



**Acquisition of a 50% interest in 311 Spencer Street
in Melbourne, Australia**

29 June 2017



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Acquisition Overview

**Continuous efforts to enhance Keppel REIT's portfolio.
Strategic acquisition of 311 Spencer Street in Melbourne.**



- Acquisition of a 50% interest in 311 Spencer Street from Australia Postal Corporation
- Freehold site will be developed into a Grade A office tower
- Will be fully leased to the Assistant Treasurer for the State of Victoria for 30 years on a net lease with fixed annual escalations⁽¹⁾
- Total consideration of ~A\$347.8 m or ~S\$362.4 m⁽²⁾

⁽¹⁾ Lease includes a market rent review at the commencement of year 16 subject to a cap and collar, and options to renew for three additional terms of five years each.

⁽²⁾ Based on an exchange rate of A\$1.00 to S\$1.042.



Address	311 Spencer Street Melbourne, Victoria
Tenure	Freehold
Architect	Woods Bagot
Target Development Completion	4Q 2019
Estimated Net Lettable Area (100%)	717,000 square feet
Typical Floor Plate	Approx. 22,600 square feet Approx. 2,100 square metres
Building Specifications	Grade A ⁽¹⁾
Co-Owner & Developer	Cbus Property Pty Ltd
Tenant	Assistant Treasurer for the State of Victoria
Pre-committed Occupancy	100%
WALE upon Completion	30 years
Car park lots	600
Green Credentials	5-Star Green Star ⁽²⁾ 4.5-Star NABERS

⁽¹⁾ Based on the Property Council of Australia's 'A Grade' specifications.

⁽²⁾ The 5-Star Green Star rating will qualify Keppel REIT (Australia) Sub-Trust 5 as a green Managed Investment Trust (MIT), allowing it to enjoy a preferential withholding tax rate of 10% on distributions and capital gains instead of 15% for a typical MIT.

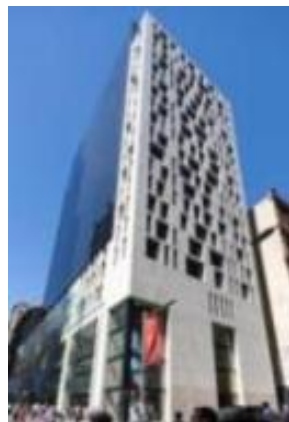


Strategic location

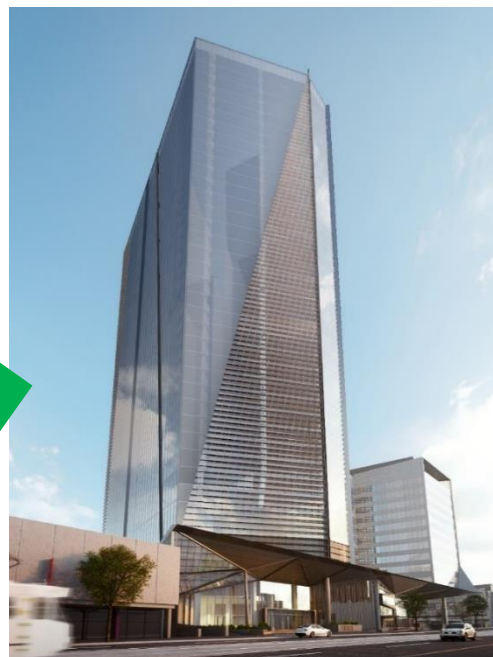
- Strategically located at the gateway between Melbourne's CBD and Docklands
- Walking distance to the Southern Cross Station, the city's major railway station and transportation hub
- Well-positioned to benefit from its proximity to Melbourne's CBD and the rapid development of the Docklands precinct, which has attracted tenants such as ANZ and National Australia Bank to set up their global headquarters



Sustainable income growth over 30 years and a stable average yield of 6.4%⁽¹⁾ per annum over the first 15 years.



Divestment of 77 King Street



Acquisition of 50% interest in 311 Spencer Street



Age	~40 years
WALE	3.5 years
Yield	5.3%

WALE upon completion	30 years
Yield	Ave. 6.4% ⁽¹⁾ p.a. over the first 15 years

- ✓ Stable income stream over the 30-year lease, with fixed annual rental escalations
- ✓ Enhances tenancy profile with the addition of a AAA-rated tenant
- ✓ Average property yield of 6.4%⁽¹⁾ per annum over the first 15 years
- ✓ Pro forma DPU accretion of 0.07 cents or 1.1%⁽²⁾
- ✓ Extends top 10 tenants and portfolio WALE⁽³⁾ to 14 years and 9 years respectively
- ✓ Diversifies income contribution

(1) Based on the expected net property income of the building for the first 15 years to the tenant, over the consideration. There is a market rent review at the commencement of year 16, subject to a cap and collar.

(2) Based on the pro forma financial effects of the Transaction on Keppel REIT's DPU for FY 2016, as if Keppel REIT had completed the Transaction and the lease commenced on 1 January 2016 and held the interest in the Property through to 31 December 2016.

(3) WALE by committed net lettable area as at 31 December 2016, and assuming the 30-year lease to the tenant commenced on 1 January 2016.

Benefits to Unitholders



- Augments existing portfolio of office assets that are strategically located in Singapore's CBD and key Australian cities



Ocean Financial Centre
(99.9% interest)



Marina Bay Financial Centre
(33.3% interest)



One Raffles Quay
(33.3% interest)



Bugis Junction Towers
(100% interest)

Singapore*

85%

Australia*

15%



**311 Spencer Street
Melbourne**
(50% interest)



**8 Chifley Square,
Sydney**
(50% interest)



**8 Exhibition Street,
Melbourne**
(50% interest)



**275 George Street,
Brisbane**
(50% interest)



**David Malcolm
Justice Centre, Perth**
(50% interest)

* Based on Keppel REIT's total assets under management of approximately S\$8.4 billion, as at 31 December 2016; and assuming the development had been completed as at 31 December 2016. Based on an exchange rate of A\$1.00 to S\$1.060.



- Stable income stream over the 30-year lease, with fixed annual rental escalations embedded throughout the lease period
- Well-established tenant with AAA credit rating
- Average property yield of 6.4%⁽¹⁾ per annum over the first 15 years
- Pro Forma DPU accretion of 0.07 cents⁽²⁾ or 1.1%

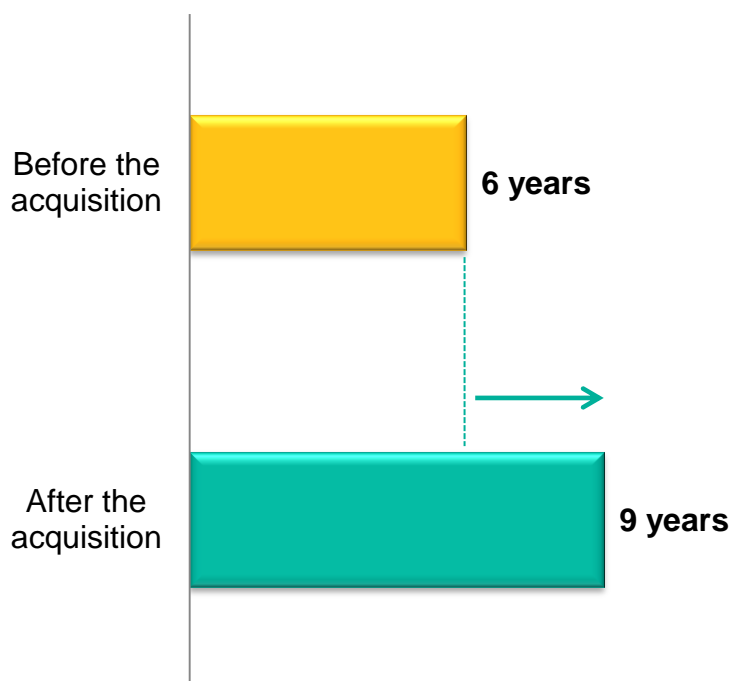
⁽¹⁾ Based on the expected net property income of the Building for the first 15 years of the lease to the Tenant, over the total consideration. There is a market rent review at the commencement of year 16, subject to a cap and collar.

⁽²⁾ Based on the pro forma financial effects of the Transaction on Keppel REIT's DPU for FY 2016, as if Keppel REIT had completed the Transaction and the lease commenced on 1 January 2016 and held the interest in the Property through to 31 December 2016.



Extends Weighted Average Lease Expiry

Extends Portfolio WALE⁽¹⁾ from 6 to 9 years



Extends Top 10 Tenants WALE⁽¹⁾ from 9 to 14 years

			% of Total Committed NLA	
No	Property ⁽²⁾	Tenant	Before Acquisition	After Acquisition
1	311 SS	Assistant Treasurer for the State of Victoria	-	9.6%
2	MBFC	DBS Bank	6.2%	5.6%
3	OFC	ANZ	5.7%	5.1%
4	DMJC	Government of Western Australia	5.0%	4.5%
5	OFC	BNP Paribas	4.8%	4.3%
6	275 GS	Telstra Corporation	4.7%	4.2%
7	MBFC	Standard Chartered Bank	4.3%	3.9%
8	ORQ & 8 EX	Ernst & Young	4.1%	3.7%
9	ORQ & 8 EX	UBS	3.1%	2.8%
10	OFC	Drew & Napier	2.9%	2.6%
			40.8%	46.3%

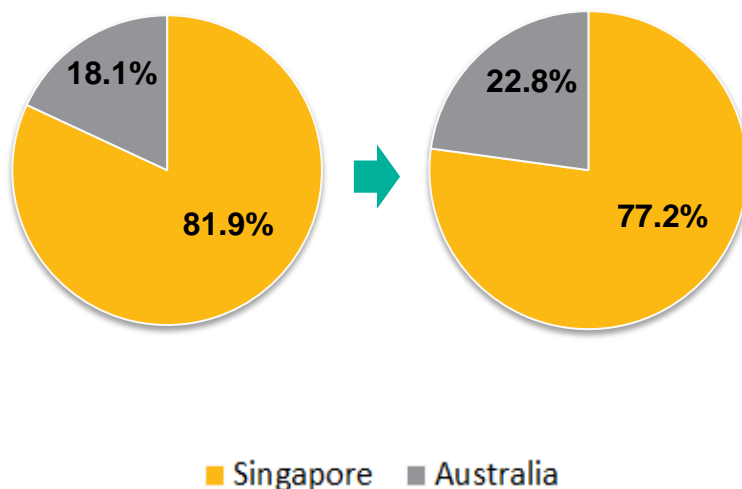
⁽¹⁾ WALE by committed net lettable area as at 31 December 2016, and assuming the 30-year lease to the tenant commenced on 1 January 2016.

⁽²⁾ 311 SS: 311 Spencer Street; MBFC: Marina Bay Financial Centre; OFC: Ocean Financial Centre; DMJC: David Malcolm Justice Centre; 275 GS: 275 George Street; ORQ: One Raffles Quay; 8 EX: 8 Exhibition Street

Diversifies Income Contribution by Country⁽¹⁾

Before the Acquisition

After the Acquisition



Enhances Tenancy Profile⁽¹⁾ with the addition of a Government Tenant

		% of Total Committed NLA	
No	Sector	Before Acquisition	After Acquisition
1	Banking, insurance & financial services	44.6%	40.3%
2	Government agencies	8.0%	16.9%
3	Legal	9.8%	8.9%
4	TMT	9.6%	8.7%
5	Energy, natural resources, shipping and marine	8.9%	8.0%
6	Real estate & property services	7.5%	6.8%
7	Accounting & consultancy services	5.3%	4.8%
8	Retail and F&B	2.0%	1.8%
9	Services	1.8%	1.6%
10	Hospitality & leisure	1.4%	1.2%
11	Others	1.1%	1.0%
		100.0%	100.0%

⁽¹⁾ Assuming the lease to the tenant commenced on 1 January 2016.

Funding Structure





Aggregate consideration of A\$347.8 million⁽¹⁾.

Funded by a mix of:

- (i) Part of the divestment proceeds from 77 King Street; and
- (ii) Debt financing⁽²⁾.

The Manager will determine the optimal funding structure for the subsequent progress payment tranches.

Milestones	Estimated Timeline
Completion of acquisition of 50% interest	3Q 2017
Practical completion of office tower	4Q 2019
Lease commencement	4Q 2019

⁽¹⁾ Approximately S\$362.4 million, based on exchange rate of A\$1.00 to S\$1.042.

⁽²⁾ Based on Keppel REIT's financial statements for FY 2016, as if Keppel REIT had completed the Transaction on 31 December 2016 with the building completed and loans fully drawn, the pro forma aggregate leverage would have increased another 1.8%.



Thank You