



Managed by

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## **MEDIA RELEASE**

### **Keppel REIT strengthens foothold in Singapore's prime financial district with the acquisition of a one-third interest in Marina Bay Financial Centre Tower 3**

**Singapore, 18 September 2014** – Keppel REIT Management Limited, as the Manager of Keppel REIT (“**Keppel REIT**”), is pleased to announce that Keppel REIT has entered into a conditional share purchase agreement with Bayfront Development Pte. Ltd., a wholly-owned subsidiary of Keppel Land Limited, to acquire a one-third interest in the two-year-old Marina Bay Financial Centre Tower 3 (“**MBFC Tower 3**”) at an agreed value of S\$1,248.0 million or S\$2,790 psf.

Excluding the five-year rental support of up to an aggregate amount of approximately S\$49.2 million, the net purchase price will be S\$1,198.8 million or S\$2,680 psf.

The agreed value for MBFC Tower 3 is negotiated on a willing-buyer willing-seller basis and is supported by the independent valuations by Cushman & Wakefield VHS Pte Ltd (“**Cushman**”) and Savills Valuation and Professional Services (S) Pte Ltd (“**Savills**”). The independent valuations for MBFC Tower 3 by Cushman and Savills as at 18 August 2014 are at S\$1,281.0 million and S\$1,276.0 million respectively.

Strategically located in the heart of Marina Bay, the new downtown core of Singapore's Central Business District, the 46-storey MBFC Tower 3 has a total net lettable area (“**NLA**”) of 1,341,980 sq ft, of which the office component is approximately 1.3 million sq ft and the remaining is ancillary retail space. MBFC Tower 3's committed occupancy was approximately 94% as at 31 August 2014. Its stellar line-up of office tenants includes DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Mead Johnson and Lego.

Ms Ng Hsueh Ling, Chief Executive Officer of the Manager, said, “Singapore, supported by positive economic fundamentals, continues to be a sought-after destination for businesses and multinational corporations seeking to deepen and expand their presence in the fast-growing Asian region.

“MBFC Tower 3, with its excellent location and premium office building specifications, will be a strategic addition to Keppel REIT's portfolio. The acquisition of MBFC Tower 3 and the divestment of Prudential Tower will enhance and transform Keppel REIT's portfolio in terms of age and quality of assets, as well as improve the portfolio property fundamentals to ensure long-term sustainable income to Unitholders.”

The Manager believes that the accretive<sup>(1)</sup> acquisition will be beneficial to Unitholders of Keppel REIT. The acquisition, which is consistent with Keppel REIT's investment and growth strategy, will:

- strengthen Keppel REIT's presence and position as the leading landlord of premium Grade A office buildings in Singapore's business and financial district;
- improve the average portfolio age to approximately 5.5 years<sup>(2)</sup>, reducing the need for extensive asset enhancement initiatives or large capital expenditure;
- lengthen the NLA weighted average lease expiry ("**WALE**") for the top 10 tenants to 9.2 years<sup>(3)</sup>, providing Unitholders long-term income stability and resilience;
- upgrade and enhance Keppel REIT's portfolio through the divestment of a 16-year-old property, Prudential Tower, for a two-year-old building, MBFC Tower 3;
- enhance the quality of Keppel REIT's tenant base and increase the total number of tenants to 271, providing greater diversification to income streams; as well as
- give Keppel REIT an ownership interest in all the three office towers at Marina Bay Financial Centre, providing the Manager greater flexibility to optimise leasing and operational efficiencies.

The Manager intends to fund the acquisition of the two-year-old MBFC Tower 3 with (i) part payment by way of issuing Keppel REIT Units to Keppel Land<sup>(4)</sup>, (ii) net proceeds from the placement of 195,000,000 new Units<sup>(5)</sup>, (iii) part of the sales proceeds from the divestment of the 16-year old Prudential Tower<sup>(6)</sup>, and (iv) additional borrowings. Post-acquisition, Keppel REIT is expected to have an aggregate leverage ratio of approximately 43.8%<sup>(7)</sup>.

Following the completion of the divestment of Prudential Tower and acquisition of MBFC Tower 3, Keppel REIT's assets under management will be over S\$8.1 billion. Approximately 93% of Keppel REIT's Singapore portfolio will be located within the prime Raffles Place and Marina Bay financial precincts.

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. Please refer to the Manager's SGX announcements for more details.

### **About Marina Bay Financial Centre Tower 3**

Designed by world-renowned New York-based architect Kohn Pedersen Fox Associates, MBFC Tower 3 is a newly completed premium Grade A office building with large column-free and symmetrical floor plates of approximately 30,000 sq ft to 45,000 sq ft which optimise the efficient use of space as well as offer panoramic views of the Marina Bay.

Located in the heart of prime waterfront land in Singapore's financial district, MBFC Tower 3 is a 46-storey commercial building with a total NLA of 1,341,980 sq ft, of which the office component is approximately 1.3 million sq ft and the remaining is ancillary retail space.

MBFC Tower 3 is part of the Marina Bay Financial Centre integrated development ("**MBFC Development**") which comprises three office towers; two residential developments, Marina Bay Residences and Marina Bay Suites; and a subterranean retail mall, Marina Bay Link Mall. The MBFC Development is connected to the other developments in the Marina Bay precinct and the Raffles Place MRT interchange and the Downtown MRT stations via an underground pedestrian network.

Positioned as Asia's Best Business Address™, the MBFC Development is in close proximity to a wide range of Singapore landmarks including the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade – Theatres on the Bay, international and boutique hotels, luxury residences as well as a range of dining and retail options.

#### MBFC Tower 3: Key Property Information

<b>Description</b>	46-storey premium Grade A commercial building with ancillary retail space
<b>Total NLA</b>	1,341,980 sq ft
<b>No. of tenants<sup>(8)</sup></b>	49
<b>Principal tenants<sup>(8)</sup></b>	DBS Bank, WongPartnership, Rio Tinto, McGraw-Hill, Booking.com, Mead Johnson and Lego
<b>No of car park lots</b>	357
<b>Tenure</b>	99 years commencing from March 2007
<b>Building age</b>	Two years
<b>Occupancy<sup>(8)</sup></b>	Approximately 94%
<b>WALE (by NLA)<sup>(8)</sup></b>	7.0 years
<b>Valuation of the MBFC Tower 3 Interest<sup>(9)</sup></b>	Cushman: S\$1,281.0 million Savills: S\$1,276.0 million

(1) On a pro forma basis for the financial year ended 31 December 2013, distribution per Unit 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) Excludes the 92.8% interest in Prudential Tower and includes the one-third interest in MBFC Tower 3.

(3) Excluding the new office tower to be built on the site of the Old Treasury Building, the WALE (by NLA) for the top 10 tenants is expected to be 6.9 years.

(4) 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.

(5) Placement of 195,000,000 new Units at the issue price of S\$1.17 represents a 2.8% discount to the adjusted volume weighted average price of S\$1.2034 per Unit done on the SGX-ST for the preceding market day on 17 September 2014 and up to the time the Subscription Agreement was signed on 18 September 2014.

(6) On 15 May 2014, Keppel REIT announced the divestment of its 92.8% interest in Prudential Tower for S\$512.0 million. The sale price is 4.5% above the property's last valuation of S\$490.0 million as at 28 April 2014, and a 46.7% premium over Keppel REIT's original purchase price of the property of S\$349.1 million. The divestment is expected to be completed on 26 September 2014.

(7) Computed based on the exchange rate of A\$1.00 = S\$1.174 and includes the one-third share of the borrowings recorded in CBDPL's books.

(8) As at 31 August 2014.

(9) As at 18 August 2014.

- End -

#### **For more information, please contact:**

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The materials are also available at [www.keppelreit.com](http://www.keppelreit.com), [www.keppelland.com](http://www.keppelland.com) and [www.kepcorp.com](http://www.kepcorp.com).

## **About Keppel REIT (<http://www.keppelreit.com>)**

Listed by way of an introduction on 28 April 2006, K-REIT Asia was renamed Keppel REIT on 15 October 2012. Keppel REIT is one of the largest real estate investment trusts listed on the Singapore Exchange Securities Trading Limited.

Keppel REIT's objective is to generate sustainable 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 pan-Asia.

As at 31 August 2014, Keppel REIT has an asset size of approximately S\$7.4 billion comprising 10 premium commercial assets strategically located in the central business districts of Singapore, and key cities of Sydney, Melbourne, Brisbane and Perth in Australia.

In Singapore, Keppel REIT owns a 99.9% interest in Ocean Financial Centre, a one-third interest in Marina Bay Financial Centre Phase One (comprising office Towers 1 and 2 and Marina Bay Link Mall), a one-third interest in One Raffles Quay, Bugis Junction Towers, and a 92.8% interest in Prudential Tower. On 15 May 2014, Keppel REIT announced the divestment of its 92.8% interest in Prudential Tower. The divestment is expected to be completed on 26 September 2014.

In Australia, Keppel REIT owns five commercial assets, which comprises a 50% interest in 8 Chifley Square and the 77 King Street Office Tower in Sydney, a 50% interest in the office building at 8 Exhibition Street in Melbourne, a 50% interest in 275 George Street in Brisbane, as well as a 50% interest in the new office tower to be built on the Old Treasury Building site in Perth.

Keppel REIT is sponsored by Keppel Land Limited ("**Keppel Land**"), one of Asia's leading property developers, and managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Land.

### ***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.*

The Keppel logo, a stylized geometric shape in grey and orange.

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



**18 September 2014**

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





1

Portfolio of **ten** quality Premium Grade and Grade A office assets, tenanted to established corporations well-diversified 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\$7.4 billion**

4

Total NLA of approximately **3.1 million sq ft**<sup>(1)</sup>

5

Market capitalisation of **S\$3.5 billion**<sup>(2)</sup>

*The above information is as at 31 August 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 the closing Unit price as at the last trading day in August 2014.*







# Quality Portfolio of Premium Grade A Office Buildings



## 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**



**Prudential Tower** (92.8% interest)  
\*Divestment expected to be completed on 26 September 2014

## Australia



**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



# Transaction Summary



**Keppel REIT**

## 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<sup>(1)</sup>
- » Placement proceeds<sup>(2)</sup>
- » Divestment proceeds from Prudential Tower<sup>(3)</sup>
- » Borrowings<sup>(4)</sup>

## 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.

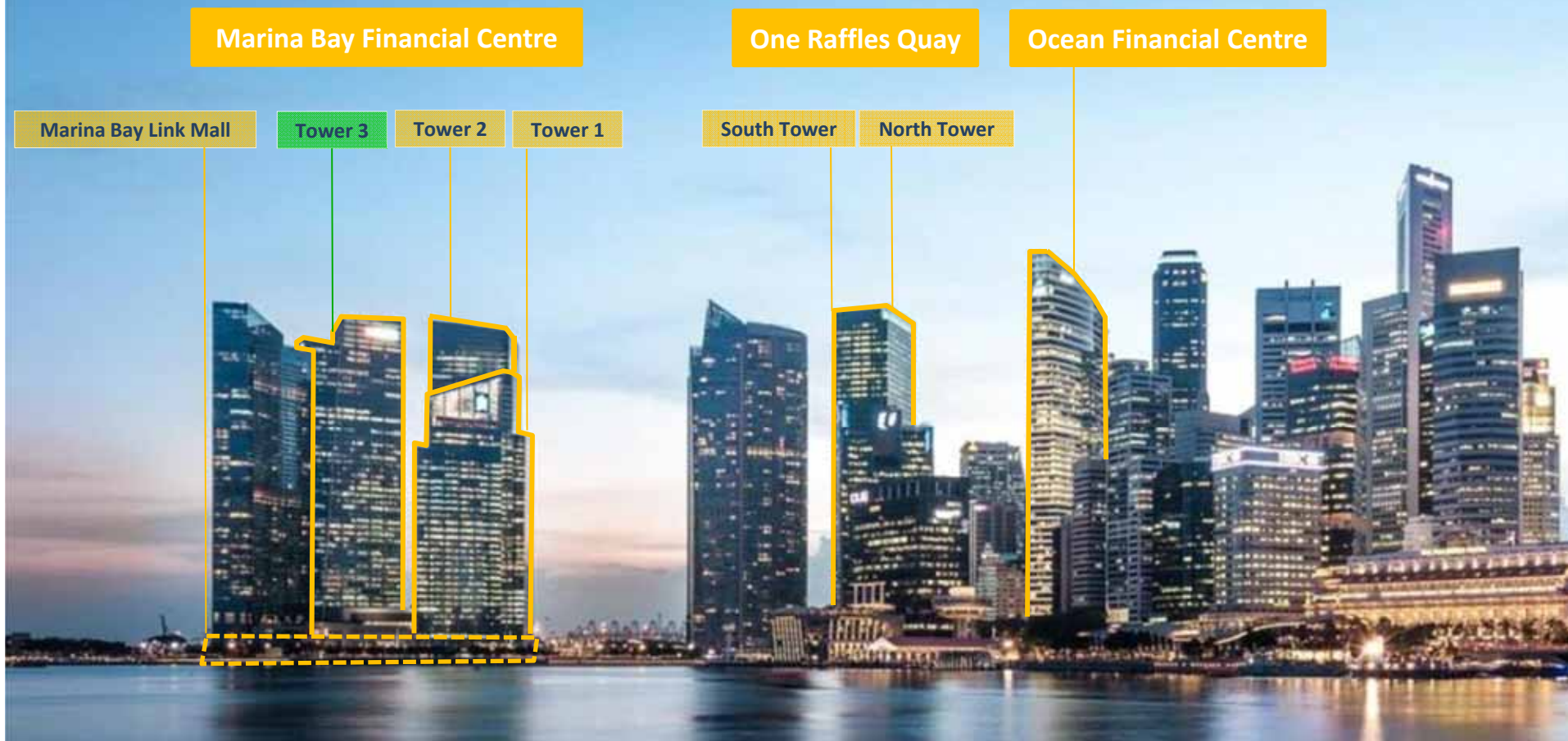
(2) Placement of 195,000,000 new Units at the issue price of S\$1.17 represents a 2.8% discount to the adjusted volume weighted average price of S\$1.2034 per Unit done on the SGX-ST for the preceding market day on 17 September 2014 and up to the time the Subscription Agreement was signed on 18 September 2014.

(3) The divestment is expected to be completed on 26 September 2014.

(4) Borrowings of S\$120.7 million.



- » Strengthen Keppel REIT's position as the leading landlord of iconic office buildings strategically located in the prime districts 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

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

Easily accessible with direct links to the MRT interchange and stations as well as other developments in Marina Bay via an underground pedestrian network

Close proximity to a wide range of Singapore landmarks and amenities



## Marina Bay Financial Centre Tower 3

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

The above information is as at 31 August 2014.



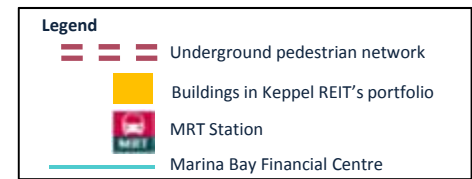




# MBFC Tower 3: Well-connected and Highly Accessible



- » **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

- » 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.*

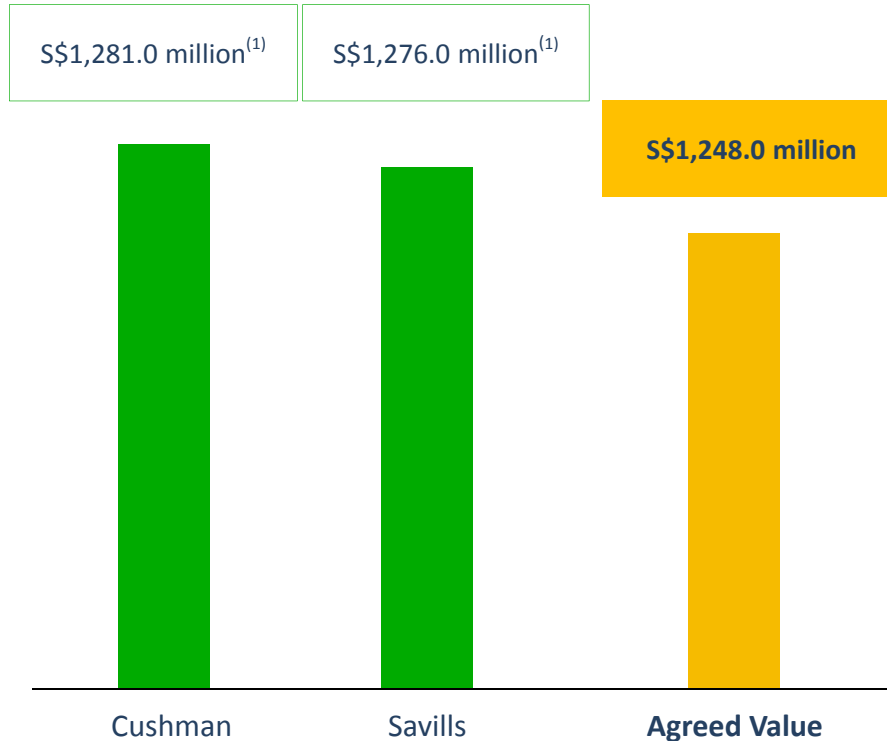


# Transaction Details



**Keppel REIT**

**Agreed Value** of the MBFC Tower 3 Interest is **in line with independent valuations**



Purchase Consideration	
Agreed Value	S\$1,248.0 million
Less:	
Total Adjustments	S\$537.9 million <sup>(2)</sup>
<b>Purchase Consideration</b>	<b>S\$710.1 million<sup>(3)</sup></b>

### 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 (Completion by 3Q 2014)	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 (Completion by 4Q 2014)	Straits Trading Building	159,000 sq ft	S\$450m	S\$2,830	999 yrs	Sun Venture
<b>Sept-14</b> (Completion by 4Q 2014)	<b>MBFC Tower 3</b> <b>(33.33%)</b>	<b>447,000 sq ft</b>	<b>S\$1,248 mil</b> <b>S\$1,198.8 mil: Net of rental support</b>	<b>S\$2,790</b> <b>S\$2,680: Net of rental support</b>	<b>99 yrs</b>	<b>Keppel REIT</b>

Sources: Company data and media reports



- » The Manager intends to fund the acquisition with a part payment by way of issuing Keppel REIT units to Keppel Land<sup>(1)</sup>

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

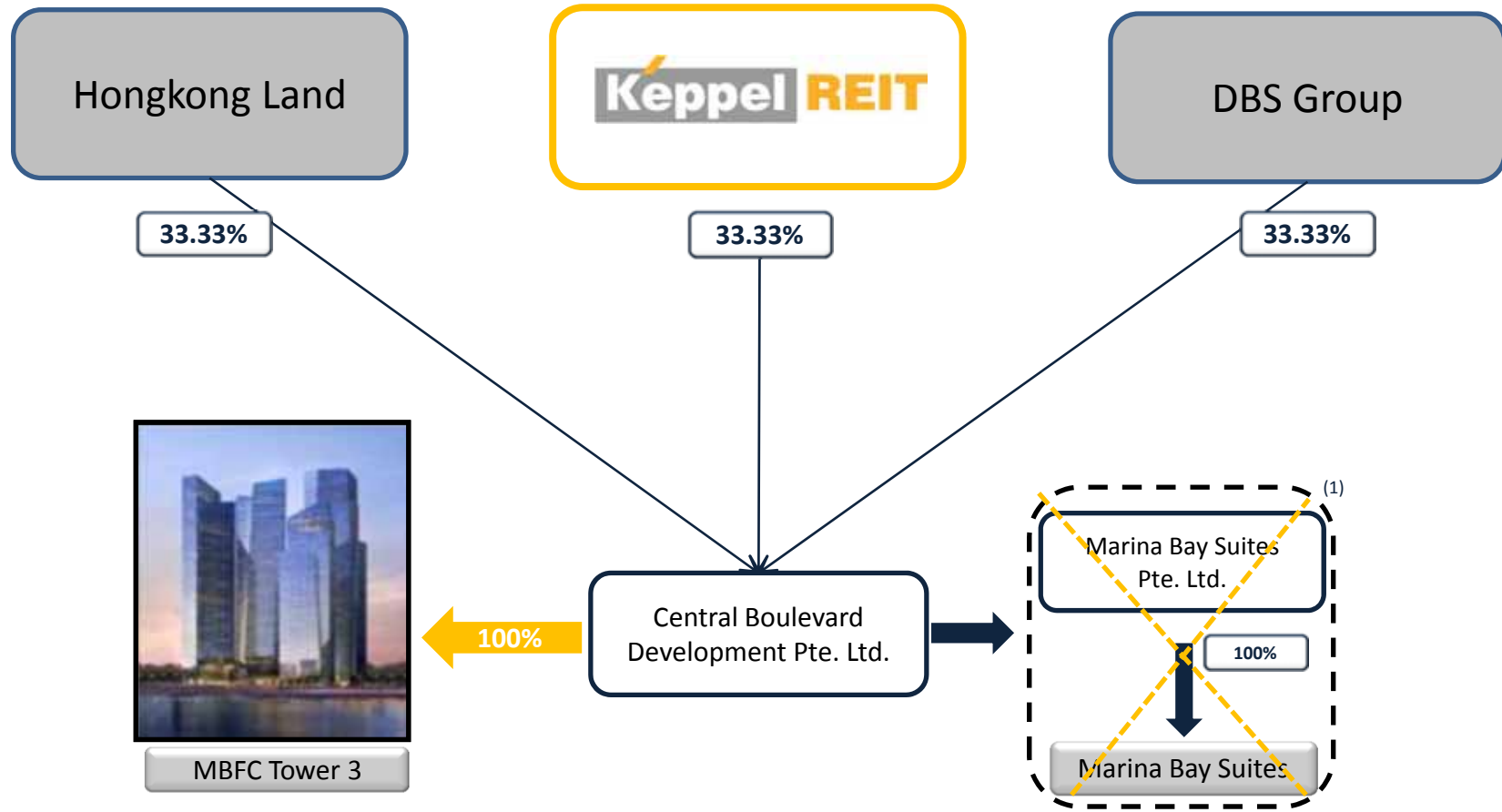
Issuance of Units to Keppel Land will also result in Keppel REIT raising **less equity** from the market in placement.

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.*





(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



- 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



- » Proactive strategy to **optimise and upgrade portfolio**
- » On 15 May 2014, Keppel REIT announced the divestment of its 92.8% interest in the 16-year-old Prudential Tower for **S\$512.0 million**
  - **4.5% premium** to the last valuation of S\$490.0 million<sup>(1)</sup>
  - **46.7%** over the original purchase price of S\$349.1 million
- » The divestment is expected to be completed on 26 September 2014
- » Divestment is aligned with the Manager's commitment to **proactively optimise and upgrade its portfolio** to ensure long-term sustainable income to Keppel REIT's Unitholders



*(1) Valuation as at 28 April 2014.*



- » Accretive<sup>(1)</sup> acquisition of MBFC Tower 3 is in line with Keppel REIT's strategic direction to invest in **quality income generating** commercial properties
- » Testament to the Manager's commitment to **proactively optimise and upgrade its portfolio** to ensure **long-term sustainable income** to Keppel REIT's Unitholders
- » MBFC Tower 3 is a **strategic addition** to Keppel REIT's existing portfolio of **prime commercial assets**



**Divestment of the  
16-year-old Prudential Tower**



**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.*



- » 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)



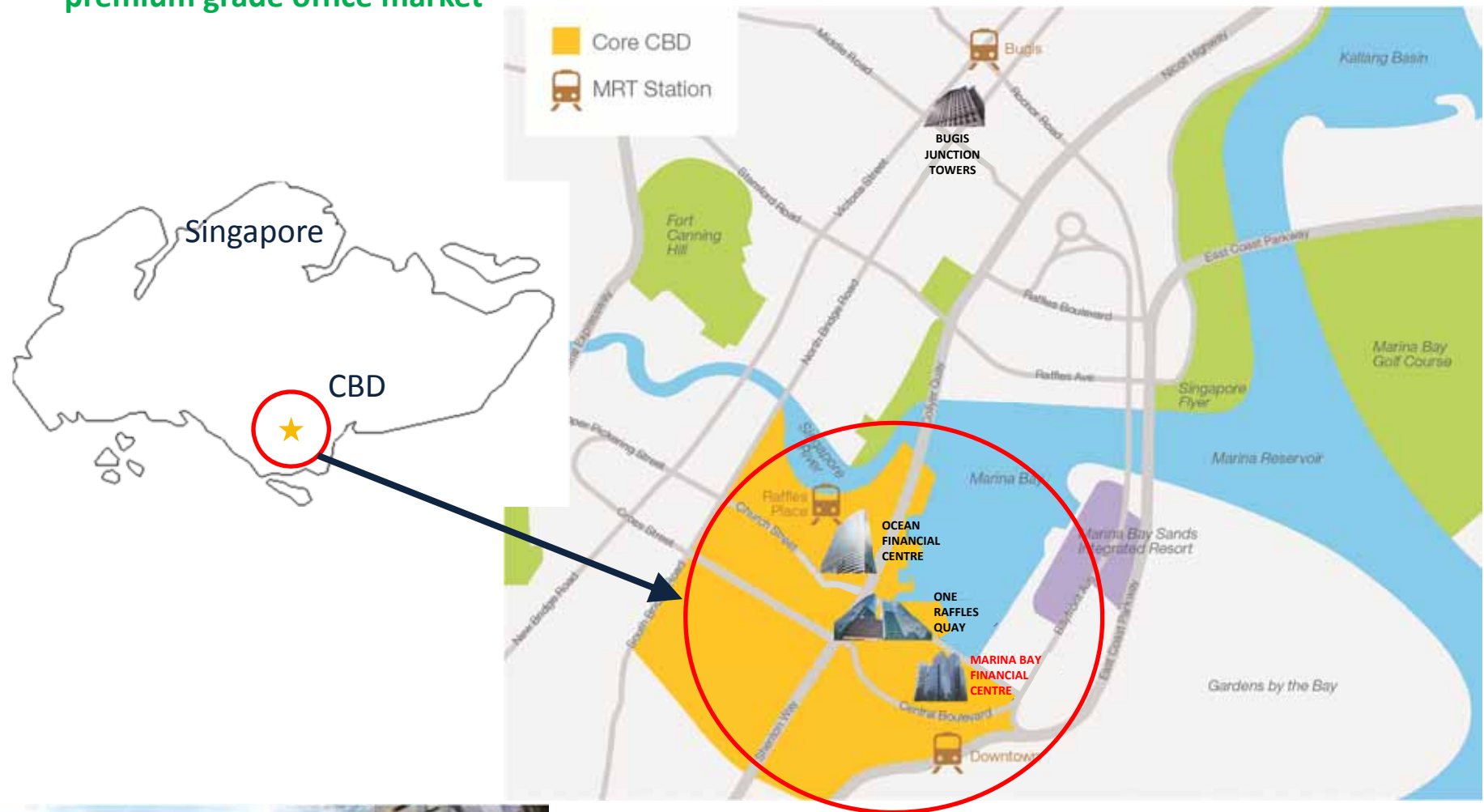
**Bugis Junction Towers**



**Marina Bay Financial Centre  
Tower 3** (33.3% interest)

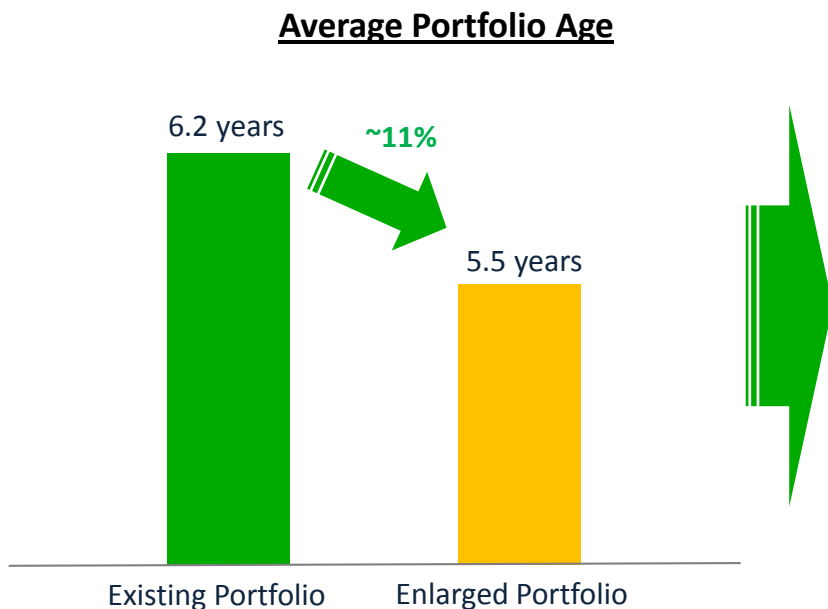


- » **Approximately 93%** of Keppel REIT's Singapore portfolio will be located in the **prime business and financial districts** of Raffles Place and Marina Bay
- » Provide Unitholders the opportunity to participate in the **growth potential of Singapore's premium grade office market**



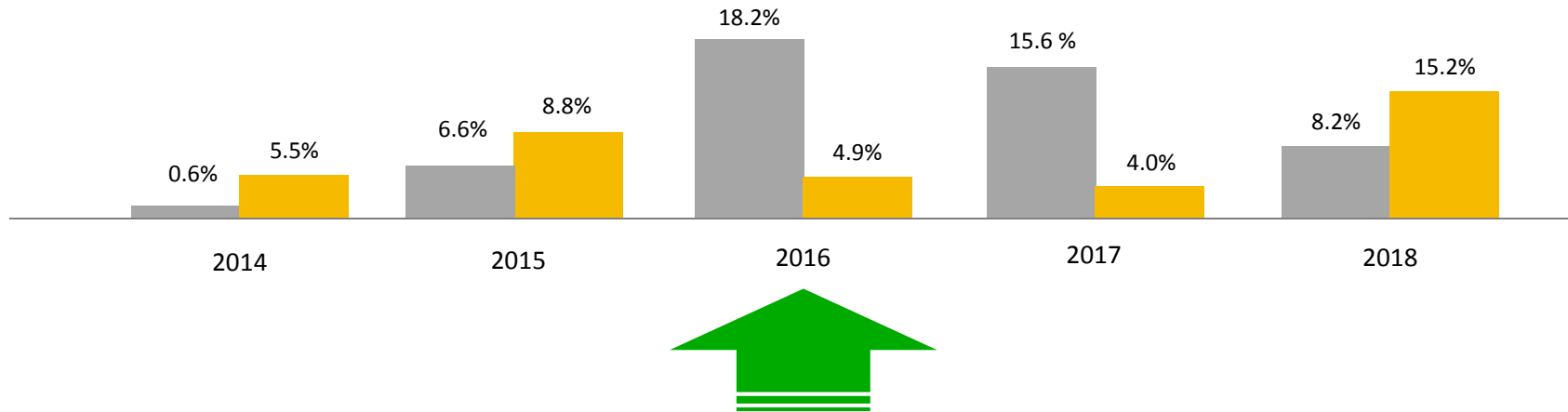
### 3 Improve Property Portfolio: Youngest Commercial S-REIT Portfolio

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

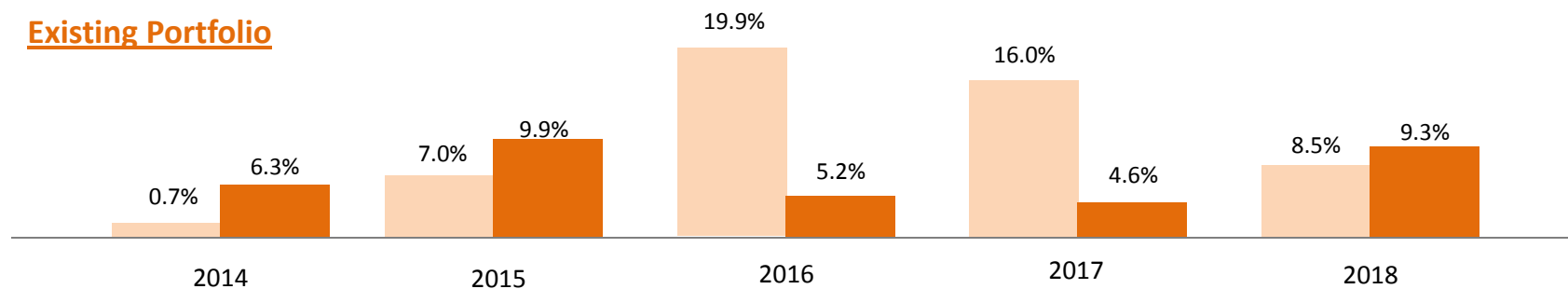


- » **Well-staggered** lease profile with not more than **18.2%** of the Enlarged Portfolio (by NLA) expiring in any one year over the next five years

## Enlarged Portfolio




## Existing Portfolio



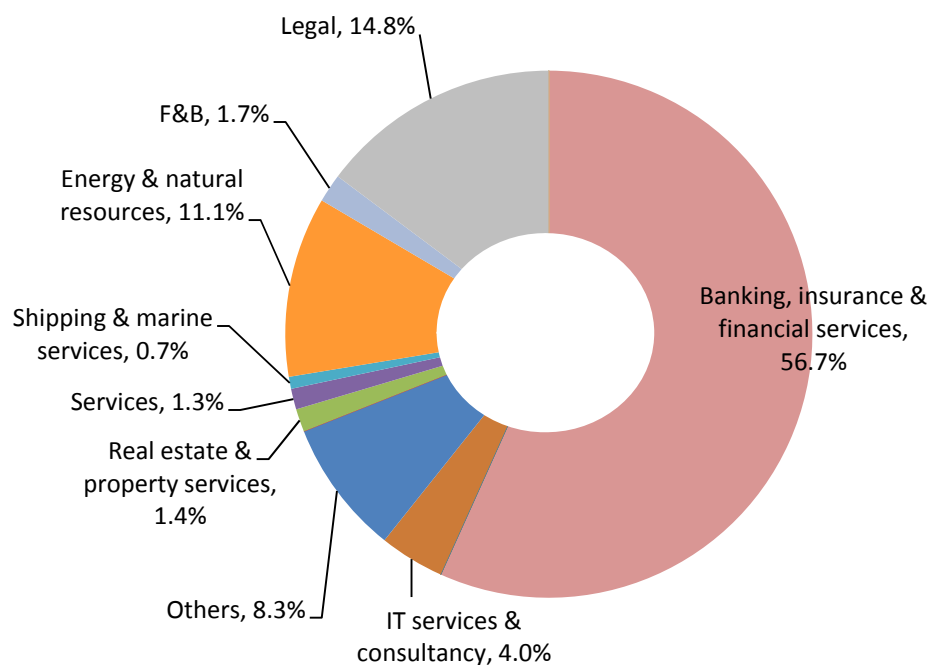
Leases Expiring as a % of Enlarged Portfolio NLA
  Rent Reviews as a % of Enlarged Portfolio NLA
  Leases Expiring as a % of Existing Portfolio NLA
  Rent Reviews as a % of Existing Portfolio NLA



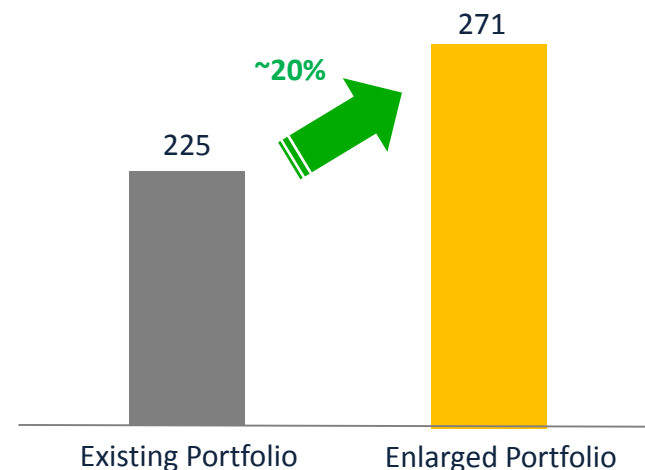


- » Established corporations at MBFC Tower 3 include DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Mead Johnson and Lego
- »  number of tenants in portfolio to 271
- » **Strengthen** Keppel REIT's **portfolio of tenants** as well as provide **greater diversification of income streams** to Keppel REIT

**Tenant Mix at MBFC Tower 3<sup>(1)</sup>**



**Total No. of Tenants in Portfolio**



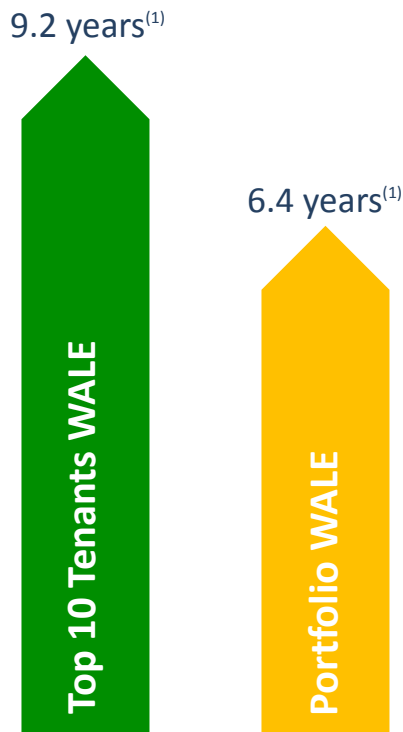
(1) As at 31 August 2014.



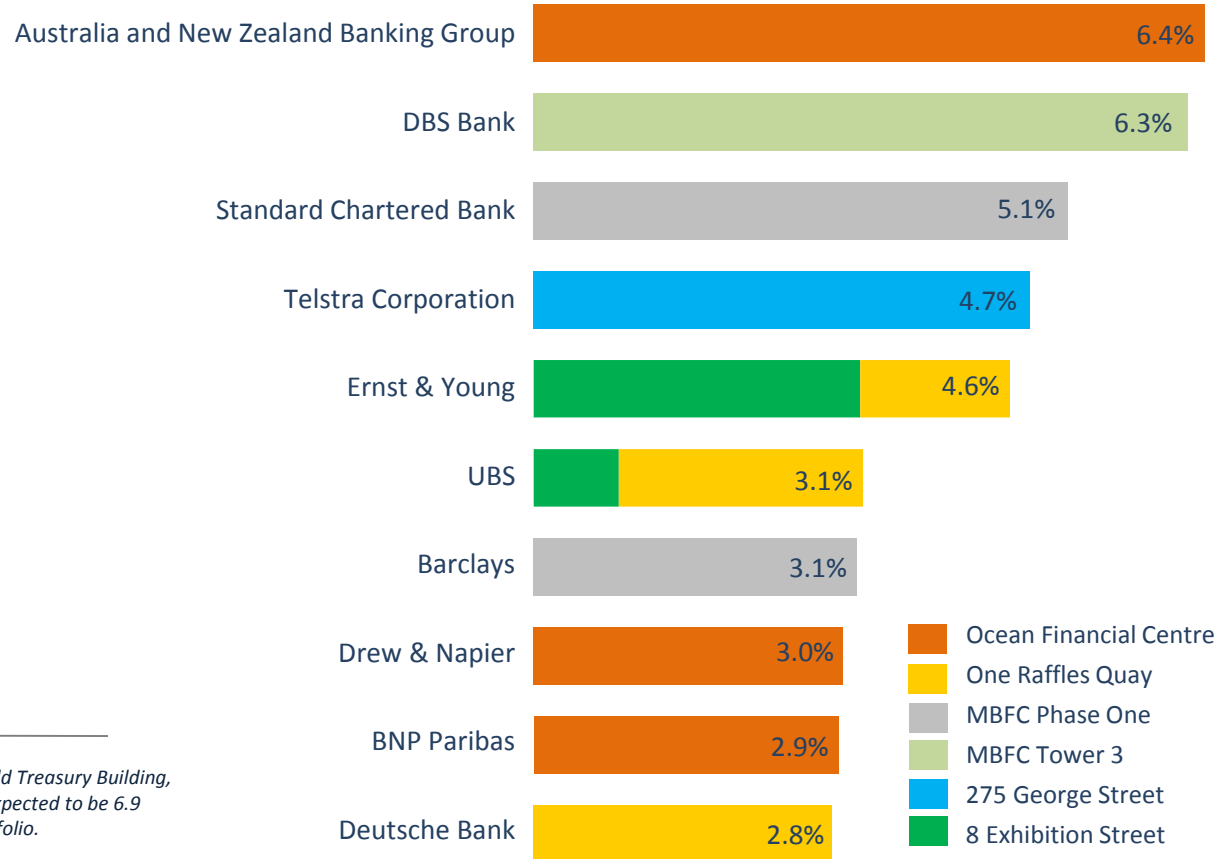
## 5 Enhance Income Stability and Sustainability over a Longer Term **Keppel REIT**

- » **Lengthen WALE** by NLA for top 10 tenants to **9.2 years<sup>(1)</sup>** and portfolio to **6.4 years<sup>(1)</sup>**
- » Top 10 tenants account for approximately **42%<sup>(2)</sup>** 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 31 August 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**



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

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

(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), divided by deposited property value.

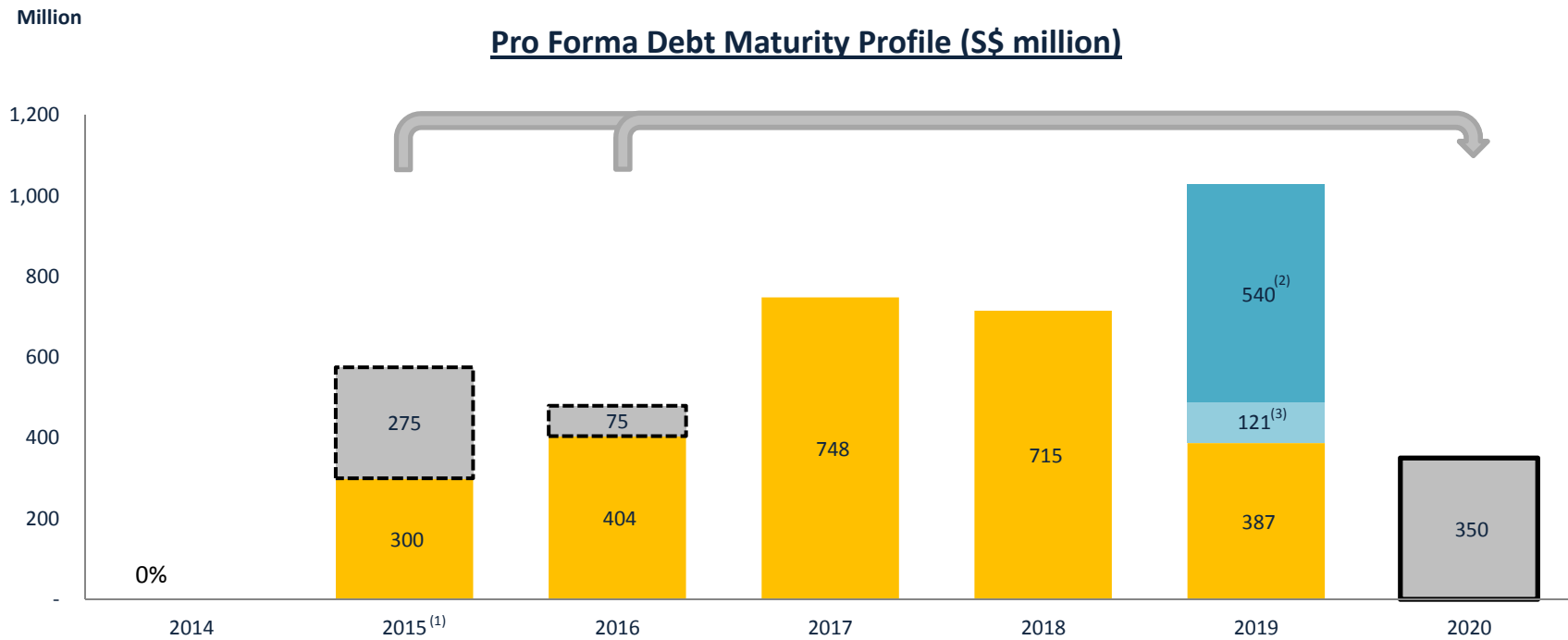
(3) Computed based on the exchange rate of A\$1.00 = S\$1.174 and includes the one-third share of the borrowings recorded in CBDPL's books.





# Post-acquisition: Capital Management

	<b>Post-acquisition</b>
<b>Weighted Average Term to Expiry</b>	3.5 years
<b>Interest Coverage Ratio</b>	4.9 times



(1) Assumes the repayment of the secured term loan of S\$250.0 million due in 2015 using part of proceeds from the divestment of Prudential Tower.

(2) One-third share of estimated bank borrowings in CBDPL's books.

(3) Estimated borrowings to part finance the acquisition of the one-third interest in MBFC Tower 3.



**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**



- » The Ministry of Trade and Industry expects 2014 GDP growth to be between 2.5% and 3.5%
- » Active leasing activities from small- and medium-space occupiers are expected to keep demand for office space in the CBD stable
- » Tenants from growing industries, such as social media and insurance sectors, are likely to continue taking up more space to cater to expansion needs
- » Limited availability of new premium office space could potentially see a flight-to-quality scenario among tenants, leading to increased demand for such office space in the prime district

*Sources: Ministry of Trade and Industry and Jones Lang LaSalle*



- » Singapore topped the rental growth league in Asia Pacific in 2Q 2014
  - Average Grade A office rentals increased 15.9% y-o-y
  - Capital values increased 2.1% y-o-y
  - Going forward, rental rates and capital values are also expected to be on a continual upward trend for 2014 and 2015
  
- » Leasing activities and enquiry levels remained steady, especially within the CBD
  - Occupancy rates, which are expected to remain high in 2014 and 2015, coupled with the limited supply of new office space will see further increases in rental rates

*Sources: Jones Lang LaSalle and CBRE*





# Singapore Office Demand and Supply

- » Over the past three years, the annual net demand of office space (island-wide) 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)
- » Net demand recorded a five-year average of approximately 1.5 million sq ft, while the 10-year average is approximately 1.4 million sq ft
- » New office supply remains limited over the next two years, with approximately 20% known to have been pre-committed. Over the next five years, excluding pre-committed and strata office spaces, the average new office supply in the CBD is estimated to be approximately 0.9 million sq ft
- » Going forward, vacancies are expected to remain low with limited new supply and positive demand
- » The Grade A office market is expected to outperform the other office sub-markets

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



# Additional Information



**Keppel 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 of over **S\$8.1 billion**<sup>(1)</sup> with **88%**<sup>(1)</sup> of portfolio in Singapore, and **12%**<sup>(1)</sup> in Australia
- » Approximately **93%**<sup>(1)</sup> of Keppel REIT's Singapore portfolio is located in the prime **Raffles Place** and **Marina Bay precincts**

	Marina Bay Financial Centre Tower 3 <sup>(2)</sup>	Ocean Financial Centre <sup>(3)</sup>	Marina Bay Financial Centre Phase One <sup>(2)</sup>	One Raffles Quay <sup>(2)</sup>	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 <sup>(4)</sup>	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 March 2106	99 years expiring 13 December 2110	99 years expiring 10 October 2104	99 years expiring 12 June 2100	99 years expiring 9 September 2089
Valuation (S\$ million)	Cushman: 1,281.0 Savills: 1,276.0 (As at 18 August 2014)	2,543.0 <sup>(5)</sup>	1,619.0 <sup>(5)</sup>	1,215.0 <sup>(5)</sup>	521.9 <sup>(5)</sup>
Committed occupancy (As at 31 August 2014)	94%	99.4%	100.0%	100.0%	100.0%

(1) Excludes the 92.8% interest in Prudential Tower and includes the proposed acquisition of a one-third interest in MBFC Tower 3.

(2) 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.

(3) Refers to Keppel REIT's 99.9% interest in Ocean Financial Centre.

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

(5) The valuations are based on Keppel REIT's interest in the respective properties. Valuations as at 31 August 2014 for the Singapore properties.

# Post-acquisition: Portfolio Information

	8 Chifley Square, Sydney <sup>(1)</sup>	77 King Street Office Tower, Sydney	8 Exhibition Street, Melbourne <sup>(1)</sup>	275 George Street, Brisbane <sup>(1)</sup>	Office Tower to be built at the Old Treasury Building site, Perth <sup>(1)</sup>
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 <sup>(2)</sup>	7	12	17	8	1
Principal tenants	Corrs Chambers Westgarth, QBE Insurance Group, Quantum Group	Apple, Facebook, Capgemini Australia	Ernst & Young, UBS, AECOM Australia	Queensland Gas Company, Telstra Corporation	Government of Western Australia <sup>(3)</sup>
Tenure	99 years expiring 5 April 2105	Freehold	Freehold	Freehold	99 years <sup>(4)</sup>
Valuation <sup>(5)</sup> (S\$ million)	217.3	146.8	199.4	225.4	174.1
Committed occupancy	97.0%	92.0%	100.0%	100.0%	98.2%

(1) Refers to Keppel REIT's 50% interest in the properties.

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

(3) Pre-committed lease.

(4) The 99 year leasehold tenure will commence on the date of practical completion of the property.

(5) 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**

**Thank You**

