



Keppel REIT

**Financial Results for the Third Quarter
and Nine Months Ended 30 September 2014**



16 October 2014

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





1

Portfolio of **nine** quality Premium Grade and Grade A assets with **11** office towers, tenanted to established corporations across various business sectors

2

Premium office buildings located in the **prime CBDs** of Singapore and Australia, both countries with **AAA sovereign ratings**

3

Total portfolio value of approximately **\$6.9 billion**

4

Total NLA of approximately **2.9 million sq ft**⁽¹⁾

5

Market capitalisation of **\$3.6 billion**⁽²⁾

The above information is as at 30 Sept 2014.

(1) Excludes the NLA for the new office tower to be built on the Old Treasury Building site, which is currently under construction.

(2) Based on market closing price per Unit of \$1.190 as at the last trading day, 30 Sept 2014.





Singapore Properties



Ocean Financial Centre
(99.9% interest)



Marina Bay Financial Centre Phase 1
(33.3% interest)



One Raffles Quay
(33.3% interest)



Bugis Junction Towers



Marina Bay Financial Centre Tower 3 (33.3% interest)

**Announced proposed acquisition on 18 Sept 2014*



Prudential Tower
(92.8% interest)

**Divestment completed on 26 Sept 2014*

Australia Properties



8 Chifley Square, Sydney
(50% interest)



77 King Street Office Tower, Sydney



8 Exhibition Street, Melbourne
(50% interest)



275 George Street, Brisbane
(50% interest)

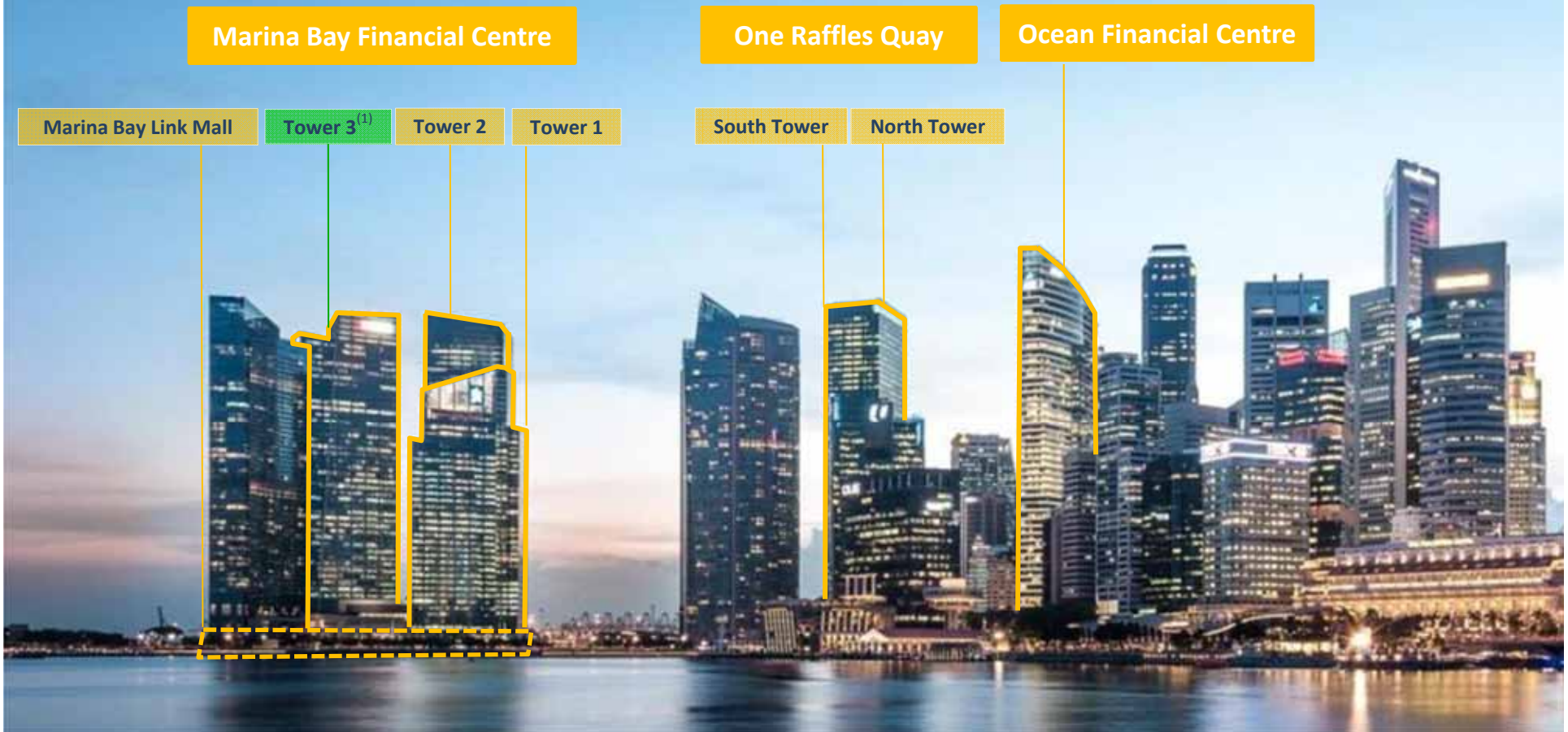


Old Treasury Building Office Tower, Perth (50% interest)
**Expected completion in 2H 2015*





» Leading landlord of iconic office buildings strategically located in the prime precincts of Raffles Place and Marina Bay, the new downtown core of Singapore's Central Business District



(1) Keppel REIT announced the proposed acquisition of a one-third interest in Marina Bay Financial Centre Tower 3 on 18 Sept 2014. The acquisition is subject to Unitholder's approval at an EGM.



1. Key Highlights

2. Financial Highlights

3. Capital Management

4. Portfolio Analysis

5. Market Review and Outlook

Marina Bay Financial Centre,
Singapore

Keppel REIT

Overview

- YTD Sept 2014 Net Property Income **↑ 16.1%** y-o-y to **\$117.2 million**
- Achieved **positive rental reversion** of **32.3%** in 3Q 2014
- Maintains **healthy annualised distribution yield** of **6.4%**
- Strategic rejuvenation of property portfolio** with the proposed acquisition of a one-third interest in the two-year-old Marina Bay Financial Centre Tower 3 and the successful divestment of its 92.8% stake in the 16-year-old Prudential Tower
- With the portfolio rejuvenation, credit rating agencies Moody's and Standard & Poor's both **reaffirmed** Keppel REIT's rating at "Baa2" and "BBB" respectively with a **stable outlook**



Overview

- All-in interest rate remains at **2.2%** as at 30 Sept 2014
- Proactive leasing strategy** with forward renewals of approximately **175,000 sf** for YTD Sept 2014
- Attained **high tenant retention rate** of **92%** in 3Q 2014
- Maintained **strong committed portfolio occupancy** of **99.3%**, with **seven of 11** office towers fully committed



Steady and Sustainable Performance

- » YTD Sept 2014 Net Property Income **↑ 16.1%** y-o-y to **\$117.2 million**
- » YTD Sept 2014 Property Income **↑ 12.0%** y-o-y to **\$141.8 million**
- » Better performance mainly from **Ocean Financial Centre** and additional income from **8 Exhibition Street**
- » DPU for 3Q and YTD Sept 2014 stood at **1.85 cents** and **5.72 cents** respectively, equivalent to an annualised distribution yield of **6.4%**



Weighted Average Term to Maturity of Borrowings

- » All-in interest rate of **2.2%** as at 30 Sept 2014
- » Aggregate leverage decreased to **42.1%** as at 30 Sept 2014
- » **No refinancing requirements** for next **14 months**, with a weighted average term to expiry of debt of **3.5 years** as at 3Q 2014

Interest Coverage Ratio

- » Healthy interest coverage ratio of **5.1 times**



Overall Portfolio

- » Maintained **healthy average committed occupancy** of **99.3%**
- » **Positive rental reversion** of **32.3%**
- » **High tenant retention** rate of **92%** in 3Q 2014
- » **Seven out of the 11** office towers are fully committed
- » Proactive leasing strategy with forward renewals of approximately **175,000 sf** for YTD Sept 2014
- » Healthy weighted average lease expiry (WALE) by NLA of
 - **8.2 years** for top 10 tenants
 - **6.2 years** for overall portfolio



- » Keppel REIT successfully completed the divestment of its 92.8% interest in the 16-year-old Prudential Tower on 26 Sept 2014
- » On 18 Sept 2014, Keppel REIT announced the proposed acquisition of a one-third interest in the two-year-old Marina Bay Financial Centre Tower 3⁽¹⁾
- » Testament to the Manager’s commitment to **proactively rejuvenate and upgrade its portfolio** for **long-term sustainable income** to Keppel REIT Unitholders



Divestment of the 16-year-old Prudential Tower



One-third interest in the two-year-old MBFC Tower 3⁽¹⁾

MBFC Tower 3: Key Property Details

Description	46-storey Premium Grade A commercial building with ancillary retail space
Total NLA	1,341,980 sq ft
Principal tenants	DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Mead Johnson and Lego
Occupancy	Approximately 94%
WALE	7.0 years

The above information is as at 31 Aug 2014.



(1) Keppel REIT announced the proposed acquisition of a one-third interest in Marina Bay Financial Centre Tower 3 on 18 Sept 2014. The acquisition is subject to Unitholder’s approval at an EGM.



Proposed Acquisition

- » Acquisition of Keppel Land's one-third interest in **Marina Bay Financial Centre Tower 3**

Agreed Property Value

- » **Agreed property value: \$1,248.0 million or \$2,790 psf**
 - Inclusive of a five-year rental support of approximately \$49.2 million
 - Equivalent to an estimated average gross rental rate of between **\$10.40 psf to \$10.80 psf**
 - Net of rental support: **\$1,198.8 million or \$2,680 psf**

Funding Structure

- » Consideration Units to be issued to Keppel Land⁽¹⁾
- » Placement proceeds⁽²⁾
- » Divestment proceeds from Prudential Tower
- » Borrowings⁽³⁾

Unitholders' Approval

- » The acquisition, consideration units to be issued to Keppel Land as well as the whitewash resolution are subject to the approval of Unitholders of Keppel REIT at an extraordinary general meeting

(1) The Units issued to Keppel Land as part payment, amounting to \$185.0 million shall be issued on date of legal completion and priced based on the preceding 10-day volume weighted average price of Keppel REIT Units.

(2) Placement of 195,000,000 new Units at the issue price of \$1.17 on 29 Sept 2014.

(3) Approximate borrowings of \$120.7 million.





- » Post-acquisition, Keppel REIT's average portfolio age will improve to approximately **5.5 years**, making it the REIT with the **youngest portfolio of premium assets** in Singapore's prime Raffles Place and Marina Bay precincts
- » Greater opportunity for Unitholders to participate in the **rental and capital value growth potential of Singapore's premium grade office market**
- » Credit rating agencies **Moody's** and **Standard & Poor's** both **reaffirmed** Keppel REIT's rating at "**Baa2**" and "**BBB**" respectively with a stable outlook

Moody's Investors Service

- » Acquisition will **improve the quality of the trust's property portfolio** and **enhance income diversification**

Standard & Poor's Ratings Services

- » Acquisition is expected to **enhance Keppel REIT's portfolio** while **keeping its financial strength intact**





Ocean Financial Centre,
Singapore

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2. Financial Highlights
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Keppel REIT

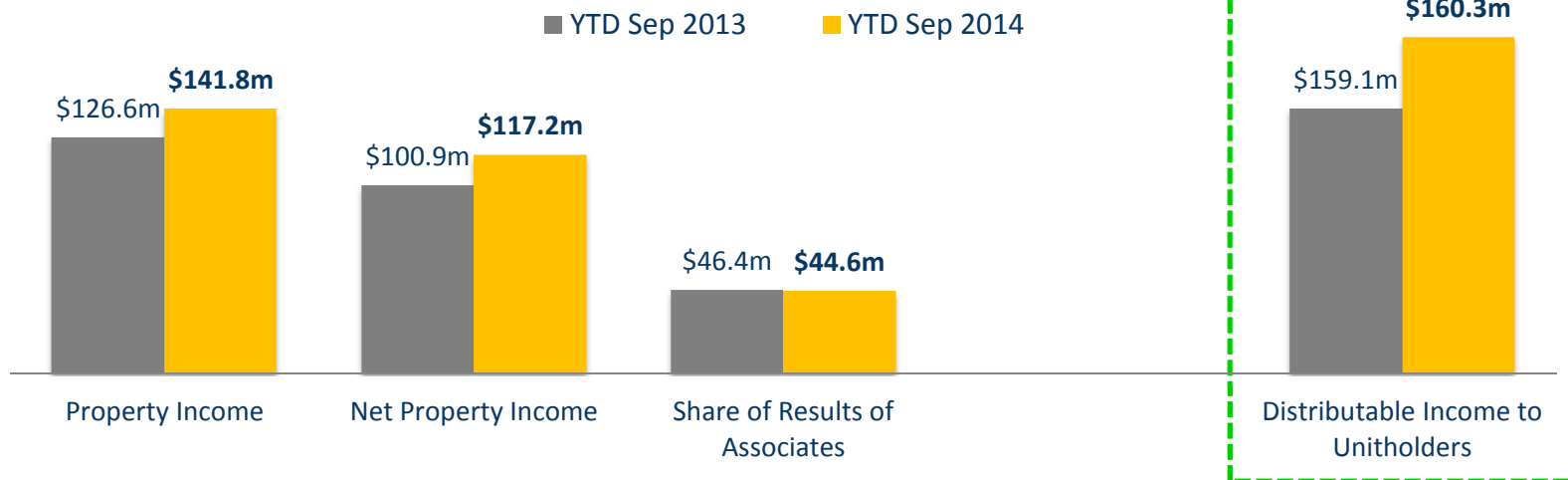


Net property income ↑ 16.1% y-o-y to \$117.2m



	YTD Sep 2014	YTD Sep 2013
Property Income	\$141.8m	\$126.6m
Net Property Income	\$117.2m	\$100.9m
Share of Results of Associates	\$44.6m	\$46.4m
Distributable Income to Unitholders ⁽¹⁾	\$160.3m	\$159.1m
Distribution Per Unit - For the Period	5.72 cents	5.91 cents
Distribution Yield	6.4%	6.4%

(1) The distributable income to Unitholders is based on 100% of the taxable income available for distribution.





Balance Sheet

	As at 30 Sept 2014	As at 30 June 2014
Non-current Assets	\$ 6,305 m	\$6,226 m
Total Assets	\$6,939 m	\$6,884 m
Borrowings ⁽¹⁾	\$2,888 m	\$3,117 m
Total Liabilities	\$2,724 m	\$2,972 m
Unitholders' Funds	\$4,213 m	\$3,910 m
Net Asset Value (NAV) Per Unit	\$1.40	\$1.40
Adjusted NAV Per Unit ⁽²⁾	\$1.39	\$1.38

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

(2) For 30 June 2014, this excludes the distribution paid in Aug 2014.

For 30 Sept 2014, this excludes the distributions to be paid in Nov 2014.



3Q 2014 Distribution Per Unit

- » 3Q 2014 DPU of **1.85 cents**
 - Advanced distribution: **1.80 cents** (to be distributed on 12 Nov 2014)
 - Remaining distribution: **0.05 cents** (to be distributed on 28 Nov 2014)

	Advanced Distribution	Remaining Distribution
Distribution Per Unit (DPU)	1.80 cents	0.05 cents
Distribution Period	1 Jul 2014 – 28 Sept 2014	29 Sept 2014 – 30 Sept 2014

Distribution Timetable	Advanced Distribution	Remaining Distribution
Trading on “Ex” Basis	Wednesday, 24 Sept 2014	Thursday, 23 Oct 2014
Books Closure Date	Friday, 26 Sept 2014	Monday, 27 Oct 2014
Distribution Payment Date	Wednesday, 12 Nov 2014	Friday, 28 Nov 2014



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8 Chifley Square,
Sydney

Keppel REIT



- » Continue to adopt a **proactive capital management strategy** to mitigate refinancing risks
- » Financing is diversified across 16 lenders, majority of which are rated **“A” and above** by Moody’s
- » Local banks make up majority of lenders

Diversification of
lenders

16 different lenders

Lender’s rating

Majority rated
“A” and above
by Moody’s





» **No refinancing requirements** for next **14 months**

Loans Due in 2015	Loans Due in 2016
Early refinanced 48% \$275 million Repayment of \$250 million secured term loan	Early refinanced 16% \$75 million
All-in Interest Rate	Weighted Average Term to Expiry
2.2%	3.5 years
Percentage of Assets Unencumbered	Borrowings on Fixed-rate
79% or \$5.5 billion of property portfolio	72% of borrowings

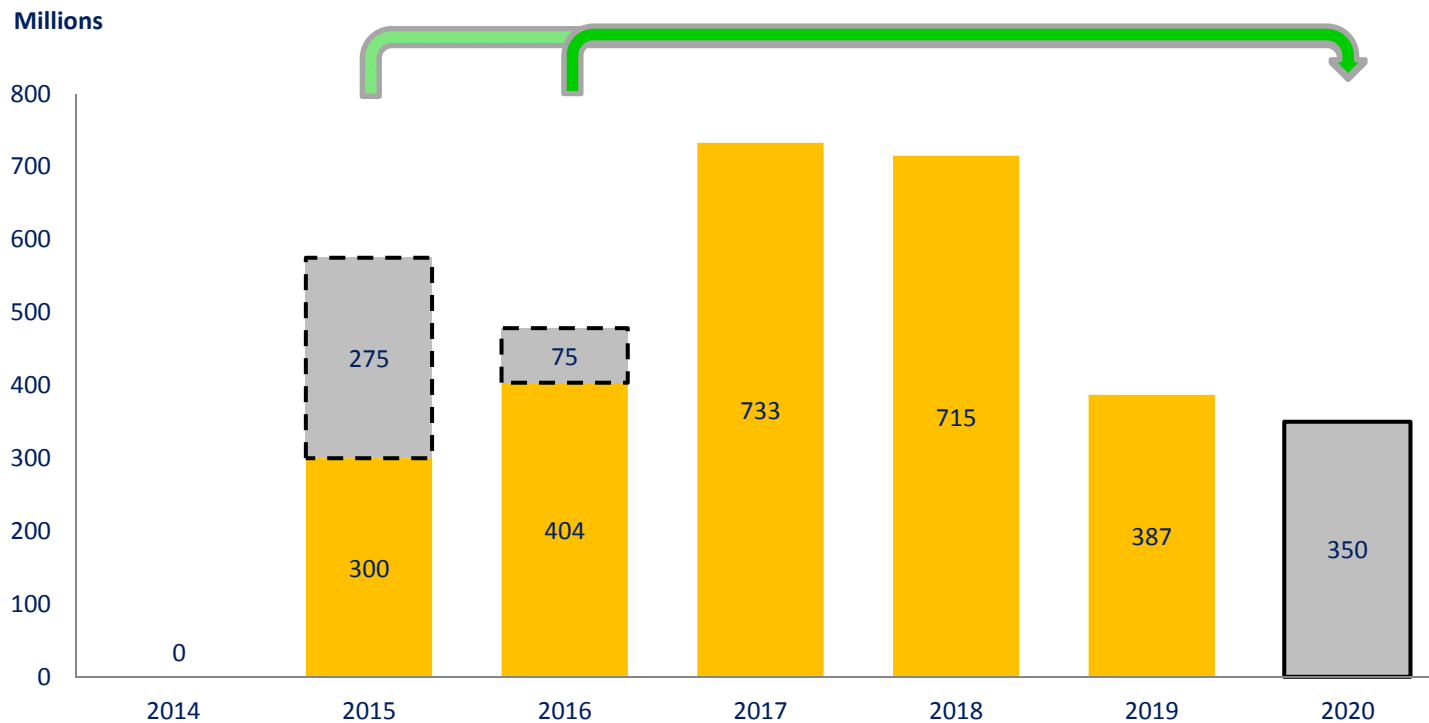




Proactive Capital Management Strategy

	As at 30 Sept 2014
Gross Borrowings	\$2,888 m
Aggregate Leverage	42.1 %
Interest Coverage Ratio	5.1 times

Debt Maturity Profile as at 30 Sept 2014





**Bugis Junction Towers,
Singapore**

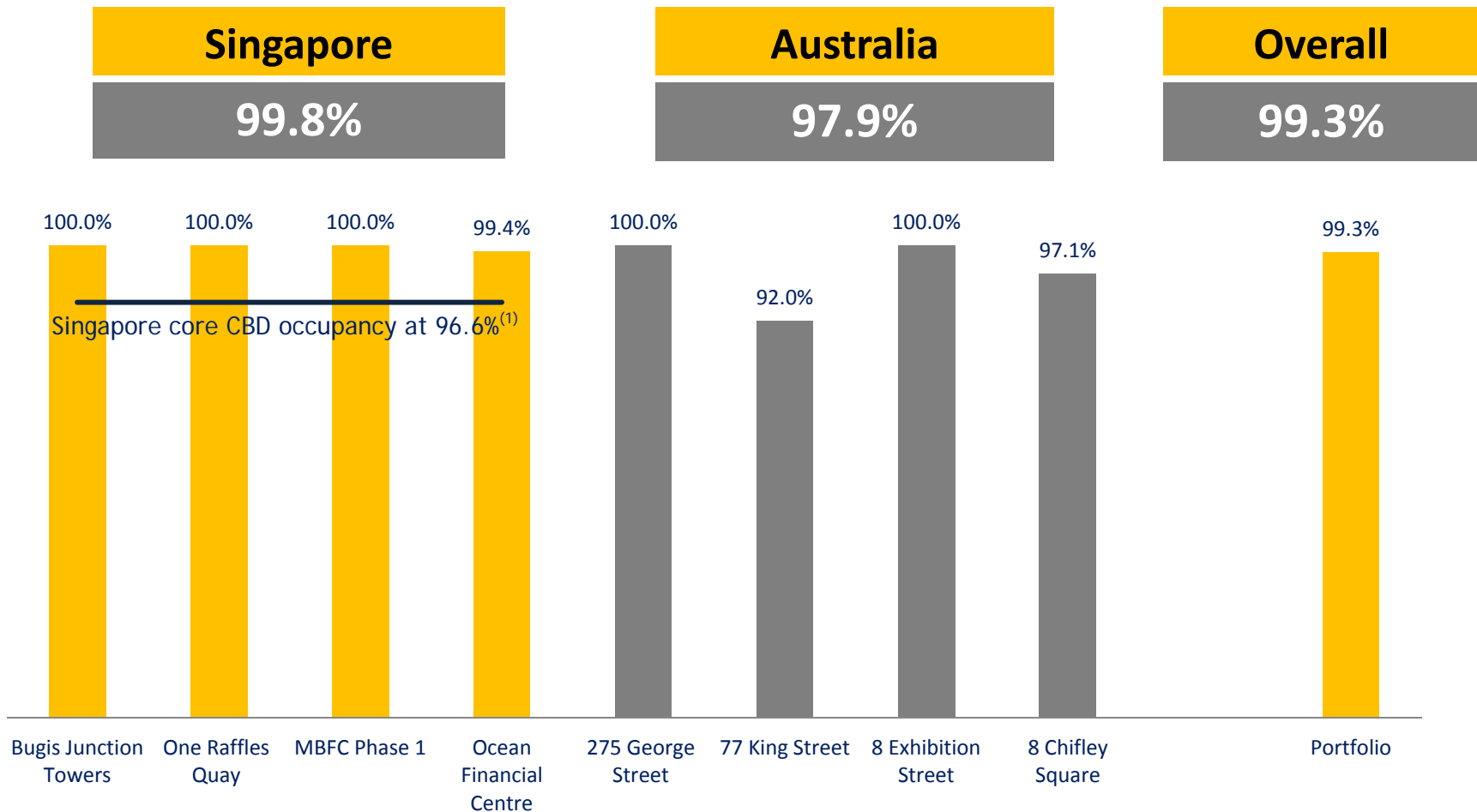
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Keppel REIT



Positive Committed Occupancy Levels

- » Overall portfolio committed occupancy at healthy levels of **99.3%**
- » **Seven out of 11** office towers are **fully committed**



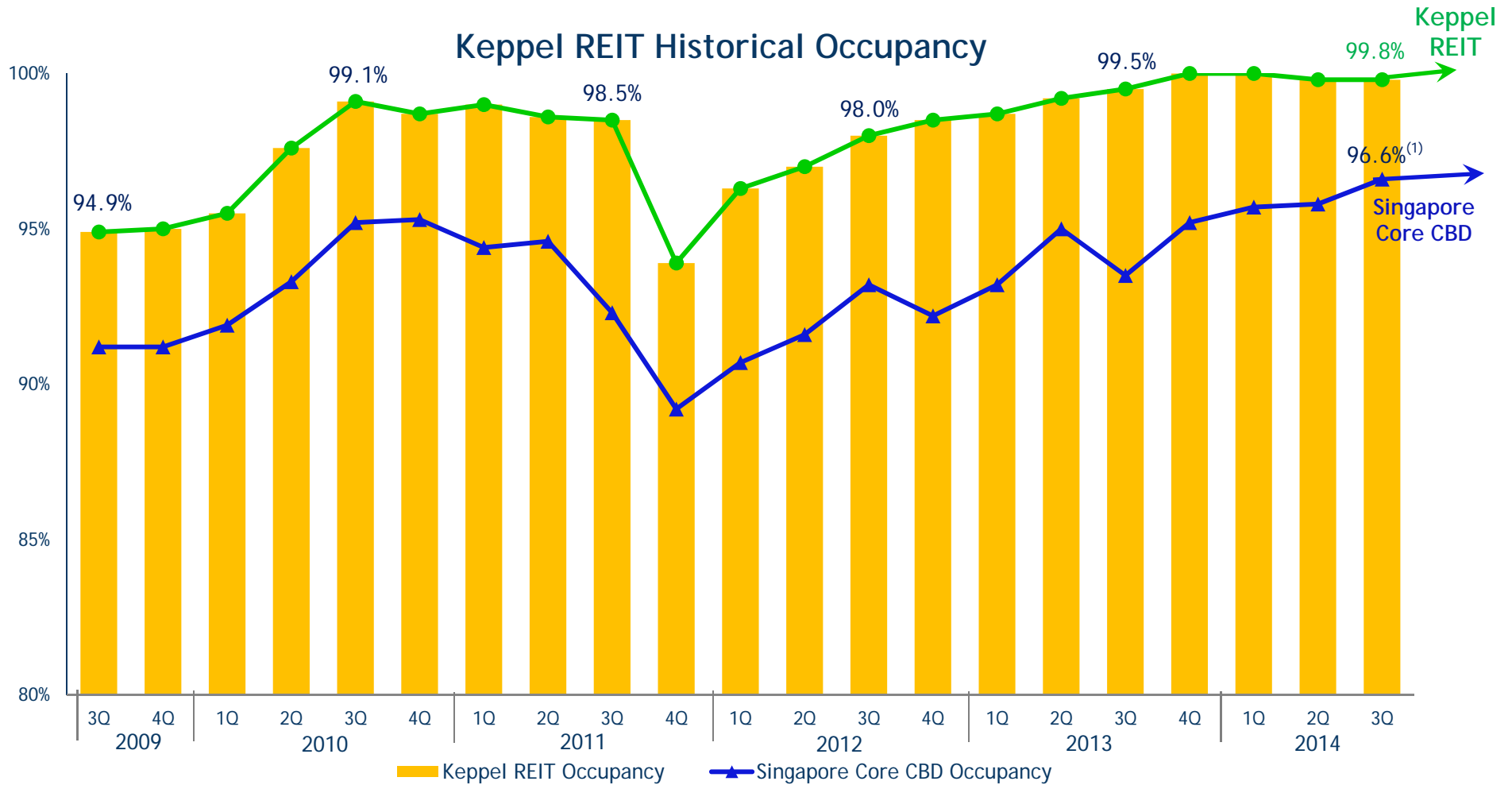
(1) Source: CBRE



Positive Committed Occupancy Levels



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



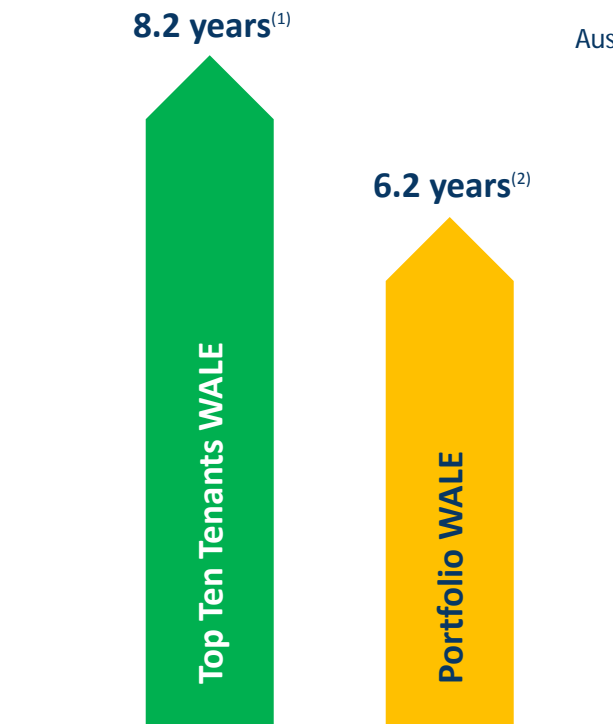
(1) Source: CBRE



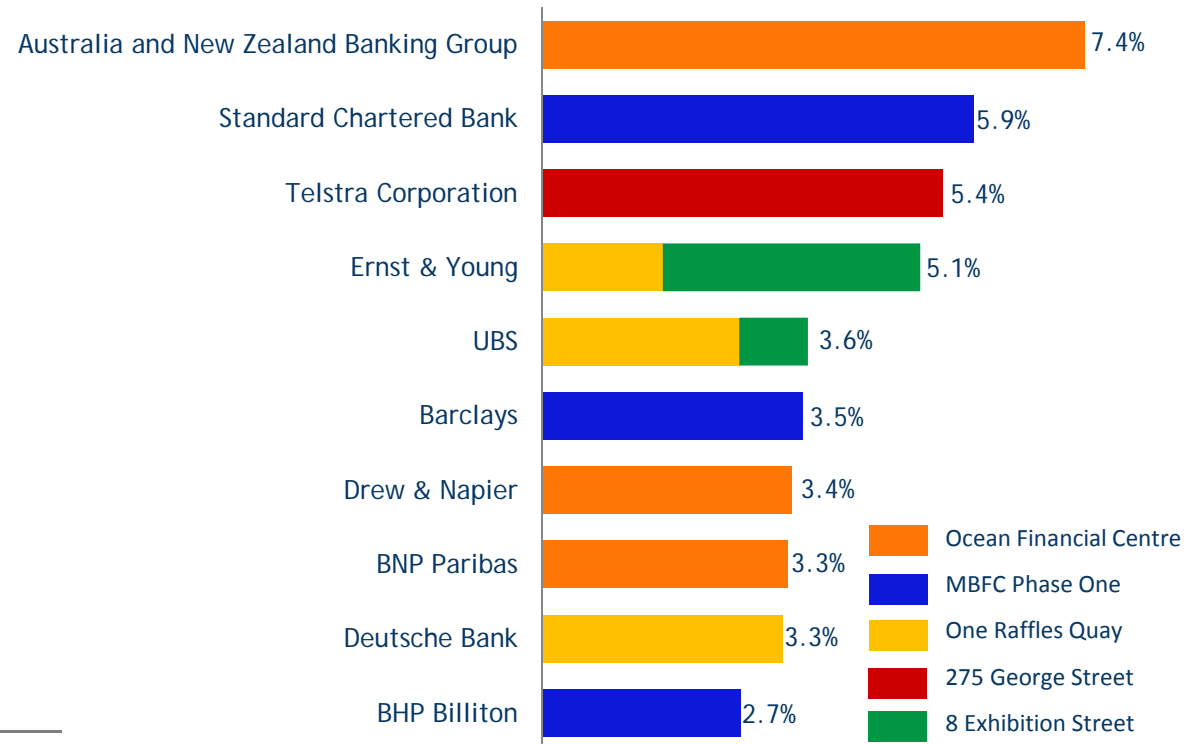
Long Weighted Average Lease Expiry

- » **Top 10 tenants**, accounting for approximately **44%** of portfolio NLA, have a **long WALE of 8.2 years** and are **diversified across seven office towers** in Singapore and Australia

Weighted Average Lease Expiry (WALE)



Top 10 Tenants (by NLA)



(1) Excluding the new office tower to be built on the Old Treasury Building site, the top ten tenants WALE will be 6.0 years.

(2) Excluding the new office tower to be built on the Old Treasury Building site, the portfolio WALE will be 5.0 years.



- » In 3Q 2014, approximately **25,000 sf** of new leases were signed and renewed
 - **Positive rental reversion of 32.3%**
 - **High tenant retention rate of 92%**
 - Some of the new leases signed include Avepoint, Lukoil, Power Construction Corporation of China and The Executive Centre
 - Tenants from diverse sectors including energy and natural resources, info-communication services and consultancy, real estate and property services, as well as retail



POWER CONSTRUCTION CORPORATION OF CHINA

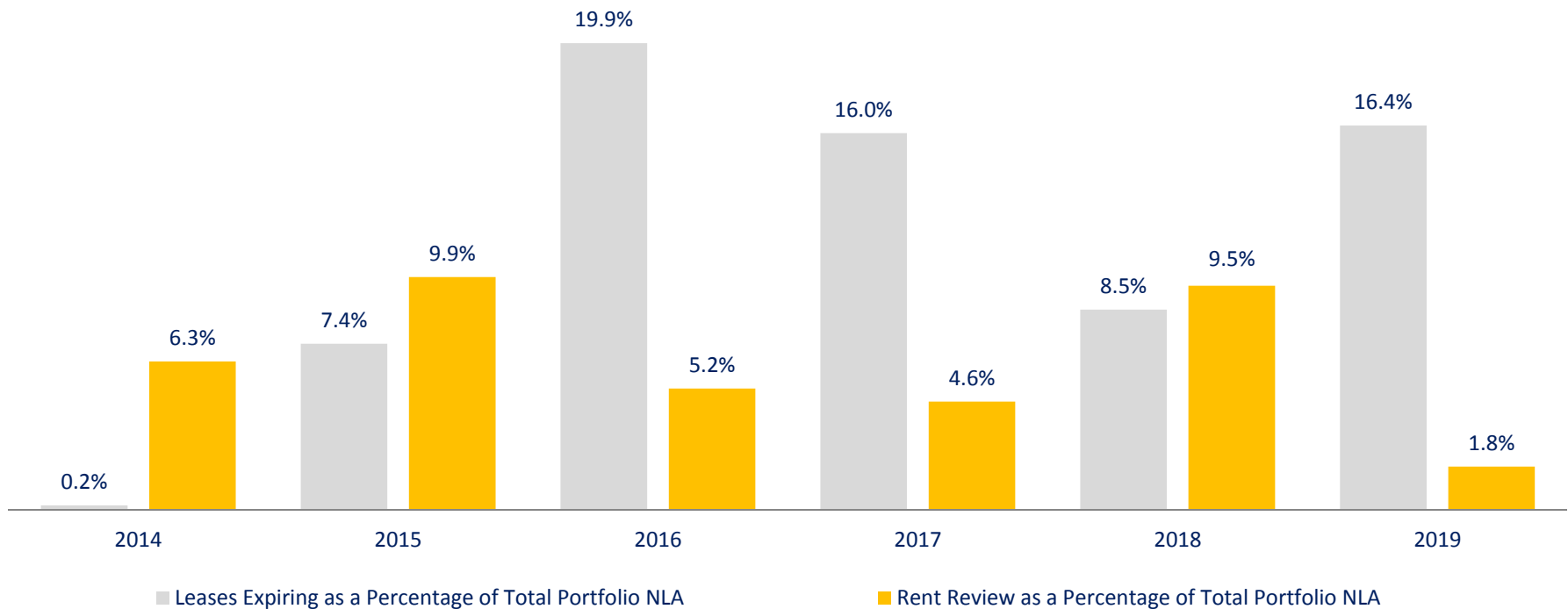




Healthy Lease Expiry Profile

- » **Well-staggered lease profile** with not more than **19.9%** of the portfolio expiring in any one year over the next six years
- » Only **0.2%** (~5,500 sf) of Keppel REIT's portfolio remains to be renewed for rest of 2014
- » Manager in advanced negotiation with tenants for the review of **6.3%** (~182,000 sf) of space for the remaining quarter of 2014

Portfolio Lease Profile (by NLA) as at 30 Sept 2014



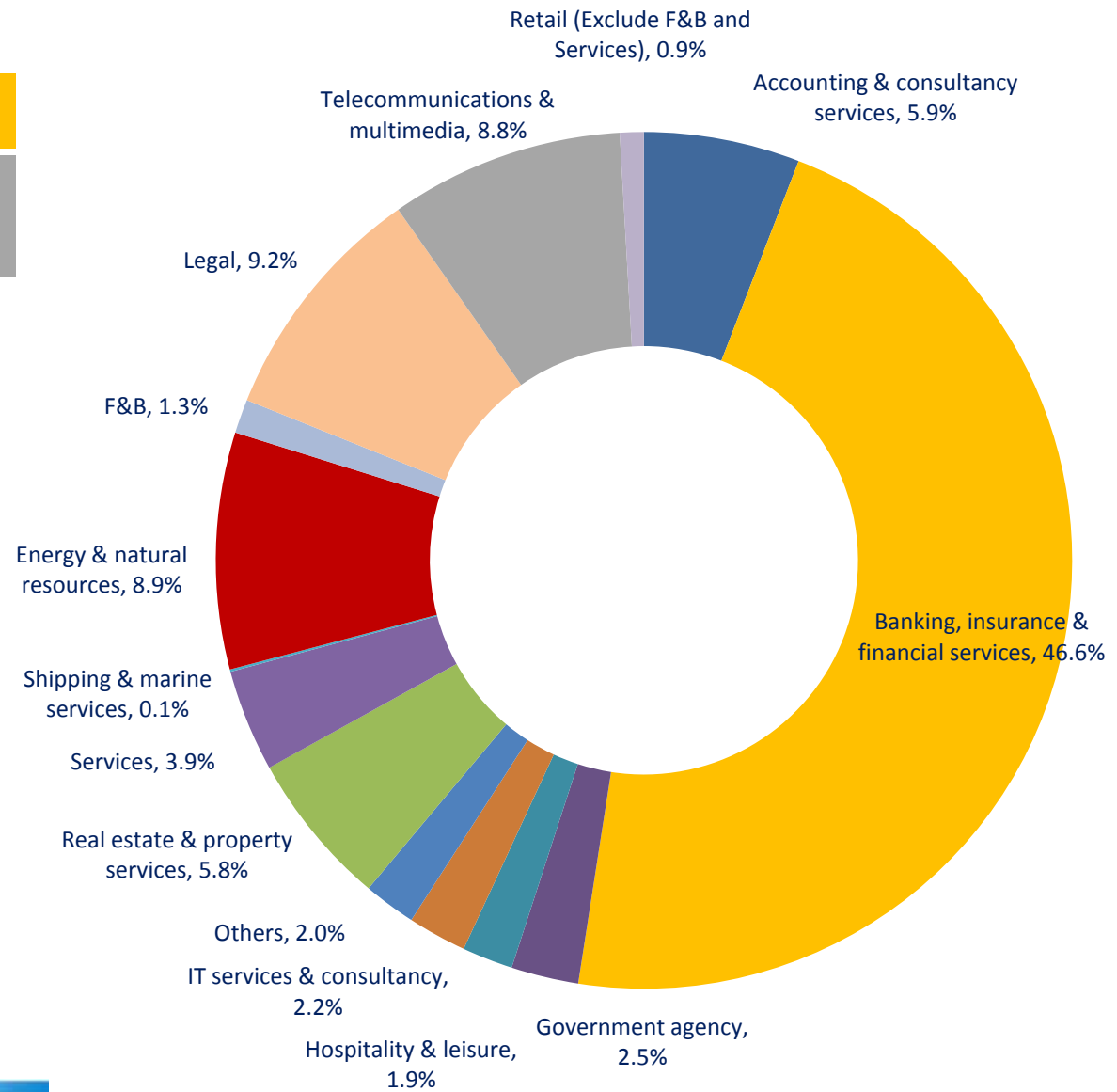


Tenants **Diversified** across Various Business Sectors



Number of tenants

227⁽¹⁾



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





Ocean Financial Centre

- » Ocean Colours continues to be the choice location for businesses wanting to reach out to potential customers
- » In end-Sept 2014, Citibank embarked on a campaign to promote its banking services
- » Other advertisers include Tumi, SIM University, Kronenbourg and Martell Cordon Bleu



Marina Bay Link Mall

- » New F&B tenant: Paul, a French bakery-restaurant
- » Known for its pastries, bread, cakes and desserts
- » Paul is also a tenant at Ocean Financial Centre





New Office Tower at the Old Treasury Building site

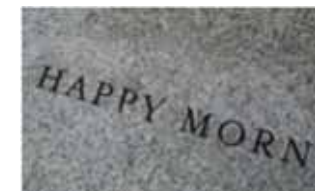
- » Construction of the new office tower at the Old Treasury Building site in Perth has reached level 23
- » Artwork around the site creates a poetic engagement for visitors that is both quiet and contemplative as well as playful and uplifting
- » Project is on track for completion in 2H 2015



As at 2Q 2014



As at 3Q 2014



Artwork around the building



Arts in the City

- » Evening concert at Ocean Financial Centre showcasing performances by children aged 15 and below from Symphony 92.4FM's Young Talents Project
- » In partnership with the National Arts Council, a seven-day musical performances was held at Marina Bay Link Mall
- » Tenants of Ocean Financial Centre and Marina Bay Financial Centre, as well as those in the vicinity, supported and enjoyed the performances
- » Part of Keppel REIT Management's commitment and ongoing efforts to inject vibrancy into Singapore's business and financial district



Lighting Up Singapore's Skyline

- » Ocean Financial Centre was lit up in a spectacular LED lighting display during the National Day Parade and Formula 1 Night Race



Global Real Estate Sustainability Benchmark (GRESB) 2014

- » Internationally-recognised benchmark for integrated approach towards sustainability
- » Keppel REIT was ranked:
 - No. 1 in Asia for Office Sector
 - The Regional Leader in Asia for Office Sector
 - Top 3 in Asia and top 5% globally, across all diversified entities and sectors
- » Raise Keppel REIT's profile among socially responsible funds



PUB Water Efficient Building Award

- » Ocean Financial Centre was conferred the Silver award
- » Testament to Keppel REIT's commitment towards energy efficiency and sustainability



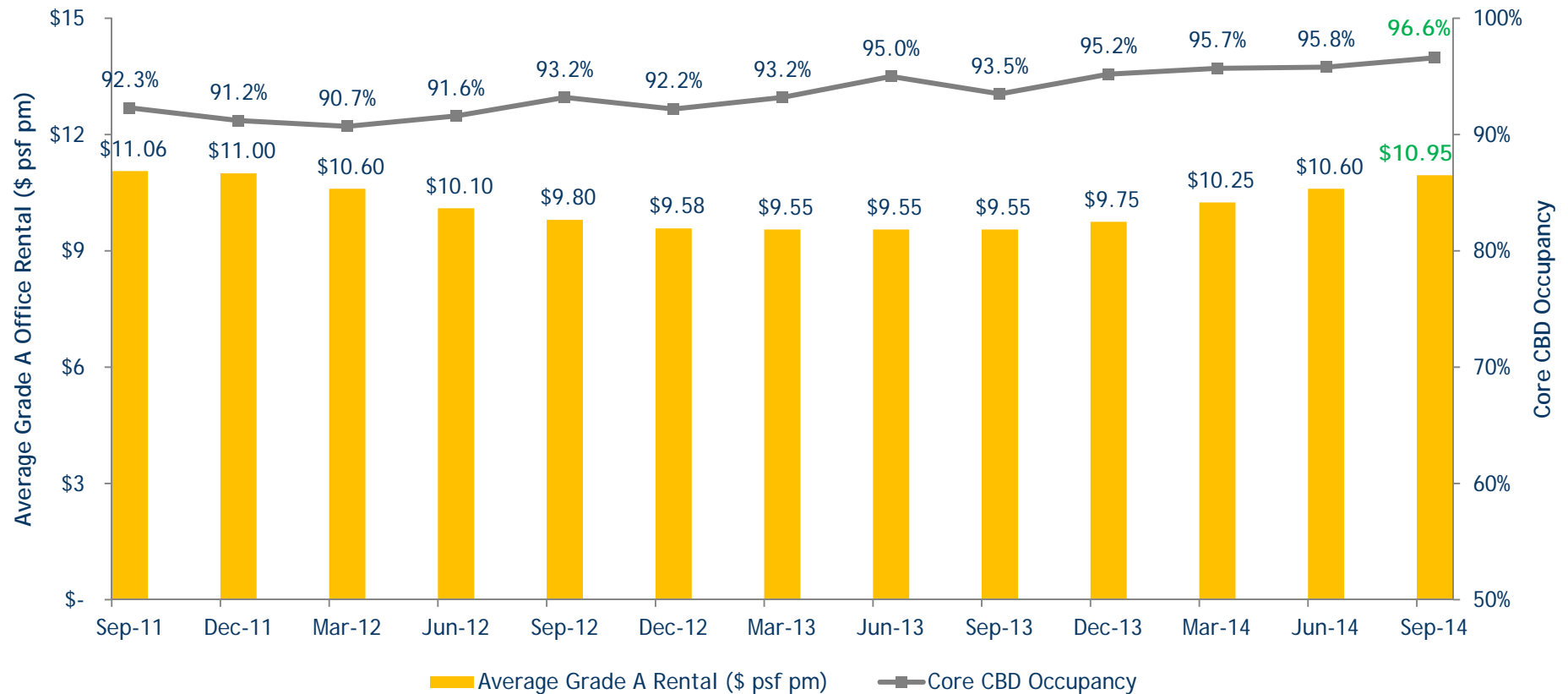
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275 George Street,
Brisbane

Keppel REIT



- » Average Grade A occupancy in the core CBD area held firm at **96.6%**
- » Grade A office rents continued to lead growth, rising 3.3% q-o-q to reach **\$10.95 psf**



Source: CBRE



Singapore

- » Singapore's economy expanded 1.2% quarter-on-quarter to reach 2.4% in 3Q 2014
- » Singapore's economy is expected to grow at a moderate pace for the rest of 2014 and in 2015
- » Rental rates and leasing demand are expected to remain positive over the next few quarters, underpinned by low vacancy and steady demand

Sources: Ministry of Trade and Industry, Monetary Authority of Singapore and CBRE

Australia

- » Recorded an economic growth of 3.1% y-o-y in 2Q 2014, with GDP expected to be at 3.0% for 2014
- » Interest rate likely to maintain at a low of 2.5% to sustain demand and economic growth
- » Leasing activity is expected to increase in the next few years, with signs of expansion from the professional services and technological-related sectors

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

Additional Information

One Raffles Quay,
Singapore

Keppel REIT



Vision

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

Mission

To 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

Prudent 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





Portfolio Information

- » Post-acquisition of MBFC Tower 3, Keppel REIT's AUM will increase to over **\$8.1 billion** with **88%** of portfolio in Singapore, and **12%** in Australia
- » Approximately **93%**⁽¹⁾ of Keppel REIT's Singapore portfolio is located in the prime **Raffles Place** and **Marina Bay precincts**

	Marina Bay Financial Centre Tower 3 ⁽¹⁾	Ocean Financial Centre ⁽²⁾	Marina Bay Financial Centre Phase One ⁽¹⁾	One Raffles Quay ⁽¹⁾	Bugis Junction Towers
Description	46-storey premium Grade A office tower with ancillary retail space	43-storey premium Grade A office tower	A pair of 33 and 50 storey premium Grade A office towers and subterranean mall	A pair of 50 and 29 storey premium Grade A office towers	15-storey Grade A office tower
Attributable NLA (sf)	447,327	884,525	581,392	444,718	244,989
Ownership	33.33%	99.9%	33.33%	33.33%	100.0%
Number of tenants	49	48	93	36	15
Principal tenants	DBS Bank, WongPartnership, Rio Tinto	ANZ, BNP Paribas, Drew & Napier	Barclays Capital, BHP Billiton, Standard Chartered Bank	Royal Bank of Scotland, Deutsche Bank, UBS	IE Singapore, InterContinental Hotels Group, Keppel Land
Tenure	99 years expiring 7 Mar 2106	99 years expiring 13 Dec 2110	99 years expiring 10 Oct 2104	99 years expiring 12 June 2100	99 years expiring 9 Sept 2089
Valuation (S\$ million)	Cushman: 1,281.0 Savills: 1,276.0 (As at 18 Aug 2014)	2,543.0 ⁽³⁾	1,619.0 ⁽³⁾	1,215.0 ⁽³⁾	521.9 ⁽³⁾
Committed occupancy (As at 30 Sept 2014)	94% ⁽⁴⁾	99.4%	100.0%	100.0%	100.0%

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

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

(3) The valuations are based on Keppel REIT's interest in the respective properties as at 31 Aug 2014.

(4) Occupancy as at 31 Aug 2014



Portfolio Information

	8 Chifley Square, Sydney ⁽¹⁾	77 King Street Office Tower, Sydney	8 Exhibition Street, Melbourne ⁽¹⁾	275 George Street, Brisbane ⁽¹⁾	Office Tower to be built at the Old Treasury Building site, Perth ⁽¹⁾
Description	34-storey Grade A office tower	18-storey Grade A office tower	35-storey Grade A office tower	30-storey Grade A office tower	33-storey Grade A office tower scheduled for completion in 2H 2015
Attributable NLA (sf)	104,138	146,624	241,600	224,688	165,685
Ownership	50.0%	100.0%	50.0%	50.0%	50.0%
Number of tenants	8	12	18	8	1
Principal tenants	Corrs Chambers Westgarth, QBE Insurance Group, Quantum Group	Apple, Facebook, Capgemini Australia	Ernst & Young, UBS, AECOM Australia	Queensland Gas Company, Telstra Corporation	Government of Western Australia ⁽²⁾
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	Freehold	99 years ⁽³⁾
Valuation ⁽⁴⁾ (S\$ million)	217.3	146.8	199.4	225.4	174.1
Committed occupancy (As at 30 Sept 2014)	97.1%	92.0%	100.0%	100.0%	98.2%

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

(2) Pre-committed lease.

(3) The 99 year leasehold tenure will commence on the date of practical completion of the property.

(4) Based on the exchange rate of A\$1 = S\$1.174. Valuation as at 31 December 2013 based on Keppel REIT's interest in the respective properties including progressive payments and capital expenditure incurred up to 31 Aug 2014. For the office tower on the Old Treasury Building site in Perth, valuation is on an "as-is" basis.

