



# Keppel REIT

**Full Year 2012 Financial Results**  
**21 January 2013**



# Important Notice

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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.*

# About Keppel REIT



- Quality portfolio of nine commercial Grade A office assets valued at more than \$6.5 billion

- Portfolio total NLA of approximately 3.0m sf<sup>(1)</sup> as at 31 December 2012

- Market capitalisation of \$3.4 billion<sup>(2)</sup> as at 31 December 2012

- Listed on the SGX-ST in April 2006 via a distribution-in-specie to Keppel Land shareholders

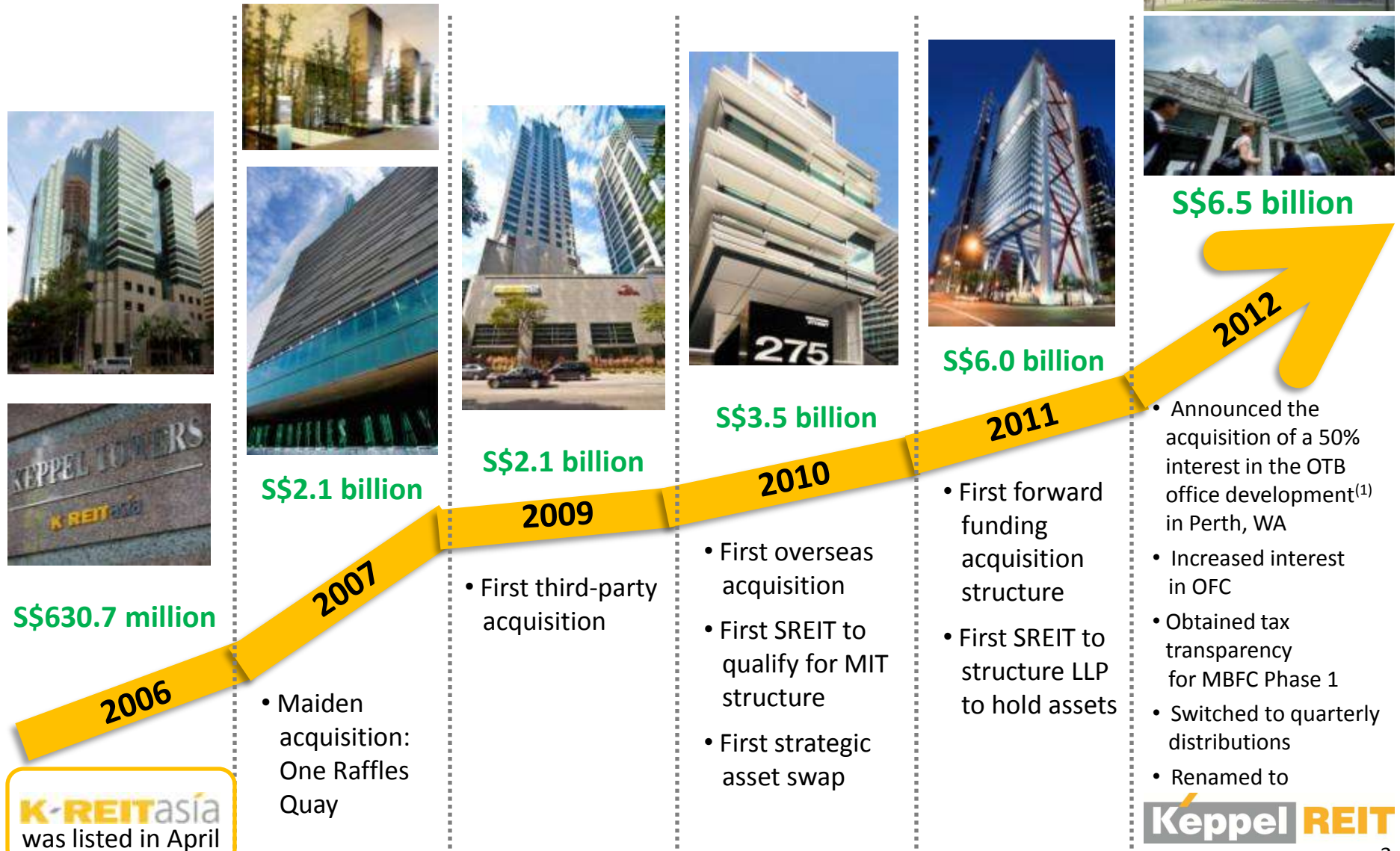
- High quality property portfolio with blue-chip tenants

- Strong sponsorship by Keppel Land Limited

(1) *Estimated portfolio NLA includes the 50% interest in 8 Chifley Square in Sydney and the 50% interest in the new office development to be built on the site of the Old Treasury Building in Perth, WA.*

(2) *Based on market closing unit price of \$1.295 on 31 December 2012.*

# Growth History



(1) Refers to the 50% interest in the new office development to be built on the site of the Old Treasury Building in Perth, WA.

# Sterling Property Portfolio

🔸 **Nine** premium Grade A office assets valued at more than **\$6.5 billion** with a total NLA of approximately **3.0 million sf**

## Singapore Properties



Ocean Financial Centre  
(99.9% interest)



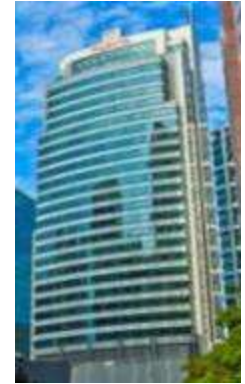
MBFCTowers 1 and 2 and  
Marina Bay Link Mall  
(33.3% interest)



Bugis Junction  
Towers



One Raffles Quay  
(33.3% interest)



Prudential Tower  
(92.8% interest)

## Australian Properties



275 George Street  
(50% interest),  
Brisbane



77 King Street  
Office Tower,  
Sydney




8 Chifley Square  
(50% interest),  
Sydney  
*\* Expected to be completed  
in 3Q 2013.*



Old Treasury Building Office Tower  
(50% interest),  
Perth  
*\* Expected to be completed  
in 2H 2015.*

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# FY2012 and 4Q 2012 Highlights

# FY2012 and 4Q 2012 Highlights

## FY2012

- ✓ FY2012 Distributable Income **↑78.7%** y-o-y to **\$201.9 million**
- ✓ FY2012 Net Property Income **↑ 102.2%** y-o-y to **\$124.7 million**
- ✓ FY2012 Share of Results of Associates **↑ 25.3%** y-o-y to **\$46.8 million**
- ✓ Achieved **four consecutive quarters of DPU growth** in FY2012
- ✓ Delivered **Total Unitholders' Returns of 65.4%**<sup>(1)</sup> in FY2012
- ✓ FY2012 All-in interest rate stood at **2.02%**

## 4Q 2012

- ✓ 4Q 2012 Distributable income **↑ 45.1%** y-o-y to **\$51.9 million**
- ✓ 4Q 2012 Distribution per Unit (DPU) **↑ 40.7%** y-o-y to **1.97 cents**
- ✓ Average portfolio committed occupancy **↑ to 98.5%**
  - ✓ Ocean Financial Centre **↑ to 95.9%**
  - ✓ MBFC Phase I **↑ to 99.9%**

*(1) Based on 7.77 cents DPU for FY2012 and market closing price of \$0.83 per unit on 30 December 2011 and \$1.295 on 31 December 2012.*



# Property Highlights

➤ Ocean Financial Centre was named the World's Best Commercial High-Rise Development at the International Property Awards on 7 December 2012

➤ Keppel REIT received approval from the Federal Investment Review Board (Australia) to acquire a 50% interest in the new office tower to be developed on the Old Treasury Building site in Perth

➤ Acquisition is expected to be legally completed in 1H 2013

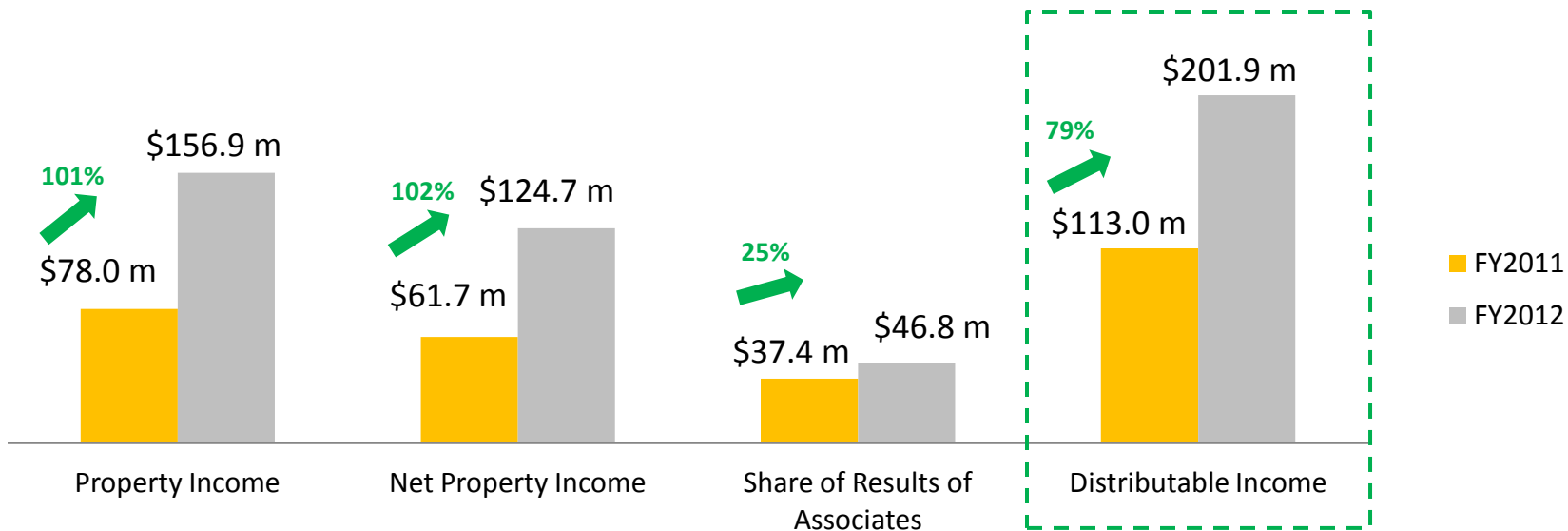




# Financial Performance

# FY2012 Distributable Income ↑ 78.7 % Y-o-Y to \$201.9m

|  | FY2012     | FY2011                    | Change     |        |
|--|------------|---------------------------|------------|--------|
| <b>Property Income</b>                                   | \$156.9m   | \$78.0m                   | \$78.9m    | 101.2% |
| <b>Net Property Income</b>                               | \$124.7m   | \$61.7m                   | \$63.0m    | 102.2% |
| <b>Share of Results of Associates</b>                    | \$46.8m    | \$37.4m                   | \$9.4m     | 25.3%  |
| <b>Distributable Income to Unitholders<sup>(1)</sup></b> | \$201.9m   | \$113.0m                  | \$88.9m    | 78.7%  |
| <b>Distribution Per Unit (DPU)</b>                       |            |                           |            |        |
| - For the year   | 7.77 cents | 4.46 cents <sup>(2)</sup> | 3.31 cents | 74.2%  |



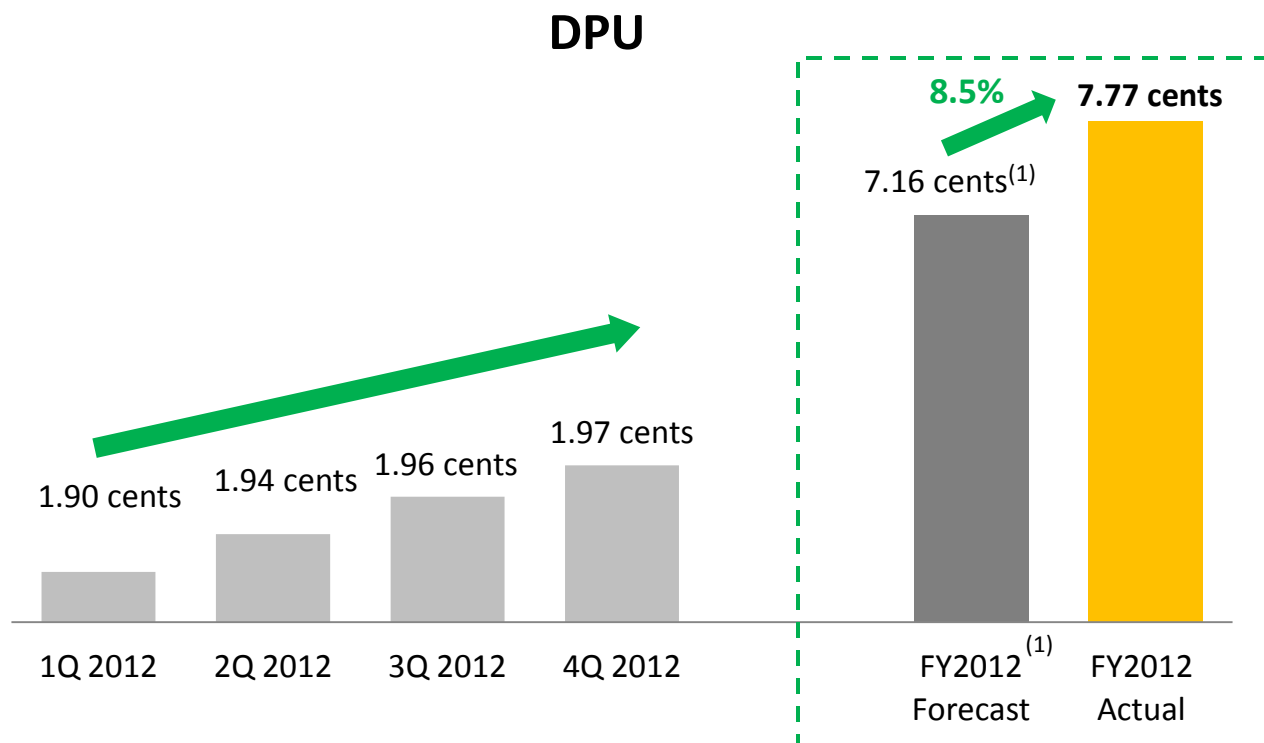
(1) Based on 100% of the income available for distribution.

(2) Restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed on the basis of the issued units at the end of each period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

# FY2012 DPU ↑ 74.2% Y-o-Y to 7.77 cents

▲ FY2012 DPU of 7.77 cents outperformed FY2012 forecast<sup>(1)</sup> by 8.5%

| Distribution Per Unit (DPU) | 4Q 2012    | 3Q 2012    | 2Q 2012    | 1Q 2012    | FY2012 Actual | FY2012 Forecast <sup>(1)</sup> |
|-----------------------------|------------|------------|------------|------------|---------------|--------------------------------|
| - For the Period            | 1.97 cents | 1.96 cents | 1.94 cents | 1.90 cents | 7.77 cents    | 7.16 cents                     |



(1) As published in the Circular to Unitholders dated 19 October 2011.

# 4Q 2012 Distribution Per Unit

|                                    |                                    |
|------------------------------------|------------------------------------|
| <b>Distribution Per Unit (DPU)</b> | 1.97 cents                         |
| <b>Distribution Period</b>         | 1 October 2012 to 31 December 2012 |
| <b>Distribution Timetable</b>      |                                    |
| <b>Trading on “Ex” Basis</b>       | Friday, 25 January 2013            |
| <b>Books Closure Date</b>          | Tuesday, 29 January 2013           |
| <b>Distribution Payment Date</b>   | Wednesday, 27 February 2013        |

# Healthy Balance Sheet

|  | As at 31 Dec 2012 | As at 30 Sep 2012 |
|--|-------------------|-------------------|
| <b>Non-current Assets</b>                  | \$6,002 m         | \$5,789 m         |
| <b>Total Assets</b>                        | \$6,139 m         | \$5,945 m         |
| <b>Borrowings<sup>(1)</sup></b>            | \$2,801 m         | \$2,800 m         |
| <b>Total Liabilities</b>                   | \$2,674 m         | \$2,668 m         |
| <b>Unitholders' Funds</b>                  | \$3,464 m         | \$3,275 m         |
| <b>Net Asset Value (NAV) Per Unit</b>      | \$1.32            | \$1.25            |
| <b>Adjusted NAV Per Unit<sup>(2)</sup></b> | \$1.30            | \$1.23            |

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

(2) For 31 December 2012, this excludes the distributable income to be distributed in February 2013.

For 30 September 2012, this excluded the income distributed in November 2012.



# Capital Management

# Capital Management

|   | As at 31 Dec 2012        | As at 30 Sep 2012        |
|---|--------------------------|--------------------------|
| <b>Gross Borrowings<sup>(1)</sup></b>             | \$2,801 m                | \$2,800 m                |
| <b>Aggregate Leverage</b>                         | 42.9%                    | 44.1%                    |
| <b>Average All-in Interest Rate<sup>(2)</sup></b> | 2.02%                    | 2.00%                    |
| <b>Interest Coverage Ratio<sup>(3)</sup></b>      | 4.8 times                | 5.2 times                |
| <b>Weighted Average Term to Expiry</b>            | 3.1 years <sup>(4)</sup> | 2.3 years <sup>(4)</sup> |

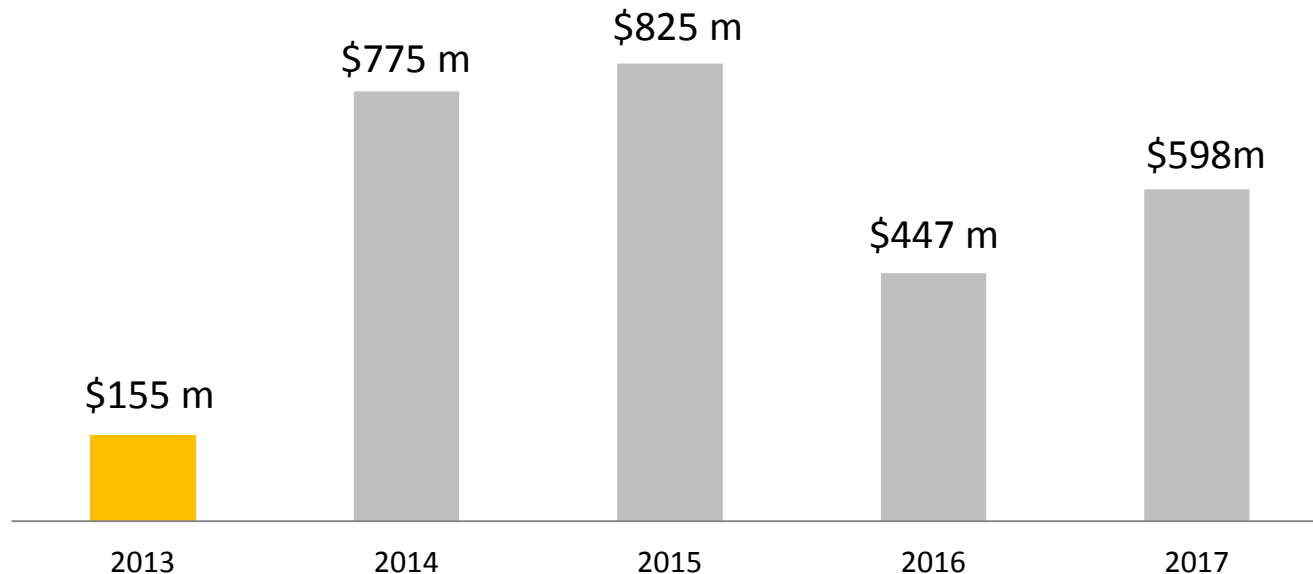
- (1) These include borrowings accounted for at the level of associates and exclude the unamortised portion of upfront fees in relation to the borrowings. These also include Keppel REIT's proportionate share of the deferred payments due to the construction of the car park and retail podium at Ocean Financial Centre.
- (2) Average all-in interest rate includes cost of swapping floating rates to fixed rates.
- (3) Figures for the respective quarters. Interest coverage ratio = Ratio of quarter earnings before interest, tax, depreciation and amortisation divided by interest expense.
- (4) The debt weighted average term to expiry was lengthened from 2.3 years to 3.1 years after the \$598 million loans due on 31 December 2012 were refinanced on 5 December 2012 for 5 years to 2017.



# Balanced Debt Maturity Profile

- Successfully refinanced debt maturing in 2012 at competitive rates and terms
- All-in interest cost for FY2012 stood at **2.02%**
- Well-staggered debt expiry profile with average **3.1 years<sup>(1)</sup>** term to expiry
- Only \$155m due for refinancing in 2013
- Borrowings diversified across **13 lenders**

## Debt Maturity Profile



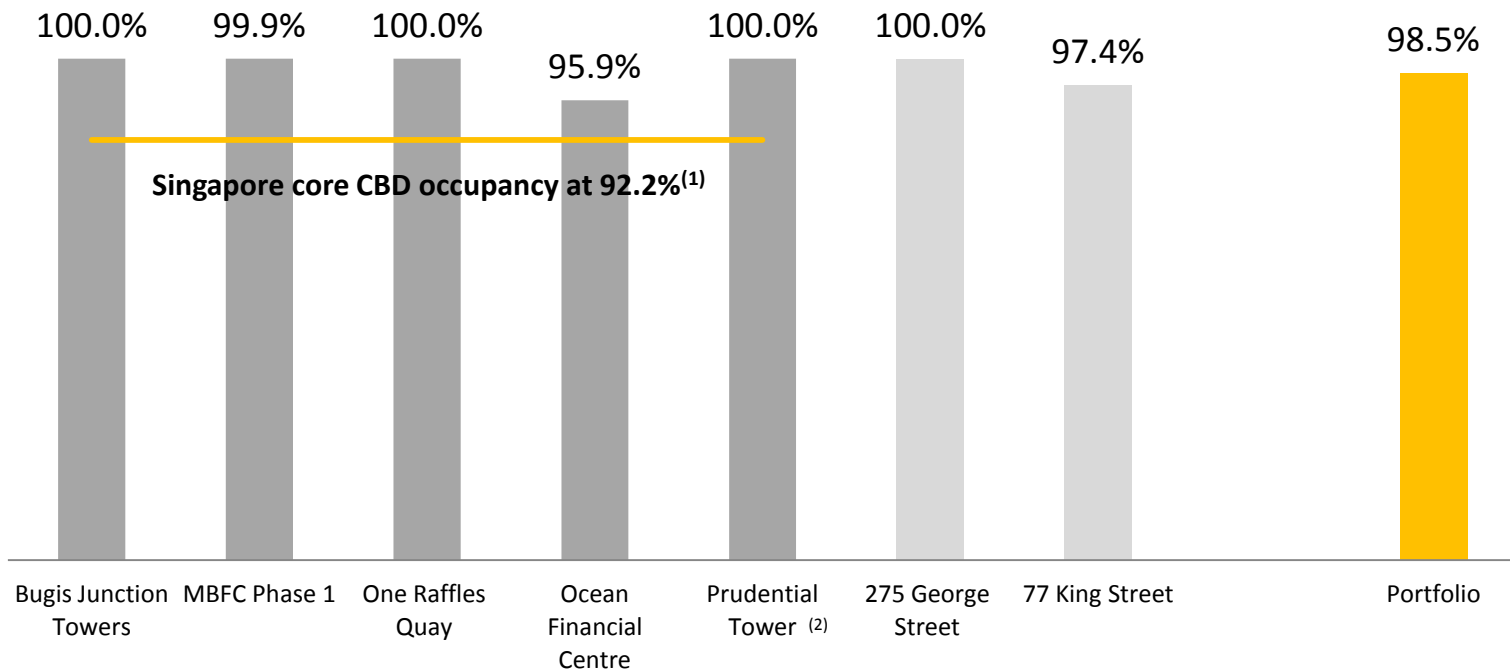
(1) The debt weighted average term to expiry was lengthened from 2.3 years to 3.1 years after the \$598 million loans due on 31 December 2012 were refinanced on 5 December 2012 for 5 years to 2017.



# Portfolio Analysis

# Portfolio Occupancy Rate

- Healthy portfolio occupancy of **98.5%**
- Singapore property portfolio occupancy of **98.5%** is higher than core CBD occupancy of 92.2%<sup>(1)</sup>



(1) Source: CB Richard Ellis

(2) Refers to Keppel REIT's 92.8% interest

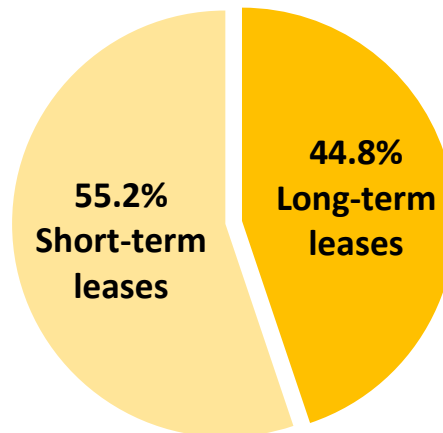
# Stable Lease Portfolio

Top ten tenants have long WALE of **7.2 years**<sup>(1)</sup>

## Weighted Average Lease Expiry (WALE)



## Portfolio with Long-Term Leases<sup>(3)</sup> by NLA



(1) Including the acquisition of the Old Treasury Building office tower, the top ten tenants WALE will be **9.5 years**.

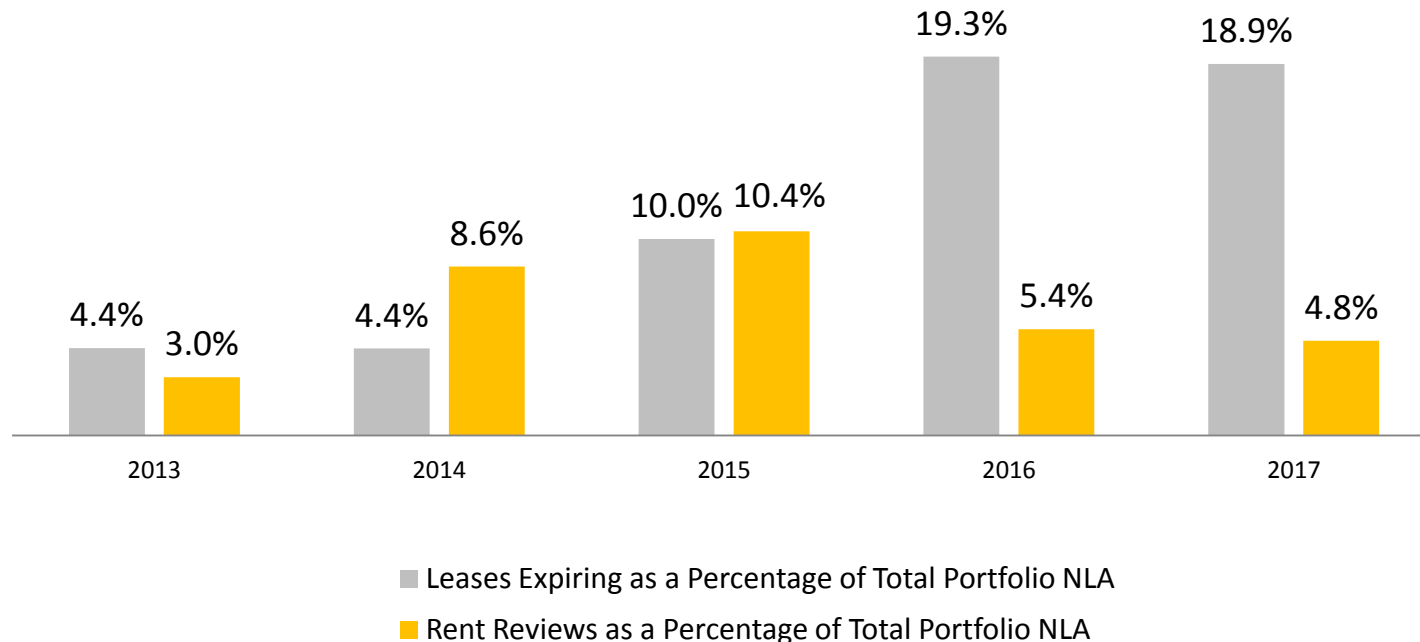
(2) Including the acquisition of the Old Treasury Building office tower, the portfolio WALE will be **7.0 years**.

(3) Long-term leases are those with lease terms to expiry of at least five years.

# Portfolio Lease Expiry

- Well-balanced lease renewal and rent review profile
- Only 4.4% portfolio NLA due for renewal in 2013
- Only 3.0% portfolio NLA due for rent review in 2013

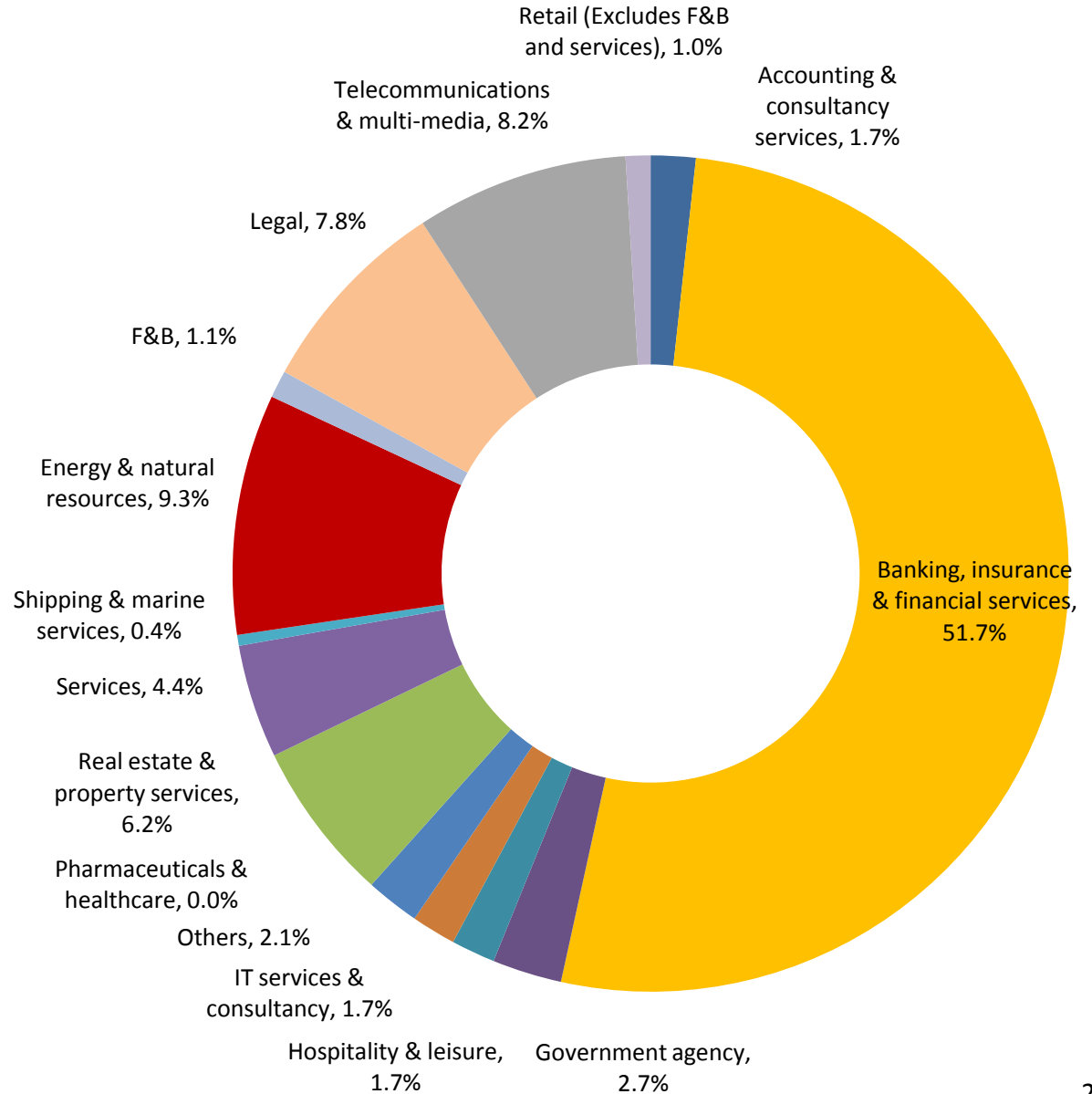
Portfolio Lease Profile (by NLA) as at 31 Dec 2012



# Tenants Diversified Across Various Business Sectors

**218**<sup>(1)</sup> tenants from a diversified range of business sectors

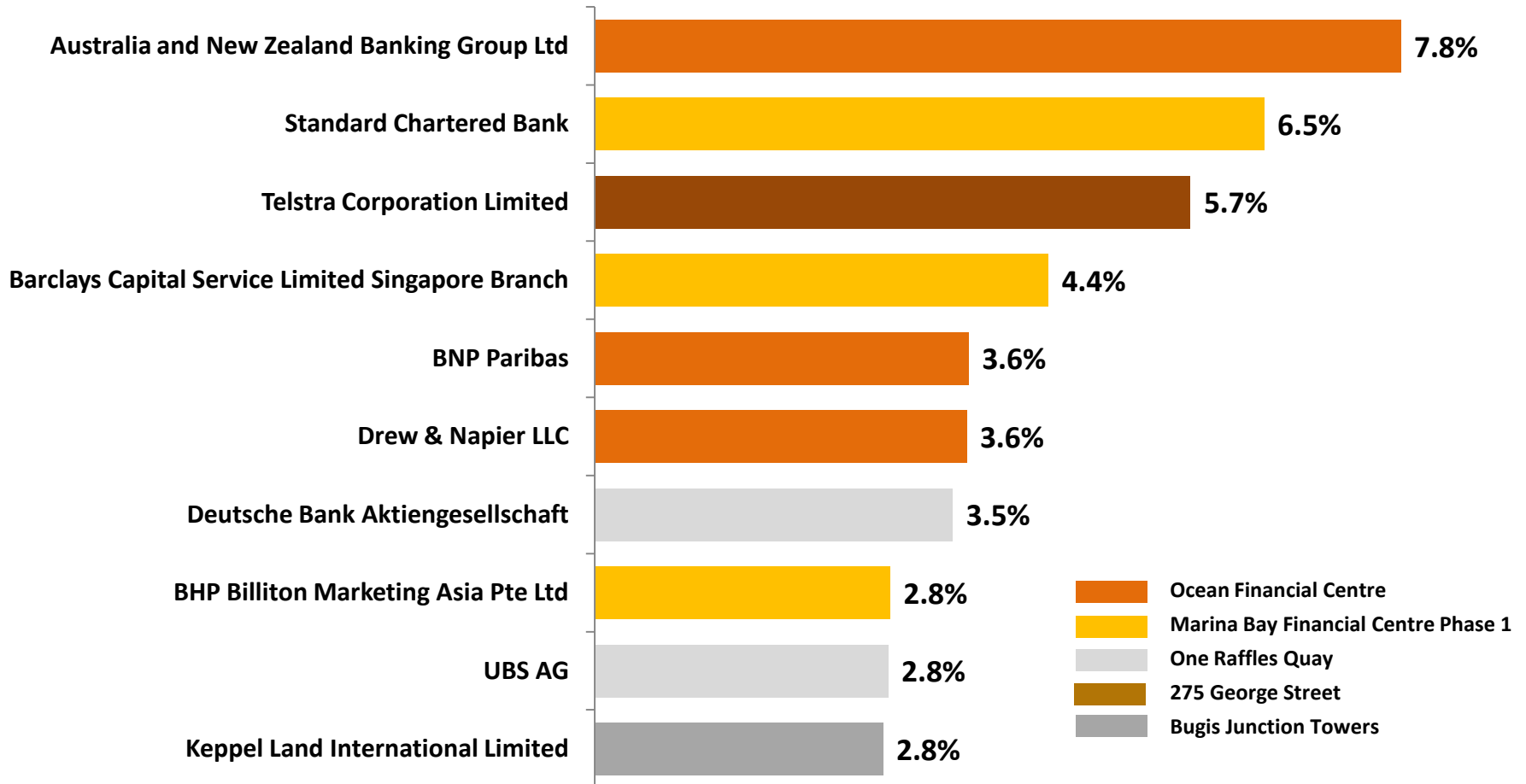
(1) Tenants with multiple leases are accounted as one tenant.



# Blue-Chip Tenant Base

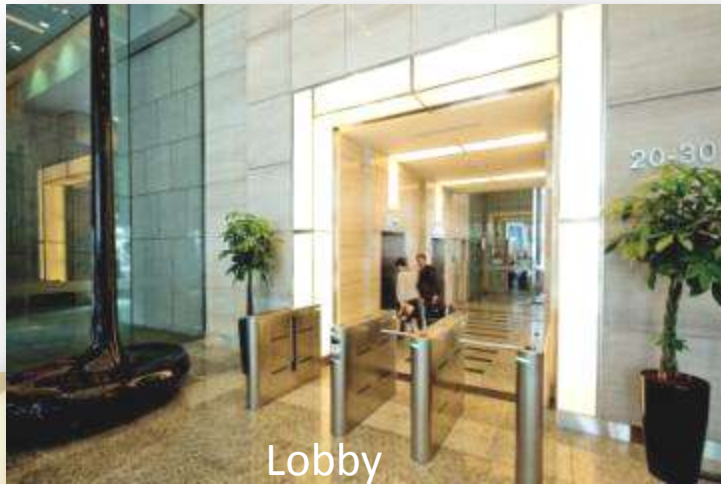
Top ten tenants account for **43.4%** of portfolio NLA

## Top Ten Tenants



# Asset Enhancements

Enhancement works at Prudential Tower completed in 4Q 2012



Enhancement works at Bugis Junction Towers on track for completion in 2Q 2013



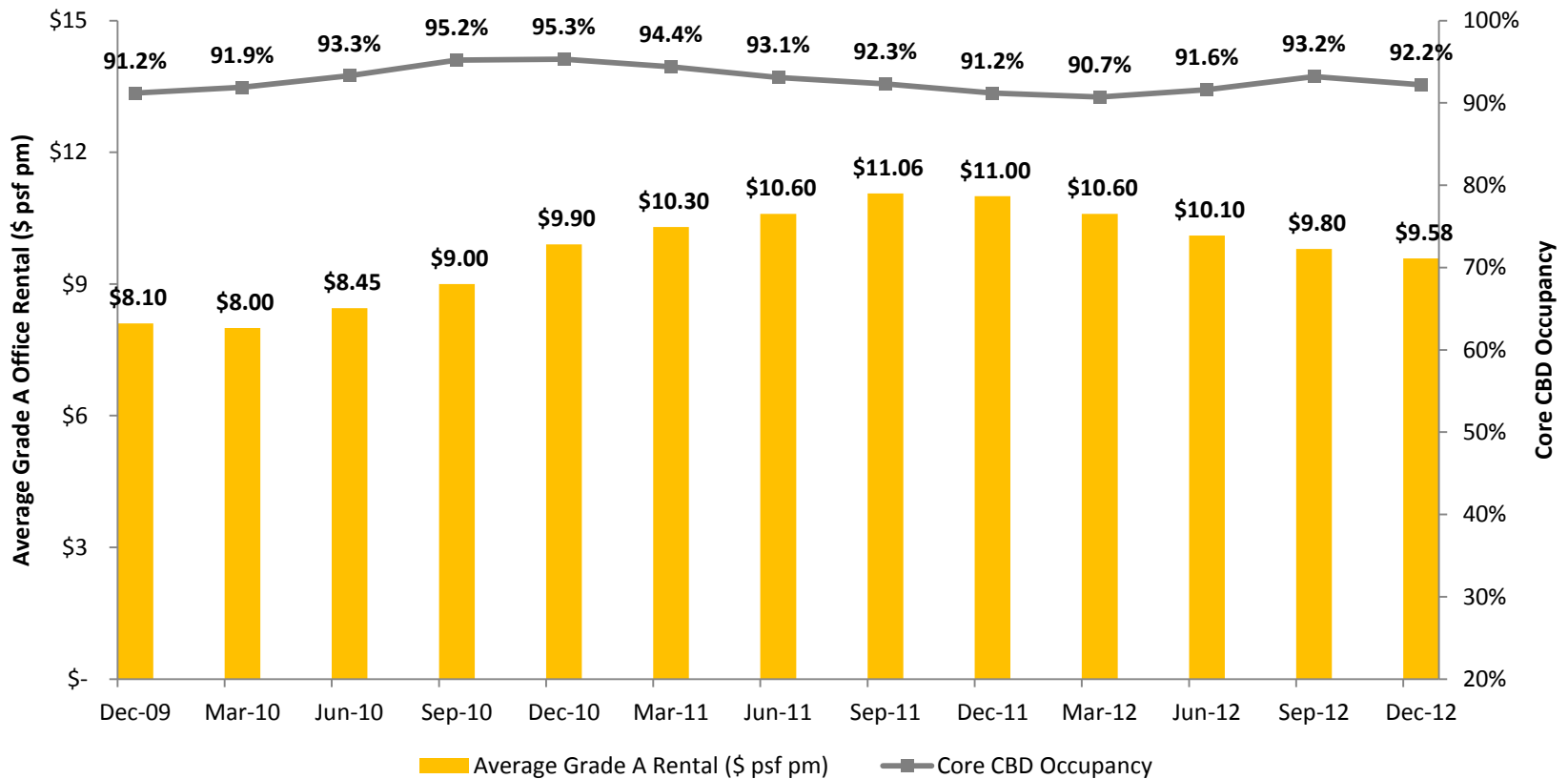




# Market Review and Outlook

# Singapore Office Market

- ~1.33 million sf net absorption in FY2012 exceeded 10-year annual average of 1.27 million sf.
- Grade A office rentals likely to have bottomed-out in 4Q 2012 at \$9.58 psf pm as there is limited new supply of Grade A office space in 2013.



Source: CB Richard Ellis.

## Singapore

- GDP expanded 1.2% year-on-year in 2012
- Full year net absorption exceeded 10-year historical annual average by approximately 5%
- 94.2% Island-wide office occupancy higher than 10-year average of 90.4%
- Rental rates for Grade A office space likely to have bottomed out

## Australia

- The Reserve Bank of Australia reduced the official benchmark rate to 3.00% to foster sustainable growth in demand
- The limited supply and sustained demand in Sydney and Brisbane office markets support occupancy and rental rates



# Going Forward

# Strategic Direction

## Vision

*Keppel REIT aims 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.*

**Maximising  
Performance**

**Enhancing  
Assets**

**Achieving  
Capital  
Efficiency**

**Acquiring  
Quality  
Assets**



# Additional Information

# Portfolio Information

 **92.4%** of the Singapore property portfolio is located in the Raffles Place and Marina Bay precincts.

|                                       | Singapore Portfolio                                      |  |  |  |  |
|---------------------------------------|--|--|--|--|--|
|                                       | Bugis Junction Towers                                    | MBFC Interest <sup>(3)</sup>   | Ocean Financial Centre Interest        | One Raffles Quay Interest <sup>(3)</sup>                 | Prudential Tower Property  |
| Description                           | 15-storey Grade A office tower                           | A pair of 33 and 50 storey premium Grade A office towers and subterranean mall | 43-storey premium Grade A office tower | A pair of 50 and 29 storey premium Grade A office towers | 30-storey Grade A office tower                                     |
| Attributable NLA (sf)                 | 244,976  | 581,931  | 885,654                                | 445,120  | 222,563  |
| Ownership                             | 100.0%   | 33.3%  | 99.9%                                  | 33.3%  | 92.8%  |
| Number of tenants <sup>(1)</sup>      | 11   | 83   | 36                                     | 29   | 39   |
| Principal tenants                     | IE Singapore, InterContinental Hotels Group, Keppel Land | Barclays Capital, BHP Billiton, Standard Chartered Bank                        | ANZ, BNP Paribas, Drew & Napier LLC    | Royal Bank of Scotland, Deutsche Bank, UBS               | Prudential Assurance Company, The Executive Centre, UniCredit Bank |
| Tenure                                | 99 years expiring 9 Sep 2089                             | 99 years expiring 10 Oct 2104  | 99 years expiring 13 Dec 2110          | 99 years expiring 12 Jun 2100                            | 99 years expiring 14 Jan 2095                                      |
| Valuation <sup>(2)</sup> (\$ million) | 455.0  | 1,528.0  | 2,377.0 <sup>(4)</sup>                 | 1,137.3  | 489.7  |
| Committed occupancy                   | 100.0%   | 99.9%  | 95.9%                                  | 100.0%   | 100.0%   |

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

(2) Valuation as at 31 December 2012 based on Keppel REIT's interest in the respective properties unless otherwise stated.

(3) Refers to Keppel REIT's one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

(4) Valuation as at 28 December 2012.

# Portfolio Information

|  | Australian Portfolio                        |   |  |   |
|--|---|---|--|---|
|  | 275 George Street Property                  | 77 King Street Property                           | 8 Chifley Square Interest  | Office Tower to be built at the Old Treasury Building site <sup>(6)</sup> |
| Description                            | 30-storey Grade A office tower              | 18-storey Grade A office tower                    | 34-storey Grade A office tower scheduled for completion in 3Q 2013 | 35-storey Grade A office tower scheduled for completion in 2H 2015        |
| Attributable NLA (sf)                  | 224,688                                     | 147,980   | 102,893  | 165,750   |
| Ownership                              | 50.0%                                       | 100.0%  | 50.0%  | 50.0%   |
| Number of tenants <sup>(1)</sup>       | 9   | 16  | 1  | 1   |
| Principal tenants                      | Queensland Gas Company, Telstra Corporation | Capgemini Australia, Hebert Geer, Drake Australia | Corrs Chambers Westgarth <sup>(3)</sup>                            | Government of Western Australia <sup>(3)</sup>                            |
| Tenure                                 | Freehold                                    | Freehold  | 99 years expiring 5 Apr 2105                                       | 99 years expiring second half of 2114 <sup>(7)</sup>                      |
| Valuation <sup>(2)</sup> (S\$ million) | 236.4                                       | 152.5   | 196.2 <sup>(4)</sup><br>145.5 <sup>(5)</sup>                       | 209.7 <sup>(8)</sup>  |
| Committed occupancy                    | 100.0%                                      | 97.4%   | 42.3%  | 98.0%   |

(1) Tenants with multiple leases accounted as one tenant

(2) Valuation as at 31 December 2012 based on Keppel REIT's interest in the respective properties unless otherwise stated and based on the exchange rate of A\$1 = S\$1.271.

(3) Pre-committed leases.

(4) Based on the lower acquisition consideration of A\$154.4 million on completion and an exchange rate of A\$1 = S\$1.271.

(5) Amount taken into consideration for the calculation of the deposited property value on an as-is basis for properties under construction.

(6) The acquisition is expected to be legally completed in 1H 2013, subject to approvals from the relevant authorities.

(7) Tenure commencement based on estimated construction completion date.

(8) Based on acquisition consideration of A\$165 million and an exchange rate of A\$1 = S\$1.271.





<http://www.keppelreit.com>

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