Proposed Acquisition of a One-third Interest in Marina Bay Financial Centre Tower 3



Investor Presentation
October 2014

Important Notice

Important Notice

The value of Units and the income 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.

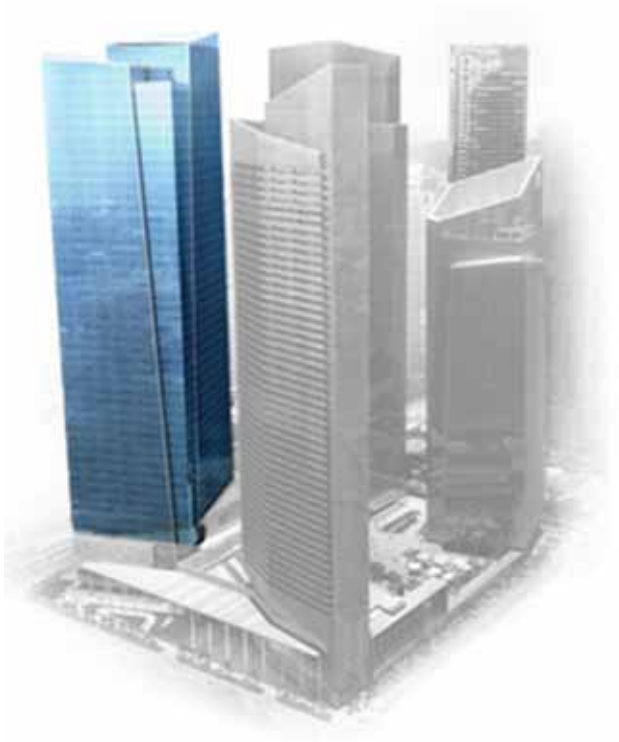
Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of Keppel REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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



Content

- Overview
- Transaction Summary
- Marina Bay Financial Centre Tower 3
- Transaction Details
- Key Benefits of Transaction



Overview – Current



1. Portfolio of **nine** quality Premium Grade and Grade A office assets with **11** office towers, tenanted to established corporations across various business sectors
2. Premium office buildings located in the **prime CBDs** of Singapore and Australia, both countries with **AAA sovereign ratings**
3. Total portfolio value of more than **S$6.9 billion**
4. Total NLA of approximately **2.9 million sq ft**[(1)]
5. Market capitalisation of **S$3.6 billion**[(2)]

The above information is as at 30 September 2014.
(1) Excludes the NLA for the new office tower to be built on the Old Treasury Building site, which is currently under construction.
(2) Based on market closing per Unit of S$1.190 as at the last trading day, 30 September 2014.



Quality Portfolio of Premium Grade A Office Buildings

Singapore Properties



Ocean Financial Centre
(99.9% interest)



Marina Bay Financial Centre Phase 1
(33.33% interest)



One Raffles Quay
(33.33% interest)



Bugis Junction Towers



Marina Bay Financial Centre Tower 3 (33.33% interest)
**Announced proposed acquisition on 18 Sept 2014*



Prudential Tower
(92.8% interest)
**Divestment completed on 26 Sept 2014*

Australia Properties



8 Chifley Square, Sydney
(50% interest)



77 King Street Office Tower, Sydney



8 Exhibition Street, Melbourne
(50% interest)



275 George Street, Brisbane
(50% interest)



Old Treasury Building Office Tower, Perth (50% interest)
**Expected completion in 2H 2015*



Growth Record









K-REITasia
Listed in April

S$630.7 million







• Maiden acquisition: One Raffles Quay

S$2.1 billion







• First third-party acquisition: Increased stake in Prudential Tower

S$2.1 billion





• First overseas acquisition

• First S-REIT to qualify for Australia's MIT structure

• First strategic asset swap to acquire MBFC Phase 1

S$3.5 billion





• First forward funding acquisition structure

• First S-REIT to utilise LLP structure to hold assets

S$6.0 billion





• Increased interest in OFC to 99.9%

• Obtained tax transparency for MBFC Phase 1

Renamed
Keppel REIT

S$6.5 billion





• Acquisition of the new office tower at the Old Treasury Building in Perth

• Acquisition of 8 Exhibition Street in Melbourne

S$7.2 billion

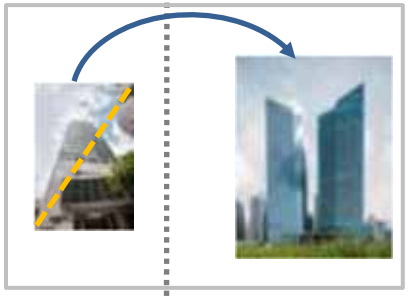


• Divested stake in Prudential Tower

• **Proposed acquisition of a one-third interest in MBFC Tower 3**

Over S$8.1 billion





2006 2007 2009 2010 2011 2012 2013 2014

Transaction Summary



Transaction Summary

Proposed Acquisition

» Acquisition of Keppel Land's one-third interest in **Marina Bay Financial Centre Tower 3**

Agreed Value

» **Agreed value: S$1,248.0 million** or **S$2,790 psf**
- Inclusive of a five-year rental support of approximately S$49.2 million
- Equivalent to an estimated average gross rental rate of between **S$10.40 psf** to **S$10.80 psf**
- Net of rental support: **S$1,198.8 million** or **S$2,680 psf**

Funding Structure

» Consideration Units to be issued to Keppel Land(1)

» Placement proceeds(2)

» Divestment proceeds from Prudential Tower

» Borrowings(3)

Unitholders' Approval

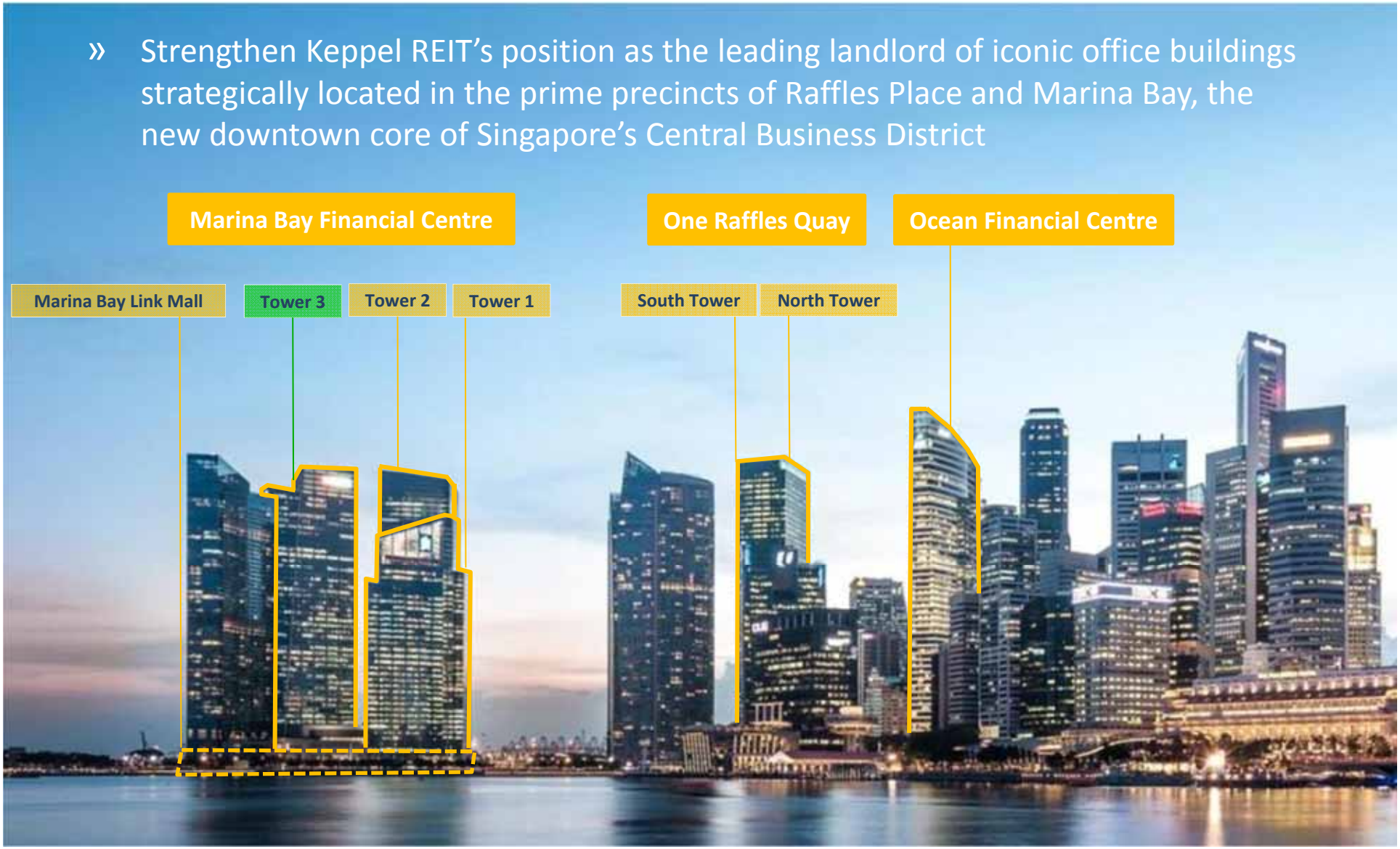
» The acquisition, consideration Units to be issued to Keppel Land as well as the whitewash resolution are subject to the approval of Unitholders of Keppel REIT at an extraordinary general meeting

(1) The Units issued to Keppel Land as part payment, amounting to S$185.0 million shall be issued on date of legal completion and priced based on the preceding 10-day volume weighted average price of Keppel REIT Units.
(2) Placement of 195,000,000 new Units at the issue price of S$1.17. The new Units were listed on the SGX-ST on 29 September 2014.
(3) Borrowings of approximately S$120.7 million.



Leading Landlord in Singapore's Raffles Place and Marina Bay

» Strengthen Keppel REIT's position as the leading landlord of iconic office buildings strategically located in the prime precincts of Raffles Place and Marina Bay, the new downtown core of Singapore's Central Business District






Marina Bay Financial Centre Tower 3
Keppel REIT

MBFC Tower 3: Premium Grade A Building



- Located in the heart of prime waterfront land in Marina Bay
- A 46-storey Premium Grade A commercial building designed by Kohn Pedersen Fox Associates, a world-renowned New York-based architect
- Large column-free and symmetrical floor plates of approximately 30,000 sq ft to 45,000 sq ft that maximise space efficiency and offer panoramic views of the Marina Bay
- Directly linked to MRT interchange and stations, as well as other developments in Marina Bay via an underground pedestrian network
- Well-served by a wide range of amenities and close to several Singapore landmarks

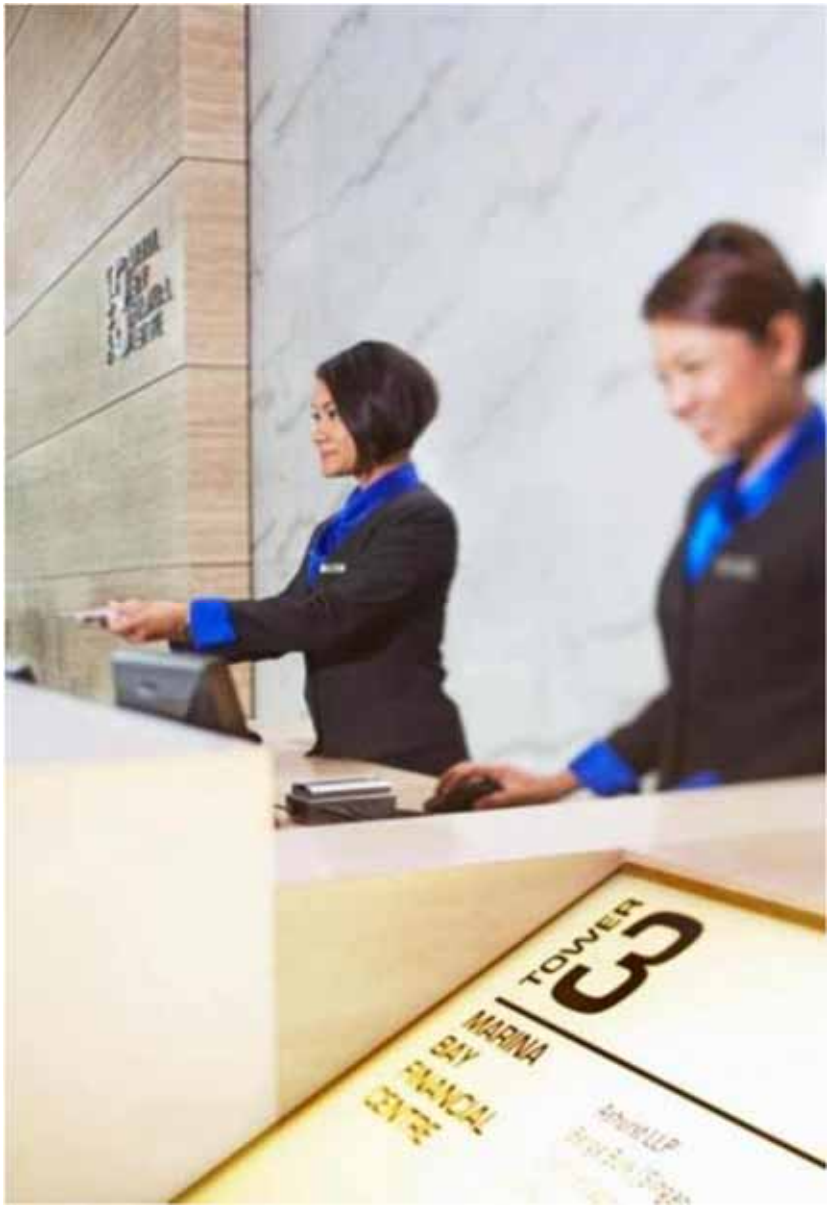


MBFC Tower 3: Key Property Details

Marina Bay Financial Centre Tower 3

Description	46-storey Premium Grade A commercial building with ancillary retail space
Total NLA	1,341,980 sq ft
No. of tenants	49
Principal tenants	DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Mead Johnson and Lego
No of car park lots	357
Tenure	99 years commencing from March 2007
Building age	Approximately two years
Occupancy	Approximately 94%
WALE	7.0 years
Valuation of the MBFC Tower 3 Interest *(As at 18 August 2014)*	Cushman: S$1,281.0 million Savills: S$1,276.0 million

The above information is as at 31 August 2014.





MBFC Tower 3: Well-connected and Highly Accessible

- **Seamlessly connected** to the Raffles Place MRT interchange and the Downtown MRT stations via an underground pedestrian network
- Linked to expressways and major arterial roads





MBFC Tower 3: Well-served by Amenities

- Directly linked to other developments in the Marina Bay precinct and the MRT interchange and stations via an **underground pedestrian network**
- Well-served by a **wide range of amenities** including banking facilities, retail and F&B outlets











MBFC Tower 3: Stellar Line-up of Office Tenants

DBS Bank	• Leading financial services group in Asia with more than 250 branches across 17 markets • Listed on the Singapore Stock Exchange with market capitalisation of approximately S$44bn • Credit ratings of "AA-" and "Aa1" are among the highest in the Asia-Pacific region
WongPartnership	• One of the largest law firms in Singapore with offices in Abu Dhabi, Beijing, Doha, Shanghai and Yangon • Offers full range of legal services
Rio Tinto	• Leading global mining and metals company • Listed on the London Stock Exchange and Australian Securities Exchange with market capitalisation of approximately £61bn and A$108bn respectively
Booking.com	• World leader in online booking accommodations • Part of Priceline Group which is listed on NASDAQ with market capitalisation of approximately US$65bn
McGraw-Hill	• Global education and financial information provider • Its financial information arm, McGraw Hill Financial Inc. is listed on the NASDAQ with market capitalisation of approximately US$22bn
Mead Johnson	• World's leading nutrition company for infant and children • Listed on the New York Stock Exchange with market capitalisation of approximately US$67bn
Lego	• World's largest toy manufacturer • Privately held company that is headquartered in Billund, Denmark, with subsidiaries and branches all around the world

The above information is as at 31 August 2014.

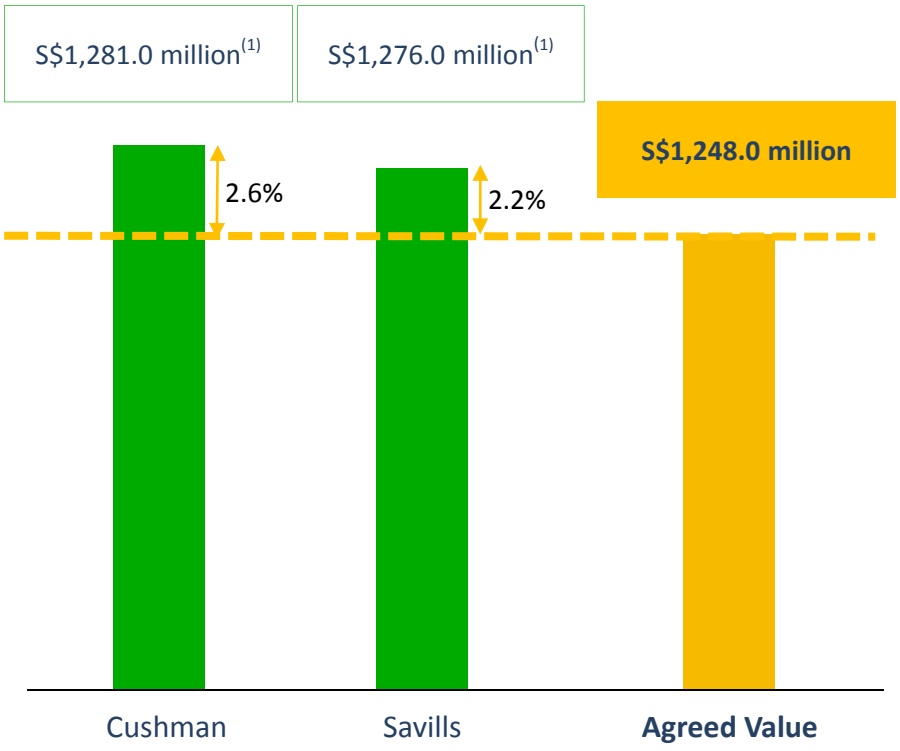


Transaction Details



Purchase Consideration

Agreed value of the MBFC Tower 3 Interest is **lower than the two independent valuations**



Purchase Consideration	
Agreed Value	S$1,248.0 million
Less:	
Total Adjustments	S$537.9 million(2)
Purchase Consideration	**S$710.1 million(3)**

Rental Support

- Approximately S$49.2 million for five years from completion of acquisition for the vacant space and lower-than-market tenancies at MBFC Tower 3
- Equivalent to an estimated average gross rental rate of between S$10.40 psf to S$10.80 psf

(1) Independent valuations of the MBFC Tower 3 Interest as at 18 August 2014.
(2) Refers to the one-third share of the adjusted net liabilities of Central Boulevard Development Pte. Ltd. ("CBDPL") as at 31 July 2014. The actual amount will only be determined after Completion Date.
(3) Amount as at 31 July 2014. Actual amount will only be determined after Completion Date.



Agreed Value In Line with Market Transactions

» Agreed value is **within the range** of recently-transacted prices of office properties in the CBD

Comparable Office Building Transactions

Date	Property	Approx. Att. NLA	Price	PSF	Tenure	Buyer
Dec-12	MBFC Tower 3 (33.33%)	447,000 sq ft	S$1,150m	S$2,555	99 yrs	DBS Group
Jun-13	Robinson Point	136,000 sq ft	S$348.9m	S$2,570	FH	Tuan Sing Holdings
Jan-14	OUE Bayfront	402,000 sq ft	S$1,005m	S$2,498	99 yrs	OUE Commercial REIT
May-14	Prudential Tower (92.8%)	221,000 sq ft	S$512m	S$2,316	99 yrs	KOP Consortium
Jun-14	Equity Plaza	252,000 sq ft	S$550m	S$2,181	99 yrs	Consortium led by GSH Corp
Sept-14	Straits Trading Building	159,000 sq ft	S$450m	S$2,830	999 yrs	Sun Venture
Sept-14	**MBFC Tower 3 (33.33%)**	**447,000 sq ft**	**S$1,248 mil** ***S$1,198.8 mil: Net of rental support***	**S$2,790** ***S$2,680: Net of rental support***	**99 yrs**	**Keppel REIT**

Sources: Company data and media reports



Rationale for Consideration Units to be Issued

» The Manager intends to fund the acquisition with a part payment by way of issuing Keppel REIT Units to Keppel Land at the prevailing price market price[(1)]

1 **Align Keppel Land's interest** with that of Keppel REIT and its Unitholders. It also demonstrates Keppel Land's **commitment** to support Keppel REIT's growth story.

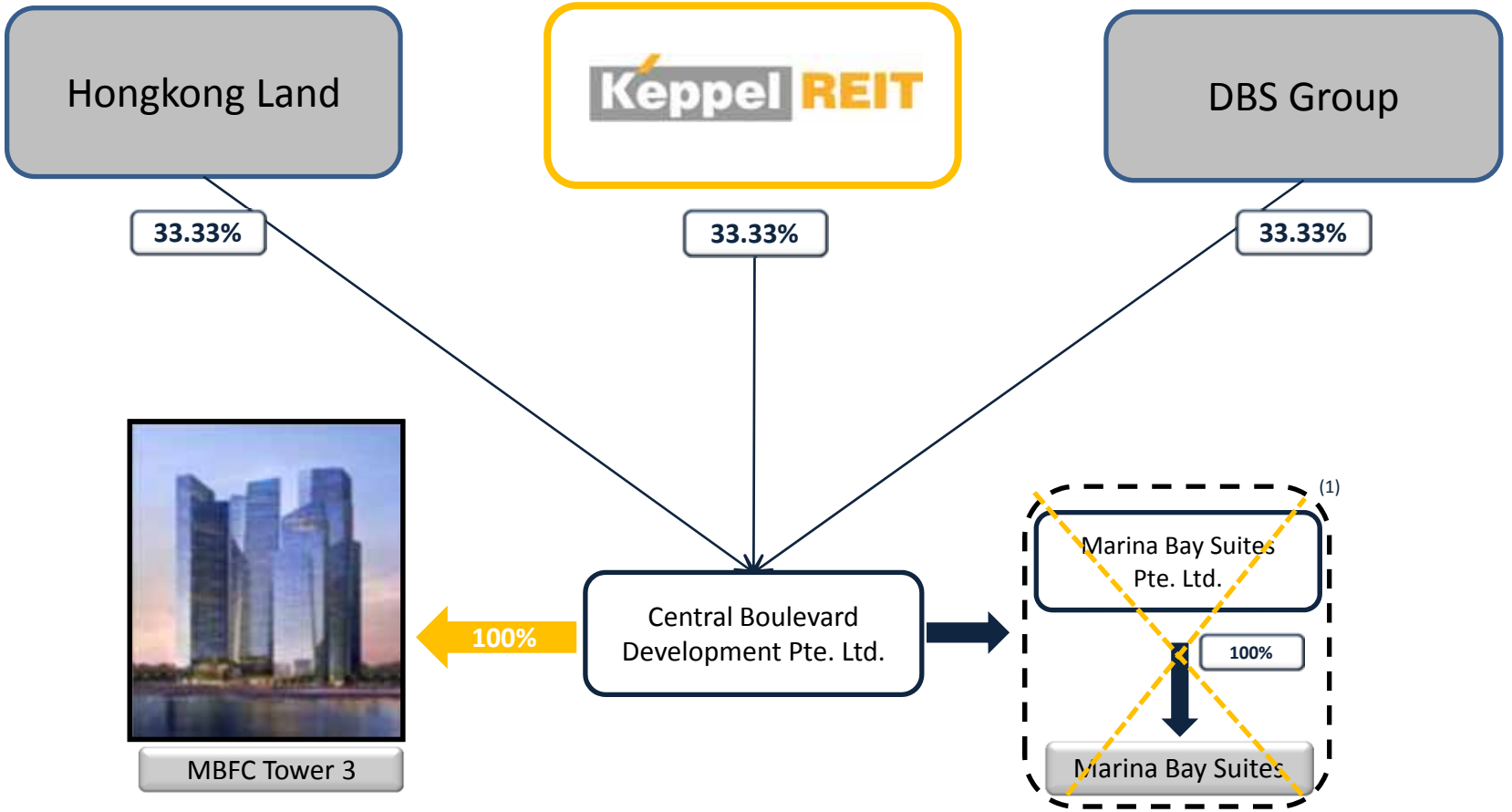
2 Issuance of Units to Keppel Land will also result in Keppel REIT raising **less equity** from the market in placement.

3 The Units will only be issued to Keppel Land on the Completion Date. As such, there will be **no impact on the DPU** for the period from the date of announcement to the date of issuance of the Units to Keppel Land.

(1) The Units issued to Keppel Land as part payment, amounting to S$185.0 million, shall be issued on date of legal completion and priced based on the preceding 10-day volume weighted average price of Keppel REIT Units.



Investment Structure



(1) The acquisition is structured to effectively exclude the interest in Marina Bay Suites Pte. Ltd, which holds Marina Bay Suites.



Key Benefits of Transaction



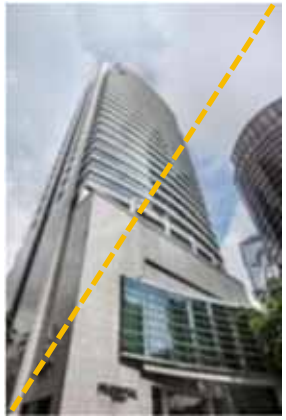
Key Benefits of Transaction

1. Consistent with Keppel REIT's Investment and Growth Strategy
2. Strengthen Foothold in Singapore's Financial District
3. Improve Property Portfolio
4. Strengthen Tenant Base and Enhance Income Diversification
5. Enhance Income Stability and Sustainability over a Longer Term
6. Complete Ownership Interest in MBFC



1 Consistent with Investment and Growth Strategy

- **Proactive strategy** to **optimise and upgrade portfolio** to ensure **long-term sustainable income** to Keppel REIT's Unitholders
- **Strategic rejuvenation of property portfolio** with the proposed accretive[(1)] acquisition of a one-third interest in the two-year-old MBFC Tower 3 and successful divestment of the 92.8% stake in the 16-year-old Prudential Tower
- On 26 September 2014, Keppel REIT completed the divestment of its 92.8% interest in **Prudential Tower** for **S$512.0 million**
  - **4.5% premium** to the last valuation of S$490.0 million[(2)]
  - **46.7%** over the original purchase price of S$349.1 million



Divestment of the 16-year-old Prudential Tower

Rejuvenate portfolio



One-third interest in the two-year-old MBFC Tower 3

(1) On a pro forma basis for the financial year ended 31 December 2013, DPU will accrete from 7.88 cents to 7.89 cents. This has assumed that Prudential Tower is divested and part of the sales proceeds is used to partially finance the acquisition of the one-third interest in MBFC Tower 3.

(2) Valuation as at 28 April 2014.



1 Consistent with Investment and Growth Strategy

- MBFC Tower 3 is a **strategic addition** to Keppel REIT's existing portfolio of **prime commercial assets**
- Greater opportunity for Unitholders to participate in the **rental and capital value growth potential of Singapore's premium grade office market**
- With the portfolio rejuvenation, credit rating agencies **Moody's** and **Standard & Poor's** both **reaffirmed** Keppel REIT's rating at "**Baa2**" and "**BBB**" respectively with a stable outlook

Moody's Investors Services

- Acquisition will **improve the quality of the trust's property portfolio** and **enhance income diversification**

Standard & Poor's Ratings Services

- Acquisition is expected to **enhance Keppel REIT's portfolio** while **keeping its financial strength intact**



2 Strengthen Foothold in Singapore's Financial District

- The **Raffles Place** and **Marina Bay** precincts have become the **epicentre** of Singapore's business and financial district in recent years
- Strengthen Keppel REIT's position as the **leading landlord of premium Grade A** buildings in Singapore's prime business and financial district

Singapore



Ocean Financial Centre (99.9% interest)



Marina Bay Financial Centre Phase One (33.33% interest)



One Raffles Quay (33.33% interest)



Bugis Junction Towers



Marina Bay Financial Centre Tower 3 (33.33% interest)



2 Strengthen Foothold in Singapore's Financial District

» **Approximately 93%** of Keppel REIT's Singapore portfolio will be located in the **prime business and financial districts** of Raffles Place and Marina Bay

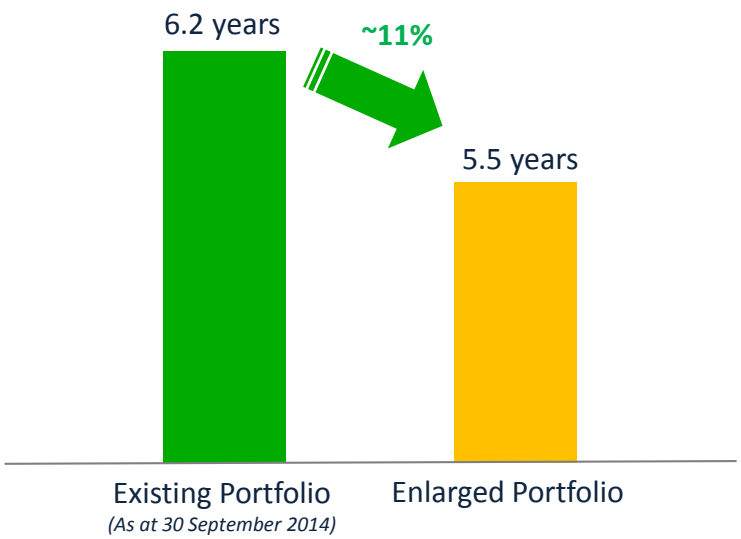




3 Improve Property Portfolio: Youngest Commercial S-REIT Portfolio

- Average portfolio age will improve to approximately **5.5 years**
- Reduce need for extensive asset enhancement initiatives or large capital expenditure

Average Portfolio Age

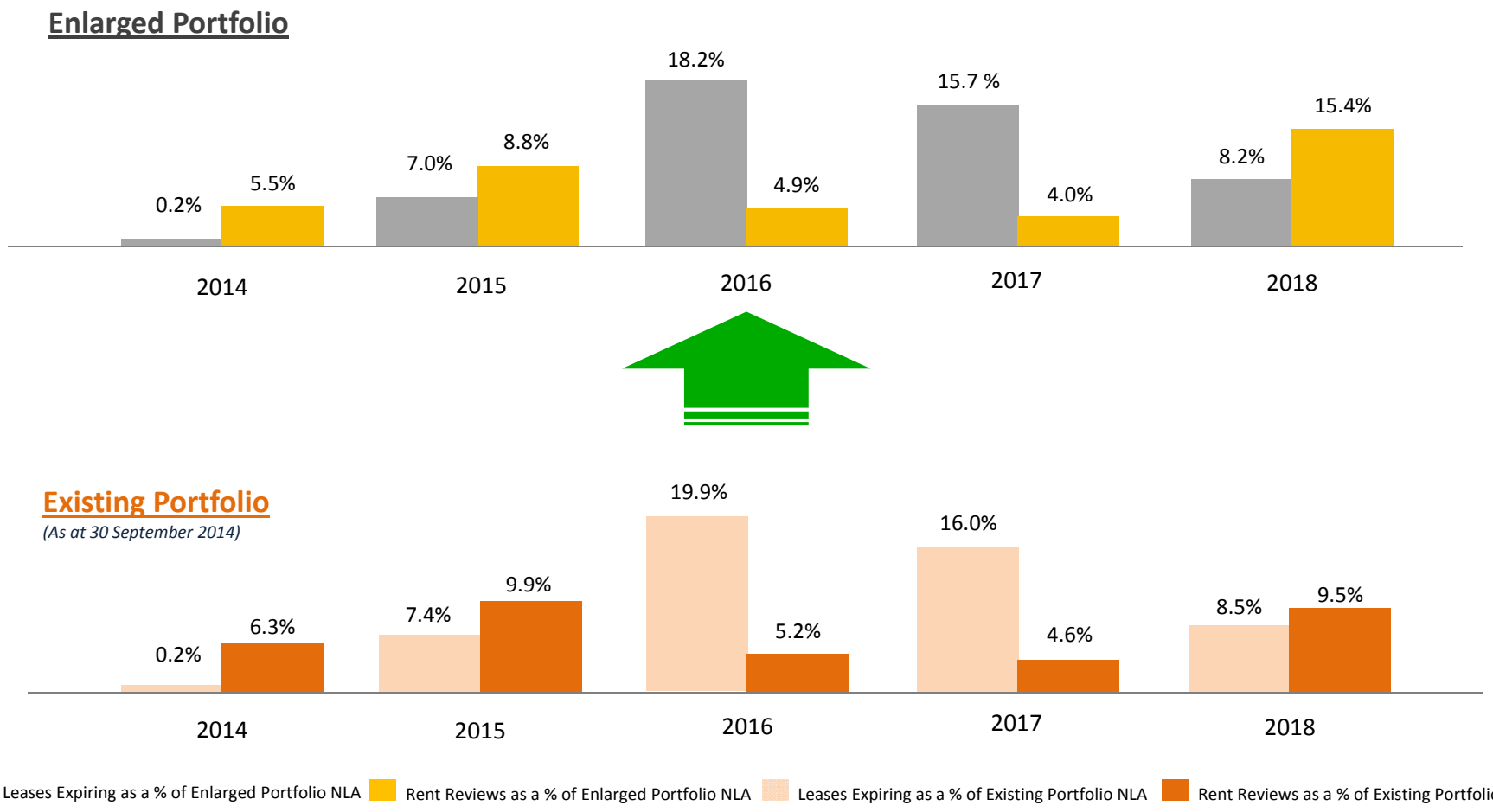






3 Improve Property Portfolio: Well-staggered Lease Profile

» **Well-staggered** lease profile with not more than **18.2%** of the Enlarged Portfolio (by NLA) expiring in any one year till year 2018

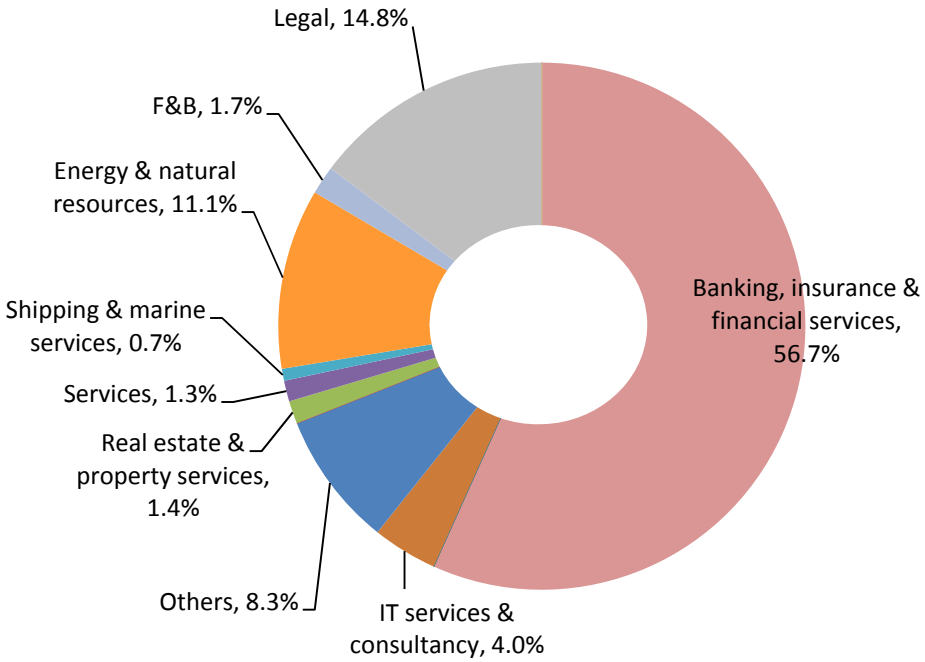




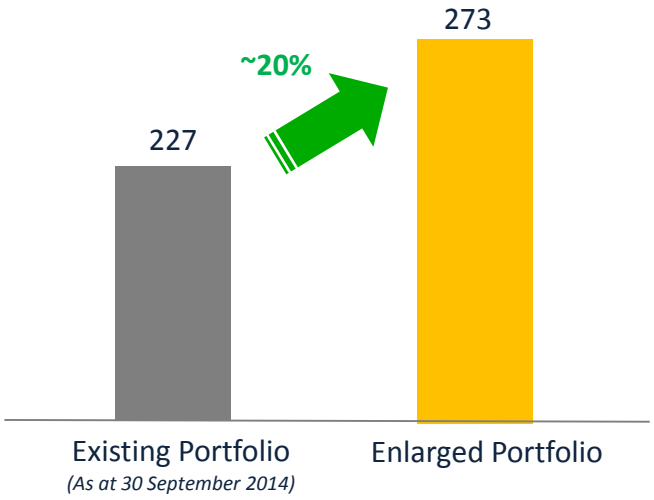
4 Strengthen Tenant Base and Enhance Income Diversification

- Established corporations at MBFC Tower 3 include DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Mead Johnson and Lego
- ↑ number of tenants in portfolio to **273**
- **Strengthen** Keppel REIT's **portfolio of tenants** as well as provide **greater diversification of income streams** to Keppel REIT

Tenant Mix at MBFC Tower 3[1]



Total No. of Tenants in Portfolio[2]



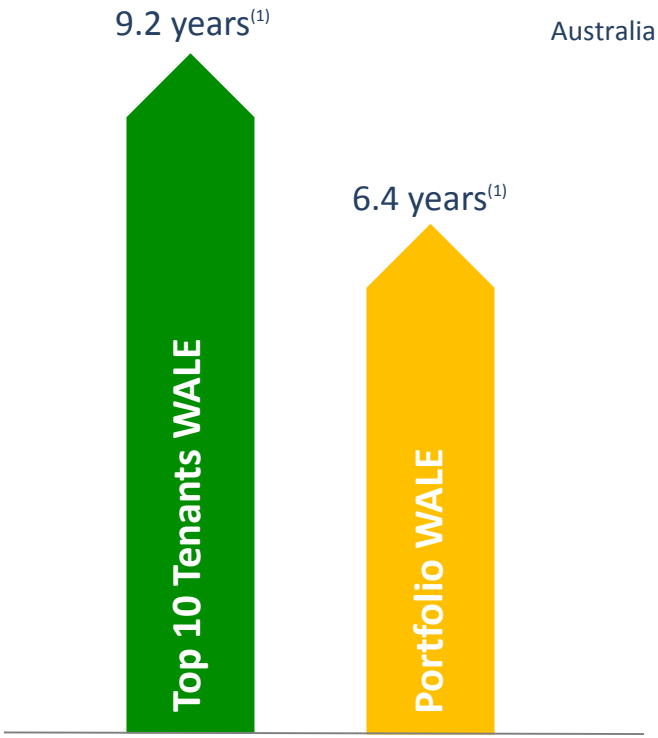


(1) As at 31 August 2014.
(2) Tenants with multiple leases are accounted as one tenant.

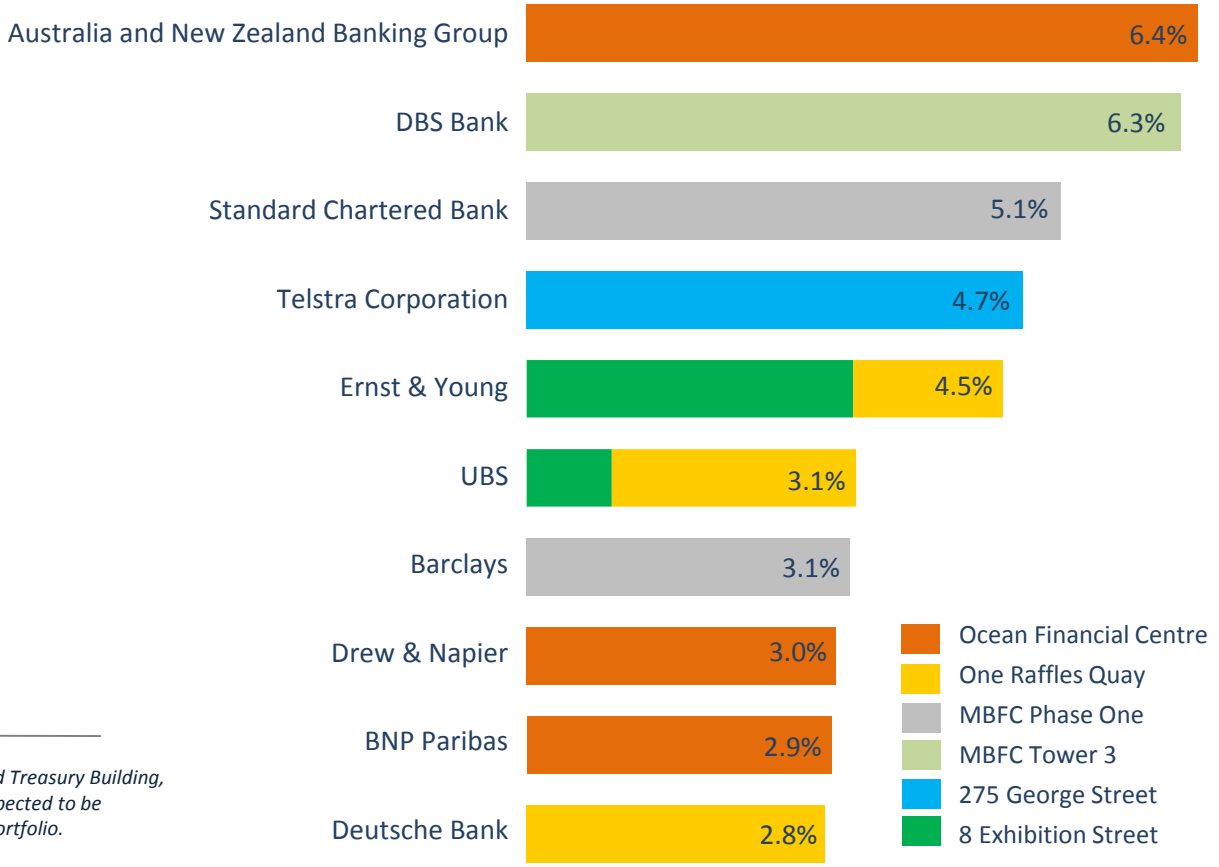
5 Enhance Income Stability and Sustainability over a Longer Term

- **Lengthen WALE** by NLA for top 10 tenants to **9.2 years**(1) and portfolio to **6.4 years**(1)
- Top 10 tenants account for approximately **42%**(2) of portfolio NLA, **diversified across six buildings** in Singapore and Australia

Portfolio WALE



Top 10 Tenants



(1) Excluding the new office tower to be built on the site of the Old Treasury Building, which is currently under construction, the WALE (by NLA) is expected to be 6.9 years for the top 10 tenants and 5.4 years for the overall portfolio.

(2) As at 30 September 2014.



6 Complete Ownership Interest



- Keppel REIT will have an ownership interest in all three office towers at MBFC
- Greater flexibility to **optimise leasing and operational efficiencies**





Post-acquisition: Capital Management

» Continue to adopt a **prudent and proactive** capital management strategy

Loans Due in 2015	Loans Due in 2016
Early refinanced **48%** **S$275 million** Repayment of **S$250 million** secured term loan	Early refinanced **16%** **S$75 million**
All-in Interest Rate	**Aggregate Leverage Ratio**[2]
~2.3%[1]	**~43.8%**[3]
Percentage of Assets Unencumbered	**Borrowings on Fixed-rate**
72% or **S$5.8 billion** of property portfolio	**~65%** of borrowings

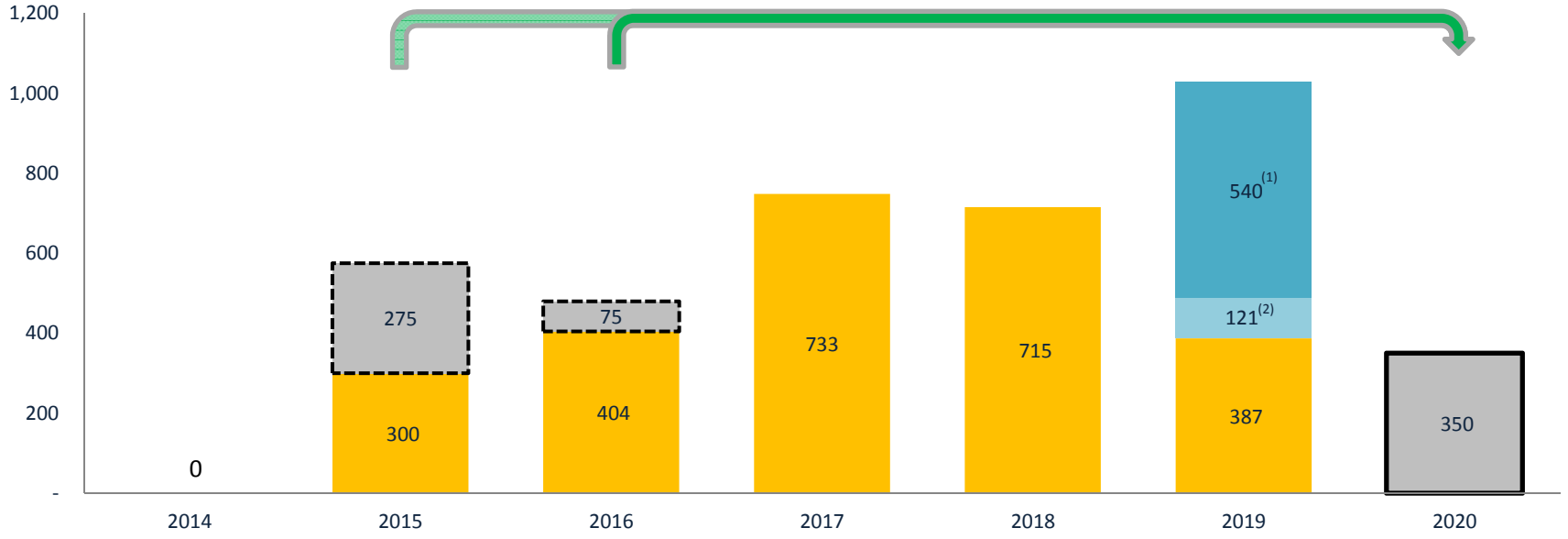
(1) Assumes hedging ratio is maintained at approximately 65%.
(2) Based on Keppel REIT's total borrowings, including the borrowings accounted for in the associates level and deferred payments (if any), dividend by deposited property value.
(3) Includes the one-third share of the borrowings recorded in CBDPL's books.



Post-acquisition: Capital Management

	Post-acquisition
Weighted Average Term to Expiry	3.5 years
Interest Coverage Ratio	4.9 times

Pro Forma Debt Maturity Profile (S$ million)



(1) One-third share of estimated bank borrowings in CBDPL's books.
(2) Estimated borrowings to part finance the acquisition of the one-third interest in MBFC Tower 3.



Summary

Acquisition of a one-third interest in
Marina Bay Financial Centre Tower 3 for **S$1,248.0 million or S$2,790 psf**.

Excluding the five-year rental support of approximately S$49.2 million,
the **net purchase price will be S$1,198.8 million or S$2,680 psf**.

Key Benefits of Transaction

1. **Consistent with Keppel REIT's Investment and Growth Strategy**
2. **Strengthen Foothold in Singapore's Financial District**
3. **Improve Property Portfolio**
4. **Strengthen Tenant Base and Enhance Income Diversification**
5. **Enhance Income Stability and Sustainability over a Longer Term**
6. **Complete Ownership Interest in MBFC**



Singapore Office Market Outlook

- Over the past three years, the annual net demand of office space (island-wide) has remained stable at 1.4 million sq ft (in 2013), 1.5 million sq ft (in 2012) and 2.3 million sq ft (in 2011)
- New office supply remains limited over the next few years. Excluding pre-committed and strata office spaces, the average new office supply in the CBD is estimated to be between 0.8 million and 0.9 million sq ft over the next five years
- Singapore topped the growth league for the office sector in Asia Pacific in 2Q 2014
  - Average Grade A office rentals increased 15.9% y-o-y
  - Capital values rose 2.1% y-o-y
- Leasing activities and enquiry levels remained steady, especially within the CBD
  - Average Grade A occupancy in the core CBD area held firm at 96.6% in 3Q 2014

Sources: URA, CBRE, Jones Lang LaSalle and Company estimates



Singapore Office Market Outlook

- Looking ahead, the Ministry of Trade and Industry expects 2014 GDP growth to be between 2.5% and 3.5%
- Positive economic fundamentals, continued business expansion and greater tenant mix diversification will continue to support growth in the Asia Pacific office sector, offering a buffer from the prospect of rising interest rates
- Tenants from growing industries, such as social media and e-commerce businesses, will continue to emerge as key drivers in the occupier market
- Active leasing activities from small- and medium-space occupiers are also expected to keep demand for office space in the CBD stable
- Lack of new supply until 2016 and an improved outlook among multinational companies will lend support to office occupancies and rents

Sources: Ministry of Trade and Industry, Jones Lang LaSalle and Cushman & Wakefield



Additional Information



Singapore's Leading Office REIT

Vision

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

Key Thrusts

Acquisition growth

- Pursue opportunities for acquisition in Singapore and pan-Asia
- Focus on strategic portfolio upgrading and optimisation

Prudent capital management

- Effective management of assets and cost structure
- Exercise prudent interest rate and foreign exchange hedging policies
- Structure borrowings to ensure financial flexibility

Active asset management

- Attract creditworthy tenants to increase occupancy as well as retain good existing tenants
- Balance lease expiry and rent review profiles to enhance cash flow resilience for Unitholders

Post-acquisition: Portfolio Information

- AUM will increase to over **$8.1 billion** with **88%** of portfolio in Singapore, and **12%** in Australia
- Approximately **93%** of Keppel REIT's Singapore portfolio is located in the prime **Raffles Place** and **Marina Bay precincts**

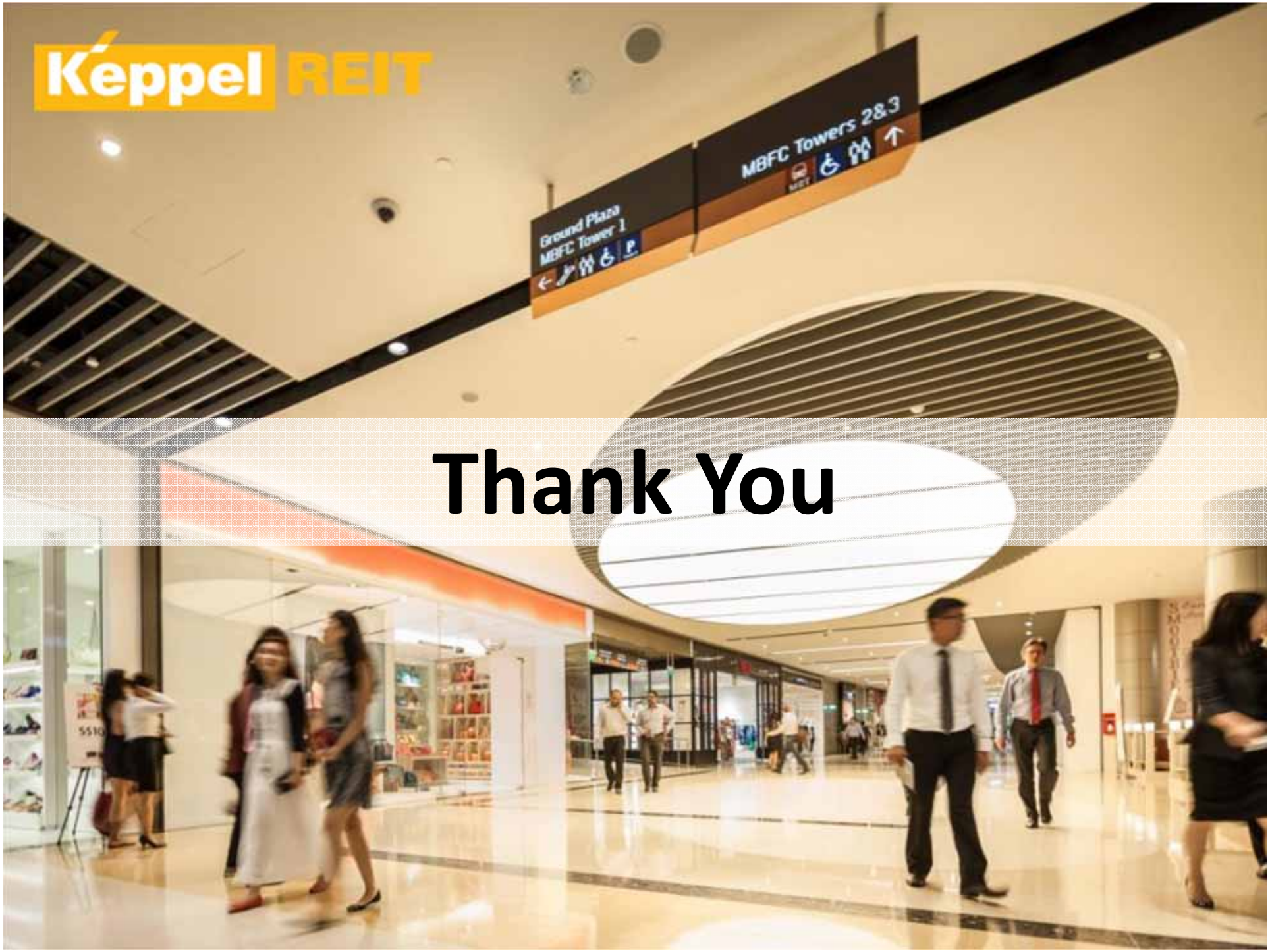
	Marina Bay Financial Centre Tower 3[1]	Ocean Financial Centre [2]	Marina Bay Financial Centre Phase One[1]	One Raffles Quay[1]	Bugis Junction Towers
Description	46-storey premium Grade A office tower with ancillary retail space	43-storey premium Grade A office tower	A pair of 33 and 50 storey premium Grade A office towers and subterranean mall	A pair of 50 and 29 storey premium Grade A office towers	15-storey Grade A office tower
Attributable NLA (sf)	447,327	884,525	581,392	444,718	244,989
Ownership	33.33%	99.9%	33.33%	33.33%	100.0%
Number of tenants	49	48	93	36	15
Principal tenants	DBS Bank, WongPartnership, Rio Tinto	ANZ, BNP Paribas, Drew & Napier	Barclays Capital, BHP Billiton, Standard Chartered Bank	Royal Bank of Scotland, Deutsche Bank, UBS	IE Singapore, InterContinental Hotels Group, Keppel Land
Tenure	99 years expiring 7 Mar 2106	99 years expiring 13 Dec 2110	99 years expiring 10 Oct 2104	99 years expiring 12 June 2100	99 years expiring 9 Sept 2089
Valuation (S$ million)	Cushman: 1,281.0 Savills: 1,276.0 *(As at 18 Aug 2014)*	2,543.0[3]	1,619.0[3]	1,215.0[3]	521.9
Committed occupancy (As at 30 Sept 2014)	94%[4]	99.4%	100.0%	100.0%	100.0%

(1) Refers to Keppel REIT's one-third interest in MBFC Tower 3, MBFC Towers 1 & 2 and Marina Bay Link Mall, and One Raffles Quay.
(2) Refers to Keppel REIT's 99.9% interest in Ocean Financial Centre.
(3) The valuations are based on Keppel REIT's interest in the respective properties as at 31 August 2014.
(4) Occupancy as at 31 August 2014

Post-acquisition: Portfolio Information

	8 Chifley Square, Sydney[1]	77 King Street Office Tower, Sydney	8 Exhibition Street, Melbourne[1]	275 George Street, Brisbane[1]	Office Tower to be built at the Old Treasury Building site, Perth[1]
Description	34-storey Grade A office tower	18-storey Grade A office tower	35-storey Grade A office tower	30-storey Grade A office tower	33-storey Grade A office tower scheduled for completion in 2H 2015
Attributable NLA (sf)	104,138	146,624	241,600	224,688	165,685
Ownership	50.0%	100.0%	50.0%	50.0%	50.0%
Number of tenants	8	12	18	8	1
Principal tenants	Corrs Chambers Westgarth, QBE Insurance Group, Quantium Group	Apple, Facebook, Capgemini Australia	Ernst & Young, UBS, AECOM Australia	Queensland Gas Company, Telstra Corporation	Government of Western Australia[2]
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	Freehold	99 years[3]
Valuation[4] (S$ million)	217.3	146.8	199.4	225.4	174.1
Committed occupancy (As at 30 Sept 2014)	97.1%	92.0%	100.0%	100.0%	98.2%

(1) Refers to Keppel REIT's 50% interest in the properties.
(2) Pre-committed lease.
(3) The 99 year leasehold tenure will commence on the date of practical completion of the property.
(4) Based on the exchange rate of A$1 = S$1.174. Valuation as at 31 December 2013 based on Keppel REIT's interest in the respective properties including progressive payments and capital expenditure incurred up to 31 August 2014. For the office tower on the Old Treasury Building site in Perth, valuation is on an "as-is" basis.


Keppel REIT
Ground Plaza
MBFC Tower 1
MBFC Towers 2&3
Thank You