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Introduction to FLCT
Merger with FCOT Completed on 29 April 2020
Creation of a Flagship Logistics and Commercial Portfolio

- **UK**: (1 Property)
- **The Netherlands**: (5 Properties)
- **Germany**: (26 Properties)
- **Singapore**: (2 Properties)
- **Australia**: (65 Properties)

### Portfolio Value
- **S$5.7 bil**
- 99 properties
- Across 5 Countries

### Total Space Under Management
- **2.6 mil sqm**
- >S$5.0 bil

### WALE
- **5.3 years**

### Occupancy Rate
- **97.6%**

### Portfolio Value by Sector
- Logistics & Industrial, 59%
- Office & Business Parks, 20%
- CBD Commercial, 21%

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Note: For details on the merger of FLT and FCOT, please refer to the announcements and circular here: [https://flct.frasersproperty.com/proposedmerger.html](https://flct.frasersproperty.com/proposedmerger.html)

1. Book Value as at 31 March 2020. Includes 100% of FBP, which is based on an agreed property value of £181.0 million.
2. Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of March 2020. Excludes straight lining rental adjustments.
3. Based on GRI.
Prime & Modern Logistics & Industrial Portfolio
Long WALE, High Occupancy and Fixed Rental Increments

<table>
<thead>
<tr>
<th>As at 31 March 2020</th>
<th>Australia</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Properties</td>
<td>62</td>
<td>31</td>
<td>93</td>
</tr>
<tr>
<td>Portfolio Value (A$ billion)</td>
<td>2.1</td>
<td>1.7</td>
<td>3.8</td>
</tr>
<tr>
<td>GLA (sqm)</td>
<td>1,377,594</td>
<td>881,281</td>
<td>2,258,875</td>
</tr>
<tr>
<td>Average Age by Value</td>
<td>7.97 years</td>
<td>7.79 years</td>
<td>7.89 years</td>
</tr>
<tr>
<td>WALE</td>
<td>5.31 years</td>
<td>7.31 years</td>
<td>6.07 years</td>
</tr>
<tr>
<td>Occupancy Rate by GRI</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Average Annual Rental Increment</td>
<td>3.1%</td>
<td>Fixed/CPI-link(3)</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

- Portfolio Value (A$3.8b)
- 93 Properties
- 6.07 years WALE(2)
- 100% Occupancy Rate

Note: Based on an exchange rate of €1: A$1.79835 as at 31 March 2020
1. Includes a 50% interest in the property at 99 Sandstone Place, Parkinson, Queensland, Australia.
2. Based on GRI for the industrial portfolio, being the contracted rental income and estimated recoverable outgoings for the month of March 2020. Excludes straight lining rental adjustments.
3. 94.4% of the leases have either CPI-linked indexation or fixed escalations.
Logistics & Industrial Lease Expiry Profile
Well Spread-out Expiry Profile with minimal upcoming renewals in FY2020

Logistics & Industrial Lease Expiry Profile as at 31 March 2020(1)

- No concentration of lease expiry, providing long-term cash flow stability
- Only two leases, representing 0.5% of industrial GRI, due for renewal for the rest of FY2020

---

1. Based on GRI for the industrial portfolio, being the contracted rental income and estimated recoverable outgoings for the month of March 2020. Excludes straight lining rental adjustments
# Logistics & Industrial Tenancy Profile

**Well-diversified and High-quality Tenant Base**

## Logistic & Industrial Portfolio Breakdown(1)

### Tenants by Trade
- **Consumer, 32.0%**
- **Logistics, 42.8%**
- **Manufacturing, 13.4%**
- **Automotives, 11.8%**
- **Others, 2.6%**

### Use of Facility
- **Logistics/Warehousing, 73.3%**
- **Manufacturing, 9.6%**
- **Logistics/Manufacturing, 4.1%**
- **Temperature Controlled Warehouse, 10.4%**

## Top 10 Tenants for the Logistics & Industrial Portfolio(1)

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Trade Sector</th>
<th>Country</th>
<th>% of GRI</th>
<th>WALE (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMW</td>
<td>Automotive</td>
<td>🇩🇪</td>
<td>3.6%</td>
<td>5.7</td>
</tr>
<tr>
<td>CEVA Logistics</td>
<td>Logistics</td>
<td>🇬🇧</td>
<td>3.2%</td>
<td>5.2</td>
</tr>
<tr>
<td>Coles Group</td>
<td>Consumer</td>
<td>🇦🇺</td>
<td>3.0%</td>
<td>12.2</td>
</tr>
<tr>
<td>Techtronic Industries</td>
<td>Consumer</td>
<td>🇦🇺</td>
<td>2.8%</td>
<td>2.9</td>
</tr>
<tr>
<td>Schenker Australia</td>
<td>Logistics</td>
<td>🇦🇺</td>
<td>2.8%</td>
<td>4.6</td>
</tr>
<tr>
<td>Mainfreight</td>
<td>Logistics</td>
<td>🇦🇺</td>
<td>2.8%</td>
<td>5.9</td>
</tr>
<tr>
<td>Hermes Germany</td>
<td>Logistics</td>
<td>🇩🇪</td>
<td>2.5%</td>
<td>12.7</td>
</tr>
<tr>
<td>Constellium</td>
<td>Automotive</td>
<td>🇩🇪</td>
<td>2.4%</td>
<td>7.2</td>
</tr>
<tr>
<td>Bakker Logistics</td>
<td>Logistics</td>
<td>🇩🇪</td>
<td>2.4%</td>
<td>10.6</td>
</tr>
<tr>
<td>Bosch</td>
<td>Consumer</td>
<td>🇩🇪</td>
<td>2.3%</td>
<td>8.3</td>
</tr>
</tbody>
</table>

**Total:** 27.8%  
**Average:** 7.7 years

### High quality tenant base with majority comprising MNCs or its affiliates, listed companies, conglomerates and large enterprises with strong lease terms

---

1. Based on GRI for the industrial portfolio, being the contracted rental income and estimated recoverable outgoings for the month of March 2020. Excludes straight lining rental adjustments.
Quality & Well-Located Commercial Portfolio
Healthy WALE, Occupancy and Fixed Rental Increments

FCOT portfolio prior to the completion of the merger with FLCT

<table>
<thead>
<tr>
<th>As at 31 March 2020</th>
<th>CBD Commercial(3)</th>
<th>Office and Business Parks(4)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Properties</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Portfolio Value (S$ billion)</td>
<td>1.3</td>
<td>1.0</td>
<td>2.3</td>
</tr>
<tr>
<td>NLA (sqm)(5)</td>
<td>134,407</td>
<td>187,189</td>
<td>321,596</td>
</tr>
<tr>
<td>WALE</td>
<td>2.21 years</td>
<td>2.24 years</td>
<td>4.5 years</td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>90.1%</td>
<td>98.0%</td>
<td>95.0%</td>
</tr>
<tr>
<td>Average Annual Rental Increment</td>
<td>2.8% average annual step-up rent for 51.8% of the portfolio by GRI</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: All commercial data presented are based on FCOT’s 2QFY20 Portfolio Review dated 28 April 2020, save for the portfolio value which is as at 31 December 2019.

1. Include forward commitments secured. 2. Include forward commitments secured and based on lettable area. 3. Refers to Cross Street Exchange, Singapore; Central Park, Perth, Australia and 357 Collins Street, Melbourne, Australia. 4. Refers to Alexandra Technopark, Singapore; Caroline Chisholm Centre; Canberra, Australia and Farnborough Business Park, Farnborough, UK. 5. On a 100% basis.
Commercial Lease Expiry Profile
Well-spread Lease Expiries and Proactive Leasing

Commercial Lease Expiry Profile as at 31 March 2020\(^{(1)}\)

- As at 31 March 2020, secured commitments for more than 40% of commercial leases expiring in FY2020
- Only 4.3% of commercial GRI due for renewal for the rest of FY2020

Note: All commercial data presented are based on FCOT’s 2QFY20 Portfolio Review dated 28 April 2020.
1. Based on GRI for the commercial portfolio. Exclude lease incentives and retail turnover rents, if any. 2. Based on GRI for the commercial portfolio, exclude lease incentives and retail turnover rents, if any. Vacancy based on NLA is 5.0%.
### Commercial Tenancy Profile
Well-diversified and High-quality Tenant Base

#### Commercial Portfolio Breakdown

<table>
<thead>
<tr>
<th>Category</th>
<th>% of GRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government and Government Linked</td>
<td>15.4%</td>
</tr>
<tr>
<td>Banking, Insurance &amp; Financial Services</td>
<td>13.7%</td>
</tr>
<tr>
<td>Mining/Resources</td>
<td>10.1%</td>
</tr>
<tr>
<td>Consultancy / Business Services</td>
<td>9.2%</td>
</tr>
<tr>
<td>IT Products &amp; Services</td>
<td>8.7%</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>7.3%</td>
</tr>
<tr>
<td>Multimedia &amp; Telecommunications</td>
<td>6.3%</td>
</tr>
<tr>
<td>Medical / Pharmaceuticals</td>
<td>5.1%</td>
</tr>
<tr>
<td>Service office/ flexible space operators</td>
<td>4.3%</td>
</tr>
<tr>
<td>Engineering</td>
<td>3.9%</td>
</tr>
<tr>
<td>Real Estate / Property Services</td>
<td>2.7%</td>
</tr>
<tr>
<td>Legal</td>
<td>2.6%</td>
</tr>
<tr>
<td>Others</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

#### Top 10 Tenants for the Commercial Portfolio

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Trade Sector</th>
<th>Country</th>
<th>% of GRI</th>
<th>WALE (Yrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth of Australia</td>
<td>Government</td>
<td>Commonwealth of Australia</td>
<td>13.4%</td>
<td>5.3</td>
</tr>
<tr>
<td>Google Asia Pacific Pte Ltd</td>
<td>IT products &amp; services</td>
<td>Google Asia Pacific Pte Ltd</td>
<td>11.4%</td>
<td>4.8</td>
</tr>
<tr>
<td>Rio Tinto Shared Services Pty Ltd</td>
<td>Mining &amp; resources</td>
<td>Rio Tinto Shared Services Pty Ltd</td>
<td>7.2%</td>
<td>10.3</td>
</tr>
<tr>
<td>Commonwealth Bank of Australia</td>
<td>Banking, insurance &amp; financial services</td>
<td>Commonwealth Bank of Australia</td>
<td>5.7%</td>
<td>2.8</td>
</tr>
<tr>
<td>WeWork(2)</td>
<td>Service office/ flexible space operators</td>
<td>WeWork(2)</td>
<td>3.4%</td>
<td>10.1</td>
</tr>
<tr>
<td>GroupM Singapore Pte Ltd</td>
<td>Consultancy &amp; business services</td>
<td>GroupM Singapore Pte Ltd</td>
<td>3.2%</td>
<td>3.3</td>
</tr>
<tr>
<td>Service Stream Ltd</td>
<td>Multimedia &amp; telecommunications</td>
<td>Service Stream Ltd</td>
<td>2.7%</td>
<td>4.7</td>
</tr>
<tr>
<td>Fluor Limited</td>
<td>Engineering</td>
<td>Fluor Limited</td>
<td>2.5%</td>
<td>4.6</td>
</tr>
<tr>
<td>Suntory Beverage &amp; Food Asia Pte Ltd</td>
<td>Food &amp; beverage</td>
<td>Suntory Beverage &amp; Food Asia Pte Ltd</td>
<td>2.0%</td>
<td>3.2</td>
</tr>
<tr>
<td>Nokia Solutions and Networks (S) Pte Ltd</td>
<td>Multimedia &amp; telecommunications</td>
<td>Nokia Solutions and Networks (S) Pte Ltd</td>
<td>1.8%</td>
<td>1.0</td>
</tr>
</tbody>
</table>

| Total:                                      | 53.3%                                      |                        |          |            |
| Average:                                    | 5.5(3)                                     |                          |          |            |

Note: All commercial data presented are based on FCOT’s 2QFY20 Portfolio Review dated 28 April 2020, save for the portfolio trade sector breakdown which is as at 31 December 2019.
1. By GRI for the commercial portfolio. Excludes lease incentives and retail turnover rents, if any. 2. Aggregate of WeWork group’s leases at Cross Street Exchange and Central Park signed under separate legal entities. 3. The WALB (after accounting for rights to break) is 5.4 years.
Sustainability Highlights
Continuing Commitment to high ESG Standards

Industrial Leadership

- The industrial portfolio was named Global Sector Leader (Listed Industrial) for the second consecutive year in the 2019 GRESB Assessment\(^{(1)}\)
- Achieved overall score of 90 out of 100, which incorporates the industrial portfolio spanning Australia, Germany and the Netherlands

Strong Commercial Performance

- The commercial portfolio ranked in the top three for commercial in the Asia-Pacific in its inaugural GRESB Real Estate Assessment in 2019
- Achieved overall score of 82 out of 100, which incorporates the commercial portfolio spanning Australia, Singapore and the UK

Highest Rated Industrial Portfolio

- Highest Green Star performance-rated industrial portfolio in Australia\(^{(2)}\)
- 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

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1. Refers to the 2018 and 2019 Real Estate Assessments by GRESB, the global ESG benchmark for real estate. 2. Portfolio Green Star ratings as at 30 September 2019. 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. Based on GLA
Commentary in relation to COVID-19

- The global spread of COVID-19 has severely disrupted the business environment and operating conditions across global markets. The pandemic, which has prompted authorities to implement travel bans and lockdowns, has slowed demand across almost all industries. There remains significant uncertainty as to the spread of the outbreak, which impacts how long the shut-down and various containment measures implemented by governments will last.

- In Australia, the growth in number of new COVID-19 cases has continued to decline as a result of mitigation strategies implemented over the past few months. COVID-19 remains a major public health issue with significant effects on the domestic economy and financial system. In April 2020, the RBA has also reported that national output in Australia may around 10% over the first half of 2020.

- In Europe, the COVID-19 outbreak has gradually come under control in April and May for Germany and the Netherlands, with both countries announcing progressive steps to relax restriction measures. Nevertheless, the pandemic is expected to have a significant adverse impact on both economies. The Deutsche Bundesbank (German Federal Bank) has predicted that the German economy could contract by 7% in 2020. In the UK, the Bank of England has produced estimates that UK GDP could decline by 14% in 2020.

- In Singapore, given the unprecedented nature of the COVID-19 outbreak and the public health measures taken in many countries to contain the outbreak, the Ministry of Trade and Industry has also projected full year GDP contraction to be in the range of -4.0% to -1.0% for 2020.

- Operationally, the REIT Manager is closely collaborating with tenants to provide support and roll out relief measures, as necessary. Such measures vary and will be reviewed on an individual basis, considering factors that include the impact of COVID-19 on the tenant, available government assistance, amongst others. The REIT Manager’s objective is to help customers cope with their immediate cashflow constraints.
Commentary in relation to COVID-19 (cont’d)

**Australia**

- The Government has announced a range of measures to help tenants. This includes a temporary hold on evictions for SMEs over the next six months and a Mandatory Code of Conduct for commercial tenancies.

**Germany and UK**

- The respective authorities have prohibited landlords from forfeiting leases for the period to 30 June 2020 due to the non-payment of rent by tenants

**Singapore**

- The Government has announced various stimulus packages to help tenants. The COVID-19 (Temporary Measures) Act 2020 offers temporary relief to businesses and individuals who are unable to perform their contractual obligations due on or after 1 February 2020 because of COVID-19

- In June, the Rental Relief Framework for SMEs was passed by the Government, which requires landlords to provide rental waivers on top of rental support from the Government to qualifying SME tenants that have suffered at least a 35% drop in revenue for the period of April to May 2020 (compared to April to May 2019). The rental relief of up to four months for qualifying commercial and up to two months for industrial/office tenancies will be equally shared by Government assistance and landlords

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1. Source: business.gov.au  
2. German Bundesgesetzblatt and Legislation.gov.uk  
4. SME at group level (≤S$100 million turnover in 2019).
Operating Environment in Australia

### Key Economic Indicators

- **-0.3%** GDP for the Mar 20 quarter
  GDP in seasonally adjusted chain volume terms

- **7.1%** for the month of May 20
  Unemployment Rate

- **2.2%** 12 months to the Mar 20 quarter
  Consumer Price Index

- **0.25%** Cash rate
  Reduction from 0.75% to support employment

- **1.02%** 10-year bond yield
  As at 4 June 2020

### Overview of the Industrial and Commercial Market

#### Industrial Prime Grade Net Face Rent

<table>
<thead>
<tr>
<th></th>
<th>Brisbane</th>
<th>Melbourne</th>
<th>Sydney</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>$80</td>
<td>$90</td>
<td>$115</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>$90</td>
<td>$100</td>
<td>$120</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>$100</td>
<td>$110</td>
<td>$130</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>$110</td>
<td>$120</td>
<td>$140</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>$120</td>
<td>$130</td>
<td>$150</td>
</tr>
</tbody>
</table>

**Changes:**
- $143 (2.7% y-o-y)
- $115 (2.6% y-o-y)
- $94 (1.0% y-o-y)

#### Prime CBD Commercial Net Face Rent

<table>
<thead>
<tr>
<th></th>
<th>Perth</th>
<th>Melbourne</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>$625</td>
<td>$628</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>$625</td>
<td>$628</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>$625</td>
<td>$628</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>$625</td>
<td>$628</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>$625</td>
<td>$628</td>
</tr>
</tbody>
</table>

**Changes:**
- $628 (8.3% y-o-y)
- $625 (6.6% y-o-y)

#### National Total Supply for Industrial

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>$625</td>
<td>$628</td>
<td>$625</td>
<td>$625</td>
<td>$625</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>$625</td>
<td>$628</td>
<td>$625</td>
<td>$625</td>
<td>$625</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>$625</td>
<td>$628</td>
<td>$625</td>
<td>$625</td>
<td>$625</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>$625</td>
<td>$628</td>
<td>$625</td>
<td>$625</td>
<td>$625</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>$625</td>
<td>$628</td>
<td>$625</td>
<td>$625</td>
<td>$625</td>
</tr>
</tbody>
</table>

**Changes:**
- 0.3%
- 0.25%
- 1.02%

---

3. Jones Lang LaSalle Real Estate Intelligence Service Q1 2020
Operating Environment in Germany

Key Economic Indicators

- **-2.2%** GDP for the Dec 19 quarter
  GDP in price and calendar-adjusted terms

- **3.5%** for the month of Apr 20
  Low unemployment Rate

- **0.9%** in Apr 20 (year-on-year)
  Consumer Price Index

- **-0.364%** 3-month EURIBOR
  Remained in the negative range

Overview of the Industrial Market

- **Take-up** in Germany remained high albeit lower in some of the main hubs due to a lack of modern space. Notwithstanding the onset of COVID-19, take-up levels had remained largely resilient as majority of the deals were negotiated at the beginning of 2020 prior to the escalation of the pandemic.

- **Prime rents** in Berlin recorded the highest value in Germany stabilising at €86/sqm/year. According to BNP, there is not expected to be significant changes in prime rents in 2020 due to strong demand from food retailers, hygienic and pharmaceutical industries and e-commerce.

- Despite a lack of investment stock and the COVID-19 pandemic, the total investment volumes in Q1 2020 have increased by 76% to €2.3 billion compared to €1.3 billion in Q1 2019.

- **Prime yields** in Q1 2020 were stable at 3.7% in the major logistics hubs however, there is potential for yield expansion later this year, especially for secondary grade assets.

Take-up and Prime Rent (for warehouses >5,000 sqm)

Operating Environment in Singapore

**Key Economic Indicators**(1)

- **-2.2%**  GDP for the Mar 20 quarter
  Year-on-year GDP change

- **2.4%** in Mar 20
  Low unemployment Rate

- **0%** year-on-year in Mar 20
  All-items Consumer Price Index

- **0.0708%** on 10 Jun 20
  1-month Singapore Overnight Rate Average

- **0.98%** 10-year bond yield
  As at 10 Jun 20(2)

**Overview of the Singapore Office and Business Park Markets**(3)

### Grade A and Grade B Office Rents (S$ psf per month)

<table>
<thead>
<tr>
<th></th>
<th>2016Q1</th>
<th>2017Q1</th>
<th>2018Q1</th>
<th>2019Q1</th>
<th>2020Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade A</td>
<td>9.90</td>
<td>7.50</td>
<td>6.85</td>
<td>7.10</td>
<td>7.90</td>
</tr>
<tr>
<td>Grade B Islandwide</td>
<td>11.15</td>
<td>11.50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Business Park Rents(4) (S$ psf per month)

<table>
<thead>
<tr>
<th></th>
<th>2016Q1</th>
<th>2017Q1</th>
<th>2018Q1</th>
<th>2019Q1</th>
<th>2020Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Park (City Fringe)</td>
<td>5.40</td>
<td>5.50</td>
<td>5.65</td>
<td>5.80</td>
<td>5.80</td>
</tr>
<tr>
<td>Business Park (Rest of the Island)</td>
<td>3.65</td>
<td>3.70</td>
<td>3.70</td>
<td>3.80</td>
<td>3.75</td>
</tr>
</tbody>
</table>

**Office Supply-Demand Dynamics**

<table>
<thead>
<tr>
<th></th>
<th>2016Q1</th>
<th>2017Q1</th>
<th>2018Q1</th>
<th>2019Q1</th>
<th>2020Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacancy rate (RHA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Business Park Supply-Demand Dynamics**

<table>
<thead>
<tr>
<th></th>
<th>2016Q1</th>
<th>2017Q1</th>
<th>2018Q1</th>
<th>2019Q1</th>
<th>2020Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacancy rate (RHA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Sources: Singstat.  2. Source: MAS SGS.  3. Source: CBRE, Singapore Market View, Q1 2020.  4. Alexandra Technopark is a high-specification B1 industrial development located at the city-fringe, with certain physical attributes similar to business parks. Due to limited availability of market research information directly relating to the asset class of Alexandra Technopark, market research information for business parks is provided for indicative reference.
Operating Environment in the Netherlands

Key Economic Indicators\(^{(1)}\)

- **-0.5%** GDP for the Mar 20 quarter
  Year-on-year GDP change

- **3.4%** for the month of Apr 20
  Low unemployment Rate

- **1.2%** in May 20 (year-on-year)
  Consumer Price Index

- **-0.364%** 3-month EURIBOR
  Remained in the negative range\(^{(2)}\)

Overview of the Industrial Market \(^{(3)}\)

- COVID-19 situation has put most leases on hold and is expected to have an impact on take-up in 2020.
- **Prime rents have remained stable** and there is no evidence of strong changes in the forthcoming months.
- **Strong transaction volumes** were recorded in the first quarter due to some very large transactions.
- Industrial and logistics investment rose in the first quarter, but investors have turn increasingly cautious with the COVID-19 outbreak. Most mandates have been put on hold but are in preparation to start again as soon the situation is resolved. In the short term, investment volumes are expected to drop in Q2 and Q3.
- **Prime yield decreased to 4.0%** in the first quarter

Take-up and Prime Rent (for warehouses >5,000 sqm)

Operating Environment in the UK

Key Economic Indicators(1)

-2.0% GDP for the Mar 20 quarter
  Year-on-year GDP change

3.9% for the three months to Mar 20
  Low unemployment Rate

0.9% 12 months to Apr 20
  Consumer Price Index

0.1% bank rate in Mar 20
  Reduced by 65 basis points from 0.75% prior

South East Office Trends and Outlook(2)

- Take-up in the South East in Q1 2020 amounted to 415,000 sq ft (down 18% compared to Q1 2019), as occupiers adopted a “wait-and-see” approach in March due to the COVID-19. Demand for the best quality space remains strong with Grade A and above deals accounting for 94% of the total take-up.

- The tightening new supply indicates occupier choice of quality space has shrunk and the vacancy level in the South East office has decreased to 7.3%, the lowest level since 2000.

- The total investment activity in Q1 2020 has increased significantly to £1.06 billion (vs £0.4 billion in Q1 2019), as a result of the Conservative’s substantial win at the general election in December 2019. However, COVID-19 has caused the market across all sectors to pause while attention has focused on rent collection.

- Prime net initial yield has remained unchanged at 5.0% but it is expected to soften by c.25bps later in 2020 (BNP Paribas Research).

---

Diversified ROFR Pipeline from Sponsor
S$5 billion ROFR across asset classes and key markets in Asia Pacific and Europe

- Access to a sizeable ROFR pipeline of more than S$5 billion granted by the Sponsor\(^{(1)}\)
- Able to leverage on the Sponsor’s integrated development and asset management capabilities

### Breakdown by Sector\(^{(2)}\)

- **Logistics & Industrial**: 71.5%
- **Office and Business Parks**: 22.6%
- **CBD Commercial**: 5.9%
- **Total**: ~2.0 million sqm

### Breakdown by Region\(^{(2)}\)

- **Australia**: 35%
- **Germany**: 23%
- **UK**: 29%
- **Singapore**: 7%
- **The Netherlands**: 1%
- **Others**: 5%
- **Total**: ~2.0 million sqm

---

1. Comprises completed income-producing real estate (i) used for logistics or industrial purposes and located globally, and such real estate assets used for “logistics” or “industrial” purposes may also include office components ancillary to the foregoing purposes, or (ii) used for commercial purposes (comprising primarily office space in a Central Business District (“CBD office space”)) or business park purposes (comprising primarily non-CBD office space and/or research and development space) and located in the Asia Pacific region or in Europe (including the United Kingdom). 2. By lettable area as at 31 March 2020.
**FLCT Objectives and Strategies**

**Sustainable long-term growth in DPU and deliver stable and regular distributions to unitholders**

### Active Asset Management
- Proactive leasing to maintain high occupancy rate, long WALE and a diversified tenant base
- Assess and undertake AEIs\(^{(1)}\) to unlock further value

### Selective Development
- Development of properties complementary to the existing portfolio
- Re-development of existing assets and by leveraging the Sponsor’s development pipeline

### Acquisition Growth
- Pursue strategic acquisition opportunities of quality properties
  - Sponsor’s ROFR
  - Third party acquisitions

### Capital & Risk Management
- Optimise capital mix and prudent capital management

---

1. Development activities can be up to 10% of the current AUM as per MAS guidelines. FLCT 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.
Experience matters.
Appendix: 2QFY20 Financial Review
**Stable Performance**

For the Financial Quarter ended 31 March 2020 ("2QFY20")

<table>
<thead>
<tr>
<th>Metric</th>
<th>2QFY20</th>
<th>2QFY19</th>
<th>Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>A$67.3 m</td>
<td>59.7 m</td>
<td>12.8%</td>
<td>12.8%</td>
</tr>
<tr>
<td><strong>Adjusted NPI</strong></td>
<td>A$54.7 m</td>
<td>47.9 m</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td><strong>Distributable Income</strong></td>
<td>A$43.1 m</td>
<td>36.9 m</td>
<td>16.7%</td>
<td>16.7%</td>
</tr>
<tr>
<td><strong>DPU</strong></td>
<td>A$1.90 cents</td>
<td>1.82 cents</td>
<td>4.4%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

**Total Gross Borrowings**

A$ 1,410 million

as at 31 Mar 20

**Aggregate Leverage**

35.0%

as at 31 Mar 20

**Cost of Borrowings**

1.9%

**Interest Coverage Ratio**

7.5 times

---

Note: For avoidance of doubt, the information on Slides 22 – 28 exclude the FCOT properties which were acquired on 14 April 2020.

1. Computed as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months borrowing costs, as defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore on 16 April 2020. Borrowing costs exclude effects of FRS 116.
### Key Financial Highlights

**Quarter ended 31 March 2020**

<table>
<thead>
<tr>
<th>Financial Highlights (A$’000)</th>
<th>2QFY20</th>
<th>2QFY19</th>
<th>Change (%)</th>
<th>Explanatory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>67,295</td>
<td>59,666</td>
<td>▲ 12.8</td>
<td>Contributions from the FY2019 Acquisitions(^{(2)}) which were partially offset by: The loss of income due to the FY2019 Divestments(^{(2)})</td>
</tr>
<tr>
<td>Adjusted Net Property Income(^{(1)})</td>
<td>54,653</td>
<td>47,866</td>
<td>▲ 14.2</td>
<td>Excluding the impact of the interest expense in lease liabilities recognised due to the adoption of FRS 116 Leases effective from 1 October 2019, 2QFY20 finance costs decreased by A$0.8 million as compared to 2QFY19. The weighted average cost of debt for 2QFY20 was 1.9% per annum compared to 2.4% per annum for 2QFY19.</td>
</tr>
<tr>
<td>Finance costs</td>
<td>7,770</td>
<td>7,239</td>
<td>▲ 7.3</td>
<td>Relates to the gain on the sale of the Lot 2 Heatherton Road Divestment(^{(2)})</td>
</tr>
<tr>
<td>Gain on divestment of investment property held for sale</td>
<td>954</td>
<td>-</td>
<td>N.M.</td>
<td>Contributions from the FY2019 Acquisitions(^{(2)})</td>
</tr>
<tr>
<td>Distributable Income to Unitholders</td>
<td>43,085</td>
<td>36,909</td>
<td>▲ 16.7</td>
<td>Lower hedged exchange rate of A$1.00: S$0.9063 (2QFY19: A$1.00: S$0.9666) by 6.2% due to weaker AUD and EUR against the SGD</td>
</tr>
<tr>
<td>DPU (Australian cents)</td>
<td>1.90</td>
<td>1.82</td>
<td>▲ 4.4</td>
<td></td>
</tr>
<tr>
<td>DPU (Singapore cents)</td>
<td>1.73</td>
<td>1.76</td>
<td>▼ 1.7</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** For avoidance of doubt, the information on Slides 22 – 28 exclude the FCOT properties which were acquired on 14 April 2020.

1. 2QFY20 Adjusted net property income (“Adjusted NPI”) is calculated based on the actual net property income excluding straight lining adjustments for rental income and adding lease payments of right-of-use assets. 2QFY19 Adjusted NPI is calculated based on the actual net property income excluding straight lining adjustments for rental income and after adding back straight lining adjustments for ground leases. 2. Please refer to Pages 2 and 19 of FLT’s Financial Statements Announcement dated 30 April 2020 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.
Key Financial Highlights
Period from 1 October 2019 to 31 March 2020

<table>
<thead>
<tr>
<th>Financial Highlights (A$’000)</th>
<th>1HFY20</th>
<th>1HFY19</th>
<th>Change (%)</th>
<th>Explanatory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>131,699</td>
<td>119,190</td>
<td>▲ 10.5</td>
<td>Contributions from the FY2019 Acquisitions(^{(2)}) which were partially offset by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The loss of income due to the FY2019 Divestments(^{(2)})</td>
</tr>
<tr>
<td>Adjusted NPI(^{(1)})</td>
<td>107,558</td>
<td>96,796</td>
<td>▲ 11.1</td>
<td>Excluding the impact of the interest expense in lease liabilities recognised due to the adoption of FRS 116 Leases effective from 1 October 2019, 1HFY20 finance costs decreased by A$2.3 million as compared to 1HFY19</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The weighted average cost of debt for 1HFY20 was 1.9% per annum compared to 2.4% per annum for 1HFY19</td>
</tr>
<tr>
<td>Finance costs</td>
<td>15,146</td>
<td>14,751</td>
<td>▲ 2.7</td>
<td>Relations to the gain on the sale of the Heatherton Road Divestment(^{(2)})</td>
</tr>
<tr>
<td>Gain on divestment of investment property held for sale</td>
<td>1,577</td>
<td>-</td>
<td>N.M.</td>
<td>Contributions from the FY2019 Acquisitions(^{(2)})</td>
</tr>
<tr>
<td>Distributable Income to Unitholders</td>
<td>84,531</td>
<td>73,607</td>
<td>▲ 14.8</td>
<td>Lower hedged exchange rate of A$1.00: S$0.9285 (1HFY19: A$1.00: S$0.9743) by 4.7% due to weaker AUD and EUR against the SGD</td>
</tr>
<tr>
<td>DPU (Australian cents)</td>
<td>3.73</td>
<td>3.63</td>
<td>▲ 2.8</td>
<td></td>
</tr>
<tr>
<td>DPU (Singapore cents)</td>
<td>3.47</td>
<td>3.54</td>
<td>▼ 2.0</td>
<td></td>
</tr>
</tbody>
</table>

Note: For avoidance of doubt, the information on Slides 22 – 28 exclude the FCOT properties which were acquired on 14 April 2020.

1. 1HFY20 Adjusted NPI is calculated based on the actual net property income excluding straight lining adjustments for rental income and adding lease payments of right-of-use assets. 1HFY19 Adjusted NPI is calculated based on the actual net property income excluding straight lining adjustments for rental income and after adding back straight lining adjustments for ground leases. 2. Please refer to Pages 2 and 19 of FLT’s Financial Statements Announcement dated 30 April 2020 for details of the capitalised terms.
Healthy Balance Sheet

- The value of investment properties and investment property held for sale increased 12.5% from A$3,572 million as at 30 September 2019 to A$4,018 million as at 31 March 2020, due mainly to:
  - Completion of the German Properties Acquisition and the Heatherton Road Divestment\(^1\); and
  - Recognition of the existing operating lease arrangements as right-of-use assets upon the adoption of FRS 116 Leases with effect from 1 October 2019
- FLT is in a net current liability position as at 31 March 2020 due to the maturity of short-term borrowings of A$248 million. The REIT Manager is in discussion with banks to refinance the various loans

<table>
<thead>
<tr>
<th>Balance Sheet (A$’000)</th>
<th>As at 31 Mar 20</th>
<th>As at 30 Sep 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment properties</td>
<td>4,017,557</td>
<td>3,554,142</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>10,007</td>
<td>2,117</td>
</tr>
<tr>
<td>Current assets</td>
<td>188,315</td>
<td>162,627</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>4,215,879</strong></td>
<td><strong>3,718,886</strong></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,484,004</td>
<td>1,105,194</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>320,699</td>
<td>270,955</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,804,703</strong></td>
<td><strong>1,376,149</strong></td>
</tr>
<tr>
<td>Net asset value per Unit (A$)</td>
<td>1.05</td>
<td>1.02</td>
</tr>
<tr>
<td>Net asset value per Unit (S$)</td>
<td>0.92(^2)</td>
<td>0.95(^3)</td>
</tr>
</tbody>
</table>

Note: For avoidance of doubt, the information on Slides 22 – 28 exclude the FCOT properties which were acquired on 14 April 2020.

1. Please refer to Page 2 of FLT’s Financial Statements Announcement dated 30 April 2020 for details of the capitalised terms. 2. Based on an exchange rate of A$1.00:S$0.8723 as at 31 March 2020. 3. Based on an exchange rate of A$1.00:S$0.9307 as at 30 September 2019.
Debt Profile
As at 31 March 2020

Key Credit Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate Leverage</td>
<td>35.0%</td>
</tr>
<tr>
<td>Total Gross Borrowings</td>
<td>A$1,410 million</td>
</tr>
<tr>
<td>Cost of Borrowings</td>
<td>1.9%</td>
</tr>
<tr>
<td>Average Weighted Debt Maturity</td>
<td>3.3 years</td>
</tr>
<tr>
<td>Interest Rate Exposure Fixed</td>
<td>61%</td>
</tr>
<tr>
<td>Interest Coverage Ratio</td>
<td>7.5 times(1)</td>
</tr>
<tr>
<td>Debt Headroom</td>
<td>A$739 million(2)</td>
</tr>
</tbody>
</table>

Debt maturity profile

- **A$ Debt (A$'M)**
  - FY2020: 38
  - FY2021: 140
  - FY2022: 188
  - FY2023: 70
  - FY2024: 170
  - >FY2025: 191

- **€ Debt (A$'M)**
  - FY2020: 113
  - FY2021: 427
  - FY2022: 23
  - FY2023: 50
  - FY2024: 170
  - >FY2025: 191

Note: For avoidance of doubt, the information on Slides 22 – 28 exclude the FCOT properties which were acquired on 14 April 2020.

1. Computed as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months borrowing costs, as defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore on 16 April 2020. Borrowing costs exclude effects of FRS 116.
2. Prior to reaching the 45.0% aggregate regulatory leverage limit. The limit was revised to 50.0% on 16 April 2020. Based on the revised limit of 50.0%, debt headroom was A$1,214 million.
3. The terms for the refinancing of the A$ Debt of A$113 million has been finalised and the facility is in the process of being documented. There are sufficient committed available facilities to refinance the € Debt of A$36 million due in FY2020.
Fixed, 61%
Variable, 39%

Interest Risk Management

Investment Properties\(^{(1)}\) and Debt

Value (A$ million)
- Total Portfolio: 3,835
- Australian Portfolio: 2,098
- European Portfolio: 1,737

Debt (A$ million)
- Total Portfolio: 1,410
- Australian Portfolio: 473
- European Portfolio: 937

Exposure to % of total debt
- Euribor: 39%

Impact on Assuming +0.5% p.a. increase in interest rate
- Estimated additional annual interest expense: A$2.7 million
- DPU: Decrease by S$0.12 cents

Note: For avoidance of doubt, the information on Slides 22 – 28 exclude the FCOT properties which were acquired on 14 April 2020.

1. Excludes recognition of right-of-use assets upon the adoption of FRS 116 Leases with effect from 1 October 2019.
## Sustainable and Green Loan Financing

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2019</td>
<td>Establishment of Green Loan Framework</td>
<td>Secured A$170 million green loan to refinance existing loan for a portfolio of properties that has achieved 5-Star rating from GRESB</td>
</tr>
<tr>
<td>February 2020</td>
<td>Establishment of Sustainability-Linked Loan Framework and Secured S$150 million Sustainability-Linked Loan</td>
<td>Margin reduction feature with interest cost savings from the second year, subject to FLCT maintaining its GRESB rating</td>
</tr>
<tr>
<td>April 2020</td>
<td>Secured Second Sustainability-Linked Loan of S$150 million</td>
<td>Margin reduction feature with interest cost savings from the second year, subject to FLCT maintaining its GRESB rating</td>
</tr>
</tbody>
</table>

**Note:** For avoidance of doubt, the information on Slides 22 – 28 exclude the FCOT properties which were acquired on 14 April 2020.
Supply: Over the last 12 months development activity in Sydney was above the 10-year average, with 555,024 sqm of new stock being added to the market. New construction continues to be concentrated in the Outer Central Western and Outer South Western precincts. The largest completion during the quarter was a 31,043 sqm facility partially leased to Linfox in Kemps Creek

Demand: 1Q 2020 demand for industrial space remains subdued with take-up of approximately 76,295 sqm. Retail trade users dominated leasing activity during the quarter accounting for 42% of all lease transaction. The largest transaction was a 15,102 sqm lease to Jalco Australia at 10 Interchange Drive, Eastern Creek. Over the 12 months to 31 March 2020 there was approximately 448,323 sqm of gross take up in Sydney

Rents: Low vacancy rates and a shortage of developable land has translated to an average y-o-y rental growth of 2.7% across all industrial precincts. The Outer Central West continues to be one of the strongest performing precincts with face rents growing by 3.1% to A$126/sqm net. Prime industrial incentives continue to remain relatively low at 14% however incentives may increase as new speculatively constructed stock reach completion

Vacancy: As at January 2020 vacancies in Sydney remains near historic 5-year lows with approximately 483,178 sqm of available space. Sydney industrial vacancy were expected to increase over the next 12 months as new speculative stock is completed and the COVID-19 outbreak continues to negatively affect the Australian economy

Sydney Industrial Total Supply

Sydney Industrial Prime Grade Net Face Rents

Annualised as at Q1 2020

Sources: Jones Lang LaSalle Real Estate Intelligence Service – Sydney Industrial Final Data 1Q20; Jones Lang LaSalle Real Estate Intelligence Service – Sydney Industrial Snapshot 1Q20; Jones Lang LaSalle Real Estate Data Solution – Sydney Construction Projects from Q2 2010 to 1Q20; Knight Frank Research – Sydney Industrial February 2020
Appendix: Melbourne Industrial Market

- **Supply**: In the last 12 months development activity in Melbourne was above the 10-year average, with 419,622 sqm of new stock being added to the market. New construction continues to be concentrated in the Western precincts. The largest completion during the quarter was a speculatively built 29,726 sqm facility in the Biodiversity Business Park in Epping.

- **Demand**: 1Q 2020 demand for industrial space was subdued with take-up of 215,815 sqm in Melbourne. Over the 12 months to 31 March 2020 there was approximately 1,234,487 sqm of gross take up in Melbourne the highest of any Australian industrial market. The largest transaction was a 46,000 sqm pre-commit to UniQlo at 500 Dohertys Road, Truganina.

- **Rents**: Increased development and higher vacancies have softened the average y-o-y rental growth in Melbourne. Industrial face rents Melbourne increased by an average of 1.0% across all precincts. The South East continues to be the strongest performing precinct with face rents increasing 3.3% to A$93/sqm net over the last 12 months. Incentives in South East have also remained stable at around 23%.

- **Vacancy**: The vacancy in Melbourne increased 15.2% over the 2019 calendar year. As at January 2020 the level of available industrial space was 746,173 sqm. Melbourne industrial vacancy is expected to increase over the next 12 months as new speculative stock is completed and the COVID-19 outbreak continues to negatively affect the Australian economy.

---

**Melbourne Industrial Total Supply**

**Melbourne Industrial Prime Grade Net Face Rents**

Sources: Jones Lang LaSalle Real Estate Intelligence Service – Melbourne Industrial Final Data 1Q20; Jones Lang LaSalle Real Estate Intelligence Service – Melbourne Industrial Snapshot 1Q20; Jones Lang LaSalle Real Estate Data Solution – Melbourne Construction Projects from Q2 2010 to 1Q20; Knight Frank Research – Melbourne Industrial March 2020.
Appendix: Brisbane Industrial Market

- **Supply**: Over the last 12 months development activity in Brisbane remains below the 10-year average, with 246,753 sqm of new stock being added to the market. New construction continues to be concentrated in the Southern precinct. The largest completion during the quarter was a 31,003 sqm facility partially leased to Mitre 10 at Berrinba. There are currently 20 projects under construction in Brisbane which will provide approximately 412,000 sqm of new stock in the next 12 months.

- **Demand**: 1Q 2020 demand for industrial space has also remained subdued with take-up of 124,171 sqm. Over the 12 months to 31 March 2020 there was approximately 521,879 sqm of gross take up in Brisbane. Retail trade users dominated leasing transaction in the quarter accounting for 55% of leased space. The largest transaction in Q1 was a 42,000 sqm lease to Woolworths at 22 & 30 Seeana Place, Heathwood.

- **Rents**: The reduction of vacancies and new supply has translated to an average y-o-y rental growth of 2.6% across all precincts. The Southern industrial precinct has experienced moderate rental growth of 2.1% with an average face rents at A$110/sqm net. Incentives in Brisbane South while higher compared to other industrial markets have remained stable at 20% for prime industrial assets.

- **Vacancy**: As at January 2020 the level of available industrial space currently sits at approximately 481,549 sqm and remains near historic 5-year lows. However Brisbane Industrial vacancy is expected to increase over the next 12 months as new speculative stock is completed and the COVID-19 outbreak continues to negatively affect the Australian economy.
Appendix: Melbourne CBD Office Market

- **Supply:** Development activity in the Melbourne CBD has been subdued with no new space completed in Q1 2020. In the previous 12 months the has only been one completion at 271 Spring Street, Melbourne which has provided 15,600 sqm of new commercial office space. Currently there are 9 commercial office projects currently under construction which will deliver 433,700 sqm of new office space by 2022.

- **Demand:** Q1 2020 demand for commercial space was subdued with take-up of 2,595 sqm in Melbourne. Over the 12 months to 31 March 2020 there was approximately 61,851 sqm of gross take up in Melbourne which is approximately 69% below the historic 10-year average. The largest lease transaction was a 2,595 sqm lease to V-Line at 562 Wellington Street, Perth 452 Flinders Street, Melbourne.

- **Rents:** The strong recent demand has translated to an average y-o-y rental growth of 8.3% for Prime grade stock in the Melbourne CBD. The average prime rents in the Melbourne CBD are approximately A$628/sqm net. Prime incentives in the Melbourne CBD have remained relatively stable in the last 12 months and are currently 28.9% which has resulted in positive effective rental growth.

- **Vacancy:** As at Q1 2020 the vacancy rate in Melbourne CBD decreased to 3.4% which is the lowest rate of all Australian CBDs. Currently there is approximately 161,209 sqm of vacant space in the Melbourne CBD market. Melbourne CBD commercial vacancy is expected to increase over the next 12 months as new stock is completed and the COVID-19 outbreak continues to negatively affect the Australian economy.

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Sources: Jones Lang LaSalle Real Estate Intelligence Service – Melbourne CBD Office Final Data 1Q20; Jones Lang LaSalle Real Estate Intelligence Service – Melbourne CBD Office Snapshot 1Q20; Jones Lang LaSalle Real Estate Data Solution – Melbourne CBD Office Construction Projects from Q2 2010 to 1Q20;
Appendix: Perth CBD Office Market

- **Supply:** Development activity in the Perth CBD has been subdued with no new space completed in the last 12 months. Chevron HQ at The Esplanade is the only major new development currently under construction. The development will provide approximately 54,000 sqm of commercial space and is expected to be completed in Q4 2023.

- **Demand:** During 1Q 2020 demand for commercial space was subdued with take-up of 3,994 sqm in the Perth CBD. Over the 12 months to 31 March 2020 there was approximately 51,800 sqm of gross take up in Perth which is 41% below the historic 10-year average. The largest lease transaction of the quarter was a 1,828 sqm lease to Shell at 562 Wellington Street, Perth.

- **Rents:** Despite softening demand prime rents in the Perth CBD has experienced modest rental growth of 0.6% over the previous 12 months. The average prime rents in the Perth CBD are currently approximately A$625/sqm net. Due to the continued high vacancy rates and modest tenant demand incentives in the Perth CBD remain high compared to other Australian CBD markets. Over the previous 12 months incentives for prime office space have remained stable and are currently at 47%.

- **Vacancy:** As at Q1 2020 the vacancy rate in Perth CBD increased 0.4% to 19.5%. Currently there is approximately 353,304 sqm of vacant space in the Perth CBD market. Vacancy rate are expected to increase in the short term as the economic impacts of the COVID-19 outbreak continue to negatively affect business confidence and tenant demand.

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**Perth CBD Office Total Supply**

**Perth CBD Office Prime Grade Net Face Rent**

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Sources: Jones Lang LaSalle Real Estate Intelligence Service – Perth CBD Office Final Data 1Q20; Jones Lang LaSalle Real Estate Intelligence Service – Perth CBD Office Snapshot 1Q20; Jones Lang LaSalle Real Estate Data Solution – Perth CBD Office Construction Projects from Q2 2010 to 1Q20;
**Supply:** New completions in Q1 2020 were Woods Square, 30 Raffles Place, HD 139 and 55 Market Street

**Demand:** Total net absorption in Q1 2020 was 193,509 sf, mainly driven by lease renewals. Tenant demand was mainly driven by the financial services, insurance, technology and co-working space sectors.

**Rents:** Generally, rents in Q1 2020 have corrected quarter-on-quarter due to weaker business sentiment and subdued underlying new demand in view of the Covid-19 outbreak. CBRE expects rents to face downward pressure for the rest of 2020.

**Vacancy:** Islandwide and Core CBD vacancy rates increased by 42 basis points and 39 basis points quarter-on-quarter to 5.0% and 4.6%, respectively, in Q1 2020 mainly due to new completions and subdued pre-leasing activities for these buildings. CBRE expects vacancy levels to rise slightly upon lease expiries and as tenants choose to downsize.

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**Singapore Grade A and Grade B office rents**

- Grade A CBD Core: ↓ 0.4% qoq to S$11.50 psf/mth
- Grade B CBD Core: ↓ 0.6% qoq to S$8.65 psf/mth
- Grade B Islandwide: ↓ 0.6% qoq at S$8.00 psf/mth
Supply: Islandwide business park stock shrank 1.7% quarter-on-quarter mainly due to the removal of two buildings from the total stock

Demand: Most of the leasing activity were driven by lease renewals. The current Covid-19 outbreak underscores the importance of having split office locations as part of business continuity plans, and this allows companies to equalise occupancy costs between CBD and business park office

Rents: The business park segment continued to remain resilient. As at the end of Q1 2020, averaged rents remained stable quarter-on-quarter at S$5.80 psf per month for city fringe business parks and S$3.75 psf per month for the rest of the island. According to CBRE, the outlook for city fringe business park space is expected to remain healthy and exhibit more resilience than the rest of the island sub-market

Vacancy: Islandwide vacancy rate rose from 12.8% in Q4 2019 to 13.2% in Q1 2020, primarily due to the negative net absorption in the rest of the island sub-market. CBRE expects vacancy in city fringe business parks to tighten further

Source: CBRE, Singapore Market View, Q1 2020

1. Alexandra Technopark is a high-specification B1 industrial development located at the city-fringe, with certain physical attributes similar to business parks. Due to limited availability of market research information directly relating to the asset class of Alexandra Technopark, market research information for business parks is provided for indicative reference.
Glossary

Frasers Property entities
FLCT: Frasers Logistics & Commercial Trust
FCOT: Frasers Commercial Trust
FLT: Frasers Logistics & Industrial Trust
FPL or the Sponsor: Frasers Property Limited
The Group: Frasers Property Limited, together with its subsidiaries

Other acronyms
AEI: Asset Enhancement Initiative
CBD: Central Business District
COVID-19: Coronavirus disease 2019
DPU: Distribution per unit
EBITDA: Earnings before interest, taxes, depreciation, and amortisation
EURIBOR: Euro Interbank Offered Rate
FBP: Farnborough Business Park
GRESB: Global Real Estate Sustainability Benchmark
GLA: Gross lettable area
GRI: Gross Rental Income
FY: Financial year
NAV: Net asset value
NLA: Net Lettable Area
NPI: Net property income
REIT: Real estate investment trust
RBA: Reserve Bank of Australia
ROFR: Right of First Refusal
SGX-ST: Singapore Exchange Securities Trading Limited
sqft: Square feet
sqm: Square metres
UK: United Kingdom
WALE: Weighted average lease expiry
Y-o-Y: Year-on-year

Additional notes
In the tables, the arrow direction indicates the increase (up) or decrease (down) of the absolute figure. The colour indicates if the change is positive (green), negative (red) or neutral (black).