

Keppel REIT

**Third Quarter and Nine Months 2017
Financial Results**

17 October 2017



Keppel REIT

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- **Distributable Income** **\$142.5 mil**
for 9M 2017
- **Distribution per Unit** **4.27 cents**
for 9M 2017
- **Aggregate Leverage** **38.8%**
as at 30 Sep 2017
- **All-in Interest Rate** **2.58% p.a.**
for 9M 2017



- **Portfolio Committed Occupancy** **99.6%**
as at 30 Sep 2017
- **Portfolio WALE** **6 years**
By attributable NLA
- **Tenant Retention** **91.8%**
for 9M 2017
- **Completed Almost All Renewals**
Only **0.5%** of attributable NLA due in 2017

Financial Performance & Capital Management



Marina Bay Financial Centre, Singapore



	3Q 2017	3Q 2016	9M 2017	9M 2016
Property income	\$40.4 mil	\$39.5 mil	\$120.1 mil	\$121.3 mil
Net property income	\$31.7 mil	\$31.6 mil	\$95.0 mil	\$96.9 mil
Share of Results of Associates and Joint Ventures	\$28.6 mil	\$32.6 mil	\$88.3 mil	\$86.6 mil
Distribution to Unitholders¹	\$47.0 mil ²	\$52.5 mil ³	\$142.5 mil	\$159.4 mil ⁴
DPU	1.40 cents	1.60 cents	4.27 cents	4.89 cents

Distribution Timetable for 3Q 2017

Ex-Date Tue, 24 Oct 2017

Books Closure Date Thu, 26 Oct 2017

Payment Date Tue, 28 Nov 2017

(1) *Distribution to Unitholders was based on 100% of the taxable income available for distribution.*

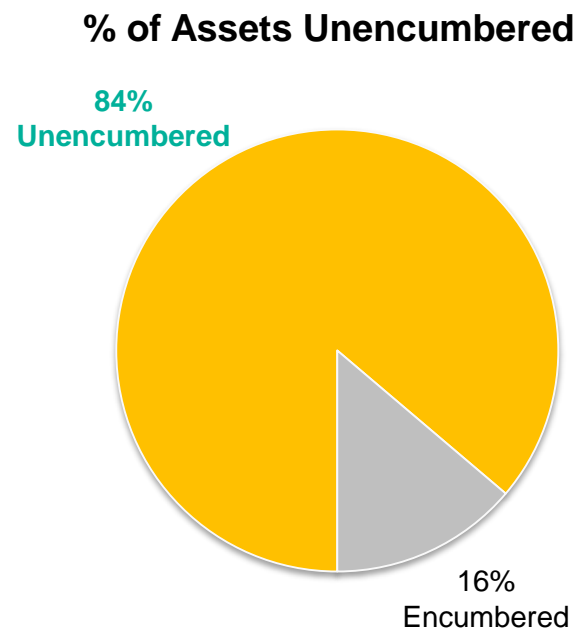
(2) *There was no distribution of other gains for the quarter ended 30 September 2017.*

(3) *There was a distribution of other gains of \$3.0 million for the quarter ended 30 September 2016.*

(4) *Included income from 77 King Street before its divestment on 29 January 2016.*



	As at 30 Sep 2017	As at 30 Jun 2017
Total assets	\$7,634 mil	\$7,658 mil
Borrowings¹	\$3,397 mil	\$3,335 mil
Total liabilities	\$2,716 mil	\$2,783 mil
Unitholders' funds	\$4,764 mil	\$4,723 mil
Adjusted NAV per Unit²	\$1.41	\$1.40

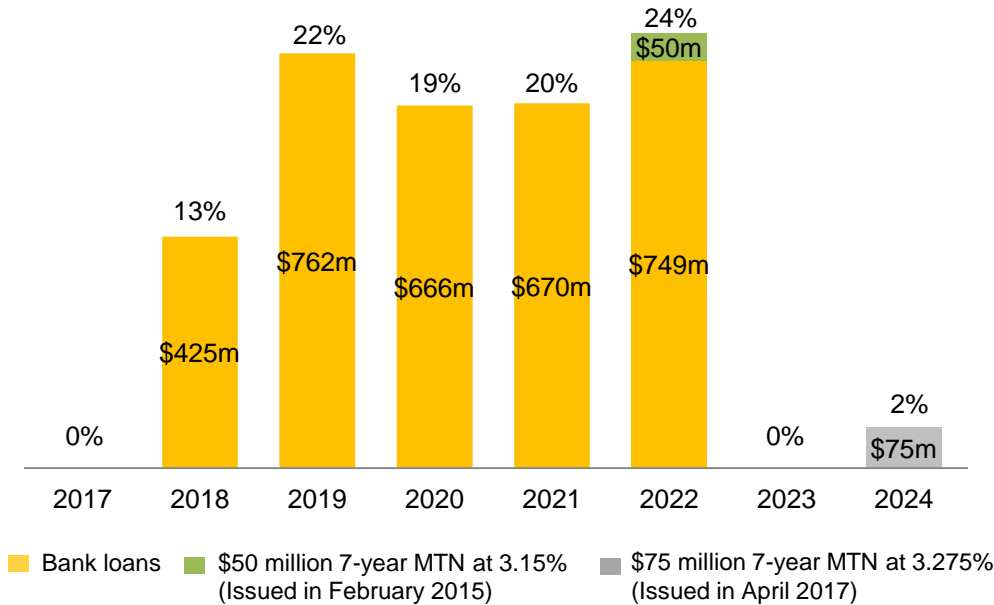


(1) Included borrowings accounted for at the level of associates and excluded the unamortised portion of upfront fees in relation to the borrowings.

(2) For 30 June 2017 and 30 September 2017, these excluded the distributions paid in August 2017 and to be paid in November 2017 respectively.

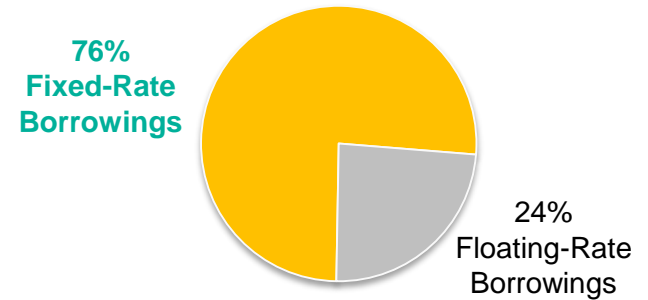
- Weighted average term to maturity of 3.0 years
- In the midst of refinancing loans that are due in 2018

Debt Maturity Profile



30 Sep 2017	
Interest Coverage Ratio	4.4x
All-in Interest Rate	2.58%
Aggregate Leverage	38.8%

Managing interest rate exposure



Sensitivity to SOR¹

Every 50 bps $\uparrow\downarrow$ in SOR translates to ~ 0.11 cents $\downarrow\uparrow$ in DPU

(1) Based on the Group's borrowings including those accounted for at the level of associates, and number of Units as at 30 September 2017.

Portfolio Review

8 Chifley Square, Sydney





- Completed acquisition of a 50% interest in 311 Spencer Street in Melbourne on 31 July 2017
- Commenced construction of the Grade A office tower in August 2017
- Completion expected in 4Q 2019

- **Yield accretive:** 6.4%¹
- **Stable income stream:** 30-year lease with fixed annual rental escalations
- **Enhanced tenancy profile:** 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.

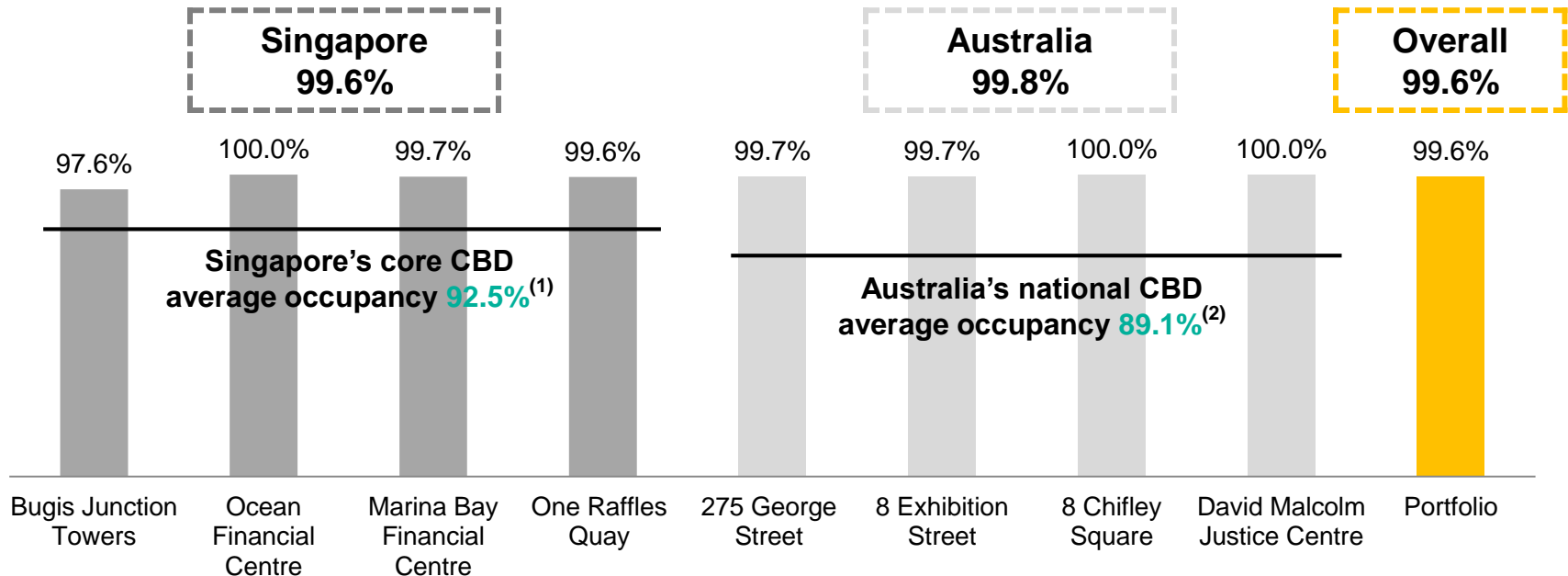


Proactive Leasing Strategy

Leasing Updates for 9M 2017

Committed Leases	62 Leases	~532,200 sf (Attributable ~250,200 sf)	-3% Rental Reversion
Tenant Retention	91.8% Retention Rate	~6 years Portfolio WALE as at 30 Sep 2017	~8 years Top 10 Tenants' WALE as at 30 Sep 2017

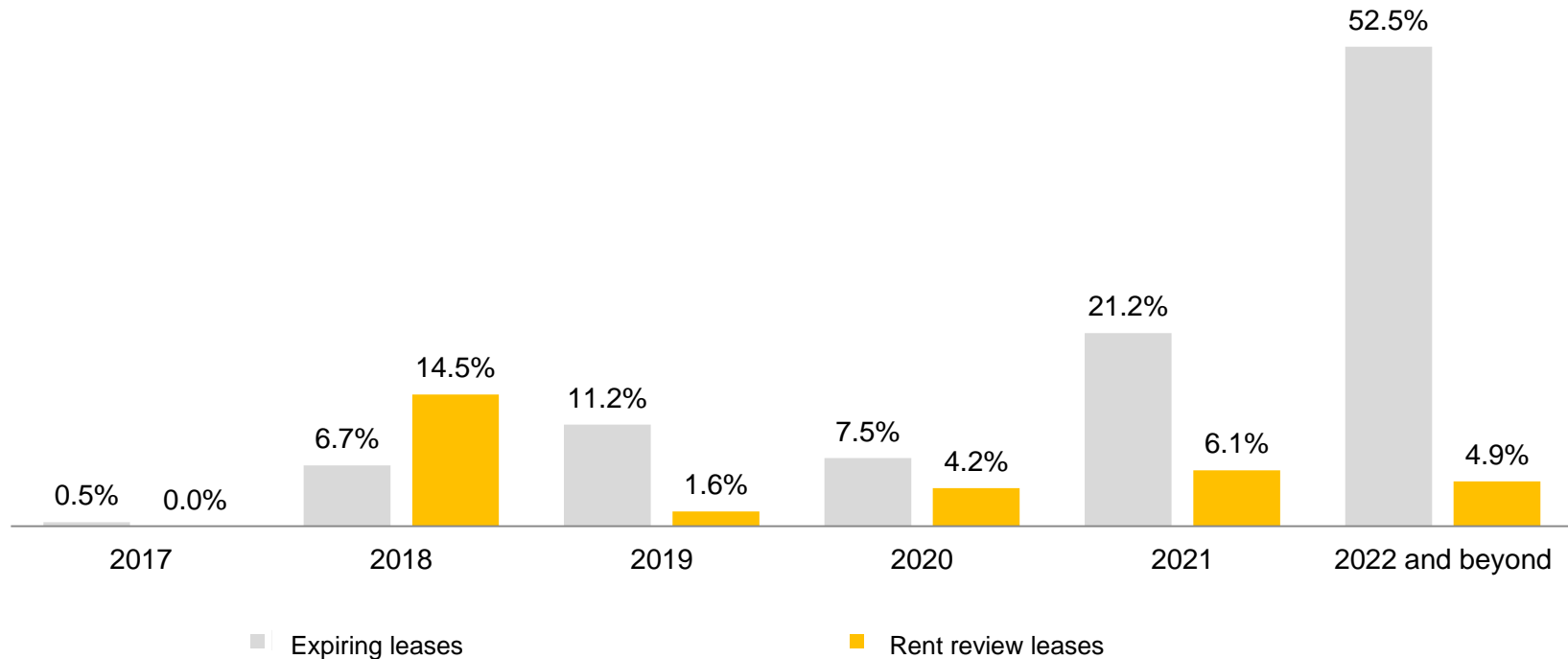
High Portfolio Committed Occupancy as at 30 Sep 2017



Sources: (1) CBRE, 3Q 2017 (2) Jones Lang LaSalle, end-June 2017

- Completed almost all leases due for renewal in 2017, with only 0.5% of the total portfolio NLA remaining
- Started negotiations for some leases due for renewal and review in 2018

Portfolio Lease Expiry Profile (by Attributable NLA)

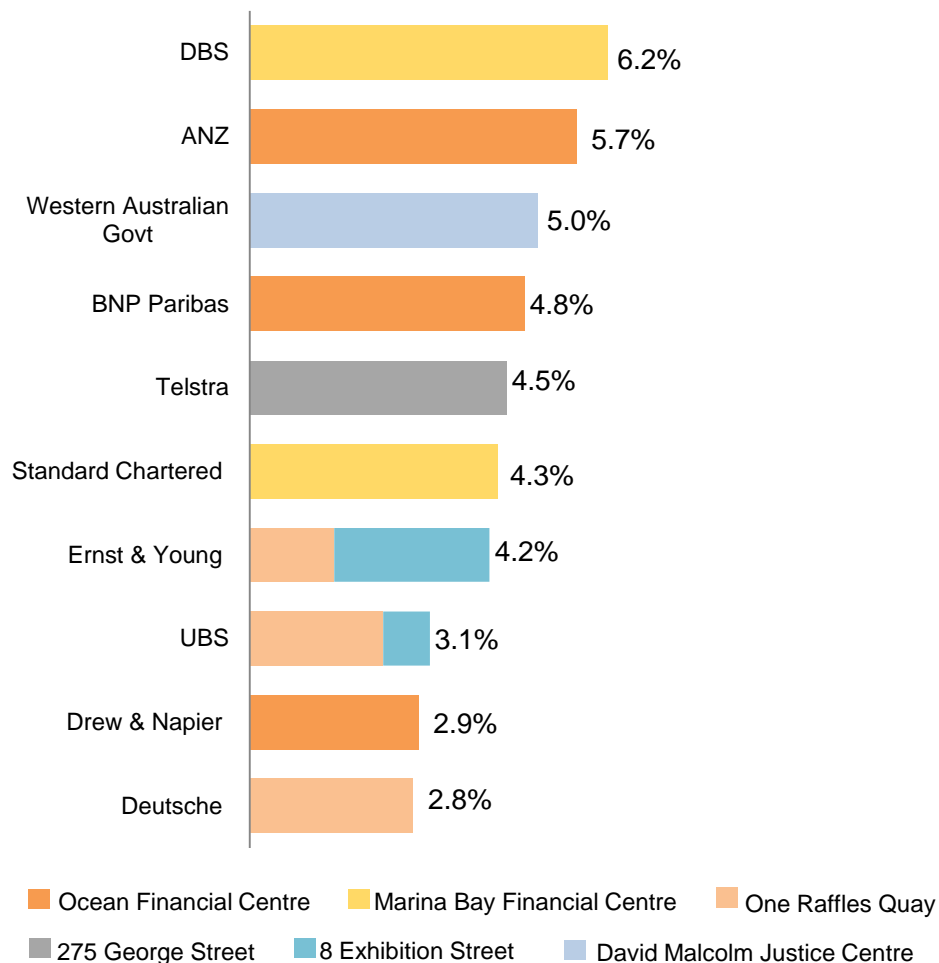


All data as at 30 September 2017. Remaining lease term to expiry based on portfolio committed NLA.



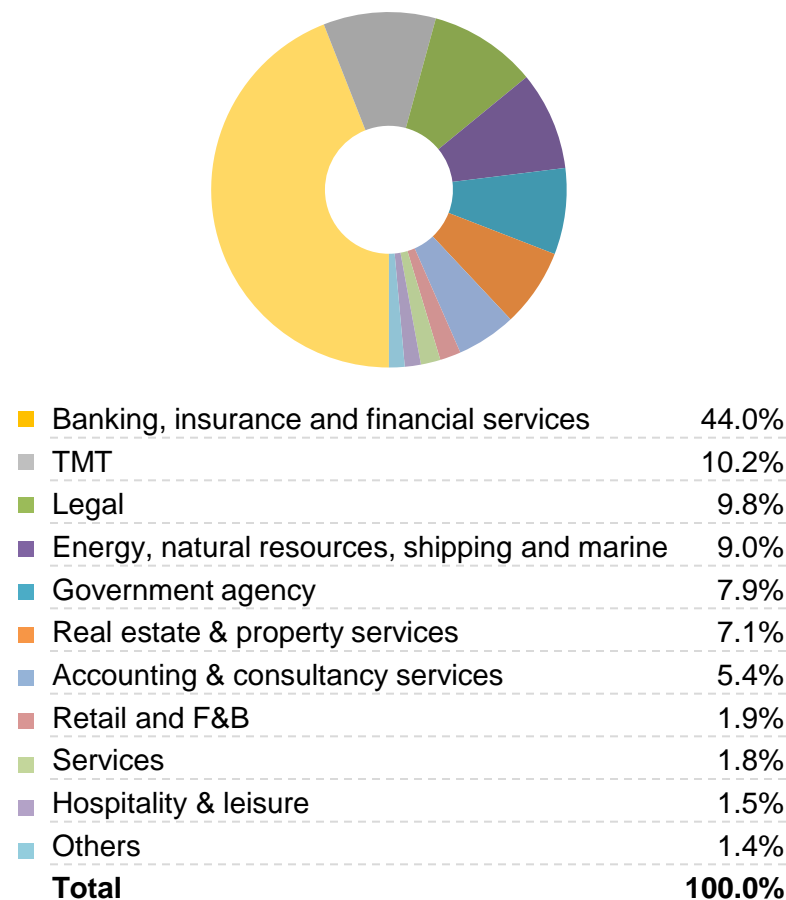
Top 10 Tenants (by Attributable NLA)

Occupies 43.5% of portfolio NLA
Contributes 40.2% of gross rental income



Well-Diversified Tenant Base⁽¹⁾

Number of Tenants: 321⁽²⁾



(1) All data as at 30 September 2017, and based on portfolio committed NLA.

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

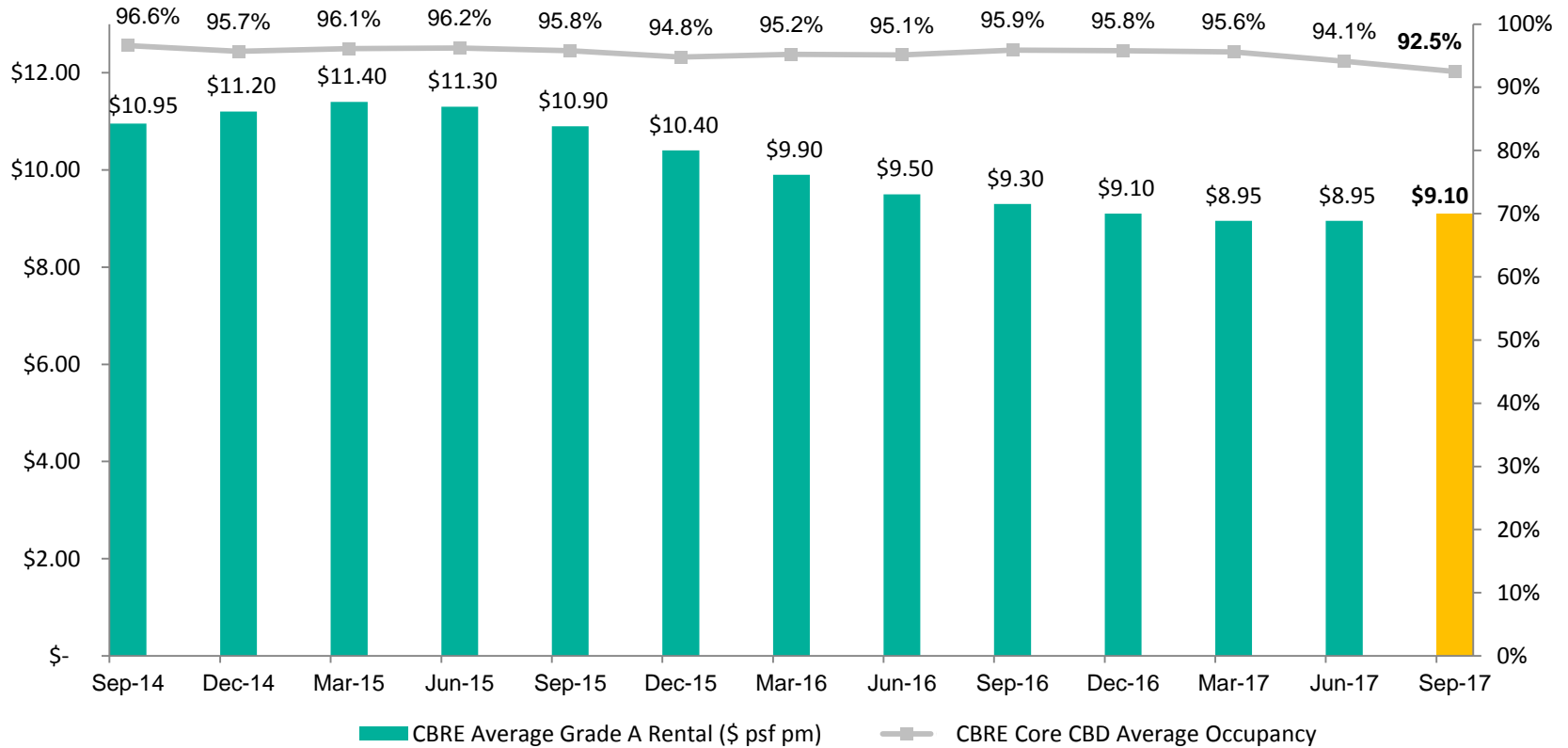


Looking Ahead

Ocean Financial Centre, Singapore



- Property consultants are generally of the view that sentiments are improving amidst stronger economic fundamentals.
- Average rental rate of Grade A office space increased q-o-q to \$9.10 psf.
- Average occupancy in the core CBD decreased q-o-q to 92.5%



Australia Office Market

- National CBD office average occupancy improved marginally q-o-q to 89.1%.
- Australian CBD office markets saw positive leasing activities in 2Q 2017 with business confidence at healthy levels.
- 2Q 2017 was the first quarter in six years to have exhibited positive net absorption across key CBD office markets.





Global Real Estate Sustainability Benchmark (GRESB) 2017

2nd among 13 Asian listed office entities

3rd among 52 Asian listed companies

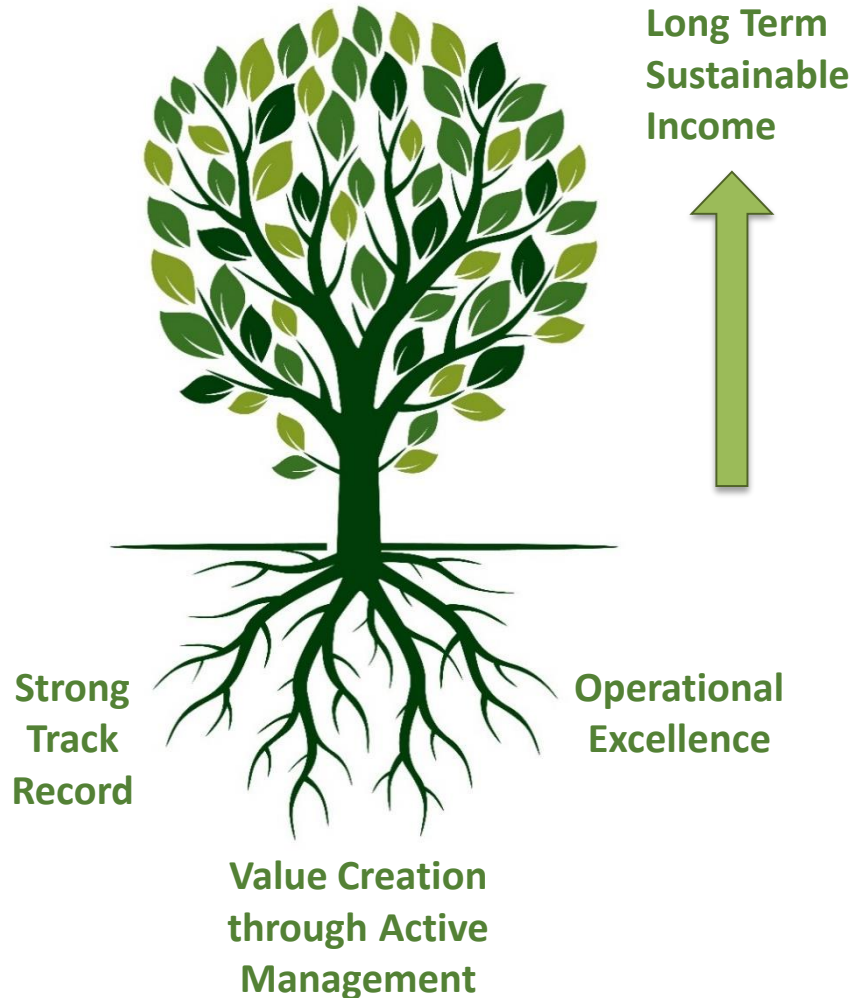
GRESB assesses the sustainability performance of property companies and real estate funds globally on aspects including environmental performance indicators

Singapore Governance and Transparency Index 2017

3rd in the REIT and business trust category

SGTI reviews Singapore-listed companies' corporate governance practices, as well as their timeliness, accessibility and transparency of disclosure





Strategy in Action

Our goal is to generate **sustainable income** and create **long-term value** for Unitholders through achieving **operational excellence** in all that we do.

Our foundation stems from:

Our Strong Track Record

- ✓ Delivering sustainable income
- ✓ Maintaining high portfolio occupancy and WALE

Value Creation through Active Management

- ✓ Strong capital creation and preservation, with approximately S\$1.5 billion of unrealised capital gains achieved to-date
- ✓ Quality assets managed with a tenant centric approach

Operational Excellence

- ✓ Prudent management of costs and capital
- ✓ Sustained performance during market volatility

A photograph of a modern building's interior courtyard. The space is characterized by its clean lines and materials. On the left, a glass-walled structure with a dark frame and yellow horizontal accents is visible. The right side features a tall, glass-walled wall that reflects the sky and the building's structure. The floor is made of large, light-colored square tiles. In the center, a vertical glass door or window allows bright light to enter, creating a strong contrast and highlighting the architectural details. The overall atmosphere is bright and airy, with a focus on geometric forms and light reflection.

Additional Information

8 Exhibition Street, Melbourne



Best-in-Class Assets in Strategic Locations

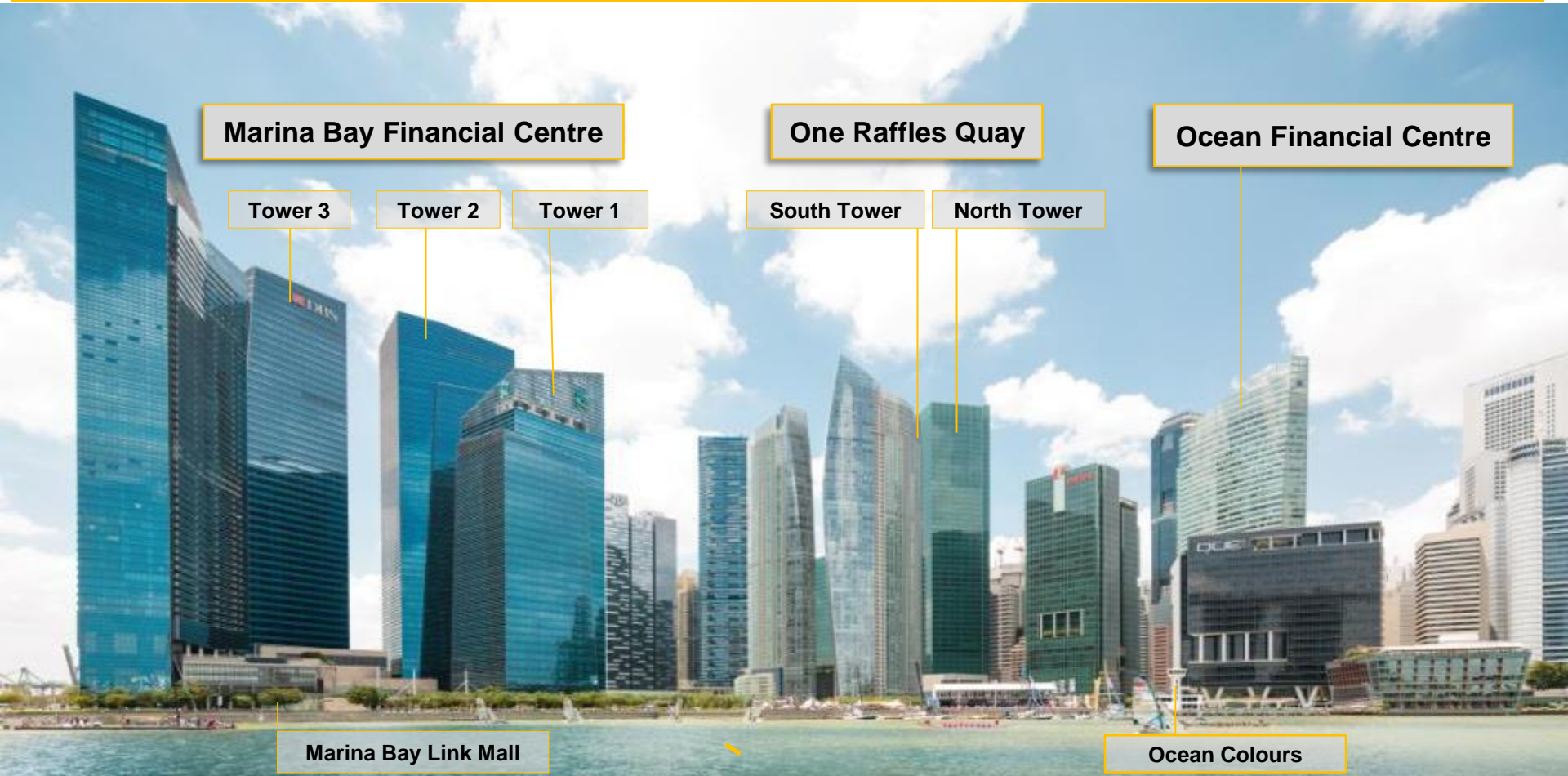
9 quality Premium Grade and Grade A assets in the business and financial districts of Singapore and Australia⁽¹⁾

Largest Portfolio of Premium Office Assets

3.7 million sf total attributable NLA⁽¹⁾

Assets Under Management

S\$8.5 billion⁽¹⁾⁽²⁾



Marina Bay Financial Centre

Tower 3

Tower 2

Tower 1

One Raffles Quay

South Tower

North Tower

Ocean Financial Centre

Marina Bay Link Mall

Ocean Colours

(1) As at 30 September 2017 and includes 311 Spencer Street under construction in Melbourne. (2) Includes capitalised costs of 311 Spencer Street.



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*

87%

Australia*

13%



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-

* Based on Keppel REIT's total assets under management of approximately S\$8.5 billion as at 30 September 2017, including 311 Spencer Street which is under construction in Melbourne.



	Ocean Financial Centre	Marina Bay Financial Centre ⁽³⁾	One Raffles Quay	Bugis Junction Towers
Attributable NLA (sf)	880,872	1,026,344	442,806	244,579
Ownership	99.9%	33.33%	33.33%	100.0%
Principal tenants	ANZ, BNP Paribas, Drew & Napier	DBS Bank, Standard Chartered Bank, BHP Billiton	Deutsche Bank, UBS, Ernst & Young	Keppel Land, IE Singapore, InterContinental Hotels Group
Tenure	99 years expiring 13 Dec 2110	99 years expiring 10 Oct 2104 ⁽⁴⁾ and 7 Mar 2106 ⁽⁵⁾	99 years expiring 12 Jun 2100	99 years expiring 9 Sep 2089
Purchase Price (on acquisition)	S\$2,298.8m ⁽²⁾	S\$1,426.8m ⁽⁴⁾ S\$1,248m ⁽⁵⁾	S\$941.5m	S\$159.5m
Valuation ⁽¹⁾	S\$2,627m	S\$1,693m ⁽⁴⁾ S\$1,316m ⁽⁵⁾	S\$1,273m	S\$540m
Capitalisation rates	3.75%	3.75%	3.75%	3.75%

1) Valuation as at 31 December 2016 based on Keppel REIT's interest in the respective properties.

2) 87.5% interest of the building was acquired on 14 December 2011 and 12.4% interest of the building was acquired on 25 June 2012.

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

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

5) Refers to MBFC Tower 3.



	8 Chifley Square, Sydney	8 Exhibition Street, Melbourne ⁽²⁾	275 George Street, Brisbane	David Malcolm Justice Centre, Perth	311 Spencer Street, Melbourne <i>(Under construction)</i>
Attributable NLA (sf)	104,138	245,949	224,693	167,784	358,500
Ownership	50.0%	50.0%	50.0%	50.0%	50.0%
Principal tenants	Corrs Chambers Westgarth, Quantum Group, QBE Insurance Group	Ernst & Young, UBS, Minister for Finance - State of Victoria, CBRE	Telstra Corporation, Queensland Gas Company	Government of Western Australia	Assistant Treasurer for the State of Victoria
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	99 years expiring 30 Aug 2114	Freehold
Purchase Price (on acquisition)	A\$167m	A\$169m ⁽²⁾	A\$166m	A\$165m	A\$347.8m
Valuation ⁽¹⁾	S\$235.9m	S\$236.9m ⁽²⁾	S\$213.9m	S\$220.0m	S\$362.4m ⁽⁵⁾
Capitalisation rates	5.00%	5.25% ⁽³⁾ 4.50% ⁽⁴⁾	6.25%	5.50%	4.88%

1) Valuation as at 31 December 2016 based on Keppel REIT's interest in the respective properties.

Based on the exchange rate of A\$1 = S\$1.060 as at 31 December 2016.

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

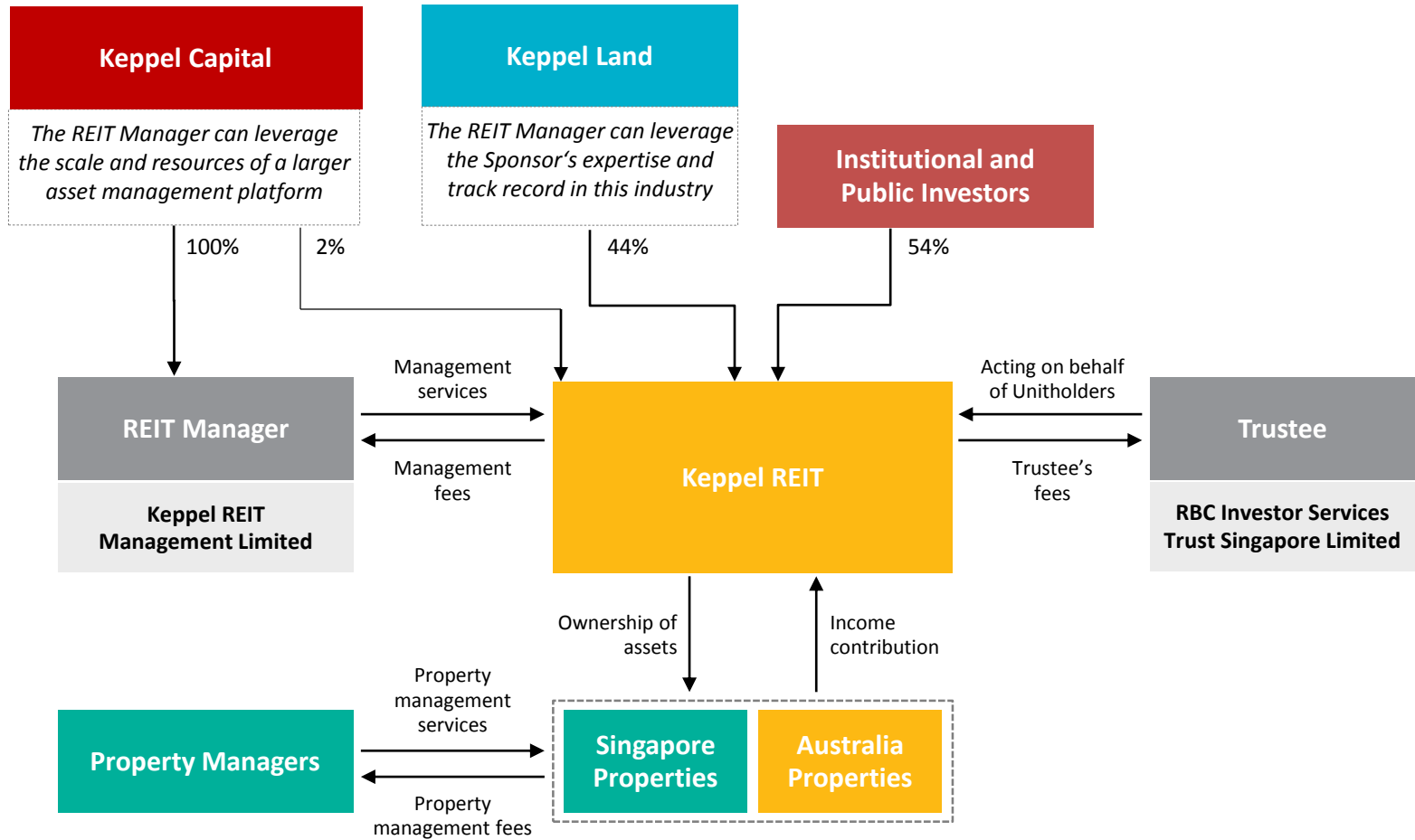
3) Refers to Keppel REIT's 50% interest in the office building and two retail units.

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

5) Acquisition value based on Keppel REIT's 50% interest in the property. Based on "as if complete" valuation as at 23 June 2017 and exchange rate of A\$1 = S\$1.042 as at 30 June 2017.



Keppel REIT Structure





Thank You