A member of Frasers Property Group

FRASERS
LOGISTICS & COMMERCIAL
TRUST

APTITUDE & FORTITUDE

ANNUAL REPORT 2021

Contents

Overview
4 Glossary
6 Corporate Profile
7 Our Multi-National Presence
8 Financial Highlights
10 Our Strategy

Organisational
12 Letter to Unitholders
16 In Conversation with the CEO
20 Organisation Structure
21 Board of Directors
26 Management Team
30 Financial Review
33 Capital Management

Business
36 Operational Review
44 Portfolio Overview
56 Property Profiles
70 Investor Relations
73 Unit Price Performance
76 Independent Market Research Australia
85 Independent Market Research Germany
94 Independent Market Research The Netherlands
98 Independent Market Research Singapore
104 Independent Market Research The UK
112 Enterprise-Wide Risk Management

Sustainability
114 Sustainability Report

Corporate Governance
152 Corporate Governance Report

Financial & Additional Information
192 Financial Statements
305 Unitholders' Statistics
308 Use of Proceeds
309 Interested Person Transactions

APTITUDE & FORTITUDE

At Frasers Logistics & Commercial Trust, Aptitude and Fortitude drive our actions as we look to pursue new opportunities, even as global markets are recovering and adapting to an endemic COVID-19 environment.

With resolve, we are staying ahead of macro trends and shifting consumer and corporate behaviours, formulating strategies in anticipation of potential pathways and possible outcomes.

Through courage, a strong foundation of good people and a focus on customer-centricity, we continue to evolve our businesses in an increasingly competitive and complex environment. Our shared purpose – *Inspiring experiences, creating places for good.* – will enable us to achieve our business objectives while bringing positive impact to our business, people, society and the planet.

We are now moving faster together. As we create a culture of innovation and continuous learning, we continue building core capabilities, especially sustainability, technology and digitalisation that are relevant for future readiness. We remain focused on developing quality products, services and places that create value for our stakeholders.


ASPIRE

& ENHANCE

We aspire to be the logistics and commercial S-REIT of choice for investors, by practising responsible and sustainable portfolio management strategies, thereby ensuring resiliency of our business to enhance returns for our investors.

GLOSSARY

For ease of reading, this glossary provides definitions of acronyms that are frequently used throughout this report

3PL	Third-party logistics
ABS	Australian Bureau of Statistics
ACRA	Accounting and Corporate Regulatory Authority
AGM	Annual General Meeting
ARCC	Audit, Risk and Compliance Committee
Australian Dollar, A$ or AUD	The official currency of Australia
BCM	Business Continuity Management
Board	Board of Directors of the REIT Manager
BREEAM	Building Research Establishment's Environmental Assessment Method
Brexit	Withdrawal of the United Kingdom from the European Union
British Pound, £ or GBP	The official currency of the United Kingdom
CBD	Central Business District
CDP	The Central Depository (Pte) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Code of Corporate Governance 2018
CIS Code	The Code on Collective Investment Schemes issued by the Monetary Authority of Singapore
COVID-19	Coronavirus Disease 2019
CPF	Central Provident Fund
CPI	Consumer Price Index
DPU	Distribution per Unit
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EGM	Extraordinary General Meeting
ESG	Environmental, Social and Governance
ERM	Enterprise-wide Risk Management
Euro, € or EUR	The official currency of the European Union
Frasers Property/ FPL/Sponsor	Frasers Property Limited, the Sponsor of Frasers Logistics & Commercial Trust
FCOT	Frasers Commercial Trust
FLCT	Frasers Logistics & Commercial Trust (formerly known as Frasers Logistics & industrial Trust ("FLT"))
Freehold	A property with a freehold title can be held by its owner indefinitely
FRS	Singapore Financial Reporting Standards
FTSE EPRA/Nareit	A free-float adjusted, market capitalisation-weighted index designed to track the performance of listed real Index estate companies worldwide
FTSE ST Index	FTSE Straits Times Index, a capitalisation-weighted stock market index that is regarded as the benchmark index for the Singapore stock market. It tracks the performance of the top 30 companies listed on the Singapore Exchange
FTSE ST REIT Index	A free-float, market capitalisation-weighted index that measures the performance of stocks operating within the REIT Sector
Functional Currency	The main currency used by FLCT for reporting purposes
FY	Financial Year. FY2021 refers to the period from 1 October 2020 to 30 September 2021
GBCA	Green Building Council of Australia
GDP	Gross Domestic Product
GHG	Green House Gas
GIY	Gross Initial Yield
GST	Good and Services Tax
Green Star	A sustainability rating system and certification trademark by the GBCA
Green Loans	Loans used specifically to finance green or sustainable projects
GRESB	Global Real Estate Sustainability Benchmark, the global ESG benchmark for real estate
GRI	Gross Rental Income
GRI Standards	Global Reporting Initiative Standards
ID	Independent Director
IPO	Initial Public Offering
IR	Investor Relations
KRI	Key Risk Indicator
Leasehold	A property with a leasehold title reverts to the state upon expiry of the lease period. The period of ownership is fixed and determined

Lettable Area	Leasable Area which is the amount of floor space available to be rented in a property
Leverage	Calculated by dividing total debt by total deposited property
Leverage Limit	The leverage limit of 50% stipulated by the CIS Code governed by the MAS
Listing	Refers to the listing of FLT on the SGX-ST in June 2016
Listing Rules	The Listing Manual of SGX-ST
MAS	Monetary Authority of Singapore
MTI	Ministry of Transport and Industry, Singapore
Merger	The merger of FLT and FCOT which was effective from 15 April 2020
MOA	Manual of Authority
NAB	National Australia Bank
NABERS	National Australian Built Environment Rating System
New Economy Industries	Refers to high-growth industries with a high adoption of technology and innovation in operations, such as 3PL, e-commerce, IT and IT related-services
NPI	Net Property Income
NRC	Nominating and Remuneration Committee
Property Funds Appendix	Appendix 6 of the CIS Code
Q-o-Q	Quarter-on-quarter
RAP 7	Recommended Accounting Practice 7 Reporting Framework for Investment Funds issued by the Institute of Singapore Chartered Accountants
RBA	Reserve Bank of Australia
REIT	Real Estate Investment Trust
REIT Manager or Manager	Frasers Logistics & Commercial Asset Management Pte. Ltd. (formerly known as Frasers Logistics & Industrial Asset Management Pte. Ltd.) as the Manager of FLCT
REITAS	REIT Association of Singapore
ROFR	Right-of-First-Refusal
RUP	FLCT's Restricted Unit Plan
SIAS	Securities Investors Association of Singapore
SFA	Securities and Futures Act, Chapter 289 of Singapore
SFLCB Regulations	Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations
SGX-ST	Singapore Exchange Securities Trading Ltd
SID	Singapore Institute of Directors
Singapore Dollar, $ or SGD	The official currency of Singapore and the functional currency of Frasers Logistics & Commercial Trust
Sqm	Square metre
Sqft	Square feet
S-REIT	Singapore-listed REIT
SSC	Sustainability Steering Committee
Sustainability-linked Financing	Loans tied to the ESG-related performance of borrowers
TCFD	Task Force on Climate-Related Financial Disclosures
Trust Deed	The Trust Deed constituting FLCT between the REIT Manager and the Trustee dated 30 November 2015 (as amended)
Trustee	Perpetual (Asia) Limited, as trustee of FLCT
UK	The United Kingdom
Unit(s)	An undivided interest in FLCT as provided for in the Trust Deed
UNSDG	United Nations Sustainability Development Goals
Unitholder(s)	The Depositor whose securities account with CDP is credited with Unit(s)
WALB	Weighted Average Lease to Break. The weighted average lease to break by headline rent based on the earlier of the next permissible break date(s) at the tenants election or the expiry of the lease
WALE	Weighted Average Lease to Expiry. The weighted average lease to expiry by headline rent based on the final termination date of the agreement
Y-o-Y	Year-on-year
YTD	Year-to-date

Corporate Profile

Gewerbegebiet Etzin 1, 14669 Berlin, Germany

Alexandra Technopark, Singapore

ABOUT FRASERS LOGISTICS & COMMERCIAL TRUST

Frasers Logistics & Commercial Trust ("FLCT") is a Singapore-listed real estate investment trust with a portfolio comprising 103 industrial and commercial properties, worth approximately $7.3 billion and diversified across five major developed markets – Australia, Germany, Singapore, the United Kingdom and the Netherlands. We were listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 June 2016 as Frasers Logistics & Industrial Trust and subsequently renamed Frasers Logistics & Commercial Trust on 29 April 2020 following our merger with Frasers Commercial Trust.

FLCT's investment strategy is to invest globally in a diversified portfolio of income-producing properties used predominantly for logistics or industrial purposes located globally, or commercial purposes (comprising primarily central business district ("CBD") office space) or business park purposes (comprising primarily non-CBD office space and/or research and development space) located in the Asia-Pacific region or in Europe (including the United Kingdom).

FLCT is a constituent of the FTSE EPRA/Nareit Global Real Estate Index Series (Global Developed Index), Straits Times Index and Global Property Research (GPR) 250.

FLCT is managed by Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "REIT Manager" or the "Manager"), a wholly-owned subsidiary of FLCT's sponsor – Frasers Property Limited ("Frasers Property", "FPL" or the "Sponsor", and together with its subsidiaries, the "Group").

ABOUT OUR SPONSOR

Frasers Property is a multi-national developer-owner-operator of real estate products and services across the property value chain. Listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and headquartered in Singapore, the Group has total assets of approximately $40.3 billion as at 30 September 2021.

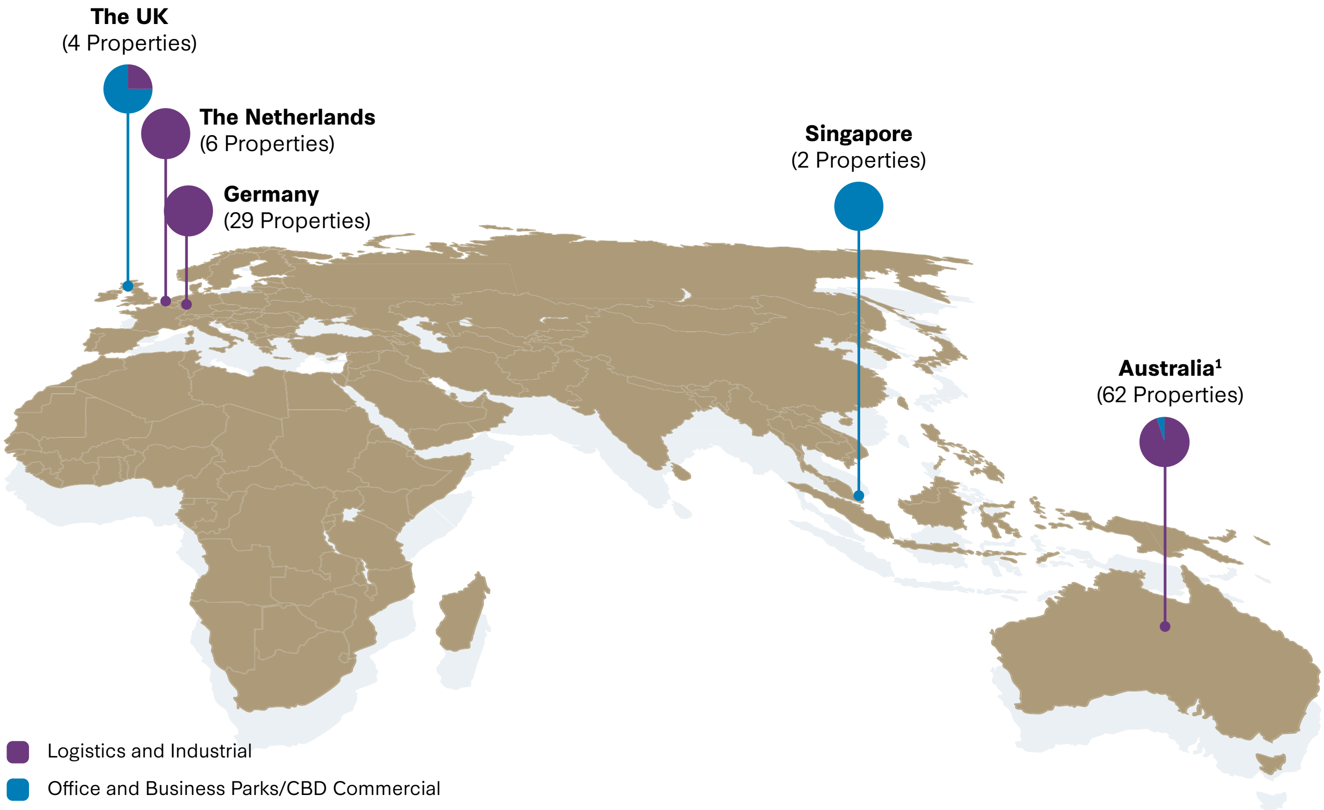
Frasers Property's multi-national businesses operate across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The Group has businesses in Southeast Asia, Australia, Europe and China, and its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 cities and 20 countries across Asia, Australia, Europe, the Middle East and Africa.

Frasers Property is also the sponsor of two real estate investment trusts ("REITs") and one stapled trust listed on the SGX-ST. Frasers Centrepoint Trust and Frasers Logistics & Commercial Trust are focused on retail, and industrial & commercial 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. In addition, the Group has two REITs listed on the Stock Exchange of Thailand. Frasers Property (Thailand) Public Company Limited is the sponsor of Frasers Property Thailand Industrial Freehold & Leasehold REIT, which is focused on industrial & logistics properties in Thailand, and Golden Ventures Leasehold Real Estate Investment Trust, which is focused on commercial properties.

The Group is committed to inspiring experiences and creating places for good for its stakeholders. By acting progressively, producing and consuming responsibly, and focusing on people, Frasers Property aspires to raise sustainability ideals across its value chain, and build a more resilient business. It has committed to be a net-zero carbon corporation by 2050. Building on its heritage as well as leveraging its knowledge and capabilities, the Group aims to create lasting shared value for its people, the businesses and communities it serves. Frasers Property believes in the diversity of its people and are invested in promoting a progressive, collaborative and respectful culture.

Our Multi-National Presence

A Flagship Logistics and Commercial Portfolio in Five Developed Countries

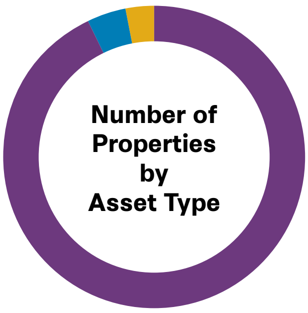


103 Properties
Across **5** Countries

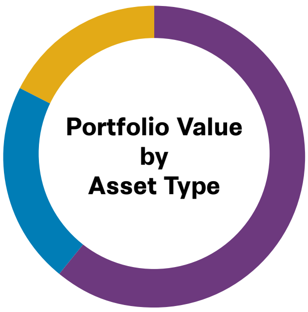
$7.3 billion
Portfolio Value[2]

96.2%
High Occupancy Rate[3]

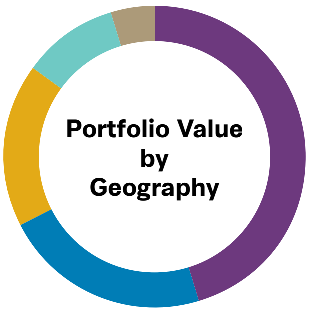
4.8 years
Long WALE[3]



	Properties
Logistics and Industrial	95
Office and Business Parks	5
CBD Commercial	3



Logistics and Industrial	61.1%
Office and Business Parks	21.5%
CBD Commercial	17.4%

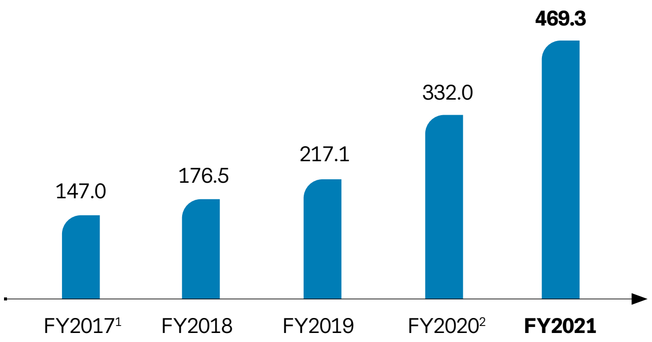


Australia	45.5%
Germany	22.0%
Singapore	17.6%
The UK	10.3%
The Netherlands	4.6%

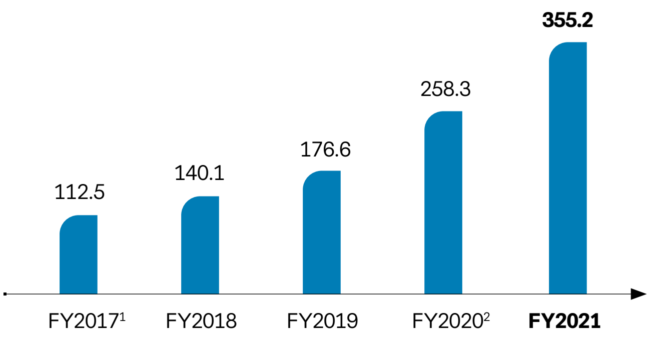
1 Includes a 50% effective interest in Central Park, Perth, Australia
2 As at 30 September 2021 and based on portfolio value which excludes right-of-use assets
3 Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2021. Excludes straight lining rental adjustments and includes committed leases

Financial Highlights

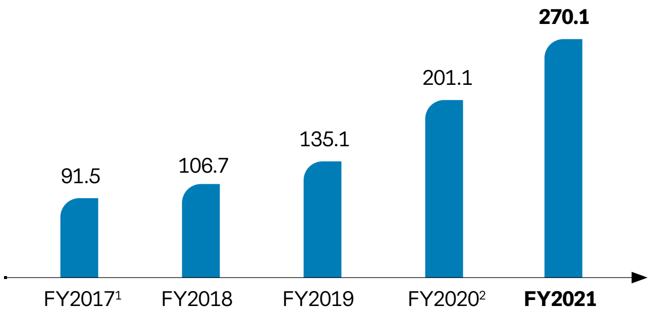
Revenue ($ million)



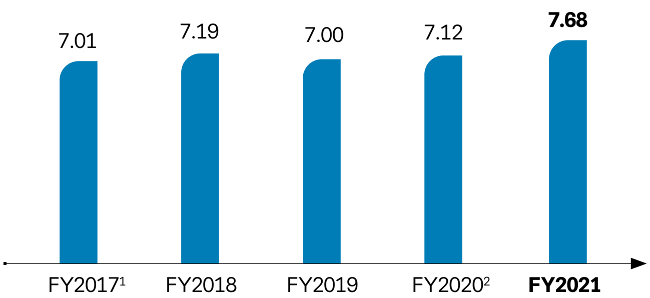
Adjusted net property income[3] ("Adjusted NPI") ($ million)



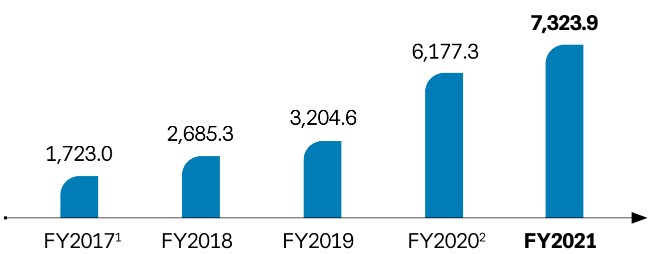
Distributable income ($ million)



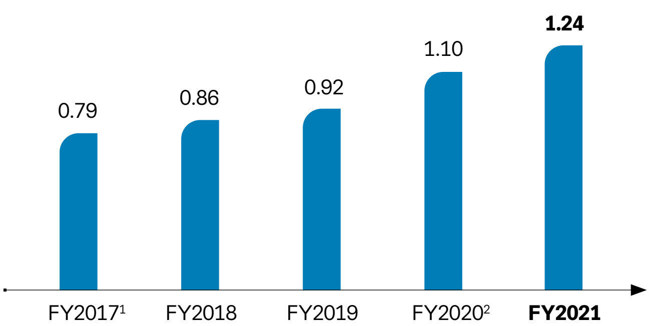
Distribution per Unit ("DPU") (cents)



Portfolio value ($ million)[a]



Net asset value ("NAV") per unit ($)



a Excludes the recognition of right-of-use assets upon the adoption of FRS 116 Leases with effect from 1 October 2019

		FY2017	FY2018	FY2019	FY2020	**FY2021**
Selected balance sheet data						
Total assets	$ million	1,781.9	2,790.6	3,353.1	6,734.6	7,680.2
Total gross borrowings	$ million	523.0	965.1	1,121.5	2,454.3	2,531.6
Unitholders' funds	$ million	1,206.0	1,735.1	2,086.2	3,770.5	4,574.6
Market capitalisation[4]	$ million	1,617.3	2,154.9	2,788.6	4,744.4	5,588.2
Key financial indicators						
Aggregate leverage[5]	%	29.3	34.6	33.4	37.4	33.7
Average weighted debt maturity	years	2.9	2.9	3.2	3.0	3.4
Average cost of borrowings[6]	% per annum	2.8	2.5	2.2	1.9	1.6

Notes:
FLCT adopted Singapore Dollar as its functional currency with effect from 15 April 2020 following its merger with Frasers Commercial Trust ("FCOT"). FY2017 to FY2019 results were based on Australian Dollar translated at the 15 April 2020 exchange rate of A$1: S$0.9016 used for conversion of the accounts to Singapore Dollar.
1 Refers to the period from 1 October 2016 to 30 September 2017
2 Includes FCOT with effect from 15 April 2020 following the merger with FCOT
3 For FY2019 and before, Adjusted NPI comprises the actual NPI excluding straight lining adjustments for rental income and after adding back straight lining adjustments for ground leases. For FY2020 and after, Adjusted NPI comprises the actual NPI excluding straight lining adjustments for rental income and adding lease payments of right-of-use assets
4 Based on the closing price and number of issued units in FLCT ("Units") as at the last trading day of the respective financial year. Source: Bloomberg
5 The impact of FRS 116 Leases (adopted with effect from 1 October 2019) has been excluded for the purpose of computing the aggregate leverage ratio
6 Based on trailing 12 months borrowing cost (including FCOT from 15 April 2020, being the date of merger completion)

96-106 Link Road, Melbourne Airport

Our Strategy

Strategy for Value Creation

FLCT is one of the largest REITs in Singapore with a flagship portfolio of 103 properties in five developed countries. The REIT Manager seeks to harness FLCT's competitive advantages to deliver stable and regular distributions to unitholders and achieve sustainable long-term growth in DPU.

Our Competitive Advantage

QUALITY PORTFOLIO

Diversified portfolio of prime and modern logistics and commercial assets strategically located in major developed markets

STRONG ASSET FUNDAMENTALS

Quality assets with high occupancy rates, stable lease structures and long WALE with a well-diversified tenant base in attractive sectors

ROBUST FINANCIALS

Healthy financials and a strong balance sheet with diverse sources of funding providing financial flexibility

PROVEN TRACK RECORD

Continued value creation through portfolio optimisation, undertaking accretive acquisitions and asset recycling at premiums to book value

EXPERIENCED MANAGER AND REPUTABLE SPONSOR

Experienced REIT Manager and strong alignment of interest with a committed and reputable Sponsor

FOCUS ON SUSTAINABILITY

Industry leading sustainability credentials and a continuing commitment to high ESG standards

Our Strategy

ACQUISITION GROWTH

- Pursue strategic investment opportunities of quality properties

ACTIVE ASSET MANAGEMENT

- Pro-active leasing to maintain high occupancy rate, long WALE and a diversified tenant base

CAPITAL & RISK MANAGEMENT

- Optimise capital mix and prudent capital management

SELECTIVE DEVELOPMENT

- Development of properties complementary to the existing portfolio

1 Source: Bloomberg LLP. Based on the DPU of 7.68 Singapore cents for FY2021 and the closing price of FLCT as at 30 September 2021 of $1.52
2 Source: Bloomberg LLP. For the period from 1 October 2020 to 30 September 2021 (being the last trading day of the month). Calculation of total return assumed distributions paid during the period were reinvested

FY2021 Value Creation

- Availability of Sponsor's ROFR, with a value in excess of $6 billion
- Selective third-party acquisitions

- Assess and undertake asset enhancement initiatives to unlock further value
- Incorporate green features to improve environmental performance

- Maintain a healthy balance sheet and well-spread debt expiry profile with diverse funding sources
- At least 50% of borrowings are at or hedged to fixed interest rates

- Redevelopment of existing assets and by leveraging the Sponsor's development pipeline
- Incorporate sustainability initiatives in developments

FINANCIAL AND TRADING PERFORMANCE

- Revenue: **$469.3 million**; up **41.4%** Y-o-Y
- Distributable Income: **$270.1 million**; up **34.3%** Y-o-Y
- DPU: **7.68 cents**; up **7.9%** Y-o-Y
- DPU Yield[1]: **5.1%**
- FY2021 Total Return[2]: **16.5%**

ASSET MANAGEMENT

- Portfolio Value[3]: **$7.3 billion**
- High Occupancy: **96.2%**
- Long WALE: **4.8 years**
- New Leases and Renewals: **352,972 sqm**
- Top 10 tenants as % of GRI: **23.5%**

ACQUISITIONS AND DIVESTMENTS

- **$562.4 million acquisition** of six European properties, which included FLCT's maiden entry into the UK logistics sector
- Exited the South Australian market by divesting three non-core leasehold properties for A$29.6 million (**19.4% premium to book value**[4])

CAPITAL MANAGEMENT[5]

- Aggregate Leverage: **33.7%**
- Interest Coverage Ratio: **7.3 times**
- Average Cost of Borrowings: **1.6%**
- Debt Headroom: **$2.5 billion**[6]
- Private placement in May 2021 priced at top end raising proceeds of **$335.8 million**
- Issued **inaugural $150 million, 2.18%, 7-year sustainability notes** in July 2021, which was over **3x subscribed**

ESG HIGHLIGHTS

- GRESB: **5-star rating**, with an improved score of 88 out of 100 in the 2021 assessment
- Green Star: **Highest Rated Industrial Portfolio in Australia**
- Runner-up award at the **SIAS Singapore Corporate Governance Award 2021,** REITs & Business Trusts Category in October 2021

3 Excludes the recognition of right-of-use assets upon the adoption of FRS 116 Leases with effect from 1 October 2019
4 Book value as at 30 September 2020
5 As at 30 September 2021, with the exception of interest coverage ratio, which is based on trailing 12 months borrowing cost
6 Prior to reaching the 50.0% regulatory aggregale leverage limit

Letter to Unitholders

Dear Unitholders,

Almost two years ago, we witnessed the onset of the coronavirus outbreak and the beginning of life in uncertain and unprecedented times. The overall operating environment remains unpredictable as the pandemic continues to disrupt global economic activity. Concerns of the emergence of new virus strains such as the Delta and Omicron variants, as well as the resurgence of COVID-19 infections continue to weigh on the global recovery. While the progressive rollout of COVID-19 vaccines offers a pathway out of the pandemic, there remains significant uncertainty as to when a return to the normality that we are familiar with will be realised.

Undaunted by these challenges, we remained focused on our strategy and embraced the difficult times to emerge stronger and more agile. Testament to the resilience of our quality assets and the value creation expertise of the REIT Manager, we delivered another record year for Frasers Logistics & Commercial Trust ("FLCT") in the financial year ended 30 September 2021 ("FY2021").

FLCT: FIVE YEARS OF VALUE CREATION

I am pleased to report that the year 2021 marks the fifth anniversary of FLCT's founding. In the five years since our listing on the SGX-ST in June 2016, we have persevered through market cycles to deliver significant growth and value creation for Unitholders on multiple levels.

We enlarged our asset portfolio from 51 properties in Australia to 103 properties in five developed countries: Australia, Germany, Singapore, the UK and the Netherlands. Whilst achieving strong growth during this period, we continued to position our portfolio for longer term returns and enhanced our cash-flows through the accretion of modern, quality assets located in markets with positive demand-supply dynamics. This has underpinned a three-fold increase in FLCT's assets under management over a five-year period, from \$1.6 billion at the time of our IPO to \$7.3 billion[1] at the end of FY2021.

Adjusted NPI increased 37.5% from $258.3 million in FY2020 to $355.2 million in FY2021. This was primarily driven by the merger with Frasers Commercial Trust, income growth of our leases and property acquisitions.

We are today the 6th largest real estate investment trust on the Singapore Exchange with a market capitalisation of $5.6 billion[2] and are members of major benchmark indices such as the FTSE EPRA/Nareit Global Developed Index and Straits Times Index. The unitholders who placed their trust in us and invested in our units at the time of our IPO have gained from a total return in excess of 130.3%. Over the period, our total return outperformed both the FTSE ST All-Share Index and FTSE ST REIT Index which reported total returns of 37.0% and 58.5% respectively[3].

These significant achievements were made possible with the knowledge, expertise and execution ability of a capable management team with the support of the Board of Directors and our Sponsor, Frasers Property Limited. The quality of our growth has been predicated on the Manager's proactive approach to active asset management, acquisition growth and capital & risk management.

RESILIENCE IN CHALLENGING TIMES

Our strong performance in FY2021 is rooted in the resilience of our core logistics & industrial properties and the stability of our commercial properties. Our logistics & industrial properties have continued to operate at 100% occupancy levels on the back of robust demand from customers in pandemic-resilient and new economy industries such as third-party logistics, distribution, consumer & retail and manufacturing. Notwithstanding a challenging commercial sector, we have seen green shoots of a recovery in FY2021. Our commercial assets remained stable during the year, operating at an average occupancy above 90%.

Revenue rose 41.4% from $332.0 million in FY2020 to $469.3 million in FY2021. This was primarily driven by the merger with Frasers Commercial Trust, income growth of our leases and property acquisitions. Distributable income increased 34.3% from $201.1 million in FY2020 to $270.1 million in FY2021. As a result, the DPU of 7.68 Singapore cents in FY2021 was 7.9% higher than 7.12 Singapore cents in FY2020. Based on FLCT's closing price of $1.52 per unit on 30 September 2021, the FY2021 DPU represents an attractive yield of 5.1%.

As at 30 September 2021, our investment properties were valued at $7.3 billion[1], an increase of 17.7% over $6.2 billion as at 30 September 2020. The increase was primarily due to the acquisition of six freehold properties in Germany, the Netherlands and UK during the year, as well as a $603.9 million increase in the valuation of our investment properties. With this uplift, net asset value per unit increased 12.7% from $1.10 per unit as at 30 September 2020 to $1.24 per unit as at 30 September 2021.

PROACTIVE ASSET AND LEASE MANAGEMENT

We continued to deliver on our proactive asset and lease management strategies to generate sustainable long-term value for Unitholders. During the year, we grew our portfolio with the acquisition of six freehold properties in Germany, the Netherlands and the UK worth $562.4 million. Strategically located in key logistics hubs with high occupancies and long WALB, these properties added a total lettable area of over 123,300 sqm to our portfolio.

Optimising our portfolio, we divested three leasehold properties in South Australia in December 2020 to focus on core logistics and industrial markets in the eastern seaboard of Australia. The total sale consideration of A$29.6 million represented a 19.4% premium to the aggregate book value of A$24.8 million as at 30 September 2020 and is above the total original purchase consideration of A$28.7 million. This is testament to the Manager's asset management abilities and adds to our track record of divesting assets at premiums to book values.

As part of our proactive asset management approach, we embarked on a A$33.2 million building façade enhancement initiative to reinforce Central Park's positioning as one of the most prestigious and sought-after

1 Excludes right-of-use assets as at 30 September 2021
2 As at 30 September 2021
3 Data from Bloomberg LLP. For the period from FLCT's listing date to 30 September 2021

office locations in Perth's CBD. The modernisation works to the premium-grade, 66,032 sqm office tower will enhance the attractiveness of the asset in the Perth office market.

During the year, our focus on lease management and portfolio optimisation saw us completing 93 lease transactions totalling 352,972 sqm or 13.3% of total portfolio lettable area. As at 30 September 2021, our portfolio had an occupancy rate of 96.2% and a WALE of 4.8 years.

MARKETS WITH STRONG LONG-TERM FUNDAMENTALS

In delivering growth over the past five years, we have also enhanced the attributes of our portfolio in terms of market depth and breath. Located in major logistics hubs and commercial markets, our properties continue to reap the benefits of positive long-term demand-supply fundamentals.

As the world's 12th largest economy, Australia is home to 62 properties which represent 45.5% of our asset portfolio value. The Reserve Bank of Australia expects the country's resilient economy to deliver strong growth of 3.0% in 2021 and 5.5% in 2022, underpinned by sound long-term economic and demographic fundamentals.

In Singapore, the government has forecast economic growth of 7.0% in 2021 as the country has started the phased reopening of its borders and resumption of international travel.

In Europe, the German, British and Dutch economies are also expected to grow in 2021 and 2022 as the roll-out of vaccination programmes gain pace.

LEADERSHIP IN GOVERNANCE AND SUSTAINABILITY

As a responsible corporate citizen, we remain committed to governance and sustainability by conducting our business in a responsible and progressive manner aligned to FLCT's sustainability strategy.

In recognition of our high standards of corporate governance disclosures and practices, we were ranked sixth in the Singapore Governance and Transparency Index ("SGTI") in 2021, an improvement from our 11th placing in the year-ago period. In addition, we were conferred Runner-up at the Singapore Corporate Governance Award (REITs & Business Trusts Category) at the SIAS Investors' Choice Awards 2021 for our continued efforts to raise the level of corporate governance standards.

Our sustainability strategy focuses on people and restoring resources in a sustainable and environmentally friendly manner, which includes a target to achieve net zero carbon status by 2030. Our vision to own and manage quality properties that are resource friendly and offer customers and our teams a healthier workplace, remain aligned with those of our Sponsor.

Testament to our focus on environmental sustainability and commitment to high ESG standards, FLCT's portfolio of industrial and commercial properties achieved a 5-Star rating in the 2021 Assessment by Global Real Estate Sustainability Benchmark ("GRESB"), ranking second in the 'Diversified – Office/Industrial category' for the Asia-Pacific.

Anticipating increasing interest from the investment community for green financing, we ventured into this relatively new space securing a A$170 million five-year green loan facility in 2019. Over the past two years, we have added to our green credentials, raising more than $1.2 billion in green and sustainability-linked financing. Notably, we issued the first sustainability notes in the Singapore dollar bond market, raising $150 million from investors seeking attractive green and sustainable returns in 2021. Based on our strong fundamentals and healthy cashflows, we were accorded a 'BBB+' long-term issuer credit rating with stable outlook by S&P Global Ratings.

THE WAY AHEAD

While the pandemic induced uncertainty continues to cloud the outlook for many industries, the outlook for the logistics & industrial and commercial sectors is expected to remain positive.

Demand for prime grade logistics & industrial assets is expected to be robust, particularly in our core markets where new supply remains limited. With real estate investment focus shifting from other sectors to logistics, capitalisation rates for logistics & industrial assets continued to tighten and have reached historical levels, reflecting the strong demand for well-located quality assets in our markets.

In the commercial sector, the outlook for business parks is positive, driven by decentralisation trends and demand from companies moving away from centralised business districts. Although the outlook for CBD offices remains muted in our operating markets, we remain positive given the quality of our three CBD assets that continue to retain and attract established tenants and operate at relatively high occupancy levels.

Our proven prudent approach to capital management continues to assure FLCT of a robust balance sheet, providing us with the financial flexibility to meet the needs of our

99 Station Road, Seven Hills, Sydney

future growth. We will continue to explore growth opportunities which will provide us with access to markets with attractive fundamentals and an emphasis on supply chain resiliency. We follow a stringent investment evaluation process to determine opportunities that are a strategic fit with FLCT, which is applied to both selective acquisitions of choice assets or portfolios which are in line with our logistics & industrial, and business parks mandate, as well as targeted developments completed by the Sponsor or in partnership with other industry players.

A WORD OF THANKS

On 1 October 2021, Ms Susanna Cher relinquished her role as CFO of FLCAM and will remain with the Manager in an advisory role until 31 December 2021. On behalf of the Board and management, I would like to thank Ms Cher for her invaluable contributions over the years and wish her the very best in her future endeavours.

With this transition, Ms Tricia Yeo has been appointed to the CFO position. Ms Yeo joined FLCAM as the Head of Capital Markets and Treasury following our merger with Frasers Commercial Trust, where she was the CFO of the FCOT manager. Ms Yeo's extensive experience of more than 20 years spans the real estate sector and finance industry including audit, advisory and banking.

To my fellow board members, thank you for your invaluable guidance and stewardship during the year. I would like to extend our sincere appreciation to our management and employees for their hard work and unwavering commitment during this challenging period. Our continued growth and commendable performance would not have been possible without the contributions of our remarkable and experienced employees who worked tirelessly to ensure that FLCT remains the landlord of choice.

I would also like to thank our Sponsor, Unitholders, tenants and business partners for their loyalty and continued support over the past year. Anchored by a strong foundation of quality assets and business fundamentals, we are well positioned to deliver another year of exciting opportunities and growth.

Mr Ho Hon Cheong
Chairman and Independent Non-Executive Director

In Conversation with the CEO

In a year influenced by challenges and uncertainty from the COVID-19 pandemic, the FLCT team pulled together to deliver a strong performance and build on our objectives of achieving sustainable long-term growth.

Q&A

Frasers Logistics & Commercial Trust ("FLCT") delivered another year of growth and demonstrated resiliency in a financial year defined by the COVID-19 pandemic. Robert Wallace, Chief Executive Officer of Frasers Logistics & Commercial Asset Management Pte. Ltd. ("FLCAM"), the REIT Manager of FLCT, shares his perspective on the REIT's achievements and vision for the future.

Q
What is your take on FLCT's performance in FY2021?

A
In yet another year of COVID-19 influenced challenges and uncertainty, the team pulled together to deliver a strong performance and build on our objectives of achieving sustainable long-term growth.

We took steps to reinforce our market position and competitive advantages through proactive asset and lease management, keeping our portfolio occupancy high at 96.2% and WALE long at 4.8 years. Six prime grade assets were acquired as we strengthened our presence in three of our five primary markets and diversified our portfolio to include an attractive UK logistics asset. Our focused strategy enabled FLCT to deliver a 41.4% increase in FY2021 revenues to $469.3 million and provided Unitholders with an attractive DPU growth of 7.9% to 7.68 Singapore cents.

During the year, we also repositioned our portfolio through the divestment of three non-core properties in South Australia for a total consideration of A$29.6 million, representing a 19.4% premium to the aggregate book value of A$24.8 million as at 30 September 2020. This divestment resonates with our strategy of recycling non-core assets to create value for our Unitholders and adds to our track record of divesting assets at above their book values.

As part of our proactive approach to capital management, we strengthened our liquidity and balance sheet obtaining new loan facilities from existing and new lenders amounting to approximately $0.7 billion. During the year, S&P Global Ratings assigned FLCT a 'BBB+' long-term issuer credit rating with stable outlook affirming the strength of our financial standing and credit worthiness.

In line with our commitment to sustainability, we established a sustainable finance framework in July 2021 and issued our first sustainability notes in the Singapore dollar bond market to raise $150 million. To date, we have raised in excess of $1.4 billion in green and sustainable financing, reinforcing our green and sustainable financing credentials. Our commitment and efforts to green our operations did not go unnoticed by global and national sustainability rating agencies such as GRESB, Green Star, BCA,

NABERS and BREEAM, which accorded FLCT with several notable ESG accolades during the year.

Last but not least, I am particularly delighted that FLCT has been included as a constituent of the 30-component Straits Times Index ("STI"). This is testament to the progress we have made over the years and our enhanced status will elevate FLCT's profile and visibility in the global investment community.

Q

How has the prolonged COVID-19 pandemic affected FLCT?

A

We have a resilient portfolio anchored by 103 modern and quality assets located in five developed countries – Australia, Germany, Singapore, UK and the Netherlands. Our logistics & industrial properties operated at full occupancy driven by robust demand from tenants in the third party logistics and distribution space, as well as customers in pandemic resilient and new economy industries. In the commercial and business park sector, our assets saw relatively healthy demand and operated at an average of more than 90% occupancy reflecting the quality of FLCT's properties.

As a result of the resilience of our portfolio in the face of COVID-19, our distribution per unit continued to grow. We view our tenants as FLCT's long-term partners, and trust that the goodwill and support that we have rendered will ensure our long-term viability and allow us to create value together through market cycles.

Q

Can you share your thoughts on the outlook of your five markets?

A

Although the near-term outlook remains uncertain as global economies continue to be embattled by the emergence of new COVID-19 variants and geopolitical issues, our quality assets are located in major logistics and business hubs with a track record of strong economic growth and favourable demand-supply dynamics.

While the outbreak of the Delta variant and ensuing lockdowns in Melbourne and Sydney have introduced uncertainty to the country's 2H 2021 outlook, recent high vaccination levels have increased confidence, with both cities emerging from their respective lockdowns in October 2021. The Australian economy is also forecast to grow 3.0% in 2021 and 5.5% in 2022[1].

Australia's logistics & industrial market continued to outperform historical benchmarks during the year as local and international investment interest culminated in a transaction total of A$12.4 billion in the first nine months of 2021[2]. As a result, capitalisation rates for logistics & industrial

1 "Statement by Philip Lowe, Governor: Monetary Policy Decision", Reserve Bank of Australia, 2 November 2021
2 Australian Independent Market Research Report, Jones Lang LaSalle IP Inc, November 2021

properties continued to compress, increasing the challenges related to delivering quality value- and yield-accretive acquisitions. This market phenomenon has provided a conducive environment for the revaluation of our Australian logistics & industrial assets, which saw 15.7% valuation uplift in FY2021. On the leasing side of the business, demand for our properties remained healthy with market rental growth evident in all of our industrial markets.

Australia's commercial sector continued to be challenged in 2021 with the advent of new COVID-19 variants dampening prospects of a recovery. However, industry watchers expect the widespread national vaccination programme to enable a gradual return to the workplace commencing in late 2021.

After a slow start to 2021 as a result of a third wave of the coronavirus and a longer than expected lockdown in the first quarter, Germany continued on a path of sustained recovery backed by growing optimism amongst businesses and consumers. In June 2021, the Deutsche Bundesbank announced that it expects the pandemic to be swiftly suppressed with the roll-out of Germany's vaccination programme, and for the economy to reach its pre-pandemic levels by the end of the third quarter. With this robust outlook, the central bank expects the economy to grow 3.7% in 2021 and 5.2% in 2022[3].

The German logistics & industrial market performed well in the first half of 2021, recording high take-up on the back of strong demand across all market sectors. Appetite for quality space across Germany was driven by companies in distribution and logistics, as well as retailers and manufacturers. With investment volume in the first nine months at €5.9 billion[4], demand from investors continued to outpace the supply of new space, further compressing capitalisation rates for logistics & industrial properties located in major logistics hubs.

The Singapore government looked forward to the reopening of the country's borders and resumption of international travel in 2021. This objective remained on track until July 2021 when a new COVID-19 outbreak forced the government to implement Phase 2 heightened alert ("P2HA") measures marking a return to strict social distancing measures. Whilst this proved effective in curtailing the spread of the virus, the leasing environment was affected due to a decline in the number of enquiries in the commercial market during P2HA.

As the COVID-19 situation stabilised in August 2021 and with more than 80% of Singaporeans having received the full regimen of the nation-wide vaccination programme, the government gradually eased restrictions, allowing for more economic and social activities to resume. The Singapore government has forecast economic growth of around 7.0% in 2021[5].

Underpinned by strong market fundaments, higher consumer spending and business investment, the UK government expects the economy to record a sharp recovery from its worst recession in three hundred years. The UK economy is expected to grow 6.8% in 2021 and 5.1% in 2022 as restrictions continue to ease and ongoing government support measures drive a substantial revival in economic activity, enabled by a rapid vaccine rollout across the country[6]. Occupancy levels at Farnborough Business Park dipped to 85.2% at the end of September 2021 as a former top 10 tenant gave up an entire building due to the impact of COVID-19 on its business. We will seize the opportunity to upgrade the vacant building to Grade A specifications, allowing us to attract quality tenants upon completion.

We anticipated Blythe Valley Park's occupancy to decline during our due diligence of the property and secured rental guarantees for impending and existing vacant spaces when we acquired the asset. Our asset management team was able to lease some of the vacant space, bringing occupancy to 90.5% as at 30 September 2021. Looking ahead, we expect pent-up demand as the UK continues to gradually re-open, with a potential flight to quality commercial and business park assets.

Across the North Sea, the Dutch government implemented tighter restrictions for three weeks in late November 2021 amid rising COVID-19 cases and concern over the Omicron variant. With safety measures to curtail the spread of the virus, a robust national vaccination programme, and support measures to stimulate consumer consumption and business investments in place, the Dutch central bank had in June 2021 guided for the economy to grow 3.0% in 2021 and 3.7% in 2022[7].

We will continue to adopt a proactive approach to asset and lease management. With deep local knowledge and experience, our committed and enthusiastic team continues to maximise opportunities and minimise disruptions for FLCT through this challenging period.

3 "Bundesbank projections: Bundesbank expects strong upswing", Deutsche Bundesbank, June 2021
4 "Industrial and Logistics Leasing and Investment Market Germany 3Q2021", Colliers International Deutschland GmbH, November 2021
5 "MTI Forecasts GDP Growth of "around 7.0 Per Cent" in 2021 and "3.0 to 5.0 Per Cent" in 2022", Ministry of Trade And Industry Singapore, 24 November 2021
6 "UK set for an uneven economic recovery, despite record GDP growth", British Chambers of Commerce, 10 June 2021
7 "Dutch economy expected to bounce back swiftly after COVID-19 crisis", De Nederlandsche Bank, 14 June 2021

Q

FLCT has made strong progress with its sustainability efforts over the years. How have investors and customers responded?

A

As a responsible corporate citizen, we remain committed to upholding the highest standards of environmental, social and governance ("ESG") at every level of our business. ESG is a key component of our strategy, and our decisions and actions reflect how we meet our legal, ethical and environmental responsibilities in building a sustainable future for our stakeholders.

With increasing awareness of climate change in the financial community, investors are focusing more on companies which live and breathe their announced sustainability principles and practices. At FLCT, our sustainability achievements have been audited by global and national sustainability rating agencies and recognised with leading industry awards and accreditations.

Our Australian industrial portfolio remains the highest Green Star performance-rated industrial portfolio, while being the first to achieve 6-Star Green Star ratings for our industrial facilities in New South Wales, Victoria and Queensland. We also took part in the GRESB assessment for the first time under the 'Diversified – Office/Industrial' category this year, combining the performance of our industrial and commercial properties, with FLCT maintaining its 5-Star rating with an improved scoring performance of 88 out of 100 points, coming in second among all participants in the Asia-Pacific region.

Our progress with greening our operations has allowed us to tap into the green financing market with more than $1.4 billion through green and sustainability-linked financing since IPO. In July 2021, we established a sustainable finance framework, and raised $150 million in our maiden sustainability notes issuance.

We have also seen an increase in the number of companies and tenants with a preference for sustainable buildings. Our on-going programme to improve the performance our properties has assisted our tenant retention rates and engaged new customers seeking sustainable workspaces to reduce their carbon footprint and enhance the well-being of their employees.

Q

FLCT has done well in proactively managing its capital structure to fund its growth. What's your magic formula?

A

To strengthen our balance sheet and enhance our financial flexibility in FY2021, we structured new sustainability-linked loan facilities with DBS, UOB, OCBC, Bank of East Asia, Sumitomo Mitsui Trust Bank and raised $335.8 million through a private placement to fund the acquisition of six quality assets in Germany, the Netherlands and UK. The private placement of 240 million Units was met with strong demand from investors, covering the order book by 2.8 times. Testament to investors' endorsement of our growth strategy and ability to deliver steady returns, the issue price of the new units was at the top end of the price range.

Being rated by S&P Global at BBB+ also facilitated FLCT's inaugural notes issuance of $150 million pursuant to its $1 billion Multicurrency Debt Issuance Programme, further diversifying our funding sources. We have continued to maintain our aggregated leverage in the mid-30% range which provides us with the financial flexibility to pursue growth opportunities.

Q

With FLCT attaining its maiden third-party acquisition in FY2021, how should investors view your inorganic growth strategy going forward? Is there an optimal distribution mix across your market segments?

A

We have often stated that we do not want to grow for growth's sake, rather our acquisition strategy is to source for properties that will be accretive from a return perspective as well as enhance our portfolio's metrics. Until this year when we undertook our maiden third party acquisition, we had acquired all of our properties from our Sponsor. We pride ourselves in our stringent investment evaluation methodology which allows us to identify quality assets with the potential to accrete value and generate long-term income streams. This evaluation process is applied to all potential acquisitions, allowing us to identify value and maximise returns over the longer-term.

Historically, we have completed at least one meaningful transaction to add value to our portfolio in any given year. Subject to market and opportunities, we will endeavour to continue this trend in our five markets as well as new markets should the opportunity arise.

As an experienced REIT Manager, we understand the importance of not aligning our growth and investment approach to a pre-determined portfolio distribution mix. What matters most is the ability to realise the potential of an acquisition and this is where we do our best work – creating value. Our track record over the past five years is testament to this, and we will strive to take FLCT to greater heights over the next five years.

Mr Robert Wallace
Chief Executive Officer

Organisation Structure

Unitholders

Holding of Units | Distributions

REIT Manager
Frasers Logistics & Commercial Asset Management Pte. Ltd.

Management services
Management fees

FRASERS LOGISTICS & COMMERCIAL TRUST

Acts on behalf of Unitholders
Trustee fees

REIT Trustee
Perpetual (Asia) Limited

Ownership of assets | Net property income

Industrial Properties

Property holding subsidiaries/trusts[1]

Australia
59 properties

Germany
29 properties

The Netherlands
6 properties

UK
1 property
(Connexion)

Commercial Properties

Property holding subsidiaries/trusts[2]

Singapore
- Alexandra Technopark
- Cross Street Exchange

Australia
- Central Park, Perth (50.0% effective interest)
- Caroline Chisholm Centre, Canberra
- 357 Collins Street, Melbourne

UK
- Farnborough Business Park, Farnborough
- Maxis Business Park, Bracknell
- Blythe Valley Business Park, Birmingham

The above presents a simplified trust structure for FLCT as of 30 September 2021. The industrial and commercial properties owned by FLCT are held through various intermediate entities comprising subsidiaries/trusts/sub-trusts.

1 Industrial properties located in Australia are held through a wholly-owned subsidiary and trust/sub-trusts of FLCT. Industrial properties located in Germany, the Netherlands and the United Kingdom are held through wholly-owned subsidiaries of FLCT

2 Commercial properties located in Singapore and Australia and Farnborough Business Park in the UK are held through FCOT, a wholly-owned sub-trust of FLCT. The trustee of FCOT is British and Malayan Trustees Limited. Maxis Business Park and Blythe Valley Park in the UK are held through wholly-owned subsidiaries and trusts of FLCT

Corporate Structure

The REIT Manager
Frasers Logistics & Commercial Asset Management Pte. Ltd.

Board of Directors

Nominating and Remuneration Committee

Audit, Risk and Compliance Committee

Chief Executive Officer

Finance & Capital Management

Investments

Portfolio Management

Investor Relations

Board of Directors

MR HO HON CHEONG, 67
Chairman and Independent Non-Executive Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2021):
5 years 4 months

Board Committee(s) served on:
- Audit, Risk & Compliance Committee
- Nominating & Remuneration Committee (Chairman)

Academic & Professional Qualification(s):
- Master of Business Administration (Accounting and Finance) McGill University, Canada
- Bachelor of Engineering (Honours) University of Malaya, Malaysia

Present Directorships in other companies (as at 30 September 2021):

Listed companies
- Non-Executive Independent Commissioner, PT Chandra Asri Petrochemical Tbk in Indonesia

Listed REITS/ Trusts
- Nil

Others
- Non-Executive Independent Director, AIA Singapore Pte. Ltd.

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2018 to 30 September 2021):
- Non-Executive Non-Independent Director of Alliance Bank Malaysia Bhd in Malaysia

Past Major Appointments:
- Chief Executive Officer/President Director of PT Bank Danamon Indonesia Tbk
- Chief Executive Officer of PT Bank Internasional Indonesia Tbk
- Managing Director, Special Investments at Temasek Holdings Pte. Ltd.
- Non-Executive Chairman of Rothschild (Singapore) Pte Ltd

Others:
- Nil

MR CHIN YOKE CHOONG, 69
Independent Non-Executive Director

Date of Appointment:
29 April 2020

Length of service as Director (as at 30 September 2021):
1 year 5 months

Board Committee(s) served on:
- Audit, Risk & Compliance Committee (Chairman)
- Nominating & Remuneration Committee

Academic & Professional Qualification(s):
- Bachelor of Accountancy, University of Singapore
- Associate Member, Institute of Chartered Accountants in England and Wales

Present Directorships in other companies (as at 30 September 2021):

Listed companies
- AVJennings Limited
- Ho Bee Land Limited

Listed REITS/ Trusts
- Nil

Others
- Chairman, Housing and Development Board
- Chairman, NTUC Fairprice Co-operative Ltd
- Chairman, NTUC Fairprice Foundation Ltd
- Deputy Chairman, NTUC Enterprise Co-operative Limited
- Director, Singapore Labour Foundation
- Director, Temasek Holdings (Private) Limited

Major Appointments (other than Directorships):
- Chairman, Corporate Governance Advisory Committee

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2018 to 30 September 2021):
- Frasers Commercial Asset Management Ltd., Manager of Frasers Commercial Trust
- Singapore Telecommunications Limited
- Yeo Hiap Seng Limited

Past Major Appointments:
- Director of Frasers Centrepoint Asset Management Ltd, Manager of Frasers Centrepoint Trust
- Member of Council of Presidential Advisers
- Managing Partner of KPMG Singapore
- Chairman of Urban Redevelopment Authority
- Chairman of Singapore Totalisator Board
- Chairman of MediShield Life Review Committee

Others:
- Nil

Board of Directors

MR GOH YONG CHIAN, 77
Independent Non-Executive Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2021):
5 years 4 months

Board Committee(s) served on:
- Audit, Risk & Compliance Committee
- Nominating & Remuneration Committee

Academic & Professional Qualification(s):
- Fellow Chartered Certified Accountant, UK
- Associate Chartered Management Accountant, UK

Present Directorships in other companies (as at 30 September 2021):

Listed companies
- Nil

Listed REITs/ Trusts
- Nil

Others
- Nil

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2018 to 30 September 2021):
- Nil

Past Major Appointments:
- Head of Corporate Finance of Fraser and Neave, Limited

Others:
- Nil

MR PAUL GILBERT SAY, 61
Independent Non-Executive Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2021):
5 years 4 months

Board Committee(s) served on:
- Audit, Risk & Compliance Committee

Academic & Professional Qualification(s):
- Graduate Diploma in Financial Planning and a Graduate Diploma in Finance & Investment, Financial Services Institute of Australia (FINSIA), Australia
- Associate Diploma of Real Estate Valuation
- Fellow of the Royal Institution of Chartered Surveyors and the Australian Property Institute, Australia

Present Directorships in other companies (as at 30 September 2021):

Listed companies
- Independent Non-Executive Director, Cedar Woods Properties Limited

Listed REITs/ Trusts
- Independent Non-Executive Director, ALE Property Group

Others
- Non-Executive Director of Cameron Brae Group
- Director/Sole Trader of Stratum Pty Ltd
- Board Member of Women's Community Shelters
- Panel Member of NSW Urban Growth Advisory Board

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2018 to 30 September 2021):
- Nil

Past Major Appointments:
- Chief Investment Officer and Chairman of the Investment Committee at DEXUS Property Group

Others:
- Nil

MS SOH ONN CHENG MARGARET JANE, 65
Independent Non-Executive Director

Date of Appointment:
29 April 2020

Length of service as Director (as at 30 September 2021):
1 year 5 months

Board Committee(s) served on:
- Nil

Academic & Professional Qualification(s):
- Bachelor of Laws (Honours), National University of Singapore
- Advocate and Solicitor, Supreme Court of Singapore

Present Directorships in other companies (as at 30 September 2021):

Listed companies
- Nil

Listed REITS/ Trusts
- Independent Non-Executive Director, KBS US Prime Property Management Pte. Ltd., Manager of Prime US REIT

Others
- Nil

Major Appointments (other than Directorships):
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2018 to 30 September 2021):
- Frasers Commercial Asset Management Ltd., Manager of Frasers Commercial Trust

Past Major Appointments:
- Partner, Corporate Real Estate department of Allen & Gledhill LLP

Others:
- Nil

MR PANOTE SIRIVADHANABHAKDI, 43
Non-Executive and Non-Independent Director

Date of Appointment:
26 May 2016

Length of service as Director (as at 30 September 2021):
5 years 4 months

Board Committee(s) served on:
- Nominating & Remuneration Committee

Academic & Professional Qualification(s):
- Master of Science in Analysis, Design and Management of Information Systems, London School of Economics and Political Science, UK
- Bachelor of Science in Manufacturing Engineering, Boston University, USA
- Certificate in Industrial Engineering and Economics, Massachusetts University, USA

Present Directorships in other companies (as at 30 September 2021):

Listed companies
- Frasers Property Limited
- Frasers Property (Thailand) Public Company Limited
- Thai Beverage Public Company Limited
- Univentures Public Company Limited

Listed REITs/ Trusts
- Frasers Hospitality Asset Management Pte Ltd, Manager of Frasers Hospitality Real Estate Investment Trust
- Frasers Hospitality Trust Management Pte Ltd, Manager of Frasers Hospitality Business Trust

Others
- Golden Land Property Development Public Company Limited (Chairman)
- Frasers Property Australia Pty Limited
- Beer Thip Brewery (1991) Co., Ltd.
- Blairmhor Distillers Limited
- Blairmhor Limited
- InterBev (Singapore) Limited
- International Beverage Holdings (China) Limited
- International Beverage Holdings Limited
- International Beverage Holdings (UK) Limited
- Sura Bangyikhan Group of Companies

Major Appointments (other than Directorships):
- Group Chief Executive Officer of Frasers Property Limited
- Director/Board of Trustee of Singapore Management University
- Board Member of National Gallery Singapore

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2018 to 30 September 2021):
- Nil

Past Major Appointments:
- Chief Executive Officer of Univentures Public Company Limited
- Management Committee of Real Estate Developers' Association of Singapore (REDAS)

Others:
- Nil

MR RODNEY VAUGHAN FEHRING, 62
Non-Executive and
Non-Independent Directorr

Date of Appointment:
11 February 2019

Length of service as Director (as at 30 September 2021):
2 years 7 months

Board Committee(s) served on:
- Nil

Academic & Professional Qualification(s):
- Bachelor of Applied Science, La Trobe University, Australia
- Graduate Diploma in Sports Administration, La Trobe University, Australia
- Graduate Diploma in Urban & Regional Planning, RMIT University, Australia
- Diploma, Advanced Management Program, The Wharton School, University of Pennsylvania, USA

Present Directorships in other companies (as at 30 September 2021):

Listed companies
- Nil

Listed REITS/ Trusts
- Nil

Others
- Nil

Major Appointments (other than Directorships):
- Executive Chairman, Frasers Property Australia Pty Limited
- Executive Chairman, Frasers Property Industrial Management Board
- Executive Chairman, Frasers Property United Kingdom Management Board
- Chairman, Cladding Safety Victoria

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2018 to 30 September 2021):
- Nil

Past Major Appointments:
- Executive Director and Chief Executive Officer of Frasers Property Australia Pty Limited
- Managing Director and Chief Executive Officer of Lend Lease Primelife Ltd
- Chief Executive Officer of Delfin Lend Lease Ltd
- Chief Operating Officer of Urban Land Corporation, Victoria

Others:
- Non-Executive Director of Green Building Council
- Trustee of Melbourne Cricket Ground Trust
- Non-Executive Director of Mission Australia Housing
- Chairman of Australian Housing & Urban Research Institute Ltd

MR CHIA KHONG SHOONG, 50
Non-Executive and
Non-Independent Director

Date of Appointment:
11 February 2019

Length of service as Director (as at 30 September 2021):
2 years 7 months

Board Committee(s) served on:
- Nil

Academic & Professional Qualification(s):
- Master of Philosophy (Management Studies), Cambridge University, UK
- Bachelor of Commerce (Accounting and Finance) (First Class Honours), University of Western Australia, Australia

Present Directorships in other companies (as at 30 September 2021):

Listed companies
- Nil

Listed REITS/ Trusts
- Nil

Others
- Nil

Major Appointments (other than Directorships):
- Group Chief Corporate Officer, Frasers Property Limited

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2018 to 30 September 2021):
- Frasers Commercial Asset Management Ltd., Manager of Frasers Commercial Trust

Past Major Appointments:
- Director of Frasers Centrepoint Asset Management Ltd, Manager of Frasers Centrepoint Trust
- Group Chief Financial Officer of Frasers Property Limited
- Chief Executive Officer, Australia, New Zealand and United Kingdom of Frasers Property Limited
- Director, Investment Banking of The Hongkong & Shanghai Banking Corporation Ltd

Others:
- Nil

MR REINFRIED HELMUT OTTER (REINI OTTER), 51
Non-Executive and
Non-Independent Director

Date of Appointment:
30 July 2020

Length of service as Director (as at 30 September 2021):
1 year 2 months

Board Committees served on:
- Nil

Academic & Professional Qualification(s):
- Graduate from the Advanced Management Program at INSEAD Business School, Europe
- Bachelor of Science (Architecture) and Bachelor of Architecture from the University of Sydney

Present Directorships in other companies (as at 30 September 2021):

Listed companies
- Nil

Listed REITS/ Trusts
- Nil

Others
- Nil

Major Appointments (other than Directorships):
- Chief Executive Officer, Frasers Property Industrial, Frasers Property Limited

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2018 to 30 September 2021):
- Nil

Past Major Appointments:
- Executive General Manager of Commercial & Industrial and Investment Property, Frasers Property Australia Pty Limited
- Executive General Manager of Commercial & Industrial, Frasers Property Australia Pty Limited
- Regional General Manager of Frasers Property Australia Pty Limited

Others:
- Nil

Management Team

ROBERT STUART CLAUDE WALLACE
Chief Executive Officer

Mr Wallace works closely with the board of directors and management team to drive the overall business and investment strategies of FLCT. He provides strategic leadership for the day to day management of the business, ensuring that FLCT's business plans are executed accurately and effectively.

Prior to joining the REIT Manager in 2016, Mr Wallace was the Executive General Manager of Investment Property at Frasers Property Australia, formerly Australand Property Group, which he joined in August 2007. During that time, he was responsible for leading the Investment Property Division which owned and managed a portfolio of investment properties with an aggregate value of approximately A$2.5 billion. He has been involved in many facets of the Frasers Property Australia business, including group strategy, funds management, acquisitions and dispositions, portfolio management, divisional reporting and capital sourcing. Mr Wallace was also the JV Manager for the Australand Logistics Joint Venture and the Fund Manager for Australand Wholesale Property Fund No. 6.

Mr Wallace has also held previous roles with MAB Funds Management, Jones Lang LaSalle and Charter Keck Cramer.

Mr Wallace holds a Bachelor of Business (Property) from RMIT University and a Postgraduate Diploma in Applied Finance and Investment from FINSIA. He is also a Certified Practising Valuer with the Australian Property Institute.

SUSANNA CHER MUI SIM
Chief Financial Officer

Ms Cher served as CFO of the REIT Manager since the listing of the REIT in 2016 till 30 September 2021. She will remain as an Advisor until her retirement on 31 December 2021.

TRICIA YEO
Chief Financial Officer

Ms Yeo was appointed as CFO of the Manager on 1 October 2021. She leads the finance team and is responsible for all aspects of the finance and treasury functions, including financial reporting, strategic capital management, financial risk management, taxation and compliance for FLCT. Her team works closely with the investment and portfolio management teams to support the REIT's strategic activities and initiatives. Prior to her current appointment, Ms Yeo assumed the role of Head of Capital Markets & Treasury of the Manager.

She has more than 20 years of experience in the finance industry including audit, advisory and banking. She started her career as an auditor with a Big Four accounting firm, and subsequently moved into real estate investment banking with various international banks.

Prior to the merger of FLT and FCOT, Ms Yeo was the CFO of FCOT's manager. Before joining FCOT in May 2017, she headed the real estate sector coverage at the investment banking arm of an Asian regional bank.

Tricia graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy (Honours) degree and holds an MBA from INSEAD. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Chartered Financial Analyst.

JONATHAN JAMES SPONG
Head of Portfolio Management

Mr Spong spearheads FLCT's portfolio management function, working closely with the asset and property managers to drive property strategy, marketing and leasing as well as the implementation of organic growth strategies and portfolio initiatives, including asset enhancement and sustainability.

Prior to joining the REIT Manager, Mr Spong was Asset Manager, Investment Property at Frasers Property Australia, formerly Australand Property Group (APG) from January 2015. During his time at APG, he was responsible for enhancing the value of a portfolio of 37 high quality logistics and industrial properties located in New South Wales and Queensland through proactive asset management.

Mr Spong was also a member of the Real Estate Team at Valad Property Group from January 2007 to December 2014, where he was responsible for the asset management of a portfolio of commercial and industrial properties located in Australia and New Zealand. His responsibilities included the implementation of asset plans to maximise rental returns as well as acquiring and disposing of assets to optimise portfolio metrics.

From July 2005 to December 2006, Mr Spong was Investment Analyst, Commercial Property at DEXUS Property Group, where he had analytical responsibilities for a portfolio of 40 high quality commercial assets. From September 1999 to July 2005, Mr Spong was Senior Valuer at DTZ (now known as Cushman & Wakefield), where he was responsible for providing a broad range of valuation services for secured lending purposes, portfolio valuations and development appraisal for national and international clients covering all property sectors.

Mr Spong holds a Bachelor of Science (Honours) from St Andrews University in Scotland and a Master of Land Economy from the University of Aberdeen in Scotland. Mr Spong is also a Qualified Associate of the Australian Property Institute and the Royal Institution of Chartered Surveyors.

Management Team

ANNIE KHUNG SHYANG LEE
Head of Finance

Reporting to the CFO, Ms Khung is responsible for timely and accurate statutory reporting, compliance reporting and supports the CFO.

Prior to joining the REIT Manager, Ms Khung was the Financial Controller at FEO Hospitality Asset Management Pte Ltd, the manager of Far East Hospitality Trust from January 2016 to August 2016, where she was responsible for overseeing all aspects of finance and taxation matters, and provides support for compliance matters.

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

Ms Khung was with CitySpring Infrastructure Management Pte Ltd, the Trustee-Manager of CitySpring Infrastructure Trust from September 2007 to May 2015, and was the Vice President, Finance from July 2010. She was involved in all aspects of finance matters, including the statutory and financial reporting of the group results, budgeting, taxation and certain compliance-related matters. She also reviewed the financial performance of the operating companies and assisted in the development of group financial policies and procedures.

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

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

CHEW YI WEN
Head of Investments

Ms Chew is responsible for developing and executing FLCT's investment strategies within the REIT's investment mandate. The investment team led by Ms Chew sources and evaluates opportunities for new acquisitions and divestments to support the growth of FLCT. She has more than 14 years of experience in real estate investment management across global markets, including Australia, China, Germany, Singapore, the Netherlands and UK.

Prior to her current appointment, Ms Chew assumed the role of Assistant General Manager at Frasers Property's group investment team and was involved in several transformational transactions undertaken by Frasers Property. She was actively involved with the overall planning and execution of the IPO of FLT in 2016. In recent years, Ms Chew has assisted in the growth of FLCT through investing in new markets of Germany and the Netherlands in 2017 and was actively involved in the merger with FCOT in 2020.

Ms Chew has a Bachelor of Science (Real Estate) Honors degree from the National University of Singapore.

NG CHUNG KEAT
Vice President,
Investor Relations

Mr Ng is responsible for FLCT's investor relations function and is in charge of maintaining transparent communication with the investment and research communities. Mr Ng also supports FLCT's sustainability reporting, and provides market intelligence as well as research support to management.

Prior to joining the REIT Manager in December 2016, Mr Ng was an Associate Director with public and investor relations consultancy, Citigate Dewe Rogerson from August 2011, where he provided strategic media and investor relations counsel to public companies. Mr Ng has also been involved in multiple transactions and special situations, including mergers and acquisitions, spin-offs, issue management, initial and secondary public offerings.

From November 2006 to August 2011, Mr Ng was an Associate Consultant at WeR1 Consultants, where he supported the implementation of investor relations programmes to listed companies.

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

Financial Review

Statement of Total Return	FY2021 $'000	FY2020 $'000	Variance %
Revenue	469,328	332,029	41.4
Property operating expenses	(102,668)	(62,214)	65.0
Net property income ("NPI")	**366,660**	**269,815**	**35.9**
Managers' management fee	(39,617)	(28,551)	38.8
Trustees' fees	(844)	(636)	32.7
Trust expenses	(7,136)	(4,183)	70.6
Finance income	924	277	N.M.
Finance costs	(45,687)	(41,169)	11.0
Exchange (losses)/gains (net)	(346)	2,055	N.M.
Net income	**273,954**	**197,608**	**38.6**
Net change in fair value of derivatives	1,400	(2,859)	N.M.
Net change in fair value of investment properties	602,850	334,306	80.3
Gain on divestment of investment properties	2,451	1,422	72.4
Total return before tax	**880,655**	**530,477**	**66.0**
Tax expenses	(140,897)	(71,719)	96.5
Total return for the year	**739,758**	**458,758**	**61.3**
Less: Total return attributable to non-controlling interests	(8,652)	(4,036)	N.M.
Total return attributable to Unitholders	**731,106**	**454,722**	**60.8**
Tax related and other adjustments	(464,330)	(253,642)	83.1
Income available for distribution to Unitholders	**266,776**	**201,080**	**32.7**
Capital distribution[a]	3,299	-	N.M.
Distributable income	**270,075**	**201,080**	**34.3**
Distribution per Unit (Singapore cents)	7.68	7.12	7.9
For information:			
Adjusted NPI[b]	**355,161**	**258,335**	**37.5**

Notes:

a Capital distribution relates to (i) reimbursements received from the vendor in relation to outstanding lease incentives at the point of completion of the acquisition of certain properties in Australia in prior years; and (ii) rental support received from vendors in relation to the acquisition of certain properties in the UK in 2021. The capital distribution in FY2021 translated to a DPU equivalent to approximately 0.09 Singapore cents.

b Adjusted NPI comprises the actual NPI excluding straight lining adjustments for rental income and adding lease payments of right-of-use assets.

Rising to the challenge of a prolonged pandemic, FLCT closed FY2021 with record-high revenue of $469.3 million, an increase of 41.4% or $137.3 million from $332.0 million in FY2020. The strong performance was a result of the Manager's ability to drive success across the key pillars of its value creation strategy, in particular acquisition growth, active asset management and capital & risk management.

FY2021 adjusted NPI was $355.2 million, an increase of 37.5% or $96.9 million from $258.3 million in FY2020. The increase was primarily due to higher contributions from the following:

- FY2021 included a full-year contribution of the FLCT and FCOT merger. In contrast, FY2020 recognised contributions from FCOT's six CBD commercial, office and business park assets in Singapore, Australia and the UK from 15 April 2020; and
- Acquisition of six freehold properties in Germany, the Netherlands and the UK in June 2021.

The higher adjusted NPI was partially offset by the following:

- Divestment of the remaining 50% interest in 99 Sandstone Place, Parkinson, Queensland, Australia[1] to an unrelated party, ACREF 99SP Pty Ltd as trustee for the ACREF 99SP AUT, which is managed by DWS Investments Australia Ltd. The divestment was completed on 23 November 2020;
- Sale of three non-core properties in South Australia: 5 Butler Boulevard, Adelaide Airport, 18-20 Butler Boulevard, Adelaide Airport, and 20-22 Butler Boulevard, Adelaide Airport to unrelated parties, Industria Company No.2 Pty Ltd as trustee of West Park Investment Trust No 2 and Industria Company No.2 Pty Ltd as trustee of Tullamarine Investment Trust. The divestment of the three non-core properties was completed in March 2021; and
- Impact of the COVID-19 pandemic of approximately $1.6 million, comprising mainly rental waivers for tenants under the Singapore and Australian government concession deeds.

Excluding the impact of the interest expense on lease liabilities, finance costs in FY2021 was $4.3 million higher than a year ago. This was due mainly to higher borrowings to finance acquisitions and the full year effect of the higher borrowings and debt assumed as a result of the merger between FLCT and FCOT.

As at 30 September 2021 and 30 September 2020, total borrowings stood at $2.5 billion. FLCT's weighted average cost of debt for FY2021 was 1.6% per annum, significantly lower compared to 1.9% per annum for FY2020 as the Manager continued to deliver on its proactive capital management strategies. FLCT is in compliance with all its financial covenants and remains well-positioned to service its borrowings with 72.8% of borrowings at fixed rates and an interest coverage ratio of 7.3 times as at 30 September 2021.

The total return attributable to Unitholders was $731.1 million in FY2021, 60.8% or $276.4 million higher than $454.7 million in FY2020. This included:

- Net fair value gain on investment properties of $602.9 million; and
- Fair value gain on foreign currency forward contracts of $1.4 million to hedge the currency risk on distributions to Unitholders.

This was partially offset by net exchange loss of $0.3 million which relate to translation of the Group's foreign currency borrowings and the exchange differences arising from settlement of foreign currency forward contracts.

FY2021 tax expenses was $140.9 million, 96.5% or $69.2 million higher than FY2020, primarily due to higher deferred tax on the net fair value gain on investment properties.

Income available for distribution to Unitholders was $266.8 million, an increase of 32.7% or $65.7 million over FY2020. The REIT Manager has declared a capital distribution of $3.3 million for FY2021. As a result, FY2021 DPU was 7.68 Singapore cents, 7.9% higher than 7.12 Singapore cents in FY2020. This translates to a distribution yield of 5.1% per annum based on the closing price of $1.52 per unit[2] on 30 September 2021.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 Reporting Framework for Investment Funds issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of FLCT's Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Financial Reporting Standards in Singapore.

1 In 2020, FLCT announced the proposed divestment of its remaining 50% interest in 99 Sandstone Place, Parkinson located in Queensland, Australia. Accordingly, the investment property was reclassified to investment property held for sale as at 30 September 2020

2 Source: Bloomberg LLP

Revenue by Geography

Australia	49.6%
Europe	21.0%
Singapore	18.8%
The UK	10.6%

Revenue by Asset Class

Industrial	
– Australia	35.4%
– Europe	21.0%
– The UK	0.2%
Commercial	
– Singapore	18.8%
– Australia	14.2%
– The UK	10.4%

Net Property Income by Geography

Australia	49.7%
Europe	23.4%
Singapore	16.6%
The UK	10.3%

Net Property Income by Asset Class

Industrial	
– Australia	36.7%
– Europe	23.4%
– The United Kingdom	0.3%
Commercial	
– Singapore	16.6%
– Australia	13.0%
– The UK	10.0%

Capital Management

The REIT Manager continues to employ a disciplined and prudent approach to its capital management, optimising FLCT's capital structure and balance sheet. This provides FLCT with maximum financial flexibility to realise its growth and value creation aspirations.

Key Financial Indicators	As at 30 Sep 2021	As at 30 Sep 2020
Total gross borrowings ($ million)[a]	2,531.6	2,454.3
Total assets ($ million)[a]	7,521.8	6,734.6
Aggregate leverage (total gross borrowings as a % of total assets)(%)[a]	33.7	37.4
Average cost of debt (%)[b]	1.6	1.9
Average weighted debt maturity (years)	3.4	3.0
Interest coverage ratio (times)[c]	7.3	6.4
Debt headroom ($ million)[d]	2,459.3	1,651.0

Notes:
a The impact of FRS116 Leases has been excluded for the purpose of computing the aggregate leverage ratio
b Based on the trailing 12 months borrowing costs (including FCOT from date of completion of merger)
c As defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore ("MAS") on 16 April 2020 and clarified on 29 May 2020 and 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. Borrowing costs include effects of FRS 116
d Prior to reaching the 50.0% regulatory aggregate leverage limit

OPTIMISED CAPITAL STRUCTURE

FLCT's capital risk profile remained healthy with an aggregate leverage of 33.7% as at 30 September 2021, compared to 37.4% in the year-ago period. Well below the regulatory limit of 50.0%[1], the aggregate leverage ratio of 33.7% provides FLCT with a debt headroom of $2,459.3 million, providing the REIT with financial flexibility to realise its growth strategy.

The average cost of debt for FY2021 is lower and interest coverage ratio is higher than in FY2020, as a result of lower base borrowing rates and lower interest rates on refinanced borrowings. As at 30 September 2021, the average cost of debt was 1.6% and the interest coverage ratio was healthy at 7.3 times.

PROACTIVE CAPITAL MANAGEMENT

As at 30 September 2021, FLCT's total gross borrowings was $2,531.6 million. During the year, $858.6 million of new borrowings were obtained, of which $667.4 million were used to refinance borrowings maturing during the year and the remaining were used for new acquisitions and corporate funding purpose. 72% of the new borrowings obtained in FY2021 were in the form of sustainable or sustainability-linked financing.[2]

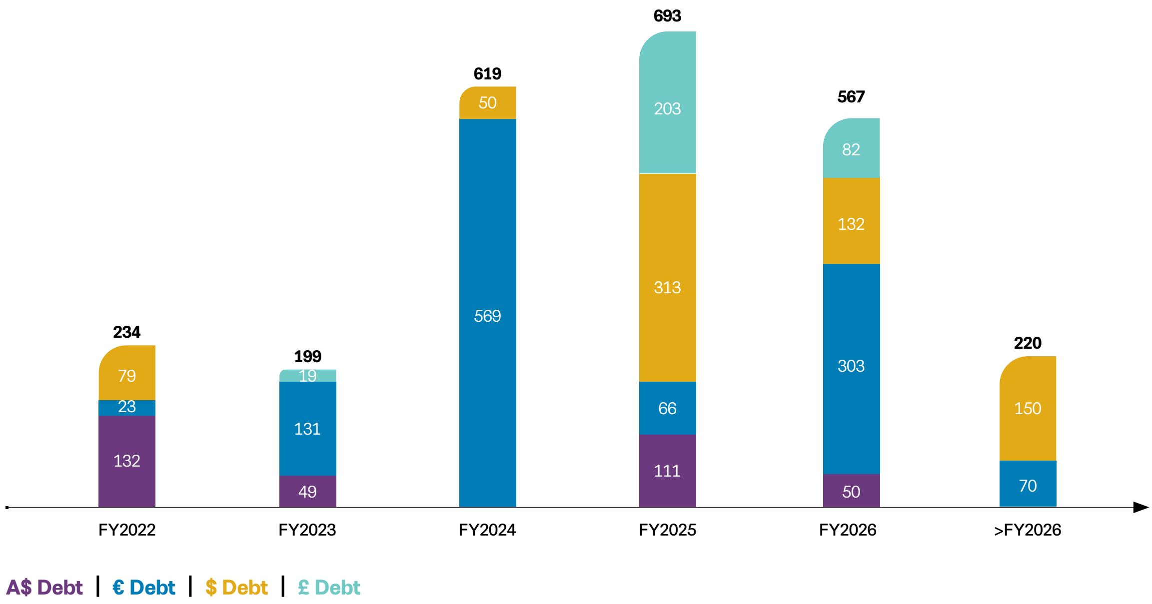
S&P ASSIGNS 'BBB+' RATING

In April 2021, S&P Global Ratings ("S&P") assigned FLCT a 'BBB+' long-term issuer credit rating with stable outlook. The rating is based on S&P's view that FLCT's earnings will remain resilient due to good portfolio diversification across asset classes and geographies, and that its lease structures will continue to support its high earnings predictability. Furthermore, S&P expects that FLCT will preserve its solid portfolio and earnings quality, underpinned by the REIT Manager's strong expertise and portfolio management capabilities.

1 The Monetary Authority of Singapore had on 16 April 2020 raised the leverage limit for real estate investment trusts listed on the Singapore Exchange from 45% to 50% (up to 31 December 2021) and deferred to 1 January 2022 on the implementation of the requirement to have a minimum adjusted interest coverage ratio of 2.5 times before the leverage limit can be increased from the then prevailing 45% limit up to a maximum of 50%
2 Excluded on-balance-sheet external debt assumed with the acquisition of the six European properties in FY2021

Capital Management

Debt Maturity Profile (As at 30 September 2021) (in $ millions)



MAIDEN SUSTAINABILITY NOTES ISSUANCE

FLCT established a Sustainable Finance Framework and issued its maiden sustainability notes with an aggregate value of $150 million in July 2021. FLCT's first sustainability notes are also the first notes to be issued under its $1 billion Multicurrency Debt Issuance Programme. The transaction was supported by exceptionally strong demand from institutional investors and the final orderbook was in excess of $450 million and more than three times subscribed, with orders from across 39 accounts. The sustainability notes are rated BBB+ by S&P. The well-received maiden issuance of the notes by FLCT demonstrated its ability to access a new source of capital.

WELL-SPREAD DEBT MATURITY PROFILE

FLCT continues to have a well-staggered debt maturity profile with no more than 30% of borrowings maturing in any given year, minimising refinancing risks. The weighted average debt maturity remains healthy at approximately 3.4 years as at 30 September 2021, compared to 3.0 years in the year-ago period.

As part of its prudent capital management strategy, the REIT Manager intends to continue maintaining a well-staggered debt maturity profile for FLCT and will seek to actively explore the refinancing of borrowings ahead of their maturities and extend the loan tenor. Management believes that FLCT will be able to meet its debt obligations as and when they fall due with its well-staggered debt maturity profile, strong credit standing, diverse capital sources and strong banking relationships.

PRUDENT HEDGING STRATEGIES

As FLCT's portfolio of assets is diversified across five countries, the REIT is subject to foreign exchange rate and interest rate fluctuations. The REIT Manager endeavours to use borrowings in the currency of the underlying assets as a natural hedge, or if in a different currency, it is swapped, as a partial natural hedge to fund its investments.

In addition, the impact of foreign exchange volatility on FLCT's distributable income is managed with currency forward contracts to hedge distributions on a six-month rolling basis.

FLCT's exposure to interest rate volatilities is managed by hedging at least 50% of the REIT's borrowings to a fixed rate. As at 30 September 2021, 72.8% of borrowings are at fixed rates.

Debt Profile by Currency
(As at 30 September 2021)[a]

	$ million	As % of Total
Euro	**1,160.4**	**45.9%**
Singapore Dollar	**724.0**	**28.6%**
Australian Dollar	**342.5**	**13.5%**
British Pound	**304.7**	**12.0%**
Total Debt	**2,531.6**	**100.0%**

a Refers to debt in the currency or hedged currency of the country of the investment properties

Interest Rate Profile
(As at 30 September 2021)

Fixed Rate	**72.8%**
Variable Rate	**27.2%**

Singapore Dollar	**12.1%**
Euro	**9.9%**
Australian Dollar	**3.3%**
British Pound	**1.9%**

Operational Review

PROPERTY HIGHLIGHTS

Number of Properties
103
High-quality properties

Lettable Area
2,655,810 sqm
Across logistics & industrial and commercial asset classes

Portfolio Value
$7.3 billion
+17.7% from $6.2 billion in FY2020

Occupancy Rate
96.2%
Validates the quality of our well-located assets

WALE / WALB
4.8 years / 4.5 years
Providing security of revenue

Top-10 Tenant Concentration
23.5%
Underpins stability through diversification

DELIVERING RESILIENCE THROUGH VALUE CREATION

In the five years since FLCT's listing on the SGX-ST in June 2016, the Manager of FLCT has consistently delivered year-on-year growth and value creation.

With a proactive and disciplined approach to asset and investment management, the REIT Manager was able to achieve high occupancy levels for its logistics & industrial portfolio tracking at or near 100% since the REIT's inception. The REIT's business park and CBD commercial portfolio, a new segment that FLCT expanded into in 2020 post-merger with FCOT, remained broadly resilient with average occupancies trending at above 90%, notwithstanding the COVID-19 pandemic.

Since IPO, the REIT Manager also more than doubled FLCT's portfolio from 51 properties in Australia, to 103 properties in five countries – Australia, Germany, Singapore, The United Kingdom and The Netherlands. As a result, FLCT's portfolio value increased over four times from $1.6 billion at the time of its listing to $7.3 billion at the end of FY2021.

100%
Logistics & industrial portfolio occupancy[1]

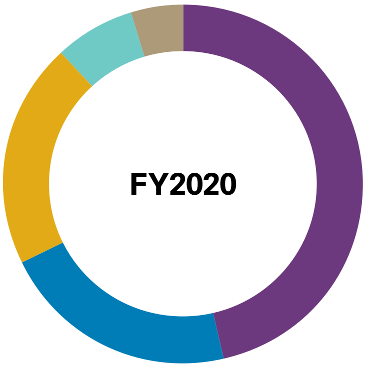
91.5%
Stable occupancy for business parks and CBD commercial properties[1]

+$5.7 billion
Net increase in portfolio value since IPO

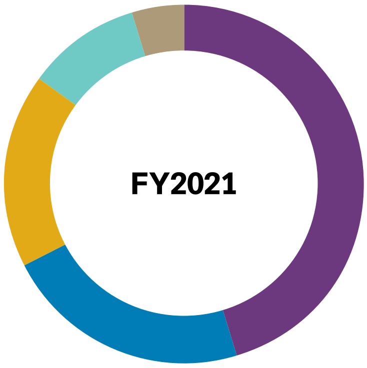
1 Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2021. Excludes straight lining rental adjustments and includes committed leases

QUALITY ASSETS IN DEVELOPED MARKETS

Portfolio Value by Geography

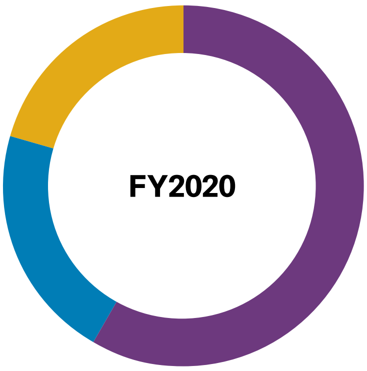


Australia	46.5%
Germany	21.3%
Singapore	20.5%
The UK	7.0%
The Netherlands	4.7%

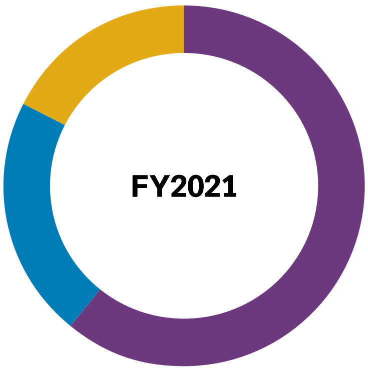


Australia	45.5%
Germany	22.0%
Singapore	17.6%
The UK	10.3%
The Netherlands	4.6%

Portfolio Value by Asset Type



Logistics & Industrial	58.6%
Office & Business Parks	21.0%
CBD Commercial	20.4%

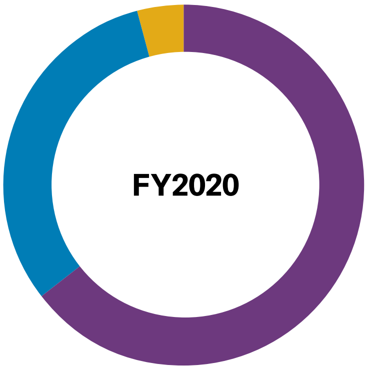


Logistics & Industrial	61.1%
Office & Business Parks	21.5%
CBD Commercial	17.4%

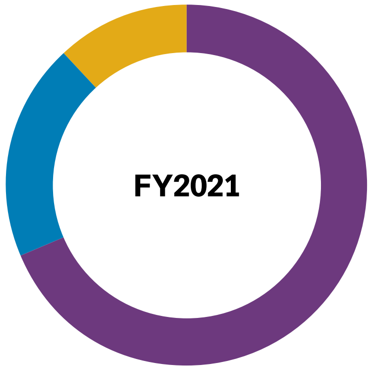
PRIMARILY FREEHOLD AND LONG LEASE LAND TENURE

FLCT's portfolio comprises 88.2% of freehold and long leasehold properties by value. Freehold properties represented 68.8%, while properties with leasehold tenure of more than 75 years accounted for 19.4% as at 30 September 2021.

Portfolio Land Tenure by Value



Freehold	64.6%
> 75-year leasehold	31.5%
Other leasehold	3.9%



Freehold	68.8%
> 75-year leasehold	19.4%
Other leasehold	11.8%

STRENGTH IN HIGH-QUALITY TENANT BASE

FLCT's portfolio has a well-diversified tenant base with approximately 310 tenants across 103 properties in five countries as at 30 September 2021. The REIT's high-quality and diversified tenant base comprises well-established multi-nationals, conglomerates and publicly listed entities, as well as government related entities, providing FLCT with resilience through market cycles.

FY2021 Top 10 tenants accounted for 23.5% of FLCT's portfolio[2] and no single tenant accounted for more than 4.6% of the same during the period, providing income diversity to the portfolio. Five of our Top 10 tenants – Hermes, BMW, CEVA, Techtronic and Schenker – occupy multiple properties in Germany and Australia, further augmenting diversity to mitigate tenant risk.

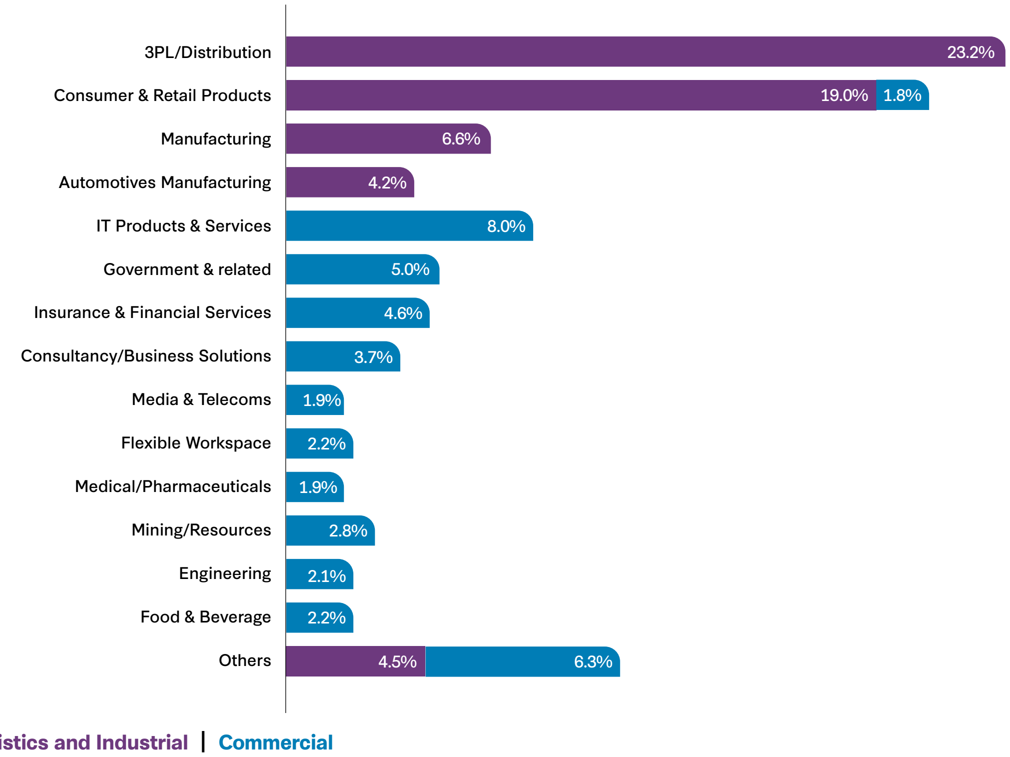
Top 10 Tenants of FLCT by GRI (As at 30 September 2021)

Tenant	Country	Type of Business	% of FLCT GRI	WALE (years)
Commonwealth of Australia	Australia	Government	4.6%	3.8
Google Asia Pacific	Singapore	Information Technology	3.7%	3.3
Hermes Germany GmbH	Germany	Third Party Logistics	2.7%	11.0
Rio Tinto Shared Services	Australia	Resources	2.3%	8.8
Commonwealth Bank of Australia	Australia	Banking	1.9%	1.3
CEVA Logistics	Australia	Third Party Logistics	1.8%	3.7
BMW	Germany	Automotive	1.8%	6.4
Techtronic Industries	Australia	Consumer & Retail Products	1.7%	2.1
Schenker	Australia	Third Party Logistics	1.6%	3.1
Mainfreight	Germany	Third Party Logistics	1.4%	4.4

2 Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2021. Excludes straight lining rental adjustments and includes committed leases

Our tenants in New Economy[3] and pandemic resilient industries such as 3PL, distribution, consumer & retail products and manufacturing sectors performed well during FY2021, driving robust demand for space within our properties. Tenants with exposure to government-linked; core and resilient industries; and attractive New Economy sectors account for 82.1% of our tenant base by GRI, demonstrating the quality and resilience of our tenant base during this pandemic period.

Portfolio Tenant Sector Breakdown (By GRI, as at 30 September 2021)



STABLE LEASE PROFILE WITH MINIMAL NEAR-TERM EXPIRIES

The REIT Manager takes a proactive approach to asset management, engaging tenants on forward lease renewals, as well as securing new tenants to improve FLCT's portfolio lease expiry profile and enhance stability of income.

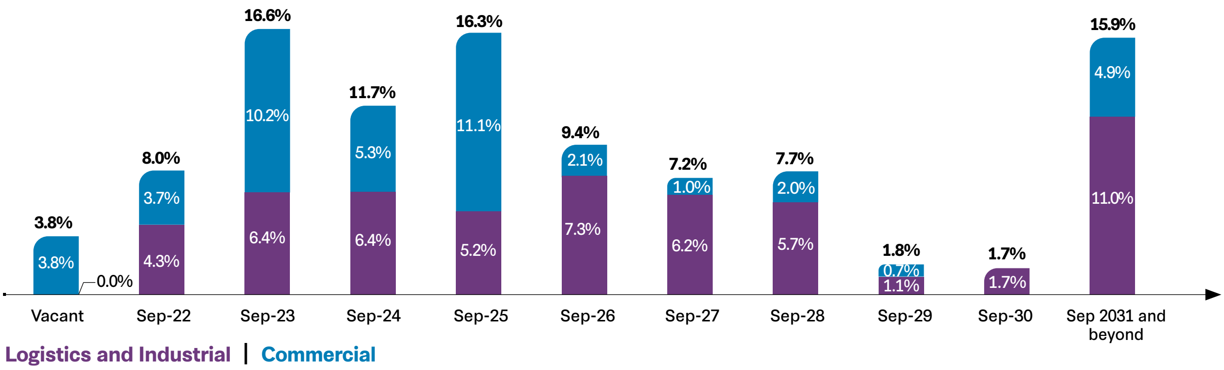
As at 30 September 2021, FLCT's portfolio had a well-spread out lease expiry profile with a long WALE of 4.8 years. On a sectoral basis, WALE for the logistics & industrial portfolio was 5.5 years while the commercial portfolio had a WALE of 3.9 years as at 30 September 2021.

Concentration risk remained limited, with no more than 16.6% of total leases expected to expire in any given year over the next ten years.

3 "New Economy" sectors refer to high-growth industries with a high adoption of technology and innovation in operations, such as third-party logistics; e-commerce (consumer and enterprise); Information Technology and services amongst others

Portfolio Lease Expiry Profile
(By GRI, as at 30 September 2021)

- Well-spread out lease expiry profile with only **16.6%** of GRI expiring in any single year translating into reduced concentration risk
- 11 industrial and 53 commercial leases for renewal in FY2022



PROACTIVE LEASING DRIVES HIGH OCCUPANCY

With the REIT Manager's proactive leasing strategies and strong tenant relationships, FLCT's portfolio continued to record high occupancy rates throughout FY2021, ending the period with a 96.2% occupancy level.

On a sector basis, FLCT's logistics and industrial portfolio remained fully occupied as at 30 September 2021 backed by demand for quality space. The REIT's commercial portfolio remained relatively stable with 91.5% occupancy level as at 30 September 2021.

High Occupancy Across All Asset Types

Logistics & Industrial occupancy rate by GRI	As at 30 Sep 21	As at 30 Jun 21	Change
Australia	**100.0%**	100.0%	-
Europe	**100.0%**	100.0%	-
United Kingdom	**100.0%**	100.0%	-
Logistics & Industrial Portfolio:	**100.0%**	100.0%	-

Commercial occupancy rate by GRI	Country	As at 30 Sep 21	As at 30 Jun 21	Change
Cross Street Exchange	Singapore	**84.6%**	84.0%	▲ 0.6%
Alexandra Technopark	Singapore	**96.5%**	98.7%	▼ 2.2%
Central Park	Australia	**84.4%**	82.3%	▲ 2.1%
Caroline Chisholm Centre	Australia	**100.0%**	100.0%	-
357 Collins Street	Australia	**95.7%**	95.6%	▲ 0.1%
Farnborough Business Park	United Kingdom	**85.2%**	85.5%	▼ 0.3%
Maxis Business Park	United Kingdom	**100.0%**	100.0%	-
Blythe Valley Park	United Kingdom	**90.5%**	90.5%	-
Commercial Portfolio:		**91.5%**	91.8%	▼ 0.3%

During the year, the REIT Manager continued to maintain a strong landlord-tenant relationship with its tenants, securing 93 new and renewed leases, accounting for 352,972 sqm or 13.3% of its total portfolio lettable area. In aggregate, these leases have a WALE of 4.3 years as at 30 September 2021 and an aggregate rental of $57.1 million per annum.

Operational Review

As part of lease negotiations, the REIT Manager seeks to include step-up rent structures which will provide FLCT with organic rental growth through periodic fixed increments, inflation-linked adjustments or market reviews. FLCT's Australia logistics & industrial assets generally have fixed annual increments averaging 3.1% while the majority of the REIT's European logistics & industrial leases benefit from CPI-linked indexation. For the commercial portfolio, leases in Singapore and the UK are generally marked-to-market on lease renewals, while commercial leases in Australia generally have fixed annual increments averaging 3.3%.

The average rental reversion, being the comparison of new first-year signing rents to the last payable rent over the space, for leases entered into in FY2021 across the portfolio was -1.7%. This was mainly due to the logistics & industrial portfolio reporting a rental reversion of -3.0% for 315,681 sqm of space leased and/or renewed during the year, as fixed annual increments over the expiring leases surpassed market rental growth. The commercial portfolio registered a rental reversion of 0.2% for 37,291 sqm of space leased and/or renewed during the year.

ACTIVE ASSET MANAGEMENT

The REIT Manager continued to deliver on its proactive asset management strategies to generate sustainable long-term value for unitholders during the year.

Acquisitions

The REIT Manager's growth strategy is underpinned by a rigorous research-driven selection process which ensures that acquisitions are a strategic fit to the overall FLCT portfolio.

During the year, the REIT Manager grew FLCT's portfolio with the acquisition of six freehold properties in Germany, the Netherlands and UK with an aggregate value of $562.4 million[4]. These assets are strategically located in key logistics hubs with high occupancies and long WALB, and have a total lettable area of approximately 123,328 sqm.

Notably, the acquisition marks FLCT's entry into the attractive UK logistics property market and is also its maiden third-party acquisition of properties in the UK. This underscores the REIT Manager's third-party deal-sourcing and execution capabilities. DPU and NAV accretive, the acquisition provides FLCT with long-term income streams from new high-quality assets with diversified tenants in attractive growth sectors.

Acquisitions

			
Property	Buchäckerring 18, 74906 Bad Rappenau, Baden-Württemberg, Germany	Genfer Allee 6, 55129 Mainz, Rheinland-Pfalz, Germany	Am Römig 8,67227 Frankenthal, Rheinland-Pfalz, Germany
Asset Type	Logistics & Industrial	Logistics & Industrial	Logistics & Industrial
Size (sqm)	13,125	13,148	20,579
Land Tenure	Freehold	Freehold	Freehold
Tenant	Hermes Germany GmbH	Hermes Germany GmbH	BASF SE
Tenant Trade Sector	Third-party Logistics	Third-party Logistics	Manufacturing
Occupancy	100%	100%	100%
Appraised Value	€41.0 million (JLL) €40.4 million (Savills)	€55.2 million (JLL) €55.2 million (Savills)	€30.1 million (JLL) €29.8 million (Savills)
Purchase Price	€40.4 million	€54.7 million	€29.6 million

4 The four German and Dutch properties were acquired from related parties, being Frasers Property Investments (Europe) B.V. and FPE Investments RE11 B.V., while the two UK properties were acquired from unrelated parties, being I.M. Properties (BVP1) Limited, I.M. Properties (BVP3) Limited, I.M. Properties Investments HSBC2 Limited and Christian Vision

Acquisitions

			
Property	Trafostraat 190, Ede, Destillatiestraat 2, 6745 XS De Klomp, and Innovatielaan 6, 6745 XW De Klomp, Netherlands	Blythe Valley Park, Shirley, Solihull, the UK	Connexion, Blythe Valley Park, Shirley, Solihull, the UK
Asset Type	Logistics & Industrial	Business Park	Logistics & Industrial
Size (sqm)	15,588	41,651	19,534
Land Tenure	Freehold	Freehold	Freehold
Tenant	Hendi B.V.	Various	Various
Tenant Trade Sector	Consumer and retail products	Various	Consumer and retail products, Manufacturing
Occupancy	100%	100%	100%
Appraised Value	€20.7 million (JLL) €21.2 million (Savills)	£134.1 million (Knight Frank)	£39.2 million (Knight Frank)
Purchase Price	€18.0 million	£132.0 million	£38.2 million

Divestments

Divestments are undertaken to allow the REIT Manager to recycle capital, optimise the resilience and cashflows of the FLCT portfolio.

In FY2021, the REIT Manager optimised the portfolio with the divestment of three non-core properties in South Australia: 5 Butler Boulevard, Adelaide Airport, 18-20 Butler Boulevard, Adelaide Airport, and 20-22 Butler Boulevard, Adelaide Airport, to unrelated parties, being Industria Company No.2 Pty Ltd as trustee of West Park Investment Trust and Industria Company No.2 Pty Ltd as trustee of Tullamarine Investment Trust. The three industrial properties were sold for a total consideration of A$29.6 million, reflecting a 19.4% premium to the aggregate book value of A$24.8 million as at 30 September 2020.

With a total lettable area of 26,413 sqm, the three assets had an average age of 11.9 years, above the portfolio's average age of 8.2 years for its logistics & industrial properties at the time of the divestment. This divestment resonates with the REIT Manager's strategy of recycling non-core assets to create value for our unitholders and adds to FLCT's track record of divesting assets at premiums above their book values.

SUSTAINABILITY AT THE CORE OF FLCT'S STRATEGY

The REIT Manager seeks to realise its growth and value creation strategies by delivering the highest standards of environmental, social and governance ("ESG") at every level of the business.

FLCT was again accorded the Highest Green Star performance-rated portfolio in Australia by the Green Building Council of Australia ("GBCA") in FY2021. GBCA assesses companies based on nine key performance criteria – energy, water, transport, materials, indoor environment quality management, land use and ecology, emissions and innovation – areas in which FLCT continues to surpass market benchmarks with a proactive approach to achieving the portfolio's sustainability targets. Furthermore, FLCT achieved an overall 4-Star Green Star rating and was the first to achieve 6-Star Green Star ratings for industrial facilities in each of New South Wales, Victoria and Queensland.

FLCT took part in the annual Global Real Estate Sustainability Benchmark ("GRESB") assessment for the fourth consecutive year in 2021 . This marked the first time FLCT was assessed by GRESB in the 'Diversified – Office/Industrial' category, which combines the performance of both our industrial and commercial properties. As a result of our continued efforts to improve the green credentials of our properties and assets, FLCT maintained a 5-Star rating with an improved score of 88 out of 100 points, coming in second amongst all participants in the Asia-Pacific region.

Portfolio Overview

FLCT continued to deliver on its strategy of growth and value creation for unitholders in FY2021. Through a proactive and disciplined programme of active asset and investment management, the REIT Manager grew FLCT's portfolio to 103 quality properties with a value of $7.3 billion, from 100 properties worth $6.2 billion a year ago.

FLCT's portfolio is strategically located in five developed countries across three continents. Approximately 45.5% of FLCT's assets by value are located in Australia, with Germany and Singapore accounting for 22.0% and 17.6% respectively. The remaining 14.9% of FLCT's assets are spread across major business and logistics nodes in the UK and the Netherlands. The REIT's 103 modern and quality assets comprises 95 logistics & industrial properties, five office & business parks, and three CBD commercial properties.

AUSTRALIA

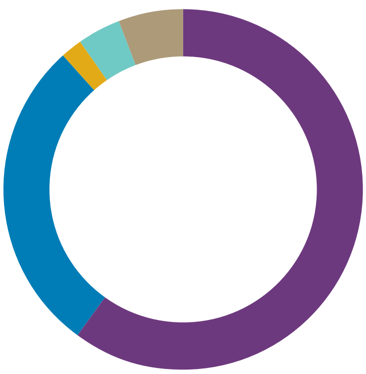
Australia's A$2.0 trillion economy[1] recorded its first recession in almost 30 years in 2020 as COVID-19 precipitated a nation-wide public health response and stringent lockdown measures which disrupted businesses and the community in an unprecedented way. Supported by the government's robust monetary and fiscal policies, the world's 12th largest economy rebounded 3.6% in 3Q 2020 and 3.2% in 4Q 2020[2] to close 2020 with a year-on-year GDP decline of 1.1%[3].

Whilst the battle with COVID-19 is far from over, Australia's resilient economy is expected to deliver growth of 3.0% in 2021 and 5.5% in 2022[4], underpinned by sound long-term economic and demographic fundamentals. Anchored by the accelerated roll-out and efficacy of the nation's vaccination programme, the government has started to reopen international borders and end lockdowns through a four-phase reopening programme in late 2021.

The Australian logistics and industrial sector continued to experience sustained elevated activity and outperformed historical benchmarks in 2021. The strong sectoral performance was largely due to the continued success of new economy industries which thrived during the pandemic, driving demand for quality logistics space from players in the 3PL and distribution, consumer & retail and manufacturing sectors.

The logistics & industrial sector continued to demonstrate resilience in 2021, with tenant demand remaining positive. Industrial take-up on a national level crossed 3.3 million sqm in the first nine months of 2021 ("9M2021"), already surpassing the full-year demand levels over the past decade, with activity primarily concentrated on the Melbourne and Sydney markets. The ongoing pandemic has also created disruptions to construction activity in cities such as Melbourne and Sydney, translating into below-average development completions in 2021, with just 0.9 million sqm of new floorspace completed in 9M2021. In the light of this, rents on a national level have increased by 4.9% over the past 12 months to September 2021. The country's strong fundamentals and resilient performance of the sector continue to intrigue global investor appetite. National transaction volumes reached a record high of A$12.4 billion as of 9M2021, already surpassing the previous annual record high of A$7.2 billion recorded in 2016.[5]

Portfolio Properties by Geography



	No. of Properties
Australia	62
Germany	29
Singapore	2
The UK	4
The Netherlands	6

Portfolio Properties by Asset Type

	No. of Properties
Logistics & Industrial	95
Office & Business Parks	5
CBD Commercial	3

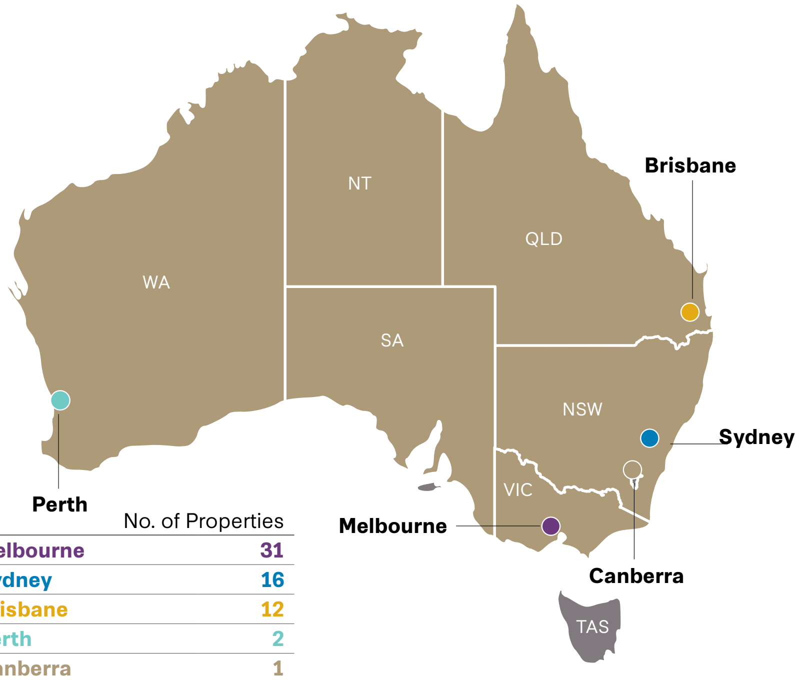
Although the commercial office space saw signs of weakness in early 2020 as a result of the pandemic, the market saw green shoots of a recovery in 2021 as lockdown restrictions eased on the back of a national vaccination programme which covered 80% of the population as of October 2021[6]. This is expected to pave the way for a gradual return to the office with many businesses expecting commercial office occupancy to hit 75% in early 2022[7].

A majority of FLCT's Australian properties, 95% or 59 out of 62 assets, are located in major business and trade hubs along the eastern seaboard in Melbourne, Sydney and Brisbane. The remaining three assets are located in Perth and Canberra.

In aggregate, FLCT's Australian portfolio has net lettable area of 1,449,437 million sqm across three resilient asset classes: logistics & industrial, CBD commercial, and office & business parks. Valued at $3.3 billion, FLCT's Australian portfolio has a weighted average lease expiry of 11.4 years and a high-quality and diverse tenant base of more than 122 local and multi-national tenants.

The SGD values presented are based on a closing rate of $0.9814: A$1, $1.8295: £1, $1.5723: €1 as at 30 September 2021. Values presented excludes the fair value adjustment on right-of-use assets

1 https://www.austrade.gov.au/benchmark-report/resilient-economy
2 "Australian National Accounts: National Income, Expenditure and Product – June 2021", Australian Bureau of Statistics, 1 September 2021
3 "Australian National Accounts: National Income, Expenditure and Product – December 2020", Australian Bureau of Statistics, 3 March 2021
4 "Statement by Philip Lowe, Governor: Monetary Policy Decision", Royal Bank of Australia, 2 November 2021
5 "Australian Independent Market Report", Jones Lang LaSalle Incorporated, 3Q2021
6 "COVID-19 vaccine first doses reach 80 per cent for eligible population, as Australia rapidly climbs vaccination charts", ABC News, 5 October 2021
7 "Sydney workers start returning to the office after COVID restrictions ease", 7 News, 13 October 2021 (https://www.youtube.com/watch?v=0ophVqP09lg)



	No. of Properties
Melbourne	31
Sydney	16
Brisbane	12
Perth	2
Canberra	1

City (State)	Logistics and Industrial		Office and Business Parks		CBD Commercial		Total	
	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)
Melbourne (Victoria)	30	664,142	-	-	1	31,962	31	696,104
Sydney (New South Wales)	16	397,107	-	-	-	-	16	397,107
Brisbane (Queensland)	12	229,807	-	-	-	-	12	229,807
Perth (Western Australia)	1	20,143	-		1	66,032	2	86,175
Canberra (Australian Capital Territory)	-	-	1	40,244	-	-	1	40,244
Total	59	1,311,199	1	40,244	2	97,994	62	1,449,437

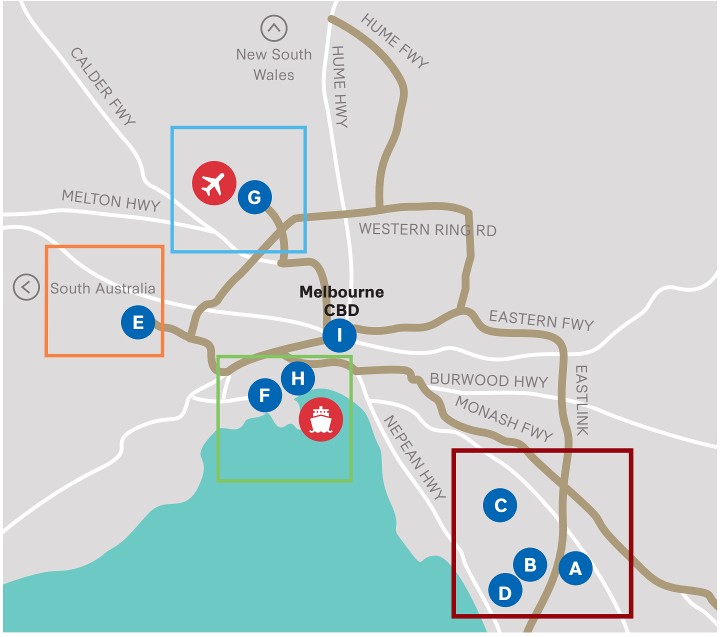
City (State)	Logistics and Industrial		Office and Business Parks		CBD Commercial		Total	
	Valuation ($million)	% FLCT Portfolio Valuation	Valuation ($ million)	% FLCT Portfolio Valuation	Valuation ($million)	% FLCT Portfolio Valuation	Valuation ($ million)	% FLCT Portfolio Valuation
Melbourne (Victoria)	1,108.8	15.1%	-	-	317.0	4.3%	1,425.8	19.6%
Sydney (New South Wales)	851.1	11.6%	-	-	-	-	851.1	11.6%
Brisbane (Queensland)	471.9	6.4%	-	-	-	-	471.9	6.4%
Perth (Western Australia)	11.2	0.2%			328.8[a]	4.5%	340.0	4.6%
Canberra (Australian Capital Territory)	-	-	242.4	3.3%	-	-	242.4	3.3%
Total	2,443.0	33.4%	242.4	3.3%	645.8	8.8%	3,331.2	45.5%

a Based on 50.0% effective interest in the property

MELBOURNE, VICTORIA
31 properties

Melbourne is the second most populous city in Australia with over 5.2 million residents[8], contributing to 20% of the country's GDP in 2019-2020. Despite the impact of the Black Summer bushfires and the COVID-19 pandemic, Melbourne's resilient economy declined a marginal 0.2% to A$381 billion to maintain its position as the second largest contributor to the nation's economy[9].

The city's logistics and industrial sector continued to enjoy strong demand from tenants in the e-commerce and fulfilment industries. In first nine months of 2021, Melbourne reported a record gross take-up of 1.5 million sqm. On the supply side, completion of new logistics and industrial space was 536,030 sqm, with approximately 93% of the new completions pre-committed prior to completion. The record occupier activity combined with rapidly accelerating land values and limited supply, have resulted in Melbourne's logistics and industrial sector recording prime net face rental growth of 8.3% over the 12-month period to September 2021[10].

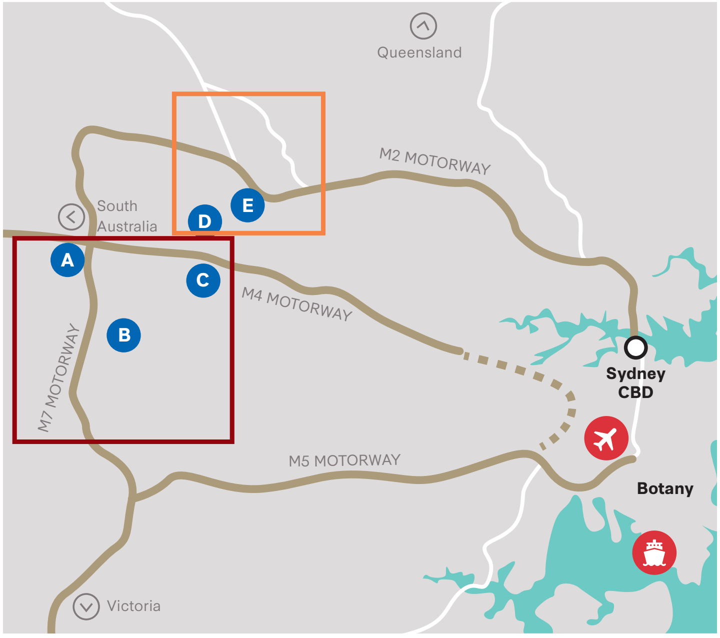


Melbourne enjoyed strong demand for office space in the years preceding the pandemic due to pre-commitment activity in new completions and the withdrawal of space from the market for refurbishment. For 2021, while demand was weak in the first quarter, the Melbourne CBD market recovered in the second and third quarters to report positive net absorptions of 6,600 sqm and 24,100 sqm respectively, with demand driven by organisations reabsorbing sublease space that they have previously put to market, and the re-emergence of small businesses leasing space in anticipation of lockdowns easing and workers returning to the office later in the year.

FLCT's Melbourne logistics and industrial properties are largely located in the west and southeast industrial precincts, while its single office asset is located in the heart of Melbourne's CBD.

Precinct	Location	Map	Properties	Precinct Characteristics
South				
	South Park Industrial Estate	A	5	• Good access to the large residential population base through M1 (Monash Freeway) and M3 (Eastlink) • Rising scarcity of developable land in the Southeast sub-markets
	The Key Industrial Park	B	9	
	Clayton South & Mulgrave	C	1	
	Braeside Industrial Estate	D	1	
West				
	West Park Industrial Estate	E	6	• Access to key freeways, including the Tullamarine Freeway, Citylink Tollway and Western Ring Road, together with the Tullamarine Airport • Accessible to Sydney via the Hume Highway
	Altona Industrial Park	F	1	
North				
	Melbourne Airport Business Park	G	6	• Close to the shipping port and access to the M1, Geelong Road, and M80 Western Ring Road
City Fringe				
	Port Melbourne	H	1	• Access to the M1 (Westgate Freeway) linking it to the west precinct
CBD				
	Central Business District	I	1	• Australia's largest CBD

8 "Regional population 2019-20 financial year", Australian Bureau of Statistics, 30 March 2021
9 "Australia's Economic Wellbeing", SGS Economics and Planning, 21 April 2021
10 "Australian Independent Market Report", Jones Lang LaSalle Incorporated, 3Q2021



SYDNEY, NEW SOUTH WALES
16 properties

Sydney is the most populous city in Australia with more than 5.3 million residents[11], and the largest contributor to Australia's GDP at 24% in 2019-2020. Sydney's economy proved to be relatively resilient during the pandemic, shrinking a marginal 0.8% during the period to A$470 billion[12].

Demand for logistics and industrial space in Sydney was robust, driven by the expansion of 3PLs and retail groups as the industry continued to experience positive growth in e-commerce and last-mile logistics. The city recorded 1.1 million sqm of gross take-up year-to-date in 2021, only 0.4% below the all-time-full-year record for Sydney market. On the supply side, completion of new logistics and industrial space year-to-date in 2021 was 192,420 sqm in aggregate due to subdued completions resulting from COVID-19 induced lockdowns. With this favourable demand-supply imbalance, vacancy levels remained at near historic 5-year lows, driving year-on-year rental growth of 4.9%[13].

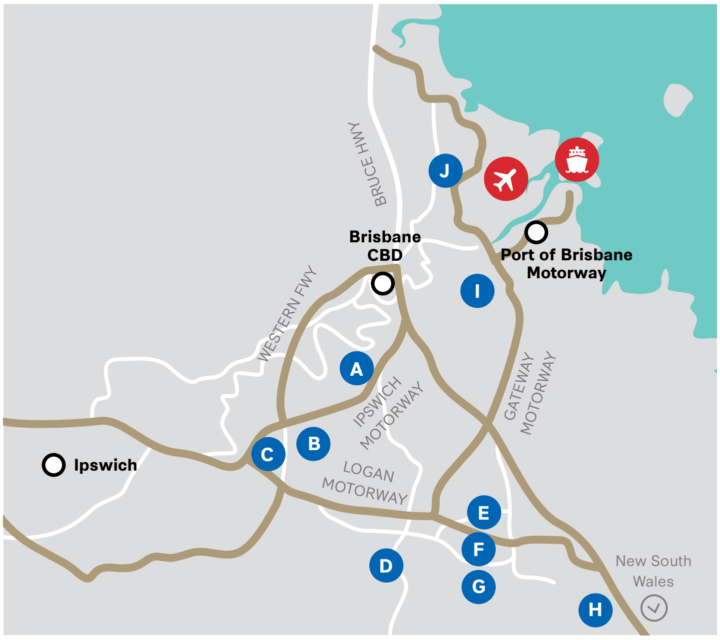
FLCT's quality logistics and industrial assets in Sydney are well-located along or nearby major freeways which provide good access to Sydney's CBD, port and airport.

Precinct	Location	Map	Properties	Precinct Characteristics
Outer Central West				
	Eastern Creek	A	5	• Excellent access to key motorways, including M7, M4 and other main arterial roads • 3PL, retail and wholesale distribution centres for key brand name operators are concentrated in this precinct
	Wetherill Park	B	3	
	Pemulwuy	C	2	
Outer North West				
	Seven Hills	D	4	• Close to M2 and M7 with access to the large and growing northwest population corridor • Supply is moderately constrained with sites suiting smaller development
	Winston Hills	E	1	
Wollongong				
	Port Kembla		1	• One of the three major trade ports within New South Wales and is situated within the southern industrial city of Wollongong

11 "Regional population 2019-20 financial year", Australian Bureau of Statistics, 30 March 2021
12 "Australia's Economic Wellbeing", SGS Economics and Planning, 21 April 2021
13 "Australian Independent Market Report", Jones Lang LaSalle Incorporated, 3Q2021

BRISBANE, QUEENSLAND
12 properties

Ranked as the 10th most liveable city in the world in EIU's Global Liveability Index 2021[14], Brisbane is Australia's third most populous city with more than 2.5 million residents[15]. Prior to the onset of COVID-19, Brisbane's economy was driven by population migration given the city's promise of employment opportunities, cheaper housing and lifestyle. The city's economy was the hardest hit as weakness in the construction and professional, scientific and technical services sectors contributed to a 3.4% decline in GDP to A$180 billion in 2019-2020[16].



Tenant demand for logistics and industrial space in Brisbane has strengthened, recording a gross year-to-date take-up in 2021 at 401,950 sqm, already outperforming the previous year's full year total gross take-up at 392,570 sqm.

With development activity below the 10-year average, rentals have been relatively stable over the past 12 months. The industry expects 262,830 sqm of new stock to come online in 2022, which is expected to affect near term vacancy levels[17].

FLCT's Brisbane logistics & industrial assets are primarily concentrated in the southern sub-market. This area is well-connected to northern, western and southern Brisbane via a network of accessible roads and motorways.

Precinct	Location	Map	Properties	Precinct Characteristics
Southern				
	Shettlestone Street	A	1	• Largest geographical industrial precinct that has good road linkages to the north, west and south, as well as to the residential population bases in the Gold Coast
	Flint Street	B	1	
	Boundary Road	C	1	
	Stradbroke Street	D	1	
	Siltstone Place	E	1	
	Wayne Goss Drive	F	2	
	Platinum Street	G	1	
	Pearson Road	H	2	
Trade Coast				
	Queensport Road	I	1	• Close to key infrastructure, including Port of Brisbane and Brisbane Airport • Access to the north and south via the M1 • Supply is constrained
Northern				
	Earnshaw Road	J	1	• Services the population to the North of Brisbane via Gympie Road, Bruce Highway and Houghton Highway • Limited availability of development land

14 "Global Liveability Index 2021", The Economist Intelligence Unit, 2021
15 Australian Bureau of Statistics, Regional population 2019-20 financial year
16 "Australia's Economic Wellbeing", SGS Economics and Planning, 21 April 2021
17 "Australian Independent Market Report", Jones Lang LaSalle Incorporated, 3Q2021

PERTH, WESTERN AUSTRALIA

2 properties

Perth, Australia's fourth largest city with more than 2.1 million residents[18], was rated 6th most liveable city in the world in the annual Global Liveability Index 2021[19]. Contributing to 8% of Australia's GDP in 2019-2020, Perth's economy declined a marginal 0.6% to A$150 billion during the period[20].

The demand-supply dynamics in Perth's CBD has been favourable with no new stock coming to the market over the past 12 months. However, tenant demand has been muted due to impact of the pandemic on businesses. As a result, prime rents in the Perth CBD have remained stable over during the period.

Location	Properties	Precinct Characteristics
Perth Airport	1	• Close to key infrastructure, including Perth Airport and Freemantle Port • Easy access to Perth's CBD
Perth CBD	1	

CANBERRA, AUSTRALIAN CAPITAL TERRITORY

1 property

Canberra, the capital of the Commonwealth of Australia, is home to 0.4 million residents[21]. Although the pandemic continued to impact businesses and the lives of residents in the city, Canberra outperformed other major Australian cities recording GDP growth of 2.4% to A$40 billion in 2019-2020[22].

Canberra's vacancy rate declined to 7.7% in January 2021, a 12-year low for the city. This was brought on by 10,770 sqm of net absorption coupled with no new supply entering the CBD market during this period. This positive performance is largely due to the resilient demand from the public sector and private sector tenants with government contracts[23].

Location	Properties	Precinct Characteristics
Tuggeranong	1	• Located within the core of the Tuggeranong Town Centre in Canberra, Australia's capital city and the location of the Federal Parliament House

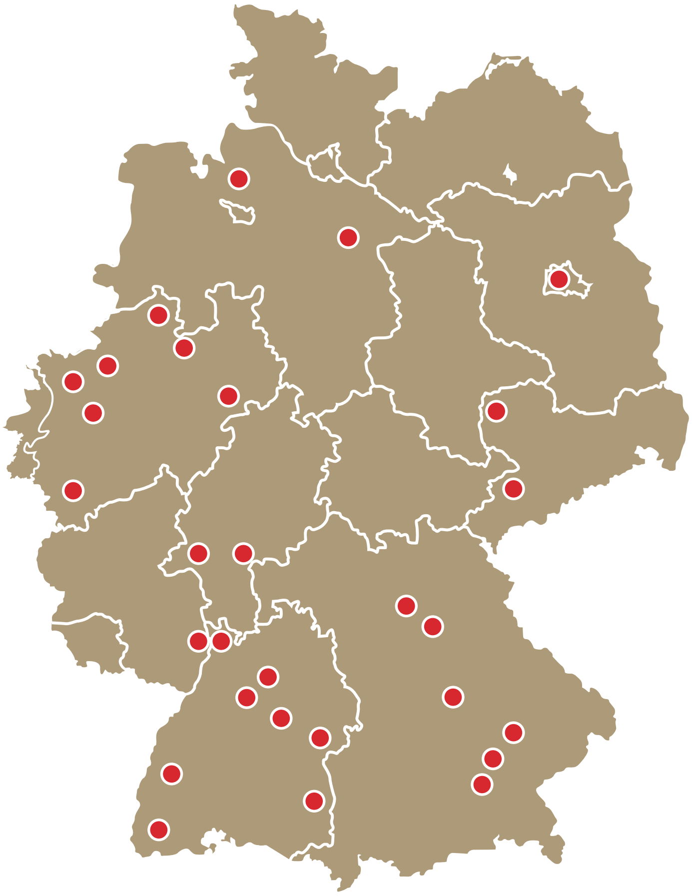
18 Australian Bureau of Statistics, Regional population 2019-20 financial year
19 "Global Liveability Index 2021", The Economist Intelligence Unit, 2021
20 "Australia's Economic Wellbeing", SGS Economics and Planning, 21 April 2021
21 Australian Bureau of Statistics, Regional population 2019-20 financial year
22 "Australia's Economic Wellbeing", SGS Economics and Planning, 21 April 2021
23 "The Office Review: Canberra 1H2021", CBRE, July 2021

GERMANY

The German economy continued on a path of sustained recovery in 2021 despite facing challenges including a third wave of coronavirus infections and a longer-than-expected lockdown in 1Q 2021. Private consumption was the mainstay of the economic recovery in 2Q 2021, driving GDP growth of 1.5%[24]. The Deutsche Bundesbank expects the economy to reach its pre-pandemic levels at the end of 3Q 2021 and grow 3.7% in 2021 and 5.2% in 2022[25].

Germany's logistics and industrial market continued to outperform with a record number of deals signed in the first nine months of 2021, with the top-8 logistics and industrial property markets generating around 2.7 million sqm of take-up, representing an increase of 34% year-on-year. This demand for logistics space is supported by a change in the general shopping behaviour of consumers, with new e-commerce companies entering the market[26].

With a portfolio of 29 modern and quality logistics and industrial properties, FLCT continues to offer tenants attractive options in major logistics clusters across Germany. These thriving logistics hubs include Hamburg-Bremen; Leipzig-Chemnitz; Munich-Nuremberg; Stuttgart-Mannheim; Frankfurt; Düsseldorf-Cologne, Bielefeld, and Berlin. FLCT's German portfolio has an aggregate leasable area of 709,858 sqm, a weighted average lease expiry of 6.85 years, and a portfolio value of $1.6 billion.



Region	Properties	Lettable Area (sqm)	Valuation ($ million)	% FLCT Portfolio Valuation
Hamburg – Bremen	2	32,170	58.7	0.8%
Leipzig – Chemnitz	2	29,590	50.0	0.7%
Munich – Nuremberg	6	164,909	357.8	4.9%
Stuttgart – Mannheim	9	273,800	634.8	8.7%
Frankfurt	2	36,302	145.0	2.0%
Düsseldorf – Cologne	6	137,609	250.2	3.4%
Bielefeld	1	22,336	49.4	0.7%
Berlin	1	13,142	68.4	0.9%
Total	29	709,858	1,614.3	22.0%

24 "The current economic situation in Germany – Monthly Report", Deutsche Bundesbank, August 2021
25 "Bundesbank projections: Bundesbank expects strong upswing", Deutsche Bundesbank, 11 June 2021
26 "Industrial & Logistics Leasing & Investment Market: Germany", Colliers International, 3Q2021

Cluster	Characteristics
Hamburg – Bremen	• Access to Bremen Airport, Hannover-Langenhagen Airport and Braunschweig-Wolfsburg Airport • Well connected to motorways such as A28, A29, A293, A2 and A391
Leipzig – Chemnitz	• Serviced by Leipzig/Halle Airport and Dresden Airport • Leipzig is well connected via rail and serves as an important junction of the north to south and west to east railway lines • Chemnitz is situated at the intersection of two key motorways – the A4 Erfurt-Dresden and the A72 Hof-Leipzig Autobahns
Munich – Nuremberg	• Ranked as the #1 hi-tech location in Europe by the European Commission • Located on the intersection of two core network corridors of the Trans European Transport Network • Serves as a distribution centre and logistics hub for Southern Germany
Stuttgart – Mannheim	• Stuttgart is the largest city of the German state of Baden Wurttemberg and one of the wealthiest regions in Europe with a high level of employment • Mannheim is Germany's second most important intercity railway junction with Paris about 3 hours away
Frankfurt	• Key global gateway in Europe: 3-hour reach to every business metropolis in Europe • Frankfurt Airport is the biggest cargo airport in Germany and one of the largest international airports in the world
Düsseldorf – Cologne	• 9 of Europe's top 100 logistics companies are located in North Rhine Westphalia along with over 24,000 logistics companies • A major hub in the Deutsche Bahn railway network and is also directly accessible via the A3 motorway • Served by Cologne Bonn Airport (ranked third busiest air cargo hub in Germany) and Düsseldorf International Airport (ranked third in passenger traffic in Germany)
Bielefled	• Access to Paderborn Lippstadt Airport, Münster Osnabrück International Airport and Hannover Airport • Well-connected to two major motorways, the A2 and A33 • Bielefeld railway station is part of the German ICE high-speed railroad system
Berlin	• Access to Tegel Airport and Schönefeld Airport • Well-connected via rail to all major German cities and many cities in Europe • Convenient access to a network of roads and motorways

SINGAPORE

As part of Singapore's bid to transition to COVID-19 resilience[27], the Singapore Multi-Ministry Taskforce continued to regulate safe distancing measures and actively promote the nation-wide vaccination programme during the year. With more than 84% of Singapore's population fully vaccinated as of 30 October 2021[28], the government launched the Vaccinated Travel Lane scheme in a bid to revive air travel and rebuild Singapore's status as an international aviation hub with global connectivity[29].

According to the Ministry of Trade and Industry, Singapore's economy grew 7.1% year-on-year in 3Q 2021. This follows a 15.2% year-on-year growth in 2Q 2021 which was largely due to the low base in 2Q 2020 when GDP fell by 13.3% due to the Circuit Breaker measures implemented from 7 April to 1 June 2020. With the strong performance, the government forecasts GDP growth of around 7.0% in 2021[30].

Despite subdued potential risks on the demand side, the outlook for the CBD office market remains positive due to tapering supply pipeline which will bode well for occupancy. CBD office rents are expected to rebound in the medium term underpinned by Singapore's stable growth fundamentals and the lack of office stock in the CBD area.

The hi-tech and business park market in Singapore has experienced rising occupancy and positive take-up. With competitive rents, high-quality specifications, and strong locational attributes this asset class proves to have strong value proposition to occupiers. Hi-tech spaces are expected to remain resilient with limited upcoming supply within the City Fringe submarket.

FLCT's Singapore portfolio comprises Alexandra Technopark, a quality office & business park located in the southern district of Singapore valued at $657.0 million, and Cross Street Exchange, a prime CBD commercial asset valued at $632.0 million. In aggregate, the two assets have a weighted average lease expiry of 2.6 years and a leasable area of 132,583 sqm.

	Logistics and Industrial		Office and Business Parks		CBD Commercial		Total	
Location	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)
Central Business District	-	-	-	-	1	36,497	1	36,497
South	-	-	1	96,086		-	1	96,086
Total	-	-	1	96,086	1	36,497	2	132,583

	Logistics and Industrial		Office and Business Parks		CBD Commercial		Total	
City (State)	Valuation ($million)	% FLCT Portfolio Valuation	Valuation ($ million)	% FLCT Portfolio Valuation	Valuation ($million)	% FLCT Portfolio Valuation	Valuation ($ million)	% FLCT Portfolio Valuation
Central Business District	-	-	-	-	632.0	8.6%	632.0	8.6%
South	-	-	657.0	9.0%	-	-	657.0	9.0%
Total	-	-	657.0	9.0%	632.0	8.6%	1,289.0	17.6%

27 "Next Steps in Our Transition to COVID Resilience", Ministry of Health, 19 August 2021
28 Source: Ministry of Health, Singapore
29 "Singapore Extends Vaccinated Travel Lanes to Australia and Switzerland", CAAS, 26 October 2021 (https://safetravel.ica.gov.sg/)
30 "MTI Forecasts GDP Growth of "around 7.0 Per Cent" in 2021 and "3.0 to 5.0 Per Cent" in 2022", Ministry of Transport and Industry, Singapore, 24 November 2021

THE UK

The United Kingdom is the world's sixth largest economy with a GDP of approximately US$2.8 trillion and a population of 67.2 million[31]. The government's support measures coupled with the country's strong fundamentals provided the impetus for a sharp recovery from the UK's worst recession in three centuries. At the end of 2Q 2021, the economy was only 2.2% smaller than before the coronavirus lockdowns were implemented in 2020[32]. The International Monetary Fund has revised up its 2021 growth forecast for the UK economy to 7.0%.

FLCT's UK portfolio comprises three well-located office & business park assets: Farnborough Business Park located in Farnborough, Hampshire; Maxis Business Park in Bracknell, Thames Valley; and Blythe Valley Park in Birmingham. With a total valuation of $0.8 billion, the three properties continue to draw strong interest from companies seeking quality office spaces with excellent connectivity to key motorways, airports and train stations. As at 30 September 2021, FLCT's UK assets have a total gross leasable area of 130,059 sqm and a diverse base of 78 tenants.

	Logistics and Industrial		Office and Business Parks		Total	
Location	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)	Properties	Lettable Area (sqm)
Birmingham	1	19,534	1	41,651	2	61,185
Farnborough	-	-	1	51,015	1	51,015
Bracknell	-	-	1	17,859	1	17,859
Total	1	19,534	3	110,525	4	130,059

	Logistics and Industrial		Office and Business Parks		Total	
City (State)	Valuation ($million)	% FLCT Valuation	Valuation ($ million)	% FLCT Valuation	Valuation ($ million)	% FLCT Valuation
Birmingham	78.0	1.1%	236.1	3.2%	314.1	4.3%
Farnborough	-	-	314.7	4.3%	314.7	2.3%
Bracknell			121.7	1.7%	121.7	0.9%
Total	78.0	1.1%	672.5	9.2%	750.5	10.2%

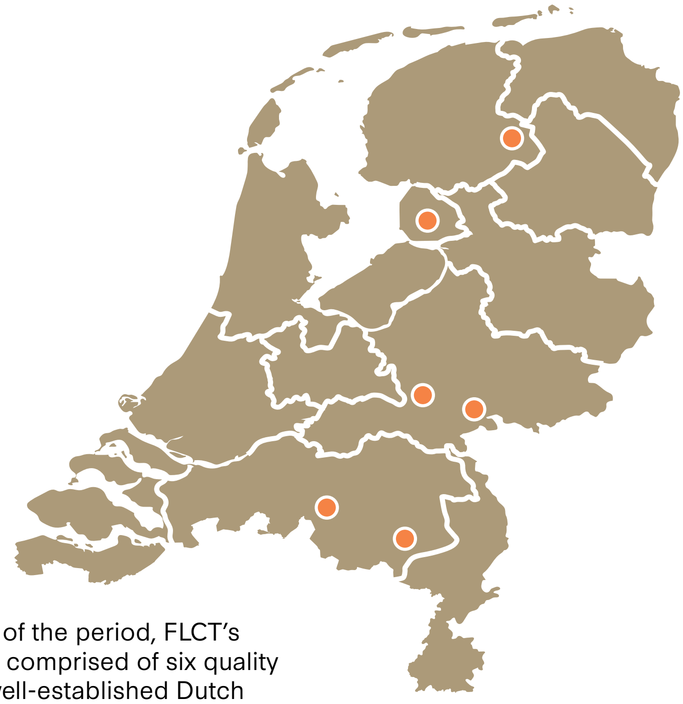
31 https://data.worldbank.org/country/united-kingdom
32 "U.K. Economy Sees Faster Growth in June as Lockdown Eases", Bloomberg, 12 August 2021

Portfolio Overview

THE NETHERLANDS

The impact of the pandemic weighed heavily on the Dutch economy and its population of more than 17.3 million resulting in a GDP contraction of 3.2% in 2020. With the encouraging progress of country's vaccination programme and the government's support measures to stimulate consumer and business consumption, the economy is now expected to grow 3.0% in 2021, 3.7% in 2022 and 1.9% in 2023[33].

The Netherland's logistics and industrial sector continues to be attractive to investors and businesses given its pro-business policies, quality infrastructure and a strategic location within Europe. Gross take-up in the first six months of 2021 was in line with volumes recorded in previous years and prime rents continue to be stable.

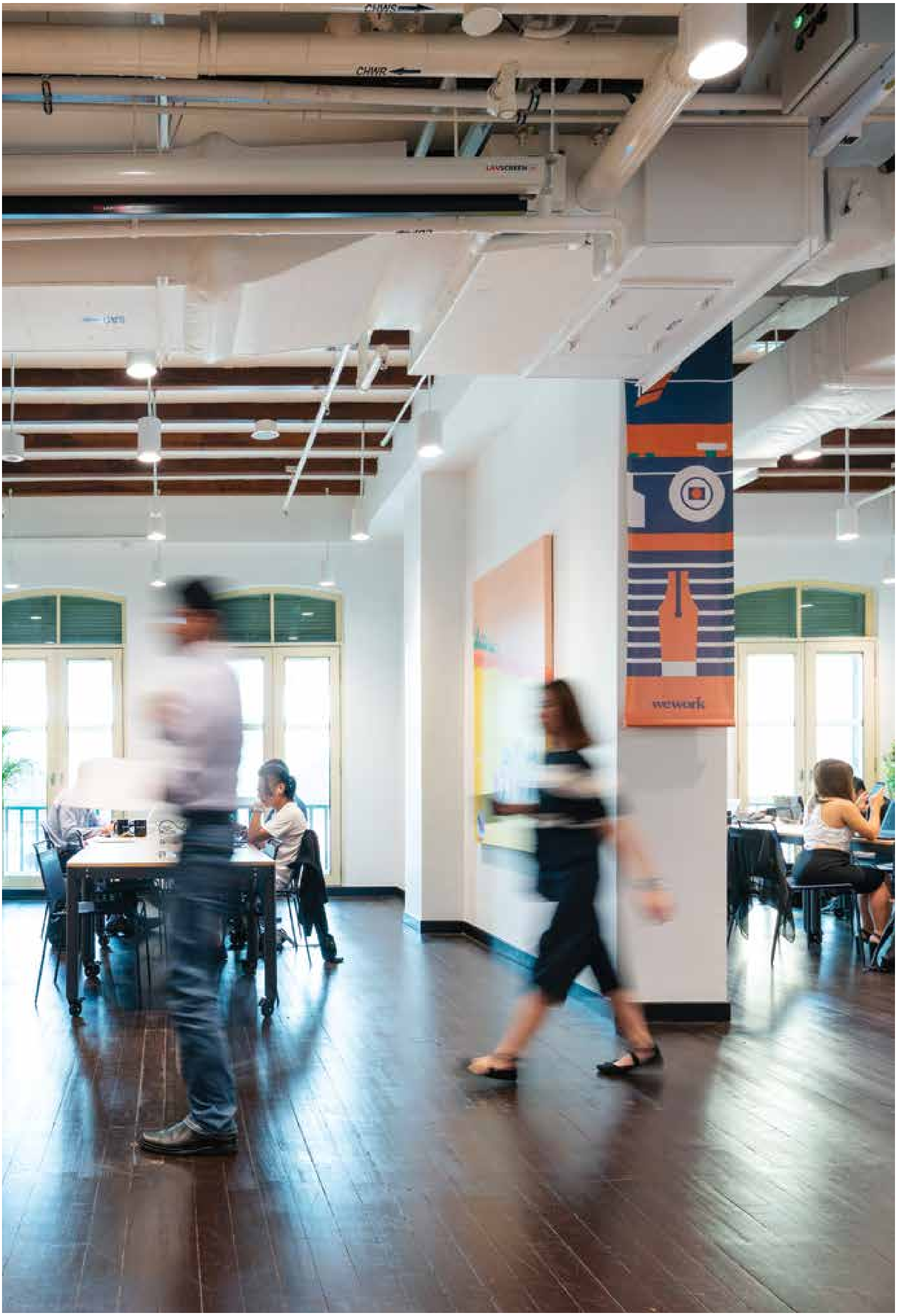


At the end of the period, FLCT's portfolio is comprised of six quality assets in well-established Dutch logistics & industrial clusters. FLCT's Dutch portfolio has an aggregate gross leasable area of 233,873 sqm with a weighted average lease expiry of 8.13 years.

Logistics & Industrial Cluster	Properties	GLA sqm	Valuation $m	% FLCT Portfolio Valuation
Meppel	1	31,013	45.3	0.6%
Utrecht – Zeewolde	3	152,097	218.1	3.0%
Tilburg – Venlo	2	50,763	75.7	1.0%
Total	6	233,873	339.1	4.6%

Cluster	Characteristics
Meppel	• Developed as a transport and distribution inland harbour, Meppel enjoys strong transport connectivity to national motorways and the Meppel Barge Terminal • Located in the northeast region of the Netherlands and is an approximate 1.5 hours' drive from Amsterdam
Utrecht – Zeewolde	• Utrecht is one of the most notable logistics locations in the central part of the Netherlands due to its strong infrastructure • Zeewolde has 8 industrial estates with the concentration of logistics activities at the logistic park Trekkersveld I, II and III • Ede is a strategic and highly sought-after location in the east of the Netherlands and in proximity to key trading routes and the German border
Tilburg – Venlo	• Tilburg is the Netherlands' 6th largest city and largest inland logistics hub • It is a key city in the Belt and Road Initiative given its direct connection to China via the Chengdu-Europe Express Rail • Venlo is the main logistics hotspot of the Netherlands due to its strategic location between the Randstad, Flemisch and Ruhr regions • Rapid growth of transport infrastructure, coupled with the relatively low land and rents, make the region an attractive location for the distribution sector

33 https://www.dnb.nl/en/current-economic-issues/the-state-of-the-dutch-economy/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Property Profile

AUSTRALIA
Logistics and Industrial

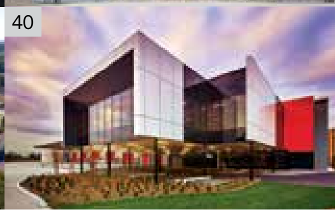
	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
MELBOURNE: SOUTH									
South Park Industrial Estate									
1	98-126 South Park Drive Dandenong, South	100%	28,062	Freehold	Oct 2006	47.7	30.7	Woolworths	3.1
2	21-33 South Park Drive, Dandenong South	100%	22,106	Freehold	Nov 2005	35.8	21.5	Caprice Australia	2.0
3	22-26 Bam Wine Court, Dandenong South	100%	17,606	Freehold	Sep 2004	31.9	19.7	BAM Wine Logistics	2.1
4	16-32 South Park Drive Dandenong South	100%	12,729	Freehold	Apr 2009	18.9	12.4	Australian Postal Corporation	1.3
5	89-103 South Park Drive, Dandenong South	100%	10,425	Freehold	Sep 2005	18.4	11.7	Ecolab	1.1
The Key Industrial Park									
6	17 Pacific Drive and 170-172 Atlantic Drive, Keysborough	100%	30,004	Freehold	Dec 2012	50.5	31.9	BIC Australia Chrisco Hampers Australia	3.1
7	150-168 Atlantic Drive, Keysborough	100%	27,272	Freehold	Aug 2011	50.1	32.3	ESR Group Holdings Tyres 4 U	3.3
8	49-75 Pacific Drive, Keysborough	100%	25,163	Freehold	Dec 2011	46.5	26.2	Horizon Global	2.8
9	77 Atlantic Drive, Keysborough	100%	15,095	Freehold	Aug 2015	31.4	17.0	Miele Australia	1.8
10	78 & 88 Atlantic Drive, Keysborough	100%	13,495	Freehold	Nov 2014	27.0	15.5	Adairs Retail Group Orchard Manufacturing Co	1.7
11	111 Indian Drive, Keysborough	100%	21,660	Freehold	Jun 2016	48.6	29.3	Astral Pool Australia	3.0
12	29 Indian Drive, Keysborough	100%	21,854	Freehold	Nov 2017	43.9	28.0	Stanley Black & Decker Australia	2.3
13	17 Hudson Court, Keysborough	100%	21,270	Freehold	May 2018	44.2	26.9	Clifford Hallam Healthcare	2.3
14	8-28 Hudson Court, Keysborough	100%	25,762	Freehold	Dec 2016	49.6	31.4	Dana Australia Pinnacle Diversity Licensing Essentials	2.7
Clayton South and Mulgrave									
15	211A Wellington Road, Mulgrave	100%	7,175	Freehold	Apr 2016	48.6	34.0	Mazda Australia	3.5
Braeside Industrial Estate									
16	75-79 Canterbury Road, Braeside	100%	14,263	Freehold	May 2019	26.5	22.1	IVE Group Australia	1.4
MELBOURNE: WEST									
West Park Industrial Estate									
17	468 Boundary Road, Derrimut	100%	24,732	Freehold	Aug 2006	45.6	22.2	CHEP Australia	3.1
18	1 Doriemus Drive, Truganina	100%	74,546	Freehold	Jun 2016	124.6	75.8	CEVA Logistics (Australia)	6.9
19	2-22 Efficient Drive, Truganina	100%	38,335	Freehold	Mar 2015	62.1	37.9	MaxiPARTS Schenker Australia Bambis Import Co.	3.7
20	1-13 and 15-27 Sunline Drive, Truganina	100%	26,153	Freehold	Apr 2011	45.1	26.1	Visy Logistics Freight Specialists	2.9

Property Profile
Australia

	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
MELBOURNE: WEST									
West Park Industrial Estate									
21	42 Sunline Drive, Truganina	100%	14,636	Freehold	Jun 2015	25.0	14.4	Vermile	1.4
22	43 Efficient Drive, Truganina	100%	23,088	Freehold	Feb 2017	34.8	22.1	CEVA Logistics (Australia)	2.1
Altona Industrial Park									
23	18-34 Aylesbury Drive, Altona	100%	21,493	Freehold	Feb 2015	36.9	20.7	Electrical Home-Aids Samsung SDS Global SCL Australia	2.1
MELBOURNE: NORTH									
Melbourne Airport Business Park									
24	38-52 Sky Road East, Melbourne Airport	100%	46,231	Leasehold (Expires 30 Jun 2047)	Oct 2008	49.2[1]	24.2	Unilever Australia (Holdings)	3.5
25	96-106 Link Road, Melbourne Airport	100%	18,599	Leasehold (Expires 30 Jun 2047)	Jun 2009	38.8[1]	22.7	DHL Global Forwarding (Australia)	3.1
26	17-23 Jets Court, Melbourne Airport	100%	9,869	Leasehold (Expires 30 Jun 2047)	Mar 2009	14.6[1]	7.1	Eagle Lighting Australia ICAL International Customs and Logistics	1.2
27	25-29 Jets Court, Melbourne Airport	100%	15,544	Leasehold (Expires 30 Jun 2047)	Dec 2007	19.2[1]	10.0	Quickstep Holdings John Cotton Australia	1.5
28	28-32 Sky Road East, Melbourne Airport	100%	12,086	Leasehold (Expires 30 Jun 2047)	Aug 2008	15.6[1]	8.1	Watpac Construction	1.2
29	115-121 South Centre Road, Melbourne Airport	100%	3,085	Leasehold (Expires 30 Jun 2047)	May 2008	8.9[1]	5.1	Prime Vigor Pty Ltd Alternative Freight Services	0.7
Port Melbourne									
30	2-46 Douglas Street, Port Melbourne	100%	21,803	Leasehold (Expires 30 Mar 2053)	Oct 2005	40.5[1]	19.6	Siemens Rail Automation Toll Transport	3.4

1 Includes right-of-use assets as at 30 September 2021

SYDNEY



	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
SYDNEY: OUTER CENTRAL WEST									
Eastern Creek									
31	4-8 Kangaroo Avenue, Eastern Creek	100%	40,543	Freehold	Dec 2013	107.0	65.2	Schenker Australia	6.3
32	21 Kangaroo Avenue, Eastern Creek	100%	41,401	Freehold	Jul 2015	88.3	54.7	Techtronic Industries Australia	5.7
33	17 Kangaroo Avenue, Eastern Creek	100%	23,112	Freehold	Jun 2015	60.7	32.3	Fisher & Paykel Australia	3.2
34	7 Eucalyptus Place, Eastern Creek	100%	16,074	Freehold	Dec 2014	44.2	24.7	FDM Warehousing	2.7
35	2 Hanson Place, Eastern Creek	100%	32,839	Freehold	Mar 2019	83.6	59.1	FDM Warehousing Techtronic Industries Australia	4.8
Pemulwuy									
36	8-8A Reconciliation Rise, Pemulwuy	100%	22,511	Freehold	Dec 2005	61.3	32.0	Inchcape Motors Australia Ball & Doggett	3.5
37	6 Reconciliation Rise, Pemulwuy	100%	19,218	Freehold	Apr 2005	54.7	28.7	Ball & Doggett d	3.2
Wetherill Park									
38	1 Burilda Close, Wetherill Park	100%	18,848	Leasehold (Expires 29 Sep 2106)	Sep 2016	117.9[1]	52.5	Martin Brower Australia	6.3
39	Lot 1,2 Burilda Close, Wetherill Park	100%	14,333	Leasehold (Expires 14 Jul 2106)	Jul 2016	44.0[1]	19.3	RFD (Australia) Pty Ltd Phoenix Distribution (NSW) Pty Ltd)	2.1
40	3 Burilda Close, Wetherill Park	100%	20,078	Leasehold (Expires 14 May 2107)	May 2017	62.2[1]	28.4	Nick Scali Limited Plastic Bottles Pty Ltd	2.9

1 Includes right-of-use assets as at 30 September 2021

Property Profile
Australia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	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
SYDNEY: OUTER NORTH WEST									
Seven Hills									
41	8 Distribution Place, Seven Hills	100%	12,319	Freehold	May 2008	32.7	20.6	Legend Corporate Services	2.1
42	99 Station Road, Seven Hills	100%	10,772	Freehold	Mar 2011	28.8	15.6	RF Industries	1.7
43	10 Stanton Road, Seven Hills	100%	7,065	Freehold	Apr 2003	19.0	11.1	CSR Building Products	1.2
44	8 Stanton Road, Seven Hills	100%	10,708	Freehold	May 2002	26.6	14.4	Yusen Logistics (Australia)	1.4
Winston Hills									
45	11 Gibbon Road, Winston Hills	100%	16,625	Freehold	May 2015	51.5	34.7	Tailored Packaging Pty Ltd Toshiba International Corporation	3.7
SYDNEY: WOLLONGONG									
Port Kembla									
46	Lot 104 & 105 Springhill Road, Port Kembla	100%	90,661	Leasehold (Expires 13 Aug 2049 and 20 Aug 2049)	Aug 2009	26.1[1]	24.0	Inchcape Motors Australia Tesla Motors Australia	4.0

1 Includes right-of-use assets as at 30 September 2021

BRISBANE & PERTH

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	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
BRISBANE: SOUTHERN									
47	99 Shettleston Street, Rocklea	100%	15,186	Leasehold (Expires 19 Jun 2115)	Jan 2002	21.1	20.9	Opal Packaging Australia	2.0
48	30 Flint Street, Inala	100%	15,052	Leasehold (Expires 19 Jun 2115)	Jan 2013	27.8	22.5	Isuzu Australia	2.3
49	55-59 Boundary Road, Carole Park	100%	13,250	Leasehold (Expires 19 Jun 2115)	May 2004	23.1	13.8	Goodyear & Dunlop Tyres (Aust)	1.4
50	51 Stradbroke Street, Heathwood	100%	14,916	Leasehold (Expires 19 Jun 2115)	Jun 2002	35.6	20.8	B & R Enclosures	2.1
51	10 Siltstone Place, Berrinba	100%	9,797	Leasehold (Expires 19 Jun 2115)	Oct 2014	18.9	12.2	TCK Alliance	1.1
52	103-131 Wayne Goss Drive, Berrinba	100%	19,487	Freehold	Sep 2017	37.3	28.0	National Tiles Co Paccar Australia	2.4
53	29-51 Wayne Goss Drive, Berrinba	100%	15,456	Freehold	Oct 2016	31.7	22.7	Avery Dennison Materials GM Kane and Sons Pty Ltd	1.9
54	57-71 Platinum Street, Crestmead	100%	20,518	Leasehold (Expires 19 Jun 2115)	Nov 2000	55.9	26.6	Stramit Corporation	3.1
55	143 Pearson Rd, Yatala	100%	30,618	Leasehold (Expires 19 Jun 2115)	Jul 2016	50.0	33.1	Visy Glass Operations (Australia)	3.1
56	166 Pearson Road, Yatala	100%	23,218	Freehold	Oct 2017	51.8	30.7	Beaulieu of Australia	2.8

Property Profile
Australia

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	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
BRISBANE: TRADE COAST									
57	286 Queensport Road, North Murarrie	100%	21,531	Leasehold (Expires 19 Jun 2115)	Sep 2004	49.1	32.3	Laminex Group	3.2
BRISBANE: NORTHERN									
58	350 Earnshaw Road, Northgate	100%	30,779	Leasehold (Expires 19 Jun 2115)	Dec 2009	69.7	45.7	H.J. Heinz Co. Australia	4.3
PERTH									
59	60 Paltridge Road, Perth Airport	100%	20,143	Leasehold (Expires 3 Jun 2033)	Feb 2009	11.2	16.6	Amazon Commercial Services Electrolux Home Products	2.7

AUSTRALIA

CBD Commercial

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	CBD Commercial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
MELBOURNE: CBD									
60	357 Collins Street, Melbourne	95.7%	31,962	Freehold	2012	317.0	305.2	25 tenants. Key tenants include: Commonwealth Bank of Australia Service Stream Orange Business Services Australia	20.9
PERTH : CBD									
61	Central Park, 152-158 St Georges Terrace Perth, Central Park[2]	84.4%	66,032	Freehold	1992	328.8[2]	289.0[2]	41 tenants. Key tenants include: Rio Tinto Shared Services Grant Thornton Australia Limited Australia Energy Market Operator IOOF	21.9

2 Based on a 50% effective interest in the property

	Office & Business Parks Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
CANBERRA: TUGGERANONG									
62	Caroline Chisholm Centre, Block 4 Section 13, Tuggeranong	100%	40,244	Leasehold (99 years from Jun 2002)	2007	242.4	228.0	Commonwealth of Australia (Department of Human Services)	24.1

Property Profile
Germany

GERMANY
Logistics and Industrial


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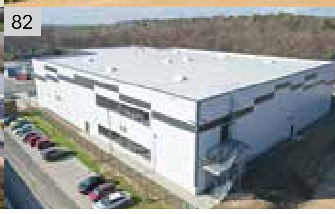
Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
HAMBURG – BREMEN								
63 Am Krainhop 10, Isenbüttel	100%	20,679	Freehold	Jul 2014	29.6	23.6	Volkswagen	1.8
64 Am Autobahnkreuz 14, Rastede	100%	11,491	Freehold	Nov 2015	29.1	25.9	Broetje-Automation	2.2
LEIPZIG – CHEMNITZ								
65 Johann-Esche-Straße 2, Chemnitz	100%	18,053	Freehold	Jan 2007	26.7	23.0	Rhenus	2.0
66 Am Exer 9, Leipzig	100%	11,537	Freehold	Sep 2013	23.3	17.9	Dräxlmaier	1.4
MUNICH – NUREMBERG								
67 Oberes Feld 2, 4, 6, 8, Moosthenning	100%	72,558	Freehold	Jul 2009, Aug 2012 and Aug 2015	116.5	94.2	BMW	6.2
68 Koperstraße 10, Nuremberg	100%	44,221	Leasehold (Expires 31 Dec 2080)	Apr 2015 and Jul 2018	111.3[1]	58.2	Roman Mayer Logistik Hellmann Worldwide Logistics Johnson Outdoors Vertriebsgesellschaft	5.7
69 Industriepark 1, Mamming	100%	14,193	Freehold	Aug 2013	24.8	21.9	Leadec	1.6
70 Jubatus-Allee 3, Ebermannsdorf	100%	9,389	Freehold	Apr 2005	13.5	10.5	Grammar Automotive	0.9
71 Hermesstraße 5, 86836, Graben, Augsburg	100%	11,534	Freehold	Feb 2018	66.7	48.5	Hermes Germany	2.7
72 Dieselstraße 30, 85748, Garching	100%	13,014	Freehold	Jan 2008	54.1	43.3	EDEKA Aktiengesellschaft	2.6

1 Includes right-of-use assets as at 30 September 2021



Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
STUTTGART – MANNHEIM								
73 Industriepark 309, 78244 Gottmadingen	100%	55,007	Freehold	Between 1999 and 2014	80.8	66.4	Constellium	6.0
74 Otto-Hahn Straße 10, Vaihingen	100%	43,756	Freehold	Mar 2 014	91.5	68.9	Dachser DSV Solutions	4.7
75 Eiselauer Weg 2, Ulm	100%	24,525	Freehold	Aug 2009	71.8	58.3	Transgourmet	3.7
76 Murrer Strasse 1, Freiberg am Neckar	100%	21,071	Freehold	Sep 2013	60.2	45.5	LGI FreightLog	2.9
77 Ambros-Nehren-Strasse 1, Achern	100%	12,304	Freehold	Jul 2009, Aug 2012 and Aug 2015	24.2	18.6	Ziegler	1.3
78 Am Bühlfeld 2-8, 89543, Herbrechtingen	100%	44,501	Leasehold (Expires 31 Dec 2080)	Apr 2015 and Jul 2018	67.5	45.7	Kentner	3.1
79 Bietigheimer Straße 50 – 52, 71732 Tamm	100%	38,932	Freehold	Aug 2013	126.3	99.5	Bosch	5.3
80 Buchäckerring 18, 74906 Bad Rappenau, Baden-Württemberg	100%	13,125	Freehold	Apr 2005	64.9	65.3	Hermes Germany	0.9
81 Am Römig 8, 67227 Frankenthal	100%	20,579	Freehold	Feb 2018	47.6	47.8	BASF	0.7
FRANKFURT								
82 Im Birkengrund 5-7, 63179, Obertshausen	100%	23,154	Freehold	Dec 2016	58.2	41.9	Amor Mühle Verpackungs-und Dienstleistungs	2.7
83 Genfer Allee 6, 55129 Mainz	100%	13,148	Freehold	Sep 2017	86.8	88.4	Hermes	1.3

Property Profile
Germany

	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
DÜSSELDORF – COLOGNE									
84	SaalhofferStraße 211, Rheinberg	100%	31,957	Freehold	Sep 2016	53.5	39.5	BMW	2.6
85	Elbestraße 1-3, Marl	100%	16,831	Freehold	Jul 1995, Jun 2002 and May 2013	24.6	19.4	Bunzl	1.5
86	Keffelker Straße 66, Brilon	100%	13,352	Freehold	Nov 2009	18.6	14.0	ABB	1.3
87	Gustav-Stresemann-Weg 1, Münster	100%	12,960	Freehold	Jul 2009	24.1	20.5	Saurer Technologies	1.7
88	An den Dieken 94, 40885, Ratingen	100%	43,105	Freehold	Mar 2014	93.6	67.2	Keramag Keramische WerkeAG HAAF	4.3
89	Walter-Gropius-Straße 19, 50126, Bergheim	100%	19,404	Freehold	Jun 2001, Oct 2018	36.0	27.8	Callius WEG Germany GILOG Gesellschaft für Innovative Logistik	2.0
BIELEFELD									
90	Fuggerstraße 17, 33689 Bielefeld	100%	22,336	Freehold	2016	49.4	35.7	B+S GmbH Logistik und Dienstleistungen	2.4
BERLIN									
91	Gewerbegebiet Etzin 1, 14669 Berlin	100%	13,142	Freehold	Oct 2017	68.4	58.9	Hermes	5.3

Property Profile
Singapore

SINGAPORE
CBD Commercial


92


93

CBD Commercial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	# of Tenants and Key Tenants	Gross Revenue ($m) FY2021
SINGAPORE: CBD								
92 Cross Street Exchange, 18, 20 & 22 Cross Street and 4 retail units at 181 South Bridge Road	84.6	36,497	Leasehold (99 years from 3 Feb 1997)	2002, 2013 and 2019	632.0	648.0	67 tenants. Key tenants include: GroupM Singapore; Suntory Beverage & Food Asia; JustCo (Cross St)	33.5

Office & Business Parks Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	# of Tenants and Key Tenants	Gross Revenue ($m) FY2021
SINGAPORE: CITY FRINGE								
93 Alexandra Technopark, 438A/438B/438C Alexandra Road	96.5	96,086	Leasehold (99 years from 26 Aug 2009)	1996, 1998 and 2018	657.0	606.0	55 tenants. Key tenants include: Google Asia Pacific; Worley; Olympus Singapore; Omron Asia Pacific; Nokia Solutions and Networks (S)	54.6

Property Profile
The United Kingdom

THE UNITED KINGDOM
Logistics and Industrial

	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	Tenants	Gross Revenue ($m) FY2021
BIRMINGHAM									
94	Connexion, Blythe Valley Park, Shirley, Solihull	100.0	19,534	Freehold	2018	78.0	71.6	Hofer Powertrain Gymshark Lounge Underwear Evac+Chair	1.1

	Office & Business Parks Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	# of Tenants and Key Tenants	Gross Revenue ($m) FY2021
BIRMINGHAM									
95	Blythe Valley Park, Shirley, Solihull	90.5	41,651	Freehold	2000 to 2020	236.1	235.5	28 tenants. Key tenants include: Lounge Underwear Gymshark Virgin Active Regus	5.3
BRACKNELL, THAMES VALLEY									
96	Maxis Business Park, 43 Western Road, Bracknell	100.0	17,859	Freehold	2009	121.6	121.1	10 tenants. Key tenants include: Panasonic UK Allegis Group Blue Yonder Cadence Design Systems	11.3
FARNBOROUGH, THAMES VALLEY									
97	Farnborough Business Park, Hampshire	85.2	51,015	Freehold	2001 to 2019	314.7	311.4	38 tenants. Key tenants include: Fluor Syneos Health UK Siemens AETNA Global Benefits (UK) Red Hat UK	32.0

Property Profile
The Netherlands

THE NETHERLANDS
Logistics and Industrial


98


99


100


101


102


103

	Logistics and Industrial Property	Occupancy (%)	Lettable Area (sq m)	Title	Completion Date	Valuation as at 30 Sep 2021 ($m)	Purchase Price ($m)	# of Tenants and Key Tenants	Gross Revenue ($m) FY2021
MEPPEL									
98	Mandeveld 12, Meppel	100%	31,013	Freehold	May 2018	45.3	36.6	FrieslandCampina	2.5
UTRECHT - ZEEWOLDE									
99	Handelsweg 26, Zeewolde	100%	51,703	Freehold	Jul 1994, Jul 2000 and Jul 2010	76.3	55.5	Bakker Logistiek	4.3
100	Trafostraat 190, Ede	100%	15,588	Freehold	June 2021	33.7	30.3	Hendi B.V.	0.4
101	Brede Steeg 1, s-Heerenberg	100%	84,806	Freehold	Between 2001 and 2009	107.8	92.0	Mainfreight	6.8
TILBURG - VENLO									
102	Heierhoevenweg 17, Venlo	100%	32,642	Freehold	Oct 2015	47.0	36.1	DSV Solutions	2.4
103	Belle van Zuylenstraat 5, Tilburg	100%	18,121	Freehold	Jul 1996 and Jul 2000	28.7	21.1	Bakker Logistiek	1.5

Investor Relations

The REIT Manager is committed to continuous engagement with unitholders and the investment community, delivering accurate, transparent and timely communication. FLCT's proactive approach to communication provides investors with material information related to its strategies, operations and performance, thus enabling stakeholders to make informed investment decisions.

DELIVERING EFFECTIVE COMMUNICATION ACROSS MULTIPLE CHANNELS

The REIT Manager endeavours to deliver high-quality communication to unitholders and the investment community on a timely and regular basis. To enhance the dissemination of updates on the REIT's strategies, performance and developments, the REIT Manager leverages multiple communication channels, including announcements, news releases, analyst and media briefings, investor conferences and meetings, non-deal roadshows ("NDRs"), and the corporate website.

With social distancing measures and restricted international travel continuing to weigh-on FLCT's in-person communication initiatives, the REIT Manager has engaged institutional investors, retail investors, sell-side analysts, and financial media through digital platforms and conferencing technologies. This enables stakeholders to enjoy clear and timely updates on the business and outlook with regular and convenient access to management.

The REIT Manager continues to enhance FLCT's corporate and investor relations website with timely and relevant information to support investors in their investment decisions, and to educate the financial community on the REIT's business, markets and performance. In line with global best practice, all announcements covering corporate developments, financial statements, news release, presentations slides, and webcast presentations of the REIT's half-year and full-year results briefings are made available on the REIT's website. The REIT Manager also makes available FLCT's financial and operational metrics for the convenience of investors and analysts seeking to conduct financial analysis. These initiatives ensure that FLCT's website is current and remains relevant to the financial community.

In October 2021, FLCT was named runner-up in the Singapore Corporate Governance Award (SCGA) 2021, REITs & Business Trusts Category. This award was one of coveted accolades at the 2021 Investors' Choice Awards organised by the Securities Investors Association of Singapore (SIAS).

ENGAGING INSTITUTIONAL AND RETAIL INVESTORS

The REIT Manager endeavours to educate, inform and articulate its strategies and plans to institutional and retail investors through various platforms.

In FY2021, the REIT Manager engaged over 560 global institutional investors through online and in-person investor engagements including 1-on-1 meetings, group meetings, results related investor briefings, investor conferences and NDRs.

FLCT's Annual General Meeting ("AGM") was held virtually on 20 January 2021 in Singapore with 129 unitholders and proxies as well as 90 invitees in attendance. Unitholders were invited to submit their questions ahead of the AGM. The responses to the substantial and relevant questions received from Unitholders were published on FLCT's website and on SGXNET, with some of the key questions raised addressed during the live webcast by the Chairman and CEO. The live webcast had also included a presentation of FLCT's operational and financial performance by the CEO. The REIT Manager looks forward to the annual event as it allows the board and management to engage Unitholders and communicate FLCT's latest developments, long-term plans and strategies.

As and when required, an Extraordinary General Meeting ("EGM") will be scheduled to discuss important and time sensitive issues, as well as to seek unitholder approval for value accretive transactions. No EGM was held by FLCT in FY2021.

In line with regulatory requirements, voting results are announced during general meetings and a formal announcement is uploaded on SGX-ST on the same day. To keep all unitholders abreast of developments, minutes of general meetings, which include details of unitholders' queries and responses, are available for public viewing on the FLCT website.

The REIT Manager has made available a dedicated investor relations email and phone number to ensure that the unitholders and the investing community have continued access to the REIT Manager. This contact is detailed at the end of this section.

ANALYST AND MEDIA ENGAGEMENT

Analyst and media engagement are core components of the REIT Manager's investor relations programme.

On the strength of the REIT Manager's proactive analyst engagement strategy, an additional four research houses initiated coverage in FY2021: BofA Securities, Credit Suisse, Daiwa Capital Markets and UOB KayHian. This follows three research houses which initiated coverage in the year-ago period: HSBC Global Research, Macquarie Securities and Morningstar Equity Research. This traction further corroborates the recognition that FLCT continues to receive from the financial community for its strong fundamentals, robust financials, quality asset portfolio of assets, and capable management team.

As of 30 September 2021, the REIT Manager understands that FLCT is actively covered by:

1. BofA Securities
2. CGS-CIMB Research
3. Citi Investment Research
4. Credit Suisse
5. Daiwa Capital Markets
6. DBS Group Research
7. HSBC Global Research
8. Macquarie Securities
9. Morgan Stanley Research
10. Morningstar Equity Research / BNP Paribas
11. OCBC Investment Research
12. UOB KayHian

The REIT Manager periodically engages the media to raise awareness of FLCT's corporate developments. To educate and update financial journalists on the REIT's business and industry, the REIT Manager conducts media briefings for announcements related to financial results, mergers and acquisitions, and other corporate developments.

Unitholders by Geography as at 15 September 2021

Singapore	**43.8%**
Asia (ex. Singapore)	**9.0%**
North America	**10.4%**
Europe	**11.1%**
Rest of World / Unallocated	**25.7%**

Unitholders by Type as at 15 September 2021

Institutional	**45.2%**
Retail	**30.2%**
Sponsor and related entities	**24.6%**

3 Burilda Close, Wetherill Park, New South Wales, Australia

51 Stradbroke Street, Heathwood, Brisbane

FLCT FY2021 Investor Relations Calendar

Event / Activity	Date
4QFY2020 and FY2020 Results Announcement	6 November 2020
Final Distribution to Unitholders	17 December 2020
Annual General Meeting	20 January 2021
1QFY2021 Business Update	4 February 2021
2QFY2021 Results Announcement	6 May 2021
Interim Distribution to Unitholders	18 June 2021
3QFY2021 Business Update	4 August 2021
Advanced Distribution to Unitholders	24 August 2021
4QFY2021 and FY2021 Results Announcement	11 November 2021

FLCT FY2022 Planned Events and Activities

Event / Activity	Indicative Date
Annual General Meeting	20 January 2022
1QFY2022 Business Updates	7 February 2022
1HFY2022 Results Announcement	6 May 2022
3QFY2022 Business Updates	4 August 2022
4QFY2022 Results Announcement	9 November 2022

Note: The above dates are indicative and may be subject to change by the Manager without prior notice

INVESTOR RELATIONS CONTACT

The REIT Manager values and welcomes feedback from unitholders and other stakeholders.

For enquiries or feedback on FLCT, please contact:

Mr Ng Chung Keat
Frasers Logistics & Commercial Asset Management Pte Ltd
Phone +65 6813 0583
Email: ir_flct@frasersproperty.com
Website: www.frasersproperty.com/reits/flct

Am Krainhop 10, Isenbüttel, Germany

Unit Price Performance

FLCT UNIT PRICE PERFORMANCE IN FY2021

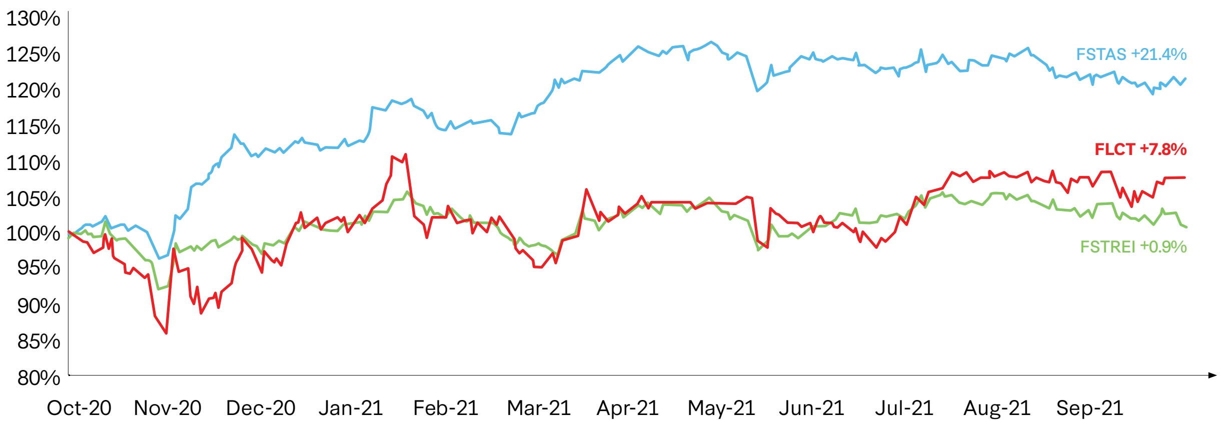
Notwithstanding a challenging operating environment as a consequence of COVID-19 uncertainties, FLCT continued to deliver relatively strong total returns to unitholders in FY2021. FLCT's unit price reached a historical high closing price of $1.57 per unit on 19 January 2021, before closing the year at $1.52 per unit on 30 September 2021.

During FY2021, FLCT's units rose 7.8%, outperforming the FTSE ST REIT Index ("FSTREI") which grew 0.9%. The FTSE ST All Share Index ("FSTAS") increased 21.4% in FY2021 following a 20.9% contraction in FY2020.

FLCT continued to experience increased interest from both retail and institutional investors as the Manager delivered on FLCT's growth and value creation strategies during the year. The elevated interest in FLCT increased trading liquidity and enlarged the REIT's market capitalisation. FLCT's average daily traded volume was 10.3 million units in FY2021, an increase over 10.1 million units in FY2020, and a 58.5% increase from 6.5 million units in FY2019. The REIT's market capitalisation was $5.6 billion as of 30 September 2021, a significant increase compared to $4.7 billion as of 30 September 2020, even after taking into consideration the $150 million private placement during the year. This is also a two-fold increase compared to the REIT's pre-FCOT merger market capitalisation of $2.8 billion as of 30 September 2019[1].

FLCT was included as a constituent of the 30-component Straits Times Index ("STI") on 13 April 2021 and has been a constituent stock of the FTSE EPRA/Nareit Global Developed Index since March 2019.

FLCT Unit Price Performance vs Major Indices in FY2021

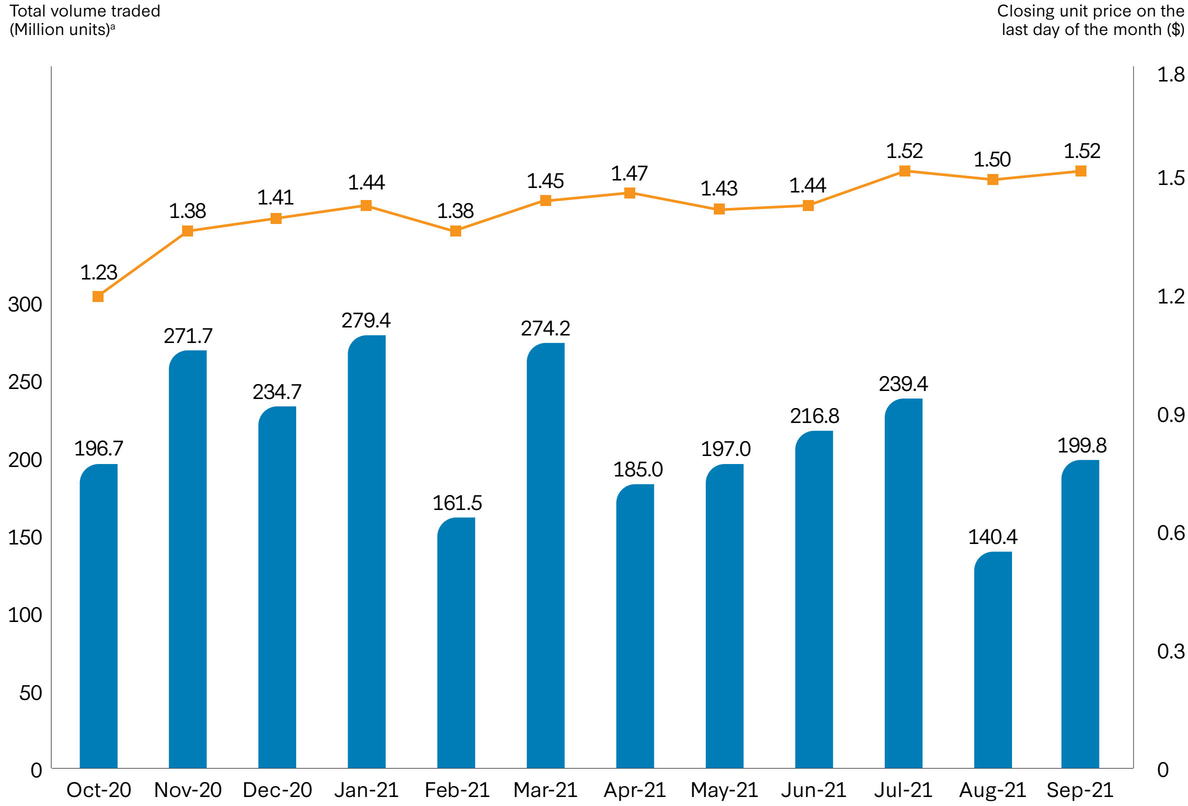


Source: Bloomberg LLP

1 Bloomberg LLP

Unit Price Performance

FLCT Monthly Trading Performance in FY2021



Total volume traded | **Closing unit price on the last day of the month**

Source: Bloomberg LLP
a Sum of the daily traded volume in the respective month

FLCT Unit Price Performance Over the Past 5 years

	Listing up to 30 Sep 2017[1]	FY2018	FY2019	FY2020	FY2021
Opening Price ($)	1.075	1.065	1.080	1.240	1.39
Closing Price ($)	1.070	1.070	1.240	1.390	1.52
High Close ($)	1.110	1.190	1.290	1.460	1.57
Low Close ($)	0.900	1.020	1.010	0.665	1.21
Average Daily Traded Volume (million units)	4.4	4.6	6.5	10.1	10.3
Market Capitalisation as at 30 September ($ million)[2]	1,617.3	2,154.9	2,788.6	4,744.4	5,588.2

Source: Bloomberg LLP
1 From 21 June 2016, date of listing up to 30 September 2017
2 Based on the closing price and number of issued units as at the last trading day of the respective financial period/year

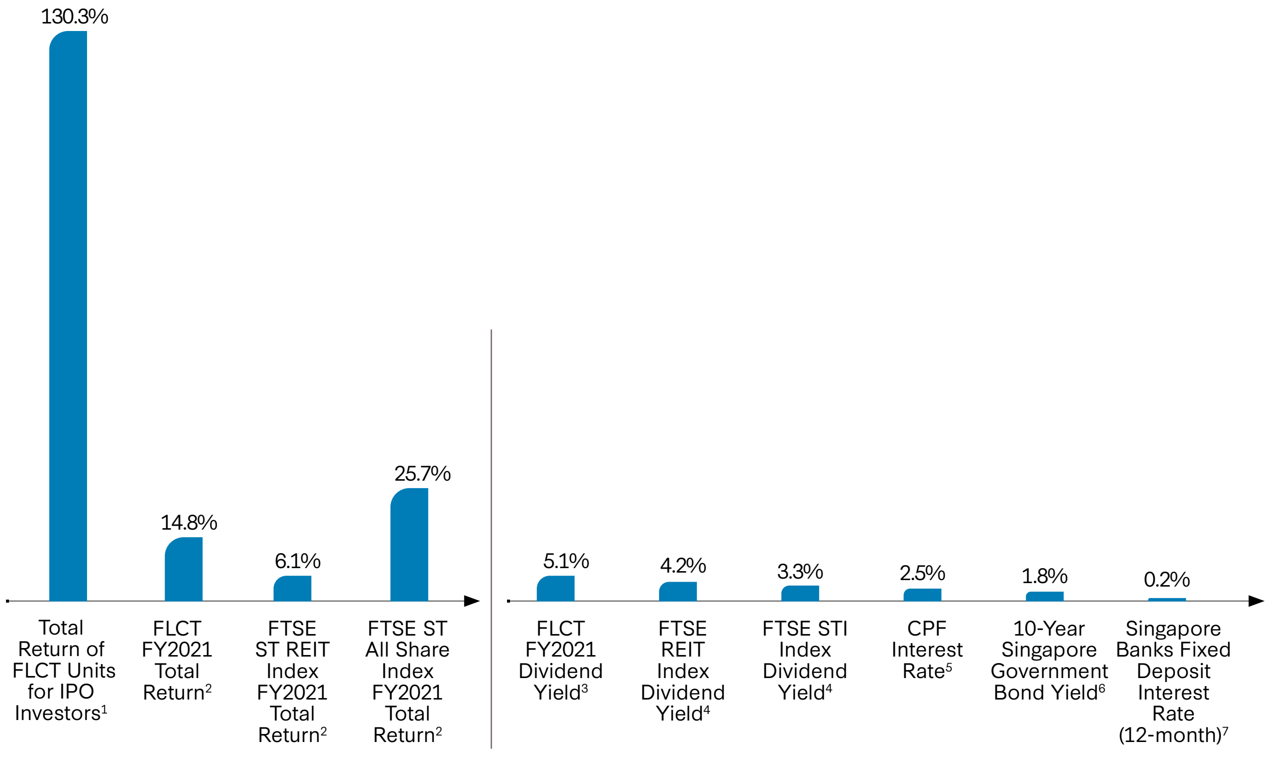
Total Returns

FLCT's 1-year, 3-year and 5-year total return had exceeded the FTSE REIT Index and the FTSE ST All Share Index total return during the same periods.

	1-Year[1]		3-Year[1]		5-Year[2]	
	Price Change %	Total Return[3]	Price Change %	Total Return[3]	Price Change %	Total Return[3]
FLCT	7.8%	14.8%	40.7%	69.4%	54.0%	110.6%
FTSE REIT Index	0.9%	6.1%	5.8%	22.9%	10.0%	44.4%
FTSE ST All Share Index	21.4%	25.7%	-4.0%	8.0%	7.4%	30.1%

Source: Bloomberg LLP
1 Up to 30 September 2021
2 For the period from 21 June 2016, date of FLCT's listing up to 30 September 2021
3 Assumes dividends are reinvested

Comparative Yield



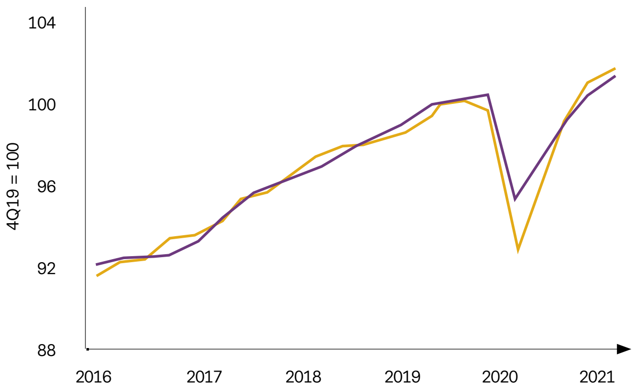
1 Bloomberg LLP. For the period from 21 June 2016 to 30 September 2021. Calculation of total return assumed distributions paid during the period are reinvested
2 Bloomberg LLP. For the period from 1 October 2020 to 30 September 2021. Calculation of total return assumed distributions paid during the period are reinvested
3 Calculated based on FLCT's closing unit price of $1.52 per Unit as at 30 September 2021, and total DPU of 7.68 Singapore cents declared for FY2021
4 Bloomberg LLP. As at 14 October 2021
5 Based on the interest rate paid for the CPF Ordinary Account on 25 October 2021 (https://www.cpf.gov.sg/Members/AboutUs/about-us-info/cpf-interest-rates)
6 10-year government bond yield on 25 October 2021 (https://www.mas.gov.sg/bonds-and-bills/SGS-Bond-Statistics)
7 https://eservices.mas.gov.sg/Statistics/msb/InterestRatesOfBanksAndFinanceCompanies.aspx

Independent Market Research

MACROECONOMIC OVERVIEW & OUTLOOK

Australia has emerged strongly from the 2020 economic downturn caused by COVID-19. During the cyclical low in 2020, Gross Domestic Product (GDP) growth fell 6.2% on an annual basis in 2Q20. Government stimulus, as well as the State economies reopening after the lockdown resulted in a solid rebound in economic activity, with the Australian economy reporting 9.6% GDP growth over the 12 months to 2Q21. Figure 1, which indexed Australian GDP and employment to a baseline of 100 as at 4Q19 (pre-COVID-19), illustrates that both GDP and employment have rebounded strongly following a sharp initial correction in 2020, with both variables trending above their pre-COVID-19 levels as of 2Q21. According to the Australian Bureau of Statistics, the Australian unemployment rate has fallen from 6.9% in 3Q20 to 4.6% in 3Q21 – the lowest level since 2008.

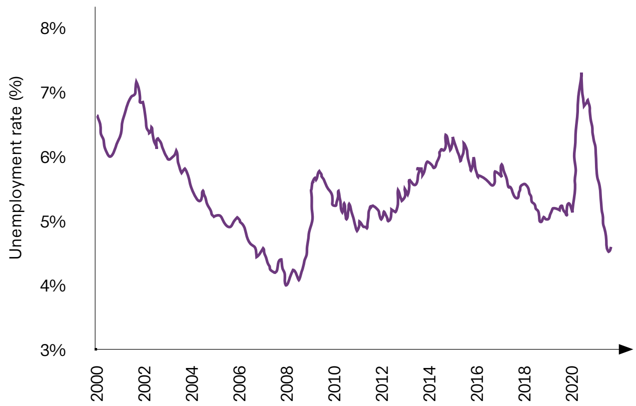
Figure 1: Australian GDP and employment growth



Employment | GDP
Source: JLL Research, Oxford Economics as at 2Q21

Notwithstanding the spread of the COVID-19 Delta variant, which has resulted in extended lockdowns across New South Wales, Victoria and the Australian Capital Territory over 3Q21, the Australian States now have established a roadmap out of the lockdowns and plan on easing restrictions as vaccination targets reach the 70% and 80% milestones. As at 4 November 2021, 89.0% of the Australian population over the age of 16 have received their first dose of the COVID-19 vaccine, and 79.6% of the Australian population over the age of 16 have received their second dose. Oxford Economics is forecasting Australian GDP growth of 3.0% in 2021, and for growth to average 3.5% per annum between 2022 and 2025, which is well above the 20-year historical average of 2.6% per annum. Unemployment is projected to trend up from 4.6% in 3Q21 to 5.2% in 4Q21, before gradually trending down to 4.5% over the medium term (to 2025).

Figure 2: Australian unemployment rate, 2000 to 2021



Source: JLL Research, ABS, as at September 2021

The inflation rate in Australia spiked at 3.7% on an annual basis in 2Q21. This increase was driven by reversal of prices falls related to the pandemic, such as the temporary introduction of free childcare in 2020 as well as a record fall in fuel prices in 2020. The Australian inflation rate trended down to 3.0% on an annual basis in 3Q21. The Reserve Bank of Australia is forecasting the inflation rate to continue normalising to 2.25% in 2021 and 1.75% in 2022.

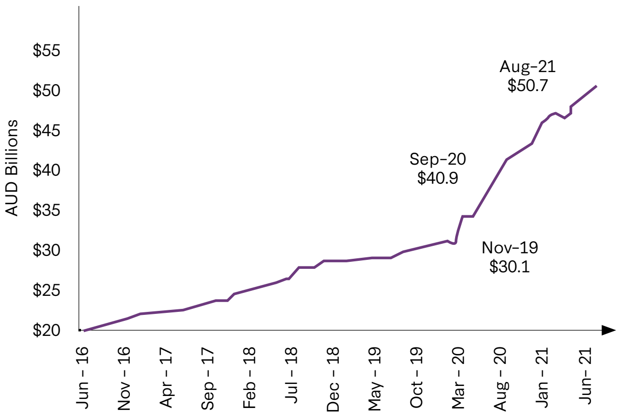
AUSTRALIAN INDUSTRIAL & LOGISTICS OVERVIEW AND TRENDS

The industrial and logistics sector has been the most resilient of the core commercial markets in Australia throughout the COVID-19 pandemic. Major structural tailwinds have accelerated occupier demand to new levels, which has been driving rental growth and record-high investment activity. Given that this period of elevated activity has been driven by significant structural changes in consumer and business behaviour, it is expected that the resilient performance of the sector will endure post-COVID.

Whilst still relatively immature relative to other major global economies, eCommerce adoption in Australia has accelerated significantly since the start of the pandemic. Based on data from the National Australia Bank, it took 42 months for the rolling annual online spending total to increase from AUD 20 billion to AUD 30 billion (06/16 – 11/19 in Figure 3). It has since only taken 9 months (11/19 – 8/20 in Figure 3) to reach AUD 40 billion and an additional 11 months (8/20 – 7/21 in Figure 3) to reach AUD 50 billion. This acceleration has been unprecedented, with online sales now accounting for 13.9% of all retail sales nationally (as of August 2021).

This growth has had a material impact on industrial and logistics demand in Australia, as online and omni-channel retailers have had to increase their investment in their supply chains to service residential delivery.

Figure 3: Australian eCommerce spend - key milestones

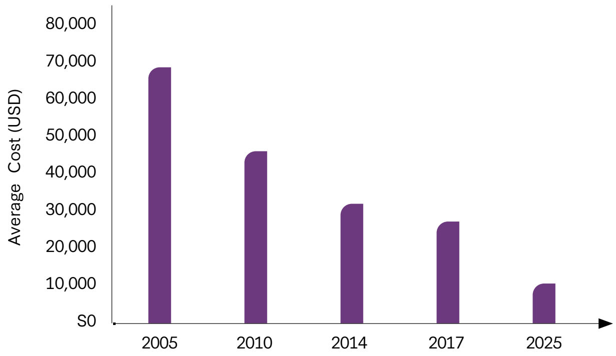


Source: NAB, JLL Research as at 3Q21

This is evidenced by the Retail Trade occupier industry accounting for 26% of all gross take-up nationally since the start of 2020 (as at 3Q21), a significant increase on the average of 19% over the previous decade. The impact is even more pronounced in Sydney - Australia's largest city - with the sector accounting for 31% of gross take-up since the start of 2020.

The on-going drastic reshaping of supply chains across Australia extends beyond the eCommerce boom. The significant disruptions to global supply networks have driven up shipping costs and wreaked havoc on supply chains across a range of industries. As per Drewry's World Container Index, the average cost of shipping a 40-foot container has increased by 702% over the two years to October 2021. This disruption has forced occupiers to radically shift their thinking when designing supply chains – from one focused solely on cost reduction to one which maximises resilience in the face of supply chain shocks.

Figure 4: Average cost of an industrial robot



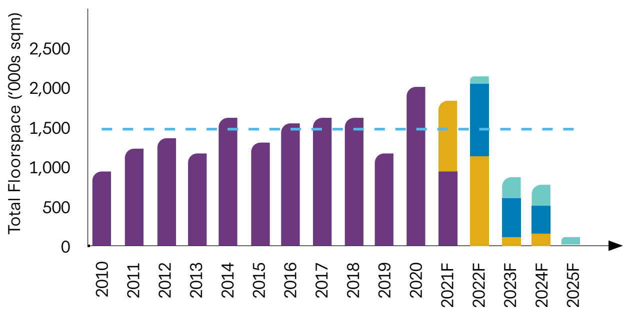
Source: Ark Invest, Statista (2020), JLL Research

Another key development for occupiers in the Australian market is investment in automation and robotics in their warehouses. Traditionally, this technology has been prohibitively expensive for any industrial tenants aside from the largest retailers and 3PLs (e.g. Woolworths, Coles, Amazon). However, recent research indicates that the cost of robotics is rapidly declining, which will likely accelerate the adoption of these technologies in Australia.

In addition to the broader economic headwinds caused by the pandemic, recent outbreaks of the virus in Sydney and Melbourne resulted in the total shutdown of construction industries for weeks at a time, causing major delays to some projects.

This has resulted in below-average development completions so far in 2021, with only 942,580 sqm of new floorspace completed so far this year (85% pre-committed). This is 19% lower than the average over the first three quarters of the previous five years. However, with both markets moving away from lockdown restrictions at the start of 4Q21, there is approximately 910,970 sqm of stock due to complete in the final quarter of 2021 (66% pre-committed). Beyond 2021, there is 1.38 million sqm of stock under construction which is expected to be delivered from 2022 (53% pre-committed).

Figure 5: National industrial development pipeline (2010-2025F)

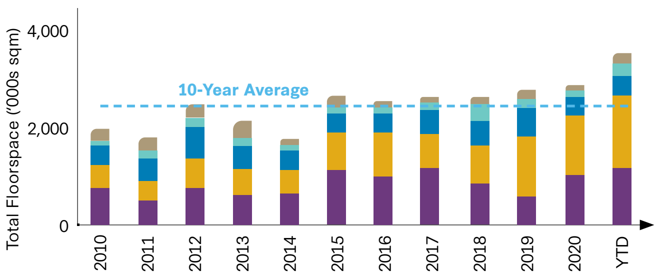


Source: JLL Research as at 3Q21

Occupier activity across Australia has been consistently above record levels in YTD 2021, with gross take-up exceeding 1.1 million sqm in each of the three quarters. This is significantly above the national quarterly average over the previous 10 years (1Q11-4Q20) of 604,330 sqm.

Activity in the YTD remains primarily concentrated on the Melbourne and Sydney markets, which have accounted for 43% and 32% of national gross take-up respectively. Key occupier industries have remained relatively consistent with historic trends, with the Transport, Postal & Warehousing (33%), Retail Trade (20%), Manufacturing (20%) and Wholesale Trade (9%) sectors accounting for 82% of national gross take-up in YTD 2021.

Figure 6: National industrial gross take-up by market (2010-2021 YTD)



Sydney • Melbourne • Brisbane • Adelaide • Perth
Source: JLL Research as at 3Q21

Consistently elevated occupier demand, significantly below-average levels of speculative development and record levels of sales activity has resulted in significant appreciation in land, rental and capital values and further downward pressure on yields.

The level of competition for existing prime assets has accelerated rental growth in 2021. The national average prime face rental rate increased by 3.1% in 3Q21 – the highest single quarter increase since 2004. This has contributed to an overall 4.9% increase over the last 12 months. The acceleration in rental growth is also evident in the secondary market, where the national average face rental rate has increased by 6.2% over the last year.

Transaction activity in YTD 2021 of AUD 12.37 billion has already exceeded the previous annual high of AUD 7.17 billion recorded in 2016. The volume of capital seeking exposure to the sector has placed continued pressure on prime transaction yields, with the national average midpoint having compressed by 106 bps in the last 12 months, to a new record low of 4.64% as at 3Q21 – 239 bps below the previous cyclical low (4Q07).

INDUSTRIAL & LOGISTICS MARKET OVERVIEW

SYDNEY:

Supply:
New development completions in Sydney have been relatively subdued in YTD 2021, with a total of 192,420 sqm of stock delivered to the market over the first three quarters of the year. With the city coming out of its COVID-19 induced lockdowns in mid-October, there are expectations that completions will rapidly accelerate in the last quarter of the year, with 413,870 sqm of stock under construction and due to complete in 4Q21. This will bring total completions in 2021 to 606,290 sqm, marking a second consecutive year of above-average completions (10-year annual average – 510,120 sqm).

Of the projects that are currently under construction, approximately 61% of the space is currently pre-committed, as challenging land supply conditions in key markets weigh on the commencement of speculative projects.

Demand:
Gross take-up has been consistently elevated in 2021, with the YTD total (1.136 million sqm as at 3Q21) only 0.4% below the all-time full-year record for the Sydney market (1.140 million sqm in 2017) with three months to go in the year. The majority of occupier activity has been concentrated on existing assets given the immediate needs of high-growth 3PLs and retail tenants.

The Transport, Postal & Warehousing sector has accounted for the largest proportion of YTD take-up in 2021, accounting for 40% of the market total, followed by Retail Trade (19%) and Manufacturing (17%).

Prime Rents:
Near-record occupier demand combined with subdued development completions has placed significant pressure on prime rents across most precincts in the Sydney market. The average prime net face rental rate is AUD 164 psm – an increase of 2.8% in 3Q21 and 4.9% higher than the previous year.

Growth has been led by the inner precincts, driven by a land-supply driven decline in development activity and rapidly increasing land values, particularly in the Inner West, where rents have increased by 8.2% yoy to AUD 158 psm.

At the same time, strong competition between occupiers has placed downward pressure on incentives. The market average incentive rate has compressed from a pandemic peak of 14.1% in 4Q20 to 10.9% as at 3Q21 – the lowest level recorded for Sydney since 4Q19.

Transaction Volumes & Yields:
YTD 2021 sales transaction activity in the Sydney market was robust at AUD 2.83 billion. This is the highest total that JLL Research has recorded for the Sydney market for the first nine months of any year, exceeding the previous record of AUD 2.22 billion in 2016. Note that the actual number for Sydney is likely higher, given that the record-breaking AUD 3.8 billion Milestone Portfolio (acquired by ESR Group from Blackstone in 2Q21), which included assets across Melbourne, Sydney, Brisbane, Adelaide and Perth, has not been apportioned to individual assets at this stage, so is not included in the market total.

The continued presence of well capitalised investors seeking exposure to the Sydney industrial and logistics market has continued placing downwards pressure on already record-low yields. Over the last 12 months, the market average prime yield midpoint has compressed by 100 bps to a new record-low of 3.94%.

MELBOURNE:

Supply:
Supply completions in Melbourne have not been as heavily impacted by the recent COVID-19 outbreaks as Sydney, as 536,030 sqm of new industrial space has been delivered so far in 2021. This supply has been demand-led, with 93% of the floorspace pre-committed prior to completion.

However, construction industry shutdowns delayed several projects in Melbourne during 3Q21. As a consequence, an additional 332,580 sqm of space is scheduled to be delivered in 4Q21 (65% pre-committed). Assuming that these projects all complete as per their current forecast delivery timelines, the full year total for completions in Melbourne will be 868,610 sqm – the highest that JLL Research has ever recorded for the Melbourne market.

Looking beyond 2021, the level of occupier demand for space in Melbourne is continuing to drive an elevated level of supply. There is currently 681,880 sqm of space due to be completed in 2022, of which 74% is already under construction.

Demand:
Melbourne continues to lead the country in terms of occupier demand, with 1.51 million sqm of gross take-up recorded year to date – equivalent to 43% of the national total. The YTD annual total for gross take-up has already exceeded the previous record for a single year with three months still left in the year.

Like Sydney, demand in Melbourne has been broad-based across several key industry sectors. The Transport, Postal & Warehousing sector has accounted for 29% of take-up YTD, followed by the Retail Trade (25%), Manufacturing (20%) and Wholesale Trade (11%) industries. This is in line with recent demand trends for Melbourne, with the four sectors accounting for 88% of total demand over the period 2016-20.

Prime Rents:
Limited vacancy in new developments and record levels of occupier activity have combined with rapidly accelerating land values to put significant and sustained pressure on prime industrial rents in Melbourne. The market average prime net face rent has grown at the fastest rate of any of JLL's tracked markets over the last 12 months – increasing by 8.3% to AUD 102 psm.

Growth has been led by the West precinct, which has been the most active occupier market in the country in 2021, where rents have increased by 11.8% yoy to AUD 89 psm.

Incentives have remained relatively stable across Melbourne since the start of the pandemic but have begun to trend down during 2021. As at 3Q21, the average prime incentive is 19.2% - a decline of 4.2 percentage points (pps) since the end of 2020.

Transaction Volumes & Yields:
Transaction activity has been robust in Melbourne throughout 2021, with AUD 2.06 billion of sales recorded YTD. Note that this does not include some of the major portfolio sales, such as the aforementioned AUD 3.8 billion Milestone Portfolio, which have not been apportioned at an asset level. Activity has been primarily underpinned by investment transactions, which have accounted for 78% of total sales volumes so far this year.

The volume of capital seeking exposure to core industrial and logistics markets in Australia has seen prime yields in Melbourne fall to the lowest in the country. Over the 12 months to 3Q21, the market average prime yield has compressed by 116 bps to 3.66%.

BRISBANE:

Supply:
Like Sydney, new development completions have been relatively limited in the Brisbane industrial market in 2021 YTD, albeit not as a result of pandemic-related industry shutdowns. In the first three quarters of the year, nine projects were completed bringing a total of 93,000 sqm of new space to the market (53% pre-committed). This has come off the back of a near-record high level of new industrial supply in 2020, where 420,090 sqm of completions were recorded.

However, there remains a significant pipeline of developments which have commenced and are due to complete in the near term. There are an additional seven projects which are under construction and expected to be delivered in 4Q21, bringing the full year total to 226,730 sqm. This is 23.3% below the 10-year average of 295,820 sqm. A further 262,830 sqm of stock is under construction and due to complete in 2022, which is currently forecast to be a record year for new development in Brisbane.

Demand:
Coming off the back of a relatively subdued year for occupier activity in the Brisbane market, gross take-up has regained some momentum in 2021 and the YTD total (401,950 sqm) has already outperformed the full year total from 2020 (392,570 sqm).

There still appears to be some uncertainty on the short-to-medium-term outlook from occupiers in the Brisbane market. This is primarily evidenced by the relatively uninterrupted level of leasing activity in existing assets, which has reached the 10-year annual average in 2020 and YTD in 2021, while pre-lease and Design & Construct commitments have been below-average in both years.

Prime Rents:
The relatively robust occupier demand for existing assets has resulted in an acceleration in rental growth across the Brisbane market through the middle of 2021. The market average prime net face rent remained stable at AUD 115 psm throughout 2020 but has since increased by 3.5% to AUD 119 psm.

The level of competition for existing assets has not reached that seen in the Sydney and Melbourne markets, and as such prime incentives have remained stable over the last 12 months at a market average of 17.5%. However, it is worth noting that incentives in the Brisbane market did not increase at the same rate as some other markets at the start of the pandemic and so are only sitting 2.5 pps higher than at 4Q19.

Transaction Volumes & Yields:
The flow of capital in the Brisbane market has sharply increased since the start of 2019, with average annual transaction volumes in 2019-20 (AUD 1.31 billion) 54% higher than the previous five years (AUD 849.2 million). This momentum has continued into 2021, with AUD 1.48 billion in transactions recorded in 3Q21 – already exceeding the previous full-year record high recorded in 2019. Transaction activity is primarily being facilitated by private sellers, who are looking to take advantage of strong pricing to monetise their assets.

As a result of the strong investment market and the level of capital seeking exposure to the Brisbane industrial markets, prime yields have compressed to new record lows. The market average prime yield midpoint has come in by 83 bps in the 12 months to 3Q21, to 4.75% - 211 bps below the 10-year average of 6.86%.

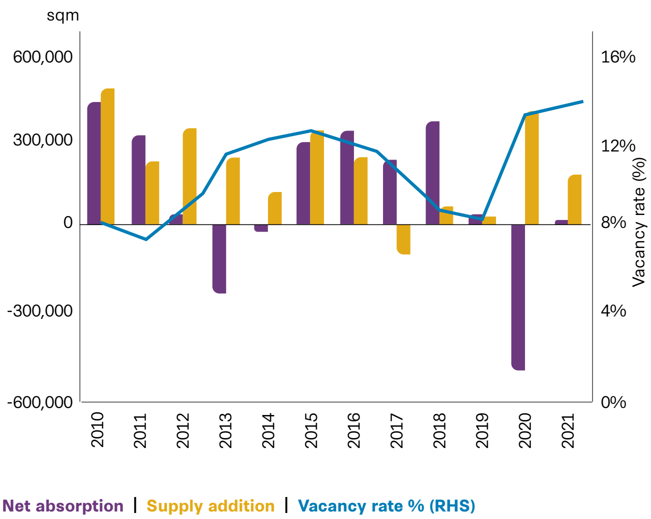
AUSTRALIAN OFFICE SECTOR OVERVIEW AND TRENDS

JLL Research tracks 28.2 million sqm of office stock across 19 Australian office markets. Approximately 18.0 million sqm is located across six CBD markets, and the remaining 10.2 million sqm is located across 13 metropolitan office markets.

All Australian office markets were adversely impacted to varying degrees by the economic shock caused by the COVID-19 pandemic in 2020. The only exception to this was the Canberra office market, which was the only Australian office market to record a fall in the vacancy rate in 2020, from 10.6% in 4Q19 to 8.2% in 4Q20. Office space in Canberra is predominately occupied by government sector tenants, which experienced strong headcount growth over 2020, underpinning office demand in the market.

Australia's CBD markets have seen a recovery in demand, to varying degrees, over 2021. Figure 7 summarises the market balance of Australia's CBD markets. Over 2020, the Australian CBD vacancy rate increased from 8.3% in 4Q19 to 13.3% in 4Q20. This increase was driven by net absorption of -509,200 sqm – the worst annual result on record. The negative result was driven by increases in sublease availability (mainly in the Sydney CBD and Melbourne CBD), as well as contraction and consolidation activity by large corporates and small businesses.

Figure 7: Australian CBD office market balance



Source: JLL Research as at 3Q21

After another negative quarter of demand in 1Q21 (-64,800 sqm), the following two quarters recorded positive demand (16,000 sqm in 2Q21 and 70,100 sqm in 3Q21). Positive net absorption rates were predominately driven by falling sublease availability, as groups reabsorbed space put to market in 2020, as well as small business (<1,000 sqm) demand. As a result of this recent positivity, net absorption for the first three quarters of 2021 has totalled 21,400 sqm. However, the vacancy rate has continued to trend upwards from 13.3% in 4Q20 to 14.1% in 3Q21, mainly because of backfill space as tenants have relocated into recently completed office developments.

Current trends

The trend of Work From Home (WFH) became far more prevalent as global economies went into lockdown in 2020. As Australian CBD office markets were empty for a large portion of 2020, the amount of sublease space that was offered to market rose rapidly, with Australian CBD sublease space increasing from 183,200 sqm in 4Q19 to 430,700 sqm in 4Q20. Out of this total, 328,900 sqm (76%) was concentrated in the Sydney CBD and Melbourne CBD. Part of this WFH story has been captured in the rising sublease numbers, as organisations were not utilising their office space over an extended period of time because of the lockdowns. However, it is difficult to quantify what exact portion of the sublease space is attributed to WFH. Over 2021, JLL Research recorded a number of large organisations across the country reabsorbing sublease space they had previously offered to market, as their workforce returned to the office. Sublease vacancy across Australia's CBD markets peaked at 465,700 sqm in 2Q21, and fell to 415,500 sqm in 3Q21 as a result of this trend.

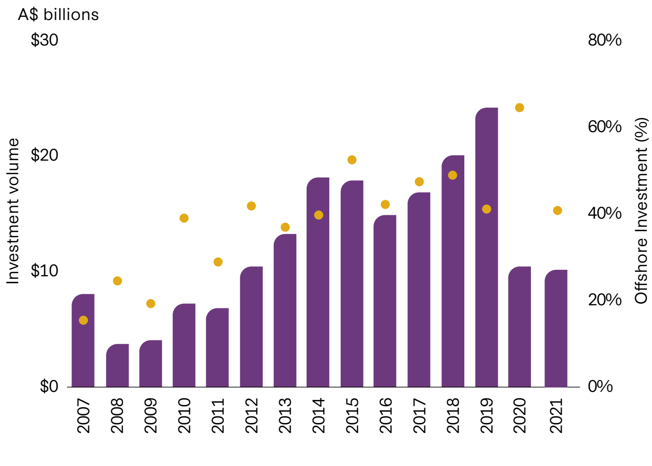
When a business considers a potential relocation, it has to weigh the costs of renting new space/re-signing in their existing space, consider where their employees live, as well as a desirable location where their employees would want to work. For larger organisations, there is a possibility of splitting their operations in a 'hub and spoke' model. The 'hub' would be the main office for an organisation, and the 'spoke' could either be office space in a metropolitan market, working in a co working space, as well as WFH. JLL Research has not recorded any organisation based in a CBD splitting their operations into a metropolitan office market over the past year. However, WFH could be viewed as the key 'spoke' over 2020 and 2021.

Supply:
JLL Research is projecting that office completions across Australia's CBD office markets will total 360,300 sqm across 16 projects in 2021. This will be broadly in line with the 10-year historical average of 347,000 sqm. The majority of development activity is concentrated in the Melbourne CBD (164,000 sqm or 46%) and Sydney CBD (106,400 sqm or 30%). From 2022 onwards, JLL Research is tracking 686,200 sqm of CBD office stock that is currently under construction across 23 projects. Out of this total, 247,700 sqm or 33% is concentrated in the Melbourne CBD, followed by 177,200 sqm or 24% in the Sydney CBD and 100,500 sqm or 13% in Canberra.

Rents & Incentives:
The aggregated average prime net face rent across Australia's CBD office markets recorded stable growth over 2020 (1.3%) and over the first three quarters of 2021 (1.6%). This was despite the average CBD vacancy rate rising substantially over this period of time. However, average CBD prime incentives have increased from 29.2% in 4Q19 to 36.7% in 3Q21. As a result of incentives trending upwards, JLL Research has recorded average prime net effective rents correcting by 15.1% between 4Q19 and 3Q21. JLL Research is projecting the peak of average CBD incentives to be at the end of 2021, and for effective rents to begin gradually recovering from 2022 onwards.

Transaction Volumes and Yields:
Transaction volumes for Australia's CBD and metropolitan office markets totalled AUD 9.8 billion for the first three quarters of 2021. This figure is already close to the 2020 annual total of AUD 10.2 billion. Offshore groups had made up AUD 4.1 billion or 42% of total 2021 office investment activity.

Figure 8: Australian office transaction volumes, 2007 to 2021



Source: JLL Research as at 3Q21

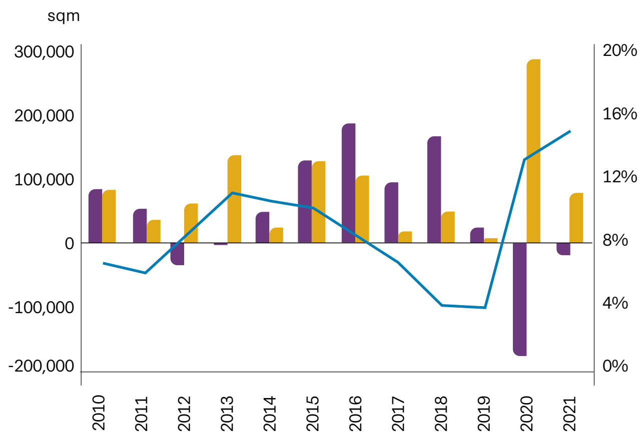
Improving investments volumes have supported prime yield compression across some of the Australian CBD office markets. The average CBD prime midpoint yield has compressed from 5.26% in 4Q20 to 5.14% in 3Q21 – which is a record low.

OFFICE MARKET OVERVIEWS

MELBOURNE CBD:

Demand & Vacancy:
Over the 10 years to 2019, net absorption in the Melbourne CBD was averaging 73,300 sqm per annum. The economic shock caused by COVID-19 resulted in -188,800 sqm of net absorption being recorded in 2020, and -25,600 sqm for the first three quarters of 2021. Demand in 1Q21 (-56,200 sqm) was weak as large organisations put more sublease space to market and continued to consolidate. However, the Melbourne CBD market has recorded positive net absorption in 2Q21 (6,600 sqm) and 3Q21 (24,100 sqm). Demand has been driven by organisations reabsorbing sublease space they have previously put to market, and the re-emergence of small businesses (<1,000 sqm) leasing space in anticipation of lockdowns easing and workers returning to the office in 4Q21.

Figure 9: Melbourne CBD office market balance, 2010 to 2021



Net absorption | Supply addition | Vacancy rate % (RHS)
Source: JLL Research as at 3Q21

Despite the positive demand over the past two quarters, the Melbourne CBD vacancy rate has continued to increase which has been the result of backfill vacancy as tenants have relocated into newly completed office buildings. The Melbourne CBD vacancy rate has increased from 13.2% in 4Q20 to 15.0% in 3Q21 – which is well above the 10-year average of 8.0%.

Supply:
JLL Research is projecting the completion of 164,000 sqm of office stock in the Melbourne CBD across four projects in 2021. This will be above the 10-year historical average of 109,500 sqm. The largest project to complete in the market in 2021 will be The Foundry, 405 Bourke Street (65,000 sqm) which was 100% pre-committed by National Australia Bank. JLL Research is tracking a further 223,700 sqm of office stock that is under construction and is projected to complete between 2022 and 2024.

Rents & Incentives:
The sharp rise in the Melbourne CBD vacancy rate resulted in prime net face rents contracting by -0.9% over 2020. However, as the demand recovery has gathered momentum prime net face rents have seen an uplift of 1.8% for the first three quarters of 2021, regaining all the decline lost in 2020. Despite the gains in face rents, average prime incentives have continued to trend upwards, and have increased from 32.0% in 3Q20 to 37.8% in 3Q21. The rise in incentives has seen prime net effective rents fall by 8.4% over the 12 months to 3Q21.

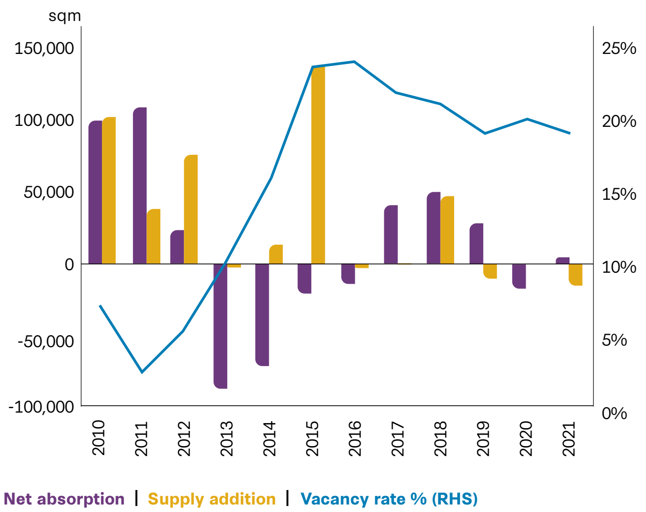
Transaction Volumes & Yields:
The Melbourne CBD recorded AUD 2.0 billion of transaction activity for the first three quarters of 2021. Sales volumes are already above the 2020 total of AUD 1.8 billion. The largest transaction of the year has been the sale of Melbourne Quarter Tower, 695 Collins Street, Melbourne CBD which was sold by Lendlease for AUD 1.2 billion to National Pension Service of Korea in 3Q21.

An uplift in sales activity has supported yield compression in the market. The Melbourne CBD prime yield range in 4Q20 was 4.38% to 5.38% (midpoint 4.88%), and this has fallen to a range of 4.38% to 5.13% (midpoint 4.75%) in 3Q21.

PERTH CBD:

Demand & Vacancy:
Perth CBD net absorption totalled -16,300 sqm for 2020, which was predominately driven by the consolidation of one government tenant and a mining company handing back project space after the conclusion of a 10-year project. The Western Australian economy has fared very well in dealing with the COVID-19 health crisis, with very low COVID-19 infection rates over 2020 and 2021. Subsequently, the demand story has been positive over 2021, with 5,800 sqm of positive net absorption recorded in the Perth CBD for the first three quarters of 2021. Demand has been driven by centralisation activity, as well as expansion activity by the mining sector and professional services groups. The Perth CBD vacancy rate remains elevated. However, the vacancy rate has fallen from 20.0% in 4Q20 to 19.1% in 3Q21.

Figure 10: Perth CBD office market balance, 2010 to 2021



Source: JLL Research as at 3Q21

Supply:
Elevated vacancy in the Perth CBD has meant that there have been minimal office completions in market over the past five years. No office assets have completed in the market for the first three quarters of 2021. JLL Research is currently tracking three office projects that are under construction, totalling 92,400 sqm. One of these developments, Capital Square Tower 2 (25,200 sqm) is expected to complete in 4Q21 and is currently 53% pre-committed.

Rents & Incentives:
Prior to the economic shock caused by COVID-19, Perth CBD rents and incentives had already gone through an elongated period of correction because of the mining downturn that commenced in 2013. In 4Q19 average prime incentives in the Perth CBD were 47.2%. Prime net face rents had a minor uplift in 2020 (0.2%) and have grown at a similar rate (0.1%) over the first three quarters of 2021. Average prime incentives increased from 47.2% in 4Q19 to 48.9% in 4Q20 which negatively impacted effective rents (-3.1% over 2020). However, incentives have stabilised at this level over 2021, which has kept effective rents broadly unchanged.

Transaction Volumes & Yields:
The Perth CBD recorded AUD 917.0 million of office transaction activity for the first three quarters of 2021. Sales volumes are already at the highest level since 2013, where transaction activity totalled AUD 1.3 billion. The largest transaction of the year has been the sale of Capital Square, 98 Mounts Bay Road which was sold by AAIG for AUD 339.0 million to Dexus in 3Q21.

Increased investment activity has supported yield compression in the market. The Perth CBD prime yield range in 4Q20 was 5.25% to 7.75% (midpoint 6.50%),and this has compressed to a range of 5.00% to 7.50% (midpoint 6.25%) in 3Q21.

Independent Market Research

ECONOMY & OUTLOOK - GERMANY

The global logistics industry faced uncertainties and challenges brought about by the Covid-19 pandemic, which called for businesses to demonstrate flexibility and agility to survive in the volatile environment. The German industrial and logistics real estate market thrived in the past two pandemic-plagued years underpinned by the accelerated growth of eCommerce, to emerge as an essential pillar of the German economy.

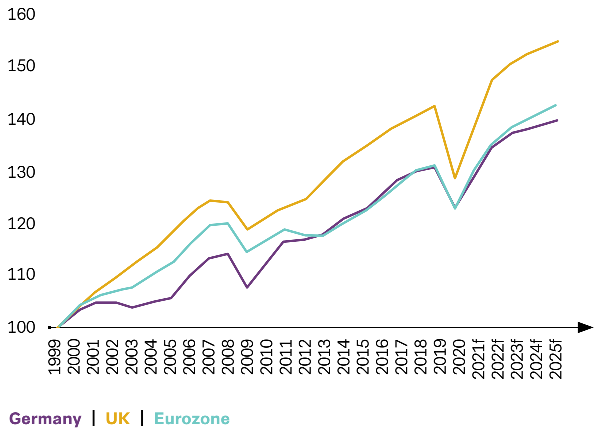
While the German economy resumed its gradual recovery in Q3 2021 buoyed by positive business sentiment, supply chain bottlenecks and a rise in COVID-19 infections are expected to present challenges and dampen progress. We believe that the real situation has improved, and that growth will likely normalise in Q4 2021. Industrial output expanded by 1.3% between June and July 2021. The mechanical engineering and automotive sectors, which had recently been suffering from semiconductor shortages, were able to increase their output.

The overall outlook for the industrial sector remains cautiously optimistic given this expansion and sustained business activity. Germany's inflation rate has been considerably elevated since the beginning of the year due to special factors which are expected cease in 2022, allowing inflation to decline to normal levels.

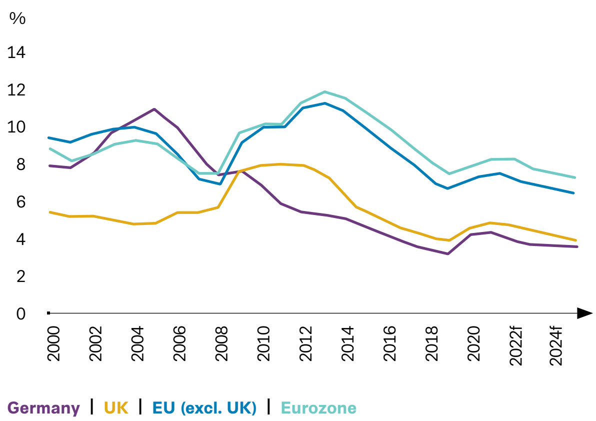
Industrial orders picked up considerably, reflecting robust demand. July was the fifteenth consecutive month in which Germany recorded export growth. Global industrial output and global trade expanded in June, highlighting the robustness of the global economy, even despite a decline in dynamism.
The labour market continues to recover, registering declines in unemployment and also in the number of people in short-time work, which currently stands at approximately 1.6 million. Based on this momentum, overall economic output is expected to have risen in Q3 2021 and growth rates are expected to normalise in Q4 2021. However, the risk of new virus variants and their influence on infection rates remains the main source of uncertainty for further economic development.

Key Factors	CAGR 2015-2020	Forecast 2021-2022
Population growth	+ 0.5 %	+ 0.1 %
Employment growth	+ 1.6 %	+ 0.7 %
Real Wage growth (in Euro)	+ 1.1 %	+ 2.3 %
Consumer Price Inflation	+ 2.0 %	+ 1.2 %

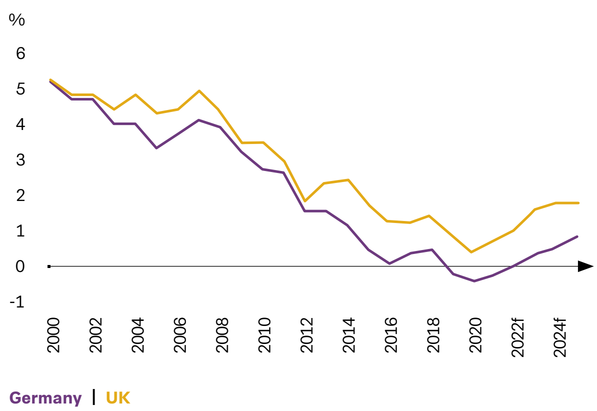
GDP Development (Index 1999 = 100)



Unemployment Rate (% of Workforce)



Long Term Interest Rate - Government Bond Yields (10 years)



MARKET TRENDS - GERMANY

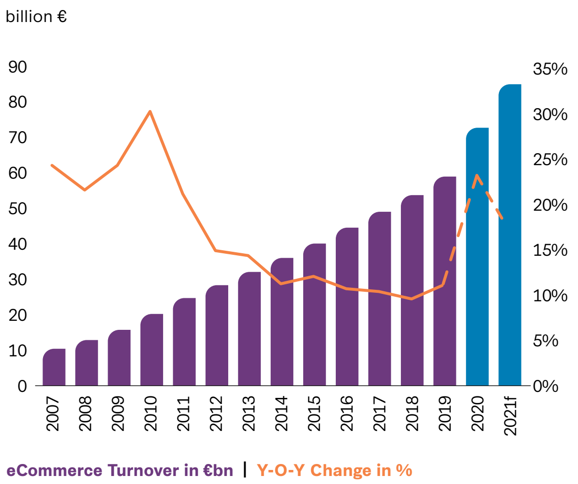
In an unprecedented way, year 2020 delivered significant turmoil and disruption, bringing the world to a standstill. The volatility and the uncertainties presented by the COVID-19 related lockdowns hit companies and industries hard, especially brick-and-mortar retail. The long-term effects of these upheavals have yet to be realised.

What is certain, however, is that players in the courier, express and parcel services (CEP) sector have proven themselves as reliable partners to people working from home, and companies that require dependable transportation of goods - especially those operating in the health sector. At the beginning of the Covid-19 pandemic, the industry expected annual parcel volume in 2020 to grow approximately 4%. This forecast proved to be too low as the volume of parcel, express and courier shipments in 2020 increased by 10.9% to break the 4 billion shipment mark for the first time. Growth in the first half of the year was slightly more than 7.4%, and 14.1% in the second half of 2020. The year's 4.05 billion shipments also marked the first time in the last twenty years, shipment growth hit double digits.

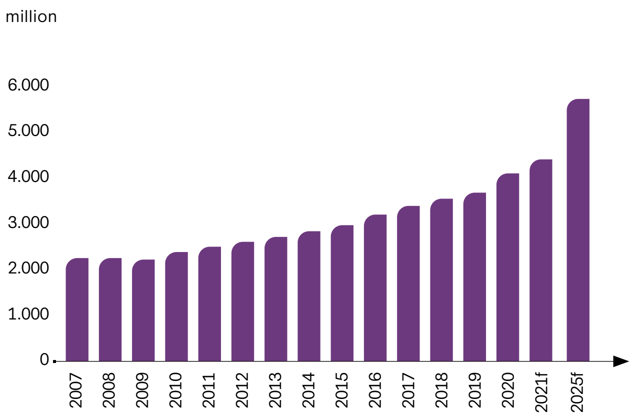
Currently, growth is expected to be 7% per year until 2025. At this pace, the previous forecast of 4.7 billion shipments expected for 2025 is likely to be attained in 2022. In 2021, another 320 million shipments are expected to be added to the already rapidly growing shipment volume. Parcel services are adapting to the demand and are ready with continuous optimizations of efficiency, customer orientation and sustainability along the entire supply chain. National leaders in B2C eCommerce sales remain the UK (€236 billion), France (€112 billion) and Germany (€63 billion).

Realising sustainability practices amidst a backdrop of heightened climate and environment awareness is making logistics real estate ownership and management more demanding. In the light of this, more project developers are deciding to modernize properties not only to reduce costs. Users are also optimising their transport routes with this in mind and trying to generate fewer empty runs in order to show more consideration for the environment. Photovoltaic systems are therefore an essential part of new building projects and CO2-neutral real estate will increasingly take over the construction industry.

Annual eCommerce Revenue



Shipment Per Year



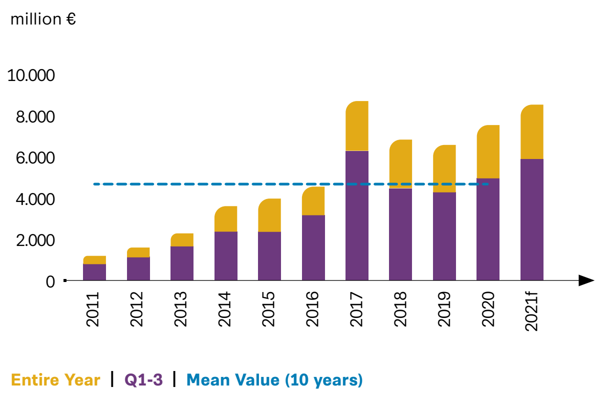
Fast Facts - eCommernce Development in 2020	
E-food annual growth 2018 - 2020	+ 36.1 %
E-food Turnover	€3.3 bn
Spendings per Online-Shopper	+ 17 %
Number of 60+ Online-Shopper	+ 16 %

NATIONAL INDUSTRIAL & LOGISTICS MARKET GERMANY

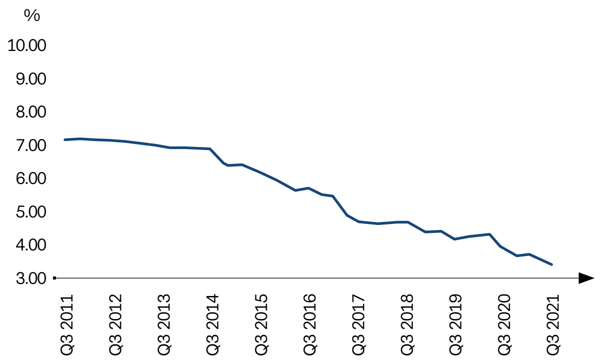
Investors poured a record €5.9 billion into German industrial and logistics properties in the first nine months of the year. This is the second strongest result ever recorded at the end of a third quarter, second only to record year 2017. Transaction volume was up approximately 19% yoy, exceeding the 4-year average by 18%. Market activity in the first nine months of the year was dominated by strong demand from eCommerce companies. The shift in buying behaviour brought on by the pandemic has enabled many online grocery retailers and food delivery services to enter the market. These new market entrants are making the logistics segment more attractive to many investors. As a result, logistics properties claimed an impressive 15% share of market transactions, making logistics one of the most interesting asset classes at the moment. With the ongoing pandemic and travel restrictions, German investors accounted for roughly 56% of total transaction volume. This is in line with the H1 2021 result and is testament to the strong interest among domestic investors. Foreign investors accounted for approximately 44% of total market transactions, about 14 percentage points lower than 2019's pre-pandemic market share of 58%. It is worth noting that around two thirds of foreign capital originated from Europe, further driving demand amidst a backdrop of limited supply. The increased competition has resulted in yields for core logistics assets in prime locations under lease to strong-covenant tenants remaining low since H2 2020 (3.9%). In Q3 2021, yields further declined to 3.4%, reflecting a fall of 50 bps yoy. The first transactions with a purchase price multiplier of around 30x were recorded at mid-year and more similarly priced deals are expected in the final quarter of the year.

Germany's TOP 8 industrial and logistics property markets generated take-up of around 2.7 million sqm. Accordingly, the market recorded an increase of 34% compared to the same period last year. Furthermore, seven out of eight locations were able to exceed their results. On a three-year average, the first nine months were also very robust, so that the result was exceeded by almost 40%. Nevertheless, the lack of land and leasable space is a limiting factor in the TOP 8, which is why some of the regional results are below the boom years of 2016 and 2017. As a result of the pandemic, the general shopping behaviour of consumers has changed permanently, which made it possible for new eCommerce companies to enter the market in the first place. As a result, the demand for logistics space has continued to rise. We also note that many companies are switching to smaller logistics spaces, resulting in a record number of deals being signed over the course of the nine months. This trend is significantly influenced by the prevailing shortage of land and space in the TOP 8 logistics regions.

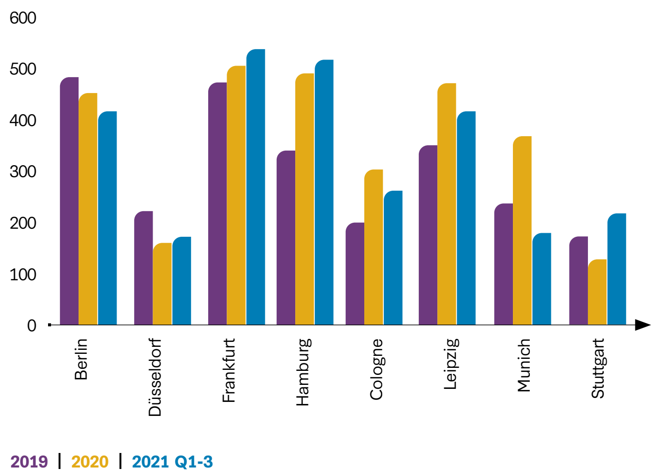
Transaction Volume Industrial & Logistics



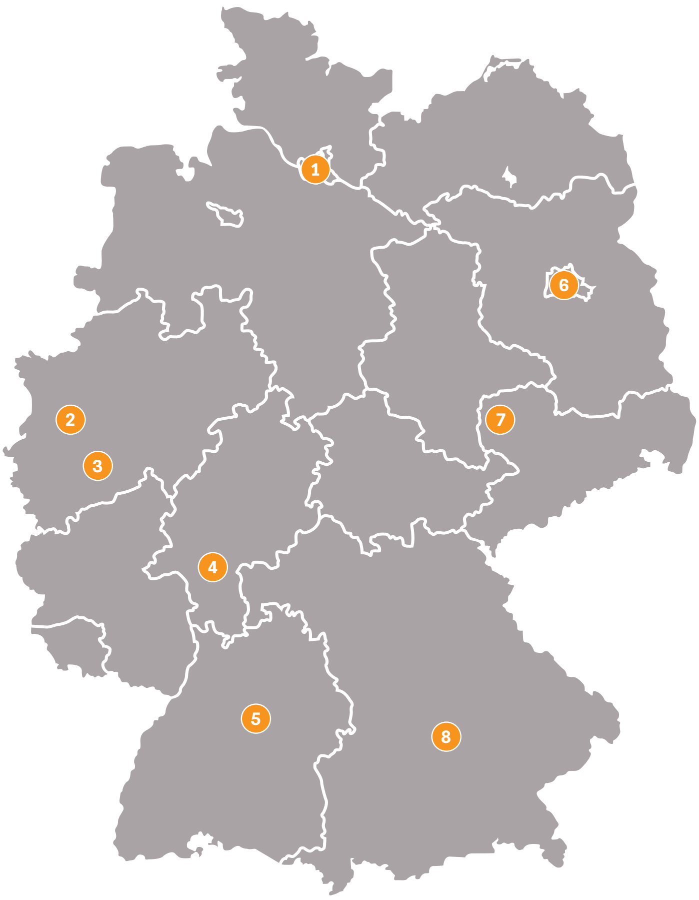
Gross Initial Yield (Logistics)("GIY") – Germany (Prime Locations)



Take-Up of the Top Logistics Markets in Germany (in 1,000 sqm)



NATIONAL MARKET OVERVIEW TOP LOGISTICS MARKETS GERMANY



	Q3 2020	Q3 2021	12-month Forecast
1. Hamburg			
GIY (in %)	3.9%	3.4%	↘
Prime Rent €/per sqm per annum	€75.6	€78.0	↗
2. Düsseldorf			
GIY (in %)	3.9%	3.4%	↘
Prime Rent €/sqm per annum	€70.8	€74.4	↗
3. Cologne			
GIY (in %)	3.9%	3.4%	↘
Prime Rent €/sqm per annum	€69.6	€70.2	↗
4. Frankfurt			
GIY (in %)	3.9%	3.4%	↘
Prime Rent €/sqm per annum	€78.0	€81.6	↗
5. Stuttgart			
GIY (in %)	3.9%	3.4%	↘
Prime Rent €/sqm per annum	€78.0	€78.0	→
6. Berlin			
GIY (in %)	3.9%	3.4%	↘
Prime Rent €/sqm per annum	€73.2	€74.4	↗
7. Leipzig			
GIY (in %)	4.2%	3.7%	↘
Prime Rent €/sqm per annum	€55.2	€55.2	→
8. Munich			
GIY (in %)	3.9%	3.4%	↘
Prime Rent €/sqm per annum	€85.8	€90.0	↗

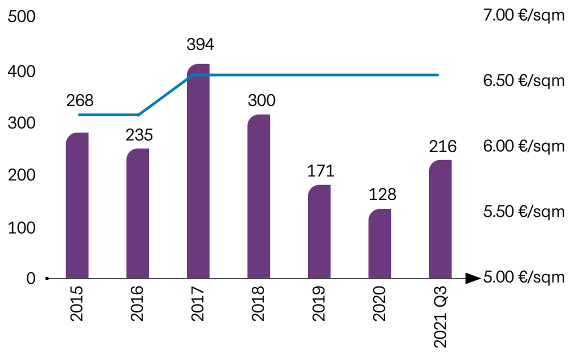
INDUSTRIAL & LOGISTICS MARKET - STUTTGART

Occupational Market:
At the end of the third quarter, the Stuttgart industrial and logistics market recorded a take-up of around 215,800 sqm, putting it in second place among the TOP 8 logistics regions. This strong take-up level represents both a rebound from a weak 2020 marred by the COVID-19 pandemic, and also outperforms the take-up levels in 2019. The very high demand for industrial and logistics space in Stuttgart peaked in the second quarter, driving demand for all spaces, including spaces with suboptimal layouts or structural vacancies were let. As a result, an above-average number of lease transactions were closed in the Stuttgart region in the second quarter, with some of the leases being on short lease periods. In the months of July to September, the market was stable again and was characterised by some owner-occupier lettings.

Investment Market:
The logistics region recorded an investment volume of approximately €84 million by the third quarter of 2021. Compared to the same period of the previous year (Q3 2020: approximately €18 million), the market was again able to catch up significantly. Several larger deals in the region contributed to this. Among other things, the 100,000 sqm Eisenmann site was sold to Garbe Industrial, which will be available as a development site in the future. In addition, aam2core concluded the purchase agreement for the HP headquarters in Böblingen, which was sold for around €25 million.

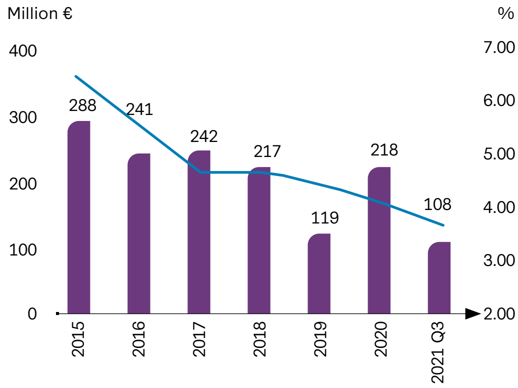
Outlook:
There are still a few signs of the Covid-19 crisis, which mainly affected the automotive sector. However, the reluctance of users from this sector was significantly reduced in the course of the year, so that the demand for space is once again at a high level. The current positive order trend in German industry will also have an impact on the industrial and logistics market. In addition, the trend towards modern research and development will lead to increased demand for light industrial space.

Take-Up (in 1,000 sqm)



Take-up | Prime Rent

Investment Volume and GIY



Transaction volume | GIY

Take-Up by Size (Q1-Q3 2021)

1,001 - 3000 sqm	11%
3,001 - 5,000 sqm	12%
5,001 - 10,000 sqm	40%
above 10,001 sqm	37%

Take-up by Sector (Q1-Q3 2021)

Production & Manufacturing Companies	36%
Logistics Service Providers	27%
Trading Companies	23%
Others	14%

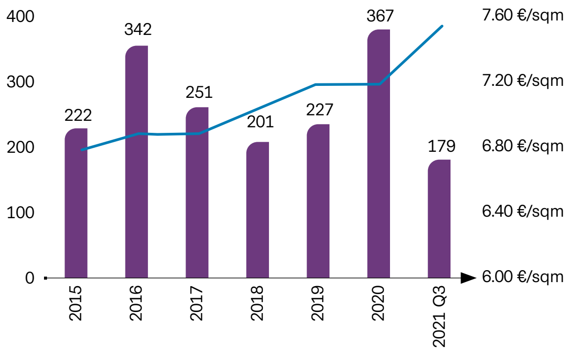
INDUSTRIAL & LOGISTICS MARKET - MUNICH

Occupational Market:
At the end of the third quarter, the Munich industrial and logistics property market recorded a take-up of around 178,900 sqm, a decline of 44% compared to the previous year. Despite a much lower volume, comparatively more deals were concluded than in the previous year. The reason for this is the higher leasing activity in the small segment under 3,000 sqm. Three quarters of all lettings could be allocated to this size category, which accounted for a total of around 78,700 sqm. Only three lettings exceeded the 10,000 sqm mark, including the lease signed by an electronics manufacturer in the Air Tech Campus Oberpfaffenhofen west of Munich. The vacancy rate fell from 2.1% to 0.9% during the year, underlining the continued high demand for new-build space. As a result, the prime rent rose from €7.15/sqm in the previous year to currently €7.50/sqm.

Investment Market:
The Munich industrial and logistics market registered an investment volume of only €83 million at the end of the third quarter. Compared to the previous year's total of €383 million, this is a significant decline, mainly due to the absence of larger transactions. Among the most significant deals was the sale of the "Wabula" property to the Carlyle Group. The older logistics property is located in the eastern part of Munich and is currently used by VW as a warehouse. The purchase price was around €23 million. The gross yield was registered at 4%. However, the supply of available investment opportunities and the low volume of new construction in the entire market area remain limited, so that demand is far from being met.

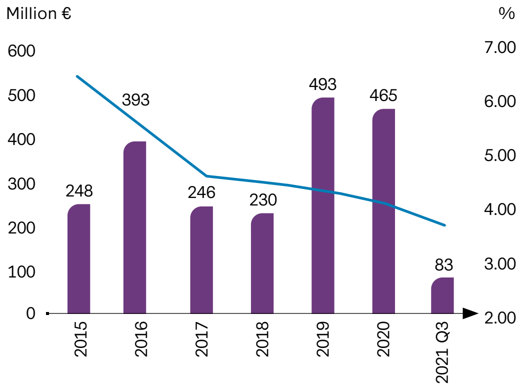
Outlook:
Due to current developments in the investment market and the increasing interest of investors in logistics properties, it is expected that intense competitive pressure will further drive yield compression. On the letting side, there is also a clear surplus in demand, which could only be reduced by new construction projects.

Take-Up (in 1,000 sqm)



Take-up | Prime Rent

Investment Volume and GIY



Transaction volume | GIY

Take-Up by Size (Q1-Q3 2021)

up to 500 sqm	11%
501 - 1,000 sqm	6%
1,001 - 3,000 sqm	27%
3,001 - 5,000 sqm	27%
5,001 - 10,000 sqm	3%
above 10,001 sqm	26%

Take-up by Sector (Q1-Q3 2021)

Logistics Service Providers	26%
Production & Manufacturing Companies	23%
Trading Companies	18%
Others	33%

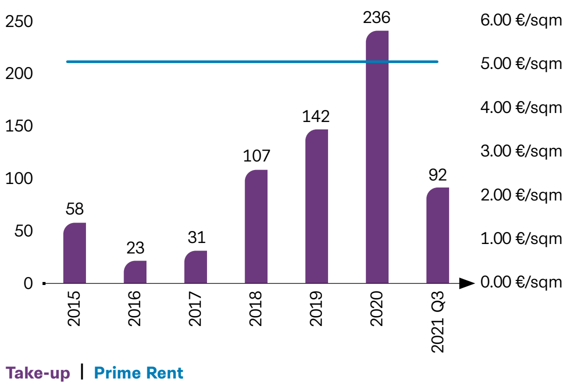
INDUSTRIAL & LOGISTICS MARKET - NUREMBERG

Occupational Market:
The logistics region of Nuremberg is one of the established logistics regions outside of the TOP 8 locations. In the first nine months the logistics real estate market in Nuremberg recorded a take-up of 92,000 sqm, slightly exceeding the previous year by 7%. However, with the help of some deals in the area larger than 20,000 sqm, the previous year achieved a record take-up of 235,800 sqm. In the course of this year, a total of four deals larger than 10,000 sqm were registered. Among others, Siemens Energy leased around 15,000 sqm of new space in the northern outskirts of Nuremberg near Fürth. In contrast to the TOP 8 regions, the Nuremberg market area has seen brisk leasing activity within the city limits. Here, the area around the port in particular is one of the main hotspots for logistics service providers and production companies. Given the ample supply of space, rents have remained stable at €5.00/sqm.

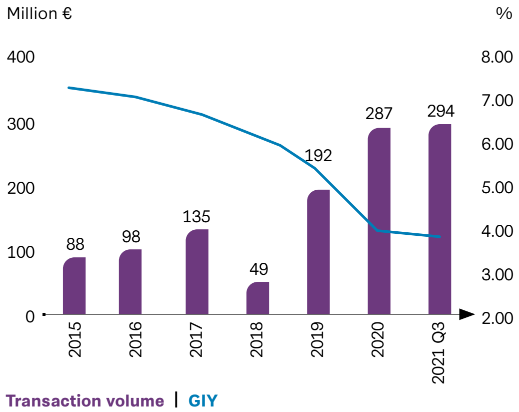
Investment Market:
With the exception of 2018, activity in the Nuremberg investment market increased year-on-year, underpinned by high demand for quality spaces in a market of low supply. Nuremberg can provide a remedy here with its relatively high availability of space and attractive investment opportunities. A total of 19 transactions have been registered so far in 2021, which corresponds to a three-fold increase compared to the previous year. The total transaction volume of €294 million represents a new record.

Outlook:
The Nuremberg market will benefit enormously from the high demand due to the current developments on the industrial and logistics property market. The region offers comparatively more space potential - especially in the peripheral locations - which present both leasing and investment opportunities. The location is characterized by strong connectivity to Munich, Frankfurt, and the Eastern European markets via various modes of transport including the major A9 motorway.

Take-Up (in 1,000 sqm)



Investment Volume and GIY



Take-Up by Size (Q1-Q3 2021)

3,001 - 5,000 sqm	9%
5,001 - 10,000 sqm	18%
above 10,001 sqm	73%

Take-up by Sector (Q1-Q3 2021)

Logistics Service Providers	18%
Production & Manufacturing Companies	17%
Trading Companies	22%
Others	43%

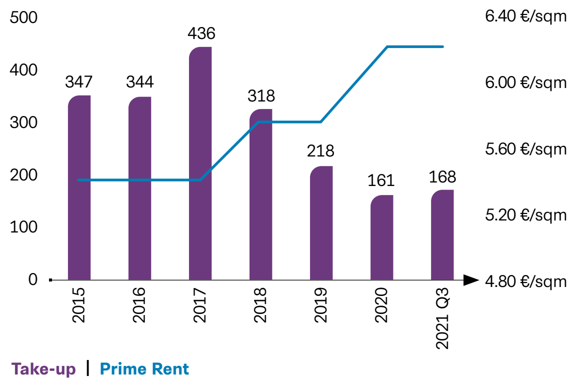
INDUSTRIAL & LOGISTICS MARKET - DÜSSELDORF

Occupational Market:
The Düsseldorf industrial and logistics market achieved a take-up of 168,100 sqm by the third quarter and was significantly above the previous year's level (+ 69%). The take-up was generated exclusively by lettings; there were no owner-occupiers. The increasing shortage of space is particularly evident in the low number of large-volume lettings, which accounted for 19% of all deals. Around 28% of all lettings took place in Ratingen; among others, the logistics service provider Haaf Warehouse leased 11,800 sqm of existing space. The main demand driver continues to be companies from the retail sector, which were responsible for half of all leases and were predominantly in the size range between 1,000 sqm and 5,000 sqm. Here, the pandemic in particular acted as a significant factor. Due to the low level of new construction activity, the supply of space will continue to tighten in the medium term and put more pressure on rents. As a result, both the prime rent (+ 5%) and the average rent (+ 4%) rose continuously in the last 12 months.

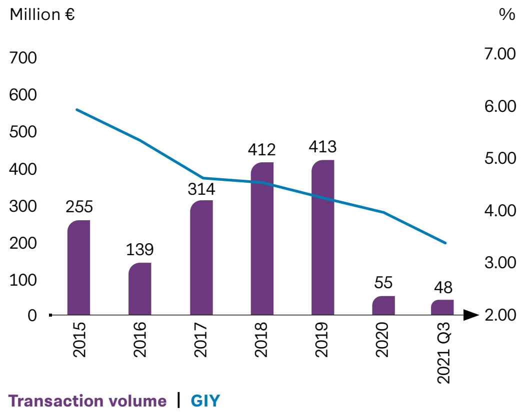
Investment Market:
In the first nine months of this year, the transaction volume on the Düsseldorf investment market totalled around €48 million. The result is 13% below the previous year's level. The five-year average of €269 million will therefore not be exceeded in 2021 without major transactions. Only a few products are currently coming onto the market in Düsseldorf, so that the transaction volume is clearly slowed down here.

Outlook:
The investment market will continue to face a significant lack of product resulting from a manageable project development pipeline and a very low vacancy rate. Land availability is exhausted in the region, making brownfield developments a necessity in the market to best utilise the land potential within the region.

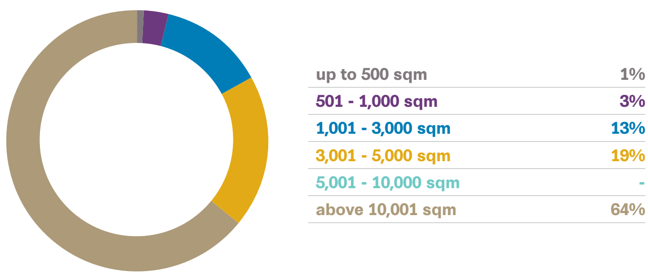
Take-Up (in 1,000 sqm)



Investment Volume and GIY



Take-Up by Size (Q1-Q3 2021)



Take-up by Sector (Q1-Q3 2021)

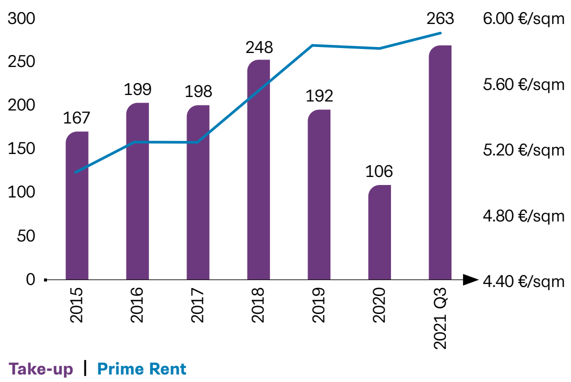
INDUSTRIAL & LOGISTICS MARKET - COLOGNE

Occupational Market:
The Cologne industrial and logistics market achieved a record take-up of around 263,200 sqm in the third quarter, which was characterized in particular by a number of larger deals in the Cologne area. The submarket with the highest take-up was Kerpen with around 114,200 sqm (43%). Here, among other things, the leasing of 11,900 sqm of existing space by a logistics service provider was registered. The shortage of land is at the expense of owner-occupiers, so that only 5% of all leases can be attributed to owner-occupier developments. In the development pipeline, there are currently, among other things, new building sites to the west of Cologne (approx. 20,000 sqm) as well as approx. 30,000 sqm outside Cologne in Euskirchen, which are boosting letting turnover. In the long term, however, the current supply of space will not be sufficient. To note, demand for space in the segment below 5,000 sqm is not sufficiently covered. In recent months, the high level of tenant competition resulted in average rent increasing at a record pace of 9%.

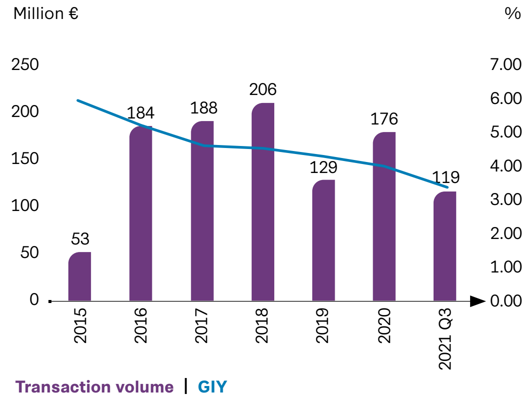
Investment Market:
The transaction volume reached a value of approximately €119 million (-21%) and thus cannot match the result from the previous year. A long-term comparison also shows a slight decline in investment activities, which currently characterizes the top investment markets in Germany due to a lack of products.

Outlook:
The logistics market in Cologne is currently experiencing a noticeable upswing, which is mainly the result of the eCommerce boom. The region is one of the most sought-after top locations in terms of city logistics and offers an attractive catchment area for this in the most populous state of NRW. It is to be expected that this trend will sustainably structure the market and could drive new construction activity.

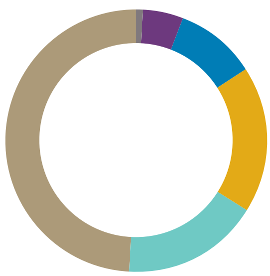
Take-Up (in 1,000 sqm)



Investment Volume and GIY



Take-Up by Size (Q1-Q3 2021)



up to 500 sqm	1%
501 - 1,000 sqm	5%
1,001 - 3,000 sqm	10%
3,001 - 5,000 sqm	18%
5,001 - 10,000 sqm	17%
above 10,001 sqm	49%

Take-up by Sector (Q1-Q3 2021)

Logistics Service Providers	18%
Production & Manufacturing Companies	21%
Trading Companies	42%
Others	19%

Independent Market Research

Colliers

ECONOMY & OUTLOOK - THE NETHERLANDS

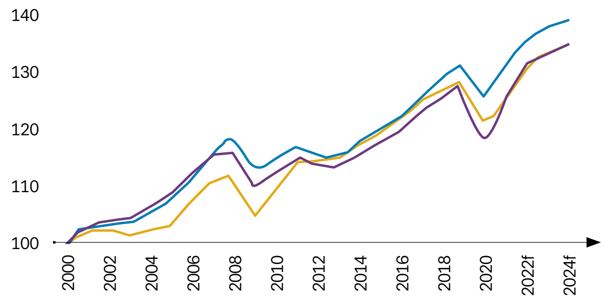
In the second quarter of 2021, the Netherlands emerged from the lockdown it had been in since December 2020. After a short period in which the events and entertainment sectors were allowed to open, the government had to intervene again in these two sectors in particular at the beginning of the third quarter. Despite this setback, safe distancing measures for consumers were significantly relaxed and travel opportunities for European tourists also improved.

All of this means that the economy is showing clear signs of recovery. After a decline in GDP in the first quarter, the economy is showing growth again. The general expectation is that this will continue for the rest of the year and lead to an annual growth of more than 3%. A sharp rise in vaccination coverage in the Netherlands is being taken into account, which should ensure that we have all the freedom we need to consume again in the autumn. In comparison with other European countries, the Netherlands is in good economic shape. Not only from a growth perspective, but also in terms of employment. Unemployment remains historically low this year, which is expected to lead to income growth. The economic starting points of the various countries in Europe differ greatly. This also affects the property investment climate. Investors recalibrate the allocation of real estate investments partly on the basis of the economic starting points within a country. For the Netherlands, this means that many investors see the country as a safe haven. This will also mean that investors will mainly look to the Netherlands with a core/core plus investment strategy.

Travel restrictions that will continue to apply for the time being influence the investment volume of the office market in particular. This market is ultimately most depended on intercontinental capital, which makes it more difficult to sell large-scale office complexes. The expectation is that the market dynamics in the logistics and residential market remain high. Both have proven to be resilient markets in the Covid crisis when demand for these products remained high. However, the political trend is making investors increasingly cautious. The investment climate in the Netherlands might therefore come under pressure. Despite increasing regulations, especially in the residential sector, the demand for residential investments continues to exceed the available product. This also applies to the industrial and logistics sector. This helps ensure that, on average, yields remain stable.

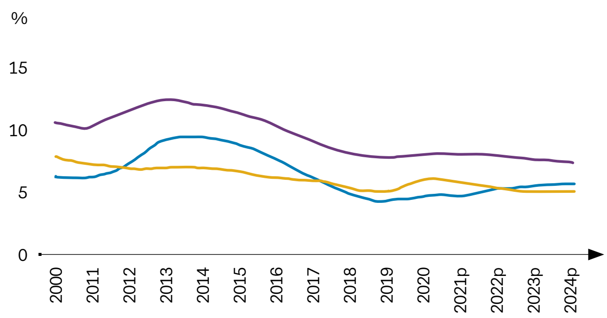
Key Factors	CAGR 2015-2020	Forecast 2021-2022
Population growth	+ 0.6 %	+ 0.4 %
Employment growth	+ 0.4 %	+ 1.7 %
Real Wage growth	+ 0.9 %	+ 1.3 %
Consumer Price Inflation	+ 1.5 %	+ 2.2 %

GDP Development (Index 2000 = 100)



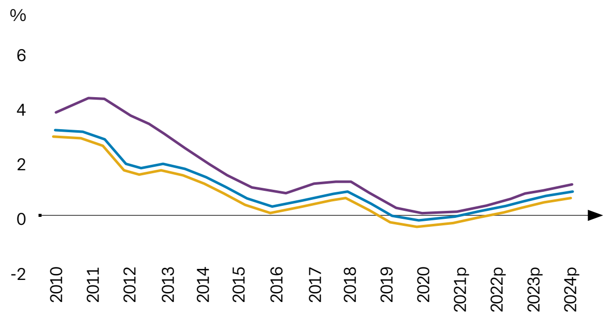
Eurozone | Germany | Netherlands

Unemployment Rate (% of Workforce)



Eurozone | Germany | Netherlands

Long Term Interest Rate - Government Bond Yields (10 years)



Eurozone | Germany | Netherlands

Data source: Oxford Economics, Federal Ministry for Economics and Energy

NATIONAL INDUSTRIAL AND LOGISTICS MARKET THE NETHERLANDS

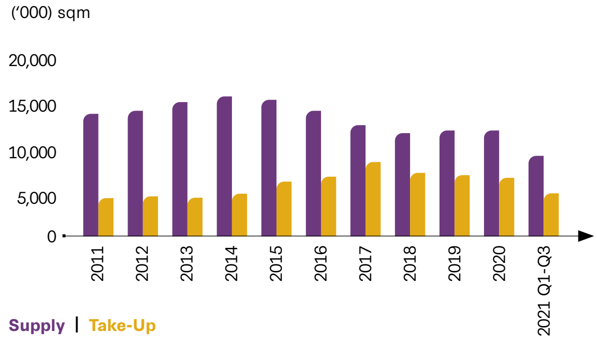
Occupational market

Take-up volume amounted over 5 million sqm of industrial and logistic space in the first three quarters of 2021. The economic rebound after the COVID-19 outbreak and the relaxation of the measures taken to limit the spreading of the virus, combined with the growing demand for e-commerce services, has driven the demand for logistics space. E-commerce saw an increase of 84.5% in terms of revenue in the first quarter of 2021 as reported by the Dutch Bureau of Statistics. E-commerce growth numbers have gone down since then but remain well above 10%. This caused retailers to keep looking for expansion options in order to satisfy their customers. Whilst there are long delivery times for certain products and transport costs are increasing due to high product demand, producer confidence remains at a high level in the Netherlands. This resulted in the fact that the size of the Dutch economy is back at the level it was before the pandemic and import and export volume is higher than in 2019.

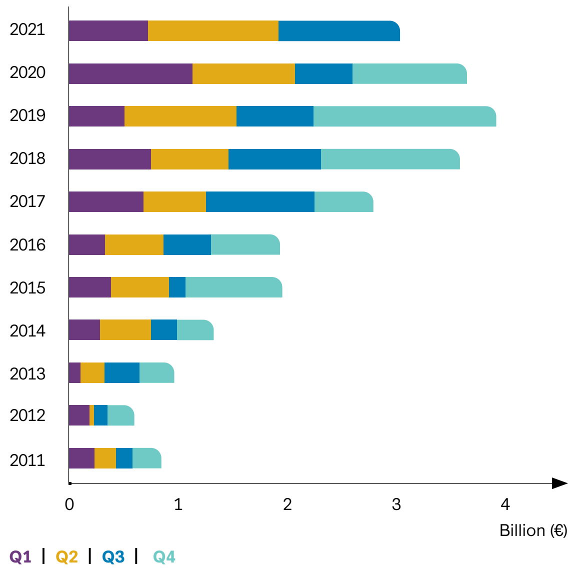
Investment market

The COVID-19 pandemic is affecting investment dynamics. The logistics real estate market, however, has proven to be a robust market and more investors are targeting this category. The investment volume in Q3 doubled compared to the same period in 2020. This shows that demand for logistics investment remains at a high level. In addition to modern properties and construction land, there is also an increase in sales of brownfield locations. As a result of developments like the growth of e-commerce, investors also see less risk in smaller logistic industrial spaces and light industrial real estate locations in urban areas. These locations have great potential when it comes to last mile distribution. Investors are interested in these strategic hubs that can be used to supply consumers. The prices paid for logistics real estate remain high. This is even more evident in the fact that the largest logistic transaction ever for the Netherlands took place last August 2021. The Amsterdam Logistic Cityhub was sold for €307 million. There are more concerns about production locations and other similar small industrial spaces, given the less stable position of tenants due to falling demand and uncertainty. This may affect investors with this type of property in their portfolio. Nevertheless, the Netherlands continues to perform above average in the Eurozone in terms of industrial activities.

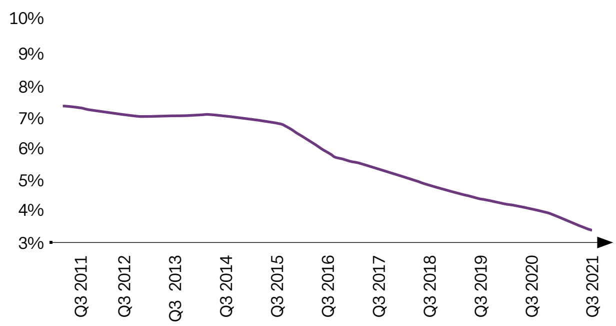
Occupier Market



Investment Market



Gross Initial Yield ("GIY") for Logistics – The Netherlands (Prime Locations, in %)



NATIONAL INDUSTRIAL AND LOGISTICS MARKET THE NETHERLANDS

Outlook

After the COVID-19 outbreak in the Netherlands, confidence in the Dutch economy declined. However, this decline has proven to be limited in perspective to many other countries. For the remainder of 2021 and 2022, growth is expected to be driven by a recovery in consumer confidence and spending.

Within the logistics market, The Netherlands remains important with an attractive tax climate, good infrastructure and a strategic location within Europe. The market continues to attract businesses seeking to relocate as a result of Brexit, or supply chain players diversifying their dependency to more than one country.

The government, however, wants more control over the construction of new distribution centers. They acknowledge the importance of the e-commerce sector within the Dutch economy, but also want a more controlled development by only assigning locations on already existing sites and industrial clusters. This reduces the award of new land from the government, which in turn limits the number of new developments. Consequently, this will result in a larger shortage. This shortage is likely to accelerate the redevelopment of outdated brownfields and multi storey developments. Developers are also required to focus on sustainability and allocate space in urban areas for city logistics hubs to guarantee emission-free delivery by 2025.

There remains a level of uncertainty on the economic impact when the government support packages are phased out or discontinued. At the same time, there is a nationwide shortage of personnel in the industrial and logistics sector. Despite these threats, the outlook remains positive. As restrictions are lifted, the economy is expected to gradually recover back to pre-pandemic levels by 2022, benefiting the Dutch industrial and logistics sectors.

NATIONAL MARKET OVERVIEW
TOP LOGISTICS MARKETS - THE NETHERLANDS

	Q3 2020	Q3 2021	12-month Forecast
1. Amsterdam			
GIY (in %)	5.00%	4.50%	→
Prime Rent €/per sqm per annum	€65	€65	→
2. Schiphol Region			
GIY (in %)	4.70%	4.00%	→
Prime Rent €/sqm per annum	€85	€85	↘
3. Rotterdam			
GIY (in %)	4.50%	4.00%	→
Prime Rent €/sqm per annum	€70	€70	→
4. West-Brabant			
GIY (in %)	4.50%	4.00%	↘
Prime Rent €/sqm per annum	€55	€55	→
5. Tilburg			
GIY (in %)	4.00%	3.40%	↘
Prime Rent €/sqm per annum	€57.50	€57.50	→
6. Eindhoven			
GIY (in %)	4.50%	4.25%	→
Prime Rent €/sqm per annum	€60	€60	→
7. Venlo-Venray			
GIY (in %)	4.00%	3.40%	↘
Prime Rent €/sqm per annum	€55	€55	→

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THE SINGAPORE ECONOMY

Economic Overview
Based on advanced estimates[1] by the Ministry of Trade and Industry ("MTI"), Singapore's economy grew 6.5%[2] year-on-year ("Y-o-Y") in 3Q 2021. On a quarter-on-quarter ("Q-o-Q") basis, it expanded by 0.8%[3], a reversal from the 1.4% Q-o-Q dip in 2Q 2021. All sectors experienced a positive Y-o-Y performance, partly due to a low base effects arising from the impact of strict border and domestic restrictions, when Singapore was still adopting a zero-Covid strategy in 2020.

The manufacturing sector grew 7.5% Y-o-Y in 3Q 2021, extending the 18.0% growth in the previous quarter. This growth was supported by output expansions in all clusters except for the chemicals cluster. This was especially so for the electronics and precision engineering cluster, which continued to experience strong growth due to sustained demand for semiconductors and semiconductor equipment.

The construction sector saw a 57.9% Y-o-Y growth in 3Q 2021 after experiencing a 117.5% Y-o-Y growth in the previous quarter. This was mainly due to low base effects arising from the slow resumption of construction activity following the Circuit Breaker measures in 2020. The construction sector continues to be hampered by labour shortage as a result of border restrictions on the entry of migrant workers. The sector contracted 0.4% Q-o-Q in 3Q 2021, following a 2.4% Q-o-Q decline in 2Q 2021.

As at 8 November 2021, 85% of the population have received the full COVID-19 vaccination regimen. With the country's national vaccination programme gaining traction, Singapore transitioned from a zero-Covid to a Covid-Resilient strategy, to slowly open its economy while maintaining a degree of vigilance. The "Stabilisation Period", which was first announced by the government in September 2021, had been extended a further four weeks to 21 November 2021. Whilst the mix of safe management measures ("SMMs") such as implementing work-from-home ("WFH") as the default, limiting the capacity for MICE[4] activities at 1,000 attendees and restricting group sizes for dine-in represents a cautious approach, the gradual relaxation of SMMs for fully vaccinated persons such as the allowance of up to five from the same household to dine-in at restaurants, allowance of team sports of up to 10 persons, and the expansion of Home Recovery Programme have helped facilitate the present growth momentum of economic activities.

In addition, Singapore also announced that more countries will be added to the Vaccinated Travel Lanes ("VTL") list. The current list consists of Australia, Brunei, Canada, Denmark, France, Germany, Italy, Netherlands, Spain, Switzerland, UK and USA, as well as South Korea (from 15 November 2021), Finland, Malaysia and Sweden (from 29 November 2021). These VTLs, together with countries and regions eligible for an Air Travel Pass to Singapore including Hong Kong, Macao, Mainland China and Taiwan, have potentially made Singapore an increasingly accessible location, especially for business.

With this mix of measures, the MTI has forecasted Singapore's GDP growth for 2021 to be between 6.0% to 7.0%.

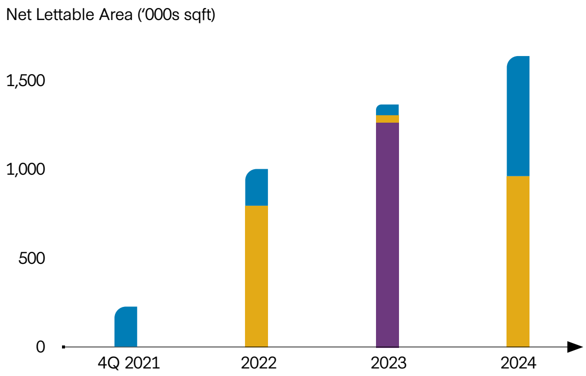
SINGAPORE OFFICE MARKET OVERVIEW

Existing Office Supply
As at 3Q 2021, islandwide office stock increased 0.9% Y-o-Y to 62.2 million sq ft. Within the Core Central Business District ("CBD")[5,6], Grade A and Grade B office spaces constituted 14.8 million sq ft and 17.5 million sq ft respectively, whereas the Fringe CBD and Decentralised market office stock accounted for 15.7 million sq ft and 14.5 million sq ft respectively. Some of the major office developments completed in the last four quarters included St James Power Station (118,200 sq ft), Afro-Asia (140,000 sq ft), the office component of Razer SEA Headquarters (30,000 sq ft) and Phase 2 of CapitaSpring (635,000 sq ft). Fuji Xerox Towers, a Grade B building in the Fringe CBD, was demolished in 3Q 2021 eliminating 358,400 sq ft from the overall office stock.

Future Office Supply
From 4Q 2021 to 2024, total islandwide future office supply is projected at 4.2 million sq ft (Chart 2.1). Excluding upcoming supply in 4Q 2021, this averages out to 1.3 million sq ft per annum over the next three years. The Fringe CBD, Core CBD, and Decentralised markets accounts for 42.9% (1.8 million sq ft), 30.0% (1.3 million sq ft) and 27.1% (1.1 million sq ft) of total islandwide future office supply respectively. CBRE expects construction activities to be affected as labour shortage due to border restrictions on migrant workers may cause delays in the completion of developments in the pipeline. The only project to be completed in 4Q 2021 is the office component of Surbana Jurong's headquarters (SJ Campus), which will be owner-occupied.

1 The advance GDP estimates are computed largely from data in the first two months of the quarter. They are intended as an early indication of GDP growth and are subject to revision when more comprehensive data becomes available
2 Gross Domestic Product (GDP) in Chained (2015)
3 Non-annualised, seasonally adjusted
4 Meetings, Incentives, Conferences and Exhibition activities have a limit of 1,000 people if all are vaccinated during the stabilisation period
5 CBRE defines CBD Core as a composition of three micromarkets, including Raffles Place, Marina Centre and Shenton Way. A revision of CBRE's basket was conducted in 1Q 2019 with figures from 1Q 2019 onwards reflecting the revision of numbers. Historical figures are unchanged
6 Cross Street Exchange is located in the Core CBD

Chart 2.1: Future Office Supply



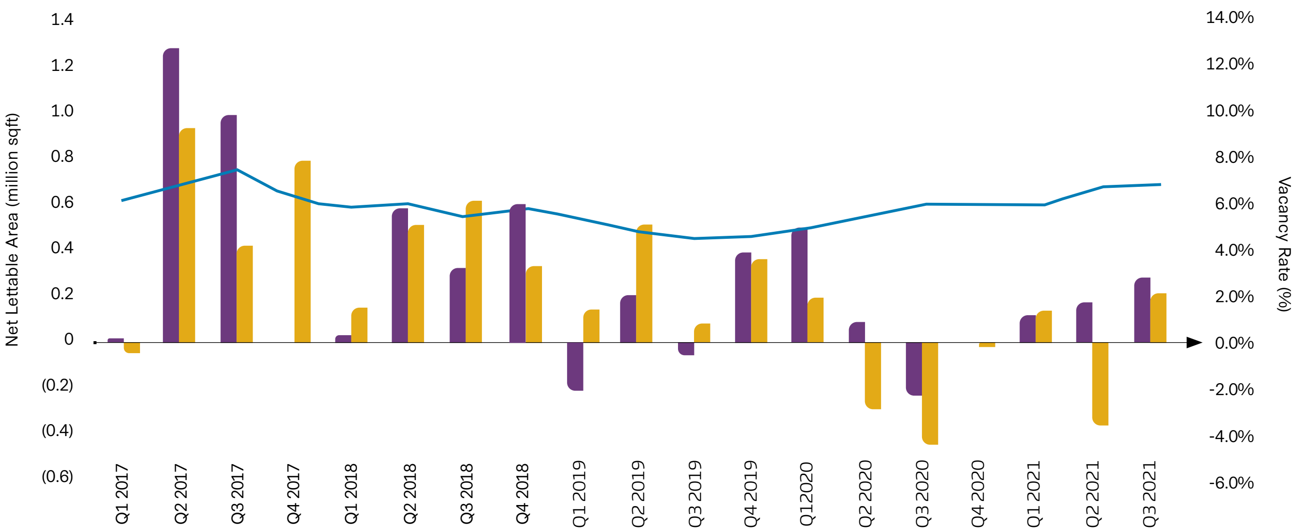
Source: CBRE

Office Demand and Occupancy

Total islandwide office net absorption was approximately 207,000 sq ft in 3Q 2021 (Chart 2.2). The Core CBD submarket recorded positive net absorption. Within the Core CBD market, CBRE observed positive take-up in new buildings or those that underwent Asset Enhancement Initiatives ("AEI"). However, the Fringe CBD and Decentralised submarkets experienced negative net absorption.

Occupier activity was driven by renewals and "flight to quality" moves from resilient sectors such as technology and non-banking financial services and insurance firms. While the world shifts its mindset on the Covid-19 situation from a pandemic to one that is endemic, firms have adopted the hybrid working model, where employees are given greater flexibility to choose where they work, often within a set of guardrails established by leadership. This has led to firms assessing their space requirements and may result in some spaces returning to the market.

Chart 2.2: Islandwide Office: Net Supply, Net Absorption and Vacancy Rates



Source: CBRE

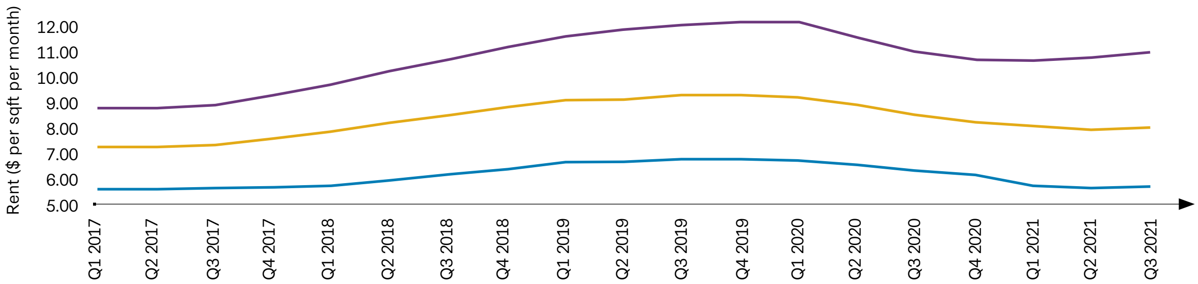
Office Vacancy Rates

Islandwide office vacancy increased by 0.9 percentage points Y-o-Y to 6.8% in 3Q 2021. This was mainly contributed by earlier relocation moves resulting in shadow space that has since entered the market, as well as downsizing efforts by occupiers. Vacancy rates are expected to stabilise, as economic sentiment improves with increasing international travel and signs of the economy gradually returning to normalcy.

Office Rents

In 3Q 2021, office rents for Grade A Core CBD increased 1.4% Q-o-Q (-0.5% Y-o-Y) to $10.65 per sq ft per month, reflecting a second consecutive quarterly increase, as the healthy occupancy levels provided landlords with the confidence to increase rents. In comparison, Grade B Core CBD and Decentralised rents stabilised for the first time after falling for six consecutive quarters, remaining unchanged Q-o-Q at $7.75 and $5.85 per sq ft per month, but still registered a 4.9% and 6.4% Y-o-Y drop respectively (Chart 2.3).

Chart 2.3: Office Rents (Grade A CBD Core and Grade B CBD Core)



Grade A CBD Core | Grade B CBD Core | Grade B Decentralised
Source: CBRE

Office Investment Market and Capital Values
Office investments totaled $3.9 billion from 4Q 2020 to 3Q 2021, which was a 20.4% Y-o-Y increase from the last four quarters (4Q 2019 to 3Q 2020).

A notable transaction in 4Q 2020 was the sale of Keppel Bay Tower, which was acquired by Keppel REIT from its sponsor Keppel Land for $657.2 million ($1,700 psf, 4.0% initial yield including rental support)[7].

There were three major deals in 1Q 2021. PGIM purchased Finexis Building (108 Robinson Road) from Sin Capital for $122.0 million ($2,556 psf), Allianz Real Estate purchased a 50% stake in OUE Commercial REIT's OUE Bayfront at $633.8 million ($3,170 psf[8]), while Lendlease, in a joint venture with Temasek Holdings-backed Certis Cisco, purchased Certis Cisco Centre for $150.0 million ($384 psf ppr).

In 2Q 2021, a joint venture between CEL, Singhaiyi and Chua Investments won the collective sale tender for Maxwell House for $276.8 million ($1,542 psf), which is seeking approval from URA to develop the site into a mixed-use development of which 20% is for commercial use. In the same period, a 40% stake in Westgate Tower was sold by Low Keng Huat to Sun Venture Homes for $97.1 million ($2,541 psf[9]), whilst Suntec REIT sold its 30% stake in 9 Penang Road to Haiyi Holdings for $295.5 million ($2,468 psf[10]).

3Q 2021 saw the sale of 61 Robinson, which was divested by ARA to Rivulets Investments Pte Ltd for $422.0 million ($2,973 psf).

The office investment market is expected to attract increasing interest with the potential closing of a few large-quantum quality commercial projects that have been made available in the last few months.

Office Market Outlook
Globally, the trajectory of the pandemic remains uncertain and major economies continue to face an uneven path to recovery. In addition, the rising rate of inflation may lead to a larger or earlier than expected increase in interest rates which could potentially tighten global financial conditions. Ongoing geopolitical unrest amongst several key countries could possibly impede the pace of global economic recovery.

Nevertheless, with global vaccination programmes inoculating a large proportion of the population in major economies, overall sentiments remains positive. Singapore's COVID-19 strategy, which includes the implementation of a mix of measures during the 'Stabilisation Period' and the VTL arrangements maintains Singapore's attractiveness for business.

Looking forward, potential risks remain on the demand side, but the outlook for the office market is positive as tapering supply pipeline bodes well for occupancy. The estimated average future supply is 17.3% lower than the 10-year historical annual average of 1.7 million sq ft. In light of the absence of office GLS sites, there is little possibility for the future pipeline to expand. In addition, the amount of existing office stock may be further reduced if developers decide to redevelop properties eligible for the government's attractive CBD Incentive Scheme and Strategic Development Incentive Scheme.

The impact of the COVID-19 pandemic may redefine future office demand and working spaces in the longer term, considering social distancing measures and business continuity plans, though any longer-term trends have yet to be determined. Remote working is not likely to entirely replicate or replace the benefits of community, collaboration, and culture that a physical office environment can potentially generate. Companies will have to provide a diverse range of work locations to support employee needs.

Given a limited supply pipeline and resilient demand for growth sectors, including increasing demand from the technology sector, CBRE expects office rents to rebound in the medium term, underpinned by the country's stable growth fundamentals. That said, the office market remains a two-tiered market. The medium-term outlook for the Grade A market looks positive, but the recovery in the Grade B market is likely to lag the Grade A market as landlords continue to grapple with rising vacancy rates.

7 Based on Keppel REIT's estimated net property income for a year from completion of the acquisition, including rental support by the vendor for the same period
8 Estimated net property yield at 3.6%, based on the OUE Bayfront property's annualised net property income of $45.8 million for the nine months ended 30 September 2020 and the agreed value of $1,267.5 million
9 Based on CBRE's estimates
10 Estimated net property yield at 3.3%, based on a stabilised basis

SINGAPORE HI-TECH AND BUSINESS PARK MARKET OVERVIEW

The Hi-Tech market typically refers to modern industrial premises with higher-grade and more comprehensive building specifications as compared to conventional industrial premises. The 4.8 ha Alexandra Technopark, which is located in the City Fringe, is part of the Hi-Tech sector. Business Parks are URA zoned sites that tend to be developed as larger campus-style developments occupying at least five hectares of land with modern office-like specifications.

Hi-Tech and Business Park Existing Supply[11]

As at 3Q 2021, the overall stock of Hi-Tech space increased 1.9% Y-o-Y to 12.8 million sq ft. In the last four quarters, the only major completion was 351 on Braddell (261,000 sq ft), developed by a joint venture between Boustead Projects Ltd and The Platform-Hanwha ARESF Fund No. 1 in 1Q 2021.

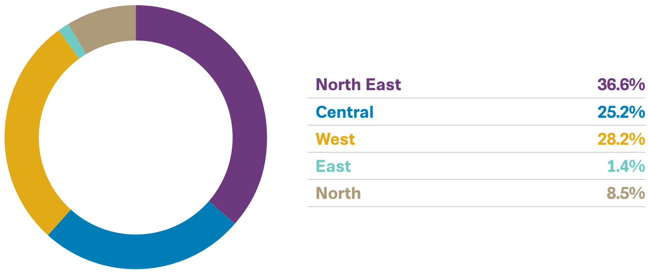
Increasingly, Hi-Tech industrial buildings, with their large floor plates and flexible space configuration, are providing quality spaces comparative to Business Parks. For instance, the completion of an AEI at Alexandra Technopark in 2019 provided the property a spacious campus-like environment with communal spaces for collaborative and placemaking activities and a multitude of lifestyle, wellness, sports and social amenities. Another Hi-Tech property, New Tech Park, completed an AEI in 2Q, adding 43,000 sq ft of retail and F&B spaces spanning over two storeys, as well as a revamp of one of the office lobbies.

Total stock for Business Parks increased 3.4% Y-o-Y to 20.0 million sq ft as of 3Q 2021. Most of these completions are located in one-north in the Central Region. These included the completion of Razer SEA Headquarters in 3Q 2021 (455,000 sq ft), Grab HQ IN 2Q 2021 (364,000 sq ft) and the completion of Wilmar International Headquarters from 2Q to 3Q 2021 (198,700 sq ft). The completed addition & alteration ("A&A") works to Cleantech Two in 2Q 2021 (50,000 sq ft) in the West Region was the only project outside one-north during this period.

Hi-Tech and Business Park Future Supply

CBRE estimates that total islandwide stock of Hi-Tech space and Business Park space will increase by 7.8 million sq ft from 4Q 2021 to 2024. Approximately 36.6% of the pipeline supply will be in the North East Region, with 28.2%, 25.2%, 8.5% and 1.4% of the remaining pipeline supply coming into the West, Central, North and East Regions respectively (Chart 3.1).

Chart 3.1: Future Supply of Hi-Tech and Business Park Space by Area

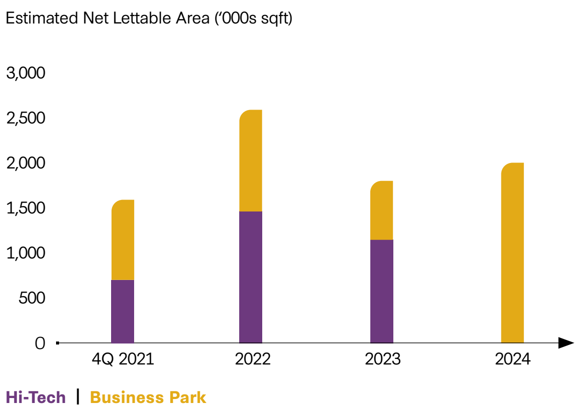


Source: CBRE

From 4Q 2021 to 2024, new Hi-Tech supply is projected at about 3.2 million sq ft (Chart 3.2). In 4Q 2021, 1 & 7 North Coast, which are public stock with hi-tech specifications located at the North Region, recently obtained Temporary Occupation Permit ("TOP") in October 2021, and contributed about 661,000 sq ft. Upon completion in 2022, the AEI works at Luzerne, the completion of Ubix, the first phase of the Kolam Ayer 2 Redevelopment and Harbourlink Innohub, which are all located in the Central Region, will collectively contribute 1.4 million sq ft to the market.

Harbourlink Innohub is located at Alexandra Terrace and comprises a 5-storey ramp-up building along with an 8-storey annex building. Amenities include a childcare centre, recreational facilities such as basketball courts, tennis courts and gymnasium, as well as end of trip facilities.

Chart 3.2: Future Hi-Tech and Business Park Supply



Source: CBRE

11 Preliminary Data as at 3Q 2021

Solaris @ Tai Seng (North East Region), which was initially slated for completion in 2022, has been delayed to 2023, while the second phase of the Kolam Ayer 2 Redevelopment is also expected to complete in 2023. Collectively, both developments will add 1.1 million sq ft when completed. As at 3Q 2021, there are no known Hi-Tech projects that will be completed in 2024.

Business Park future supply is projected to contribute 4.6 million sq ft for the remainder of 2021 till 2024. Only 6.6% of future supply originates from the Central Region. Average annual future supply from 2022 to 2024 is about 1.2 million sq ft, which is 214% more than the 5-year average of completed business park spaces from 2016 to 2020.

Key developments to be completed in 4Q 2021 include the business park component of the SJ Campus and Cleantech Three, which will contribute 887,900 sq ft in aggregate to the West Region. In 2022, Perennial Business City, the former Big Box at Jurong East, will complete AEI works and add a further 1.1 million sq ft to the West Region.

Projects expected to enter the market in 2023 include Kajima HQ in the East Region (111,700 sq ft), the redevelopment of iQuest@IBP in the West Region (212,000 sq ft) and Elementum in one-north, Central Region (302,900 sq ft). Phase 1 of the Punggol Digital District in the North East Region (2.0 million sq ft), which was initially slated for completion in 2023, has been delayed to 2024.

The COVID-19 situation has caused stoppage in construction activities during the implementation of circuit breaker measures in 2020, which has resulted in the delay of some projects under development or undergoing AEI works. Construction works have since resumed upon BCA[12] approvals.

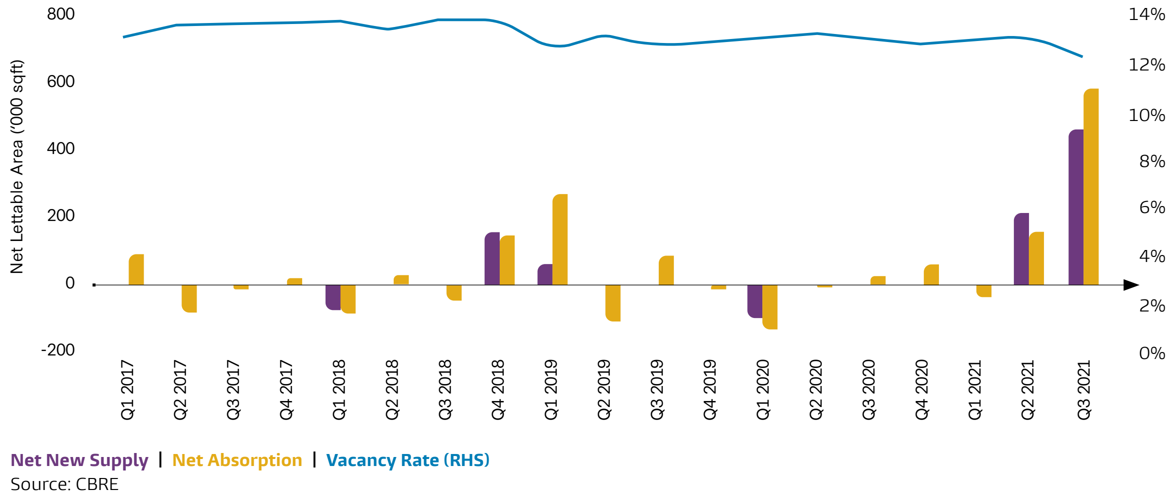
Hi-Tech and Business Park Demand and Vacancy

The total islandwide net absorption for Hi-Tech space was around 42,100 sq ft for 3Q 2021, with vacancy levels dipping from 12.2% in 3Q 2020 to 10.6% in 3Q 2021, after posting strong net absorption numbers in 1H 2021. The Hi-Tech market has seen movement, with recent demand from the medical technology and semiconductor industries, as well as industries which require manufacturing space with higher specifications such as higher ceiling heights, availability of clean room and higher floor loading among core considerations.

As Hi-Tech spaces typically require staff on-site to operate facilities such as clean rooms and production spaces, the demand for Hi-Tech spaces has been resilient, even during the COVID-19 pandemic. Additionally, the improved aesthetics and corporate image of Hi-Tech developments in recent years have seen companies seeking spaces for back-end operations in decentralized locations, further contributing to the resilience in demand. CBRE expects vacancy levels in the Hi-Tech sector to remain relatively healthy.

Overall demand in the Business Park sector was relatively strong in 3Q 2021, with net absorption exceeding 500,000 sq ft, the highest in the last five years. Most of the absorption was attributed to the Central Region, including the completion of Built-To-Suit project Grab HQ as well as positive take-up at Razer HQ, Nucleos, Solaris and Mapletree Business City II. As a result of net absorption exceeding net supply, islandwide vacancy fell to a five-year low of 12.2% in 3Q 2021 from 13.0% in 3Q 2020 (Chart 3.3).

Chart 3.3: Island-wide Business Park Net Supply, Net Absorption and Vacancy Rates



Source: CBRE

12 Building and Construction Authority

Hi-Tech and Business Park Rents

On the back of rising occupancy and positive take-up, Hi-Tech spaces registered its first growth since 2Q 2019, rising 1.5% Y-o-Y to $3.35 per sq ft per month in 3Q 2021. With competitive rents, high-quality specifications and strong locational attributes, the value proposition of Hi-Tech developments is likely to remain attractive to occupiers.

Given the higher vacancy rates of business parks in the Rest of Island submarket, landlords maintained some flexibility in rental negotiations, which helped boost occupancy rates in 3Q 2021. Rental rates remained stable Q-o-Q, although it fell by 1.4% Y-o-Y to $3.65 per sq ft per month (Chart 3.4).

Business Park rents in the City Fringe submarket, on the other hand, continued to be underpinned by tight availability of space for lease. Despite current economic conditions, rents increased for the third consecutive quarter, posting a 0.9% Y-o-Y increase to $5.85 per sq ft per month.

The rental premium of the City Fringe submarket over the Rest of Island submarket has created a two-tier market, as high-quality business park spaces in the City Fringe have attracted office occupiers who qualify, whereas cost-conscious occupiers explore the latter for their operations. Furthermore, the majority of business park pipeline supply is concentrated within the Rest of Island submarket, which could potentially exert more downward pressure on rents in this submarket. In contrast, limited availability of options coupled with strong demand in the City Fringe submarket will likely drive rental expectations upwards, which may widen the rental premium even further.

Hi-Tech and Business Park Outlook

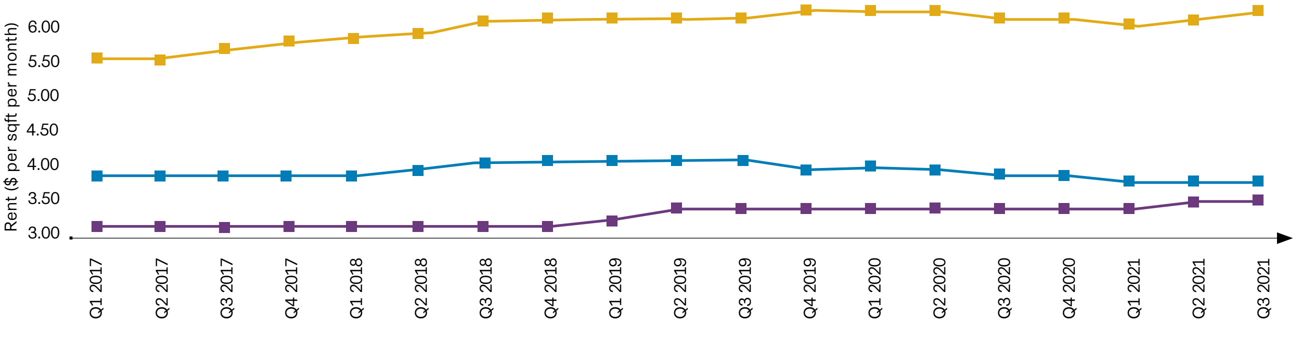
Tight safety management measures and restrictions in labour supply due to COVID-19 has led to construction delays in some projects, resulting in the delay of their expected completion from 2021 to 2022. As pre-leasing activity of these developments have been relatively subdued, overall vacancy in the Hi-Tech sector is likely to increase upon completion. To boost occupancy levels, landlords will need to be realistic in their rental expectations.

However, Hi-Tech spaces are expected to remain relatively resilient in the short term as the spaces are generally used for production purposes, with demand for spaces mostly driven by renewals and relocations. The central locations of Hi-Tech spaces also appeal to value-added industries. With the continual push for higher-tech and higher value-added industries such as digital and robotics, advanced manufacturing, and pharmaceuticals, coupled with urban and economic decentralization masterplans, Hi-Tech spaces will be well-positioned to be a beneficiary in the longer term. Alexandra Technopark benefits from its strategic location within the City Fringe and proximity to the CBD and has a healthy occupancy rate of 96.5% as at 30 September 2021. It will also stand to benefit in the long term from the revitalisation of the Greater Southern Waterfront area[13], which will feature future residential and commercial developments

For Business Parks, limited upcoming supply within the City Fringe submarket, especially in the one-north precinct, will likely result in an upward trend for rents as this submarket is underpinned by tight availability of space and high demand. However, the same level of optimism is not reflected in the other submarkets. With 93.4% of upcoming supply located within the Rest of Island submarket, there is likely to be further downward pressure on rents in the Rest of Island submarket which will increase the rental gap even further between the two submarkets. Nonetheless, overall demand for the business park market remains resilient.

Business Parks are a cost-competitive alternative to offices and remain attractive to occupiers. While more downsizing could be expected as occupiers reassess their real estate footprint in the near term, Business Parks, especially those located in the City Fringe, will continue to feature favourably with occupiers in their long-term plans.

Chart 3.4: Hi-Tech and Business Park Rents



Hi-Tech | **Business Park - City Fringe** | **Business Park - Rest of the Island**

Source: CBRE

13 Announced during the Singapore National Day Rally 2019

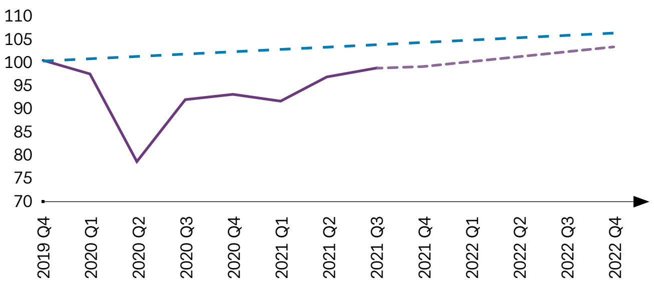
Independent Market Research

CBRE ECONOMIC OUTLOOK

The UK economy continued to recover in August 2021 following a small fall in GDP in July 2021, though headwinds such as supply bottlenecks and labour shortages are clearly weighing on output. Monthly real GDP grew by 0.4 per cent in August 2021, and 2.9 per cent in the three months to August 2021. Adjusting for the National Health Service (NHS) Test and Trace and vaccination programmes – which dragged down GDP by 0.3ppt –real monthly GDP grew by 0.7 per cent. This takes the UK economy to 0.8 per cent below its pre-pandemic (February 2020) level.

Most of the gain came from the 1.2 per cent increase in consumer-facing services, which flattened off in July 2021 following concerns around the pandemic that weighed on consumer confidence. While consumer confidence and services returned to a phase of recovery in August 2021, construction output fell for the second consecutive month in August 2021. The recent weakness in construction reflects, in part, delays in the availability of steel, concrete, timber and glass. By contrast, the manufacturing sector grew in August as the manufacturing of motor vehicles partially recovered from the global microchip shortage that has been heavily disrupting car production.

UK Real GDP, 2019 Q4 = 100

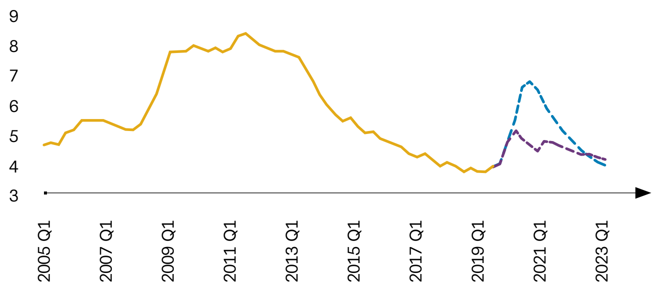


Actual | Oct-21 Forecast | Pre-Covid Forecast (Jan-20)
Source: ONS, Oxford Economics, CBRE Research

The labour market continues to recover. The number of payroll employees showed another monthly increase, up 207,000 to a record 29.2 million in September 2021, which is back to pre-pandemic levels. In the three months to August 2021, the employment rate increased by 0.5ppt to 75.3 per cent and the unemployment rate decreased by 0.4ppt to 4.5 per cent. In addition, the number of vacancies in the three months to September was a record high of 1.1 million, more than 300,000 above pre-pandemic levels.

The labour market mismatch is putting upward pressure on wages in some sectors. Headline average weekly earnings growth is inflated by base effects – comparing with depressed wages last year – and compositional effects where there has been a fall in the number and proportion of lower-paid employee jobs. Despite these effects, underlying wage growth is strong by recent historical standards. We remain optimistic that the end of the furlough scheme – which has seen somewhere between 1.1 to 1.5 million people return to the labour market– will ease reported labour shortages.

UK: International Labour Organisation (ILO) Unemployment Rate, %



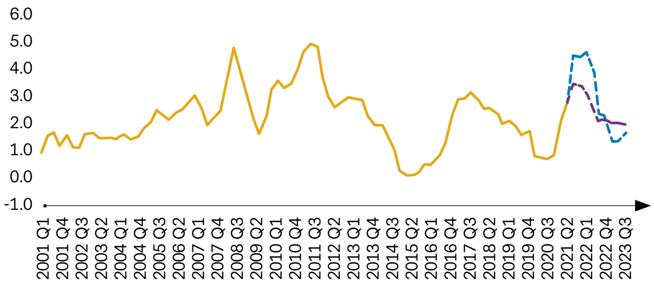
Actual | Jan-21 Forecast | Oct-21 Forecast
Source: ONS, Oxford Economics, CBRE Research

Inflation, which had been below the Bank of England's 2 per cent target for most of 2020 and into 2021 has jumped up to 3.2 per cent in August 2021. Much of the latest rise in inflation still reflects base effects from last year, though we have seen strong relative price changes in some items such as used cars and accommodation.

Looking ahead, we remain optimistic that the recovery will continue despite the headwinds. We are forecasting slower growth of 0.2 per cent in Q4 as high energy costs and supply shortages bite. However, UK GDP is still expected to grow by 6.9 per cent in 2021, and 5 per cent in 2022. Our base case is that inflation will rise above 4 per cent by year-end and will remain elevated throughout the first half of 2022 as producer prices and rising energy prices feed into consumer prices. However, our view is that inflation is transitory. As we move through the end of 2021 and into 2022 we expect demand to shift from goods to services, and for the worst supply bottlenecks and labour shortages to ease. Commodity prices tend to be mean-reverting, and we have already seen freight shipping costs fall back – with good shipping from China already half its peak.

Despite our optimism, there are risks to the outlook. A bout of persistent inflation will squeeze household disposable incomes and lower consumer confidence. There is also uncertainty around the labour market and the extent to which furloughed workers will be reabsorbed. The Bank of England has acknowledged the 'labour market puzzle' and there currently resides a split Monetary Policy Committee (the independent body responsible for setting interest rates), with some members of the committee arguing that the conditions for a rate rise have been met. Our view is that the Bank of England will vote against an interest rate rise in December 2021 while it pushes for further evidence on the state of the labour market, but that it will bring forward its first rate rise to the middle of next year. This is at odds with market pricing which is placing a 50 per cent chance of a rate rise in December of this year.

UK: Consumer Price Inflation (CPI), Annual Rate %



Actual | **Aug-21 Forecast** | **Oct-21 Forcast**
Source: ONS, Macrobond, CBRE Research

Long-term interest rates have drifted up from the very low levels seen at the height of the pandemic but remain low by historical standards. We expect that interest rates will continue to rise, reaching 1.4 per cent by end of 2022. We expect that this will have very little impact on prime property pricing.

In summary, despite the hard yards ahead for the UK economy, the most likely outcome remains that we emerge in the middle of next year with the economy continuing to grow, unemployment continuing to fall, and inflation elevated but under control. Nonetheless it is likely to be a bumpy couple of quarters.

THE FUTURE OF THE OFFICE

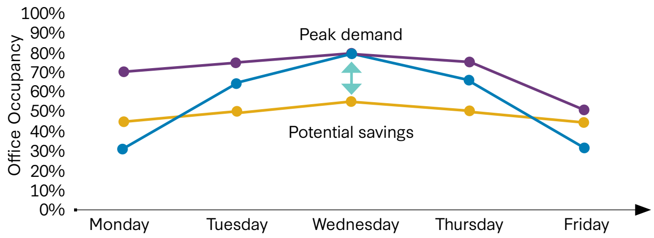
The ongoing Covid-19 pandemic and associated lockdowns have caused unprecedented disruption in the UK office market. Take-up across the South East office market fell to a record low (1.9 million sq ft) as occupiers held off on decision making and, in some cases, opted to renew leases on a short term basis. This wait-and-see approach has resulted in record low levels of demand and a major spike in office supply.

On the supply side, availability grew by 42% between March and December 2020. Despite this increase, supply remained in line with the 10-year average of 12.6 million sq ft. By way of comparison, Central London supply was flooded by sub-let availability resulting in a surge in secondhand availability (approximately 75% of Central London supply). Similarly in the South East secondhand availability dominates, accounting for 77% of all supply.

Most office-based employees have taken up working from home for the bulk, if not all, of the working week. This shift is expected to accelerate the pre-existing trend towards more flexible working. Based on a wide-ranging survey by the Confederation of British Industry, we estimate the average worker will work from the office 3.1 days a week in future - a step change from the average 4.3 days in 2019. Office occupiers will rationalise their footprints accordingly.

Just as offices have changed over time from cellular layouts to more open-plan layouts, occupiers have been seeking to use their space more efficiently – a shift that will now be accelerated. A side-effect of this change has been increasing densification of the office. However, it is expected that offices will de-densify to make room for more collaborative office use. Occupiers will also need to plan for peak occupancy given workers' propensity to favour working from home on Mondays and Fridays. The net effect of these factors, we predict, will be a 9% decrease in office occupancy (all other things held constant, including jobs growth). The UK property market is relatively inflexible and occupiers will not be able to apply changes immediately. As a result we expect the change to be phased in over the next three years.

The 'peak loading' effect of employee demand for desk space on total office occupancy



Pre-Covid | **Choice** | **Choice with Conditions** | **Peak Demand**
Source: CBRE Research

SOUTH EAST OFFICE MARKET

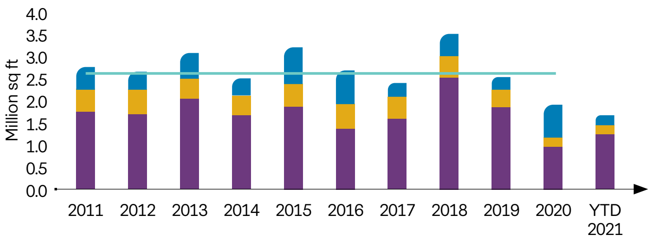
South East Office Market
The South East market is split into three distinct geographical areas: Thames Valley (which includes the Blackwater Valley market), M25 North and M25 South. The market currently has a stock of approximately 197.5 million sq ft, of which 46% is located in Thames Valley. The South East has attracted a mix of office occupiers in the last decade with a wide range of high-quality office space in both a town centre environment and some of the largest business parks in the UK.

Take-up & Demand
The 10-year average annual take-up totals 2.7 million sq ft. This figure was boosted by an above average year of take-up in 2018 when 3.7 million sq ft transacted, the highest level of take-up since 2007. In line with the rest of the UK, the South East office market felt the impact of the Covid-19 Pandemic as occupiers put decision making on hold.

Independent Market Research
United Kingdom

Although full year take-up for 2020 declined, it was less severe than expected at 1.9 million sq ft, 30% below the 10-year annual average. The Thames Valley and M25 North markets saw falls of 45% and 91% respectively while the M25 South market saw growth of 40% on the 10-year average.

South East Office Take-up



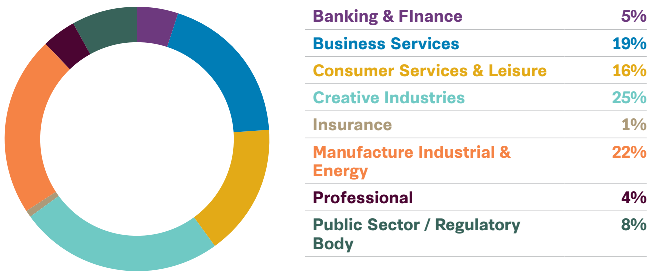
Thames Valley | M25 North | M25 South | 10 Year Average
Source: CBRE Research

However, the market has been relatively unaffected by economic uncertainty. A number of large corporates have chosen the South East market to focus on their long-term strategy, committing to 15 or 20 year leases despite Brexit concerns. These include Starbucks, KPMG and McLaren Technology Group. In addition, the largest deal in the last 10 years, which totalled 330,000 sq ft took place in 2020 despite the Covid-19 pandemic.

Creative industries have been responsible for the largest share of take-up in the last 10 years, accounting for 25% of all space let. The market has been a hub for creative and tech companies, such as Huawei, Virgin Media and ITC, with access to top universities, talent and transport links. Reading, Cambridge, Oxford and Milton Keynes all featured in the top 25 cities ranked in CBRE's tech cities report in 2019.

The manufacturing, industrial & energy sector have also been responsible for a large share of take-up since 2011, with two deals over 200,000 sq ft. These saw BMW take 305,100 sq ft in Farnborough in 2013 and UCB Pharma who acquire 245,000 sq ft in Windlesham in 2020. There has been a growing trend in recent years from Life Sciences companies such as IQVIA, Autolus and Vaccitech taking space across the market. Cambridge and Oxford have been key recipients of this.

South East Take-up By Sector 2011-2021



Source: CBRE Research

MARKET SUMMARY Q3 2021

Take-up

Take-up across the South East totalled 605,270 sq ft during Q3 2021, bringing the YTD total to 1.8 million sq ft. This is an increase of 27% over the first nine months of 2020 but remains a marginal 9% the 10-year average of 1.9 million sq ft. This is a positive sign for the market as take-up begins to pick up in line with the return to the office.

Take-up in all markets remained in line with or exceeded their five-year average. This was most noticeable in the M25 South market which saw an increase of 18% on the five-year average. Almost 40% of lettings transacted in new/ early marketed space, demonstrating the continued flight to quality.

In the first nine months of 2021 seven leasing transactions over 50,000 sq ft were completed, three of which were over 100,000 sq ft. The largest transaction saw Canon acquire 151,000 sq ft of newly completed space in Hayes at The Bower, Stockley Park.

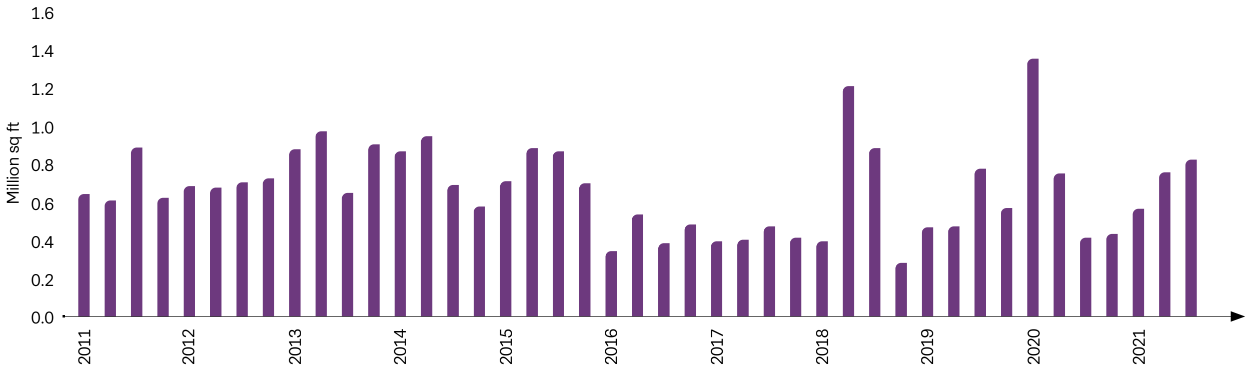
Of the total take-up, approximately 1.36 million sq ft was acquired in the Thames Valley market, accounting for 76% of all space transacted. The average deal size declined marginally over Q3 2021 to 23,000 sq ft.

Demand

A total of 820,500 sq ft of office space was under offer (deals which are under negotiation but not yet completed) across the market at the end of Q3 2021, an increase of 9% on the previous quarter and 97% on the same period in 2020. This is a positive indicator that the market is recovering as occupiers return to the office.

Under offers (space where an offer has been accepted but yet to complete) were the highest in the Thames Valley at 366,385 sq ft. This is comprised of 15 buildings, the largest being 53,000 sq ft at 1 Foundation Park, Roxborough Way, Maidenhead which is expected to be pre-let by Ultra Electronics. In the M25 South market, the Unilever Campus, totaling 200,000 sq ft remains

South East Space Under Offer (sq ft)



Source: CBRE Research

under offer. Despite a marginal decline, under offers in the M25 North were above 16% above the five-year average and 24% above the ten-year average.

Named active tenant demand (occupiers seeking office space) across the market totalled 2.4 million sq ft at the end of Q3 2021. Just over 50% of this is located in the Thames Valley, while 38% is in the M25 North and 11% in the M25 South.

Supply
Availability continued to increase across the South East. Despite falls in newly completed and new early marketed space over Q3, secondhand space increased a further 10% to 11.4 million sq ft, bringing total supply to 14.8 million sq ft.

The current vacancy rate for the South East office market sits at 7.5%. While this is the highest vacancy rate reached since 2012 when vacancy reached 8.0%, it remains below the dot.com crisis when vacancy increased to 9.4% or Global Financial Crisis when vacancy reached 8.6%. As such, we anticipate recovery following the pandemic to be much quicker than previous economic downturns.

Of total supply, 70% is currently located in the Thames Valley market. However, just 25% of that space is Grade A (2.7 million sq ft) which is 10% below the average. This is approximately 2.7 years' worth of supply in the market.

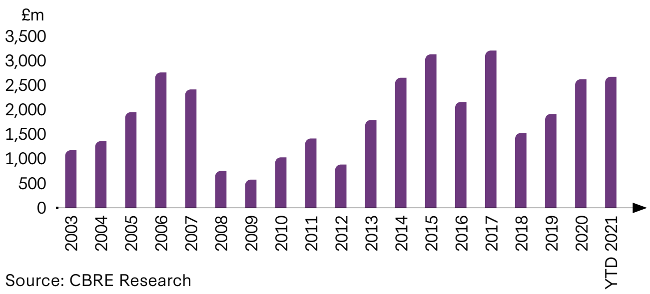
New space remains constrained and below the average by 12%. There is currently 1.4 million sq ft of office space under construction across 13 schemes. Of this, 25% is already pre-let. The largest speculative scheme is 3 Brent Cross Town, Brent Cross, where 224,000 sq ft will be delivered to the market in 2022.

Investment
YTD investment volumes for the South East amounted to £1.6 billion, in line with the first nine months of 2020 and outpacing the 10-year average by 12%. The two largest transactions took place in Cambridge during Q3 2021 as investors were attracted to technology and science parks.

Three transactions over £100 million were completed in 2021, the largest was the Mclaren Campus, Woking purchased by GlobalNet for £170 million.

Prime yields have remained stable at 5.5% whilst yields for secondary assets have continued to soften. Investors have targeted core plus assets in prime location which are characterised by strong occupational dynamics and transport links. Value add opportunities have been impacted by the rise in construction costs and the risk associated.

South East Investment



Source: CBRE Research

Prime Rents & Incentives
Prime rents in the South East were resilient during 2020 despite market uncertainty and generally remained stable with some increases. The prime rent in the Thames Valley market increased from £39.00 psf where it had been sat since 2017 to its current level of £42.00 psf in Q2 2021. In the M25 markets, prime rent currently sit at £38.50 psf in the North region (increasing from £35.00 psf in Q3 2021) and £36.75 psf in the South region.

Towns such as Oxford and Cambridge have attracted a premium on this for lab space which requires a higher level of fit out. West London towns such as White City and Ealing have also witnessed an uplift as Central London occupiers become more footloose.

Looking ahead, prime rents are forecast to see a compound annual growth rate of 3.6% between 2022 and 2026. The strongest growth will be seen in 2024 (3.3%), 2025 (4.5%) and 2026 (4.4%). Lack of new development contributes to this growth with occupiers willing to pay a premium for the best quality space. Prior to the pandemic, a typical rent free period on a five year lease term was 12 months. In order to maintain headline rents, this has now moved to 15 months on a five year lease term.

BLACKWATER VALLEY OFFICE MARKET

Market Overview

The core Blackwater Valley office market stretches along the M3 motorway and includes the major office sub-markets of Farnborough, Camberley, Fleet, Frimley, Aldershot and Hook.

Farnborough and Camberley both feature in the Blackwater Valley market although positioned under two separate local authorities: Rushmoor and Surrey Heath. Located approximately 30 miles from London, these towns are connected by the A325 as well as serviced by trainlines which run directly into London Waterloo. Farnborough airport is located just a 10 minute drive from the town centre, whilst Heathrow airport is located a 30 minute drive.

Over the past 10 years, a great deal of office stock in Camberley town centre has been lost to other uses. As a result out of town business parks have flourished in Camberley and Farnborough which has led to rental growth.

Demand & Take-up

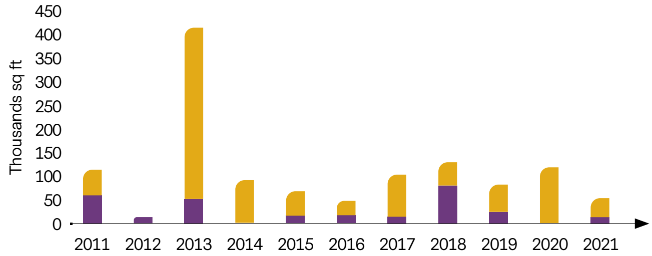
Due to the small size of the market, the Farnborough and Camberley office market is subject to demand fluctuations from year to year, and annual take-up may not be consistent through the years as a single large transaction will invariably skew take-up figures. While the annual long-term take-up average for this market is 123,700 sq ft, there are some years where little or no office space is exchanged (and in the case of Camberley, nothing is exchanged) followed by years with very large amounts of take-up.

A prime example of this is Farnborough take-up in 2013, when although only three deals were transacted, it was the strongest year on record.

Of the 16 deals transacted in Farnborough in the last five years, eight took place at Farnborough Aerospace Centre and a further seven at Farnborough Business Park. Together these account for 97% of space let demonstrating the demand for Business Parks in the market. A mix of tenants have been attracted to Farnborough, such as Fluor, Centreica, Zurich Insurance Company and Discover Financial Services.

There has been just 14 deals transacted in Camberley in the last 10 years totalling 282,500 sq ft. Of these, only one has taken place in town, reflecting the limited supply on offer to perspective occupiers.

Camberley & Farnborough Office Take-up



Camberley | Farnborough
Source: CBRE Research

Supply

The local authority of Rushmoor, which encompasses the Farnborough market, is bordered by the borough of Surrey Heath where Camberley lies. Together they have a combined office stock of 4.8 million sq ft. There is currently 420,000 sq ft available in units over 10,000 sq ft available in these boroughs (241,930 sq ft and 178,000 sq ft respectively). This produces a combined vacancy rate of 8.7%.

Prime Rents & Incentives

Prime rental values in Farnborough at the end of Q3 2021 stood at £29.00 psf. The market had seen significant increases in recent years following a period of stability during 2011-2014. However, with Covid-19 and subsequent lockdowns dramatically affecting demand, rent have been downgraded from £30.00 psf. However, we expect occupiers will continue to pay premiums for the best quality office space and this will return to pre-Covid levels in the next 12 months. Prior to the pandemic, occupiers could expect to received a rent free period of 12 months on a five year lease. In order to maintain headline rents, this has now moved to 15 months on a five year lease term.

BRACKNELL OFFICE MARKET

Market Overview

Bracknell is located 28 miles west from Central London, situated between junction 3 of the M23 and junction 10 of the M4. Historically the market has attracted occupiers from the creative industry sector, representing 44% of all space taken in the last 10 years.

Companies looking to move into Bracknell have often come from less established office locations, such as Wokingham, but where the increase in rent is not as substantial as would be paid in the prime M4 markets of Reading and Maidenhead.

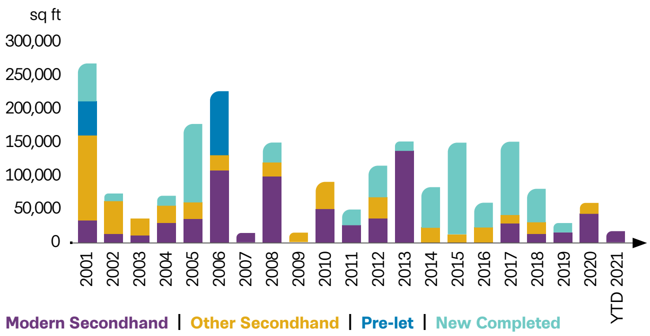
Demand & Take-up

Bracknell benefitted substantially from the technology boom of the 1990s and 2000s, however, since then annual take up reduced to the current ten-year annual average of 82,400 sq ft.

In recent times, office building Maxis, which completed in 2009, has been particularly successful in attracting occupiers. In 2017, four deals took place in the building which together totalled 110,280 sq ft. While many markets suffered during the Covid-19 pandemic, take-up in Bracknell remained resilient, finishing the year just 36% below the average. This was due to a significant letting by Eli Lilly, who acquired 42,480 sq ft at 8 Arlington Square West.

Just one deal took place in the first nine months of 2021. This took place at Maxis 1, where financial company Iri Investment Limited acquired 16,630 sq ft.

Bracknell Office Take-up



Source: CBRE Research

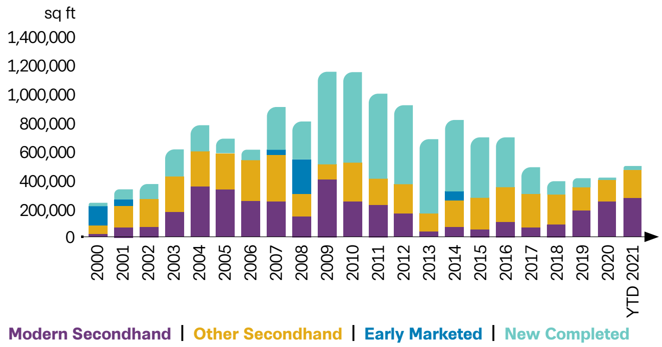
Supply

Current available supply over 10,000 sq ft stands at 503,660 sq ft, an increase on the end of 2020 by 20%. However, this remains below the ten-year average by 22% and below the peak in 2010 by 44%. Despite this small increase, ready to occupy space has in general been in a gradual decline since 2016.

Newly completed/ early marketed space has significantly declined in recent years, making up just 5% of supply with 27,000 sq ft available. The remaining supply is evenly split between secondhand modern and secondhand other. This bucks the trend of many of the other nearby office markets within the Thames Valley, where the majority of office space available is of older secondhand variety.

Space at the largest newly completed scheme, Greenwood, London Road, provides 16,660 sq ft of Grade A space. Meanwhile in the secondhand market there is 476,290 sq ft available across 14 buildings, the largest being Atrium Court where 100,760 sq ft is being marketed.

Bracknell Office Supply



Source: CBRE Research

Prime Rents & incentives

Prime rents in Bracknell have steadily increased since 2014 to the current level of £29.00 psf. Lack of supply is expected to drive prime rents in the market, which are forecast to reach £30.25 psf in 2025.

In Bracknell, rent free periods have moved from 12 months on a five year lease prior to the pandemic to currently be 15-18 months on a five year lease term.

WEST MIDLANDS BUSINESS PARK MARKET

Market Overview

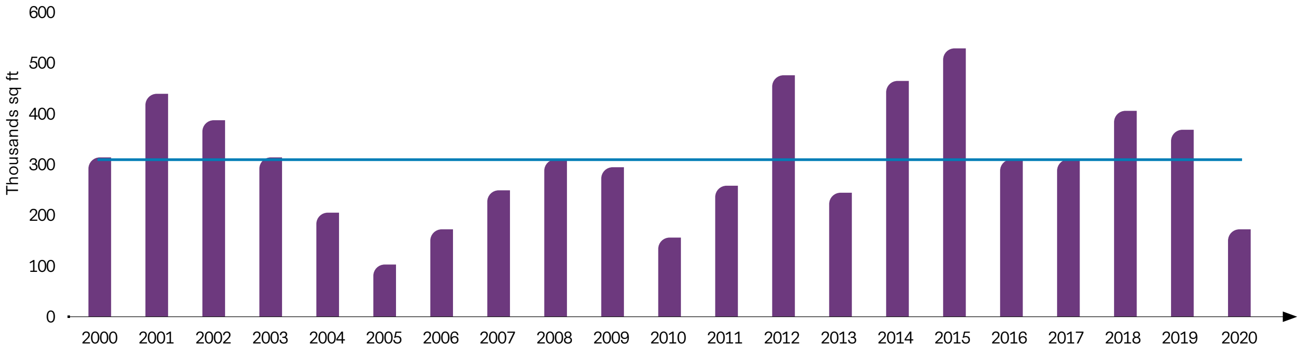
The West Midlands business park market has been predominantly based in the Birmingham Out of Town (OOT) and Solihull markets. Demand has historically been strong, often in line with or above the long term average. With the exception of 2010, take-up has consistently surpassed the rest of the UK average.

This was most notable in 2014 and 2015 when take-up exceeded the long term average (20-years) by 51% and 71% respectively. Following the Brexit referendum in 2016, take-up matched the long term average of 308,000 sq ft and once again increased in 2018. According to PMA, an estimated 172,000 sq ft transacted during 2020, with the challenges of Covid-19 limiting take-up across the UK. This is a fall of 53% compared with 2019 and the lowest take-up recorded since 2010.

Within Solihull, Birmingham BPk has been popular with occupiers, located just 1.5 miles from Birmingham Airport, Birmingham International train station and the Birmingham NEC. Tenants include tech companies EE, Canon, and Fujitsu as well as British Heart Foundation and Regus.

The quality of office space in Solihull varies greatly, with in town office stock mostly secondhand space built in the 1980s and 1990s, while business parks offer more modern secondhand space.

Birmingham OOT & Solihull Office Take-up



Source: PMA

Traditionally, the Solihull and Birmingham OOT market has been driven by the IT and Utilities sectors. National Grid and Npower lead the way for Utilities while Virgin Media have recently completed a five year plan to create 1,000 new positions in Solihull. Often occupiers choose this location in order to take advantage of high spec office space at a discounted price to city centre locations.

Supply

The Solihull and Birmingham OOT market have an estimated stock of 12.8 million sq ft, making it one of the larger out of town markets in the UK and compared to the Big Six OOT average of 12.3 million sq ft. Office supply in Solihull and Birmingham OOT totalled 535,000 sq ft at the end of 2020. While this was an increase of 23% year on year, the supply level remains 38% below the long-term average demonstrating a supply constrained market.

The increase over 2020 was accounted for by a number of secondary schemes coming back to the market including 20,000 sq ft Eagle Court, 20,000 sq ft at Spring House, Birmingham Business Park and 17,000 sq ft at Etna House, Sheldon.

Prior to the pandemic, available space fell to the lowest levels in nearly 20 years as medium sized floor plates were taken off the market arising from increased demand. A such, vacancy rate at the end of 2020 was 4.2%, below the 5.4% in the Big Six OOT market area. PMA estimate 164,000 sq ft of space is under construction in Solihull and Birmingham OOT are due to complete in 2021 and this equates to 1.3% of existing stock.

Prime Rents and incentives

Prime office rents in Solihull remained unchanged at the end of Q3 2021 at £26.00 psf. Rents grew to this level since the end of 2019 and have remained stable despite challenges from Covid-19 which has resulted in downwards pressure on rental levels in many markets. Despite prime rents declining from £20.00 psf to £19.00 psf post GFC, rents have been on an upwards trajectory since 2012.

It is likely that rents will remain stable and begin to grow in-line with a return to the efficacy of the national office and vaccine roll out as occupiers continue to pay a premium for the best quality space.

Birmingham OOT & Solihull Office Supply

Source: PMA

WEST MIDLANDS LOGISTICS MARKET

The logistics market has continued to flourish during 2021 reaching 31.6 million sq ft of take-up so far this year. Vacant UK logistics space has fallen to 7.1 million sq ft at the end of Q3, representing a record low vacancy rate of just 1.53%. Availability stands at 16.9 million sq ft suggesting that the supply is responding but struggling to keep up with demand. There has also been a shift towards speculative take-up due to immediate needs from occupiers rather than having to wait for bespoke space to be built. The lack of supply is becoming more and more acute as demand for logistics facilities is not showing signs of slowing down boosted by increases in online shopping and reinforcing of pressurised supply chains.

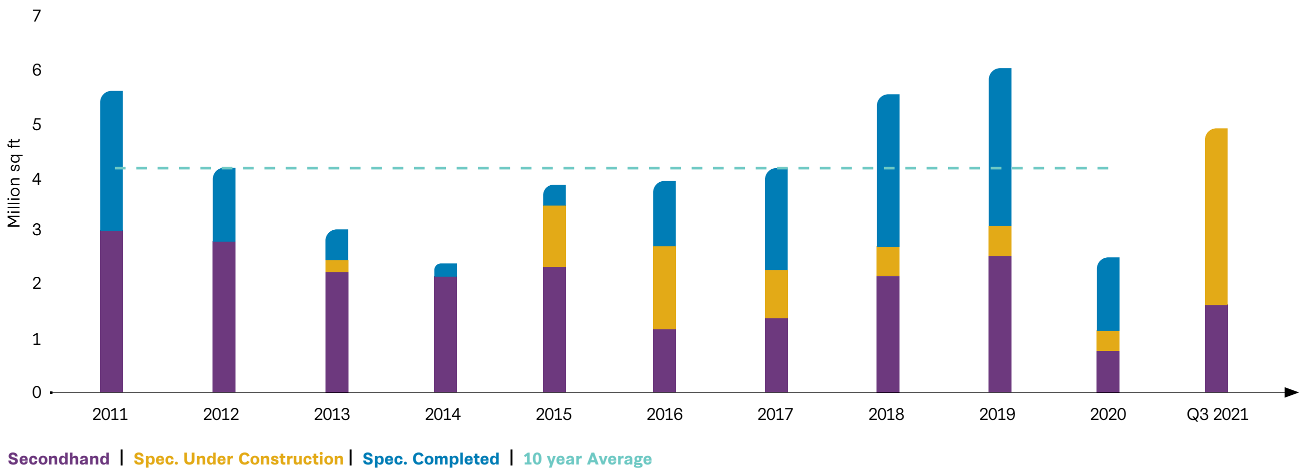
The West Midlands has seen take-up of 3.6 million sq ft, at a level similar to the first nine months of 2020 at 3.4 million sq ft. The region initially suffered considerably from the lockdown and social distancing restrictions from COVID-19 as the logistics occupier base is heavily focused on the manufacturing and automotive industries where assembly lines were closed. This year demand has shifted in the region, with the majority of space being taken by third party logistics providers and online retailers, a clear sign of the change in demand caused by the accelerated evolution of consumer shopping behaviours since the pandemic.

Much like the rest of the UK, availability in the West Midlands has seen an overall downward trend over the past 2 years, and, at the end of Q3 2021 there were 22 units being marketed totalling 4.9 million sq ft of space. However, the region is attracting investment in the form of speculative schemes that will complete in the following quarters, although even adding those speculative units, available supply would only last a few months considering take-up from the last 12 months.

As logistics prime rents across the UK have continued to soar, the West Midlands has seen big box logistics rents jump 10.4% from £6.85 per sq ft up to £7.25 per sq ft in the space of a year. Smaller units closer to Birmingham can achieve up to £8.50 per sq ft and are also under high upwards pressure. Q3 2021 saw several UK lettings exchanged where the rental level achieved for prime units was more than 20% above the quoted rent, setting a bench market for further prime rent increases in the near future.

Big box prime logistics yields in the region have further tightened to 3.85% during the third quarter of the year, following regular contractions over the past 18 months from the Q1 2020 level of 4.5%. CBRE's view is that prime logistics yields will remain low for the next three years.

West Midlands Logistics Availability Q3 2021



Source: CBRE

Enterprise-wide Risk Management

Enterprise-wide risk management ("ERM") is an integral part of the business strategy and activities of FLCT. The objective of enterprise-wide risk management is to identify key risks and put in place controls, and to allocate appropriate resources to proactively manage the identified risks. The Board of Directors is responsible for governing the overall risk strategy and ensuring that the Manager implements sound risk management and internal control practices. The Board of Directors is supported by the Audit, Risk and Compliance Committee ("ARCC"). The Manager maintains a risk management system to proactively manage risks to support the achievement of FLCT's business objectives.

The ERM framework covers key areas such as investment, financial management and operating activities. The risk exposures and potential mitigating measures are identified, and key risk indicators ("KRIs") are established to monitor risks. The KRIs are presented in the form of a report and reviewed by the Management and the ARCC on a regular basis. FLCT's risk tolerance statement and risk thresholds have been developed by the REIT Manager and reviewed and approved by the Board. The risk tolerance statement and thresholds set out the nature and extent of significant risks which the Manager is willing to take in achieving FLCT's strategic objectives. The risk tolerance statements are reviewed periodically.

An ERM validation exercise was held at the end of the financial year, where Management provided assurance to the ARCC that the system of risk management is adequate and effective as at the end of the financial year to address risks in key areas which are considered relevant and material to the operations and to assess the validity of the existing key risks and to review emerging risks.

KEY RISKS IN FY2021

Regulatory Risk

This refers to the likelihood of adverse changes in the economic, regulatory (including tax), social and political environment affecting business operations in the markets which FLCT operates in. In mitigating regulatory risks, the Manager has measures in place to monitor the markets closely, such as through engaging with local authorities and Frasers Property's offices in Australia and Europe (including the UK), and participating in industry events organised by professional, tax and legal professionals in the various jurisdictions where FLCT operates. The Manager also reviews expert opinions and market indicators to keep itself informed of significant changes. Operationally, the Manager practices prudent capital management to allow for sufficient available liquidity to buffer for potential adverse impact.

Interest Rate Risk

The Manager proactively manages interest rate risk by adopting a policy of fixing interest rates for a portion of its outstanding borrowings via the issuance of fixed rate notes, the use of derivative financial instruments or other suitable financial products. Interest rate derivative instruments are used for the purpose of hedging interest rate risk and managing the portfolio of fixed and floating rates. The Manager also monitors, on an ongoing basis, economic conditions and interest rate movements, and reviews its hedging strategy on an on-going basis.

Operational Risk

Operational risk refers to (i) increased market competition in attracting and retaining tenants, as well as changing customer requirements, and (ii) any unanticipated disruption impacting business continuity (e.g. outbreak of contagious diseases, natural disasters like flood and earthquake).

In mitigating these risk factors, the Manager maintains strong tenant relationships and understands their business and requirements with early engagement to secure lease renewals. Annual tenant surveys are carried out to measure tenant satisfaction. Other steps taken to mitigate these risk exposures include active asset management and maintaining properties to a high standard, as well as improving asset functionality and sustainability benefits.

The Manager has in place well-established standard operating procedures designed to identify, monitor, report and manage operational risks associated with the day-to-day management and operation of the REIT's properties. These include actively managing lease renewals and marketing of space to minimise rental voids, as well as actively monitoring and managing property expenses and rental arrears.

In mitigating the risks associated with an unanticipated and/or catastrophic events, insurance is put in place to mitigate the impacts of property damage and business disruption. The Manager also has in place property operating procedures and business continuity plans that enable the continuity and/or resumption of critical and time-sensitive business operations with minimal disruption. Such procedures and business continuity plans are also reviewed and tested regularly to ensure their continued relevance and effectiveness.

Funding and Liquidity Risks

The Manager actively manages FLCT's capital structure. The Manager ensures that the gearing of FLCT is maintained at a prudent level and adheres to the applicable aggregate leverage limit under the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and loan facility agreements (where applicable). Refinancing risk is also monitored, taking into account the maturity profile of debt facilities and available sources of funding. As far as possible, the maturities of debt facilities are spread out to mitigate re-financing risks in any single financial year. In addition, a suitable level of working capital is maintained to meet the requirements of the REIT's operations. The Manager also seeks to broaden its source of funding to ensure liquidity, fund capital expenditure requirements and investment opportunities as well as to refinance existing debt.

Credit Risk

Credit risk is the potential financial loss resulting from failure of tenants to fulfil their rent payment obligations. To mitigate credit risk, credit evaluations are performed on prospective tenants before the lease agreements are entered into. Credit risk is also mitigated by collecting security deposits or bankers' guarantees or corporate guarantees from tenants prior to the commencement of leases. Quarterly billing in advance for certain properties also reduces credit risk. Arrears by tenants are actively monitored and acted upon promptly.

Investment Risk

All investment proposals are evaluated against a comprehensive set of investment criteria and due diligence is carried out to mitigate potential investment risks. The evaluation process for all investment activities includes consideration of the location, macro-economic condition, quality of tenants, building condition and age, environmental impact, competitive landscape, investment return, long-term sustainability and growth potential.

Human Capital Risk

The Manager has in place a career planning and development system and conducts regular remuneration and benefits benchmarking to attract and retain appropriate talent for the business. Regular training and development opportunities are also provided to upgrade the skills of the staff. Organisational culture surveys are also deployed to measure employee engagement and sentiments.

Fraud Risk

Robust approval processes for purchasing and procurement and a whistle-blowing policy are in place to mitigate fraud risk. These are subject to regular internal audit reviews scheduled based on the internal audit work plans approved by the ARCC.

Foreign Currency Risk

FLCT is exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations, as FLCT's operations are currently in Australia, Germany, Singapore, the United Kingdom and the Netherlands where revenues are in the natural currency while distributions are declared in Singapore dollars. To mitigate this risk, FLCT has in place a policy to hedge Singapore dollar distributions to Unitholders for a period of six months forward on a rolling basis using mainly currency forwards for hedging actual underlying foreign exchange requirements in accordance with hedging limits set by the ARCC and the Board. There is a partial natural hedge on the investment in assets to the extent that related borrowings are in the same currency or if not, swapped to the currency if it results in lower financing costs. The net positions of the foreign exchange risk of investments in overseas assets are not hedged as such investments are long-term in nature.

Information Technology Risk

Digital disruption and the future of work that are enabled by digital technology offer new opportunities and challenges. The Group, of which the Manager is part of, builds digital capabilities and invests in new technologies to ensure our business is future-ready. To safeguard against the technology risks that come with digitalisation, a management sub-committee of Information Technology & Cybersecurity Committee was formed by Frasers Property to provide oversight on technology risks management. Groupwide policies, standards and procedures were established to govern the confidentiality, integrity and availability of business data and IT systems. Technology solutions were implemented to manage risk exposures such as cyber-attacks, phishing and malicious software such as ransomware. Incident management procedures and disaster recovery plans have been established to respond and recover from IT security incidents. Ongoing IT security training are provisioned for new and existing employees to institute awareness on evolving threats. External professional services are engaged to conduct proactive threat and vulnerability management.

Sustainability

Glossary

For ease of reading, the glossary below provides definitions of abbreviations that are frequently used throughout this report.

AS/NZS 4801	:	Australia/New Zealand Standard for Occupational Health & Safety
BBP	:	Better Buildings Partnership
BCA	:	Building and Construction Authority, Singapore
BREEAM	:	Building Research Establishment Environmental Assessment Method
ESG	:	Environmental, Social and Governance
GBCA	:	Green Building Council of Australia
GHG	:	Greenhouse Gas
GRESB	:	Global Real Estate Sustainability Benchmark
GRI	:	Global Reporting Initiative
ISO 14001	:	International Organisation for Standardisation (Environmental Management System)
ISO 18001	:	International Organisation for Standardisation (Occupational Health and Safety Management System)
ISO 45001	:	International Organisation for Standardisation (Occupational Health and Safety Management System)
ISO 50001	:	International Organisation for Standardisation (Energy Management System)
NABERS	:	National Australian Built Environment Rating System
NGOs	:	Non-governmental Organisations
PV	:	Photo-voltaic
SDG	:	Sustainable Development Goal
SGBC	:	Singapore Green Building Council
SSC	:	Sustainability Steering Committee
TAFEP	:	Tripartite Alliance for Fair and Progressive Employment Practices
TCFD	:	Task Force on Climate-related Financial Disclosures
UN	:	United Nations
UNEP	:	United Nations Environment Programme
UNGC	:	United Nations Global Compact
WELL	:	WELL Building Standard

Contents

115 Board Statement
116 The Year at A Glance
117 A Different Way
118 Managing Sustainability
122 Acting Progressively
127 Consuming Responsibly
134 Focusing on People
140 About This Report
141 Independent Assurance Statement
144 GRI Content Index

BOARD STATEMENT

While the COVID-19 pandemic continues to have far-reaching impacts on communities across the globe, it has contributed to a global pivot towards a more sustainable and inclusive way of doing business. There is unprecedented demand from investors and the public for companies to address environmental and social challenges in a strategic and impactful manner. FLCT's sustainability strategy, 'A Different Way', which is constructed on three focus areas – 'Acting Progressively', 'Consuming Responsibly' and 'Focusing on People', has enabled us to maintain a market-leading position in sustainability. Coupled with our resilient portfolio of logistics and commercial properties, we believe that FLCT is well-positioned to thrive in these evolving market conditions. We will continue to work closely with our customers and stakeholders, as well as our Sponsor, Frasers Property Limited, as we support the transition to a net zero carbon future.

In FY2021, we made significant progress against our short and long-term sustainability targets. In line with one of our Sponsor's key goals to carry out climate risk assessments and implement asset-level adaptation and mitigation plans with alignment to the Financial Stability Board's Task Force on Climate-related Financial Disclosure ("TCFD") framework by 2024, we have undertaken climate risk and climate 'value-at-risk' portfolio level assessments and have developed an action plan to address our key physical and transition risks. With this key first step, we are on track to achieve net zero carbon emissions across our portfolio by 2030. During the year, we achieved our short-term goal to structure new borrowings to be green- or sustainability-linked by FY2021, issuing our maiden sustainability notes of $150 million with a 7-year tenor, which were well supported by investors being three times subscribed. We endeavour to structure new borrowings in the form of green, sustainability and/or sustainability linked-loans, with such borrowings accounting for approximately 54% of FLCT's total borrowings as at 30 September 2021.

As a reflection of our continuous efforts to ensure our properties remain resource efficient, we continue to hold the highest Green Star Performance-rated industrial portfolio in Australia. We also continue to invest in our people and communities to ensure that they thrive alongside our business. As testament to our commitment and initiatives, we are pleased to have retained our 5-Star GRESB (Global Real Estate Sustainability Benchmark) rating with an improved score of 88 out of 100 in 2021 (from 87 in 2020), with the FLCT portfolio ranking 2nd out of 14 portfolios assessed under the 'Asia-Pacific, Diversified – Office/Industrial' category in this year's GRESB assessment.

To ensure that we are on track to achieve our goals and targets, the Board is supported by the Sponsor's Sustainability Steering Committee ("SSC"), together with the Sustainability Project Management Office, which supports the REIT Manager in driving the sustainability agenda within FLCT. The Board continues to provide strategic oversight of management and monitoring of FLCT's performance pertaining to sustainability.

This year, we have also voluntarily sought external data assurance on FLCT's sustainability-related information provided in this report, to ensure reliable data disclosure.

We thank you for your continuous support and invite you to read more about our progress in the fifth Sustainability Report.

Board of Directors
Frasers Logistics & Commercial Asset Management Pte. Ltd.
REIT Manager of Frasers Logistics & Commercial Trust

THE YEAR AT A GLANCE

ACTING PROGRESSIVELY

- Completed climate risk assessment on our portfolio based on 2°C and 4°C warming scenarios
- Issued maiden sustainability notes of $150 million with a 7-year tenor, which was three times subscribed
- Maintained 5-Star rating in the 2021 GRESB assessment, ranking 2nd out of 14 participants in the Asia-Pacific in the Diversified – Office/Industrial category
- Holds the highest Green Star Performance rated industrial portfolio in Australia
- 357 Collins Street achieved new NABERS Energy 6-Star (highest tier) and NABERS Water 5.5-Star certifications
- Central Park achieved the WELL Health-Safety rating
- Farnborough Business Park achieved the first 3-Star Fitwel commercial site certification in the world

CONSUMING RESPONSIBLY

- Developed a roadmap to achieve net zero carbon emissions by 2030, and in the process of setting interim carbon emissions targets
- Commenced implementation of a Responsible Sourcing Policy to address risks in our supply chain
- Reduced carbon emissions intensity by 10.5% for the logistics & industrial portfolio and 18.1% for the commercial portfolio from the FY2019 baseline
- 99% of Australian industrial assets retrofitted with high efficiency lighting
- 4,267 kW of solar panels have been installed to date, covering 42% of industrial properties in Australia by GLA

FOCUSING ON PEOPLE

- Women made up 11% and 50% of the Board of Directors and Senior Management respectively
- Achieved an average of 42 training hours per employee
- 98% of employees were trained in sustainability via a customised e-learning module
- Achieved zero incidents of injuries for employees
- The REIT Manager contributed over $22,000 to local communities through three community investment activities

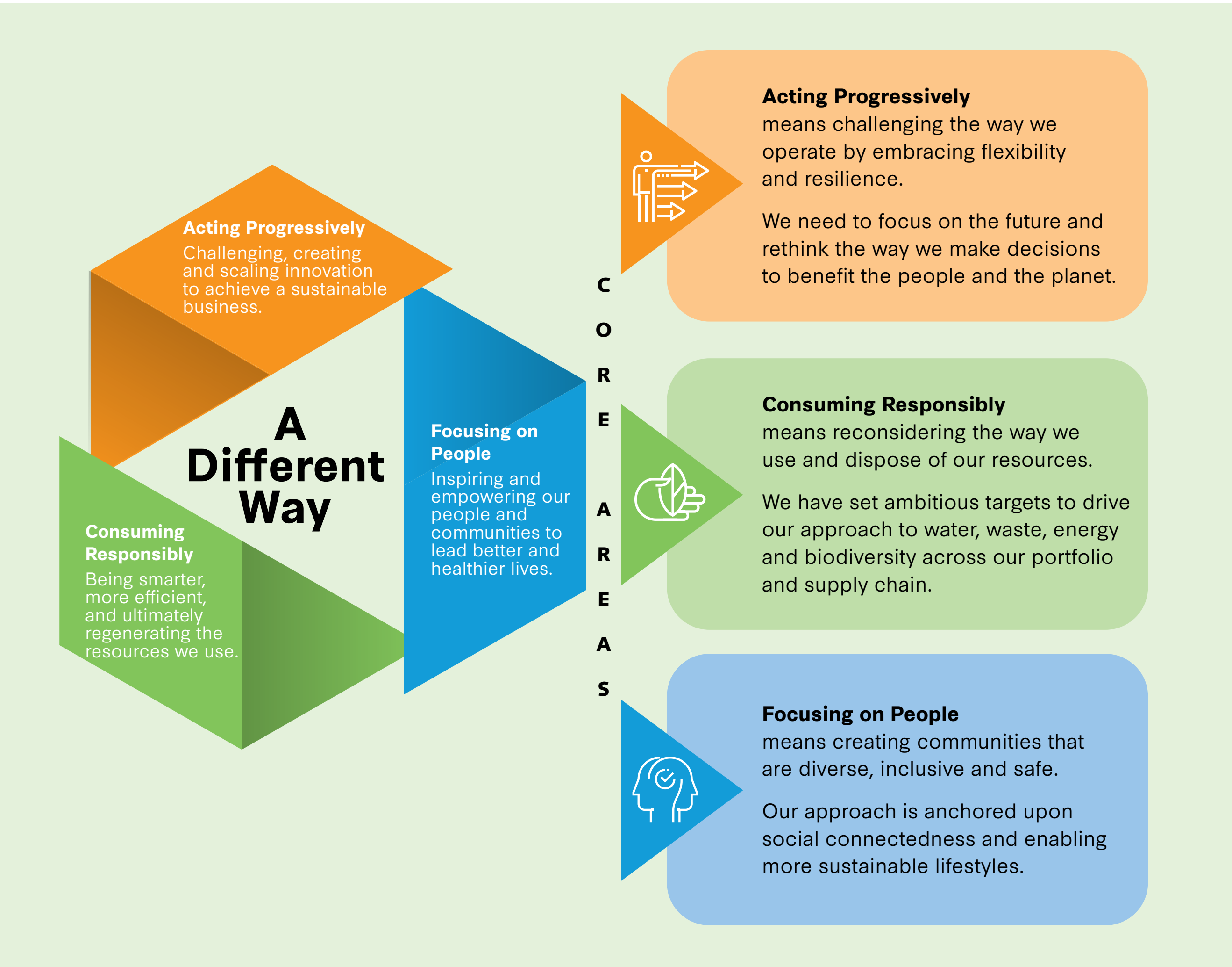
A DIFFERENT WAY

FLCT recognises the importance of addressing key global environmental and social issues. 'A Different Way' provides the overarching strategy that drives FLCT's approach by focusing on three core areas – Acting Progressively, Consuming Responsibly and Focusing on People. Not only do we see sustainability from risk lenses, we see it as an opportunity to enhance our resilience, provide better offerings to customers, and future-proof our business for the long term.

We are aligned with the Sponsor's five long-term goals established in 2020:

- To be net zero carbon corporation by 2050
- To be climate resilient and establish adaptation and mitigation plans by 2024
- To green-certify 80% of its owned and asset-management properties by 2024
- To finance a majority of its sustainable asset portfolios with green/sustainable financing by 2024
- To train all its employees on sustainability by 2021

We have established a sustainability roadmap with a clear action plan for FLCT to continue to lead the way and measure our sustainability performance[1], which includes a goal to achieve net zero carbon status by 2030.



1 Please visit https://www.frasersproperty.com/reits/flct/who-we-are/sustainability for a complete list of our targets

MANAGING SUSTAINABILITY

An effective governance structure is the key foundation on which we integrate sustainability into our investment processes and business operations. It also underpins the way we work and collaborate with our Sponsor on sustainability. Our sustainability agenda is driven by the Group Sustainability Steering Committee ("SSC"), comprising senior management personnel who meet six times a year to drive the sustainability strategy, review sustainability performance and approve action plans and policies to internalise the sustainability practices. This year, given its focus on Net Zero Carbon and Climate Risk & Resilience plans, our Sponsor also established a dedicated Advisory Group made up of senior management representatives from various corporate functions and representatives from business units across the Group, to support the SSC.

The SSC is supported by the Group Sustainability Team and the Project Management Office which are tasked to coordinate and implement these strategies at the Group level. The Project Management Office works closely with all business units within Frasers Property to develop their sustainability action plans and monitor their sustainability performance. For FLCT, a dedicated sustainability manager is also responsible for ensuring that the REIT's sustainability performance is on track to meet our goals.

STAKEHOLDER ENGAGEMENT

Stakeholder expectations and concerns evolve over time. It is important that we constantly engage with our stakeholders to identify the key material issues to facilitate continuous improvement in our operations to create a meaningful impact.

INDUSTRY ALIGNMENT

We believe in driving positive change in the real estate industry by sharing our knowledge and experience, especially on the topic of sustainability. As part of the Group, we actively engage with industry bodies on sustainability matters.

Memberships of Associations

- Member of the Singapore Green Building Council ("SGBC")
- Member of the Green Building Council of Australia ("GBCA")
- Member of the REIT Association of Singapore ("REITAS")
- Member of Securities Investors Association (Singapore) ("SIAS")
- Global Compact Network of Singapore ("GCNS")

Partnering for a Positive Impact

Launched by the GBCA in 2003, Green Star is Australia's largest voluntary sustainability rating system for buildings, fitouts and communities. We are pleased to share that Frasers Property Industrial Sustainability Manager Andrew Thai, who plays an active role in embedding the sustainability strategy in FLCT's industrial portfolio, was appointed to the Green Star Technical Advisory Group this year. Our continuing partnership with Green Star is a key step towards achieving our vision of creating long term sustainable assets that create value for our customers, improve their health and well-being and leave a positive legacy.

Endorsement and Participation in Sustainability Initiatives

- United Nations Global Compact ("UNGC") Principles
- United Nations Sustainable Development Goals ("SDGs")
- The Global Real Estate Sustainability Benchmark ("GRESB")
- CitySwitch Green Office Programme of Australia
- United Nations Women Empowerment Principles ("UNWEP")

Key Stakeholders
Tenants
Employees
Contractors/ Consultants/ Suppliers
Property managers
Unitholders and investor community
Local community
Regulators / Non-Governmental Organisations (NGOs)/ Industry bodies

Key Topics of Concern	Mode of Engagement	Frequency of Engagement and FY2021 Highlights
• Clean, safe and pleasant environment • Reliable and efficient buildings • Tenant engagement activities • Tenant satisfaction • Quality of facilities and services • Health and safety • Assisting with achieving our tenants' corporate social responsibility ("CSR") goals • Improving the energy and water efficiency of our properties	• Tenant engagement programs • Joint community programs with tenants • Tenant surveys • Tenant meetings	• Throughout the year, the REIT Manager (or through the property managers) actively engaged tenants • Conducted the annual tenant survey
• Friendly and safe working environment • Fair and competitive employment policies • Staff development • Health and safety • Business' impacts on the environment and society	• Performance appraisals • Team bonding activities • Orientation program for new staff • Communication via Frasers Property intranet and the Workplace platform • Training • Employee engagement activities • Environmental and Health & Safety awareness activities	• Twice a year • Throughout the year • Upon joining • Throughout the year • Throughout the year • Throughout the year • Throughout the year
• Health and safety • Business performance	• Bilateral communication with our contractors, suppliers, and consultants	• FLCT maintains regular interactions with contractors, consultants and suppliers as applicable
• Key performance indicators for property managers • Operational performance of the properties	• Regular meetings and discussions • Emails and phone calls	• Throughout the year • Throughout the year
• Sustainable distribution • Operational and financial performances • Business strategies and outlook • Timely and transparent reporting • Good corporate governance	• Local and overseas investor meetings, conferences, roadshows and property tours • Business update and results briefings for analysts and investors • Annual General Meetings • Website, announcements, management presentations, press release, webcasts of half-year and full-year results briefings • Bilateral communication, one-on-one meetings and site tours • ESG surveys	• Throughout the year, over 20 conferences, corporate days and roadshows were held, with FLCT engaging with approximately 560 institutional investors and over 500 retail investors. No property tours were conducted due to the COVID-19 pandemic • Participation in 2021 GRESB Real Estate Assessment with an improved score of 88, from 87 in 2020. Maintained 5-Star rating
• Build and nurture relationships with the wider community • Community investments • Business' impacts on the environment and society	• Social and community events and activities • Donations • Sustainability report	• Three community events involving employees of the REIT Manager • Once a year
• Government policies on SREITs or real estate sectors • Compliance with rules and regulations • Engagement with industry forums and trade associations • Corporate governance	• Meetings, briefings and consultations • Industry conferences and seminars and memberships in industry bodies such as REITAS • Participation in NGOs	• Throughout the year • Throughout the year • Throughout the year

MATERIALITY ASSESSMENT

Our material topics are regularly reviewed to ensure relevance to the business and stakeholders. With reference to a survey conducted by our Sponsor across internal and external stakeholders to understand their views on its material ESG topics, our material topics are similar to our Sponsor's and continue to remain relevant. This table shows where significant impacts occur for each of our material topics and where we have caused or contributed to the impacts through our business relationships.

Sustainability Pillars	Focus Area	What it means to FLCT
Acting Progressively	**Risk-based Management**	We must maintain high standards of integrity, accountability and responsible governance and comply with the relevant laws and regulations to earn the trust of our stakeholders.
	Responsible Investment	Achieving long-term value is a priority for the REIT and hence it is critical to ensure the sustainable growth of FLCT's economic performance.
	Resilient Properties	The industry is changing rapidly. We need to be flexible and resilient in the way we operate. We need to build our properties' resilience to better face future challenges and grow our business.
	Innovation	Fostering an innovation culture that creates value and strengthens our competitive edge. Deliver added value to our tenants through innovative solutions.
Consuming Responsibly	**Energy & Carbon**	Energy consumption in the building sector is one of the largest sources of energy usage around the world. We endeavour to improve overall energy performance for our properties and proactively work with our tenants to help them manage the properties' energy consumption.
	Water	Water is a scarce resource. We strive to optimise water usage at our properties and to work with tenants to conserve water, where possible.
Focusing on People	**Diversity, Equity & Inclusion**	Empowering and promoting the social inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status.
	Skills & Leadership	It is paramount that the REIT Manager has the capacity to manage and expand FLCT's portfolio to create value for our stakeholders. We seek to attract, develop and retain a workforce with diverse skills and knowledge that forms the cornerstone of our success.
	Health & Well-being	As landlords, our priority is to create places where people feel comfortable, safe and enhances their well-being. We ensure that our employees, suppliers, contractors, and tenants have a safe working environment.
	Community Connectedness	Through our properties, we have the potential to create significant positive impacts in the communities in which we operate. We endeavour to run a business that responds to our communities' needs.

Material Topics & GRI Indicators	Boundaries	Corresponding UN SDGs
• Environmental compliance (GRI 307) • Anti-corruption (GRI 205) • Marketing and labelling (GRI 417)	FLCT, Contractors, Suppliers Customers and Tenants	8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS
• Economic performance (GRI 201)	FLCT	
• Economic performance (GRI 201)	FLCT, Contractors, Customers and Tenants	
• Economic performance (GRI 201)	FLCT, Customers and Tenants	
• Energy (GRI 302) • Emissions (GRI 305)	FLCT, Customers and Tenants	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION
• Water (GRI 303)	FLCT, Customers and Tenants	
• Labour/management relations (GRI 402)	FLCT	3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS
• Employment (GRI 401) • Training and education (GRI 404)	FLCT	
• Occupational health and safety (GRI 403)	FLCT, Contractors, Suppliers, and Tenants	
• Local communities (GRI 413)	FLCT, Government, NGOs and Local communities	

ACTING PROGRESSIVELY

We are committed to creating long-term value for our portfolio, integrating environmental, social and governance considerations into our business decisions. This helps us build resilience and holistically manage risks associated with our business to continue to lead the way in the real estate industry. Our culture of strong corporate governance is underpinned by a robust framework of policies and a progressive mindset.

OUR APPROACH

- Establish policies to guide and manage our approach to achieve our business and sustainability objectives
- Adopt green building certifications and responsible investment practices
- Cultivate a culture that supports innovation

OUR PROGRESS

Focus Area	Our Goals	Our Progress in FY2021	Status[2]
Risk-based Management	• Establish holistic overarching internal policies to govern and guide management of the focus areas	• Review and adoption of the Group Responsible Sourcing Policy (see Materials & Supply Chain)	On Track
Responsible Investment	• Achieve green certification for at least 80% of the industrial portfolio by FY2024 • Achieve at least an average 4-Star Green Star Performance as assessed by the GBCA for the Australian industrial portfolio by 2021	• FLCT has the highest Green Star Performance rated industrial portfolio in Australia with an average of 4-Star across its Australian industrial portfolio • In the process of obtaining BREEAM In-Use certification for five of our Dutch assets and 15 of our German assets	On Track
	• Achieve at least BCA Green Mark Gold Certifications for all commercial assets in Singapore by FY2024	• Green Mark recertification underway for Alexandra Technopark	On Track
	• Achieve green certification for at least 80% of the commercial portfolio by FY2024	• Maintained 5-Star rating in the 2021 GRESB Assessment, ranking 2nd out of 14 participants in the Asia-Pacific in the Diversified – Office/ Industrial category • Maxis Busines Park achieved BREEAM In-Use: "Excellent" ratings	On Track
	• Endeavour to continue structuring new borrowings in the form of sustainability linked-loans/bonds or green loans/bonds in FY2021	• Established a sustainable finance framework in July 2021 • Issued maiden sustainability notes of $150 million with a 7-year tenor, which were three times subscribed • 54% of FLCT's total borrowings as at 30 September 2021 are in the form of green, sustainable and/or sustainability-linked financing	On Track
Resilient Properties	• Carry out climate risk assessments and implement asset-level adaptation and mitigation plans aligned to the Task Force on Climate-related Disclosures framework by 2024	• Completed a climate risk and climate 'value-at-risk' portfolio-level assessment of our portfolio and will be developing an action plan to address and mitigate key physical and transition risks	On Track
	• Update Resilience Policy and Framework to align with TCFD recommendations by 31 December 2020	• Aim to update Resilience Policy and Framework in FY2022	In Progress
	• Foster an innovation culture to create value for all by 2030	• Continue to embrace design thinking as a tool to spur innovation. • Three employees within the REIT Manager have been trained as Innovation Champions	On Track

2. On track: Target is either achieved or is on track to be achieved on time. In progress: Target is delayed but progress is still being made and could still be achievable on time. Not on track: Target is delayed to the point that it is unlikely that it will be achieved on time

RISK-BASED MANAGEMENT

We believe that strong corporate governance and high standards of integrity extend beyond compliance to laws and regulations. We strive to uphold fair and ethical business conduct and have zero tolerance for corruption and fraud, to strengthen the trust and confidence of all our stakeholders. We uphold a high level of accountability and responsibility and adhere to, among others, the following corporate policies:

- Anti-bribery Policy
- Board Diversity Policy
- Code of Business Conduct
- Competition Act Compliance
- Complaints/Feedback Handling Policy
- Policy for Continuing Education of Capital Markets Services Representatives
- Corporate Social Responsibility Policy
- Documents Management and Retention Policy
- Diversity & Inclusion Policy
- Investor Relations Policy
- Personal Data Protection Policy
- Personal Data Breach Incident Management Policy
- Policy for Disclosure and Approval of Purchase of Property Projects
- Policy for Investment Management
- Policy for Prevention of Money Laundering and Countering of Financing of Terrorism
- Policy on Dealings in Units of Frasers Logistics & Commercial Trust and Reporting Procedure
- Procurement Policy
- Responsible Sourcing Policy
- Treasury & Hedging Policy
- Valuation Policy
- Whistle-blowing Policy

A robust internal audit process, led by the Sponsor's internal audit function, has been established to conduct independent appraisal and assurance of the adequacy and effectiveness of the REIT Manager's existing processes and controls, risk management and corporate governance.[3] We have also worked closely with our Sponsor's Group Risk and Group Sustainability teams to integrate environment, social and governance risks into our risk management process and business operations. As part of our commitment to good corporate governance, we have been a signatory to the annual Corporate Governance Statement of Support initiated by SIAS since FLCT's listing in 2016.

During the year, FLCT did not record any significant breaches of laws and regulations in relation to the environment, bribery and corruption, or industry codes in relation to marketing communications. Our objective is to take progressive steps to minimise non-compliance incidents and breaches and work together with stakeholders to ensure appropriate precautions are taken throughout our value chain. We endeavour to maintain our performance in FY2022.

To ensure the reliability of our data disclosure and processes in the publication of this year's sustainability report, we have sought independent assurance of the report. Our assurance is carried out by Ere-S Pte Ltd with the engagement conducted under a limited level of assurance according to the International Standard on Assurance Engagements 3000 (ISAE 3000) guidelines. Please refer to Page 139 for more information on the results of the assurance.

As recognition of our good corporate governance and disclosure practices, FLCT was ranked 6th out of 43 in the Singapore Governance and Transparency Index 2021 (REIT and Business Trust category), an improvement from 11th in 2020. FLCT also received the runner-up award at the SIAS Singapore Corporate Governance Award 2021, REITs & Business Trusts Category in October 2021.

3 Please refer to page 181 of this Annual Report for more information on internal audit

RESPONSIBLE INVESTMENT

FLCT is committed to making sound investment decisions to improve the social and environmental performance of our properties, in order to meet climate objectives and investors' evolving expectations. As one of the largest REITs listed on the Singapore Exchange, we believe that our integration of ESG factors into our business strategy not only demonstrates our commitment to a green future, but also brings sustainable commercial benefits to our properties, which will contribute to long-term value for our stakeholders. Where possible, our logistics and industrial as well as commercial properties are certified to various recognised green building certifications such as Green Mark and Water Efficient Building in Singapore, Green Star and/or NABERS in Australia, BREEAM in Germany, the Netherlands and the UK. This year, we met our goals to achieve at least an average 4-Star Green Star Performance portfolio for the whole logistics and industrial portfolio in Australia and look to continue structuring new borrowings in the form of sustainability- or green-linked loans or bonds. We also took steps towards meeting our goal of achieving green certification for 80% of our industrial and commercial portfolio by GFA by FY2024.

Our Green Portfolio

As a result of ongoing efforts to maximise the operational performance of our properties, FLCT yet again achieved a 4-Star Green Star Performance portfolio rating from the GBCA based on an assessment of our Australian industrial portfolio. Key contributions included our initiatives to improve the water and energy efficiency of our assets, implement indoor air quality testing and incorporate solar energy. We continue to have the highest Green Star Performance rated industrial portfolio in Australia.

In FY2021, several of our properties in Australia maintained their NABERS ratings, with 357 Collins Street achieving new NABERS Energy 6-Star and NABERS Water 5.5-Star certification. In the UK, we certified Maxis Business Park with BREEAM In Use 'Excellent' ratings, building upon the BREEAM 'Very Good' ratings achieved at construction in 2008. In September 2021, we also achieved a 3-Star Fitwel rating for Farnborough Business Park – the first 3-Star Fitwel commercial site certification in the world.

This year, we started the process of obtaining BREEAM In-Use certification for our Dutch portfolio and 15 of our assets in Germany. This is the first time we have assessed these assets under BREEAM and, informed by our ratings and the certification process, we will strive to optimise efficiencies and enhance future portfolio performance. Our commercial properties in Singapore received GreenDNA certifications from the non-profit organisation, Singapore Environmental Council, in recognition of their initiatives to reduce carbon footprint and promote sustainable consumption and production.

As part of our effort to optimise operational performance, we have also commissioned upgrading works in selected assets this year. We commenced capital upgrading works for our 286 Queensport Road, North Murarrie, Queensland property to equip it with a new air-conditioning plant, height safety equipment and roofing. We also began a façade enhancement initiative at Central Park, a premium-grade, 51-storey office tower in the heart of Perth's CBD. This will involve the replacement and recycling of the existing building cladding, as well as the enhancement of its illumination using energy-efficient lighting.

FLCT Portfolio Green Certification Status (by GFA)

Certified or pursuing certification	83%
Not Certified	17%

greenstar

Industrial

Australia

Green Star Industrial Design & As-built with 6 stars:
- CEVA, 1 Doriemus Drive, Truganina, Victoria
- OI Glass 143 Pearson Road, Yatala, Queensland
- Survitec and Phoenix, 2 Burilda Close, Wetherill Park, New South Wales
- Nick Scali and Plastic Bottles, 3 Burilda Close, Wetherill Park, New South Wales
- CEVA, 43 Efficient Drive, West Park, Victoria
- Martin Brower, 1 Burilda Close, Wetherill Park, New South Wales
- Astral Pool, 111 Indian Drive, Keysborough, Victoria

Australia

Green Star Industrial Design & As-built with 5 stars:
- DB Schenker, 4 – 8 Kangaroo Avenue, Eastern Creek, New South Wales
- Tyres for U, 150-168 Atlantic Drive, Keysborough, Victoria
- Mazda, 211A Wellington Road, Mulgrave, Victoria
- Miele, 77-89 Atlantic Drive, Keysborough, Victoria
- Stanley Black and Decker, 29 Indian Drive, Keysborough, Victoria
- Clifford Hallam Healthcare, 17 Hudson Court, Keysborough, Victoria
- Beaulieu Carpets, 166 Person Road, Yatala, Queensland
- National Tiles and Paccar, 103-131 Wayne Goss Drive, Berrinba, Queensland
- Avery Dennison and CTI Logistics, 29-51 Wayne Goss Drive, Berrinba, Queensland
- Danna, Pinnacle & Licensing, 8-28 Hudson Court, Keysborough, Victoria
- FDM Warehousing & Spec – 2 Hanson Place, New South Wales
- Bluestar (Braeside & Spec) – 75-79 Canterbury Road, Victoria

Commercial

Singapore
- Cross Street Exchange
  - Green Mark Gold^{PLUS} Award, BCA
  - Water Efficient Building, PUB
  - Accredited under GreenDNA and Project: Eco Office
- Alexandra Technopark
  - Water Efficient Building, PUB
  - Accredited under GreenDNA and Project: Eco Office
  - Green Mark recertification was not completed in 2021 but is underway

Australia
- Central Park
  - WELL Health-Safety Rating
  - First commercial building to achieve 4.5-Star NABERS Energy rating
  - First premium office building in Perth to attain a 5.0-Star NABERS Energy base building rating
  - 4.5-Star NABERS Water rating
  - 4.5-Star NABERS Indoor Environment base building rating
- Caroline Chrisholm Centre
  - 5.0-Star NABERS Energy base building rating
  - 5.0-Star NABERS Indoor Environment base building rating
  - 5.5-Star NABERS Water rating
- 357 Collins Street
  - 6.0-Star NABERS Energy base building rating (with green power)
  - 5.5-Star NABERS Water rating
  - 5.0-Star NABERS Indoor Environment rating

United Kingdom
- Farnborough Business Park
  - BREEAM New Construction: "Very Good" ratings for three buildings
  - BREEAM In-Use: "Excellent/Very Good" ratings for eight buildings
  - Green Flag Award®, Ministry of Housing, Communities & Local Government
  - 3-Star Fitwel rating – first 3 Star commercial site certification in the world
- Maxis Business Park

  For both buildings in the development:
  - BREEAM New Construction: "Very Good" ratings
  - BREEAM In Use: "Excellent" ratings

Our Sustainable Finance Framework
FLCT is committed to developing sustainable financing practices that are in line with international standards and guidelines and intends to actively leverage on sustainable financing opportunities to achieve its sustainability goals. This year, we established our Sustainable Finance Framework as a key step towards our target of achieving net zero carbon emissions by 2030. In July 2021, we priced $150 million of our maiden sustainability notes to be issued under the Framework – the first sustainability notes to be priced in the SGD bond market. Underpinned by exceptionally strong demand from institutional investors, the issuance was three times subscribed, with the final orderbook in excess of $450 million. As at 30 September 2021, green and sustainable financing accounts for approximately 54% of FLCT's total borrowings.

GRESB 2021
Each year, GRESB assesses and benchmarks the ESG performance of real assets worldwide and monitors progress towards global sustainability goals. GRESB's assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real asset investments and are aligned with international reporting frameworks, goals and emerging regulations. We are pleased to announce that we maintained our 5-Star GRESB rating this year, achieving an overall score of 88 points out of 100, up from 87 points last year. We ranked 2nd of 14 in Asia-Pacific under the Diversified – Office/Industrial category.

RESILIENT PROPERTIES

We recognise that climate risks must be treated and managed as financial risks. Cognisant of this, investors have also started to demand that businesses integrate climate-related considerations and opportunities into financial risk management processes. A critical understanding of the likelihood and consequences of future climate events will help us to develop a strategic and systematic response to enhance the resilience of our properties.

Our Sponsor has started to align its climate-related disclosures with TCFD recommendations since 2019, and further declared support for the TCFD and its recommendations in May 2021. As part of our Sponsor's commitment to manage its climate risks, it has set a goal last year to carry out climate risk assessments and implement asset-level adaptation and mitigation plans with alignment to the TCFD framework by 2024. It has also started assessing climate risks material to its business in a phased approach. This year, FLCT made significant progress towards this goal by completing a climate risk assessment and scenario analysis from temperature rises (below 2°C scenario: RCP 2.6 and below 4°C scenario: RCP 8.5). An action plan will be developed based on the assessment findings to address and mitigate physical and transition risks that are key to our business.

This year, Frasers Property UK ("FPUK"), which supports our management of our commercial and industrial portfolio in the UK, also performed a climate risk assessment and launched a roadmap to achieving net zero carbon across its portfolio by 2050 and across all landlord-controlled areas by 2030. FPUK has targeted to deliver a 61% reduction in Scope 1 and Scope 2 carbon emissions by 2030, and a 46% reduction in Scope 3 carbon emissions by 2030 by taking steps such as phasing out gas in new developments, installing rooftop solar photovoltaics and greening the supply chain.

INNOVATION

Our design and technological capabilities help us create new value and differentiate ourselves as an employer of choice. We also strive to foster a culture of innovation, and take tangible steps to bring progressive ideas to the forefront and strengthen our capacity to innovate.

In the past two years, our Sponsor has been introducing design thinking tools to all employees, with staff from Australia also being trained to be innovation champions. These employee, while not being direct employees of the REIT Manager, assist to facilitate design thinking projects related to the management of our properties. One such example of this is 'DASH', a programme introduced in Australia to encourage innovation by crowd-sourcing ideas from our employees on real challenges for our organisation and customers via a monthly problem statement. For instance, a challenge that was mooted under DASH was to create more meaningful moments for our industrial tenants in our interactions with them. In the UK, the FPUK team which supports the management of our UK commercial and industrial properties also participated in a series of design thinking workshops to learn effective online collaboration tactics while working remotely.

CONSUMING RESPONSIBLY

We recognise the critical role we play as a property owner in reducing environmental impacts in our value chain and driving responsible consumption and production. In our effort to achieve net zero carbon emissions by 2030, we are making conscious decisions that will positively impact our carbon footprint. With an eye on evolving stakeholder needs and expectations, we constantly engage and collaborate with our tenants to help them meet their own environmental goals.

OUR APPROACH

- Establish policies that provides the framework to sustainable business operations and manage use of resources efficiently
- Engage with tenants and customers to increase awareness and promote responsible consumption
- Implement asset enhancement initiatives and energy, water and waste audits and improvement plans

OUR PROGRESS

Focus Area	Our Goals	Our Progress in FY2021	Status
Energy & Carbon	• Be net zero carbon in operations from 2030	• Developed roadmap to achieve net zero carbon emissions by 2030, including setting interim carbon emissions targets	On Track
	• Retrofit 90% of Australian industrial assets with high-efficiency lighting by 2021	• 99% of our Australian industrial assets have been retrofitted with high efficiency lighting	On Track
	• Develop carbon offset offerings for tenants through partnerships by 2020	• The initiative is on-going. Progress has been impacted by the COVID-19 pandemic	In Progress
	• Provide onsite renewable energy for 60% of our Australian investment assets by 2021	• 4,267 kW of solar panels have been installed to date, covering 42% of industrial properties in Australia by GLA	In Progress
Water	• Implement water saving recommendations from water audits for our three most water intensive investment assets by 2021	• Conducted four water audits at four industrial properties and started the process of engaging with the top three most water intensive tenants for improvement plans	In Progress
	• Achieve 20% water usage intensity reduction by 2030 from a baseline of 2015, and establish interim targets by FY2021 for Singapore assets	• Achieved at least 55% reduction in potable water demand for all new projects in Australia using the Green Star benchmark • All commercial buildings in Singapore and certified Water Efficient Buildings	On Track
Waste	• Develop a general waste and recycling program, a partnership with tenants under the green lease initiative in Singapore	• Reduction in waste generated in our commercial properties by 1.7% compared to FY2020 • Commercial properties in Singapore collected 737 kilograms of electronic waste for recycling	In Progress
Materials & Supply Chain	• Create a responsible sourcing policy and implement it by start of 2021	• Adopted and implemented Group Responsible Sourcing Policy • Frasers Property Australia, Frasers Property Industrial Australia and FLT Australia Trust jointly published their first Modern Slavery Statement and assessed 70 key suppliers via supplier questionnaire	On Track

2. On track: Target is either achieved or is on track to be achieved on time. In progress: Target is delayed but progress is still being made and could still be achievable on time. Not on track: Target is delayed to the point that it is unlikely that it will be achieved on time

ENERGY AND CARBON

The building and construction industry accounts for 39% of global energy-related carbon emissions. As a REIT Manager with a diverse geographical footprint, we strive to improve the energy efficiency of our properties through continuous upgrades and use renewable energy wherever possible.

Industrial Properties[4]

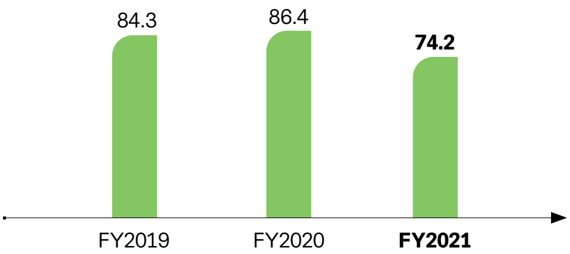
Our industrial properties in Australia and Europe are operated by the tenants. In Australia, although we have little control over our tenants' energy management, we proactively support and engage them to improve on their energy consumption. We capture and analyse 75 out of 76 Australian tenants' electricity usage and 100% of their gas usage in FY21. Using the data, we have been able to provide practical assistance in improving their energy consumption behaviours. In Europe, we started data collection from our tenants and look forward to improving our data coverage, which currently stands at 15 out of 35 properties.

We also continuously seek for ways to improve the energy efficiency of our properties while reducing reliance on non-renewable energy sources. To date, 4,267 kW of solar panels have been installed in our industrial properties in Australia, covering 42% by GLA. We have also successfully upgraded 99% of lights to high-efficiency lighting, an outcome of our commitment to progressively decarbonise our operations. During the financial year, 4.63 GWh of renewable energy from on-site solar photovoltaics ("PV") were generated in our industrial properties in these two regions. In Europe, 1,866 kW of solar panels were also installed in our properties.

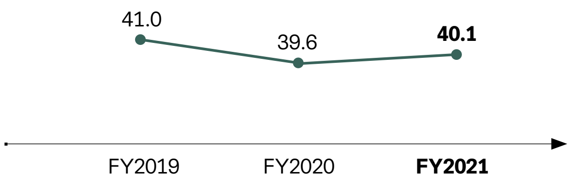
In FY2021, total energy consumption comprising both electricity and fuel consumption for our industrial properties was 96.4 GWh – a reduction of 10.9% compared to FY2020, due mainly to the divestment of a number of properties in Australia during the year. Total energy intensity rose by 1.4% to 52.5 kWh/m^2 as the industrial properties continued to operate actively during the pandemic period. Accordingly, our Scope 3 GHG emissions intensity from tenants' energy use increased by 0.5% to 28.4 kgCO$_2$e/m^2.

We also collect other Scope 3 GHG emissions not related to electrical and gas use[5] by our Australian industrial tenants every year, which totalled 5,232 tCO$_2$e in FY2021 – a 20.6% Y-o-Y decrease. This is also attributable to the divestments completed during the year. Intensity dropped correspondingly to 3.8 kgCO$_2$e/m^2, or a 4.0% Y-o-Y increase.

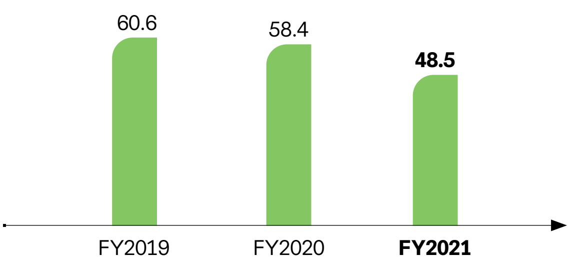
Electricity Consumption (GWh)



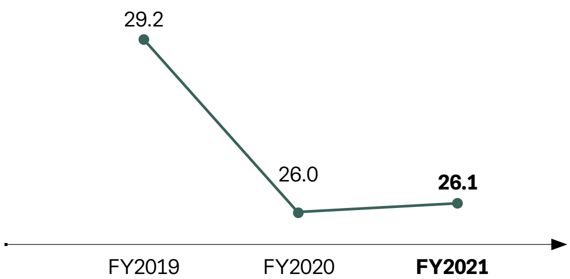
Energy Intensity (electricity consumption) (kWh/m^2)



Scope 3 GHG Emissions (electricity consumption) ('000 tonnes of CO$_2$e)



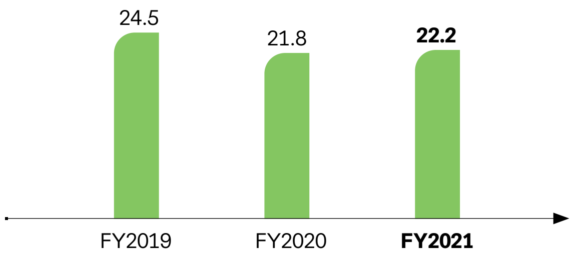
Scope 3 GHG Intensity (electricity consumption) (kgCO$_2$e/m^2)



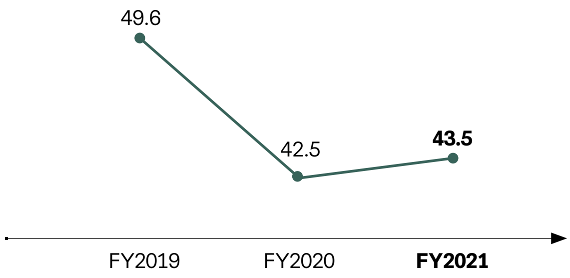
4 Energy consumption and GHG emissions are based on tenants' consumption only. GHG emissions are calculated using the market-based method. Total energy consumption includes purchased electricity, on-site generated renewable energy, and fuels, and are reported as a whole in text and separately in charts. GHG data for the reported periods are restated to factor in avoided emissions from use of renewable energy, replacement of previous estimates with actual data, and updates in historical emissions factors. Data coverage for the Industrial portfolio excludes one Australian tenant, 17 German properties, renewable energy data from another German property, and the UK industrial property. For the Australian industrial properties, some data were estimated based on the data management system's estimation tool. For the European industrial properties, data for the period from January to September 2021 were estimated by adopting a trailing twelve months calculation methodology

5 Sources of Scope 3 emissions include Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 (Category 3), and production of water purchased from utilities (Category 1)

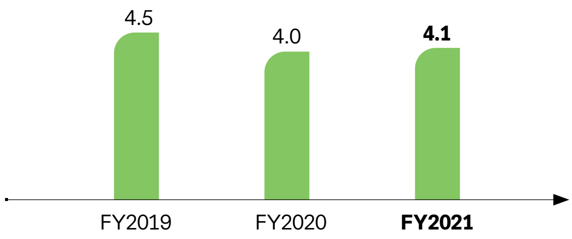
Fuel Consumption (GWh)



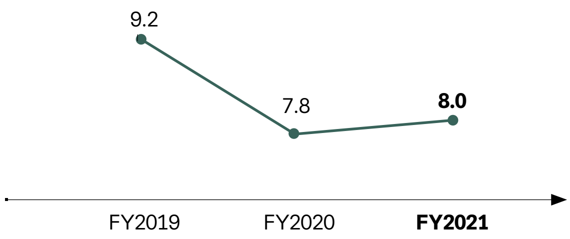
Energy Intensity (fuel consumption) (kWh/m²)



Scope 3 GHG Emssions (fuel consumption) ('000 tonnes of CO_2e)



Scope 3 GHG Intensity (fuel consumption) ($kgCO_2e/m^2$)



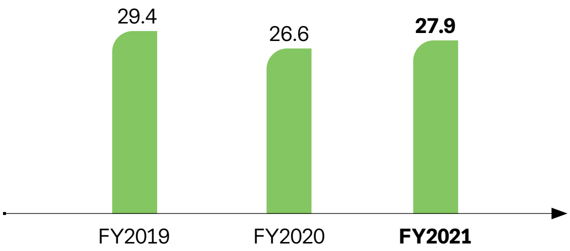
Commercial Properties[6]

In FY2021, total energy consumption comprising both electricity and fuel consumption for our commercial properties was 32.5 GWh, an increase of 4.7% Y-o-Y. This is due to the inclusion of Maxis Business Park which we acquired at the start of in FY2021. Our energy intensity decreased by 3.6% to 76.4 kWh/m² Y-o-Y arising from the full impact of COVID-19 in FY2021 compared to FY2020. As a result, our GHG emissions intensity also decreased by 5.5% to 26.7 $kgCO_2e/m^2$. A total of 6.58 GWh of renewable energy was purchased off-site from third parties.

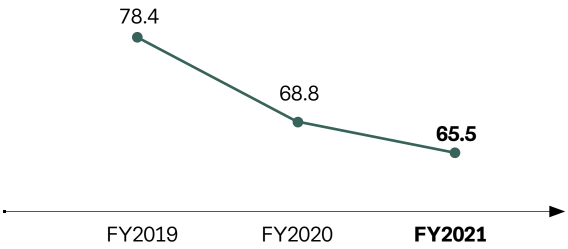
We continuously seek opportunities to improve the energy performance of our properties to ensure that our commercial properties are operating at optimum level. This year, FPUK, which supports the management of our business and industrial park properties in the UK, sets out ambitious targets to reduce Scope 1 and Scope 2 carbon emissions by 61%, and Scope 3 carbon emissions by 46%, by 2030, and details the actions it will take to get there, such as phasing out gas in new developments, installing rooftop solar photovoltaics and greening the supply chain. This is part of a roadmap to achieving net zero carbon across all landlord-controlled areas by 2030, and the properties it owns and manages by 2050. The roadmap is aligned to the UK Net Zero Carbon Framework, published by the Better Buildings Partnership ("BBP"). In Singapore, our commercial properties also completed a net zero carbon roadmap detailing asset-level strategies to achieve net zero carbon by 2050, such as phasing down refrigerants with high Global Warming Potential, upgrading and optimising chiller plant systems with best-in-class solutions, and implementing rooftop solar PV. Our properties also certified with the BCA Green Mark Scheme, ISO 50001 and ISO 14001 to facilitate efficient energy management. We also undertake energy audits every three years at our properties to maintain the efficiency of our chiller plants. In Australia, our properties are also assessed according to NABERS certification. Over the years, our properties have achieved significant improvements in energy performance due to our efforts.

6 Energy consumption and GHG emissions are based on landlord's areas and exclude tenants' areas. GHG emissions are calculated using the market-based method. Total energy consumption includes purchased electricity, on-site generated renewable energy, and fuels, and are reported as a whole in text and separately in charts. Data coverage for the commercial portfolio excludes one UK commercial property. Scope 2 GHG data for the reported periods are restated to factor in avoided emissions from use of renewable energy, replacement of previous estimates with actual data, and updates in historical emissions factors. Fuel consumption for Singapore Commercial properties is negligible

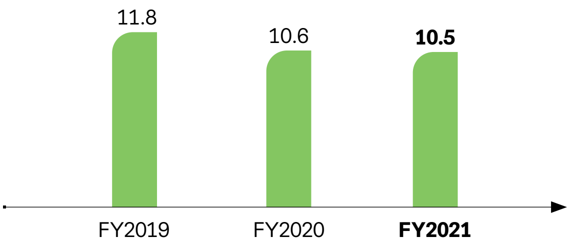
Electricity Consumption (GWh)



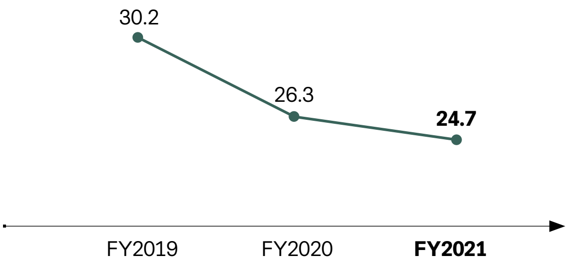
Energy Intensity (electricity consumption) (kWh/m²)



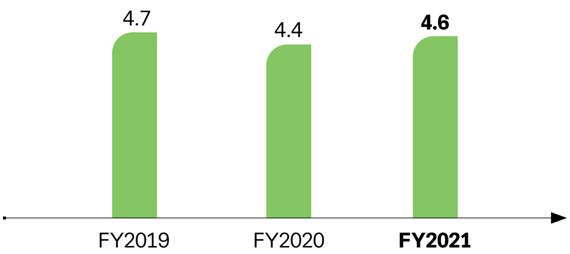
Scope 2 GHG Emissions (electricity consumption) ('000 tonnes of CO_2e)



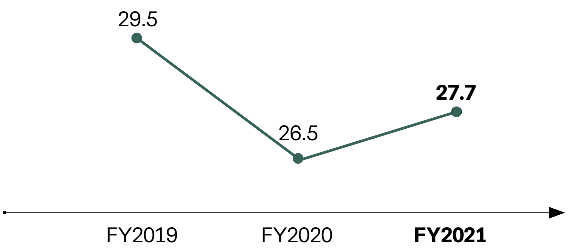
Scope 2 GHG Intensity (electricity consumption) ($kgCO_2e/m^2$)



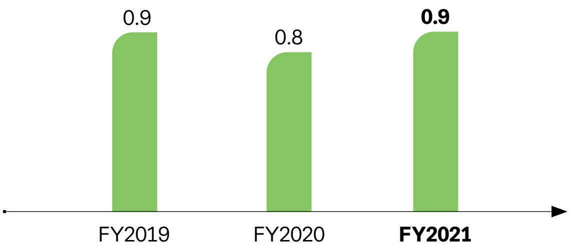
Fuel Consumption (GWh)



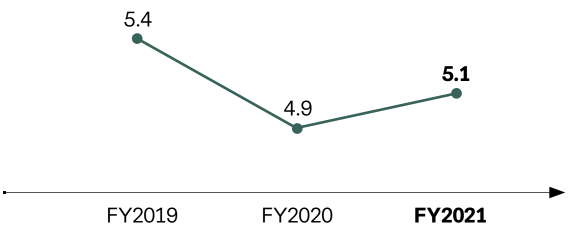
Energy Intensity (fuel consumption) (kWh/m²)



Scope 1 GHG Emissions (fuel consumption) ('000 tonnes of CO_2e)



Scope 1 GHG Intensity (fuel consumption) ($kgCO_2e/m^2$)



WATER

Water is a fundamental resource to our business and operations, from construction to domestic and process uses. With severe water stress expected to affect half the world's population by 2030, the challenge is set to intensify over time as climate-related impacts take shape. Hence, managing and reducing our water use continues to be one of our biggest priorities.[7]

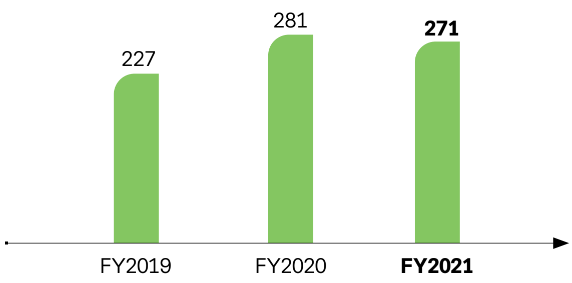
Industrial Properties[8]

Our tenants are the primary consumers of water at our industrial properties. While we have little control over this usage, we continue to work together with them to manage their consumption. As of FY2021, we have visibility of all of our tenants' water usage in Australia, We also perform data analysis and water efficiency audits to ensure that our properties remain water efficient. In Europe, we have visibility of 48% of our tenants' water usage and look forward to increasing our data coverage.

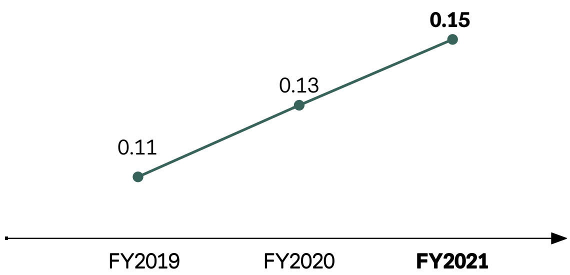
This year, we partnered with Smartvatten, a water consumption monitoring service, to install water leakage detection systems in six industrial facilities in the Netherlands. These smart water systems allow our team and customers to track water consumption directly from the meter, helping to identify any potential leaks and streamline online monitoring. In Australia, we also have partnered our top three water intensive tenants to manage their water consumption, and have conducted four water audits to-date. Moving forward, we will continue to undertake water efficiency audits for our most water usage intensive properties, present recommendations to our tenants, and incorporate such recommendations into our development activities or AEI delivery, where possible.

In FY2021, the total building water consumption for our industrial properties decreased by 3.3% Y-o-Y to 271 megaliters. Water intensity recorded was 0.15 m^3/m^2, an increase of 10.0% compared to the previous year, due mainly to increased tenant activity in FY2021 compared to preceding years.

Water Consumption (megalitres)



Water intensity (m^3/m^2)



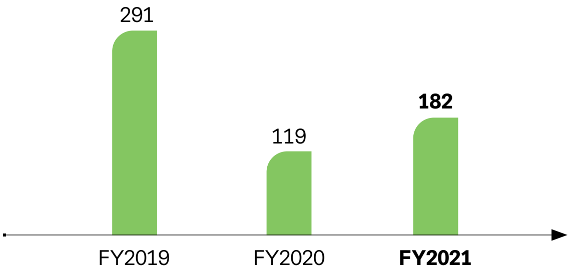
7 Policy Options for Decoupling Economic Growth from Water Use and Water Pollution (United Nations Environment Programme, March 2016). https://www.unep.org/news-and-stories/press-release/half-world-face-severe-water-stress-2030-unless-water-use-decoupled

8 Water consumption is based on tenants' consumption only. Data coverage for the Industrial portfolio exclude 17 German, one Dutch and one UK properties. Water consumption for the reported periods has been restated to replace previous estimates with actual data. For the Australian industrial properties, some data were estimated based on the data management system's estimation tool. For the European industrial properties, data for the period from January to September 2021 were estimated by adopting a trailing twelve months calculation methodology

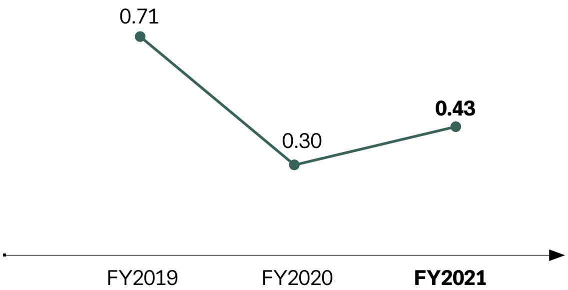
Commercial Properties[9]

All properties in Singapore are certified Water Efficient Building by the Public Utilities Board ("PUB"). In Australia, Central Park was upgraded to a 4.5-Star NABERS Water rating, while 357 Collins Street achieved a 5.5-Star NABERS Water rating. In FY2021, total building water consumption for our commercial portfolio increased by 52.6% Y-o-Y to 182 megalitres. The normalisation from having low water consumption bills in one of our Singaporean properties in FY2020 outweighed the reduction in water consumption from the full onset COVID-19 that disrupted business operations. Water intensity was 0.43 m^3/m^2, an increase of 41.8% compared to the previous year. A total of 34,245 m^3 of NEWater (treated used water) and 5,781 m^3 of collected rainwater were used within our commercial properties in FY2021.

Water Consumption (megalitres)



Water Intensity (m^3/m^2)



WASTE[10]

We are committed to managing our waste streams to minimise the impact on the environment and to conserve natural resources. We also promote waste reduction at our properties by providing the necessary facilities and raising awareness amongst our tenants and employees.

In FY2021, our commercial properties generated a total of 1,360 tonnes of waste, a decrease of 1.7% compared to FY2020. Of this, 21% was recycled. At 357 Collins Street in Australia, we continue to recycle used cooking oil by converting to bio-fuel or food for livestock. In Singapore, we collected 737 kilograms of electronic waste for recycling from our commercial properties as part of nationwide e-waste management system which came into force on 1 July, following a transition from a long-standing partnership with our previous recycling partner, StarHub. Along with four other commercial properties managed by Frasers Property in Singapore, our commercial properties collected 1,300 pairs of new or gently used shoes from our tenants and staff over a month-long donation drive and donated them to the US-based non-profit organisation, Soles4Shoes, to be redistributed to underprivileged communities.

Soles4Shoes Initiative

9 Water consumption in Singapore and the UK is based on landlord's areas and exclude tenants' areas. Water consumption in Australia is based on whole building area. Data coverage for the commercial portfolio excludes one recently acquired UK property. Water consumption for the reported periods has been restated to replace previous estimates with actual data. For some of the Australian properties, data were estimated based on the data management systems' estimation tool

10 Waste generated and recycled is based on whole building area in Singapore and Australia, and landlord-controlled areas in the UK. Data coverage for the commercial portfolio excludes one recently acquired UK property. We do not report our waste generation for industrial properties as it is largely dependent on tenants' economic activity and are hence not meaningful

MATERIALS AND SUPPLY CHAIN

Cognisant that our environmental and social impacts extend beyond our operations to our supply chain, we engage in responsible sourcing practices and strive to collaborate with our suppliers to minimise risks along the value chain. This year, FLCT commenced work to roll out a Responsible Sourcing Policy that sets out our expectations on our contractors and suppliers regarding four areas of sustainable procurement, namely environmental management; human rights and labour management; health, safety, and well-being; and business ethics and integrity. We did so in alignment with our Sponsor's launch and implementation of the Group Responsible Sourcing Policy. As priorities for FY2022, we will define our key suppliers and begin the process of understanding their policies and practices and working collaboratively to align them with our policy.

We are also committed to tackling modern slavery in our supply chain. Frasers Property Australia has partnered with the Property Council of Australia, the tech company Informed365 and other leading property developers to develop the Modern Slavery Supplier Assessment via the Property Council of Australia Supplier Platform. Today, it has engaged close to 70 key high-risk and high-spend suppliers on a supply chain assessment questionnaire and achieved a 96% completion rate. It has also begun to issue corrective action plans based on their responses. Furthermore, Frasers Property Australia, Frasers Property Industrial Australia and FLT Australia Trust jointly published their first Modern Slavery Statement this year, detailing the steps taken to identify, manage and mitigate the specific risks of modern slavery in our operations and supply chain. While this was its first public disclosure in accordance with the requirements of the Australian Commonwealth Modern Slavery Act 2018, it has been committed to improving the rights and well-being of stakeholders across its business for several years.

As FLCT engages with various stakeholders, we strive to influence our tenants to be more sustainable in their business operations. We adopt the use of a green lease standard for our industrial tenants to promote the use of sustainable materials and efficient management of the properties.

FOCUSING ON PEOPLE

Our people are our most valuable asset. With the disruptions and challenges that have come with the COVID-19 pandemic and climate change, core skills like agility, resilience and design thinking have never been more relevant. We make continuous development a priority for our staff and contractors, and take tangible steps to create diverse workplaces and promote a progressive, respectful culture. We are also committed to supporting and protecting the interests and well-being of our stakeholders through our business practices and community investments as they are key drivers of our growth and success.

OUR APPROACH

- Focus on purpose, core values and agility to create a sustainable company culture
- Establish policies that focus on strengthening our human capital and leaving positive impact on communities
- Adopt practices that build synergies for our business, people and the community
- Engage stakeholders in driving awareness through collaboration, education and advocacy

OUR PROGRESS

Focus Area	Our Goals	Our Progress in FY2021	Status
Diversity, Equity & Inclusion	• To embed diversity, equity and inclusion in our culture through employee engagement • To provide training and education that raises employee awareness of diversity and inclusion and associated benefits • To enhance processes and policies to encourage greater flexibility and diversity	• Women made up 11% and 50% of the Board of Directors and Senior Management respectively	On track
Skills & Leadership	• To achieve 40 average training hours per employee each year • To train all employees on sustainability by 2021, and extend such training to the supply chain and other stakeholders after 2021 • To ensure continuous learning to build a resilient organisation	• Achieved 42 training hours per employee per year • 98% of the employees are trained in sustainability	On track
Health & Well-being	• To transform our workplace by building a wellness culture that positively engages employees • To create awareness of health management, support mental wellness and foster a connected workforce • To create a safe working environment and achieve zero injuries	• Achieved zero incidents of injuries for employees • Central Park in Perth attains WELL Health-Safety Rating • Farnborough Business Park receives first 3-Star FITWEL commercial site certification in the world • Commercial properties in Singapore have transitioned to ISO 45001 certification from OHSAS 18001	On track
Community Connectedness	• To seek meaningful long-term relationships that respect local cultures and create lasting benefits • To identify measurements to quantify positive contributions	• Employees, together with the REIT Manager contributed over $22,000 to local communities	On track

2. On track: Target is either achieved or is on track to be achieved on time. In progress: Target is delayed but progress is still being made and could still be achievable on time. Not on track: Target is delayed to the point that it is unlikely that it will be achieved on time

DIVERSITY, EQUITY AND INCLUSION

A diverse and inclusive workplace enables employees to thrive and feel motivated, leading to greater productivity and talent retention. We recognise that a diverse workforce also brings together a wealth of knowledge, skills and experiences that contributes to the success of our business.

We are committed to fair employment and do not condone any form of discrimination. In line with our commitment, Frasers Property Group instituted a group-wide Diversity and Inclusion Policy which defines our beliefs and actions to support a diverse workplace. On top of that, our employment practices are guided by the Tripartite Alliance for Fair and Progressive Employment practices ("TAFEP") and we are a member of the Singapore National Employer Federation in Singapore.

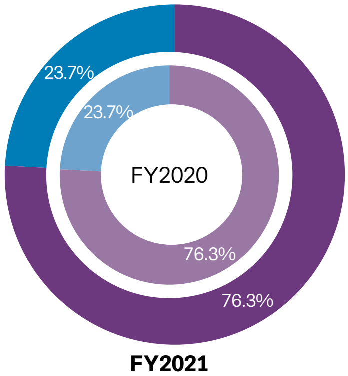
Our employees are rewarded based on meritocracy and they have equal access to opportunities to grow. Annual performance reviews are conducted for all of the REIT Manager's employees to assess their performance and also to understand their professional development needs through an open appraisal process.

We also foster diversity and inclusion in our culture through regular employee engagement. This year, our employees participated in a Culture Survey led by our Sponsor to understand the current cultural traits of our business and lay a foundation for transforming it in a positive and impactful way. As an immediate next step, middle to senior leaders from FLCT participated in an open sharing session on the survey insights and the challenges faced by our teams. We will continue to partner our Sponsor and employees to develop a more resilient and purpose-driven culture at FLCT.

As at 30 September 2021, the REIT Manager had a total of 41 full-time employees. The workforce comprises 28 females and 13 males, constituting 68.3% and 31.7% respectively of the REIT Manager. Majority of our employees are within the age range of 30 – 49 years old, constituting 58.5% of employees. Our hiring rate was 17.1% while our turnover rate[13] was 7.3%. Women made up 11% and 50% of the Board of Directors and Senior Management respectively.

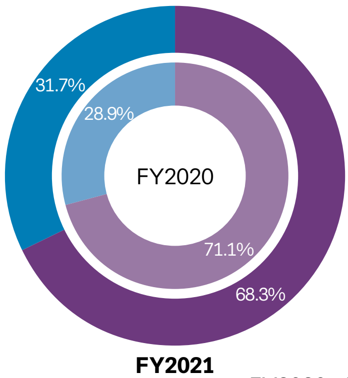
Employee Profile
(Breakdown by Region, Gender and Age Group)

By Region



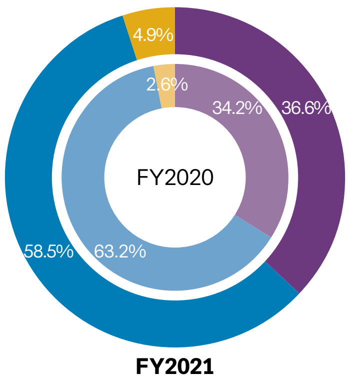
	FY2020	FY2021
Singapore	76.3%	76.3%
Overseas	23.7%	23.7%

By Gender



	FY2020	FY2021
Female	71.1%	68.3%
Male	28.9%	31.7%

By Age Group

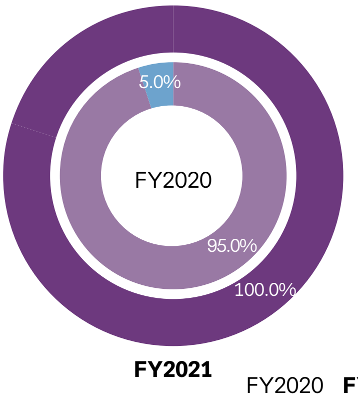


	FY2020	FY2021
<30 years old	34.2%	36.6%
30-49 years old	63.2%	58.5%
50 years old and above	2.6%	4.9%

13 Refers to voluntary turnover

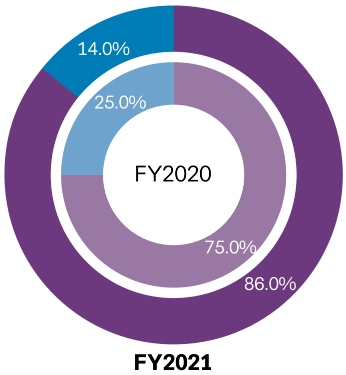
New Hires by Region, Gender and Age Group

By Region



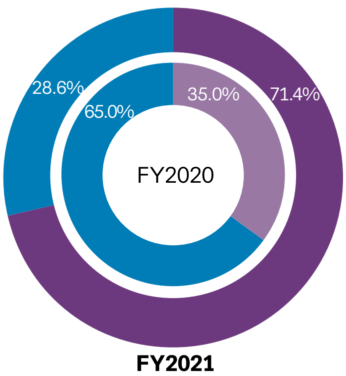
	FY2020	FY2021
Singapore	95.0%	100.0%
Overseas	5.0%	0%

By Gender



	FY2020	FY2021
Female	75.0%	86.0%
Male	25.0%	14.0%

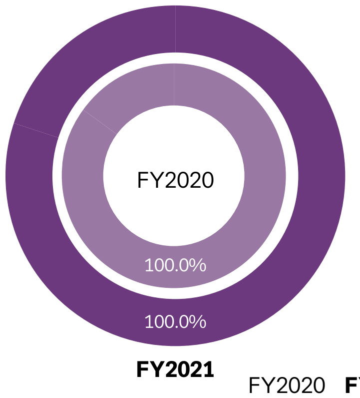
By Age Group



	FY2020	FY2021
<30 years old	35.0%	71.4%
30-49 years old	65.0%	28.6%
50 years old and above	0%	0%

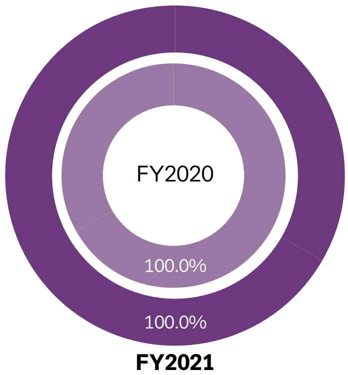
Turnover by Region, Gender and Age Group

By Region



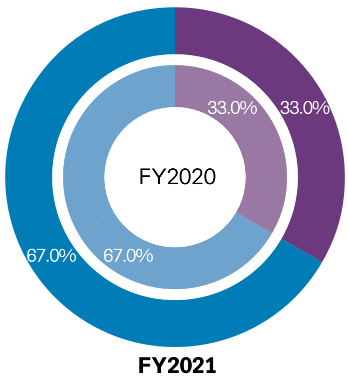
	FY2020	FY2021
Singapore	100.0%	100.0%
Overseas	0%	0%

By Gender



	FY2020	FY2021
Female	100.0%	100.0%
Male	0%	0%

By Age Group



	FY2020	FY2021
<30 years old	33.0%	33.0%
30-49 years old	67.0%	67.0%
50 years old and above	0%	0%

SKILLS AND LEADERSHIP

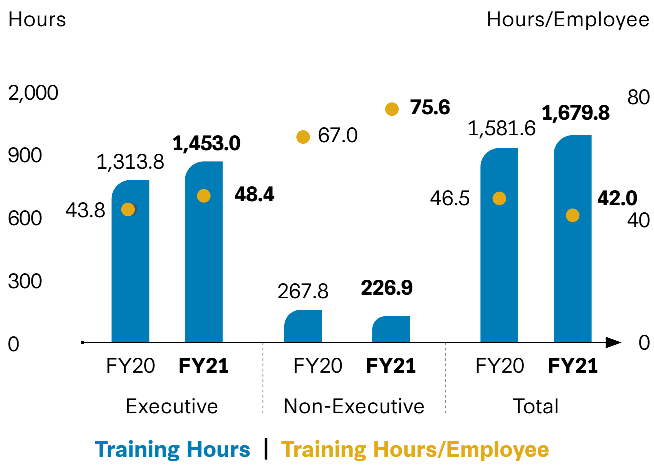
Cognisant that digitalisation and innovation are changing the face of the real estate sector, our priority is to develop our employees' skillsets, nurture their talents and help them to thrive in complex, evolving environments. We believe that the ability to nurture and retain agile and future-ready professionals will strengthen our adaptability and the value that we offer in the market.

FLCT's Learning and Development ("L&D") initiatives are driven by the Frasers Property Group's Learning Academy. The Learning Academy identifies and curates comprehensive training programmes to meet the needs of employees of various level within the organisation. This will not only hone their professional skills, but also enhances their readiness and mindsets for leadership roles. As part of the L&D framework to support FLCT's growth and long-term sustainability, relevant employees are trained in key sustainability topics such as GRESB, carbon and climate resilience and Green Star rating scheme. In FY2021, our Sponsor's Learning Academy hosted a six-day group-wide Learning Festival around the theme "Rising Above Uncertainty". Thirteen virtual live sessions were presented over three tracks – Scaling Core Capabilities, Customer Centricity and Sustainability – by Frasers Property leaders and experts.

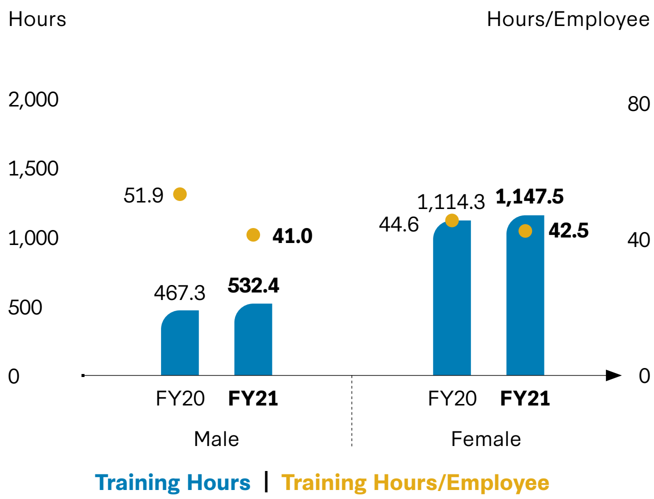
Each employee of the REIT Manager received an average of 42.0 hours of training during the financial year, which exceeds our target of 40 average training hours per employee. Our male and female employees underwent approximately equivalent amount of training hours on average (Male: 41.0 hours; Female: 42.5 hours). In total, male and female employees received 532.4 hours and 1,147.5 hours of training respectively. Further, as part of our efforts to strengthen our employees' core capabilities, 98% of our employees completed training related to sustainability this year.

Starting from FY2022, the Group intends to set a revised goal for each employee to complete an average of 30 hours of training, with the refinement in average hours attributable an increased focus on creating more meaningful learning experiences that are targeted at, and tailored to, individual learning pathways.

Training Hours by Employment Category



Training Hours by Gender



HEALTH AND WELL-BEING

As a REIT Manager with a multinational footprint and a diverse tenant base, ensuring the health, safety and well-being of our staff and customers is an utmost priority. The COVID-19 pandemic has also reinforced the need for buildings and workplaces to be designed to support their occupants' health, comfort and productivity.

Fostering Health and Safety
As part of our safety framework, we have put in place a robust health and safety management system to monitor and manage risks and identify areas of improvement. This year, we implemented the ISO 45001 occupational health and safety ("OH&S") management system across our commercial properties in Singapore and 357 Collins Street in Melbourne, Australia.

Our property managers undergo safety related training courses that equip them with the right skills and knowledge to deal with security and emergency situations. To ensure that our tenants can respond to emergencies, evacuation drills are regularly conducted at our commercial properties.

Over the course of FY2021, we did not record any fatalities, lost-time injury, lost-days, or significant safety-related non-compliance cases across our properties.

Ensuring Employee Well-being
In addition to the safety measures adopted at our properties, we have implemented several policies and initiatives to help our employees maintain work-life balance and prioritise their well-being. As part of the Frasers Property Group, our full-time employees are provisioned with a range of comprehensive welfare and benefits scheme such as insurance coverage, medical and dental benefits, maternity and parental leave and family care leave. Contract employees also enjoy similar benefits. We also comply with various social security policies legislated in Singapore and Australia by making monthly contributions to every employee's Central Provident Fund and pension fund accounts respectively. In FY2021, one female employee took paid maternity leave and is expected to return to work after her leave ends in FY2022.

In line with our Sponsor, we have designated every last Friday of the school semester in Singapore 'Eat With Your Family Day' to encourage employees to leave work early and spend quality time with their loved ones. All our staff in Singapore, Australia and the UK also have access to the Employee Assistance Program ("EAP") launched by our Sponsor in to provide 'in-the-moment' assistance to our employees. A team of specialist counsellors are on hand to provide professional and confidential counselling for our employees on personal or work-related issues.

Elevating Tenants' Health and Well-being
Our health and well-being commitment also extends to our tenants as they can spend considerable amount of time in our spaces. As testament to our commitment, Central Park in Perth earned the WELL Health-Safety Rating, awarded by the International WELL Building Institute ("IWBI"). It is one of the first assets in Western Australia to achieve a whole building rating using the WELL Health-Safety framework. Key features of the property that contributed to this achievement were handwashing support, cleaning practices, health services and air and water quality monitoring protocols.

During the year, Farnborough Business Park also became the first commercial site in the world to receive a 3-Star Fitwel rating, the highest possible in the scheme. A Fitwel certification represents outstanding practice in wellbeing excellence, and a Commercial Site certification assesses the holistic health across the business parks, including public realm access and connectivity, proximity to open spaces and community destinations, the provision of healthy food, social resilience and emergency preparedness. In Maxis Business Park, FPUK implemented its Health and Well-being Framework which covers key focus areas around maintaining high air quality standards, promoting active travel and transport, providing access to healthy food, activating pedestrian walkways and outdoor spaces, and hosting events that support healthy outcomes.

Across our Australian industrial properties, we continue to conduct Indoor Environment Quality ("IEQ") assessments in accordance with the Green Star Performance indicators. We have successfully conducted the IEQ assessment for 71% of our industrial properties in Australia as at 30 September 2021.

COVID-19 Safety Measures
Since the outbreak of COVID-19, we have implemented safety measures overnight to ensure the safety and well-being of our employees and tenants. Where applicable, we installed thermal scanners at entry points to our properties to screen the temperatures of employees, tenants and visitors as part our new operation procedures. Cleaning and disinfection of high-contact areas are conducted regularly by our frontliners to maintain high standards of public hygiene. We also continue to encourage our employees to work remotely from the safety of their homes as part of our social distancing measures, and provide flexible working hours with scheduled rotation work in the office where possible.

COMMUNITY CONNECTEDNESS

Guided by our Corporate Social Responsibility Policy and our Sponsor's Community Investment Framework, we seek to connect the business and social needs for sustainable development. We believe in building strong and lasting relationships with our tenants and the local communities we serve. It is our priority to increase the social value of our stakeholders, leveraging our expertise and resources with a focus on education, health and the environment.

Understanding Our Tenants

Customer satisfaction is one of our key engagements that underpins our vision of building long-term relationships with our tenants. Understanding tenants' satisfaction enables us to respond to their expectations and continuously improve the standards of our properties and services. As customer preferences evolve, we need to curate our offerings to deliver enhanced values and experiences to retain our tenants. In 2021, we conducted a tenant satisfaction surveys for our industrial tenants in Australia to gain insights into our operations and its effectiveness in delivering value and to meet our tenants' needs. Our survey showed that over 95% of tenants surveyed were satisfied with the property manager's performance, with over 87% of tenants rating our property management service as either 'Excellent' or 'Good'.

Engaging with Our Tenants

We organise various initiatives at our properties to engage our tenants and the wider community. This year, our commercial properties in Singapore introduced the Integrated Carpark Management System, an online platform to help drivers manage and pay for parking space. We received positive feedback from tenants on the ease of use. The properties also partnered the Singapore Health Promotion Board to organise virtual workout and health education sessions for tenants and staff, and the Singapore Environment Council to educate tenants on implementing effective environmentally-friendly practices in the office. At Farnborough Business Park in the UK, we introduced a free-to-use bicycle hire scheme to allow our customers' employees to connect easily to other parts of the park and local town centre amenities and encourage a healthy way to travel to work. For its ease of access and conduciveness to users' needs, among other features, Farnborough Business Park won a Green Flag Award, which recognises and rewards well-managed parks and green spaces in the UK.

Supporting the Local Community

As part of the Frasers Property Group, our unifying purpose of 'inspiring experiences, creating places for good' is amplified and enabled by our values. We aim to make a positive impact on the communities we work and live in through channels such as corporate philanthropy, staff volunteerism and partnerships.

This year, our employees participated in a fundraising campaign organised by the Singapore charity, TOUCH Community Services, to raise funds in for elderly individuals. As the result of eight weeks of employee-driven fundraising activities, we raised and donated a total of $22,638, which included a $10,000 contribution by the REIT Manager to match our fundraising target of $10,000. We have provided financial contributions and volunteered in food distribution activities in support of TOUCH since 2018. Alongside other Singapore-based staff from Frasers Property Group, three employees also volunteered time to prepare 5,000 care packs for migrant workers in partnership with the Singapore Red Cross.

Three of our staff also participated in Inclusive Spaces, a hackathon initiated by our Sponsor. Partnering a social enterprise, Design For Change, our Sponsor engaged more than 100 students across five schools in Singapore to develop ideas in building inter-generational spaces and improve the built environment's response to our growing aging population. Our employees volunteered their time, sharing industry knowledge with the students to equip them with design thinking and ideation tools.

Partnering with the Community

This year, our business parks in the UK implemented a social value framework articulating goals and timeframes around engaging and partnering with our occupiers, the local community and other diverse stakeholders. Each business park further selected a local charity to support for the year. Our commercial properties in Singapore have been partnering with The Food Bank Singapore, to collect and donate food items to underprivileged communities. Collection bins have been placed around our properties at strategic locations that are easily accessible to our tenants and employees. In FY2021, a total of 48 kilograms of food were collected and donated. Further, to raise awareness and show solidarity towards individuals living with breast cancer, mirror decals were put up in female toilets around Cross Street Exchange during Breast Cancer Awareness month.

This year also saw Frasers Property Industrial in Australia announcing its partnership with not-for-profit charitable foundation Healthy Heads in Trucks & Sheds ("HHTS") Foundation as Top Property Sponsor for three years. Established to create and deliver Australia's first single national mental health strategy for the road transport and logistics industries, HHTS aims to improve the mental health and well-being of every worker across the broader road transport, logistics and supply chain sectors. As a key partner, Frasers Property Industrial will join HHTS on its mission to tackle the mental health and well-being issues faced by many within the sector, sharing ideas and resources to promote the growth and impact of the Foundation into the future. In Europe, Frasers Property Industrial supported Germany's relief coalition, Aktion Deutschland Hilfe, with EUR 15,000 to support communities affected by the floods in Western Europe.

Beaulieu Carpets - Ground Interior

ABOUT THIS REPORT

This Sustainability Report published by FLCT covers our sustainability practices and performance for FY2021, being the period from 1 October 2020 to 30 September 2021.

This report has been prepared in accordance with the sustainability reporting requirements of the SGX-ST Listing Manual (Rules 711A and 711B) and the Global Reporting Initiative (GRI) Standards: Comprehensive Option. This report, together with our Annual Report, aims to provide a transparent and comprehensive commentary of FLCT's overall performance to our stakeholders.

Report Scope

The information and data disclosed within this report are in relation to all properties owned by FLCT in Australia, Germany, Singapore, the UK and the Netherlands, unless otherwise stated. Employee-related information in thisreport refers solely to the employees of Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "REIT Manager") located in Singapore and Australia. The property manager for the Australian industrial properties is FPI Property Management Services Pty Limited and the property manager for 357 Collins Street in Melbourne is Frasers Property Management Services Pty Limited. The property manager for Central Park in Perth is Jones Lang LaSalle (WA) Pty Ltd and the property and facilities managers for Caroline Chisholm Centre in Canberra are Colliers International (ACT) Pty Limited and BGIS Australia Pty Ltd,. respectively. The property manager for the German and Dutch industrial properties is FPE Advisory B.V.. The property manager for the Singapore commercial properties is Frasers Property Commercial Management Pte. Ltd.. The property manager for Farnborough Business Park, Maxis Business Park, Blythe Valley Park and Connexion is MAPP (Property Management) Limited. We are committed to maintaining open and proactive communications with our stakeholders. All information in this Sustainability Report has been prepared in good faith and to the best of our knowledge.

Feedback

FLCT welcomes any feedback regarding this Sustainability Report and our sustainability performance. Please address all feedback to ir_flct@frasersproperty.com.

INDEPENDENT ASSURANCE STATEMENT

To the management of Frasers Logistics & Commercial Trust:

Ere-S Pte Ltd (Ere-S) has undertaken an independent limited assurance on the content of Frasers Logistics & Commercial Trust's ("FLCT") Sustainability Report FY2021 (the "Report"). The engagement, which took place between September and December 2021, formed part of a wider assurance of Frasers Property Limited's Sustainability Report.

Scope
The assurance encompassed the entire Report and focused on all figures, statements and claims related to sustainability during the reporting period October 2020 to September 2021. This included the environmental and social management approach and performance related to the company's corporate office and portfolio of owned and managed properties (over 100 in total), covering the following topics as stated in the GRI Content Index of the Report:

- Energy Management
- Water Management
- Materials, Effluents and Waste
- Staff Retention and Development
- Health and Safety
- Diversity and Equal Opportunity

Ere-S did not verify that all elements required by the GRI Standards (what to report) on each disclosure listed in the Report's GRI Content Index had been fully reported, or whether FLCT's material issues, approaches and outcomes presented in the Report were specifically aligned with any other frameworks mentioned in the Report, such as the Sustainability Development Goals (SDGs).

Historical performance data prior to FY2021 and figures or statements unrelated to sustainability were not covered in the assurance. These included organisation profile and corporate structure, corporate financial and economic performance, and, where applicable, technical descriptions and figures of construction, machineries, technologies, plants and production processes.

Reporting criteria
The information was verified against the principles of Accuracy, Verifiability, Clarity, Completeness, Balance, Comparability, Sustainability Context and Timeliness as defined under the Global Reporting Initiative (GRI) Standards.

Type of assurance
This assurance engagement was carried out to a limited level of assurance in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited level assurance relies on desktop-based assessment and basic sampling that is sufficient to support the plausibility of the information.

Assurance methodology
The assurance procedures and principles applied in this engagement are compliant with ISAE 3000 and are drawn from a methodology developed by Ere-S comprising the following steps:

1. Identifying and classifying data sets according to the relevant topics and the types of evidence required for the verification process.

2. Carrying out virtual interviews and remote desktop-based data verification with the key data owners located at FLCT's corporate and management offices in Singapore, Australia and Europe. Specifically:
   - Enquiring about the quantitative and qualitative aspects of the performance disclosures, related statements and the underlying measurement systems, data collection and quality control mechanisms,
   - Requesting evidence of data sources from the data owner or key functional manager, as well as explanations of data collection and calculation methods (including conversion factors, estimates, key assumptions and apportionment methodologies) to substantiate the figures and claims.
   - Taking a broad sampling of quantitative data to validate data sets and corresponding sources, as well as other supporting information.
   - Challenging the claims made in the Report and comparing the presented evidence (including calculation methods, criteria and assumptions) with data from other properties covered in the wider assurance engagement and, where applicable, with external sources.

3. Assessing the collected data against the reporting criteria and providing recommendations for correction of the Report's content or for future improvement of the data collection and reporting procedures.

4. Validating the performance disclosures submitted in the final version of the Report and, where applicable, verifying that Ere-S recommendations have been applied.

During the engagement, Ere-S was given access to the data management system covering FLCT's properties in Australia to allow a more comprehensive evaluation of the environmental data by our assurance team. Social performance figures, such as those relating to workforce profile, health and safety, training and survey results, as well as the compilation of the environmental figures and some of the group-level initiatives disclosed in the Report, were verified in separate interviews as part of the Frasers Property Limited assurance. Ere-S assessment of statements concerning the number (or absence) of complaints, incidents, and cases of non-compliance to policies and regulations related to environmental and social issues was founded on confirmation by key data owners and, where available, internal documents presented during the interviews.

Stakeholder groups or their representatives were not interviewed during the assurance to assess the results of the engagement initiatives and the impact of the actions taken by the organisation.

Limitations

A limited assurance provides a relatively lower level of confidence in an organisation's disclosures than a reasonable level of assurance (as used in financial auditing) would provide. The restricted extent, timeline and precision of audit procedures in a limited assurance can leave small misstatements undetected. In addition, sustainability-related evidence being more persuasive rather than conclusive, the assurance findings are more constrained to the judgement of the assurance practitioner.

To mitigate the associated risk of material misstatement in the information being assessed during this engagement and to provide greater confidence in the accuracy of the information, Ere-S sought further confirmation of the presented evidence, including application of the management approach, data collection methods, criteria and assumptions, with multiple data owners and other documentation from internal and external sources.

Responsibility and independence

This statement represents the independent opinion of Ere-S, whose responsibility was to provide the assurance, to express conclusions according to the agreed scope, and to prepare the assurance report and this assurance statement for the management of FLCT alone and for no other purpose. The management of FLCT was responsible for the preparation of the Report, including all statements and figures contained within it, and for the selection and application of the methods to collect and compile the performance data of its operations and properties. Ere-S was not involved in the development of the Report or any other aspects or projects related to the sustainability framework of FLCT. The activities of Ere-S are independent of FLCT and Frasers Property Limited and contain no financial interest in their business operations.

Findings and observations

Ere-S observed a strong alignment with Fraser Property Limited's sustainability framework, with evidence showing effective implementation of environmental and social management approaches through the organisation's operations and properties. This includes corporate governance and management of sustainability-related risks, such as climate change, both globally and in the industry context. Efforts in implementing the Group's Net Zero Carbon and Climate Risk & Resilience roadmap were particularly noticeable at all levels of the organisation.

Engagement with key stakeholder groups and response to key concerns were also observable through the reporting period, although they appeared to be less strong for stakeholders in the supply chain.

Overall, the Report's content provides comprehensive, accurate and clear coverage of FLCT's environmental and social management approaches and performance for all its key operations and portfolio, including parts of its supply chain. Evidence provided to support the reported figures was comprehensive and detailed, and interviewed data owners demonstrated a high level of preparedness and excellent knowledge of the topics and processes on which they were questioned. Overall, the accuracy and traceability of the information were relatively high, with a data structure and source documents that could be effectively explored, sampled and validated through the different data management systems.

Based on the assessed information, FLCT's data collection procedures (including the calculation methods and conversion factors) were not found to contain gaps or inaccuracies that would noticeably affect the reported figures. Some minor inconsistencies resulting from the incorrect transcription of source records were identified during our verification and promptly addressed by FLCT's reporting team.

Completeness of tenant data, including electricity, solar energy, waste and Scope 3 emissions, could not be established with confidence due to the lack of records from some properties. In Ere-S opinion, such disparities can be expected within a portfolio of properties as large and complex as that of FLCT and the inherent limited visibility over the tenants' environmental performance. In that regard, Ere-S commends FLCT's continuous efforts to engage with the relevant parties at property level to improve the data coverage and quality control processes. The Report could benefit not only from such expanded coverage, but also from detailing measures taken to mitigate the aforementioned gaps.

Conclusion

On the basis of a limited assurance engagement consistent with the above-listed criteria and findings, nothing has come to Ere-S attention that causes us not to believe that, in all material respects, Frasers Logistics & Commercial Trust's Sustainability Report FY2021 provides a credible and fair representation of the organisation's sustainability profile and includes statements and figures that achieve an adequate level of reliability and accuracy.

A detailed assurance report containing the above findings and additional recommendations for improvement has been presented to the management of Frasers Logistics & Commercial Trust.

Ere-S

Reg no. 201003736W
www.ere-s.com

Singapore, 2 December 2021

Jean-Pierre Dalla Palma
Director and Lead Certified Sustainability Assurance Practitioner

Minju Kim
Certified Sustainability Assurance Practitioner, Partner

Ere-S Pte Ltd is a consulting company specialising in business sustainability and provides services in the domains of sustainability reporting, sustainability report assurance, stakeholder engagement and training. Our assurance team is composed of assurance practitioners with expertise in corporate sustainability and each member is required to follow Ere-S' assurance code of conduct, which can be found at www.ere s.com/assurance-code-of-conduct. Ere-S is not responsible for any actions taken by other parties as a result of the findings presented in this assurance statement.

GRI CONTENT INDEX

GRI Standards	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
GRI 102: General Disclosures	**Organisational Profile**		
	102-1	Name of the organisation	Corporate Profile, pg. 6
	102-2	Activities, brands, products, and services	Corporate Profile, pg. 6 Our Multi-National Presence, pg. 7 Our Strategy, pgs. 10-11
	102-3	Location of headquarters	Corporate Information, inside back cover
	102-4	Location of operations	Our Multi-National Presence, pg. 7
	102-5	Ownership and legal form	Corporate Profile, pg. 6
	102-6	Markets served	Our Multi-National Presence, pg. 7 Portfolio Overview, pgs. 44-55 Property Profile, pgs. 56-69
	102-7	Scale of the organisation	Corporate Profile, pg. 6 Focusing on People – Diversity, Equity & Inclusion, pgs. 135-136
	102-8	Information on employees and other workers	Focusing on People – Diversity, Equity & Inclusion, pgs. 135-136 Health & Well-being, pg. 138
	102-9	Supply chain	Managing Sustainability – Stakeholder Engagement, pg. 118-119 Consuming Responsibly – Materials & Supply Chain, pg. 133
	102-10	Significant changes to organisation and its supply chain	Corporate Profile, pg. 6 About This Report – Report Scope, pg. 140
	102-11	Precautionary Principle or approach	FLCT does not specifically refer to the precautionary approach when managing risk; however, our management approach is risk-based, and underpinned by our internal audit framework
	102-12	External initiatives	Managing Sustainability – Industry Alignment, pg. 118 Acting Progressively - Responsible Investment, pgs. 124-126
	102-13	Membership of associations	Managing Sustainability – Industry Alignment, pg. 118
	Strategy		
	102-14	Statement from senior decision-maker	Board Statement, pg. 115
	102-15	Key impacts, risks and opportunities	Board Statement, pg. 115 Acting Progressively – Resilient Properties, pg. 126 Enterprise-wide Risk Management, pgs. 112-113
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behaviour	Acting Progressively – Risk-based Management, pg. 123
	102-17	Mechanisms for advice and concerns about ethics	Corporate Governance Report, pgs. 182 Acting Progressively – Risk-based Management, pg. 123

GRI Standards	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI 102: General Disclosures	**Governace**		
	102-18	Governance structure	Corporate Structure, pg. 20 Board of Directors, pgs. 21-25 Management Team, pgs. 26-29 Managing Sustainability, pg. 118 Corporate Governance Report, pgs. 152-191 Corporate Information, inside back cover
	102-19	Delegating authority	Managing Sustainability, pg. 118 Corporate Governance Report, pg. 155
	102-20	Executive-level responsibility for economic, environmental, and social topics	Managing Sustainability, pg. 118
	102-21	Consulting stakeholders on economic, environmental, and social topics	Managing Sustainability, pgs. 118-119
	102-22	Composition of the highest governance body and its committees	Board of Directors, pgs. 21-25 Managing Sustainability, pg. 118
	102-23	Chair of the highest governance body	Board of Directors, pg. 21
	102-24	Nominating and selecting the highest governance body	Corporate Governance Report, pgs. 162-164
	102-25	Conflicts of interest	Corporate Governance Report, pg. 170
	102-26	Role of highest governance body in setting purpose, values, and strategy	Managing Sustainability, pg. 118 Corporate Governance Report, pgs. 153-154
	102-27	Collective knowledge of highest governance body	Corporate Governance Report, pg. 162
	102-28	Evaluating the highest governance body's performance	Corporate Governance Report, pgs. 170-171
	102-29	Identifying and managing economic, environmental, and social impacts	Managing Sustainability – Materiality Assessment, pgs. 118-121
	102-30	Effectiveness of risk management processes	Acting Progressively – Risk-based Management, pg. 123 Corporate Governance Report, pgs. 179-180
	102-31	Review of economic, environmental, and social topics	Managing Sustainability, pgs. 118-121
	102-32	Highest governance body's role in sustainability reporting	Board Statement, pg. 115
	102-33	Communicating critical concerns	Corporate Governance Report, pg. 182
	102-34	Nature and total number of critical concerns	Acting Progressively – Risk-based Management, pg. 123
	102-35	Remuneration policies	Corporate Governance Report, pgs. 172-175
	102-36	Process for determining remuneration	Corporate Governance Report, pg. 171
	102-37	Stakeholders' involvement in remuneration	Corporate Governance Report, pg. 171
	102-38	Annual total compensation ratio	We are unable to disclose the ratio due to our highly competitive labour market.
	102-39	Percentage increase in annual total compensation ratio	We are unable to disclose the ratio due to our highly competitive labour market.

GRI Standards	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI 102: General Disclosures	**Stakeholder Engagement**		
	102-40	List of stakeholder groups	Managing Sustainability – Stakeholder Engagement, pg. 118
	102-41	Collective bargaining agreements	There are no collective bargaining agreements in place.
	102-42	Identifying and selecting stakeholders	Managing Sustainability – Stakeholder Engagement, pg. 118
	102-43	Approach to stakeholder engagement	Managing Sustainability – Stakeholder Engagement, pg. 118
	102-44	Key topics and concerns raised	Managing Sustainability – Stakeholder Engagement, pg. 119
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	Organisation Structure, pg. 20 Notes to Financial Statements, pgs. 299-304
	102-46	Defining report content and topic Boundaries	About This Report – Report Scope, pg. 140 A Different Way, pg. 117 Managing Sustainability – Stakeholder Engagement, pg. 119 Materiality Assessment, pgs. 120-121
	102-47	List of material topics	Managing Sustainability – Materiality Assessment, pg. 120-121
	102-48	Restatements of information	Consuming Responsibly – Energy & Carbon, pgs. 128-130, Water, pgs. 131-132
	102-49	Changes in reporting	Managing Sustainability – Materiality Assessment, pgs. 120-121
	102-50	Reporting period	About This Report, pg. 140
	102-51	Date of most recent report	December 2020
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	About This Report – Feedback, pg. 140
	102-54	Claims of reporting in accordance with GRI Standards	About This Report, pg. 140
	102-55	GRI content index	GRI Content Index, pgs. 144 - 150
	102-56	External assurance	Independent Assurance Statement, pgs. 141-143
Management Approach			
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	Managing Sustainability - Materiality Assessment, pgs. 120-121
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Our Strategy, pgs. 10-11
	103-3	Evaluation of the management approach	

GRI Standards	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Financial Highlights, pgs. 6-7 Statement of Total Return, pg. 199
	201-2	Financial implications and other risks and opportunities due to climate change	Acting Progressively – Resilient Properties, pg. 126
	201-3	Defined benefit plan obligations and other retirement plans	Focusing on People – Health & Well-being, pg. 138
	201-4	Financial assistance received from government	Information is not disclosed due to confidentiality nature
Anti-corruption			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-based Management, pg. 123
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	Acting Progressively – Risk-based Management, pg. 123
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance Report, pg. 182
	205-3	Confirmed incidents of corruption and actions taken	Acting Progressively – Risk-based Management, pg. 123
Environmental Compliance			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-based Management, pg. 123
	103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Acting Progressively – Risk-based Management, pg. 123
Ethical Marketing			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-based Management, pg. 123
	103-3	Evaluation of the management approach	
GRI 417: Marketing and Labelling	417-1	Requirements for product and service information and labelling	Not applicable due to the nature of our business
	417-2	Incidents of non-compliance concerning product and service information and labelling	Not applicable due to the nature of our business
	417-3	Incidents of non-compliance concerning marketing communications	Acting Progressively – Risk-based Management, pg. 123

GRI Standards	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Energy Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Energy & Carbon, pgs. 128-129
	103-3	Evaluation of the management approach	
GRI 302: Energy	302-1	Energy consumption within the organization	Consuming Responsibly – Energy & Carbon, pgs. 128-130
	302-2	Energy consumption outside of the organization	Consuming Responsibly – Energy & Carbon, pgs. 128-130
	302-3	Energy intensity	Consuming Responsibly – Energy & Carbon, pgs. 128-130
	302-4	Reduction of energy consumption	Consuming Responsibly – Energy & Carbon, pgs. 128-130
	302-5	Reductions in energy requirements of products and services	Not applicable due to the nature of our business
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Consuming Responsibly – Energy & Carbon, pg. 130
	305-2	Energy indirect (Scope 2) GHG emissions	Consuming Responsibly – Energy & Carbon, pg. 130
	305-3	Other indirect (Scope 3) GHG emissions	Consuming Responsibly – Energy & Carbon, pg. 128-129
	305-4	GHG emissions intensity	Consuming Responsibly – Energy & Carbon, pg. 128-130
	305-5	Reduction of GHG emissions	Consuming Responsibly – Energy & Carbon, pg. 128-130 The Year at a Glance, pg. 116
	305-6	Emissions of ozone-depleting substances (ODS)	Not significant due to the nature of our business
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not significant due to the nature of our business
Water Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Water, pg. 131
	103-3	Evaluation of the management approach	
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	All water consumed is from purchased utilities
	303-2	Management of water discharge-related impacts	Consuming Responsibly – Water, pg. 131
	303-3	Water withdrawal	All water consumed is from purchased utilities
	303-4	Water discharge	All water discharge is managed by municipalities
	303-5	Water consumption	Consuming Responsibly – Water, pg. 131
Staff Retention and Development			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Diversity, Equity & Inclusion, pg. 135, Skills & Leadership, pg. 137, Health & Well-being, pg. 138
	103-3	Evaluation of the management approach	

GRI Standards	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
GRI 401: Employment	401-1	New employee hires and employee turnover	Focusing on People – Diversity, Equity & Inclusion, pg. 135
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Focusing on People – Health & Well-being, pg. 138
	401-3	Parental leave	Focusing on People – Health & Well-being, pg. 138
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Focusing on People – Skills & Leadership, pg. 137
	404-2	Programs for upgrading employee skills and transition assistance programs	Focusing on People – Skills & Leadership, pg. 137
	404-3	Percentage of employees receiving regular performance and career development reviews	Focusing on People – Diversity, Equity & Inclusion, pg. 135
Labour/Management Relations			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Diversity, Equity & Inclusion, pg. 135
	103-3	Evaluation of the management approach	
GRI 402: Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	This is currently not covered in Group-wide collective agreements. The notice period varies
Health and Safety			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Health & Well-being, pg. 138 Acting Progressively – Risk-based Management, pg. 123
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	Focusing on People – Health & Well-being, pg. 138
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Focusing on People – Health & Well-being, pg. 138
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Not significant due to the nature of our business.
	403-4	Health and safety topics covered in formal agreements with trade unions	This is currently not covered in Group-wide collective agreements. The agreement varies.
	403-5	Worker training on occupational health and safety	Focusing on People – Health & Well-being, pg. 138
	403-6	Promotion of worker health	Focusing on People – Health & Well-being, pg. 138
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Focusing on People – Health & Well-being, pg. 138
	403-8	Workers covered by an occupational health and safety management system	Focusing on People – Health & Well-being, pg. 138
	403-9	Work-related injuries	Focusing on People – Health & Well-being, pg. 138
	403-10	Work-related ill health	We are not aware of any cases during FY2021

GRI Standards	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Local Communities			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Community Connectedness, pg. 139
	103-3	Evaluation of the management approach	
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Focusing on People – Community Connectedness, pg. 139
	413-2	Operations with significant actual and potential negative impacts on local communities	Focusing on People – Community Connectedness, pg. 139
Emerging Topic – Diversity and Equal Opportunity			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Diversity, Equity & Inclusion, pg. 135 Corporate Governance Report, pg. 164
	103-3	Evaluation of the management approach	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Board of Directors, pg. 21-25 Management Team, pg. 26-29 Focusing on People – Diversity, Equity & Inclusion, pg. 135
	405-2	Ratio of basic salary and remuneration of women to men	Information is not disclosed due to the highly competitive labour market

Notes
Energy, GHG emissions and Water Reporting Scope
- With the exceptions mentioned in the corresponding footnotes, electricity consumption and GHG emissions reported comprises of the landlord-controlled areas for the commercial properties , as well as whole areas for the industrial properties. Water consumption reported comprises of the landlord-controlled areas for the commercial properties in Singapore and the UK, as well as whole areas for the commercial properties in Australia and the industrial properties
- Energy, GHG and water intensities exclude both newly completed properties in FY2021 and properties divested at any point during the reporting period
- The GHG emission factors are from Energy Market Authority – Singapore Energy Statistics 2021, Australia National Greenhouse Accounts Factors 2021, UK Government GHG Reporting 2019, 2020, 2021, Entwicklung der spezifischen Kohlendioxid - Emissionen des deutschen Strommix in den Jahren 1990 – 2020 by the umweltbundesamt (German Environment Agency), and Association of Issuing Bodies for The Netherlands

Monetary Disclosure
All monetary related disclosures within the report are in Singapore Dollars ($) unless stated otherwise.


SPEED
LIMIT
10

Corporate Governance Report

INTRODUCTION

Frasers Logistics & Commercial Trust (formerly known as Frasers Logistics & Industrial Trust) ("**FLCT**") is a real estate investment trust ("**REIT**") listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). FLCT is managed by Frasers Logistics & Commercial Asset Management Pte. Ltd. (formerly known as Frasers Logistics & Industrial Asset Management Pte. Ltd.) (the "**REIT Manager**"), a wholly-owned subsidiary of Frasers Property Limited ("**FPL**" or the "**Sponsor**").

In line with the listing rules of the SGX-ST (the "**Listing Rules**") and its obligations under the Guidelines to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Guideline No: SFA04–G07) issued by the Monetary Authority of Singapore ("**MAS**"), the REIT Manager complies with the principles of the Code of Corporate Governance 2018 (the "**CG Code**").

The practices and activities of the board of directors of the REIT Manager (the "**Board**") and the management of the REIT Manager (the "**Management**") adhere closely to the provisions under the CG Code.

To the extent the practices may vary from any provision of the CG Code, the REIT Manager will state explicitly the provision from which it has varied, explain the reason for the variation and explain how the practices nevertheless are consistent with the intent of the relevant principle of the CG Code. The REIT Manager is also guided by the Practice Guidance which accompanies the CG Code and which sets out best practices for listed issuers, as this will build investor and stakeholder confidence in FLCT and the REIT Manager. A summary of compliance with the express disclosure requirements under the provisions of the CG Code is set out on pages 189 to 191 of this Annual Report.

FLCT is a signatory to the 2019 Corporate Governance Statement of Support organised by Securities Investors Association (Singapore) where FLCT has pledged its commitment to uphold high standards in corporate governance.

The REIT Manager

The REIT Manager has general powers of management over the assets of FLCT. As a manager of a REIT, the REIT Manager holds a Capital Markets Services Licence issued by the MAS to carry out REIT management activities.

The REIT Manager's main responsibility is to manage FLCT's assets and liabilities for the benefit of unitholders of FLCT ("**Unitholders**"). To this end, the REIT Manager is able to set the strategic direction of FLCT and make recommendations to Perpetual (Asia) Limited, in its capacity as trustee of FLCT (the "**Trustee**"), on acquisitions, divestments and enhancement of the assets of FLCT. The role of the REIT Manager includes the pursuit of a business model that sustains the growth and enhances the value of FLCT and is focused on delivering regular and stable distributions to Unitholders. Other functions and responsibilities of the REIT Manager include preparing annual asset plans and undertaking regular individual asset performance analysis and market research analysis, and managing finance functions relating to FLCT (which includes financial and tax reporting, planning and budgeting, capital management and treasury).

The Values of the REIT Manager

1. The REIT Manager is committed to upholding and maintaining high standards of corporate governance, corporate transparency and sustainability, and instituting sound corporate practices and controls to facilitate the REIT Manager's role in safeguarding and enhancing FLCT's asset value so as to maximise returns from investments, and ultimately the total return to Unitholders. The REIT Manager believes that a robust and sound governance framework is an essential foundation on which to build, evolve and innovate a business which is sustainable over the long term and one which is resilient in the face of the demands of a dynamic, fast-changing environment.

2. The REIT Manager adheres to corporate policies, business practices and systems of risk management and internal controls, which are designed to ensure that it maintains consistently high standards of integrity, accountability and governance in FLCT and its own daily operations.

Corporate Governance Report

3. The REIT Manager ensures that the business and practices of FLCT are carried out in a manner that complies with applicable laws, rules and regulations, including the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**"), the listing manual of the SGX-ST (the "**SGX-ST Listing Manual**"), the CG Code, the Code on Collective Investment Schemes (the "**CIS Code**") issued by the MAS (including Appendix 6 of the CIS Code, the "**Property Funds Appendix**"), the trust deed constituting FLCT between the REIT Manager and the Trustee dated 30 November 2015 (as amended) ("**Trust Deed**"), as well as the written directions, notices, codes and other guidelines that the MAS and other regulators may issue from time to time.

The Board works with Management to ensure that these values underpin its leadership of the REIT Manager.

The REIT Manager is staffed by an experienced and well-qualified team who manage the operational matters of FLCT. The REIT Manager is a subsidiary of FPL, a multi-national developer-owner-operator of real estate products and services across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The FPL Group has businesses in Southeast Asia, Australia, Europe and China, and its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 cities and 20 countries across Asia, Australia, Europe, the Middle East and Africa.

As the Sponsor holds a substantial ownership stake of approximately 21.3%[1] in FLCT, there is an alignment of interests between the Sponsor, the REIT Manager and the unitholders of FLCT. The REIT Manager is able to benefit from and leverage on its association with the Sponsor in the management of FLCT in various ways, including tapping on the Sponsor's extensive experience in development and management of real estate assets, sourcing for talent and experienced personnel within the Sponsor pool of employees, including those who may be considered for appointment to the Board, access to the FPL Group's[2] network of lenders for debt financing, and negotiating for favourable terms with external suppliers and vendors on a group basis. The REIT Manager is also able to benefit from the expertise of the FPL Group which was recognised as a global and regional sector leader in various categories in the Global Real Estate Sustainability Benchmark (GRESB) 2021.

The REIT Manager is appointed in accordance with the terms of the Trust Deed. The REIT Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee under certain circumstances outlined in the Trust Deed, including where Unitholders, by a resolution duly passed by a simple majority of Unitholders present and voting (with no Unitholder being disenfranchised) at a Unitholders' meeting, decide that the REIT Manager is to be removed.

BOARD MATTERS

The Board

The Board is responsible for the overall leadership and oversight of both FLCT's and the REIT Manager's business, financial, investment and material operational affairs and performance objectives, and its long-term success. The Board sets the strategic direction of FLCT and the REIT Manager, which includes appropriate focus on value creation, innovation and sustainability. The Board also determines the REIT Manager's approach to corporate governance, including setting the appropriate tone-from-the-top and the desired organisational culture, values and ethical standards of conduct, and works with Management on its implementation across all levels of the organisation's values, standards, policies and practices. The Board, supported by Management, ensures necessary resources are in place for FLCT and the REIT Manager to meet its strategic objectives. Through the enterprise-wide risk management framework of FLCT and its subsidiaries (the "**Group**"), the Board establishes and maintains a sound risk management framework to effectively monitor and manage risks and to achieve an appropriate balance between risks and the Group's performance. The Board also puts in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements. The Board, which comprises directors who, as fiduciaries, are expected to act objectively in the best interests of the REIT Manager and the Group, constructively challenges Management and reviews its performance, and holds Management accountable for performance. It also oversees Management to ensure transparency and accountability to key stakeholder groups.

1 As at 30 September 2021

2 The "**FPL Group**" refers to Frasers Property Limited and its subsidiaries.

Corporate Governance Report

During FY2021, the Board has continued to spend time monitoring the impact of the ongoing COVID-19 pandemic and has been working closely with Management in reviewing the business opportunities and challenges posed by the COVID-19 pandemic. For FY2021, there was no material impact to the FLCT portfolio with only the retail segment of the commercial portfolio, which represents just a minor proportion of FLCT's total portfolio income at approximately 1.7%[3], being more affected. Nevertheless, capital and liquidity remains a key strategic priority, and the Board has tasked Management to monitor and provide regular updates on the impact of COVID-19 on FLCT's business operations, including the potential financial impact of COVID-19 related rent concessions and provisions made on doubtful receivables on FLCT's liquidity and cashflow.

The Chairman

The chairman of the Board (the "**Chairman**") leads the Board. The Chairman provides leadership and direction in the review of the REIT Manager's corporate strategy and objectives, sets the right ethical and behavioural tone and ensures the Board's effectiveness by, among other things, promoting and maintaining high standards of corporate governance and transparency, encouraging active and effective engagement, participation by all directors of the REIT Manager (the "**Directors**") and facilitating constructive relations among and between them and Management. The Chairman sets the agenda for each Board meeting to take full account of the issues and concerns of the Directors and the Management team, promotes a culture of openness at Board meetings and encourages Directors to engage in productive and thorough discussions and constructive debate on strategic, business and other key issues pertinent to the business and operations of the Group and the REIT Manager, leading to better decision-making and enhanced business performance. With the support of the Board, the Company Secretary of the REIT Manager ("**Company Secretary**") and Management, the Chairman spearheads the REIT Manager's drive to promote, attain and maintain high standards of corporate governance and transparency.

The Chairman also presides over the Annual General Meeting each year and any other general meetings of the Unitholders. The Chairman addresses, and/or requests the Chief Executive Officer (the "**CEO**") of the REIT Manager to address, the Unitholders' queries and ensures that there is clear and open dialogue between all stakeholders.

Role of the CEO and Management

The Management is led by the CEO of the REIT Manager. The CEO is responsible for the execution of the strategies and policies as approved by the Board, and leading, promoting and conducting the affairs of FLCT and the REIT Manager with the highest standards of integrity, corporate governance and transparency. The CEO is accountable to the Board for the conduct and performance of Management. The CEO and Management team are responsible for executing the REIT Manager's strategies and policies, and are accountable to the Board for the planning, direction, control, conduct and performance of the business operations of the REIT Manager. With the support of Management, the CEO seeks business opportunities, drives new initiatives and is responsible for the operational performance of the Group and building and maintaining strong relationships with stakeholders of the Group.

Division of Responsibilities between the Chairman and CEO

The Chairman and the CEO are separate persons and the division of responsibilities between the Chairman and the CEO is clearly demarcated. This avoids concentration of power and ensures a degree of checks and balances, an increased accountability, and greater capacity of the Board for independent decision-making. Such separation of roles between the Chairman and CEO promotes robust deliberations by the Board and Management on the business activities of FLCT.

Relationships between the Board and CEO

None of the members of the Board and CEO are related to one another, and none of them has any business relationships among them.

[3] Based on gross rental income, being the contracted rental income and estimated recoverable outgoings for the month of September 2021. Excludes straight lining rental adjustments and includes committed leases.

Corporate Governance Report

Members of the Board and Board Committees

The following table shows the composition of the Board and the various Board Committees as at 30 September 2021:

		Audit, Risk and Compliance Committee	Nominating and Remuneration Committee
Mr Ho Hon Cheong	Chairman Non-Executive and Independent Director	✓	✓ (Chairman)
Mr Chin Yoke Choong	Non-Executive and Independent Director	✓ (Chairman)	✓
Mr Goh Yong Chian	Non-Executive and Independent Director	✓	✓
Mr Paul Gilbert Say	Non-Executive and Independent Director	✓	
Ms Soh Onn Cheng Margaret Jane	Non-Executive and Independent Director		
Mr Panote Sirivadhanabhakdi	Non-Executive and Non-Independent Director		✓
Mr Chia Khong Shoong	Non-Executive and Non-Independent Director		
Mr Rodney Vaughan Fehring	Non-Executive and Non-Independent Director		
Mr Reinfried Helmut Otter (Reini Otter)	Non-Executive and Non-Independent Director		

Profiles of each of the Directors can be found at pages 21 to 25.

As at 30 September 2021, all of the Directors are non-executive and at least half of the Board comprises independent Directors.

Board Committees

Board Committees were formed by the Board to oversee specific areas, for greater efficiency and has delegated authority and duties to such Board Committees based on written and clearly defined terms of reference. The terms of reference of the Board Committees set out their compositions, authorities and duties, including reporting back to the Board. There are two Board Committees, namely, the Audit, Risk and Compliance Committee ("**ARCC**"), and the Nominating and Remuneration Committee ("**NRC**").

Minutes of all Board Committee meetings are circulated to the Board so that Directors are aware of and kept updated as to the proceedings, matters discussed and decisions made during such meetings, and to enable the Directors to weigh in on any key points under consideration.

Audit, Risk and Compliance Committee	
Membership	**Key Objectives**
Mr Chin Yoke Choong, *Chairman* Mr Goh Yong Chian, *Member* Mr Ho Hon Cheong, *Member* Mr Paul Gilbert Say, *Member*	• Assists the Board in fulfilling responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls, risk management and financial practices of the REIT Manager

As at 30 September 2021, the ARCC is made up of non-executive Directors, all of whom, including the chairman of the ARCC, are independent Directors ("**IDs**"). All members of the ARCC, including the chairman of the ARCC, are appropriately qualified and have recent and/or relevant accounting and related financial management expertise or experience. Their collective wealth of experience and expertise enables them to discharge their responsibilities competently.

Under the Terms of Reference of the ARCC, a former partner or director of FLCT's existing auditing firm or auditing corporation should not act as a member of the ARCC: (a) within a period of two years commencing on the date of his ceasing to be a partner of the auditing firm or a director of the auditing corporation; and in any case, (b) for as long as he has any financial interest in the auditing firm or auditing corporation. Save for Mr Chin Yoke Choong (who had retired as the Managing Partner of KPMG Singapore in 2005), none of the members of the ARCC is a former partner of FLCT's external auditors, KPMG LLP and none of the members of the ARCC has any financial interest in FLCT's external auditors, KPMG LLP.

Audit Functions

The Terms of Reference of the ARCC provide that some of the key responsibilities of the ARCC include:

- External Audit Process: reviewing and reporting to the Board, the scope, quality, results and performance of the external audit(s), its cost effectiveness and the independence and objectivity of the external auditors. It shall also review the nature and extent of non-audit services performed by external auditors;

- Internal Audit: establishing an effective internal audit function which shall be adequately qualified to perform an effective role, adequately resourced, independent of the activities which it audits and able to discharge its duties objectively, and to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced[4];

- Financial Reporting: reviewing and reporting to the Board, the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of FLCT and the REIT Manager and any announcements relating to FLCT's and the REIT Manager's financial performance, and to review the assurance provided by the CEO and the CFO (the "**Key Management Personnel**") that the financial records have been properly maintained and the financial statements give a true and fair view of FLCT's and/or the REIT Manager's operations and finances;

- Internal Controls and Risk Management: reviewing and reporting to the Board at least annually, its assessment of the adequacy and effectiveness of the REIT Manager's internal controls for FLCT and the REIT Manager, including financial, operational, compliance and information technology controls (including those relating to compliance with existing legislation and regulations), and risk management policies and systems established by Management;

- Interested Person Transactions: reviewing interested person transactions (as defined in the SGX-ST Listing Manual) and interested party transactions (as defined in the Property Funds Appendix) (both such types of transactions constituting "**Related/Interested Person Transactions**") entered into from time to time and the internal audit reports to ensure compliance with applicable legislation, the SGX-ST Listing Manual and the Property Funds Appendix;

- Conflicts of Interests: deliberating on resolutions relating to conflicts of interest situations involving FLCT;

[4] For FY2021, the internal audit function is outsourced to the FPL Group.

Corporate Governance Report

- Whistle-blowing: reviewing the policy and arrangements by which staff of the REIT Manager, FLCT and any other persons may, in confidence, safely raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken; and

- Investigations: reviewing the findings of internal investigations into any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, which the ARCC becomes aware of, and which has or is likely to have a material impact on FLCT's operating results or financial position.

During FY2021, key activities of the ARCC included assessing the impact of the COVID-19 pandemic and ensuring adequate cash flow and liquidity to sustain the Group's operations on an ongoing basis, and reviewing the internal and external audit plans to ensure the adequacy of the audit scope, including reviewing and approving adjustments to the annual internal audit plan to prioritise and address risks and constraints arising during the COVID-19 pandemic.

Where the external auditors raise any significant issues (where applicable) in their audit of FLCT's year-end financial statements, the ARCC will consider whether the issues raised have a material impact on the interim financial statements or business updates previously announced by FLCT. If there is, the ARCC will bring this to the Board's attention immediately so that the Board can consider whether an immediate announcement is required under the SGX-ST Listing Manual. In such a situation, the ARCC will also advise the Board if changes are needed to improve the quality of future interim financial statements or business updates – such changes (if any) will be disclosed in FLCT's annual report.

In carrying out its role, the ARCC is empowered to investigate any matter within its Terms of Reference, with full access to, and cooperation by, Management, to seek information it may require from any Director and/or employee of the REIT Manager. The ARCC also has full discretion to request the attendance of any Director or employees of the REIT Manager at its meetings, and reasonable resources to enable it to discharge its functions properly. The Chairman of the Board, non-executive Directors, the CEO, the CFO, the head of the internal audit function, representatives of the external auditor(s), or any other person with relevant experience and expertise may attend the meetings of the ARCC at the invitation of the ARCC. The meetings serve as a forum to review and discuss material risks and exposures of the REIT Manager's businesses and strategies to mitigate risks. The ARCC meets with internal auditors and external auditors without the presence of Management at least once a year to review various audit matters and the assistance given by Management to the internal and external auditors. In carrying out its function, the ARCC may also obtain independent or external legal or other professional advice or appoint external consultants as it considers necessary at the REIT Manager's cost.

Periodic updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the ARCC so that they are kept abreast of such changes and its corresponding impact on the financial statements, if any.

Risk Management

The ARCC shall review the framework and processes established by Management to achieve compliance with applicable laws, regulations, standards, best practice guidelines and the REIT Manager's policies and procedures. The ARCC shall assist the Board in ensuring that Management maintains a sound system of risk management and internal controls to safeguard the interests of the REIT Manager or the interests of Unitholders (as the case may be) and the assets of the REIT Manager and the assets of FLCT. The ARCC also assists the Board in its determination of the nature and extent of significant risks which the Board is willing to take in achieving the REIT Manager's strategic objectives and the overall levels of risk tolerance and risk policies. Further information on the key activities conducted by the ARCC can be found in the sections titled "Financial Performance, Reporting and Audit" on pages 178 to 179 and "Governance of Risk and Internal Controls" on pages 179 to 182.

Nominating and Remuneration Committee	
Membership	**Key Objectives**
Mr Ho Hon Cheong, *Chairman* Mr Chin Yoke Choong, *Member* Mr Goh Yong Chian, *Member* Mr Panote Sirivadhanabhakdi, *Member*	• Establishes a formal and transparent process for appointment and re-appointment of Directors • Develops a process for evaluation of the performance and annual assessment of the effectiveness of the Board as a whole and each of its board committees and individual directors • Reviews succession plans • Assists the Board in establishing a formal and transparent procedure for developing policies on Director and executive remuneration, developing a general framework of remuneration for the Board and Key Management Personnel and fixing the remuneration packages of individual Directors and Key Management Personnel • Ensures that there is an appropriate proportion of independent directors on the Board, and review annually, or where required, the independence of each Director

A majority of the members of the NRC, including the chairman of the NRC, are independent non-executive Directors.

The NRC is guided by written Terms of Reference approved by the Board which set out the duties and responsibilities of the NRC. The NRC's responsibilities, in relation to its functions as a nominating committee, include reviewing the structure, size and composition and independence of the Board and its Board Committees, reviewing and making recommendations to the Board on the succession plans for Directors, the Chairman and Key Management Personnel, making recommendations to the Board on all appointments and re-appointments of Directors (including alternate Directors, if any), and determining the independence of Directors. The NRC also proposes for the Board's approval, the objective performance criteria and process for the evaluation of the effectiveness of the Board, the Board Committees and each Director, and ensures that proper disclosures of such process are made. The NRC is also responsible for reviewing and making recommendations to the Board on training and professional development programmes for the Board and the Directors.

Further information on the main activities of the NRC, in relation to its functions as a nominating committee, are outlined in the following sections:

- "Training and development of Directors" on page 162
- "Board Composition" on pages 162 to 164
- "Directors' Independence" on pages 165 to 170
- "Board Performance Evaluation" on pages 170 to 171

Corporate Governance Report

The NRC's responsibilities, in reviewing remuneration matters, include: (i) reviewing and recommending to the Board, a framework of remuneration for the Board and Key Management Personnel, and (ii) ensuring that the remuneration of executive Directors shall not be linked in any way to FLCT's gross revenue.

On an annual basis, the NRC also reviews and recommends, for the Board's approval, the REIT Manager's remuneration and benefits policies and practices (including long-term incentive schemes), and the performance and specific remuneration packages for each Director and Key Management Personnel, in accordance with the approved remuneration policies and processes. The NRC also proposes, for the Board's approval, criteria to assist in the evaluation of the performance of Key Management Personnel, and (where applicable) reviews the obligations of the REIT Manager arising in the event of the termination of the service agreements of Key Management Personnel to ensure that such contracts of service contain fair and reasonable termination clauses. The NRC also administers and approves awards under the FLCT Restricted Unit Plan ("**RUP**") and/or other long-term incentive schemes to senior executives of the REIT Manager.

In carrying out its review on remuneration matters, the Terms of Reference of the NRC provide that the NRC shall consider all aspects of remuneration, including Directors' fees, special remuneration to Directors who render special or extra services to the REIT Manager, salaries, allowances, bonuses, options, Unit-based incentives and awards, benefits-in-kind and termination payments, and shall aim to be fair and to avoid rewarding poor performance.

If necessary, the NRC can seek expert advice on remuneration within the Frasers Property Group Human Resources Department or from external sources. Where such advice is obtained from external sources, the NRC ensures that existing relationships, if any, between the REIT Manager and the appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Delegation of authority framework

As part of the REIT Manager's internal controls, the Board has adopted a framework of delegated authorisations in its Manual of Authority (the "**MOA**"). The MOA, which is approved by the Board, sets out the levels of authorisation required for particular types of transactions to be carried out, and specifies whether Board approval needs to be sought. It also sets out approval limits for operating and capital expenditure, treasury transactions as well as investments and asset enhancement initiatives.

While day-to-day operations of the business are delegated to Management, in order to facilitate the Board's exercise of its leadership and oversight of FLCT, the MOA contains a schedule of matters specifically reserved for approval by the Board and these are clearly communicated to Management in writing. These include approval of annual budgets, material transactions such as the major acquisitions and disposals of property assets, equity investments, unbudgeted asset enhancement initiatives and budgeted asset enhancement initiatives of a value of more than S$5 million (with such transactions of lower value to be reported to the Board), the entry into credit facilities including hedging facilities and issuance of any financial instrument, and operational matters such as the entry into, or renewal of leases where the contract value exceeds a gross rental income of S$5 million. Investments and strategic plans are subject to the approval of the Board.

Meetings of the Board and Board Committees

The Board meets regularly, at least once every quarter, and also as required by business needs or if their members deem it necessary or appropriate to do so.

The following table summarises the number of meetings of the Board and Board Committees and general meetings held and attended by the Directors in the financial year ended 30 September 2021 ("**FY2021**"):

	Board Meetings	Audit, Risk and Compliance Committee Meetings	Nominating and Remuneration Committee Meetings	Annual General Meeting
Meetings held for FY2021	6	5	3	1
Mr Ho Hon Cheong	6 (C)[1]	5	3 (C)[1]	1 (C)[1]
Mr Chin Yoke Choong	6	5 (C)[1]	3	1
Mr Goh Yong Chian	6	5	3	1
Mr Paul Gilbert Say	5	4	N.A.	1
Ms Soh Onn Cheng Margaret Jane	6	N.A.	N.A.	1
Mr Panote Sirivadhanabhakdi	6	N.A.	3	1
Mr Chia Khong Shoong	6	N.A.	N.A.	1
Mr Rodney Vaughan Fehring	5	N.A.	N.A.	1
Mr Reinfried Helmut Otter (Reini Otter)	6	N.A.	N.A.	1

Note:

[1] (C) refers to chairman.

A calendar of activities is scheduled for the Board a year in advance.

The REIT Manager's Constitution provides for Board members who are unable to attend physical meetings to participate through telephone conference, video conference or any other form of electronic or instantaneous communication facilities.

Management provides the Directors with Board papers setting out complete, adequate and relevant information on the agenda items to be discussed at Board and Board Committee meetings around a week in advance of the meeting (save in cases of urgency). This gives Directors sufficient time to prepare for the meeting and review and consider the matters being tabled so that discussions can be more meaningful and productive and Directors have the necessary information to make sound and informed decisions.

Senior members of the Management team attend Board meetings, and where necessary, Board Committee meetings, to brief and make presentations to the Directors, provide input and insight into matters being discussed, and respond to queries and take any follow up instructions from the Directors. At least once a year and if required, time is set aside after scheduled Board meetings for discussions amongst the Board without the presence of Management.

Where required by the Directors, external advisers may also be present or available whether at Board and Board Committee meetings or otherwise, and (if necessary), at the REIT Manager's expense where applicable, to brief the Directors and provide their advice.

Corporate Governance Report

Matters Discussed by Board and Board Committees in FY2021 Board		
• Strategy • Business and Operations Update • Financial Performance • Governance	• Acquisitions and divestment proposals • Asset enhancement initiatives • Feedback from Board Committees	• Cybersecurity and Threats Technology Risk Management • Sustainability, Environmental, Social & Governance

Audit, Risk and Compliance Committee	Nominating and Remuneration Committee
• External and Internal Audit • Financial Reporting • Treasury, Debt and Capital Management • Internal Controls and Risk Management • Related/Interested Person Transactions • Conflicts of Interests	• Board Composition and Renewal • Board, Board Committees and Director Evaluations • Training and Development • Remuneration Policies and Framework • Succession Planning

Board Oversight

Outside of Board and Board Committee meetings, Management also provides Directors with complete and adequate reports on major operational matters, business development activities, financial performance, potential investment opportunities, as well as such other relevant information on an on-going and timely basis to enable them to discharge their duties and responsibilities properly. In respect of budgets, any material variances between the projections and actual results will be disclosed and explained in the relevant periodic report.

Directors have separate and independent access to Management, and are entitled to request for such additional information as needed to make informed decisions and to fulfil their duties and responsibilities properly, which additional information will then be provided by Management in a timely manner. Where required or requested by Directors, site visits are also arranged for Directors to have an intimate understanding of the key business operations of each division and to promote active engagement with Management.

Directors are provided with sufficient information to enable them to ensure that they prepare adequately for Board and Board Committee meetings, and devote sufficient time and attention to the affairs of FLCT and the REIT Manager. At Board and Board Committee meetings, the Directors attend and actively participate, discuss, deliberate and appraise matters requiring their attention and decision. Where necessary for the proper discharge of their duties, the Directors may seek and obtain independent professional advice at the REIT Manager's expense.

During FY2021, the REIT Manager closely monitored developments on the COVID-19 situation, and the Board was promptly informed on the impact of any such developments on business operations, as well as the implementation of business continuity plans and other mitigating measures to minimise any operational disruptions. In addition, monthly board update reports incorporate the impact of the COVID-19 situation on business operations and financials.

The Board was also regularly updated on relevant legal and regulatory requirements in light of the evolving COVID-19 situation.

The Company Secretary

The Board is supported by the Company Secretary, who is legally trained and familiar with company secretarial practices, and responsible for administering and executing Board and Board Committee procedures in compliance with the Companies Act (Chapter 50 of Singapore), the REIT Manager's Constitution, the Trust Deed and applicable law. The Company Secretary also provides advice and guidance on relevant guidelines, notices, rules and regulations, including disclosure requirements under the SFA, applicable MAS guidelines and notices, the CIS Code and the SGX-ST Listing Manual, as well as corporate governance practices and processes.

The Company Secretary attends all Board and Board Committee meetings and drafts and reviews the minutes of proceedings thereof, and facilitates and acts as a channel of communication for the smooth flow of information to and within the Board and its various Board Committees, as well as between and with senior Management. The Directors have separate and independent access to the Company Secretary, whose responsibilities include supporting and advising the Board on corporate and administrative matters.

The Company Secretary obtains and consolidates Directors' feedback and evaluation, facilitates induction and orientation programmes for new Directors, and assists with Directors' professional development matters. The Company Secretary also acts as the REIT Manager's primary channel of communication with the SGX-ST.

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Training and development of Directors

The NRC is tasked with identifying and developing training programmes for the Board and Board Committees for the Board's approval and ensuring that Directors have the opportunity to develop their skills and knowledge.

Upon appointment, each new Director is issued a formal letter of appointment setting out his or her duties, responsibilities and obligations, including his or her responsibilities as fiduciaries and on the policies relating to conflicts of interest, as well as the expectations of the REIT Manager. An induction and orientation programme is also conducted to provide new appointees with information on the business activities, strategic direction, policies and corporate governance practices of the REIT Manager, as well as their statutory and other duties and responsibilities as directors. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his or her roles and responsibilities as prescribed by the SGX-ST, unless the NRC is of the view that training is not required because he or she has other relevant experience, in which case the basis of its assessment will be disclosed. There were no new Directors appointed to the Board in FY2021. Mr Reini Otter (Reinfried Helmut Otter), who was appointed to the Board on 30 July 2020, completed the core modules of the Listed Entity Director Programme in FY2021.

The Directors are kept continually and regularly updated on FLCT's business and the regulatory and industry specific environments in which the entities of the Group operate. The REIT Manager sees to it that the Board is regularly updated on new developments in laws and regulations or changes in regulatory requirements and financial reporting standards which are relevant to or may affect the REIT Manager or FLCT and such updates may be in writing, by way of briefings held by the REIT Manager's lawyers, external advisers and external auditors or disseminated by way of presentations and/or handouts. During FY2021, the Directors attended briefings and training programmes on, among others, (i) updates to the SGX-ST Listing Manual and the CG Code; (ii) MAS regulatory updates; (iii) changes in the financial reporting standards; (iv) sustainability and Environmental, Social and Governance (or ESG) matters; and (v) cyber security landscape and threats. Due to the travel restrictions arising from the COVID-19 pandemic situation, overseas travel for the assets acquired in June 2021 has been deferred.

To ensure the Directors have the opportunities to develop their skills and knowledge and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment, and provided with opportunities to develop and maintain their skills and knowledge at the REIT Manager's expense. The REIT Manager maintains a training record to track Directors' attendance at training and professional development courses.

Directors are encouraged to be members of the Singapore Institute of Directors ("**SID**") and for them to receive updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and relevant business trends.

BOARD COMPOSITION

All of the Directors are non-executive and the Board comprises five independent and four non-independent Directors.

No alternate directors have been appointed on the Board for FY2021. Alternate directors will only be appointed in exceptional circumstances.

Corporate Governance Report

The NRC reviews, on an annual basis, the structure, size, and composition of the Board and Board Committees, taking into account the CG Code and Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations (the "**SFLCB Regulations**"). The NRC has assessed that the current structure, size and composition of the Board and Board Committees are appropriate for the scope and nature of FLCT's and the REIT Manager's operations. No individual or group dominates the Board's decision-making process or has unfettered powers of decision-making. There is a balanced exchange of views and robust deliberations and debates among members. The NRC is of the opinion that the Directors with their diverse backgrounds and competencies (including banking, accounting and finance, real estate, legal, and other relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management) provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age that avoids groupthink and fosters constructive debate and ensures the effectiveness of the Board and its Board Committees. The Board concurs with the views of the NRC.

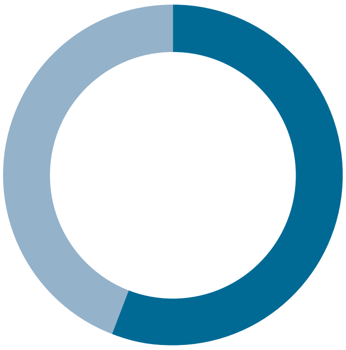
Where Directors step down from the Board, cessation announcements providing detailed reason(s) for the cessation are released on SGXNet in compliance with the requirements of the SGX-ST Listing Manual.

Board Composition in terms of Age Group, Independence, Tenure and Gender (as at 30 September 2021)

Age Group

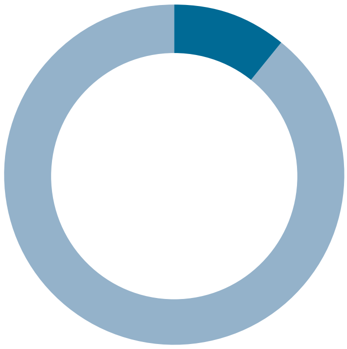
41-50 years old	22%
51-60 years old	11%
61-70 years old	56%
71-80 years old	11%

Independence



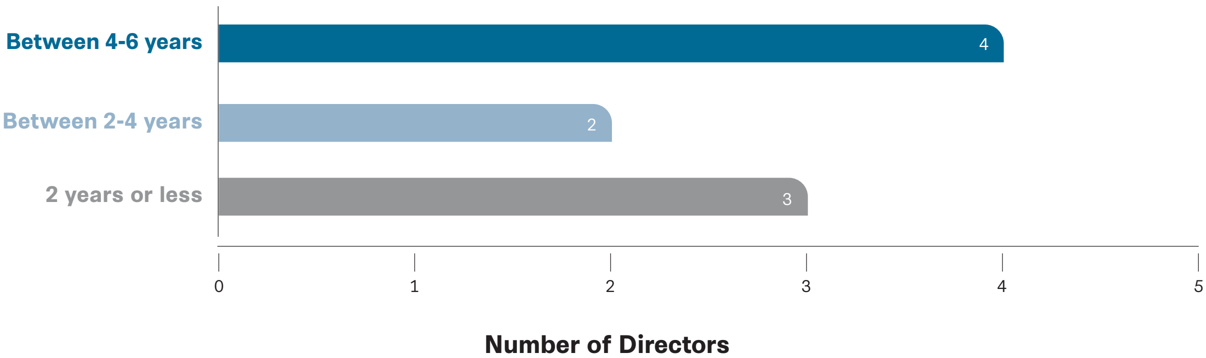
Independent and Non-Executive Directors	56%
Non-Independent and Non-Executive Directors	44%

Gender



Female	11%
Male	89%

Tenure



Corporate Governance Report

Under the NRC Terms of Reference, the NRC is tasked with making recommendations to the Board on all Board appointments and re-appointments, taking into account, among other things, the scope and nature of the operations of the Group, the requirements of the business, whether Directors who have multiple board representations are able to carry out and have been carrying out their duties as Directors and whether the Directors have given sufficient time and attention to the affairs of FLCT and the REIT Manager. The process for the selection, appointment and re-appointment of Directors also takes into account the composition and progressive renewal of the Board and Board Committees, each Director's experience, education, expertise, judgment, personal qualities and general and sector specific knowledge in relation to the needs of the Board as well as whether the candidates will add diversity to the Board and whether they are likely to have adequate time to discharge their duties, including attendance at all Board meetings. The NRC will also take into consideration whether a candidate had previously served on boards of companies with adverse track records or a history of irregularities, and assess whether such past appointments would affect his/her ability to act as a Director of the REIT Manager.

The NRC considers different channels to source and screen both internal and external candidates for Board appointments, depending on the requirements, including tapping on existing networks of contacts and recommendations. External consultants may be retained from time to time, where appropriate, to assist in assessing and selecting a broader range of potential internal and external candidates beyond the Board's existing network of contacts. Suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates are objective and well supported.

On an annual basis, the NRC reviews (a) the directorships and principal commitments of each Director, and (b) a framework for Board evaluation to be conducted by an external consultant on the effectiveness of the Board. Through the aforementioned review and Board evaluation exercise, the Directors assess whether Board members effectively manage his or her directorships and have the time and ability to contribute to the Board.

Instead of prescribing a maximum number of directorships and/or other principal commitments that each Director may have, the NRC adopts a holistic assessment of each Director's individual capacity and circumstances to carry out his or her duties, taking into consideration not only the number of other board and other principal commitments held by each Director, but also the nature and complexity of such commitments. The assessment also takes into consideration Directors' commitment, conduct and contributions (such as meaningful participation, candour and rigorous decision making) at Board meetings, as well as whether the Director's engagement with Management is adequate and effective. In respect of FY2021, the NRC is of the view that each Director, including Directors who hold multiple board representations, has been able to effectively discharge his duties as a Director of the REIT Manager. Further details on the Board evaluation exercise is set out under the section "Board Performance Evaluation" on pages 170 to 171.

Directors are not subject to periodic retirement by rotation. Under its Terms of Reference, the NRC is tasked with reviewing the succession plans for Directors, the Chairman and Key Management Personnel.

Board Diversity Policy

The Board has adopted, with the recommendation of the NRC, a board diversity policy, and has charged the NRC with the task of setting qualitative and measurable quantitative objectives (where appropriate) for achieving board diversity, and reviewing the REIT Manager's progress towards achieving the objectives under the policy. The NRC will monitor and implement this policy, and will take the principles of the policy into consideration when determining the optimal composition of the Board, the appointment and re-appointment of Directors and when recommending any proposed changes to the Board. On the recommendation of the NRC, the Board may set certain measurable objectives and specific diversity targets, with a view to achieving an optimal Board composition, and these objectives and specific diversity targets may be reviewed by the NRC from time to time to ensure their appropriateness. The REIT Manager remains committed to implementing the board diversity policy and any progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

The Board views diversity at the Board level as an essential element for driving value in decision-making and proactively seeks as part of its board diversity policy, to maintain an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diversity of the composition of the Board, in terms of age, gender, and the backgrounds and competencies of the Directors, whose experience range from banking, accounting and finance, legal and property, and include relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. This is beneficial to FLCT, the REIT Manager and Management as decisions by, and discussions with, the Board would be enriched by the broad range of views and perspectives and the breadth of experience of the Directors.

Corporate Governance Report

Directors' Independence

The Directors exercise their judgment independently and objectively in the interests of FLCT and the REIT Manager. The NRC determines annually, and as and when circumstances require, if a Director is independent based on the rules, guidelines and/or circumstances on director independence as set out in Rule 210(5)(d) of the SGX-ST Listing Manual, Provision 2.1 of the CG Code and the accompanying Practice Guidance, the MAS Guidelines No. SFA04-G07 "Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" dated 1 January 2016 and the SFLCB Regulations (collectively, the "**Relevant Regulations**"). The NRC provides its views to the Board for the Board's consideration. Directors are expected to disclose any relationships with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial Unitholders of FLCT, if any, which may affect their independence, as and when they arise, to the Board.

Each of the IDs complete a declaration of independence annually which is reviewed by the NRC. Based on the declarations of independence of the IDs, and having regard to the rules, guidelines and circumstances set forth in the Relevant Regulations, the NRC and the Board have determined that as at 30 September 2021, there are five IDs on the Board (including the Chairman), namely, Mr Ho Hon Cheong, Mr Chin Yoke Choong, Mr Goh Yong Chian, Mr Paul Gilbert Say and Ms Soh Onn Cheng Margaret Jane.

Mr Ho Hon Cheong

Mr Ho Hon Cheong is currently a non-executive, independent commissioner of PT Chandra Asri Petrochemical Tbk in Indonesia and a non-executive, independent director of AIA Singapore Pte. Ltd. He has confirmed, *inter alia*, that he:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial unitholder[2] of FLCT and does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial unitholders of FLCT which could interfere with the exercise of his independent judgment as a Director;

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2021 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

(c) in FY2021 or the immediate or past financial year, (i) has not, and does not have any immediate family member who received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who, was (a) a substantial shareholder or unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

Having considered the declaration of independence and the Relevant Regulations, the NRC has determined that Mr Ho is an independent director as at 30 September 2021.

Mr Chin Yoke Choong

Mr Chin Yoke Choong is a non-executive director of AVJennings Limited, Ho Bee Land Limited, Singapore Labour Foundation and Temasek Holdings (Private) Limited, chairman of Corporate Governance Advisory Committee, Housing and Development Board, NTUC Fairprice Co-operative Ltd, NTUC Fairprice Foundation Ltd and deputy chairman of NTUC Enterprise Co-operative Limited. He has confirmed, *inter alia*, that (save as disclosed below in relation to his previous appointments with Frasers Commercial Asset Management Ltd ("**FCOAM**")) he:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial unitholder[2] of FLCT and does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial unitholders of FLCT which could interfere with the exercise of his independent judgment as a Director;

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2021 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

(c) in FY2021 or the immediate or past financial year, (i) has not, and does not have any immediate family member who received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who, was (a) a substantial shareholder or unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

Mr Chin was previously an independent and non-executive director of, and the chairman of the board of FCOAM, which was the manager of Frasers Commercial Trust prior to the merger of Frasers Commercial Trust with Frasers Logistics & Commercial Trust, which completed in April 2020. He was also a member of each of the audit, risk and compliance committee and nominating and remuneration committee of FCOAM. FCOAM is a wholly-owned subsidiary of FPL and a related corporation of the REIT Manager. Pursuant to the merger, Mr Chin was appointed as a Director of the REIT Manager and stepped down from the Board of FCOAM with effect from 29 April 2020. In connection with his appointments in FCOAM, Mr Chin received director's fees amounting to S$91,522 in the financial year ended 30 September 2020 ("**FY2020**"). The aforesaid appointments therefore fall within the categories of business relationships under Regulation 13G of the SFLCB Regulations.

The Monetary Authority of Singapore had on 30 March 2020 confirmed that it has no objections to the REIT Manager refreshing and commencing the 9-year independence period for Mr Chin from the date of his appointment as independent non-executive director of the REIT Manager, notwithstanding that he was previously an independent and non-executive director of FCOAM.

The NRC has reviewed, *inter alia*, the declaration of independence by Mr Chin and the Relevant Regulations and affirms its view that the prior appointments of Mr Chin as director and member of the board committees of FCOAM and the payment of the FCOAM directors' fees in respect thereof to Mr Chin for FY2020 does not affect his continued ability to exercise strong objective judgment and be independent in conduct and character (in particular, in the expression of his views and in his participation in the deliberations and decision-making of the Board and the Board Committees of which he is a member), acting in the best interests of all unitholders of FLCT as a whole. As such, the NRC has determined that Mr Chin is an independent director as at 30 September 2021.

Mr Goh Yong Chian

Mr Goh Yong Chian has confirmed, *inter alia*, that he:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial unitholder[2] of FLCT and does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial unitholders of FLCT which could interfere with the exercise of his independent judgment as a Director;

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2021 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

(c) in FY2021 or the immediate or past financial year, (i) has not, and does not have any immediate family member who, received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

Having considered the declaration of independence and the Relevant Regulations, the NRC has determined that Mr Goh is an independent director as at 30 September 2021.

Corporate Governance Report

Mr Paul Gilbert Say

Mr Paul Gilbert Say is currently an independent, non-executive director of ALE Property Group and Cedar Woods Properties Limited, which are listed in Australia, a director of Stratum Pty Ltd and a non-executive director of Cameron Brae Group. He is also a board member of Women's Community Shelters in Australia and panel member of NSW Urban Growth Advisory Board. He has confirmed, *inter alia*, that he:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial unitholder[2] of FLCT and does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial unitholders of FLCT which could interfere with the exercise of his independent judgment as a Director;

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2021 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

(c) in FY2021 or the immediate or past financial year, (i) has not, and does not have any immediate family member who, received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who was (a) a substantial shareholder or unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

Having considered the declaration of independence and the Relevant Regulations, the NRC has determined that Mr Say is an independent director as at 30 September 2021.

Ms Soh Onn Cheng Margaret Jane

Ms Soh Onn Cheng Margaret Jane is an independent, non-executive director of KBS US Prime Property Management Pte. Ltd., the manager of Prime US REIT (which is listed on the Main Board of the SGX-ST). Ms Soh has confirmed, *inter alia*, that (save as disclosed below in relation to her previous appointments with FCOAM) she:

(a) is not connected[1] to any substantial shareholder[2] of the REIT Manager or substantial unitholder[2] of FLCT and does not have any relationship with the REIT Manager, its related corporations, its substantial shareholders, its officers or the substantial unitholders of FLCT which could interfere with the exercise of her independent judgment as a Director;

(b) (i) is not employed by the REIT Manager, its related corporations or the trustee of FLCT for FY2021 or any of the past three financial years, and (ii) does not have any immediate[3] family member who has been employed by the REIT Manager or its related corporations as an executive officer in any of the past three financial years; and

(c) in FY2021 or the immediate or past financial year, (i) has not, and does not have any immediate family member who received significant payments[4] or material services from the REIT Manager or any of its subsidiaries, FLCT or any of its subsidiaries and/or the Trustee, and (ii) was not, and does not have any immediate family member who, was (a) a substantial shareholder or unitholder of, or (b) an executive officer of, or (c) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee received significant payments[5] or material services (other than directors' fees).

Ms Soh was previously an independent and non-executive director of FCOAM, which was the manager of Frasers Commercial Trust prior to the merger of Frasers Commercial Trust with Frasers Logistics & Commercial Trust, which was completed in April 2020. She was also the the chairperson of the nominating and remuneration committee of FCOAM and a member of the audit, risk and compliance committee of FCOAM. FCOAM is a wholly-owned subsidiary of FPL and a related corporation of the REIT Manager. Pursuant to the merger, Ms Soh was appointed as a Director of the REIT Manager and stepped down from the Board of FCOAM with effect from 29 April 2020. In connection with her appointments in FCOAM, Ms Soh received director's fees amounting to S$63,489 in FY2020. The aforesaid appointments therefore fall within the categories of business relationships under Regulation 13G of the SFLCB Regulations.

The Monetary Authority of Singapore had on 30 March 2020 confirmed that it has no objections to the REIT Manager refreshing and commencing the 9-year independence period for Ms Soh from the date of her appointment as independent non-executive director of the REIT Manager, notwithstanding that she was previously an independent and non-executive director of FCOAM.

The NRC has reviewed, *inter alia*, the declaration of independence by Ms Soh and the Relevant Regulations and affirms its view that the prior appointments of Ms Soh as director and member of the board committees of FCOAM and the payment of the FCOAM directors' fees in respect thereof to Ms Soh for FY2020 does not affect her continued ability to exercise strong objective judgment and be independent in conduct and character (in particular, in the expression of her views and in her participation in the deliberations and decision-making of the Board), acting in the best interests of all unitholders of FLCT as a whole. As such, the NRC has determined that Ms Soh is an independent director as at 30 September 2021.

Notes:

(1) A Director is "**connected**" to a substantial shareholder of the REIT Manager or substantial Unitholder of FLCT if: (a) (where such shareholder or Unitholder is an individual) the Director is a member of the immediate family of, or employed by such substantial shareholder or substantial Unitholder or accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder or substantial Unitholder, and (b) (where such shareholder or unitholder is a corporation) the Director is employed by or a director of such substantial shareholder, substantial Unitholder or their related corporations or associated companies or accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder or substantial Unitholder.

(2) "**substantial shareholder**" and "**substantial unitholder**" refers to a shareholder or unitholder holding not less than 5% of the total votes or units attached to all voting shares or units in the REIT Manager or FLCT, respectively.

(3) "**Immediate family**" refers to the person's spouse, child, adopted child, step-child, sibling, step-sibling, parent and step-parent.

(4) As a guide, payments aggregated over any financial year in excess of S$50,000 would generally be deemed as significant. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material.

(5) As a guide, payments aggregated over any financial year in excess of S$200,000 would generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material.

Corporate Governance Report

The Board has considered the relevant requirements under the SFLCB Regulations and its views in respect of the independence of each Director for FY2021 are as follows:

The Director:	Mr Ho Hon Cheong	Mr Chin Yoke Choong	Mr Goh Yong Chian	Mr Paul Gilbert Say	Ms Soh Onn Cheng Margaret Jane	Mr Panote Sirivadhanabhakdi[1]	Mr Chia Khong Shoong[2]	Mr Rodney Vaughan Fehring[3]	Mr Reinfried Helmut Otter (Reini Otter)
(i) had been independent from the management of the REIT Manager and FLCT during FY2021	✓	✓	✓	✓	✓				
(ii) had been independent from any business relationship with the REIT Manager and FLCT during FY2021	✓		✓	✓		✓	✓	✓	✓
(iii) had been independent from every substantial shareholder of the REIT Manager and every substantial Unitholder during FY2021	✓	✓	✓	✓	✓				
(iv) had not been a substantial shareholder of the REIT Manager or a substantial Unitholder during FY2021	✓	✓	✓	✓	✓	✓	✓	✓	✓
(v) has not served as a director of the REIT Manager for a continuous period of nine years or longer as at the last day of FY2021	✓	✓	✓	✓	✓	✓	✓	✓	✓

Notes:

(1) Mr Panote Sirivadhanabhakdi is a director and the Group Chief Executive Officer of FPL and a director of certain entities within the FPL Group (as defined below) other than the REIT Manager. FPL wholly-owns the REIT Manager and is a substantial Unitholder. Mr Panote Sirivadhanabhakdi is also a director of various entities within the TCC Group (as defined below), which is the controlling shareholder of the FPL Group. He holds 20.0% of the issued share capital of TCC Group Investments Limited, which holds approximately 3.22% in FLCT as at 30 September 2021. Mr Panote Sirivadhanabhakdi is also the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi. As such, during FY2021, Mr Panote Sirivadhanabhakdi is deemed (a) to have a management relationship with the REIT Manager and FLCT; and (b) connected to the shareholder of the REIT Manager and a substantial Unitholder.

"***FPL Group***" refers to FPL and/or its subsidiaries.

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

(2) Mr Chia Khong Shoong is the Group Chief Corporate Officer of FPL and is employed by a related corporation of the REIT Manager. He is also a director and/or executive of certain entities within the FPL Group other than the REIT Manager. As such, during FY2021, Mr Chia Khong Shoong is deemed (a) to have a management relationship with the REIT Manager and FLCT; and (b) connected to the shareholder of the REIT Manager and a substantial Unitholder.

(3) Mr Rodney Vaughan Fehring is the Executive Chairman of Frasers Property Australia, Frasers Property Industrial and Frasers Property UK, business units of FPL, and is employed by a related corporation of the REIT Manager. As such, during FY2021, Mr Rodney Vaughan Fehring is deemed (a) to have a management relationship with the REIT Manager and FLCT; and (b) connected to the shareholder of the REIT Manager and a substantial Unitholder.

(4) Mr Reinfried Helmut Otter (Reini Otter) is the Chief Executive Officer of Frasers Property Industrial, a strategic business unit of FPL and is employed by a related corporation of the REIT Manager. He is also a director and/or executive of certain entities within the FPL Group other than the REIT Manager. As such, during FY2021, Mr Reinfried Helmut Otter (Reini Otter) is deemed (a) to have a management relationship with the REIT Manager and FLCT; and (b) connected to the shareholder of the REIT Manager and a substantial Unitholder.

Corporate Governance Report

The Board is satisfied that, as at the last day of FY2021, each of Mr Panote Sirivadhanabhakdi, Mr Chia Khong Shoong, Mr Rodney Vaughan Fehring and Mr Reinfried Helmut Otter (Reini Otter) was able to act in the best interests of all Unitholders as a whole. As at the last day of FY2021, each of Mr Panote Sirivadhanabhakdi, Mr Chia Khong Shoong, Mr Rodney Vaughan Fehring and Mr Reinfried Helmut Otter (Reini Otter) was able to act in the best interests of Unitholders as a whole.

The IDs lead the way in upholding good corporate governance at the Board level and their presence facilitates the exercise of objective independent judgment on corporate affairs. Their participation and input also ensure that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into account the long-term interests of FLCT and its Unitholders.

As of 30 September 2021, none of the IDs have served on the Board for a continuous period of nine years or longer. Board renewal is a continuing process where the appropriate composition of the Board is continually under review. In this regard, the tenure of each ID is monitored so that the process for board renewal is commenced ahead of any ID reaching the nine-year mark to facilitate a smooth transition and to ensure that the Board continues to have an appropriate balance of independence. To this end, the NRC is tasked with undertaking the process of reviewing, considering and recommending any changes to the composition of the Board, where appropriate, taking into account the requirements to be met by IDs including the SFLCB Regulations.

As more than half of the Board comprises IDs, the REIT Manager will not be subjecting any appointment or re-appointment of Directors to voting by Unitholders under Regulation 13D of the SFLCB Regulations. The Chairman is presently an ID.

Conflict of Interest Policy

The Board has in place clear procedures for dealing with conflicts of interest. To address and manage possible conflicts of interest (including in relation to Directors, officers and employees) that may arise in managing FLCT, the REIT Manager has put in place procedures which, among other things, specify that: (a) the REIT Manager shall be dedicated to the management of FLCT and will not directly or indirectly manage other REITs, without first obtaining approval from the MAS; (b) all executive officers of the REIT Manager will be employed by the REIT Manager; (c) all resolutions in writing of the Directors in relation to matters concerning FLCT must be approved by a majority of the Directors, including at least one ID; (d) at least one-third of the Board shall comprise IDs; (e) on matters where FPL, its subsidiaries and/or its shareholders have an interest (directly or indirectly), Directors nominated by FPL, its subsidiaries and/or its shareholders shall abstain from voting. On such matters, the quorum must comprise a majority of IDs and must exclude nominee Directors of FPL Group and/or its subsidiaries; and (f) an interested Director is required to disclose his interest in any proposed transaction with FLCT, to recuse himself or herself from meetings and/or discussions (or relevant segments thereof), and is required to abstain from voting on resolutions approving the transaction.

The REIT Manager does not have a practice of extending loans to Directors, and as at 30 September 2021, there were no loans granted by the REIT Manager to Directors. If there are such loans, the REIT Manager will comply with its obligations under the Companies Act in relation to loans, quasi-loans, credit transactions and related arrangements to Directors.

Board Performance Evaluation

The NRC is tasked with making recommendations to the Board on the process and objective performance criteria for evaluation of the performance of the Board as a whole, the Board Committees and the individual Directors.

The Board, with the recommendation of the NRC, has approved the objective performance criteria and implemented a formal process for assessing the effectiveness of the Board as a whole and its Board Committees separately, and the contribution by the Chairman and each individual Director to the effectiveness of the Board, on an annual basis. The objective performance criteria are not typically changed from year to year. In relation to FY2020, the outcome of the evaluation was generally affirmative across the evaluation categories. Based on the NRC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

For FY2021, an independent external consultant, Aon Solutions Singapore Pte. Ltd. ("**Aon**"), has been appointed to facilitate the process of conducting a Board evaluation survey. The external consultant has no connection with FLCT, the REIT Manager or any of the Directors.

Corporate Governance Report

Each Director is required to complete a Board evaluation questionnaire, a Board Committee evaluation questionnaire and an individual Director self-evaluation questionnaire (the "**Questionnaires**"). The Questionnaires have been designed to provide an evaluation of the current effectiveness of the Board and to support the Chairman and the Board in proactively considering what can enhance the readiness of the Board to address emerging strategic priorities for the REIT Manager as a whole. The external consultant will facilitate the sending of questionnaires to be sent to all Directors, and one-to-one interviews are conducted selectively on a rotational basis, to obtain Directors' feedback.

The objective performance criteria covered in the Board evaluation exercise relate to the following key segments: (1) Board composition (balance of skills, experience, independence, knowledge of the company and diversity); (2) management of information flow; (3) Board processes (including Board practices and conduct); (4) Board's consideration of Environmental, Social and Governance aspects; (5) Board strategy and priorities; (6) Board's value add to, and management of the performance of the REIT Manager; (7) development and succession planning of executives; (8) development and training of Directors; (9) oversight of risk management and internal controls; and (10) the effectiveness of the Board Committees. The individual Director self-evaluation questionnaire aims to assess whether each Director is willing and able to constructively challenge and contribute effectively to the Board, and demonstrate commitment to his or her roles on the Board and Board Committees (if any). The responses to the Questionnaires and interview(s) are summarised by the external consultant and its report submitted to the NRC. To provide a greater level of objectivity in the evaluation process, the report also includes peer comparisons and third-party benchmarking of the results to the evaluation. Findings and recommendations of the external consultant which include feedback from Directors would be taken into consideration and any necessary follow-up actions would be undertaken with a view to improving the overall effectiveness of the Board in fulfilling its role and meeting its responsibilities to Unitholders. The Chairman of the NRC will, in consultation with the NRC, where necessary, provide feedback to the Directors with a view to improving Board performance and, where appropriate, propose changes to the composition of the Board.

REMUNERATION MATTERS

The remuneration of the staff of the REIT Manager and Directors' fees are paid by the REIT Manager from the management fees it receives from FLCT, and not by FLCT. With the recommendations of the NRC, the Board has put in place a formal and transparent process for developing policies on remuneration of Directors and Key Management Personnel and for fixing the remuneration packages of individual Directors and Key Management Personnel.

Compensation Philosophy

The REIT Manager seeks to incentivise and reward consistent and sustained performance through market competitive, internally equitable, performance-orientated and Unitholder-aligned compensation programmes. This compensation philosophy serves as the foundation for the REIT Manager's remuneration framework, and guides the REIT Manager's remuneration framework and strategies. In addition, the REIT Manager's compensation philosophy seeks to align the aspirations and interests of its employees with the interests of FLCT and its Unitholders, resulting in the sharing of rewards for both employees and Unitholders on a sustained basis. The REIT Manager's compensation philosophy serves to attract, retain and motivate employees. The REIT Manager aims to connect employees' desire to develop and fulfil their aspirations with the growth opportunities afforded by the REIT Manager's strategic vision and corporate initiatives.

Compensation Principles

The design, determination and administration of all compensation programmes are guided by the following principles:

(a) Pay-for-Performance

The REIT Manager's Pay-for-Performance principle encourages excellence, in a manner consistent with the REIT Manager's core values. The REIT Manager takes a total compensation approach, which recognises the value and responsibility of each role, and differentiates and rewards performance through its incentive plans.

(b) Unitholder Returns

Performance measures for incentives are established to drive initiatives and activities that are aligned with both short-term value creation and long-term Unitholder wealth creation, thus ensuring a focus on delivering Unitholder returns.

(c) Sustainable Performance

The REIT Manager believes sustained success depends on the balanced pursuit and consistent achievement of short-term and long-term goals. Hence, variable incentives incorporate a significant pay-at-risk element to align employees with sustainable performance for the REIT Manager.

(d) Market Competitiveness

The REIT Manager aims to be market competitive by benchmarking its compensation levels with relevant comparators accordingly. However, the REIT Manager embraces a holistic view of employee engagement that extends beyond monetary rewards. Recognising each individual as unique, the REIT Manager seeks to motivate and develop employees through all the levers available to the REIT Manager through its comprehensive human capital platform.

Engagement of External Consultants

The NRC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Among other things, this helps the REIT Manager to stay competitive in its remuneration packages. During FY2021, Aon was appointed as the REIT Manager's remuneration consultant. The remuneration consultant does not have any relationship with FLCT, the REIT Manager, its controlling shareholders, its related entities and/or its Directors which would affect its independence and objectivity.

Remuneration Framework

The NRC reviews and makes recommendations to the Board on the remuneration framework for the IDs and other non-executive Directors and Key Management Personnel. The remuneration framework is endorsed by the Board.

The remuneration framework covers all aspects of remuneration including salaries, allowances, performance bonuses, benefits in kind, termination terms and payments, grant of awards of units of FLCT ("**Units**") and incentives for Key Management Personnel and fees for the IDs and other non-executive Directors, and the NRC considers all such aspects of remuneration to ensure they are fair and avoids rewarding poor performance.

The remuneration framework is tailored to the specific role and circumstances of each Director and Key Management Personnel, to ensure an appropriate remuneration level and mix that recognises the performance, potential and responsibilities of these individuals.

Remuneration Policy in respect of Management and other employees

The NRC reviews the level, structure and mix of remuneration and benefits policies and practices (where appropriate) of the REIT Manager, to ensure that they are appropriate and proportionate to the sustained performance and value creation of FLCT and the REIT Manager, taking into account the strategic objectives of FLCT and the REIT Manager, and designed to attract, retain and motivate Key Management Personnel to successfully manage FLCT and the REIT Manager for the long-term. The NRC takes into account all aspects of remuneration, including termination terms, to ensure that they are fair.

The remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. When conducting its review of the remuneration framework, the NRC takes into account the performance of FLCT and individual performance. The performance of FLCT is measured based on pre-set financial and non-financial indicators. Individual performance is measured via the employee's annual appraisal based on indicators such as core values, competencies and key performance indicators.

Fixed Component

The fixed component in the REIT Manager's remuneration framework is structured to remunerate employees for the roles they perform, and is benchmarked against relevant industry market data. It comprises base salary, fixed allowances and any statutory contribution. The base salary and fixed allowances for Key Management Personnel are reviewed annually by the NRC and approved by the Board.

Corporate Governance Report

Variable Component

A significant and appropriate proportion of the remuneration of key executives of the REIT Manager ("**Key Executives**", which expression for the avoidance of doubt includes Key Management Personnel) comprises a variable component which is structured so as to link rewards to corporate and individual performance and incentivise sustained performance in both the short and long-term. The variable incentives are measured based on quantitative and qualitative targets, and overall performance will be determined at the end of the year and approved by the NRC. The performance targets are measurable, appropriate and meaningful so that they incentivise the right behaviour in a manner consistent with the Group's core values. For individuals in control functions, performance targets are principally based on the achievement of the objectives of their functions.

1. Short-Term Incentive Plans

The short-term incentive plans ("**STI Plans**") aim to incentivise excellence in performance in the short-term. All Key Management Personnel's performance are assessed using a balanced scorecard with pre-agreed financial and non-financial key performance indicators ("**KPIs**"). The financial KPIs are based on the performance of FLCT. Non-financial KPIs may include measures on People, Culture & Leadership, Business Improvement, Business Development Performance (including Sustainability-related KPIs) or specified projects. These targets are established at the beginning of each financial year. At the end of the financial year, the achievements are measured against the pre-agreed targets and the short-term incentives of each Key Management Personnel are determined.

The NRC recommends the final short-term incentives that are awarded to Key Management Personnel for the Board's approval, taking into consideration any other relevant circumstances.

2. Long-Term Incentive Plans

The NRC administers the REIT Manager's long-term incentive plan, namely, the RUP. The RUP was approved by the Board and subsequently adopted on 8 December 2017. Through the RUP, the REIT Manager seeks to foster a greater ownership culture within the REIT Manager by aligning more directly the interests of senior executives (including Key Executives) with the interests of Unitholders and other stakeholders, and for such employees to participate and share in FLCT's growth and success, thereby ensuring alignment with sustainable value creation for Unitholders over the long-term.

The RUP is available to selected senior executives of the REIT Manager. Its objectives are to increase the REIT Manager's flexibility and effectiveness in its continuing efforts to attract, retain and motivate talented senior executives and to reward these executives for the future performance of FLCT and the REIT Manager.

Under the RUP, the REIT Manager grants Unit-based awards ("**Initial Awards**") with pre-determined performance targets being set at the beginning of the performance period. The NRC recommends the Initial Awards granted to Key Management Personnel to the Board for approval, taking into consideration the Key Management Personnel's individual performance. The performance period for the RUP is one year. The pre-set targets are net property income and distribution per Unit. Such performance conditions are generally performance indicators that are key drivers of business performance and Unitholder value creation and aligned to FLCT's business objectives.

The RUP awards represent the right to receive fully paid Units, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met. The final number of Units to be released ("**Final Awards**") will depend on the achievement of the pre-determined targets at the end of the performance period. If such targets are exceeded, more Units than the Initial Awards may be delivered, subject to a maximum multiplier of the Initial Awards. The Final Awards will vest in the participants in three tranches over two years after a one-year performance period. The obligation to deliver the Units is expected to be satisfied out of the Units held by the REIT Manager.

The NRC has absolute discretion to decide on the Final Awards, taking into consideration any other relevant circumstances.

Approach to Remuneration of Key Management Personnel

The REIT Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, and that is structured so as to link a significant and appropriate proportion of remuneration to FLCT's performance and that of the individual.

In designing the compensation structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation.

Executives who have a greater ability to influence outcomes within the REIT Manager have a greater proportion of overall reward at risk. The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and other stakeholders and promote the long-term success of FLCT, and appropriate to attract, retain and motivate Key Management Personnel to successfully manage FLCT for the long term.

Performance Indicators for Key Management Personnel

As set out above, the REIT Manager's variable remuneration comprises short-term and long-term incentives, taking into account both FLCT's and individual performance. This is to ensure employee remuneration is linked to performance. In determining the short-term incentives, both FLCT's financial and non-financial performance as per the balanced scorecard are taken into consideration. The performance targets align the interests of Key Management Personnel with the long-term growth and performance of FLCT and the REIT Manager. The financial performance indicators on which Key Management Personnel are evaluated comprise (a) Unitholder distribution per Unit, (b) portfolio occupancy, (c) weighted average lease expiry, and (d) total unitholder return relative to a peer group. These performance indicators are quantitative and are objective measures of FLCT's performance. The non-financial performance indicators on which Key Management Personnel are evaluated include (i) People, Culture & Leadership, (ii) Business Improvement, and (iii) Business Development Performance (including Sustainability-related KPIs). These qualitative performance indicators will align the Key Management Personnel's performance with FLCT's strategic objectives.

In relation to long-term incentives, the REIT Manager has implemented the RUP with effect from the financial year ended 30 September 2018 as set out above. The release of long-term incentive awards to Key Management Personnel are conditional upon the performance targets being met. The performance targets of the KPIs align the interests of Key Management Personnel with the long-term growth and performance of FLCT. For FY2021, the pre-determined target performance levels for the RUP grants were met.

Currently, the REIT Manager does not have claw-back provisions which allow it to reclaim incentive components of remuneration from its Key Executives in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss.

Remuneration Packages of Key Management Personnel

The NRC reviews and makes recommendations on the specific remuneration packages and service terms for Key Management Personnel for endorsement by the Board, which is ultimately accountable for all remuneration decisions relating to the Key Management Personnel. The NRC will review the short-term and long-term incentives in the Key Management Personnel's remuneration package to ensure its compliance with the substance and spirit of the directions and guidelines from the MAS.

No Director or Key Management Personnel is involved in deciding his or her remuneration.

The NRC aligns the CEO's leadership, through appropriate remuneration and benefit policies, with FLCT's and the REIT Manager's strategic objectives and key challenges. Performance targets are also set for the CEO and his performance is evaluated yearly.

Corporate Governance Report

Remuneration Policy in respect of Non-Executive Directors

The remuneration of non-executive Directors has been designed to be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities, on the Board and Board Committees, and to attract, retain and motivate the Directors to provide good stewardship of FLCT to successfully manage FLCT for the long term.

Non-executive Directors do not receive bonuses, options or Unit-based incentives and awards. Directors' fees are paid in cash and not in the form of Units.

The REIT Manager engages consultants to review Directors' fees by benchmarking such fees against the amounts paid by listed industry peers. Each non-executive Director's remuneration comprises a basic fee and attendance fees for attending Board and Board Committee meetings, including attendance fees for Board and Board Committee meetings requiring travel outside the home country of that Director. In addition, non-executive Directors who perform additional services in Board Committees are paid an additional fee for such services. The chairman of each Board Committee is also paid a higher fee compared with the members of the respective Board Committees in view of the greater responsibility carried by that office.

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

	Basic Fee per annum (S$)	Attendance Fee per meeting[1] (for physical attendance in Singapore where this is the home country of the Director) (S$)	Attendance Fee per meeting (for physical attendance outside Singapore) (S$)	Attendance Fee per meeting (for attendance via tele/video conference) (S$)
Board				
– Chairman	90,000	3,000	4,500	1,000
– Member	45,000	1,500	4,500	1,000
Audit, Risk and Compliance Committee				
– Chairman	40,000	3,000	4,500	1,000
– Member	20,000	1,500	4,500	1,000
Nominating and Remuneration Committee				
– Chairman	12,000	3,000	4,500	1,000
– Member	6,000	1,500	4,500	1,000

Note:

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

Disclosure of Remuneration of Directors and Key Executives

Information on the remuneration of Directors and Key Executives for FY2021 is set out below.

Directors of the REIT Manager	Remuneration[3] S$
Mr Ho Hon Cheong	125,833.33
Mr Chin Yoke Choong	97,416.67
Mr Goh Yong Chian	79,083.33
Mr Paul Gilbert Say	68,583.33
Ms Soh Onn Cheng Margaret Jane	47,250.00
Mr Panote Sirivadhanabhakdi	55,750.00[1]
Mr Chia Khong Shoong	47,250.00[1]
Mr Rodney Vaughan Fehring	46,250.00[2]
Mr Reinfried Helmut Otter (Reini Otter)	47,250.00[2]

Notes:

(1) Director's fees are paid to Frasers Property Corporate Services Pte. Ltd.

(2) Director's fees are paid to Frasers Property AHL Limited.

(3) The Board had approved the waiver of 10% of non-executive Directors' basic fees for the period from 1 October 2021 to 31 July 2021, which were reinstated with effect from 1 August 2021, and the remuneration amount takes this into account.

Remuneration of CEO for FY2021	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
Between S$1,000,001 to S$1,250,000					
Mr Robert Stuart Claude Wallace	41	25	17	17	100

Remuneration of Key Executives[1] (excluding CEO) for FY2021	Salary %	Bonus %	Allowances and Benefits %	Long-Term Incentives %	Total %
Ms Cher Mui Sim Susanna Ms Chew Yi Wen Mr Jonathan James Spong Ms Tricia Yeo Whay Teng	54[2]	20[2]	4[2]	22[2]	100
Aggregate Total Remuneration (excluding CEO)					**S$2,138,311**

Notes:

(1) For FY2021, the REIT Manager has four key executives (excluding the CEO). They are the CFO and division heads of the REIT Manager and are listed in this table.

(2) Derived based on the aggregation of the respective remuneration components of each of the Key Executives (excluding the CEO) and represented as percentages against the total remuneration for these Key Executives.

Corporate Governance Report

For FY2021, there were no termination, retirement and post-employment benefits granted to the Directors, the CEO and Key Management Personnel.

Pursuant to MAS' "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" (Notice No: SFA4-N14), REIT managers are required to disclose the remuneration of the CEO and each individual director on a named basis, and the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are directors), on a named basis, in bands of S$250,000. The REIT manager may provide an explanation if it does not wish to or is unable to comply with such requirement. The REIT Manager has decided (a) to disclose the CEO's remuneration in bands of S$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other Key Executives in bands of S$250,000, and (c) to disclose the aggregate remuneration of all of the abovenamed Key Executives (excluding the CEO) for the following reasons:

(i) given the competitive business environment which FLCT operates in, the REIT Manger faces significant competition for talent in the REIT management sector and the REIT Manager had not disclosed the exact remuneration of the key executives (including the CEO) so as to minimise potential staff movement and undue disruption to its management team which would be prejudicial to the interests of Unitholders;

(ii) the composition of the current management team has been stable and to ensure the continuity of business and operations of FLCT, it is important that the REIT Manager continues to retain its team of competent and committed staff;

(iii) it is important for the REIT Manager to ensure stability and continuity of its business by retaining a competent and experienced management team and being able to attract talented staff and disclosure of the remuneration of the key executives including the CEO could make it difficult to retain and attract talented staff on a long-term basis;

(iv) due to the confidentiality and sensitivity of staff remuneration matters, the REIT Manager is of the view that such disclosure could be prejudicial to the interests of Unitholders; and

(v) the remuneration of the Key Executives (including the CEO) are paid by the REIT Manager and there is full disclosure of the total amount of fees paid to the REIT Manager set out at pages 199, 242 and 309 of this Annual Report.

While the disclosure of the exact quantum of the remuneration of the CEO and the requisite remuneration band for each of the other key executives (who are not also Directors or the CEO) would be in full compliance with Provision 8.1 of the CG Code, taking into account the reasons why such disclosure would be prejudicial to the interests of Unitholders and that the REIT Manager has disclosed the remuneration policies, composition of remuneration, appraisal process and performance metrics which go towards determination of the performance bonus of the CEO and other key executives, the Board has determined that despite the partial deviation from Provision 8.1 of the CG Code, there is sufficient transparency on the REIT Manager's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the CG Code.

As at 30 September 2021, there are no employees within the REIT Manager who is a substantial Unitholder or who is an immediate family member of a Director, the CEO or a substantial Unitholder.

FINANCIAL PERFORMANCE, REPORTING AND AUDIT

The Board, with the support of Management, is responsible for providing a balanced and understandable assessment of FLCT's performance, position and prospects. Financial reports are provided to the Board on both a monthly and quarterly basis.

The REIT Manager prepares the financial statements of FLCT in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed. RAP 7 requires the accounting principles to generally comply with the recognition and measurement principles of the Singapore Financial Reporting Standards prescribed by the Accounting Standards Council.

The Board releases FLCT's half-yearly and full year financial results, business updates for the first and third quarter performance of FLCT and other price or trade sensitive information and material corporate developments through announcements to the SGX-ST and, where appropriate, press releases, FLCT's website, and/or media and analysts' briefings. The financial results and business updates contain information on the impact of the COVID-19 situation on FLCT's business operations and financial performance.

External Audit

The ARCC conducts an assessment of the external auditors, and recommends its appointment, re-appointment or removal to the Board. The assessment is based on factors such as the performance and quality of its audit, the cost effectiveness and the independence and objectivity of the external auditors. The ARCC also makes recommendations to the Board on the remuneration and terms of engagement of the external auditors.

At the annual general meeting ("**AGM**") held on 20 January 2021, KPMG LLP was re-appointed by Unitholders as the external auditors of FLCT until the conclusion of the next AGM. Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current KPMG LLP audit partner for the Group has been appointed since the financial period ended 30 September 2017. There will be a new audit partner in charge of the financial year ending 30 September 2022.

During FY2021, the ARCC conducted a review of the scope, quality, results and performance of audit by the external auditors and its cost effectiveness, as well as the independence and objectivity of the external auditors. It also reviewed all non-audit services provided by the external auditors during the financial period, and the aggregate amount of fees paid to them for such services. Details of fees payable to the external auditors in respect of audit and non-audit services for FY2021 are set out in the table below:

Fees relating to external auditors for FY2021	S$ (Million)
For audit and audit-related services	1.48
For non-audit services	0.12
Total	1.60

The ARCC has conducted a review of all non-audit services provided by KPMG LLP during the financial period. The ARCC is satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of KPMG LLP is put at risk. For details of the fees paid to KPMG LLP, please refer to the Financial Statements at page 243 of this Annual Report. KPMG LLP attended the ARCC meetings every quarter for FY2021, and where appropriate, has met with the ARCC without the presence of Management to discuss their findings, if any.

The REIT Manager, on behalf of FLCT, confirms that FLCT has complied with Rule 712 of the SGX-ST Listing Manual which requires, amongst others, that a suitable auditing firm should be appointed by FLCT having regard to certain factors. FLCT has also complied with Rule 715 of the SGX-ST Listing Manual which requires that the same auditing firm of FLCT based in Singapore audits its Singapore-incorporated subsidiaries and significant associated companies, and that a suitable auditing firm be engaged for its significant foreign-incorporated subsidiaries and associated companies.

Corporate Governance Report

In the review of the financial statements for FY2021, the ARCC reviewed the following key audit matter identified by the external auditors with Management:

Key Audit Matter	Review by the ARCC
Valuation of investment properties	The ARCC considered the methodologies and key assumptions applied by the valuers in arriving at the valuation of the properties. The ARCC reviewed the outputs from the year-end valuation process of the Group's investment properties and discussed the details of the valuation with Management, focusing on significant changes in fair value measurements and key drivers of the changes. The ARCC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARCC was satisfied with the valuation process, the methodologies used and the valuation of investment properties as adopted and disclosed in the financial statements as at 30 September 2021.

GOVERNANCE OF RISK AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls.

Enterprise Risk Management and Risk Tolerance

The REIT Manager has established a sound system of risk management and internal controls comprising procedures and processes to safeguard FLCT's assets and the interests of FLCT and its Unitholders. The ARCC reviews and reports to the Board on the adequacy and effectiveness of such controls, including financial, compliance, operational and information technology controls, and risk management procedures and systems, taking into consideration the recommendations of both internal and external auditors.

Internal Controls

The ARCC, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the REIT Manager's system of controls, including financial, compliance, operational and information technology controls. In assessing the effectiveness of internal controls, the ARCC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors (if any) in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

A comfort matrix of key risks, by which relevant material financial, compliance and operational (including information technology) risks of FLCT and the REIT Manager have been documented to assist the Board to assess the adequacy and effectiveness of the existing internal controls. The comfort matrix is prepared with reference to the strategies, policies, processes, systems and reporting processes connected with the management of such key risks and presented to the Board and the ARCC.

Risk Management

The Board, through the ARCC, reviews the adequacy and effectiveness of the REIT Manager's risk management framework to ensure that robust risk management and mitigating controls are in place. The REIT Manager has adopted an enterprise-wide risk management ("**ERM**") framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the REIT Manager's ERM framework and progress report is set out on pages 112 to 113.

Periodic updates are provided to the ARCC on FLCT's and the REIT Manager's risk profiles. These updates would involve an assessment of FLCT's and the REIT Manager's key risks by risk categories, current status, the effectiveness of any mitigating measures taken, and the action plans undertaken by Management to manage such risks.

In addition to the ERM framework, risk tolerance statements setting out the nature and extent of significant risks which the REIT Manager is willing to take in achieving its strategic objectives have been formalised and adopted.

The Board has received assurance from the CEO and the CFO that as at 30 September 2021:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2021 give a true and fair view of the Group's operations and finances;

(b) the system of internal controls in place for FLCT is adequate and effective to address financial, operational, compliance and information technology risks which the REIT Manager considers relevant and material to FLCT's operations; and

(c) the risk management system in place for FLCT is adequate and effective to address risks which the REIT Manager considers relevant and material to FLCT's operations.

Board's Comment on Internal Controls and Risk Management Framework

Based on the internal controls established and maintained by the REIT Manager, work performed by internal and external auditors, reviews performed by Management and the ARCC, and assurance from the CEO and the CFO, the Board is of the view that the internal controls in place for FLCT were adequate and effective as at 30 September 2021 to address financial, operational, compliance and information technology risks, which the REIT Manager considers relevant and material to FLCT's operations.

Based on the risk management framework established and adopted by the REIT Manager, review performed by Management and assurance from the CEO and the CFO, the Board is of the view that the risk management system in place for FLCT was adequate and effective as at 30 September 2021 to address risks which the REIT Manager considers relevant and material to FLCT's operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the REIT Manager will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The ARCC concurs with the Board's view that as at 30 September 2021, the internal controls of FLCT (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to address risks which the REIT Manager considers relevant and material to FLCT's operations.

Corporate Governance Report

Internal Audit

The internal audit function of the REIT Manager is performed by FPL Group's internal audit department ("**FPL Group IA**"). FPL Group IA is responsible for conducting objective and independent assessments on the adequacy and effectiveness of the REIT Manager's system of internal controls, risk management and governance practices. The Head of FPL Group IA reports directly to the ARCC and administratively to the Group Chief Corporate Officer of FPL. The appointment and removal of FPL Group IA as the service provider of the REIT Manager's internal audit function requires the approval of the ARCC.

The ARCC ensures that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies. In this regard, in performing internal audit services, FPL Group IA has adopted and complies with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, Inc.

The ARCC is also responsible for ensuring that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience. As at 30 September 2021, FPL Group IA comprised 22 professional staff. The Head of FPL Group IA and the Singapore-based FPL Group IA staff are members of The Institute of Internal Auditors, Singapore. To ensure that the internal audit activities are effectively performed, FPL Group IA recruits suitably qualified audit professionals with the requisite skills and experience. FPL Group IA staff members are given relevant training and development opportunities to update their technical knowledge and auditing skills. This includes attending relevant technical workshops and seminars organised by The Institute of Internal Auditors, Singapore and other professional bodies.

FPL Group IA operates within the framework of a set of terms of reference as contained in the Internal Audit Charter approved by the ARCC. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key strategies of FLCT. The results of the risk assessments determine the level of focus and the review intervals for the various activities audited. Higher risk areas are subject to more extensive reviews which are also carried out more frequently. FPL Group IA conducts its audit reviews based on internal audit plans approved by the ARCC. FPL Group IA has the right to access all of FLCT's and the REIT Manager's documents, records, properties and personnel, and has access to the ARCC members, and has appropriate standing with FLCT and the REIT Manager. All audit reports detailing audit findings and recommendations are provided to Management who would respond with the actions to be taken.

Each quarter, FPL Group IA submits reports to the ARCC on the status of completion of the audit plan, audit findings noted from reviews performed, and status of Management's action plans to address such findings, including implementation of the audit recommendations. The ARCC is satisfied that for FY2021, FPL Group IA is independent, effective, adequately resourced and has appropriate standing within FLCT and the REIT Manager to perform its functions effectively. Quality assurance reviews on FPL Group's internal audit function are periodically carried out by qualified professionals from an external organisation. The last review was performed in the financial year ended 30 September 2018. Where required, the ARCC will make recommendations to the Board to ensure that FPL Group IA remains an adequate, effective and independent internal audit function.

Related/Interested Person Transactions

The REIT Manager has established internal processes such that the Board, with the assistance of the ARCC, is required to be satisfied that all Related/Interested Person Transactions are undertaken on normal commercial terms, and are not prejudicial to the interests of FLCT and its Unitholders. This may entail obtaining (where practicable) quotations from parties unrelated to the REIT Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix). Directors who are interested in any proposed Related/Interested Person Transaction to be entered into by FLCT are required to abstain from any deliberations or decisions in relation to that Related/Interested Person Transaction.

All Related/Interested Person Transactions are entered in a register maintained by the REIT Manager. The REIT Manager incorporates into its internal audit plan a review of the Related/Interested Person Transactions recorded in the register to ascertain that internal procedures and requirements of the SGX-ST Listing Manual and Property Funds Appendix have been complied with. The ARCC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related/Interested Person Transactions have been complied with. The review includes the examination of the nature of the Related/Interested Person Transactions and its supporting documents or such other data deemed necessary by the ARCC. In addition, the Trustee also has the right to review any such relevant internal audit reports to ascertain that the Property Funds Appendix has been complied with.

Any Related/Interested Person Transaction proposed to be entered into between FLCT and an interested person, would require the Trustee to satisfy itself that such Related/Interested Person Transaction is conducted on normal commercial terms, is not prejudicial to the interests of FLCT and its Unitholders, and is in accordance with all applicable requirements of the CIS Code and the SGX-ST Listing Manual.

Whistle-Blowing Policy

The REIT Manager has put in place a whistle-blowing policy (the "**Whistle-Blowing Policy**"). The Whistle-Blowing Policy provides an independent feedback channel through which matters of concern about possible improprieties, misconduct or wrongdoing relating to FLCT, the REIT Manager and its officers in matters of financial reporting, suspected fraud and corruption or other matters may be raised by employees and any other persons in confidence and in good faith, without fear of reprisal. Whistle-Blowers may report any matters of concern by mail, email or calling a hotline, details of which are provided in the Whistle-Blowing Policy, which is available on FLCT's website at www.fraserslogisticstrust.com. Any report submitted through this channel would be received by the head of the internal audit function and the REIT Manager has designated FPL Group IA, an independent function, to investigate all whistle-blowing reports made in good faith. The REIT Manager and FPL is committed to ensuring that whistle-blowers will be treated fairly and protected from reprisals or victimisation or any otherwise detrimental or unfair treatment for whistle-blowing in good faith. The REIT Manager will treat all information received confidentially and protect the identity of all whistle-blowers.

The improprieties, misconduct or wrongdoing that are reportable under the Whistle-Blowing Policy include: (a) financial or professional misconduct; (b) improper conduct, dishonest, fraudulent or unethical behaviour; (c) any irregularity or non-compliance with laws/regulations or the REIT Manager's policies and procedures, and/or internal controls; (d) violence at the workplace, or any conduct that may threaten health and safety; (e) corruption or bribery; (f) conflicts of interest; and (g) any other improprieties or matters that may adversely affect Unitholders'/shareholders' interests in, and assets of, FLCT/the REIT Manager as well as FLCT's/the REIT Manager's reputation. The Whistle-Blowing Policy is covered and explained in detail during staff training, including the procedures for raising concerns. All whistle-blowing complaints raised are independently investigated and if appropriate, an investigation committee will be constituted. The outcome of each investigation and any action taken is reported to the ARCC.

UNITHOLDER MATTERS

The REIT Manager treats all Unitholders fairly and equitably in order to enable them to exercise their Unitholders' rights and have the opportunity to communicate their views on matters affecting FLCT. Unitholders are also given a balanced and understandable assessment of FLCT's performance, financial position and prospects. The REIT Manager communicates regularly with Unitholders and facilitates the participation of Unitholders during general meetings and other dialogues to allow Unitholders to communicate their views on various matters affecting FLCT.

Investor Relations

The REIT Manager prides itself on its high standards of disclosure and corporate transparency. The REIT Manager aims to provide fair, relevant, comprehensive and timely information regarding FLCT's performance and progress and matters concerning FLCT and its business which are likely to materially affect the price or value of the Units and other FLCT securities or are likely to influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell the Units or other FLCT securities, to Unitholders and the investment community, to enable them to make informed investment decisions.

The REIT Manager's dedicated Investor Relations ("**IR**") manager is tasked with, and focuses on, facilitating communications between FLCT and its Unitholders, as well as with the investment community, analysts and the media. An IR policy which outlines the practices and processes for facilitating regular, timely, accurate and fair communications has been implemented. The IR policy also sets out the initiatives and channels by which Unitholders may be engaged, and the mechanism through which Unitholders may contact the REIT Manager with questions and through which the REIT Manager may respond to such questions.

Corporate Governance Report

Continuous and informed dialogue between the REIT Manager and Unitholders is a central tenet of good corporate governance, and encourages more active stewardship. Regular engagement between these parties will thus benefit FLCT and investors. Notwithstanding disruptions brought about by the COVID-19 pandemic, the REIT Manager's stakeholder engagement efforts progressed unabated, leveraging digital platforms and conferencing technologies to conduct virtual investor meetings and conferences. The REIT Manager, through the IR team, the CEO and the CFO communicate regularly with Unitholders, as well as with the investment community, through timely disclosures of material and other pertinent information through announcements on SGXNet, half-year and full-year results briefings and conference calls, and provision of business updates on FLCT's operational performance for the first and third quarters. In the interim business updates for the first and third quarters of each financial year, the REIT Manager provides, *inter alia*, a discussion of the significant factors that affected FLCT's interim performance as well as relevant market trends, including the risks and opportunities that may have a material impact on FLCT's prospects. Such information provides Unitholders a better understanding of FLCT's performance in the context of the current business environment. The REIT Manager also participates in roadshows, investor meetings, teleconferences and conferences to keep the market and investors apprised of FLCT's corporate developments and financial and operating performance and to solicit and understand the views of Unitholders and investors. During the year, the REIT Manager engaged with Singapore and foreign investors at conferences, briefings and calls, non-deal roadshows as well as one-on-one and group meetings. The aim of such engagements is to provide Unitholders and investors with prompt disclosure of relevant information, to enable them to have a better understanding of FLCT's businesses, performance and strategies and to solicit and understand the views of such Unitholders and investors. The REIT Manager also makes available on its website at www.frasersproperty.com/reits/flct all its briefing materials to analysts and the media, its financial information, its annual reports, and all SGXNet announcements, with the contact details of the IR manager for investors to channel their comments and queries.

Further details on the various activities organised by IR during the year can be found in the Investor Relations section of this Annual Report on pages 70 to 72.

Unitholders, investors and other stakeholders can communicate with Management via email or telephone to IR; please find their contact details on page 72.

An electronic copy of this Annual Report has been uploaded on FLCT's website. Unitholders can access this Annual Report (printed copies are available upon request) at https://flct.frasersproperty.com/publications.html.

The Trust Deed is available for inspection upon request at the REIT Manager's office.[5]

Conduct of general meetings

In view of the COVID-19 pandemic, the 4th Annual General Meeting ("**AGM 2021**") was convened and held by way of electronic means on 20 January 2021, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Temporary Measures Order**"). The alternative arrangements put in place for the conduct of AGM 2021 included attendance at the AGM via electronic means where Unitholders could observe and/or listen to the AGM proceedings via live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the Meeting as proxy. All the Directors attended AGM 2021 either in-person or via electronic means.

In view of the ongoing COVID-19 situation in Singapore, the forthcoming 5th Annual General Meeting ("**AGM 2022**") will again be convened and held by way of electronic means on 20 January 2022, pursuant to the COVID-19 Temporary Measures Order. The same alternative arrangements for the AGM will be put in place as last year except that this year, Unitholders will additionally be able to submit questions to the Chairman of the Meeting "live" at the AGM. The description below sets out FLCT's usual practice for unitholder meetings prior to AGM 2021 when there were no pandemic risks and the COVID-19 Temporary Measures Order was not in operation.

5 Prior appointment with the REIT Manager is appreciated.

Corporate Governance Report

The Board supports and encourages active Unitholder participation at AGMs as it believes that general meetings serve as an opportune forum for Unitholders to meet the Board and senior Management, and to interact with them. As and when an extraordinary general meeting is convened, a circular is sent to Unitholders, containing details of the matters proposed for Unitholders' consideration and approval. To encourage participation, FLCT's general meetings are held at convenient locations. Unitholders are given the opportunity to participate effectively and vote at FLCT's general meetings, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated prior to the start of the meeting. Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation, and are able to appoint more than two proxies to attend, speak and vote at general meetings of FLCT. At FLCT's general meetings, Unitholders are also given opportunities to ask questions or give feedback to the REIT Manager.

The REIT Manager generally provides its Unitholders with longer than the minimum notice period required for general meetings. The REIT Manager tries its best not to schedule its AGMs during peak periods when these might coincide with the AGMs of other listed companies, and also gives Unitholders the necessary information on each resolution so as to enable them to exercise their votes on an informed basis.

At general meetings, the REIT Manager sets out separate resolutions on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. In the event where resolutions are bundled, the REIT Manager will explain the reasons and material implications in the relevant notice of meeting. Unitholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions sought to be passed.

For greater transparency, the REIT Manager has implemented electronic poll voting at general meetings. This entails Unitholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Unitholders present or represented at the meeting to vote on a one Unit, one vote basis. The voting results of all votes cast for, against, or abstaining from each resolution is then screened at the meeting and announced via SGXNet after the meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings. As the authentication of Unitholder identity and other related security and integrity issues remain a concern, for FY2021, the REIT Manager did not implement absentia voting methods such as voting via mail, e-mail or fax.

At the AGM, a presentation is made to Unitholders to update on FLCT's financial and operational performance and prospects. The presentation materials are made available on SGXNET and the FLCT website before the commencement of the AGM for the benefit of Unitholders.

Board members and senior Management are present, and for the entire duration of, at each Unitholders' meeting to respond to any questions from Unitholders, unless they are unable to attend due to exigencies. Certain external consultants including FLCT's external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

The Chairman of the meeting is tasked with facilitating constructive dialogue between the Unitholders and the Board, Management and the external auditors. Where appropriate, the Chairman allows senior management or specific Directors, such as the respective Board Committee chairmen, to answer queries on matters related to their roles. Unitholders are also given an opportunity to interact with the Directors before and/or after general meetings.

The minutes of Unitholders' meetings which capture the attendance of Board members at the meetings, matters approved by Unitholders, voting results and substantial and relevant comments or queries from Unitholders relating to the agenda of the general meeting together with responses from the Board and Management, are prepared by the REIT Manager. These minutes are available on the FLCT website.

Distributions

FLCT's distribution policy is to distribute at least 90.0% of its distributable income and such distributions are paid on a semi-annual basis. For FY2021 FLCT made two such distributions to Unitholders, as well as an advanced distribution in connection with the private placement of 240 million new units in FLCT which was launched on 24 May 2021.

Corporate Governance Report

STAKEHOLDER ENGAGEMENT

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of FLCT are served. Stakeholders are parties who may be affected by FLCT's or the REIT Manager's activities or whose actions can affect the ability of FLCT or the REIT Manager to conduct its activities.

Sustainability

In order to review and assess the material factors relevant to FLCT's business activities, the REIT Manager from time to time proactively engages with various stakeholders, including employees, vendors, tenants, and the investment community, to gather feedback on the sustainability matters which have significant impact to the business and operations of FLCT and its stakeholders. Please refer to the Sustainability Report on pages 114 to 151 of this Annual Report, which sets out information on the REIT Manager's arrangements to identify and engage with its material stakeholder groups and to manage its relationships with such groups, and the REIT Manager's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2021.

Code of Business Conduct

The conduct of employees of the REIT Manager is governed by the FPL Code of Business Conduct. The FPL Group's business practices are governed by integrity, honesty, fair dealing and compliance with applicable laws. To guide FPL Group's employees across its multi-national network to uphold these values, FPL has established the FPL Code of Business Conduct to provide clear guidelines on ethics and relationships to safeguard the interests and reputation of the FPL Group, including the REIT Manager, as well as its stakeholders.

The Code of Business Conduct covers key aspects such as avoiding conflicts of interest, working with external stakeholders (including customers, suppliers, business partners, governments and regulatory officials), protecting company's assets, social media engagement, data privacy and upholding laws in countries where the FPL Group has geographical presence in. The Code of Business Conduct also emphasises the importance of upholding the FPL Group's core values to build a respectful culture. Employees are encouraged to be respectful to the elements that make people similar or different from one another, including background, views, experiences, capabilities, values, beliefs, physical differences, ethnicity and culture, gender, age, thinking styles, preferences and behaviours.

The Code of Business Conduct sets out the policies and procedures dealing with various issues such as conflicts of interests, the maintenance of records and reports, equal employment opportunities and sexual harassment. It includes requirements relating to the keeping of accurate and sufficiently detailed accounting records for financial transactions, internal financial reporting and financial reporting to stakeholders, sets out the standards to which employees must adhere in their business relationships with third parties and personal business undertakings and their obligations to the FPL Group, and provides for the need to obtain approval in certain situations where a conflict of interest may arise. It also covers an employee's obligations in protecting the FPL Group's confidential information and intellectual property and reiterates the FPL Group's zero tolerance approach to bribery and corruption.

Where applicable/appropriate, the Code of Business Conduct is also made available to other stakeholders such as the REIT Manager's agents, suppliers, business associates and customers.

Anti-Bribery and Anti-Corruption

The REIT Manager has procedures in place to comply with applicable anti-bribery laws and regulations. Under the Code of Business Conduct, employees are not to accept, offer, promise, or pay anything of value to another person with the intention to obtain or retain business, to improperly influence an official action or to secure an unfair business advantage, whether directly or through a third party. An anti-bribery policy, which is applicable to entities of the FPL Group incorporated or formed in the United Kingdom, and those carrying on business in the United Kingdom, has been implemented.

Corporate Governance Report

Anti-Money Laundering and Countering the Financing of Terrorism Measures

The REIT Manager has a policy in place and has implemented procedures to comply with applicable anti-money laundering, counter-terrorism financing laws and regulations, including the notice and guidelines issued by the Monetary Authority of Singapore to capital intermediaries on the prevention of money laundering and countering the financing of terrorism. The REIT Manager's policy and procedures include, but are not limited to, risk assessment and mitigation, customer due diligence, reporting of suspicious transactions, and record keeping. Training on anti-money laundering, counter-terrorism financing laws and regulations are also conducted for employees, officers and representatives periodically and as and when needed.

Business Continuity Management

The REIT Manager adheres to the Group Business Continuity Management ("**BCM**") Policy which has been implemented by, and applies to, the entities within the FPL Group. The BCM Policy references the requirements of ISO22301 management system, sets directives and guides the REIT Manager in implementing and maintaining a BCM programme to protect against, reduce the likelihood of the occurrence of, prepare for, respond to and recover from disruptions when they arise. Annual tests, exercises and drills are carried out to assess the effectiveness of the plans.

The Code of Business Conduct, BCM Policy and the other policies mentioned above, are accessible to all employees on the FPL Group intranet.

POLICY ON DEALINGS IN SECURITIES

The REIT Manager has established a dealing policy on securities trading ("**Dealing Policy**") setting out the procedure for dealings in FLCT's securities by its Directors, officers and compliance with Rule 1207(19) of the SGX-ST Listing Manual on best practices on dealing in securities. The Group issues reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (a) two weeks prior to the announcement of the interim business updates of the first and third quarters of the financial year, and (b) one month before the announcement of half-year and full-year year results, and ending on the date of such announcements (the "**Prohibition Period**"). Directors, officers and employees are also reminded not to trade in listed securities of FLCT at any time while in possession of unpublished price or trade sensitive information and to refrain from dealing in FLCT's securities on short-term considerations. Directors and the CEO are also required to report their dealings in FLCT's securities within two business days.

Every quarter, each Director, officer and employee is required to complete and submit a declaration form to the designated compliance officer to report any trades he/she made in Units in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the ARCC. Any non-compliance with the Dealing Policy will be reported to ARCC for its review and instructions.

Under the Dealing Policy, prior approval from the Board is required before the REIT Manager deals or trades in Units. In addition, the REIT Manager will not deal in Units:

(i) during the Prohibition Period; or

(ii) while in possession of unpublished material price sensitive information.

Corporate Governance Report

ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE REIT MANAGER

Pursuant to the Trust Deed[6], the REIT Manager is entitled to receive the following fees:

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Base Fee	Pursuant to Clause 15.1.1 of the Trust Deed, the REIT Manager is entitled to receive a Base Fee not exceeding the rate of 0.4% per annum of the Value of FLCT's Deposited Property. The Base Fee is payable quarterly in the form of cash and/or Units as the REIT Manager may elect.	The Base Fee compensates the REIT Manager for the costs incurred in managing FLCT, which includes overheads, day-to-day operational costs, compliance, monitoring and reporting costs as well as administrative expenses. The Base Fee is calculated at a fixed percentage of asset value as the scope of the REIT Manager's duties is commensurate with the size of FLCT's asset portfolio.
Performance Fee	Pursuant to Clause 15.1.2 of the Trust Deed, the REIT Manager is entitled to receive a Performance Fee equal to a rate of 5.0% per annum of the Distributable Income of FLCT (calculated before accounting for the Performance Fee but after accounting for the Base Fee and adding back Adjustments) in the relevant financial year. The Performance Fee is payable annually in the form of cash and/or Units as the REIT Manager may elect.	The Performance Fee, which is based on Distributable Income, aligns the interests of the REIT Manager with Unitholders as the REIT Manager is incentivised to proactively focus on improving rentals and optimising the operating costs and expenses of FLCT's properties. Linking the Performance Fee to Distributable Income will also motivate the REIT Manager to ensure the long-term sustainability of the distribution income instead of taking on excessive short-term risks to the detriment of Unitholders.

[6] Capitalised terms used in this section shall have the same meanings ascribed to them in the Trust Deed.

Corporate Governance Report

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Acquisition Fee	Pursuant to Clause 15.2.1(i) of the Trust Deed, the REIT Manager is entitled to receive an Acquisition Fee not exceeding the rate of (i) 0.5% for acquisitions from Related Parties; and (ii) 1.0% in all other cases, of the acquisition price[7] upon the completion of an acquisition. Subject to the Property Funds Appendix, the Acquisition Fee is payable as soon as practicable after completion of the acquisition in the form of cash and/or Units as the REIT Manager may elect.	The Acquisition Fee and Divestment Fee seek to motivate and compensate the REIT Manager for the time, cost and effort spent (in the case of an acquisition) in sourcing, evaluating and executing potential opportunities to acquire new properties to further grow FLCT's asset portfolio or, (in the case of a divestment) in rebalancing and unlocking the underlying value of the existing properties. The REIT Manager provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns, income sustainability and achieving the investment objectives of FLCT. The Acquisition Fee is higher than the Divestment Fee because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.
Divestment Fee	Pursuant to Clause 15.2.1(ii) of the Trust Deed, the REIT Manager is entitled to receive a Divestment Fee not exceeding the rate of 0.5% of the sale price[8] upon the completion of a sale or disposal. Subject to the Property Funds Appendix, the Divestment Fee is payable as soon as practicable after completion of the sale or disposal in the form of cash and/or Units as the REIT Manager may elect.	The Divestment Fee is lower than the Acquisition Fee because there is additional work to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.

[7] (a) being the acquisition price of any real estate purchased (whether directly or indirectly through one or more special purpose vehicles) plus any other payments made to the vendor in addition to the acquisition price in connection with the purchase of the real estate, pro-rated, if applicable, to the proportion of FLCT's interest;

(b) being, in relation to an acquisition of any special purpose vehicles or holding entities which hold real estate (whether directly or indirectly through one or more special purpose vehicles), the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased (whether directly by FLCT or through any special purpose vehicle(s)), plus any other payments made to the vendor in connection with the purchase of the equity interests, pro-rated, if applicable, to the proportion of FLCT's interest; or

(c) being the acquisition price of any Investment purchased by FLCT (whether directly or through any special purpose vehicle), in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate, or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

[8] (a) being the sale price of any real estate sold (whether directly or indirectly through one or more special purpose vehicles) plus any other payments made in addition to the sale price received from the purchaser in connection with the sale of the real estate, pro-rated, if applicable, to the proportion of FLCT's interest;

(b) being, in relation to a divestment of any special purpose vehicles or holding entities which hold real estate, the underlying value of any real estate which is taken into account when computing the sale price payable for the equity interests of any vehicle holding directly or indirectly the real estate sold (whether directly by FLCT or through any special purpose vehicle(s)), plus any other payments made by the purchaser in connection with the sale of the equity interests, pro-rated, if applicable, to the proportion of FLCT's interest; or

(c) being the sale price of any Investment sold by FLCT (whether directly or through any special purpose vehicle), in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate, or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

Corporate Governance Report

SUMMARY OF COMPLIANCE WITH EXPRESS DISCLOSURE REQUIREMENTS IN PRINCIPLES AND PROVISIONS OF THE CG CODE

Principles and Provisions of the 2018 Code of Corporate Governance		Page Reference of FY2021 Annual Report
BOARD'S CONDUCT OF AFFAIRS		
Provision 1.2	Induction, training and development provided to new and existing Directors	162
Provision 1.3	Matters requiring Board approval	159
Provision 1.4	Names of Board Committee members, terms of reference of Board Committees, any delegation of Board's authority to make decisions and a summary of each Board Committee's activities	155-159
Provision 1.5	Number of Board and Board Committee meetings held in the year and each individual Directors' attendances at such meetings	160
BOARD COMPOSITION AND GUIDANCE		
Provision 2.4	The Board diversity policy and progress made towards implementation of the policy, including objectives	164
BOARD MEMBERSHIP		
Provision 4.3	Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate Candidates	164
Provision 4.4	Relationships that IDs have with FLCT, its related corporations, its substantial Unitholders or its officers, if any, which may affect their independence, and the reasons why the Board, having taken into account the views of the NRC, has determined that such Directors are still independent	165-170
Provision 4.5	Listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, the NRC's and Board's reasoned assessment of the ability of the Director to diligently discharge his or her duties	21-25

Principles and Provisions of the 2018 Code of Corporate Governance		Page Reference of FY2021 Annual Report
BOARD PERFORMANCE		
Provision 5.2	How the assessments of the Board, its Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the REIT Manager or any of its Directors	170-171
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES		
Provision 6.4	Engagement of any remuneration consultants and their independence	172
DISCLOSURE ON REMUNERATION		
Provision 8.1	Policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual Director and the CEO; and (b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel	172-177
Provision 8.2	Names and remuneration of employees who are substantial shareholders of the REIT Manager or substantial Unitholders, or are immediate family members of a Director, the CEO or such a substantial shareholder or substantial Unitholder, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The employee's relationship with the relevant director or the CEO or substantial shareholder or substantial Unitholder should also be stated.	177
Provision 8.3	All forms of remuneration and other payments and benefits, paid by the REIT Manager and its subsidiaries to directors and key management personnel of the REIT Manager.	176-177

Corporate Governance Report

Principles and Provisions of the 2018 Code of Corporate Governance		Page Reference of FY2021 Annual Report
RISK MANAGEMENT AND INTERNAL CONTROLS		
Provision 9.2	Board's assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the REIT's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the REIT's risk management and internal control systems.	180
AUDIT COMMITTEEE		
Provision 10.1(f)	The existence of a whistle-blowing policy and procedures for raising such concerns	182
UNITHOLDER RIGHTS AND ENGAGEMENT **UNITHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS**		
Provision 11.3	Directors' attendance at general meetings of Unitholders held during the financial year	160
Provision 11.6	The REIT Manager's dividend policy	184
ENGAGEMENT WITH UNITHOLDERS		
Provision 12.1	Steps taken by the REIT Manager to solicit and understand the views of Unitholders	182-184
ENGAGEMENT WITH STAKEHOLDERS		
Provision 13.2	The REIT Manager's strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period	185-186

Financial Statements Contents

193 Report of the Trustee
194 Statement by the Manager
195 Independent Auditors' Report
199 Statement of Total Return
200 Distribution Statement
201 Statements of Financial Position
202 Statements of Movements in Unitholders' Funds
205 Statement of Cash Flows
207 Portfolio Statement
216 Notes to the Financial Statements

Report of The Trustee

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Frasers Logistics & Commercial Trust (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "Regulations"), the Trustee shall monitor the activities of Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed dated 30 November 2015 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the financial year covered by these financial statements set out on pages 199 to 304, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Sin Li Choo
Director

Singapore
23 November 2021

Statement by The Manager

In the opinion of the directors of Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "Manager"), the accompanying financial statements set out on pages 199 to 304, comprising the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 30 September 2021, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year ended 30 September 2021, and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust and the portfolio holdings of the Group as at 30 September 2021, the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended 30 September 2021 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Frasers Logistics & Commercial Asset Management Pte. Ltd.

Ho Hon Cheong
Director

Chin Yoke Choong
Director

Singapore
23 November 2021

Independent Auditors' Report

Unitholders of Frasers Logistics & Commercial Trust
(Constituted in the Republic of Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frasers Logistics & Commercial Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 30 September 2021, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 199 to 304.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and the portfolio holdings of the Group and the financial position of the Trust as at 30 September 2021 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 10 of the financial statements)

Risk

The Group owns a portfolio of logistics and industrial properties in Australia, Germany, the Netherlands and the United Kingdom, as well as commercial properties and business parks in Singapore, Australia and the United Kingdom that are leased to third parties under operating leases. Investment properties represent the largest category of assets on the consolidated statement of financial position, with a carrying value of approximately S$7.5 billion as at 30 September 2021.

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

Independent Auditors' Report

Unitholders of Frasers Logistics & Commercial Trust
(Constituted in the Republic of Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended))

Our response

We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We evaluated the appropriateness of the key assumptions used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors. Where the assumptions were outside of the expected range, we undertook further procedures, and when necessary, held discussions with the external valuers to understand the effects of additional factors taken into account in the valuations.

Our findings

The external valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used by the valuers are in line with generally accepted market practices. The key assumptions applied in the valuations are generally comparable to available market data. Where the assumptions were outside of the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence.

Other information

Frasers Logistics & Commercial Asset Management Pte. Ltd., the Manager of the Trust (the "Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Glossary, Corporate Profile, Our Multi-National Presence, Financial Highlights, Our Strategy, Letter to Unitholders, In Conversation with the CEO, Organisation and Trust Structure, Board of Directors, Management Team, Financial Review, Capital Management, Operational Review, Portfolio Overview, Property Profiles, Investor Relations, Unit Price Performance, Independent Market Research Australia, Independent Market Research Germany, Independent Market Research The Netherlands, Independent Market Research Singapore, Independent Market Research The UK, Enterprise-Wide Risk Management, Corporate Governance Report, Use of Proceeds and Interested Person Transactions prior to the date of this auditors' report. The Sustainability Report and the Unitholders' Statistics are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Sustainability Report and Unitholders' Statistics, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Independent Auditors' Report

Unitholders of Frasers Logistics & Commercial Trust
(Constituted in the Republic of Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended))

Responsibilities of the Manager for the financial statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Independent Auditors' Report

Unitholders of Frasers Logistics & Commercial Trust
(Constituted in the Republic of Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended))

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 November 2021

Statement of Total Return

For the year ended 30 September 2021

	Note	Group 2021 S$'000	Group 2020 S$'000
Revenue	3	469,328	332,029
Property operating expenses	4	(102,668)	(62,214)
Net property income		366,660	269,815
Managers' management fees	5	(39,617)	(28,551)
Trustees' fees		(844)	(636)
Trust expenses		(7,136)	(4,183)
Exchange (losses)/gains (net)		(346)	2,055
Finance income		924	277
Finance costs		(45,687)	(41,169)
Net finance costs	6	(44,763)	(40,892)
Net income		273,954	197,608
Net change in fair value of derivatives		1,400	(2,859)
Net change in fair value of investment properties	10	602,850	334,306
Gain on divestment of investment properties		2,451	1,422
Total return for the year before tax		880,655	530,477
Tax expense	7	(140,897)	(71,719)
Total return for the year	8	739,758	458,758
Total return attributable to:			
Unitholders		731,106	454,722
Non-controlling interests		8,652	4,036
		739,758	458,758
Earnings per Unit (Singapore cents)			
Basic	9	20.84	16.46
Diluted	9	20.74	16.31

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

Distribution Statement

For the year ended 30 September 2021

	Group 2021 S$'000	Group 2020 S$'000
Distributable income during the year		
Total return for the year attributable to Unitholders	731,106	454,722
Tax related and other adjustments (**Note A**)	(464,330)	(253,642)
Income available for distribution to Unitholders	266,776	201,080
Capital distribution (**Note B**)	3,299	–
Distributable income	270,075	201,080
Amount available for distribution to Unitholders at beginning of the year	116,754	68,701
Distributable income for the year	270,075	201,080
Amount available for distribution to Unitholders	386,829	269,781
Distributions to Unitholders:		
Distribution of 2.45 Singapore cents per Unit for the period from 1 April 2019 to 7 August 2019	–	(47,108)
Distribution of 1.01 Singapore cents per Unit for the period from 8 August 2019 to 30 September 2019	–	(21,551)
Distribution of 3.73 Singapore cents per Unit for the period from 1 October 2019 to 14 April 2020	–	(84,368)
Distribution of 3.39 Singapore cents per Unit for the period from 15 April 2020 to 30 September 2020	(116,076)	–
Distribution of 3.80 Singapore cents per Unit for the period from 1 October 2020 to 31 March 2021	(130,290)	–
Distribution of 1.31 Singapore cents per Unit for the period from 1 April 2021 to 2 June 2021	(44,916)	–
	(291,282)	(153,027)
Amount available for distribution to Unitholders at end of the year	95,547	116,754
Distribution per Unit (DPU) (Singapore cents) [(1)]	7.68	7.12

Note A
Tax related and other adjustments relate to the following items:

	2021	2020
Straight-lining of rental adjustments	(5,032)	(5,366)
Managers' management fees paid/payable in Units	27,804	27,232
Exchange losses/(gains) (net)	329	(1,682)
Finance costs	4,900	5,060
Lease payments of right-of-use assets	(6,467)	(6,114)
Net change in fair value of derivatives	(1,400)	2,859
Net change in fair value of investment properties	(602,850)	(334,306)
Fair value gain on financial assets at fair value through profit or loss ("FVTPL")	(879)	–
Loss/(Gain) on divestment of investment properties, net of capital gains tax	5,181	(1,422)
Deferred tax expense	106,836	53,897
Non-controlling interests' share of adjustments	5,888	2,046
Other adjustments	1,360	4,154
Net distribution adjustments	(464,330)	(253,642)

Note B
Capital distribution relates to (a) reimbursements received from the vendor in relation to outstanding lease incentives at the point of completion of the acquisition of certain properties in Australia in prior years. The reimbursements received prior to 1 April 2021 was recognised as revenue (see Note 3) and (b) rental support received from vendors in relation to the acquisition of certain properties in the United Kingdom ("UK") in 2021.

(1) The DPU relates to the distributions in respect of the relevant financial year. The distribution for the period from 3 June 2021 to 30 September 2021 (2020: 15 April 2020 to 30 September 2020) will be made subsequent to the financial year end.

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

Statements of Financial Position

As at 30 September 2021

	Note	Group 2021 S$'000	Group 2020 S$'000	Trust 2021 S$'000	Trust 2020 S$'000
Non-current assets					
Investment properties	10	7,482,282	6,352,240	–	–
Plant and equipment	11	209	282	–	–
Investment in subsidiaries	12	–	–	2,887,282	2,355,631
Loans to subsidiaries	13	–	–	1,843,727	1,925,039
Derivative assets	14	16,455	33,577	14,492	32,460
Deferred tax assets	19	–	323	–	–
		7,498,946	6,386,422	4,745,501	4,313,130
Current assets					
Cash and cash equivalents	15	140,367	168,652	13,597	36,949
Trade and other receivables	16	39,850	30,602	107,211	73,876
Derivative assets	14	1,015	330	1,015	322
Investment property held for sale	10	–	148,641	–	–
		181,232	348,225	121,823	111,147
Total assets		7,680,178	6,734,647	4,867,324	4,424,277
Current liabilities					
Trade and other payables	17	96,589	86,744	83,554	22,567
Loans and borrowings	18	234,505	677,256	1,799	309,472
Derivative liabilities	14	2,535	2,614	493	2,614
Current tax liabilities		27,052	18,336	5	147
		360,681	784,950	85,851	334,800
Non-current liabilities					
Trade and other payables	17	14,313	17,785	–	–
Loans and borrowings	18	2,447,207	1,943,550	1,433,141	962,243
Derivative liabilities	14	15,025	59,932	13,128	52,642
Deferred tax liabilities	19	223,497	121,753	–	–
		2,700,042	2,143,020	1,446,269	1,014,885
Total liabilities		3,060,723	2,927,970	1,532,120	1,349,685
Net assets		4,619,455	3,806,677	3,335,204	3,074,592
Represented by:					
Unitholders' funds		4,574,641	3,770,460	3,335,204	3,074,592
Non-controlling interests	20	44,814	36,217	–	–
		4,619,455	3,806,677	3,335,204	3,074,592
Units in issue and to be issued ('000)	21	3,686,126	3,424,069	3,686,126	3,424,069
Net asset value per Unit (S$)	22	1.24	1.10	0.90	0.90

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

Statements of Movements in Unitholders' Funds

For the year ended 30 September 2021

	Note	Attributable to Unitholders S$'000	Non-controlling interests S$'000	Total S$'000
Group				
At 1 October 2020		3,770,460	36,217	3,806,677
Operations				
Increase in net assets resulting from operations		731,106	8,652	739,758
Transactions with owners				
Units issued and to be issued:				
– Private placement	21	335,760	–	335,760
– Managers' management fees and acquisition fees paid/payable in Units		32,106	–	32,106
Unit issue costs		(5,197)	–	(5,197)
Distributions paid to Unitholders	23	(291,282)	–	(291,282)
Dividends paid to non-controlling interests		–	(2,448)	(2,448)
Net increase in net assets resulting from transactions with owners		71,387	(2,448)	68,939
Hedging reserve				
Effective portion of change in fair value of cash flow hedges		18,301	52	18,353
Net increase in net assets resulting from hedging reserve		18,301	52	18,353
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries		(7,559)	(519)	(8,078)
Exchange differences on hedge of net investments in foreign operations		7,290	–	7,290
Exchange differences on monetary items forming part of net investment in foreign operations		(16,344)	–	(16,344)
Net decrease in net assets resulting from foreign currency translation reserve		(16,613)	(519)	(17,132)
Changes in ownership interests in subsidiaries				
Acquisition of subsidiaries with non-controlling interests		–	2,860	2,860
At 30 September 2021		4,574,641	44,814	4,619,455

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

Statements of Movements in Unitholders' Funds

For the year ended 30 September 2021

	Note	Attributable to Unitholders S$'000	Non-controlling interests S$'000	Total S$'000
Group				
At 1 October 2019		2,086,224	26,082	2,112,306
Operations				
Increase in net assets resulting from operations		454,722	4,036	458,758
Transactions with owners				
Units issued and to be issued:				
– Managers' management fees and acquisition fees paid/payable in Units		40,329	–	40,329
– Units issued as partial satisfaction of the consideration for the merger with Frasers Commercial Trust ("FCOT")	21	1,118,889	–	1,118,889
Distributions paid to Unitholders	23	(153,027)	–	(153,027)
Net increase in net assets resulting from transactions with owners		1,006,191	–	1,006,191
Hedging reserve				
Effective portion of change in fair value of cash flow hedges		3,468	62	3,530
Net increase in net assets resulting from hedging reserve		3,468	62	3,530
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries		138,269	2,854	141,123
Exchange differences on hedge of net investments in foreign operations		(74,320)	–	(74,320)
Exchange differences on monetary items forming part of net investments in foreign operations		155,906	–	155,906
Net increase in net assets resulting from foreign currency translation reserve		219,855	2,854	222,709
Changes in ownership interests in subsidiaries				
Acquisition of subsidiaries with non-controlling interests		–	3,183	3,183
At 30 September 2020		3,770,460	36,217	3,806,677

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

Statements of Movements in Unitholders' Funds

For the year ended 30 September 2021

	Note	2021 S$'000	2020 S$'000
Trust			
At 1 October		3,074,592	1,896,075
Operations			
Increase in net assets resulting from operations		177,629	172,535
Transactions with owners			
Units issued and to be issued:			
– Private placement	21	335,760	–
– Managers' management fees and acquisition fees paid/payable in Units		32,106	40,329
– Units issued as partial satisfaction of the consideration for the merger with FCOT	21	–	1,118,889
Unit issue costs		(5,197)	–
Distributions paid to Unitholders	23	(291,282)	(153,027)
Net increase in net assets resulting from transactions with owners		71,387	1,006,191
Hedging reserve			
Effective portion of change in fair value of cash flow hedges		11,596	(209)
Net increase/(decrease) in net assets resulting from hedging reserve		11,596	(209)
At 30 September		3,335,204	3,074,592

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

Statement of Cash Flows

For the year ended 30 September 2021

	Note	Group 2021 S$'000	Group 2020 S$'000
Cash flows from operating activities			
Total return before tax		880,655	530,477
Adjustments for:			
Straight-lining of rental adjustments		(5,032)	(5,366)
Effects of recognising lease incentives on a straight-line basis over the lease term		5,162	(223)
Managers' management fees paid/payable in Units		27,804	27,232
Depreciation of plant and equipment		73	40
(Reversal of allowance)/Allowance for doubtful receivables		(326)	1,820
Unrealised exchange gains (net)		(6,398)	(216)
Finance income	6	(924)	(277)
Finance costs	6	45,687	41,169
Net change in fair value of derivatives		(1,400)	2,859
Net change in fair value of investment properties	10	(602,850)	(334,306)
Gain on divestment of investment properties		(2,451)	(1,422)
Cash generated from operations before working capital changes		340,000	261,787
Changes in working capital:			
Trade and other receivables		(6,390)	(6,543)
Trade and other payables		(652)	(22,031)
Cash generated from operations		332,958	233,213
Tax paid		(31,143)	(18,353)
Net cash generated from operating activities		301,815	214,860
Cash flows from investing activities			
Acquisition of subsidiaries	32	(147,246)	(434,568)
Acquisition of investment properties (including acquisition costs)		(309,739)	(22,255)
Stamp duty incurred on acquisition of investment properties		(15,216)	(1,202)
Net proceeds from divestment of investment properties		175,679	17,652
Capital and other expenditure on investment properties		(28,886)	(13,079)
Purchase of plant and equipment		–	(50)
Interest received		44	269
Net cash used in investing activities		(325,364)	(453,233)
Cash flows from financing activities			
Interest paid		(41,599)	(32,970)
Proceeds from loans and borrowings		858,559	1,084,713
Repayment of loans and borrowings		(853,815)	(599,644)
Payment of upfront debt-related transaction costs		(3,611)	(2,707)
Payments for lease liabilities		(1,153)	(6,114)
Issuance of new Units		335,760	–
Unit issue costs paid		(5,197)	–
Distributions paid to Unitholders		(291,282)	(153,027)
Dividends paid to non-controlling interests		(2,448)	–
Net cash (used in)/generated from financing activities		(4,786)	290,251
Net (decrease)/increase in cash and cash equivalents		(28,335)	51,878
Cash and cash equivalents at beginning of year		168,652	115,753
Effect of exchange rate changes on cash and cash equivalents		50	1,021
Cash and cash equivalents at end of year	15	140,367	168,652

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

Statement of Cash Flows

For the year ended 30 September 2021

SIGNIFICANT NON CASH TRANSACTIONS

Other than the non cash items as set out above, there were the following additional significant non cash financing and investing transactions during the year:

- 19,619,486 Units, amounting to S$27,859,000, were issued to the Managers as satisfaction of the management fees payable to the Managers.

- 3,580,450 Units, amounting to S$5,020,000, were issued to the Managers as satisfaction of the acquisition fees payable to the Managers for the acquisition of certain subsidiaries and investment properties acquired.

In 2020, there were the following significant non cash transactions:

- 1,130,191,302 Units, amounting to S$1,118,889,000, were issued as partial satisfaction of the consideration for the merger with FCOT.

- 20,232,085 Units, amounting to S$21,649,000, were issued to the Managers as satisfaction of the management fees payable to the Managers.

- 13,903,260 Units, amounting to S$14,706,000, were issued to the Managers as satisfaction of the acquisition fees payable to the Managers for the acquisition of certain subsidiaries and the merger with FCOT.

Portfolio Statement

As at 30 September 2021

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2021 S$'000	Carrying amount 2020 S$'000	Percentage of net assets attributable to Unitholders 2021 %	Percentage of net assets attributable to Unitholders 2020 %
Logistics and industrial portfolio						
(A) Australia						
Melbourne, Victoria						
South East						
South Park Industrial Estate						
98-126 South Park Drive, Dandenong South	14 June 2016	Freehold	47,598	39,556	1.0	1.0
21-33 South Park Drive, Dandenong South	14 June 2016	Freehold	35,821	28,359	0.8	0.8
22-26 Bam Wine Court, Dandenong South	14 June 2016	Freehold	31,896	24,936	0.7	0.7
16-32 South Park Drive, Dandenong South	14 June 2016	Freehold	18,892	16,624	0.4	0.4
89-103 South Park Drive, Dandenong South	1 August 2017	Freehold	18,401	15,842	0.4	0.4
The Key Industrial Park						
17 Pacific Drive and 170-172 Atlantic Drive, Keysborough	14 June 2016	Freehold	50,542	43,223	1.1	1.1
150-168 Atlantic Drive, Keysborough	14 June 2016	Freehold	50,052	37,991	1.1	1.0
49-75 Pacific Drive, Keysborough	14 June 2016	Freehold	46,470	35,693	1.0	0.9
77 Atlantic Drive, Keysborough	14 June 2016	Freehold	31,405	24,056	0.7	0.6
78 & 88 Atlantic Drive, Keysborough	14 June 2016	Freehold	26,989	19,754	0.6	0.5
111 Indian Drive, Keysborough	31 August 2016	Freehold	48,580	40,094	1.1	1.1
29 Indian Drive, Keysborough	15 August 2017	Freehold	43,869	36,427	1.0	1.0
17 Hudson Court, Keysborough	12 September 2017	Freehold	44,163	35,742	1.0	1.0
8-28 Hudson Court, Keysborough	20 August 2019	Freehold	49,561	38,089	1.1	1.0
Clayton South & Mulgrave						
211A Wellington Road, Mulgrave	14 June 2016	Freehold	48,580	39,116	1.1	1.0
Braeside Industrial Estate						
75-79 Canterbury Road, Braeside	12 August 2020	Freehold	26,498	22,101	0.6	0.6
West						
West Park Industrial Estate						
468 Boundary Road, Derrimut	14 June 2016	Freehold	45,635	37,600	1.0	1.0
1 Doriemus Drive, Truganina	14 June 2016	Freehold	124,638	96,812	2.7	2.6
2-22 Efficient Drive, Truganina	14 June 2016	Freehold	62,123	45,472	1.3	1.2
1-13 and 15-27 Sunline Drive, Truganina	14 June 2016	Freehold	45,145	32,662	0.9	0.9
Balance carried forward			896,858	710,149	19.6	18.8

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

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2021 S$'000	Carrying amount 2020 S$'000	Percentage of net assets attributable to Unitholders 2021 %	Percentage of net assets attributable to Unitholders 2020 %
Balance brought forward			896,858	710,149	19.6	18.8
Melbourne, Victoria (cont'd)						
West (cont'd)						
West Park Industrial Estate *(cont'd)*						
42 Sunline Drive, Truganina	14 June 2016	Freehold	25,026	17,798	0.5	0.5
43 Efficient Drive, Truganina	1 August 2017	Freehold	34,840	26,892	0.8	0.7
Altona Industrial Park						
18-34 Aylesbury Drive, Altona	14 June 2016	Freehold	36,901	26,403	0.8	0.7
North						
Melbourne Airport Business Park						
38-52 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	49,227 [f]	42,691 [f]	1.1	1.1
96-106 Link Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	38,767 [f]	37,032 [f]	0.8	1.0
17-23 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	14,635 [f]	14,033 [f]	0.3	0.4
25-29 Jets Court, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	19,208 [f]	16,661 [f]	0.4	0.4
28-32 Sky Road East, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	15,598 [f]	12,961 [f]	0.4	0.3
115-121 South Centre Road, Melbourne Airport	14 June 2016	31-year leasehold expiring on 30 June 2047	8,878 [f]	8,091 [f]	0.2	0.2
City Fringe						
Port Melbourne						
2-46 Douglas Street, Port Melbourne	14 June 2016	37-year leasehold expiring on 30 March 2053	40,527 [f]	39,760 [f]	0.9	1.1
Balance carried forward			1,180,465	952,471	25.8	25.2

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

Portfolio Statement

As at 30 September 2021

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2021 S$'000	Carrying amount 2020 S$'000	Percentage of net assets attributable to Unitholders 2021 %	Percentage of net assets attributable to Unitholders 2020 %
Balance brought forward			1,180,465	952,471	25.8	25.2
Sydney, New South Wales						
Outer Central West						
Eastern Creek						
4-8 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	106,973	89,967	2.3	2.4
21 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	88,326	71,876	1.9	1.9
17 Kangaroo Avenue, Eastern Creek	14 June 2016	Freehold	60,749	47,184	1.3	1.2
7 Eucalyptus Place, Eastern Creek	14 June 2016	Freehold	44,163	32,271	1.0	0.9
2 Hanson Place, Eastern Creek	20 August 2019	Freehold	83,615	70,947	1.8	1.9
Pemulwuy						
8-8A Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	61,338	47,526	1.3	1.3
6 Reconciliation Rise, Pemulwuy	14 June 2016	Freehold	54,713	45,619	1.2	1.2
Wetherill Park						
1 Burilda Close, Wetherill Park	30 November 2016	90-year leasehold expiring on 29 September 2106	117,877 [f]	97,120 [f]	2.6	2.6
Lot 1, 2 Burilda Close, Wetherill Park	1 August 2017	89-year leasehold expiring on 14 July 2106	43,964 [f]	38,394 [f]	1.0	1.0
3 Burilda Close, Wetherill Park	5 September 2018	89-year leasehold expiring on 15 May 2107	62,230 [f]	53,677 [f]	1.4	1.4
Outer North West						
Seven Hills						
8 Distribution Place, Seven Hills	14 June 2016	Freehold	32,730	25,719	0.7	0.7
99 Station Road, Seven Hills	14 June 2016	Freehold	28,755	21,025	0.6	0.6
10 Stanton Road, Seven Hills	14 June 2016	Freehold	19,039	14,962	0.4	0.4
8 Stanton Road, Seven Hills	1 August 2017	Freehold	26,645	18,678	0.6	0.5
Winston Hills						
11 Gibbon Road, Winston Hills	14 June 2016	Freehold	51,524	47,184	1.1	1.2
Port Kembla (Wollongong)						
Port Kembla (Wollongong)						
Lot 104 & 105 Springhill Road, Port Kembla	14 June 2016	33-year leasehold, expiring on 13 August 2049 [b] for Lot 104 and 20 August 2049 [b] for Lot 105	26,100 [f]	28,701 [f]	0.7	0.8
Balance carried forward			2,089,206	1,703,321	45.7	45.2

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

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2021 S$'000	Carrying amount 2020 S$'000	Percentage of net assets attributable to Unitholders 2021 %	Percentage of net assets attributable to Unitholders 2020 %
Balance brought forward			2,089,206	1,703,321	45.7	45.2
Brisbane, Queensland						
350 Earnshaw Road, Northgate	20 June 2016	99-year leasehold expiring on 19 June 2115	69,679	59,652	1.5	1.6
286 Queensport Road, North Murarrie	20 June 2016	99-year leasehold expiring on 19 June 2115	49,070	40,192	1.1	1.1
57-71 Platinum Street, Crestmead	20 June 2016	99-year leasehold expiring on 19 June 2115	55,940	46,450	1.2	1.2
51 Stradbroke Street, Heathwood	20 June 2016	99-year leasehold expiring on 19 June 2115	35,576	28,555	0.8	0.8
30 Flint Street, Inala	20 June 2016	99-year leasehold expiring on 19 June 2115	27,774	25,914	0.6	0.7
99 Shettleston Street, Rocklea	20 June 2016	99-year leasehold expiring on 19 June 2115	21,100	23,470	0.5	0.6
55-59 Boundary Road, Carole Park	20 June 2016	99-year leasehold expiring on 19 June 2115	23,112	19,851	0.5	0.5
10 Siltstone Place, Berrinba	20 June 2016	99-year leasehold expiring on 19 June 2115	18,892	16,038	0.4	0.4
143 Pearson Road, Yatala	31 August 2016	99-year leasehold expiring on 30 August 2115	49,953	40,876	1.1	1.1
166 Pearson Road, Yatala	1 August 2017	Freehold	51,818	41,072	1.1	1.1
103-131 Wayne Goss Drive, Berrinba	5 September 2018	Freehold	37,293	32,271	0.8	0.9
29-51 Wayne Goss Drive, Berrinba	20 August 2019	Freehold	31,699	26,501	0.7	0.7
Adelaide, South Australia & Perth, Western Australia						
20-22 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 [d]	-	18,211 [f]	-	0.5
18-20 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 [d]	-	13,044 [f]	-	0.3
5 Butler Boulevard, Adelaide Airport	14 June 2016	81-year leasehold expiring on 27 May 2097 [d]	-	13,162 [f]	-	0.3
60 Paltridge Road, Perth Airport	14 June 2016	17-year leasehold expiring on 3 June 2033	11,188	11,637	0.2	0.3
Balance carried forward			2,572,300	2,160,217	56.2	57.3

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

Portfolio Statement

As at 30 September 2021

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2021 S$'000	Carrying amount 2020 S$'000	Percentage of net assets attributable to Unitholders 2021 %	Percentage of net assets attributable to Unitholders 2020 %
Balance brought forward			2,572,300	2,160,217	56.2	57.3
(B) Germany						
Stuttgart - Mannheim						
Industriepark 309, Gottmadingen	25 May 2018	Freehold	80,816	77,935	1.8	2.1
Otto-Hahn-Straße 10, Vaihingen	25 May 2018	Freehold	91,508	88,017	2.0	2.3
Eiselauer Weg 2, Ulm	25 May 2018	Freehold	71,776	71,389	1.6	1.9
Murrer Straße 1, Freiberg	25 May 2018	Freehold	60,219	58,251	1.3	1.5
Ambros-Nehren-Straße 1, Achern	25 May 2018	Freehold	24,214	23,524	0.5	0.6
Bietigheimer Straße 50-52, Tamm	23 August 2019	Freehold	126,256	117,302	2.8	3.1
Am Bühlfeld 2-8, Herbrechtingen	3 September 2019	Freehold	67,452	55,370	1.5	1.5
Munich - Nuremberg						
Oberes Feld 2, 4, 6, 8, Moosthenning	25 May 2018	Freehold	116,508	110,741	2.5	2.9
Koperstraße 10, Nuremberg	25 May 2018	63-year leasehold expiring on 31 December 2080	111,330 [f]	104,872 [f]	2.4	2.8
Industriepark 1, Mamming	25 May 2018	Freehold	24,843	24,805	0.5	0.7
Jubatus-Allee 3, Ebermannsdorf	25 May 2018	Freehold	13,522	12,482	0.3	0.3
Dieselstraße 30, Garching	27 August 2019	Freehold	54,087	51,690	1.2	1.4
Hermesstraße 5, Graben, Augsburg	3 September 2019	Freehold	66,666	57,451	1.5	1.5
Hamburg - Bremen						
Am Krainhop 10, Isenbüttel	25 May 2018	Freehold	29,559	29,926	0.6	0.8
Am Autobahnkreuz 14, Rastede	25 May 2018	Freehold	29,088	28,805	0.7	0.8
Balance carried forward			3,540,144	3,072,777	77.4	81.5

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

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2021 S$'000	Carrying amount 2020 S$'000	Percentage of net assets attributable to Unitholders 2021 %	Percentage of net assets attributable to Unitholders 2020 %
Balance brought forward			3,540,144	3,072,777	77.4	81.5
Dusseldorf – Cologne						
Saalhoffer Straße 211, Rheinberg	25 May 2018	Freehold	53,458	46,569	1.2	1.2
Elbestraße 1-3, Marl	25 May 2018	Freehold	24,591	23,044	0.5	0.6
Keffelker Straße 66, Brilon	25 May 2018	Freehold	18,553	15,843	0.4	0.4
Gustav-Stresemann-Weg 1, Münster	25 May 2018	Freehold	24,056	24,965	0.5	0.7
Walter-Gropius-Straße 19, Bergheim	23 August 2019	Freehold	36,006	32,086	0.8	0.9
An den Dieken 94, Ratingen	23 August 2019	Freehold	93,552	75,854	2.0	2.0
Leipzig – Chemnitz						
Johann-Esche-Straße 2, Chemnitz	25 May 2018	Freehold	26,729	26,885	0.6	0.7
Am Exer 9, Leipzig	25 May 2018	Freehold	23,270	22,244	0.5	0.6
Frankfurt						
Im Birkengrund 5-7, Obertshausen	23 August 2019	Freehold	58,175	50,249	1.3	1.3
Bielefeld						
Fuggerstraße 17, Bielefeld	28 November 2019	Freehold	49,370	42,408	1.1	1.1
Berlin						
Gewerbegebiet Etzin 1, Ketzin	20 December 2019	Freehold	68,395	69,293	1.5	1.8
Baden – Württemberg						
Buchäckerring 18, Bad Rappenau	4 June 2021	Freehold	64,936	–	1.4	–
Rheinland – Pfalz						
Genfer Allee 6, Mainz	4 June 2021	Freehold	86,791	–	1.9	–
Am Römig 8, Frankenthal	4 June 2021	Freehold	47,641	–	1.1	–
Balance carried forward			4,215,667	3,502,217	92.2	92.8

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

Portfolio Statement

As at 30 September 2021

Group

Location of property	Acquisition date	Tenure [(a)]	Carrying amount 2021 S$'000	Carrying amount 2020 S$'000	Percentage of net assets attributable to Unitholders 2021 %	Percentage of net assets attributable to Unitholders 2020 %
Balance brought forward			4,215,667	3,502,217	92.2	92.8
(C) Netherlands						
Tilburg – Venlo						
Belle van Zuylenstraat 5, Tilburg; Mraga Klompeweg 7, Tilburg	25 May 2018	Freehold	28,663	26,085	0.6	0.7
Heierhoevenweg 17, Venlo	25 May 2018	Freehold	47,012	43,368	1.0	1.2
Utrecht – Zeewolde						
Brede Steeg 1, s-Heerenberg	25 May 2018	Freehold	107,860	104,820	2.4	2.8
Handelsweg 26, Zeewolde	25 May 2018	Freehold	76,414	70,253	1.7	1.9
Meppel						
Mandeveld 12, Meppel	31 October 2018	Freehold	45,330	44,488	1.0	1.2
De Klomp						
Trafostraat 190, Ede, Destillatiestraat 2, De Klomp, and Innovatielaan 6, De Klomp	30 June 2021	Freehold	33,805	–	0.7	–
(D) The United Kingdom						
Connexion, Blythe Valley Park, Shirley, Solihull, United Kingdom	4 June 2021	Freehold	78,028	–	1.7	–
Commercial portfolio						
(A) Singapore						
18, 20 & 22 Cross Street and 4 retail units at 181 South Bridge Road, Singapore 048423/2/1 and 058743	15 April 2020	76-year leasehold expiring 2 February 2096	632,000	643,000	13.8	17.1
Alexandra Technopark 438A, 438B & 438C Alexandra Road, Singapore 119967/8/76	15 April 2020	88-year leasehold expiring 25 August 2108	657,000	624,000	14.3	16.5
Balance carried forward			5,921,779	5,058,231	129.4	134.2

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

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2021 S$'000	Carrying amount 2020 S$'000	Percentage of net assets attributable to Unitholders 2021 %	Percentage of net assets attributable to Unitholders 2020 %
Balance brought forward			5,921,779	5,058,231	129.4	134.2
(B) Australia						
Central Park 152-158 St Georges Terrace, Perth, Western Australia, 6000 ("Central Park") [e]	15 April 2020	Freehold	328,769	307,061	7.2	8.1
Caroline Chisholm Centre Block 4 Section 13, Tuggeranong, ACT 2900 Australia ("Caroline Chisholm Centre")	15 April 2020	81-year leasehold expiring 25 June 2101	242,406	239,585	5.3	6.4
357 Collins Street, Melbourne, Victoria 3000 Australia ("357 Collins Street")	15 April 2020	Freehold	316,992	312,928	6.9	8.3
(C) The United Kingdom						
Farnborough Business Park, Farnborough, Thames Valley, United Kingdom	30 April 2020	Freehold	314,659	314,028	6.9	8.3
Maxis Business Park, Western Road, Bracknell, United Kingdom	12 August 2020	Freehold	121,625	120,407	2.7	3.2
Blythe Valley Park, Shirley, Solihull, United Kingdom	4 June 2021	Freehold	236,052	–	5.2	–
Total investment properties and balance carried forward			7,482,282	6,352,240	163.6	168.5

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

Portfolio Statement

As at 30 September 2021

Group

Location of property	Acquisition date	Tenure [a]	Carrying amount 2021 S$'000	Carrying amount 2020 S$'000	Percentage of net assets attributable to Unitholders 2021 %	Percentage of net assets attributable to Unitholders 2020 %
Balance brought forward			7,482,282	6,352,240	163.6	168.5
Investment property held for sale						
Logistics and industrial portfolio						
Australia						
Brisbane, Queensland						
99 Sandstone Place, Parkinson	20 June 2016	Freehold	–	148,641 [c]	–	3.9
Total investment properties and investment property held for sale			7,482,282	6,500,881	163.6	172.4
Other assets and liabilities (net)			(2,862,827)	(2,694,204)	(62.6)	(71.4)
Net assets of the Group			4,619,455	3,806,677	101.0	101.0
Net assets attributable to non-controlling interests			(44,814)	(36,217)	(1.0)	(1.0)
Unitholders' funds			4,574,641	3,770,460	100.0	100.0

(a) From the date of acquisition.
(b) Includes an option for the Group to renew the land lease for 5 further terms of 5 years upon expiry.
(c) The carrying amount represented the Group's 50% interest in the property.
(d) Includes an option for the Group to renew the land lease for a further term of 49 years upon expiry.
(e) The Group has an effective interest of 50% in the property.
(f) Includes right-of-use asset.

Notes to the Financial Statements

For the year ended 30 September 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 23 November 2021.

1. GENERAL

Frasers Logistics & Commercial Trust (the "Trust") is a Singapore-domiciled unit trust constituted in Singapore pursuant to the Trust Deed dated 30 November 2015 (as amended) (the "Trust Deed") between Frasers Logistics & Commercial Asset Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 June 2016 (the "Listing Date").

The registered office of the Manager is at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

For financial reporting purposes, the Group is regarded as a subsidiary of Frasers Property Limited, a Singapore-domiciled company. The ultimate holding company is TCC Assets Limited, which is incorporated in the British Virgin Islands.

On 15 April 2020, the Trust completed its merger with Frasers Commercial Trust ("FCOT") by way of a trust scheme of arrangement ("the Merger"). Following the completion of the transaction, FCOT was delisted from the Official List of the SGX-ST on 29 April 2020 and became a wholly-owned unlisted sub-trust of the Trust. With effect from 29 April 2020, the Trust was renamed Frasers Logistics & Commercial Trust. Accordingly, the Manager has been renamed Frasers Logistics & Commercial Asset Management Pte. Ltd. and has replaced Frasers Commercial Asset Management Ltd. ("FCOT Manager") as manager of FCOT. The Trustee of FCOT is British and Malayan Trustees Limited (the "FCOT Trustee"). The Trustee, the FCOT Trustee and the HAUT Trustee (as defined in Note 1(d)) are hereinafter collectively referred to as "the Trustees".

The principal activity of the Group is to invest directly or indirectly in a diversified portfolio of income producing real estate assets (i) used for logistics or industrial purposes which 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) located in the Asia Pacific region or in Europe (including the United Kingdom).

The consolidated financial statements relate to the Trust and its subsidiaries. A list of significant subsidiaries is shown in Note 34.

The Group has entered into several service agreements in relation to the management of the Group and operations of its properties. The fee structures of these services are as follows:

(a)(i) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to management fees comprising a base fee of 0.4% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Group's Deposited Property (as defined in the Trust Deed) and a performance fee of 5.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Distributable Income (as defined in the Trust Deed) of the Group in the relevant financial year (calculated before accounting for the Manager's performance fee but after accounting for the Manager's base fee and the HAUT Manager's base fee and performance fee (as defined in Note 1(b)(i)).

Notes to the Financial Statements

For the year ended 30 September 2021

1. GENERAL (CONT'D)

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

For the purpose of calculating the base fee, if the Trust holds only a partial interest in any Deposited Property, such Deposited Property shall be pro-rated in proportion to the partial interest held.

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

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

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

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

(a)(ii) Manager's acquisition fees

The Manager is entitled to:

- an acquisition fee of 0.5% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the acquisition price of any real estate (excluding stamp duty) purchased by the Trust, whether directly or indirectly through one or more special purpose vehicles ("SPVs"), plus any other payments in addition to the acquisition price made by the Trust or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of the Trust's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments made by the Trust or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of the Trust's interest); or

  (iii) the acquisition price of any investment purchased by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

1. GENERAL (CONT'D)

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

- a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):

  (i) the sale price of any real estate sold or divested by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by the Trust or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated, if applicable, to the proportion of the Trust's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by the Trust, whether directly or indirectly through one or more SPVs, plus any other payments received by the Trust or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the Trust's interest); or

  (iii) the sale price of the investment sold or divested by the Trust, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

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

In 2021, the Manager had elected to receive 70.2% (2020: 95.4%) of the base and performance fees in the form of Units.

(a)(iii) Development management fee payable to the Manager

The Manager is entitled to receive development management fee equivalent to 3.0% of the Total Project Costs (as defined in the Trust Deed) incurred in a development project undertaken by the Manager on behalf of the Trust.

When the estimated Total Project Costs is greater than S$200.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the Manager may be directed by its independent directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the development management fee, the independent directors of the Manager shall have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust.

No acquisition fee shall be paid when the Manager receives the development management fee for a Development Project. For the avoidance of doubt, the Manager shall be entitled to receive an acquisition fee on the land costs.

Notes to the Financial Statements

For the year ended 30 September 2021

1. GENERAL (CONT'D)

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

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

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

In consideration for HAUT Manager providing services under the investment management agreement in connection with HAUT, the HAUT Manager will be entitled to:

- an acquisition fee of 0.4% for acquisitions from related parties and 0.8% for all other cases of:

  (i) the acquisition price of any real estate purchased by HAUT whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by HAUT or a SPV to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of HAUT's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate purchased by HAUT whether directly or indirectly through one or more SPVs, plus any other payments made by HAUT or a SPV to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of HAUT's interest); or

  (iii) the acquisition price of any investment purchased by HAUT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

- a divestment fee of 0.4% of:

  (i) the sale price of any real estate sold or divested by HAUT whether directly or indirectly through one or more SPVs, plus any other payments in addition to the sale price received by HAUT or a SPV from the purchaser in connection with the sale or divestment of the property (pro-rated, if applicable, to the proportion of HAUT's interest);

  (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by HAUT, whether directly or indirectly through one or more SPVs, plus any other payments received by HAUT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of the HAUT's interest); or

  (iii) the sale price of any investment sold or divested by HAUT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

1. GENERAL (CONT'D)

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

The HAUT Manager will also be entitled to be reimbursed for certain expenses properly incurred in relation to performance of its role under the investment management agreement. The HAUT Manager's fees may be paid in the form of cash, or the Trust's Units, or by a combination of these sources as elected by the Manager.

The base fee, performance fee, acquisition fee and divestment fee payable to the Manager shall be reduced by the amount of the relevant fee payable to the HAUT Manager.

The Manager and HAUT Manager are hereinafter collectively referred to as "the Managers".

(c) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee is charged on a scaled basis of up to 0.015% per annum of the value of the Trust's Deposited Property (as defined in the Trust Deed), subject to a minimum of S$15,000 per month, excluding out-of-pocket expenses and goods and services tax ("GST"). The Trustee's fee is payable monthly, in arrears.

(d) HAUT Trustee's fee

Pursuant to the trust deed of HAUT, the trustee of the HAUT (the "HAUT Trustee") is entitled to a fee of 0.025% per annum of the total value of HAUT's assets excluding out-of-pocket expenses and GST. The HAUT Trustee's fee is payable quarterly, in arrears.

The HAUT Trustee will also be entitled to be reimbursed for certain expenses reasonably and properly incurred in the proper performance of its duties in relation to HAUT.

(e) FCOT Trustee's fees

Pursuant to the trust deed of FCOT, the FCOT Trustee's fee is charged on a scaled basis of up to 0.015% per annum of the gross asset value of FCOT and its subsidiaries, subject to a minimum of S$36,000 per annum, excluding out-of-pocket expenses and GST. The FCOT Trustee's fee is paid quarterly, in arrears.

(f) Property managers' fees

Fees payable to the property managers, which are companies controlled by a substantial Unitholder (except for the property managers of Central Park and Caroline Chisholm Centre in Australia, and certain property managers for the commercial properties in the United Kingdom), in relation to services provided, comprise:

(i) Property management fees

Logistics and industrial properties located in Australia

Pursuant to the Australian property management agreement, property management fees are payable as follows:

(I) a property management fee of 1.2% per annum of the Net Property Income (as defined in the Australian property management agreement) of each property; and

(II) where any property is not fully leased, A$1,000 per month per property in the event there is vacant lettable area in such property.

Notes to the Financial Statements

For the year ended 30 September 2021

1. GENERAL (CONT'D)

(f) Property managers' fees (cont'd)

(i) Property management fees (cont'd)

Logistics and industrial properties located in Germany and the Netherlands

In the event that the aggregate property management fees recovered by the property manager from the tenants under the relevant tenancy documents is more than the agreed property management fee, thereby amounting to an excess, no further amounts will be paid to the property manager. For the avoidance of doubt, the property manager will be entitled to retain for its own benefit such amounts recovered from the tenants which is excess of the agreed property management fee.

Pursuant to the master property management agreement, property management fees are payable as follows:

(I) a property management fee of up to 2.0% per annum of the Gross Revenue (as defined in the master property management agreement) of each property; and

(II) a lease management fee of up to 1.0% per annum of the Gross Revenue (as defined in the master property management agreement) of each property.

Commercial properties located in Singapore

Pursuant to the Singapore property management agreement for the Singapore commercial properties, a property management fee is payable at 3.0% per annum of the gross revenue of the properties and the property manager is entitled to employee costs reimbursement.

Commercial properties located in Australia

In Australia, the property manager of 357 Collins Street is entitled to fixed property management fees with annual increases and employee costs reimbursement.

(ii) Project management fee

Under the property management agreement, the property manager will be entitled to project management fee of up to 3% of the construction costs depending on the quantum of the construction costs, to be mutually agreed by the Manager and the property manager, except for the commercial properties in Singapore where the fee is to be mutually agreed between the Manager, the FCOT Trustee and the property manager.

(iii) Marketing services commission

Under the property management agreement, the property manager will be entitled to commissions for the marketing services of up to 3 months' Gross Revenue (as defined in the property management agreement) depending on the length of the new lease or renewed leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore (the "MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Financial Reporting Standards in Singapore ("FRSs"). The changes to significant accounting policies are described in Note 2.2.

The financial statements are presented in Singapore dollars ("SGD"), which is the functional currency of the Trust and rounded to the nearest thousand (S$'000), unless otherwise stated, and have been prepared on a historical cost basis except as disclosed in the accounting policies below.

In 2020, the Trust changed its functional currency from Australian dollar to Singapore dollar with effect from 15 April 2020 (being the effective date of the Group's merger with FCOT). In prior years, the Trust's investment strategy was focussed on Australia and its income was mainly denominated in Australian dollars. The Trust's investments in Europe in recent years, together with the Merger and the adoption of a new investment mandate, would result in a dilution of the Trust's Australian dollar denominated income. Consequently, the functional currency of the Trust was changed to the Singapore dollar to reflect the current and prospective economic substance of the underlying transactions, events and conditions of the Trust. The effect of change in functional currency to Singapore dollar was applied prospectively in the financial statements.

Following the change in functional currency, the presentation currency was changed from Australian dollar to Singapore dollar.

The accounting policies set out below have been applied by the Group consistently to the periods presented in these financial statements and have been applied consistently by the Group entities.

Significant accounting judgements and estimates

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in Note 2.10(d) – Property acquisitions and business combinations.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relates to valuation of investment properties as discussed below and in Note 2.7 – Estimation of provisions for current and deferred taxation.

Valuation of investment properties

The Group's investment properties are stated at their fair values, which are determined annually based on independent professional valuations undertaken. The fair values are based on independent professional valuations conducted annually. The fair values of investment properties are determined using the capitalisation method, discounted cash flow method and/or direct comparison method. These estimated fair values may differ from the prices at which the Group's investment properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the Managers' control, such as overall market conditions. As a result, actual results of operations and realisation of these investment properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amount of investment properties is disclosed in the statement of financial position and the portfolio statement.

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.1 Basis of preparation (cont'd)

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the financial year during which the change has occurred.

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

Note 10 – Investment properties

Note 29 – Fair values of financial instruments

2.2 Changes in accounting policies

New standards and amendments

The Group has applied the following amendments to and interpretations of FRS for the first time for the annual period beginning on 1 October 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*

In addition, the Group has early adopted Interest Rate Benchmark Reform – Phase 2 – *Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments – Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts,* and *FRS 116 Leases* in relation to Phase 2 of the project on interest rate benchmark reform. The Group applied the Phase 2 amendments retrospectively. In accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate the comparative information to reflect the application of these amendments, including not providing additional disclosures for 2020.

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

2.2 Changes in accounting policies (cont'd)

Specific policies applicable from 1 October 2020 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in FRS. These reliefs relate to modifications of financial instruments or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

The application of these amendments to standards and interpretations did not have a material impact on the financial statements.

2.3 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 October 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements. The Group is in the process of assessing the impact of the new standards, interpretations and amendments to standards on its financial statements.

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.4 Revenue

Rental income from operating leases

Rental income from investment properties is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which it is earned and the amount can be reliably measured.

Recoverable outgoings

Recoverable outgoings is recognised when the services are rendered.

2.5 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

2.6 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- fair value gain/loss on financial asset at fair value through profit or loss ("FVTPL");
- amortisation of debt upfront costs; and
- interest expense.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of total return using the effective interest method.

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

2.7 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financing reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Group has obtained certain tax rulings and confirmations from the Inland Revenue Authority of Singapore ("IRAS") and the Singapore Ministry of Finance ("MOF") in respect of the Singapore taxation on certain income from the properties located in Singapore and overseas (as the case may be).

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.7 Taxes (cont'd)

(a) Tax transparency treatment

The IRAS has granted tax transparency treatment on the Trust's taxable income ("Taxable Income") that is distributed to the Unitholders and approved sub-trust status to FCOT. Broadly, the Trust's Taxable Income includes distributions made by FCOT out of income from the letting of real estate properties in Singapore and incidental property related service income and income from management or holding of real estate properties ("Specified Income"). As an approved sub-trust, FCOT can enjoy tax transparency treatment on the part of its Specified Income that is distributed to the Trust in the same year the income is derived.

Subject to meeting the terms and conditions, for the tax transparency treatment, the Trust will not be assessed tax on the Taxable Income. Instead, the Trust will deduct income tax at the prevailing corporate tax rate, currently at 17.0% (2020: 17.0%), from the distributions made to Unitholders that are made out of the Taxable Income of the Trust, except:

(i) where the beneficial owners are individuals or qualifying Unitholders, who are not acting in the capacity of a trustee, the Trust will make the distributions to such Unitholders without deducting any income tax; and

(ii) where the beneficial owners are qualifying foreign non-individual investors or foreign funds, or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are qualifying foreign non-individual investors or foreign funds, the Trust will deduct/withhold tax at the reduced rate of 10.0% from the distribution made during the period from 18 February 2005 to 31 December 2025 (both dates inclusive).

A qualifying Unitholder is a Unitholder who is:

(i) a company incorporated and resident in Singapore;

(ii) a Singapore branch of a company incorporated outside Singapore;

(iii) a body of persons (excluding companies or partnerships) incorporated or registered in Singapore, including charities registered under Charities Act (Cap. 37) or established by any written law, town councils, statutory boards, co-operative societies registered under the Co-operatives Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (Cap. 333);

(iv) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145);

(v) real estate investment trust exchange-traded funds ("REIT ETFs") which have been accorded the tax transparency treatment;

(vi) an individual (including those who purchased units in the Trust through agent banks or Supplementary Retirement Scheme ("SRS") operators which act as their nominee under the CPF Investment Scheme or the Supplementary Retirement Scheme respectively); or

(vii) a nominee who can demonstrate that the Units are held for beneficial owners who are individuals or who fall within the classes of Unitholders listed in (i) to (iv) above.

A qualifying foreign non-individual Unitholder is one who is not a resident of Singapore for income tax purposes and:

(i) who does not have any permanent establishment in Singapore; or

(ii) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

A qualifying foreign fund is a fund which is not a resident of Singapore for income tax purposes and qualifies for tax exemption under Section 13CA, 13X or 13Y of the Singapore Income Tax Act, and:

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

2.7 Taxes (cont'd)

(a) Tax transparency treatment (cont'd)

(i) does not have any permanent establishment in Singapore (other than a fund manager in Singapore); or

(ii) carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation in Singapore.

Under the tax transparency treatment, the Trust will have to distribute at least 90.0% of its Taxable Income by a specific time. For the remaining amount of Taxable Income of the Trust not distributed, tax will be assessed on and collected from the Trust on such remaining amount (referred to as "Retained Taxable Income").

In the event where a distribution is subsequently made out of such Retained Taxable Income, the Trust will not have to make a further deduction of income tax from the distribution.

In the event that there are subsequent adjustments to the Taxable Income when the actual Taxable Income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the Taxable Income for the next distribution following the agreement with IRAS.

The above tax transparency treatment to the Trust and FCOT does not apply to gains from the sale of real estate properties in Singapore and other income not constituting Specified Income. Such gains, if determined by the IRAS to be trading gains, are assessable to tax on the trustee of the respective trust.

(b) Tax exemption on foreign sourced income

Pursuant to Section 13(12) of the Singapore Income Tax Act, the Trust and FCOT have obtained various confirmations from the IRAS and/or the MOF in respect of certain foreign sourced income (including foreign sourced dividends, foreign sourced interest income and foreign sourced trust distributions) derived from its properties located overseas. Subject to satisfying certain conditions, such income is exempt from Singapore income tax and the Trust can distribute such income, after deduction of certain expenses, to Unitholders without tax deduction at source.

2.8 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of Units outstanding during the financial year. Diluted earnings per Unit is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding adjusted for the effects of all dilutive potential Units.

2.9 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly trust expenses.

Segment capital expenditure is the total cost incurred during the year on investment properties and plant and equipment.

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.10 Basis of consolidation and business combinations

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(b) Consolidation

The financial year of the Group ends on 30 September unless otherwise stated. The consolidated financial statements incorporate the financial statements of the Group made up to 30 September. The financial statements of subsidiaries are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to conform to the Group's significant accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(c) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note 2.10(a)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable assets or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

2.10 Basis of consolidation and business combinations (cont'd)

(c) Business combinations (cont'd)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is recognised as equity, it is not remeasured and settlement is accounted for within unitholders' funds. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

NCI are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by another FRS.

(d) Property acquisitions and business combinations

Where a property is acquired, via corporate acquisitions or otherwise, the Manager considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of the judgement is set out in Note 2.10(c).

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. In such cases, the acquirer shall identify and recognise the individual identifiable assets acquired and liabilities assumed. The cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Such a transaction or event does not give rise to goodwill.

(e) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(f) Subsidiaries in the separate financial statements

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

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.11 Foreign currencies

(a) Foreign currency transactions

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

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

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

- qualifying cash flow hedges to the extent the hedges are effective.

(b) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in the foreign currency translation reserve in unitholders' funds. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, joint control or significant influence is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss or the statement of total return (as the case may be) as part of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in unitholders' funds.

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

2.12 Investment properties

Investment properties are properties held to earn rental income and capital appreciation, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes.

Investment properties are measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Subsequent to initial recognition, investment properties are measured at fair value. Any gains or losses arising from changes in fair values of the investment properties are recognised in the statement of total return in the period in which they arise.

Fair value is determined at each reporting date in accordance with the Trust Deed. In addition, the investment properties are to be valued by independent professional valuers at least once a year, in accordance with the Code on Collective Investment Schemes ("CCIS") issued by MAS.

Investment properties are de-recognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in the statement of total return in the year of retirement or disposal.

Subsequent expenditure relating to the investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Property that is being constructed for future use as an investment property is accounted for at fair value.

2.13 Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes directly attributable costs of bringing the asset to a working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for repair and maintenance are charged to the statement of total return.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of the plant and equipment. Depreciation is recognised from the date that the plant and equipment are installed and are ready for use. The estimated useful lives of the plant and equipment are as follows:

Furniture and fittings	5 years
Equipment	5 years
Computers	3 years

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.14 Financial instruments

(a) Non-derivative financial assets

At initial recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of total return.

Classification

The Group classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income – debt investment;
- fair value through other comprehensive income – equity investment; or
- fair value through profit or loss.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

2.14 Financial instruments (cont'd)

(a) Non-derivative financial assets (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.14 Financial instruments (cont'd)

(a) Non-derivative financial assets (cont'd)

Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(c) Non-derivative financial liabilities

A financial liability is classified as fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in the statement of total return as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in the statement of total return.

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

(d) Derecognition

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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

2.14 Financial instruments (cont'd)

(e) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of a derivative as a hedging instrument, the Group formally documents the economic relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect the statement of total return.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of total return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

(i) Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

Where the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amounts accumulated in the hedging reserve is included in the initial cost of the non-financial item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in unitholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.14 Financial instruments (cont'd)

(f) Derivative financial instruments and hedge accounting (cont'd)

(ii) Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses, is recognised in unitholders' funds and presented in the translation reserve within unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in the statement of total return. The amount recognised in unitholders' funds is reclassified to the statement of total return on disposal of the foreign operation.

Hedges directly affected by interest rate benchmark reform

The Group has early adopted the Phase 2 amendments and retrospectively applied them from 1 October 2020 (see Note 2.2).

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in unitholders' funds for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

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

2.14 Financial instruments (cont'd)

(g) Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12 months ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applied the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to entity in accordance with the contract and the cashflows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.14 Financial instruments (cont'd)

(g) Impairment of financial assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.15 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

2.16 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial guarantee contracts

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees contracts are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.18 Unitholders' funds

Unitholders' funds are classified as equity.

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

2.19 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of properties, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Notes to the Financial Statements

For the year ended 30 September 2021

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

2.19 Leases (cont'd)

(i) As a lessee (cont'd)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

2.20 Distribution policy

The Trust's distribution policy is to distribute at least 90% of the Distributable Income to the Unitholders. The actual level of distribution and payment of distributions will be at the sole discretion of the Board of Directors of the Manager.

Distributions are made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the six-month period ending on each of the said dates. In accordance with the Trust Deed, the Manager is required to pay distributions within 90 days of the end of each distribution period.

3. REVENUE

	Group	
	2021 S$'000	2020 S$'000
Rental income	391,458	286,411
Incentives reimbursement	2,309	5,422
Recoverable outgoings	65,693	37,130
Other revenue	9,868	3,066
	469,328	332,029

4. PROPERTY OPERATING EXPENSES

	Group 2021 S$'000	Group 2020 S$'000
Land and property tax	23,383	14,745
Property management fees	14,746	5,116
Property maintenance and related expenses	30,647	13,702
Property related professional fees	591	1,902
(Reversal of allowance)/Allowance for doubtful receivables	(326)	1,820
Statutory expenses	10,608	8,279
Other property expenses	23,019	16,650
	102,668	62,214

5. MANAGERS' MANAGEMENT FEES

	Group 2021 S$'000	Group 2020 S$'000
Base fee	27,040	19,450
Performance fee	12,577	9,101
	39,617	28,551

During the financial year, an aggregate of 18,981,631 (2020: 22,659,457) Units were issued or will be issued to the Managers as satisfaction of the management fees incurred, at unit prices ranging from S$1.41 to S$1.51 (2020: S$0.76 to S$1.42) per Unit, amounting to S$27,804,000 (2020: S$27,357,000).

6. NET FINANCE COSTS

	Group 2021 S$'000	Group 2020 S$'000
Finance income		
Interest income	45	277
Fair value gain on financial assets at FVTPL	879	–
	924	277
Finance costs		
Financial liabilities measured at amortised cost:		
– Amortisation of debt upfront costs	(3,527)	(3,277)
– Interest expense on bank loans and notes	(34,682)	(28,939)
– Interest expense on lease liabilities	(5,314)	(5,060)
– Others	(804)	(789)
	(44,327)	(38,065)
Derivatives measured at fair value		
– Interest expense	(1,360)	(3,104)
	(45,687)	(41,169)
Net finance costs	(44,763)	(40,892)

Notes to the Financial Statements

For the year ended 30 September 2021

7. TAX EXPENSE

The major components of tax expense are:

	Note	Group 2021 S$'000	Group 2020 S$'000
Current tax expense			
– Current year		14,804	7,467
– Under/(Over) provision in respect of prior years		807	(9)
		15,611	7,458
Withholding tax expense		18,450	10,364
Deferred tax expense			
– Origination and reversal of temporary differences	19	106,836	53,897
		140,897	71,719

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year is as follows:

	Group 2021 S$'000	Group 2020 S$'000
Total return for the year before tax	880,655	530,477
Tax using the Singapore tax rate of 17% (2020: 17%)	149,711	90,181
Effect of tax rates in foreign jurisdictions	(3,783)	7,373
Non-deductible expenses	18,704	7,546
Tax transparency	(7,752)	(3,196)
Income not subject to tax	(36,530)	(42,331)
Deferred tax assets not recognised	1,774	839
Withholding tax expense	18,450	10,364
Under/(Over) provision in respect of prior years	807	(9)
Others	(484)	952
	140,897	71,719

8. TOTAL RETURN FOR THE YEAR

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

	Group 2021 S$'000	Group 2020 S$'000
Audit fees paid/payable to auditors of the Trust	341	311
Audit fees paid/payable to other auditors	1,098	618
Non-audit fees paid/payable to auditors of the Trust	63	71
Non-audit fees paid/payable to other auditors	56	48
Valuation fees	652	349

9. EARNINGS PER UNIT

Basic earnings per Unit

The calculation of basic earnings per Unit for the Group is based on the total return for the year attributable to Unitholders and weighted average number of Units during the year:

	Group 2021 S$'000	Group 2020 S$'000
Total return for the year attributable to Unitholders	731,106	454,722

	'000	'000
Issued Units at the beginning of the year	3,413,220	2,248,893
Effect of issue of new Units:		
– Private placement	78,904	–
– In partial satisfaction of the consideration for the Merger	–	494,073
– In satisfaction of the Managers' management fees paid in Units	15,022	13,615
– In satisfaction of the Managers' acquisition fees paid in Units	1,289	6,824
Weighted average number of Units	3,508,435	2,763,405

Diluted earnings per Unit

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

	Group 2021 S$'000	Group 2020 S$'000
Total return for the year attributable to Unitholders	731,106	454,722

	'000	'000
Weighted average number of Units used in calculation of basic earnings per Unit	3,508,435	2,763,405
– Effect of the Managers' management fees payable in Units	14,303	16,961
– Effect of the Managers' acquisition fees payable in Units	2,292	7,585
Weighted average number of Units (diluted)	3,525,030	2,787,951

Notes to the Financial Statements

For the year ended 30 September 2021

10. INVESTMENT PROPERTIES

	Note	Group 2021 S$'000	2020 S$'000
At 1 October		6,352,240	3,366,358
Acquisition of investment properties through acquisition of subsidiaries (including acquisition costs)	32	234,293	2,386,648
Acquisition of investment properties (including acquisition costs)		328,151	23,479
Capital expenditure incurred		32,747	13,395
Transfer to investment property held for sale		–	(148,641)
Disposal of investment properties		(45,962)	–
Capitalisation of leasing incentives, net of amortisation		1,810	364
Straight-lining of rental and other adjustments		4,242	7,161
Net change in fair value recognised in statement of total return		602,850	334,306
Translation differences		(28,089)	369,170
At 30 September		7,482,282	6,352,240

Investment properties comprise industrial properties in Australia, Germany and the Netherlands, and the United Kingdom, and commercial properties and business parks in Singapore, Australia and the United Kingdom that are leased to third parties under operating leases (Note 24).

In 2020, the Group announced its proposed divestment of its remaining 50% interest in 99 Sandstone Place, Parkinson located in Queensland, Australia. Accordingly, the investment property was reclassified to investment property held for sale as at 30 September 2020. The divestment was completed on 23 November 2020.

Investment properties, including investment property held for sale, are stated at fair value at the reporting date. As at 30 September 2021, the fair values of the investment properties were based on independent valuations undertaken by the following property valuers:

Logistics and industrial portfolio

Properties in:	Property Valuer
Australia	CIVAS (VIC) Pty Limited, CIVAS (NSW) Pty Limited, Jones Lang LaSalle Advisory Services Pty Ltd, Knight Frank NSW Valuations & Advisory Pty Ltd and Savills Valuations Pty Ltd (2020: CIVAS (VIC) Pty Ltd, Knight Frank NSW Valuations & Advisory Pty Ltd, Savills Valuations Pty Ltd and Urbis Valuations Pty Ltd)
Germany and the Netherlands	Jones Lang LaSalle SE, BNP Paribas and Savills PLC (2020: CBRE Ltd, Jones Lang LaSalle SE, BNP Paribas and Savills PLC)
United Kingdom	Knight Frank LLP

10. INVESTMENT PROPERTIES (CONT'D)

Commercial portfolio

Properties in:	Property Valuer
Australia	CIVAS (VIC) Pty Limited, Knight Frank Australia Pty Ltd and Knight Frank Valuation & Advisory Canberra Pty Limited (2020: Jones Lang LaSalle Advisory Services Pty Ltd, Colliers International (WA) Pty Ltd and Colliers International Valuation & Advisory Services (ACT) Pty Limited)
Singapore	CBRE Pte. Ltd. (2020: Jones Lang LaSalle Property Consultants Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd)
United Kingdom	Knight Frank LLP (2020: Jones Lang LaSalle Ltd and Knight Frank LLP)

In 2020, the valuers for certain commercial properties in Singapore and Australia, namely Alexandra Technopark in Singapore and Central Park and 357 Collins Street in Australia, have highlighted in their valuation reports that the real estate market has been impacted by the uncertainty that the COVID-19 pandemic has caused, that the valuations were current at the date of valuation only and that the values may change significantly and unexpectedly over a relatively short period of time. There was no uncertainty clause highlighted in the valuation reports for the Group's investment properties in 2021.

Included in the acquisition costs capitalised during the year are audit fees of S$42,000 (2020: S$241,000) paid to auditors of the Trust for services performed in relation to the Group's acquisition of certain properties during the year.

Security

As at 30 September 2021, investment properties with a carrying amount of S$1,035,014,000 (2020: S$1,057,658,000) are pledged as security to secure bank loans (see Note 18). The carrying amount of the properties excluding the right of use assets is S$1,005,915,000 (2020: S$1,029,601,000).

Measurement of fair value

(i) Fair value hierarchy

In 2021, the fair values of the investment properties (2020: including the investment property held for sale) were determined using the capitalisation method and/or discounted cash flow method (2020: capitalisation method, discounted cash flow method and/or direct comparison method). The valuation methods involve making certain estimates including those relating to capitalisation rate, gross initial yield, net initial yield, discount rate and terminal yield (2020: capitalisation rate, gross initial yield, net initial yield, discount rate, terminal yield and price per square foot ("psf")).

The fair value measurement for all of the investment properties, including the investment property held for sale, has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. Details of the inputs used in the valuation techniques are disclosed in note (ii) below.

	2021 S$'000	2020 S$'000
Fair value of investment properties (based on valuation reports)	7,323,891	6,177,317
Add: Carrying amount of lease liabilities (Note 18)	158,391	174,923
Carrying amount of investment properties	7,482,282	6,352,240

Notes to the Financial Statements

For the year ended 30 September 2021

10. INVESTMENT PROPERTIES (CONT'D)

(ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair values of investment properties, including investment property held for sale, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	Australia	Europe	United Kingdom
Logistics and industrial	Capitalisation method	Capitalisation rate	4.00% – 14.19% (2020: 5.00% – 16.22%)	N.A.	N.A.
		Gross initial yield [1]	N.A.	4.78% – 6.26% (2020: 4.26% – 6.49%)	3.92% (2020: N.A.)
		Net initial yield [2]	N.A.	3.75% – 5.14% (2020: 3.85% – 5.62%)	3.67% (2020: N.A.)
	Discounted cash flow method	Discount rate	5.25% – 9.00% (2020: 6.00% – 8.50%)	3.75% – 6.00% (2020: 3.75% – 7.55%)	N.A.
		Terminal yield	4.25% – 66.99% (2020: 5.00% – 59.07%)	3.50% – 7.00% (2020: 4.20% – 6.87%)	N.A.

Type	Valuation techniques	Significant unobservable inputs	Australia	Singapore	United Kingdom
Commercial	Capitalisation method	Capitalisation rate	4.88% – 6.00% (2020: 4.88% – 7.00%)	3.55% – 5.75% (2020: 3.50% – 6.00%)	N.A.
		Gross initial yield [1]	N.A.	N.A.	6.23% – 6.65% (2020: 5.55% – 6.91%)
		Net initial yield [2]	N.A.	N.A.	5.68% – 6.05% (2020: 5.20% – 6.30%)
	Discounted cash flow method	Discount rate	5.88% – 6.75% (2020: 6.25% – 6.75%)	6.50% – 7.75% (2020: 6.75% – 8.00%)	N.A.
		Terminal yield	5.13% – 6.25% (2020: 5.13% – 7.50%)	3.70% – 6.00% (2020: 3.75% – 6.25%)	N.A.
	Direct comparison method	Price psf	N.A.	N.A. (2020: $610 psf)	N.A.

N.A.: Not applicable

[1] Rent divided by net property value

[2] Rent net of non-recoverable expenses divided by gross property value

10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

Inter-relationship between key unobservable inputs and fair value measurements

The significant unobservable inputs used in the fair value measurement of investment properties, including the investment property held for sale, are capitalisation rate, gross initial yield, net initial yield, discount rate, terminal yield and price psf. An increase in capitalisation rate, gross initial yield, net initial yield, discount rate and terminal yield in isolation would result in a lower fair value. An increase in price psf would result in a higher fair value.

Key unobservable inputs relate to:

- Capitalisation rate corresponds to a rate of return on a property based on the income that the property is expected to generate.
- Gross initial yield corresponds to a rate of return on a property based on the current passing income.
- Net initial yield corresponds to a rate of return on a property based on the current passing income net of estimated non-recoverable expenses.
- Discount rate represents the required rate of return, adjusted for a risk premium that reflects the risks relevant to the asset.
- Terminal yield reflects the exit capitalisation rate applied to a projected terminal cash flow.
- Price psf represents the estimated selling price psf.

(iii) Valuation policies and procedures

The fair values of investment properties are determined annually by independent professional valuers. The appropriateness of the valuation methodologies and assumptions adopted are reviewed by the Manager along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, the independent professional valuers are required to recalibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary.

In accordance with the Group's reporting policies, the valuation process and the results of the independent valuations are reviewed once a year by the Audit, Risk and Compliance Committee before the results are presented to the Board of Directors for approval.

In relying on the valuation reports, the Manager had exercised its judgement and was satisfied that the independent valuers have the appropriate professional qualifications and experience in the location and category of the properties being valued and the valuation estimates were reflective of the current market conditions.

Notes to the Financial Statements

For the year ended 30 September 2021

11. PLANT AND EQUIPMENT

	Furniture and fittings S$'000	Equipment S$'000	Computers S$'000	Total S$'000
Group				
Cost				
At 1 October 2019	–	–	–	–
Acquisition of subsidiaries	200	61	11	272
Additions	37	13	–	50
At 30 September 2020	237	74	11	322
At 1 October 2020	237	74	11	322
Write-off	–	–	(2)	(2)
At 30 September 2021	237	74	9	320
Accumulated depreciation				
At 1 October 2019	–	–	–	–
Depreciation	(29)	(7)	(4)	(40)
At 30 September 2020	(29)	(7)	(4)	(40)
At 1 October 2020	(29)	(7)	(4)	(40)
Depreciation	(54)	(15)	(4)	(73)
Write-off	–	–	2	2
At 30 September 2021	(83)	(22)	(6)	(111)
Net carrying amounts				
At 30 September 2021	154	52	3	209
At 30 September 2020	208	67	7	282
At 1 October 2019	–	–	–	–

12. INVESTMENT IN SUBSIDIARIES

	Trust 2021 S$'000	Trust 2020 S$'000
Equity investments, at cost	2,887,282	2,355,631

Details of the Group's significant subsidiaries are disclosed in Note 34.

13. LOANS TO SUBSIDIARIES

Loans to subsidiaries are unsecured. Included in loans to subsidiaries are amounts of S$821,110,000 (2020: S$986,381,000) which bear interest at 2.5% to 5.0% (2020: 2.7% to 5.4%) per annum and are repayable between 2024 to 2028 (2020: 2024 to 2028). The remaining loans to subsidiaries are interest-free and are repayable between 2028 to 2031 (2020: repayable on demand). The loans form part of the Trust's net investments in its subsidiaries and settlement of such loans is neither planned nor likely to occur in the foreseeable future. There is no impairment loss on these loans.

14. DERIVATIVE ASSETS/(LIABILITIES)

	Group		Trust	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Derivative assets				
Interest rate swaps used for hedging	3,734	–	2,116	–
Foreign currency forward contracts	1,015	330	1,015	322
Cross currency swaps	2,170	25,735	1,825	25,735
Cross currency interest rate swaps	10,551	7,842	10,551	6,725
	17,470	33,907	15,507	32,782
Classified as:				
– Non-current	16,455	33,577	14,492	32,460
– Current	1,015	330	1,015	322
	17,470	33,907	15,507	32,782
Derivative liabilities				
Interest rate swaps used for hedging	(5,515)	(11,991)	(1,576)	(4,701)
Foreign currency forward contracts	(493)	(1,209)	(493)	(1,209)
Cross currency swaps	(4,468)	(34,771)	(4,468)	(34,771)
Cross currency interest rate swaps	(7,084)	(14,575)	(7,084)	(14,575)
	(17,560)	(62,546)	(13,621)	(55,256)
Classified as:				
– Non-current	(15,025)	(59,932)	(13,128)	(52,642)
– Current	(2,535)	(2,614)	(493)	(2,614)
	(17,560)	(62,546)	(13,621)	(55,256)

	Group		Trust	
	2021 %	2020 %	2021 %	2020 %
Net derivative (liabilities)/assets as a percentage of net assets	*	(0.75)	0.06	(0.73)

* Less than 0.01%

(a) *Interest rate swaps used for hedging*

Interest rate swaps are used by the Group to hedge its exposure to interest rate risk associated with movements in interest rates on the loans and borrowings of the Group.

As at the reporting date, the Group and the Trust have interest rate swap arrangements in place for the following amounts:

	Group Nominal amount		Trust Nominal amount	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Maturing:				
Within one year	132,489	136,906	–	136,906
Between one to five years	579,901	468,063	232,343	177,569
	712,390	604,969	232,343	314,475

At 30 September 2021, the fixed interest rates of the outstanding interest rate swap contracts ranged between 0.26% to 2.40% (2020: 0.30% to 2.40%) per annum.

All of the Group's interest rate swaps were designated as cash flow hedges to hedge the Group's interest rate risk arising from variable rate loans and borrowings.

Notes to the Financial Statements

For the year ended 30 September 2021

14. DERIVATIVE ASSETS/(LIABILITIES) (CONT'D)

(b) *Foreign currency forward contracts, cross currency swaps and cross currency interest rate swaps*

Foreign currency forward contracts are used by the Group to hedge its foreign currency risk on distributions to Unitholders. Cross currency swaps and cross currency interest rate swaps are used by the Group to hedge its foreign currency exposure and net investments in foreign operations.

As at the reporting date, the Group and the Trust have foreign currency forward contracts, cross currency swaps and cross currency interest rate swaps for the following amounts:

	Group Nominal amount		Trust Nominal amount	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Maturing:				
Within one year	31,096	83,021	31,096	81,257
Between one to five years	997,076	788,040	977,972	769,619
	1,028,172	871,061	1,009,068	850,876

15. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Cash at bank	139,866	168,652	13,096	36,949
Fixed deposits	501	–	501	–
	140,367	168,652	13,597	36,949

The Group's and the Trust's exposure to foreign currency risk on cash and cash equivalents are disclosed in Note 28(a).

16. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Trade receivables	12,388	10,371	–	–
Less: Allowance for doubtful receivables	(884)	(1,820)	–	–
Net trade receivables	11,504	8,551	–	–
Accrued receivables	1,138	2,099	–	–
Other receivables	5,004	5,892	19	30
Amounts due from subsidiaries (non-trade)	–	–	103,527	71,823
Amounts due from related parties (non-trade)	1,568	2,498	–	–
	19,214	19,040	103,546	71,853
Rental guarantee receivable	4,688	–	–	–
Prepayments	10,963	8,088	143	159
GST/VAT receivables	4,985	3,474	3,522	1,864
	39,850	30,602	107,211	73,876

16. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables comprise mainly rental receivables. These are secured by way of bankers' and corporate guarantees or security deposits held by the Group.

Other receivables

Other receivables of the Group mainly comprise security deposits received from tenants which are held by the third party property manager on behalf of the Group.

Amounts due from subsidiaries and related parties

Amounts due from subsidiaries and related parties are unsecured, interest-free and repayable on demand. There is no impairment loss on these outstanding balances as the expected credit loss is not material.

Rental guarantee receivable

On 4 June 2021, the Group acquired a freehold property located in the United Kingdom. The vendor has agreed to provide a 24 months' guarantee of rent (the "Rental Guarantee") for certain vacant units in the property. The Rental Guarantee amount is dependent on the vacancy of these units and is measured at fair value at each reporting date with changes recognised in the statement of total return.

Credit risk

The Group's and the Trust's exposure to credit risk on trade receivables are disclosed in Note 28(c).

17. TRADE AND OTHER PAYABLES

	Group		Trust	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Current				
Trade payables	4,758	3,366	67	69
Accrued expenses	37,634	49,516	3,193	18,350
Accrued capital expenditure for investment properties	10,069	4,679	–	–
Security deposits	6,323	3,752	–	–
Amounts due to subsidiaries (non-trade)	–	–	74,894	3,384
Amounts due to related parties (non-trade)	13,618	6,245	5,400	764
Amounts due to non-controlling interests (non-trade)	937	953	–	–
	73,339	68,511	83,554	22,567
Deferred income	321	320	–	–
Rental received in advance	14,653	10,581	–	–
GST/VAT payables	8,276	7,332	–	–
	96,589	86,744	83,554	22,567
Non-current				
Security deposits	13,482	16,637	–	–
Deferred income	831	1,148	–	–
	14,313	17,785	–	–
Total trade and other payables	110,902	104,529	83,554	22,567

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

Amounts due to non-controlling interests are unsecured, bear interest at 6% (2020: 6%) and have no fixed terms of repayment.

Notes to the Financial Statements

For the year ended 30 September 2021

18. LOANS AND BORROWINGS

	Group		Trust	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Current				
Bank loans				
– unsecured	210,310	456,300	1,800	310,330
– secured	21,852	110,615	–	–
Fixed rate notes (unsecured)	–	110,000	–	–
Floating rate notes (unsecured)	1,250	–	–	–
Less: Unamortised transaction costs	(167)	(900)	(1)	(858)
	233,245	676,015	1,799	309,472
Lease liabilities	1,260	1,241	–	–
	234,505	677,256	1,799	309,472
Non-current				
Bank loans				
– unsecured	1,820,432	1,493,087	1,439,432	968,396
– secured	308,494	263,827	–	–
Fixed rate notes (unsecured)	169,250	19,250	–	–
Floating rate notes (unsecured)	–	1,250	–	–
Less: Unamortised transaction costs	(8,100)	(7,546)	(6,291)	(6,153)
	2,290,076	1,769,868	1,433,141	962,243
Lease liabilities	157,131	173,682	–	–
	2,447,207	1,943,550	1,433,141	962,243
Total bank loans and notes	2,523,321	2,445,883	1,434,940	1,271,715
Total lease liabilities	158,391	174,923	–	–
Total loans and borrowings	2,681,712	2,620,806	1,434,940	1,271,715

18. LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment structure

	Interest rate range %	Year of maturity	Group Face value S$'000	Group Carrying amount S$'000	Trust Face value S$'000	Trust Carrying amount S$'000
2021						
AUD bank loans	1.3 to 1.6	2022 to 2026	770,718	767,902	638,229	635,414
Euro bank loans	0.2 to 2.6	2022 to 2036	385,377	385,099	55,031	54,754
SGD bank loans	1.0 to 1.7	2021 to 2026	978,821	974,830	521,800	519,762
GBP bank loans	1.4	2026	82,415	81,908	82,415	81,907
JPY bank loans	0.9	2026	61,140	60,871	61,140	60,871
USD bank loans	1.7	2025	82,617	82,232	82,617	82,232
SGD fixed rate notes	2.2 to 3.2	2023 to 2028	169,250	169,230	–	–
SGD floating rate notes	1.2	2022	1,250	1,249	–	–
AUD lease liabilities	1.5 to 3.8	2024 to 2107	129,292	129,292	–	–
Euro lease liabilities	1.4	2080	29,099	29,099	–	–
			2,689,979	2,681,712	1,441,232	1,434,940
2020						
AUD bank loans	1.2 to 1.6	2020 to 2025	885,416	880,413	719,109	714,352
Euro bank loans	0.3 to 2.6	2020 to 2036	469,810	469,559	95,378	95,127
SGD bank loans	0.9 to 1.4	2020 to 2025	918,500	915,387	416,607	414,603
GBP bank loans	1.0 to 1.1	2020	50,103	50,103	47,633	47,633
SGD fixed rate notes	2.8 to 3.2	2020 to 2023	129,250	129,173	–	–
SGD floating rate notes	1.5	2022	1,250	1,248	–	–
AUD lease liabilities	1.5 to 3.8	2024 to 2107	146,866	146,866	–	–
Euro lease liabilities	1.4	2080	28,057	28,057	–	–
			2,629,252	2,620,806	1,278,727	1,271,715

The interest rate range disclosed above excludes the effects of the related interest rate swaps, cross currency swaps, cross currency interest rate swaps and amortisation of borrowing costs. The secured bank loans are secured on certain investment properties (Note 10).

Notes to the Financial Statements

For the year ended 30 September 2021

18. LOANS AND BORROWINGS (CONT'D)

The reconciliation of liabilities arising from financing activities were as follows:

	Note	Other loans and borrowings S$'000	Lease liabilities S$'000	Total S$'000
Group				
Balance as at 1 October 2019		1,114,240	161,801	1,276,041
Financing cashflows *		482,362	(6,114)	476,248
Acquisition of subsidiaries	32	725,198	–	725,198
The effect of changes in foreign exchange rates		120,806	13,909	134,715
Other changes:				
Additions to lease liabilities		–	267	267
Amortisation of debt transaction costs		3,277	–	3,277
Interest expense on lease liabilities		–	5,060	5,060
Total other changes		3,277	5,327	8,604
Balance as at 30 September 2020		2,445,883	174,923	2,620,806
Balance as at 1 October 2020		2,445,883	174,923	2,620,806
Financing cashflows *		1,133	(6,467)	(5,334)
Acquisition of subsidiaries	32	74,518	–	74,518
The effect of changes in foreign exchange rates		(1,740)	424	(1,316)
Other changes:				
Additions to lease liabilities		–	4,824	4,824
Amortisation of debt transaction costs		3,527	–	3,527
Interest expense on lease liabilities		–	5,314	5,314
Disposal of lease liabilities on investment properties		–	(20,627)	(20,627)
Total other changes		3,527	(10,489)	(6,962)
Balance as at 30 September 2021		2,523,321	158,391	2,681,712

* Cashflow from financing activities presented in the consolidated statement of cash flows include interest expense paid of S$36,285,000 (2020: S$32,970,000), which are included as part of accrued expenses in Note 17 – Trade and other payables. There are no material non-cash changes associated with interest payables.

19. DEFERRED TAX ASSETS/(LIABILITIES)

	At 1 October 2019 S$'000	Acquisition of subsidiaries S$'000	Recognised in statement of total return (Note 7) S$'000	Translation differences S$'000	At 30 September 2020 S$'000	Acquisition of subsidiaries S$'000	Recognised in statement of total return (Note 7) S$'000	Translation differences S$'000	At 30 September 2021 S$'000
Group									
Deferred tax assets									
Provisions	–	298	–	25	323	–	(331)	8	–
Deferred tax liabilities									
Investment properties	(56,441)	–	(53,897)	(11,415)	(121,753)	–	(106,505)	4,761	(223,497)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group 2021 S$'000	Group 2020 S$'000
Deductible temporary differences	4,489	6,526

The deductible temporary differences do not expire under the current tax legislation.

Under FRS 12 *Income Taxes*, deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss. In 2021 and 2020, the Group's acquisition of subsidiaries were accounted for as acquisition of assets and not a business combination, and affected neither accounting nor taxable profit at the point of acquisition. Accordingly, the initial recognition exemption in FRS 12 applies. As at 30 September 2021, the Group has not recognised deferred tax liabilities of S$128.9 million (2020: S$122.7 million) relating to temporary differences on the initial recognition of assets and liabilities of subsidiaries acquired.

Notes to the Financial Statements

For the year ended 30 September 2021

20. NON-CONTROLLING INTERESTS

The non-controlling interests ("NCI") relate to the following subsidiary:

Name	Principal place of business/ Country of incorporation	Effective interest held by NCI * 2021 %	Effective interest held by NCI * 2020 %
FLT Europe B.V. and its subsidiaries	The Netherlands	5.1 to 9.9	5.1 to 9.9

* This represents the effective interest held by NCI in various subsidiaries of FLT Europe B.V. ("FLTE"). The NCI in the underlying subsidiaries of FLTE are individually immaterial.

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2021 S$'000	2020 S$'000
Revenue	98,156	88,129
Profit and total comprehensive income	171,539	75,170
Profit and total comprehensive income attributable to NCI	8,652	4,036
Non-current assets	1,982,452	1,631,017
Current assets	79,726	75,866
Non-current liabilities	(1,161,245)	(391,021)
Current liabilities	(91,990)	(736,677)
Net assets	808,943	579,185
Net assets attributable to NCI	44,814	36,217
Cash flows from operating activities	82,051	55,385
Cash flows used in investing activities	(147,573)	(89,425)
Cash flows from financing activities	70,737	43,259
Net increase in cash and cash equivalents	5,215	9,219

Dividends amounting to S$2,448,000 (2020: S$nil) was paid to NCI during the year.

21. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust			
	2021		2020	
	Number of Units '000	S$'000	Number of Units '000	S$'000
Units issued				
At 1 October	3,413,220	3,074,594	2,248,893	1,919,350
Creation of new Units:				
– Private placement	240,000	335,760	–	–
– Managers' management fees paid in Units	19,620	27,859	20,233	21,649
– Managers' acquisition fees paid in Units	3,580	5,020	13,903	14,706
– Units issued as partial satisfaction of the consideration for the Merger	–	–	1,130,191	1,118,889
At 30 September	3,676,420	3,443,233	3,413,220	3,074,594
Units to be issued				
Managers' management fees payable in Units	9,706	14,666	10,344	14,722
Managers' acquisition fees payable in Units	–	–	505	718
Total issuable Units	9,706	14,666	10,849	15,440
Total issued and issuable Units	3,686,126	3,457,899	3,424,069	3,090,034

2021

During the year, the following new Units were issued:

- 240,000,000 Units were issued at S$1.40 per Unit, amounting to S$335,760,000, in a private placement undertaken by the Trust, for cash;
- 19,619,486 Units were issued at S$1.41 to S$1.43 per Unit, amounting to S$27,859,000, as satisfaction of the Managers' management fees payable in Units; and
- 3,580,450 Units were issued at S$1.40 to S$1.42 per Unit, amounting to S$5,020,000, as satisfaction of the Managers' acquisition fees payable in Units arising from certain subsidiaries acquired.

2020

During the year, the following new Units were issued:

- 1,130,191,302 Units were issued at S$0.99 per Unit, amounting to S$1,118,889,000 as partial satisfaction of the consideration for the Merger;
- 20,232,085 Units were issued at S$0.76 to S$1.22 per Unit, amounting to S$21,649,000, as satisfaction of the Managers' management fees payable in Units; and
- 13,903,260 Units were issued at S$1.04 to S$1.17 per Unit, amounting to S$14,706,000, as satisfaction of the Managers' acquisition fees payable in Units arising from certain subsidiaries acquired and the Merger.

Notes to the Financial Statements

For the year ended 30 September 2021

21. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Each Unit in the Trust represents an undivided interest in the Trust.

A holder of the Units of the Trust has no equitable or proprietary interest in the underlying assets of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Group.

Under the Trust Deed, every Unit carries the same voting rights.

The holders of the Units are entitled to receive distributions as and when declared by the Trust.

The liability of a holder of the Units is limited to the amount paid for the Units.

All issued Units are fully paid.

22. NET ASSET VALUE PER UNIT

	Group		Trust	
	2021	2020	2021	2020
Net asset value per Unit is based on: Net assets attributable to Unitholders (S$'000)	4,574,641	3,770,460	3,335,204	3,074,592
Total issued and issuable Units at 30 September ('000) (Note 21)	3,686,126	3,424,069	3,686,126	3,424,069
Net asset value per Unit (S$)	1.24	1.10	0.90	0.90

23. DISTRIBUTIONS PAID TO UNITHOLDERS

	Group and Trust	
	2021 S$'000	2020 S$'000
Distributions paid during the year:		
Distribution of 2.45 Singapore cents per Unit for the period from 1 April 2019 to 7 August 2019 and paid on 1 November 2019	–	47,108
Distribution of 1.01 Singapore cents per Unit for the period from 8 August 2019 to 30 September 2019 and paid on 16 December 2019	–	21,551
Distribution of 3.73 Singapore cents per Unit for the period from 1 October 2019 to 14 April 2020 and paid on 26 June 2020	–	84,368
Distribution of 3.39 Singapore cents per Unit for the period from 15 April 2020 to 30 September 2020 and paid on 17 December 2020	116,076	–
Distribution of 3.80 Singapore cents per Unit for the period from 1 October 2020 to 31 March 2021 and paid on 18 June 2021	130,290	–
Distribution of 1.31 Singapore cents per Unit for the period from 1 April 2021 to 2 June 2021 and paid on 24 August 2021	44,916	–
	291,282	153,027

24. LEASES

(i) Leases as lessee

The Group leases land. The leases typically run for periods ranging from 15 to 90 years, some with options to renew after the lease expiry dates. Some lease payments are subject to market review and renegotiated every five years to reflect market rentals and certain leases provide for additional rent payments that are based on changes in local price indices.

Information about leases for which the Group is a lessee is presented below.

Amounts recognised in statement of total return

	Group	
	2021 S$'000	2020 S$'000
Leases		
Interest on lease liabilities	5,314	5,060

Amounts recognised in statement of cash flows

	Group	
	2021 S$'000	2020 S$'000
Amounts recognised in statement of cash flows		
Payment of lease liabilities	1,153	1,054
Interest expense	5,314	5,060
Total cash outflow for leases	6,467	6,114

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The lease payments relating to lease extension periods for certain leasehold land leases had not been included in lease liabilities as the Group is not reasonably certain if the lease extension options will be exercised.

Notes to the Financial Statements

For the year ended 30 September 2021

24. LEASES (CONT'D)

(ii) Leases as lessor

The Group leases out its investment properties consisting of its owned properties as well as leased properties (Note 10). All leases are classified as operating leases from a lessor perspective.

Operating leases

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from investment properties during 2021 was S$391,458,000 (2020: S$286,411,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2021 S$'000	2020 S$'000
Less than one year	395,840	389,760
One to two years	351,660	348,760
Two to three years	297,885	301,586
Three to four years	235,733	245,248
Four to five years	177,773	196,579
More than five years	568,440	627,883
Total	2,027,331	2,109,816

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year at terms agreed between parties:

	Group	
	2021 S$'000	2020 S$'000
With related parties of the Managers:		
– Consideration for the FCOT units held by related parties pursuant to the Merger	–	(400,288)
– Acquisition of subsidiaries	(151,264)	(318,169)
– Acquisition of investment properties	–	(21,956)
– Insurance expense paid/payable	(1,349)	(1,166)
– Rental income and other income received/receivable	1,659	395
– Lease incentive reimbursement received/receivable	4,281	5,480
– Reimbursements to	(1,780)	(693)
With the Managers:		
– Base management fees paid/payable	(27,040)	(19,021)
– Performance management fees paid/payable	(12,577)	(8,961)
– Acquisition fees paid/payable	(4,302)	(13,094)
– Divestment fees paid/payable	(889)	(92)
– Reimbursements to	–	(1,335)
With the FCOT Manager:		
– Base management fees paid/payable	–	(429)
– Performance management fees paid/payable	–	(140)
With the property managers who are related parties of the Manager:		
– Property management fees paid/payable	(7,187)	(5,145)
– Marketing services commission and other expenses paid/payable	(4,362)	(2,042)
– Reimbursements to	–	(21)
With the Trustees:		
– Trustee fees paid/payable	(844)	(609)

26. COMMITMENTS

(a) Capital commitments

Capital and development expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2021 S$'000	2020 S$'000
Capital commitments in respect of:		
– Investment properties	43,096	10,855

(b) Guarantees

The Trust has provided unsecured corporate guarantees amounting to S$328,000,000 (2020: S$116,000,000) to banks for loans taken by certain subsidiaries.

Notes to the Financial Statements

For the year ended 30 September 2021

27. OPERATING SEGMENTS

The Group has six reportable segments, which are Logistics and industrial – Australia, Europe and UK and Commercial – Australia, Singapore and UK. Each segment is managed separately because of the differences in operating and regulatory environment. All the segments relate to properties used or predominantly used for logistics and industrial or commercial properties. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as the Manager believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Information about reportable segments

	Logistics and industrial			Commercial			Total
	Australia S$'000	Europe S$'000	UK S$'000	Australia S$'000	Singapore S$'000	UK S$'000	S$'000
2021							
Revenue	165,921	98,742	1,061	66,932	88,025	48,647	469,328
Property operating expenses	(31,329)	(12,911)	(88)	(19,442)	(27,087)	(11,811)	(102,668)
Reportable segment net property income	134,592	85,831	973	47,490	60,938	36,836	366,660
Finance income							924
Finance costs							(45,687)
Unallocated items:							
– Expenses							(47,943)
Net income							273,954
Net change in fair value of derivatives							1,400
Net change in fair value of investment properties	450,943	152,100	3,450	13,946	9,973	(27,562)	602,850
Gain on divestment of investment properties	2,451	–	–	–	–	–	2,451
Tax expense							(140,897)
Total return for the year							739,758
Capital expenditure	8,375	3,849	–	8,779	10,260	1,484	32,747
Non-current assets [(1)]	2,572,297	1,982,452	78,028	1,073,554	1,103,824	672,336	7,482,491

(1) Excluding financial assets

27. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Logistics and industrial		Commercial			Total
	Australia	Europe	Australia	Singapore	UK	
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2020						
Revenue	159,739	88,143	30,537	39,785	13,825	332,029
Property operating expenses	(26,712)	(9,510)	(8,504)	(13,413)	(4,075)	(62,214)
Reportable segment net property income	133,027	78,633	22,033	26,372	9,750	269,815
Finance income						277
Finance costs						(41,169)
Unallocated items:						
– Expenses						(31,315)
Net income						197,608
Net change in fair value of derivatives						(2,859)
Net change in fair value of investment properties	79,455	54,828	53,691	149,551	(3,219)	334,306
Gain on divestment of investment properties	1,422	–	–	–	–	1,422
Tax expense						(71,719)
Total return for the year						458,758
Capital expenditure	3,680	1,111	5,995	2,609	–	13,395
Non-current assets [1]	2,160,214	1,631,017	859,574	1,267,282	434,435	6,352,522

[1] Excluding deferred tax assets and financial assets

There is no tenant that contributed more than 10% of the Group's total revenue in 2021 and 2020.

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

The Audit, Risk and Compliance Committee ("ARCC") of the Manager oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC. The ARCC then reports to the Board of Directors on any inadequacies, deficiencies or matters of concern of which the ARCC becomes aware or that it suspects, arising from its review of the Group's risk management policies and procedures.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's total return and unitholders' funds. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The entities within the Group normally conduct their business in their respective functional currencies.

The Group's foreign currency risk relates mainly to cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings, that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Australian dollar (AUD), Euro (EUR), British Pound (GBP), Japanese Yen (JPY), Singapore dollar (SGD) and US dollar (USD). The Manager monitors the Group's foreign currency exposure on an ongoing basis and limits its exposure to fluctuations in foreign currency exchange rates by using derivative financial instruments or other suitable financial products, where appropriate.

It is the Manager's policy to hedge the Group's anticipated foreign currency exposure in respect of its distributions to Unitholders, net of anticipated payments required in the same currency at least six months forward by using foreign currency forward contracts.

The Group's net investments in foreign subsidiaries are hedged naturally to the extent that borrowings are taken up in their respective foreign currencies.

The Group uses cross currency swaps and cross currency interest rate swaps to hedge its currency risk. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and amount of their respective cash flows.

The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the critical terms match and hypothetical derivative method.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(i) *Foreign currency risk (cont'd)*

The exposure of the Group and the Trust to Australian dollar, Euro, British Pound, Japanese Yen, Singapore dollar and US dollar in Singapore dollar equivalent is as follows:

	2021					
	AUD S$'000	EUR S$'000	GBP S$'000	JPY S$'000	SGD S$'000	USD S$'000
Group						
Cash and cash equivalents	14,529	400	684	114	–	–
Trade and other payables	(16,058)	(643)	(26)	–	–	–
Loans and borrowings	(638,229)	(55,031)	(82,415)	(61,140)	(53,000)	(82,617)
Net statement of financial position exposure	(639,758)	(55,274)	(81,757)	(61,026)	(53,000)	(82,617)
Less: Cross currency swaps and cross currency interest rate swaps	428,209	–	–	61,140	53,000	82,617
Less: Borrowings designated as net investment hedge	210,020	55,031	82,415	–	–	–
Net currency exposure	(1,529)	(243)	658	114	–	–

	2020			
	AUD S$'000	EUR S$'000	GBP S$'000	SGD S$'000
Group				
Cash and cash equivalents	32,799	4,423	3,609	–
Trade and other payables	(15,716)	(515)	(25)	–
Loans and borrowings	(753,399)	(95,378)	(50,103)	(65,393)
Net statement of financial position exposure	(736,316)	(91,470)	(46,519)	(65,393)
Less: Cross currency swaps and cross currency interest rate swaps	426,683	–	–	65,393
Less: Borrowings designated as net investment hedge	326,716	95,378	47,633	–
Net currency exposure	17,083	3,908	1,114	–

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk *(cont'd)*

(i) Foreign currency risk *(cont'd)*

	2021				
	AUD S$'000	EUR S$'000	GBP S$'000	JPY S$'000	USD S$'000
Trust					
Cash and cash equivalents	10,539	400	407	114	–
Trade and other receivables	111,876	811	–	–	–
Trade and other payables	(49,621)	(25,081)	(14,512)	–	–
Loans and borrowings	(638,229)	(55,031)	(82,415)	(61,140)	(82,617)
Net statement of financial position exposure	(565,435)	(78,901)	(96,520)	(61,026)	(82,617)
Less: Cross currency swaps and cross currency interest rate swaps	428,209	–	–	61,140	82,617
Less: Borrowings designated for net investment hedge	210,020	55,031	82,415	–	–
Net currency exposure	72,794	(23,870)	(14,105)	114	–

	2020		
	AUD S$'000	EUR S$'000	GBP S$'000
Trust			
Cash and cash equivalents	27,688	4,423	271
Trade and other receivables	65,618	394	–
Trade and other payables	(18,643)	(515)	(1,083)
Loans and borrowings	(719,109)	(95,378)	(47,633)
Net statement of financial position exposure	(644,446)	(91,076)	(48,445)
Less: Cross currency swaps and cross currency interest rate swaps	392,392	–	–
Net currency exposure	(252,054)	(91,076)	(48,445)

As at 30 September 2021, the Group and the Trust had outstanding foreign currency forward contracts with nominal amount of approximately S$31.1 million and S$31.1 million (2020: S$83.0 million and S$81.3 million) respectively to hedge future payments of distribution.

Sensitivity analysis

It is estimated that a one percentage point strengthening in foreign currencies against the Singapore dollar would decrease the Group's total return by approximately S$301,000 (2020: S$1,051,000). It is also estimated that a one percentage point strengthening in foreign currencies against the Singapore dollar would decrease the Trust's total return by S$660,000 (2020: increase by S$3,103,000). A one percentage point weakening in foreign currencies against the Singapore dollar would have an equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(ii) *Interest rate risk*

The Group adopts a policy of ensuring that at least 50% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps to hedge the variability in cash flows.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenures, repricing dates, maturities and the notional amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and

- changes in the critical terms of either the swaps or the loans and borrowings.

<u>Managing interest rate benchmark reform and associated risks</u>

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at the reporting date is S$ Singapore swap offer rate ("SOR") and USD LIBOR. The alternative reference rates are the Secured Overnight Financing Rate ("SOFR") and Singapore Overnight Rate Average ("SORA") respectively.

The Group anticipates that IBOR reform will impact its risk management processes and hedge accounting. The main risks to which the Group is exposed as a result of IBOR reform are operational. For example, renegotiating borrowing contracts through bilateral negotiation with counterparties, implementing new fallback clauses with its derivative counterparties, updating contractual terms and revising operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

The Group monitors and manages the transition to alternative rates. The Group evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(ii) *Interest rate risk (cont'd)*

Managing interest rate benchmark reform and associated risks (cont'd)

Non-Derivative Financial Liabilities

The Group has floating-rate liabilities indexed to SOR and USD LIBOR (Note 18). Except for the inclusion of fallback clauses in some contracts that reference SOR and USD LIBOR, there have been no modifications to the Group's financial liabilities during the years ended 30 September 2020 and 30 September 2021 as a result of IBOR reform. The Manager is in discussions with the counterparties of the Group's financial liabilities to amend the contractual terms in response to IBOR reform.

The following table shows the total amounts of the unreformed non-derivative financial liabilities and amounts that include appropriate fallback language at 1 October 2020 and at 30 September 2021. The amounts shown in the table are the carrying amounts.

	SOR		USD LIBOR	
	Total amount of unreformed contracts S$'000	Amount with appropriate fallback clause S$'000	Total amount of unreformed contracts S$'000	Amount with appropriate fallback clause S$'000
Group				
30 September 2021				
Loans and borrowings	834,546	834,546	82,232	82,232
1 October 2020				
Loans and borrowings	854,627	854,627	–	–
Trust				
30 September 2021				
Loans and borrowings	480,164	480,164	82,232	82,232
1 October 2020				
Loans and borrowings	481,745	481,745	–	–

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(ii) *Interest rate risk (cont'd)*

Managing interest rate benchmark reform and associated risks (cont'd)

Derivatives

The Group holds interest rate swaps and cross currency interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The cross currency interest rate swaps have floating legs that are indexed to SOR and USD LIBOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association ("ISDA")'s master agreements. The Group is currently in discussions with counterparties of respective contracts. No derivative instruments have been modified as at 30 September 2021.

ISDA has reviewed its definitions in light of IBOR reform and issued an IBOR fallbacks supplement on 23 October 2020, which became effective on 25 January 2021. This sets out how the amendments to new alternative benchmark rates in the 2006 ISDA definitions will be accomplished. The effect of the supplement is to create fallback provisions in derivatives that describe what floating rates will apply on the permanent discontinuation of certain key IBORs or on ISDA declaring a non-representative determination of an IBOR. The Group has adhered to the protocol to implement the fallbacks to derivative contracts that were entered into before the effective date of the supplement. If derivative counterparties also adhere to the protocol, then new fallbacks will be automatically implemented in existing derivative contracts when the supplement became effective – i.e. on 25 January 2021. From that date, all new derivatives that reference the ISDA definitions will also adhere to the protocol. Consequently, the Group is monitoring whether its counterparties will also adhere to the protocol.

The following table shows the amounts of unreformed derivative instruments and amounts that include appropriate fallback language at 1 October 2020 and at 30 September 2021. For cross-currency swaps, the Group used the notional amount of the receive leg of the swap. The Group expects both legs of cross-currency swaps to be reformed simultaneously.

	SOR		USD LIBOR	
	Total amount of unreformed contracts S$'000	Amount with appropriate fallback clause S$'000	Total amount of unreformed contracts S$'000	Amount with appropriate fallback clause S$'000
Group				
30 September 2021				
Interest rate swaps	217,000	217,000	–	–
Cross currency swaps	124,619	124,619	–	–
Cross currency interest rate swaps	207,381	207,381	82,617	82,617

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

	SOR		USD LIBOR	
	Total amount of unreformed contracts S$'000	Amount with appropriate fallback clause S$'000	Total amount of unreformed contracts S$'000	Amount with appropriate fallback clause S$'000
Group				
1 October 2020				
Interest rate swaps	145,000	145,000	–	–
Cross currency swaps	124,619	124,619	–	–
Cross currency interest rate swaps	207,381	207,381	–	–
Trust				
30 September 2021				
Interest rate swaps	70,000	70,000	–	–
Cross currency swaps	124,619	124,619	–	–
Cross currency interest rate swaps	207,381	207,381	82,617	82,617
1 October 2020				
Interest rate swaps	70,000	70,000	–	–
Cross currency swaps	124,619	124,619	–	–
Cross currency interest rate swaps	207,381	207,381	–	–

The Group's and Trust's exposure to SOR and USD LIBOR designated in hedging interest rate risk is S$507.0 million and S$360.0 million nominal amount as at 30 September 2021 respectively, representing both the nominal amount of the hedging interest rate swaps and cross currency interest rate swaps, and the principal amount of the Group's and the Trust's hedged dominated in SGD and USD bank loan liabilities maturing in 2022 to 2025.

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by the IBOR reform as at 30 September 2021. Some of the Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rate which is SOR and USD LIBOR.

The Group's SOR and USD LIBOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. The Group applies the amendments to FRS 109 to those hedging relationships directly affected by IBOR reform. The Group continues to apply the amendments to FRS 109 issued in December 2020 (Phase 1) to those hedging relationships directly affected by IBOR reform.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(ii) *Interest rate risk (cont'd)*

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instrument indexed to SOR and USD LIBOR using available quoted market rates for SOR-based and USD LIBOR-based instrument of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR and USD LIBOR on a similar basis.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group Nominal amount		Trust Nominal amount	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Fixed rate instruments				
Financial assets	–	–	821,110	986,381
Financial liabilities	(508,365)	(579,591)	–	–
Effect of interest rate swaps	(712,390)	(604,969)	(232,343)	(314,475)
Effect of cross currency interest rate swaps	(779,402)	(332,460)	(779,402)	(249,492)
	(2,000,157)	(1,517,020)	(190,635)	422,414
Variable rate instruments				
Financial assets	140,367	168,652	13,597	36,949
Financial liabilities	(2,182,551)	(2,050,614)	(1,441,232)	(1,278,727)
Effect of interest rate swaps	712,390	604,969	232,343	314,475
Effect of cross currency interest rate swaps	779,402	332,460	779,402	249,492
	(550,392)	(944,533)	(415,890)	(677,811)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect total return.

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (cont'd)*

(ii) *Interest rate risk (cont'd)*

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased/(decreased) total return and unitholders' funds (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total return		Unitholders' funds	
	1% increase S$'000	1% decrease S$'000	1% increase S$'000	1% decrease S$'000
Group				
2021				
Variable rate instruments not hedged	(5,504)	5,504	–	–
Interest rate swaps	–	–	12,019	(13,010)
Cross currency interest rate swaps	–	–	(404)	481
Cash flow sensitivity (net)	(5,504)	5,504	11,615	(12,529)
2020				
Variable rate instruments not hedged	(9,445)	9,445	–	–
Interest rate swaps	–	–	14,472	(14,918)
Cross currency interest rate swaps	–	–	11,842	(12,693)
Cash flow sensitivity (net)	(9,445)	9,445	26,314	(27,611)
Trust				
2021				
Variable rate instruments not hedged	(4,159)	4,159	–	–
Interest rate swaps	–	–	7,436	(7,706)
Cross currency interest rate swaps	–	–	(2,260)	2,337
Cash flow sensitivity (net)	(4,159)	4,159	5,176	(5,369)
2020				
Variable rate instruments not hedged	(6,778)	6,778	–	–
Interest rate swaps	–	–	7,300	(7,678)
Cross currency interest rate swaps	–	–	5,779	(5,961)
Cash flow sensitivity (net)	(6,778)	6,778	13,079	(13,639)

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting*

(i) *Cash flow hedges*

At 30 September, the Group and the Trust held the following instruments to hedge exposures to changes in foreign currency and interest rates.

		Carrying amount		Changes in value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item	Hedging instrument S$'000	Hedged item S$'000	Weighted average hedge rate	Maturity date
2021							
Cash flow hedges							
Group							
Interest rate risk							
– Interest rate swaps to hedge floating rate loans and borrowings	712,390	(1,781)	Derivative financial instruments	18,301	(18,301)	0.98%	2022 – 2026
Foreign exchange risk							
– Cross currency swaps to hedge foreign currency loans and borrowings	66,937	5,231	Derivative financial instruments	(19,900)	19,900	–	2024 – 2026
Interest rate risk and foreign exchange risk							
– Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings	754,650	34,401	Derivative financial instruments	31,180	(31,180)	–	2024 – 2026

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting (cont'd)*

(i) *Cash flow hedges (cont'd)*

	Carrying amount			Changes in value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item	Hedging instrument S$'000	Hedged item S$'000	Weighted average hedge rate	Maturity date
2021							
Cash flow hedges							
Trust							
Interest rate risk							
– Interest rate swaps to hedge floating rate loans and borrowings	232,343	540	Derivative financial instruments	11,596	(11,596)	0.84%	2022 – 2026
Foreign exchange risk							
– Cross currency swaps to hedge foreign currency loans and borrowings	66,937	5,231	Derivative financial instruments	(20,504)	20,504	–	2024 – 2026
Interest rate risk and foreign exchange risk							
– Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings	700,695	34,551	Derivative financial instruments	30,699	(30,699)	–	2024 – 2026

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting (cont'd)*

(i) *Cash flow hedges (cont'd)*

	Carrying amount			Changes in value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item	Hedging instrument S$'000	Hedged item S$'000	Weighted average hedge rate	Maturity date
2020							
Cash flow hedges							
Group							
Interest rate risk							
– Interest rate swaps to hedge floating rate loans and borrowings	604,969	(11,991)	Derivative financial instruments	3,468	(3,468)	1.31%	2021 – 2025
Foreign exchange risk							
– Cross currency swaps to hedge foreign currency loans and borrowings	287,332	25,131	Derivative financial instruments	24,625	(24,625)	–	2024
Interest rate risk and foreign exchange risk							
– Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings	324,402	3,221	Derivative financial instruments	3,221	(3,221)	–	2024 – 2025

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Hedge accounting (cont'd)*

(i) *Cash flow hedges (cont'd)*

	Carrying amount			Changes in value used for calculating hedge ineffectiveness			
	Contractual notional amount S$'000	Assets/ (Liabilities) S$'000	Financial statement line item	Hedging instrument S$'000	Hedged item S$'000	Weighted average hedge rate	Maturity date
2020							
Cash flow hedges							
Trust							
Interest rate risk							
– Interest rate swaps to hedge floating rate loans and borrowings	314,475	(4,701)	Derivative financial instruments	(209)	209	1.34%	2021 – 2025
Foreign exchange risk							
– Cross currency swaps to hedge foreign currency loans and borrowings	270,059	25,735	Derivative financial instruments	25,735	(25,735)	–	2024
Interest rate risk and foreign exchange risk							
– Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings	241,733	3,702	Derivative financial instruments	3,702	(3,702)	–	2024 – 2025

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Hedge accounting (cont'd)

(i) Cash flow hedges (cont'd)

The following table provides a reconciliation by risk category of components of unitholders' funds resulting from cash flow hedge accounting.

	Group 2021	Group 2020	Trust 2021	Trust 2020
	Hedging reserve		Hedging reserve	
	S$'000	S$'000	S$'000	S$'000
Balance as at 1 October	(3,072)	(6,540)	(5,862)	(5,653)
Cash flow hedges				
Change in fair value:				
Interest rate risk	18,301	3,468	11,596	(209)
Balance as at 30 September	15,229	(3,072)	5,734	(5,862)

(ii) Net investment hedge

A foreign currency exposure arises from the Group's net investments in its subsidiaries in Australia, Europe and the United Kingdom ("UK") that have Australian dollar, Euro and British Pound as their functional currencies, respectively. The risk arises from the fluctuation in spot exchange rates between the Australian dollar, Euro and British Pound (2020: Australian dollar, Euro and British Pound) against the Singapore dollar, which causes the amount of the net investments to vary.

The hedged risk in the net investment hedge is the risk of a weakening Australian dollar, Euro and British Pound (2020: Euro) against Singapore dollar that will result in a reduction in the carrying amount of the Group's net investments in its subsidiaries in Australia, Europe and the UK (2020: Australia, Europe and the UK).

Part of the Group's net investment in foreign operations are hedged through the use of cross currency swaps and cross currency interest rate swaps. The Group entered into cross currency swaps and cross currency interest rate swaps to swap floating rate Singapore dollar obligations for floating rate Australian dollar, Euro and British Pound obligations. No ineffectiveness was recognised on the net investment hedges.

At the end of the financial year, the Group has designated a portion of the net investments in the subsidiaries, with a carrying amount of S$1,290.6 million (2020: S$1,157.8 million) as net investment hedges, which mitigate the currency risk arising from certain subsidiaries' net assets. As at 30 September 2021, a cumulative net foreign exchange loss of S$66,901,000 (2020: S$74,191,000) in respect of the Group's net investment hedges remained in unitholders' funds.

To assess hedge effectiveness, the Group determines the economic relationship between the hedge instrument and the hedge item by adopting the critical term match method. Critical term match method would be applied to assess qualitatively the economic relationship between the hedging instrument and the hedged item. The hedged item and the hedging instrument are expected to move in opposite directions as a result of a change in the hedged risk.

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations with the Group, as and when they fall due.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

Trade receivables

The Manager monitors the amounts owing by lessees on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. Credit risk is also mitigated by the bankers' and corporate guarantees or security deposits held for each lessee.

At 30 September 2021 and 30 September 2020, there was no significant concentration of credit risk. The Group's maximum exposure to credit risk is represented by the carrying amounts of financial assets in the statement of financial position, before taking into account security deposits held as collateral.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by operating segment was as follows:

	Group	
	2021 S$'000	2020 S$'000
Logistics and industrial		
– Australia	500	443
– Europe	755	371
– United Kingdom	194	–
Commercial		
– Australia	2,755	1,492
– Singapore	324	3,132
– United Kingdom	6,976	3,113
	11,504	8,551

Expected credit loss assessment for individual tenants

In measuring the expected credit losses, trade debtors are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtor to settle the receivables.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Credit risk (cont'd)*

***Expected credit loss assessment for individual tenants** (cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 September:

	Group			
	2021 Gross carrying amount S$'000	2021 Impairment loss allowance S$'000	2020 Gross carrying amount S$'000	2020 Impairment loss allowance S$'000
Current (not past due)	680	–	2,978	(173)
1 – 30 days past due	7,294	(13)	3,690	(78)
31 – 60 days past due	1,910	(22)	772	(106)
61 – 90 days past due	271	–	345	(70)
More than 90 days past due	2,233	(849)	2,586	(1,393)
	12,388	(884)	10,371	(1,820)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have been adversely impacted by the COVID-19 pandemic and have defaulted on payments.

The allowance for impairment losses of receivables is made based on management's assessment of the amount that is expected to be recoverable.

The Manager believes that no allowance for impairment is necessary in respect of the remaining trade receivables as they relate mainly to tenants that have a good record with the Group or have provided bankers' and corporate guarantees or sufficient security deposits as collateral, and hence ECL is negligible.

The movement in the allowance for impairment loss in respect for trade receivables during the year was as follows:

	2021 S$'000	2020 S$'000
Group		
At 1 October	1,820	–
Impairment loss (reversed)/recognised	(326)	1,826
Amount written off	(651)	(13)
Translation differences	41	7
At 30 September	884	1,820

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) *Credit risk (cont'd)*

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Derivatives

Derivative financial instruments are only entered into with banks and financial counterparties with sound credit ratings. The credit risk related to derivative financial instruments arises from the potential failure of counterparties to meet their obligations under the contracts. It is the Group's policy to enter into derivative financial instrument transactions with credit worthy counterparties.

(d) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Manager maintains a level of cash and cash equivalents and has unutilised committed and uncommitted facilities for drawdown deemed adequate to finance the Group's operations for a reasonable period, including the servicing of financing obligations, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the CCIS issued by the MAS concerning limits on total borrowings.

As at the end of the financial year, the Group maintains several unutilised lines of credit.

The Group has contractual commitments to incur capital expenditure on its investment properties (Note 26).

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) *Liquidity risk (cont'd)*

	Carrying amount S$'000	Contractual cash flows S$'000	Cash flows: Within one year S$'000	Cash flows: Between one and five years S$'000	Cash flows: More than five years S$'000
Group					
2021					
Non-derivative financial liabilities					
Trade and other payables *	86,821	(86,821)	(73,339)	(9,592)	(3,890)
Loans and borrowings	2,681,712	(2,850,126)	(275,817)	(2,175,322)	(398,987)
	2,768,533	(2,936,947)	(349,156)	(2,184,914)	(402,877)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	1,781	(1,442)	(5,379)	3,937	–
Foreign currency forward contracts (gross-settled)	(522)				
– outflow		(31,096)	(31,096)	–	–
– inflow		31,637	31,637	–	–
Cross currency swaps used for hedging (gross-settled)	2,298				
– outflow		(228,737)	(1,303)	(227,434)	–
– inflow		226,350	2,898	223,452	–
Cross currency interest rate swaps used for hedging (gross-settled)	(3,467)				
– outflow		(830,935)	(7,304)	(823,631)	–
– inflow		834,271	9,971	824,300	–
	90	48	(576)	624	–
	2,768,623	(2,936,899)	(349,732)	(2,184,290)	(402,877)

* Excluding deferred income, rental received in advance and GST/VAT payables

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	Carrying amount S$'000	Contractual cash flows S$'000	Cash flows Within one year S$'000	Between one and five years S$'000	More than five years S$'000
Group					
2020					
Non-derivative financial liabilities					
Trade and other payables *	85,148	(85,148)	(68,511)	(12,101)	(4,536)
Loans and borrowings	2,620,806	(2,752,072)	(712,297)	(1,764,949)	(274,826)
	2,705,954	(2,837,220)	(780,808)	(1,777,050)	(279,362)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	11,991	(12,072)	(6,538)	(5,534)	–
Foreign currency forward contracts (gross-settled)	879				
– outflow		(83,021)	(83,021)	–	–
– inflow		82,190	82,190	–	–
Cross currency swaps used for hedging (gross-settled)	9,036				
– outflow		(464,098)	(1,437)	(462,661)	–
– inflow		454,849	5,148	449,701	–
Cross currency interest rate swaps used for hedging (gross-settled)	6,733				
– outflow		(383,153)	(5,181)	(377,972)	–
– inflow		376,275	4,682	371,593	–
	28,639	(29,030)	(4,157)	(24,873)	–
	2,734,593	(2,866,250)	(784,965)	(1,801,923)	(279,362)

* Excluding deferred income, rental received in advance and GST/VAT payables

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	Carrying amount S$'000	Contractual cash flows S$'000	Cash flows: Within one year S$'000	Cash flows: Between one and five years S$'000
Trust				
2021				
Non-derivative financial liabilities				
Trade and other payables	83,554	(83,554)	(83,554)	–
Loans and borrowings	1,434,940	(1,539,949)	(20,553)	(1,519,396)
	1,518,494	(1,623,503)	(104,107)	(1,519,396)
Derivative financial instruments				
Interest rate swaps used for hedging (net-settled)	(540)	799	(1,566)	2,365
Foreign currency forward contracts (gross-settled)	(522)			
– outflow		(31,096)	(31,096)	–
– inflow		31,637	31,637	–
Cross currency swaps used for hedging (gross-settled)	2,643			
– outflow		(208,967)	(855)	(208,112)
– inflow		206,233	2,337	203,896
Cross currency interest rate swaps used for hedging (gross-settled)	(3,467)			
– outflow		(830,935)	(7,304)	(823,631)
– inflow		834,271	9,971	824,300
	(1,886)	1,942	3,124	(1,182)
	1,516,608	(1,621,561)	(100,983)	(1,520,578)

Notes to the Financial Statements

For the year ended 30 September 2021

28. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) *Liquidity risk (cont'd)*

	Carrying amount S$'000	Contractual cash flows S$'000	Cash flows Within one year S$'000	Cash flows Between one and five years S$'000
Trust				
2020				
Non-derivative financial liabilities				
Trade and other payables	22,567	(22,567)	(22,567)	–
Loans and borrowings	1,271,715	(1,321,747)	(323,829)	(997,918)
	1,294,282	(1,344,314)	(346,396)	(997,918)
Derivative financial instruments				
Interest rate swaps used for hedging (net-settled)	4,701	(4,713)	(2,934)	(1,779)
Foreign currency forward contracts (gross-settled)	887			
– outflow		(81,257)	(81,257)	–
– inflow		80,418	80,418	–
Cross currency swaps used for hedging (gross-settled)	9,036			
– outflow		(464,098)	(1,437)	(462,661)
– inflow		454,849	5,148	449,701
Cross currency interest rate swaps used for hedging (gross-settled)	7,850			
– outflow		(363,542)	(4,747)	(358,795)
– inflow		355,545	4,119	351,426
	22,474	(22,798)	(690)	(22,108)
	1,316,756	(1,367,112)	(347,086)	(1,020,026)

The maturity analyses above show the contractual undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement. The interest payments on floating rate loans and borrowings in the table above reflect market forward interest rates at the year end and these amounts may change as market interest rates change. The future cash flows on derivative instruments may be different from the amounts in the above table as interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analyses could occur significantly earlier, or at significantly different amounts.

29. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) *Classifications and fair values*

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group										
30 September 2021										
Financial assets measured at fair value										
Interest rate swaps	14	–	–	3,734	–	3,734	–	3,734	–	3,734
Foreign currency forward contracts	14	–	1,015	–	–	1,015	–	1,015	–	1,015
Cross currency swaps	14	–	–	2,170	–	2,170	–	2,170	–	2,170
Cross currency interest rate swaps	14	–	–	10,551	–	10,551	–	10,551	–	10,551
Trade and other receivables – Rental guarantee receivable	16	–	4,688	–	–	4,688	–	–	4,688	4,688
		–	5,703	16,455	–	22,158				
Financial assets not measured at fair value										
Cash and cash equivalents	15	140,367	–	–	–	140,367				
Trade and other receivables *	16	19,214	–	–	–	19,214				
		159,581	–	–	–	159,581				

* Excluding rental guarantee receivable, prepayments and GST/VAT receivables

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

	Note	Carrying amount					Fair value			
		Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group										
30 September 2021										
Financial liabilities measured at fair value										
Interest rate swaps	14	–	–	(5,515)	–	(5,515)	–	(5,515)	–	(5,515)
Foreign currency forward contracts	14	–	(493)	–	–	(493)	–	(493)	–	(493)
Cross currency swaps	14	–	–	(4,468)	–	(4,468)	–	(4,468)	–	(4,468)
Cross currency interest rate swaps	14	–	–	(7,084)	–	(7,084)	–	(7,084)	–	(7,084)
		–	(493)	(17,067)	–	(17,560)				
Financial liabilities not measured at fair value										
Trade and other payables **	17	–	–	–	(86,821)	(86,821)				
Loans and borrowings ***	18	–	–	–	(2,523,321)	(2,523,321)	–	–	(2,540,811)	(2,540,811)
		–	–	–	(2,610,142)	(2,610,142)				

** Excluding deferred income, rental received in advance and GST/VAT payables

*** Excluding lease liabilities

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group										
30 September 2020										
Financial assets measured at fair value										
Foreign currency forward contracts	14	–	330	–	–	330	–	330	–	330
Cross currency swaps	14	–	–	25,735	–	25,735	–	25,735	–	25,735
Cross currency interest rate swaps	14	–	–	7,842	–	7,842	–	7,842	–	7,842
		–	330	33,577	–	33,907				
Financial assets not measured at fair value										
Cash and cash equivalents	15	168,652	–	–	–	168,652				
Trade and other receivables *	16	19,040	–	–	–	19,040				
		187,692	–	–	–	187,692				

* Excluding prepayments and GST/VAT receivables

Notes to the Financial Statements

For the year ended 30 September 2021

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group										
30 September 2020										
Financial liabilities measured at fair value										
Interest rate swaps	14	–	–	(11,991)	–	(11,991)	–	(11,991)	–	(11,991)
Foreign currency forward contracts	14	–	(1,209)	–	–	(1,209)	–	(1,209)	–	(1,209)
Cross currency swaps	14	–	–	(34,771)	–	(34,771)	–	(34,771)	–	(34,771)
Cross currency interest rate swaps	14	–	–	(14,575)	–	(14,575)	–	(14,575)	–	(14,575)
		–	(1,209)	(61,337)	–	(62,546)				
Financial liabilities not measured at fair value										
Trade and other payables**	17	–	–	–	(85,148)	(85,148)				
Loans and borrowings***	18	–	–	–	(2,445,883)	(2,445,883)	–	–	(2,471,656)	(2,471,656)
		–	–	–	(2,531,031)	(2,531,031)				

** Excluding deferred income, rental received in advance and GST/VAT payables

*** Excluding lease liabilities

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Trust										
30 September 2021										
Financial assets measured at fair value										
Interest rate swaps	14	–	–	2,116	–	2,116	–	2,116	–	2,116
Foreign currency forward contracts	14	–	1,015	–	–	1,015	–	1,015	–	1,015
Cross currency swaps	14	–	(3,406)	5,231	–	1,825	–	1,825	–	1,825
Cross currency interest rate swaps	14	–	(23,436)	33,987	–	10,551	–	10,551	–	10,551
		–	(25,827)	41,334	–	15,507				
Financial assets not measured at fair value										
Loans to subsidiaries		1,843,727	–	–	–	1,843,727	–	–	1,924,545	1,924,545
Cash and cash equivalents	15	13,597	–	–	–	13,597				
Trade and other receivables *	16	103,546	–	–	–	103,546				
		1,960,870	–	–	–	1,960,870				

* Excluding prepayments and GST/VAT receivables

Notes to the Financial Statements

For the year ended 30 September 2021

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Trust										
30 September 2021										
Financial liabilities measured at fair value										
Interest rate swaps	14	–	–	(1,576)	–	(1,576)	–	(1,576)	–	(1,576)
Foreign currency forward contracts	14	–	(493)	–	–	(493)	–	(493)	–	(493)
Cross currency swaps	14	–	(4,468)	–	–	(4,468)	–	(4,468)	–	(4,468)
Cross currency interest rate swaps	14	–	(7,498)	414	–	(7,084)	–	(7,084)	–	(7,084)
		–	(12,459)	(1,162)	–	(13,621)				
Financial liabilities not measured at fair value										
Trade and other payables	17	–	–	–	(83,554)	(83,554)				
Loans and borrowings	18	–	–	–	(1,434,940)	(1,434,940)				
		–	–	–	(1,518,494)	(1,518,494)				

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Trust										
30 September 2020										
Financial assets measured at fair value										
Foreign currency forward contracts	14	–	322	–	–	322	–	322	–	322
Cross currency swaps	14	–	–	25,735	–	25,735	–	25,735	–	25,735
Cross currency interest rate swaps	14	–	526	6,199	–	6,725	–	6,725	–	6,725
		–	848	31,934	–	32,782				
Financial assets not measured at fair value										
Loans to subsidiaries		1,925,039	–	–	–	1,925,039	–	–	2,057,120	2,057,120
Cash and cash equivalents	15	36,949	–	–	–	36,949				
Trade and other receivables *	16	71,853	–	–	–	71,853				
		2,033,841	–	–	–	2,033,841				

* Excluding prepayments and GST/VAT receivables

Notes to the Financial Statements

For the year ended 30 September 2021

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(a) *Classifications and fair values (cont'd)*

		Carrying amount					Fair value			
	Note	Amortised cost S$'000	Fair value through profit or loss S$'000	Fair value – hedging instruments S$'000	Other financial liabilities S$'000	Total S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Trust										
30 September 2020										
Financial liabilities measured at fair value										
Interest rate swaps	14	–	–	(4,701)	–	(4,701)	–	(4,701)	–	(4,701)
Foreign currency forward contracts	14	–	(1,209)	–	–	(1,209)	–	(1,209)	–	(1,209)
Cross currency swaps	14	–	(34,771)	–	–	(34,771)	–	(34,771)	–	(34,771)
Cross currency interest rate swaps	14	–	(12,078)	(2,497)	–	(14,575)	–	(14,575)	–	(14,575)
		–	(48,058)	(7,198)	–	(55,256)				
Financial liabilities not measured at fair value										
Trade and other payables	17	–	–	–	(22,567)	(22,567)				
Loans and borrowings	18	–	–	–	(1,271,715)	(1,271,715)				
		–	–	–	(1,294,282)	(1,294,282)				

29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values.

Type	Valuation techniques
Financial instruments measured at fair value	
Group and Trust	
Interest rate swaps, foreign currency forward contracts, cross currency swaps and cross currency interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
Group	
Rental guarantee receivable (classified under trade and other receivables)	*Discounted cash flows:* The fair value is based on the present value of the expected future receipts, discounted at the market interest rate at the measurement date.
Financial instruments not measured at fair value	
Group	
Loans and borrowings	*Discounted cash flows:* The fair values are based on the present value of future payments, discounted at the market interest rate at the measurement date.
Trust	
Loans to subsidiaries	*Discounted cash flows:* The fair values are based on the present value of future receipts, discounted at the market rate of interest at the measurement date.

There were no transfers between the levels of the fair value hierarchy during the year.

Notes to the Financial Statements

For the year ended 30 September 2021

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure to support the business and maximise Unitholders' value.

The aggregate leverage ratio is calculated as gross borrowings divided by total assets, based on the latest valuations.

	Group	
	2021	2020
Total loans and borrowings (gross) (Note 18) (S$'000) [1]	2,531,588	2,454,329
Total assets (S$'000) [1]	7,521,787	6,559,724
Aggregate leverage (%) [1]	33.7	37.4

On 16 April 2020, the MAS announced that the aggregate leverage limit for Singapore real estate investment trusts will be raised from 45% to 50% with immediate effect. In its public consultation last year, the MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation. As at 30 September 2021, the Group had an ICR[2] of 7.3 (2020: 6.4) times.

The Group was in compliance with all externally imposed capital requirements for the financial years ended 30 September 2021 and 30 September 2020.

There were no substantial changes in the Group's and the Trust's approach to capital management during the year.

(1) The impact of FRS 116 *Leases* has been excluded for the purpose of computing the Aggregate Leverage Ratio.

(2) Ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, foreign exchange translation and interest income), by the trailing 12 months borrowing costs (including interest expense on lease liabilities), as defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore on 16 April 2020 and clarified on 29 May 2020. Borrowing costs include effects of FRS 116.

31. FINANCIAL RATIOS

	2021 %	2020 %
Expense to weighted average net assets [1]		
– with performance fee of Managers	1.16	1.16
– without performance fee of Managers	0.86	0.85
Expense to net asset value [2]	3.25	2.51
Portfolio turnover ratio [3]	4.69	0.56

(1) The expense ratios are computed in accordance with the guidelines of the Investment Manager Association of Singapore. The expenses used in the computation relate to the expenses of the Group, excluding property expenses, interest expense, foreign exchange gains and losses and tax expense of the Group.

(2) The expense ratio is computed based on total operating expense, including property expenses and all fees and charges paid/payable to the Managers and the interested parties as a percentage of net asset value as at the end of the financial year.

(3) The portfolio turnover ratios are computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

32. ACQUISITION OF SUBSIDIARIES

2021

In 2021, the Group acquired equity interests in four property holding companies which held interests in four freehold logistics and industrial properties located in Germany and the Netherlands for a total consideration of S$151.3 million (€93.6 million).

The acquisitions were accounted for as acquisition of assets.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition for the subsidiaries acquired in 2021.

	S$'000
Investment properties	231,849
Trade and other receivables	3,677
Cash at bank	5,410
Trade and other payables	(12,240)
Loans and borrowings	(74,518)
Shareholders' loans	(90,686)
Total identifiable net assets	63,492
Less: Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(2,860)
Identifiable net assets acquired	60,632
Consideration transferred	
Cash paid	151,318
Effect of the acquisition on cash flows	
Consideration for equity interest	60,632
Add: Shareholders' loans assumed	90,686
	151,318
Add: Acquisition costs incurred	2,444
Less: Acquisition fee paid to the Manager in units	(1,106)
Less: Cash at bank of subsidiaries acquired	(5,410)
Net cash outflow	147,246

Notes to the Financial Statements

For the year ended 30 September 2021

32. ACQUISITION OF SUBSIDIARIES (CONT'D)

2020

During the previous financial year, there were the following acquisitions of subsidiaries:

(a) In April 2020, the Group completed the merger with FCOT by way of a trust scheme of arrangement. FCOT owns a portfolio of six properties.

The purchase consideration of S$1,257.3 million was settled by a cash consideration of S$138.4 million and issuance of 1,130.2 million new Units, amounting to S$1,118.9 million.

In April 2020, concurrent with the Merger, the Group acquired the remaining 50% interest in Farnborough Business Park Ltd ("FBPL") which owns Farnborough Business Park for a purchase consideration of S$158.7 million (approximately £89.3 million). The acquisition of this 50% interest in FBPL (the "FBPL Acquisition"), together with the 50% equity interest in FBPL held by FCOT, resulted in FBPL being a wholly owned subsidiary of the Group.

The Merger and FBPL Acquisition are collectively referred to as the "FCOT Acquisition".

The net assets of FCOT included the undistributed capital gains available for distribution of S$132.9 million. This relates to the net gain on disposal of 55 Market Street in August 2018.

(b) In August 2020, the Group acquired 100% equity interest in Maxis Business Park Limited which owns Maxis Business Park (the "Maxis Acquisition"), comprising two office buildings, in the UK, for a consideration of S$67.7 million (approximately £37.7 million).

(c) In November 2019 and December 2019, the Group acquired equity interests in two property holding companies which hold interests in two freehold logistics properties located in Germany for a total consideration of S$91.3 million (approximately €62.3 million) (the "Europe Acquisition").

All the acquisitions were accounted for as acquisition of assets.

32. ACQUISITION OF SUBSIDIARIES (CONT'D)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition for the subsidiaries acquired in 2020.

	FCOT Acquisition S$'000	Maxis Acquisition S$'000	Europe Acquisition S$'000	Total 2020 S$'000
Investment properties	2,134,632	121,131	94,625	2,350,388
Plant and equipment	272	–	–	272
Trade and other receivables	12,152	2,175	789	15,116
Cash at bank	40,169	1,725	3,019	44,913
Derivative assets and liabilities	(3,922)	–	–	(3,922)
Trade and other payables	(96,062)	(3,290)	(3,939)	(103,291)
Loans and borrowings	(671,206)	(53,992)	–	(725,198)
Shareholders' loans	(79,258)	(34,406)	(39,145)	(152,809)
Total identifiable net assets	1,336,777	33,343	55,349	1,425,469
Less: Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	–	–	(3,183)	(3,183)
Identifiable net assets acquired	1,336,777	33,343	52,166	1,422,286
Consideration transferred				
Consideration paid in cash	297,146	67,749	91,311	456,206
Consideration paid in units	1,118,889	–	–	1,118,889
	1,416,035	67,749	91,311	1,575,095
Effect of the acquisition on cash flows				
Consideration for equity interest	1,336,777	33,343	52,166	1,422,286
Add: Shareholders' loans assumed	79,258	34,406	39,145	152,809
	1,416,035	67,749	91,311	1,575,095
Add: Acquisition costs incurred	34,090	1,038	1,132	36,260
	1,450,125	68,787	92,443	1,611,355
Less: Consideration paid in units	(1,118,889)	–	–	(1,118,889)
Less: Acquisition fee paid to the Manager in units	(11,933)	(606)	(446)	(12,985)
Less: Cash at bank of subsidiaries acquired	(40,169)	(1,725)	(3,019)	(44,913)
Net cash outflow	279,134	66,456	88,978	434,568

Notes to the Financial Statements

For the year ended 30 September 2021

33. SUBSEQUENT EVENTS

There were the following significant events subsequent to the reporting date:

- On 11 November 2021, the Manager declared a distribution of 2.57 Singapore cents per Unit to Unitholders in respect of the period from 3 June 2021 to 30 September 2021.

- On 18 November 2021, the following Units were issued:

In payment of	Period to which the fees relate to	Issue price per Unit	Number of Units issued '000
Managers' management fees			
– Base fee	1 July 2021 to 30 September 2021	S$1.5111	1,383
– Performance fee	1 October 2020 to 30 September 2021	S$1.5111	8,323
			9,706

34. LIST OF SIGNIFICANT SUBSIDIARIES

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2021 %	Effective interest held by the Trust 2020 %
Direct subsidiaries					
FLT Australia Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLCT Treasury Pte. Ltd. (formerly known as FLT Treasury Pte. Ltd.) [(1)]	Provision of treasury service	Singapore	Singapore	100.0	100.0
FLT Europe Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe Treasury Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe 1 Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe 2 Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLT Europe 3 Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLCT UK Pte. Ltd. [(1)]	Investment holding	Singapore	Singapore	100.0	100.0
FLCT Industrial UK Pte. Ltd.	Investment holding	Singapore	Singapore	100.0	–
FLCT Commercial UK Pte. Ltd.	Investment holding	Singapore	Singapore	100.0	–
FLT Australia Trust [(2)] [(3)]	Investment holding	Australia	Australia	100.0	100.0
Frasers Commercial Trust [(1)]	Property investment and investment holding	Singapore	Singapore	100.0	100.0

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2021 %	2020 %
Indirect subsidiaries					
Subsidiaries of FLT Australia Trust					
Atlantic Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Atlantic Drive Trust C	Property investment	Australia	Australia	100.0	100.0
Atlantic Drive Trust D	Property investment	Australia	Australia	100.0	100.0
Aylesbury Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Bam Wine Court Trust A	Property investment	Australia	Australia	100.0	100.0
Boundary Road Trust A	Property investment	Australia	Australia	100.0	100.0
Boundary Road Trust B	Property investment	Australia	Australia	100.0	100.0
Canterbury Road Trust A	Property investment	Australia	Australia	100.0	100.0
Distribution Place Trust A	Property investment	Australia	Australia	100.0	100.0
Doriemus Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Douglas Street Trust A	Property investment	Australia	Australia	100.0	100.0
Earnshaw Road Trust A	Property investment	Australia	Australia	100.0	100.0
Efficient Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Efficient Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Eucalyptus Place Trust A	Property investment	Australia	Australia	100.0	100.0
Flint Street Trust A	Property investment	Australia	Australia	100.0	100.0
Gibbon Road Trust A	Property investment	Australia	Australia	100.0	100.0
Hanson Place Trust A	Property investment	Australia	Australia	100.0	100.0
Horsley Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Horsley Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Horsley Drive Trust C	Property investment	Australia	Australia	100.0	100.0
Hudson Court Trust A	Property investment	Australia	Australia	100.0	100.0
Hudson Court Trust B	Property investment	Australia	Australia	100.0	100.0
Indian Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Indian Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Jets Court Trust A	Property investment	Australia	Australia	100.0	100.0
Jets Court Trust B	Property investment	Australia	Australia	100.0	100.0
Kangaroo Avenue Trust A	Property investment	Australia	Australia	100.0	100.0
Kangaroo Avenue Trust B	Property investment	Australia	Australia	100.0	100.0
Kangaroo Avenue Trust C	Property investment	Australia	Australia	100.0	100.0
Link Road Trust A	Property investment	Australia	Australia	100.0	100.0
Pacific Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Pacific & Atlantic Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Paltridge Road Trust A	Property investment	Australia	Australia	100.0	100.0
Pearson Road Trust A	Property investment	Australia	Australia	100.0	100.0
Pearson Road Trust B	Property investment	Australia	Australia	100.0	100.0
Platinum Street Trust A	Property investment	Australia	Australia	100.0	100.0
Queensport Road Trust A	Property investment	Australia	Australia	100.0	100.0
Reconciliation Rise Trust A	Property investment	Australia	Australia	100.0	100.0
Reconciliation Rise Trust B	Property investment	Australia	Australia	100.0	100.0
Shettleston Street Trust A	Property investment	Australia	Australia	100.0	100.0
Siltstone Place Trust A	Property investment	Australia	Australia	100.0	100.0

Notes to the Financial Statements

For the year ended 30 September 2021

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2021 %	2020 %
Indirect subsidiaries					
Subsidiaries of FLT Australia Trust					
Sky Road East Trust A	Property investment	Australia	Australia	100.0	100.0
Sky Road East Trust B	Property investment	Australia	Australia	100.0	100.0
South Centre Road Trust A	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust A	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust C	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust D	Property investment	Australia	Australia	100.0	100.0
South Park Drive Trust E	Property investment	Australia	Australia	100.0	100.0
Springhill Road Trust A	Property investment	Australia	Australia	100.0	100.0
Stanton Road Trust A	Property investment	Australia	Australia	100.0	100.0
Stanton Road Trust B	Property investment	Australia	Australia	100.0	100.0
Station Road Trust A	Property investment	Australia	Australia	100.0	100.0
Stradbroke Street Trust A	Property investment	Australia	Australia	100.0	100.0
Sunline Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Sunline Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Wayne Goss Drive Trust A	Property investment	Australia	Australia	100.0	100.0
Wayne Goss Drive Trust B	Property investment	Australia	Australia	100.0	100.0
Wellington Road Trust A	Property investment	Australia	Australia	100.0	100.0
Subsidiary of FLT Europe Pte. Ltd.					
FLT Europe B.V. (2)	Investment holding	The Netherlands	The Netherlands	100.0	100.0
Subsidiaries of FLT Europe B.V.					
AI Gewerbepark Obertshausen GmbH	Property investment	Luxembourg	Luxembourg	94.0	94.0
AI Gewerbepark Ratingen GmbH	Property investment	Luxembourg	Luxembourg	94.0	94.0
AI Gewerbepark Tamm GmbH	Property investment	Luxembourg	Luxembourg	94.0	94.0
BV Maschinen GmbH	Investment holding	Luxembourg	Luxembourg	100.0	100.0
CCP IV Garching S.à.r.l.	Property investment	Luxembourg	Luxembourg	94.0	94.0
FLT Achern GmbH	Property investment	Germany	The Netherlands	94.0	94.0
FLT INV 1 B.V.	Investment holding	The Netherlands	The Netherlands	94.9	94.9
FLT INV 2 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 3 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 4 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 5 B.V.	Property investment and investment holding	The Netherlands	The Netherlands	94.9	94.9
FLT INV 6 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2021 %	2020 %
Indirect subsidiaries					
Subsidiaries of FLT Europe B.V.					
FLT INV 7 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 8 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 9 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 10 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 11 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 12 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 13 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 14 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 15 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 16 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 17 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 18 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 19 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 20 B.V.	Investment holding	The Netherlands	The Netherlands	100.0	100.0
FLT INV 21 B.V.	Property investment	The Netherlands	The Netherlands	100.0	100.0
FLT INV 22 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 23 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT INV 24 B.V.	Property investment	The Netherlands	The Netherlands	94.9	94.9
FLT Marl GmbH	Investment holding	Germany	The Netherlands	94.9	94.9
FLT Marl Investment GmbH & Co. KG (formerly known as FLT Marl GmbH & Co. KG)	Property investment	Germany	The Netherlands	94.9	94.9

Notes to the Financial Statements

For the year ended 30 September 2021

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2021 %	2020 %
Indirect subsidiaries					
Subsidiaries of FLT Europe B.V.					
FLT Moosthenning 1 GmbH	Property investment	Germany	The Netherlands	94.8	94.8
FLT Moosthenning 2 GmbH	Property investment	Germany	The Netherlands	94.8	94.8
FLT Moosthenning (SP) GmbH	Property investment	Germany	The Netherlands	100.0	100.0
FLT Nuremberg GmbH	Property investment	Germany	The Netherlands	94.0	94.0
FLT Rheinberg GmbH	Property investment	Germany	The Netherlands	94.9	94.9
FLT Vaihingen GmbH	Property investment	Germany	The Netherlands	94.0	94.0
Gewerbepark Bergheim GmbH	Property investment	Luxembourg	Luxembourg	94.0	94.0
FLT Freiberg GmbH	Property investment	Germany	The Netherlands	94.8	94.8
FLT Isenbuttel GmbH	Property investment	Germany	The Netherlands	94.8	94.8
FLT Gottmadingen GmbH	Property investment	Germany	The Netherlands	90.1	90.1
GUMES Verwaltung Objekt Bielefeld-Sennestadt GmbH	Property investment	Germany	Luxembourg	93.1	93.1
FLT INV 25 B.V.	Investment holding	The Netherlands	The Netherlands	94.9	–
FLT INV 26 B.V.	Investment holding	The Netherlands	The Netherlands	94.9	–
FLT INV 27 B.V.	Property investment	The Netherlands	The Netherlands	100.0	–
Frankenthal S.A.	Property investment	Luxembourg	Luxembourg	94.0	–
Subsidiaries of Frasers Commercial Trust					
Frasers Commercial Sub No. 1 Pte. Ltd. (1)	Investment holding	Singapore	Singapore	100.0	100.0
Frasers Commercial Sub No. 2 Pte. Ltd. (1)	Investment holding	Singapore	Singapore	100.0	100.0
Frasers Commercial Sub No. 3 Pte. Ltd. (1)	Investment holding	Singapore	Singapore	100.0	100.0
Frasers Commercial Sub No. 4 Pte. Ltd. (1)	Investment holding	Singapore	Singapore	100.0	100.0

Notes to the Financial Statements

For the year ended 30 September 2021

34. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activity	Country of incorporation	Principal place of business	Effective interest held by the Trust 2021 %	2020 %
Indirect subsidiaries					
Subsidiaries of Frasers Commercial Trust					
FCOT Treasury Pte. Ltd. (1)	Provision of treasury services	Singapore	Singapore	100.0	100.0
Frasers Commercial (UK) Sub. 1 Pte. Ltd. (1)	Investment holding	Singapore	Singapore	100.0	100.0
Frasers Commercial Investments No. 1 Pte. Ltd. (1)	Investment holding	Singapore	Singapore	100.0	100.0
Frasers Commercial Investments No. 3 Pty Ltd	Investment holding	Cayman Islands	Cayman Islands	100.0	100.0
Frasers Commercial Investments No. 4 Pty Ltd	Investment holding	Cayman Islands	Cayman Islands	100.0	100.0
Central Park Landholding Trust	Property investment	Australia	Australia	100.0	100.0
Collins Street Landholding Trust	Property investment	Australia	Australia	100.0	100.0
Athllon Drive Landholding Trust	Property investment	Australia	Australia	100.0	100.0
ARC Trust	Investment holding	Australia	Australia	100.0	100.0
Farnborough Business Park Ltd	Property investment	Jersey	Jersey	100.0	100.0
Subsidiaries of FLCT UK Pte. Ltd.					
Maxis Business Park Limited	Property investment	Jersey	Jersey	100.0	100.0
Subsidiaries of FLCT Industrial UK Pte. Ltd.					
FLCT UK 1 Pte Ltd	Investment holding	Singapore	Singapore	100.0	–
Connexion Property Co Limited	Investment holding	Jersey	Jersey	100.0	–
Connexion Trust	Property investment	Jersey	Jersey	100.0	–
Subsidiaries of FLCT Commercial UK Pte. Ltd.					
FLCT UK 2 Pte Ltd	Investment holding	Singapore	Singapore	100.0	–
BVP Property Co Limited	Investment holding	Jersey	Jersey	100.0	–
BVP Trust	Property investment	Jersey	Jersey	100.0	–

(1) Audited by KPMG LLP, Singapore.

(2) Audited by other member firms of KPMG International.

(3) Held by the Trust and FLT Australia Pte. Ltd. with equity interest of 50% each.

Unitholders' Statistics

As at 29 November 2021

ISSUED AND FULLY-PAID-UP UNITS

As at 29 November 2021

3,686,126,040 Units (voting rights: one vote per Unit)
Market Capitalisation S$5,455,466,539 (based on closing price of S$1.48 per Unit on 29 November 2021)

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	587	2.42	26,329	0.00
100 - 1,000	2,497	10.29	1,759,507	0.05
1,001 - 10,000	12,676	52.22	61,808,285	1.68
10,001 - 1,000,000	8,471	34.89	344,654,505	9.35
1,000,001 AND ABOVE	44	0.18	3,277,877,414	88.92
TOTAL	**24,275**	**100.00**	**3,686,126,040**	**100.00**

TWENTY LARGEST UNITHOLDERS

As at 29 November 2021
As shown in the Register of Unitholders

NO.	NAME	NO. OF UNITS	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	797,658,177	21.64
2	FRASERS PROPERTY INDUSTRIAL TRUST HOLDINGS PTE LTD	769,002,174	20.86
3	DBS NOMINEES (PRIVATE) LIMITED	389,691,846	10.57
4	HSBC (SINGAPORE) NOMINEES PTE LTD	385,213,767	10.45
5	RAFFLES NOMINEES (PTE.) LIMITED	297,756,468	8.08
6	DBSN SERVICES PTE. LTD.	259,834,815	7.05
7	DB NOMINEES (SINGAPORE) PTE LTD	135,116,204	3.67
8	BPSS NOMINEES SINGAPORE (PTE.) LTD.	63,560,985	1.72
9	FRASERS LOGISTICS & COMMERCIAL ASSET MANAGEMENT PTE LTD	22,183,440	0.60
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	18,903,990	0.51
11	UOB KAY HIAN PRIVATE LIMITED	13,224,318	0.36
12	OCBC SECURITIES PRIVATE LIMITED	13,198,296	0.36
13	PHILLIP SECURITIES PTE LTD	11,422,813	0.31
14	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	10,829,201	0.29
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	9,940,558	0.27
16	ABN AMRO CLEARING BANK N.V.	7,875,856	0.21
17	SOCIETE GENERALE SPORE BRANCH	7,713,186	0.21
18	IFAST FINANCIAL PTE. LTD.	6,796,558	0.18
19	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,152,567	0.17
20	KGI SECURITIES (SINGAPORE) PTE. LTD.	4,258,330	0.12
	TOTAL	**3,230,333,549**	**87.63**

Unitholders' Statistics

As at 29 November 2021

SUBSTANTIAL UNITHOLDERS

As at 29 November 2021

	Direct Interest		Deemed Interest			
	No. of Units held	%	No. of Units held	%	Total No. of Units held	%
Frasers Property Industrial Trust Holdings Pte Ltd	769,002,174	20.86	–	–	769,002,174	20.86
Frasers Property Limited[(1)]	–	–	791,185,614	21.46	791,185,614	21.46
Thai Beverage Public Company Limited[(2)]	–	–	791,185,614	21.46	791,185,614	21.46
International Beverage Holdings Limited[(3)]	–	–	791,185,614	21.46	791,185,614	21.46
InterBev Investment Limited[(4)]	–	–	791,185,614	21.46	791,185,614	21.46
Siriwana Co., Ltd[(5)]	–	–	791,185,614	21.46	791,185,614	21.46
Maxtop Management Corp[(6)]	–	–	791,185,614	21.46	791,185,614	21.46
Risen Mark Enterprise Ltd[(6)]	–	–	791,185,614	21.46	791,185,614	21.46
Golden Capital (Singapore) Limited[(6)]	–	–	791,185,614	21.46	791,185,614	21.46
MM Group Limited[(7)]	–	–	791,185,614	21.46	791,185,614	21.46
TCC Assets Limited[(8)]	–	–	791,185,614	21.46	791,185,614	21.46
Charoen Sirivadhanabhakdi[(9)]	–	–	791,185,614	21.46	791,185,614	21.46
Khunying Wanna Sirivadhanabhakdi[(10)]	–	–	791,185,614	21.46	791,185,614	21.46

Notes:

(1) Frasers Property Limited ("**FPL**") holds a 100% direct interest in each of Frasers Logistics & Commercial Asset Management Pte. Ltd. ("**FLCAM**") and Frasers Property Industrial Trust Holdings Pte. Ltd. ("**FPITH**"). Each of FLCAM and FPITH directly holds units in FLCT. FPL therefore has a deemed interest in the units in FLCT in which each of FLCAM and FPITH has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**").

(2) Thai Beverage Public Company Limited ("**ThaiBev**") holds a 100% direct interest in International Beverage Holdings Limited ("**IBHL**");
- IBHL holds a 100% direct interest in InterBev Investment Limited ("**IBIL**");
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

ThaiBev therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

(3) IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

IBHL therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of section 4 of the SFA.

(4) IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

IBIL therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of section 4 of the SFA.

(5) Siriwana Co., Ltd. ("**SCL**") holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

SCL therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

(6) Maxtop Management Corp. ("**MMC**") together with Risen Mark Enterprise Ltd. ("**RM**") and Golden Capital (Singapore) Limited ("**GC**") collectively hold a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

MMC, RM and GC each therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

Unitholders' Statistics

As at 29 November 2021

SUBSTANTIAL UNITHOLDERS (CONT'D)

As at 29 November 2021

(7) MM Group Limited ("**MM**") holds a 100% direct interest in each of MMC, RM and GC;
- MMC, RM and GC collectively hold a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

MM therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

(8) TCC Assets Limited ("**TCCA**") holds a majority interest in FPL;
- FPL holds a 100% direct interest in each of FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

TCCC therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

(9) Charoen Sirivadhanabhakdi and his spouse, Khunying Wanna Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in FPL;
- FPL holds a 100% direct interest in FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

Charoen Sirivadhanabhakdi therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

(10) Khunying Wanna Sirivadhanabhakdi and her spouse, Charoen Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in FPL;
- FPL holds a 100% direct interest in FLCAM and FPITH; and
- Each of FLCAM and FPITH directly holds units in FLCT.

Khunying Wanna Sirivadhanabhakdi therefore has a deemed interest in the units in FLCT in which FPL has an interest, by virtue of Section 4 of the SFA.

UNITHOLDINGS OF DIRECTORS OF THE MANAGER

As at 21 October 2021

Directors	Direct Interest No. of Units held	Deemed Interest No. of Units held
Mr Ho Hon Cheong	–	1,123,100
Mr Goh Yong Chian	800,000	–
Mr Paul Gilbert Say	–	165,000
Mr Chin Yoke Choong	136,082	100,000
Ms Soh Onn Cheng Margaret Jane	–	18,495
Mr Panote Sirivadhanabhakdi	–	118,559,700
Mr Chia Khong Shoong	–	220,000
Mr Rodney Vaughan Fehring	–	132,000
Mr Reinfried Helmut Otter	–	–

FREE FLOAT

Based on information available to the Manager as at 29 November 2021, approximately 75% of the Units are held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

Use of Proceeds

On 3 June 2021, FLCT issued 240,000,000 new Units from a private placement at an issue price of S$1.399 per new Unit (the "Private Placement") and raised gross proceeds of S$335.8 million. Total gross proceeds have been used in the following manner:

(1) approximately S$316.5 million (which is equivalent to 94.3% of the gross proceeds of the Private Placement) to partially fund the acquisitions in 2021; and

(2) approximately S$19.3 million (which is equivalent to 5.7% of the gross proceeds of the Private Placement) to pay the fees and expenses, including (i) the underwriting and placement commission and related fees and expenses payable to the Joint Lead Managers and Underwriters, and (ii) professional fees, stamp duty and other fees and expenses incurred by FLCT in connection with the acquisitions in 2021 and the Private Placement.

Such use of proceeds from the equity fund raising is in accordance with the intended use of proceeds previously disclosed in FLCT's announcement dated 24 May 2021 in relation to the equity fund raising.

Interested Person Transactions

Name of interested persons	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY21 S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) FY21 S$'000
Frasers Logistics & Commercial Asset Management Pte. Ltd. ("FLCAM")	Associates of controlling shareholder of REIT Manager and controlling unitholder of FLCT		
– Manager's base management fees paid/payable		(22,615)	–
– Manager's performance management fees paid/payable		(10,658)	–
– Manager's acquisition fees paid/payable		(4,302)	–
– Manager's divestment management fees paid/payable		(177)	–
– Reimbursement of expenses		(23)	–
FLT Australia Management Pty Ltd ("HAUT Manager")			
– Manager's base management fees paid/payable		(4,425)	–
– Manager's performance management fees paid/payable		(1,919)	–
– Manager's divestment management fees paid/payable		(712)	–
Frasers Property Management Services Pty Limited			
– Property management fees paid/payable		(1,766)	–
– Marketing services commissions and other payroll-related expenses paid/payable		(155)	–
– Management office rental		45	–
Frasers Property Australia Pty Limited and its subsidiaries ("FPA Group")			
– Incentives reimbursement		4,042	–
– Settlement adjustments		(9)	–
– Solar panel income		59	–
– Make good and surrender payment		238	–
– Reimbursement of expenses		(1,780)	–
Frasers Property Funds Management Limited (in its capacity as trustee of FLT Australia Trust)			
– Trustee fees payable		(70)	–
Southeast Insurance Public Company Limited ("Southeast")			
– Insurance expense paid/payable		(1,349)	–
FPI Property Management Services Pty Limited			
– Property management fees paid/payable		(1,054)	–
– Marketing services commissions paid/payable		(916)	–

Interested Person Transactions

Name of interested persons	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY21 S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) FY21 S$'000
Perpetual (Asia) Limited	FLCT Trustee		
– Trustee fees paid/payable		(463)	–
– Disbursements / out of pocket expenses paid		(3)	–
FPE Advisory B.V.	Associates of controlling shareholder of REIT Manager and controlling unitholder of FLCT		
– Property management fees paid/payable		(1,745)	–
– Leasing fees		(481)	–
– Project management fee		(18)	–
Frasers Property Investments (Holland) B.V.			
– Settlement adjustment in relation to Taco		508	–
– Purchase consideration for Munro		(151,319)	–
– Incentives reimbursement		239	–
Frasers Property HoldCo (Jersey) 2 Limited			
– Settlement adjustment in relation to Maxis Business Park		(453)	–
British and Malayan Trustees Limited	FCOT Trustee		
– Trustee fees paid/payable		(311)	–
Fraser & Neave Limited	Associates of controlling shareholder of REIT Manager and controlling unitholder of FLCT		
– Rental and other property income		327	–
– Proposed FN lease renewal at ATP A #08-07		591	–
Frasers Property (UK) Limited			
– Leasing fees		(343)	–
Frasers Property Commercial Management Pte Ltd			
– Property management fees paid/payable		(2,622)	–
– Marketing services commissions paid/payable and other payroll-related expenses		(2,467)	–
– Estimated property management fees and related expenses (2 year contract)		(12,370)	–
Frasers Property Corporate Services Pte Ltd			
– Rental and other property income		616	–
– Proposed renewal and short-term extension of leases to Frasers Property Corporate Services Pte. Ltd. for premises at 438A Alexandra Road, Alexandra Technopark ("ATP"), Block A, #08-05 and #08-08		681	–

Interested Person Transactions

Name of interested persons	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY21 S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) FY21 S$'000
Frasers Hospitality China Square Trustee Pte Ltd (in its capacity as trustee-manager of Frasers Hospitality China Square Trust)	Associates of controlling shareholder of REIT Manager and controlling unitholder of FLCT		
– Rental and other property income		273	–
– Carpark charges and other expenses		(44)	–
– Estimated carpark rebate (CSE) (Up to 15 years)		666	–
Frasers Property Alexandra Point Pte. Ltd.			
– Estimated carpark rebate (ATP) (up to 28 months)		804	–
– Rental and other property income		86	–
– Other expenses		11	–

Fees payable to the Manager, the HAUT Manager, Frasers Property Funds Management Limited (in its capacity as trustee of FLT Australia Trust), Perpetual (Asia) Limited and certain of the fees payable to Frasers Property Management Services Pty Limited, FPA Group and FPI Property Management Services Pty Limited on the basis of, and in accordance with, the terms and conditions set out in the Trust Deed dated 30 November 2015 (as amended) and/or the prospectus dated 10 June 2016 (see "The REIT Manager and Corporate Governance – Related Party Transactions – Exempted Agreements") are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Save as disclosed above, there were no other interested person transactions (excluding transactions of less than $100,000 each) entered into during the financial year under review nor any material contracts entered into by the Trust that involved the interests of the CEO, any Director or any controlling unitholder of the Trust.

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Corporate Information

BOARD OF DIRECTORS

Mr Ho Hon Cheong
Chairman and
Independent Non-Executive Director

Mr Chin Yoke Choong
Independent Non-Executive Director

Mr Goh Yong Chian
Independent Non-Executive Director

Mr Paul Gilbert Say
Independent Non-Executive Director

Ms Soh Onn Cheng Margaret Jane
Independent Non-Executive Director

Mr Panote Sirivadhanabhakdi
Non-Executive and Non-Independent Director

Mr Chia Khong Shoong
Non-Executive and Non-Independent Director

Mr Rodney Vaughan Fehring
Non-Executive and Non-Independent Director

Mr Reinfried Helmut Otter (Reini Otter)
Non-Executive and Non-Independent Director

AUDIT, RISK AND COMPLIANCE COMMITTEE

Mr Chin Yoke Choong
Chairman
Mr Ho Hon Cheong
Mr Goh Yong Chian
Mr Paul Gilbert Say

NOMINATING AND REMUNERATION COMMITTEE

Mr Ho Hon Cheong
Chairman
Mr Chin Yoke Choong
Mr Goh Yong Chian
Mr Panote Sirivadhanabhakdi

THE MANAGER

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REGISTERED ADDRESS

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UNIT REGISTRAR

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AUDITORS

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Singapore 048581
Phone: +65 6213 3388
Fax: +65 6225 0984
Partner in charge: Lo Mun Wai
Appointed since financial period ended 30 September 2017

COMPANY SECRETARY OF THE MANAGER

Ms Catherine Yeo

TRUSTEE

Perpetual (Asia) Limited
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Phone: +65 6908 8203
Fax: +65 6438 0255

BANKERS

Bank of China Limited, Singapore Branch
Citibank N.A., Singapore Branch
Commonwealth Bank of Australia, Singapore Branch
DBS Bank Ltd.
Deutsche Pfandbriefbank AG
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Trust Bank Limited, Singapore Branch
The Bank of East Asia Limited, Singapore Branch
UniCredit Bank AG
United Overseas Bank Limited

FRASERS LOGISTICS & COMMERCIAL TRUST
Managed by Frasers Logistics & Commercial Asset Management Pte. Ltd.
Company Registration Number: 201528178Z

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