



Keppel REIT

Third Quarter 2015
Financial Results
19 October 2015



1. Key Highlights	5
2. Financial Highlights	9
3. Capital Management	13
4. Portfolio Analysis	17
5. Market Review & Outlook	31

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.



The above information is as at 30 September 2015.

(1) Based on market closing price per Unit of \$0.955 as at the last trading day, 30 September 2015.

- » **88%** of portfolio in Singapore and **12%** 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**



Singapore

- » **92%** 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



275 George Street, Brisbane
(50% interest)



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

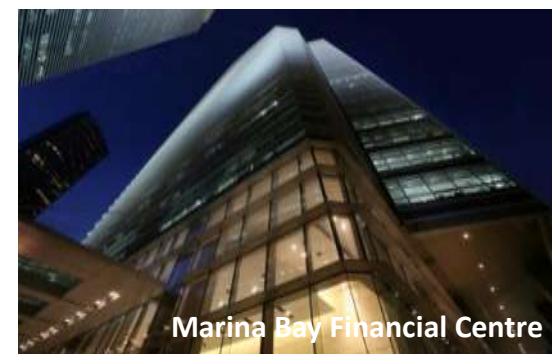
1. Key Highlights

Ocean Financial Centre,
Singapore

Keppel REIT



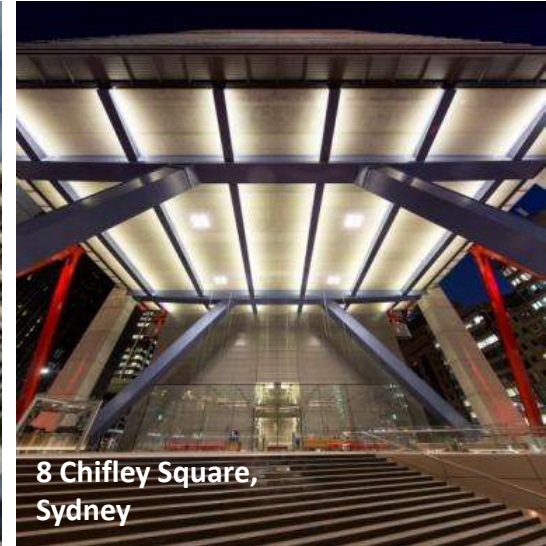
- » **Higher distributable income** y-o-y of **\$54.4 mil** in **3Q 2015** and **\$163.2 mil** for **YTD 2015**
 - **4.6% ↑** over 3Q 2014 and **1.8% ↑** over YTD 2014 respectively, and **sustained** on a q-o-q basis
 - Due mainly to **better performance** from **Ocean Financial Centre, Bugis Junction Towers** and **8 Chifley Square** in Sydney
- » Achieved **higher distributable income** despite
 - Absence of income from the divested Prudential Tower
 - Absence of rental support from Ocean Financial Centre¹ and MBFC Phase One
- » DPU of **1.70 cents** for 3Q 2015
 - Annualised distribution yield of **7.2%**



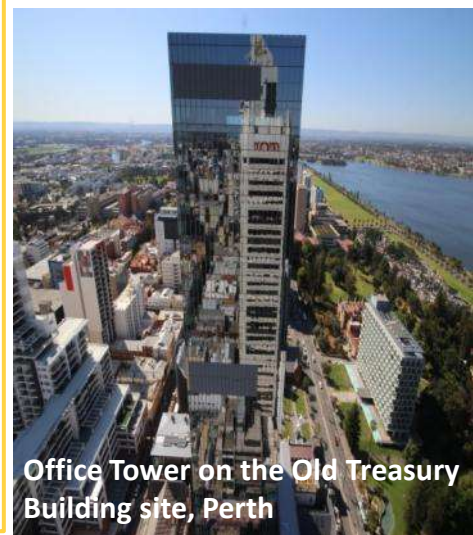
(1) Refers to the 87.5% interest in Ocean Financial Centre.



- » **Increased fixed-rate loans to over 70%**, which will **insulate against interest rate fluctuations**, while allowing for **financial and operational flexibility**
- » All-in interest rate remained **stable** at **2.5%**
- » Maintained **long weighted average term to maturity** of **3.6 years** and **healthy interest coverage ratio** of **4.4 times**
- » **Hedged almost 100%** of distribution payment from Australia up till 1Q 2016
- » Continued to maintain **low refinancing obligations**, with **close to 100%** of total borrowings **not due for repayment till 2017**



- » Concluded a total of **82** leases or approximately **1.1 mil sf** to-date
- » Continued to **intensify** efforts to **retain** and **secure tenants**
 - **High tenant retention rate** of **90%** in Singapore
 - **Portfolio occupancy** of **98.5%**
- » Notwithstanding office supply from upcoming and existing buildings, the Manager completed **100%** of all leases due for **review** and **almost all leases** due for **renewal** in 2015
- » **70%** of leases **not due for renewal till 2018 and beyond**
- » Despite challenging leasing market conditions, achieved a **positive rent reversion** averaging **16%** for office leases signed, renewed and reviewed year-to-date
- » Gained **strategic control** of the office and retail components at **8 Exhibition Street** in Melbourne
- » Received **Certificate of Practical Completion** for the **Office tower on the Old Treasury Building site** in Perth in end-August 2015
 - **Government of Western Australia** will commence its **25-year lease** in **4Q 2015**, with **fixed annual rental escalations** throughout lease term



2. Financial Highlights

CENTRE

FINANCIAL

BAY

FINANCIAL

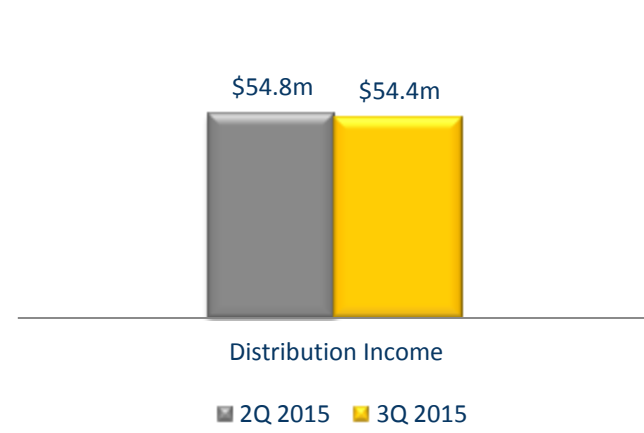
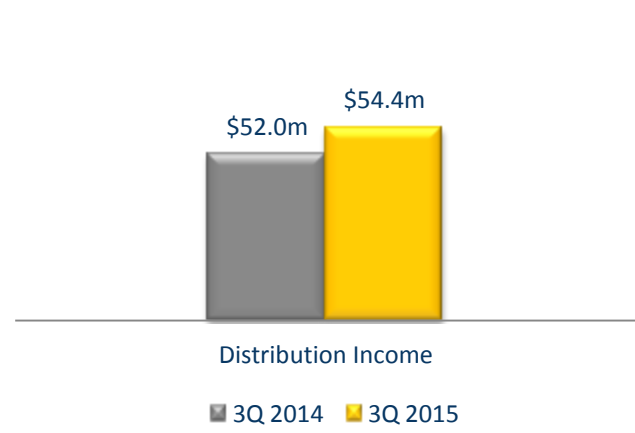
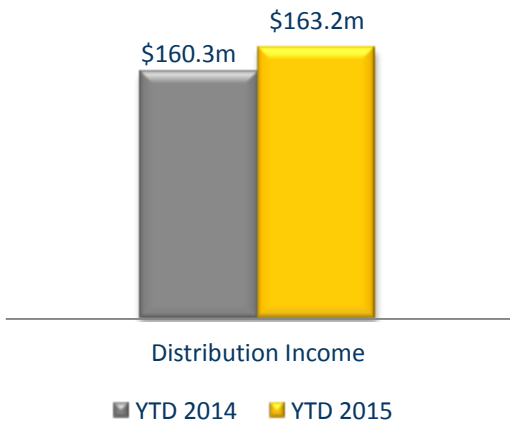
Marina Bay Financial Centre,
Singapore

Keppel REIT



- » **Distributable income** ↑ 4.6% y-o-y for 3Q 2015 and ↑ 1.8% y-o-y for YTD 2015, and **sustained** on a q-o-q basis
 - Due mainly to **better performance** from **Ocean Financial Centre, Bugis Junction Towers** and **8 Chifley Square** in Sydney
- » DPU of **1.70 cents** for 3Q 2015

YTD 2015 Distribution Income	3Q 2015 Distribution Income	3Q 2015 Distribution Income
up 1.8% y-o-y \$163.2 mil	up 4.6% y-o-y \$54.4 mil	stable q-o-q \$54.4 mil



	As at 30 September 2015	As at 30 June 2015
Non-current Assets	\$7,041 mil	\$7,042 mil
Total Assets	\$7,273 mil	\$7,276 mil
Borrowings ¹	\$3,554 mil	\$3,555 mil
Total Liabilities	\$2,828 mil	\$2,826 mil
Unitholders' Funds	\$4,444 mil	\$4,448 mil
Adjusted NAV Per Unit ²	\$1.37	\$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 2015, this excludes the distribution paid in August 2015.

For 30 September 2015, this excludes the distribution to be paid in November 2015.



Distribution Per Unit (DPU)

1.70 cents

Distribution Period

1 July 2015 – 30 September 2015

Distribution Timetable

Trading on “Ex” Basis

Friday, 23 October 2015

Books Closure Date

Tuesday, 27 October 2015

Distribution Payment Date

Friday, 27 November 2015



3. Capital Management

One Raffles Quay,
Singapore

Keppel REIT



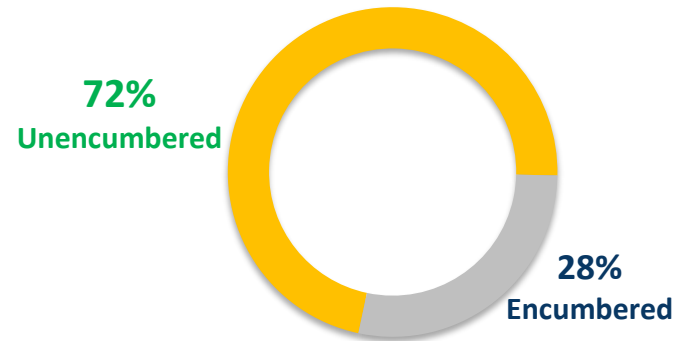
- » **Increased fixed-rate loans to over 70%**, which will **insulate against interest rate fluctuations**, while allowing for **operational** and **financial flexibility**
- » All-in interest rate remained **stable** at **2.5%**

	As at 30 Sep 2015
Gross Borrowings	\$3,554 mil
Interest Coverage Ratio	4.4 times
All-in Interest Rate	2.5%
Weighted Average Term to Expiry	3.6 years
Aggregate Leverage	42.6%
Moody's Rating	Baa2

Borrowings on Fixed-Rate



% of Assets Unencumbered



DPU Change

~100% ↑ in SOR

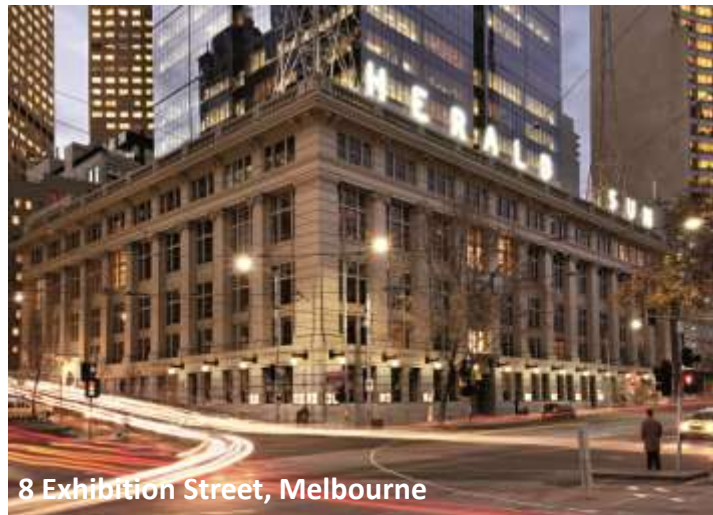
~0.15 cents ↓ in DPU

- » Hedged almost 100% of distribution payment from Australia up till 1Q 2016
 - Reduces volatility and provides greater certainty over future income distributions
- » Impact of AUD movement on Keppel REIT's DPU, NAV and gearing:

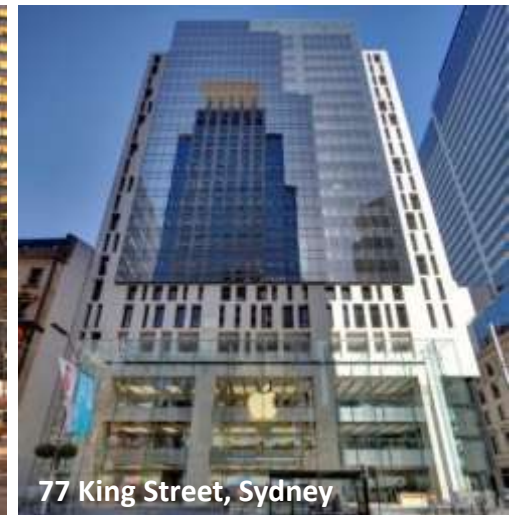
	Assuming AUD 1:SGD 0.95
DPU	Minimal
NAV	↓ by 2 cents
Gearing	↑ by 0.3%



8 Chifley Square, Sydney



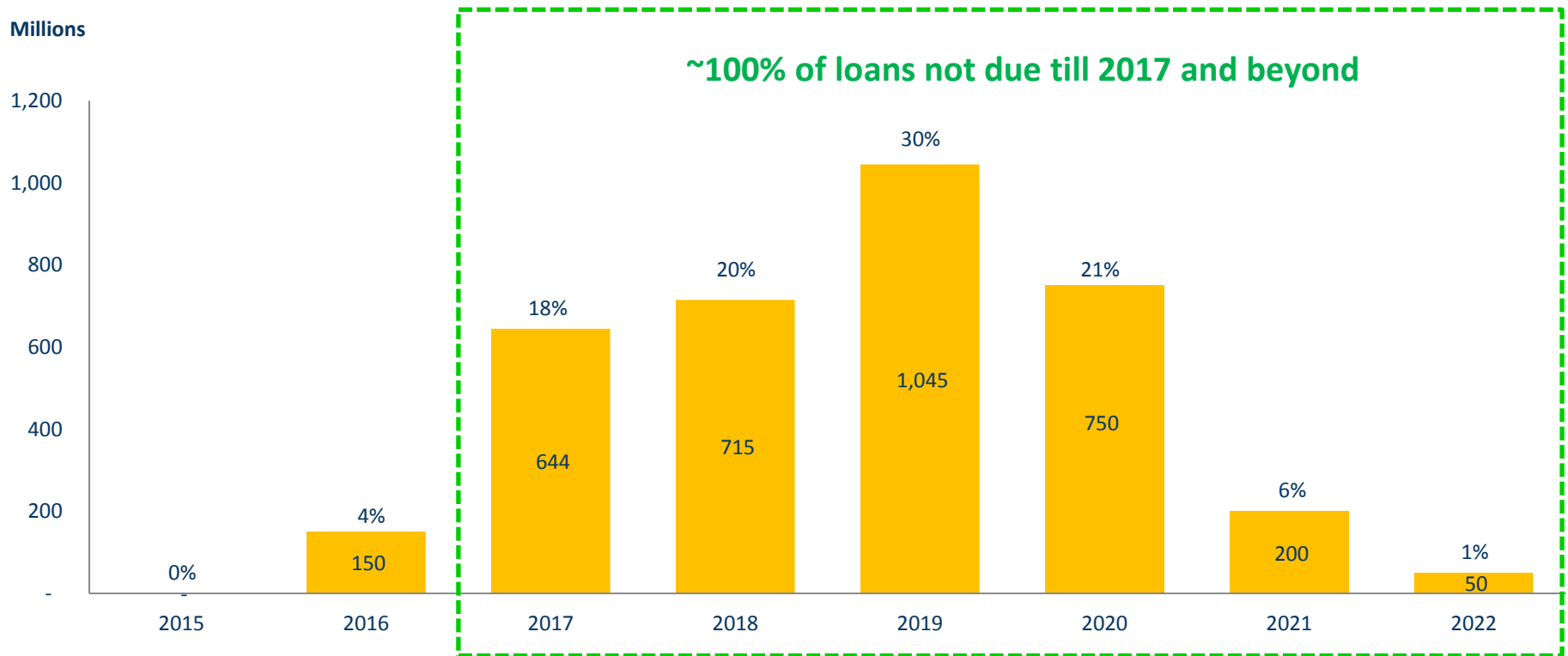
8 Exhibition Street, Melbourne



77 King Street, Sydney



- » Maintained **stable weighted average term to maturity of 3.6 years**
- » **Healthy interest coverage ratio of 4.4 times**
- » Continued to maintain **low refinancing obligations**, with **close to 100% of total borrowings not due for repayment till 2017**



4. Portfolio Analysis

Keppel REIT

Keppel REIT

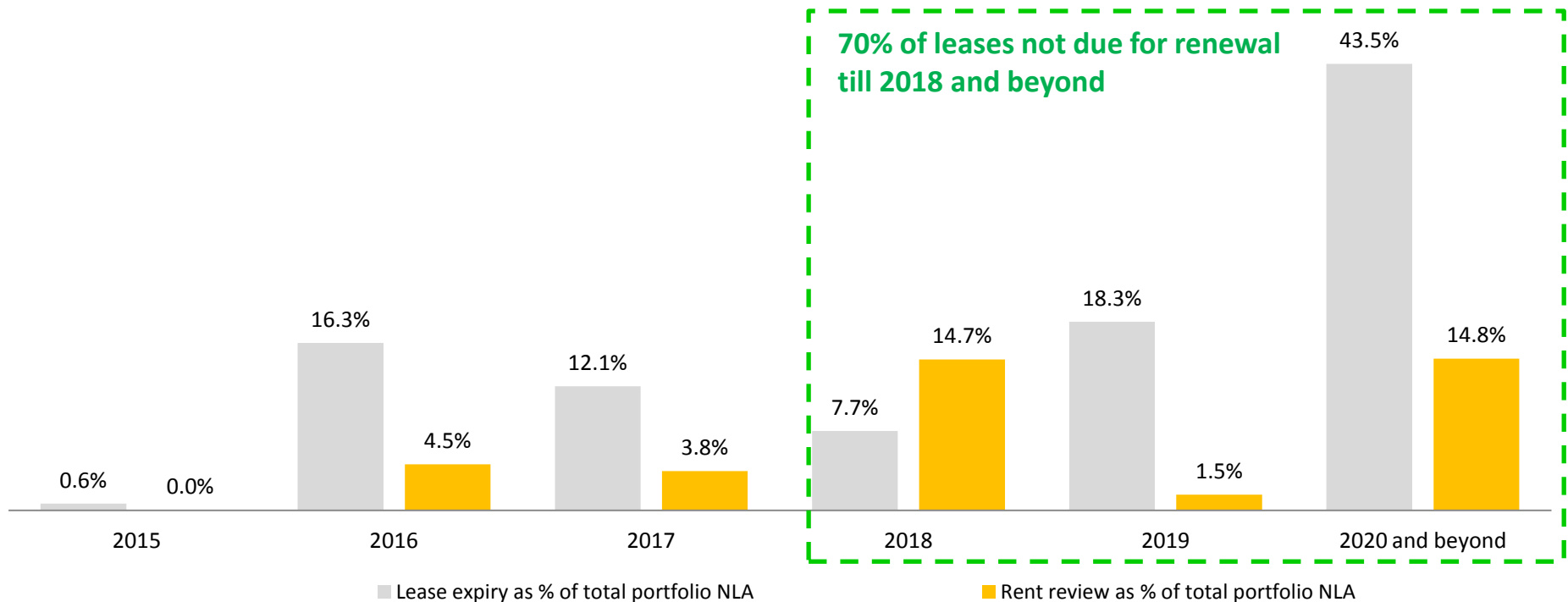
- » Continued to **intensify lease management efforts** to **retain** and **secure tenants**
- » Concluded a total of **82** leases or approximately **1.1 mil sf** of office spaces to-date
 - Approximately **43%** or **470,000 sf** committed in 3Q 2015
 - Portfolio occupancy stood at **98.5%** as at 3Q 2015
- » **Unwavering focus on tenant retention** saw **high tenant retention** rate of **90%** in Singapore
- » Notwithstanding office supply from upcoming and existing buildings, the Manager completed **100%** of all leases due for **review** and **almost all leases** due for **renewal** in 2015
- » **70%** of leases **not due for renewal till 2018 and beyond**
- » Despite challenging leasing market conditions, achieved a **positive rent reversion** averaging **16%** for office leases signed, renewed and reviewed year-to-date
- » Acquired three remaining **prime street-fronting retail units** at **8 Exhibition Street**
 - Gained **strategic control** of the **office** and **retail components**





- » **Continued focus on tenant retention**
- » Notwithstanding office supply from upcoming and existing buildings, completed **100%** of all leases due for **review** and **almost all leases** due for **renewal** in 2015
- » **70%** of leases **not due for renewal till 2018 and beyond**
- » Despite challenging leasing market conditions, achieved a **positive rent reversion** averaging **16%** for office leases signed, renewed and reviewed year-to-date

Portfolio Lease Profile (By NLA) as at 30 September 2015



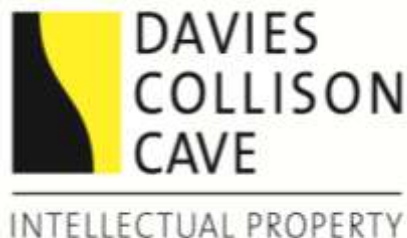


- » Concluded a total of **34 leases** or approximately **470,000 sf** of space in 3Q 2015
- » Of the **new office leases** secured in 3Q 2015
 - One-third were from tenants **setting up presence and operations in Singapore**
 - One-third were from **first-time entrants to Keppel REIT's portfolio**
 - One-third were **expansion by existing tenants**
- » Majority of new tenants are **Asian companies** including **banks** and **financial institutions** as well as from the **commodities** and **real estate** sectors
- » Existing tenants who expanded in 3Q 2015 came from **TMT**, **legal** and **commodities** sectors

Expanding into Singapore



DASIN RETAIL TRUST
大信商用信托



New to Keppel REIT's portfolio



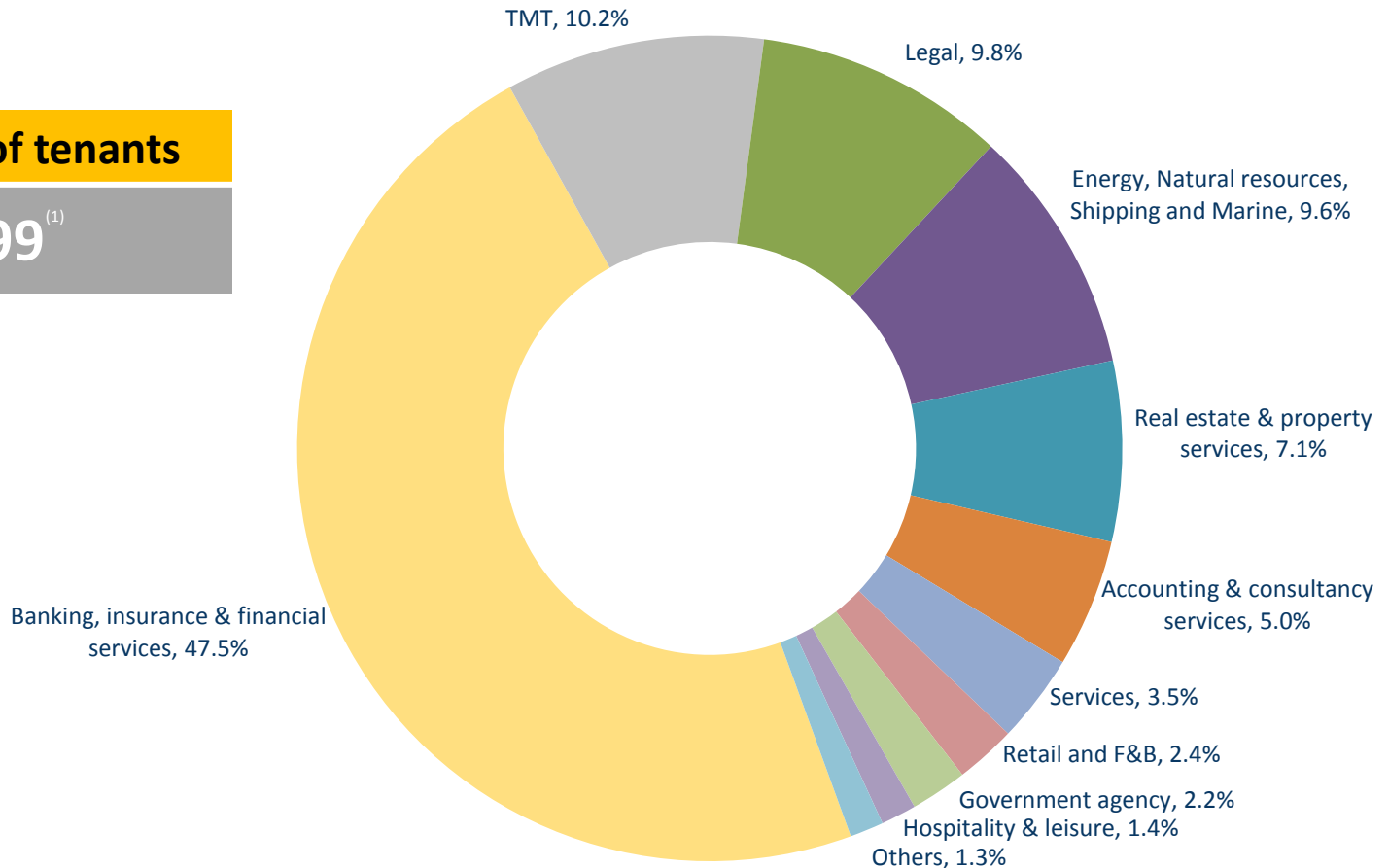
REXCOAL





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

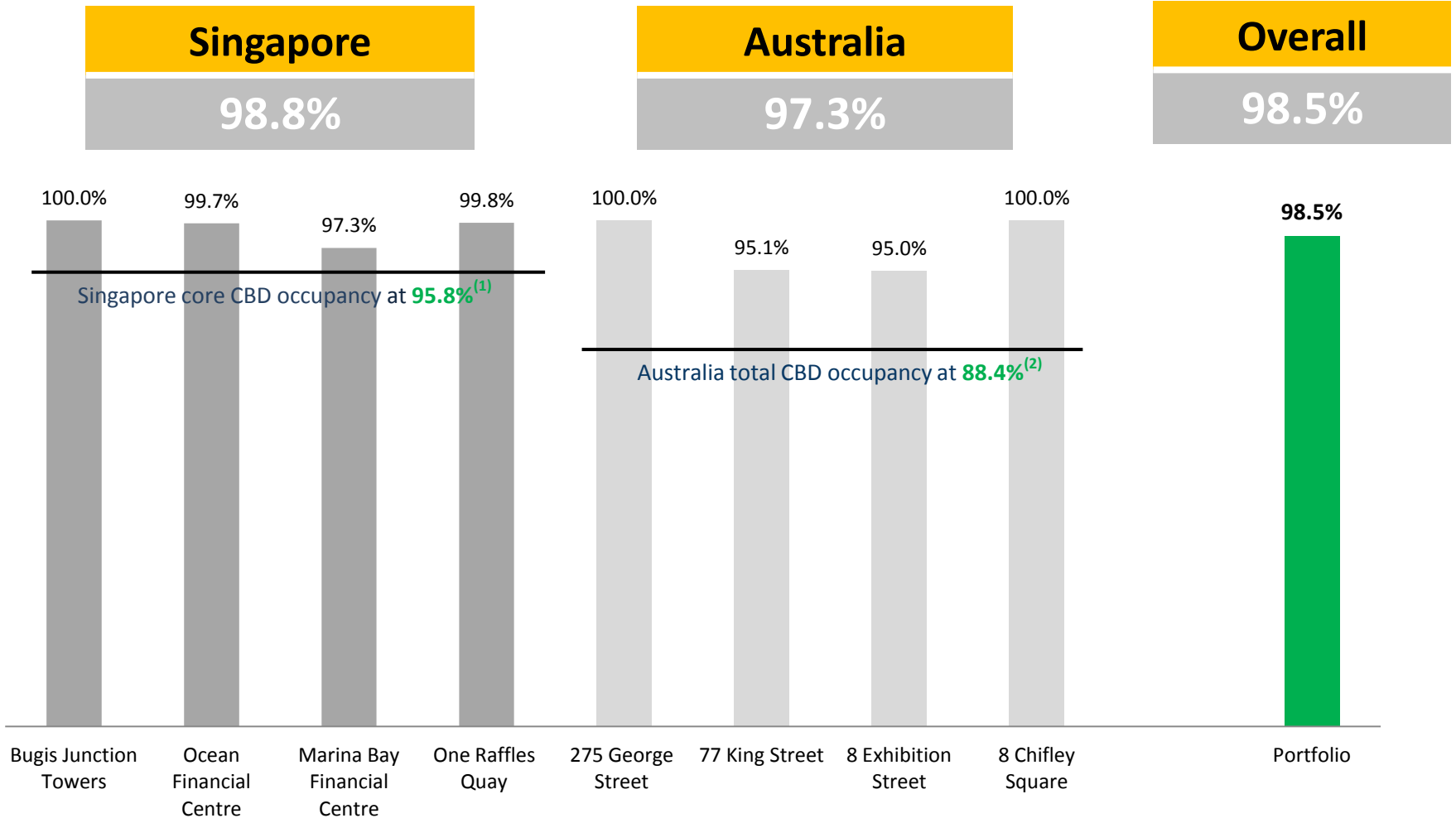
Number of tenants
299⁽¹⁾



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



» Maintained **high portfolio committed occupancy of 98.5%**

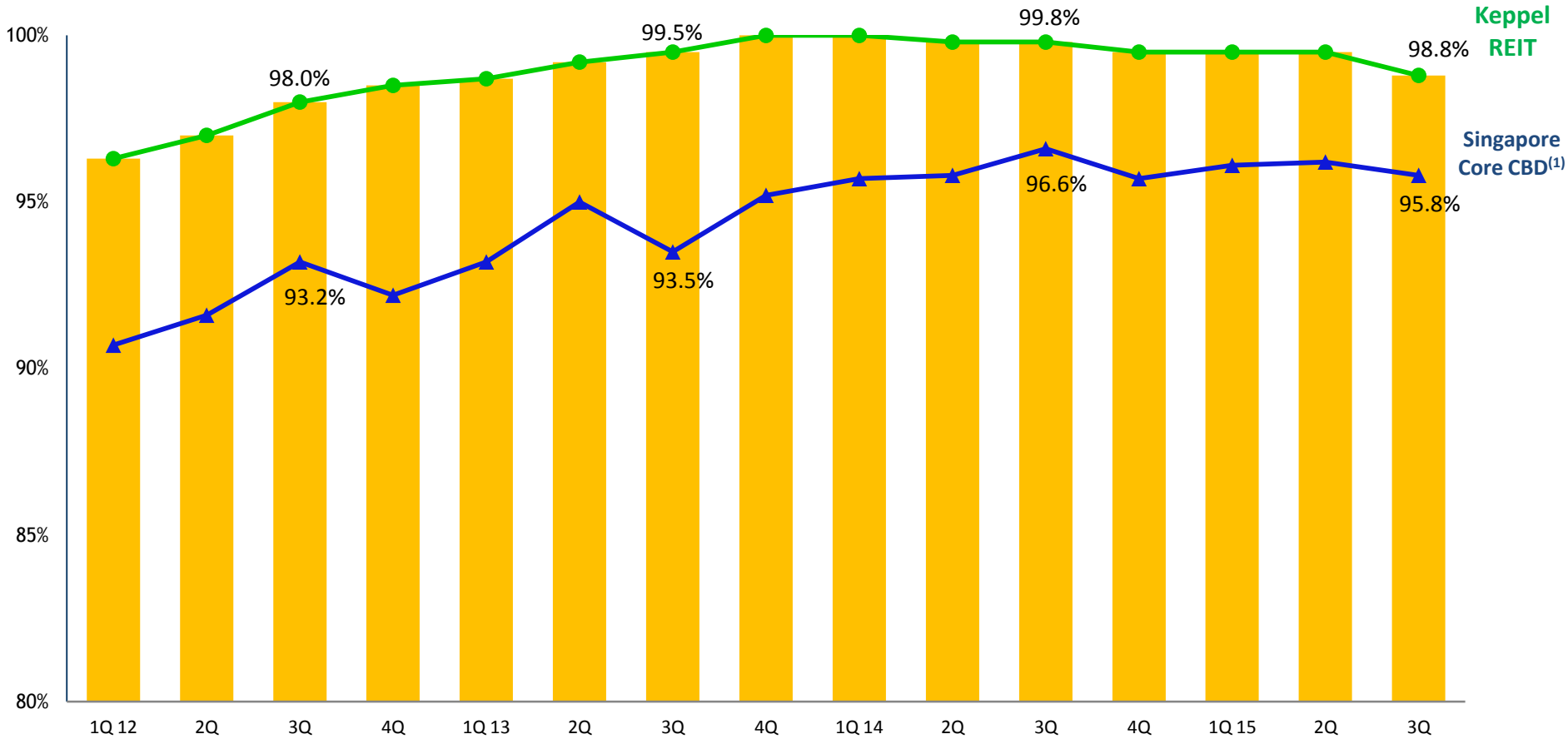


(1) Preliminary numbers by CBRE, 3Q 2015

(2) JLL, July 2015

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

Keppel REIT Historical Occupancy



(1) Preliminary numbers by CBRE, 3Q 2015

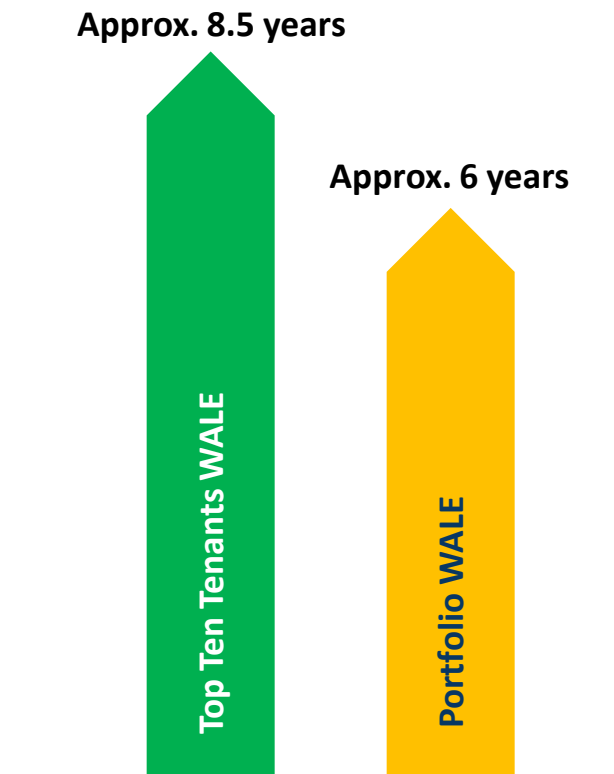
Keppel REIT Singapore Occupancy Singapore Core CBD Occupancy

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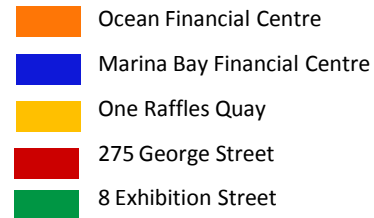
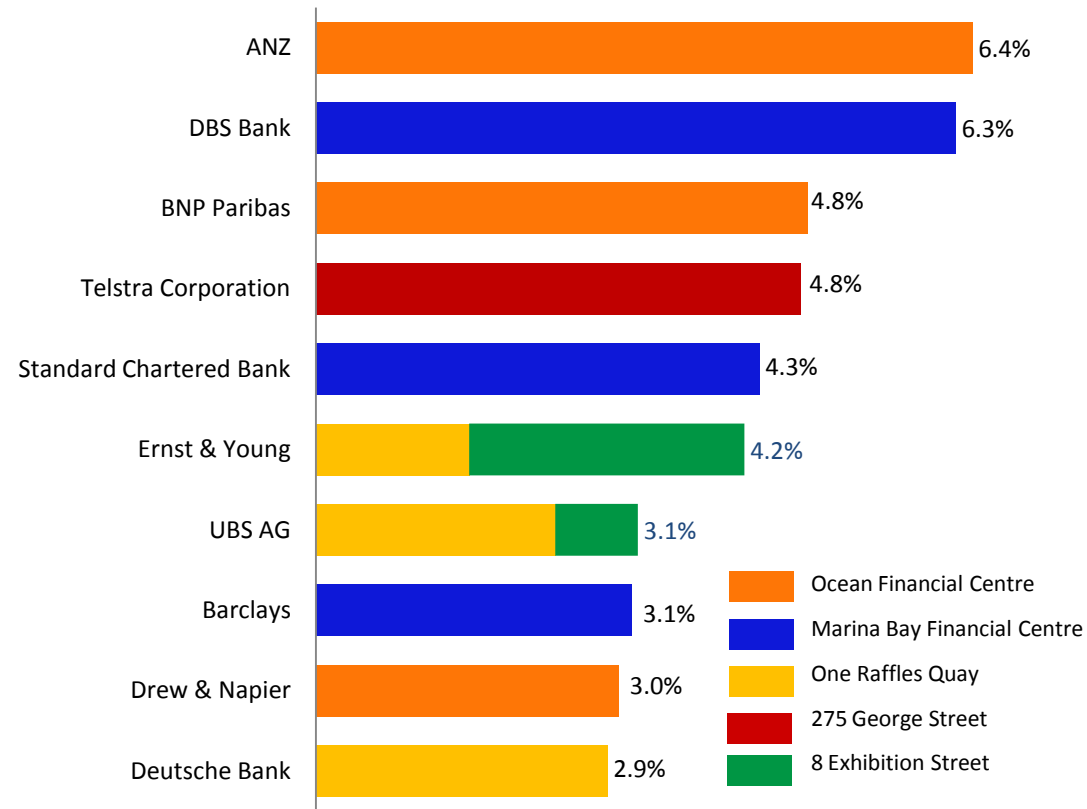


- » **Top 10 tenants** account for approximately **43%** of portfolio NLA
- » **Long WALE** of approximately **8.5 years** and **6 years** for top 10 tenants and portfolio respectively will **enhance income sustainability** over the long term

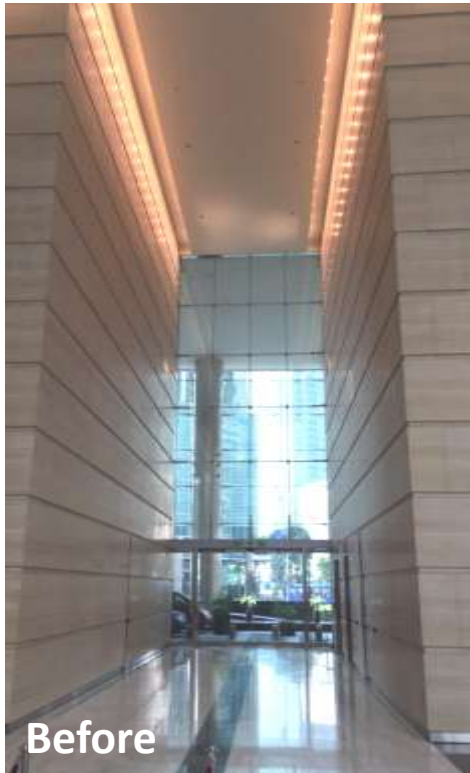
Weighted Average Lease Expiry (WALE)



Top Ten Tenants (by NLA)



- » **Enhanced ambience** and **added convenience** at Ocean Financial Centre
- » Two new retail units – DailyGrind and Spinelli Coffee Roasters
- » **Improved vibrancy** with the addition of “*Tales from the Ocean*”, a hanging sculpture by Israeli artist, Uri Dushy





Before



DailyGrind



Before



Spinelli Coffee Roasters





- » Received **Certificate of Practical Completion** in end-August 2015
- » **Government of Western Australia** is expected to commence its 25-year lease in **4Q 2015**
- » Effective **return** of **7.15%** upon lease commencement
- » **Fixed annual rental escalation** throughout lease term, with options for **another 25 years**



Received Certificate of Practical Completion
End-August 2015



Global Real Estate Sustainability Benchmark (GRESB) 2015



- » Internationally-recognised benchmark on companies' integrated organisational approach and performance in environmental measurement and management
- » First Asian REIT to maintain its pole position as the Regional Leader for Office Sector in Asia for two consecutive years
 - ✓ **1st in Asia across all diversified entities and sectors**
 - ✓ **1st in Asia for Office Sector/Regional Leader in Asia for Office Sector**
 - ✓ **1st in Asia for listed real estate companies**
 - ✓ **1st amongst the Asia Pacific Real Estate Composite Indices**
 - ✓ **Top 3 Globally for Office Sector**
 - ✓ **Top 3 Globally across all diversified entities and sectors**



16th SIAS Investors' Choice Awards 2015

- » Recognises companies for outstanding efforts in upholding and improving corporate disclosure and transparency standards
- ✓ **Most Transparent Company in the REITs and Business Trusts category, Runner-Up**

PUB Water Efficient Building (WEB) Certification 2015

- » Part of the Green Mark Certification scheme for buildings and encourages water efficient measures and processes
- ✓ **Ocean Financial Centre, MBFC Phase One and MBFC Tower 3 were all conferred the Gold awards**
- ✓ **Bugis Junction Towers was conferred the Silver award**

- » Keppel REIT's office buildings were decked out to commemorate **SG50**
- » **Ocean Financial Centre** featured a **SG50 green wall**, and the building façade was lit up in a spectacular LED lighting display during the National Day Parade



5. Market Review & Outlook



Bugis Junction Towers,
Singapore



Singapore

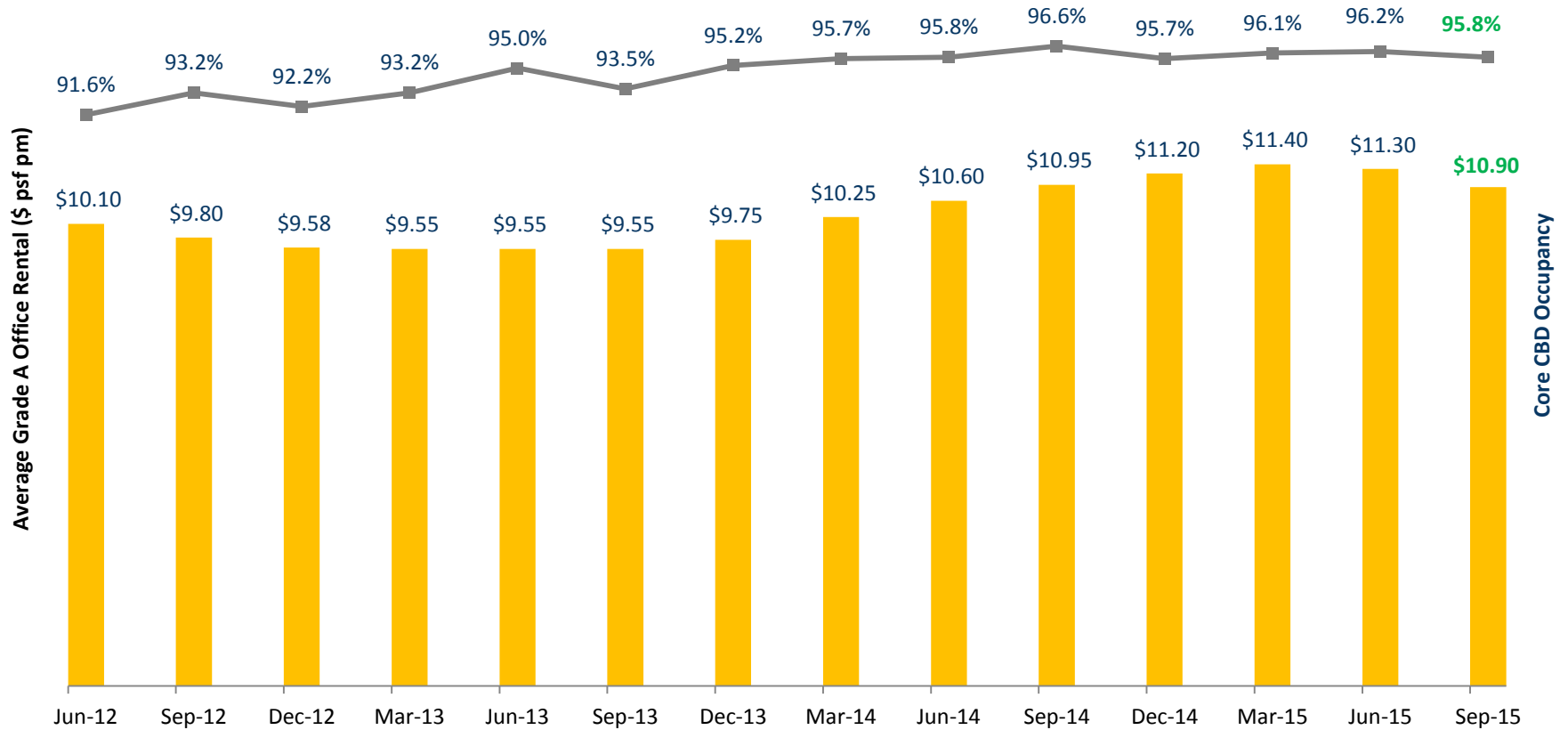
- » Advance estimates indicate that the Singapore economy expanded 1.4% y-o-y in 3Q 2015, supported by growth in the construction and services sectors
- » Singapore's economy is expected to record a modest 2.0% to 2.5% growth for the whole of 2015
- » Landlord's proactive leasing approach continued to see firms in the TMT sector, Asian financial institutions and pharmaceutical companies picking up office space during the quarter



Sources: Ministry of Trade and Industry and preliminary numbers by CBRE, 3Q 2015



- » **Occupancy** in Singapore's **core CBD** remained **stable** at **95.8%**
- » Office rents recorded a second quarter of correction, with average Grade A rents at approximately **\$10.90 psf** in 3Q 2015



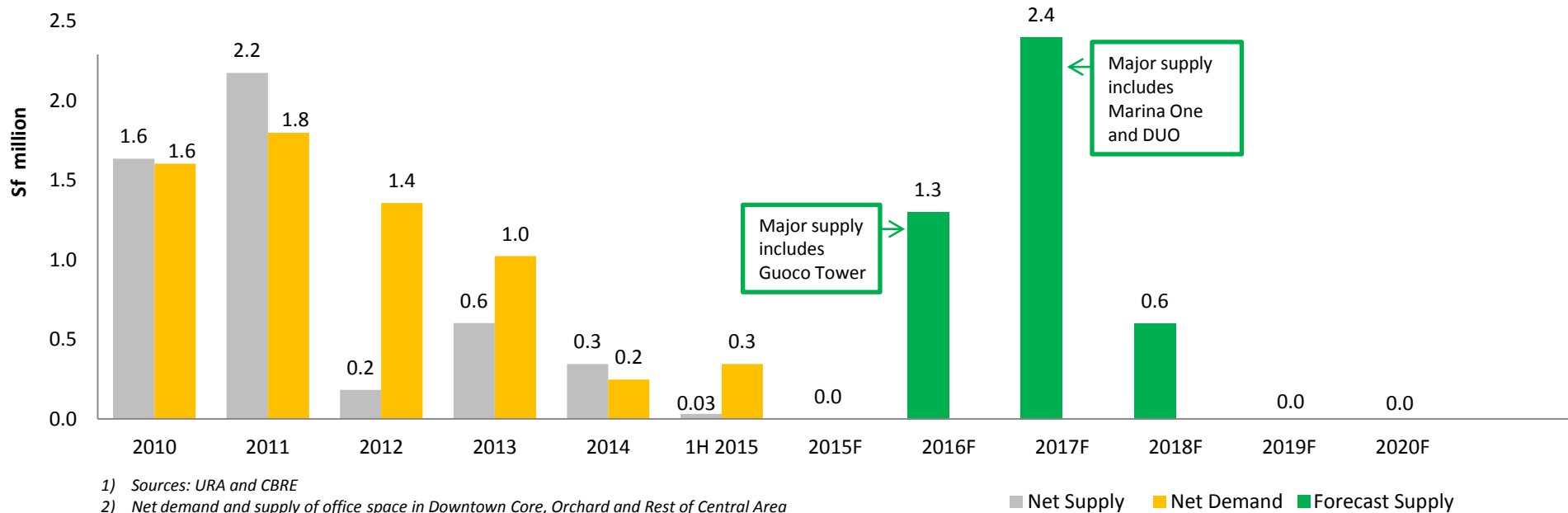
Source: Preliminary numbers by CBRE, 3Q 2015

■ Average Grade A Rental (\$ psf pm)

■ Core CBD Occupancy

- » **Healthy demand** for office space of approximately **1.2 mil sf p.a.** in the last 5 years
- » Average supply of approximately **0.7mil sf p.a.** over the next 6 years till end-2020

Period	Ave annual net supply	Ave annual net demand ⁽²⁾
5 years (2010 – 2014)	1.0 mil sf	1.2 mil sf
Ave gross new supply over next 6 years (2015 – 2020) ⁽³⁾	0.7 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

■ Net Supply ■ Net Demand ■ Forecast Supply



Australia

- » The Australia economy grew 2.0% y-o-y in 2Q2015, with full-year growth expected at 2.5%
- » The Reserve Bank of Australia maintained the official cash rate at 2.0% to foster growth, particularly in the housing and infrastructure sectors
- » Sydney and Melbourne recorded improved office occupancy levels in 2Q2015
- » Growth in the TMT sector, finance and insurance industry as well as real estate services drove demand for office spaces, and are expected to drive office demand in the short- to medium-term



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



- » Best-in-class assets strategically located in Singapore's prime business and financial districts
- » S-REIT with the youngest and largest portfolio of premium office assets
- » Reputable tenant base spanning diverse business sectors

Marina Bay Financial Centre

One Raffles Quay

Ocean Financial Centre

Marina Bay Link Mall

Tower 3

Tower 2

Tower 1

South Tower

North Tower





Link to ↓
MRT
Raffles Place
One Raffles Quay
One Marina Boulevard
Marina Bay Financial Centre
COLLOUIS

Keppel REIT

Thank You

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



Maiden acquisition: One Raffles Quay



First third-party acquisition: Increased stake in Prudential Tower



77 King Street

- First overseas acquisition
- First S-REIT to qualify for Australia's MIT structure
- First strategic asset swap to acquire MBFC Phase One



Ocean Financial Centre

- First forward funding acquisition structure
- First S-REIT to utilise LLP structure to hold assets

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



8 Exhibition Street

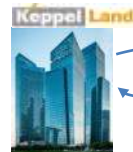
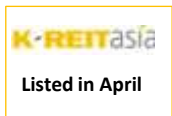
- Acquisition of the new office tower at the Old Treasury Building site in Perth
- Acquisition of 8 Exhibition Street in Melbourne

- 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



Asset Swap



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

\$8.2 bn

YTD 2015



- » Keppel REIT's AUM is approximately **\$8.2 billion** as at 30 September 2015
- » **88%** of portfolio in Singapore and **12%** 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	1,028,443	443,715	883,172
Ownership	100.0%	33.33%	33.33%	99.9%
Number of tenants	15	155	46	53
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)	527.0	1,641.0 ⁽³⁾ 1,289.0 ⁽⁴⁾	1,228.0	2,560.0
Committed occupancy (As at 30 Sept 2015)	100.0%	97.3%	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 2014.



	8 Chifley Square, Sydney ⁽¹⁾	77 King Street Office Tower, Sydney	8 Exhibition Street, Melbourne ⁽¹⁾	275 George Street, Brisbane ⁽¹⁾	Office Tower on 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 and its annexe
Attributable NLA (sf)	104,140	146,670	241,574	224,688	165,685
Ownership	50.0%	100.0%	50.0%	50.0%	50.0%
Number of tenants	8	15	17	8	1
Principal tenants	Corrs Chambers Westgarth, QBE Insurance Group, Quantum Group	Apple, Facebook, Capgemini Australia	Ernst & Young, UBS, CBRE	Queensland Gas Company, Telstra Corporation	Government of Western Australia
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	Freehold	99 years
Valuation ⁽²⁾ (S\$ million)	205.9	139.9	194.3	213.7	197.0
Committed occupancy (As at 30 Sept 2015)	100.0%	95.1%	95.0%	100.0%	98.7%

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

(2) Based on the exchange rate of A\$1 = S\$1.11. Valuation as at 31 December 2014 based on Keppel REIT's interest in the respective properties.