

Frasers Logistics & Industrial Trust

4QFY19 Results Presentation



6 November 2019



Keramag & VCK Facility, Ratingen, Germany

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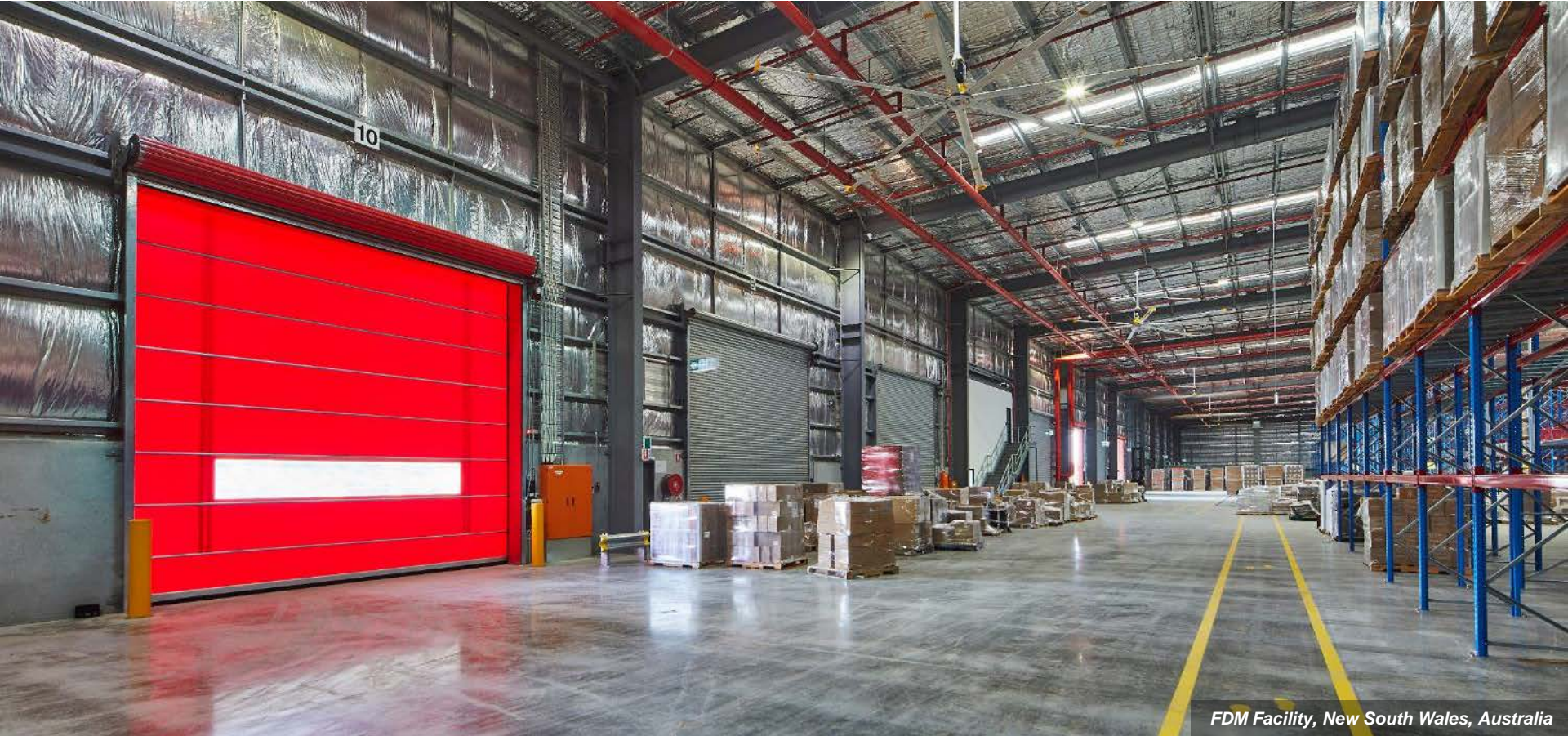
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Contents

- ◆ Performance Overview and Distribution Details
- ◆ Financial Review
- ◆ Portfolio Overview
- ◆ Outlook and Strategy

Performance Overview and Distribution Details



4QFY19 Highlights



Consistent Performance

- ◆ 4QFY19 distribution per unit (“DPU”) of **1.82 Australian cents**, up 2.2% year-on-year (“y-o-y”)
- ◆ In SGD terms, DPU was 2.8% lower at **1.73 Singapore cents**, due to the softening of the AUD and EUR against the SGD



Proactive Portfolio Management

- ◆ **49,268 sq m of leasing** in Australia and Germany, representing 2.2% of portfolio gross lettable area (“GLA”). Rental reversion of -4.3%
- ◆ Portfolio occupancy of **99.6%** and weighted average lease expiry (“WALE”) of **6.31 years⁽¹⁾** as at 30 September 2019



Investing for Growth

- ◆ **Raised S\$258.1 million** via a private placement on 30 July 2019, which was **3.2 times subscribed**
- ◆ Obtained unitholder approval on 20 August 2019 for the A\$644.7 million **acquisition of 12 freehold logistics properties** in Germany and Australia



Business Achievements

- ◆ **Awarded First Placing (industrial)** by the Global Real Estate Sustainability Benchmark (GRESB) for the **second consecutive year** in the 2019 Real Estate Assessment
- ◆ Included as a **constituent in the Global Property Research (GPR) 250 Index Series** from 23 September 2019

1. “WALE” refers to the weighted average lease expiry based on Gross Rental Income (“GRI”), being the contracted rental income and estimated recoverable outgoings for the month of September 2019. Excludes straight lining rental adjustments

FY2019 Highlights

1 Financial Stability



FY2019 DPU
7.27 Australian Cents
 (FY2018: 6.94 Australian cents)



Aggregate Leverage
33.4%
 60% of borrowings at fixed rates

2 Active Asset Management and Valuation Uplift



Acquisitions
11 properties⁽¹⁾
 In Australia and Europe



Three Divestments⁽²⁾
~A\$171.9 million
 All at premiums to book value



Portfolio Valuation Uplift
A\$101.1 million
 From carrying value of A\$3.5 billion



11 Leasing Deals
122,554 sq m
 Representing 5.5% of portfolio GLA

3 Index Inclusion

Included in the
FTSE EPRA
NAREIT Index
 (18 March 2019)

GPR 250 Index
 (23 September 2019)

4 Prime Grade Logistics & Industrial Properties Located in Major Logistics Markets of Australia, Germany and the Netherlands

91
 Properties

~A\$3.6 billion
 Portfolio Value

~2.2 million sq m
 GLA

6.31 years
 WALE

7.56 years
 Average Property Age

99.6%
 Occupancy Rate

1. Excludes the acquisition of two German properties which are yet to complete as at 30 September 2019
 2. Includes the divestment of 610 Heatherton Road, Clayton South, Victoria, Australia which is expected to complete by end 2019

Distribution Details

The total distribution for the period from 1 April 2019 to 30 September 2019 was 3.46 Singapore cents, comprising:

- ◆ Advanced distribution of 2.45 Singapore cents for the period from 1 April 2019 to 7 August 2019 paid on 1 November 2019
- ◆ Latest distribution of 1.01 Singapore cents for the period from 8 August 2019 to 30 September 2019

Latest Distribution Details

Distribution Period	8 August 2019 – 30 September 2019
Distribution Per Unit (DPU)	1.01 Singapore cents ⁽¹⁾
Ex-date	13 November 2019
Books Closure Date	14 November 2019
Distribution Payment Date	16 December 2019

1. Unitholders will have the option to elect to receive the distribution in A\$. The conversion rate will be announced later

Financial Review



Financial Performance Quarter ended 30 September 19

(A\$'000)	4QFY19	4QFY18	Change (%)	Remarks
Revenue	61,616	60,439	1.9	<ul style="list-style-type: none"> Contributions from the various acquisitions in FY2018 and the recently completed German and Australian Properties Acquisition⁽²⁾ <i>which was partially offset by:</i> The effect of the divestments in FY2018, the South Park Drive Divestment and the Sandstone Place Divestment⁽²⁾
Adjusted net property income ⁽¹⁾	50,233	49,306	1.9	
Finance costs	5,987	7,646	(21.7)	<ul style="list-style-type: none"> Interest savings from the refinancing of A\$170 million borrowings and from repayment of debt from the proceeds of the various divestments in FY2018 and FY2019. The weighted average interest rate excluding upfront related expenses for 4QFY19 was 2.2% per annum compared to 2.5% per annum for 4QFY18.
Net change in fair value of investment properties	101,122	54,695	84.9	<ul style="list-style-type: none"> Relates to the fair value gain arising from revaluation of the Group's investment properties based on independent valuations as at 30 September
Distributable income to Unitholders	39,296	35,955	9.3	<ul style="list-style-type: none"> Contributions from the various acquisitions; and Lower finance costs
DPU (Australian cents)	1.82	1.78	2.2	<ul style="list-style-type: none"> Lower hedged exchange rate of A\$1.00: S\$0.9543⁽³⁾ (4QFY18: A\$1.00: S\$1.0011) by 4.7% due to weaker AUD and EUR against the SGD
DPU (Singapore cents)	1.73	1.78	(2.8)	

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

2. Please refer to Page 2 of FLT's Financial Statements Announcement dated 6 November 2019 for details of the capitalised terms

3. A 100 bps increase in the AUD:SGD and EUR:SGD exchange rates relative to their respective distributable income contribution will result in an increase of 0.02 Singapore cents in DPU

Financial Performance 1 October 2018 – 30 September 2019

(A\$'000)	FY2019	FY2018	Change (%)	Remarks
Revenue	240,758	195,766	23.0	<ul style="list-style-type: none"> Contributions from the various acquisitions in FY2018 and FY2019; A\$1.2 million early surrender fee received for 63 - 79 South Park Drive, Dandenong South, Victoria; and A\$1.1 million make good income for 63 - 79 South Park Drive, Dandenong South, Victoria and 610 Heatherton Road, Clayton South, Victoria <i>which was partially offset by:</i> The effect of the various divestments in FY2018 and FY2019
Adjusted net property income ⁽¹⁾	195,911	155,398	26.1	
Finance costs	27,882	23,805	17.1	<ul style="list-style-type: none"> Higher borrowings drawn to finance the various acquisitions in FY2018 and FY2019, partially offset by interest savings from the refinancing of A\$170 million borrowings and from the repayment of debt from the proceeds of the various divestments in FY2018 and FY2019. The weighted average interest rate excluding upfront related expenses for FY2019 was 2.2% per annum compared to 2.5% per annum for FY2018.
Gain on divestment of investment property	1,649	23,446	(93.0)	<ul style="list-style-type: none"> FY2019 relates to the gain on the South Park Drive Divestment⁽²⁾ while FY2018 relates to the gain on divestments in FY2018
Net change in fair value of investment properties	121,989	72,411	68.5	<ul style="list-style-type: none"> Relates to the fair value adjustments made on the Group's investment properties based on independent valuations as at 30 September and for FY2019 includes the net fair value gain on divestment of 50% interest in 99 Sandstone Place, Parkinson, Queensland of A\$8.9 million
Distributable income to Unitholders	149,836	118,341	26.6	<ul style="list-style-type: none"> Contributions from the various acquisitions; and 92.2% of management fees paid in the form of units (FY2018: 88.2%) <i>which was partially offset by:</i> Higher finance costs.
DPU (Australian cents)	7.27	6.94	4.8	<ul style="list-style-type: none"> Lower hedged exchange rate of A\$1.00: S\$0.9632 (FY2018: A\$1.00: S\$1.0328) by 6.7% due to weaker AUD and EUR against the SGD
DPU (Singapore cents)	7.00	7.19	(2.6)	

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

2. Please refer to Page 2 of FLT's Financial Statements Announcement dated 6 November 2019 for details of the capitalised terms

Distribution

- ♦ FLT manages foreign exchange volatility on its distributable income with hedging instruments and targets to hedge distributions on a rolling six-month basis
- ♦ The lower DPU of 7.00 Singapore cents by 2.6% as compared to 7.19 Singapore cents for FY2018, and lower DPU of 1.73 Singapore cents by 2.8% as compared to 1.78 Singapore cents for 4QFY18 was due mainly to:
 - Lower hedged exchange rate of 6.7% for FY2019 vs FY2018, and 4.7% for 4QFY19 vs 4QFY18
- ♦ FLT has paid out 100% of distributable income since IPO

Distribution per Unit



Balance Sheet

- ◆ **The value of investment properties and investment property held for sale increased 19.9% from A\$2,978 million as at 30 September 2018 to A\$3,572 million as at 30 September 2019, due mainly to:**
 - Completion of seven out of nine properties in the German Properties Acquisition, the Australian Properties Acquisition, the Dutch Acquisition⁽¹⁾; and
 - Fair value adjustment made based on independent valuations as at 30 September 2019 *which was partially offset by*
 - Completion of the South Park Drive Divestment and the Sandstone Place Divestment⁽¹⁾
- ◆ FLT is in a net current liability position as at 30 September 2019 due to the short-term borrowings of A\$206 million.

Balance Sheet (A\$'000)	As at 30 Sep 19	As at 30 Sep 18
Investment properties	3,554,142	2,978,204
Other non-current assets	2,117	1,133
Current assets	162,627	115,638
Total assets	3,718,886	3,094,975
Non-current liabilities	1,105,194	884,774
Current liabilities	270,955	266,947
Total liabilities	1,376,149	1,151,721
Net asset value per Unit (A\$)	1.02	0.95
Net asset value per Unit (S\$)	0.95 ⁽²⁾	0.94 ⁽³⁾

1. Please refer to Page 2 of FLT's Financial Statements Announcement dated 6 November 2019 for details of the capitalised terms

2. Based on an exchange rate of A\$1.00:S\$0.9307 as at 30 September 2019

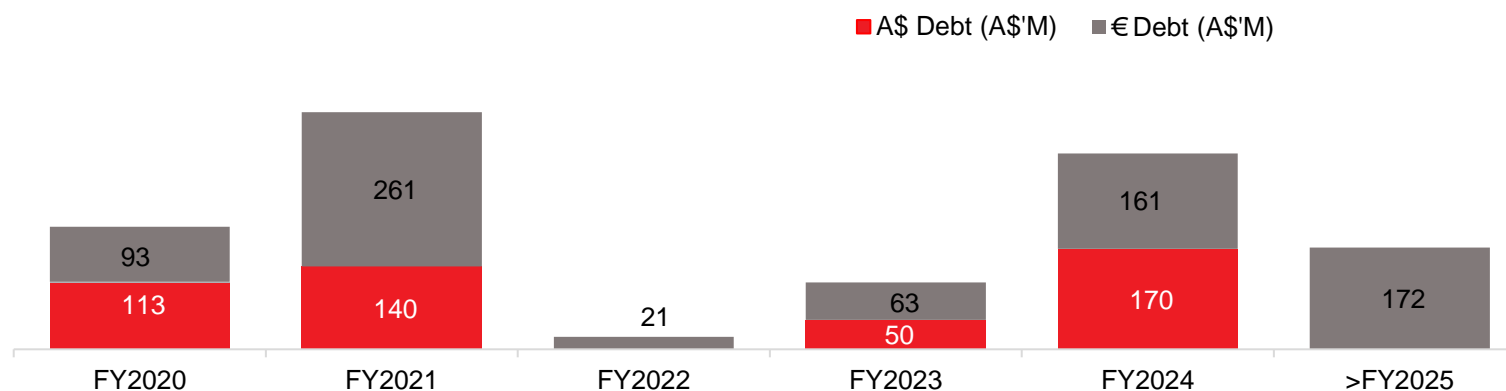
3. Based on an exchange rate of A\$1.00:S\$0.9878 as at 30 September 2018

Debt

As at 30 September 2019

Aggregate Leverage	33.4%
Total Gross Borrowings	A\$1,244 million
Weighted Average Cost of Borrowings⁽¹⁾	2.2%
Average Weighted Debt Maturity	3.2 years
Interest Rate Exposure Fixed	60%
Interest Coverage Ratio	9.3 times
Debt Headroom	A\$781 million ⁽²⁾

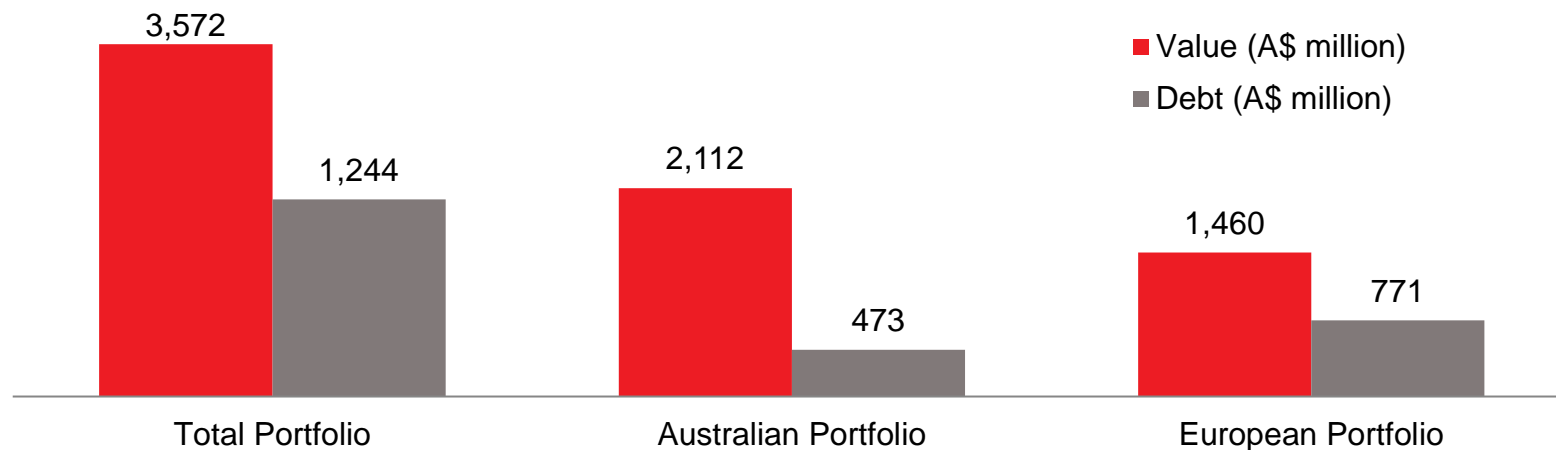
Debt Maturity Profile



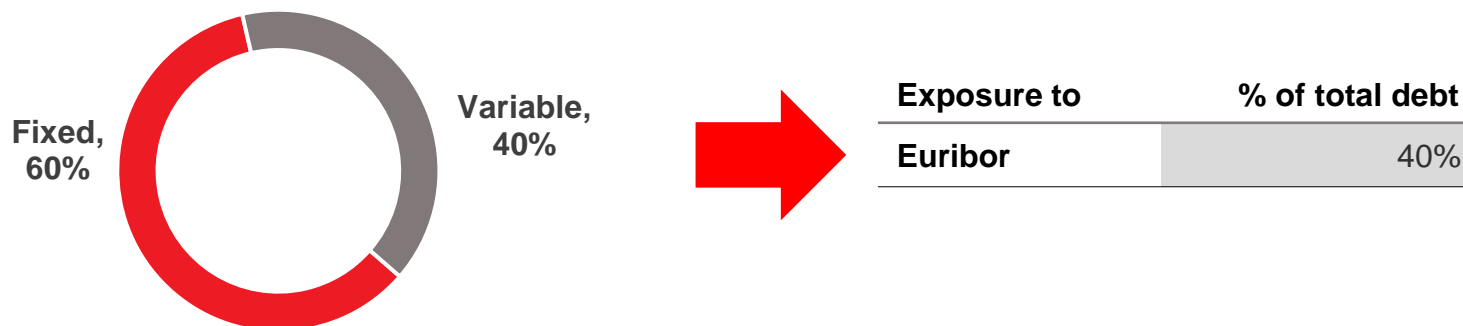
1. Excluding upfront debt related expenses
2. Prior to reaching the 45.0% aggregate regulatory leverage limit

Capital Management

Investment Properties⁽¹⁾ and Debt (As at 30 September 2019)



Interest Risk Management (As at 30 September 2019)



1. Includes Investment Property held for sale

Portfolio Overview



CHEP Facility, Victoria, Australia

Portfolio Valuation

The FLT Portfolio was valued at approximately A\$3.6 billion as at 30 September 2019

- ◆ Uplift of A\$101.1 million over the carrying value of A\$3.5 billion

Location	No. of Properties	Valuations as at 30 Sep 2019		
Australia⁽¹⁾		Value (million)	Capitalisation Rate	
- Victoria	29	A\$841.7	5.25% – 8.50%	
- New South Wales	16	A\$683.0	5.25% - 8.75%	
- Queensland	13	A\$531.1	5.25% - 7.00%	
- South Australia	3	A\$25.9	8.75% -9.25%	
- Western Australia	1	A\$12.3	15.64%	
Australian Portfolio Total:	62	A\$2,094.0	-	
Europe		Value (million)	Gross Initial Yield⁽²⁾	Net Initial Yield⁽³⁾
German Portfolio	24	€25.4	4.56% - 7.59%	4.09% - 6.78%
The Netherlands Portfolio	5	€175.4	5.14% - 6.38%	4.55% - 5.58%
European Portfolio Total:	29	€900.8		
FLT Portfolio total	91	A\$3,554.1⁽⁴⁾		

1. Excludes 610 Heatherton Road, Clayton South, Victoria, Australia which is classified as "Investment Property held for Sale"

2. In-place rent divided by net property value

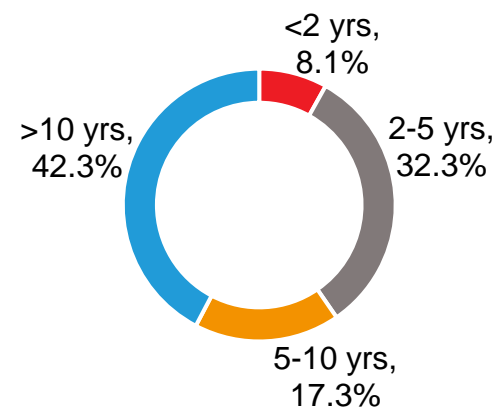
3. In-place rent net of non-recoverable expenses divided by gross property value

4. Based on an exchange rate of €1.00:A\$1.62104

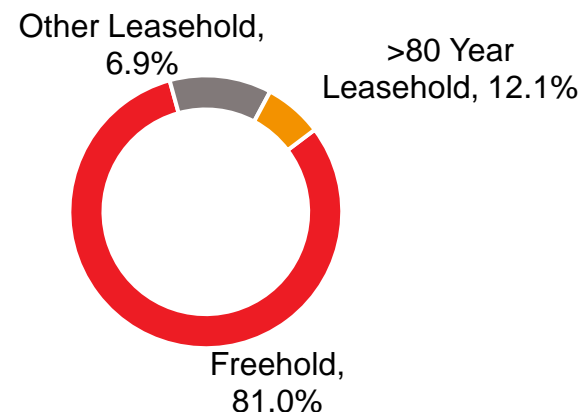
Portfolio Metrics

As at 30 Sep 2019	Australia ⁽¹⁾	Europe	Total
No. of Properties	62	29	91
Portfolio Value (A\$ billion)	2.1	1.5 ⁽²⁾	3.6
GLA (sq m)	1,377,649	845,803	2,223,452
Average Property Age by Value	7.47 years	7.67 years	7.56 years
WALE⁽³⁾	5.74 years	7.42 years	6.31 years
Occupancy Rate by GRI	99.4%	100%	99.6%
Average Annual Rental Increment	3.1%	CPI-linked/ Fixed ⁽⁴⁾	N.A.

Portfolio Age by GLA



Land Tenure by Value



1. Excludes 610 Heatherton Road, Clayton South, Victoria which is classified as "Investment Property held for Sale"

2. Based on an exchange rate €1: A\$1.62104 as at 30 September 2019

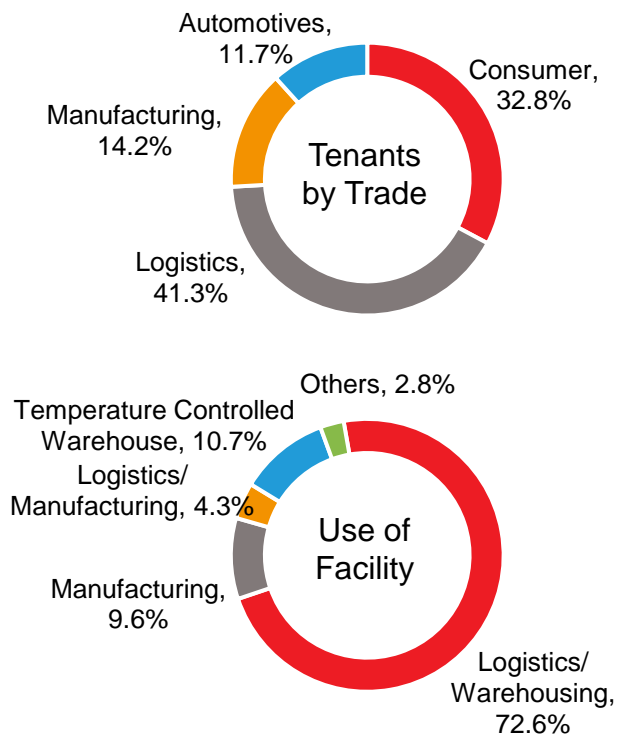
3. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2019. Excludes straight lining rental adjustments

4. 94% of the leases have either CPI-linked indexation or fixed escalations












Well-Diversified and High Quality Tenant Base

High quality, diversified tenant base underpinned by primary industries including consumer, logistics services, manufacturing and automotives

Portfolio Breakdown⁽¹⁾



Top 10 Tenants⁽¹⁾

Tenant		% of GRI	WALE (Years)
BMW		3.5%	6.0
CEVA Logistics (Australia) Pty Ltd		3.4%	5.7
Coles Group Limited		3.3%	12.7
Techtronic Industries Australia Pty Limited		3.0%	3.4
Schenker Australia Pty Ltd		3.0%	5.0
Mainfreight		2.7%	6.4
Constellium		2.3%	7.7
Bakker Logistics		2.3%	11.1
DSV Solutions	 	2.1%	5.1
Bosch		2.0%	8.8

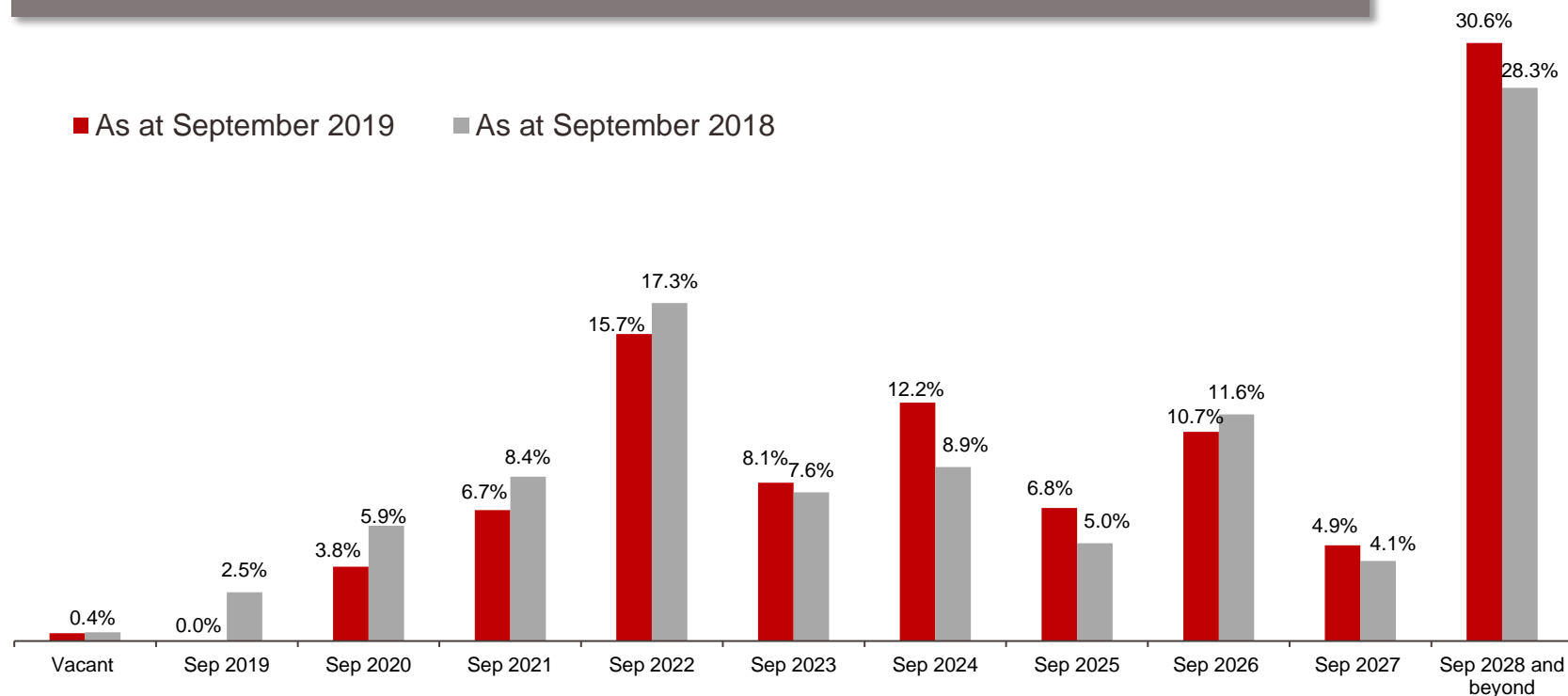
High quality tenant base that includes MNCs, listed companies and conglomerates with strong lease terms

1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2019. Excludes straight lining rental adjustments

Lease Expiry Profile

Well spread-out lease expiry profile⁽¹⁾

No concentration of lease expiry, providing long-term cash flow stability



1. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2019. Excludes straight lining rental adjustments

Leasing Update

FY2019 Leasing Summary and Subsequent Event:

- ◆ 122,554 sq m of leasing completed, representing 5.5% of portfolio GLA
- ◆ Tenant retention rate of 91.2% with average reversion of -3.8%
- ◆ Post-quarter end in October 2019, signed a **9,539 sq m, 5-year lease agreement with Amazon** for its property at 60 Paltridge Road, Perth Airport, Western Australia

4QFY19 Leasing Summary

1.	17 Pacific Drive, Keysborough, Victoria, Australia	12,126 sq m, 3-year lease extension with BIC Australia, commencing June 2021 <ul style="list-style-type: none"> ◆ New Lease Expiry Date: 19 June 2024 ◆ Annual Fixed Rental Increase: 3.00% ◆ Reversion: -10.8% ◆ Lessor works include the installation of a 100 kilowatt hour solar photovoltaic system
2.	10 Siltstone Place, Berrinba, Queensland, Australia	9,797 sq m, 5-year lease agreement with TCK Alliance, commenced October 2019 <ul style="list-style-type: none"> ◆ New Lease Expiry Date: 19 October 2024 ◆ Annual Fixed Rental Increase: 3.00% ◆ Reversion: -5.2%
3.	17-23 Jets Court, Melbourne Airport, Victoria, Australia	3,822 sq m, 0.5-year lease extension with ICAL, commencing March 2020 <ul style="list-style-type: none"> ◆ New Lease Expiry Date: 19 September 2020 ◆ Annual Fixed Rental Increase: 3.50% ◆ Reversion: -12.1% ◆ Subsequent to the quarter-end, the ICAL lease was further extended by 3.0 years to September 2023
4.	16-32 South Park Drive, Dandenong South, Victoria, Australia	12,729 sq m, 1-year option term exercised by Australia Post <ul style="list-style-type: none"> ◆ New Lease Expiry Date: 31 July 2021 ◆ Reversion:+3.1% with the new rent effective from August 2020
5.	Halls 1 & 2, Koperstrasse 8-10, Nuremberg, Germany	10,794 sq m, 5-year option term exercised by Roman Mayer Logistik <ul style="list-style-type: none"> ◆ New Lease Expiry Date: 31 August 2025 ◆ Annual Fixed Rental Increase: 100% of CPI ◆ Reversion: Nil

49,268 sqm of leasing completed in 4QFY19 with an average reversion of -4.3%

Commitment To Environment Sustainability

FLT's outstanding commitment to environmental sustainability has been recognised by both GRESB⁽¹⁾ and GBCA⁽²⁾

GRESB Assessment⁽¹⁾

- ◆ In 2017, FLT's first year of participation in the GRESB assessment, the company was awarded Regional Sector Leader (Australia / New Zealand)
- ◆ Subsequently, the company was ranked **1st globally for two consecutive years in 2018 and 2019**

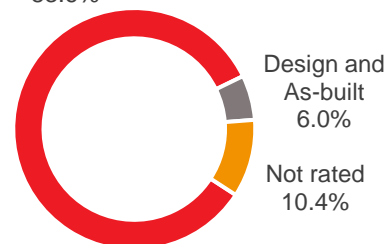


Potential Sustainability Benefits

- ☑ Reduces ongoing occupancy costs
- ☑ Attracting new tenants, especially those using sustainability as a criteria
- ☑ Assists in retaining tenants at lease expiry
- ☑ Decreases building obsolescence
- ☑ Minimises vacancy downtime

FLT's Green Star-rated Status^(2,3)

Performance rated
83.6%



Highest Green Star performance-rated portfolio in Australia

- ◆ Achieved an overall 4 Star Green Star rating as assessed by the GBCA
- ◆ First to achieve 6 Star Green Star ratings for industrial facilities in each of New South Wales, Victoria and Queensland

Sustainability Initiatives



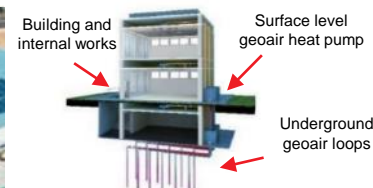
166 Pearson Road,
Yatala, QLD

**Energy-efficient
LED lighting**



1 Burilda Close,
Wetherill Park, NSW

**Solar PV
systems**



Integrated in the base design of two properties in NSW (17 Kangaroo Avenue, Eastern Creek and 2 Burilda Close, Wetherill Park)

**Geothermal heating
and cooling**

1. Refers to the 2018 and 2019 Real Estate Assessment by Global Real Estate Sustainability Benchmark (GRESB), the global ESG benchmark for real estate

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

3. As at 30 September 2019

Outlook and Strategy

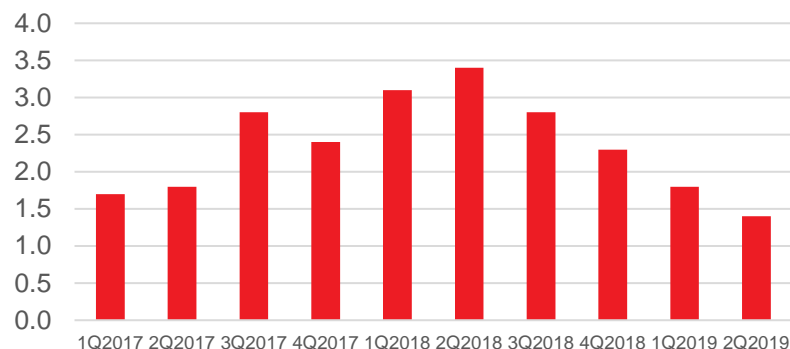


Australia – Economic Snapshot

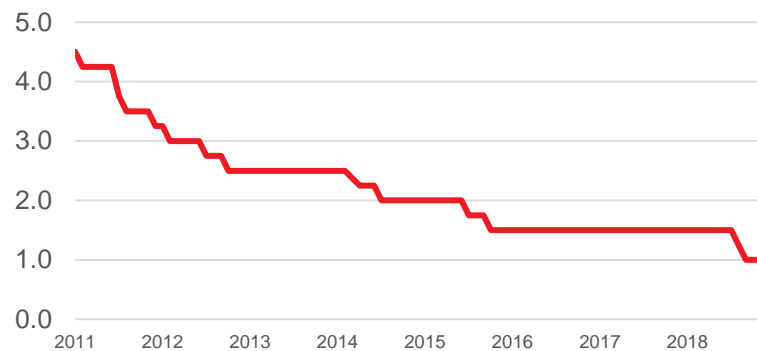
Key Economic Indicators

- ◆ **GDP Growth:** 1.4% for the 12-month ended June 2019, largely due to subdued consumption growth, reduced residential home construction and concerns regarding the US-China trade tensions. However, the growth will continue to be supported by the low level of interest rates, recent tax cuts, and ongoing spending on infrastructure
- ◆ **Low Unemployment rate:** 5.2% in September 2019 with the annual wage growth of 2.3%
- ◆ **Australian Dollar:** The Australian dollar is at its lowest level of recent times, possibly arising from lower interest rates, continued financial market volatility and global trade tensions
- ◆ **Official Interest Rates:** Cash rate has been lowered by 25 basis points to 0.75% in October. This easing of monetary policy is expected to support employment and income growth
- ◆ **Australian government 10-year bond yield:** 0.89% as of 10 October 2019

GDP Annual Growth Rates (%)

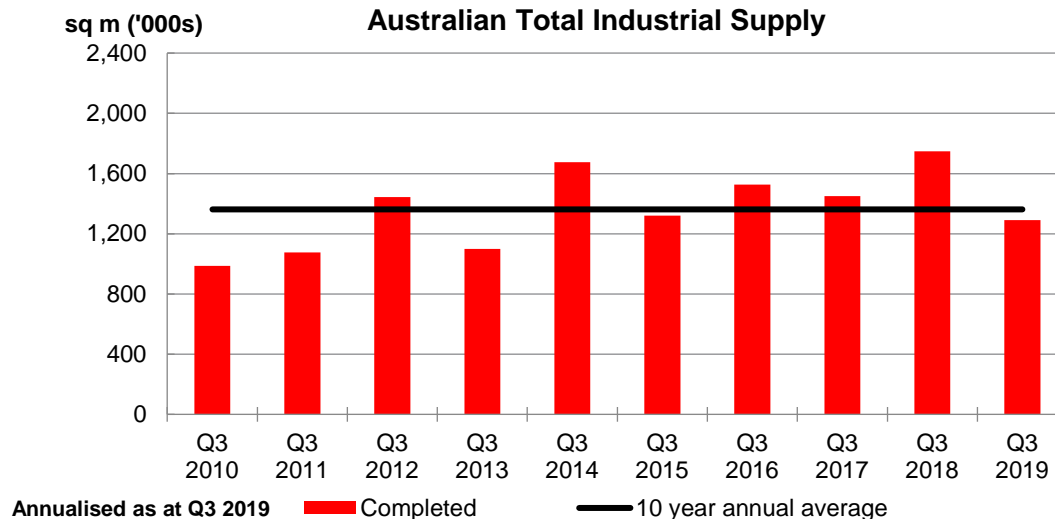


Official Cash Rate (%)



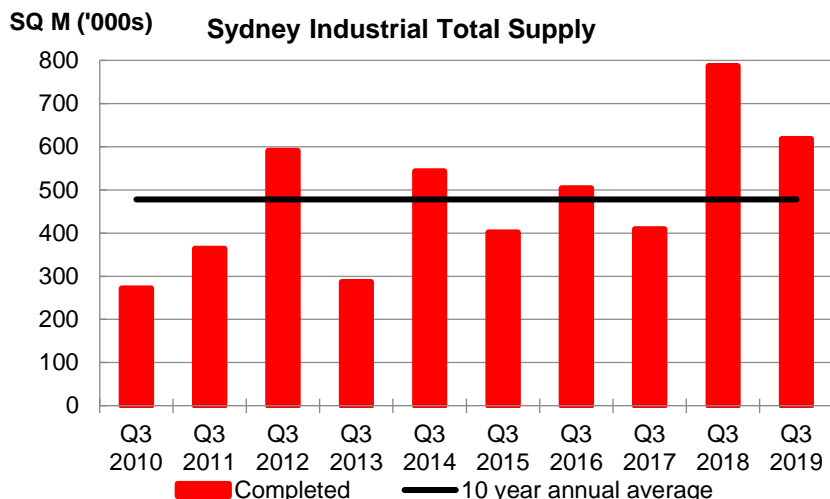
Australian Industrial Market

- ◆ **National take-up levels** is at parity with the 10-year average with approximately 2.3 million sq m of industrial space being leased over the 12 months to 30 September 2019. Supported by strong economic fundamentals and rental affordability, Melbourne has emerged as the leading market for industrial leasing activity. Melbourne accounts for approximately 36% of total Australian take-up over the past 12 months
- ◆ **New industrial supply** is slightly below the long-term average with approximately 1.3 million sq m of new stock being completed over the 12-month period to 30 September 2019. Sydney continues to be the leading development market, accounting for 48% of new completions
- ◆ As national take-up levels continue to exceed new completions, **vacancy levels** remain near 5 year lows across the three eastern seaboard cities of Sydney, Melbourne and Brisbane
- ◆ A shortage of developable land and the expansion of development activity have continued to place upward pressure on **land values**
- ◆ **Investor demand** for industrial space has continued with further yield compression compared to the second quarter of 2019 (“2Q19”). It is expected that yields will begin to stabilise over the next 12 months as the investment cycle approaches its peak

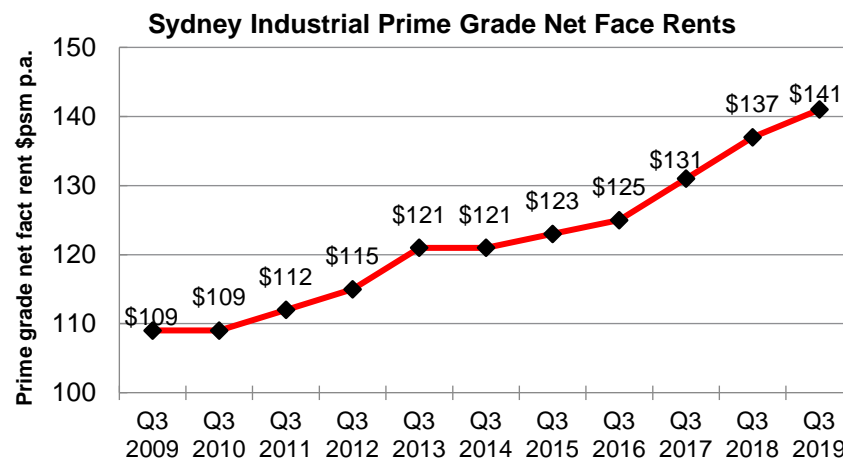


Sydney Industrial Market

- ◆ **Supply:** Development activity in Sydney has exceeded the long-term average by 29% with approximately 618,000 sq m new stock being added to the market over the last 12 months. New construction continues to be concentrated in the Outer Central Western precincts. Developers continue to develop new stock on a speculative basis which reflects their continued confidence in fundamentals of the Sydney industrial market.
- ◆ **Demand:** Demand remains strong with 631,370 sq m of industrial space leased in the 12 months to 30 September 2019. Take-up levels continue to outpace new completions. The largest lease deal of the quarter was Dicker Data who secured a 29,000 sq m pre-lease of a warehouse in Kernell which is expected to be completed in 2021.
- ◆ **Rents:** The strong recent demand has translated to an average y-o-y rental growth of 2.4% across all precincts. The Outer Central West continues to be one of the strongest performing precincts showing an annual increase of 3.4% with current prime rents sitting at A\$123/sq m. Incentives in Sydney continue to remain relatively low compared to Melbourne and Brisbane.
- ◆ **Vacancy:** As at October 2019 the level of available industrial space currently sits at approximately 412,000 sq m and remains near historic 5-year lows. However, Sydney Industrial vacancy is expected to increase over the next 12 months as new speculative stock begins to hit the market

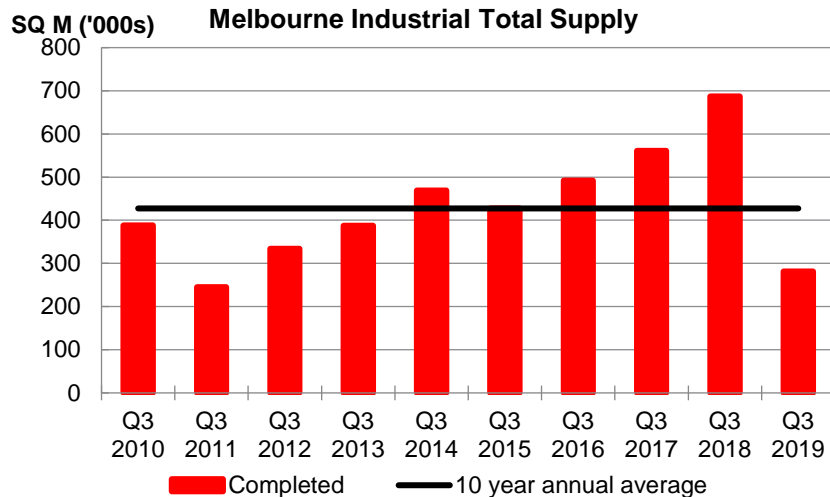


Annualised as at Q3 2019

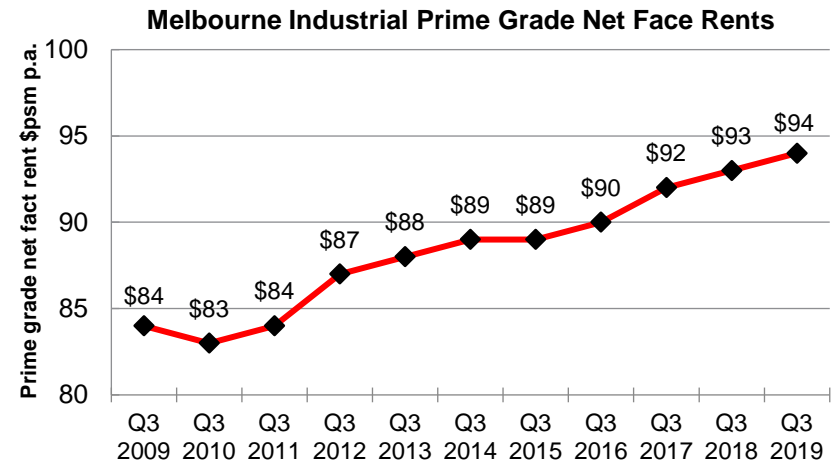


Melbourne Industrial Market

- ◆ **Supply:** Supply levels in Melbourne are below the long-term average with only 280,000 sq m completed during the 12 months to September 2019. However, the Melbourne market has a large supply pipeline of an estimated 673,400 sq m of new stock expected to be completed in the next 12 months
- ◆ **Demand:** Take-up levels remain above the long term average with 179,700 sq m of space leased in 3Q19. In the 12 months to 30 September 2019 approximately 820,000 sq m of industrial space was taken up which is 27% higher than the 10-year average. This continued strength reflects the overall strength of the Victorian economy and competitive pricing, including incentives, to attract occupiers. Demand continues to be driven by eCommerce and retail trades.
- ◆ **Rents:** Prime face rents have recorded a steady y-o-y growth of 1.3% across all precincts (except for City Fringe, which was stable). Incentives have been at elevated levels as landlords compete against developers to attract tenants to backfill space
- ◆ **Vacancy:** According to Knight Frank, vacancy in Melbourne remains near historic 5 year lows



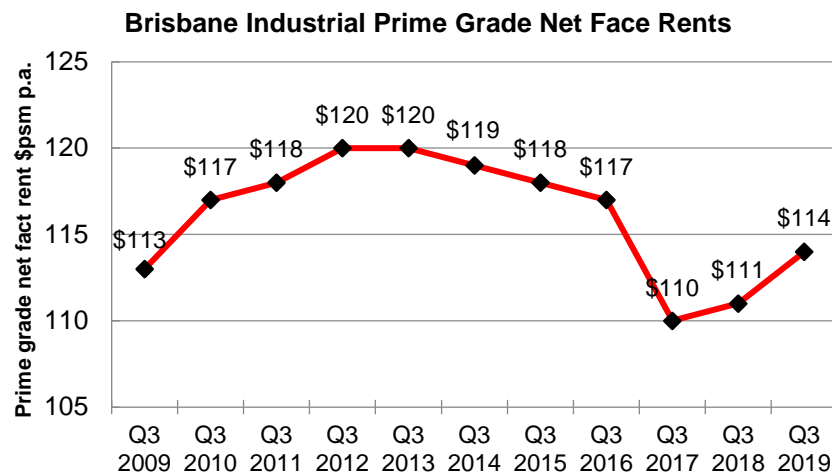
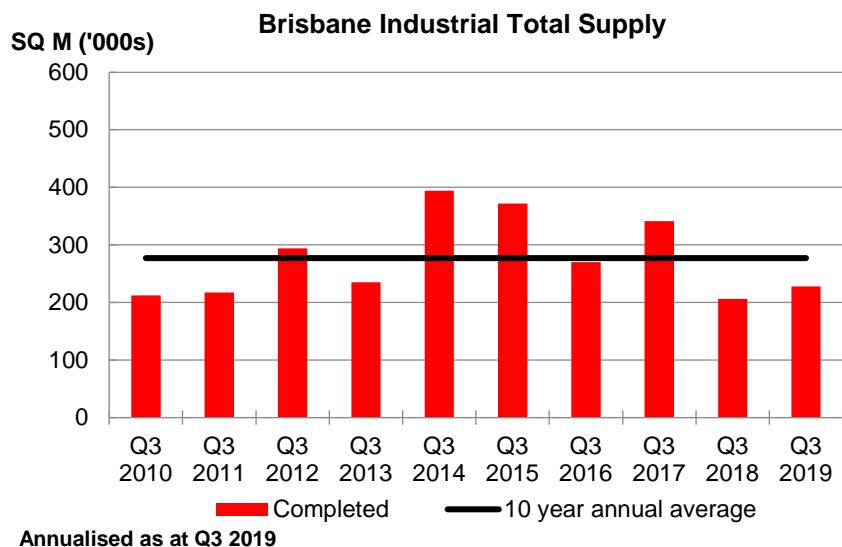
Annualised as at Q3 2019



Sources: Jones Lang LaSalle Real Estate Intelligence Service – Melbourne Industrial Final Data 3Q19; Jones Lang LaSalle Real Estate Intelligence Service – Melbourne Industrial Snapshot 3Q19; Jones Lang LaSalle Real Estate Data Solution – Melbourne Construction Projects from 4Q09 to 3Q19; Knight Frank Research – Melbourne Industrial Market Overview July 2019

Brisbane Industrial Market

- ◆ **Supply:** Development in Brisbane remains below the long term average with only 39,726 sq m completed in 3Q19. There has been a total of 228,100 sq m of new stock added to the market in the last 12 months, dominated by the Southern and Trade Coast precincts
- ◆ **Demand:** Net absorption of industrial space continues to improve with annual take-up totalling 477,379 sq m (4% above the long term average). The largest lease deal over the quarter was a 65,000 sq m prelease to Coles at Redbank.
- ◆ **Rents:** The Brisbane industrial market is recovering with prime rents returning to pre-2017 levels. The falling vacancy and increasing land values have begun to translate into a steady rental growth of 2.4% across all precincts over the past 12 months to September 2019
- ◆ **Vacancy:** The improved occupier demand together with below average new supply being added to the market has resulted in the lowest vacancy in 5 years



Economic Snapshot – Europe

Germany

- ◆ The German economy registered 0.4% year-on-year GDP growth in 2Q2019, with positive contributions driven by domestic consumption demand
- ◆ The unemployment rate on a seasonally adjusted basis held low at 3.1% in August 2019, which provides support even as ongoing US-China trade tensions and Brexit continue impact on economic growth

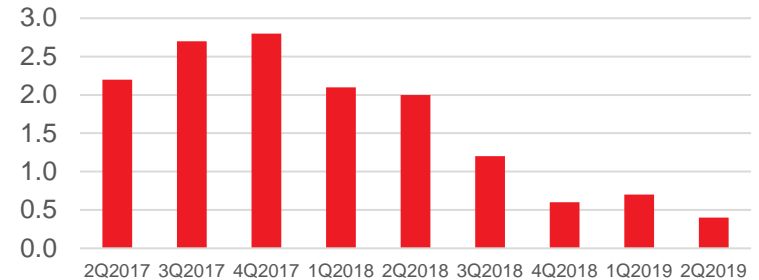
The Netherlands

- ◆ The Dutch economy grew 1.8% in 2Q2019, underpinned by increased investments in fixed assets, household consumption and balance of trade
- ◆ The unemployment rate in the Netherlands on a seasonally adjusted basis remains low at 3.5% in September 2019, from 3.7% a year ago

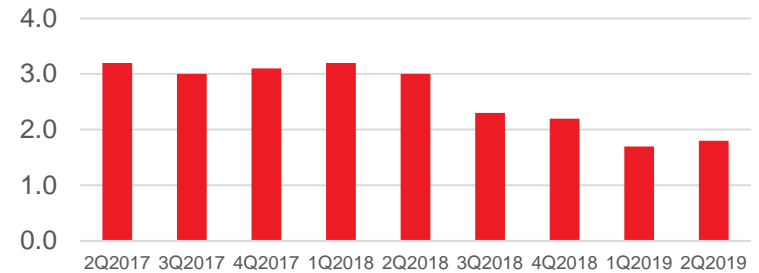
EURIBOR

- ◆ EURIBOR remained in the negative range as at 30 Sep 2019

German GDP Annual Growth Rates (%)

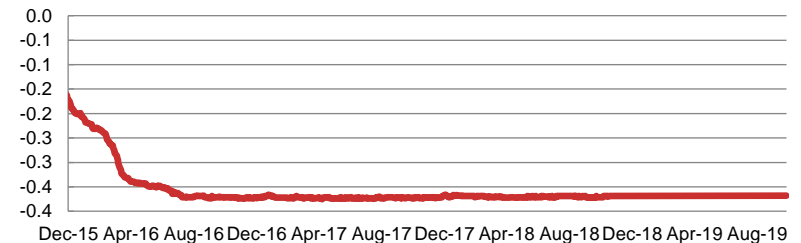


Dutch GDP Annual Growth Rates (%)



(%)

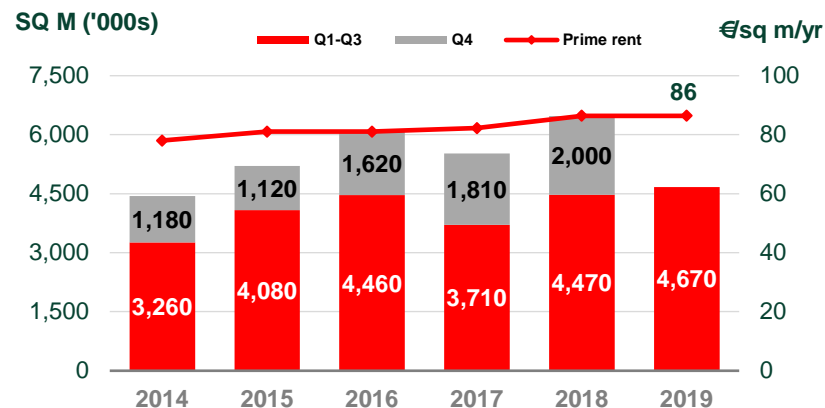
EURIBOR



Industrial Markets Overview Germany and the Netherlands

Germany

Take-up and Prime Rent (for warehouse >5,000 sq m)

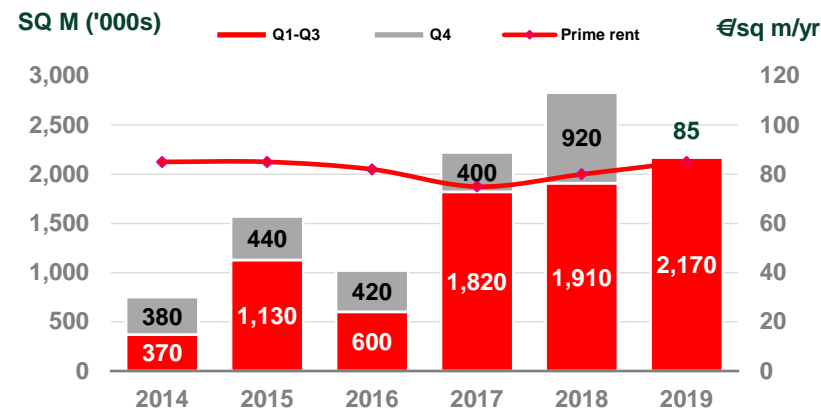


Take-up: +4% (Jan – Sep 2019 vs Jan – Sep 2018)

- ◆ Take-up in Germany remained high albeit lower in some of the main hubs due to a lack of modern space
- ◆ Overall, the market remained dynamic as many companies have been shifting to smaller locations outside the traditional hubs, where there is still sufficient supply
- ◆ The prime rent in Berlin recorded the highest value in Germany stabilising at €86/sq m/year
- ◆ The logistics investment market is stabilising; logistics products remain scarce in the major hubs
- ◆ Yields remain at 3.8% in the major logistics hubs, which is the lowest yield recorded in Europe

The Netherlands

Take-up and Prime Rent (for warehouse >5,000 sq m)

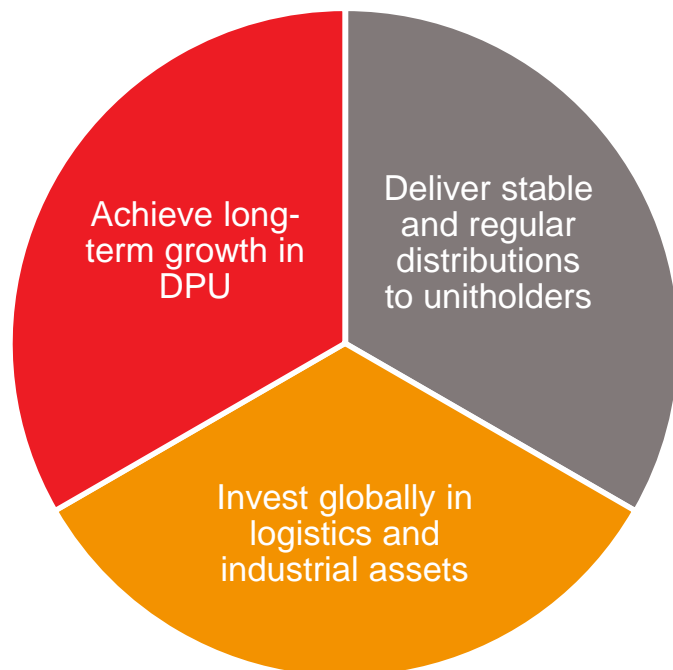


Take-up: +14% (Jan - Sep 2019 vs Jan - Sep 2018)

- ◆ Business confidence has been boosted by domestic demand and industrial output over the past two years
- ◆ All of the major occupier markets have recorded healthy transaction volumes
- ◆ Prime rents in Venlo increased to €50
- ◆ Industrial and logistics investment accounted for 26% of total commercial real estate investment over the past 12 months in the Netherlands
- ◆ Prime yields remain stable at 4.4% in the market of Venlo

Investment Strategy and Objectives

Principal Objectives



Strategies to support the Principal Objectives

1 Active Asset Management	<ul style="list-style-type: none"> ◆ Proactive leasing: Maintain high occupancy rate, long WALE and well-diversified tenant base ◆ Asset Enhancement: Assess and undertake AEs on the FLT portfolio to unlock further value
2 Selective Development	<ul style="list-style-type: none"> ◆ Undertake development activities of properties complementary to the FLT portfolio <ul style="list-style-type: none"> – Development activities can be up to 10% of the current AUM⁽¹⁾ as per MAS guidelines ◆ Re-development of existing assets ◆ Sponsor's development pipeline
3 Acquisition Growth	<ul style="list-style-type: none"> ◆ Pursue strategic acquisition opportunities of quality industrial properties <ul style="list-style-type: none"> – ROFR over 21 properties in Europe and 18 properties in Australia⁽²⁾ from FLT's Sponsor as at 30 September 2019 – Third-party acquisitions
4 Capital & Risk Management	<ul style="list-style-type: none"> ◆ Optimise capital mix and prudent capital management

1. FLT may exceed the regulatory limit of not more than 10% of the company's deposited property (subject to maximum of 25%) only if additional allowance of up to 15% of the deposited property is utilised solely for redevelopment of an existing property that has been held for 3 years and continues to be held for 3 years after completion and specific approval of unitholders for redevelopment is obtained

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

**Experience
matters.**



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