

Keppel REIT

Full Year 2015 Financial Results

18 January 2016





1. Key Highlights	5
2. Financial Highlights	9
3. Capital Management	15
4. Portfolio Analysis	19
5. Market Review & Outlook	32

Important Notice

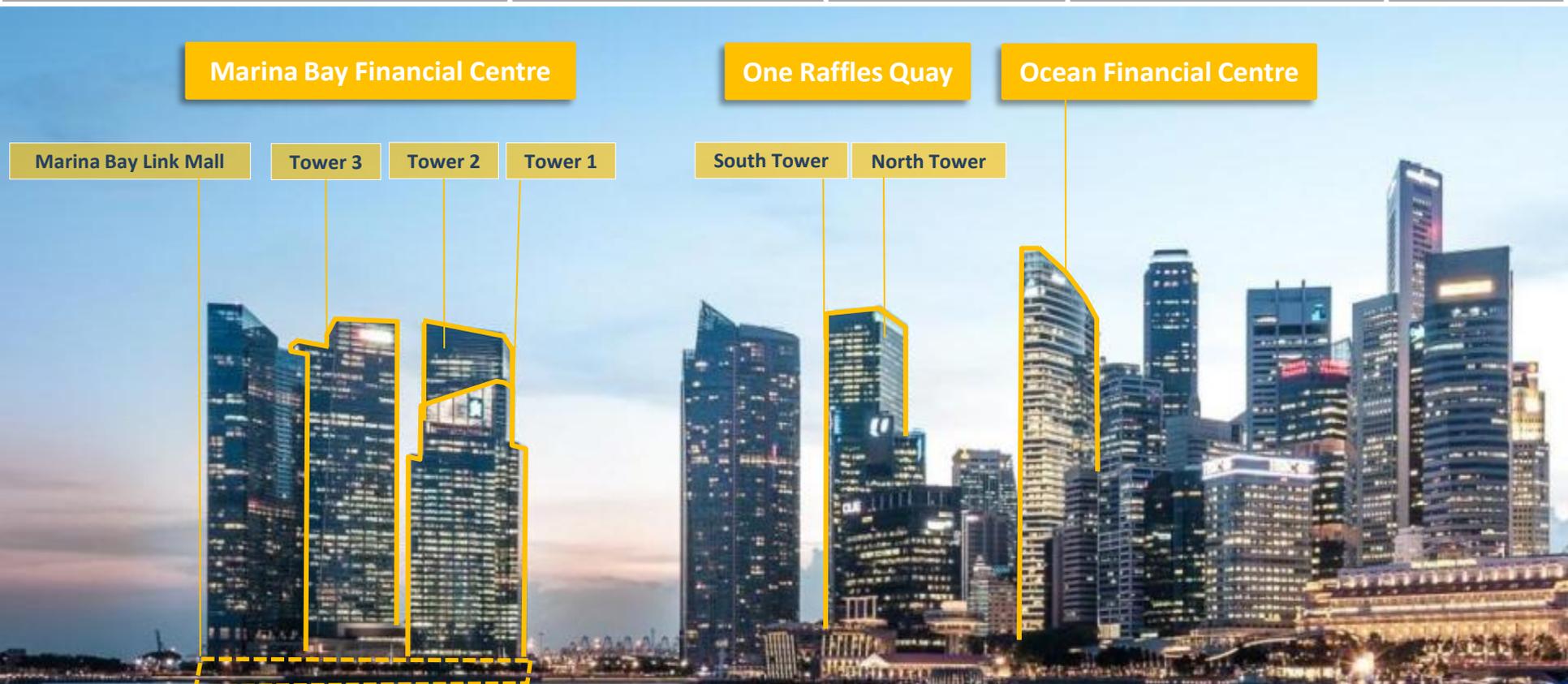
The value of Units and the income from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of Keppel REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel REIT is not necessarily indicative of the future performance of Keppel REIT.



Best-in-Class Assets in Strategic Locations	Largest Portfolio of Premium Office Assets	Assets Under Management	Well-Diversified Tenant Base	Youngest Portfolio
12 office towers in 9 quality Premium Grade and Grade A assets in the business and financial districts of Singapore and Australia	3.5 million sf total attributable NLA	S\$8.4 billion	311 tenants diversified across various business sectors	5 years



The above information is as at 31 December 2015.

(1) Based on market closing price per Unit of \$0.93 as at the last trading day, 31 December 2015.

- » **89%** of portfolio in Singapore and **11%** in Australia
- » **Youngest** and **largest portfolio of premium Grade A office assets** in Singapore's central business district
 - **Average portfolio age** of approximately **5 years**



- » **93%** of Singapore properties in the prime **Raffles Place** and **Marina Bay** precincts



Ocean Financial Centre
(99.9% interest)



Marina Bay Financial Centre
(33.3% interest)



One Raffles Quay
(33.3% interest)

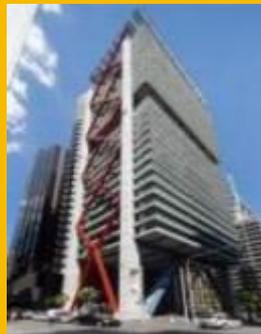


Bugis Junction Towers
(100% interest)



Australia

- » **Strategically** located in the key financial precincts of **Sydney, Melbourne, Brisbane** and **Perth**



8 Chifley Square, Sydney
(50% interest)



8 Exhibition Street, Melbourne
(50% interest)



77 King Street Office Tower, Sydney
(100% interest)



275 George Street, Brisbane
(50% interest)



Old Treasury Building Office Tower, Perth
(50% interest)

1. Key Highlights

UNLEASHING POTENTIAL

Building on firm foundations, we push boundaries and unlock greater potential to drive continual growth.

Keppel REIT

Ocean Financial Centre,
Singapore



- » **Higher distributable income** y-o-y of **\$54.0m** for **4Q 2015** and **\$217.3m** for **FY 2015**
 - **17.8% ↑** over 4Q 2014 and **5.4% ↑** over FY 2014 respectively, and **sustained** on a q-o-q basis
 - **Higher property income** from **all assets in Singapore and Australia**
 - **Full-year contribution** from **MBFC Tower 3** which saw **stronger share of results of associates**
 - **Increased contributions** from **8 Chifley Square in Sydney** and **the office tower in Perth** which led to **higher share of results of joint ventures**

- » Achieved **higher distributable income** despite
 - Lack of income from the divested Prudential Tower
 - Absence of rental support from the 87.5% interest in Ocean Financial Centre and MBFC Phase One

- » DPU of **1.68 cents** for **4Q 2015**, amounting to a total of **6.80 cents** for **FY 2015**
 - Annualised distribution yield of **7.3%**⁽¹⁾



(1) Based on the market closing price per unit of \$0.93 as at the last trading day, 31 Dec 2015.



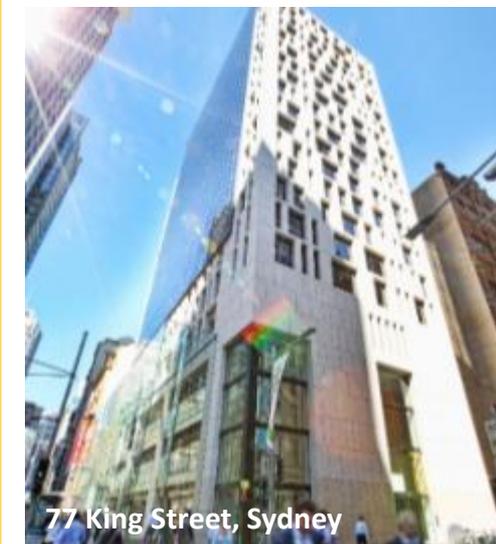
- » **Gearing level reduced significantly** by approximately 8% to **39.3%**
- » Maintained fixed-rate loans of 70%, which **safeguards against interest rate volatility** and **provides certainty of interest expenses**
- » Average cost of debt remained **stable** at **2.5%** and **interest coverage ratio** at a **healthy** level of **4.4 times**
- » **Completed almost 100% of refinancing needs in 2016**, and maintained **well-staggered debt maturity profile** with **weighted average term to expiry** at a **healthy 3.7 years**
- » Close to **100%** of income from Australia **hedged up till 3Q 2016**



- » Concluded a total of **114** leases or approximately **1.6 mil sf** (attributable space of 800,000 sf) of **prime office spaces** in 2015
 - **Healthy demand** from firms in the **TMT** sector in **2015**
- » **High overall portfolio occupancy** of **99.3%** as at end-2015
- » Continued to **intensify** efforts to **retain** and **secure new tenants**
 - **High tenant retention rate** of **90%** as at end-2015
 - Achieved **positive rent reversion** averaging **13%** for office leases in Singapore
- » Approximately **75%** of leases **not due for renewal till 2018 and beyond**
- » **Government of Western Australia (WA)** commenced its **25-year lease** in **November 2015**
- » On 17 January 2016, Keppel REIT announced the **divestment** of its interest in **77 King Street** in Sydney for A\$160 million or approximately S\$160 million⁽¹⁾
 - Approximately **40% above original purchase price** of A\$116 million in end-2010 and an approximate **27% premium over valuation** of A\$126 million⁽²⁾
 - To **maximise** and **capture value** for Unitholders



One Raffles Quay



77 King Street, Sydney

(1) Based on the exchange rate of A\$1=S\$1 as at 14 January 2016

(2) Valuation as at 31 July 2015.

2. Financial Highlights

STRATEGIC INTENT

Our focus on the triple bottom line spurs us to make strategic decisions to ensure sustainable growth for our business.

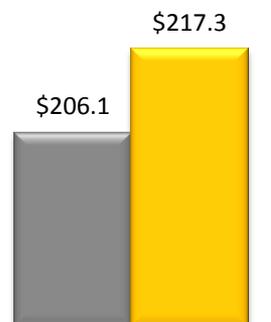
One Raffles Quay,
Singapore

Keppel REIT

- » **Distributable income** ↑ **17.8%** y-o-y for **4Q 2015** and ↑ **5.4%** y-o-y for **FY 2015**, despite:
 - Lack of income from the divested Prudential Tower
 - Absence of rental support from the 87.5% interest in Ocean Financial Centre and MBFC Phase One
- » **Higher distributable income** due to:
 - **Higher property income** from **all assets in Singapore** and **Australia**
 - **Full-year contribution** from **MBFC Tower 3** which saw **stronger share of results of associates**
 - **Increased contributions from 8 Chifley Square in Sydney** and **the office tower in Perth** which led to **higher share of results of joint ventures**

FY 2015 Distribution Income

up 5.4% y-o-y
\$217.3 mil



Distribution Income
■ FY 2014 ■ FY 2015

4Q 2015 Distribution Income

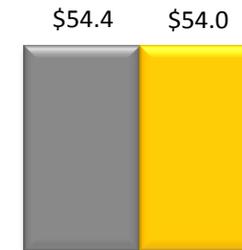
up 17.8% y-o-y
\$54.0 mil



Distribution Income
■ 4Q 2014 ■ 4Q 2015

4Q 2015 Distribution Income

stable q-o-q
\$54.0 mil



Distribution Income
■ 3Q 2015 ■ 4Q 2015



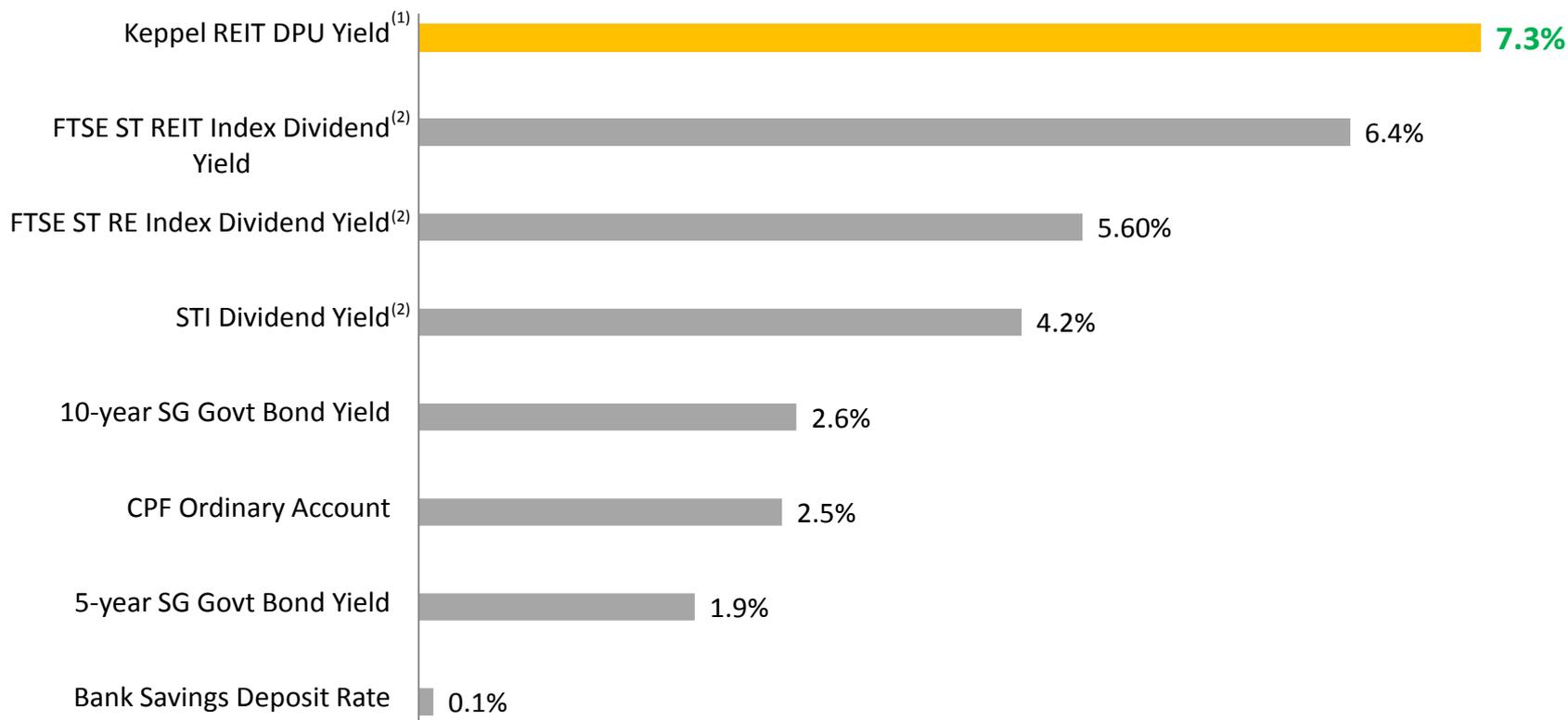
» DPU for FY 2015 was 6.80 cents, translating to a **distribution yield** of **7.3%**⁽¹⁾

	FY 2015	FY 2014	Remarks
Property Income	\$170.3m	\$184.1m	Absence of income from Prudential Tower, and higher property income from all assets in Singapore and Australia
Net Property Income	\$137.5m	\$151.4m	
Share of Results of Associates	\$75.7m	\$60.7m	Increase 24.6% y-o-y due to full-year income contribution from the one-third stake in MBFC Tower 3
Share of Results of Joint Ventures	\$17.2m	\$9.8m	Rose 74.3% y-o-y due to higher contributions from 8 Chifley Square in Sydney and the office tower in Perth
Distributable Income to Unitholders	\$217.3m	\$206.1m	Increased 5.4% despite lack of income from Prudential Tower, as well as absence of rental support from Ocean Financial Centre and MBFC Phase One

(1) Based on the market closing price per unit of \$0.93 as at the last trading day, 31 Dec 2015.



» Keppel REIT continues to offer an **attractive yield** compared to other investments



⁽¹⁾ Based on Keppel REIT's 6.80 cents DPU for FY2015 and market closing unit price of \$0.93 as at 31 December 2015.

⁽²⁾ Based on Bloomberg's dividend yield data for the FTSE ST Real Estate Investment Trust (REIT) Index, FTSE ST Real Estate (RE) Index and Straits Time Index (STI) as at 31 December 2015.

Sources: Bloomberg, Monetary Authority of Singapore, Central Provident Fund and Singapore Government Securities.

	As at 31 December 2015	As at 30 September 2015
Non-current Assets	\$7,261 mil	\$7,041 mil
Total Assets	\$7,425 mil	\$7,273 mil
Borrowings ¹	\$3,341 mil	\$3,554 mil
Total Liabilities	\$2,648 mil	\$2,828 mil
Unitholders' Funds	\$4,626 mil	\$4,444 mil
Adjusted NAV Per Unit ²	\$1.42	\$1.37

(1) These included borrowings accounted for at the level of associates and excluded the unamortised portion of upfront fees in relation to the borrowings.

(2) For 30 September 2015, this excluded the distribution paid in November 2015.

For 31 December 2015, this excluded the distribution to be paid in February 2016.



Distribution Per Unit (DPU)

1.68 cents

Distribution Period

1 October 2015 – 31 December 2015

Distribution Timetable

Trading on “Ex” Basis

Friday, 22 January 2016

Books Closure Date

Tuesday, 26 January 2016

Distribution Payment Date

Friday, 26 February 2016

Singapore



Australia



3. Capital Management

UNRELENTING TENACITY

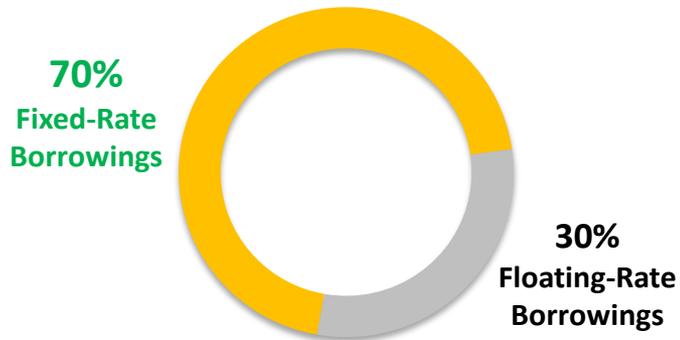
Our steadfast discipline and prudent capital management approach propel us towards operational efficiency in all that we do.



Disciplined Capital Structure

- » Gearing level **reduced significantly** by approximately **8%** to **39.3%**
- » Maintained **fixed-rate** loans of **70%**
 - **Safeguards against interest rate volatility** and provides **certainty of interest expenses**
- » Average cost of debt remained **stable** at **2.5%** and **interest coverage ratio** at a **healthy level** of **4.4 times**

Borrowings on Fixed-Rate



% of Assets Unencumbered

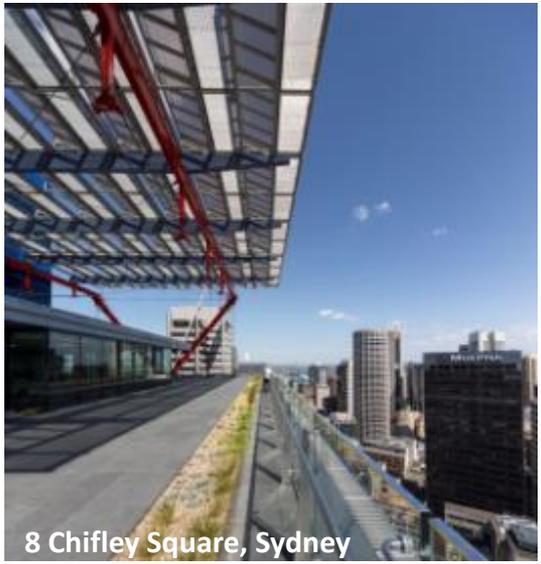


	As at 31 Dec 2015
Gross Borrowings	\$3,341 mil
Interest Coverage Ratio	4.4 times
All-in Interest Rate	2.5%
Weighted Average Term to Expiry	3.7 years
Aggregate Leverage	39.3%
Moody's Rating	Baa2

	DPU Change
Every 100 bps ↑ in SOR	~0.15 cents ↓ in DPU

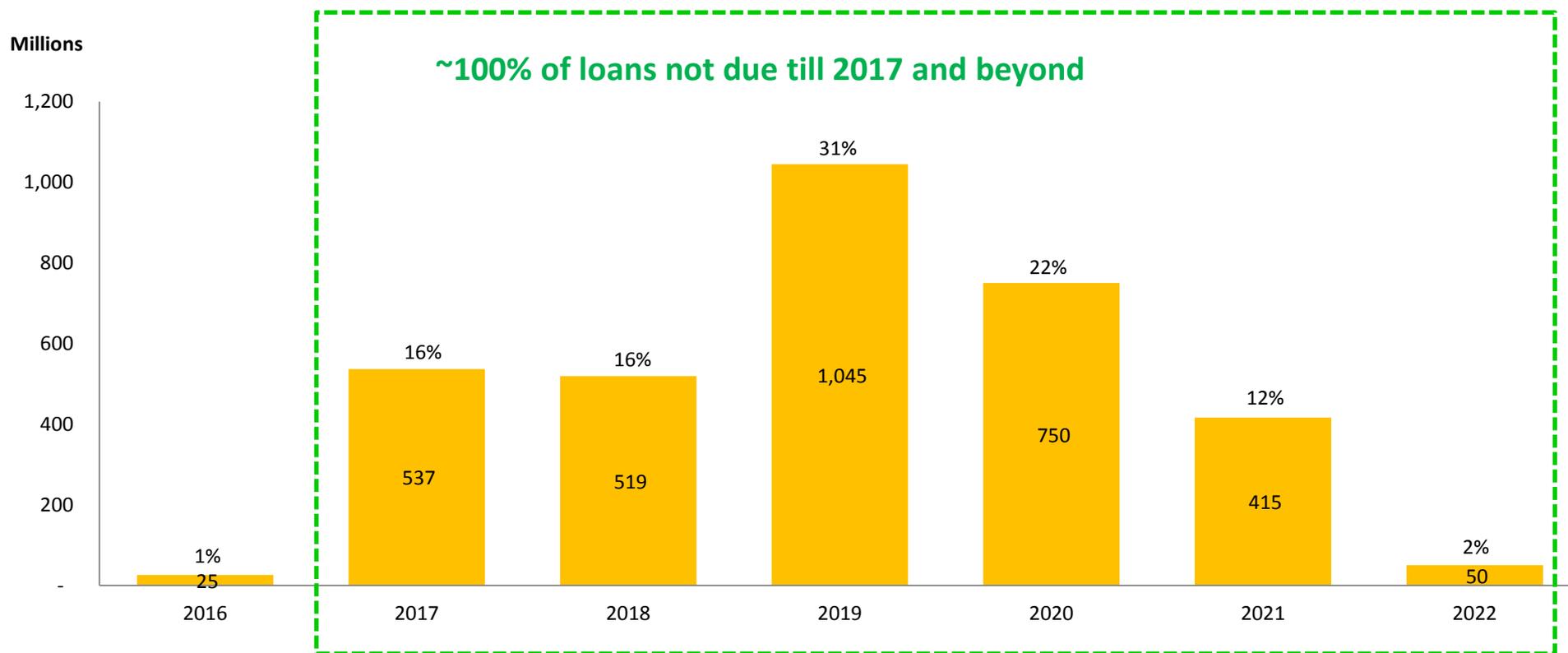
- » **Almost 100%** of income from Australia **hedged up till 3Q 2016**
- » Impact of **AUD movement** on **Keppel REIT's DPU, NAV** and **gearing**:

	Assuming AUD 1:SGD 0.95
DPU	Minimal
NAV	↓ by 2 cents
Gearing	↑ by 0.3%





- » Completed almost 100% of refinancing requirements in 2016
- » Continued to maintain well-staggered debt maturity profile with weighted average term to expiry at a healthy 3.7 years



4. Portfolio Analysis

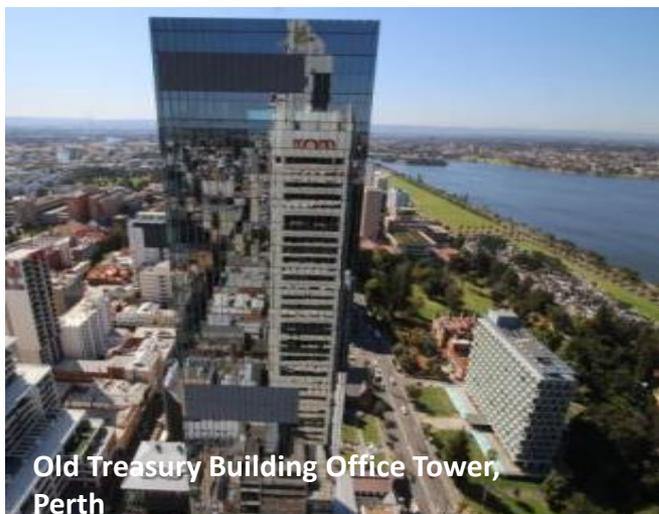
ENGAGING **TENANTS**

Tenants are the heart of our buildings. Keen understanding of their business and regular interactions help us create enduring partnerships.

275 George Street, Brisbane



- » Achieved **high overall portfolio occupancy** of **99.3%** as at end-2015
 - **Ongoing proactive marketing** and **rigorous leasing efforts** to manage the challenging operating environment due to impending supply
- » Concluded total of **114** leases or approximately **1.6 mil sf** (att. space of 800,000 sf) in 2015
 - Accounts for approximately **23%** of Keppel REIT's net lettable area under management
 - Approximately **30%** (32 leases) or **480,000 sf** (att. space of 222,000 sf) committed in 4Q 2015
 - **Half of new leases** in 4Q 2015 from firms in the **TMT sector**
- » Continued to **intensify** efforts to **retain existing** and **secure new tenants**
 - **High tenant retention rate** of **90%** as at end-2015
 - **Positive rent reversion** averaging **13%** for office leases in Singapore
- » Approximately **75%** of leases **not due for renewal till 2018 and beyond**



Old Treasury Building Office Tower,
Perth



Ocean Financial Centre



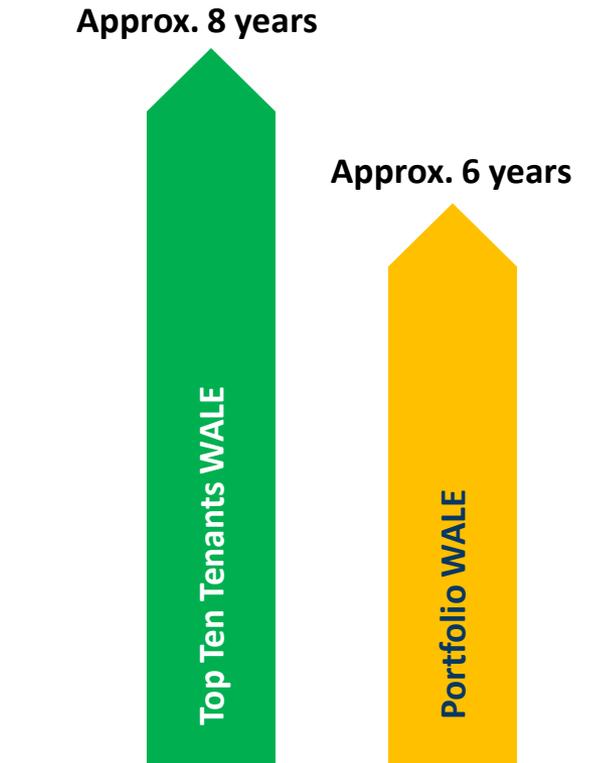
Marina Bay Financial Centre



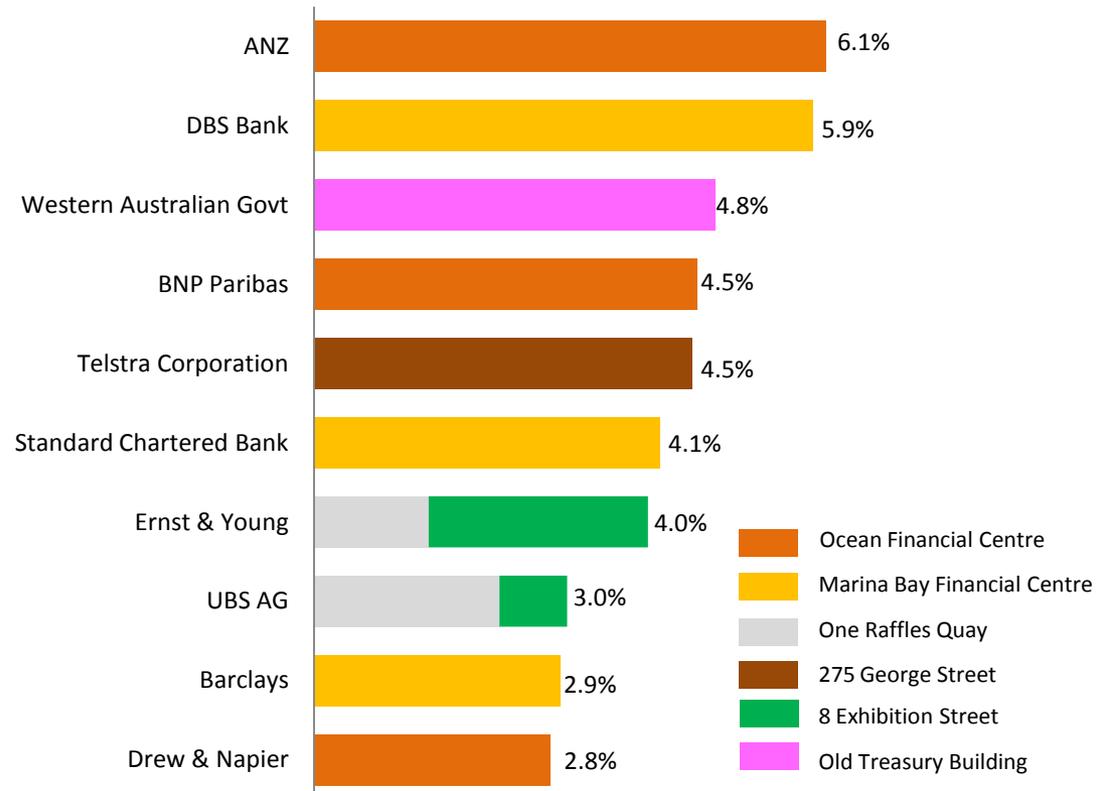
Long Weighted Average Lease Expiry

- » **Top 10 tenants** accounted for approximately **43%** of portfolio NLA
- » **Long WALE** of approximately **8 years** and **6 years** for top 10 tenants and portfolio respectively
 - Enhance **income sustainability and resilience** over a long period

Weighted Average Lease Expiry (WALE)



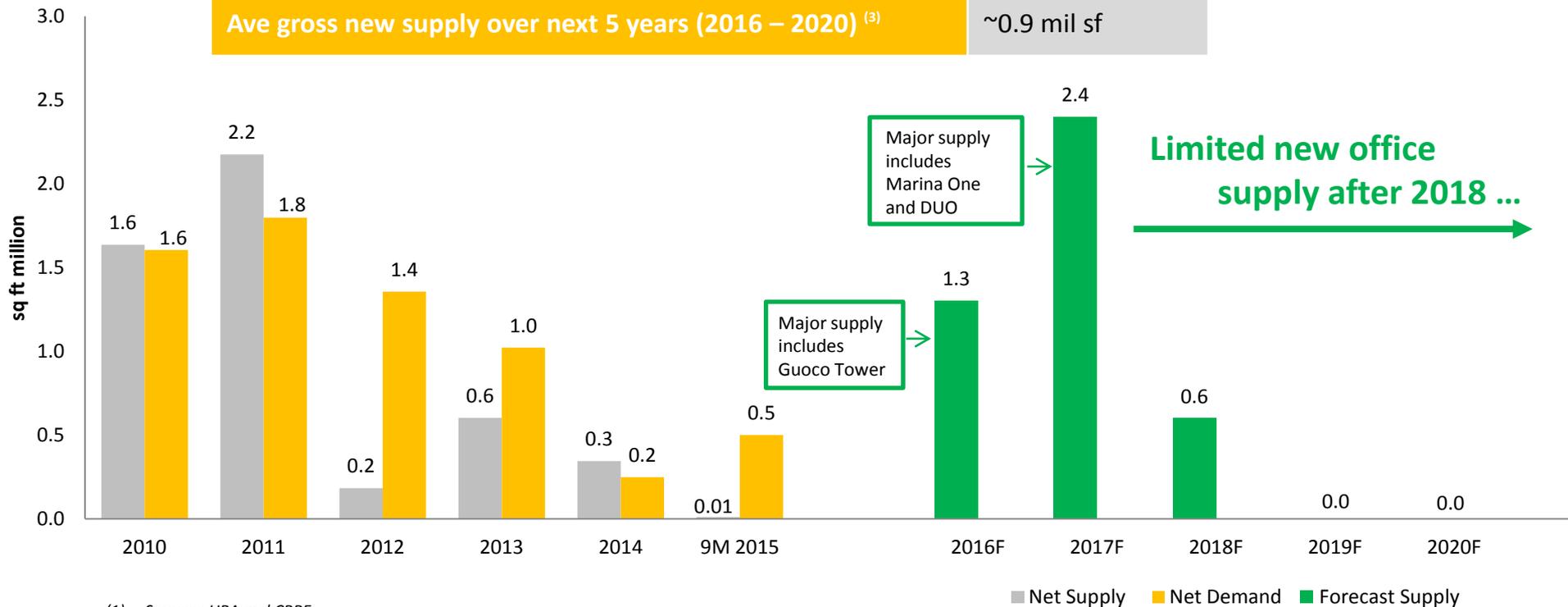
Top Ten Tenants (by NLA)





- » **Healthy demand** for office space of approximately **1.2 mil sf p.a.** in the last 5 years
- » Average supply of approximately **0.9mil sf p.a.** over the next 5 years till end-2020
- » **Limited new office supply after 2018**

5 years (2010 – 2014) Ave annual net demand ⁽²⁾	~1.2 mil sf
5 years (2010 – 2014) Ave annual net supply ⁽²⁾	~1.0 mil sf
Ave gross new supply over next 5 years (2016 – 2020) ⁽³⁾	~0.9 mil sf



(1) Sources: URA and CBRE

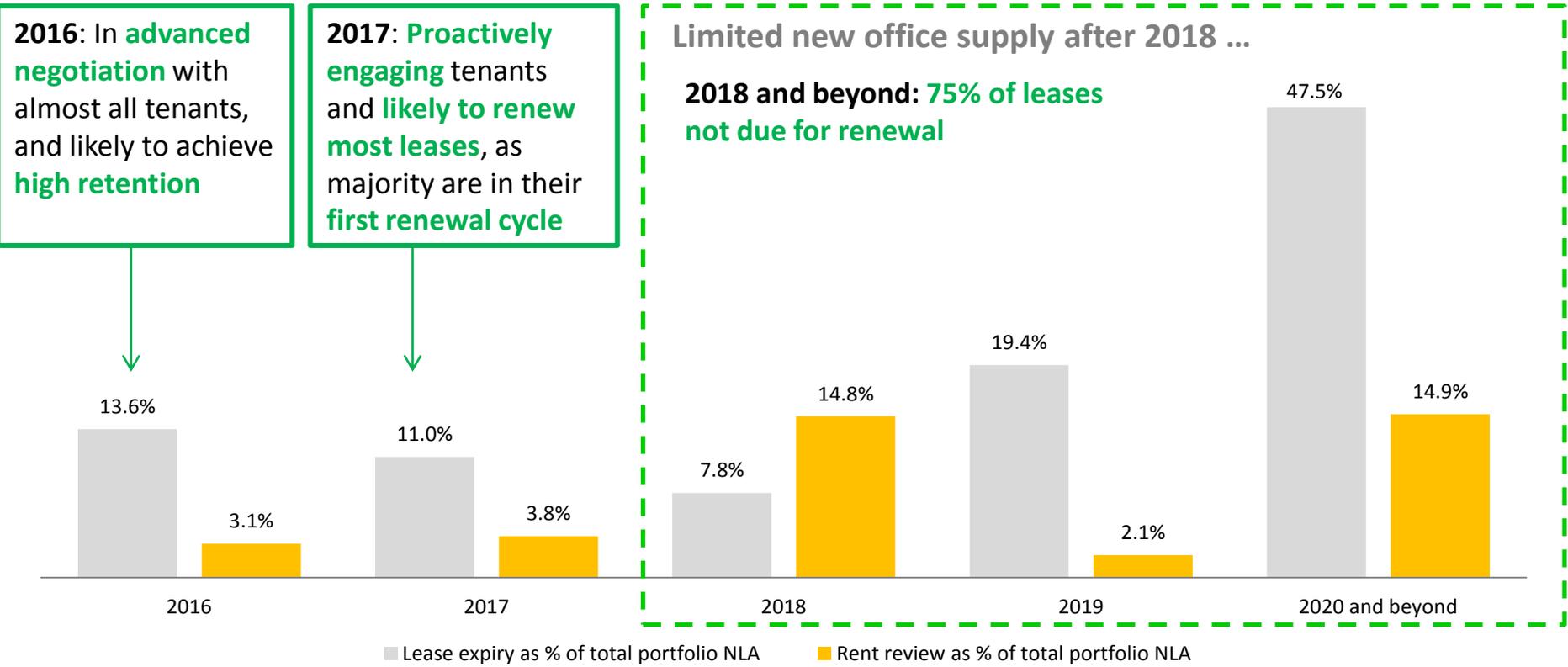
(2) Net demand and supply of office space in Downtown Core, Orchard and Rest of Central Area

(3) Forecast new supply excludes strata offices



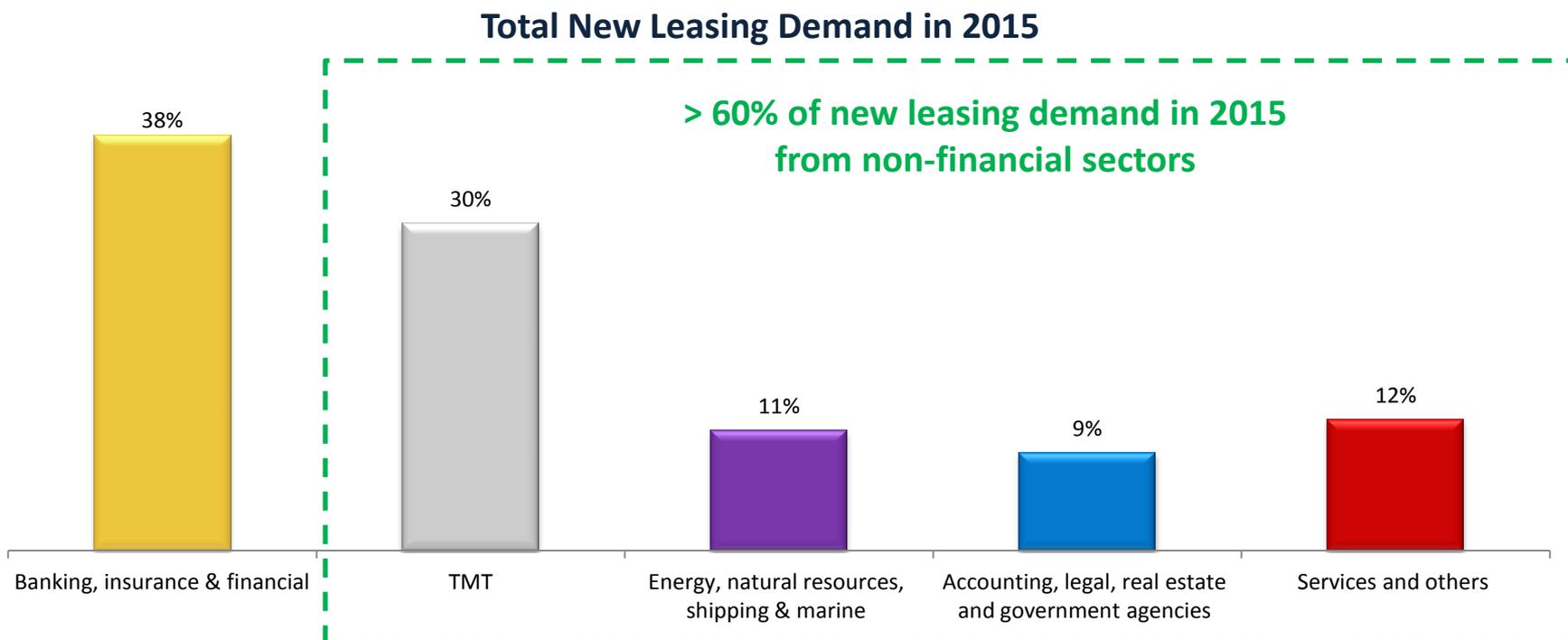
- » The Manager is in **advanced negotiations** with tenants whose **leases are expiring in 2016** and is **likely to achieve high retention**
- » Similarly, for **leases expiring in 2017**, the Manager is also **proactively engaging tenants** and is **likely to renew most of the leases** as the **majority** these tenants are in their **first renewal cycle**
- » Approximately **75%** of leases **not due for renewal till 2018 and beyond**

Portfolio Lease Profile (By NLA) as at 31 December 2015





- » Concluded total of **114** leases or approximately **1.6 mil sf** (att. space of 800,000 sf) for the whole of 2015
- » **Healthy demand** from tenants for Keppel REIT's prime office spaces in Singapore in 2015
 - Half were **new to Keppel REIT's portfolio**
 - One quarter were tenants **new to Singapore**
 - One quarter were **expansion by existing tenants**





Leasing Activities in 4Q 2015

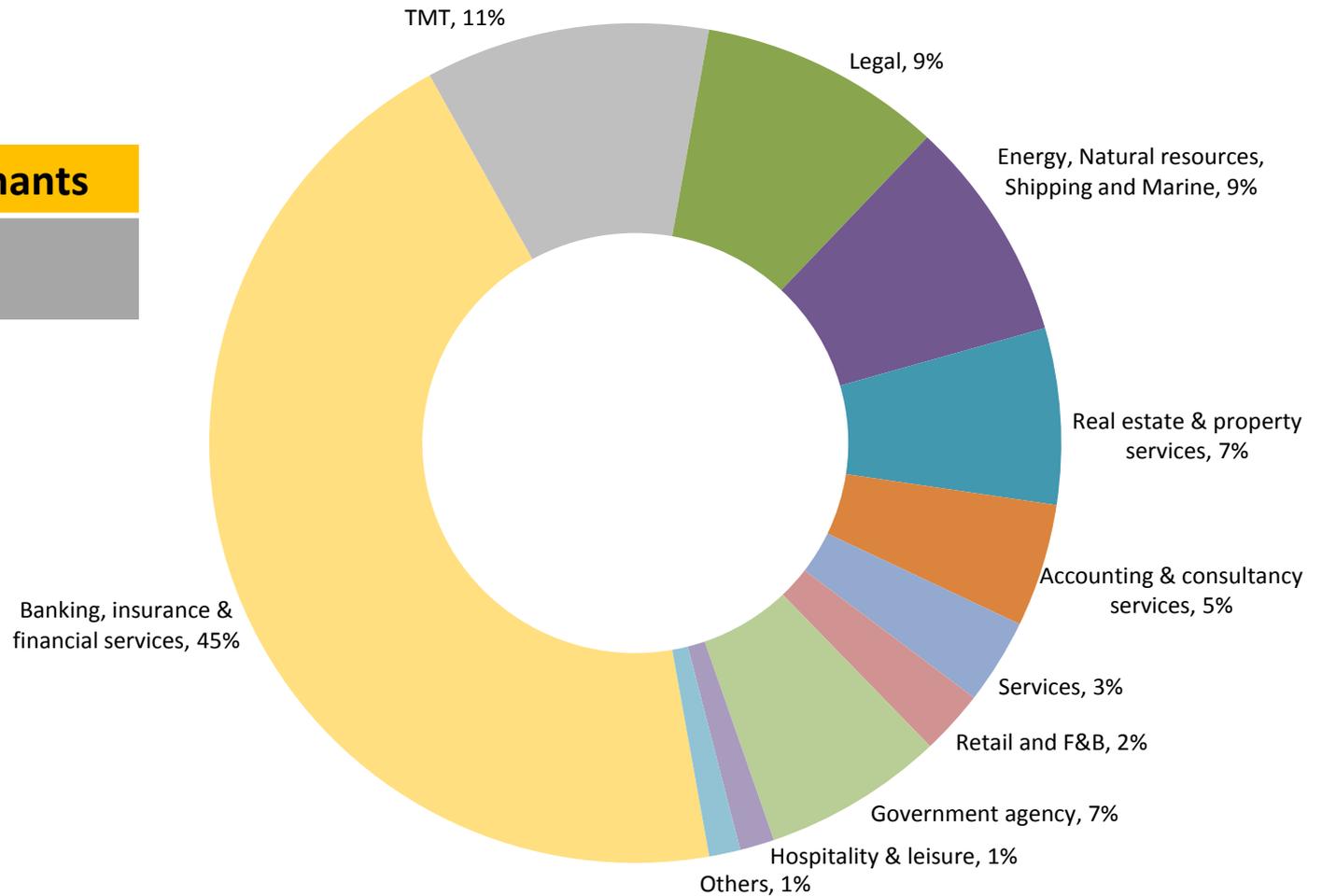
- » Concluded a total of **32 leases** or approximately **480,000 sf** of space in 4Q 2015
- » Of the **new leases secured** in 4Q 2015
 - 60% were tenants **new to Keppel REIT's portfolio**
 - 20% were tenants **new to Singapore**
 - 20% were **expansion by existing tenants**
- » **Healthy demand** from firms in the **TMT sector** in 4Q 2015
 - Accounted for **half** of the **new leases signed**
 - New tenants include Netflix





» Continued to maintain **well-diversified tenant base** from **various business sectors**

Number of tenants
311⁽¹⁾

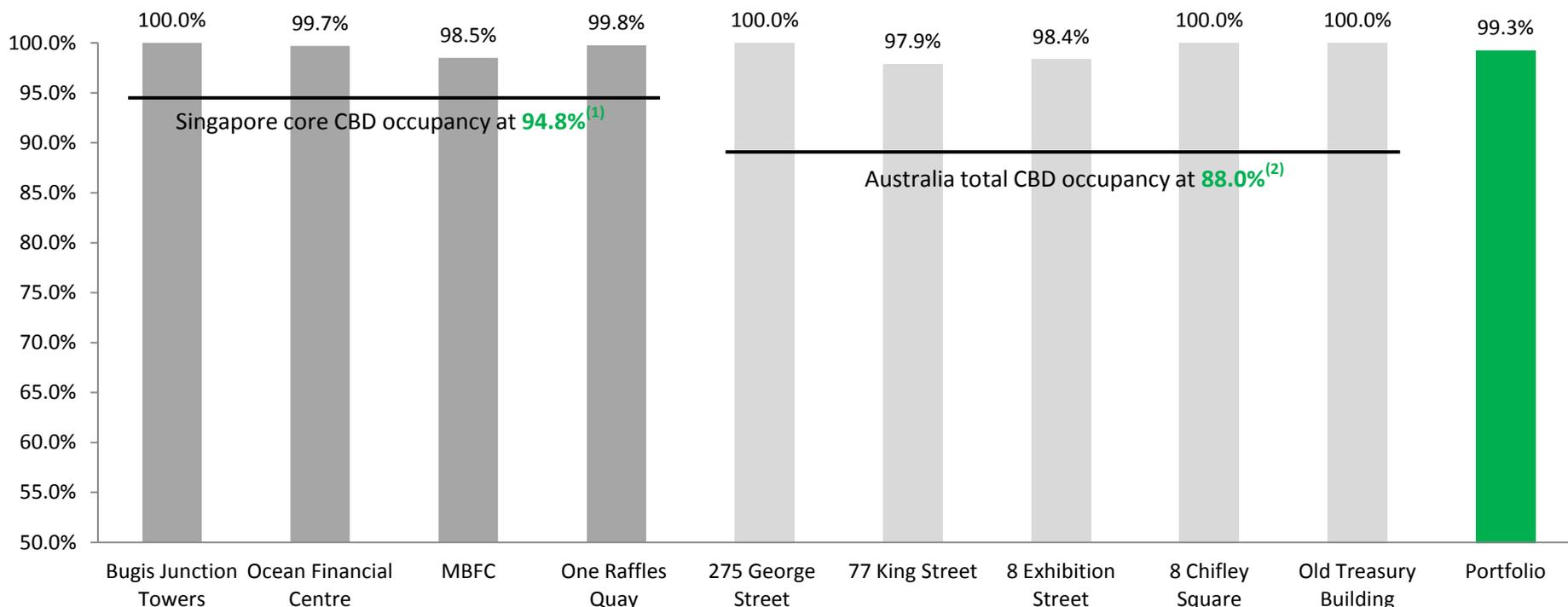
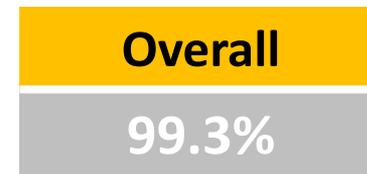
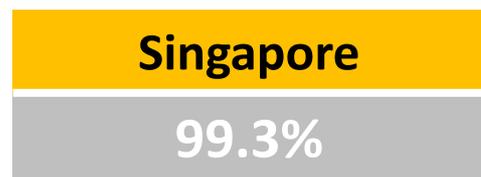


(1) Tenants with multiple leases were accounted as one tenant



Stable Committed Occupancy Levels

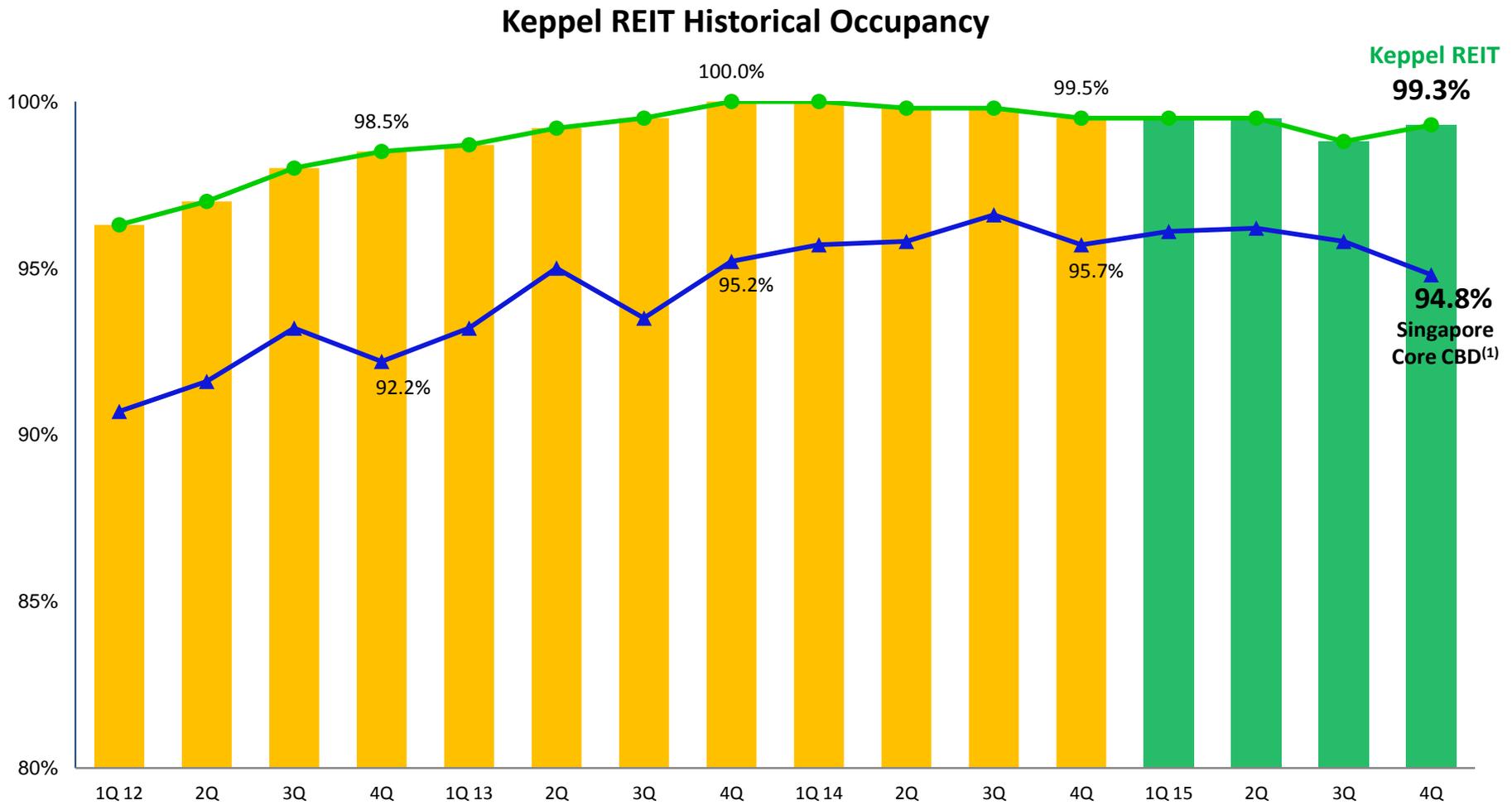
» Maintained **high portfolio committed occupancy of 99.3%**



(1) Preliminary numbers by CBRE, 4Q 2015

(2) JLL, October 2015

» Keppel REIT's Singapore portfolio occupancy **consistently above Core CBD occupancy levels**



(1) Preliminary numbers by CBRE, 4Q 2015 ■ Keppel REIT Singapore Occupancy ▲ Singapore Core CBD Occupancy

- » **Government of Western Australia** commenced its 25-year lease in **November 2015**
- » Effective **return** of **7.15%**
- » **Fixed annual rental escalation** throughout lease term, with options for **another 25 years**



SGX Bull Charge Charity Run

- » Keppel Group contributed a total of \$30,000 to support the annual SGX Bull Charge
- » Keppel REIT staff joined participants from the finance industry and SGX-listed companies in raising funds for the underprivileged



Christmas Cheer

- » Tenants of Ocean Financial Centre and Bugis Junction Towers as well as those working in the vicinities were invited to grant wishes and make contributions to the children from Movement for the Intellectually Disabled of Singapore (MINDS)
- » Tenants were treated to Christmas carolling performances by the Anglo-Chinese Junior College choir





Singapore Corporate Awards 2015

Conferred **Best Investor Relations (Gold)** (REITs & Business Trusts) award at the Singapore Corporate Awards 2015



Global Real Estate Sustainability Benchmark (GRESB)

Keppel REIT became the first REIT in Asia to **maintain its pole position** in the internationally-recognised GRESB 2015



16th SIAS Investors' Choice Awards

Awarded runner-up for **Most Transparent Company Award** (REITs and Business Trusts) category by SIAS



PUB Water Efficient Building (WEB) Certification 2015

Ocean Financial Centre, MBFC Phase One and **MBFC Tower 3** were all conferred the **Gold awards** while **Bugis Junction Towers** was conferred the **Silver award**

Lauded for Sustainable and Good Corporate Governance

5. Market Review & Outlook

HARNESSING COMPETENCIES

*We leverage our strengths to invest in growth
and capture opportunities with agility*

8 Exhibition Street, Melbourne

Keppel REIT



Singapore

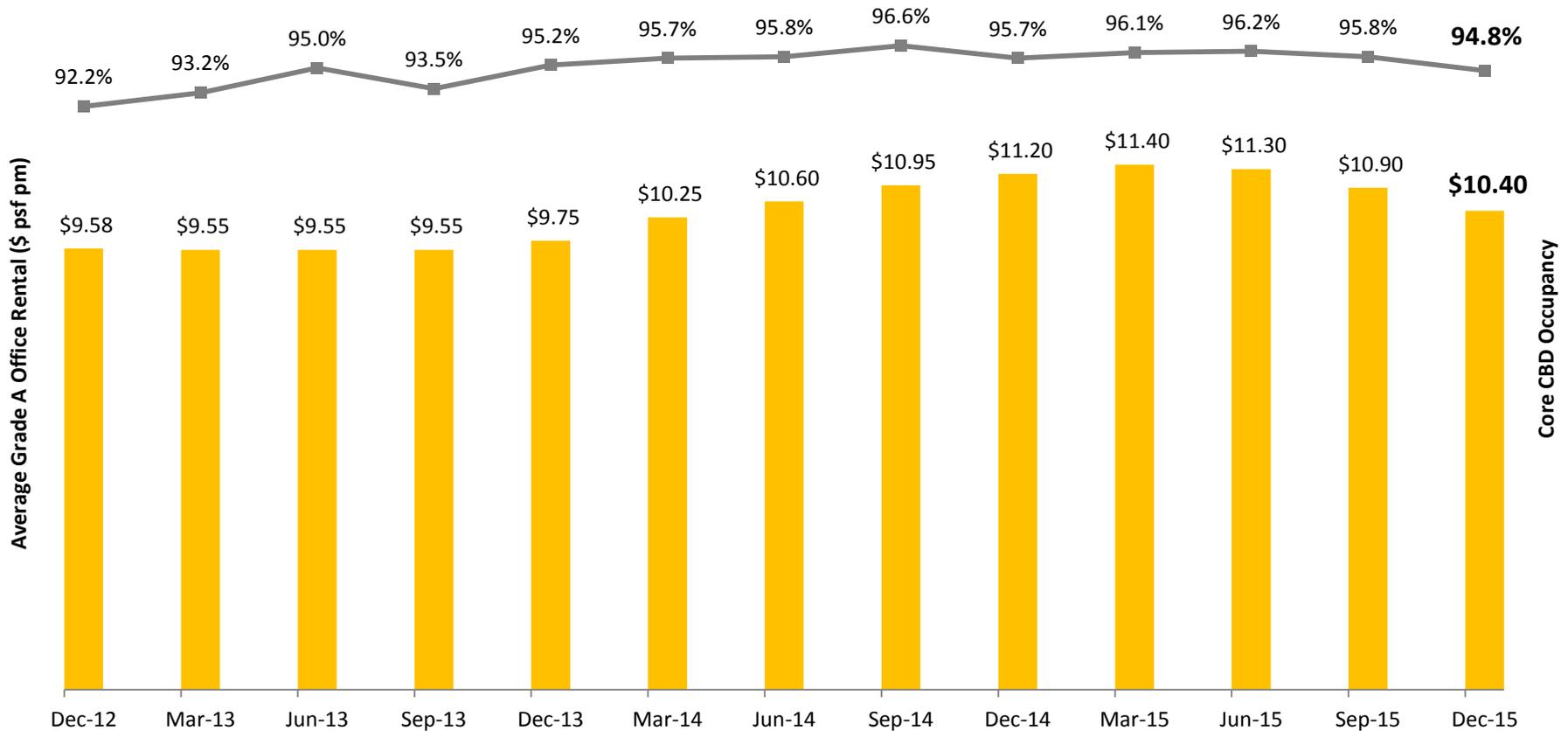
- » Advance estimates indicate that the Singapore economy is expected to record 2.0% y-o-y growth in 4Q 2015, supported by expansion in the construction and services sectors
- » Modest growth of close to 2.1% for the whole of 2015, and between 1-3% for 2016 on the back of tepid global growth
- » The slowing economy continued to weigh in on office demand in 2H 2015
- » Office demand in the quarter was driven by growth in the TMT, financial and insurance as well as pharmaceutical sectors
 - TMT sectors are expected to continue to expand at an impressive rate and contribute meaningfully to take-up in office space
 - Asian financial institutions as well as insurance and pharmaceutical firms are also expected to drive demand for spaces in core CBD market



Sources: Ministry of Trade and Industry and preliminary numbers by CBRE, 4Q 2015



- » **Occupancy** in Singapore's **core CBD** remained **stable** at **94.8%**
- » Average Grade A rents at approximately **\$10.40 psf** in 4Q 2015



Source: Preliminary numbers by CBRE, 4Q 2015

■ Average Grade A Rental (\$ psf pm)

—■ Core CBD Occupancy



Australia

- » The Australia economy grew 2.5% y-o-y in 3Q 2015, exceeding economists' median forecast of 2.4%
- » 4Q 2015 growth expected to remain steady at 2.5%, while growth in 2016 is forecast to be between 2-3%
- » Improving economic conditions prompted the Reserve Bank of Australia to leave the official cash rate unchanged at 2% to drive sustainable growth
- » Sydney and Melbourne remained at the forefront of the leasing market recovery with positive net absorption recorded in both markets in 3Q 2015
- » Demand for office spaces continued to be driven by firms in the finance and insurance industry as well as TMT sector



Sources: Australian Bureau of Statistics, Reserve Bank of Australia and Jones Lang LaSalle



ACTIVE LISTENING

*People are the cornerstone of our business.
We believe in creating a cohesive workplace that
nurtures and brings out the best in our talent.*

Keppel REIT

Thank You

Ocean Financial Centre,
Singapore

ENLIGHTENING COMMUNITIES

*We believe in doing well and doing good.
We seek to enrich the lives of the people
in the communities where we operate.*

Ocean Financial Centre,
Singapore



Vision

To be a successful commercial real estate investment trust with a sterling portfolio of assets pan-Asia.

Mission

Guided by our operating principles and core values, we will deliver stable and sustainable returns to Unitholders by continually enhancing our assets and expanding our portfolio.

Key Thrusts

Acquisition growth

- » Pursue opportunities for acquisition in Singapore and pan-Asia
- » Focus on strategic portfolio upgrading and optimisation

Disciplined capital management

- » Effective management of assets and cost structure
- » Exercise prudent interest rate and foreign exchange hedging policies
- » Structure borrowings to ensure financial flexibility

Active asset management

- » Attract creditworthy tenants to increase occupancy as well as retain good existing tenants
- » Balance lease expiry and rent review profiles to enhance cash flow resilience for Unitholders



Growth Record



Bugis Junction Towers



One Raffles Quay



Prudential Tower



275 George Street



8 Chifley Square



MBFC Phase One



Office Tower on the Old Treasury Building site



MBFC Tower 3



8 Exhibition Street



77 King Street



Ocean Financial Centre

- Increased interest in Ocean Financial Centre to 99.9%
- Obtained tax transparency for MBFC Phase One



Renamed



8 Exhibition Street

- Divested stake in Prudential Tower
- Acquisition of a one-third interest in MBFC Tower 3



Prudential Tower

- Acquired the three remaining prime street-fronting retail units at 8 Exhibition Street

1Q 2016:

- Announced the divestment of 77 King Street, Sydney

K-REITasía

Listed in April

Keppel Land



Asset Swap

K-REITasía



Assets Under Management

\$0.63 bn

2006

\$2.1 bn

2007

\$2.1 bn

2009

\$3.5 bn

2010

\$6.0 bn

2011

\$6.5 bn

2012

\$7.2 bn

2013

\$8.2bn

2014

\$8.4 bn

2015



- » Keppel REIT's AUM is approximately **\$8.4 billion** as at 31 December 2015
- » **89%** of portfolio in Singapore and **11%** in Australia

	Bugis Junction Towers	Marina Bay Financial Centre ⁽¹⁾	One Raffles Quay ⁽¹⁾	Ocean Financial Centre ⁽²⁾
Description	15-storey Grade A office tower	Comprises of three premium Grade A office towers and a subterranean mall	A pair of 50 and 29 storey premium Grade A office towers	43-storey premium Grade A office tower
Attributable NLA (sf)	244,989	1,027,557	443,760	883,172
Ownership	100.0%	33.33%	33.33%	99.9%
Number of tenants	15	161	47	54
Principal tenants	IE Singapore, InterContinental Hotels Group, Keppel Land	DBS Bank, Standard Chartered Bank, BHP Billiton	Deutsche Bank, Ernst & Young, UBS	ANZ, BNP Paribas, Drew & Napier
Tenure	99 years expiring 9 Sept 2089	99 years expiring 10 Oct 2104 ⁽³⁾ and 7 March 2106 ⁽⁴⁾	99 years expiring 12 June 2100	99 years expiring 13 Dec 2110
Valuation ⁽⁵⁾ (S\$ million)	550.0	1,682.0 ⁽³⁾ 1,307.0 ⁽⁴⁾	1,263.0	2,597.0
Capitalisation rates	3.75%	3.75%	3.75%	3.75%
Committed occupancy (As at 31 Dec 2015)	100.0%	98.5%	99.8%	99.7%

(1) Refers to Keppel REIT's one-third interest in MBFC Towers 1, 2 and 3 and Marina Bay Link Mall (MBLM), as well as One Raffles Quay.

(2) Refers to Keppel REIT's 99.9% interest in Ocean Financial Centre.

(3) Refers to MBFC Tower 1 and 2, as well as MBLM.

(4) Refers to MBFC Tower 3.

(5) The valuations are based on Keppel REIT's interest in the respective properties as at 31 December 2015.



	8 Chifley Square, Sydney ⁽¹⁾	8 Exhibition Street, Melbourne ⁽²⁾	275 George Street, Brisbane ⁽¹⁾	Office Tower on the Old Treasury Building site, Perth ⁽¹⁾	77 King Street Office Tower, Sydney ⁽³⁾
Description	34-storey Grade A office tower	35-storey Grade A office tower and 5 retail units	30-storey Grade A office tower	33-storey Grade A office tower and its annexe	18-storey Grade A office tower
Attributable NLA (sf)	104,138	247,033	224,688	167,784	146,670
Ownership	50.0%	50.0%	50.0%	50.0%	100.0%
Number of tenants	8	21	8	2	14
Principal tenants	Corrs Chambers Westgarth, QBE Insurance Group, Quantum Group	Ernst & Young, UBS, CBRE	Queensland Gas Company, Telstra Corporation	Government of Western Australia	Apple, Facebook, CEB
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	99 years	Freehold
Valuation ⁽⁴⁾ (S\$ million)	206.6	215.5	204.0	201.5	128.5 ⁽⁶⁾
Capitalisation rates	5.40%	5.75% ⁽⁵⁾	6.75%	6.00%	6.50%
Committed occupancy (As at 31 Dec 2015)	100.0%	98.4%	100.0%	100.0%	97.9%

(1) Refers to Keppel REIT's 50% interest in the properties.

(2) Keppel REIT owns a 50% interest in the office building and 2 retail units, as well as a 100% interest in the another 3 retail units.

(3) The Manager announced the divestment of 77 King Street in Sydney on 17 January 2016. Completion is expected in 1Q 2016.

(4) Based on the exchange rate of A\$1 = S\$1.02. Valuation as at 31 December 2015 based on Keppel REIT's interest in the respective properties.

(5) Refers only to the office tower at 8 Exhibition Street.

(6) Valuation as at 31 July 2015.