

CapitaLand Integrated Commercial Trust
Independent Market Review 2025
by Knight Frank

Independent Market Review

Singapore

Singapore Economic Overview

Economic Performance and Inflation

Singapore's economy performed better than expected in 2025 despite foreign trade and geopolitical tensions. Global economic growth showed greater resilience driven by easing inflation, lower interest rates, and robust goods trade from front-loading of shipments and supply chain adaptation ahead of tariffs; while Singapore benefitted from the surge in Artificial Intelligence (AI)-related demand along with a robust manufacturing sector. The Ministry of Trade and Industry (MTI) reported that Singapore's economy expanded 5.0% for the whole of 2025, easing from the 5.3% growth recorded in the previous year. Amid rising US-China tensions and volatile global trade policies, Singapore, with its safe financial environment, political and economic stability and rules-based system has remained a favoured trusted and neutral base for capital and business and is viewed as an "oasis of safety".

Economic performance was supported by broad-based expansion across both goods and services producing industries, which grew 7.6% and 4.3% respectively in 2025. The manufacturing sector grew 8.7%, driven by strong electronics demand linked to AI-related semiconductors, servers, and related components. The construction sector expanded by 5.2% supported by a strong pipeline of ongoing projects.

Within the services producing industries, wholesale trade, information & communications, real estate, health & social services, and arts, entertainment & recreation grew by 5% and higher. Wholesale trade was buoyed by higher sales

volumes in telecommunications, computer equipment and electronic components, reflecting robust demand linked to the global AI upcycle. Meanwhile, growth in the information & communications sector was driven by sustained demand for IT solutions and digital services.

The Monetary Authority of Singapore's (MAS) core inflation, which excludes private road transport and accommodation costs, averaged 0.4% in 2025. This marked a sharp moderation from the 2.7% recorded in 2024, reflecting easing global cost pressures and more measured domestic demand. The softer inflation environment has helped to sustain household purchasing power amid ongoing macroeconomic uncertainties.

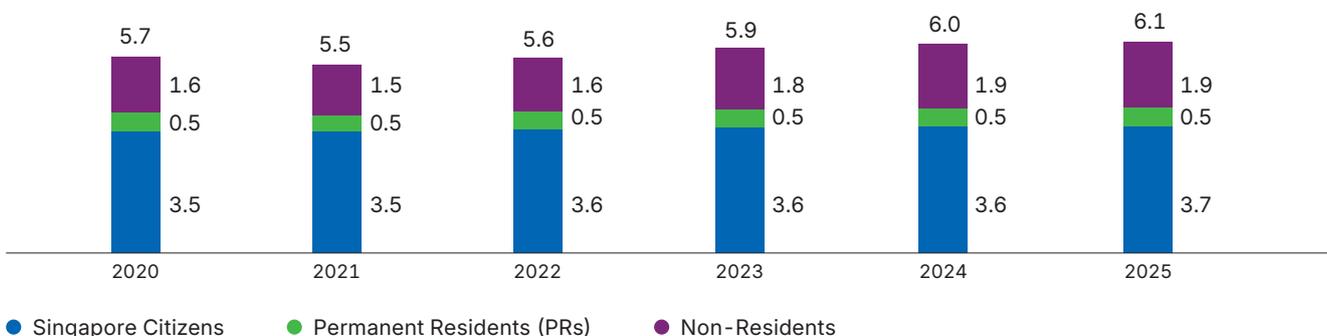
Population Trends and Labour Market

Data from the June 2025 edition of the annual Population in Brief by the National Population and Talent Division indicated Singapore's total population reached a record 6.11 million, marking a 1.2% increase year-on-year (YoY). This growth was largely driven by the non-resident population, which rose 2.7% from 1.86 million to 1.91 million.

The non-resident population primarily comprises work permit holders in the construction and manufacturing sectors, as well as migrant domestic workers. The pronounced increase in construction workforce is attributable to elevated manpower demand for major infrastructure projects such as the upcoming Changi Airport Terminal 5, alongside the ramp-up in both public and private housing supply.

Meanwhile, the citizen population grew by 0.7%, from 3.64 million in June 2024 to 3.66 million in June 2025, while the permanent resident population edged down 0.2%, from 544,931 to 543,832 over the same period.

Total Population by Residency Status (Millions)



Source: Singstat, Knight Frank Singapore, June 2025

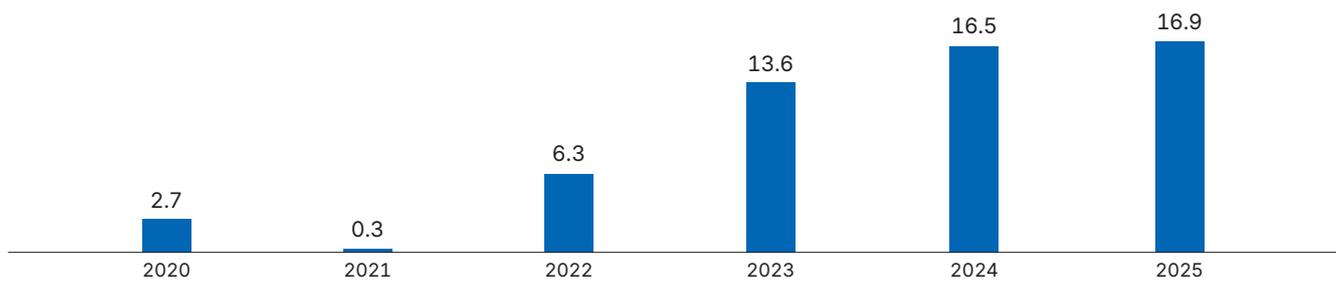
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Based on advance estimates by the Ministry of Manpower (MOM), Singapore's labour market held firm in 2025, led by robust growth in the manufacturing and construction sectors. Total employment, including both resident and non-resident workers, expanded by 57,300, exceeding the increase of 44,500 recorded in 2024. Unemployment remained low at 2.0% overall (3.0% for citizens) and retrenchments were stable at 1.5 per 1,000 employees. Resident employment growth was concentrated in financial services and health & social services sectors, while growth in non-resident employment was primarily supported by an increase in Work Permit Holders, particularly within the construction sector.

Singapore Tourism Overview

Singapore recorded 16.9 million international visitor arrivals (IVA) in 2025, 2.3% YoY growth from the previous year. The top five visitor source markets were China (18.3%), Indonesia (14.4%), Malaysia (7.5%), India (7.1%) and Australia (7.1%). The growth in IVAs translated to higher tourism receipts. According to the Singapore Tourism Board (STB), Singapore achieved approximately \$23.9 billion of tourism receipts for the first three quarters of 2025, 6.5% YoY higher than the same period in 2024. The increase is supported by higher tourism spend on Food & Beverage (F&B) as well as Sightseeing and Entertainment & Gaming which each grew by approximately 15.0% YoY during this period. The strong tourism receipt performance in 2025 puts Singapore on a steady trajectory in reaching the Tourism 2040 goals, and to further develop Singapore's status as a leading global destination.

International Visitor Arrivals (Millions)



Source: Singapore Tourism Board, Knight Frank Singapore, 4Q 2025

Economic Outlook

Singapore's economic outlook for 2026 points to a moderate but steady growth path amid a softer global environment. Gross domestic product (GDP) growth among most of Singapore's key trading partners is expected to be lower than that in 2025 as the impact of US tariffs becomes more pronounced. China's economic expansion is likely to slow due to weaker exports and the fading boost from its consumer goods trade-in scheme, while industrial activity in the Eurozone is projected to weaken due to US' tariffs. Slower growth in major economies is expected to moderate demand for Southeast Asian exports, though resilient domestic demand across the region should provide support. As the world's largest economy, the US is expected to remain relatively resilient, supported by sustained AI-related investment, even as domestic consumption growth moderates amid cooling labour market conditions.

Against this backdrop, Singapore's manufacturing and trade-related services sectors are envisaged to expand at a slower pace in 2026 than in 2025. The electronics cluster is supported by sustained demand for AI-related

semiconductors and servers, while transport engineering benefits from higher-value aerospace maintenance, repair and overhaul works, and robust marine and offshore order books. In contrast, biomedical manufacturing and semiconductor equipment makers in the precision engineering cluster may face headwinds amid ongoing tariff uncertainties.

Among outward-oriented services, information and communications and finance and insurance sectors are projected to grow steadily, reflecting sustained enterprise demand and supportive macroeconomic conditions. Domestic sectors present a mixed picture as the construction sector continues to be supported by public residential and civil engineering projects, whereas the retail and food & beverage sectors are likely to remain subdued amid evolving consumer spending preferences and rising operating costs. Taken together, these factors suggest a moderate but uneven expansion for the Singapore economy in 2026, with GDP projected to increase by 2.0% to 4.0%, an upgrade from the previous forecast of 1.0% to 3.0%.

Retail Market Overview

Retail Sales Index

Singapore's total retail sales (excluding motor vehicles) reached over S\$43.5 billion in 2025, representing a 1.8% YoY growth from 2024 sales. Retail sales performance generally demonstrated uneven growth across sectors, a continuation of the trend observed in 2024. The full year 2025 Retail Sales Index (excluding motor vehicles) registered a modest 0.4% YoY growth, contrasting with the 2.1% YoY decrease recorded a year earlier, indicating underlying retail market resilience. Several subsectors experienced improvements in sales, including Computer & Telecommunications Equipment (9.4%), Recreational Goods (8.3%) and Cosmetics, Toiletries & Medical Goods (6.4%). Overall, retail sales strengthened towards the latter part of 2025, as observed from the higher magnitude of growth in 4Q 2025 compared to 3Q 2025, at 8.7% and 4.8% quarter-on-quarter (QoQ) respectively.

Retail Sales Comparison with Key Global Cities

It was a mixed picture for retail sales performance across major cities in the United States of America (US), Europe and Asia, as consumers contended with inflation and rising living costs. Based on preliminary estimates, retail sales in the US and Germany grew 2.4% and 2.2% YoY in 2025, respectively, while the United Kingdom (UK) fell 1.2% YoY.

The overall retail sales performance declined in some key Asian cities, including Shanghai (-8.6% YoY) and Hong Kong (-0.7% YoY), while Guangzhou experienced a steep growth of 8.2% YoY, partially driven by proactive government-business collaborations and business support initiatives. China's generally subdued retail spending is partially related to economic risk exposure to US tariffs, insufficient domestic demand and a shift in consumer behaviour towards lower-cost and mass market options, which negatively impacted the premium goods and luxury retail segments.

Japan and South Korea's retail sectors experienced robust growth, with retail sales rising 2.8% and 4.4% YoY,

respectively in 2025, fueled by higher tourist expenditure amid the weakening Japanese Yen and Korean Won.

Despite modest retail growth and a softening in discretionary goods sales in some Asian cities, brands and new luxury retailers continue to expand. Chinese retailers and F&B brands are actively pursuing growth initiatives beyond China, with Singapore remaining a top market of choice as a strategic gateway to the wider Southeast Asian market.

Retail sales in all five key Australia states outperformed the previous year, registering growth rates of between 2.5% and 5.7% YoY in 2025, with Western Australia experiencing the highest increase among these states.

Online Sales as a Percentage of Total Retail Sales

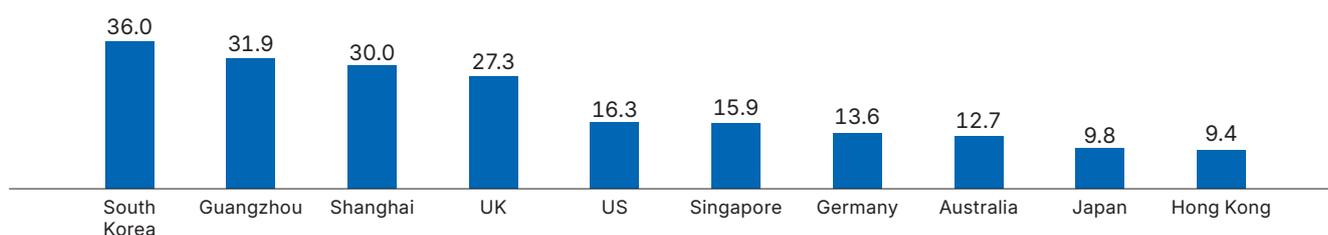
The ongoing popularity of e-commerce continued to support online retail sales across various markets in 2025. In Singapore, the proportion of online retail sales out of total retail sales (excluding motor vehicles) averaged 15.9% in 2025, higher than the annual average of 14.4% in 2024.

In other developed markets, such as the US, Germany and Australia, the online retail sales proportion reached 16.3%, 13.6% and 12.7%, respectively in 2025. The UK stood out as the only Western market among the basket of cities in the following chart to demonstrate a strong propensity for online shopping, with online sales accounting for 27.3% of total sales.

Some Asian markets such as South Korea and the Chinese cities (Shanghai and Guangzhou) continued to record a high proportion of online sales, exceeding 30%, underscoring the prominence of e-commerce in these markets especially in the Chinese cities where online shopping is driven by convenience and competitive offerings from e-commerce giants and retailers.

This contrasts with Japan and Hong Kong, where online sales contributed less than 10% to total retail sales, signaling that brick-and-mortar shops remain the preferred shopping channel.

Proportion of Online Sales out of Total Annual Retail Sales Value (2025) (%)



Source: Knight Frank, Shanghai Statistics Bureau, Guangzhou Statistical Yearbook, Statistical Communique of Guangzhou 2025, HK Census and Statistics Department, Japan Ministry of Economy, Trade and Industry, Statistics Korea, Property Council of Australia, Australian Bureau of Statistics, 2025

Shopper Consumption and Behavioural Trends

The modern consumer mindset and shopping habits are undeniably multi-dimensional. They source purchases from multiple platforms, highlighting the need for seamless omnichannel strategies for retailers. Brands that debuted online have also established physical presence through brick-and-mortar stores. Conversely, brands that operated only in physical stores are expanding their reach via online channels. To illustrate, popular Chinese beauty sister brands (C-beauty), Judydoll and Joocyee, selected Singapore as their first international physical store outside China. Judydoll gained prominence in Singapore through a strong online presence on marketplaces and livestreams, before debuting its first boutique store at Bugis+. Evolving from e-commerce, "live commerce" has been a vital sales channel for some retailers, enabling more efficient product promotions and brand awareness. Established F&B operators, including Hai Di Lao, are also active in live commerce, offering exclusive online-only deals to drive patronage.

Rising inflationary pressures have made consumers more discerning about discretionary spending, though interest in luxury brands remains strong. Over the years, many luxury houses have expanded into entry-level luxury products such as fragrances, skincare and make-up products. They are generally well-received for their more affordable prices. With constant exposure to social media trends and growing financial pressures, affordability has become a key factor shaping purchase decisions for many consumers. This shift has fuelled the popularity of lifestyle brands with their affordable and on-trend collectibles, generating a constant wave of emotion-driven shopping habits. Denmark-based Flying Tiger Copenhagen and Chinese brand KKV are popular new-to-market brands in Singapore, with stores in popular malls across both central and suburban areas.

Consumers also welcome the influx of both Western and Asian F&B brands, such as Chick-fil-A from the US, SIDES from the UK and RUXU from China, which are popular in their home markets. Singapore's multi-cultural society

shapes the nation's cosmopolitan palate, which indirectly contributes to the city-state's position as the gateway hub for retail brands seeking international expansion.

Partnerships between landlords, retailers and brand Intellectual Property (IPs) (proprietary and trademark brands often associated with animations and media) continued to drive footfall and sales. Consumers are attracted to the concept of exclusivity and uniqueness of products, particularly limited-edition releases. Strategic brand collaborations amplify the effects of marketing, encouraging cross-promotion of brands for wider customer outreach and brand exposure.

Looking forward, brand collaborations and landlord-tenant partnerships should remain a core marketing strategy to enhance the overall retail experience and spark trending conversations. New openings which experienced initial hype should keep the momentum alive with constant product and service innovation to retain customer loyalty and brand awareness in today's fast-paced, evolving retail landscape.

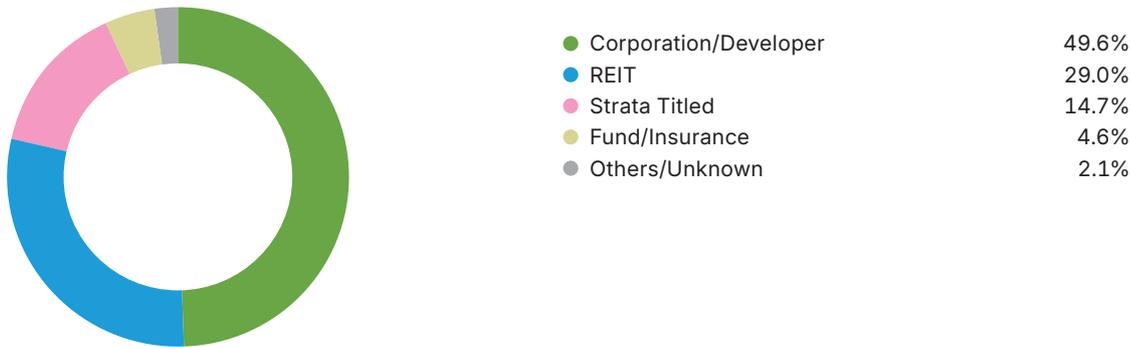
Existing Retail Supply

According to the Urban Redevelopment Authority (URA), Singapore had approximately 69.1 million sq ft net lettable area (NLA) of retail spaces as at 4Q 2025, a slight 0.7% YoY growth from the previous year. Private retail stock made up around 74.1% (or 51.2 million sq ft) of nationwide retail stock. Almost two-thirds of retail inventory in Singapore is concentrated in the Central Region, with the rest in the suburban areas. While retail supply across Singapore generally saw modest increments over the years, supply along Orchard Road fell 1.6% YoY to 7.1 million sq ft in 4Q 2025, due to the removal of older stock for repositioning and asset enhancement works.

For the whole of 2025, almost 0.5 million sq ft Gross Floor Area (GFA) of new retail stock obtained Temporary Occupation Permit (TOP), including the completion of Asset Enhancement Initiative (AEI) works for The Cathay (267,000 sq ft GFA) and other integrated developments such as Lentor Modern (86,111 sq ft GFA).

Private Retail Stock Ownership

Estimated Breakdown of Private Retail Stock Ownership in Singapore¹



Source: Knight Frank Singapore, 4Q 2025.

¹ The above data are based on NLA and proportioned to interest.

Estimated Share of Private Retail Stock by Owner¹



Source: Knight Frank Singapore, 4Q 2025

¹ The above data are based on NLA terms.

In Singapore, nearly half of the private retail stock is owned by Corporations and Developers such as CapitaLand and Far East Organization. As at 4Q 2025, approximately 29% of Singapore's total private retail stock is owned by REITs such as CapitaLand Integrated Commercial Trust (CICT), Frasers

Centrepoint Trust (FCT), Lendlease Global Commercial REIT and Mapletree Pan Asia Commercial Trust, with CICT leading with over 9% ownership. The remaining retail stock is owned by the strata-titled owners, individual property investors, funds and other stakeholders.

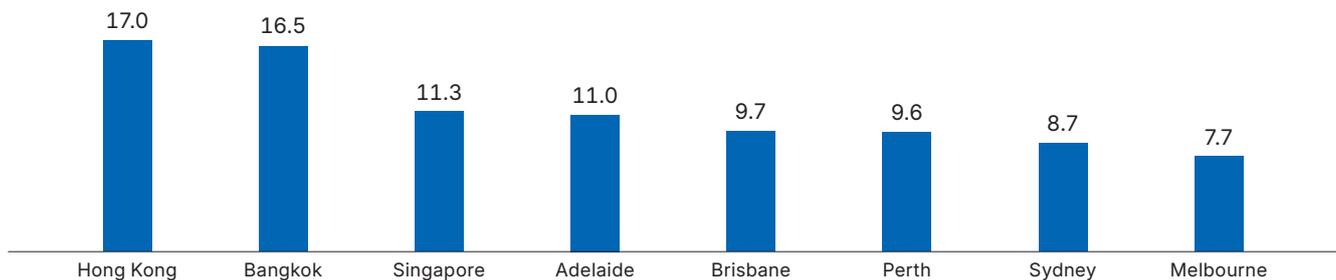
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Retail Floor Space per Capita

The injection of new retail supply is tightly managed by URA. However, Singapore's population growth surpassed the new retail supply, resulting in a slight decline of retail floor space per capita to 11.3 sq ft as at 4Q 2025.

Across the basket of global cities, Hong Kong has the highest retail space per capita at 17.0 sq ft, more than double Melbourne's 7.7 sq ft. Other Australian cities are tracking higher retail space per capita of between 8.7 sq ft and 11.0 sq ft.

Private Retail Floor Space (Sq Ft) Per Capita in Developed Cities, 2025



Source: Knight Frank, Singstat, HK Census and Statistics Department, Property Council of Australia, Australian Bureau of Statistics, 2025

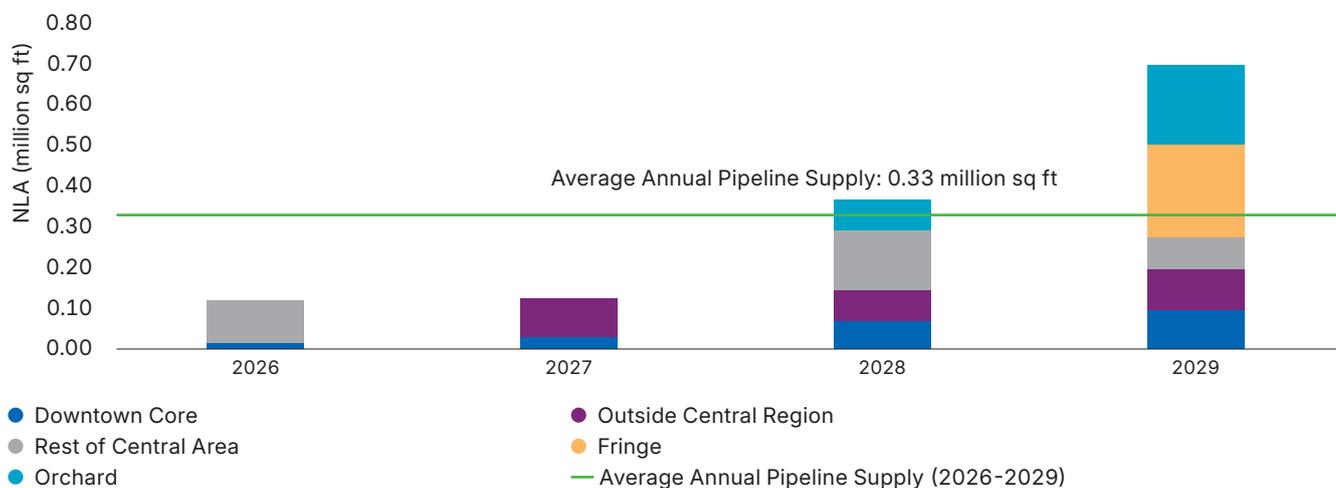
Future Retail Supply

Based on URA estimates, Singapore is expecting over 2.1 million sq ft NLA of new retail stock over the next three years, translating to an annual average of around 0.5 million sq ft NLA. New retail supply in the next two years (2026 and 2027) mainly comprise ancillary retail in mixed-use developments such as Canninghill Piers and TMW Maxwell. Both developments are within the Rest of Central Area (or CBD Fringe). The bulk of the upcoming supply is

expected to come onstream in 2028 and 2029, including the redevelopment of Singtel's Comcentre comprising office and retail components (retail NLA estimated at 70,300 sq ft).

The upcoming retail stocks are relatively well spread across the submarkets. The Rest of Central Area, Orchard, Outside Central Region, Fringe and Downtown Core constitute 25.4%, 20.8%, 20.6%, 18.1% and 15.2% of pipeline supply respectively.

Major Nationwide Future Retail Supply¹ (Million sq ft)



Source: URA, Knight Frank Singapore, 4Q 2025

¹ Only major retail establishments are selected for the above chart.

Selected Major Nationwide Future Retail Supply (2026 – 2029)

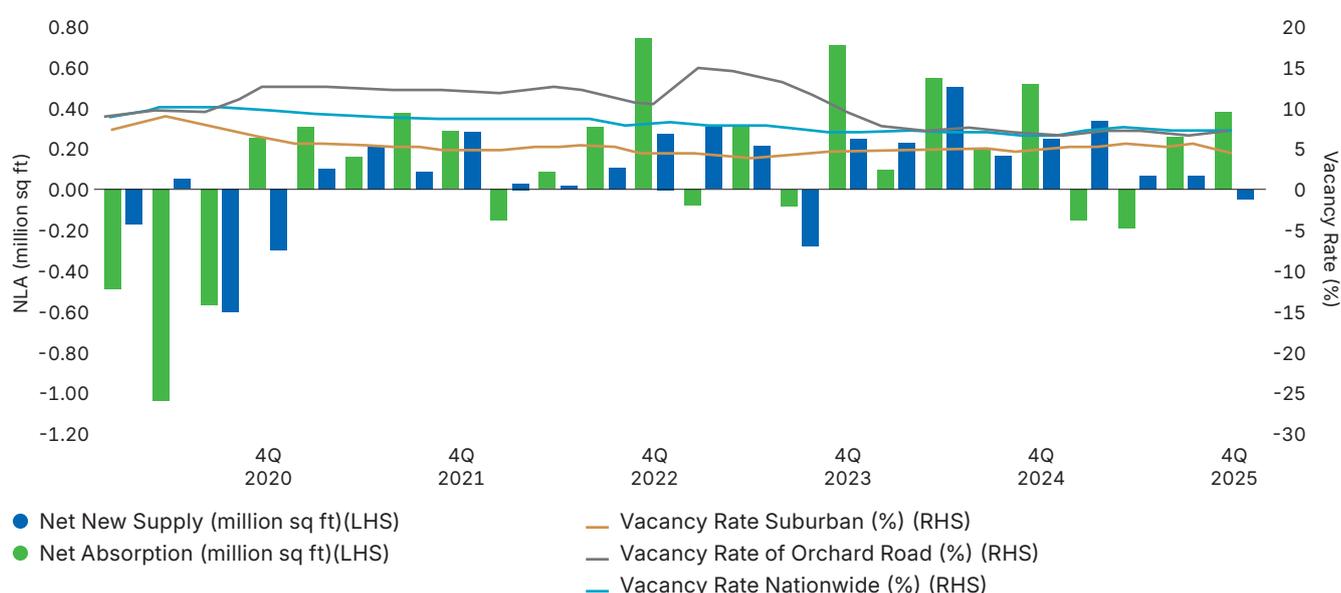
Upcoming Supply (NLA)	Downtown Core	Rest of Central Area	Outside Central Region	Fringe	Orchard
2026	Shaw Towers Redevelopment (10,900 sq ft)	Canninghill Piers (76,100 sq ft) TMW Maxwell (32,400 sq ft)	N.A.	N.A.	N.A.
2027	Serviced Apartment at Hoe Chiang Road (27,300 sq ft)	N.A.	Chong Pang City (53,000 sq ft NLA) Jurong Gateway Hub (37,700 sq ft)	N.A.	N.A.
2028	The Skywaters (50,600 sq ft)	Union Square (42,000 sq ft) The Robertson Opus (33,400 sq ft)	Parktown (75,400 sq ft)	N.A.	Redevelopment of SingTel Comcentre (70,300 sq ft)
2029	The Golden Mile (90,700 sq ft)	One Sophia (77,800 sq ft NLA)	Pinery Mall (79,100 sq ft)	Refurbished Tanjong Katong Complex (235,300 sq ft) New MOE building (5,700 sq ft)	HPL House Redevelopment (202,000 sq ft)

Source: URA, Knight Frank Singapore, 4Q 2025

Demand and Vacancy

The nationwide net absorption of retail supply was 37,000 sq ft for 2025, approximately one-quarter of the total take up in the previous year. This was due to a net decline in demand for the first two quarters of 2025. Despite this, overall market occupancy remained resilient, easing by 0.1 percentage point (pp) YoY in 4Q 2025 to 93.7%. The suburban market continue to record the lowest vacancy rate among the five sub-markets, which remained unchanged from 4Q 2024, at 4.3%.

Nationwide Retail Supply and Demand

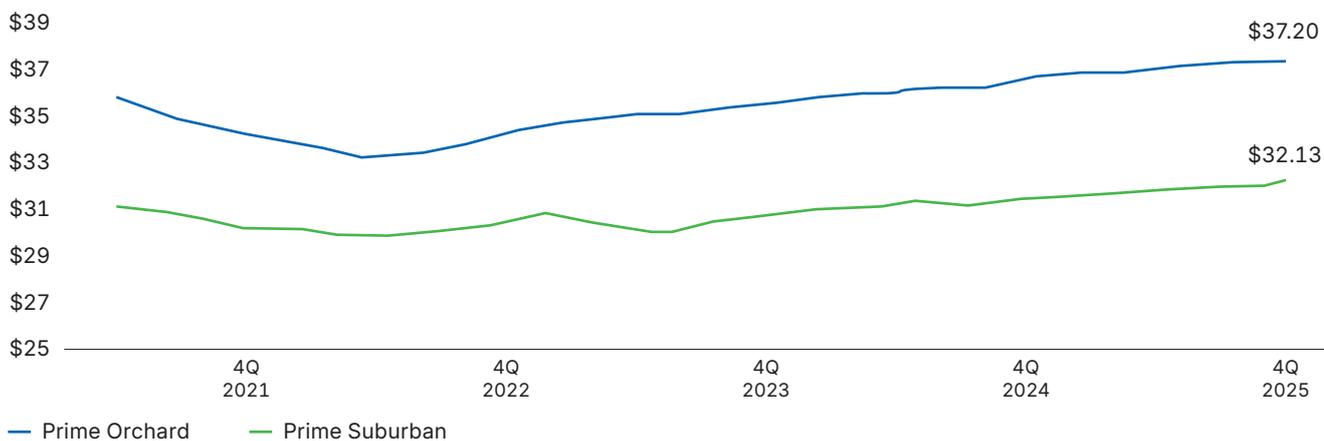


Source: URA, Knight Frank Singapore, 4Q 2025

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Rental Values

Prime Orchard Road and Prime Suburban Retail Gross Monthly Rental Value



Source: Knight Frank Singapore, 4Q 2025

Prime retail spaces in strategic, high footfall locations continue to draw demand from tenants despite rising rents and overall occupancy cost for retail operators. While business operating costs are increasing in Singapore, the nation upholds its standing as a leasing hub for international brands and a gateway for retailers seeking to broaden brand exposure to a more diverse consumer base and the wider Asian market.

Based on Knight Frank data, nationwide prime retail rents grew 2.9% YoY in 4Q 2025, marking the fifteenth consecutive quarter of rental increase. Prime Orchard rents grew 2.0% YoY to S\$37.20 psf per month (psf pm), while prime suburban rents increased 2.1% YoY to \$32.13 psf pm.

Occupancy Cost Trends of Retailers

2025 has been a challenging year for some retailers, including major players scaling back growth plans in Singapore amid the highly competitive environment. Subject to location, business strategies and product and services trade category, the general level of occupancy cost for retailers is typically in the range of 15% to 20% of gross turnover (GTO) to stay sustainable and buffer against unforeseen changes in market conditions. The occupancy costs of some retailers may slightly exceed 20% for them to secure prime locations to boost brand visibility and for long-term expansion. To strike a balance between revenue and costs, businesses should commit to regular upgrades, refresh their product concepts, and remain vigilant to evolving consumer preferences.

Investment Transactions

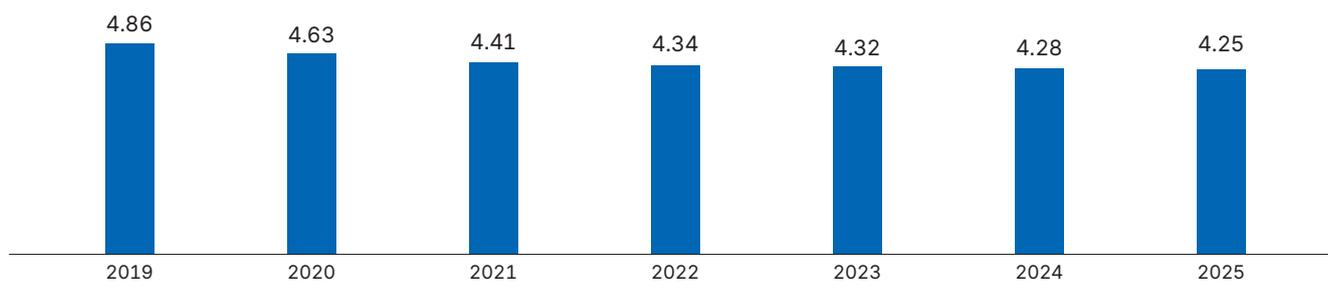
Singapore's retail investment sale transactions totalled S\$3.3 billion for the whole of 2025, 44.2% YoY lower than the S\$5.9 billion investment sale transactions in the previous year. Few of the notable big-ticket deals involved related-party transactions such as the acquisition of Northpoint South Wing by Frasers Centrepoint Trust for S\$1.1 billion (S\$3,757 psf NLA). Lendlease REIT acquired 70% stake of PLQ Mall, with the remaining 30% interest held by its sponsor, Lendlease Corporation. The acquisition price for 70% stake was S\$620 million, which translated to S\$2,789 psf.

In 2025, the investment market for retail properties witnessed a broader mix of buyers, expanding beyond the traditional dominance of institutional investors, funds and REITs. F&B groups have also begun to purchase and potentially manage the retail properties for more flexibility in space curation and operations while benefiting from potential capital appreciation. They include Koufu Group's acquisition of the retail podium of Piccadilly Grand at a purchase price of S\$65 million (\$3,227 psf NLA). This trend suggests that more established F&B groups may increasingly opt to own retail space rather than lease to secure space certainty and for long-term operational flexibility.

Net Yields – Orchard Road

While the rents and prices of prime Orchard Road developments rose steadily, the growth of rents outpaced the prices, resulting in a slight 0.03 pp compression of prime Orchard Road net yield to 4.25% in 2025. The high capital value of these prime assets is testament to the exclusivity of these highly sought after assets.

Prime Orchard Road Retail Net Yield (%)



Source: Knight Frank Singapore, 4Q 2025

Market Outlook

Looking ahead, Singapore is poised to uphold its position as the go-to market in Southeast Asia for brands' business expansion strategies. Prime retail spaces in popular well-managed shopping destinations and lifestyle enclaves in both prime central and suburban locations will remain keenly sought after as retailers look to elevate their brand image and positioning. Singapore commands a pivotal gateway market, offering a prime platform for regional expansions and the establishment of flagship or 'first international' stores for retailers.

In this highly evolving retail sector with stiff online and offline competition, retailers will need to raise brand equity and refresh in their offerings to build customers' loyalty and brand longevity. To encourage higher return patronage and drive footfall, landlords of shopping malls and lifestyle destinations must be willing to invest in placemaking initiatives and work together with tenants to promote their product offerings.

With tourism being a major contributor to Singapore's retail spend, there are opportunities for government agencies such as STB and Enterprise SG (ESG) to work closely with local brands for wider outreach. These marketing campaigns such as the Made with Passion initiative can be combined with the other tourism initiatives set out by STB to broaden global outreach, thereby promoting Singapore's local brands and strengthening the ecosystem in the long run.

Despite ongoing cost pressures on retailers, supportive public-sector tourism initiatives, proactive efforts by major landlords to elevate shopping and dining experiences, and sustained interest from global brands are expected to drive moderate yet steady growth in prime retail rents through 2026. Knight Frank envisages prime rents to grow moderately between 1% and 3%, barring any external black swan events and unforeseen circumstances.

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Office Market Overview

Existing Office Supply

According to URA estimates, Singapore’s existing net office stock stood at approximately 88.0 million sq ft as of 4Q 2025 – out of which, almost 84.5% (or 74.3 million sq ft) is privately-owned. The CBD Core¹ represents the largest share, accounting for 43.2 million sq ft (49.1%), while the CBD Fringe² and Decentralised Areas³ comprise 14.8 million sq ft (16.8%) and 30.0 million sq ft (34.1%), respectively. Around 1.15 million sq ft NLA of office space was completed nationwide in 2025, 48% below the 2.22 million sq ft completed in 2024. Notable completions include Keppel South Central (520,000 sq ft) in the CBD Core and Paya Lebar Green (330,000 sq ft) in the Decentralised Areas.

In terms of leasing activity, approximately 50% of the office and retail space at Keppel South Central is reported to be either committed or under active negotiation. At Paya Lebar Green, a joint development by Certis Cisco and Lendlease, the North Tower continues to serve as Certis’ global headquarters, while Visa was successfully secured as an anchor tenant for more than 200,000 sq ft at its South Tower in August 2025.

Private Office Stock Ownership

Half (50.2%) of Singapore’s private office buildings is owned by corporations and developers, followed by individually owned office spaces within strata-titled developments (19.3%), REITs (17.8%) and Funds & Insurance companies (9.6%).

Estimated Breakdown of Private Office Stock Ownership (%)



Source: Knight Frank Singapore, 4Q 2025

As of end-2025, the top 10 owners held approximately 33.6% of Singapore’s total private office stock, with CICT leading at 6.9%. This was followed by Keppel REIT (4.3%) and Singapore Central Private Real Estate Fund (SCPREF) (4.0%) – a private fund launched by Hongkong Land with a portfolio that includes one-third interests in Marina Bay Financial Centre (MBFC) Towers 1 and 2, Marina Bay Link Mall, One Raffles Quay, One Raffles Link and Asia Square Tower 1.

Estimated Share of Private Office Stock by Owner



Source: Knight Frank Singapore, 4Q 2025

1 CBD Core refers to URA’s definition of the Downtown Core Planning Area

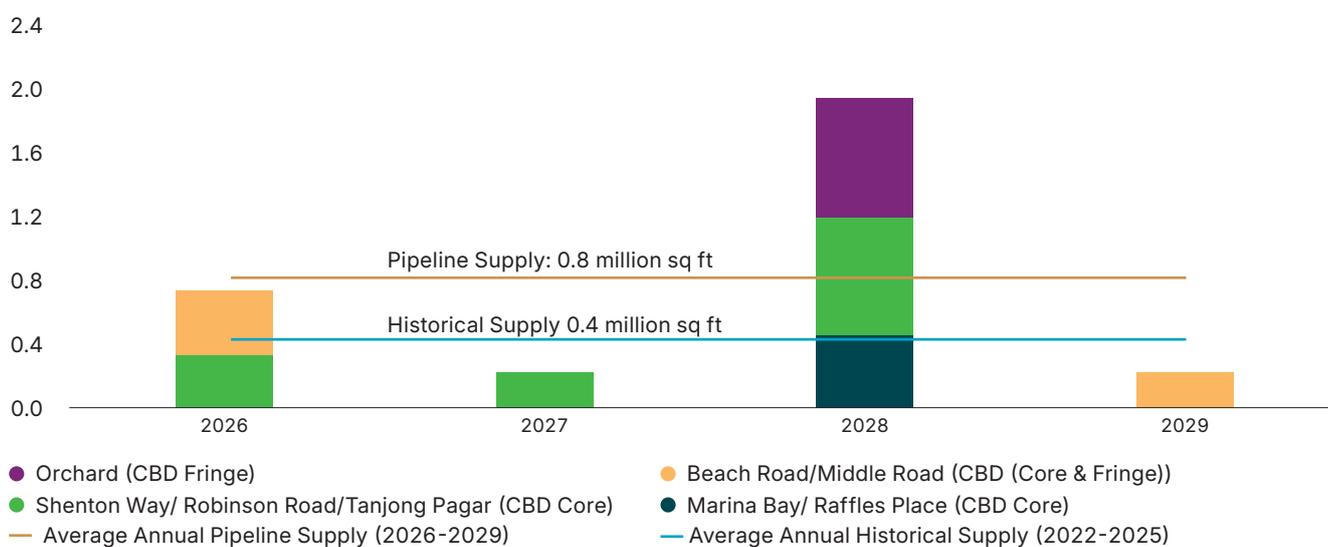
2 CBD Fringe refers to URA’s definition of the Rest of Central Area and Orchard Planning Area

3 Decentralised Areas refers to URA’s definition of the Fringe Area and Outside Central Region

Future Office Supply

Based on URA statistics as at the end of 4Q 2025, Knight Frank estimated a total office pipeline of 6.4 million sq ft from 2026 to 2029, of which 5.0 million sq ft is currently under construction. Following the completion of major office developments such as IOI Central Boulevard Towers in mid-2024 and Keppel South Central in 1Q 2025, new supply in the CBD office market will slow for the next two years until 2028, when approximately 3.8 million sq ft is expected to be delivered. Notable upcoming completions include the redevelopment of Shaw Towers, Clifford Centre, Singtel Comcentre, the office component of The Skywaters, and freehold strata-titled Solitaire at Cecil which has been fully sold.

Major Nationwide Future Office Supply¹ (2026 – 2029) NLA (Million sq ft)



Source: URA, Knight Frank Singapore, 4Q 2025

¹ Only major office developments are selected for the above chart.

Selected Major Nationwide Future Office Supply (2026 – 2029)

Upcoming Supply (NLA)	Marina Bay/ Raffles Place (CBD Core)	Shenton Way/ Robinson Road/Tanjong Pagar (CBD Core)	Beach Road/ Middle Road (CBD Core & Fringe)	Orchard (CBD Fringe)
2026	N.A.	<ul style="list-style-type: none"> Solitaire on Cecil (strata offices): 184,011 sq ft 39 Robinson: 136,680 sq ft 	Shaw Towers Redevelopment: 405,114 sq ft	N.A.
2027	N.A.	Newport Tower: 218,870 sq ft	N.A.	N.A.
2028	Clifford Centre Redevelopment: 434,172 sq ft	The Skywaters: 745,203 sq ft	N.A.	Singtel Comcentre Redevelopment: 749,888 sq ft
2029	N.A.	N.A.	One Sophia: 214,680 sq ft	N.A.

Source: URA, Knight Frank Singapore, 4Q 2025

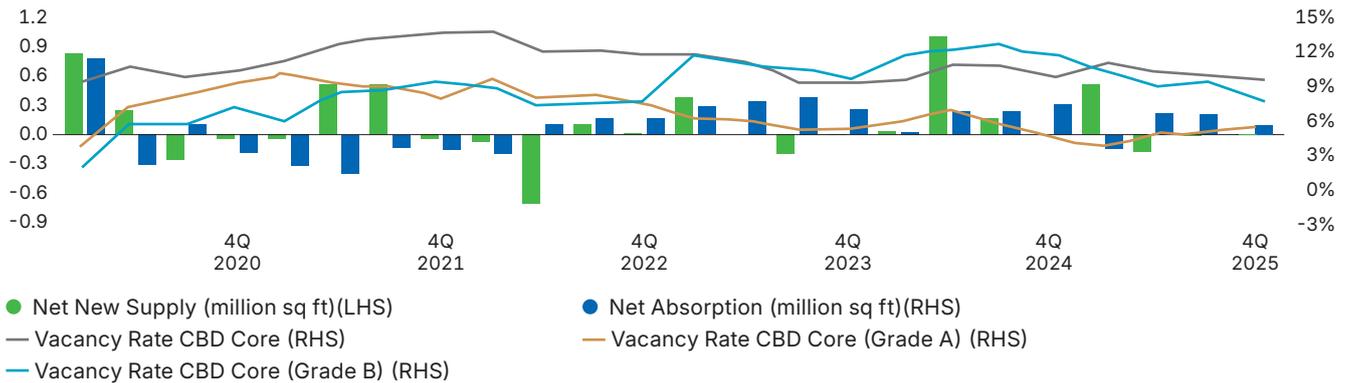
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Future office development in Singapore will continue to be concentrated in key central locations, including the Downtown Core, Orchard, and Rochor. With new supply from government land sales on the Confirmed List remaining limited in the CBD Core, property owners are increasingly seeking to maximise value through the redevelopment of their older assets. Notable examples include the completed Shaw Towers along Beach Road, Clifford Centre at Raffles Place, and Comcentre at Somerset – both slated for completion in 2028. Over the next few years, high-quality office space is likely to remain tightly occupied as more tenants are envisaged to relocate from older, less efficient buildings. This is expected to create a two-tier market, with modern offices enjoying strong demand while older properties face mounting pressure to upgrade or undergo redevelopment.

Demand and Vacancy

Nationwide net new office supply was 0.33 million sq ft in 2025, primarily due to the completion of Keppel South Central. Net absorption exceeded net new supply at 0.42 million sq ft, supported by Visa's new lease of 200,000 sq ft at Paya Lebar Green South Tower and the progressive leasing of IOI Central Boulevard towards full occupancy. These activities underscore Singapore's continued appeal as a stable business hub for enterprises and multinational companies seeking a secure base amid global economic and geopolitical uncertainties.

CBD Core Office Supply and Demand



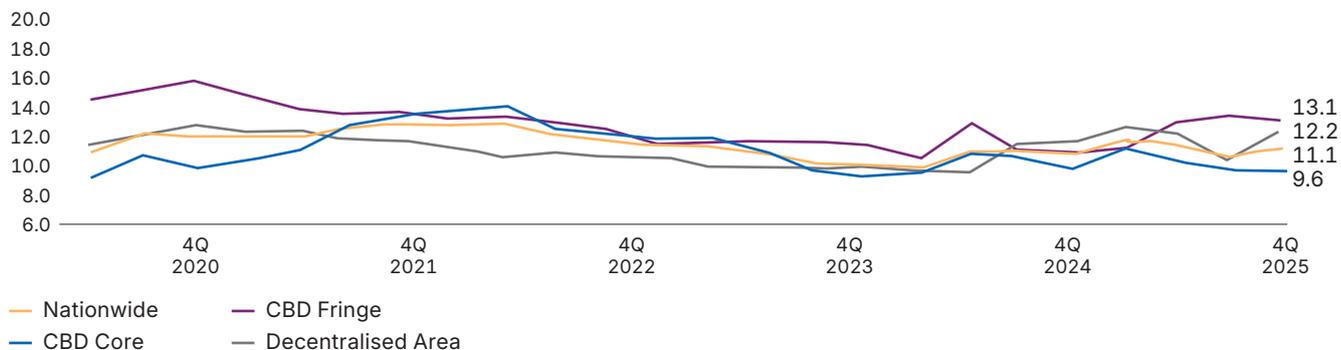
Source: URA, Knight Frank Singapore, 4Q 2025

According to URA data as of 4Q 2025, nationwide and CBD Core office occupancies remained robust at 88.9% and 90.4%, respectively. Grade A offices in the CBD continued to see near-full occupancy, with vacancy rates holding between 4% and 6%, reflecting the tight market supply situation.

The tightening supply of high-quality office space is beginning to shape occupier movements, as limited vacancies in prime buildings create bottlenecks for firms seeking upgrades or expansion. This has prompted a wave of flight-to-quality relocations where tenants upgrade to newer CBD offices while keeping overall occupancy costs broadly unchanged, often by optimising their

space utilization through leasing more efficient layouts or adjusting floor area to better match current headcount and hybrid work arrangements as existing leases expire. Recent examples include telecommunications company Zoom Communications shifting from a co-working space at Asia Square Tower 2 and quantitative trading firm Jane Street relocating from Ocean Financial Centre – both moving into IOI Central Boulevard. At the same time, landlords are undertaking asset enhancements such as concierge services and smart-building features at Marina Bay Financial Centre and One Raffles Quay, to retain blue-chip occupiers and draw interest to fill vacant space.

Nationwide and Submarkets Office Vacancy (%)



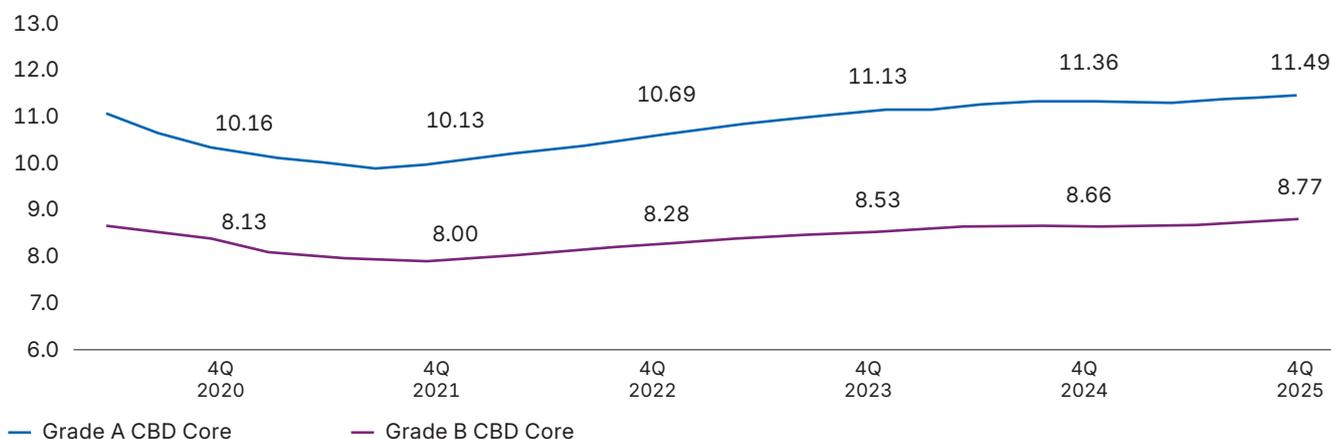
Source: URA, Knight Frank Singapore, 4Q 2025

Rental Values

Amid cautious business environment, new leasing activity in the office sector remained modest. Occupiers opted to renew leases rather than expand or relocate to avoid the capital outlay required for fit-out works.

According to Knight Frank data as of 4Q 2025, CBD Grade A office rents rose by 1.1% YoY to S\$11.49 psf pm, while CBD Grade B rents grew 1.3% YoY to S\$8.77 psf pm. This marks a moderation in rental growth compared with the same period last year, when Grade A and B office rents increased by 2.1% and 1.5%, respectively.

CBD Core Monthly Rental Values (S\$/sq ft/Month)



Source: Knight Frank Singapore, 4Q 2025

Gross Rent in Major Cities

An uplift in office rents has been generally observed across major cities over the past year, supported by strong demand for prime and well-located buildings, limited new supply, alongside currency effects stemming from the significant weakening of the US dollar throughout 2025.

Within the Asia Pacific region, Kuala Lumpur recorded the strongest rental growth in 2025, with rents rising 11.3% YoY to US\$1.78 psf pm, although this was largely attributable to the Malaysian Ringgit's significant 10%

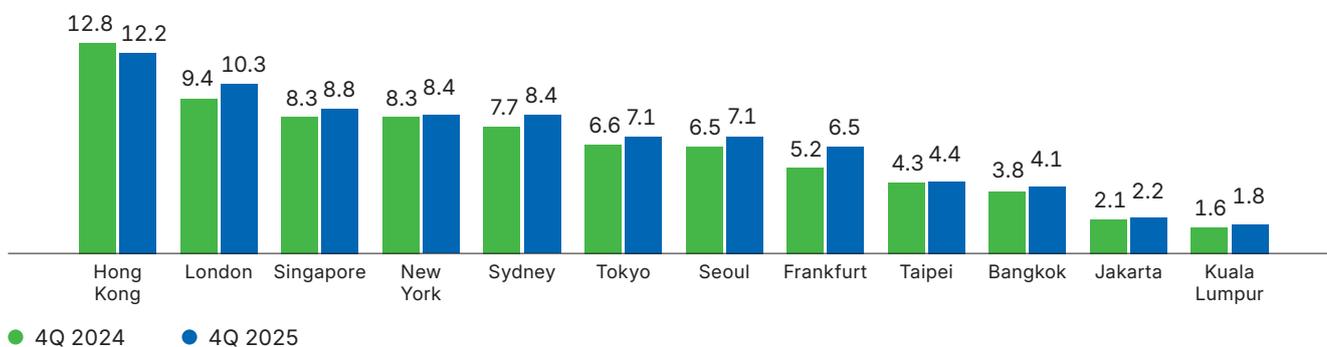
appreciation against the greenback over the year. Sydney's office rents also recorded robust growth, increasing 8.7% YoY to US\$8.37 psf pm due to strong demand for prime office space outpacing the constrained supply. Seoul also rebounded strongly, with office rents up 8.5% YoY to US\$7.08 psf pm as vacancy tightened, underpinned by robust leasing activity and limited new completions in core business districts. Singapore's office rental market posted a 6.5% annual increase as landlords focused on tenant retention within a tight supply environment and maintained healthy occupancy levels.

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In contrast, markets facing heavier supply glut pressures underperformed. Despite improved leasing volumes, Hong Kong's office rents declined 4.8% YoY to US\$12.21 psf pm, as landlords were constrained by a substantial pipeline of upcoming office completions. Overall, while regional growth moderated amid cautious sentiment, occupier demand remained focused on premium and well-located spaces, shaping office market performance across Asia Pacific major cities.

A weaker US dollar against the Euro has lifted office rents across European cities. In Frankfurt, office rents surged 26.1% YoY to US\$6.52 psf pm, supported by several large leasing transactions in the CBD submarket and city fringe locations, alongside favourable currency movements. London's office rents rose 9.8% YoY to US\$10.31 psf pm, due to sustained demand from financial services and flexible workspace operators for best-in-class, amenity-rich space amid limited prime availability and tight development pipeline.

Gross Office Rent Across Major Cities¹ (US\$ / sq ft / Month)



Source: Knight Frank Singapore, 4Q 2025

¹ A weakening US dollar throughout 2025 contributed to a modest rise in office rents across global markets.

Office Investment Market and Capital Values

Following six interest rate cuts by the US Federal Reserve from September 2024 to December 2025, the interest rate environment in 2025 turned increasingly accommodative, with the policy rate dropping from 4.25%-4.50% at the start of the year to 3.50%-3.75% at end-2025. Reductions in interest rates, which eased earlier and more decisively in Singapore than in the US and many other global markets during 2025, are expected to boost market liquidity and stimulate real estate investment activity in 2026 as financing conditions become more favourable.

Total office investment sales in Singapore reached S\$8.9 billion in 2025, led by several high-profile deals. Singapore Central Private Real Estate Fund (SCPREF) acquired a 33.3% stake each in One Raffles Quay and MBFC Tower 1 & 2, and 100% of One Raffles Link from Hongkong Land. Keppel REIT purchased a 33.3% stake in MBFC Tower 3 for S\$1.4 billion, while IOI Properties Group secured full ownership of South Beach (acquired remaining 50.1% stake for sale value of S\$1.38 billion (50.1% share of the agreed property value)). CICT also secured full ownership of

CapitaSpring (acquired remaining 55.0% stake for S\$1.05 billion). Lendlease Global Commercial REIT sold the office component of JEM to private funds under Keppel Limited's Sustainable Urban Renewal strategy for S\$462 million.

Supported by the scarcity of new strata freehold developments and tight supply in the CBD, the remainder of office investment transactions consisted of strata-titled units in sought-after or newer developments with long balance leases, such as 20 Collyer Quay, VisionCrest, 108 Robinson Road, and Samsung Hub.

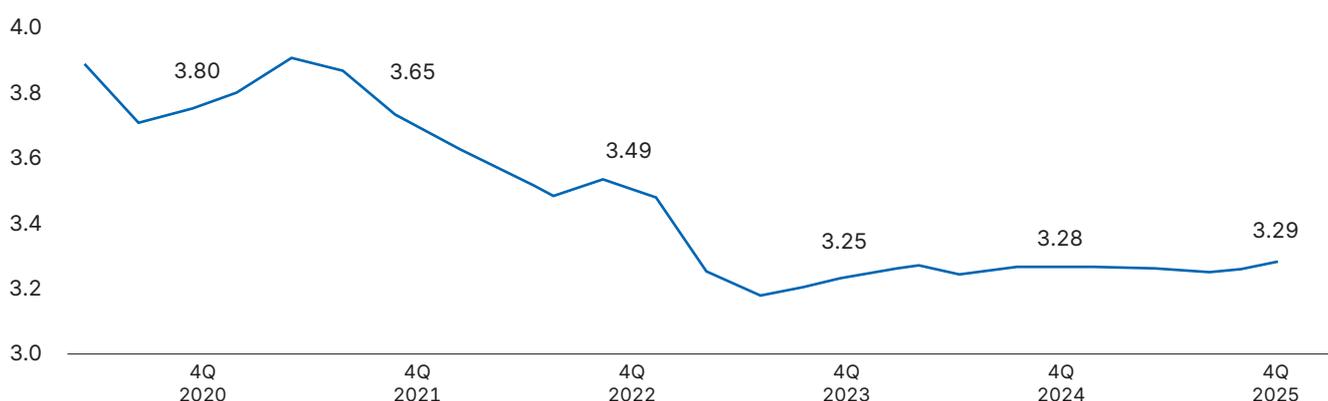
Net Yields – Grade A CBD Core

Post-pandemic, the rapid rise in capital values for Grade A CBD Core office space outpaced rental recovery, driving net yields down from a peak of 3.91% in 1Q 2021 to a low of 3.19% in 2Q 2023. With the Singapore workforce returning to the office in full force, net yields began to recover gradually from 3Q 2023 as capital values stabilised and prime office rents continued to grow. As of 4Q 2025, net yields for Grade A offices in the CBD Core grew a marginal 0.1 pp from the previous year to 3.29%.

Looking ahead, rents and capital values are expected to remain stable, with landlords prioritising occupancy for income stability while occupiers renew existing leases to ensure business continuity. Consequently, prime office yields are expected to hold steady in the short term,

supported by firm capital values. The investment sale market for modern, well-located office assets remains attractive, driven by stable occupancy and recurring income streams. Lower interest rates further strengthen investor interest by lowering acquisition costs and leverage conditions.

Grade A Office CBD Core Net Yield (%)



Source: Knight Frank Singapore, 4Q 2025

Office Market Outlook

The Singapore office market is expected to remain stable in 2026, despite ongoing global political and economic headwinds. This resilience is underpinned by high occupancy levels, limited new supply and sustained demand for quality office space. As of 4Q 2025, occupancy in the CBD Core stood at 95.7%, with prime rents averaging S\$11.49 psf pm based on Knight Frank’s database of Grade A office buildings in the CBD Core. These tight conditions continue to provide landlords with near-term pricing support, even as occupiers adopt a cautious, wait-and-see approach amid an uncertain global outlook.

In the first half of 2026, lease renewals are expected to dominate activity, as occupiers seek to defer upfront capital expenditure. At the same time, smaller occupiers and co-working operators are likely to backfill space vacated by larger corporates undergoing portfolio optimisation. Demand is expected to be led by private credit, asset management and wealth management firms, with demand

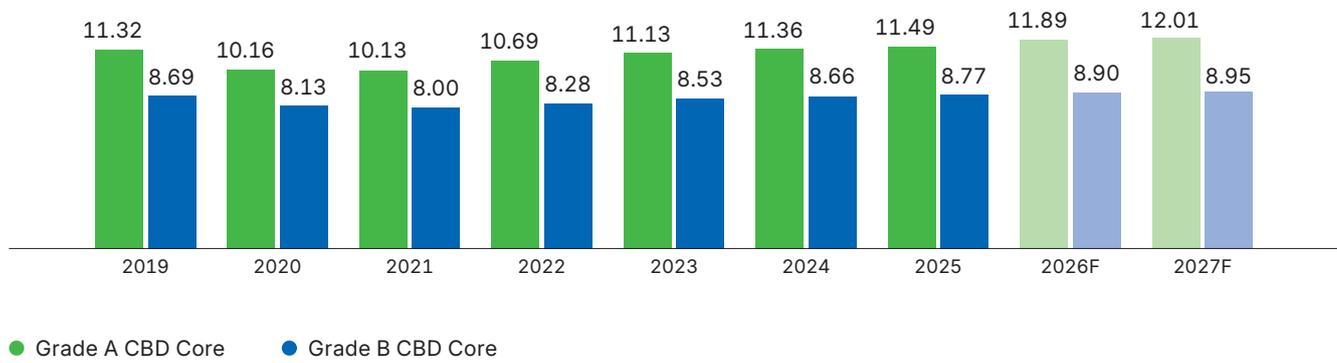
from technology occupiers potentially re-emerging should global growth conditions stabilise. Interest from regional corporates and financial institutions considering Singapore a stable, pro-business hub is also expected to remain firm.

While well-located, easily accessible, high-quality buildings are well-positioned to enjoy steady occupancies and rental growth, older assets may face increasing vacancy pressure. To remain competitive, landlords may offer more flexible leasing terms, competitively priced rents or more fitted-out spaces to better align with occupier requirements. For cost-conscious tenants, opportunities may arise to upgrade by relocating to higher-quality buildings should it yield cost efficiencies.

With constrained supply and healthy underlying demand, Knight Frank projects office rents to grow by 3% to 5% in 2026, supported by Singapore’s continued appeal as a pro-business hub in Southeast Asia, notwithstanding risks from global shocks that impact businesses.

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Projected CBD Core Office Monthly Gross Rental (\$\$ / sq ft / Month)



Source: Knight Frank Singapore, 4Q 2025

Integrated Development Market Overview

Shifts in work patterns, lifestyles, demographics and real estate landscape have accelerated the need for new urban typologies, such as integrated developments, in land-scarce Singapore. Evolution in urban planning strategies, more mixed-use land zoning and the expansion of Mass Rapid Transit (MRT) train and public transport networks are creating opportunities for real estate developers to merge live-work-play environments into a one-stop-shop location. Integrated developments are defined by Knight Frank to possess the following features:

- A complementary mix of more than one development use, including: office, retail, residential or hospitality, with commercial component of minimally 1,000 sq m GFA and under one management;
- Set in single, dedicated and well-planned urban enclaves;
- High-quality building design, green features and community spaces with sustainability certifications such as BCA Green Mark award or LEED award;
- Pedestrian links that are sheltered and seamlessly connected from the development to a MRT station or bus interchange; and
- Additional amenities and value-added services, such as concierge services, shared workspaces, retail conveniences, gyms, childcare, and event spaces, which enhance convenience and engagement of tenants and other stakeholders.

From Knight Frank's perspective, mixed-use developments would also comprise the above features with the exception that they are not directly connected to public transport nodes.

Mainly through the Government Land Sales (GLS) Programme, a total of 11 integrated developments have been introduced between 2023 and 2025. Such progressive developments comprise a synergistic mix of space uses to meet the varying needs of businesses and communities and promote people-centric experiences. To-date, a total number of 17 integrated developments are being built or redeveloped between 2019 and 2025. Integrated and mixed-use developments with residential use are growing in numbers particularly in the city fringe and suburban locations where larger land parcels are more readily available, supported by captive resident catchment. Notable completions in 2025 included Guoco Midtown II and Midtown Modern, Punggol Digital District, Lentor Modern and Piccadilly Grand / Piccadilly Galleria, of which three are located within Decentralised Areas.

Trends and Advantages of Integrated Developments

As Singapore's built environment evolves and expands, consumer expectations for a more pleasurable and accessible destination increase. Integrated developments boost various attributes that improve quality of life, from enhancing user convenience with the combination of various space functions and amenities under one roof, to fostering a sense of community and vibrancy through place-making at centralised spots. Adding the benefit of seamless connection to public transportation, traffic footfall in integrated developments is typically higher compared to single-use buildings, thereby supporting the demand for office and retail spaces. Integrated developments with captive catchment of residents, workers and visitors are well sought after by retail tenants, while offering office occupiers with the benefits of seamless access to public transport, retail, F&B and lifestyle amenities.

Large-scale integrated developments combine diverse commercial spaces with supporting facilities, creating a unified offering that attracts occupiers, retail visitors, and residents while strengthening brand presence. Subject to factors such as accessibility, immediate catchment size and profile, building age and quality, and the scale of retail and office spaces, prime retail and office spaces in integrated developments could command a rental premium of 14% to over 20% and 6% to over 10% respectively, compared to other single-use developments in the same locale.

Land and Investment Sale Transactions

Attracted by the coveted advantages of convenience, potential premium factor and limited supply, developers and investors demonstrated strong interest towards integrated and mixed-use development opportunities via government land sale sites and property acquisitions. Ten transactions of integrated and mixed-use developments totalling S\$8.8 billion were concluded over the period from 2020 to 2025. Notable land sales for proposed mixed-use developments included the award of the first integrated commercial and residential site at Chencharu Close to Evia Real Estate, Gamuda Land and Ho Lee Group joint venture for \$1.01 billion in September 2025. Stake-sale transactions of integrated developments include City Development Limited's (CDL) sale of 50.1% interest of South Beach to IOI Properties Group in June 2025; and Keppel REIT's purchase of one-third interest for Marina Bay Financial Centre (MBFC) Tower 3 in December 2025.

Independent Market Review

Key Transactions of Integrated and Mixed-use Developments, 2023 to 2025

Site or Project Name (Use)	Location	Total GFA / NLA	Transacted Price (S\$)	Transaction Month / Year	Buyer	Seller
Government Land Sales						
Site at Tampines Avenue 11 (residential and retail)	Tampines	1.36 million sq ft GFA	\$1.21 billion	July 2023	UOL-SingLand and CapitaLand Development	Housing Development Board (HDB)
Site at Tampines Street 94 (residential and retail)	Tampines	0.67 million sq ft GFA	\$668.28 million	October 2024	Hoi Hup Realty and Sunway Developments	HDB
Site at Chencharu Close (commercial and residential)	Khatib (Yishun)	1.03 million sq ft GFA	\$1.01 billion	September 2025	Evia Real Estate, Gamuda Land and Ho Lee Group	HDB
Investment Sales						
50.1% stake in South Beach (office and retail)	City Hall/ Esplanade	1.10 million sq ft NLA	\$1.38 billion	June 2025	IOI Properties Group Berhad	City Developments Limited
Land sale of 6 Raffles Boulevard (within Marina Square)	City Hall / Marina	Unknown	\$99.1 million	December 2025	Marina Residential Development	Singapore Land Group
One-third stake in Marina Bay Financial Centre 3 (Office and retail)	Marina Bay	1.3 million sq ft NLA	\$1.45 billion	December 2025	Keppel REIT	Hongkong Land

Source: URA, Real Capital Analytics, Knight Frank Singapore

Future Supply of Integrated Developments

An estimated total of 1.7 million sq ft GFA of retail and office stock from integrated developments is slated for completion by 2031. All the five upcoming integrated developments would comprise the residential component, with two projects (Bukit V and Parktown Tampines) located within a large resident catchment area.

Pipeline Supply of Integrated and Mixed-use Developments

Project Name	Location	Retail / Office GFA	Expected Year of Completion
The Reserve Residences and Bukit V	Jalan Anak Bukit	106,347 sq ft (Retail)	2028
The Skywaters / Skywaters Residences	Shenton Way	72,312 sq ft (Retail) 876,710 sq ft (Office)	2028
Parktown Residence / Parktown Tampines	Tampines Avenue 11	107,790 sq ft (Retail)	2029
Pinery Mall / Pinery Residences	Tampines Street 94	113,021 sq ft (Retail)	2030
Integrated commercial-residential development site	Hougang Central	429,910 sq ft (Retail)	2030 / 2031

Source: URA, Knight Frank Singapore

Government Land Sales Programme

In a closely contested tender for an integrated commercial-residential development site in Hougang Central, a joint venture comprising CapitaLand Development (CLD), CICT and UOL Group submitted a top bid of S\$1.5 billion in December 2025. The site was awarded on 14 January 2026. CLD and UOL will jointly develop the residential component of the site for sale, while CICT will develop and own 100% of the commercial component. The new

integrated development will be directly connected to the Hougang MRT station and integrated with the new bus interchange. The development will add around 830 residential units and about 300,000 sq ft NLA of retail and lifestyle offerings, making it the largest mall in Hougang when it is completed.

The 1H 2026 GLS programme comprises six potential integrated and mixed-use development sites.

Six Potential Integrated and Mixed-use Development Sites in 1H 2026 GLS Programme

Site	Type	Land Area (ha)	Potential Residential Units	Potential Commercial / Other GFA (sq m)	Attributes and Accessibility
Bayshore Drive	Confirmed List (Integrated Commercial & Residential Site)	5.7	1,280	22,500 commercial	The only plum site with integrated residential and commercial uses in 1H 2026 GLS programme; directly connected to Bedok South MRT (Thomson - East Coast Line); near East Coast Park
Marina Gardens Crescent	Reserve List (White Site)	1.7	775	6,000 commercial	Next to Marina South MRT; near Gardens by the Bay
Woodlands Avenue 2	Reserve List (White Site)	2.75	440	78,000 commercial	Located in Woodlands Regional Centre; connected to North-South and Thomson-East Coast MRT Lines
Town Hall Link	Reserve List (White Site)	3.7	1,200	84,000 commercial - 40,000 office; - 44,000 complementary uses (e.g. retail, hotel, community)	Located in Jurong Lake District; part of previously unawarded 6.5ha master developer site; designed to catalyse next phase of JLD development
River Valley Road	Reserve List (Hotel Site)	1	–	2,000 commercial	Hotel site in central location; available for development
Telok Ayer Street	Reserve List (Hotel Site)	0.4	135	1,100 commercial & residential (long-stay serviced apartment)	Hotel/serviced apartment site; central location in CBD; suitable for mixed-use development

Source: URA, Knight Frank Singapore

Compared to a year ago, the lower number of available sites for integrated and mixed-use developments under the 1H 2026 GLS programme reflects the planning authorities' measured pace for new supply which require strategic urban planning.

Outlook for Integrated Developments

Integrated developments are increasingly recognised as a compelling real estate typology with their complementary components and comprehensive amenities. As consumers prioritise convenience, spatial comfort, and vibrant environments, these developments are well-positioned to meet evolving work and lifestyle expectations. The anticipated growth in business activity, population density, and international visitor arrivals further underscores the need for holistic, mixed-use designs that foster connectivity, collaboration and community engagement.

However, as more integrated developments enter the market over the next three to five years, differentiation will become critical for landlords to stay ahead of competition. Functional co-location of retail, office, and residential

components will no longer suffice. The next wave of successful integrated developments will be those that deliver refreshing designed spaces and placemaking initiatives—such as experiential events, cultural activations, and exclusive retail brand showcases—transforming spaces into dynamic destinations rather than transactional hubs.

Integrated developments located within large captive resident catchments in Decentralised Areas are poised to receive stable footfall and steady retail rents in 2026, notwithstanding the cautious market sentiment. Meanwhile, Singapore's central area offers an increasingly diversified landscape, with the introduction of more integrated and mixed-use developments, supported by the growing number of residential and hospitality uses, Meeting, Incentives, Conventions and Events (MICE), leisure and cultural events. These trends are driven by the government authorities' push for greater vibrancy in the central area through proactive strategies in urban planning, tourism and events as positive demand drivers.

Australia

Australia Economic Overview

The global economy is adjusting to a policy environment defined by rising tariff and non-tariff barriers. Despite these headwinds, growth has held up better than expected, supported by temporary factors that are now fading. As these supports unwind, volatility and uncertainty are becoming more evident, and global risks remain skewed to the downside. Australia has been comparatively insulated – subject only to the baseline 10% US tariff – and in some cases has benefited from trade barriers imposed on competing exporters. The key external risk, a deepening US-China trade conflict that would weigh on Chinese demand, has eased with the announcement of a one-year truce on tariff escalation.

Domestic momentum strengthened through 2025, with GDP expanding 2.6% over the year to Q4 2025. Lower interest rates have fed through to the real economy, supporting a broad uplift in private demand. Household consumption and private investment have become the primary growth engines, while government spending has played a diminishing role.

The labour market has loosened slightly but remains relatively tight despite the sharp interest rate hikes in 2022 and 2023. The unemployment rate sits at 4.1% as of January 2026, still below the than the 10-year pre-pandemic (2010-2019) average of 5.5%, and employment has grown by 179,900 over the past year.

Inflation returned to the Reserve Bank of Australia (RBA) target band in early 2025, but recent data points to a re-acceleration in price pressures. Headline inflation remained elevated at 3.8% in December 2025, while trimmed mean inflation¹ was 3.3%, both above the RBA's 2-3% target band. This reflects the expiry of temporary energy subsidies as well as a more persistent, broad-based uptick across multiple components.

With inflation rising to above the RBA target, and the labour market still relatively tight, the RBA raised interest rates by 25 basis points (bps) to 3.85% in February 2026. Current market pricing (as of 16 March) suggests that there will be another two or three cash rate hikes in 2026 (50-75 bps).

Looking ahead, the outlook points to a continued improvement in economic conditions. Household spending and private investment are expected to strengthen further, supporting a forecast GDP growth rate of 2.6% in 2026. Bond yields are anticipated to peak at 4.9% in 2026.

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New South Wales (NSW) Infrastructure Investment

The NSW infrastructure pipeline has remains elevated at A\$118.3 billion, including a A\$55.6 billion commitment over the next four years towards transport infrastructure as part of the 2025-2026 NSW Budget. This infrastructure investment is significantly higher than the long-term average. Notably, NSW investment in transport infrastructure represents approximately 50% of the total state pipeline over the next 4 years. Although NSW's investment in road and rail projects is nearing the peak, expenditure is expected to remain at an elevated level for several years.

Sydney CBD Office Market Overview

Demand and Supply

According to the Property Council of Australia (PCA), Sydney CBD office stock grew 1.6% YoY to a total of 5.39 million sq ft as at 4Q 2025. This is the highest level of total office stock on record.

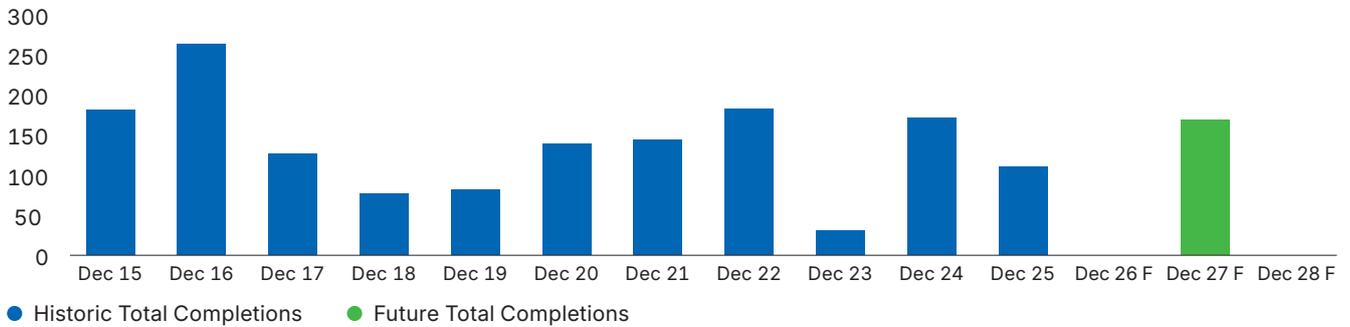
Development activity in 2025 was low following significant level of new supply in 2024. The only new development was the boutique development by CBUS at 121 Castlereagh Street, delivering 11,500 sq m. The extensive refurbishment and overhaul of 33 Alfred Street delivered 31,657 sq m of space which is over 90% committed. Additionally, Charter Hall completed its extensive refurbishment of One Shelley Street (29,442 sq m) with the asset achieving strong leasing and enquiry outcomes.

Over the next two years, the overall development pipeline is narrowing, with only three office buildings currently under construction and all scheduled for completion in 2027. Charter Hall's premium development Chifley South (42,000 sq m) is well advanced, with commitments exceeding 50%, and strong tenant enquiry suggesting a high pre-commitment level ahead of completion. Mirvac and Mitsui Fudosan's 55 Pitt Street development (63,000 sq m) has also secured over 40% in commitments to date. In the Southern precinct, Dexus's Atlassian Central (58,000 sq m) remains on track for completion in 2027 and will serve as the global headquarters for Atlassian.

New CBD developments have historically achieved strong occupancy outcomes and continue to attract robust tenant demand. With strong pre-commitments already achieved across the schemes under construction, this is expected to support the absorption of existing vacancies across the market while also providing developers with greater confidence to progress future projects.

¹ Trimmed mean inflation is the RBA's preferred measure of core inflation which excludes large price changes and focuses on the weighted average of the middle 70% of items in the CPI basket.

Sydney CBD Development Completions ('000 sqm)



Source: Knight Frank Australia, Property Council Australia, 4Q 2025

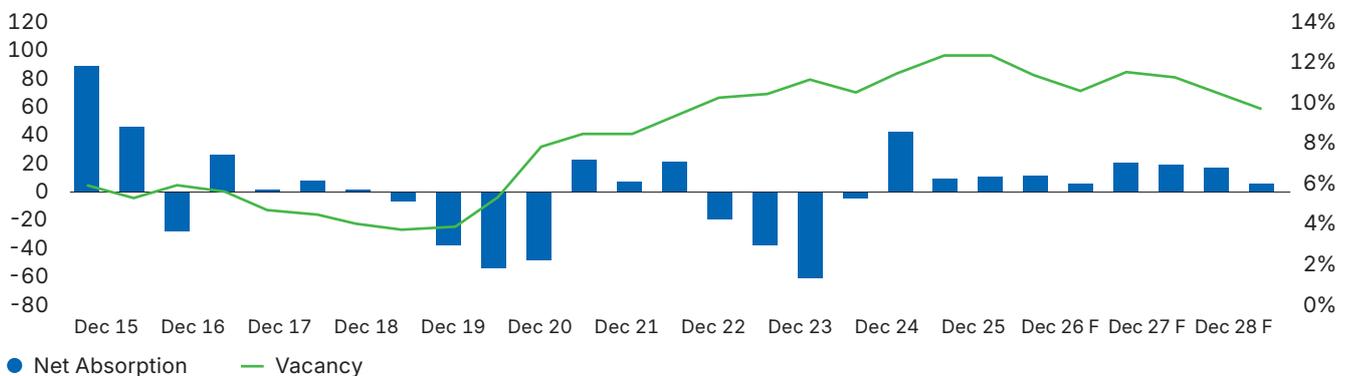
Net absorption remained positive throughout 2025, totalling 21,657 sq m and marking the second consecutive year of positive absorption. This outcome was underpinned by strong performance in the prime market, which recorded 90,555 sq m of net absorption over the year, offset by continued contraction in secondary stock where net absorption declined by 68,898 sq m. Leasing activity and tenant enquiry remained resilient throughout 2025, supporting improving market sentiment and signalling a more stable demand environment.

Despite these positive demand indicators, overall vacancy measured 13.8% at the end of 2025. Prime vacancy was 13.2%, while secondary vacancy stood at 14.9%. Encouragingly, sublease availability has continued to unwind, falling from 1.4% to 0.6% over the past two years.

The flight-to-quality trend has become increasingly pronounced, over the past five years, secondary assets have recorded cumulative negative absorption of 230,866 sq m, in contrast to 314,100 sq m of positive absorption across premium-grade stock. This divergence is also evident at a precinct level, with prime assets in core CBD locations standing out as the only area to achieve positive net absorption over the same period.

Looking ahead, demand is expected to remain highly selective, with best-in-class assets in core locations continuing to outperform and driving a widening performance gap between high-quality buildings and the broader market.

Sydney CBD Office Net Absorption and Vacancy ('000 sq m (LHS), % (RHS))



Source: Knight Frank Australia, 4Q 2025

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Demand Drivers

Occupier demand in 2025 was led by the financial services and professional services sectors, which collectively account for 61% of total leasing activity. Demand has been heavily concentrated within the CBD core precinct, representing approximately 60% of deal volumes. The ongoing structural shift toward higher-quality, amenity-rich workplaces continues to underpin demand, with occupiers prioritising buildings offering strong sustainability

credentials, proximity to multiple public transport links, food and retail amenity, green spaces and wellness facilities.

Occupier enquiry has remained robust, with more than 400,000 sq m of active tenant briefs recorded over the past 12 months, supporting improving market conditions and sentiment. Enquiry is expected to remain elevated into 2026 as occupiers continue to reassess workplace strategies and take advantage of favourable occupier-led market conditions.

Sydney CBD Lease Deal by Industry Sector 2025, Share of Total Market (sq m)



Source: Knight Frank Australia, 4Q 2025

¹ Others include industries in education, construction, health, energy, manufacturing, administration, retail, arts, transport, mining, accommodation and agriculture

Rental Values

Prime net face rents² for Sydney CBD office rose by 5.5% over 2025, reaching A\$1,397 per sq m per annum in 4Q 2025. Over the same period, the secondary market recorded 3.7% YoY growth, with rents increasing to A\$995 per sq m per annum. New completions and tenant preferences for higher-quality assets have further widened the rental difference between prime and secondary spaces, with the current net face rental discount at 28%.

Incentives for prime Sydney CBD office space dropped slightly over the year, averaging 35.6%, supported by solid demand for best-in-class buildings. Secondary grade incentives averaged 35.4% in 4Q 2025. In response to the broader demand dynamics, some landlords in selected locations continue to offer incentives over 40% to attract and retain tenants. These incentives are generally used by occupiers towards new workplace fit-outs or as rental abatements.

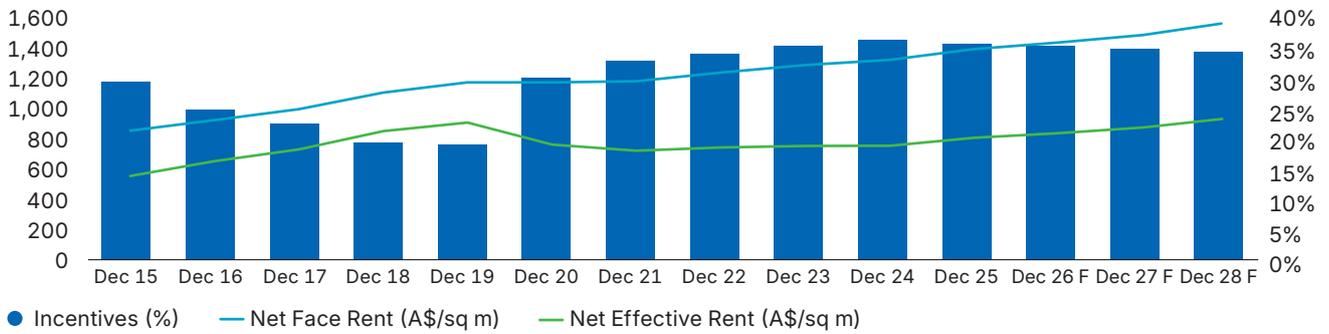
The rising face rents and moderating incentives resulted in further uplift in net effective rents. On an annual basis, prime net effective rents³ increased by 7.1% to A\$809 per sq m per annum, while secondary net effective rents rose 3.3% to A\$571 per sq m per annum. Net effective rents are continuing to recover towards pre-pandemic levels, with prime rents now 11% below and secondary rents 14% below their 4Q 2019 benchmarks.

Looking ahead, face rents are forecast to grow by over 5% in 2026 with incentives expected to decline slightly. This is underpinned by steady occupier demand and a period of limited new supply extending through to 2030.

² Prime net face rent is the headline rental rate (typically expressed as A\$/sq m per annum) for prime-grade space, before deducting any landlord incentives, and quoted on a net basis (i.e. excluding outgoings such as operating expenses, rates and taxes).

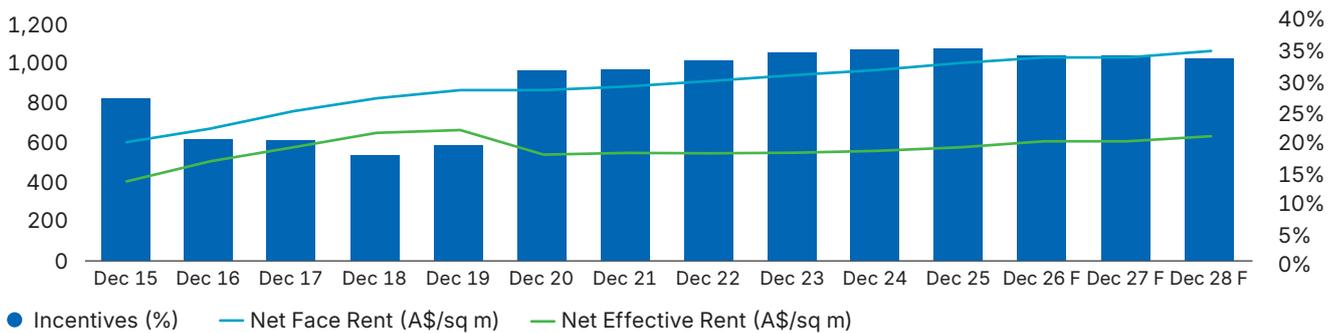
³ Net effective rent is the true economic rental rate received by the landlord after adjusting the face rent for incentives, amortised over the lease term, and expressed on a net basis (excluding outgoings).

Sydney CBD Office Prime Rents and Incentives (A\$/sq m (LHS), % (RHS))



Source: Knight Frank Australia, 4Q 2025

Sydney CBD Office Secondary Rents and Incentives (A\$/sq m (LHS), % (RHS))



Source: Knight Frank Australia, 4Q 2025

Investment Market

Sydney CBD office transaction volumes reached A\$3.3 billion in 2025. Following the reset in yields and capital values, improved pricing transparency has supported renewed investor confidence, particularly for high-quality, well-located assets offering secure income.

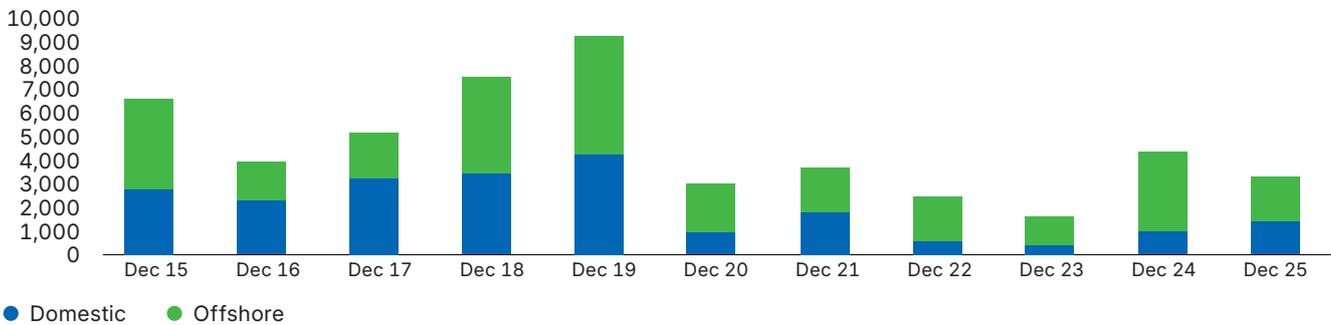
Activity was headlined by the sale of Grosvenor Place to GPT and the Commonwealth Superannuation Corporation, representing one of the most significant Sydney CBD office transactions over the last five years at A\$1.29 billion for a 75% stake. The sale of 135 King Street for A\$631.5 million to Daibiru Corporation in early 2025 further contributed to investment deals, reinforcing depth of demand from both

Independent Market Review

offshore and domestic capital sources, notwithstanding the selective investment environment. This represents a notable shift from 2024, when investment activity was predominantly driven by offshore buyers accounting for 75% of volumes. In contrast, 2025 has seen increased participation from domestic capital alongside continued offshore interest, reflecting greater conviction around pricing and confidence in the long-term fundamentals of the Sydney CBD office market.

While inflation has recently shown signs of re-accelerating, increasing the likelihood of further interest rate tightening, investor confidence remains underpinned by the structural fundamentals of the Sydney CBD office market. Limited new supply, strong rental forecasts and improving tenant enquiry will support selective buying, particularly for prime assets within core locations.

Sydney CBD Office Transactions (By Purchaser Location, A\$ Millions, >A\$10m)



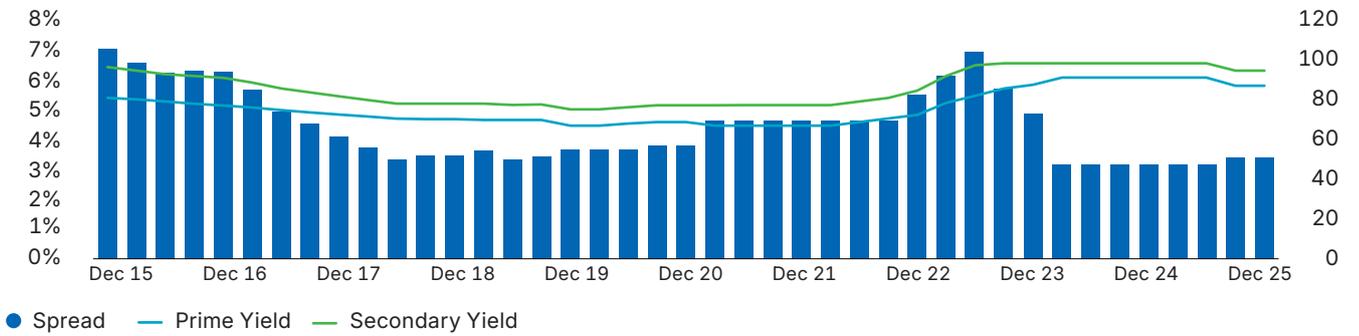
Source: Knight Frank Australia, 4Q 2025

Capital Values and Yields

Sydney CBD office yields tightened for the first time after remaining stable since 2024. Prime and secondary yields closed the year at 5.70% and 6.25%, reflecting tightening of 33bps and 25bps, respectively. This shift marks a turning point in investor sentiment, as the improving economic environment and leasing performance supported renewed buyer confidence.

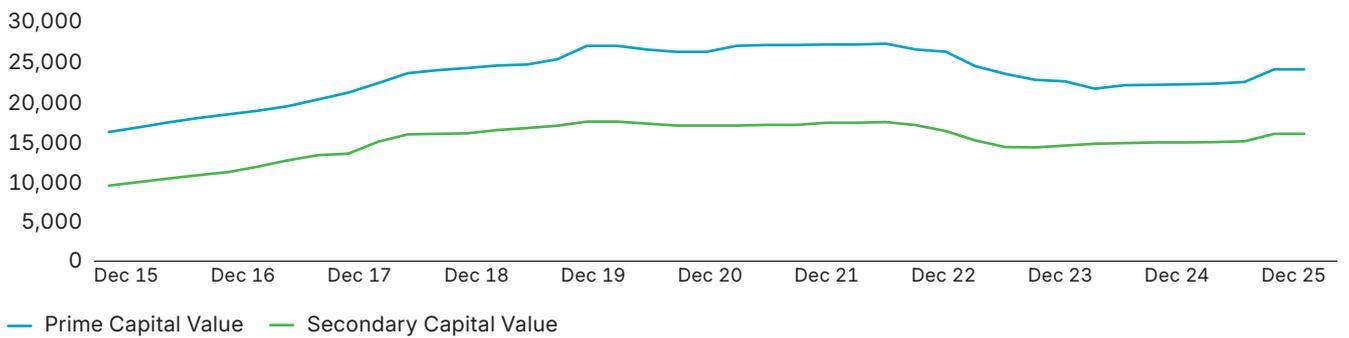
As a result of yield compression and rental growth, prime capital values recorded double-digit annual growth of 11.6% in 2025, reaching A\$24,498 per sq m. Similarly, secondary capital values increased by 7.8% YoY, averaging A\$15,920 per sq m. The uplift in capital values aligns with broader indications of market recovery, reflecting a shift away from the more conservative valuation levels seen in previous quarters.

Sydney CBD Core Precinct Office Yield Spread (% (LHS), bps (RHS))



Source: Knight Frank Australia, 4Q 2025

Sydney CBD Office Capital Values (Prime vs Secondary, A\$/sq m)



Source: Knight Frank Australia, 4Q 2025

North Sydney Office Market Overview

Demand and Supply

After a period of limited development activity, North Sydney’s office market expanded modestly in late 2025, with total stock now estimated at 967,642 sq m following the completion of Lendlease’s Victoria Cross Over Station Development (56,926 sq m), which is now New South Wales second-largest metropolitan office market.

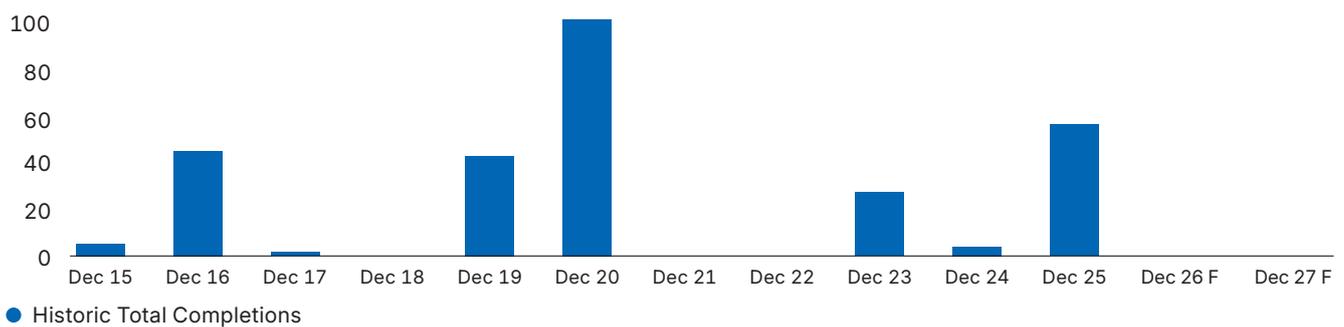
The delivery of new premium-grade space has been constrained over the past decade, leaving North Sydney with a comparatively lower proportion of prime assets than competing office markets. Prime stock, comprising Premium and Grade A assets as defined by the Property Council of Australia (PCA), now represents approximately 46% of total stock, compared with 66% in the Sydney CBD and 60% in Parramatta. While this marks a substantial uplift from 27% ten years ago, it highlights the ongoing structural undersupply of prime office accommodation and reinforces the competitive positioning of well-located, high-quality assets.

Looking at future supply, Affinity Place (59,000 sq m) has received development approval. Beyond this scheme, the remaining development pipeline is largely in early planning stages and is not expected to materially add to supply before 2030. This limited supply outlook is expected to support ongoing absorption of existing space and contribute to tightening conditions for prime and premium assets over the medium term.

There is a stark contrast in occupier demand across North Sydney between the differing grades. With positive deal flow and enquiry across the prime market, positive absorption of 13,717 sq m was recorded in 2025. In contrast, the secondary market, where occupier demand is more subdued, recorded negative absorption of 15,716 sq m over 2025, with vacancy now measuring 26.6% at the end of 2025.

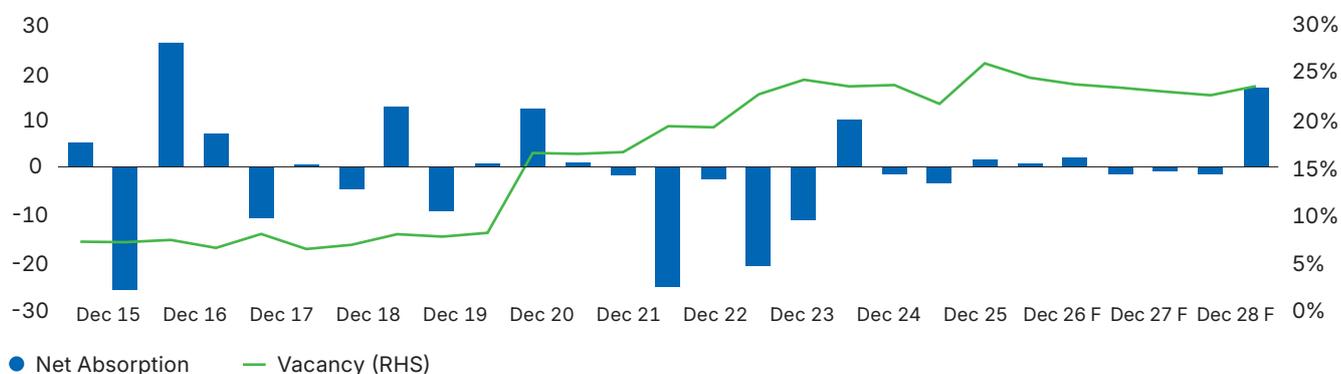
The ongoing structural shift toward quality and amenity is particularly evident in North Sydney, with demand increasingly concentrated in best-in-class assets. Buildings such as 100 Mount Street and 1 Denison Street continue to record strong occupancy levels, materially outperforming broader market conditions. The connectivity of the Sydney Metro, providing a six-minute connection to Martin Place, further enhances North Sydney’s accessibility and is expected to reinforce its appeal as a premium occupier destination.

North Sydney Office Development Completions ('000 sq m)



Source: Knight Frank Australia, 4Q 2025

North Sydney Office Net and Vacancy ('000 sq m (LHS), %(RHS))



Source: Knight Frank Australia, 4Q 2025

Demand Drivers

The North Sydney office market is characterised by a strong concentration of knowledge-based industries, including finance and insurance, professional services, and technology and media (TMT) occupiers, reinforcing North Sydney’s growing profile as a technology-focused business precinct. Notable occupiers include Microsoft, Nine Entertainment and Sony.

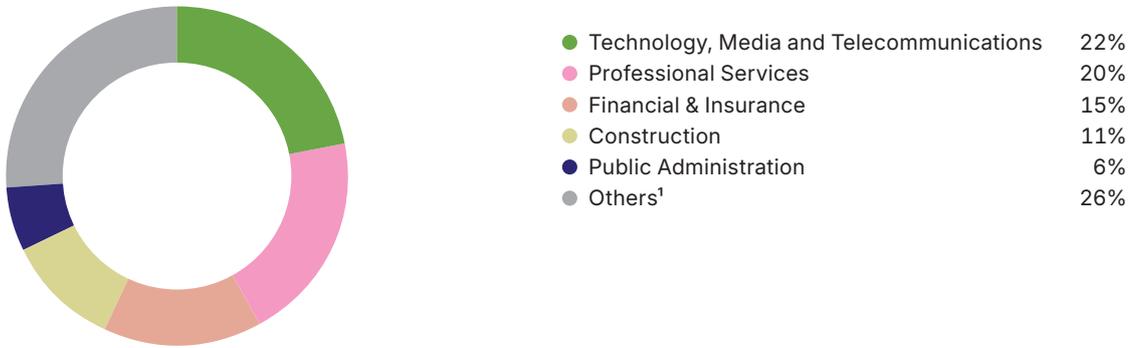
Demand for fitted and turnkey office accommodation remains strong, reflecting occupiers’ preference for shorter lead times and reduced upfront capital expenditure when relocating. This diverse industry mix continues to support demand from professional services firms, which have represented around 20% of leasing activity. The occupier profile is underpinned by a highly skilled workforce, with approximately 67% of resident workers holding a bachelor’s degree or higher.

Leasing activity and enquiry levels have also been strong at the Victoria Cross Over Station Development, which completed in 4Q 2025. The development has already secured commitments from several high-profile occupiers, including a major pre-commitment of approximately 9,000 sq m from NBN, along with additional leases Ventia Australia and Novartis ANZ.

The opening of Victoria Cross Metro Station in August 2024 has further strengthened North Sydney’s position within Sydney’s broader office network, effectively placing the market within the orbit of traditional CBD occupiers. Reduced travel times, together with direct connectivity to Barangaroo and Martin Place, have materially enhanced accessibility and improved integration with the core CBD. This uplift in transport connectivity, combined with proximity to the Sydney CBD, an improving public realm and access to a deep talent pool, is expected to support ongoing occupier demand and enhance North Sydney’s appeal as a credible alternative CBD office location.

Independent Market Review

North Sydney Lease Deals by Industry Sector (5-year Average, Share of Total Market (sq m))



Source: Knight Frank Australia, 4Q 2025

1 Others include industries in real estate, education, health, energy, manufacturing, retail, mining, administrative services, agriculture and transport services.

Rental Values

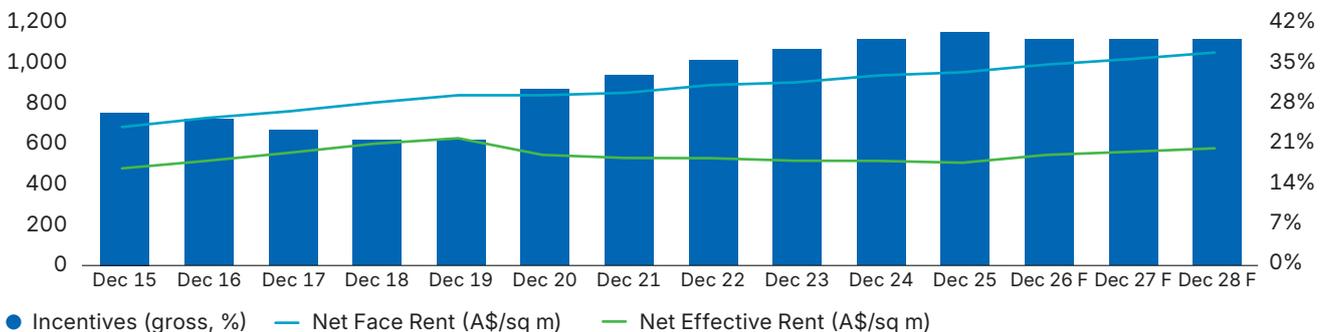
The North Sydney office prime office net face rent was reported at A\$945 per sq m per annum in 4Q 2025, representing 1.8% YoY growth. Meanwhile, the secondary market experienced a marginal increase of 0.6% over 2025, averaging A\$746 per sq m per annum. Incentives edged higher to 40% across both prime and secondary markets in 2025, reflecting the elevated availability and landlords' efforts to remain competitive in the market.

The moderate growth in net face rents has been offset by the rising incentives. Over 2025, prime net effective

rents declined by 2.0% to A\$495 per sq m per annum, while secondary net effective rents fell 3.9% to A\$383 per sq m per annum.

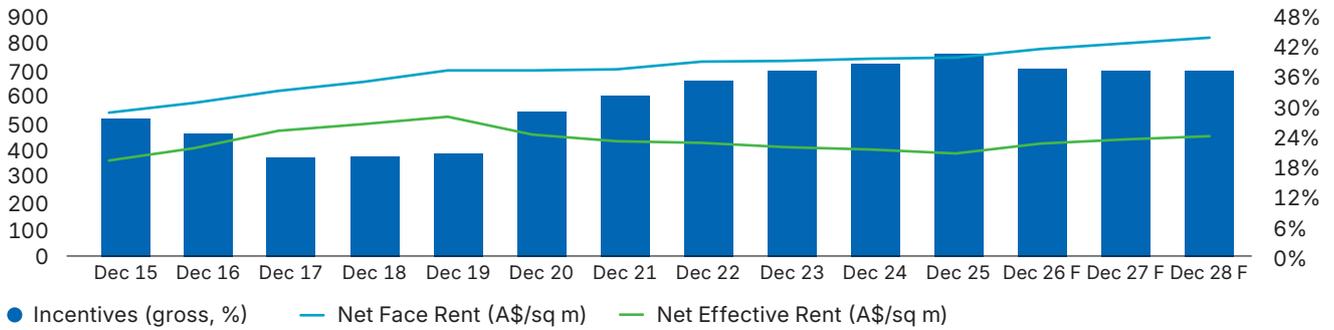
Looking forward, the completion of the Victoria Cross Over Station Development (OSD) and the absence of new developments before 2030 bode well for the demand conditions. With face rents anticipated to improve and incentives likely have peaked, net effective rents are expected to return to positive growth, positioning the market for stronger long-term outlook.

North Sydney Office Prime Rents and Incentives (A\$/sq m (LHS), % (RHS))



Source: Knight Frank Australia, 4Q 2025

North Sydney Office Secondary Rents and Incentives (A\$/sq m (LHS), % (RHS))



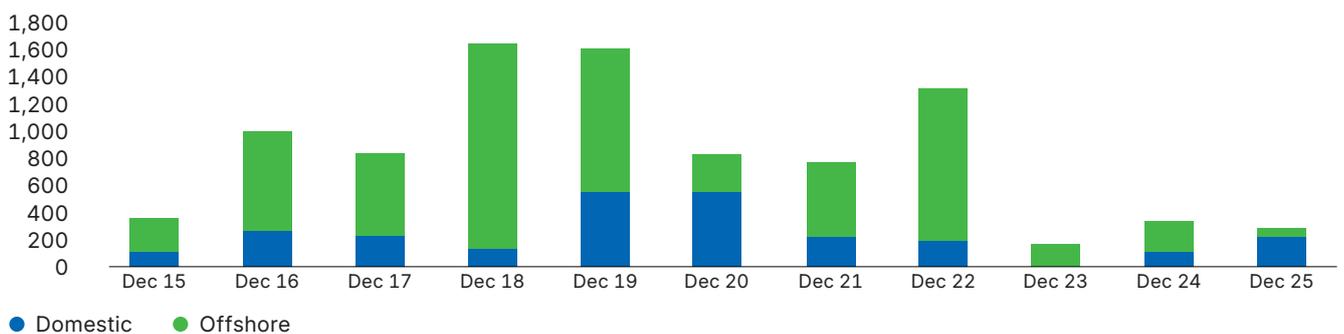
Source: Knight Frank Australia, 4Q 2025

Investment Market

Transactional activity in North Sydney has been subdued over the last three years amid the economic climate and investor preferences weighted towards CBD core assets. The largest sale of 2025 was 100 Pacific Highway, acquired by Forza Capital from ISPT for A\$220 million on a core market yield of 8.8%. Additionally, Keppel Corporation acquired 77 Berry Street for A\$58.5 million on a 7.3%

core market yield⁴. Transaction volume is anticipated to pick up in 2026 with several assets in either due diligence stages or commencing sales campaigns. North Sydney's office market remains an attractive investment destination in 2026, not only because of its improving fundamentals and strong connectivity, but also due to its higher yield to the Sydney CBD.

North Sydney Office Transactions (By Purchaser Location, A\$ Millions, >A\$10m)



Source: Knight Frank Australia, 4Q 2025

⁴ Core Market Yield = the percentage return/yield analysed when the assessed fully leased net market income is divided by the adopted value/price which has been adjusted to account for property specific issues (i.e. rental reversions, rental downtime for imminent expiries, capital expenditure, current vacancies, incentives, etc).

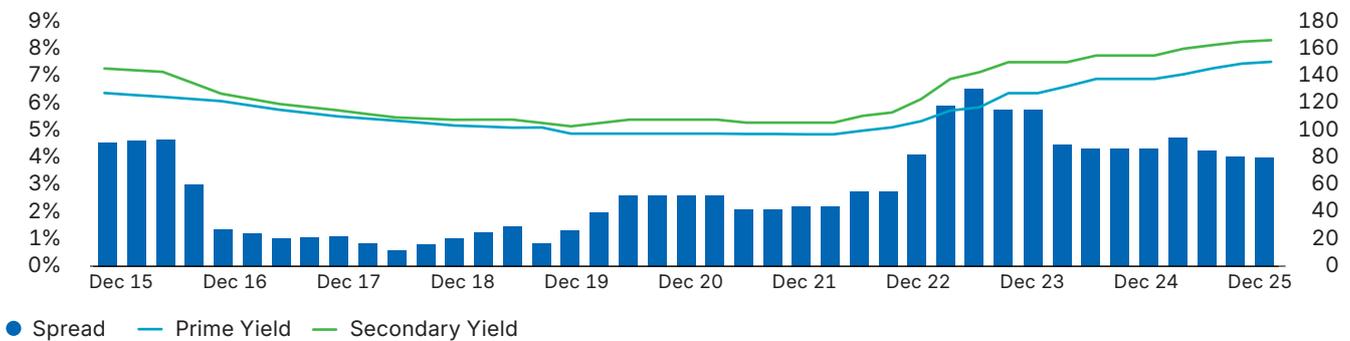
Independent Market Review

Capital Values and Yields

Office yields in North Sydney continued to expand through 2025 after holding flat in 2024. Over the year to 4Q 2025, prime yields expanded by 64bps to 7.5%, while secondary yields moved out by 57bps to 8.3%. The softening trend that began in mid-2021 has seen prime yields expand by 271 bps and secondary yields by 307bps. The ongoing expansion reflects the subdued investor appetite and an elevated risk premium.

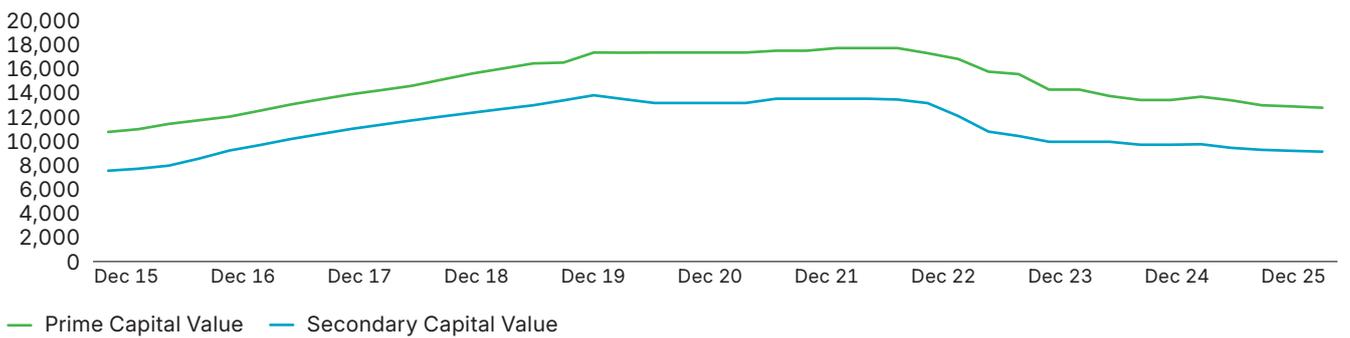
The continued softening of yields has translated into further declines in capital values. Prime capital values in North Sydney measured A\$12,619 per sq m at 4Q 2025, representing a 28% decline since 2022. Secondary capital values averaged A\$9,013 per sq m at the year-end, reflecting a 33% decline over the same period.

North Sydney Office Yield Spread (% (LHS), bps (RHS))



Source: Knight Frank Australia, 4Q 2025

North Sydney Office Capital Values (Prime vs Secondary, A\$/sq m)



Source: Knight Frank Australia, 4Q 2025

Economic Overview of Germany

Population

Germany, with approximately 84 million population, is the largest country in the European Union (EU). Population growth in recent years has been driven by strong immigration, offsetting natural decline.

GDP

After two consecutive years of recession, the German economy grew slightly in 2025. GDP rose marginally by 0.2 percent compared to the previous year as announced by the Federal Statistical Office.

Moderate growth is anticipated for 2026 due to a more expansive fiscal policy. With the planned investments in infrastructure and defence, an increase in government consumption is expected from 2026 onwards. Bundesbank and research institutes are currently forecasting GDP growth rates between 0.8% and 1.5% for the year 2026.

Labour Market

The weak economy is increasingly weighing on the labour market. Employment remained stable at around 46 million, but unemployment surpassed the 3-million mark in January 2026. Although seasonal factors played a role, the scarcity of job openings has pushed the chances of re-employment to a historic low, according to the Federal Employment Agency. As at January 2026, the unemployment rate stood at 6.6%.

Inflation

Following a period of high inflation in 2022 and 2023, the pace of price increases eased significantly in 2024. Over the course of 2025, Germany's inflation rate declined from 2.3% early in the year to around 2.0% by December 2025 within the ECB's target range.

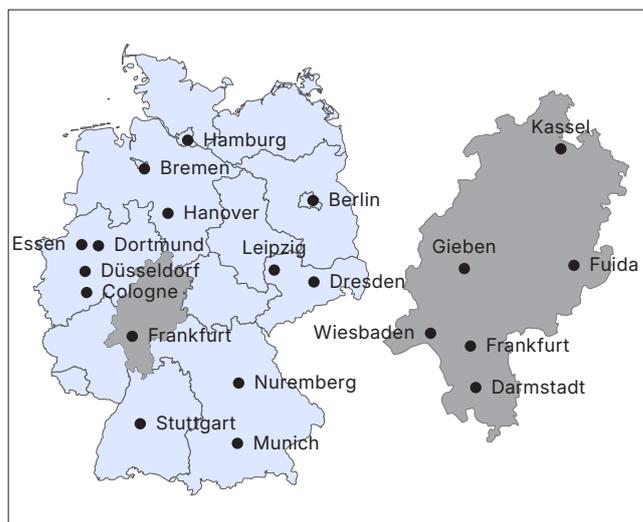
For the near term, the German government, and the EU Commission expect inflation rates to stabilise at around the European Central Bank's (ECB) 2% target.

Overview of Frankfurt

Frankfurt am Main is the largest city in the state of Hesse and the fifth largest city in Germany after Berlin, Munich, Hamburg and Cologne. The number of inhabitants is 778,000 with an upward trend in demographic forecast.

The three pillars of Frankfurt's economy consist of finance, transport, and trade fairs. For decades, the city has been the financial centre of Germany and the headquarters of large banks, insurance companies, audit/accounting firms and real estate service providers. The Frankfurt Stock Exchange is Germany's largest and one of the most important stock exchanges worldwide. The ECB, which sets the monetary policy for the Euro Zone, and the German Bundesbank are both based in Frankfurt. In addition, the headquarters of renowned major German banks, such as Commerzbank and Deutsche Bank, are located in Frankfurt.

In addition to companies in the banking sector, several international companies such as Lufthansa Group, Nestlé S.A., Oracle Corporation, PricewaterhouseCoopers International Limited and Sanofi S.A. also have offices or their European/German headquarters in Frankfurt.



Socio-Economic Performance Indicators

Economically speaking, Frankfurt is one of the most powerful and successful cities in Germany. The city benefits from a high attractiveness to companies and employees, which is mirrored by the well above average number of jobs. Due to the large number of high salary jobs, the city not only benefits from a high GDP and purchasing power, but also from a very high trade tax income. The adjusted trade tax income of Frankfurt is around three times higher than the German average. Due to these very attractive characteristics, it is expected that the positive economic and socio-demographic development of Frankfurt and Rhine-Main area will continue.

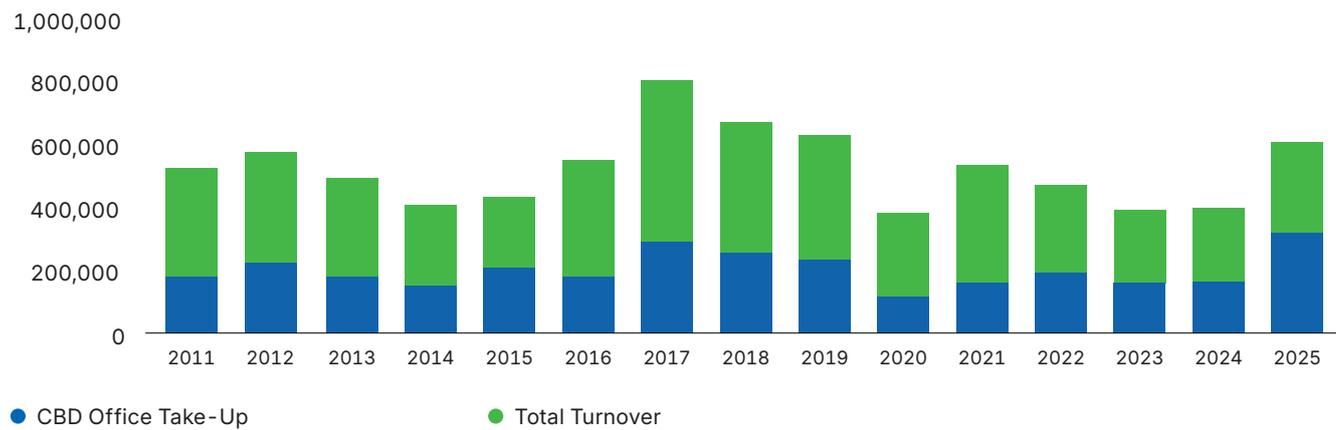
Independent Market Review

Office Take-Up Demand

The Frankfurt office market continued to perform very strongly despite challenging economic conditions. With a total office take-up reaching approximately 610,000 sq m across the entire market area in 2025, which exceeded the previous year by an impressive 54% increase, marked the

strongest letting performance since 2019. Moreover, it is the only top-tier German office market to record above its long-term average (+15%). The first quarter of 2025, with more than 200,000 sq m let, made a particularly significant contribution to the strong overall performance.

Frankfurt Office Take-up (sq m)



Source: Knight Frank Germany, 4Q 2025

The Frankfurt market was driven primarily by large-scale lettings. In 1Q 2025, pre-lettings by Commerzbank (73,000 sq m) and ING-DiBa (32,000 sq m) provided notable momentum. Additional major transactions were recorded in the second and third quarters, including KPMG with 33,400 sq m (2Q) in the Westend District and Allianz Global Investors with just over 17,000 sq m (3Q) in the Banking District.

Although the central prime locations are facing persistently high market demand, decentralised office locations tend to suffer from oversupply and demand remains low.

Supply Composition

The Frankfurt CBD, which includes the Westend, City Centre, and the Banking District, accounted for the largest share of overall office take-up in Frankfurt in 2025 and reported a vacancy rate of approximately 7.9% (City Centre & Westend) and 12.9% in the Banking district, while the total Frankfurt market vacancy rate stood at 12.0%. Approximately 267,500 sq m of office space was under construction in the CBD as at 2025, with around 74.0% being pre-let.

In contrast, the Airport District recorded a higher vacancy rate of around 11.6%, with this submarket contributing to only 5.4% of the Frankfurt office take-up in 2025.

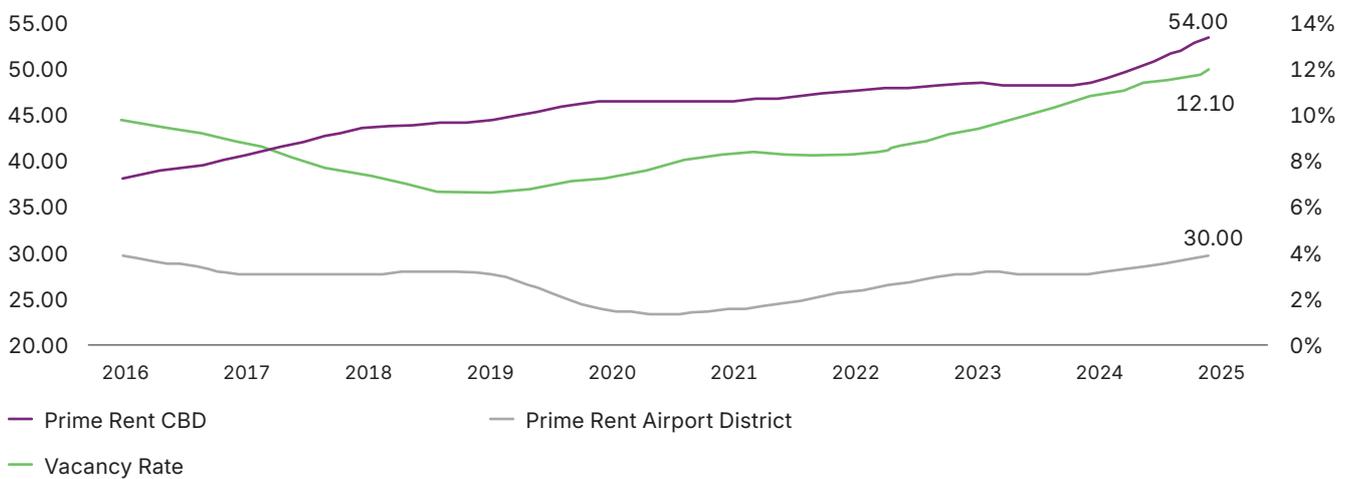
2025	Total Frankfurt Market	City Centre & Westend	Banking District	Airport District
Supply / stock	15,630,700	2,855,700	1,175,000	703,000
Take-up (sq m)	610,000	187,200	129,400	31,400
% of total take-up (%)	100	30.7	21.2	5.1
Vacant space (sq m)	1,880,000	360,000	152,000	81,500
Vacancy rate (%)	12	7.9	12.9	11.6
Under construction (sq m) / pre-letting ratio (%)	450,000 / 62.0	166,000 / 65.0	101,500 / 89.0	N.A.

Frankfurt Rental Values

Frankfurt office prime rent remained stable relative to the previous year and stood at €54.00 per sq m per month as at 2025. Frankfurt's average office rent increased significantly by 10.2% from €24.00 per sq m per month (2024) to €30.20 per sq m per month as per 2025.

Companies remained challenged by geopolitical tensions, an evolving financing environment and overcoming the climate crisis. Further polarisation of market tiers persisted, with users focusing on well-connected, central locations. Rising rents for modern, ESG-compliant spaces are often offset by a shift from larger to smaller units due to the rise of remote work and flexible work arrangements.

Office Rents and Vacancy (€/sq m (LHS), % (RHS))

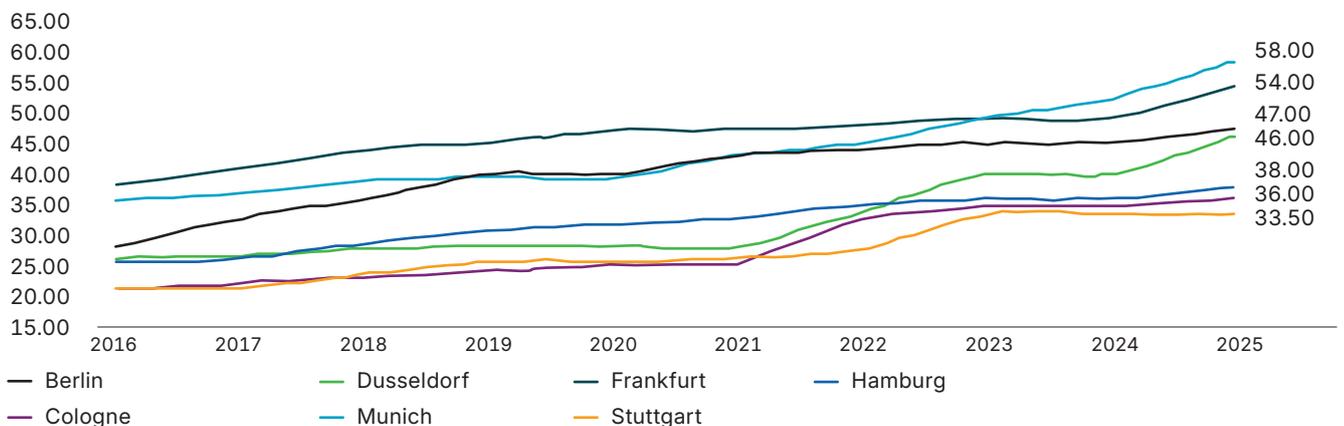


Source: Knight Frank Germany, 4Q 2025

Submarket Rental Overview

Banking District: with office rents ranging from €26.00 to €60.00 per sq m per month, the Banking district represents the highest rental bands of Frankfurt, reflecting its prime location and the high concentration of high-rise towers accommodating major financial institutions.

Prime Rents in Germany (€/sq m/month)



Source: Knight Frank Germany, 4Q 2025

Independent Market Review

City Centre & Westend: office rents typically span from €24.00 to €48.00 per sq m per month in the Westend and Inner-City Centre of Frankfurt.

Airport District: The submarket surrounding the Frankfurt Airport records rental bands range from €15.00 to €32.00 per sq m per month.

As demonstrated above, the Banking District, a key component of the Frankfurt CBD and home to most high-rise towers, commands the highest rents.

Rent Comparison of Frankfurt against other cities of Germany

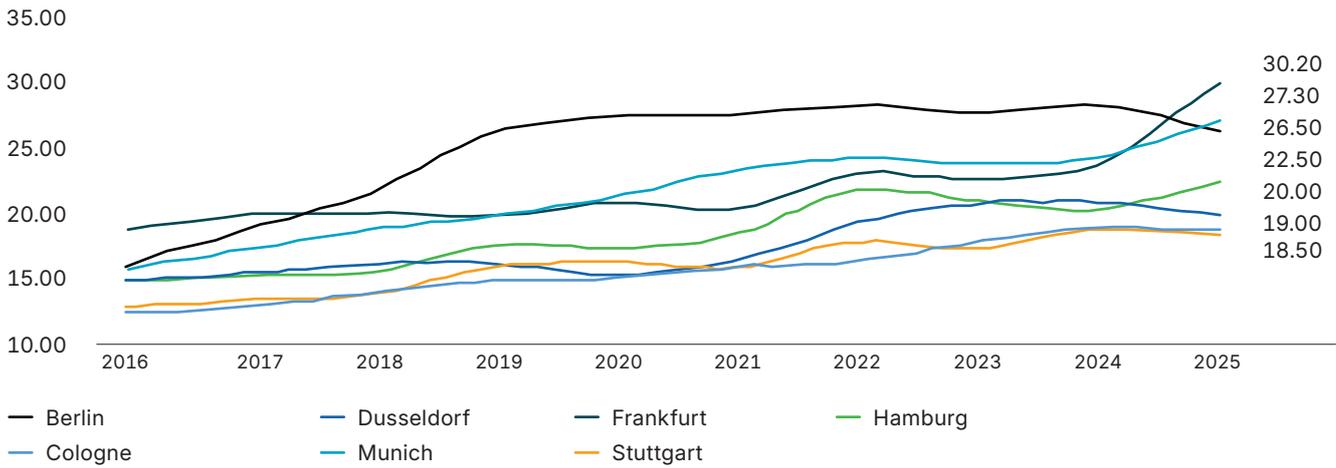
Prime office rents rose in 2025 across major German cities, led by Frankfurt (+10.2%), Munich (+8.4%), Düsseldorf

(+5.75%), Hamburg (+5.6%), and Berlin (+2.2%), driven by demand for ESG-compliant spaces. Rents held steady in Cologne and fell slightly in Stuttgart (-2.7%).

Prime rents (per sq m) ranged from €33.50 in Cologne to €58.00 in Munich, followed by Frankfurt (€54.00) and Berlin (€47.00). Average rents were highest in Frankfurt (€30.20), Munich (€27.30), and Berlin (€26.50), with the lowest being recorded in Cologne (€19.00) and Stuttgart (€18.50).

In 2025, only prime rents (per sq m) in Berlin, Frankfurt, and Munich exceeded the €25.00 mark, with average rents of €30.20, €27.30, and €26.50 respectively. Hamburg (€22.50) and Düsseldorf (€20.00) followed, while Cologne (€19.00) and Stuttgart (€18.50) recorded the lowest averages.

Average Rents in Germany (€/sq m/month)



Source: Knight Frank Germany, 4Q 2025

Office Rental Market Outlook

Germany's office leasing markets remain under pressure amid a slow economic recovery and structural shifts in the sector. However, strong activity in Frankfurt and Munich in 2025, driven by large scale leases in new or premium

buildings signals renewed confidence and could support modest take-up growth in 2026. Vacancy rates, particularly for secondary space in peripheral areas, are expected to rise, while the ongoing "flight to quality" is likely to sustain upward pressure on prime rents.

Development Pipeline CBD & Airport District

We detail the following development pipeline for the market segments of CBD, Banking District and Airport district:

Office Supply - Development Pipeline

Name	Market	Description	Area (sq m)	Expected completion
FOUR Frankfurt	CBD	Four high-rise mixed-use buildings (office, hotel, residential, retail), one of them being the third-highest building of Germany	115,200 of new office space in T1 and T4	Completion of T1: Q4 2024, remaining towers to be completed in 2026
Central Business Tower	Banking District	Office high-rise, 52 floors, 205 m height, owner Helaba fully pre-let to Commerbank	72,500 of new office space in the CBD	2028
Frankfurt Fürstenhof	Banking District	Listed office property with ground-floor retail), developer: Momeni fully pre-let to Allianz	34,000 GFA office and ground floor retail space	2Q 2026
Gloria Tower / Kaiser-Karree	Banking District	Tishman Speyer & CommerzReal developing 60,000 m ² high-rise (offices, hotel, retail)	60,000 high-rise (offices, hotel, retail)	2030
Central Parx Revitalization	Westend	ABG Real Estate & HanseMerkur refurbishing Westend ensemble; works began 2024/2025; 85% pre-let to White & Case.West	25,650	2028
Parktower Revitalization	Westend	DWS is modernising Park Tower, with KPMG as long-term anchor tenant occupying Park Tower and Opernturm podium	20,000	2028
Opernplatz 2	CBD	Developer: Lang & Cie no pre-letting yet	12,800	2028

Vacancy

The Frankfurt CBD vacancy rate stood at 9.4% as at 2025, while the vacancy rate of the Airport District was reported at nearly 11.6%.

This was contributed by an increase in number of tenants requesting to reduce their office space upon lease expiry. Additionally, there is an observable amount of office spaces offered for sublettings, which suggests that vacancies might increase in the near future.

Investment Volume

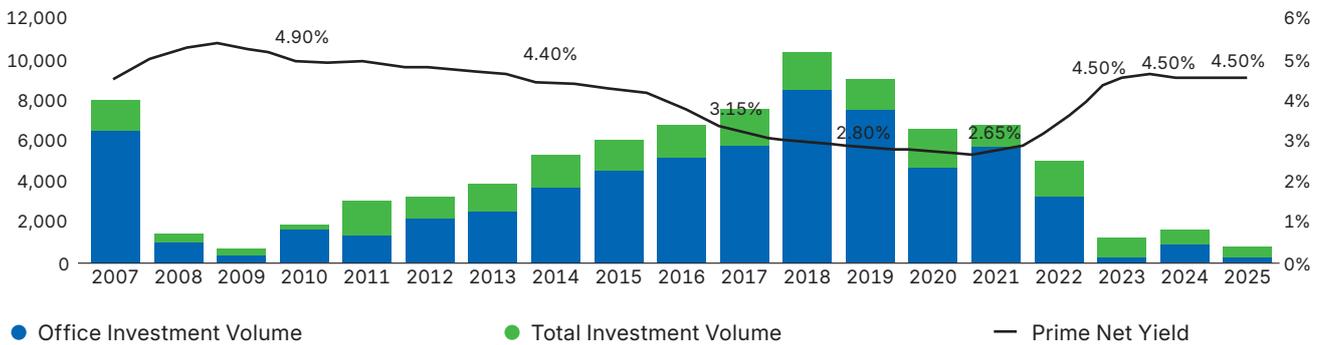
In 2025, the Frankfurt commercial investment market recorded a transaction volume of around €770 million, with approximately 40% (or €310 million) allocated to office properties. This corresponds to a decline of roughly 53% compared to the already subdued result of the previous year and represents one of the weakest performances since the 2009 financial crisis.

Independent Market Review

The lack of large-scale office transactions continues to weigh heavily on the market, while smaller deals remain well below pre-2022 levels. The largest single office transaction in Frankfurt in 2025 was the sale of the "SAP Tower" in Eschborn, which Branicks sold to an international investor. Notably, no office deal exceeding €100 million was recorded, demonstrating the ongoing low investor appetite for large-scale assets.

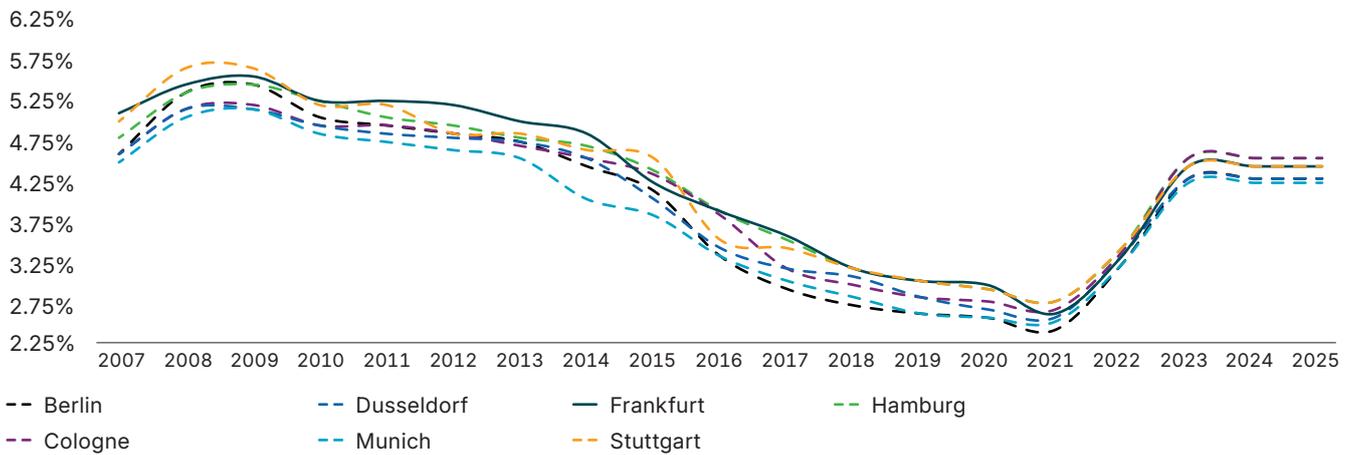
Currently, several large-scale office assets in Frankfurt, including "Opernturm", "Die Welle", and the "Trianon", remain on the market. Marketing for these properties began in 2025, but no transactions have been concluded to date.

Frankfurt Office Investment Market (€ mn (LHS), % (RHS))



Source: Knight Frank Germany, 4Q 2025

Germany Prime Office Yields (%)



Source: Knight Frank Germany, 4Q 2025

A significant increase in observed yields has been recorded since interest rate trajectory shifted on the upside in 2022. However, this trend has come to a halt in recent two years, with the net prime office yield in Frankfurt remaining steady at 4.5% as of 2025.

Office Investment Market Outlook

The German office investment market is likely to face challenges in 2026. Due to ongoing market uncertainties caused by a changing user behaviour and the cautious attitude of many investors, pressure on office properties remains high.

A slight sense of optimism is emerging, as more investors need to deploy their accumulated capital, and property owners are restructuring their portfolios, particularly by selling non-ESG-compliant properties. This could lead to increased transaction activity at higher yields outside

the core segment. Distressed sales will continue to shape the market, especially due to the ongoing insolvencies of project developers and the refinancing pressures faced by property owners.

Against this backdrop, a modest increase in office transaction volume is projected for 2026. Notably, major transactions such as the Opernturm (asking price €900 million) and Trianon (asking price €120 million) are presently under negotiation and may imminently elevate transactions volumes substantially.

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**CAPITALAND INTEGRATED COMMERCIAL
TRUST MANAGEMENT LIMITED**

Company Registration Number: 200106159R

168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Tel: +65 6713 2888

Fax: +65 6713 2999

Email: ask-us@cict.com.sg

<https://www.cict.com.sg>