



Frasers Commercial Trust 4QFY16 and FY16 Financial Results

20 October 2016

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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.

→ **Results**

→ **Portfolio review**

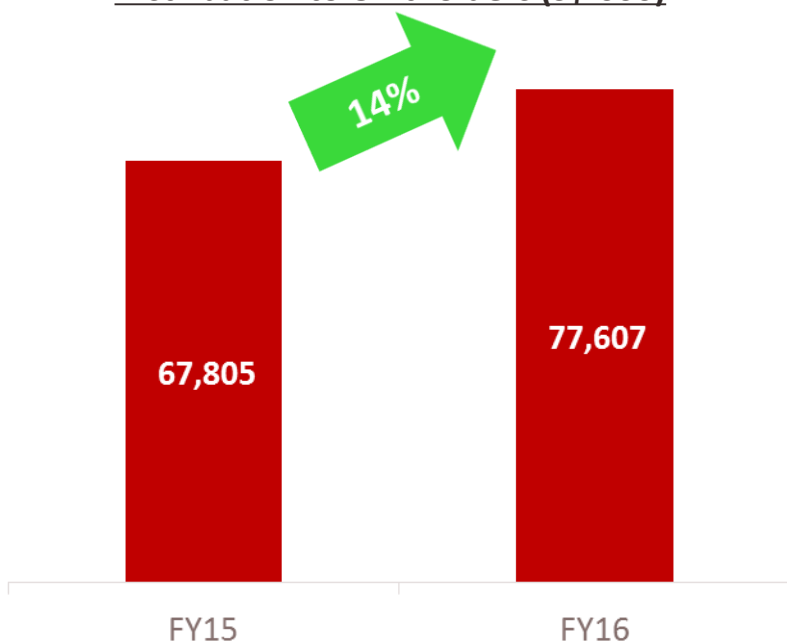
→ **Capital management**

→ **Moving Forward**

Results

- **S\$77.6 million marks the highest distributable income to Unitholders since the Trust was listed in 2006**
- **Full year contribution from 357 Collins Street and Alexandra Technopark boosted performance in FY16**

Distribution to Unitholders (S\$'000)



14% increase in distribution to Unitholders

- 1 Full year contribution from 357 Collins Street
- 2 Higher contribution from Alexandra Technopark:
 - Higher rental rates achieved
 - Upfront rental income received¹
 - Lower utilities expenses

Capital distribution²

Construction works at China Square Central³ are in progress and the loss of income will be supplemented by S\$2.2 million capital distribution

¹ Upfront rental income received from a pre-terminated lease. The pre-terminated lease was replaced by a new lease with a longer lease duration.




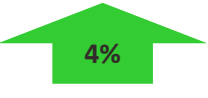

² In FY16, Unitholders' distribution from capital returns includes S\$2.2 million which relates to a portion of consideration received from the disposal of the Hotel development rights at China Square Central in August 2015, which is classified as capital distribution from tax perspective. See accompanying 4QFY16 Financial Statements announcement for more details.

³ Development of a 16 storey hotel ("Hotel") and additions and alterations at China Square Central. Refer to the Circular to Unitholders dated 3 June 2015 for details.

→ Results – 4QFY16 Financial highlights

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▪ 4% rise in distributable income for 4QFY16

1 Jul 2016 – 30 Sept 2016	4QFY16 (S\$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	39,330	 6%	▪ Full quarter contribution from 357 Collins Street and higher revenue contribution from Alexandra Technopark due to higher rental rates, offset by lower occupancy rates for China Square Central and Central Park
Net Property Income	29,289	 7%	▪ Full quarter contribution from 357 Collins Street and higher rental rates and lower utilities expenses at Alexandra Technopark, offset by higher maintenance expenses for Caroline Chisholm Centre and lower occupancy rates for China Square Central and Central Park
Net Property Income (cash basis)	29,114	 7%	▪ Increase in net property income excluding the effects of recognising accounting income on a straight line basis
Distributable income to Unitholders	19,485	 4%	▪ Distributable income to Unitholders increased y-o-y in line with NPI
DPU ¹	2.45¢	 3%	▪ DPU decreased with no management fees taken in units. Inclusive of capital distribution of 0.27¢ ² .




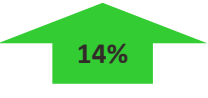

¹ The number of Units used to calculate the amount available for DPU is 794,298,124. See accompanying 4QFY16 Financial Statements announcement for more details.

² In 4QFY16, Unitholders' distribution from capital returns of 0.27 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 4QFY16 Financial Statements announcement for more details.

→ Results – FY16 Financial highlights

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■ 14% rise in distributable income for FY16

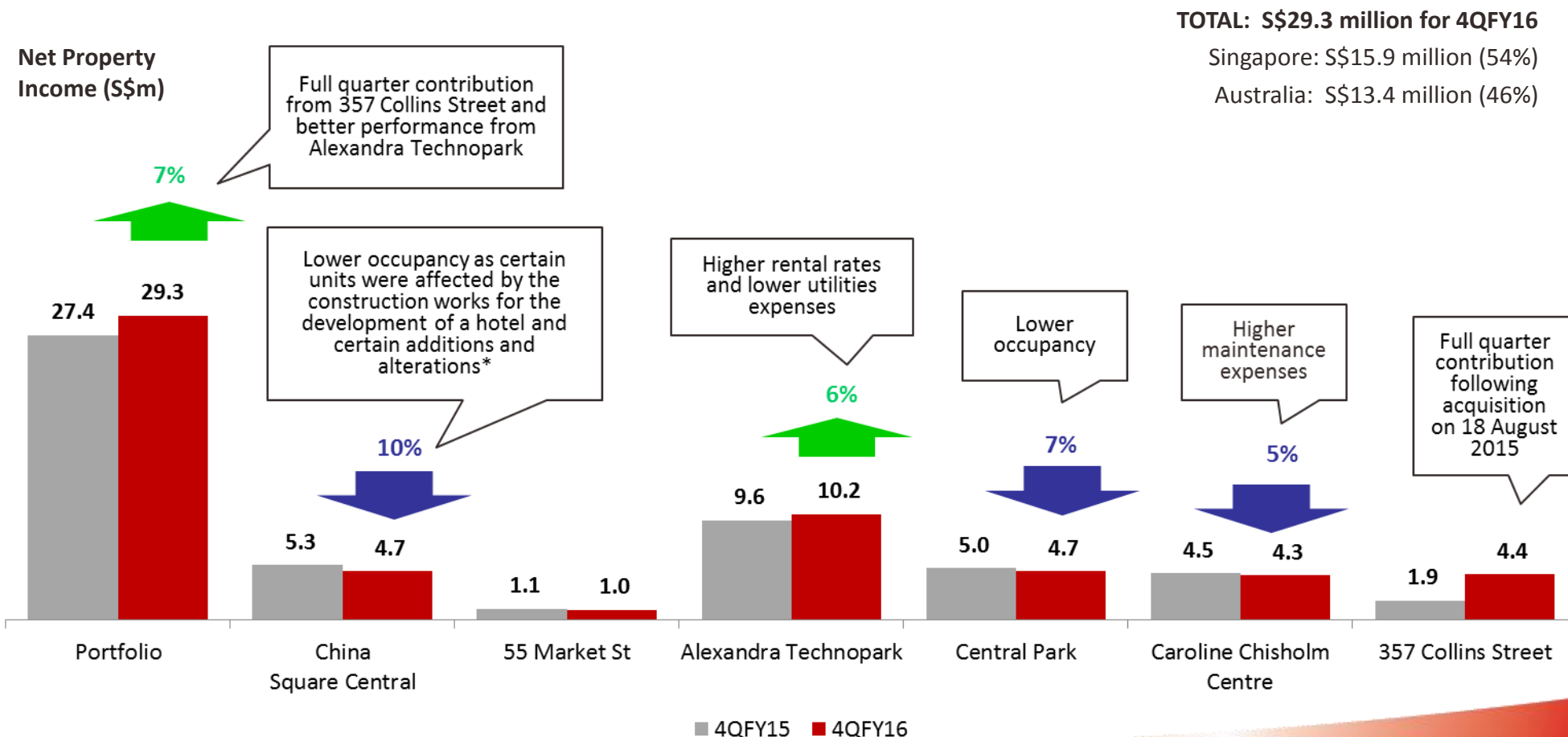
1 Oct 2015 – 30 Sept 2016	FY16 (S\$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	156,497	 10%	<ul style="list-style-type: none"> Full year contribution from 357 Collins Street, higher revenue contribution from Alexandra Technopark due to higher rental rates and upfront rental income received¹, offset by the weaker Australian dollar and lower occupancy rates for China Square Central and Central Park
Net Property Income	115,614	 13%	<ul style="list-style-type: none"> Full year contribution from 357 Collins Street and higher rental rates, upfront rental income received and lower utilities expenses at Alexandra Technopark, offset by the weaker Australian dollar and lower occupancy rates for China Square Central and Central Park
Net Property Income (cash basis)	113,794	 13%	<ul style="list-style-type: none"> 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	77,607	 14%	<ul style="list-style-type: none"> Distributable income to Unitholders increased y-o-y in line with NPI
DPU ²	9.82¢	 1%	<ul style="list-style-type: none"> DPU increased with the higher distributable income to Unitholders. Inclusive of capital distribution of 0.72¢³.

¹ Upfront rental income received from a pre-terminated lease. The pre-terminated lease was replaced by a new lease with a long lease duration.

² The number of Units used to calculate the amount available for DPU is 794,298,124. See accompanying 4QFY16 Financial Statements announcement for more details.

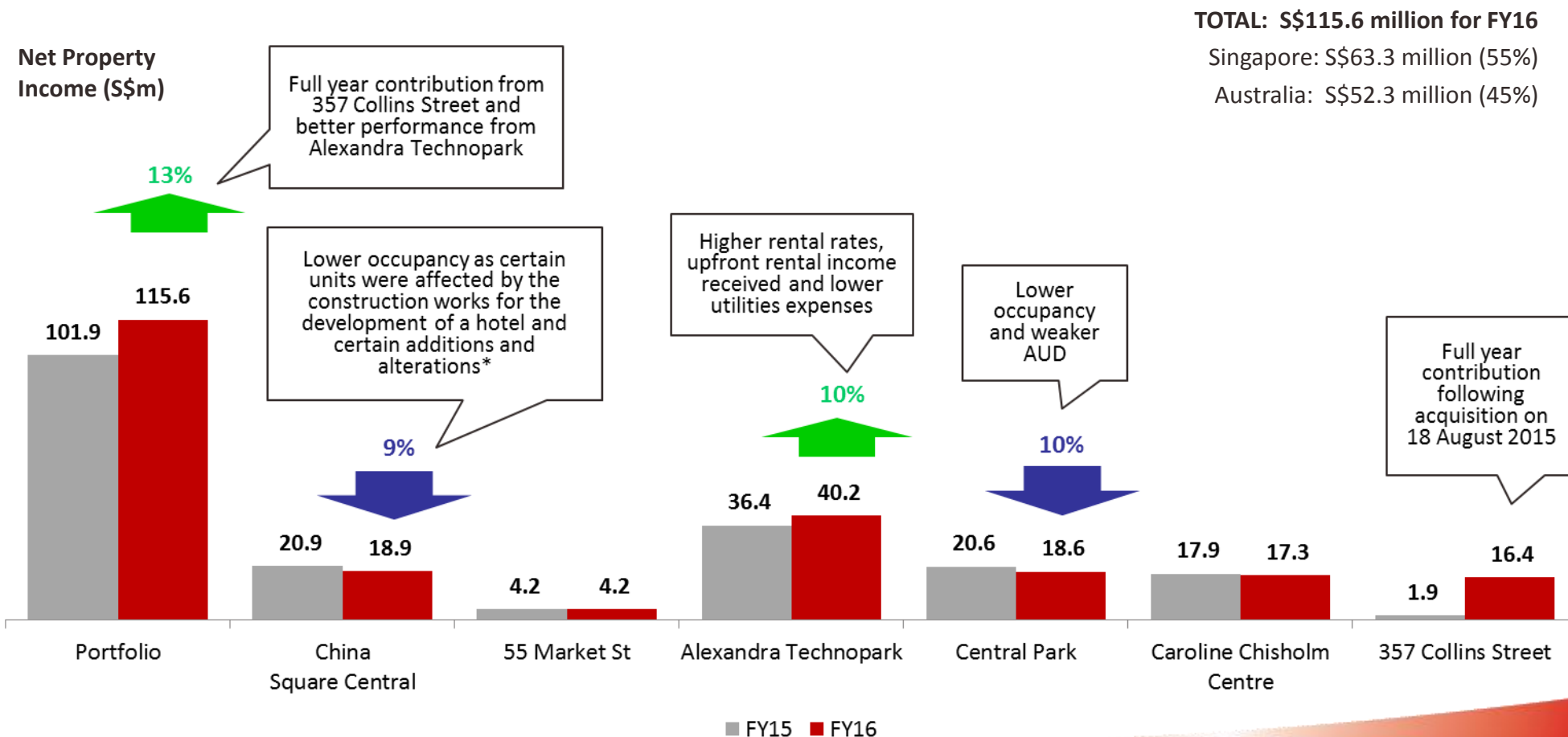
³ In FY16, Unitholders' distribution from capital returns of 0.72 cents includes a portion of consideration received from the disposal of the Hotel development rights at China Square Central in August 2015, which is classified as capital distribution from tax perspective. See accompanying 4QFY16 Financial Statements announcement for more details.

Full quarter contribution from 357 Collins Street and better performance from Alexandra Technopark



* Affected units were mainly retail units at 18 Cross Street and certain units at the shophouses at 20 and 22 Cross Street. Construction is undertaken by an entity of Frasers Centrepoint Limited. Refer to Circular to Unitholders dated 3 June 2015 for details.

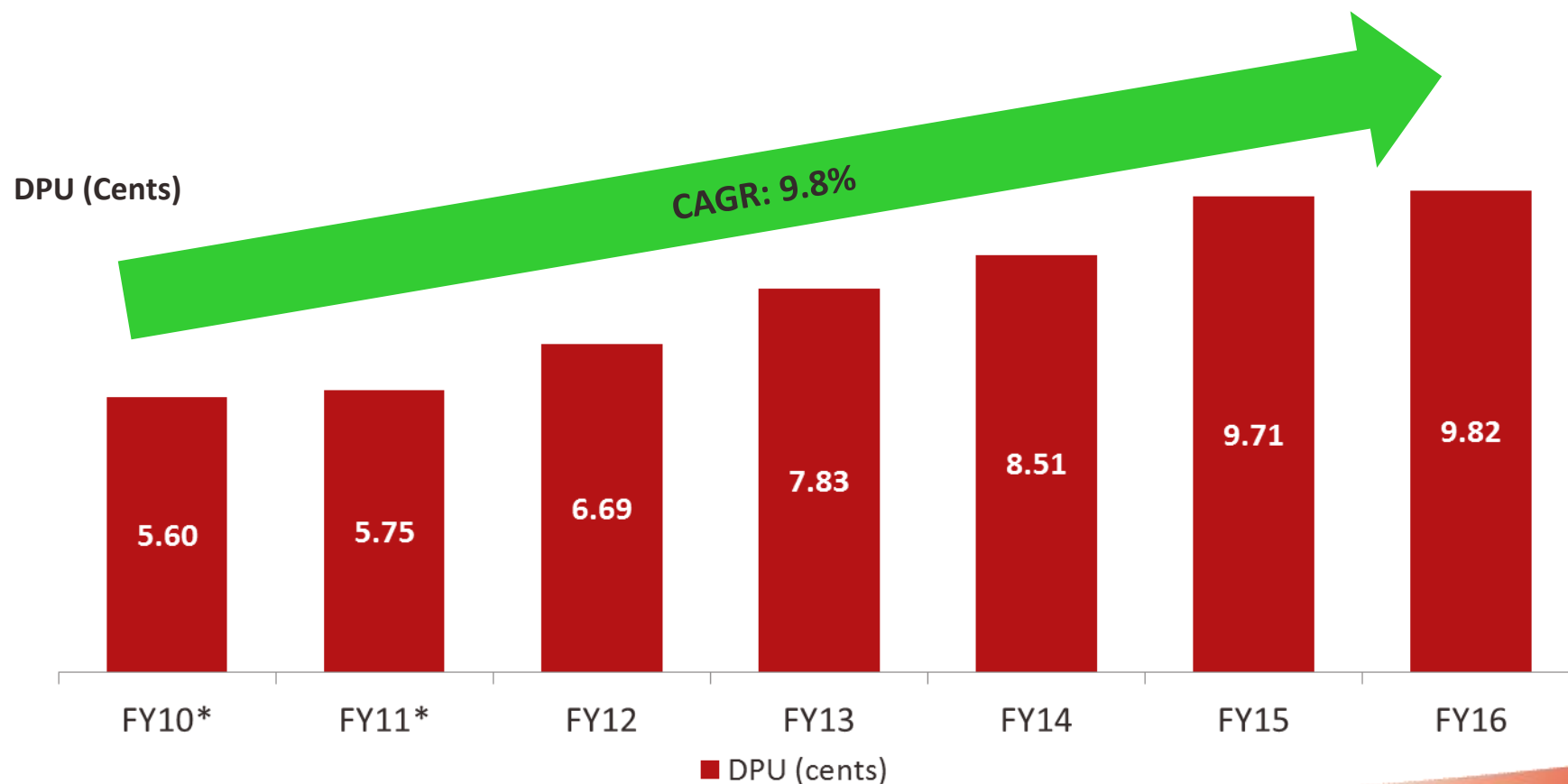
Full year contribution from 357 Collins Street and better performance from Alexandra Technopark



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→ Results – Financial highlights

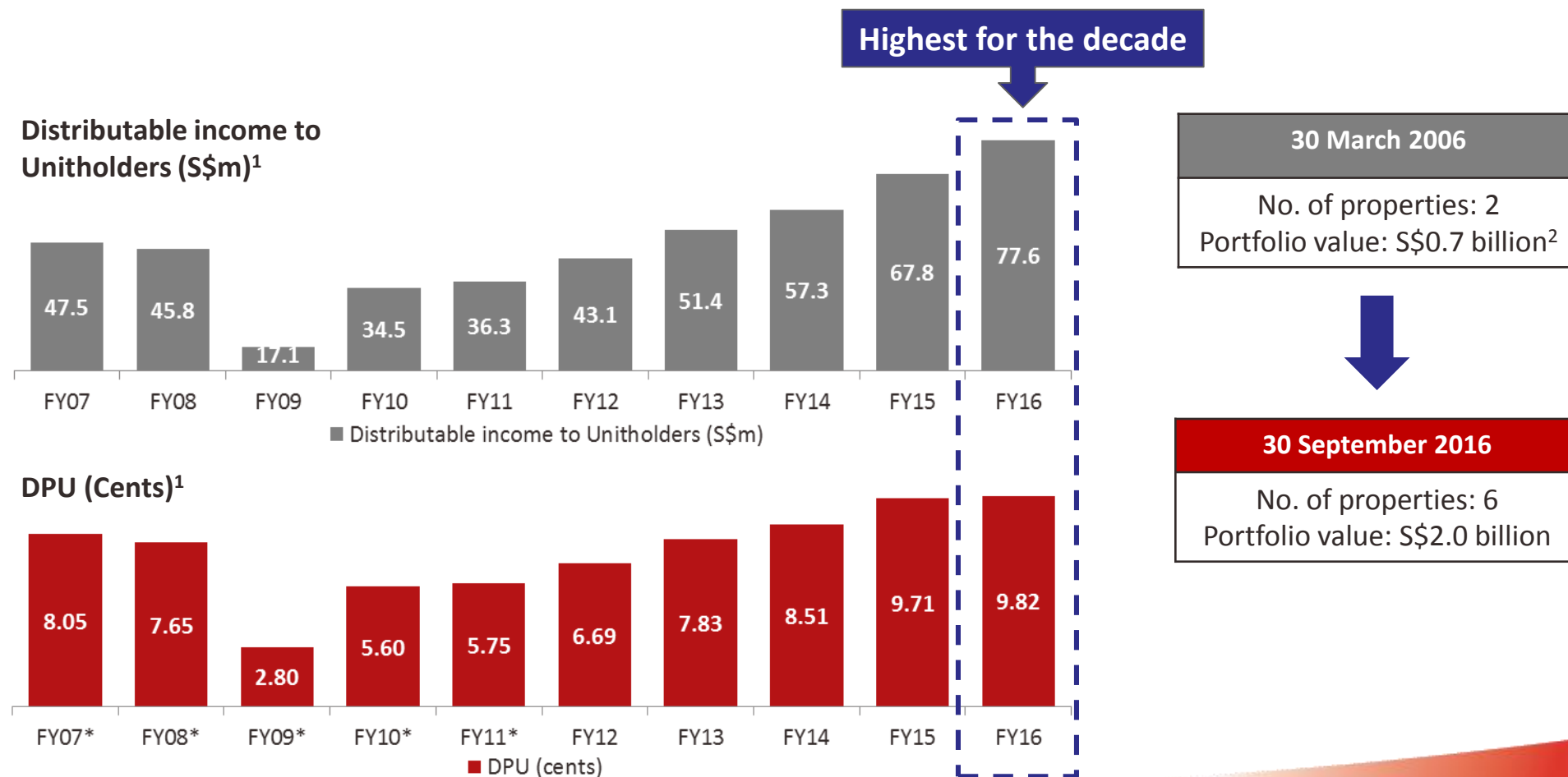
- All-time high in DPU
- Seventh consecutive year of DPU growth since recapitalisation exercise
- DPU grew at 9.8% CAGR from FY10 – FY16



* Adjusted for Unit consolidation

→ Results – Financial highlights

- 2016 marks the 10th anniversary since the Trust was listed on 30 March 2016
- FY16 distributable income and DPU the highest in the decade



* Adjusted for Unit consolidation

¹ On 26 August 2009, Frasers Commercial Trust changed its financial year end from 31 December to 30 September. Hence, from the financial year ended 30 September 2009 onwards, the financial year end was 30 September. Prior to that, the financial year end was 31 December. For FY09, the DPU is for the period from 1 January 2009 to 30 September 2009.

² As set out in the prospectus dated 23 March 2006.

DRP will be applied for the distribution for 4QFY16

Distribution Period	1 July 2016 to 30 September 2016
Ordinary Unit Distribution Rate	Distribution of 2.4531 cents per Unit comprising: <ul style="list-style-type: none"> a) taxable income distribution of 1.6954 cents; b) tax-exempt income distribution of 0.4921 cents; and c) capital distribution of 0.2656 cents.
Last day of trading on “cum” basis	Wednesday, 26 October 2016
Ex-distribution trading commence	Thursday, 27 October 2016
Distribution Books Closure Date	Tuesday, 1 November 2016 at 5.00 pm
Cash distribution payment date	Tuesday, 29 November 2016
Credit of Units to Unitholders’ securities accounts/ listing of Units issued under the DRP on SGX-ST	Tuesday, 29 November 2016

Portfolio review

- **Portfolio value up 1.8%**
- **Higher valuation for Alexandra Technopark, 55 Market Street, Caroline Chisholm Centre and 357 Collins Street**

Asset	Date of valuation	Local currency Value (million)	Translation as at 30-Sep-16 (\$\$ million) ¹	Variance from 30 September 2015 (local currency value) (million)	Variance from 30 September 2015 (%)	Variance from 30 September 2015 (translated value) (\$\$ million)	Variance from 30 September 2015 (%)
China Square Central	30-Sep-16	S\$562.5	562.5	(\$\$7.5)	(1.3)	(7.5)	(1.3)
55 Market Street	30-Sep-16	S\$139.0	139.0	S\$3.0	2.2	3.0	2.2
Alexandra Technopark	30-Sep-16	S\$508.0	508.0	S\$5.0	1.0	5.0	1.0
Singapore properties		S\$1,209.5	1,209.5	S\$0.5	-	0.5	-
Central Park	30-Sep-16	A\$265.0 ²	276.1	(A\$25.0)	(8.6)	(14.2)	(4.9)
Caroline Chisholm Centre	30-Sep-16	A\$227.5	237.0	A\$12.5	5.8	21.8	10.1
357 Collins Street	30-Sep-16	A\$256.0	266.7	A\$16.0	6.7	26.4	11.0
Australia properties		A\$748.5	779.8	A\$3.5	0.5	34.0	4.6
Total portfolio			1,989.3				

Mainly due to downtime from hotel and commercial project

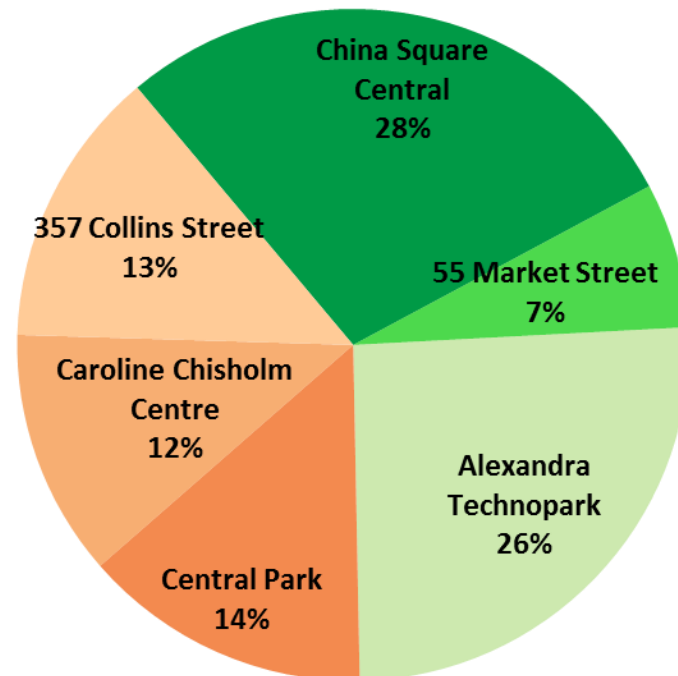
Lower market rents and higher incentives assumed

Lower cap rates, higher market rents and stronger AUD

¹ Translated at A\$1.00 = S\$1.0418 being the prevailing spot rate at close of quarter accounts

² Represents Frasers Commercial Trust's 50.0% indirect interest in the asset

- **Balanced portfolio consisting of Singapore and Australian properties**
- **No one property consist of more than 28% of portfolio value**



Singapore	\$	1,209.5	61%
Australia	\$	779.8	39%
Total	\$	1,989.3	100%

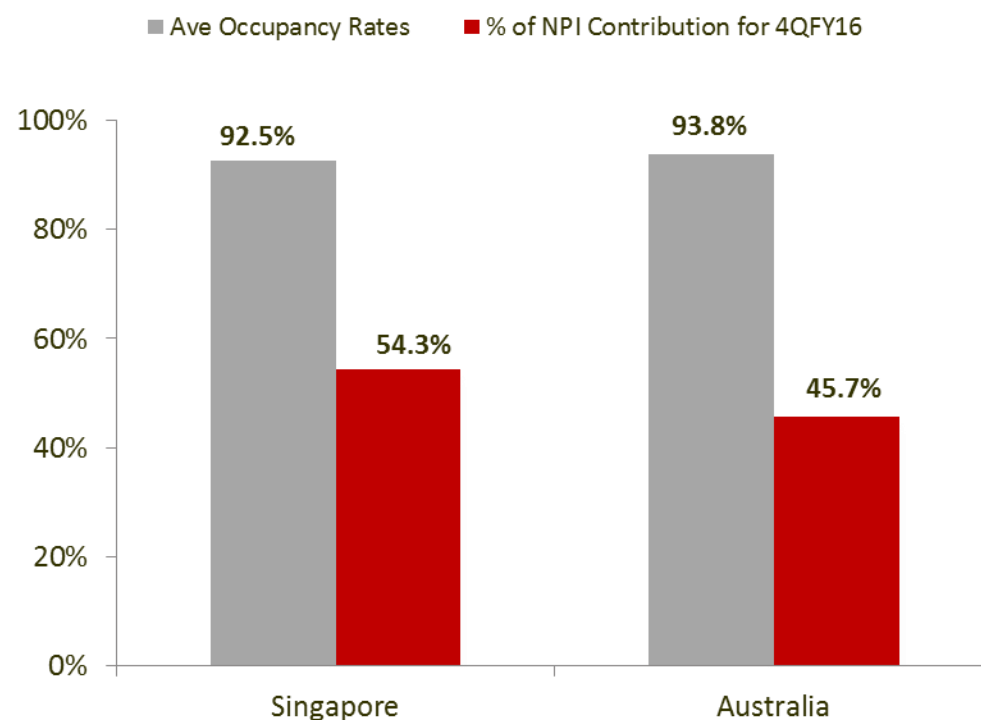
As at 30 September 2016. Excludes retail turnover rent

- **Healthy average occupancy rate of 93.0%**
- **Healthy WALE of 3.0 years**

Key portfolio statistics	As at 30 September 2016
Ave Occupancy	93.0%
Portfolio WALE by gross rental income	3.0 years

- China Square Central recorded lower occupancy rate as a result of the on-going construction works for the Hotel and Commercial Project¹
- Occupancy rate for the remaining Singapore properties remained relatively stable

Geographical occupancy and % of NPI contribution

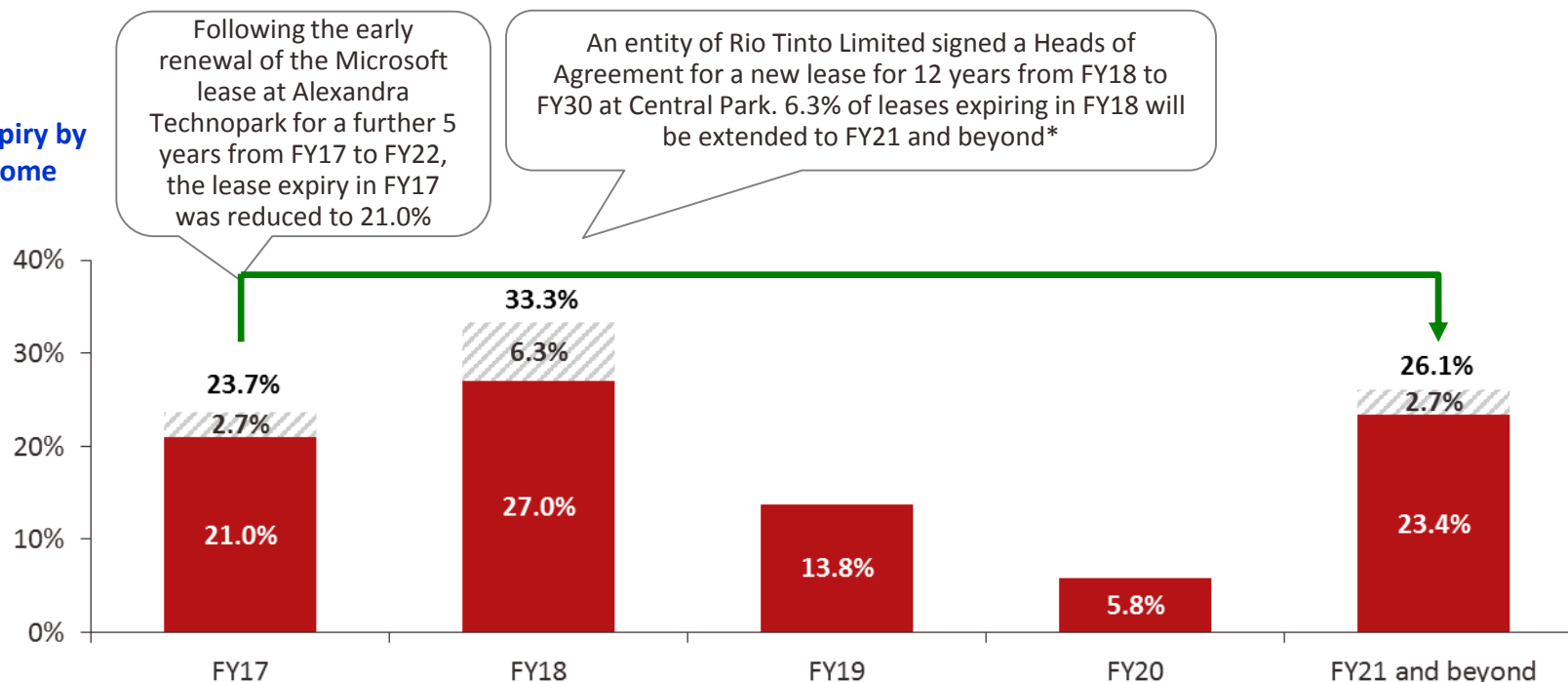


As at 30 September 2016. Excludes retail turnover rent

1 Refer to the Circular to Unitholders dated 3 June 2015 for details.

Well spread lease expiry profile provides income stability

Portfolio lease expiry by gross rental income



Portfolio lease expiry by gross rental income

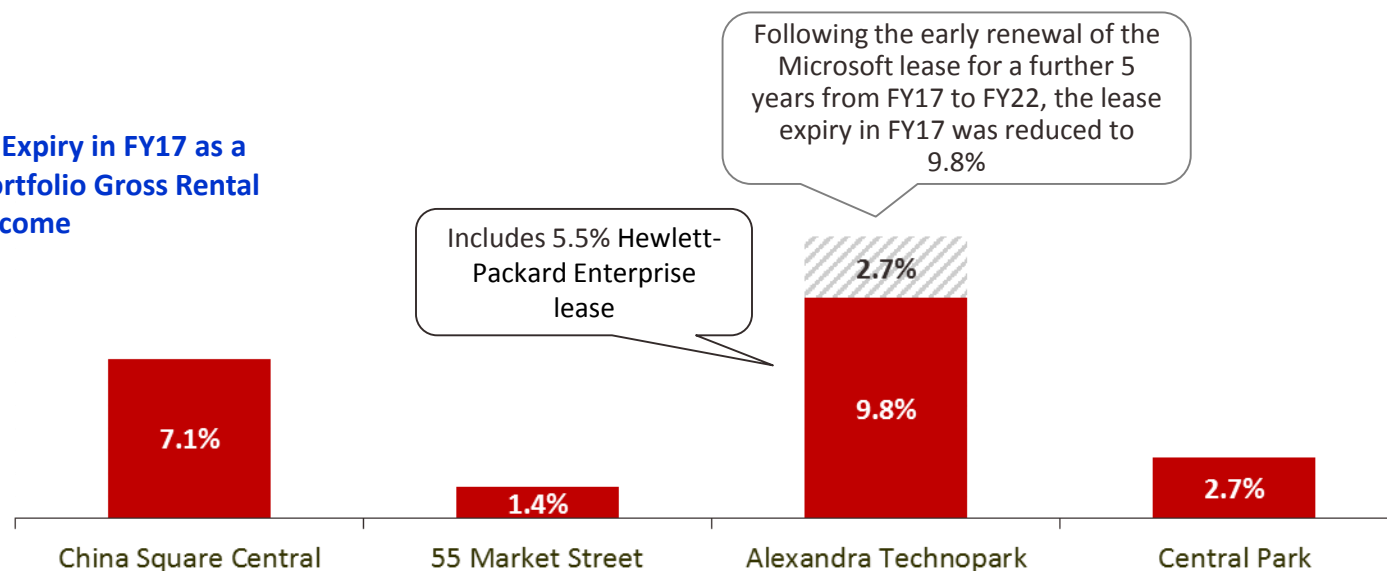
Number of leases expiring	86	75	48	13	26
NLA (sq ft) expiring	455,460	803,495	304,342	145,505	727,338
Expiries as % total NLA	17.4%	30.7%	11.6%	5.6%	27.8 %
Expiries as % total Gross Rental Income	21.0%	33.3%	13.8%	5.8%	26.1%

As at 30 September 2016. Excludes retail turnover rent

* New lease is assumed based on the existing space currently occupied by Hamersley Iron Pty Limited, a wholly-owned subsidiary of Rio Tinto Limited at Central Park as the exact space requirement will only be determined later.

Continuous proactive management of leases

Property Lease Expiry in FY17 as a proportion of Portfolio Gross Rental Income



Number of leases expiring	20 (office) 31 (retail)	8	23	3 (office) 1 (retail)
Average passing rent for expiring leases	\$6.9 (office) \$6.4 (retail)	\$7.2	\$4.2	A\$851 (office) A\$4,623 (retail)

- Singapore properties continue to achieve positive rental reversions for new and renewed leases that commenced in 4QFY16¹ despite the challenging leasing market
- Singapore properties consistently achieved positive rental reversions every quarter

	Weighted average rental reversions ¹				
Property	1QFY16	2QFY16	3QFY16	4QFY16	FY16
China Square Central	+10.3%	+2.4%	+5.5% ²	+3.7% ²	+5.4% ²
55 Market Street	- ³	+5.4%	+10.3%	+5.3%	+6.3%
Alexandra Technopark	+5.0%	+5.3%	+8.4%	+9.5%	+7.3%
Central Park	- ³	- ³	- ³	-4.2% ⁶	-4.2%
357 Collins Street	Office: NA ⁴ Retail: -4.1% ⁵	- ³	- ³	+6.2%	+2.5%
Portfolio					+6.6%

As at September 2016. Excludes retail turnover rent

1 Weighted average rental reversions based on signing rents for the area for new and renewed leases that commenced in 1QFY16, 2QFY16, 3QFY16, 4QFY16 and FY16 respectively.

2 Weighted average rental reversions for 18 Cross Street office tower only. Excludes the retail podium at 18 Cross Street, and 20 and 22 Cross Street which are partially affected by the construction works for the Hotel and Commercial Project. Refer to the Circular to Unitholders dated 3 June 2015 for details of the Hotel and Commercial Project.

3 No new or renewed leases for the quarter.

4 New leases signed for spaces that were previously unoccupied.

5 Retail space representing approximately 0.5% of NLA at 357 Collins Street.

6 Office space representing 1.4% of NLA at Central Park.

- **Robust leasing activities**
- **Committed, new and renewed tenants in 4QFY16 include:**

Tenant	Industry	Property
Grasshopper Pte Ltd	Financial services	China Square Central
Berkeley Insurance	Insurance	China Square Central
Lucror Analytics Pte Ltd	Consultancy/ Business services	China Square Central
Aspire Global Network Pte Ltd	Consultancy/ Business services	China Square Central
nTan Corporate Advisory Pte Ltd	Consultancy/ Business services	55 Market Street
Jones Lang LaSalle Consultants Pte Ltd	Real estate	55 Market Street
Chubb Asia Pacific Pte Ltd	Insurance	Alexandra Technopark
Miliken Asia Pte Ltd	Chemical	Alexandra Technopark
Jones Day	Legal	Central Park
Metlife Insurance Limited	Insurance	357 Collins Street

50% of leases have built-in step-up rents

FY17 - Fixed % and other fixed lease rent reviews

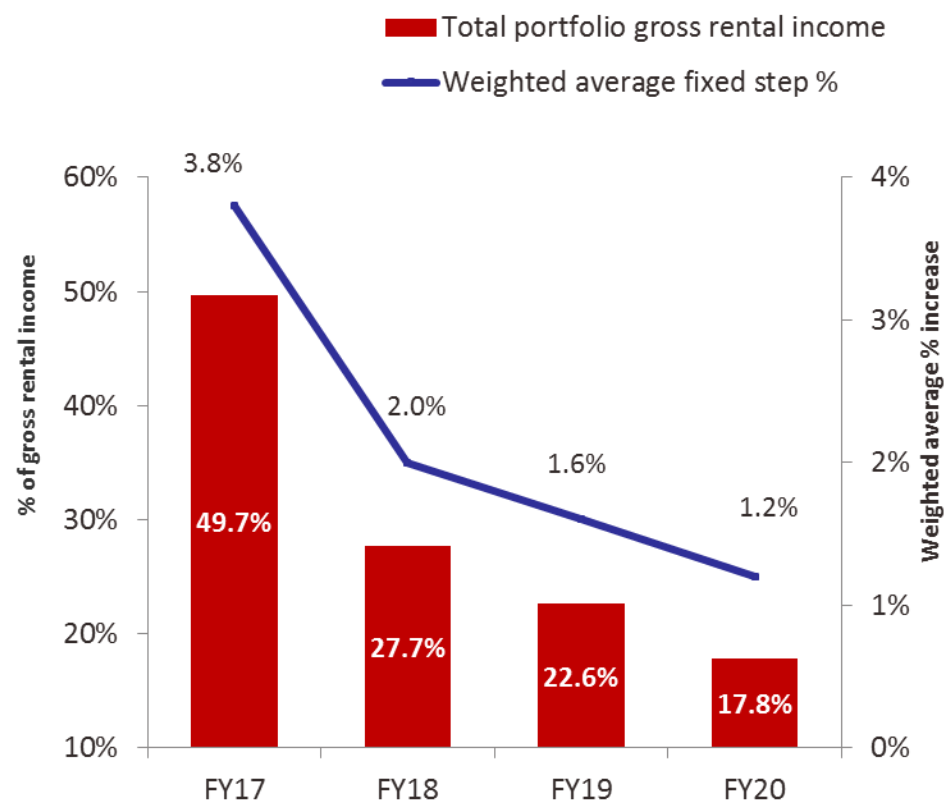
Property	Leases	Average step-up rent	GROSS RENTAL INCOME	
			Property	Total Portfolio
China Square Central	3	1.5%	18.9%	3.4%
55 Market Street	2	0.7%	10.7%	0.4%
Alexandra Technopark	3	4.9%	36.5%	12.3%
Caroline Chisholm Centre	1	3.0%	100.0%	14.0%
Central Park	15	4.4%	69.8%	11.4%
357 Collins Street	34	5.7%	60.3%	8.2%

FY17 - Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME	
			Property	Total Portfolio
Central Park	2	Market	6.5%	1.1%
Central Park	4	CPI	7.1%	1.2%
357 Collins Street	4	Market	39.7%	5.5%

Excludes retail turnover rent

FY17 – 20 - 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 5.2 years

Top 10 tenants by gross rental income

Tenant	Property	Sector	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia	Caroline Chisholm Centre	Government	Jul-25	14.0%
Hewlett-Packard Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Nov-17	10.5%
Hewlett-Packard Enterprise Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Sept-17/ Nov-17	7.0%
Hamersley Iron Pty Ltd*	Central Park	Mining/ resources	Jun-30	6.3%
Commonwealth Bank of Australia	357 Collins Street	Banking, insurance & financial services	Dec-22	5.4%
GroupM Singapore Pte Ltd	China Square Central	Consultancy/ business services	Mar-19	3.1%
BHP Billiton Iron Ore Pty Ltd	Central Park	Mining/ resources	Between Jul-17 to Oct-17	2.8%
Service Stream Ltd	357 Collins Street	Multimedia & Telecommunications	Dec-19	2.8%
Microsoft Operations Pte Ltd	Alexandra Technopark	IT Products & Services	Jan-22	2.7%
Cerebos Pacific Ltd	China Square Central	Food & beverage	May-17	2.6%
Total				57.2%



Australian Government



Hewlett Packard Enterprise

groupm

Cerebos

Rio Tinto

Commonwealth Bank



Microsoft

As at 30 September 2016. Excludes retail turnover rent

* An entity of Rio Tinto Limited signed a Heads of Agreement for a new lease for 12 years from FY18 to FY30. New lease is assumed based on the existing space currently occupied by Hamersley Iron Pty Limited, a wholly-owned subsidiary of Rio Tinto Limited at Central Park as the exact space requirement will only be determined later.



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- Construction work for the development of a 16 storey hotel and Commercial Project¹ are on track²
- New retail and commercial spaces with better frontage and visibility will also be created²
- Construction expected to be completed by mid-2019
- The Hotel and Commercial Project will further rejuvenate China Square Central



- ✓ Piling works at tail-end of completion
- ✓ Foundation works are still in progress
- ✓ F&B outlets operating as usual at Nankin Mall

Data as at 30 September 2016.

1 Refers to the additions and alterations at China Square Central. Refer to the Circular to Unitholders dated 3 June 2015 for details.

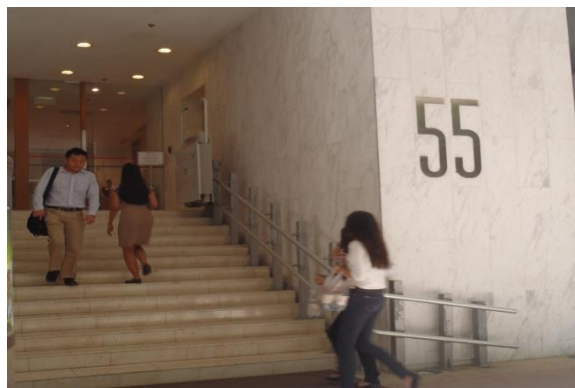
2 Construction is undertaken by an entity of Frasers Centrepoint Limited.

3 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. This is undertaken by an entity of Frasers Centrepoint Limited as part of the additions and alterations at China Square Central.

China Square Central – high occupancy at office tower



55 Market Street – healthy occupancy rate



Alexandra Technopark – healthy occupancy rate



Occupancy	88.9% (office tower: 99.4%)*	92.0%	94.8%
WALE	1.5 years	1.7 years	1.2 years (1.6 years with lease extension)^
New leases, committed and renewals	Grasshopper Pte Ltd, Berkeley Insurance, Lucror Analytics Pte Ltd, Aspire Global Network Pte Ltd	nTan Corporate Advisory Pte Ltd, Jones Lang LaSalle Consultants Pte Ltd	Chubb Asia Pacific Pte Ltd, Miliken Asia Pte Ltd
Tenants			

As at 30 September 2016.

* Committed occupancy as at 30 September 2016. Lower occupancy as certain units were affected by the commencement of construction for the hotel development and additions and alterations at China Square Central. Refer to the Circular to Unitholders dated 3 June 2015 for details.

^ Microsoft extended its lease for a further five years from FY17 to FY22.

Central Park – Healthy WALE of 6.7 years[#]



Caroline Chisholm Centre – full occupancy with long WALE of 8.8 years



357 Collins Street – full occupancy



Occupancy	80.2%	100.0%	100.0%
WALE	2.1 years (6.7 years with new lease [#])	8.8 years	4.6 years
New leases, committed and renewals	Jones Day	Property occupied by a single tenant, i.e. the Commonwealth of Australia as represented by Centrelink (Aaa rated*) until July 2025	Metlife Insurance Limited
Tenants			

As at 30 September 2016.

* Based on Moody's rating in June 2016.

An entity of Rio Tinto Limited signed a Heads of Agreement for a new lease for 12 years from FY18 to FY30. New lease is assumed based on the existing space currently occupied by Hamersley Iron Pty Limited, a wholly-owned subsidiary of Rio Tinto Limited at Central Park as the exact space requirement will only be determined later.

Capital management

- **Healthy interest coverage ratio of 4.6 times**
- **Low average interest rate of 3.02%**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

**As at
30 September
2016**

Total Assets (S\$'000)	2,069,358
Gross Borrowings (S\$'000)	745,378
Units on Issue and Issuable	794,298,124
NAV per Unit (ex-DPU) (S\$)	1.52
Gearing ¹	36.0%
Interest coverage ratio (times) ²	4.6
Average borrowing rate ³	3.02%
- Weighted average SGD debt rate	2.66%
- Weighted average AUD debt rate	3.87%
FCOT Issuer rating by Moody's	Baa2

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 2016. See accompanying 4QFY16 Financial Statements announcement for more details.

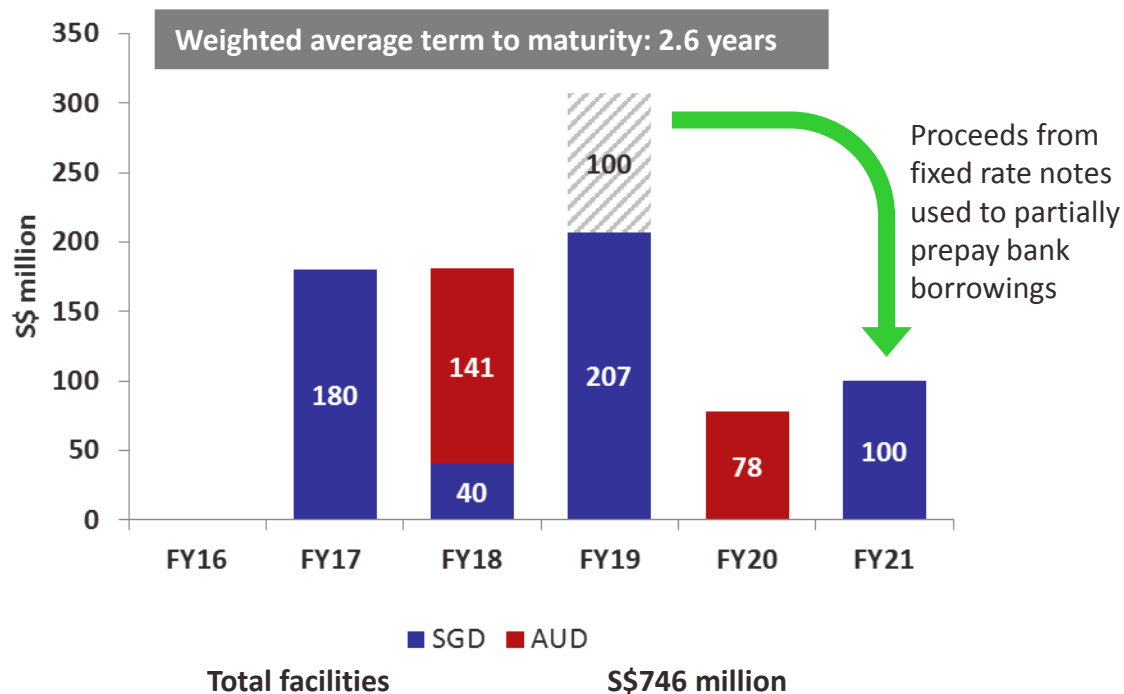
³ For quarter ended 30 September 2016

→ Capital Management and debt statistics

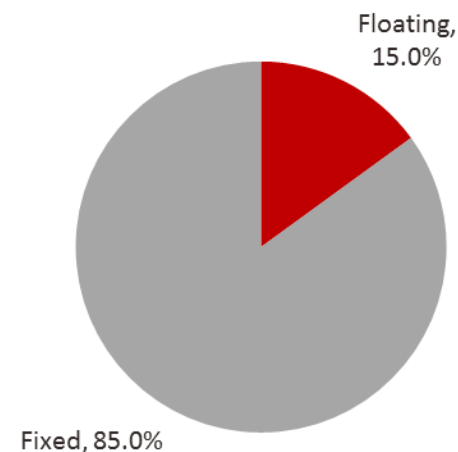
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- Well spread debt maturity profile
- No refinancing required until September 2017 and all debts are unsecured
- 85% of gross borrowings on fixed rate
- Maiden issuance of S\$100.0 million five-year senior unsecured notes at fixed rate of 2.835%
 - Net proceeds used to partially refinance FY19 borrowings
 - Spread and extend existing debt maturity profile

Debt maturity



Debt composition – floating vs. fixed interest rates



Fixed debt

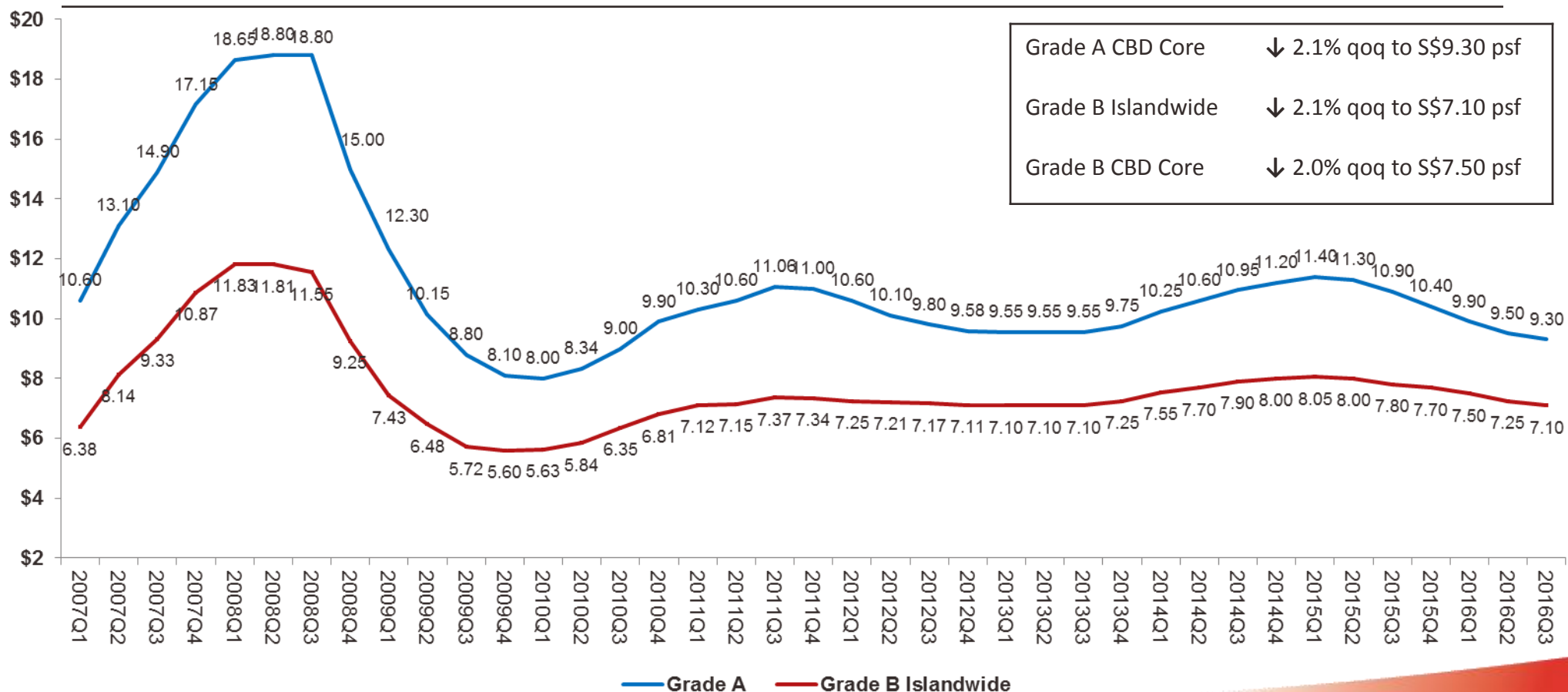
As a % of:	As at 30 September 2016
Total Gross Borrowings	85%

As at 30 September 2016.

Moving forward

Singapore office - Grade B rents relatively more stable

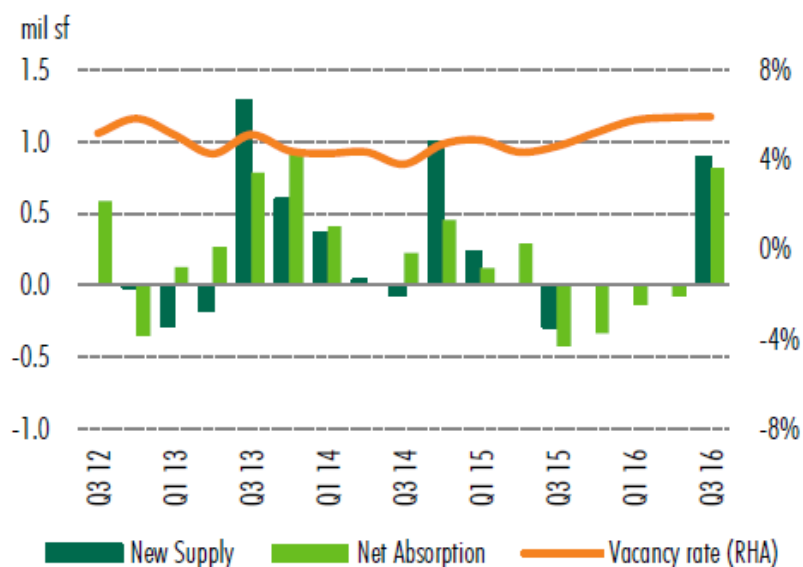
Singapore Grade A and Grade B office rents¹



Source: CBRE Research

¹ CBRE, Singapore Market View, Q3 2016

Office supply-demand dynamics and vacancy rates ¹



Source: CBRE Research, Q3 2016

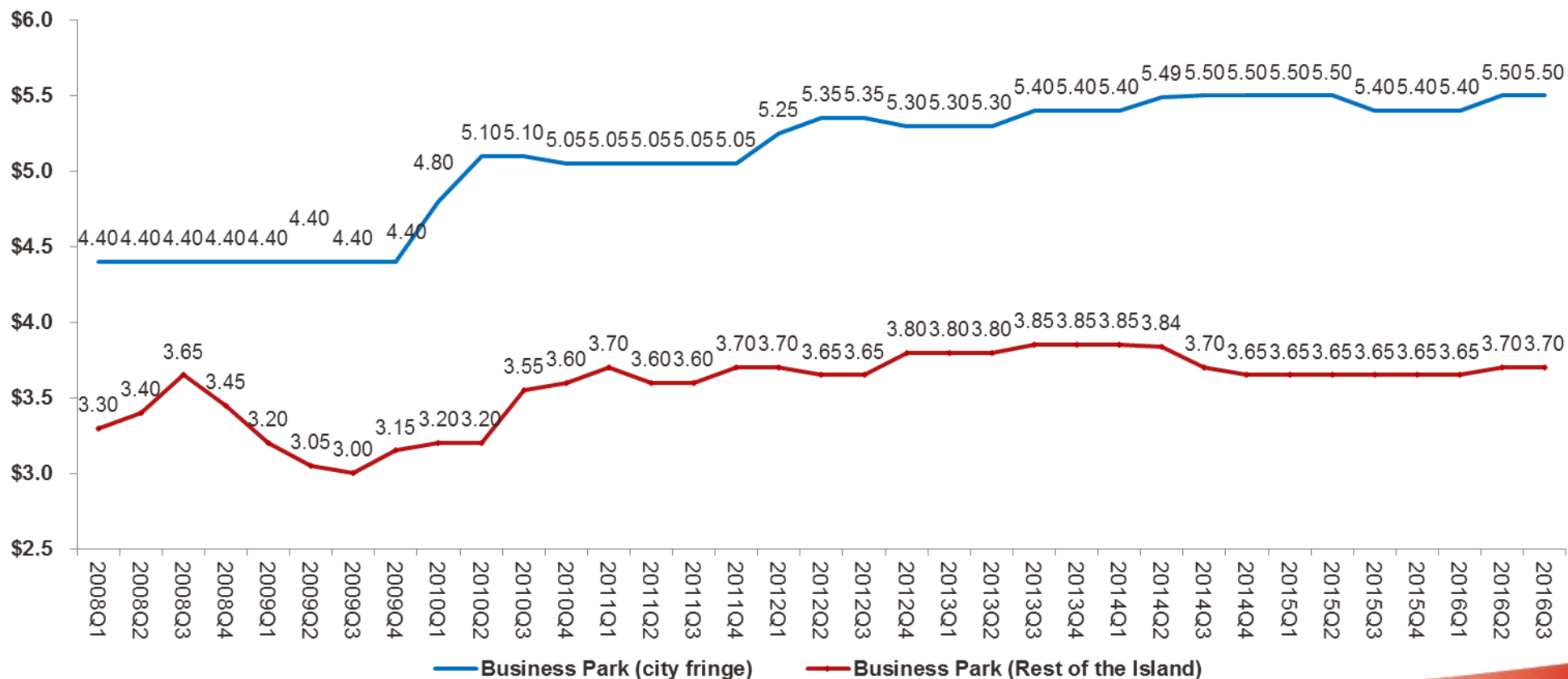
	Q3 16	Q-o-q	Y-o-y
Islandwide	5.9%	3 bps	131 bps
Core CBD	4.1%	-87 bps	10 bps
Fringe CBD	8.9%	181 bps	317 bps
Decentralised	6.2%	-29 bps	194 bps
Grade A	4.1%	-110 bps	-112 bps

Source: CBRE Research, Q3 2016

- Q3 2016 total Islandwide office net absorption was 820,417 sf, reversing the four consecutive quarters of contraction
- Island-wide vacancy remained relatively stable at 5.9%
- Leasing activity and enquiry levels increased markedly in Q3 2016
- Overall leasing activity was attributed more to 'flight to quality' movement rather than expansion
- Underlying new demand remains weak and rental decline is likely to continue until next year but at a slower trajectory
- Potential market recovery by early 2018 by which time the supply wave will have passed

Singapore business park rents trend – City fringe business park rents remained stable in Q3 2016¹

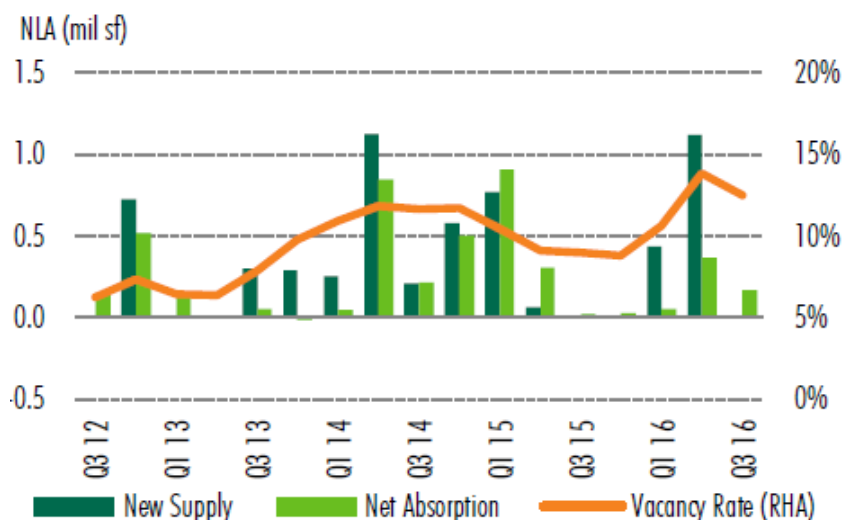
Singapore Business Park (city fringe) rents¹



Source: CBRE Research

¹ CBRE, Singapore Market View, Q3 2016

Business Park supply-demand dynamics and future pipeline¹



Source: CBRE Research, Q3 2016

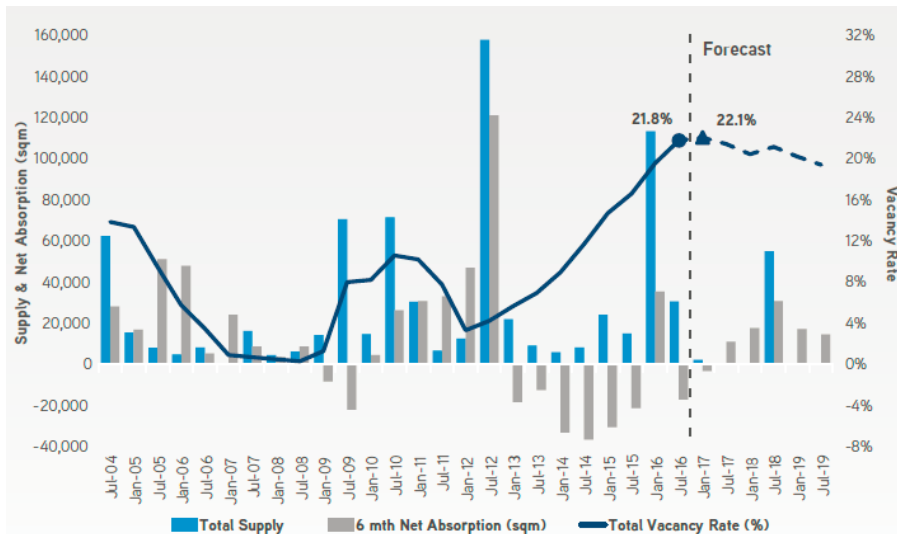
Year	Est. NLA (mil sf)	Est. Pre-commitment
2016	0.12	100%
2019	0.12	100%
2020	0.14	100%
Total	0.38	100%

Source: CBRE Research, Q3 2016

- Business parks island-wide vacancy declined to 12.5% in Q3 2016 from 13.8% in Q2 2016, despite the overall soft demand conditions in the economy
- Stable enquiry levels with enquiries stemming from the banking, info-communications and transportation industries
- With no new multi-user supply in the immediate horizon, landlords faced little pressure as business park rents held firm in Q3 2016
- Rents will continue to be capped due to the narrowing premium of decentralised office rents

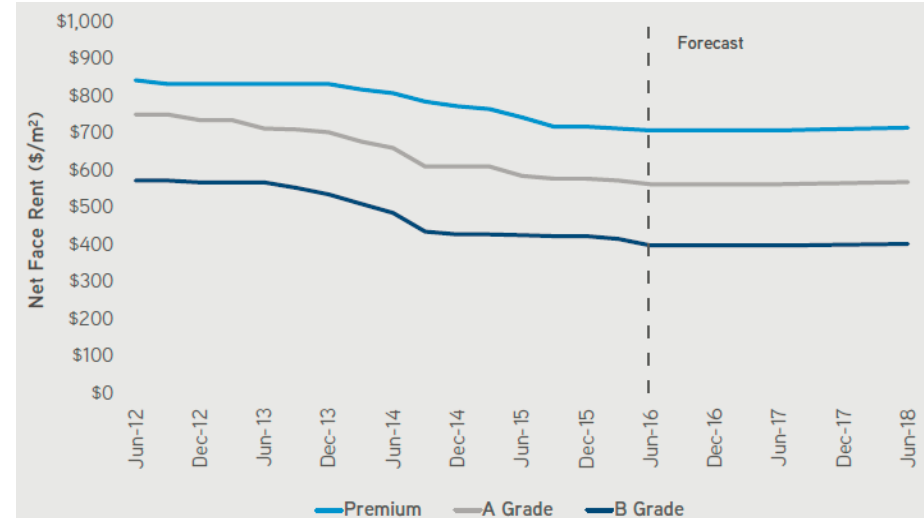
- Net absorption in the twelve months to June 2016 was negative 17,241 sqm
- Premium Grade face rents fell 0.7% to an average of A\$710 per sqm per annum
- Average Premium Grade incentives around 45% looked to have peaked
- Increasing interest from suburban tenants as CBD offices are more affordable
- Higher incentives and space availability are driving employee and tenancy consolidation
- Vacancy rate of 21.8%¹, but some vacancy will be absorbed due to competitive rents and incentives
- Vacancy to trend downwards in next 5-10 years

Perth CBD office supply, net absorption and vacancy rate



Source: Colliers Edge/PCA

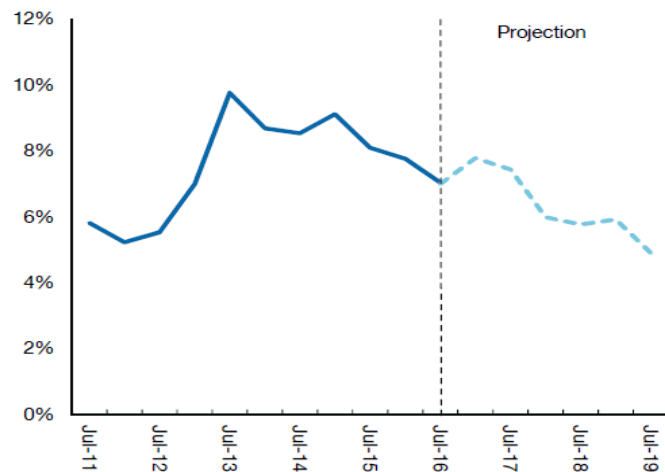
Perth CBD office average net face rents



Source: Colliers Edge

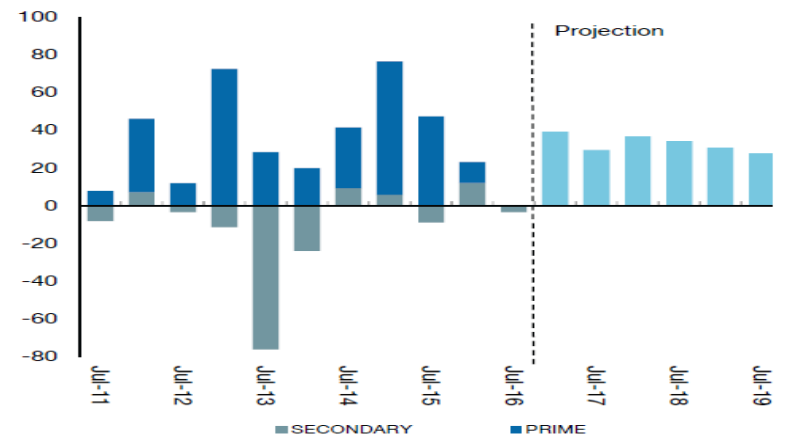
- Vacancy fell to its lowest level in three years, down from 8.1% to 7.0%¹
- Premium and A grade net absorption totaled 58,319 sqm, accounting for 87% of the office space absorbed in the 12 months to July 2016
- Average net face rent for prime grade office space was A\$490 to A\$560 per sqm per annum
- Average incentive was 25% to 30%, with evidence of incentives declining
- Victorian economy is forecast to grow by 2.6% in 2016/2017, and on average by 2.7% per annum over the next five years
- Prime grade net effective rent levels are forecast to average growth of 7.3% per annum

Melbourne CBD vacancy rate (total vacancy) (%)



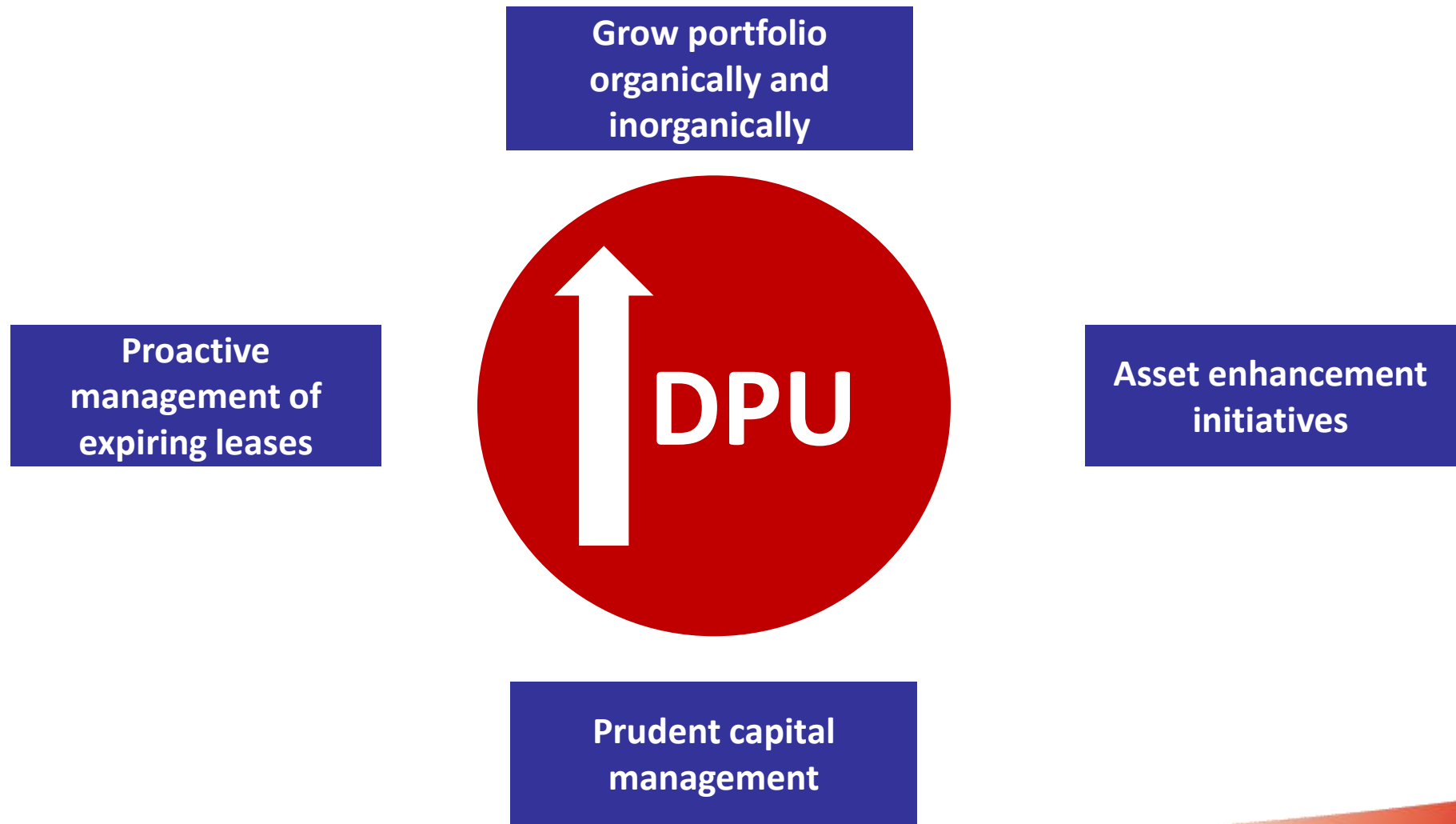
Source: Knight Frank Research/PCA

Melbourne CBD net absorption (per 6 month period) (000's sqm)



Source: Knight Frank Research/PCA

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



Thank you

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