

The logo for Keppel REIT, featuring the word "Keppel" in white on a grey rectangular background, followed by "REIT" in red. A red diagonal line is positioned above the letter "K".

Keppel REIT

Annual General Meeting

4 June 2020

Outline

- Portfolio Optimisation in FY 2019 3
- 1Q 2020 & COVID-19 Review 11

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Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

Portfolio Optimisation in FY 2019

T Tower in Seoul CBD

FY 2019 Performance Highlights

Financial Review

- FY 2019 distributable income was \$189.3 million⁽¹⁾; FY 2019 DPU was up 0.4% y-o-y at 5.58 cents
- Lowered aggregate leverage to 35.8%
- Increased sustainability-focused funding with two green loan facilities obtained in FY 2019

Portfolio Updates

- High portfolio committed occupancy of 99.1% and long portfolio weighted average lease expiry (WALE) of 4.9 years
- Average signing rent for Singapore office leases was approximately \$12.42⁽²⁾ psf pm

Active Portfolio Optimisation

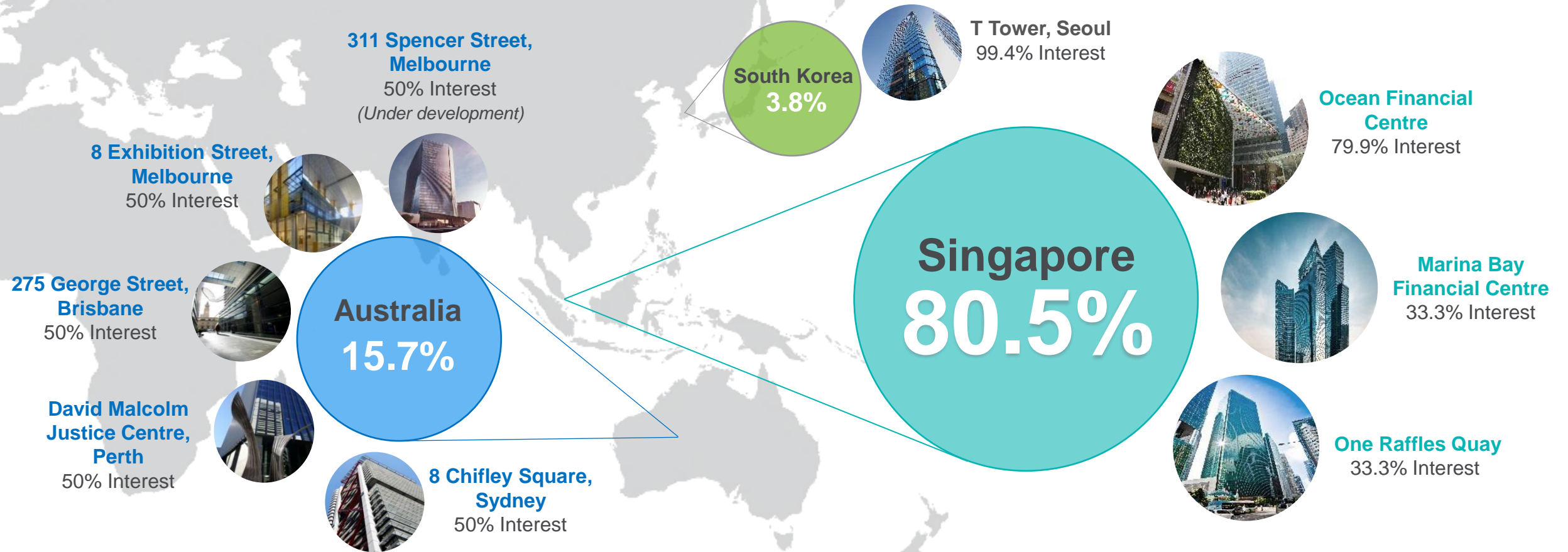


(1) Includes distribution of capital gains of \$12.0 million for FY 2019.

(2) For the Singapore office leases concluded in FY 2019 and based on a simple average calculation. Weighted average signing rent was \$12.08 psf pm.

Portfolio Anchored by Singapore CBD Assets

\$7.9 billion portfolio in key business districts of Singapore, Australia and South Korea enhances income diversification and long-term stability

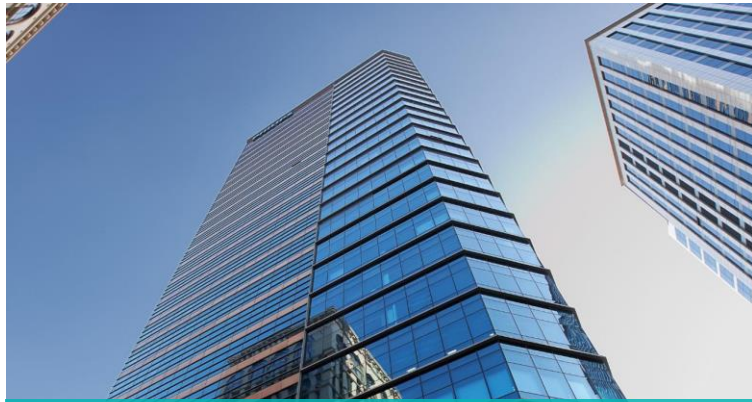


Note: Based on assets under management as at 31 December 2019.

Active Portfolio Optimisation

- Portfolio optimisation in FY 2019 to improve yield and create long-term value for Unitholders
- Holding quality assets across different markets improves income diversification and provides more growth opportunities

Portfolio Optimisation in FY 2019



May 2019: Acquisition of T Tower in Seoul

- Acquisition Price: \$292.0 million⁽¹⁾
- NPI yield: 4.7%



Nov 2019: Divestment of Bugis Junction Towers in Singapore

- Sale Price: \$547.7 million⁽²⁾
- NPI yield: 3.0%



Expected by end 2Q 2020: Completion of 311 Spencer Street in Melbourne

- Acquisition Price: \$362.4m⁽³⁾ million
- NPI yield: 4.9%⁽⁴⁾

(1) Based on an exchange rate of KRW 1,000 to \$1.156 used for payment.

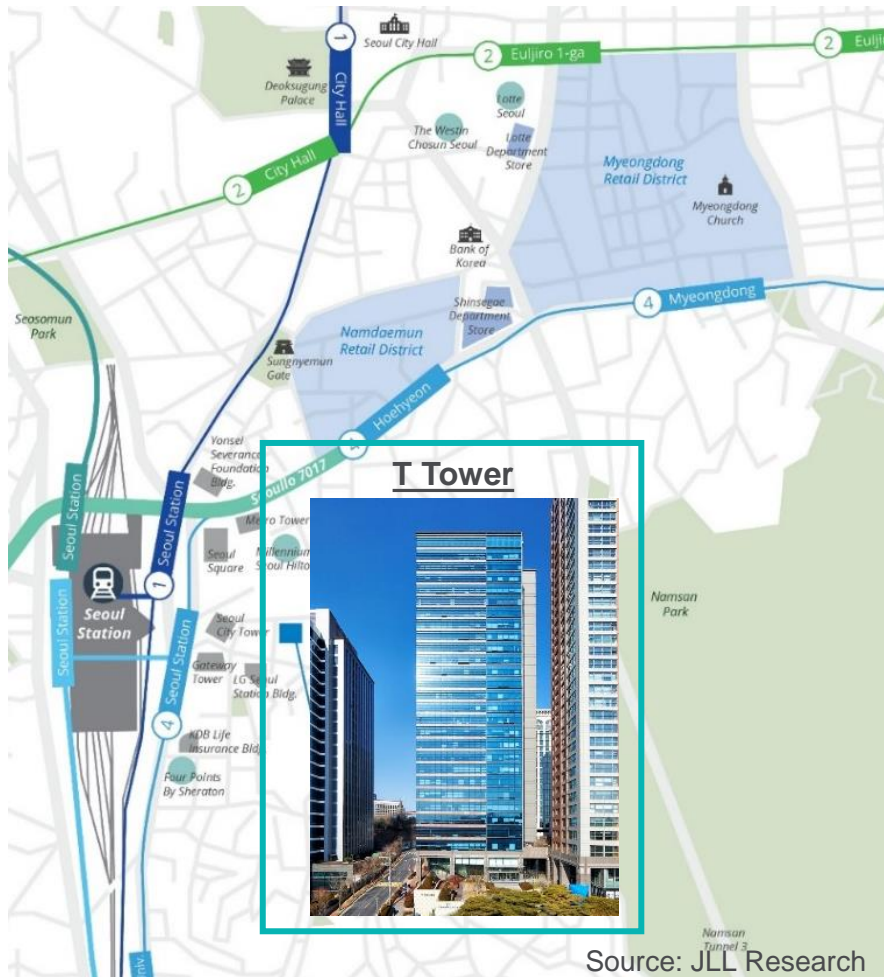
(2) The sale price was adjusted upwards from \$547.5 million to \$547.7 million, arising from an increase in leased area post-announcement of the divestment. The sale price per square foot (psf) remained unchanged at \$2,200 psf.

(3) Based on an exchange rate of A\$1 to S\$1.042 as disclosed in the announcement dated 29 June 2017.

(4) Initial NPI yield of 4.9%, which translates to a stable average NPI yield of 6.4% over the first 15 years of the lease after taking into account annual rental escalation.

Acquisition in Seoul CBD

- Acquisition of T Tower, a freehold Grade A office building in Seoul CBD, complements Keppel REIT's Singapore-centric portfolio
- The DPU-accretive acquisition with an initial NPI yield of 4.7% is part of portfolio optimisation efforts



T Tower in Seoul CBD	
Building Completion	2010
Attributable Interest	99.4% ⁽¹⁾
Attributable NLA	226,945 sf
Occupancy	100% committed
Agreed Property Value	KRW 252.6 billion ⁽²⁾ (\$292.0 million) ⁽³⁾

- The remaining 0.6% stake was acquired by Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital)
- Based on an approximate 99.4% interest in T Tower. Equivalent to KRW 20.2 million/pyeong (py), based on attributable gross floor area of 444,979 sf and conversion of 1 py to 35.6 sf.
- Based on an exchange rate of KRW 1,000 to \$1.156 used for payment.

[Click](#) to view property video

Unlocking Value from Bugis Junction Towers

- Sale of Bugis Junction Towers for \$547.7 million⁽¹⁾ (\$2,200 psf), which translates to a net property income yield of 3.0%
- Realised approximately \$378.4 million⁽²⁾ of capital gains while maintaining exposure to Singapore CBD
- Provides improved financial flexibility for portfolio optimisation:
 - Continue DPU-accretive Unit buy-back programme
 - Redeploy funds to higher yielding assets
 - Distribute capital gains
 - Pare down debt

Asset-level returns

19.4% p.a.

Bugis Junction Towers was held since Keppel REIT's listing in 2006

(1) The sale price was adjusted upwards from \$547.5 million to \$547.7 million, arising from an increase in leased area post-announcement of the divestment.

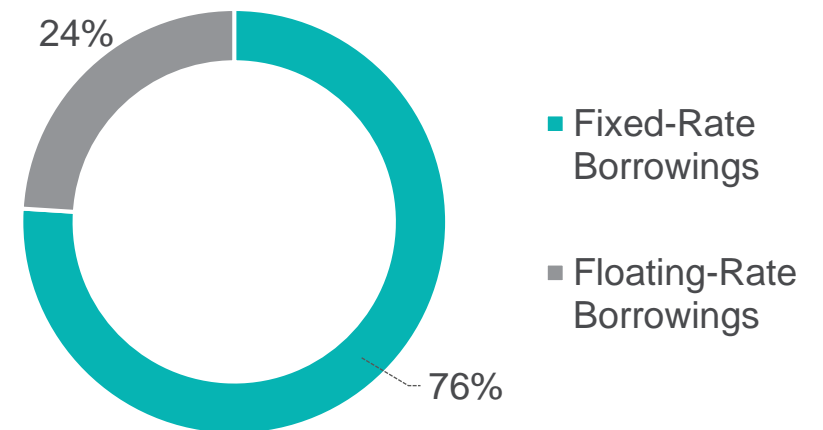
(2) Based on difference between sale price and purchase price, after taking into consideration capitalised expenditures and divestment costs.

Proactive Capital Management

In FY 2019:

- **Lowered aggregate leverage to 35.8%⁽¹⁾** after repayment of loans with part of divestment proceeds
- **Extended weighted average term to maturity to 3.4 years⁽¹⁾**
- **Issued 5-year convertible bonds** at coupon rate of 1.90% to lower interest costs
- **Increased sustainability-focused funding** with two green loan facilities obtained

Managing interest rate exposure (as at 31 December 2019)



All-in Interest Rate: 2.77%
(as at 31 December 2019)

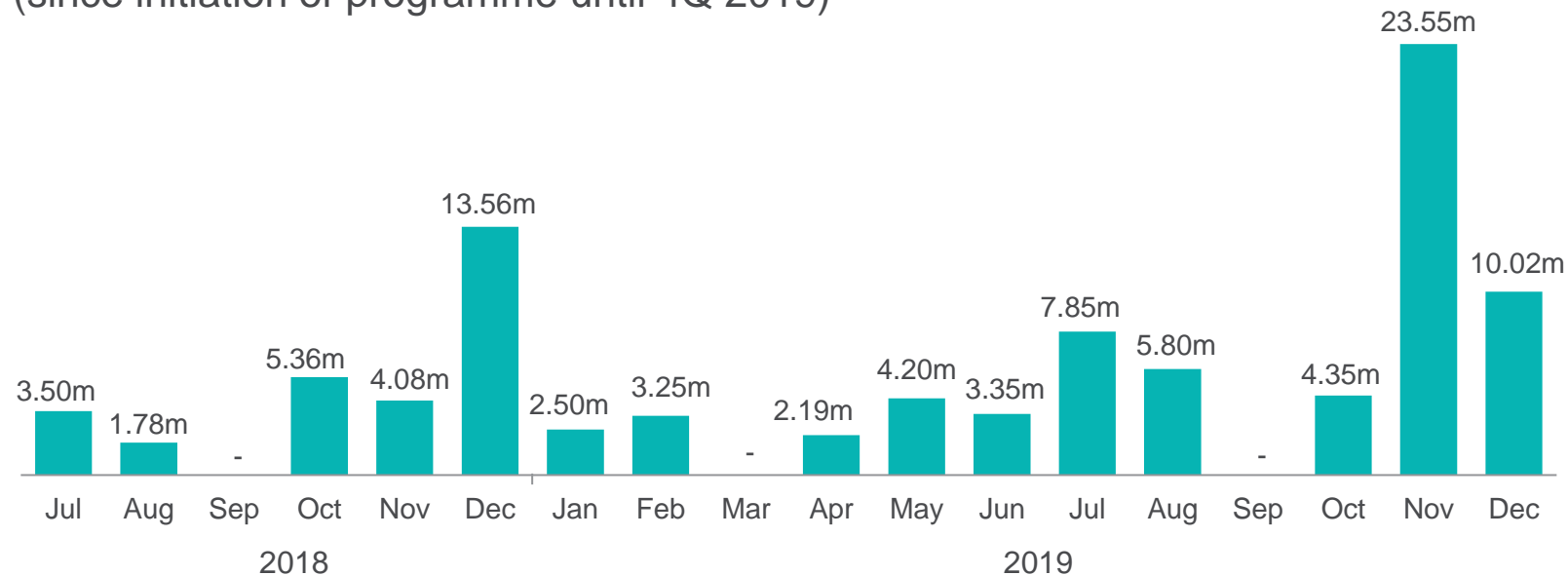
(1) As at 31 December 2019.

Unit Buy-Back Programme

- Executed DPU-accretive Unit buy-back programme as part of proactive capital management strategy

Monthly Unit Buy-Back Volume

(since initiation of programme until 4Q 2019)



Total Units Purchased and Cancelled	
In FY 2019	67.1 million
Since initiation of Unit buy-back programme in 3Q 2018 till 4Q 2019	95.3 million

1Q 2020 and COVID-19 Review

Ocean Financial Centre
lit in blue in support of the
#SeeltBlue campaign that
highlights importance of
mental well-being and thanks
frontline workers battling the
COVID-19 outbreak

1Q 2020 Key Highlights

- Distributable income was \$47.3 million⁽¹⁾; DPU was 1.40 cents
- Aggregate leverage was 36.2% and all-in interest rate was 2.58% p.a.
- Refinanced majority of loans due in 2020 and received commitments for the remainder
- High portfolio committed occupancy of 98.9% and long portfolio WALE of 4.7 years
- Announced measures to support tenants during the COVID-19 outbreak and safeguard long-term interests of all stakeholders



Navigating the COVID-19 Situation

Keppel REIT's properties in Singapore, Australia and South Korea remain accessible to tenants that are operational during COVID-19

Certain measures implemented by the Government:

South Korea

- Social distancing advisory from the government but there is currently no general government measure mandating the closure of all office buildings

Singapore

- Temporary closure of non-essential businesses during "Circuit Breaker"
- "COVID-19 (Temporary Measures) Act 2020" may provide temporary relief during prescribed period to tenants unable to fulfil contractual obligations where the inability is to a material extent caused by COVID-19⁽¹⁾

Australia

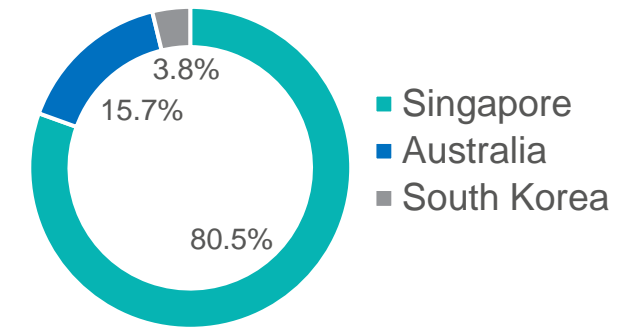
- Temporary closure of non-essential services amidst lockdown measures
- "Mandatory Code of Conduct" issued by the National Cabinet, focusing on SMEs with turnover below A\$50m, which seeks to protect eligible tenants from termination of leases and entitles eligible tenants to rent reductions⁽²⁾

Note: Measures as at publication of 1Q 2020 results announcement on 22 April 2020.

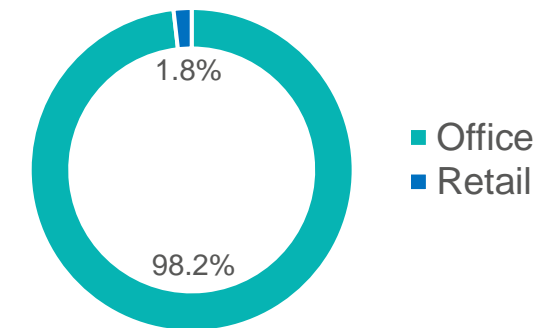
(1) Tenant's obligations are not cancelled, instead rental payments will continue to accrue. Applicable to contracts in which the obligations have to be performed on or after 1 February 2020, excluding those entered into on or after 25 March 2020.

(2) Only applicable to SMEs with turnover of A\$50m or less, and who are eligible for the federal Jobkeeper program. One of the main criteria for a business to be eligible for the program is a projected reduction of revenue by more than 30% due to COVID-19. Rent reductions may consist of a combination of waivers and deferrals where rental waiver must be no less than 50% of the total rent reduction.

AUM by Geography (As at 31 March 2020)



Committed NLA by Asset Type (As at 31 March 2020)



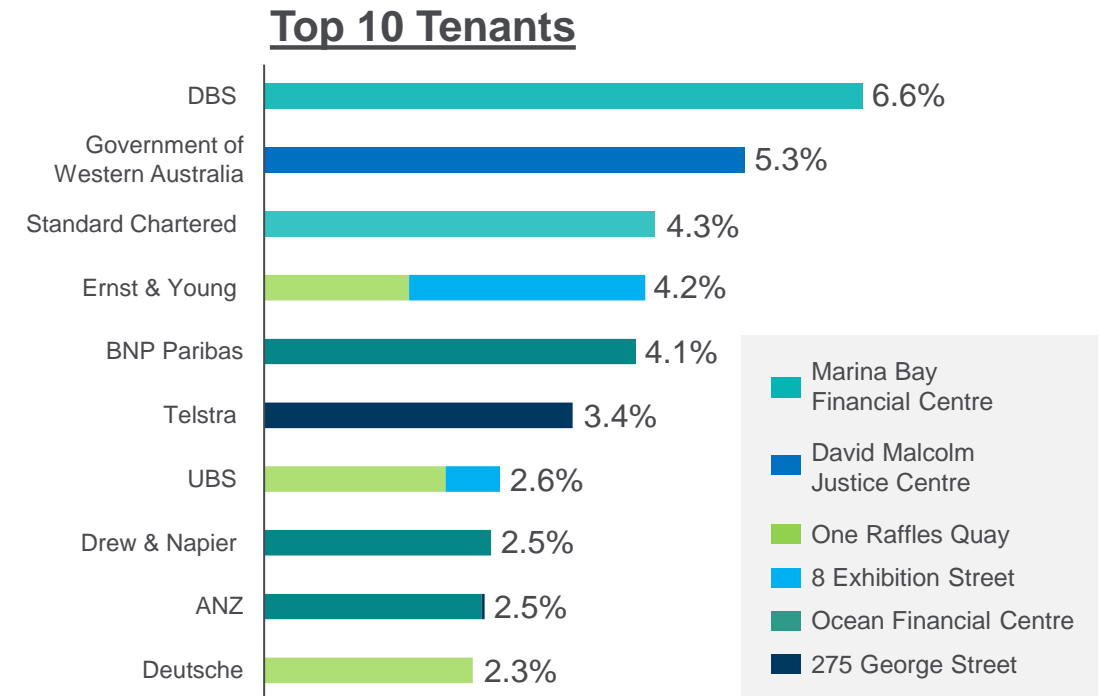
Navigating the COVID-19 Situation (Cont'd)

Keppel REIT's established tenants from diversified sectors, high portfolio committed occupancy and long WALE will continue to support the REIT's income resilience

- Retail and F&B sector takes up approximately 1.8% of attributable NLA, while office sub-sectors⁽¹⁾ that are more affected by lower footfall and tourism form less than 5%
- Top 10 tenants take up 37.8% of NLA and contribute 34.8% of gross rent



Banking, insurance and financial services	40.2%
Technology, media and telecommunications	12.9%
Legal	8.8%
Government agency	8.3%
Energy, natural resources, shipping and marine	8.1%
Real estate and property services	6.2%
Accounting and consultancy services	5.9%
Services	4.4%
Manufacturing and distribution	2.3%
Retail and food & beverage	1.8%
Hospitality and leisure	0.1%
Others	1.0%
Total	100%



Navigating the COVID-19 Situation (Cont'd)



Safety as Priority

- Precautionary health and safety measures implemented across all properties
- With social distancing measures:
 - Construction works continue at 311 Spencer Street but at a slower pace. Expected handover by end-2Q 2020⁽¹⁾
 - Leasing activities have slowed with site visits stopped and companies more cautious



Supporting Interests of All Stakeholders

- Tenant support measures rolled out to support business continuity :
 - **Retail tenants in Singapore:** Full pass-through of the 100% property tax rebate; Eligible retail tenants also given full rental waiver for April 2020⁽²⁾, as well as ability to utilise one month's security deposit to offset rent payment
 - **Office tenants in Singapore:** Full pass-through of the 30% property tax rebate
 - **Australia & Korea tenants:** Support measures in line with the relevant government advisories will also be extended to all qualifying tenants
- ~\$9.5 million of relief measures inclusive of government property tax rebates⁽³⁾



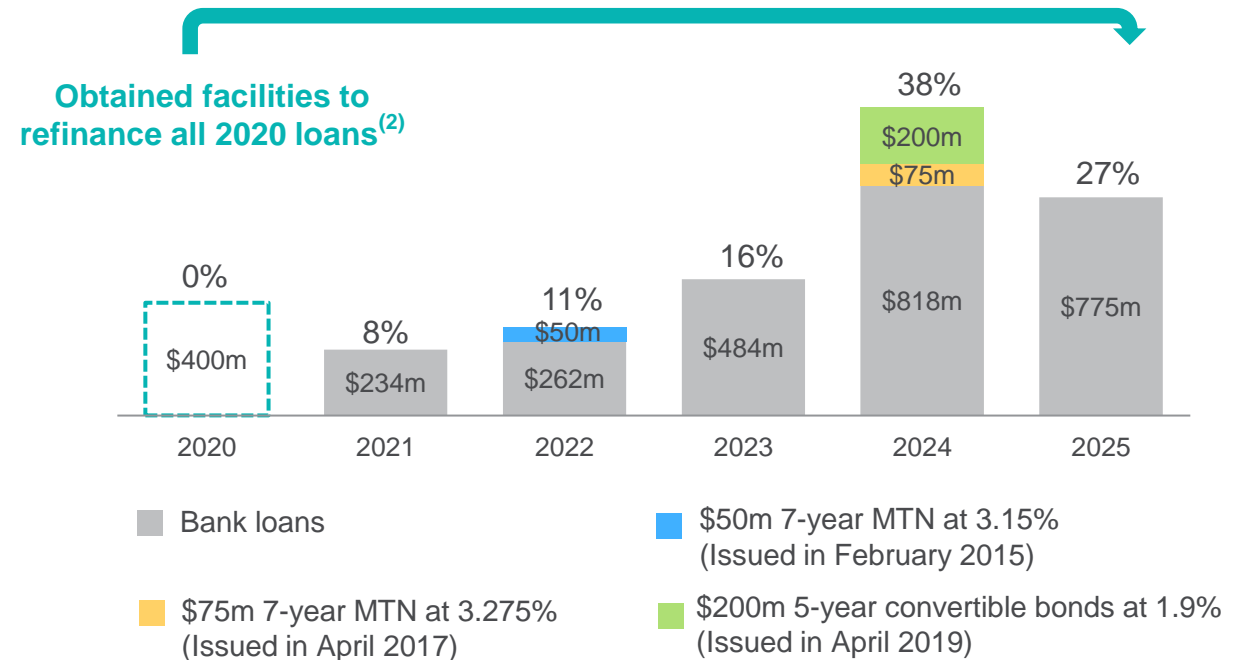
Effective Capital Management

- Refinanced majority of loans due in 2020 and received commitments for the remainder
- ~\$966 million of undrawn credit facilities, of which ~\$400 million are committed facilities
- Capital gains available from past divestments to enhance stability of distributions

Prudent Capital Management

- Healthy aggregate leverage of 36.2% and all-in interest rate of 2.58% p.a., with interest coverage ratio at 3.2x⁽¹⁾
- Extended weighted average term to maturity to 3.8 years
- No further loan refinancing for FY 2020

Debt Maturity Profile (As at 31 March 2020)



Note: All data as at 31 March 2020

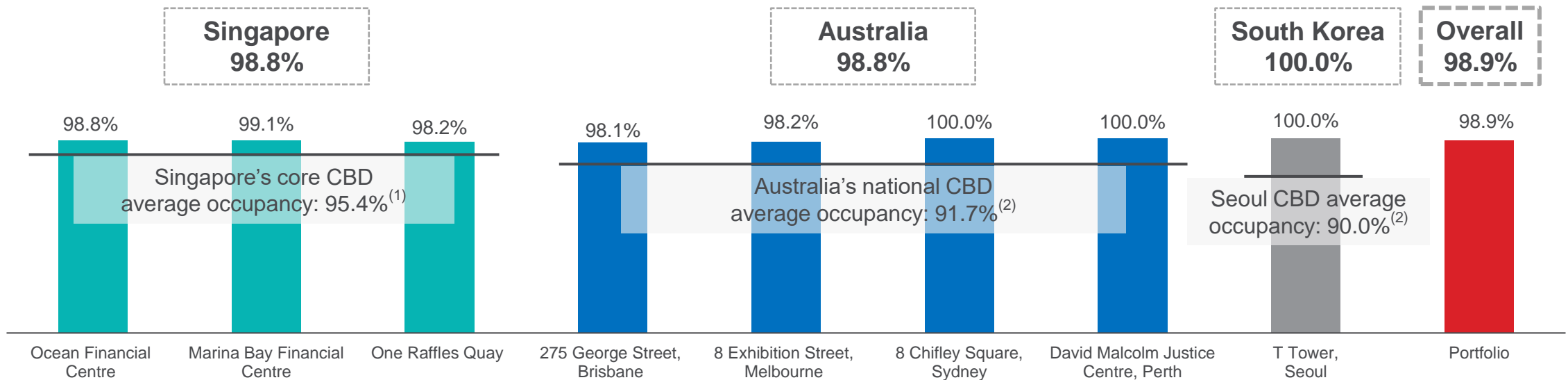
(1) Computed as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expense and borrowing-related fees, as defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore on 16 April 2020.

(2) Comprised loans refinanced in 1Q 2020 and facilities obtained to refinance the remaining loans due in 2020.

High Occupancy and Long WALE

- Portfolio committed occupancy as at end 1Q 2020 remains high at 98.9% and above market average
- Long overall portfolio WALE of 4.7 years; Top 10 tenants' WALE was 6.7 years

High Portfolio Committed Occupancy (As at 31 March 2020)



Sources: (1) CBRE, 1Q 2020 (2) JLL Research, 4Q 2019

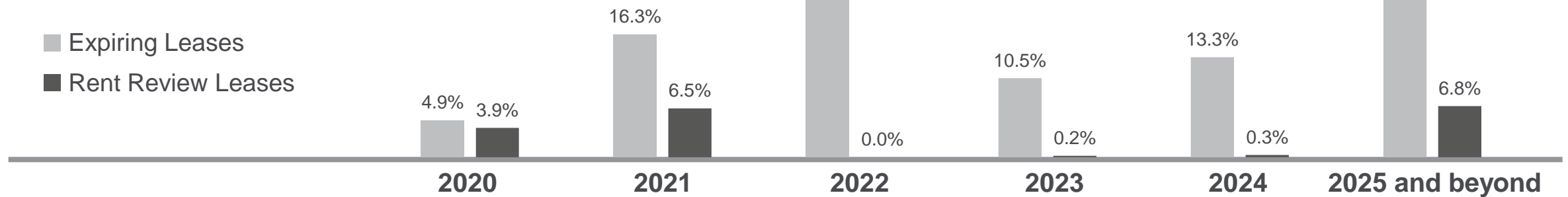
Note: Based on committed attributable area.

Well-Spread Lease Expiry Profile

- Only remaining 4.9% of leases expiring and 3.9% due for rent review in 2020⁽¹⁾
- Average expiring rents⁽²⁾ of Singapore office leases (psf pm): \$9.37 in 2020, \$9.75 in 2021 and \$10.20 in 2022

Lease Expiries and Rent Reviews

(Based on Committed Attributable NLA)



Lease Expiries and Rent Reviews (Based on Committed Attributable Gross Rent)

	2020	2021	2022	2023	2024	2025 and beyond
Expiring leases	4.7%	16.7%	22.4%	11.8%	14.8%	29.6%
Rent review leases	3.7%	7.0%	-	0.2%	0.4%	6.7%

Geographic Breakdown of Expiries and Rent Reviews ⁽¹⁾

	2020	2021	2022	2023	2024	2025 and beyond
Singapore	6.2%	19.8%	16.0%	9.5%	11.6%	17.7%
Australia	0.4%	1.4%	3.2%	0.9%	2.0%	20.7%
South Korea	2.2%	1.6%	3.1%	0.3%	-	-

Committed to Delivering Stable Income & Sustainable Returns

Portfolio Optimisation

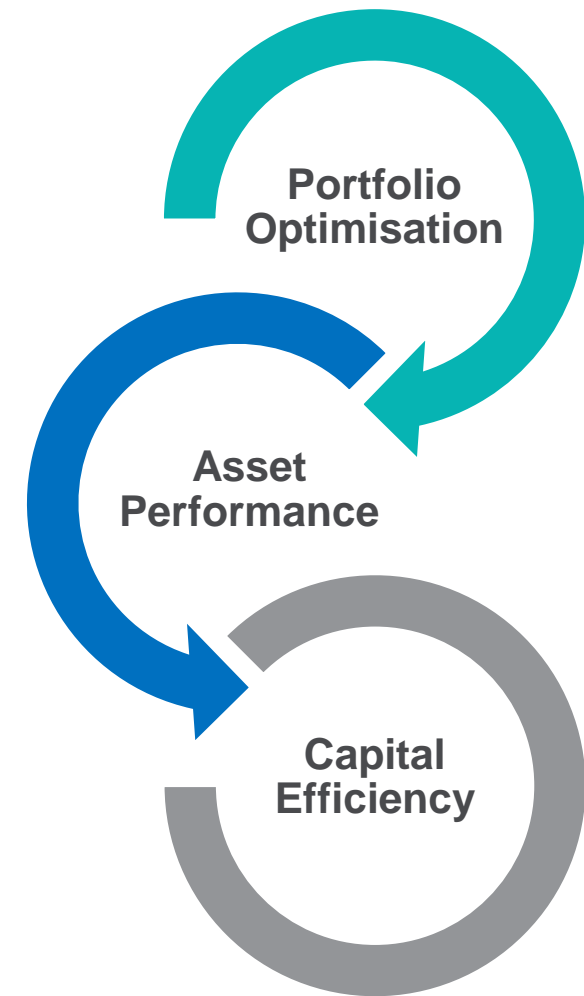
- Portfolio optimisation to improve yield, while maintaining exposure to Singapore CBD
- Hold quality assets across different markets for improved income stability and to provide more long-term growth opportunities

Asset Performance

- Drive individual asset performance with proactive leasing and cost management strategies
- Implement initiatives to future proof assets and enhance sustainability

Capital Efficiency

- Optimise capital structure to reduce borrowing costs and improve returns
- Manage debt maturities and hedging profiles to reduce risk



Thank You

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Sydney

