



(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended))

## ACQUISITION OF 50.0% INTEREST IN 311 SPENCER STREET, MELBOURNE, AUSTRALIA

### 1. INTRODUCTION

The Board of Directors of Keppel REIT Management Limited, as manager of Keppel REIT (the "**Manager**"), is pleased to announce that RBC Investor Services Trust Singapore Limited, in its capacity as trustee of Keppel REIT, has, through The Trust Company (Australia) Limited as trustee of Keppel REIT (Australia) Sub-Trust 5<sup>1</sup> (the "**Sub-Trust 5 Trustee**"), a wholly-owned sub-trust of Keppel REIT, entered into an implementation deed ("**Implementation Deed**") with Australia Postal Corporation (the "**Vendor**"), to, *inter alia*, acquire a 50% interest in a premium office tower to be developed at 311 Spencer Street, Melbourne, Australia (the "**Property**", and the transaction acquiring the Property, the "**Transaction**").

The Transaction for the Property, is for an aggregate consideration of A\$347.8 million or approximately S\$362.4 million<sup>2</sup> (the "**Consideration**").

The Transaction constitutes a discloseable transaction under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the Listing Manual of the SGX-ST, the "**Listing Manual**").

### 2. INFORMATION ON THE PROPERTY

The Grade A<sup>3</sup> office tower is strategically located between Melbourne's central business district ("**CBD**") and the new Docklands precinct, which is an extension of the CBD. Sited on freehold land, the Property is within walking distance to the Southern Cross Station, the city's major railway and transportation hub.

Designed by leading architecture firm, Woods Bagot, the Property will be developed into a 42-storey Grade A office tower with an estimated total net lettable area ("**NLA**") of 717,000 square feet and 600 car park lots (the "**Building**"). Development approval for the Building has been received. Construction of the office tower will commence in the third quarter of 2017 ("**3Q 2017**"), and practical completion is expected to be achieved in the fourth quarter of 2019 ("**4Q 2019**").

When completed, the new office tower will be fully leased to the Assistant Treasurer for the State of Victoria (the "**Tenant**") on a 30-year net lease with fixed annual rental escalations, and 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.

The Building is designed in accordance with the 5-Star Green Star and 4.5-Star energy rating standards by the Green Building Council of Australia and National Australian Built Environmental Rating System, respectively.

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<sup>1</sup> A newly established Managed Investment Trust constituted in Australia, which is wholly-owned by Keppel REIT.

<sup>2</sup> Based on an exchange rate of A\$1.00 to S\$1.042.

<sup>3</sup> Based on the Property Council of Australia's "A Grade" specifications.

The 5-Star Green Star rating of the Building 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.

### **3. INFORMATION ON THE DEVELOPER AND CO-OWNER OF THE PROPERTY**

Cbus Property Pty Ltd ("**Cbus Property**") is the co-owner as well as developer of the Property, as detailed in paragraph 4.2 below. Cbus Property is the property and development company of the Construction and Building Union Superannuation ("**Cbus**"). Cbus is a superannuation fund for the building, construction and allied industries, as well as a public offer fund open to all Australians.

### **4. CONSIDERATION AND PRINCIPAL TERMS OF THE TRANSACTION**

#### **4.1 Consideration for the Transaction**

The Consideration for the Transaction, which includes the development costs of the Building, is approximately A\$347.8 million<sup>4</sup> or approximately S\$362.4 million<sup>2</sup>. The Consideration was arrived at on a willing-buyer and willing-seller basis taking into account the aggregate net operating income to be achieved by the Property.

Keppel REIT will be making payment of approximately A\$1.1 million or approximately S\$1.2 million<sup>2</sup> as deposit, with a further amount to be paid upon completion of the Transaction. The balance of the Consideration will be made in subsequent progress payment tranches to Cbus Property for the development of the Building.

The Transaction is expected to be completed by 3Q 2017.

Inclusive of its commitment pursuant to the Transaction, the aggregate contract value of property development activities (as defined in Appendix 6 of the Code on Collective Investment Schemes) undertaken and investments in uncompleted property developments by Keppel REIT represents approximately 4.3% of Keppel REIT's deposited property as at 31 December 2016.

#### **4.2 Principal Terms of the Transaction**

Pursuant to the terms of the Transaction,

- (a) Cbus Property has executed a sale interest contract to purchase a 50% interest in the Property from the Vendor;
- (b) the Vendor and Cbus Property has entered into the following documents (each, a "**Transaction Document**"):
  - (i) a development deed appointing Cbus Property as developer of the Building (the "**Development Deed**"). Cbus Property will develop the Building according to the specifications under the Agreement for Lease (as defined below), taking on full development risks for the development of the Building;

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<sup>4</sup> Colliers International Valuation & Advisory Services, an independent valuer (the "**Valuer**"), has valued the Property and Building at A\$347.8 million as at 23 June 2017. The valuation was based on the capitalisation method, discounted cash flow method and the market comparison method.

- (ii) a joint venture agreement to develop the Building (the "**Joint Venture Agreement**"); and
- (iii) an agreement for lease (the "**Agreement for Lease**") with the Tenant.

Upon fulfilment of the conditions precedent in the Implementation Deed:

- (a) the Vendor and the Sub-Trust 5 Trustee will enter into and simultaneously settle the sale interest contract in respect of the Transaction (the "**Sale Interest Contract**"); and
- (b) the Vendor will novate to the Sub-Trust 5 Trustee, each of the Transaction Documents.

## 5. METHOD OF FINANCING

The Transaction will be funded through a combination of a part of the proceeds from the divestment of 77 King Street in Sydney in January 2016 and through debt<sup>5</sup>.

The Manager will determine the optimal funding structure for the subsequent progress payment tranches, depending on prevailing market conditions, amongst other factors.

## 6. FINANCIAL EFFECTS

### 6.1 Assumptions

The pro forma financial effects of the Transaction presented below are strictly for illustration purposes only, and do not reflect the actual financial position of Keppel REIT following the completion of the Transaction<sup>6</sup>.

They have been prepared based on the latest audited financial statements of Keppel REIT for the financial year ended 31 December 2016 ("**FY 2016**"), taking into account the Consideration as well as the assumption that (a) the Transaction is funded through a combination of a part of the proceeds from the divestment of 77 King Street in Sydney in January 2016 and through debt; (b) the Building is completed; and (c) the lease to the Tenant in respect of the Building commenced on 1 January 2016.

### 6.2 Pro Forma Net Profits<sup>7</sup>

**FOR ILLUSTRATIVE PURPOSES ONLY:** The FY 2016 pro forma net profits attributable to the Transaction are approximately S\$4.0 million.

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<sup>5</sup> 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%.

<sup>6</sup> As the Building is expected to be completed in 4Q 2019 and the lease to the Tenant will commence only thereafter, the Transaction is not expected to have a significant effect on the financial performance and position immediately following completion of the Transaction.

<sup>7</sup> Estimate based on the assumed revenue derived from the Property upon completion of the Building and commencement of the lease to the Tenant on 1 January 2016, net of operating, financing and trust expenses and withholding taxes.

### 6.3 Pro Forma Net Asset Value ("NAV")

**FOR ILLUSTRATIVE PURPOSES ONLY:** The table below sets out the pro forma financial effects of the Transaction on the NAV per Unit as at 31 December 2016, as if the Transaction was completed on 31 December 2016.

	Before the Transaction	Adjusted for the Transaction
NAV per Unit (S\$)	1.43	1.42

### 6.4 Pro Forma Distribution per Unit<sup>8</sup> ("DPU")

**FOR ILLUSTRATIVE PURPOSES ONLY:** The table below sets out the pro forma financial effects of the Transaction on Keppel REIT's DPU for FY 2016, as if Keppel REIT had completed the Transaction on 1 January 2016 and held the interest in the Property through to 31 December 2016.

	Before the Transaction	Adjusted for the Transaction
DPU (cents)	6.37	6.44

## 7. RATIONALE FOR THE TRANSACTION

### 7.1 Enhances Keppel REIT's portfolio

The Transaction is in line with the Manager's strategy of acquiring good quality and well-tenanted commercial properties in key cities pan-Asia.

The Building augments Keppel REIT's existing portfolio of assets that are strategically located in Singapore's CBD and key Australian cities. With the addition of the Building, Keppel REIT's total assets under management<sup>9</sup> in Australia will increase from 11% to 15% as at 31 December 2016.

### 7.2 Stable Income and DPU Accretive

The Tenant has pre-committed to lease the entire building on a 30-year net lease with fixed annual rental escalations, and options to renew for three additional terms of five years each. This will provide Unitholders sustainable income growth over the long term and a stable average yield of 6.4%<sup>10</sup> per annum over the first 15 years.

The Transaction is also expected to be DPU accretive following the completion of the Building and the commencement of the 30-year lease to the Tenant, which is currently expected to occur in 4Q 2019. Please refer to paragraph 6.4 above for the pro forma financial effects of the Transaction on Keppel REIT's DPU for FY 2016.

<sup>8</sup> Rule 1010(9) of the Listing Manual requires that the issuer disclose the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year. The effect of the transaction on the distribution per Unit is disclosed instead as it is a more appropriate measure for a real estate investment trust.

<sup>9</sup> Based on Keppel REIT's total assets under management of approximately S\$8.4 billion as at 31 December 2016; and assuming the Building had been completed as at 31 December 2016. Based on an exchange rate of A\$1.00 to S\$1.060.

<sup>10</sup> Based on the expected net property income of the Building for the first 15 years of the lease to the Tenant, over the Consideration. There is a market rent review at the commencement of year 16, subject to a cap and collar.

### **7.3 Extends Property Weighted Average Lease Expiry ("WALE")<sup>11</sup>**

The Transaction presents a strategic opportunity for Keppel REIT to transform its portfolio, extending the portfolio WALE (by committed NLA) significantly from approximately six years to approximately nine years as at 31 December 2016.

The WALE for the top 10 tenants (by committed NLA) will also be extended from nine years to approximately 14 years as at 31 December 2016.

### **7.4 Income and Portfolio Diversification<sup>11</sup>**

Post-Transaction and following commencement of the lease to the Tenant, the income contribution from Keppel REIT's Australia portfolio will increase to 22.8% from 18.1% as at 31 December 2016.

Keppel REIT's existing tenancy profile will be enhanced with the addition of a government tenant. The proportion of government tenants will increase from 8.0% to 16.9% of the portfolio as at 31 December 2016.

## **8. OTHER INFORMATION**

### **8.1 Director's Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Transaction or any other transaction contemplated in relation to the Transaction.

### **8.2 Interests of the Directors and Controlling Unitholders**

None of the directors of the Manager or controlling Unitholders has any interest, direct or indirect, in the Transaction.

### **8.3 Disclosure under Rule 1010(13) of the Listing Manual**

Chapter 10 of the Listing Manual classifies transactions by Keppel REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

- (a) the net profits attributable to the assets acquired, compared with Keppel REIT's net profits;
- (b) the aggregate value of the consideration given, compared with Keppel REIT's market capitalisation based on the total number of issued units excluding treasury units; and
- (c) the number of equity securities issued by Keppel REIT as consideration for the Transaction, compared with the number of equity securities previously in issue.

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<sup>11</sup> Assuming the 30-year lease to the Tenant in respect of the Building commenced on 1 January 2016.

The relative figures for the Transaction using the applicable bases of comparison described above are set out in the table below.

Comparison of:	Transaction	Keppel REIT	Relative figure (%)
Net profits (S\$'million)	1.0 <sup>(A)</sup>	42.0 <sup>(B)</sup>	2.4
Consideration against market capitalisation (S\$'million)	362.4	3,868.6 <sup>(C)</sup>	9.4
Equity securities issued as consideration against equity securities previously in issue	Not applicable.		

**Notes:**

(A) Estimate based on the assumed revenue derived from the Property upon completion of the Building and commencement of the lease to the Tenant on 1 January 2017, net of operating, financing and trust expenses and withholding taxes for the period from 1 January 2017 to 31 March 2017.

(B) Based on Keppel REIT's latest unaudited financial statements for the quarter ended 31 March 2017.

(C) As at 28 June 2017 being the market day preceding the date of the Implementation Deed.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the Transaction is regarded as being a discloseable transaction.

## 9. DOCUMENTS FOR INSPECTION

Copies of the Implementation Deed and the valuation report of the Valuer are available for inspection<sup>12</sup> during normal business hours at the registered office of the Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 for a period of three months, commencing from the date of this announcement.

**BY ORDER OF THE BOARD**  
**Keppel REIT Management Limited**  
**(Company registration no. 200411357K)**  
**as manager of Keppel REIT**

Chua Hua Yeow, Kelvin / Tan Weiqiang, Marc  
 Joint Company Secretaries  
 Singapore  
 29 June 2017

<sup>12</sup> Prior appointment with the Manager will be appreciated.

### **Important Notice**

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

This Announcement may contain forward-looking statement that involves risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statement as a result of a number of risks, uncertainties and assumptions. Representations examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events. The past performance of Keppel REIT and the Manager are not necessarily indicative of the performance of any of them.

The value of 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 the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel REIT is not necessarily indicative of the future performance of Keppel REIT.



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## **MEDIA RELEASE**

### **Keppel REIT acquires a 50% interest in a premium office tower to be built in Melbourne**

*This will be the REIT's second freehold office development in Melbourne, with completion expected in 4Q 2019*

**Singapore, 29 June 2017** – Keppel REIT Management Limited, as Manager of Keppel REIT, is pleased to announce that Keppel REIT, through its wholly-owned sub-trust, Keppel REIT (Australia) Sub-Trust 5, has entered into an agreement with Australia Postal Corporation to acquire a 50% stake in a premium office tower to be developed at 311 Spencer Street in Melbourne. The acquisition is for an aggregate consideration of A\$347.8 million or approximately S\$362.4 million<sup>1</sup>.

The 50% stake in the new office tower will be Keppel REIT's second asset in Melbourne. The remaining 50% stake will be held by Cbus Property Pty Ltd (Cbus Property), one of Australia's leading property investors and developers. Cbus Property is also the developer for this development. Construction of the office tower will commence in the third quarter of 2017, and practical completion expected in the fourth quarter of 2019.

The Grade A<sup>2</sup> office tower is strategically located between Melbourne's central business district (CBD) and the new Docklands precinct, which is an extension of the CBD. Sited on freehold land, the development is within walking distance to the Southern Cross Station, the city's major railway and transportation hub. Designed by leading architecture firm, Woods Bagot, the office tower will feature an estimated net lettable area of 717,000 square feet across 42 levels.

When the development is completed, it will be fully leased to the Assistant Treasurer for the State of Victoria on a 30-year net lease. Under the agreement, the lease will include fixed annual rental escalations throughout the entire lease term, and options to renew for three additional terms of five years each. The lease is also subject to a market rent review at the commencement of year 16, subject to a cap and collar.

Mr Tan Swee Yiow, CEO of the Manager, said, "The new office tower at 311 Spencer Street will provide Unitholders sustainable income growth over the long term and a stable average yield of 6.4%<sup>3</sup> per annum over the first 15 years from the lease commencement.

"It will also enhance Keppel REIT's portfolio, extending its weighted average lease expiry to approximately nine years<sup>4</sup>. This is part of Keppel REIT's continuous process to improve its portfolio through strategic divestments and acquisitions, and in line with Keppel REIT's objective of delivering sustainable returns to our Unitholders over the long term."

<sup>1</sup> Based on an exchange rate of A\$1.00 to S\$1.042.

<sup>2</sup> Based on the Property Council of Australia's "A Grade" specifications.

<sup>3</sup> Based on the expected net property income of the Building for the first 15 years of the lease to the tenant, over the consideration. There is a market rent review at the commencement of year 16, subject to a cap and collar.

<sup>4</sup> As at 31 December 2016, and assuming the 30-year lease to the tenant in respect of the building commenced on 1 January 2016.



The acquisition will be funded through a combination of a part of the proceeds from the divestment of 77 King Street in Sydney in January 2016 and through debt. The Manager will determine the optimal funding structure for the subsequent progress payment tranches, depending on prevailing market conditions, amongst other factors. The acquisition is expected to be completed by the third quarter of 2017.

Incorporating the latest in green technology, the development is designed to meet the 5-Star Green Star and 4.5-Star energy rating standards by the Green Building Council of Australia and National Australian Built Environmental Rating System, respectively.

- End -

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## **About Keppel REIT ([www.keppelreit.com](http://www.keppelreit.com))**

Keppel REIT was listed by way of an introduction on 28 April 2006. Keppel REIT is one of Asia's leading REITs with the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts.

Keppel REIT's objective is to generate stable income and long-term growth for Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets in Singapore and pan-Asia.

As at 31 March 2017, Keppel REIT had assets under management of approximately S\$8.4 billion comprising interests in eight premium office assets with 11 office towers strategically located in the central business districts of Singapore, as well as key Australian cities of Sydney, Melbourne, Brisbane and Perth.

In Singapore, the assets are Ocean Financial Centre (99.9% interest), Marina Bay Financial Centre (comprising office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest), One Raffles Quay (one-third interest) and Bugis Junction Towers (100% interest).

In Australia, the assets are 8 Chifley Square (50% interest) in Sydney, 8 Exhibition Street in Melbourne (50% interest in the office building and two retail units, as well as a 100% interest in the three adjoining retail units), 275 George Street in Brisbane (50% interest), as well as the David Malcolm Justice Centre in Perth (50% interest). On 29 June 2017, the Manager announced the acquisition of a 50% stake in a premium office tower to be developed at 311 Spencer Street in Melbourne. The acquisition is expected to be completed by the third quarter of 2017.

Keppel REIT is sponsored by Keppel Land Limited, one of Asia's leading property companies. It is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital). Keppel Capital is a premier asset manager in Asia with assets under management of approximately \$25 billion in real estate, infrastructure and data centre properties in key global markets.

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**Keppel REIT**

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

**29 June 2017**



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## 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<sup>(1)</sup>
- Total consideration of ~A\$347.8 m or ~S\$362.4 m<sup>(2)</sup>

<sup>(1)</sup> 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.

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



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

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

<sup>(2)</sup> 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

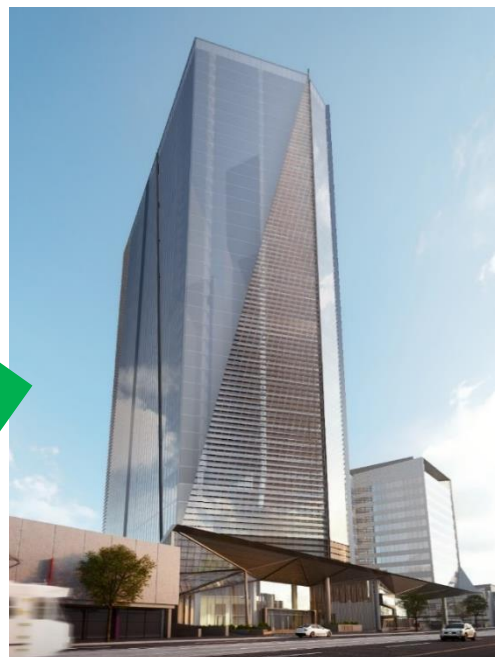
- Strategically located at the gateway between Melbourne's CBD and Docklands
- Walking distance to the Southern Cross Station, the city's major railway station and transportation hub
- Well-positioned to benefit from its proximity to Melbourne's CBD and the rapid development of the Docklands precinct, 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%<sup>(1)</sup> per annum over the first 15 years.**



**Divestment of 77 King Street**



**Acquisition of 50% interest in 311 Spencer Street**



- ✓ 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%<sup>(1)</sup> per annum over the first 15 years
- ✓ Pro forma DPU accretion of 0.07 cents or 1.1%<sup>(2)</sup>
- ✓ Extends top 10 tenants and portfolio WALE<sup>(3)</sup> to 14 years and 9 years respectively
- ✓ Diversifies income contribution

<b>WALE upon completion</b>	<b>30 years</b>
<b>Yield</b>	<b>Ave. 6.4%<sup>(1)</sup> p.a. over the first 15 years</b>

<b>Age</b>	<b>~40 years</b>
<b>WALE</b>	<b>3.5 years</b>
<b>Yield</b>	<b>5.3%</b>

(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%<sup>(1)</sup> per annum over the first 15 years
- Pro Forma DPU accretion of 0.07 cents<sup>(2)</sup> or 1.1%

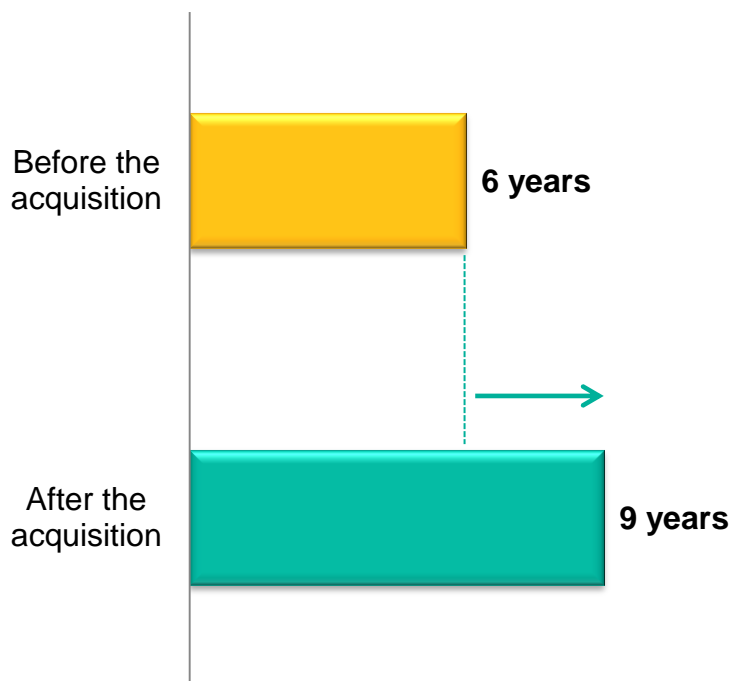
<sup>(1)</sup> Based on the expected net property income of the Building for the first 15 years of the lease to the Tenant, over the total consideration. There is a market rent review at the commencement of year 16, subject to a cap and collar.

<sup>(2)</sup> 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<sup>(1)</sup> from 6 to 9 years



## Extends Top 10 Tenants WALE<sup>(1)</sup> from 9 to 14 years

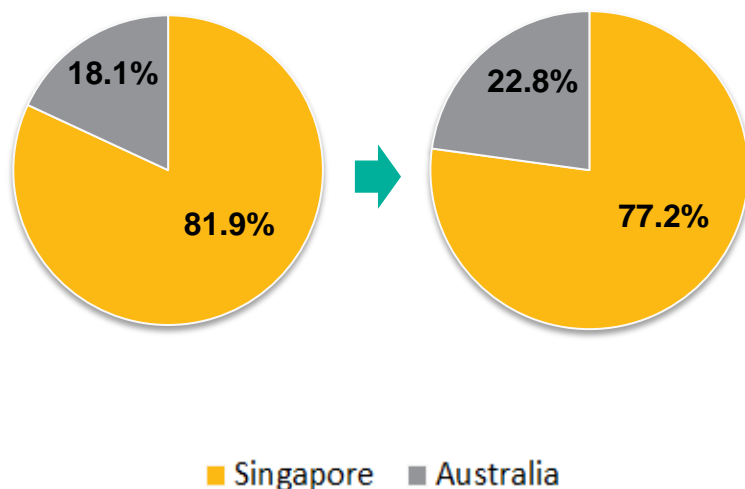
No	Property <sup>(2)</sup>	Tenant	% of Total Committed NLA	
			Before Acquisition	After Acquisition
1	311 SS	Assistant Treasurer for the State of Victoria	-	9.6%
2	MBFC	DBS Bank	6.2%	5.6%
3	OFC	ANZ	5.7%	5.1%
4	DMJC	Government of Western Australia	5.0%	4.5%
5	OFC	BNP Paribas	4.8%	4.3%
6	275 GS	Telstra 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%
			<b>40.8%</b>	<b>46.3%</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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<sup>(1)</sup>

Before the Acquisition      After the Acquisition



## Enhances Tenancy Profile<sup>(1)</sup> with the addition of a Government Tenant

No	Sector	% of Total Committed NLA	
		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%
		<b>100.0%</b>	<b>100.0%</b>

<sup>(1)</sup> Assuming the lease to the tenant commenced on 1 January 2016.

# Funding Structure





## Aggregate consideration of A\$347.8 million<sup>(1)</sup>.

Funded by a mix of:

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

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

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

<sup>(2)</sup> 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**