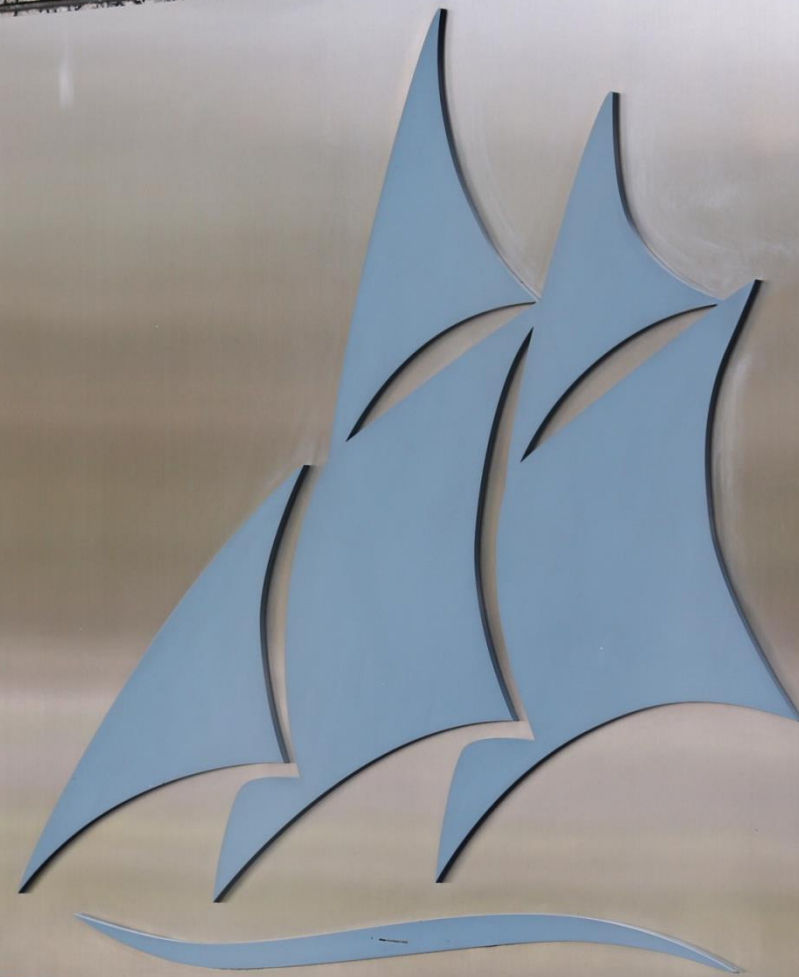


**Keppel REIT**

**Full Year 2017**

**Financial Results**

**23 January 2018**



**Keppel REIT**

<b>Key Highlights</b>	<b>3</b>
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**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.



- **Distributable Income** **\$190.7 mil**  
for FY 2017
- **Distribution per Unit** **5.70 cents**  
for FY 2017
- **Aggregate Leverage** **38.7%**  
as at 31 Dec 2017
- **All-in Interest Rate** **2.62% p.a.**  
for FY 2017



- **Leases Committed** **829,500 sf**  
(Attributable NLA ~377,700 sf)  
for FY 2017
- **Portfolio Committed Occupancy** **99.7%**  
as at 31 Dec 2017
- **Portfolio WALE** **5.5 years**  
By attributable NLA
- **Tenant Retention** **95%**  
for FY 2017



# Financial Performance & Capital Management



Marina Bay Financial Centre, Singapore



	4Q 2017	4Q 2016	FY 2017	FY 2016
<b>Property income</b>	\$44.4 mil	\$40.0 mil	\$164.5 mil	\$161.3 mil
<b>Net property income</b>	\$36.2 mil	\$31.4 mil	\$131.2 mil	\$128.4 mil
<b>Share of Results of Associates and Joint Ventures</b>	\$27.4 mil	\$27.7 mil	\$115.8 mil	\$114.2 mil
<b>Distribution to Unitholders</b>	\$48.2 mil <sup>1</sup>	\$48.7 mil <sup>1</sup>	\$190.7 mil	\$208.1 mil <sup>2</sup>
<b>Distribution per Unit (DPU)</b>	1.43 cents	1.48 cents	5.70 cents	6.37 cents

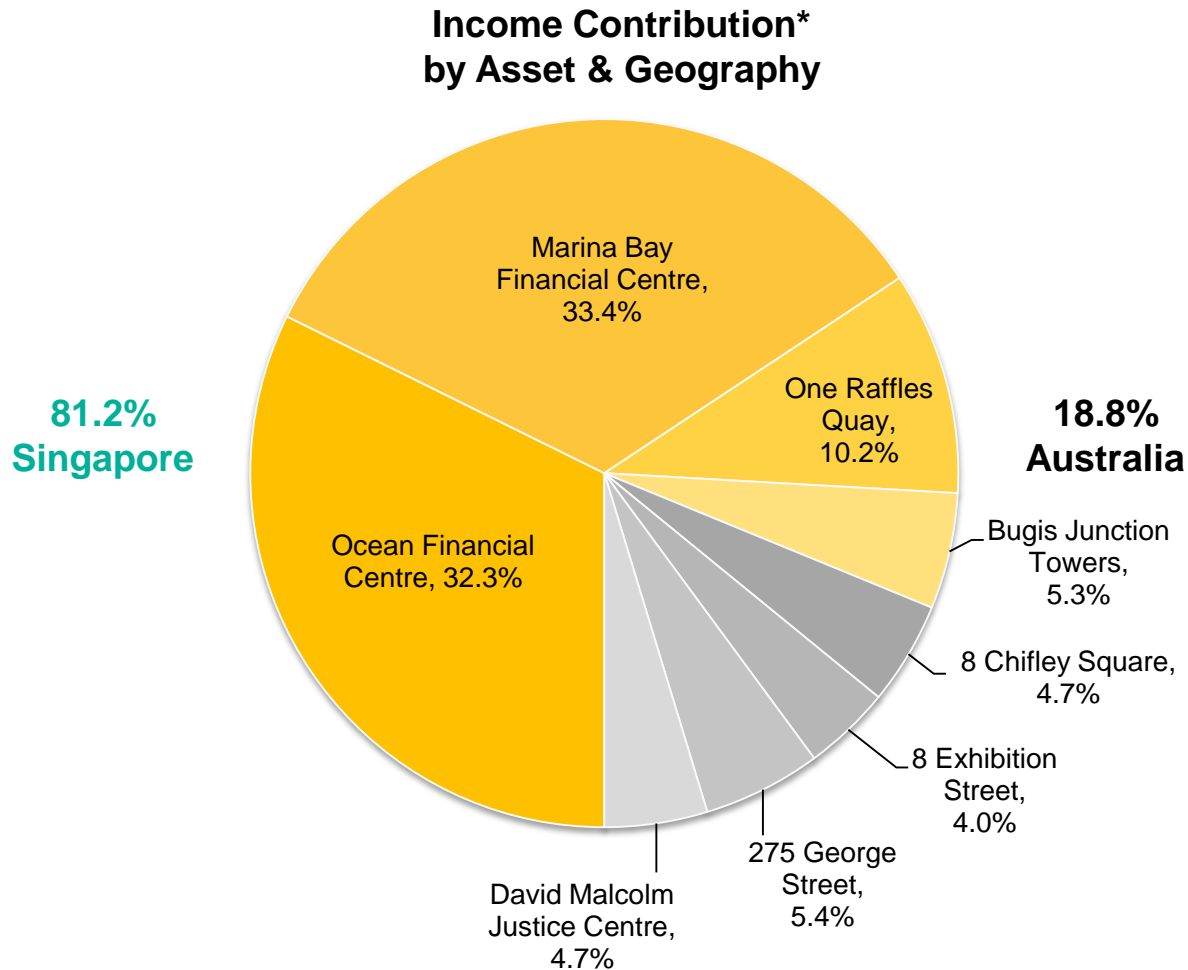
Distribution Timetable for 4Q 2017	
<b>Ex-Date</b>	Mon, 29 Jan 2018
<b>Books Closure Date</b>	Wed, 31 Jan 2018
<b>Payment Date</b>	Wed, 28 Feb 2018

(1) No distribution of other gains for these quarters.

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



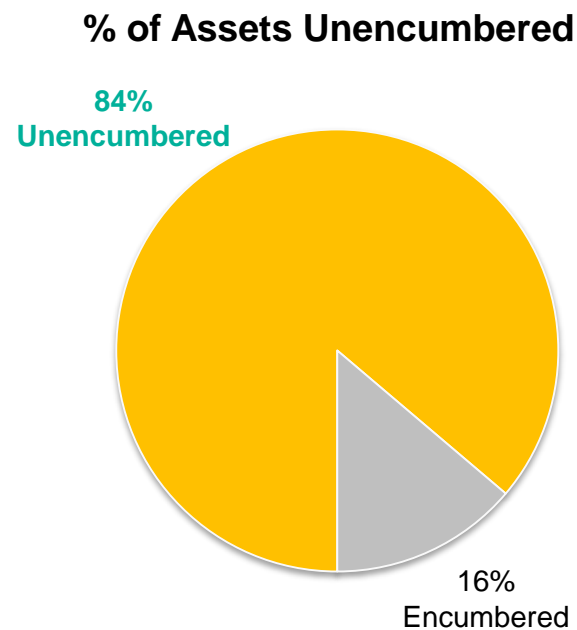
- Portfolio income contributed by existing eight office assets strategically located in the central business districts of Singapore and Australia



\* Comprised net property income of directly held properties, distribution/dividend income from associates & joint ventures, rental support income, as well as interest income on shareholder loans to associates for FY 2017.



	As at 31 Dec 2017	As at 31 Dec 2016
<b>Total assets</b>	\$7,604 mil	\$7,535 mil
<b>Borrowings<sup>1</sup></b>	\$3,375 mil	\$3,329 mil
<b>Total liabilities</b>	\$2,689 mil	\$2,637 mil
<b>Unitholders' funds</b>	\$4,763 mil	\$4,747 mil
<b>Adjusted NAV per Unit<sup>2</sup></b>	\$1.40	\$1.43



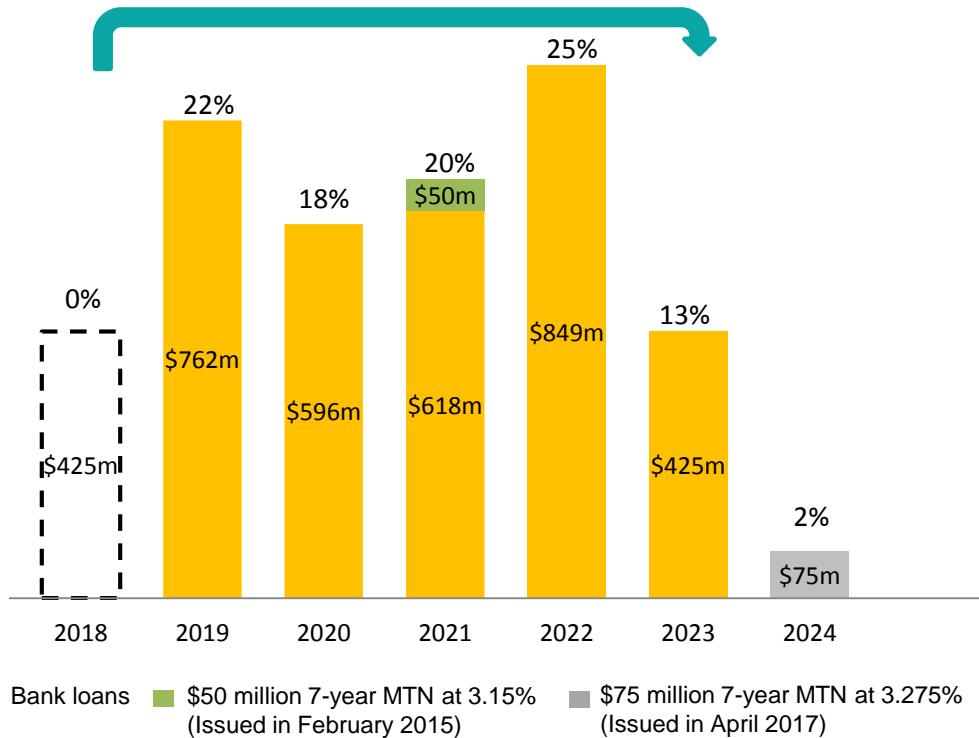
(1) Included borrowings accounted for at the level of associates and excluded the unamortised portion of upfront fees in relation to the borrowings.

(2) For 31 December 2016 and 31 December 2017, these excluded the distributions paid in February 2017 and to be paid in February 2018 respectively.



- Commitments have been received to refinance remaining loans due in 2018
- Weighted average term to maturity of 3.4 years<sup>1</sup>

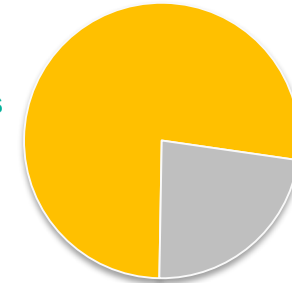
## Debt Maturity Profile



31 Dec 2017	
Interest Coverage Ratio	4.3x
All-in Interest Rate	2.62%
Aggregate Leverage	38.7%

## Managing interest rate exposure

77%  
Fixed-Rate  
Borrowings



23%  
Floating-Rate  
Borrowings

## Sensitivity to SOR<sup>2</sup>

Every 50 bps ↑↓ in SOR  
 translates to ~0.11 cents ↓↑ in DPU

(1) This takes into account the commitments received by the Manager to refinance the remaining loans due in 2018.

(2) 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 2017.



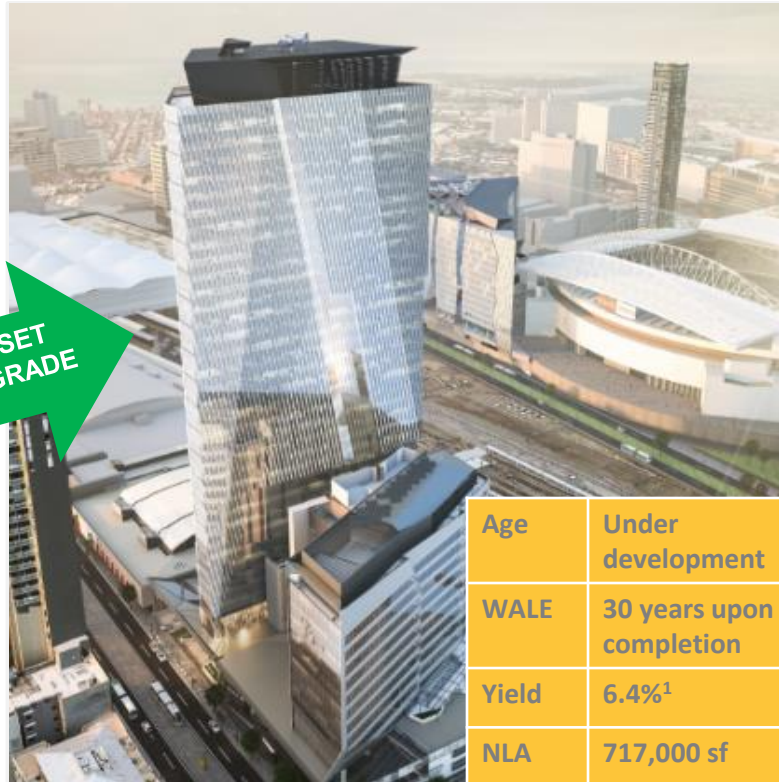
# Portfolio Review

8 Chifley Square, Sydney



January 2016:  
Divestment of  
77 King Street

Age	~40 years
WALE	3.5 years
Yield	5.3%
NLA	147,000 sf



Age	Under development
WALE	30 years upon completion
Yield	6.4% <sup>1</sup>
NLA	717,000 sf

## July 2017: Acquisition of a 50% interest in 311 Spencer Street

- **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

### Progress update:

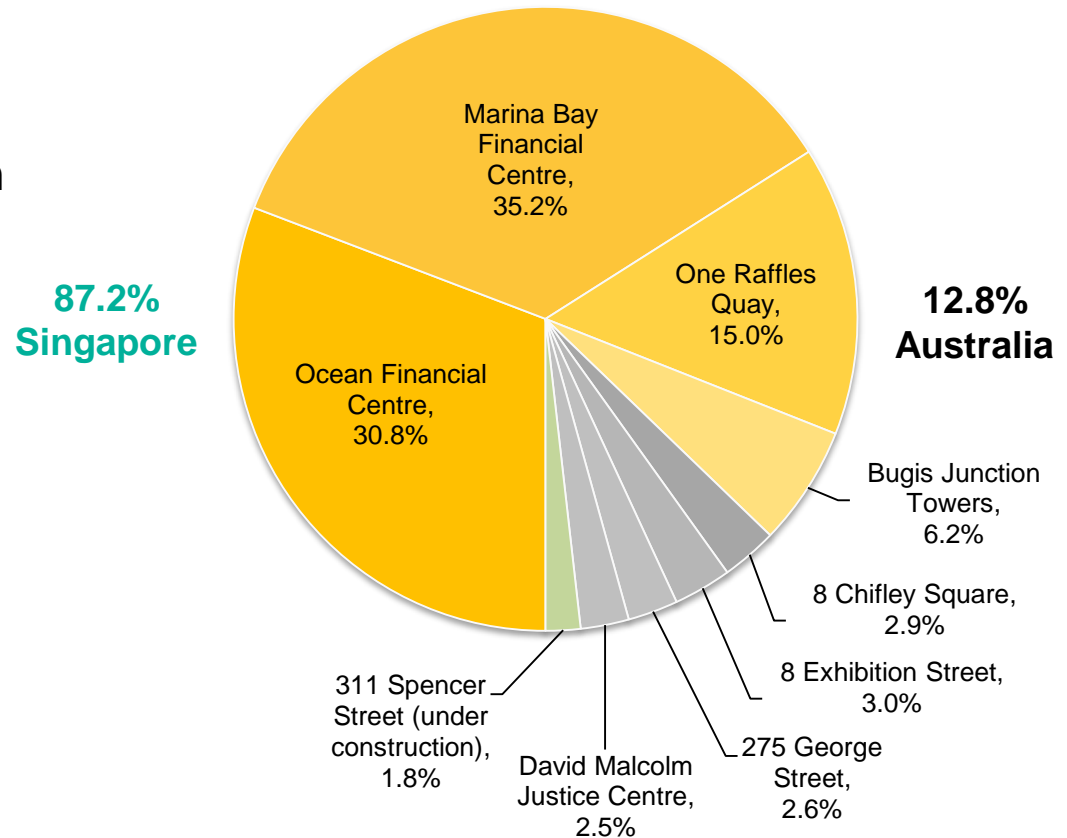
- Completed piling works of the Grade A office tower as at end 2017
- Construction on track for completion in 4Q 2019

(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. 10



- As at 31 December 2017, Keppel REIT's S\$8.5b\* portfolio comprises premium Grade A office space in Singapore and in the key Australian cities of Sydney, Melbourne, Brisbane and Perth
- Long-term resilience of the REIT's income streams is enhanced with portfolio diversification

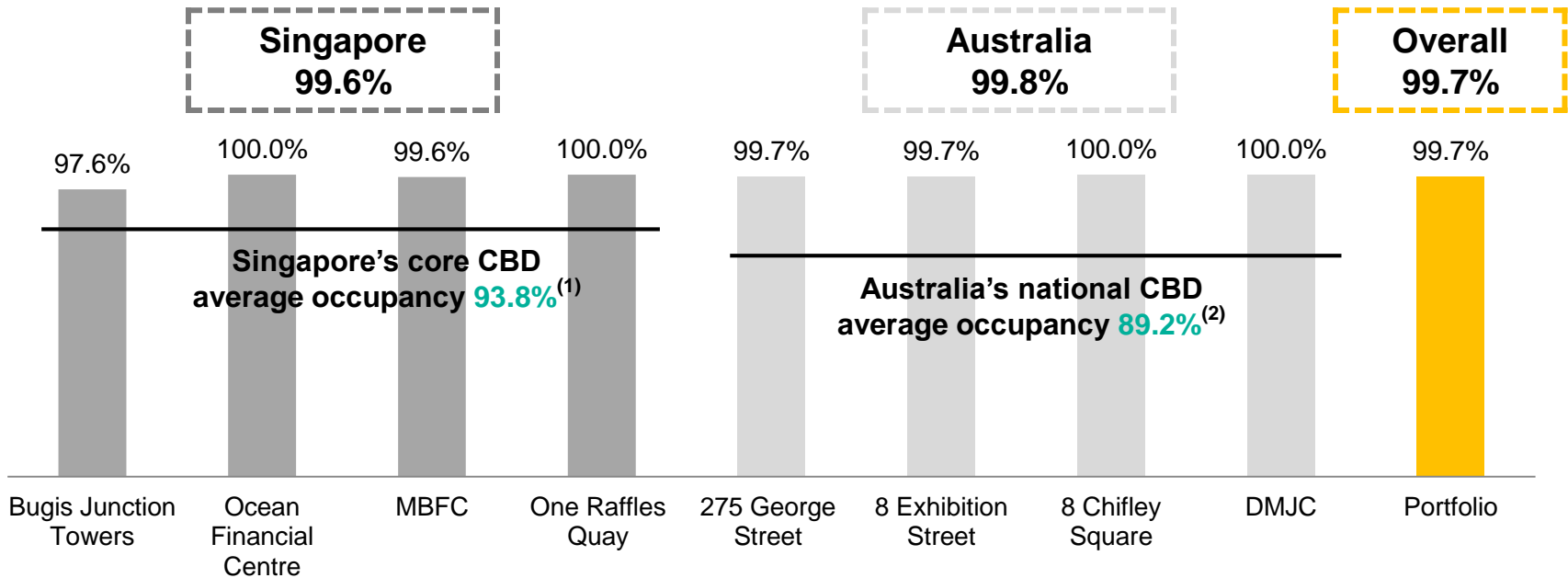
### AUM Breakdown by Asset & Geography



\* Based on Keppel REIT's total assets under management of approximately \$8.5 billion as at 31 December 2017, including 311 Spencer Street which is under construction in Melbourne.

- Maintained high committed occupancy rates which are well above market
- Portfolio of quality office spaces remains relevant to tenants' changing business needs

## High Portfolio Committed Occupancy as at 31 Dec 2017



Sources: (1) CBRE, 4Q 2017 (2) JLL, end September 2017





## Leasing Updates for FY 2017

<b>Committed Leases</b>	<b>88</b> Leases	<b>~829,500 sf</b> (Attributable ~377,700 sf)	<b>-4%</b> Rental Reversion
<b>Tenant Retention</b>	<b>95%</b> Retention Rate	<b>~5.5 years</b> Portfolio WALE as at 31 Dec 2017	<b>~7.8 years</b> Top 10 Tenants' WALE as at 31 Dec 2017

- A total of 829,500 sf (Attributable NLA: 377,700 sf) of spaces committed in FY 2017
- Signing rent for Singapore office leases was ~\$9.80 psf<sup>(1)</sup> for FY 2017



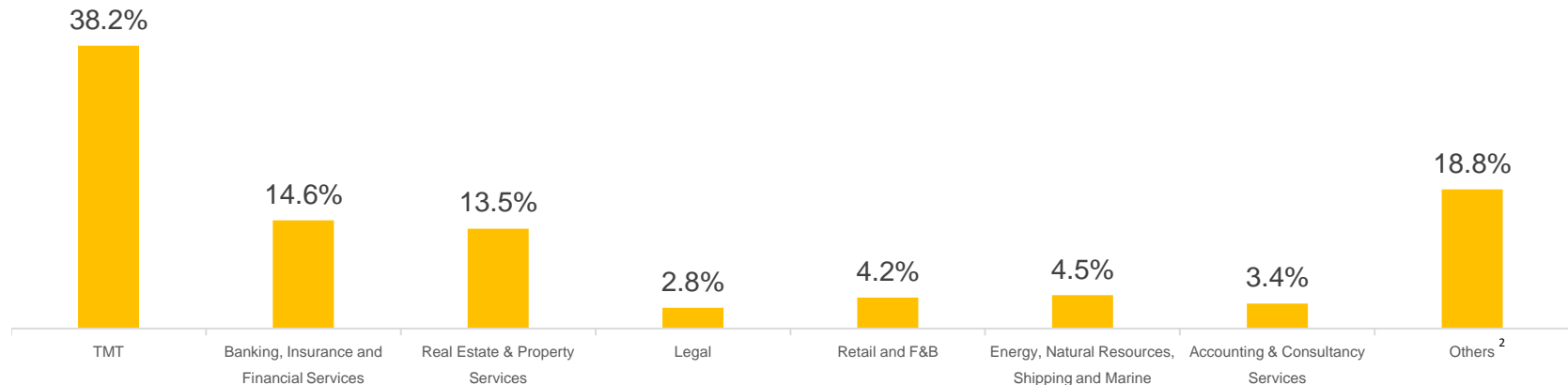
(1) For the Singapore office leases concluded in 2017, and based on a simple average calculation.





- Of the committed leases<sup>1</sup> signed in FY 2017,
  - 27% are new leases,
  - 57% are renewal leases, and
  - 16% are rent review leases
- New leases committed in FY 2017 were signed with tenants from diverse sectors
  - Majority from the TMT, banking, insurance and financial services, as well as real estate and property services sectors

## New leases committed in FY 2017 (by Attributable NLA)



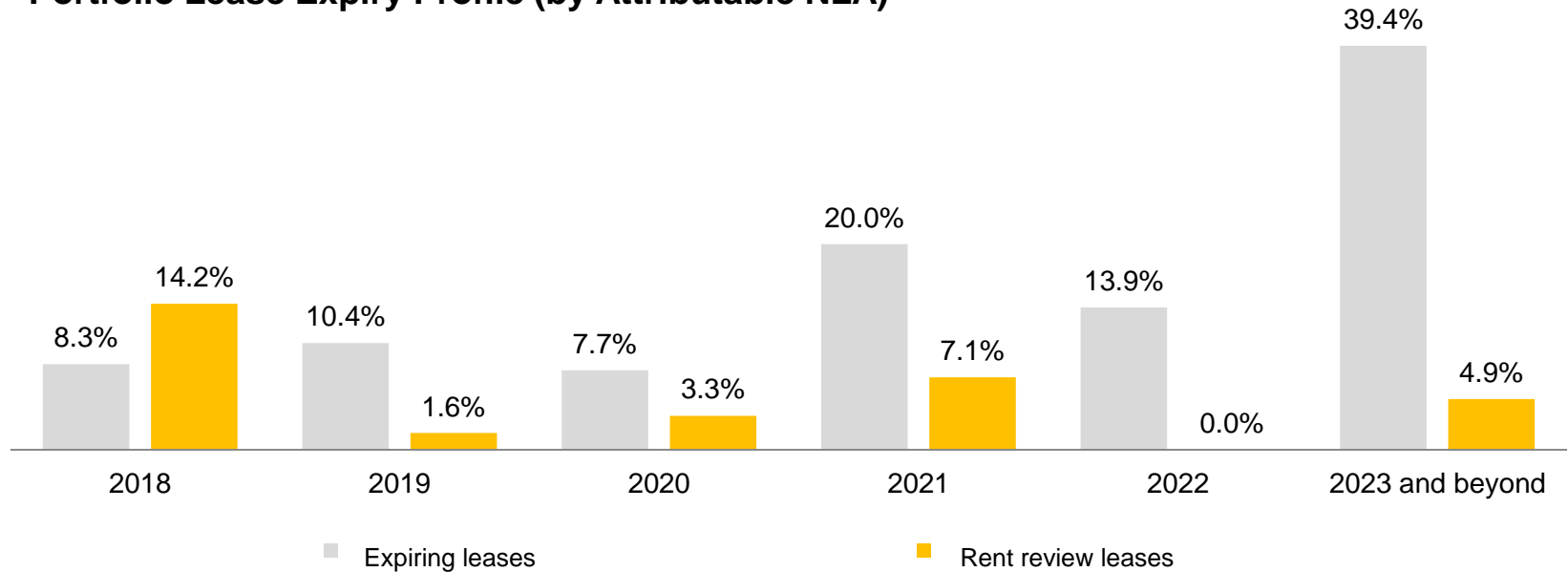
(1) Based on attributable NLA

(2) Includes tenants from the agriculture and education sectors.



- 22.5% of portfolio NLA due for renewal and review in 2018
  - 19.2% of portfolio NLA are for the Singapore office leases
  - Rents for majority number of the Singapore office leases due for renewal and review range between \$8.50 to \$12.00 psf
  
- Maintained well-spread leases with no more than 20% of portfolio NLA expiring in a single year

**Portfolio Lease Expiry Profile (by Attributable NLA)**

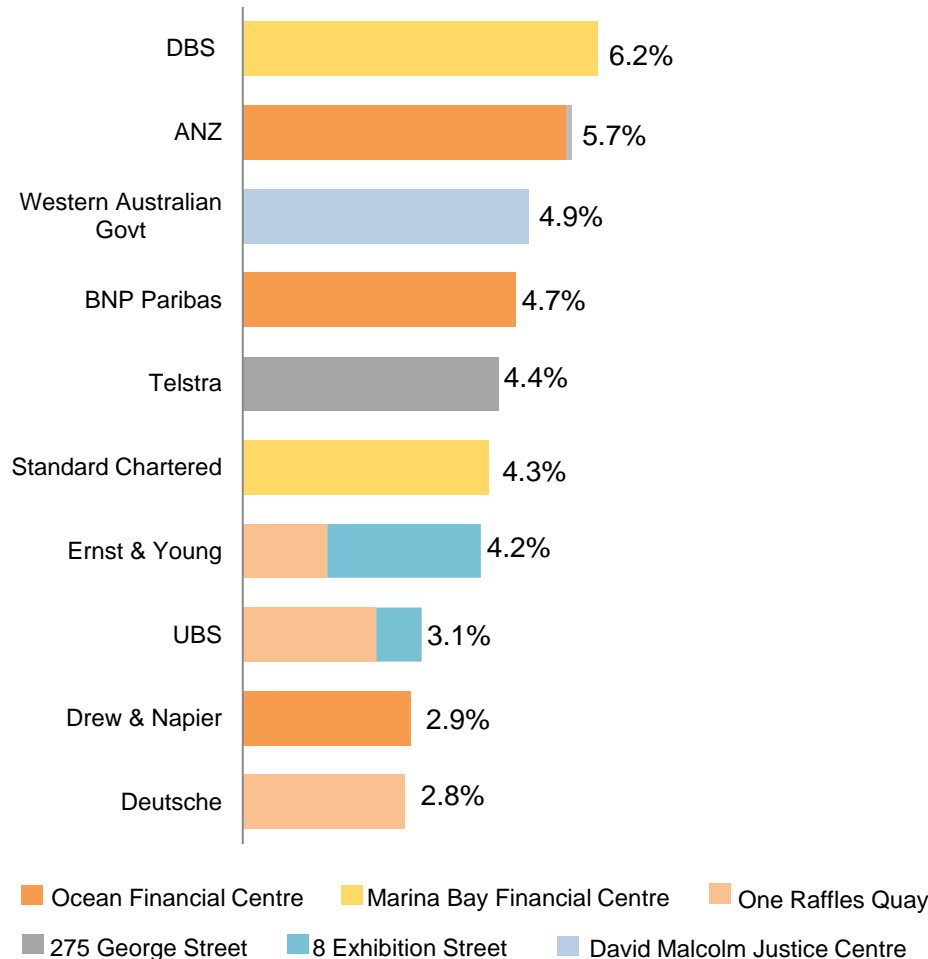


All data as at 31 December 2017. Remaining lease term to expiry based on portfolio committed NLA.



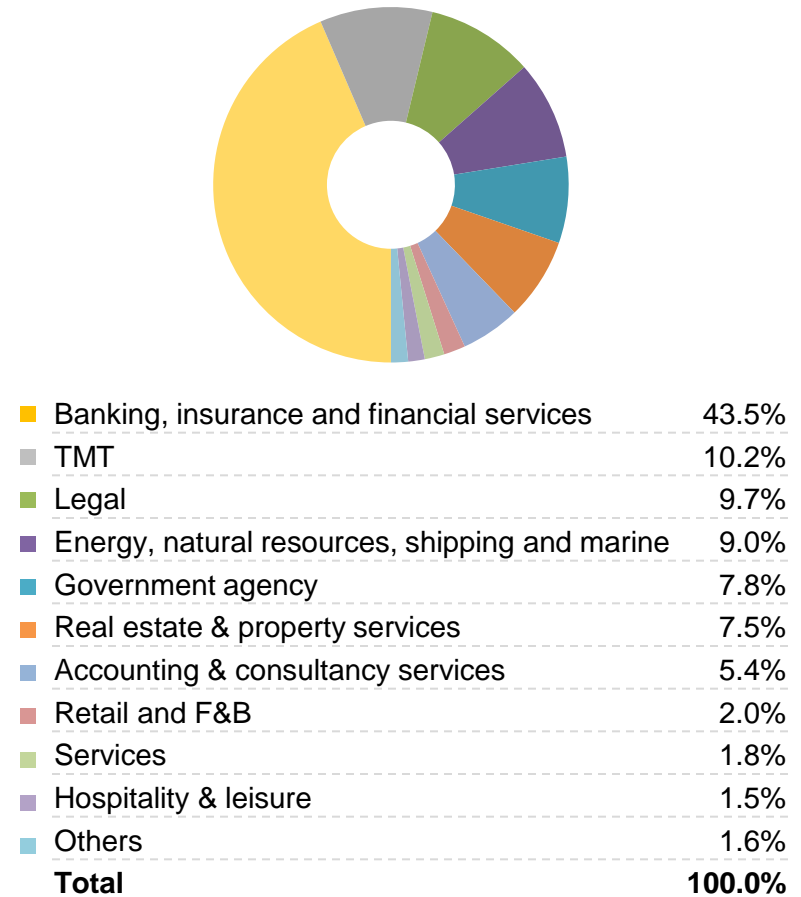
## Top 10 Tenants (by Attributable NLA)

Occupies 43.2% of portfolio NLA  
Contributes 40.1% of gross rental income



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

Number of Tenants: 326<sup>(2)</sup>



(1) All data as at 31 December 2017, and based on portfolio committed NLA.

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



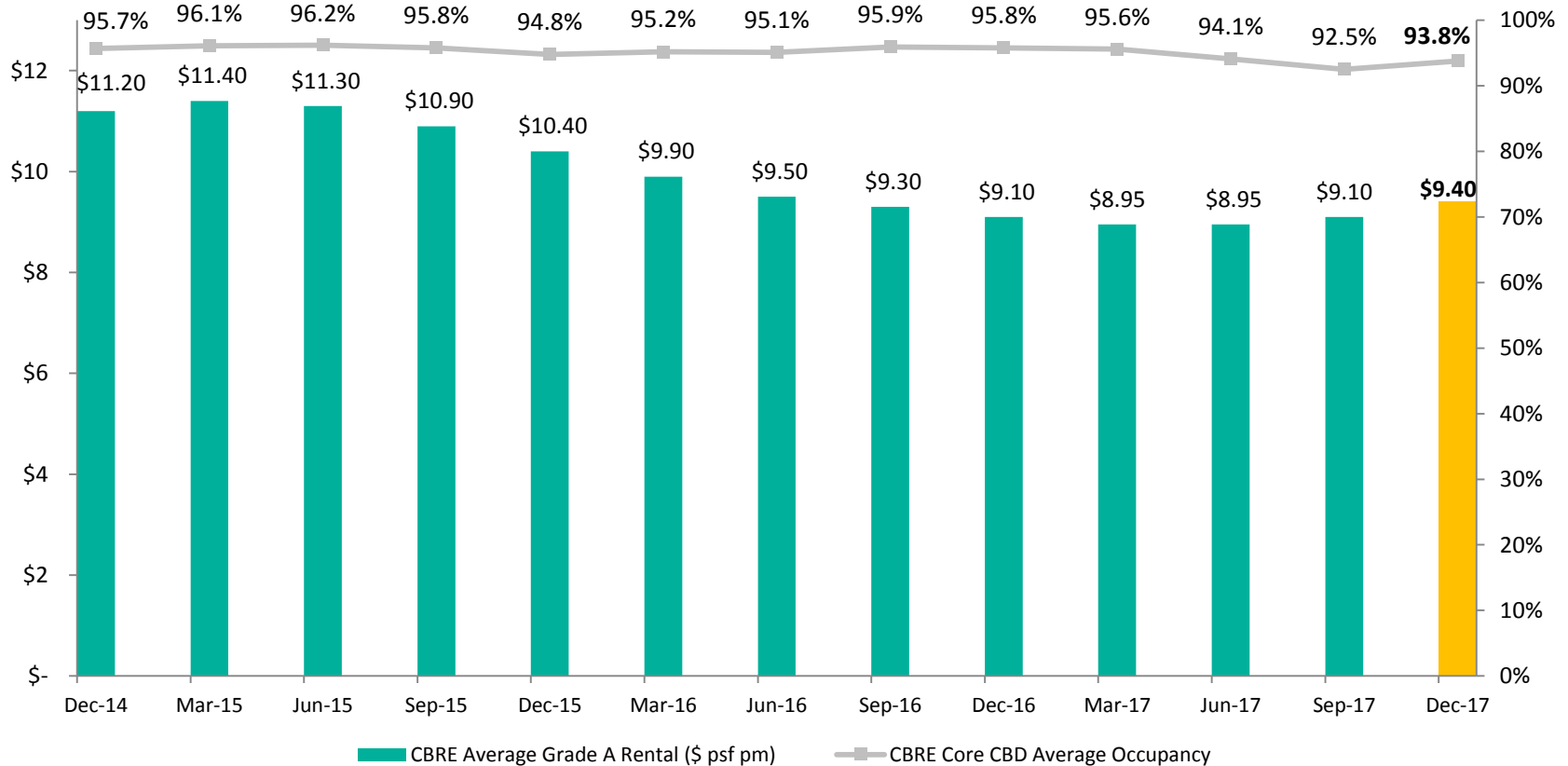
# Looking Ahead

Ocean Financial Centre, Singapore





- The general outlook for the office market remains positive, driven by improved economic prospects and a lower quantum of new supply in the mid-term.
- In 4Q 2017, average occupancy in the core CBD improved q-o-q to 93.8% while average Grade A office rental increased q-o-q to \$9.40 psf.







- National CBD office average occupancy improved marginally q-o-q to 89.2%.
- Medium-term outlook has improved with the Australian Bureau of Statistics reporting strong employment growth over 2017.
- Organisations seeking better quality office space in the market as business conditions and confidence improve.





- Environmental, social and governance (ESG) initiatives remain an integral part in the REIT Manager's drive towards operational excellence

## Sustainability Accolades in 2017:

**Global Real Estate Sustainability Benchmark (GRESB)**

2<sup>nd</sup> among 13 Asian listed office entities  
3<sup>rd</sup> among 52 Asian listed companies

**Singapore Governance and Transparency Index (SGTI)**

3<sup>rd</sup> in the REIT and business trust category

**BCA Green Mark Platinum Award**

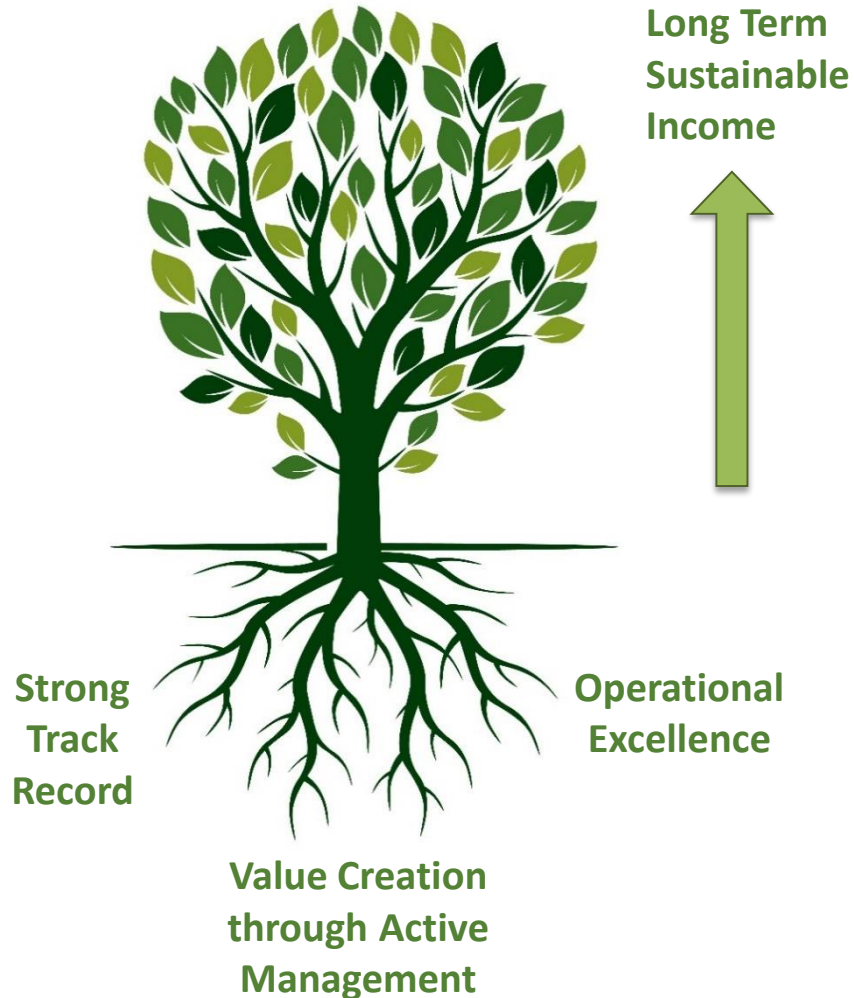
MBFC Towers 1 & 2, Bugis Junction Towers

**5-Star Green Star Rating**

David Malcolm Justice Centre  
(Office As Built v3 Certified Rating)

**Workplace Safety and Health Council SHARP Award**

MBFC Towers 1 & 2, One Raffles Quay



## 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 as at end 2017
- ✓ Quality assets managed with a tenant-centric approach

### Operational Excellence

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



# Additional Information

**8 Exhibition Street, Melbourne**





## Best-in-Class Assets in Strategic Locations

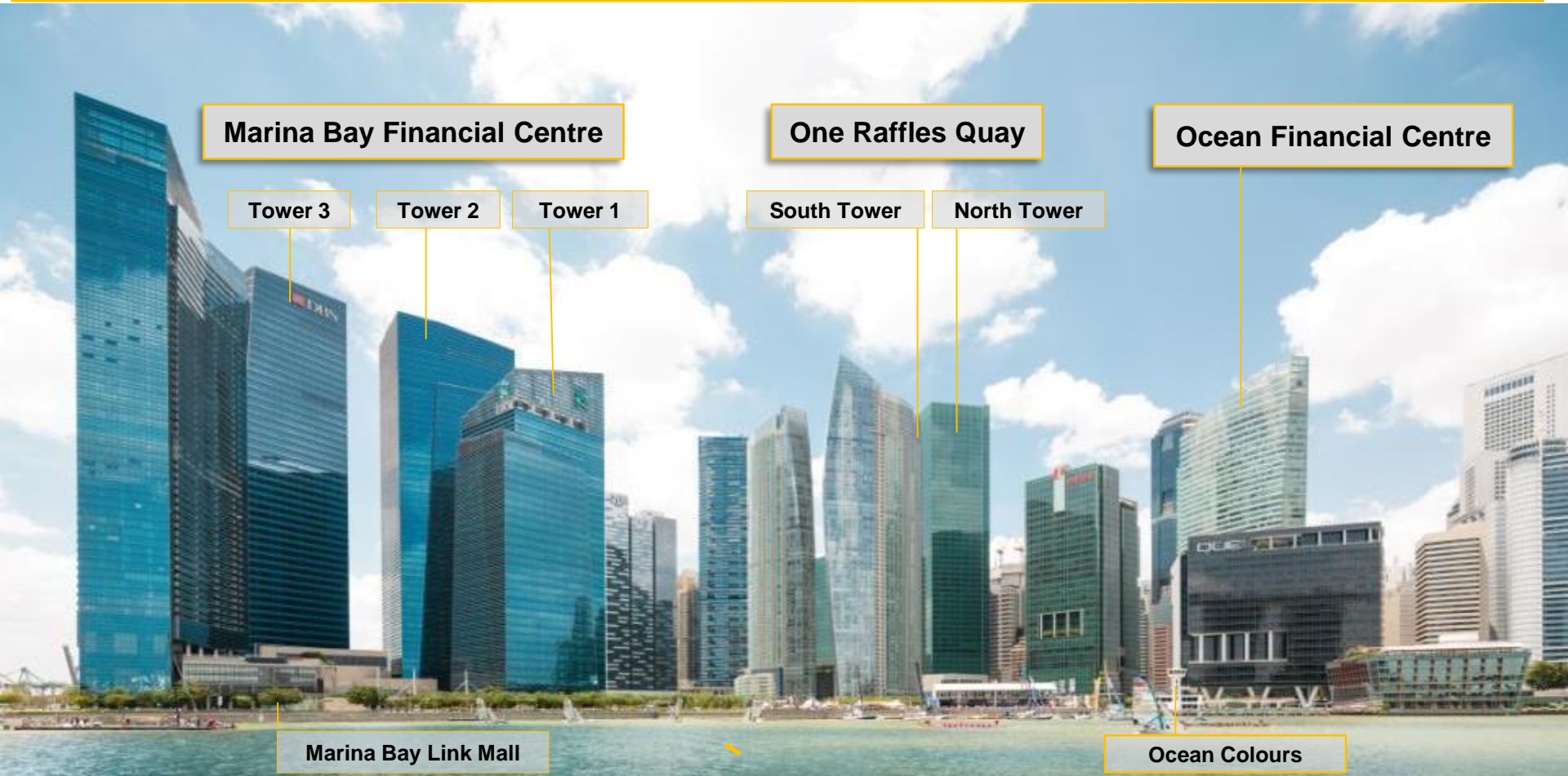
9 quality Premium Grade and Grade A assets in the business and financial districts of Singapore and Australia<sup>(1)</sup>

## Largest Portfolio of Premium Office Assets

3.7 million sf total attributable NLA<sup>(1)</sup>

## Assets Under Management

S\$8.5 billion<sup>(1)</sup>



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 31 December 2017 and includes 311 Spencer Street under construction in Melbourne.





**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 31 December 2017, including 311 Spencer Street which is under construction in Melbourne.



	Ocean Financial Centre	Marina Bay Financial Centre <sup>(3)</sup>	One Raffles Quay	Bugis Junction Towers
Attributable NLA (sf)	880,603	1,026,032	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 <sup>(4)</sup> and 7 Mar 2106 <sup>(5)</sup>	99 years expiring 12 Jun 2100	99 years expiring 9 Sep 2089
Purchase Price (on acquisition)	S\$2,298.8m <sup>(2)</sup>	S\$1,426.8m <sup>(4)</sup> S\$1,248m <sup>(5)</sup>	S\$941.5m	S\$159.5m
Valuation <sup>(1)</sup>	S\$2,623.0m	S\$1,693.0m <sup>(4)</sup> S\$1,300.3m <sup>(5)</sup>	S\$1,273.0m	S\$525.0m
Capitalisation rates	3.75%	3.75%	3.75%	3.75%

1) Valuation as at 31 December 2017 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 <sup>(2)</sup>	275 George Street, Brisbane	David Malcolm Justice Centre, Perth	311 Spencer Street, Melbourne <i>(Under construction)</i>
Attributable NLA (sf)	104,138	245,954	224,693	167,784	353,318
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	The State of Victoria (Victoria Police)
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>(2)</sup>	S\$209.4m	S\$208.1m	S\$362.4m <sup>(5)</sup>
Valuation <sup>(1)</sup>	S\$247.4m	S\$256.0m <sup>(2)</sup>	S\$219.3m	S\$216.8m	S\$148.9m <sup>(6)</sup>
Capitalisation rates	5.00%	5.00% <sup>(3)</sup> 4.50% <sup>(4)</sup>	5.63%	5.50%	4.63%

1) Valuation as at 31 December 2017 based on Keppel REIT's interest in the respective properties.

Based on the exchange rate of A\$1 = S\$1.02 as at 31 December 2017.

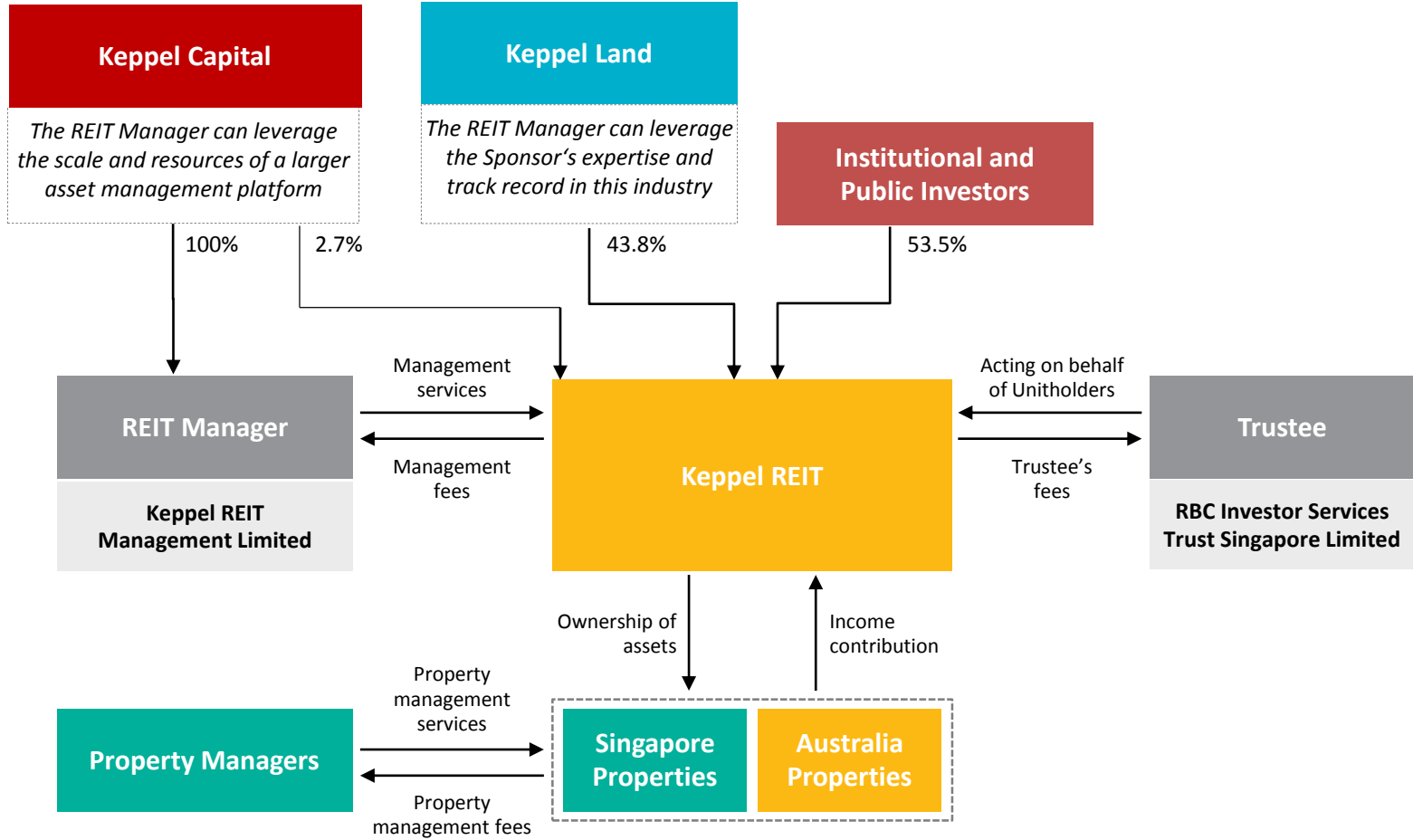
2) Keppel REIT owns a 50% interest in the 8 Exhibition Street office building and two retail units, and a 100% interest in another three retail units

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) 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.

6) Based on "as is" valuation as at 31 December 2017.





**Thank You**