A member of Frasers Property Group

FRASERS LOGISTICS & COMMERCIAL TRUST

# Forging **Trust** Evolving **Stronger**

Annual Report 2023

# Contents

# Forging **Trust**
# Evolving **Stronger**

At Frasers Logistics & Commercial Trust ("FLCT"), everything we create is built on the firm foundations of experience, expertise and trust. Across our diversified, multinational asset portfolio, we shape spaces and help connect and strengthen businesses and communities. By anchoring to our shared Purpose – ***Inspiring experiences, creating places for good*** – we remain committed to engaging with our stakeholders, to make a positive impact and deliver long-term value creation. We continue to deliver timely disclosures and positive experiences, forging greater trust. This strengthens relationships, fuels further growth and reinforces our progress as a future-ready, resilient and stronger real estate investment trust.

At FLCT, we nurture deep relationships with our tenants to understand and anticipate their evolving business needs and industry trends. This allows us to deliver a differentiated portfolio of well-managed high-quality properties that are integral to the long-term growth aspirations of our tenants.

# Sustaining **Growth**
# Creating **Value**

# 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 |
| Adjusted NPI | Adjusted Net Property Income |
| AEI | Asset Enhancement Initiatives |
| AGM | Annual General Meeting |
| ARCC | Audit, Risk and Compliance Committee |
| Australian Dollar, A$ or AUD | The official currency of Australia |
| BCA | Building and Construction Authority of Singapore |
| Board | Board of Directors of the REIT Manager |
| BREEAM | Building Research Establishment Environmental Assessment Method |
| British Pound, £ or GBP | The official currency of the United Kingdom |
| CAGR | Compound Annual Growth Rate |
| 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 MAS |
| 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 |
| EPC | Energy Performance Certificate |
| ESG | Environmental, Social and Governance |
| ERM | Enterprise-wide Risk Management |
| Euro, € or EUR | The official currency of the European Union |
| Frasers Property/Sponsor/Group | 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 estate companies worldwide |
| FTSE ST Index | FTSE Straits Times Index, a capitalisation-weighted stock market index that is regarded as the benchmark 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 | FLCT's financial year ending 30 September |
| FY2022 | Financial Year 2022. Refers to the period from 1 October 2021 to 30 September 2022 |
| FY2023 | Financial Year 2023. Refers to the period from 1 October 2022 to 30 September 2023 |
| GBCA | Green Building Council of Australia |
| GDP | Gross Domestic Product |
| GIY | Gross Initial Yield |
| Green Star | A sustainability rating system and certification trademark by the GBCA |
| Green Loans | Loans used specifically to finance green or sustainable projects |
| GPR | Global Property Research 250 |
| GRESB | Leading global ESG benchmark for real estate and infrastructure investments |
| GRI | Gross Rental Income |
| GRI Standards | Global Reporting Initiative Standards |
| GRP | Gross Regional Product |
| GST | Good and Services Tax |
| ICR | Interest Coverage Ratio |
| IPO | Initial Public Offering |
| IR | Investor Relations |
| IT | Information Technology |

| | |
|---|---|
| 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 |
| 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 |
| NABERS | National Australian Built Environment Rating System |
| NAV | Net Asset Value |
| New Economy Sectors | 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 & Remuneration Committee |
| OOT | Out of town |
| 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 |
| REIT | Real Estate Investment Trust |
| REIT Manager or Manager or FLCAM | 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 |
| S&P | Standard & Poor's |
| SIAS | Securities Investors Association of Singapore |
| SGXNet | A web-based secure platform to enable our listed issuers to upload announcements on the company developments, news and corporate actions and also to request for their shareholders or bondholders reports |
| SGX-ST | Singapore Exchange Securities Trading Ltd |
| Singapore Dollar, $ or SGD | The official currency of Singapore and the functional currency of FLCT |
| Sqm | Square metre |
| Sqft | Square feet |
| S-REIT | Singapore-listed REIT |
| SSC | Sustainability Steering Committee |
| Sustainability-linked Financing | Loans and borrowings tied to the ESG-related performance of borrowers |
| TCFD | Task Force on Climate-Related Financial Disclosures |
| TOP 8 | Refers to the major German logistics hubs (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Leipzig, Munich, Stuttgart) |
| 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 | United Kingdom |
| Unit(s) | An undivided interest in FLCT as provided for in the Trust Deed |
| 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**


*286 Queensport Road, North Murarrie*

## About Frasers Logistics & Commercial Trust

Frasers Logistics & Commercial Trust ("FLCT") is a Singapore-listed real estate investment trust with a portfolio comprising 107 industrial and commercial properties[1], valued at approximately $6.4 billion[2] and diversified across five major developed markets – Australia, Germany, Singapore, the United Kingdom ("UK") 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 ("FCOT").

FLCT's investment mandate includes investing in 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, the EU and the UK.

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 multinational investor-developer-manager of real estate products and services across the property value chain. Listed on the Main Board of the SGX-ST and headquartered in Singapore, the Group has total assets of approximately $39.8 billion as at 30 September 2023.

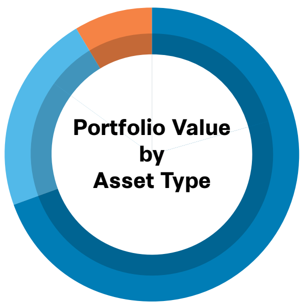
Frasers Property's multinational businesses operate across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The Group has businesses in Southeast Asia, Australia, the EU, the UK and China, and its well-established hospitality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

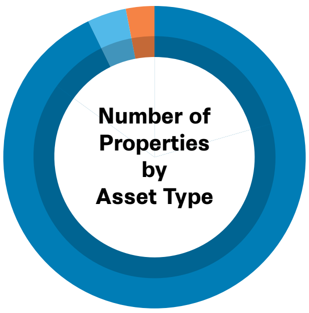
1 *Excludes the property under development in the UK*
2 *Excludes the property under development in the UK and right-of-use assets*
3 *Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2023. Excludes straightlining rental adjustments and includes committed leases. Current gross market rental adopted for vacant accommodation*
4 *Based on the closing price and number of issued units in FLCT ("Units") as at 30 September 2023*

# Our **Multinational Presence**

A Flagship Logistics and Commercial Portfolio in Five Developed Countries


| | |
|---|---|
| Logistics & Industrial | 69.6% |
| Suburban Office and Business Parks | 21.9% |
| CBD Commercial | 8.5% |




| | |
|---|---|
| Logistics & Industrial | 99 |
| Suburban Office and Business Parks | 6 |
| CBD Commercial | 2 |

GREEN AND SUSTAINABLE PORTFOLIO

greenstar

Highest-rated industrial portfolio in Australia

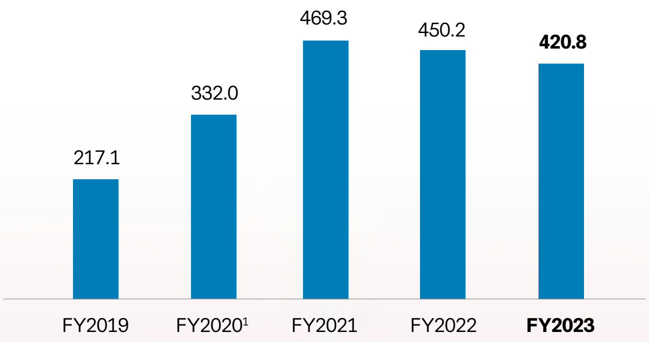
GRESB

5-Star rating, with a score of 88 out of 100 in the 2023 assessment; Ranked 2nd in Asia Pacific / Diversified Office / Logistics amongst 18 peers

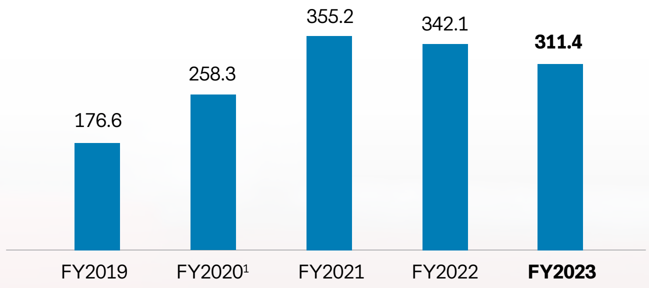
1 *Excludes the property under development in the UK*
2 *Excludes the property under development in the UK and right-of-use assets*

# Financial **Highlights**

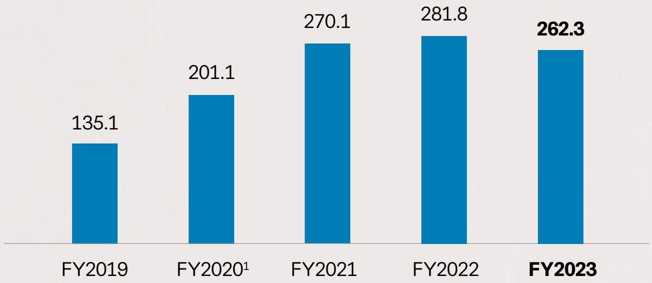
**Revenue** ($ million)



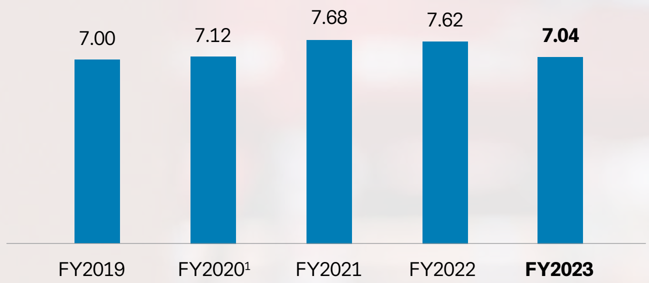

**Adjusted net property income[2]** ("Adjusted NPI") ($ million)



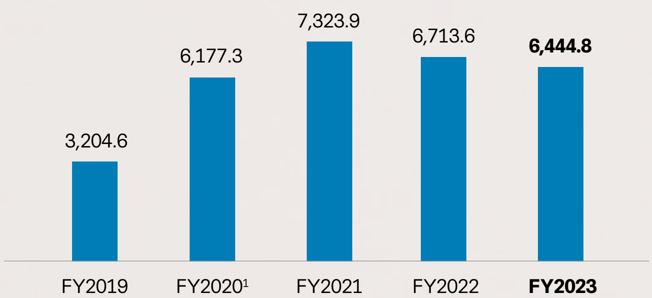

**Distributable income** ($ million)



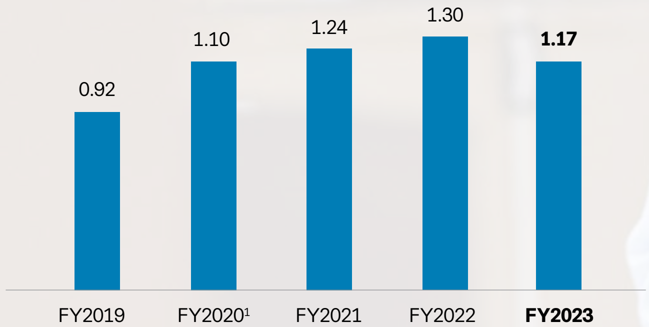

**Distribution per Unit** ("DPU") (cents)




**Portfolio value** ($ million)[a]




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




a *Excludes investment properties held for sale, investment properties under development (where relevant) and the recognition of right-of-use assets upon the adoption of FRS 116 Leases with effect from 1 October 2019*

| | | FY2019 | FY2020 | FY2021 | FY2022 | **FY2023** |
|---|---|---|---|---|---|---|
| **Selected balance sheet data** | | | | | | |
| Total assets | $ million | 3,353.1 | 6,734.6 | 7,680.2 | 7,409.7 | **6,937.7** |
| Total gross borrowings | $ million | 1,121.5 | 2,454.3 | 2,531.6 | 1,977.6 | **2,037.9** |
| Unitholders' funds | $ million | 2,086.2 | 3,770.5 | 4,574.6 | 4,838.8 | **4,379.7** |
| Market capitalisation[3] | $ million | 2,788.6 | 4,744.4 | 5,588.2 | 4,546.3 | **4,006.7** |
| **Key financial indicators** | | | | | | |
| Aggregate leverage[4] | % | 33.4 | 37.4 | 33.7 | 27.4 | **30.2** |
| Average weighted debt maturity | years | 3.2 | 3.0 | 3.4 | 2.7 | **2.2** |
| Average cost of borrowings[5] | % per annum | 2.2 | 1.9 | 1.6 | 1.6 | **2.2** |

*Notes:*
*FLCT has adopted the Singapore Dollar as its functional currency with effect from 15 April 2020 following its merger with FCOT. FY2019 results were based on the Australian Dollar translated at the 15 April 2020 exchange rate of A$1: $0.9016 used for conversion of the accounts to Singapore Dollar*
*1 Includes FCOT with effect from 15 April 2020 following the merger with FCOT*
*2 For FY2019, 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*
*3 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*
*4 The impact of FRS 116 Leases (adopted with effect from 1 October 2019), and the gross borrowings and total assets attributable to non-controlling interests have been excluded for the purpose of computing the aggregate leverage ratio*
*5 Based on trailing 12 months borrowing cost (including FCOT from 15 April 2020, being the date of merger completion)*

# Key **Trends**

The Manager stays up to date with key developments and emerging trends shaping our industry, enabling us to remain agile and well-prepared for opportunities and challenges in an ever-evolving real estate landscape. We summarise the global trends and themes that we view as most likely to define the future of logistics and commercial real estate.

## Global Headwinds and Tailwinds

### Growth of E-commerce

Global retail e-commerce is expected to grow at a CAGR of 9% from US$5.8 trillion in 2023 to US$8.0 trillion in 2027[1], driving demand for quality warehousing.

**FLCT's Approach**

- Maintaining relevance of our logistics properties through regular asset reviews, strategic asset enhancement initiatives and ongoing tenants engagement

### Supply Chain Security

Supply chains have transitioned from 'just-in-time' to 'just-in-case' in order to improve resilience and maintain higher inventory levels to meet customer needs. This is expected to continue to drive demand for warehousing.

**FLCT's Approach**

- Investing and maintaining a portfolio of 'best-in-class', modern, high-quality logistics and industrial properties, located close to the consumer base, which suit the storage and distribution needs of our customers

### Transition to Net-zero Carbon

As businesses around the world focus on ESG, carbon neutral targets and disclosures, demand for properties with strong sustainability credentials will continue to rise.

**FLCT's Approach**

- Walk-the-talk with clear sustainability strategies and defined targets to provide market-leading real estate solutions with the potential to drive rental premium, retain high quality tenants, and support occupancies
- Partnering customers and targeting new prospects who are aligned with FLCT on ESG commitments to reduce emissions
- Targeting acquisitions or undertaking developments which meet our ESG standards
- Leveraging on green/sustainability-linked financing to demonstrate ESG commitment

1 *Source: eMarketer, Retail e-commerce sales (June 2023)*

## Flight to Quality

### FLCT's Approach

With hybrid working models becoming commonplace, office space utilisation may adjust towards a greater demand for higher quality, modern and/or flexible workspaces. There will be an emphasis on well-being and amenity to help attract and retain talent.

- Meet the flight to quality and support future workplace design, assisting customers with enticing staff back to the office and attracting and retaining talent
- Targeting growth tenant segments such as the digital economy and resilient essential services and goods while reducing our exposure to sectors affected by the structural trends

## Rising Cost of Energy

### FLCT's Approach

Exacerbated by geopolitical tensions and conflict, energy prices continue to rise. This continues to contribute to inflationary pressures across global economies.

- Tenants bear energy costs in our L&I portfolio and we recover energy costs from tenants in our commercial portfolio
- Working closely with customers to capture energy data and lower their power use and facilitating power security through on-site renewable energy production
- Evaluate hedging strategies for energy contracts to mitigate impact on operating expenses for the commercial assets

## Inflationary Pressures and Rising Interest Rates Escalating Risk of Recession

### FLCT's Approach

Central banks continue to raise interest rates to combat rising inflation rates.

- Enhancing portfolio income security through structuring long-term relationships with high-quality tenants. Leases, where possible, are structured to capture higher inflation through CPI-linked rental indexation or fixed annual rental increases
- Optimising our capital structure by maintaining a prudent loan-to-value limit, while retaining a well-spread debt expiry profile with diverse funding sources
- Managing interest rate volatilities by hedging a majority of FLCT's borrowings in the range of 50% to 80% to fixed rates

# Our **Strategy**

The Manager of FLCT continued to build on its track record of value creation in a year marked by complex geopolitical tensions and a challenging operating environment. Leveraging the competitive strengths of FLCT's flagship portfolio of 107 modern and high-quality properties[1] across five developed markets, the Manager continued to deliver stable and regular distributions to Unitholders.

## OUR COMPETITIVE ADVANTAGE

### Global Portfolio Of Quality Assets
One of the largest S-REITs with a $6.4 billion portfolio[2] of strategically located and diversified logistics and commercial assets in developed markets

### Stability Through Market Cycles
Underpinned by high occupancy rates, favourable lease structures and healthy WALE with a well-diversified tenant base in thriving sectors

### Healthy Financials
Our well-managed capital structure provides us with the financial flexibility to fund future growth

### Proven Track Record
Continued value creation through portfolio optimisation, undertaking accretive acquisitions and portfolio recycling

### Supported By A Strong Sponsor And A Capable Manager
We have a committed and reliable Sponsor in Frasers Property, and an experienced and capable REIT Management team

### Focus On Sustainability
We continue to enhance our sustainability credentials and market leading position, providing us with greater access to an increasingly ESG-focused investor and tenant community

## PROVEN GROWTH STRATEGIES

### Acquisition Growth
- Explore new and existing markets that we operate in
- Access to Sponsor's ROFR assets
- Leverage Sponsor's integrated asset management and development capabilities
- Collaborate with Sponsor's local teams to source for suitable on-market/off-market opportunities
- Third-party acquisitions

### Active Asset Management
- Optimise occupancy and tenant base
- Leverage AEIs to unlock further value
- Focus on "greening" our properties

### Capital & Risk Management
- Prudent capital management for financial flexibility
- Well-spread debt expiry profile to minimise risk
- Hedging strategies to reduce volatility

### Selective Development
- Participate in strategic development and selective forward-funding projects within development limits
- Leverage Sponsor's development pipeline
- Incorporate sustainability initiatives

## VALUE CREATED IN FY2023

### Robust Financial Performance
- Revenue: $420.8 million
- Distributable Income: $262.3 million
- DPU: 7.04 cents
- Distribution Yield: 6.6%[3]

### Purpose-Driven Asset Management
- Strong portfolio occupancy: 96.0%
- Healthy WALE: 4.3 years
- New leases and renewals: ~492,000 sqm
- Strong rental reversions of 7.8% incoming vs. outgoing and 18.9% average vs. average across the portfolio

### Proactive Capital Management
- Aggregate Leverage: 30.2%
- Interest Coverage Ratio[4]: 7.1 times
- Average Cost of Borrowings[5]: 2.2%
- Debt Headroom[6]: $1.1 billion

### Sustainability And Governance
- 5-Star GRESB rated portfolio for third consecutive year
- Rated 'A' by MSCI ESG Ratings
- Best Annual Report Award (Silver) and Best Investor Relations (Bronze) at Singapore Corporate Awards 2023

**Growth Strategy: Focus on increasing our L&I exposure from the current 70% to 85% in the long term**

*1 Excludes the property under development in the UK*
*2 Excludes the property under development in the UK and right-of-use assets*
*3 Based on FY2023 DPU of 7.04 Singapore cents and the closing price of $1.07 per Unit as at 30 September 2023.*
*4 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 and 28 December 2021. 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 and for the purpose of adjusted ICR, distribution on hybrid securities. EBITDA includes gain on divestment of investment properties. Borrowing costs exclude interest expense on lease liabilities (effective from 28 December 2021)*
*5 Based on trailing 12 months borrowing cost*
*6 On the basis of an aggregate leverage of 40.0% pursuant to the Property Funds Appendix*

# Our **FY2023 Achievements**

## ROBUST FINANCIAL METRICS

- Distributable Income: **$262.3 million**
- DPU: **7.04 cents**
- Distribution Yield: **6.6%**[1]

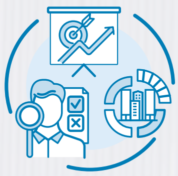
## ACTIVE ASSET MANAGEMENT

- Strong portfolio occupancy of **96.0%** with full occupancies for L&I portfolio
- Healthy WALE of **4.3 years**
- **~492,000sqm** of new leases and renewals
- Positive portfolio rental reversions of **18.9%**[2] average vs. average basis in FY2023

## PROACTIVE CAPITAL MANAGEMENT

- Aggregate Leverage: **30.2%**
- ICR and adjusted ICR: **7.1** times[3]
- Average Cost of Borrowings: **2.2%**[4]
- Debt Headroom: **$1.1 billion**[5]

## VALUE CREATION THROUGH STRATEGIC DEVELOPMENTS



- Completed the development of two L&I properties in the UK, namely Connexion II and Worcester, which are fully tenanted on 10-year and 15-year lease terms respectively
- Development progress on the forward-funding acquisition of the L&I property, Ellesmere Port, is on track and is expected to be completed in 1HFY24

## HIGH SUSTAINABILITY AND GOVERNANCE PERFORMANCE

- GRESB: **5-Star rating** for the third consecutive ear with a score of 88 in the 2023 assessment
- Achieved **'A' MSCI ESG Ratings** by MSCI ESG Research
- **Best Annual Report (Silver) and Best Investor Relations (Bronze) Award** at the Singapore Corporate Awards 2023
- Winner of **'Overall Sector'** and **'Highest Growth In Profit After Tax ("PAT") Over Three Years"** at The Edge Singapore Billion Dollar Club Awards 2023

1 *Based on the FY2023 DPU of 7.04 Singapore cents and the closing price of $1.07 per unit as at 30 September 2023*
2 *Calculated based on the midpoint gross rent (including any contracted fixed annual rental step-ups) of the new/renewed lease divided by the midpoint rent of the preceding lease. Excludes newly created space, leases on spaces with extended void periods of more than 18 months, incentives and lease deals with a term of less than six months*
3 *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 and 28 December 2021. 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 and for the purpose of adjusted ICR, distribution on hybrid securities. EBITDA includes gain on divestment of investment properties. Borrowing costs exclude interest expense on lease liabilities (effective from 28 December 2021)*
4 *Based on trailing 12 months borrowing cost*
5 *On the basis of an aggregate leverage of 40.0% pursuant to the Property Funds Appendix*

# Letter to **Unitholders**

Dear Unitholders,

The past year has been a test of our resilience, adaptability, and commitment to our long-term value creation strategies. In this letter, I would like to review some of the key uncertainties that shaped our path in FY2023, as the Board of Directors and the Manager are working closely together to address the challenges in the current environment.

Geopolitical tensions between nations and political uncertainties continue to weigh on global supply chains. This has elevated the cost of energy and other commodities, driving inflation across major markets worldwide. To combat rising inflation, central banks have continued to keep interest rates high, affecting consumer demand, costs of doing business and investment sentiments.

Our operating environments were made more challenging with the volatility of foreign exchange rates. Our functional or reporting currency, the SGD continued to strengthen against the AUD and the resultant appreciation of average exchange rate of the SGD against the AUD, EUR and GBP in FY2023 invariably impacted distributable income, portfolio valuations and net asset value.

We have maintained a prudent and disciplined approach to our near-term growth – keeping balance sheet robust and being very selective in asset acquisitions. We expect that there could be more acquisition opportunities for quality logistics & industrial ("L&I") assets in FY2024.

## FY2023 FINANCIAL PERFORMANCE

Amidst this backdrop, Frasers Logistics & Commercial Trust ("FLCT") reported FY2023 revenue of $420.8 million and Adjusted Net Property Income of $311.4 million, representing a decline of 6.5% and 9.0% respectively, from $450.2 million and $342.1 million in FY2022. FY2023 performance was primarily affected by the discontinuation of revenue from Cross Street Exchange following its divestment on 31 March 2022, weaker average exchange rates against the SGD, lower contributions from Farnborough Business Park, Maxis Business Park and 357 Collins Street. Property operating expenses were higher mainly due to higher energy and utility expenses. These were partially offset by the full-year contribution of the acquisition of four properties in Australia in 2HFY22 and contribution from the practical completion of Worcester and Connexion II in February 2023 and March 2023 respectively. Finance costs were also higher in FY2023. Distributable income for FY2023 was correspondingly lower at $262.3 million, from $281.8 million a year ago. The SGD continued to appreciate against the AUD and maintained its strength against the EUR and GBP during the year in review.

FY2023 DPU was 7.04 Singapore cents, a 7.6% decline compared to 7.62 Singapore cents in FY2022. Based on the closing price of FLCT units at the end of the period, this translated to a DPU yield of 6.6%[1] for FY2023.

## A RESILIENT AND STABLE PORTFOLIO

At the end of FY2023, FLCT's resilient asset portfolio comprised 107 modern and well-located properties[2] in five global markets: Australia, Germany, Singapore, the United Kingdom ("UK") and the Netherlands. Our portfolio continues to maintain a high level of occupancy due to its well-diversified presence in various strong geographic regions and asset classes, which is further supported by the quality of our assets and the strength of our tenant base.

### Robust leasing momentum with positive reversions

Over the period, positive demand-supply dynamics continued to drive strong market rental growth for L&I properties across our core industrial markets. Backed by a strong leasing environment, FY2023 portfolio occupancy remained high at 96.0%.

We successfully engaged new and existing tenants to close 64 leasing transactions comprising 492,000 square metres ("sqm") of lettable area and maintained a stable WALE of 4.3 years. As a testament to the lease management expertise of the Manager, we recorded positive portfolio rental reversion of 7.8% on an incoming rent versus outgoing rent basis ("Incoming versus outgoing"), and 18.9% on an average rent of the new leases in FY2023 versus average rent of the expiring leases ("Average versus average").

For the fourth consecutive year, our L&I portfolio operated at 100% occupancy on the back of robust demand from tenants. The L&I portfolio demonstrated resilience with healthy positive reversions of 8.0% and 19.9% on an incoming rent versus outgoing rent basis and on an average versus average rent basis respectively.

Occupancy across our commercial properties averaged 89.9% at the end of FY2023 as companies continued to adopt hybrid workplace strategies. In February 2023, we announced that Google Asia Pacific Pte. Ltd. had surrendered a portion of its premises under its lease at Alexandra Technopark, Singapore with effect from 20 February 2024, and they have since indicated a non-renewal of its lease expiring in December 2024. We are in active discussions with prospective tenants as part of our proactive asset and lease management efforts, which includes embarking on competitive marketing strategies, to maintain an optimised portfolio.

### Delivering quality organic growth

During the year, we continued to deliver on our strategies to optimise our portfolio and generate sustainable long-term value for our Unitholders. Focused on organic growth, we strengthened our L&I portfolio through selective development and forward-funding projects in FY2023.

In March 2023, our development project, Connexion II at Blythe Valley Business Park, Solihull, UK was completed. The £22.4 million L&I development comprises three standalone units with an aggregate lettable area of 10,996 sqm. It is fully leased on 10-year terms to three high-quality tenants: Tesla Motor Limited, an automotive and clean energy company; Solotech UK Group Limited, an audio visual solutions provider; Reely Limited, a leading supplier to the lift and escalator industry in the UK.

1 *Based on the FY2023 DPU of 7.04 Singapore cents and the closing price of $1.07 per unit as at 30 September 2023*
2 *Excludes the property under development in the UK*

# Letter to **Unitholders**

Our two forward-funding projects are also located in the UK. The first project is a 16,734 sqm prime freehold warehouse development located at Worcester, West Midlands. The property was completed in February 2023 and committed on a 15-year lease. The second forward-funding project, Ellesmere Port, is a 62,211 sqm, prime freehold L&I development located in North West England. Pre-committed with a lease term of 15 years, the project is expected to be completed in the first half of FY2024 ("1HFY24") with a BREEAM 'Outstanding' rating.

Located in the heart of Perth, Central Park, a 66,041 sqm commercial building is currently undergoing asset enhancement works, including the facade modernisation project, which is expected to be completed by end-FY2024. As a testament to the Manager's expertise and well supported by the Sponsor's team on the ground, the project is progressing well with minimal tenant disruption and the property has recorded higher take-up, where the occupancy increased from 82.9% at the start of the works to 96.1% as at 30 September 2023.

### Stepping into FY2024 with an opportunistic L&I acquisition

As we enter FY2024, we strengthened our foothold in the Netherlands. In October 2023, FLCT entered into a sale and purchase agreement with Willems Bouwbedrijf B.V. and Joep Willems Holdings B,V., and a turnkey design and build agreement with Willems Bouwbedrijf B.V., for a freehold forward-funding logistics development strategically situated within Aviation Valley business park and next to Maastricht Airport in the Netherlands. The €14.5 million development is pre-let for a period of 10 years and was purchased at 12.7% discount to valuation[3].

This forward-funding acquisition reaffirms the Manager's selective acquisition strategy for quality assets at attractive valuations.

## PRUDENT CAPITAL MANAGEMENT

During the year, we maintained a proactive approach to capital management and closed the year with an aggregate leverage of 30.2%, and cost of borrowings at 2.2% per annum[4].

Over 98% of the $522 million debt that is due in FY2024 will mature in the second half of FY2024 ("2HFY24"), with no major refinancing due in 1HFY24. Management has proactively taken measures to refinance the borrowings, including securing floating interest rate facilities for more than half of the debts due in FY2024[5].

As at 30 September 2023, FLCT has a credit rating of BBB+/Stable (S&P) and a healthy interest coverage ratio of 7.1x. Our fixed-rate debt ratio of 77.2% helps mitigate the impact of an increasing interest rate environment. FLCT's balance sheet remains healthy. With an aggregate leverage of 30.2% as at 30 September 2023, one of the lowest amongst S-REITs, we are well-positioned in this environment to take advantage of opportunities to strengthen the portfolio through accretive investments.

## LEADING IN SUSTAINABILITY AND GOVERNANCE

Since 2017, we have implemented a sustainability strategy with well-defined objectives and measurable targets to track our sustainability performance. We have aligned our net-zero carbon target with our Sponsor and are making good progress to attain net-zero by the year 2050. This is communicated to our stakeholders through a comprehensive annual ESG report.

We are pleased to report that our portfolio of L&I and commercial properties retained the 5-Star rating in the Assessment by Global Real Estate Sustainability Benchmark ("GRESB") for a third consecutive year. We are ranked second in Asia Pacific amongst our 18 peers in the Diversified – Office/Industrial category.

In 2023, we have a "A" MSCI ESG Rating. Awarded by MSCI ESG Research LLC, the rating aims to measure a company's resilience to long-term ESG risks.

On the governance front, we were accorded the Silver Award for Best Annual Report and Bronze Award for Best Investor Relations in the REITS & Business Trusts category at the Singapore Corporate Awards 2023. We were also presented with two awards, Highest Growth in Profit After Tax ("PAT") over 3 years and Overall Sector Winner in the REITs category at The Edge Singapore Billion Dollar Club 2023.

## OUTLOOK

The overall global economic and business outlook remains uncertain amid persistent levels of inflation, elevated interest rates, and geopolitical tensions. We continue to closely monitor emerging trends and behavioural activity, including deglobalisation, as well as onshoring trends and its implications on the logistics and industrial space. Furthermore, given the financial implications arising from global developments, foreign exchange risks and inflationary pressures, capital and liquidity management remains a key strategic priority in FY2024. We will also continue to work on cost optimisation initiatives and remain

*3 Valued by Savills Valuation at €16.6 million on a completed and pre-let basis, assuming no real estate transfer tax is payable*
*4 Based on trailing 12 months borrowing cost*
*5 Management will monitor the market and consider putting in place interest rate swaps in accordance with FLCT's Treasury and Hedging Policy*

"WE ARE CONFIDENT THAT WITH OUR SOUND BUSINESS FUNDAMENTALS AND PORTFOLIO MANAGEMENT CAPABILITIES, FLCT WILL CONTINUE TO THRIVE AND REMAIN WELL SUPPORTED BY STRONG TENANT ACTIVITY, CONTINUED E-COMMERCE GROWTH AND INCREASED DEMAND FOR SUPPLY CHAIN SECURITY."

vigilant on the movement of energy prices to manage our operating expenses.

To enhance the resilience of our portfolio, we will focus our attention on gradually increasing our logistics & industrial exposure from the current 70% to 85% in the long term. We are confident that with our sound business fundamentals and portfolio management capabilities, FLCT will continue to thrive and remain well supported by strong tenant activity, continued e-commerce growth and increased demand for supply chain security.

## A WORD OF APPRECIATION

On 14 August 2023, Mr Robert Stuart Claude Wallace stepped down as Chief Executive Officer of the Manager to return to Australia for family reasons. On behalf of the Board of Directors, I would like to extend our appreciation to Mr Wallace for his invaluable contributions over the past seven years.

With Mr Wallace's departure, we welcome Ms Anthea Lee Meng Hoon, who assumed the position of Chief Executive Officer on 14 August 2023. Ms Lee is a seasoned real estate veteran with over 26 years of investment, development and asset management experience in real estate. Her experience spans multiple geographies in Asia Pacific and Europe, and assets classes in industrial, business parks, commercial and data centres.

On 1 December 2022, Mr Rodney Vaughan Fehring retired as Non-Executive and Non-Independent Director. We would like to thank Mr Fehring for his dedication and invaluable contributions during his tenure of service.

We wish to express our heartfelt gratitude to our Sponsor, Unitholders, tenants, and business partners for their unwavering confidence in us and ongoing support. To our management team, we extend our deep appreciation for your enthusiasm, dedication, and resilience in effectively executing our strategies and pursuing opportunities that ultimately generate enduring total returns for our Unitholders.

**Mr Ho Hon Cheong**
Chairman and Independent
Non-Executive Director

# In Conversation **with the CEO**

Ms Anthea Lee Meng Hoon was appointed Chief Executive Officer of FLCAM, the Manager of FLCT, on 14 August 2023. Anthea is a seasoned real estate veteran with over 26 years of investment, development and asset management experience across real estate asset classes and geographies. Prior to her appointment as CEO, Anthea held senior management positions with Keppel Group, Ascendas Land (Singapore) Pte. Ltd. and JTC Corporation. We speak to Anthea for an insight into the REIT Manager's value creation strategies for FLCT.

**Q How do you envision FLCT evolving under your leadership?**

Since its listing on the Singapore Exchange in 2016, FLCT has grown meaningfully in terms of scale and geographic presence, delivering significant value to Unitholders. We closed FY2023 with a $6.4 billion portfolio[1] comprising 107 industrial and commercial properties[2] diversified across five developed markets – Australia, Germany, Singapore, the United Kingdom and the Netherlands.

FLCT has grown at an average CAGR of 19.0% since its listing to become the multi-asset global S-REIT today. With the strong track record of the Management team and the ability to harness the capabilities of the well-established Sponsor's team, FLCT is well-poised to grow from strength to strength in the many more years to come.

We will continue to strengthen FLCT's position as a leading provider of sustainable quality spaces across our markets and leverage on the REIT's competitive strengths and focus on our four-pillar growth strategy: acquisition growth; proactive asset management; capital and risk management; and investor engagement.

Stepping into FY2024, we will focus our attention on increasing our L&I exposure from the current 70% to 85% over the long term in the existing markets that we are in as well as in new developed markets. With this strategic direction and with our selective investment standards, this will ensure that acquisitions of high-quality modern L&I assets will contribute positively to unitholder returns. In response to the growing competitiveness of the global investment market, we will leverage our Sponsor's extensive network and capabilities for suitable investment opportunities from both our Sponsor and from third parties.

On the asset management front, we will continue to drive value across our portfolio, in line with our objectives to optimise returns and enhance the quality of our tenant base. With sustainability being a key focus for us, our Sponsor and the industry, we will continue to explore opportunities to 'green' our properties to attract and retain our mix of ESG-focused tenants and investors.

We continue to employ an active approach to enhancing FLCT's sustainability credentials, installing rooftop solar panels to provide our customers with on-site renewable power, which goes towards the reduction of energy costs to meet carbon goals. Whilst implementing these strategies to strengthen the resilience of our portfolio to meet the demands of the workforce and tenants today, our primary emphasis will still be on continuing to generate sustainable cash flows. This will enable us to create value for all our stakeholders, offer our investors sustainable distributions, and position FLCT for continued success.

**Q Will we be expecting FLCT's total unitholder return to be sustainable in the longer term?**

In view of the difficult operating environment in FY2023, we remain prudent in capital management in particular to the management of financing costs and aggregate leverage ratio, to navigate emerging issues and risks including further global financial stress, the persistent inflation and the expected prolonged higher interest rate environment. The REIT Manager will continue its proactive asset and lease management efforts in improving occupancies for commercial assets and leverage on market demand to further rental growth. For operating expenses, the Manager will continue to work on cost optimisation initiatives, and to remain vigilant to manage energy prices by evaluating and re-contracting energy contracts to hedge and mitigate impact to its operating expenses.

In line with our investment strategy, we will focus on high-quality assets in developed countries that offer stable and predictable cash flows. This approach will allow us to enhance the resilience of our portfolio and strengthen our market position in an increasingly competitive environment.

On the capital management front, we have $522 million of borrowings due in FY2024 and are taking steps to strengthen our capital structure in anticipation of this milestone. We have proactively taken measures to refinance the borrowings, including securing floating interest rate facilities for more than half of the debts due in FY2024.

With an aggregate leverage of 30.2% and a healthy interest coverage ratio of 7.1 times as at 30 September 2023, we are well-positioned to successfully refinance our borrowings. This not only underscores our financial strength but also highlights our commendable financial flexibility, ensuring that we have the means and capacity to continue to grow our portfolio. Moreover, we have maintained our "BBB+" rating from Standard & Poor's with a stable outlook, reaffirming our sound financial position.

**Q Are there any new markets which you are considering?**

We are cognisant that venturing into new geographic markets carries significant challenges. Therefore, we must approach geographic expansion cautiously and methodically, especially in today's volatile and uncertain geopolitical and economic environment.

To enhance the resilience of our portfolio, we will focus our attention on gradually increasing our L&I exposure from the current 70% to 85% in the long term. We will also be looking at L&I opportunities in new developed markets including Singapore and Japan, and potentially data centres which we consider as part of L&I.

We believe the current markets in which we operate – Australia, Germany, Singapore, the UK and the Netherlands – continue to hold significant growth opportunities. Over the years and across market cycles, these five markets have demonstrated strong economic growth. Each market continues to be supported by robust domestic consumption, an educated and skilled labour force, and a thriving manufacturing and trade sector.

1 *Excludes the property under development in the UK and right-of-use assets*
2 *Excludes the property under development in the UK*

# In Conversation **with the CEO**

### Q What are the key near-term risks and opportunities present for FLCT?

Any real estate investment involves both risks and opportunities. Nevertheless, the present geopolitical and macroeconomic landscape, characterized by challenges and uncertainty, has exacerbated the urgency for numerous businesses to adapt and evolve, including real estate.

Moreover, the disturbances and sanctions related to the current geopolitical events have elevated the cost of energy. Consequently, this has triggered a ripple effect, leading to heightened inflationary pressures and interest rates, thereby dampening investors' risk appetite for investments.

However the FLCT portfolio is anchored by a largely logistics and industrial portfolio, which has continued to enjoy full occupancies for four years consecutively and unprecedented high rental reversions. The logistics sector remained defensive and the long-term demographic fundamentals will underpin sustained demand. The pandemic heralded a new era of supply chain risk management influencing the demand and decisions made for logistics facilities. Technology plays a key role in alleviating supply chain disruptions in an environment of high inflation, climate change and geopolitical events, to create more agility to improve resilience, and can only function with good quality and well-located logistics facilities. With the continued proliferation of ecommerce integral to consumption habits, so will the requirements for last mile logistics facilities continue to grow.

### Q How will FLCT deal with the constantly changing world economy?

From the onset, our objective has been to harness FLCT's competitive advantages to deliver sustainable long-term growth in DPU for unitholders and we remain nimble to adapt our portfolio mix to meet the new economies that are driving real estate demand in the current and future economy.

To realise our objective, we will continue to deliver on our communicated four-pillared growth strategy: acquisition growth; proactive asset management; capital & risk management; and investor engagement. Throughout this process, we will maintain a vigilant watch on evolving trends and structural changes, including those related to deglobalisation and the impact of onshoring trends on the logistics and industrial sector. We will also continue to ensure our commercial offering remains attractive as the hybrid work arrangement and flight-to-quality space themes persist.

### Q What are FLCT's significant green achievements in FY2023 and plans for FY2024?

Sustainability is integral to FLCT's operations and FLCT remains committed in delivering sustainability goals that underpin long-term performance. We remain steadfast in our commitment to achieve the ESG targets and we are aligned with Frasers Property's net-zero carbon goal by 2050.

During the year, FLCT continued to make progress in various green initiatives, such as achieving green building certification or pursuing green building certification for 80% of our standing assets and 100% of our new development projects by GFA. We have also about 64% of FLCT's borrowings in the form of green or sustainability-linked financing which is one of the highest in the S-REIT market and maintained the highest rating of 5-Star in the 2023 GRESB Real Estate Assessment for the third consecutive year.

Central Park in Perth is undergoing a facade replacement project whereby approximately 95% of the dismantled material, including all former aluminium panels and polyurethane cores and temporary steel structures, will be recycled.

We continue to employ a proactive approach to enhancing our sustainability credentials, installing rooftop solar panels to provide our customers with on-site renewable power, assisting with reducing energy costs and meeting our Group's net-zero carbon commitment by 2050.

As we advance our ambition to increase our focus in the logistics and industrial sector, I would like to take this opportunity to thank our unitholders and our customers for your trust and support for FLCT, as well as our Board members and our global team members from both the Sponsor and REIT Manager for your dedication and commitment.

**Ms Anthea Lee Meng Hoon**
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**
61 properties

**Germany**
29 properties

**The Netherlands**
6 properties

**UK**
4 properties
- Connexion I
- Connexion II
- Worcester
- Ellesmere Port[3]

**Commercial Properties**

Property holding subsidiaries/trusts[2]

**Singapore**
- Alexandra Technopark

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

**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 2023. 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 and trusts of FLCT*
2. *Alexandra Technopark in Singapore, Central Park, Caroline Chisholm Centre and 357 Collins Street in Australia, as well as 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 Business Park in the UK, as well as 545 Blackburn Road in Australia are held through wholly-owned subsidiaries and trusts/sub-trusts of FLCT*
3. *Investment property under development*

# 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**

As at 30 September 2023

**Mr Ho Hon Cheong, 69**
Chairman, Non-Executive and Independent Director

**Date of Appointment:**
26 May 2016

**Length of service as Director (as at 30 September 2023):**
7 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 2023):**

Listed companies
- PT Chandra Asri Petrochemical Tbk in Indonesia

Listed REITs / Trusts
- Nil

Others
- AIA Singapore Pte. Ltd.

**Major Appointments (other than Directorships):**
- Nil

**Past Directorships in listed companies held over the preceding 3 years (from 1 October 2020 to 30 September 2023):**
- 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 Kyle Lee Khai Fatt, 71**
Non-Executive and Independent Director

**Date of Appointment:**
1 September 2022

**Length of service as Director (as at 30 September 2023):**
1 year 1 month

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

**Academic & Professional Qualification(s):**
- Bachelor of Arts (Honours) in Business Studies, Council for National Academic Awards, Polytechnic of South Bank, London
- Master of Business Administration, Imperial College of Science, Technology and Medicine, University of London
- Master of Science (Distinction) in International Management, The School of Oriental and African Studies, University of London
- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow of the Institute of Singapore Chartered Accountants
- Fellow of the Singapore Institute of Directors

**Present Directorships in other companies (as at 30 September 2023):**

Listed companies
- Great Eastern Holdings Limited

Listed REITs / Trusts
- Nil

Others
- Great Eastern Life Assurance Company Limited

**Major Appointments (other than Directorships):**
- Nil

**Past Directorships in listed companies held over the preceding 3 years (from 1 October 2020 to 30 September 2023):**
- ComfortDelgro Corporation Limited
- CapitaLand Integrated Commercial Trust Management Limited (manager of CapitaLand Integrated Commercial Trust)
- FEO Hospitality Asset Management Pte Ltd (manager of Far East Hospitality Real Estate Investment Trust)
- FEO Hospitality Trust Management Pte Ltd (trustee-manager of Far East Hospitality Business Trust)

**Past Major Appointments:**
- Partner, Price Waterhouse and PricewaterhouseCoopers LLP

**Others:**
- Nil

**Mr Goh Yong Chian, 79**
Non-Executive and Independent Director

**Date of Appointment:**
26 May 2016

**Length of service as Director (as at 30 September 2023):**
7 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 2023):**
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 2020 to 30 September 2023):**
- Nil

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

**Others:**
- Nil

**Mr Phang Sin Min, 66**
Non-Executive and Independent Director

**Date of Appointment:**
31 January 2022

**Length of service as Director (as at 30 September 2023):**
1 year 8 months

**Board Committees served on:**
- Audit, Risk & Compliance Committee

**Academic & Professional Qualification(s):**
- Bachelor of Commerce from the University of Canterbury in New Zealand
- Master of Business Administration from the University of New South Wales in Australia
- Advanced Management Program – Harvard Business School
- Chartered Financial Analyst, CFA Institute
- Associate Chartered Accountant, Australia & New Zealand

**Present Directorships in other companies (as at 30 September 2023):**
Listed companies
- Nil

Listed REITs / Trusts
- PARAGON REIT Management Pte. Ltd., (formerly known as SPH REIT Management Pte. Ltd.), the manager of PARAGON REIT

Others
- DCG Value Funds VCC

**Major Appointments (other than Directorships):**
- Nil

**Past Directorships in listed companies held over the preceding 3 years (from 1 October 2020 to 30 September 2023):**
- Nil

**Past Major Appointments:**
- Managing Director, Head of Research & Strategic Planning for real estate in Singapore, GIC Pte. Ltd.
- Managing Director, Head of Investments for real estate in Europe, GIC Pte. Ltd.
- Executive Committee Member, Urban Land Institute

**Others:**
- Nil

# Board of **Directors**

As at 30 September 2023

**Ms Soh Onn Cheng Margaret Jane, 67**

Non-Executive and Independent Director

**Date of Appointment:**
29 April 2020

**Length of service as Director (as at 30 September 2023):**
3 years 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 2023):**

Listed companies
- Nil

Listed REITs / Trusts
- Nil

Others
- Nil

**Major Appointments (other than Directorships):**
- Exco Member, Milk & Diapers Programme, SSVP Ltd. (an affiliate of the Society of St Vincent de Paul)

**Past Directorships in listed companies held over the preceding 3 years (from 1 October 2020 to 30 September 2023):**
- Prime US REIT Management Pte Ltd (formerly known as KBS US Prime Property Management Pte. Ltd.), Manager of Prime US REIT

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

**Others:**
- Nil

**Mr Panote Sirivadhanabhakdi, 45**

Non-Executive and Non-Independent Director

**Date of Appointment:**
26 May 2016

**Length of service as Director (as at 30 September 2023):**
7 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 2023):**

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
- Adelfos Company Limited
- Asian Capital Company Limited
- Athimart Company Limited (Vice-Chairman)
- Beer Thip Brewery (1991) Company Limited
- Baanboung Vetchakji Company Limited
- Blairmhor Distillers Limited
- Blairmhor Limited
- Chiva-Som International Health Resort Company Limited
- Cristalla Company Limited
- F and B International Company Limited
- Frasers Assets Company Limited
- Frasers Property Corporate Services (Thailand) Company Limited
- Frasers Property Holdings (Thailand) Company Limited
- Golden Land Property Development Public Company Limited
- International Beverage Holdings (China) Limited
- International Beverage Holdings (UK) Limited
- International Beverage Holdings Limited
- Kankwan Company Limited (Vice-Chairman)
- Kasem Subsiri Company Limited
- Kasemsubbhakdi Company Limited
- InterBev (Singapore) Limited
- Must Be Company Limited
- Namjai Thaibev (Social Enterprise) Company Limited
- N.C.C. Exhibition Organizer Company Limited
- N.C.C. Image Company Limited
- N.C.C. Management and Development Company Limited
- Norm Company Limited
- NY Property Development Company Limited
- One Bangkok Company Limited
- Plantheon Company Limited
- Quantum Trading Company Limited
- S.S. Karnsura Company Limited (Vice-Chairman)
- Siribhakditham Company Limited
- Sirivadhanabhakdi Company Limited
- SMJC Development Company Limited
- Sura Bangyikhan Company Limited (Vice-Chairman)
- TCC Assets (Thailand) Company Limited
- T.C.C. Exhibition and Convention Centre Company Limited
- T.C.C. Technology Company Limited
- Terragro Fertilizer Company Limited
- Thaibev Company Limited
- The Cha-Am Yacht Club Hotel Company Limited
- Theparunothai Company Limited (Vice-Chairman)
- TRA Land Development Company Limited
- Vadhanabhakdi Company Limited

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

**Past Directorships in listed companies held over the preceding 3 years (from 1 October 2020 to 30 September 2023)**
- 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 Chia Khong Shoong, 52**
Non-Executive and Non-Independent Director

**Date of Appointment:**
11 February 2019

**Length of service as Director (as at 30 September 2023):**
4 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 2023):**
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 2020 to 30 September 2023):**
- Nil

**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), 53**
Non-Executive and Non-Independent Director

**Date of Appointment:**
30 July 2020

**Length of service as Director (as at 30 September 2023):**
3 years 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 2023):**
Listed companies
- Nil

Listed REITs / Trusts
- Nil

Others
- Trucks & Sheds Foundation Limited

**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 2020 to 30 September 2023):**
- 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

*Notes:*
*(1) The members of the Board of Directors are shown as at 30 September 2023*
*(2) Mr Rodney Vaughan Fehring retired as a non-executive and non-independent director with effect from 1 December 2022*

# Management **Team**

**Anthea Lee Meng Hoon**
Chief Executive Officer

Ms Lee oversees the management, business direction and day-to-day management of FLCAM, and is responsible for the execution of strategies and policies approved by the Board of FLCAM. She works closely with the Board and the management team to ensure the effective implementation of FLCT's business plans and engages with the investor community.

Ms Lee's experience spans multiple geographies in Asia Pacific and Europe across assets classes including industrial, business parks, commercial and data centres. Prior to joining FLCAM, she spent approximately 17 years in REIT management at the Keppel Group. Ms Lee was previously associated with Keppel DC REIT, where she served as the CEO of the REIT manager since 2021. Before her role in Keppel DC REIT Management, she managed regional commercial property investments and divestments at Keppel REIT Management Limited. Before joining the Keppel Group, she spent approximately a decade developing and managing industrial properties with JTC Corporation and Ascendas Land (Singapore) Pte Ltd.

Ms Lee graduated with a Bachelor of Science (Estate Management), Honours from the National University of Singapore and a Master of Science (International Construction Management) from the Nanyang Technological University.

**Tricia Yeo Whay Teng**
Chief Financial Officer

Ms Yeo 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.

Ms Yeo has more than 20 years of experience in the finance industry including audit, advisory and banking. She started her career as an auditor with PricewaterhouseCoopers LLP, 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.

Ms Yeo 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.

**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 originates and evaluates opportunities for new acquisitions and strategic divestments to support the growth of FLCT. She has more than 16 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 was a key member of Frasers Property's group investment team and was involved in several transformational transactions undertaken by Frasers Property during the period from 2014 to 2017. She was actively involved with the overall planning and execution of the IPO of FLT in 2016. Since Ms Chew joined FLCT in 2017, she has assisted in the growth of FLCT through investing in new markets of Germany, the Netherlands and UK 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 and she is currently a MBA candidate with Imperial College London.

**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 where she was responsible for overseeing all aspects of finance and taxation matters, and provides support for compliance matters.

Prior to that, Ms Khung held various positions at Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust, where 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. Prior to that, she was with CitySpring Infrastructure Trust and Ernst & Young LLP.

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.

**Delphine Sze Li Xin**
Vice President, Investor Relations

Ms Sze manages the investor relations function of the REIT Manager, and is responsible for building relations and facilitating effective communication with the investment and research community.

Ms Sze has more 15 years of experience in investor relations, branding and communications. Prior to joining the REIT Manager, she was part of the investor relations function for Hong Kong-listed ESR Group Limited and was involved in the post-IPO investor marketing. She has amassed experience through her previous roles encompassing investor relations in other SGX-listed REITs and companies.

Ms Sze holds a Bachelor of Arts in Communications and Media Management from the University of South Australia and the International Certificate in Investor Relations (ICIR).

# Financial **Review**

| Statement of Total Return | FY2023 $'000 | FY2022 $'000 | Variance % |
|---|---|---|---|
| Revenue | 420,782 | 450,187 | (6.5) |
| Property operating expenses | (105,781) | (101,366) | 4.4 |
| **Net Property Income** | **315,001** | **348,821** | **(9.7)** |
| Manager's management fee | (38,549) | (42,018) | (8.3) |
| Trustees' fees | (870) | (906) | (4.0) |
| Trust expenses | (5,340) | (4,707) | 13.4 |
| Exchange gains (net) | 5,019 | 2,124 | N.M. |
| Finance income | 1,620 | 727 | N.M. |
| Finance costs | (46,763) | (41,595) | 12.4 |
| **Net income** | **230,118** | **262,446** | **(12.3)** |
| Net change in fair value of derivatives | (473) | 276 | N.M. |
| Net change in fair value of investment properties | (358,956) | 425,593 | N.M. |
| Gain on divestment of investment properties | 17,389 | 169,694 | (89.8) |
| **Total (loss)/return before tax** | **(111,922)** | **858,009** | **N.M.** |
| Tax credit/(expense) | 6,581 | (119,268) | N.M. |
| **Total (loss)/return for the year** | **(105,341)** | **738,741** | **N.M.** |
| | | | |
| **Total (loss)/return attributable to:** | | | |
| Non-controlling interests | 2,307 | (10,096) | N.M. |
| **Total (loss)/return attributable to Unitholders** | **(103,034)** | **728,645** | **N.M.** |
| Tax related and other adjustments | 340,306 | (461,873) | N.M. |
| **Income available for distribution to Unitholders** | **237,272** | **266,772** | **(11.1)** |
| Capital distribution[1] | 25,067 | 14,981 | 67.3 |
| **Distributable income** | **262,339** | **281,753** | **(6.9)** |
| Distribution per Unit (Singapore cents) | 7.04 | 7.62 | (7.6) |
| | | | |
| For information: | | | |
| **Adjusted NPI[2]** | **311,442** | **342,138** | **(9.0)** |

*Notes:*
1. *Capital distribution relates to (i) reimbursements received from the vendors in relation to outstanding lease incentives at the point of completion of the acquisition of certain properties in Australia and Europe in prior years; (ii) rental support received from vendors in relation to the acquisition of certain properties in the UK; (iii) coupon interest received from vendors in relation to the development of certain properties in the UK and (iv) distribution of divestment gains. The capital distribution in FY2023 translated to a DPU equivalent to approximately 0.67 Singapore cents (FY2022: 0.40 Singapore cents), of which rental support translated to a DPU equivalent to approximately 0.05 Singapore cents (FY2022: 0.09 Singapore cents)*
2. *Adjusted NPI comprises the actual NPI excluding straight-lining adjustments for rental income and adding lease payments of right-of-use assets*

# Financial **Review**

## Stable Financial Performance

For FY2023, FLCT reported revenue of $420.8 million and adjusted NPI of $311.4 million, representing decreases of 6.5% and 9.0% respectively, from $450.2 million and $342.1 million in FY2022. The year-on-year declines were mainly due to the weaker exchange rates, divestment of Cross Street Exchange, Singapore in 1HFY22, lower other income (mainly surrender fee) and lower average occupancies at Farnborough Business Park, Maxis Business Park and 357 Collins Street. Property operating expenses were higher mainly due to higher energy and utility expenses. These were in part offset by the full year effect of the acquisition of four properties in Australia in 2HFY22 and the contribution from Worcester, West Midlands (practical completion in February 2023) and Connexion II (practical completion in March 2023).

Excluding the impact of the interest expense on lease liabilities, FY2023 finance costs increased by $6.0 million as compared to FY2022. This was mainly due to the increase in interest rates and additional borrowings drawn. The weighted average cost of debt for FY2023 was 2.2% per annum (FY2022: 1.6%). As at 30 September 2023, 77.2% (30 September 2022: 81.7%) of our borrowings were at fixed rates.

The total loss attributable to Unitholders of the Trust for FY2023 was $103.0 million versus total return attributable to Unitholders of the Trust of $728.6 million in FY2022. This was mainly attributable to lower adjusted NPI and higher finance costs, net fair value loss on investment properties of $359.0 million versus a net fair value gain of $425.6 million in FY2022, lower gain on divestment of investment properties of $17.4 million versus $169.7 million in FY2022 and partially offset by net exchange gain of $5.0 million which relates to translation of foreign currency net assets on SGD functional currency entities and the exchange differences arising from settlement of foreign currency forward contracts.

A tax credit of $6.6 million was recognised for FY2023 versus a tax expense of $119.3 million recognised in FY2022. This was mainly due to the lower deferred tax as there was a net fair value loss on investment properties of $359.0 million in FY2023.

The REIT Manager has elected to receive 100% of the FY2023 management fee in the form of units (FY2022: 80.3%).

Income available for distribution to Unitholders was $237.3 million in FY2023, an 11.1% decline from $266.8 million recorded in FY2022. The REIT Manager has declared a capital distribution of $25.1 million for FY2023, $10.1 million higher than the $15.0 million paid-out in FY2022.

FY2023 DPU was 7.04 Singapore cents, compared to FY2022 DPU of 7.62 Singapore cents. FY2023 DPU represents a distribution yield of 6.6% per annum based on FLCT's closing price of $1.07 per Unit on 30 September 2023.

## Robust Balance Sheet

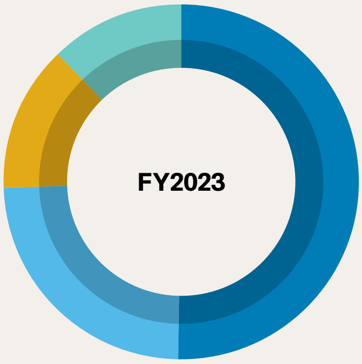
As at 30 September 2023, FLCT's aggregate leverage was 30.2%, compared to 27.4% as at 30 September 2022.

FLCT's weighted average cost of debt for FY2023 on a trailing 12 months was 2.2% per annum with 77.2% of borrowings at fixed rates. The REIT remains in compliance with all its financial covenants and is well-positioned to service its borrowings with an interest coverage ratio of 7.1 times as at 30 September 2023. FLCT has sufficient internal funds and facilities to meet its debt obligations due within the next 12 months.

## Accounting Policies

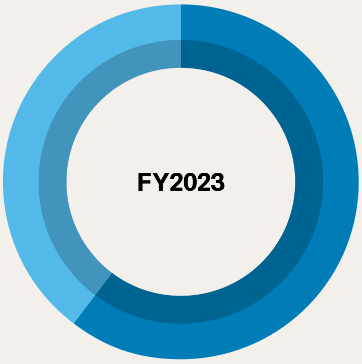
The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 Reporting Framework for Investment Funds issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment 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.

## Revenue by Geography



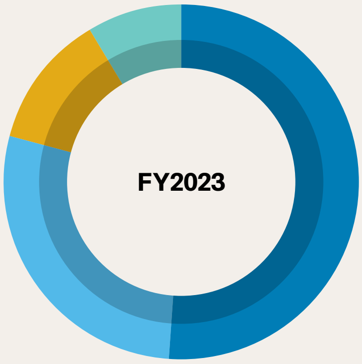

| | |
|---|---|
| Australia | 50.5% |
| Europe | 24.2% |
| Singapore | 13.2% |
| The UK | 12.1% |

## Revenue by Asset Class



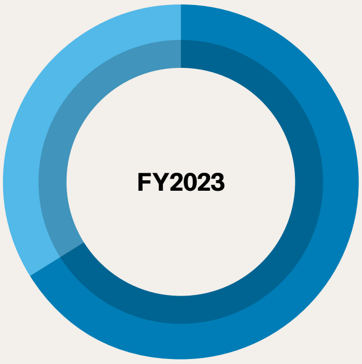

| | |
|---|---|
| Industrial | |
| – Australia | 35.2% |
| – Europe | 24.2% |
| – The UK | 1.3% |
| Commercial | |
| – Singapore | 13.2% |
| – Australia | 15.3% |
| – The UK | 10.8% |

## Net Property Income by Geography




| | |
|---|---|
| Australia | 51.3% |
| Europe | 28.0% |
| Singapore | 12.2% |
| The UK | 8.5% |

## Net Property Income by Asset Class




| | |
|---|---|
| Industrial | |
| – Australia | 36.9% |
| – Europe | 28.0% |
| – The UK | 1.4% |
| Commercial | |
| – Singapore | 12.2% |
| – Australia | 14.4% |
| – The UK | 7.1% |

# Capital **Management**

The Manager of FLCT maintains a prudent and disciplined approach to capital management to optimise the REIT's capital structure and balance sheet. Against a prolonged high interest rate environment, the Manager's proactive capital management approach provides FLCT with ample liquidity and financial flexibility to support the REIT's growth and portfolio enhancement initiatives.

| Key Financial Indicators | As at 30 Sep 2023 | As at 30 Sep 2022 |
|---|---|---|
| Total gross borrowings ($ million) | 2,037.9 | 1,977.6 |
| Aggregate leverage (total gross borrowings as a % of total assets) (%)[a] | 30.2 | 27.4 |
| Average cost of debt (%)[b] | 2.2 | 1.6 |
| Average weighted debt maturity (years) | 2.2 | 2.7 |
| ICR and adjusted ICR (times)[c] | 7.1 | 13.0 |
| Debt headroom ($ million) | | |
| - To 40% aggregate leverage[d] | 1,102.3 | 1,505.1 |
| - To 50% aggregate leverage[e] | 2,668.9 | 3,239.9 |

*Notes:*
a. *The impact of FRS 116 Leases, and the gross borrowings and total assets attributable to non-controlling interests have been excluded for the purpose of computing the aggregate leverage ratio*
b. *Based on the trailing 12 months borrowing costs*
c. *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 and 28 December 2021. 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 and for the purpose of adjusted ICR, distribution on hybrid securities. EBITDA includes gain on divestment of investment properties. Borrowing costs exclude interest expense on lease liabilities (effective from 28 December 2021)*
d. *On the basis of an aggregate leverage of 40%*
e. *On the basis of an aggregate leverage limit of 50% (with a minimum adjusted interest coverage ratio of 2.5 times) pursuant to the Property Funds Appendix*

## Proactive Approach Delivered Optimised Capital Structure

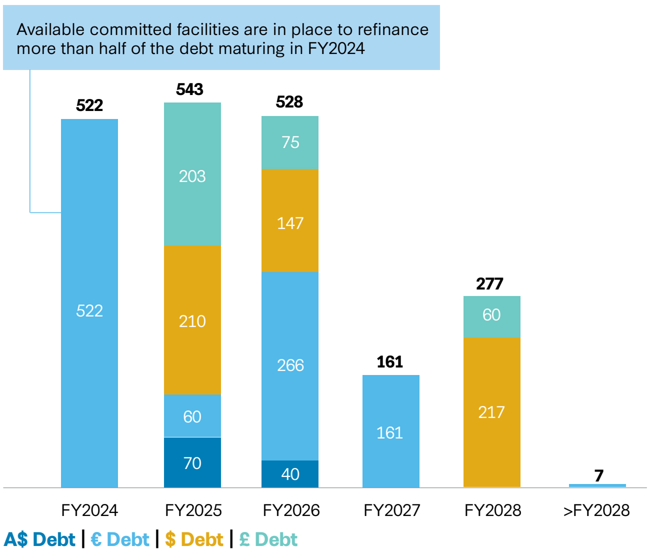
Through the Manager's proactive approach to capital management, FLCT closed FY2023 with total borrowings of approximately $2,037.9 million, a marginal increase from $1,977.6 million as at 30 September 2022. Total loans and borrowings increased mainly due to the continued drawdown of loans to fund capital expenses. In addition, the EUR and GBP denominated borrowings were translated at higher year-end exchange rates against SGD as compared to the prior year.

FLCT's aggregate leverage remained healthy at 30.2%, 2.8 percentage points higher than 27.4% at the end of FY2022. The aggregate leverage of 30.2%, one of the lowest[1] amongst S-REITs, provides FLCT with enhanced financial flexibility and an attractive debt headroom of $2,668.9 million[2] from which to deliver its growth and value creation strategy.

FLCT's interest coverage ratio remained high at 7.1 times as at 30 September 2023. This is a decline from 13.0 times in the year ended FY2022, mainly due to the recognition of a one-time gain on the divestment of Cross Street Exchange recognised in FY2022. Excluding the above mentioned gain, the interest coverage ratio would have been 8.5 times in FY2022. The average cost of debt was 2.2% as at 30 September 2023, 0.6 percentage point higher than a year ago mainly due to the higher interest rate environment.

S&P Global Ratings ("S&P") continues to maintain its 'BBB+' long-term issuer credit rating with stable outlook for FLCT. This is based on the S&P's expectation that FLCT will continue to maintain a prudent approach to acquisition to preserve its earnings stability and leverage.

### Debt Maturity Profile
(As at 30 September 2023)
(in $ millions)




1 *Information as per various company announcements at time of print.*
2 *On the basis of an aggregate leverage limit of 50.0% (with a minimum adjusted interest coverage ratio of 2.5 times) pursuant to the Property Funds Appendix.*

The Manager has structured a well-spread debt maturity profile with a weighted average debt tenor of 2.2 years for FLCT. No more than a third of borrowings will mature in any given year, minimising refinancing risk. FLCT remains well-positioned to meet its debt obligations with $522 million or 25.6% of total debt maturing in FY2024. There is no major refinancing due in 1HFY24 and over 98% of debt maturing in FY2024 will only be due in 2HFY24. The Manager has proactively sourced for refinancing options ahead of the FY2024 debt maturity. Floating rate facilities are already in place for more than half of the debt maturing in FY2024. The Manager is confident in securing facilities for the remaining debt due in 4QFY24.

In line with its prudent approach to capital management, the Manager will endeavour to maintain a well-staggered debt maturity profile for FLCT, optimise its cost of borrowings, and extend the debt tenor as it explores options to refinance borrowings ahead of their maturities. The Manager remains prudent in capital management to navigate emerging issues and risks including further global financial stress, the persistent inflation and the expected prolonged higher interest rate environment.

## Hedging Strategies

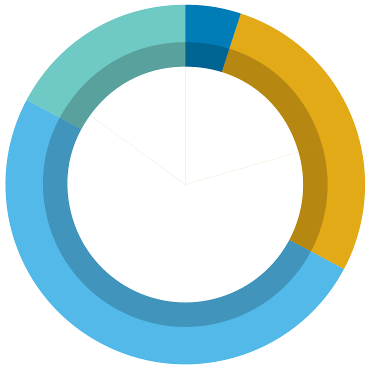
With FLCT's quality properties domiciled across five countries, the REIT derives its revenues from four major currencies: Australian Dollar, Singapore Dollar, Euro and British Pound. This diversification subjects FLCT to foreign exchange rate and interest rate risks, amongst others.

As part of its hedging strategy, the Manager utilises cross currency swaps to allow for a natural currency hedge when financing investments. Foreign exchange volatility is managed with currency forward contracts. A significant portion of FLCT's distributable income (net of anticipated local currency requirements) is hedged to meet distribution payments on a six-month rolling basis. The Manager will continue to closely monitor the FX market and where opportunities arise, hedge the foreign-sourced distribution beyond six months.

FLCT's exposure to interest rate volatilities is managed by hedging a majority of the REIT's borrowings in the range of 50% to 80% to fixed rates. As at 30 September 2023, 77.2% of total borrowings are at or hedged to fixed rates through interest rate swaps or cross currency interest rate swaps. The high proportion of fixed rate borrowings, which were largely locked in at a lower interest rate environment, has helped to mitigate impact of rising borrowing costs on the REIT.

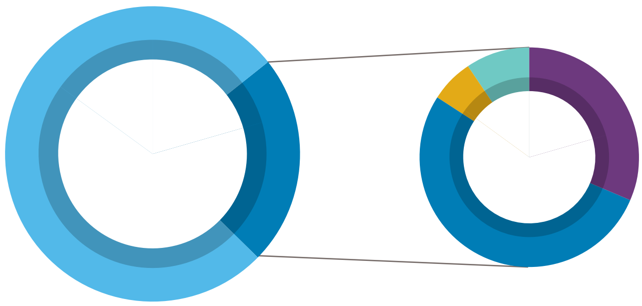
Based on FLCT's debt profile as at 30 September 2023, the Manager estimates that for every 50bps increase in interest rates on variable rate borrowings, the impact on DPU is approximately 0.06 Singapore cents.

### Debt Profile by Currency[a]
(As at 30 September 2023)



| | $ million | As % of Total |
|---|---|---|
| Australian Dollar | 110 | 5.4% |
| Singapore Dollar | 574 | 28.2% |
| Euro | 1,016 | 49.9% |
| British Pound | 338 | 16.5% |
| Total Debt | 2,038 | 100.0% |

### Interest Rate Profile
(As at 30 September 2023)



| | |
|---|---|
| Fixed Rate | 77.2% |
| Variable Rate | 22.8% |

| | |
|---|---|
| Singapore Dollar | 7.2% |
| Euro | 12.0% |
| Australian Dollar | 1.5% |
| British Pound | 2.1% |

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

# Operational **Review**

# A Resilient Portfolio of Quality Assets

Modern • Well-located • Sustainable

**96.0%**
Portfolio Occupancy[1]

**2.7**
million sqm Lettable Area

**+18.9%**
average vs. average[2]

**+7.8%**
incoming vs. outgoing[3]

Significant Portfolio Reversions in FY2023

## Logistics & Industrial

**99**
L&I Properties[4]

**100%**
L&I Occupancy[1] Rate

## Commercial

**8**
Commercial Properties

**89.9%**
Commercial Occupancy[1] Rate

1 *Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2023. Excludes straightlining rental adjustments and includes committed leases*

2 *Calculated based on the midpoint gross rent (including any contracted fixed annual rental step-ups) of the new/renewed lease divided by the midpoint rent of the preceding lease. Excludes newly created space, leases on spaces with extended void periods of more than 18 months, incentives and lease deals with a term of less than six months.*

3 *Calculated based on the signing gross rent (excluding any contracted fixed annual rental step-ups and incentives) of the new/renewed lease divided by the preceding terminating gross rent of each new/renewed lease (weighted by gross rent). Excludes newly created space, leases on spaces with extended void periods of more than 18 months, and lease deals with a term of less than six months*

4 *Excludes the property under development in the UK*

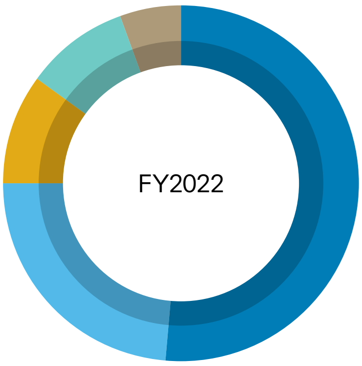
# Operational **Review**

As the Manager of FLCT, our objective is to continually improve the quality of our asset portfolio and optimise its operational performance for enhanced returns over the long-term. Our commitment to achieving this goal is grounded in our proactive approach to investment and asset management.

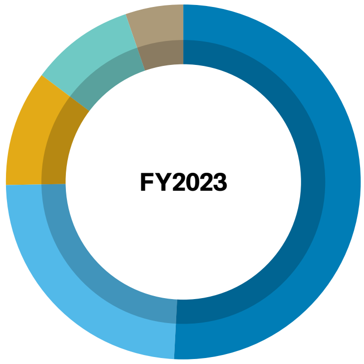
In the light of the challenging geopolitical and macroeconomic environment in FY2023, we maintained a prudent approach to our near-term growth. Our emphasis leaned towards fostering organic growth. We completed the development of the two logistics & industrial properties in the UK during the year, namely Connexion II and Worcester which are both located in The Midlands. The Midlands, which consist of the East and West Midlands, two of England's nine official regions, are important industrial and logistical hubs for the UK. Development of Ellesmere Port is expected to be completed in 1HFY24.

As at 30 September 2023, FLCT has 107 quality logistics and commercial properties[5] across five countries: Australia, Germany, Singapore, the UK and the Netherlands. Valued at $6.4 billion[6], FLCT's portfolio comprises 2.7 million sqm of quality lettable area.

## Portfolio Value by Geography

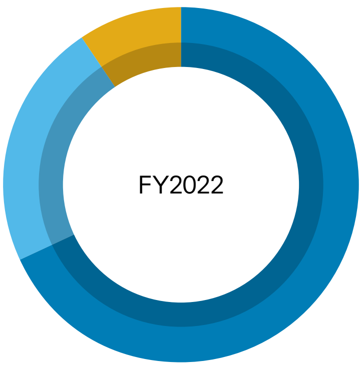



| | |
|---|---|
| Australia | 51.4% |
| Germany | 23.8% |
| Singapore | 9.9% |
| The UK | 9.4% |
| The Netherlands | 5.5% |

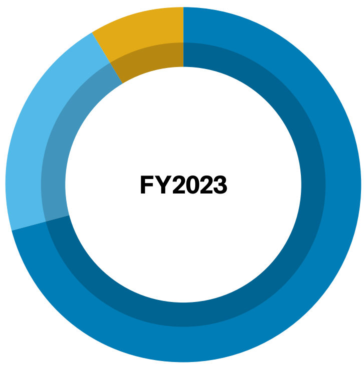



| | |
|---|---|
| Australia | 50.9% |
| Germany | 23.9% |
| Singapore | 10.5% |
| The UK | 9.5% |
| The Netherlands | 5.2% |

## Portfolio Value by Asset Type




| | |
|---|---|
| Logistics & Industrial | 68.3% |
| Suburban Office & Business Parks | 22.4% |
| CBD Commercial | 9.3% |



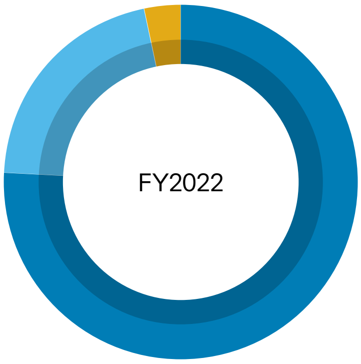

| | |
|---|---|
| Logistics & Industrial | 69.6% |
| Suburban Office & Business Parks | 21.9% |
| CBD Commercial | 8.5% |

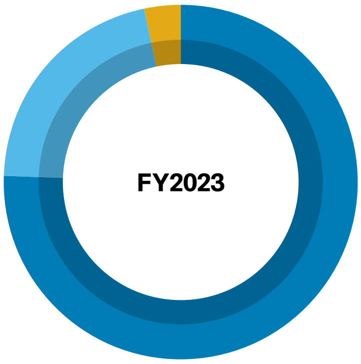
5 *Excludes the property under development in the UK*
6 *Excludes the property under development in the UK and right-of-use assets*

## Our Portfolio is Largely Freehold

As at 30 September 2023, FLCT's portfolio comprises 96.9% of freehold and properties with more than 75-year leasehold by value. Properties with a leasehold tenure of more than 75 years constituted 21.2% of our portfolio by value, while a majority of 75.7% comprise freehold properties.

### Portfolio Land Tenure by Value




| | |
|---|---|
| Freehold | 75.9% |
| > 75-year leasehold | 21.0% |
| Other leasehold | 3.1% |

| | |
|---|---|
| Freehold | 75.7% |
| > 75-year leasehold | 21.2% |
| Other leasehold | 3.1% |

## Building Resilience Through Tenant Diversification

FLCT continued to maintain a well-diversified base of over 300 high-quality and well-established tenants across five countries as at 30 September 2023. The diversity of our tenant base, which comprises predominantly multinationals, conglomerates, public-listed entities and government related entities, underpins our resilience through industry cycles.

Demonstrating the level of income diversity, the top 10 tenants accounted for 25.4% of our portfolio's gross rental income ("GRI") with no single tenant accounting for more than 5% during FY2023. Adding to our portfolio resilience, our tenant base is concentrated in the high-performing and growing 3PL/Distribution and Consumer and Retail sectors.

### Top 10 Tenants of FLCT by GRI

(As at 30 September 2023)

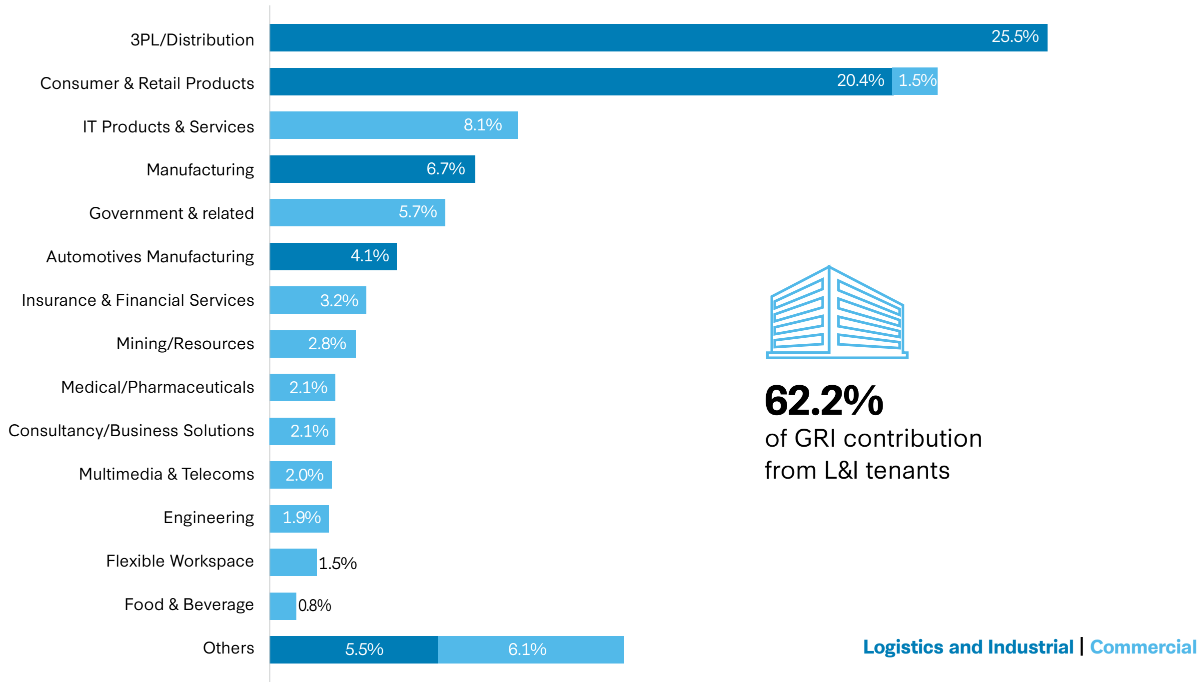
| Tenant | Country | Type of Business | % of GRI[7] | WALE (years)[7] |
|---|---|---|---|---|
| Commonwealth of Australia | Australia | Government | 4.8% | 1.8 |
| Google Asia Pacific | Singapore | Information Technology | 4.3% | 0.9 |
| Hermes Germany | Germany | 3PL/Distribution | 2.9% | 9.0 |
| Rio Tinto Shared Services | Australia | Resources | 2.4% | 6.8 |
| BMW | Germany | Automotive | 2.3% | 4.9 |
| CEVA Logistics | Australia | 3PL/Distribution | 2.0% | 3.3 |
| Techtronic | Australia | Consumer & Retail Products | 1.8% | 1.4 |
| Schenker | Australia | 3PL/Distribution | 1.7% | 2.8 |
| Mainfreight | The Netherlands | 3PL/Distribution | 1.6% | 7.4 |
| Commonwealth Bank of Australia | Australia | Banking | 1.6% | 2.8 |

*7 Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of September 2023. Excludes straightlining rental adjustments and include committed leases*

# Operational **Review**

## Portfolio Tenant Sector Breakdown by GRI[8]

Well-diversified Tenant Base with Positive Exposure to 'New Economy' Sectors[9]
(As at 30 September 2023)




## Significant Rental Reversions Achieved on Steady Leasing Demand

On the back of steady leasing demand, we secured 32 lease renewals with existing tenants and closed 32 new leases with new tenants during the year. In aggregate, the lease renewals and new leases accounted for approximately 492,000 sqm or 18.5% of the portfolio lettable area, with the logistics & industrial sector making up most of the leases committed.

Overall, the portfolio average rental reversion achieved for FY2023 was 7.8% on an incoming rent vs. outgoing rent basis[10] ("incoming vs. outgoing") and 18.9% for the average rent of new leases as compared to the average rent of preceding leases basis[11] ("average vs. average").

8 *Excludes vacancies*
9 *"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); IT and services amongst others*
10 *Calculated based on the signing gross rent (excluding any contracted fixed annual rental step-ups and incentives) of the new/renewed lease divided by the preceding terminating gross rent of each new/renewed lease (weighted by gross rent). Excludes newly created space, leases on spaces with extended void periods of more than 18 months, and lease deals with a term of less than six months*
11 *Calculated based on the midpoint gross rent (including any contracted fixed annual rental step-ups) of the new/renewed lease divided by the midpoint rent of the preceding lease. Excludes newly created space, leases on spaces with extended void periods of more than 18 months, incentives and lease deals with a term of less than six months*

## Enhancing Stability Through Proactive Leasing

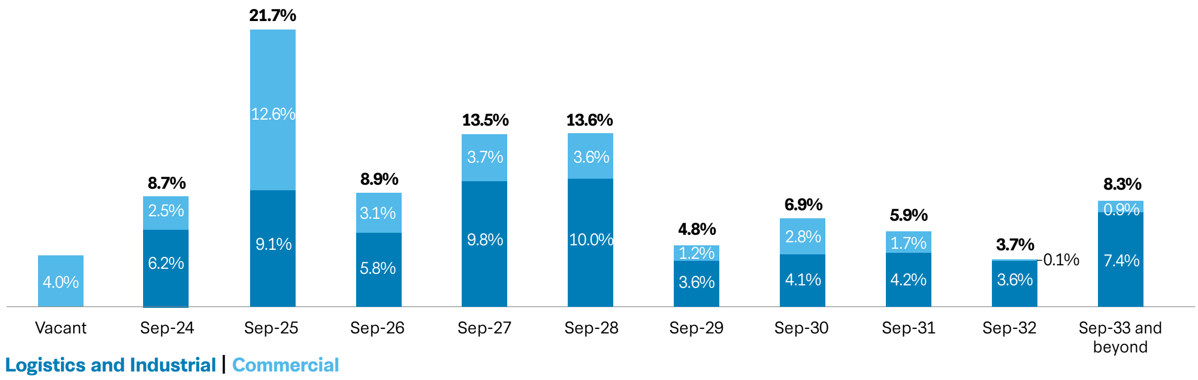
Our proactive approach to asset management allows us to engage tenants on forward lease renewals to ensure that our portfolio lease expiry profile is evenly distributed. This allows us to minimise tenant related risks and enhance the REIT's stability of income.

During the year, we saw healthy leasing activity across our properties. As a result, we closed the year with a well-spread lease expiry profile that ensured no more than 22% of GRI expires in any given year. Our portfolio had a WALE of 4.3 years as at 30 September 2023. By asset class, the WALE for our logistics & industrial portfolio was 5.1 years while the WALE for our commercial portfolio was 3.1 years.

As at 30 September 2023, our portfolio had a WALB of 4.1 years. On a sectoral basis, the WALB for the logistics & industrial portfolio was 5.0 years while the commercial portfolio had a WALB of 2.7 years.

As part of our lease negotiations, we seek to incorporate step-up rent structures which will provide FLCT with certainty of rental growth. These step-up rent structures include periodic fixed rent increments, inflation linked rent adjustments and market reviews. Leases for logistics & industrial assets in Australia generally have fixed annual increments while the majority of our leases in Europe incorporate CPI-linked indexation.

**Portfolio Lease Expiry Profile**
(As at 30 September 2023)




## High Occupancies Spurred by Proactive Lease Management

Our ability to consistently deliver high occupancy across our assets is underpinned by our proactive approach to lease management and the quality of our asset portfolio, which have benefited from a flight-to-quality approach as tenants focus on health and well-being, strong amenity and modern accommodation which enhances operational efficiencies.

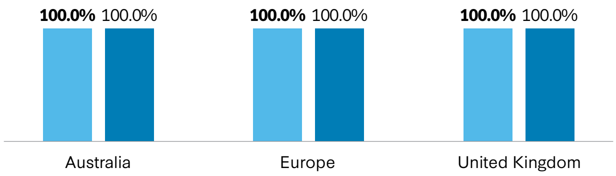
We are cognisant that fostering strong tenant-landlord relationships is a core component of good asset management and key to the long-term operational success of our properties. With this in mind, we initiate proactive interactions with all our tenants right from the start to grasp their immediate operational needs, in addition to comprehending their business model and their long-term growth aspirations.

As a result, we closed the year with an overall portfolio occupancy level of 96.0%. On a sectoral basis, our logistics & industrial portfolio remained fully occupied for the fourth consecutive year while our commercial portfolio remained relatively stable with an occupancy of 89.9% as at 30 September 2023.

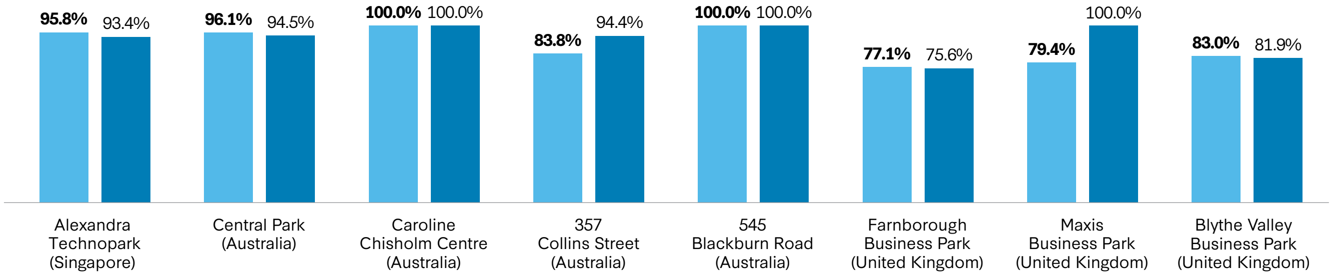
# Operational **Review**

## Occupancy[12] Across Asset Types

### Logistics & Industrial Portfolio




### Commercial Portfolio




## Value-Accretive Developments

We remain focused on growing FLCT's core logistics & industrial portfolio in our existing markets. In FY2023, we have successfully completed two development projects in the UK, Worcester and Connexion II, while the ongoing development for Ellesmere Port is scheduled for completion in FY2024.

The development of Worcester was completed in February 2023, and was our first forward-funding project. Worcester, located in West Midlands, is prominently positioned near the entrance to the business park. The 16,734 sqm freehold development has a committed lease term of 15 years with Alliance Flooring Distribution Limited, subject to five yearly upward only rent reviews and is the tenant's headquarter flagship warehouse in the UK. The building has been constructed to high specifications with a target Energy Performance Certificate ("EPC") rating of "A", the highest rating for energy certification.

Development of Connexion II was completed in March 2023. Connexion II is located in Blythe Valley Business Park in West Midlands, one of England's nine official regions that is an important industrial and logistical hub for the UK. The property is also within proximity to Birmingham, the UK's second-largest city with a population of 1.1 million. All three units at Connexion II are leased on 10-year leases to high-quality customers Tesla Motors Limited, an automotive and clean energy company; Solotech UK Group Ltd, an audio-visual solutions provider; and Reeley Limited, a leading supplier to the UK's lift and escalator industry. The project also achieved a BREEAM Excellent rating.

We are on track for the completion of our second forward-funding project, Ellesmere Port in 1HFY24, a prime 62,211 sqm freehold logistics & industrial development. The development is located within UK's North West logistics & industrial market at Hooton Business Park which benefits from exceptional road, rail and sea connectivity, and is known for its links to automotive engineering. With a committed 15-year lease term to Peugeot Motor Company Plc, the property will serve as its national distribution centre upon completion. The property will be developed to high building and sustainability specifications and will meet BREEAM Outstanding rating and EPC rating of "A".

12 *Based on GRI, being the contracted rental income and estimated recoverable outgoings. Excludes straightlining rental adjustments and includes committed leases. Current gross market rental adopted for vacant accommodation*

| **Developments** |  |  |  |
|---|---|---|---|
| **Property** | Worcester, West Midlands, United Kingdom | Connexion II, Blythe Valley Business Park, Solihull, United Kingdom | Ellesmere Port, Cheshire, North West England, United Kingdom |
| **Status** | Completed | Completed | Ongoing |
| **Asset Type** | Logistics & Industrial | Logistics & Industrial | Logistics & Industrial |
| **NLA (sqm)** | 16,734 | 10,996 | 62,211 |
| **Land Tenure** | Freehold | Freehold | Freehold |
| **Tenant(s)** | Alliance Flooring Distribution Limited | • Tesla Motors Limited<br>• Solotech UK Group Ltd<br>• Reeley Limited | Peugeot Motor Company Plc |
| **Tenant(s) Trade Sector** | • Manufacturing | • Automotive<br>• Audio-visual solutions provider<br>• Manufacturing | • Automotive |
| **Occupancy as at 30 September 2023** | 100.0% | 100.0% | N.A. |
| **Valuation as at 30 September 2023** | $36.7 million | $37.3 million | $81.9 million |
| **Development Completion** | February 2023 | March 2023 | Expected completion in 1HFY24 |

In October 2023, FLCT entered into a sale and purchase agreement with Willems Bouwbedrijf B.V. and Joep Willems Holdings B.V., and a turnkey design and build agreement with Willems Bouwbedrijf B.V., for a freehold forward-funding logistics development situated within Aviation Valley business park and next to Maastricht Airport in the Netherlands. Aviation Valley is the country's second largest cargo hub, with easy access to major national and international logistics routes to Germany, Belgium and throughout the Netherlands. The €14.5 million development is pre-let for a period of 10 years and was purchased at 12.7% discount to valuation[13].

## Commitment to Environmental, Social, and Governance

Our dedication to promoting Environmental, Social, and Governance (ESG) practices aligns closely with the values and goals of our Sponsor. In 2023, we achieved a rating of "A" in the MSCI ESG Rating assessment, retained our 5-Star GRESB rating and maintained the highest Green Star Performance rated industrial portfolio in Australia.

*For more information on our sustainability objectives and progress to-date, please refer to the ESG Report on pages 110 to 156 of this report.*

*Artist's impression of proposed development at Maastricht, the Netherlands*

13 *Valued by Savills Valuation at €16.6 million on a completed and pre-let basis, assuming no real estate transfer tax is payable*

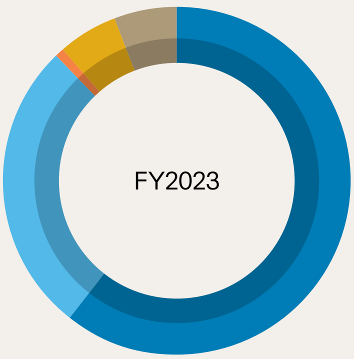
# Portfolio **Overview**

**107**
well-located modern properties[1]

**5**
developed countries

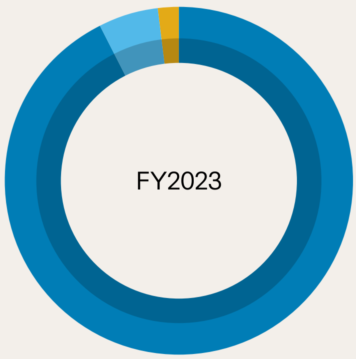
**$6.4**
billion
portfolio valuation[2]

### Portfolio Properties by Geography




| | No. of Properties 30-Sep-23 | No. of Properties 30-Sep-22 |
|---|---|---|
| Australia | 65 | 65 |
| Germany | 29 | 29 |
| Singapore | 1 | 1 |
| The UK | 6 (▲2) | 4 |
| The Netherlands | 6 | 6 |

### Portfolio Properties by Asset Type




| | No. of Properties 30-Sep-23 | No. of Properties 30-Sep-22 |
|---|---|---|
| Logistics & Industrial | 99(▲2) | 97 |
| Suburban Office & Business Parks | 6 | 6 |
| CBD Commercial | 2 | 2 |

1 *Excludes the property under development in the UK*
2 *Excludes the property under development in the UK and right-of-use assets*

## Australia

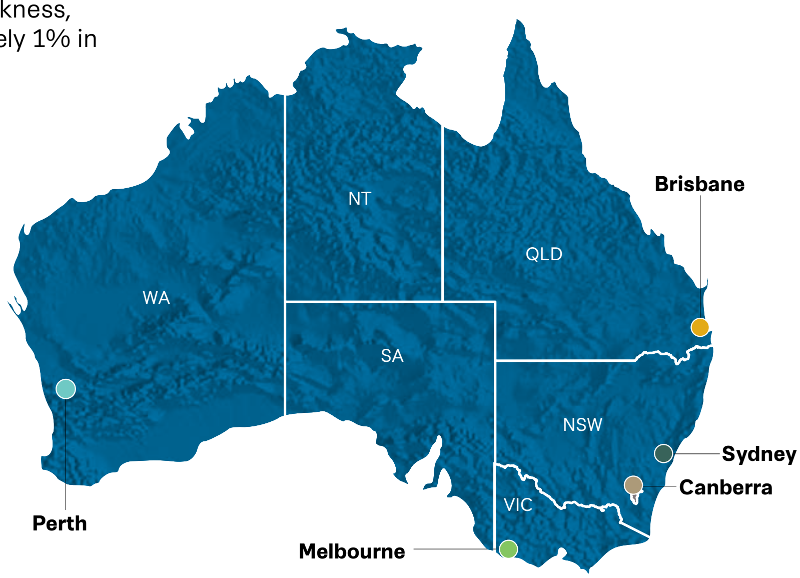
**Portfolio: 65 properties**
**Lettable Area: 1,459,908 sqm**
**Valuation: $3.3 billion**

As the world's 14th largest economy, Australia has a GDP of approximately US$1.69 trillion[3]. In its September 2023 statement[4], the Reserve Bank of Australia, described the Australian economy as experiencing a period of below-trend growth. With high inflation weighing on real incomes, household consumption growth remains weak. With the continued weakness, the economy is expected to grow approximately 1% in 2023[5].

Valued at $3.3 billion, our Australian properties are located in key cities along Australia's eastern and western seaboard. These 65 well-located and modern properties, covering logistics & industrial, CBD commercial and office and business park assets, supported 146 local and multinational tenants at the end of FY2023.

*For more information, please refer to the Independent Market Research section on page 74 of this report.*

| | No. of Properties |
|---|---|
| **Melbourne** | **34** |
| **Sydney** | **16** |
| **Brisbane** | **12** |
| **Perth** | **2** |
| **Canberra** | **1** |




| City (State/Territory) | Logistics and Industrial | | Suburban 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) | 32 | 667,428 | 1 | 7,311 | 1 | 31,780 | 34 | 706,519 |
| Sydney (New South Wales) | 16 | 397,153 | - | - | - | - | 16 | 397,153 |
| Brisbane (Queensland) | 12 | 229,808 | - | - | - | - | 12 | 229,808 |
| Perth (Western Australia) | 1 | 20,143 | - | | 1 | 66,041 | 2 | 86,184 |
| Canberra (Australian Capital Territory) | - | - | 1 | 40,244 | - | - | 1 | 40,244 |
| Total | 61 | 1,314,532 | 2 | 47,555 | 2 | 97,821 | 65 | 1,459,908 |

| City (State/Territory) | Logistics and Industrial | | Suburban 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) | 1,133.2 | 17.6% | 42.0 | 0.7% | 224.1 | 3.5% | 1,399.3 | 21.8% |
| Sydney (New South Wales) | 908.2 | 14.1% | - | - | - | - | 908.2 | 14.1% |
| Brisbane (Queensland) | 424.1 | 6.6% | - | - | - | - | 424.1 | 6.6% |
| Perth (Western Australia) | 9.4 | 0.1% | | | 320.9 | 5.0% | 330.3 | 5.1% |
| Canberra (Australian Capital Territory) | - | - | 216.6 | 3.4% | - | - | 216.6 | 3.4% |
| Total | 2,474.9 | 38.4% | 258.6 | 4.1% | 545.0 | 8.5% | 3,278.5 | 51.0% |

3 *Based on IMF DataMapper World Economic Outlook (October 2023)*
4 *https://www.rba.gov.au/media-releases/2023/*
5 *https://www.rba.gov.au/publications/smp/2023/aug/economic-outlook.html*

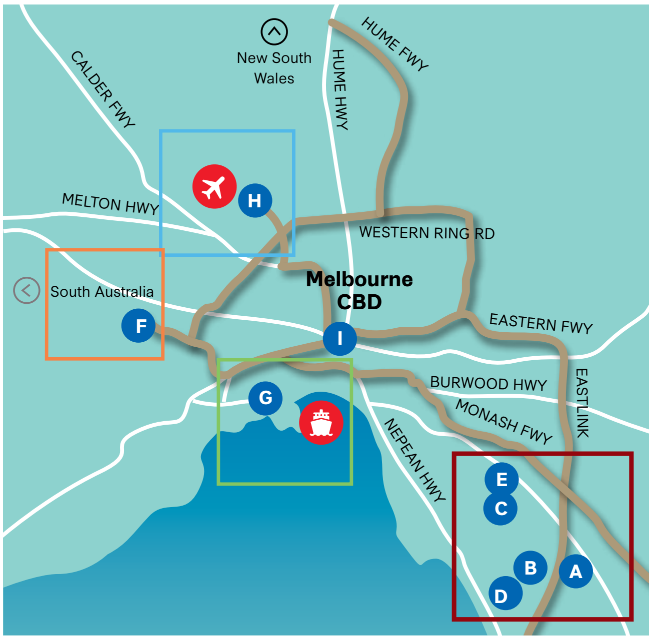
# Portfolio **Overview**

## Melbourne, Victoria

**Portfolio: 34 properties**
**Lettable Area: 706,519 sqm**
**Valuation: $1.4 billion**

Melbourne is the capital of the Australian state of Victoria, and the second-most populous city in Australia with over 5.03 million residents[6]. The city is one of the fastest growing regions in Australia and a significant contributor to the Australian economy.

FLCT's Melbourne portfolio comprises 32 logistics & industrial properties, one CBD commercial building and one Office & Business Park. Our logistics & industrial properties are located in the west, north and southeast industrial precincts of Melbourne, while our office assets are located in the CBD and south-eastern commercial precinct.




| Precinct | Location | Map | Properties | Precinct Characteristics |
|---|---|---|---|---|
| **South East** | | | | |
| | South Park Industrial Estate | A | 5 | • Good access to the large residential population base through M1 (Monash Freeway) and M3 (Eastlink)<br>• Rising scarcity of developable land in the Southeast sub-markets<br>• Rezoning of industrial land to residential and commercial to limit supply |
| | The Key Industrial Park | B | 9 | |
| | Mulgrave | C | 1 | |
| | Braeside Industrial Estate | D | 1 | |
| | Mount Waverley | E | 1 | |
| **West** | | | | |
| | West Melbourne | F | 9 | • Access to key freeways, including the Tullamarine Freeway, Citylink Tollway and Western Ring Road, together with the Tullamarine Airport<br>• Accessible to Sydney via the Hume Highway |
| | Altona Industrial Park | G | 1 | |
| **North** | | | | |
| | Melbourne Airport Business Park | H | 6 | • Australia's largest business park in excess of 500 hectares<br>• Close to the shipping port and access to the M1, Geelong Road, and M80 Western Ring Road |
| **CBD** | | | | |
| | Central Business District | I | 1 | • Australia's largest CBD in terms of commercial space |

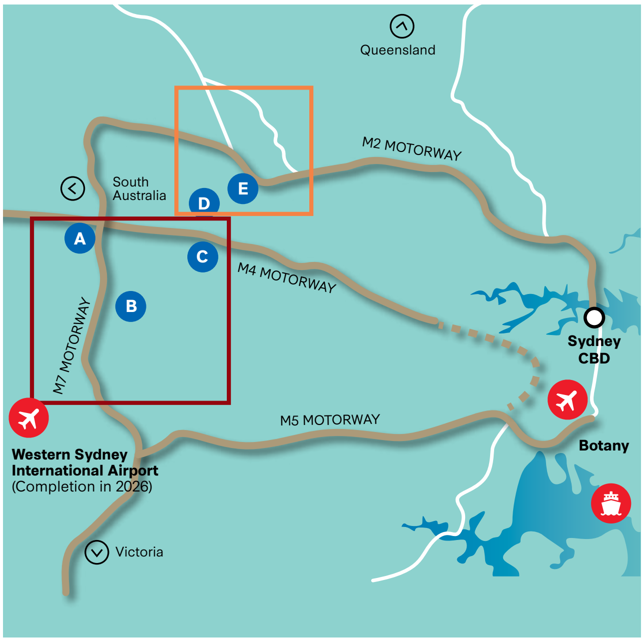
6 *https://www.abs.gov.au/statistics/people/population/regional-population/latest-release*

## Sydney, New South Wales

**Portfolio: 16 properties**
**Lettable Area: 397,153 sqm**
**Valuation: $0.9 billion**

Sydney is the capital city of the state of New South Wales, and the most populous city in Australia with almost 5.3 million residents[7]. Sydney's economy is primarily driven by industries such as financial and professional services, information technology, health, education and research[8].

Our Sydney portfolio comprises 16 modern logistics & industrial assets which are well-located along or nearby major freeways. In general, these properties have excellent connectivity to Sydney's CBD, shipping 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<br>• 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<br>• 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<br>• International trade gateway for bulk agricultural, automotive, construction and mining industries |

7 *https://www.abs.gov.au/statistics/people/population/regional-population/latest-release*
8 *https://businessevents.australia.com/en/destinations/sydney/industry-sectors.html*

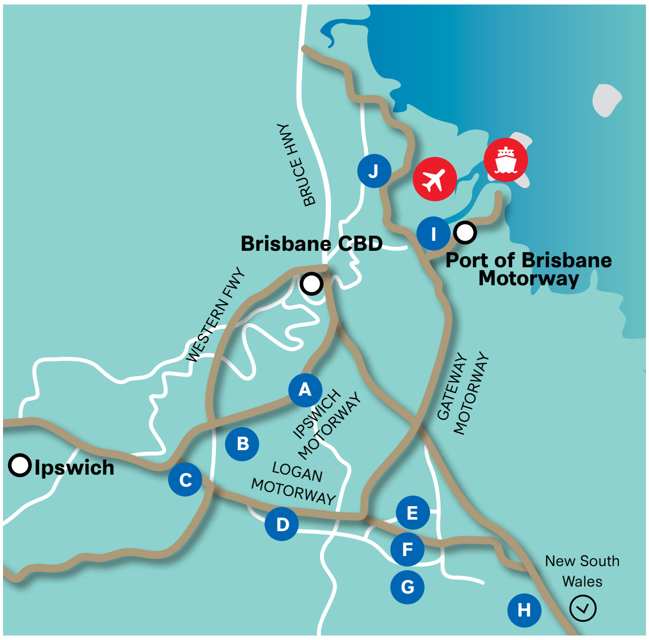
# Portfolio **Overview**

## Brisbane, Queensland

**Portfolio: 12 properties**
**Lettable Area: 229,808 sqm**
**Valuation: $0.4 billion**

Brisbane is the capital and most populous city of the Australian state of Queensland, and Australia's third most populous city with over 2.6 million residents[9]. The city is one of the major business hubs in Australia, driven by industries such as mining, banking, insurance, transportation, information technology, and real estate.

FLCT's Brisbane portfolio comprises 12 logistics & industrial buildings located primarily 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<br>• Strong demand due to scarcity of land |
| | 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<br>• Access to the north and south via the M1<br>• Supply is constrained |
| **Northern** | | | | |
| | Earnshaw Road | J | 1 | • Services the population to the North of Brisbane via Gympie Road, Bruce Highway and Houghton Highway<br>• Limited availability of development land<br>• Government studying to enhance the North-West Transport Network including a A$9.5 billion a six-lane tunnel which would connect with Airport Link |

9 *https://www.abs.gov.au/statistics/people/population/regional-population/latest-release*

## Perth, Western Australia

**Portfolio: 2 properties**
**Lettable Area: 86,184 sqm**
**Valuation: $0.3 billion**

The city of Perth is the fourth largest city in Australia with approximately 2.2 million residents[9]. The capital of Western Australia has an economy which is largely driven by three industries: Mining; Professional, Scientific and Technical Services; and Finance and Insurance.

FLCT's Perth portfolio comprises one logistics & industrial building and one quality CBD commercial building. Both assets enjoy strong connectivity to the city's airport and shipping port.

| Location | Properties | Precinct Characteristics |
| --- | --- | --- |
| Perth Airport | 1 | • Close to key infrastructure, including Perth Airport and Freemantle Port<br>• Easy access to, or in Perth's CBD<br>• Perth Airport Masterplan 2020 includes a A$2.5 billion upgrade to meet expected air freight demand of 383,000 tonnes by 2040 |
| Perth CBD | 1 | |

## Canberra, Australian Capital Territory

**Portfolio: 1 property**
**Lettable Area: 40,244 sqm**
**Valuation: $0.2 billion**

Canberra is the capital of Australia and home to approximately 0.5 million residents[9]. The city is also home to a number of government related organisations and several technology related industries such as defence, cybersecurity, agri-tech, renewable energy and space. The city also has a vibrant education and tourism sector.

FLCT has one quality suburban office building located in Tuggeranong Town Centre.

| 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 |

# Portfolio **Overview**

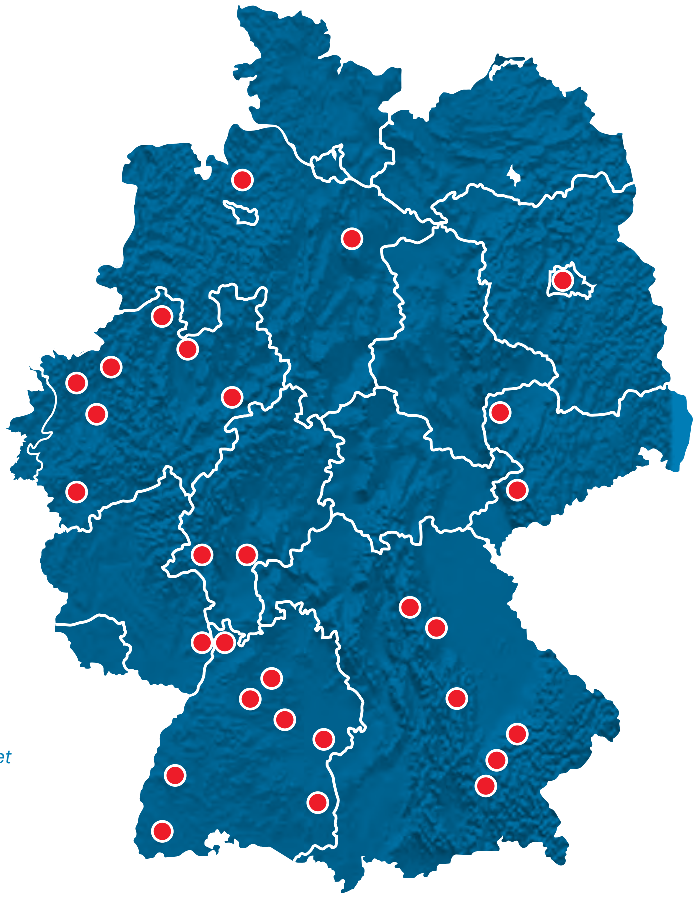
## Germany

**Portfolio: 29 properties**
**Lettable Area: 709,770 sqm**
**Valuation: $1.5 billion**

In its July 2023 report, the Deutsche Bundesbank, Germany's Central Bank, said that inflation peaked at 11.6% in October 2022 and continues to be a key concern. To address rising costs, the, government tightened monetary policy and raised interest rates by a total of four percentage points in eight consecutive steps since 3Q2022. Whilst these fiscal policies are expected to stabilise macroeconomic developments and drive demand, the central bank expects the economy to record "a slight decline of 0.3% for FY2023".

FLCT's portfolio consists of 29 in-demand logistics & industrial properties located in major global logistics hubs across Germany including Hamburg – Bremen, Leipzig – Chemnitz, Munich – Nuremberg, Stuttgart – Mannheim, Frankfurt, Düsseldorf – Cologne, Bielefeld and Berlin.

*For more information, please refer to the Independent Market Research section on page 82 of this report.*



| Region | Properties | Lettable Area (sqm) | Valuation ($ million) | % FLCT Portfolio Valuation |
|---|---|---|---|---|
| Hamburg – Bremen | 2 | 32,170 | 52.7 | 0.8% |
| Leipzig – Chemnitz | 2 | 29,332 | 48.0 | 0.7% |
| Munich – Nuremberg | 6 | 164,909 | 364.8 | 5.7% |
| Stuttgart – Mannheim | 9 | 273,833 | 613.0 | 9.5% |
| Frankfurt | 2 | 36,439 | 128.9 | 2.0% |
| Düsseldorf – Cologne | 6 | 137,609 | 226.7 | 3.5% |
| Bielefeld | 1 | 22,336 | 43.3 | 0.7% |
| Berlin | 1 | 13,142 | 66.3 | 1.0% |
| Total | 29 | 709,770 | 1,543.7 | 23.9% |

| Cluster | Characteristics |
|---|---|
| Hamburg – Bremen | • Hamburg is Germany's largest port and second largest city<br>Access to Bremen Airport, Hannover-Langenhagen Airport and Braunschweig-Wolfsburg Airport<br>Well-connected to motorways such as A28, A29, A293, A2 and A391 |
| Leipzig – Chemnitz | • Serviced by Leipzig/Halle Airport and Dresden Airport<br>• Leipzig is well-connected via rail and serves as an important junction of the north to south and west to east railway lines<br>• Chemnitz is situated at the intersection of two key motorways – the A4 Erfurt-Dresden and the A72 Hof-Leipzig Autobahns |
| Munich – Nuremberg | • Munich is Germany's third largest city and has a strong economy driven by high-tech, biotechnology, IT, automobiles and engineering<br>• Ranked as the #1 hi-tech location in Europe by the European Commission<br>• Located on the intersection of two core network corridors of the Trans European Transport Network<br>• 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<br>• Mannheim is Germany's second most important intercity railway junction with Paris about 3 hours away |
| Frankfurt | • Frankfurt is Germany's fifth largest city and a global hub for commerce, culture, education, tourism and transportation<br>• Key global gateway in Europe: 3-hour reach to every business metropolis in Europe<br>• Frankfurt Airport is the biggest cargo airport in Germany and one of the largest international airports in the world |
| Düsseldorf – Cologne | • Düsseldorf is the seventh largest city in Germany and an international business and financial centre<br>• A major hub in the Deutsche Bahn railway network and is also directly accessible via the A3 motorway<br>• Served by Cologne Bonn Airport (ranked third busiest air cargo hub in Germany) and Düsseldorf International Airport (ranked third in passenger traffic in Germany) |
| Bielefeld | • Access to Paderborn Lippstadt Airport, Münster Osnabrück International Airport and Hannover Airport<br>• Well-connected to two major motorways, the A2 and A33<br>• Bielefeld railway station is part of the German ICE high-speed railroad system |
| Berlin | • Berlin is the capital and the largest city in Germany. Its economy is driven by IT, pharmaceuticals, biomedical engineering, clean tech, biotechnology, construction and electronics industries<br>• Access to Tegel Airport and Schönefeld Airport<br>• Well-connected via rail to all major German cities and many cities in Europe<br>• Convenient access to a network of roads and motorways |

# Portfolio **Overview**

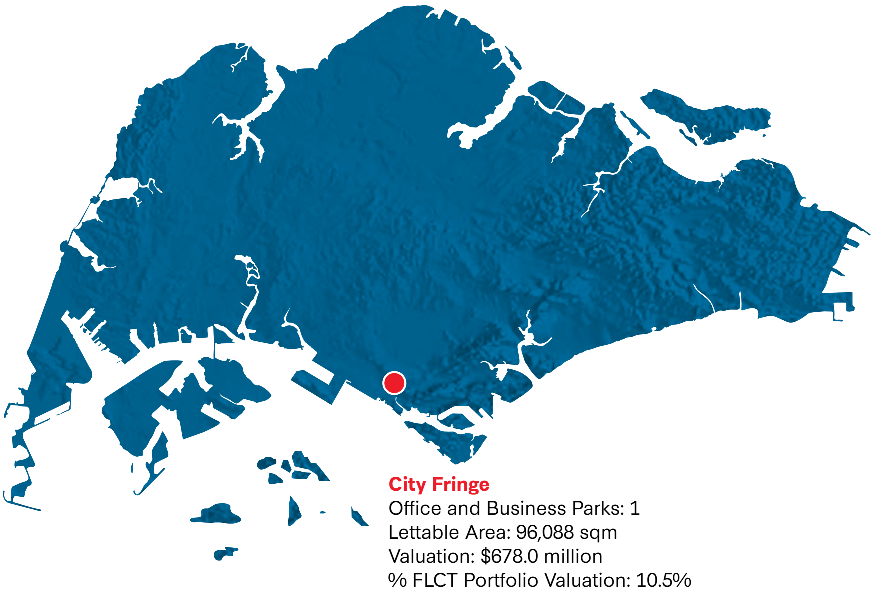
## Singapore

**Portfolio: 1 property**
**Lettable Area: 96,088 sqm**
**Valuation: $0.7 billion**

In its August 2023 report, the Ministry of Trade and Industry said that Singapore's economy has weakened and the government has narrowed Singapore's GDP growth forecast for 2023 to "0.5 to 1.5 per cent"[10]. Dependent on international trade, Singapore may be affected by tighter global financial conditions, and disruptions related to geopolitical tensions.

Alexandra Technopark, a quality office & business park located in the southern district of Singapore, is FLCT's flagship and sole asset in Singapore. Valued at $678.0 million, Alexandra Technopark has a diverse occupier base of 57 tenants, with an occupancy of 95.8%.

*For more information, please refer to the Independent Market Research section on page 91 of this report.*




10 *"MTI Narrows Singapore's GDP Growth Forecast for 2023 to "0.5 to 1.5 Per Cent"", Ministry of Trade and Industry, 11 August 2023*

## The UK

**Portfolio: 6 properties**
**Lettable Area: 158,046 sqm**
**Valuation: $0.6 billion**

In its June 2023 note, the Organisation for Economic Co-operation and Development ("OECD") expects the United Kingdom to grow a modest 0.3% in 2023 and 1.0% in 2024[11]. Monetary policy is expected to remain tight, weighing on output and lowering inflation.

FLCT's UK portfolio comprises three business parks and three logistics & industrial properties. The three business parks include Farnborough Business Park and Maxis Business Park, both located west of London in Thames Valley and Bracknell, respectively; and Blythe Valley Business Park, an integrated logistics and business park located in Solihull, near Birmingham.

Two logistics & industrial properties – Connexion and Connexion II – are located in Solihull, near Birmingham, whilst the third logistics & industrial building is located in Worcester.

Well-located in the UK's thriving and highly accessible hubs, the six properties have a total valuation of $609.8 million. The UK assets have a tenant base of 83 tenants and an aggregate leaseable area of 158,046 sqm.

*For more information, please refer to the Independent Market Research section on page 95 of this report.*

| Location | Logistics and Industrial Properties | Logistics and Industrial Lettable Area (sqm) | Suburban Office and Business Parks Properties | Suburban Office and Business Parks Lettable Area (sqm) | Total Properties | Total Lettable Area (sqm) |
|---|---|---|---|---|---|---|
| Birmingham | 2 | 30,530 | 1 | 42,197 | 3 | 72,727 |
| Farnborough | - | - | 1 | 50,756 | 1 | 50,756 |
| Bracknell | - | - | 1 | 17,829 | 1 | 17,829 |
| Worcester | 1 | 16,734 | - | - | 1 | 16,734 |
| Total | 3 | 47,264 | 3 | 110,782 | 6 | 158,046 |

| Location | Logistics and Industrial Valuation ($ million) | Logistics and Industrial % FLCT Portfolio Valuation | Suburban Office and Business Parks Valuation ($ million) | Suburban Office and Business Parks % FLCT Portfolio Valuation | Total Valuation ($ million) | Total % FLCT Portfolio Valuation |
|---|---|---|---|---|---|---|
| Birmingham | 97.3 | 1.5% | 164.0 | 2.5% | 261.3 | 4.0% |
| Farnborough | - | - | 228.4 | 3.5% | 228.4 | 3.5% |
| Bracknell | - | - | 83.4 | 1.3% | 83.4 | 1.3% |
| Worcester | 36.7 | 0.6% | - | - | 36.7 | 0.6% |
| Total | 134.0 | 2.1% | 475.8 | 7.3% | 609.8 | 9.4% |

| Cluster | Characteristics |
|---|---|
| Birmingham | • Birmingham is the UK's second largest city and a major international commercial, transport, retail, events and conference hub<br>• Strategically located at the heart of the UK's motorway network, adjacent to the J4/M42 with access to M5, M6, M40 and M42 motorways<br>• Close proximity to Birmingham International Airport and strong connectivity with local and regional railways |
| Farnborough | • Farnborough is located in northeast Hampshire, approximately 60 minutes and 40 miles from London's city centre<br>• Easily accessible via the nearby M3, A331 and A325 motorways, and is served by train stations on the South West Main Line (1) and North Downs Line (2)<br>• The area is served by Farnborough Airport, UK's main business jet airport |
| Bracknell | • Bracknell is a large town located in Berkshire, within the Greater London Urban Area and is home to several notable global companies<br>• The area is accessible via the M3 and M4 motorways and is served by two railway stations, Bracknell and Martins Heron<br>• Heathrow Airport is 21km east and Blackbushe Airport is 24km southwest of Bracknell |
| Worcester | • Worcester is one of the oldest cities in the country<br>• Strategically located 30 miles south-west of Birmingham, 27 miles north of Gloucester and 23 miles north-east of Hereford<br>• Accessible via the M5, M42 and M40 motorways, and three railway stations within the city |

11 *https://www.oecd.org/economy/united-kingdom-economic-snapshot/*

# Portfolio **Overview**

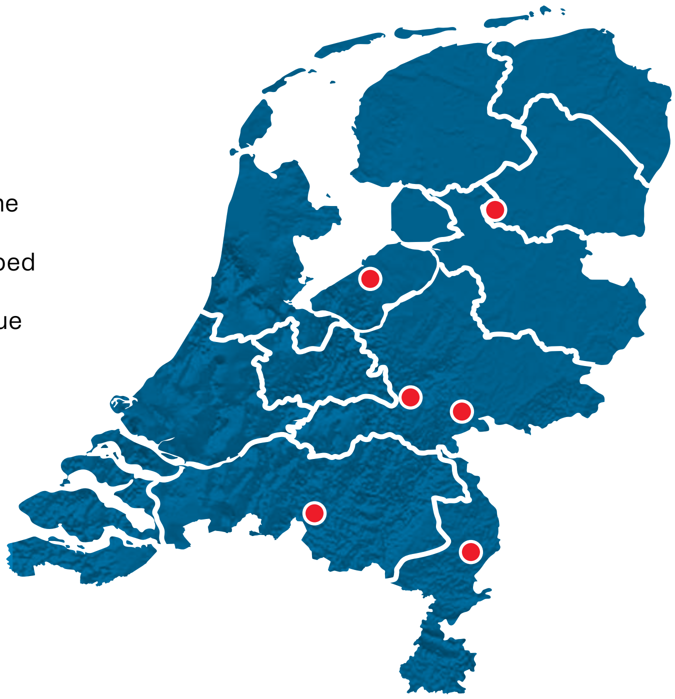
## The Netherlands

**Portfolio: 6 properties**
**Lettable Area: 233,873 sqm**
**Valuation: $0.3 billion**

In October 2023, the Dutch Central Bank, De Nederlandsche Bank, said that its monetary policies were taking effect, providing a dampening impact on demand. This has helped to dampen inflation which was reported to be 0.3% in September. The Central Bank expects inflation to continue to decline but not at a linear pace[12]. Economic growth is forecast to be 0.8% in 2023 and 1.3% in 2024.

FLCT's Dutch portfolio comprises six quality logistics & industrial assets in well-established clusters. Valued at $334.8 million, these assets have an aggregate gross leasable area of 233,873 sqm.

*For more information, please refer to the Independent Market Research section on page 103 of this report.*



| Logistics & Industrial Cluster | Properties | Lettable Area (sqm) | Valuation ($ million) | % FLCT Portfolio Valuation |
|---|---|---|---|---|
| Meppel | 1 | 31,013 | 44.0 | 0.7% |
| Utrecht – Zeewolde | 3 | 152,097 | 219.7 | 3.4% |
| Tilburg – Venlo | 2 | 50,763 | 71.1 | 1.1% |
| Total | 6 | 233,873 | 334.8 | 5.2% |

| Cluster | Characteristics |
|---|---|
| Meppel | • Developed as a transport and distribution inland harbour, Meppel enjoys strong transport connectivity to national motorways and the Meppel Barge Terminal<br>• 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<br>• Zeewolde has 8 industrial estates with the concentration of logistics activities at the logistic park Trekkersveld I, II and III<br>• 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<br>• It is a key city in the Belt and Road Initiative given its direct connection to China via the Chengdu-Europe Express Rail<br>• Venlo is the main logistics hotspot of the Netherlands due to its strategic location between the Randstad, Flemisch and Ruhr regions<br>• Rapid growth of transport infrastructure, coupled with the relatively low land and rents, make the region an attractive location for the distribution sector |

12 *https://www.dnb.nl/en/general-news/speech-2023/regaining-control/*


*2-22 Efficient Drive, Truganina, Australia*

# Property **Profiles**

FLCT's portfolio comprises 107 modern industrial and commercial properties[1] valued at $6.4 billion[2] across Australia, Germany, Singapore, the UK and the Netherlands. With strong connectivity to key infrastructure, FLCT's portfolio of assets are predominantly freehold and long leasehold land tenures with a well-diversified tenant base.

## Australia

Logistics and Industrial | CBD Commercial | Suburban Office & Business Parks

1

2

3

4

5

6

7

8

9


10

11


12

13

14

15

16

17

18


19

20


| | Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **MELBOURNE: SOUTH EAST** | | | | | | | | | |
| **South Park Industrial Estate** | | | | | | | | | |
| 1 | 98-126 South Park Drive, Dandenong South | 100% | 28,062 | Freehold | Oct 2006 | 51.8 | 30.7 | Woolworths | 2.9 |
| 2 | 21-33 South Park Drive, Dandenong South | 100% | 22,106 | Freehold | Nov 2005 | 37.6 | 21.5 | Caprice Australia | 2.0 |
| 3 | 22-26 Bam Wine Court, Dandenong South | 100% | 17,606 | Freehold | Sep 2004 | 29.2 | 19.7 | BAM Wine Logistics | 1.9 |
| 4 | 16-32 South Park Drive, Dandenong South | 100% | 12,729 | Freehold | Apr 2009 | 24.7 | 12.4 | Australian Postal Corporation | 1.3 |
| 5 | 89-103 South Park Drive, Dandenong South | 100% | 10,425 | Freehold | Sep 2005 | 19.1 | 11.7 | Ecolab | 1.0 |

1 *Excludes the property under development in the UK*
2 *Excludes the property under development in the UK and right-of-use assets*

| | Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **MELBOURNE: SOUTH EAST** | | | | | | | | | |
| **The Key Industrial Park** | | | | | | | | | |
| 6 | 17 Pacific Drive and 170-172 Atlantic Drive, Keysborough | 100% | 30,004 | Freehold | Dec 2012 | 59.8 | 31.9 | BIC Australia<br>QLS Logistics | 3.2 |
| 7 | 150-168 Atlantic Drive, Keysborough | 100% | 27,272 | Freehold | Aug 2011 | 43.9 | 32.3 | Spicers<br>Simons Transport | 2.8 |
| 8 | 49-75 Pacific Drive, Keysborough | 100% | 25,163 | Freehold | Dec 2011 | 43.3 | 26.2 | AutoPacific Australia | 2.2 |
| 9 | 77 Atlantic Drive, Keysborough | 100% | 15,095 | Freehold | Aug 2015 | 29.3 | 17.0 | Miele Australia | 1.5 |
| 10 | 78 & 88 Atlantic Drive, Keysborough | 100% | 13,495 | Freehold | Nov 2014 | 27.2 | 15.5 | AutoPacific Australia<br>Orchard Manufacturing Co | 1.4 |
| 11 | 111 Indian Drive, Keysborough | 100% | 21,660 | Freehold | Jun 2016 | 47.0 | 29.3 | Fluidra Group Australia | 2.8 |
| 12 | 29 Indian Drive, Keysborough | 100% | 21,854 | Freehold | Nov 2017 | 41.0 | 28.0 | Stanley Black & Decker Australia | 2.0 |
| 13 | 17 Hudson Court, Keysborough | 100% | 21,271 | Freehold | May 2018 | 43.8 | 26.9 | Clifford Hallam Healthcare | 1.9 |
| 14 | 8-28 Hudson Court, Keysborough | 100% | 25,762 | Freehold | Dec 2016 | 56.0 | 31.4 | Dana Australia<br>Russell Athletics<br>Licensing Essentials | 3.0 |
| **Mulgrave** | | | | | | | | | |
| 15 | 211A Wellington Road, Mulgrave | 100% | 7,175 | Freehold | Apr 2016 | 34.4 | 34.0 | Mazda Australia | 3.2 |
| **Braeside Industrial Estate** | | | | | | | | | |
| 16 | 75-79 Canterbury Road, Braeside | 100% | 14,263 | Freehold | May 2019 | 28.7 | 22.1 | IVE Group Australia | 1.2 |
| **MELBOURNE: WEST** | | | | | | | | | |
| **West Park Industrial Estate** | | | | | | | | | |
| 17 | 468 Boundary Road, Derrimut | 100% | 24,732 | Freehold | Aug 2006 | 44.2 | 22.2 | CHEP Australia | 2.7 |
| 18 | 1 Doriemus Drive, Truganina | 100% | 74,546 | Freehold | Jun 2016 | 115.1 | 75.8 | CEVA Logistics (Australia) | 6.4 |
| 19 | 2-22 Efficient Drive, Truganina | 100% | 38,335 | Freehold | Mar 2015 | 73.6 | 37.9 | MaxiPARTS<br>Schenker Australia<br>Bambis Import Co. | 3.2 |
| 20 | 1-13 and 15-27 Sunline Drive, Truganina | 100% | 26,153 | Freehold | Apr 2011 | 46.1 | 26.1 | Total Logistic Solutions<br>Freight Specialists | 2.2 |

# Property **Profiles**

21

22

23

24

25

26

27

28


29

30

31

32


| Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|
| 21 42 Sunline Drive, Truganina | 100% | 14,636 | Freehold | Jun 2015 | 25.8 | 14.4 | Icehouse Logistics | 1.1 |
| 22 43 Efficient Drive, Truganina | 100% | 23,088 | Freehold | Feb 2017 | 43.1 | 22.1 | CEVA Logistics (Australia) | 1.9 |
| **West Industry Park** | | | | | | | | |
| 23 1 Magnesium Place, Truganina | 100% | 9,489 | Freehold | May 2022 | 18.9 | 23.8 | Stedi & Goodride | 1.0 |
| 24 11 Magnesium Place, Truganina | 100% | 7,314 | Freehold | May 2022 | 13.8 | 17.0 | Stoddart Group | 0.7 |
| 25 17 Magnesium Place, Truganina | 100% | 8,286 | Freehold | May 2022 | 15.6 | 19.1 | Signet | 0.8 |
| **Altona Industrial Park** | | | | | | | | |
| 26 18-34 Aylesbury Drive, Altona | 100% | 21,493 | Freehold | Feb 2015 | 39.8 | 20.7 | Electrical Home-Aids Samsung SDS Global | 1.9 |
| **MELBOURNE: NORTH** | | | | | | | | |
| **Melbourne Airport Business Park** | | | | | | | | |
| 27 38-52 Sky Road East, Melbourne Airport | 100% | 46,231 | Leasehold (Expires 30 Jun 2047) | Oct 2008 | 29.6 | 24.2 | Linfox | 3.2 |
| 28 96-106 Link Road, Melbourne Airport | 100% | 18,599 | Leasehold (Expires 30 Jun 2047) | Jun 2009 | 18.9 | 22.7 | DHL Global Forwarding (Australia) | 2.7 |
| 29 17-23 Jets Court, Melbourne Airport | 100% | 9,869 | Leasehold (Expires 30 Jun 2047) | Mar 2009 | 7.7 | 7.1 | Eagle Lighting Australia ICAL International Customs and Logistics | 1.2 |
| 30 25-29 Jets Court, Melbourne Airport | 100% | 15,544 | Leasehold (Expires 30 Jun 2047) | Dec 2007 | 12.3 | 10.0 | Quickstep Holdings John Cotton Australia | 1.3 |
| 31 28-32 Sky Road East, Melbourne Airport | 100% | 12,086 | Leasehold (Expires 30 Jun 2047) | Aug 2008 | 7.9 | 8.1 | Watpac Construction | 0.9 |
| 32 115-121 South Centre Road, Melbourne Airport | 100% | 3,085 | Leasehold (Expires 30 Jun 2047) | May 2008 | 4.0 | 5.1 | Prime Vigor Pty Ltd Alternative Freight Services | 0.6 |

33


34


35



36


37


38


39


40


41


42


| | Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **SYDNEY: OUTER CENTRAL WEST** | | | | | | | | | |
| **Eastern Creek** | | | | | | | | | |
| 33 | 4-8 Kangaroo Avenue, Eastern Creek | 100% | 40,566 | Freehold | Dec 2013 | 118.0 | 65.2 | Schenker Australia | 5.9 |
| 34 | 21 Kangaroo Avenue, Eastern Creek | 100% | 41,401 | Freehold | Jul 2015 | 120.2 | 54.7 | Techtronic Industries Australia | 5.4 |
| 35 | 17 Kangaroo Avenue, Eastern Creek | 100% | 23,112 | Freehold | Jun 2015 | 57.5 | 32.3 | Fisher & Paykel Australia | 3.1 |
| 36 | 7 Eucalyptus Place, Eastern Creek | 100% | 16,074 | Freehold | Dec 2014 | 46.1 | 24.7 | FDM Warehousing | 2.4 |
| 37 | 2 Hanson Place, Eastern Creek | 100% | 32,839 | Freehold | Mar 2019 | 102.8 | 59.1 | FDM Warehousing<br>Techtronic Industries Australia | 4.5 |
| **Pemulwuy** | | | | | | | | | |
| 38 | 8-8A Reconciliation Rise, Pemulwuy | 100% | 22,511 | Freehold | Dec 2005 | 64.8 | 32.0 | Inchcape Motors Australia<br>Ball & Doggett | 3.6 |
| 39 | 6 Reconciliation Rise, Pemulwuy | 100% | 19,218 | Freehold | Apr 2005 | 55.8 | 28.7 | Ball & Doggett | 2.9 |
| **Wetherill Park** | | | | | | | | | |
| 40 | 1 Burilda Close, Wetherill Park | 100% | 18,848 | Leasehold (Expires 29 Sep 2106) | Sep 2016 | 76.0 | 52.5 | Martin Brower Australia | 5.9 |
| 41 | Lot 1, 2 Burilda Close, Wetherill Park | 100% | 14,333 | Leasehold (Expires 14 Jul 2106) | Jul 2016 | 35.8 | 19.3 | RFD (Australia) Pty Ltd<br>Phoenix Distribution (NSW) Pty Ltd | 2.1 |
| 42 | 3 Burilda Close, Wetherill Park | 100% | 20,078 | Leasehold (Expires 15 May 2107) | May 2017 | 43.1 | 28.4 | Nick Scali Limited<br>Cornack Holdings | 2.7 |

# Property **Profiles**

43



44


45



46


47



48


| Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|
| **SYDNEY: OUTER NORTH WEST** | | | | | | | | |
| **Seven Hills** | | | | | | | | |
| 43 8 Distribution Place, Seven Hills | 100% | 12,319 | Freehold | May 2008 | 34.8 | 20.6 | Legend Corporate Services | 1.9 |
| 44 99 Station Road, Seven Hills | 100% | 10,772 | Freehold | Mar 2011 | 28.2 | 15.6 | RF Industries | 1.6 |
| 45 10 Stanton Road, Seven Hills | 100% | 7,065 | Freehold | Apr 2003 | 17.9 | 11.1 | CSR Building Products | 1.0 |
| 46 8 Stanton Road, Seven Hills | 100% | 10,708 | Freehold | May 2002 | 28.2 | 14.4 | EFM Logistics | 1.6 |
| **Winston Hills** | | | | | | | | |
| 47 11 Gibbon Road, Winston Hills | 100% | 16,648 | Freehold | May 2015 | 59.5 | 34.7 | Tailored Packaging Pty Ltd<br>Toshiba International Corporation | 3.4 |
| **SYDNEY: WOLLONGONG** | | | | | | | | |
| **Port Kembla** | | | | | | | | |
| 48 Lot 104 & 105 Springhill Road, Port Kembla | 100% | 90,661 | Leasehold (Expires 13 Aug 2049 and 20 Aug 2049) | Aug 2009 | 19.5 | 24.0 | Inchcape Motors Australia<br>Tesla Motors Australia | 3.6 |

49

50

51

52

53

54

55

56


57

58

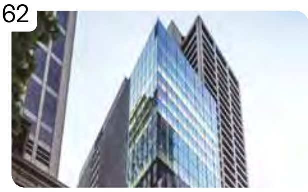

| | Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **BRISBANE: SOUTHERN** | | | | | | | | | |
| 49 | 99 Shettleston Street, Rocklea | 100% | 15,186 | Leasehold (Expires 19 Jun 2115) | Jan 2002 | 22.3 | 20.9 | Orora Australia | 1.8 |
| 50 | 30 Flint Street, Inala | 100% | 15,052 | Leasehold (Expires 19 Jun 2115) | Jan 2013 | 27.5 | 22.5 | B -Dynamic Logistics | 2.0 |
| 51 | 55-59 Boundary Road, Carole Park | 100% | 13,250 | Leasehold (Expires 19 Jun 2115) | May 2004 | 20.9 | 13.8 | Goodyear & Dunlop Tyres (Aust) | 1.6 |
| 52 | 51 Stradbroke Street, Heathwood | 100% | 14,916 | Leasehold (Expires 19 Jun 2115) | Jun 2002 | 31.9 | 20.8 | B & R Enclosures | 1.9 |
| 53 | 10 Siltstone Place, Berrinba | 100% | 9,797 | Leasehold (Expires 19 Jun 2115) | Oct 2014 | 17.3 | 12.2 | TCK Alliance | 1.1 |
| 54 | 103-131 Wayne Goss Drive, Berrinba | 100% | 19,487 | Freehold | Sep 2017 | 36.7 | 28.0 | National Tiles Co<br>Paccar Australia | 2.4 |
| 55 | 29-51 Wayne Goss Drive, Berrinba | 100% | 15,456 | Freehold | Oct 2016 | 29.4 | 22.7 | Avery Dennison Materials<br>GM Kane and Sons Pty Ltd | 1.5 |
| 56 | 57-71 Platinum Street, Crestmead | 100% | 20,518 | Leasehold (Expires 19 Jun 2115) | Nov 2000 | 43.9 | 26.6 | Stramit Corporation | 2.9 |
| 57 | 143 Pearson Road, Yatala | 100% | 30,618 | Leasehold (Expires 30 Aug 2115) | Jul 2016 | 47.0 | 33.1 | Visy Glass Operations (Australia) | 3.1 |
| 58 | 166 Pearson Road, Yatala | 100% | 23,218 | Freehold | Oct 2017 | 43.2 | 30.7 | Beaulieu of Australia | 2.7 |

# Property **Profiles**

59

60

61

62

63



| Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|
| **BRISBANE: TRADE COAST** | | | | | | | | |
| 59 286 Queensport Road, North Murarrie | 100% | 21,531 | Leasehold (Expires 19 Jun 2115) | Sep 2004 | 40.2 | 32.3 | Laminex Group | 3.0 |
| **BRISBANE: NORTHERN** | | | | | | | | |
| 60 350 Earnshaw Road, Northgate | 100% | 30,779 | Leasehold (Expires 19 Jun 2115) | Dec 2009 | 63.8 | 45.7 | H.J. Heinz Co. Australia | 3.9 |
| **PERTH** | | | | | | | | |
| 61 60 Paltridge Road, Perth Airport | 100% | 20,143 | Leasehold (Expires 3 Jun 2033) | Feb 2009 | 9.4 | 16.6 | Amazon Commercial Services<br>Electrolux Home Products | 2.3 |

| CBD Commercial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|
| **MELBOURNE: CBD** | | | | | | | | |
| 62 357 Collins Street, Melbourne | 83.8% | 31,780 | Freehold | Dec 2012 | 224.1 | 305.2 | 23 tenants. Key tenants include:<br>Commonwealth Bank of Australia<br>Service Stream<br>Analytical Systems | 17.7 |
| **PERTH: CBD** | | | | | | | | |
| 63 Central Park, 152-158 St Georges Terrace, Perth[2] | 96.1% | 66,041 | Freehold | 1992 | 320.9 | 289.0 | 30 tenants. Key tenants include:<br>Rio Tinto Shared Services<br>Grant Thornton Australia Limited<br>Australia Energy Market Operator<br>IOOF<br>Synergy | 22.0 |

2 *Based on a 50% effective interest in the property*

64

65


| | Suburban Office & Business Parks Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **CANBERRA: TUGGERANONG** | | | | | | | | | |
| 64 | Caroline Chisholm Centre, Block 4 Section 13, Tuggeranong | 100% | 40,244 | Leasehold (Expires 25 Jun 2101) | Jun 2007 | 216.6 | 228.0 | Commonwealth of Australia (Services Australia) | 21.6 |
| **MELBOURNE: MOUNT WAVERLEY** | | | | | | | | | |
| 65 | 545 Blackburn Road, Mount Waverley | 100% | 7,311 | Freehold | Nov 2016 | 42.0 | 59.3 | Lands of the North<br>Sushi Sushi<br>Segment 3<br>Viridian Financial<br>ECI<br>Plan B<br>Autumn Group<br>MST Lawyers<br>General Mills | 3.3 |

# Property **Profiles**

## Germany
### Logistics and Industrial

66

67

68

69

70

71

72

73

74


75


| Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|
| **HAMBURG – BREMEN** | | | | | | | | |
| 66 Am Krainhop 10, Isenbüttel | 100% | 20,679 | Freehold | Jul 2014 | 26.1 | 23.6 | Volkswagen | 1.5 |
| 67 Am Autobahnkreuz 14, Rastede | 100% | 11,491 | Freehold | Nov 2015 | 26.6 | 25.9 | Broetje-Automation | 2.2 |
| **LEIPZIG – CHEMNITZ** | | | | | | | | |
| 68 Johann-Esche-Straße 2, Chemnitz | 100% | 17,795 | Freehold | Jan 2007 | 25.6 | 23.0 | VW Sachsen GmbH | 1.8 |
| 69 Am Exer 9, Leipzig | 100% | 11,537 | Freehold | Sept 2013 | 22.4 | 17.9 | Eldra Kunststofftechnik GmbH | 1.3 |
| **MUNICH – NUREMBERG** | | | | | | | | |
| 70 Oberes Feld 2, 4, 6, 8, Moosthenning | 100% | 72,558 | Freehold | Jul 2009, Aug 2012 and Aug 2015 | 121.4 | 94.2 | BMW | 5.9 |
| 71 Koperstraße 10, Nuremberg | 100% | 44,221 | Leasehold (Expires 31 Dec 2080) | Apr 2015 and Jul 2018 | 88.5 | 58.2 | Roman Mayer Logistik Hellmann Worldwide Logistics Johnson Outdoors Vertriebsgesellschaft | 5.3 |
| 72 Industriepark 1, Mamming | 100% | 14,193 | Freehold | Aug 2013 | 27.9 | 21.9 | BMW | 1.3 |
| 73 Jubatus-Allee 3, Ebermannsdorf | 100% | 9,389 | Freehold | Apr 2005 | 15.6 | 10.5 | Grammar Automotive | 1.3 |
| 74 Hermesstraße 5, Graben, Augsburg | 100% | 11,534 | Freehold | Feb 2018 | 58.8 | 48.5 | Hermes Germany | 2.6 |
| 75 Dieselstraße 30, Garching | 100% | 13,014 | Freehold | Jan 2008 | 52.6 | 43.3 | EDEKA Aktiengesellschaft | 2.4 |

76

77

78

79

80


81

82

83

84

85

86


| Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|
| **STUTTGART – MANNHEIM** | | | | | | | | |
| 76 Industriepark 309, Gottmadingen | 100% | 55,007 | Freehold | Between 1999 and 2017 | 85.2 | 66.4 | Constellium | 6.1 |
| 77 Otto-Hahn Straße 10, Vaihingen | 100% | 43,756 | Freehold | Mar 2014 | 88.4 | 68.9 | Dachser<br>DSV Solutions | 4.4 |
| 78 Eiselauer Weg 2, Ulm | 100% | 24,525 | Freehold | Aug 2009 | 71.1 | 58.3 | Transgourmet | 3.6 |
| 79 Murrer Straße 1, Freiberg am Neckar | 100% | 21,104 | Freehold | Sep 2013 | 56.2 | 45.5 | Müller Die Lila Logistik Deutschland GmbH | 2.7 |
| 80 Ambros-Nehren-Straße 1, Achern | 100% | 12,304 | Freehold | Jul 2009, Aug 2012 and Aug 2015 | 22.8 | 18.6 | Ziegler | 1.2 |
| 81 Am Bühlfeld 2-8, Herbrechtingen | 100% | 44,501 | Freehold | Apr 2015 and Jul 2018 | 68.2 | 45.7 | Kentner | 2.9 |
| 82 Bietigheimer Straße 50-52, Tamm | 100% | 38,932 | Freehold | Aug 2013 | 115.4 | 99.5 | Bosch | 5.6 |
| 83 Buchäckerring 18, Bad Rappenau | 100% | 13,125 | Freehold | Mar 2017 | 63.1 | 65.3 | Hermes Germany | 2.8 |
| 84 Am Römig 8, Frankenthal | 100% | 20,579 | Freehold | Feb 2018 | 42.6 | 47.8 | BASF | 2.3 |
| **FRANKFURT** | | | | | | | | |
| 85 Im Birkengrund 5-7, Obertshausen | 100% | 23,291 | Freehold | Dec 2016 | 50.5 | 41.9 | Amor Mühle Verpackungs-und Dienstleistungs | 2.9 |
| 86 Genfer Allee 6, Mainz | 100% | 13,148 | Freehold | Sep 2017 | 78.4 | 88.4 | Hermes Germany | 4.0 |

# Property **Profiles**

87

88

89


90

91

92

93

94


| | Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **DÜSSELDORF - COLOGNE** | | | | | | | | | |
| 87 | Saalhoffer Straße 211, Rheinberg | 100% | 31,957 | Freehold | Sep 2016 | 49.0 | 39.5 | BMW | 2.8 |
| 88 | Elbestraße 1-3, Marl | 100% | 16,831 | Freehold | Jul 1995, Jun 2002 and May 2013 | 23.7 | 19.4 | Bunzl | 1.4 |
| 89 | Keffelker Straße 66, Brilon | 100% | 13,352 | Freehold | Nov 2009 | 17.8 | 14.0 | Hitachi | 1.3 |
| 90 | Gustav-Stresemann-Weg 1, Münster | 100% | 12,960 | Freehold | Jul 2009 | 21.1 | 20.5 | Rieter Components Germany GmbH | 1.6 |
| 91 | An den Dieken 94, Ratingen | 100% | 43,105 | Freehold | Mar 2014 | 81.0 | 67.2 | Keramag Keramische WerkeAG<br>HAAF | 4.1 |
| 92 | Walter-Gropius-Straße 19, Bergheim | 100% | 19,404 | Freehold | Jun 2001, Oct 2018 | 34.1 | 27.8 | STACI Deutschland GmbH<br>GILOG Gesellschaft für Innovative Logistik | 2.0 |
| **BIELEFELD** | | | | | | | | | |
| 93 | Fuggerstraße 17, Bielefeld | 100% | 22,336 | Freehold | Jul 2017 | 43.3 | 35.7 | B+S GmbH Logistik und Dienstleistungen | 2.4 |
| **BERLIN** | | | | | | | | | |
| 94 | Gewerbegebiet Etzin 1, Berlin | 100% | 13,142 | Freehold | Oct 2017 | 66.3 | 58.9 | Hermes Germany | 3.4 |

## Singapore

Suburban Office & Business Parks

95

| | Suburban Office & Business Parks Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **SINGAPORE: CITY FRINGE** | | | | | | | | | |
| 95 | Alexandra Technopark, 438A/438B/438C Alexandra Road | 95.8% | 96,088 | Leasehold (Expires 25 Aug 2108) | Dec 1996, Mar 1998 and Jun 2018 | 678.0 | 606.0 | 57 tenants. Key tenants include: Google Asia Pacific, Worley, Olympus Singapore, Omron Asia Pacific, Nokia Solutions and Networks | 55.7 |

# Property **Profiles**

## The United Kingdom

Logistics and Industrial | Suburban Office & Business Parks

96


97


98


99


100


101


| | Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **BIRMINGHAM & WEST MIDLANDS** | | | | | | | | | |
| 96 | Connexion, Blythe Valley Business Park, Shirley, Solihull | 100% | 19,534 | Freehold | Sep 2018 | 60.0 | 71.6 | Hofer Powertrain<br>Gymshark<br>Sunbelt Rentals<br>Evac+Chair | 3.2 |
| 97 | Connexion II, Blythe Valley Business Park, Shirley, Solihull | 100% | 10,996 | Freehold | Mar 2023 | 37.3 | 9.3 | Tesla<br>Solotech<br>Reeley | 1.2 |
| 98 | Worcester, West Midlands | 100% | 16,734 | Freehold | Feb 2023 | 36.7 | 51.6 | Alliance Flooring Distribution Limited | 1.0 |

| | Suburban Office & Business Parks Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **BIRMINGHAM** | | | | | | | | | |
| 99 | Blythe Valley Business Park, Shirley, Solihull | 83.0% | 42,197 | Freehold | Jan 1999 and Mar 2021 | 164.0 | 226.2 | 27 tenants. Key tenants include:<br>Lounge Underwear<br>Gymshark<br>Virgin Active<br>Regus | 15.3 |
| **BRACKNELL, THAMES VALLEY** | | | | | | | | | |
| 100 | Maxis Business Park, 43 Western Road, Bracknell | 79.4% | 17,829 | Freehold | 2009 | 83.4 | 121.1 | 12 tenants. Key tenants include:<br>Panasonic UK<br>Allegis Group<br>Blue Yonder<br>Evelyn Partners | 8.3 |
| **FARNBOROUGH, THAMES VALLEY** | | | | | | | | | |
| 101 | Farnborough Business Park, Hampshire | 77.1% | 50,756 | Freehold | 1992 to 2019 | 228.4 | 311.4 | 39 tenants. Key tenants include:<br>Fluor<br>Syneos Health UK<br>Siemens<br>AETNA Global Benefits (UK)<br>Red Hat UK | 21.9 |

## The Netherlands

### Logistics and Industrial

102

103

104

105

106

107

| | Logistics and Industrial Property | Occupancy (%) | Lettable Area (sqm) | Title | Completion Date | Valuation as at 30 Sep 2023 ($m) | Purchase Price ($m) | Tenants | Gross Revenue FY2023 ($m) |
|---|---|---|---|---|---|---|---|---|---|
| **MEPPEL** | | | | | | | | | |
| 102 | Mandeveld 12, Meppel | 100% | 31,013 | Freehold | May 2018 | 44.0 | 36.6 | FrieslandCampina | 2.5 |
| **UTRECHT - ZEEWOLDE** | | | | | | | | | |
| 103 | Handelsweg 26, Zeewolde | 100% | 51,703 | Freehold | Jul 1994, Jul 2000 and Jul 2010 | 71.0 | 55.5 | Bakker Logistiek | 4.2 |
| 104 | Innovatielaan 6, De Klomp | 100% | 15,588 | Freehold | June 2021 | 33.5 | 30.3 | Hendi B.V. | 1.7 |
| 105 | Brede Steeg 1, s-Heerenberg | 100% | 84,806 | Freehold | Between 2001 and 2009 | 115.2 | 92.0 | Mainfreight | 6.5 |
| **TILBURG - VENLO** | | | | | | | | | |
| 106 | Heierhoevenweg 17, Venlo | 100% | 32,642 | Freehold | Oct 2015 | 45.1 | 36.1 | DSV Solutions | 2.2 |
| 107 | Belle van Zuylenstraat 5, Tilburg | 100% | 18,121 | Freehold | Jul 1996 and Jul 2000 | 26.0 | 21.1 | Bakker Logistiek | 1.5 |

# Investor **Relations**

## Proactive Investor Relations

The Manager of FLCT is committed to delivering proactive, accurate and clear communication to Unitholders and the wider investment community. We believe that this is fundamental to empowering investors with timely material information, allowing each to make informed investment decisions.

We endeavour to enhance our investor engagement with best-in-class investor relations practices. As testament to our commitment and the quality of our investor relations programme, FLCT received the Silver Award for Best Annual Report and the Bronze Award for Best Investor Relations in the "REITs and Business Trusts" category at the Singapore Corporate Awards 2023.

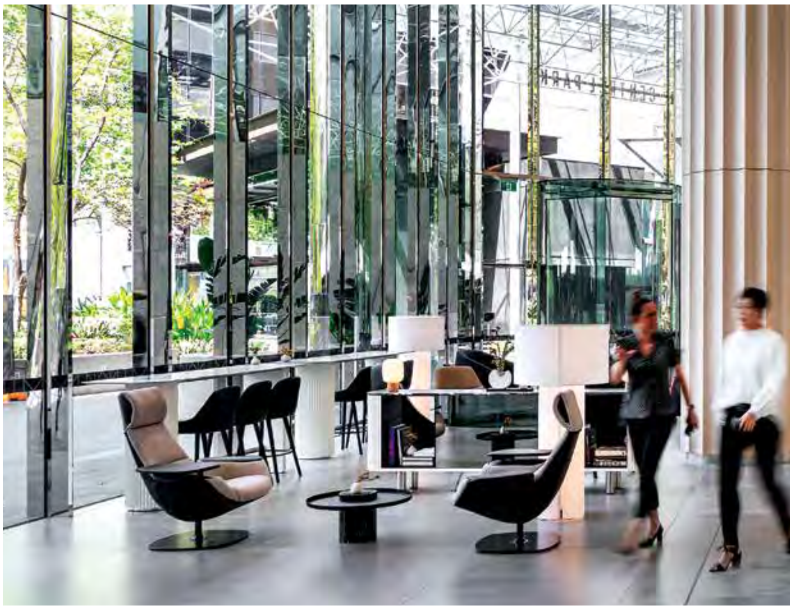
## Delivering Excellence in Investor Communication

Our investor communication is supported by the platforms through which we channel and disseminate our communication. These include detailed and timely updates on our strategies, REIT developments, financial position, operating performance, and industry trends. We leverage a range of communication channels including written communication such as SGX announcements, news releases, our corporate website and social media. For direct engagements (both virtual and in-person), we leverage communication channels such as analyst and media briefings, investor conferences, as well as roadshows.

We continue to leverage digital platforms and conferencing technologies to engage stakeholders. This facilitates constant communication, providing the investment community with timely updates on the business and convenient virtual real-time access to management. We remain well-positioned to engage investors in-person or virtually, with speed and efficiency.

We have an integrated website (www.frasersproperty.com/reits/flct) which provides investors with timely and relevant information on FLCT's business, markets and performance. Our investor relations section has a comprehensive set of information allowing investors to make an informed decision. This includes corporate announcements, news releases, financial statements, presentations, a corporate video, and webcast presentations of FLCT's half-year and full-year results briefings.

For the convenience of analysts and investors, we also make available our financial and operational metrics on our investor relations website. Updated on a quarterly basis, the excel spreadsheet contains detailed information on our individual properties, lease expiry profile, tenant sector breakdown, capital management metrics, historical DPU and NAV, and the latest statement of total return and distribution statement. These initiatives ensure that our website remains current and relevant to the financial community.



## Investor Engagement

At FLCT, every decision and action we take is in the interest of our Unitholders. As such, we seek to educate, inform and articulate our strategies and plans to investors on a timely basis via multiple platforms and channels.

In FY2023, we engaged over 150 institutional investors through in-person and virtual engagements including one-on-one meetings, group meetings, results related investor briefings, conferences and non-deal roadshows.

FLCT actively participates in Group-wide institutional investor conferences including the annual Frasers Day Bangkok and Frasers Property Group Dialogue which are attended by all the listed entities within Frasers Property Group.

The Annual General Meeting ("AGM") is an important communication platform between the board of directors and management to engage Unitholders and communicate FLCT's latest developments, long-term plans and strategies.

In line with AGM best practices, Unitholders were invited to submit their questions ahead of the event. Reponses to substantial and relevant questions received from Unitholders were published on our corporate website and on SGXNet. Some of these questions were raised and addressed during the AGM.


FLCT's FY2022 Annual General Meeeting was resumed as an in-person event and was attended by over 350 Unitholders and proxies. All resolutions tabled at the AGM were duly passed and and the results were announced on SGXNet and FLCT's website on the same day of the AGM. Minutes of general meetings, which include details of unitholders' queries and responses, were made available for public viewing on the FLCT website.

For the convenience of unitholders and investors, we provide a dedicated investor relations email and phone number to ensure that the investing community continues to have access to the REIT Manager. Details are provided at the end of this section.

## Analyst and Media Engagement

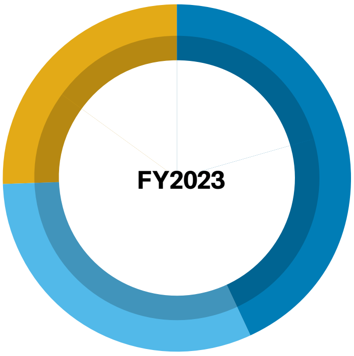
A core component of our investor relations programme is analyst and media engagement.

During the year, FLCT is covered by a total of 12 research houses.

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

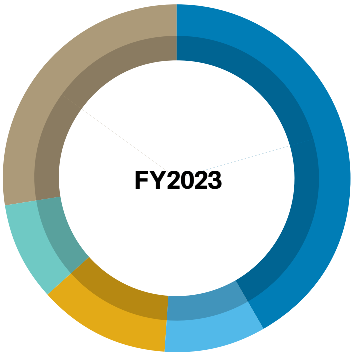
As part of our media engagement efforts, we also periodically engage with members of the media industry to update financial journalists on the REIT's business and industry. These sessions may include briefings and interviews related to FLCT's financial results, mergers & acquisitions, and other corporate developments.

### Unitholders by Type
as at 15 September 2023




| | |
|---|---|
| Institutional | 43.2% |
| Retail | 31.3% |
| Sponsor and related parties | 25.5% |

### Unitholders by Geography
as at 15 September 2023




| | |
|---|---|
| Singapore | 41.9% |
| Asia (ex. Singapore) | 9.3% |
| North America | 12.2% |
| Europe, including UK | 9.2% |
| Rest of World / Unallocated | 27.4% |

# Investor **Relations**

## FLCT FY2023 Investor Relations Calendar

| Event / Activity | Date |
|---|---|
| 2HFY22 and FY2022 Results Announcement | 10 November 2022 |
| Final Distribution to Unitholders | 15 December 2022 |
| Annual General Meeting | 17 January 2023 |
| 1QFY23 Business Update | 1 February 2023 |
| 1HFY23 Results Announcement | 4 May 2023 |
| Interim Distribution to Unitholders | 15 June 2023 |
| 3QFY23 Business Update | 1 August 2023 |
| 2HFY23 and FY2023 Results Announcement | 2 November 2023 |

## FLCT FY2024 Planned Events and Activities

| Event / Activity | Indicative Date |
|---|---|
| Annual General Meeting | 23 January 2024 |
| 1QFY24 Business Update | January 2024 |
| 1HFY24 Results Announcement | May 2024 |
| 3QFY24 Business Update | August 2024 |
| 2HFY24 and FY2024 Results Announcement | November 2024 |

*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:

Ms Delphine Sze
Frasers Logistics & Commercial Asset Management Pte. Ltd.
Phone: +65 6813 0588
Email: ir_flct@frasersproperty.com
Website: www.frasersproperty.com/reits/flct

# Unit **Price Performance**

## FLCT Unit Price Performance In FY2023

The Singapore equity market declined during the financial year amid concerns on global inflation, ongoing supply chain issues, prolonged higher interest rate environment, aggravated further by geopolitical tensions.

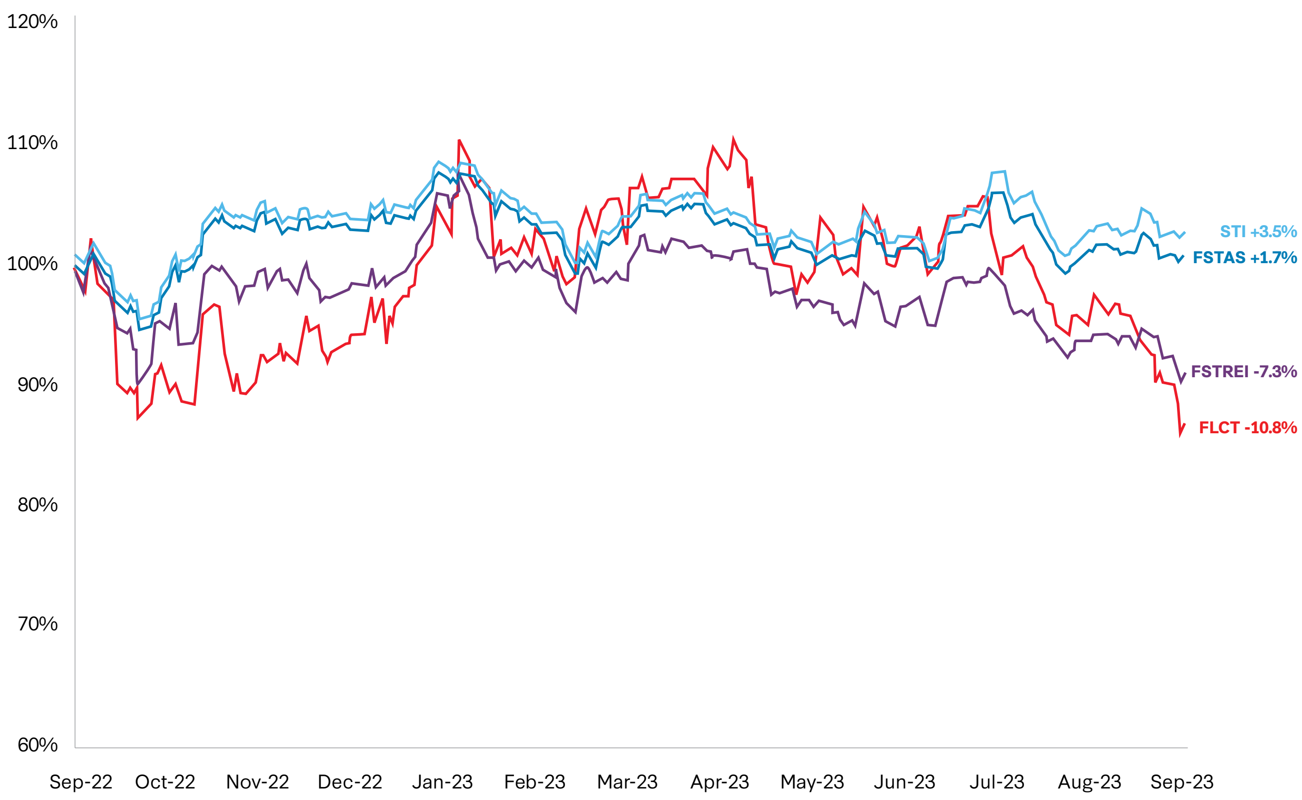
FLCT units opened the year with a closing price of $1.20 per unit on 1 October 2022. FLCT units reached a high of $1.46 in April 2023 before trending downwards in tandem with declining global investor sentiments and equity markets. We closed the year with a unit price of $1.07 per unit on 30 September 2023, representing a decrease of 10.8% in FY2023. Correspondingly, the FTSE ST REITs Index underperformed the FTSE Straits Times Index and decreased by 7.3% in FY2023, affected by the United States Federal Reserve's aggressive pace of interest rate hikes.

From a total return perspective, FLCT provided unitholders with a five-year total return of 32.3%, compared to 8.9% for the FTSE ST REIT Index and 17.3% for the FTSE ST All Share Index.

Despite the challenging investment landscape, FLCT continued to retain an active level of investor interest as described in the Investor Relations section of this annual report (see page 68). A total of 2,477.9 million FLCT units were traded in FY2023, with an average daily trading volume of 10.0 million units, 12.4% higher than the 8.9 million units in FY2022. We closed FY2023 with a market capitalisation of approximately $4.0 billion.

FLCT is a constituent of the 30-component Straits Times Index since April 2021 and a constituent stock of the FTSE EPRA/NAREIT Global Developed Index since March 2019.

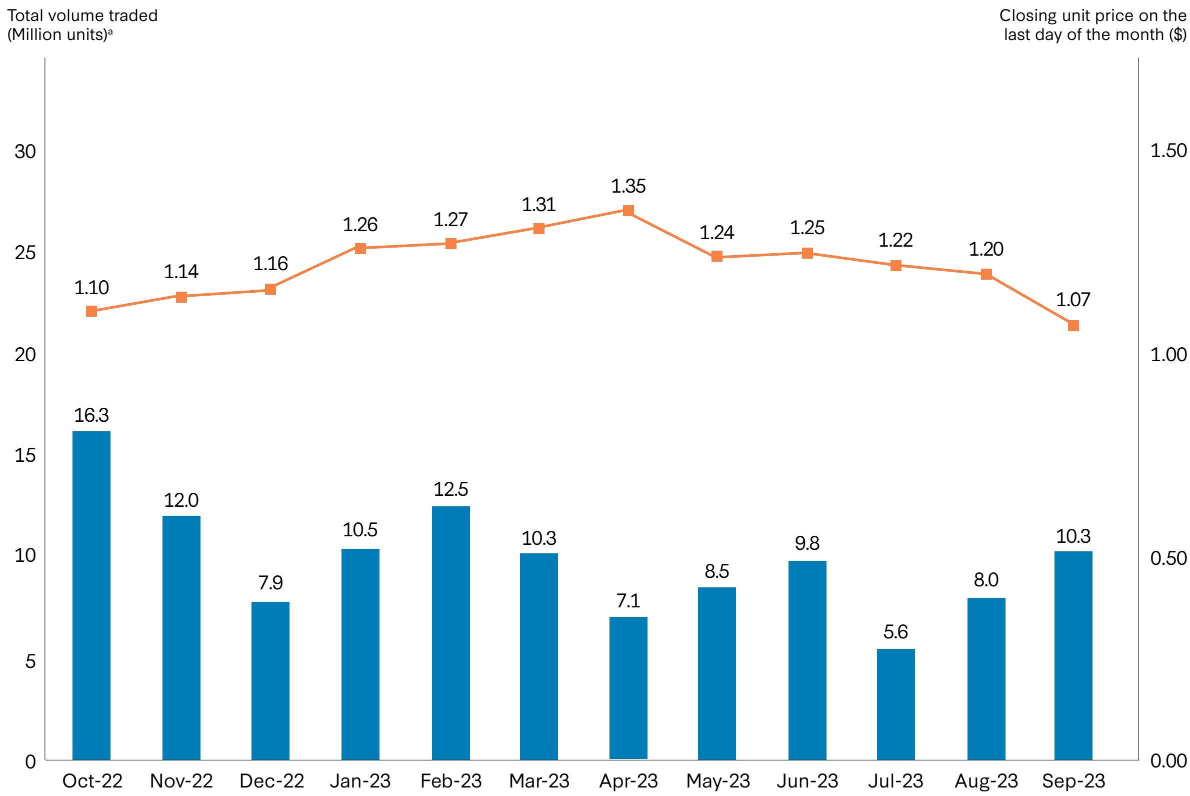
### FLCT Unit Price Performance vs Major Indices In FY2023




*Source: Bloomberg LLP*

# Unit **Price Performance**

## FLCT Monthly Trading Performance In FY2023




**Average daily trading volume** | **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 Five Years

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---|---|---|---|
| Opening Price ($) | 1.080 | 1.240 | 1.39 | 1.51 | 1.21 |
| Closing Price ($) | 1.240 | 1.390 | 1.52 | 1.23 | 1.07 |
| High Close ($) | 1.290 | 1.460 | 1.57 | 1.53 | 1.46 |
| Low Close ($) | 1.010 | 0.665 | 1.21 | 1.21 | 1.06 |
| Average Daily Traded Volume (million units) | 6.5 | 10.1 | 10.3 | 8.9 | 10.0 |
| Market Capitalisation as at 30 September ($ million)[1] | 2,788.6 | 4,744.4 | 5,588.2 | 4,546.3 | 4,006.7 |

*Source: Bloomberg LLP*
*1 Based on the closing price and number of issued units as at the last trading day of the respective financial year*

## FLCT Unit Total Returns

| | 1-Year[1] | | 3-Year[1] | | 5-Year[1] | | IPO to end FY2023[1] | |
|---|---|---|---|---|---|---|---|---|
| | Price Change % | Total Return[2] | Price Change % | Total Return[2] | Price Change % | Total Return[2] | Price Change % | Total Return[2] |
| FLCT | -10.8% | -5.4% | -24.1% | -10.3% | -0.9% | 32.3% | 18.5% | 79.9% |
| FTSE REIT Index | -7.3% | -1.6% | -20.3% | -5.9% | -16.3% | 8.9% | -6.1% | 40.6% |
| FTSE ST All Share Index | 1.7% | 6.8% | 21.4% | 37.7% | -4.8% | 17.3% | 10.7% | 49.1% |

*Source: Bloomberg LLP*
*1 Up to 30 September 2023*
*2 Assumes dividends are reinvested*

## Comparative Returns

| | % |
|---|---|
| Total Return of FLCT Units for IPO Investors[1] | 79.9% |
| FLCT FY2023 Total Return[2] | -5.4% |
| FTSE ST REIT Index FY2023 Total Return[2] | -1.6% |
| FTSE ST All Share Index FY2023 Total Return[2] | 6.8% |
| | **%** |
| FLCT FY2023 Dividend Yield[3] | 6.6% |
| FTSE REIT Index 2023E Dividend Yield[4] | 6.7% |
| FTSE STI Index 2023E Dividend Yield[4] | 6.2% |
| CPF Interest Rate[5] | 2.5% |
| 10-Year Singapore Government Bond Yield[6] | 3.4% |
| Deposit Rate of Singapore Dollar Denominated Deposits Offered to Non-Bank Customers[7] | 3.5% |

*1 Bloomberg LLP. For the period from 21 June 2016 to 30 September 2023. Calculation of total return assumed distributions paid during the period are reinvested*
*2 Bloomberg LLP. For the period from 1 October 2022 to 30 September 2023. Calculation of total return assumed distributions paid during the period are reinvested*
*3 Calculated based on FLCT's closing unit price of $1.07 per Unit as at 30 September 2023, and total DPU of 7.04 Singapore cents declared for FY2023*
*4 Bloomberg LLP*
*5 Based on the interest rate paid for the CPF Ordinary Account (1 October 2023 to 31 December 2023) (https://www.cpf.gov.sg/Members/AboutUs/about-us-info/cpf-interest-rates)*
*6 10-year government bond yield on 2 October 2023 (https://www.mas.gov.sg/bonds-and-bills/SGS-Bond-Statistics)*
*7 Deposit Rate of Singapore Dollar Denominated Deposits Offered to Non-Bank Customers (https://eservices.mas.gov.sg/statistics/msb-xml/Report.aspx?tableSetID=III&tableID=III.3A)*

# Independent **Market Research**

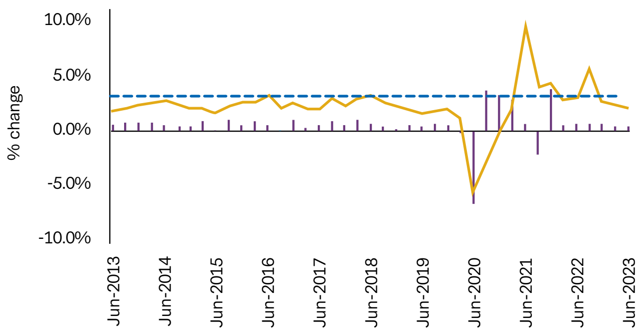
**Australia**

## Australia Macroeconomic Overview

During the June 2023 quarter, Australia's Gross Domestic Product (GDP) expanded by 0.4%, resulting in annual growth of 2.1%. This marks the seventh consecutive quarter of economic growth for the country. The increase in quarterly GDP was primarily driven by robust growth in household consumption and public investment.

Despite the positive GDP reading in recent quarters, Deloitte Access Economics projects a slowdown in economic activity for both 2023 (1.4%) and 2024 (1.2%). The deceleration in economic activity is expected to be driven by a slowdown in household consumption expenditure and negative dwelling investment growth.

### Figure 1: Australian GDP Growth

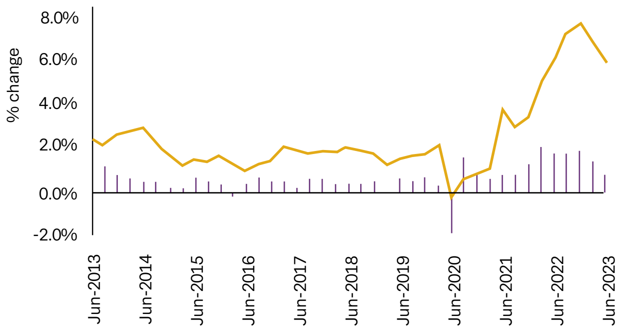



**Quarterly** | **Annual** | **LR average**
*Source: ABS, as at June 2023*

The Reserve Bank of Australia (RBA) started raising the official interest rate in May 2022, with the official cash rate at 4.10% as at October 2023. Whilst there are signs that inflation could be peaking, there remain concerns that inflation could remain at elevated levels over the near-term which could prompt the RBA to adjust the cash rate accordingly to counteract this trend. The RBA is projecting that the Australian economy will expand by 1.00% over 2023 (more conservative than the outlook from Deloitte Access Economics), 1.75% in 2024 and 2.25% in 2025.

Disinflation continued across Australia, as the headline Consumer Price Index (CPI) increased by 6.0% in the year to June 2023, down from 7.0% over the year to March 2023. The less comprehensive monthly data confirms this trend, with the Australian Bureau of Statistics (ABS) monthly CPI up 5.4% over the year to September 2023. Nevertheless, despite the disinflationary trend and gradual normalisation of price growth throughout the economy, this process is anticipated to take place at a slow pace, as deceleration in one area may be counterbalanced by acceleration in another.

### Figure 2: Australian Inflation Rate




**Quarterly** | **Annual**
*Source: ABS, as at June 2023*

Despite a slowing global and domestic economic outlook, the Australian labour market remains robust. In September 2023, the unemployment rate declined to 3.6% – only marginally above the record low of 3.4% achieved in October 2022. Underscoring the tight labour market is the fact that the national participation rate – a measure of an economy's active workforce – increased to 66.7% in September 2023. However, with Australia's population growing at its fastest annual rate on record; driven by strong net overseas migration, a decline in the participation rate can be expected moving forward.

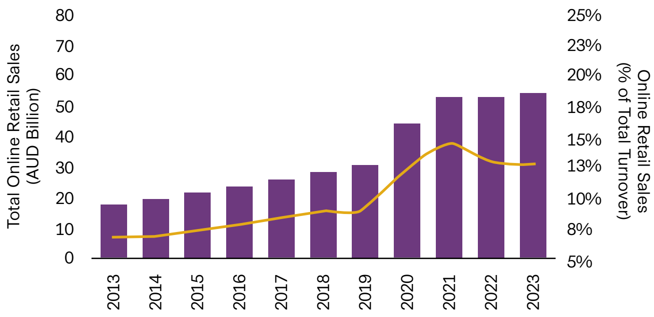
Deloitte Access Economics projects total employment to rise by 2.7% in 2023, before slowing significantly to 0.8% in 2024, largely attributed to a slowdown in global economic conditions and strong inbound migration.

## Australian Industrial & Logistics Overview

The Australian industrial sector has been moderating in both the occupier and investment markets after a period of strong growth recorded throughout early 2021 and 2022. The rapid uptake of warehouse space in the early COVID-19 period by e-commerce and traditional retailers, as well as with the transport and warehousing companies that supported them, resulted in a significant reduction of industrial vacancy across Australia.

While demand still outpaces supply in 2023, the demand from e-commerce and traditional retailers has largely normalised, in line with plateauing online spending levels from Australian consumers. As at August 2023, Australian e-commerce trade by value has plateaued at AUD 54.0 billion on a rolling annual basis to July 2023. This mirrors trade volumes in both 2021 and 2022. However, the overall penetration rate of e-commerce as a proportion of total retail is receding. As at August 2023, the e-commerce penetration rate sits at 12.8% - almost two percentage points down from the COVID-19 peak of 14.4% recorded at the end of 2021 (Figure 3).

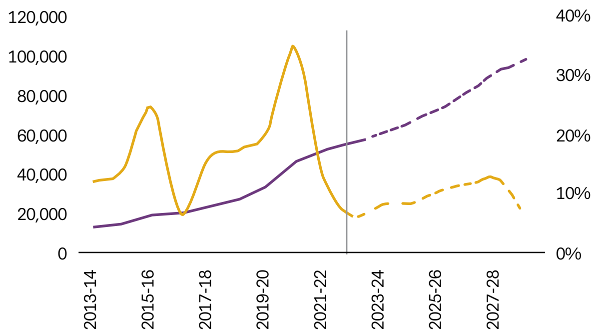
### Figure 3: Australian Online Retail Trade – Annual Value and Proportion of Total, 2013-2023




**Total Online Retail Sales** (12 Months Rolling) | **Online Retail Sales as a % of Total Retail Turnover**
*Source: National Australia Bank (NAB), JLL Research as at August 2023*

The latest Ibisworld Online Shopping Australia Report forecasts that online retail company revenues will increase by 9.8% per annum over the six years to FY28-29, reaching AUD 98.6 billion (Figure 4), and that total online retail enterprises in Australia will increase by 8.1% per annum to 132,600 businesses over the same time period.

### Figure 4: Australian Online Retailer Revenue, 2013-2029 (in AUD $ million)




**Revenue** | **y-o-y % Growth (RHS)**
*Source: NAB, JLL Research as at Q3 2023*

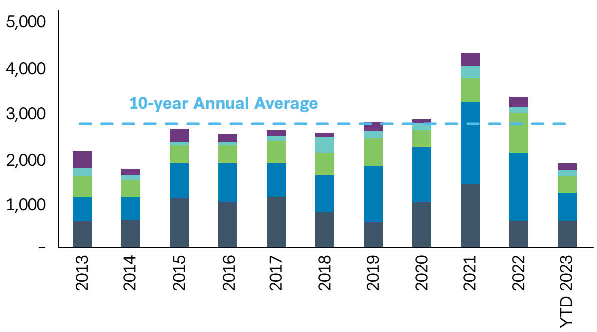
Looking forward, efficiency and sustainability characteristics in new warehouse space will become increasingly important in the occupier relocation decision-making process. Warehouse automation technology advancement throughout the majority of warehouse developers and end-users is rapidly becoming commonplace. The digital registration requirements needed for warehouse robotic automation increases efficiency in both order accuracy, capacity metrics, and inventory management for infrastructure owners and amplifies the attractiveness of warehouse space for property owners.

An increasing focus on sustainability will also support industrial occupier movement as we move into 2024. In a 2023 study conducted by JLL Research, 54% of Australia's top 100 industrial and logistics occupiers have net-zero targets. Most of these net-zero commitments are scheduled between 2030 and 2050 with 28 and 25 companies aiming for these dates, respectively.

We expect that as leases expire in existing assets occupied by these companies, owners may be asked by tenants to upgrade assets. Alternatively, tenants may seek new accommodation incorporating improved sustainability features. Overall, this occupier demand for sustainable warehouse accommodation will drive pre-lease demand for agile developers with the ability to incorporate a higher level of sustainable features in future proposed warehouse developments.

Industrial occupier demand has been moderating, in part, reflecting persistently low available warehouse space to lease nationally, but also softer business confidence in the current macroeconomic environment. After reaching a cyclical peak of 4.3 million sqm in Q4 2021, national industrial rolling annual gross take-up has been trending down. Quarterly gross take-up reached a three-year low in Q1 2023 (521,000 sqm). However, demand recovered in Q2 2023, reaching 819,100 sqm. Over the nine months to Q3 2023, national gross take-up reached 1.9 million sqm (Figure 5).

### Figure 5: National Industrial Gross Take-Up by Market (2013-2023 YTD) ('000 sqm)




**Perth** | **Adelaide** | **Brisbane** | **Melbourne** | **Sydney**
*Source: JLL Research as at Q3 2023*

Demand for existing space in the early COVID-19 period presented occupiers considering relocation options with limited choice in existing buildings. In 2022, gross take-up into new builds (pre-lease and design & construction) normalised to levels similar to pre-COVID.

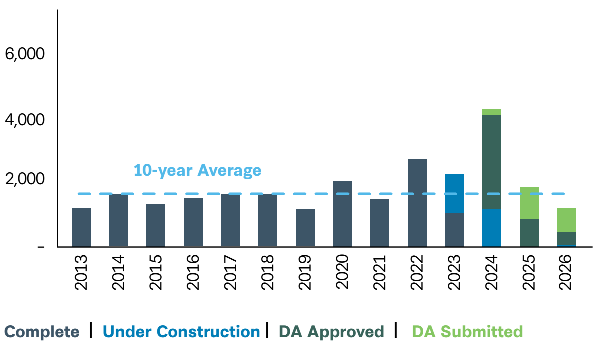
# Independent **Market Research**
## Australia

However, with ongoing uncertain macroeconomic factors adding pause to future business accommodation decisions, the pendulum has swung back towards occupier preference for existing warehouse space. Over the nine months to Q3 2023, occupier gross take-up into new builds accounts for just 33% (610,100 sqm) of total take-up nationally.

New supply to the Australian industrial sector reached record levels in 2022 (2.7 million sqm). However, over the first nine months of 2023, supply has slowed. New project commencements have been negatively impacted by a deteriorating macroeconomic environment and a rapid escalation of construction and labour costs over the past 12 months which has placed pressure on feasibility modelling. Over the first nine months of 2023, new supply completions have decreased to 1.1 million sqm.

Delays in construction stemming from cost escalations, as well as ongoing labour market tightness and challenges around materials delivery, has resulted in elongated construction timeframes, and even deferment of some projects. Given this, the future supply pipeline over the balance of 2023 is more robust. As at Q3 2023, there is 1.2 million sqm of new industrial space expected to be completed, bring 2023 annual supply to 2.2 million sqm. However, it must be noted that the expectation of further project delays is likely to moderate current projected supply (Figure 6).

### Figure 6: National Industrial Development Pipeline (2013-2026F) ('000 sqm)




*Source: JLL Research as at Q3 2023*

## Sydney:

### Supply:
There was a subdued level of supply brought to market over the over the 12 months to Q3 2023 with completions totalling 329,670 sqm. This was 39% below the 10-year annual average of 543,900 sqm. Notably, Sydney development activity in 2022 (1.1 million sqm) was the highest annual figure since JLL began tracking this metric in 1994. Elevated construction costs and development funding, in addition to limited available land for development drove the lack of construction activity.

The largest portion of 12-month supply delivery was located in the Outer Central West precinct (69% or 228,210 sqm). The pre-commitment rate dropped over the past 12 months, with 68% of stock by area being absorbed upon reaching practical completion. Anecdotally, low pre-commitment rates are a result of landlords building speculatively to capture rental growth. Sub-lease space is increasing as occupiers assess inventory levels and consider positive rental reversions achievable on excess space. JLL is currently tracking 908,780 sqm of stock currently under construction for the Sydney market, 27% of which is currently pre-committed.

### Demand:
Occupier activity in the Sydney industrial market (≥5,000 sqm) weakened over the 12 months to Q3 2023, totalling 705,600 sqm. This is a take-up level 21% below the 10-year annual average of 892,996 sqm. However, the subdued take-up levels are ultimately a result of an ongoing low vacancy environment rather than a substantial reduction in demand levels. The Outer Central West precinct accounted for the largest portion of annual leasing activity (47% or 238,950 sqm). The Transport, Postal & Warehousing sector accounted for the largest portion of take-up over the past 12 months (44% or 307,470 sqm). Pre-lease take-up was below the 10-year average; we recorded 205,020 sqm of pre-leasing activity over the year to Q3 2023 with the 10-year average being 334,050 sqm.

### Prime Rents:
Solid rental growth continued over the 12 months to Q3 2023, driven by ongoing tight leasing availability. Annual prime net face rental growth (by precinct) ranged between 3.9% to 27.4% - the strongest growth being in the Sydney South precinct. There are indications that prime incentives are starting to increase for some precincts as landlords look to lock in leases in light of a weaker macroeconomic environment. Average prime incentives reached a cyclical low of 5.0% in Q3 2022 and have marginally increased to 6.8% in Q3 2023.

### Land Values:
Sydney land values have broadly decreased over the past 12 months, as a result of rising cost of capital. Despite decreasing land values, rates remain significantly elevated compared to historical averages. Over the 12 months to Q3 2022, for 1 hectare lots, annual precinct declines ranged between 0% and -12.7% and for 2-5 hectare lots, annual price declines ranged between 0% and -13.5%.

### Transaction Volumes & Yields:
Sydney market investment volume totalled AUD 2.1 billion over the first three quarters of 2023. Sydney industrial yields have continued to decompress over

the past year, with the current prime yield range being 4.50%-6.00% across Sydney's industrial precincts. Average prime midpoint yield decompression by precinct has ranged from 112 basis points (bps) to 137 bps over the 12 months to Q3 2023. It should be noted that nearly all industrial precincts had recorded transactions with a yield in the 3% range 12 months ago and that strong rental growth has helped partially counter balance the correction in capital values.

## Melbourne:

**Supply:**
There was a subdued level of supply brought to market over the 12 months to Q3 2023, moderated by elevated construction costs and development funding, in addition to limited available land. A total of 527,200 sqm of industrial space reached practical completion over the past 12 months, a level 13% below the 10-year annual average. Notably, 2022 was the highest annual supply wave recorded since JLL commenced tracking in 1994. Geographically, the largest proportion supply over the last 12 months was delivered in the South East precinct (59%). The pre-commitment rate dropped over the past 12 months, with 59% of completions by area being absorbed upon reaching practical completion. Anecdotally, this is a result of landlords increasingly building speculative warehouse space to capture rental growth. JLL is currently tracking 1.0 million sqm of stock currently under construction for the Melbourne market, 41% of which is already pre-committed.

**Demand:**
Occupier activity in the Melbourne industrial market (≥5,000 sqm) slowed over the past 12 months, totalling 772,170 sqm - a level 22% below the 10-year annual average of 993,060 sqm. However, the subdued take-up figure is ultimately a result of a lack of available warehouse space to lease, rather than a substantial reduction in demand levels. The South East precinct accounted for the largest proportion of rolling annual leasing activity (35%). On a business sector level, the Transport, Postal & Warehousing sector accounted for the largest portion of take-up over the 12 months to Q3 2023 (41%). Pre-lease take-up was in line with the 10-year average, with 42% of occupier moves being taken up via pre-lease commitments.

**Prime Rents:**
Strong rental growth continued over the 12 months to Q3 2023, driven by ongoing tight leasing availability. Annual prime rental growth across the larger industrial precincts have ranged from 16.1% to 27.1%. Average prime incentives reached a cyclical low of 9.7% in Q1 2023 and have increased to 12.7% in Q3 2023.

**Land Values:**
Melbourne land values have broadly decreased over the past 12 months, as a result of rising cost of capital. Despite decreasing land values, rates remain significantly elevated compared to historical averages. Over the 12 months to Q3 2023, for 2,000 sqm size allotments, precinct land rates moved between 0% and -6.9%. For 1 hectare lots, annual movements ranged between 0% and -6% and for 2-5 hectare lots, annual movements ranged between 0% and -13%.

**Transaction Volumes & Yields:**
Transaction volumes in the Melbourne industrial market totalled AUD 1.7 billion over the first three quarters of 2023. Transactions volumes for this year are broader in line (1.2% higher) when compared to volumes in 2023. Buyers and vendors are gradually moving towards a middle ground as the period of price discovery continues. Average prime midpoint yield decompression has ranged from 75 bps to 113 bps over the 12 months to Q3 2023. The current prime yield range across Melbourne's industrial precincts is 4.75%-5.75%. Similarly to Sydney, nearly all industrial precincts had recorded transactions with a yield in the 3% range 12 months ago and that strong rental growth has helped partially counter-balance the correction in capital values.

## Brisbane:

**Supply:**
Supply delivery in Brisbane is expected to surpass its historic high in 2023. Over the first nine months of 2023, a total of 513,100 sqm of new warehouse space has been completed with an additional 171,400 sqm of developments expected to reach practical completion in Q4 2023. As a result, annual supply in 2023 will reach 684,500 sqm – the largest annual supply figure recorded since JLL began tracking this metric in 1994. The future supply pipeline is also very robust with almost one million square metres of new supply currently expected in 2024 (967,100 sqm). However, project delays due to labour shortages, material input inflation and timing of occupier pre-commitments are likely to moderate this figure.

**Demand:**
Gross take-up has been positive in Brisbane over the 12 months to Q3 2023, reaching 720,500 sqm. However, this elevated figure is mostly due to the strong wave of demand recorded in 2022. Quarterly gross take-up levels over the first nine months of 2023 have been comparatively low compared to the robust levels recorded last calendar year. Rolling annual gross take-up is currently 38% higher than the 10-year long term average of 521,200 sqm.

Geographically, most occupier demand over the last 12 months has been concentrated in the Southern precinct, accounting for 71% of total gross take-up. This mirrors the medium five-year and long-term 10-year proportional averages where the Southern

# Independent **Market Research**
## Australia

precinct has accounted for 70% and 65% of demand, respectively. The balance of gross take-up over the last 12 months has been recorded in the Trade Coast precinct (24%). Occupiers continue to prefer existing warehouse space over new builds in the form of pre-commitments and owner-occupier design & construction commitments.

### Prime Rents:

Average prime net face rents in Brisbane have been increasing over the last 12 months, particularly in the Trade Coast precinct where availability of modern warehouse space is lower. Over the 12 months to Q3 2023, average prime net face rents have increased by 24.2% in the Trade Coast, by 13.4% in the Southern precinct and 10.7% in the Northern precinct. In response to increased hesitancy from businesses regarding relocation decisions, prime incentives have begun marginally increasing from an average of 7.3% in Q2 2023 to 7.7% in Q3 2023.

### Land Values:

Brisbane industrial land values have remained broadly stable across most suburbs over the 12 months to Q3 2023 across 1 hectare and 2-5 hectare lots. Out of the five tracked suburbs for 1 hectare lots, three of the suburbs recorded flat growth whilst the other two suburb land values have increased (between 5.9% to 8.3%). For 2-5 hectare lots, three of the suburbs recorded flat growth, whilst one suburb had land values decrease by 6.0% (Geebung), and another suburb had land values increase by 9.1% (Lytton).

### Transaction Volumes & Yields:

Transaction volumes in the Brisbane industrial market have decreased significantly from the elevated levels recorded in 2021 and 2022. Over the first three quarters of 2023, transaction volumes totalled AUD 396.4 million which is 71% lower when compared to volumes over the same period in 2023. Against a backdrop of economic uncertainty and increased cost of debt, average prime yields in Brisbane have decompressed rapidly from the record lows recorded during COVID-19. Over the 12 months to Q3 2023, average prime midpoint yields have softened 63 bps to 5.50%. The current prime yield range across Brisbane's industrial precincts is 5.00%-6.00%.

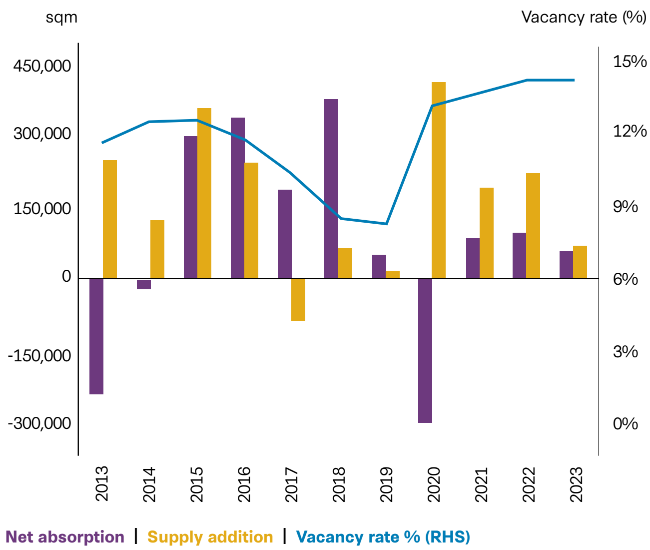
## Australian Office Overview

JLL tracks six CBD office markets, and 13 metropolitan office markets across Australia. Australian office stock (based on these tracked markets) increased by 340,800 sqm to 29.0 million sqm over the 12 months to Q3 2023. The increase in stock levels was skewed more towards the metropolitan office markets. The Australian CBD markets expanded by 137,600 sqm to 18.3 million sqm, whilst metropolitan office markets expanded by 203,200 sqm to 10.7 million sqm.

Whilst JLL has recorded positive levels of net absorption across Australian office markets on an aggregated level over the past year, this demand has varied substantially on a market-by-market basis. Australian CBD net absorption has totalled 90,400 sqm over the year to Q3 2023. This figure is well below the 20-year average of 178,100 sqm.

Positive CBD demand levels over the past year have been witnessed in the Brisbane, Perth and Adelaide CBD markets. Broad-based expansionary activity and centralisation activity have been the key drivers of this positive demand. Continued consolidation activity by large corporates in the Sydney and Melbourne CBD markets have weighed negatively on demand. One key theme across the CBD markets is that small tenant leasing activity (sub-1,000 sqm relocations) has supported overall demand levels.

**Figure 7: Australian CBD Office Market Balance 2013-2023**




*Source: JLL Research as at Q3 2023*

Whilst we recorded positive net absorption, the Australian CBD vacancy rate has marginally increased over the past year, increasing from 14.1% in Q3 2022 to 14.2% in Q3 2023. Continued office completions (partially counterbalanced by an uplift in withdrawal activity) resulted in the minor upward trend in the vacancy rate.

Tenants upgrading into higher quality office accommodation has been a theme over the decades. Tenants (particularly larger corporates) rarely downgrade into inferior space. However, despite the prevalence of work from home (and a number of organisations downsizing as a result of this), there has been a resilience in demand for prime grade space, which is the umbrella term for Premium and A-Grade office accommodation. Australian CBD prime grade net absorption has totalled 203,600 sqm over the 12 months to Q3 2023. This figure is broadly in line with the 20-year average of 208,900 sqm. In contrast, secondary grade net absorption has totalled -113,200 sqm over the 12 months to Q3 2023. This is well below the 20-year average of -30,800 sqm and is an indication that tenants are moving out of inferior stock at a great rate when compared to the long-term trend.

It is important to note that this divergence in demand is particularly pronounced in the Sydney and Melbourne CBD office markets, whereby prime net absorption is a strong positive number and secondary net absorption is a strong negative number. Attractive financial metrics (namely elevated incentives), organisations looking to attract and/or retain the best talent as well as solid levels of pre-commitment activity into newer assets are key drivers of this trend.

JLL has observed the re-emergence of sublease space being offered to market over 2023. Australian CBD sublease vacancy peaked at 480,800 sqm (or 2.7% of total stock) in Q1 2021 and trended down to 277,900 sqm (1.5% of total stock) in Q4 2022. Over the course of 2023, CBD sublease vacancy has trended up to 328,100 sqm (1.8% of total stock) with the increase being driven by the Sydney and Melbourne markets. The uptick has been driven by larger corporates in the financial services, technology and professional services industry sectors.

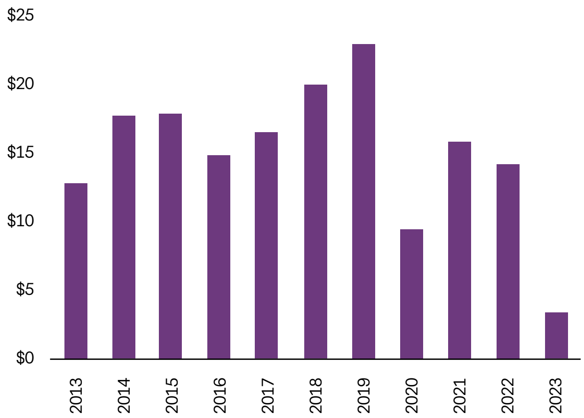
JLL is projecting the completion of 402,500 sqm of office stock across 20 projects in Australia's CBD markets over 2023. The bulk of supply is concentrated in the Melbourne CBD (119,200 sqm) and Adelaide CBD (101,300 sqm). The Adelaide CBD is undergoing a development boom with 2023 completions to be the highest annual figure since 1988. Beyond 2023, JLL is tracking a further 888,600 sqm of stock that is under construction (across 30 projects) with scheduled completion dates between 2024 and 2028. The majority of development activity is in the Sydney CBD (259,300 sqm), Melbourne CBD (252,100 sqm) and Brisbane CBD (158,300 sqm).

JLL has recorded landlords pushing up prime net face rents over the past year across Australia's CBD markets (to varying degrees). Whilst this is partially a response to rising incentives to try and dampen the reduction in effective rents, other markets have recorded strong levels of demand (such as in Brisbane and Perth) that has pushed down the vacancy rate and supported rent growth. Australian CBD prime net face rents have grown 5.2% over the year to Q3 2022. Average CBD prime incentives have trended up from 37.4% in Q3 2022 to 38.1% in Q3 2023. The uplift in face rents has outweighed the upward trend in incentives, with prime net effective rents increasing by 2.1% over the year to Q3 2023.

Transaction volumes for Australia's CBD and metropolitan office markets have totalled AUD 3.5 billion for the first three quarters of 2023. This figure is well below 2022 year-to-date (YTD) volumes (AUD 11.9 billion) and is the lowest YTD transaction result since 2009. The largest transaction for the first three quarters of 2023 has been 44 Market Street, Sydney CBD which was sold by Dexus to PAG for AUD 393.1 million.

A rising interest rate environment, elevated cost of debt and uncertainty about the macroeconomic outlook has dampened investor sentiment and pricing for office stock has gradually adjusted over the past year. The average Australian CBD prime midpoint yield reached a cyclical low of 5.06% in Q2 2022 and has softened to 5.96% in Q3 2023. Further yield softening is anticipated over the short-term as buyers and vendors continue to go through a period of price discovery.

**Figure 8: Australian Office Transaction Volumes, 2013-2023 (AUD $ billion)**




*Source: JLL Research as at Q3 2023*

## Melbourne CBD:

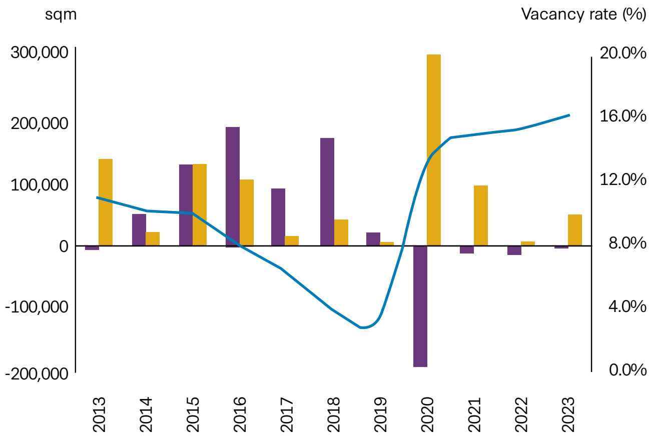
### Demand & Vacancy:

The Melbourne CBD office market has continued to record subdued occupier demand throughout 2023, as the office sector continues to establish an equilibrium post-pandemic. In the 12-months to Q3 2023, -21,400 sqm of net absorption was recorded in the Melbourne CBD, which was primarily a result of consolidation activity and large tranches of sublease space being brought to market, particularly amongst the finance and insurance services sector. Comparatively, the pre-pandemic 10-year net absorption average to 2019 was 73,000 sqm per annum. The CBD recorded a weak net absorption result of -9,800 sqm in Q3 2023, which was predominantly driven by contractions by small tenants (<1,000 sqm), particularly in secondary grade stock.

# Independent **Market Research**
## Australia

As a result of negative leasing demand and one asset withdrawal over Q3 2023, the Melbourne CBD rate remained broadly unchanged at 16.2% over the quarter. This remains as the highest vacancy rate in the market since 1998. The 20-year annual average currently sits at 8.3%.

### Figure 9: Melbourne CBD Office Market Balance, 2013-2023




Net absorption | Supply addition | Vacancy rate % (RHS)
*Source: JLL Research as at Q3 2023*

### Supply:
The Melbourne CBD recorded no office completions over the quarter. This is on the back of three projects reaching completion in H1 2023 (totalling 74,300 sqm). The largest completion was Charter Hall's delivery of 555 Collins Street, which brought 47,800 sqm to market. The Melbourne CBD supply pipeline remains active, with six new office projects under construction and on track to deliver 223,300 sqm by mid-2026, with a further five refurbishment and extensions (totalling 72,698 sqm) expected to be completed by late 2024. Overall, there are 11 projects under construction in the Melbourne CBD which are expected to bring 297,000 sqm to the market by mid-2026 (currently 23% pre-committed).

### Rents & Incentives:
The Melbourne CBD rental market remains favourable for tenants, as prime incentives trended up to 41.2%, the highest level since 1994. Prime net face rents have shown stable growth of 2.5% in the 12-months to Q3 2023. However, despite the increase in face rents, prime net effective rents have decreased by -3.4% over the last 12 months, driven by elevated incentives.

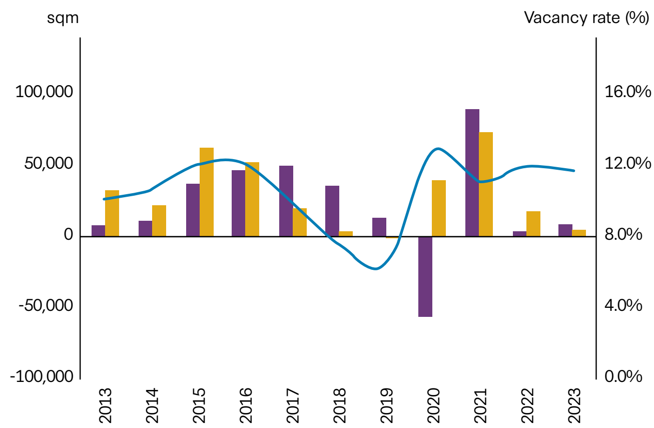
### Transaction Volumes & Yields:
The Melbourne CBD has recorded AUD 553.7 million in sales transactions throughout 2023 (Q1 to Q3). The largest transaction for 2023 has been the sale of 7 Spencer Street in Docklands, which was sold by Mirvac (50% interest) and purchased by the Daibiru Corporation for AUD 313.0 million. Melbourne CBD prime midpoint yields have softened by 75 bps to 5.50% over the year to Q3 2023 with the current prime range being 4.75%-6.25%. A blend of rising debt costs, persistently high vacancy and uncertain macroeconomic conditions has led to the softening in office yields.

## Melbourne South-East Suburbs:

### Demand & Vacancy:
Occupier demand within Melbourne's South-East Suburbs (SES) has maintained robust levels of net absorption. In the 12 months to Q3 2023, there has been 24,700 sqm of net absorption recorded in the SES, which is marginally above the 10-year annual average of 23,100 sqm per annum. The positive result has been driven by positive pre-commitment activity in recently completed office stock. Over Q3 2023, the flight-to-quality theme remained evident, with prime grade net absorption totalling 1,200 sqm whilst secondary grade net absorption was -2,100 sqm.

Headline vacancy in the Melbourne SES has remained resilient post-pandemic, reaching a cyclical peak of 12.8% in Q4 2020 and trending down to 11.7% in Q3 2023. This result was largely driven by a limited number of projects reaching practical completion and the on-going demand from tenants centralising into the SES from outer suburban markets. The current vacancy rate is trending above the 10-year annual average of 10.4%.

### Figure 10: Melbourne SES Office Market Balance, 2013-2023




Net absorption | Supply addition | Vacancy rate % (RHS)
*Source: JLL Research as at Q3 2023*

### Supply:
The SES has had two new office developments and one refurbishment completed in the 12-months to Q3 2023, which delivered 13,800 sqm. These projects were brought to market with a blended pre-commitment rate of 58%.

The SES supply pipeline currently has 66,600 sqm of stock under construction across four projects. The largest project was APH Holdings' 35,000 sqm development at 14-22 Wellington Street, Box Hill, which is due for delivery in Q4 2024.

### Rents & Incentives:

The SES rental market has continued to record steady growth, with prime net face rents increasing 1.6% over the 12 months to Q3 2023. Average prime incentives within the SES have increased 1.6 percentage points to 29.6% over the same time period. As a result, prime net effective rents have weakened 2.6% y-o-y in Q3 2023, which is below the 10-year average of 0.9% per annum.

### Transaction Volumes & Yields:

The Melbourne SES recorded AUD 94.0 million in sales over the first three quarters of 2023, which was largely led by the AUD 40.3 million sale of 436 Elgar Road, Box Hill. The asset was sold by Garda Property Group to an undisclosed local buyer, which traded for an equivalent yield of 5.89%. Comparatively, the Melbourne SES recorded AUD 521.5 million in sales between Q1 2022 to Q3 2022, across 10 transactions.

Melbourne SES prime midpoint yields softened 12 bps to 6.25% over Q3 2023, with the prime range being 5.75%-6.75%. Similarly to the Melbourne CBD, general market sentiment towards the office sector as a result of an elevated cost of debt environment and uncertain economic conditions has driven the continued softening in yields.

## Perth CBD:

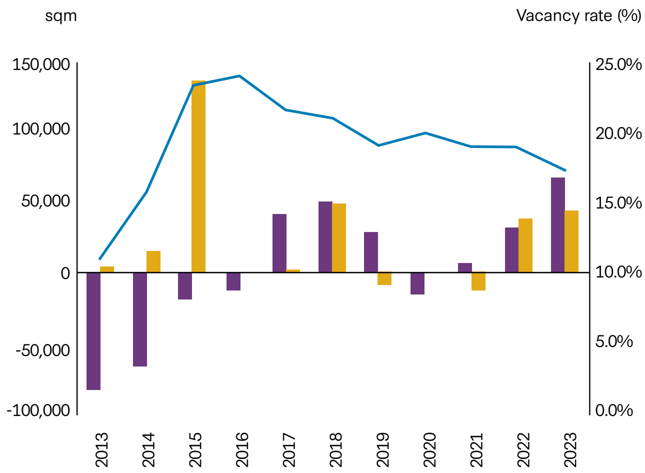
### Demand & Vacancy:

Economic activity has been boosted by ongoing strength within the Western Australia resources sector, a significant contributor to both overall economic output and demand for office space. Consequently, over the 12 months to Q3 2023, Perth CBD net absorption totalled 72,717 sqm, which is significantly higher than the 20-year long-term average of 18,432 sqm. The expansion and relocation of existing CBD tenants into higher quality office buildings dominated occupier activity and remains a key theme to the Perth CBD demand story. Base demand from the resources and professional services sectors remains robust, driving Perth CBD office net absorption higher.

Small tenants, particularly in the sub-500 sqm cohort of the market have shown a strong interest for fitted space and have acted quickly on securing office accommodation if it suits their office space requirements.

The vacancy rate decreased 2.0 percentage points over the past year to 17.3% in Q3 2023, driven by on-going tenant expansionary trends as well as the centralisation of tenants into the CBD.

### Figure 11: Perth CBD Office Market Balance, 2013-2023




**Net absorption** | **Supply addition** | **Vacancy rate % (RHS)**
*Source: JLL Research as at Q3 2023*

### Supply:

JLL has recorded the completion of only one office asset over 2023 totalling 54,000 sqm. Chevron relocated from 250 St Georges Terrace (QV1) into the newly completed development, occupying 45,000 sqm. Nevertheless, the existing supply pipeline is elevated with five office developments currently under construction, totalling 136,894 sqm. Plans are approved for a further nine projects in the CBD, totalling 171,089 sqm. Proposed new office developments are likely to require substantial pre-commitment to proceed.

### Rents & Incentives:

Given positive leasing demand since Q4 2021 from the resources and professional services sectors, there has been a subsequent increase in face rents, and gradual decline in leasing incentives. Perth CBD face rents have shown signs of an upward trend, with prime net face rents increasing 3.1% over the 12 months to Q3 2023, significantly above the 10-year long-term average of -1.6% per annum. Average prime incentives have decreased 0.8% to 47.9% over the past 12 months.

### Transaction Volumes & Yields:

The Perth CBD recorded AUD 384.4 million in sales transactions over 2022 and AUD 373.0 million over the first three quarters of 2023. Both figures sit below the 10-year rolling average of AUD 559.3 million.

Perth CBD prime midpoint yields held steady at 7.13% over the quarter. The prime range is 6.00%-8.25% as at Q3 2023.

# Independent **Market Research**

## Germany

Colliers

### Germany Macroeconomic Overview

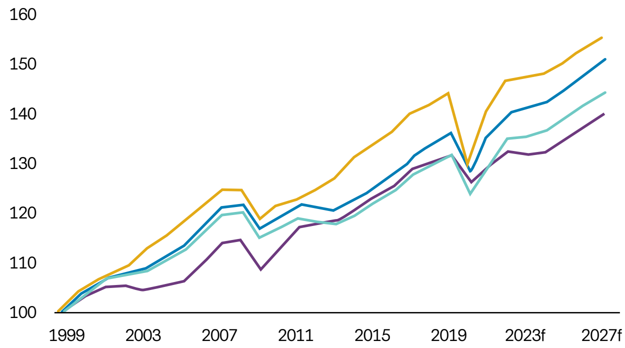
In the third quarter of 2023, GDP has gone down compared to the previous quarter, with a year-on-year decline of 0.8%. The consensus forecast anticipates a 0.4% decline for 2023. A rapid economic recovery seems unlikely. The ifo Business Climate Index continued its negative trend and other indicators, such as export expectations, paint a similar picture. In light of this, forecasts for economic growth next year have recently been revised downward. The consensus is projecting a weak recovery in 2024, with GDP growth of 0.6%.

The negative economic development is expected to dampen demand for commercial real estate in the upcoming months. A positive aspect is the still very stable job market. The unemployment rate is expected to increase only slightly in 2024. Current wage agreements, along with decreasing inflation rates, lead to a positive real wage development, which will support private consumption as well as the industry and have positive effects on the housing market, too.

The inflation trend peaked at the end of 2022 and has declined significantly since then. In October, inflation, according to the initial estimate by the Federal Statistical Office, dropped to 3.8%. For the entire year 2024, an inflation rate of 2.7% is currently expected. Thus, the European Central Bank's ("ECB") inflation target of 2.0% will not be achieved. Given the recent noticeable drops in inflation rates and the further deterioration in the economic outlook, additional interest rate hikes currently appear less likely. However, rapid interest rate cuts are also not expected on the other side. Stronger decreases in inflation or further worsening economic conditions could prompt the ECB to react earlier. Capital markets have recently priced in a prolonged period of high interest rates. Although declining interest rates are still expected in the coming months, it is happening slower than anticipated and starting from a higher base. Upward pressure on initial yields continues in this environment and another adjustment cannot be excluded in the current environment.

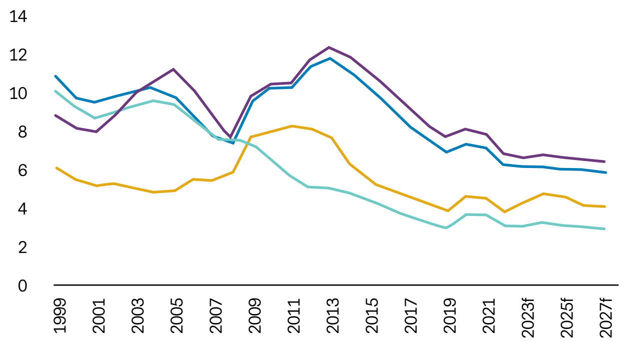
| Key Factors | CAGR 2017-2022 | Forecast 2023-2024 |
|---|---|---|
| Population growth | + 0.4% | + 0.1% |
| Employment growth | + 1.3% | + 0.1% |
| Real Wage growth (in Euro) | - 0.6% | - 1.4% |
| Consumer Price Inflation | + 3.2% | + 2.7% |

### GDP Development (Index 1999 = 100)



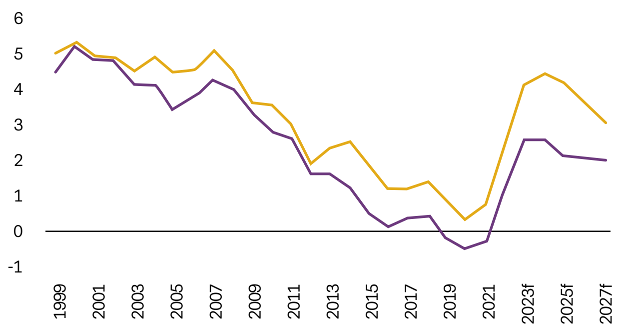

Germany | UK | EU (excl. UK) | Eurozone

### Unemployment Rate (% of Workforce)




Germany | UK | EU (excl. UK) | Eurozone

### Long-Term Interest Rate - 10-Year Government Bond Yield (in %)




Germany | UK

## Germany Industrial & Logistics Overview

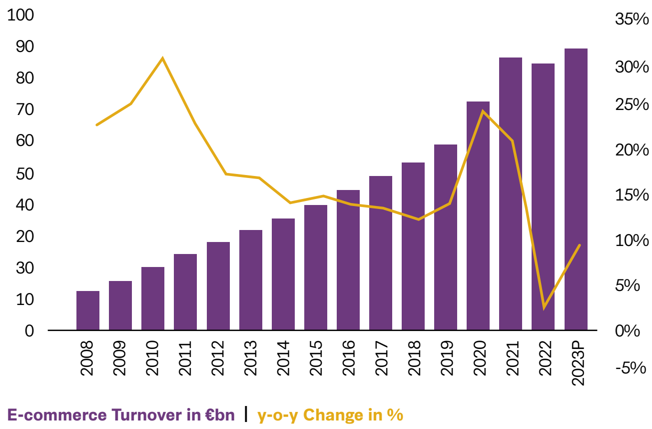
In 2020 and 2021, the market was strongly impacted by the pandemic and the associated difficulties. Shutdowns and delays in the supply chains, coupled with rising parcel volumes, led to increased demand from companies for logistics properties. In 2022, the Ukraine war, the energy crisis and inflation concerns followed. For investors, financing conditions have changed significantly, while users are contending with high inflation and rising energy costs. Poor economic environment was reflected in both export figures and private consumptions. As a result, online retail fell by around 2.5% or €2.2 billion to almost €84.5 billion in 2022. Excluding the one-time effect of the pandemic, the development of e-commerce turnover continues to increase. For 2023, a positive year-on-year growth of 5.8% is forecasted (see graph). Overall, consumer behavior in 2023 has developed less positively than expected.

As a result of the economic uncertainties, the volume of parcel, express and courier shipments in Germany also fell by 8% in 2022 compared to the previous year. By 2027, an average annual growth in shipment volume of 3% to 4.9 billion shipments is expected. In the course of the year, trading companies released strategically leased space to the market in the form of sublet space due to consumer restraint. However, these were directly absorbed by the market due to the shortage of supply. Therefore, it is not surprising that the share of trading companies in total take-up has declined in 2023. Currently, there is a healthy mix of demand across all user groups.

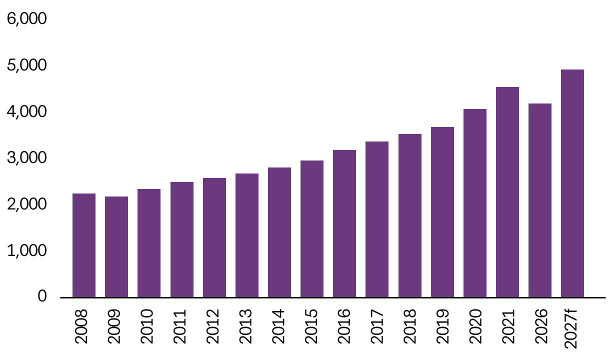
In spring 2022, raw material and construction prices exploded due to geopolitical conflicts. In the course of 2023, prices have levelled off again, but remain at a higher level than before the crisis in 2020.

The general uncertainty on the market created the impression that demand had decreased. However, a closer look at the market makes it clear that the main reason for the low take-up in the TOP 8 logistics locations is primarily the lack of supply and take-up remains overall stable compared to pre-pandemic levels. In addition, there is an intensification of the shortage of land, which will have a direct impact on the new construction pipeline as well as the take-up of space in the TOP 8 regions. The development of rents will continue to be assessed positively in the future. Although a slowdown in rental growth is to be expected, factors such as ESG, supply shortages and continued high land costs will have a significant impact on rental levels.

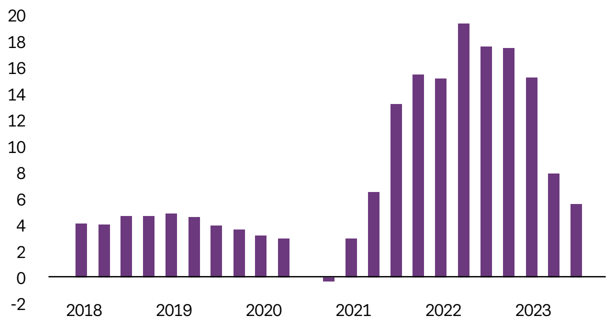
### Development of E-Commerce (in € billion)




### Number of Shipments Per Year (in millions)




### Construction Price Index – Commercial Buildings (in %)



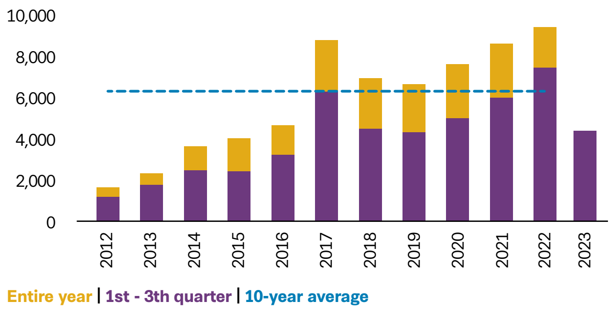
# Independent **Market Research**

## Germany

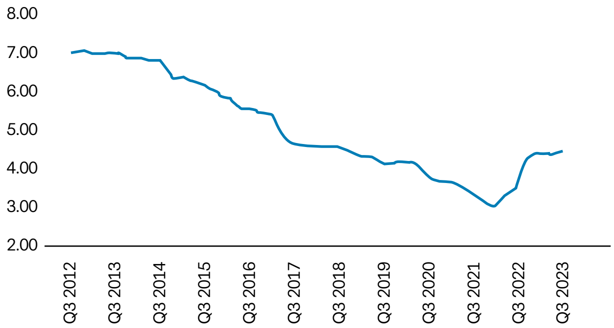
A total investment volume of roughly €4.3 billion was transacted within the German industrial and logistics space in the first three quarters of 2023. That's in line with transaction volumes in Q1-Q3 2019 (€4.3 billion). A long-term comparison shows how the market has cooled with the latest results falling roughly 20% short of the 5-year average and down roughly 41% compared to the previous year's record results. The sector nevertheless performed well compared to the overall market and posted a record market share of 25%, putting logistics assets in second place after retail. Portfolio deals accounted for roughly 42% of total transaction volume at the end of September (€1.8 billion) and had a particularly strong impact on Q3 results. Portfolio deals accounted for 32% and 45% of deals in 2021 and 2022 respectively, with both of those years bringing in record results. A 42% share is a clear indication that the industrial and logistics real estate market is on the road to recovery. Gross prime yields for core logistics assets of over 3,000 sqm stood at 4.50% in Q3 2023. While the low number of transactions made it difficult to determine market yields in H1 2023, several core assets changed hands in Q3 and gross prime yields saw a 10 bps upwards adjustment. The trend toward yields stabilising, which we already saw in Q2, appears to have continued in Q3 with only minor price corrections. High investor interest and double-digit rental growth coupled with a recovery in leasing activity in Q3 are having a positive impact on transaction activity in the industrial and logistics segment. Although 2023's annual result will most likely fall short of the record in year 2022, we nevertheless expect to see a substantial result roughly in line with the 10-year average due to current market conditions.

Germany's TOP 8 industrial and logistics markets generated roughly 1.6 million sqm in total take-up in the first nine months of 2023, down 37% y-o-y and around 29% shy of the five-year average. The y-o-y gap in take-up is narrowing with each quarter. While take-up in the first two quarters of 2023 was down y-o-y by about half, the difference is now only about one-third. All of Germany's TOP 8 industrial and logistics regions posted a y-o-y drop in take-up with the exception of Frankfurt. Q3 was nevertheless the strongest quarter by far in the Berlin, Frankfurt, Cologne and Stuttgart logistics regions. Tenants' interest primarily revolved around the small-space segment of up to 3,000 sqm with roughly two-thirds of all leases signed in this segment. Locations such as Berlin, Frankfurt and Hamburg, which have been characterised by large-scale leases in the past due to their occupier structure, saw a number of leases signed for over 10,000 sqm in Q3. We expect low vacancy rates and the slump in new-build construction to continue to put upward pressure on existing rents. We are also seeing property developers having to meet higher tenant expectations due to the high cost of land, stricter ESG requirements and persistent high debt costs. 2023 annual take-up results will not be able to match the record results of previous years. Nevertheless, we expect the market to continue its upward trajectory in Q4, which will have a positive impact on the year-end result.

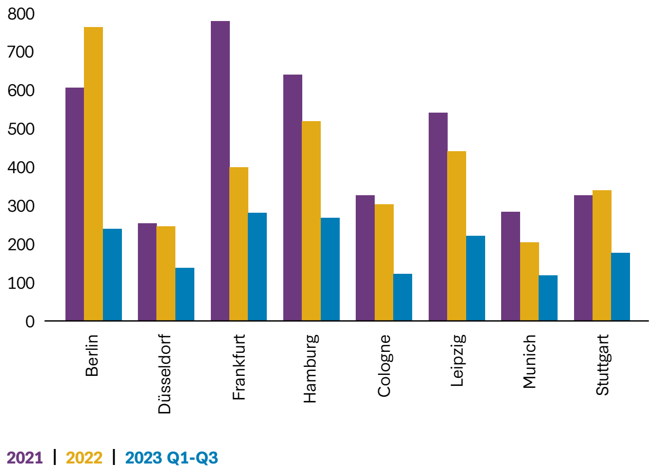
### Transaction Volume Industrial & Logistics (in € million)



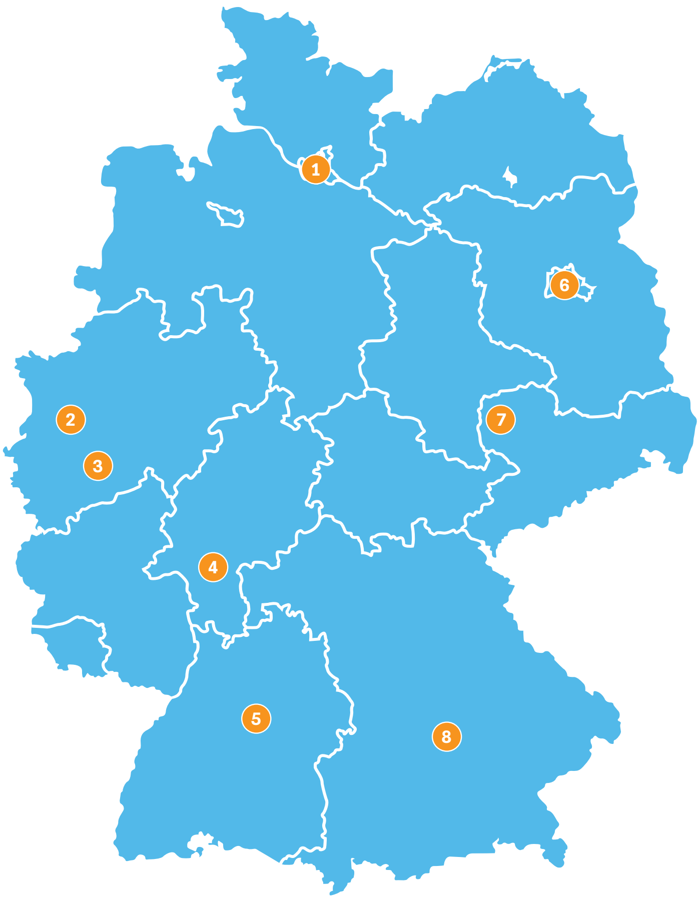

### Gross Initial Yield (Class A Logistics Properties, in %)




### Take-Up of the Top Logistics Markets in Germany ('000 sqm)



## Top Logistics Markets in Germany:




| | Q3 2022 | Q3 2023 | 12-month Forecast |
|---|---|---|---|
| **1. Hamburg** | | | |
| GIY (in %) | 3.6% | 4.5% | ↗ |
| Prime Rent €/sqm per annum | € 81.6 | € 92.4 | ↗ |
| **2. Düsseldorf** | | | |
| GIY (in %) | 3.6% | 4.5% | ↗ |
| Prime Rent €/sqm per annum | € 86.4 | € 90.0 | ↗ |
| **3. Cologne** | | | |
| GIY (in %) | 3.6% | 4.5% | ↗ |
| Prime Rent €/sqm per annum | € 81.0 | € 90.0 | ↗ |
| **4. Frankfurt** | | | |
| GIY (in %) | 3.6% | 4.5% | ↗ |
| Prime Rent €/sqm per annum | € 87.6 | € 93.6 | ↗ |
| **5. Stuttgart** | | | |
| GIY (in %) | 3.6% | 4.5% | ↗ |
| Prime Rent €/sqm per annum | € 86.4 | € 97.2 | ↗ |
| **6. Berlin** | | | |
| GIY (in %) | 3.6% | 4.5% | ↗ |
| Prime Rent €/sqm per annum | € 84.0 | € 92.4 | ↗ |
| **7. Leipzig** | | | |
| GIY (in %) | 3.6% | 4.5% | ↗ |
| Prime Rent €/sqm per annum | € 56.4 | € 67.2 | ↗ |
| **8. Munich** | | | |
| GIY (in %) | 3.6% | 4.5% | ↗ |
| Prime Rent €/sqm per annum | € 94.8 | € 102.0 | ↗ |

# Independent **Market Research**

## Germany

## Stuttgart:

### Occupational Market:

The Stuttgart industrial and logistics real estate market achieved a total take-up of around 176,900 sqm in the first nine months of 2023. This corresponds to a decline of 19% compared to the same period in the previous year. Owner-occupiers accounted for around a quarter of total take-up. Overall, tenants mainly rented in the small-space segment up to 3,000 sqm. Around 66% of all lettings took place in this segment. Traditionally, production and manufacturing companies are the biggest space turnover drivers. Due to low vacancy rates and the lack of space in the region, rents have continued to rise. The top rent has now exceeded the €8 per sqm mark. Since hardly any new space will come onto the market in the future, the situation on the letting market will continue to tighten, causing rents to rise further.

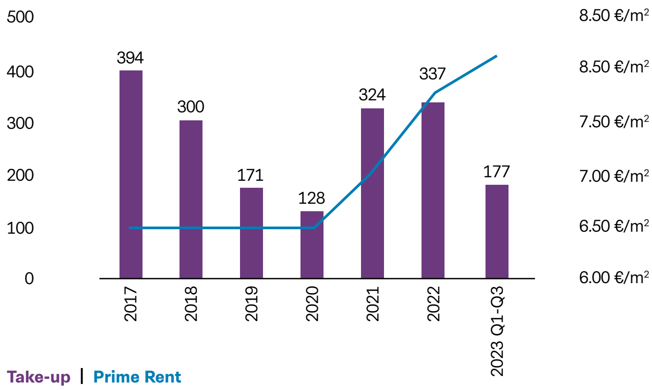
### Investment Market:

The logistics region recorded an investment volume of approximately €50 million by the third quarter of 2023, a decrease of 49% compared to the same period in the previous year's result (approximately €99 million). In the past, the market has shown stable investment activity. Despite a very low vacancy rate, almost no new development activity and a market structure which is characterised by regional owners, the region is still very attractive to investors.

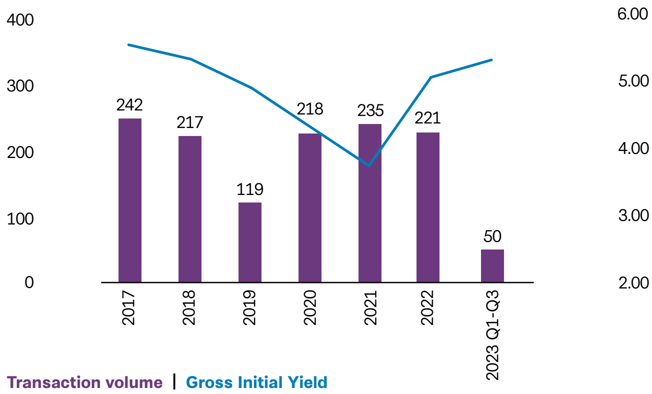
### Outlook:

The current economic situation is having an impact on export figures and thus on industrial companies, making it increasingly difficult for them to correctly assess their space requirements. This will also have an impact on the Stuttgart logistics region, which is primarily characterised by production and manufacturing companies. The recovery of the market has been visible since Q3, which will have a positive effect on the market and the year-end results but will not match the results of the last two years.

### Take-Up ('000 sqm)



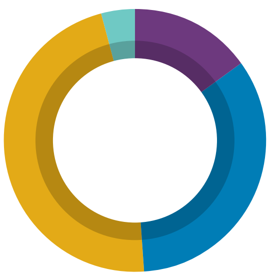

### Investment Volume (in € million) and Gross Initial Yield (in %)




### Take-Up by Size Category (in sqm) Q1-Q3 2023 (in %)

| | |
|---|---|
| up to 500 sqm | 2% |
| 501 - 1,000 sqm | 4% |
| 1,001 - 3,000 sqm | 9% |
| 3,001 - 5,000 sqm | 11% |
| 5,001 - 10,000 sqm | 18% |
| above 10,001 sqm | 56% |

### Take-Up by Sector Q1-Q3 2023 (in %)



| | |
|---|---|
| Logistics Service Providers | 15% |
| Production & Manufacturing Companies | 34% |
| Trading Companies | 47% |
| Others | 4% |

## Munich:

### Occupational Market:

The Munich industrial and logistics real estate market achieved a take-up of around 115,400 sqm in the first nine months of 2023. Compared with the same period in the previous year, there was a decline in take-up of 29%. This is due to the restricted supply on the one hand, and on the other due to tenants still waiting and sounding out the market. Furthermore, no relevant owner-occupier deals took place. The production & manufacturing sector was responsible for the majority of take-up. The lettings in the third quarter took place primarily in the small to medium space segment and predominantly in the peripheral submarkets. Due to the shortage of space, a low vacancy rate and a manageable new construction pipeline, rents continued to rise. Compared with the previous year (Q3 2022 to Q3 2023), prime and average rents rose by 8% and 7% respectively. For the coming months, we expect pressure on existing rents to increase further.

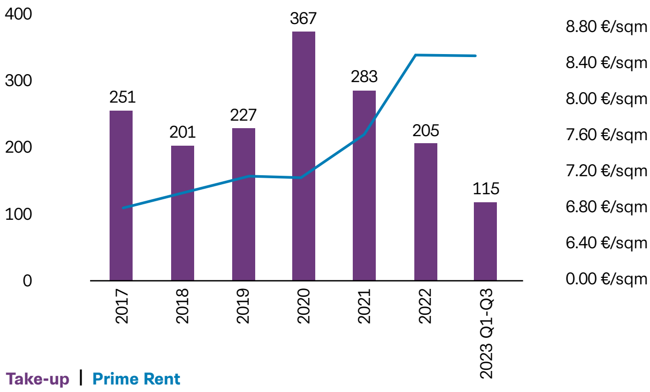
### Investment Market:

The Munich industrial and logistics market registered an investment volume of €144 million at the end of the third quarter and thus increased by 19% compared to the same period in the previous year. Due to the structure of the market, there is increased investment in light industrial and production. In addition, investments in the first three quarters were predominantly in the small-volume sector below €50 million.

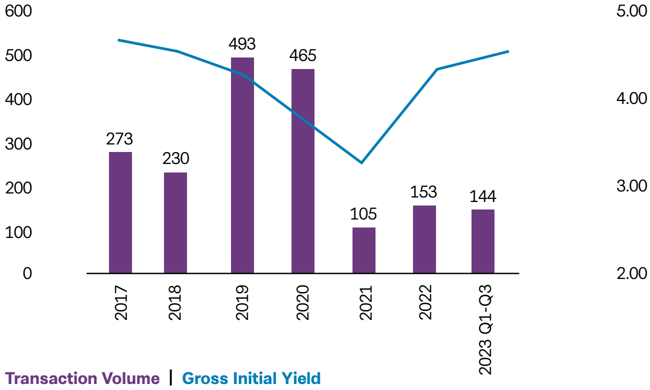
### Outlook:

Due to the wait-and-see attitude of users, both demand and supply on the market are expected to remain stable until the end of the year. The shortage of supply in the city will continue to ensure that larger spaces are increasingly rented in the surrounding areas. Furthermore, low vacancy rates and a lack of new construction will continue to drive rents up.

### Take-Up ('000 sqm)



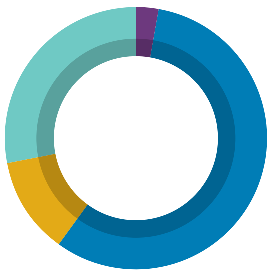

### Investment Volume (in € million) and Gross Initial Yield (in %)




### Take-Up by Size Category (in sqm) Q1-Q3 2023 (in %)

| | |
|---|---|
| up to 500 sqm | 4% |
| 501 - 1,000 sqm | 6% |
| 1,001 - 3,000 sqm | 25% |
| 3,001 - 5,000 sqm | 32% |
| 5,001 - 10,000 sqm | 6% |
| above 10,001 sqm | 27% |

### Take-Up by Sector Q1-Q3 2023 (in %)



| | |
|---|---|
| Logistics Service Providers | 3% |
| Production & Manufacturing Companies | 57% |
| Trading Companies | 12% |
| Others | 28% |

# Independent **Market Research**
## Germany

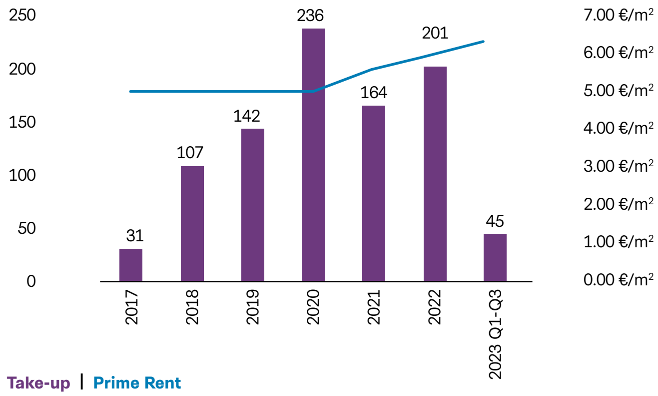
## Nuremberg:

### Occupational Market:
The Nuremberg logistics region is one of the established logistics regions outside of the TOP 8 locations. In the first three quarters of 2023, there was a total take-up of 448,000 sqm in the industrial and logistics real estate market in Nuremburg. This corresponds to a decline of 76% compared to the same period in the previous year. Furthermore, there was one bigger extension (c. 11,000 sqm) which indicates that tenants have to prolong leasing due to a shortage of options. The two dominant user groups in the region are logistics service providers and companies from the manufacturing and electrical industries, due to its status as a trimodal location. Compared to the same period in the previous year, the prime rent showed moderate growth of 7%.

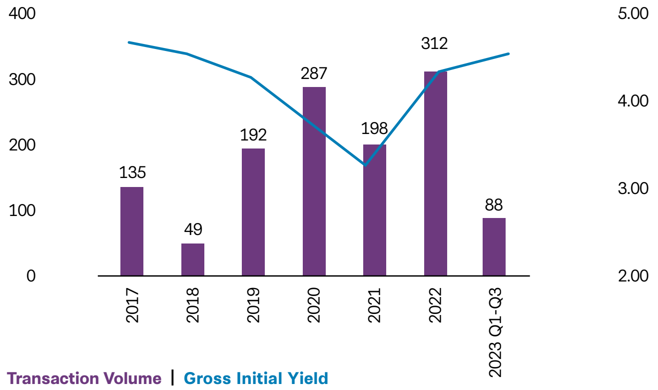
### Investment Market:
The shortage of supply in the TOP 8 regions is particularly visible in Nuremberg which benefits from the proximity to Munich and Ingolstadt. In the first three quarters of 2023, the Nuremberg investment market recorded a transaction volume of €88 million which is 65% under the previous year's same period result. Most of the investments were in the small-volume sector below €50 million which is in line with the TOP 8 regions. Due to the market structure, investments are increasingly being made in logistics properties.

### Outlook:
For the coming months, we expect a well-filled new construction pipeline for the Nuremberg logistics region, which will ensure a stable supply of space with increasing demand. Due to its central location and proximity to the A6 and A7 motorway interchange, the region is particularly attractive for trading companies and logistics service providers. Furthermore, the rent level is significantly more attractive than in the TOP 8 locations.

### Take-Up ('000 sqm)



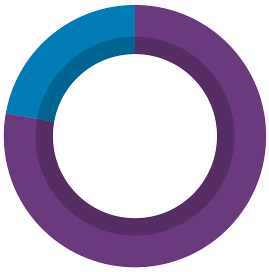

### Investment Volume (in € million) and Gross Initial Yield (in %)




### Take-Up by Size Category (in sqm) Q1-Q3 2023 (in %)

| | |
|---|---|
| 5,001 - 10,000 sqm | 50% |
| above 10,001 sqm | 50% |

### Take-Up by Sector Q1-Q3 2023 (in %)



| | |
|---|---|
| Logistics Service Providers | 78% |
| Production & Manufacturing Companies | 22% |

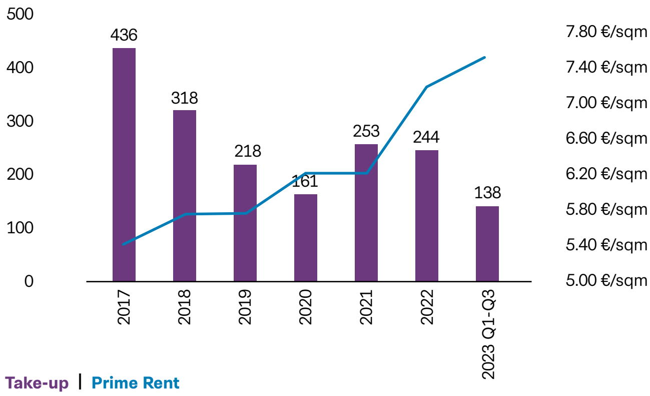
# Düsseldorf:

### Occupational Market:
In the first nine months of 2023, the Düsseldorf industrial and logistics real estate market generated take-up of around 138,200 sqm. Compared with the same period in the previous year, take-up fell by 42% and is 25% below the five-year average. The focus of tenants was primarily on the small-space segment up to 3,000 sqm. Around 71% of all deals took place in this segment. Logistics service providers are by far the strongest user group, accounting for 62% of total take-up. We see that users continue to act cautiously due to the general economic conditions. However, there is still excess of demand on the market that meets a restricted supply, which has led to an increase in average prime rent compared to the previous year. We expect rental growth to remain stable until the end of the year.

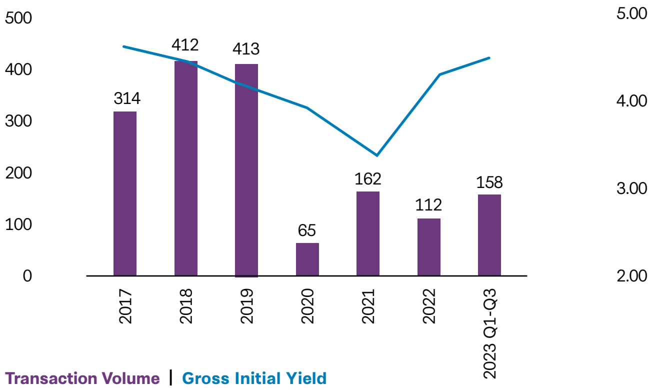
### Investment Market:
Since the beginning of the year, around €158 million have been invested in the Düsseldorf industrial and logistics market. Compared to the previous year, this represents an increase of 45%. This strong result was achieved mainly through a transaction of over €100 million. In addition, there was hardly any suitable investment product on the market due to a shortage of land and declining new construction activity.

### 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. The number of brownfield developments is increasing at many locations in North Rhine-Westphalia, especially the Rhine Ruhr area. This will also shape the Düsseldorf market in the future. The recovery of the letting market has been visible since Q3, which will also have a positive effect on the Düsseldorf region, but will not be able to match the record result of recent years.

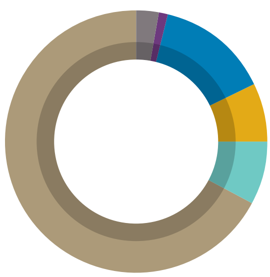
### Take-Up ('000 sqm)




### Investment Volume (in € million) and Gross Initial Yield (in %)

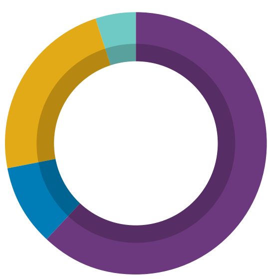



### Take-Up by Size Category (in sqm) Q1-Q3 2023 (in %)



| | |
|---|---|
| up to 500 sqm | 3% |
| 501 - 1,000 sqm | 1% |
| 1,001 - 3,000 sqm | 14% |
| 3,001 - 5,000 sqm | 7% |
| 5,001 - 10,000 sqm | 8% |
| above 10,001 sqm | 67% |

### Take-Up by Sector Q1-Q3 2023 (%)



| | |
|---|---|
| Logistics Service Providers | 62% |
| Production & Manufacturing Companies | 10% |
| Trading Companies | 23% |
| Others | 5% |

# Independent **Market Research**

## Germany

## Cologne:

### Occupational Market:

The Cologne industrial and logistics real estate market generated a take-up of around 121,200 sqm in the first nine months of 2023. This was 53% below the previous year's same period result and is 38% below the five-year average. The third quarter represented the strongest quarter to date and was responsible for almost 50% of take-up. Overall, the focus of tenants was primarily on the mid-range space segment. Around 74% of all leases took place in the space segment of up to 5,000 sqm. The largest user group, with a share of 34% of total take-up, were trading companies. Due to shortage of space and continued high financing costs, rents showed double-digit growth compared to the previous year.

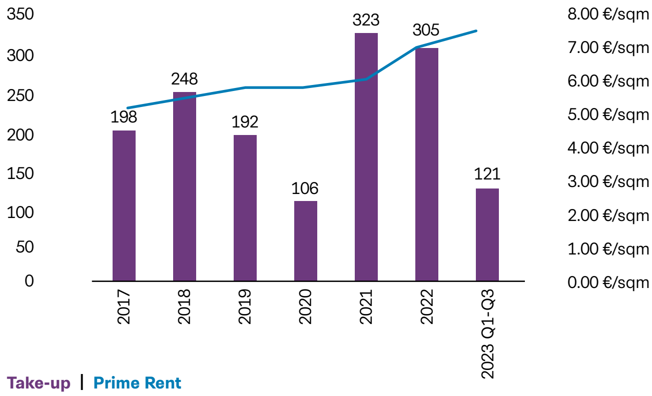
### Investment Market:

In the first three quarters, around €137 million were poured into the Cologne investment market, which is a decrease of 35% compared to the same period in the previous year. Investments in the first three quarters took predominantly place in the small-volume sector below €50 million. In the future, the investment market in Cologne will show an increase in transaction volume due to brownfield developments, but a lower total number of investment products.

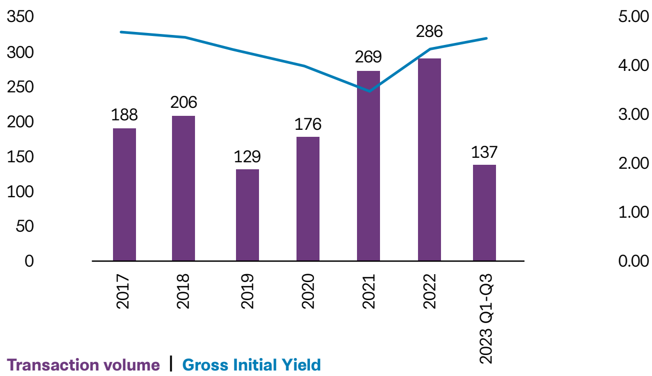
### Outlook:

By the end of the year, it can be assumed that there will be stable demand in the Cologne industrial and logistics property market, despite the restraint of some market participants due to the economic uncertainties. Due to the long approval and construction periods, it is forecasted that hardly any new space will come into the market in the short term. Consequently, pressure on rents will continue to increase.

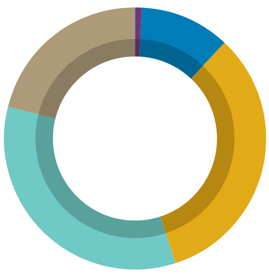
### Take-Up ('000 sqm)




### Investment Volume (in € million) and Gross Initial Yield (in %)




### Take-Up by Size Category (in sqm) Q1-Q3 2023 (in %)



| | |
|---|---|
| up to 500 sqm | 0% |
| 501 - 1,000 sqm | 1% |
| 1,001 - 3,000 sqm | 11% |
| 3,001 - 5,000 sqm | 33% |
| 5,001 - 10,000 sqm | 34% |
| above 10,001 sqm | 21% |

### Take-Up by Sector Q1-Q3 2023 (in %)

| | |
|---|---|
| Logistics Service Providers | 28% |
| Production & Manufacturing Companies | 15% |
| Trading Companies | 34% |
| Others | 23% |

# Independent **Market Research**
**Singapore**

CBRE

## Singapore Macroeconomic Overview

Based on advanced estimates[1] by the Ministry of Trade and Industry ("MTI"), Singapore's economy grew 0.7%[2] year-on-year ("y-o-y") in 3Q 2023. On a quarter-on-quarter ("q-o-q") basis, it expanded by 1.0%[3], an acceleration from the 0.1% q-o-q increase observed in the previous quarter. On a y-o-y basis, except for the manufacturing sector, all other sectors posted positive growth.

The manufacturing sector contracted 5.0% y-o-y in 3Q 2023, slightly improving from the 7.7% y-o-y contraction observed in the preceding quarter, and translated to a 0.2% q-o-q increase. The weak performance was attributed to output declines across all manufacturing clusters except for the transport engineering cluster.

The construction sector experienced a 6.0% growth y-o-y in 3Q 2023, extending the 7.7% y-o-y growth in the previous quarter. Growth was attributed to both public and private sectors picking up this quarter. The sector recorded a 0.6% q-o-q growth in 3Q 2023, moderating from the 2.7% q-o-q expansion in 2Q 2023.

Net employment in Singapore was up for the 7th consecutive quarter, with 2Q 2023 hiring activity recording an increase in the construction sector but a decrease in the manufacturing sector. However, overall unemployment remained stable on a monthly basis, recording an unemployment rate of 2.0% in both July and August 2023. Retrenchments have also dropped to 3,200 in 2Q 2023, after three consecutive quarters of increases from 3Q 2022 to 1Q 2023, with retrenchments mainly driven by the information & communications sector. Most of the retrenchments were due to reorganisation or restructuring rather than concerns of recession. With continued weakness in the economic environment, the Ministry of Manpower ("MOM") cautioned that total employment growth is likely to moderate further as a result of cooling labour demand as well as slower resident labour force growth.

The ongoing Russia-Ukraine conflict since February 2022 continues to impede the global supply chain, disrupt the global supply of energy, and increase the prices of commodities. This has further exacerbated global supply chain issues and weighed on the global economy. These factors have collectively contributed to global inflation and pressures on the growth of many global economies. To combat inflation, the USA Federal Reserve raised interest rates by 525 basis points over eleven rate hikes from 2022 to 2023 Year-To-Date ("YTD"), pushing interest rates to a range of 5.25% to 5.50%, the highest levels since the Great Recession. But for the first time since 2022, the Federal Open Market Committee ("FOMC") decided not to raise interest rates in the September 2023 review.

The Monetary Authority of Singapore ("MAS"), which tightened its monetary policy five times since October 2021, has since eased its policy, maintaining the prevailing rate of Singapore dollar nominal effective exchange rate ("S$NEER") since April 2023, as it anticipates Singapore's GDP growth in 2023 to be below trend. As such, the Singapore Interbank Offered Rates ("SIBOR") and Singapore Overnight Rate Average ("SORA") have stabilised over the course of the year, but remained elevated at their highest levels in the past 15 years.

The influence of various global economic and geopolitical factors continue to impact the growth of Singapore's economy in 2023. Although China has opened up its international borders, sentiments over its economy has dampened. Similarly, the United States of America ("USA") and Eurozone continue to face challenges in their domestic markets, leading to slow growth. As Singapore is an export-oriented economy, the contraction seen in exports (11th consecutive month) and manufacturing output (11th consecutive month) had led to businesses cutting down on capital expenditure and hiring. As such, MTI has narrowed its GDP growth forecast for 2023 to be between 0.5% to 1.5%, from the initial range of 0.5% to 2.5%.

## Singapore Hi-Tech and Business Park Market Overview

Business Parks are Master Planned Zoned Sites by the Urban Redevelopment Authority (URA). They are larger campus-style developments occupying at least five hectares of land with modern office-like specifications. The campuses typically have lush greenery, a full suite of amenities and facilities, and high quality building designs.

Hi-Tech industrial developments, on the other hand, are modern industrial premises designed with higher-grade and more comprehensive building specifications compared to conventional industrial premises. As such, they are seen as good alternatives to Business Parks. For instance, the 4.8 ha Alexandra Technopark, situated in the City Fringe, is classified as a Hi-Tech development. It has a campus-like environment and is equipped with communal spaces for collaborative and placemaking activities and a variety of lifestyle, wellness, sports, and social amenities.

1 *Advance GDP estimates for the third quarter of 2023 are computed largely from data in the first two months of the quarter (i.e., July and August 2023). They are intended as an early indication of GDP growth in the quarter and are subject to revision when more comprehensive data become available.*
2 *Gross Domestic Product (GDP) in Chained (2015)*
3 *Non-annualised, seasonally adjusted*

# Independent **Market Research**
## Singapore

**Existing Stock:**
As of 3Q 2023, the overall stock of Hi-Tech space increased by 21.9% y-o-y to 14.9 million sq ft. This was a result of the pandemic, which delayed the completion of some major Hi-Tech developments. Major completions[4] in the last four quarters include 165 Kallang Way (211,000 sq ft) in 4Q 2022, 161 & 163 Kallang Way (504,000 sq ft), Tai Seng Exchange (906,300 sq ft) and Luzerne (198,000 sq ft) in 1Q 2023, Harbourlink Innohub (602,000 sq ft) in 2Q 2023, and 7002 AMK (265,800 sq ft) in 3Q 2023.

In 3Q 2023, islandwide Business Parks stock held constant on a q-o-q basis but expanded by 5.9% y-o-y to 21.8 million sq ft. Major completions included the completion of Perennial Business City (1,100,000 sq ft) in 4Q 2022, and Surbana Jurong Campus (356,100 sq ft) and The Gear (111,700 sq ft) in 2Q 2023. There were no new completions in 3Q 2023.

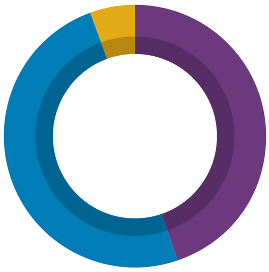
**Future Supply:**
From 4Q 2023 to 2026, the total islandwide stock of Hi-Tech and Business Park spaces is estimated to increase by 3.9 million sq ft, with all pipeline supply attributed to Business Park spaces. The North East Region, Central Region and West Region will account for 49.8%, 44.8% and 5.4% of the pipeline supply respectively (Chart 1).

Average pipeline supply from 2024 to 2026 is approximately 1.2 million sq ft, which is approximately 160% above the 5-year historical average net supply of business park spaces from 2018 to 2022.

In 4Q 2023, Elementum (355,000 sq ft) in one-north, and Geneo at 7 Science Park Drive (273,000 sq ft), which are both within the Central Region, will be completed (Chart 2). In 2025, two major developments will be completed, including the first phase of Punggol Digital District (2.0 million sq ft) in the North East Region as well as 1 Science Park Drive (1.1 million sq ft). in the Central Region. An additional 212,000 sq ft will enter the market in 2026 upon the redevelopment of iQuest@IBP in the West Region.

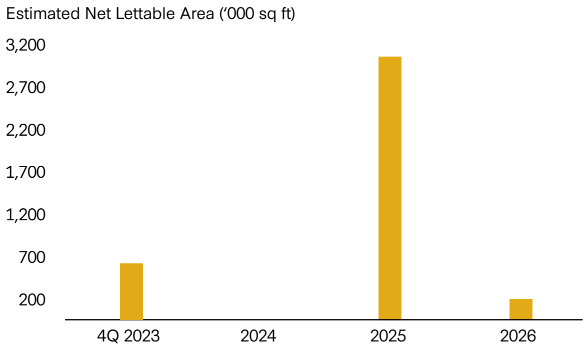
Source: CBRE

**Chart 1: Future Supply of Hi-Tech and Business Park by Region (4Q 2023 – 2026)**



| | |
|---|---|
| Central | 44.8% |
| North East | 49.8% |
| West | 5.4% |

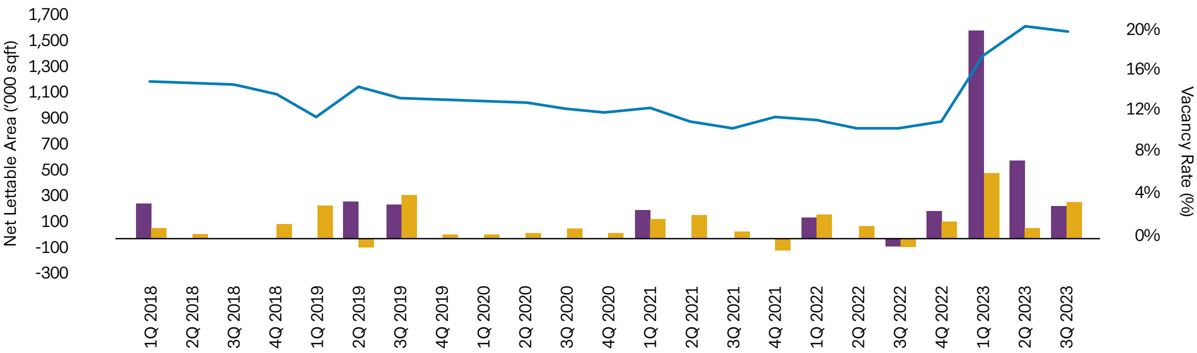
**Chart 2: Future Hi-Tech and Business Park Supply**




Hi-Tech | Business Park
*Source: CBRE*

**Demand and Vacancy:**
Over the past four quarters, total net absorption for Hi-Tech spaces stood at 980,766 sq ft, against a total net supply of approximately 2.7 million sq ft over the same period. This has resulted in vacancy levels increasing by 9.5 percentage y-o-y to 20.0% in 3Q 2023 (Chart 3). Demand for new Hi-Tech spaces have been observed to emanate from new set-ups in the biotechnology and semiconductor sectors in recent times, with centrally located spaces that are well-supported by amenities and smart building features key considerations for these sectors.

**Chart 3: Islandwide Hi-Tech Net Supply, Net Absorption and Vacancy Rates**




Net New Supply | Net Absorption | Vacancy Rate (RHS)
*Source: CBRE*

4 *All floor areas stated in this report are in Net Lettable Area (NLA), unless otherwise stated*

Islandwide net absorption for Business Park spaces over the past four quarters was -227,819 sq ft, against a net new supply of 1.2 million sq ft. Islandwide net absorption fell for the third consecutive quarter, with 3Q 2023 recording a net absorption of -207,414 sq ft. Occupiers continued downsizing their current portfolio amidst a slowdown in growth, with vacancy especially pronounced in the Rest of Island submarkets. As such, islandwide vacancy rate increased by 5.8 percentage points y-o-y and 0.9 percentage points q-o-q to 20.0% in 3Q 2023, the highest recorded over the past 5 years (Chart 4). Demand for business parks in the Central Region also softened, with negative net absorption observed within one-north and Mapletree Business City over the past four quarters, but vacancy remained tight at 5.8% in 3Q 2023.

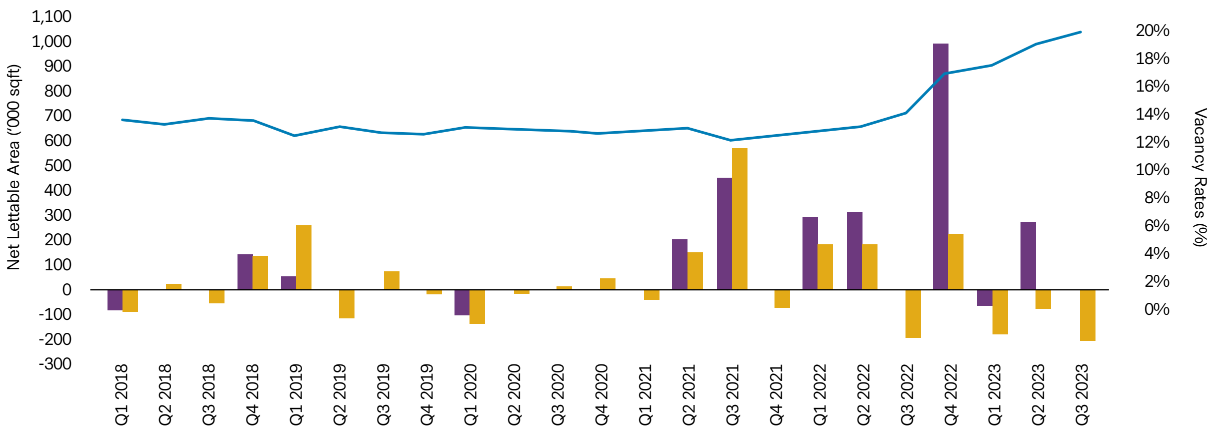
Although Business Park stock in central locations remains limited, due to the current business climate, tenants have been more cautious, with most leasing activity limited to renewals as occupiers exercised more caution. Although pockets of spaces have been taken up, they were typically small-sized requirements.

**Rents:**

Rents in Hi-Tech industrial spaces were observed to have increased by 0.9% q-o-q and 4.1% y-o-y to S$3.54 per sq ft per month in 3Q 2023 (Chart 5). Despite the rising vacancy rate due to injection of recent completions into the Hi-Tech stock, rents were observed to have increased in the past one year. Most of these recent completions were better quality and well-located in the Central Region. At the same time, to compensate for the increase in construction costs as a result of the COVID pandemic, landlords of these new developments have kept the rents high. This has resulted in the increase in average rents.

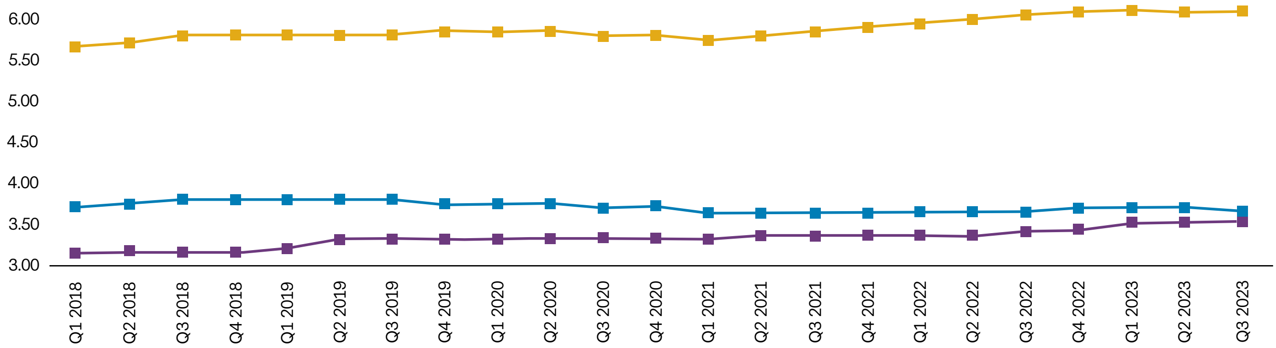
With increasing vacancy rates of Business Parks in the Rest of Island submarkets, rents fell by 1.4% q-o-q and remained flat on a y-o-y basis in 3Q 2023 at S$3.65 per sq ft per month (Chart 5).

**Chart 4: Island-wide Business Park Net Supply, Net Absorption and Vacancy Rates**




**Net New Supply** | **Net Absorption** | **Vacancy Rate (RHS)**
*Source: CBRE*

**Chart 5: Hi-Tech and Business Park Rents ($ per sq ft per month)**




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

# Independent **Market Research**
## Singapore

Business Park rents in the City Fringe submarket was also lacklustre. Although rents increased 0.8% y-o-y to S$6.05 per sq ft per month in 3Q 2023 (Chart 5), it remained flat on a q-o-q for three consecutive quarters as a result of the availability of newly completed options in the Hi-Tech market that are centrally located .

Business Park spaces in the City Fringe submarket have always commanded a rental premium compared to those situated within the Rest of Island submarket, due to its strategic location and proximity to the Central Business District ("CBD"). As future supply continues to enter the Rest of Island submarket, rents of business park spaces in these regions will be under further pressure, and the divergence in rents between the City Fringe and Rest of the Island submarkets is likely to become more apparent, further cementing the two-tiered market within the Business Park submarket. Business Park spaces located in the Rest of Island submarket are likely to attract tenants who are cost-sensitive with regard to their operations.

**Investment and Capital Values:**
Hi-Tech investments totalled S$138.4 million from 4Q 2022 to 3Q 2023, representing a 21.4% y-o-y decrease from the last four quarters (4Q 2021 to 3Q 2022).

In 4Q 2022, Chip Eng Seng acquired 12 Tai Seng Link for S$35.0 million (S$300 psf Gross Floor Area (GFA)) from OKH Global. The 10-storey, 260,600 sq ft GFA industrial development is located in the Central Region, with major tenants such as NETS, Secretlab and Electrolux. KA Place at 159 Kampong Ampat, a seven-storey, 109,394 sq ft GFA industrial development in the Central Region, was acquired by Paeonia Capital for S$35.4 million (S$494 psf GFA) from Capitaland Ascendas REIT in 2Q 2023. In 3Q 2023, Sime Darby Business Centre at 315 Alexandra Road, which consists of a 5-storey industrial building with a 3-storey annexe at the rear was purchased by Eagle Land Credit, a car dealership business for new and used vehicles, for S$68 million (S$379 psf GFA). Previously occupied by Performance Motors, the building is most likely purchased for owner occupation as the current building's design and use are suitable for a car business.

For Business Park investments, in the past four quarters, there was only one transaction in 2Q 2023, where Seagate Singapore sold The Shugart at 26 Ayer Rajah Crescent to CapitaLand Ascendas REIT for S$218.2 million (S$496 psf GFA) on a sale and leaseback scheme. The first year net property yield based on post-transaction costs was reported to be 7.8%.

CBRE observed that, in general, corporate real estate valuations of industrial assets, including hi-tech and business park assets, have been firm with no expansion in capitalisation rates, as of September 2023.

**Market Outlook:**
In the past four quarters, CBRE noted that although pre-leasing activities for Hi-Tech projects have improved compared to a year ago, the net supply of Hi-Tech projects has outstripped net absorption by more than 2.7 times. While there is an influx of Hi-Tech spaces, especially in the Central Region, and occupiers are spoilt for choices, the current macroeconomic environment has resulted in companies focusing on managing operational costs, with most opting to renew leases to save on relocation and fit-out costs. This is likely to be a similar scenario for Alexandra Technopark, which is in a relatively strategic location within the City Fringe and in close proximity to the CBD. As such, current occupiers are less likely to consider newer options in the vicinity, which are relatively more expensive. Plans for the revitalisation of the Greater Southern Waterfront area will improve the accessibility and appeal of the development. Additionally, the advantage of Hi-Tech developments over Business Park spaces is that Hi-Tech developments can incorporate light industrial uses, positioning itself as an option for tenants who require both office and industrial space.

Due to the recent completions in the Central Region in 2023, ample quality choices have been made available to occupiers. But the lacklustre market has led to a slow take-up rate. For instance, the recently completed Harbourlink Innohub (2Q 2023) in the Alexandra vicinity is only about 20% occupied.

Between 2023 to 2025, approximately 44.8% of the future supply of Business Park spaces will emanate from the City Fringe, with most from Singapore Science Park. Vacancy is still relatively tight, with most of this space only entering the market in 2025. On the back of cautious sentiments and ample impending supply of Hi-Tech space options, take-up is expected to remain lukewarm. Elementum, which will be completed in 4Q 2023, is already over 80% pre-committed. However, for the Rest of Island submarket, due to higher vacancy and occupiers' preference for newer and more centrally located assets, rents in this submarket are likely to face downward pressure. This will further accentuate the two-tier market between City Fringe and Rest of Island submarket.

Moving forward, in the near term, with the ample supply of quality options as a result of the recent completions, landlords of older assets may have to offer more incentives to attract new tenants. Despite tighter global financial conditions and a slowdown in the tech sector that could weigh on the overall demand for Hi-Tech and Business Park spaces, well-located Hi-Tech and Business Park developments, particularly within the City Fringe, are still expected to remain attractive to prospective tenants and new industries, such as biomedical science, digital and technology. In the long-term, City Fringe Hi-Tech and Business Park developments, along with the new clusters such as Punggol Digital District, will continue to be the top locations for these Hi-Tech industries in Singapore.

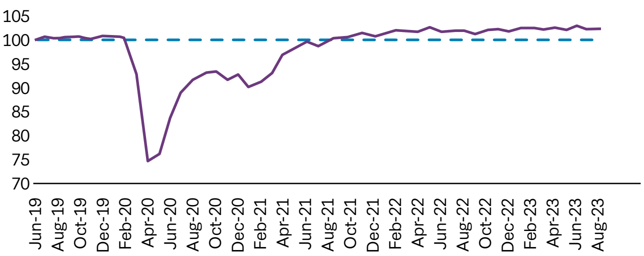
# Independent **Market Research**
## United Kingdom

## UK Macroeconomic Overview

The UK economy grew 0.2% in the three months to July but has been fluctuating month on month. The tight monetary environment and high inflation has quelled both business and consumer activity and will continue to weigh heavily on market activity, resulting in weak, if not flat, growth in 2023.

Inflation is expected to be close to the Bank of England's ("BOE") 2% target by the end of 2024, allowing it to start cutting interest rates. Cheaper borrowing should encourage business activity and restore household income levels as mortgage payments decrease. By Q3 2024, unemployment is expected to have peaked and real wage growth will have resumed. GDP growth in 2023 is forecast to be flat and grow by 0.4% and 1.7% in 2024 and 2025, respectively. Similarly, the Eurozone and the US are expected to exhibit weak growth patterns.

### UK Real GDP, June 2019 = 100




**Real GDP** | **Pre-pandamic GDP**

*ONS, Oxford Economics, CBRE Research*

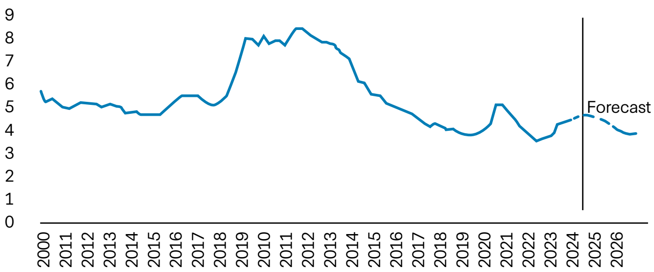
The key risk to the outlook remains to be inflation. The BOE has been reactive to data releases in recent months, for example, hiking by 50 bps in June and then holding unchanged in September post inflation data releases. Any adverse shocks could cause another rate hike or delay any reduction in rates, dampening our forecasts for growth and respective recovery.

The UK's labour market has started to cool, and the unemployment rate increased to 4.3% in the three months to July, 50 bps higher than in the previous outlook. Forward-looking indicators suggest a continued softening in the UK labour market. For example, the Purchasing Managers' Index ("PMI"), an indicator of business activity, fell below 50 in August and continued to fall in September; at 46.8, the lowest level in three years. This level (below 50) indicates business activity is contracting. Business insolvencies have increased 38% since the end of 2021, which was the start of the interest rate hiking cycle.

In addition, job vacancies have declined for the 14th consecutive month and are now below one million for the first time since July 2021. Paradoxically, average weekly earnings have grown by record levels, reaching 7.8% for regular pay and 8.5% for total pay in the three months to July. The primary causes are the one-off payments made to the National Health Service ("NHS") and civil servants as part of the Government's 'public sector settlement'. These high rates of growth, combined with lower levels of inflation, mean that real earnings are now in positive territory for the first time since February 2022, with real average weekly earnings growth reaching 0.6% for regular pay and 1.2% for total pay.

Unemployment is forecasted to peak at 4.7% in Q3 2024, a historically low peak, but will recover once the BOE begins cutting rates, which would ease pressures on businesses and supporting activity.

### UK Unemployment Rate (in %)




*Source: ONS Macrobond, CBRE Research*

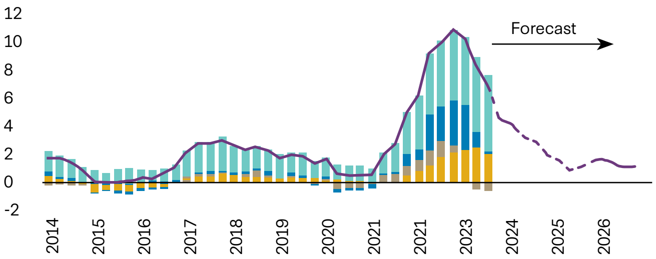
Inflation in both the UK and the Eurozone continues to trend downward, at 6.7% and 4.3% respectively. The decline in UK headline CPI can be largely attributed to the decrease in goods prices, with the biggest fall in food in August. Still, the effects were somewhat counteracted by an increase in motor fuel prices, primarily stemming from supply reduction from the Organization of the Petroleum Exporting Countries ("OPEC"). Brent crude oil prices have risen almost 30% in the last three months, and the UK is exposed to future energy price volatility. However, given the global inflationary challenges, it is likely that non-OPEC production will increase to bridge the gap (left by OPEC cuts). This should prevent further prices rises feeding through and creating additional inflationary pressures.

Core CPI rose 6.2%, declining from 6.9% in July and returning to the same level as March this year. Core CPI, which excludes volatile goods such as food and energy, has been stubbornly high in 2023, and is inextricably linked to service inflation. Record wage growth is also putting upward pressure on the core component, and the BOE will need to see disinflation in both headline and core CPI before beginning cutting interest rates.

# Independent **Market Research**

## United Kingdom

### UK: Consumer Price Index (CPI), Annual Rate (%)




Food | Petrol | Energy | Others | CPI

*Source: ONS, Macrobond, CBRE Research*

Our house view is that inflation will fall to 4.8% by the end of 2023. However, while goods prices will continue to provide a tailwind to disinflation, the core component remains a laggard. As a result, we only expect inflation to reach the BOE's 2% target in early 2025.

## UK Office Overview

## South East Office Market:

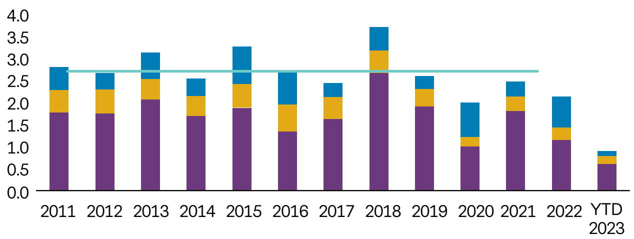
The South East market is split into three distinct geographical areas: Thames Valley (which includes the Blackwater Valley market), M25 North and M25 South. The market currently has a stock of approximately 167.5 million sq ft, of which 45% is in Thames Valley. The South East has attracted a mix of office occupiers in the last decade with a wide range of high-quality office space in town centre environments and some of the largest business parks in the UK.

### Take-Up:

Take-up across the South East was recorded at 2.1 million sq ft in 2022, a 13% decrease from the 2021 figure and 20% below the 10-year average of 2.7 million sq ft.

The fall in take-up in 2022 was driven by a 38% decrease in take-up in the Thames Valley. A different trend was observed in M25 North and M25 South markets, where take-up increased year-on-year by 5% and 104% respectively in 2022.

### South East Office Take-Up (million sq ft)




Thames Valley | M25 North | M25 South | 10-Year Average

*Source: CBRE Research*

In 2022, the Manufacturing Industrial & Energy sector was the dominant sector, contributing to 37% of total take-up, followed by Creative Services at 25%, Business Services at 13%, and Public Sector/Regulatory Body at 8%. The market is a hub for creative companies such as ITV Plc, Three UK, Amazon, Canon and InterSystems Corporation.

Take-up by the Manufacturing Industrial & Energy sector was driven by a 282,000 sq ft deal at Eden Campus, Kingston Upon Thames by Unilever Plc and by a 115,000 sq ft letting at The Heights, Brooklands Business Park, Weybridge by Haleon.

### South East Take-Up By Sector, 2010-2022 (in %)

| | |
|---|---|
| Banking & FInance | 5% |
| Business Services | 19% |
| Creative Industries | 25% |
| Consumer Services & Leisure | 17% |
| Insurance | 1% |
| Manufacturing Industrial & Energy | 22% |
| Professional | 3% |
| Public Sector / Regulatory Body | 8% |

*Source: CBRE Research*

Take-up across South East office markets totalled 430,000 sq ft during the third quarter of 2023 and increased by 120% from the previous quarter. Despite the quarterly increase, take-up remained below (24%) the five-year quarterly average at 568,200 sq ft. The nine-month total take-up was recorded at 0.9 million sq ft across the South East market.

Thames Valley accounted for 77% of all the space transacted during the quarter. However, take-up in all markets was below the five-year quarterly average. Take-up for pre-let space increased significantly during Q3 to a total of 101,800 sq ft, representing 24% of the quarterly total. Secondhand and newly completed space accounted for 71% and 5% of the total take-up, respectively.

In the first nine months of 2023, three transactions for space over 50,000 sq ft were completed. The most significant transaction of the year was X & Why Limited taking 65,800 sq ft of space at Unity Place, Grafton Gate, Milton Keynes.

In the last 12 months to Q3 2023, Manufacturing Industrial & Energy sector was the most active, accounting for 24% of take-up, followed by Business Services at 21%.

**Demand:**
Under offers across all unit sizes rose by 30% q-o-q to a total of 1.4 million sq ft at the end of Q3, the highest figure recorded since Q2 2000. This was 88% above the five-year quarterly average of 748,000 sq ft. Under offers were above the five-year quarterly average for all of the South East submarkets.

There were 74 units under offer at the end of the quarter across all unit sizes, eight of which were greater than 50,000 sq ft. The largest unit under offer was 116,200 sq ft of newly completed space at 400 Longwater Avenue, Green Park, Reading.

Most of the space under offer at the end of the quarter was in the Thames Valley market (63%), which were spread over 48 deals. M25 North and M25 South accounted for 16% and 21% of the total, respectively.

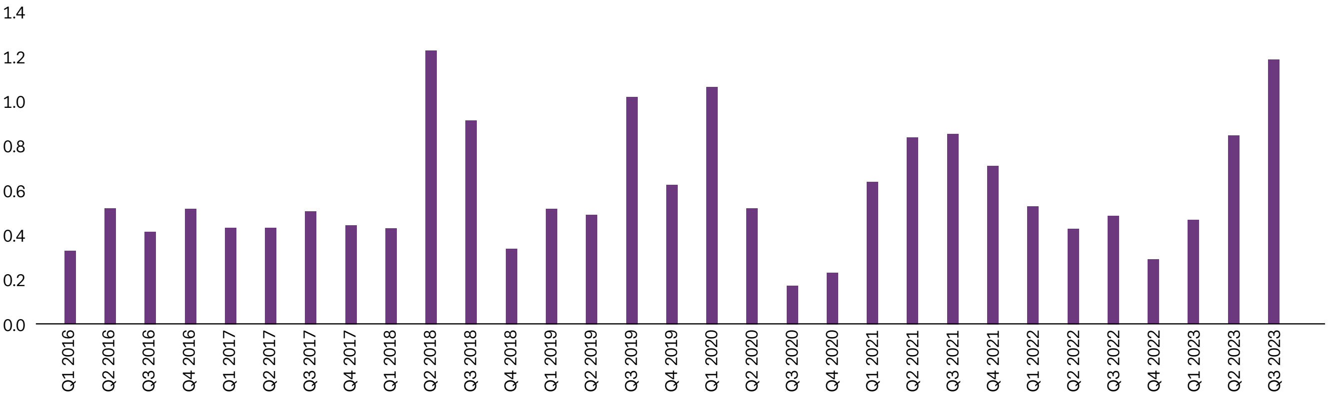
**Supply:**
Availability in the South East increased by 4% to 17.7 million sq ft, remaining well above the five-year average of 12.9 million sq ft (37%).

**Investment:**
In Q3 2023, the total investment volume in the South East was £103 million, comprising 13 investment deals. Total investment fell by 74% in Q3 compared to the previous quarter. In Q3 2023, investment volumes fell by 75% from the same period in 2022. In the last 12 months to September, £1.6 billion was deployed into the South East office market, which was 56% lower compared to the previous 12 months. Year-to-date investment volumes in the South East totalled £1.0 billion. The largest deal of the quarter was represented by Citibank's purchase of Kia UK Headquarters from Abrdn for £12 million.

Demand from local buyers drove investment volumes in the South East, accounting for 81% of the quarterly total. Investment volumes by foreign purchasers were 19% of the quarterly total, compared to 61% in Q2 2023.

Prime yields for the South East market increased from 5.75% in Q3 2022 to 7.00% in Q3 2023.

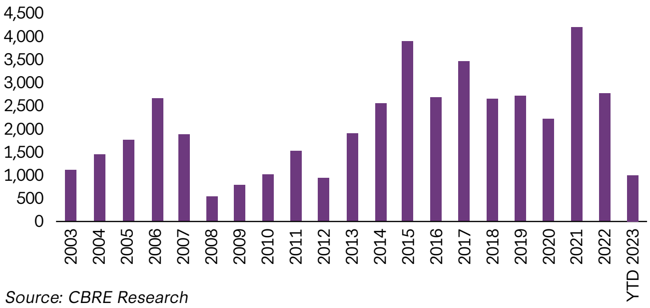
**South East Space Under Offer (million sq ft)**




*Source: CBRE Research*

Despite a marginal fall in newly completed supply during Q3, secondhand and new early marketed space increased by 7% and 1% taking the availability to 13.7 million sq ft and 1.5 million sq ft, respectively. 65% of total supply was located in the Thames Valley market, with 48% being Grade A space (5.5 million sq ft) and 52% being Grade B (5.9 million sq ft). The largest speculative building at the end of the quarter was Building One, Station Hill, Reading which totalled 278,300 sq ft.

**South East Investment Volumes (in £ million)**




*Source: CBRE Research*

# Independent **Market Research**

## United Kingdom

**Prime Rents & Incentives:**
Prime rents in the South East are slowly increasing, signifying rising occupier demand for quality space and decreasing Grade A supply. The prime rent for Thames Valley stood at £47.50 psf in Q3 2023, unchanged from Q3 2022. In the M25 markets, prime rents were £42.50 psf in the North region (increasing from £42.00 psf in Q3 2022) and £38.50 psf in the South region (remaining unchanged from Q3 2022).

Towns such as Oxford and Cambridge have attracted a premium on these rents 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.

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 had increased to 15-18 months for Thames Valley and 15 months for M25 markets.

## Blackwater Valley Office Market:

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 a 30-minute drive away.

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

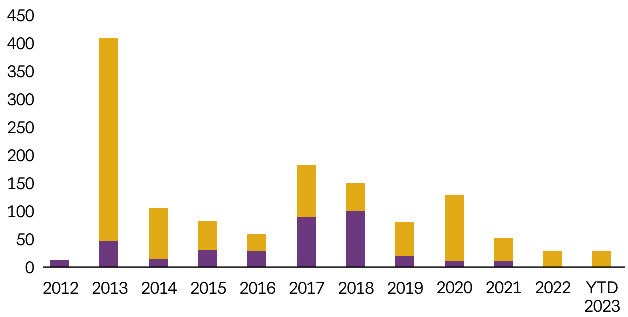
**Demand & Take-Up:**
Due to the small size of the market, the Farnborough and Camberley office market is subject to demand fluctuations, and annual take-up may not be consistent through the years as a single large transaction will invariably skew take-up figures. The YTD 2023 take up for Farnborough was 30,185 sq ft, with no take-up in the Camberley market. As such, the total YTD 2023 take-up was below the annual 10-year average of 112,900 sq ft.

Out of the 15 deals transacted in Farnborough in the last five years, five took place in Farnborough Business Park and another seven took place in Farnborough Aerospace. These areas accounted for 34% and 53% of the total take-up in Farnborough, demonstrating the demand for Business Parks in the market. A mix of tenants have been attracted to Farnborough, with the Banking & Services sector being the most dominant over the last five years, accounting of 27% of the total space.

Only six deals were transacted in Camberley over the last five years, totalling 114,600 sq ft. Of these, there was no space taken in town, reflecting the limited supply on offer to prospective occupiers.

In 2022, there were two deals over 10,000 sq ft which totalled 30,183 sq ft. This was 31% below the five-year annual average for take-up over 10,000 sq ft in Farnborough, and 39% below the ten-year annual average. The largest deal in 2022 was Lenovo taking 20,000 sq ft at Farnborough Business Park. In Camberley, the most recent transaction was in 2021.

**Camberley & Farnborough Office Take-Up ('000 sq ft)**




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 4.3 million sq ft. The combined availability for the two markets in Q3 2023 was 389,800 sq ft (313,500 sq ft and 76,300 sq ft respectively). The current average vacancy rate for these boroughs is 8.2%.

**Prime Rents & Incentives:**
Prime rents in Farnborough at the end of Q3 2023 decreased from £30.00 psf to £29.00 psf in Q3 2022, while rents in Camberley are lower but remained unchanged at £24.50 psf in Q3 2023. The Farnborough market had seen significant increases in the last few years following a period of stability during 2011-2014. However, with COVID-19 and subsequent lockdowns dramatically affecting demand, rents have been downgraded slightly from £30.00 psf. Notwithstanding the slight decrease, prime rents are expected to return to the pre-pandemic levels as occupiers continue to pay premiums for the best quality office space.

Prior to the pandemic, occupiers could expect to receive a rent free period of 12 months on a five-year lease. In order to maintain headline rents, this has increased to 15 months for Farnborough and 18 months for Camberley.

## Bracknell Office Market:

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 Industries sector, representing 44% of all space taken-up in the last 10 years. Companies looking to move into Bracknell have often come from less established office locations, such as Wokingham, where the increase in rent would not be as substantial as what 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. Since then, annual take-up has been reduced to the current 10-year annual average of 71,500 sq ft.

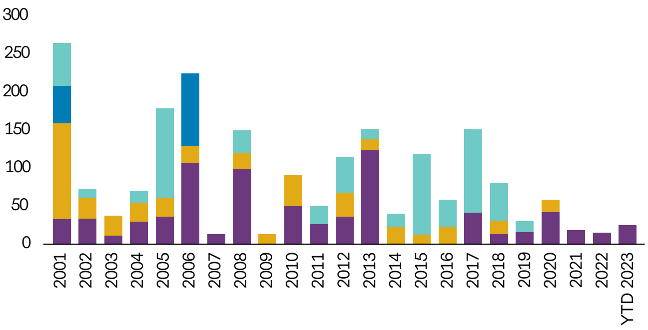
In recent times, Maxis Business Park, which was completed in 2009, has been particularly successful in attracting occupiers. In the last 10 years, eight deals took place in the building which together totalled 176,000 sq ft. There was only one deal in the Bracknell market in YTD 2023, involving the take-up of 23,801 sq ft at Maxis 2, Western Road by Evelyn Partners.

In 2022, there was one deal in suites over 10,000 sq ft, totalling 13,819 sq ft. This was 46% below the five-year annual average for take-up of suites over 10,000 sq ft in Bracknell (25,552 sq ft), and 76% below the ten-year annual average (56,680 sq ft). The largest deal was Berkshire Healthcare NHS Trust taking 13,819 sq ft at London House.

The highest take-up in the last ten years was in 2013, where six deals over 10,000 sq ft transacted, totalling 150,883 sq ft. The largest deal that year was Honda Motor Europe Limited taking 57,436 sq ft at Reflex.

Over the last two years, the Professional sector has taken the most space, totalling 23,801 sq ft.

### Bracknell Office Take-Up ('000 sq ft)




*Source: CBRE Research*

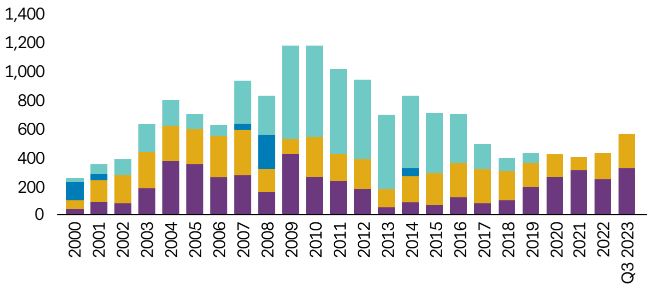
### Supply:

Supply totalled 567,666 at the end of Q3 2023, an increase of 30% on the 2022 figure. Supply to date in 2023 was 151,500 sq ft, all of which were second-hand space. The last major release of space in Bracknell was Spedan House, where 40,100 sq ft of Grade B secondhand space became available in March 2023.

There are two developments in the pipeline, totalling 178,700 sq ft of speculative space. The largest development is the construction of Fitzwilliam House, Skimped Hill Lane, Bracknell by Bracknell Regeneration Limited.

Supply in Bracknell has been generally falling over the last 10 years, however supply to-date in 2023 is 38% higher than the average of the last three years.

### Bracknell Office Supply ('000 sq ft)




*Source: CBRE Research*

### Prime Rents & Incentives:

Prime rents in Bracknell increased by £1.50 psf to £29.00 psf compared to £27.50 psf in Q3 2022 due to limited availability of prime stock. In Bracknell, rent free periods for five-year leases have risen to 18 months from 12 months prior to the pandemic.

# Independent **Market Research**
## United Kingdom

### West Midlands Business Park Market:

The West Midlands business park market has been predominantly based in the Birmingham Out of Town ("OOT") and Solihull markets. The majority of the OOT business parks were initially built during the 1980s and 1990s and are situated to the south east of Birmingham, approximately ten miles from the city centre. The business parks are very accessible by car, located adjacent to the M42, with good access to the M40, M5 and M6 motorways. In addition to good road access, this area is served by Birmingham Airport and Birmingham International train station.

**Demand & Take-Up:**
In the six months to Q2 2023, take-up fell by 31% to 57,000 sq ft.

Year-to-date, there has only been a few deals in the OOT market, the largest of these being Holman, a fleet management company, taking up 16,000 sq ft of space at 4020 Lakeside in Birmingham Business Park. Property Market Analysis ("PMA") recorded take-up of 240,000 sq ft for 2022, a y-o-y decrease of 11%. Take-up was lower than the long-term average of 304,000 sq ft and can be attributed to the lack of larger deals in the market. However, there were some large deals, including the Secretary of State taking up 22,000 sq ft of space at 3010 The Crescent in Birmingham Business Park, and the Department of Digital, Culture, Media and Sport (DCMS) taking up 15,000 sq ft at 3020 The Crescent.

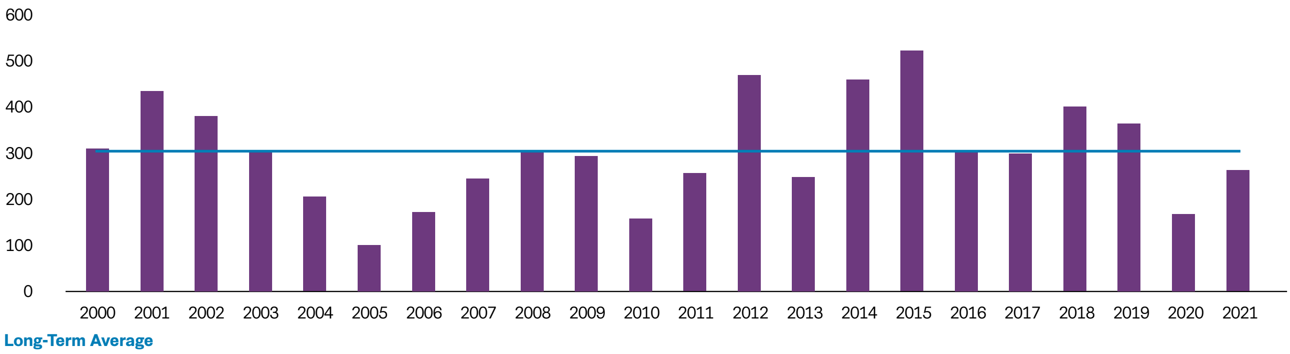
The Production sector, largely being driven by an uptick in automotive manufacturing from firms such as Jaguar Land Rover, continues to be the biggest driver of demand in Solihull and Birmingham OOT, accounting for 40% of the overall take-up. Business Services and Trade are the next most active sectors accounting for 22% and 12% of take-up respectively.

**Supply:**
Stock was estimated to be at 12.6 million sq ft in 2022 for the Solihull and Birmingham OOT market. Supply in the Solihull & Birmingham OOT markets are in line with the Big 6 OOT average of 11.8 million sq ft.

According to PMA, office supply in Solihull and Birmingham OOT totalled 875,000 sq ft in the first half of 2023, an increase of 57% on the previous six months. This increase can be attributed to a large return of secondary stock to the market, coupled with low levels of take-up. The largest return of stock was 70,000 sq ft at Air on Homer Road, followed by 61,000 sq ft of space at Portland House being vacated by Tarmac. Availability at the end of Q2 2023 equated to a vacancy rate of 6.9%, below the 9.6% in the Big 6 OOT market area.

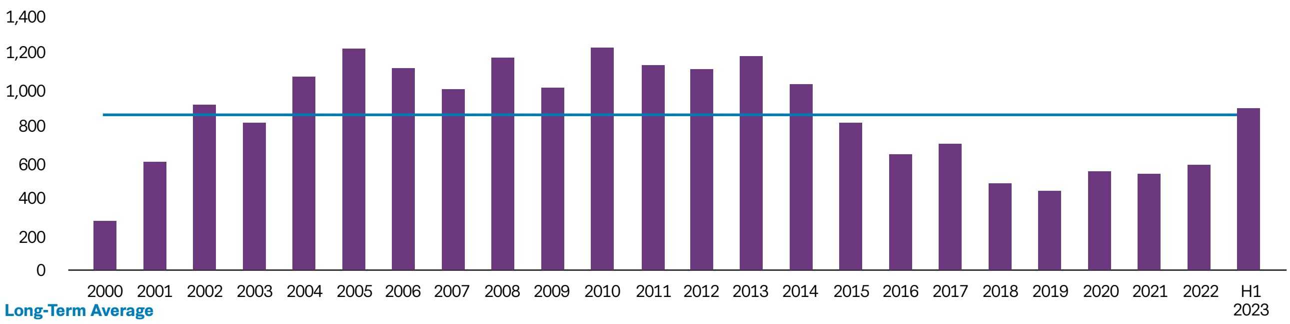
**Prime Rents:**
Prime rents in the Birmingham's OOT submarket increased to £27.00 psf in the first half of 2023 due to limited availability of prime stock, having remained flat at £25.00 psf over 2022.

**Birmingham OOT & Solihull Office Take-Up ('000 sq ft)**




*Source: PMA*

**Birmingham OOT & Solihull Office Supply ('000 sqft)**




*Source: PMA*

## UK Industrial & Logistics Market Overview

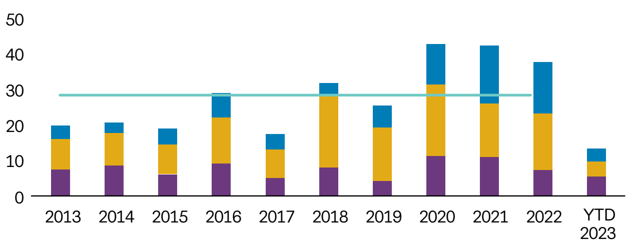
The UK logistics occupational market has suffered the effects of general uncertainty impacting macroeconomic conditions in 2023, with take-up for the nine months ending Q3 2023 at 13.3 million sq ft. Although a comparatively lower figure than previous years, 2020 to 2022 was a period of extraordinary demand, boosted by the pandemic.

Occupiers are displaying caution and deals are taking longer to get over the line due to slower decision making. The 9M 2023 figure is 56% lower than 9M 2022 and 37% lower than the 10-year 9M average. There has been a significant decrease in online retailers' expansion activity due to the normalisation of physical retail after the pandemic and a wider slowdown in goods consumption in favour of services expenditure. Take-up from online retailers went from 40% of total take-up in 2021 to less than 1% during the first nine months of 2023, whilst the main share went back to third-party logistics parties (31% to 39% in the same time period).

Occupiers are also favouring smaller units, which represents a change in the previously growing average deal size – across the 58 deals recorded in 2023, the average size was 229,000 sq ft. There were only 5 deals for XXL facilities (over 500,000 sq ft), contrasting with the 18 XXL deals in 2022 and 2021 and 21 XXL warehouses transacted in 2020. Within the size band between 300,000 and 500,000 sq ft, only 8 deals were recorded.

The largest percentage of deals closed in 2023 was for secondhand units (41% of total take-up), while both built to suit and new speculative units saw a significant decrease year-on-year.

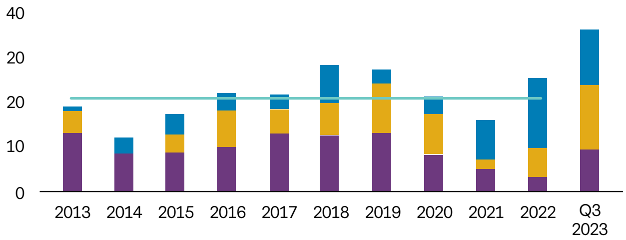
### UK Logistics Take-Up Q3 2023 (million sq ft)




**Secondhand** | **BTS** | **Speculative** | **10 Year Average**
*Source: CBRE Research*

At the end of Q3, availability across the UK was at 36.3 million sq ft, sitting above the 10-year average of 21 million sq ft. Supply included a number of large and somewhat mistimed speculative developments. Most of those projects began in 2022 and are completing, adding to the availability and vacancy figures. Currently, 74% of available space is either speculative space under construction or newly completed speculative units, with the remaining 26% being second-hand space.

### UK Logistics Availability Q3 2023 (million sq ft)




**Secondhand** | **Spec Under Construction** | **Spec Completed** | **10-Year Average**
*Source: CBRE Research*

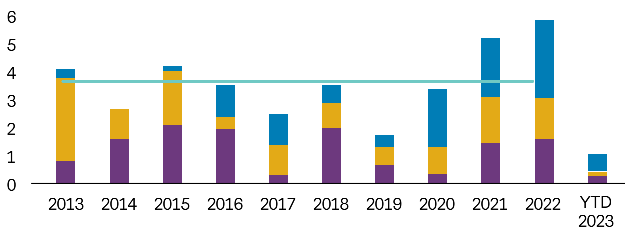
In total, there was 24 million sq ft of vacant space across the UK at the end of Q3 2023, an increase from the 6.5 million sq ft of vacant space at the end of Q3 2022. In Q3, there has been a reduction in the amount of newly completed space available compared with Q3 2022, representing 74% of available space versus 82%. The UK vacancy rate has increased from 2.6% in Q1 2023 to 4.6% at the end of Q3 2023 but remained low by historical standards, and new project starts have almost stopped, considerably reducing the pipeline.

## North West Logistics Market:

Leasing activity in the North West has been lower than previous years across 9M 2023, with take-up YTD just short of 1 million sq ft across five deals, which was lower than the record take-up of 4.7 million sq ft achieved in 9M 2022. As a share of the UK take-up to-date this year, the North West has contributed 7.5%, less than half the share of the previous year.

Across 9M 2023, the largest share of take-up in the North West has been in speculative units accounting for 61% of take-up. The remainder has been in secondhand units (23%) and build-to-suit (16%). The occupiers behind the deals recorded in 2023 came from a variety of sectors, with the largest unit being taken by an omni-channel retailer.

### North West Logistics Take-Up Q3 2023 (million sq ft)



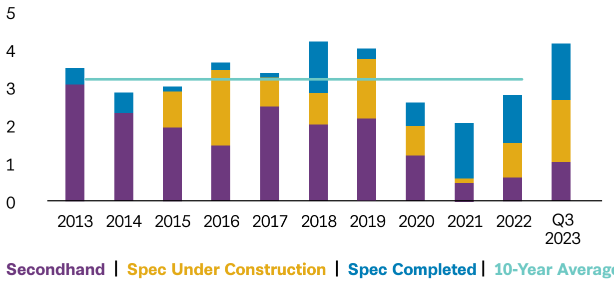

**Secondhand** | **BTS** | **Speculative** | **10-Year Average**
*Source: CBRE Research*

# Independent **Market Research**

## United Kingdom

Availability in the North West stood at 4.1 million sq ft at the end of Q3 2023. Available units in the North West were fairly evenly distributed compared to previous years: 40% of space was speculative completed, 36% was speculative under construction and 24% of space was secondhand. Vacancy rate in the North West was 4.2%, up from the historical low of 1.0% in Q3 2022.

### North West Logistics Availability Q3 2023 (million sq ft)




*Source: CBRE Research*

Prime logistics rents have grown in the North West, in line trends across the UK. This reflects how, despite the increase in vacancy, prime units and particularly those with ESG standards, are still very much in demand. Prime rents across major logistics hubs in the North West including Manchester Airport, Trafford Park and Warrington, grew 15% y-o-y, up from £8.25 psf in Q3 2022 to £9.50 psf in Q3 2023.

Big box prime logistics yields in the North West region remained stable during 2023, in line with trends seen across all UK regions outside the Inner South East (M25) region. Yields across the three logistics hubs in the North West were 5.25% at the end of Q3 2023.

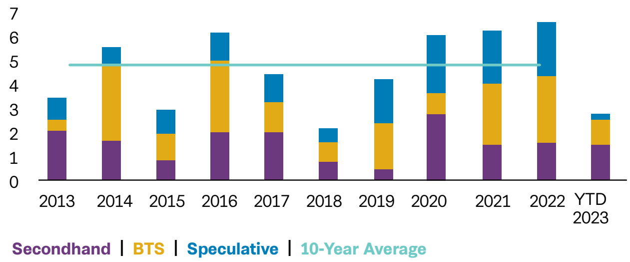
## West Midlands Logistics Market:

Take-up YTD 2023 stood at 2.9 million sq ft, lower than the record levels seen in previous years. The majority of take-up YTD 2023 was achieved in Q1, which saw 1.2 million sq ft of take-up. For the 9M 2023, the West Midlands has had the second largest demand of all the UK.

On a sector basis, take-up in the West Midlands remained dominated by 3PLs, with also two built-to-suit units taken by manufacturing companies. This is similar to past trends, although the motor industry did not take any units despite their historical link in the region.

There was a fairly even split between new and secondhand take-up during YTD 2023. Secondhand space accounted for 54% of take-up in the West Midlands, while new developments stood at 46% of take-up. There has been a shift in market activity over the last two years in the West Midlands, with secondhand space representing a higher proportion of take-up YTD in 2023 compared with YTD 2022 and 2021.

### West Midlands Logistics Take-Up Q3 2023 (million sq ft)

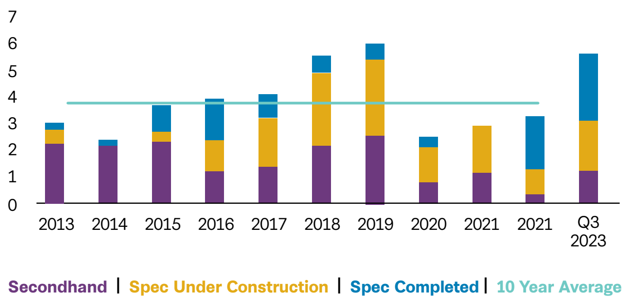



*Source: CBRE Research*

Availability in the West Midlands stood at 5.6 million sq ft at the end of Q3 2023. 78% of available space in the West Midlands was either speculative space under construction or newly completed speculative units, with the remaining 22% being second-hand space. A few new speculative developments such as Ansty Park in Coventry or Redditch Gateway are due to complete at the end of 2023 or early 2024, making up most of the available speculative space currently under construction in the region. The amount of space under offer at the end of Q3 2023 stood at 0.5 million sq ft, a decline of 33% from the same period last year.

Vacancy rate in the West Midlands remained low at 3.9%, up from the historical low of 1.5% in Q3 2022.

### West Midlands Logistics Availability Q3 2023 (million sq ft)




*Source: CBRE Research*

Prime big box rents in the West Midlands continued to rise in 2023, up year-on-year from £9.00 psf at the end of Q3 2022 to £9.75 psf at the end of Q3 2023. This has been driven by low levels of modern, ready to occupy stock and robust demand.

In line with the trend seen outside of the Inner South East region, yields remained flat in the prime West Midlands logistics market in 2023. Yields were at 5.25% at the end of Q3 2023.

# Independent **Market Research**

## The Netherlands

## The Netherlands Macroeconomic Overview

At the beginning of the third quarter of 2023, the Netherlands officially entered a technical recession. The Dutch economy contracted by 0.3% in the second quarter compared to a quarter earlier when the economy also contracted by 0.4% quarter-on-quarter. Year-on-year, Q2 saw a contraction of 0.2%, the first time since the COVID-19 pandemic. These figures were mainly caused by higher interest rates and high inflation causing negative effects not only in the Netherlands, but throughout the eurozone. A negative trade balance and declining consumer spending in particular are the main culprits of the shrinking economy. Manufacturing is suffering relatively badly due to high production costs and declining domestic and foreign demand. Consequently, the export of goods is falling sharply. The rate of decline however is bottoming out. The Purchasing Manufacturer Index ("PMI") for the Dutch industry is moving around the 44 level, with a marginal gain of 0.2 in October 2023 to 43.8.

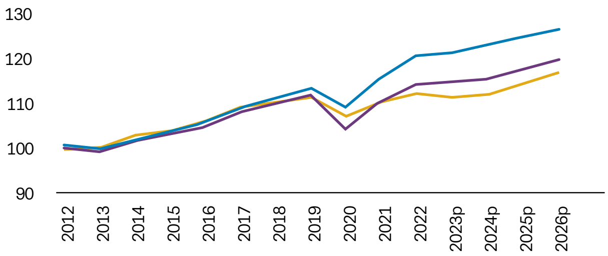
Consumer spending has declined mainly as consumers spend less on goods, due to higher inflation, while services consumption for culture and recreation are still growing. Retailers are therefore struggling, and the number of bankruptcies seems to be increasing among this group. Interestingly, however, more money is being spent on culture and recreation. Here, catching up on activities and outings after the pandemic may still play a role. Thus, the number of hotel stays and spending on holidays in the Netherlands is back above pre-pandemic levels.

At the same time, unemployment in the Netherlands is still low at 3.5%, with labour shortages still high so unemployment is not expected to rise any time soon. Together with inflation, this is causing wages to rise faster. Meanwhile, expected wage growth is even higher than inflation.

The outlook remains uncertain for the Dutch economy. The ongoing war in Ukraine and the associated geopolitical tensions may still create unforeseen economic risks whilst rising interest rates and possible debt issues also play a role. In addition, due to the collapse of the Dutch government it is uncertain if planned regulation will be introduced. Dossiers such as nitrogen or climate issues, where there is no final agreement yet, are therefore delayed. On the other hand, there are also positive signs. Inflation in the Netherlands is falling and the savings rate is still high. When consumers start spending this money, the economy may also receive a boost.

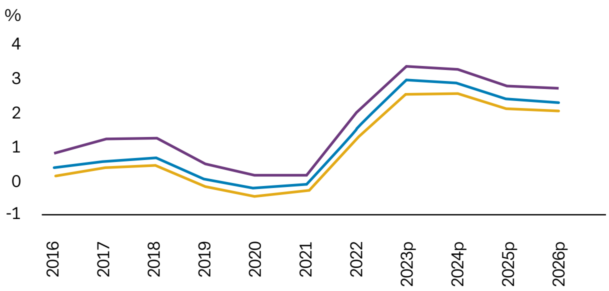
| Key Factors | CAGR 2016-2022 | Forecast 2022-2023 |
|---|---|---|
| Population growth | +0.7% | +0.5% |
| Employment growth | +1.8% | +1.9% |
| Real Wage growth | +1.3% | +0.4% |
| Consumer Price Inflation | +3.2% | +4.1% |

### GDP Development (Index 2012=100)



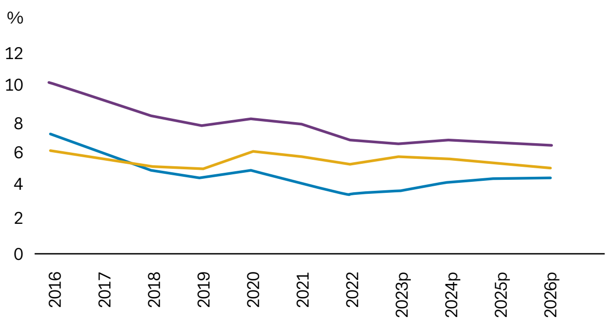

Eurozone | Germany | Netherlands

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




Eurozone | Germany | Netherlands

### Unemployment Rate (% of workforce)




Eurozone | Germany | Netherlands

# Independent **Market Research**
## The Netherlands

## The Netherlands Industrial & Logistics Overview

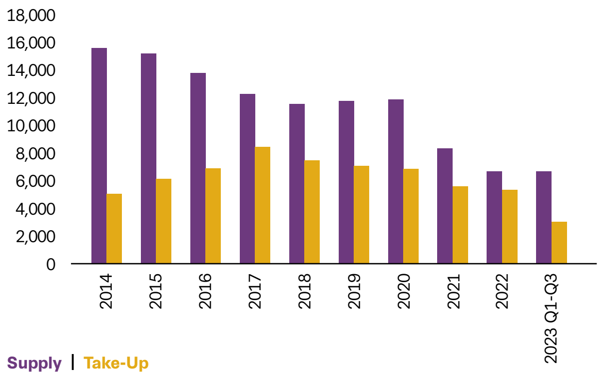
### Occupier Market:
Take-up volume amounted to just over 3 million sqm of industrial and logistics space in the first three quarters of 2023, approximately 20% lower compared to last year. This decrease in take-up is caused by a limited number of transactions in the segments above 5,000 sqm. In addition, it is also due to the limited supply. Supply, however, has been stable albeit on a historically low level. In Q3 2023, approximately 6.8 million was on offer, compared to 6.9 million in Q3 2022. This, in combination with the great demand for industrial and logistics space, caused vacancy levels to be low as well. This is similar to Q3 2022, when 6.9 million sqm of space was offered.

Despite the increased activity in Q3 2023 with approximately 1,125 transactions on the occupier market, take-up volume was lower compared to Q2 2023 when just over 1,100 transactions took place. In the third quarter of 2023, approximately 950,000 sqm was taken up on the occupier market; 20,000 sqm less than Q2 when around 970,000 sqm was taken up. This fits with the perception that the market seems to be cooling down. Trends in transaction duration and rents are levelling off, with the number of searches also decreasing. This goes along with the decline in business activities. Production, being the number of new orders and the number of open orders are falling rapidly due to the tightening economic policy. The higher interest rates and high inflation make financing more expensive and have led to an economic slowdown.

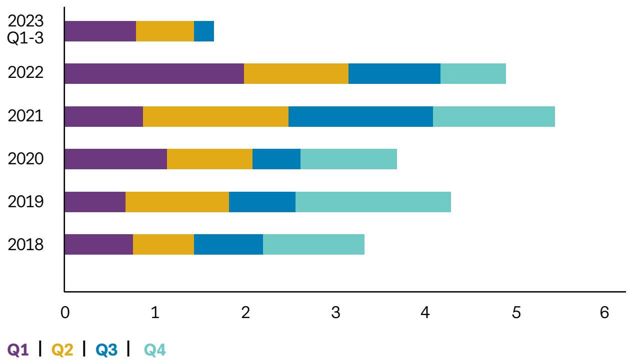
### Investment Market:
Up to September 2023, a total of €1.6 billion has been invested in industrial and logistics real estate this year. Although this represents a decrease of around €2.5 billion or 60% compared to the same period last year, the industrial and logistics real estate market remains the largest sector in terms of investment volume in the Netherlands. The main reason for the decrease in volume is the current economic conditions. Higher interest rates have caused financing costs and yield requirements to increase, resulting in lower activity among investors. Now that interest rates will stabilise and inflation is expected to fall, activity is expected to increase again. Investors may consequently see the upcoming period as a good entry point as the fundamentals, with high demand and low vacancy, will remain strong. The investment volume is therefore expected to increase again.

Besides economic conditions, public opinion, grid congestion and political conditions affect industrial and logistics real estate. Public opinion has increasingly turned against large-scale logistics and local and regional governments have altered their zoning plans as a result. Ongoing issues around nitrogen and grid congestion are also causing fewer and fewer building permits to be granted. This will further limit supply in the future. These supply problems will not be remedied in the short term, because the current government is demissionary, and the formation of a new coalition may take a long time after the upcoming elections.

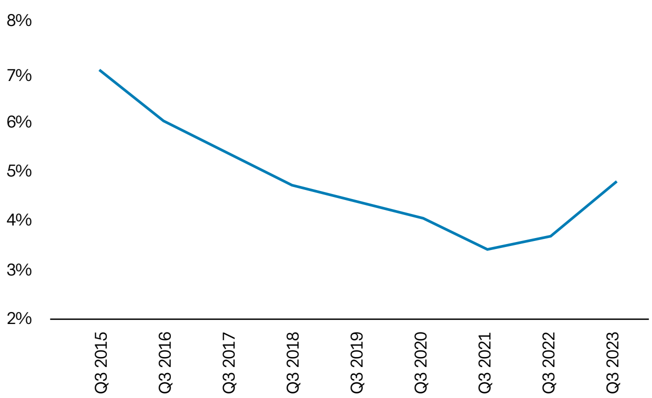
### Occupier Market ('000 sqm)




### Transaction Volume Industrial & Logistics (in € billion)




### Gross Initial Yield (Prime Yield, in %)



## Outlook:

Despite the current technical recession in the Netherlands, the long-term outlook for industrial and logistics real estate remains positive. Market fundamentals remain strong; there is a shortage of supply, while demand is high. Vacancy will therefore remain low in the foreseeable future.

Companies in the Netherlands that are looking to expand face constraints as suitable supply is low and available building sites for new projects are slim. At the same time, online shopping is expected to continue to grow in the coming years. This means that demand for warehousing and distribution will largely remain in place. These constraints still put upward pressure on the rents, especially on prime locations.

From a policy side, the Dutch government is working on a national policy to prevent large-scale distribution centres in undesirable locations. The intention was to present this policy in March but has been postponed to the end of 2023. However, there is great uncertainty about this this due to the fragmented political landscape, with the government falling in July and a new coalition potentially taking a long time to form after the upcoming elections.

The uncertainty regarding this subject and the way in which the logistics real estate market is headed is highlighted by the latest advice from the national advisor. The report calls continuing to build large distribution centres and warehouses a ‘dead end’. The question here, however, is what politicians and a new coalition will do with this advice after the upcoming elections.

The coming period will therefore also be challenging for the industrial and logistics market from a policy perspective. More clarity will be desirable for all stakeholders. From a market perspective, the outlook is more positive. Market fundamentals remain strong with low supply, high demand and low vacancy rates. This, combined with the Netherlands’ geographic location and its connections to its hinterland, ensures that the Netherlands will remain an interesting location for investors.

## Top Logistics Markets in The Netherlands:


| | Q3 2022 | Q3 2023 | 12-month Forecast |
|---|---|---|---|
| **1. Amsterdam** | | | |
| GIY (in %) | 4.00% | 4.90% | ↗ |
| Prime Rent €/sqm per annum | €85 | €105 | ↑ |
| **2. Schiphol Region** | | | |
| GIY (in %) | 3.80% | 4.75% | ↗ |
| Prime Rent €/sqm per annum | €90 | €95 | ↑ |
| **3. Rotterdam** | | | |
| GIY (in %) | 3.70% | 4.75% | ↗ |
| Prime Rent €/sqm per annum | €90 | €95 | ↑ |
| **4. West-Brabant** | | | |
| GIY (in %) | 3.75% | 4.90% | ↗ |
| Prime Rent €/sqm per annum | €70 | €80 | ↑ |
| **5. Tilburg** | | | |
| GIY (in %) | 3.75% | 4.75% | ↗ |
| Prime Rent €/sqm per annum | €65 | €80 | ↑ |
| **6. Eindhoven** | | | |
| GIY (in %) | 3.75% | 4,90% | ↗ |
| Prime Rent €/sqm per annum | €70 | €80 | ↑ |
| **7. Venlo-Venray** | | | |
| GIY (in %) | 3.80% | 4.75% | ↗ |
| Prime Rent €/sqm per annum | €60 | €75 | ↑ |

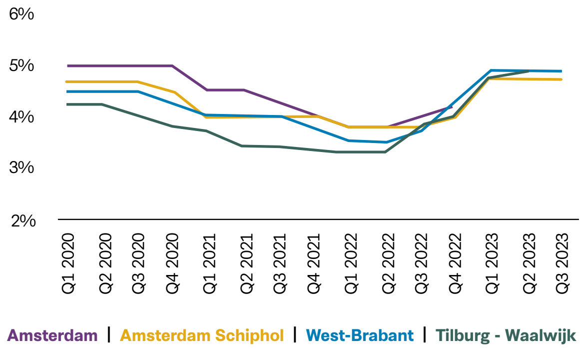
# Independent **Market Research**
## The Netherlands

**Yield Development:**
The ample availability of capital and favourable developments in the industrial and logistics sector, led to growing interest in the sector and consequently high investment volumes in recent years. Gross initial yields, combined with a limited supply, declined as a results, whilst yields fell by 100 bps on average during the period Q1 2020 until Q2 2022.

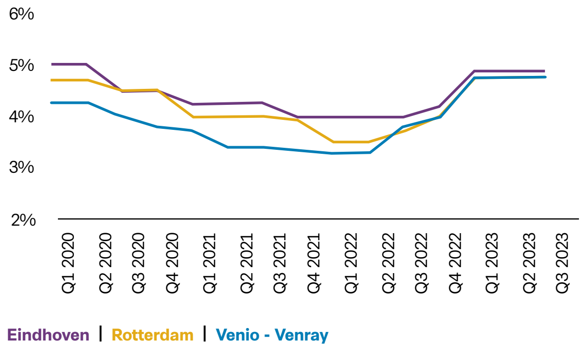
The macroeconomic development since then has changed and prompted the ECB to raise its interest rates. Interest rates have been raised by as much as 450 bps in 10 consecutives steps at a record pace since July 2022. Investors have taken a more cautious approach as financing projects and investments has become more expensive, yield requirements consequently increased as well. As a result, realized yields for industrial and logistics real estate have increased by up to 160 bps as of Q3 2023.

The current 4% base rate is expected to be held by the ECB until mid-2024. This ensures that initial expectations for yields related to industrial and logistics properties will remain stable in the coming months. However, should the circumstances be such that the ECB raises the base interest rate, yields may also move slightly higher as a result.

**Gross Initial Yield by Region (in %)**




**Gross Initial Yield by Region (in %)**



# 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 business areas such as investment, financial management and operating activities, as well as aspects of information technology, environment and climate change risks. 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 statement is reviewed annually.

An ERM validation exercise was held at the end of the financial year to assess the validity of the existing key risks and to review emerging risks 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.

## KEY RISKS IN FY2023

### 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 practises 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, entry into fixed rate loans and the usage 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 proportion of fixed and floating rate borrowings. 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 floods and earthquakes). 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 unanticipated and/or catastrophic events, insurance is procured to minimise any potential 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.

During the year, the Manager has updated its Business Continuity Management ("BCM") Policy and procedures to comply with the revised BCM Guidelines issued by the Monetary Authority of Singapore in June 2022. The revised BCM Guidelines is effective June 2023 and applies to the processes of the Manager.

### Funding and Liquidity Risk
The Manager actively manages FLCT's capital structure, and 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 sources 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, bankers' guarantees or corporate guarantees from some 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, macroeconomic 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 which are 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. 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 of the underlying investment. 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. Frasers Property, of which the Manager is part of, builds digital capabilities and invests in new technologies to ensure our business is future-ready.

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 provided for new and existing employees to institute awareness on evolving threats. External professional services are engaged to conduct proactive threat and vulnerability management.

In November 2022, the Manager adopted the REIT Technology Policy that incorporated the requirements under the Technology Risk Management Guidelines issued by the MAS. Following such adoption, the Chief Information Officer and Chief Security Officer updates the ARCC on technology risks and measures taken to manage such risks on a regular basis.

### Environment and Climate Change Risk
The Manager places importance in managing the environmental and climate change risks in our operations. We recognise the implications and consequences that climate-related risks have on the environment and the potential impact to FLCT's properties and operations.

In mitigating our exposure to environmental and climate change issues, the Manager has put in place a sustainability strategy for FLCT since 2017. The sustainability targets established as part of the sustainability strategy are updated on a two-yearly basis. Progress updates are provided to the Board on a quarterly and annual basis. Following the Sponsor's refresh of FPL Group's ESG goals in FY2023, FLCT has aligned its target with the Sponsor to achieve net-zero carbon in operation by 2050. FLCT has also adopted GRESB as its key assessment tool for the portfolio and incorporated it as a key measure of sustainability performance in its sustainability finance framework.

*For more information on our sustainability objectives and progress-to-date, please refer to the ESG Report section on page 110 of this report.*

FY2023 **ESG Report**

# Contents



# Glossary

A glossary of the abbreviations used in this report:

| | | |
|---|---|---|
| ARCC | : | Audit, Risk and Compliance Committee |
| BBP | : | Better Buildings Partnership |
| BCA | : | Building and Construction Authority, Singapore |
| BREEAM | : | Building Research Establishment Environmental Assessment Method |
| BVP | : | Blythe Valley Business Park |
| CPF | : | Central Provident Fund |
| CSR | : | Corporate Social Responsibility |
| DGNB | : | German Sustainable Building Council |
| EAP | : | Employee Assistance Program |
| ERM | : | Enterprise-wide Risk Management |
| ESG | : | Environmental, Social and Governance |
| FBP | : | Farnborough Business Park |
| GBCA | : | Green Building Council of Australia |
| GBP | : | Green Bond Principles |
| GLP | : | Green Loan Principles |
| GFA | : | Gross Floor Area |
| GHG | : | Greenhouse Gas |
| GRI | : | Global Reporting Initiative |
| HSE | : | Health, Safety and Environment |
| IEQ | : | Indoor Environment Quality |
| ISO 9001 | : | International Organisation for Standardisation (Quality Management System) |
| ISO 14001 | : | International Organisation for Standardisation (Environmental Management System) |
| ISO 45001 | : | International Organisation for Standardisation (Occupational Health and Safety Management System) |
| ISO 50001 | : | International Organisation for Standardisation (Energy Management System) |
| K | : | A unit of measurement representing one thousand |
| MAS | : | Monetary Authority of Singapore |
| NABERS | : | National Australian Built Environment Rating System |
| NGOs | : | Non-governmental Organisations |
| OH&S | : | Occupational Health and Safety |
| PUB | : | Public Utilities Board |
| PV | : | Photo-voltaic |
| RCP | : | Representative Concentration Pathway |
| REIT | : | Real Estate Investment Trust |
| REITAS | : | REIT Association of Singapore |
| SBTi | : | Science Based Targets initiative |
| SDG | : | Sustainable Development Goal |
| SIAS | : | Securities Investors Association (Singapore) |
| SLBP | : | Sustainability Linked Bond Principles |
| SLLP | : | Sustainability Linked Loan Principles |
| SSC | : | Sustainability Steering Committee |
| TAFEP | : | Tripartite Alliance for Fair and Progressive Employment Practices |
| TCFD | : | Task Force on Climate-related Financial Disclosures |
| UN | : | United Nations |
| UNGC | : | United Nations Global Compact |
| UNWEP | : | United Nations Women Empowerment Principles |
| Y-o-y | : | Year-on-year |

# Board **Statement**

**Dear Fellow Stakeholders,**

As a leading logistics and industrial-focused REIT, with a portfolio of industrial and commercial properties across five developed markets, the Board recognises FLCT's ability to influence positive change, and that advancing ESG initiatives is integral to strengthening our resilience, reputation as well as in maintaining stakeholder trust. Further, we recognise that occupiers are increasingly leaning towards sustainability, which positions properties with strong ESG credentials favourably in meeting tenants' requirements and thereby enhancing occupancies.

FLCT's sustainability agenda is guided by three pillars: Acting Progressively, Consuming Responsibly and Focusing on People. FLCT works closely with our Sponsor, Frasers Property Limited ("Frasers Property", or the "Group") to deliver sustainable value to our stakeholders while moving towards a net-zero future.

In FY2023, our Sponsor refreshed the Group's ESG goals following a benchmark and review of the progress against targets announced in FY2021. The refresh took in a range of considerations including a market review of global sustainability trends, a FY2022 stakeholder survey exercise, and evolving regulatory requirements. Accordingly, FLCT has aligned its net-zero target with the Sponsor to achieve net-zero by 2050. The Board also views diversity at the Board level as an essential element for driving value in decision-making and has, as part of its board diversity policy, put in place a target for achieving 25% female representation on the Board by 2025.

We continued to progress our FLCT's sustainability objectives in FY2023. We maintain FLCT's standing as having the highest Green Star Performance rated industrial portfolio in Australia and retained our 5-star GRESB rating, and have also validated our near-term targets and roadmap with the Science Based Targets initiative ("SBTi").

We are also pleased to report a number of sustainability initiatives, including the implementation of smart water monitoring systems to our German properties in FY2023. Further, we have also embedded sustainability criteria in investment evaluations and adopted responsible financing practices, with 64% of FLCT's total borrowings as at 30 September 2023 in the form of green or sustainable financing.

In recognition of our strong corporate governance performance and stakeholder engagement efforts, we were awarded silver for Best Annual Report and bronze for Best Investor Relations, under the REITs and Business Trusts category at the 18th Singapore Corporate Awards this year.

Our achievements are built upon the dedication of our staff and support of the communities in which we operate making them the cornerstone of our success. We continue to invest in our staff and the communities where we operate by prioritising their overall safety, inclusivity and well-being. We also continued our year-long participation in the Milk & Diapers programme which supports low-income families by providing milk and diapers for their children up to three years old.

As we look ahead, continuing to foster strong collaborative relationships with our stakeholders will be key to FLCT achieving its sustainability goals and in fortifying our long-term resiliency. In closing, we would like to thank all our stakeholders for supporting us in our journey for a more sustainable future.

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

## Sustainability

# FY2023 Performance – **The Year at a Glance**

### ACTING PROGRESSIVELY

**64%** of FLCT's total borrowings are in the form of green or sustainable financing

Maintained
**5-star GRESB Rating**

Maintained the **highest Green Star performance rating** for industrial in Australia

**Best Annual Report (Silver) and Best Investor Relations (Bronze)** – both under the REITs & Business Trusts category, at the 18th Singapore Corporate Awards 2023

**Highest Growth in Profit After Tax (PAT) Over Three Years (Winner)** and **Overall Sector (Winner)** - both under the REITs category at The Edge Singapore Billion Dollar Club 2023

### CONSUMING RESPONSIBLY

Validated near-term
**Science-Based Targets**

Expansion of the installation of **Smartvatten** (water consumption monitoring devices) from our Netherlands assets to our properties in Germany

At Central Park in Perth, the facade modernisation project includes the recycling of approximately **95%** of the replaced material including all aluminium panels, polyurethane cores and temporary steel structures.

Collected **301 tonnes** of waste for recycling with a recycling rate of 17%

### FOCUSING ON PEOPLE

**80% of female representation** in the REIT Manager's Senior Management Team

Year-long participation in Community Investment –
**Milk & Diapers programme**

# Our Approach **to ESG**

## Embedding Sustainability Within Our Core

We are cognisant that the integration of key global environmental and social considerations in the way we do business is critical in today's rapidly changing world. In addition to risk management, we regard sustainability as a platform for us to create value, bolster our resilience, enhance customer offerings, and safeguard our business for the long-term. These key considerations form the foundation of our sustainability framework which guides FLCT's sustainability approach focusing on three pillars – Acting Progressively, Consuming Responsibly and Focusing on People.

### FLCT's Sustainability Framework


CORE AREAS

**ACTING PROGRESSIVELY**
means challenging the way we operate by embracing flexibility and resilience.

We focus on the future and actively consider people and the planet when making decisions.

**CONSUMING RESPONSIBLY**
means being thoughtful about the way we use and dispose of our resources.

We have set ambitious targets to drive our approach to water, waste, energy and biodiversity, and are taking action across our portfolio and supply chain.

**FOCUSING ON PEOPLE**
means creating communities that are diverse, inclusive and safe.

Our approach is anchored upon social connectedness and enabling more sustainable lifestyles.

## Our Sustainability Roadmap

To execute our strategy, we have established a sustainability roadmap that outlines a clear action plan which features interim goals and key milestones. In FY2023, our Sponsor refreshed the Group ESG goals following a benchmark and review of the progress against targets announced in FY2021. The refresh took in a range of considerations including a market review of global sustainability trends, a FY2022 stakeholder survey exercise, and evolving regulatory requirements. Accordingly, FLCT will also be targeting net-zero carbon by 2050.

**Our Sponsor's Refreshed ESG goals:**

- Achieve net-zero carbon across Scopes 1, 2 and 3 by 2050.
- Install 215 MW of renewable energy capacity on properties by 2030.
- Deploy a group-wide climate risk analytics platform to identify, assess and manage climate-related risks by FY2024.
- Have 100% by Gross Floor Area ("GFA") of new development projects, and 85% of owned and asset-managed properties, to be either green-certified or have been submitted for green certification by 2030.
- Engage 75% of suppliers by spend on our Responsible Sourcing Policy by FY2025.
- Develop a framework to assess and prioritise biodiversity risks and opportunities by FY2025.

# Sustainability

## Managing Sustainability
GRI 2-9

A robust governance framework stands as a cornerstone in achieving our sustainability goals and targets. Furthermore, effective management serves as the foundation of how we operate and collaborate with our Sponsor on sustainability. The Sponsor's Sustainability Steering Committee ("SSC") drives the sustainability strategy and consists of senior management personnel from the Sponsor who meet six times a year. The SSC meets to assess sustainability performance based on key material metrics and endorse action plans and policies aimed at internalising sustainability practices.

FLCT is supported by the Sponsor's sustainability team, as well as a dedicated sustainability manager who is responsible for monitoring and improving the REIT's sustainability performance, including the tracking of our sustainability goals. At the Group level, the SSC's efforts are championed by the Frasers Property Group Sustainability Team to foster close collaboration with FLCT in crafting sustainability action plans and monitoring advancements.

Frasers Property and FLCT have committed to being a net-zero organisation by 2050. To realise this goal, our Sponsor has 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. In alignment with the net-zero goal, FLCT's near-term carbon reduction targets have been validated by the SBTi.

### Participation in Membership Associations and Alignment with Recognised Standards
GRI 2-28

As a part of the real estate industry and a member of Frasers Property, FLCT sees the importance of creating and increasing our positive impact. We do this by actively participating, either independently or through Frasers Property, in international and local movements to advance shared sustainability goals, sharing our knowledge and experience with industry bodies on sustainability matters.

### REIT Association of Singapore ("REITAS")

REITAS serves as the representative advocate for the Singapore REIT ("S-REIT") sector, facilitating member engagement in policy consultations. REITAS supports the growth of the S-REIT industry by improving transparency and governance for investor decision-making, collaborating with regulators for industry-friendly policies. FLCT plays an active role as a member of REITAS, participating in industry events organised by the association as well as relevant surveys e.g. by the regulators which seek to gather feedback from S-REITs. FLCT, through Frasers Property, is also represented on REITAS' Sustainability Taskforce.

As part of Frasers Property, we are also aligned with sectoral, national and international platforms to elevate standards and scale up best practices. These include:

- GRESB Real Estate Assessment
- Property Council of Australia
- Science Based Targets initiative ("SBTi")
- Task Force on Climate-related Financial Disclosures
- United Nations Global Compact ("UNGC")
- United Nations Women's Empowerment Principles ("UNWEP")
- Urban Land Institute ("ULI") Singapore
- Tripartite Guidelines on Fair Employment Practices ("TAFEP")
- Net Zero Carbon Buildings Commitment of the World Green Building Council ("WGBC")
- Singapore Green Nation Pledge by Ministry of Sustainability and the Environment

## Stakeholder Engagement
GRI 2-29

Engagement with our stakeholders fosters collaboration, helps us gain valuable insights and maintain alignment for the achievement of sustainable and impactful outcomes. Continuous and consistent engagement with our various stakeholders is vital for us to understand and address their evolving expectations and concerns. Through our various engagement avenues, we can pinpoint key material issues to address to support continuous improvement. Refer to the table on Key Stakeholders on page 117.

| Key Stakeholders | Key Topics of Concern | Mode and Frequency of Engagement |
| --- | --- | --- |
| **Tenants** | • Clean, safe and pleasant environment<br>• Reliable and efficient buildings<br>• Tenant engagement<br>• Tenant satisfaction<br>• Quality of facilities and services<br>• Health and safety<br>• Tenants' corporate social responsibility ("CSR") goals<br>• Improving the energy and water efficiency of our properties | • Annual tenant surveys<br>• Held regularly throughout the year through the REIT Manager or property managers<br>• Tenant engagement programs<br>• Joint community programs with tenants<br>• Tenant meetings |
| **Employees** | • Friendly, inclusive and safe working environment<br>• Fair and competitive employment policies<br>• Staff development<br>• Health and safety<br>• Business' impacts on the environment and society | • Twice a year performance reviews<br>• Employee culture survey conducted every two years<br>• Orientation programme for new staff upon joining<br>• Annual employee pulse surveys<br><br>Held regularly throughout the year:<br>• Communication via Frasers Property intranet and the Workplace platform<br>• Training<br>• Employee personal development plans<br>• Environmental and Health & Safety awareness activities<br>• Team bonding and employee wellness activities |
| **Contractors/ Consultants/ Suppliers** | • Health and safety<br>• Business performance<br>• Environment<br>• Diversity and inclusion | • Established action plan for regular interactions with key contractors, consultants and suppliers starting from FY2023<br>• Evaluation during market engagement of alignment with the Sponsor's HSE policies. Stakeholder acknowledgement and acceptance of HSE policies during onboarding.<br>• Requirement for acknowledgement and acceptance of our modern slavery statement during contractor / supplier onboarding and we assess contractor / supplier commitment to diversity during the market engagement process. |
| **Property Managers** | • Key performance indicators for property managers<br>• Operational performance of the properties | Held regularly throughout the year:<br>• Meetings and discussions<br>• Emails and phone calls |
| **Unitholders and investor community** | • Sustainable distribution<br>• Operational and financial performance<br>• Business strategies and outlook<br>• Timely and transparent reporting<br>• Good corporate governance | • Throughout the year, FLCT participated in six local and overseas conferences, corporate days and roadshows; as well as two business updates and two results briefings for analysts and investors. In aggregate, FLCT engaged with over 150 institutional investors<br>• Annual General Meetings<br>• Ongoing website, announcement, management presentations, press release, webcasts of half-year and full-year results briefings, bilateral communication, one-on-one meetings and site tours<br>• Regular ESG surveys<br>• Maintained our 5-Star Rating and achieved a score of 88 at the 2023 GRESB Real Estate Assessment |
| **Local Communities** | • Build and nurture relationships with the wider community<br>• Community investments<br>• Business's impacts on the environment and society | • Social and community events and activities<br>• Annual ESG Report |
| **Regulators/ Non-Governmental Organisations (NGOs)/ Industry bodies** | • Government policies on S-REITs or the real estate sector<br>• Compliance with rules and regulations<br>• Engagement with industry forums and trade associations<br>• Corporate governance | • Annual ESG Reporting in alignment with SGX regulations and GRI Standards<br><br>Participate regularly throughout the year:<br>• Meetings, briefings and consultations<br>• Industry conferences and seminars, and memberships in industry bodies such as REITAS |

# Sustainability

## Materiality Assessment

GRI 3-1, 3-2

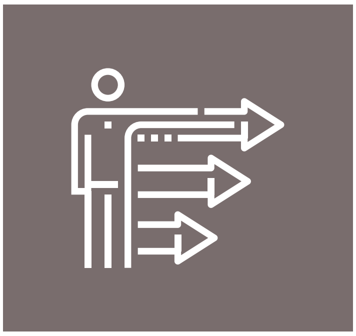
Regular review of material focus areas is essential to ensure both relevance and that the most significant focus areas that impact FLCT, our stakeholders and global trends are prioritised. This in turn, enables informed decision-making, resource allocation, and strategic planning. Our Sponsor conducts a global market review of sustainability trends and a survey with internal and external stakeholders to understand views on material ESG topics every two years. The next review is scheduled to be completed in FY2024. This year, we have aligned our material focus areas with that of our Sponsor's, resulting in the addition of three new material topics, being water, materials and supply chain, and biodiversity. This alignment of material focus areas with our Sponsor affirms that these topics continue to remain relevant with our stakeholder expectations and aligned with the GRI Universal Standards.

The table below lists the significant impacts for each of our material focus areas and where we have caused or contributed to the impacts through our business relationships.

| GROUP SUSTAINABILITY FRAMEWORK PILLARS | MATERIAL FOCUS AREAS | RATIONALE |
|---|---|---|
| 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. It is critical to ensure the sustainable growth of FLCT's economic performance. |
| | **Resilient Properties** | Being flexible and resilient in the way we operate is crucial in responding to a rapidly changing industry. We need to build our properties' resilience to better face climate change and future challenges, as well as to grow our business. |
| | **Innovation** | Fostering an innovation culture that creates value and strengthens our competitive edge. We 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. |
| | **Waste** | Waste is a natural byproduct of our operations. Our objective is to substantially minimise waste generation by adhering to the 3Rs hierarchy: Reduce, reuse and recycle. |
| | **Materials & Supply Chain** | As a responsible business, it is important that we have oversight of the materials and supply chain activities, minimising risks along our value chain. |
| | **Biodiversity** | Biodiversity forms a critical piece for the built environment. We strive to safeguard and cultivate local ecosystems to enhance biodiversity in our properties. |
| FOCUSING ON PEOPLE | **Diversity, Equity & Inclusion** | Empowering and promoting social inclusion for 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 capabilities and 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 assured of 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. |

| BOUNDARIES | | | |
|---|---|---|---|
| FLCT/REIT MANAGER | SUPPLIERS/ CONTRACTORS | CUSTOMERS AND TENANTS | GOVERNMENT, NGOs AND LOCAL COMMUNITIES |
| √ | √ | √ | |
| √ | | | |
| √ | √ | √ | |
| √ | | √ | |
| √ | | √ | |
| √ | | √ | |
| √ | | √ | |
| √ | √ | | |
| √ | | | √ |
| √ | | | |
| √ | | | |
| √ | √ | √ | |
| √ | | | √ |

# Sustainability



## Acting **Progressively**

FLCT's commitment lies in building lasting value for our portfolio and our stakeholders through the careful integration of ESG factors in our decision-making processes. This comprehensive approach allows us to build resilience and effectively manage risks inherent in our industry, positioning us as industry leaders. Our corporate governance culture is grounded in a solid framework of policies and a forward-thinking ethos. This entails formulating relevant policies to steer our processes toward business and sustainability goals, embracing green building certifications, engaging in responsible investment and nurturing an innovation-driven culture.

| Focus Area | Our Goals | Our Progress in FY2023 |
|---|---|---|
| **Risk-Based Management** | • Establish holistic overarching internal policies to govern and guide management of the focus areas | • Incorporated environmental risk as a distinct key area to manage as part of the overall Enterprise-wide Risk Management framework<br>• "A" MSCI ESG Ratings by MSCI ESG Research LLC |
| **Responsible Investment** | • Achieve green certification for at least 80% of our industrial and commercial portfolio by FY2024<br>• Achieve at least an average 4-Star Green Star Performance as assessed by the Green Building Council of Australia ("GBCA") for the Australian industrial portfolio | • Achieved with 80% of our properties and 100% of our new development projects by GFA are green building certified or have been submitted for green building certifications<br>• FLCT retained its standing of having the highest Green Star Performance rated industrial portfolio in Australia, maintaining an average 4-Star rating across our Australian industrial portfolio<br>• Obtained BREEAM In-Use certification for five of our Dutch assets and 16 of our German assets |
| | • Achieve at least BCA Green Mark Gold Certifications for all commercial assets in Singapore by FY2024 | • Alexandra Technopark A is certified Green Mark Gold$^{PLUS}$ by the Building and Construction Authority ("BCA") of Singapore |
| | • Endeavour to continue structuring new borrowings in the form of green, sustainable or sustainability-linked financing | • 64% of FLCT's total borrowings as at 30 September 2023 are in the form of green, sustainable or sustainability-linked financing |
| **Resilient Properties** | • Carry out climate risk assessments and implement asset-level adaptation and mitigation plans aligned to the TCFD framework by 2024 | • The Board's oversight over FLCT's sustainability strategy was expanded in FY2022 by redefining the remit of the Audit, Risk and Compliance Committee<br>• A climate risk and climate 'value at-risk' portfolio-level assessment of our portfolio and developed action plan was completed in FY2022 to address and mitigate key physical and transition risks |
| **Innovation** | • Foster an innovation culture to create value for all by 2030<br>• Fostering an innovation culture that creates value and strengthens our competitive edge | • Continue to embrace design thinking as a tool to spur innovation<br>• We deliver added value to our tenants through innovative solutions. |

## Risk-Based Management

### Our Approach

GRI 3-3

To be equipped with robust policies and procedures is important to future-proof our business while creating long-term value for our portfolio. To achieve this, we are mindful of evaluating and mitigating the environmental, health and safety, and social risks associated with our business. This allows us to uphold the highest standards of integrity and accountability throughout our operations, enhancing the trust and confidence that our stakeholders have in us.

To strike an appropriate balance between risks and performance, the FLCT Board provides oversight to the REIT Manager, ensuring that a sound system of risk management and internal controls is maintained. An independent evaluation of the adequacy of existing processes and controls is carried out through the REIT Manager's established audit process, guided by the Sponsor's internal audit function – For details, please refer to page 187 of the Annual Report.

Moreover, the REIT Manager remains vigilant in identifying, reviewing and closely monitoring key risks. Identified risks are mapped to our Risk Register and monitored quarterly. Some of the key risks that are actively monitored include operational and investment activities, capital and financial management, human capital, fraud, foreign currency, information technology and environmental risks. As a demonstration of our commitment to enhancing corporate governance, FLCT has been a signatory of the Security Investors Association (SIAS) annual Corporate Governance Statement of Support since its listing in 2016.

### Our Actions and Progress

GRI 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3, 206-1

Strong corporate governance goes beyond compliance with laws and regulations. Our commitment to maintaining fair and ethical business practices coupled with our zero-tolerance stance against corruption and fraud, helps instil trust and confidence in our stakeholders.

Furthermore, periodic reviews and updates of our key corporate policies are carried out by the respective policy holders to ensure that they remain relevant and aligned with our corporate purpose and operations:

- Anti-bribery Policy
- Board Diversity Policy
- Business Continuity Management 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
- Technology Risk Management Policy
- Treasury and Hedging Policy
- Valuation Policy
- Whistle-blowing Policy

These policies are approved by the senior leadership of the REIT Manager, and where required, by the Board.

### Anti-Bribery, Anti-Corruption and Anti-Competition

At FLCT, we endeavour to uphold the highest standards of ethical business conduct and refrain from any involvement in unlawful practices. This is exemplified in our policies, namely the Anti-Bribery Policy, the Competition Act Compliance Manual and the Policy for Prevention of Money Laundering and Countering the Financing of Terrorism.

FLCT takes a proactive approach to ensure compliance with all applicable laws and regulations within the markets we operate in. This year, there were no records of any breaches of laws and regulations in relation to environment, bribery and corruption, anti-competitive behaviour and violations of anti-trust and monopoly legislation, or industry codes around marketing communications regarding the environment, health and safety regulations. As a proactive step, 90% of our employees in Singapore attended anti-corruption training sessions.

### Whistle-Blowing and Raising Concerns

Our whistle-blowing policy plays a crucial role in promoting transparency and accountability within FLCT. Employees and stakeholders can access independent feedback channels which provide a secure avenue for reporting any concerns without fear of reprisal. These concerns can be reported through mail, electronic mail or by calling a hotline. Particularly, employees and stakeholders are encouraged to raise their concerns on any of the following issues relating to FLCT and its staff:

- Financial fraud and mismanagement;
- Bribery, corruption, conflict of interest and anti-competitive behaviour;
- Violation of any laws and regulations;
- Violation of legal or professional obligations;
- Discrimination and harassment;
- Deliberate concealment of any of the above; and
- Any other unethical behaviour that is inconsistent with FLCT's internal policies and procedures.

Individuals who wish to file a whistle-blowing report may refer to the details on our website.

Any report submitted through these channels are received by our Sponsor's Head of Group Internal Audit, who has been designated as an independent function to investigate all whistle-blowing reports. Every incident reported is handled in strict confidence and FLCT condemns any retaliatory actions taken against whistle-blowers. Should there be any incidences of retaliation be found, appropriate disciplinary action can be taken against the individuals involved.

# Sustainability

In FY2023, we did not receive any cases via our whistle-blowing channels. We will continue to foster close collaboration with stakeholders and ensure that we pre-empt and mitigate any risks throughout our value chain. Additionally, our stakeholders can provide us with feedback, which can be done through various avenues such as email, and/or through our culture survey.

### Supply Chain Management

Effective supply chain management is not only important for optimising operational efficiency but also for minimising risks. This conveys resilience and ensures a sustainable supply chain. For this, it is essential to continue to foster close partnerships through regular engagement with our suppliers which can facilitate alignment with our sustainability visions and values. In turn, this ensures that our high quality environmental, health and safety standards are upheld. These elements are clearly laid out in our Responsible Sourcing Policy. For more information, please refer to the Materials and Supply Chain section on page 136 of this report.

### Data Privacy

Data privacy is important for building a secure and ethical business environment. Ensuring that the confidentiality of our customers' data is maintained develops trust with our stakeholders and complies with regulatory requirements. Through our Personal Data Protection Policy, we educate our employees on their responsibilities, thereby enabling us to safeguard the data confidentiality, security and protection of our information assets. In the event of any breach, the Personal Data Breach Incident Management Policy sets out clear procedures for employees to effectively manage and mitigate potential negative impacts.

There was no recorded information on security breaches in FY2023.

### Aligning with the Monetary Authority of Singapore ("MAS") Guidelines on Environmental Risk Management for Asset Managers

The guideline was issued by MAS to enhance the management of environmental risk for asset managers. Environmental risk arises from the potential adverse impacts from changes in the environment on economic activities and human well-being. Consequently, environmental risk has the potential to financially impact funds managed by asset managers. The guideline details MAS' expectations over five key areas of environmental risk management. In alignment with this, we have implemented processes and practices that are essential to allow us to meet MAS's expectations.

| Key Areas of MAS Guidelines on Environmental Risk Management | Status |
|---|---|
| **Governance and strategy**<br>The Board and senior management should oversee integration of environmental risk considerations into asset managers' roles and responsibilities, policies, strategies, business plans and product offerings. | We expanded the Board's oversight over the FLCT sustainability strategy by redefining the remit of the Audit, Risk and Compliance Committee ("ARCC"). |
| **Research and portfolio construction**<br>Asset managers should evaluate the potential impact of environmental risk on the return potential of our investments. Where required, asset managers should include measurement and management of material environmental risks present within the portfolio. | Operational indicators (such as greenhouse gas emissions, energy, waste and water and indoor air quality) are measured, monitored, and evaluated as they can influence tenant demand – Please refer to the Energy and Carbon section on pages 131-133 of this report for further details. |
| **Portfolio risk management**<br>Asset managers should put in place appropriate processes and systems to systematically assess, manage and monitor the impact of any risk.<br>Asset managers should also be well equipped through capacity building and training to assess, manage and monitor environmental risk.<br>Where material, scenario analysis should be carried out to assess the environmental risk impact, portfolio resilience and their alignment with climate goals. | FLCT has implemented processes to manage environmental risk – for further information, please refer to Risk-Based Management - Our Approach on pages 120-121 of this report for further details.<br>Climate risk assessment comprising scenario analysis from rising temperatures was completed. The scenarios used were the below 2°C scenario (RCP 2.6) and below 4°C scenario (RCP 8.5) from the IPCC AR5. Following this, FLCT established a roadmap to achieve net-zero by 2050. |
| **Stewardship**<br>Asset managers should engage and where possible, work collaboratively with investee companies to improve risk profile, support their efforts in the transition towards more sustainable policies and practices. | We have implemented asset enhancement initiatives with measures to improve energy and water efficiency and waste management. |
| **Disclosures**<br>Clear and meaningful disclosures referencing well-regarded international reporting frameworks. Disclosures should also be regularly reviewed for improvements, completeness, clarity and relevance. | We continue to enhance disclosures to further align to the TCFD recommendations. |

## Responsible Investment

### Our Approach
GRI 3-3

Responsible investment at FLCT entails making prudent investment choices that incorporate and elevate the social and environmental performance of our properties, creating long-term value for our stakeholders. Moreover, it ensures sustainable commercial benefits for our properties. This encompasses the implementation of sustainable financing, obtaining green building certifications and benchmarking our performance against established standards such as the GRESB Real Estate Assessment.

Our Sustainable Finance Framework guides our approach for our sustainable financing activities. To ensure that we have a robust framework, it has gone through an independent third-party assurance to ensure that it adheres to the following international principles and guidelines:

- Green Bond Principles ("GBP") 2021, Sustainability Bond Guidelines ("SBG") 2021 and Sustainability Linked Bond Principles ("SLBP") 2020 by the International Capital Market Association ("ICMA")
- Green Loan Principles ("GLP") 2021 and Sustainability Linked Loan Principles ("SLLP") 2021 by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association

In keeping with our aim of elevating the environmental performance of our properties and enhancing our sustainability offerings, we endeavour to certify our properties against established green building standards such as the BCA Green Mark 2021 and PUB Water Efficient Building in Singapore, Green Star and/or NABERS in Australia as well as BREEAM in Germany, the Netherlands and the UK.

Besides environmental performance, we actively monitor our performance against the internationally recognised GRESB ratings (formerly known as the Global Real Estate Sustainability Benchmark). GRESB provides a benchmark for us to gauge our sustainability progress, allowing us to identify areas for growth.

### Our Actions and Progress

#### Green & Sustainable Financing
FLCT is committed to further strengthening our green and sustainable financial practices, ensuring that they are in alignment with international standards. Our objective is to harness financing opportunities to realise our sustainability goals. We endeavour to structure FLCT's new borrowings in the form of sustainability-linked or green/sustainable loans or bonds.

As at 30 September 2023, 64% of FLCT's total borrowings are in the form of green, sustainable or sustainability-linked financing.

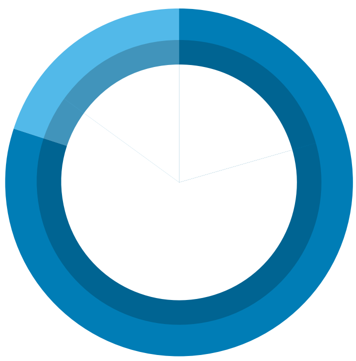
#### Our Green Portfolio
Certification of our properties with recognised green building certifications assures that FLCT is aligned with sustainable practices. This alignment also allows us to contribute to creating an environment which is more resilient and sustainable. As of 30 September 2023, 80% of our portfolio by GFA is green building certified or has been submitted for green building certifications.

With an average 4-Star Green Star Performance portfolio, FLCT retains its position as having the highest rated Green Star industrial portfolio in Australia. During the year, three of our properties in the Netherlands were certified with a BREEAM New Construction Certificate with a Very Good score.

Five of our existing assets in Germany were certified with a DGNB Gold certificate at the completion of their construction, in 2017-2018. In 2022, 16 German existing assets obtained BREEAM In-Use Certification, with nine further assets currently being certified. We are going to continue the BREEAM In-Use certification project in FY2024. In the Netherlands, five assets will be recertified, and one asset will be certified for the first time. In Germany, six assets will be certified for the first time.

In the UK, we acquired the prime logistics development Ellesmere Port located in Northwest England. The state-of-the-art facility will be leased to Peugeot upon completion, providing strong sustainability credentials through achieving a BREEAM Outstanding rating, EPC A, and reaching net-zero carbon in operation for CAT A works.

#### FLCT Portfolio Green Certification Status (by GFA)



| | |
|---|---|
| Certified or submitted for certification | 80% |
| Not certified | 20% |

# Sustainability

### Benchmarking Our ESG Performance via GRESB

In tandem with our green building certifications, our GRESB Real Estate Assessment scores play a pivotal role in providing both greater transparency and accountability for our investors to assess our sustainability performance. The GRESB Real Estate Assessment captures ESG performance and sustainability performance by assessing what investors and the industry consider to be material issues in the sustainability performance of real asset investments. The methodology that the assessment uses is aligned with international reporting frameworks.

FLCT maintained our 5-Star GRESB Real Estate Assessment rating this year, with an overall score of 88 points out of 100 and we are ranked second out of 18 in Asia-Pacific under the "Diversified – Office/Industrial" category. We remain steadfast in our commitment to advancing our sustainability progress, generating positive impact to our stakeholders.

## Resilient Properties

### Our Approach

GRI 3-3

Climate change has been shown to present significant risks to businesses. These risks range from supply chain disruptions, increasing operational risks requiring adaptation and changing regulations and consumer preferences. FLCT recognises that these risks have the potential to negatively impact our business financially. As an investor and manager of real estate, enhancing the resilience of our properties in the face of these future risks remain a priority. The integration of these risks into our financial risk management processes will enable us to effectively measure and manage our climate risks and opportunities.

In line with global climate goals, FLCT has set reduction targets, aiming to be net-zero across our business and value chain by 2050. Our near-term targets, in line with the 1.5°C warming scenario outlined in the Paris Agreement, have been validated by the SBTi. We will also be tapping on green and sustainable financing to facilitate this transition.

### Our Actions and Progress

GRI 201-2

The table below outlines our approach and progress towards managing climate-related risks and opportunities.

| TCFD core element | Our activities to support TCFD Alignment |
|---|---|
| **Governance** | |
| Describe the organisation's governance around climate-related risks and opportunities. | The Board of FLCT provides oversight on broader sustainability trends, risks and opportunities and FLCT's sustainability strategy (redefining the scope of the audit, risk and compliance committees). This would facilitate linking sustainability with corporate purpose and strategy.<br><br>The Board is supported by the Sponsor's Sustainability Steering Committee and Group Sustainability team.<br><br>We have expanded the Board's oversight over the FLCT sustainability strategy by redefining the remit of the Audit, Risk and Compliance Committee. |
| Describe management's role in assessing and managing climate-related risks and opportunities. | Sustainability metrics for senior management's respective climate risk responsibilities were established, including the identification of potential opportunities. Updates on progress towards the management of climate-related risks are delivered to the Board quarterly to support decision making. As part of the senior management's incentive plans, sustainability-related KPIs are set as targets and achievements are measured against the pre-agreed targets at the end of the financial year.<br><br>To enhance the proficiency in evaluating climate risks and opportunities, three members of senior management underwent training in 2023 which focused on increasing alignment with the TCFD recommendations and how to develop a robust risk management for our strategy. |
| **Strategy** | |
| Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | We have prioritised key physical and transitional climate-related risks to FLCT based on their potential financial impact. We have also identified potential opportunities that we can leverage on.<br><br>For further details on our assessed material risks and opportunities, please refer to Table A on page 127 of this report. |

| TCFD core element | Our activities to support TCFD Alignment |
|---|---|
| Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | The evaluation of the various climate-related risks and opportunities encompassed financial impacts on operational revenue and costs in the absence of mitigation and the potential cost of damages to assets.<br><br>FLCT developed an action plan to address and mitigate key physical and transition risks and prioritised strategies to achieve net-zero carbon by 2050. This includes (but is not limited to):<br><br>• Improving greenhouse gas data coverage to facilitate more targeted decision-making;<br>• Developing enhanced green leases to help our tenants reduce power consumption while improving our visibility over energy usage patterns; and<br>• Building partnerships for greater supply chain resilience |
| Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | Property managers for our Australia portfolio at FLCT have developed a Resilience Policy and Framework to guide the sustainability strategy's implementation and embed resilience across these assets.<br><br>The readiness assessment provided key recommendations for closer alignment with the TCFD recommendations and provided inputs to update the Resilience Policy and Framework.<br><br>We have reassessed climate-related risks in our assets in line with Green Star performance. This process is conducted every three years to ensure a continuous review of risks and trends.<br><br>We have performed a readiness assessment of our practices as they relate to managing climate-related risk. This informed a roadmap to align more closely with TCFD recommendations. Examples of actions within the roadmap include:<br><br>• Better integrating climate change risks and opportunities into strategic decision making<br>• Providing annual training for business leaders<br>• Strengthening processes to identify, assess, and manage climate-related risks and improving the quality of climate-related financial disclosures<br><br>This roadmap, approved by the FLCT Board, enables us to methodically address and mitigate physical and transition risks that are key to our business. |
| **Risk Management** | |
| Describe the organisation's processes for identifying and assessing climate-related risks. | Cognisant of the serious impact that climate-related risks have on our properties and operations, environmental risk has been included in the FLCT Risk Register for monitoring. The relevant key risk indicators include retaining a 4-Star GRESB Real Estate Assessment rating for the FLCT portfolio and future-proofing FLCT's assets via green initiatives. |
| Describe the organisation's processes for managing climate-related risks. | We strive to ensure that our investment process accurately captures physical and transitional climate risks.<br><br>Further, climate-related risk is managed through the inclusion of 'Climate Adaptation Plans' across all Australian developing activities to help manage, mitigate, and where appropriate, adapt to climate change and its impacts.<br><br>We have integrated mandatory criteria on climate-related risks into our acquisition process, including:<br><br>• Availability of climate risk assessments<br>• Availability of climate change adaptation plans<br>• Attributes including solar capacity, rainwater tank capacity, and availability of LED and EV charging stations<br>• Certification against recognised green building standards<br><br>In addition, FPUK, which supports us in the management of FLCT's properties in the UK, has implemented a sustainability acquisitions checklist which considers, among other factors:<br><br>• Availability of climate risk assessments<br>• Risk rating for various flood risks<br>• History of climate-related events causing damage on site<br><br>We include provisions within new and renewed lease agreements for tenants to share environmental data with our asset managers. This enables us to monitor the usage of the property and provide performance benchmarks and guide tenants' electrical and water consumption to align with our own performance goals closely and consistently. |

# Sustainability

| TCFD core element | Our activities to support TCFD Alignment |
|---|---|
| Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | We have implemented an Environmental, Health & Safety Policy and an Environmental, Health & Safety Management System aligned to the ISO 14001 and ISO 45001 standards in our key operating regions.<br><br>We included climate related issues in our environmental risk identification and commenced integrating our climate related risk identification activities within FLCT Enterprise Risk Management processes and associated risk register practices. |
| **Metrics and Targets** | |
| Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | To ensure that we are on track to meet our target of net-zero carbon emissions by 2050, we measure and disclose our performance using metrics including:<br><br>• Scope 1, 2 and 3 energy consumption (GJ)<br>• Scope 1, 2 and 3 energy intensity (GJ/$m^2$)<br>• Absolute Scope 1, 2 and 3 greenhouse gas emissions ($tCO_2e$)<br>• Scope 1, 2 and 3 greenhouse gas intensity ($tCO_2e/m^2$)<br><br>FLCT has also restructured this ESG Report to better align with recommended TCFD disclosures.<br><br>Across asset classes and regions, we certify our properties using third-party green building standards.<br><br>As at 30 September 2023, 80% of our portfolio by GFA is certified or has been submitted for certification against third-party green building schemes such as Green Star, NABERS, BREEAM and BCA Green Mark. Refer to "Green Building Certification Progress" under the Responsible Investment section on page 123 of this report for a full list of certifications.<br><br>Founded by GBCA in 2003 and built on a quality process accredited to ISO 9001 standards, the Green Star rating system and certification process is a benchmark for healthy, resilient, positive buildings and places. While our industrial properties in Australia are certified to an average of 4-Star Green Star Performance ratings, the highest in the country, we are targeting a minimum of 5-Star Green Star Design & As Built ratings for all new industrial projects. |
| Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. | We are continuously increasing our carbon and climate related data coverage under Scopes 1, 2, and 3. Examples of new data disclosed in this ESG Report include:<br><br>• Scope 3 energy consumption (GJ)<br>• Scope 3 energy intensity (GJ/$m^2$)<br>• Absolute Scope 3 greenhouse gas emissions ($tCO_2e$)<br>• Scope 3 greenhouse gas intensity ($tCO_2e/m^2$)<br><br>Please refer to the Energy and Carbon section for further information on metrics related to greenhouse gas emissions. |
| Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | Each year, we track and disclose Our Actions and Progress against our targets. Key initiatives include developing a road map to achieving net-zero carbon emissions by 2050, including setting interim carbon emissions targets, and submitting these targets to the SBTi for validation.<br><br>As at 30 September 2023, 64% of our total borrowings are in the form of green, sustainable and/or sustainability-linked financing.<br><br>FPUK, which supports the management of our properties in the UK, has also targeted to reduce its carbon emissions in its business parks, by taking steps such as phasing out gas in new developments, installing rooftop solar photovoltaics and greening the supply chain. |

## Table A: FLCT's Climate-related Physical Risks

### Physical Climate Risk

| Risk Description | Description of Potential Business Impact | Business Response |
|---|---|---|
| **Floods (flash floods and general/river floods)**<br><br>More frequent and intense levels of rainfall can lead to flooding as well as rising sea levels | Exposure of assets to river floods or heavy rain fall damaging both the built and surrounding infrastructure and natural environment. This impairs accessibility and damages functionality of buildings for tenants as well as stored goods. Consequentially, this necessitates increased frequency of repair and maintenance.<br>Closure of operations and repairs and maintenance expenditures lower net income | As a minimum, all new developments are built to meet local planning requirements including flood management. This includes meeting site permeability requirements through landscape design.<br><br>In Australia, customers are given access to a dedicated online customer platform which is monitored by facilities management teams. The response rate is measured in monthly Business Unit Reviews and enables the business to identify recurring impacts and improve design and construction decisions.<br><br>In Australia, roof and all external facades are designed to handle extreme weather conditions. For example, by selecting roofing products that are hail-resistant and durable (long warranties), it is intended that this product will minimise damage to assets.<br><br>In Europe, assets are being designed with rainwater retention where possible, which also reduces rainwater fees to the municipality. Additionally new developments are designed with rainwater tanks. |
| **Rising temperatures**<br>Higher mean temperatures, heatwaves | Higher temperatures reduce durability of building materials and affect the indoor climate. This leads to higher expenses and more frequent maintenance checks and higher energy consumption required for cooling.<br><br>Extreme temperatures also pose health and safety risks to workers. Restricting/shifting working hours can affect business productivity. | The impacts of increased heat on the thermal comfort of occupants are considered as part of development/asset-level climate adaptation plans, while the use of on-site and off-site renewable will help mitigate the emissions associated with the need for additional cooling. Some design responses to these climate adaptation plans include:<br><br>• High performance double glazing with low e-coating (Australia), triple glazing (in Europe) to minimise the ingress of heat transmission into the office spaces.<br><br>• Loading canopies and outdoor shade areas are provided. Office areas and lunch/break rooms are conditioned. Shade and conditioned spaces provide workers with refuge from extreme heat during heatwaves.<br><br>FLCT has also implemented a due diligence checklist for all acquisitions which incorporates questions regarding the availability of a climate risk assessment and climate change adaptation plan. |
| **Fire risk**<br>Increased potential and frequency of fire-related events linked to the warm and dry conditions due to climate change | Destruction of assets and the surrounding environment. Increased expenditure due to having to re-build and replace assets lost. | In Australia, developments are designed to be provided with a fire protection system, estate-based water supply, and complete vehicle perimeter access around all buildings. This will provide protection in the event of a fire and/or mains cut-off.<br><br>In Australia, it is an ongoing performance requirement that this fire protection system is regularly tested and uses at least 80% recycled water.<br><br>In Europe, the sprinkler system is tested monthly. |

# Sustainability

## Table B: FLCT's Climate-related Transition Risks and Opportunities

### Transition Risks

| Risk Description | Description of Potential Business Impact | Business Response |
|---|---|---|
| **Carbon pricing** | Increasing carbon prices across countries would lead to increased operating costs due to direct and indirect carbon taxes on energy consumption and from within the value chain. These increased operating costs would affect revenue and customers/tenants may move towards landlords who are able to mitigate/ avoid these costs. | FLCT has committed its alignment with FPL group to achieving net-zero carbon emissions by 2050 to prioritise deep emissions reductions and mitigate the potential impacts of any carbon pricing.<br><br>The due diligence checklist for acquisition incorporates green building certification and sustainability attributes. Green building certification of a new acquisition is important for FLCT as it serves as a proxy for performance. Increased uptake of green building certifications across the regions where FLCT operates, many of which target increased resilience to physical and transitional climate-related shocks and stresses, is better positioning our organisation to unlock opportunities as a partner and landlord of choice.<br><br>For Europe, a carbon price is already in place, and strategies to reduce carbon emissions (e.g. PV strategy, refurbishment paths, etc.) are currently developed. Acquisitions are also checked against their carbon emissions. |
| **Policy requirements for low carbon buildings** | With evolving building sector standards and regulations and national policies, businesses may need to upgrade existing assets or ensure new builds or assets comply. This could lead to increased expenditure to retrofit existing assets and ensure new builds comply. Failure to meet these policy requirements can lead to reputational risks. | The latest building standards and codes have been integrated into a new standard design brief.<br><br>In Australia, potential customers interested in existing facilities complete an ESG survey from which the business gains insights about their current decarbonisation goals and initiatives as well as their willingness to engage with the development team to achieve them. These insights form decisions around which assets need to be upgraded (e.g. installing more solar or smart metering) and which customers can help the business manage this risk.<br><br>For Europe, negotiations with external parties are currently underway to keep abreast of rapidly evolving regulatory requirements. New standard design is ahead of legal requirements especially with regards to energy efficiency and carbon emissions where possible. |

## Transition Opportunities

| Opportunity | Opportunity Description | Description of Potential Business Impact |
|---|---|---|
| **Improving the resilience and energy efficiency of our portfolio** | Improving energy efficiency would help to reduce operating costs. New technologies are becoming increasingly available to increase the energy efficiency of buildings. | FLCT is increasing its commitment to renewable energy to further unlock associated benefits including reducing energy costs for our customers, accelerating decarbonisation, and reducing overall asset level energy demand.<br><br>Increased uptake of green building certifications across the regions where FLCT operates, many of which target increased resilience to physical and transitional climate-related shocks and stresses, is better positioning our organisation to unlock opportunities as a partner and landlord of choice.<br><br>One of the key performance requirements of these green building certifications is providing evidence of energy and water metering. Consumption is tracked through automatic data monitoring systems, which raise an alarm when the energy or water use increase beyond certain parameters and instantly issue an alert to the facilities manager. |
| **Increased access to green and sustainable financing** | In appropriately managing our climate-related risks we can improve our alignment with sustainable financing criteria, unlocking greater access to capital with more favorable lending terms and reduced borrowing costs. This will also help position us a partner of choice for lenders looking to reduce their financed-emissions and reinforce our market leadership in this area. | FLCT continues with its green/sustainability-linked finance coverage with FY2023 seeing FLCT reaching 64% of overall financing being green/ sustainability-linked. |
| **Deepening partnerships with our tenants** | As a landlord, collective efforts with our tenants are a crucial part for the decarbonisation of our operations. These partnerships enable us to drive sustainable practices within our shared spaces. | In Australia, all new logistics & industrial leases include a GreenPower clause as standard practice to encourage future customers to purchase renewable electricity.<br><br>An ESG checklist is included during the on-boarding of new tenants, to understand their sustainability commitments and to identify opportunities to collaborate on initiatives.<br><br>The business also worked closely with tenants to achieve their decarbonisation goals, such as Climate Active's carbon neutral building certification. This included agreeing in the lease to subsidise the tenant's purchase of carbon offsets.<br><br>For Europe, all new leases or lease addendums are signed with a green clause covering support with (consumption) data sharing, usage of sustainable products and where possible green power. Further sustainable topics are covered in tenant discussions and different strategies/papers/measures aim to increase tenant partnerships (energy guide, PV Strategy, Refurbishment paths, LED measures). |

# Sustainability

## Innovation

### Our Approach
GRI 3-3

Innovation drives continuous growth, fosters adaptability, and allows us to create unique solutions to meet evolving market demands. As an employer, having a culture of innovation fuels creativity and empowers our team to contribute fresh ideas, strengthening our competitive edge in a rapidly changing business landscape.

To help them take their innovation to the next level, FLCT ensures that our employees undergo training, equipping them with the necessary skills to promote and implement new ideas. Employees are also encouraged to participate in workshops that teach them how to effectively collaborate online while working remotely.

### Our Actions and Progress
As the business landscape rapidly changes, we are also cognisant of the need to leverage technology to adapt to new challenges. We have started implementing digital solutions to manage our portfolio of properties and make better-informed decisions. This includes a tenant application, MyICEPortal, which was soft-launched across our Sponsor's and FLCT's commercial properties in Singapore. This application aims to bring convenience to our office tenants that include the booking of amenities to assess the latest building updates and events.

## Consuming **Responsibly**

In managing our industrial and commercial property portfolio across five developed markets, FLCT recognises our dual responsibility and valuable opportunity to minimise environmental impacts throughout our value chain. This entails the adoption of energy-efficient solutions, increased utilisation of renewable energy and collaborative partnerships for sustainable property practices. Continually adapting to meet evolving stakeholder needs, FLCT actively engages with and supports our tenants in their environmental objectives. Our approach encompasses establishing sustainable operational policies and conducting regular reviews to identify areas for improvement.

### Our Progress

| Focus Area | Our Goals | Our Progress in FY2023 |
|---|---|---|
| **Energy & Carbon** | • Be net-zero carbon in operation from 2050 | • Developed roadmap to achieve net-zero carbon emissions by 2050, including setting interim carbon emissions targets<br>• Submitted carbon reduction targets to the SBTi for validation which was received in April 2023<br>• Enhanced data coverage for Scope 1 and 3 emissions, monitoring closely on refrigerant and fuels purchased |
| **Water** | • Achieve 20% water usage intensity reduction by 2030 from a baseline of 2015 for Singapore assets | • Water intensity remained relatively unchanged at 0.4 kL/$m^2$<br>• Alexandra Technopark in Singapore is a certified Water Efficient Building by PUB |
| **Waste** | • Develop a general waste and recycling program, a partnership with tenants under the green lease initiative in Singapore | • Increased scope of disclosure in this Report to include metrics on waste and recycling for landlord-controlled areas<br>• Reduction in waste generated in our commercial properties by 11.1% y-o-y<br>• Sent 17.0% of waste for recycling, a 15.6% y-o-y increase in recycling rate |
| **Materials & Supply Chain** | • Establish a responsible sourcing policy and implement it by the start of 2021 | • Implementation of Group Responsible Sourcing Policy underway<br>• Frasers Property Australia, Frasers Property Industrial Australia and FLT Australia Trust jointly published their third Modern Slavery Statement<br>• FPUK published its fourth Modern Slavery Statement |
| **Biodiversity** | • Improve biodiversity outcomes and engagement activities with occupiers in the UK by FY2024 | • Initiated across all business parks. FBP & BVP had surveys conducted in FY2023 to establish levels & state of biodiversity. Proven through FBP's 2023 Green Flag award. |

# Energy and Carbon

## Our Approach
GRI 3-3

In the face of the climate emergency, businesses play an important role in adopting sustainable practices to actively reduce their impact and contribute to global efforts. Reducing our energy consumption and carbon emissions stands as an essential part of responsible business. As a REIT, we are aware of the importance of collaborating with our stakeholders in driving the transition to a low-carbon economy. Through these collaborations, we seek out potential avenues to decarbonise each stage of the building construction and operations.

During the year, we have successfully validated our near-term Science-based Targets. FLCT has committed to the reduction of carbon emissions. In this process, we have developed our roadmap to being net-zero by 2050, complete with interim carbon emission targets. Guided by these, we continue to take the following approaches:

- Measure and monitor our energy consumption and greenhouse gas (GHG) emissions
- Implement policies that would support sustainable business operations and the efficient use of resources
- Increase awareness and promote responsible consumption practices amongst tenants and customers

Our carbon inventory development is based on the requirements within the internationally recognised GHG Protocol Corporate Accounting and Reporting Standard as well as Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The operational control approach is adopted for carbon inventory establishment. This ensures that we take ownership of emissions generated by activities from which economic profit is derived.

To generate meaningful insights for decarbonisation, we strive to enhance the accuracy and quality of our database. A more detailed set of environmental performance data will be published on our website in the ESG Databook, which is expected to be made available in due course.

## Our Actions and Progress

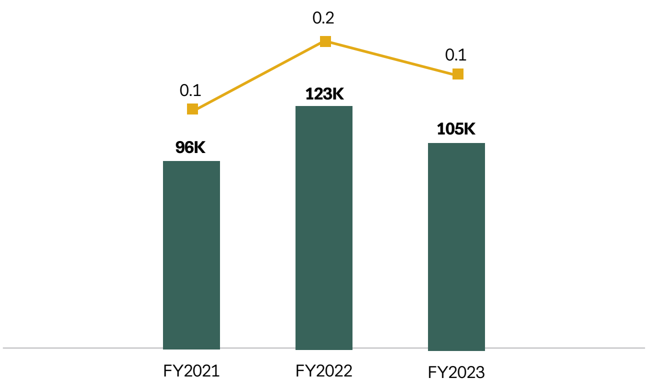
### Energy
GRI 302-1, 302-3, 302-4, 305-2

Energy consumption[1] across our landlord-controlled areas arises mainly from electricity consumption, natural gas consumption and diesel purchased. The total electricity consumption at common areas across our Singapore, the UK and Australia operations in FY2023 continues to decrease as a testament to our efforts of identifying and implementing more energy efficient practices. A total of 23 GWh of grid electricity consumption was reported within FY2023, a 14.8% y-o-y decrease. Close to 23,000 GJ of natural gas was consumed in our Australia and UK commercial properties, a 16.9% reduction compared to FY2022.

We have also recorded the purchase of 200 kL of diesel at Alexandra Technopark in Singapore during the year. This leads to a total 105,072 GJ of energy consumed in FY2023, with a relatively unchanged energy intensity of 0.1 GJ/m$^2$.

Amongst our properties, FLCT's logistics & industrial properties are fully tenant-controlled. Nevertheless, we continue to take proactive measures to engage with our tenants to reduce energy consumption. In FY2023, we have obtained more than 90% of our Australian and European industrial tenants' electricity and natural gas data. This is significant as most of the energy usage in tenant-controlled areas stems from these two key regions. A large portion of the energy consumption in our tenant-controlled properties can be attributed to electricity use of 105 GWh and natural gas consumption of 389,289 GJ. With a better understanding of our tenants' consumption behaviours, this enables us to give practical enhancement inputs.

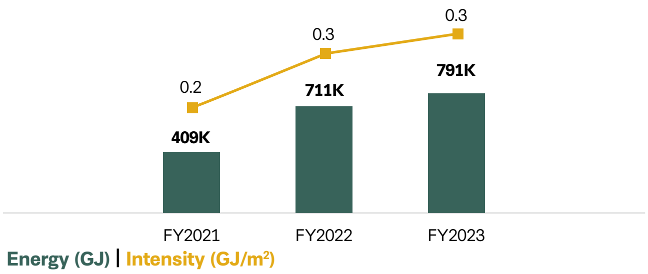
**FLCT Landlord Energy (GJ) and Intensity (GJ/m²)**




1 *Energy data for the reported periods are restated to factor in replacement of previous estimates with actual data. Fuel consumption has been restated for FY2021 and FY2022 to reflect overall performance over the years*

# Sustainability

### FLCT Tenant Energy (GJ) and Intensity (GJ/m²)

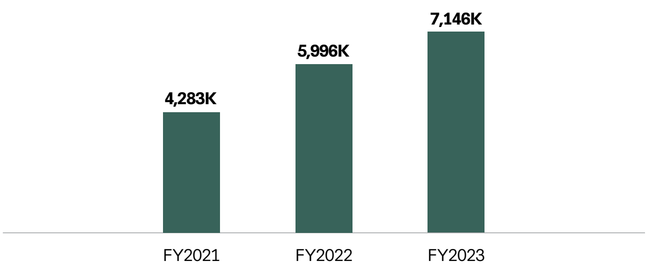



Green energy, particularly solar power supports FLCT's commitment to achieving its goal of net-zero by 2050. Solar power represents a clean and sustainable energy source that not only reduces our carbon footprint but also fosters energy self-sufficiency. We seek to advance our commitment towards sustainable energy practices by implementing solar installation plans on our properties. In FY2023, we have installed 10,509 kW of solar panels on our properties, including 3,636 kW installed in Europe and the remaining 6,873 kW in Australia.

The amount of renewable energy generated on-site has shown steady growth over the years, with a 19.2% increase to 7.1 GWh from FY2022 to FY2023. We have also recorded a total of 1.7 GWh of solar energy exported out of our premises in FY2023.

In FY2023, our assets in the UK and Europe have purchased more than 9 GWh of renewable energy offsite. Such consistent rise in purchased green energy reflects the proactive measures taken to fortify our commitment to renewable energy sources.

### Renewable Energy Generated Onsite (kWh)




### Carbon Emissions

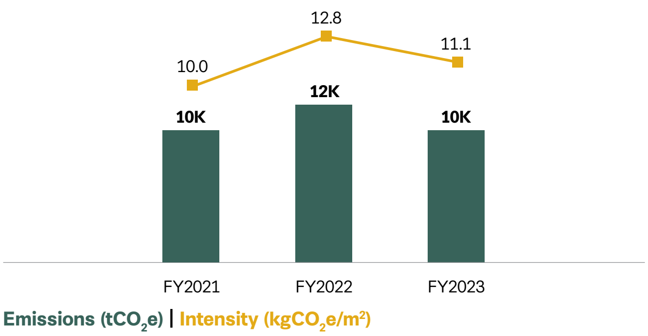
GRI 305-1, 305-2, 305-3, 305-4, 305-5

FLCT's Scope 1 includes direct emissions from natural gas consumption, diesel purchased and refrigerant leakages[2] across our assets with direct operational control, while Scope 2 includes indirect emissions from purchased electricity consumed at common areas of FLCT at our managed buildings.

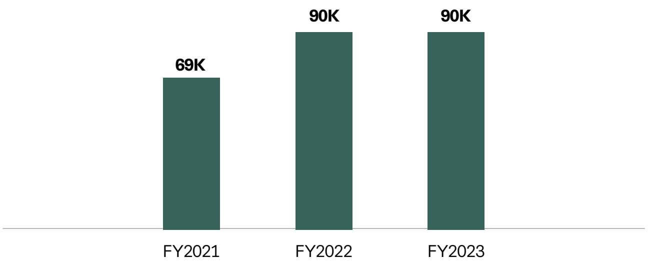
In FY2023, FLCT's total Scope 1 and Scope 2 location-based carbon emissions amounted to 1 and 9 kilo tonnes of $CO_2$ equivalent ($ktCO_2e$) respectively[3], a 17.1% decrease compared to FY2022 and a reduction of 39.7% as compared to the base year of FY2019. Our total Scope 2 market-based emissions was 7 $ktCO_2e$, with majority of the avoided emissions coming from our commercial properties in Australia and the UK.

As FLCT's logistics & industrial properties are fully tenant-controlled, these do not contribute to our Scope 1 and 2 emissions. Four of the relevant Scope 3 categories include emissions arising from upstream energy-related transmission activities, employee remote working and commuting, waste generated in operations, as well as downstream leased assets. This year, our Scope 3 emissions was 90 $ktCO_2e$, representing a 4.8% increase from FY2022.

### FLCT Scope 1 & 2 Location Based Emissions ($tCO_2e$) and Intensity ($kgCO_2e/m^2$)




### Scope 3 GHG Emission ($tCO_2e$) Category 3, 5, 7 & 13




2 Refrigerant leakages are computed via proxies including top-up amount documented and 2% of overall machine specifications
3 Scope 1, 2 and 3 carbon emissions for the reported periods are restated to factor in replacement of previous estimates with actual data and updates in emission factors

| Scope 3 Emissions by category | FY2023 emissions (kt$CO_2$e) |
|---|---|
| **Category 3 Fuel- and energy-related activities** | 0.8 |
| **Category 5 Waste generated in operations** | 1.2 |
| **Category 7 Employee commuting[4]** | <0.1 |
| **Category 13 Downstream leased assets** | 87.9 |

### Our Decarbonisation Initiatives

We continue to make significant progress towards our target to be net-zero by 2050 through optimising our energy performance and reducing our reliance on non-renewable energy sources.

In FY2023, our key decarbonisation efforts include:

- Fully-electrified Air Source Heat Pumps have been installed at 150 Farnborough, thus eliminating the dependence on natural gas and has the potential of reducing primary consumption of energy by up to 60%. This initiative has reduced its energy use intensity (EUI), thereby attracting a potential new occupier.
- Installation of solar PV at Maxis Business Park – covering 8,746 square feet, this installation will save 45 t$CO_2$e per year, equivalent to planting 2,055 new trees.
- CarboniCa in-house carbon calculator tool for Maxis Business Park – with the extensive reuse of furniture, a reduction of 5.6 t$CO_2$e in embodied carbon was calculated.
- Climate Active certified – meeting the requirements of the climate active carbon neutral standard which are to measure, reduce and offset remaining carbon emissions.

To benchmark our energy efficiency efforts, several of FLCT's properties are certified by renowned third-party green building standards. Our properties in Australia are assessed against the National Australian Built Environment Rating System (NABERS) Energy ratings, which evaluates building efficiency across four areas (energy, water, waste and indoor environment). Out of six stars, each of our Australia commercial properties has at least a score of 4.5 stars, with 357 Collins Street achieving a 6-star score, showcasing a pinnacle level of performance. Besides NABERS, Alexandra Technopark in Singapore is certified ISO 50001[5] and ISO 14001[6], demonstrating optimal energy efficiency.

FLCT's business parks in the UK are all certified against ISO 14001 standards and aligned with FPUK's roadmap. The roadmap outlines FPUK's path to achieving net-zero carbon emissions across all its landlord-controlled areas by 2030. In addition to this, FLCT's UK properties are aligned with Better Buildings Partnership's ("BBP's") UK net-zero carbon framework.

## Water

### Our Approach

GRI 3-3, 303-1, 303-2

Water is essential to our business and operations, from its use in construction activities to our domestic and process uses. With more than 50% of FLCT's assets located in countries faced with high or extremely high water stress[7], this emphasises the importance of consuming water sustainably and responsibly. Coupled with the effects of climate change, the effects of water scarcity are set to increase. As such, reducing our water footprint remains one of our biggest priorities that needs to be managed.

With the importance of water for our business and location of some of our assets, we have set a goal to reduce the water footprint intensity of our Singapore assets by 20% by 2030 compared to the baseline year of 2015. Given our role as owner and manager of logistics and commercial properties, this goal requires us to work closely with our tenants. We have accomplished this by measuring, monitoring, and managing their water use, along with evaluating our properties against established third-party building certifications.

*4 47 t$CO_2$e is calculated for Category 7 based on 43% of response rate from our annual employee commuting survey.*
*5 ISO 50001 – energy management requires the organisation to establish, manage and improve energy consumption and efficiency*
*6 ISO 14001– specifies requirements for an environmental management system that an organisation uses to enhance environmental performance*
*7 According to the classification by the World Resources Institute's research (2013)*

# Sustainability

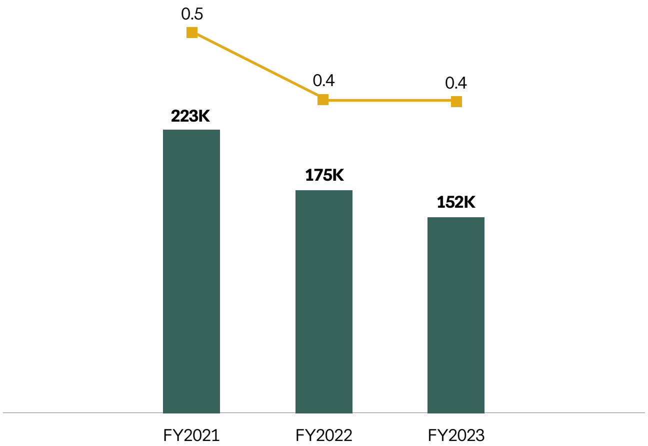
## Our Actions and Progress

GRI 303-1, 303-2, 303-3

Water for FLCT's industrial and commercial portfolio is supplied by municipal water suppliers, which are from various sources (i.e. surface water, groundwater and seawater). The water discharged is also handled by municipalities.

In FY2023, we saw a decrease of 13.3% y-o-y in water consumption at the common areas of our commercial properties. Water intensity remained relatively unchanged, landing at 0.4 kL/m². In Singapore, 30 megalitres of NEWater[8] were consumed at Alexandra Technopark. We have also reused over 4 megalitres of rainwater at Caroline Chisholm Centre for multiple purposes such as irrigation and cleaning.

### Landlord Water Consumption (kL) and Intensity (kL/m²)



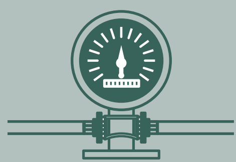

Landlord Water Consumption (kL) | Intensity (kL/m²)

Comparing our performance against established third-party building certifications not only allows us to assess our adherence to industry standards but also to gauge the effectiveness of our sustainable water management initiatives and identify areas for improvement. Both our properties at 357 Collins Street in Melbourne and Caroline Chisholm Centre in Canberra have retained their NABERS water ratings of 6.0 and 5.5 stars respectively. Central Park in Perth holds a 3.5-star NABERS rating. In Singapore, Alexandra Technopark was certified as a Water Efficient Building by PUB having installed water efficient fixtures.

For tenanted areas, total water consumption in our properties across all five geographies that we operate in saw a 16.2% decrease y-o-y, to 230 megalitres[9]. Tenants at our industrial assets in Australia consumed 156 megalitres of water within FY2023. In tandem, their water intensity decreased by 19.2% compared to FY2022.

As our tenants form the major source of water consumption, working together with our tenants is a key to managing consumption. As an essential starting point, we have been collating water consumption data from our tenant-controlled areas and we strive to continually enhance our coverage of these areas.

With the data collated, we would be able to identify our top water usage intensive properties and subsequently engage the tenants within them. In these engagements, we present recommendations for improvements and ways to incorporate these into FLCT's development activities or asset enhancement deliveries, where possible.



### WATER CONSUMPTION MONITORING

Riding on a successful pilot of using Smartvatten devices in our industrial assets in the Netherlands, installation was expanded to our properties in Germany. This required us to engage with our German tenants through interactive training and workshops. These sessions provided insights into the importance of monitoring water consumption and how the Smartvatten devices can help to increase water efficiency. These workshops provided tenants an avenue to voice their specific needs, enabling us to ensure the effective installation of devices. Currently 90% of our German properties have Smartvatten devices installed.

Leveraging on these smart water systems allows our customers to obtain their water usage data straight from the meter, saving time and effort. Particularly, this would be important to identify and mitigate potential leaks, thus prevent wastage and allow for efficient water use.

*8 In Singapore, NEWater is reclaimed water produced through advanced water treatment processes, including microfiltration, reverse osmosis, and ultraviolet disinfection. It is primarily used for non-potable purposes such as industrial processes, cooling water for power plants, and irrigating public spaces*

*9 Water data for the reported periods are restated to factor in replacement of previous estimates with actual data, covering around 95% of water consumption at tenanted areas.*

## Waste

### Our Approach

GRI 3-3, 306-1, 306-3

Waste generation is an inevitable byproduct of our various activities such as construction materials and activities and from domestic and process use during operations. Managing our waste remains important not only for complying with regulatory requirements but also aligns with our commitment to consuming responsibly. Furthermore, effective management is crucial to our group-wide efforts of reducing our environmental footprint and aligning with our commitment to operate sustainably.

If not carefully managed, the waste we produce can impact our business, environment and reputation. Conversely, when well-managed, can have several benefits including cost savings through efficient use of resources and possibly promote innovative thinking on how to reduce and reuse various resources. FLCT takes a partnership-based approach towards waste management. For our properties in Singapore, our goal is to implement a general waste and recycling programme through close collaborations with our tenants under our green lease initiative.

### Our Actions and Progress

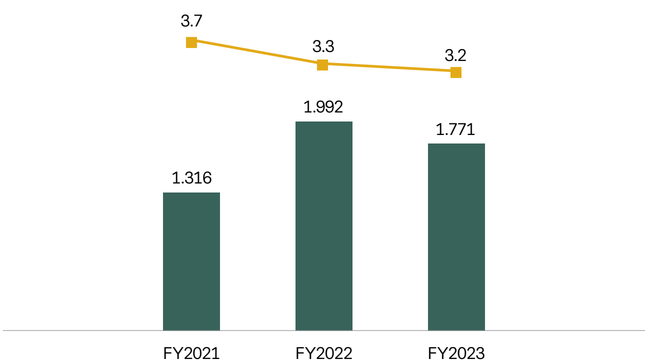
GRI 306-2, 306-3, 306-4, 306-5

All waste collected at our various properties are handled by licensed waste collectors. Singapore adopts waste-to-energy incineration to handle most domestic waste produced, alongside various recycling initiatives such as the national recycling programme which involves collecting smaller recyclables including paper and plastics to more specialised types such as electronic waste.

Across our commercial properties, the amount of waste generated continued to decrease whereby a total of 1,771 tonnes of waste[10] was collected. Correspondingly, waste intensity decreased to 3.2 kg/m$^2$. For all general waste collected, 19.0% was incinerated, 21.6% was sent for landfill, 42.4% was sent to unknown destination and the remaining was recycled. We have successfully recycled 301 tones of waste in FY2023, including 31.7% of comingled recyclables, 20.3% of paper and cardboard, and the rest being various materials such as glass and metal. A 15.6% y-o-y increase in recycling rate was observed, stemming from increased participation rates amongst our tenants and the public through various engagements and initiatives at our properties.

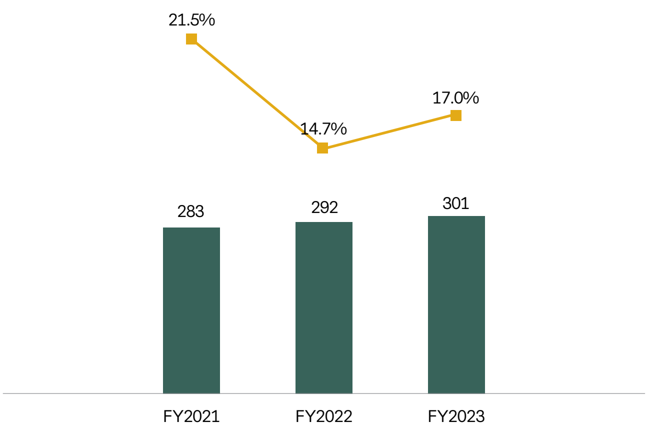
Some recycling initiatives that we continue to maintain include recycling of used cooking oil into other products such as biofuel and livestock feed at 357 Collins Street in Australia. In Singapore, to encourage our commercial tenants to recycle electronic waste ("e-waste") we have continued to partner with ALBA E-waste and recycled 319 kg in FY2023 from Alexandra Technopark. The e-waste collected in Singapore is processed under a national regulated e-waste management system. These recycling initiatives in Singapore are some of the steps we are taking towards achieving the general waste and recycling programme under our green lease initiative, in partnership with our tenants.

### Waste Generated (tonnes) and Waste Intensity (kg/m$^2$)




**Waste Generated (tonnes)** | **Waste Intensity (kg/m$^2$)**

### Waste Recycled (tonnes) and Recycling Rate (%)




**Waste Recycled (tonnes)** | **Recycling Rate (%)**

10 *Waste data for the reported periods are restated to factor in replacement of previous estimates with actual data. Waste generated and recycled is based on whole building area for properties we have direct operational control on. We do not report our waste generation for industrial properties as it is largely dependent on tenants' economic activity and are hence not meaningful*

# Sustainability

## Materials and Supply Chain

In FY2023, our Sponsor set a new goal of engaging 75% of suppliers by spending on our Responsible Sourcing Policy by the end of FY2025. This will be achieved through our supplier e-learning programme, designed to strengthen sustainability awareness and capabilities across our supply chain, along with other direct engagement strategies. We will be onboarding suppliers of the REIT Manager onto the programme, which aims to encourage and equip our stakeholders to implement sustainable business practices. This will serve as a springboard towards reducing environmental and social impacts in our value chain.

### Our Approach

GRI 3-3

As an investor of industrial and commercial properties, we are aware of our position in influencing our supply chain and use of materials within our value chain. Our Responsible Sourcing Policy is aligned to our Sponsor's Group Responsible Sourcing Policy and governs our approach to sustainable procurement. Through mapping of our value chain, we identified our key suppliers based on the level of environmental and social risks. With this assessment, we engaged our key suppliers on our Responsible Sourcing policy, which was implemented detailing the expectations of our contractors and suppliers across the following four key areas:

- Environmental management – To manage the environmental impacts of their products and services and continuously seek to improve their environmental efforts
- Human rights and labour management – To eliminate human rights violations and oppose human trafficking in their operations and supply chains and provide fair and transparent employment conditions to their employees
- Health, safety and well-being – To manage health and safety risks and ensure that workers are safe and protected
- Business ethics and integrity – To uphold strong business ethics and ensure that business is conducted lawfully and with integrity

### Our Actions and Progress

At FLCT, our Modern Slavery Statement demonstrates our zero-tolerance stance toward any form of modern slavery in our operations. Eliminating modern slavery is our commitment towards improving the well-being of our stakeholders across our Australian portfolio. This also emphasises our commitment to ethical practices, transparency and upholding human rights.

Together with Frasers Property Australia and Frasers Property Industrial, we have published our third Modern Slavery Statement which is based on a robust framework focusing on identifying, mitigating, and remediating modern slavery risks and assessing the effectiveness of these actions.

In FY2023, 123 suppliers completed the Modern Slavery Supplier Assessment in partnership with the Property Council of Australia, the technology company Informed365, and other leading property developers through the Property Council of Australia Supplier Platform. As we further develop our understanding of and approach to reducing the risks of modern slavery, we will expand our engagement by rolling out the assessment to other suppliers. To ensure relevance, all suppliers that have gone through the assessment will be required to do an annual resubmission.

Continuous engagement with our various stakeholders is crucial to building strong relationships and fosters collaborations. These partnerships are instrumental in achieving our sustainability goals and objectives effectively. For our industrial tenants, we have incorporated a green lease standard which promotes the use of sustainable materials and efficient management of properties.

## Biodiversity

### Our Approach

GRI 3-3

Biodiversity underpins economic development, providing several key ecosystem services such as clean air and water, as well as promoting both physical and mental well-being through recreation. Despite this, biodiversity remains under threat from various activities such as habitat destruction, climate change and pollution. In the built environment, avenues for creating positive impacts include incorporating habitat creation, conserving or restoring natural areas and implementing sustainable landscaping practices that support local flora and fauna.

The introduction of the Kunming Montreal Global Biodiversity Framework alongside complementary frameworks such as the Taskforce on Nature-related Financial Disclosures ("TNFD") and the Science-Based Targets for Nature ("SBTN"), presents us with the opportunity to mitigate FLCT's impacts on biodiversity. This provides a platform for identifying strategic focal points where our actions can best contribute to biodiversity protection and conservation.

Recognising the importance of biodiversity in sustaining our environment, we are committed to exploring ways to measure and address our impacts on nature, together with our Sponsor. One of our Sponsor's refreshed Group-wide ESG Goals involves developing a framework by FY2025 to guide the assessment and prioritisation of biodiversity risks and opportunities. The framework will be a foundational step within a wider roadmap to promote sustainable use of biodiversity within the organisation.

As part of our evolving goals, we are committed to exploring ways to measure and address our impacts on nature.

### Sustaining Urban Biodiversity at Farnborough Business Park

Farnborough Business Park exemplifies biodiversity within a suburban commercial environment and values the surrounding natural areas, heritage, and diverse built form. In combination with modern sustainable offices and accessible public spaces, Farnborough Business Park stands as a resilient and adaptable business park.

In FY2023, through baseline and ongoing surveys, engagement with the local community and ecological advice, the team managing Farnborough Business Park created an action plan to continue enhancing biodiversity throughout the park. Urban trees, better woodland management, modified grasslands, roadside landscaping, ornamental ponds, and open mosaic habitats, are all key natural features either currently found or are planned to be introduced throughout the business park.

Key urban greening initiatives introduced prior to 2023 include the exterior green walls on the double stacked car parks which sit opposite the main building at Farnborough Business Park – which was once the main terminal building of Farnborough airport – serving as a visual testament of our efforts towards the natural environment. Additionally, the Grade I listed hangar frame and surrounding green spaces offer our occupiers an open green space to relax, work and interact.

# Sustainability

## Focusing **on People**

At FLCT, we recognise that people are our greatest asset, and we strive to create an environment where they can thrive and reach their full potential. We foster the development of core skills such as resilience and design thinking by investing in continuous employee growth, while cultivating a progressive, respectful, and diverse culture.

FLCT's goal is to create lasting value and contribute to the well-being of the communities in which we operate. As part of our commitment to social responsibility, we continually invest in our local communities and establish policies that strengthen human capital and ensure equitable outcomes. Additionally, we actively engage stakeholders through collaboration, education, and advocacy to make a positive impact in the core areas of Health, Education and the Environment.

### Our Actions and Progress

| Focus Area | Our Goals | Our Progress in FY2023 |
|---|---|---|
| **Diversity, Equity & Inclusion** | • To embed diversity, equity and inclusion in our culture through employee engagement<br>• To provide training and education that raises employee awareness of diversity and inclusion and associated benefits<br>• To enhance processes and policies to encourage greater flexibility and diversity | • Women made up 12.5% and 80% of the Board of Directors and senior management respectively |
| **Skills & Leadership** | • To ensure continuous learning to build a resilient organisation | • Achieved 19 learning hours per employee per year |
| **Health & Well-being** | • To transform our workplace by building a wellness culture that positively engages employees<br>• To create awareness of health management, support mental wellness and foster a connected workforce<br>• To create a safe working environment and achieve zero injuries | • Zero incident of injuries for employees and zero incident of high-consequence or work related injuries for contractors<br>• ISO 45001 certification for our commercial property in Singapore |
| **Community Connectedness** | • To seek meaningful long-term relationships that respect local cultures and create lasting benefits<br>• To identify measurements to quantify positive contributions | • Supported the Milk and Diapers Programme with employee volunteering |

## Diversity, Equity, and Inclusion ("DEI")
GRI 2-8

### Our Approach
GRI 3-3, 2-29

FLCT embraces diversity and is deeply committed to cultivating an inclusive workplace. We firmly believe that a diverse talent pool is a catalyst for fostering growth and driving innovation. At FLCT, job opportunities are offered based on merit, regardless of age, race, gender, religion, marital status or disability. We view diversity as an asset that empowers us to create a thriving and vibrant workplace. The diversity significantly enhances our business performance by boosting our productivity and retaining our talented employees.

Frasers Property, of which the REIT Manager is a part of, is a signatory to Singapore's Tripartite Alliance for Fair & Progressive Employer Practices ("TAFEP"), underscoring our commitment to implementing fair and progressive HR practices. Additionally, as a member of the Singapore National Employer Federation, we ensure alignment with the latest statutory guidelines and national standards. We maintain an open appraisal system for all REIT Manager employees, with rewards based on meritocracy.

In addition to this, all employees are expected to uphold the principles of fairness and equality as enshrined in the Code of Business Conduct and Frasers Property Group's Diversity and Inclusion Policy. We are also in alignment with our Sponsor's Group DEI Policy and Framework. The framework comprises four key equity strands: gender equity, generation equity, cultural equity and ability equity.

**GENDER EQUITY**

Continue to advance women at the workplace, enable flexible working arrangements and support all families

**CULTURAL EQUITY**

Promote a positive environment where employees can deliver their best regardless of race, ethnicity or sexual orientation

**GENERATION EQUITY**

Develop strategies and support for an age-diverse workforce, rethink learning and development for long-life learning

**ABILITY EQUITY**

Develop awareness and understanding of recruiting and employing talent with disabilities, provide solutions at properties for inclusive spaces

Our human resources department is tasked with the responsibility of overseeing these policies, as well as handling instances of discrimination and harassment that may arise. Employees can report such incidents through our Sponsor's whistleblowing channels. FLCT is committed to resolving all cases and implementing the necessary remediation measures.

To foster a culture of diversity and inclusivity, we regularly engage our employees in surveys, such as the biennial Culture Survey led by our Sponsor. The insights gained from these engagements not only enhance our understanding of our teams' work dynamics but also promote improved communication and cooperation among employees.

FLCT recognises the importance of building a sustainable talent pipeline. We carry out yearly performance evaluations that encompass an open and transparent appraisal approach, enabling our employees to evaluate their performance and gain insights into their career growth. All staff eligible for incentives receive a performance and career development review. Our reward system is rooted in meritocracy, ensuring that employees are recognised and incentivised based on their achievements. Moreover, we are committed to fostering equal access to opportunities for all, promoting a pathway for professional development. This underscores our dedication to fostering a work environment that nurtures individual growth and potential.

## Our Actions and Progress

GRI 2-7, 401-1, 404-3, 405-1

All permanent employees received a performance and career development review in FY2023. In addition, we had a participation rate of over more than 90% for our Culture Survey led by our Sponsor every two years. The strong level of participation in the culture survey enabled us to obtain a meaningful understanding of the organisational culture and employee considerations. Following the survey, employee engagement sessions were organised, where the survey results were shared and feedback from employees were also collected. The feedback were shared with management for their strategic action planning to strengthen our organisational culture.

We also embrace a workforce that spans diverse age groups, demonstrating our commitment to equal opportunity employment. Recognising the significance of age diversity, FLCT values the unique perspectives and experiences that each generation brings to our operations. This inclusivity enhances innovation, collaboration, and a dynamic work environment, enabling us to better serve our customers and navigate the ever-changing business landscape.

# Sustainability

### Hiring & Turnover Rates

| | Female | Male | Age under 30 | Age 30 – 50 | Age over 50 | Singapore | Rest of the world |
|---|---|---|---|---|---|---|---|
| **Hiring rate** | 13% | 5% | 5% | 13% | 0% | 16% | 3% |
| **Turnover rate** | 11% | 11% | 3% | 13% | 5% | 13% | 8% |

We measure progress against applicable international standards by tracking and disclosing our employee composition in alignment with relevant GRI recommendations.

As at 30 September 2023, all 38 employees of the REIT Manager were permanent, full-time employees, with no temporary or part-time employees. 76% of the employees are based in Singapore and the remaining 24% outside of Singapore. Women made up 63% of REIT Manager employees and 80% of its senior management. They also held 12.5% of positions on the Board.

In FY2023, seven employees were hired, while eight employees contributed to the total turnover over the year. A breakdown of hiring and turnover rates during the reporting period by gender, age group and region is presented in the table above.

## Skills and Leadership

### Our Approach

GRI 3-3

In recognition of the substantial digitalisation and innovation reshaping the real estate sector, FLCT strives to proactively empower our team with the necessary competencies. We aim to ensure that our team possesses not only the ability to keep pace with industry changes but also to be leaders in this evolving landscape. We are confident that by investing in our people, we will continue to thrive in a world that is constantly evolving. To this end, we collaborate closely with our Sponsor's Talent & Learning team, which identifies and curates comprehensive training programmes to meet the diverse needs of our employees.

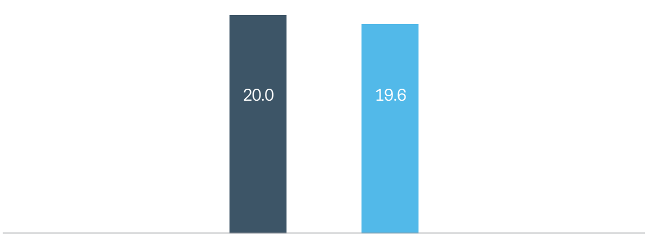
### Our Actions and Progress

GRI 404-1, 404-2

FLCT participates actively in learning needs dialogue discussions alongside our Sponsor's Talent & Learning team. During these sessions, we engage in constructive discussions about our employees' learning needs, devising solutions that align with our business priorities.

### 19 Average Learning Hours in FY2023

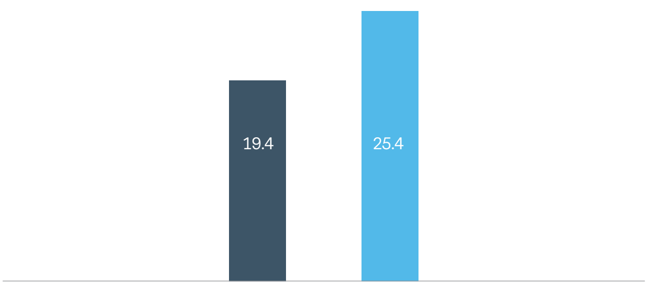
#### Average Learning Hours by Gender




**Female** | **Male**

| | Gender |
|---|---|
| **Female** | **20.0** |
| **Male** | **19.6** |

#### Average Learning Hours by Employment Category




**Executive** | **Non-Executive**

| | Employment Category |
|---|---|
| **Executive** | **19.4** |
| **Non-Executive** | **25.4** |

In FY2023, our employees continued to participate actively in learning and development programmes, with each employee undergoing an average of 19 learning hours as at 30 September 2023. By equipping our employees with knowledge on sustainability concepts and practices, we ensure that they are empowered to integrate eco-conscious decisions into their roles and responsibilities. This enables them to develop a deeper appreciation for sustainability and its implications across various aspects of our operations. All our new hires undergo sustainability training via an e-learning module. Further, to ensure that sustainability is incorporated into our strategy at the highest levels, every member of our Board underwent SGX-prescribed sustainability training in FY2023.

## Health and Well-being

### Our Approach
GRI 3-3

Recognising the global reach of FLCT's portfolio and the diversity within our workforce, our utmost priority lies in safeguarding the holistic well-being of our stakeholders, be it our employees, tenants or the local communities that we engage with. To ensure this, we maintain rigorous safety and well-being standards across our workplace practices and in the development and management of our assets. We acknowledge that our actions have an impact that extends beyond our organisation and can significantly affect our stakeholders. We are committed to creating a secure and healthy environment for people to work, live and enjoy leisure activities. This commitment is underscored by our unwavering efforts to uphold the highest safety standards within our workplace and across all our business operations.

### Upholding the Highest Occupational Health and Safety Standards Across Our Properties
GRI 403-1, 403-2, 403-4, 403-7, 403-8

We are dedicated to safeguarding the well-being and safety of our employees, contractors, clients and the neighbourhood in which we operate. At FLCT, we prioritise the creation of healthy working environments within our properties through a well-established safety framework guided by our Health, Safety and Environment Policy. In line with this framework, we have established a robust occupational health and safety ("OHS") management system that aligns with ISO 45001:2018 within two of our properties, Alexandra Technopark in Singapore and 357 Collins Street in Melbourne, Australia. This standard specifies requirements for an OHS management system, allowing us to vigilantly monitor and address potential risks.

As part of our unwavering dedication to safety, we consistently inform to the Audit, Risk and Compliance Committee and our Board of any material events and actions to rectify any incidents.

In addition, all employees are encouraged to report any work-related hazard they observe and have the freedom to remove themselves from potentially hazardous situations, without fear of reprisal. Employees can also look to the whistle-blowing channels to make these reports.

Furthermore, we take guidance from our Sponsor's Enterprise Risk Management ("ERM") framework, which encompasses the tracking of health and safety risks.

### Cultivating Holistic Employee Health, Safety and Well-Being
GRI 403-6, 401-2, 401-3

We recognise that maintaining a healthy work life balance is pivotal for the overall satisfaction, long-term success and productivity of our employees. A balanced work-life equation not only enhances employee morale but also contributes to reduced stress levels, increased job satisfaction and higher retention of top talent.

As a part of Frasers Property, all our full-time and contract employees have access to a suite of welfare and benefits. These include insurance, medical and dental benefits, maternity and parental leave and family care leave. In line with the social security policies legislated, we make monthly contributions to our Singapore employees' Central Provident Fund accounts and, to our Australian employees' superannuation fund accounts. These contributions are a vital component of our comprehensive benefit package, aimed at ensuring our employees have a secure financial future.

# Sustainability

On top of these benefits, employees of the REIT Manager have access to our Sponsor's Employee Assistance Program ("EAP") which provides confidential counselling to our employees.

To achieve this, our Sponsor's Corporate Wellness team takes great pride in crafting programs that foster a workplace culture deeply committed to the well-being of our staff. These programs operate within our Sponsor's Group Corporate Wellness Framework, covering various dimensions of well-being, including physical, mental, financial and environmental aspects.

Our commitment to maintaining a healthy work-life balance stems from our understanding of its positive impact on our employees' overall well-being, job satisfaction, and ultimately, the success of our organisation.

### Creating Places for the Good of Tenant Health and Well-Being

GRI 403-6

Our tenants spend a considerable amount of time in our spaces. As one of our major immediate stakeholders, designing spaces with safety and well-being in mind is crucial to creating an environment that promotes good health, productivity and overall quality for our tenants. We benchmark our space through various frameworks like the WELL health-safety rating for our Australian properties and Fitwel in the UK. Moreover, we carry out Indoor Environment Quality (IEQ) assessments as a part of the Green Star Performance indicators.

## Our Actions and Progress

### Upholding The Highest Occupational Health and Safety Standards Across Our Properties

GRI 403-1, 403-2, 403-4, 403-7, 403-9, 403-10

Our employees work across various functions and environments, thus the main hazards they face would vary. In our office environments, some examples of the main hazards would include ergonomic issues, slip and trip hazards. All FLCT employees, activities and workplaces are covered by the occupational health and safety management system. No work-related fatalities, high-consequence injuries, recordable injuries, work-related ill health or significant safety-related non-compliance cases were recorded across our properties in FY2023.

### Cultivating Holistic Employee Health, Safety and Well-Being

GRI 403-6

In FY2023, 7% of the REIT Manager's male employees and 4% of our female employees were availed paid parental leave, of which all of these employees returned to work in the same year. Of the REIT Manager employees who took parental leave in FY2022, half remained employed with the REIT Manager a year later. None of our employees went on maternity leave in the previous reporting year. We firmly believe in fostering a workplace culture that champions gender equality and family values. In FY2022, within our Australian operations, we implemented a gender-neutral approach to parental leave, offering an 18-week primary parental leave option.

We highly respect our employees' diverse responsibilities and needs at various life stages. To accommodate this diversity, we have in place a flexible work arrangement policy for all Singapore-based non-shift staff. This policy empowers them to tailor their work to their specific needs, whether through job sharing, flexible hours, or remote work options. Additionally, we have introduced a special initiative in Singapore, designating the last Friday of each school term as 'Eat with Your Family Day.' This encourages employees to leave work early and spend quality time with their loved ones.

### Creating Places for the Good of Tenant Health and Well-Being

GRI 403-6

In our property design and management, we prioritise the health and well-being of our tenants, recognising the time they spend in our spaces. Some of the key achievements for FY2023 include:

- **Central Park** in Perth was one of the first assets in Western Australia to have earned the WELL health-safety rating, due to features like handwashing support, cleaning practices, health services and air, and water quality monitoring protocols.
- **Blythe Valley Business Park** is in the midst of collating documentation for a Fitwel 2-star certification.
- **Farnborough Business Park** in the UK has earned a Fitwel commercial site certification with a prestigious 3-Star rating, establishing a global benchmark for exceptionally healthy business parks.

- **Maxis Business Park**'s health and well-being framework encompasses key focus areas of maintaining high air quality standards, promoting active travel and transport through accessible pedestrian walkways and outdoor spaces, providing access to healthier food choices and hosting events that are in line with the theme of supporting healthy outcomes.

We are also actively conducting IEQ assessments in alignment with the Green Star Performance indicators. As at 30 September 2023, we have successfully conducted the assessments in all but one of our industrial properties in Australia.

## Community Connectedness

### Our Approach
GRI 3-3

At FLCT, we are devoted to building genuine and enduring relationships with our guests, employees, suppliers, and local communities where we operate. We express this commitment through our involvement in community investment activities, including food donations, as well as guest engagement initiatives such as residence career talks. These initiatives aim to enhance the sense of community connectedness and foster a stronger, more interconnected community.

We are committed to being responsible corporate citizens. We aim to make a positive impact on the communities where we operate, fostering a sense of belonging and well-being among our stakeholders. To ensure the efficient execution of our programmes, we deploy community managers at our Singapore commercial property and maintain dedicated community development teams in Australia, underscoring our dedication to enhancing our community service efforts. We consistently seek feedback from our tenants through surveys to build in improvements to our various programmes.

### Our Actions and Progress
We share in our Sponsor's mission of "Inspiring experiences, creating places for good". We dedicate our resources towards making a positive difference to society, in key focus areas of health, environment and local communities, and understanding and engaging with our employees and tenants. This year, employees from our REIT Manager volunteered in packing milk powder tins and diaper packs for beneficiaries under the Milk & Diapers Programme, which provides parents from low-income families with milk and diapers for children up to three years of age.

In the UK, the engagement of our stakeholders is outlined by the targets set through our social value framework. Every year, each business park selects a local charity to support. In FY2023, 300kg of easter eggs were donated to the Farnborough Food Bank to spread the festive joy to the children and families that they support. Both Chineham Park (owned by the Sponsor) and Farnborough Business Park have been re-awarded the Green Flag Award which recognises well-managed public parks and green spaces. The award sets the benchmark for the management of recreational outdoor spaces across the UK and around the world.

### MILK & DIAPERS 2023
FLCT continued to support the Milk & Diapers Programme in FY2023. In demonstration of our support this year, employees from the REIT Manager volunteered with the programme monthly, supporting the outreach to some 375 low-income families with daily essentials.

Care packs were also distributed in conjunction with the International Day of Charity on 5 September 2023.

# Sustainability

We are also pleased that FPI's Sustainability Manager who supports us in our sustainability efforts, received the prestigious 2021 WELL community award accorded by the International WELL Building Institute in recognition of strong leadership in educating others, advocating for buildings, organisations and communities that support global health, impacting the lives of countless people and paving the way for a healthier future.

### Understanding and Engaging with Our Tenants

At FLCT, we consistently monitor stakeholder satisfaction levels to ensure that the spaces and experiences we provide are tailored to our tenants' unique needs. Our annual surveys provide valuable feedback and insights that enable our teams to improve our performance. This ongoing dialogue with stakeholders allows us to adapt and refine our offerings, strengthening our relationship and enhancing overall satisfaction.

We conduct annual tenant satisfaction surveys at our industrial properties in Australia to gauge our operational efficiency and assess our ability to meet tenants' requirements. In our most recent customer survey, we achieved a Net Promoter Score ("NPS") of 53 points. Based on customer feedback received, we monitor the performance of our team across a variety of functions such as building management, property management, operations and satisfaction levels of the facilities provided and the build environment.

Beyond monitoring our tenant's satisfaction and our performance, we also curate various activities to actively engage our tenants. In the UK, regular tenant engagement events are organised by the property manager, that includes such as food festivals, book op-ups and coffee mornings for our tenants. Activities such as wellness classes, Christmas wreath making, flower arranging, Halloween pumpkin carving, honey making from bees in the parks are also organized amongst the slew of social and wellness initiatives during the year. In Singapore, tenant engagement events such as health talks, yoga sessions, food pop-ups, food trucks and futsal challenge have been organised, adding to the vibrancy of Alexandra Technopark.

*Recreational and health promotion initiative at Farnborough Business Park*

*Futsal championship for tenants at Alexandra Technopark*

# About **this Report**

GRI 2-3

## Report Scope

This is FLCT's seventh annual ESG report. It provides a summary of our sustainability commitments and Our Actions and Progress in managing our material sustainability issues.

The information contained in this report pertains to the period 1 October 2022 to 30 September 2023 (FY2023) and covers our operations and properties in Australia, Germany, Singapore, the United Kingdom and the Netherlands.

Restatements of data and further notes to the performance data included in this report can be found on pages 131 to 135.

## International Standards and Guidelines

This report has been prepared in accordance with:
- the Global Reporting Initiative (GRI) Universal Standards 2021
- the SGX-ST Listing Manual (Rules 711A and 711B)
- MAS Guidelines on Environmental Risk Management for Asset Managers

FLCT has applied the Reporting Principles from the GRI Standards to ensure high quality and proper representation of the reported information. For a full list of disclosures reported, please refer to the GRI Content Index on pages 149 to 156.

This report has also incorporated the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

## External Assurance

To verify the reliability of the data and management approach disclosed in our Integrated ESG Report, we sought an independent limited assurance by Ere-S Pte Ltd, an independent third-party assurance provider. Details of the assurance scope and findings can be found in the Independent Assurance Statement on pages 146 to 148.

## Feedback

FLCT welcomes any feedback regarding this ESG Report and our sustainability performance. Please address all feedback to ir_flct@frasersproperty.com.

# Independent **Assurance Statement**

GRI 2-5

To the Management of Frasers Logistics and Commercial Trust

Ere-S Pte Ltd ("Ere-S") has undertaken an independent limited assurance on the content of Frasers Logistics and Commercial Trust's ("FLCT") ESG Report FY2023 (the "Report"). The engagement, which took place between September and November 2023, formed part of a wider assurance of Frasers Property Limited's ESG Report.

## Scope

The assurance encompassed the entire Report and focused on all figures, statements and claims related to sustainability during the FY2023 reporting period October 2022 to September 2023. 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) in Australia, Europe and Singapore. The topics covered included energy, carbon emissions, water, waste, diversity, employment, training, and safety. However, the assurance excluded the environmental performance of properties in FLCT's United Kingdom portfolio, as they underwent a separate independent third-party verification.

Ere-S did not verify that the Report contained all information required by the GRI Standards for each disclosure listed in the Report's GRI Content Index, nor did Ere-S assess the validity of the information given in the Index, including the reasons for omissions. Similarly, the verification did not cover 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 Task Force on Climate-related Financial Disclosures (TCFD) framework, the MAS guidelines, the GHG Protocol, and the Sustainable Development Goals (SDGs).
Figures or statements unrelated to sustainability were not covered in the assurance. These include 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.

## Assurance 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 Australia, Europe and Singapore. 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 external sources and information from other business units and portfolios covered in the wider assurance engagement or from previous assurance engagements conducted for FLCT.

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.

5. Ere-S was given access to the data management systems covering the entire FLCT portfolio to allow our assurance team to evaluate the environmental and safety data more comprehensively. Social performance figures, such as those relating to workforce profile and training, as well as group-level initiatives disclosed in the Report, were verified in separate interviews as part of the assurance process for Frasers Property Limited.

Ere-S assessment of statements concerning the number (or absence) of complaints, incidents, breaches, 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.

FLCT's 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 disclosures being assessed during this engagement and to provide greater confidence in the accuracy of the information, including the application of the management approach, data collection methods, criteria and assumptions, further confirmation of the presented evidence was sought by Ere-S from multiple data owners and using other internal and external documentation.

### 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

Our assessment shows that, during the reporting period, FLCT's corporate governance and management approach to sustainability was consistent and supported by policies and standardised procedures. There was evidence of sustained alignment with Fraser Property Limited's ESG structure and goals, including sustained integration of a risk-based approach for evaluating social and environmental issues and establishing mitigation measures, particularly regarding impacts and responses related to climate change and performance measurement in the value chain. Commendable improvements for this period include collecting and reporting fugitive emissions (refrigerants) and four additional categories of Scope 3 GHG emissions.

Engagement with key stakeholder groups was also observable throughout the reporting period, although there was limited evidence showing consistent two-way engagement with stakeholders and their participation in decision-making.

As for the collection and reporting of ESG performance, we observed further streamlining of ESG data management and improvements in the completeness, accuracy and verifiability of the data and its underlying calculation processes. For example, a high level of completeness was visible in the data sets covering tenants' energy and water performance, while data on fugitive emissions (refrigerants) and solar energy generated on-site was still missing for a non-negligible number of tenants (25%-45%) in FLCT's portfolios.

No significant gaps or inconsistencies were found in the Report's disclosures, and the reporting team promptly applied Ere-S recommendations for minor corrections.

Although FLCT made reasonable progress in its reporting scope during the year, the content of the Report could achieve a higher level of completeness with additional data on the social and environmental impacts in the rest of FLCT's value chain. Along the same line, the Report would benefit from more balanced content showing positive and negative information, for example, highlights on current gaps and negative performance related to internal targets or alignment with standards.

# Independent **Assurance Statement**

GRI 2-5

## 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, FLCT's ESG Report FY2023 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 FLCT.

Ere-S

Reg no. 201003736W
www.ere-s.com

Singapore, 23 November 2023

**Jean-Pierre Dalla Palma**
Director and Lead Certified Sustainability Assurance Practitioner

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**

| | |
|---|---|
| **Statement of use** | Frasers Logistics & Commercial Trust ("FLCT") has reported in accordance with the GRI Standards for the period 1 October 2022 to 30 September 2023 (FY2023). |
| **GRI 1 used** | GRI 1: Foundation 2021 |

| GRI Standard/ Other Source | Disclosure | Location | Page No. | Omission: Requirement(s) Omitted | Omission: Reason | Omission: Explanation |
|---|---|---|---|---|---|---|
| **General disclosures** | | | | | | |
| **GRI 2: General Disclosures 2021** | 2-1 Organizational details | • Corporate Profile<br>• Our Multinational Presence | 6<br>7 | | | |
| | 2-2 Entities included in the organization's sustainability reporting | • About This Report | 145 | | | |
| | 2-3 Reporting period, frequency and contact point | • About This Report | 145 | | | |
| | 2-4 Restatements of information | Consuming Responsibly:<br>• Energy & Carbon<br>• Water<br>• Waste | 131-133<br>133-134<br>135 | | | |
| | 2-5 External assurance | • Independent Assurance Statement | 146-148 | | | |
| | 2-6 Activities, value chain and other business relationships | • Corporate Profile<br>• Our Multinational Presence | 6<br>7 | | | |
| | 2-7 Employees | • Focusing on People - Diversity, Equity and Inclusion | 138-140 | | | |
| | 2-8 Workers who are not employees | | | a, b, c | Not applicable. | The REIT Manager does not engage a significant number of workers who are not employees. |
| | 2-9 Governance structure and composition | • Corporate Structure<br>• Board of Directors<br>• Management Team<br>• Managing Sustainability<br>• Corporate Governance Report - Board Composition<br>• Corporate Information | 21<br>22-25<br>26-28<br>116-117<br>168<br>IBC | | | |

# GRI **Content Index**

| GRI Standard/ Other Source | Disclosure | Location | Page No. | Omission<br>Requirement(s) Omitted | Omission<br>Reason | Omission<br>Explanation |
|---|---|---|---|---|---|---|
| **General disclosures** | | | | | | |
| | 2-10 Nomination and selection of the highest governance body | • Corporate Governance Report - Board Composition | 168 | | | |
| | 2-11 Chair of the highest governance body | • Board of Directors | 22-25 | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | • Managing Sustainability | 116-117 | | | |
| | 2-13 Delegation of responsibility for managing impacts | • Corporate Governance Report – Delegation of Authority Framework | 165 | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | • Board Statement | 112-113 | | | |
| | 2-15 Conflicts of interest | • Corporate Governance Report – Conflict of Interest Policy | 176 | | | |
| | 2-16 Communication of critical concerns | • Corporate Governance Report – Governance of Risk and Internal Controls | 185-188 | | | |
| | 2-17 Collective knowledge of the highest governance body | • Resilient Properties – Our Actions and Progress<br>• Corporate Governance Report – Training and Development of Directors | 124<br>167 | | | |
| | 2-18 Evaluation of the performance of the highest governance body | • Corporate Governance Report - Board Performance Evaluation | 176-177 | | | |
| | 2-19 Remuneration policies | • Corporate Governance Report – Remuneration Matters | 177-184 | | | |
| **GRI 2: General Disclosures 2021** | 2-20 Process to determine remuneration | • Corporate Governance Report – Remuneration Matters | 177-184 | | | |

| GRI Standard/ Other Source | Disclosure | Location | Page No. | Omission Requirement(s) Omitted | Reason | Explanation |
|---|---|---|---|---|---|---|
| | 2-21 Annual total compensation ratio | | | a, b, c | Confidentiality constraints. | We are unable to disclose the ratio due to our highly competitive labour market. |
| | 2-22 Statement on sustainable development strategy | • Board Statement | 112-113 | | | |
| | 2-23 Policy commitments | • Risk-based Management | 120-122 | | | |
| | 2-24 Embedding policy commitments | • Risk-based Management | 120-122 | | | |
| | 2-25 Processes to remediate negative impacts | • Risk-based Management | 120-122 | e | Information unavailable. | We do not track the effectiveness of the mechanisms, but FLCT readily welcomes feedback through our various communication channels. |
| | 2-26 Mechanisms for seeking advice and raising concerns | • Risk-based Management | 120-122 | | | |
| | 2-27 Compliance with laws and regulations | • Risk-based Management | 120-122 | | | |
| | 2-28 Membership associations | • Managing Sustainability - Participation in Membership Associations and Alignment with Recognised Standards | 116 | | | |
| | 2-29 Approach to stakeholder engagement | • Managing Sustainability – Stakeholder Engagement | 116-117, 138-140 | | | |
| | 2-30 Collective bargaining agreements | | | a, b | Confidentiality constraints. | We do not publicly disclose this data. |
| **Material topics** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-1 Process to determine material topics | • Managing Sustainability – Materiality Assessment | 118-119 | | | |
| | 3-2 List of material topics | • Managing Sustainability – Materiality Assessment | 118-119 | | | |

# GRI **Content Index**

| GRI Standard/ Other Source | Disclosure | Location | Page No. | Omission Requirement(s) Omitted | Omission Reason | Omission Explanation |
|---|---|---|---|---|---|---|
| **Acting Progressively** | | | | | | |
| **Risk-based Management** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Acting Progressively – Risk-based Management | 120-122 | | | |
| **GRI 205: Anti-corruption 2016** | 205-1 Operations assessed for risks related to corruption | • Acting Progressively – Risk-based Management | 120-122 | a, b | Information incomplete. | Lack of data for meaningful disclosure. |
| | 205-2 Communication and training about anti-corruption policies and procedures | • Acting Progressively – Risk-based Management | 120-122 | c, d | Information incomplete. | Lack of data for meaningful disclosure. |
| | 205-3 Confirmed incidents of corruption and actions taken | • Acting Progressively – Risk-based Management | 120-122 | | | |
| **GRI 206: Anti-competitive Behaviour** | 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | • Acting Progressively – Risk-based Management | 120-122 | | | |
| **Responsible Investment** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Acting Progressively - Responsible Investment | 123 – 124 | | | |
| **Resilient Properties** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Acting Progressively - Resilient Properties | 124-129 | | | |
| **Innovation** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Acting Progressively - Innovation | 130 | | | |
| **Consuming Responsibly** | | | | | | |
| **Energy and Carbon** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |
| **GRI 302: Energy 2016** | 302-1 Energy consumption within the organization | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |
| | 302-2 Energy consumption outside of the organization | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |
| | 302-3 Energy intensity | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |
| | 302-4 Reduction of energy consumption | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |

| GRI Standard/ Other Source | Disclosure | Location | Page No. | Omission Requirement(s) Omitted | Omission Reason | Omission Explanation |
|---|---|---|---|---|---|---|
| | 302-5 | | | a, b, c | Information incomplete. | Due to the management of diverse properties and y-o-y fluctuations, we are unable to provide specific numerical reductions in energy consumption that are directly tied to initiatives. This complexity makes it challenging to precisely isolate the impact of its reduction measures. |
| **GRI 305: Emissions 2016** | 305-1 Direct (Scope 1) GHG emissions | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |
| | 305-4 GHG emissions intensity | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |
| | 305-5 Reduction of GHG emissions | • Consuming Responsibly – Energy and Carbon | 131-133 | | | |
| **Water** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Consuming Responsibly – Water | 133-134 | | | |
| **GRI 303: Water and Effluents 2018** | 303-1 Interactions with water as a shared resource | • Consuming Responsibly – Water | 133-134 | | | |
| | 303-2 Management of water discharge-related impacts | • Consuming Responsibly – Water | 133-134 | | | |
| | 303-3 Water withdrawal | • Consuming Responsibly – Water | 133-134 | b, c | Information incomplete. | FLCT tracks total water withdrawal but currently does not break this down to source and water stress areas. |

# GRI **Content Index**

| GRI Standard/ Other Source | Disclosure | Location | Page No. | Omission: Requirement(s) Omitted | Omission: Reason | Omission: Explanation |
|---|---|---|---|---|---|---|
| **Waste** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Consuming Responsibly – Waste | 135 | | | |
| **GRI 306: Waste 2020** | 306-1 Waste generation and significant waste-related impacts | • Consuming Responsibly – Waste | 135 | | | |
| | 306-2 Management of significant waste-related impacts | • Consuming Responsibly – Waste | 135 | | | |
| | 306-3 Waste generated | • Consuming Responsibly – Waste | 135 | a | Information incomplete. | FLCT does not currently track the waste composition. |
| | 306-4 Waste diverted from disposal | • Consuming Responsibly – Waste | 135 | | | |
| | 306-5 Waste directed to disposal | • Consuming Responsibly – Waste | 135 | | | |
| **Materials and Supply Chain** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Consuming Responsibly, Materials and Supply Chain | 136 | | | |
| **Biodiversity** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Consuming Responsibly, Biodiversity | 136-137 | | | |
| **Focusing on People** | | | | | | |
| **Diversity, Equity and Inclusion** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Focusing on People, Diversity, Equity and Inclusion | 138-140 | | | |
| **GRI 401: Employment 2016** | 401-1 New employee hires and employee turnover | • Focusing on People, Diversity, Equity and Inclusion | 138-140 | | | |
| **GRI 402: Labor/ Management Relations 2016** | 402-1 Minimum notice periods regarding operational changes | | | a, b | Not applicable. | The notice period varies on a situational basis. |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | • Focusing on People, Diversity, Equity and Inclusion | 138-140 | | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | • Focusing on People, Diversity, Equity and Inclusion | 138-140 | a, b | Information incomplete. | Lack of data for meaningful disclosure. |

| GRI Standard/ Other Source | Disclosure | Location | Page No. | Omission | | |
|---|---|---|---|---|---|---|
| | | | | Requirement(s) Omitted | Reason | Explanation |
| **Skills and Leadership** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Focusing on People, Skills and Leadership | 140-141 | | | |
| **GRI 404: Training and Education 2016** | 404-1 Average hours of training per year per employee | • Focusing on People, Skills and Leadership | 140-141 | | | |
| | 404-2 Programmes for upgrading employee skills and transition assistance programmes | | | b | Information incomplete. | Lack of data for meaningful disclosure. |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | • Focusing on People, Diversity, Equity and Inclusion | 138-140 | | | |
| **Health and Well-being** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Focusing on People – Health and Well-being | 141-143 | | | |
| **GRI 401: Employment 2016** | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | • Focusing on People – Health and Well-being | 141-143 | | | |
| | 401-3 Parental Leave | • Focusing on People – Health and Well-being | 141-143 | | | |
| **GRI 403: Occupational Health and Safety 2018** | 403-1 Occupational health and safety management system | • Focusing on People – Health and Well-being | 141-143 | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | • Focusing on People – Health and Well-being | 141-143 | a, c, d | Information incomplete. | Lack of data for meaningful disclosure. |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | • Focusing on People – Health and Well-being | 141-143 | a | Information incomplete. | Lack of data for meaningful disclosure. |
| | 403-5 Worker training on occupational health and safety | • Focusing on People – Health and Well-being | 141-143 | a | Information incomplete. | Lack of data for meaningful disclosure. |
| | 403-6 Promotion of worker health | • Focusing on People – Health and Well-being | 141-143 | | | |

# GRI **Content Index**

| GRI Standard/ Other Source | Disclosure | Location | Page No. | Omission: Requirement(s) Omitted | Omission: Reason | Omission: Explanation |
|---|---|---|---|---|---|---|
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | • Focusing on People – Health and Well-being | 141-143 | | | |
| | 403-8 Workers covered by an occupational health and safety management system | • Focusing on People – Health and Well-being | 141-143 | | | |
| | 403-9 Work-related injuries | • Focusing on People – Health and Well-being | 141-143 | c, f | Information incomplete. | Lack of data for meaningful disclosure. |
| | 403-10 Work-related ill health | • Focusing on People – Health and Well-being | 141-143 | c, d | Information incomplete. | Lack of data for meaningful disclosure. |
| **Community and Connectedness** | | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | • Focusing on People, Community Connectedness, Our Approach | 143 | | | |

**Notes**

**General**
- Discrepancies between individual figures and aggregates, or derived values, in the charts and tables of this report are due to rounding.

**Energy, Gas GHG, Water and Waste Reporting Scope**
- The baseline of FY2019 was chosen because of the relatively complete dataset established and it was more representative of our usual business activities.
- No mobile combustion considered for Scope 1 emissions as there are no owned vehicles. Stationary combustion is considered due to diesel usage for generators. Industrial Processes and Product Use (IPPU) emissions are calculated based on refrigerants purchased for air conditioners and cooling systems. Refrigerant emissions were estimated assuming 2% evaporation for assets in Australia and the purchased amount was used for the commercial properties in Singapore.
- Scope 3 disclosures in this report include fuel- and energy-related activities, waste generated in operations, employee commuting, and downstream leased assets. Fuel- and energy related well-to-tank transmission and distribution emissions are calculated based on the data provided in Scope 1 and 2. Waste generated in operations includes emissions from third-party disposal and treatment of waste generated (solid waste and wastewater) at controlled operations, assuming zero emissions for recycled waste. Employee commuting includes emissions from the transportation of employees between their homes and their worksites as well as teleworking. The category of downstream leased assets includes emissions from the operation of assets that are owned by the business and are leased to tenants, accounting for tenants' Scope 1 and 2 emissions.
- Energy, GHG, water and waste intensities exclude both newly completed properties in FY2023 and properties divested at any point during the reporting period.
- The GHG emission factors are from National Greenhouse Account Factors (2021, 2022 and 2023) by Australia's National Greenhouse and Energy Reporting Scheme; Greenhouse Gas Reporting Conversion Factors 2021, 2022 and 2023 by the United Kingdom's Department for Energy Security and Net Zero and Department for Business, Energy & Industrial Strategy; Singapore Energy Statistics (published in Oct 2022) from Energy Market Authority; Entwicklung der Spezifischen Treibhausgas-Emissionen des Deutschen Strommix in den Jahren 1990 – 2022 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 (S$) unless stated otherwise.


*Fuggerstraße 17, Bielefeld, Germany*

# 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 manual of the SGX-ST (the "**SGX-ST Listing Manual**") 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 195 to 196 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

- 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.

- 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

- 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 2001 of Singapore ("**SFA**"), 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 multinational investor-developer-manager of real estate products and services across the property value chain. FPL's multinational businesses operate across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The FPL Group[1] 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 20 countries and more than 70 cities across Asia, Australia, Europe, the Middle East and Africa.

As the Sponsor holds a substantial ownership stake of approximately 22.3%[2] in FLCT, there is an alignment of interests between the Sponsor, the REIT Manager and the Unitholders. 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 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 in the 2022 Global Real Estate Sustainability Benchmark (GRESB) results.

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 The "**FPL Group**" refers to Frasers Property Limited and its subsidiaries.
2 As at 30 September 2023.

# Corporate Governance Report

## 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**") and the Chief Financial Officer ("**CFO**") 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.

# Corporate Governance Report

## Members of the Board and Board Committees

The following table shows the composition of the Board[1] and the various Board Committees (as defined below) as at 30 September 2023:

| | | Audit, Risk and Compliance Committee | Nominating and Remuneration Committee |
|---|---|---|---|
| Mr Ho Hon Cheong | Chairman, Non-Executive and Independent Director | √ | √ (Chairman) |
| Mr Kyle Lee Khai Fatt | Non-Executive and Independent Director | √ (Chairman) | √ |
| Mr Goh Yong Chian | Non-Executive and Independent Director | √ | √ |
| Mr Phang Sin Min | 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 Reinfried Helmut Otter (Reini Otter) | Non-Executive and Non-Independent Director | | |

**Note:**
(1) Mr Rodney Vaughan Fehring retired as a non-executive and non-independent director with effect from 1 December 2022.

Profiles of each of the Directors can be found at pages 22 to 25 of this Annual Report.

As at 30 September 2023, all of the Directors are non-executive and at least half of the Board comprises independent Directors.

## Board Committees

The Board has formed committees of their respective boards (the "**Board Committees**") 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 Kyle Lee Khai Fatt, *Chairman*<br>Mr Goh Yong Chian, *Member*<br>Mr Ho Hon Cheong, *Member*<br>Mr Phang Sin Min, *Member* | (a) Assists the Board in fulfilling responsibility for overseeing the quality and integrity of the accounting, auditing, financial practices, internal controls, risk management and sustainability practices of the REIT Manager |

# Corporate Governance Report

As at 30 September 2023, 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. 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[3];

- 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;

- 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.

[3] For FY2023, the internal audit function is outsourced to the FPL Group.

# Corporate Governance Report

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.

*Sustainability*

The ARCC also assists the Board in carrying out its responsibility in determining environmental, social and governance ("**ESG**") factors identified as material to the business, monitoring and managing ESG factors and overseeing standards, management processes and strategies to achieve sustainability practices. The ARCC has oversight of sustainability practices, and assists the Board in ensuring that Management establishes and maintains a sound system of sustainability governance and an appropriate sustainability reporting framework which links sustainability risks and opportunities with strategy, other organisational risks and goals and which also enhances operational responses to sustainability risks and opportunities.

*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 value creation, and the overall levels of risk tolerance and risk policies, including reviewing technology risks faced by the REIT Manager. Further information on the key activities conducted by the ARCC can be found in the sections titled "Financial Performance, Reporting and Audit" on pages 184 to 185 and "Governance of Risk and Internal Controls" on pages 185 to 188.

# Corporate Governance Report

| NOMINATING AND REMUNERATION COMMITTEE | | |
|---|---|---|
| MEMBERSHIP | KEY OBJECTIVES | |
| Mr Ho Hon Cheong, *Chairman*<br>Mr Kyle Lee Khai Fatt, *Member*<br>Mr Goh Yong Chian, *Member*<br>Mr Panote Sirivadhanabhakdi, *Member* | (a) | Establishes a formal and transparent process for appointment and re-appointment of Directors |
| | (b) | 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 |
| | (c) | Reviews succession plans |
| | (d) | 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 |
| | (e) | 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 IDs.

The NRC is guided by written Terms of Reference approved by the Board which sets 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:

(a) "Training and development of Directors" on page 167

(b) "Board Composition" on page 168

(c) "Directors' Independence" on pages 171 to 176

(d) "Board Performance Evaluation" on pages 176 to 177

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, if any, 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 employees of the REIT Manager.

# Corporate Governance Report

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 FPL Group's 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 specified amounts, 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 specified amount. 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 FY2023:

| | Board Meetings | Audit, Risk and Compliance Committee Meetings | Nominating and Remuneration Committee Meetings | Annual General Meeting |
|---|---|---|---|---|
| **No. of meetings held in FY2023** | 6 | 5 | 2 | 1 |
| Mr Ho Hon Cheong | 6 (C)[1] | 5 | 2 (C)[1] | 1 (C)[1] |
| Mr Kyle Lee Khai Fatt | 6 | 5 (C)[1] | 2 | 1 |
| Mr Goh Yong Chian | 6 | 5 | 2 | 1 |
| Mr Phang Sin Min | 6 | 5 | N.A. | 1 |
| Ms Soh Onn Cheng Margaret Jane | 6 | N.A. | N.A. | 1 |
| Mr Panote Sirivadhanabhakdi | 3 | N.A. | 1 | 1 |
| Mr Chia Khong Shoong | 6 | N.A. | N.A. | 1 |
| Mr Reinfried Helmut Otter (Reini Otter) | 6 | N.A. | N.A. | 1 |
| Mr Rodney Vaughan Fehring[2] | Nil | N.A. | N.A. | –* |

**Notes:**
(1) (C) refers to chairman.
(2) Mr Rodney Vaughan Fehring retired as a non-executive and non-independent director with effect from 1 December 2022.
* No meeting(s) held during period of appointment in FY2023.

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 similar communications equipment.

# Corporate Governance Report

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. If required, time is set aside after scheduled Board meetings for discussion amongst the Board members 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.

| Matters discussed by Board and Board Committees in FY2023<br>Board | | | | | |
|---|---|---|---|---|---|
| (i) | Strategy | (v) | Acquisitions and Divestment Proposals | (viii) | Cybersecurity and Threats |
| (ii) | Business and Operations Update | (vi) | Asset Enhancement Initiatives | (ix) | Technology Risk Management |
| (iii) | Financial Performance | (vii) | Feedback from Board Committees | (x) | Sustainability, Environmental, Social & Governance |
| (iv) | Governance | | | | |

| Audit, Risk and Compliance Committee | | Nominating and Remuneration Committee | |
|---|---|---|---|
| (i) | External and Internal Audit | (i) | Board Composition and Renewal |
| (ii) | Financial Reporting | (ii) | Board Diversity Policy |
| (iii) | Treasury, Debt and Capital Management | (iii) | Board, Board Committees and Director Evaluations |
| (iv) | Internal Controls and Risk Management | (iv) | Training and Development |
| (v) | Related/Interested Person Transactions | (v) | Remuneration Policies and Framework |
| (vi) | Conflicts of Interests | (vi) | Succession Planning |
| (vii) | Technology Risk Management | | |
| (viii) | Sustainability, Environmental, Social & Governance | | |
| (ix) | Compliance with Legislation and Regulations | | |
| (x) | Tax Updates and 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 and budgets periodically, 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 and to promote active engagement with Management.

Directors are provided with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to prepare adequately for Board and Board Committee meetings, make informed decisions and discharge their duties and responsibilities, and to ensure that Directors (including those who hold multiple board representations and other principal commitments) 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.

# Corporate Governance Report

## 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 1967 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 (including training on sustainability matters), 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 who were appointed to the Board in FY2023.

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 FY2023, the Directors attended briefings and training programmes on, among others, (i) changes to SGX-ST Listing Manual and recommendations on adoption of the International Sustainability Standards Board reporting standards; (ii) changes in the financial reporting standards; (iii) briefing on MAS Guidelines on Business Continuity Management Compliance; (iv) cybersecurity training; (v) economic updates; and (vi) briefing on the industrial and office sector resilience in Australia. A majority of the Directors attended an asset tour of FLCT's Australia portfolio in August 2023.

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.

# Corporate Governance Report

## BOARD COMPOSITION

All of the Directors are non-executive and the Board comprises five independent and three non-independent Directors.

No alternate directors have been appointed on the Board for FY2023. Alternate directors will only be appointed in exceptional circumstances. As the Chairman, Mr Ho Hon Cheong, is a Non-Executive and Independent Director, no lead independent director has been appointed.

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. The NRC is of the opinion that the Directors with their diverse backgrounds and competencies (including real estate experience / knowledge, business management, strategy development, investments / mergers and acquisitions (including fund management and/or investment banking), audit / accounting and finance, risk management, legal / corporate governance, sustainability and human resource management) provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity 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 2023)*

### Age Group

| | |
|---|---|
| 41-50 | 12% |
| 51-60 | 25% |
| 61-70 | 38% |
| 71-80 | 25% |

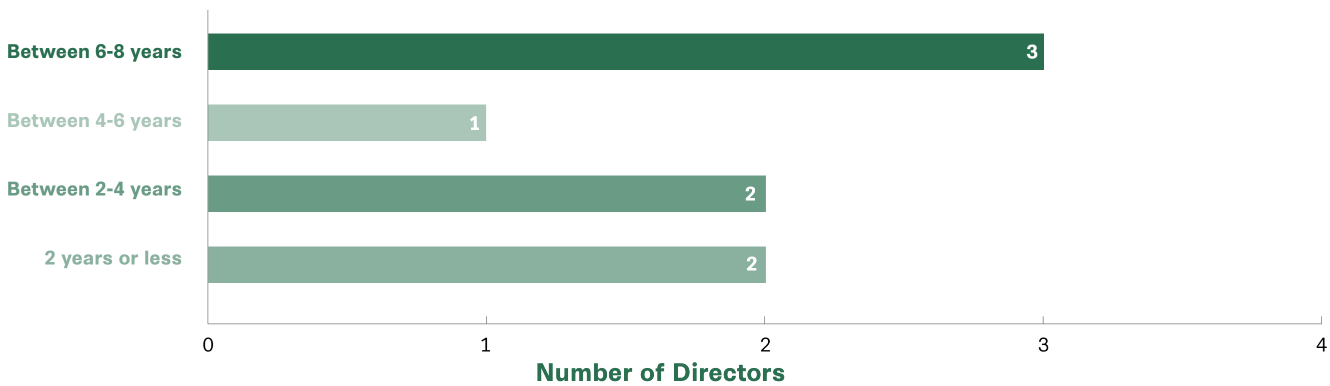
### Independence

| | |
|---|---|
| Non-Executive and Independent Directors | 62.5% |
| Non-Executive and Non-Independent Directors | 37.5% |

### Gender

| | |
|---|---|
| Female | 12.5% |
| Male | 87.5% |

### Tenure



# Corporate Governance Report

## Selection, Appointment and Re-appointment of Directors

Under the NRC's 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 FY2023, the NRC is of the view that each Director, including Directors who hold multiple board representations, has been able to diligently discharge his duties as a Director of the REIT Manager. Further details on the Board evaluation exercise are set out under the section "Board Performance Evaluation" on pages 176 to 177.

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, Targets, Timelines and Progress

The NRC is responsible for:

(a) the Board Diversity Policy which has been adopted by the Board;

(b) setting qualitative and measurable quantitative objectives (where appropriate) for achieving board diversity;

(c) monitoring and implementing the Board Diversity Policy, and taking the principles of the Board Diversity Policy into consideration when determining the optimal composition of the Board and recommending any proposed changes to the Board; and

(d) reviewing the REIT Manager's progress towards achieving the objectives under the Board Diversity Policy.

# Corporate Governance Report

Upon the NRC's recommendation, the Board will set certain measurable objectives and specific diversity targets (each a "**Target**") in order to achieve an optimal Board composition. These Targets will be reviewed by the NRC annually to ensure their appropriateness. The NRC will endeavour to ensure that the Targets are taken into consideration when assessing the suitability of candidates for new Board appointments, and together with the Board, will work towards meeting the Targets as set by the Board. The Board will strive to ensure, with a view to meeting the Targets, that:

(a) any brief to external search consultants for potential appointments to the Board will include a requirement to fulfil one or more Targets; and

(b) candidates fulfilling one or more of the Target(s) are included for consideration by the NRC whenever it seeks to identify a new Director for appointment to the Board.

The REIT Manager embraces diversity and the Board Diversity Policy addresses various aspects of diversity such as gender, skills and expertise and age.

The Board composition reflects the REIT Manager's commitment to Board diversity, especially in terms of gender, skills and expertise and age. The REIT Manager's diversity Targets for the Board, its plans and timelines for achieving the Targets, and its progress towards achieving the Targets, are described below.

| | Target | Progress and plans towards achieving Target |
|---|---|---|
| 1. | **Gender representation** | |
| | Achieve at least 25% female representation on the Board by 2025. | When identifying new director(s) for appointment to the Board, the REIT Manager will strive to ensure that female candidate(s) are included for consideration by the NRC. |
| 2. | **Skills and expertise** | |
| | The Board to comprise Directors who, as a group, possess a variety of qualifications and competencies, including skillsets, expertise and/or experience in at least a majority of the identified core competencies of:<br>(i) real estate industry experience/knowledge;<br>(ii) business management;<br>(iii) strategy development;<br>(iv) investments/mergers and acquisitions (including fund management and/or investment banking);<br>(v) audit/accounting and finance;<br>(vi) risk management;<br>(vii) legal/corporate governance;<br>(viii) digital and technology (including AI);<br>(ix) sustainability; and<br>(x) human resource management,<br>and experience in relevant geographies. | As at 30 September 2023, this target is met.<br><br>When considering new Directors for appointment to the Board, candidates who have relevant skills, expertise and/or experience which would complement those already on the Board would be prioritised. |
| 3. | **Age diversity** | |
| | The Board to comprise directors falling within at least two out of three age groups, being (i) 50 and below; (ii) 51 to 60; and (iii) 61 and above. | As at 30 September 2023, this target is met. |

The REIT Manager's target is to maintain the above levels of diversity in skills and expertise and age annually.

# Corporate Governance Report

The Board views Board diversity 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 gender, skills and expertise, and age of the Directors. The Board, taking into account the views of the NRC, considers that diversity of the Board will contribute to the quality of its decision-making process and serve the needs and plans of the Group. In this regard:

(a) in relation to gender representation, the REIT Manager believes in achieving an optimum mix of gender representation on the Board to provide different approaches and perspectives. The push for greater gender diversity would also provide the REIT Manager with access to a broader talent pool and improve its capacity for strategic thinking and problem solving;

(b) in relation to skills and expertise, the REIT Manager believes that diversity in skills and expertise would support the work of the Board and Board Committees and the needs of the REIT Manager. This benefits 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. In addition, this would facilitate the effective oversight of management and the Group's businesses and would also help shape the REIT Manager's strategic objectives; and

(c) in relation to age diversity, the REIT Manager believes that age diversity would contribute beneficially to the Board's deliberations and avoid the risk of groupthink, while ensuring the Board's decisions and/or strategies stay relevant as markets evolve.

The current Board composition reflects an appropriate diversity of age, independence, backgrounds and competencies of the Directors. The competencies of the Directors range from real estate industry experience/knowledge, business management, strategy development, investments/mergers and acquisitions (including fund management and/or investment banking), audit/accounting and finance, risk management, legal/corporate governance, digital and technology, sustainability and human resource management. Furthermore, the Directors' diversity in experience in different geographical markets has provided the REIT Manager with significant insights and in-depth understanding of the Group's multi-national businesses across key markets including Singapore, Australia and Europe (including the United Kingdom). As at 30 September 2023, the ages of the Board members range from 45 to 79 years.

### 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 Regulations 13D to 13H of 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 2023, there are five IDs on the Board (including the Chairman), namely, Mr Ho Hon Cheong, Mr Kyle Lee Khai Fatt, Mr Goh Yong Chian, Mr Phang Sin Min and Ms Soh Onn Cheng Margaret Jane.

# Corporate Governance Report

### Mr Ho Hon Cheong

Mr Ho Hon Cheong is currently a non-executive and independent commissioner of PT Chandra Asri Petrochemical Tbk in Indonesia and a non-executive and 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 FY2023 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, FLCT or any of its related corporations or the Trustee as an executive officer in any of the past three financial years; and

(c) in FY2023 or the immediate 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) a partner (with 5% or more stake), or (c) an executive officer of, or (d) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee made, or 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 2023.

### Mr Kyle Lee Khai Fatt

Mr Kyle Lee Khai Fatt is currently a director of Great Eastern Holdings Limited ("**GEH**") and a director of GEH's wholly-owned subsidiary, The Great Eastern Life Assurance Company Limited. 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, save as elaborated below, 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 FY2023 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, FLCT or any of its related corporations or the Trustee as an executive officer in any of the past three financial years; and

(c) in FY2023 or the immediate 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) a partner (with 5% or more stake), or (c) an executive officer of, or (d) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee made, or received significant payments[5] or material services (other than directors' fees).

As mentioned above, Mr Lee is a director of GEH and a director of GEH's wholly-owned subsidiary, The Great Eastern Life Assurance Company Limited. Great Eastern General Insurance Limited ("**GEG**"), a wholly-owned subsidiary of GEH, has provided insurance products to FLCT, the REIT Manager and/or their related corporations in the current and the immediately preceding financial year and received fees therefor ("**GEG Fees**"). In respect of the procurement process of insurance policies of FLCT and the REIT Manager, insurance policies are procured with the assistance of unrelated professional insurance brokers who will source for the most competitive quotes and terms, and make recommendations to FLCT and/or the REIT Manager accordingly. Notwithstanding this, such provision of insurance products fall within the categories of business relationships set out in Regulation 13G of the SFLCB Regulations.

# Corporate Governance Report

The NRC has taken into account, *inter alia*, the declaration of independence by Mr Lee, the Relevant Regulations and the objective criteria in the procurement of insurance products from GEG, and affirms its view that the provision of insurance products by GEG to FLCT, the REIT Manager and/or its related corporations and the payment of the GEG Fees in respect thereof do 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 Board Committees of which he is a member), and do not interfere with the exercise of his independent judgment, acting in the best interests of all Unitholders as a whole. As such, the NRC has determined that Mr Lee is an independent director as at 30 September 2023.

### 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 FY2023 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 , FLCT or any of its related corporations or the Trustee as an executive officer in any of the past three financial years; and

(c) in FY2023 or the immediate 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) a partner (with 5% or more stake), or (c) an executive officer of, or (d) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee made, or 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 2023.

### Mr Phang Sin Min

Mr Phang Sin Min is currently a non-executive and independent director of PARAGON REIT Management Pte. Ltd. (formerly known as SPH REIT Management Pte. Ltd.), the manager of PARAGON REIT. 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 FY2023 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, FLCT or any of its related corporations or the Trustee as an executive officer in any of the past three financial years; and

(c) in FY2023 or the immediate 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) a partner (with 5% or more stake), or (c) an executive officer of, or (d) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee made, or 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 Phang is an independent director as at 30 September 2023.

# Corporate Governance Report

### Ms Soh Onn Cheng Margaret Jane

During FY2023, Ms Soh Onn Cheng Margaret Jane was a non-executive and independent director of Prime US REIT Management Pte. Ltd. (formerly known as KBS US Prime Property Management Pte. Ltd.), the manager of Prime US REIT (which is listed on the Main Board of the SGX-ST) until the cessation of her appointment on 31 May 2023. She has confirmed, *inter alia*, that 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 FY2023 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 , FLCT or any of its related corporations or the Trustee as an executive officer in any of the past three financial years; and

(c) in FY2023 or the immediate 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) a partner (with 5% or more stake), or (c) an executive officer of, or (d) a director of, any organisation to or from which the REIT Manager, FLCT or their subsidiaries or the Trustee made, or 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 Ms Soh is an independent director as at 30 September 2023.

**Notes:**

(1) A Director is "**connected**" to a substantial shareholder of the REIT Manager or substantial Unitholder if:
- (a) in the case where the substantial shareholder or substantial Unitholder is an individual, he/she is:
  - (i) a member of the immediate family of the substantial shareholder or substantial Unitholder;
  - (ii) employed by the substantial shareholder or substantial Unitholder;
  - (iii) a partner of a firm or a limited liability partnership of which the substantial shareholder or substantial Unitholder is also a partner; or
  - (iv) 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;
- (b) in the case where the substantial shareholder or substantial Unitholder is a corporation, he/she is:
  - (i) employed by the substantial shareholder or substantial Unitholder;
  - (ii) employed by a related corporation or associated corporation of the substantial shareholder or substantial Unitholder;
  - (iii) a director of the substantial shareholder or substantial Unitholder;
  - (iv) a director of a related corporation or associated corporation of the substantial shareholder or substantial Unitholder;
  - (v) a partner of a firm or a limited liability partnership of which the substantial shareholder or substantial Unitholder is also a partner; or
  - (vi) 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 and 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 FY2023[1] are as follows:

| The Director: | Mr Ho Hon Cheong | Mr Kyle Lee Khai Fatt | Mr Goh Yong Chian | Mr Phang Sin Min | Ms Soh Onn Cheng Margaret Jane | Mr Panote Sirivadhanabhakdi[2] | Mr Chia Khong Shoong[3] | Mr Reinfried Helmut Otter (Reini Otter)[4] |
|---|---|---|---|---|---|---|---|---|
| (i) had been independent from the management of the REIT Manager and FLCT during FY2023 | √ | √ | √ | √ | √ | | | |
| (ii) had been independent from any business relationship with the REIT Manager and FLCT during FY2023 | √ | | √ | √ | √ | | | |
| (iii) had been independent from every substantial shareholder of the REIT Manager and every substantial Unitholder during FY2023 | √ | √ | √ | √ | √ | | | |
| (iv) had not been a substantial shareholder of the REIT Manager or a substantial Unitholder during FY2023 | √ | √ | √ | √ | √ | √ | √ | √ |
| (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 FY2023 | √ | √ | √ | √ | √ | √ | √ | √ |

**Notes:**

(1) Mr Rodney Vaughan Fehring retired as a non-executive and non-independent director with effect from 1 December 2022.

(2) Mr Panote Sirivadhanabhakdi is a director and the Group Chief Executive Officer of FPL and, in addition to being a director of the REIT Manager, a director of certain other entities within the FPL Group (as defined below), including Frasers Property Corporate Services Pte. Ltd.. FPL wholly-owns the REIT Manager and is a substantial Unitholder. Frasers Property Corporate Services Pte. Ltd. received directors' fees from the REIT Manager in FY2023. 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 3.18% in FLCT as at 30 September 2023. Mr Panote Sirivadhanabhakdi is also the son of Mr Charoen Sirivadhanabhakdi and the late Khunying Wanna Sirivadhanabhakdi. As such, during FY2023, Mr Panote Sirivadhanabhakdi is deemed (a) to have a management relationship with the REIT Manager and FLCT; (b) to have a business relationship with the REIT Manager and FLCT; and (c) connected to a substantial shareholder of the REIT Manager and 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 the estate of the late Khunying Wanna Sirivadhanabhakdi.

(3) Mr Chia Khong Shoong is the Group Chief Corporate Officer of FPL and is employed by a related corporation of the REIT Manager. In addition to being a director of the REIT Manager, he is also a director and/or executive of certain other entities within the FPL Group, including Frasers Property Corporate Services Pte. Ltd. and Frasers Property AHL Limited. Both Frasers Property Corporate Services Pte. Ltd. and Frasers Property AHL Limited received directors' fees from the REIT Manager in FY2023. As such, during FY2023, Mr Chia Khong Shoong is deemed (a) to have a management relationship with the REIT Manager and FLCT; (b) to have a business relationship with the REIT Manager and FLCT; and (c) connected to a substantial shareholder of the REIT Manager and 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. In addition to being a director of the REIT Manager, he is also a director and/or executive of certain other entities within the FPL Group, which have entered into intra-group transactions with the REIT Manager and FLCT and received fees therefor. As such, during FY2023, Mr Reinfried Helmut Otter (Reini Otter) is deemed (a) to have a management relationship with the REIT Manager and FLCT; (b) to have a business relationship with the REIT Manager and FLCT; and (c) connected to a substantial shareholder of the REIT Manager and substantial Unitholder.

# Corporate Governance Report

The Board is satisfied that, as at the last day of FY2023, each of Mr Kyle Lee Khai Fatt, Mr Panote Sirivadhanabhakdi, Mr Chia Khong Shoong 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 FY2023, each of Mr Kyle Lee Khai Fatt, Mr Panote Sirivadhanabhakdi, Mr Chia Khong Shoong 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 at 30 September 2023, 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/her 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 2023, 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 1967 of Singapore 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 FY2022, 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.

# Corporate Governance Report

For FY2023, an independent external consultant, Aon Solutions Singapore Pte. Ltd., 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.

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 FLCT as a whole. The external consultant will facilitate the sending of questionnaires 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 ESG aspects; (5) Board strategy and priorities; (6) Board's value add to, and management of the performance of the REIT Manager and FLCT; (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), if any for that particular financial year, 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 procedure for developing policies on remuneration of Directors and Key Management Personnel and for reviewing and approving 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 programmes which are aligned with Unitholders' interests. This compensation philosophy is the foundation of the REIT Manager's remuneration framework and seeks to (a) 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 and (b) 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.

# Corporate Governance Report

### Compensation Principles

All compensation programme design, determination and administration 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, including:

(a) culture and engagement building;

(b) a holistic benefits and wellbeing framework;

(c) leadership development;

(d) learning and development; and

(e) career advancement through vertical, lateral and diagonal moves within the Group.

### 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 FY2023, Willis Towers Watson Consulting (Singapore) Pte Ltd and Mercer (Singapore) Ptd Ltd were appointed as the REIT Manager's remuneration consultants. The remuneration consultants do not have any relationship with FLCT, the REIT Manager, its controlling shareholders, its related entities and/or its Directors which would affect their 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:

(a) 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. The NRC considers all such aspects of remuneration to ensure they are fair and avoid rewarding poor performance; and

# Corporate Governance Report

(b) 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 takes into account all aspects of remuneration, including termination terms, to ensure that they are fair. The NRC reviews the level, structure and mix of remuneration and benefits policies and practices (where appropriate) of the REIT Manager and takes into account the strategic objectives of FLCT and the REIT Manager to ensure that they are:

(a) appropriate and proportionate to the sustained performance and value creation of FLCT and the REIT Manager; and

(b) designed to attract, retain and motivate the Key Management Personnel to successfully manage FLCT and the REIT Manager for the long term.

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 performance review 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 applicable statutory contribution. The base salary and fixed allowances for Key Management Personnel are reviewed annually by the NRC and approved by the Board.

*Variable Component*

A significant and appropriate proportion of the remuneration of key executives of the REIT Manager comprises a variable component which is structured to link rewards to corporate and individual performance and incentivises sustained performance in both the short and long-term. The variable incentives are 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 short term performance excellence. All Key Management Personnel's performance are assessed through either a balanced scorecard or annual performance review with pre-agreed key performance indicators ("**KPIs**"). The KPIs consist of:

(a) financial KPIs based on the performance of FLCT; and

(b) non-financial KPIs which may include measures on People, Culture & Leadership, Business Development and Improvement, and Sustainability-related KPIs, which includes areas such as entity level ESG benchmarking, green or sustainable finance and skills and leadership.

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.

# Corporate Governance Report

## 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 employees (including the CEO) 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 employees of the REIT Manager. Its objectives are to increase the REIT Manager's flexibility and effectiveness in attracting, motivating and retaining talented senior employees and in rewarding these employees 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 to the participants in three tranches, after the one-year performance period, at or around the 1st, 2nd and 3rd anniversary of the grant date of the Initial Awards. The obligation to deliver the Units is expected to be satisfied out of the Units held by the REIT Manager.

The NRC has 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 which also takes into account 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.

# Corporate Governance Report

*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 Development and Improvement, and (iii) Sustainability-related KPIs, which includes areas such as entity level ESG benchmarking, green or sustainable finance and skills and leadership. 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 FY2023, the pre-determined target performance levels for the RUP grants were partially met.

Currently, the REIT Manager does not have claw-back provisions which allow it to reclaim incentive components of remuneration from its Key Management Personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss. The REIT Manager is reviewing the terms of the incentive plans, which includes a review of any claw-back provisions.

*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 her performance is evaluated yearly.

*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.

# Corporate Governance Report

The REIT Manager's Board fee structure during the year is as set out below.

| | Basic Fee per annum (S$) | Attendance Fee per meeting[1] (for attendance in person in Singapore) (S$) | Attendance Fee per trip[1] (for attendance in person 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) Board members who travel from their country of residence to attend Board, Board Committees or general meetings receive an overseas allowance fee of S$2,500 per trip.

## Disclosure of Remuneration of Directors and Key Executives of the REIT Manager

Information on the remuneration of Directors and key executives of the REIT Manager for FY2023 is set out below.

| Directors of the REIT Manager | Remuneration S$ |
|---|---|
| Mr Ho Hon Cheong | 150,000.00 |
| Mr Kyle Lee Khai Fatt | 117,500.00 |
| Mr Goh Yong Chian | 91,500.00 |
| Mr Phang Sin Min | 84,000.00 |
| Ms Soh Onn Cheng Margaret Jane | 58,000.00 |
| Mr Panote Sirivadhanabhakdi | 55,000.00 [1] |
| Mr Chia Khong Shoong | 56,500.00 [1] |
| Mr Reinfried Helmut Otter (Reini Otter) | 56,500.00 [2] |
| Mr Rodney Vaughan Fehring | 7,500.00 [2][3] |

**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) Mr Rodney Vaughan Fehring retired as a non-executive and non-independent director with effect from 1 December 2022.

# Corporate Governance Report

| Remuneration of CEO for FY2023 | Salary % | Bonus % | Allowances and Benefits % | Long-Term Incentives % | Total % |
|---|---|---|---|---|---|
| **Between S$1,500,001 to S$1,750,000** | | | | | |
| Mr Robert Stuart Claude Wallace[1] | 34 | 26 | 27 | 13[2] | 100 |
| **Between S$1 to S$250,000** | | | | | |
| Ms Anthea Lee Meng Hoon[3] | 92 | – | 8 | – | 100 |

| Remuneration of key executives[4] (excluding CEO) for FY2023 | Salary % | Bonus % | Allowances and Benefits % | Long-Term Incentives % | Total % |
|---|---|---|---|---|---|
| Ms Annie Khung Shyang Lee<br>Ms Chew Yi Wen<br>Mr Jonathan James Spong<br>Mr Ng Chung Keat<br>Ms Tricia Yeo Whay Teng | 59[5] | 20[5] | 4[5] | 17[5] | 100 |
| **Aggregate Total Remuneration (excluding CEO)** | | | | | **S$2,474,603** |

**Notes:**

(1) Mr Robert Stuart Claude Wallace ceased to be employed by the REIT Manager as the Chief Executive Officer of the REIT Manager with effect from 14 August 2023. As such, the remuneration disclosed is for the period from 1 October 2022 to 13 August 2023, which includes payment received from encashment of non-utilised leave entitlements of an employee leaving the employment of the REIT Manager.

(2) The Long-Term Incentives have lapsed and expired on resignation.

(3) Ms Anthea Lee Meng Hoon was appointed as the Chief Executive Officer of the REIT Manager with effect from 14 August 2023. As such, the remuneration disclosed is for the period from 14 August 2023 to 30 September 2023.

(4) For FY2023, the REIT Manager has five key executives (excluding the CEO). They are the CFO and division heads of the REIT Manager and are listed in this table.

(5) 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.

For FY2023, 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 is (a) disclosing the CEO's remuneration in bands of S$250,000 (instead of on a quantum basis), (b) not disclosing exact details of the remuneration of the other key executives in bands of S$250,000, and (c) disclosing the aggregate remuneration of all of the abovenamed key executives (excluding the CEO) for the following reasons:

(a) given the competitive business environment which FLCT operates in, the REIT Manager 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;

(b) 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;

(c) 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;

(d) 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

(e) 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 as set out at pages 204, 247 and 304 of this Annual Report.

# Corporate Governance 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 2023, 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.

### 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.

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 FY2022 and has held this appointment for less than five consecutive audits, thereby meeting the requirement.

During FY2023, 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 FY2023 are set out in the table below:

| Fees relating to external auditors for FY2023 | S$ ('000) |
|---|---|
| For audit and audit-related services | 1,235 |
| For non-audit services | 97 |
| Total | 1,332 |

# Corporate Governance Report

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 249 of this Annual Report. KPMG LLP attended the ARCC meetings every quarter for FY2023, 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.

In the review of the financial statements for FY2023, 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.<br><br>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.<br><br>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.<br><br>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 2023. |

## 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.

# Corporate Governance Report

A comfort matrix of key risks, by which relevant material financial, compliance, operational (including information technology) and environmental and climate change 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 108 and 109.

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. Emerging risks will also be assessed and updated to the ARCC.

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 2023:

(1) the financial records of the Group have been properly maintained and the financial statements for FY2023 give a true and fair view of the Group's operations and finances;

(2) 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

(3) 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 2023 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 2023 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 FLCT will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives for FLCT. 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 2023, 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 FPL Group Chief Corporate Officer. 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 FPL Group IA complies 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 individuals possessing the relevant qualifications and experience. As at 30 September 2023, FPL Group IA comprised 25 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 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 with the key strategies of FLCT. Risk assessments are carried out on all key business processes, which are used to determine the extent and frequencies of the reviews to be performed. Higher risk areas are subject to more extensive and frequent reviews. FPL Group IA conducts its reviews based on internal audit plans approved by the ARCC. FPL Group IA has unfettered access to FLCT's and the REIT Manager's documents, records, properties and personnel, and the ARCC members, and has appropriate standing within 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 FY2023, the internal audit function 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 FY2022. 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.

# Corporate Governance Report

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.frasersproperty.com/reits/flct. 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 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 the 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. The ARCC, which is responsible for oversight and monitoring of whistle-blowing, reviews and ensures that independent investigations and any appropriate follow-up actions are carried out (including reporting to the Board of any significant matters raised through the whistle-blowing channel).

## 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. The REIT Manager continues to leverage digital platforms and conferencing technologies to conduct virtual investor meetings, webcasts and conferences, in addition to in-person investor engagements through meetings, non-deal roadshows 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 the 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 68 to 70.

Unitholders, investors and other stakeholders can communicate with Management via email or telephone to IR; please find their contact details on page 70.

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[4].

## Conduct of General Meetings

The forthcoming 7th Annual General Meeting ("**2024 AGM**") will be convened and held in person on 23 January 2024 and Unitholders (themselves or through duly appointed proxies) will be able to vote and ask questions in person at the 2024 AGM.

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. As FLCT is a constituent of the Straits Times Index ("**STI Constituent**"), the REIT Manager has informed SGX of the proposed date and time period of the upcoming 2024 AGM, to avoid any conflict with an annual general meeting that is being convened by another STI Constituent.

4 Prior appointment with the REIT Manager is appreciated.

# Corporate Governance Report

To safeguard the Unitholders' interests and rights, the REIT Manager tables separate resolutions at general meetings of the Unitholders 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. Provision 11.4 of the CG Code provides for an issuer's constitution to allow for absentia voting at general meetings of Unitholders. The Trust Deed currently does not, however, permit Unitholders to vote at general meetings in absentia (such as via mail, email or fax). In line with Principle 11 of the CG Code, Unitholders nevertheless have the opportunity to appoint proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. As the authentication of Unitholder identity and other related security and integrity issues remain a concern, for FY2023, 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. The minutes will be published on FLCT's website within one onth from the date of the meeting.

### 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 FY2023, FLCT made two such distributions to Unitholders.

## 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 ESG Report on pages 110 to 156 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 FY2023.

# Corporate Governance Report

## Responsible Sourcing

FLCT has put in place a Responsible Sourcing Policy which sets out expectations of contractors and suppliers across four areas of sustainable procurement, namely environmental management; human rights and labour management; health, safety and well-being; and business ethics and integrity. The policy is informed by the UN Global Compact Principles and the UN Universal Declaration of Human Rights.

## 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 FPL 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 FPL 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 FPL 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 FPL 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 FPL 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.

## 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.

# Corporate Governance Report

### Business Continuity Management

FLCT has in place a Group Business Continuity Management ("**BCM**") Policy which references the requirements of ISO 22301 management system. The Policy sets the 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. The REIT Manager has in FY2023, enhanced its BCM programme which has boosted its resilience and capability in responding, managing, and recovering from adverse business disruptions and unforeseen catastrophic events. Under the programme, critical business functions, key processes, resource requirements, service recovery time objectives and business recovery strategies are identified. Management has identified and mapped end-to-end dependencies covering people, processes, technology and other resources (including third parties and intragroup) that support each critical business service. Management has put in place a robust and effective incident management programme to manage incidents to recover the critical business services and functions to prepare itself within the stipulated recovery time objectives. A Crisis Management Team has been established to oversee the Manager's crisis management activities. Group Internal Audit (as an independent and qualified party) has been engaged to establish a comprehensive BCM audit plan and conduct an audit of the BCM framework and the BCM of each critical business service at least once every three years.

Annual tests, exercises (tabletop or simulated) and drills, simulating different scenarios, will be carried out to assess the effectiveness of the abovementioned plans. The Manager's Crisis Management Team and staff are trained periodically, and the plans under the BCM are updated regularly. The BCM programme ensures FLCT stays resilient in the face of a crisis. It is a holistic approach to minimise adverse business impact and to safeguard FLCT's reputation and business operations.

The FPL Code of Business Conduct, the 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 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. Pursuant to the SFA, 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:

(1) during the Prohibition Period; or

(2) 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[1], 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.<br><br>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.<br><br>The Base Fee is calculated at a fixed percentage of asset value as the scope of the REIT Manager's duties 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.<br><br>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. |
| 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[2] upon the completion of an acquisition.<br><br>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 are put in place to motivate and compensate the REIT Manager for the time, cost and effort spent (in the case of an acquisition) in 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.<br><br>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.<br><br>The Acquisition Fee is higher than the Divestment Fee because there is additional work required to be undertaken in terms of evaluating and conducting due diligence for an acquisition, as compared to a divestment. |

# Corporate Governance Report

| Type of Fee | Computation and Form of Payment | Rationale and Purpose |
|---|---|---|
| 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[3] upon the completion of a sale or disposal.<br><br>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 evaluating and conducting due diligence for an acquisition, as compared to a divestment. |

1 Capitalised terms used in this section shall have the same meanings ascribed to them in the Trust Deed.

2 (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.

3 (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 FY2023 Annual Report |
|---|---|---|
| **BOARD'S CONDUCT OF AFFAIRS** | | |
| Provision 1.2 | Induction, training and development provided to new and existing Directors | 167 |
| Provision 1.3 | Matters requiring Board approval | 165 |
| 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 | 161 - 165 |
| Provision 1.5 | Number of Board and Board Committee meetings held in the year and each individual Directors' attendances at such meetings | 165 |
| **BOARD COMPOSITION AND GUIDANCE** | | |
| Provision 2.4 | The Board diversity policy and progress made towards implementation of the policy, including objectives | 169 - 171 |
| **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 | 169 |
| 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 | 171 - 176 |
| 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 | 22 - 25, 169 |
| **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 | 176 - 177 |
| **PROCEDURES FOR DEVELOPING REMUNERATION POLICIES** | | |
| Provision 6.4 | Engagement of any remuneration consultants and their independence | 178 |

# Corporate Governance Report

| Principles and Provisions of the 2018 Code of Corporate Governance | | Page Reference of FY2023 Annual Report |
|---|---|---|
| **DISCLOSURE ON REMUNERATION** | | |
| Provision 8.1 | Policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:<br>(a) each individual Director and the CEO; and<br>(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 | 177 - 184 |
| 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. | 183 - 184 |
| 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. | 182- 184 |
| **RISK MANAGEMENT AND INTERNAL CONTROLS** | | |
| Provision 9.2 | Board's assurance from:<br>• 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<br>• 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. | 186 |
| **AUDIT COMMITTEEE** | | |
| Provision 10.1(f) | The existence of a whistle-blowing policy and procedures for raising such concerns | 188 |
| **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 | 165 |
| Provision 11.6 | The REIT Manager's dividend policy | 190 |
| **ENGAGEMENT WITH UNITHOLDERS** | | |
| Provision 12.1 | Steps taken by the REIT Manager to solicit and understand the views of Unitholders | 188 - 190 |
| **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 | 190 - 192 |

## 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 2001, 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 204 to 300, 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
16 November 2023

# 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 204 to 300 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 2023, 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 2023, 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 2023, 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 2023 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

Kyle Lee Khai Fatt
Director

Singapore
16 November 2023

# Independent Auditors' Report

Members of the Company
Frasers Property Limited

## 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 2023, 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 204 to 300.

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 2023 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$6.6 billion at 30 September 2023.

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

Members of the Company
Frasers Property Limited

*Our response*

We evaluated the qualifications and objectivity of the external valuers. We held discussions with the valuers to understand the valuation methods and the assumptions applied. 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 used for similar properties, taking into consideration comparability and market factors. Where the assumptions were outside of the expected range, we undertook further procedures to understand the effects of additional factors and, when necessary, held discussions with the valuers. For investment properties under development, we also evaluated the estimated costs to complete by comparing the costs incurred to date against construction contracts. We tested significant cost components to source documents.

*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 of the completed investment properties including the capitalisation rate, net initial yield, discount rate and terminal yield, are generally within the range of comparable market data. Where the assumptions were outside of the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence. For investment properties under development, we found the estimated costs to complete to be supported.

***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 Multinational Presence, Financial Highlights, Trends, Strategy & Achievements, Letter to Unitholders, In Conversation with the CEO, Organisation & Corporate 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 Singapore, Independent Market Research The UK, Independent Market Research The Netherlands, Enterprise-Wide Risk Management, Corporate Governance Report and Interested Person Transactions prior to the date of this auditors' report. The ESG 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 ESG Report and the 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

Members of the Company
Frasers Property Limited

### *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

Members of the Company
Frasers Property Limited

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 Lim Pang Yew, Victor.

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
16 November 2023

# Statement of Total Return

For the year ended 30 September 2023

| | Note | Group 2023 S$'000 | Group 2022 S$'000 |
|---|---|---|---|
| Revenue | 3 | 420,782 | 450,187 |
| Property operating expenses | 4 | (105,781) | (101,366) |
| **Net property income** | | 315,001 | 348,821 |
| | | | |
| Managers' management fees | 5 | (38,549) | (42,018) |
| Trustees' fees | | (870) | (906) |
| Trust expenses | | (5,340) | (4,707) |
| Exchange gains (net) | | 5,019 | 2,124 |
| Finance income | | 1,620 | 727 |
| Finance costs | | (46,763) | (41,595) |
| Net finance costs | 6 | (45,143) | (40,868) |
| **Net income** | | 230,118 | 262,446 |
| | | | |
| Net change in fair value of derivatives | | (473) | 276 |
| Net change in fair value of investment properties | 10 | (358,956) | 425,593 |
| Gain on divestment of investment properties | | 17,389 | 169,694 |
| **Total (loss)/return for the year before tax** | | (111,922) | 858,009 |
| Tax credit/(expense) | 7 | 6,581 | (119,268) |
| **Total (loss)/return for the year** | 8 | (105,341) | 738,741 |
| | | | |
| **Total (loss)/return attributable to:** | | | |
| Unitholders | | (103,034) | 728,645 |
| Non-controlling interests | | (2,307) | 10,096 |
| | | (105,341) | 738,741 |
| | | | |
| **(Loss)/Earnings per Unit (Singapore cents)** | | | |
| Basic | 9 | (2.77) | 19.74 |
| Diluted | 9 | (2.75) | 19.63 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Distribution Statement
For the year ended 30 September 2023

| | Group 2023 S$'000 | Group 2022 S$'000 |
|---|---|---|
| **Distributable income during the year** | | |
| Total (loss)/return for the year attributable to Unitholders | (103,034) | 728,645 |
| Tax related and other adjustments (**Note A**) | 340,306 | (461,873) |
| Income available for distribution to Unitholders | 237,272 | 266,772 |
| Capital distribution (**Note B**) | 25,067 | 14,981 |
| **Distributable income** | 262,339 | 281,753 |
| | | |
| **Amount available for distribution to Unitholders at beginning of the year** | 140,459 | 95,547 |
| Distributable income for the year | 262,339 | 281,753 |
| **Amount available for distribution to Unitholders** | 402,798 | 377,300 |
| | | |
| Distributions to Unitholders: | | |
| Distribution of 2.57 Singapore cents per Unit for the period from 3 June 2021 to 30 September 2021 | – | (94,733) |
| Distribution of 3.85 Singapore cents per Unit for the period from 1 October 2021 to 31 March 2022 | – | (142,108) |
| Distribution of 3.77 Singapore cents per Unit for the period from 1 April 2022 to 30 September 2022 | (139,928) | – |
| Distribution of 3.52 Singapore cents per Unit for the period from 1 October 2022 to 31 March 2023 | (131,058) | – |
| | (270,986) | (236,841) |
| | | |
| **Amount available for distribution to Unitholders at end of the year** | 131,812 | 140,459 |
| | | |
| **Distribution per Unit (DPU) (Singapore cents)**[1] | 7.04 | 7.62 |

**Note A**

| | Group 2023 S$'000 | Group 2022 S$'000 |
|---|---|---|
| Tax related and other adjustments relate to the following items: | | |
| Straight-lining of rental adjustments | 1,243 | (708) |
| Managers' management fees paid/payable in Units | 38,549 | 33,744 |
| Exchange gains (net) | (5,372) | (2,104) |
| Finance costs | 2,966 | 3,864 |
| Lease payments of right-of-use assets | (4,802) | (5,975) |
| Net change in fair value of derivatives | 473 | (276) |
| Net change in fair value of investment properties | 358,956 | (425,593) |
| Fair value loss/(gain) on financial assets at fair value through profit or loss ("FVTPL") | 204 | (104) |
| Gain on divestment of investment properties, net of capital gains tax | (17,389) | (166,850) |
| Deferred tax (credit)/expense | (28,970) | 93,221 |
| Non-controlling interests' share of adjustments | (4,842) | 7,646 |
| Other adjustments | (710) | 1,262 |
| Net distribution adjustments | 340,306 | (461,873) |

**Note B**

| | Group 2023 S$'000 | Group 2022 S$'000 |
|---|---|---|
| Capital distribution relates to the following: | | |
| Lease incentives[(a)] | 2,636 | 3,278 |
| Rental support[(b)] | 1,724 | 3,489 |
| Divestment gains | 16,050 | 8,214 |
| Coupon interest[(c)] | 4,657 | – |
| | 25,067 | 14,981 |

(1) The DPU relates to the distributions in respect of the relevant financial year. The distribution for the period from 1 April 2023 to 30 September 2023 (2022: 1 April 2022 to 30 September 2022) will be made subsequent to the financial year end.
(a) Reimbursements received from the vendors in relation to outstanding lease incentives at the point of completion of the acquisition of certain properties in Australia and Europe in prior years.
(b) Rental support received from vendors in relation to the acquisition of certain properties in the United Kingdom ("UK").
(c) Coupon interest received from vendors in relation to the development of certain properties in the UK.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Statements of Financial Position

As at 30 September 2023

| | Note | Group 2023 S$'000 | Group 2022 S$'000 | Trust 2023 S$'000 | Trust 2022 S$'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Investment properties | 10 | 6,649,471 | 6,931,752 | – | – |
| Plant and equipment | 11 | 73 | 130 | – | – |
| Investment in subsidiaries | 12 | – | – | 2,783,993 | 2,763,312 |
| Loans to subsidiaries | 13 | – | – | 1,650,337 | 1,811,636 |
| Derivative assets | 14 | 79,886 | 165,241 | 69,843 | 149,672 |
| | | 6,729,430 | 7,097,123 | 4,504,173 | 4,724,620 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 15 | 152,737 | 220,728 | 42,310 | 98,230 |
| Trade and other receivables | 16 | 41,752 | 49,728 | 187,816 | 73,692 |
| Loans to subsidiaries | 13 | – | – | 255,652 | – |
| Derivative assets | 14 | 13,740 | 3,870 | 13,361 | 939 |
| Investment property held for sale | 10 | – | 38,264 | – | – |
| | | 208,229 | 312,590 | 499,139 | 172,861 |
| **Total assets** | | 6,937,659 | 7,409,713 | 5,003,312 | 4,897,481 |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | 65,116 | 77,322 | 226,719 | 128,243 |
| Loans and borrowings | 18 | 522,828 | 160,079 | 511,675 | 22,893 |
| Derivative liabilities | 14 | 247 | – | 247 | – |
| Current tax liabilities | | 21,043 | 23,761 | 375 | 30 |
| Liabilities directly associated with the investment property held for sale | 10 | – | 18,280 | – | – |
| | | 609,234 | 279,442 | 739,016 | 151,166 |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 17 | 9,382 | 9,787 | – | – |
| Loans and borrowings | 18 | 1,633,461 | 1,939,925 | 1,115,673 | 1,426,974 |
| Derivative liabilities | 14 | 5,871 | 451 | 5,871 | 451 |
| Deferred tax liabilities | 19 | 254,673 | 291,944 | – | – |
| | | 1,903,387 | 2,242,107 | 1,121,544 | 1,427,425 |
| **Total liabilities** | | 2,512,621 | 2,521,549 | 1,860,560 | 1,578,591 |
| **Net assets** | | 4,425,038 | 4,888,164 | 3,142,752 | 3,318,890 |
| Represented by: | | | | | |
| Unitholders' funds | | 4,379,701 | 4,838,844 | 3,142,752 | 3,318,890 |
| Non-controlling interests | 20 | 45,337 | 49,320 | – | – |
| | | 4,425,038 | 4,888,164 | 3,142,752 | 3,318,890 |
| **Units in issue and to be issued ('000)** | 21 | 3,744,537 | 3,711,605 | 3,744,537 | 3,711,605 |
| **Net asset value per Unit (S$)** | 22 | 1.17 | 1.30 | 0.84 | 0.89 |

The accompanying notes form an integral part of the financial statements.

# Statements of Movements in Unitholders' Funds
For the year ended 30 September 2023

| | Note | Attributable to Unitholders S$'000 | Non-controlling interests S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **At 1 October 2022** | | 4,838,844 | 49,320 | 4,888,164 |
| **Operations** | | | | |
| Decrease in net assets resulting from operations | | (103,034) | (2,307) | (105,341) |
| **Transactions with owners** | | | | |
| Units issued and to be issued: | | | | |
| – Managers' management fees paid/payable in Units | | 38,549 | – | 38,549 |
| Distributions paid to Unitholders | 23 | (270,986) | – | (270,986) |
| Dividends paid to non-controlling interests | | – | (3,145) | (3,145) |
| **Net decrease in net assets resulting from transactions with owners** | | (232,437) | (3,145) | (235,582) |
| **Hedging reserve** | | | | |
| Effective portion of change in fair value of cash flow hedges | | (52,685) | (28) | (52,713) |
| Net change in fair value of cash flow hedges reclassified to statement of total return | | 24,761 | – | 24,761 |
| **Net decrease in net assets resulting from hedging reserve** | | (27,924) | (28) | (27,952) |
| **Foreign currency translation reserve** | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | | (56,381) | 1,287 | (55,094) |
| Exchange differences on hedge of net investments in foreign operations | | (26,305) | – | (26,305) |
| Exchange differences on monetary items forming part of net investment in foreign operations | | (13,062) | – | (13,062) |
| **Net (decrease)/increase in net assets resulting from foreign currency translation reserve** | | (95,748) | 1,287 | (94,461) |
| **Changes in ownership interests in subsidiaries** | | | | |
| Acquisition of non-controlling interests without a change in control | | – | 210 | 210 |
| **At 30 September 2023** | | 4,379,701 | 45,337 | 4,425,038 |

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 2023

| | Note | Attributable to Unitholders S$'000 | Non-controlling interests S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **At 1 October 2021** | | 4,574,641 | 44,814 | 4,619,455 |
| **Operations** | | | | |
| Increase in net assets resulting from operations | | 728,645 | 10,096 | 738,741 |
| **Transactions with owners** | | | | |
| Units issued and to be issued: | | | | |
| – Managers' management fees paid/payable in Units | | 33,744 | – | 33,744 |
| Distributions paid to Unitholders | 23 | (236,841) | – | (236,841) |
| Dividends paid to non-controlling interests | | – | (749) | (749) |
| **Net decrease in net assets resulting from transactions with owners** | | (203,097) | (749) | (203,846) |
| **Hedging reserve** | | | | |
| Effective portion of change in fair value of cash flow hedges | | 39,804 | 196 | 40,000 |
| Net change in fair value of cash flow hedges reclassified to statement of total return | | 32,693 | – | 32,693 |
| **Net increase in net assets resulting from hedging reserve** | | 72,497 | 196 | 72,693 |
| **Foreign currency translation reserve** | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | | (315,236) | (5,174) | (320,410) |
| Exchange differences on hedge of net investments in foreign operations | | 149,544 | – | 149,544 |
| Exchange differences on monetary items forming part of net investment in foreign operations | | (168,150) | – | (168,150) |
| **Net decrease in net assets resulting from foreign currency translation reserve** | | (333,842) | (5,174) | (339,016) |
| **Changes in ownership interests in subsidiaries** | | | | |
| Acquisition of non-controlling interests without a change in control | | – | 137 | 137 |
| **At 30 September 2022** | | 4,838,844 | 49,320 | 4,888,164 |

# Statements of Movements in Unitholders' Funds

For the year ended 30 September 2023

| | Note | 2023 S$'000 | 2022 S$'000 |
|---|---|---|---|
| **Trust** | | | |
| **At beginning of the year** | | 3,318,890 | 3,335,204 |
| **Operations** | | | |
| Increase in net assets resulting from operations | | 78,686 | 131,587 |
| **Transactions with owners** | | | |
| Units issued and to be issued: | | | |
| – Managers' management fees paid/payable in Units | | 38,549 | 33,744 |
| Distributions paid to Unitholders | 23 | (270,986) | (236,841) |
| **Net decrease in net assets resulting from transactions with owners** | | (232,437) | (203,097) |
| **Hedging reserve** | | | |
| Effective portion of change in fair value of cash flow hedges | | (47,148) | 22,503 |
| Net change in fair value of cash flow hedges reclassified to statement of total return | | 24,761 | 32,693 |
| **Net (decrease)/increase in net assets resulting from hedging reserve** | | (22,387) | 55,196 |
| **At end of the year** | | 3,142,752 | 3,318,890 |

# Statement of Cash Flows

For the year ended 30 September 2023

| | Note | Group 2023 S$'000 | Group 2022 S$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Total (loss)/return before tax | | (111,922) | 858,009 |
| **Adjustments for:** | | | |
| Straight-lining of rental adjustments | | 1,243 | (708) |
| Effects of recognising lease incentives on a straight-line basis over the lease term | | 9,697 | 5,765 |
| Managers' management fees paid/payable in Units | | 38,549 | 33,744 |
| Depreciation of plant and equipment | | 57 | 61 |
| Loss on write-off of property, plant and equipment | | – | 18 |
| Allowance for/(Reversal of) doubtful receivables | | 333 | (107) |
| Unrealised exchange (gains)/losses (net) | | (3,418) | 6,346 |
| Finance income | 6 | (1,620) | (727) |
| Finance costs | 6 | 46,763 | 41,595 |
| Net change in fair value of derivatives | | 473 | (276) |
| Net change in fair value of investment properties | 10 | 358,956 | (425,593) |
| Gain on divestment of investment properties | | (17,389) | (169,694) |
| Cash generated from operations before working capital changes | | 321,722 | 348,433 |
| Changes in working capital: | | | |
| Trade and other receivables | | 6,790 | (20,912) |
| Trade and other payables | | (581) | 6,168 |
| Cash generated from operations | | 327,931 | 333,689 |
| Tax paid | | (25,676) | (26,744) |
| **Net cash generated from operating activities** | | 302,255 | 306,945 |
| | | | |
| **Cash flows from investing activities** | | | |
| Acquisition of investment properties (including acquisition costs) | | – | (143,084) |
| Stamp duty incurred on acquisition of investment properties | | – | (9,032) |
| Net proceeds from divestment of investment properties | | 31,234 | 803,246 |
| Capital and other expenditure on investment properties | | (161,270) | (127,619) |
| Interest received | | 1,729 | 699 |
| **Net cash (used in)/generated from investing activities** | | (128,307) | 524,210 |
| | | | |
| **Cash flows from financing activities** | | | |
| Interest paid | | (44,691) | (38,519) |
| Proceeds from loans and borrowings | | 418,925 | 51,393 |
| Repayment of loans and borrowings | | (340,882) | (511,703) |
| Payment of upfront debt-related transaction costs | | (1,344) | – |
| Payment of lease liabilities | | (969) | (1,270) |
| Distributions paid to Unitholders | | (270,986) | (236,841) |
| Dividends paid to non-controlling interests | | (3,145) | (749) |
| **Net cash used in financing activities** | | (243,092) | (737,689) |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | (69,144) | 93,466 |
| Cash and cash equivalents at beginning of year | | 220,728 | 140,367 |
| Effect of exchange rate changes on cash and cash equivalents | | 1,153 | (13,105) |
| **Cash and cash equivalents at end of year** | 15 | 152,737 | 220,728 |

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 2023

## 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 following years:

### 2023

- 32,774,272 Units, amounting to S$40,799,000, were issued to the Managers as satisfaction of the management fees payable to the Managers.

### 2022

- 19,746,643 Units, amounting to S$28,921,000, were issued to the Managers as satisfaction of the management fees payable to the Managers.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Portfolio Statement

As at 30 September 2023

**Group**

| Location of property | Acquisition date | Tenure[a] | Carrying amount 2023 S$'000 | Carrying amount 2022 S$'000 | Percentage of net assets attributable to Unitholders 2023 % | Percentage of net assets attributable to Unitholders 2022 % |
|---|---|---|---|---|---|---|
| **Completed investment properties** | | | | | | |
| **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 | 51,843 | 51,453 | 1.2 | 1.1 |
| 21-33 South Park Drive, Dandenong South | 14 June 2016 | Freehold | 37,564 | 36,752 | 0.8 | 0.8 |
| 22-26 Bam Wine Court, Dandenong South | 14 June 2016 | Freehold | 29,217 | 30,550 | 0.7 | 0.6 |
| 16-32 South Park Drive, Dandenong South | 14 June 2016 | Freehold | 24,691 | 24,348 | 0.6 | 0.5 |
| 89-103 South Park Drive, Dandenong South | 1 August 2017 | Freehold | 19,068 | 20,673 | 0.4 | 0.4 |
| *The Key Industrial Park* | | | | | | |
| 17 Pacific Drive and 170-172 Atlantic Drive, Keysborough | 14 June 2016 | Freehold | 59,752 | 51,453 | 1.4 | 1.1 |
| 150-168 Atlantic Drive, Keysborough | 14 June 2016 | Freehold | 43,935 | 51,453 | 1.0 | 1.1 |
| 49-75 Pacific Drive, Keysborough | 14 June 2016 | Freehold | 43,276 | 48,513 | 1.0 | 1.0 |
| 77 Atlantic Drive, Keysborough | 14 June 2016 | Freehold | 29,261 | 32,158 | 0.7 | 0.6 |
| 78 & 88 Atlantic Drive, Keysborough | 14 June 2016 | Freehold | 27,152 | 28,023 | 0.6 | 0.6 |
| 111 Indian Drive, Keysborough | 31 August 2016 | Freehold | 47,010 | 50,075 | 1.1 | 1.0 |
| 29 Indian Drive, Keysborough | 15 August 2017 | Freehold | 41,035 | 45,021 | 0.9 | 0.9 |
| 17 Hudson Court, Keysborough | 12 September 2017 | Freehold | 43,759 | 45,021 | 1.0 | 0.9 |
| 8-28 Hudson Court, Keysborough | 20 August 2019 | Freehold | 56,017 | 46,399 | 1.3 | 0.9 |
| *Mulgrave* | | | | | | |
| 211A Wellington Road, Mulgrave | 14 June 2016 | Freehold | 34,357 | 48,237 | 0.8 | 1.0 |
| *Braeside Industrial Estate* 75-79 Canterbury Road, Braeside | 12 August 2020 | Freehold | 28,690 | 27,564 | 0.6 | 0.6 |
| *West* | | | | | | |
| *West Park Industrial Estate* | | | | | | |
| 468 Boundary Road, Derrimut | 14 June 2016 | Freehold | 44,155 | 47,778 | 1.0 | 1.0 |
| 1 Doriemus Drive, Truganina | 14 June 2016 | Freehold | 115,110 | 121,282 | 2.6 | 2.5 |
| 2-22 Efficient Drive, Truganina | 14 June 2016 | Freehold | 73,591 | 65,855 | 1.7 | 1.4 |
| 1-13 and 15-27 Sunline Drive, Truganina | 14 June 2016 | Freehold | 46,132 | 48,237 | 1.0 | 1.0 |
| Balance carried forward | | | 895,615 | 920,845 | 20.4 | 19.0 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Portfolio Statement

As at 30 September 2023

**Group**

| Location of property | Acquisition date | Tenure[a] | Carrying amount 2023 S$'000 | Carrying amount 2022 S$'000 | Percentage of net assets attributable to Unitholders 2023 % | Percentage of net assets attributable to Unitholders 2022 % |
|---|---|---|---|---|---|---|
| Balance brought forward | | | 895,615 | 920,845 | 20.4 | 19.0 |
| **Melbourne, Victoria** *(cont'd)* | | | | | | |
| *West (cont'd)* | | | | | | |
| *West Park Industrial Estate* (cont'd) | | | | | | |
| 42 Sunline Drive, Truganina | 14 June 2016 | Freehold | 25,834 | 26,645 | 0.6 | 0.6 |
| 43 Efficient Drive, Truganina | 1 August 2017 | Freehold | 43,056 | 35,833 | 1.0 | 0.7 |
| *West Industry Park* | | | | | | |
| 1 Magnesium Place, Truganina | 27 June 2022 | Freehold | 18,892 | 22,235 | 0.4 | 0.4 |
| 11 Magnesium Place, Truganina | 27 June 2022 | Freehold | 13,840 | 15,941 | 0.3 | 0.3 |
| 17 Magnesium Place, Truganina | 27 June 2022 | Freehold | 15,599 | 17,871 | 0.4 | 0.4 |
| *Altona Industrial Park* | | | | | | |
| 18-34 Aylesbury Drive, Altona | 14 June 2016 | Freehold | 39,761 | 35,833 | 0.9 | 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 | 46,741[c] | 46,807[c] | 1.1 | 1.0 |
| 96-106 Link Road, Melbourne Airport | 14 June 2016 | 31-year leasehold expiring on 30 June 2047 | 28,959[c] | 36,168[c] | 0.7 | 0.7 |
| 17-23 Jets Court, Melbourne Airport | 14 June 2016 | 31-year leasehold expiring on 30 June 2047 | 13,018[c] | 13,269[c] | 0.3 | 0.3 |
| 25-29 Jets Court, Melbourne Airport | 14 June 2016 | 31-year leasehold expiring on 30 June 2047 | 17,930[c] | 18,374[c] | 0.4 | 0.4 |
| 28-32 Sky Road East, Melbourne Airport | 14 June 2016 | 31-year leasehold expiring on 30 June 2047 | 12,831[c] | 13,583[c] | 0.3 | 0.3 |
| 115-121 South Centre Road, Melbourne Airport | 14 June 2016 | 31-year leasehold expiring on 30 June 2047 | 6,197[c] | 8,374[c] | 0.1 | 0.2 |
| Balance carried forward | | | 1,178,273 | 1,211,778 | 26.9 | 25.0 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Portfolio Statement

As at 30 September 2023

**Group**

| Location of property | Acquisition date | Tenure[a] | Carrying amount 2023 S$'000 | Carrying amount 2022 S$'000 | Percentage of net assets attributable to Unitholders 2023 % | Percentage of net assets attributable to Unitholders 2022 % |
|---|---|---|---|---|---|---|
| Balance brought forward | | | 1,178,273 | 1,211,778 | 26.9 | 25.0 |
| **Sydney, New South Wales** | | | | | | |
| *Outer Central West* | | | | | | |
| *Eastern Creek* | | | | | | |
| 4-8 Kangaroo Avenue, Eastern Creek | 14 June 2016 | Freehold | 117,965 | 113,012 | 2.7 | 2.3 |
| 21 Kangaroo Avenue, Eastern Creek | 14 June 2016 | Freehold | 120,162 | 92,064 | 2.7 | 1.9 |
| 17 Kangaroo Avenue, Eastern Creek | 14 June 2016 | Freehold | 57,467 | 64,316 | 1.3 | 1.3 |
| 7 Eucalyptus Place, Eastern Creek | 14 June 2016 | Freehold | 46,132 | 47,778 | 1.1 | 1.0 |
| 2 Hanson Place, Eastern Creek | 20 August 2019 | Freehold | 102,808 | 91,421 | 2.3 | 1.9 |
| *Pemulwuy* | | | | | | |
| 8-8A Reconciliation Rise, Pemulwuy | 14 June 2016 | Freehold | 64,848 | 67,072 | 1.5 | 1.4 |
| 6 Reconciliation Rise, Pemulwuy | 14 June 2016 | Freehold | 55,797 | 60,641 | 1.3 | 1.3 |
| *Wetherill Park* | | | | | | |
| 1 Burilda Close, Wetherill Park | 30 November 2016 | 90-year leasehold expiring on 29 September 2106 | 98,875[c] | 118,079[c] | 2.3 | 2.4 |
| Lot 1, 2 Burilda Close, Wetherill Park | 1 August 2017 | 89-year leasehold expiring on 14 July 2106 | 46,640[c] | 47,214[c] | 1.1 | 1.0 |
| 3 Burilda Close, Wetherill Park | 5 September 2018 | 89-year leasehold expiring on 15 May 2107 | 59,982[c] | 67,424[c] | 1.4 | 1.4 |
| *Outer North West* | | | | | | |
| *Seven Hills* | | | | | | |
| 8 Distribution Place, Seven Hills | 14 June 2016 | Freehold | 34,797 | 34,914 | 0.8 | 0.7 |
| 99 Station Road, Seven Hills | 14 June 2016 | Freehold | 28,206 | 30,504 | 0.6 | 0.6 |
| 10 Stanton Road, Seven Hills | 14 June 2016 | Freehold | 17,925 | 19,984 | 0.4 | 0.4 |
| 8 Stanton Road, Seven Hills | 1 August 2017 | Freehold | 28,206 | 30,780 | 0.6 | 0.7 |
| *Winston Hills* | | | | | | |
| 11 Gibbon Road, Winston Hills | 14 June 2016 | Freehold | 59,488 | 50,442 | 1.3 | 1.1 |
| *Wollongong* | | | | | | |
| *Port Kembla* | | | | | | |
| 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 | 20,400[c] | 23,415[c] | 0.5 | 0.5 |
| Balance carried forward | | | 2,137,971 | 2,170,838 | 48.8 | 44.9 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Portfolio Statement

As at 30 September 2023

**Group**

| Location of property | Acquisition date | Tenure[(a)] | Carrying amount 2023 S$'000 | Carrying amount 2022 S$'000 | Percentage of net assets attributable to Unitholders 2023 % | Percentage of net assets attributable to Unitholders 2022 % |
|---|---|---|---|---|---|---|
| Balance brought forward | | | 2,137,971 | 2,170,838 | 48.8 | 44.9 |
| **Brisbane, Queensland** | | | | | | |
| *Northern* | | | | | | |
| 350 Earnshaw Road, Northgate | 20 June 2016 | 99-year leasehold expiring on 19 June 2115 | 63,794 | 68,910 | 1.5 | 1.4 |
| *Trade Coast* | | | | | | |
| 286 Queensport Road, North Murarrie | 20 June 2016 | 99-year leasehold expiring on 19 June 2115 | 40,157 | 47,961 | 0.9 | 1.0 |
| *Southern* | | | | | | |
| 57-71 Platinum Street, Crestmead | 20 June 2016 | 99-year leasehold expiring on 19 June 2115 | 43,935 | 56,047 | 1.0 | 1.2 |
| 51 Stradbroke Street, Heathwood | 20 June 2016 | 99-year leasehold expiring on 19 June 2115 | 31,897 | 34,914 | 0.7 | 0.7 |
| 30 Flint Street, Inala | 20 June 2016 | 99-year leasehold expiring on 19 June 2115 | 27,503 | 26,829 | 0.6 | 0.6 |
| 99 Shettleston Street, Rocklea | 20 June 2016 | 99-year leasehold expiring on 19 June 2115 | 22,319 | 19,754 | 0.5 | 0.4 |
| 55-59 Boundary Road, Carole Park | 20 June 2016 | 99-year leasehold expiring on 19 June 2115 | 20,913 | 22,051 | 0.5 | 0.4 |
| 10 Siltstone Place, Berrinba | 20 June 2016 | 99-year leasehold expiring on 19 June 2115 | 17,310 | 19,662 | 0.4 | 0.4 |
| 143 Pearson Road, Yatala | 31 August 2016 | 99-year leasehold expiring on 30 August 2115 | 47,010 | 49,432 | 1.1 | 1.0 |
| 166 Pearson Road, Yatala | 1 August 2017 | Freehold | 43,232 | 52,555 | 1.0 | 1.1 |
| 103-131 Wayne Goss Drive, Berrinba | 5 September 2018 | Freehold | 36,730 | 37,671 | 0.8 | 0.8 |
| 29-51 Wayne Goss Drive, Berrinba | 20 August 2019 | Freehold | 29,436 | 30,229 | 0.7 | 0.6 |
| **Perth, Western Australia** | | | | | | |
| 60 Paltridge Road, Perth Airport | 14 June 2016 | 17-year leasehold expiring on 3 June 2033 | 9,358 | 10,107 | 0.2 | 0.2 |
| Balance carried forward | | | 2,571,565 | 2,646,960 | 58.7 | 54.7 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Portfolio Statement

As at 30 September 2023

**Group**

| Location of property | Acquisition date | Tenure[a] | Carrying amount 2023 S$'000 | Carrying amount 2022 S$'000 | Percentage of net assets attributable to Unitholders 2023 % | Percentage of net assets attributable to Unitholders 2022 % |
|---|---|---|---|---|---|---|
| Balance brought forward | | | 2,571,565 | 2,646,960 | 58.7 | 54.7 |
| **B) Germany** | | | | | | |
| **Stuttgart - Mannheim** | | | | | | |
| Industriepark 309, Gottmadingen | 25 May 2018 | Freehold | 85,202 | 77,829 | 2.0 | 1.6 |
| Otto-Hahn-Straße 10, Vaihingen | 25 May 2018 | Freehold | 88,379 | 88,244 | 2.0 | 1.8 |
| Eiselauer Weg 2, Ulm | 25 May 2018 | Freehold | 71,050 | 75,155 | 1.6 | 1.6 |
| Murrer Straße 1, Freiberg am Neckar | 25 May 2018 | Freehold | 56,175 | 57,844 | 1.3 | 1.2 |
| Ambros-Nehren-Straße 1, Achern | 25 May 2018 | Freehold | 22,817 | 24,489 | 0.5 | 0.5 |
| Bietigheimer Straße 50-52, Tamm | 23 August 2019 | Freehold | 115,384 | 123,007 | 2.6 | 2.5 |
| Am Bühlfeld 2-8, Herbrechtingen | 3 September 2019 | Freehold | 68,162 | 63,755 | 1.6 | 1.3 |
| Buchäckerring 18, Bad Rappenau | 4 June 2021 | Freehold | 63,107 | 63,896 | 1.4 | 1.3 |
| Am Römig 8, Frankenthal | 4 June 2021 | Freehold | 42,599 | 47,148 | 1.0 | 1.0 |
| **Munich - Nuremberg** | | | | | | |
| Oberes Feld 2, 4, 6, 8, Moosthenning | 25 May 2018 | Freehold | 121,449 | 123,992 | 2.8 | 2.6 |
| Koperstraße 10, Nuremberg | 25 May 2018 | 63-year leasehold expiring on 31 December 2080 | 114,712[c] | 113,213[c] | 2.6 | 2.4 |
| Industriepark 1, Mamming | 25 May 2018 | Freehold | 27,871 | 24,630 | 0.6 | 0.5 |
| Jubatus-Allee 3, Ebermannsdorf | 25 May 2018 | Freehold | 15,596 | 15,904 | 0.4 | 0.3 |
| Dieselstraße 30, Garching | 27 August 2019 | Freehold | 52,565 | 55,029 | 1.2 | 1.1 |
| Hermesstraße 5, Graben, Augsburg | 3 September 2019 | Freehold | 58,775 | 64,318 | 1.3 | 1.3 |
| **Hamburg - Bremen** | | | | | | |
| Am Krainhop 10, Isenbüttel | 25 May 2018 | Freehold | 26,138 | 28,429 | 0.6 | 0.6 |
| Am Autobahnkreuz 14, Rastede | 25 May 2018 | Freehold | 26,571 | 27,444 | 0.6 | 0.6 |
| Balance carried forward | | | 3,628,117 | 3,721,286 | 82.8 | 76.9 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Portfolio Statement
As at 30 September 2023

**Group**

| Location of property | Acquisition date | Tenure[a] | Carrying amount 2023 S$'000 | Carrying amount 2022 S$'000 | Percentage of net assets attributable to Unitholders 2023 % | Percentage of net assets attributable to Unitholders 2022 % |
|---|---|---|---|---|---|---|
| Balance brought forward | | | 3,628,117 | 3,721,286 | 82.8 | 76.9 |
| **Dusseldorf – Cologne** | | | | | | |
| Saalhoffer Straße 211, Rheinberg | 25 May 2018 | Freehold | 48,955 | 50,244 | 1.1 | 1.0 |
| Elbestraße 1-3, Marl | 25 May 2018 | Freehold | 23,683 | 23,588 | 0.5 | 0.5 |
| Keffelker Straße 66, Brilon | 25 May 2018 | Freehold | 17,762 | 16,607 | 0.5 | 0.3 |
| Gustav-Stresemann-Weg 1, Münster | 25 May 2018 | Freehold | 21,084 | 21,955 | 0.5 | 0.5 |
| Walter-Gropius-Straße 19, Bergheim | 23 August 2019 | Freehold | 34,081 | 34,763 | 0.8 | 0.7 |
| An den Dieken 94, Ratingen | 23 August 2019 | Freehold | 81,014 | 94,437 | 1.8 | 2.0 |
| **Leipzig – Chemnitz** | | | | | | |
| Johann-Esche-Straße 2, Chemnitz | 25 May 2018 | Freehold | 25,561 | 27,022 | 0.6 | 0.6 |
| Am Exer 9, Leipzig | 25 May 2018 | Freehold | 22,384 | 22,096 | 0.5 | 0.5 |
| **Frankfurt** | | | | | | |
| Im Birkengrund 5-7, Obertshausen | 23 August 2019 | Freehold | 50,544 | 60,237 | 1.2 | 1.2 |
| Genfer Allee 6, Mainz | 4 June 2021 | Freehold | 78,415 | 83,318 | 1.8 | 1.7 |
| **Bielefeld** | | | | | | |
| Fuggerstraße 17, Bielefeld | 28 November 2019 | Freehold | 43,323 | 49,681 | 1.0 | 1.0 |
| **Berlin** | | | | | | |
| Gewerbegebiet Etzin 1, Berlin | 20 December 2019 | Freehold | 66,284 | 67,274 | 1.5 | 1.4 |
| Balance carried forward | | | 4,141,207 | 4,272,508 | 94.6 | 88.3 |

# Portfolio Statement

As at 30 September 2023

**Group**

| Location of property | Acquisition date | Tenure[(a)] | Carrying amount 2023 S$'000 | Carrying amount 2022 S$'000 | Percentage of net assets attributable to Unitholders 2023 % | Percentage of net assets attributable to Unitholders 2022 % |
|---|---|---|---|---|---|---|
| Balance brought forward | | | 4,141,207 | 4,272,508 | 94.6 | 88.3 |
| **C) Netherlands** | | | | | | |
| **Tilburg – Venlo** | | | | | | |
| Belle van Zuylenstraat 5, Tilburg | 25 May 2018 | Freehold | 25,994 | 28,148 | 0.6 | 0.6 |
| Heierhoevenweg 17, Venlo | 25 May 2018 | Freehold | 45,056 | 49,118 | 1.0 | 1.0 |
| **Utrecht – Zeewolde** | | | | | | |
| Brede Steeg 1, s-Heerenberg | 25 May 2018 | Freehold | 115,239 | 123,711 | 2.6 | 2.5 |
| Handelsweg 26, Zeewolde | 25 May 2018 | Freehold | 71,050 | 80,222 | 1.6 | 1.6 |
| Innovatielaan 6, De Klomp | 30 June 2021 | Freehold | 33,503 | 37,859 | 0.8 | 0.8 |
| **Meppel** | | | | | | |
| Mandeveld 12, Meppel | 31 October 2018 | Freehold | 44,045 | 49,822 | 1.0 | 1.0 |
| **D) The United Kingdom** | | | | | | |
| Connexion, Blythe Valley Business Park, Shirley, Solihull | 4 June 2021 | Freehold | 60,016 | 70,563 | 1.4 | 1.5 |
| Connexion II, Blythe Valley Business Park, Shirley, Solihull | 4 June 2021 | Freehold | 37,343 | – | 0.8 | – |
| Worcester, West Midlands | 26 January 2022 | Freehold | 36,678 | – | 0.8 | – |
| **Commercial portfolio** | | | | | | |
| **A) Singapore** | | | | | | |
| Alexandra Technopark, 438A/438B/438C Alexandra Road | 15 April 2020 | 88-year leasehold expiring 25 August 2108 | 678,000 | 662,000 | 15.5 | 13.7 |
| Balance carried forward | | | 5,288,131 | 5,373,951 | 120.7 | 111.0 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Portfolio Statement

As at 30 September 2023

**Group**

| Location of property | Acquisition date | Tenure[a] | Carrying amount 2023 S$'000 | Carrying amount 2022 S$'000 | Percentage of net assets attributable to Unitholders 2023 % | Percentage of net assets attributable to Unitholders 2022 % |
|---|---|---|---|---|---|---|
| Balance brought forward | | | 5,288,131 | 5,373,951 | 120.7 | 111.0 |
| **B) Australia** | | | | | | |
| Central Park 152-158 St Georges Terrace, Perth, Western Australia, 6000 ("Central Park")[d] | 15 April 2020 | Freehold | 320,945 | 307,798 | 7.3 | 6.4 |
| Caroline Chisholm Centre Block 4 Section 13, Tuggeranong, ACT 2900 | 15 April 2020 | 81-year leasehold expiring 25 June 2101 | 216,600 | 225,106 | 5.0 | 4.7 |
| 357 Collins Street, Melbourne, Victoria 3000 | 15 April 2020 | Freehold | 224,069 | 315,148 | 5.1 | 6.5 |
| 545 Blackburn Road, Mount Waverley, Victoria 3149 | 20 May 2022 | Freehold | 41,958 | 55,336 | 1.0 | 1.1 |
| **C) The United Kingdom** | | | | | | |
| Farnborough Business Park, Farnborough, Thames Valley | 30 April 2020 | Freehold | 228,393 | 266,495 | 5.2 | 5.5 |
| Maxis Business Park, 43 Western Road, Bracknell | 12 August 2020 | Freehold | 83,438 | 91,010 | 1.9 | 1.9 |
| Blythe Valley Business Park, Shirley, Solihull | 4 June 2021 | Freehold | 164,043 | 206,236 | 3.8 | 4.3 |
| **Total completed investment properties and balance carried forward** | | | 6,567,577 | 6,841,080 | 150.0 | 141.4 |

# Portfolio Statement

As at 30 September 2023

**Group**

| Location of property | Acquisition date | Tenure[a] | Carrying amount 2023 S$'000 | Carrying amount 2022 S$'000 | Percentage of net assets attributable to Unitholders 2023 % | Percentage of net assets attributable to Unitholders 2022 % |
|---|---|---|---|---|---|---|
| Balance brought forward | | | 6,567,577 | 6,841,080 | 150.0 | 141.4 |
| **Investment property held for sale** | | | | | | |
| **Logistics and industrial portfolio** | | | | | | |
| **Australia** | | | | | | |
| Port Melbourne | | | | | | |
| 2-46 Douglas Street, Port Melbourne | 14 June 2016 | 37-year leasehold expiring on 30 March 2053 | – [e] | 38,264[c] | – | 0.8 |
| **Investment properties under development** | | | | | | |
| **Logistics and industrial portfolio** | | | | | | |
| **The United Kingdom** | | | | | | |
| Worcester, West Midlands | 26 January 2022 | Freehold | – [f] | 26,621 | – | 0.5 |
| Connexion II, Blythe Valley Business Park, Shirley, Solihull | 4 June 2021 | Freehold | – [f] | 26,621 | – | 0.5 |
| Ellesmere, Cheshire, North West England | 14 July 2022 | Freehold | 81,894 | 37,430 | 1.8 | 0.8 |
| **Total investment properties under development** | | | 81,894 | 90,672 | 1.8 | 1.8 |
| **Total completed investment properties, investment property held for sale and investment properties under development** | | | 6,649,471 | 6,970,016 | 151.8 | 144.0 |
| Other assets and liabilities (net) | | | (2,224,433) | (2,081,852) | (50.8) | (43.0) |
| Net assets of the Group | | | 4,425,038 | 4,888,164 | 101.0 | 101.0 |
| Net assets attributable to non-controlling interests | | | (45,337) | (49,320) | (1.0) | (1.0) |
| Unitholders' funds | | | 4,379,701 | 4,838,844 | 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) Includes right-of-use asset.
(d) The Group has an effective interest of 50% in the property.
(e) The property was divested on 24 October 2022.
(f) The property has been reclassified as completed investment property.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 16 November 2023.

## 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 and located globally 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 33.

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 financial year ended 30 September 2023

## 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.

In 2023, the Manager had elected to receive 100% (2022: 80.3%) of the base and performance fees in the form of Units.

### *(a)(ii) Manager's acquisition fee and divestment fee*

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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 1. GENERAL (CONT'D)

*(a)(ii) Manager's acquisition fee and divestment fee (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 2023, the Manager had elected to receive 100% (2022: 100%) of the acquisition fee and divestment fee in the form of cash.

*(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 financial year ended 30 September 2023

## 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 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 financial year ended 30 September 2023

## 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 property 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 7 ("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 ("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.

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 one or a combination of capitalisation method, discounted cash flow method and/or residual approach. Certain valuers have recommended that the value of the properties are to be kept under regular review given the current market conditions including inflationary pressures, rising interest rates and the ongoing war in Ukraine. 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 financial year ended 30 September 2023

## 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 FRSs, amendments to and interpretation of FRSs for the first time for the annual period beginning on 1 October 2022:

- Amendments to FRS 103: Reference to the Conceptual Framework
- Amendments to FRS 12: International Tax Reform – Pillar Two Model
- Amendments to FRS 16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to FRS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to FRSs 2018-2020

Based on Amendments to FRS 12: International Tax Reform – Pillar Two Model Rules, the Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Other than the above, 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 from 1 October 2023 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 does not expect the adoption of these standards, interpretations and amendments to standards to have significant impact to its financial statements.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 assets at fair value through profit or loss;
- 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.

### 2.7 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Taxes (cont'd)

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 financial year ended 30 September 2023

## 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 income and income from management or holding of real estate properties ("Specified Income"). For FCOT (an approved sub-trust), tax transparency treatment will only be applicable to 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% (2022: 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, (excluding a person acting in the capacity of a trustee), or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are qualifying Unitholders, 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 Unitholders 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Taxes (cont'd)

*(a) Tax transparency treatment (cont'd)*

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 13D, 13U or 13V of the Singapore Income Tax Act, and:

(i) does not have any permanent establishment in Singapore (other than a fund manager in Singapore); or

(ii) carries on any operation 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 and FCOT can distribute such income, after deduction of certain expenses, to Unitholders without tax deduction at source.

### 2.8 Earnings/loss per Unit

The Group presents basic and diluted earnings/loss per Unit. Basic earnings/loss per Unit is calculated by dividing the total return/loss attributable to Unitholders of the Group by the weighted average number of Units outstanding during the financial year. Diluted earnings/loss per Unit is determined by adjusting the total return/loss attributable to Unitholders and the weighted average number of Units outstanding adjusted for the effects of all dilutive potential Units.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

### 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Basis of consolidation and business combinations (cont'd)

*(c) Business combinations (cont'd)*

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 the statement of total return.

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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Basis of consolidation and business combinations (cont'd)

*(f) Subsidiaries in the separate financial statements*

Investment in subsidiaries are stated in the Trust's statement of financial position at cost less any accumulated impairment losses.

### 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 the statement of total return 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 under development include properties that are being constructed or developed for future use as investment properties.

Investment properties and investment properties under development are measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment properties and investment properties under development.

Subsequent to initial recognition, investment properties and investment properties under development 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 CIS Code 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 and investment properties under development 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.

### 2.13 Investment property held for sale

Investment property that is expected to be recovered primarily through disposal rather than through continued use, is classified as an investment property held for sale and accounted for as a current asset. The investment property is measured at fair value and any gains or losses arising from changes in the fair value of the investment property is recognised in the statement of total return in the period in which they arise.

### 2.14 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Plant and equipment (cont'd)

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.

### 2.15 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.

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 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 financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 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 the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

*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 the statement of total return.

*(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 changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. 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 updates 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 applies the policies on accounting for modifications to the additional changes.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 Financial instruments (cont'd)

*(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.

*(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 financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 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 ("IBOR") reform*

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.

A change in the basis of determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary as 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

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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 Financial instruments (cont'd)

*(f) Derivative financial instruments and hedge accounting (cont'd)*

*(ii) Net investment hedges (cont'd)*

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.

*(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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 Financial instruments (cont'd)

*(g) Impairment of financial assets (cont'd)*

If credit risk 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.

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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, 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.

### 2.17 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.

### 2.18 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.

### 2.19 Unitholders' funds

Unitholders' funds are classified as equity.

Expenses incurred in connection with the issuance of Units are deducted directly against unitholders' funds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 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.

*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'.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.21 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 | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| Rental income | 346,653 | 371,188 |
| Recoverable outgoings | 73,437 | 72,498 |
| Other revenue | 692 | 6,501 |
| | 420,782 | 450,187 |

Other revenue in 2023 relates mainly to early surrender fee received from various tenants of 357 Collins Street, Melbourne, Victoria, and a tenant from the European portfolio, and government grant income received by the Group in relation to subsidies on certain properties in the European portfolio. Other revenue in 2022 relates mainly to the early surrender fee received from a tenant of Farnborough Business Park, Farnborough, Thames Valley, make good income received from various tenants of 357 Collins Street, Melbourne, Victoria and Central Park, and government grant income received by the Group in relation to property tax rebates on its Singapore properties and subsidies on certain properties in the European portfolio.

## 4. PROPERTY OPERATING EXPENSES

| | Group | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| Land and property tax | 21,149 | 21,470 |
| Property management fees | 15,299 | 16,259 |
| Property maintenance and related expenses | 38,458 | 32,480 |
| Property related professional fees | 1,512 | 618 |
| Allowance for/(Reversal of) doubtful receivables | 333 | (107) |
| Statutory expenses | 11,118 | 11,421 |
| Other property expenses | 17,912 | 19,225 |
| | 105,781 | 101,366 |

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 5. MANAGERS' MANAGEMENT FEES

| | Group | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| Base fee | 28,090 | 29,753 |
| Performance fee | 10,459 | 12,265 |
| | 38,549 | 42,018 |

During the financial year, an aggregate of 32,931,873 (2022: 25,478,672) Units were issued or will be issued to the Managers as satisfaction of the management fees incurred, at unit prices ranging from S$1.11 to S$1.28 (2022: S$1.26 to S$1.49) per Unit, amounting to S$38,549,000 (2022: S$33,744,000).

## 6. NET FINANCE COSTS

| | Group | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| **Finance income** | | |
| Interest income | 1,620 | 623 |
| Fair value gain on financial assets at FVTPL | – | 104 |
| | 1,620 | 727 |
| **Finance costs** | | |
| Financial liabilities measured at amortised cost: | | |
| – Amortisation of debt upfront costs | (1,923) | (3,229) |
| – Interest expense on bank loans and notes | (83,082) | (39,962) |
| – Interest expense on lease liabilities | (3,832) | (4,709) |
| – Others | (665) | (711) |
| | (89,502) | (48,611) |
| Fair value loss on financial assets at FVTPL | (204) | – |
| Derivatives measured at fair value | | |
| – Interest income | 42,943 | 7,016 |
| | (46,763) | (41,595) |
| **Net finance costs** | (45,143) | (40,868) |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 7. TAX (CREDIT)/EXPENSE

The major components of tax (credit)/expense are:

| | Note | Group 2023 S$'000 | Group 2022 S$'000 |
|---|---|---|---|
| Current tax expense | | | |
| – Current year | | 12,041 | 11,191 |
| – (Overprovision)/Underprovision in respect of prior years | | (33) | 419 |
| | | 12,008 | 11,610 |
| Withholding tax expense | | 10,381 | 14,437 |
| Deferred tax (credit)/expense | | | |
| – Origination and reversal of temporary differences | 19 | (28,970) | 93,221 |
| | | (6,581) | 119,268 |

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 2023 S$'000 | Group 2022 S$'000 |
|---|---|---|
| **Total (loss)/return for the year before tax** | (111,922) | 858,009 |
| Tax using the Singapore tax rate of 17% (2022: 17%) | (19,027) | 145,862 |
| Effect of tax rates in foreign jurisdictions | (10,293) | 1,607 |
| Non-deductible expenses | 2,040 | 23,272 |
| Tax transparency | (5,319) | (6,856) |
| Income not subject to tax | (15,665) | (61,063) |
| Deferred tax assets not recognised | 31,820 | 1,522 |
| Withholding tax expense | 10,381 | 14,437 |
| (Overprovision)/Underprovision in respect of prior years | (33) | 419 |
| Change in tax rate | 59 | 454 |
| Others | (544) | (386) |
| | (6,581) | 119,268 |

The Group operates in several jurisdictions which have enacted or intend to enact new legislation to implement the global minimum top-up tax from 31 December 2023. The Group does not expect that it will be subject to top-up tax in relation to its operations in these jurisdictions where the statutory tax rates are above 15%.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 8. TOTAL (LOSS)/RETURN FOR THE YEAR

The following items have been included in arriving at total (loss)/return for the year:

| | Group | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| Audit fees paid/payable to auditors of the Trust | 421 | 373 |
| Audit fees paid/payable to other auditors | 814 | 931 |
| Non-audit fees paid/payable to auditors of the Trust | 69 | 47 |
| Non-audit fees paid/payable to other auditors | 28 | 38 |
| Valuation fees | 653 | 631 |

## 9. (LOSS)/EARNINGS PER UNIT

Basic (loss)/earnings per Unit

The calculation of basic (loss)/earnings per Unit for the Group is based on the total (loss)/return for the year attributable to Unitholders and weighted average number of Units during the year:

| | Group | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| Total (loss)/return for the year attributable to Unitholders | (103,034) | 728,645 |
| | '000 | '000 |
| Issued Units at the beginning of the year | 3,696,167 | 3,676,420 |
| Effect of issue of new Units: | | |
| – In satisfaction of the Managers' management fees paid in Units | 24,333 | 14,784 |
| Weighted average number of Units | 3,720,500 | 3,691,204 |

Diluted (loss)/earnings per Unit

The calculation of diluted (loss)/earnings per Unit for the Group is based on the total (loss)/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 | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| Total (loss)/return for the year attributable to Unitholders | (103,034) | 728,645 |
| | '000 | '000 |
| Weighted average number of Units used in calculation of basic (loss)/earnings per Unit | 3,720,500 | 3,691,204 |
| – Effect of the Managers' management fees payable in Units | 24,037 | 20,401 |
| Weighted average number of Units (diluted) | 3,744,537 | 3,711,605 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 10. INVESTMENT PROPERTIES

| | Completed Investment properties S$'000 | Investment properties under development S$'000 | Total S$'000 |
|---|---|---|---|
| At 1 October 2021 | 7,482,282 | – | 7,482,282 |
| Acquisition of investment properties (including acquisition costs) | 127,913 | 24,203 | 152,116 |
| Capital expenditure incurred | 34,997 | 71,601 | 106,598 |
| Transfer to investment property held for sale | (38,264) | – | (38,264) |
| Transfer | (9,255) | 9,255 | – |
| Disposal of investment property | (633,552) | – | (633,552) |
| Capitalisation of leasing incentives, net of amortisation | 852 | – | 852 |
| Straight-lining of rental and other adjustments | (3,198) | – | (3,198) |
| Net change in fair value recognised in statement of total return | 431,916 | (6,323) | 425,593 |
| Translation differences | (552,611) | (8,064) | (560,675) |
| At 30 September 2022 | 6,841,080 | 90,672 | 6,931,752 |
| | | | |
| At 1 October 2022 | 6,841,080 | 90,672 | 6,931,752 |
| Capital expenditure incurred | 41,544 | 102,770 | 144,314 |
| Transfer | 76,521 | (76,521) | – |
| Capitalisation of leasing incentives, net of amortisation | 10,501 | – | 10,501 |
| Straight-lining of rental and other adjustments | (3,935) | – | (3,935) |
| Net change in fair value recognised in statement of total return | (320,396) | (38,560) | (358,956) |
| Translation differences | (77,738) | 3,533 | (74,205) |
| At 30 September 2023 | 6,567,577 | 81,894 | 6,649,471 |

Completed investment properties ("IP") comprise industrial properties in Australia, Germany, 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).

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 10. INVESTMENT PROPERTIES (CONT'D)

Investment properties (2022: including investment property held for sale), are stated at fair value at the reporting date. As at 30 September 2023, 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 Ltd, CIVAS (NSW) Pty Ltd, CIVAS (WA) Pty Ltd, Knight Frank NSW Valuations & Advisory Pty Ltd, Knight Frank Valuation & Advisory Victoria, CBRE Valuations Pty Limited and Savills Valuations Pty Ltd (2022: CIVAS (VIC) Pty Ltd, CIVAS (NSW) Pty Ltd, Jones Lang LaSalle Advisory Services Pty Ltd, Knight Frank NSW Valuations & Advisory Pty Ltd, Knight Frank Valuation & Advisory Victoria and Savills Valuations Pty Ltd) |
| Germany and the Netherlands | BNP Paribas Real Estate Consult GmbH, CBRE GmbH and Colliers International Valuation GmbH (2022: Jones Lang LaSalle SE, BNP Paribas Real Estate Consult GmbH and CBRE GmbH) |
| United Kingdom | CBRE Limited (2022: CBRE Limited) |

### Commercial portfolio

| Properties in: | Property Valuer |
|---|---|
| Australia | CBRE Valuations Pty Limited, CIVAS (WA) Pty Ltd and Savills Valuations Pty Ltd (2022: CIVAS (VIC) Pty Ltd, Knight Frank Valuation & Advisory Canberra and Cushman & Wakefield (Valuations) Pty Ltd) |
| Singapore | Jones Lang LaSalle Property Consultants Pte Ltd (2022: CBRE Pte. Ltd.) |
| United Kingdom | CBRE Limited (2022: CBRE Limited) |

In December 2021, the Group announced its proposed divestment of a leasehold property at 2-46 Douglas Street, Port Melbourne, Victoria, Australia ("Port Melbourne Divestment"). Accordingly, the investment property, including the corresponding right-of-use assets, was reclassified to investment property held for sale and the corresponding lease liabilities was reclassified to liabilities directly associated with the investment property held for sale as at 30 September 2022. The Group completed the divestment on 24 October 2022.

<u>Security</u>

As at 30 September 2023, investment properties with a carrying amount of S$667,212,000 (2022: S$1,014,717,000) 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$641,024,000 (2022: S$988,904,000).

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 10. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

*(i) Fair value hierarchy*

In 2023, the fair values of the completed IP (2022: including IP held for sale), were determined using the capitalisation method and/or discounted cash flow method (2022: capitalisation method and/or discounted cash flow method). The fair values of the investment properties under development ("IPUD") were determined using the residual approach (2022: residual approach). The valuation methods involve making certain estimates including those relating to capitalisation rate, net initial yield, discount rate, terminal yield, gross development value and estimated costs to complete (2022: capitalisation rate, net initial yield, discount rate, terminal yield, gross development value and estimated costs to complete).

The fair value measurement for all of the IP (2022: including IP 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.

| | 2023 S$'000 | 2022 S$'000 |
|---|---|---|
| Fair value of completed IP and IPUD (based on valuation reports) | 6,526,662 | 6,804,308 |
| Add: Carrying amount of lease liabilities (Note 18) | 122,809 | 127,444 |
| Carrying amount of completed IP and IPUD | 6,649,471 | 6,931,752 |

| | 2022 S$'000 |
|---|---|
| Fair value of investment property held for sale (based on valuation report) | 19,984 |
| Add: Carrying amount of lease liability | 18,280 |
| Carrying amount of investment property held for sale | 38,264 |

*(ii) Valuation techniques and significant unobservable inputs*

The following table shows the valuation techniques used in measuring the fair values of completed IP (2022: including IP 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 | 5.00% – 15.50% (2022: 3.75% – 14.96%) | N.A. | N.A. |
| | | Net initial yield [1] | N.A. | N.A. | 4.42% – 4.69% (2022: 3.72%) |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 10. INVESTMENT PROPERTIES (CONT'D))

Measurement of fair value (cont'd)

*(ii) Valuation techniques and significant unobservable inputs (cont'd)*

| Type | Valuation techniques | Significant unobservable inputs | Australia | Europe | United Kingdom |
|---|---|---|---|---|---|
| Logistics and industrial | Discounted cash flow method | Discount rate | 6.50% – 9.00% (2022: 5.25% – 9.00%) | 4.50% – 6.90% (2022: 4.00% – 6.00%) | N.A. |
| | | Terminal yield | 5.25% – 15.25% (2022: 4.13% – 159.29%) | 4.00% – 6.15% (2022: 3.50% – 5.75%) | N.A. |

| Type | Valuation techniques | Significant unobservable inputs | Australia | Singapore | United Kingdom |
|---|---|---|---|---|---|
| Commercial | Capitalisation method | Capitalisation rate | 6.00% – 6.38% (2022: 4.75% – 6.00%) | 5.75% (2022: 5.75%) | N.A. |
| | | Net initial yield [1] | N.A. | N.A. | 2.35% – 6.24% (2022: 3.56% – 7.26%) |
| | Discounted cash flow method | Discount rate | 6.50% – 6.75% (2022: 5.75% – 7.00%) | 7.50% (2022: 7.75%) | N.A. |
| | | Terminal yield | 6.25% – 6.62% (2022: 5.00% – 6.50%) | 6.00% (2022: 6.00%) | N.A. |

The following table shows the valuation techniques used in measuring the fair values of IPUD as well as the significant unobservable inputs used.

| Type | Valuation techniques | Significant unobservable inputs | United Kingdom |
|---|---|---|---|
| IPUD | Residual approach | Gross development value | S$128.8 million (2022: S$48.6 million – S$165.5 million) |
| | | Estimated costs to complete | S$13.3 million (2022: S$7.7 million – S$89.0 million) |

N.A.: Not applicable

[1] Rent net of non-recoverable expenses divided by gross property value

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 completed IP (2022: including IP held for sale) are capitalisation rate, net initial yield, discount rate and terminal yield. An increase in capitalisation rate, net initial yield, discount rate and terminal yield in isolation would result in a lower fair value.

The significant unobservable inputs used in the fair value measurement of IPUD are gross development value and estimated costs to complete. An increase in gross development value in isolation would result in a higher fair value. An increase in estimated costs to complete in isolation would result in a lower 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.
- 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.

*(iii) Valuation policies and procedures*

The fair values of IP are determined annually by independent professional valuers. Certain valuers have recommended that the value of the properties are to be kept under regular review given the current market conditions including inflationary pressures, rising interest rates and ongoing war in Ukraine.

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 financial year ended 30 September 2023

## 11. PLANT AND EQUIPMENT

| | Furniture and fittings S$'000 | Equipment S$'000 | Computers S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **Cost** | | | | |
| At 1 October 2021 | 237 | 74 | 9 | 320 |
| Write-off | – | (35) | – | (35) |
| Disposal | – | – | (2) | (2) |
| At 30 September 2022 | 237 | 39 | 7 | 283 |
| At 1 October 2022 | 237 | 39 | 7 | 283 |
| Write-off | (9) | – | (1) | (10) |
| At 30 September 2023 | 228 | 39 | 6 | 273 |
| **Accumulated depreciation** | | | | |
| At 1 October 2021 | (83) | (22) | (6) | (111) |
| Depreciation | (47) | (11) | (3) | (61) |
| Write-off | – | 17 | – | 17 |
| Disposal | – | – | 2 | 2 |
| At 30 September 2022 | (130) | (16) | (7) | (153) |
| At 1 October 2022 | (130) | (16) | (7) | (153) |
| Depreciation | (47) | (10) | – | (57) |
| Write-off | 9 | – | 1 | 10 |
| At 30 September 2023 | (168) | (26) | (6) | (200) |
| **Net carrying amounts** | | | | |
| At 1 October 2021 | 154 | 52 | 3 | 209 |
| At 30 September 2022 | 107 | 23 | – | 130 |
| At 30 September 2023 | 60 | 13 | – | 73 |

## 12. INVESTMENT IN SUBSIDIARIES

| | Trust | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| Equity investments, at cost | 2,783,993 | 2,763,312 |

Details of the Group's significant subsidiaries are disclosed in Note 33.

## 13. LOANS TO SUBSIDIARIES

Loans to subsidiaries are unsecured. Included in loans to subsidiaries are amounts of S$849,987,000 (2022: S$888,777,000) which bear interest at 2.5% to 5.5% (2022: 2.5% to 5.5%) per annum and are repayable between 2024 and 2028 (2022: 2024 and 2028). The remaining loans to subsidiaries are interest-free and are repayable by providing a 13 months' notice, with final maturity being between 2028 and 2033 (2022: 2028 and 2032). There is no impairment loss on these loans.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 14. DERIVATIVE ASSETS/(LIABILITIES)

| | Group | | Trust | |
|---|---|---|---|---|
| | 2023<br>S$'000 | 2022<br>S$'000 | 2023<br>S$'000 | 2022<br>S$'000 |
| **Derivative assets** | | | | |
| Interest rate swaps | 24,540 | 35,172 | 14,118 | 19,227 |
| Foreign currency forward contracts | 320 | 793 | 320 | 793 |
| Cross currency swaps | 6,140 | 15,218 | 6,140 | 12,663 |
| Cross currency interest rate swaps | 62,626 | 117,928 | 62,626 | 117,928 |
| | 93,626 | 169,111 | 83,204 | 150,611 |
| Classified as: | | | | |
| – Non-current | 79,886 | 165,241 | 69,843 | 149,672 |
| – Current | 13,740 | 3,870 | 13,361 | 939 |
| | 93,626 | 169,111 | 83,204 | 150,611 |
| **Derivative liabilities** | | | | |
| Interest rate swaps | (93) | – | (93) | – |
| Cross currency swaps | (2,308) | (451) | (2,308) | (451) |
| Cross currency interest rate swaps | (3,717) | – | (3,717) | – |
| | (6,118) | (451) | (6,118) | (451) |
| Classified as: | | | | |
| – Non-current | (5,871) | (451) | (5,871) | (451) |
| – Current | (247) | – | (247) | – |
| | (6,118) | (451) | (6,118) | (451) |
| Net derivative assets as a percentage of net assets | 1.98% | 3.45% | 2.45% | 4.52% |

(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<br>Nominal amount | | Trust<br>Nominal amount | |
|---|---|---|---|---|
| | 2023<br>S$'000 | 2022<br>S$'000 | 2023<br>S$'000 | 2022<br>S$'000 |
| Maturing: | | | | |
| Within one year | 42,574 | 176,784 | 17,574 | 45,940 |
| Between one to five years | 510,628 | 412,671 | 313,347 | 215,671 |
| | 553,202 | 589,455 | 330,921 | 261,611 |

At 30 September 2023, the fixed interest rates of the outstanding interest rate swap contracts ranged between 0.26% to 4.67% (2022: 0.26% 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 financial year ended 30 September 2023

## 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 and interest rate 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 | |
|---|---|---|---|---|
| | 2023 S$'000 | 2022 S$'000 | 2023 S$'000 | 2022 S$'000 |
| Maturing: | | | | |
| Within one year | 534,034 | 35,180 | 534,034 | 18,434 |
| Between one to five years | 422,299 | 871,521 | 422,299 | 871,521 |
| | 956,333 | 906,701 | 956,333 | 889,955 |

## 15. CASH AND CASH EQUIVALENTS

| | Group | | Trust | |
|---|---|---|---|---|
| | 2023 S$'000 | 2022 S$'000 | 2023 S$'000 | 2022 S$'000 |
| Cash at bank | 152,218 | 156,076 | 41,791 | 33,578 |
| Fixed deposits | 519 | 64,652 | 519 | 64,652 |
| | 152,737 | 220,728 | 42,310 | 98,230 |

The Group's and the Trust's exposure to foreign currency risk on cash and cash equivalents are disclosed in Note 28(a)(i).

## 16. TRADE AND OTHER RECEIVABLES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2023 S$'000 | 2022 S$'000 | 2023 S$'000 | 2022 S$'000 |
| Trade receivables | 8,153 | 8,528 | – | – |
| Less: Allowance for doubtful receivables | (862) | (552) | – | – |
| Net trade receivables | 7,291 | 7,976 | – | – |
| Accrued receivables | 1,068 | 1,010 | – | – |
| Other receivables | 7,516 | 2,870 | 61 | 139 |
| Amounts due from subsidiaries (non-trade) | – | – | 185,251 | 70,702 |
| Amounts due from related parties (non-trade) | 857 | 1,497 | – | – |
| | 16,732 | 13,353 | 185,312 | 70,841 |
| Rental guarantee receivable | 307 | 1,407 | – | – |
| Prepayments | 10,540 | 9,886 | 145 | 173 |
| GST/VAT receivables | 13,376 | 17,140 | 2,359 | 2,678 |
| Tax receivables | 797 | 7,942 | – | – |
| | 41,752 | 49,728 | 187,816 | 73,692 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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. Included in 2023 was a deferred payment from the Port Melbourne Divestment amounting to S$5,712,000.

### 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

In 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 was dependent on the vacancy of these units and was 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 | |
|---|---|---|---|---|
| | 2023<br>S$'000 | 2022<br>S$'000 | 2023<br>S$'000 | 2022<br>S$'000 |
| **Current** | | | | |
| Trade payables | 4,927 | 2,885 | – | – |
| Accrued expenses | 20,079 | 27,956 | 2,537 | 2,676 |
| Accrued capital expenditure for investment properties | 6,276 | 13,950 | – | – |
| Security deposits | 3,651 | 3,276 | – | – |
| Other payables | 6,934 | 5,250 | 235 | 83 |
| Amounts due to subsidiaries (non-trade) | – | – | 223,941 | 125,484 |
| Amounts due to related parties (non-trade) | 2,955 | 4,526 | 6 | – |
| Amounts due to non-controlling interests (non-trade) | 317 | 309 | – | – |
| | 45,139 | 58,152 | 226,719 | 128,243 |
| Deferred income | 288 | 301 | – | – |
| Rental received in advance | 13,067 | 13,147 | – | – |
| GST/VAT payables | 6,622 | 5,722 | – | – |
| | 65,116 | 77,322 | 226,719 | 128,243 |

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 17. TRADE AND OTHER PAYABLES (CONT'D)

| | Group | | Trust | |
|---|---|---|---|---|
| | 2023<br>S$'000 | 2022<br>S$'000 | 2023<br>S$'000 | 2022<br>S$'000 |
| **Non-current** | | | | |
| Security deposits | 9,215 | 9,311 | – | – |
| Deferred income | 167 | 476 | – | – |
| | 9,382 | 9,787 | – | – |
| **Total trade and other payables** | 74,498 | 87,109 | 226,719 | 128,243 |

Amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

Amounts due to non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

## 18. LOANS AND BORROWINGS

| | Group | | Trust | |
|---|---|---|---|---|
| | 2023<br>S$'000 | 2022<br>S$'000 | 2023<br>S$'000 | 2022<br>S$'000 |
| **Current** | | | | |
| Bank loans | | | | |
| – unsecured | 512,399 | 22,970 | 512,399 | 22,970 |
| – secured | 10,290 | 116,990 | – | – |
| Fixed rate notes (unsecured) | – | 19,250 | – | – |
| Less: Unamortised transaction costs | (724) | (83) | (724) | (77) |
| | 521,965 | 159,127 | 511,675 | 22,893 |
| Lease liabilities | 863 | 952 | – | – |
| | 522,828 | 160,079 | 511,675 | 22,893 |
| **Non-current** | | | | |
| Bank loans | | | | |
| – unsecured | 1,211,936 | 1,509,228 | 968,936 | 1,281,228 |
| – secured | 153,304 | 159,150 | – | – |
| Fixed rate notes (unsecured) | 150,000 | 150,000 | – | – |
| Loan from a subsidiary (unsecured) | – | – | 150,000 | 150,000 |
| Less: Unamortised transaction costs | (3,725) | (4,945) | (3,263) | (4,254) |
| | 1,511,515 | 1,813,433 | 1,115,673 | 1,426,974 |
| Lease liabilities | 121,946 | 126,492 | – | – |
| | 1,633,461 | 1,939,925 | 1,115,673 | 1,426,974 |
| Total bank loans and notes | 2,033,480 | 1,972,560 | 1,627,348 | 1,449,867 |
| Total lease liabilities (Note 10) | 122,809 | 127,444 | – | – |
| Total loans and borrowings | 2,156,289 | 2,100,004 | 1,627,348 | 1,449,867 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 18. LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment structure

| | Interest rate range per annum % | Year of maturity | Group Face value S$'000 | Group Carrying amount S$'000 | Trust Face value S$'000 | Trust Carrying amount S$'000 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| AUD bank loans | 5.2 to 5.4 | 2024 to 2026 | 493,237 | 492,193 | 493,237 | 492,193 |
| Euro bank loans | 1.4 to 5.0 | 2024 to 2036 | 218,867 | 218,514 | 55,272 | 54,919 |
| SGD bank loans | 4.6 to 4.9 | 2024 to 2027 | 830,099 | 828,754 | 587,100 | 586,217 |
| GBP bank loans | 6.1 to 6.3 | 2026 to 2027 | 134,477 | 133,385 | 134,477 | 133,385 |
| JPY bank loans | 0.8 | 2026 | 45,885 | 45,741 | 45,885 | 45,741 |
| USD bank loans | 6.4 to 6.9 | 2025 to 2026 | 165,364 | 164,893 | 165,364 | 164,893 |
| SGD fixed rate notes | 2.2 | 2028 | 150,000 | 150,000 | – | – |
| Loan from a subsidiary (unsecured) | 2.2 | 2028 | – | – | 150,000 | 150,000 |
| AUD lease liabilities | 1.5 to 3.8 | 2024 to 2107 | 96,620 | 96,620 | – | – |
| Euro lease liabilities | 1.4 | 2080 | 26,189 | 26,189 | – | – |
| | | | 2,160,738 | 2,156,289 | 1,631,335 | 1,627,348 |
| **2022** | | | | | | |
| AUD bank loans | 2.9 to 3.3 | 2023 to 2026 | 574,550 | 572,601 | 574,550 | 572,601 |
| Euro bank loans | 1.1 to 2.6 | 2022 to 2036 | 276,140 | 276,140 | – | – |
| SGD bank loans | 1.6 to 3.0 | 2024 to 2026 | 747,999 | 745,836 | 519,999 | 518,527 |
| GBP bank loans | 2.7 | 2026 | 72,167 | 71,767 | 72,167 | 71,767 |
| JPY bank loans | 0.8 | 2026 | 49,885 | 49,660 | 49,885 | 49,660 |
| USD bank loans | 4.6 | 2025 | 87,597 | 87,312 | 87,597 | 87,312 |
| SGD fixed rate notes | 2.2 to 3.2 | 2023 to 2028 | 169,250 | 169,244 | – | – |
| Loan from a subsidiary (unsecured) | 2.2 | 2028 | – | – | 150,000 | 150,000 |
| AUD lease liabilities | 1.5 to 3.8 | 2024 to 2107 | 101,631 | 101,631 | – | – |
| Euro lease liabilities | 1.4 | 2080 | 25,813 | 25,813 | – | – |
| | | | 2,105,032 | 2,100,004 | 1,454,198 | 1,449,867 |

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 financial year ended 30 September 2023

## 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 2021 | | 2,523,321 | 158,391 | 2,681,712 |
| Financing cashflows* | | (460,310) | (5,979) | (466,289) |
| The effect of changes in foreign exchange rates | | (93,680) | (11,220) | (104,900) |
| Other changes: | | | | |
| Adjustment to lease liabilities | | – | (177) | (177) |
| Amortisation of debt transaction costs | | 3,229 | – | 3,229 |
| Interest expense on lease liabilities | | – | 4,709 | 4,709 |
| Transfer to liabilities directly associated with the investment property held for sale | 10 | – | (18,280) | (18,280) |
| Total other changes | | 3,229 | (13,748) | (10,519) |
| Balance as at 30 September 2022 | | 1,972,560 | 127,444 | 2,100,004 |
| Balance as at 1 October 2022 | | 1,972,560 | 127,444 | 2,100,004 |
| Financing cashflows* | | 76,699 | (4,802) | 71,897 |
| The effect of changes in foreign exchange rates | | (17,702) | (3,747) | (21,449) |
| Other changes: | | | | |
| Adjustment to lease liabilities | | – | 82 | 82 |
| Amortisation of debt transaction costs | | 1,923 | – | 1,923 |
| Interest expense on lease liabilities | | – | 3,832 | 3,832 |
| Total other changes | | 1,923 | 3,914 | 5,837 |
| Balance as at 30 September 2023 | | 2,033,480 | 122,809 | 2,156,289 |

* Cashflow from financing activities presented in the consolidated statement of cash flows include interest expense paid of S$40,859,000 (2022: S$33,810,000), 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 19. DEFERRED TAX LIABILITIES

| | At 1 October 2021 S$'000 | Recognised in statement of total return (Note 7) S$'000 | Translation differences S$'000 | At 30 September 2022 S$'000 | Recognised in statement of total return (Note 7) S$'000 | Translation differences S$'000 | At 30 September 2023 S$'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Deferred tax liabilities** | | | | | | | |
| Investment properties | (223,497) | (93,221) | 24,774 | (291,944) | 28,970 | 8,301 | (254,673) |

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 2023 S$'000 | Group 2022 S$'000 |
|---|---|---|
| Deductible temporary differences | 61,111 | 15,211 |
| Tax losses | 6,763 | 6,160 |
| | 67,874 | 21,371 |

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. 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 2023, the Group has not recognised deferred tax liabilities of S$127.7 million (2022: S$126.4 million) relating to temporary differences on the initial recognition of assets and liabilities of subsidiaries acquired.

## 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* 2023 % | Effective interest held by NCI* 2022 % |
|---|---|---|---|
| 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.

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 20. NON-CONTROLLING INTERESTS (CONT'D)

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.

| | 2023 S$'000 | 2022 S$'000 |
|---|---|---|
| Revenue | 101,467 | 101,157 |
| (Loss)/Profit and total comprehensive income | (67,212) | 230,385 |
| **(Loss)/Profit and total comprehensive income attributable to NCI** | (2,307) | 10,096 |
| | | |
| Non-current assets | 1,905,653 | 1,995,651 |
| Current assets | 67,268 | 77,368 |
| Non-current liabilities | (1,073,177) | (974,475) |
| Current liabilities | (56,350) | (168,377) |
| **Net assets** | 843,394 | 930,167 |
| **Net assets attributable to NCI** | 45,337 | 49,320 |
| | | |
| Cash flows from operating activities | 88,151 | 58,616 |
| Cash flows used in investing activities | (2,069) | (4,181) |
| Cash flows used in financing activities | (94,643) | (55,980) |
| **Net decrease in cash and cash equivalents** | (8,561) | (1,545) |

Dividends amounting to S$3,145,000 (2022: S$749,000) were paid to NCI during the year.

## 21. UNITS IN ISSUE AND TO BE ISSUED

| | Group and Trust | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | Number of Units '000 | S$'000 | Number of Units '000 | S$'000 |
| **Units issued** | | | | |
| At beginning of the year | 3,696,167 | 3,472,154 | 3,676,420 | 3,443,233 |
| | | | | |
| Creation of new Units: | | | | |
| – Managers' management fees paid in Units | 32,774 | 40,799 | 19,747 | 28,921 |
| At end of the year | 3,728,941 | 3,512,953 | 3,696,167 | 3,472,154 |
| | | | | |
| **Units to be issued** | | | | |
| – Managers' management fees payable in Units | 15,596 | 17,239 | 15,438 | 19,488 |
| | | | | |
| Total issued and issuable Units | 3,744,537 | 3,530,192 | 3,711,605 | 3,491,642 |

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 21. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

### 2023

During the year, 32,774,272 Units were issued at S$1.16 to S$1.28 per Unit, amounted to S$40,799,000, as satisfaction of the Managers' management fees payable in Units.

### 2022

During the year, 19,746,643 Units were issued at S$1.35 to S$1.51 per Unit, amounted to S$28,921,000, as satisfaction of the Managers' management fees payable in Units.

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 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Net asset value per Unit is based on: | | | | |
| Net assets attributable to Unitholders (S$'000) | 4,379,701 | 4,838,844 | 3,142,752 | 3,318,890 |
| Total issued and issuable Units at end of the year ('000) (Note 21) | 3,744,537 | 3,711,605 | 3,744,537 | 3,711,605 |
| Net asset value per Unit (S$) | 1.17 | 1.30 | 0.84 | 0.89 |

## 23. DISTRIBUTIONS PAID TO UNITHOLDERS

| | Group and Trust | |
|---|---|---|
| | 2023<br>S$'000 | 2022<br>S$'000 |
| Distributions paid during the year: | | |
| Distribution of 2.57 Singapore cents per Unit for the period from 3 June 2021 to 30 September 2021 and paid on 16 December 2021 | – | 94,733 |
| Distribution of 3.85 Singapore cents per Unit for the period from 1 October 2021 to 31 March 2022 and paid on 17 June 2022 | – | 142,108 |
| Distribution of 3.77 Singapore cents per Unit for the period from 1 April 2022 to 30 September 2022 and paid on 15 December 2022 | 139,928 | – |
| Distribution of 3.52 Singapore cents per Unit for the period from 1 October 2022 to 31 March 2023 and paid on 15 June 2023 | 131,058 | – |
| | 270,986 | 236,841 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| **Leases** | | |
| Interest on lease liabilities | 3,832 | 4,709 |

| | Group | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| **Amounts recognised in statement of cash flows** | | |
| Payment of lease liabilities | 969 | 1,270 |
| Interest expense | 3,832 | 4,709 |
| **Total cash outflow for leases** | 4,801 | 5,979 |

#### 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.

### (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 2023 was S$346,653,000 (2022: S$371,188,000).

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 24. LEASES (CONT'D)

### (ii) Leases as lessor *(cont'd)*

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

| | Group | |
|---|---|---|
| | 2023<br>S$'000 | 2022<br>S$'000 |
| Less than one year | 361,483 | 350,059 |
| One to two years | 313,395 | 315,839 |
| Two to three years | 252,114 | 256,187 |
| Three to four years | 198,139 | 200,930 |
| Four to five years | 162,661 | 161,908 |
| More than five years | 459,173 | 587,935 |
| **Total** | 1,746,965 | 1,872,858 |

## 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 | |
|---|---|---|
| | 2023<br>S$'000 | 2022<br>S$'000 |
| With related parties of the Managers: | | |
| – Settlement adjustment in relation to acquisition of subsidiaries | – | 490 |
| – Insurance expense paid/payable | – | (816) |
| – Rental income and other income received/receivable | 622 | 998 |
| – Lease incentive reimbursement received/receivable | 2,581 | 3,286 |
| – Reimbursements (to)/from | (887) | 90 |
| With the Managers: | | |
| – Base management fees paid/payable | (28,090) | (29,753) |
| – Performance management fees paid/payable | (10,459) | (12,265) |
| – Acquisition fees paid/payable | (459) | (1,192) |
| – Divestment fees paid/payable | (187) | (4,054) |
| – Reimbursements to | (80) | (61) |
| With the property managers who are related parties of the Manager: | | |
| – Property management fees paid/payable | (9,342) | (9,612) |
| – Marketing services commission and other expenses paid/payable | (2,640) | (2,750) |
| – Reimbursements to | – | (283) |
| With the Trustees: | | |
| – Trustee fees paid/payable | (870) | (924) |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 26. COMMITMENTS

### (a) *Capital commitments*

Capital expenditure contracted for at the end of the year but not recognised in the financial statements are as follows:

| | Group | |
|---|---|---|
| | 2023 S$'000 | 2022 S$'000 |
| Capital commitments in respect of investment properties (including investment properties under development) | 61,796 | 190,555 |

### (b) *Guarantees*

(i) The Trust has provided unsecured corporate guarantees amounting to S$193,000,000 (2022: S$178,000,000) and S$150,000,000 (2022: S$150,000,000) to banks for loans taken by certain subsidiaries and fixed rate notes issued by a subsidiary respectively.

(ii) The Trust has provided bankers' guarantees of S$41,678,000 (2022: S$93,015,000) to unrelated parties in respect of performance contracts on behalf of certain subsidiaries. No liability is expected to arise.

## 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 27. OPERATING SEGMENTS (CONT'D)

### 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 |
| **2023** | | | | | | | |
| Revenue | 147,920 | 101,650 | 5,403 | 64,494 | 55,734 | 45,581 | 420,782 |
| Property operating expenses | (31,744) | (13,464) | (1,047) | (19,211) | (17,364) | (22,951) | (105,781) |
| Reportable segment net property income | 116,176 | 88,186 | 4,356 | 45,283 | 38,370 | 22,630 | 315,001 |
| Finance income | | | | | | | 1,620 |
| Finance costs | | | | | | | (46,763) |
| Unallocated items: | | | | | | | |
| – Expenses | | | | | | | (39,740) |
| **Net income** | | | | | | | 230,118 |
| Net change in fair value of derivatives | | | | | | | (473) |
| Net change in fair value of investment properties | 33,083 | (141,915) | (59,858) | (83,059) | 15,998 | (123,205) | (358,956) |
| Gain on divestment of investment properties | 17,389 | – | – | – | – | – | 17,389 |
| Tax credit | | | | | | | 6,581 |
| **Total loss for the year** | | | | | | | (105,341) |
| Capital expenditure | 8,206 | 2,069 | 103,270 | 18,739 | 911 | 11,119 | 144,314 |
| Non-current assets [(1)] | 2,571,566 | 1,904,529 | 215,931 | 803,571 | 678,073 | 475,874 | 6,649,544 |
| **2022** | | | | | | | |
| Revenue | 153,164 | 101,650 | 3,204 | 69,937 | 70,498 | 51,734 | 450,187 |
| Property operating expenses | (30,467) | (15,094) | (366) | (19,134) | (19,659) | (16,646) | (101,366) |
| Reportable segment net property income | 122,697 | 86,556 | 2,838 | 50,803 | 50,839 | 35,088 | 348,821 |
| Finance income | | | | | | | 727 |
| Finance costs | | | | | | | (41,595) |
| Unallocated items: | | | | | | | |
| – Expenses | | | | | | | (45,507) |
| **Net income** | | | | | | | 262,446 |
| Net change in fair value of derivatives | | | | | | | 276 |
| Net change in fair value of investment properties | 228,349 | 227,697 | (3,954) | (2,529) | 6,764 | (30,734) | 425,593 |
| Gain on divestment of investment properties | – | – | – | – | 169,694 | – | 169,694 |
| Tax expense | | | | | | | (119,268) |
| **Total return for the year** | | | | | | | 738,741 |
| Capital expenditure | 5,433 | 3,029 | 71,601 | 17,377 | 608 | 8,550 | 106,598 |
| Non-current assets [(1)] | 2,646,950 | 1,994,420 | 161,236 | 1,080,673 | 484,864 | 563,739 | 6,931,882 |

(1) Excluding financial assets

There is no tenant that contributed more than 10% of the Group's total revenue in 2023 and 2022.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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"), United States dollar ("USD") and Singapore dollar ("SGD"). 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 AUD, EUR, GBP, JPY, USD and SGD (where relevant) in Singapore dollar equivalent is as follows:

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | AUD<br>S$'000 | EUR<br>S$'000 | GBP<br>S$'000 | JPY<br>S$'000 | USD<br>S$'000 | SGD<br>S$'000 |
| **Group** | | | | | | |
| Cash and cash equivalents | 15,842 | 2,597 | 1,006 | 97 | 424 | 22 |
| Trade and other payables | (1,199) | (576) | 2 | – | – | – |
| Loans and borrowings | (493,237) | (55,273) | (134,477) | (45,885) | (165,364) | – |
| Net statement of financial position exposure | (478,594) | (53,252) | (133,469) | (45,788) | (164,940) | 22 |
| Less: Cross currency swaps and cross currency interest rate swaps | 383,400 | – | – | 45,885 | 165,364 | – |
| Less: Borrowings designated as net investment hedge | 109,837 | 55,273 | 134,477 | – | – | – |
| **Net currency exposure** | 14,643 | 2,021 | 1,008 | 97 | 424 | 22 |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | AUD<br>S$'000 | EUR<br>S$'000 | GBP<br>S$'000 | JPY<br>S$'000 | USD<br>S$'000 |
| **Group** | | | | | |
| Cash and cash equivalents | 18,999 | 8,899 | 1,686 | 107 | – |
| Trade and other payables | (234) | (593) | (33) | – | – |
| Loans and borrowings | (574,550) | – | (72,167) | (49,885) | (87,597) |
| Net statement of financial position exposure | (555,785) | 8,306 | (70,514) | (49,778) | (87,597) |
| Less: Cross currency swaps and cross currency interest rate swaps | 400,896 | – | – | 49,885 | 87,597 |
| Less: Borrowings designated as net investment hedge | 173,653 | – | 72,167 | – | – |
| **Net currency exposure** | 18,764 | 8,306 | 1,653 | 107 | – |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 28. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) *Market risk (cont'd)*

#### (i) *Foreign currency risk (cont'd)*

| | 2023 | | | | |
|---|---|---|---|---|---|
| | AUD S$'000 | EUR S$'000 | GBP S$'000 | JPY S$'000 | USD S$'000 |
| **Trust** | | | | | |
| Cash and cash equivalents | 15,135 | 2,597 | 436 | 97 | 424 |
| Trade and other receivables | 4,230 | 216 | 139,528 | – | – |
| Trade and other payables | (25,368) | – | (148,677) | – | – |
| Loans and borrowings | (493,237) | (55,273) | (134,477) | (45,885) | (165,364) |
| Net statement of financial position exposure | (499,240) | (52,460) | (143,190) | (45,788) | (164,940) |
| Less: Cross currency swaps and cross currency interest rate swaps | 383,400 | – | – | 45,885 | 165,364 |
| Less: Borrowings designated for net investment hedge | 109,837 | 55,273 | 134,477 | – | – |
| **Net currency exposure** | (6,003) | 2,813 | (8,713) | 97 | 424 |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | AUD S$'000 | EUR S$'000 | GBP S$'000 | JPY S$'000 | USD S$'000 |
| **Trust** | | | | | |
| Cash and cash equivalents | 18,405 | 8,899 | 1,280 | 107 | – |
| Trade and other receivables | 4,201 | – | 30,246 | – | – |
| Trade and other payables | (221) | – | (16,334) | – | – |
| Loans and borrowings | (574,550) | – | (72,167) | (49,885) | (87,597) |
| Net statement of financial position exposure | (552,165) | 8,899 | (56,975) | (49,778) | (87,597) |
| Less: Cross currency swaps and cross currency interest rate swaps | 400,896 | – | – | 49,885 | 87,597 |
| Less: Borrowings designated for net investment hedge | 173,654 | – | 72,167 | – | – |
| **Net currency exposure** | 22,385 | 8,899 | 15,192 | 107 | – |

As at 30 September 2023, the Group and the Trust had outstanding foreign currency forward contracts with nominal amount of approximately S$21.8 million and S$21.8 million (2022: S$18.4 million and S$18.4 million) respectively to hedge future payments of distribution.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 28. FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) *Market risk (cont'd)*

#### (i) *Foreign currency risk (cont'd)*

*Sensitivity analysis*

It is estimated that a one percentage point strengthening in the Singapore dollar against the foreign currencies would decrease the Group's total return by approximately S$400,000 (2022: S$473,000). It is also estimated that a one percentage point strengthening in the Singapore dollar against the foreign currencies would decrease the Trust's total return by S$104,000 (2022: S$650,000). A one percentage point weakening in the Singapore dollar against the foreign currencies would have an equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

#### (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>

In 2022, the Group's IBOR exposures to non-derivative financial liabilities included floating-rate liabilities indexed to SOR and USD LIBOR (Note 18) and held interest rate swaps and cross currency interest rate swaps for risk management purposes which were designated in cash flow and net investment hedging relationships. The interest rate swaps and cross currency interest rate swaps had floating legs that were indexed to SOR and USD LIBOR. The Group had transitioned its non-derivative financial liabilities and derivatives indexed to SOR and USD LIBOR to reference SORA and SOFR respectively.

*Hedge accounting*

In 2022, the Group replaced all its SOR and USD LIBOR interest rate derivatives used in cash flow and net investment hedging relationships with economically equivalent interest rate derivatives referencing SORA and SOFR. Therefore, there was no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. As a result, the Group no longer applied the amendments to FRS 109 issued in December 2019 (Phase 1) to those hedging relationships.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 28. FINANCIAL RISK MANAGEMENT (CONT'D)

### *(a) Market risk (cont'd)*

#### *(ii) Interest rate risk (cont'd)*

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 | |
|---|---|---|---|---|
| | 2023 S$'000 | 2022 S$'000 | 2023 S$'000 | 2022 S$'000 |
| **Fixed rate instruments** | | | | |
| Financial assets | 519 | 64,652 | 850,506 | 953,429 |
| Financial liabilities | (411,440) | (442,300) | (150,000) | (150,000) |
| Effect of interest rate swaps | (553,202) | (589,455) | (330,921) | (261,611) |
| Effect of cross currency interest rate swaps | (731,568) | (773,381) | (731,568) | (754,131) |
| | (1,695,691) | (1,740,484) | (361,983) | (212,313) |
| **Variable rate instruments** | | | | |
| Financial assets | 152,218 | 156,076 | 41,791 | 33,578 |
| Financial liabilities | (1,749,616) | (1,663,041) | (1,481,335) | (1,304,198) |
| Effect of interest rate swaps | 553,202 | 589,455 | 330,921 | 261,611 |
| Effect of cross currency interest rate swaps | 731,568 | 773,381 | 731,568 | 754,131 |
| | (312,628) | (144,129) | (377,055) | (254,878) |

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 financial year ended 30 September 2023

## 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** | | | | |
| **2023** | | | | |
| Variable rate instruments not hedged | (3,126) | 3,126 | – | – |
| Interest rate swaps | – | – | 10,512 | (10,788) |
| Cross currency interest rate swaps | – | – | 4,284 | (4,378) |
| Cash flow sensitivity (net) | (3,126) | 3,126 | 14,796 | (15,166) |
| **2022** | | | | |
| Variable rate instruments not hedged | (1,441) | 1,441 | – | – |
| Interest rate swaps | – | – | 8,977 | (7,669) |
| Cross currency interest rate swaps | – | – | 5,633 | (5,923) |
| Cash flow sensitivity (net) | (1,441) | 1,441 | 14,610 | (13,592) |
| **Trust** | | | | |
| **2023** | | | | |
| Variable rate instruments not hedged | (3,771) | 3,771 | – | – |
| Interest rate swaps | – | – | 7,031 | (7,237) |
| Cross currency interest rate swaps | – | – | 4,284 | (4,378) |
| Cash flow sensitivity (net) | (3,771) | 3,771 | 11,315 | (11,615) |
| **2022** | | | | |
| Variable rate instruments not hedged | (2,549) | 2,549 | – | – |
| Interest rate swaps | – | – | 3,518 | (2,052) |
| Cross currency interest rate swaps | – | – | 5,633 | (5,923) |
| Cash flow sensitivity (net) | (2,549) | 2,549 | 9,151 | (7,975) |

## 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 | Amount reclassified from hedging reserve to statement of total return S$'000 | Line item in statement of total return affected by the reclassification | Weighted average hedge rate % | Maturity date |
| **2023** | | | | | | | | | |
| **Cash flow hedges** | | | | | | | | | |
| **Group** | | | | | | | | | |
| Interest rate risk | | | | | | | | | |
| – Interest rate swaps to hedge floating rate loans and borrowings | 553,202 | 24,447 | Derivative financial instruments | (27,924) | 27,924 | – | – | 1.31 | 2024 – 2027 |
| Foreign exchange risk | | | | | | | | | |
| – Cross currency swaps to hedge foreign currency loans and borrowings | 148,264 | (3,291) | Derivative financial instruments | (2,282) | 2,282 | (22,563) | Exchange gains (net) | – | 2024 – 2026 |
| Interest rate risk and foreign exchange risk | | | | | | | | | |
| – Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings | 753,695 | 6,547 | Derivative financial instruments | (38,806) | 38,806 | (2,198) | Exchange gains (net) | – | 2024 – 2026 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 | Amount reclassified from hedging reserve to statement of total return S$'000 | Line item in statement of total return affected by the reclassification | Weighted average hedge rate % | Maturity date |
| **2023** | | | | | | | | | |
| **Cash flow hedges** | | | | | | | | | |
| **Trust** | | | | | | | | | |
| Interest rate risk | | | | | | | | | |
| - Interest rate swaps to hedge floating rate loans and borrowings | 330,921 | 14,025 | Derivative financial instruments | (22,387) | 22,387 | - | - | 1.03 | 2024 - 2027 |
| Foreign exchange risk | | | | | | | | | |
| - Cross currency swaps to hedge foreign currency loans and borrowings | 148,264 | (3,291) | Derivative financial instruments | (2,282) | 2,282 | (22,563) | Exchange gains (net) | - | 2024 - 2026 |
| Interest rate risk and foreign exchange risk | | | | | | | | | |
| - Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings | 753,695 | 6,547 | Derivative financial instruments | (38,806) | 38,806 | (2,198) | Exchange gains (net) | - | 2024 - 2026 |

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 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 | Amount reclassified from hedging reserve to statement of total return S$'000 | Line item in statement of total return affected by the reclassification | Weighted average hedge rate % | Maturity date |
| **2022** | | | | | | | | | |
| **Cash flow hedges** | | | | | | | | | |
| **Group** | | | | | | | | | |
| Interest rate risk | | | | | | | | | |
| – Interest rate swaps to hedge floating rate loans and borrowings | 589,455 | 35,172 | Derivative financial instruments | 72,497 | (72,497) | – | – | 0.78 | 2023 – 2026 |
| Foreign exchange risk | | | | | | | | | |
| – Cross currency swaps to hedge foreign currency loans and borrowings | 66,937 | (1,009) | Derivative financial instruments | (6,240) | 6,240 | (27,022) | Exchange gains (net) | – | 2024 – 2026 |
| Interest rate risk and foreign exchange risk | | | | | | | | | |
| – Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings | 753,695 | 45,353 | Derivative financial instruments | 10,952 | (10,952) | (5,671) | Exchange gains (net) | – | 2024 – 2026 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 | Amount reclassified from hedging reserve to statement of total return S$'000 | Line item in statement of total return affected by the reclassification | Weighted average hedge rate % | Maturity date |
| **2022** | | | | | | | | | |
| **Cash flow hedges** | | | | | | | | | |
| **Trust** | | | | | | | | | |
| Interest rate risk | | | | | | | | | |
| - Interest rate swaps to hedge floating rate loans and borrowings | 261,611 | 19,227 | Derivative financial instruments | 55,196 | (55,196) | - | - | 0.93 | 2023 - 2026 |
| Foreign exchange risk | | | | | | | | | |
| - Cross currency swaps to hedge foreign currency loans and borrowings | 66,937 | (1,009) | Derivative financial instruments | (6,240) | 6,240 | (27,022) | Exchange gains (net) | - | 2024 - 2026 |
| Interest rate risk and foreign exchange risk | | | | | | | | | |
| - Cross currency interest rate swaps to hedge foreign currency floating rate loans and borrowings | 753,695 | 45,353 | Derivative financial instruments | 10,802 | (10,802) | (5,671) | Exchange gains (net) | - | 2024 - 2026 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 | | Trust | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Hedging reserve | | Hedging reserve | |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **Balance as at 1 October** | 87,726 | 15,229 | 60,930 | 5,734 |
| **Cash flow hedges** | | | | |
| Change in fair value | | | | |
| Interest rate risk | (27,924) | 72,497 | (22,387) | 55,196 |
| **Balance as at 30 September** | 59,802 | 87,726 | 38,543 | 60,930 |

#### (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 (2022: 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 (2022: Australian dollar, Euro and British Pound) 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 (2022: 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 fixed/floating rate Singapore dollar obligations for fixed/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 as net investment hedges amounting to S$1,278.9 million (2022: S$1,134.1 million), which mitigate the currency risk arising from the subsidiaries' net assets. As at 30 September 2023, a cumulative net foreign exchange gain of S$56,338,000 (2022: net foreign exchange gain of S$82,643,000) 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 financial year ended 30 September 2023

## 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 2023 and 30 September 2022, 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 net trade receivables at the reporting date by operating segment was as follows:

| | Group | |
|---|---|---|
| | 2023<br>S$'000 | 2022<br>S$'000 |
| Logistics and industrial | | |
| – Australia | 401 | 247 |
| – Europe | 231 | 980 |
| – United Kingdom | 909 | – |
| Commercial | | |
| – Australia | 564 | 1,232 |
| – Singapore | 438 | 64 |
| – United Kingdom | 4,748 | 5,453 |
| | 7,291 | 7,976 |

*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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 | | | |
|---|---|---|---|---|
| | 2023 Gross carrying amount S$'000 | 2023 Impairment loss allowance S$'000 | 2022 Gross carrying amount S$'000 | 2022 Impairment loss allowance S$'000 |
| Current (not past due) | 2,552 | – | 741 | – |
| 1 – 30 days past due | 3,898 | (17) | 6,870 | – |
| 31 – 60 days past due | 416 | (198) | 304 | – |
| 61 – 90 days past due | 17 | (13) | 28 | – |
| More than 90 days past due | 1,270 | (634) | 585 | (552) |
| | 8,153 | (862) | 8,528 | (552) |

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant difficulties 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:

| | 2023 S$'000 | 2022 S$'000 |
|---|---|---|
| **Group** | | |
| At 1 October | 552 | 884 |
| Provision for/(Reversal of) impairment loss | 333 | (107) |
| Amount written off | (25) | (151) |
| Translation differences | 2 | (74) |
| At 30 September | 862 | 552 |

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 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.

As at 30 September 2023, the Group has S$522.0 million of bank loans which are due within one year (Note 18). The Manager has assessed the availability of credit facilities to the Group, including unutilised committed lines of credit, ability to refinance existing facilities and funds derived from operations to the Group as of 30 September 2023 and is confident that the Group will be able to meet ongoing obligations as and when they fall due.

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, undiscounted, include contractual interest payments and exclude the impact of netting agreements.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 28. FINANCIAL RISK MANAGEMENT (CONT'D)

### *(d) Liquidity risk (cont'd)*

| | Carrying amount S$'000 | Contractual cash flows S$'000 | Cash flows<br>Within one year S$'000 | Between one and five years S$'000 | More than five years S$'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2023** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables * | 54,354 | (54,354) | (45,139) | (7,038) | (2,177) |
| Loans and borrowings | 2,156,289 | (2,621,912) | (616,677) | (1,620,628) | (384,607) |
| | 2,210,643 | (2,676,266) | (661,816) | (1,627,666) | (386,784) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps used for hedging (net-settled) | (24,447) | 25,547 | 14,226 | 11,321 | – |
| Foreign currency forward contracts (gross-settled) | (320) | | | | |
| – outflow | | (21,784) | (21,784) | – | – |
| – inflow | | 22,104 | 22,104 | – | – |
| Cross currency swaps used for hedging (gross-settled) | (3,832) | | | | |
| – outflow | | (123,474) | (123,474) | – | – |
| – inflow | | 129,762 | 129,762 | – | – |
| Cross currency interest rate swaps used for hedging (gross-settled) | (58,909) | | | | |
| – outflow | | (1,520,644) | (810,275) | (710,369) | – |
| – inflow | | 1,580,071 | 833,031 | 747,040 | – |
| | (87,508) | 91,582 | 43,590 | 47,992 | – |
| | 2,123,135 | (2,584,684) | (618,226) | (1,579,674) | (386,784) |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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** | | | | | |
| **2022** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables * | 67,463 | (67,463) | (58,152) | (7,421) | (1,890) |
| Loans and borrowings | 2,100,004 | (2,612,143) | (241,227) | (1,815,866) | (555,050) |
| | 2,167,467 | (2,679,606) | (299,379) | (1,823,287) | (556,940) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps used for hedging (net-settled) | (35,172) | 37,492 | 12,448 | 25,044 | – |
| Foreign currency forward contracts (gross-settled) | (793) | | | | |
| – outflow | | (18,434) | (18,434) | – | – |
| – inflow | | 19,256 | 19,256 | – | – |
| Cross currency swaps used for hedging (gross-settled) | (14,767) | | | | |
| – outflow | | (207,795) | (22,829) | (184,966) | – |
| – inflow | | 227,736 | 27,977 | 199,759 | – |
| Cross currency interest rate swaps used for hedging (gross-settled) | (117,928) | | | | |
| – outflow | | (650,541) | (5,110) | (645,431) | – |
| – inflow | | 790,277 | 33,789 | 756,488 | – |
| | (168,660) | 197,991 | 47,097 | 150,894 | – |
| | 1,998,807 | (2,481,615) | (252,282) | (1,672,393) | (556,940) |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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** | | | | |
| **2023** | | | | |
| **Non-derivative financial liabilities** | | | | |
| Trade and other payables * | 226,719 | (226,719) | (226,719) | – |
| Loans and borrowings | 1,627,348 | (1,788,076) | (587,955) | (1,200,121) |
| | 1,854,067 | (2,014,795) | (814,674) | (1,200,121) |
| **Derivative financial instruments** | | | | |
| Interest rate swaps used for hedging (net-settled) | (14,025) | 14,710 | 8,353 | 6,357 |
| Foreign currency forward contracts (gross-settled) | (320) | | | |
| – outflow | | (21,784) | (21,784) | – |
| – inflow | | 22,104 | 22,104 | – |
| Cross currency swaps used for hedging (gross-settled) | (3,832) | | | |
| – outflow | | (123,474) | (123,474) | – |
| – inflow | | 129,762 | 129,762 | – |
| Cross currency interest rate swaps used for hedging (gross-settled) | (58,909) | | | |
| – outflow | | (1,520,644) | (810,275) | (710,369) |
| – inflow | | 1,580,071 | 833,031 | 747,040 |
| | (77,086) | 80,745 | 37,717 | 43,028 |
| | 1,776,981 | (1,934,050) | (776,957) | (1,157,093) |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 28. FINANCIAL RISK MANAGEMENT (CONT'D)

### (d) *Liquidity risk (cont'd)*

| | | | Cash flows | | |
|---|---|---|---|---|---|
| | Carrying amount S$'000 | Contractual cash flows S$'000 | Within one year S$'000 | Between one and five years S$'000 | More than five years S$'000 |
| **Trust** | | | | | |
| **2022** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables * | 128,243 | (128,243) | (128,243) | – | – |
| Loans and borrowings | 1,449,867 | (1,627,715) | (85,187) | (1,389,249) | (153,279) |
| | 1,578,110 | (1,755,958) | (213,430) | (1,389,249) | (153,279) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps used for hedging (net-settled) | (19,227) | 20,675 | 6,588 | 14,087 | – |
| Foreign currency forward contracts (gross-settled) | (793) | | | | |
| – outflow | | (18,434) | (18,434) | – | – |
| – inflow | | 19,256 | 19,256 | – | – |
| Cross currency swaps used for hedging (gross-settled) | (12,212) | | | | |
| – outflow | | (190,872) | (5,906) | (184,966) | – |
| – inflow | | 208,234 | 8,475 | 199,759 | – |
| Cross currency interest rate swaps used for hedging (gross-settled) | (117,928) | | | | |
| – outflow | | (650,541) | (5,110) | (645,431) | – |
| – inflow | | 790,277 | 33,789 | 756,488 | – |
| | (150,160) | 178,595 | 38,658 | 139,937 | – |
| | 1,427,950 | (1,577,363) | (174,772) | (1,249,312) | (153,279) |

* Excluding deferred income, rental received in advance and GST/VAT payables

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 changes. 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.

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 2023** | | | | | | | | | | |
| *Financial assets measured at fair value* | | | | | | | | | | |
| Interest rate swaps | 14 | – | – | 24,540 | – | 24,540 | – | 24,540 | – | 24,540 |
| Foreign currency forward contracts | 14 | – | 320 | – | – | 320 | – | 320 | – | 320 |
| Cross currency swaps | 14 | – | | 6,140 | | 6,140 | – | 6,140 | – | 6,140 |
| Cross currency interest rate swaps | 14 | – | – | 62,626 | – | 62,626 | – | 62,626 | – | 62,626 |
| Trade and other receivables – Rental guarantee receivable | 16 | – | 307 | – | – | 307 | – | – | 307 | 307 |
| | | – | 627 | 93,306 | – | 93,933 | | | | |
| *Financial assets not measured at fair value* | | | | | | | | | | |
| Cash and cash equivalents | 15 | 152,737 | – | – | – | 152,737 | | | | |
| Trade and other receivables * | 16 | 16,732 | – | – | – | 16,732 | | | | |
| | | 169,469 | – | – | – | 169,469 | | | | |

* Excluding rental guarantee receivable, prepayments, GST/VAT receivables and tax receivables

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 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 2023** | | | | | | | | | | |
| *Financial liabilities measured at fair value* | | | | | | | | | | |
| Interest rate swaps | 14 | – | – | (93) | – | (93) | – | (93) | – | (93) |
| Cross currency swaps | 14 | – | – | (2,308) | – | (2,308) | – | (2,308) | – | (2,308) |
| Cross currency interest rate swaps | 14 | – | – | (3,717) | – | (3,717) | – | (3,717) | – | (3,717) |
| | | – | – | (6,118) | – | (6,118) | | | | |
| *Financial liabilities not measured at fair value* | | | | | | | | | | |
| Trade and other payables** | 17 | – | – | – | (54,354) | (54,354) | | | | |
| Loans and borrowings*** | 18 | – | – | – | (2,033,480) | (2,033,480) | (136,938) | (1,877,976) | – | (2,014,914) |
| | | – | – | – | (2,087,834) | (2,087,834) | | | | |

** Excluding deferred income, rental received in advance and GST/VAT payables
*** Excluding lease liabilities

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 2022** | | | | | | | | | | |
| *Financial assets measured at fair value* | | | | | | | | | | |
| Interest rate swaps | 14 | – | – | 35,172 | – | 35,172 | – | 35,172 | – | 35,172 |
| Foreign currency forward contracts | 14 | – | 793 | – | – | 793 | – | 793 | – | 793 |
| Cross currency swaps | 14 | – | – | 15,218 | – | 15,218 | – | 15,218 | – | 15,218 |
| Cross currency interest rate swaps | 14 | – | – | 117,928 | – | 117,928 | – | 117,928 | – | 117,928 |
| Trade and other receivables – Rental guarantee receivable | 16 | – | 1,407 | – | – | 1,407 | – | – | 1,407 | 1,407 |
| | | – | 2,200 | 168,318 | – | 170,518 | | | | |
| *Financial assets not measured at fair value* | | | | | | | | | | |
| Cash and cash equivalents | 15 | 220,728 | – | – | – | 220,728 | | | | |
| Trade and other receivables * | 16 | 13,353 | – | – | – | 13,353 | | | | |
| | | 234,081 | – | – | – | 234,081 | | | | |

* Excluding rental guarantee receivable, prepayments, GST/VAT receivables and tax receivables

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 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 2022** | | | | | | | | | | |
| *Financial liabilities measured at fair value* | | | | | | | | | | |
| Cross currency swaps | 14 | – | – | (451) | – | (451) | – | (451) | – | (451) |
| *Financial liabilities not measured at fair value* | | | | | | | | | | |
| Trade and other payables** | 17 | – | – | – | (67,463) | (67,463) | | | | |
| Loans and borrowings*** | 18 | – | – | – | (1,972,560) | (1,972,560) | (135,101) | (1,818,854) | – | (1,953,955) |
| | | – | – | – | (2,040,023) | (2,040,023) | | | | |

** Excluding deferred income, rental received in advance and GST/VAT payables
*** Excluding lease liabilities

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 2023** | | | | | | | | | | |
| *Financial assets measured at fair value* | | | | | | | | | | |
| Interest rate swaps | 14 | – | – | 14,118 | – | 14,118 | – | 14,118 | – | 14,118 |
| Foreign currency forward contracts | 14 | – | 320 | – | – | 320 | – | 320 | – | 320 |
| Cross currency swaps | 14 | – | 6,140 | – | – | 6,140 | – | 6140 | – | 6,140 |
| Cross currency interest rate swaps | 14 | – | 54,541 | 8,085 | – | 62,626 | – | 62,626 | – | 62,626 |
| | | – | 61,001 | 22,203 | – | 83,204 | | | | |
| *Financial assets not measured at fair value* | | | | | | | | | | |
| Loans to subsidiaries | 13 | 1,905,989 | – | – | – | 1,905,989 | – | 1,687,248 | – | 1,687,248 |
| Cash and cash equivalents | 15 | 42,310 | – | – | – | 42,310 | | | | |
| Trade and other receivables* | 16 | 185,312 | – | – | – | 185,312 | | | | |
| | | 2,133,611 | – | – | – | 2,133,611 | | | | |

* Excluding prepayments and GST/VAT receivables

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 2023** | | | | | | | | | | |
| *Financial liabilities measured at fair value* | | | | | | | | | | |
| Interest rate swaps | 14 | – | – | (93) | – | (93) | – | (93) | – | (93) |
| Cross currency swaps | 14 | – | (1,483) | (825) | – | (2,308) | – | (2,308) | – | (2,308) |
| Cross currency interest rate swaps | 14 | – | (3,717) | – | – | (3,717) | – | (3,717) | – | (3,717) |
| | | – | (5,200) | (918) | – | (6,118) | | | | |
| *Financial liabilities not measured at fair value* | | | | | | | | | | |
| Trade and other payables | 17 | – | – | – | (226,719) | (226,719) | | | | |
| Loans and borrowings | 18 | – | – | – | (1,627,348) | (1,627,348) | (136,938) | (1,477,348) | – | (1,614,286) |
| | | – | – | – | (1,854,067) | (1,854,067) | | | | |

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 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 2022** | | | | | | | | | | |
| *Financial assets measured at fair value* | | | | | | | | | | |
| Interest rate swaps | 14 | – | – | 19,227 | – | 19,227 | – | 19,227 | – | 19,227 |
| Foreign currency forward contracts | 14 | – | 793 | – | – | 793 | – | 793 | – | 793 |
| Cross currency swaps | 14 | – | 12,025 | 638 | – | 12,663 | – | 12,663 | – | 12,663 |
| Cross currency interest rate swaps | 14 | – | 72,575 | 45,353 | – | 117,928 | – | 117,928 | – | 117,928 |
| | | – | 85,393 | 65,218 | – | 150,611 | | | | |
| *Financial assets not measured at fair value* | | | | | | | | | | |
| Loans to subsidiaries | 13 | 1,811,636 | – | – | – | 1,811,636 | – | 1,621,427 | – | 1,621,427 |
| Cash and cash equivalents | 15 | 98,230 | – | – | – | 98,230 | | | | |
| Trade and other receivables* | 16 | 70,841 | – | – | – | 70,841 | | | | |
| | | 1,980,707 | – | – | – | 1,980,707 | | | | |

* Excluding prepayments and GST/VAT receivables

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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 2022** | | | | | | | | | | |
| *Financial liabilities measured at fair value* | | | | | | | | | | |
| Cross currency swaps | 14 | – | 1,196 | (1,647) | – | (451) | – | (451) | – | (451) |
| *Financial liabilities not measured at fair value* | | | | | | | | | | |
| Trade and other payables | 17 | – | – | – | (128,243) | (128,243) | | | | |
| Loans and borrowings | 18 | – | – | – | (1,449,867) | (1,449,867) | (135,101) | (1,299,867) | – | (1,434,968) |
| | | – | – | – | (1,578,110) | (1,578,110) | | | | |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 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**<br>Interest rate swaps, foreign currency forward contracts, cross currency swaps and cross currency interest rate swaps | *Market comparison technique:*<br>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**<br>Rental guarantee receivable (classified under trade and other receivables) | *Discounted cash flows:*<br>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 and Trust**<br>Loans and borrowings | *Discounted cash flows:*<br>The fair values are based on the present value of future payments, discounted at the market interest rate at the measurement date. |
| **Trust**<br>Loans to subsidiaries | *Discounted cash flows:*<br>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.

## 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.

As at 30 September 2023, the Group's aggregate leverage ratio[(1)] was 30.2% (2022: 27.4%) with an interest coverage ratio[(2)] of 7.1 times (2022: 13.0 times), which were within the guidelines prescribed under the Property Fund Guidelines of the CIS Code issued by MAS.

The Group was in compliance with all externally imposed capital requirements for the financial years ended 30 September 2023 and 30 September 2022 respectively.

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 and non-controlling interests has been excluded for the purpose of computing the Aggregate Leverage Ratio.

(2) 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 and 28 December 2021. Computed as trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months borrowing costs. Borrowing costs exclude interest expense on lease liabilities (effective from 28 December 2021).

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 31. FINANCIAL RATIOS

| | 2023 % | 2022 % |
|---|---|---|
| Expense to weighted average net assets [(1)] | | |
| – with performance fee of Managers | 0.96 | 1.01 |
| – without performance fee of Managers | 0.74 | 0.76 |
| Expense to net asset value [(2)] | 3.40 | 3.05 |
| Portfolio turnover ratio [(3)] | – | 3.20 |

(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 of S$150,540,000 (2022: S$148,997,000), 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. SUBSEQUENT EVENTS

There were the following significant events subsequent to the reporting date:

- On 13 October 2023, FLT INV 28 B.V., wholly-owned subsidiary of the Group entered into a sale and purchase agreement with unrelated parties of the Group to acquire the freehold interest in the land plots situated within the Aviation Valley business park and next to Maastricht Aachen Airport, in the Netherlands. Simultaneously, FLT INV 28 B.V. also entered into a turnkey design and build agreement to develop, design, construct and turnkey delivery of a logistic facility on the acquired land plots. The total contract sum of the transaction is €14.5 million (approximately S$20.9 million).

- On 2 November 2023, the Manager declared a distribution of 3.52 Singapore cents per Unit to Unitholders in respect of the period from 1 April 2023 to 30 September 2023.

## 33. LIST OF SIGNIFICANT SUBSIDIARIES

| Name of subsidiaries | Principal activity | Country of incorporation | Principal place of business | Effective interest held by the Trust 2023 % | Effective interest held by the Trust 2022 % |
|---|---|---|---|---|---|
| *Direct subsidiaries* | | | | | |
| FLT Australia Pte. Ltd. [(1)] | Investment holding | Singapore | Singapore | 100.0 | 100.0 |
| FLCT 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. [(1)] | Investment holding | Singapore | Singapore | 100.0 | 100.0 |
| FLCT Commercial UK Pte. Ltd. [(1)] | Investment holding | Singapore | Singapore | 100.0 | 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 |

# Notes to the Financial Statements
For the financial year ended 30 September 2023

## 33. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

| Name of subsidiaries | Principal activity | Country of incorporation | Principal place of business | Effective interest held by the Trust 2023 % | 2022 % |
|---|---|---|---|---|---|
| *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 |
| Blackburn Road 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 |
| Magnesium Place Trust A | Property investment | Australia | Australia | 100.0 | 100.0 |
| Magnesium Place Trust B | Property investment | Australia | Australia | 100.0 | 100.0 |
| Magnesium Place Trust C | 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 |
| Sky Road East Trust A | Property investment | Australia | Australia | 100.0 | 100.0 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 33. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

| Name of subsidiaries | Principal activity | Country of incorporation | Principal place of business | Effective interest held by the Trust 2023 % | 2022 % |
|---|---|---|---|---|---|
| *Indirect subsidiaries (cont'd)* | | | | | |
| Subsidiaries of FLT Australia Trust (cont'd) | | | | | |
| 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 B.V. (formerly known as AI Gewerbepark Obertshausen GmbH) | Property investment | The Netherlands | The Netherlands | 94.0 | 94.0 |
| AI Gewerbepark Ratingen B.V. (formerly known as AI Gewerbepark Ratingen GmbH) | Property investment | The Netherlands | The Netherlands | 94.0 | 94.0 |
| AI Gewerbepark Tamm B.V. (formerly known as AI Gewerbepark Tamm GmbH) | Property investment | The Netherlands | The Netherlands | 94.0 | 94.0 |
| BV Maschinen GmbH | Investment holding | Luxembourg | Luxembourg | 100.0 | 100.0 |
| CCP IV Garching B.V. (formerly known as CCP IV Garching S.à.r.l.) | Property investment | The Netherlands | The Netherlands | 94.0 | 94.0 |
| FLT Achern B.V. (formerly known as FLT Achern GmbH) | Property investment | The Netherlands | The Netherlands | 94.0 | 94.0 |
| FLT Freiberg B.V. | Property investment | The Netherlands | The Netherlands | 94.8 | 94.8 |
| FLT Gottmadingen B.V. | Property investment | The Netherlands | The Netherlands | 90.1 | 90.1 |
| FLT GUMES Verwaltung Objekt Bielefeld-Sennestadt B.V. (formerly known as FLT GUMES Verwaltung Objekt Bielefeld-Sennestadt GmbH) | Property investment | The Netherlands | The Netherlands | 93.1 | 93.1 |
| 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 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 33. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

| Name of subsidiaries | Principal activity | Country of incorporation | Principal place of business | Effective interest held by the Trust 2023 % | 2022 % |
|---|---|---|---|---|---|
| *Indirect subsidiaries (cont'd)* | | | | | |
| Subsidiaries of FLT Europe B.V. (cont'd) | | | | | |
| 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. | 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 |
| 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 INV 25 B.V. | Property investment | The Netherlands | The Netherlands | 94.9 | 94.9 |
| FLT INV 26 B.V. | Property investment | The Netherlands | The Netherlands | 94.9 | 94.9 |
| FLT INV 27 B.V. | Property investment | The Netherlands | The Netherlands | 100.0 | 100.0 |
| FLT Isenbuttel B.V. | Property investment | The Netherlands | The Netherlands | 94.8 | 94.8 |
| FLT Marl GmbH | Investment holding | Germany | The Netherlands | 94.9 | 94.9 |
| FLT Marl Investment GmbH & Co. KG | Property investment | Germany | The Netherlands | 94.9 | 94.9 |
| FLT Moosthenning 1 B.V. (formerly known as FLT Moosthenning 1 GmbH) | Property investment | The Netherlands | The Netherlands | 94.8 | 94.8 |
| FLT Moosthenning 2 B.V. (formerly known as FLT Moosthenning 2 GmbH) | Property investment | The Netherlands | The Netherlands | 94.8 | 94.8 |
| FLT Moosthenning (SP) B.V. | Property investment | The Netherlands | The Netherlands | 100.0 | 100.0 |
| FLT Nuremberg B.V. | Property investment | The Netherlands | The Netherlands | 94.0 | 94.0 |
| FLT Rheinberg B.V. (formerly known as FLT Rheinberg GmbH) | Property investment | The Netherlands | The Netherlands | 94.9 | 94.9 |
| FLT Vaihingen B.V. | Property investment | The Netherlands | The Netherlands | 94.0 | 94.0 |
| Frankenthal B.V. (formerly known as Frankenthal S.A.) | Property investment | The Netherlands | The Netherlands | 94.0 | 94.0 |
| Gewerbepark Bergheim B.V. (formerly known as Gewerbepark Bergheim GmbH) | Property investment | The Netherlands | The Netherlands | 94.0 | 94.0 |

# Notes to the Financial Statements

For the financial year ended 30 September 2023

## 33. LIST OF SIGNIFICANT SUBSIDIARIES (CONT'D)

| Name of subsidiaries | Principal activity | Country of incorporation | Principal place of business | Effective interest held by the Trust 2023 % | 2022 % |
|---|---|---|---|---|---|
| *Indirect subsidiaries (cont'd)* | | | | | |
| 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. 4 Pte. Ltd. [(1)] | Investment holding | Singapore | Singapore | 100.0 | 100.0 |
| 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. | | | | | |
| Connexion Property Co Limited | Investment holding | Jersey | Jersey | 100.0 | 100.0 |
| Connexion Trust | Property investment | Jersey | Jersey | 100.0 | 100.0 |
| FLCT UK 1 Pte Ltd [(1)] | Investment holding | Singapore | Singapore | 100.0 | 100.0 |
| FLCT Ellesmere Port Property Co Limited | Investment holding | Jersey | Jersey | 100.0 | 100.0 |
| FLCT Ellesmere Trust | Property investment | Jersey | Jersey | 100.0 | 100.0 |
| FLCT UK 3 Pte Ltd [(1)] | Investment holding | Singapore | Singapore | 100.0 | 100.0 |
| FLCT UK 4 Pte Ltd [(1)] | Investment holding | Singapore | Singapore | 100.0 | 100.0 |
| Worcester Property Co Limited | Property investment | Jersey | Jersey | 100.0 | 100.0 |
| BVP Property Co Limited | Investment holding | Jersey | Jersey | 100.0 | 100.0 |
| BVP Trust | Property investment | Jersey | Jersey | 100.0 | 100.0 |
| FLCT UK 2 Pte Ltd [(1)] | Investment holding | Singapore | Singapore | 100.0 | 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 24 November 2023

## ISSUED AND FULLY-PAID-UP UNITS

As at 24 November 2023

3,744,536,585 Units (voting rights; one vote per Unit)
Market Capitalisation S$4,118,990,244 (based on closing price of S$1.10 per Unit on 24 November 2023)

## DISTRIBUTION OF UNITHOLDINGS

| Size of Unitholdings | No. of Unitholders | % | No. of units | % |
|---|---|---|---|---|
| 1 - 99 | 682 | 2.57 | 31,168 | 0.00 |
| 100 - 1,000 | 2,589 | 9.74 | 1,821,441 | 0.05 |
| 1,001 - 10,000 | 13,709 | 51.58 | 68,819,667 | 1.84 |
| 10,001 - 1,000,000 | 9,550 | 35.93 | 404,519,420 | 10.80 |
| 1,000,001 AND ABOVE | 48 | 0.18 | 3,269,344,889 | 87.31 |
| **TOTAL** | 26,578 | 100.00 | 3,744,536,585 | 100.00 |

## TWENTY LARGEST UNITHOLDERS

As at 24 November 2023
As shown in the Register of Unitholders

| No. | Name | No. of Units | % |
|---|---|---|---|
| 1 | FRASERS PROPERTY INDUSTRIAL TRUST HOLDINGS PTE LTD | 827,412,719 | 22.10 |
| 2 | CITIBANK NOMINEES SINGAPORE PTE LTD | 783,035,614 | 20.91 |
| 3 | DBS NOMINEES (PRIVATE) LIMITED | 415,590,987 | 11.10 |
| 4 | HSBC (SINGAPORE) NOMINEES PTE LTD | 344,606,496 | 9.20 |
| 5 | DBSN SERVICES PTE. LTD. | 241,944,574 | 6.46 |
| 6 | RAFFLES NOMINEES (PTE.) LIMITED | 239,913,621 | 6.41 |
| 7 | DB NOMINEES (SINGAPORE) PTE LTD | 131,947,876 | 3.52 |
| 8 | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 66,575,704 | 1.78 |
| 9 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 27,076,804 | 0.72 |
| 10 | FRASERS LOGISTICS & COMMERCIAL ASSET MANAGEMENT PTE LTD | 19,731,743 | 0.53 |
| 11 | PHILLIP SECURITIES PTE LTD | 17,133,570 | 0.46 |
| 12 | MAYBANK SECURITIES PTE. LTD. | 14,790,924 | 0.40 |
| 13 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 12,866,312 | 0.34 |
| 14 | IFAST FINANCIAL PTE. LTD. | 10,962,224 | 0.29 |
| 15 | ABN AMRO CLEARING BANK N.V. | 10,859,504 | 0.29 |
| 16 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 10,781,234 | 0.29 |
| 17 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 10,467,845 | 0.28 |
| 18 | UOB KAY HIAN PRIVATE LIMITED | 10,245,758 | 0.27 |
| 19 | OCBC SECURITIES PRIVATE LIMITED | 9,916,139 | 0.26 |
| 20 | SOCIETE GENERALE SINGAPORE BRANCH | 5,039,699 | 0.13 |
| | **TOTAL** | 3,210,899,347 | 85.74 |

# Unitholders' Statistics
As at 24 November 2023

## SUBSTANTIAL UNITHOLDERS
As at 24 November 2023

| | Direct Interest | | Deemed Interest | | | |
|---|---|---|---|---|---|---|
| | No. of Units held | % | No. of Units held | % | Total No. of Units held | % |
| Frasers Property Industrial Trust Holdings Pte Ltd | 827,412,719 | 22.10 | – | – | 827,412,719 | 22.10 |
| Frasers Property Limited[1] | – | – | 847,144,462 | 22.62 | 847,144,462 | 22.62 |
| Thai Beverage Public Company Limited[2] | – | – | 847,144,462 | 22.62 | 847,144,462 | 22.62 |
| International Beverage Holdings Limited[3] | – | – | 847,144,462 | 22.62 | 847,144,462 | 22.62 |
| InterBev Investment Limited[4] | – | – | 847,144,462 | 22.62 | 847,144,462 | 22.62 |
| Siriwana Co., Ltd[5] | – | – | 847,144,462 | 22.62 | 847,144,462 | 22.62 |
| Shiny Treasure Holdings Limited[6] | – | – | 847,144,462 | 22.62 | 847,144,462 | 22.62 |
| TCC Assets Limited[7] | – | – | 847,144,462 | 22.62 | 847,144,462 | 22.62 |
| Charoen Sirivadhanabhakdi[8] | – | – | 847,144,462 | 22.62 | 847,144,462 | 22.62 |
| The estate of the late Khunying Wanna Sirivadhanabhakdi[9] | – | – | 847,144,462 | 22.62 | 847,144,462 | 22.62 |

**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 2001 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 directly, and indirectly through its wholly-owned subsidiary, Siriwanan Co., Ltd, a majority 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) Shiny Treasure Holdings Limited ("**STHL**") holds a greater than 20% interest in SCL;
- SCL holds, directly and indirectly, a majority 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.

STHL 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 24 November 2023

(7) 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.

TCCA 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) Charoen Sirivadhanabhakdi and the estate of the late 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.

(9) The estate of the late Khunying Wanna Sirivadhanabhakdi and 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.

The estate of the late 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 2023

| 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 Kyle Lee Khai Fatt | – | – |
| Mr Phang Sin Min | – | – |
| Ms Soh Onn Cheng Margaret Jane | – | 18,495 |
| Mr Panote Sirivadhanabhakdi | – | 118,559,700 |
| Mr Chia Khong Shoong | – | 220,000 |
| Mr Reinfried Helmut Otter | – | – |

## FREE FLOAT

Based on information available to the Manager as at 24 November 2023, approximately 74% 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.

# 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 $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY2023 S$'000 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) FY2023 S$'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 | | (22,930) | – |
| – Manager's performance management fees paid/payable | | (8,756) | – |
| – Manager's acquisition fees paid/payable | | (459) | – |
| – Manager's divestment fees paid/payable | | (38) | – |
| – Reimbursement of expenses | | (80) | – |
| **FLT Australia Management Pty Ltd ("HAUT Manager")** | | | |
| – Manager's base management fees paid/payable | | (5,160) | – |
| – Manager's performance management fees paid/payable | | (1,703) | – |
| – Manager's divestment fees paid/payable | | (149) | – |
| **Frasers Property Management Services Pty Limited** | | | |
| – Property management fees paid/payable | | (647) | – |
| – Rental and other property income | | 44 | – |
| **Frasers Property Australia Pty Limited and its subsidiaries ("FPA Group")** | | | |
| – Incentives reimbursement | | 1,673 | – |
| – Reimbursement of expenses | | (887) | – |
| **Frasers Property Funds Management Limited (in its capacity as trustee of FLT Australia Trust)** | | | |
| – Trustee fees payable | | (63) | – |
| **FPI Property Management Services Pty Limited** | | | |
| – Property management fees paid/payable | | (2,148) | – |
| – Facility management fees paid/payable | | (839) | – |
| – Marketing services commissions paid/payable | | (1,505) | – |
| **FPI Queensland Pty Limited** | | | |
| – Proposed assignment of leases | | 1,118 | – |
| – Proposed novation of make good obligations | | 251 | – |
| **Perpetual (Asia) Limited** | FLCT Trustee | | |
| – Trustee fees paid/payable | | (582) | – |
| – Disbursements / out of pocket expenses paid | | (4) | – |

# 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 $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY2023 S$'000 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) FY2023 S$'000 |
|---|---|---|---|
| **FPE Advisory B.V.** | Associates of controlling shareholder of REIT Manager and controlling unitholder of FLCT | | |
| – Property management fees paid/payable | | (1,869) | – |
| – Leasing fees | | (371) | – |
| **Frasers Property Investments (Holland) B.V.** | | | |
| – Incentives reimbursement | | 908 | – |
| **British and Malayan Trustees Limited** | FCOT Trustee | | |
| – Trustee fees paid/payable | | (225) | – |
| **Frasers Management (UK) Limited** | Associates of controlling shareholder of REIT Manager and controlling unitholder of FLCT | | |
| – Lease commission and development management fee | | (519) | – |
| – Estimated project management fees | | (166) | – |
| **Frasers Property Commercial Management Pte Ltd** | | | |
| – Property management fees paid/payable and payroll-related expenses | | (3,839) | – |
| – Marketing services commissions paid/payable | | (149) | – |
| – Proposed extension of property management agreement at Alexandra Technopark ("ATP") | | (13,700) | – |
| – Other expenses | | (96) | – |
| **Frasers Property Corporate Services Pte Ltd** | | | |
| – Rental and other property income | | 431 | – |
| – Other expenses | | (49) | – |
| – Proposed renewal of lease for premises at ATP, Block A, #08-05 | | 764 | – |

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.

# Notice of Annual General Meeting

FRASERS
LOGISTICS & COMMERCIAL
TRUST

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

**NOTICE IS HEREBY GIVEN** that the 7th Annual General Meeting ("**AGM**") of the unitholders of FRASERS LOGISTICS & COMMERCIAL TRUST ("**FLCT**", and the unitholders of FLCT, "**Unitholders**") will be held at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 23 January 2024 at 2.00 p.m. for the following purposes:

## (A) ROUTINE BUSINESS

### Ordinary Resolution 1

1. To receive and adopt the Report of the Trustee of FLCT issued by Perpetual (Asia) Limited, in its capacity as trustee of FLCT (the "**Trustee**"), the Statement by the Manager issued by Frasers Logistics & Commercial Asset Management Pte. Ltd., as manager of FLCT (the "**Manager**"), the Audited Financial Statements of FLCT for the financial year ended 30 September 2023 and the Auditors' Report thereon.

### Ordinary Resolution 2

2. To re-appoint KPMG LLP ("**KPMG**") as Auditors of FLCT to hold office until the conclusion of the next annual general meeting of FLCT, and to authorise the Manager to fix their remuneration.

## (B) SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, Ordinary Resolution 3 which is proposed as an Ordinary Resolution:

### Ordinary Resolution 3

3. That authority be and is hereby given to the Manager, to:

(a) (i) issue units in FLCT ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

# Notice of Annual General Meeting

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

 (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

 (b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting FLCT (as amended, restated and supplemented) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next annual general meeting of FLCT or (ii) the date by which the next annual general meeting of FLCT is required by the applicable law or regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager, any director of the Manager ("**Director**") and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director, or, as the case may be, the Trustee may consider expedient or necessary or in the interest of FLCT to give effect to the authority conferred by this Resolution.

**Frasers Logistics & Commercial Asset Management Pte. Ltd.**
(Company Registration No: 201528178Z)
as manager of Frasers Logistics & Commercial Trust

**Catherine Yeo**
**Company Secretary**

Singapore
22 December 2023

# Notice of Annual General Meeting

## NOTES:

*Format of Meeting*

(1) The Annual General Meeting will be held, in a wholly physical format, at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 23 January 2024 at 2.00 p.m.. Unitholders, including CPF and SRS investors, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the Annual General Meeting by attending the Annual General Meeting in person. **There will be no option for Unitholders to participate virtually.**

(2) Printed copies of this Notice, , the accompanying Proxy Form and the Notification & Request Form will be sent by post to Unitholders. These documents will also be published on FLCT's website at the URL www.frasersproperty.com/reits/flct and on the SGX website at the URL www.sgx.com/securities/company-announcements. Additional printed copies of the Proxy Form, if required, can be requested from Boardroom Corporate & Advisory Services Pte. Ltd. by calling +65 6536 5355 or via email at flctagm2024@boardroomlimited.com. Requests for additional printed copies of the Proxy Form should be made by 5.00 p.m. on Friday, 12 January 2024.

*Appointment of Proxy(ies)*

(3) A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in the Unitholder's stead. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies in the proxy form the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.

(4) A Unitholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies in the proxy form the number of Units in relation to which each proxy has been appointed.

"**Relevant Intermediary**" means:

(a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds Units in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

A Unitholder who wishes to appoint a proxy(ies) must complete the Proxy Form before submitting it in the manner set out below.

(5) A proxy need not be a Unitholder. A Unitholder may choose to appoint the Chairman of the Annual General Meeting as his/her/its proxy.

# Notice of Annual General Meeting

(6) The Proxy Form must be submitted to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

(a) if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

(b) if submitted electronically, be submitted via email to the Unit Registrar at flctagm2024@boardroomlimited.com

in either case, by 2.00 p.m. on Saturday, 20 January 2024, being 72 hours before the time fixed for the Annual General Meeting.

A Unitholder who wishes to submit a Proxy Form by post or via email can either use the printed copy of the Proxy Form which is sent to him/her/it by post or download a copy of the Proxy Form from FLCT's website or the SGX-ST website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

(7) CPF and SRS investors:

(a) may vote at the Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the Annual General Meeting as proxy to vote on their behalf at the Annual General Meeting, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Thursday, 11 January 2024, being seven business days before the date of the Annual General Meeting.

*Submission of Questions*

(8) Unitholders, including CPF and SRS investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the Annual General Meeting in advance of the Annual General Meeting. In order for Unitholders to submit questions in advance of the Annual General Meeting, the questions must be submitted in the following manner by 2.00 p.m on Thursday, 11 January 2024:

(a) deposited at the registered office of the Manager at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958; or

(b) via email to the Manager, at ir_flct@frasersproperty.com.

When submitting questions by post or via email, Unitholders should also provide the following information for authentication: (a) the Unitholder's full name; (b) the Unitholder's address; and (c) the manner in which the Unitholder holds the Units (e.g., via CDP, CPF or SRS).

(9) The Manager will address all substantial and relevant questions received from Unitholders by the 2.00 p.m. on Thursday, 11 January 2024 deadline by publishing its responses to such questions on the FLCT website at the URL www.frasersproperty.com/reits/flct and the SGX website at the URL www.sgx.com/securities/company-announcements at least 48 hours prior to the closing date and time for the submission of the Proxy Form. The Managers will respond to questions or follow-up questions submitted after the 2.00p.m. on Thursday, 11 January 2024 deadline either within a reasonable timeframe before the Annual General Meeting, or at the Annual General Meeting itself. Where substantially similar questions are received, the Manager will consolidate such questions and consequently not all questions may be individually addressed.

(10) Unitholders, including CPF and SRS investors, and (where applicable) duly appointed proxies and representatives can also ask the Chairman of the Annual General Meeting substantial and relevant questions related to the resolutions to be tabled for approval at the Annual General Meeting, at the Annual General Meeting itself.

# Notice of Annual General Meeting

*Access to Documents*

(11) The Annual Report for the financial year ended 30 September 2023 may be accessed at FLCT's website at the URL www.frasersproperty.com/reits/flct and at the SGX website at the URL www.sgx.com/securities/company-announcements. Printed copies of the Notification & Request Form will be sent to Unitholders by post for Unitholders to request for a printed copy of the Annual Report. Requests for a printed copy of the Annual Report should be made by submitting the request form to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

(a) if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

(b) if submitted electronically, be submitted via email to the Unit Registrar at flctagm2024@boardroomlimited.com.

in either case, by no later than 5.00 p.m. on Friday, 12 January 2024.

(12) Unitholders should check FLCT's website at www.frasersproperty.com/reits/flct for the latest updates on the status of the Annual General Meeting.

## EXPLANATORY NOTE:

*Ordinary Resolution 3*

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the earliest of (i) the conclusion of the next annual general meeting of FLCT or (ii) the date by which the next annual general meeting of FLCT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of 20% for issues other than on a *pro rata* basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time Ordinary Resolution 3 above is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

# Notice of Annual General Meeting

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents or service providers) for the purpose of the processing and administration by the Manager and the Trustee (or their agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents or service providers) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

## IMPORTANT NOTICE

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

**Investors should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.**

**The past performance of FLCT is not necessarily indicative of the future performance of FLCT.**

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

# FRASERS LOGISTICS & COMMERCIAL TRUST

(Constituted in the Republic of Singapore Pursuant to a Trust Deed dated 30 November 2015
(As Amended, restated and supplemented))

# Proxy Form

## Annual General Meeting

**IMPORTANT**

1. The Annual General Meeting will be held, in a wholly physical format, at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on Tuesday, 23 January 2024 at 2.00 p.m.. **There will be no option for Unitholders to participate virtually.**
2. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
3. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. CPF and SRS investors:
   (a) may vote at the Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the Annual General Meeting as proxy to vote on their behalf at the Annual General Meeting, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Thursday, 11 January 2024, being seven business days before the date of the AGM.
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 December 2023.

I/We________________________________ (Name) ____________________________(NRIC/ Passport No./ Company Registration No.) of ________________________________________________ (Address) being a holder/s of units in Frasers Logistics & Commercial Trust ("**FLCT**", and the units of FLCT, the "**Units**"), hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Unitholdings | |
|---|---|---|---|---|
| | | | No. of Units | % |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Unitholdings | |
|---|---|---|---|---|
| | | | No. of Units | % |
| | | | | |

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of FLCT to be held at the Grand Ballroom, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966, on Tuesday, 23 January 2024 at 2:00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM (or any adjournment thereof). If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy/proxies to vote, for or against, or to abstain from voting on, the resolution to be proposed at the AGM for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

| No. | Resolutions Relating to: | No. of Votes For* | No. of Votes Against* | No. of Votes to Abstain* |
|---|---|---|---|---|
| | **ROUTINE BUSINESS** | | | |
| 1. | To receive and adopt the Trustee's Report, the Statement by the Manager, the Audited Financial Statements of FLCT for the financial year ended 30 September 2023 and the Auditor's Report thereon | | | |
| 2. | To re-appoint KPMG LLP as Auditors of FLCT to hold office until the conclusion of the next Annual General Meeting, and to authorise the Manager to fix their remuneration | | | |
| | **SPECIAL BUSINESS** | | | |
| 3. | To authorise the Manager to issue Units and to make or grant convertible instruments | | | |

* Voting will be conducted by poll. If you wish your proxy/proxies to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish your proxy/proxies to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the boxes provided. If you wish your proxy/proxies to abstain from voting on the resolution, please tick (√) within the "Abstain" box provided. Alternatively, please indicate the number of Units that your proxy/proxies is/are directed to abstain from voting.

Dated this ____________________ day of ____________________ 2023/2024 (delete as appropriate)

| Total number of Units held (Note 1) |
|---|
| |

________________________________________________
Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

Email Address of Unitholder(s) (optional): ________________________________

**IMPORTANT: PLEASE READ NOTES TO THE PROXY FORM**

Fold here, do not staple. Glue all sides firmly.

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes To Proxy Form**

1. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of FLCT, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder's name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders, the Unitholder should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
2. A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
3. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.
   "**Relevant Intermediary**" means:
   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds Units in that capacity; or
   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A proxy need not be a Unitholder. A Unitholder may choose to appoint the Chairman of the Annual General Meeting as his/her/its proxy.
5. This Proxy Form must be submitted to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
   (a) if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
   (b) if submitted electronically, be submitted via email to the Unit Registrar at flctagm2024@boardroomlimited.com;
   in either case, by 2.00 p.m. on Saturday, 20 January 2024, being 72 hours before the time fixed for the AGM.
   A Unitholder who wishes to submit a Proxy Form by post or via email can either use the printed copy of the Proxy Form which is sent to him/her/it by post or download a copy of the Proxy Form from FLCT's website or the SGX website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
6. Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the AGM.
7. This Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder's name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.

Fold here

FRASERS LOGISTICS & COMMERCIAL TRUST

Postage will be paid by addressee. For posting in Singapore only.

**BUSINESS REPLY SERVICE**
**PERMIT NO. 09470**

The Company Secretary
**Frasers Logistics & Commercial Asset Management Pte. Ltd.**
(as manager of Frasers Logistics & Commercial Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

Fold here

# Corporate **Information**

**Board of Directors**

**Mr Ho Hon Cheong**
Chairman, Non-Executive and Independent Director

**Mr Kyle Lee Khai Fatt**
Non-Executive and Independent Director

**Mr Goh Yong Chian**
Non-Executive and Independent Director

**Mr Phang Sin Min**
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 Reinfried Helmut Otter (Reini Otter)**
Non-Executive and Non-Independent Director

**Audit, Risk and Compliance Committee ("ARCC")**

**Mr Kyle Lee Khai Fatt**
Chairman
**Mr Ho Hon Cheong**
**Mr Goh Yong Chian**
**Mr Phang Sin Min**

**Nominating and Remuneration Committee ("NRC")**

**Mr Ho Hon Cheong**
Chairman
**Mr Kyle Lee Khai Fatt**
**Mr Goh Yong Chian**
**Mr Panote Sirivadhanabhakdi**

**The Manager**

Frasers Logistics & Commercial Asset Management Pte. Ltd.
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958
Phone: +65 6813 0588
Fax: +65 6813 0578
www.frasersproperty.com/reits/flct

**Registered Address**

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

**Unit Registrar**

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632
Phone: +65 6536 5355
Fax: +65 6536 1360

**Auditors**

KPMG LLP
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961
Phone: +65 6213 3388
Fax: +65 6225 0984
Partner in charge: Lim Pang Yew, Victor
Appointed since financial year ended 30 September 2022

**Company Secretary of The Manager**

**Ms Catherine Yeo**

**Trustee**

Perpetual (Asia) Limited
16 Collyer Quay #07-01
Singapore 049318
Phone: +65 6908 8203
Fax: +65 6438 0255

**Bankers**

Bank of China Limited, Singapore Branch
Citibank N.A., Singapore Branch
Crédit Industriel et Commercial, 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
The Bank of Nova Scotia, Singapore Branch
UniCredit Bank AG
United Overseas Bank Limited

**To find out more, please scan the QR code:**

*Notes:*
- *The composition of the Board of Directors, the ARCC and the NRC are shown as at 30 September 2023*
- *Mr Rodney Vaughan Fehring retired as a Non-Executive and Non-Independent Director with effect from 1 December 2022*

**FRASERS LOGISTICS & COMMERCIAL TRUST**
Managed by Frasers Logistics & Commercial Asset Management Pte. Ltd.
Company Registration Number: 201528178Z

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Phone: +65 6813 0588
Fax: +65 6813 0578

**frasersproperty.com/reits/flct**

MIX
Paper from responsible sources
FSC™ C001507