



## Investor Presentation

UOB Kay Hian-REITAS Seminar  
5 March 2019



## **Overview & Key Highlights**

**3**

## **Portfolio Optimisation**

**13**

## **Looking Ahead**

**18**

## **Additional Information**

**23**

**IMPORTANT NOTICE:** The past performance of Keppel REIT is not necessarily indicative of its future performance. Certain statements made in this presentation may not be based on historical information or facts and may be “forward-looking” statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments or shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Prospective investors and unitholders of Keppel REIT (“Unitholders”) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel REIT Management Limited, as manager of Keppel REIT (the “Manager”) on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this presentation. None of the Manager, the trustee of Keppel REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of units in Keppel REIT (“Units”) and the income derived 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 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.

## Prime Assets in Strategic Locations

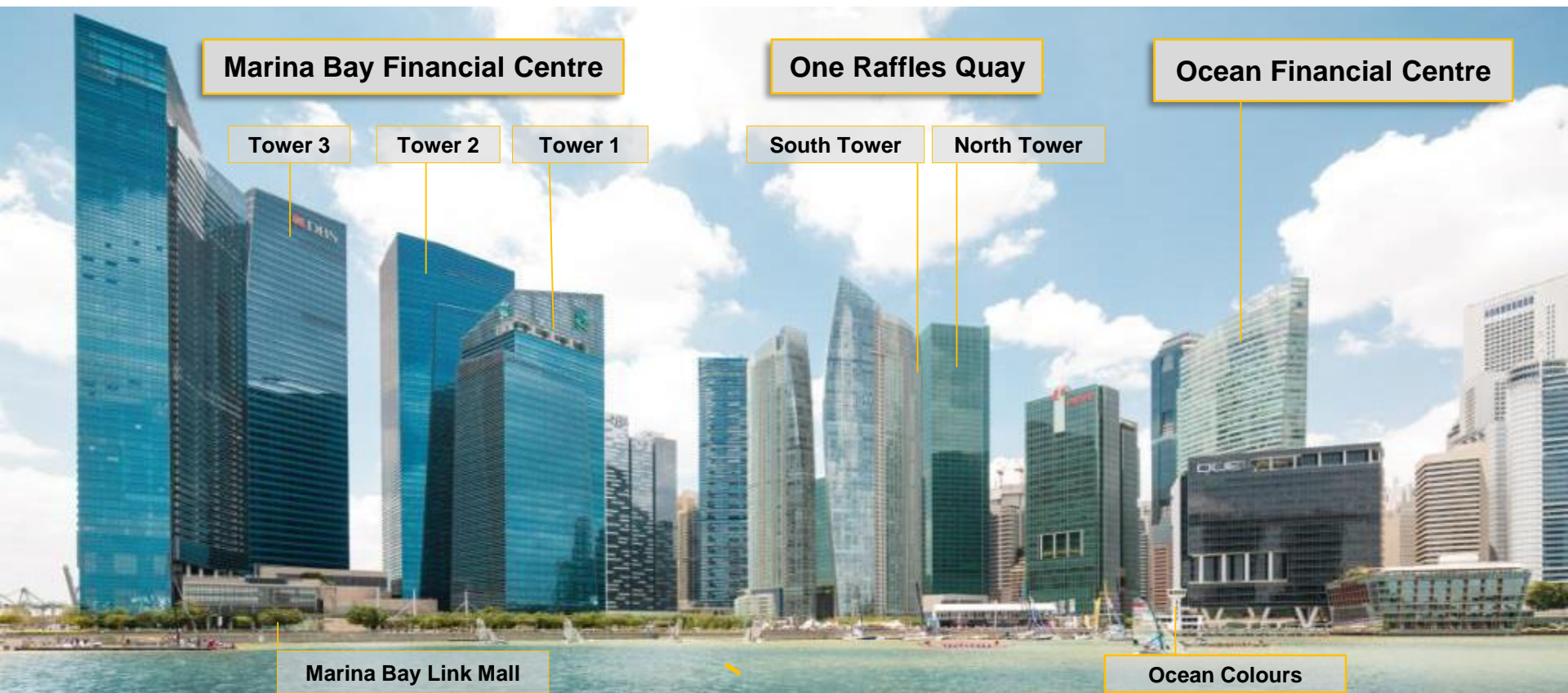
\$8.1 billion of 9 premium commercial assets in Singapore and Australia's key business districts

## Large Portfolio of Premium Office Assets

3.5 million sf total attributable NLA

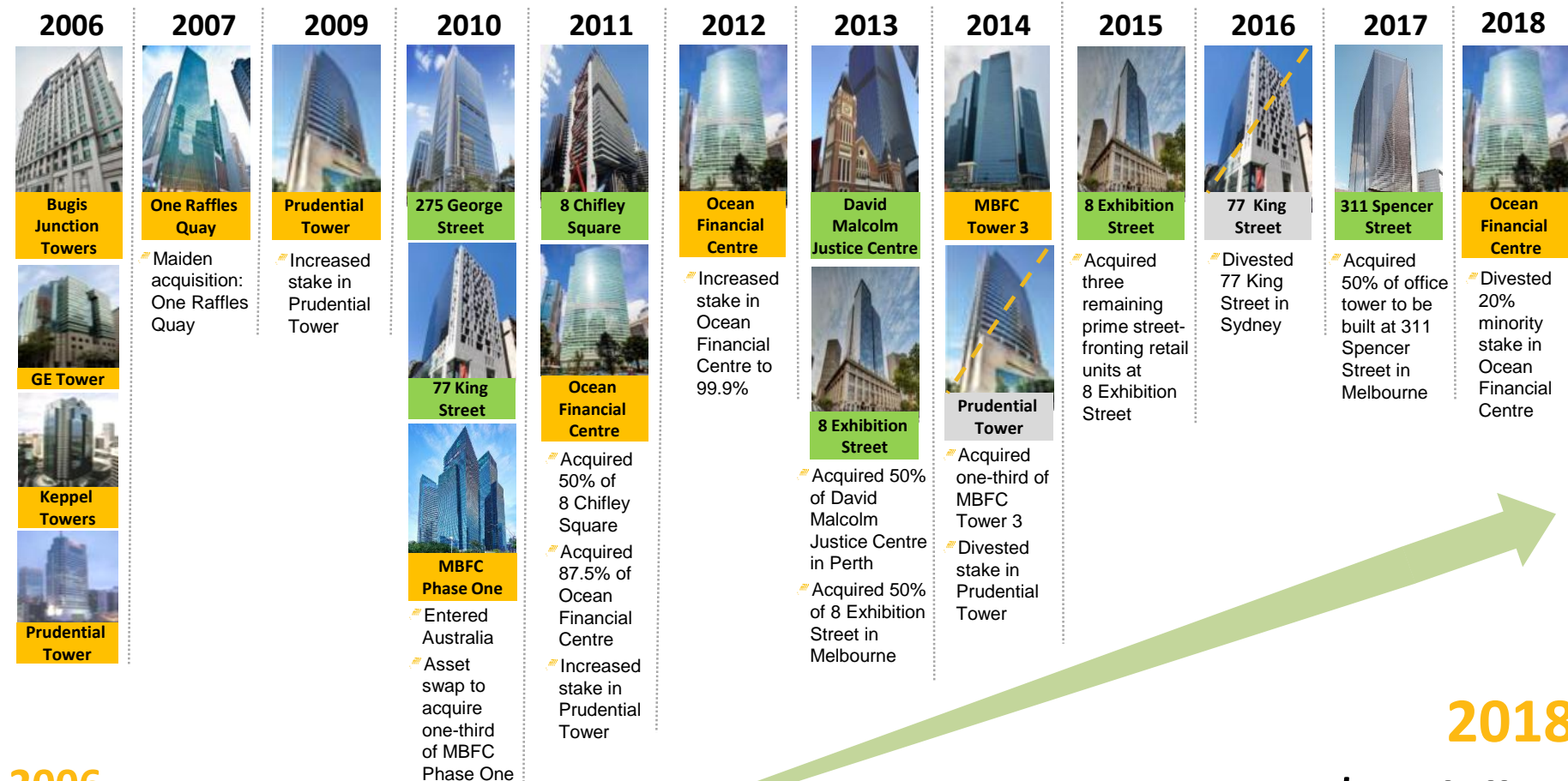
## Commitment to Sustainability

BCA Green Mark Platinum award for all Singapore assets and 5 Stars NABERS Energy rating for most Australian assets





## Portfolio rejuvenation and diversification to create long-term value for Unitholders



**2006**

**AUM : Over \$600 million**  
**Market Cap: \$250 million**

**2018**

**AUM: \$8.1 billion**  
**Market Cap: \$3.9 billion**





**Ocean Financial Centre**  
(79.9% interest)



**Marina Bay Financial Centre**  
(33.3% interest)



**One Raffles Quay**  
(33.3% interest)



**Bugis Junction Towers**  
(100% interest)

**Singapore**  
**85%**

**Australia**  
**15%**



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



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



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



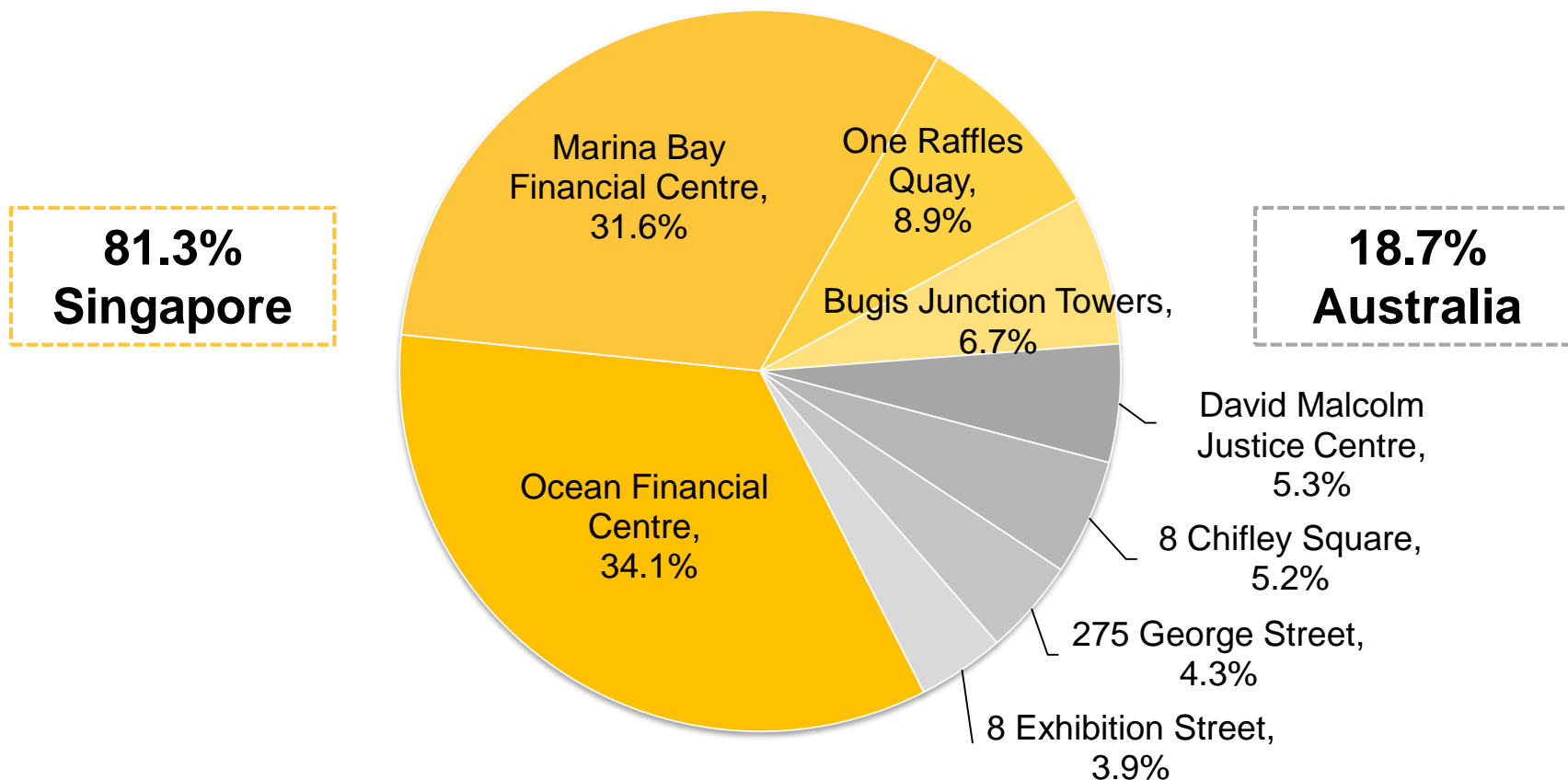
**David Malcolm  
Justice Centre, Perth**  
(50% interest)



**311 Spencer Street,  
Melbourne**  
(50% interest)  
*-Under construction-*



## Income Contribution\* by Asset & Geography (for FY 2018)



\* Comprised net property income of directly held properties, distribution/dividend income from associates & joint ventures, rental support income, as well as interest income on advances to associates.



# FY 2018 Key Highlights



- **Distributable Income** **\$189.0 m<sup>(1)</sup>**
- **Distribution per Unit** **5.56 cents**
- **Aggregate Leverage** **36.3%**
- **All-in Interest Rate** **2.81% p.a.**



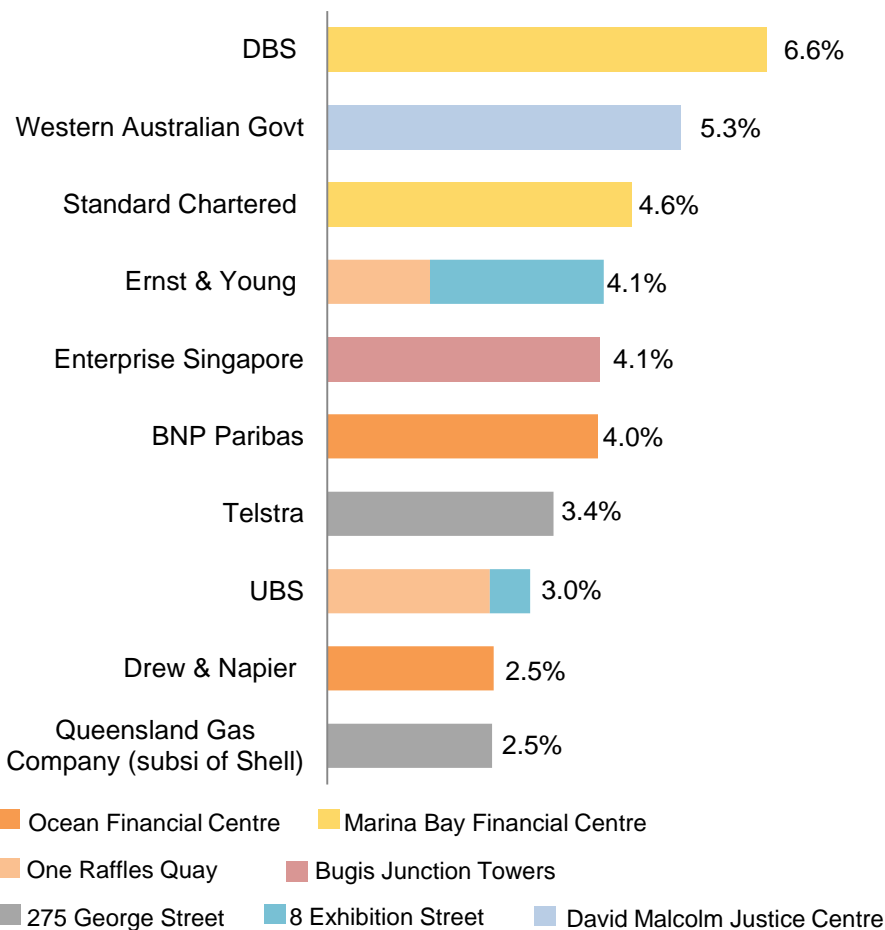
- **Leases Committed** **2,853,100 sf**  
(Attributable area ~1,227,100 sf)
- **Portfolio Committed Occupancy** **98.4%**
- **Portfolio WALE** **5.9 years**
- **Tenant Retention** **83%**

(1) This includes distribution of capital gains of \$3.0 million for 4Q 2018.



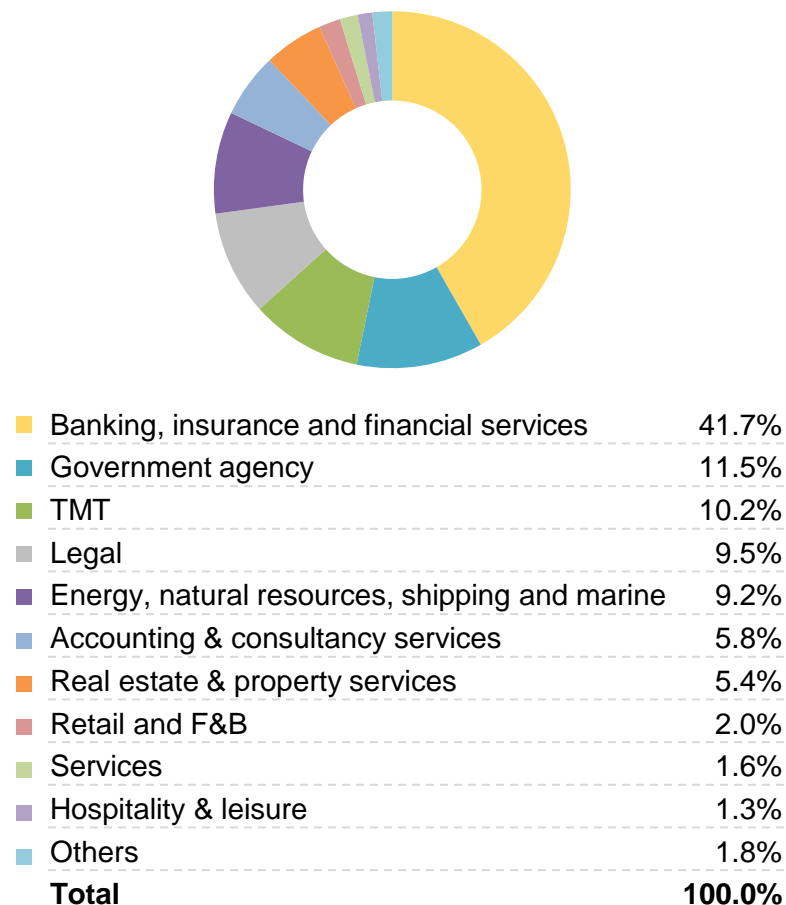
## Top 10 Tenants<sup>(1,2)</sup>

Occupies 40.1% of portfolio NLA  
Contributes 37.8% of gross rental income



## Profile of Tenant Base<sup>(1,2)</sup>

Number of Tenants: 336<sup>(3)</sup>



(1) All data as at 31 December 2018 and based on portfolio committed NLA.

(2) Based on Keppel REIT's 79.9% attributable share of tenants in Ocean Financial Centre following the divestment of a 20% stake.

(3) Tenants with multiple leases were accounted as one tenant.

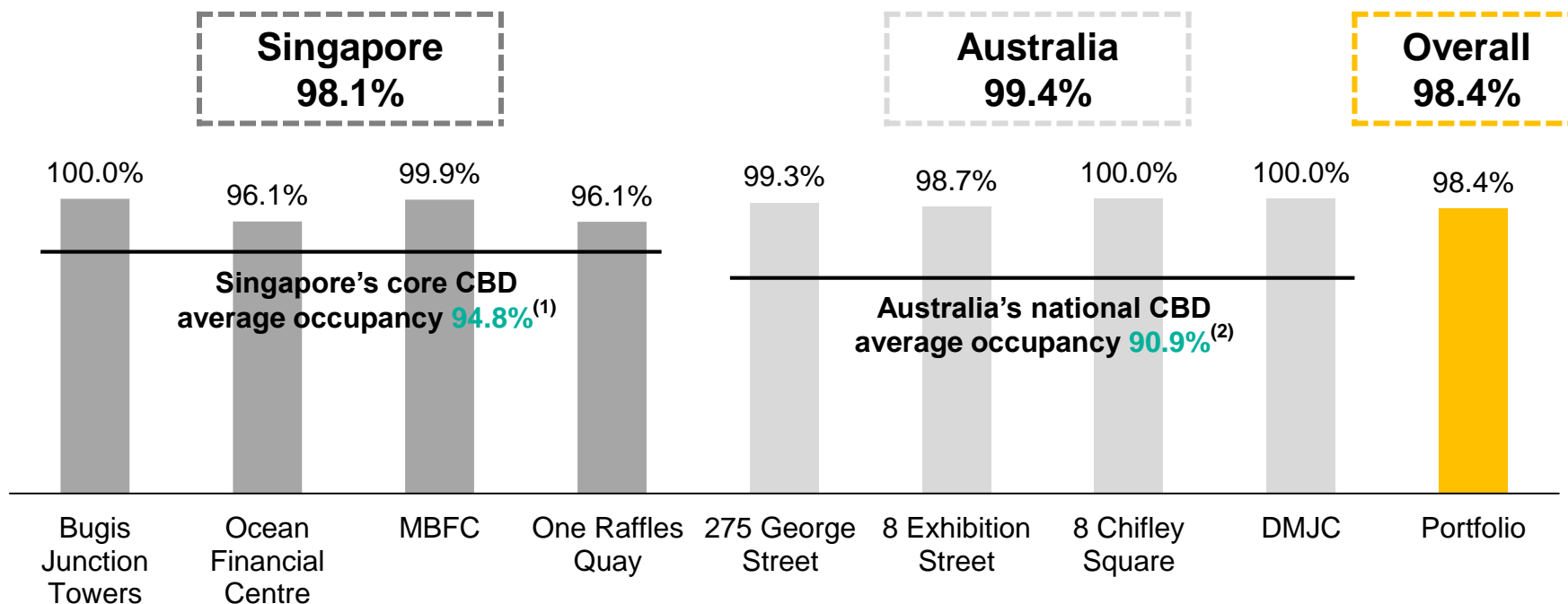




- Committed occupancies for the Singapore and Australia assets remain healthy and above market average
- The Manager will continue to strive for an optimal balance between achieving high occupancy levels and maximising returns from the assets

## High Portfolio Committed Occupancy

(as at 31 Dec 2018)

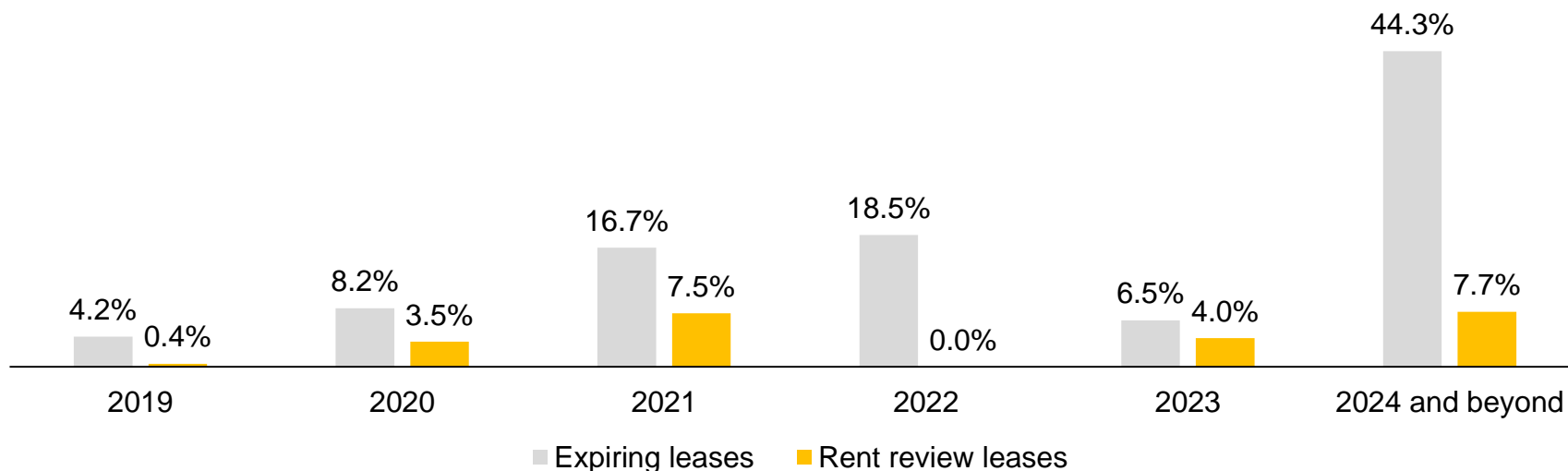




- WALE for the portfolio and top 10 tenants remained long at approximately 5.9 years and 8.2 years respectively
- Average signing rent for the Singapore office leases in FY 2018 was ~\$11.10<sup>(1)</sup> psf pm, above Grade A core CBD market average of \$10.26<sup>(2)</sup> psf pm

## Portfolio Lease Expiry Profile

(by attributable area)



Note: All data as at 31 December 2018. Remaining lease term to expiry based on portfolio committed NLA.

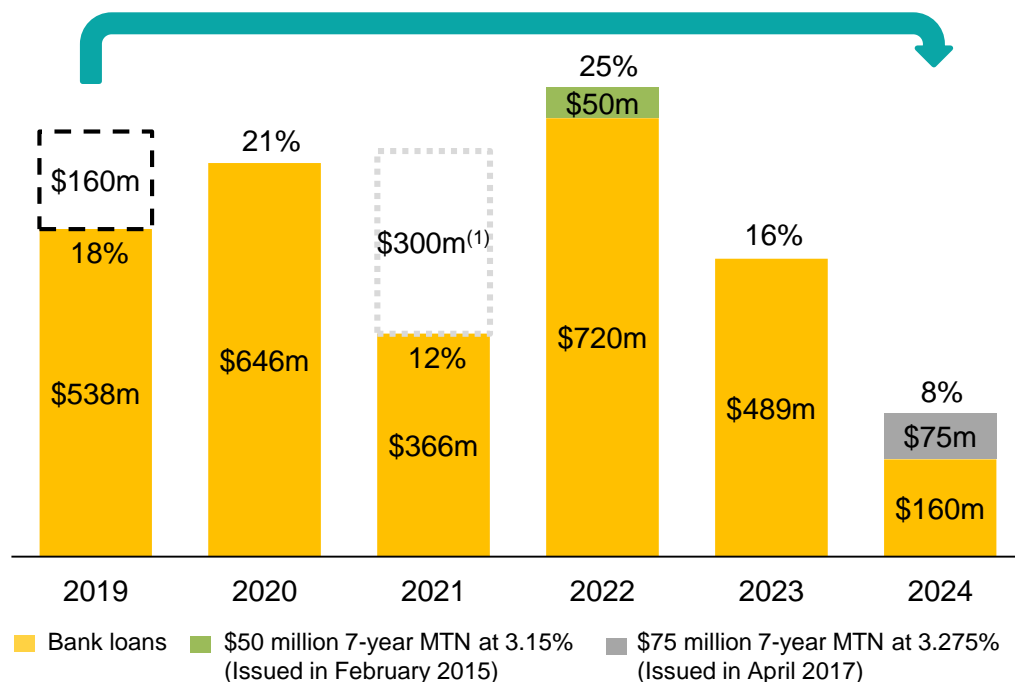
(1) For the Singapore office leases concluded in FY 2018 and based on a simple average calculation.

(2) Based on simple average calculation of CBRE Pte. Ltd.'s quarterly rents for Grade A offices in Singapore CBD in 2018 (1Q 2018: \$9.70 psf pm, 2Q 2018: \$10.10 psf pm, 3Q 2018: \$10.45 psf pm, 4Q 2018: \$10.80 psf pm).



- Lowered aggregate leverage to 36.3% after loan repayment with part of divestment proceeds
- Received commitments to refinance certain loans due in 2019

## Debt Maturity Profile



(1) \$300.0 million loan was repaid with part of divestment proceeds received in 4Q 2018.

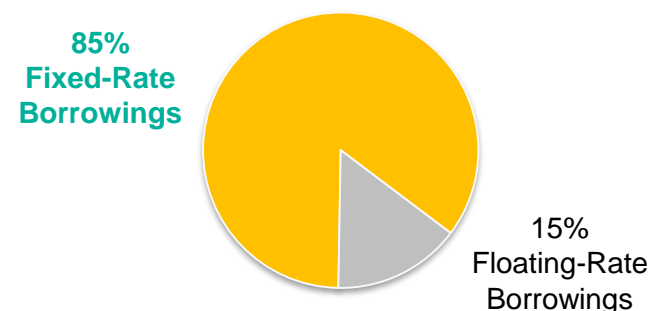
(2) This takes into account commitments received to refinance certain loans that are due in 2019.

(3) Based on the Group's borrowings including those accounted for at the level of associates, and number of Units in issue as at 31 December 2018.

**31 Dec 2018**

Interest Coverage Ratio	3.9x
All-in Interest Rate	2.81% p.a.
Aggregate Leverage	36.3%
Weighted Average Term to Maturity	2.8 years <sup>(2)</sup>

## Managing interest rate exposure



## Sensitivity to SOR<sup>(3)</sup>

Every **50 bps** ↑↓ in SOR  
translates to ~0.05 cents ↓↑ in DPU



## Governance & Disclosure

- **Keppel REIT:** 4th in the REIT and business trust category of the Singapore Governance and Transparency Index (SGTI)

## Sustainability & Environmental Performance

- **Keppel REIT:** Green Star Status at the Global Real Estate Sustainability Benchmark (GRESB)
- **David Malcolm Justice Centre:**
  - Western Australia Commercial Property of the Year Award (over 20,000 sm)
  - Environmentally Sustainable Design & Sustainability Award (Premium/A Grade)



*David Malcolm Justice Centre attained Perth's first GBCA 6 Star Green Star performance rating*



# Portfolio Optimisation

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The sun is visible on the left, creating a bright lens flare and illuminating the scene. The buildings are set against a clear blue sky with some light clouds. The perspective makes the buildings appear to converge towards the top of the frame.

Marina Bay Financial Centre, Singapore





*Partial divestment of Ocean Financial Centre  
as part of portfolio optimisation*

- Divested 20% stake in Ocean Financial Centre to Allianz
- Keppel REIT maintains controlling stake of 79.9%
- Unlocking capital gains while maintaining exposure to strengthening Singapore Grade A office market

## 20% of Ocean Financial Centre

<b>Sale Price<sup>(1)</sup></b>	\$537.3 m
<b>Purchase Price<sup>(2)</sup></b>	\$460.2 m
<b>Capital Gain<sup>(3)</sup></b>	\$77.1 m
<b>Net Asset-level Return</b>	8.3%

(1) The net proceeds received amounted to approximately \$439.3 million, based on 20% of OPLLP's adjusted net asset value on the date of completion of the divestment (subject to final adjustments).

(2) Based on 20% of the historical purchase price of \$2,298.8 million for Keppel REIT's 99.9% ownership.

(3) Computed based on the pro-rated difference between agreed property value and historical purchase price of Ocean Financial Centre.

- Construction of freehold Grade A office tower is in progress in Melbourne
- 30-year lease to the Victoria Police will commence in 1H 2020 and contribute steady income

Artist's Impression



Development in Progress



- **Yield accretive:** 6.4%<sup>(1)</sup>
- **Stable income stream:** 30-year lease with fixed annual rental escalations
- **Enhanced tenancy profile:** Freehold Grade A office tower will be headquarters for the Victoria Police, a AAA-rated tenant

*(1) Stable average yield based on the expected net property income of the building for the first 15 years of the lease to the tenant, over the consideration.*



Before

After

## 275 George Street, Brisbane

Initiatives carried out  
to enhance and  
rejuvenate asset



## 8 Exhibition Street, Melbourne

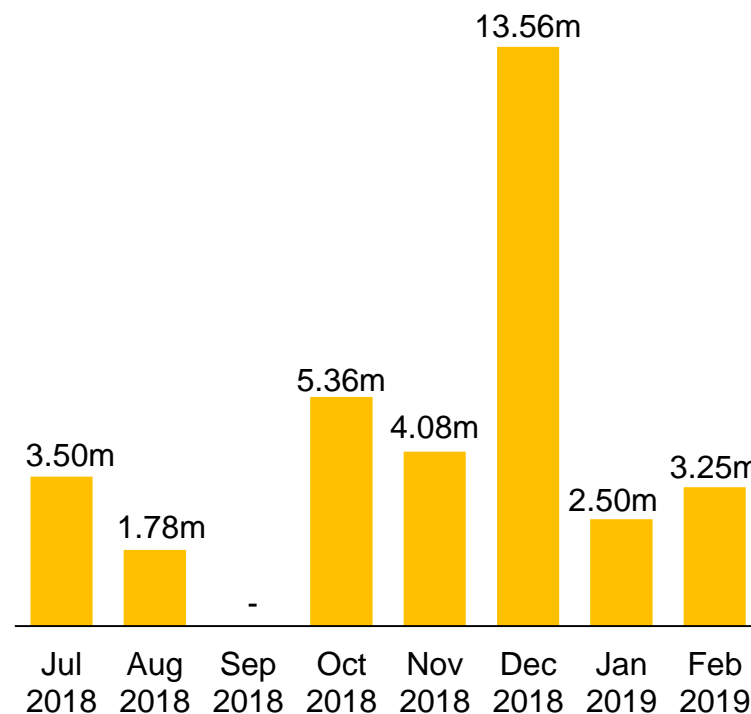
Initiatives to improve  
amenities commencing  
in 1H 2019





- Initiated Unit buy-back programme in 3Q 2018 with intention to buy back up to 1.5% of issued Units over rolling six-month period
- Part of proactive capital management strategy given that the stock is trading at a discount to NAV
- Accretive to both DPU and NAV per Unit
- Purchased and cancelled 34.0 million issued Units as at end February 2019

## Monthly Unit Buy-Back Volume





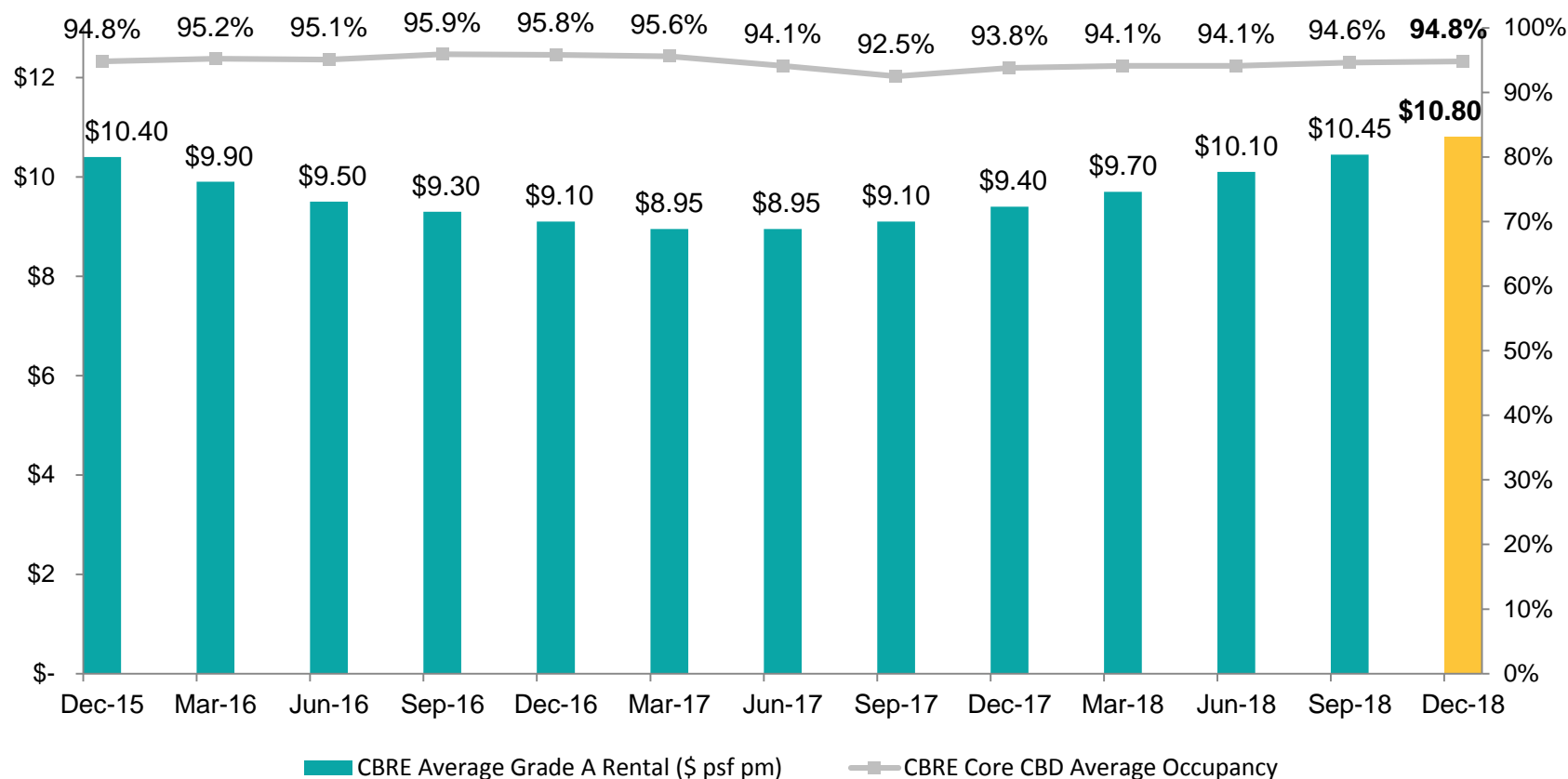
# Looking Ahead

8 Chifley Square, Sydney





- Continued improvement in average Grade A office rents through FY 2018, with average Grade A office rents increasing to \$10.80 psf pm as occupancy in the core CBD rose to 94.8% in 4Q 2018
- Office market outlook remains largely positive, supported by a tightening supply pipeline and diverse demand drivers





- Quarterly net absorption at its highest level in more than a decade
- National CBD office average occupancy rose to 90.9%
- Business conditions remain generally positive across Australia. However, global trade and geopolitical uncertainties could potentially impact future leasing demand



*Committed occupancy at 8 Exhibition Street in Melbourne improved in 4Q 2018*



**Leverage on-the-ground presence and expertise of Keppel's overseas offices**



## Legend

- Keppel Group real estate offices
- Keppel REIT assets



**Thank You**



A low-angle, upward-looking photograph of modern skyscrapers in Singapore. On the left, a building features a dense, vertical green wall. In the center, a building has a distinctive facade of white triangular panels with colorful (red, yellow, blue, green) triangular accents. To the right, a tall, curved glass skyscraper reaches towards a blue sky with scattered white clouds. The perspective creates a sense of height and architectural grandeur.

# **Additional Information**

**Ocean Financial Centre, Singapore**





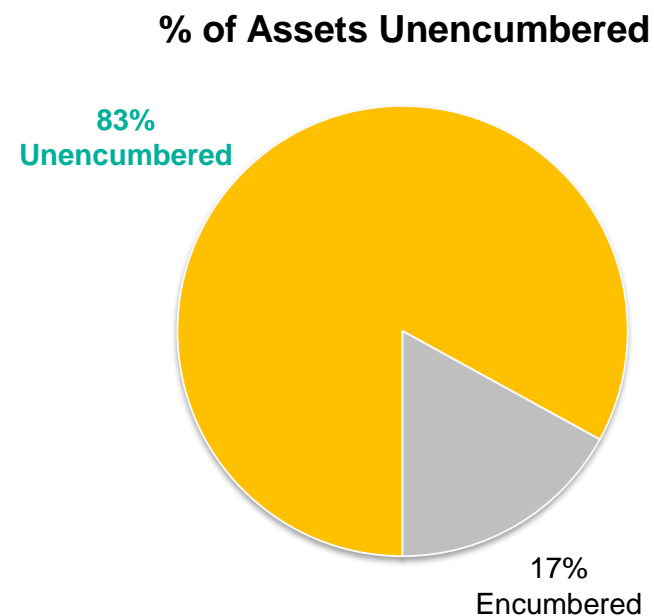
	4Q 2018	4Q 2017	FY 2018	FY 2017
<b>Property Income</b>	\$37.8 m	\$44.4 m	\$165.9 m	\$164.5 m
<b>Net Property Income</b>	\$30.5 m	\$36.2 m	\$133.2 m	\$131.2 m
<b>Share of Results of Associates and Joint Ventures</b>	\$23.9 m	\$27.4 m	\$103.9 m	\$115.8 m
<b>Distribution to Unitholders</b>	\$46.2 m <sup>(1)</sup>	\$48.2 m	\$189.0 m <sup>(1)</sup>	\$190.7 m
<b>Distribution per Unit (DPU)</b>	1.36 cents	1.43 cents	5.56 cents	5.70 cents

<b>Distribution Timetable for 4Q 2018</b>	<b>Ex-Date</b>	Mon, 28 Jan 2019
	<b>Books Closure Date</b>	Tue, 29 Jan 2019
	<b>Payment Date</b>	Thu, 28 Feb 2019

(1) This includes distribution of capital gains of \$3.0 million for 4Q 2018.



	As at 31 Dec 2018	As at 31 Dec 2017
<b>Total Assets</b>	\$7,784 m	\$7,604 m
<b>Borrowings<sup>(1)</sup></b>	\$3,044 m	\$3,375 m
<b>Total Liabilities</b>	\$2,449 m	\$2,689 m
<b>Unitholders' Funds</b>	\$4,757 m	\$4,763 m
<b>Adjusted NAV per Unit<sup>(2)</sup></b>	\$1.39	\$1.40



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

(2) For 31 December 2018 and 31 December 2017, these excluded the distributions to be paid in February 2019 and paid in February 2018 respectively. 25

	Ocean Financial Centre <sup>(3)</sup>	Marina Bay Financial Centre <sup>(5)</sup>	One Raffles Quay	Bugis Junction Towers
Attributable NLA (sf)	701,011	1,025,522	442,576	248,853
Ownership	79.9%	33.33%	33.33%	100.0%
Principal tenants <sup>(1)</sup>	BNP Paribas, Drew & Napier, ANZ	DBS Bank, Standard Chartered Bank, Barclays	UBS, Deutsche Bank, Ernst & Young	Enterprise Singapore, InterContinental Hotels Group
Tenure	99 years expiring 13 Dec 2110	99 years expiring 10 Oct 2104 <sup>(6)</sup> and 7 Mar 2106 <sup>(7)</sup>	99 years expiring 12 Jun 2100	99 years expiring 9 Sep 2089
Purchase Price (on acquisition)	S\$1,838.6m <sup>(4)</sup>	S\$1,426.8m <sup>(6)</sup> S\$1,248m <sup>(7)</sup>	S\$941.5m	S\$159.5m
Valuation <sup>(2)</sup>	S\$2,099.0m	S\$1,695.3m <sup>(6)</sup> S\$1,297.0m <sup>(7)</sup>	S\$1,275.6m	S\$515.0m
Capitalisation rates	3.60%	3.65% <sup>(6)</sup> 3.63% <sup>(7)</sup>	3.65%	3.65%

1) On committed basis.

2) Valuation as at 31 December 2018 based on Keppel REIT's interest in the respective properties.

3) Based on Keppel REIT's 79.9% interest following the divestment of a 20% stake on 11 December 2018.

4) Based on Keppel REIT's 79.9% of the historical purchase price.

5) Comprises Marina Bay Financial Centre (MBFC) office Towers 1, 2 and 3 and Marina Bay Link Mall (MBLM).

6) Refers to MBFC Towers 1 and 2 and MBLM.

7) Refers to MBFC Tower 3.



# Portfolio Information: Australia

	8 Chifley Square, Sydney	8 Exhibition Street, Melbourne <sup>(3)</sup>	275 George Street, Brisbane	David Malcolm Justice Centre, Perth	311 Spencer Street, Melbourne (Under construction)
Attributable NLA (sf)	104,070	245,651	224,693	167,784	358,683
Ownership	50.0%	50.0%	50.0%	50.0%	50.0%
Principal tenants <sup>(1)</sup>	Corrs Chambers Westgarth, Quantum Group, QBE Insurance Group	Ernst & Young, Minister for Finance - State of Victoria, UBS	Telstra Corporation, Queensland Gas Company	Government of Western Australia	Assistant Treasurer - State of Victoria
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	99 years expiring 30 Aug 2114	Freehold
Purchase Price (on acquisition)	S\$197.8m	S\$201.3m <sup>(3)</sup>	S\$209.4m	S\$208.1m	S\$362.4m <sup>(6)</sup>
Valuation <sup>(2)</sup>	S\$249.3m	S\$271.9m <sup>(3)</sup>	S\$232.2m	S\$221.6m	S\$233.8m <sup>(7)</sup>
Capitalisation rates	4.88%	5.00% <sup>(4)</sup> 4.50% <sup>(5)</sup>	5.25%	5.50%	4.50%

1) On committed basis.

2) Valuation as at 31 December 2018 based on Keppel REIT's interest in the respective properties.

Based on the exchange rate of A\$1 = S\$1.0071 as at 31 December 2018.

3) Keppel REIT owns a 50% interest in the 8 Exhibition Street office building and a 100% interest in another three retail units.

4) Refers to Keppel REIT's 50% interest in the office building.

5) Refers to Keppel REIT's 100% interest in the three retail units.

6) Based on the aggregate consideration paid-to-date and to be paid, including development costs of the building, at the exchange rate of A\$1=S\$1.042 as disclosed in the announcement dated 29 June 2017.

7) Based on "as is" valuation as at 31 December 2018.



	31 Dec 2017 (\$'m)	31 Dec 2018 (\$'m)	31 Dec 2018 (\$'psf)	Variance (\$'m)	Cap Rate
<b>Ocean Financial Centre</b> (79.9% interest) <sup>(1)</sup>	2,623.0	2,099.0 <sup>(1)</sup>	2,994	(524.0) <sup>(1)</sup>	3.60%
<b>Marina Bay Financial Centre</b> (33.3% interest)	<b>Phase 1:</b> 1,693.0	1,695.3	2,928	2.3	3.65%
	<b>Tower 3:</b> 1,300.3	1,297.0	2,904	(3.3)	3.63%
<b>One Raffles Quay</b> (33.3% interest)	1,273.0	1,275.6	2,882	2.6	3.65%
<b>Bugis Junction Towers</b> (100% interest)	525.0	515.0	2,069	(10.0)	3.65%
<b>Singapore Properties</b>	<b>7,414.3</b>	<b>6,881.9</b>		<b>(532.4)</b>	
<b>8 Chifley Square</b> <sup>(2)</sup> (50% interest)	247.4	249.3	2,395	1.9	4.88%
<b>8 Exhibition Street</b> <sup>(2,3)</sup> (50% interest)	256.0	271.9	1,107	15.9	5.00% <sup>(4)</sup>
<b>275 George Street</b> <sup>(2)</sup> (50% interest)	219.3	232.2	1,033	12.9	5.25%
<b>David Malcolm Justice Centre</b> <sup>(2)</sup> (50% interest)	216.8	221.6	1,321	4.8	5.50%
<b>311 Spencer Street</b> <sup>(2,5)</sup> (50% interest)	148.9	233.8	Not meaningful	84.9	4.50%
<b>Australia Properties</b> <sup>(2)</sup>	<b>1,088.4</b>	<b>1,208.8</b>		<b>120.4</b>	
<b>Total Portfolio</b>	<b>8,502.7</b>	<b>8,090.7</b>		<b>(412.0)</b>	

(1) A 20% stake was divested on 11 December 2018

(2) Based on the exchange rate of A\$1=S\$1.02 as at 31 December 2017 and A\$1=S\$1.0071 as at 31 December 2018

(3) Includes 100% interest in another three retail units

(4) Refers to Keppel REIT's 50% interest in the office building

(5) Under construction, on "as-is" basis



