



Frasers Commercial Trust 4QFY17 and FY17 Financial Results

20 October 2017

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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.

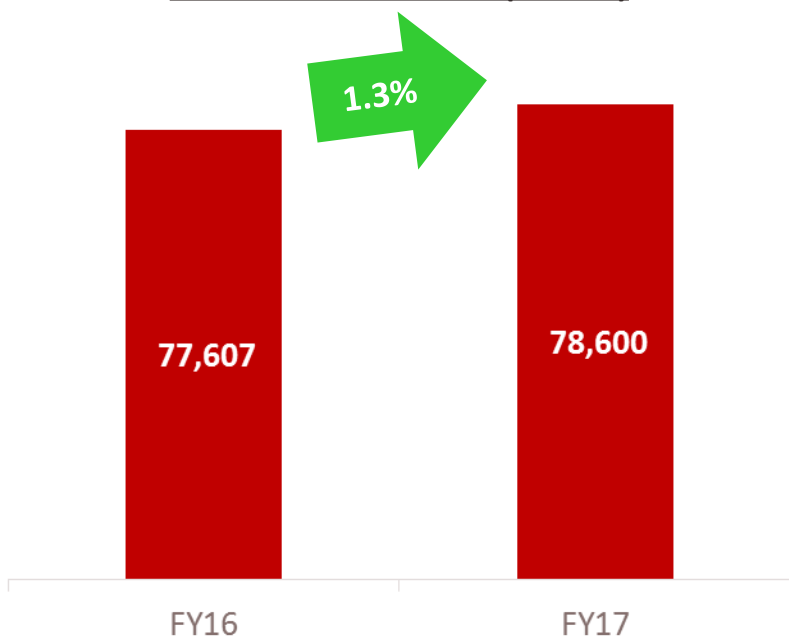
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- **Results**
- **Capital Management**
- **Portfolio Review**
- **Appendix: Assets Details and Markets Overview**

Results

- FY17 distribution income rose 1.3% y-o-y to S\$78.6 million¹
- FY17 DPU of 9.82 cents in-line with FY16
- Better overall performance by Australian portfolio underpinned by better performance by 357 Collins Street and average stronger Australian dollar, offset by higher repair and maintenance expenses for Caroline Chisholm Centre and lower occupancy rates for Alexandra Technopark, China Square Central and Central Park

Distributable Income (S\$'000)



1.3% increase in distributable income Y-o-Y

- 1 Better performance from 357 Collins Street due to higher average occupancy and rental rates achieved
- 2 Better performance by Australian portfolio as a result of average stronger Australian dollar in FY17
- 3 Higher repair and maintenance expenses for Caroline Chisholm Centre and lower occupancy rates for China Square Central, Alexandra Technopark and Central Park
- 4 Approximately 7.5% management fees taken in Units²

¹ For FY17, Unitholders' distribution from capital returns includes S\$3.6 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 4QFY17 Financial Statements announcement for more details, and refer to the Circular to Unitholders dated 3 June 2015 for details of the development of a 16 storey Hotel and additions and alterations works at China Square Central.

² In FY16, 18.2% of the Manager's management fees were taken in Units.

→ Results – 4QFY17 financial highlights

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1 Jul 2017 – 30 Sept 2017	4QFY17 (S\$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	38,306	3%	<ul style="list-style-type: none"> Lower occupancy rates for Alexandra Technopark, China Square Central¹ and Central Park, offset by effects of average stronger Australian dollar.
Net Property Income	26,735	9%	<ul style="list-style-type: none"> Higher repair and maintenance expenses for Caroline Chisholm Centre and lower occupancy rates for Alexandra Technopark, China Square Central¹ and Central Park, offset by effects of average stronger Australian dollar.
Net Property Income (cash basis)	26,870	8%	<ul style="list-style-type: none"> Lower decrease in net property income excluding the effects of recognising accounting income on a straight line basis.
Distributable income to Unitholders	19,397	-	<ul style="list-style-type: none"> Distributable income to Unitholders stable y-o-y, with approximately 18% management fees taken in Units for the quarter².
DPU ³	2.41¢	2%	<ul style="list-style-type: none"> DPU decreased due to increase in number of Units³. Inclusive of capital distribution of 0.29¢⁴.

1 Including planned vacancies for retail units affected by construction works for the Hotel and Commercial Project (refer to Circular to Unitholders dated 3 June 2015 for details).

2 In 4QFY16, no Manager's management fees was taken in Units.

3 The number of Units used to calculate the amount available for DPU are 805,815,367 and 794,298,124 for 4QFY17 and 4QFY16, respectively. See accompanying 4QFY17 Financial Statements announcement for more details.

4 In 4QFY17, Unitholders' distribution from capital returns of 0.29 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 4QFY17 Financial Statements announcement for more details.

1.3% y-o-y rise in FY17 distributable income

1 Oct 2016 – 30 Sept 2017	FY17 (S\$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	156,551	-	<ul style="list-style-type: none"> Higher revenue contribution from 357 Collins Street due to higher occupancy and rental rates achieved, a one-off payment received in relation to a lease termination in Central Park¹ and average stronger Australian dollar, offset by lower occupancy rates for Alexandra Technopark, China Square Central² and Central Park.
Net Property Income	113,843	2%	<ul style="list-style-type: none"> Higher revenue contribution from 357 Collins Street due to higher occupancy and rental rates achieved, a one-off payment received in relation to a lease termination in Central Park¹ and average stronger Australian dollar, offset by higher repair and maintenance expenses for Caroline Chisholm Centre and lower occupancy rates for Alexandra Technopark, China Square Central² and Central Park.
Net Property Income (cash basis)	114,853	1%	<ul style="list-style-type: none"> Increase in net property income excluding the effects of recognising accounting income on a straight line basis.
Distributable income to Unitholders ³	78,600	1%	
DPU	9.82¢	-	<ul style="list-style-type: none"> DPU was stable as the higher distributable income was offset by effects of an increase in number of Units. Inclusive of capital distribution of 1.15¢⁴.

1 The space released has been pre-committed by another tenant.

2 Including planned vacancies for retail units affected by construction works for the Hotel and Commercial Project (refer to Circular to Unitholders dated 3 June 2015 for details).

3 Approximately 7.5% management fees taken in Units in FY17 vs 18.2% in FY16.

4 In FY17, Unitholders' distribution from capital returns of 1.15 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 4QFY17 Financial Statements announcement for more details.

→ Results – 4QFY17 Financial highlights

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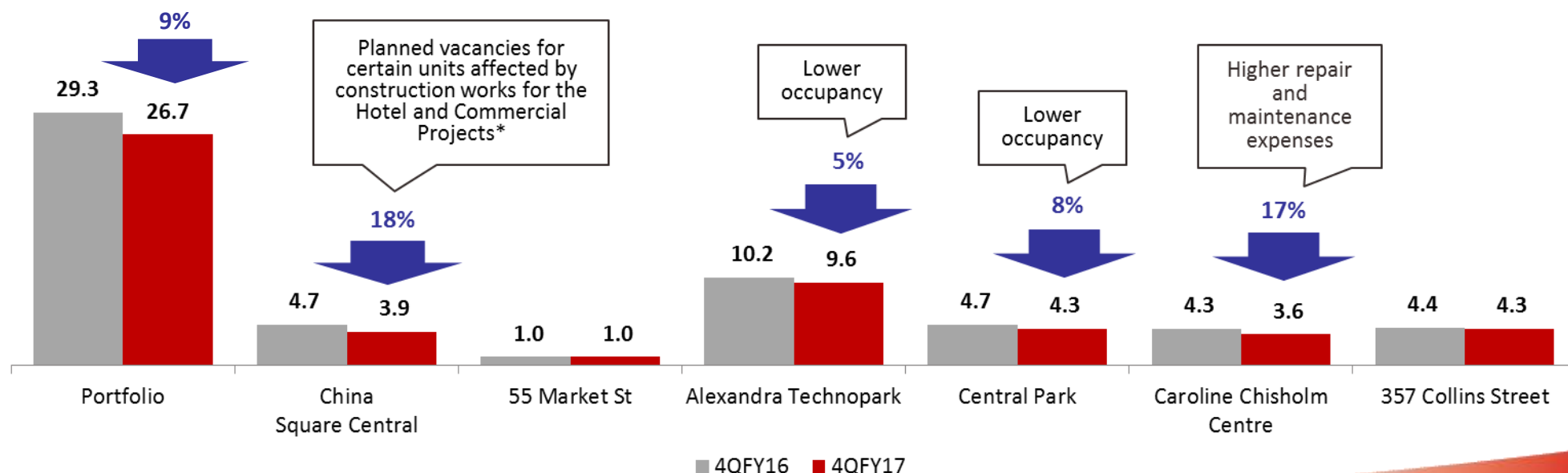
Higher repair and maintenance expenses for Caroline Chisholm Centre and lower occupancy rates for Alexandra Technopark, China Square Central and Central Park, offset by effects of stronger Australian dollar

Net Property Income (\$m)

TOTAL: S\$26.7 million for 4QFY17

Singapore: S\$14.5 million (54%)

Australia: S\$12.2 million (46%)



* Refer to Circular to Unitholders dated 3 June 2015 for details. 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.

→ Results – FY17 Financial highlights

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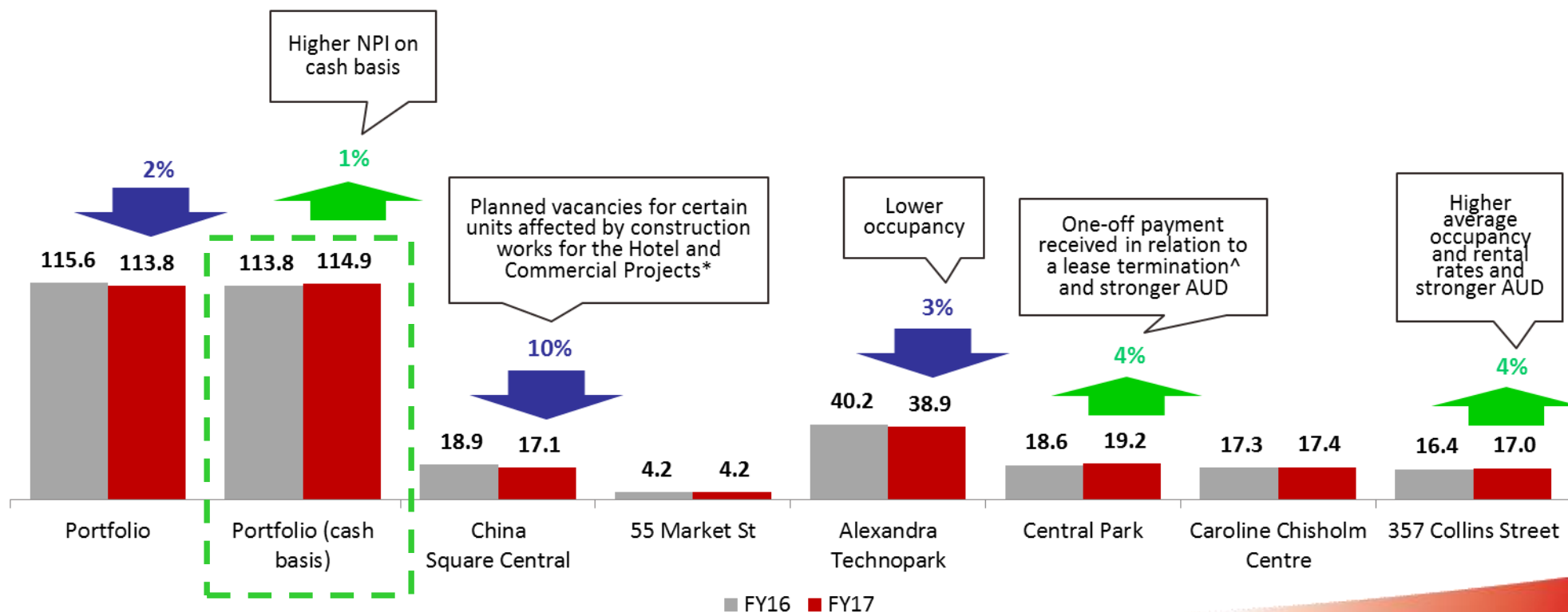
Better performance by Australian portfolio underpinned by better performance by 357 Collins Street and average stronger Australian dollar, offset by higher repair and maintenance expenses for Caroline Chisholm Centre and lower occupancy rates for Alexandra Technopark, China Square Central and Central Park

Net Property Income (\$m)

TOTAL: S\$113.8 million for FY17

Singapore: S\$60.2 million (53%)

Australia: S\$53.6 million (47%)

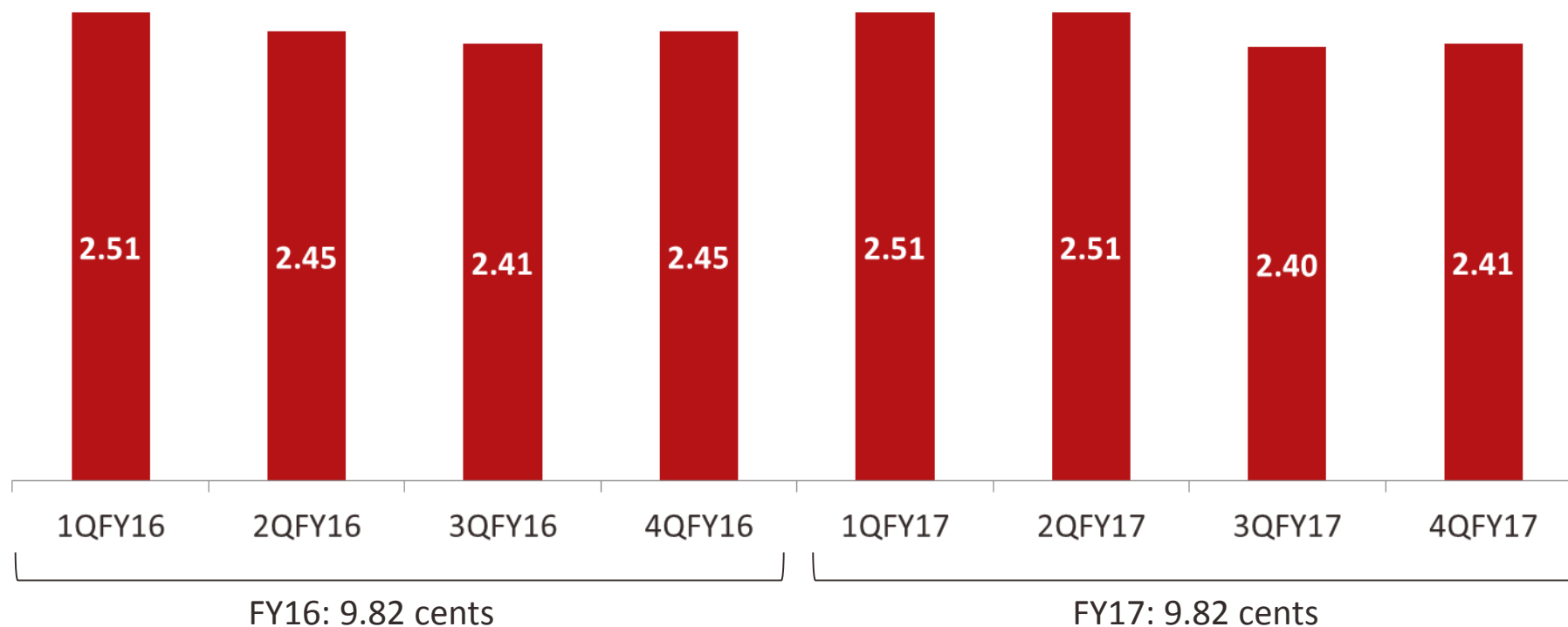


* Refer to Circular dated 3 June 2015 for details. Affected units were mainly retail units at 18 Cross Street and certain units at the shophouses at 20 and 22 Cross Street. Construction is undertaken by an entity of Frasers Centrepoint Limited.

^ The space released has been pre-committed by another tenant.

- **FY17 DPU in-line with FY16**
- **4QFY17 DPU stable q-o-q**
- **18.0% of management fees were taken in Units¹ in 4QFY17**
- **7.5% management fees were taken in Units in FY17 overall vs 18.2% in FY16**

DPU (Cents)



DRP will be applied for the distribution for 4QFY17

Distribution Period	1 July 2017 to 30 September 2017
Ordinary Unit Distribution Rate	Distribution of 2.4070 cents per Unit comprising: <ul style="list-style-type: none"> a) taxable income distribution of 1.5262 cents; b) tax-exempt income distribution of 0.5879 cents; and c) capital distribution of 0.2929 cents.
Last day of trading on “cum” basis	Thursday, 26 October 2017
Ex-distribution trading commence	Friday, 27 October 2017
Distribution Books Closure Date	Tuesday, 31 October 2017 at 5.00 pm
Cash distribution payment date	Wednesday, 29 November 2017
Credit of Units to Unitholders’ securities accounts/ listing of Units issued under the DRP on SGX-ST	Wednesday, 29 November 2017

See accompanying 4QFY17 Financial Statements announcement for more details.

Capital Management

- Portfolio value up 4.1% y-o-y
- Higher valuations for China Square Central and the Australian properties

Asset	Date of valuation	Local currency Value (million)	Translation as at 30-Sep-17 (\$\$ million) ^{1,2}	Variance from 30 September 2016 (local currency value) (million)	Variance from 30 September 2016 (%)	Variance from 30 September 2016 (translated value) (\$\$ million)	Variance from 30 September 2016 (%)
China Square Central	30-Sep-17	S\$565.0	565.0	2.5	0.4	2.5	0.4
55 Market Street	30-Sep-17	S\$139.0	139.0	-	-	-	-
Alexandra Technopark	30-Sep-17	S\$508.0	508.0	-	-	-	-
Singapore properties		S\$1,212.0	1,212.0	S\$2.5	0.2	2.5	0.2
Central Park	30-Sep-17	A\$272.5 ⁴	289.8	A\$7.5	2.8	13.7	5.0
Caroline Chisholm Centre	30-Sep-17	A\$250.0	265.9	A\$22.5	9.9	29.0	12.2
357 Collins Street	30-Sep-17	A\$285.0	303.1	A\$29.0	11.3	36.4	13.7
Australia properties		A\$807.5	858.9	A\$59.0	7.9	79.1	10.1
Total portfolio			2,070.9				

Firmer cap rate and AEI plans for retail podium³

Firmer cap rate and stronger AUD

Firmer cap rates, higher market rents and stronger AUD

1 Translated at A\$1.00 = S\$1.0636, being the prevailing spot rate as at end of the financial quarter.
2 Figures may not add up due to mathematical rounding.
3 Provisional Permission received from the Urban Redevelopment Authority for asset enhancement of retail podium at 18 Cross Street.
4 Represents Frasers Commercial Trust's 50.0% indirect interest in the asset.

→ Capital Management – Debt statistics

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- **Healthy gearing of 34.7%, lower than 35.9% in 3Q17**
- **Healthy interest coverage ratio of 4.1 times**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 30 Sept 2017
Total Assets (S\$'000)	2,158,942
Gross Borrowings (S\$'000)	749,956
Units on Issue and Issuable	805,815,367
NAV per Unit (ex-DPU) (S\$) ¹	1.58
Gearing ²	34.7%
Interest coverage ratio (times) ³	4.1
Average borrowing rate ⁴	3.06%
- Weighted average SGD debt rate	2.71%
- Weighted average AUD debt rate	3.87%
FCOT Issuer rating by Moody's ⁵	Baa2

Borrowings and assets by currency



¹ Based on issued Units for the financial quarter ended 30 September 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 30 September 2017. See accompanying 4QFY17 Financial Statements announcement for details.

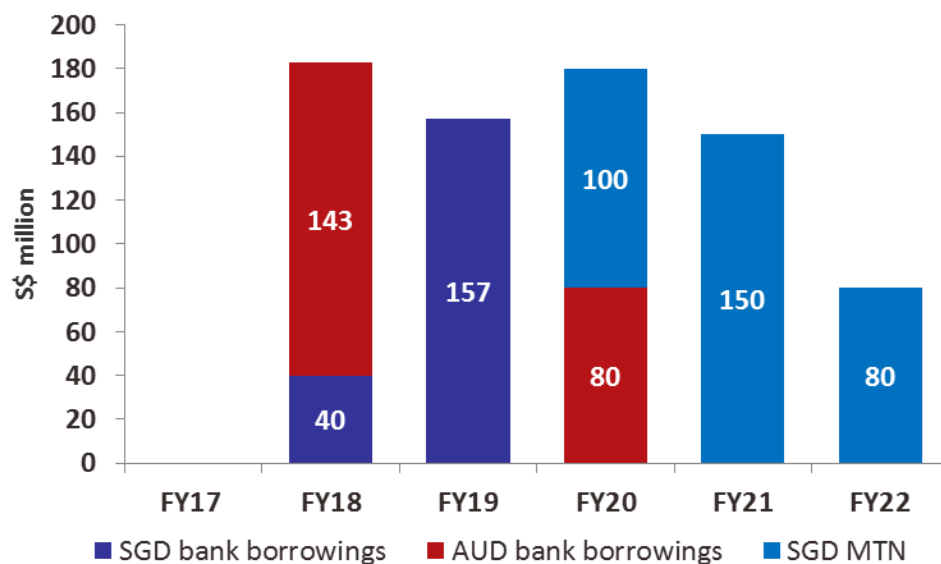
⁴ For quarter ended 30 September 2017.

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).

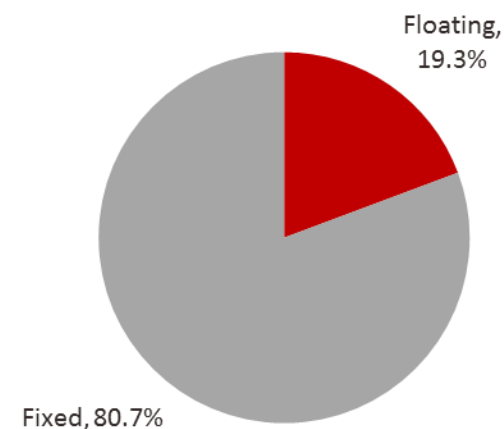
- Well-spread debt maturity profile, with not more than S\$183 million due in any financial year
- No debt maturing until August 2018
- 81% of gross borrowings on fixed rate
- All assets are unencumbered

Debt maturity

Total facilities: S\$750 million
Weighted average term to maturity: 2.5 years

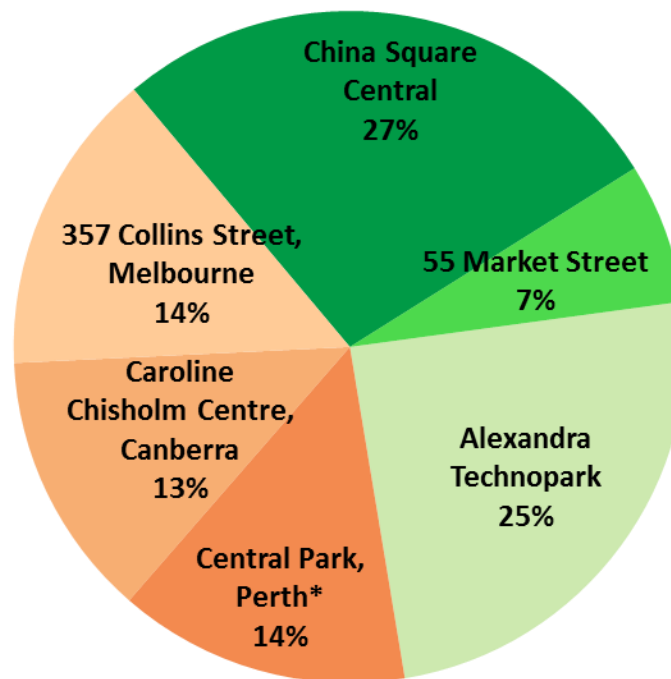


Debt composition – floating vs. fixed interest rates



Portfolio Review

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



Asset values as at 30 September 2017

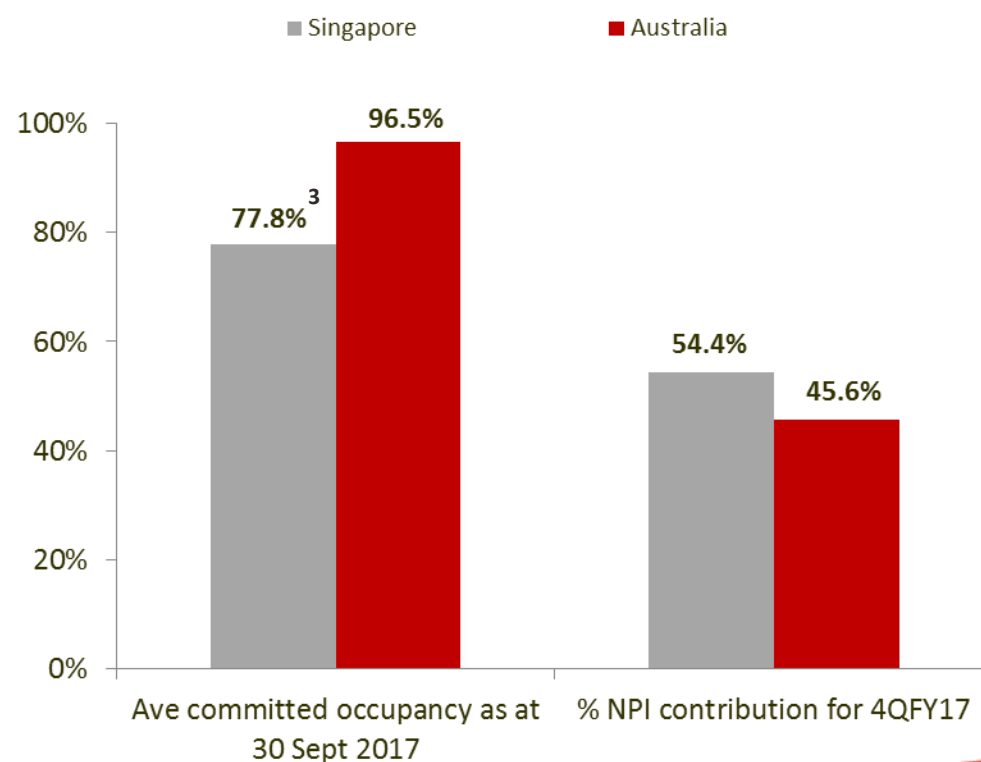
Singapore	\$	1,212.0 mil	59%
Australia	\$	858.9 mil	41%
Total	\$	2,070.9 mil	100%

* Reflects FCOT's 50.0% interest in Central Park.

- **Average committed occupancy rate of 85.9%**
- **WALE of 3.4 years^{1,2}**

Key portfolio statistics	As at 30 Sept 2017	Committed occupancy ²
Ave Occupancy	89.1%	85.9%
Portfolio WALE by gross rental income ¹	2.6 years	3.4 years

Geographical occupancy and % NPI contribution



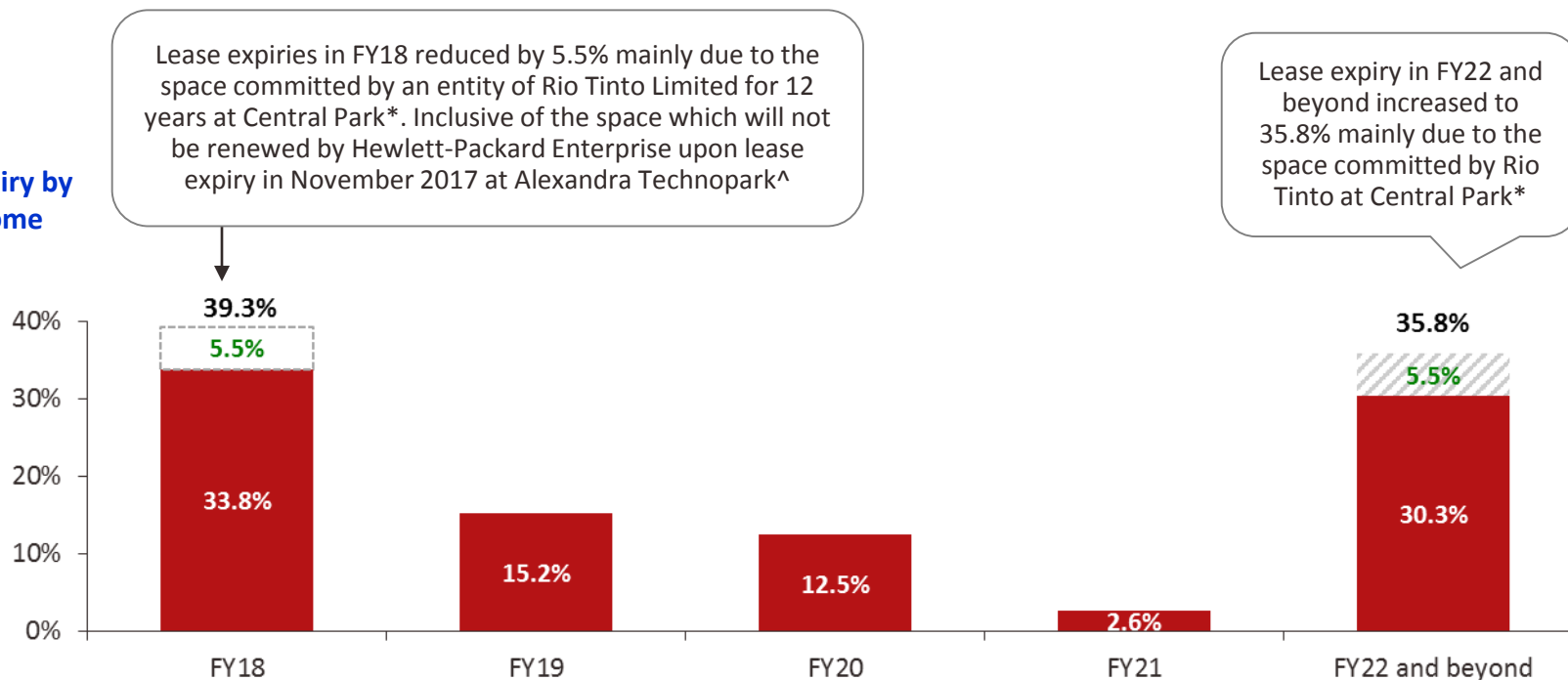
¹ Excluding retail turnover rents.

² Committed up to January 2018, taking into account, among others, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18 and 6.8% space which will not be renewed by Hewlett-Packard Enterprise Singapore Pte Ltd ("HPE") upon lease expirations on 30 September 2017 and 30 November 2017 (refer to the announcement dated 22 September 2017 for further details).

³ Planned vacancies at China Square Central due to on-going construction works for the Hotel and Commercial Project (refer to the Circular to Unitholders dated 3 June 2015 for details) coupled with the HPE lease expirations contributed to lower average occupancy for the Singapore portfolio.

Well-spread lease expiry profile provides income defensiveness

Portfolio lease expiry by gross rental income



Portfolio lease expiry by gross rental income~

Number of leases expiring	92	56	35	10	32 [#]
NLA (sq ft) expiring	749,953	308,514	263,497	46,012	823,005
Expiries as % total NLA	28.6%	11.8%	10.1%	1.8%	31.4%
Expiries as % total Gross Rental Income	33.8%	15.2%	12.5%	2.6%	35.8%

Data as at 30 September 2017. Excludes retail turnover rent.

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

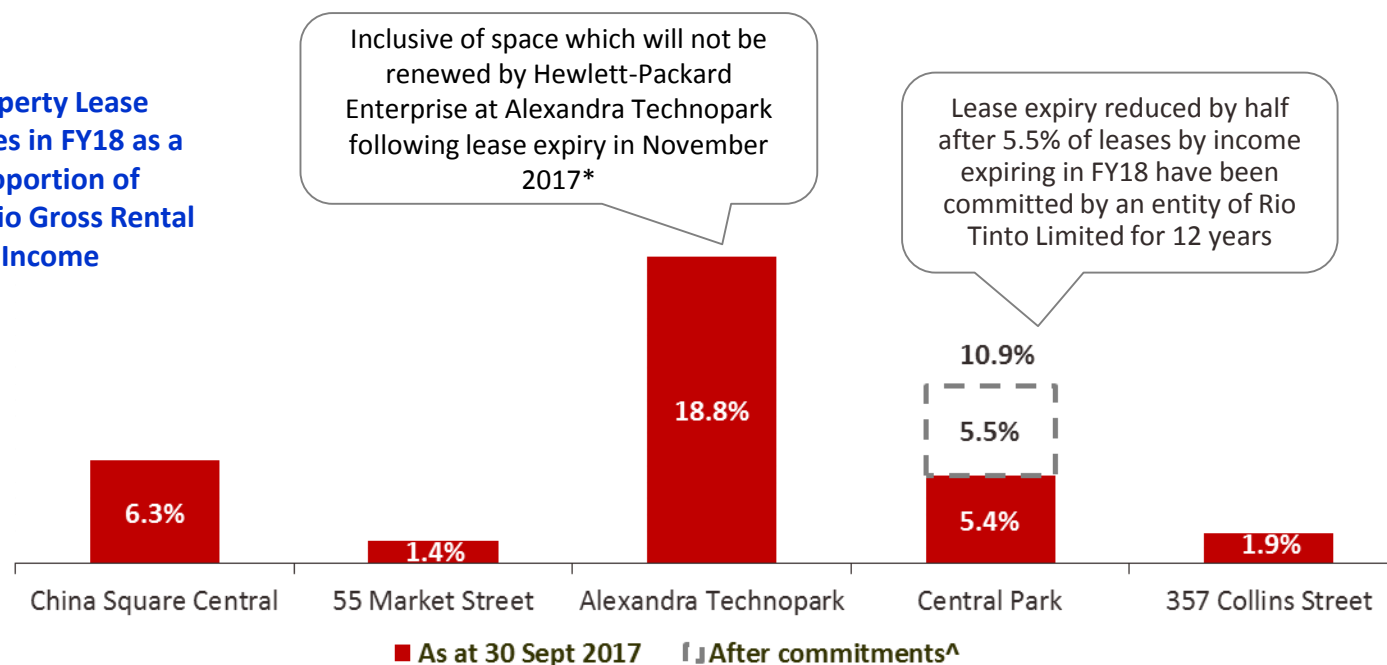
^ Refer to the announcement dated 22 September 2017 for further details.

~ Inclusive of space committed by an entity of Rio Tinto Limited and space which will not be renewed by Hewlett-Packard Enterprise upon lease expiry in November 2017, among others.

Pending confirmation of the 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.

Proactive management of leases

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



As at 30 September 2017

Number of leases expiring^	16 (office) 36 (retail)	5 (office) 2 (retail)	17	4 (office) 1 (retail)	6 (office) 5 (retail)
Average passing rents for expiring leases~	\$7.62 (office) \$4.85 (retail)	\$7.33 (office) \$6.71 (retail)	\$4.07	A\$642 (office) A\$2,627 (retail)	A\$554 (office) A\$2,073 (retail)

*
^
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Refer to the announcement dated 22 September 2017 for further details.

Inclusive of the space committed by an entity of Rio Tinto Limited, among others.

Excludes turnover rent. 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.

Positive rental reversions for new/renewed leases:

- average 3.1%¹ for c.67,000 sf (2.6% of portfolio) that commenced in 4QFY17
- average 1.9%¹ for c.253,900 sf (9.7% of portfolio) that commenced in FY17

	Weighted average rental reversions ¹				
Property	1QFY17	2QFY17	3QFY17	4QFY17	FY17
China Square Central ²	– ³	-0.1% (for c. 14,700 sf)	-2.6% (for c. 45,700 sf)	-2.7% (for c. 5,900 sf)	-2.3% (for c. 66,300 sf)
55 Market Street	– ³	+3.1% (for c. 3,000 sf)	– ³	-6.5% (for c. 6,600 sf)	-3.7% (for c. 9,600 sf)
Alexandra Technopark	+8.5% (for c. 16,700 sf)	+4.7% (for c. 101,300 sf)	0% (for c. 5,200 sf)	+1.1% (for c. 44,900 sf)	+3.9% (for c. 168,100 sf)
Central Park	-17.2% (for c. 200 sf)	-43.2% (for c. 110 sf)	– ³	+27.4% (for c. 9,600 sf)	+16.5% (for c. 9,900 sf)
Portfolio	+5.9% (for c. 16,900 sf)	+3.6% (for c. 119,100 sf)	+2.5% (for c. 50,900 sf)	+3.1% (for c. 67,000 sf)	+1.9% (for c. 253,900 sf)

1 Income-weighted average reversion rate for new/renewed leases that commenced in the respective financial period. Reversions are calculated by comparing the initial rent for a new lease versus the rent at expiry of the previous lease, excluding incentives and turnover rents, if any. Caroline Chisholm Centre and 357 Collins Street were fully occupied for the whole of FY17.

2 Average rental reversions for 18 Cross Street office tower only, excluding the retail podium at 18 Cross Street and 20 & 22 Cross Street which were 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 There were no new/renewed leases that commenced during the quarter.

- **Healthy levels of leasing activities and market interest**
- **Selected new/renewed leases in 4QFY17:**

Tenant	Industry	Property
Sushi Tei Pte Ltd	Food & beverage	China Square Central
Elitaire Law LLP	Legal	China Square Central
Job Studio Pte Ltd	Consultancy/ business services	55 Market Street
Corporate Serviced Offices Pte Ltd	Consultancy/ business services	55 Market Street
Smardt Chillers Pte Ltd	Electrical equipment	Alexandra Technopark
Nokia Solutions and Networks Singapore Pte Ltd	IT Products and services	Alexandra Technopark
The Orange Tree Preschool	Education	Alexandra Technopark
Cloudpay Asia Pte Ltd	Consultancy/ business services	Alexandra Technopark
Marubeni Australia Limited	Resources	Central Park
Liberty Mutual Insurance Company	Insurance	Central Park

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

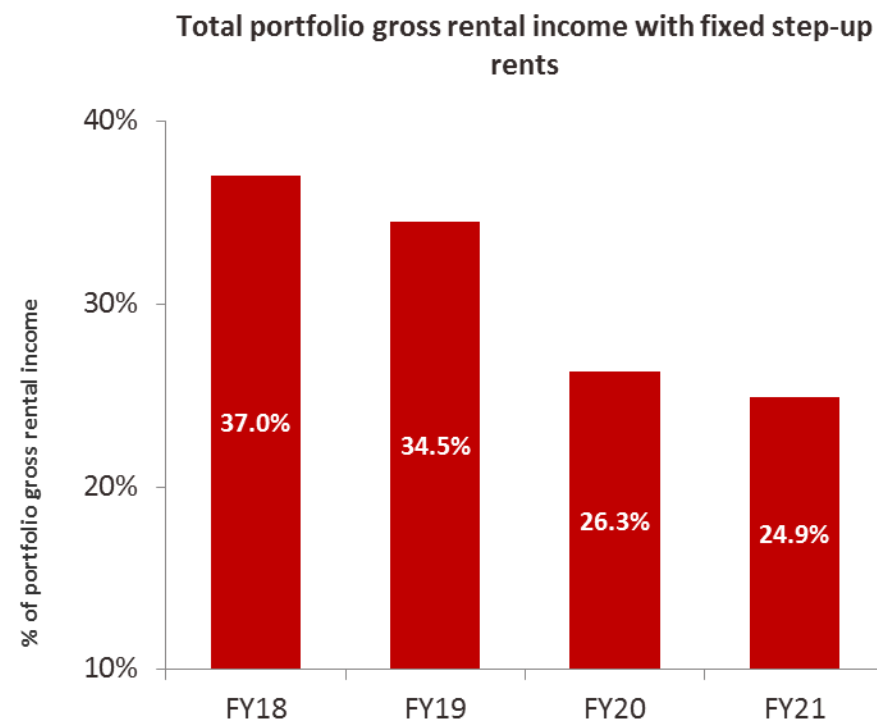
Property	Leases	Average step-up rent	GROSS RENTAL INCOME ¹	
			Property	Total Portfolio
China Square Central	9	1.8%	41.3%	7.2%
55 Market Street	1	0.7%	7.6%	0.3%
Alexandra Technopark	1	15.1%	1.4%	0.4%
Caroline Chisholm Centre	1	3.0%	100.0%	16.1%
Central Park	12	3.7%	29.2%	4.7%
357 Collins Street	24	3.9%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

FY18 - Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME ¹	
			Property	Total 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%

¹ Excludes turnover rent (if any).

FY18 – 21 - Portfolio fixed % reviews



Weighted average fixed step-ups	2.9%	2.8%	2.3%	2.0%
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Top 10 tenants:

- **MNCs, government department and public listed companies**
- **Established names and well diversified across various sectors**
- **Contribute 60% of portfolio gross rental income and have a WALE of 4.2 years as at 30 September 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	15.2%
Hewlett-Packard Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Nov-17	11.1%
Hewlett-Packard Enterprise Singapore Pte Ltd ²	Alexandra Technopark	IT Products & Services	Sept-17/ Nov-17	7.1%
Rio Tinto Limited ³	Central Park	Mining/ resources	Jun-18/ Jun-30	7.0%
Commonwealth Bank of Australia	357 Collins Street	Banking, insurance & financial services	Dec-22	6.0%
GroupM Singapore Pte Ltd	China Square Central	Consultancy/ business services	Mar-19	3.2%
Service Stream Ltd	357 Collins Street	Multimedia & Telecommunications	Dec-19	3.1%
Microsoft Operations Pte Ltd	Alexandra Technopark	IT Products & Services	Jan-22	2.8%
Suntory Beverage & Food Asia Pte Ltd	China Square Central	Food & beverage	May-20	2.6%
BHP Billiton Iron Ore Pty Ltd	Central Park	Mining/ resources	July-17 to Oct-17	1.8%
Total				59.9%



Australian Government



Hewlett Packard Enterprise

groupm

SUNTORY
SUNTORY BEVERAGE & FOOD

RioTinto

CommonwealthBank



Microsoft

¹ Data as at 30 September 2017. Excludes turnover rent (if any).

² Hewlett-Packard Enterprise Singapore Pte Ltd has informed that leases constituting 6.6% of portfolio GRI as at 30 September 2017 will not be renewed upon lease expirations on 30 September 2017 and 30 November 2017 (refer to the announcement dated 22 September 2017 for further details).

³ Based on the space committed by an entity of Rio Tinto Limited on a new 12-year lease at Central Park commencing in FY18.

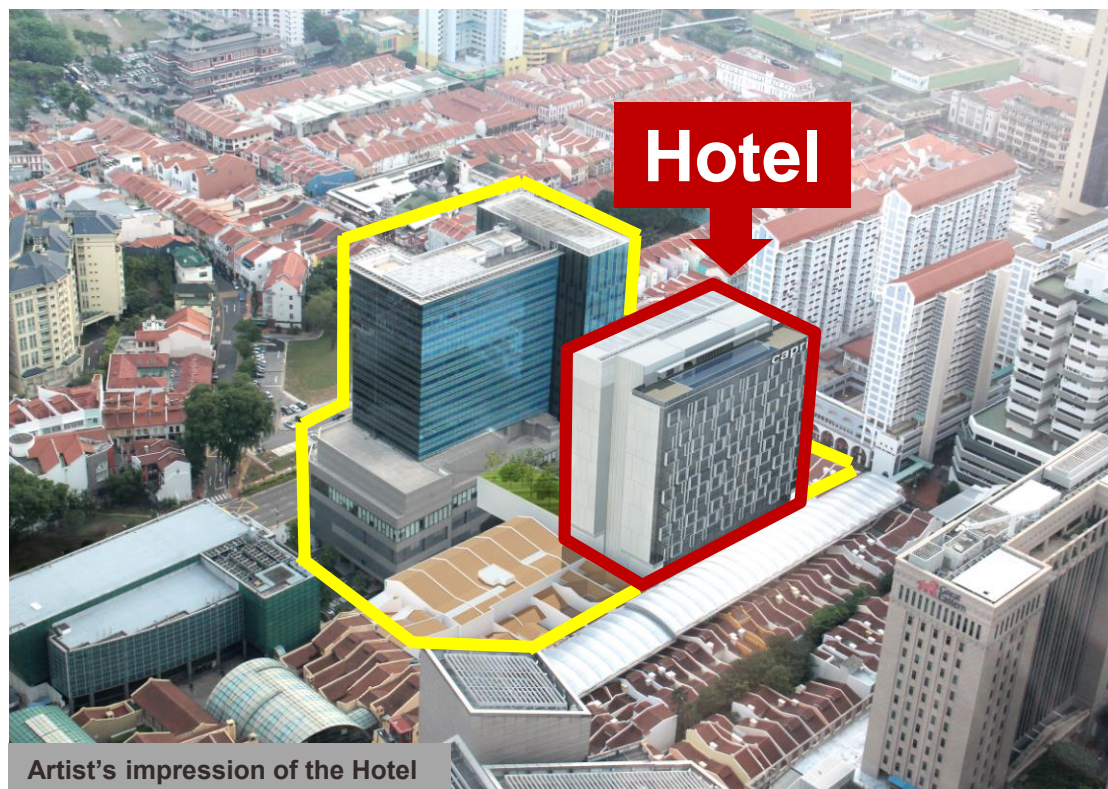


FRASERS
COMMERCIAL
TRUST


- \$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



- Construction works for the development of the 16-storey Hotel and Commercial Project¹ are on track and expected to be completed by mid-2019
- New retail and commercial spaces with better frontages and visibility will also be created²
- The new Capri by Fraser hotel will bring increased activity to rejuvenate China Square Central



Artist's impression of the Hotel

 China Square Central

 Proposed Hotel

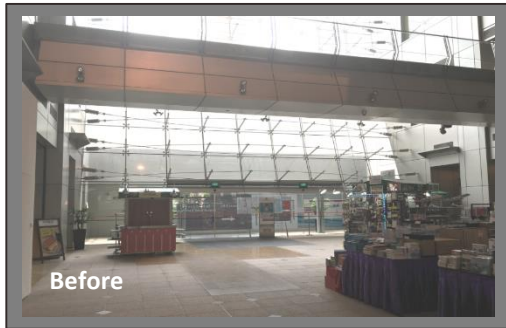


Construction hoarding along Nankin Mall

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.

- Provisional Permission obtained for rejuvenation and repositioning of retail podium at 18 Cross Street
- S\$38 million¹ project expected to commence in 1Q 2018 and complete by mid-2019¹
- NLA to potentially increase to c.75,000 sf¹ 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



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

Exciting new tenant mix, wider food and beverage, wellness and services options



Current provisional scheme is being refined and further details will be released in due course.

Appendix: Asset Details and Markets Overview

China Square Central – stable occupancy for office tower



55 Market Street – stable occupancy



Alexandra Technopark – rejuvenation and repositioning underway



Occupancy	79.8% ^ (office tower: 92.8%)*	90.0%^	76.2%^#
WALE	1.6 years	1.8 years	1.1 years#
New leases, committed and renewals	Sushi Tei Pte Ltd, Elitaire Law LLP	Job Studio Pte Ltd, Corporate Serviced Offices Pte Ltd	Smardt Chillers Pte Ltd, Nokia Solutions and Networks Singapore Pte Ltd, The Orange Tree Preschool, Cloudpay Asia Pte Ltd
Tenants			

Data as at 30 September 2017.

^ Committed occupancy as at 30 September 2017.

* Occupancy of retail units affected by planned vacancies arising from Hotel and Commercial Project. Refer to the Circular to Unitholders dated 3 June 2015 for details.

Adjusted to reflect 17.1% which will not be renewed by Hewlett-Packard Enterprise Singapore Pte Ltd upon lease expirations on 30 September 2017 and 30 November 2017 (refer to announcement dated 22 September 2017 for further details). Actual occupancy as at 30 September 2017 was 90.8%.

Central Park – long WALE of 5.5 years*






Caroline Chisholm Centre – full occupancy with long WALE of 7.8 years



357 Collins Street – full occupancy in a strong market



Occupancy	88.9%*	100.0%	100.0%
WALE	1.4 years (5.5 years with new leases*)	7.8 years	3.6 years
New leases, committed and renewals	Marubeni Australia Limited, Liberty Mutual Insurance Company	Property occupied until July 2025 by a single tenant, the Commonwealth of Australia (Aaa rated^)	Nil – fully occupied
Tenants		 Australian Government	

Data as at 30 September 2017.

* Committed up to January 2018, taking into account space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18, among others.
Actual occupancy on 30 September 2017 was 69.6%.

^ Based on Moody's rating in August 2017.

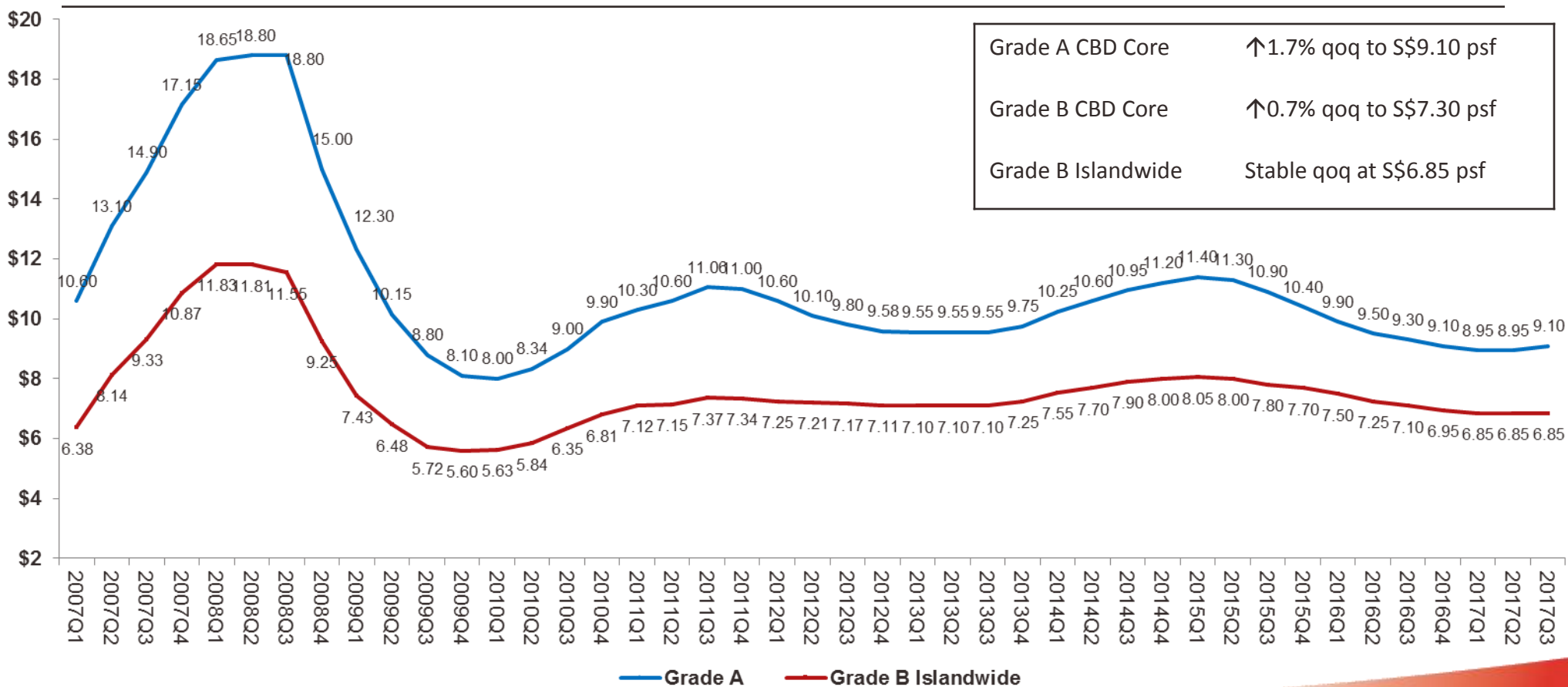
➔ Solid fundamentals - Singapore office rents

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Singapore office:

- Grade B rents relatively more stable
- General increase in average rents marked the first increase in 10 quarters

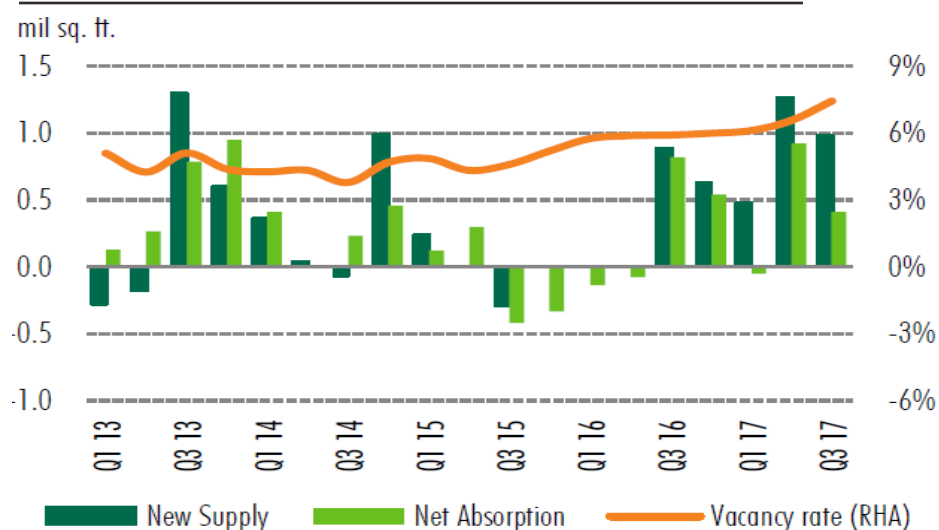
Singapore Grade A and Grade B office rents¹



Source: CBRE Research

¹ CBRE, Singapore Market View, Q3 2017

Office supply-demand dynamics¹



Source: CBRE Research, Q3 2017

Office vacancy rates¹

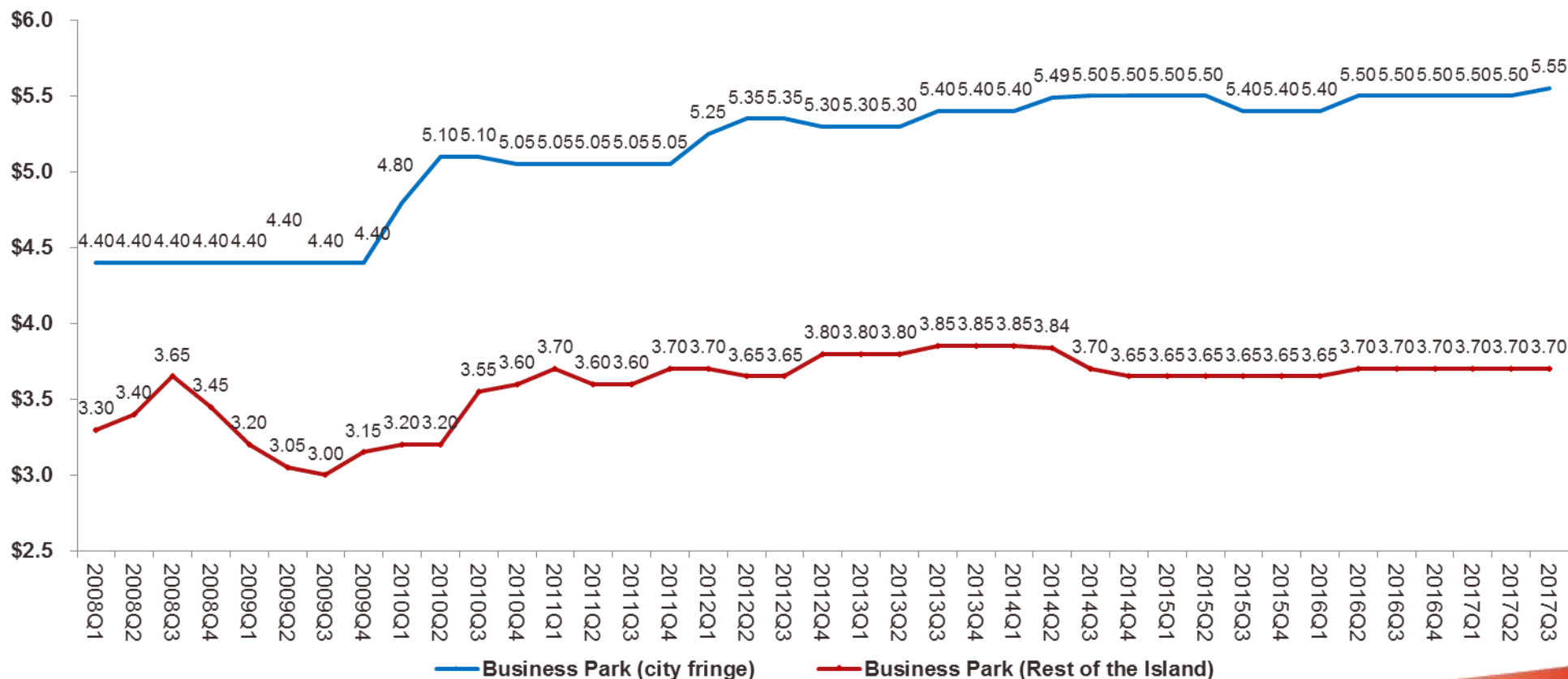
	Q3 17	Q-o-q	Y-o-y
Islandwide	7.4%	86 bps	151 bps
Core CBD	7.5%	168 bps	346 bps
Fringe CBD	8.4%	13 bps	-56 bps
Decentralised	6.1%	-2 bps	-10 bps
Grade A	8.4%	386 bps	432 bps

Source: CBRE Research, Q3 2017

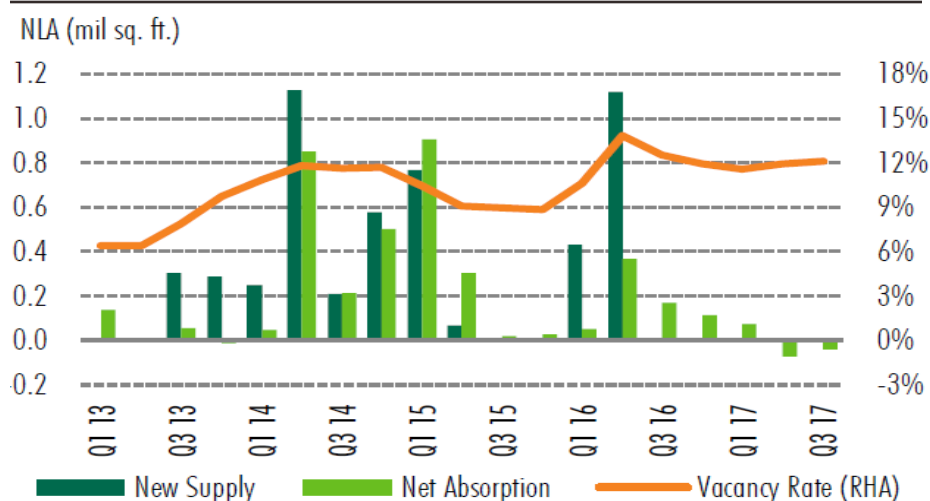
- Market is turning positive on the back of stronger economic fundamentals and generally more positive market sentiment
- Most leasing transactions in 3Q 2017 were of medium sizes and mostly relocations by banking and finance, oil and gas, and engineering related companies
- New and expansionary demand mainly from co-working and technology sectors, while fintech and online payment firms have also been very active
- CBRE expects modest rental growth over the near term as the market absorbs remaining space from new supply over the last two years

Singapore business parks – City fringe business park rents increased 0.9% in Q3 2017¹

Singapore Business Park (city fringe) rents¹



Business Park supply-demand dynamics¹



Source: CBRE Research, Q3 2017

Business Park future pipeline¹

Year	Est. NLA (mil sq. ft.)	Est. Pre-commitment
2017	0.44	60%
2018	0.68	0%
2019	-	-
Total	1.12	24%

Source: CBRE Research, Q3 2017

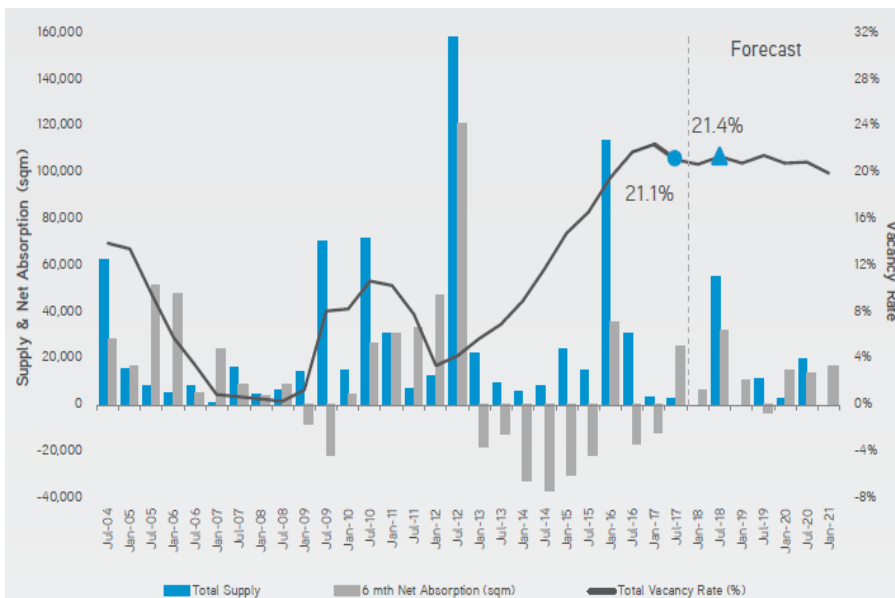
- As at end Q3 2017, island-wide vacancy rose slightly by 0.2 %-points to 12.1% mainly due to weaker demand in suburban business parks
- Business parks are still in demand by tenants seeking longer term rent stability, including those in the incubators, technology and fintech sectors
- City fringe business parks remain the de-facto choice for most tenants looking for space due to higher quality and better location
- Notable leasing transactions for 3Q 2017 were concentrated in the Alexandra precinct and involved media, finance-related and technology firms
- CBRE expects rental growth for city fringe business parks given the limited stock and also the fact that business parks may benefit from the strengthening of office rents

➔ Perth CBD office supply and rents

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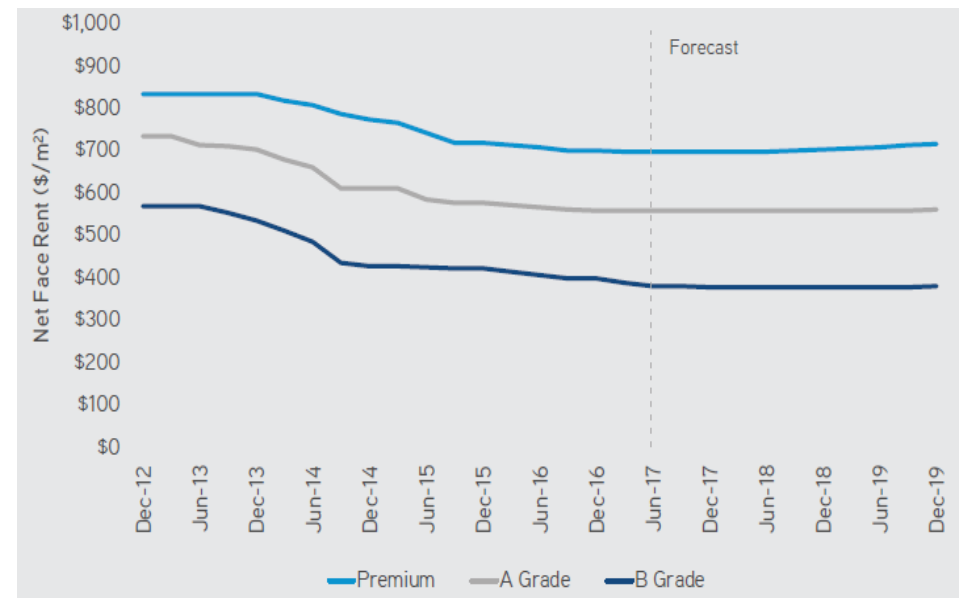
- Perth CBD office market appears to be bottoming, overall vacancy fell to 21.1% as at July 2017
- 11.7% vacancy rate for Premium Grade office as at July 2017 expected to decline to 9.2% by July 2018
- Premium Grade office benefitting from “flight to quality” and non-CBD tenants relocating to CBD
- Premium Grade average net face rent of A\$700 per sqm per annum as at July 2017 expected to remain stable for the next 12 months
- Premium Grade average incentives of 48% as at July 2017 expected to reduce to 46% by July 2018

Perth CBD office supply, net absorption and vacancy rate



Source: Colliers Edge/PCA

Perth CBD average net face rents

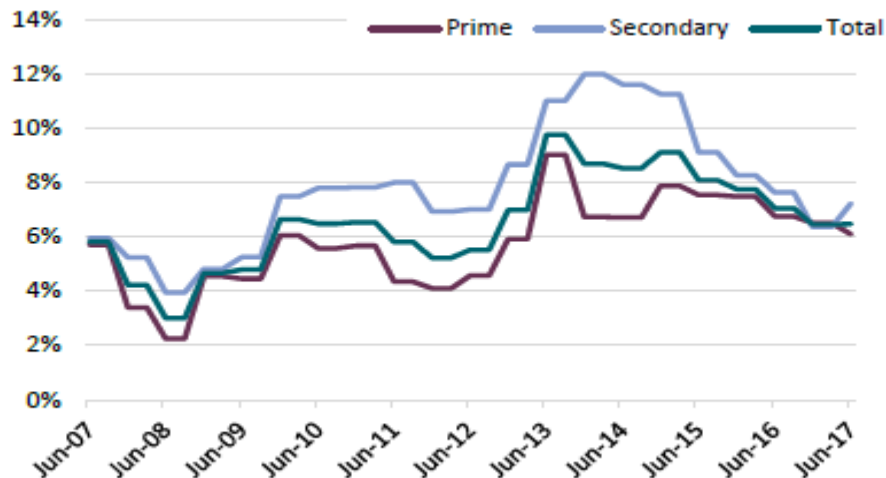


Source: Colliers Edge

Source: Colliers International, Research and Forecast Report, CBD Office Second Half 2017.

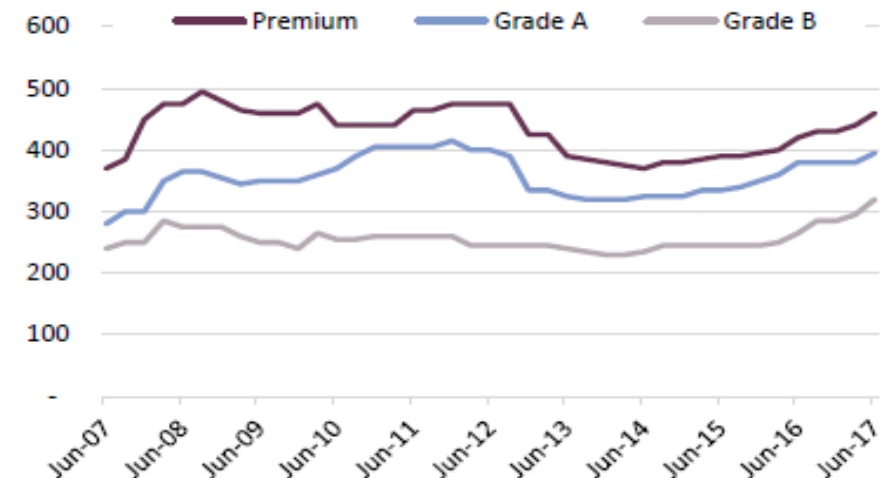
- 128,400 sqm net absorption for the year to June 2017 for the Melbourne CBD office market was the strongest since 2008, and 15 consecutive quarters of positive take-up was a national record
- Leasing activities the strongest since 2010
- 6.5% vacancy rate in June 2017 (declined from 7.1% a year ago), and is expected to decline further
- Grade A net face rent for Melbourne CBD office space was between A\$490 to A\$600 per sqm per annum as at June 2017, with incentive levels around 25% to 30%
- Rents are expected to grow moderately over the next two years

Melbourne CBD office historical vacancy rate



Source: PCA/ Savills Research

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



Source: Savills Research

Thank you

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