensland, Australia
<b>Settlement Date</b>	:	In respect of the Asset Sale and Purchase Agreements, means the date on which settlement of the sale and purchase of a New Australian Property occurs
<b>SFA</b>	:	Securities and Futures Act (Chapter 289 of Singapore)
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited

<b>Share Purchase Agreement</b>	:	The conditional share purchase agreement dated 2 July 2019 entered into between the German Vendors and FLT Europe in respect of the New German Properties
<b>Share Purchase Consideration</b>	:	The share purchase consideration payable to the German Vendors in respect of the Holding Companies (which ultimately holds freehold interests in the New German Properties and interests in the fixtures in two of the New German Properties) under the Share Purchase Agreement
<b>South Park Drive Divestment</b>	:	The divestment of 63-79 South Park Drive, Dandenong South, Victoria, Australia
<b>sq m or m<sup>2</sup></b>	:	Square metres
<b>Substantial Unitholder</b>	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue
<b>Sub-Trust Trustee</b>	:	FLT Queensland No. 3, as trustee of Wayne Gross Drive Trust B, FLT Queensland No. 4, as trustee of Hanson Place Trust A, and FLT Landowner, as trustee of Hudson Court Trust B
<b>TCC Group</b>	:	The companies and entities in the TCC Group which are controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi
<b>TCCGI</b>	:	TCC Group Investments Limited
<b>Tenant Payments</b>	:	All rents, levies, fees and other money which under the terms of the Tenancies (as defined in the Asset Sale and Purchase Agreements), a tenant is liable to pay or reimburse to the respective Australian Vendor as landlord or licensor, whether payable before or after the Settlement Date and includes: (a) any licence fees and fees payable for car parking spaces; (b) any amounts payable in respect of electricity, gas and other power charges; and (c) money payable as contributions for operating expenses in relation to the Building or otherwise in payment of a tenant's proportion of Outgoings (as defined in the Asset Sale and Purchase Agreements), but excludes: (d) the tenant's Statutory Outgoings (as defined in the Asset Sale and Purchase Agreements); (e) capitalised payments which a tenant is liable to pay or reimburse to the respective Australian Vendor before Settlement Date, including amounts for reimbursement for fitout costs and damages payable for a breach of a Tenancy; and (f) GST (as defined in the Asset Sale and Purchase Agreements) on those amounts
<b>Total Transaction Cost</b>	:	The total cost of the Proposed Acquisition
<b>Trustee</b>	:	Perpetual (Asia) Limited, in its capacity as trustee of FLT



<b>Trust Deed</b>	:	The trust deed dated 30 November 2015 (as amended, restated and supplemented) constituting FLT
<b>Unitholder</b>	:	Unitholder of FLT
<b>Units</b>	:	Units in FLT
<b>Urbis</b>	:	Urbis Valuations Pty Ltd
<b>Vacant Unit</b>	:	The vacant unit of the FDM Facility
<b>Vendors</b> (each a <b>Vendor</b> )	:	The German Vendors and the Australian Vendors
<b>WALE</b>	:	The weighted average lease expiry as at 31 March 2019 computed through application of Gross Rental Income for the month of March 2019

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a date or time of a day in this Circular shall be a reference to Singapore date and time unless otherwise stated.

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## INDEPENDENT FINANCIAL ADVISER'S LETTER

30 July 2019

The Independent Directors and the Audit, Risk and Compliance Committee  
 Frasers Logistics & Industrial Asset Management Pte. Ltd.  
 (as manager of Frasers Logistics & Industrial Trust (the “**Manager**”))  
 438 Alexandra Road  
 #21-00 Alexandra Point  
 Singapore 119958

Perpetual (Asia) Limited  
 (as trustee of Frasers Logistics & Industrial Trust (the “**Trustee**”))  
 8 Marina Boulevard  
 #05-02 Marina Bay Financial Centre  
 Singapore 018981

Dear Sirs

### THE PROPOSED ACQUISITION OF INTERESTS IN 12 PROPERTIES IN GERMANY AND AUSTRALIA

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*Unless otherwise defined in this Independent Financial Adviser's (“**IFA**”) letter (the “**IFA Letter**”) or the context otherwise requires, all terms defined in the Circular (the “**Circular**”) dated 30 July 2019 to unitholders of Frasers Logistic & Industrial Trust (the “**Unitholders**”) shall have the same meaning herein.*

#### 1. INTRODUCTION

This IFA Letter to the independent directors of the Manager (the “**Independent Directors**”), the audit, risk and compliance committee of the Manager (the “**Audit, Risk and Compliance Committee**”), and the Trustee has been prepared for inclusion in the Circular to be issued by the Manager, in its capacity as manager of Frasers Logistics & Industrial Trust (“**FLT**”), in connection with the proposed acquisition of interests in 12 properties in Germany and Australia (the “**Proposed Acquisition**”).

This letter sets out the factors considered by PricewaterhouseCoopers Corporate Finance Pte Ltd (“**PwCCF**”) in relation to the Proposed Acquisition, our recommendations issued pursuant to Rule 921(4)(a) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) as well as to the Independent Directors, the Audit, Risk and Compliance Committee, and the Trustee and our opinion thereon, which shall form part of the Circular. The Circular and the letter from the directors of the Manager (the “**Directors**”) to the Unitholders (the “**Letter to Unitholders**”) will provide, *inter alia*, details of the Proposed Acquisition and the recommendation(s) of the Independent Directors in relation to the Proposed Acquisition, having considered PwCCF's advice in this IFA Letter.

## 1.1. Background

Listed on 20 June 2016, FLT is a Singapore real estate investment trust (“**REIT**”) established with the investment strategy (the “**FLT Investment Strategy**”) of principally investing globally, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are predominantly used for logistics or industrial purposes<sup>1</sup>, whether wholly or partially, as well as such industrial<sup>2</sup> real estate-related assets in connection with the foregoing.

The Sponsor, Frasers Property Limited (“**FPL**” or the “**Sponsor**”) is a multi-national company that develops, owns and manages a diverse, integrated portfolio of properties. Listed on the Mainboard of the SGX-ST and headquartered in Singapore, FPL and its subsidiaries (the “**FPL Group**”) have total assets of approximately S\$33.2 billion as at 31 March 2019.

On 2 July 2019, FLT, through FLT Europe B.V. (“**FLT Europe**”) <sup>3</sup>, entered into a conditional share purchase agreement (the “**Share Purchase Agreement**”) with Frasers Property Investments (Europe) B.V. (“**FPIE**”), FPE Investments RE11 B.V. (“**FPE11**”) and FPE Investments RE12 B.V. (“**FPE12**”) (collectively, the “**German Vendors**”) to acquire the equity interests in 10 property holding companies<sup>4</sup> (each a “**Property Company**” and collectively, the “**Property Companies**”) which hold interests in nine freehold logistics properties located in Germany (the “**New German Properties**”). The acquisition of the New German Properties through the acquisition of the equity interests in the Property Companies shall hereinafter be referred to as the “**German Properties Acquisition**”.

On 2 July 2019, FLT, through the Sub-Trust Trustees<sup>5</sup> acting as trustees respectively of sub-trusts wholly-owned by FLT, entered into three asset sale and purchase agreements (each an “**Asset Sale and Purchase Agreement**”, collectively the “**Asset Sale and Purchase Agreements**”) to acquire three freehold logistics properties<sup>6</sup> located in Australia (the “**New Australian Properties**”, and together with the New German Properties, the “**New Properties**”) from Australand C&I Land Holdings Pty Ltd (“**Australand C&I Trustee**”) as trustee of the Australand C&I Land Holdings (Eastern Creek Stage 4 No. 1) Trust, Australand Property Holdings Pty Limited as trustee of FPT (Keysborough No. 6 Trust) and Australand C&I Land Holdings Pty Ltd (“**Australand C&I**”) (collectively, the “**Australian Vendors**”, and together with the German Vendors, the “**Vendors**”) (the “**Australian Properties Acquisition**”, and together with the German Properties Acquisition, the “**Proposed Acquisition**”).

The agreed property purchase price<sup>7</sup> for the New Properties is approximately A\$644.7 million (approximately S\$612.5 million) (the “**Property Purchase Price**”) being the aggregate of:

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- <sup>1</sup> Such real estate assets used for “**logistics**” or “**industrial**” purposes also include office components ancillary to the foregoing purposes.
  - <sup>2</sup> References to real estate assets used for “**industrial**” purposes in this IFA Letter means real estate assets used for “**industrial**” or “**logistics**” purposes interchangeably.
  - <sup>3</sup> FLT Europe is an indirect wholly-owned subsidiary of FLT.
  - <sup>4</sup> One of the Property Companies, BV Maschinen GmbH, is a holding company which holds the fixtures of two of the New German Properties.
  - <sup>5</sup> The “**Sub-Trust Trustees**” refer to FLT Queensland No 3 Pty Limited (“**FLT Queensland No. 3**”) as trustee of Wayne Goss Drive Trust B, FLT Queensland No 4 Pty Limited (“**FLT Queensland No. 4**”) as trustee of Hanson Place Trust A and FLT Landowner Pty Limited (“**FLT Landowner**”) as trustee of Hudson Court Trust B.
  - <sup>6</sup> The relevant Sub-Trust Trustee will be acquiring 100% interest in each of the three New Australian Properties.
  - <sup>7</sup> Based on a 100% effective interest.

- (i) for the New German Properties, approximately €320.3 million (approximately A\$519.2 million and approximately S\$493.3 million); and
- (ii) for the New Australian Properties, approximately A\$125.5 million (approximately S\$119.2 million).

The appraised value for the New Properties (the “**New Properties Appraised Value**”), being the aggregate of the higher of the two independent valuations of each New Property conducted by the Independent Valuers (as defined in the Circular) as at 15 June 2019, is approximately A\$651.4 million (approximately S\$618.8 million).<sup>1</sup> The Property Purchase Price which takes into account the independent valuations conducted by the Independent Valuers, represents a discount of approximately 1.0% to the New Properties Appraised Value and a discount of approximately 0.4% to the aggregate of the two independent valuations of each New Property.

The purchase consideration payable under the Share Purchase Agreement (the “**Share Purchase Consideration**”) of approximately €235.4 million (approximately A\$381.7 million and approximately S\$362.6 million) is based on:

- (i) the Property Purchase Price of approximately €320.3 million (approximately A\$519.2 million and approximately S\$493.3 million) for the New German Properties which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations described herein and the effective interests in the Property Companies that FLT will be acquiring, as adjusted for the estimated aggregate net assets and liabilities of the Property Companies<sup>2</sup> (including their existing debt facilities amounting to approximately €73.7 million<sup>3</sup> (approximately A\$119.5 million and approximately S\$113.5 million)) (the “**Existing Debt Facilities**”) (subject to further post-completion adjustments based on the actual aggregate net assets and liabilities of the Property Companies at completion of the Proposed German Acquisition); and
- (ii) the amount of inter-company loans<sup>4</sup> owing by the Property Companies to the German Vendors as at completion of the Proposed Acquisition (the “**Inter-Company Loans**”) to be assigned to FLT Europe.

The assets sale and purchase consideration payable under the Asset Sale and Purchase Agreements (the “**Asset Purchase Consideration**”) of approximately A\$125.5 million (approximately S\$119.2 million) is based on the Property Purchase Price for the New Australian Properties.

The aggregate of the Share Purchase Consideration and the Asset Purchase Consideration (collectively, the “**Purchase Consideration**”) is approximately A\$507.2 million (approximately S\$481.8 million).

Under the incentive reimbursement deed in respect of the Amor & Mühle Facility (as defined in the Circular) and the Bosch Facility (as defined in the Circular) (the “**Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed**”), the incentive reimbursement deed in respect of the Kentner Facility (as defined in the Circular) (the “**Kentner Facility Incentive**”

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<sup>1</sup> The New Properties Appraised Value takes into account the effects of the Incentive Reimbursement Deeds and Rental Support Deed (as defined herein).

<sup>2</sup> Based on the estimated financial statements of the Property Companies as at 31 August 2019.

<sup>3</sup> The Hermes Augsburg Facility, the EDEKA Facility, the Kentner Facility, the Amor & Mühle Facility and the Keramag & VCK Facility (each as defined herein) have existing debt.

<sup>4</sup> Based on the estimated outstanding Inter-Company Loans as at 31 August 2019.

**Reimbursement Deed**) (together with the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed, the **“New German Properties Incentive Reimbursement Deeds”**), the incentive reimbursement deed in respect of the Avery Dennison & GM Kane and Sons Facility (as defined in the Circular) (the **“Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed”**) and the incentive reimbursement deed in respect of the Dana & Pinnacle & Licensing Facility (as defined in the Circular) (the **“Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed”**), and together with the Avery Dennison & GM Kane and Sons Incentive Reimbursement Deed, the **“New Australian Properties Incentive Reimbursement Deeds”**, and collectively with the New German Properties Incentive Reimbursement Deeds, the **“Incentive Reimbursement Deeds”**), the respective Vendors will be reimbursing<sup>1</sup> FLT Europe or the relevant Property Company as FLT Europe may elect, and the relevant Sub-Trust Trustee for incentives (for example, rent abatement) which the Vendor or, as the case may be, relevant Property Company has made available or agreed to grant to the respective tenant of the Amor & Mühle Facility, the Bosch Facility, the Kentner Facility, the Avery Dennison & GM Kane and Sons Facility and the Dana & Pinnacle & Licensing Facility as part of the relevant Vendor or, as the case may be, Property Company’s costs and obligations.

In connection with the Australian Properties Acquisition, FLT had on 2 July 2019, through FLT Queensland No. 4, as trustee of Hanson Place Trust A, entered into the rental support deed (the **“Rental Support Deed”**) in respect of the Vacant Unit (as defined in the Circular) of the FDM Facility with Frasers Property AHL Limited (**“FPAHL”**), pursuant to which FPAHL has agreed to provide rental support.

Under the Rental Support Deed, FPAHL will pay FLT Queensland No. 4 an amount equivalent to a net rent of A\$120 per m<sup>2</sup> of lettable area per annum for the Vacant Unit of the FDM Facility (increased annually by 3.0%) for a period of five years (the **“Guaranteed Amount”**) or until the Vacant Unit is leased, whichever is earlier. If a lease agreement for the Vacant Unit of the FDM Facility from the completion of the acquisition of the FDM Facility is entered into but the rent amount payable is less than the Guaranteed Amount, FPAHL must pay FLT Queensland No 4 an amount which is equivalent to the shortfall by monthly instalments from the date of commencement of the lease. The obligations of FPAHL and amounts payable under the Rental Support Deed are the Guaranteed Amount and the recoverable outgoings that FLT Queensland No 4 would have received during the period in which the arrangements under the Rental Support Deed are valid. The Rental Support Deed is also subject to a Capitalised Payment (as defined in the Circular) which may result in adjustments to the total amount paid in respect of the FDM Facility based on the actual lease agreement entered into for the Vacant Unit of the FDM Facility.<sup>2</sup>

The Manager intends to finance the Total Transaction Cost from a combination of equity and debt financing with the final debt/equity proportions to be decided at a later stage by the Manager.

As part of the Proposed Acquisition, FLT intends to grow its presence in both Germany and Australia. This is in line with the current FLT Investment Strategy of principally investing globally, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are predominantly used for logistics or industrial purposes, whether wholly or partially, as well as such industrial real estate-related assets in connection with the foregoing, as set out above.

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<sup>1</sup> The total amount of incentive reimbursement is approximately 0.8% of the Property Purchase Price as at completion of the Proposed Acquisition.

<sup>2</sup> See paragraph 2.11 of the Letter to Unitholders for more details on the calculation of the Capitalised Payment.

While FLT will hold the properties it acquires on a long-term basis, the Manager may, subject to applicable laws and regulations, divest properties of FLT to realise their optimal market potential and value if options present themselves which the Manager considers to be in the interests of Unitholders.

We understand that the Manager is convening an extraordinary general meeting (“**EGM**”) of FLT to seek the approval of Unitholders by way of an Ordinary Resolution<sup>1</sup> in respect of the Proposed Acquisition (as an Interested Person Transaction and an Interested Party Transaction).

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<sup>1</sup> “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

## 1.2. Requirement for Unitholders' Approval

### **Interested Person Transactions and Interested Party Transactions (collectively, "Related Party Transactions")**

As at 29 July 2019, being the latest practicable date prior to the issuance of this Circular (the "**Latest Practicable Date**"), the FPL Group holds an aggregate direct and indirect interest in 429,729,337 Units, which is equivalent to approximately 21.20% of the total number of Units in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling unitholder" of FLT for the purposes of both the Listing Manual and the Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**MAS**" and Appendix 6, the "**Property Funds Appendix**"). In addition, as the Manager is a wholly-owned subsidiary of FPL, the FPL Group is therefore regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix.

As each of FPIE, FPE11, FPE12, Australand C&I Trustee, Australand Property and Australand C&I, being the Vendors, is an indirect subsidiary of FPL, for the purposes of Chapter 9 of the Listing Manual and paragraph 5 of the Property Funds Appendix, each of the Vendors (being a subsidiary of a "controlling unitholder" of FLT and a subsidiary of a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" of FLT and (for the purposes of the Property Funds Appendix) an "interested party" of FLT.

Therefore, (i) the entry by FLT Europe into the Share Purchase Agreement and the Deed of Indemnity, (ii) the entry by the Sub-Trust Trustees into the Asset Sale and Purchase Agreements, (iii) the entry by FLT Europe, FLT Queensland No. 3 and FLT Landowner into the Incentive Reimbursement Deeds and (iv) the entry by FLT Queensland No. 4 into the Rental Support Deed will constitute Interested Person Transactions under Chapter 9 of the Listing Manual, as well as Interested Party Transactions under the Property Funds Appendix.

(See paragraph 3 of the Letter to Unitholders for further details.)

Given that the Purchase Consideration is approximately A\$507.2 million (approximately S\$481.8 million) (which is 26.4% of both the latest audited net tangible assets ("**NTA**") and the net asset value ("**NAV**") of FLT as at 30 September 2018), the value of the Proposed Acquisition exceeds 5.0% of the NTA and the NAV of FLT. Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Proposed Acquisition.

Pursuant to Chapter 9 of the Listing Manual, it is in this context that PwCCF has been appointed as IFA to the Independent Directors, the Audit, Risk and Compliance Committee and the Trustee, to provide an opinion as to whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of FLT and its minority Unitholders.

Detailed information on the Proposed Acquisition is set out in Sections 2 to 6 of the Letter to Unitholders.

**We recommend that the Independent Directors advise Unitholders to read the aforementioned sections carefully.**



## 2. TERMS OF REFERENCE

PwCCF has been appointed as the IFA as required under Listing Rule 921(4)(a) as well as to provide an opinion to the Independent Directors, the Audit, Risk and Compliance Committee and the Trustee on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of FLT and its minority Unitholders.

In line with the above stated objective, we have limited our evaluation to the terms of the Proposed Acquisition and have not considered legal, strategic, commercial, financial and tax merits and/or risks. We are not involved or responsible in any aspect, of the negotiations in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors in connection with the Proposed Acquisition. We do not, by this IFA Letter, make any representation or warranty in relation to the commercial risks or merits of the Proposed Acquisition, including comparison to any alternative transactions previously considered by FLT or in the future.

We do not, by this IFA Letter or otherwise, advise or form any judgement on the legal, strategic, commercial, financial and tax merits and/or risks of the Proposed Acquisition. All such evaluations, advice, judgements or comments remain the sole responsibility of the management of the Manager ("**Management**"), the Directors and their advisors. We may however, draw upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

In the course of our evaluation, we have held discussions with the Management and the Directors. We have also examined and relied on information in respect of FLT collated by us, as well as information provided and representations and assurances made to us, both written and verbal, provided by the aforementioned parties. We have not independently verified such information or any representation or assurance, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not warrant or accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made reasonable enquiries and exercised our judgment on the reasonable use of such information, representation or assurance, and have found no reason to doubt the accuracy or reliability of such information, representation or assurance.

We have relied upon the assurance that the Directors have collectively and individually accepted full responsibility for the accuracy of the information in the Circular, and have made all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition. The Management and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. The foregoing is as set out in Section 13 of the Circular titled "Directors' Responsibility Statement".

We have not conducted a comprehensive review of the business, operations and financial condition of FLT and/or the New Properties. We have also not made an independent evaluation or appraisal of the assets and liabilities of FLT and/or the New Properties. However, we have been furnished with the independent valuation reports of CBRE Limited ("**CBRE**"), Colliers International Valuation UK LLP ("**Colliers UK**"), CIVAS (VIC) Pty Ltd ("**Colliers AU**") and Urbis Valuations Pty Ltd ("**Urbis**", and together with CBRE, Colliers UK and Colliers AU, the "**Independent Valuers**") commissioned by the Manager and the Trustee, and issued by the Independent Valuers in connection with the market value (the "**Market Value**") of the New Properties as at 15 June 2019 (the "**Valuation Date**", and the reports, the "**Valuation**

**Reports<sup>37</sup>**). We are not experts and do not regard ourselves to be experts in the valuation of the New Properties, and we have taken into consideration the Valuation Reports prepared by the Independent Valuers.

FLT has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not and will not provide any advice in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied upon by us as described in the Circular (other than this IFA Letter).

We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should take note of any announcements relevant to their consideration of the Proposed Acquisition, which may be released by FLT and other sources after the Latest Practicable Date.

In preparing this IFA Letter, we have not had regard to the specific investment objectives, financial situations, tax positions and/or unique needs and constraints of any individual Unitholder. As each Unitholder may have different investment objectives and considerations, we advise the Independent Directors to recommend that any individual Unitholder who may require specific advice in relation to his Unit(s) should consult his own stockbroker, bank manager, solicitor, accountant or other professional advisers.

Our opinion in this IFA Letter is required under Listing Rule 921(4)(a) as well as addressed to and for the use and benefit of the Independent Directors, the Audit, Risk and Compliance Committee and the Trustee in their evaluation of whether the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of FLT and its minority Unitholders. While a copy of this letter may be reproduced in the Circular, the statements and/or recommendations made by the Independent Directors and the Audit, Risk and Compliance Committee shall remain the responsibility of the Independent Directors and the Audit, Risk and Compliance Committee.

**Our opinion in relation to the above should be considered in the context of the entirety of this IFA Letter and the Circular.**

### 3. SALIENT INFORMATION ON THE PROPOSED ACQUISITION

Detailed information on the Proposed Acquisition is set out in Sections 2 to 6 of the Letter to Unitholders of the Circular. We recommend that the Independent Directors advise the Unitholders to read carefully the abovementioned sections carefully.

We set out below the reproduced salient information on the Proposed Acquisition

*On 2 July 2019, FLT, through FLT Europe, entered into the Share Purchase Agreement with the German Vendors, namely, FPIE, FPE11 and FPE12, to acquire certain of the equity interests in 10 Property Companies which own the New German Properties.*

*On 2 July 2019, FLT, through the Sub-Trust Trustees acting as trustees respectively of sub-trusts wholly-owned by FLT, entered into the three Asset Sale and Purchase Agreements to acquire the New Australian Properties from the Australian Vendors, being Australand C&I Trustee, Australand Property and Australand C&I.*

*The Proposed Acquisition is expected to be completed by end August 2019, subject to conditions of the Proposed Acquisition being met.*

#### 3.1. Valuation and Purchase Consideration

*The Trustee has commissioned an independent valuer, Colliers UK, and the Manager has commissioned an independent valuer, CBRE, to respectively value the New German Properties. The Trustee has also commissioned an independent valuer, Colliers AU, and the Manager has commissioned an independent valuer, Urbis, to respectively value the New Australian Properties.*

*The Purchase Consideration payable to the Vendors is approximately A\$507.2 million (approximately S\$481.8 million). The Share Purchase Consideration is based on (i) the Property Purchase Price of the New German Properties which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations described herein and the effective interests in the Property Companies that FLT will be acquiring, as adjusted for the estimated aggregate net assets and liabilities of the Property Companies (including their Existing Debt Facilities amounting to approximately €73.7 million (approximately A\$119.5 million and approximately S\$113.5 million (subject to further post-completion adjustments based on the actual aggregate net assets and liabilities of the Property Companies at completion of the German Properties Acquisition)) and (ii) the Inter-Company Loans to be assigned to FLT Europe. The Asset Purchase Consideration is based on the Property Purchase Price for the New Australian Properties.*

*The New Properties Appraised Value, which is the aggregate of the higher of the two independent valuations of each New Property conducted by the Independent Valuers as at 15 June 2019, is approximately A\$651.4 million (approximately S\$618.8 million).<sup>1</sup> The aggregate Property Purchase Price of the New Properties of approximately A\$644.7 million (approximately S\$612.5 million) represents a discount of approximately 1.0% to the New Properties Appraised Value and a discount of approximately 0.4% to the aggregate of the average of the two independent valuations of each New Property.*

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<sup>1</sup> The New Properties Appraised Value takes into account the effects of the Incentive Reimbursement Deeds and the Rental Support Deed.

### **3.2. Estimated Total Transaction Cost**

The estimated Total Transaction Cost is approximately A\$530.4 million (approximately S\$503.9 million), comprising:

- (i) the Purchase Consideration of approximately A\$507.2 million (approximately S\$481.8 million), comprising of the Share Purchase Consideration of approximately €235.4 million (approximately A\$381.7 million and approximately S\$362.6 million) and the Asset Purchase Consideration of approximately A\$125.5 million (approximately S\$119.2 million);
- (ii) the Acquisition Fee, which amounts to approximately A\$3.1 million<sup>1</sup> (approximately S\$2.9 million); and
- (iii) the estimated professional and other fees and expenses incurred or to be incurred by FLT in connection with the Proposed Acquisition (inclusive of approximately A\$7.3 million (approximately S\$6.9 million) of stamp duty arising from the Australian Properties Acquisition) of approximately A\$20.1 million (approximately S\$19.2 million).

### **3.3. Payment of Acquisition Fee in Units**

As the Proposed Acquisition will constitute an “interested party transaction” under Paragraph 5 of the Property Funds Appendix, the Acquisition Fee<sup>2</sup> payable to the Manager in respect of the Proposed Acquisition will be in the form of Acquisition Fee Units, which shall not be sold within one year from the date of issuance.

### **3.4. Principal Terms of the Share Purchase Agreement**

In connection with the German Properties Acquisition, FLT had on 2 July 2019, through FLT Europe, entered into the Share Purchase Agreement with the German Vendors to acquire certain of the shares of the Property Companies which in turn hold freehold interests in the New German Properties and fixtures in respect of two New German Properties<sup>3</sup>.

The principal terms of the Share Purchase Agreement include, among others, the following:

- (a) the completion of the German Properties Acquisition is subject to the satisfaction of certain conditions precedent, which include (i) the Manager obtaining the approval of the Unitholders at the EGM, (ii) the Manager procuring financing for the German Properties Acquisition and (iii) the transfer of fixtures in BV Maschinen GmbH which are not in relation to the Amor & Mühle Facility and the Keramag & VCK Facility;
- (b) on completion of the Proposed Acquisition, FLT Europe shall pay an initial consideration sum to the German Vendors, which is calculated in accordance with the Share Purchase Agreement and based on the quantum of the NAV reflected in a pro forma consolidated balance sheet of each of the Target Companies and the Inter-Company Loans, made up to

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<sup>1</sup> The Acquisition Fee is 0.5% of the Property Purchase Price of the New Properties (in proportion to the effective interest which FLT will hold in each of the New Properties), and will only be paid on completion of the acquisition of the New Properties.

<sup>2</sup> Based on the Trust Deed, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the issue price of Units issued to finance or part finance the Proposed Acquisition in respect of which the Acquisition Fee is payable.

<sup>3</sup> The New Properties will be acquired subject to pre-existing encumbrances pursuant to the Existing Debt Facilities.

*the date of completion of the German Properties Acquisition based on the German Vendors' best estimates;*

- (c) *if, at any time prior to completion of the German Properties Acquisition, any one or more of the New German Properties is/are materially damaged<sup>1</sup> (i) either party to the Share Purchase Agreement may terminate the agreement (save for provisions stated in the Share Purchase Agreement to survive termination of the agreement) by giving notice in writing to the other party to the Share Purchase Agreement whereupon each party to the Share Purchase Agreement shall bear their own solicitors' costs in the matter and neither shall have any claim or demand against the other for damages, costs or otherwise; or (ii) both FLT Europe and the relevant Vendor shall co-operate and discuss on the mechanism to exclude the materially damaged New German Property or New German Properties, or the Property Companies which hold the materially damaged New German Property or New German Properties, as the case may be, and proceed with the German Properties Acquisition, in which case the parties to the Share Purchase Agreement shall in good faith discuss and make adjustments to the Share Purchase Consideration payable and the Vendors shall take the necessary steps to effect the restructuring, such steps to be completed as soon as reasonably practicable and in any event on or before the date falling six months from the date of the EGM (the "Long Stop Date") or, subject to applicable laws, regulations and the Property Funds Appendix, such other date as the parties to the Share Purchase Agreement may mutually agree in writing;*
- (d) *if, at any time prior to completion of the German Properties Acquisition, any one or more of the New German Properties is damaged, but not materially damaged, then neither party to the Share Purchase Agreement may on that account terminate the Share Purchase Agreement but the Vendors shall procure the relevant Property Company to forthwith reinstate such New German Property to its state and condition before the event of damage. Any unpaid costs and expenses for any reinstatement works, to the extent that they are not recoverable from insurances, shall be paid by the Vendors to each of the Property Companies, and all reinstatement works shall be completed prior to completion of the German Properties Acquisition or if that is not possible, as soon as practicable after completion of the German Properties Acquisition;*
- (e) *if, at any time prior to completion of the German Properties Acquisition, there is any change in the law (including subordinate legislation) or proposed change in the law (including subordinate legislation) with retroactive effect in relation to the transactions contemplated under the Share Purchase Agreement that materially increases either party's liabilities in relation to the transactions contemplated under the Share Purchase Agreement materially, FLT Europe or the relevant Vendor (as the case may be), may, in its sole discretion, choose to (i) terminate the agreement (save for provisions stated in the Share Purchase Agreement to survive termination of the agreement) by giving notice in writing to the Vendors or FLT Europe (as the case may be) whereupon each party to the*

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<sup>1</sup> "materially damaged" means, in respect of any of the New German Properties, that there is damage to the New Property or any part of such New German Property (i) which, either singly or in aggregate, causes, or will cause, results or will result in, the Gross Rental Income for the relevant calendar month falling by 10.0% or more of the Gross Rental Income for the full calendar month prior to the date of the Share Purchase Agreement, (ii) which, either singly or in aggregate, is such that the aggregate cost of reinstatement and repair of the damaged part of such New German Property is more than 10.0% of the Property Purchase Price or (iii) which, either singly or in aggregate, is such that more than 10.0% of the aggregate lettable area of the New German Properties is destroyed or rendered unusable for a period exceeding six months.

*Share Purchase Agreement shall bear their own solicitors' costs in the matter and neither shall have any claim or demand against the other for damages, costs or otherwise; or (ii) co-operate with the Vendors or FLT Europe (as the case may be) and discuss on possible amendments to the transactions contemplated in the Share Purchase Agreement in order to reduce the liabilities to FLT Europe or the Vendors (as the case may be) resulting from the transactions contemplated in the Share Purchase Agreement to an amount comparable to its liabilities before such change, and proceed with the German Properties Acquisition, in which case the parties to the Share Purchase Agreement shall in good faith discuss and make any necessary adjustments to the Share Purchase Consideration payable and the parties to the Share Purchase Agreement shall take the necessary steps to effect the amendments, such steps to be completed as soon as reasonably practicable and in any event on or before the Long Stop Date or, subject to applicable laws, regulations and the Property Funds Appendix, such other date as the parties to the Share Purchase Agreement may mutually agree in writing. The parties to the Share Purchase Agreement shall use reasonable best efforts in discussing the possible amendments; and*

- (f) *certain limited representations and warranties are made by the Vendors including in relation to the capacity of the Vendors, information disclosed, legal matters, title to the New German Properties and other matters in relation to the relevant New German Properties.*

*Claims under the indemnities and for breach of warranties are subject to a cap on liability. Claims for breach of tax-related indemnities must be made within five years of the end of the year of assessment in which the completion of the German Properties Acquisition falls and claims for breach of all other warranties and other indemnities (save for an indemnity in relation to leases at the New Properties) must be made within 18 months after the completion of German Properties Acquisition. The amount of a claim (together with the aggregate amount of any previous claims in respect of a breach of the warranties or the Vendor's obligations under the Share Purchase Agreement and claims under indemnities, which may be in respect of different subject matters) must be equal to or greater than €32,000 and the maximum aggregate liability of the Vendors (subject to certain excepted claims in respect of which there shall be no limitation as regards the Vendor's liability) in respect of all claims (which shall include breach of warranties and claims under the indemnities (for example, under the tax-related indemnities)) must not exceed the Share Purchase Consideration.*

### **3.5. Principal Terms of the Deed of Indemnity**

*FLT Europe will also enter into the Deed of Indemnity with FPIE pursuant to which FPIE will, or will procure the relevant German Vendor to, among others, indemnify FLT Europe (on behalf of FLT) or the Property Companies (at FLT Europe's election) against any claim for taxation (a) in respect of or arising from any transaction effected or deemed to have been effected on or before completion under the Share Purchase Agreement; (b) by reference to any income, profits or gains earned, accrued or received on or before completion under the Share Purchase Agreement; (c) in relation to the waiver and/or settlement of any loans between any of the Property Companies and any subsidiary or direct or indirect holding company of each of the German Vendors and any other subsidiary of that holding company which had been entered into prior to completion under the Share Purchase Agreement; and (d) in relation to the payment and/or settlement of any payables, between any of the Property Companies and any subsidiary or direct or indirect holding company of each of the German Vendors and any other subsidiary of that holding company, prior to completion under the Share Purchase Agreement.*

The above indemnities are subject to the limitations of liability set out in the Share Purchase Agreement (see paragraph 2.6 above of this Letter to Unitholders which sets out the material limitations of liability in the Share Purchase Agreement).

### **3.6. Principal Terms of the New German Properties Incentive Reimbursement Deeds<sup>1</sup>**

#### **3.6.1. The Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed**

Under the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed, FPE11 will be reimbursing FLT Europe or the relevant Property Company as FLT Europe may elect for incentives (for example, rent abatement) which FPE11 has made available or agreed to the tenant of the Amor & Mühle Facility and Bosch Facility respectively as part of FPE11's costs and obligations, in accordance with the following terms, among others:

- (a) if Al Gewerbepark Obertshausen GmbH or Al Gewerbepark Tamm GmbH is required to pay an incentive amount under the terms of the relevant existing lease agreement, FLT Europe must provide FPE11 with a monthly statement showing the total amount payable for that month (or unpaid amounts from a previous month), and FPE11 must pay FLT Europe or the relevant Property Company as FLT Europe may elect those amounts;
- (b) FPE11 indemnifies FLT Europe against all expenses, losses, damages and costs that FLT Europe and/or Al Gewerbepark Obertshausen GmbH or Gewerbepark Tamm GmbH may suffer if FPE11 breaches the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed;
- (c) the obligations of FPE11 to FLT Europe under the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed for the Amor & Mühle Facility and Bosch Facility shall terminate on the date the last monthly payment is made to FLT Europe so that the incentive amounts payable by FPE11 have been paid in full;
- (d) if the relevant existing lease agreement is terminated, the obligations of FPE11 to pay the incentive amount also terminate on the date of termination of the relevant lease agreement. If Al Gewerbepark Obertshausen GmbH or Gewerbepark Tamm GmbH varies the incentive amount, then the obligations of FPE11 to pay the incentive amount will reduce (if the incentive amount is reduced) but will not increase if the incentive amount is increased; and
- (e) FLT Europe can only assign the benefit of the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed to a person who is the new owner of the Amor & Mühle Facility and Bosch Facility or a person with the benefit of a mortgage or charge registered against the Amor & Mühle Facility and Bosch Facility, and FPE11 agrees to enter into a new document on substantially the same terms as with that person.

The actual amount reimbursable under the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed will be based on the actual tenancies in respect of the relevant Amor & Mühle Facility and Bosch Facility as at the time that the Amor & Mühle Facility and Bosch Facility Incentive Reimbursement Deed takes place.

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<sup>1</sup> Save as disclosed in this paragraph 3.6, there are no incentive reimbursement arrangements in respect of the other New German Properties.

### **3.6.2. The Kentner Facility Incentive Reimbursement Deed**

*Under the Kentner Facility Incentive Reimbursement Deed, FPIE will be reimbursing FLT Europe or the Property Company, FPE Investments RE17 B.V., as FLT Europe may elect for incentives (for example, rent abatement) which FPIE has made available or agreed to the tenant of the Kentner Facility respectively as part of FPIE's costs and obligations, in accordance with the following terms, among others:*

- (a) if FPE Investments RE17 B.V. is required to pay an incentive amount under the terms of the relevant existing lease agreement, FLT Europe must provide FPIE with a monthly statement showing the total amount payable for that month (or unpaid amounts from a previous month), and FPIE must pay FLT Europe or FPE Investments RE17 B.V., as FLT Europe may elect, those amounts;*
- (b) FPIE indemnifies FLT Europe against all expenses, losses, damages and costs that FLT Europe and/or FPE Investments RE17 B.V. may suffer if FPIE breaches the Kentner Facility Incentive Reimbursement Deed;*
- (c) the obligations of FPIE to FLT Europe under the Kentner Facility Incentive Reimbursement Deed for the Kentner Facility terminate on the date the last monthly payment is made to FLT Europe so that the incentive amounts payable by FPIE have been paid in full;*
- (d) if the relevant existing lease agreement is terminated, the obligations of FPIE to pay the incentive amount also terminate on the date of termination of the relevant agreement for lease. If FPE Investments RE17 B.V. varies an incentive amount, then the obligations of FPIE to pay the incentive amount will reduce (if the incentive amount is reduced) but will not increase if the incentive amount is increased; and*
- (e) FLT Europe can only assign the benefit of the Kentner Facility Incentive Reimbursement Deed to a person who is the new owner of the Kentner Facility or a person with the benefit of a mortgage or charge registered against the Kentner Facility, and FPIE agrees to enter into a new document on substantially the same terms as with that person.*

*The actual amount reimbursable under the Kentner Facility Incentive Reimbursement Deed will be based on the actual tenancies in respect of the Kentner Facility as at the time that the Kentner Facility Incentive Reimbursement Deed takes place.*



### 3.7. Principal Terms of the Asset Sale & Purchase Agreements

*In connection with the Australian Properties Acquisition, FLT had on 2 July 2019, through the Sub-Trust Trustees acting as trustees respectively of sub-trusts wholly-owned by FLT, entered into the Asset Sale and Purchase Agreements with the Australian Vendors to acquire the New Australian Properties.*

*The common principal terms of the Asset Sale and Purchase Agreements include, among others, the following:*

- (a) the completion of the Australian Properties Acquisition is subject to the satisfaction of the following conditions precedent, which include (i) the Manager obtaining the approval of the Unitholders at the EGM; and (ii) the Manager procuring financing for the Proposed Acquisition;*
- (b) the respective Australian Vendor is entitled to Tenant Payments<sup>1</sup> and will be liable for all outgoings up to and including the Settlement Date<sup>2</sup> after which the respective Sub-Trust Trustee will be entitled and liable. Tenant Payments which are unpaid at the Adjustment Date<sup>3</sup> for periods current at the Settlement Date are not to be adjusted on the Adjustment Date. The respective Australian Vendor must prepare a statement showing the total of all Tenant Payments and Outgoings and must deliver it to the respective Sub-Trust Trustee within the period of 30 business days following the Settlement Date together with evidence of such amounts; and*
- (c) the parties agree to assist each other after completion to collect these unpaid Tenant Payments and to adjust them as they are collected. The respective Australian Vendor must pay to the respective Sub-Trust Trustee any Tenant Payments the respective Australian Vendor receives for a period after the period current at the Settlement Date, or if not received by settlement, promptly after receiving it. The respective Sub-Trust Trustee must pay to the respective Australian Vendor any Tenant Payments the respective Sub-Trust Trustee receives for a period before the period current at the Settlement Date, promptly after receiving it.*

*Claims for breach of warranties are subject to a cap on liability. Claims for breach of all warranties must be made in writing within 15 months after the Settlement Date and legal proceedings in connection with such breaches must have commenced within 12 months after*

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<sup>1</sup> “**Tenant Payments**” means all rents, levies, fees and other money which under the terms of the Tenancies (as defined in the Asset Sale and Purchase Agreements), a tenant is liable to pay or reimburse to the respective Australian Vendor as landlord or licensor, whether payable before or after the Settlement Date and includes: (a) any licence fees and fees payable for car parking spaces; (b) any amounts payable in respect of electricity, gas and other power charges; and (c) money payable as contributions for operating expenses in relation to the Building or otherwise in payment of a tenant’s proportion of Outgoings (as defined in the Asset Sale and Purchase Agreements), but excludes: (d) the tenant’s Statutory Outgoings (as defined in the Asset Sale and Purchase Agreements); (e) capitalised payments which a tenant is liable to pay or reimburse to the respective Australian Vendor before Settlement Date, including amounts for reimbursement for fitout costs and damages payable for a breach of a Tenancy; and (f) GST (as defined in the Asset Sale and Purchase Agreements) on those amounts.

<sup>2</sup> “**Settlement Date**” means the date on which settlement of the sale and purchase of a New Australian Property occurs.

<sup>3</sup> “**Adjustment Date**” refers to the 30 business days following the Settlement Date.

notice of the claim. The amount of a claim (in respect of a particular matter) must be equal to or greater than A\$50,000 and the maximum aggregate liability of the Vendors in respect of all claims (which shall include breach of warranties) must not exceed the purchase price of the respective New Australian Properties.

### **3.8. Principal Terms of the New Australian Properties Incentive Reimbursement Deeds<sup>1</sup>**

#### **3.8.1. The Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed**

Under the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed, Australand C&I will be reimbursing FLT Queensland No 3 for incentives (for example, rent abatement) which Australand C&I has made available to the tenant of the Avery Dennison & GM Kane and Sons Facility under an existing incentive agreement, in accordance with the following terms, among others:

- (a) If FLT Queensland No. 3 is required to pay an incentive amount under the terms of the incentive agreement, it must provide Australand C&I with a monthly statement showing the total amount payable for that month (or unpaid amounts from a previous month), and Australand C&I must pay FLT Queensland No. 3 those amounts;
- (b) Australand C&I indemnifies FLT Queensland No. 3 against all expenses, losses, damages and costs that FLT Queensland No. 3 may suffer if Australand C&I breaches the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed;
- (c) The obligations of Australand C&I to FLT Queensland No. 3 under the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed for the Avery Dennison & GM Kane and Sons Facility terminate on the date the last monthly payment is made to FLT Queensland No. 3 so that the incentive amounts payable by FLT Queensland No. 3 have been paid in full;
- (d) If the incentive agreement is terminated, the obligations of Australand C&I to pay the incentive amount also terminate on the date of termination of the incentive agreement. If FLT Queensland No. 3 varies an incentive amount, then the obligations of Australand C&I to pay the incentive amount will reduce (if the incentive amount is reduced) but will not increase if FLT Queensland No. 3 agrees to increase the incentive amount; and
- (e) FLT Queensland No. 3 can only assign the benefit of the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed to a person who is the new owner of the Avery Dennison & GM Kane and Sons Facility or a person with the benefit of a mortgage or charge registered against the Avery Dennison & GM Kane and Sons Facility, and Australand C&I agrees to enter into a new document on substantially the same terms as the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed with that person.

The actual amount reimbursable under the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed will be based on the actual tenancies in respect of the relevant Avery Dennison & GM Kane and Sons Facility as at the time that the Avery Dennison & GM Kane and Sons Facility Incentive Reimbursement Deed takes place.

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<sup>1</sup> Save as disclosed in this paragraph 3.8, there are no incentive reimbursement arrangements in respect of the other New Australian Properties.

### **3.8.2. The Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed**

*Under the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed, Australand Property will be reimbursing FLT Landowner for incentives (for example, rent abatement) which Australand Property has made available or agreed to the tenant of the Dana & Pinnacle & Licensing Facility development incentives (for example, fit out contribution, rent abatement or rent credit) as part of Australand Property's costs and obligations, in accordance with the following terms, among others:*

- (a) If FLT Landowner is required to pay an incentive amount under the terms of the works and incentive agreement and relevant agreement for lease, it must provide Australand Property with a monthly statement showing the total amount payable for that month (or unpaid amounts from a previous month), and Australand Property must pay FLT Landowner those amounts. Frasers Property Industrial Constructions Pty Ltd (the "Developer") is only a party to the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed for the purpose of assigning its rights to cease or claw-back certain incentive amounts under the relevant agreement for lease and is under no obligation to pay or reimburse any amount of the incentive amount to FLT Landowner;*
- (b) Australand Property indemnifies FLT Landowner against all expenses, losses, damages and costs that FLT Landowner may suffer if Australand Property breaches the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed;*
- (c) The obligations of Australand Property to FLT Landowner under the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed for the Dana & Pinnacle & Licensing Facility terminate on the date the last monthly payment is made to FLT Landowner so that the incentive amounts payable by FLT Landowner have been paid in full;*
- (d) If the works and incentive agreement or relevant lease agreement is terminated, the obligations of Australand Property to pay the incentive amount also terminate on the date of termination of the incentive agreement. If FLT Landowner varies an incentive amount, then the obligations of Australand Property to pay the incentive amount will reduce (if the incentive amount is reduced) but will not increase if FLT Landowner agrees to increase the incentive amount; and*
- (e) FLT Landowner can only assign the benefit of the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed to a person who is the new owner of the Dana & Pinnacle & Licensing Facility or a person with the benefit of a mortgage or charge registered against the Dana & Pinnacle & Licensing Facility, and Australand Property and the Developer agrees to enter into a new document on substantially the same terms as the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed with that person.*

*The actual amount reimbursable under the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed will be based on the actual tenancies in respect of the relevant Dana & Pinnacle & Licensing Facility as at the time that the Dana & Pinnacle & Licensing Facility Incentive Reimbursement Deed takes place.*

### 3.9. Principal Terms of the Rental Support Deed

The Rental Support Deed has been entered into in respect of the Vacant Unit of the FDM Facility between FPAHL and FLT Queensland No. 4 as trustee of Hanson Place Trust A.

Under the Rental Support Deed, FPAHL will pay FLT Queensland No. 4 the Guaranteed Amount (being an amount equivalent to a net rent of A\$120 per m<sup>2</sup> of lettable area per annum for the Vacant Unit of the FDM Facility (increased annually by 3.0%)) for a period of five years or until the Vacant Unit of the FDM Facility is leased, whichever is earlier. If a lease agreement for the Vacant Unit of the FDM Facility after the completion of the acquisition of the FDM Facility is entered into but the rent amount payable is less than the Guaranteed Amount, FPAHL must pay FLT Queensland No. 4 an amount which is equivalent to the shortfall by monthly instalments from the date of commencement of the lease. The obligations of FPAHL and amounts payable under the Rental Support Deed are the Guaranteed Amount and the recoverable outgoings that FLT would have received during the period in which the arrangements under the Rental Support Deed are valid.

In addition, FLT Queensland No. 4 appoints FPAHL to procure leasing of the Vacant Unit during the period when arrangements under the Rental Support Deed are valid, but no fee is payable to FPAHL for the leasing service. FPAHL may liaise and negotiate agreements for lease and leases with proposed tenants for the Vacant Unit, subject to FLT Queensland No. 4's consent to the tenancy proposal and the tenant being an Approved Tenant (as defined in the Rental Support Deed).

The Rental Support Deed includes a Capitalised Payment which varies in amount depending on the rental and term of the lease to be entered into for the Vacant Unit of the FDM Facility where:

- (a) the rent payable during the first year is more than A\$1,925,400<sup>1</sup> for the Vacant Unit of the FDM Facility but less than a net rent of A\$125 per m<sup>2</sup> of lettable area per annum; and/or
- (b) the initial term of lease agreement is greater than or less than 5 years.

The capitalised payment (the "**Capitalised Payment**") means the amount calculated as follows:

$$C = (R \div RCR) - (A\$1,925,400 \div ICR)$$

where:

C equals the Capitalised Payment;

R equals the Actual Rent (as defined herein) payable under the lease agreement plus any shortfall against the Guaranteed Amount payable by FPAHL during the first year;

RCR equals the revised capitalisation rate, which shall be determined as follows:

- (a) where the initial term of the lease is more than or equal to 3 years but is less than 5 years, 6.25%;

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<sup>1</sup> Based on the first-year net rent of A\$120 per m<sup>2</sup> of lettable area for the Vacant Unit of the FDM Facility under the Guaranteed Amount.

- (b) where the initial term of the lease is more than or equal to 5 years but is less than 7 years, 6.03%;
- (c) where the initial term of the lease is more than or equal to 7 years but is less than 10 years, 5.75%; or
- (d) where the initial term of the lease is more than or equal to 10 years, 5.50%.

ICR equals the initial capitalisation rate of 6.03%

FLT Queensland No. 4 must pay to FPAHL (or where the calculation is a negative number, FPAHL must pay to FLT Queensland No. 4) the Capitalised Payment, within 28 days after the Vacant Unit of the FDM Facility becomes Occupied (as defined herein), such payment of the Capitalised Payment being a lump sum payment.

For illustration purposes, assuming that FPAHL secures a tenant for the Vacant Unit with a lease term of 10 years at a net rent of A\$125 per m<sup>2</sup> of lettable area per annum (increased annually by 3.0%), based on the Capitalised Payment formula, the Capitalised Payment by FLT Queensland No. 4 to FPAHL would be A\$4.5 million (approximately S\$4.3 million) (being the maximum amount of the Capitalised Payment pursuant to the Rental Support Deed), i.e. the Property Purchase Price of the FDM Facility would be A\$70.0 million instead of A\$65.5 million. In the respective valuations by Colliers AU and Urbis, the indicative valuations of the FDM Facility are A\$70.1 million and A\$69.5 million respectively, assuming a notional lease of the same lease terms and rent.

Should FPAHL secure a tenant for the Vacant Unit with a lease term of less than 5 years at a rent of less than or equal to a net rent of A\$120 per m<sup>2</sup> of lettable area per annum, based on the Capitalised Payment formula, the Capitalised Payment will be a negative number and FPAHL will have to pay FLT Queensland No. 4 an amount of approximately A\$1.1 million (approximately S\$1.0 million).

The Rental Support Deed is put in place because the construction of the Vacant Unit of the FDM Facility was only completed in May 2019 and is currently being marketed for lease. Both Colliers AU and Urbis are of the view that a net rent of A\$120 per m<sup>2</sup> (per annum) of lettable area of the FDM Facility (increased annually by 3.0%) is consistent with market rental for the five-year period under the Rental Support Deed. Supported by the independent valuations from Colliers AU and Urbis, the Manager is of the view that a net rent of A\$120 per m<sup>2</sup> of lettable area per annum of the Vacant Unit of the FDM Facility (increased annually by 3.0%) is consistent with market rental for the five-year period under the Rental Support Deed under current market conditions.

FLT Queensland No. 4 can only assign the benefit of the Rental Support Deed to a new owner of the FDM Facility or to a person who has the benefit of a mortgage or a charge registered against the FDM Facility.

### **3.10. Property Manager in respect of the New Properties**

In connection with the initial public offering of FLT ("IPO"), Frasers Property Corporate Services Pte. Ltd. (formerly known as FCL Management Services Pte. Ltd.) was appointed on 17 June 2016 as the property manager in respect of properties of FLT located outside of Australia

*pursuant to a master property management agreement entered into between the Trustee, the Manager and Frasers Property Corporate Services Pte. Ltd. (the “**Master Property Management Agreement**”). In connection with the Proposed Acquisition and pursuant to the terms of the Master Property Management Agreement, FLT, through each of the Property Companies, will enter into individual property management agreements to appoint FPE Advisory B.V., (formerly known as Geneva Properties N.V.), a related corporation of Frasers Property Corporate Services Pte. Ltd. (a subsidiary of FPL), to provide property management (including lease management) and marketing services in respect of the New German Properties.*

*In connection with the IPO, Frasers Property Australia Management Services Pty Limited was appointed on 3 June 2016 as the property manager of the IPO properties pursuant to the property management agreement entered into between Frasers Property Funds Management Limited, the trustee of the head Australian unit trust of FLT (“**HAUT**”), FLT Australia Management Pty Ltd, the manager of the HAUT and Frasers Property Australia Management Services Pty Limited (the “**Australian Property Management Agreement**”). Frasers Property Australia Management Services Pty Limited will provide property management, lease management and marketing services in respect of the New Australian Properties, subject to the overall management and supervision of FLT Australia Management Pty Ltd pursuant to the Australian Property Management Agreement.*

#### 4. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interest of FLT and its minority Unitholders, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for and key benefits of the Proposed Acquisition;
- (b) valuation approaches, assumptions and the results relating to the New Properties, as appraised by the appointed Independent Valuers and the Purchase Consideration;
- (c) comparison of the New Properties with publicly available prime yield benchmarks;
- (d) comparison of the New Properties with selected German and Australian industrial property portfolio transactions by SGX-ST-listed REITs;
- (e) comparison of the New Properties with the portfolio valuation of selected listed REITs with industrial properties in Germany and Australia;
- (f) pro forma financial effects of the Proposed Acquisition; and
- (g) other relevant considerations such as prevailing market, economic, industry, monetary considerations, together with any other information made available to use as at the Latest Practicable Date.

The factors above are discussed in greater detail in the ensuing paragraphs.

##### 4.1. Rationale for and key benefits of the Proposed Acquisition

The full detailed rationale for and key benefits of the Proposed Acquisition is set out in Section 5 of the Letter to Unitholders of the Circular. We recommend that the Independent Directors advise the Unitholders to read this section of the Letter of the Unitholders carefully.

We highlight below some of the salient points from Section 5 on the rationale for and key benefits of the Proposed Acquisition:

- (a) Deepens Presence in Attractive Logistics Markets of Germany and Australia
  - i. Resilient economic fundamentals in Germany and Australia underpinned by positive drivers in the key markets
  - ii. Timely expansion supported by favourable low interest rate and yield spread tailwinds
  - iii. The German economy remains resilient with foreign trade, industrial production and the labour market showing continued growth
  - iv. Demand for German logistics space remains strong underpinned by Germany's status as the largest logistics market in Europe
  - v. Australia's logistics market is driven by solid fundamentals and remains one of the most sought-after sectors by both domestic and global players
- (b) Prime, Modern and High-Quality Portfolio
  - i. Predominantly located in major logistics clusters in Germany
  - ii. Strategically located in prime sub-markets of the eastern seaboard of Australia
  - iii. Prime and modern logistics facilities with high specifications

- iv. More quality tenants in diversified industries
- (c) Strengthens the FLT Portfolio
- i. Enhanced investments through diversification in attractive German and Australian markets
  - ii. Increased proportion of freehold assets in the Enlarged Portfolio
  - iii. Reduced concentration risk in the top 10 tenants
  - iv. Improved portfolio weighted average lease expiry (“**WALE**”)
- (d) DPU Accretion and Consistent with Manager’s Investment Strategy
- i. DPU accretion
  - ii. Proposed Acquisition is in line with FLT’s key objectives
- (e) Consistent Track Record in Leveraging Sponsor’s Platform to Enhance Portfolio Value

**4.2. Valuation approaches, assumptions and the results relating to the New Properties, as appraised by the appointed Independent Valuers and the Purchase Consideration**

The Manager and the Trustee have commissioned CBRE and Colliers UK to perform independent valuations of the New German Properties, and Colliers AU and Urbis (collectively the “**Independent Valuers**”) to perform independent valuations of the New Australian Properties, to ascertain the market value of the New Properties. The valuation summaries issued by the Independent Valuers are set out in Appendix B of the Circular.

**4.2.1. Definitions**

We set out below the definition for key metrics that has been adopted by the Independent Valuers in relation to the Proposed Acquisition:

Definition	
<b>Net Property Value or Market Value</b>	Net Property Value or Market Value is the estimated amount for which an asset or liability should be exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties has each acted knowledgeably, prudently, and without compulsion.
<b>Gross Property Value</b>	Gross Property Value represents the valuation/price before cost of purchase (i.e. stamp duty, agent fee and legal fee) are deducted.
<b>Gross Rental Income (i.e. In-Place Rent)</b>	In respect of the New Properties, the gross rental income represents the sum of the contracted rental income and estimated recoverable outgoings.
<b>Net Property Income (“NPI”)</b>	NPI is calculated based on the Gross Rental Income less property operating expenses.
<b>Net Initial Yield</b>	NIY is calculated based on NPI divided by the Gross Property



<b>("NIY")</b>	Value.
<b>Gross Initial Yield ("GIY")</b>	GIY is calculated based on In-Place rent divided by Net Property Value.
<b>Equivalent Yield</b>	Equivalent Yield represents the average weighted return on investment a property will provide based on the current rental income and future letting / reletting assumptions including the estimated rental value assumptions, taken to perpetuity for freehold property.
<b>Net Property Income Yield ("NPI Yield")</b>	NPI Yield is calculated based on NPI divided by Net Property Value.
<b>Capitalisation Rate ("Cap Rate")</b>	Cap Rate corresponds to a rate of return on a property based on the net income that the property is expected to generate.
<b>Initial Yield (for New Australian Properties)</b>	Initial Yield is calculated based on the annualised net passing rent divided by Net Property Value.

Source: Valuation reports from CBRE, Colliers UK, Colliers AU and Urbis

#### 4.2.2. Approaches and assumptions adopted by the Independent Valuers

We set out below a brief summary of the valuation approaches adopted by each of the Independent Valuers.

##### New German Properties

	<b>CBRE</b>	<b>Colliers UK</b>
<b>Basis of Value</b>	Market Value	Market Value
<b>Standards</b>	Prepared in accordance with RICS Valuation – Global Standards 2017, which incorporates the International Valuation Standards	Prepared in accordance with RICS Valuation – Global Standards 2017, which incorporates the International Valuation Standards
<b>Valuation approach</b>	<b>Primary:</b> Income capitalisation method <b>Secondary:</b> Direct comparable method	<b>Primary:</b> Income capitalisation method <b>Secondary:</b> Direct comparable method

Source: Valuation reports from CBRE and Colliers UK

We set out below the yield assumptions adopted by CBRE and Colliers UK in the income capitalisation approach:

	<b>CBRE</b>	<b>Colliers UK</b>
<b>Net Initial Yield</b>	4.21% to 4.58%	4.22% to 5.92%
<b>Equivalent Yield</b>	4.18% to 4.60%	3.50% to 5.15%

Source: Valuation reports from CBRE and Colliers UK

## New Australian Properties

	Colliers AU	Urbis
<b>Basis of Value</b>	Market value	Market value
<b>Standards</b>	Prepared in accordance with the Australian Property Institute's (API) Valuation Standards	Prepared in accordance with the Australian Property Institute's (API) Valuation Standards
<b>Valuation approach</b>	Income capitalisation approach <b>AND</b> Discounted cash flow approach	Income capitalisation approach <b>AND</b> Discounted cash flow approach

Source: Valuation reports from Colliers AU and Urbis

We note that in addition to the income capitalisation approach and the discounted cash flow approach adopted by Colliers AU and Urbis, they have considered the market comparison method as a cross-check.

We set out below the capitalisation rates, discount rates and terminal yields adopted by the Colliers AU and Urbis in the income capitalisation and discounted cash flow approaches:

	Colliers AU	Urbis
<b>Cap Rate</b>	6.00% to 6.50%	6.00% to 6.50%
<b>Discount rate</b>	7.00%	6.75% to 7.00%
<b>Terminal yield</b>	6.25% to 6.75%	6.25% to 6.75%

Source: Valuation reports from Colliers AU and Urbis

We have been provided the valuation reports of the New Properties prepared by the Independent Valuers, of which we have made reasonable enquires and exercised our professional judgement in reviewing the information contained in the respective valuation reports. In the course of our review, we note the following:

- (a) The approaches and methods adopted by the Independent Valuers are widely accepted for the purpose of valuing income-producing properties;
- (b) The basis of valuation, being Market Value, is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion", the definition of which is broadly consistent across the Independent Valuers and in line with market definition; and
- (c) The Independent Valuers have adopted 15 June 2019 as the Valuation Date for the New Properties.

#### 4.2.3. Purchase Consideration and Estimated Total Transaction Cost

Details of Valuation and Purchase Consideration and estimated Total Transaction Cost are set out in Paragraph 2.3 and 2.4 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this section of the Circular carefully.

Based on the above, we note that the purchase consideration payable under the Share Purchase Agreement of approximately €235.4 million (approximately A\$381.7 million and approximately S\$362.6 million) is based on the Property Purchase Price for the New German Properties which was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations described herein and the effective interests in the Property Companies that FLT will be acquiring, as adjusted for the estimated aggregate net assets and liabilities of the Property Companies (including their existing debt facilities amounting to approximately €73.7 million (approximately A\$119.5 million and approximately S\$113.5 million), and subject to further post-completion adjustments based on the actual aggregate net assets and liabilities of the Property Companies at completion of the German Properties Acquisition; and the amount of inter-company loans owing by the Property Companies to the German Vendors as at completion of the German Properties Acquisition to be assigned to FLT Europe.

The Assets Purchase Consideration payable under the Asset Sale and Purchase Agreements of approximately A\$125.5 million (approximately S\$119.2 million) is based on the Property Purchase Price for the New Australian Properties.

The aggregate of the Share Purchase Consideration and the Asset Purchase Consideration is approximately A\$507.2 million (approximately S\$481.8 million).

We further note that the Total Transaction Cost takes into consideration the following (1) Purchase Consideration; (2) Acquisition fee, and (3) estimated professional and other fees incurred or to be incurred by FLT in connection with the Proposed Acquisition.

The Acquisition fee of 0.5% for acquisitions from related parties<sup>1</sup> was approved by Unitholders during FLT's IPO, and is highlighted in the FLT IPO Prospectus, under *Section Acquisition fee and divestment fee payable to the REIT Manager or its Nominee*.

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<sup>1</sup> Related Parties" refer to an Interested Person which has the meaning ascribed to it in the Listing Manual and/or, as the case may be, Interested Party which has the meaning ascribed to it in the Property Funds Appendix.

#### 4.2.4. Valuation results of the New Properties as Appraised by the Independent Valuers

The market values of the New Properties appraised by the Independent Valuers and the proposed Property Purchase Price are as follows:

	Market Value ('m)		Appraised Value <sup>2</sup> ('m)	Average Value <sup>3</sup> ('m)	Property Purchase Price ('m)
	CBRE	Colliers UK			
<b>New German Properties<sup>3</sup></b>	€322.0	€320.1	€323.5	€321.1	€320.3
	Colliers AU	Urbis	Appraised Value <sup>2</sup> ('m)	Average Value <sup>3</sup> ('m)	Property Purchase Price ('m)
<b>New Australian Properties<sup>4,5</sup></b>	A\$126.3	A\$127.0	A\$127.0	A\$126.6	A\$125.5
<b>New Properties</b>			<b>A\$651.4</b>	<b>A\$647.1</b>	<b>A\$644.7</b>

Source: Valuation reports from CBRE, Colliers UK, Colliers AU and Urbis, Circular

Notes:

1. An exchange rate of €1 = A\$1.6211 has been adopted where applicable.
2. Appraised Value is the higher of the two independent valuations for each New Property, computed on a property by property basis.
3. Average Value is the simple average of the two independent valuations for each New Property, computed on a property by property basis.
4. Market Value of New German Properties is based on the assumption that the rent-free periods are excluded from the valuation. We note that there are Incentive Reimbursement Deeds entered into between the German Vendors and FLT Europe in respect of the Amor & Mühle Facility, the Bosch Facility and the Kentner Facility to reimburse FLT Europe for incentives made available or agreed to the respective tenants.
5. Market Value of New Australian Properties is based on the assumption that all outstanding Lessee incentives or Lessor works have been 'paid out' for the Avery Dennison & GM Kane and Sons Facility as well as Dana & Pinnacle & Licensing Facility. We note that there are Incentive Reimbursement Deeds entered into between the Australian Vendors and the relevant Sub-Trust Trustee in respect of the Avery Dennison & GM Kane and Sons Facility as well as the Dana & Pinnacle & Licensing Facility to reimburse the relevant Sub-Trust Trustee for incentives made available or agreed to the respective tenants.
6. A five-year rental support at A\$120/sqm/year for the speculative unit is also assumed in the valuation of the FDM & Spec Facility. We note that there is a Rental Support Deed entered into between the Australian Vendor and FLT Queensland No 4 with respect of the FDM Facility to reimburse FLT Queensland No 4 the Guaranteed Amount.

We note that:

(a) For the New German Properties:

- the Property Purchase Price of €320.3 million is below the CBRE valuation of €322.0 million, and above the Colliers UK valuation of €320.1 million; and
- the Property Purchase Price is at a 1.0% discount to the Appraised Value of €323.5 million and a 0.3% discount to the Average Value of €321.1 million;

(b) For the New Australian Properties:

- the Property Purchase Price of A\$125.5 million is below the Colliers AU valuation of A\$126.3 million and Urbis valuation of A\$127.0 million; and
- the Property Purchase Price is at a 1.2% discount to the Appraised Value of A\$127.0 million and a 0.9% discount to the Average Value of A\$126.6 million;

(c) For the New Properties portfolio:

- the Property Purchase Price of A\$644.7 million is lower than the Appraised Value of A\$651.4 million, with a discount of 1.0% to the Appraised Value and discount of approximately 0.4% to the aggregate of the average of the two independent valuations of each New Property; and
- the Property Purchase Price is not more than the higher of the market values determined by the Independent Valuers, in line with the requirements of the Property Funds Appendix.

A summary of the yield metrics for the New Properties are set out below:

#### New German Properties

	CBRE <sup>1</sup>		Colliers UK <sup>1</sup>		Property Purchase Price		
	GIY	NIY	GIY	NIY	GIY <sup>2</sup>	NIY <sup>3</sup>	NPI Yield <sup>4</sup>
<b>New German Properties</b>	<b>4.9%</b>	<b>4.4%</b>	<b>4.9%</b>	<b>4.4%</b>	<b>4.9%</b>	<b>4.5%</b>	<b>4.8%</b>
<b>Min</b>	4.6%	4.2%	4.6%	4.2%	4.6%	4.3%	4.5%
<b>Median</b>	5.0%	4.5%	5.0%	4.5%	5.0%	4.6%	5.0%
<b>Average</b>	4.9%	4.4%	5.0%	4.5%	5.0%	4.6%	4.9%
<b>Max</b>	5.3%	4.6%	5.5%	4.9%	5.6%	5.0%	5.3%

Source: Valuation reports from CBRE and Colliers UK, Management

Notes:

1. Valuation reports prepared by the Independent Valuers as at 15 June 2019 assumes a 100% effective interest in each property.
2. GIY based on the Property Purchase Price is computed by Management based on Gross Rental Income divided by the Property Purchase Price.
3. NIY based on the Property Purchase Price is computed by Management based on NPI divided by Gross Property Value derived from the Property Purchase Price.
4. NPI Yield based on the Property Purchase Price is computed by Management based on NPI divided by the Property Purchase Price.

## New Australian Properties

	Colliers AU		Urbis		Property Purchase Price
	Adopted Cap Rate <sup>1</sup>	Initial Yield	Adopted Cap Rate <sup>1</sup>	Initial Yield	NPI Yield <sup>2</sup>
<b>New Australian Properties</b>	<b>6.2%</b>	<b>6.3%</b>	<b>6.2%</b>	<b>6.3%</b>	<b>6.3%</b>
<b>Min</b>	6.0%	6.0%	6.0%	6.0%	6.0%
<b>Median</b>	6.3%	6.5%	6.3%	6.4%	6.6%
<b>Average</b>	6.3%	6.4%	6.3%	6.4%	6.5%
<b>Max</b>	6.5%	6.7%	6.5%	6.7%	6.8%

Source: Valuation reports from Colliers AU and Urbis, Management

### Notes:

1. *Adopted Cap Rate* refers to "Adopted Capitalisation Rate", which refers to the Cap Rate adopted by respective Australian Independent Valuers.
2. *NPI Yield* based on the Property Purchase Price is computed by Management based on NPI divided by the Property Purchase Price.

We note that:

- (a) The Property Purchase Price for the New German Properties has a GIY of 4.9%, which is in line with the GIY of 4.9% for both CBRE and Colliers UK, and has a NIY of 4.5%, which is higher than the NIY of 4.4% for both CBRE and Colliers UK; and
- (b) The Property Purchase Price for the New Australian Properties has a NPI Yield of 6.3%, which is in line with the Initial Yield of 6.3% for both Colliers AU and Urbis.

### 4.3. Comparison of the New Properties with publicly available Prime Yield benchmarks

In assessing the NIY of the New German Properties and the NPI Yield of the New Australian Properties respectively, we have reviewed the Independent Market Review (“IMR”) performed by Colliers UK and Jones Lang LaSalle Australia Pty Limited (“JLL”). We have also made reference to publicly available estimates of prime yields in both Germany and Australia. We have obtained relevant information from publicly available real estate research reports and we make no representations or warranties, express or implied, as to the accuracy and/or completeness of such information.

Prime yield represents the best “rack-rented” yield estimated to be achievable for a notional property of the highest quality and specification in the best location in a market, as at the survey date. The property should be let at the prevailing market rent to a first class tenant with an occupational lease that is standard for the local market.

The table below sets out a summary of the IMRs:

Germany	Australia
<ul style="list-style-type: none"> <li>• No increase in the main refinancing rate is on the agenda for the European Central Bank (“ECB”) in 2019. Monetary policy remains expansionary and interest rates remain low. It can be assumed that yields on government bonds will rise only very moderately next year.</li> <li>• Current market conditions point to further movement in gross prime yields for both asset classes industrial &amp; logistics throughout 2019 due to limited supply and continued high demand.</li> <li>• Further yield compression is expected, especially in the prime locations but also in secondary and tertiary markets due to current investment momentum in areas other than prime locations in the investment hubs.</li> </ul>	<ul style="list-style-type: none"> <li>• Recent fall in bond yields has led some banks to lower their fixed interest rates.</li> <li>• Occupier demand for prime grade industrial facilities has continued to be strong and has translated to positive rental growth across most precincts.</li> <li>• Indicative prime yields have undergone further compression over the past year and are at historically low levels. JLL Research expects prime yields to compress further over the next 12 months (albeit marginally) towards its cyclical trough, with lower bond yields keeping industrial yields tight through 2020.</li> </ul>

*Source: 2019 Industrial and Logistics Market Overview by Colliers UK and 2019 Australian Industrial & Logistics Market Overview by JLL*

We have compared the NIY of the New German Properties and the NPI Yield of the New Australian Properties against the respective German prime yields of warehousing/logistic properties and Australian prime yields of industrial properties obtained from publicly available reports set out in the table below.

We recognise that the prime yields may not directly represent and be comparable to the New Properties in aspects of location, accessibility, profile and composition of tenants, construction quality, age of building, lettable area, market risks, track record and other relevant factors. In addition, the underlying assumptions in the determination of prime yields in the publicly available reports may differ from the New Properties. As such, while the prime yield could be taken to provide a broad and indicative benchmark for assessing the Proposed Acquisition, we would like to highlight that any comparison made with respect to the prime yields are for illustrative purposes only.

	NIY <sup>1</sup>	Prime yield
<b>New German Properties</b>	4.5%	3.8% to 4.5%
	NPI Yield <sup>1</sup>	Prime yield
<b>New Australian Properties</b>	6.3%	4.9% to 6.5%

Source: Q1 2019 JLL Investment Market Report, Q1 2019 JLL Real Estate Key Market Indicators, May 2019 Savills Investment Market Germany, Logistic Investment market Germany, Q1 2019 Savills Industrial Briefing of Sydney, Melbourne and Brisbane, Q1 2019 CBRE Australia Industrial Market View, JLL Australian Industrial & Logistics Market Overview on May 2019, and Management

Notes:

1. NIY and NPI Yield are based on the Property Purchase Price.

We note that:

- (a) The NIY for the New German Properties of 4.5% is within the German prime yield range of 3.8% to 4.5%, and on the high end; and
- (b) The NPI yield for the New Australian Properties of 6.3% is within the Australian prime yield range of 4.9% to 6.5%.

#### 4.4. Comparison of the New Properties with selected German and Australian industrial property portfolio transactions by SGX-ST-listed REITs

Based on our discussions with Management and search for comparable industrial property portfolio transactions and valuations on available databases and the SGX-ST, we recognise that there is no particular property that may be directly comparable to the New Properties in aspects of location, accessibility, lettable area, profile and composition of tenants, construction quality, age of building, WALE, market risks, track record and other relevant factors.

In addition, although we have found comparable transactions in Germany and Australia where the acquirers were not SGX-ST-listed REITs, we were not able to obtain sufficient publicly disclosed information on the NPI yield, occupancy rate and/or WALE for these transactions. As a result, we have limited our analysis to acquirers that are SGX-ST-listed REITs as the disclosed information is consistent and comparable with the Proposed Acquisition.

As such, we have considered transactions announced from 1 January 2017 up to the Latest Practicable Date involving German and Australian industrial properties of with SGX-ST-listed REITs (“**Selected Industrial Property Transactions**”) for comparison with the metrics of the New German Properties and the New Australian Properties respectively.



The Independent Directors, the Audit, Risk and Compliance Committee and the Trustee should note that any comparison made with respect to the Selected Industrial Property Transactions are necessarily limited and are for illustrative purposes only. In our analysis, we have relied on available data / information as at the Latest Practicable Date. The conclusions drawn from such comparisons may not necessarily reflect the perceived or implied valuation of the New Properties as at the Latest Practicable Date. In addition, we wish to highlight that the Selected Industrial Property Transactions are by no means exhaustive.

### New German Properties

We note that there are only two SGX-ST-listed REITs with exposure to German industrial properties, FLT and Cromwell European REIT. Based on availability of comparable financial metrics, we have identified two Selected Industrial Transactions in Germany announced from 1 January 2017 up to the Latest Practicable date involving German industrial properties acquired by SGX-ST-listed REITs as being most comparable, to compare against the NPI yield of the New German Properties implied by the Property Purchase Price.

Date	Acquirer	Location	GLA (sqm)	Occupancy Rate	WALE (years)	NPI Yield
20 Apr 2018 <sup>1</sup>	Frasers Logistics and Industrial Trust	Germany	407,659	100.0%	8.0 <sup>1</sup>	5.4%
22 Nov 2017 <sup>2</sup>	Cromwell European REIT	Germany	166,477	82.9% <sup>2</sup>	3.0 <sup>2</sup>	6.7% <sup>3</sup>
Min						5.4%
Median						6.1%
Average						6.1%
High						6.7%
<b>New German Properties</b>		<b>Germany</b>	<b>222,920</b>	<b>100.0%</b>	<b>10.1</b>	<b>4.8%</b>

Source: Announcements of Listed REITs, Circular

Notes:

1. We note that a total of 21 industrial properties were acquired in the Selected Industrial Property Transaction in both Germany and the Netherlands. For the purposes of comparison, we have only considered the metrics from the acquisition of the German properties save for the WALE, which was not disclosed separately.
2. Refers to the light industrial / logistics properties in Germany from Cromwell European REIT's IPO Portfolio. For the purposes of comparison, we have only considered the metrics of the light industrial / logistics properties in Germany but for the occupancy rate and WALE, which were not disclosed separately.
3. Calculated based on the NPI of the German light industrial / logistics properties for the projected year 2018 divided by the total of the agreed purchase price of respective properties, as disclosed in the IPO prospectus.

We note that:

- (a) The NPI Yield of the New German Properties of 4.8% is lower than the range of the Selected Industrial Property Transactions in Germany;
- (b) The occupancy rate of the New German Properties is within the range of the Selected Industrial Property Transactions in Germany, and on the high end; and
- (c) The WALE of the New German Properties of 10.1 years is longer than the range of the Selected Industrial Property Transactions in Germany.

### New Australian Properties

We have considered the following recent Selected Industrial Property Transactions in Australia of certain SGX-ST-listed REITs to compare against the NPI yield of the New Australian Properties implied by the Property Purchase Price.

Date	Acquirer	Location	GLA (sqm)	Occupancy Rate	WALE (years)	NPI Yield
20 Mar 2019	Cache Logistics Trust	Australia	37,853 <sup>1</sup>	76.0%	2.5	6.8%
28 Oct 2018	Mapletree Logistics Trust	Australia	55,739 <sup>2</sup>	100.0%	4.3	5.7%
27 Sep 2018	Soilbuild Business Space REIT <sup>3</sup>	Australia	21,424	100.0%	16.1	6.5%
31 Aug 2018	Frasers Logistics and Industrial Trust	Australia	39,565	100.0%	5.7	6.5%
2 Aug 2018	Ascendas REIT	Australia	N/A	87.4%	2.6	7.4%
31 Jan 2018	Cache Logistics Trust	Australia	132,103	98.1%	5.0	6.4%
6 Jun 2017	Frasers Logistics and Industrial Trust	Australia	124,527	100.0%	9.6	6.4%
22 Apr 2017	Cache Logistics Trust	Australia	20,723	100.0%	4.5	7.4%
Min						5.7%
Median						6.5%
Average						6.6%
High						7.4%
<b>New Australian Properties</b>		<b>Australia</b>	<b>74,112</b>	<b>100.0%<sup>4</sup></b>	<b>4.5</b>	<b>6.3%</b>

Source: Announcements of Listed REITs, Circular

Notes:

1. Refers to NLA.
2. Refers to gross floor area.
3. The transaction involves an acquisition of an office and an industrial property. For the purposes of comparison, we have only considered the metrics from the acquisition of the industrial property.
4. Based on the assumption that the speculative unit at Lot 6 Honeycomb Drive, Eastern Creek, New South Wales is fully leased to a tenant with a 5-year lease at completion of the acquisition.

We note that:

- (a) The NPI Yield of the New Australian Properties of 6.3% is within the range of the Selected Industrial Property Transactions in Australia, but lower than the median and average NPI yields; and
- (b) The occupancy rate and WALE of the New Australian Properties is within the range of the Selected Industrial Property Transactions in Australia.

In evaluating the NPI Yields of the New Properties against the Selected Industrial Property Transactions, we have taken into consideration the market trends of yield compression based on discussions with Management, the difference in location and type of tenants, the IMR and also publicly available industry research reports. In addition, we have also considered the other benefits to FLT as summarised in Section 4.1 of this IFA Letter.

#### **4.5. Comparison of the New Properties with the portfolio valuation of selected listed REITs with industrial properties in Germany and Australia**

We have considered the valuation of industrial property portfolios of listed REITs with presence in Germany and Australian Securities Exchange (“**ASX**”) listed REITs (the “**Selected Industrial Property Portfolio Valuations**”), to compare against the yields implied by the Property Purchase Price.

In our analysis, we have had discussions with Management on the suitability and reasonableness of the Selected Industrial Property Portfolio Valuations as a basis for comparison with the New Properties. We have obtained relevant information from publicly available sources, and we make no representations or warranties, express or implied, as to the accuracy and/or completeness of such information. The accounting policies adopted in deriving the asset values or revenues and costs may differ from that of the New Properties.

As such, the Independent Directors, the Audit, Risk and Compliance Committee and the Trustee should note that any comparison made with respect to the Selected Industrial Property Portfolio Valuations are necessarily limited and are for illustrative purposes only. In our analysis, we have relied on available data / information as at the Latest Practicable Date. The conclusions drawn from such comparisons may not necessarily reflect the perceived or implied valuation of the New Properties as at the Latest Practicable Date. In addition, we wish to highlight that the Selected Industrial Property Portfolio Valuations are by no means exhaustive.

#### 4.5.1. Selected listed REITs with industrial properties in Germany

Based on availability of comparable financial metrics, we note there is limited availability of comparable information. However, we have considered the following two listed Selected Industrial Property Portfolio Valuations with presence in Germany as being most comparable, to compare against the NPI Yield of the New German Properties as implied by the Property Purchase Price.

REIT	Valuation Date	Valuation (€ 'm)	NLA (sqm)	Occupancy Rate	WALE (years)	NPI Yield
Deutsche Industrie REIT	31 Dec 2018	167.0	508,443	85.0%	3.9	4.8%
Cromwell European REIT <sup>1</sup>	30 Sep 2018	113.6	193,458	92.0%	5.0	6.6%
Min						4.8%
Median						5.7%
Average						5.7%
High						6.6%
<b>New German Properties</b>		<b>320.3</b>	<b>222,920</b>	<b>100.0%</b>	<b>10.1</b>	<b>4.8%<sup>2</sup></b>

Source: Annual Reports of Listed REITs, Circular

Notes:

1. We have only considered the metrics from the light industrial / logistics segment in Germany.
2. NPI Yield based on the Property Purchase Price is computed by Management based on NPI divided by the Property Purchase Price.

We note that:

- (a) The NPI Yield of the New German Properties of 4.8% is within the range of the NPI Yield of the Selected Industrial Property Portfolio Valuations with presence in Germany, but on the low end; and
- (b) The WALE of the New German Properties of 10.1 years is significantly longer than the range of the Selected Industrial Property Portfolio Valuations with presence in Germany from 3.9 to 5.0 years.

#### 4.5.2. Selected ASX-listed REITs with industrial properties

We have considered the following ASX-listed Selected Industrial Property Portfolio Valuations to compare against the capitalisation rate of the New Australian Properties as adopted by the Independent Valuers. When evaluating the ASX-listed Selected Industrial Property Portfolio Valuations, we have only taken into account the industrial and logistics segments, unless stated otherwise.

REIT	Valuation Date	Valuation (A\$ 'm) <sup>1</sup>	GLA / NLA (sqm)	Occupancy Rate	WALE (years)	Cap Rate <sup>2</sup>
APN Industrial REIT <sup>3</sup>	30 Jun 2018	676.0	210,666	95.0%	6.9 <sup>4</sup>	6.3%
Charter Hall Long WALE REIT	30 Jun 2018	685.8	457,551	100.0%	9.2	6.4%
Centuria Industrial REIT	30 Jun 2018	1,009.0	735,384	94.5%	5.1	6.8%
Dexus	30 Jun 2018	2,200.0	136,400	96.8%	4.8	6.4%
GPT Group	30 Nov 2018 / 31 Dec 2018	1,773.6	870,000	97.2%	7.1	5.8%
Mirvac Group	30 Jun 2018	793.0	431,980	100.0%	7.1 <sup>5</sup>	6.2%
Growthpoint Properties Australia	30 Jun 2018	1,146.8	717,014	99.0%	4.9	6.6%
Min						5.8%
Median						6.4%
Average						6.3%
High						6.8%
<b>New Australian Properties</b>		<b>125.5</b>	<b>74,112</b>	<b>100.0%</b>	<b>4.5</b>	<b>6.0% to 6.5%</b>

Source: Annual Reports of Listed REITs, Circular

Notes:

1. Excludes properties under development.
2. Cap rate represents the average portfolio capitalisation rate of industrial properties only as disclosed in the annual reports of the ASX-listed REITs.
3. Information is based on the overall portfolio of APN Industrial REIT.
4. Refers to WALE by net lettable area.
5. Refers to WALE by income.

We note that:

- (a) The range of Cap Rates adopted by the Independent Valuers for the New Australian Properties of 6.0% to 6.5% is within range of the ASX-listed Selected Industrial Property Portfolio Valuations; and
- (b) The WALE of the New Australian Properties is lower than the ASX-listed Selected Industrial Property Portfolio Valuations.

In evaluating the NPI Yields of the New Properties against the Selected Industrial Property Portfolio Valuations, we have taken into consideration the market trends of yield compression based on discussions with Management, the IMR and also publicly available industry research reports. In addition, we have also considered the other benefits to FLT as summarised in Section 4.1 of this IFA Letter.

#### **4.6. Pro forma financial effects of the Proposed Acquisition**

The details of the pro forma financial effects of the Proposed Acquisition, which are shown for illustrative purposes only, are set out in Section 6 of the Circular.

We note the following:

##### **1H FY2019**

- (a) The pro forma DPU increases to 3.68<sup>1</sup> Australian cents (approximately 3.58<sup>1</sup> Singapore cents) from 3.63 Australian cents (approximately 3.54 Singapore cents), for the pro forma financial effects of the Proposed Acquisition on FLT's DPU for 1H FY2019 immediately after completion of the FY19 Divestments, as if (a) FLT had purchased the New Properties and the Proposed Acquisition had completed on 1 October 2018, and (b) all the New Properties are or are assumed to be generating Net Property Income for the full period of 1H FY2019, based on the assumptions set out in paragraph 6.1 of the Letter to Unitholders;
- (b) The pro forma NAV per Unit as at 31 March 2019 increases to A\$0.98 (approximately S\$0.94) from A\$0.95 (approximately S\$0.91) immediately after completion of the FY19 Divestments, and as if the Proposed Acquisition had been completed on 31 March 2019; and
- (c) The pro forma gearing ratio increases to 36.1% from 35.1% immediately after completion of the FY19 Divestments, and as if the Proposed Acquisition had been completed on 31 March 2019.

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<sup>1</sup> Before taking into consideration the estimated capital gains tax on the FY2019 Divestments. Taking into consideration the estimated capital gains tax on the FY2019 Divestments of A\$4.2 million, DPU would be 3.47 Australian cents (3.37 Singapore cents).

## **FY2018**

- (a) The pro forma DPU decreases to 6.22<sup>1</sup> Australian cents (approximately 6.43<sup>1</sup> Singapore cents) from 6.94 Australian cents (approximately 7.19 Singapore cents), for the pro forma financial effects of the Proposed Acquisition on FLT's DPU for FY2018 as if (a) the Proposed Acquisition had completed on 1 October 2017 or the date the respective New Properties were acquired (whichever is later), and (b) using the New Properties FY2018 Management Accounts and the actual Net Property Income derived from the New Properties and the assumptions set out in paragraph 6.2 of the Letter to Unitholders;
- (b) The pro forma NAV per Unit as at 30 September 2018 increases to A\$0.97 (approximately S\$0.96) from A\$0.95 (approximately S\$0.94) as if the Proposed Acquisition had been completed on 30 September 2018; and
- (c) The pro forma gearing ratio increases to 38.5% from 34.6% as at 30 September 2018, as if the Proposed Acquisition had been completed on 30 September 2018.

### **4.7. Other relevant considerations**

We have also considered the following in our evaluation of the Proposed Acquisition:

#### **4.7.1. The Deed of Indemnity**

The Deed of Indemnity entered into to procure the relevant German Vendor to indemnify the FLT Europe (on behalf of FLT) or the Property Companies (at FLT Europe's election) against any claim for taxation in respect of or arising from (a) any transaction effected or deemed to have been effected on or before Completion under the Share Purchase Agreement; or (b) by reference to any income, profits or gains earned, accrued or received on or before Completion under the Share Purchase Agreement.

#### **4.7.2. The New German Properties Incentive Reimbursement Deeds**

The Incentive Reimbursement Deed entered into in respect of the Amor & Mühle Facility and the Bosch Facility requires FPE11 to reimburse FLT Europe or the relevant Property Company as FLT Europe may elect in respect of the Amor & Mühle Facility and the Bosch Facility, which are each occupied by a tenant that is entitled to certain incentives under its respective works and incentive agreement.

The Incentive Reimbursement Deed entered into in respect of the Kentner Facility requires FPIE to reimburse FLT Europe or the Property Company, FPE Investments RE 17 B.V., as FLT Europe may elect in respect of the Kentner Facility, which is occupied by a tenant that is entitled to certain incentives under its respective works and incentive agreement. We note that the New German Properties Incentive Reimbursement Deeds ensure that FLT Europe is not

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<sup>1</sup> The Proposed Acquisition has not taken into consideration the following:

- (a) Distributable Income contribution from the Bosch Facility which was acquired by the relevant German Vendor on 27 September 2018, the EDEKA Facility and the B+S GmbH Logistik Facility which were acquired by the relevant German Vendors on 1 November 2018 and the pre-committed lease for Amor & Mühle AEI which commenced on 1 April 2019;
- (b) Net Property Income for the tenant, GM Kane and Sons Pty Ltd of the Avery Dennison & GM Kane and Sons Facility as the lease commenced on 1 December 2018; and
- (c) Net Property Income from the FDM Facility.

adversely impacted with additional costs of funding the incentives under the pre-committed leases with the tenants.

We note that the New German Properties Incentive Reimbursement Deeds ensure that FLT Europe or the relevant Property Company as FLT Europe may elect is not adversely impacted with additional costs of funding the incentives under the pre-committed leases with the tenant.

#### **4.7.3. The New Australian Properties Incentive Reimbursement Deeds**

The Incentive Reimbursement Deed entered into in respect of the Avery Dennison & GM Kane and Sons Facility requires Australand C&I to reimburse FLT Queensland No 3 in respect of the Avery Dennison & GM Kane and Sons Facility, which is occupied by a tenant that is entitled to certain incentives under its respective works and incentive agreement.

The Incentive Reimbursement Deed entered into in respect of the Dana & Pinnacle & Licensing Facility requires Australand Property to reimburse FLT Landowner in respect of the Dana & Pinnacle & Licensing Facility, which is occupied by a tenant that is entitled to certain incentives under its respective works and incentive agreement.

We note that the New Australian Properties Incentive Reimbursement Deeds ensure that the relevant Sub-Trusts are not adversely impacted with additional costs of funding the incentives under the pre-committed leases with the tenant.

#### **4.7.4. The Rental Support Deed**

The Rental Support Deed has been entered into in respect of the Vacant Unit of the FDM Facility between FPAHL and FLT Queensland No. 4 as trustee of Hanson Place Trust A.

Under the Rental Support Deed, FPAHL will pay FLT Queensland No. 4 the Guaranteed Amount for a period of five years or until the Vacant Unit of the FDM Facility is leased, whichever is earlier. If a lease agreement for the Vacant Unit of the FDM Facility after the completion of the acquisition of the FDM Facility is entered into but the rent amount payable is less than the Guaranteed Amount, FPAHL must pay FLT Queensland No. 4 an amount which is equivalent to the shortfall by monthly instalments from the date of commencement of the lease. The obligations of FPAHL and amounts payable under the Rental Support Deed are the Guaranteed Amount and the recoverable outgoings that FLT would have received during the period in which the arrangements under the Rental Support Deed are valid.

We also note that if a lease agreement is entered into for the Vacant Unit of the FDM Facility where:

- (a) the rent payable during the first year is more than A\$1,925,400 for the Vacant Unit of the FDM Facility but less than A\$125 per m<sup>2</sup> of lettable area per annum; and/or
- (b) the initial term of lease agreement is greater than or less than 5 years

FLT Queensland No. 4 must pay to FPAHL (or where the calculation is a negative number, FPAHL must pay to FLT Queensland No. 4) the Capitalised Payment, within 28 days after the Vacant Unit of the FDM Facility becomes Occupied (as defined in the Circular).

We note that the Rental Support Deed provide a certainty of cash flows to FLT, should the premise not be fully occupied, or the rent amount payable be less than the Guaranteed Amount.



## 5. OUR OPINION

In arriving at our advice to the Independent Directors, the Audit, Risk and Compliance Committee and the Trustee on the Proposed Acquisition, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Proposed Acquisition. The factors we have considered in our evaluation, which are based on, among others, representations made by FLT, the Directors and the Management and discussed in detail in the earlier sections of this IFA Letter and which we have relied upon, are as follows:

- (a) rationale for and key benefits of the Proposed Acquisition;
- (b) valuation approaches, assumptions and the results relating to the New Properties, as appraised by the appointed Independent Valuers and the Purchase Consideration;
- (c) comparison of the New Properties with publicly available prime yield benchmarks;
- (d) comparison of the New Properties with selected German and Australian industrial property portfolio transactions by SGX-ST-listed REITs;
- (e) comparison of the New Properties with the portfolio valuation of selected listed REITs with industrial properties in Germany and Australia;
- (f) pro forma financial effects of the Proposed Acquisition; and
- (g) other relevant considerations such as prevailing market, economic, industry, monetary considerations, together with any other information made available to use as at the Latest Practicable Date.

Having considered the factors and the assumptions set out in this IFA Letter, and subject to the qualifications set out herein, we are of the opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of FLT and its minority Unitholders.

Accordingly, we advise that the Independent Directors recommend that Unitholders vote in favour of the Proposed Acquisition to be proposed at the EGM, the notice of which is set out in the Circular. However, we wish to highlight that each unitholder of FLT may have different investment objectives and considerations and hence should seek his or her own professional advice.

The Independent Directors, the Audit, Risk and Compliance Committee and the Trustee should note that we have arrived at our opinion based on information made available to us prior to, and including, the Latest Practicable Date. Our opinion on the Proposed Acquisition cannot and does not take into account any subsequent developments after the Latest Practicable Date as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Proposed Acquisition.

We have prepared this IFA Letter pursuant to Rule 921(4)(a) of the Listing Manual as well as for the use of the Independent Directors, the Audit, Risk and Compliance Committee and the Trustee in connection with and for the purposes of their consideration of the Proposed Acquisition, but any recommendation made by the Independent Directors in respect of the Proposed Acquisition shall remain their responsibility.

While a copy of this IFA Letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purpose (other

than the intended purpose in relation to the Proposed Acquisition) at any time and in any manner without our prior written consent in each specific case. For the avoidance of doubt, nothing in this letter prevents FLT, the Trustee, the Directors, or the Unitholders from reproducing, disseminating or quoting this letter without our prior consent for the purpose of any matter relating to the Proposed Acquisition. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly  
For and on behalf of  
**PricewaterhouseCoopers Corporate Finance Pte Ltd**

Ling Tok Hong  
Managing Director

## VALUATION SUMMARIES

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29/07/2019

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(together the Addressees)

Dear Sirs

## FRASERS LOGISTICS & INDUSTRIAL TRUST

### ACQUISITION BY FRASERS LOGISTICS & INDUSTRIAL TRUST OF INTERESTS IN 9 LOGISTICS/INDUSTRIAL PROPERTIES LOCATED IN GERMANY

#### INTRODUCTION AND TERMS OF ENGAGEMENT

Colliers International Valuation UK LLP (“Colliers”) accepted instructions dated 20 February 2019 issued by Perpetual (Asia) Limited, in its capacity as Trustee of Frasers Logistics & Industrial Trust, to prepare Valuation Reports for the properties within the abovementioned portfolio. The instructions request us to provide our opinion of the market value of each property as at 15 June 2019 (the “Valuation Date”).

Colliers has been instructed to provide a full Valuation Report. We have also been instructed to provide this Overview Letter and One Page Property Summaries, which are to be included in a Circular to holders of units in Frasers Logistics & Industrial Trust (“Unitholders”) for information purposes only. The Valuation Report is to be relied upon for Acquisition and Financial Reporting purposes only and is specifically addressed for use and reliance upon by the Addressees and any such party that has entered into a reliance letter with us.

This Valuation Report is issued solely for the use of the Addressees and other such parties as agreed within the terms of engagement, for the specific purpose to which it refers. We do not accept any responsibility or liability in respect of any third parties for the whole or any part of its contents, even if a third party is permitted to see a copy of our Valuation Report.



Other than as identified in this Overview Letter, neither the whole nor any part of this valuation, nor any reference thereto, may be included in any published document, circular or statement or disclosed in any way without our previous written consent to the form and context in which it may appear. Such consent is required whether or not Colliers International Valuation UK LLP is referred to by name and whether or not the contents of our Valuation Report are combined with others. For the avoidance of doubt, reliance on the full Valuation Report and/or this Overview Letter is not extended to the holders of units in Frasers Logistics & Industrial Trust.

The Valuation Report has been prepared in accordance with RICS Valuation – Global Standards 2017 (Incorporating the IVSC International Valuation Standards) prepared by the Royal Institution of Chartered Surveyors (the “Red Book”). Our Valuation Report draws attention to the key issues and considerations impacting value and provide a detailed Property Risk Assessment and SWOT Analysis, plus details our Critical Assumptions, Disclaimers, Limitations and Qualifications and our Recommendations.

As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, it is considered prudent to consider the entire contents of the Valuation Report. Therefore, this Overview Letter must be read and considered together with the Valuation Report. We accept no responsibility for reliance upon the Overview Letter alone.

A copy of the Valuation Report will be available for inspection at the registered office of the Manager for a period of 3 months from the date of the Circular.

## MARKET MOVEMENT

The Valuation Report referred to above represents the value of each property as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). Colliers is not liable for losses arising from any subsequent changes in value.

## SPECIAL ASSUMPTIONS

A special assumption is made by the valuer where an assumption either assumes facts that differ from those existing at the valuation date or that would not be made by a typical market participant in a transaction on that valuation date.

In accordance with your instructions, we have provided an indicative Market Value on the Special Assumption that any current rent free periods were excluded from the valuation, for the following properties:

- **Herbrechtingen** – Am Buhlfeld 2-8
- **Obertshausen** – Im Birkengrund 5
- **Tamm** – Bietigheimer Strasse 50,52

COLLIERS INTERNATIONAL VALUATION UK LLP  
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For the purposes of valuations included in the Circular, we must ensure that we value in accordance with the facts in place for each property. For the property at Herbrechtingen Oberhausen and Tamm the fact is that the lease contract includes a rent free period that is currently in place. Therefore, we are not able to reflect this rent free as being “topped up” other than by way of a “Special Assumption”.

## CRITICAL ASSUMPTIONS AND RELIANCE ON INFORMATION PROVIDED

We have relied upon information provided to us by the Manager and its professional advisors in respect of the properties in preparing our Valuation Report, and do not accept any responsibility or liability for any errors or omissions in the information or documentation provided to us, nor for any consequences arising.

We do not accept any responsibility for subsequent changes in information that we have not been made aware of.

Furthermore, we have assumed that any information supplied can, if necessary, be verified. Should any of the information provided be found to be inaccurate or incomplete there could be a variation in value.

We have relied upon the following information provided to us and as set out in more detail within the Valuation Report:

- Leases in respect of each property
- Land registry extracts in respect of each property
- Floor plans for the properties as included within the individual property leases
- Measurement reports
- Technical reports dated between December 2017 and January 2018 and prepared by CBRE, Arcadis and Duff & Phelps
- Tenancy schedule dated 01 May 2019 provided to us by the Manager

We have relied upon this information in arriving at our opinions of value. We comment further on these in the Valuation Report. It must be noted that due to the length of time between instruction and completion of our valuations, inspections of the properties were carried out in February 2019, while much of the information provided to us was done so between April and May 2019. However, you have instructed us to rely on this information when arriving at our opinion of value as at the valuation date, while you have also confirmed that there have been no material changes at the properties in terms of their physical characteristics and in terms of any of the information and due diligence, between the point of inspection / provision of information and the valuation date. If any material changes are subsequently found to have occurred during this time, the values and opinions concluded herein may be incorrect. We have entirely relied on this confirmation in presenting our opinion of market value.

As instructed we have relied upon the floor areas provided by the Manager. We have not measured the properties and neither have we undertaken the measurement of any land sites. We





have assumed these to be correct, and have been assessed and calculated in accordance with local market practice.

In accordance with RICS Guidance Note 13/2010, we advise that we are not chartered environmental surveyors and we can provide no warranties to the accuracy of the information supplied relating to possible land contamination. We have assumed that the information and opinions we have been given are complete and correct and that further investigations would not reveal more information sufficient to affect value.

Where possible, we have made enquiries with the relevant planning authority for each property as to the planning status of the properties, and any proposed highway proposals, comprehensive development schemes or other planning matters that could affect property values. Any comment is included in the Valuation Report.

In the case of properties that are let, our opinion of value is based on our assessment of the investment market's perception of the covenant strength of the tenants. This has been arrived at in our capacity as valuation surveyors on the basis of information that is publicly available. We are not accountants or financial experts and we have not undertaken a detailed investigation into the financial status of the tenants. We have, however, reviewed where possible third party commentary on the principal tenants. Our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness. Where available, we have obtained credit reports on the major tenants, and include comments on these in the individual Valuation Reports.

## MARKET INSTABILITY

The market has been performing at levels considered to be at or near the top of the current property cycle. The likelihood of market conditions remaining at these levels in the long term is unlikely. If economic and real estate market conditions deteriorate in the future, then the market value of each asset will decline. This inherent risk factor should be considered in any lending or investment decisions.

## MARKET VALUE DEFINITIONS

The values stated in this report represent our objective opinion of **Market Value** in accordance with the definition set out below as at the date of valuation. Each valuation assumes that the Property has been properly marketed and that exchange of contracts took place on the valuation date.

Market Value is defined as follows:

*'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'*





No allowance has been made for either the costs of realisation or for taxation which might arise on a disposal. Our values are, however, net of standard purchaser's costs appropriate to each specific entity.

## REPORT CONTENT

Our Valuation Report, in addition to the content noted earlier herein, contains detailed information and description for each property pertaining to:

- Instructions, Reliance and Liability;
- Site Details including Location, Legal, Environmental and Town Planning; Building Improvements;
- A SWOT analysis;
- Analysis of the Financial attributes;
- A comprehensive Market Overview and details of the sales evidence regarded, along with our Investment Considerations; and
- The Market Value and marketability.

We again refer the reader of this letter to our Valuation Report for detail in respect of the above items for each property.

## VALAUTION RATIONALE

In arriving at our opinion of value for each asset, we have employed industry recognised valuation methodologies. We have considered relevant general and economic factors and in particular, have investigated sales and leasing transactions of comparable properties.

We have utilised the Income Capitalisation Method as our primary method of valuation with the Direct Comparable Method as our secondary method of valuation to determine our opinion of market value for each asset.

A detailed explanation of the investment credentials and the application of the various methods is provided within the Valuation Report.

## YIELDS

Our Valuation Report and One Page Property Summaries contain references to yields, which can be defined as follows:

### NET INITIAL YIELD

The initial immediate return from the property at the stated valuation, based on the current income the property produces. This is calculated by reference to the total net passing rent divided by the gross value before deduction of purchasers' costs.



#### IMPLIED YIELD

The initial immediate return from the property at the stated valuation, based on the current net income the property produces. This is calculated by reference to the total net passing rent divided by the Market Value after deduction of purchasers' costs.

#### EQUIVALENT YIELD

The average weighted return a property will produce with reference to both the present income and market rent, assuming the income is received annually in arrears.

#### REVERSIONARY YIELD

The expected return the property will provide once rack rented. This is calculated by reference to the total net market rent divided by the gross value before deduction of purchasers' costs.

#### VALUATION SUMMARY

In accordance with our instructions, we summarise our opinion of value for each property, as at 15 June 2019, is as follows:

Germany Portfolio		
Ref	Address	Market Value (€)
35223	Tamm, Robert Bosch	68,500,000
35224	Ratingen, KERMAG and VCK	46,400,000
35222	Ketzin, Hermes	38,500,000
35220	Graben (Augsburg), Hermes	32,900,000
35221	Herbrechtingen, Wilhelm Kentner	30,500,000
35218	Garching, Edeka	29,800,000
35228	Obertshausen, Amor & Muhle	29,100,000
35225	Bielefeld, B+S GmbH	24,300,000
35219	Bergheim - Callius, GILOG, WEG	18,900,000
		<b>318,900,000</b>

#### MARKET VALUE ON SPECIAL ASSUMPTION

We are of the opinion that the Market Value on the Special Assumption that the rent free periods were disregarded from the valuation, as at 15 June 2019, are:

Germany Portfolio		
Ref	Property	Market Value (€)
35223	Tamm, Robert Bosch	68,700,000
35221	Herbrechtingen, Wilhelm Kentner	31,300,000
35228	Obertshausen, Amor & Muhle	29,300,000



## MARKET COMMENTARY AND PORTFOLIO SALES

Included within the Valuation Report is a market commentary that provides an overview of the prevailing market conditions, particularly as they relate to each asset.

As an overarching statement on current market conditions, we are aware that investor appetite, particularly from international capital, continues to be very strong and has many market participants questioning if the peak of the current cycle has, or is at least close to being reached. This view is consistent across most major asset classes, although has been in place for around a year or so now, with many European markets and particularly Germany, continuing to see strong performance.

This international capital is being placed in large tranches directly and also indirectly via co-investment and investment mandates with local property players. This appetite is driven by Europe's transparent marketplace and potentially exacerbated by continuing currency fluctuations in the Euro and the Pound and Brexit uncertainty impacting on the usually largely stable UK market. Alongside, and participating against this foreign capital, are local wholesale and REIT funds who continue to receive strong superannuation and other funds that require investment.

A number of these funds are now targeting foreign investment, both direct and co-investment, due to the lack of local opportunities.

The concept of a portfolio premium is well entrenched in market discussion and it is possible from recent market offerings that many vendors believe a premium may be achieved through a portfolio offering. Analysis of recent industrial portfolio sales and in other asset sectors, suggests a premium may have been applied for the benefit of securing multiple assets and geographic diversification in one transaction. However, the concept of a portfolio premium is entirely subjective, as land transfers only report a single consideration for each asset.

Given the current strength of the investment climate and depth of foreign purchasers, it is not inconceivable for the portfolio of assets valued within our Valuation Report to trade at a premium to the sum of the individual asset values. The extent of any premium will depend upon a number of factors not all of which will be known, however, some industry participants are currently analysing and suggesting that these premiums may lie between 5% and 10%.

For the avoidance of doubt, we have approached our valuation on the basis of assessing the value of each property individually, having regard to what we believe each property would achieve should it be brought to the market in isolation at the date of valuation. Our valuation makes no allowance for the disposal of the portfolio in its entirety as a single transaction, or as a series of smaller portfolio 'lots'. Our valuation additionally makes no allowance for the any effect on value should all the properties be offered to the market at the same time.





## CONSENT

Colliers provides its consent for the inclusion of this Overview Letter within the Circular to Unitholders, for information purposes only. Recipients of the Circular should take note of the following liability disclaimers:

- Colliers is not operating under an Australian Financial Services Licence when providing the Valuation Report or this Overview Letter and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Frasers Logistics & Industrial Trust.
- The Valuation Report and this Overview Letter are strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in the Circular. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Colliers has prepared the Valuation Report and this Overview Letter relying on and referring to information provided by third parties, including financial and market information ("Information"). Colliers assumes that the Information is accurate, reliable and complete and it has not tested the information in that respect.
- References to each Property's value within this Overview Letter or the Circular have been extracted from the Valuation Report. The Valuation Reports draw attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, Colliers recommends that this Overview Letter and any references to value within the Circular must be read and considered together with the Valuation Report.
- This Overview Letter is to be read in conjunction with our Valuation Report and is subject to the same Assumptions, Limitations, Disclaimers and Qualifications as contained therein. A copy of the Valuation Report can be obtained from the Manager. We confirm that the Valuation Report will be made available for inspection at the registered office of the Manager for a period of three months from the date of the Circular, in accordance with applicable laws and regulations.
- Save as disclosed within this Overview Letter, no responsibility is accepted for any loss or damage arising as a result of reliance upon this Overview Letter.
- Neither this Overview Letter nor the Valuation Report may be reproduced in whole or in part without prior written approval of Colliers.
- Colliers charges a professional fee for producing valuation reports and a fee was paid by the Trustee for the Valuation Report and this Overview Letter.
- We confirm that each valuer noted within the Valuation Report does not have a pecuniary interest or other conflict of interest that would conflict with a proper valuation of the interest in the properties.



- This Overview Letter is for the use of the Addressees, such other parties identified above and for the Purposes as specified previously. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by Colliers and Colliers is not liable for any loss arising from such unauthorised use or reliance.
- For the avoidance of doubt, this Overview Letter is provided by Colliers International Valuation UK LLP and no partner, member or employee assumes any personal responsibility for it nor shall owe a duty of care in respect of it.
- In order to comply with the Valuation Standards our files may be subject to monitoring by the RICS.

Yours faithfully,


A handwritten signature in blue ink, appearing to read "Russell Francis".

**Russell Francis BSc MRICS**  
**RICS Registered Valuer**  
**Head of Valuation & Advisory Services**  
**Colliers International Valuation UK LLP**

A handwritten signature in blue ink, appearing to read "Martin Miklosko".

**Martin Miklosko BSc MRICS**  
**RICS Registered Valuer**  
**Director – EMEA Valuation & Advisory Services**  
**Colliers International Valuation UK LLP**



EXECUTIVE SUMMARY - Bergheim - Callius, GILOG, WEG	
	<p>Valuation prepared by            Colliers International Valuation UK LLP            50 George Street            London            W1U 7GA  <a href="http://www.colliers.com/uk">www.colliers.com/uk</a></p>
<b>INSTRUCTIONS / RELIANCE</b>	
<b>Property ID</b>	1
<b>Property Address</b>	Walter-Gropius-Str. 19
<b>Valuation prepared for (the Addressees)</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
<b>Assumptions, Limitations and Disclaimers</b>	This Executive Summary must be read in conjunction with the full Report and Valuation in its entirety. It is subject to the assumptions, qualifications, limitations and disclaimers in the full Report and Valuation, which is available for inspection at the registered address of the REIT Manager for a period of three months from the date of the Circular.
<b>Reliance and Liability</b>	To the fullest extent permitted by law, Colliers International Valuation UK LLP excludes all liability arising from the use of or reliance on its valuations by any person other than the Addressee of the valuations for any purpose whatsoever. For the avoidance of doubt, reliance on the Report and Valuation is not extended to the holders of units in Frasers Logistics & Industrial Trust.
<b>Purpose of Valuation</b>	Ascertaining the market value in connection with the acquisition of the property; and for inclusion in a circular to be issued as part of the rights issue for the existing REIT to unitholders of FLT.
<b>PROPERTY PARTICULARS</b>	
<b>Date of Inspection</b>	26 February 2019
<b>Type of Property</b>	Industrial Logistics
<b>Brief Description</b>	The subject property comprises a parade of three industrial / logistics buildings. The old building part comprises a standard fitout according to the construction date, the new part of the building is also to a standard fitout. The car park is in front of the building and is paved with bricks or is asphalted. Each rental unit has its own entrance and staircase leading to a small portion of offices over 3 storeys at the front of each unit. The office areas have a textile or tiled surface with suspended ceilings.
<b>Building Assessment</b>	The property was constructed in 2000 and was extended in 2018 by two further units built in the same style and whilst we did not carry out a building survey, we formed the opinion that the building is in generally good condition. The TDD from CBRE dated 22.12.2017 confirms our assessment.
<b>Surrounding Infrastructure</b>	Bergheim is a district town of the Rhine-Erft district in North Rhine-Westphalia about 36 km west of the city of Cologne. The city lies in the Zulpicher Borde, which in turn belongs to the Cologne Bay. Bergheim lies in the Rhineland brown coal mining area and is directly connected to the Federal Motorway 61. The A61 is connected to the A4 via the Kerpen motorway junction. The road network is supplemented by numerous country and district roads. The railway runs through Bergheim from Neuss to Horrem (on the main line Cologne-Aachen). The route is served as RB 38 (Bedburg - Bergheim - Horrem - Cologne).
<b>Site Area (sq m)</b>	33,343
<b>Lettable Area (sq m)</b>	19,404
	(measured in accordance with local practice)
<b>Year of Completion</b>	2000/2018
<b>Condition</b>	Good
<b>LEGAL</b>	
<b>Legal Title</b>	The property is held Freehold and the following land registry excerpt were delivered by the client: land register number excerpt 10069 and land register excerpt number 1172, both dated 29.11.2017.
<b>Tenure</b>	Freehold
<b>Planning / Zoning</b>	According to information obtained from local planning department for the city of Bergheim, the applicable zoning plan '151.1-2/PA' applies to the subject property. This plan was adopted by resolution of the municipal council on 19.10.1990. Main stipulations are as follows: Use: industrial area (GI), plot density ratio (GFZ): 9.0, plot coverage factor (GRZ): 0.8, up to 14 meters. On the basis of the current zoning plan regulations, we conclude that the current use is permitted.
<b>Gross Current Rent</b>	968,812
<b>Net Current Rent</b>	925,373
<b>WAULT (yrs)</b>	4.82
<b>Tenancy(cies)</b>	The property is let to three tenants; Callius GmbH, GILOG Gesellschaft für innovative Logistik mbH and WEG Germany GmbH. The landlord is responsible for major structural repairs and maintenance to the roof and façade ('Dach und Fach') and technical equipment.
<b>Overall Covenant Strength</b>	Good
<b>Basis of Valuation</b>	Market Value – subject to existing tenancies but otherwise with vacant possession
<b>Valuation Approaches</b>	Income Capitalisation Method
<b>Date of Valuation</b>	15/06/2019
<b>Market Rent (Gross)</b>	1,054,251
<b>Gross Value</b>	20,618,381
<b>Capex Allowance</b>	-78,872
<b>Market Value</b>	18,900,000
	Net of purchasers costs at -8.50%
<b>Gross Yield</b>	5.13%
<b>Implied Yield</b>	4.90%
<b>Net Initial Yield</b>	4.51%
<b>Equivalent Yield</b>	4.76%
<b>Reversionary Yield</b>	4.92%
<b>Direct Comparison Rate (€/ sqm)</b>	€ 974
	<b>Average void &amp; incentives</b> 6 months
	<b>Disposal marketing period</b> 6 months

**EXECUTIVE SUMMARY - Bielefeld, B+S GmbH**


Valuation prepared by  
 Colliers International Valuation UK LLP  
 50 George Street  
 London  
 W1U 7GA  
[www.colliers.com/uk](http://www.colliers.com/uk)


**INSTRUCTIONS / RELIANCE**

<b>Property ID</b>	2
<b>Property Address</b>	Fuggerstraße 17
<b>Valuation prepared for (the Addressees)</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
<b>Assumptions, Limitations and Disclaimers</b>	This Executive Summary must be read in conjunction with the full Report and Valuation in its entirety. It is subject to the assumptions, qualifications, limitations and disclaimers in the full Report and Valuation, which is available for inspection at the registered address of the REIT Manager for a period of three months from the date of the Circular.
<b>Reliance and Liability</b>	To the fullest extent permitted by law, Colliers International Valuation UK LLP excludes all liability arising from the use of or reliance on its valuations by any person other than the Addressee of the valuations for any purpose whatsoever. For the avoidance of doubt, reliance on the Report and Valuation is not extended to the holders of units in Frasers Logistics & Industrial Trust.
<b>Purpose of Valuation</b>	Ascertaining the market value in connection with the acquisition of the property; and for inclusion in a circular to be issued as part of the rights issue for the existing REIT to unitholders of FLT.

**PROPERTY PARTICULARS**

<b>Date of Inspection</b>	25 February 2019
<b>Type of Property</b>	Industrial Logistics
<b>Brief Description</b>	The property is a single storey warehouse constructed out of concrete and under a flat roof. At the front part of the property there is a three-storey administration building, which contains social and office areas. The office is equipped with carpet flooring, floor boxes and suspended ceilings. The warehouse building appears to be built-to-suit for the current tenant. It contains logistic and storage areas, some of them are fitted with air-conditioning. The main entrance is on the north-east side of the building, whereas the docking station for lorries is located on the western side. There are several car spaces in front of the property.
<b>Building Assessment</b>	The property was constructed in 2017 and is generally in very good condition, our impression on site was that there are no obvious damages or defects.
<b>Surrounding Infrastructure</b>	Bielefeld is the eighth largest city in North Rhine-Westphalia. Bielefeld transformed itself into an important service, administration, research, university and industrial location in North Rhine-Westphalia. The city has a modern economic structure and is also a location for companies from the food sector, the construction industry and mechanical engineering as well as the printing and clothing industry. With the A2 and A33 motorways and an ICE stop on the Cologne-Berlin route, Bielefeld is well connected to the national infrastructure network. The airport Düsseldorf is about 170 km away from Bielefeld.
<b>Site Area (sq m)</b>	38,200
<b>Lettable Area (sq m)</b>	22,336 (measured in accordance with local practice)
<b>Year of Completion</b>	2017
<b>Condition</b>	Good

**LEGAL**

<b>Legal Title</b>	We understand that the property is held Freehold. According to the second lease addendum the plot has a size of approx 38,200 sq m and the parcels 982, 1286 and 1287 belong to the plot. We have not been provided with a current extract from the land register, so we cannot comment anything referring to easements and the plot.
<b>Tenure</b>	Freehold
<b>Planning / Zoning</b>	The property is located in an area for which a legally binding development plan exists. The plan "Nr. I/ST. 49" applies for the property, dated 28.09.2016. According to the planning regulations in this development plan, the parcel has the designated use "GI – industrial area". Furthermore, the site coverage ratio is 0.9 (GRZ) and plot ratio is 0.6 (GFZ). The maximum height of constructions is limited to 16 meters. We have not been provided with the respective building application. For the purpose of the valuation, we assume that the property complies fully with all relevant statutory requirements.



**TENANCY**



<b>Gross Current Rent</b>	1,255,680
<b>Net Current Rent</b>	1,226,843
<b>WAULT (yrs)</b>	8.00
<b>Tenancy(cies)</b>	The property is let to a single tenant ("B+S Logistik und Dienstleistung"). The unexpired lease term is approximately 8 years and the tenant currently pays a gross rent of €1,255,680 per annum. The landlord is responsible for major structural repairs and maintenance to the roof and façade ('Dach und Fach') but the tenant has to reimburse the Landlord all outgoings in relation to the premises.
<b>Overall Covenant Strength</b>	Very Good

**VALUATION**

<b>Basis of Valuation</b>	Market Value – subject to existing tenancies but otherwise with vacant possession		
<b>Valuation Approaches</b>	Income Capitalisation Method		
<b>Date of Valuation</b>	15/06/2019		
<b>Market Rent (Gross)</b>	1,282,680		
<b>Gross Value</b>	26,199,881		
<b>Capex Allowance</b>	-33,786		
<b>Market Value</b>	24,300,000	Net of purchasers costs at	-7.50%
<b>Gross Yield</b>	5.17%		
<b>Implied Yield</b>	5.05%		
<b>Net Initial Yield</b>	4.69%		
<b>Equivalent Yield</b>	4.65%		
<b>Reversionary Yield</b>	4.72%		
<b>Direct Comparison Rate (€/ sqm)</b>	€ 1,088	<b>Average void &amp; incentives</b>	12 months
		<b>Disposal marketing period</b>	6 months



EXECUTIVE SUMMARY - Garching, Edeka	
	Valuation prepared by Colliers International Valuation UK LLP 50 George Street London W1U 7GA <a href="http://www.colliers.com/uk">www.colliers.com/uk</a>
	
INSTRUCTIONS / RELIANCE	
<b>Property ID</b>	3
<b>Property Address</b>	Dieselstraße 30
<b>Valuation prepared for (the Addressee)</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
<b>Assumptions, Limitations and Disclaimers</b>	This Executive Summary must be read in conjunction with the full Report and Valuation in its entirety. It is subject to the assumptions, qualifications, limitations and disclaimers in the full Report and Valuation, which is available for inspection at the registered address of the REIT Manager for a period of three months from the date of the Circular.
<b>Reliance and Liability</b>	To the fullest extent permitted by law, Colliers International Valuation UK LLP excludes all liability arising from the use of or reliance on its valuations by any person other than the Addressee of the valuations for any purpose whatsoever. For the avoidance of doubt, reliance on the Report and Valuation is not extended to the holders of units in Frasers Logistics & Industrial Trust.
<b>Purpose of Valuation</b>	Ascertaining the market value in connection with the acquisition of the property; and for inclusion in a circular to be issued as part of the rights issue for the existing REIT to unitholders of FLT.
PROPERTY PARTICULARS	
<b>Date of Inspection</b>	28 February 2019
<b>Type of Property</b>	Industrial Logistics
<b>Brief Description</b>	The subject property comprises a single-storey logistic building (cold storage for EDEKA; 1 to 7 degrees) with two three-storey office extensions constructed in 2007 and refurbished in 2016. The building has been executed as reinforced concrete frame construction and does not have a basement level. There are car park areas in the front of the building, approx 398 sq m office space currently unused and not expanded.
<b>Building Assessment</b>	The property was constructed in 2007 and refurbished in 2016, we formed the opinion that the property is in a generally average condition. The TDD report by CBRE dated 17.07.2017 was carried out before all refurbishments had taken place and confirms our assessment.
<b>Surrounding Infrastructure</b>	Garching is located in the north of Munich and belongs to the administrative district of Upper Bavaria. It borders in the south to the Bavarian state capital Munich, in the north to the municipality Eching, in the west on the municipality Oberschleißheim. The city has become internationally known especially through its research centre with many research institutions. Voith Turbo, SÜSSMicroTec, M-Braun Inertgas-System and BMW can be found in the Garching industrial park. Garching has two direct motorway connections to the A9 Munich-Nuremberg-Berlin. The property is located at Dieselstraße 30, approx. 18.5 km from Munich. The immediate surrounding of the property is mainly dominated by commercial enterprises.
<b>Site Area (sq m)</b>	23,186
<b>Lettable Area (sq m)</b>	13,014
	(measured in accordance with local practice)
<b>Year of Completion</b>	
<b>Condition</b>	Average
LEGAL	
<b>Legal Title</b>	The property is held Freehold and the following land register excerpt was delivered by the client: land register excerpt number 2006, dated 01.12.2017. Land register: The property is under title number 2006, title of Garching and consists of three parcels.
<b>Tenure</b>	Freehold
<b>Planning / Zoning</b>	According to information from the local planning office of the city Garching, the current development plan "No. 91" applies to the affected objects. This plan was adopted by resolution of the local council of 01.03.1982 and last changed on 08.07.1986. Main stipulations are as follows: plot coverage factor GRZ: 0.8, GFZ: 1.0, up to 3 storeys. These determinations concern only a part of the land area and conclude that the current use is permitted.
TENANCY	
<b>Gross Current Rent</b>	1,377,298
<b>Net Current Rent</b>	1,343,721
<b>WAULT (yrs)</b>	13.48
<b>Tenancy(cies)</b>	The property is fully let to one tenant: EDEKA AG. The current annual rent is €1,377,298. The landlord is responsible for major structural repairs and maintenance to the roof and façade ('Dach und Fach') and technical equipment.
<b>Overall Covenant Strength</b>	Very Good
VALUATION	
<b>Basis of Valuation</b>	Market Value – subject to existing tenancies but otherwise with vacant possession
<b>Valuation Approaches</b>	Income Capitalisation Method
<b>Date of Valuation</b>	15/06/2019
<b>Market Rent (Gross)</b>	1,395,582
<b>Gross Value</b>	31,325,085
<b>Capex Allowance</b>	-81,152
<b>Market Value</b>	29,800,000
	Net of purchasers costs at -4.75%
<b>Gross Yield</b>	4.62%
<b>Implied Yield</b>	4.51%
<b>Net Initial Yield</b>	4.30%
<b>Equivalent Yield</b>	4.31%
<b>Reversionary Yield</b>	4.36%
<b>Direct Comparison Rate (€/ sqm)</b>	€ 2,290
	<b>Average void &amp; incentives</b> 3 months
	<b>Disposal marketing period</b> 6 months

EXECUTIVE SUMMARY - Graben (Augsburg), Hermes	
	<p>Valuation prepared by            Colliers International Valuation UK LLP            50 George Street            London            W1U 7GA  <a href="http://www.colliers.com/uk">www.colliers.com/uk</a></p> 
INSTRUCTIONS / RELIANCE	
<b>Property ID</b>	4
<b>Property Address</b>	Hermesstraße
<b>Valuation prepared for (the Addressees)</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
<b>Assumptions, Limitations and Disclaimers</b>	This Executive Summary must be read in conjunction with the full Report and Valuation in its entirety. It is subject to the assumptions, qualifications, limitations and disclaimers in the full Report and Valuation, which is available for inspection at the registered address of the REIT Manager for a period of three months from the date of the Circular.
<b>Reliance and Liability</b>	To the fullest extent permitted by law, Colliers International Valuation UK LLP excludes all liability arising from the use of or reliance on its valuations by any person other than the Addressee of the valuations for any purpose whatsoever. For the avoidance of doubt, reliance on the Report and Valuation is not extended to the holders of units in Frasers Logistics & Industrial Trust.
<b>Purpose of Valuation</b>	Ascertaining the market value in connection with the acquisition of the property; and for inclusion in a circular to be issued as part of the rights issue for the existing REIT to unitholders of FLT.
PROPERTY PARTICULARS	
<b>Date of Inspection</b>	28 February 2019
<b>Type of Property</b>	Industrial Logistics
<b>Brief Description</b>	The subject property comprises a single-storey logistic building (cross dock/distribution centre) with a two storey office extension and a gatehouse. The property is rectangular in shape and is surrounded by tarmac paved asphalt, which provides ample space for trucks and cars.
<b>Building Assessment</b>	The property was constructed in 2018 and we formed the opinion that the property is in very good condition. Besides normal signs of wear and tear we have not noted major building defects or damage. We have referred to the TDD report by Duff&PHELPS dated 5.12.2017 which confirmed our assessment.
<b>Surrounding Infrastructure</b>	Graben is a village in the district of Augsburg. Graben is approx. 20 kilometres south of Augsburg between Lech and Wertach on the Lechfeld. The district of Augsburg is the third largest city in Bavaria with a population of approx 300,000 in the city and 885,000 in the metro area. The property is located in the Hermesstraße in Graben (Lechfeld) about 3.5 km from the town centre of Graben. The area is a designated enterprise zone, directly on the four-lane B17 (approx. 1.2 km away) leading to Augsburg and Landsberg, which links up with the motorway (A8 and A96) in the direction of Munich, Lindau and Stuttgart.
<b>Site Area (sq m)</b>	59,979
<b>Lettable Area (sq m)</b>	11,534
	(measured in accordance with local practice)
<b>Year of Completion</b>	2018
<b>Condition</b>	Excellent
LEGAL	
<b>Legal Title</b>	The property is held Freehold and the following land register excerpt was delivered by the client: land register excerpt number 2855, dated 22.02.2018. Land register: The property is under title number 2855, title of Graben and consists of one parcel.
<b>Tenure</b>	Freehold
<b>Planning / Zoning</b>	According to information obtained from the local planning department of the city Graben, the applicable zoning plan 'L 24' applies to the subject properties. This plan was adopted by resolution of the municipal council on 29.06.2011. Main stipulations are as follows: Use: commercial area (GE), plot coverage factor (GRZ): 0.8, floor area ratio (GFZ): 0.55, max. height: 13.5 m. On the basis of the current zoning plan regulations, we conclude that the current use is permitted
TENANCY	
<b>Gross Current Rent</b>	1,576,448
<b>Net Current Rent</b>	1,521,705
<b>WAULT (yrs)</b>	13.66
<b>Tenancy(cies)</b>	The property is fully let to one tenant: Hermes Germany GmbH. The current annual rent is €1,576,448. The landlord is responsible for major structural repairs and maintenance to the roof and façade ('Dach und Fach') and technical equipment.
<b>Overall Covenant Strength</b>	Very Good
VALUATION	
<b>Basis of Valuation</b>	Market Value – subject to existing tenancies but otherwise with vacant possession
<b>Valuation Approaches</b>	Income Capitalisation Method
<b>Date of Valuation</b>	15/06/2019
<b>Market Rent (Gross)</b>	1,070,397
<b>Gross Value</b>	34,565,668
<b>Capex Allowance</b>	-71,328
<b>Market Value</b>	32,900,000
	Net of purchasers costs at -4.75%
<b>Gross Yield</b>	4.79%
<b>Implied Yield</b>	4.63%
<b>Net Initial Yield</b>	4.41%
<b>Equivalent Yield</b>	3.50%
<b>Reversionary Yield</b>	2.99%
	<b>Average void &amp; incentives</b> 6 months
<b>Direct Comparison Rate (€/ sqm)</b>	€ 2,852
	<b>Disposal marketing period</b> 6 months

EXECUTIVE SUMMARY - Herbrechtingen, Wilhelm Kentner	
	<p>Valuation prepared by Colliers International Valuation UK LLP 50 George Street London W1U 7GA <a href="http://www.colliers.com/uk">www.colliers.com/uk</a></p> 
INSTRUCTIONS / RELIANCE	
Property ID	5
Property Address	Am Bühlfeld 2-8, Herbrechtingen, Germany
Valuation prepared for (the Addressee)	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
Assumptions, Limitations and Disclaimers	This Executive Summary must be read in conjunction with the full Report and Valuation in its entirety. It is subject to the assumptions, qualifications, limitations and disclaimers in the full Report and Valuation, which is available for inspection at the registered address of the REIT Manager for a period of three months from the date of the Circular.
Reliance and Liability	To the fullest extent permitted by law, Colliers International Valuation UK LLP excludes all liability arising from the use of or reliance on its valuations by any person other than the Addressee of the valuations for any purpose whatsoever. For the avoidance of doubt, reliance on the Report and Valuation is not extended to the holders of units in Frasers Logistics & Industrial Trust.
Purpose of Valuation	Ascertaining the market value in connection with the acquisition of the property; and for inclusion in a circular to be issued as part of the rights issue for the existing REIT to unitholders of FLT.
PROPERTY PARTICULARS	
Date of Inspection	27 February 2019
Type of Property	Industrial Logistics
Brief Description	The property comprises a single storey logistic building with four interconnecting warehouses, in addition a small two storey office extension is connected to one of the units. There are 49 loading docks and 5 gates at ground level. The car park is in front of the property and has capacity for 51 truck parking spaces and 105 car parking spaces.
Building Assessment	The property was constructed in 2008 and we formed the opinion that the property is in generally good condition. We have referred to the Technical Due Diligence report by Arcadis, dated 05.01.2018 which also confirms our assessment that the internal and external elements of the property are generally in good condition.
Surrounding Infrastructure	Herbrechtingen is a town in the district of Heidenheim in Baden-Württemberg, and is located in the central of southern Germany in the triangle between Stuttgart, Würzburg und Ulm with excellent transport links. The property is located in Bühlfeld 2-8, directly at a roundabout, which connects the property with the federal highways B19 and B492. The property has good visibility along the A7 motorway. Access by car is very good, however access via public transport connections is more limited. The train station (Giengen) is approx 2km to the north-east of the property.
Site Area (sq m)	81,460
Lettable Area (sq m)	44,501 (measured in accordance with local practice)
Year of Completion	2008
Condition	Good
LEGAL	
Legal Title	The property is held Freehold and the following land registers excerpt was delivered by the client: land register number excerpt 23238, dated 17.01.2018.
Tenure	Freehold
Planning / Zoning	Information regarding to the planning law does not exist according to the city of Herbrechtingen. The development is based on §34 BauGB (develop according to the neighborhood). For the purpose of the valuation and in the absence of any further information, we have made the assumption that the property was constructed in accordance with any planning and building regulations.
TENANCY	
Gross Current Rent	1,727,123
Net Current Rent	1,634,941
WAULT (yrs)	7.50
Tenancy(cies)	The property is fully let to Wilhelm Kentner Kraftwagen-Spedition GmbH & Co. KG, with a current annual rent of €1,727,123, with an unexpired lease term of approximately 7.50 years to expiry of lease.
Overall Covenant Strength	Good
VALUATION	
Basis of Valuation	Market Value – subject to existing tenancies but otherwise with vacant possession
Valuation Approaches	Income Capitalisation Method
Date of Valuation	15/06/2019
Market Rent (Gross)	1,826,502
Gross Value	32,439,396
Capex Allowance	-84,738
Market Value	30,500,000
	Net of purchasers costs at -6.25%
Gross Yield	5.66%
Implied Yield	5.36%
Net Initial Yield	5.05%
Equivalent Yield	5.15%
Reversionary Yield	5.36%
	Average void & incentives 9 months
Direct Comparison Rate (€/ sqm)	€ 685
	Disposal marketing period 6 months
Market Value (Special Assumption Excluding Rent Free)	31,300,000
	Net of purchasers costs at -6.25%
Gross Yield	5.52%
Implied Yield	5.22%
Net Initial Yield	5.92%
Equivalent Yield	5.15%
Reversionary Yield	5.22%

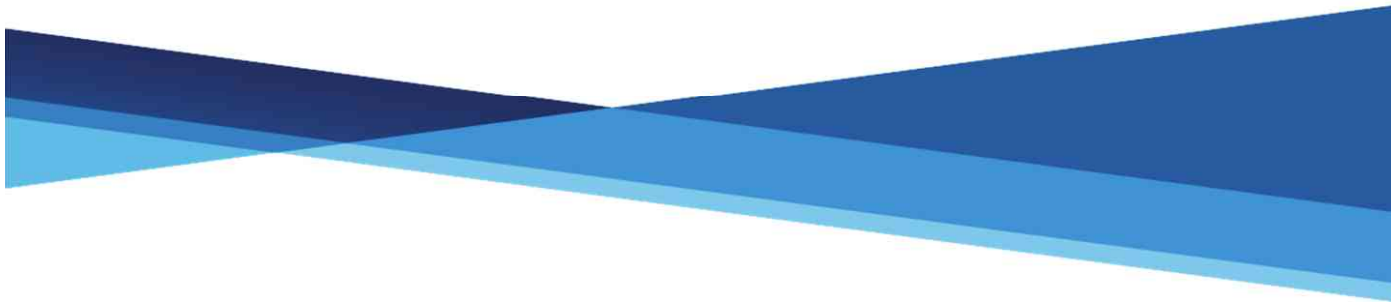


EXECUTIVE SUMMARY - Ketzin, Hermes	
	<p>Valuation prepared by            Colliers International Valuation UK LLP            50 George Street            London            W1U 7GA  <a href="http://www.colliers.com/uk">www.colliers.com/uk</a></p> 
INSTRUCTIONS / RELIANCE	
<b>Property ID</b>	6
<b>Property Address</b>	Gewerbegebiete Etzin 1, Ketzin, Germany
<b>Valuation prepared for (the Addressee)</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
<b>Assumptions, Limitations and Disclaimers</b>	This Executive Summary must be read in conjunction with the full Report and Valuation in its entirety. It is subject to the assumptions, qualifications, limitations and disclaimers in the full Report and Valuation, which is available for inspection at the registered address of the REIT Manager for a period of three months from the date of the Circular.
<b>Reliance and Liability</b>	To the fullest extent permitted by law, Colliers International Valuation UK LLP excludes all liability arising from the use of or reliance on its valuations by any person other than the Addressee of the valuations for any purpose whatsoever. For the avoidance of doubt, reliance on the Report and Valuation is not extended to the holders of units in Frasers Logistics & Industrial Trust.
<b>Purpose of Valuation</b>	Ascertaining the market value in connection with the acquisition of the property; and for inclusion in a circular to be issued as part of the rights issue for the existing REIT to unitholders of FLT.
PROPERTY PARTICULARS	
<b>Date of Inspection</b>	25 February 2019
<b>Type of Property</b>	Industrial Logistics
<b>Brief Description</b>	The property comprises a one storey logistic building with an integrated two storey office tract. The property has a reinforced concrete (office) or steel construction (logistic). The windows are double glazed and the frame are metal. The car park surrounds the entire property and is paved with asphalt. The logistics hall is equipped with 117 loading bays and varying sizes of delivery areas.
<b>Building Assessment</b>	The property was constructed in 2017. The property in its present form is in generally reasonable condition for the main use of a warehouse considering the year of construction. According to the TDD report by Duff & Phelps dated 8.12.2017 confirms our assessment that internal/external elements of the property are in good condition.
<b>Surrounding Infrastructure</b>	Ketzin is located approximately 21 km (20 mins) to the west of Berlin and 10 km to the north of Potsdam. There are no train services from the railway station anymore, only a bus service is provided. Ketzin has a population of approx 6,500. The property is located in an industrial area of Etzin in the district of Havelland. The area around Ketzin is a protected natural landscape with an extensive lake and fault landscape. The nearest main road (b5) is about 8 km away, and the nearest motorway (A10) about 12 km away.
<b>Site Area (sq m)</b>	86,687
<b>Lettable Area (sq m)</b>	13,142 (measured in accordance with local practice)
<b>Year of Completion</b>	2017
<b>Condition</b>	Excellent
LEGAL	
<b>Legal Title</b>	The property is held freehold and listed under number 347, title of Etzin and divided into three plots .
<b>Tenure</b>	Freehold
<b>Planning / Zoning</b>	According to information obtained from the website 'https://www.ketzin.de/seite/107736/bebauungspläne.html' the applicable zoning plan Number 03/03 'Mosolf Technikzentrum II Etzin' applies to the subject property. This plan was adopted by resolution of the municipal council on 30 November 2011. According to the planning regulations in this zoning plan, the parcel has the designated use commercial and a site coverage ratio of 0.8 and a plot ratio of 1.3.
TENANCY	
<b>Gross Current Rent</b>	1,914,642
<b>Net Current Rent</b>	1,850,180
<b>WAULT (yrs)</b>	13.34
<b>Tenancy(cies)</b>	The property is let to Hermes Germany GbBH at a current aggregate retn of €1,914,642 pa. The landlord is responsible for major structural repairs and maintenance to the roof and façade ('Dach und Fach') but the tenant is to pay all outgoings in relation to the premises up to maximum €50,000 over the total lease term.
<b>Overall Covenant Strength</b>	Good
VALUATION	
<b>Basis of Valuation</b>	Market Value – subject to existing tenancies but otherwise with vacant possession
<b>Valuation Approaches</b>	Income Capitalisation Method
<b>Date of Valuation</b>	15/06/2019
<b>Market Rent (Gross)</b>	1,235,235
<b>Gross Value</b>	41,506,872
<b>Capex Allowance</b>	-47,361
<b>Market Value</b>	38,500,000
	Net of purchasers costs at -7.75%
<b>Gross Yield</b>	4.97%
<b>Implied Yield</b>	4.81%
<b>Net Initial Yield</b>	4.46%
<b>Equivalent Yield</b>	3.65%
<b>Reversionary Yield</b>	2.87%
<b>Direct Comparison Rate (€/ sqm)</b>	€ 2,930
	<b>Average void &amp; incentives</b> 12 months
	<b>Disposal marketing period</b> 6 months

EXECUTIVE SUMMARY - Obertshausen, Amor & Muhle	
	<p>Valuation prepared by            Colliers International Valuation UK LLP            50 George Street            London            W1U 7GA  <a href="http://www.colliers.com/uk">www.colliers.com/uk</a></p> 
INSTRUCTIONS / RELIANCE	
<b>Property ID</b>	7
<b>Property Address</b>	Im Birkengrund 5, Obertshausen, Germany
<b>Valuation prepared for (the Addressees)</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
<b>Assumptions, Limitations and Disclaimers</b>	This Executive Summary must be read in conjunction with the full Report and Valuation in its entirety. It is subject to the assumptions, qualifications, limitations and disclaimers in the full Report and Valuation, which is available for inspection at the registered address of the REIT Manager for a period of three months from the date of the Circular.
<b>Reliance and Liability</b>	To the fullest extent permitted by law, Colliers International Valuation UK LLP excludes all liability arising from the use of or reliance on its valuations by any person other than the Addressee of the valuations for any purpose whatsoever. For the avoidance of doubt, reliance on the Report and Valuation is not extended to the holders of units in Frasers Logistics & Industrial Trust.
<b>Purpose of Valuation</b>	Ascertaining the market value in connection with the acquisition of the property; and for inclusion in a circular to be issued as part of the rights issue for the existing REIT to unitholders of FLT.
PROPERTY PARTICULARS	
<b>Date of Inspection</b>	26 February 2019
<b>Type of Property</b>	Industrial Logistics
<b>Brief Description</b>	The property comprises three storage and logistic buildings with office spaces. The buildings comprise a standard fitout according to the construction date. The office areas are fitted with externally-mounted shading installations. The buildings on the south part of the site consist single storey warehouses with a ceiling height of approx. 8.5 m. The new building (construction year 2018) comprise a two-storey warehouse with a ceiling height of approx. 4.5 - 5 m per storey with two-storey office tracts.
<b>Building Assessment</b>	The two warehouses were built in 2016 and the building on the north of the site was built in 2018/2019, the buildings comprise a standard fitout according to construction date, the property is in generally good condition. The warehouse on the north of the site (constructed during 2018/2019) was not completed and in use on inspection day, for this valuation a completed condition is assumed and we recommend your technical advisors confirm that the property has been completed in line with design specifications.
<b>Surrounding Infrastructure</b>	Obertshausen is located on the southern part of Hesse and is one of the 13 towns and villages in the district of Offenbach. The city lies in a densely wooded eastern part of the Upper Rhine Plain. As well as the mechanical engineering industry, Obertshausen is known for its leather industry, which sells worldwide. Several bus lines operate within the city and Frankfurt Airport is about 22 km away and can be reached directly via the A3 in 20 mins by car.
<b>Site Area (sq m)</b>	36,755
<b>Lettable Area (sq m)</b>	23,154 (measured in accordance with local practice)
<b>Year of Completion</b>	2016/2019
<b>Condition</b>	Excellent
LEGAL	
<b>Legal Title</b>	The property is held Freehold and the following land register excerpt was delivered by the client: land register number excerpt 3150, dated 29.11.2017.
<b>Tenure</b>	Freehold
<b>Planning / Zoning</b>	According to information from the local planning department for the city of Obertshausen, the applicable zoning plan 'Gewerbegebiet Herbäcker 1st amendment' applies to the subject property. This plan was adopted by resolution of the municipal council on 12.09.2011. Main stipulations are as follows: Use: commercial area (GE), plot density ratio (GFZ): 2.4, plot coverage factor (GRZ): 0.8, up to 14 meters and 16 meters.
TENANCY	
<b>Gross Current Rent</b>	1,474,097
<b>Net Current Rent</b>	1,027,027
<b>WAULT (yrs)</b>	14.10
<b>Tenancy(cies)</b>	The property is let to 2 tenants (Amor GmbH and Mühle GmbH) at a current aggregate rent of € 1,474,097 per annum. The weighted average unexpired lease term is approximately 14.10 years to expiry of the lease. The landlord is responsible for major structural repairs and maintenance to the roof and façade ('Dach und Fach') and technical equipment.
<b>Overall Covenant Strength</b>	Fair/Average
VALUATION	
<b>Basis of Valuation</b>	Market Value – subject to existing tenancies but otherwise with vacant possession
<b>Valuation Approaches</b>	Income Capitalisation Method
<b>Date of Valuation</b>	15/06/2019
<b>Market Rent (Gross)</b>	1,441,691
<b>Gross Value</b>	31,537,480
<b>Capex Allowance</b>	-77,640
<b>Market Value</b>	29,100,000
	Net of purchasers costs at -8.00%
<b>Gross Yield</b>	5.07%
<b>Implied Yield</b>	3.53%
<b>Net Initial Yield</b>	3.26%
<b>Equivalent Yield</b>	4.40%
<b>Reversionary Yield</b>	4.41%
	Average void & incentives 6 months
<b>Direct Comparison Rate (€/ sqm)</b>	€ 1,257
	Disposal marketing period 6 months
<b>Market Value (Special Assumption Excluding Rent Free)</b>	29,300,000
	Net of purchasers costs at -8.00%
<b>Gross Yield</b>	5.03%
<b>Implied Yield</b>	4.85%
<b>Net Initial Yield</b>	4.49%
<b>Equivalent Yield</b>	4.40%
<b>Reversionary Yield</b>	4.39%

EXECUTIVE SUMMARY - Ratingen, KERAMAG and VCK	
	Valuation prepared by Colliers International Valuation UK LLP 50 George Street London W1U 7GA <a href="http://www.colliers.com/uk">www.colliers.com/uk</a>
	
INSTRUCTIONS / RELIANCE	
<b>Property ID</b>	8
<b>Property Address</b>	An den Dieken, Ratingen, Germany
<b>Valuation prepared for (the Addressees)</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
<b>Assumptions, Limitations and Disclaimers</b>	This Executive Summary must be read in conjunction with the full Report and Valuation in its entirety. It is subject to the assumptions, qualifications, limitations and disclaimers in the full Report and Valuation, which is available for inspection at the registered address of the REIT Manager for a period of three months from the date of the Circular.
<b>Reliance and Liability</b>	To the fullest extent permitted by law, Colliers International Valuation UK LLP excludes all liability arising from the use of or reliance on its valuations by any person other than the Addressee of the valuations for any purpose whatsoever. For the avoidance of doubt, reliance on the Report and Valuation is not extended to the holders of units in Frasers Logistics & Industrial Trust.
<b>Purpose of Valuation</b>	Ascertaining the market value in connection with the acquisition of the property; and for inclusion in a circular to be issued as part of the rights issue for the existing REIT to unitholders of FLT.
PROPERTY PARTICULARS	
<b>Date of Inspection</b>	26 February 2019
<b>Type of Property</b>	Industrial Logistics
<b>Brief Description</b>	The property comprises two warehouse units as well as office areas. Parking spaces are available in front of each building and each has its own gateway and is surrounded by a fence. Both properties have two storeys and comprise a standard fitout to the construction date. The storage areas have a net height of approx. 10.50 respectively 10.60 meters.
<b>Building Assessment</b>	The property was constructed in 2014. The Property in its present form is in generally very good condition, the Technical Due Diligence Report by CBRE dated 22.12.2017 confirms this assessment.
<b>Surrounding Infrastructure</b>	Ratingen is located in the federal state of North Rhine Westphalia, it borders in the south and west on the state capital Dusseldorf. Companies with large headquarters include Asus, Nokia, SAP and Esprit and due to its central location between the Ruhr area and the conurbations of Dusseldorf, Colgoen/Bonn and Wuppertal, Ratingen has very good transport connections. The Property is just over 1.5 km away from the A524 motorway, which provides a connection to the A3 motorway. The cities of Essen and Duisburg can be reached in less than an hour by car (less than 20 km away) or alternatively just over an hour by public transport.
<b>Site Area (sq m)</b>	75,969
<b>Lettable Area (sq m)</b>	37,724 (measured in accordance with local practice)
<b>Year of Completion</b>	2014
<b>Condition</b>	Excellent
LEGAL	
<b>Legal Title</b>	We understand that the site is registered under a single freehold title (land registry excerpt 7515, dated 29.11.2017). There are a few more parcels and the total size of these is 38,664 sqm.
<b>Tenure</b>	Freehold
<b>Planning / Zoning</b>	According to current information from the local planning department of Ratingen, the applicable zoning plan 'L203' applies. Main stipulations are as follows: Use: commercial area (GE), plot coverage factor (GRZ): 0.8, up to 6 or 7 storeys; a length of 50 to 250 meters is allowed.
TENANCY	
<b>Gross Current Rent</b>	2,299,424
<b>Net Current Rent</b>	2,205,313
<b>WAULT (yrs)</b>	6.36
<b>Tenancy(cies)</b>	Each property is let to one tenant (KERAMAG Keramische Werke GmbH, VCK Logistics SCS GmbH) at a current aggregate rent of € 2,229,424 per annum. The weighted average unexpired lease term is approximately 6.36 years to expiry of the leases. The landlord is responsible for major structural repairs and maintenance to the roof and façade ('Dach und Fach') and technical equipment.
<b>Overall Covenant Strength</b>	KERAMAG - Very Good VCK Logistics - Good
VALUATION	
<b>Basis of Valuation</b>	Market Value – subject to existing tenancies but otherwise with vacant possession
<b>Valuation Approaches</b>	Income Capitalisation Method
<b>Date of Valuation</b>	15/06/2019
<b>Market Rent (Gross)</b>	2,518,949
<b>Gross Value</b>	50,179,809
<b>Capex Allowance</b>	-170,728
<b>Market Value</b>	46,400,000
<b>Gross Yield</b>	4.96%
<b>Implied Yield</b>	4.75%
<b>Net Initial Yield</b>	4.41%
<b>Equivalent Yield</b>	4.75%
<b>Reversionary Yield</b>	4.88%
<b>Direct Comparison Rate (€/ sqm)</b>	€ 1,230
	<b>Average void &amp; incentives</b> 6 months
	<b>Disposal marketing period</b> 6 months

EXECUTIVE SUMMARY - Tamm, Robert Bosch	
	<p>Valuation prepared by            Colliers International Valuation UK LLP            50 George Street            London            W1U 7GA  <a href="http://www.colliers.com/uk">www.colliers.com/uk</a></p> 
INSTRUCTIONS / RELIANCE	
<b>Property ID</b>	9
<b>Property Address</b>	Bietigheimer Str, Germany Tamm
<b>Valuation prepared for (the Addressees)</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
<b>Assumptions, Limitations and Disclaimers</b>	This Executive Summary must be read in conjunction with the full Report and Valuation in its entirety. It is subject to the assumptions, qualifications, limitations and disclaimers in the full Report and Valuation, which is available for inspection at the registered address of the REIT Manager for a period of three months from the date of the Circular.
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<b>Purpose of Valuation</b>	Ascertaining the market value in connection with the acquisition of the property; and for inclusion in a circular to be issued as part of the rights issue for the existing REIT to unitholders of FLT.
PROPERTY PARTICULARS	
<b>Date of Inspection</b>	27-Feb-19
<b>Type of Property</b>	Industrial Logistics
<b>Brief Description</b>	The property comprises two two-storey warehouse units with parking spaces available at the front of each building. The office areas have a textile or tiled surface with suspended ceilings. The property has a profiled metal roof and is equipped with ventilation installations located on the roof. The site is surrounded by a fence.
<b>Building Assessment</b>	The property was constructed in 2018 and is in excellent condition.
<b>Surrounding Infrastructure</b>	Tamm is a village in the district of Ludwigsburg in Baden-Wuerttemberg. The property is located in Bietigheimer Str a commercial and industrial area that lies north of Bissingen and Bietigheim-Bissingen of approx 2.5 km. The surrounding area is dominated by commercial enterprises. The city centre of Tamm is 1.5 km away and Ludwigsburg can be accessed in just over 15 minutes via the B27. The nearest airport is Stuttgart Airport, about 37.5 km away, which can be reached via the B37 in approx. 45 minutes.
<b>Site Area (sq m)</b>	72,992
<b>Lettable Area (sq m)</b>	38,932 (measured in accordance with local practice)
<b>Year of Completion</b>	2018
<b>Condition</b>	Excellent
LEGAL	
<b>Legal Title</b>	We understand that the site is registered as freehold title and consists of four plots (land registry excerpt 6970 of City of Tamm). We have been provided with a copy of the land registry extract dated 19.06.2018. The property comprises several parcels with a total sum of 38,932 sqm.
<b>Tenure</b>	Freehold
<b>Planning / Zoning</b>	According to current information from the local planning department for the city of Tamm, the applicable zoning plan "Gewerberpark an der Bissginer Straße" applies to the subject properties. Use industrial (GI), plot density ratio (GFZ) plot coverage factor (GRZ): 0.8, flat roof, up to 255.5 or 258.5 meters above NN, cubic density (BMZ): 10.00. On the basis of the current zoning plan regulations, we conclude that the current use is permitted.
TENANCY	
<b>Gross Current Rent</b>	3,167,338
<b>Net Current Rent</b>	3,081,699
<b>WAULT (yrs)</b>	9.08
<b>Tenancy(cies)</b>	The property is fully let to Bosch. The current annual rent is € 3,167,338. The weighted average unexpired lease term is approximately 9.08 years to expiry of the lease. The landlord is responsible for major structural repairs and maintenance to the roof and façade ("Dach und Fach") and technical equipment.
<b>Overall Covenant Strength</b>	Good
VALUATION	
<b>Basis of Valuation</b>	Market Value – subject to existing tenancies but otherwise with vacant possession
<b>Valuation Approaches</b>	Income Capitalisation Method
<b>Date of Valuation</b>	15/06/2019
<b>Market Rent (Gross)</b>	3,355,211
<b>Gross Value</b>	72,905,136
<b>Capex Allowance</b>	-137,727
<b>Market Value</b>	68,500,000
<b>Gross Yield</b>	4.62%
<b>Implied Yield</b>	4.50%
<b>Net Initial Yield</b>	4.24%
<b>Equivalent Yield</b>	4.35%
<b>Reversionary Yield</b>	4.49%
<b>Direct Comparison Rate (€/ sqm)</b>	€ 1,759
<b>Market Value (Special Assumption Excluding Rent Free)</b>	68,700,000
<b>Gross Yield</b>	4.61%
<b>Implied Yield</b>	4.49%
<b>Net Initial Yield</b>	4.22%
<b>Equivalent Yield</b>	4.35%
<b>Reversionary Yield</b>	4.47%



# SUMMARY VALUATION REPORT

# CBRE

CBRE Ltd  
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Singapore 018981

Frasers Logistics & Industrial Asset Management Pte. Ltd.  
(in its capacity as manager of Frasers Logistics & Industrial Trust)  
438 Alexandra Road  
#21-00 Alexandra Point  
Singapore 119958

## Report Date

5 June 2019

## Addressees

Perpetual (Asia) Limited  
(in its capacity as trustee of Frasers Logistics & Industrial Trust) ("FLT", and the trustee of FLT, the "Trustee")  
8 Marina Boulevard  
#05-02 Marina Bay Financial Centre  
Singapore 018981

and

Frasers Logistics & Industrial Asset Management Pte. Ltd.  
(in its capacity as manager of Frasers Logistics & Industrial Trust) (the "Manager")  
438 Alexandra Road



[www.cbre.co.uk](http://www.cbre.co.uk)  
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CBRE Limited is regulated by the RICS



#21-00 Alexandra Point  
Singapore 119958

(collectively, the “Addressees” or “you”)

### **The Properties**

Acquisition by FLT of interests in 9 logistics/industrial properties located in Germany. The properties as listed in the Schedule of the Properties set out in Appendix A below.

### **Property Descriptions**

Logistics / Industrial.

### **Ownership Purpose**

Investment.

### **Instruction**

To value the freehold interests in the Properties (as relevant) on the basis of Market Value as at the Valuation Date in accordance with the terms of engagement entered into between CBRE and the addressees dated 6 May 2019.

### **Valuation Date**

15 June 2019

### **Capacity of Valuer**

External, as defined by the RICS Valuation – Global Standards (2017).

### **Purpose of Valuation**

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards (2017) (the “Red Book”). You have requested us to carry out a valuation for the purpose of: (i) the proposed acquisition of the Properties set out in Appendix A of this report, (ii) financing purposes and (iii) the inclusion of the summary valuation report/summaries in a circular (the “Circular”) which is to be issued by the Manager to unitholders of FLT (the “Unitholders”) in connection with the proposed acquisition of the Properties.

The effective date of valuation is 30 June 2019.

In accordance with the RICS Valuation – Global Standards (2017 (“Red Book”), we have made certain disclosures in connection with this valuation instruction and our relationship with the Addressees and FLT.

### **Market Value**

**€320,400,000 (THREE HUNDRED AND TWENTY MILLION FOUR HUNDRED THOUSAND EUROS)** exclusive of purchaser’s costs and VAT.



Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached and has been primarily derived using comparable recent market transactions on arm's length terms.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

For the avoidance of doubt, we have valued the Properties as real estate and the values reported herein represent 100% of the market values of the assets. No account has been taken in reporting these market values of the extent of FLT's interests in the companies holding the subject Properties.

There are no negative values to report.

#### **Market Value Under Special Assumption**

On the assumption that the rent-free period of time is excluded from the valuation.

**€322,000,000 (THREE HUNDRED AND TWENTY TWO MILLION EUROS)** exclusive of purchaser's costs and VAT.

#### **Report Format**

Appendix A of this summary valuation report ("Summary Valuation Report") contains the Schedule of the Properties. Appendix B provides the Valuation Summaries of the individual subject properties.

#### **Full Valuation Reports**

This is a summary valuation report prepared for inclusion in the Circular which does not include all the data, supporting information and details of our valuations which appear in our full valuation reports.

For further information, reference should be made to our full valuation reports which are available for inspection at the registered address of the Manager for a period of three months from the date of the Circular. Before making a decision on the proposed acquisition of the Properties, Unitholders should review the full valuation reports to understand the complexity of the markets, properties, methodology and the many variables involved.

Our full valuation reports contain detailed information





for each property including, but not limited to:

- Full details of due diligence findings and recommendations (depending on receipt of such information);
- Comprehensive occupational and investment market commentaries;
- Schedules of occupational and investment comparable evidence;
- An explanation of our valuation approach together with comments on the key factors affecting value and a SWOT analysis;
- Full valuation calculations; and
- Photographs and location/ site plans

### Compliance with Valuation Standards

The valuation has been prepared in accordance with the RICS Valuation – Global Standards (2017) (“Red Book”). The property details on which each valuation is based are as set out in this report.

The valuations are compliant with the International Valuation Standards.

We confirm that we have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the purpose of providing the intended users with the Valuer’s professional opinion of the value of the subject property as at the valuation date and for such other purpose(s) as stated in the “Purpose of Valuation” above.

### Assumptions

We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings



and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

None.

### **Variation from Standard Assumptions**

### **Methodology**

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation. The income capitalisation method of valuation involves the capitalisation of the net income stream from the property at a net yield.

In establishing the gross income stream we have reflected current rents payable to lease expiry (or break if activated) at which point we have assumed that each unit will be re-let at our opinion of market rent. Where units are vacant we have assumed a void period prior to assuming that the unit will be let at our opinion of market rent.

Future indexation of rents is allowed for implicitly in our valuation.

In order to arrive at a net income stream the assumed costs of certain items of non-recoverable expenditure are deducted from the gross rental income, such as non-recoverable management fees, a maintenance and repair sinking fund, and any non-recoverable service charges.

The net yield applied to capitalise the income stream is derived from analysis of market evidence of investment transactions. Purchaser's costs (including real estate transfer tax, agent's and legal fees) are deducted from the resultant capital value to arrive at a net Market Value. Any items of capital expenditure are also deducted.

We have cross-checked the results with gross yields and multipliers, traditional in the German market.

The direct comparison method compares sales prices of comparable properties (per sq.m) to the subject

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properties.

The valuations, the valuation inputs and market information are not guarantees or predictions. CBRE has not independently verified all information provided by the Addressees, nor reports provided by Addressees' other professional advisors, nor data from third party sources. CBRE's valuation calculations are based on assumptions as to future results and are not predictions. The resulting values are not to be construed as predictions or guarantees and are dependent on the assumptions as to income, expenses and market conditions.

### **Market Conditions**

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

### **Valuer**

The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Global Standards (2017).

For the avoidance of doubt, the valuers have undertaken and (where applicable) signed this valuation for and on behalf of CBRE Ltd and not in a personal or other capacity.

### **Independence**

The total fees, including the fee for this assignment, earned by CBRE Ltd (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total UK revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2019.

Neither our engagement nor our fees are contingent upon the reporting of a predetermined result or direction in value that favours the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We confirm that neither CBRE nor the valuers involved have any interest in FLT or the Properties.

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We do not consider that any conflict of interest arises in us preparing this Summary Valuation Report and Perpetual (Asia) Limited (in its capacity as trustee of FLT) has confirmed to us that it also considers this to be the case.

### **Responsibility**

We are responsible for this Summary Valuation Report and accept responsibility for the information contained in this Summary Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Summary Valuation Report is in accordance with the facts and contains no omissions likely to affect its import.

### **Reliance**

This Valuation Report will be relied on by Perpetual (Asia) Limited (in its capacity as trustee of FLT), Frasers Logistics & Industrial Asset Management Pte. Ltd. (in its capacity as manager of FLT), independent financial advisor, lenders, and the Unitholders voting on the proposed acquisition of the Properties and such other party that should enter into a reliance letter with us.

No reliance may be placed upon the contents of this Summary Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

### **Publication**

Other than as identified under "Purpose of Valuation", neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Before this Summary Valuation Report, or any part thereof, is disclosed orally or otherwise to a third party, CBRE's written approval of the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless where relevant it incorporates the Assumptions referred to herein. For the avoidance of doubt, such approval is required whether or not CBRE is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of

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Chartered Surveyors Valuation Standards or the incorporation of the special assumptions referred to herein.

### **Disclaimer**

None of the information in this Summary Valuation Report or our full valuation reports constitutes advice as to the merits of entering into any form of transaction.

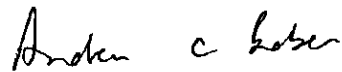
None of the information in this Summary Valuation Report or our full valuation reports constitutes financial product advice.

This Summary Valuation Report and the full valuation reports are strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in the Circular.

CBRE specifically disclaims any liability in respect of the use of or reliance of this Summary Valuation Report to any person in the event of any omission or false or misleading statement other than to the Addressees or such other party that has entered into a reliance letter with us. CBRE does not give any warranty or representation as to the accuracy of the information in any other part of the Circular.



Yours faithfully



Andrew Barber MRICS  
**RICS Registered Valuer**  
**Executive Director**

For and on behalf of  
CBRE Ltd

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Yours faithfully



Luke Kelly MRICS AAPI  
**RICS Registered Valuer**  
**Associate Director**

For and on behalf of  
CBRE Ltd

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## SCOPE OF WORK & SOURCES OF INFORMATION

### Sources of Information

We have carried out our work based upon information supplied to us by the Manager and its professional advisers in respect of the Properties, which we have assumed to be correct and comprehensive.

### The Properties

Our report contains a brief summary of the properties details on which our valuation has been based.

### Inspection

We have inspected the Properties as follows:

Property	Inspection Date
<b>Germany</b>	
Im Birkengrund 5-7, 63179 Obertshausen	26/02/2019
Gewerbegebiet Etzin 1, 14669 Ketzin	25/02/2019
Am Bühlfeld 2-8, 89542 Herbrechtingen	27/02/2019
Hermesstrasse 5, 86836 Graben	28/02/2019
Fuggerstrasse 17, 33689 Bielefeld (Sennestadt)	25/02/2019
Bietigheimer Str. 50, 52, 71732 Tamm	27/02/2019
An den Dieken 90-92, 40885 Ratingen	26/02/2019
Walter-Gropius Strasse 19, 50126 Bergheim	25/02/2019
Dieselstrasse 3a, 85746 Garching	28/02/2019

### Areas

We have not measured the Properties but have relied upon the floor areas provided. We have not checked these on site.

### Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none

exists.

### **Repair and Condition**

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

### **Town Planning**

We have not undertaken planning enquiries.

### **Titles, Tenures and Lettings**

Details of title/tenure under which the Properties are held and of lettings to which they are subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.



## VALUATION ASSUMPTIONS

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### Introduction

An Assumption is defined in the Red Book Glossary and Appendix 3 to be a "supposition taken to be true" (an "Assumption").

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Company has confirmed and we confirm that our Assumptions are correct as far as the Company and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Summary Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

### Capital Values

Each valuation has been prepared on the basis of "Market Value", which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or other grants.

### **Taxation, Costs and Realisation Costs**

As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.

Our valuations reflect purchasers' statutory and other normal acquisition costs.

### **VAT**

We have not been advised whether the properties are elected for VAT.

All rents and capital values stated in this report are exclusive of VAT.

### **Passing Rent**

Passing rents quoted in this report are the rents which are currently payable under the terms of the leases. Passing rents exclude service charges and VAT and are prior to deduction of any non-recoverable costs. Passing rents exclude turnover rents, mall incomes and other miscellaneous incomes.

### **Net Annual Rent**

Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer:

- (i) ignoring any special receipts or deduction arising from the property;
- (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".

### **Estimated Net Annual Rental Value**

The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

### **Rental Values**

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for

other purposes nor do they necessarily accord with the definition of Market Rent.

### **Lease Expiries**

Fixed-term leases frequently incorporate either tenants' options to extend or tenants' break clauses; other leases are rolling or indeterminate, subject to stated notice periods. For the purposes of our valuations, we have made assumptions as to appropriate presumed expiry dates.

Any weighted average unexpired terms indicated in our Valuation report reflect these assumptions.

### **The Properties**

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report are approximate.

### **Environmental Matters**

In the absence of any information to the contrary, we have assumed that:

(a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.

### **Energy Performance Certificates**

We have assumed that the Properties possess or will possess current Energy Performance Certificates as required under Government Directives.

### **Repair and Condition**

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or

value of the property;

(b) the Properties are free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Properties; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

### **Title, Tenure, Planning and Lettings**

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Properties are not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on

review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

## GLOSSARY

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<b>Equivalent Yield</b>	The average weighted return on investment a property will provide based on the current rental income and future letting / reletting assumptions including the estimated rental value assumptions, taken to perpetuity for freehold property.
<b>Gross Yield</b>	The ratio of the gross initial annual rent to the market value.
<b>Multiplier</b>	The amount by which the gross initial annual rental income is multiplied to result in the market value. (Market value divided by gross initial annual rent; the inverse of Gross Yield.)
<b>Net Initial Yield</b>	The ratio of the net initial annual rent to the market value / market value plus purchaser's costs.
<b>Potential Rent</b>	The gross initial annual rent plus the market rent (or estimated rental value) of currently vacant space.
<b>Weighted Average Lease Term to Expiry (WALE)</b>	Calculated across all the tenants in a property and is weighted by the tenant's income against the total combined income of the other tenants to each of their lease expiry's.

**Appendix A: Schedule of the Properties****Properties Held for Investment**

<b>Address</b>	<b>Tenure</b>	<b>Net Market Values</b>
<b>Germany</b>		
Im Birkengrund 5-7, 63179 Obertshausen	Freehold	€29,100,000
Gewerbegebiet Etzin 1, 14669 Ketzin	Freehold	€40,200,000
Am Bühlfeld 2-8, 89542 Herbrechtingen	Freehold	€31,300,000
Hermesstrasse 5, 86836 Graben	Freehold	€33,200,000
Fuggerstrasse 17, 33689 Bielefeld (Sennestadt)	Freehold	€24,500,000
Bietigheimer Str. 50, 52, 71732 Tamm	Freehold	€67,800,000
An den Dieken 90-92, 40885 Ratingen	Freehold	€45,500,000
Walter-Gropius Strasse 19, 50126 Bergheim	Freehold	€19,100,000
Dieselstrasse 3a, 85746 Garching	Freehold	€29,700,000
<b>Total Portfolio</b>		<b>€ 320,400,000</b>

# Valuation Summary

# CBRE

Property Type/Name	CBRE ID
Logistics	1
Property Address	
Walter-Gropius-Straße 19	
50126 Bergheim	
Germany	

Client Name	Perpetual (Asia) Limited (in its capacity as trustee of Frasers Logistics & Industrial Trust); Frasers Logistics & Industrial Asset Management Pte Ltd. (in its capacity as manager of Frasers Logistics & Industrial Trust)
Valuation Date	15.06.2019
Basis of Value	Market Value
Inspection Date	25.02.2019

## Summary

### Key Figures



Primary Use		Logistics	
Year built / refurbished		2000 / 2017	
Ownership		Freehold	
Site area	33,343	sq m	
Total lettable area	19,404	sq m	
Vacant area	0.00 %	0	sq m
Tenants	Callius GmbH, GILOG mbH, WEG Germany GmbH		
<b>Lease Analysis</b>	<b>rack-rented</b>	<b>-0.35</b>	<b>%</b>
Weighted average lease term		4.81	years
<b>Gross Rental Income</b>	<b>per sq m / month</b>	<b>p.a. (month 1 x 12)</b>	
Current Rent	4.16 EUR	968,812	EUR
Market Rent	4.18 EUR	972,205	EUR
Non-Recoverable Costs	5.51 %	53,371	EUR
<b>Net Rental Income</b>	3.93 EUR	915,441	EUR

### SWOT Analysis

#### Strengths

- The subject property is located in an established logistics region "Cologne Basin";
- The subject property is connected to the public transport system;
- Very good transport connection due to proximity to motorways A4 and A61, federal highways B55 and B477;
- The subject property is fully let.

#### Weaknesses

- The covenant strength of tenants is not very high;
- Relatively low remaining lease term of 4.33 years for 2 tenants;
- The property cannot be driven around.

#### Opportunities

- Extending the lease agreements to stabilise the cash flow in the long-term;
- Property can be let to multiple tenants;
- Continuous demand for warehouse and logistics space in the region.

#### Threats

- Fluctuations in the world economy and the global capital markets;
- Possibility of vacancy when the current lease expires.

### Property Description / Interior Fit-Out

The subject property is located on the public street Walter-Gropius-Straße 19 in 50126 Bergheim. The property comprises two parcels covering 33,343 sq m. The site is of even topography and resembles a trapezoid shape. The valuation object consists of an existing building (Hall 1, year of construction 2000) and an extension (Halls 2, 3-1 and 3-2, year of construction 2018).

### Market Development

The town of Bergheim with ca. 65,000 inhabitants (31 December 2018) is located in the "Rhein-Erft-Kreis" in the federal state North Rhine-Westphalia. It is located approx. 35 km west of the city of Cologne with 1,084,795 inhabitants (31 December 2017). The nearest city registered in RIWIS is Cologne. According to RIWIS, the current unemployment rate in Cologne is 7.9% (January 2019) which is above the average rate of the federal state of North Rhine-Westphalia at 6.8% and above the German average of 5.2%. The gross domestic product (GDP) per capita for Cologne was € 85,127 in 2016, which was above the average figure in North Rhine-Westphalia of € 71,978 and the German average of € 72,048. (RIWIS, 2019)

### Yield Profile

	Multiplier	EQY	NIY
at Current Rent	19.71	4.41%	4.45%
at Market Rent	19.65	4.53%	4.39%
at Potential Rent	19.71	4.41%	4.45%

### Valuation Result

<b>Market Value</b>	<b>19,100,000</b>	<b>EUR</b>
<b>per sq m</b>	<b>984</b>	<b>EUR</b>

### Valuation Approach

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation.

### Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards [2017] (the "Red Book") and specifically for the purpose of; the proposed acquisition of certain properties ("the Properties"), for financing purposes and for the inclusion of the summary valuation report/summaries in a Circular which is to be issued by the manager of Frasers Logistics & Industrial Trust ("FLT") to unitholders of FLT in connection with the proposed acquisition of the Properties.

CBRE Ltd  
Henrietta House | Henrietta Place  
London | W1G 0NB

# CBRE



# Valuation Summary



Property Type/Name	CBRE ID
Logistics	2
Property Address	
Gewerbegebiet Etzin 1	
14669 Keitzin	
Germany	

Client Name	Perpetual (Asia) Limited (in its capacity as trustee of Frasers Logistics & Industrial Trust); Frasers Logistics & Industrial Asset Management Pte Ltd. (in its capacity as manager of Frasers Logistics & Industrial Trust)
Valuation Date	15.06.2019
Basis of Value	Market Value
Inspection Date	25.02.2019

## Summary

### Key Figures

#### Subject property



Primary Use		Logistics	
Year built / refurbished		2018	
Ownership		Freehold	
Site area	86,687	sq m	
Total lettable area	13,142	sq m	
Vacant area	0.00 %	0	sq m
Main Tenant	Hermes Germany GmbH		
<b>Lease Analysis</b>		<b>rack-rented</b>	<b>-1.22 %</b>
Weighted average lease term	13.33	years	

Gross Rental Income	per sq m / month	p.a. (month 1 x 12)	
Current Rent	12.14 EUR	1,914,642	EUR
Market Rent	12.29 EUR	1,938,201	EUR
Non-Recoverable Costs	3.74 %	71,619	EUR
<b>Net Rental Income</b>	11.69 EUR	1,843,023	EUR

### SWOT Analysis

#### Strengths

- Relatively long remaining lease term of approx. 13.3 years;
- Location close to an established logistics hub Berlin;
- Very good transport connection due to proximity to motorway A10 and federal highway B5;
- The subject property is fully let;
- Availability of parking spaces for cars and trucks on the site;
- The property can be driven around;
- The property can be used for cross-docking (re-)loading.

#### Opportunities

- Continuous demand for warehouse and logistics space in the region;
- Property can be let to multiple tenants.

#### Weaknesses

- The subject property is not connected to the public transport system;
- Single tenant risk;
- The covenant strength of the tenant Hermes Germany GmbH is lower than average.

#### Threats

- Fluctuations in the world economy and the global capital markets.

### Property Description / Interior Fit-Out

The subject property is located on the street Gewerbegebiet Etzin 1 with direct access to the country road L86. The property comprises seven parcels covering 86,587 sq m. The site is of even topography and irregular shape. The building consists of a Logistics hall with an integrated two-storey office part. The supporting construction consists of a steel truss on reinforced steel or concrete columns. The façade consists of prefabricated reinforced concrete insulated sandwich elements finished with a metal panel curtain wall. The logistics hall is equipped with 83 standard loading bays, 16 jumbo loading bays, 16 sprinter gates and 1 gate each for waste collection and deliveries.

### Market Development

The city of Berlin with 3,748,148 inhabitants (31 December 2018) is located in the federal state Berlin. Berlin, being both the capital and the largest city of Germany with a population of around 3.5 million, is home to a vast number of cultural, scientific and political institutions. According to RIWIS, the current unemployment rate in Berlin is 8.1% (January 2019) which is similar to the average rate of the federal state of Berlin at 3.2% and above the German average of 5.2%. The gross domestic product (GDP) per capita for Berlin was € 68,906 in 2016, which was below the German average of €72,048. (RIWIS, 2019). Berlin is part of the Berlin/Brandenburg logistics region which has an outstanding logistics attractiveness.

### Yield Profile

	Multiplier	EQY	NIY
at Current Rent	21.00	4.31%	4.28%
at Market Rent	20.74	4.43%	4.33%
at Potential Rent	21.00	4.31%	4.28%

### Valuation Result

<b>Market Value</b>	<b>40,200,000</b>	<b>EUR</b>
per sq m	3,059	EUR

### Valuation Approach

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation.

### Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards (2017) (the "Red Book") and specifically for the purpose of; the proposed acquisition of certain properties ("the Properties"), for financing purposes and for the inclusion of the summary valuation report/summaries in a Circular which is to be issued by the manager of Frasers Logistics & Industrial Trust ("FLT") to unitholders of FLT in connection with the proposed acquisition of the Properties.

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# Valuation Summary

# CBRE

Property Type/Name	CBRE ID
Logistics	3
Property Address	
Im Birkengrund 5-7	
63179 Obertshausen	
Germany	

Client Name	Perpetual (Asia) Limited (in its capacity as trustee of Frasers Logistics & Industrial Trust); Frasers Logistics & Industrial Asset Management Pte Ltd. (in its capacity as manager of Frasers Logistics & Industrial Trust)
Valuation Date	15.06.2019
Basis of Value	Market Value
Inspection Date	26.02.2019

## Summary

### Key Figures

#### Subject property



Primary Use		Logistics
Year built / refurbished		2016
Ownership		Freehold
Site area	45,087	sq m
Total lettable area	23,154	sq m
Vacant area	0.00 %	0
Tenants	Mühle Verpackungs- und Dienstleistungs GmbH, AMOR GmbH	
<b>Lease Analysis</b>	<b>significantly underrented</b>	<b>-26.76 %</b>
Weighted average lease term	14.09	years

Gross Rental Income	per sq m / month	p.a. (month 1 x 12)	
Current Rent	5.30 EUR	1,474,097	EUR
Market Rent	5.31 EUR	1,475,342	EUR
Non-Recoverable Costs	6.04 %	65,262	EUR
<b>Net Rental Income</b>	3.65 EUR	1,015,305	EUR

### SWOT Analysis

#### Strengths

- There are sufficient parking spaces on the site;
- Location close to popular logistics hubs Rhine-Main;
- Very good transport connection due to proximity to motorway A3;
- The subject property is fully let;
- The covenant strength of one of the tenants Mühle Verpackungs- und Dienstleistungs GmbH is very high;
- Very long term of the lease contracts (over 15 years).

#### Weaknesses

- The subject property is not connected to the public transport system;
- The subject property cannot be driven around.

#### Opportunities

- Continuous demand for warehouse and logistics space in the region;
- Property can be let to multiple tenants;
- The surroundings of the property are currently being under development.

#### Threats

- Fluctuations in the world economy and the global capital markets.

### Property Description / Interior Fit-Out

The subject property is located on the public street Im Birkengrund 5-7, on the outskirts of the town Obertshausen in the state Hesse. The property comprises eight parcels covering 45,087 sq m. The site is of even topography and irregular shape. The property was erected in 2016. It consists of a single-storey warehouse building with two-storey office tracts. Large areas of the site are surfaced with concrete paving stones. The building has no basement areas. Those roofs are surfaced with roofing membrane. The façade is insulated and largely formed of sandwich panel elements (warehouse) or, respectively, concrete (office tract). The windows have uPVC frames and are fitted with double glazing. The office tract is fitted with externally-mounted shading installations.

### Market Development

The town of Obertshausen with 25,301 inhabitants (31 December 2018) is located in the rural district of Offenbach in the federal state Hesse. It is located approx. 7.5 km south-east of the city of Offenbach am Main with 138,335 inhabitants (31 December 2018) and approx. 18 km south-east of the city of Frankfurt am Main with 750,049 inhabitants (18 February 2019). According to RIWIS, the current unemployment rate in Offenbach is 9.2% (January 2019) which is hardly above the average rate of the federal state of Hesse at 4.6% and above the German average of 5.2%. The gross domestic product (GDP) per capita for Offenbach was € 68,459 in 2016, which was below the average figure in Hesse of € 79,726 and the German average of €72,048. (RIWIS, 2019).

### Yield Profile

	Multiplier	EQY	NIY
at Current Rent	19.74	4.45%	4.51%
at Market Rent	19.72	4.58%	4.45%
at Potential Rent	19.74	4.45%	4.51%
Special Assumption	19.88	4.45%	4.49%

### Valuation Approach

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation.

### Valuation Result

Market Value	29,100,000	EUR
Market Value (special assumption)	29,300,000	
per sq m	1,257	
per sq m (special assumption)	1,265	EUR

### Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards (2017) (the "Red Book") and specifically for the purpose of; the proposed acquisition of certain properties ("the Properties"), for financing purposes and for the inclusion of the summary valuation report/summaries in a Circular which is to be issued by the manager of Frasers Logistics & Industrial Trust ("FLT") to unitholders of FLT in connection with the proposed acquisition of the Properties.

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# CBRE

# Valuation Summary



Property Type/Name	CBRE ID
Logistics	4
Property Address	
An den Dieken 90 - 92	
40885 Ratingen	
Germany	

Client Name	Perpetual (Asia) Limited (in its capacity as trustee of Frasers Logistics & Industrial Trust); Frasers Logistics & Industrial Asset Management Pte Ltd. (in its capacity as manager of Frasers Logistics & Industrial Trust)
Valuation Date	15.06.2019
Basis of Value	Market Value
Inspection Date	26.02.2019

## Summary

### Key Figures

#### Subject property



Primary Use		Logistics	
Year built / refurbished		2014	
Ownership		Freehold	
Site area	75,969	sq m	
Total lettable area	43,095	sq m	
Vacant area	0.00 %	0	sq m
Tenants	KERAMAG Keramische Werke AG, VCK Logistics SCS GmbH		
<b>Lease Analysis</b>	<b>rack-rented</b>	<b>+0.05</b>	<b>%</b>
Weighted average lease term	6.35	years	

Gross Rental Income	per sq m / month		p.a. (month 1 x 12)	
Current Rent	5.08	EUR	2,299,424	EUR
Market Rent	5.08	EUR	2,298,248	EUR
Non-Recoverable Costs	4.60	%	105,809	EUR
<b>Net Rental Income</b>	<b>4.85</b>	<b>EUR</b>	<b>2,193,615</b>	<b>EUR</b>

### SWOT Analysis

#### Strengths

- There are parking spaces available on the site;
- Location close to popular logistics regions Duisburg/Lower Rhine;
- Very good transport connection due to proximity to motorways A524, A59 and A3;
- The subject property is fully let;
- The covenant strength of the tenants KERAMAG Keramische Werke GmbH and VCK Logistics SCS GmbH is very high.

#### Weaknesses

- The property cannot be driven around.

#### Opportunities

- Extending the lease agreements to stabilise the cash flow in the long-term;
- Property can be let to multiple tenants;
- Continuous demand for warehouse and logistics space in the region.

#### Threats

- Fluctuations in the world economy and the global capital markets.

### Property Description / Interior Fit-Out

The subject property is located on the public street An den Dieken 90 - 92 in the outskirts of Ratingen. The property comprises 33 parcels covering 75,969 sq m. The site is of even topography and irregular shape.

The warehouses were built in 2014 and each have 2 floors above ground level. The supporting construction consist of a steel truss on reinforced steel or concrete columns. The hall wall is an isopanel or thermowall façade. The logistics halls are equipped with a total of 30 loading ramps and 5 ground-level gates.

### Market Development

The town of Ratingen with 92,362 inhabitants (31 December 2016) is located in the administrative region Düsseldorf in the federal state North Rhine-Westphalia. It is located approx. 12 km north of the city of Düsseldorf with 639,407 inhabitants (31 December 2017). The city of Ratingen is the largest city in the district of Mettmann and borders on the urban areas of Düsseldorf, Duisburg, Mülheim and Essen. According to RIWIS, the current unemployment rate in Mettmann is 5.8% (January 2019) which is below the average rate of the federal state of North Rhine-Westphalia at 6.8% and above the German average of 5.2%. The gross domestic product (GDP) per capita for Mettmann was € 75,280 in 2016, which was above the

### Yield Profile

	Multiplier	EQY	NIY
at Current Rent	19.79	4.41%	4.47%
at Market Rent	19.80	4.54%	4.40%
at Potential Rent	19.79	4.41%	4.47%

### Valuation Result

<b>Market Value</b>	<b>45,500,000</b>	<b>EUR</b>
<b>per sq m</b>	<b>1,056</b>	<b>EUR</b>

### Valuation Approach

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation.

### Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards [2017] (the "Red Book") and specifically for the purpose of; the proposed acquisition of certain properties ("the Properties"), for financing purposes and for the inclusion of the summary valuation report/summaries in a Circular which is to be issued by the manager of Frasers Logistics & Industrial Trust ("FLT") to unitholders of FLT in connection with the proposed acquisition of the Properties.

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# Valuation Summary



Property Type/Name	CBRE ID
Logistics	5
Property Address	
Bietigheimer Str. 50, 52	
71732 Tamm	
Germany	

Client Name	Perpetual (Asia) Limited (in its capacity as trustee of Frasers Logistics & Industrial Trust); Frasers Logistics & Industrial Asset Management Pte Ltd. (in its capacity as manager of Frasers Logistics & Industrial Trust)
Valuation Date	15.06.2019
Basis of Value	Market Value
Inspection Date	27.02.2019

## Summary

### Key Figures

#### Subject property



Primary Use		Logistics	
Year built / refurbished		2018	
Ownership		Freehold	
Site area	72,992	sq m	
Total lettable area	38,932	sq m	
Vacant area	0.00 %	0	sq m
Main Tenant	Robert Bosch GmbH		
Lease Analysis	rack-rented	-0.2	%
Weighted average lease term		9.08	years
Gross Rental Income		per sq m / month	p.a. (month 1 x 12)
Current Rent	6.78	EUR	3,167,338
Market Rent	6.79	EUR	3,173,816
Non-Recoverable Costs	3.57	%	113,199
Net Rental Income	6.54	EUR	3,054,139

### SWOT Analysis

#### Strengths

- Remaining lease term 9.1 years;
- Location close to popular logistics hub Stuttgart;
- Very good transport connection due to proximity to motorway B27;
- The subject property is fully let;
- The covenant strength of the tenant Robert Bosch GmbH is very high;
- Availability of parking slots for both cars and trucks.

#### Weaknesses

- The subject property is not connected to the public transport system.
- Single tenant risk;
- The property cannot be driven around.

#### Opportunities

- Continuous demand for warehouse and logistics space in the region;
- Property can be let to multiple tenants.

#### Threats

- Fluctuations in the world economy and the global capital markets.

### Property Description / Interior Fit-Out

The subject site is located on the public road Bietigheimer Straße in 71732 Tamm. The property comprises four parcels covering 72,992 sq m. The site is of level topography and of irregular shape.

The warehouse complex consists of two buildings, each with one storey with Mezzanine platforms built in 2017. The construction of the subject property is a skeleton construction of reinforced concrete columns. The column grid is 24.0m x 12.0m. In total there are 50 gates available.

### Market Development

The town of Tamm with 12,806 inhabitants (31 December 2017) is located in the rural district of Ludwigsburg in the federal state Baden-Wuerttemberg. It is located approx. 7.5 km north-west of the city of Ludwigsburg with 93,482 inhabitants (31 December 2018) and approx. 23 km north of the city of Stuttgart with 613,520 inhabitants (31 January 2019). According to RIWIS, the current unemployment rate in Stuttgart is 4.2% (January 2019) which is above the average rate of the federal state of Baden-Wuerttemberg at 3.2% and below the German average of 5.2%. The gross domestic product (GDP) per capita for Stuttgart was € 99,311 in 2016, which was above the average figure in Baden-Wuerttemberg of € 77,245 and the

### Yield Profile

	Multiplier	EQY	NIY
at Current Rent	21.41	4.18%	4.24%
at Market Rent	21.36	4.29%	4.18%
at Potential Rent	21.41	4.18%	4.24%
Special Assumption	21.53	4.18%	4.22%

### Valuation Approach

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation.

### Valuation Result

Market Value	67,800,000	EUR
Market Value (special assumption)	68,200,000	EUR
per sq m	1,741	EUR
per sq m (special assumption)	1,752	EUR

### Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards (2017) (the "Red Book") and specifically for the purpose of; the proposed acquisition of certain properties ("the Properties"), for financing purposes and for the inclusion of the summary valuation report/summaries in a Circular which is to be issued by the manager of Frasers Logistics & Industrial Trust ("FLT") to unitholders of FLT in connection with the proposed acquisition of the Properties.

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# Valuation Summary



Property Type/Name	CBRE ID
Logistics	6
Property Address	
Fuggerstraße 17	
33689 Bielefeld (Sennestadt)	
Germany	

Client Name	Perpetual (Asia) Limited (in its capacity as trustee of Frasers Logistics & Industrial Trust); Frasers Logistics & Industrial Asset Management Pte Ltd. (in its capacity as manager of Frasers Logistics & Industrial Trust)
Valuation Date	15.06.2019
Basis of Value	Market Value
Inspection Date	25.02.2019

## Summary

### Key Figures

#### Subject property



Primary Use		Logistics	
Year built / refurbished	1979 / 1987 / 1991 / 2008 / 2016		
Ownership	Freehold		
Site area	38,595	sq m	
Total lettable area	22,336	sq m	
Vacant area	0.00 %	0	sq m
Main Tenant	B+S GmbH Logistik und Dienstleistungen		
<b>Lease Analysis</b>	<b>slightly underrented</b>	<b>-3.89</b>	<b>%</b>
Weighted average lease term	8.0	years	
<b>Gross Rental Income</b>			
	<b>per sq m / month</b>	<b>p.a. (month 1 x 12)</b>	
Current Rent	4.68 EUR	1,255,680	EUR
Market Rent	4.87 EUR	1,306,513	EUR
Non-Recoverable Costs	4.97 %	62,373	EUR
<b>Net Rental Income</b>	4.45 EUR	1,193,307	EUR

### SWOT Analysis

#### Strengths

- Relatively long term of lease agreement;
- Location close to popular logistics hub Muenster/Osnabrueck;
- Very good transport connection due to proximity to motorways A2 and A33;
- The subject property is fully let.

#### Weaknesses

- The subject property is not connected to the public transport system;
- Single tenant risk;
- The covenant strength of the tenant B + S GmbH Logistik und Dienstleistungen is relatively low;
- The property cannot be bypassed by lorries;
- The lack of parking lots.

#### Opportunities

- Continuous demand for warehouse and logistics space in the region;
- Property can be let to multiple tenants.

#### Threats

- Fluctuations in the world economy and the global capital markets.

### Property Description / Interior Fit-Out

The subject property is located on the public street Fuggerstraße 17 in 33689 Bielefeld (Sennestadt). The property comprises 4 parcels: No. 982, 1285, 1286 and 1287. Parcel No. 1285 could be assumed as part of Fuggerstrasse 15 or Fuggerstrasse 17. For geometrical reasons we assumed it to be part of Fuggerstrasse 17. The site is of even topography and irregular shape. The subject of current valuation was built in 2016 as one-storey storage space with a three-storey office areas. The office areas are furnished with textile surface, suspended ceiling, tiled floors in the sanitary areas. The office areas are equipped with kitchen. The warehouse is furnished with a concrete floor, steel doors and profiled metal panelled ceilings. There are 20

### Market Development

The town of Bielefeld with 339,367 inhabitants (31 December 2018) is located in the north-east of federal state North Rhine-Westphalia. It is located approx. 79 km east of the city of Muenster with 313,559 inhabitants (31 December 2017) and approx. 109 km south-west of the city of Hanover with 545,107 inhabitants (31 December 2018). According to RIWIS, the current unemployment rate in Bielefeld is 7.1% (January 2019) which is slightly above the average rate of the federal state of North Rhine-Westphalia at 6.8% and above the German average of 5.2%. The gross domestic product (GDP) per capita for Bielefeld was €63,554 in 2016, which was below the average figure in North Rhine-Westphalia of €71,978 and the

### Yield Profile

	Multiplier	EQY	NIY
at Current Rent	19.51	4.60%	4.52%
at Market Rent	18.75	4.74%	4.64%
at Potential Rent	19.51	4.60%	4.52%

### Valuation Result

<b>Market Value</b>	<b>24,500,000</b>	<b>EUR</b>
<b>per sq m</b>	<b>1,097</b>	<b>EUR</b>

### Valuation Approach

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation.

### Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards [2017] (the "Red Book") and specifically for the purpose of; the proposed acquisition of certain properties ("the Properties"), for financing purposes and for the inclusion of the summary valuation report/summaries in a Circular which is to be issued by the manager of Frasers Logistics & Industrial Trust ("FLT") to unitholders of FLT in connection with the proposed acquisition of the Properties.

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# Valuation Summary

# CBRE

Property Type/Name	CBRE ID
Logistics	7
Property Address	
Hermesstraße 5	
86836 Graben	
Germany	

Client Name	Perpetual (Asia) Limited (in its capacity as trustee of Frasers Logistics & Industrial Trust); Frasers Logistics & Industrial Asset Management Pte Ltd. (in its capacity as manager of Frasers Logistics & Industrial Trust)
Valuation Date	15.06.2019
Basis of Value	Market Value
Inspection Date	28.02.2019

## Summary

### Key Figures



Primary Use		Logistics	
Year built / refurbished		2017 / 2018	
Ownership		Freehold	
Site area	59,979	sq m	
Total lettable area	11,534	sq m	
Vacant area	0.00 %	0	sq m
Main Tenant	Hermes Germany GmbH		
<b>Lease Analysis</b>	<b>rack-rented</b>	<b>-0.61</b>	<b>%</b>
Weighted average lease term		13.67	years
<b>Gross Rental Income</b>			
	<b>per sq m / month</b>	<b>p.a. (month 1 x 12)</b>	
Current Rent	11.39 EUR	1,576,448	EUR
Market Rent	11.46 EUR	1,586,082	EUR
Non-Recoverable Costs	3.84 %	60,557	EUR
<b>Net Rental Income</b>	10.95 EUR	1,515,891	EUR

### SWOT Analysis

Strengths
<ul style="list-style-type: none"> <li>- The property can be used for cross-docking (re-)loading;</li> <li>- Location close to popular logistics region Swabia;</li> <li>- Very good transport connection due to near federal highway B17;</li> <li>- The subject property is fully let;</li> <li>- The covenant strength of the tenant Hermes Germany GmbH is very high;</li> <li>- The lease term of 15 years;</li> <li>- The property can be driven around;</li> <li>- Availability of parking spaces for cars and trucks on the site;</li> </ul>
Opportunities
<ul style="list-style-type: none"> <li>- Continuous demand for warehouse and logistics space in the region.</li> <li>- Property can be let to multiple tenants.</li> </ul>

Weaknesses
<ul style="list-style-type: none"> <li>- Single tenant risk.</li> </ul>
Threats
<ul style="list-style-type: none"> <li>- Fluctuations in the world economy and the global capital markets.</li> </ul>

### Property Description / Interior Fit-Out

The warehouse is constructed from prefabricated reinforced concrete columns with I-steel beams. The adjoining office and technical building and also the gateway were built in a reinforced concrete construction. The exterior and loadbearing walls are made of reinforced. Partition walls in office and social areas are made of gypsum board, in technical rooms of masonry. The lower part of the façade is made of prefabricated, insulated, reinforced concrete elements plinth with dock levellers and roller shutter gates. The upper parts of the façade are made of coated, sandwich steel cassettes with thermal insulation (mineral wool) in between.

### Market Development

The town of Augsburg with 295,895 inhabitants (31 December 2017) is located in the rural district of Augsburg in the federal state Bavaria. It is located approx. 80 km north-west of the city of Munich with 1,542,879 inhabitants (31 January 2019). According to RIVIS, the current unemployment rate in Augsburg is 5.0% (January 2019) which is above the average rate of the federal state of Bavaria at 2.9% and below the German average of 5.2%. The gross domestic product (GDP) per capita for Augsburg was € 72,062 in 2016, which was below the average figure in Bavaria of € 76,953 and the German average of € 72,048. (RIVIS, 2019).

### Yield Profile

	Multiplier	EQY	NIY
at Current Rent	21.06	4.27%	4.25%
at Market Rent	20.93	4.38%	4.28%
at Potential Rent	21.06	4.27%	4.25%

### Valuation Result

<b>Market Value</b>	<b>33,200,000</b>	<b>EUR</b>
<b>per sq m</b>	<b>2,878</b>	<b>EUR</b>

### Valuation Approach

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation.

### Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards [2017] (the "Red Book") and specifically for the purpose of; the proposed acquisition of certain properties ("the Properties"), for financing purposes and for the inclusion of the summary valuation report/summaries in a Circular which is to be issued by the manager of Frasers Logistics & Industrial Trust ("FLT") to unitholders of FLT in connection with the proposed acquisition of the Properties.

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# CBRE

# Valuation Summary

# CBRE

Property Type/Name	CBRE ID
Logistics	8
Property Address	
Dieselstraße 30	
85748 Garching	
Germany	

Client Name	Perpetual (Asia) Limited (in its capacity as trustee of Frasers Logistics & Industrial Trust); Frasers Logistics & Industrial Asset Management Pte Ltd. (in its capacity as manager of Frasers Logistics & Industrial Trust)
Valuation Date	15.06.2019
Basis of Value	Market Value
Inspection Date	28.02.2019

## Summary

### Key Figures

#### Subject property



Primary Use		Logistics	
Year built / refurbished		2007 / 2016	
Ownership		Freehold	
Site area	23,186	sq m	
Total lettable area	13,014	sq m	
Vacant area	0.00 %	0	sq m
Main Tenant	EDEKA Aktiengesellschaft		
Lease Analysis	rack-rented	+0.0	%
Weighted average lease term		13.42	years
<b>Gross Rental Income</b>			
	per sq m / month	p.a. (month 1 x 12)	
Current Rent	8.82 EUR	1,377,298	EUR
Market Rent	8.82 EUR	1,377,228	EUR
Non-Recoverable Costs	4.84 %	66,587	EUR
<b>Net Rental Income</b>	8.39 EUR	1,310,712	EUR

### SWOT Analysis

#### Strengths

- The property can be driven around;
- Location close to popular logistics region Munich, which has very high demand of logistics properties and scarce supply;
- Very good transport connection due to proximity to motorway A9 and federal highway B471;
- The subject property is fully let;
- The covenant strength of the tenant EDEKA Aktiengesellschaft is very high;
- The number of loading gates;

#### Opportunities

- Continuous demand for warehouse and logistics space in the region;
- Property can be let to multiple tenants.

#### Weaknesses

- The scarcity of parking slots;
- Single tenant risk;
- The possible reconstruction to the modern standards can lead to the further costs.

#### Threats

- Fluctuations in the world economy and the global capital markets.

### Property Description / Interior Fit-Out

The subject property is located on the public street Dieselstrasse in Garching. The property comprises three parcels covering 23,196 sq m. The site is of even topography and irregular shape. This property is a logistics property and essentially consists of a single-storey storage warehouse with two adjoining three-storey header constructions on the longitudinal elevation facing the street; these accommodate the connecting core areas and the office and staff room spaces. The building has been executed as reinforced concrete frame construction and does not have a basement level. There are car park areas and manoeuvring spaces for incoming and outgoing trucks in front of the building. The building is arranged as a symmetrical structure.

### Market Development

The town of Garching with 18,576 inhabitants (31 December 2018) is located in the rural district of Munich in the federal state Bavaria. It is located approx. 16.5 km north of the city of Munich with 1,542,879 inhabitants (31 January 2019). The nearest city registered in RIWIS is Munich. Munich, the state capital of Bavaria, is the third largest city in Germany, after Berlin and Hamburg. According to RIWIS, the current unemployment rate in Munich is 3.8% (January 2019) which is above the average rate of the federal state of Bavaria at 2.9% and below the German average of 5.2%. The gross domestic product (GDP) per capita for Munich was €100,776 in 2016, which was above the average figure in Bavaria of €76,953 and the German

### Yield Profile

	Multiplier	EQY	NIY
at Current Rent	21.56	4.19%	4.21%
at Market Rent	21.57	4.30%	4.21%
at Potential Rent	21.56	4.19%	4.21%

### Valuation Result

Market Value	29,700,000	EUR
per sq m	2,282	EUR

### Valuation Approach

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation.

### Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards [2017] (the "Red Book") and specifically for the purpose of; the proposed acquisition of certain properties ("the Properties"), for financing purposes and for the inclusion of the summary valuation report/summaries in a Circular which is to be issued by the manager of Frasers Logistics & Industrial Trust ("FLT") to unitholders of FLT in connection with the proposed acquisition of the Properties.

CBRE Ltd  
Henrietta House | Henrietta Place  
London | W1G 0NB

# CBRE

# Valuation Summary

# CBRE

Property Type/Name	CBRE ID
Logistics	9
Property Address	
Am Bühlfeld 2-8	
89542 Herbrechtingen	
Germany	

Client Name	Perpetual (Asia) Limited (in its capacity as trustee of Frasers Logistics & Industrial Trust); Frasers Logistics & Industrial Asset Management Pte Ltd. (in its capacity as manager of Frasers Logistics & Industrial Trust)
Valuation Date	15.06.2019
Basis of Value	Market Value
Inspection Date	27.02.2019

## Summary

### Key Figures

#### Subject property



Primary Use		Logistics
Year built / refurbished		2008
Ownership		Freehold
Site area	81,460	sq m
Total lettable area	44,501	sq m
Vacant area	0.00 %	0 sq m
Main Tenant	Wilhelm Kentner Kraftwagen-Spedition GmbH & Co KG	
<b>Lease Analysis</b>	<b>rack-rented</b>	<b>-0.08 %</b>
Weighted average lease term	7.50	years

Gross Rental Income	per sq m / month	p.a. (month 1 x 12)	
Current Rent	3.23 EUR	1,727,123	EUR
Market Rent	3.24 EUR	1,728,435	EUR
Non-Recoverable Costs	8.22 %	142,016	EUR
<b>Net Rental Income</b>	2.97 EUR	1,585,107	EUR

### SWOT Analysis

#### Strengths

- Relatively long lease term of 7.5 years;
- Location close to popular logistics region Swabia;
- Very good transport connection due to the immediate access to the motorway junction A7 and B492;
- The subject property is fully let;
- Sufficient number of loading gates;
- Sufficient number of parking spaces for cars and trucks.

#### Weaknesses

- The subject property is not connected to the public transport system;
- Single tenant risk;
- The property cannot be driven around.

#### Opportunities

- Continuous demand for warehouse and logistics space in the region;
- Property can be let to multiple tenants;
- The surroundings of the site are currently being developed.

#### Threats

- Fluctuations in the world economy and the global capital markets;
- The risk of business failure of the tenant Wilhelm Kentner Kraftwagen-Spedition GmbH & Co KG is above average.

### Property Description / Interior Fit-Out

The subject property is located on the street Am Bühlfeld in 89542 Herbrechtingen. The property comprises one parcel covering 81,460 sq m. The site is of even topography and irregular shape. The valuated property consists of one building built in 2008 is divided in 4 units for logistics purposes. All units were built as one storey storage spaces with a clearance height of approx. 10.1 meters. There are 49 loading docks and 5 gates available. The office building has two storeys and is connected to one of the units. Outdoor facilities comprise 60 car parking spaces, 35 truck and 10 trailer parking spaces, as well as driveways for delivery to the dock levellers and firefighter's driveway, sprinkler storage tank with control room and

### Market Development

The town of Herbrechtingen with 13,212 inhabitants (31 December 2018) is located in the rural district of Heidenheim in the federal state Baden-Wuerttemberg. It is located approx. 8 km south of the city of Heidenheim an der Brenz with 49,617 inhabitants (30 September 2018) and approx. 35 km north of the city of Ulm with 125,596 inhabitants (31 December 2017). The nearest city close to Herbrechtingen registered in RIWIS is Ulm. The economy of Ulm is characterised by the electronic industry, the arms production and the automotive industry. According to RIWIS, the current unemployment rate in Ulm is 3.3% (January 2019) which is slightly above the average rate of the federal state of Baden-Wuerttemberg at 3.2% and below the

### Yield Profile

	Multiplier	EQY	NIY
at Current Rent	18.12	4.62%	4.72%
at Market Rent	18.11	4.76%	4.65%
at Potential Rent	18.12	4.62%	4.72%
Special Assumption	18.70	4.60%	4.58%

### Valuation Approach

We have adopted the income capitalisation as our primary method of valuation with the direct comparable method as our secondary method of valuation.

### Valuation Result

Market Value	31,300,000	EUR
Market Value (special assumption)	32,300,000	
per sq m	703	EUR
per sq m (special assumption)	726	

### Purpose of Valuation

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards (2017) (the "Red Book") and specifically for the purpose of; the proposed acquisition of certain properties ("the Properties"), for financing purposes and for the inclusion of the summary valuation report/summaries in a Circular which is to be issued by the manager of Frasers Logistics & Industrial Trust ("FLT") to unitholders of FLT in connection with the proposed acquisition of the Properties.

CBRE Ltd  
Henrietta House | Henrietta Place  
London | W1G 0NB

# CBRE





26 July 2019

Perpetual (Asia) Limited,  
in its capacity as trustee of Frasers Logistics & Industrial Trust  
8 Marina Boulevard #05-02  
Marina Bay Financial Centre  
Singapore 018981

Dear Sirs,

**RE: Valuation as at 15 June 2019**  
**8-28 Hudson Court, Keysborough VIC**  
**29-51 Wayne Goss Drive, Berrinba QLD**  
**Lot 61, 2 Hanson Place, Eastern Creek NSW**

#### **INTRODUCTION**

We refer to the instructions issued by Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust ('FLT'), requesting CIVAS (VIC) Pty Limited, CIVAS (QLD) Pty Limited and CIVAS (NSW) Pty Limited ('CIVAS') to assess the Freehold Market Value of a portfolio of 3 Australian industrial properties (the 'Properties'). The Properties are currently held by Frasers Property Australia Pty Ltd and are to be acquired by Frasers Logistics & Industrial Trust.

We have specifically been instructed to assess the market value of the Properties as at 15 June 2019 which will be relied upon for Acquisition purposes by Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust, Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.

In addition, the valuations have been prepared for First Mortgage Security purposes for reliance by an Intending Mortgagee. As each Valuation Report is to be relied upon by an Intending Mortgagee, we advise that our reports are conditional upon a formal re-assignment from CIVAS to the party wishing to rely upon the valuation, at the appropriate time. However, any assignment must be within three months of the date of this valuation, subject to our interpretation of market movement (if any) within this period and will be subject to the terms and conditions noted within the letter of assignment, and the further terms, conditions and assumptions contained within and appended to the valuation report. Our valuations will only be assigned to a major deposit taking domestic bank, subject to our final discretion.

Finally, we have been instructed to provide a summary of each Valuation Report suitable for inclusion in a Circular to be issued to unitholders of FLT. CIVAS have not prepared the Circular.

For further information reference should be made to each full Valuation Report (our references: VM9226, B6629 and N3648) as at 15 June 2019 held by FLT.





Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust

8-28 Hudson Court, Keysborough VIC, 29-51 Wayne Goss Drive, Berrinba QLD and Lot 61, 2 Hanson Place, Eastern Creek NSW

## DATE OF VALUATION

As instructed the date of valuation is 15 June 2019.

We inspected 8-28 Hudson Court, Keysborough VIC on 25 February 2019 and 26 April 2019, 29-51 Wayne Goss Drive, Berrinba QLD on 25 February 2019 and 30 April 2019 and Lot 61, 2 Hanson Place, Eastern Creek NSW on 30 April 2019. Due to possible changes in market forces and circumstances in relation to the Properties the reports can only be regarded as representing our opinion of the value of the Properties as at the date of valuation. We have assumed the Properties are in the same condition on the valuation date as the inspection dates.

## BASIS OF VALUATION

The valuation has been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Council (IVSC) and endorsed by the Australian Property Institute (API):

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### Market Value

The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

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## QUALIFICATIONS AND ASSUMPTIONS

Each Valuation Report provides particulars on the information provided by the Instructing Party. Our valuations have been completed under the strict assumption that no material information to the valuation has been withheld in any instance.

In the preparation of each Valuation Report we have made a variety of key assumptions and important comments. In this regard we advise that each report, including appendices, must be read and understood by the nominated parties to whom reliance is extended in order that the various assumptions and comments are understood in the context of the adopted valuation.

## VALUATION

### Methodology

In determining the Market Value of the Properties, CIVAS has examined the available market evidence and applied this analysis to the Capitalisation of Net Income Approach and for the Discounted Cash Flow (DCF) Approach. We have had regards to the Direct Comparison Approach on the basis of a rate per square metre of GLA.

The Capitalisation of Net Income Approach has been undertaken by applying a yield to both the potential fully let passing net income (initial yield) and the potential reversionary net income (equated reversionary yield). To the value derived, adjustments have been made for any rental reversions, vacancies, leasing costs and capital expenditure required over the first two years.

The DCF has been undertaken over a 10-year time horizon discounting the net income over this period on a monthly basis together with the value of the property, net of selling expenses, in the 121st month. The net present value has been determined after allowing for capital expenditure and costs associated with the purchase of the property.



Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust

8-28 Hudson Court, Keysborough VIC, 29-51 Wayne Goss Drive, Berrinba QLD and Lot 61, 2 Hanson Place, Eastern Creek NSW

Our valuations have been undertaken on a GST exclusive basis.

### SUMMARY OF VALUES

The portfolio of Properties includes 3 industrial investment assets located within Australia's major industrial markets, more specifically in the eastern seaboard states of Victoria, Queensland and New South Wales.

Attached to this Letter are the Executive Summaries extracted from each Valuation Report.

We have assessed the Market Value of the freehold interest in the Properties as at 15 June 2019 as follows:

Address	Suburb	State	Assessed Value
8-28 Hudson Court	Keysborough	VIC	\$35,250,000
29-51 Wayne Goss Drive	Berrinba	QLD	\$25,500,000
Lot 61, 2 Hanson Place	Eastern Creek	NSW	\$65,500,000

These values are subject to the qualifications and assumptions contained within each Valuation Report.

We refer to each Valuation Report for a detailed overview of the property, its tenancy profile and local market conditions and characteristics.

The primary valuer responsible for each Valuation Report is noted at the bottom of the enclosed Executive Summaries.

### SALE HISTORY

Apart from the current sales process we are not aware of any previous sales history in relation to the improved Properties.

### QUALIFICATION AND WARNING

CIVAS has been engaged by Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust to provide a valuation of the Properties.

FLT wishes to include this letter in the Circular and has requested that CIVAS consent to the inclusion of this letter. CIVAS consents to the inclusion of this letter in the Circular and to being named in the Circular, subject to the comments, terms and assumptions contained within our full valuation reports, this summary letter and the further condition that FLT includes this Qualification and Warning:

- (i) This letter has been prepared for Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust, Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust only and for the specific purposes outlined within the full valuation reports and cannot be relied upon by third parties.





Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust

8-28 Hudson Court, Keysborough VIC, 29-51 Wayne Goss Drive, Berrinba QLD and Lot 61, 2 Hanson Place, Eastern Creek NSW

- (ii) This letter is a summary of the valuation of the Properties, as at 15 June 2019 and has not been prepared for the purpose of assessing the property as an investment opportunity.
- (iii) CIVAS has not been involved in the preparation of the Circular nor has this letter had regard to the other material contained in the Circular. This letter and its content do not take into account any matters concerning the investment opportunity contained in the Circular.
- (iv) CIVAS makes no representation or recommendation to a Recipient in relation to the valuation of the Properties or the investment opportunity contained in this letter.
- (v) Recipients must seek their own advice in relation to the investment opportunity contained in the Circular.
- (vi) In recent times volatility has returned to global markets as a result of instability across the Eurozone, specifically as a result of Brexit. Slow growth and volatile share markets are causing further concerns in both global and domestic markets. Political leadership in the U.S. is also negatively impacting the stability of global share markets and market sentiment. The Australian investment market remains appealing on a global scale due to the attractive returns and overall transparency of the market when compared to other global peers. Domestically, real estate investment markets appear stable, with yield compression now evident across the majority of asset classes. There is also now evidence of yield compression spreading up the risk curve to assets traditionally considered secondary, particularly for those with short to medium term repositioning potential. For Premium / A Grade and trophy style assets with secure income profiles, a second wave of yield compression is now being seen as part of the continuing global hunt for secure yield. This is particularly the case for assets that exhibit annuity style cash flow profiles. Demand and enquiry from investors looking for high quality assets with long weighted average lease durations is expected to continue to remain strong throughout 2019. We caution however that the increasing level of global market volatility may have a negative flow on effect to domestic markets and investment returns, particularly if liquidity becomes an issue. Whilst the weight of capital chasing quality assets is expected to remain high, further yield compression may slowdown in the short to medium term. Investment returns (IRR's) have begun to tighten in part to due to lower growth forecasts, higher capital expenditure provisioning and softening of terminal yields (given the current low yield environment). The historically low interest rate environment combined with the current yield compression evident across most sectors of the market is in turn likely to see lower or firmer IRR's more widely tolerated across all sectors of the market. Leasing markets remain variable with instances of effective rental growth starting to emerge, however we caution this still remains on a building by building basis. **We draw your attention to the fact that the Market Value adopted herein is subject to the issues outlined above and should be closely monitored in light of future events. Furthermore, it is our strong recommendation that regular valuation updates be initiated and instructed by the party(s) to whom reliance is extended for this valuation analysis.**





Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust

8-28 Hudson Court, Keysborough VIC, 29-51 Wayne Goss Drive, Berrinba QLD and Lot 61, 2 Hanson Place, Eastern Creek NSW

## **LIABILITY DISCLAIMER**

In the case of advice provided in this letter and our valuation reports which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in the text of this letter may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.

This letter has been prepared subject to the conditions referred to in our Qualification & Warning. Neither CIVAS nor any of its Directors makes any representation in relation to the Circular nor accepts responsibility for any information or representation made in the Circular, apart from this letter.

CIVAS has prepared this summary which appears in the Circular. CIVAS was involved only in the preparation of this summary and the valuations referred to herein, and specifically disclaim any liability to any person in the event of any omission from, or false or misleading statement included in the Circular, other than in respect of the valuations and this summary. We confirm that this summary may be used in this Circular.

The valuations are current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where these valuations are relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuations.

CIVAS confirms that it does not have a pecuniary interest or other conflict of interest that would conflict with its proper valuation of the Properties or could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value of the Properties.

CIVAS is not providing advice about a financial product, nor the suitability of the investment set out in the Circular. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Colliers International does not, nor do the Valuers, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the Properties detailed in this letter.

## **VALUERS EXPERIENCE AND INTEREST**

Ben McCallum AAPI MRICS (Australia Property Institute Member No. 70321) has had in excess of 10 years continuous experience in the valuation of property of similar type in Victoria. Matthew Persley AAPI (Registered Real Estate Valuer No. 4057MR) has had in excess of ten years continuous experience in the valuation of property of similar type and is authorised by law to practise as a Valuer in Queensland. Simon Andreatta AAPI MRICS (Registered Real Estate Valuer No. 69296) has had in excess of ten years continuous experience in the valuation of property of similar type and is authorised by law to practise as a Valuer in New South Wales.





Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust

8-28 Hudson Court, Keysborough VIC, 29-51 Wayne Goss Drive, Berrinba QLD and Lot 61, 2 Hanson Place, Eastern Creek NSW

Further, we confirm that the nominated Valuers do not have a pecuniary interest or other conflict of interest that would conflict with the proper valuation of the Properties or could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value of the Properties, and we advise that this position will be maintained until the purpose for which the valuations are being obtained is completed.

Yours sincerely

**CIVAS (VIC) Pty Limited**

A handwritten signature in blue ink, appearing to read "Ben McCallum".

**Ben McCallum**  
National Director  
Valuation & Advisory Services

Encl. Executive Summaries



## 8-28 HUDSON COURT, KEYSBOROUGH, VICTORIA

### Valuation Details

<b>Instructing Party</b> Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981	<b>Reliant Parties</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust, Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust and an Intending Mortgagee (subject to Clause 7 and 8 within our Terms & Conditions).
	<b>Registered Proprietor</b>	Australand Property Holdings Pty Ltd
	<b>Purpose of Report</b>	Acquisition and First Mortgage Security. The valuation report / summary is to be included in a circular to holders of units in the Frasers Logistics & Industrial Trust in relation to the acquisition.
	<b>Interest Valued</b>	100% Freehold Interest subject to existing lease agreements
	<b>Date of Valuation</b>	15 June 2019
	<b>Date of Inspection</b>	25 February 2019 and 26 April 2019

### Property Overview

#### Brief Description

The property is improved with a single industrial building with total Gross Lettable Area (GLA) of approximately 25,762 square metres comprising three Suites including Suite 1 with a GLA of approximately 10,345 square metres, Suite 2 with a GLA of approximately 7,283 square metres and Suite 3 with a GLA of approximately 8,134 square metres. Suite 1 is improved with a two-storey office positioned to the south western alignment of the improvements and a high clearance warehouse adjoining at the rear. Suite 2 is improved with a mezzanine office positioned to the north eastern corner of the improvements and a high clearance warehouse adjoining at the rear while Suite 3 is improved with a mezzanine office positioned to the north western corner of the improvements and a high clearance warehouse adjoining at the rear. The construction of the office component of each Suite includes concrete floors with carpet and ceramic tile overlays, plasterboard walls and suspended acoustic tile ceilings. The warehouse component of each Suite is of portal steel frame construction with reinforced concrete flooring, concrete panel walls to dado with pressed metal upper walls and wire mesh and sisilation underlay to pressed metal roofing on a steel purlin frame. The office and warehouse areas are fully sprinklered. Additional site improvements include a fully sprinklered canopy to each Suite, concrete paved truck loading areas, concrete and asphalt paved driveways, cyclone wire boundary fencing with steel access gates, on-site car parking, eight (8) concrete crossovers for ingress and egress and minor landscaping.

The subject site is a regular shaped allotment of 43,690 square metres (4.369 hectares) and is included in an 'Industrial 1' zone under the Greater Dandenong Planning Scheme. The site coverage (GLA to site area) is approximately 59% which is reasonably typical for a warehouse facility of this nature. The subject property is located on the eastern and southern side of Hudson Court in a significant industrial development located in the south eastern Melbourne suburb of Keysborough, approximately 39 kilometres by road from the Central Business District. This location is a well-regarded industrial precinct having good access to the local arterial road transport network.

Dana Australia Pty Ltd occupies Suite 1 for a seven year term, expiring 8 December 2023 with a current passing income of \$921,461.76 per annum net and annual fixed increases of 3.25%. Pinnacle Diversity Pty Ltd occupies Suite 2 for a five year term, expiring 8 December 2021 with a current passing income of \$637,626.60 per annum net and annual fixed increases of 3.00%. Finally, Licensing Essentials Pty Ltd occupies Suite 3 for a 7.2 year term, expiring 31 March 2024 with a current passing income of \$733,495.65 per annum net and annual fixed increases of 3.00%.



Aerial Photograph



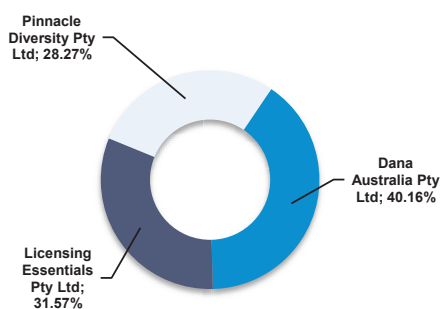
Hudson Court Frontage

<b>Total Lettable Area</b>	25,762 m <sup>2</sup>	<b>Zoning</b>	Industrial 1 Zone
<b>Planning Scheme</b>	Greater Dandenong Planning Scheme	<b>Site Area</b>	43,690 m <sup>2</sup>

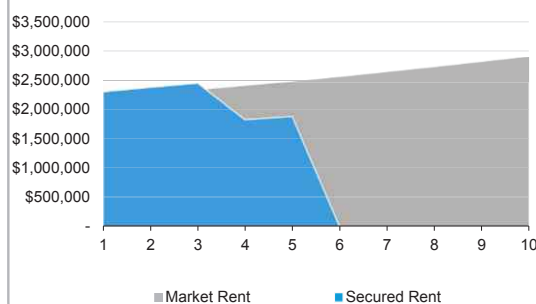
## Tenancy Details

<b>No. of Tenants:</b> 3	<b>Average Lease Duration</b>	3.92 years
	<b>Weighted Lease Duration (Area)</b>	4.02 years
	<b>Weighted Lease Duration (Income)</b>	4.03 years
<b>Major Tenants</b>	<b>Current Vacancy: Industrial</b>	- 0.00%
Dana Australia Pty Ltd	10,345.00 m <sup>2</sup>	
Licensing Essentials Pty Ltd	8,134.00 m <sup>2</sup>	
Pinnacle Diversity Pty Ltd	7,283.00 m <sup>2</sup>	
Remainder of Tenanted GLA	-	
Vacant GLA	-	
<b>Total GLA</b>	<b>25,762.00 m<sup>2</sup></b>	

Major Tenant Composition by Area



Lease Expiries by Rental Income



## Financial Details

	Passing Income	Market Income
<b>Industrial</b>	\$2,292,584	\$2,189,770
<b>Outgoings Recoveries</b>	\$363,442	\$363,442
<b>Total Gross Passing Income</b>	<b>\$2,656,026</b>	<b>\$2,553,212</b>
<b>Vacant Areas (gross)</b>	-	
<b>Potential Fully Leased Gross Income</b>	<b>\$2,656,026</b>	<b>\$2,553,212</b>
<b>Less Adopted Outgoings (\$14.11 /m<sup>2</sup>)</b>	\$363,442	\$363,442
<b>Potential Fully Leased Net Income</b>	<b>\$2,292,584</b>	<b>\$2,189,770</b>
<b>Net Passing Income</b>	\$2,292,584	

\* Minor discrepancies may occur due to rounding





## Key Assumptions and Important Comments

In the preparation of this valuation report we have made a variety of key assumptions and important comments. In this regard we advise that this entire report, including appendices, must be read and understood by the nominated parties to whom reliance is extended in order that the various assumptions and comments are understood in the context of the adopted valuation. Should the parties to this report have any concerns or queries regarding the contents or key assumptions made in the preparation of this valuation, those issues should be promptly directed to the nominated Valuer for comment and review. A selection of Key Assumptions and Important Comments are as follows:-

- (i) All information provided by the Instructing Party is correct and current.
- (ii) There are no other encumbrances or notations except those shown on Title or noted within this valuation report.
- (iii) The property is not flood liable or within a landslip designated area.
- (iv) Appropriate planning permission has been granted by the relevant statutory authorities in relation to the existing improvements on site.
- (v) All fire and electrical services meet the Building Code of Australia requirements.
- (vi) There are no GST or arrears liabilities over the subject property unless identified.
- (vii) Any agreements for lease, heads of agreement, draft leases, unsigned or unregistered leases noted within our report are converted to signed, registered leases as per the details provided. In this regard, we strongly recommend to the parties nominated within this valuation to which reliance is extended that they seek their own legal advice and satisfy themselves accordingly concerning this matter. On the basis that variations between the details noted within this report and the final registered documentation exists, these matters should be promptly referred to the Valuer for review and possible revision of this valuation advice.
- (viii) In accordance with the Australian Property Institute Valuers Limited (APIV), this valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on valuation.

**However, in the context of the above the APIV reiterates that it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.**

- (ix) **This valuation is prepared on the assumption that the lender as referred to in the valuation report (and no other), may rely on the valuation for first mortgage finance purposes only and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio. Note: this clause only applies if the lender is not a lender regulated by the Banking Act of 1959 (as contained within Appendix B of the Australian Property Institute Valuers Limited (APIV) Insurance Standards (for the APIV Professional Standards Scheme) Standard 7).**
- (x) We have been advised by the Instructing Party noted above that this report will be provided to and relied upon by an Intending Mortgagee, we advise that our report is conditional upon a formal re-assignment from CIVAS (VIC) Pty Limited to the party wishing to rely upon the valuation, at the appropriate time. However, any assignment must be within three months of the date of this valuation, subject to our interpretation of market movement (if any) within this period, and will be subject to the terms and conditions noted within the letter of assignment, and the further terms, conditions and assumptions contained within and appended to this valuation report. Our valuation will only be assigned to a major deposit taking domestic bank, subject to our final discretion.
- (xi) In the valuation of the subject property we have made particular assumptions which are commented upon throughout this report. We note that financial lending institutions have their own form of instructions/valuation criteria, and also from time to time require valuations be undertaken having regard to a specific set of assumptions which are generally property specific and in addition to their standard instructions. We highlight that we have not been instructed by a particular financial lending institution to value the subject property and any property specific assumptions may not have been incorporated into this valuation. Should the party(s) relying upon this report require the valuation to be undertaken using additional or separate assumptions to those adopted herein, these assumptions should be communicated back to the Valuer for comment and if appropriate revision of the valuation may be necessary. This may produce a different result to our opinion of value herein. We strongly recommend that the reliant party(s) issue the Valuer with specific instructions to value the subject property including any appropriate and/or property specific assumptions that may be required in addition to their standing instructions.

## Key Assumptions and Important Comments (Continued)

- (xii) Investment return based real estate such as the subject property is a dynamic investment medium to which point in time capital value pricing has the ability to vary widely over time, being highly dependent on the prevailing and future net cash flow certainty and strength in light of the corresponding market conditions. Accordingly due consideration must be given to the dynamic nature of this style of investment. On the basis of the aforementioned comments, it is our strong recommendation that valuation updates for this property be initiated and formally instructed by the reliant parties at appropriate regular intervals.
- (xiii) Unless specified otherwise within this report, the DCF valuation analysis assumes that all tenancies expire as at the respective lease expiry dates. Accordingly, our DCF valuation analysis does not assume the take up of the respective lease option periods (where applicable), which would generally comprise a variety of unique rental review structures (including but not limited to effective market reviews) and variations to tenancy make good obligations, that may not necessarily be reflective of current market lease terms. Rather, our DCF valuation analysis assumes that post the respective lease expiry dates there will be a period of rental void (downtime), subsequent to which a new lease (speculative lease) will commence on market terms. Despite this assumption, our DCF valuation analysis does adopt a retention probability profile for both the application of downtime and tenant incentives. However, these retention assumptions are on the basis of a new lease to the existing tenant(s) on new market terms only. The basis of adopted retention may have a material impact upon valuation, accordingly, should the parties to which this report is addressed require a different assumption to that outlined above and adopted herein, this request for alternative valuation advice should be promptly initiated by the Instructing Party and instructed for application by the Valuer.
- (xiv) Further to the above comments, our valuation analysis herein assumes varying tenancy renewal probability assumptions, which at a future date may or may not prove to be correct. Accordingly, the parties reliant upon this valuation should be fully aware that the impact of a tenant to renew at market terms or depart at lease expiry can have a material impact upon valuation. Accordingly, as tenancy occupation positions become certain, it is our strong recommendation that this valuation should be referred back to the Valuer for review, comment and update.
- (xv) In recent times volatility has returned to global markets as a result of instability across the Eurozone, specifically as a result of Brexit. Slow growth and volatile share markets are causing further concerns in both global and domestic markets. Political leadership in the U.S. is also negatively impacting the stability of global share markets and market sentiment.

The Australian investment market remains appealing on a global scale due to the attractive returns and overall transparency of the market when compared to other global peers. Domestically, real estate investment markets appear stable, with yield compression now evident across the majority of asset classes. There is also now evidence of yield compression spreading up the risk curve to assets traditionally considered secondary, particularly for those with short to medium term repositioning potential. For Premium / A Grade and trophy style assets with secure income profiles, a second wave of yield compression is now being seen as part of the continuing global hunt for secure yield. This is particularly the case for assets that exhibit annuity style cash flow profiles.

Demand and enquiry from investors looking for high quality assets with long weighted average lease durations is expected to continue to remain strong throughout 2019. We caution however that the increasing level of global market volatility may have a negative flow on effect to domestic markets and investment returns, particularly if liquidity becomes an issue.

Whilst the weight of capital chasing quality assets is expected to remain high, further yield compression may slowdown in the short to medium term. Investment returns (IRR's) have begun to tighten in part to due to lower growth forecasts, higher capital expenditure provisioning and softening of terminal yields (given the current low yield environment). The historically low interest rate environment combined with the current yield compression evident across most sectors of the market is in turn likely to see lower or firmer IRR's more widely tolerated across all sectors of the market.

Leasing markets remain variable with instances of effective rental growth starting to emerge, however we caution this still remains on a building by building basis. Overall leasing markets remain subdued with little rental growth experienced in recent time.

**We draw your attention to the fact that the Market Value adopted herein is subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our strong recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this valuation.**

- (xvi) We reserve the right to review and in appropriate circumstances revise our valuation report should any of the above key assumptions and important comments result in matters that will have a material impact on valuation.

## Valuation Criteria

Initial Yield		Reversionary Yield	
Capitalisation Rate	6.50%	Capitalisation Rate	6.25%
Rounded Value	\$35,250,000	Rounded Value	\$35,500,000
Discounted Cash Flow Inputs		Discounted Cash Flow Outputs	
Cash Flow Term	10 years	NPV of Cash Flows	\$15,247,324
Discount Rate	7.00%	Discounted Terminal Value	\$21,907,291
CAGR (10 Years) Industrial (Net Face)	3.12%	Sum of Cash Flows	\$37,154,615
CAGR (10 Years) Inflation (CPI)	2.32%	Less Acquisition Costs	\$2,036,831
Terminal Yield	6.50%	Net Present Value	\$35,117,784
Capital Expenditure (As inflated)	\$401,986	Rounded DCF Value	\$35,000,000
Year 1 Forecast Capital Expenditure	\$12,775		

## Valuation Conclusions

Adopted Value (100% Freehold Interest)	\$35,250,000 (GST Exclusive)
Passing Initial Yield	6.50%
Equivalent Initial Yield	6.50%
Equivalent Reversionary Yield	6.28%
Internal Rate of Return (including capex)	6.95%
Internal Rate of Return (excluding capex)	7.05%
Direct Comparison Rate	\$1,368 /m <sup>2</sup> of GLA

## Valuation

### 100% Freehold Interest

\$35,250,000 - GST Exclusive

(THIRTY FIVE MILLION TWO HUNDRED AND FIFTY THOUSAND DOLLARS)

CIVAS (VIC) Pty Limited

Ben McCallum AAPI

National Director

Certified Practising Valuer

API Membership No. 70321 (Victoria)

June 2019 (Date of Signing Report)

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.



## 29-51 WAYNE GOSS DRIVE, BERRINBA, QUEENSLAND

### Valuation Details

<b>Instructing Party</b>	<b>Reliant Parties</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust, Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust and an Intending Mortgagee (subject to Clause 7 and 8 within our Terms & Conditions).
Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981	<b>Registered Owner</b>	Australand C&I Land Holdings Pty Ltd A.B.N. 66 107 356 641
	<b>Purpose of Report</b>	Acquisition and First Mortgage Security. The valuation report / summary is to be included in a circular to holders of units in the Frasers Logistics & Industrial Trust in relation to the acquisition.
	<b>Interest Valued</b>	100% Freehold Interest subject to the existing leases
	<b>Date of Valuation</b>	15 June 2019
	<b>Date of Inspection</b>	25 February 2019 and 30 April 2019

### Property Overview

#### Brief Description

The property comprises a modern dual tenancy industrial facility constructed in 2016 with a Gross Lettable Area (GLA) of approximately 15,456 square metres. The improvements include office accommodation of approximately 1,013 square metres and warehouse accommodation totalling approximately 14,443 square metres.

Additional improvements include a large awning of approximately 4,000 square metres accessed via four concrete crossovers from Wayne Goss Drive, 121 bitumen sealed on-site car spaces, security fencing and basic landscaping.

The site occupies a regular shaped allotment with a total area of approximately 27,510 square metres (2.75 hectares) zoned 'Mixed Use Zone' under the Logan Planning Scheme 2015.

The property is fully leased to Avery Dennison Materials Pty Ltd and GM Kane and Sons Pty Ltd reflecting a WALE of 3.64 years by income as at the date of valuation with a passing net annual rent of \$1,717,963. The passing rent is considered to be above current market parameters.



Subject Property

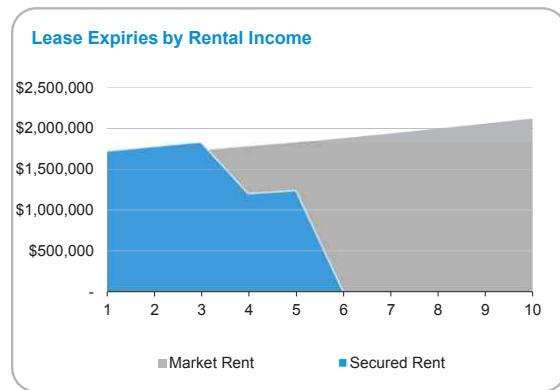
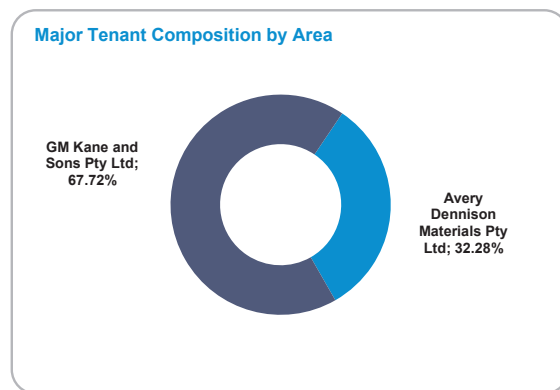


Google Maps – Aerial View

<b>GLA</b>		<b>Planning Scheme</b>	Logan Planning Scheme 2015
Office	1,013 m <sup>2</sup>	<b>Zoning</b>	MU - Mixed Use
Warehouse	14,443 m <sup>2</sup>	<b>Site Area</b>	27,510 m <sup>2</sup> (2.75 hectares)
<b>Total GLA</b>	<b>15,456 m<sup>2</sup></b>		

## Tenancy Details

<b>No. of Tenants:</b> 2	<b>Average Lease Duration</b>	3.34 years
<b>Major Tenants</b>	<b>Weighted Lease Duration (Area)</b>	3.72 years
Avery Dennison Materials Pty Ltd 4,989.00 m <sup>2</sup>	<b>Weighted Lease Duration (Income)</b>	3.64 years
GM Kane and Sons Pty Ltd 10,467.00 m <sup>2</sup>	<b>Current Vacancy: Industrial</b>	- 0.00%
Remainder of Tenanted GLA -		
Vacant GLA -		
<b>Total GLA</b>	<b>15,456.00 m<sup>2</sup></b>	



## Financial Details

	Passing Income	Market Income
<b>Industrial</b>	\$1,717,963	\$1,647,825
<b>Outgoings Recoveries</b>	\$224,714	\$224,714
<b>Total Gross Passing Income</b>	<b>\$1,942,677</b>	<b>\$1,872,539</b>
<b>Potential Fully Leased Gross Income</b>	<b>\$1,942,677</b>	<b>\$1,872,539</b>
<b>Less Adopted Outgoings (\$14.54 /m<sup>2</sup>)</b>	\$224,714	\$224,714
<b>Potential Fully Leased Net Income</b>	<b>\$1,717,963</b>	<b>\$1,647,825</b>
<b>Net Passing Income</b>	\$1,717,963	

\* Minor discrepancies may occur due to rounding



## Key Assumptions and Important Comments

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In the preparation of this valuation report we have made a variety of key assumptions and important comments. In this regard we advise that this entire report, including appendices, must be read and understood by the nominated parties to whom reliance is extended in order that the various assumptions and comments are understood in the context of the adopted valuation. Should the parties to this report have any concerns or queries regarding the contents or key assumptions made in the preparation of this valuation, those issues should be promptly directed to the nominated Valuer for comment and review. A selection of the Key Assumptions and Important Comments are as follows:-

- (xvii) All information provided by the Instructing Party is correct and current.
- (xviii) There are no other encumbrances or notations except those shown on Title or noted within this valuation report.
- (xix) The subject property is not within a landslip designated area.
- (xx) The property has minor flood affectation to the Wayne Goss Drive elevation.
- (xxi) All fire and electrical services meet the Building Code of Australia requirements.
- (xxii) There are no GST or arrears liabilities over the subject property unless identified.
- (xxiii) In accordance with the Australian Property Institute Valuers Limited (APIV), this valuation is current as at the date of valuation only. The values assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on valuation.

**However, in the context of the above the APIV reiterates that it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.**

- (xxiv) **This valuation is prepared on the assumption that the lender as referred to in the valuation report (and no other), may rely on the valuation for first mortgage finance purposes only and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio. Note: this clause only applies if the lender is not a lender regulated by the Banking Act of 1959 (as contained within Appendix B of the Australian Property Institute Valuers Limited (APIV) Insurance Standards (for the APIV Professional Standards Scheme) Standard 7).**
- (xxv) We have been advised by the Instructing Party noted above that this report will be provided to and relied upon by an Intending Mortgagee, we advise that our report is conditional upon a formal re-assignment from CIVAS (QLD) Pty Limited to the party wishing to rely upon the valuation, at the appropriate time. However, any assignment must be within three months of the date of this valuation, subject to our interpretation of market movement (if any) within this period, and will be subject to the terms and conditions noted within the letter of assignment, and the further terms, conditions and assumptions contained within and appended to this valuation report. Our valuation will only be assigned to a major deposit taking domestic bank, subject to our final discretion.
- (xxvi) In the valuation of the subject property we have made particular assumptions which are commented upon throughout this report. We note that financial lending institutions have their own form of instructions/valuation criteria, and also from time to time require valuations be undertaken having regard to a specific set of assumptions which are generally property specific and in addition to their standard instructions. We highlight that we have not been instructed by a particular financial lending institution to value the subject property and any property specific assumptions may not have been incorporated into this valuation. Should the party(s) relying upon this report require the valuation to be undertaken using additional or separate assumptions to those adopted herein, these assumptions should be communicated back to the Valuer for comment and if appropriate revision of the valuation may be necessary. This may produce a different result to our opinion of value herein. We strongly recommend that the reliant party(s) issue the Valuer with specific instructions to value the subject property including any appropriate and/or property specific assumptions that may be required in addition to their standing instructions.
- (xxvii) **Investment return based real estate such as the subject property is a dynamic investment medium to which point in time capital value pricing has the ability to vary widely over time, being highly dependent on the prevailing and future net cash flow certainty and strength in light of the corresponding market conditions. Accordingly, and of paramount importance for First Mortgage Security purposes, due consideration must be given to the dynamic nature of this style of investment. On the basis of the aforementioned comments, it is our strong recommendation that valuation updates for this property be initiated and formally instructed by the reliant parties at appropriate regular intervals.**

### Key Assumptions and Important Comments *(continued)*

- (xxviii) Unless specified otherwise within this report, the DCF valuation analysis assumes that all tenancies expire as at the respective lease expiry dates. Accordingly, our DCF valuation analysis does not assume the take up of the respective lease option periods (where applicable), which would generally comprise a variety of unique rental review structures (including but not limited to effective market reviews) and variations to tenancy make good obligations, that may not necessarily be reflective of current market lease terms. Rather, our DCF valuation analysis assumes that post the respective lease expiry dates there will be a period of rental void (downtime), subsequent to which a new lease (speculative lease) will commence on market terms. Despite this assumption, our DCF valuation analysis does adopt a retention probability profile for both the application of downtime and tenant incentives. However, these retention assumptions are on the basis of a new lease to the existing tenant(s) on new market terms only. The basis of adopted retention may have a material impact upon valuation, accordingly, should the parties to which this report is addressed require a different assumption to that outlined above and adopted herein, this request for alternative valuation advice should be promptly initiated by the Instructing Party and instructed for application by the Valuer.
- (xxix) We reserve the right to review and in appropriate circumstances revise our valuation report should any of the above critical assumptions result in matters that will have a material impact on valuation.

### Valuation Criteria

Initial Yield		Reversionary Yield	
Capitalisation Rate	6.75%	Capitalisation Rate	6.50%
Rounded Value	\$25,500,000	Rounded Value	\$25,500,000
Discounted Cash Flow Inputs		Discounted Cash Flow Outputs	
Cash Flow Term	10 years	NPV of Cash Flows	\$11,174,769
Discount Rate	7.00%	Discounted Terminal Value	\$15,685,438
Terminal Yield	6.75%	Sum of Cash Flows	\$26,860,207
Capital Expenditure (As inflated)	\$721,981	Less Acquisition Costs	\$1,580,012
Year 1 Forecast Capital Expenditure	\$15,328	Net Present Value	\$25,280,195
		Rounded DCF Value	\$25,500,000

### Valuation Conclusions

Adopted Value (100% Freehold Interest)	\$25,500,000 (GST Exclusive)
Passing Initial Yield	6.74%
Equivalent Initial Yield	6.73%
Equivalent Reversionary Yield	6.50%
Internal Rate of Return (including capex)	6.88%
Internal Rate of Return (excluding capex)	7.11%
Direct Comparison Rate	\$1,650 /m <sup>2</sup> of GLA





## Valuation

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**\$25,500,000 - GST Exclusive**

**(TWENTY FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS)**

## Indicative Value – Incentive Applied

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**\$24,200,000 - GST Exclusive**

**(TWENTY FOUR MILLION TWO HUNDRED THOUSAND DOLLARS)**

**CIVAS (QLD) Pty Limited**

**Matthew Persley AAPI**

**Director | Industrial**

**Certified Practising Valuer**

**Registered Real Estate Valuer No. 4057MR (QLD)**

**3 May 2019 (Date of Signing Report)**

*NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.*





## LOT 61, 2 HANSON PLACE, EASTERN CREEK NSW

### Valuation Details

<b>Instructing Party</b>	<b>Reliant Parties</b>	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust and Frasers Logistics and Industrial Asset Management Pte. Ltd., in its capacity as manager of Frasers Logistics & Industrial Trust.
Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981	<b>Registered Proprietor</b>	Australand C&I Land Holdings Pty Ltd
	<b>Purpose of Report</b>	Acquisition and First Mortgage Security. The valuation report / summary is to be included in a circular to holders of units in the Frasers Logistics & Industrial Trust in relation to the acquisition.
	<b>Interest Valued</b>	100% Freehold Interest subject to existing lease agreement.
	<b>Date of Valuation</b>	15 June 2019
	<b>Date of Inspection</b>	30 April 2019

### Property Overview

#### Brief Description

The subject property comprises a new industrial facility, completed in May 2019, divided into two (2) tenancies, and extending to a total Gross Lettable Area (GLA) of approximately 32,839.0 square metres.

Facility 1 (FDM tenancy) is the larger of the two facilities, with a GLA of 16,794 square metres, located to the western side of the site. Facility 2 (Spec) comprises a GLA of 16,045.0 square metres and is situated on the eastern side of the site. Each facility provides for warehouse and office accommodation, with truck turning and loading areas and associated on-site parking.

The improvements are situated on a site of 55,600.0 square metres (5.56 Hectares), being positioned on the corner of Hanson Place and Honeycomb Drive at Eastern Creek, a prime industrial precinct within western Sydney, located approximately 41 kilometres (by road) from the Sydney Central Business District (CBD).



Aerial View – Subject Property



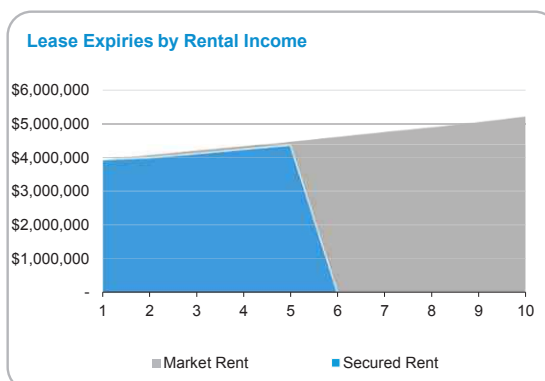
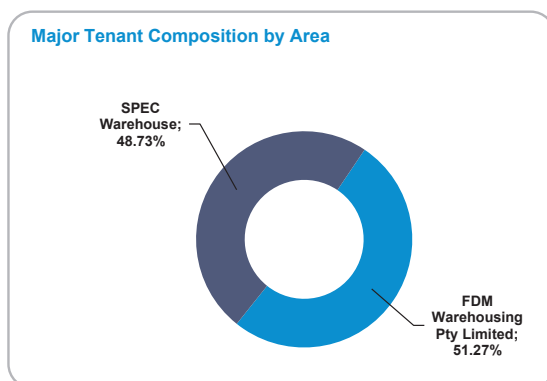
Front Elevation

<b>Total Gross Lettable Area</b>	<b>32,839.0 m<sup>2</sup></b>	<b>Planning Scheme</b>	State Environmental Policy (WSEA)
<b>Office Areas</b>	1,413.0 m <sup>2</sup>	<b>Zoning</b>	IN1 General Industrial
<b>Warehouse Areas</b>	31,426.0 m <sup>2</sup>	<b>Site Area</b>	55,600.0 m <sup>2</sup>
<b>Ancillary Buildings (*)</b>	4,067.0 m <sup>2</sup>	<b>Title Details</b>	Lot 61 in DP1234758

(\*) Please note that the awning areas are not included in the total adopted GLA.

## Tenancy Details

<b>No. of Tenants:</b> 2	<b>Average Lease Duration</b>	4.83 years
<b>Major Tenants</b>	<b>Weighted Lease Duration (Area)</b>	4.83 years
FDM Warehousing Pty Limited	16,794.00 m <sup>2</sup>	<b>Weighted Lease Duration (Income)</b> 4.83 years
SPEC Warehouse	16,045.00 m <sup>2</sup>	<b>Current Vacancy: Industrial</b> - 0.00%
<b>Total GLA</b>	<b>32,839.00 m<sup>2</sup></b>	



## Financial Details

	Passing Income	Market Income
<b>Industrial</b>	\$3,947,024	\$3,940,680
<b>Outgoings Recoveries</b>	\$735,722	\$735,722
<b>Total Gross Passing Income</b>	<b>\$4,682,746</b>	<b>\$4,676,402</b>
<b>Vacant Areas (gross)</b>	<b>\$4,682,746</b>	<b>\$4,676,402</b>
<b>Potential Fully Leased Gross Income</b>	\$735,722	\$735,722
<b>Less Adopted Outgoings (\$22.45 /m<sup>2</sup>)</b>	<b>\$3,947,024</b>	<b>\$3,940,680</b>
<b>Potential Fully Leased Net Income</b>	\$3,947,024	\$3,940,680
<b>Net Passing Income</b>	<b>\$3,947,024</b>	

\* Minor discrepancies may occur due to rounding



## Key Assumptions and Important Comments

In the preparation of this valuation report we have made a variety of key assumptions and important comments. In this regard we advise that this entire report, including appendices, must be read and understood by the nominated parties to whom reliance is extended in order that the various assumptions and comments are understood in the context of the adopted valuation. Should the parties to this report have any concerns or queries regarding the contents or key assumptions made in the preparation of this valuation, those issues should be promptly directed to the nominated Valuer for comment and review. A selection of Key Assumptions and Important Comments are as follows:-

- (xxx) We assume all information provided by the Instructing Party is correct and current.
- (xxxi) We assume there are no other encumbrances or notations except those shown on Title or noted within this valuation report.
- (xxxii) The property is not flood liable or within a landslip designated area.
- (xxxiii) We assume appropriate planning permission has been granted by the relevant statutory authorities in relation to the new improvements on site.
- (xxxiv) We assume all fire and electrical services meet the Building Code of Australia requirements.
- (xxxv) We assume that the entire facility is completed as at the date of valuation, being 15 June 2019.
- (xxxvi) We assume there are no GST or arrears liabilities over the subject property unless identified.
- (xxxvii) We have been provided with Tenancy and Outgoings Schedule by Frasers. We have reviewed the executed copies and have fully analysed the signed Lease to FDM Warehousing. For the purpose of this valuation we have assumed the copies reviewed and information provided is accurate. Should there be any variation we reserve the right to review this valuation.
- (xxxviii) That the rental amount of \$120/m<sup>2</sup> of gross lettable area per annum for the FDM Facility (increased by 3.00% annually) is consistent with market rental for the five-year period under the Rental Support Deed (provided).
- (xxxix) That the notional lease terms for Facility 2 (Spec), moves to a formal Lease incorporating the terms captured in this valuation. Should there be any variation we reserve the right to review this valuation.
- (xl) That the Developer/Frasers is responsible for any incentives associated with both facilities, with nil incentives captured as at the date of valuation for these tenancies.
- (xli) In accordance with the Australian Property Institute Valuers Limited (APIV), this valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on valuation.

**However, in the context of the above the APIV reiterates that it should be recognised that the 90-day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.**

- (xlii) **This valuation is prepared on the assumption that the lender (once assigned) and no other, may rely on the valuation for first mortgage finance purposes only and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio. Note: this clause only applies if the lender is not a lender regulated by the Banking Act of 1959 (as contained within Appendix B of the Australian Property Institute Valuers Limited (APIV) Insurance Standards (for the APIV Professional Standards Scheme) Standard 7).**
- (xliii) We have been advised by the Instructing Party noted above that this report will be provided to and relied upon by an Intending Mortgagee. In the valuation of the subject property we have made particular assumptions which are commented upon throughout this report. We note that financial lending institutions have their own form of instructions/valuation criteria, and from time to time require valuations be undertaken having regard to a specific set of assumptions which are generally property specific and in addition to their standard instructions. We highlight that we have not been instructed by a particular financial lending institution to value the subject property and any property specific assumptions may not have been incorporated into this valuation. Should the party relying upon this report require the valuation to be undertaken using additional or separate assumptions to those adopted herein, these assumptions should be communicated back to the Valuer for comment and if appropriate revision of the valuation may be necessary. This may produce a different result to our opinion of value herein. We strongly recommend that the reliant party(s) issue the Valuer with specific instructions to value the subject property including any appropriate and/or property specific assumptions that may be required in addition to their standing instructions.

## Key Assumptions & Important Comments (Continued)

- (xiv) Unless specified otherwise within this report, the DCF valuation analysis assumes that all tenancies expire as at the respective lease expiry dates. Accordingly, our DCF valuation analysis does not assume the take up of the respective lease option periods (where applicable), which would generally comprise a variety of unique rental review structures (including but not limited to effective market reviews) and variations to tenancy make good obligations, that may not necessarily be reflective of current market lease terms. Rather, our DCF valuation analysis assumes that post the respective lease expiry dates there will be a period of rental void (downtime), subsequent to which a new lease (speculative lease) will commence on market terms. Despite this assumption, our DCF valuation analysis does adopt a retention probability profile for both the application of downtime and tenant incentives. However, these retention assumptions are on the basis of a new lease to the existing tenant(s) on new market terms only. The basis of adopted retention may have a material impact upon valuation, accordingly, should the parties to which this report is addressed require a different assumption to that outlined above and adopted herein, this request for alternative valuation advice should be promptly initiated by the Instructing Party and instructed for application by the Valuer.
- (xiv) Further to the above comments, our valuation analysis herein assumes varying tenancy renewal probability assumptions, which at a future date may or may not prove to be correct. Accordingly, the parties reliant upon this valuation should be fully aware that the impact of a tenant to renew at market terms or depart at lease expiry can have a material impact upon valuation. As tenancy occupation positions become certain, it is our strong recommendation that this valuation should be referred back to the Valuer for review, comment and update.
- (xvi) In recent times volatility has returned to global markets as a result of instability across the Eurozone, specifically as a result of Brexit. Slow growth and volatile share markets are causing further concerns in both global and domestic markets. Political leadership in the U.S. is also negatively impacting the stability of global share markets and market sentiment.
- The Australian investment market remains appealing on a global scale due to the attractive returns and overall transparency of the market when compared to other global peers. Domestically, real estate investment markets appear stable, with yield compression now evident across the majority of asset classes. There is also now evidence of yield compression spreading up the risk curve to assets traditionally considered secondary, particularly for those with short to medium term repositioning potential. For Premium / A Grade and trophy style assets with secure income profiles, a second wave of yield compression is now being seen as part of the continuing global hunt for secure yield. This is particularly the case for assets that exhibit annuity style cash flow profiles.
- Demand and enquiry from investors looking for high quality assets with long weighted average lease durations is expected to continue to remain strong into 2019. We caution however that the increasing level of global market volatility may have a negative flow on effect to domestic markets and investment returns, particularly if liquidity becomes an issue.
- Whilst the weight of capital chasing quality assets is expected to remain high, further yield compression may slowdown in the short to medium term. Investment returns (IRR's) have begun to tighten in part to due to lower growth forecasts, higher capital expenditure provisioning and softening of terminal yields (given the current low yield environment). The historically low interest rate environment combined with the current yield compression evident across most sectors of the market is in turn likely to see lower or firmer IRR's more widely tolerated across all sectors of the market.
- Leasing markets remain variable with instances of effective rental growth starting to emerge, however we caution this still remains on a building by building basis.
- (xlvii) **We draw your attention to the fact that the Market Value adopted herein is subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our strong recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this valuation.**
- (xlviii) We reserve the right to review and in appropriate circumstances revise our valuation report should any of the above key assumptions and important comments result in matters that will have a material impact on valuation.

## Valuation Criteria

Initial Yield		Reversionary Yield	
Capitalisation Rate	6.000%	Capitalisation Rate	6.000%
Rounded Value	\$65,700,000	Rounded Value	\$65,700,000
Discounted Cash Flow Inputs		Discounted Cash Flow Outputs	
Cash Flow Term	10 years	NPV of Cash Flows	\$28,449,299
Discount Rate	7.000%	Discounted Terminal Value	\$40,535,870
CAGR (10 Years)	Industrial (Net Face) 3.19%	Sum of Cash Flows	\$68,985,169
CAGR (10 Years)	Inflation (CPI) 2.32%	Less Acquisition Costs	\$3,658,304
Terminal Yield	6.250%	Net Present Value	\$65,326,865
Capital Expenditure (As inflated)	\$1,068,494	Rounded DCF Value	\$65,300,000
Year 1 Forecast Capital Expenditure	\$40,710		

## Valuation Conclusions

Adopted Value (100% Freehold Interest)	<b>\$65,500,000 (GST Exclusive)</b>
Passing Initial Yield	6.03%
Equivalent Initial Yield	6.02%
Equivalent Reversionary Yield	6.01%
Internal Rate of Return (including capex)	6.96%
Internal Rate of Return (excluding capex)	7.09%
Direct Comparison Rate	\$1,995 /m <sup>2</sup> of GLA

## Valuation - Subject to Lease to FDM & 5-Year Notional Lease (Spec Facility)

\$65,500,000 - GST Exclusive

(SIXTY-FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS)

## Valuation - Subject to Vacant Possession (Spec Facility) – Refer to Section 14.2

\$63,400,000 - GST Exclusive

(SIXTY-THREE MILLION FOUR HUNDRED THOUSAND DOLLARS)

## Valuation - Subject to 10-Year Notional Lease (Spec Facility) – Refer to Section 14.3

\$70,100,000 - GST Exclusive

(SEVENTY MILLION ONE HUNDRED THOUSAND DOLLARS)

CIVAS (NSW) Pty Limited

Simon Andreatta | Head of Industrial Valuations & Advisory

AAPI MRICS, Certified Practising Valuer

June 2019 (Date of Signing Report)

Catherine Allotta | Valuer

AAPI, Certified Practising Valuer

June 2019 (Date of Signing Report)

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.





**LEVEL 12  
120 COLLINS STREET  
MELBOURNE VIC 3000**

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URBIS.COM.AU  
Urbis Valuations Pty Ltd  
ABN 28 105 273 523

26 July 2019

Frasers Logistics & Industrial Asset Management Pte. Ltd.  
(as manager of Frasers Logistics & Industrial Trust (the 'Manager'))  
438 Alexandra Road  
#21-00, Alexandra Point  
Singapore 119958

Dear Sirs,

## **VALUATION OF AUSTRALIAN INDUSTRIAL INVESTMENT PORTFOLIO OF 3 PROPERTIES**

### **1 INSTRUCTIONS**

We refer to instructions issued by Perpetual (Asia) Limited, as trustee of Frasers Logistics & Industrial Trust (the 'Trustee'), on behalf of Frasers Logistics & Industrial Asset Management Pte. Ltd., as manager of Frasers Logistics & Industrial Trust, requesting formal valuations of a portfolio of 3 Australian industrial properties. The assets are currently held by Frasers Property Australia Pty Ltd and are to be acquired by Frasers Logistics & Industrial Trust ('FLT').

We have specifically been instructed to assess the market value of each property effective 15 June 2019 which will be relied upon for Acquisition and Financial purposes, included in a circular to holders of units in Frasers Logistics & Industrial Trust in relation to the acquisition.

We have prepared a comprehensive Valuation Report for each of the properties in accordance with our instructions. This letter and its attachments (including Valuation Executive Summaries) should be read in conjunction with our full valuation reports effective 15 June 2019 as we note this letter ('Letter') does not include all essential information and the assumptions which are detailed in our Valuation Reports. The Valuation Reports provide a detailed description of the property, its current tenancy configuration and agreements, assumptions impacting value and local market characteristics.

We understand this Letter summarising our valuations is required for inclusion in the Circular to be issued by the Manager to unitholders of FLT (the 'Circular'). Urbis Valuations Pty Ltd have not prepared the Circular.



## 2 DATE OF VALUATION

As instructed the date of valuation is 15 June 2019.

The properties were inspected in April and June 2019. Each valuation reflects the valuer's view of the market at that date and does not purport to predict the future. The valuation has therefore been prepared on the assumption that market and physical conditions of the improvements remain unchanged between the date of inspection and the date of valuation.

## 3 BASIS OF VALUATION

We have assessed the market value of each individual asset in accordance with the definition of market value as approved by the Australian Property Institute ('API') included as follows:

*"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."*

In considering this definition, the International Valuation Standards which have been adopted by the API, define a willing seller as follows:

*'A willing seller is neither an over eager nor a forced seller, prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be.'*

Accordingly, although a willing seller will not necessarily just accept the first offer that is made, he/ she is a seller in the current market and therefore is not seeking a market price which may be unattainable in the current market'.

The above market definition is consistent with the Australian Accounting Standards Board definition of fair value detailed in AASB116, being:

*'Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in arms length transaction'.*

We have adopted the above definitions in undertaking our assessment of value.

## 4 QUALIFICATIONS AND ASSUMPTIONS

Each valuation provides particulars on the information provided by our instructing client, the investigations we have undertaken in completing the valuation. Our valuations have been completed under the strict assumption that no material information to the valuation has been withheld in any instance.



Each valuation has been prepared on the basis of the standard terms and conditions which comprise a list of major assumptions and limiting conditions under which our opinion is given. These are contained within the full valuation reports and should be read in conjunction with this letter and the valuation summaries. It is a condition of the use of each valuation that the recipient of the report accepts these statements. Specific assumptions made in respect to each particular valuation are also set out in the commentary provided within the full valuation reports.

## **5 SCOPE OF WORK AND APPROACH**

In undertaking our valuations our approach in each instance has generally comprised the following:

- Securing relevant individual property information from Frasers Logistics & Industrial Asset Management Pte. Ltd. (FLT) including but not limited to title particulars, building particulars, lease, outgoing, capex and incentive particulars;
- A physical inspection of each property;
- Market research with local and active real estate agents and other market participants in addition to relevant authorities;
- Use of Urbis' proprietary valuation computer model to compare our analysis and conclusion;
- Where a property has an outstanding incentive we have been instructed by FLT to exclude it from our assessment on the basis it has been paid out.

Our valuations have been undertaken utilising the methods that are consistent with those adopted in the market place, namely:

- Capitalisation approach; and
- Discounted Cash Flow (DCF) approach.

Attachments (including valuation executive summaries) should be read in conjunction with our full valuation reports dated 15 June 2019 (the 'full valuation report'). We note that this letter does not contain all the necessary information and assumptions which are detailed in the full valuation reports. The full valuation reports form an integral part of our advice and provide descriptive commentaries on the individual properties' characteristics in addition to the local market dynamics and any general, specific and special assumptions under which each valuation has been prepared.





## 6 VALUATION METHODOLOGY

All of the properties assessed in the portfolio have been assessed utilising both the capitalisation of income and discounted cash flow valuation approaches.

Each valuation approach is briefly summarised as follows:

### CAPITALISATION APPROACH

The capitalisation approach involves the assessment of a net market income for the various components of the subject property. The net market income is capitalised at a rate derived from the analysis of comparable sales evidence with subsequent capital adjustments made as appropriate. These capital adjustments may include a combination of rental reversions, unexpired incentives, vacancy downtime and incentive allowances, future vacancy allowances and capital expenditure.

The yield / capitalisation rate adopted is selected having regard to the following key considerations:

- Demonstrated market yields;
- The physical condition and design of the facility;
- The location, zoning and title restrictions that apply;
- The current and potential earnings profile for the property; and
- The current tenancy, quality of covenant and remaining lease term.

### DISCOUNTED CASH FLOW (DCF) APPROACH

For each of the properties we have undertaken a 10 year discounted cash flow analysis based upon the structured passing rental under the existing lease and a range of assumptions to reflect our expectations with regards to tenant retention/vacancies, rental growth, incentives, capital expenditure items and a number of other factors.

The forecasts represent what we believe a potential purchaser of each property would adopt as being realistic and achievable assumptions.

The discounted cash flow included in our valuations has been prepared solely for the purpose of the valuation and does not necessarily correspond or reconcile with any cash flow forecast that is made by the owner for management and budgeting reasons.

The cash flow projections adopted within our valuation has been undertaken as part of our discounted cash flow analysis approach to valuation. Although such projections are necessary for the discounted cash flow valuation approach, past experience has provided a very clear reminder that forecasting future income and expenditure movements is particularly uncertain and hazardous. Accordingly, the projections provided within each valuation should be considered as a broad guide only and likely to undergo variation from time to time. Included in our full valuation reports are our cashflow projections and comments thereon.



## 7 PECUNIARY INTEREST

We confirm that we are not a related corporation of our client and that the valuers and Urbis Valuations Pty Ltd have no economic interest in the client or the subject properties or other conflict of interest that would conflict with the proper valuation of the properties or could be reasonably regarded as being capable of affecting the valuer's ability to give an unbiased opinion.

We, Shane Robb, Ivan Hill & Russell McKinnon (the Valuers) confirm the following:

- The Valuer is independent of Frasers Logistics and Industrial Asset Management Pte. (in its capacity as manager of FLT) (the "Manager"), Perpetual (Asia) Limited (in its capacity as trustee of FLT), each of the related corporations of the Manager or any other party whom FLT is contracting with;
- The Valuer does not have any pending business transactions, contracts under negotiation or other arrangements with the Manger or any other party whom FLT is contracting with that would interfere with the ability to give an independent and professional valuation of the property;
- There are no other factors that would interfere with Urbis' ability to give an independent and professional valuation of the property;
- The Valuer is authorised under any law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;
- The Valuer has the necessary expertise and experience in valuing properties of the type in question and in the relevant area; and
- The Valuer has not valued the same property for more than two consecutive financial years

## 8 SUMMARY OF PORTFOLIO

The portfolio of properties valued herein comprises 3 industrial investment assets located throughout Australia's industrial markets, although more specifically along the eastern seaboard states of Victoria, New South Wales and Queensland.

A summary of our valuations is provided in the following table overpage.

Property Address	Market Value	Basis of Value
Lot 61, 2 Hanson Place, Eastern Creek	\$65,500,000	Market Value on an 'As Is' Complete basis subject to existing and proposed occupancy arrangements
8 Hudson Court, Keysborough	\$36,000,000	Market Value on an 'As Is' basis subject to existing occupancy agreements
29-51 Wayne Goss Drive, Berrinba	\$25,500,000	Market Value on an 'As Is' basis subject to existing occupancy agreements

Attached as Appendix A to this Letter are the Executive Summaries extracted from our 3 valuation reports.



We refer the reader to each full valuation report for a detailed overview of the property, its tenancy profile and local market conditions and characteristics.

The principal valuer(s) responsible for a valuation is noted at the bottom of the Executive Summary in each of the Valuation Reports.

## 9 MARKET COMMENTARY

Included within each valuation is a market commentary section that provides an overview of the prevailing market conditions particularly as they relate to each asset.

As an overarching statement on current market conditions we note that Investor appetite, particularly from international capital, is very strong and has many market participants questioning if the 'peak' of the current cycle has been reached. This view is consistent across most major asset classes. This international capital is being placed in large tranches directly and also indirectly via co-investment and investment mandates with local property players. This appetite is driven by Australia's transparent market place and potentially exacerbated by the recent and strong falls in the AUD. Alongside and participating against this foreign capital are local wholesale and REIT funds who continue to receive strong superannuation and other funds that require investment. A number of these funds are now targeting foreign investment, both direct and co-investment due to the lack of local opportunities.

Recent transactions continue to show firming in investment benchmarks as foreign capital (both institutional and private) dominates many sale processes. Both prime and high quality secondary assets are achieving market yields between 5.00% and 6.50% with IRRs generally in the 6.25% to 7.25% range.

## 10 DISCLAIMER

This Letter is dated 12 June 2019 whilst the valuations of the properties are effective 15 June 2019. They incorporate information and events up to that date of valuation only and exclude any information arising, or event occurring, after that date which may affect the validity of Urbis Valuations Pty Ltd's (**Urbis**) opinion in this Letter. Urbis prepared this letter for the benefit only, of Perpetual (Asia) Limited in its capacity as Trustee of Frasers Logistics & Industrial Trust "FLT" (**Instructing Party**) and the manager for the purposes of Acquisition and Financing, included in the circular to holders of units in (**collectively the 'Purposes'**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the REIT Manager and the REIT Trustee which relies or purports to rely on this Letter for any purpose other than the Purposes, and to any other person which relies or purports to rely on this report for any purpose whatsoever (other than the Purposes).

In preparing this Letter, Urbis was required to make judgements which may be affected by unforeseen future events, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or associated with this letter are made in good faith and on the basis of information supplied to Urbis at the date of this Letter which Urbis has made efforts to ensure that the information is from sources which Urbis considers reliable and upon which Urbis has relied. Achievement of the projections and budgets set out in this Letter will depend, among other things, on the actions of others over which Urbis has no control.

Whilst Urbis has made all reasonable inquiries it believes necessary in preparing this Letter, it is not responsible for determining the completeness or accuracy of information provided to it. Urbis (including its officers and personnel) is not liable for any errors or omissions, including information provided by the Manager or another person or upon which Urbis relies, provided that such errors or omissions are not made by Urbis recklessly or in bad faith.



This Letter has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this Letter are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "S Robb", with a long horizontal stroke extending to the right.

**Shane Robb, FAPI**  
Director  
Australian Property Institute, Member No 62534

Appendix A: Executive Summaries

### Lot 61, 2 Hanson Place, Eastern Creek, NSW, 2766

<b>INSTRUCTING PARTY</b>	Perpetual (Asia) Limited in its capacity as Trustee of Frasers Logistics & Industrial Trust 'FLT'.
<b>RELIANCE AUTHORITY</b>	i. Perpetual (Asia) Limited, in its capacity as Trustee of Frasers Logistics & Industrial Trust; and ii. Frasers Logistics & Industrial Asset Management Pte. Ltd., in its capacity as Manager of Frasers Logistics & Industrial Trust.
<b>PURPOSE OF VALUATION</b>	Acquisition and Financing Purposes. Valuation report/summary to be included in a circular to holders of units in Frasers Logistics & Industrial Trust in relation to the acquisition.
<b>DATE OF VALUATION</b>	15-Jun-2019
<b>INTEREST VALUED</b>	100% Freehold
<b>LEGAL DESCRIPTION</b>	Lot 61 in Deposite Plan 1234758.
<b>SITE AREA</b>	55,600 sqm
<b>ZONING</b>	General Industrial.
<b>YEAR BUILT</b>	Construction of the FDM's building was completed in late 2018; Construction of the Speculative Warehouse was completed on 30 May 2019.



#### BRIEF DESCRIPTION

The subject property is positioned on the south western corner of Honeycomb Drive and Hanson Place within the prime Fraser's Eastern Creek industrial park with good arterial roadways' access.

Improvements as at the date of inspection comprised a recently completed prime industrial facility which was occupying the western half of the site and was tenanted by FDM on a five-year lease expiring on 1 March 2024. The balance of the site presents as a similar and brand new prime industrial facility (Referred to as the 'Speculative Warehouse' in the report) which is adjacent to the FDM's building to the east with the construction recently being completed on 31 May 2019.

#### MAJOR ISSUES AND CRITICAL ASSUMPTIONS

1. We have been instructed to assume a five-year rental support for the Speculative Warehouse. Specifically, the commencing rent will be structured on \$120 per square metre subject to an assumed 3.00% annual rent increase rate. The rental amount of \$120 per square metre of lettable area of the Speculative Warehouse per annum (increased annually by 3%) is consistent with market rental for the five year period under the Rental Support Deed.

2. The mezzanine level within the FDM's building has been excluded from the valuation given it belongs to the tenant's installations. Our conversation with the instructing party advised that the tenant would remove the mezzanine and all the other tenant's fit out upon the expiry of the lease.

#### LETTABLE AREAS & INCOME ANALYSIS

	AREA (GLA)	PASSING (\$PA)		MARKET (\$PA)		VARIANCE (\$PA)
Industrial	32,839 m <sup>2</sup>	\$3,947,024	\$120 /m <sup>2</sup>	\$3,947,024	\$120 /m <sup>2</sup>	-
Other	-	-	-	-	-	-
Recoveries		\$567,527	\$17 /m <sup>2</sup>	\$567,527	\$17 /m <sup>2</sup>	-
Outgoings (adopted)		(\$567,527)	(\$17/m <sup>2</sup> )	(\$567,527)	(\$17/m <sup>2</sup> )	-
<b>TOTAL</b>	<b>32,839 m<sup>2</sup></b>	<b>\$3,947,024</b>	<b>\$120 /m<sup>2</sup></b>	<b>\$3,947,024</b>	<b>\$120 /m<sup>2</sup></b>	<b>-</b>

#### TENANCY DETAILS

Major Tenants	GLA	Net Passing Rent	Net Market Rent	Lease Expiry	Options	WALE
FDM	16,794 sq.m	\$2,021,624	\$2,021,624	1-Mar-24	1 x 3 years	2.41 by income
Speculative Warehouse	16,045 sq.m	\$1,925,400	\$1,925,400	14-Jun-24	-	2.44 by income
<b>TOTAL</b>	<b>32,839 sq.m</b>	<b>\$3,947,024</b>	<b>\$3,947,024</b>			<b>4.85 by income</b>
<b>Current WALE (by Income)</b>	<b>4.85 Years</b>		<b>Current Vacancy</b>			<b>-</b>

#### VALUATION

CAPITALISATION APPROACH		10 YEAR DISCOUNTED CASH FLOW	
Derived Value	\$65,659,439	Derived Value	\$65,217,554
Adopted Core Capitalisation Rate	6.00%	CPI Growth Rate	2.47%
Capital Adjustments Window	24 Months	Industrial Growth Rate	3.12%
Total Capital Adjustments	(\$124,292)	Adopted Discount Rate	6.75%
Capital Value (\$psqm) - Derived	\$1,999.43	Adopted Terminal Yield	6.25%

#### VALUATION

Valuation Approaches	Capitalisation Approach, DCF Analysis:	
<b>Basis of Valuation</b>	100% freehold Market Value subject to the existing tenancy of the FDM's building and the assumed five-year rental support for the Speculative Warehouse.	
<b>Date Inspected</b>	7 June 2019	
<b>Date of Valuation</b>	15 June 2019	
<b>Adopted Valuation (Rounded)</b>	\$65,500,000	
<b>Initial Yield</b>	6.03%	
<b>Fully Leased Initial Yield</b>	6.03%	
<b>Equivalent Market Yield</b>	6.01%	
<b>Internal Rate of Return</b>	6.69%	
<b>Rate psqm of GLA</b>	\$1,995	
<b>Rate psqm of Site Area</b>	\$1,178	
<b>Indicative Value Assuming No Rental Support Deed For The Speculative Warehouse</b>	\$63,500,000	Please see the section 11.3 in the report for detailed comments.
<b>Indicative Value Assuming A 10 Year Lease For The Speculative Warehouse</b>	\$69,500,000	Please see the section 11.4 in the report for detailed comments.
<b>Valuer (s)</b>	<b>Russell McKinnon, AAPI</b> Certified Practising Valuer Australian Property Institute, Member No 68141	<b>Shane Robb, FAPI</b> Certified Practising Valuer Australian Property Institute, Member No 62534
<b>Status</b>	Signing	
<b>Inspected</b>	Inspected	
<b>Disclaimer</b>	This Executive Summary should be used in conjunction with the Report and Valuation which follows, not in isolation.	

Source: Urbis

## 8-28 Hudson Court, Keysborough, VIC 3173

<b>INSTRUCTING PARTY</b>	Perpetual (Asia) Limited in its capacity as Trustee of Frasers Logistics & Industrial Trust 'FLT'.	
<b>RELIANCE AUTHORITY</b>	i. Perpetual (Asia) Limited, in its capacity as Trustee of Frasers Logistics & Industrial Trust, and ii. Frasers Logistics & Industrial Asset Management Pte. Ltd., in its capacity as Manager of Frasers Logistics & Industrial Trust.	
<b>PURPOSE OF VALUATION</b>	Acquisition and Financing Purposes. Valuation report/summary to be included in a circular to holders of units in Frasers Logistics & Industrial Trust in relation to the acquisition.	
<b>DATE OF VALUATION</b>	15-Jun-2019	
<b>INTEREST VALUED</b>	100% Freehold	
<b>LEGAL DESCRIPTION</b>	Lot 206 in Plan of Subdivision 742722V.	
<b>SITE AREA</b>	43,690 sqm	
<b>ZONING</b>	Industrial 1 Zone	
<b>YEAR BUILT</b>	2017	
<b>BRIEF DESCRIPTION</b>		

The property comprises a substantial industrial facility positioned on a corner site within the Fraser's 'The Key' prime industrial park in Keysborough with excellent arterial roadways access to Eastlink (Toll Road), Greens Road and Dandenong Bypass.

Improvements onsite comprise a 2017's built prime industrial facility which has been divided into three warehouses. Each of the warehouses is provided with a high clearance warehouse and a single or double storey office component plus site offices and full amenities. The warehousing component also features multiple roller shutter doors and recessed loading docks. Dual truck entrances are provided to all the warehouses.

### MAJOR ISSUES AND CRITICAL ASSUMPTIONS

We have been instructed to value the subject property assuming no outstanding incentives or Lessor's works have been 'paid out'. Accordingly, we highlight that no allowances have been made in our valuation assessment for any such liability.

### LETTABLE AREAS & INCOME ANALYSIS

	AREA (GLA)	PASSING (\$PA)		MARKET (\$PA)		VARIANCE (\$PA)
Industrial	25,762 m <sup>2</sup>	\$2,292,584	\$89 /m <sup>2</sup>	\$2,243,922	\$87 /m <sup>2</sup>	(\$48,662)
Other	-	-	-	-	-	-
Recoveries		\$357,877	\$14 /m <sup>2</sup>	\$357,877	\$14 /m <sup>2</sup>	-
Outgoings (adopted)		(\$357,877)	(\$14/m <sup>2</sup> )	(\$357,877)	(\$14/m <sup>2</sup> )	-
<b>TOTAL</b>	<b>25,762 m<sup>2</sup></b>	<b>\$2,292,584</b>	<b>\$89 /m<sup>2</sup></b>	<b>\$2,243,922</b>	<b>\$87 /m<sup>2</sup></b>	<b>(\$48,662)</b>

### TENANCY DETAILS

Major Tenants	GLA	Net Passing Rent	Net Market Rent	Lease Expiry	Options	WALE
Dana Australia	10,345 sq.m	\$921,462	\$901,155	8-Dec-23	1 x 5 years	1.80 by income
Licensing Essentials	8,134 sq.m	\$733,496	\$705,140	31-Mar-24	2 x 5 years	1.53 by income
Pinnacle Diversity	7,283 sq.m	\$637,627	\$637,627	8-Dec-21	2 x 5 years	0.69 by income
Other	-	-	-	-	-	-
<b>TOTAL</b>	<b>25,762 sq.m</b>	<b>\$2,292,584</b>	<b>\$2,243,922</b>			<b>4.03 by income</b>
Current WALE (by Income)	4.03 Years		Current Vacancy			-

### VALUATION

CAPITALISATION APPROACH		10 YEAR DISCOUNTED CASH FLOW	
Derived Value	\$36,003,674	Derived Value	\$36,049,380
Adopted Core Capitalisation Rate	6.25%	CPI Growth Rate	2.47%
Capital Adjustments Window	24 Months	Industrial Growth Rate	2.91%
Total Capital Adjustments	\$100,928	Adopted Discount Rate	7.00%
Capital Value (\$psqm) - Derived	\$1,397.65	Adopted Terminal Yield	6.50%

### VALUATION

<b>Valuation Approaches</b>	Capitalisation Approach, DCF Analysis
<b>Basis of Valuation</b>	Market Value subject to the existing tenancies.
<b>Date Inspected</b>	18 April 2019
<b>Date of Valuation</b>	15 June 2019
<b>Adopted Valuation (Rounded)</b>	\$36,000,000
<b>Initial Yield</b>	6.37%
<b>Fully Leased Initial Yield</b>	6.37%
<b>Equivalent Market Yield</b>	6.25%
<b>Internal Rate of Return</b>	7.01%
<b>Rate psqm of GLA</b>	\$1,397
<b>Rate psqm of Site Area</b>	\$824

<b>Valuer (s)</b>	<b>Matthew Webb, AAPI, MRICS.</b> Certified Practising Valuer Australian Property Institute, Member No 63328	<b>Shane Robb, FAPI</b> Certified Practising Valuer Australian Property Institute, Member No 62534
<b>Status</b>	Signing	Co-signing Director
<b>Inspected</b>	Inspected	Not Inspected
<b>Disclaimer</b>	<i>This Executive Summary should be used in conjunction with the Report and Valuation which follows, not in isolation.</i>	

Source: Urbis

## 29-51 Wayne Goss Drive, Berrinba, QLD, 4117

INSTRUCTING PARTY	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust.	
RELIANCE AUTHORITY	Perpetual (Asia) Limited, in its capacity as trustee of Frasers Logistics & Industrial Trust; and Frasers Logistics and Industrial Asset Management Pte. Ltd, in its capacity as manager of Frasers Logistics & Industrial Trusts.	
PURPOSE OF VALUATION	Financial Reporting & Acquisition Purposes. Inclusion in the Circular to holders of units of Frasers Logistics & Industrial Trust.	
DATE OF VALUATION	15-Jun-2019	
INTEREST VALUED	100% Freehold	
LEGAL DESCRIPTION	L101 SP282497	
SITE AREA	27,510 sqm	2.75 Ha
ZONING	MU - Mixed Use - Logan Planning Scheme 2015	
YEAR BUILT	2016	
BRIEF DESCRIPTION		



The property comprises a modern office warehouse located on a 27,500m<sup>2</sup> site. The property is situated on the south western corner of Wayne Goss Drive and Huntress Road, within the SW1 Industrial Estate in the industrial suburb of Berrinba. The property is located approximately 37 radial kilometres south west of the Brisbane CBD and within the Logan Motorway Corridor industrial precinct of Brisbane.

The improvements were constructed in 2016 to a high standard and is of a steel portal frame and dado construction. Unit 1 is occupied by CTI Logistics on a 5 year lease expiring November 2023 and comprises a GLA of 10,467m<sup>2</sup>. The unit has a two storey office of 784m<sup>2</sup> (7.5%), a warehouse of 9,683m<sup>2</sup> and a large all weather storage awning of 3,150m<sup>2</sup>. The office accommodation presents to a corporate standard with a mixture of open plan and partitioned office with staff amenities. The warehouse space has multiple at grade roller shutter doors and recessed loading docks. Unit 2 has a single storey office of 229m<sup>2</sup> (4.6%) and a warehouse of 4,760m<sup>2</sup> with a covered loading awning of 1,180m<sup>2</sup>. The office accommodation over a two levels has a mixture of open plan office and partitioned offices with staff amenities. The warehouse space has at grade doors and recessed loading docks.

### LETTABLE AREAS & INCOME ANALYSIS

	AREA (GLA)	PASSING (\$PA)		MARKET (\$PA)		VARIANCE (\$PA)
Industrial	15,456 m <sup>2</sup>	\$1,717,963	\$111 /m <sup>2</sup>	\$1,647,825	\$107 /m <sup>2</sup>	(\$70,138)
Recoveries		\$258,360	\$17 /m <sup>2</sup>	\$258,360	\$17 /m <sup>2</sup>	-
Outgoings (adopted)		(\$258,360)	(\$17/m <sup>2</sup> )	(\$258,360)	(\$17/m <sup>2</sup> )	-
<b>TOTAL</b>	<b>15,456 m<sup>2</sup></b>	<b>\$1,717,963</b>	<b>\$111 /m<sup>2</sup></b>	<b>\$1,647,825</b>	<b>\$107 /m<sup>2</sup></b>	<b>(\$70,138)</b>

### TENANCY DETAILS

Major Tenants	GLA	Net Passing Rent	Net Market Rent	Lease Expiry	Options	WALE
GM Kane and Sons Pty Ltd	10,467 sq.m	\$1,099,035	\$1,099,035	30-Nov-23	1x5	2.86 by income
Avery Dennison	4,989 sq.m	\$618,928	\$548,790	3-Oct-21	1x5	0.83 by income
<b>TOTAL</b>	<b>15,456 sq.m</b>	<b>\$1,717,963</b>	<b>\$1,647,825</b>			<b>3.69 by income</b>
Current WALE (by Income)	3.69 Years		Current Vacancy			-

### VALUATION

#### CAPITALISATION APPROACH

Derived Value	\$25,412,288
Adopted Core Capitalisation Rate	6.50%
Capital Adjustments Window	12 Months
Total Capital Adjustments	\$61,134
Capital Value (\$psqm) - Derived	\$1,644.17

#### 10 YEAR DISCOUNTED CASH FLOW

Derived Value	\$25,494,737
CPI Growth Rate	2.28%
Industrial Growth Rate	2.78%
Adopted Discount Rate	7.00%
Adopted Terminal Yield	6.75%

### VALUATION

Valuation Approaches	Capitalisation Approach, DCF Analysis
Basis of Valuation	Market Value subject to the existing tenancies.
Date Inspected	18 April 2019
Date of Valuation	15 June 2019
Adopted Valuation (Rounded)	<b>\$25,500,000</b>
Initial Yield	6.74%
Fully Leased Initial Yield	6.74%
Equivalent Market Yield	6.48%
Internal Rate of Return	6.99%
Rate psqm of GLA	\$1,650
Rate psqm of Site Area	\$927
Indicative Value - Incentive Applied	\$24,250,000 Please see the section 11.4 in the full valuation report for the detailed comments.
Valuer (s)	Ivan Hill, AAPI, MRICS. Director Certified Practising Valuer Queensland Valuers Registration No. 3479 Australian Property Institute, Member No 62785 Principal Valuer & Signing
Status	
Disclaimer	This Executive Summary should be used in conjunction with the Report and Valuation which follows, not in isolation.

Source: Urbis

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INDEPENDENT MARKET RESEARCH REPORTS



# Independent Market Research Report

## Industrial and Logistics Market Overview

26 July 2019 | Colliers International

Prepared for

Perpetual (Asia) Limited  
(as trustee of Frasers Logistics & Industrial Trust)

Frasers Logistics & Industrial Asset Management Pte. Ltd.  
(as manager of Frasers Logistics & Industrial Trust)

In Respect Of  
Frasers Logistics & Industrial Trust

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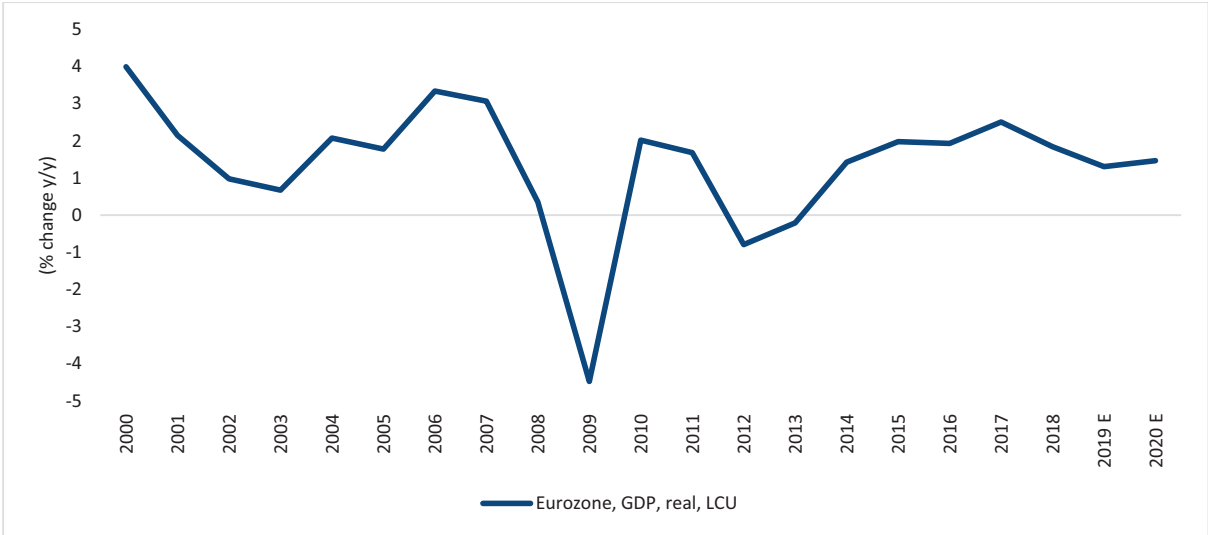
**SECTION 1: ECONOMIC OVERVIEW – EUROPE & GERMANY**

**I. Eurozone Economy**

The Eurozone is one of the largest economies in the world. It includes 19 states in total and the biggest members are: Germany (29% of total GDP 2017), France (20%), Italy (15%) and Spain (10%).

The global financial and economic crisis has led to a significant slowdown in economic growth or recession almost everywhere in the world (GDP record low of -5.50% in the first quarter of 2009). After the peak of the crisis, European countries returned to growth rates at different speeds and to different degrees. In some EU countries, increased borrowing led to high inflation. This could no longer be regulated by a national fiscal policy, with the result that permanent current account deficits resulted in high government debt. The macroeconomic differences between the individual countries were one of the major reasons for the sovereign debt crisis at the beginning of 2010, with Greece as the first to crash. However, the impending break-up of the Eurozone could be averted with the support of the European Central Bank (ECB) and fiscal measures. The economic recovery of the Eurozone began in 2013 with the first growth rates recorded.

**Figure 1: Eurozone GDP growth (LCU=Local currency unit)**



Source: Oxford Economics

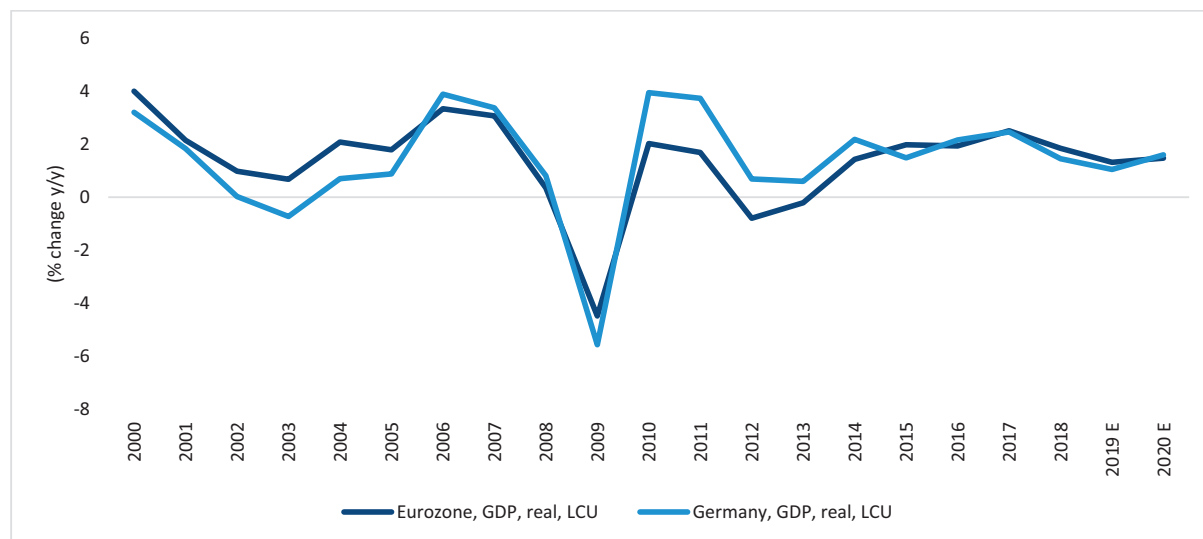
GDP growth remained unexpectedly sluggish in the fourth quarter of 2018, and recent indicators point to substantially weaker activity than previously expected. While some temporary factors are likely to have contributed to the slowdown in activity in late 2018, the broad-based worsening of economic sentiment indicators across countries and sectors in recent months suggests that more persistent adverse factors have also been at play and that the underlying cyclical momentum is somewhat weaker than previously assessed. In the shorter term, a combination of global uncertainties (such as threats of an escalation of protectionist measures and the possibility of a disorderly Brexit) as well as adverse domestic factors in some euro area countries are likely to continue to weigh on euro area activity. Nevertheless, the fundamental factors supporting the euro area expansion remain broadly in place. These factors include, notably, the very accommodative stance of monetary policy, rising wages, a recovery in foreign demand and some fiscal loosening. As these favourable factors are expected to gradually prevail, forecasts (April 2019) expect GDP growth of 1.3% in 2019 and 1.5% in 2020.

## I. German Economy

As the largest economy, Germany has a leading role in the Eurozone. In many ways, Germany's economic fortunes remain tied to the global growth cycle despite its more domestically-driven growth in recent years. Compared to many other economies, Germany has a large and competitive industrial sector, with a focus on specialized investment goods and a regionally diversified client base. The industrial sector is a growth engine and an important employer for Germany. Furthermore, Germany is the world's largest exporter after China and the US. Almost 30% of German jobs depend directly or indirectly on exports, while in the industrial sector one in two jobs are dependent on the sector. Due to its position as a major global exporter, Germany is heavily dependent on external developments. Thus, the slowdown in global trade, subdued leading indicators, trade tensions and still-looming risks of US car tariffs imply downside risks for exports. Nevertheless, a world GDP growth in 2019 is expected. And a mountain of industrial backlogs and a solid outlook for the European economy should also bolster export prospects.

In the course of the Financial and World Economic Crisis, Germany differed from comparable countries as the economic downward trend began with a time lag but was more pronounced. Thereafter, however, the economic recovery started earlier and enhanced a lot faster than others. This economic trend reflects the strong economic dependence of Germany's flagship industrial sectors, such as the chemical industry. Nevertheless, the broad positioning of German industry is an advantage because it delays the overall economic development.

Figure 2: Eurozone and Germany GDP growth (LCU=Local currency unit)

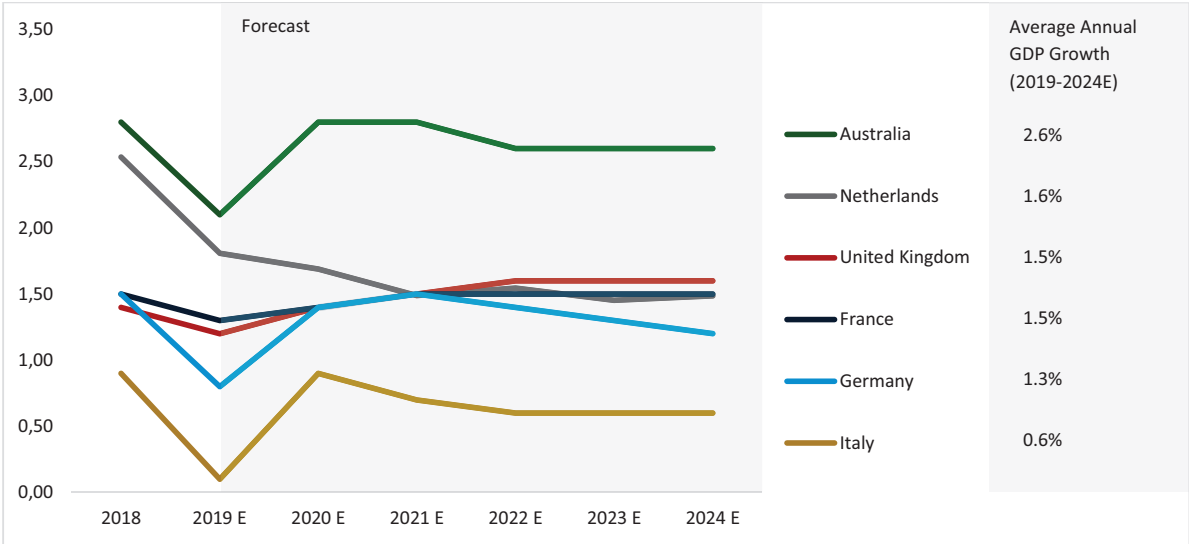


Source: Oxford Economics

Leading economic research institutes revised their joint growth forecast of the GDP for the current year downwards in April. During autumn 2018, the institutes had still forecast growth of 1.9%. In January, the German government also revised its autumn forecast from 1.8 to 1.0%. Many experts now consider the risk of Brexit without an agreement with the European Union to be quite high, which would burden German economic growth. Other risks include the still unresolved trade dispute between the world's two largest economies, the US and China. In Germany, a shortage of skilled workers, supply bottlenecks and difficulties in the car industry slowed down the economy.

Nevertheless, the German economy remains on a growth course for the tenth year in a row. Leading institutes are only assuming a short-term economic weakness. They forecast GDP growth will pick up in 2020.

Figure 3: Real GDP growth (annual percent change)

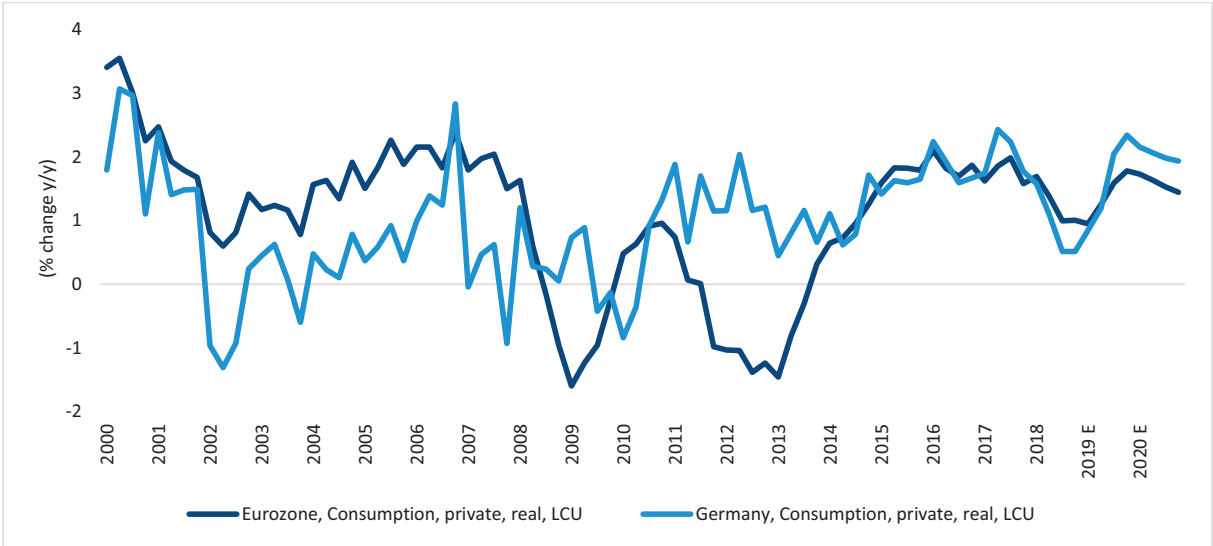


Source: IMF, 2019

In view of the indicators and the current accumulation of global risks, the latest forecasts of the international organizations assume that the development in the global economy will be weaker, but still positive. Whilst the Ifo-Institute for economic research<sup>1</sup> export expectations have improved, they still reflect low expectations for Germany. Overall, the indicators are suggestive of a restrained development in exports in the coming months. In January, output in the goods-producing industry dropped and the level of new orders and the indicators of sentiment are worsening in the sector. This suggests that the period of weakness in the industrial sector is likely to continue in the face of sluggish foreign demand. In contrast, further growth is forecast for the other economic sectors, and particularly for most service sectors. The boom in the construction industry will continue in view of the clear rise in orders in the final quarter of 2018.

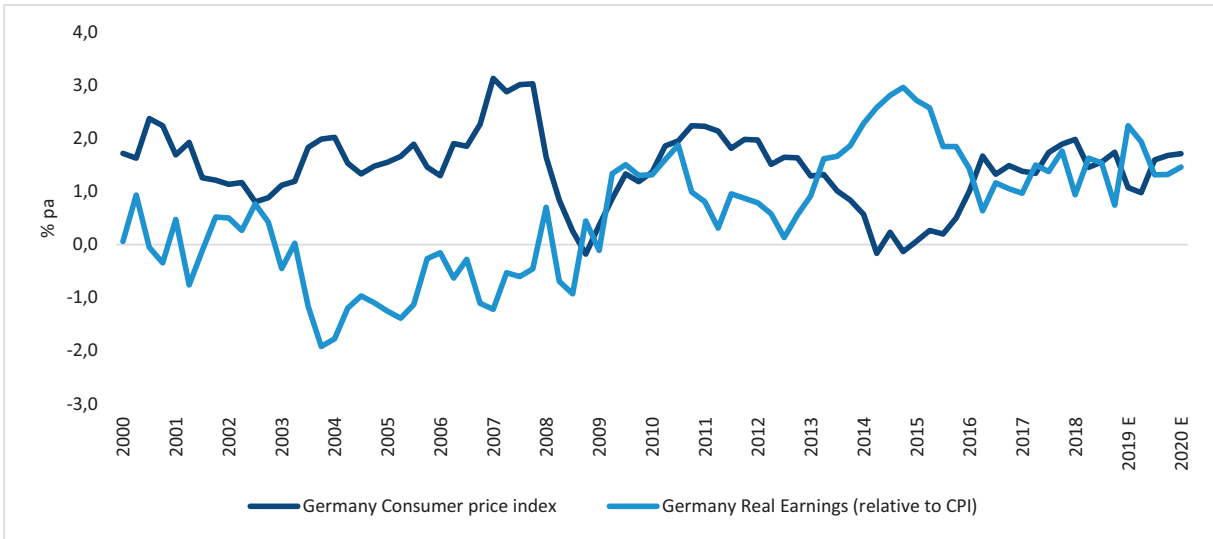
<sup>1</sup> The Ifo Institute is one of the leading economic research institutes in Europe and at the same time the one most often quoted in the German media.

**Figure 4: Eurozone and German private consumption growth**



Source: Oxford Economics

**Figure 5: Consumer price index and real wage growth Germany**

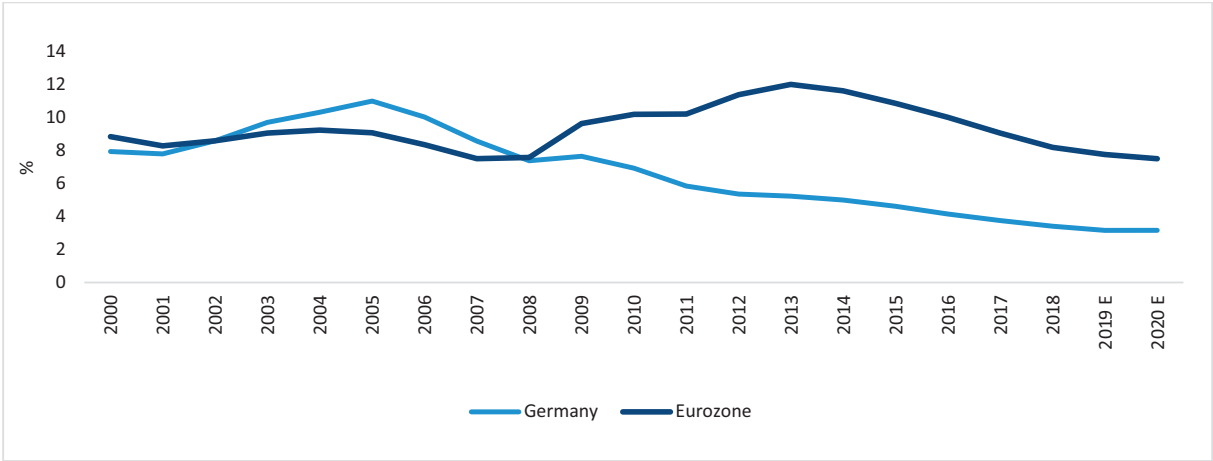


Source: Oxford Economics

German inflation has remained at or below the ECB’s 2% target for much of the recent past. Overall, a positive wage trend can be assumed. However, the rising inflation rate is slowing real wage growth.

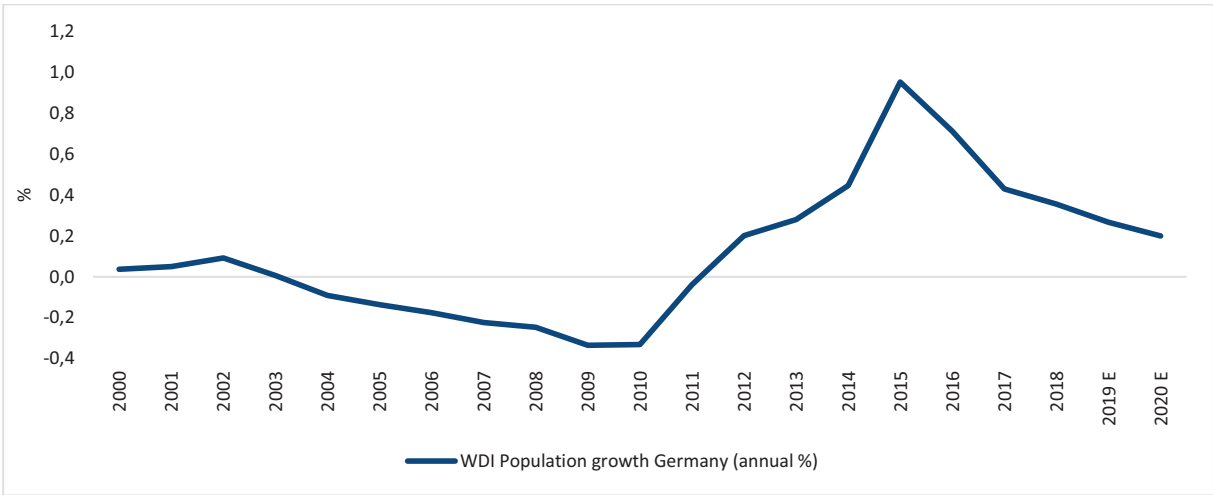
Significant domestic upward forces remain strong. The labour market in Germany continues to develop positively, ensuring brisk consumer demand. The number of people in work is continuing to rise, whilst the rate of fall in unemployment is likely to slow.

**Figure 6: Unemployment rate**



Source: Oxford Economics

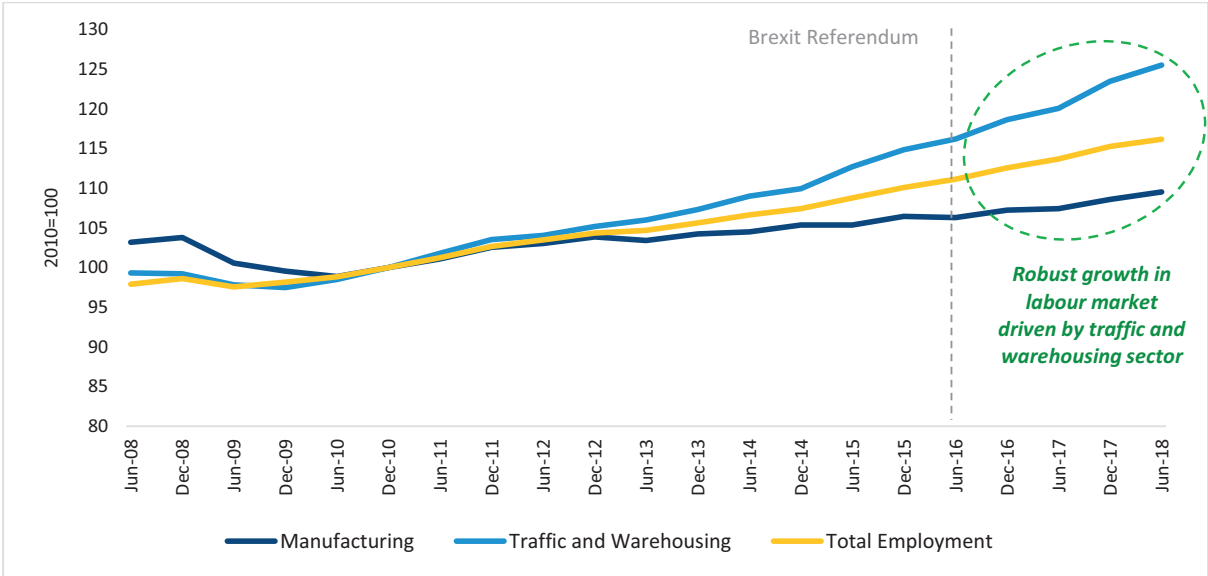
**Figure 7: WDI Population growth Germany (annual %)**



Source: Oxford Economics

However, the German economy continues to face some structural challenges. Like other industrialized countries, Germany is exposed to demographic change. Due to the declining birth rate, the number of people in working age will continue to decline, which will have a limiting effect on economic growth in the long term.

**Figure 8: German labour market**



Source: Federal Statistical Office

The German economy remained robust even after the Brexit referendum, which was reflected in strong foreign trade, industrial production and the labour market. However, more than two years after the referendum on withdrawal from the EU, British government representatives and EU diplomats still have not been able to agree on a joint withdrawal treaty. After several postponements, the resignation date has now been postponed to 31 October 2019. The uncertainties resulting from the delay of Brexit and its course are now becoming increasingly burdensome for the economy and the companies, in particular small and medium-sized companies.

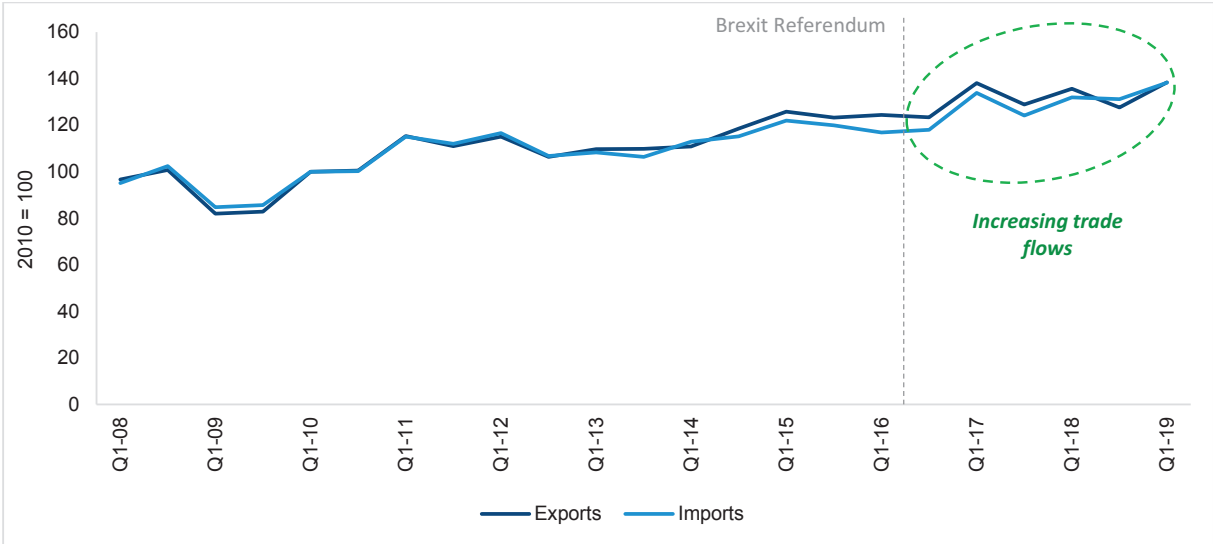
For the German economy, much depends on whether there will be an orderly exit procedure or whether the case of a No-Deal-Brexit occurs. The UK is one of Germany's most important trading partners. The British rank fifth among the most important partner countries with a bilateral foreign trade volume of around 120 billion euros per year - i.e. exports plus imports.

A No-Deal-Brexit would cause damage to Germany as an export nation and depress economic growth. Above all, Germany's most important sector, the automotive sector, would be affected by a No-Deal-Brexit. German carmakers export more cars to no other country than the UK. The consulting firm Deloitte predicted in 2017 that a hard Brexit would endanger around 18,000 jobs in the German automotive industry. Customs duties and a devaluation of the British pound would make new cars more expensive, and demand in the UK would slump. Customs duties will also lead to noticeable changes in other branches, particularly in the price-sensitive food industry.

However, Germany can also benefit from a Brexit in certain industries. According to a study by New Financial, around 40 financial firms are moving from London to Frankfurt am Main, creating new jobs in Germany. Furthermore, Brexit could make Germany a major destination for migration flows within Europe, with positive consequences for labour potential and employment.

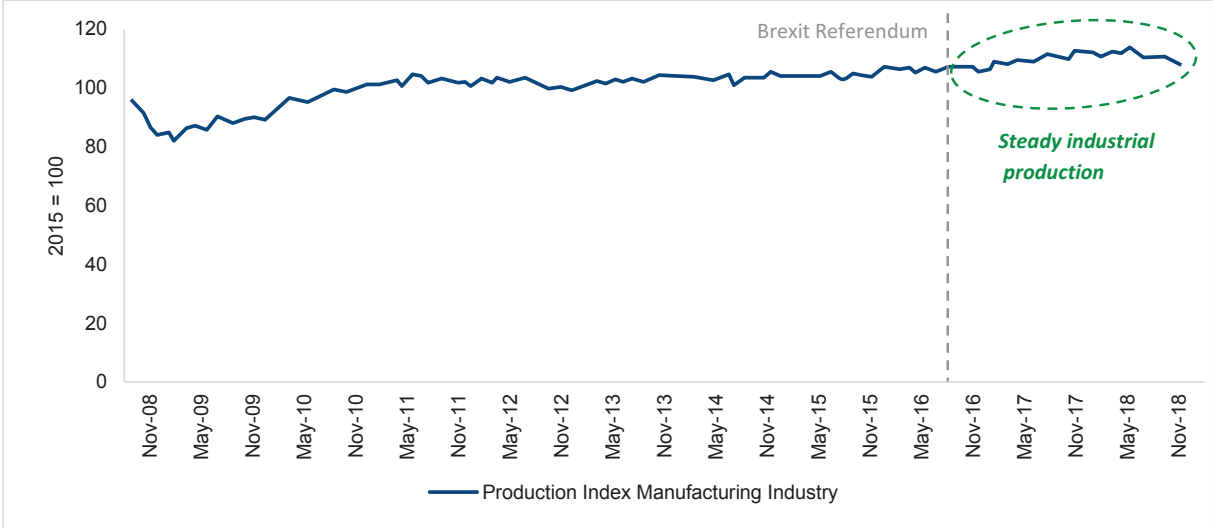


**Figure 9: German foreign trade**



Source: Federal Statistical Office

**Figure 10: Industrial Production in Germany**



Source: Federal Statistical Office

## II. Currency and Interest Rate

### 1. The Euro

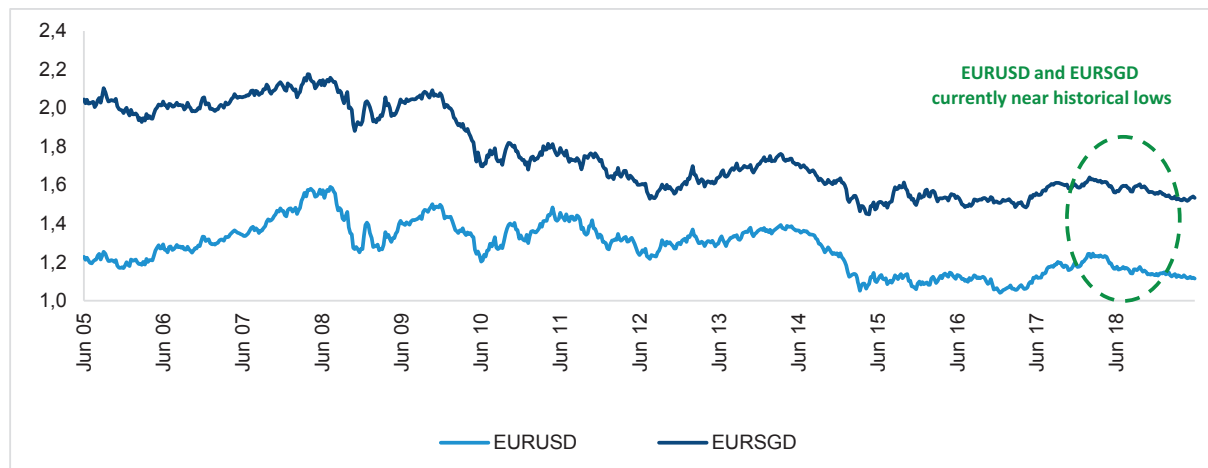
Since its introduction in 1999, the euro has been issued by the ECB and functions as the official common currency in 19 EU Member States, which together form the euro area. The main objective was the European integration and complement the European single market with a common currency and high price stability. Overall, the euro area has had a current account surplus since its creation. However, as the sovereign debt crisis at the beginning of 2010 showed, there are enormous imbalances between the members. The Greek debt crisis has certainly been the clearest symbol of the difficulties the euro has faced over the years. As economies continue to have independent fiscal policies and no flexibility to adjust the exchange rate, account positions can differ significantly, and adjustment can be difficult.

After an initial decline and upswing, the euro followed a depreciating trend against the US dollar for much of the past decade, accelerating in 2014 and 2015 but stabilising since then. This has partly reflected the region's economic problems in the recent past, resulting in a slower recovery from the financial crisis than elsewhere, and a more active monetary policy stance on the part of the ECB.

The euro is currently suffering from the Italian budget debate and the Brexit crisis. The dominance of the dollar could be burdened in the further course of the year by the twin deficit (sum of budget and current account deficit) of the United States.

Following the weakening from 2018 onwards, the euro is expected to appreciate again in the second half of 2019, not least due to the dampened economic outlook for the US.

Figure 11: Exchange rate, EURUSD and EURSGD



Source: Fact Set

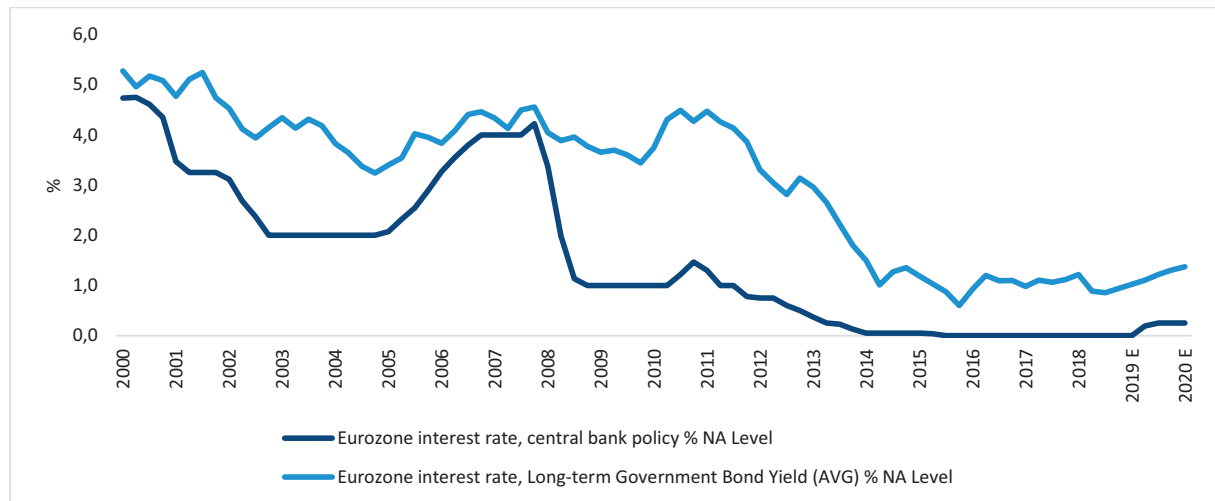
More and more European countries are orienting their exchange rate policy less towards the dollar and more towards the euro, as they are more closely intertwined with the Eurozone in terms of trade policy.

## 2. The European Central Bank and Interest Rates in the Eurozone

The ECB is an independent EU official institution, in charge of handling the single currency and the monetary policy with the narrow remit of ensuring price stability.

The introduction of the single currency meant a common monetary policy for the euro area, led by a new central bank (ECB). One of the ECB's important tasks is to set and implement European monetary policy. This includes a one-size fits all interest rate setting approach across a disparate range of economies. One of the key challenges here is the inflation differential in the euro area.

Figure 12: Eurozone interest rates

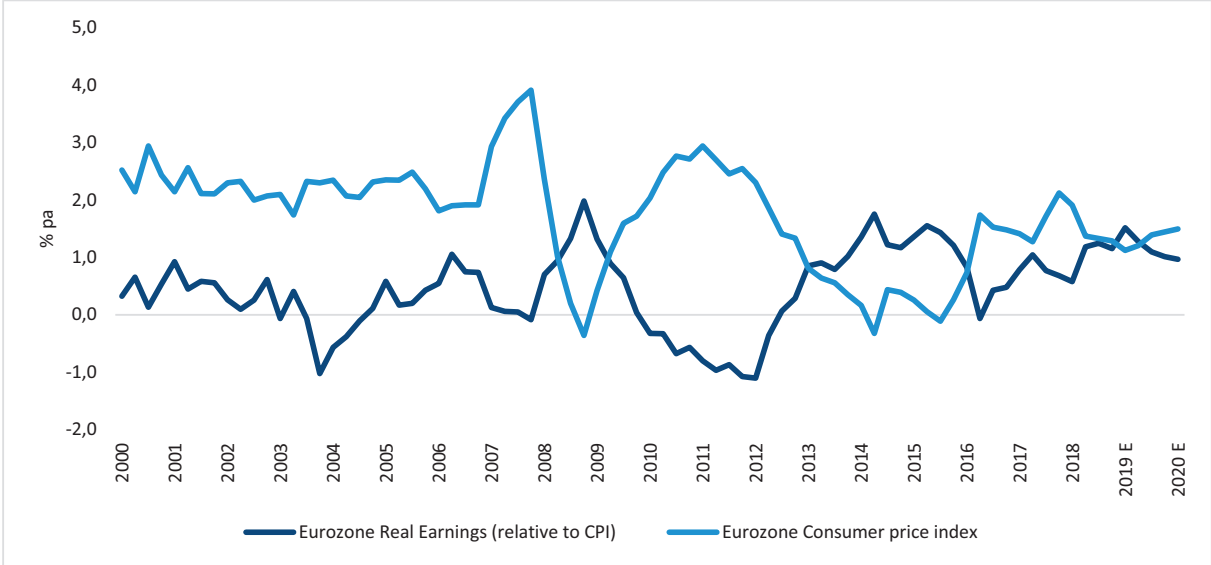


Source: Oxford Economics

No increase in the main refinancing rate is on the agenda for the ECB in 2019. Monetary policy remains expansionary and interest rates remain low. It can be assumed that inflation in the Eurozone in the course of the year will fall short of the ECB's target of below but close to 2% for both overall and core inflation, and that yields on government bonds will therefore rise only very moderately next year.

The decline in forecasts for China's growth and uncertainty about Brexit is one of several factors dampening growth in the eurozone. In response, the central bank announced that it would launch a series of targeted long-term refinancing operations for the 19 Eurozone countries in September. This is intended to help banks roll ECB loans and to ward off a credit squeeze that could deepen the economic slowdown.

**Figure 13: Eurozone inflation and real wage growth**



Source: Oxford Economics

**III. Significance of Germany in European Trade**

**1. Overview of European Trade Flows**

Europe is in prime position when it comes to global trade and has become deeply integrated into global markets. With a share of 37.8% of world merchandise trade, Europe is one of the significant exporters in the world. The majority of this share of 37.8% is attributable to the member states of the European Union (EU 28)<sup>2</sup> (share of 34.3%). Asia was the second strongest region, with a share of 34.0%, followed by North America (13.8% share).

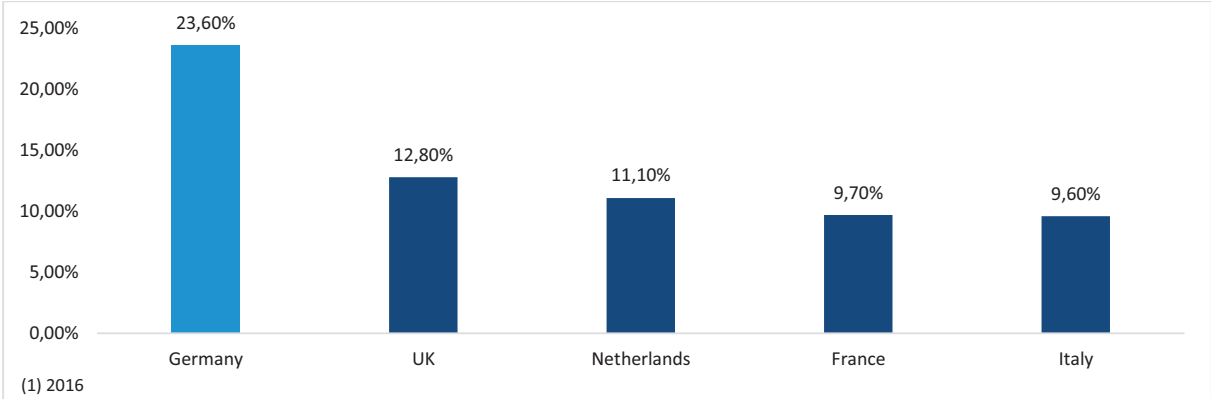
<sup>2</sup> The EU 28 members are: Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

**Figure 14: Europe`s gateway to global trade**

Total trade as % of country GDP 2017



% EU 28 total trade 2017

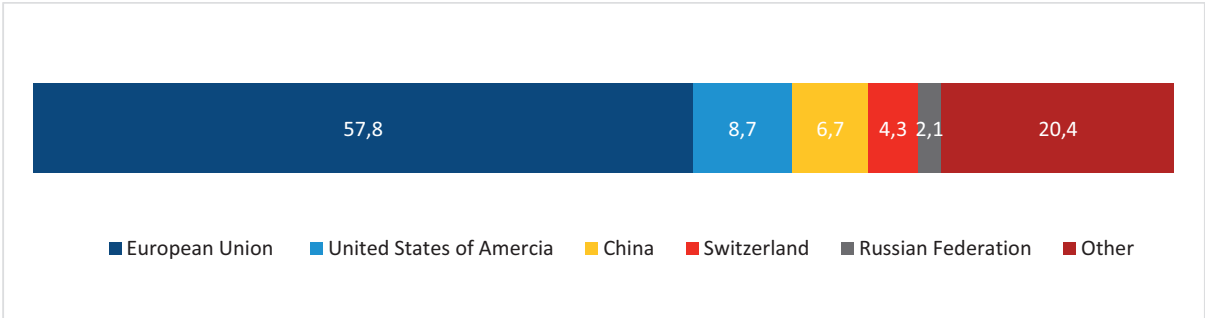


Source: DG Trade Statistical Guide, June 2018. Total trade = exports of goods + imports of goods

**2. Trade Flows: Germany**

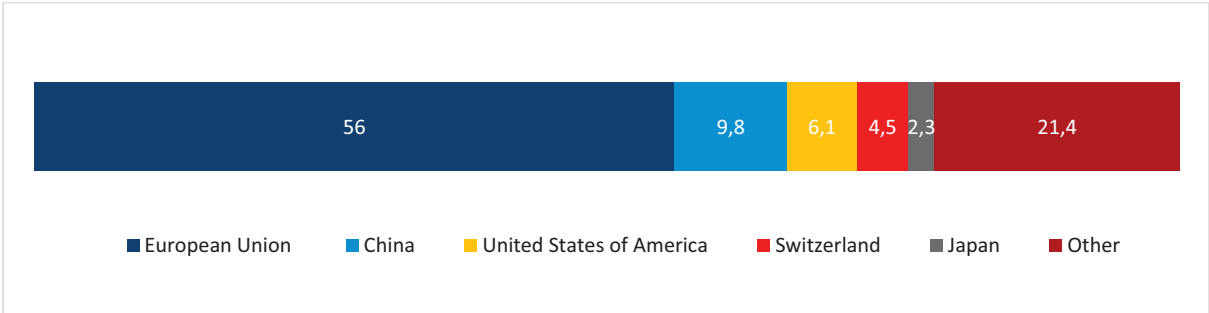
Germany is a major trading economy. In 2017 Germany accounted for an 8.2% share of world merchandise exports and 6.5% of world merchandise imports. Both its exports and imports were dominated by manufactures which accounted for 86.9% of exports and 76.9% of imports in 2016. The main destination for merchandise exports was the EU28, which was also the main origin of merchandise imports.

**Figure 15: Germany – merchandise exports by main destination, % in 2017**



Source: WTO, Trade Profiles 2018. European Union refers to European Union 28.

Figure 16: Germany – merchandise imports by main origin, % in 2017

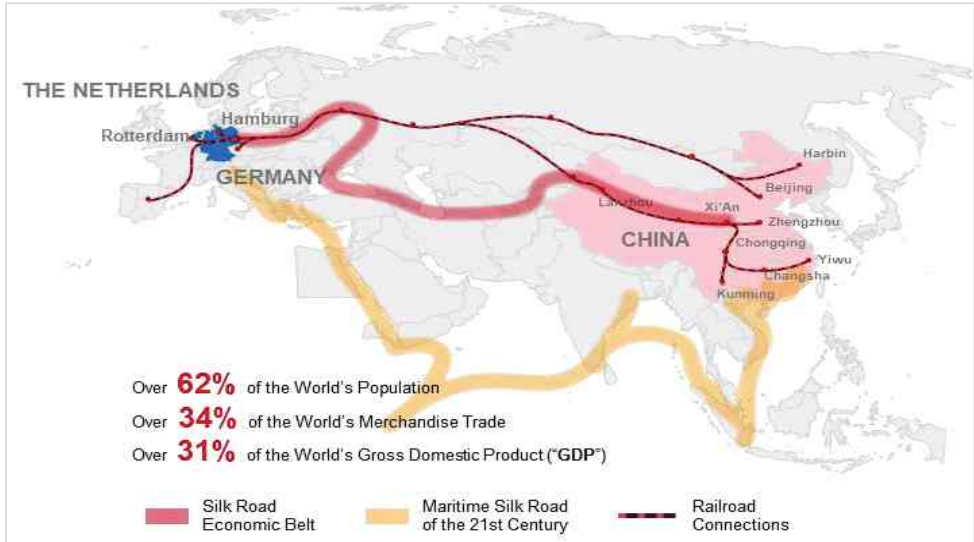


Source: WTO, Trade Profiles 2018. European Union refers to European Union 28

As the previous figures prove, China is a significant market for the German economy and its corporations, with the two countries exchanging goods worth almost 200 billion euros. German exports to China increased by around 8 percent to 93 billion euros in 2018 while imports from China rose by around 4 percent to 106 billion euros. The “Belt and Road Initiative” (BRI) (also known as the “New Silk Road”) of the Chinese government is activating new trading routes between Asia and Europe. A network of infrastructure projects and new economic zones aims to open up market access and investment opportunities in Southeast Asia, South Asia and Central Asia and promote trade and cooperation with the EU. Transregional transport networks (railways, high-speed lines, road networks) are to be created and ports and airports expanded or modernised. In addition, numerous oil and gas pipelines and telecommunications networks are planned. Infrastructure investments in BRI totaled ~US\$80 billion from 2013 to 2018 and accumulated infrastructure investments in BRI forecast to reach ~US\$1.3 trillion by 2027.

Amid the global economic slowdown and rising anti-globalization sentiment, the economic benefits brought by BRI projects are growing increasingly obvious and becoming more and more attractive to European countries. The BRI promotes the development of infrastructure construction in BRI economies, providing great business opportunities for European companies and industries, which will give a major boost to these economies. Also, against the background of growing political and financial uncertainties in the world, it is necessary for the EU to strengthen bilateral cooperation with China.

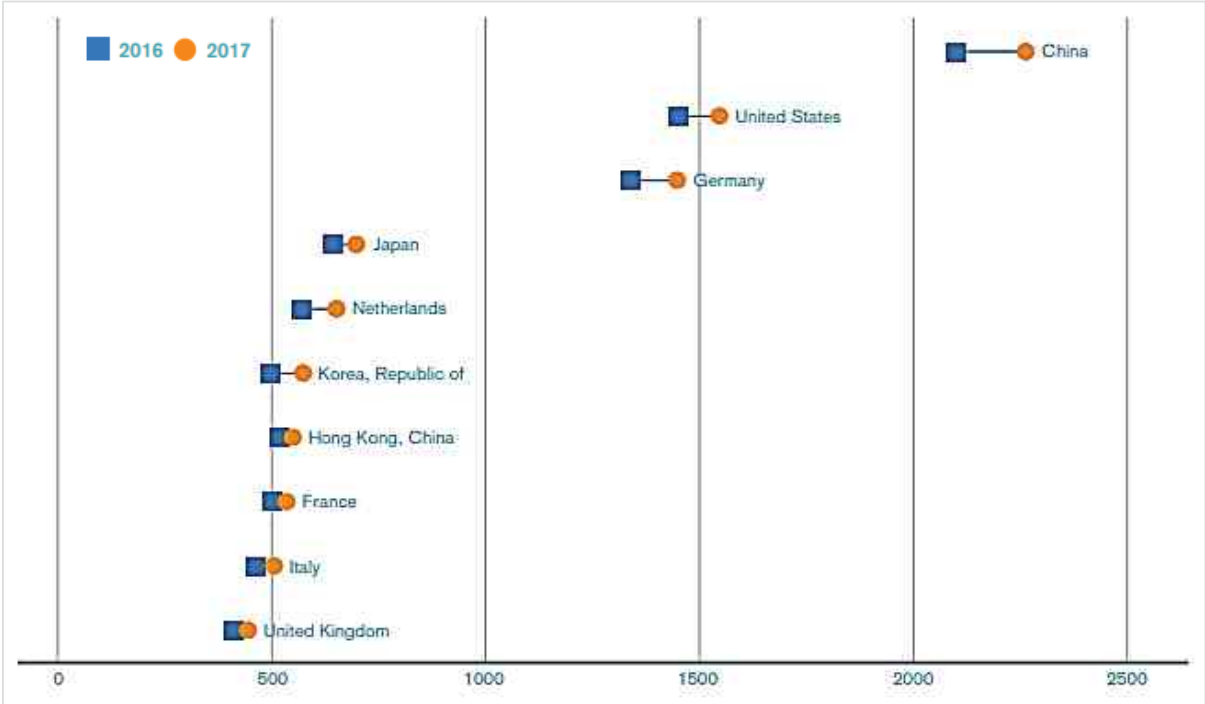
Figure 17: China’s Belt and Road Initiative (“BRI”)



Source: ETNC Report, Europe and China’s New Silk Roads, December 2016.

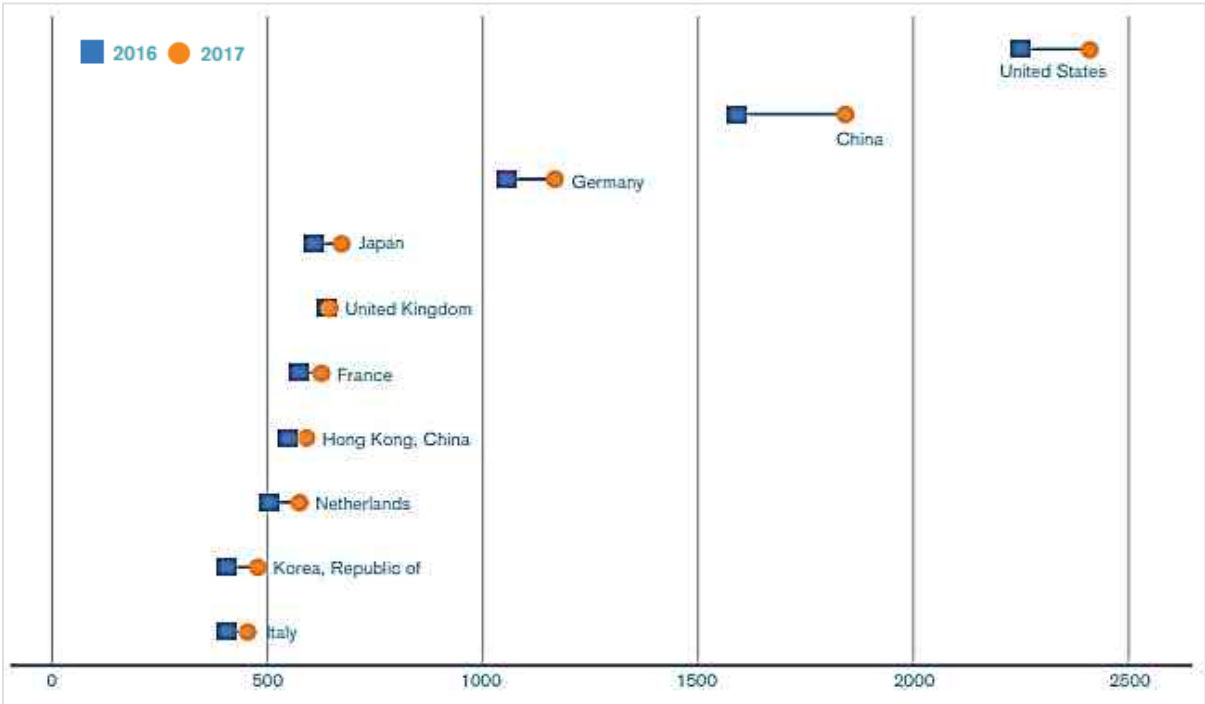
In 2017, Germany maintained its position as the world's third-largest exporter (behind China, United States) and importer (behind United States, China).

Figure 18: Leading exporters in world merchandise trade, 2016-2017 (US\$ billion)



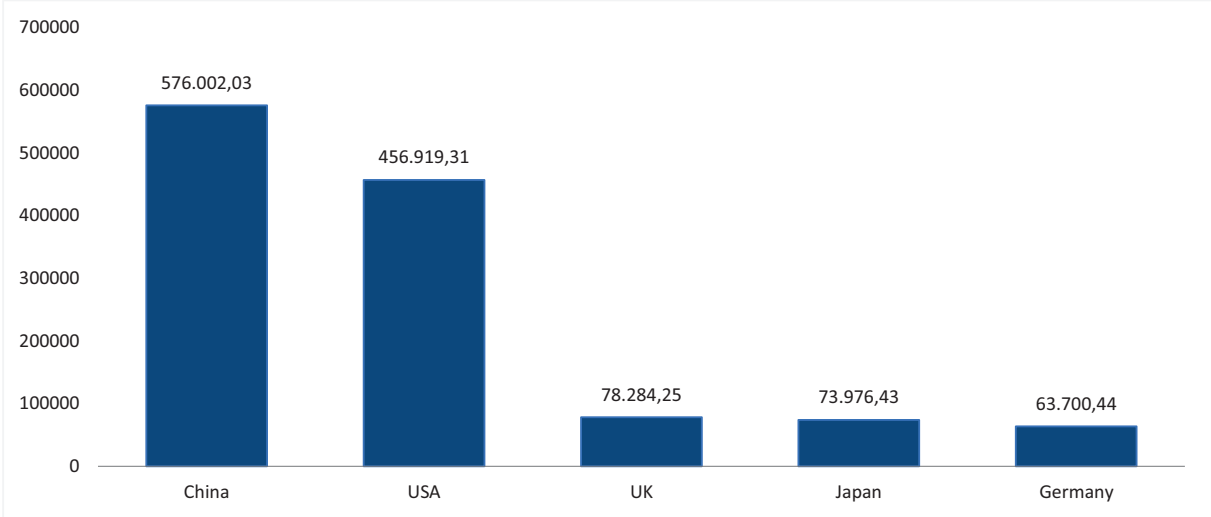
Source: WTO-UNCTAD estimates

Figure 19: Leading importers in world merchandise trade, 2016-2017 (US\$ billion)



Source: WTO-UNCTAD estimates

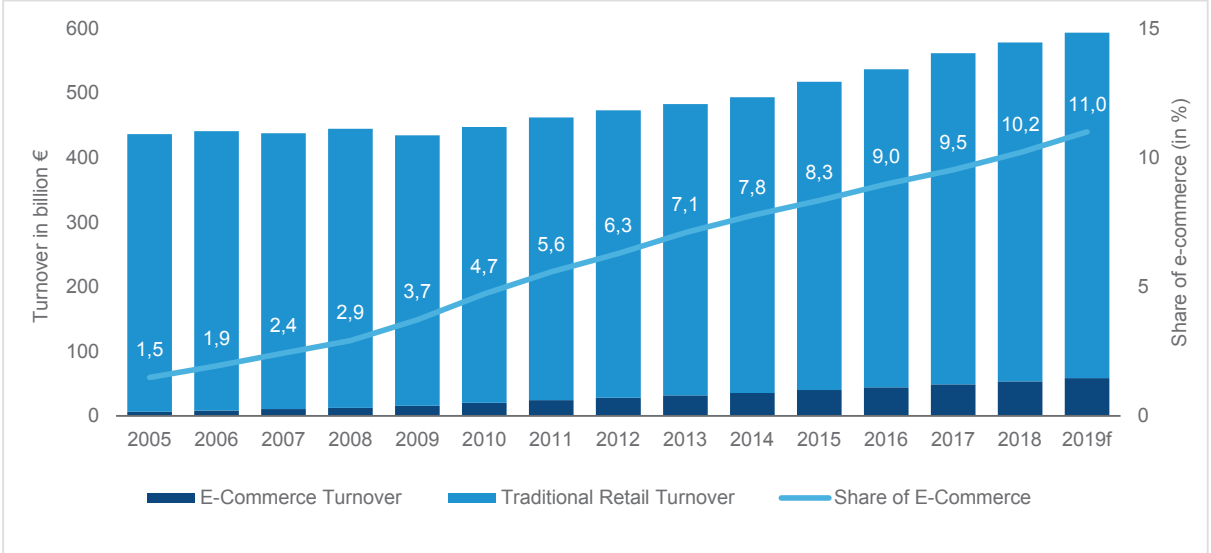
**Figure 20: Countries with the highest e-commerce revenues worldwide in 2018 (in € million)**



Source: Statista, 2018

Thanks to digitalization, online retailing in Germany is thriving and turnover is increasing from year to year - for 2018 the German Retail Association (HDE) forecasts a turnover of approx. €53 billion which again corresponds to an increase of approx. 10% compared to the previous year. And more and more classic trading companies are jumping on the online train so as not to lose the connection. In 30 years, it is said, the retail trade will undergo a complete paradigm shift and e-commerce will be the motor of the retail trade.

**Figure 21: Development of retail and e-commerce turnover in Germany**



Source: HDE



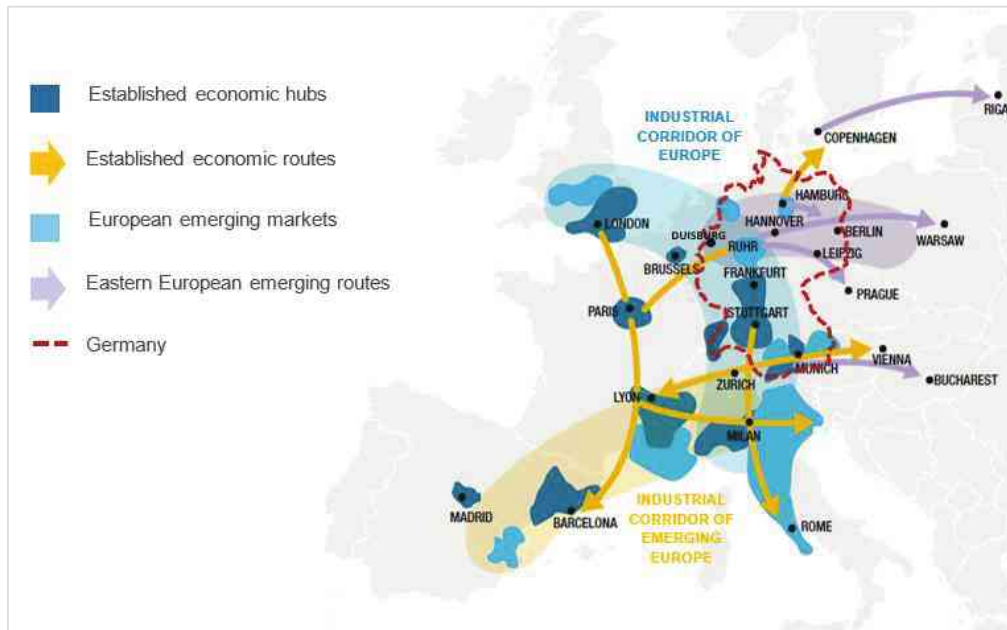
#### IV. Global and European Logistics Hubs

The key characteristics of logistics clusters include: well developed transport infrastructure, a large concentration of industrial and logistics real estate, good market access to industrial or end customers and a favourable regulatory environment that facilitates the movement of goods along supply chains.

With a total of 25 logistics clusters, Germany has by far the highest density within Europe. Great Britain ranks second with a total of 8 clusters, closely followed by France (7), Spain (6), the Netherlands (6) and Poland (6).<sup>3</sup>

German markets are among the most important logistical gateways to Europe. Due to the country's central location, Europe's main transport arteries traverse Germany. Especially the north-south corridor has shifted from the Benelux countries to Germany in the wake of the EU eastern enlargement. At the same time, the main ports of Continental Europe – Hamburg, Rotterdam and Antwerp – are within easy reach.<sup>4</sup> In the north, Germany's seaports are an important conduit for trade with the United Kingdom, Scandinavia and the Baltic States. In the west, an extensive network of roads, rail links and inland waterways feeds into France and the Benelux countries of Belgium, the Netherlands and Luxemburg. In the south, Germany has strong commercial ties with Switzerland and Austria and direct road, rail and water links with the Balkan States. Turning eastwards, Germany's borders with Poland and the Czech Republic also bring Slovenia, Slovakia and Hungary within easy reach and make the more distant markets in Greece, Turkey, Ukraine and Russia accessible.<sup>5</sup>

Figure 22: European logistics market – established and future transport axes



Source: Bulwiengesa AG, Colliers International

Internationally, Germany occupies one of the top positions as a logistics location and is perceived by other countries as a role model in terms of the quality of its logistics services. This success is based on the infrastructure, which is classified as outstanding in a global comparison, and the successful combination of combined transport consisting of land, sea and air freight.

<sup>3</sup> Catella – Logistics Clusters, 2018

<sup>4</sup> Bulwiengesa logistics study 2015

<sup>5</sup> Invest in Germany – Europe's Logistics Hubs, 2007

Cities within the “Industrial Corridor of Europe” (Figure 22) have a privileged position near some of Europe's largest freight airports and seaports, which function as gateways towards non-EU markets and through which a large proportion of the goods leaving or entering the continent transit.

Hamburg is Germany's largest seaport and thus of great importance within Europe. A total of 8.82 million TEU containers annually are being handled in Hamburg. Hamburg only ranks behind the ports of Antwerp and Rotterdam in a Europe-wide comparison.

The inland port in Duisburg - Europe's most important logistical hub in the hinterland - is experiencing a stable development in European competition. With a turnover of 4.1 million TEU in 2018, it continues to rank first both in Europe and worldwide. One factor contributing to Duisburg’s growth prospects is the BRI initiative of the Chinese government. The Chinese see Duisburg and its port as their gateway to Western Europe which has given it a whole new significance. The city's good relations with China can be seen in the Duisburg International Terminal, one of the transshipment points in the port, where containers arrive daily by train from Chongqing and Wuhan. Since 2014, the terminal's traffic with China has been growing exponentially. Currently, 90 trains, which the terminal receives every week, originate from China.

**Figure 23: Aggregated Logistics Performance Index (LPI) 2012-2018**

Country	LPI Rank	LPI Score	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Germany	1	4.19	4.09	4.38	3.83	4.26	4.22	4.40
Netherlands	2	4.07	3.97	4.23	3.76	4.12	4.08	4.30
Sweden	3	4.07	3.95	4.22	3.88	4.04	4.02	4.32
Belgium	4	4.05	3.74	4.03	3.97	4.10	4.11	4.40
Singapore	5	4.05	4.00	4.14	3.72	4.08	4.05	4.34
United Kingdom	6	4.01	3.85	4.09	3.69	4.04	4.10	4.32
Japan	7	3.99	3.91	4.19	3.61	4.03	4.03	4.24
Austria	8	3.99	3.71	4.07	3.78	4.04	4.13	4.22
Hong Kong, China	9	3.96	3.85	4.02	3.85	3.94	3.95	4.18
United States	10	3.92	3.76	4.10	3.54	3.93	4.13	4.14

Legend: Score 5= High, Score 1= Low

Source: World Bank

The Logistics Performance Index (LPI) of the world bank compares the "logistics friendliness" - i.e. logistics infrastructure and logistics efficiency - of more than 160 countries. The World Bank’s Logistics Performance Index (LPI) analyses countries through six indicators: The efficiency of customs and border management clearance; the quality of trade- and transport-related infrastructure; the ease of arranging competitively priced international shipments; the competence and quality of logistics services; the ability to track and trace consignments; and the frequency with which shipments reach consignees within the scheduled or expected delivery time.<sup>6</sup>

Germany once again ranked highest in 2018, as well as in the aggregated LPI 2012-2018 (Figure 23). This is even more important since logistics, as the third largest sector in Germany, is the basis for the competitiveness of German companies.

<sup>6</sup> World bank logistics performance index, 2018

## **SECTION 2: GERMANY - NATIONAL INDUSTRIAL AND LOGISTICS MARKET OVERVIEW**

### **I. Logistics market Germany**

Germany is one of the most attractive logistics markets worldwide thanks to its central location in Europe, excellent infrastructure, high technological standards and excellent building quality. The logistics sector is one of Germany's key economic engines with a transaction volume of around €274 billion. The sector, however, is also facing significant challenges. Limited supply and a shortage of workers are the greatest threats to growth. Companies on the lookout for space are increasingly taking the availability of labor and local business tax policies into consideration. Although space is in short supply in densely populated areas, secondary locations still have relatively high space potential. These locations, however, are often not competitive due to a lack of available human resources. Furthermore, the logistics sector also must compete for available space with other asset classes like residential and office. And, despite numerous image campaigns, the sector is still often associated with traffic, noise and low wages. The lack of space and development sites can be felt in almost all of Germany's top 8 logistics markets (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart and Leipzig). However, trends and drivers such as the thriving e-commerce sector will continue to ensure high demand for logistics properties. Ongoing economic growth accompanied by current demographic trends will further limit the supply of labor.

Figure 24: Major Logistic Clusters Germany



Source: Colliers International

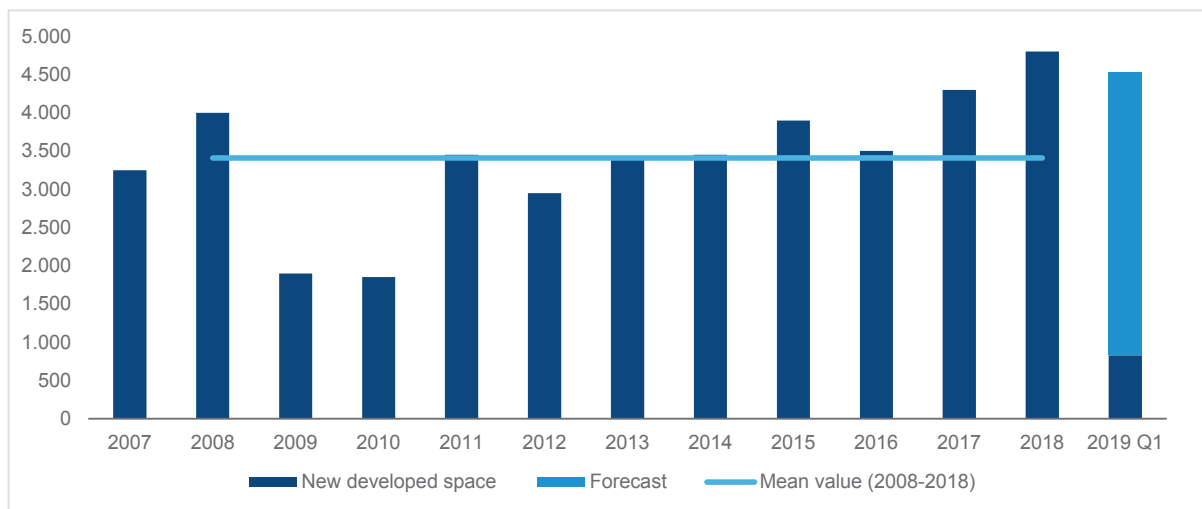
## II. Supply and drivers

Current excess demand has triggered an increase in speculative property developments in Germany's key logistics regions. The only thing putting the brakes on this trend is a lack of available development sites. In light of strong demand pushing up land site prices and construction costs, property developers are under pressure to secure building sites as fast as possible to fill the development pipeline. Neighboring regions with relatively moderate prices and higher availability of development sites may soon begin to benefit from the supply bottleneck in top markets such as Hamburg, Frankfurt, Munich and Stuttgart.

Unless new space is added to the market soon, this trend will become even more pronounced. With construction and land-site costs rising, property developers are increasingly stocking up on land sites. Tenants with larger space requirements (more than 10,000 sq m) are struggling to find space in all of Germany's top 8 logistics markets and are having to compromise. Demand will likely shift to the surrounding areas in the medium to long-term, with neighboring logistics regions like Hanover and Nuremberg, which have comparatively favorable prices and higher space potential, set to benefit in the future. Demand for business parks with good access to infrastructure is on the rise in almost all conurbations as well. We are also seeing an increase in demand for smaller urban logistics space instead of big box options.

Regarding construction intensity, the most active region in the first quarter of 2019 was the logistics region of Berlin/Brandenburg with approx. 125,000 sq m of new built space: e.g. the construction of a parcel centre of Deutsche Post DHL and a new branch of Chefs Culinar - both with 40,000 sq m each in Ludwigsfelde; as well as an approx. 35,000 sq m logistics centre for Amazon in Schönefeld in the south of Berlin. In total, around 830,000 sq m of new building space was generated in Germany in the first three months of this year, which corresponds to a decline of 31% compared to the previous year. Due to a lack of suitable development space we expect that new construction activity will slow down in the next two years.

**Figure 25: New development space – Nationwide (in 1,000 sq m)**



Source: Logistik-Immobilien Seismograph / Fraunhofer SCS

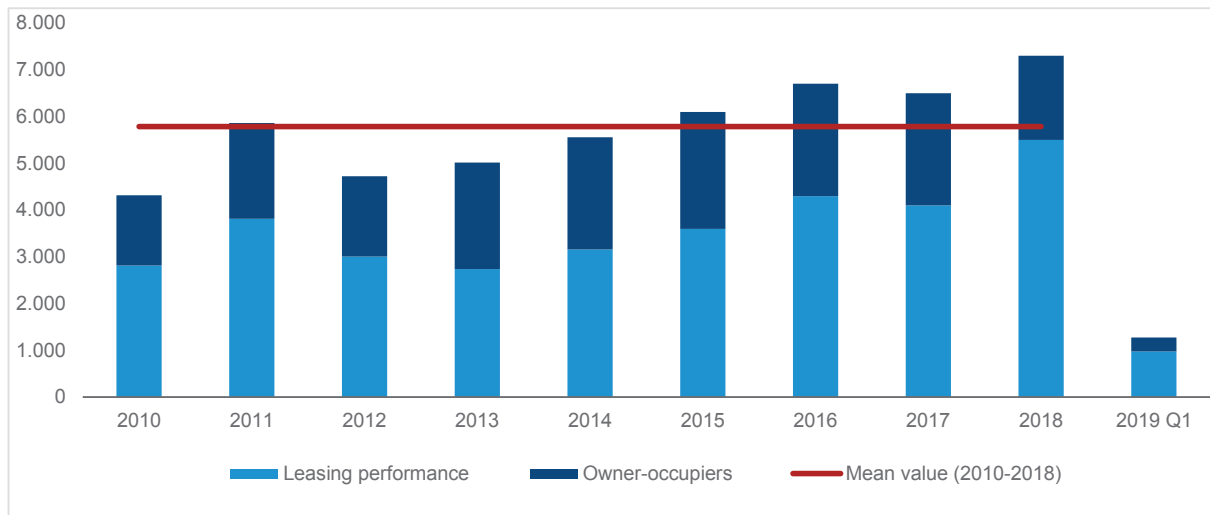
### III. Demand and drivers

#### 1. Take-up (Germany in total)

2018 ended with positive industrial and logistics take-up results. Leasing and owner-occupier activities in Germany generated total take-up of around 7.3 million sq m, up +12% yoy and 26% above the medium-term average. This positive development is partly due to the fact that large-volume logistics properties are being developed outside the prime locations and that markets with low price levels such as Leipzig, Bremen and the Ruhr Area will continue to profit.

The interplay between retail and logistics services is clearly noticeable in many major cities and is rising demand constantly. An increasing number of parcels are being shipped each day. Courier, express and parcel service providers are tapping into an increasing number of markets and are recording higher growth rates in Germany each year. This means that demand for suitable space will remain high in the next few years and market participants in the largest German cities will be rethinking their approach to using space. Tenants and project developers are increasingly focusing on brownfield developments in the main logistics hotspots. Sustainable integration of small-scale logistics into German city centres is also resulting in an increase in demand for entirely new types of properties.

**Figure 26: Development of total German industrial and logistics take-up (in 1,000 sq m)**

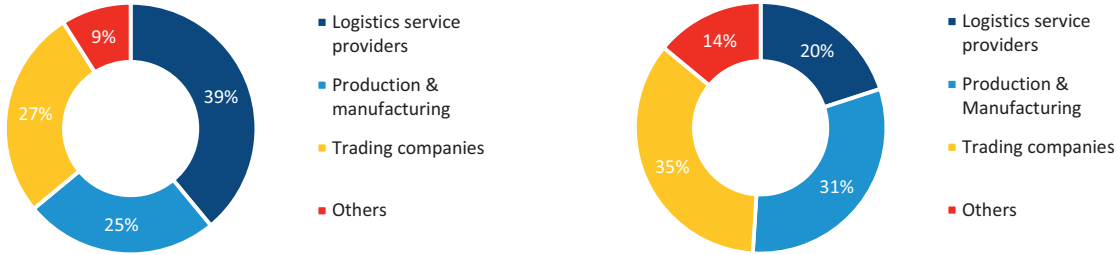


Source: Colliers International

**Figure 27: Take-up by Segment**

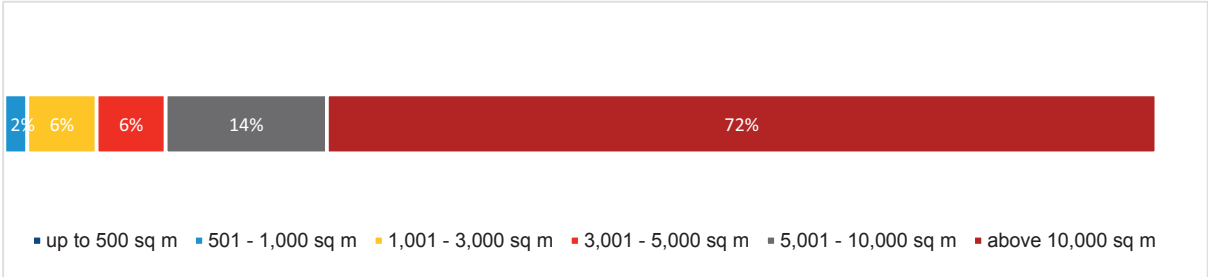
**Q1-Q4 2018**

**Q1 2019**



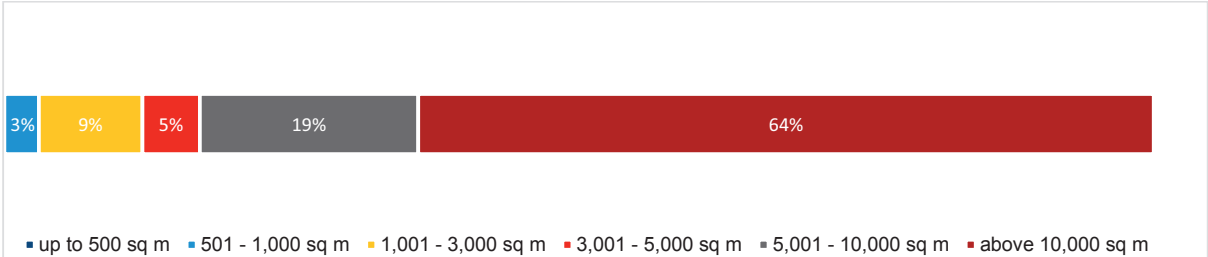
Source: Colliers International

**Figure 28: Take-up according to Size Category Q1-Q4 2018**



Source: Colliers International

**Figure 29: Take-up according to Size Category Q1 2019 (in %)**



Source: Colliers International

**Table 1: Overview most recent lettings in Germany (from 2018)**

Signing date	Property type	County	Location	Leasable area	Landlord	Tenant
Q1/ 2019	Distribution Centre	Bavaria	Kösching	87,000 sq m	VIB Vermögen GmbH	Volkswagen
Q4/ 2018	Distribution Centre	Lower Saxony	Göttingen	81,100 sq m	VGP Industriebau GmbH	Amazon
Q3/ 2018	Distribution Centre	Bavaria	Ansbach	76,000 sq m	ECE	Hermes Logistics
Q3/ 2018	Distribution Centre	Lower Saxony	Achim	120,000 sq m	Garbe Industrial	Amazon
Q2/ 2018	Distribution Centre	North-Rhine Westphalia	Inden	103,000 sq m	Garbe Industrial	Hammer

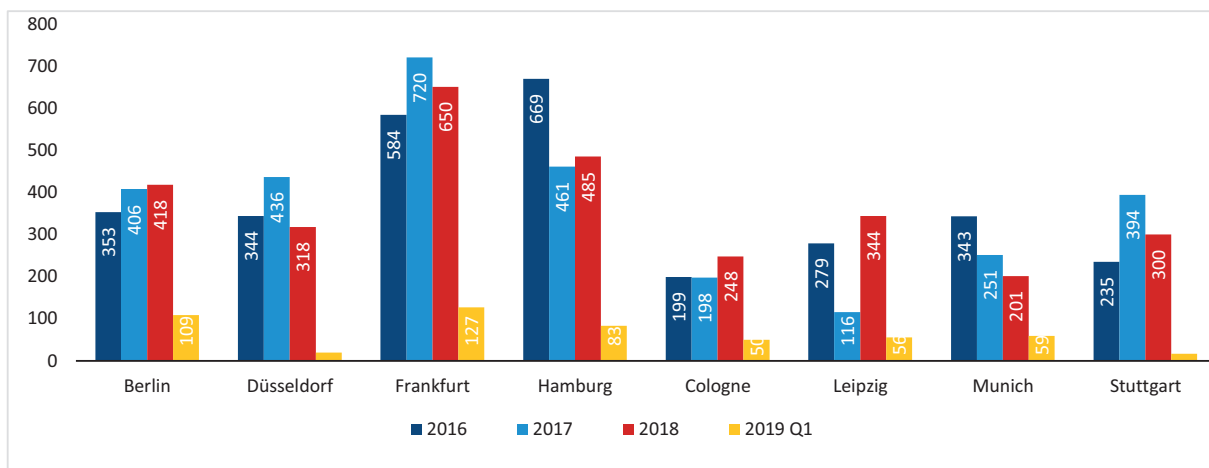
Source: Colliers International

## 2. Take-up (top 8)

Germany's top logistics regions, Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich and Stuttgart, generated total take-up (leasing and owner-occupiers) of around 3.0 million sq m in 2018, in line with previous year results. Net leasing performance (excluding owner-occupiers) kept pace with previous year results as well at 2.6 million sq m (+2%). In the first three months of 2019, the top 8 started with a moderate take-up of around 520,000 sq m (- 6%) in total. However, the 6% decline year-on-year cannot be seen as a direct effect of the economic slowdown. Overall, the climate remains positive, with the result that higher take-up of space is still hampered by the continuing excess demand in conjunction with an insufficient supply of space in almost all top logistics regions. In Munich, for example, full occupancy was achieved in the entire market in 2015 and the vacancy rate was 0% for the first time. Since then, the vacancy rate has remained constant at below 2.5%.

As in previous years, 2018 also saw substantial excess demand for industrial and logistics space. In view of the high pre-leasing rates at new-build developments (pre-leasing rate between 30%-50%), we do not expect availability to increase significantly in the next 1 to 2 years. This will put further pressure on prices, which will likely cause rents to continue to rise, particularly for stock space. Despite the satisfactory market trend, supply bottlenecks continue to limit take-up, especially in markets like Hamburg, Munich and Stuttgart. In view of the slightly weaker economic performance expected for 2019, take-up will likely fall short of 2018 results.

**Figure 30: Take-up top 8 in 1,000 sq m**



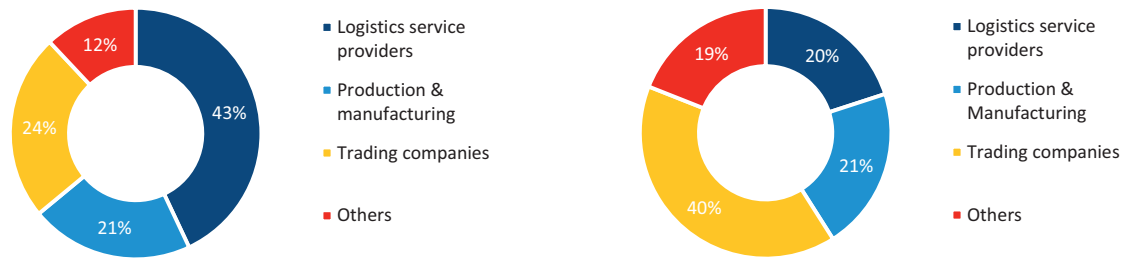
Source: Colliers International



**Figure 31: Take-up by Segment**

**Q1-Q4 2018**

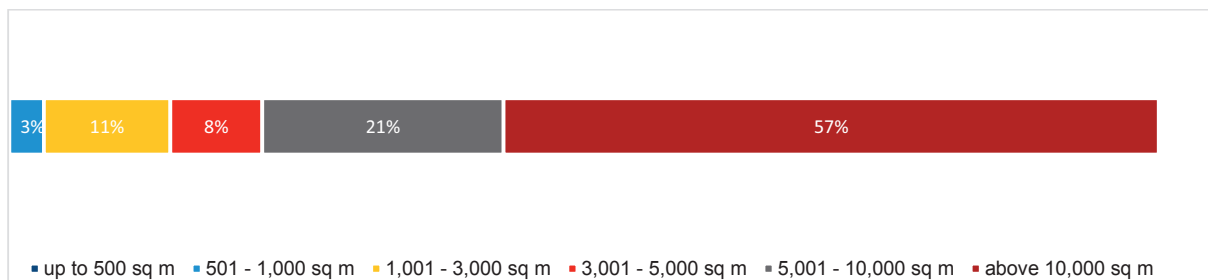
**Q1 2019**



Source: Colliers International

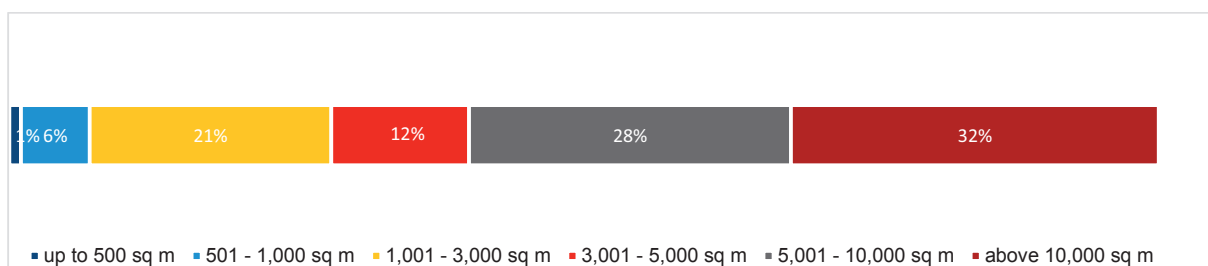
In addition to logistics companies, an increasing number of online retailers are finding they require proximity to cities for effective distribution. Combined, these two tenant groups account for almost two-thirds of total take-up in 2018 and also in the first quarter of 2019.

**Figure 32: Take-up according to Size Category Q1-Q4 2018 (in %)**



Source: Colliers International

**Figure 33: Take-up according to Size Category Q1 2019 (in %)**

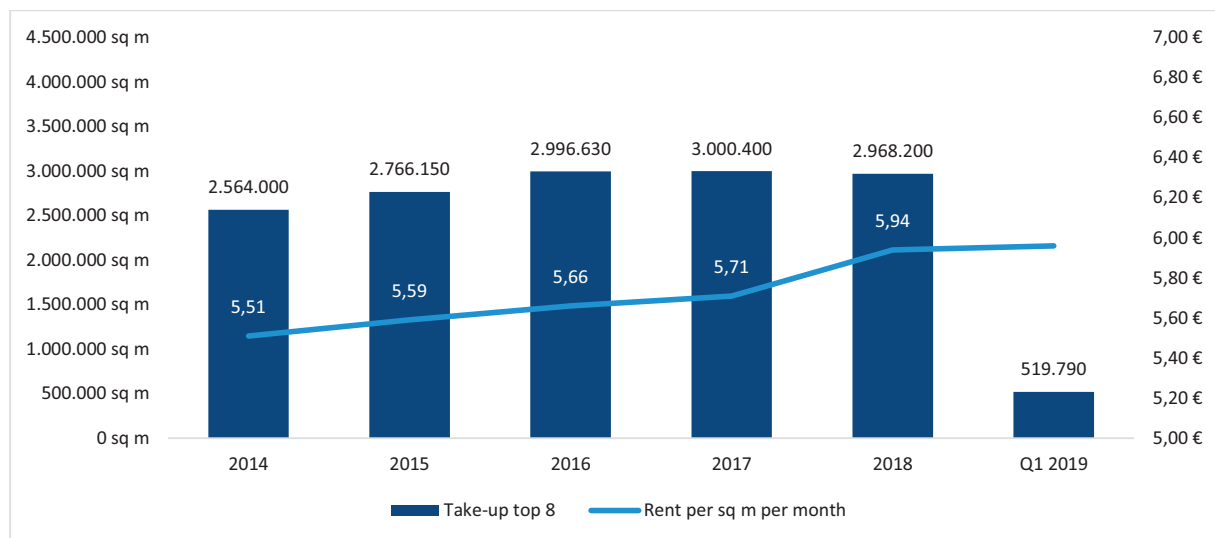


Source: Colliers International

#### IV. Prime and average rents (without incentives)

Rents for logistics units of over 3,000 sq m in Germany's key regions remained largely stable. Munich continues to be the most expensive location in terms of both average and prime rents at €7.15 per sq m (+4% yoy). In recent years, the average rent has risen disproportionately, as demand has been almost completely covered by existing stock. Frankfurt/Rhine-Main (prime rent €6.50 per sq m, +2% yoy) and Hamburg (prime rent €6.00 per sq m, +3% yoy) follow in the ranks. Average rents remained virtually unchanged in the recent years. Stuttgart recorded stable rental price development (both average €5.20 per sq m and prime rent €6.50 per sq m) compared with the previous year. High demand combined with limited supply in the North Rhine-Westphalian logistics regions of Düsseldorf and Cologne caused rents levels to rise in 2018. In Düsseldorf, prime rents (€5.75 per sq m) and average rents (€4.75 per sq m) both rose by 6% yoy. The situation in the Cologne region was similar with prime and average rents up €0.30 each (€5.50 per sq m and €4.50 per sq m, respectively). Rents in Berlin skyrocketed due to the attractive market situation. Tenants are currently paying up to €6.70 per sq m for modern new-build space within Berlin city limits, and prime rents in the city outskirts currently come to €4.50 per sq m (southern city outskirts). Average rent was also up by 11% yoy to €5.00 per sq m due to the increasing lack of stock properties. Comparatively speaking, Leipzig still offers the most attractive rent levels for tenants with prime rent at €4.60 per sq m (+2% yoy) and average rent €3.70 per sq m. Price levels in some markets are expected to continue to rise in 2019. Average rents in particular will be affected by this, as demand is currently covered by existing space in almost all markets.

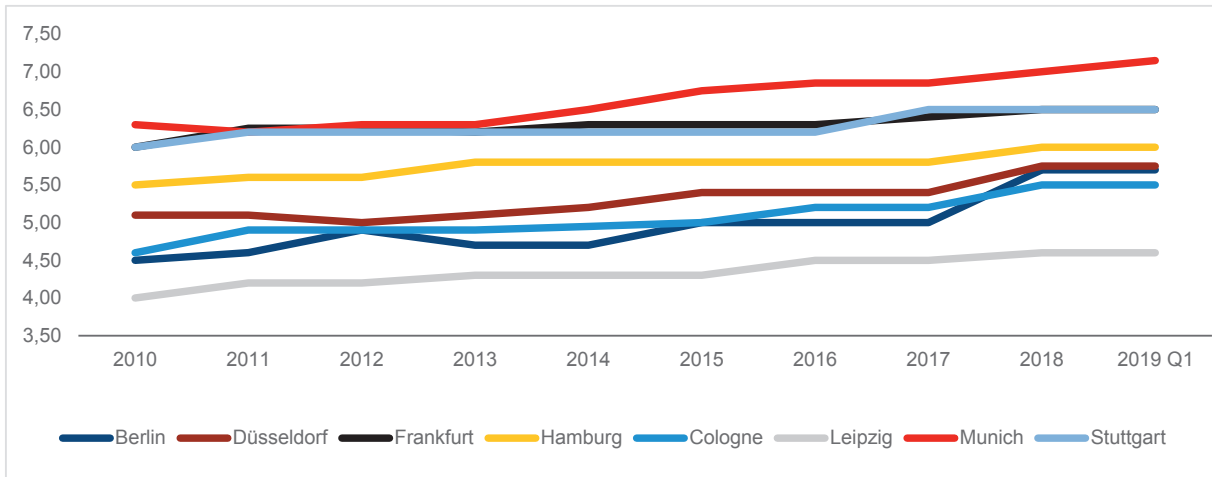
Figure 34: Take-up and average rent of the top 8 markets<sup>7</sup>



Source: Colliers International

<sup>7</sup> include the markets Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich, Stuttgart

**Figure 35: Prime rents in the top 8 (in €/sq m/month)**



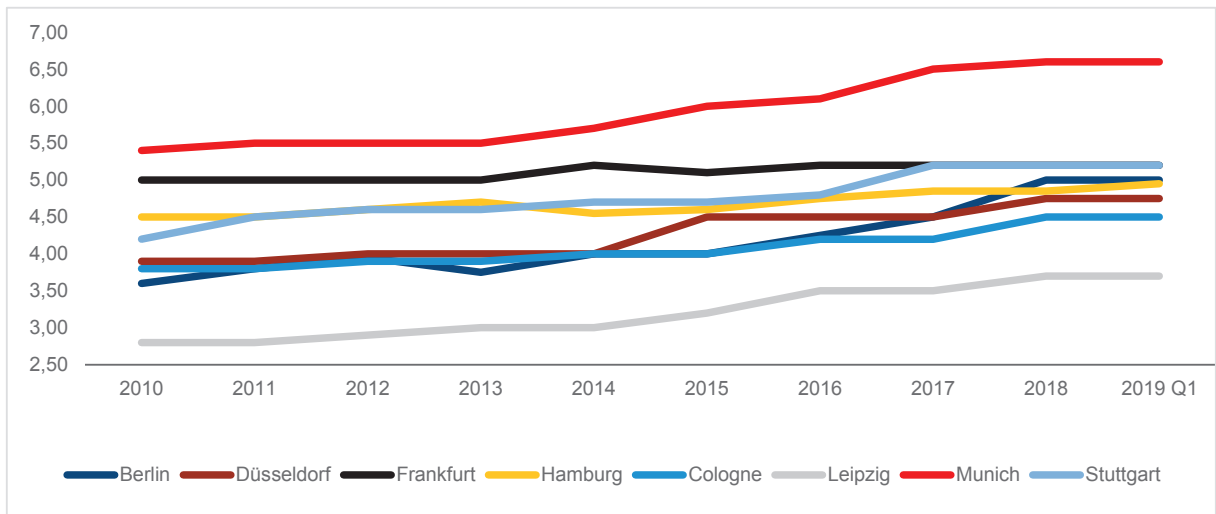
Source: Colliers International

**Table 2: Prime rents - Compound Annual Growth Rate (CAGR) 2010-2018**

Market	Berlin	Düsseldorf	Frankfurt	Hamburg	Cologne	Leipzig	Munich	Stuttgart
<b>CAGR (2010-2018)</b>	+ 3.00%	+ 1.51%	+ 1.01%	+ 1.09%	+ 2.26%	+ 1.76%	+ 1.33%	+ 1.01%

Source: Colliers International

**Figure 36: Average rents in the top 8 (in €/sq m/month)**



Source: Colliers International

**Table 3: Average rents - Compound Annual Growth Rate (CAGR) 2010-2018**

Market	Berlin	Düsseldorf	Frankfurt	Hamburg	Cologne	Leipzig	Munich	Stuttgart
<b>CAGR (2010-2018)</b>	+ 4.19%	+ 2.50%	+ 0.49%	+ 0.94%	+ 2.14%	+ 3.55%	+ 2.54%	+ 2.71%

Source: Colliers International

## V. Transaction volume and key recent sales

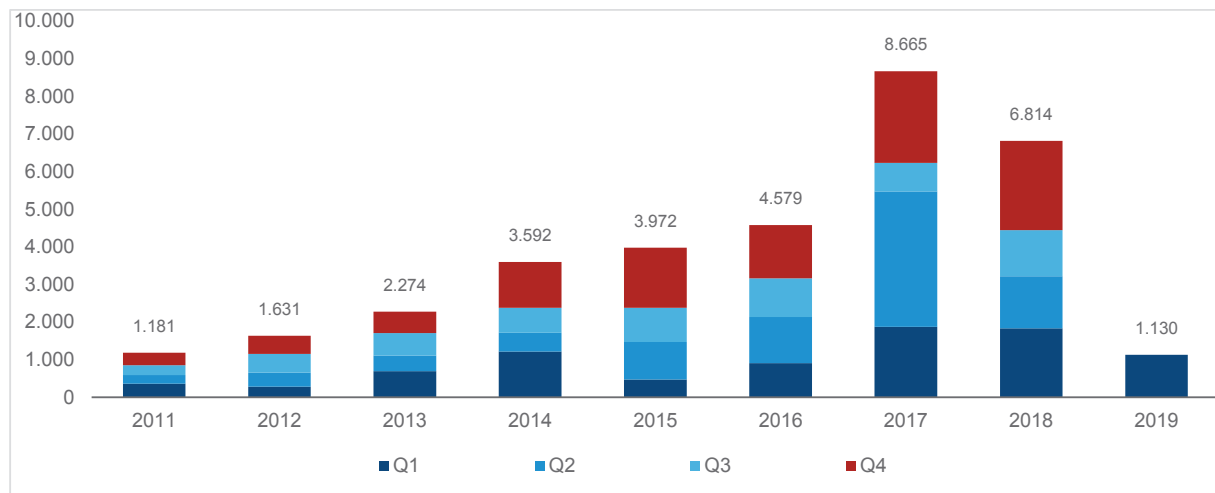
The German industrial and logistics real estate market experienced another strong year in 2018 and the run on industrial and logistics real estate continues. This asset class is now the third strongest on the overall commercial investment market and has won over even the most steadfast critics. With a total investment volume of €6.8 billion, German industrial and logistics assets recorded an excellent result in 2018, securing second place in Europe behind the UK (around €8.7 billion). However, with the supply of new prime core assets quite limited, investors are turning towards alternative investment opportunities. Industrial assets attracted particularly strong demand in 2018, recording a share of around 42%, or €3 billion, in total investment volume. For the first time, high-volume light industrial portfolios accounted for two of the three largest transactions with volumes of over €500 million.

Ongoing limited supply of logistics assets kept this trend strong throughout 2019 as well. Industrial assets accounted for around one third, or €357 million, of total transaction volume in Q1 alone.

The industrial and logistics asset class has become an important pillar of the German investment market as reflected by consistent double-digit market shares over the past several years. Potential demand on the current seller's market is being offset by limited supply of both stock and new-build assets, which is putting the brakes on transaction volume now. Around €1.1 billion were poured into in German industrial and logistics assets in Q1 2019, down 38% yoy and down 10% from the 5-year Q1 average.

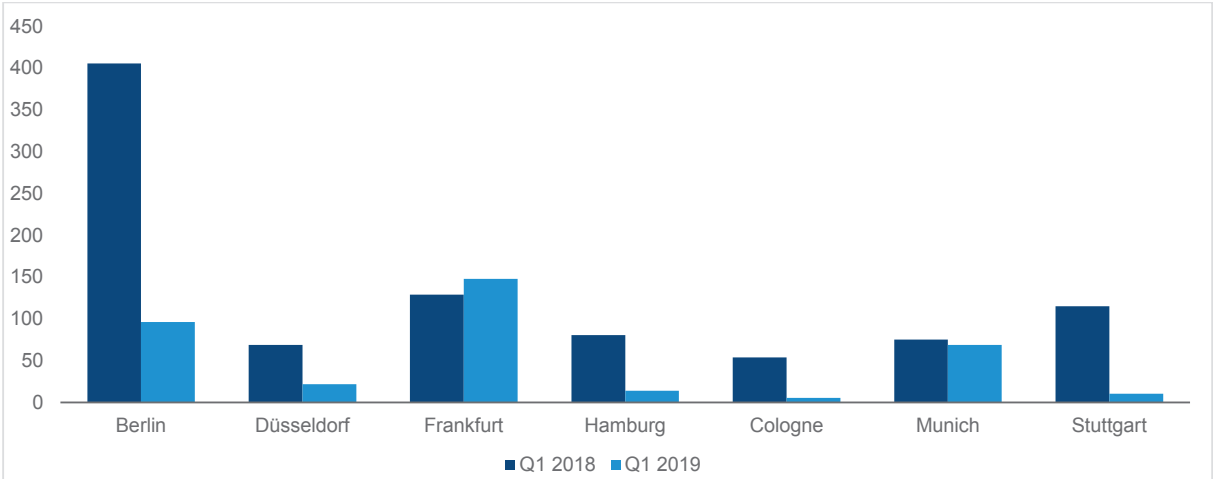
Demand for industrial and logistics real estate remains very high in the most important investment centres of Germany as well. Overall, demand is declining as there is an increasing lack of core products entering the market. The low level of new construction activity in the markets is only providing limited replenishment and is an important factor in this respect, which is slowing down the investment volume in almost all markets. Only the Frankfurt/Rhine-Main region was able to match the previous year's result and record an increase of 15%. In total, the most important investment centres in Germany generated an investment volume of €366 million, a decrease of over 60% compared to the previous year due to lack of core products. It is also to be expected that the supply situation will not improve in the coming months, which could lead to further losses.

**Figure 37: Transaction Volume Industrial & Logistics in Germany (in € million)**



Source: Colliers International

**Figure 38: Transaction Volume in the main investment markets (in € million)**



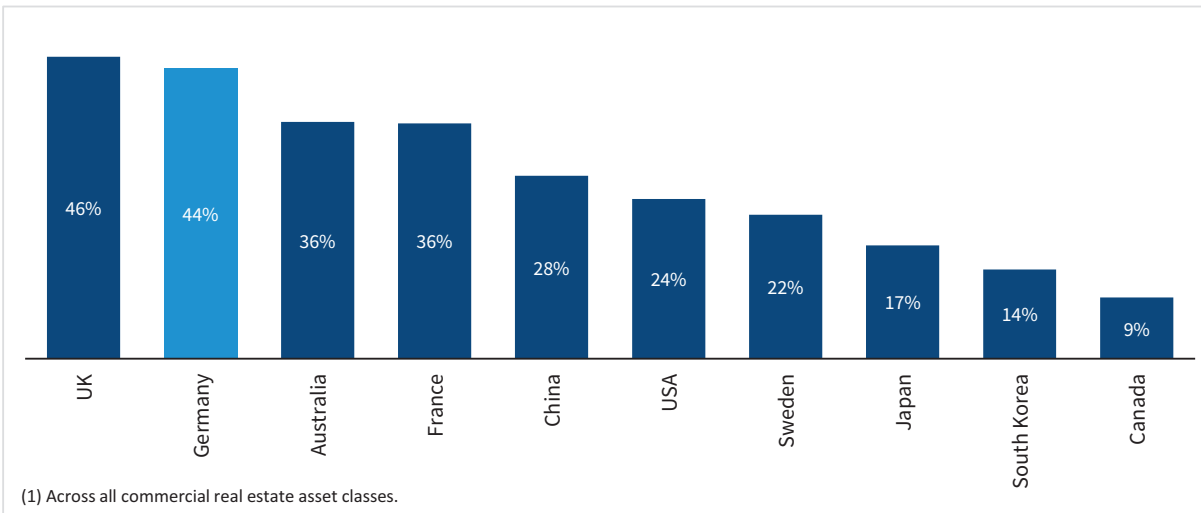
Source: Colliers International

**Table 4: Overview key investment transactions in the past 12 months**

Signing Date	Deal	Property Type	Buyer	Seller	Purchasing Price in € million	GIY	Leasable Area
2018/ Q4	Portfolio	Light Industrial	BEOS-FONDS CREFG-IV	Aurelis Real Estate	640	> 6.0 %	538.000 sq m
2018/ Q4	Portfolio	Light Industrial	Helaba Invest	Beos AG	520	5.9 %	565.000 sq m
2018/ Q3	Portfolio	Logistics	Blackstone	Hines Global REIT	450	conf.	n/a
2018/ Q1	Portfolio	Logistics	Frasers Property	Alpha Industrial	600	n/a	448.000 sq m

Source: Colliers International

**Figure 39: Cross-border share of real estate investments <sup>(1)</sup> (2008 - 2017)**



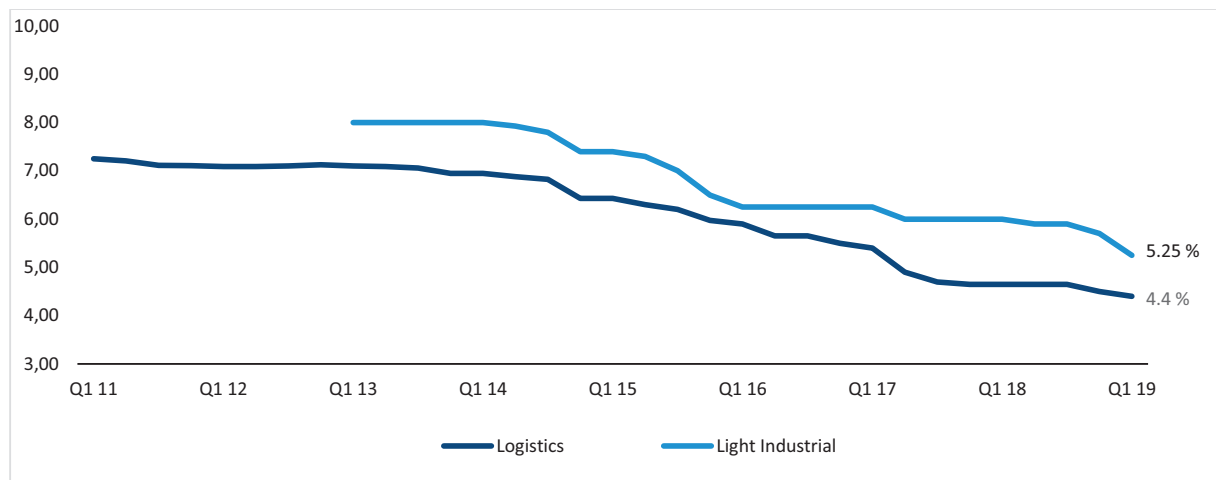
## VI. Yields

There is no end in sight for yield compression. Based on current purchase price negotiations, we expect prime gross yields for latest-generation logistics assets with standard lease terms of 10 years and strong-covenant tenants to continue to drop over the course of the year, reflecting current initial gross yields<sup>8</sup> of 4.4%.

Due to strongly increasing demand for light industrial assets, prime gross yields in this segment are also very unlikely to stagnate soon. Compared to late 2018, prime gross yields have dropped again by 50 bps to a current 5.25%.

Current market conditions point to further movement in gross prime yields for both asset classes industrial & logistics throughout 2019 due to limited supply and continued high demand. We expect to see further yield compression especially in the prime locations but also in secondary and tertiary markets due to current investment momentum in areas other than prime locations in the investment hubs.

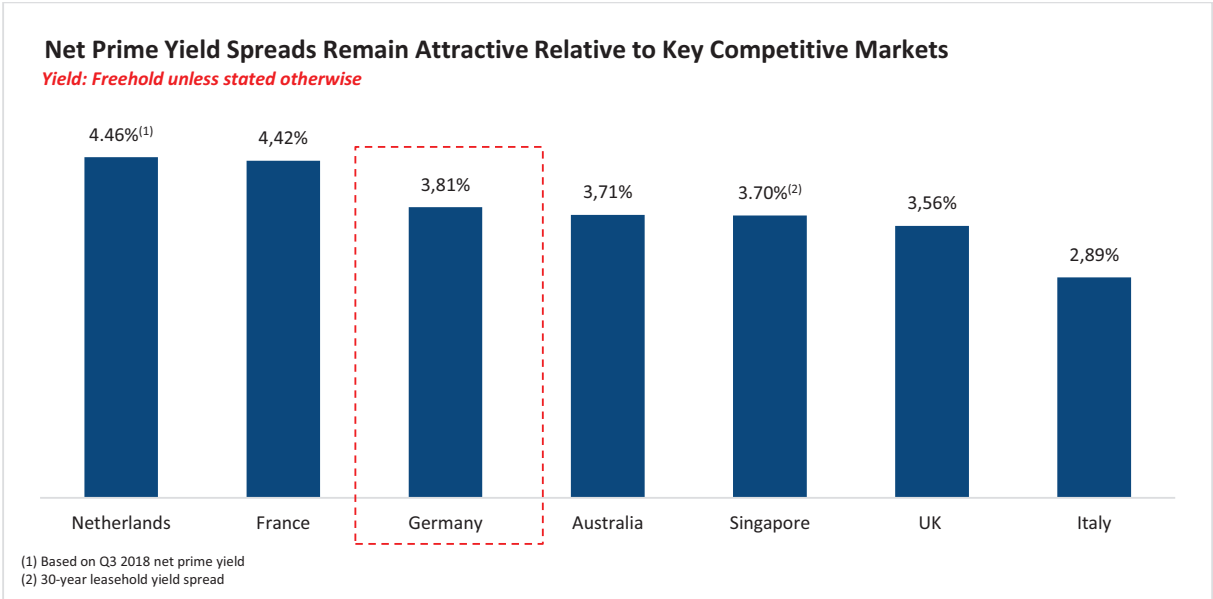
**Figure 40: Gross Initial Yield (Mid-value in %)**



Source: Colliers International

<sup>8</sup> Initial gross yield = Annual rent without consideration of operating costs in relation to the purchase price without consideration of ancillary acquisition costs

Figure 41: Spread over 10-year Government Bond Yields (Q4 2018)



Source: <https://fred.stlouisfed.org/series/IRLTLT01DEQ156N>, Colliers International, Cushman & Wakefield, Savills

## SECTION 3: INDUSTRIAL AND LOGISTICS MARKET OVERVIEW BY SUBMARKET

### I. Düsseldorf

#### 1. Economic overview and location analysis

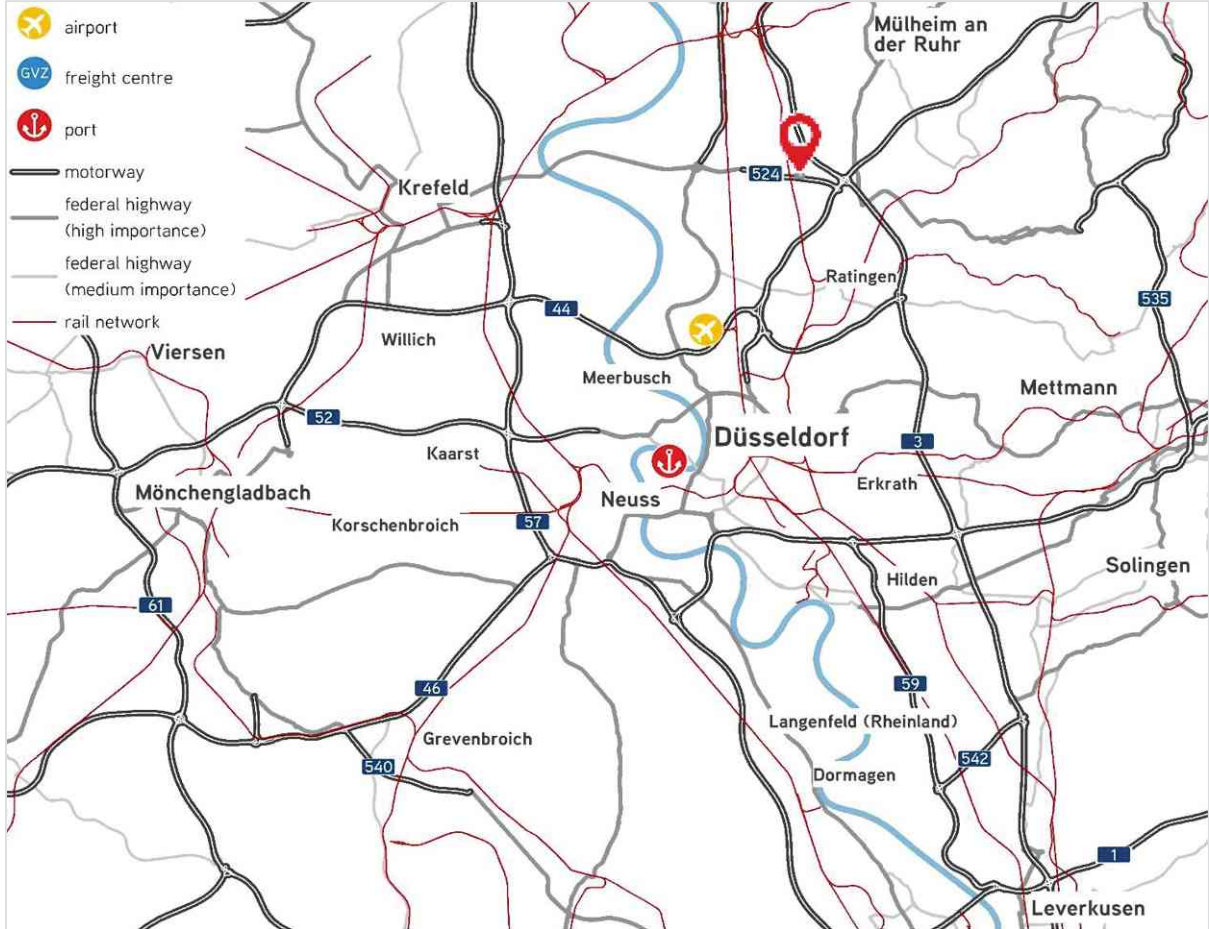
Düsseldorf is the state capital of North Rhine-Westphalia and a popular destination for culture, shopping and business with an international flair. Located in the heart of the Rhine-Ruhr region, Düsseldorf's significance as an economic hub extends far beyond the borders of the region. 40% of all EU citizens live within a 500-kilometer radius of Düsseldorf. With numerous companies from the fashion industry as well as a large number of consulting firms, Düsseldorf is home to an exciting industry spectrum. For example, there are numerous companies from the Netherlands, the USA, Great Britain, but also France and the Scandinavian countries as well as Taiwan and Korea based there. For Japan, the city has been the most important control centre on the European continent for many years. The Metro Group, Vodafone Germany, E.ON, Degussa and Henkel are just a few of the major players operating from Düsseldorf. Approximately 100 consulates and foreign funding organizations for business and tourism facilitate business contacts and promote the business climate in the city on the Rhine.

The urban areas in the Düsseldorf region are served by a dense motorway network. This enables the region to supply the Rhineland and provides a rapid connection to Cologne/Bonn and the Ruhr district. The outer suburban areas, too, have adequate access to motorways. Highlight of this market is an excellent port infrastructure and network. As a hinterland hub for containers from seaports, the region is especially well equipped with inland ports and container terminals along the Rhine. The Port of Duisburg (duisport) is Europe's largest inland port and Germany's most important transshipment hub for seaport-hinterland transportation. Equally, the Ports of Emmerich and Neuss, for instance, also have container transshipment facilities. For the transportation of time-critical goods by air freight, the region has access to Düsseldorf Airport which is one of Germany's busiest cargo airports. All told, the region has one of the most efficient infrastructures and is one of the most flexible logistics regions in Germany.

Situated north-west of Düsseldorf, Ratingen offers excellent connections to the Ruhr district. The property is located within the established "Ratingen-Lintorf" industrial park in the immediate vicinity of the A 524 motorway and only a few kilometres away from the A3 / A52 motorway junction. The Düsseldorf Airport can be reached within 15 minutes.



Figure 42: Logistics region Düsseldorf



Source: Colliers International

**2. Supply and drivers**

The Düsseldorf market is in good shape as can be seen in the number of speculative developments. As such, we expect consistently high demand and take-up to match previous year results in 2019. In light of the lack of supply, occupiers are likely to also be more willing to accept longer lease terms. With several scheduled property developments planned, the situation should relax over the course of the year, making further rent increases unlikely. With similar development opportunities becoming increasingly rare, brownfield development is beginning to play an increasingly significant role in replenishing regional supply. However, large-volume construction projects are only possible in peripheral locations. The locations west of Düsseldorf along the A44 and A57 highways are particularly in demand here.

**Table 5: Overview of current development projects**

Object	Location	Warehouse space	Building type	Status	Completion
Segro Logistics Park	Krefeld	30.000 sq m	Speculative	Under construction	Q3 2019
Segro City Park Düsseldorf South	Düsseldorf	12.000 sq m	Speculative	Under construction	Q2 2019
Regiopark	Mönchengladbach	3.000 sq m	Speculative	Planned	n/a

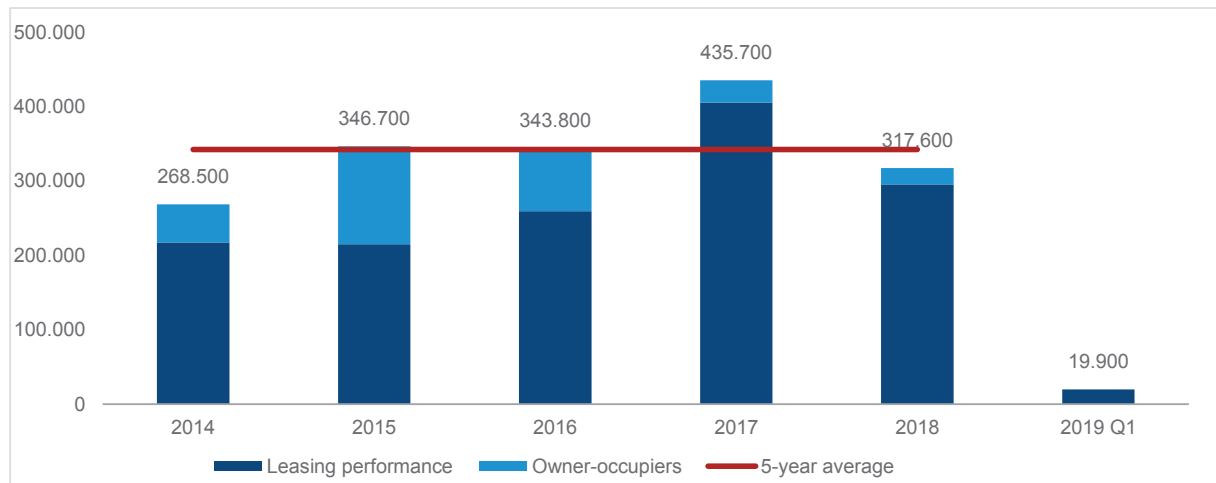
Source: Colliers International

### 3. Demand and drivers

The Düsseldorf industrial and logistics real estate market recorded total take-up (including owner-occupiers) of around 317,600 sq m in 2018. That means results are down by around 27% compared to the previous year, which was, however, heavily affected by Amazon's new logistics centre in Mönchengladbach (around 141,000 sq m). Demand for space in the Düsseldorf municipal area mirrored the previous year in terms of regional distribution of take-up. The neighboring Neuss submarket secured first place, however, accounting for 22% of total take-up. This can largely be attributed to the large-scale lease signed by Seacon Logistics for around 35,000 sq m. The space segment over 5,000 sq m claimed the lion's share of total take-up, while the space segment of below 5,000 sq m accounted for only around one-fifth of the total result.

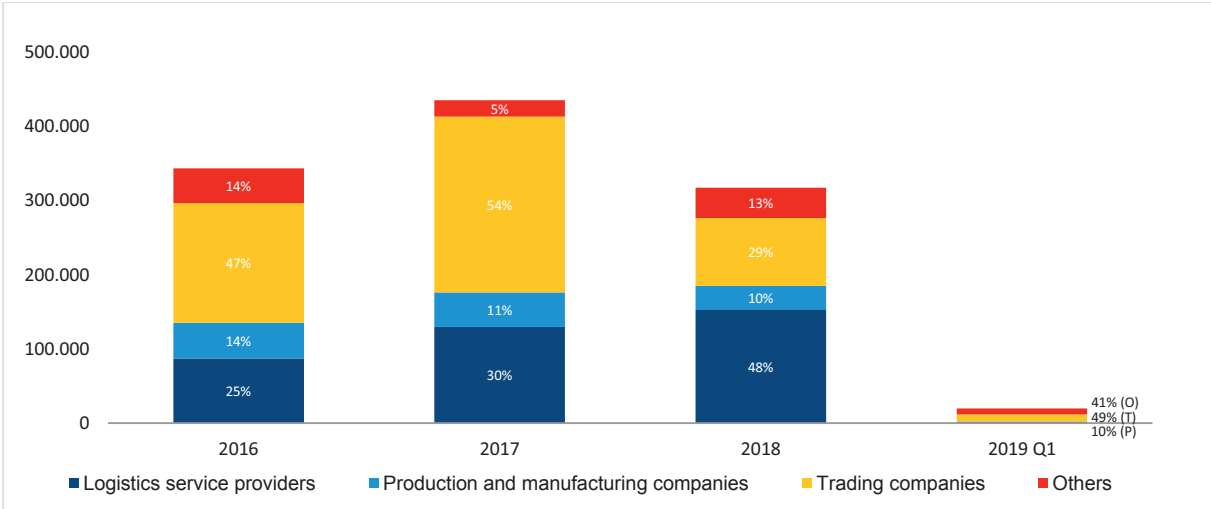
In the thirist three months of 2019 the region recorded a total take-up of 19,900 sq m. Especially the lack of large contracts and an average floor space of approx. 1,700 sq m caused a decrease of 65% compared to previous year's result.

**Figure 43: Take-up of Industrial & Logistics space in Düsseldorf (in sq m)**



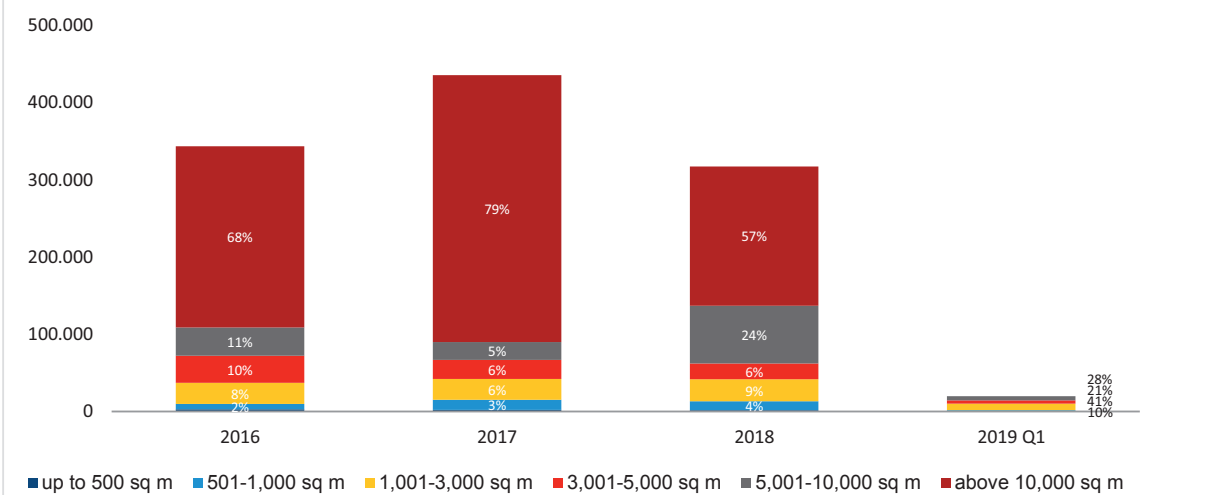
Source: Colliers International

**Figure 44: Take-up according to Branch (in sq m)**



Source: Colliers International

**Figure 45: Take-up according to Size Category**

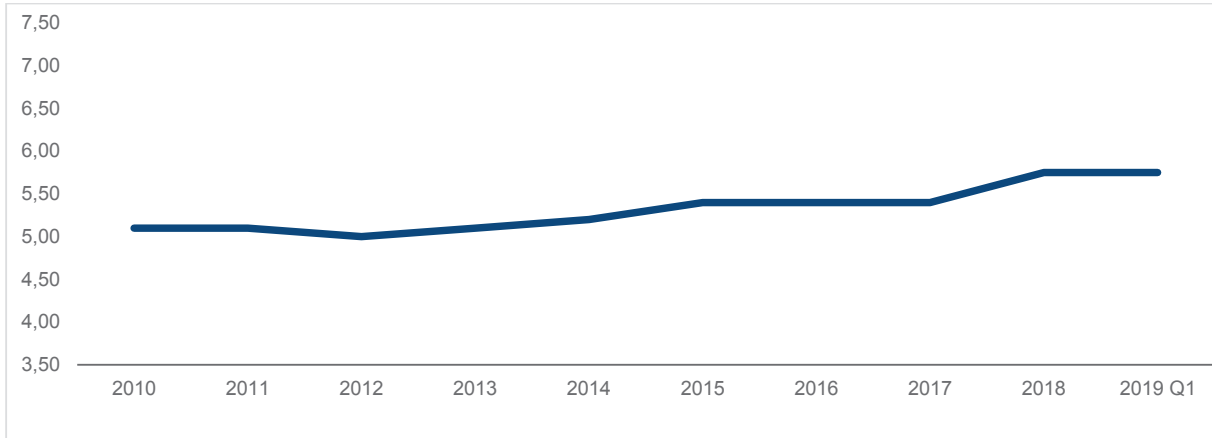


Source: Colliers International

#### 4. Prime and average rent (without incentives)

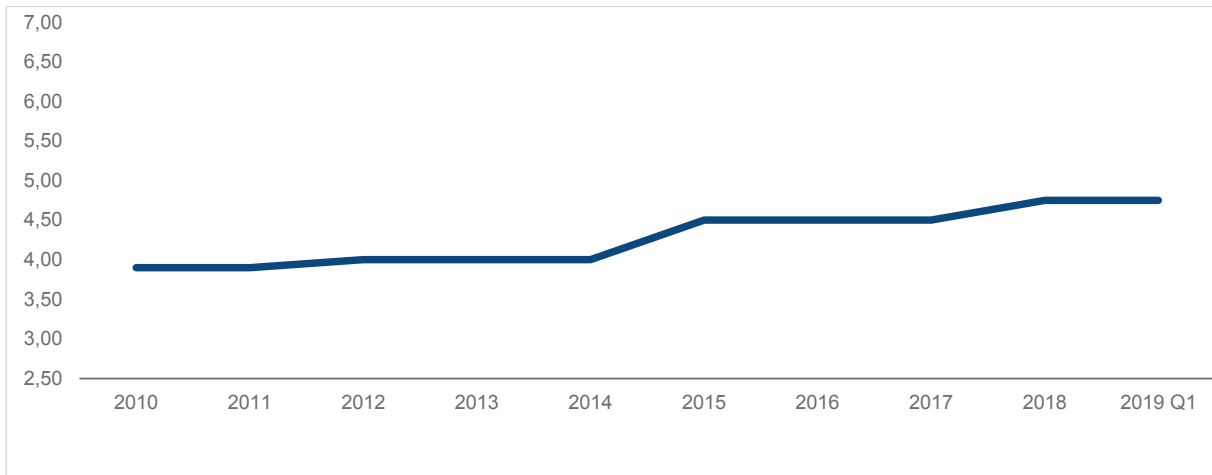
Rental prices have increased as tenants are willing to pay due to the low supply of space available at short notice. Prime rents for modern logistics space of over 3,000 sq m are being recorded at €5.75 per sq m and are currently being paid for space in the Düsseldorf Hafen submarket. Average rents increased by 25 cents to €4.75 per sq m due to a lack of stock properties featuring current fitout standards.

**Figure 46: Prime Rent Development (in €/sq m/month)**



Source: Colliers International

**Figure 47: Average Rent Development (in €/sq m/month)**

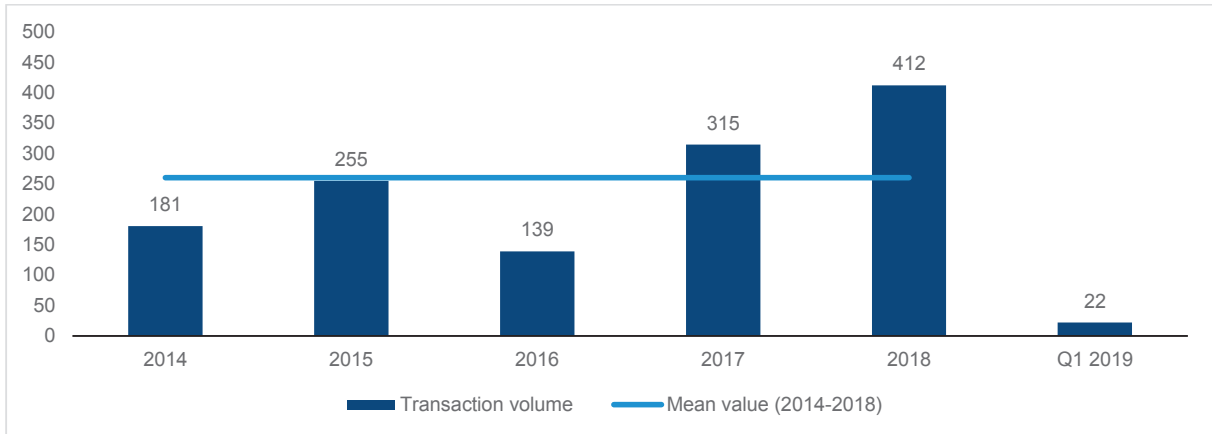


Source: Colliers International

## 5. Transaction volumes

The Düsseldorf logistics region achieved a new investment record in 2018 with a transaction volume of €412 million. This result in an increase of 31% compared to the previous year's result and ranges 58% above the 5-year average. Especially the takeover of MStar Europe by Blackstone had a great impact on the investment market of Düsseldorf in 2018. 22 German assets with a total of roughly 300,000 sq m were sold by M7 Real Estate and the majority of the properties are located in the North-Rhine Westphalian metropolitan area. As Düsseldorf is one of the strongest investment centres in Germany, many portfolio transactions are proportionately accounted for by the market. However, as these are becoming increasingly rare, further declines in turnover are to be expected.

Figure 48: Transaction volume Düsseldorf (in € million)

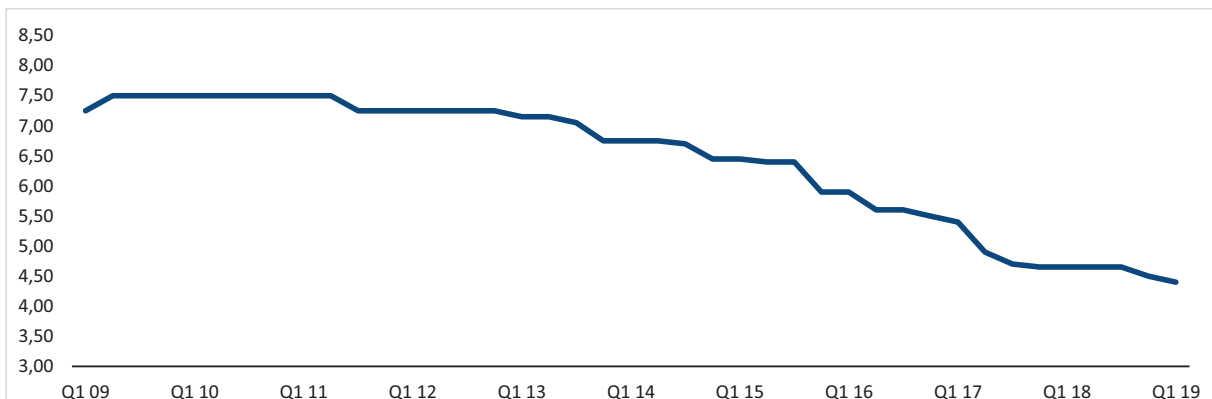


Source: Colliers International

## 6. Yields

Investor interest continues unabated and is also reflected in yield levels. The further development will depend above all on the available supply. If new Class A products are placed on the market, this could lead to a further compression in yields in the coming months.

Figure 49: Gross initial yield (in %)



Source: Colliers International

## II. Cologne

### 1. Economic overview and location analysis

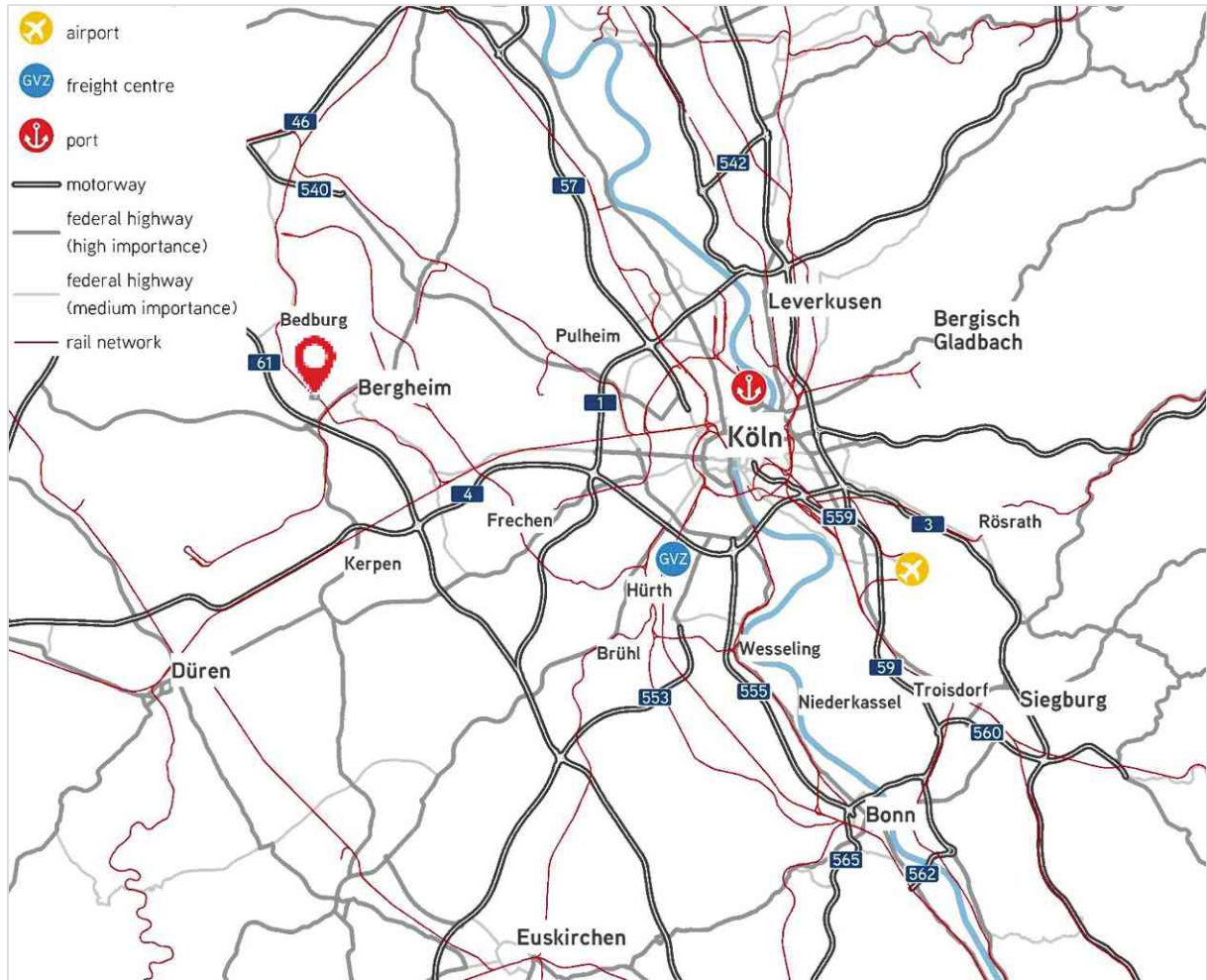
The region of Cologne with around 17 million people is not only one of Europe's most important markets but it is also the third largest industrial region in Germany. Furthermore, due to its convenient location and its efficient multimodal infrastructure, the area is also one of Germany's leading logistic regions. Next to the Cologne-Bonn international airport, which places third in Germany's cargo airports, the location also has an additional logistic strong point: the freight centre in Cologne's southern district Eifeltor is one of the most important reloading points in Europe and is thus a magnet for many globally operating logistics service providers. Also, the economic diversity of sectors and the high purchase power of the region attract more and more companies. The budding region of Cologne shows an above-average growth in population of 6.4% by the year 2025. Among others this is due to the distinctive higher educational landscape with the Excellence University of Cologne as well as additional scientific and educational institutions.

The urban areas in the Cologne region are served by an extremely dense motorway network. The region is a crossroads for important transport routes such as the north-south A1 and the east-west A4. The orbital motorway around the metropolitan area of Cologne provides the outskirts with rapid access to the most densely populated city in North Rhine-Westphalia. The region has various options for container transshipment. The Cologne Eifeltor freight centre (GVZ) in the southern part of Cologne is one of the country's busiest freight centres. The Port of Cologne, composed of several inner-city locations, is the second largest inland port in Germany. Together with the numerous other Rhine ports in the region, the Port of Cologne provides an efficient connection to the country's seaports. Cologne Bonn Airport is used for receiving and dispatching time-critical goods by air freight. The airport is Germany's third largest air freight hub after Frankfurt and Leipzig and supports around-the-clock operations.

Bergheim is conveniently located on the motorways (A1, A4 and A61) which provides access to the German and European trunk road network. Thanks to the good rail and bus connections, the district town is well connected with the region and the surrounding large cities. The route to the Rhine as an international waterway and transport route is short.

The property is located in the largest industrial park of Bergheim in between the motorway A61 / federal road B477. The Rhine port Cologne/Niehl, the freight centre Eifeltor and the airport Cologne/Bonn are situated within a radius of approx. 45 kilometers. Furthermore, the railway station Bergheim-Paffendorf is within the immediate vicinity of the property.

Figure 50: Logistics region Cologne



Source: Colliers International

## 2. Supply and drivers

Current excess demand is encouraging developers to launch an increasing number of speculative developments in Cologne and its periphery. Property developer Prologis, for example, began construction on a 24,000 sq m logistics facility in Pulheim in 2018. The planned logistics park in Cologne-Niehl encompassing roughly 55,000 sq m of warehouse space is speculative as well. As only very few sites are available at competitive prices, even in peripheral areas, property developers are increasingly focusing on revitalizing outdated space (brownfield developments). Alcaro Invest, for example, is developing a 26,000 sq m logistics centre on an industrial site in Kerpen.

In a Germany-wide comparison, Cologne, unlike Munich and Stuttgart, is in the upper midfield in terms of new construction activity.

**Table 6: Overview of current development projects**

Object	Location	Warehouse space	Building type	Status	Completion
Log Plaza Warehouse	Kerpen	26,000 sq m	Speculative	Under Construction	Q1 2020
Warehouse	Pulheim	24,000 sq m	Speculative	Under construction	Q4 2019
Business Park Aurelis	Kerpen Sindorf	5,600 sq m	Speculative	Under construction	Q3 2019

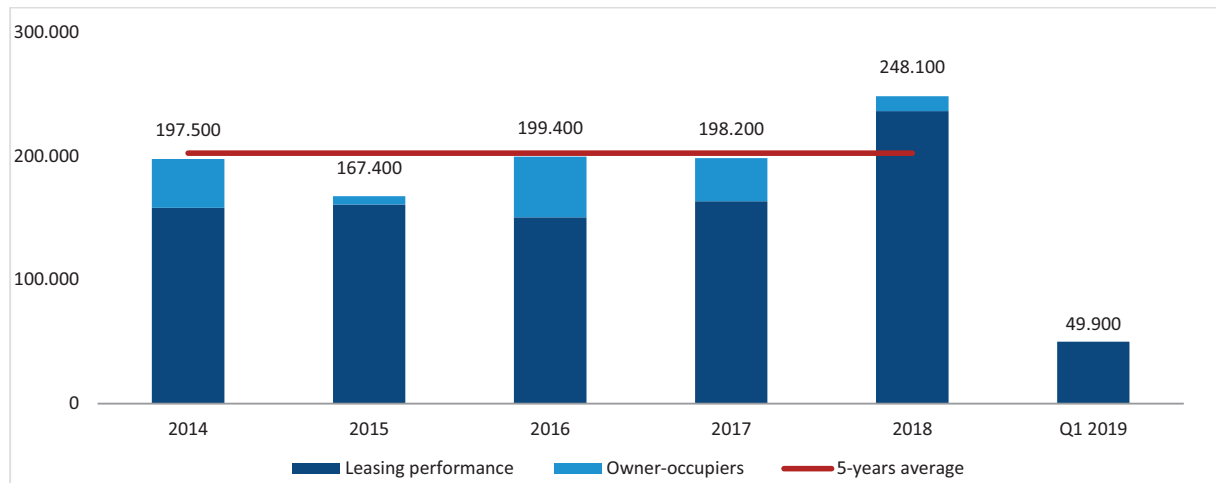
Source: Colliers International

### 3. Demand and drivers

Total take up (including owner-occupiers) came to roughly 248,100 sq m in 2018, the highest result in the past five years. Net take-up (excluding owner-occupiers) came to 236,100 sq m, up 44% yoy. The most significant transactions in 2018 included leases signed by logistics provider Offergeld in Frechen (total area of around 35,000 sq m), by Grieshaber Logistik in Bedburg (around 12,000 sq m) and by a retailer in Kerpen (around 13,000 sq m). The expansion of DPI headquarters in Brühl (around 12,500 sq m) also contributed to this strong result. While the Cologne metropolitan area registered the highest take-up volume in 2017, peripheral submarkets dominated in 2018 due to limited supply within city limits. The Bedburg, Frechen and Kerpen submarkets alone generated almost half of total take-up in 2018. Despite five leases signed, the space segment over 10,000 sq m saw take-up decline to the benefit of rising take-up results in the small- and medium-scale space segments. This can mainly be attributed to the fact that demand for space exceeding 10,000 sq m can barely be met due to limited availability. Leases signed for space of up to 5,000 sq m almost doubled their market share yoy in contrast. Logistics providers were the most active user group by far, accounting for just under 147,800 sq m in take-up.

The fact that demand can no longer be satisfied is particularly evident in the first three months of this year. Only 49,900 sq m were recorded, which corresponds to a minus of 40 % compared to the previous year's volume.

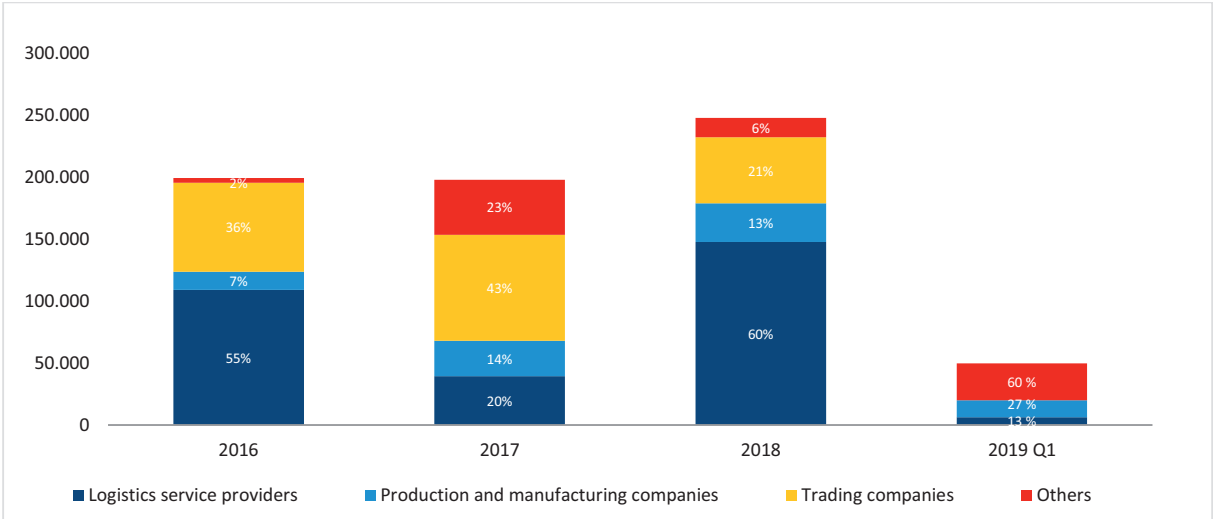
**Figure 51: Take-up of Industrial & Logistics space in Cologne (in sq m)**



Source: Colliers International

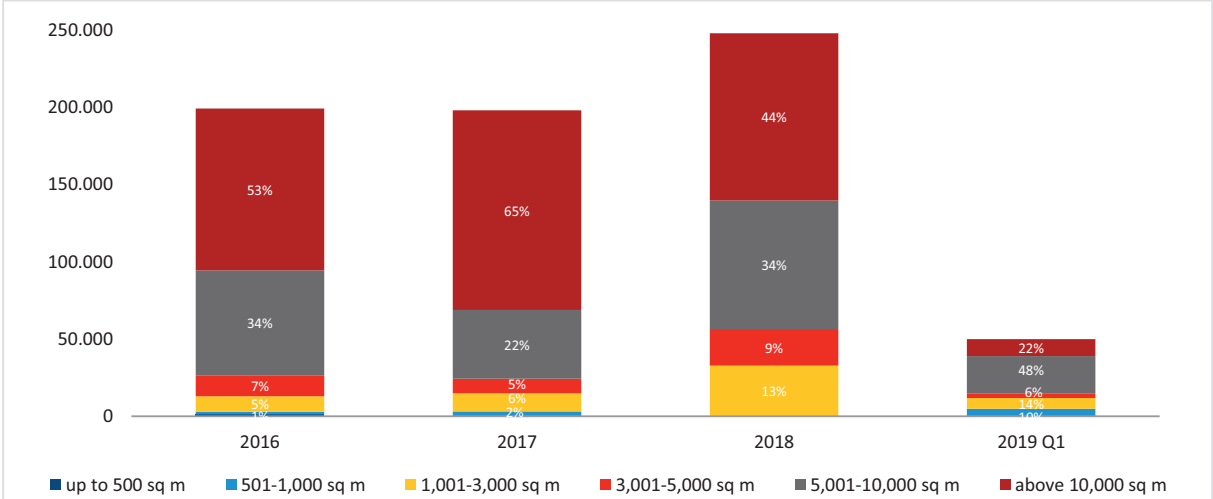


**Figure 52: Take-up according to Branch (in sq m)**



Source: Colliers International

**Figure 53: Take-up according to Size Category**



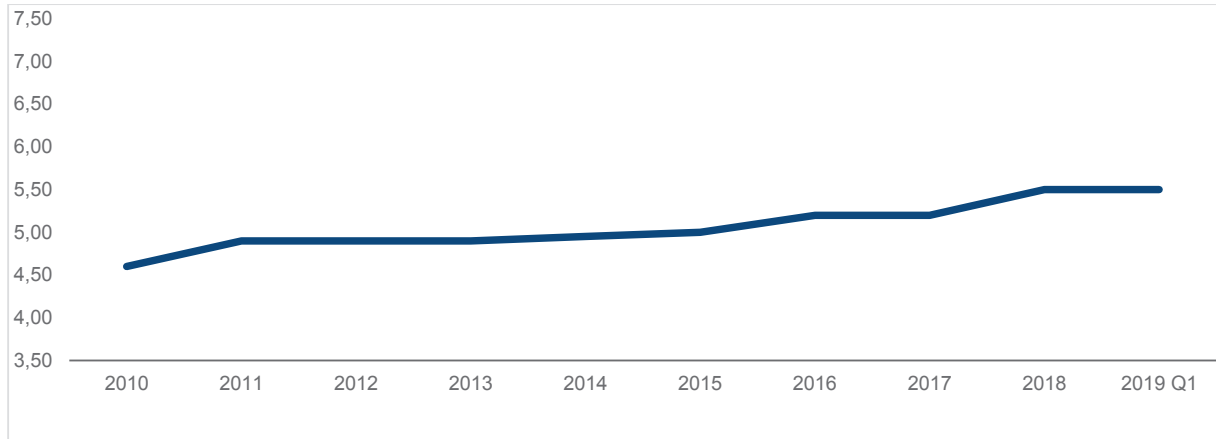
Source: Colliers International

#### 4. Prime and average rent (without incentives)

The current supply bottleneck combined with increasing construction costs and land prices have put prices under pressure. Both prime rents and average rents rose by €0.30 in 2018 and are now at a stable level. Prime rents for modern logistics space currently come to €5.50 per sq m which is an all-time high. Average rents are recorded at a current €4.50 per sq m due to limited supply of space in stock properties. The prime rent will be achieved primarily in top locations such as Kerpen, Hürth and Pulheim and within the Cologne city area.

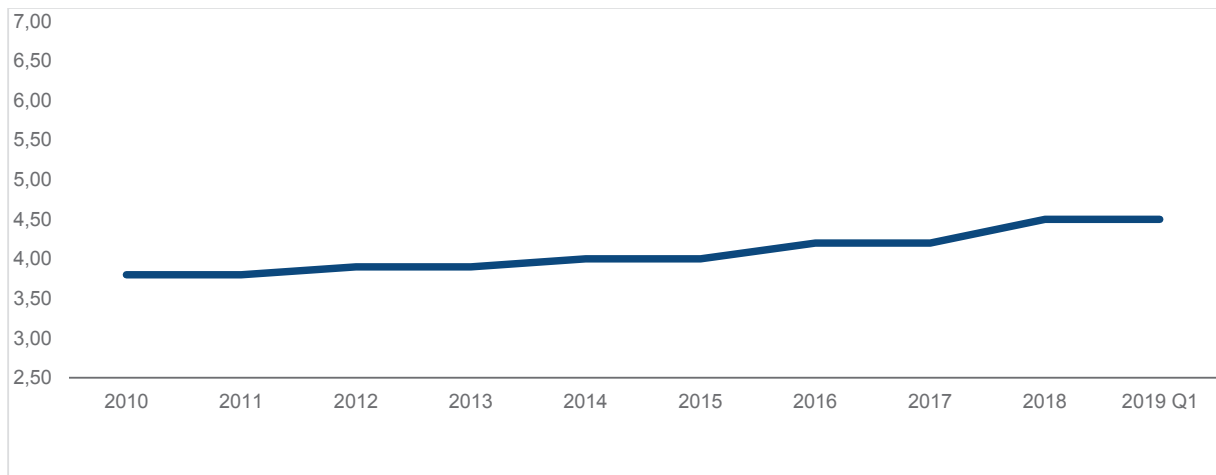
It remains to be seen whether the market will be able to match last year's good results in the current year, as the few new buildings will hardly improve the supply situation. Accordingly, there is high potential here for further increases in rents in the region.

**Figure 54: Development Prime Rent (in €/sq m/month)**



Source: Colliers International

**Figure 55: Development Average Rent (in €/sq m/month)**

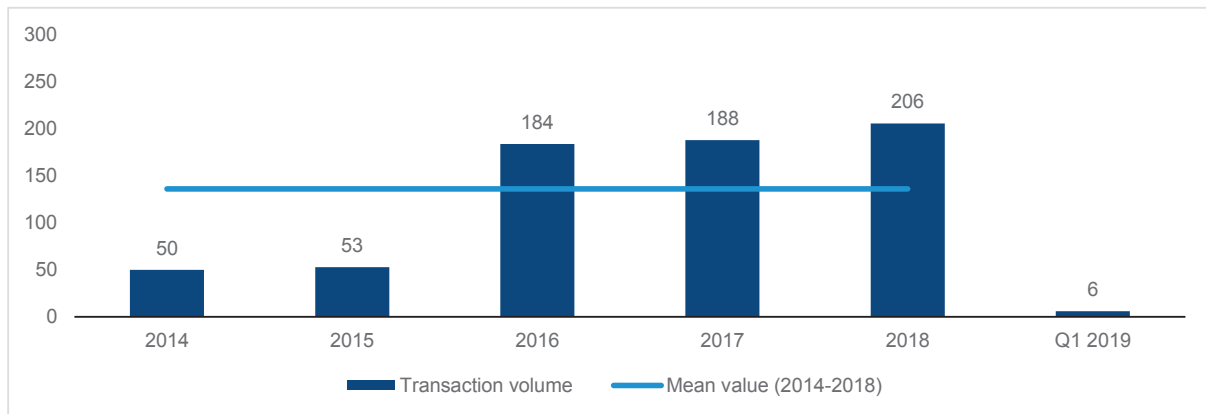


Source: Colliers International

## 5. Transaction volumes

The Cologne industrial and logistics investment market generated an excellent transaction volume in 2018, boosted by several major deals. As expected, however, Investors buy-side came from a variety of sectors and countries, emphasizing Cologne's impressive international presence. The logistics leasing market with its upside rent potential provides a solid basis for the activity we are seeing on the market. Unlike previous years, foreign investors were somewhat reserved in 2018, a trend that can mostly be traced back to extremely limited supply in this segment. Biggest deal in the last 12 months has been the sale of Alcaro Invests' "Log Plaza Colonia" which is located in the west of Cologne. Invesco, a national Asset Manager, bought the core property for approx. €35 million. In addition, portfolio deals such as Blackstone's acquisition of the MStar Europe value-add portfolio from M7 also contributed to the good result (gross initial yield over 5.0%).

Figure 56: Transaction volume Cologne (in € million)

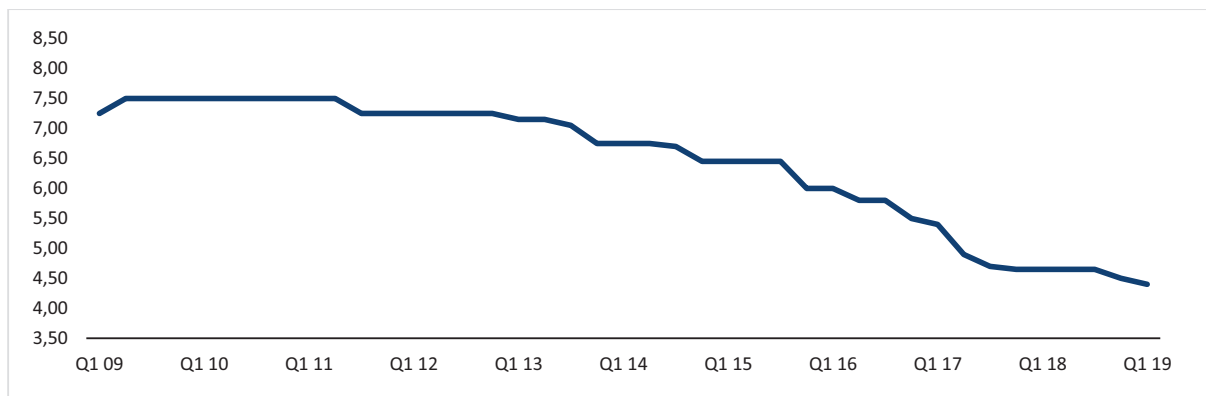


Source: Colliers International

## 6. Yields

The Cologne industrial and logistics real estate market is one of the most attractive locations on the German investment market. In the past, construction projects brought attractive new properties and thus new investment products onto the market, some of which were already sold before completion. The purchase prices for logistics properties have risen further due to land prices and the increase in rents.

Figure 57: Gross Initial Yield (in %)



Source: Colliers International

### III. Stuttgart

#### 1. Economic overview and location analysis

Stuttgart, the state capital of Baden-Württemberg, is the centre of one of the economically strongest metropolitan regions and is one of the most innovative high-tech locations in Europe.

Its strength as a business location is based on the versatility of its economic structure. This is characterised by a mix of global players such as Daimler and Porsche, a very lively middle class with many world market leaders, an excellently trained workforce and one of the leading research and development landscapes. Companies from all sectors and branches of industry operate in Stuttgart. The highest export ratio of all German cities, a share of more than 20% of highly qualified employees and an above-average purchasing power of its inhabitants speak for themselves. Sought-after locations are Böblingen Hulb, GVZ Kornwestheim or the Wendlingen industrial estate.

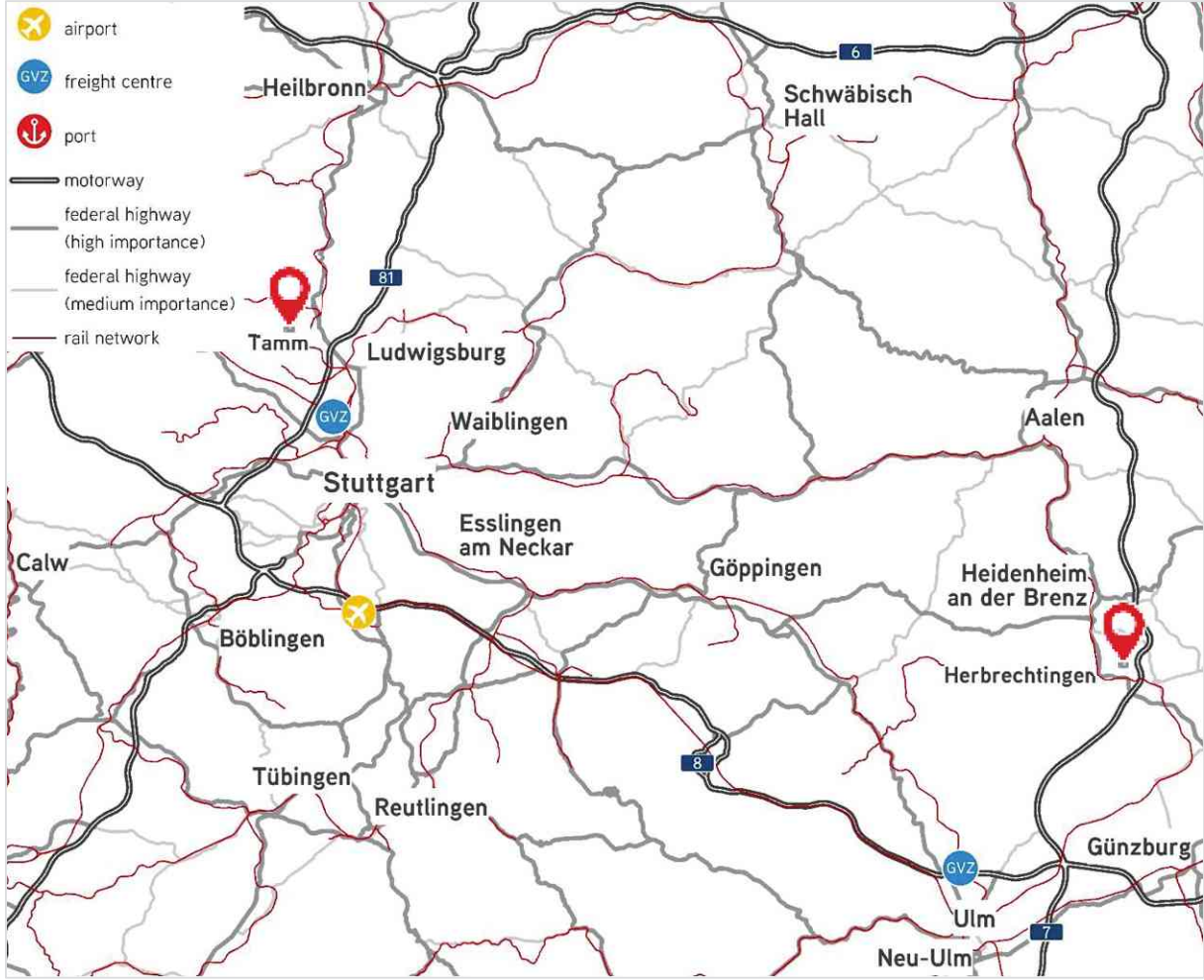
The “regional industry” function is a magnet for contract logistics services and industrial owner-occupiers and one of the wealthiest regions in Europe with a high level of employment. The Stuttgart region is one of Germany's typical industrial locations and in terms of utilisation the most strongly positioned location of this category aside from the Rhine-Neckar region. In terms of road transport, the Stuttgart region is well connected to the long-distance national road network via the A6 and A8 motorways in the east-west direction and the A81 for north-south traffic. Around the Stuttgart city area in particular, however, congestion is not uncommon due to heavy traffic. The ports of Stuttgart and Heilbronn constitute two important trimodal traffic centres. Besides having a trimodal container terminal, the Port of Stuttgart also offers transshipment options for rail/road transport services, handling mainly incoming raw materials for local industry as well as the resulting finished products. The Kornwestheim freight centre (GVZ) in the north of Stuttgart, however, is the most efficient and an ultra-modern terminal in the region. As regards air freight, Stuttgart Airport provides premium air freight services and ranks midfield among German airports in terms of annual freight volume. It is situated 13 kilometers south and offers flights to more than 120 national and international destinations.

The most important European inland waterway, the Rhine, passes the state of Baden-Württemberg. The river Neckar can be used for inland waterway transportation on a length of 201 kilometres from Plochingen via Stuttgart to Mannheim, where Neckar discharges into the Rhine. As a connection to the European inland waterway system the Neckar is of great importance for the Stuttgart Region.

The municipality of Tamm is located north of Stuttgart in the district of Ludwigsburg with good transport connections to the A81 motorway and to the public transport network. Stuttgart main station can be reached within about 20 minutes by S-Bahn line 5. The Kornwestheim freight centre (GVZ) is located approx. 15 kilometers south of Tamm.

The property (Am Bühlfeld 2-8, Herbrechtingen) is located about 90 kilometers east of Stuttgart in Herbrechtingen. Herbrechtingen's central location in southern Germany, excellent transport connections and attractive industrial and commercial areas make it an excellent business location. In addition to world-famous corporations such as Bosch-Siemens, Hartmann, and Osram, numerous medium-sized companies and crafts enterprises are also located there. Herbrechtingen is located in the triangle between Stuttgart, Würzburg and Ulm. The city is directly connected to the A7 motorway, one of Europe's most important north-south traffic arteries. Stuttgart and Munich can be reached in about one hour.

Figure 58: Logistics region Stuttgart



Source: Colliers International

**2. Supply and drivers**

Although additional new-build developments would provide some relief on the region's industrial and logistics market, there is currently a shortage of suitable land and new-build space available for immediate development or tenancy. Stock space will therefore continue to absorb a large part of the demand, although some of these properties will hardly be able to meet tenant fitout requirements. Brownfield site developments, which focus on the conversion of outdated stock industrial space, will become a stronger presence in the Stuttgart region as a result. Communities tend to be more willing to accept such developments as opposed to greenfield developments due to factors such as reduced emissions. Market players are therefore increasingly concerned with well-connected locations on the edge or outside of the region such as Geislingen which is in the east of Stuttgart. The developer Gazeley realized a logistics park of around 21,000 sq m in the Schwäbische Alb industrial park.

**Table 7: Overview of current development projects**

Object	Location	Warehouse space	Building type	Status	Completion
Production site	Esslingen	8,300 sq m	Pre-leased	Planned	2020
Warehouse	Plochingen	25,000 sq m	n/a	Planned	2020

Source: Colliers International

### 3. Demand and drivers

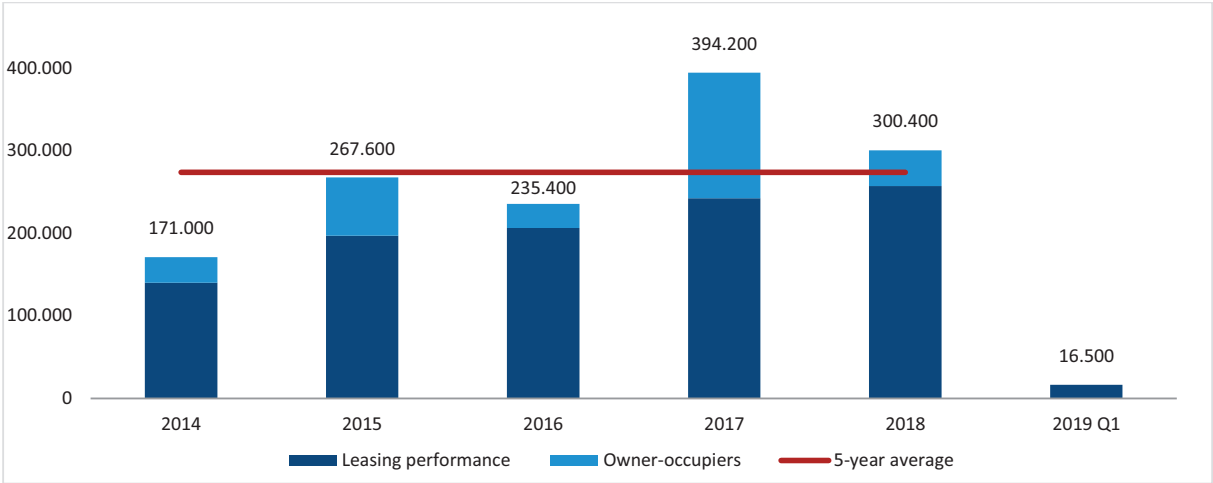
The Stuttgart industrial and logistics market posted take-up of roughly 257,000 sq m in 2018, up 6% yoy. Owner-occupiers tended to be more hesitant in 2018, only accounting for around 43,400 sq m (2017: 151,600 sq m, - 71%), with total 2018 take-up on the Stuttgart industrial and logistics real estate market down 24% as a result to 300,400 sq m. Nevertheless, this is still the second best on record in the past 5 years.

Space segment over 10,000 sq m accounted for the lion's share of total take-up. A total of 8 deals were signed in this segment, putting take-up at 108,400 sq m, or 36% of total results. Demand for units ranging from 5,001 sq m to 10,000 sq m was similarly high (27%), with units larger than 5,000 sq m accounting for around two-thirds of annual take-up. Aurelis Real Estate leased around 19,000 sq m of warehouse and office space in Böblingen to a well-known automotive group. Other large-scale deals include the lease signed by Schneider Logistik in Geislingen an der Steige (12,520 sq m) and the lease signed by logistics service provider Schmalz+Schön for roughly 13,400 sq m of warehouse space in Frickenhausen (Esslingen district).

Logistics service providers and manufacturing companies are the most active user groups in this area. Logistics service providers in particular signed more leases than in the previous year, increasing their share of total take-up from 26% to 46% (139,900 sq m). Manufacturing companies were right at their heels with 44% (131,900 sq m). The district of Ludwigsburg again posted the highest take-up result, accounting for roughly 31%, or just under 92,900 sq m. One-third of all deals signed in 2018 involved space in this submarket, with units averaging at 3,400 sq m.

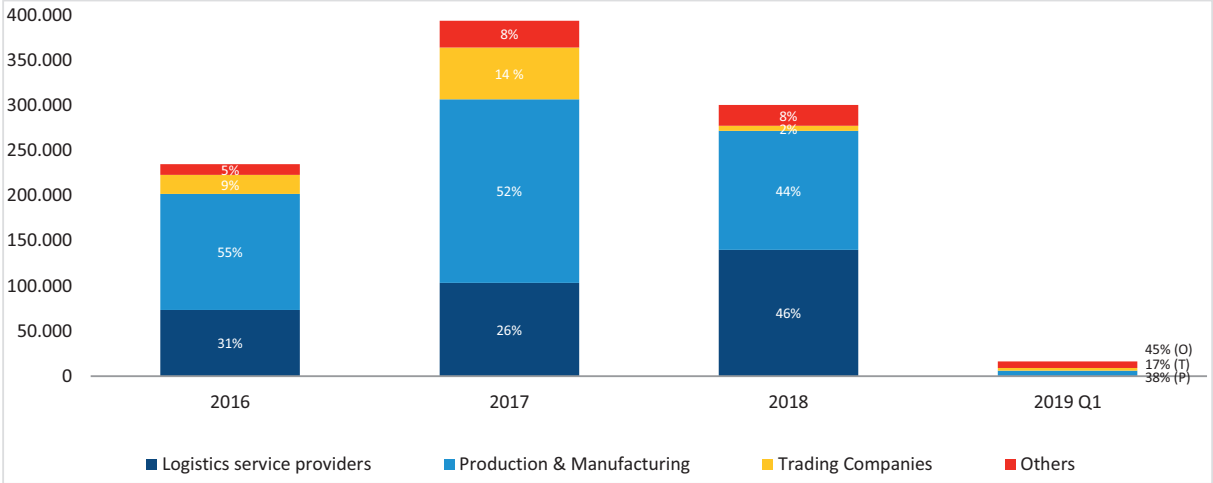
At the beginning of this year, development has slowed considerably. Take-up of only 16,500 sq m has been registered in the region and an improvement is not in sight due to the lack of available development and rental space. The biggest deal in the first quarter of 2019 was the lease of 5,700 sq m of warehouse space in the Rems-Murr district.

**Figure 59: Take-up of Industrial & Logistics space in Stuttgart (in sq m)**



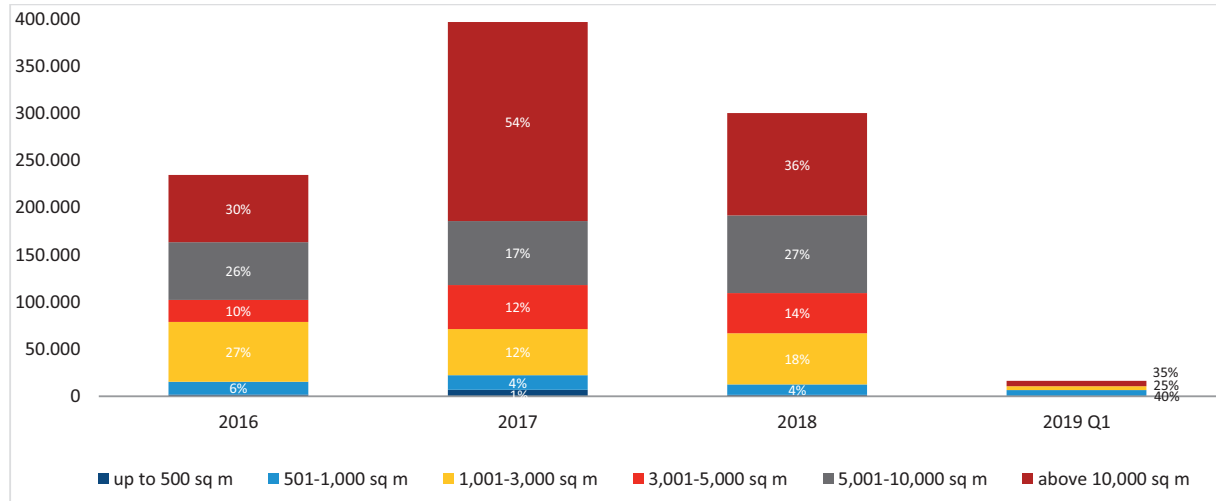
Source: Colliers International

**Figure 60: Take-up according to Branch (in sq m)**



Source: Colliers International

**Figure 61: Take-up according to Size Category**

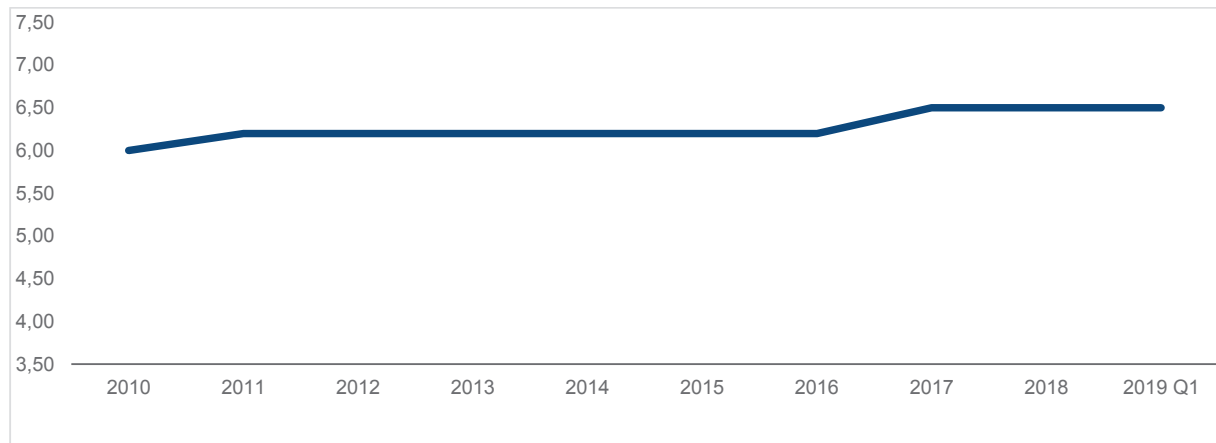


Source: Colliers International

#### 4. Prime and average rent (without incentives)

Similar to other top logistics markets in Germany, demand in Stuttgart can only be met with stock space at the moment. This has caused average rent in the Stuttgart logistics region to make a considerable jump to a €5.20 per sq m in the past 2 years (+ €0.35). Prime rents have also been affected by the shortage of space and the resulting competitive pressure in the region. New-builds have become a rare find and tenants are currently paying prime rents of €6.50 per sq m and even more for units of more than 3,000 sq m.

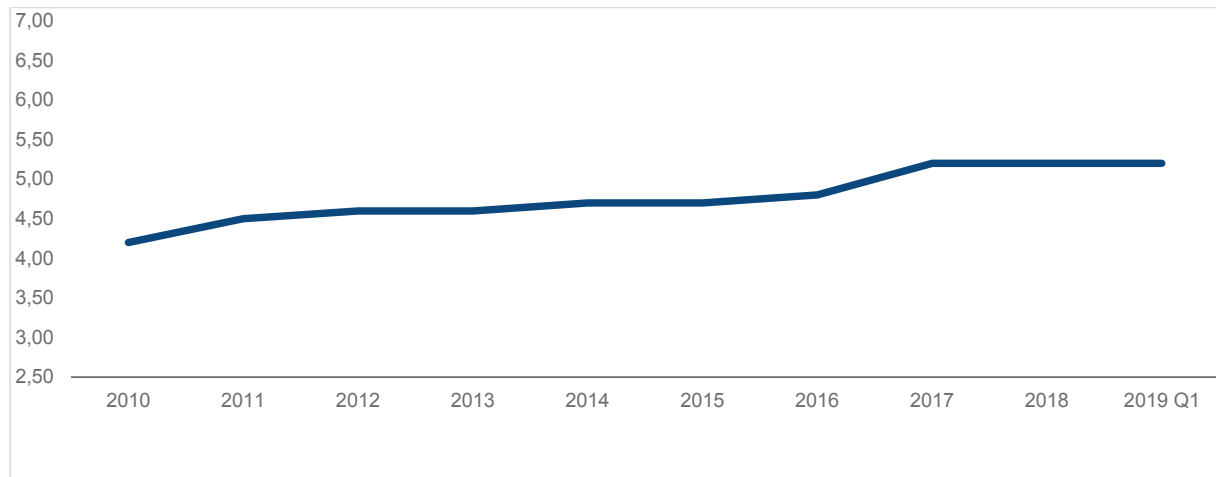
**Figure 62: Development Prime Rent (in €/sq m/month)**



Source: Colliers International



**Figure 63: Development Average Rent (in €/sq m/month)**



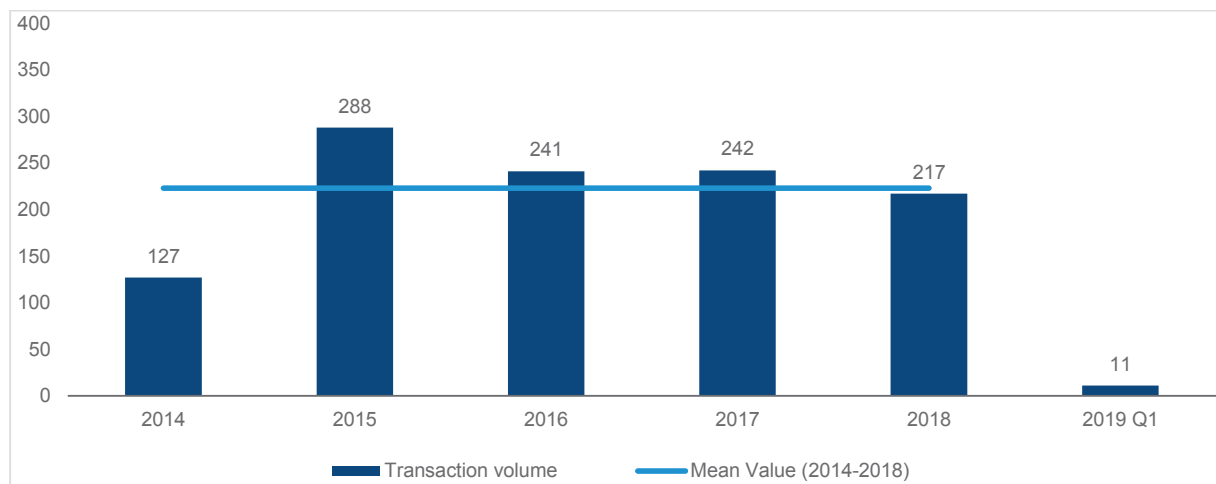
Source: Colliers International

## 5. Transaction volumes

The product shortage in Stuttgart continues to be clearly noticeable. The increased demand for this attractive asset class is increasingly driving up prices for industrial and logistics real estate. In particular, the demand for industrial real estate rose sharply in 2018, which has led to an even stronger focus on Stuttgart as an industrial stronghold. When the light industrial portfolio "Robin" was sold, one of the properties used by Bosch in Stuttgart (approx. 45,250 sq m) changed hands (gross initial yield 6.90%). The takeover of Alpha Industrial by Frasers also affected the Stuttgart market in 2018. In the course of the takeover, two industrial parks in Tamm and Magstadt changed hands.

The market competes strongly with the surrounding logistics regions such as Karlsruhe, Ulm and Heilbronn, which currently offer a higher range of products. The start of 2019 was the weakest start so far, with the result that logistics and industry only recorded a single-digit market share within the Stuttgart investment region.

**Figure 64: Transaction volume Stuttgart (in € million)**



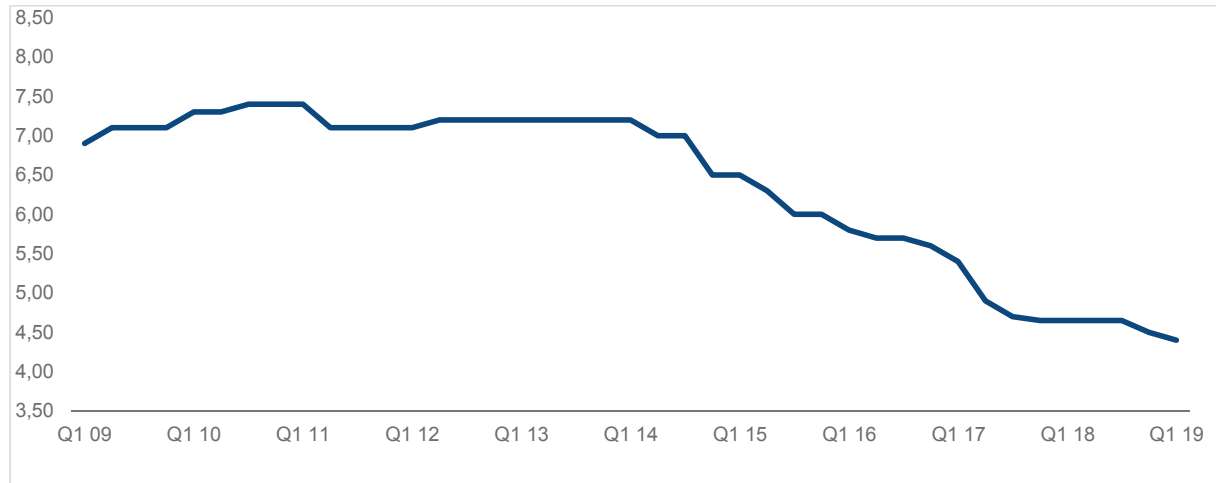
Source: Colliers International

## 6. Yields

Interest in logistics assets remained high among German as well as foreign investors with initial yields for the few new-build assets on the market coming in at up to 4.4%. Even though some investors are choosing to cash-in on value appreciation in a market characterized by ongoing yield compression, we are not seeing enough new product being added to the market to relieve current tension.

The excess demand in the region exerts enormous pressure on the yield development in Stuttgart. If state-of-the-art logistics properties with a strong-covenant tenant and a long-term lease were on the market, yields could be well below the current level and scratch the 4.0% mark.

**Figure 65: Gross Initial Yield (in %)**



Source: Colliers International

## IV. Munich

### 1. Economic overview and location analysis

Munich is the capital of Bavaria and Germany's third-largest city, with approx. 1.5 million inhabitants. The city is currently experiencing economic growth and is one of the most popular places to live and work in the country. Listed companies such as BMW, Siemens, MAN, Allianz and Infineon Technologies AG are all located in Munich. No other city in Germany boasts as many DAX companies. In addition to the automotive industry, other industries such as ICT and the research and development service sector are key drivers behind economic growth in the region. Munich is home to 17 academic institutions including the Ludwig Maximilian University of Munich and the Technical University of Munich, both of which have excellent reputations around the world. The city of Munich is home to world-renowned concerns and hi-tech companies such as BMW, Allianz, Munich Re, ProSiebenSat1, Infineon, Siemens and Linde. It is also the undisputed leader amongst Germany's technology locations. There are around 22,000 hi-tech companies in the electronics, media-tech, electrical engineering, mechanical engineering and vehicle manufacturing sectors and also in the aerospace industry.

In terms of road infrastructure, the region benefits from good supra-regional connections with both the national and international motorway networks. The highest motorway density can be found directly around the metropolitan area of Munich. The A99 orbital motorway which encircles most of Munich provides those companies with logistics sites in the city's outer suburbs with rapid access to the urban agglomeration, although these sections of road tend to be highly congested. With the Munich Airport, the region has access to the busiest air freight hub in southern Germany. Container transshipment facilities are provided principally by the München-Riem DUSS terminal to the east of the metropolitan area of Munich but also by the Unterföhring terminal.

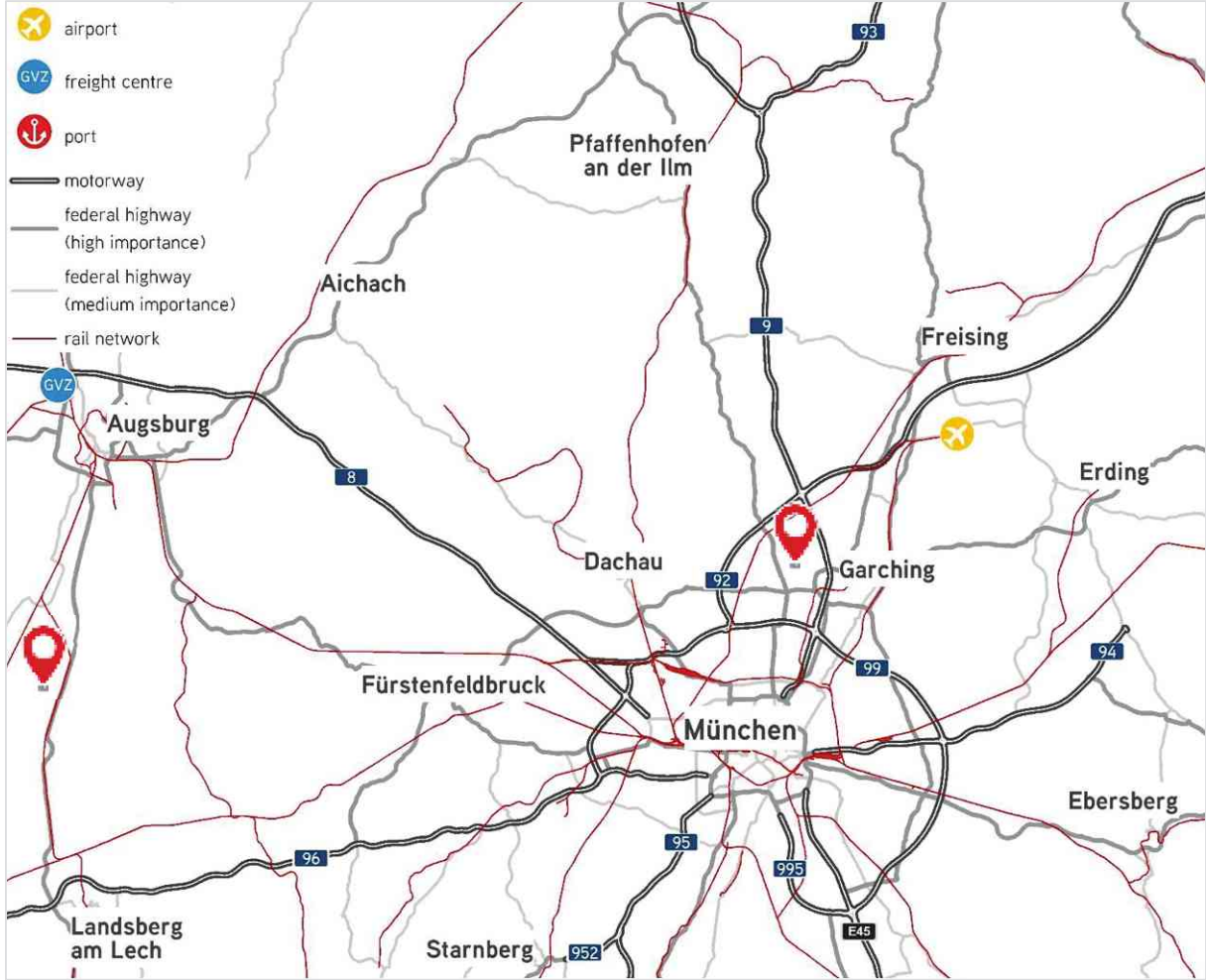
At the intersection of national transport axes, companies in the transport and logistics sector benefit from connections to the A8 motorway (Salzburg – Stuttgart), the B2 and B17 federal roads. Thanks to the region's direct access to the German seaports, Rotterdam and the Ruhr area as well as to Italy, Slovenia, Croatia and Hungary, it acts as a hub between northern and southern Europe and constitutes an important crossroads for seaport hinterland transportation. A link with the waterways network is the only component lacking in the Munich region. Munich offers a high international awareness of the region which also has a very positive image in terms of the strength of its economy and high quality of life standards.

The property (Dieselstraße 30, Garching) is located within the industrial zone "Garching-Hochbrück". Garching is one of the industrial hot spots in the Munich region and directly located at the A9 (Munich – Berlin) and the A99 as well as 10 Minutes from the international airport away. The Business Campus, a multifunctional office, research and service park, is currently being built in Garching, which thus occupies a special position as a new business location in which the synergies between research and industry are trend-setting.

The property (Junkerstrasse, Graben, Augsburg) is located 25 kilometers south of Augsburg in Graben, between the two economic centres Stuttgart (approx. 180 kilometers) and Munich (approx. 80 kilometers). The location benefits from an efficient, multimodal transport infrastructure via road, rail, water and air. Near Augsburg there is a freight traffic centre (GVZ), which according to a study by the Fraunhofer Institute ranks among the top 20 in Germany. It plays an important role as a regional and international freight hub.

The Graben location profits from its convenient location on the four-lane federal road B17 in the direction Augsburg and Landsberg with connections to the motorway to Munich, Lindau and Stuttgart. Accessibility and mobility are also guaranteed by a good connection to the railway network with the railway station in Lagerlechfeld (3 kilometers). Graben is known beyond the region due to the settlement of Amazon and Hermes.

Figure 66: Logistics region Munich



Source: Colliers International

**2. Supply and drivers**

The tension on the market in terms of supply is unlikely to ease up in 2019 as land sites and rental space continue to be in short supply and some of the new-build space currently under development is being snapped up prior to completion. As such, vacancy rates remain extremely low. In addition, demand for modern light industrial space in and around Munich is expected to continue to grow in the coming years. New-developments dedicated solely to logistics will face greater challenges than ever before as a result, as skepticism towards logistics developments among the local authorities and residents in the Munich area is high due to the reputation these properties have of increasing traffic and noise levels.

**Table 8: Overview of current development projects**

Object	Location	Warehouse space	Building type	Status	Completion
Logistics Park	Maisach	7,710 sq m	Speculative	Under construction	Q4 2019
Brewery	Munich-North	4,700 sq m	Pre-leased	Under construction	Q4 2019
Warehouse	Munich – North	10,000 sq m	Pre-leased	Planned	Q3 2020

Source: Colliers International

### 3. Demand and drivers

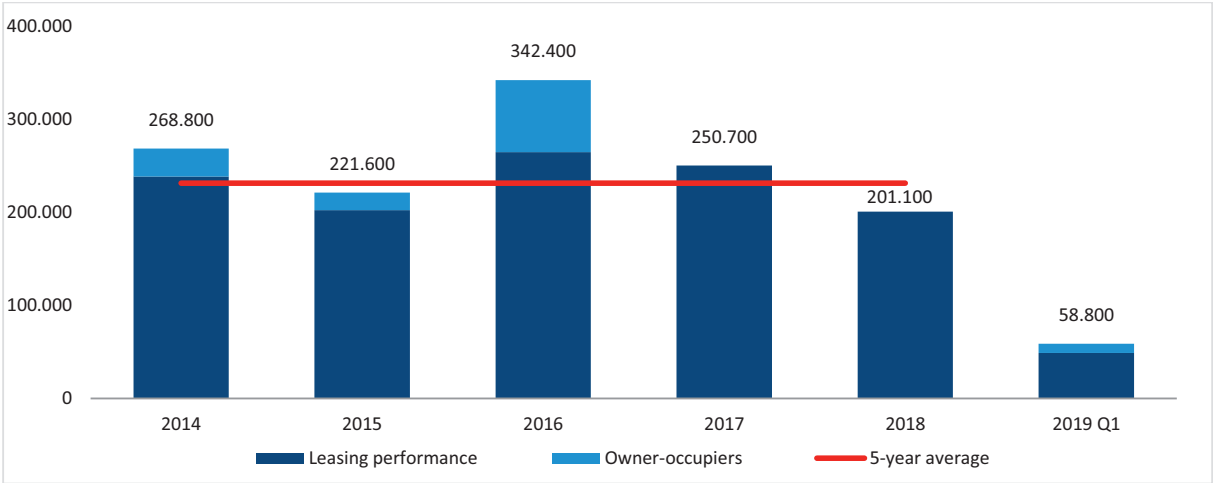
In 2018, the Munich industrial and logistics market generated net take-up totaling at roughly 201,100 sq m, falling short of previous year take-up levels (-20%). This is the lowest result recorded in the past five years with no significant owner-occupier deals that could have boosted take-up further. This drop-in take-up can be attributed to the absence of large-scale leases as well as the shortage of stock and new-build space available for immediate tenancy. As in previous years, the majority of take-up (around 85%) was generated by deals signed for space at stock properties. In addition, very few land sites are currently zoned in the area for logistics. The year's most significant deals included leases signed by Schustermann & Borenstein in Aschheim (12,700 sq m), Rewe Digital in Feldkirchen (around 10,000 sq m) and XXXLutz in Poing (around 8,800 sq m).

The space segment of between 5,000 sq m and 10,000 sq m recorded about 82,500 sq m, accounting for 41% of total take-up. The only lease exceeding 10,000 sq m in 2018 was that signed by Schustermann & Borenstein (around 12,700 sq m). The space segment of 10,000 sq m and above saw a 14% yoy drop due to the low number of leases signed. The space segment of between 1,000 sq m and 3,000 sq m remained a solid pillar of market activity with demand high and accounted for 29% of total take up. As in the previous year, almost 80% of take-up was generated in the northern outskirts of Munich (North-West and North-East Outskirts submarkets).

The breakdown of tenant groups was more homogeneous than in the previous year. An increasing number of (online) retailers are being drawn to Munich thanks to the city's above-average purchasing power. In 2018 they managed to increase their market share from 5% (2017) to 23%. Manufacturing companies generated only one-third of total take-up, down from a market share of 44% in 2017.

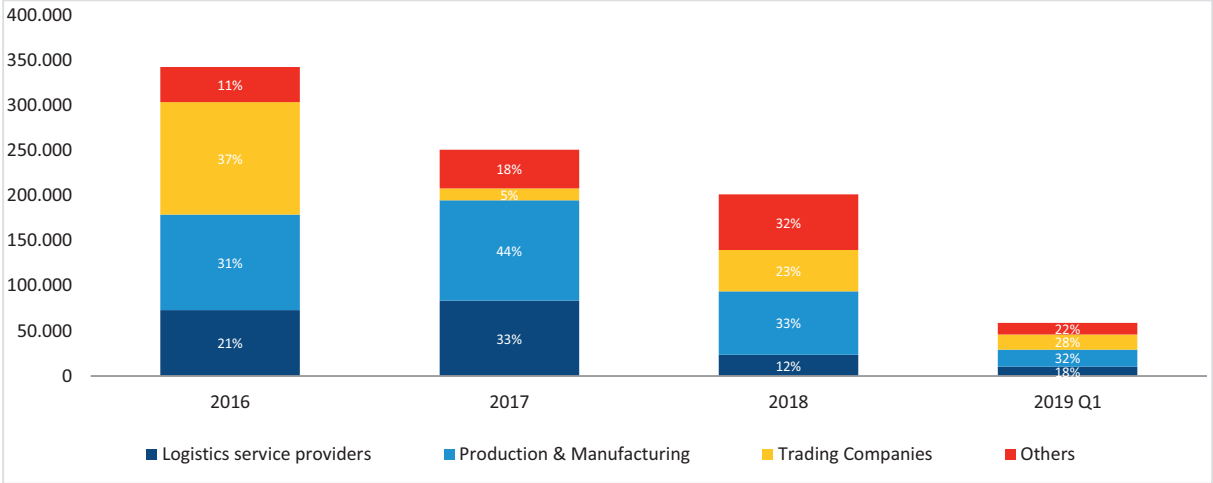
With a current vacancy rate of about 1.4%, very little space is available on the Munich market and rent levels continue to rise as a result.

**Figure 67: Take-up of industrial & logistics space in Munich (in sq m)**



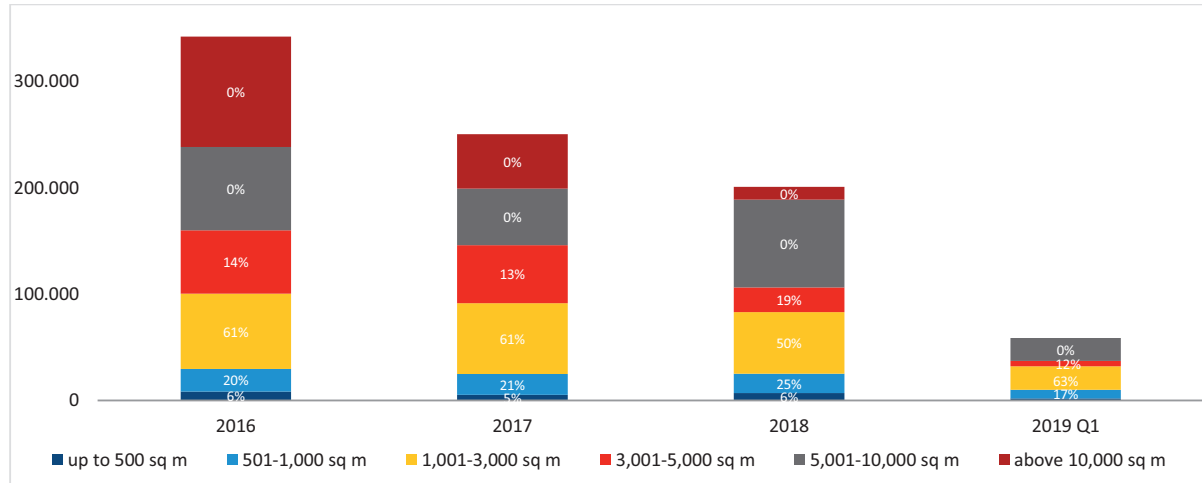
Source: Colliers International

**Figure 68: Take-up according to Branch (in sq m)**



Source: Colliers International

**Figure 69: Take-up according to Size Category**

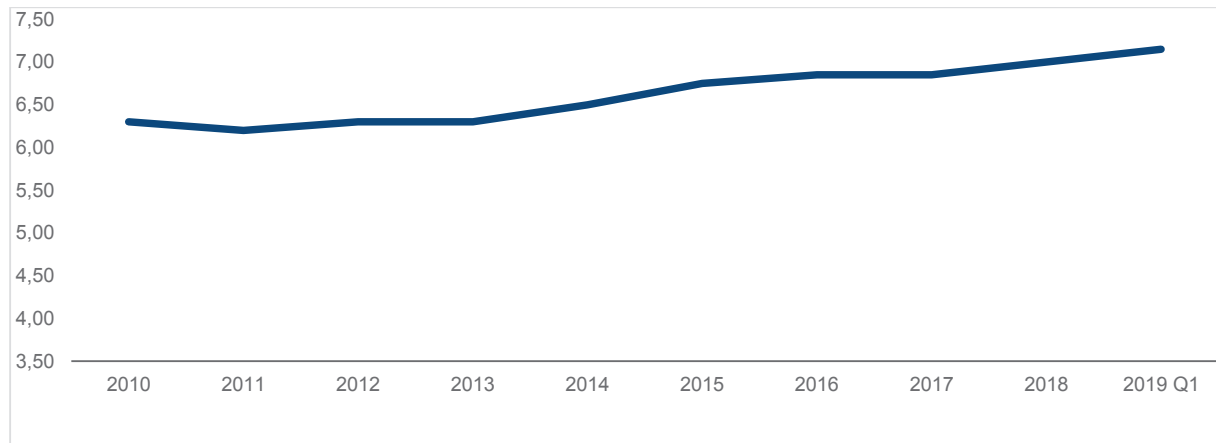


Source: Colliers International

#### 4. Prime and average rent (without incentives)

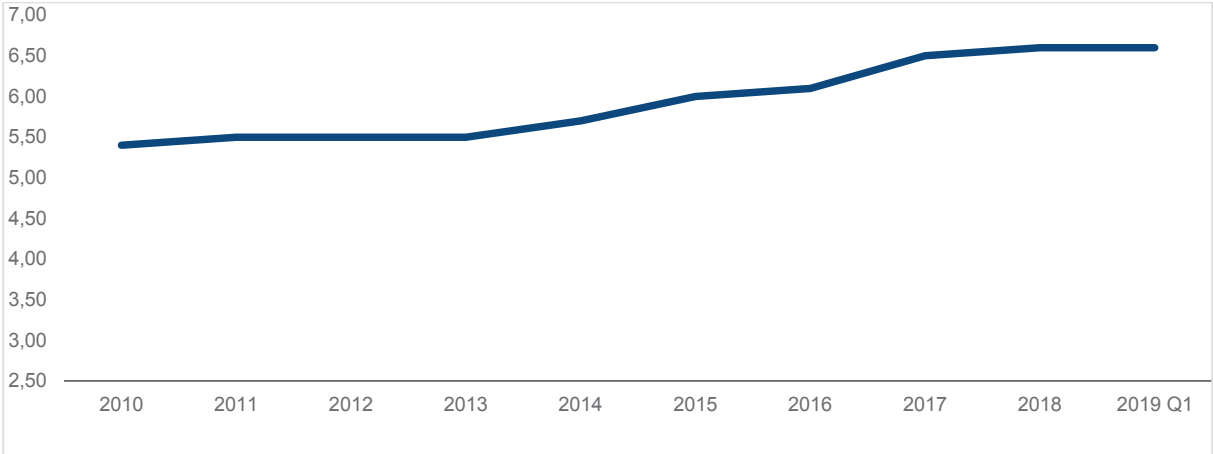
Prime rents for modern logistics units of over 3,000 sq m were up another 2% yoy to a current €7.15 per sq m. Tenants continue to pay these prime rents for space in the North-East Outskirts submarket near the airport. Rents being paid for modern light industrial space within city limits are much higher, with some units going for up to €14 per sq m. Average rents increased as well in the last 12 months, climbing to a current €6.60 per sq m. This underscores the point that even existing space in older buildings is getting more and more expensive due to the limited supply of new built space.

**Figure 70: Prime Rent Development (in €/sq m/month)**



Source: Colliers International

**Figure 71: Average Rent Development (in €/sq m/month)**



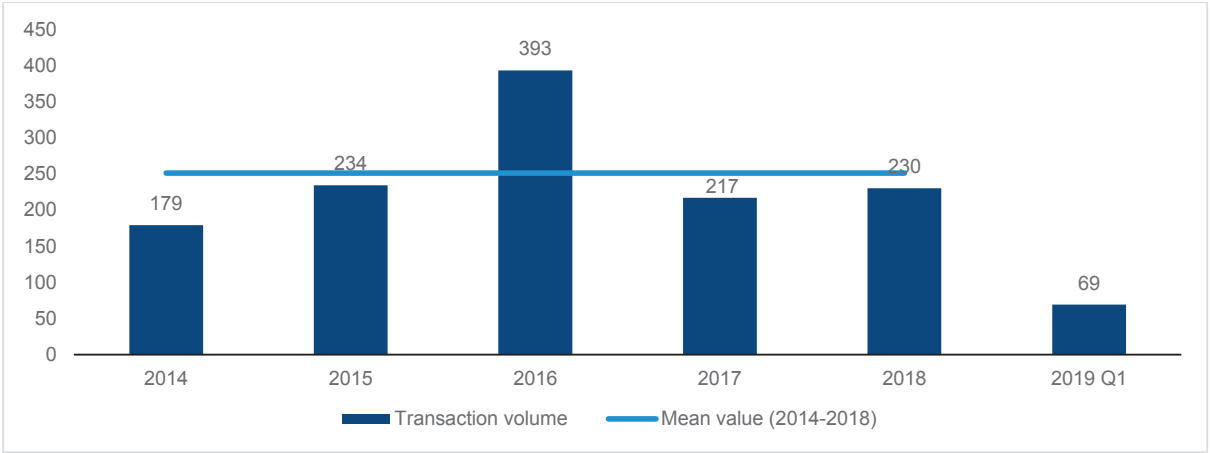
Source: Colliers International

**5. Transaction volumes**

The Munich overall investment market is by far the most expensive market in Germany and there is only a small number of Class A logistics properties within the region, so that a further decline in transaction volume is in sight. With new-build completion activity still low, the supply of core products remains unable to meet high investor demand. This caused a higher demand for alternative investment opportunities such as mixed use and light industrial assets. Looking at the development pipeline, we do not expect the situation to find any relief within the next 2 years.

The market made a moderate start to the new year thanks to the portfolio sale of a total of six new logistics properties by project developer MP Holding. Nevertheless, the market was unable to match the previous year's level due to a lack of investment opportunities and recorded therefor a minus of just under 8%.

**Figure 72: Transaction volume Munich (in € million)**



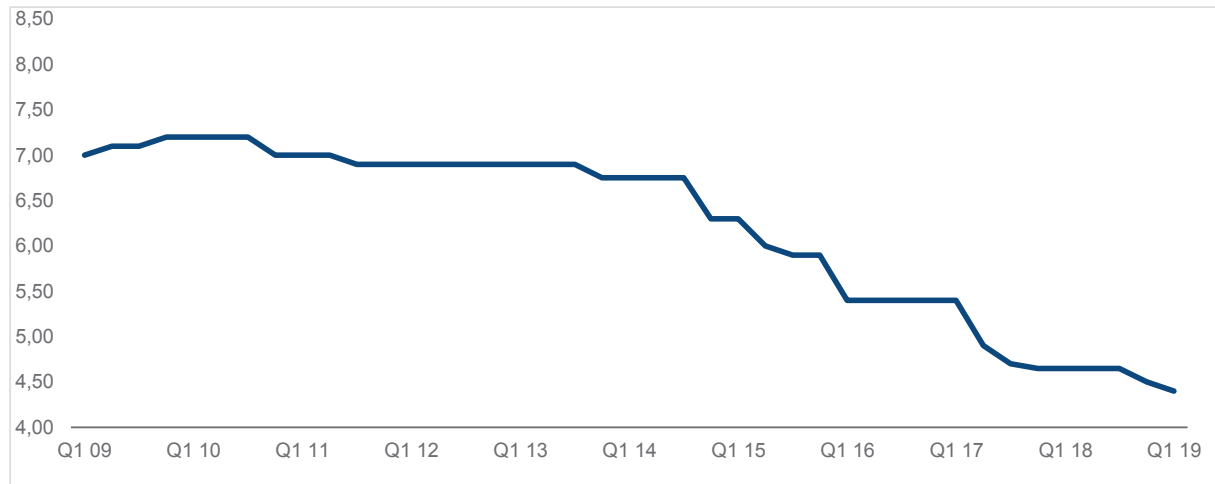
Source: Colliers International



## 6. Yields

Gross prime yields for the latest generation of Class A logistics assets with a lease term of 10 years or more again dropped by 10 bps to 4.4% following a period of stability in the course of 2018. Yield compression for prime assets outside of Germany's top locations continued as well, down a total of 30 bps over the course of the year to 4.6% on average. However, we do not expect that the supply of high-end core products will pick up any time soon. The trend around light industrial assets could paint a different picture, however. Current market conditions point to further downward movement in gross prime yields for this asset class in Munich throughout 2019, if products are available.

Figure 73: Gross Initial Yield (in %)



Source: Colliers International

## V. Münster-Osnabrück-Bielefeld

### 1. Economic overview and location analysis

The Osnabrück, Münster and Bielefeld region is distinguished as a location for many specific and individual logistics services. These are used and permanently further developed by industry and trade in cooperation with efficient logistics services and with the support of universities. With a 7.8% share of the workforce, the logistics sector is one of the most important employers in the region. In addition to internationally active companies such as Brillux, Dr. Oetker and FIEGE Logistics, the location is particularly suitable for medium-sized companies. Numerous medium-sized companies, especially from the contract logistics sector, have their headquarters here. Among the most important settlements of recent years are the new buildings of Hermes Fulfilment (Löhne), Adidas (Niedersachsenpark), B. Braun Melsungen AG (Glandorf), Kaffee Partner (Osnabrück), PSA Peugeot-Citroen (Niedersachsenpark), DSV (Velpe).

The region benefits from its location on the east-west axis from the Netherlands to Eastern Europe and from the German seaports to the Ruhr area.

It has three different locations that offer trimodal transshipment options for combined transport: Rheine freight centre, Osnabrück freight centre and in Gütersloh. The region is also located at an ideal intersection between the A1 motorway that runs north-south, connecting the region with the sea ports in the north of Germany as well as with the Ruhr Valley, the A30 that runs east to west and connects the region with the Netherlands, and the city of Hanover. The Dortmund-Ems Canal, which connects the Ruhr Valley with the North Sea, also provides the region with a link to waterways within Germany and is used mainly to transport bulk goods. The canal is currently undergoing expansion work so as to make it navigable by large motor vessels and is expected to be complete by 2029. Owing to the relatively small volume of air freight, Münster/Osnabrück Airport is not relevant for international distribution, despite the large number of logistics operations located here.

The property is located about 6 kilometres northeast of Bielefeld in an industrial zone which is between the A2 motorway (North Rhine-Westphalia - Hanover) and the B61 federal road (East Westphalia - Bremen). Both connections can be reached within a few driving minutes and without passing through residential areas. The district is also connected to the municipal tram network of Bielefeld and the stop "Schüco" of line 2 is approx. 2 kilometres away from the property.

**Figure 74: Logistics region Münster-Osnabrück-Bielefeld**



Source: Colliers International

## 2. Supply and drivers

The region is one of the logistics areas with a large space potential and good connections to important German highways and the railway network. It is therefore well positioned for future location competition. In addition, the region offers low wage and land costs compared to other logistics regions. This allows short-term space activation even in locations with relatively high demand.

In 2018, the logistics region recorded the highest volume of new construction space, mainly due to a large owner-occupier project development in Ostercappeln (Osnabrück).

**Table 9: Overview of current development projects**

Object	Location	Warehouse space	Building type	Status	Completion
Production hall and logistics centre	Ostercappeln	> 100,000 sq m	Owner-occupied	Under construction	Q1 2020
Logistics centre	Greven	approx. 60,000 sq m	Pre-leased	Under construction	Q4/2019
Logistics centre	Oelde	up to 130,000 sq m	Pre-leased	Under construction	Q3/2019

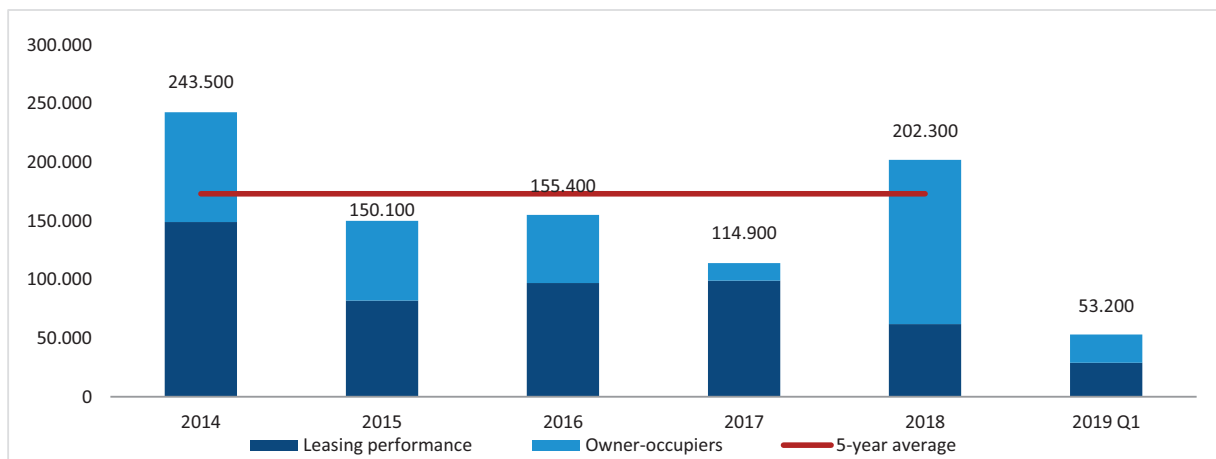
Source: Colliers International

## 3. Demand and drivers

The predominantly medium-sized economic structure with a broad, logistics-related sector mix ensures constant demand for logistics space. There is a comparatively high demand for small-scale logistics spaces up to 10,000 sq m, with high demand coming in particular from logistics service providers and companies in the engineering and food industries. The region is characterised by a high share of owner-occupiers. Their percentage in the region is above the national average.

The construction of a logistics and production centre of over 100,000 sq m by the kitchen furniture manufacturer Häcker Küchen in Ostercappeln is one of the largest new construction projects in Germany in 2018. Another important project development is the expansion of the Fiege logistics centre for the trading company Media Markt-Saturn in Greven (approx. 60,00 sq m).

**Figure 75: Take-up of Industrial & Logistics space region Münster-Osnabrück-Bielefeld (in sq m)**

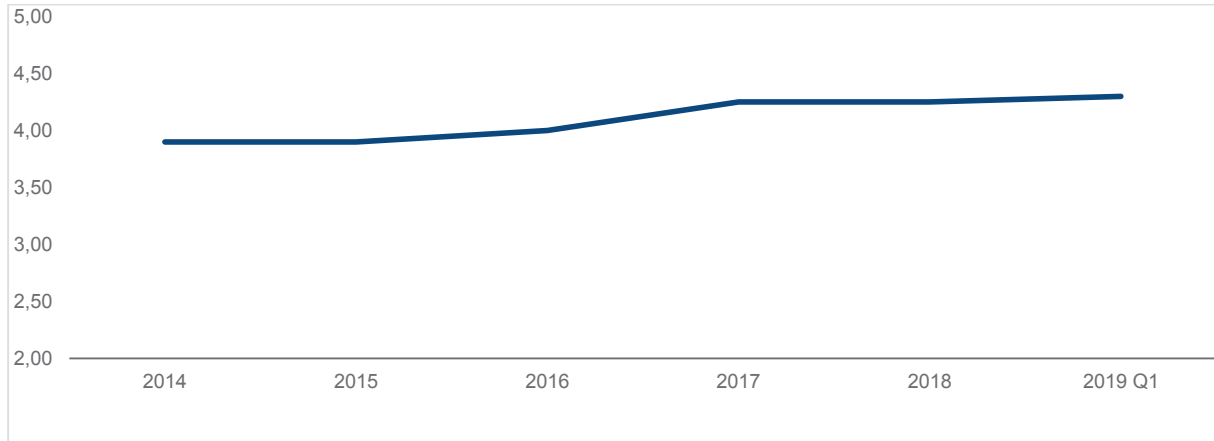


Source: Colliers International

#### 4. Prime and average rent (without incentives)

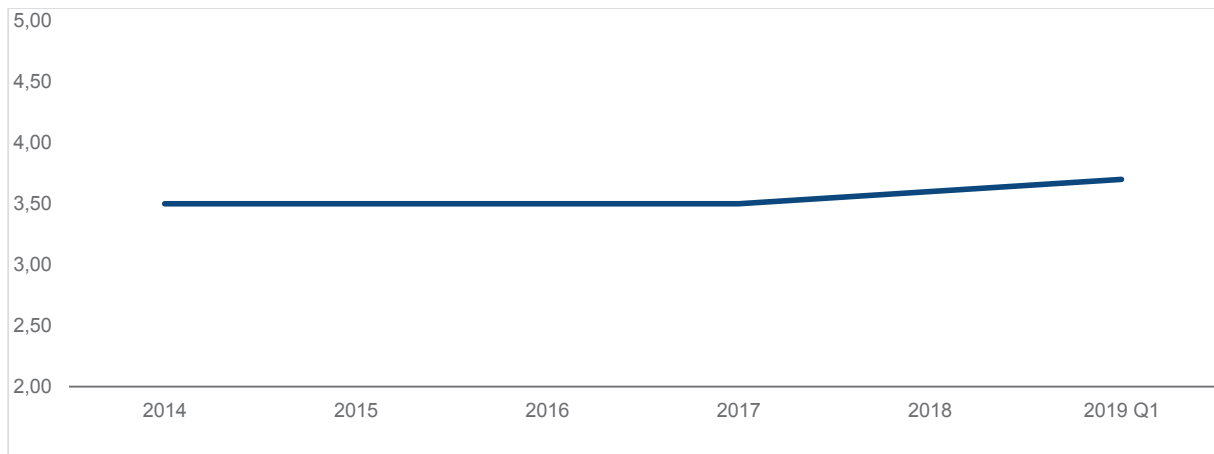
Rental price development has been largely stable in recent years. The current prime rent for modern logistics space in the region is about €4.30/sq m. Rental prices in the region are on an upward trend, with the result that both prime rent and average rent are expected to rise during the year.

**Figure 76: Prime Rent Development (in €/sq m/month)**



Source: Colliers International

**Figure 77: Average Rent Development (in €/sq m/month)**



Source: Colliers International

## 5. Transaction volumes

With an average investment volume of €111 million, the region is one of the established logistics regions in Germany. The region attracts not only German investors, but also more and more interest from international purchasers. Most of the transaction volume is stemmed from single-asset transactions.

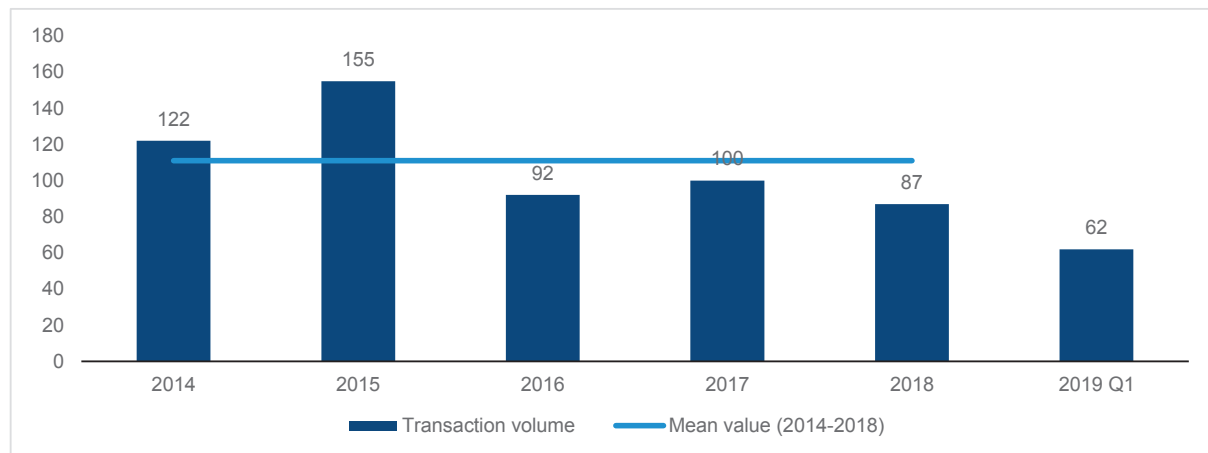
Due to the low availability of products in the TOP 8 markets, logistics regions such as Münster-Osnabrück-Bielefeld will continue to become more attractive to investors in the medium to long term.

The logistics leasing market with its upside rent potential provides a solid basis for the activity we are seeing on the market. With a transaction volume of €62 million, the region got off to an above-average start in 2019.

RLI Investors has acquired a logistics property (approx. 28,000 sq m) for its open special AIF RLI Logistics Fund-Germany II as part of a sale and lease-back transaction.

Furthermore, Barings and Tristan have acquired 34 refrigerated food warehouses in a sale and lease-back transaction with the logistics company Nagel. These also included a property in Borgholzhausen near Bielefeld.

Figure 78: Transaction volume Münster-Osnabrück-Bielefeld (in € million)

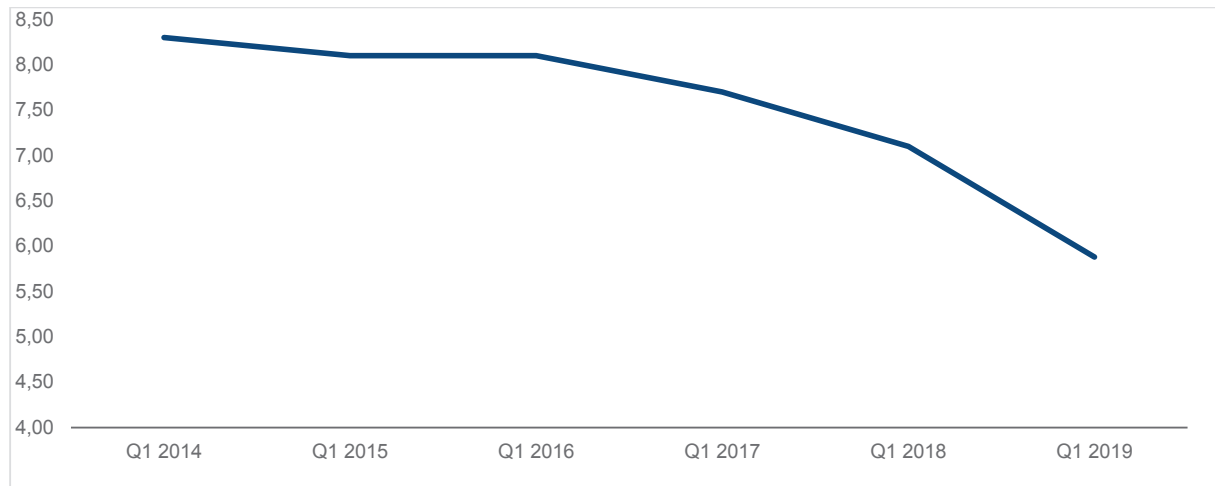


Source: Colliers International

## 6. Yields

The region Münster-Osnabrück-Bielefeld is a potential investment location for both foreign and German investors. The increasing shortage of products in the core locations has ensured that regions like Münster-Osnabrück-Bielefeld benefit from this trend and that the purchase prices for logistics properties have risen immensely in the meantime. Investors are more and more willing to pay for logistics real estate if the overall package is right. The location within Germany is becoming less important as long as there is a proximity to a metropolitan region and a connection to important motorways. This trend was clearly evident in Q1 2019. In the region, yields for logistics properties located in the surrounding of Bielefeld have already been called up well below the 6% mark.

**Figure 79: Gross Initial Yield (in %)**



Source: Colliers International/Bulwiengesa AG

## **VI. Frankfurt am Main / Rhine-Main**

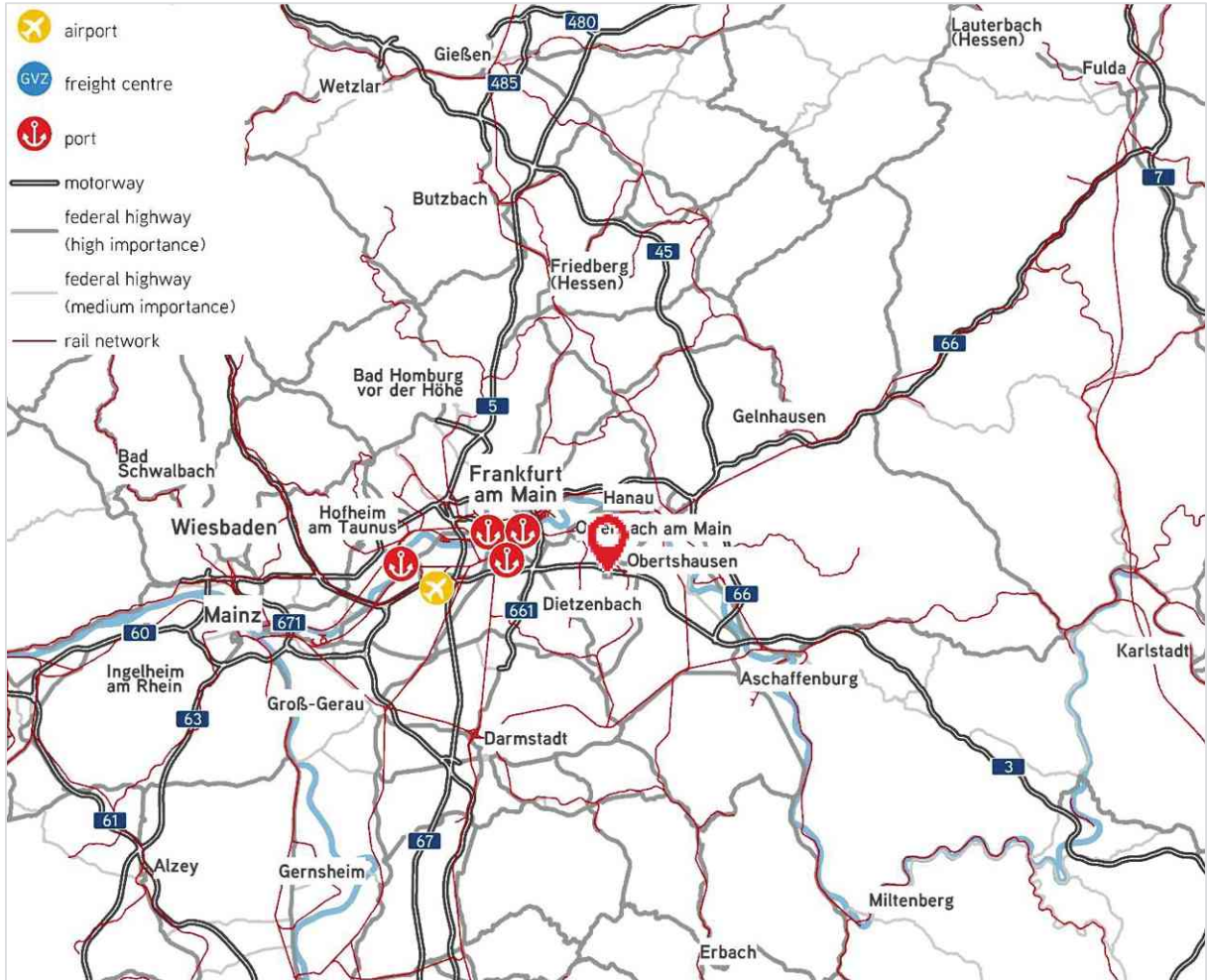
### **1. Economic overview and location analysis**

As one of the top logistics regions in Germany, the Frankfurt-Rhine Main region is highly international and one of the most important global gateways in Europe due to its central location. Every business metropolis in Europe can be reached in a maximum of 3 hours. No other region has shorter distances and faster connections. This is why the location is in great demand, especially among large and internationally active logistics and trading companies. 15 companies of the "Top 100 logistics companies" have settled here. The location is also one of the most important international hubs for air traffic. Frankfurt International Airport is one of the ten largest airports in the world. Rhine-Main is, along with the seaport of Hamburg, one of the most important locations of this type in Germany. Around 500 companies and offices as well as more than 81,000 employees represent the largest local workplace in Germany. With over 200,000 employees, the logistics sector is one of the strongest economic sectors in Hesse.

As far as infrastructure is concerned, the Rhine-Main region is one of the best equipped and top-performing logistics regions in Germany. Frankfurt Airport is the biggest cargo airport in the country in terms of air freight handling and therefore also the most important hub and attraction in the region. Consequently, the region has developed into a leading international import and export location. Thanks to direct access to the motorway, goods can be quickly distributed and those intended for export can be dispatched efficiently. The densely branched network of motorways within the region also facilitates the regional supply of the populous agglomeration. Frequent congestion on some sections of the roads, however, leads to delays here. In the region, the container terminals in Frankfurt and Mainz can be used for combined transportation. Mass and bulk cargo are transhipped through the numerous ports along the Rhine river (Mainz and Gernsheim) and the Main river (Frankfurt, Hanau and Aschaffenburg). Besides this Frankfurt main station is one of the largest train stations within Europe with excellent connections to important and high frequented international railroutes. The most frequented German motorway intersection, the Frankfurter Kreuz, connects the A3 and A5 federal motorways and is used daily by more than 305,000 cars and trucks.

Obertshausen is conveniently located (15 kilometres, 20 car minutes) in the southeast of Frankfurt and is directly connected to the A3 and the two federal roads B448 and B45. In addition, the location is within the suburban railway area and therefore has excellent connections to all public transport systems. The Frankfurt Central Station can be reached within approx. 26 minutes. The international airport is about 20 kilometres away and can be reached directly via the A3. The property is located only a few hundred meters from the A3 motorway. There are also no residential areas in the surrounding area.

Figure 80: Logistics region Frankfurt am Main / Rhine-Main



Source: Colliers International

## 2. Supply and drivers

Supply is not sufficient to meet ongoing high demand at the moment. This particularly applies to the large-scale segment, where demand is primarily being satisfied by new-build developments. As a result, the new-build segment accounted for almost 71% of total take-up in 2018, claiming eight of the year's ten largest deals. Land sites in excess of 30,000 sq m became even harder to find in 2018 as several were snapped up. Property developers and occupiers therefore have to be increasingly flexible when it comes to location and be willing to accept subpar options among other drawbacks. This excess demand and shrinking supply of land sites is encouraging property developers to take more risks with speculative or partly speculative developments. One such development is the multi-user logistics park, Panattoni Park Frankfurt-Ost, encompassing around 28,000 sq m of logistics space, which is being developed at a filled-in former gravel pit in Rodenbach. Another speculative development is the logistics park being built by property developer P3 in Pfungstadt, comprising around 12,500 sq m.

**Table 10: Overview of current development projects**

Object	Location	Warehouse space	Building type	Status	Completion
P3 Logistics Park	Pfungstadt	12,500 sq m	Speculative	Under Construction	2020
Industrial – and Logistics Park Lich (Dietz AG)	Lich (Gießen)	100,000 sq m	Speculative	Planned	2019/2020
Panattoni Park Frankfurt-Ost	Rodenbach	28,000 sq m	Speculative	Under Construction	Q2/2019

Source: Colliers International

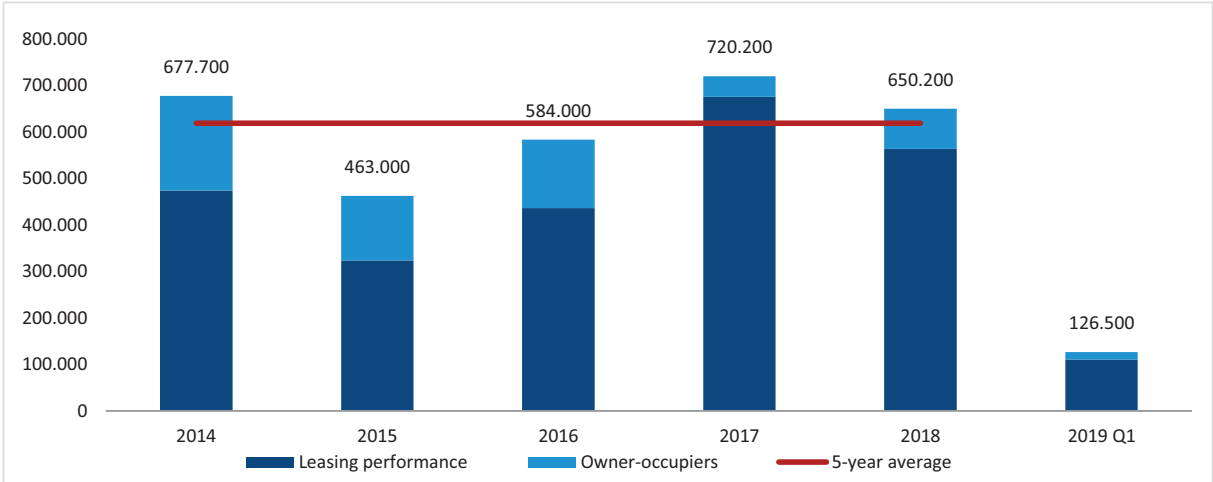
## 3. Demand and drivers

The Frankfurt industrial and logistics real estate market was able to match the previous year's record performance in 2018. Take-up was recorded at just under 650,200 sq m, exceeding the 10-year average by 10%. This exceptional result has again put the region in first place in a Germany-wide comparison. Net take-up (excluding owner-occupiers) came to roughly 563,600 sq m (-17%). The largest-scale lease was signed in the final quarter of the year by logistics provider RWL for a 39,000 sq m logistics new-build in Trebur. The breakdown of tenant groups was similar to that of the two previous years: Almost half of take-up can be attributed to the transport and logistics sector, followed by retailers with a market share of 20%. Manufacturing companies and other sectors came in practically neck-and-neck, accounting for around one-third of total take-up combined. As in the previous year, the space segment over 5,000 sq m claimed the lion's share of total take-up. Leases signed for units larger than 10,000 sq m generated three quarters of total take-up alone. In addition to the Trebur transaction, this result can be attributed to the lease signed by logistics provider ID Logistics for around 38,500 sq m of logistics space in Hammersbach and the lease signed by REWE for about 32,500 sq m in Kelsterbach.

In the first three months of 2019, the Frankfurt industrial and logistics market achieved a total take-up of around 126,500 sq m and was therefore unable to match the previous year's result (-24%). Current new projects such as the Panattoni Park Frankfurt-Ost in Rodenbach and the development of P3 in Pfungstadt (approx. 12,500 sq m) could boost take-up in the coming months.

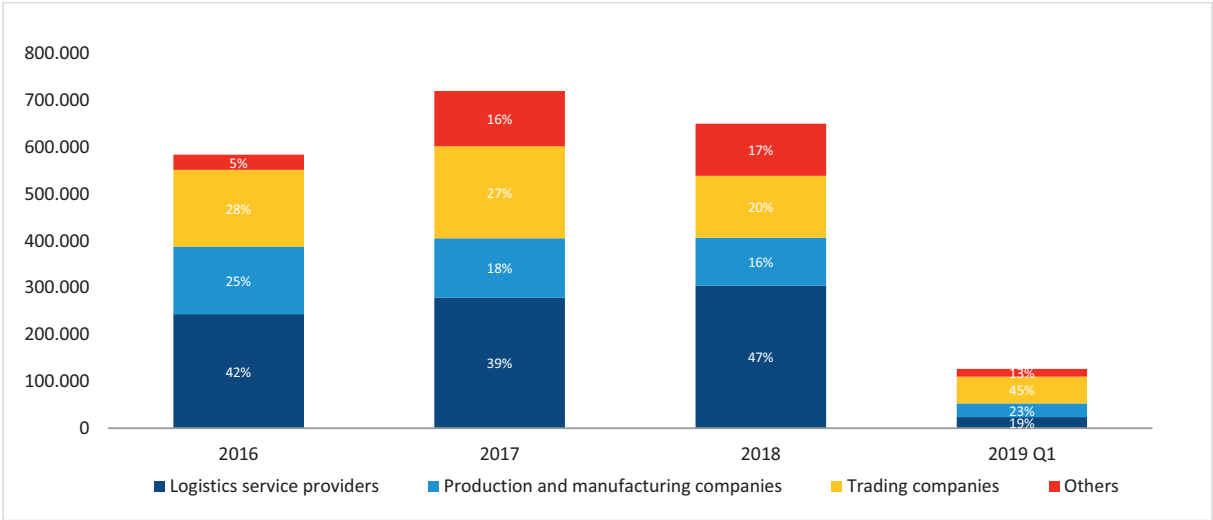


**Figure 81: Take-up of Industrial & logistics space in Frankfurt / Rhine-Main (in sq m)**



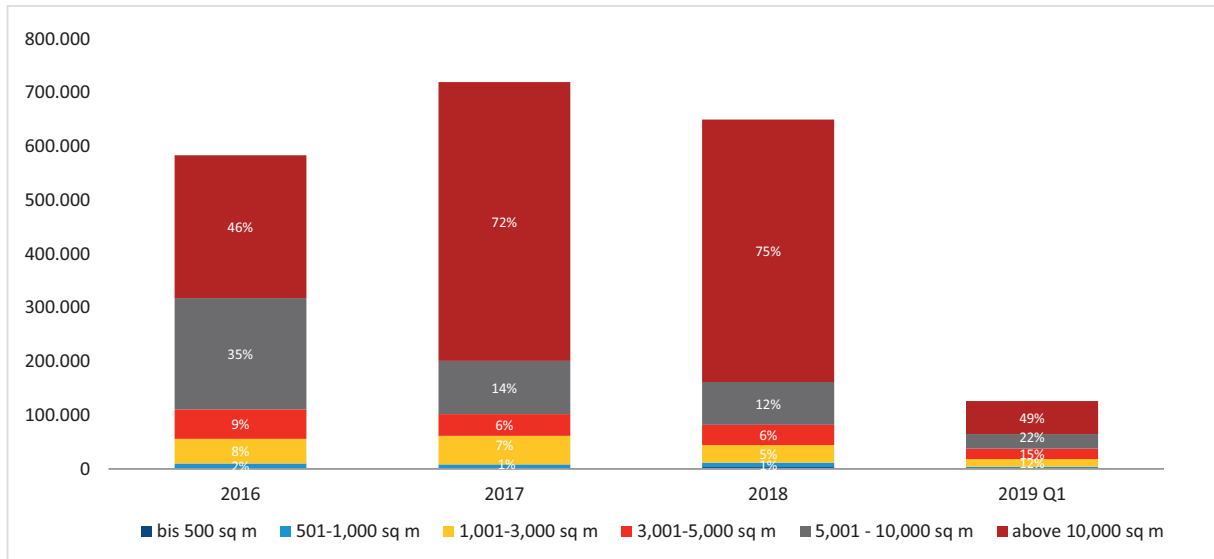
Source: Colliers International

**Figure 82: Take-up according to Branch (in sq m)**



Source: Colliers International

**Figure 83: Take-up according to Size Category**

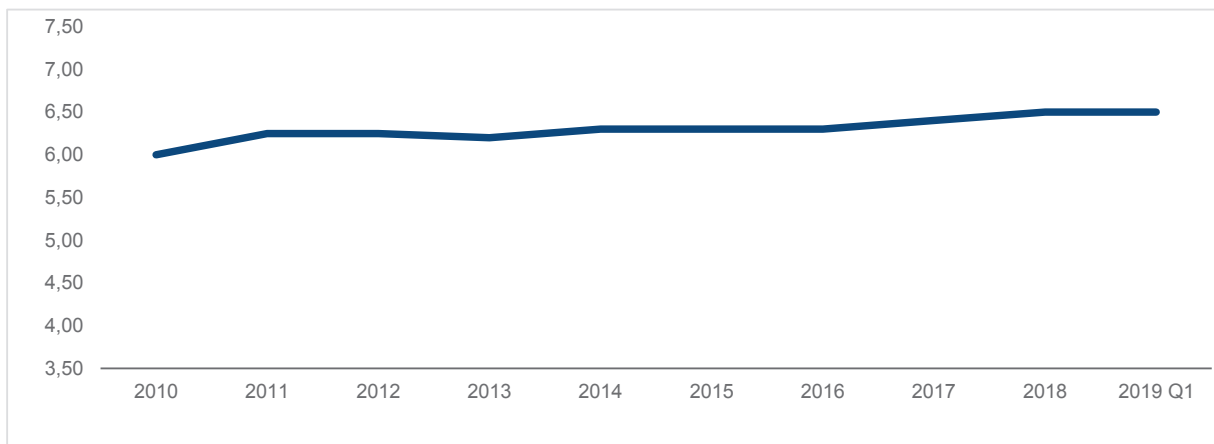


Source: Colliers International

#### 4. Prime and average rent (without incentives)

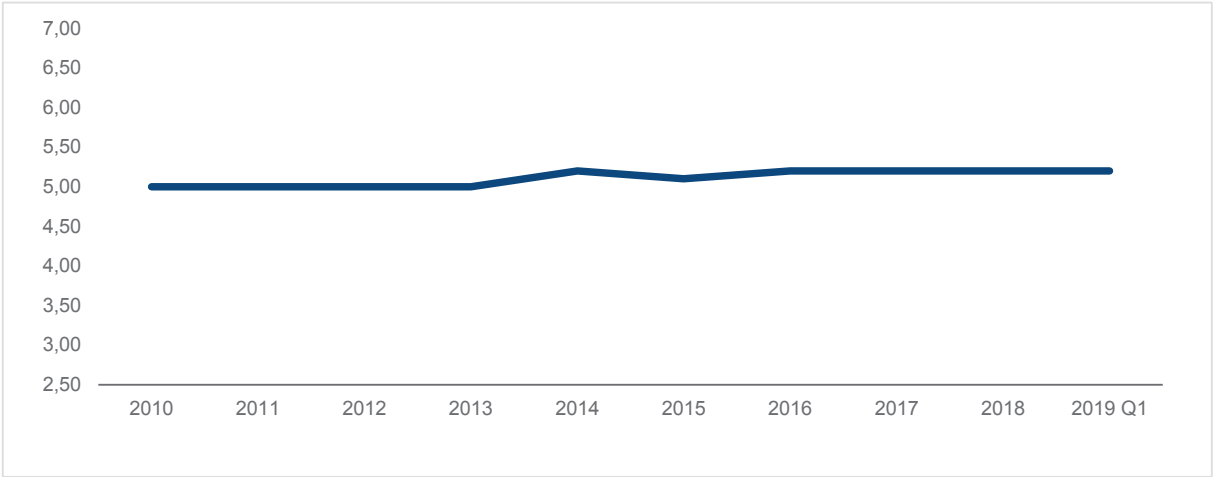
At the end of last year, the prime rent for modern space over 3,000 sq m rose by 2% and currently stands at €6.50 per sq m. This price level is mainly achieved in the submarkets of Frankfurt am Main and in the district of Groß-Gerau near the airport site. Average rent remained stable at €5.20 per sq m. That makes the Rhine-Main region one of the three most expensive logistics locations in Germany along with Munich and Stuttgart.

**Figure 84: Prime Rent Development (in €/sq m/month)**



Source: Colliers International

**Figure 85: Average Rent Development (in €/sq m/month)**

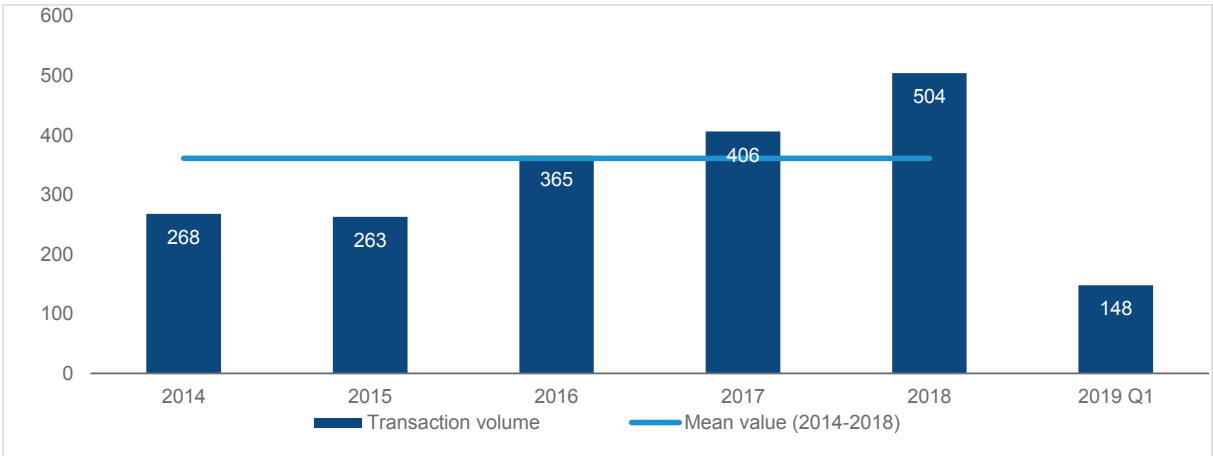


Source: Colliers International

**5. Transaction volumes**

The Frankfurt investment market is one of the most sought-after investment markets in Germany and currently offers a higher range of Class A logistics real estate products than other markets such as Munich, Stuttgart and Hamburg. For this reason, the development of the transaction volume is quite satisfactory. Since 2014, the market has continuously achieved double-digit growth rates. A new record high was reached last year. Around €504 million was achieved through investments in industrial and logistics properties. Although the total number of properties sold was the same as in 2017, the total transaction volume was 24% higher last year. Among other things, the acquisition of Alpha Industrial boosted the market with properties in Obertshausen, Egelsbach, Hanau and Dreieich, but also the sale of the Optimus Prime portfolio (total value € 520 million, 21 properties) had an impact on the investment market. The majority of transactions were concentrated primarily in the southern submarkets of Frankfurt. Only three transactions with single-digit volumes were carried out in the Frankfurt city area. In Q1 2019 only the Frankfurt/Rhine-Main region was able to match the previous year's result and recorded an increase of 15%. The largest demand in the market comes predominantly from asset managers, who generated around 45% of the total transaction volume in 2018 and 48% in Q1 2019.

**Figure 86: Transaction volume Frankfurt am Main / Rhine-Main (in € million)**

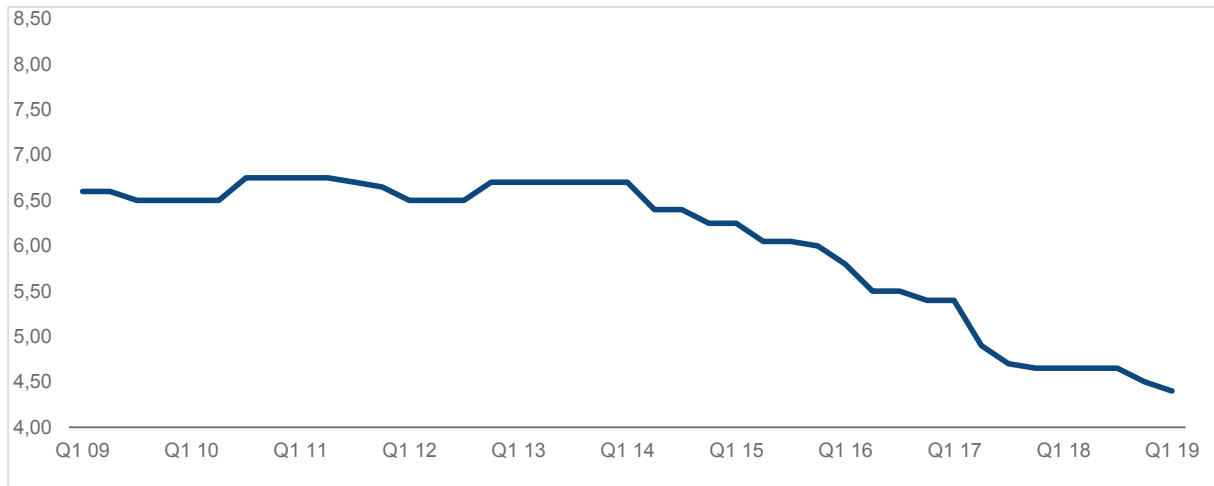


Source: Colliers International

## 6. Yields

Due to continuing high demand, the yields remain low, and yield compression will continue in the second quarter of 2019. Frankfurt is one of the most attractive logistics investment locations in Germany. In these top investment markets, gross initial yields of 4.4% are currently possible. It no longer makes any difference whether the property is located in Hamburg, Frankfurt or Berlin, as long as the condition of the property, the lease terms and the tenant are attractive to the investor. Initial gross yields will likely fall further in the course of the year due to the current competition for the coveted logistics properties.

Figure 87: Gross Initial Yield (in %)



Source: Colliers International

## VII. Berlin / Brandenburg

### 1. Economic overview and location analysis

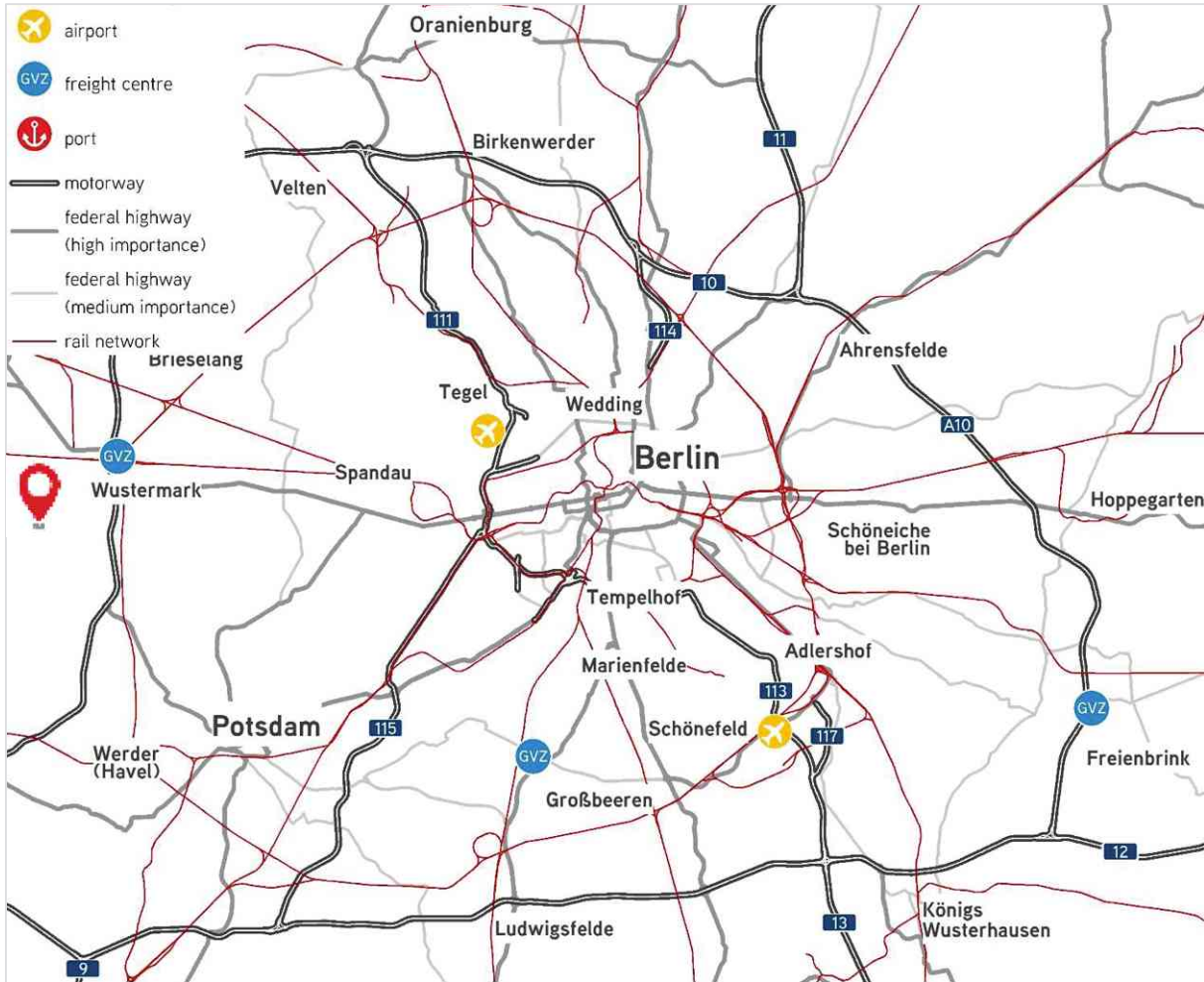
Berlin is Germany's world-stage metropolitan region. It has long since transformed from an insider tip to a key player on an equal footing with the world's great cities such as Paris, London and Rome. There are many companies locating to the economic region, expanding and attracting highly qualified staff from other areas in Germany and abroad. These companies benefit from the central location, the highly developed infrastructure, a vibrant economic environment and access to a huge pool of highly qualified staff and senior management. Berlin has seen the greatest increase in absolute and relative office employment numbers amongst Germany's top locations. The core sectors are mechanical and electrical engineering and chemicals/pharmaceuticals, amongst others. There are around 40,000 new company formations every year in Berlin, thus it remains the undisputed start-up capital of Germany. The capital is particularly appealing for founders in the creative sectors and TMT-sector. Berlin is a leading global location for business start-ups with the world's best growth potential.

Logistics sites in the commuter belt around Berlin are well linked to the capital city and to the logistics transshipment facilities through the motorway ring road surrounding the city and its numerous junctions. The three freight centres in Großbeeren, Freienbrink and Wustermark just outside of Berlin provide great potential for multimodal transshipment. Of these, the freight centre of Großbeeren (to the south of Berlin) is the busiest and one of the most successful freight centres in Germany and Berlin plays a major role for international transport to and from

Eastern Europe. For the regional supply of the agglomeration, this combination of several transshipment centres in the outskirts and the dense urban network of motorways provides an efficient means of supplying goods. Until the new Berlin Brandenburg Airport is opened, air freight is still primarily handled by Tegel, but also to some extent by Schoenefeld. Goods can also be shipped within the region by inland waterway; this is possible both in Berlin itself and in Wustermark. Berlin has two international airports which are located in the greater city area. In terms of passenger numbers, the Berlin Tegel airport, which is in the north of Berlin (15 minutes by car from the centre), ranks fourth in Germany and 26th in Europe. Another international airport (Berlin-Schönefeld) is located in the south of Berlin as well as a new much larger airport BER-Airport which is currently being built to replace the two airports Schoenefeld and Tegel.

The industrial zone “Etzin” is located about 43 kilometres west of Berlin in the municipality of Ketzin. To the east of the municipality runs the important A10 federal motorway (Berlin Ring Motorway) with the Potsdam-Nord junction (approx. 8 kilometres away). The "Marquardt" railway station is located in the immediate vicinity on the Jüterborg-Nauen railway line, which is served by the regional railway line RB 21 (Wustermark-Potsdam main station). The multimodal freight centre Wustermark is only a few kilometres away from the location. In Etzin itself, the expansion potential is very high and residential areas are a few kilometres away.

Figure 88: Logistics region Berlin / Brandenburg



Source: Colliers International

## 2. Supply and drivers

Especially in the southern and western periphery, a number of project developments are in progress that will ensure the supply of space in the course of the year. However, the persistently high demand for inner-city space continues to be offset by an inadequate supply, so that applications here can only be served to a limited extent. Currently Berlin is the most active region in the first quarter of 2019 with approx. 125,000 sq m of new built space: e.g. the construction of a parcel centre of Deutsche Post DHL and a new branch of Chefs Culinar - both with 40,000 sq m each in Ludwigsfelde; as well as an approx. 35,000 sq m logistics centre for Amazon in Schönefeld in the south of Berlin. The Berlin/Brandenburg region has a higher number of property developers working on logistics and industrial parks than any other region in Germany. However, Berlin is beginning to struggle with increasing supply bottlenecks. The availability of land in top locations has continued to decrease in recent years.

**Table 11: Overview of current development projects**

Object	Location	Warehouse space	Building type	Status	Completion
Deutsche Post DHL / Distribution Centre	Ludwigsfelde	40,000 sq m	Owner-Occupier	Under construction	Q2/20
Chefs Culinar / Logistics Centre	Ludwigsfelde	40,000 sq m	Owner-Occupier	Under construction	Q2/20
Distribution Centre (1 <sup>st</sup> phase)	Schönefeld	35,000 sq m	Speculative	Under construction	Q4/19

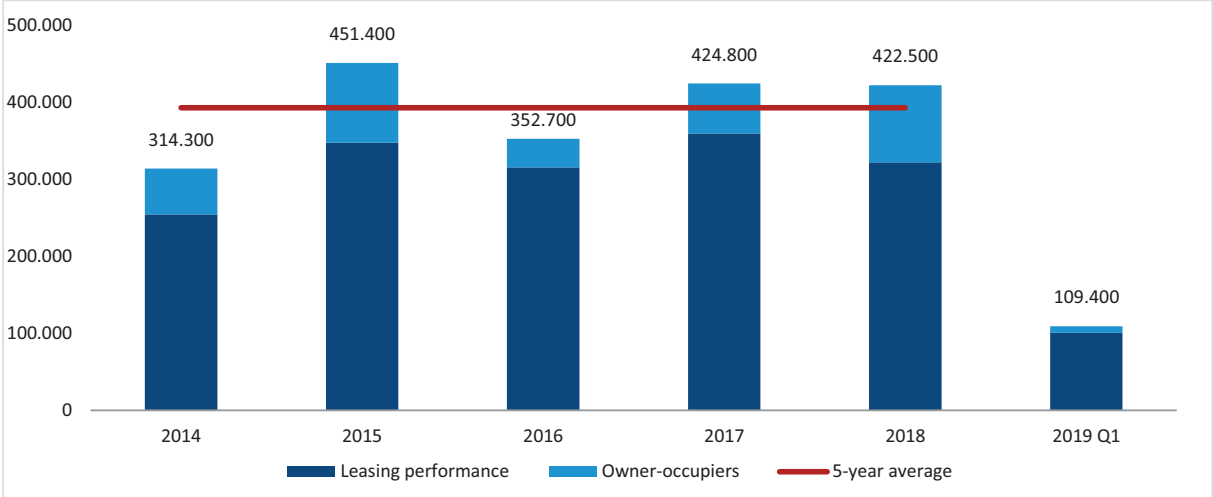
Source: Colliers International

## 3. Demand and drivers

Berlin is the most important market in Germany, in particular for e-commerce. The link between retailers and courier, express and parcel service providers is stronger in Berlin than anywhere else in Germany. As a result, demand is mainly dominated by international (online) trading companies. Every year, Berlin/Brandenburg convinces a large number of companies such as Amazon, Zalando, ASOS and Co., which are attracted by Berlin's high population density, purchasing power and international reputation as a fashion metropolis. Due to its location, the logistics activities are primarily geared to supplying the German capital. In 2018, almost half of take-up was generated by trading companies thanks to high-volume owner-occupier deals such as those signed by wholesaler Chefs Culinar and Deutsche Post at Industriepark 4.0 Eichspitze business park for around 40,000 sq m each which pushed down leasing performance by 10% yoy. The space segment of over 10,000 sq m accounted for more than half of total take-up with five deals even breaching the 20,000 sq m mark. All of these deals were signed in the Ludwigsfelde submarket in the southern Berlin periphery. As such, the latter accounted for more than half of total take-up in terms of location.

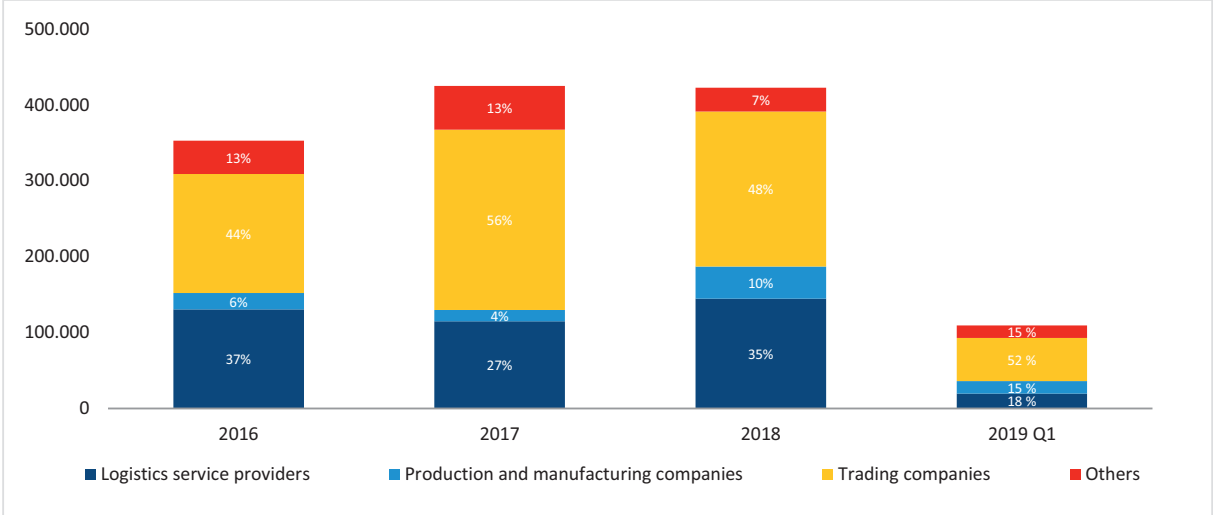
In the first quarter of 2019, demand was particularly high for rental space of less than 3,000 sq m. This size category alone contributed 40 % to the overall result of 109,400 sq m (+75%). Demand is likely to grow even further based on booming e-commerce in major cities and the resulting rise in parcel volumes.

**Figure 89: Take-up of Industrial & Logistics Space in Berlin / Brandenburg (in sq m)**



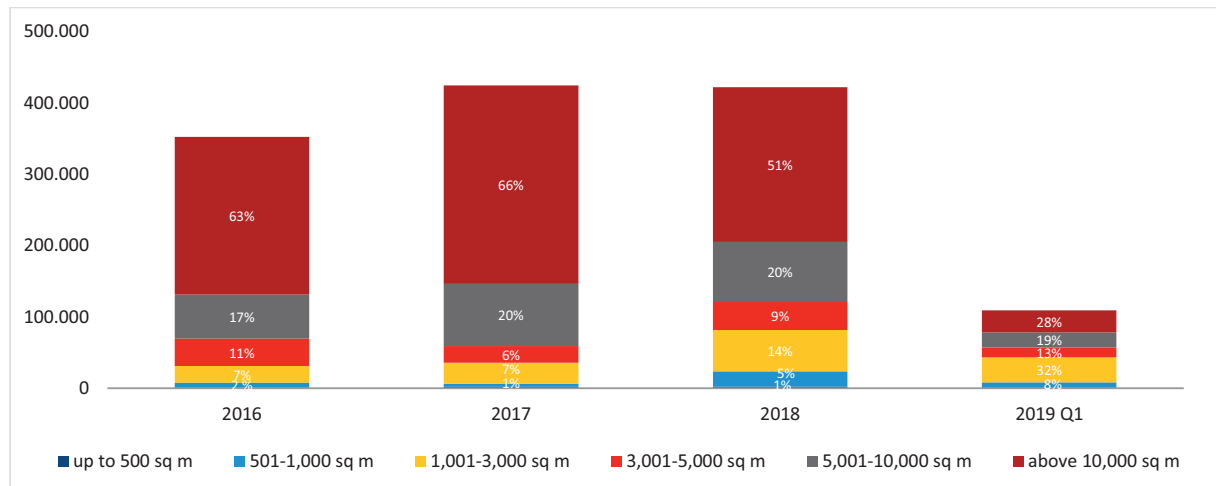
Source: Colliers International

**Figure 90: Take-up according to Branch (in sq m)**



Source: Colliers International

**Figure 91: Take-up according to Size Category**

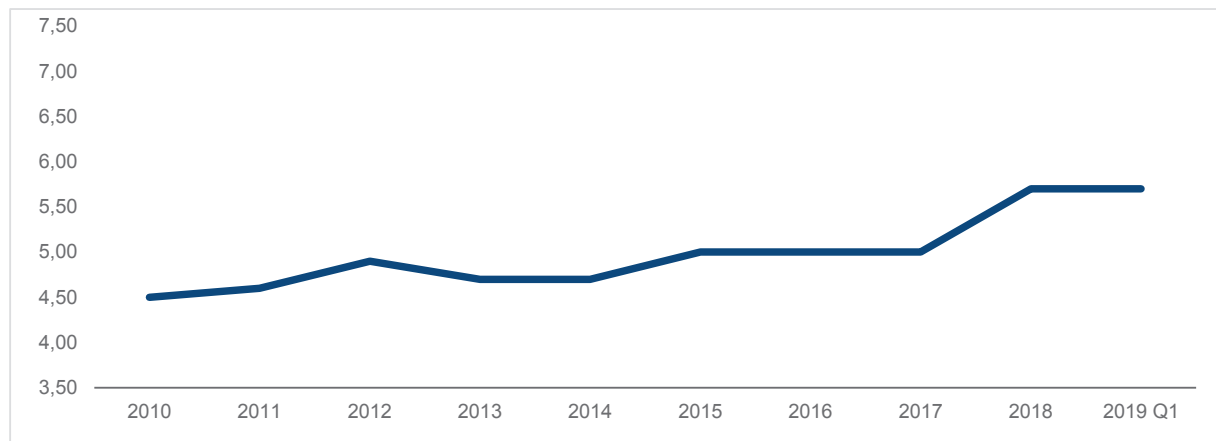


Source: Colliers International

#### 4. Prime and average rent (without incentives)

High demand and the increasing scarcity of space manifested noticeably in higher prices. Prime rent (overall market) increased by a substantial 14% to €5.70 per sq m. Average rent was also up by 11% to €5.00 per sq m due to the increasing lack of stock properties featuring standard market fit out. Berlin is seeing the largest difference in prime rents between the city outskirts and the municipal area of all Germany's 8 top logistics regions. Due to high demand in the city centre and the supply bottleneck, tenants are paying prime rents of €6.70 per sq m for state-of-the-art new-build logistics space in the municipal area. The highest rents in the periphery are being paid in Großbeeren and Schönefeld at €4.50 per sq m. This difference suggests that there is still potential for rental growth in the periphery.

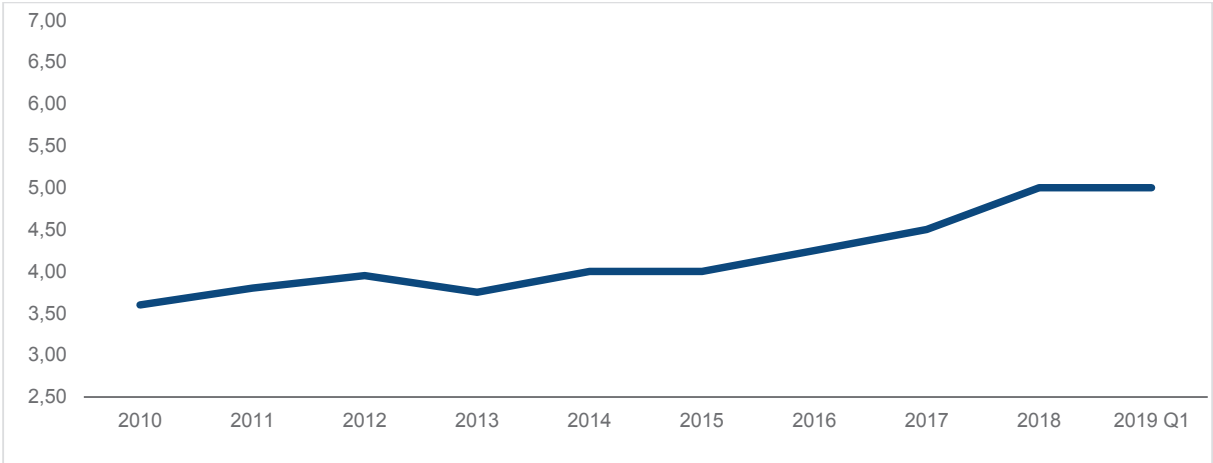
**Figure 92: Prime Rent Development (in €/sq m/month)**



Source: Colliers International



**Figure 93: Average Rent Development (in €/sq m/month)**

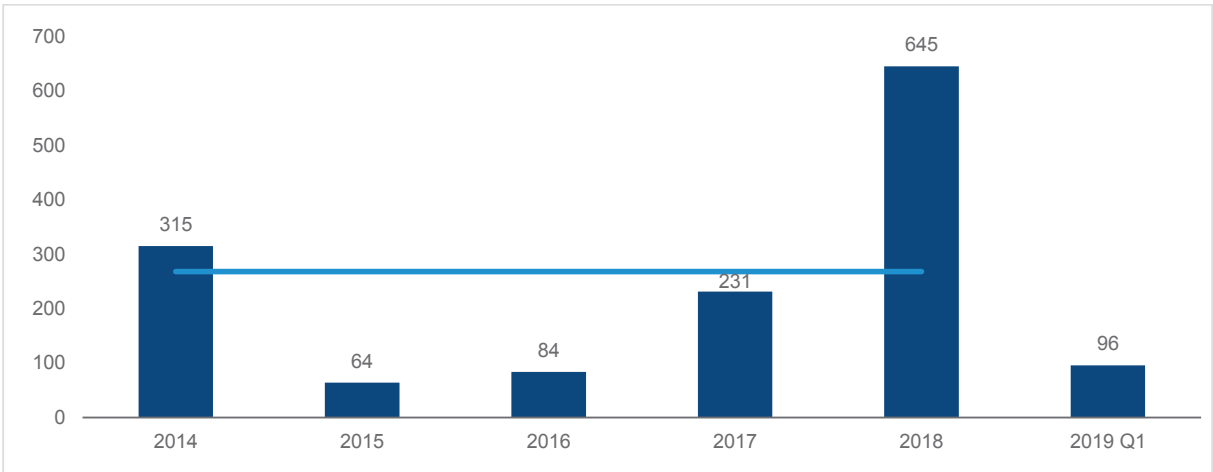


Source: Colliers International

**5. Transaction volume**

An extraordinarily successful 2018 is proof of how attractive Berlin continues to be among both German and foreign investors. The Berlin investment market saw lively activity throughout all asset classes and locations. In 2018, the Berlin Market recorded a new all-time high investment volume of €645 million, reflecting an increase of 148% compared to previous years result. Several portfolio deals changed hands in Germany which have given Berlin a big boost. The Optimus Prime portfolio initially held by Beos Corporate Real Estate Fund Germany I under German asset/fund manager Beos AG, was sold for over €500 million to investment firm Helaba Invest in 2018. The transaction encompassed 21 German industrial properties with a total rental area of over 565,000 sq m, whereof seven properties are located in the Berlin city area. (Volume approx. €130 million). The largest transaction in 2018 was the takeover of Beos’ industrial property “Dock 100” for over €100 million which was transferred to the BEOS Fund CREFG III. In total, 27 transactions with an average deal size of €24 million have been recorded in 2018. Especially light industrial assets are becoming more and more popular and Berlin offers a variety of modern properties of this kind.

**Figure 94: Transaction volume Berlin / Brandenburg (in € million)**

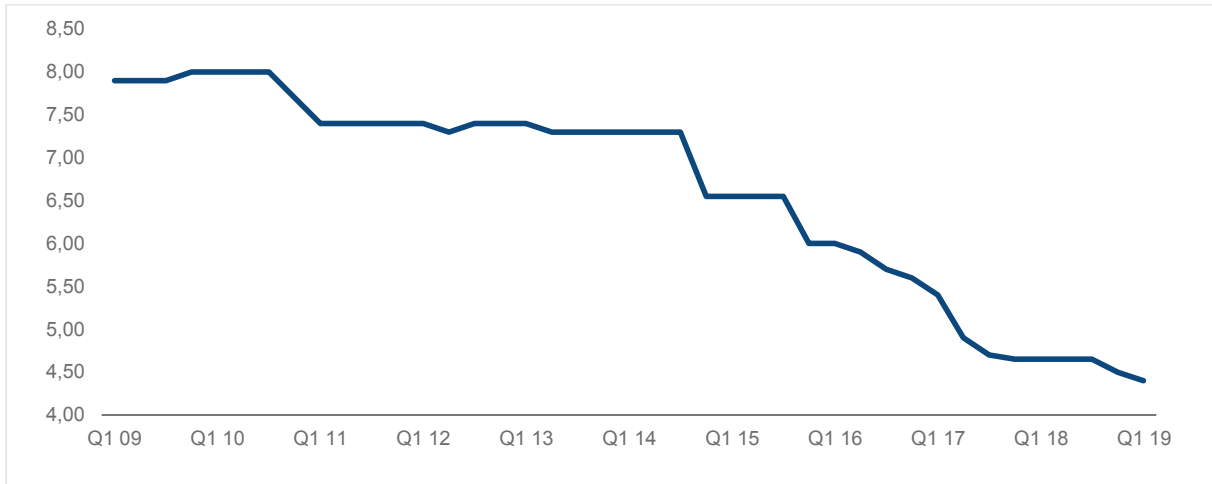


Source: Colliers International

## 6. Yields

Like Frankfurt, Munich and Stuttgart, Berlin belongs to the main investment markets for industrial and logistics real estate in Germany. Since the highly competitive pressure is having an impact on current purchase prices, a further decline in gross yields can be expected in these markets and gross initial yields under 4.4% are likely.

**Figure 95: Gross Initial Yield (in %)**



Source: Colliers International



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*Research Report  
Jones Lang LaSalle Incorporated*

# *Australian Industrial & Logistics Market Overview*

July 2019

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# 1. Economy and Outlook

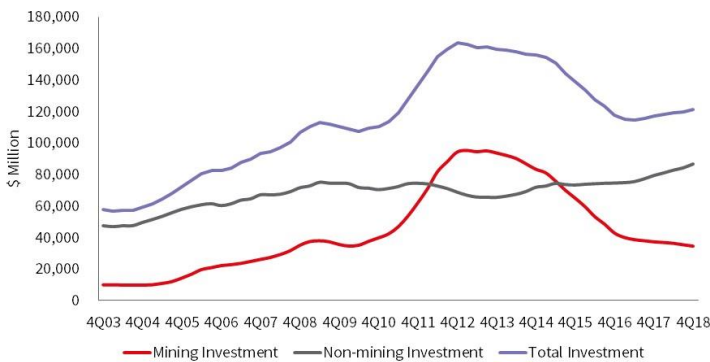
## GDP growth and key contributors

The Australian economy has continued to transition from mining and dwelling investment to non-mining investment, supported by strong public infrastructure spending.

The economy grew by 0.2% in the December 2018 quarter, and 2.3% year on year attributed by subdued household spending, decline in dwelling investment and some temporary factors such as the disruption to resource exports and the effects of the drought.

The main growth sector of the economy was government consumption, which grew by 1.8% over 4Q18. Public investment also remained at elevated levels. Household consumption growth remained positive, growing by 0.4% quarter on quarter, while dwelling investment continued to decline from its previous high levels.

**Figure 1: Mining versus Non-Mining Investment in Australia, \$million per annum**

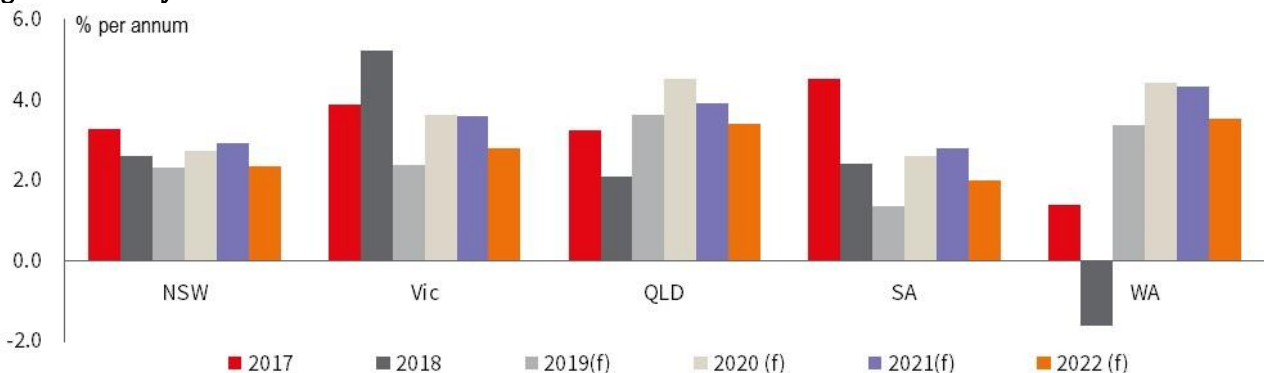


Source: Australian Bureau of Statistics (Cat 5625), JLL Research

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

With the exception of Western Australia (WA) (-1.6% y/y), all states reported moderate to strong economic growth in 2018. Victoria (VIC) recorded the strongest growth rate at 5.2% while New South Wales (NSW), Queensland (QLD) and South Australia (SA) recorded growth of between 2% and 3%. NSW is expected to lead the way in 2019. The resource rich states of QLD and WA are expected to outperform the other states between 2020 and 2022 following relatively weak performance in recent years.

**Figure 2: State by State Economic Growth – State Final Demand**



Source: Australian Bureau of Statistics, Deloitte Access Economics (1Q19), JLL Research

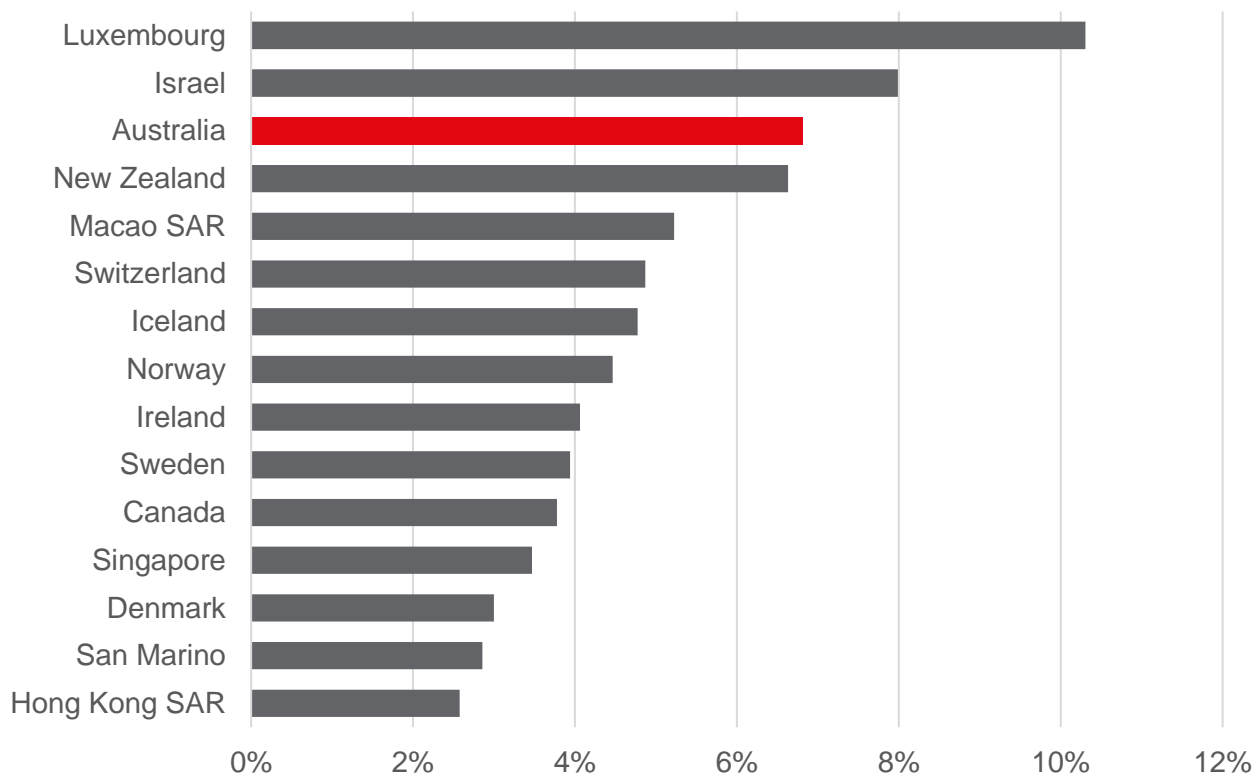
Differences in state economic performance has been reflected in the performance of industrial markets nationally. The NSW and VIC industrial markets have experienced strong levels of demand for quality new space for an extended period while enquiry levels have improved more recently in QLD and SA.

## Population growth

Population growth has been a vital element in Australia’s economic growth, growing at a relatively strong 1.6% per annum (or 395,100 persons) over the year to September 2018. The major contributor to growth has been net overseas migration, which grew by 240,100 people. Victoria has experienced the strongest recent growth, expanding by 2.2% over the year to September 2018, or an additional 139,700 residents reaching a total of 6,497,700 residents.

Australia’s projected population growth rate over the next five years ranks 3rd amongst the world’s advanced economies.

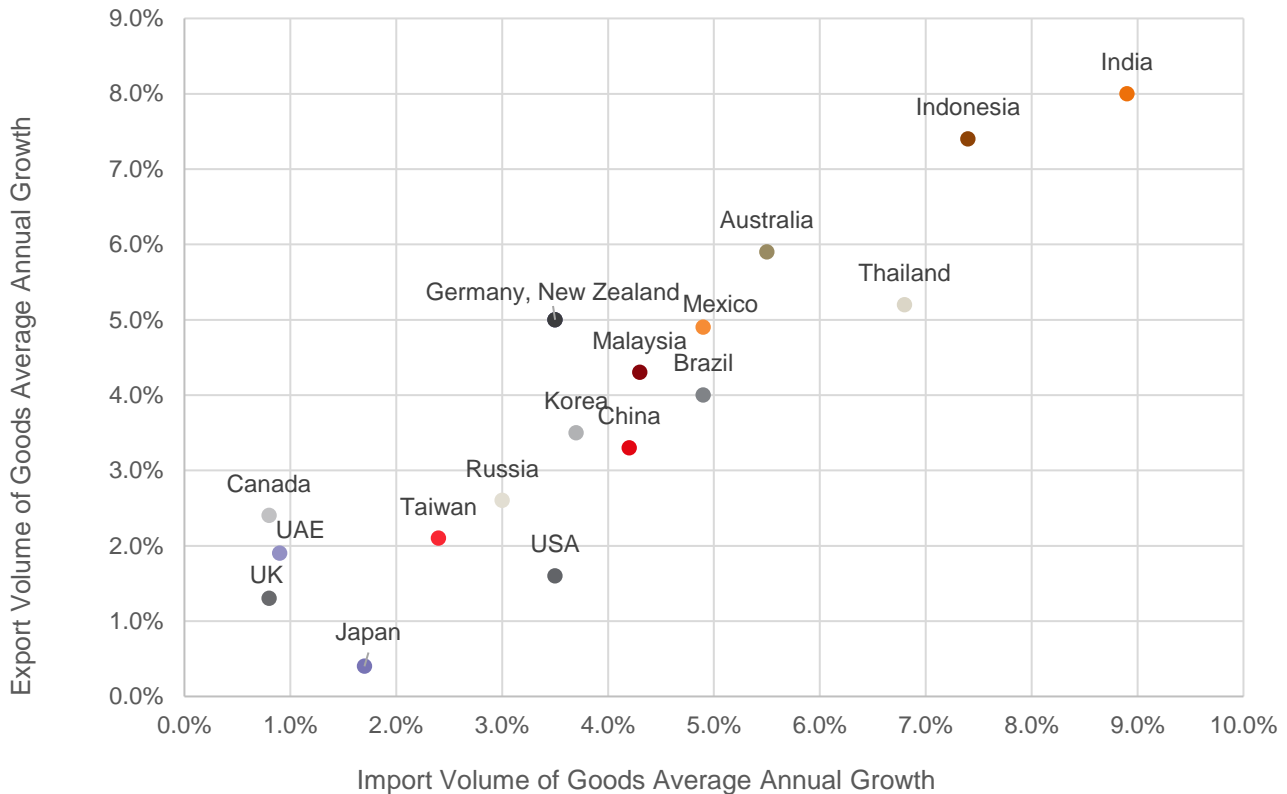
**Figure 3: Population Growth Projection, 2019 to 2023 (Top 15 Advanced Economies)**



Source: IMF / JLL Research

The IMF forecasts Australia’s rate of growth in the volume of import and export of goods to 2023 will increase relative to historical trends, with the average annual rate of growth in imports forecasted at 5.5% and exports at 5.9% between 2018 and 2023. This projection is stronger than many of Australia’s major trading partners.

Figure 4: Projected growth rate in the volume of imports and exports, 2019 to 2023



Source: IMF / JLL Research

### Inflation, interest rates and bond yields

Inflation remains below the RBA’s medium-term target of 2-3% and is likely to remain low in the near term. The Consumer Price Index (CPI) was stable in the March quarter and increased by 1.3% over the year to March 2019. Low wages growth has also pushed inflation levels below the RBA’s target range. The outlook for inflation is consistent with the inflation target of 2-3%, with inflation expected to be around 2.5% in the medium term.

At its monthly meeting in June the RBA lowered the overnight cash rate by 25 basis points to 1.25%, which is the first rate cut since August 2016. Earlier in 2019, the RBA changed its tightening bias for a neutral stance, stating the chance of a rate cut or hike as equally probable. This came due to slowing global and domestic economies, a deteriorating housing market and inflation growth running below target.

A relatively strong labour market continues to support a reasonably optimistic outlook on the economy. Should this remain and the correction in the housing market remains ‘orderly’, then the likelihood of a rate cut will be low, at least in the short-term.

The recent fall in bond yields has led some banks to lower their fixed interest rates. The 10-year indexed Commonwealth Government bond rate has been below 1.0% since mid-December, and had declined to 0.64% as at 30<sup>th</sup> April 2019.



**Figure 5: Australian Government Bond Yields**

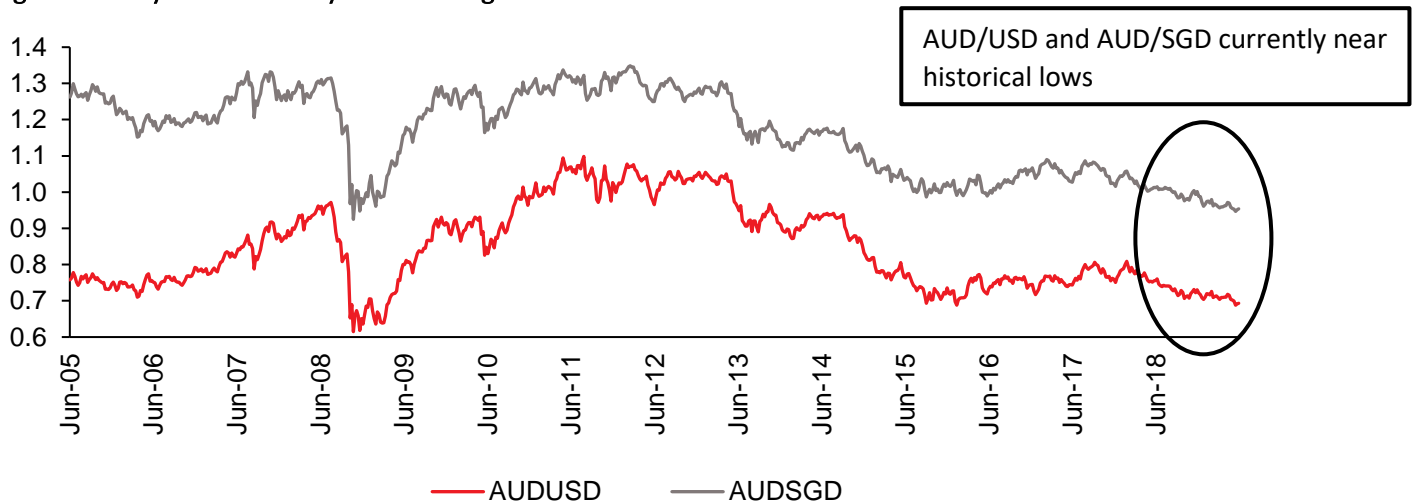


Source: Reserve Bank of Australia, JLL Research

### Australian dollar and exchange rates

The AUD has depreciated against most currencies over the past year. The depreciation is largely due to rising global interest rates, particularly by the US Federal Reserve, trade disputes between the US and its major trading partners, and expectations of interest rate increases by the RBA being pushed back. As at 1 May, 2019, the AUD was buying USD0.705, compared to USD0.754 a year earlier.

**Figure 6: AUD / USD and AUD / SGD Exchange Rate**



### Employment and real wage growth

The Australian labour market continues to experience strong growth. The total number of people employed increased by 304,700 (+2.4%) over the 12 months to March 2019. While the overall growth rate has slowed, most of the growth has been in full-time employment, with full-time employees increasing by 289,800 people and part-time employees increasing by 14,900.

The strong labour market has seen unemployment trend down over the last 12 months to 5.0% as at March 2019. Furthermore, the participation rate has also remained at high levels (65.7% in March).

The unemployment rate is expected to remain around 5% through to 2021. The continued tight labour market conditions should eventually lead to stronger wages growth, which should see inflation increase to within the RBA's target 2%-3% range.

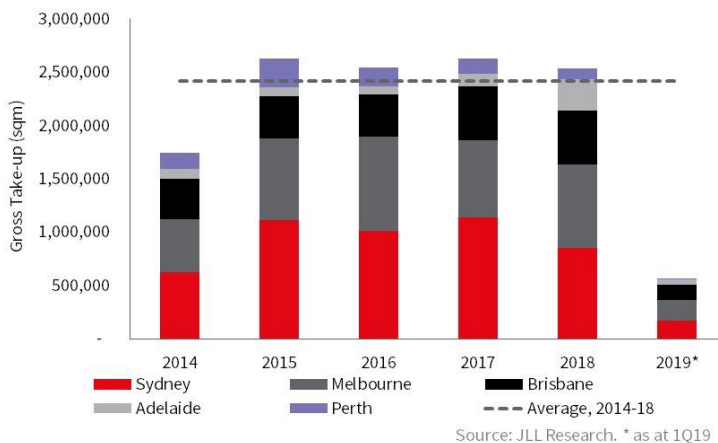
## 2. National Industrial Market Overview

### Occupier Demand

Occupier demand has continued to be strong with gross take-up reaching 2.6 million sqm in the 12 months to 1Q19. Gross take-up in 1Q19 was slightly higher than the corresponding quarter in 2018, reaching 566,100 sqm. Leasing volumes in 2019 are again expected to exceed 2 million sqm approaching levels of the previous four years. The Transport, Postal and Warehousing sector has been the key driver over the last 12 months, accounting for 32% of total gross take-up with Retail Trade and Manufacturing accounting for 21% and 20% respectively.

Demand has been driven by solid economic growth, particularly in Melbourne and Sydney. Activity has also picked up significantly in both Brisbane and Adelaide, with major landlords providing attractive incentives to occupiers for both existing facilities and pre-commitments to new facilities.

**Figure 7: National gross take-up by market, 2014-2019\***

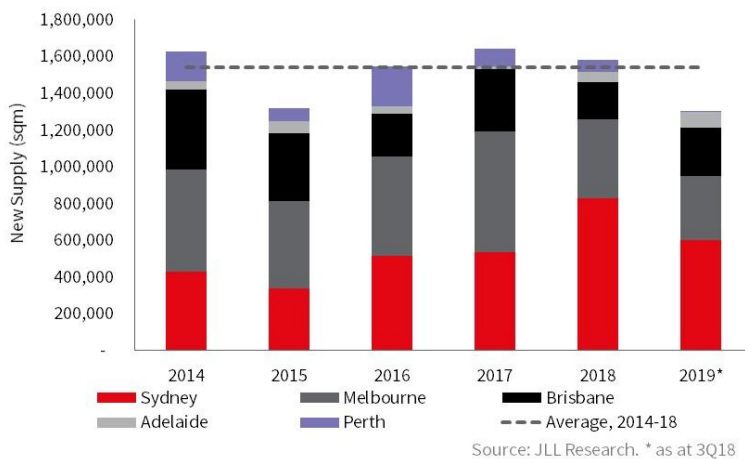


### National Supply

Approximately 1.6 million sqm of new industrial space was completed in 2018, in line with the five-year average. Based on known projects under construction, approved and proposed as at 1Q19, completions are expected to reach around 1.3 million sqm in 2019 with completions in 1Q19 reaching 144,000 sqm. The reduced activity is partly due to a decrease in new activity in Sydney, which can be partly attributed to land supply constraints.

Sydney has contributed approx. 53% of total new supply over the 12 months to 1Q19 while Melbourne and Brisbane have contributed 22% and 18% respectively.

**Figure 8: National supply by market, 2014-2019\***



## Prime Rents

Nationally, rental growth has improved over the 12 months to 1Q19, with growth reported in 14 of 22 markets monitored by JLL Research. Rents have either remained stable or grown in all eastern seaboard markets. The best performing market was Sydney, particularly South Sydney with an annual growth of 5.8%.

Rental rates are forecasted to grow over the near-term across all major industrial markets. While growth is expected to continue in Sydney and Melbourne, there are forecasts suggesting a pick-up in rental growth in Brisbane, Perth and Adelaide given their respective economies and enquiry levels have improved.

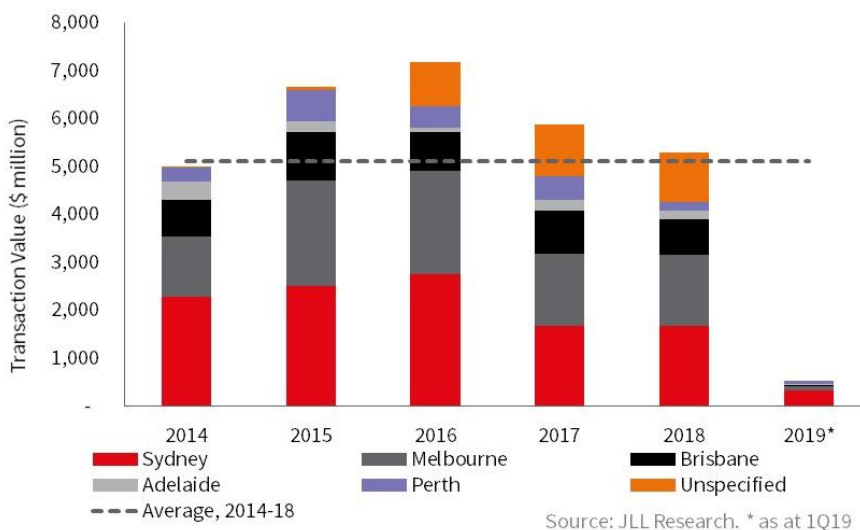
Incentives remain elevated in most markets, although they appear to have peaked or are now past their cyclical peak. The main exception is the Sydney industrial markets, where incentives are at moderate levels (averaging around 10%).

## National transaction volumes

Industrial and logistics investment volumes had nine consecutive years of growth to 2016. Over \$7 billion in industrial and logistics transactions occurred nationally in 2016. In 2017 and 2018, transaction volumes declined but investor interest remained strong. Approximately \$5.3 billion in industrial transactions were recorded in 2018 and transactions in 1Q19 reached \$523 million. The downward trend in investment volumes reflects limited stock on the market rather than declining interest.

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

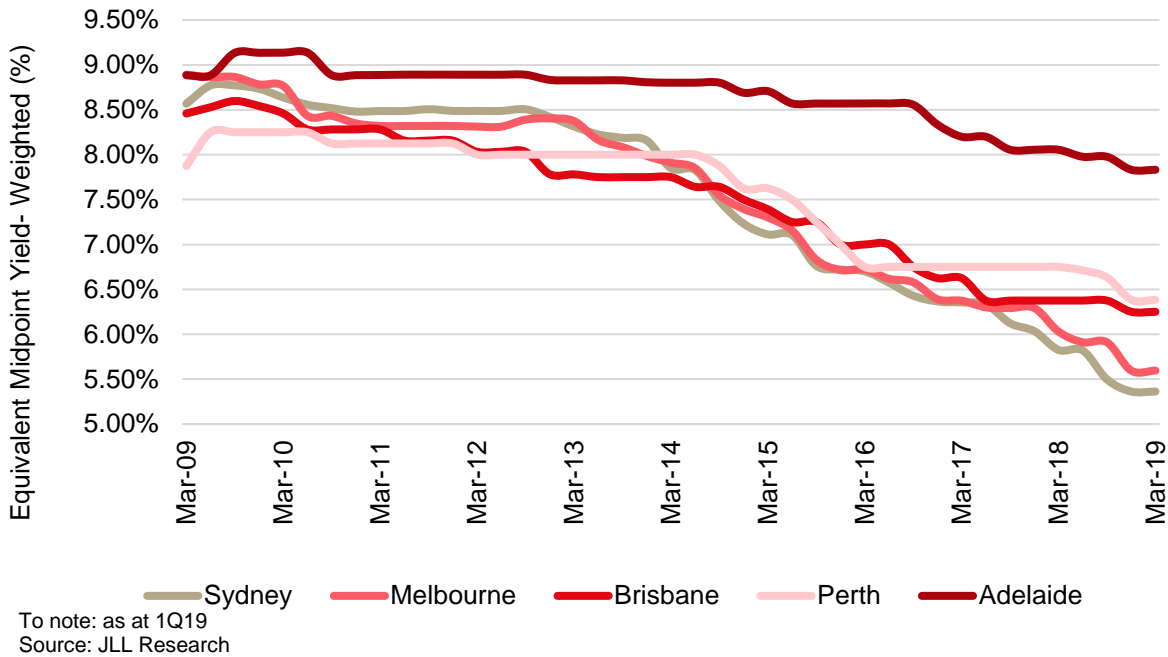
**Figure 9: National transaction volumes by market, 2014-2019\***



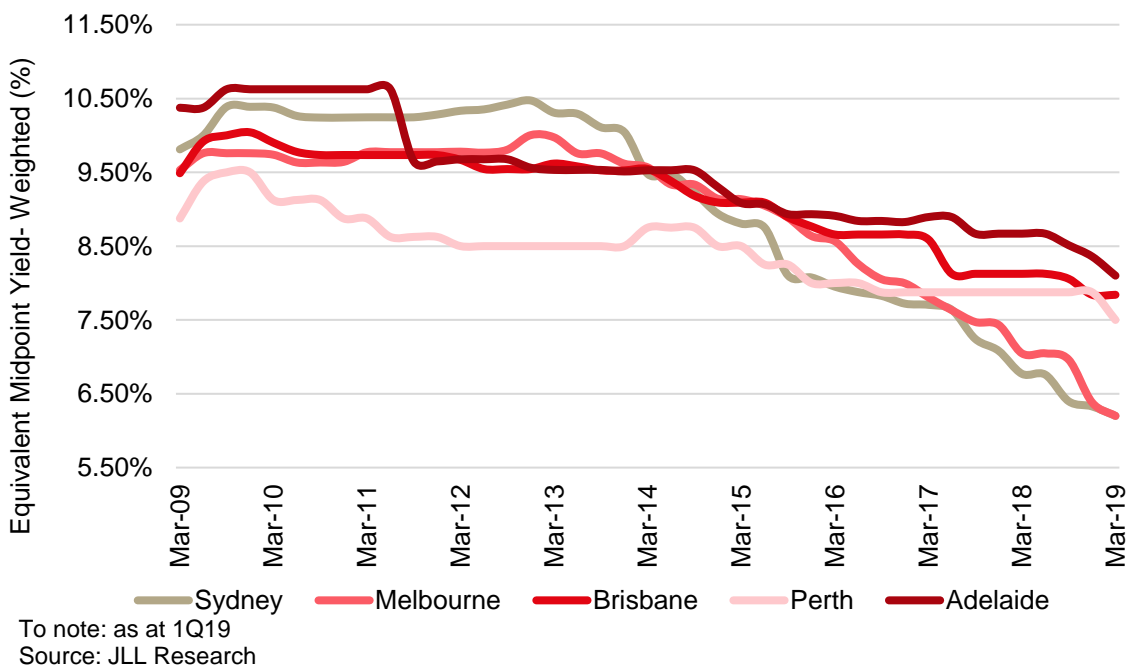
## National Industrial Yields

Indicative prime yields have undergone further compression over the past year and are at historically low levels. JLL Research expects prime yields to compress further over the next 12 months (albeit marginally) towards its cyclical trough, with lower bond yields keeping industrial yields tight through 2020.

**Figure 10: Industrial Prime Yield, by City**



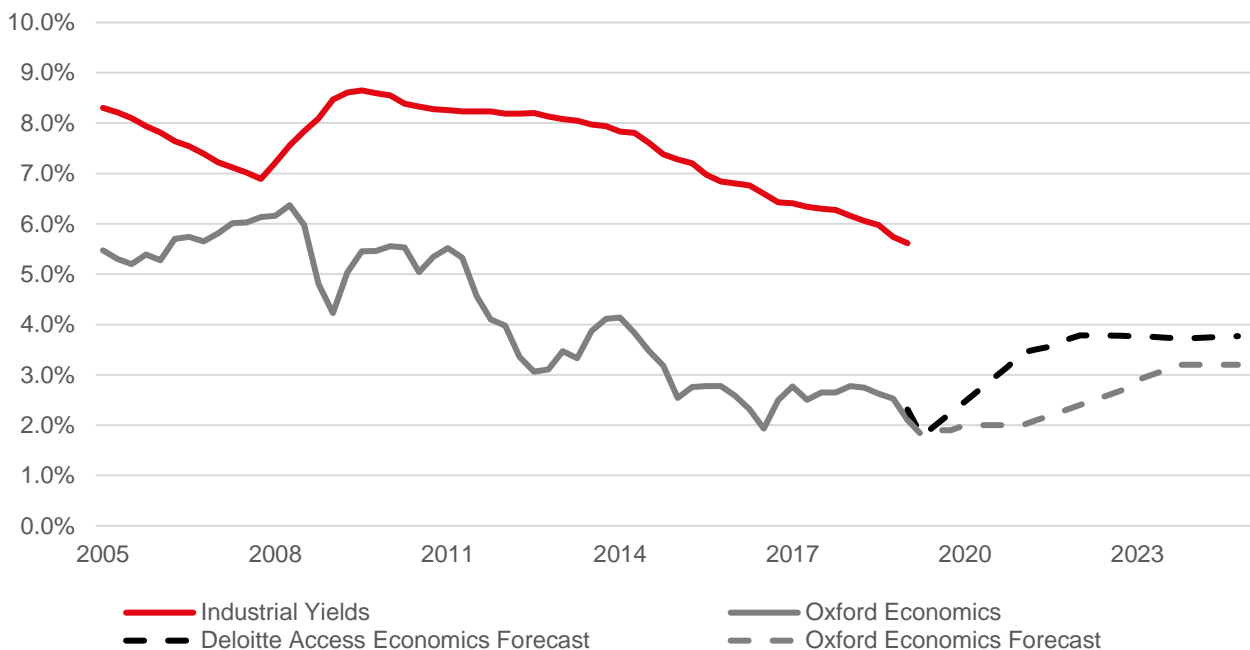
**Figure 11: Industrial Secondary Yield, by City**



Industrial sector discount rates have followed treasury/bond yields down. However, the spread between the discount rate and bond yields is wider (450 basis points) than historical benchmarks. JLL Research has observed a high degree of correlation between discount rates and bond yields in the industrial sector. From 2000 to 2018, the correlation coefficient was 0.66. The historical benchmark for the Australian Government Bond yield is 5.50% to 6.00%.

The long-term outlook for bond yields from Deloitte Access Economics and Oxford Economics calls for a reversion to somewhere between 3.50% and 3.90% by 2024. This lower for longer scenario implies that discount rates (and return expectations) for the industrial sector will be lower through the cycle.

**Figure 12: Industrial Prime Yield and Australian Government Bonds**



Source: JLL Research, Oxford Economics, Deloitte Access

## Trends and demand drivers in the warehouse logistics sector

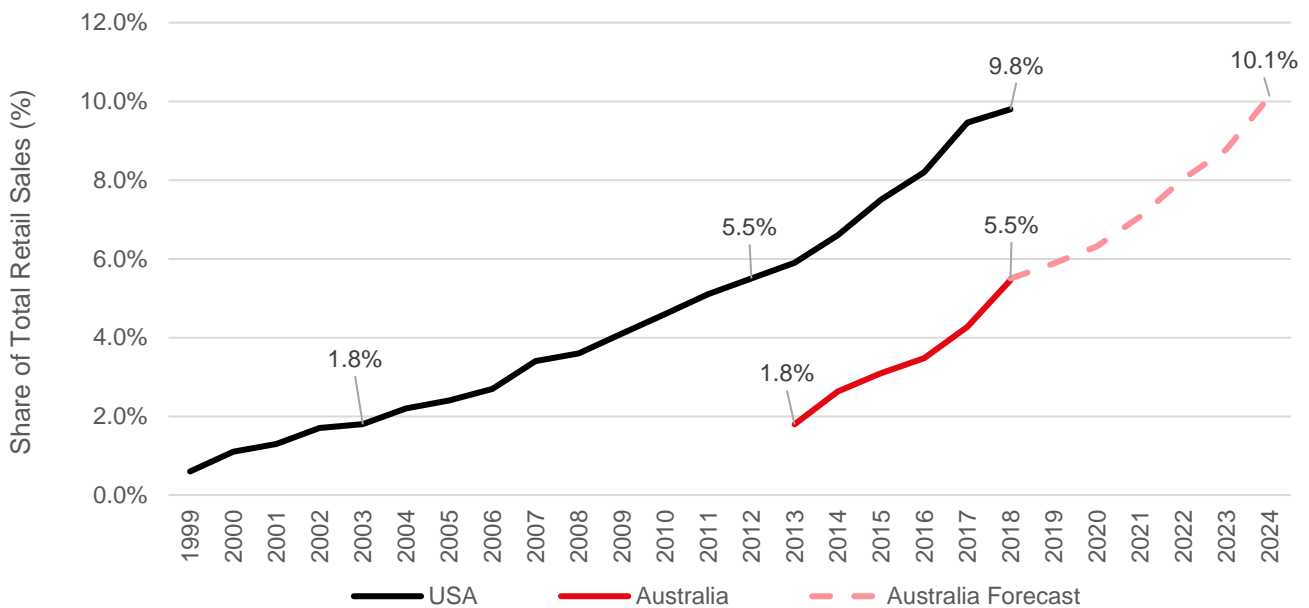
Key trends and demand drivers in the industrial market include the following:

- **Technology** continues to shift the way in which distribution centres operate. The growth of e-commerce and influx of foreign retailers are redefining the requirements of the logistics sector. Technology such as automated systems and robotics are being implemented in a growing number of distribution centres. These factors are expected to drive demand for modern distribution centres.
- **E-commerce** - The heightened emphasis on supply chain efficiency and effectiveness over the past 12 months in a bid to deliver goods with speed and agility for Australian consumers will continue to drive demand for industrial property. Over the past 12 months, the transport/logistics and retail sectors combined have accounted for over half of the total take-up of industrial floor space in Australia.

Australia is on the cusp of an eCommerce boom, which is set to benefit the industrial sector. According to the latest Australian Bureau of Statistics (ABS) release, there has been record growth in the online retail trade sector over 2018. The current year-on-year growth rate is just above 35% - the highest rate ever achieved in Australia - raising the share of online retail sales to total retail trade to 5.5% (or \$17 billion).

Compared to the US, Australia's online share of total retail sales is at a 6-year lag - achieving a 5.5% share in 2012. The application of the same annual growth rate in the share of online retail sales that occurred in the US between 2012 and 2018 to Australia, results in Australia's online share increasing to 10.1% by 2024. To note, this growth rate is conservative, as Australia has achieved a higher annual growth rate of online retail sales over the past few years than the US during their booming years of 2002 to 2007.

Figure 13: USA and Australia Online Retail Trade % Comparison

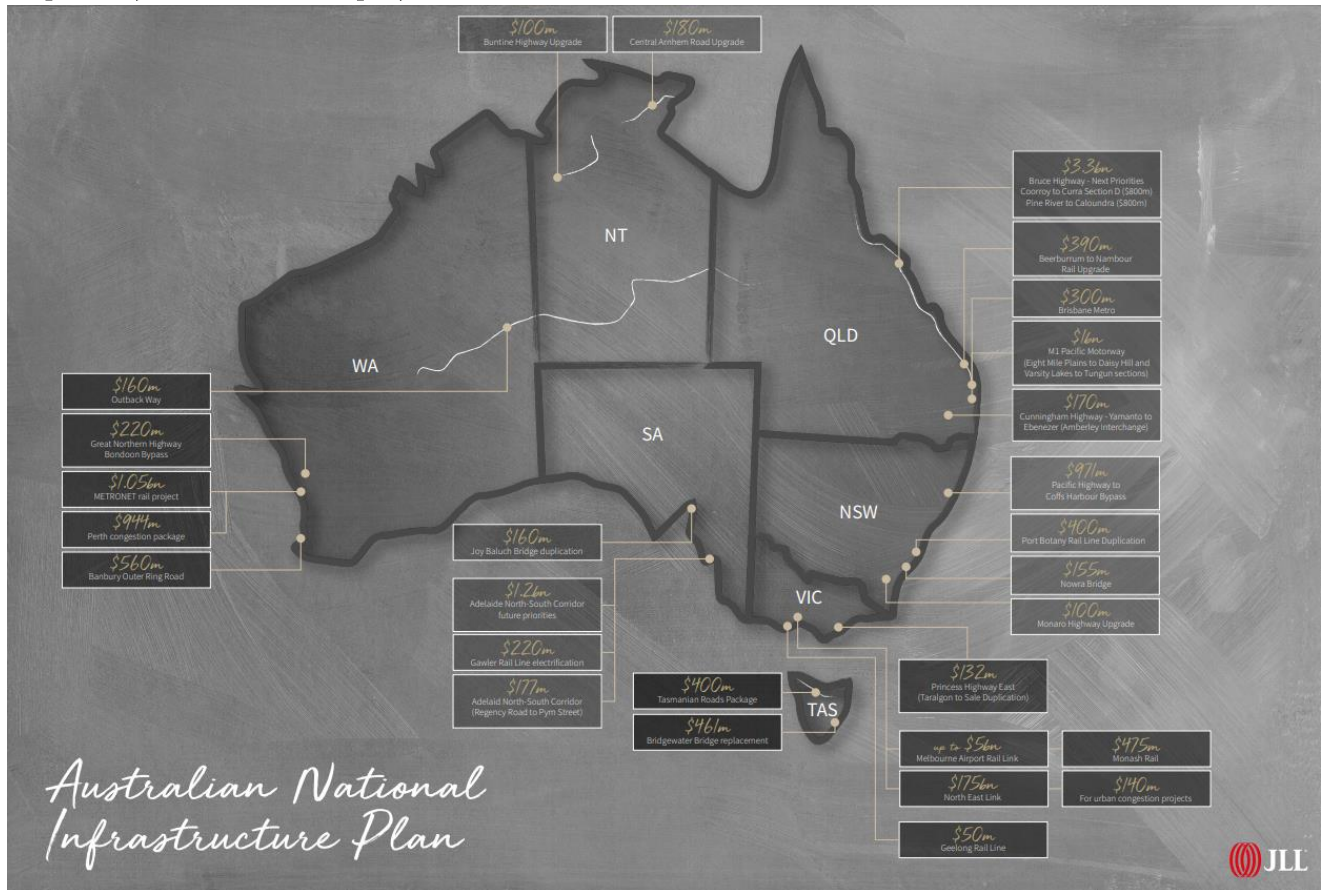


Source: ABS, US Census Bureau of the Department of Commerce, JLL Research

- **Urban renewal** continues to target old industrial land, impacting on the availability of stock in the inner and middle suburban markets such as Sydney South. This has placed upward pressure on rents for remaining stock and lowered vacancies.
- **Tenant consolidation** - New development continued to be led by retailers and 3PLs with multiple facilities that are looking to consolidate their operations in a single building or campus-style hub.
- **Infrastructure development** - A record high level of infrastructure investment is underway in Australia. This is supported by the 2019-20 Federal Budget, which announced a record \$100 billion in transport infrastructure in roads, rail and airports over the coming decade. This will continue to support the logistics

sector. Industrial property has followed infrastructure, particularly in Sydney's west, and the strong pipeline of projects will see this trend continue.

**Figure 14: Major Infrastructure projects across Australia**  
**Map of major infrastructure projects across Australia**



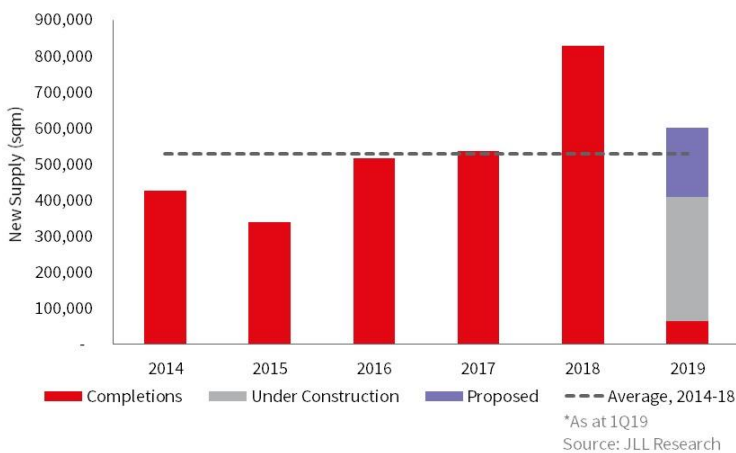
### 3. Sydney Industrial Market

#### Supply

Supply completions were strong in 2018, with approximately 827,600 sqm of stock added to the Sydney market. This is well above the five-year average of 529,400 sqm. Completions in 1Q19 were modest, reaching 63,100 sqm. A relatively strong pipeline should see new supply in 2019 reach over 600,000 sqm.

New construction activity is concentrated in the Outer West, with limited opportunities in other Sydney precincts. The vast majority of new supply is pre-committed prior to construction or on completion although speculative activity is picking up. Of the 2019 supply either under construction or completed as at 1Q19, approx. one third remains available for lease. The increased level of speculative activity highlights increased confidence in the Sydney industrial market.

**Figure 15: New supply, Sydney, 2014 – 2019\***

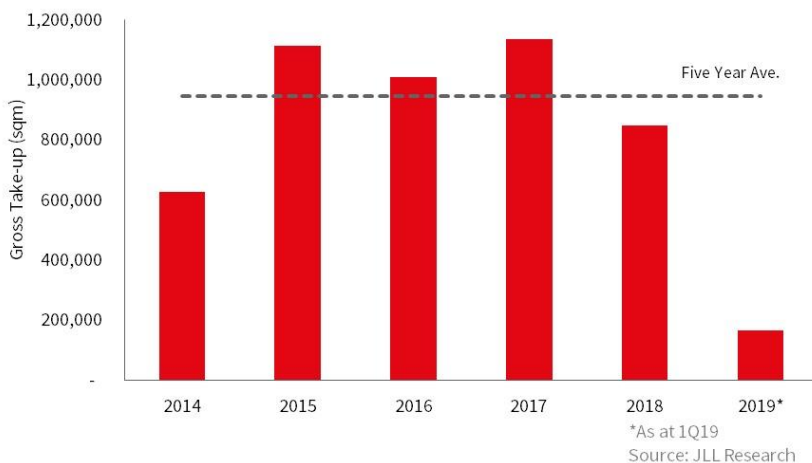


#### Demand

Gross take-up reached 847,100 sqm in 2018 and 800,000 sqm in the 12 months to 1Q19. This is below the five-year average although we note the particularly strong levels of take-up between 2015 and 2017, while land supply constraints are potentially impacting take-up. The strong demand over recent years has been for both existing facilities and pre-commitments to new facilities.

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

**Figure 16: Gross take-up, Sydney, 2014 – 2019\***



#### Prime rents, incentives, land values



The strong recent demand for prime grade industrial facilities has translated to positive rental growth across most precincts in Greater Sydney. Over the year to 1Q19, South Sydney (5.8%) and North Sydney (5.0%) recorded the strongest annual rental growth. Both markets are under pressure from alternative land uses, which has placed upwards pressure on rents. Average prime rents now sit at \$202 per sqm in South Sydney and \$211 per sqm in North Sydney, reflecting the scarcity of available space. The Outer West precincts are more affordable and well served by infrastructure improvements. Rents in these three precincts range from \$111 per sqm for the Outer South West, \$122 per sqm for the Outer Central West and \$124 per sqm for the Outer North West.

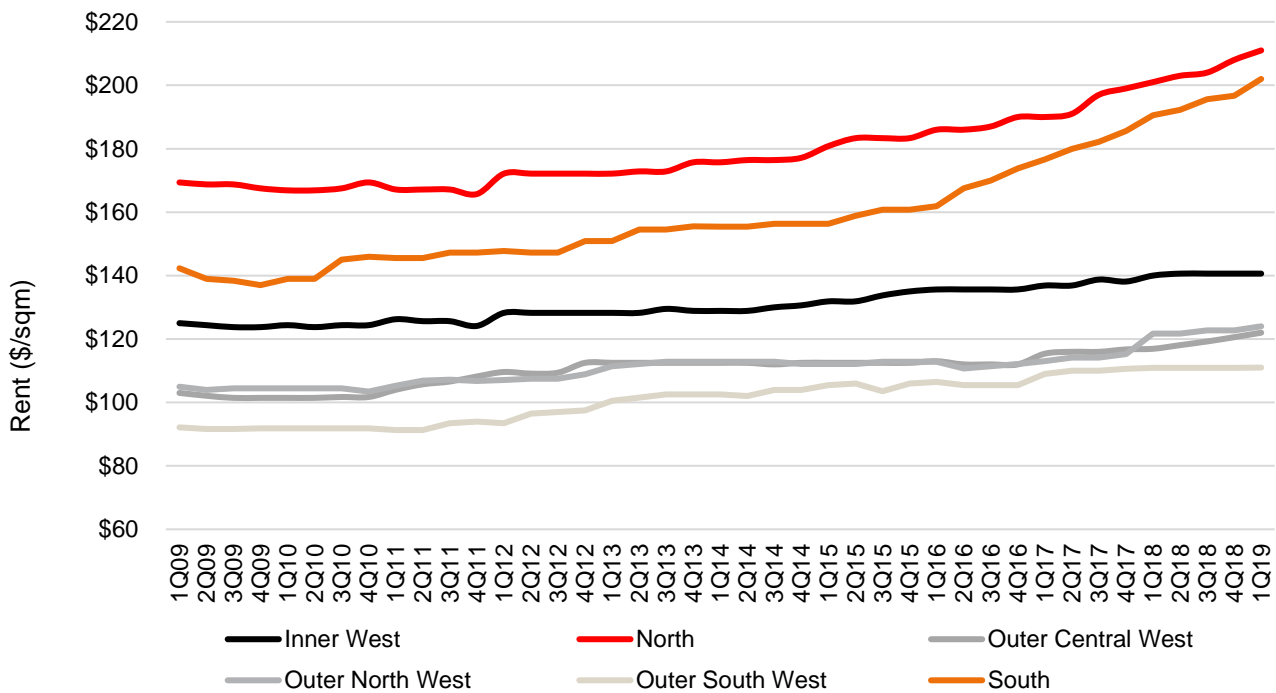
The positive sentiment is evident in the market, due to strong economic conditions and demand for industrial assets, and is expected to continue to see growth in prime rents.

Pre-lease rents in the Outer Central West are very competitive, being \$115 per sqm compared to \$122 per sqm for existing prime rents. This provides a large incentive for occupiers to consider relocating to purpose built space.

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

Land values were relatively stable in 1Q19 but have showed strong growth over the last 12 months. This reflects the shortage of available serviced land and continued demand from major developers and owners. Growth has been strong in Sydney’s Outer South West and Outer Central West precincts. The Outer Central West and Eastern Creek specifically have been an attractive location for owners and tenants as a result of its central location and accessibility to the M4 and M7 motorways, providing direct access to Sydney airport and seaports as well as the CBD and major suburbs. The average land value for a 1 hectare lot in 1Q19 was \$700 per sqm in Eastern Creek (Outer Central West), reflecting an increase of 16.7% over the past 12 months.

**Figure 17: Sydney Prime Net Face Rents, by Precinct**



Source: JLL Research

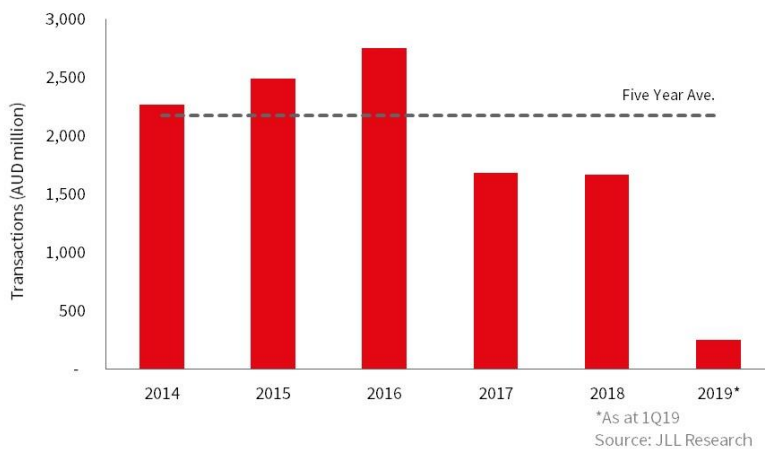
## Investment market – Transaction volumes and yields

Prime midpoint yields were stable in 1Q19 but compressed over the past 12 months. The yield range in the Outer Central West precinct is 5.00%-5.50%, reflecting a 50 basis point compression over the last 12 months. South Sydney reported the tightest yield range (4.50%-4.75%). A lack of prime investable stock, along with implicit conversion upside, has placed downward pressure on indicative yields in South Sydney over the last 12 months.

Investor demand remains strong, although transaction volumes are well down on the peak of 2016 (\$2.757 billion). Transaction volumes in 2018 reached \$1.665 billion while volumes for 1Q19 were modest at \$331 million.

The largest transaction in 2018 was Mirvac Group divesting 50% of Calibre Estate in Eastern Creek for \$125.2 million to Mirvac Industrial Logistics Partnership (MILP), which is sponsored by Morgan Stanley Real Estate Investing (MSREI). Also, Frasers Logistics & Industrial Trust (FLT) sold a 61,281 sqm facility in Smeaton Grange for \$90.5 million to Charter Hall Prime Industrial Fund (CPIF) on an initial yield of 6.11%.

**Figure 18: Transaction volumes, Sydney, 2014 – 2019\***



## Outlook

Overall sentiment towards the Sydney industrial market is positive as a result of strong economic conditions, with demand for industrial assets remaining strong. This is expected to support modest rental growth throughout 2019.

Yields are approaching the end of the compression cycle, with average yields forecasted to remain stable across Sydney industrial markets for the remainder of 2019 and into 2020. This will support continued growth in capital values, albeit at more modest levels than recent years.

The supply pipeline for 2019 is reasonably strong, with forecasted completions expected to be in line with the five-year average.

## 4. Melbourne Industrial Market

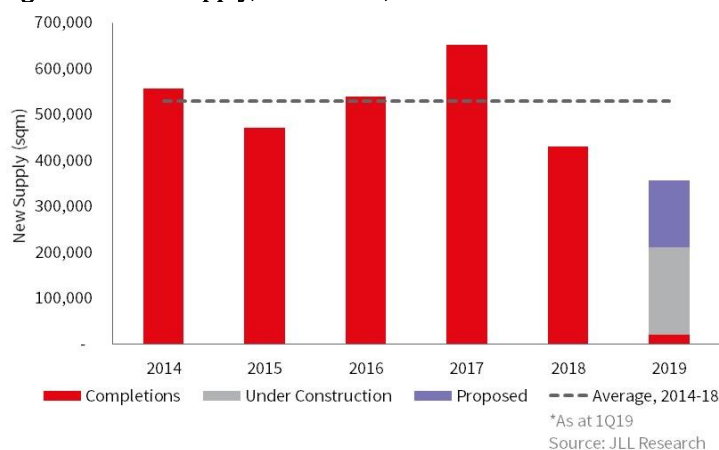
### Supply

New supply in Melbourne's industrial market reached 430,500 sqm in 2018, well below the five-year average of 530,200 sqm. There were only 20,200 sqm of new supply completed in 1Q19. Projects in the pipeline and expected to complete in 2019 should take the annual total for 2019 to 355,900 sqm, lower than any of the previous five years.

New construction activity has been concentrated in Melbourne's West and South-East precincts. Melbourne's West is expected to dominate activity in 2019.

Around 71% of projects under construction and due to complete in 2019 have been leased, with most projects pre-leased prior to construction. Pre-commitments to new projects are expected to be the main driver of new supply in 2019 and 2020. However, there is a moderate level of speculative development in the market.

**Figure 19: New supply, Melbourne, 2014 – 2019\***



### Demand

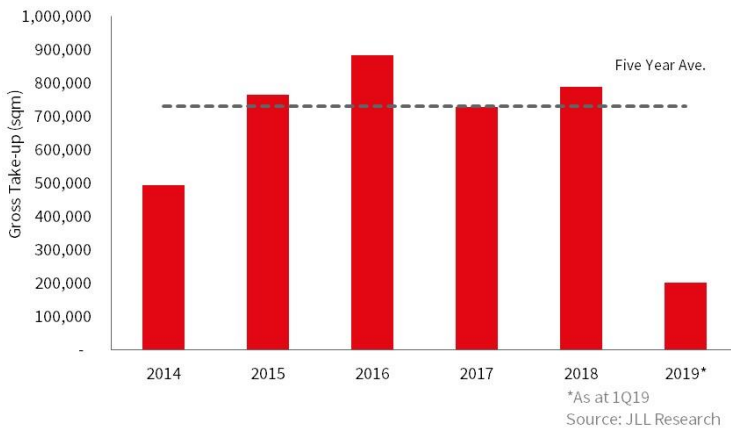
Gross take-up reached 787,200 sqm in 2018 and 822,400 sqm in the 12 months to 1Q19. This is slightly above the five-year average (731,500 sqm). The Transport, Postal and Warehousing sector has accounted for 26% of gross take-up volumes over the last 12 months, while Manufacturing (25%) and Retail Trade (14%) remained important sectors.

Take-up has been particularly strong in Melbourne's South East in the last 12 months, exceeding the level of take-up in Melbourne's West, which has been the dominant precinct in recent years. This is mainly due to proximity to major infrastructure, thereby allowing access to large population precincts within the South East. The strong appreciation of land values across all precincts and lot sizes in the Melbourne industrial market is representative of the strong demand for parcels of land, coupled with the diminishing availability of serviced land, as recorded in the South East and West. Longer term, the greater availability of land supply and access to quality infrastructure is expected to see Melbourne's West account for the largest portion of take-up.

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

The outlook for the Melbourne industrial market remains positive. The market is expected to benefit from ongoing infrastructure investment together with the continued strength of the local economy, supported by strong population growth.

**Figure 20: Gross take-up, Melbourne, 2014 - 2019\***



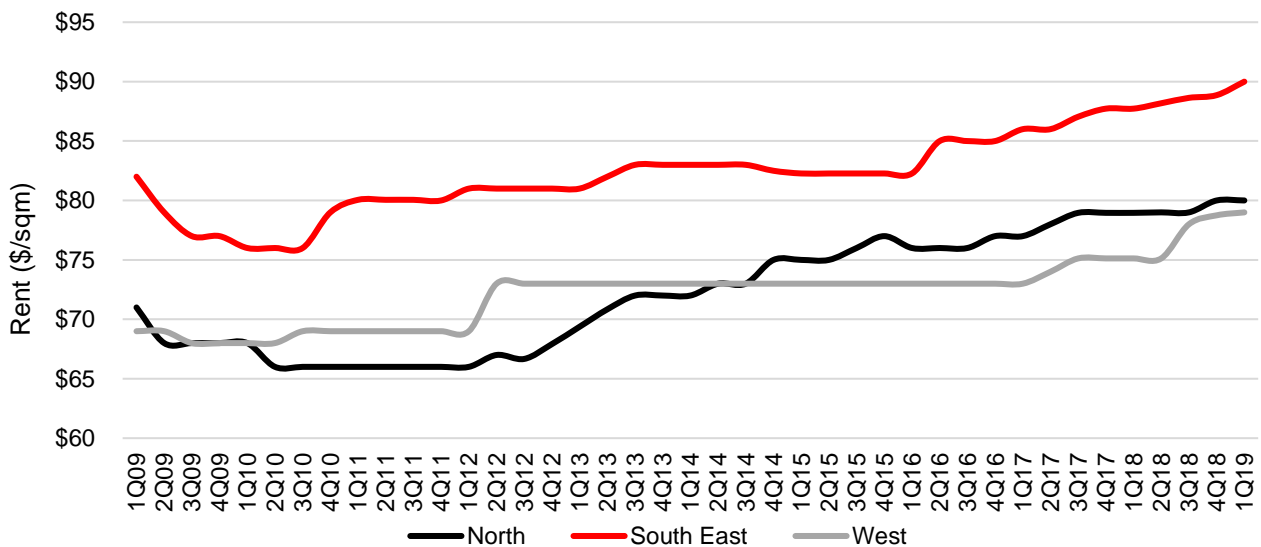
### Prime rents, incentives, land values

Prime existing rents in Melbourne’s West have increased by 4.8% in the year to 1Q19 to average \$79 per sqm. Prime rents are higher in Melbourne’s South East, averaging \$90 per sqm, although growth over the year to 1Q19 has been lower at 2.3%. Melbourne’s rents are very competitive compared to the Sydney industrial markets. Pre-lease rents in Melbourne’s West are in line with prime rents for existing space, while pre-lease rents in South East Melbourne attract a premium (averaging \$98 per sqm compared to \$90 per sqm) due to a strong access to a larger residential population base via the Monash Freeway and Eastlink. Given the positive sentiment in the Melbourne market and the high level of demand for both existing prime and new facilities, future rental growth is expected to continue.

Incentives are relatively high and have been at elevated levels over the last few years. Average prime incentives in 1Q19 remain at 20% in the South East and 25% in the West. While demand has been strong in recent years, this has been matched by relatively strong new supply, keeping incentives high as landlords compete to attract tenants to backfill space.

Very strong growth in land values has occurred across all precincts. Average land values for a 1 hectare lot in Melbourne’s South East in 1Q19 was \$432 per sqm, which is 21% higher than 12 months earlier. Similarly, average land prices in Melbourne’s West for a 1 hectare lot was \$290 per sqm, or 54% higher than 1Q18. This high growth reflects the strong competition amongst developers for land and the diminishing supply of available sites. Should land values continue to rise, this is expected to place upward pressure on pre-lease rents.

**Figure 21: Melbourne Prime Net Face Rents, by Precinct**



Source: JLL Research

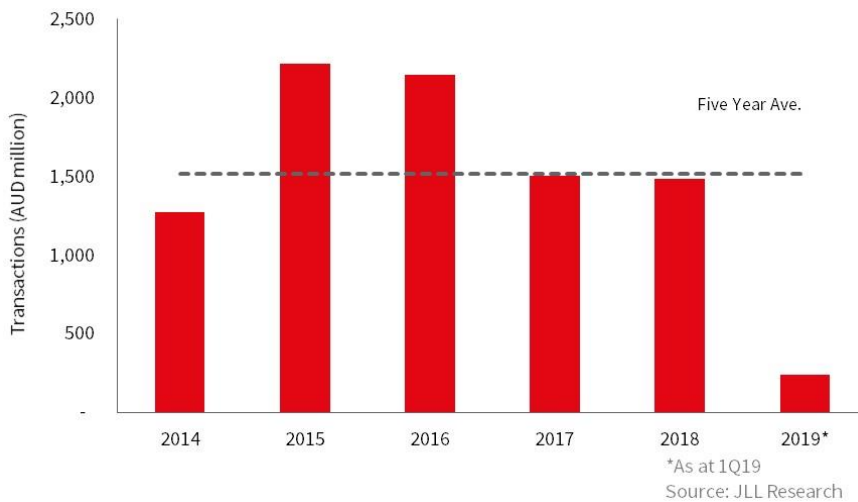
## Investment market – Transaction volumes and yields

Prime yields have compressed by between 50 and 75 basis points over the year to 1Q19. Prime yields in Melbourne’s West now range from 5.25%-5.75% while yields in the South-East range from 5.00%-5.50%. Yields are approaching the end of the compression cycle, with average yields forecasted to remain stable across the Melbourne industrial markets for the remainder of 2019 and into 2020. With moderate effective rental growth and stable yields, continued growth in capital values is expected, albeit at more modest levels than recent years.

Investment volumes were relatively low in 1Q19, totalling \$91.2 million. Total transactions for the year to 1Q19 was \$1.450 billion, in line with the five-year average. Investor appetite for Melbourne industrial assets remains strong, as evidenced by the record low yields.

The largest single-asset transaction over the last 12 months was the \$119.0 million sale of the Kmart Distribution Centre in Truganina. Invesco Real Estate sold the 76,938 sqm asset to LOGOS Property on an initial yield of 5.45%.

**Figure 22: Transaction volumes, Melbourne, 2014 – 2019\***



## Outlook

Steady rental growth in Melbourne’s West and South East precincts is expected in 2019 and over the next five years, with buoyant demand for both prime and secondary assets. Yield compression is forecasted to remain at current levels through 2019 and 2020, with investor appetite in the market remaining strong. Capital value growth is expected to be positive, albeit at lower levels than recent years.

## 5. Brisbane Industrial Market

### Supply

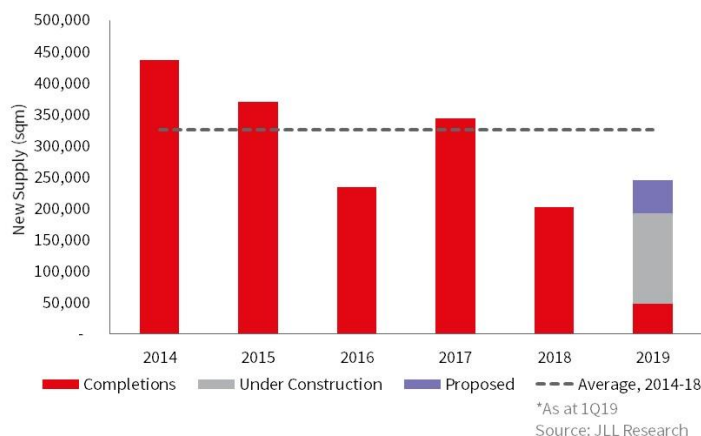
New supply in Brisbane’s industrial market reached 202,100 sqm in 2018, well below the five-year average of 317,200 sqm. There were 48,200 sqm of new supply completed in 1Q19 with pipeline development expected to take 2019 completions to 259,800 sqm.

There is a reasonable level of activity in the Trade Coast while very limited activity has occurred in the Northern precinct due primarily to limited available sites.

Brisbane’s Southern Precinct continues to be a catalyst for development activity. Albeit, this is a large area with many sub-precincts, a number of key infrastructure projects and advancements continue to drive demand. The Southern precinct is ideally located between Brisbane and the Gold Coast offering great access to major arterial roads. In particular, an AUD 512 million Logan Enhancement Project is currently under construction and includes upgrades to parts of the Logan and Gateway Extension motorways, with the aim of improving accessibility and assisting all businesses within the precinct. There is also a reasonable level of activity in the Trade Coast while very limited activity in the Northern precinct due primarily to limited available sites and location issues

Around 63% of projects under construction and due to complete has been leased as at 1Q19. Speculative development has increased but major activity is still expected to be driven by pre-commitments.

**Figure 23: New supply, Brisbane, 2014 – 2019\***



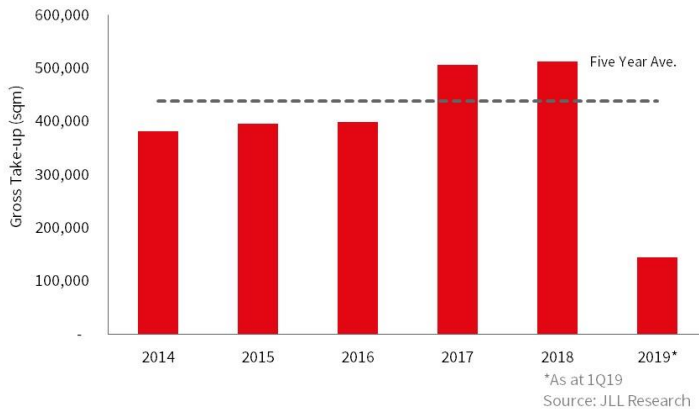
### Demand

Gross take-up reached 508,100 sqm in 2018 and 575,400 sqm over the 12 months to 1Q19. This is well above the five-year average of 438,000 sqm. Demand has been building since early 2017, a reflection of improved economic conditions across Queensland. An improved economy and infrastructure investment is expected to support demand for industrial facilities throughout 2019. Gross take-up increased over 1Q19 compared to the previous quarter of 97,700 sqm, totalling 148,271 sqm across 14 lease deals.

As with supply, gross take-up has been concentrated in the Southern precinct, which accounted for 57% of gross take-up over the year to 1Q19. Key sectors driving demand include the Transport, Postal and Warehousing sector, which accounted for 34% of demand over the last 12 months. Other active sectors included Manufacturing (21%) and Retail Trade (13%).

The continued recovery in the QLD economy, together with major infrastructure investment, will continue to support demand in the industrial sector.

**Figure 24: Gross take-up, Brisbane, 2014 – 2019\***



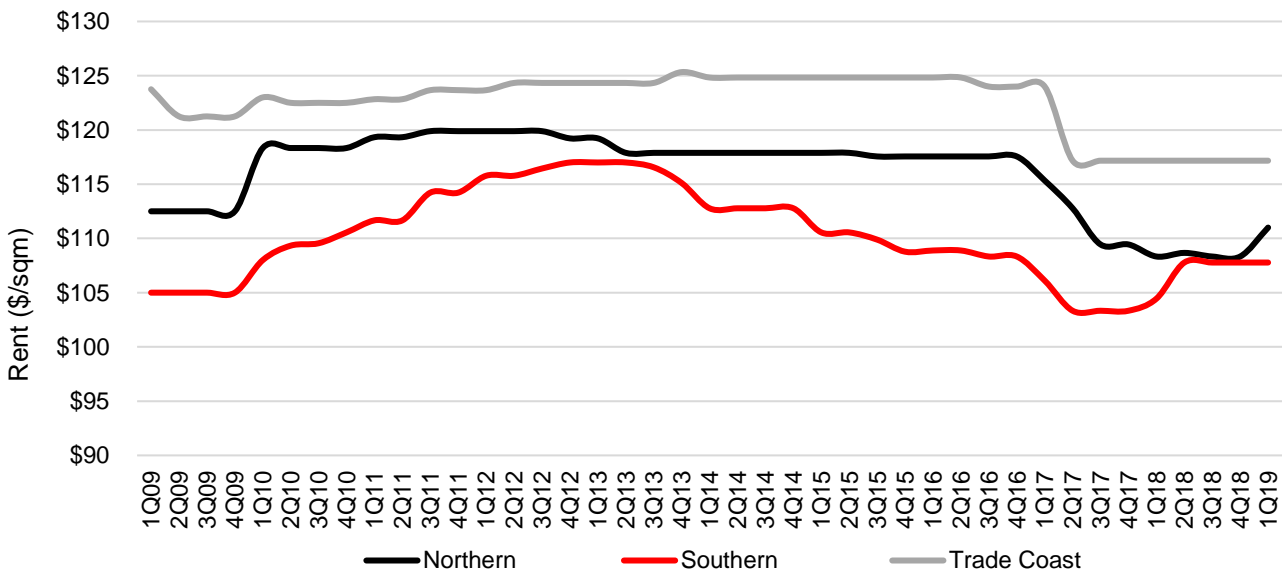
### Prime rents, incentives, land values

Prime net rents have experienced mixed results over the 12 months to 1Q19. Net rents in the Southern precinct have increased by an average 3.1% to \$108 per sqm, with average rents in the Northern precinct increasing by 2.8% to \$111 per sqm. The Trade Coast was steady at \$117 per sqm. The higher rents in the Northern precinct and Trade Coast reflects the proximity of both precincts to the CBD, with much of the Southern Precinct being located on the Fringe of the metropolitan area.

Institutional developers continue to offer high incentives, due to strong competition for pre-leasing commitments and backfill space. Incentives remained stable in 1Q19 at an average rate of 13% for the Northern Precinct, 15% for the Trade Coast and 20% for the Southern precincts. Incentives in the Southern precincts have reduced slightly over the last 12 months from 23% to 20%.

Average land values remained stable in 1Q19 but have shown modest growth in recent years. Land values have generally been on an upward trajectory over the last four years following significant declines between 2007 and 2013. The market is expected to support further growth in land values over the next 12 months, reflecting stronger economic growth across QLD and the limited availability of large contiguous lots in prime locations.

**Figure 25: Brisbane Prime Net Face Rents, by Precinct**



Source: JLL Research

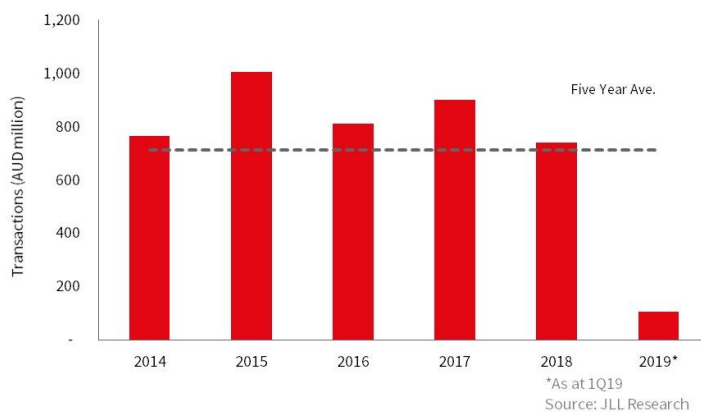
## Investment market – Transaction volumes and yields

Prime yields firmed slightly in 1Q19 in the Southern Precincts and Trade Coast to a range of 5.75%-6.50% (midpoint 6.13%). The prime midpoint yield for the Southern Precincts is forecasted to firm to 6.00% over the course of 2019 and remain at this cyclical low throughout 2020.

Transaction volumes over the 12 months to 1Q19 were \$651 million, slightly below the five-year average of \$694 million. While investor interest has remained robust, a lack of large prime assets brought to market has resulted in less overall transaction value.

The largest asset sale over the last 12 months was a Coles Distribution Centre at 44 Stradbroke Street, Heathwood. The asset transacted for \$105 million, reflecting a 5.83% initial yield. All other transactions in the Brisbane market in the last 12 months have been less than \$50 million.

**Figure 23: Transaction volumes, Brisbane, 2014 – 2019\***



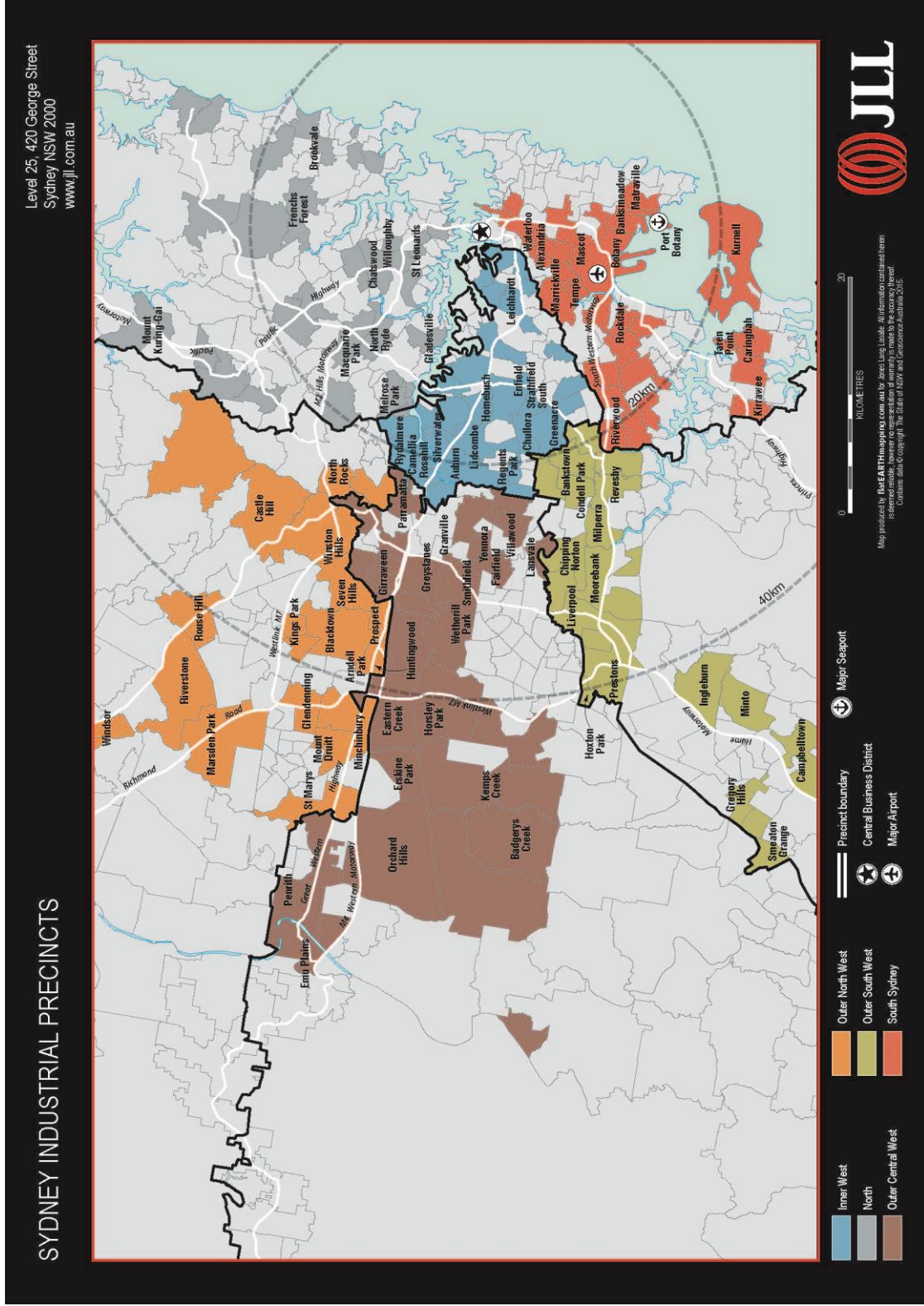
## Outlook

The recovery of the Queensland economy is well underway and has seen tenant demand improve significantly. This is expected to continue, with tenants expanding and requiring new or larger premises to meet future requirements.

Face rental growth of between 3.0% and 3.5% is forecasted over the next four years. The potential winding back of incentives, which has started to emerge in the Southern Precincts, may see even stronger effective rental growth. Average prime yields are expected to firm over the course of 2019 and remain at cyclical lows in 2020, with strong institutional investment demand for well-leased prime grade assets continuing. This will support continued growth in capital values, at least over the next two years.

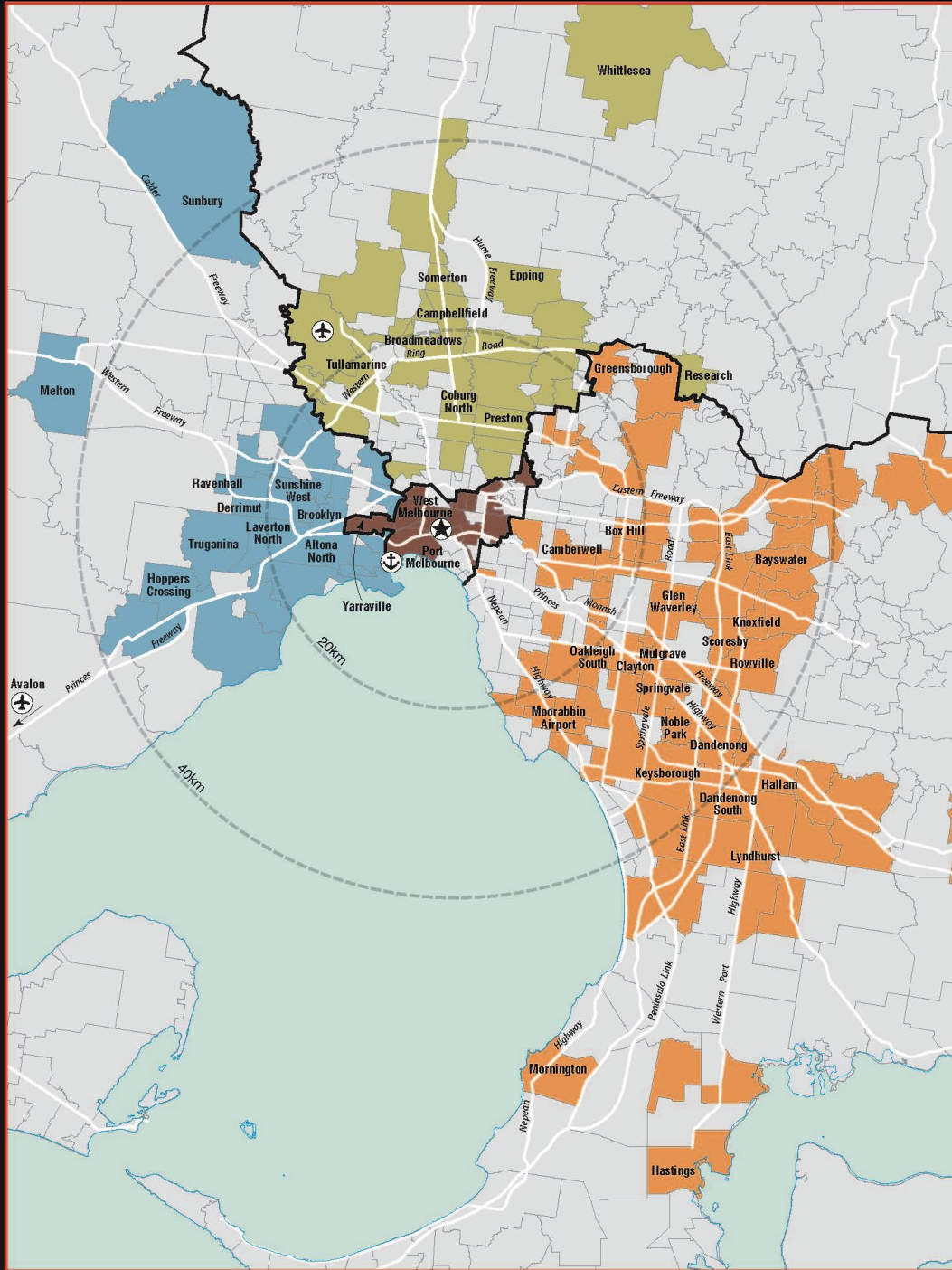


# Appendix A – Industrial Precinct Maps



# MELBOURNE INDUSTRIAL PRECINCTS

Level 21, 600 Bourke Street  
Melbourne VIC 3000  
www.jll.com.au



- West
- South East
- North
- City Fringe
- Precinct boundary
- ✈ Major Airport
- ⚓ Major Seaport
- ★ Central Business District

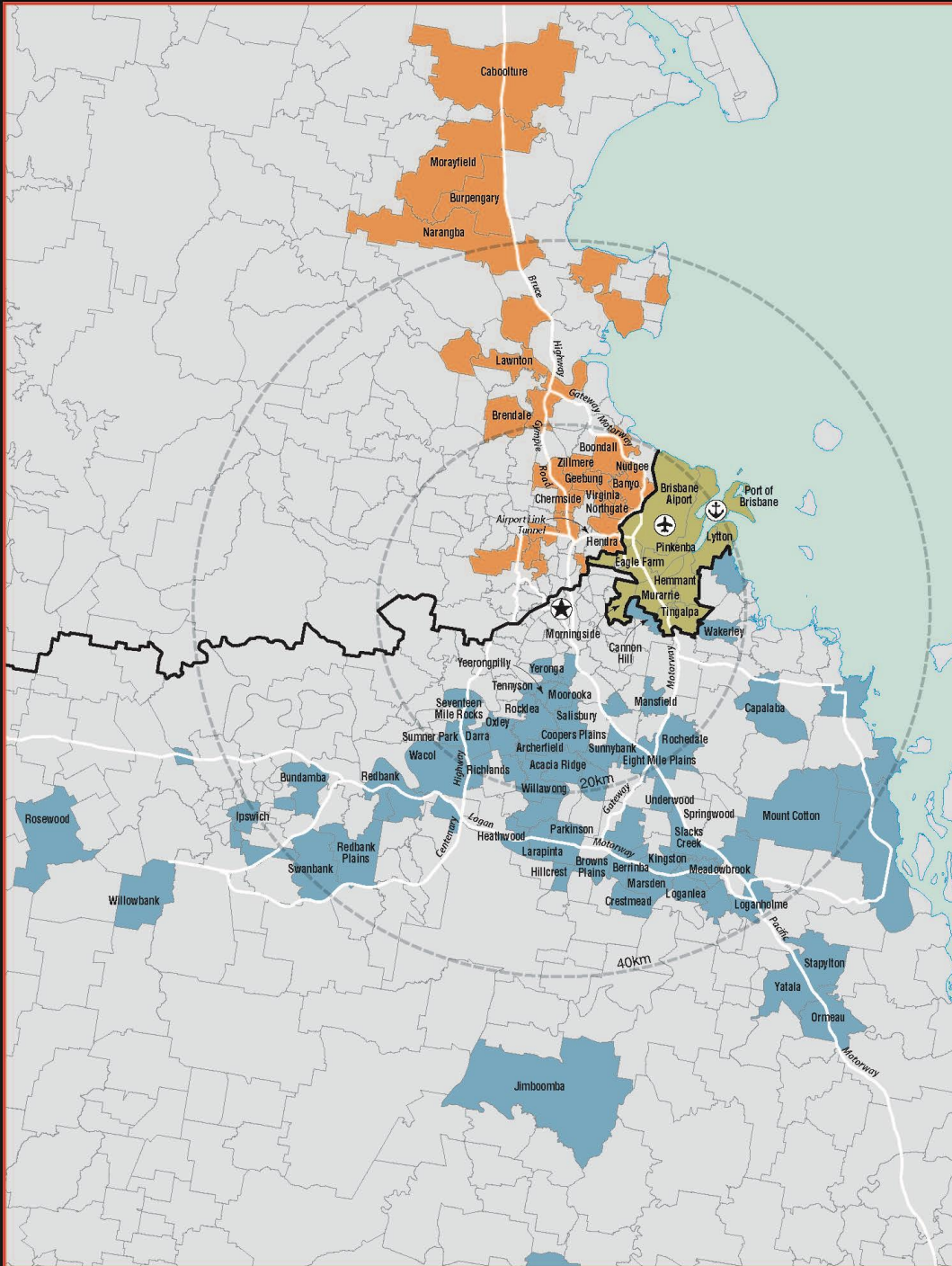


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# BRISBANE INDUSTRIAL PRECINCTS

Level 33, 345 Queen Street  
 Brisbane QLD 4000  
[www.jll.com.au](http://www.jll.com.au)



- Northern
- Southern
- Trade Coast
- Precinct boundary
- ★ Central Business District
- ✈ Major Airport
- ⚓ Major Seaport

0 20  
 KILOMETRES

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## EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of the Existing Interested Person Transactions entered into between (1) FLT and (2) the FPL Group and its associates, during the course of the current financial year ending 30 September 2019 up to the Latest Practicable Date, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

Interested Person	Relationship	Transaction Type	Amount of Transaction (A\$) <sup>1</sup>
Frasers Property Australia Pty Limited and its subsidiaries	Wholly-owned subsidiaries of the sponsor of FLT	Purchase of freehold land adjacent to the property at 59A Foxley Court, Derrimut from FPA (the “ <b>Foxley Court Acquisition</b> ”)	(0.8) million
		Assignment of tenant leases at Warehouse A, 15-27 Sunline Drive, Truganina, Victoria, Australia and 78-88 Atlantic Drive, Keysborough, Victoria, Australia to FPA (the “ <b>Assignment of Tenant Leases</b> ”)	3.3 million
		Acquisition of the freehold interest in 99 Sandstone Place, Parkinson, Queensland, Australia (the “ <b>Freehold Interest Acquisition</b> ”)	(0.3) million
Southeast Insurance Public Company Limited	Southeast Insurance Public Company Limited is an entity within the TCC Group, which is controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi	Following the expiry of the insurance policy on 30 September 2018, the Manager renewed the insurance policy with Southeast Insurance Public Company Limited (“ <b>Southeast</b> ”) on 1 October 2018 for a term of one year expiring on 30 September 2019 (the “ <b>Renewed Southeast Insurance</b> ”)	(1.0) million
Frasers Property Investments (Holland) B.V.	Wholly-owned subsidiary of sponsor of FLT	Acquisition of all the issued shares of FPE Investments RE 20 B.V., which holds the freehold interest in a prime logistics property located at Mandeveld 12, Meppel, the Netherlands (the “ <b>Meppel Acquisition</b> ”)	(39.6) million

<sup>1</sup> Positive figures represent receipts while negative figures represent payments.

In respect of the Foxley Court Acquisition, the Freehold Interest Acquisition and the Meppel Acquisition, having regard to the two independent valuations obtained by the Manager and the Trustee, the Audit, Risk and Compliance Committee is of the opinion that each of the acquisitions is on normal commercial terms and is not prejudicial to the interests of FLT and its minority Unitholders.

In respect of the Renewed Southeast Insurance, taking into account that: (i) quotations had been obtained from other third party insurers for the renewal of the industrial special risk and public liability insurance policies for FLT on a standalone basis and (ii) the broker involved in placing the policies had also confirmed: (a) that the terms from Southeast are comparable to or better than the terms provided by the unrelated third party insurers, (b) while Southeast issues the insurance policies, Southeast does not retain any risk and has full back-to-back reinsurance and (c) in the event Southeast is unable to indemnify under FLT's insurance, the reinsurers may pay directly to the insured, the Audit, Risk and Compliance Committee is of the opinion that the Renewed Southeast Insurance is on normal commercial terms and is not prejudicial to the interests of FLT and its minority Unitholders.

In respect of the Assignment of Tenant Leases, as the amount received was based on the face value of the underlying tenant leases, the Audit, Risk and Compliance Committee is of the opinion that the Assignment of Tenant Leases is on normal commercial terms and is not prejudicial to the interests of FLT and its minority Unitholders.

## TAX CONSIDERATIONS

*The following summary is intended to be an overview of certain Singapore, Germany, Netherlands and Luxembourg tax considerations in respect of the German Properties Acquisition and is based upon laws, regulations, budget measures, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). This summary is not a tax advice and does not purport to be a comprehensive description of all the tax considerations that may be relevant to Unitholders. Unitholders should consult their own tax advisers on the tax implications that may apply to their own individual circumstances.*

### A. SINGAPORE TAXATION

#### INCOME TAX

##### Taxation of FLT

FLT is liable to Singapore income tax, currently at the rate of 17%, on:

- (a) income accruing in or derived from Singapore; and
- (b) unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

FLT's income or receipts from the German Properties Acquisition may include:

- (a) dividends from its wholly-owned Singapore subsidiary companies through which its equity and/or debt investments into FLT Europe is held (hereinafter referred to collectively as the "**Singapore Subsidiaries**", and each a "**Singapore Subsidiary**"); and
- (b) proceeds from repayment of shareholder's loans and/or returns of capital from the Singapore Subsidiaries.

##### ***Dividends from the Singapore Subsidiaries***

Provided that the Singapore Subsidiaries are tax residents of Singapore, dividends received by FLT from the Singapore Subsidiaries will be exempt from Singapore income tax in the hands of the Trustee under section 13(1)(za) of the Singapore Income Tax Act ("**SITA**").

A company is resident in Singapore if the control and management of its business is exercised in Singapore.

##### ***Proceeds from repayment of shareholder's loan and/or return of capital***

Any proceeds received by FLT from repayment of the principal amount of shareholder's loans are capital receipts and hence not taxable on the Trustee.

Returns of capital from the Singapore Subsidiaries should be regarded as a reduction of FLT's cost of investment in the relevant Singapore Subsidiary.

## **Taxation of the Singapore Subsidiaries**

Singapore tax resident companies are subject to Singapore income tax on income accruing in or derived from Singapore and on income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law unless such income is otherwise exempt from tax.

The corporate income tax rate in Singapore is currently 17%, with the following partial exemption granted for the first S\$200,000 of normal chargeable income from the year of assessment 2020:

- (a) 75% of up to the first S\$10,000 of chargeable income; and
- (b) 50% of up to the next S\$190,000 of chargeable income.

The income of the Singapore Subsidiaries from the German Properties Acquisition is expected to comprise:

- (a) dividends from FLT Europe; and/or
- (b) interest income from FLT Europe.

Such dividends and/or interest income received in Singapore by the relevant Singapore Subsidiary from FLT Europe may be exempt from Singapore income tax under section 13(12) of the SITA, subject to certain conditions being met including but not limited to the condition that the relevant Singapore Subsidiary is a tax resident of Singapore for the year of assessment relating to the basis period during which the dividend and/or interest income is received in Singapore. The Singapore Subsidiaries are expected to apply for the aforementioned exemption in respect of the dividends and/or interest income (as the case may be) to be received in Singapore.

Any proceeds received by the Singapore Subsidiaries from repayments of the principal amount of shareholder's loans are capital receipts and hence not taxable on the relevant Singapore Subsidiary.

Returns of capital from FLT Europe should be regarded as a reduction of the relevant Singapore Subsidiary's cost of investment in FLT Europe.

## **Taxation of gains from disposal of investments**

Singapore does not impose tax on capital gains. The determination of whether the gains from disposal of investments are income or capital in nature is based on a consideration of the facts and circumstances of each case.

In the event of any disposal of investments (shares or properties), gains arising from such disposal will not be liable to Singapore income tax unless the gains are considered income of a trade or business carried on in Singapore by the seller. The gains may also be liable to Singapore income tax if the investments were acquired with the intent or purpose of making a profit from sale and not intended for long-term purposes.



## **Taxation of Unitholders**

### ***Distributions from FLT***

Distributions made by FLT out of the underlying income and cash flows from the New German Properties may comprise all, or a combination, of the following types of distribution:

- (a) tax-exempt income distribution;
- (b) after-tax income distribution; and
- (c) capital distribution.

#### *Tax-exempt income distribution*

Unitholders will be exempt from Singapore income tax on distributions made by FLT out of its tax-exempt income (e.g. dividends from the Singapore Subsidiaries). No tax will be deducted at source or withheld on such distributions.

#### *After-tax income distribution*

Unitholders will not be liable to Singapore income tax on distributions made by FLT out of its income that will be subject to tax in the hands of the Trustee. No tax will be deducted at source or withheld on such distributions. Unitholders will not be entitled to tax credits for any taxes paid/payable by the Trustee on such income.

#### *Capital distribution*

Capital distributions (e.g. distributions made out of non-income cash flows such as amounts received in the form of a repayment of shareholder's loan or return of capital for Singapore income tax purposes) will be regarded as a return of capital in the hands of Unitholders. The amount of such distributions will be applied to reduce the cost of Units held by Unitholders. For Unitholders who are liable to Singapore income tax on gains arising from the disposal of Units, the reduced cost of Units will be used to calculate the amount of taxable gains when the Units are subsequently disposed of. If the amount of return of capital exceeds the cost or reduced cost of Units, the excess will be subject to tax as trading income of such Unitholders.

## **B. GERMANY TAX OVERVIEW**

### **I. CORPORATE INCOME TAX**

Corporations with no statutory seat or place of management in Germany (i.e. "non-resident corporations") are subject to corporate income tax only on income derived from German sources, unless otherwise provided in the applicable tax treaty. Income from German sources includes income derived from the leasing and disposal of real estate property located in Germany.

Corporate income tax is levied at the rate of 15% plus 5.5% solidarity surcharge thereon. This results in an effective tax rate of 15.825% (including solidarity surcharge).

## **II. TRADE TAX**

Trade tax (the effective average tax rate is about 14%) is generally chargeable if a business is carried out through a permanent establishment in Germany. A permanent establishment is a fixed place or facility through which the business of an enterprise is carried out. Permanent establishments include especially a place of management, branches, offices and other fixed places with a degree of permanence.

The mere passive ownership of real estate property should generally not constitute a permanent establishment. Foreign corporations should therefore generally not constitute a permanent establishment in Germany if their activity is limited to the passive ownership, lease and disposal of real estate in Germany.

## **III. WITHHOLDING TAX**

### **Dividend withholding tax**

Profit distributions by non-resident corporations should not be subject to German dividend withholding tax.

### **Interest withholding tax**

There should generally be no German withholding tax on interest payments made in connection with plain-vanilla shareholder loans, unless such loan is secured by German real estate property.

## **IV. REAL ESTATE TAX (“RET”)**

The German RET is a local tax on immovable property. The annual RET for a property is based on an estimated assessed tax value of the property. Tax rates vary between 0.65 to 2.83%, depending on municipality where the property is located. The real estate tax is paid in four instalments – on 15 February, 15 May, 15 August and 15 November. Generally, the RET is borne by the tenant.

It should be noted that a RET reform is currently being discussed by the German lawmaker.

## **V. REAL ESTATE TRANSFER TAX (“RETT”)**

German RETT at a current rate of between 3.5% and 6.5% (depending on which federal state the property is located) is levied on the transfer of title in German real estate property. The tax base is the consideration paid by the acquirer for the property (land and building).

In addition, the transfer of shares/partnership interests in an entity owning German real estate property may be a taxable event under German RETT law provisions. German RETT will be triggered if a single owner or a group of companies acquires, directly or indirectly, at least 95% of the shares in an entity (company or partnership) that owns German immovable properties (unification of shares), or if there is a direct or indirect transfer of at least 95% in a partnership holding German immovable properties within a five-year period. Although the applicable RETT rate is equal to that of a direct property transfer, the tax base is a deemed value which is specifically assessed for RETT purposes.

It should be noted that a RETT reform has been announced by the German lawmaker in relation to the RETT rules associated with certain share deal transactions. The draft bill for such RETT reform has been published on 8 May 2019 and among other proposed changes, the current 95% threshold will be reduced to 90% and a share transfer will be taxable if 90% of the shares in a corporation are directly or indirectly unified in the hand of a single purchaser or a group of purchasers considering a lookback period of 10 years. It is currently expected that the new RETT rules will be applicable for taxable events realised after 31 December 2019. It is possible that the transition rules may change throughout the legislative process.

## **C. NETHERLANDS TAX OVERVIEW**

### **I. CORPORATE INCOME TAX**

Dutch resident taxpayers are taxed on their worldwide profit. Rental income derived from the New German Properties (and any other income and costs that are attributable to these assets) that are directly held by the Dutch Property Companies should however not be subject to Dutch corporate income tax.

The Dutch corporate income tax rate currently (for financial year 2019) is 19% for the first €200,000 (step-up rate) of taxable profits and 25% for the taxable profits exceeding €200,000. The statutory Dutch corporate income tax rate will decrease from 25% to 22.55% in 2020 and 20.5% from 2021 and onwards, and the step-up rate (i.e. rate for the first €200,000 of taxable profits) will reduce from 19% to 16.5% in 2020 and 15% from 2021 and onwards.

### **II. WITHHOLDING TAX**

#### **Dividend withholding tax**

Profit distributions by a Dutch company are in principle subject to Dutch dividend withholding tax at a rate of 15%. However, dividends paid by a Dutch tax resident company to another Dutch tax resident company may, under applicability of the Dutch participation exemption, be exempt from Dutch dividend withholding tax based on a domestic exemption.

Dividend distribution by a Dutch company to Singapore company may be exempt from Dutch dividend withholding tax based on a domestic exemption (based on current interpretation/guidance). However, there have been recent European Court of Justice cases where a similar domestic exemption (in Denmark) was denied. Following from this development, the Dutch legislator/tax authorities have recently announced that amendments will be made to the Dutch anti-abuse provisions as set out in the Dutch dividend withholding exemption. The draft legislation on these amendments is expected to be released in September 2019 and the amendments are expected to enter into effect from 1 January 2020.

Dutch dividend withholding tax may also be exempt under the avoidance of double taxation agreement in force between the Netherlands and Singapore (the “**Netherlands-Singapore DTA**”), provided that the recipient of the dividend is a Singapore tax resident company of which the capital is wholly or partly divided into shares and which holds directly or indirectly at least 25% of the capital of the Dutch tax resident company paying the dividends.

For completeness, a principal purpose test will be introduced to the Netherlands-Singapore DTA from 1 January 2020 pursuant to the implementation of the multilateral instrument (“**MLI**”). The principal purpose test should be similar to the anti-abuse provisions as included in the Dutch domestic exemption, and generally seeks to deny treaty benefits to a taxpayer with the main purpose or one of the main purposes of obtaining such treaty benefits.

Additionally, dividend distributions from a Dutch tax resident company to a foreign shareholder may potentially be subject to 25% Dutch corporate income tax if the foreign shareholder has a “substantial interest” (in principle a 5% or more shareholding) in the Dutch tax resident company and the substantial interest cannot be allocated to a business enterprise of the foreign shareholder or business activities of the group. However, regardless of whether the above substantial interest taxation rules apply, the Netherlands-Singapore DTA may prevent such Dutch taxation provided that the recipient of the dividend is a Singapore tax resident company of which the capital is wholly or partly divided into shares and which holds directly or indirectly at least 25% of the capital of the Dutch tax resident company paying the dividends.

### **Interest withholding tax**

There should be no Dutch withholding tax on interest payments under domestic rules. However, the Dutch government has announced a withholding tax on outbound interest payments made to low tax jurisdictions or in abusive situations. Currently, it is expected that the announced withholding tax on interest payments to low tax jurisdictions is conditional and only applies to intercompany payments to entities tax resident in a jurisdiction with a low tax rate and EU black-listed countries or in abusive situations. Low tax rate is defined as a statutory corporate tax rate of lower than 9% (Singapore should not fall within this category of jurisdictions). The anti-abuse provisions will most likely be identical to the anti-abuse provisions as included in the Dutch dividend withholding tax act. Draft legislation on this announced withholding tax is expected to be released in September 2019.

In addition, Dutch corporate income tax (at a rate of 25%) may become due on interest payments on loans if the creditor has a “substantial interest” in the debtor (i.e. the creditor has directly or indirectly a shareholding of 5% or more of any class of shares in the debtor) and the substantial interest does not form part of the business enterprise of the creditor or business activities of the group. The tax due may be reduced or avoided if the creditor with the “substantial interest” is tax resident in a country with which the Netherlands has concluded a tax treaty, but the availability of treaty relief under a tax treaty could be affected when the MLI comes into force.

## **E. LUXEMBOURG TAX OVERVIEW**

### **I. CORPORATE INCOME TAX AND MUNICIPAL BUSINESS TAX (“MBT”)**

Luxembourg companies should be liable to Luxembourg corporate income tax and MBT on their worldwide income, unless specifically exempt under either Luxembourg domestic tax law or an applicable double taxation agreement. The current aggregate corporate income tax and MBT rate applicable to companies established in the city of Luxembourg is 24.94% (comprising corporate income tax of 18.19% which includes the solidarity surcharge of 7% of the corporate income tax and MBT of 6.75%).

Any income derived by a Luxembourg Property Company from the New German Properties (e.g., rental income) should be exempt from Luxembourg corporate income tax and MBT pursuant to the avoidance of double taxation agreement in force between Germany and Luxembourg.

### **II. NET WEALTH TAX (“NWT”)**

Luxembourg resident companies are also subject to NWT levied annually at 0.5% on their unitary value of non-exempt net assets of up to €500 million plus 0.05% on the amount of unitary value exceeding €500 million (if applicable).

The New German Properties should be exempt assets and therefore not included in the computation of unitary value for NWT purposes.

### **III. WITHHOLDING TAX**

#### **Dividend withholding tax**

Dividends distributed by Luxembourg companies are in principle subject to Luxembourg dividend withholding tax at a rate of 15%. However, dividends distributed by Luxembourg fully taxable capital companies may be exempt from Luxembourg withholding tax where the recipient meets the requirements under the EU Parent-Subsidiary Directive and at the date the income is made available, the recipient has been holding (or commits itself to hold) during an interrupted period of 12 months a participation of at least 10% of the share capital of the distributing company (or the acquisition cost of the shareholding is at least €1.2 million).

#### **Interest withholding tax**

Interest payments made by Luxembourg companies on plain-vanilla shareholder loans (i.e., loans without a profit-sharing element) and bearing an arm's length interest should not be subject to Luxembourg withholding tax under Luxembourg domestic law.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an EXTRAORDINARY GENERAL MEETING of the holders of units of Frasers Logistics & Industrial Trust (“**FLT**”, and the holders of units of FLT, the “**Unitholders**”) will be held on 20 August 2019 at 10.00 a.m. at Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989, for the purpose of considering and, if thought fit, passing, with or without modifications, the following ordinary resolution (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular dated 30 July 2019 to Unitholders):

### **THE PROPOSED ACQUISITION OF INTERESTS IN 12 PROPERTIES IN GERMANY AND AUSTRALIA**

RESOLVED that:

- (i) approval be and is hereby given for the acquisition of interests in nine freehold logistics properties in Germany (including fixtures in respect of two of the German properties) and three freehold logistics properties in Australia from the Vendors, each of which is an indirect subsidiary of FPL, for a Purchase Consideration of approximately A\$507.2 million on the terms and subject to the conditions set out in the Share Purchase Agreement entered into between the German Vendors and FLT Europe, a wholly-owned subsidiary of FLT, and the Asset Sale and Purchase Agreements entered into between the Australian Vendors and the Sub-Trust Trustees, acting as trustees respectively of sub-trusts wholly-owned by FLT; and
- (ii) the Manager, any director of the Manager (“**Director**”) and Perpetual (Asia) Limited (as trustee of FLT) (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 interests of FLT to give effect to the Proposed Acquisition, the Share Purchase Agreement, the Asset Sale and Purchase Agreements, the Deed of Indemnity, the Incentive Reimbursement Deeds, the Rental Support Deed and all transactions in connection therewith.

### **BY ORDER OF THE BOARD**

Frasers Logistics & Industrial Asset Management Pte. Ltd.  
(as manager of Frasers Logistics & Industrial Trust)  
(Company Registration No. 201528178Z)

Ho Hon Cheong  
Chairman and Independent Non-Executive Director  
30 July 2019

## **PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting 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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (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.**



# FRASERS LOGISTICS & INDUSTRIAL TRUST

(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 30 NOVEMBER 2015 (AS AMENDED, RESTATED AND SUPPLEMENTED))

## IMPORTANT

1. A Relevant Intermediary may appoint more than two proxies to attend the Extraordinary 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 Extraordinary General Meeting dated 30 July 2019 (the "Notice").

## PROXY FORM EXTRAORDINARY GENERAL MEETING

I/We \_\_\_\_\_ (Name), \_\_\_\_\_ (NRIC No./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 Extraordinary General Meeting ("EGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM to be held on 20 August 2019 at 10.00 a.m. at Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989, and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM 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 EGM.

NO.	ORDINARY RESOLUTION RELATING TO:	No. of Votes For *	No. of Votes Against *
1.	To approve the Proposed Acquisition		

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against", please indicate the number of Units in the boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

**Total Number of Units Held  
(Note 5)**

\_\_\_\_\_  
Signature(s) of Unitholder(s)/Common Seal

**IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM**

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes to Proxy Form**

1. A unitholder of Frasers Logistics & Industrial Trust ("**FLT**", and a unitholder of FLT, "**Unitholder**") who is not a Relevant Intermediary entitled to attend and vote at the Extraordinary General 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 Extraordinary General Meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.  
*"Relevant Intermediary" means:*
  - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (as the case may be) (the "**Proxy Form**") must be deposited with the company secretary of the Manager at the office of FLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the Extraordinary General Meeting.
4. Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the meeting.
5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of FLT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders of FLT, the Unitholder should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
6. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder's name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.

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**The Company Secretary**  
**Frasers Logistics & Industrial Asset Management Pte. Ltd.**  
(as manager of Frasers Logistics & Industrial Trust)  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place #32-01  
Singapore Land Tower  
Singapore 048623

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**FRASERS LOGISTICS & INDUSTRIAL  
ASSET MANAGEMENT PTE. LTD.**

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