



# Frasers Commercial Trust 4QFY15 and FY15 Financial Results

23 October 2015

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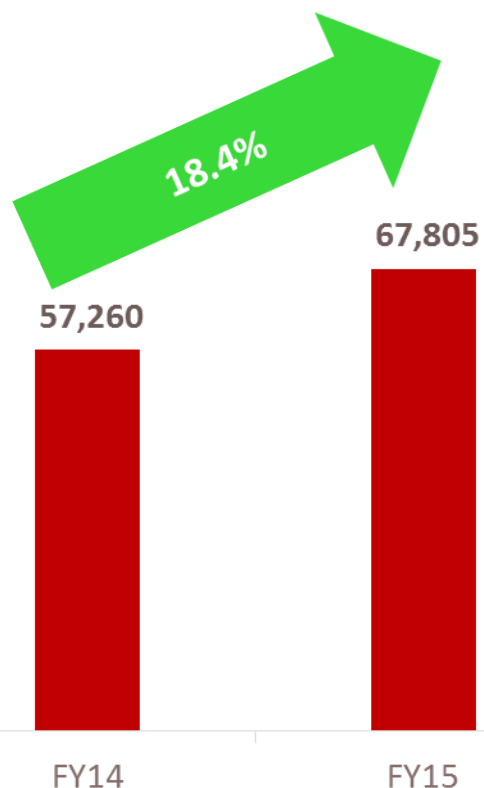
This Presentation contains certain information with respect to the trade sectors of the Trust’s tenants. The Manager has determined the trade sectors in which the Trust’s tenants are primarily involved based on the Manager’s general understanding of the business activities conducted by such tenants. The Manager’s knowledge of the business activities of the Trust’s tenants is necessarily limited and such tenants may conduct business activities that are in addition to, or different from, those shown herein.

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- ➔ **Results**
- ➔ **Forecast vs. actual results**
- ➔ **Portfolio review**
- ➔ **Capital management**
- ➔ **Moving Forward**

# Results

- **Strong performance of Alexandra Technopark bolstered FY15 results**
- **S\$67.8 million marks the highest distributable income to Unitholders since the Trust was listed in 2006**



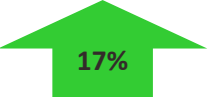


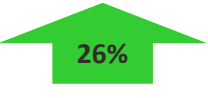

■ Distributable income (S\$ '000)

- 1 Full year contribution from Alexandra Technopark following the expiry of the master lease
  - Full year contribution from the underlying leases of Alexandra Technopark following the expiry of the master lease in August 2014
  - NPI for Alexandra Technopark up 61.1% in FY15 yoy
- 2 Better performances of China Square Central and 55 Market Street due to higher occupancies and rentals achieved
- 3 Maiden contribution from 357 Collins Street following the completion of the acquisition on 18 August 2015

## → Results – 4QFY15 Financial highlights

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### ▪ 26% rise in distributable income for 4QFY15

1 Jul 2015 – 30 Sept 2015	4QFY15 (\$'000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	37,220	 17%	▪ Higher revenue contribution from the underlying leases of Alexandra Technopark following the expiry of the master lease in August 2014, better performance of 55 Market Street due to higher rental rates achieved and maiden contribution from 357 Collins Street, offset by weaker Australian dollar
Net Property Income	27,387	 15%	▪ Higher contribution from the underlying leases of Alexandra Technopark, better performances of China Square Central and 55 Market Street and maiden contribution from 357 Collins Street, offset by weaker Australian dollar and higher expenses for Central Park
Net Property Income (cash basis)	27,110	 17%	▪ Increase in net property income excluding the effects of recognising accounting income on a straight line basis, despite the weaker Australian dollar
Distributable income to Unitholders	18,822	 26%	▪ Distributable income to Unitholders increased y-o-y in line with NPI
DPU <sup>1</sup>	2.52¢	 14%	▪ DPU increased y-o-y in line with higher distributable income to Unitholders





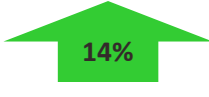
1 The DPU comprised:

- advanced distribution ("Advanced Distribution") of 0.9112 cents per unit for the period from 1 July 2015 to 2 August 2015 and the number of Units used to calculate the DPU is 684.0 million; and
- Unitholders' distribution ("Unitholders' Distribution") of 1.6069 cents per Unit for the period from 3 August 2015 to 30 September 2015 and the number of Units used to calculate the DPU is 783.4 million.

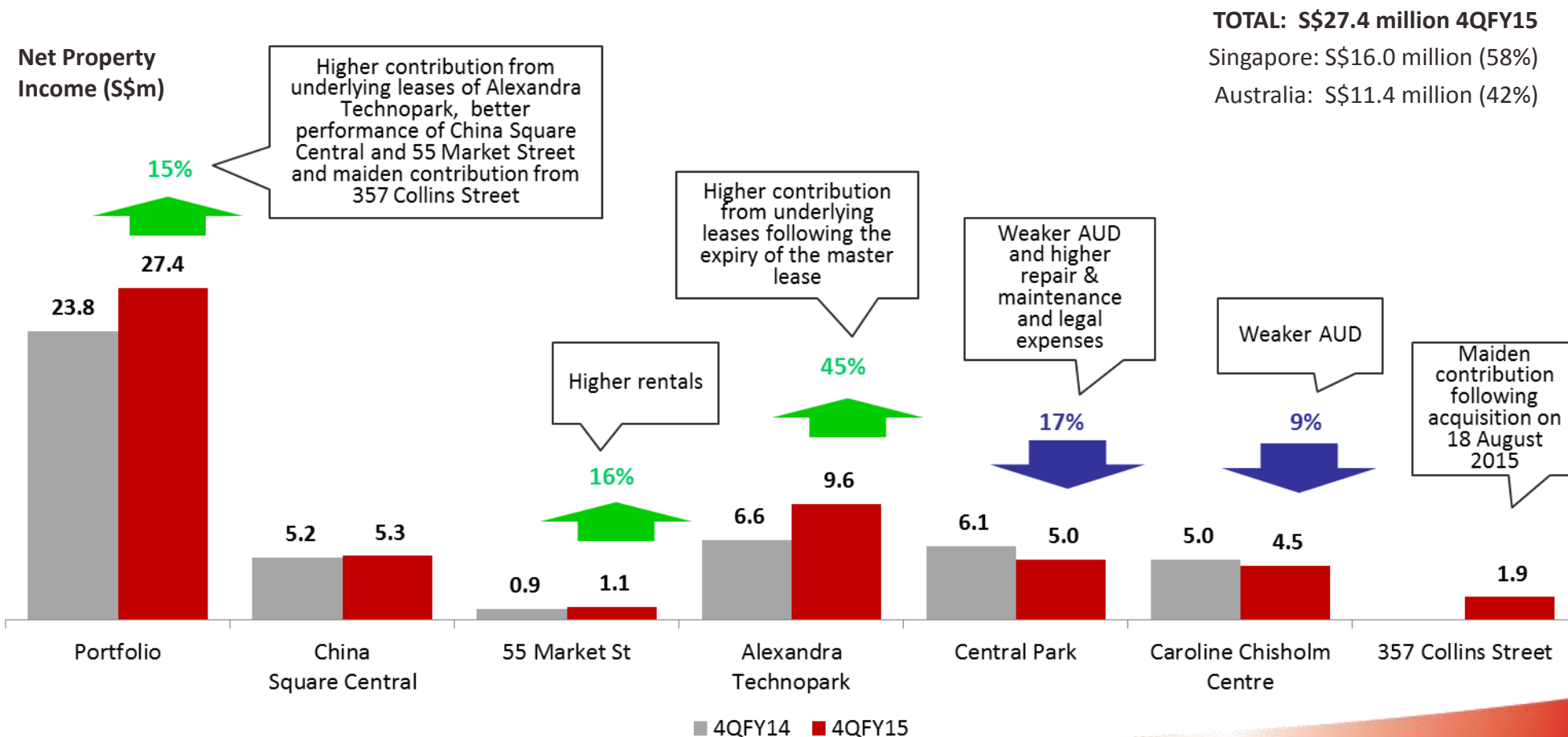
See accompanying 4QFY15 Financial Statements announcement for more details.



## ▪ 18% rise in distributable income for FY15

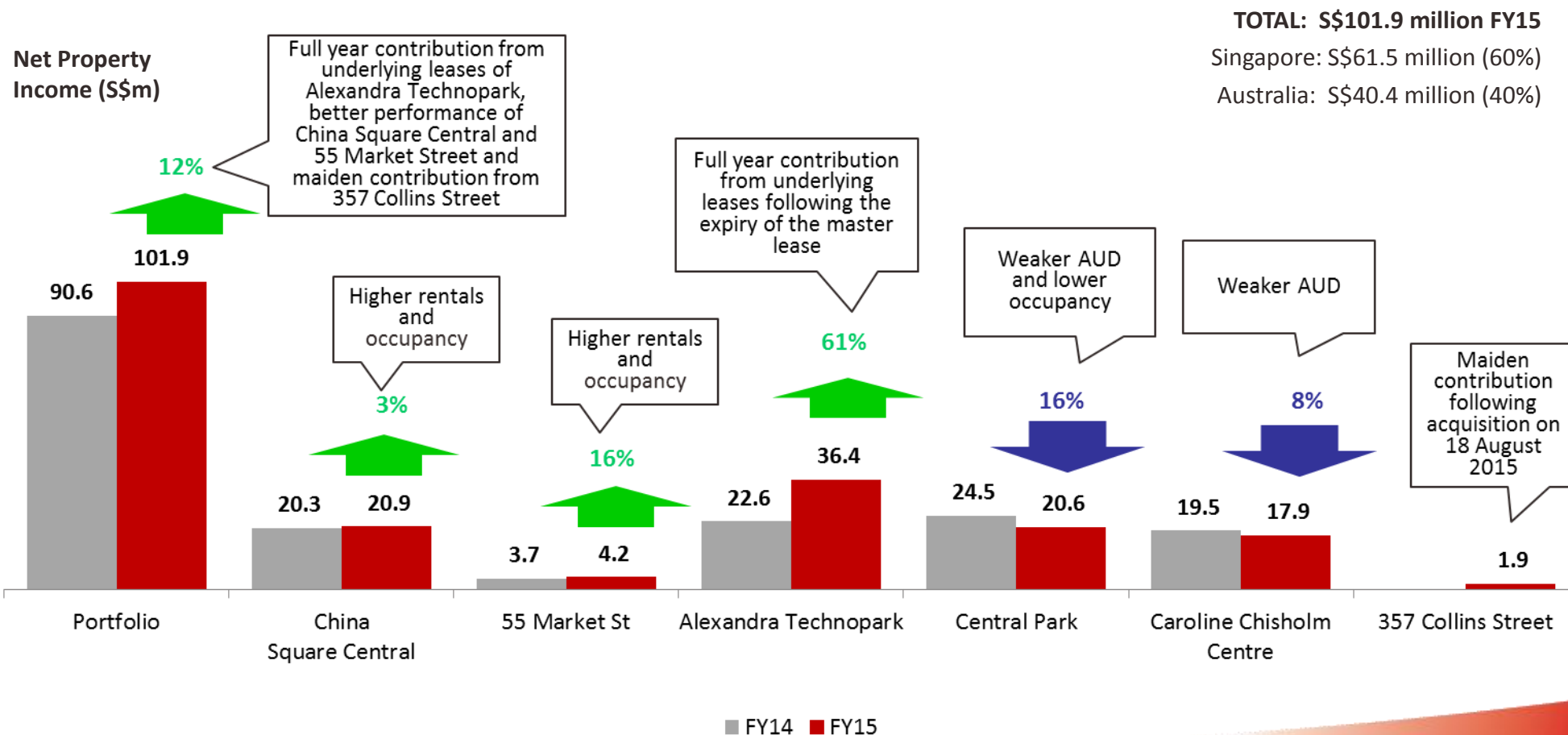
1 Oct 2014 – 30 Sept 2015	FY15 (\$\$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	142,187	 20%	▪ Full year revenue contribution from the underlying leases of Alexandra Technopark following the expiry of the master lease in August 2014, better performances of China Square Central and 55 Market Street due to higher occupancy and rental rates achieved and maiden contribution from 357 Collins Street, offset by weaker Australian dollar and lower occupancy for Central Park
Net Property Income	101,868	 12%	▪ Full year contribution from the underlying leases of Alexandra Technopark, better performances of China Square Central and 55 Market Street and maiden contribution from 357 Collins Street, offset by weaker Australian dollar and lower occupancy for Central Park
Net Property Income (cash basis)	100,865	 15%	▪ Increase in net property income excluding the effects of recognising accounting income on a straight line basis, despite the weaker Australian dollar
Distributable income to Unitholders	67,805	 18%	▪ Distributable income to Unitholders increased y-o-y in line with NPI
DPU	9.71¢	 14%	▪ DPU increased y-o-y in line with higher distributable income to Unitholders

**Higher contribution from Alexandra Technopark following the expiry of the master lease, better performance of China Square Central and 55 Market Street and maiden contribution from 357 Collins Street**



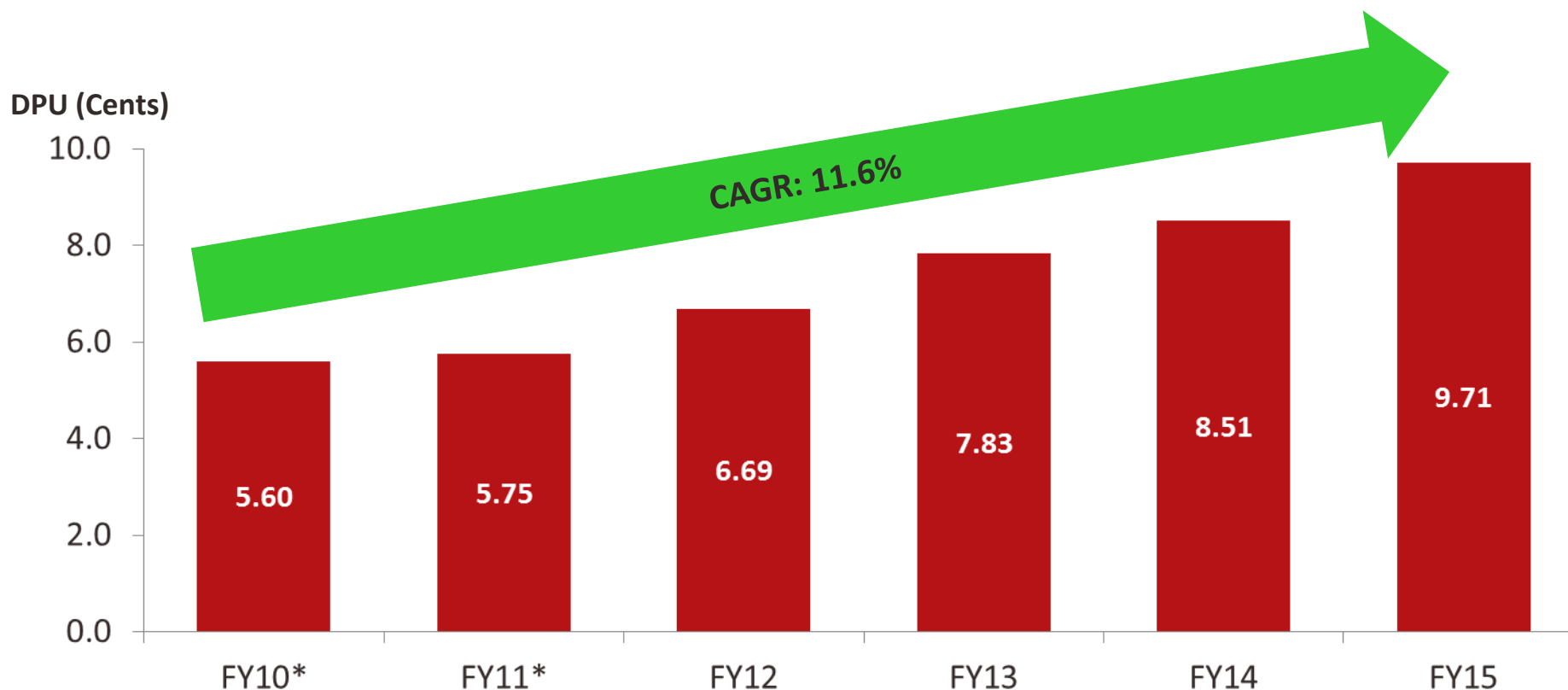


**Full year contribution from Alexandra Technopark following the expiry of the master lease, better performance of China Square Central and 55 Market Street and maiden contribution from 357 Collins Street**



## → Results – Financial highlights

- All-time high in DPU
- Sixth consecutive year of DPU growth since recapitalisation exercise
- DPU grew at 11.6% CAGR from FY10 – FY15



\* Adjusted for Unit consolidation

**DRP will be implemented for the distribution for the period from 3 August 2015 to 30 September 2015**

<b>Distribution Period</b>	3 August 2015 to 30 September 2015
	<b>Distribution of 1.6069 cents per Unit comprising:</b>
	a) taxable income distribution of 1.1895 cents;
<b>Ordinary Unit Distribution Rate</b>	b) tax-exempt income distribution of 0.3838 cents; and
	c) capital distribution of 0.0336 cents
<b>Last day of trading on “cum” basis</b>	<b>Wednesday, 28 October 2015</b>
<b>Ex-distribution trading commence</b>	Thursday, 29 October 2015
<b>Distribution Books Closure Date</b>	Monday, 2 November 2015 at 5.00 pm
<b>Cash distribution payment date</b>	<b>Friday, 27 November 2015</b>
<b>Credit of Units to Unitholders’ securities accounts/ listing of Units issued under the DRP on SGX-ST</b>	<b>Friday, 27 November 2015</b>

**The Advanced Distribution of 0.9112 cents per Unit was paid out in cash on 1 October 2015.**

<sup>1</sup> The DPU in 4QFY15 of 2.5181 cents comprised:

(a) Advanced Distribution of 0.9112 cents per unit for the period from 1 July 2015 to 2 August 2015 which was paid out in cash on 1 October 2015; and

(b) Unitholders’ Distribution of 1.6069 cents per Unit for the period from 3 August 2015 to 30 September 2015,

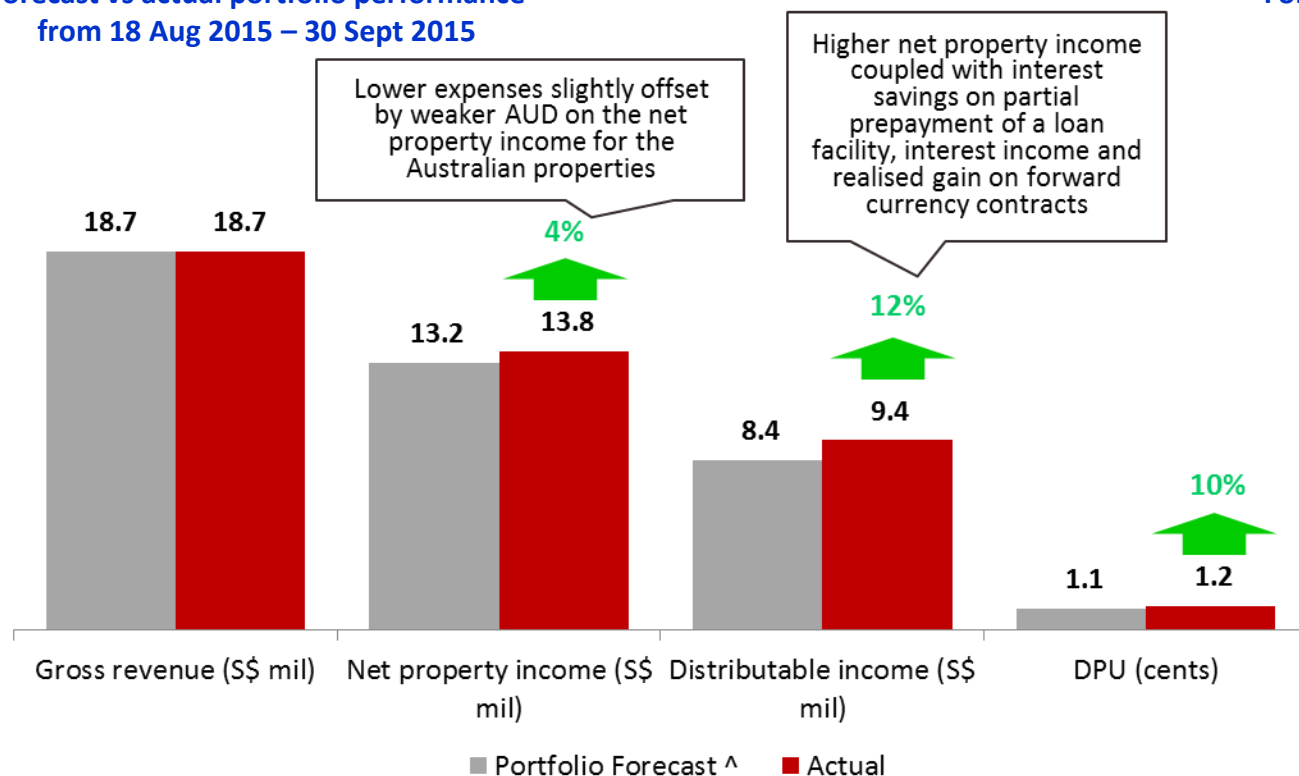
See accompanying 4QFY15 Financial Statements announcement for more details.

# Forecast vs actual results

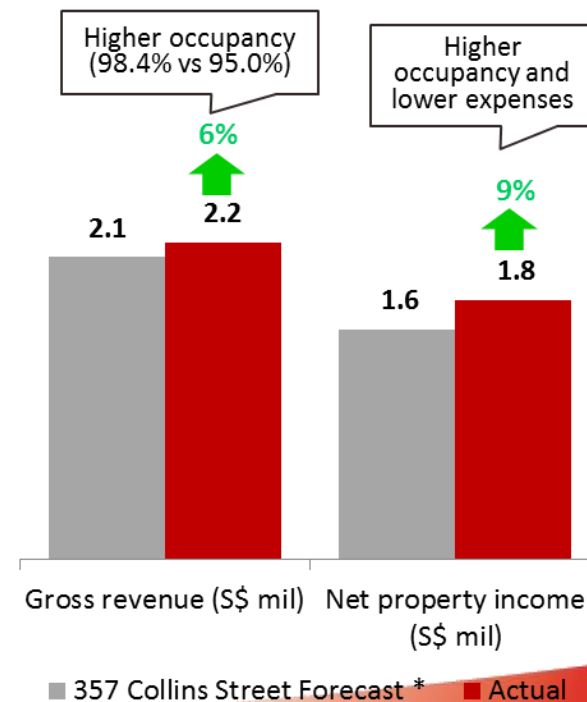
■ Actual results outperformed forecast:

- Actual portfolio distributable income surpassed forecast<sup>^</sup> by 12%
- Actual net property income of 357 Collins Street was 9% higher than property forecast\*

Forecast vs actual portfolio performance  
from 18 Aug 2015 – 30 Sept 2015



Forecast vs actual performance of 357 Collins Street from 18 Aug 2015 – 30 Sept 2015



Data for the period from 18 August 2015 to 30 September 2015. The acquisition of 357 Collins Street was completed on 18 August 2015.

<sup>^</sup> Profit forecast of the Existing and Enlarged Portfolio for 4QFY15 included in Appendix D of the Circular to Unitholders dated 3 June 2015, adjusted for the period from 18 August 2015 (date of completion of acquisition of 357 Collins Street) to 30 September 2015.

<sup>\*</sup> Profit forecast of 357 Collins Street for 4Q2015 included in Appendix E of the Circular to Unitholders dated 3 June 2015, adjusted for the period from 18 August 2015 (date of completion of acquisition of 357 Collins Street) to 30 September 2015.

# Portfolio review



- Portfolio value increased to S\$2.0 billion with the addition of 357 Collins Street
- Higher valuation for:
  - 55 Market Street
  - Caroline Chisholm Centre based on valuation denominated in AUD

Asset	Date of valuation	Local currency Value (million)	Translation as at 30-Sep-15 (\$ million) <sup>1</sup>	Variance from 30 September 2014 (local currency value)		Variance from 30 September 2014 (translated value)	
				(million)	(%)	(\$ million)	(%)
China Square Central	30-Sep-15	S\$570.0	570.0	(\$9.0)	(1.6)	(9.0)	(1.6)
55 Market Street	30-Sep-15	S\$136.0	136.0	S\$1.8	1.3	1.8	1.3
Alexandra Technopark	30-Sep-15	S\$503.0	503.0	-	-	-	-
<b>Singapore properties</b>		<b>S\$1,209.0</b>	<b>1,209.0</b>	<b>(\$7.2)</b>	<b>(0.6)</b>	<b>(7.2)</b>	<b>(0.6)</b>
Central Park	30-Sep-15	A\$290.0 <sup>2</sup>	290.3	(A\$40.0)	(12.1)	(85.2)	(22.7)
Caroline Chisholm Centre	30-Sep-15	A\$215.0	215.2	A\$10.0	4.9	(18.0)	(7.7)
357 Collins Street	30-Sep-15	A\$240.0	240.3	NA <sup>3</sup>	NA <sup>3</sup>	NA <sup>3</sup>	NA <sup>3</sup>
<b>Australia properties</b>		<b>A\$745.0</b>	<b>745.8</b>	<b>(A\$30.0)</b>	<b>(5.6)</b>	<b>(103.2)</b>	<b>(17.0)</b>
<b>Total portfolio</b>			<b>1,954.8</b>				

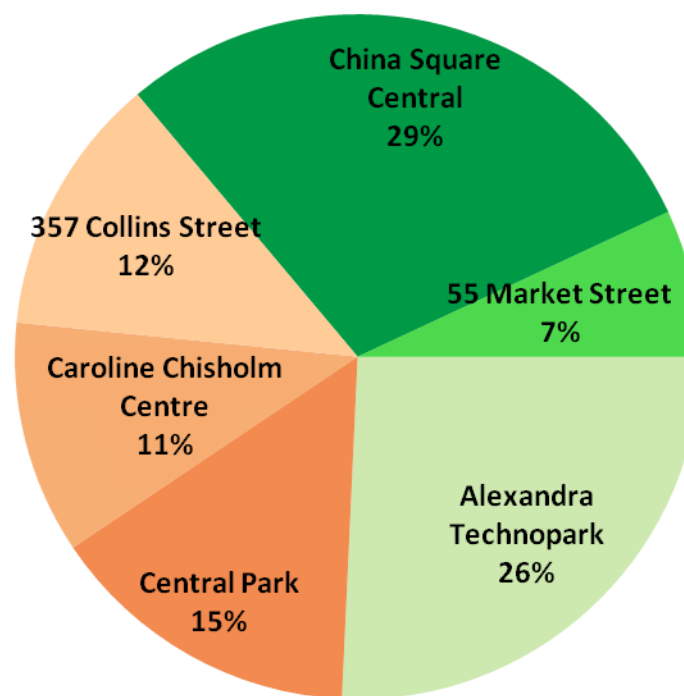
Mainly due to downtime from hotel and commercial project

4.9% higher valuation for Caroline Chisholm Centre in AUD

Comprise (i) \$73.2 mil translation differences; (ii) S\$30.0 mil lower valuation

1 Translated at A\$1.00 = S\$1.0011 being the prevailing spot rate at close of quarter accounts  
 2 Represents Frasers Commercial Trust's 50.0% indirect interest in the asset  
 3 Not applicable. The property was acquired in August 2015.

- **Balanced portfolio consisting of Singapore and Australian properties**
- **No one property consist of more than 29% of portfolio value**



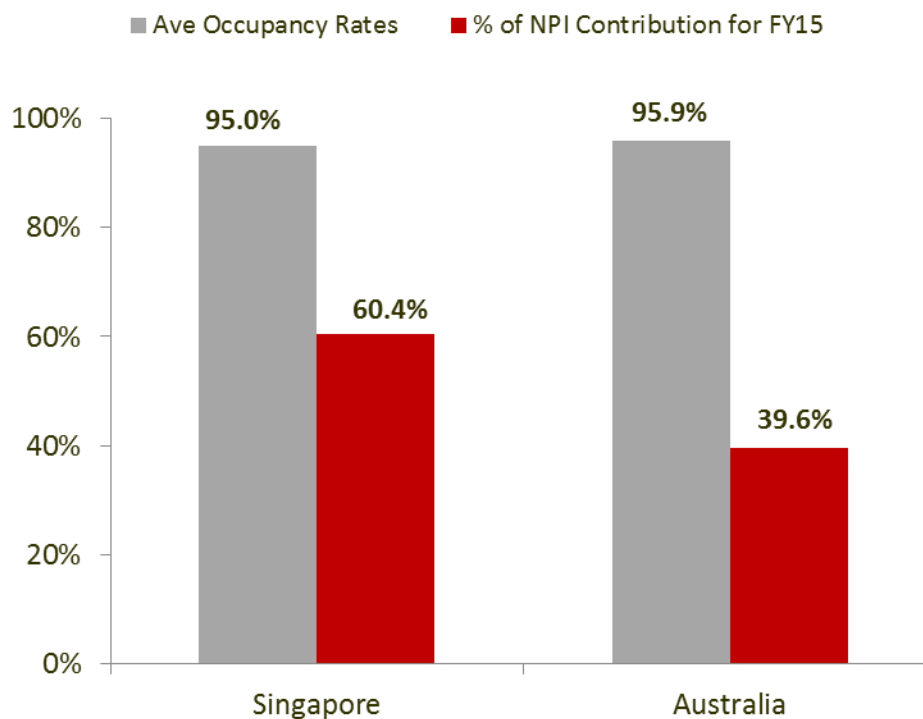
Singapore	\$	1,209.0	62%
Australia	\$	745.8	38%
<b>Total</b>	<b>\$</b>	<b>1,954.8</b>	<b>100%</b>

As at 30 September 2015. Excludes retail turnover rent

- **Healthy average occupancy rate of 95.4%**
- **Healthy WALE of 3.5 years**

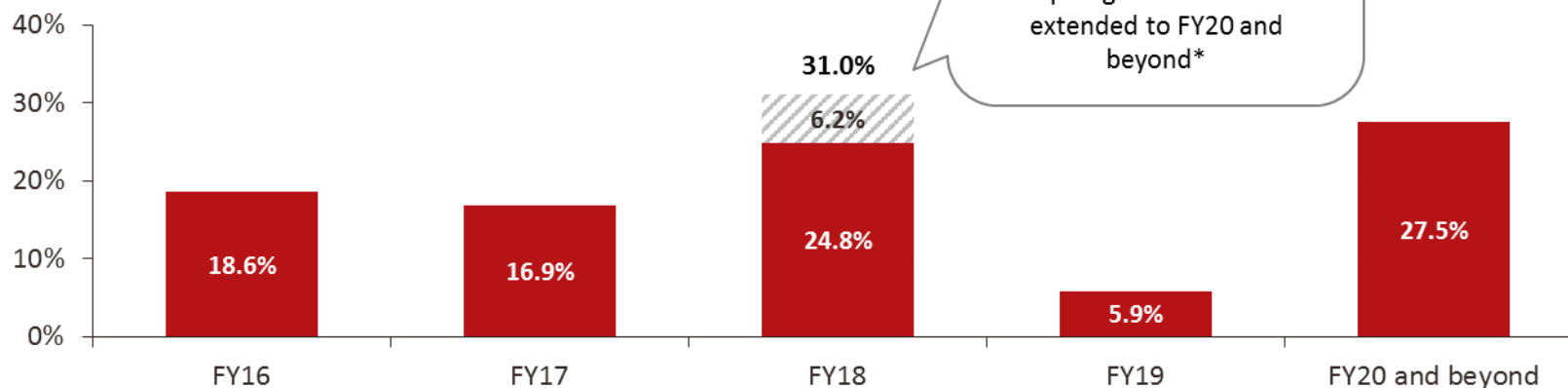
Key portfolio statistics	As at 30 September 2015
Ave Occupancy	95.4%
Portfolio WALE by gross rental income	3.5 years

**Geographical occupancy and % of NPI contribution**



- Proactive leasing reduced lease expiries in FY18 and lengthened lease expiry profile
- Well spread lease expiry provides income stability

Portfolio lease expiry by gross rental income



Portfolio lease expiry by gross rental income

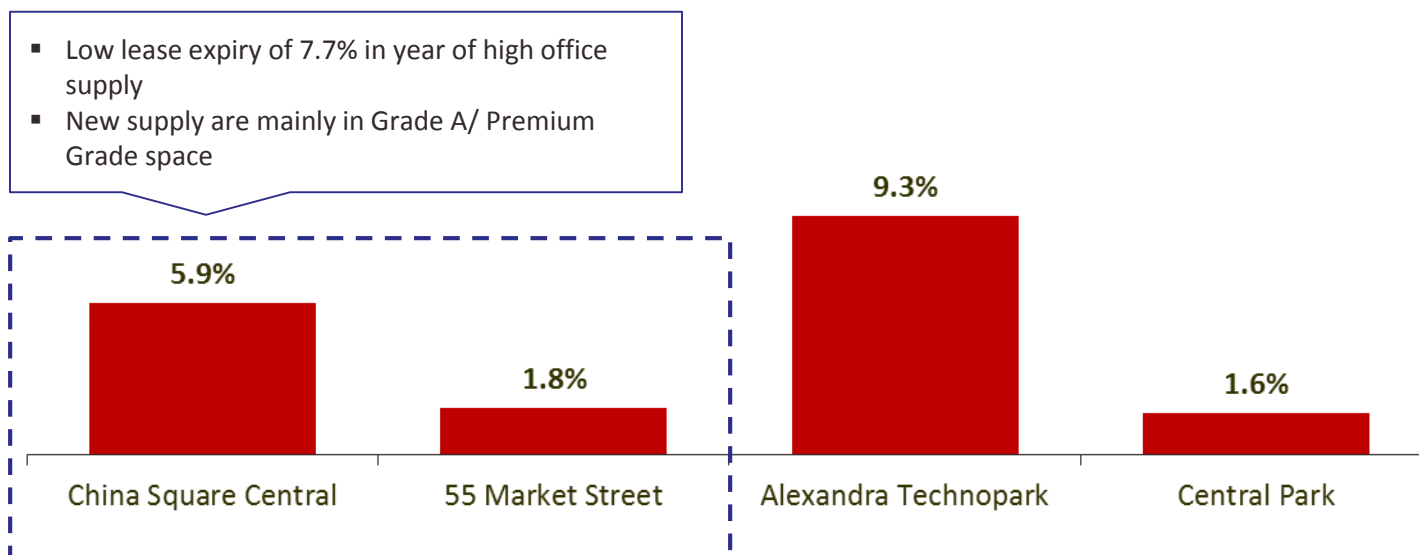
Number of leases expiring	82	81	58	10	33
NLA (sq ft) expiring	468,945	365,391	787,742	118,491	759,998
Expiries as % total NLA	17.9%	13.9%	30.0%	4.5%	29.0%
Expiries as % total Gross Rental Income	18.6%	16.9%	31.0%	5.9%	27.5%

As at 30 September 2015. Excludes retail turnover rent

\* Hamersley Iron Pty Ltd, a wholly-owned subsidiary of Rio Tinto and major tenant at Central Park, signed a Heads of Agreement for a new 12 year lease from FY18 to FY30, with options on space requirements. New lease is assumed based on the existing space currently occupied.

## FY16 - Potential for higher income due to low passing rents

Property Lease Expiry as a proportion of total  
Portfolio Gross Rental Income in FY16



Number of leases expiring	26 (office) 30 (retail)	8	15	3
Average passing rent for expiring leases	S\$6.4 (office) S\$5.9 (retail)	S\$6.8	S\$3.9	A\$512

## Singapore properties continue to achieve positive weighted average rental reversions for new and renewed leases that commenced in 4QFY15

	Weighted average rental reversions <sup>1</sup>				
Property	1QFY15	2QFY15	3QFY15	4QFY15	FY15
China Square Central	+1.2%	+15.6%	+17.0%	+8.1%	+12.5%
55 Market Street	+7.1%	+4.6%	+14.3%	+2.8%	+5.7%
Alexandra Technopark	+16.9%	+6.7%	+20.0%	+17.6%	+17.9%
Central Park	Nil <sup>2</sup>	Nil <sup>2</sup>	-25.5% <sup>3</sup>	Nil <sup>2</sup>	-25.5% <sup>3</sup>
357 Collins Street (acquired on 18 August 2015)	-	-	-	NA <sup>4</sup>	NA <sup>4</sup>

**+16.8%**

Overall weighted average rental reversions for Singapore properties in FY15

As at 30 September 2015. Excludes retail turnover rent

1 Weighted average rental reversions based on the area for the new and renewed leases for each quarter.

2 No new or renewed leases for the quarter.

3 Retail leases only which occupy less than 1.0% of net lettable area.

4 New lease signed for a space that was previously unoccupied.



- **Robust leasing activities**
- **Committed, new and renewed tenants in 4QFY15 include:**

Tenant	Industry	Property
Superloop (Singapore) Pte Ltd	Multimedia & Telecommunications	China Square Central
Abeam Consulting (Singapore) Pte Ltd	Consultancy/ Business Services	China Square Central
Legal Clinic LLC	Legal	China Square Central
Best World Lifestyle Pte Ltd	Trading	55 Market Street
Yuan Tai Petrochemical Pte Ltd	Resources	55 Market Street
Jobstudio Pte Ltd	Consultancy/ Business Services	55 Market Street
Sennheiser Electronic Asia Pte Ltd	Electronics	Alexandra Technopark
Welch Allyn Singapore Pte Ltd	Medical/ Pharmaceutical	Alexandra Technopark
Cloudpay Asia Pte Ltd	Consultancy/ Business Services	Alexandra Technopark
SAP Asia Pte Ltd	IT Products & Services	Alexandra Technopark
Orange Business Services Australia Pty Ltd	IT Products & Services	357 Collins Street

## More than 53% of leases have built-in step-up rents

### FY16 - Fixed % and other fixed lease rent reviews

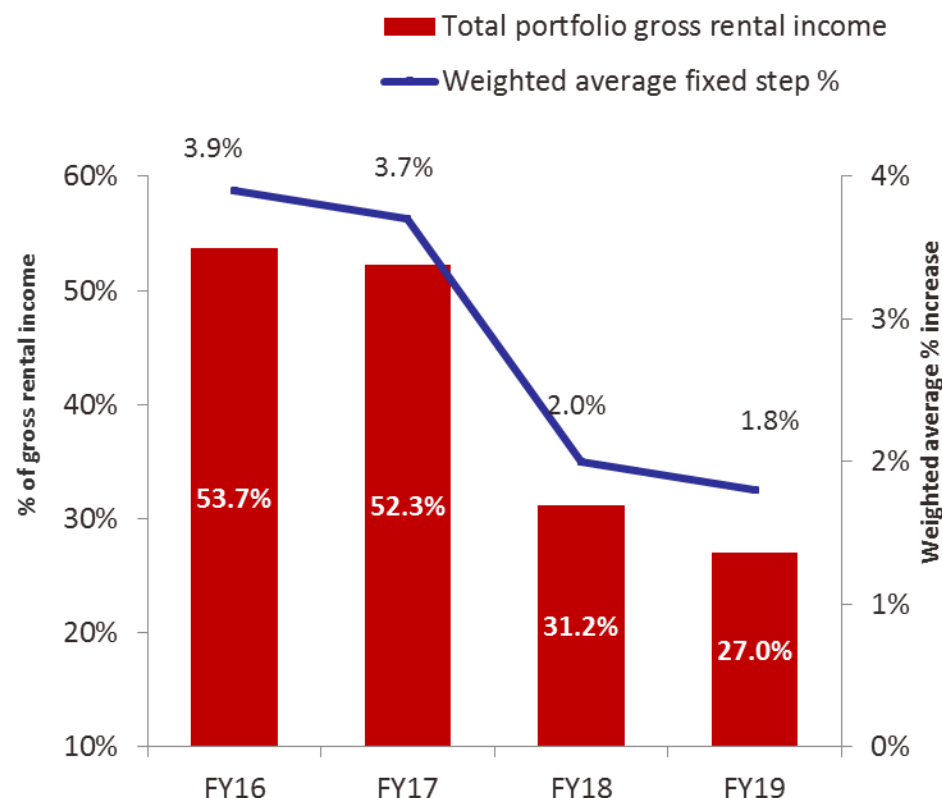
Property	Leases	Average step-up rent	GROSS RENTAL INCOME	
			Property	Total Portfolio
China Square Central	3	2.5%	4.0%	0.8%
55 Market Street	1	2.9%	3.5%	0.1%
Alexandra Technopark	8	5.2%	42.5%	13.5%
Caroline Chisholm Centre	1	3.0%	100.0%	13.8%
Central Park	16	4.6%	72.2%	12.6%
357 Collins Street	35	3.9%	97.3%	12.9%

### FY16 - Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME	
			Property	Total Portfolio
Central Park	1	Market	3.5%	0.6%
Central Park	5	CPI	10.8%	1.9%

Excludes retail turnover rent

### FY16 – 19 - Portfolio fixed % reviews



### Top 10 tenants:

- Established and well diversified across various sectors
- MNCs, government department or public listed companies
- Contribute 57% of portfolio gross rental income and have a long WALE of 5.8 years

### Top 10 tenants by gross rental income

Tenant	Property	Sector	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia (Centrelink)	Caroline Chisholm Centre	Government	Jul-25	13.8%
Hewlett-Packard Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Nov-17	10.1%
Hewlett-Packard Enterprise Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Mar-16/ Nov-17	6.3%
Hamersley Iron Pty Ltd*	Central Park	Mining/ resources	Jun-30	6.2%
Commonwealth Bank of Australia	357 Collins Street	Banking, insurance & financial services	Dec-22	5.4%
BHP Billiton Iron Ore Pty Ltd	Central Park	Mining/ resources	Between Nov-15 to Oct-17	4.1%
GroupM Singapore Pte Ltd	China Square Central	Consultancy/ business services	Mar-19	3.1%
Service Stream Ltd	357 Collins Street	Multimedia & Telecommunications	Dec-19	2.7%
Microsoft Operations Pte Ltd	Alexandra Technopark	IT Products & Services	Jan-17	2.6%
Cerebos Pacific Ltd	China Square Central	Food & beverage	May-17	2.5%
<b>Total</b>				<b>56.8%</b>



As at 30 September 2015. Excludes retail turnover rent

\* Hamersley Iron signed a Heads of Agreement to extend their current leases expiring in FY18 to FY30, with options on space requirements. Assume lease extension for the entire space currently occupied.

## ➔ Asset updates – 357 Collins Street

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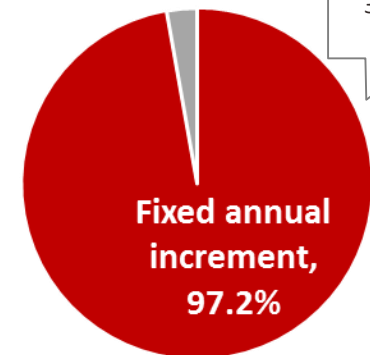
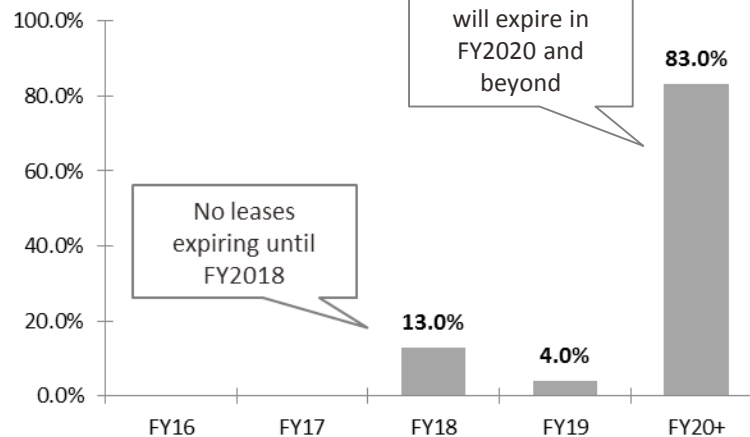
- Acquisition of 357 Collins Street completed on 18 August 2015
- More than 80% of the leases will expire in FY2020 and beyond, providing income stability
- 97.2% of leases have rental escalation of 3.75% - 4.00% p.a., providing good organic growth



- ✓ High occupancy of 98.4%
- ✓ Long WALE of 5.6 years
- ✓ No leases expiring until FY2018

- ✓ Located in the heart of Melbourne CBD
- ✓ Well established pedestrian, vehicle and public transport access
- ✓ Well established and quality tenants

**357 Collins Street lease expiry  
by gross rental income**



About 97% of leases have fixed increments of 3.75% - 4.00% p.a.

## China Square Central – healthy occupancy rate



## 55 Market Street – healthy occupancy rate



## Alexandra Technopark – healthy occupancy rate



Occupancy	96.2%^ (office tower: 98.3%)	95.8%	94.6%
WALE	1.8 years	1.5 years	1.6 years
New leases, committed and renewals	Superloop (Singapore) Pte Ltd, Abeam Consulting (Singapore) Pte Ltd, Legal Clinic LLC	Best World Lifestyle Pte Ltd, Jobstudio Pte Ltd	Sennheiser Electronic Asia Pte Ltd, Welch Allyn Singapore Pte Ltd, Cloudpay Asia Pte Ltd, SAP Asia Pte Ltd
Tenants			

As at 30 September 2015.

^ Committed occupancy as at 30 September 2015.



## Central Park – Healthy WALE of 2.9 years



## Caroline Chisholm Centre – full occupancy with long WALE of 9.8 years



## 357 Collins Street – high occupancy rate



Occupancy	88.6%	100.0%	98.4%
WALE	2.9 years (7.1 years with new lease^)	9.8 years	5.6 years
New leases, committed and renewals	-	Property occupied by a single tenant, i.e. the Commonwealth of Australia as represented by Centrelink (Aaa rated*) until July 2025	Orange Business Services Australia Pty Ltd
Tenants			

As at 30 September 2015.

\* Based on Moody's rating in December 2014.

^ Hamersley Iron Pty Ltd, a wholly-owned subsidiary of Rio Tinto and major tenant at Central Park, signed a Heads of Agreement for a new 12 year lease from FY18 to FY30, with options on space requirements. New lease is assumed based on the existing space currently occupied.



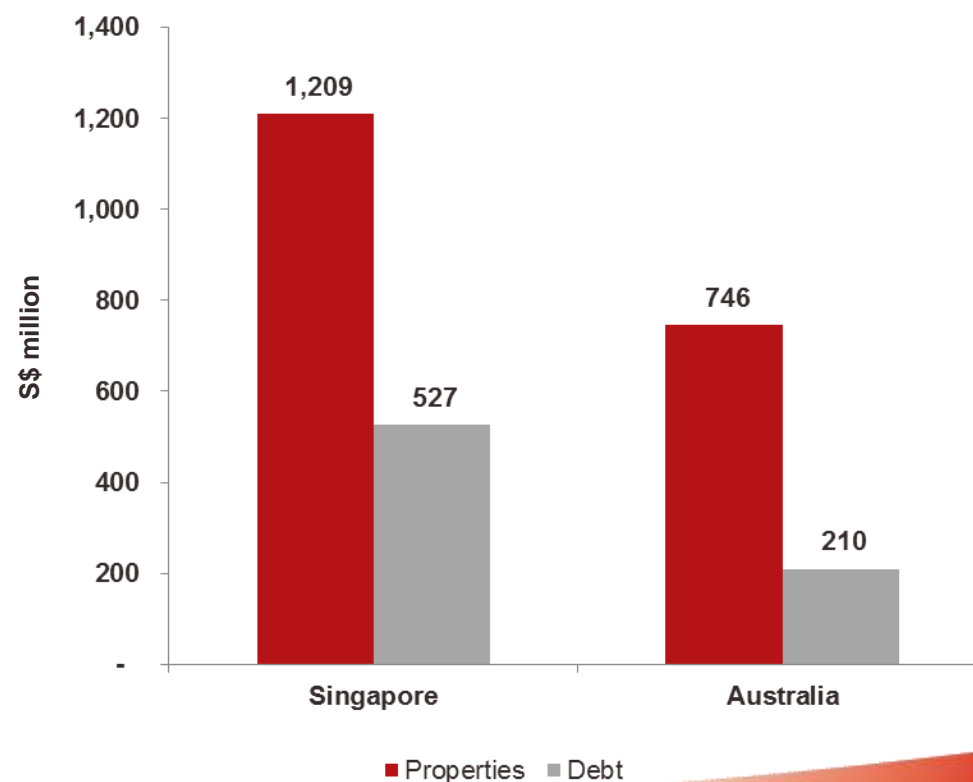
# Capital management

- **Healthy interest coverage ratio of 4.57 times**
- **Low average interest rate of 2.96%**
- **Borrowings in AUD provide natural hedge for the Australian properties**

### Statistics

	As at 30 September 2015
Total Assets (S\$'000)	2,034,441
Gross Borrowings (S\$'000)	736,861
Units on Issue and Issuable	783,415,554
NAV per Unit (ex-DPU) (S\$)	1.53
Gearing <sup>1</sup>	36.2%
Interest coverage ratio (times) <sup>2</sup>	4.57
Average borrowing rate <sup>3</sup>	2.96%
- Weighted average SGD debt rate	2.5%
- Weighted average AUD debt rate	4.3%
FCOT Issuer rating by Moody's	Baa3

### Borrowings and assets by currency



1 Calculated as gross borrowing as a percentage of total assets

2 Calculated as net income before changes in fair values of investment properties, interest, other investment and derivative financial instruments, income tax and distribution and adding back certain non-recurring items/ cash finance costs for the quarter ended 30 September 2015. See accompanying 4QFY15 Financial Statements announcement for more details.

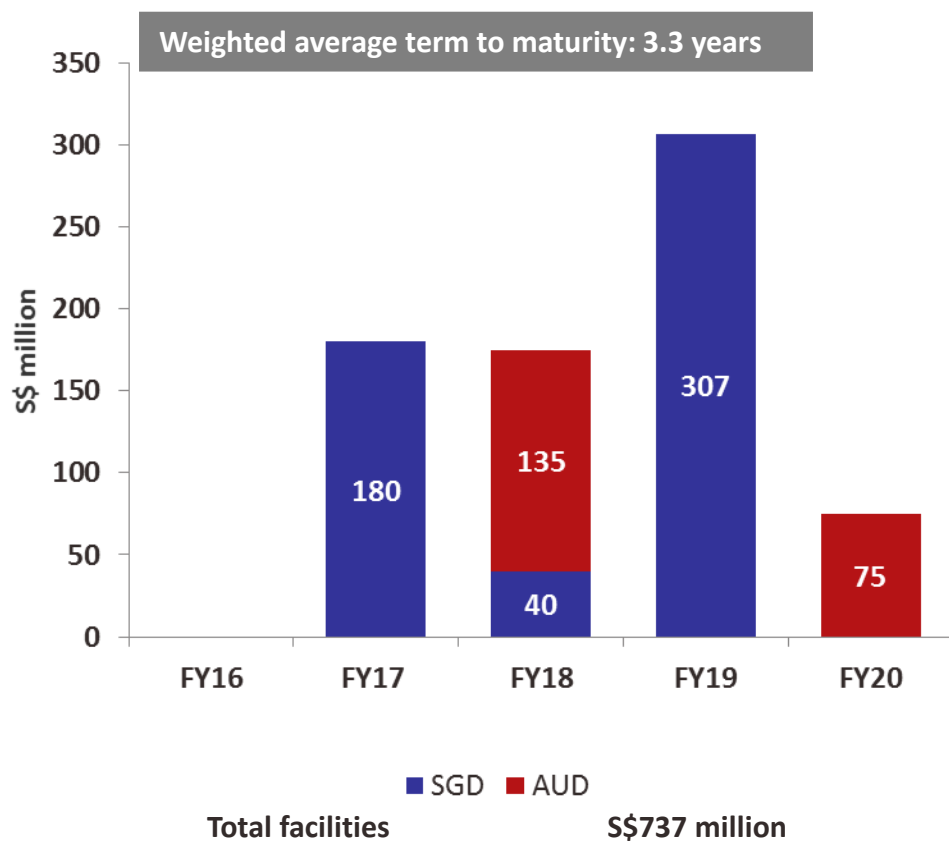
3 For quarter ended 30 September 2015

## → Capital Management and debt statistics

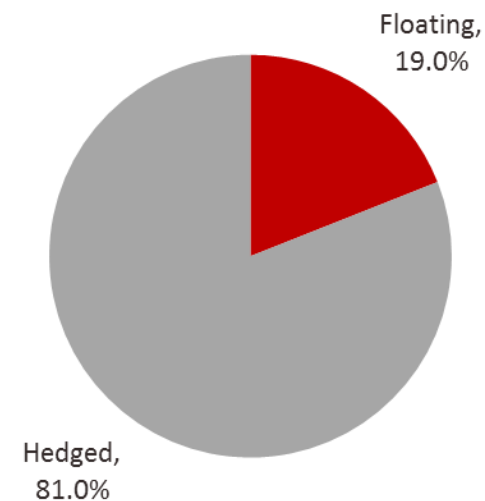
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- Well spread debt maturity profile
- No refinancing required until FY17
- All debts are unsecured
- Hedged 81% of gross borrowings on fixed rate

### Debt maturity



### Debt composition – floating vs. hedged



### Hedging debt

As a % of:	As at 30 September 2015
Total Gross Borrowings	81%

As at 30 September 2015.

Moving forward

### Singapore office rental growth continues to moderate in 2Q 2015

Raffles Place/ New Downtown micro-market	Average monthly gross rents (S\$ psf per month) 2Q2015	Q-o-q change (%)
Grade A	10.43	0.2
Grade B	8.76	0.2

- Singapore's office property market continued to consolidate in 2Q 2015
- Moderation in rental growth continued in 2Q 2015
- Absence of new demand from banks remains the principal headwind for CBD office space demand
- Due to the volatile economic environment and stepped-up office supply over the next 2 years, the outlook for Singapore office property market is expected to be flattish in 2H 2015, especially so for the office micro-markets in the CBD
- Competitive rents of new business parks outside CBD could lure qualifying technology firms from CBD
- Rents for overall Grade A and Grade B office space in the CBD in 2H 2015 could also plateau, after a rise close to 1% in the first 6 months of 2015

## Rents for business park and independent high-specs space expected to moderate or stabilise

	Average monthly gross rents (S\$ psf per month) 3Q2015	Q-o-q change (%)
Business Park (islandwide)	4.16	0.2
Independent (high-specs) space (upper floors)	3.13	-

- Rents for higher-specification (high-specs) industrial space (upper floors) stayed firm at S\$3.13 psf due to the limited availability of new multi-user independent high-specs space
- Average monthly gross rents for business park space (islandwide) eased 0.2% qoq to S\$4.16 psf in 3Q 2015, the first quarterly decline in business park rents
- Businesses are expected to remain costs conscious and with the increased competition for qualifying tenants due to ample choices in the market, rents could continue to ease
- Business park rents could experience as small rate of decline similar to 3Q 2015
- However, rents for independent high-specs industrial space could remain stable for the rest of the year on the back of limited supply

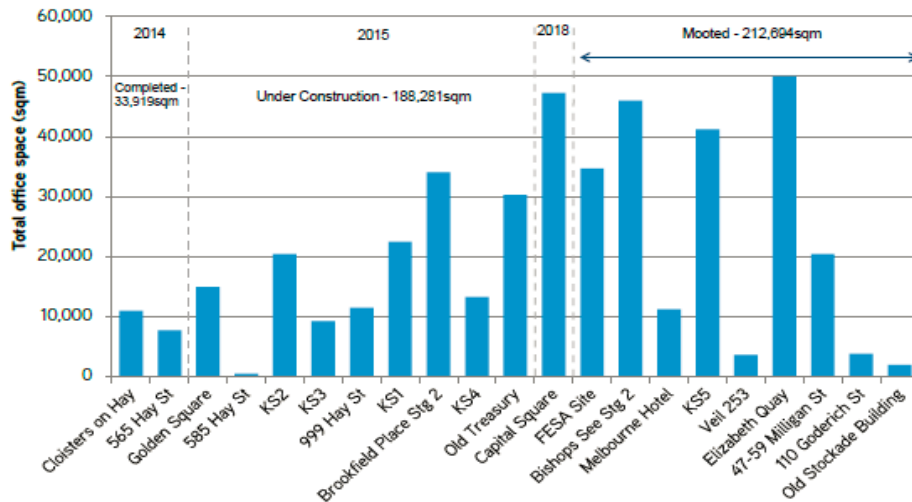


## ➔ Perth CBD office supply and rents

33

- Perth Premium Grade average net face rent was A\$745 psm per annum
- Incentives for Premium space range between 35% and 40%

Perth CBD office supply, net absorption and vacancy rate <sup>1</sup>

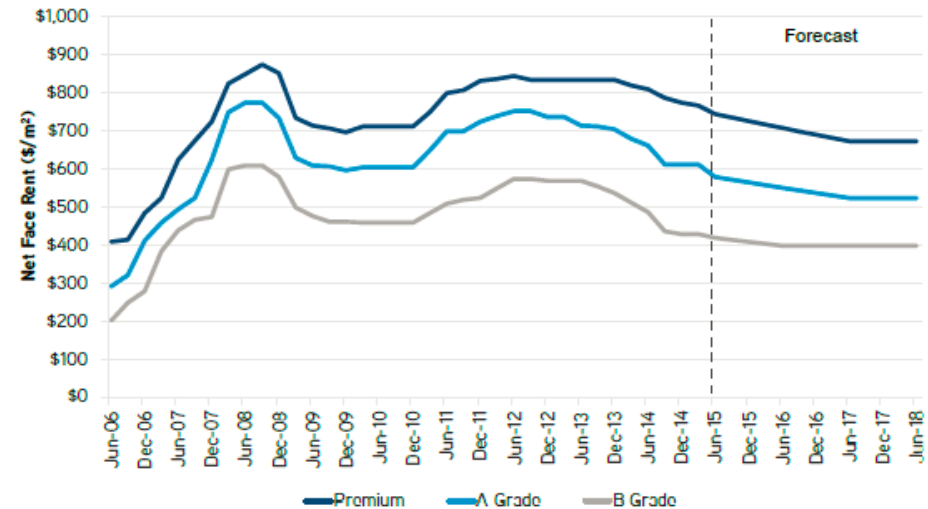


Source: Colliers Edge

### Market conditions <sup>1</sup>

- According to the Property Council of Australia, the Perth CBD office vacancy was 16.6% as at July 2015, a 4.8 percentage point increase from July 2014
- Net absorption in the six months to July 2015 was 19,875 square metre
- Net tenant demand is soft, but many tenants are taking advantage of incentives to relocate to higher quality premises and obtain better value
- Average net face rents in Premium Grade space was A\$745 per square metre per annum as at June 2015
- Incentives for Premium space range between 35% and 40%
- The reduction in market rents and favourable incentive levels also means Perth's CBD is once again becoming a competitive alternative to eastern state capitals, particularly for those businesses with an Asian market focus, given Perth's proximity to the region and shared time zone

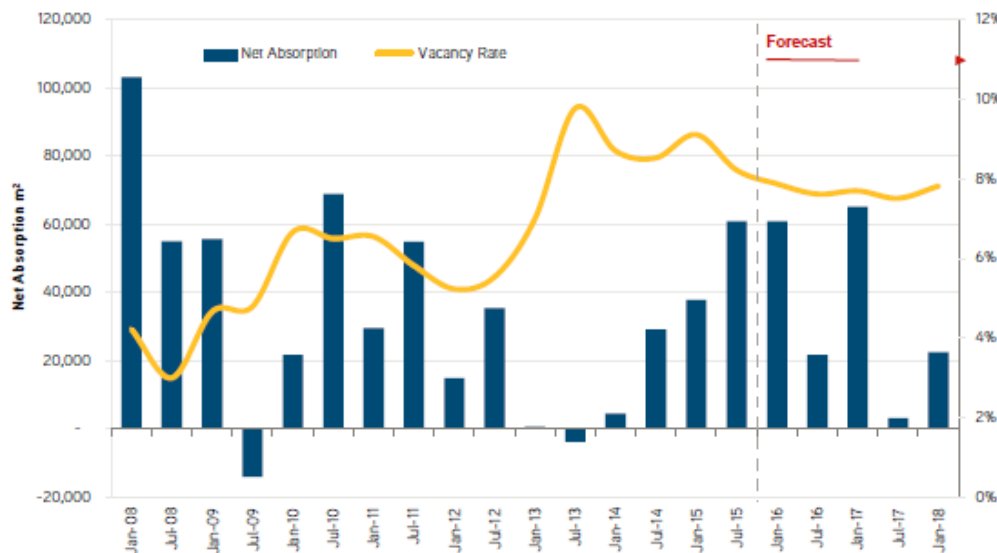
Perth CBD office market average net face rents <sup>1</sup>



Source: Colliers Edge

- Melbourne Grade A office net face rent was A\$458 psm per annum and is expected to increase by 2.0% in the 12 months to July 2016
- Melbourne CBD office leasing market continues to experience solid demand

### Melbourne CBD office market and absorption<sup>1</sup>

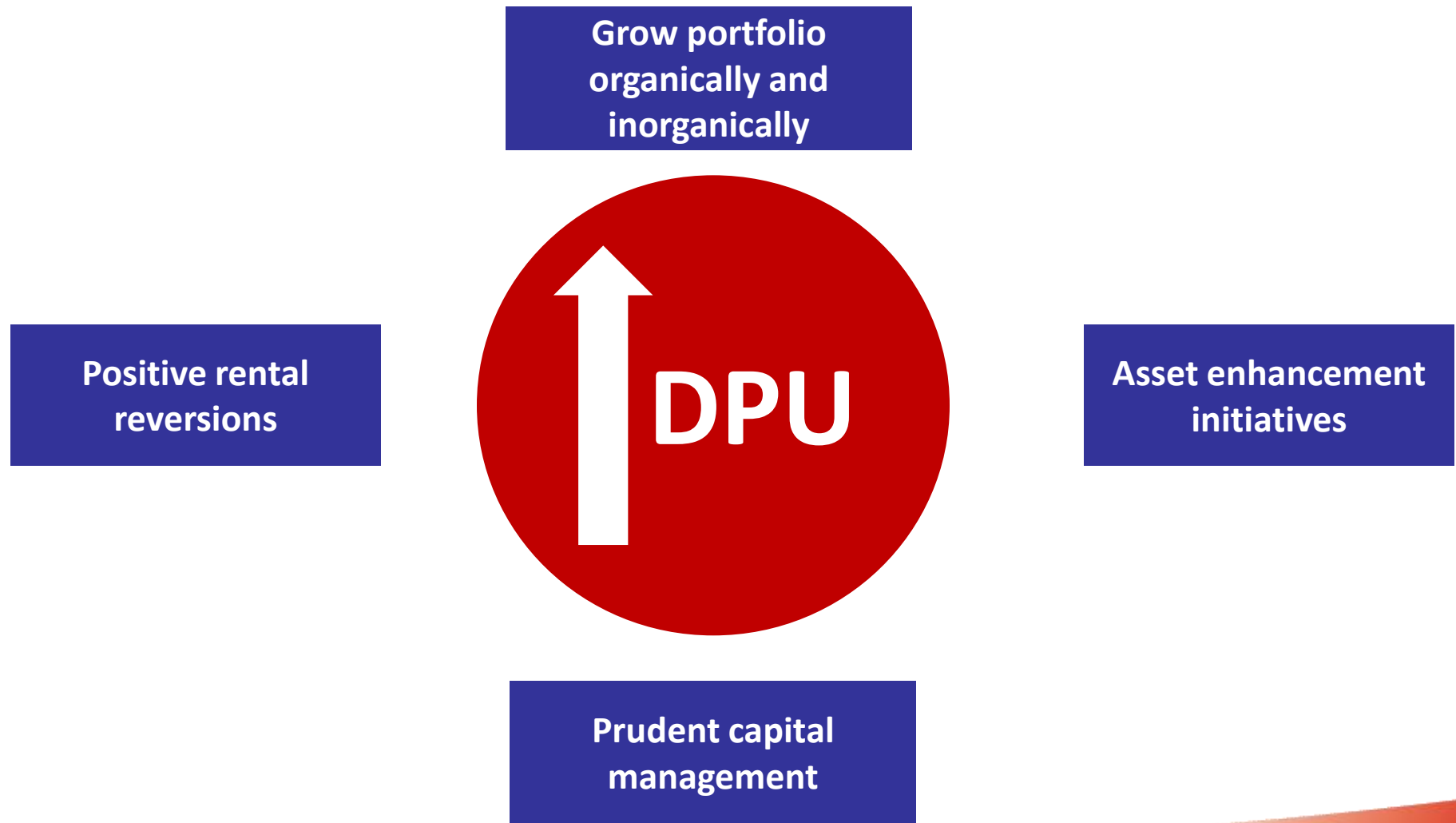


Source: Colliers Edge

### Market conditions<sup>1</sup>

- The Melbourne CBD office leasing market continues to experience solid demand
- Major industries driving enquiry demand in the Melbourne CBD are the information technology and telecommunication firms at the smaller end of the market, and the government sector for larger enquiries
- Grade A net face rents was A\$458 as at July 2015
- Incentives for A Grade space will continue to average 33.0%
- The trend of centralisation to the Melbourne CBD has continued
- Vacancy rate has peaked in January 2015 and is expected to be between 7.5% and 8.0% through January 2018

Organic and in-organic initiatives to deliver growth in distributable income



Thank you

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