Frasers Commercial Trust
1QFY18 Financial Results

22 January 2018

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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.

This Presentation includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

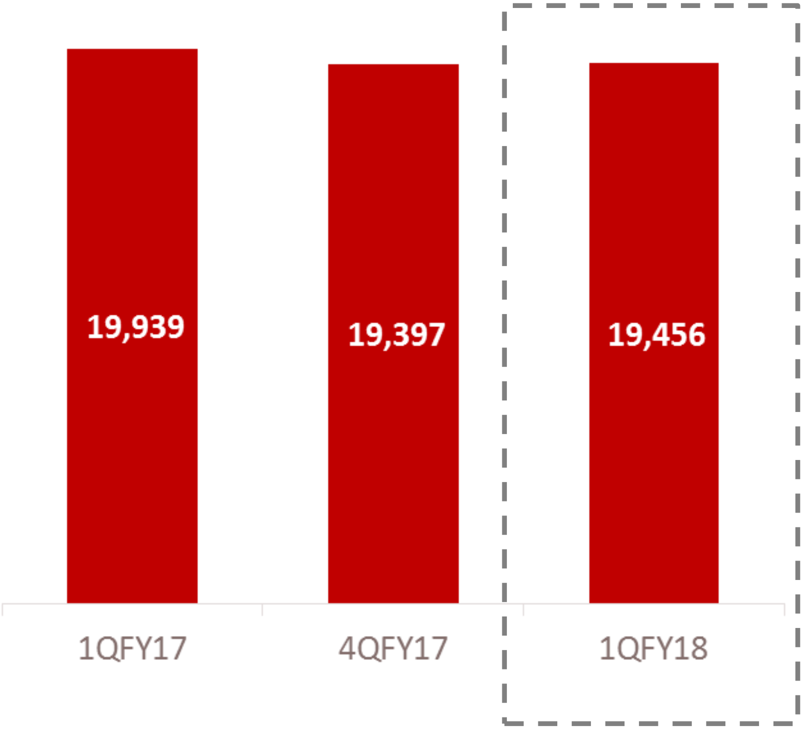
Contents

Results

Results – 1QFY18 key highlights

- **1QFY18 distribution income of S$19.5 million[1] was stable vs 4QFY17 and decreased 2.4% vs 1QFY17**
- **1QFY18 DPU of 2.40 cents was stable vs 4QFY17**

Distributable Income (S$'000)



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[1] For 1QFY18, Unitholders' distribution from capital returns includes S$2.0 million which relates to a portion of net consideration received from the disposal of the Hotel development rights at China Square Central in August 2015, which is classified as capital distribution from tax perspective. See accompanying 1QFY18 Financial Statements announcement for more details, and refer to the Circular to Unitholders dated 3 June 2015 for details on the disposal of the Hotel development rights at China Square Central in August 2015.

Results – 1QFY18 financial highlights

1 Oct 2017 – 31 Dec 2017	1QFY18 (S$ ‘000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	35,321	↓ 11%	▪ Lower occupancy rates for Alexandra Technopark, China Square Central[1], 55 Market Street and Central Park, and the effects of average weaker Australian dollar.
Net Property Income	24,858	↓ 15%	▪ As above.
Distributable income to Unitholders[2]	19,456	↓ 2%	
DPU[3]	2.40¢	↓ 4%	▪ DPU decreased due to increase in number of Units[3] and the lower distributable income. Inclusive of capital distribution of 0.42¢[4].

See 1QFY18 Financial Statements announcement for details.

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[1] Impacted by planned vacancies to facilitate asset enhancement works at the retail podium at 18 Cross Street.

[2] In 1QFY18, 100% (1QFY17: 0%) of the Manager’s management fee was taken in Units.

[3] The number of Units used to calculate the amount available for DPU are 795,818,663 and 810,654,842 for 1QFY17 and 1QFY18, respectively. See accompanying 1QFY18 Financial Statements announcement for more details.

[4] In 1QFY178 Unitholders’ distribution from capital returns of 0.42 cents included a portion of consideration received from the disposal of the Hotel development rights at China Square Central in August 2015, which is classified as capital distribution from tax perspective. See accompanying 1QFY18 Financial Statements announcement for more details.

Results – 1QFY18 portfolio NPI

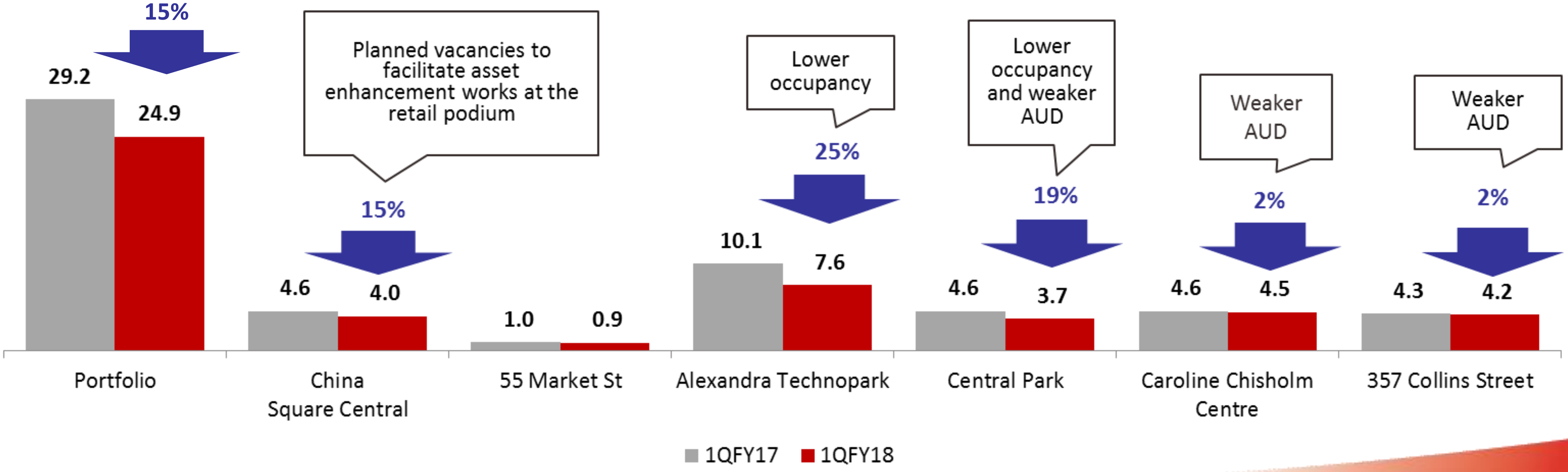
Lower occupancy rates at Alexandra Technopark, China Square Central, 55 Market Street and Central Park, and effects of weaker Australian dollar

Net Property Income (S$m)

TOTAL: S$24.9 million for 1QFY18

Singapore: S$12.5 million (50%)

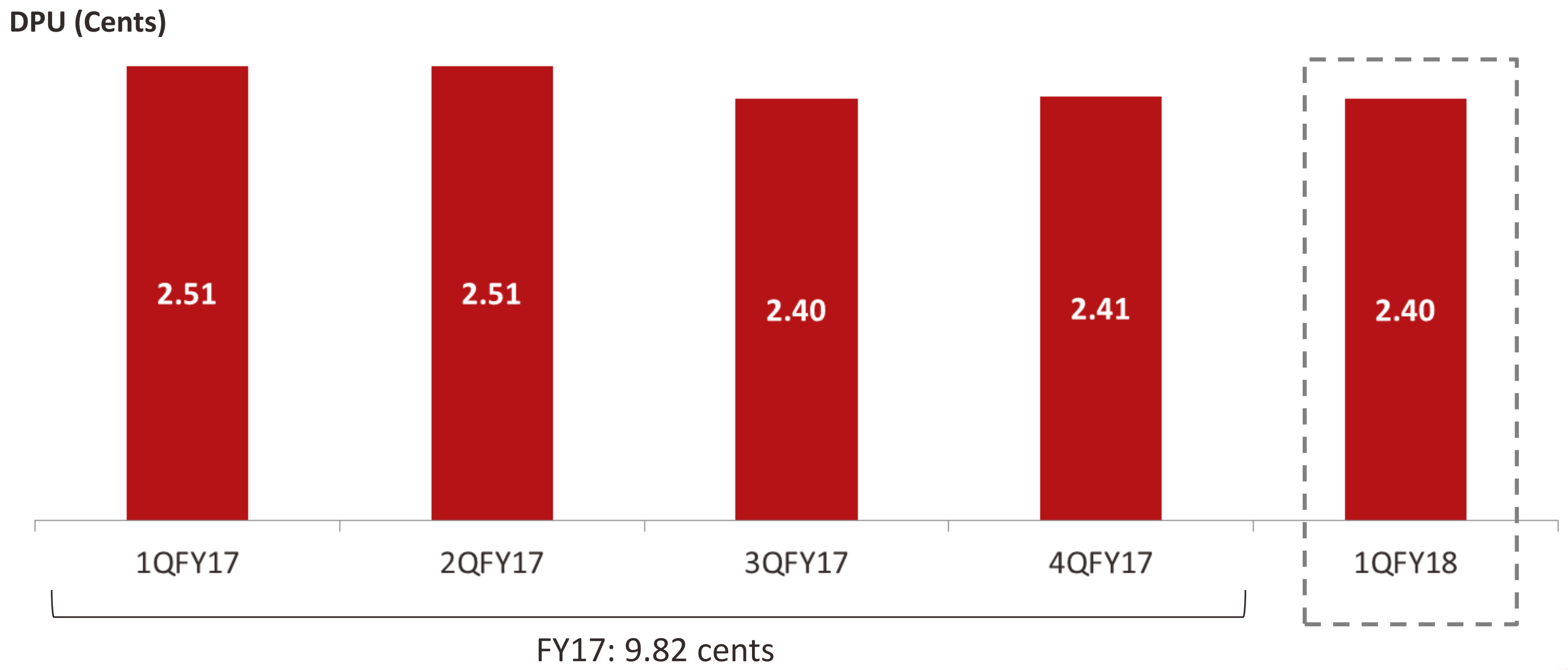
Australia: S$12.4 million (50%)



	1QFY17	1QFY18
Portfolio	29.2	24.9
China Square Central	4.6	4.0
55 Market St	1.0	0.9
Alexandra Technopark	10.1	7.6
Central Park	4.6	3.7
Caroline Chisholm Centre	4.6	4.5
357 Collins Street	4.3	4.2

DPU profile

1QFY18 DPU was stable q-o-q



Distribution payment

DRP will be applied for the distribution for 1QFY18

Distribution Period	1 October 2017 to 31 December 2017
Ordinary Unit Distribution Rate	**Distribution of 2.4000 cents per Unit comprising:** a) taxable income distribution of 1.5983 cents; b) tax-exempt income distribution of 0.3831 cents; and c) capital distribution of 0.4186 cents.
Last day of trading on “cum” basis	**Friday, 26 January 2018**
Ex-distribution trading commence	Monday, 29 January 2018
Distribution Books Closure Date	Wednesday, 31 January 2018 at 5.00 pm
Cash distribution payment date	**Thursday, 1 March 2018**
Credit of Units to Unitholders’ securities accounts/ listing of Units issued under the DRP on SGX-ST	**Thursday, 1 March 2018**

See accompanying 1QFY18 Financial Statements announcement for more details.

Capital Management

Debt statistics

- **Healthy gearing of 34.8%**
- **Healthy interest coverage ratio of 4.3 times**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 31 Dec 2017
Total Assets (S$'000)	2,138,936
Gross Borrowings (S$'000)	744,244
Units on Issue and Issuable entitled to distribution	810,654,842
NAV per Unit (ex-DPU) (S$) [1]	1.55
Gearing [2]	34.8%
Interest coverage ratio (times) [3]	4.3
Average borrowing rate [4]	3.04%
- Weighted average SGD debt rate	2.69%
- Weighted average AUD debt rate	3.88%
FCOT Issuer rating by Moody's [5]	Baa2

Borrowings and assets by currency

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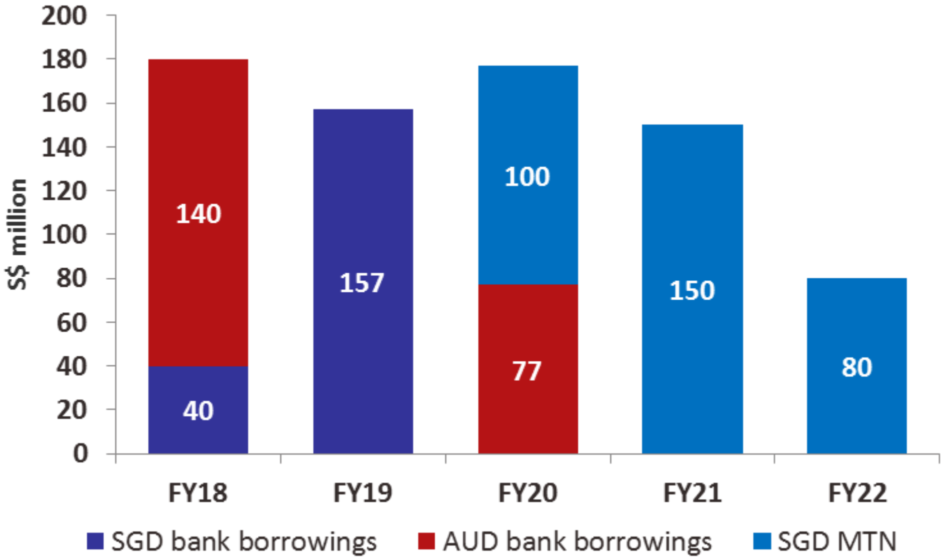
[1] Based on issued Units for the financial quarter ended 31 December 2017.
[2] Gross borrowing as a percentage of total assets.
[3] Net income before changes in fair values of investment properties, interest, other investments and derivative instruments, income tax and distribution, and adding back certain non-recurring items/cash finance costs for the quarter ended 31 December 2017. See accompanying 1QFY18 Financial Statements announcement for details.
[4] For quarter ended 31 December 2017.
[5] Moody's affirmed FCOT's Baa2 ratings and changed outlook from stable to negative on 29 September 2017 (refer to the announcement dated 29 September 2017).

Well-spread debt expiry profile

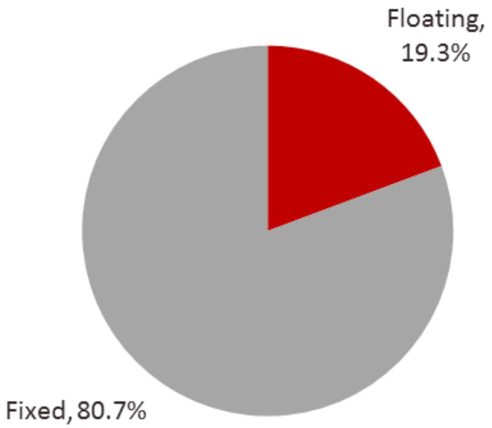
- **Well-spread debt maturity profile, with not more than S$180 million due in any financial year**
- **No debt maturing until August 2018**
- **81% of gross borrowings on fixed rate**
- **All assets are unencumbered**

Debt maturity

Total facilities: S$744 million
Weighted average term to maturity: 2.3 years



Debt composition – floating vs. fixed interest rates



Data as at 31 December 2017.

Portfolio Review

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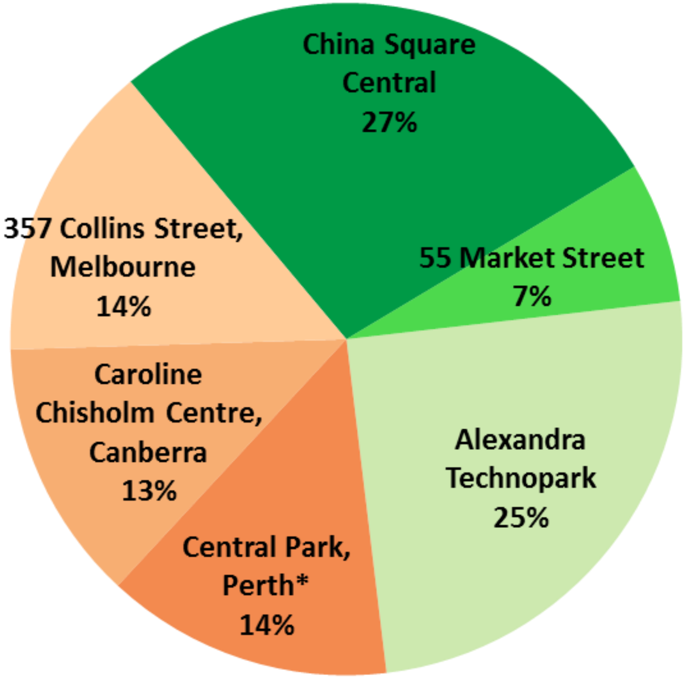
Portfolio review – Asset values

Diversified portfolio with no single property accounting for more than 27% of portfolio value



Asset values as at 31 December 2017

Singapore	$	1,216.3 mil	59%
Australia	$	838.2 mil	41%
Total	$	2,054.5 mil	**100%**

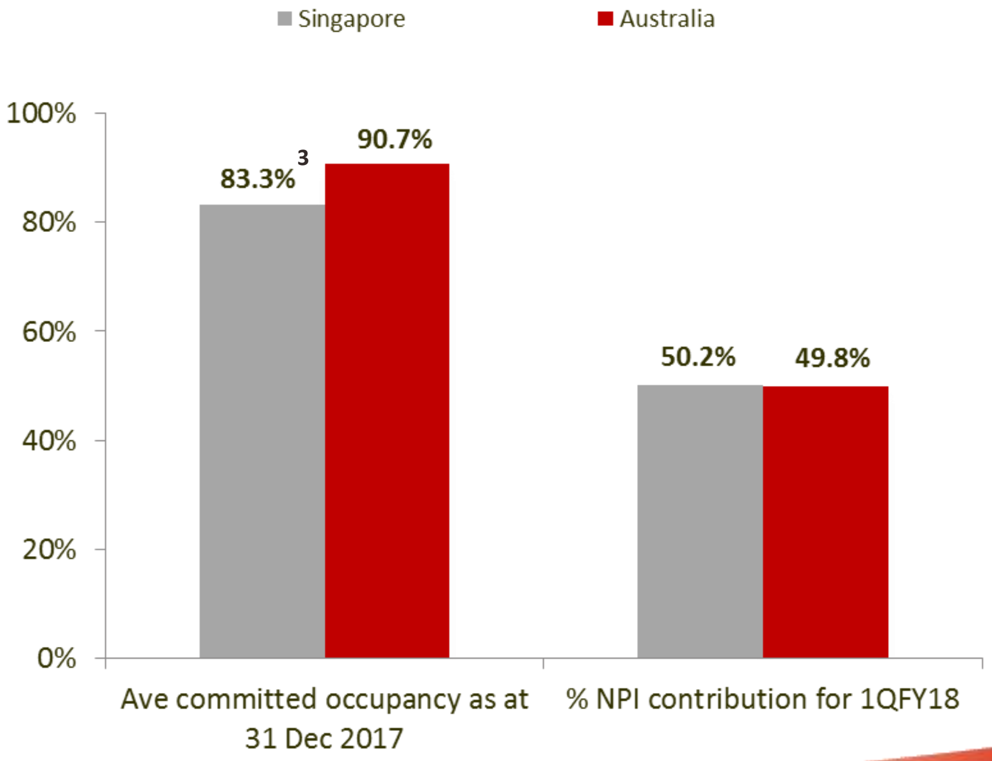
* Reflects FCOT's 50% interest in Central Park.

Portfolio review – Occupancy & WALE

- **Average committed occupancy rate of 86.6%**
- **WALE of 3.6 years[1,2]**

Key portfolio statistics As at 31 Dec 2017	Actual occupancy	Committed occupancy[2]
Ave Occupancy	80.3%	86.6%
Portfolio WALE by gross rental income[1]	2.8 years	3.6 years

Geographical occupancy and % NPI contribution



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[1] Excludes lease incentives and retail turnover rents, if any.

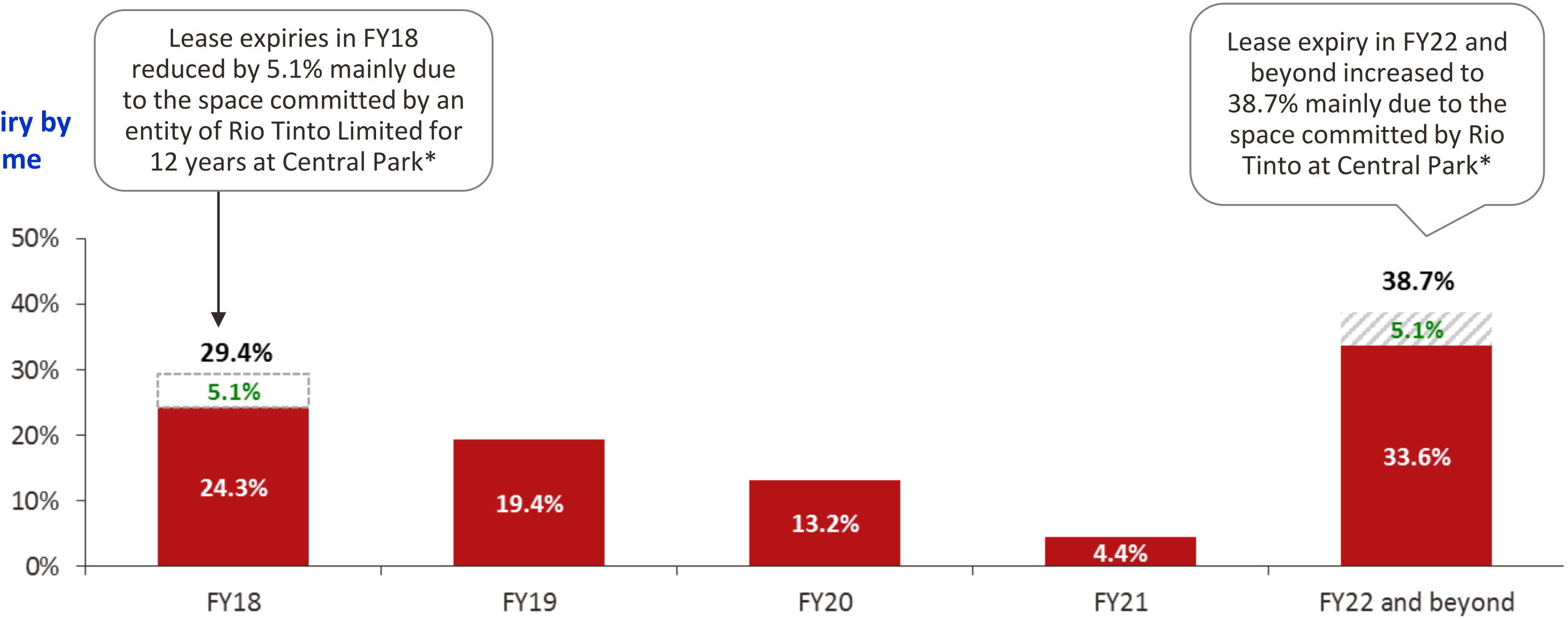
[2] Adjusted for, among other things, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18 and space that Rio Tinto Limited will be returning by end-FY18 as part of its partial relocation to new premises under the new lease. In addition, the total NLA of the portfolio used in the computation of occupancy rate has excluded 18 Cross Street retail podium (NLA c. 64,000 sf) which is currently closed for asset enhancement.

[3] Mainly affected by lease expiration for Hewlett-Packard Enterprise Singapore Pte Ltd and phased reduction in lease area by Hewlett-Packard Singapore Pte Ltd at Alexandra Technopark (refer to the announcements dated 22 September 2017 and 3 November 2017 for further details).

Portfolio review – Lease expiry profile

Well-spread lease expiry profile provides income defensiveness

Portfolio lease expiry by gross rental income



Portfolio lease expiry by gross rental income~

	FY18	FY19	FY20	FY21	FY22 and beyond
Number of leases expiring	49	57	35	19	36[#]
NLA (sq ft) expiring	491,421	385,437	263,497	85,637	854,689
Expiries as % total NLA	19.3%	15.1%	10.4%	3.4%	33.6%
Expiries as % total Gross Rental Income	24.3%	19.4%	13.2%	4.4%	38.7%

Data as at 31 December 2017 and excluding lease incentives and retail turnover rents, if any.

* Based on the space committed by an entity of Rio Tinto Limited on a new 12-year lease at Central Park commencing in FY18.

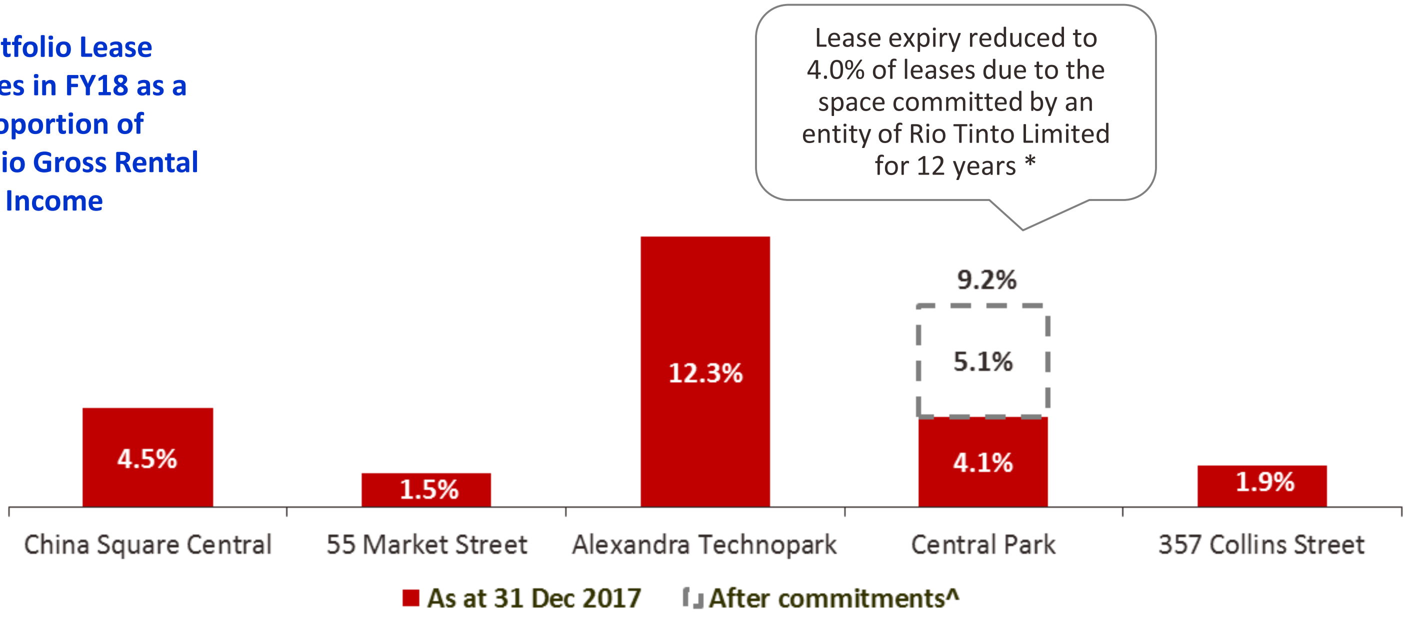
~ Adjusted for, among other things, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18. In addition, the total NLA of the portfolio used in the computation has excluded 18 Cross Street retail podium (NLA c. 64,000 sf) which is currently closed for asset enhancement

\# Pending confirmation of actual number of leases to be executed in respect of the overall space committed by an entity of Rio Tinto Limited under a Heads of Agreement.

Portfolio review – Lease expiry profile

Proactive management of leases

Portfolio Lease Expiries in FY18 as a proportion of Portfolio Gross Rental Income



As at 31 December 2017					
Number of leases expiring^	14 (office)	5(office) 2 (retail)	14	3 (office) 1 (retail)	5 (office) 5 (retail)
Average passing rents for expiring leases~	$7.63 (office)	$7.33 (office) $6.71 (retail)	$4.07	A$610 (office) A$2,627 (retail)	A$554 (office) A$2,073 (retail)

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^ Adjusted for, among other things, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18.

~ Excludes lease incentives and retail turnover rents, if any. Figures for Singapore properties are on a gross rent per square foot per month basis, while figures for Australian properties are based on net face rent per square metre per annum basis.

Portfolio review – Leasing activities

- **WeWork has committed to take up c. 28,700 sf of space at China Square Central in phases starting with 16,800 sf in 2H 2018**
- **Selected new/renewed leases committed in 1QFY18:**

Tenant	Industry	Property
WeWork Singapore Pte Ltd	Business services	China Square Central
MW Medical Pte Ltd	Medical/ pharmaceutical	China Square Central
Equinix Asia Pacific Pte Ltd	IT products and services	China Square Central
Berkley Insurance Company (Singapore Branch)	Insurance	China Square Central
Itron Metering Systems Singapore Pte Ltd	Consultancy/ business services	55 Market Street
Olympus Singapore Pte Ltd	Medical/ pharmaceutical	Alexandra Technopark
DISA Limited	IT products and services	Alexandra Technopark
Fujikura Asia Limited	Electronics	Alexandra Technopark

Portfolio review – Mid-term rent reviews

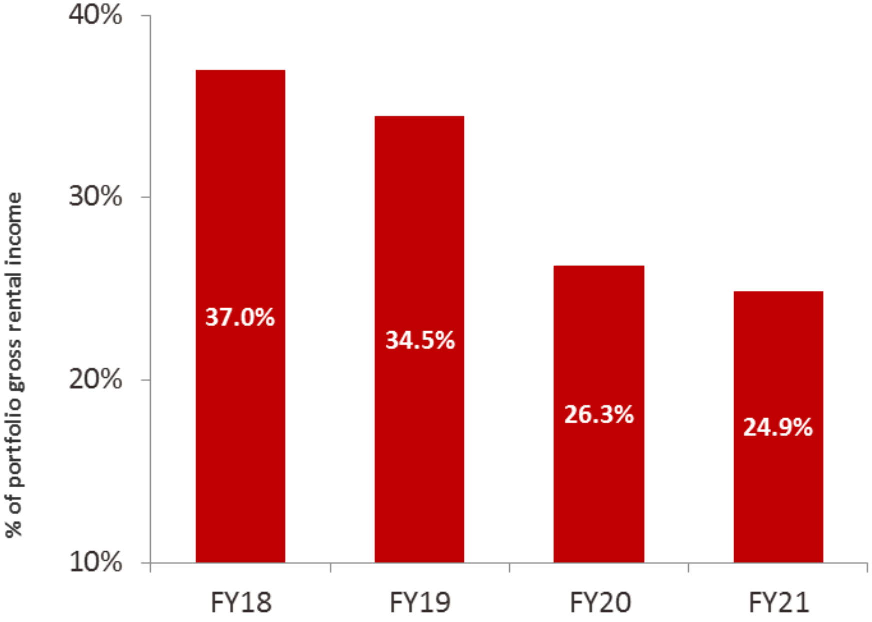
37% of FY18 leases have built-in step-up rents

			GROSS RENTAL INCOME[1]	
Property	Leases	Average step-up	% of Property	% of Portfolio
China Square Central	9	1.8%	41.3%	7.2%
55 Market Street	1	0.7%	7.6%	0.3%
Alexandra Technopark	1	15.1%	1.4%	0.4%
Caroline Chisholm Centre	1	3.0%	100.0%	16.1%
Central Park	12	3.7%	29.2%	4.7%
357 Collins Street	24	3.9%	50.0%	8.0%

FY18 - Other mid-term lease rent reviews

			GROSS RENTAL INCOME[1]	
Property	Leases	Review mechanism	% of Property	% of Portfolio
Central Park	1	Market	5.5%	0.9%
Central Park	3	CPI	1.6%	0.3%
357 Collins Street	4	Market	39.7%	6.3%

FY18 – FY21 Portfolio Gross Revenue with Step-Up Rents



Weighted average fixed step-ups	2.9%	2.8%	2.3%	2.0%

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[1] Excludes lease incentives and turnover rent, if any..

Portfolio review – Top-10 tenants

Top 10 tenants:

- **MNCs, government department and public listed companies**
- **Established names and well diversified across various sectors**
- **Contribute 58% of portfolio gross rental income and have a WALE of 4.5 years as at 31 December 2017**

Top 10 tenants by gross rental income

Tenant	Property	Sector	Lease Expiry	% (Gross Rental Income)[1]
Commonwealth of Australia	Caroline Chisholm Centre	Government	Jul-25	16.9%
Hewlett-Packard Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Jan-18 to Dec-18	11.1%
Rio Tinto Limited[2]	Central Park	Mining/ resources	Jun-18/ Jun-30[2]	7.5%
Commonwealth Bank of Australia	357 Collins Street	Banking, insurance & financial services	Dec-22	6.5%
GroupM Singapore Pte Ltd	China Square Central	Consultancy/ business services	Mar-19	3.6%
Service Stream Ltd	357 Collins Street	Multimedia & Telecommunications	Dec-19	3.4%
Microsoft Operations Pte Ltd	Alexandra Technopark	IT Products & Services	Jan-22	3.1%
Suntory Beverage & Food Asia Pte Ltd	China Square Central	Food & beverage	May-20	2.8%
Equinix Asia Pacific Pte Ltd	China Square Central	IT Products & Services	Feb-21	1.4%
Nokia Solutions and Networks (S) Pte Ltd	Alexandra Technopark	Multimedia & Telecommunications	Feb-21	1.3%
Total				57.6%

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1 Data as at 31 December 2017 and excludes lease incentives and retail turnover rents, if any.

2 Based on the space committed by an entity of Rio Tinto Limited on a new 12-year lease at Central Park commencing in FY18.

Asset Enhancement Initiatives and Acquisition

FRASERS COMMERCIAL TRUST

Asset update – Asset enhancement at Alexandra Technopark

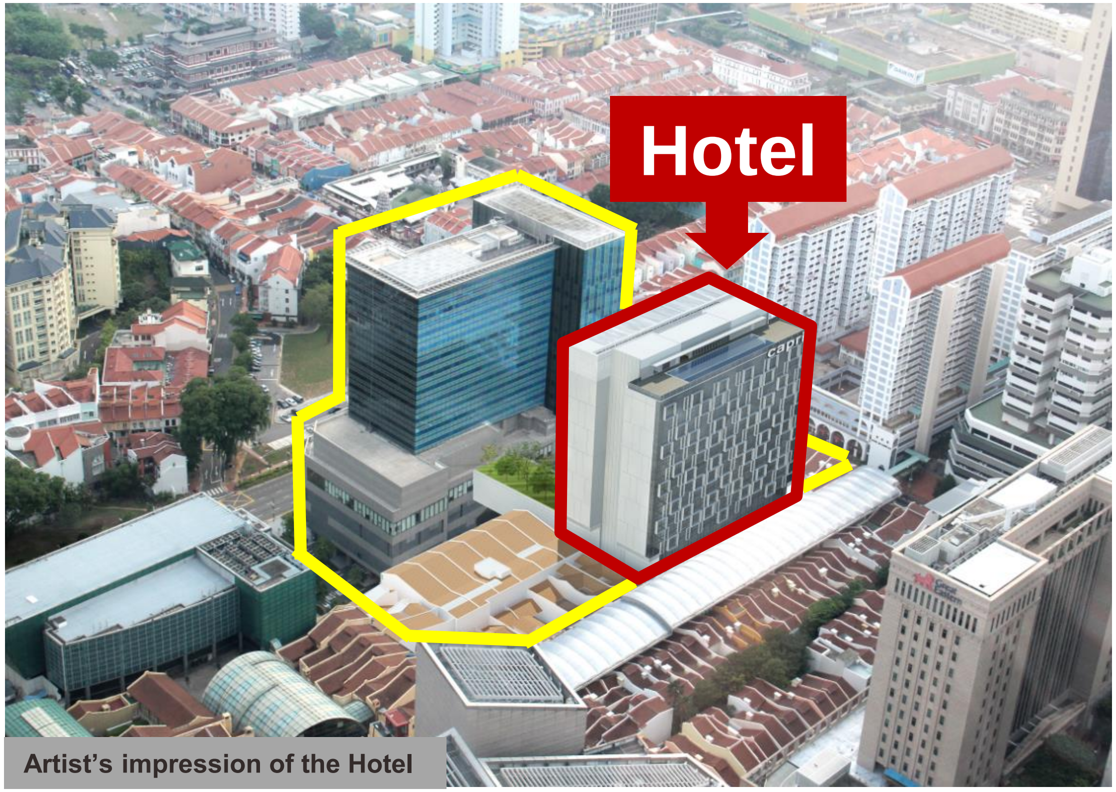
- **$45 million AEI and re-branding on track to complete around mid-2018**
- **Creating a contemporary business campus with greater connectivity and a more activated, stimulating and engaging environment**
- **Tenants can look forward to a generous offering of wellness, lifestyle, social and other amenities**
- **New amenities include futsal courts, end-of-trip facilities, exercise areas and meeting facilities**

Artist's impression of Central Plaza, a new amenity hub

Artist's impression of entrance to Alexandra Technopark

Asset update – Developments at China Square Central

- **Construction works for the development of the 16-storey Hotel and Commercial Project[1] are on track and expected to be completed by mid-2019**
- **New retail and commercial spaces with better frontages and visibility will also be created[2]**
- **The new Capri by Fraser hotel will bring increased activity to rejuvenate China Square Central**



Artist's impression of the Hotel

Construction hoarding along Nankin Mall

🟨 China Square Central

🟥 Proposed Hotel

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[1] Undertaken by an entity of Frasers Centrepoint Limited. Refer to the Circular to Unitholders dated 3 June 2015 for details.

[2] New spaces to be created from relocated spaces from part of the existing basement at 18 Cross Street and a section of 22 Cross Street. Refer to the Circular to Unitholders dated 3 June 2015 for details.

Asset update – Enhancement of China Square Central retail podium

- **Written Permission obtained for rejuvenation and repositioning of retail podium at 18 Cross Street**
- **S$38 million[1] project to commence in 1Q 2018 and expected to complete by mid-2019[1]**
- **NLA to potentially increase to c.75,000 sf[1] from c.64,000 sf currently**
- **Improved tenant mix focusing on F&B, wellness and services**
- **To benefit from uplift in human traffic from Capri by Fraser opening in 2019**
- **Retail podium closed during construction period for safety reasons**

Artist's impression of the retail podium for illustration only

Artist's impression for illustration only

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1. Based on provisional scheme which may be subject to change.

Acquisition of 50% interest in Farnborough Business Park, UK

- FCOT expands investment mandate to Europe, with an initial focus on the UK, to enhance long-term growth potential and diversification[1]
- 50:50 joint venture with sponsor, Frasers Centrepoint Limited ("FCL"), to acquire Farnborough Business Park ("FBP") at a property value of £175 million expected to complete by end-January 2018[1]
- FBP is an award-winning business park with solid fundamentals in a well-connected location in Thames Valley
- The acquisition is expected to be DPU-accretive based on the contemplated funding plan involving a combination of debt and equity
- Future growth from more than S$4 billion[2] acquisition pipeline from right of first refusal granted by FCL over relevant properties in Singapore, Australia and the UK

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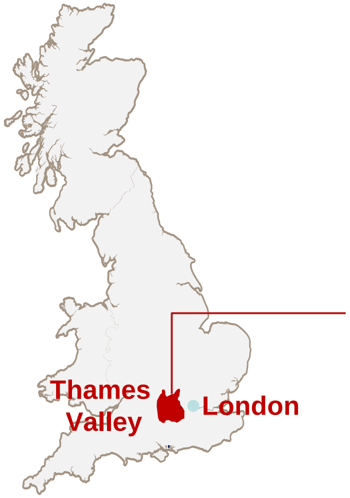
1. Refer to announcement dated 14 December 2017.
2. Source: Frasers Centrepoint Limited 2017 Annual Report and relevant announcements.

Acquisition of 50% interest in Farnborough Business Park, UK (cont'd)

46.5 hectares freehold land	**~555k sq ft** NLA	**8.3 years** long WALE[1]	**98.1%** occupancy rate[2]	**89%** tenant retention[3]	**36** quality tenants[4]



FLUOR

inc Research

Time Inc.

Regus

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Award-winning and well-located business park with 14 high quality buildings that offer an integrated live-work-play proposition[5]

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1 By gross rental income as at 30 September 2017 after taking into account certain rent guarantees and reimbursement of rent free incentives from the vendor for existing leases and potential lease breaks/lease expirations in 2018. The weighted average lease to termination ("WALT") (after accounting for rights to break) is 5.9 years. Please refer to FCOT's announcement dated 14 December 2017 for further details.

2 As at 30 September 2017 and after adjusting for leases for which the tenants have exercised their rights to break.

3 Since 2012.

4 As at 30 September 2017 and after taking into account committed pre-leases to two new tenants.

5 Farnborough Business Park also includes five freehold reversions subject to long leaseholds and four listed buildings relating to British aviation history.

Acquisition of 50% interest in Farnborough Business Park, UK (cont’d)

Freehold business park with a land area of 46.5 hectares

🟥 **Farnborough Business Park site boundary**

34 min
train ride to Waterloo Station

Connected to key motorway junctions 4 and 4a of M3

40 km
to Heathrow Airport

1.6 km
to Farnborough Town Centre

Adjacent to TAG Farnborough Airport and Farnborough International Exhibition & Conference Centre

Note: Boundary shown is illustrative only and includes certain lots sold on long leaseholds.

Acquisition of 50% interest in Farnborough Business Park, UK (cont'd)

Differentiated business park integrating lifestyle and community with a live-work-play focus

Integrated communities with high quality amenities

☑ **Integrated business community with high quality amenities focused on delivering a stimulating and enriching business campus environment**

☑ **Attractive business campus:** Mix-use business environment in Thames Valley that has attracted blue-chip companies to relocate their corporate headquarters, such as Fluor Limited

☑ **Cluster effect:** Concentration of skilled talent pool from key business clusters including manufacturing, financial & business services and hi-tech sectors

☑ **Modern amenities:** Provision of on-site amenities with >300,000 sq ft of modern retail and other facilities

☑ **Healthy tenant retention:** Has proven appeal to occupiers with healthy tenant retention ratio of 89% since 2012

☑ **Award-winning business park:** Won BCO award for excellent office space, Green Flag award for well-managed green space and BALI landscape award

Data as at 30 September 2017.

ROFR pipeline

Expanded ROFR pipeline to more than S$4bn

Selected Singapore assets owned by FCL

Frasers Tower(1)

Alexandra Point

51 Cuppage Road

Valley Point

Selected Australia assets owned by FCL

1B Homebush Bay Drive

2 Southbank Boulevard

1D Homebush Bay Drive

Rhodes Corporate Park (Bldg F)

Selected UK assets owned by FCL

Winnersh Triangle

Chineham Park

Watchmoor Park

Farnborough Business Park(2) (50%)

Source: FCL 2016 annual report and announcements.

(1) Currently under development.

(2) Not owned by FCL as at date of announcement.

Appendix: Asset Details and Market Overview

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Portfolio update – Singapore assets

China Square Central – stable occupancy for office tower

55 Market Street – stable occupancy

Alexandra Technopark – rejuvenation and repositioning underway

Occupancy	93.2% ^* (office tower: 93.0%)^*	90.0%	79.9%^
WALE	1.5 years	1.6 years	1.5 years
New leases, committed and renewals	WeWork Singapore Pte Ltd, MW Medical Pte Ltd, Equinix Asia Pacific Pte Ltd, Berkley Insurance Company (Singapore Branch)	Itron Metering Systems Singapore Pte Ltd	Olympus Singapore Pte Ltd, DISA Limited, Hewlett-Packard Singapore Pte Ltd, Fujikura Asia Limited
Tenants	groupm SUNTORY SUNTORY BEVERAGE & FOOD PACIFIC PRIME SINGAPORE Simplifying Health Insurance ABeam Consulting MediaMath Aspire PAMA EQUINIX Wavecell BANJARAN WEALTH Berkley Re a W. R. Berkley Company	JLL JobSTUDIO bwl CHANCERY LAW CORPORATION Citigate Dewe Rogerson MANCHESTER 1824 The University of Manchester Manchester Business School TKP Itron SUMITOMO FORESTRY (SINGAPORE) LTD.	hp Great Eastern A member of the OCBC Group Fujikura SYBASE An SAP Company OKI OMRON SENNHEISER F&K DELVOTEC Air Liquide creative oxygen

Data as at 31 December 2017.

^ Committed occupancy as at 31 December 2017.

* Excluding 18 Cross Street retail podium (NLA c 64,000 sq ft) which is currently closed for asset enhancement.

Portfolio update – Australia assets

Central Park – long WALE of 6.7 years[*]

Caroline Chisholm Centre – full occupancy with long WALE of 7.5 years

357 Collins Street – high occupancy in a strong market

Occupancy	71.6%[*][#]	100.0%	98.9%
WALE	1.7 years (6.7 years with new leases[*])	7.5 years	3.4 years
New leases, committed and renewals	Rio Tinto Shared Services Pty Ltd	Property occupied until July 2025 by a single tenant, the Commonwealth of Australia (Aaa rated^)	FCL Property Management Services Pty Limited
Tenants	Rio Tinto MIMI ASX Marubeni JLL IOOF DLA PIPER JONES DAY	Australian Government	CommonwealthBank meridian infor Wilson HTM INVESTMENT GROUP EUREKA orange Business Services THE TRUST COMPANY Folkestone

Data as at 31 December 2017.

[*] Adjusted for, among other things, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18 and space that Rio Tinto Limited will be returning by end-FY18 as part of its partial relocation to new premises under the new lease. Actual occupancy on 31 December 2017 was 64.6%.

[#] Committed occupancy as at 31 December 2017.

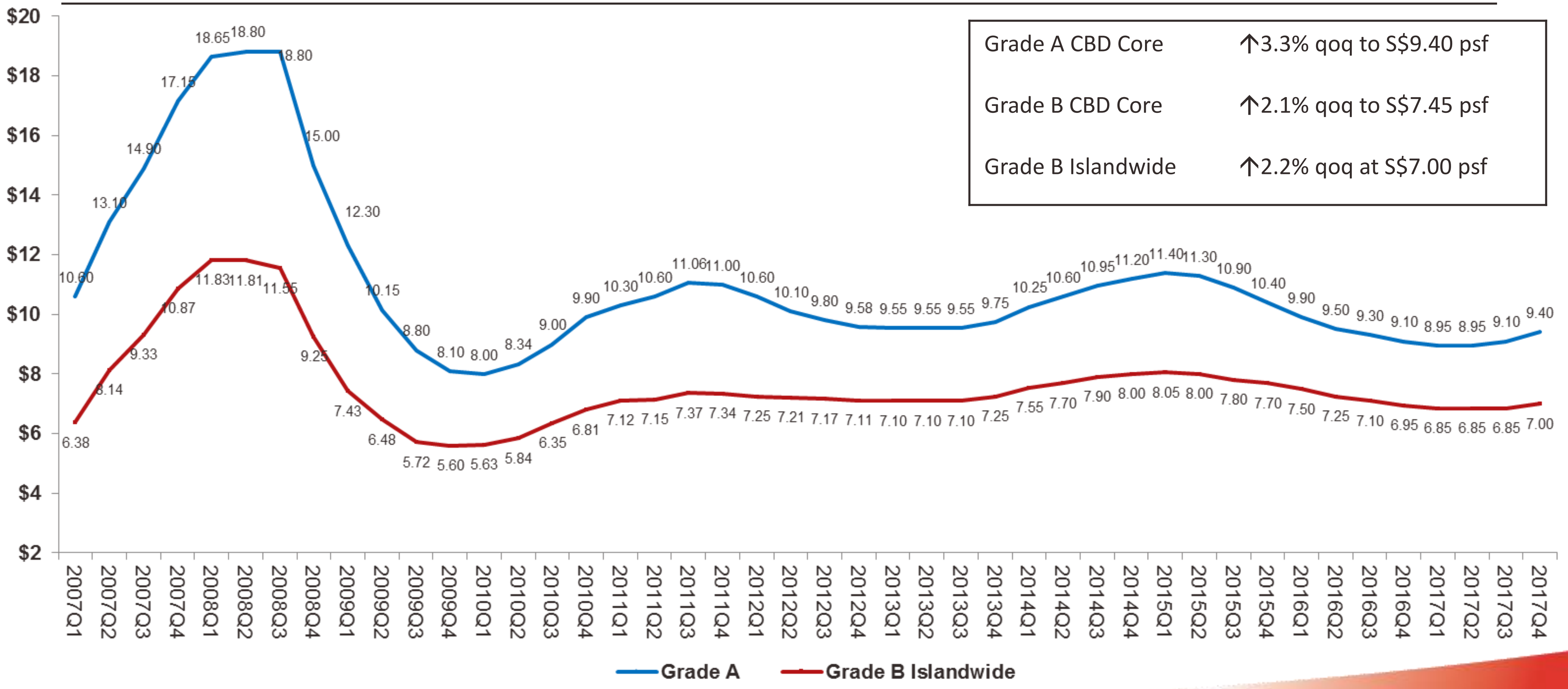
[^] Based on Moody's rating in August 2017.

Singapore office rents

Singapore office:

- **Grade B rents relatively more stable**
- **General outlook for the office market is positive**

Singapore Grade A and Grade B office rents[1]



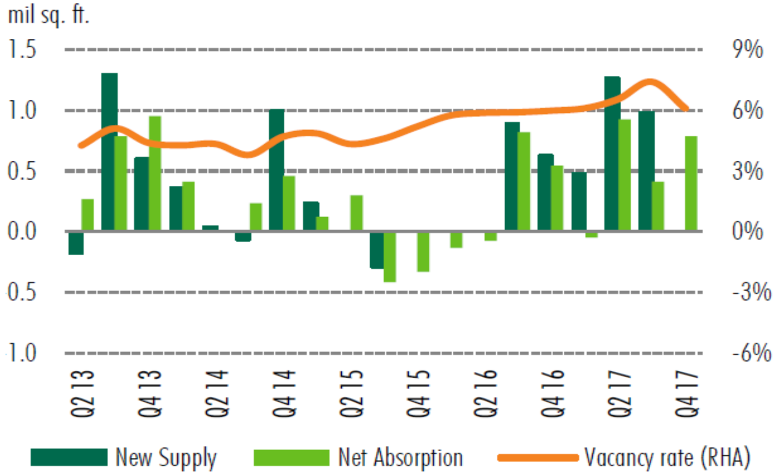
Grade A CBD Core	↑3.3% qoq to S$9.40 psf
Grade B CBD Core	↑2.1% qoq to S$7.45 psf
Grade B Islandwide	↑2.2% qoq at S$7.00 psf

Source: CBRE Research

1 CBRE, Singapore Market View, Q4 2017

Demand, supply and outlook for Singapore CBD office market

Office supply-demand dynamics[1]



Source: CBRE Research, Q4 2017

Office vacancy rates [1]

	Q4 17	Q-o-q	Y-o-y
Islandwide	6.1%	-132 bps	11 bps
Core CBD	6.2%	-129 bps	205 bps
Fringe CBD	6.6%	-173 bps	-219 bps
Decentralised	5.2%	-88 bps	-108 bps
Grade A	6.2%	-217 bps	203 bps

Source: CBRE Research, Q4 2017

- Generally more positive outlook underpinned by stronger economic conditions and lower quantum of new supply expected over the medium term
- The office market ended 2017 on a high note with a total net absorption of 2.1 million sf
- Island-wide vacancy decreased to 6.1% in Q4 2017 from 7.4% in the previous quarter
- Most of the leasing transactions in 4Q 2017 were from the co-working and technology firms
- Co-working operators are now considering Fringe CBD locations
- CBRE is of the opinion that the expansion of traditional industries such as banking, maritime and energy will be needed to fuel future growth in the office market

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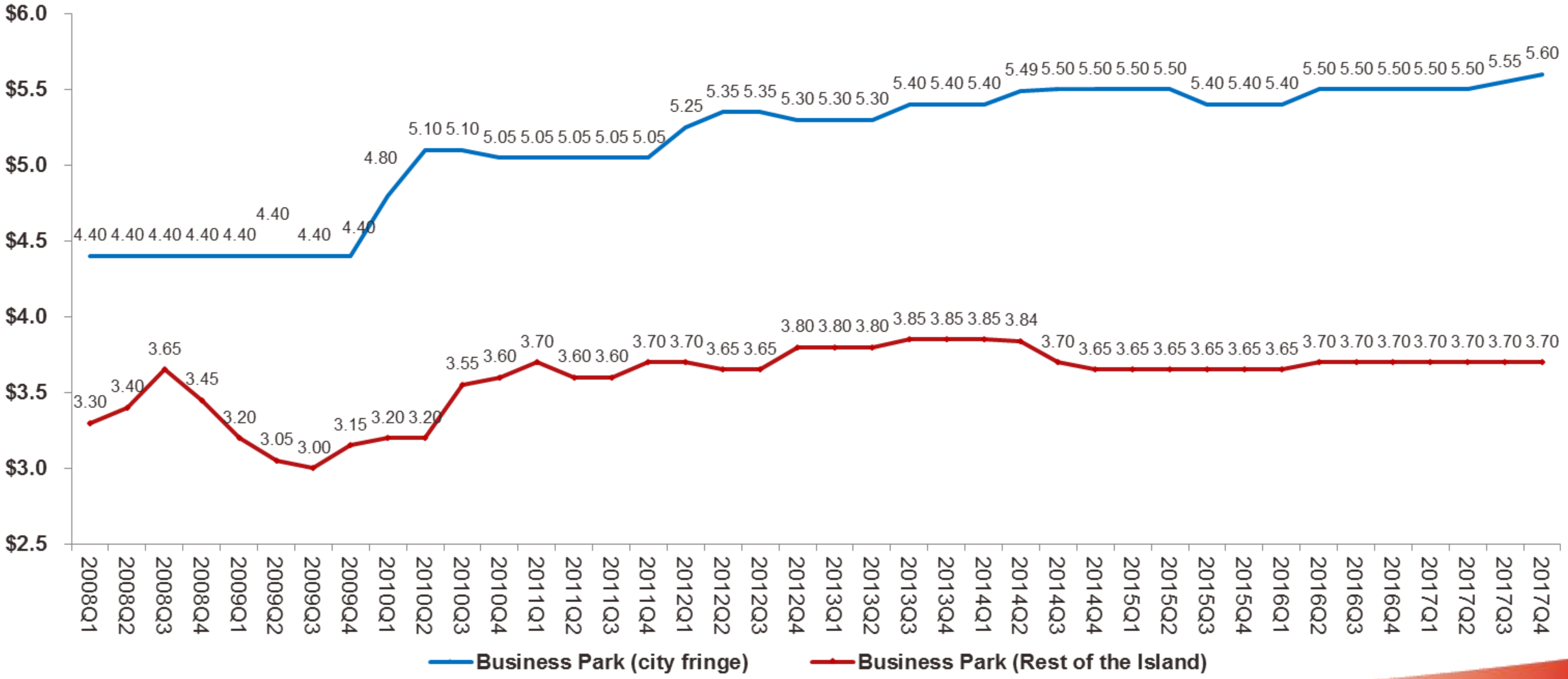
[1] CBRE, Singapore Market View, Q4 2017

Singapore business park rents

Singapore business parks – City fringe business park rents increased 0.9% qoq in Q4 2017[1]

Singapore Business Park (city fringe) rents[1]



Source: CBRE Research

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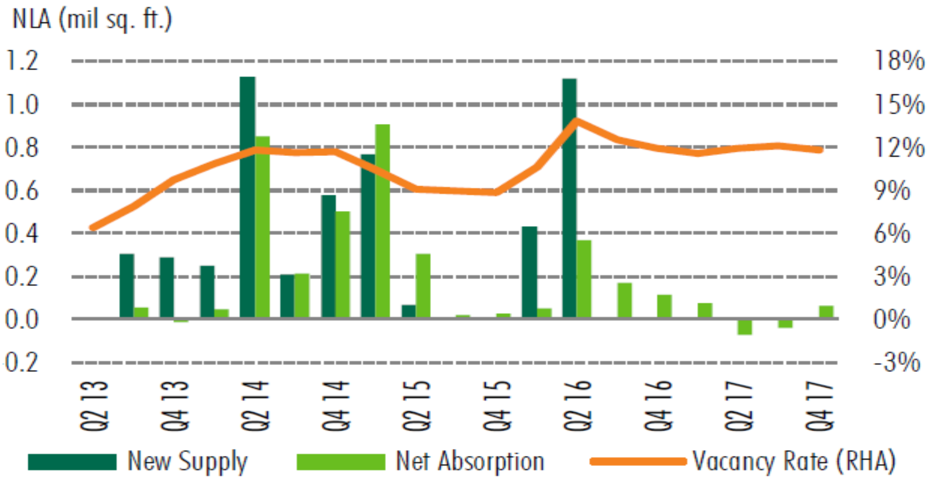
[1] CBRE, Singapore Market View, Q4 2017

Demand, supply and outlook for Singapore business park market

Business Park supply-demand dynamics[1]



Source: CBRE Research, Q4 2017

Business Park future pipeline[1]

Year	Est. NLA (mil sq. ft.)	Est. Pre-commitment
2018	0.44	60%
2019	0.68	0%
2020	-	-
Total	**1.12**	**24%**

Source: CBRE Research, Q4 2017

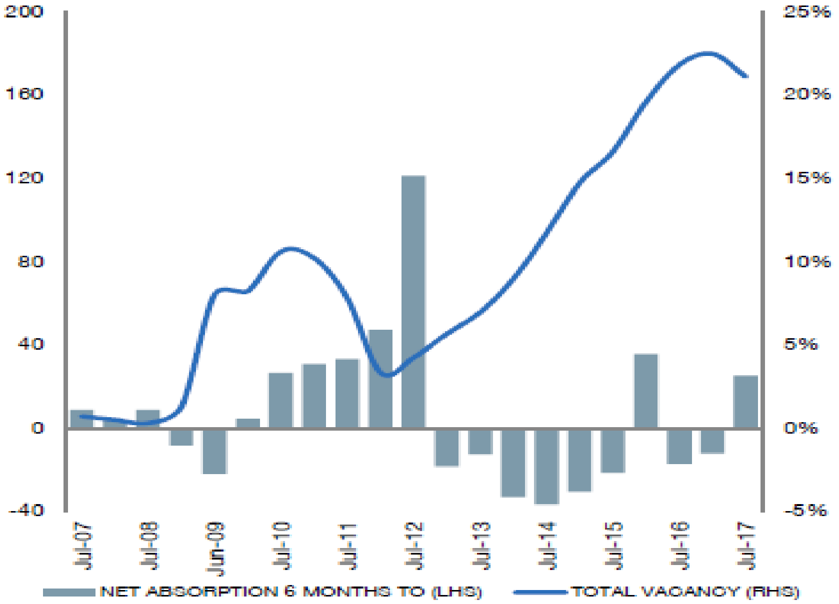
- Island-wide net absorption returned to a positive 64,098 sf as at end Q4 2017, after two consecutive quarters of negative net absorption
- Vacancy improved to 11.8% in Q4 2017 from 12.1% in the previous quarter
- City fringe business parks of higher quality and better locations are seeing healthier occupier demand and interest
- Demand for business park space is expected to remain steady due to limited stock and quality options available
- CBRE is of the opinion that any rental growth is likely to favour city fringe business parks

[1] CBRE, Singapore Market View, Q4 2017

Perth CBD office supply and rents

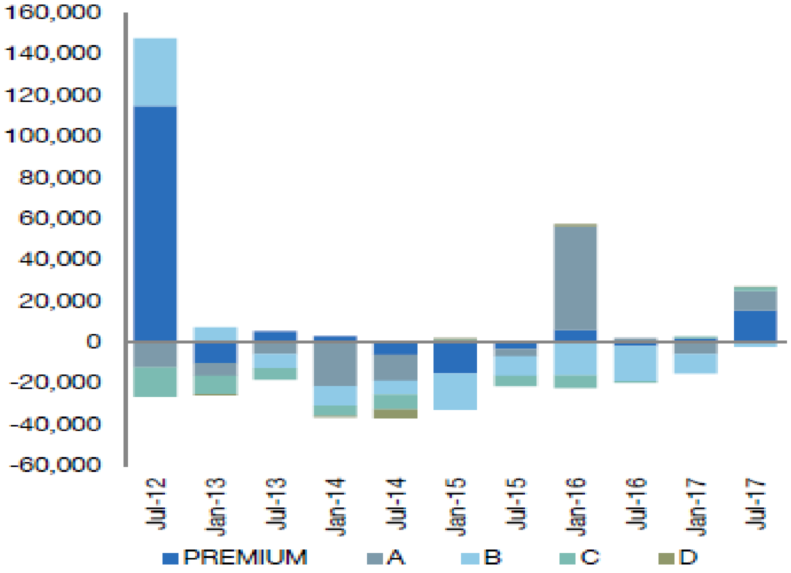
- **Perth CBD office market appears to have bottomed, overall vacancy fell to 21.1% as at July 2017**
- **Net absorption of 25,130 sqm for the six months to July 2017 was the second positive half-yearly net absorption recorded in the past two years, mainly driven by take-up of Prime Grade office space**
- **Prime Grade average net face rent was A$500 to A$700 per sqm per annum as at July 2017, with average lease incentives between 45% and 50%**
- **Lease incentives appear to be tightening at the top end of the market**

Perth CBD office net absorption and vacancy rate ('000 sqm and % per six-month period)



Source: Knight Frank Research/PCA

Perth CBD net absorption by grade ('000 sqm)



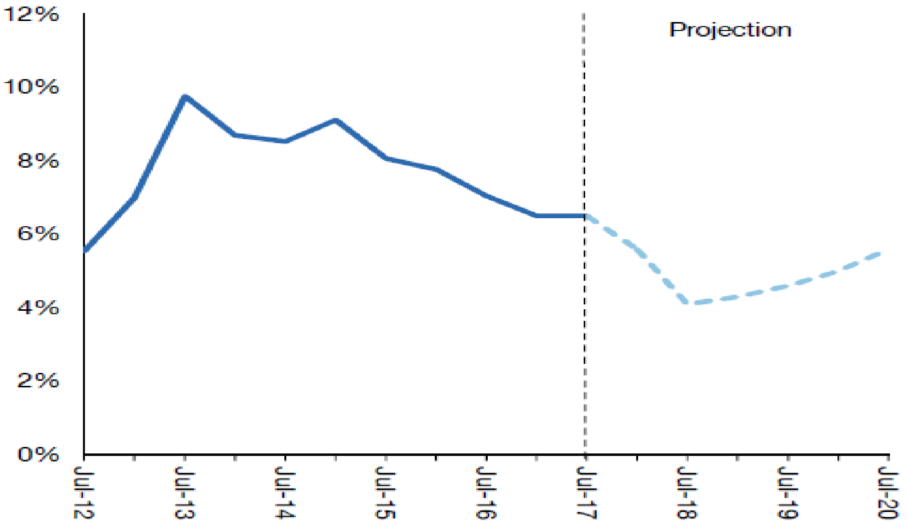
Source: Knight Frank Research/PCA

Source: Knight Frank Research, Perth CBD Office Market Overview, September 2017.

Melbourne CBD office supply and rents

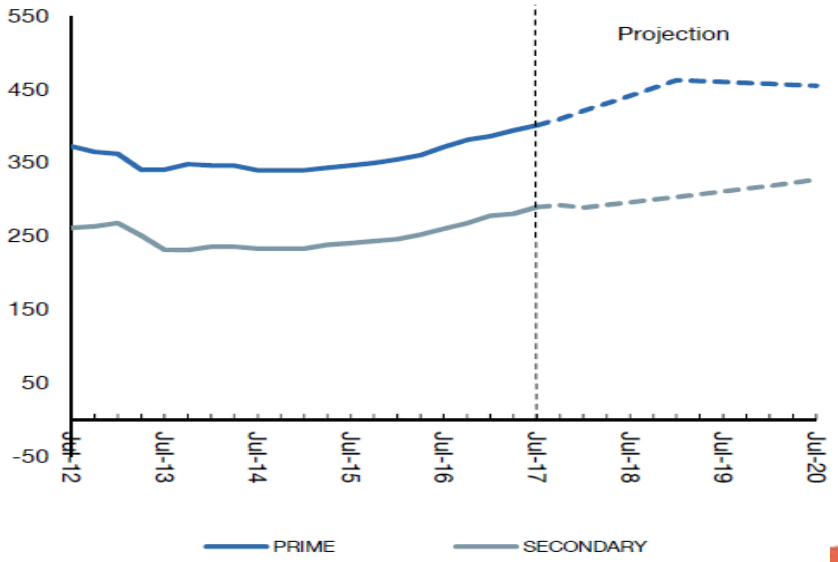
- **128,400 sqm net absorption for the year to June 2017 for the Melbourne CBD office market was the highest since 2008**
- **Prime Grade vacancy of 6.1% as at July 2017 was the lowest level recorded in the past four years, supported by employment growth across Victoria, among other factors**
- **Prime Grade net face rent for Melbourne CBD office space was between A$5100 to A$600 per sqm per annum as at July 2017, with lease incentive levels around 25% to 27%**
- **Vacancy expected to fall to a 10-year low of 4.1% by mid-2018**
- **Prime Grade office net face rent is forecast to grow by 6.5% per annum over the next two years**

Melbourne CBD office vacancy rate (total vacancy %)



Source: Knight Frank Research/PCA

Melbourne CBD office net effective rents ($A/sq m)



Source: Knight Frank Research/PCA

Source: Knight Frank Research, Melbourne CBD Office Market Overview, September 2017.

Thank you

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