
Frasers Commercial Trust

DBS The Pulse of Asia Conference in Singapore

8 January 2019



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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.

This advertisement has not been reviewed by the Monetary Authority of Singapore.

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FCOT Overview



357 Collins Street, Melbourne, Australia

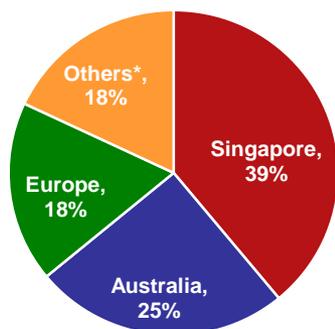
Frasers Commercial Trust (“FCOT”) Overview

- ◆ Commercial property REIT sponsored by Frasers Property Limited (“Frasers Property”)
- ◆ Portfolio comprises primarily office/business space/business park properties in Singapore, Australia and the UK
- ◆ Expanded investment mandate to Europe and acquired 50% interest in Farnborough Business Park, UK, in Jan 2018



Market capitalisation: S\$4.8 billion (listed on SGX-ST)
 Total assets: S\$32 billion
 Presence: Over 80 cities

Frasers Property 4QFY18 total assets by geography



1



**FRASERS
COMMERCIAL
TRUST**

Listed on SGX-ST: March 2006 (Stock code: Frasers Com Tr)^

Market capitalisation: S\$1.3 billion

Total assets: S\$2.2 billion

Free float: 75% (25% held by Frasers Property and its subsidiaries)

Presence: 6 office and business space/park properties (total 3.4 mil sf) in Singapore, Australia and the UK

2



(retail properties)

3



4



As at 30 September 2018.

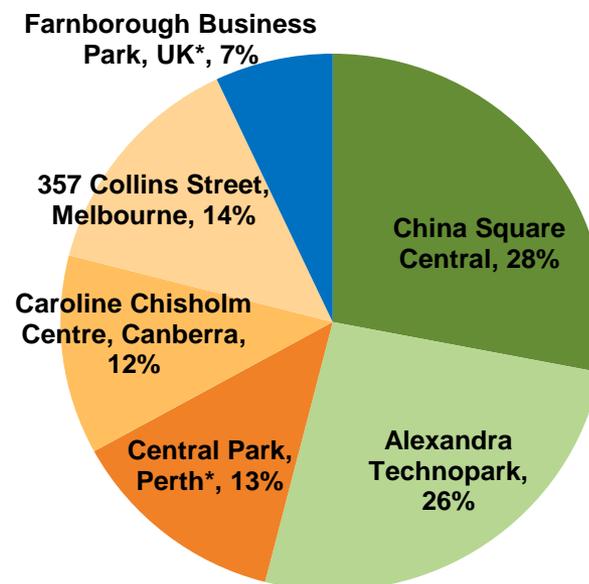
Sources: Bloomberg, Frasers Property 4QFY18 Results Presentation.

* Includes China, Vietnam, Thailand, Malaysia, Japan, Philippines, Indonesia and New Zealand.

^ Formerly known as Allico REIT, the Trust was renamed to Frasers Commercial Trust after Frasers Property acquired a stake in the Trust in August 2008.

Portfolio Review Asset values

- ◆ Diversified portfolio with no single property accounting for more than 28% of portfolio value
- ◆ Portfolio value increased 3.0% year-on-year to S\$2.1 billion



Asset values as at 30 September 2018

Singapore	\$	1,140.4 mil	54%
Australia	\$	836.9 mil	39%
United Kingdom	\$	156.2 mil	7%
Portfolio asset value	\$	2,133.5 mil	100%

* In relation to FCOT's 50% interests. In addition, Farnborough Business Park is held as a joint venture and equity-accounted in the financial statements.

FCOT Overview - Accolades

- ◆ FCOT has won various awards for good corporate governance, investor relations practices and sustainability reporting



Runner-up 2013, 2014 and 2015 in the Singapore Corporate Governance Award (REITs and Business Trusts Category) at the SIAS Investors Choice Award¹



Inaugural Sustainability Report in 2015 was a finalist for Asia's Best First Time Sustainability Report at the Asia Sustainability Reporting Awards 2016



- Gold, Best Governed and Most Transparent Company
- Gold, Best Corporate Communications and Investor Relations



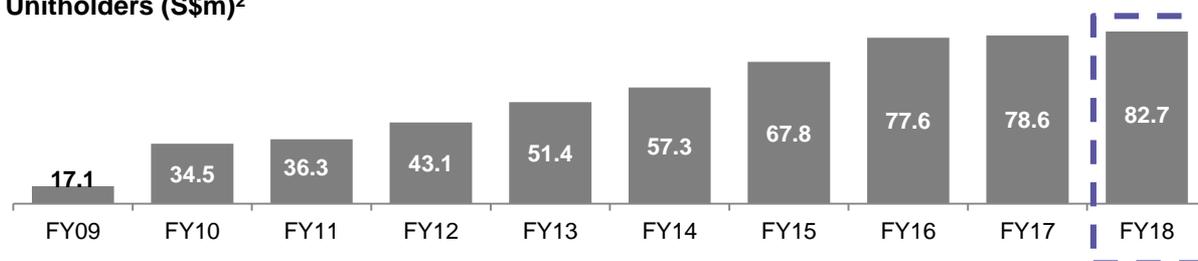
- Gold, Best Annual Report 2017 in the Singapore Corporate Awards (REITS and Business Trusts Category)

1. There was no such category for REITs and Business Trust in 2016.

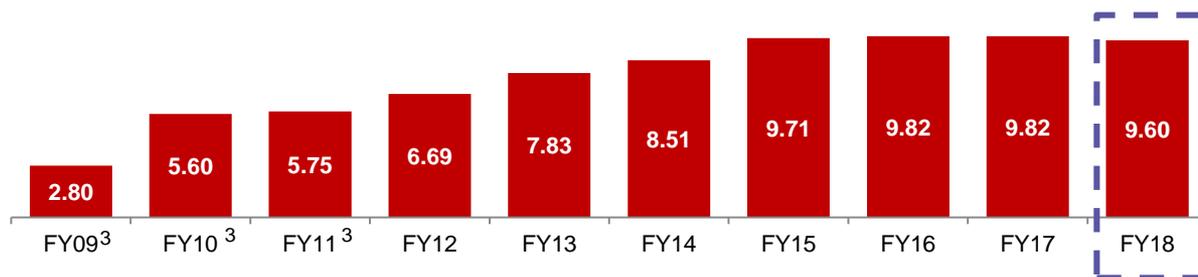
Record Annual Distribution Income in FY18

- ◆ FCOT has been listed for 12 years since 30 March 2006 (initially as Allco Reit)
- ◆ Became part of Frasers Property Group in Aug 2008
- ◆ FY17 distribution income was the highest since listing
- ◆ 5-year total return of 63.3% exceeded the FTSE Straits Times Index's total return of 22.1%¹

Distribution income to Unitholders (S\$m)²



DPU (Cents)²



30 March 2006
No. of properties: 2 Portfolio value: S\$0.7 billion ⁴



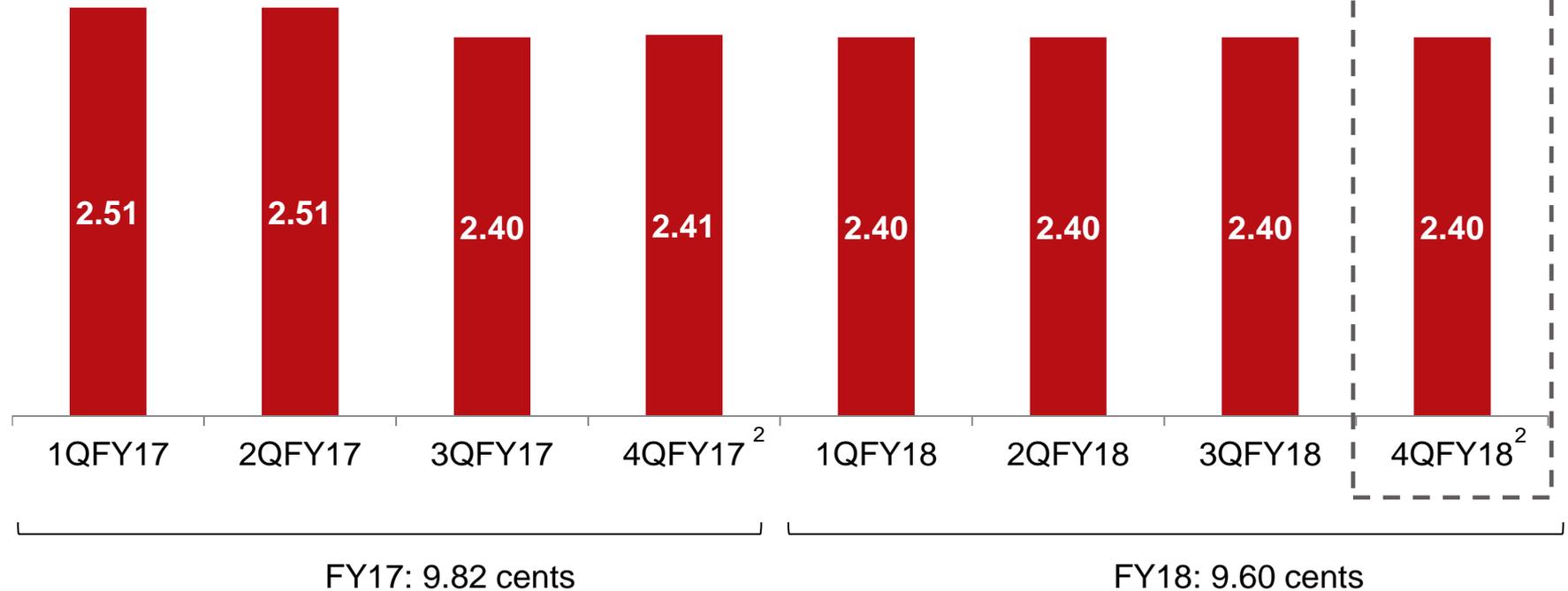
30 September 2018
No. of properties: 6 Portfolio value: S\$2.1 billion

1. 5-year up to September 2018. Assumes dividends are reinvested. Source: Bloomberg.
 2. On 26 August 2009, Frasers Commercial Trust changed its financial year end from 31 December to 30 September. As a result, FY09 comprised a 9-month period from 1 January to 30 September 2009.
 3. Adjusted for Unit consolidation.
 4. As set out in the prospectus dated 23 March 2006.

DPU profile

- ◆ 4QFY18 DPU was stable both Q-o-Q and Y-o-Y
- ◆ FY18 full-year DPU 2% lower Y-o-Y due to higher Unit base¹
- ◆ 100% management fees were taken in Units in FY18 vs 7.5% in FY17

DPU (Cents)



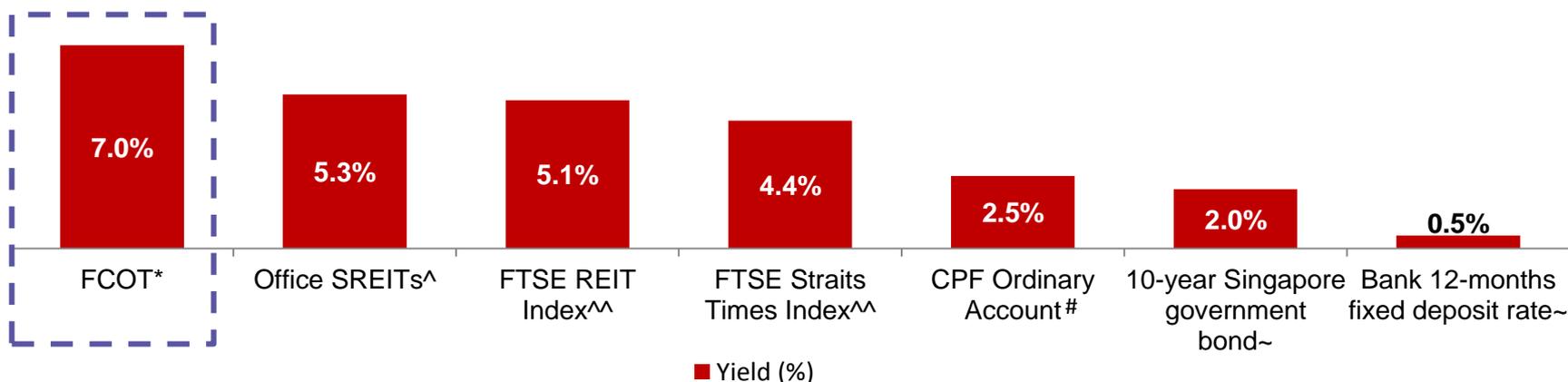
1. Inclusive of 67,567,000 new Units issued pursuant to the private placement which was completed on 1 February 2018 to part finance the acquisition of 50.0% interest in Farnborough Business Park. Refer to the announcement dated 1 February 2018 for details.

2. The number of Units used to calculate the amount available for DPU were 892,583,888 and 805,815,367 for 4QFY18 and 4QFY17, respectively. See 4QFY18 Financial Statements announcement for more details.

Attractive yield

- FCOT offers an attractive yield and currently trades around 500 basis points above the 10-year Singapore government bond

Yield (%)



Preferential tax rates for investors

Individuals

Qualifying unitholders (Singapore incorporated and tax-resident companies)

Foreign unitholders (non-individual)

Taxable dividends received**

Gross

Gross, but income tax payable at own applicable tax rates

Net of 10.0% withholding tax

* Based on FCOT's closing price of \$1.37 per Unit as at 31 December 2018 and total FY18 DPU of 9.60 cents.

^ Based on closing prices as at 31 December 2018 and annualised DPU. Source: Bloomberg. Weighted average (based on market capitalisation) and comprised Frasers Commercial Trust, Keppel REIT, CapitaLand Commercial Trust and Suntec REIT.

^^ Based on the respective closing prices as at 31 December 2018 and the dividends in 2018. Source: Bloomberg.

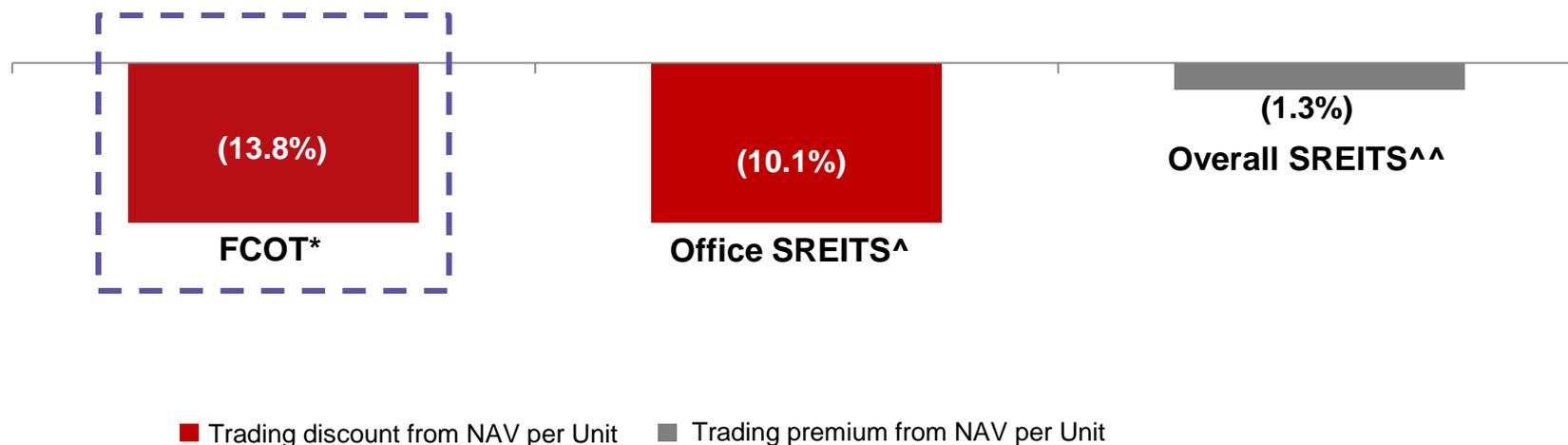
Based on the interest rate paid on the Central Provident Fund (CPF) Ordinary Account from Oct 2018 to Dec 2018. Source: www.cpf.gov.sg.

~ As at December 2018. Source: www.mas.gov.sg.

** Subject to declaration of tax status, and advice by investors' own tax advisors.

Discount to NAV

Trading premium/discount to NAV per Unit (%)



* Based on FCOT's closing price of \$1.37 per Unit as at 31 December 2018.

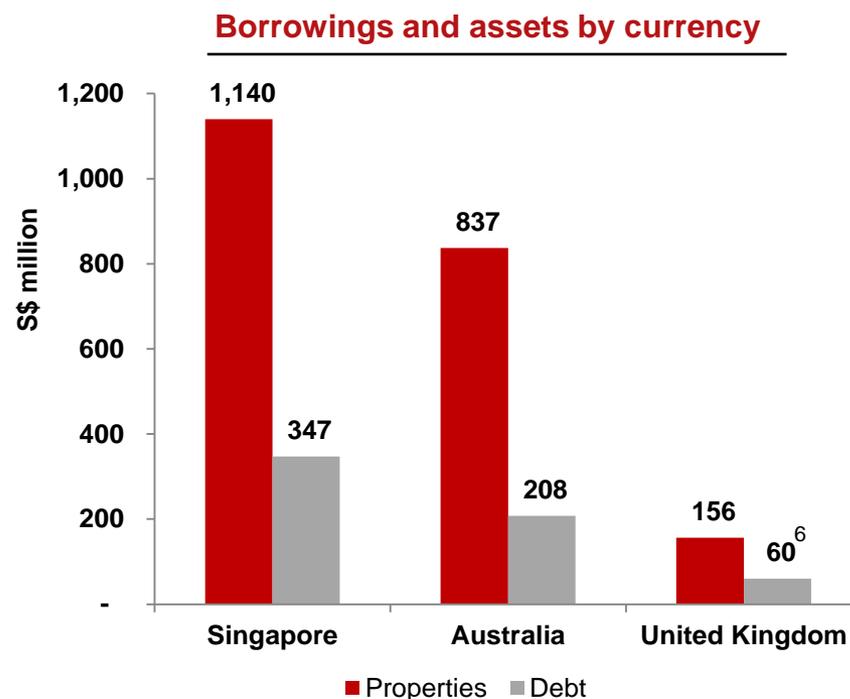
^ Based on closing prices as at 31 December 2018. Source: Bloomberg. Weighted average (based on market capitalisation) and comprised Frasers Commercial Trust, Keppel REIT, CapitaLand Commercial Trust and Suntec REIT.

^^ Based on closing prices as at 31 December 2018. Source: Bloomberg. Weighted average figures (based on market capitalisation) for all Singapore REITs and real estate trusts.

Debt statistics

- ◆ Gearing brought down to 28.3% from 35.4% as of 30 June 2018
- ◆ Healthy interest coverage ratio of 4.2 times
- ◆ Borrowings in local currencies provide natural hedge

Statistics	As at 30 Sept 2018
Total Assets (S\$'000)	2,173,080
Gross Borrowings (S\$'000)	614,984
Units on Issue and Issuable entitled to distribution	892,583,888
NAV per Unit (ex-DPU) (S\$) ¹	1.59
Gearing ²	28.3%
Interest coverage ratio (times) ³	4.2
Average borrowing rate ⁴	3.02% p.a.
FCOT Issuer rating by Moody's ⁵	Baa2



1. Based on issued Units for the financial quarter ended 30 September 2018.

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 2018. Excluding the gain on divestment of 55 Market Street of S\$75.7 million. Including the gain on divestment, the interest coverage ratio would be 17.7 times. See accompanying 4QFY18 Financial Statements announcement for details.

4. For quarter ended 30 September 2018.

5. Moody's affirmed FCOT's Baa2 ratings (with a negative outlook) in its credit opinion report dated 6 September 2018.

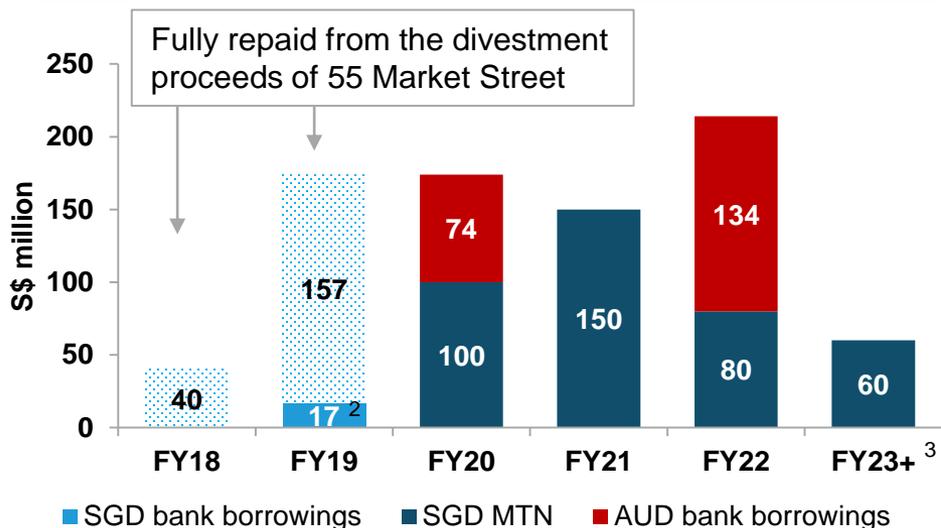
6. S\$60.0 million five-year senior unsecured notes issued in February 2018 was swapped into Sterling Pound.

Well-spread debt expiry profile

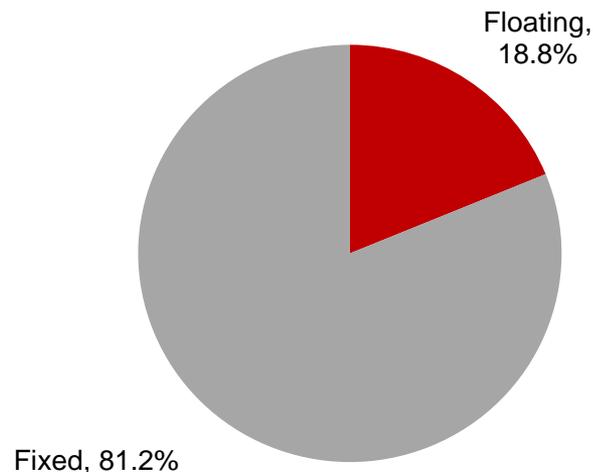
- ◆ Fully repaid S\$40 million debt which matured in September 2018¹ and prepaid S\$157 million debt maturing in FY19 with divestment proceeds of 55 Market Street
- ◆ Well-spread debt maturity profile
- ◆ All debts are unsecured
- ◆ 81.2% of gross borrowings on fixed rate

Debt maturity

Total borrowings: S\$615 million
Weighted average term to maturity: 2.8 years



Debt composition – floating vs. fixed interest rates



1. The debt which originally matured in August 2018 was extended to September 2018.
2. SGD revolving facilities drawn down as interim funding for asset enhancement works.
3. S\$60.0 million senior unsecured notes issued in February 2018 and swapped into Sterling Pound.
4. Data (including exchange rates) as at 30 September 2018.

Portfolio Review



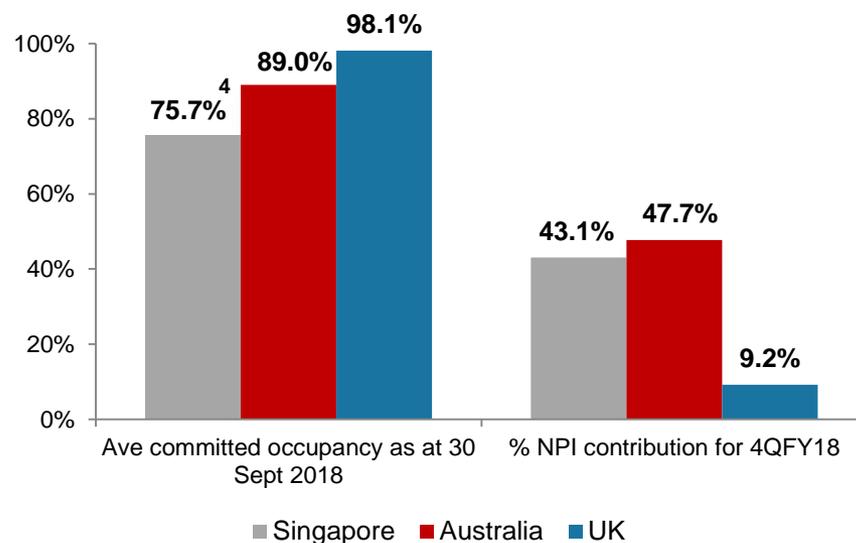
Central Park, Perth, Australia

Portfolio Review Occupancy & WALE

- ◆ Average committed occupancy rate of 83.4%¹
- ◆ Committed WALE of 4.7 years^{1,2}

Key portfolio statistics as at 30 Sept 2018	Actual occupancy	Committed occupancy ¹
Ave Occupancy	79.5%	83.4%
Portfolio WALE by gross rental income ²	4.5 years	4.7 years
Portfolio WALB by gross rental income ^{2,3}	4.2 years	4.3 years

Geographical occupancy¹ and NPI² contribution



1. 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.
2. Excludes lease incentives and retail turnover rents, if any. For Farnborough Business Park, reimbursements of rent free incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details) are included.
3. WALB - weighted average lease to break, reflecting contractual rights for tenants to pre-terminate leases in certain cases.
4. 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 Top-10 tenants

- ◆ Established names and well diversified across various sectors
- ◆ Contributed 53% of portfolio gross rental income with a WALE of 5.7¹ years as at 30 September 2018

Top 10 tenants by gross rental income

Tenant	Property	Sector	Lease Expiry	% Gross Rental Income ²
Commonwealth of Australia	Caroline Chisholm Centre	Government	Jul-25	16.4%
Rio Tinto Limited	Central Park	Mining & resources	Jun-30	9.0%
Commonwealth Bank of Australia	357 Collins Street	Banking, insurance & financial services	Dec-22	6.8%
Hewlett-Packard Singapore Pte Ltd	Alexandra Technopark	IT products & services	Dec-18	3.8%
GroupM Singapore Pte Ltd	China Square Central	Consultancy & business services	Jul-23	3.5%
Service Stream Ltd	357 Collins Street	Multimedia & telecommunications	Dec-24	3.5%
Microsoft Operations Pte Ltd	Alexandra Technopark	IT products & services	Jan-22	3.0%
Fluor Limited	Farnborough Business Park	Engineering	May-19 to Jun-25	2.9%
Suntory Beverage & Food Asia Pte Ltd	China Square Central	Food & beverage	May-20	2.3%
Nokia Solutions and Networks (S) Pte Ltd	Alexandra Technopark	Multimedia & telecommunications	Feb-21/ Jun-21	2.1%
Total				53.3%



Data as at 30 September 2018.

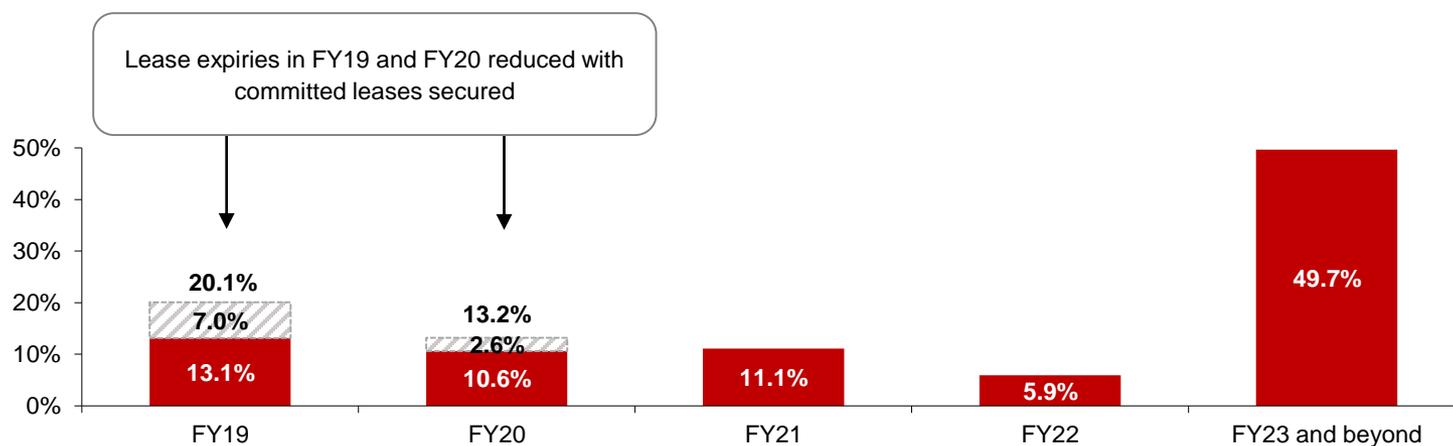
1. The WALB (after accounting for rights to break) is 5.3 years.

2. Excludes lease incentives and retail turnover rents, if any. For Farnborough Business Park, reimbursements of rent free incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details), are included.

Portfolio Review Lease expiry profile

- ◆ Well-spread lease expiry profile provides income stability and defensiveness

Portfolio lease expiry by gross rental income



Portfolio lease expiry by gross rental income¹

Number of leases expiring	67	40	38	15	81
NLA (sq ft) expiring	422,933	267,606	221,978	132,179	1,141,312
Expiries as % total NLA	15.4%	9.8%	8.1%	4.8%	41.6%
Expiries as % total Gross Rental Income	20.1%	13.2%	11.1%	5.9%	49.7%

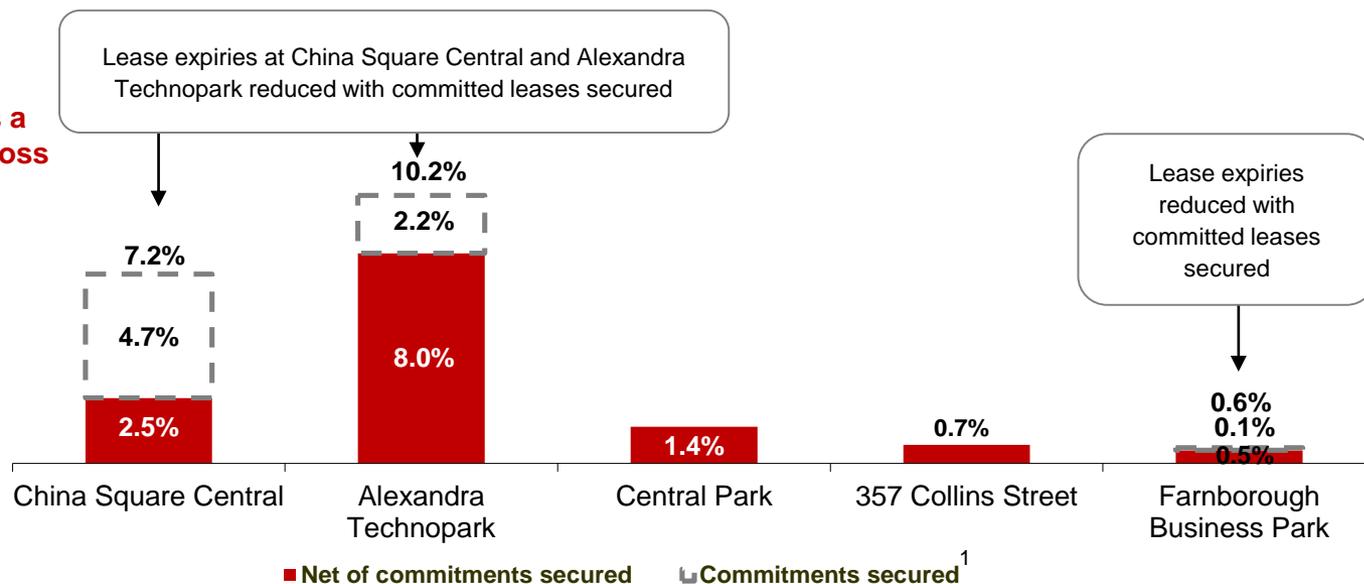
Data as at 30 September 2018. Exclude lease incentives and retail turnover rents, if any. For Farnborough Business Park, reimbursements of rent free incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details) are included.

1. 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.

Portfolio Review Lease expiry profile for FY19

◆ Proactive management of leases

Lease Expiries in FY19 as a proportion of Portfolio Gross Rental Income



As at 30 September 2018

	China Square Central	Alexandra Technopark	Central Park	357 Collins Street	Farnborough Business Park
Number of leases expiring ¹	12 (office) 6 (retail)	14	1 (office) 3 (retail)	3 (office)	10
Average passing rents for expiring leases (net of those with commitments secured) ²	S\$6.61 (office) S\$5.89 (retail)	S\$4.08	A\$917 (office) ³ A\$991 (retail)	A\$585 (office)	£23.8

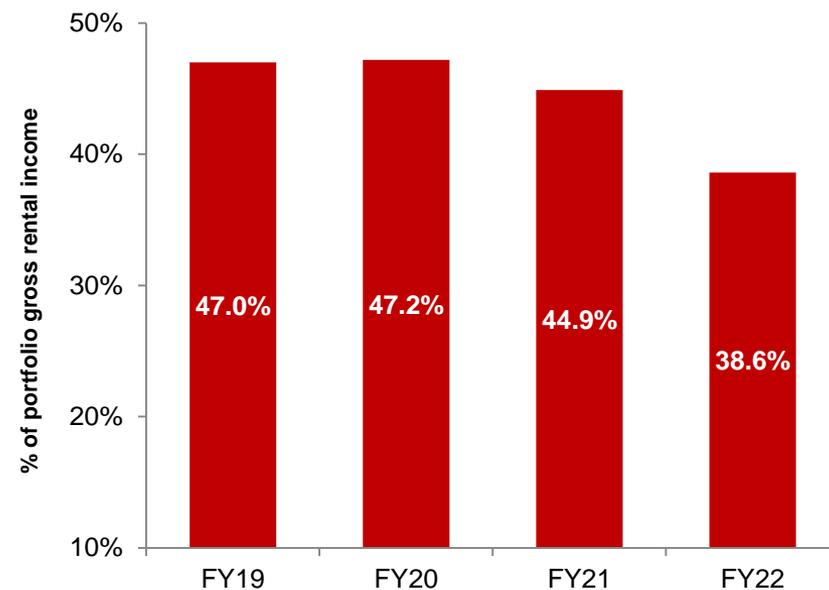
- Adjusted for committed leases secured.
- Excludes lease incentives and retail turnover rents, if any. Figures for Singapore properties are on a gross rent per square foot per month basis, figures for Australian properties are based on net face rent per square metre per annum basis while figures for Farnborough Business Park is based on net rent per square foot per annum basis.
- For a single lease which may not be reflective of other leases in the building.

Portfolio Review Step-up rents

47% of FY19 leases have built-in step-up rents

Property	Leases	Average step-up	GROSS RENTAL INCOME ¹	
			% of Property	% of Portfolio
China Square Central	7	2.6%	31.4%	5.5%
Alexandra Technopark	1	5.0%	0.1%	Negligible
Caroline Chisholm Centre	1	3.0%	100.0%	16.4%
Central Park	30	3.1%	86.5%	14.0%
357 Collins Street	27	3.9%	93.1%	11.0%
Farnborough Business Park	1	14.4%	1.0%	0.1%

FY19 – FY22 Portfolio Gross Revenue with Step-Up Rents for Existing Leases



Weighted average fixed step-ups	2.6%	2.7%	2.5%	2.4%
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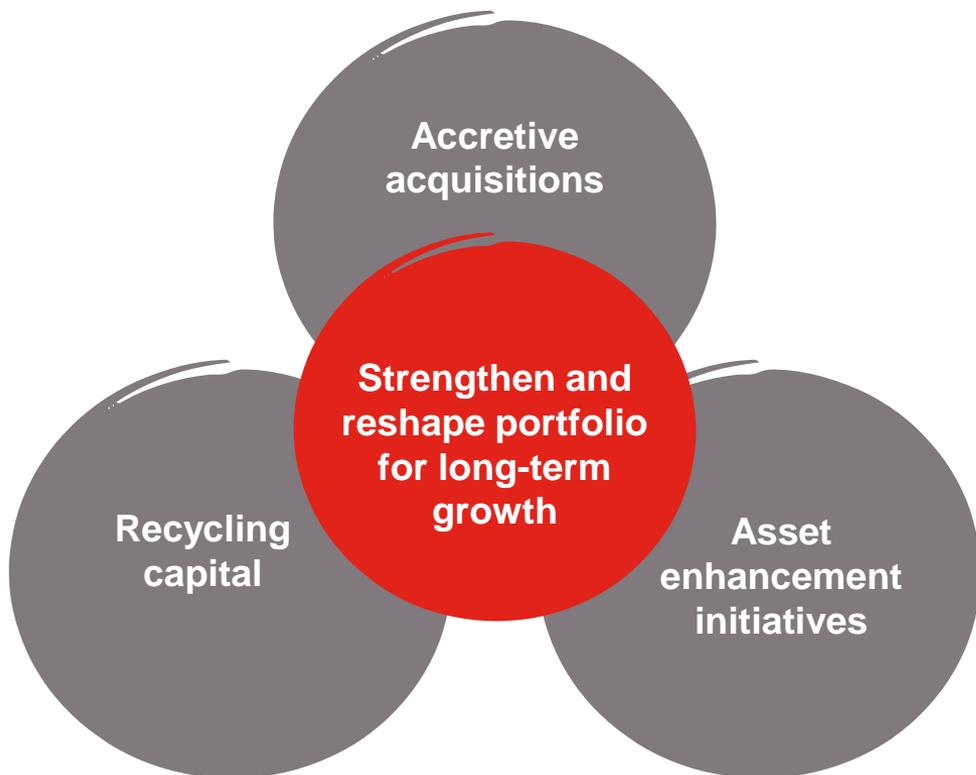
1. Excludes lease incentives and turnover rent, if any.

Strengthening and Reshaping the Portfolio



Alexandra Technopark, Singapore

Strengthening and reshaping the portfolio for long-term growth



Accretive acquisitions

- ◆ Expanded investment mandate to Europe (including UK) in January 2018 for portfolio diversification and long-term growth
- ◆ Enhanced alignment with Sponsor's top 3 geographical markets (Singapore, Australia and Europe)
- ◆ Completed income-accretive acquisition of 50.0% interest in Farnborough Business Park on 29 January 2018.

Recycling capital

- ◆ Divested 55 Market Street on 31 August 2018 and realised a net gain of approximately S\$75.7 million¹
- ◆ Created potential to utilize debt headroom for higher-yielding investments and other growth opportunities

Asset enhancement initiatives

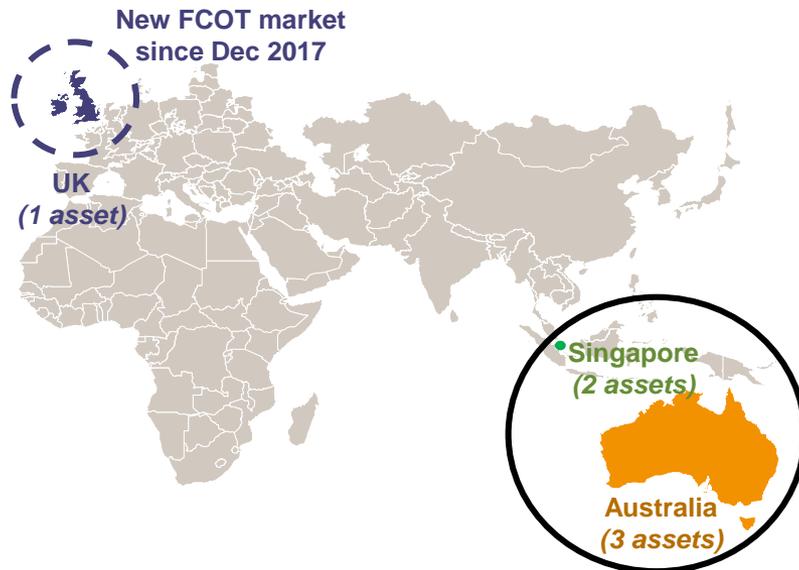
- ◆ Enhance long-term performance and competitiveness of properties and elevate tenants' and visitors' experiences
- ◆ Repositioned Alexandra Technopark as a contemporary, vibrant and engaging business campus following a S\$45 million AEI which is nearing full completion
- ◆ AEI for the retail podium of 18 Cross Street, China Square Central is currently underway and expected to complete in the second half of 2019.

1. Net of transaction expenses and fees.

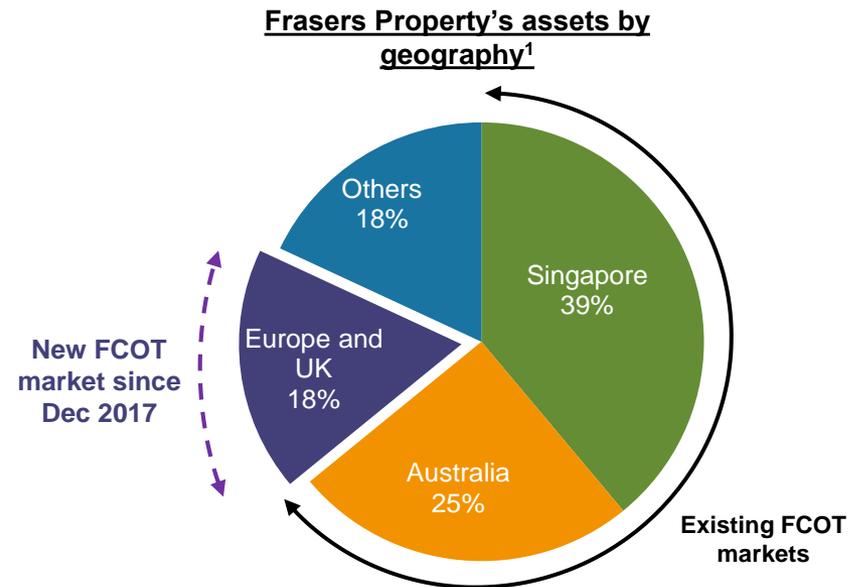
Strengthening and reshaping the portfolio for long-term growth

Synergistic alignment to Sponsor's top 3 geographical markets for **GROWTH** and **DIVERSIFICATION**

- ◆ Announced expansion of investment mandate to Europe/UK in Dec 2017
- ◆ FCOT granted right of first refusal for Frasers Property's relevant office/business space/business park assets in Europe (including UK)
- ◆ Enhanced ability to further grow and diversify the portfolio



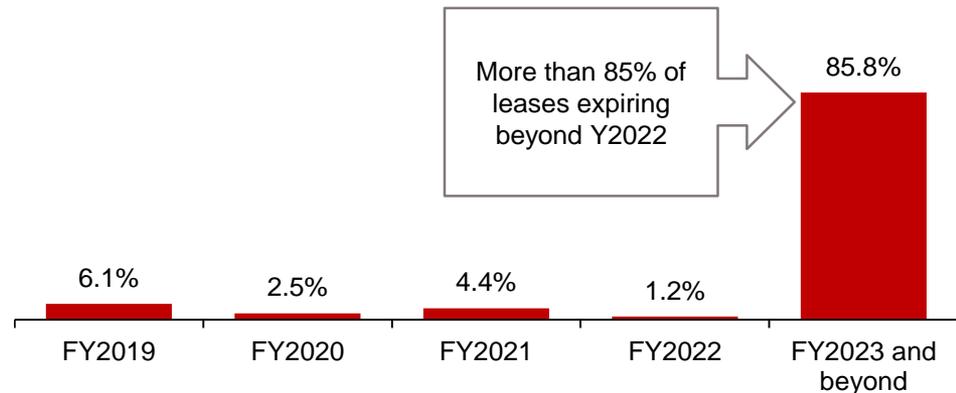
Alignment with Fraser Property's top 3 geographical markets



Acquisition of Farnborough Business Park, UK

Strengthening portfolio for **LONG-TERM GROWTH**

- ◆ Acquisition of 50% interest in Farnborough Business Park (“FBP”) at a property value of £87.5 million¹ completed on 29 January 2018
- ◆ The other 50% interest is owned by Frasers Property
- ◆ FBP is an award-winning business park with solid fundamentals in a well-connected location in Thames Valley



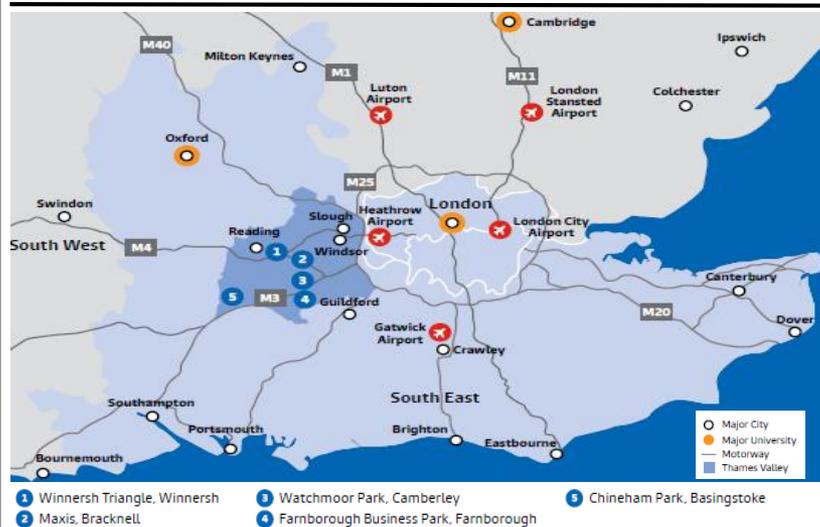
Data as at 30 September 2018.

1. Represents FCOT’s 50.0% interest in FBP. Refer to the announcement dated 14 December 2017.
2. By gross rental income and included reimbursements of lease incentives, rent guarantees for certain unlet units and other commercial arrangements performed by the vendor, in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details). The WALB (after accounting for rights to break) is 5.2 years.
3. After adjusting for leases for which the tenants have exercised their rights to break.

Acquisition of Farnborough Business Park, UK (cont'd)

- 1**
- ◆ FBP is part of Frasers Property Group's 3.3m sf NLA portfolio in Thames Valley
 - ◆ Strategic and synergistic network effect

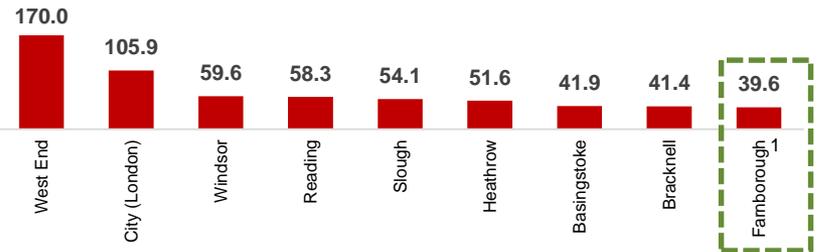
Frasers Property Group's Thames Valley Business Parks



- 2**
- Resilient UK business park market supported by cost-efficient positioning

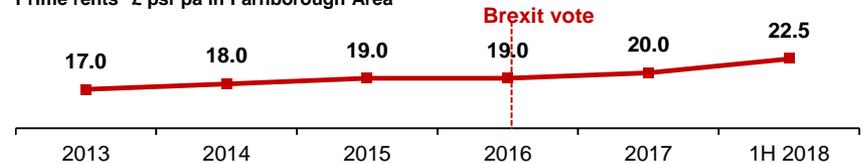
Cost-efficient alternative to CBD and London locations

Total occupier cost (£ psf pa)



Rents continued growing post-Brexit referendum

Prime rents² £ psf pa in Farnborough Area¹



- 3**
- Thames Valley is the principal high-tech region in the UK

- ◆ Regarded as the principal high-tech region in the UK
- ◆ Home to over 200 of UK's top 300 companies
- ◆ Well-established key business clusters including in manufacturing, financial & business services, hi-tech, TMT and aerospace
- ◆ Access to quality workforce and talent pool from well-known universities
- ◆ Convenient transport linkages to London and Heathrow airport



Source: Market Overview Thames Valley and Farnborough Area, UK dated 30 November 2018, JLL Research, FCOT 2018 Annual Report.

1. Includes both Farnborough and Camberley.
2. Prime rents is defined as the top open-market rent that could be expected for a notional office unit of the highest quality and specification in the best location in a market. It represents JLL's market view and is based on an analysis/review of actual transactions for prime office space, excluding any unrepresentative deals in a given time period.

Divestment of 55 Market Street

- ◆ Completed divestment of 55 Market Street to an unrelated third party for S\$216.8 million on 31 Aug 2018
- ◆ Sale price was almost triple of initial purchase price¹
- ◆ Significant value unlocked with a net gain of S\$75.7 million² over book value²
- ◆ Divestment proceeds used to repay debts, significantly reducing gearing to 28.3% as at 30 September 2018 (30 June 2018: 35.4%)
- ◆ Created substantial debt headroom and financial flexibility to pursue future growth opportunities initiatives



<p>S\$216.8 mil or S\$3,020 psf sale consideration</p>	<p>c. 3X of S\$72.5 mil original purchase price in 2006</p>	<p>S\$75.7 mil net gain over S\$139.9 mil book value¹</p>	<p>1.6% Implied exit NPI yield³</p>
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1. Acquired in 2006 for S\$72.5 million.
 2. Net of transaction expenses and fees.
 3. Based on the annualised net property income of 55 Market Street for 3QFY18.

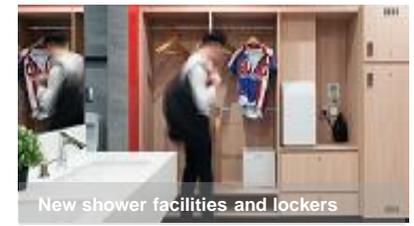
Asset Enhancement Initiative Alexandra Technopark

- ◆ \$45 million AEI nearing full completion
- ◆ Completion of amenity hub completed in June 2018 and re-branding
- ◆ Contemporary business campus with a more vibrant, stimulating and engaging environment
- ◆ Generous offering of wellness, lifestyle, social and other amenities
- ◆ New amenities include futsal courts, end-of-trip facilities, exercise areas and meeting facilities



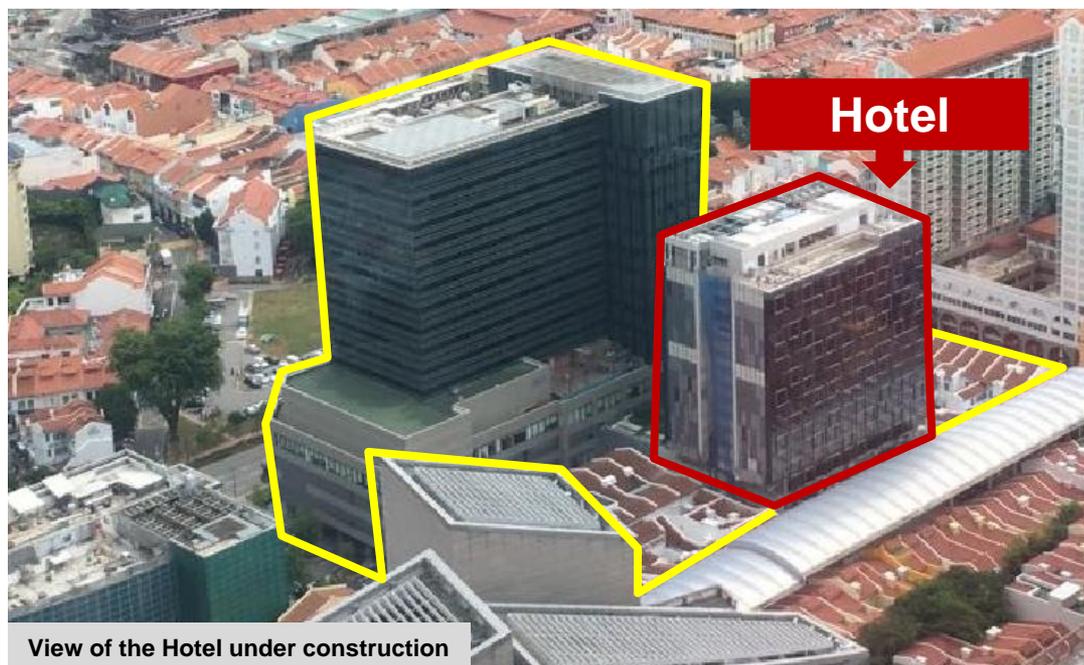
New ATP A contemporary Business Campus

- ◆ Wide range of wellness, lifestyle, social and other amenities



China Square Central New hotel to enhance vibrancy

- ◆ Construction works for the new 16-storey Hotel¹ at China Square Central (“CSC”) are slated to complete in Mar 2019²
- ◆ The 304-room Capri by Fraser, China Place will bring increased activity and vibrancy to CSC



View of the Hotel under construction

China Square Central

Proposed Hotel

1. Undertaken and owned by an entity of Frasers Property Limited. Refer to the Circular to Unitholders dated 3 June 2015 for details.
2. Refer to Frasers Property Limited's announcement dated 10 April 2018.

China Square Central Revamping 18 Cross Street retail podium

- ◆ S\$38 million AEI project expected to complete by 2H2019¹
- ◆ Retail podium NLA to potentially increase to c.78,000 sf¹ from c.64,000 sf pre-AEI
- ◆ JustCo becomes the second major collaborative space operator to commit to CSC after WeWork, to add further vibrancy and diversity to CSC
- ◆ JustCo's lease of c. 34,500 sf comprises the entire 2nd level of the retail podium and certain adjoining spaces, and translates to c. 40% pre-commitment for the retail podium



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

Appendix



Portfolio Update Singapore assets

China Square Central – healthy occupancy for office tower



Alexandra Technopark – rejuvenation and repositioning nearing completion



Occupancy	94.4% ^{1,2} (office tower: 92.5% ¹)	70.2% ¹
WALE	1.9 years	1.9 years
WALB	1.9 years	1.5 years
New leases, committed and renewals	SAGE Publications Asia-Pacific Pte Ltd, SourceCode Asia Pacific Pte Ltd, Ministry of Design Pte Ltd, PR Communications Pte Ltd, ABeam Consulting (Singapore) Pte Ltd	Townhall Clinic, Sandoitchi Private Ltd, Cold Storage Singapore (1983) Pte Ltd (7-Eleven), Nokia Solutions and Networks (S) Pte Ltd, Milliken Asia Pte Ltd

Tenants



Data as at 30 September 2018.

1. Committed occupancy as at 30 September 2018.
2. 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 8.3 years¹



Caroline Chisholm Centre – full occupancy with long WALE of 6.8 years



357 Collins Street – high occupancy in a strong market



Occupancy	70.0%	100.0%	95.0%
WALE	8.3 years	6.8 years	3.2 years
WALB	8.2 years	6.8 years	3.2 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 ¹)	Infor Global Solutions Pty Ltd

Tenants



Data as at 30 September 2018.

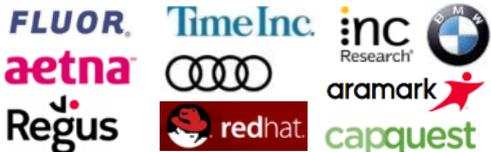
1. Based on Standard and Poor's rating in January 2018.

Portfolio Update United Kingdom asset

**Farnborough Business Park –
long WALE and healthy
occupancy**



Occupancy	98.1% ¹
WALE	7.5 years ²
WALB	5.2 years ²
New leases, committed and renewals	I-Neda Ltd, Moffatt & Nichol, London

Tenants	
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Data as at 30 September 2018.

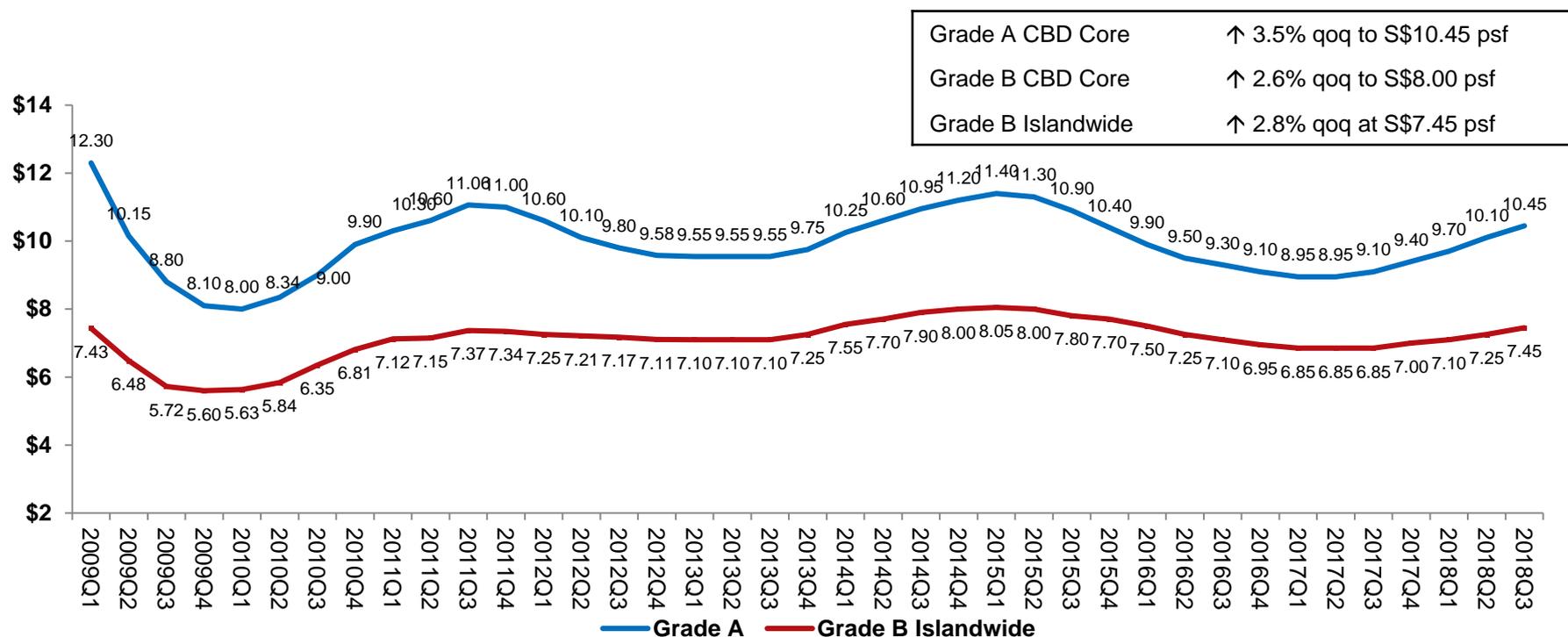
1. After adjusting for leases for which the tenants have exercised their rights to break.
2. Includes reimbursements of lease incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).

Singapore office rents

Singapore office:

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

Singapore Grade A and Grade B office rents¹

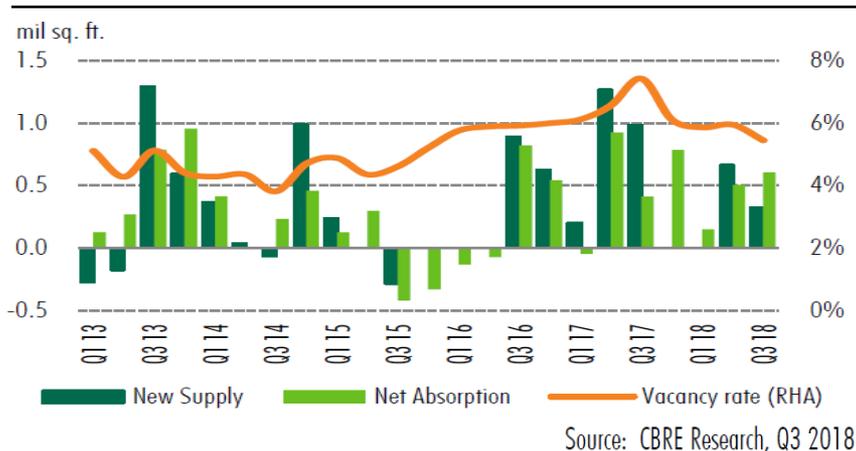


Source: CBRE Research

1. CBRE, Singapore Market View, Q3 2018

Demand, supply and outlook for Singapore CBD office market

Office supply-demand dynamics¹



- ◆ Overall leasing activity was stronger in 3Q 2018, leading to stronger growth in net absorption to 605,077 square feet for the quarter
- ◆ This led to a reduction in island-wide office vacancy rate by 0.5 percentage points from 5.9% in 2Q 2018 to 5.4% in 3Q 2018
- ◆ According to CBRE, there was a steady increase in demand for Grade B offices as the available Grade A space tightened considerably
- ◆ CBRE is of the opinion that the resilient and diverse tenant demand coupled with a limited future supply will lead to further rental growth in the medium term

Office vacancy rates¹

	Q3 18	Q-o-q	Y-o-y
Islandwide	5.4%	-50 bps	-198 bps
Core CBD	5.4%	-55 bps	-216 bps
Fringe CBD	6.4%	-51 bps	-200 bps
Decentralised	4.5%	-37 bps	-154 bps
Grade A	5.4%	-46 bps	-299 bps

Source: CBRE Research, Q3 2018

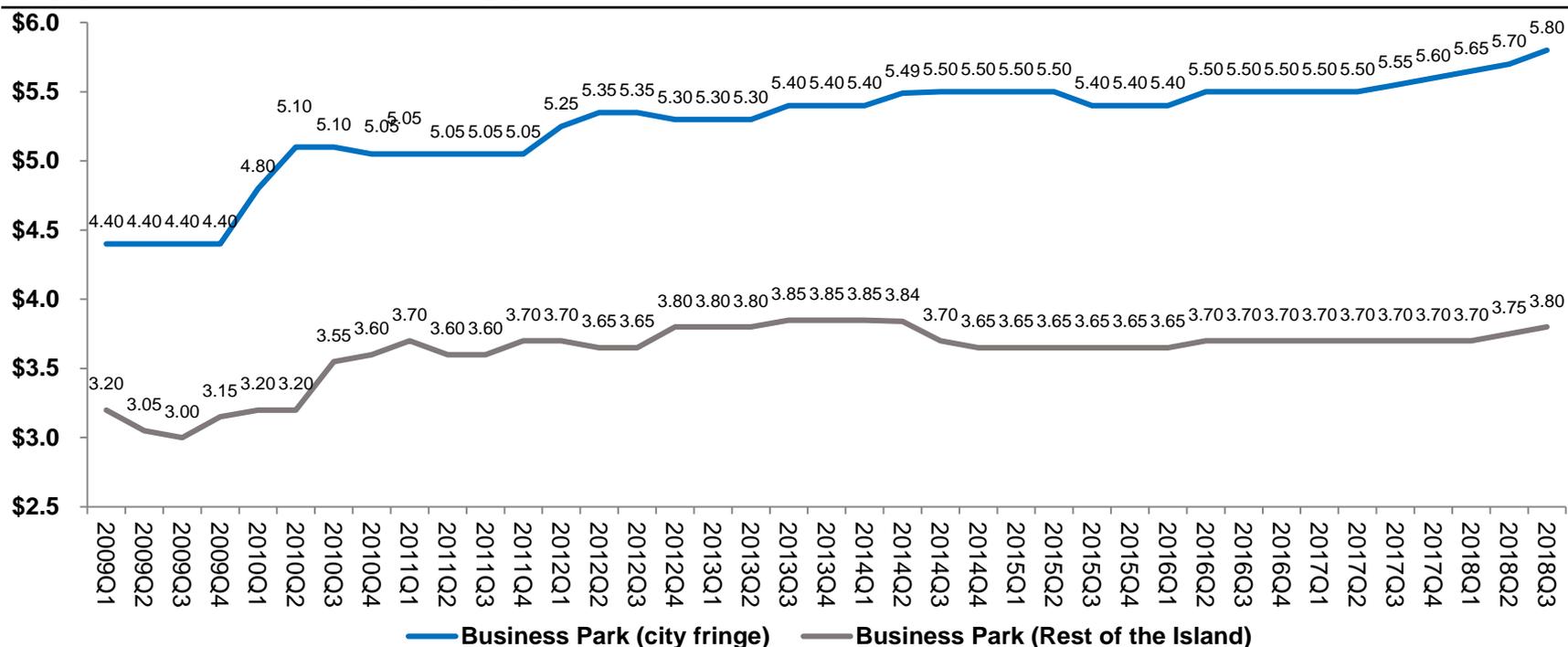
1. CBRE, Singapore Market View, Q3 2018

Singapore business park rents¹

Singapore business parks²:

- ◆ City fringe business park average rent increased by 1.8% qoq in 3Q 2018
- ◆ Rest of the island average rent increased by 1.3% qoq in 3Q 2018

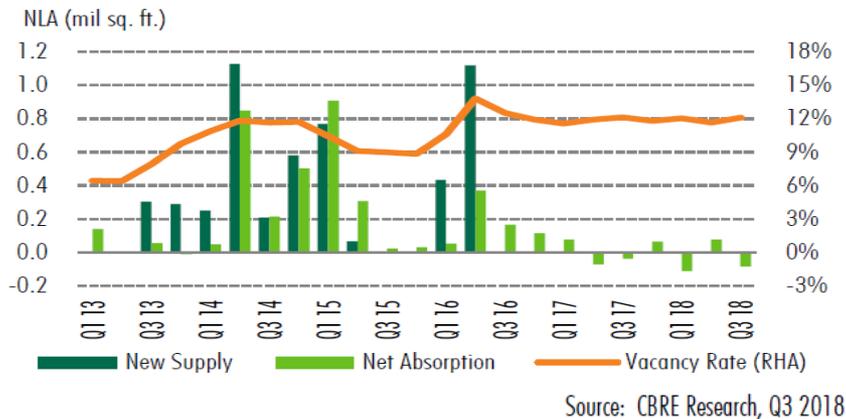
Singapore Business Park (city fringe) rents²



- Alexandra Technopark is a high-specification B1 industrial development located at the city-fringe, with certain physical attributes similar to business parks. In the absence of comprehensive market research information directly relevant to the asset class of Alexandra Technopark, market research information for business parks is provided for indicative reference.
- CBRE, Singapore Market View, Q3 2018

Demand, supply and outlook for Singapore business park market¹

Business park supply-demand dynamics²



- ◆ There continued to be demand for city fringe business park space in 3Q 2018, while leasing activity for the rest of the island was weaker
- ◆ Leasing activity in 3Q 2018 was mainly attributed to e-commerce and technology firms with some tenants seeking expansion space, which benefitted mainly better located and newer business park developments
- ◆ CBRE is of the opinion that strong office market recovery had widened the gap between the business park and office rents, which has led to higher rent expectations for business parks

Business park future pipeline²

Year	Est. NLA (mil sq. ft.)	Est. Pre-commitment
2018	0.36	39%
2019	0.54	0%
2020	0.18	100%
Total	1.12	30%

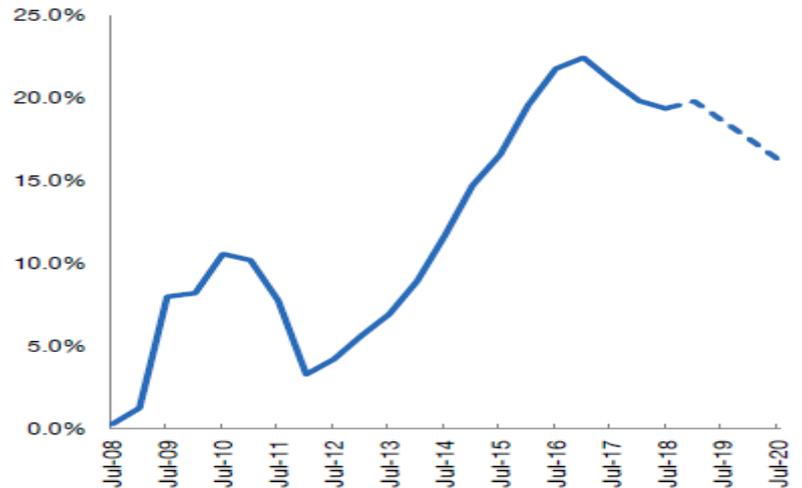
Source: CBRE Research, Q3 2018

- Alexandra Technopark is a high-specification B1 industrial development located at the city-fringe, with certain physical attributes similar to business parks. In the absence of comprehensive market research information directly relevant to the asset class of Alexandra Technopark, market research information for business parks is provided for indicative reference.
- CBRE, Singapore Market View, Q3 2018

Perth CBD office supply and rents

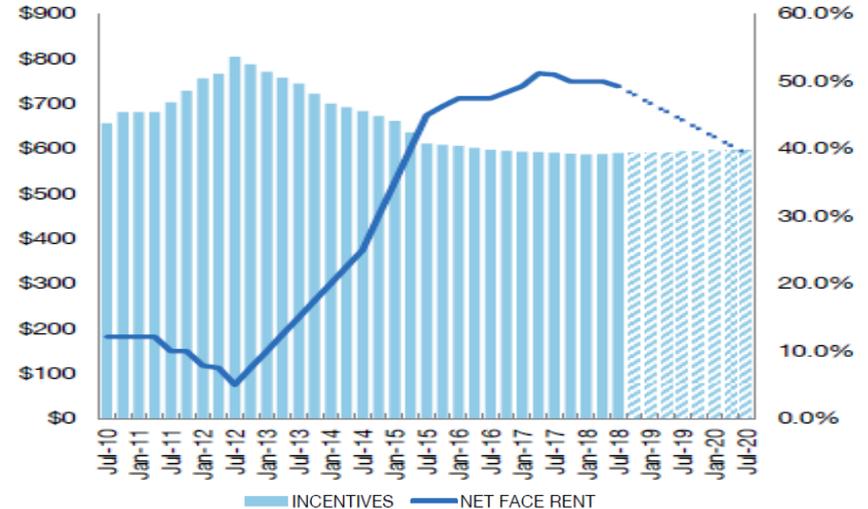
- ◆ Business confidence continued to improve and the Western Australia State Final Demand¹ as at March 2018 turned positive for the first time since 2013
- ◆ Perth CBD recorded the third consecutive half-year period of positive net absorption for the six months to June 2018
- ◆ Prime Grade average net face rent was A\$540 to A\$640 per sqm per annum as at July 2018, with average lease incentives between 45% and 50%
- ◆ Prime Grade vacancy was 13.2% as at July 2018, an improvement from 14.2% as at January 2018
- ◆ Tenant demand will drive further growth in effective rents for the remainder of 2018

Perth CBD total office vacancy (%)



Source: Knight Frank Research/PCA

Perth CBD office Prime Grade incentives (%) and average net face rents (\$/sq m)



Source: Knight Frank Research

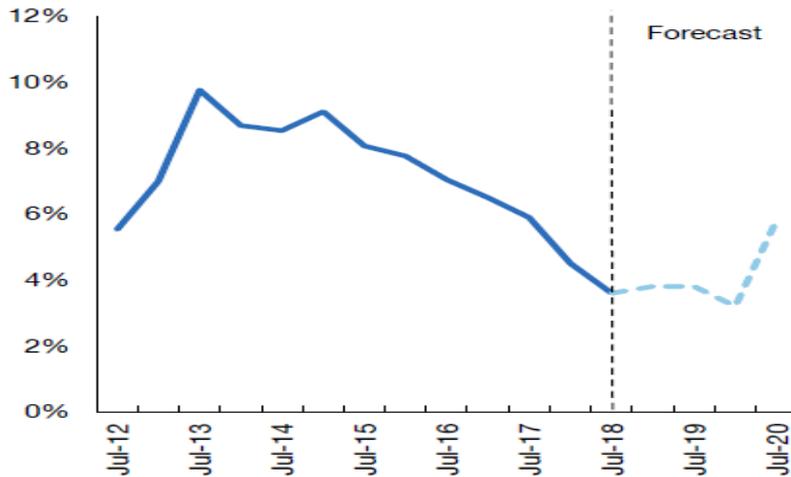
Source: Knight Frank Research, Perth CBD Office, September 2018.

1. Measures the total value of goods and services sold, excluding exports.

Melbourne CBD office supply and rents

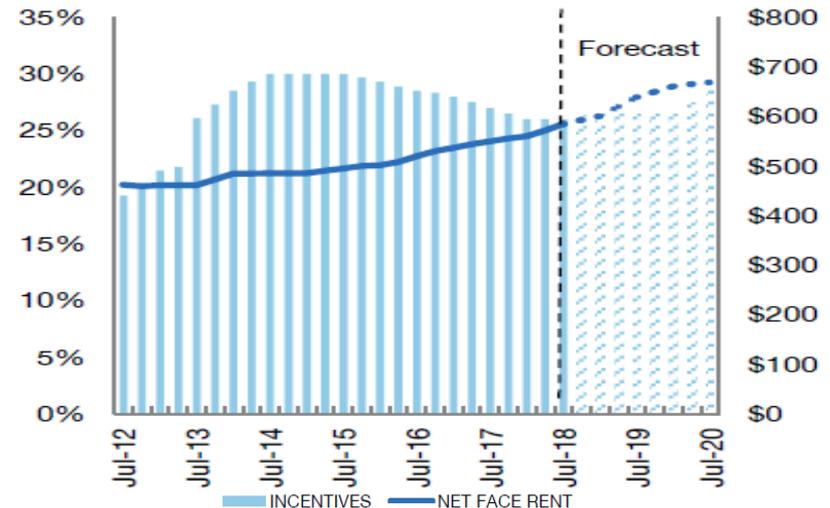
- ◆ CBD office market continued to be strong, supported by sustained economic, population and employment growth in the state of Victoria state
- ◆ Prime Grade average net face rent for Melbourne CBD office space was approximately A\$586 per sqm per annum as at July 2018, with lease incentives around 26%
- ◆ Total CBD office vacancy reduced from 5.9% to 3.6% in the twelve months to July 2018, the lowest level recorded in ten years
- ◆ Knight Frank expects Melbourne CBD Prime Grade average net face rents to grow by about 9% from mid-2018 until end-2019, while vacancy rate is expected to remain low in 2019

Melbourne CBD office vacancy rate (%)



Source: Knight Frank Research

Melbourne CBD office Prime Grade incentives (%) and average net face rents(\$A/sq m)

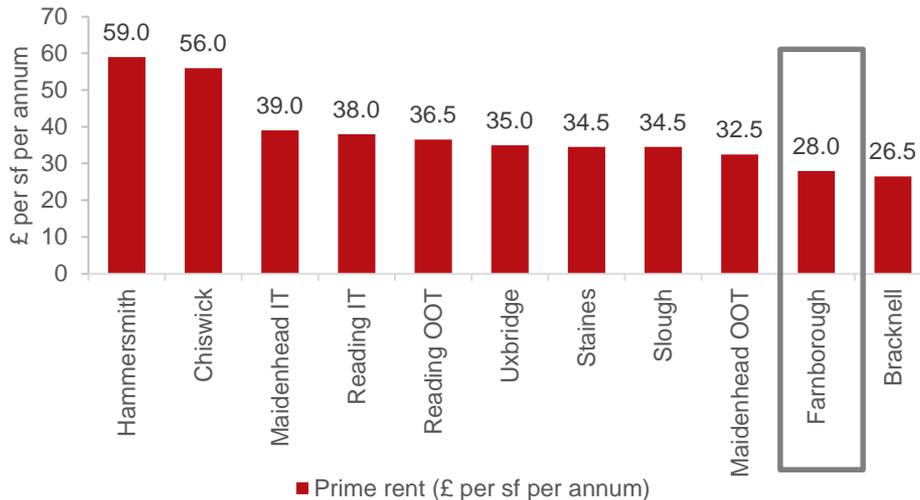


Source: Knight Frank Research

Thames Valley office supply and rents

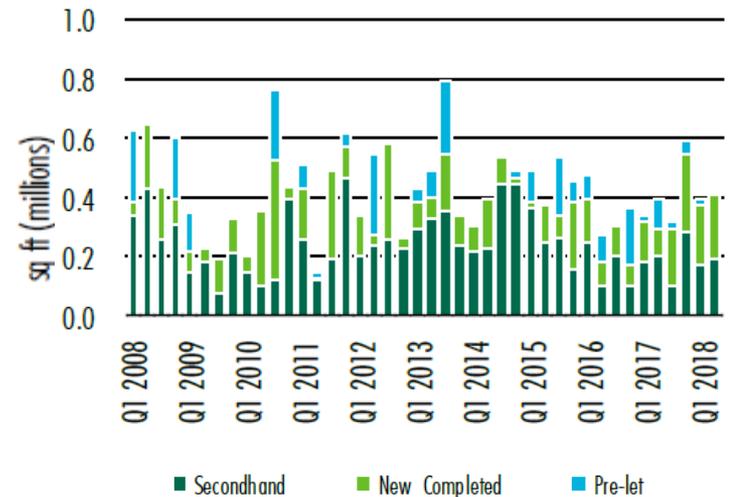
- ◆ Grade A indicative headline prime office rent for Farnborough area was £28.0 per sq ft per annum as at June 2018, while lease incentives were generally around 17.5% (for typical 10-year lease terms)
- ◆ Thames Valley's vacancy rate of 7.8% as at June 2018 was a 0.6-percentage point reduction compared to March 2018
- ◆ Rent levels are expected to remain stable with the lack of new developments in Thames Valley

Key Thames Valley Prime Grade office rents (£ per sf per annum)



Source: CBRE Research, Q2 2018

Thames Valley take up, Q2 2018



Source: CBRE Research, Q2 2018

**Experience
matters.**



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