

The logo for Keppel REIT, featuring the word "Keppel" in white on a grey rectangular background, followed by "REIT" in red. The background of the entire slide is a low-angle photograph of several modern skyscrapers with blue-tinted glass facades, reaching towards a clear blue sky. A large, semi-transparent red arrow graphic points diagonally upwards from the bottom left towards the top right, partially overlapping the buildings and the text.

Keppel REIT

Citi-REITAS-SGX C-Suite

Singapore REITS & Sponsors Forum

25 August 2020

Sustainable Pan-Asian Portfolio with Income Resilience

98.6%

Strong committed occupancy with long weighted average lease expiry of 4.6 years

5.1%⁽¹⁾

Annualised distribution yield of Grade A commercial portfolio

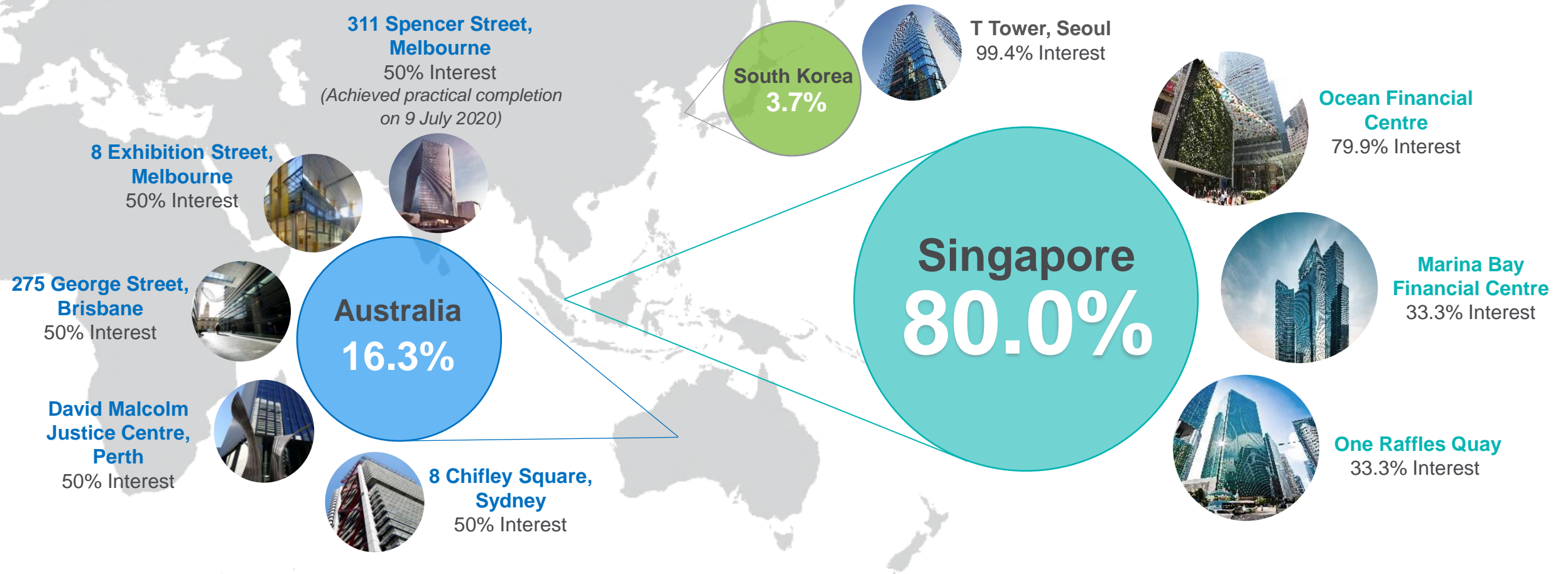
Green Awards

BCA Green Mark Platinum award for all Singapore assets; 5 Stars NABERS Energy rating for most Australian assets



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

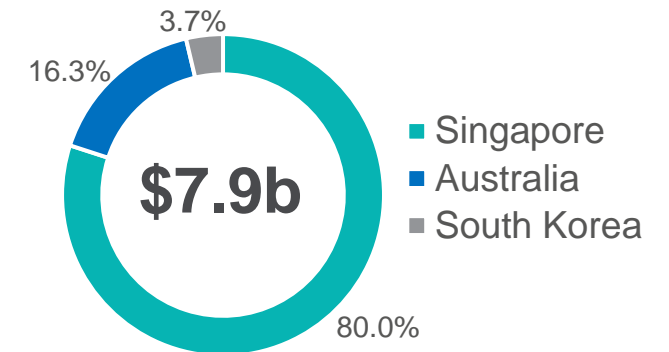


2Q 2020 Key Highlights

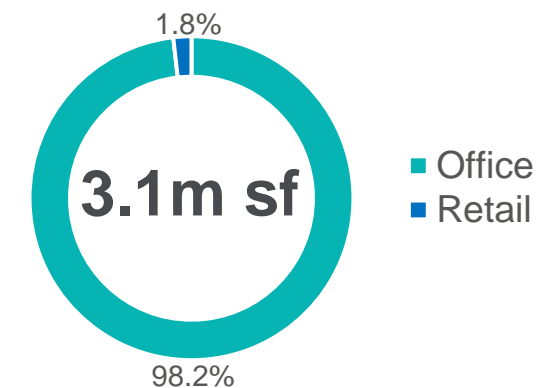
- 2Q 2020 Distribution per Unit (DPU) was 1.40 cents, an increase of 0.7% compared to 2Q 2019 and stable compared to 1Q 2020
- Implemented tenant support measures during the COVID-19 outbreak
- Borrowing cost was lower with all-in interest rate of 2.48% p.a., down from 2.86% year-on-year
- Building occupancy remains high with a committed occupancy of 98.6% and a long portfolio weighted average lease expiry of 4.6 years
- Achieved practical completion of 311 Spencer Street development in Melbourne on 9 July 2020



AUM by Geography (As at 30 Jun 2020)



Committed NLA by Asset Type (As at 30 Jun 2020)



Navigating the COVID-19 Situation

Developments on the ground

Singapore

- Gradual return of tenants to offices after the two-month “Circuit Breaker”; site visits by prospective tenants can resume with adherence to social distancing requirements
- On 5 June 2020, the COVID-19 (Temporary Measures) (Amendment) Bill was passed in Parliament and provides for co-sharing of rental waiver to eligible small and medium enterprises (SMEs) by the government and the landlord:
 - **Eligible retail SMEs, gyms and clinics:** two-month rental waiver by landlord, in addition to the pass-through of the 100% property tax rebate and cash grant from the government which amounts to approximately two months of rental
 - **Eligible office SMEs:** one-month rental waiver by landlord, on top of the pass-through of the 30% property tax rebate and cash grant from the government which amounts to approximately one month of rental

Australia

- Facilitating return of tenants to offices as restrictions are gradually eased in most states
- “Mandatory Code of Conduct” issued by the National Cabinet, focusing on SMEs with turnover below \$50m, which seeks to protect eligible tenants from termination of leases and entitles eligible tenants⁽¹⁾ to rent waivers and deferrals

South Korea

- Most tenants have been operating from T Tower, with adherence to social distancing advisory

Across Keppel REIT’s portfolio:



SMEs⁽²⁾ in portfolio

5.6%

of portfolio NLA



Tenant relief measures⁽²⁾

Approx. \$12.5m

including estimated \$9.2m of government property tax rebates and cash grant



Rental collection

98%

in 2Q 2020



Rental deferrals

\$1.6m

as at 30 Jun 2020

Facilitating Return to Workplaces

Examples of measures in place:

- Temperature scanning and contact tracing measures
- Interlinked building card access and lift destination control systems facilitate contactless entry and social distancing
- Regular purging of air from building
- Maintaining good air quality with advanced air filtration systems

Safe access

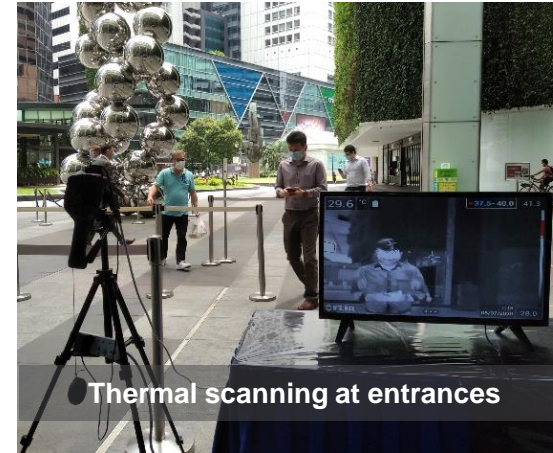
High indoor air quality



Increased disinfection

Technologically -sound environment

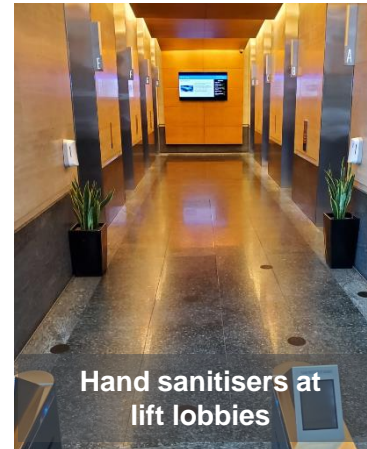
- Increased cleaning frequency of high contact areas
- Hand sanitisers at common areas
- Equipped with appropriate broadband network infrastructure to support internet bandwidth for tenants' video conferencing and meeting facilities



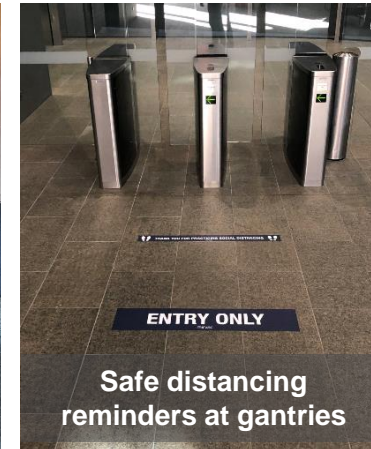
Thermal scanning at entrances



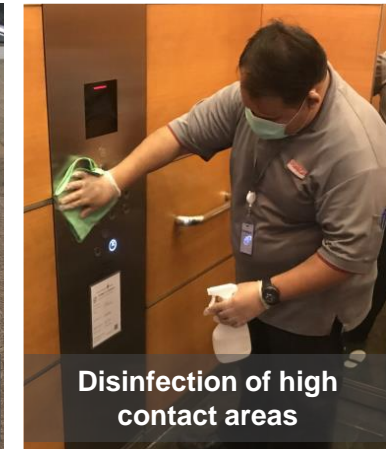
Safe distancing reminders on patrolling RoboGuard



Hand sanitisers at lift lobbies



Safe distancing reminders at gantries



Disinfection of high contact areas

Office Remains a Necessity

- Physical offices will remain a necessity, although the form and functions of the office will evolve

Varying adoption of telecommuting

- While firms will likely incorporate work-from-home, many functions will still require office space for social interaction, client engagement and collaboration.

Reversal of densification

- Space required for each employee may need to increase to incorporate social distancing, reversing the densification trend in the last two decades.

Shifts at measured pace

- Impact on office demand will likely be at a measured pace as existing leases are typically three to five years in duration.

Potential deferral of supply

- Ongoing developments may be delayed by social distancing restrictions at construction sites. Future developments may also be deferred or changed to non-office use.

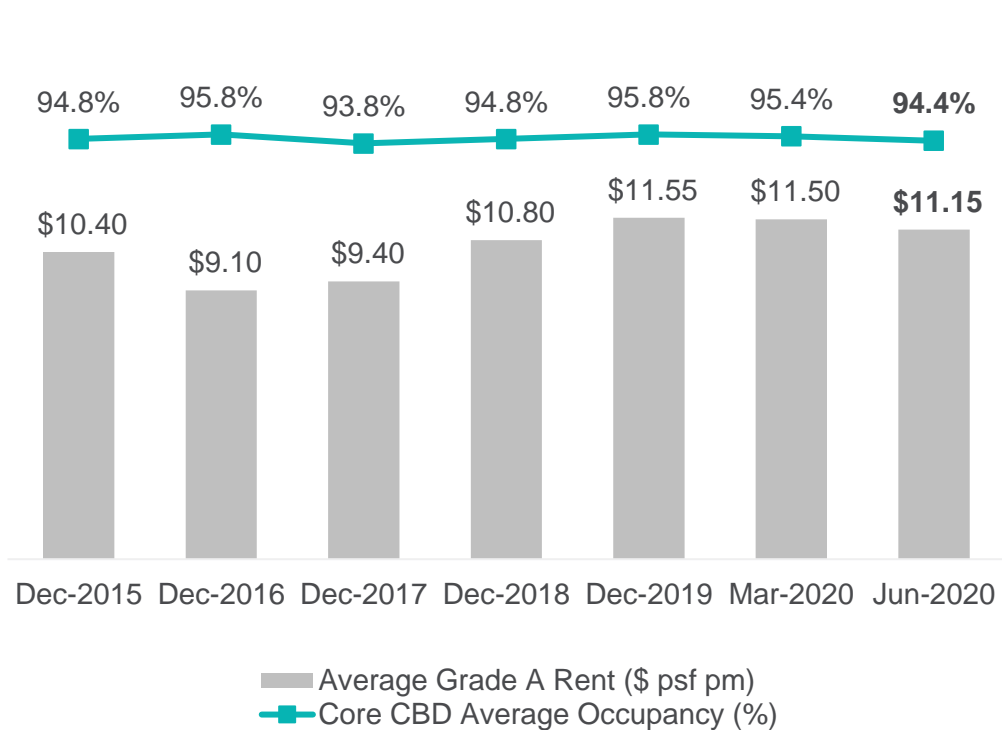
Keppel REIT will continue to optimise the portfolio and calibrate its leasing strategy to meet potential shifts in occupier demand



Singapore Office Market

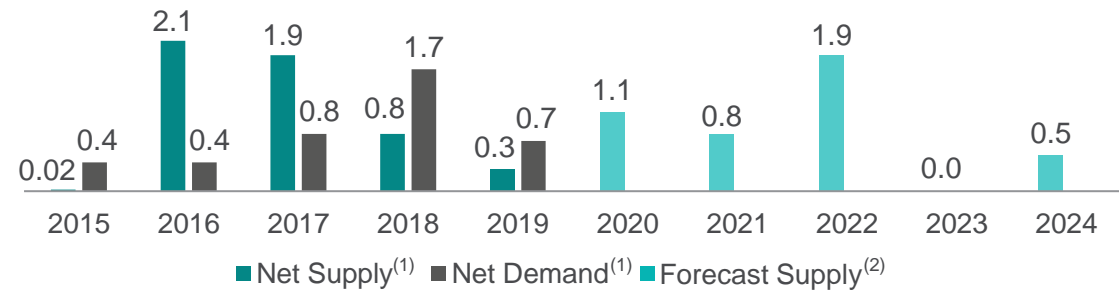
- Average Grade A office rents registered a decrease to \$11.15 psf pm in 2Q 2020 while average occupancy in core CBD decreased to 94.4%

Grade A Rent and Core CBD Occupancy



Source: CBRE, 2Q 2020.

Demand and Supply



Key Upcoming Supply in CBD⁽²⁾

Year	Project	Supply (sf)
2H 2020	Afro-Asia i-Mark	140,000
2021	CapitaSpring	635,000
	Hub Synergy Point Redevelopment	131,200
2022	Central Boulevard Towers	1,258,000
	Guoco Midtown	650,000
2023	-	-
2024	Keppel Towers Redevelopment	541,600

(1) Based on URA data on historical net demand and supply of office space in Downtown Core and Rest of Central Area. Supply is calculated as net change of stock over the year and may include office stock removed from market due to demolitions or change of use.

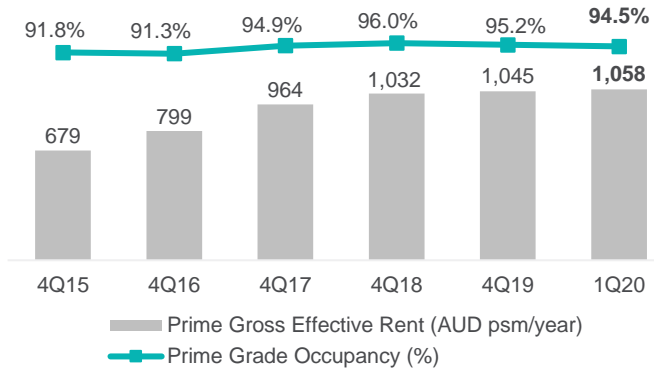
(2) Based on CBRE data on CBD Core and CBD Fringe.

Australia Office Market

- National CBD office market occupancy decreased slightly quarter-on-quarter from 91.7% as at end December 2019 to 91.6% as at end March 2020

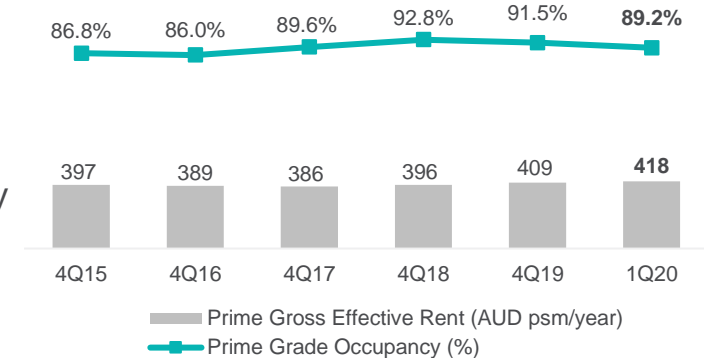
Sydney CBD

Prime Grade occupancy was lower at 94.5%



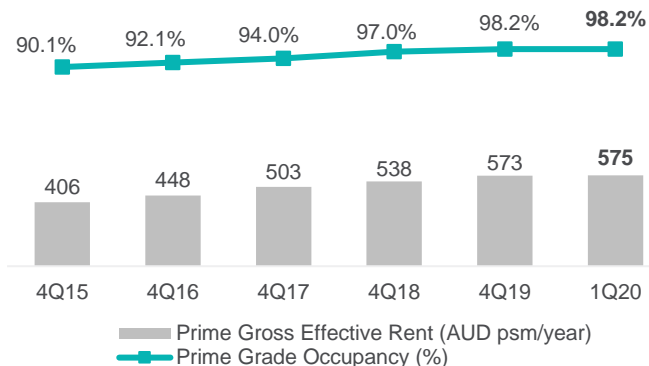
Brisbane CBD

Prime Grade occupancy was lower at 89.2%



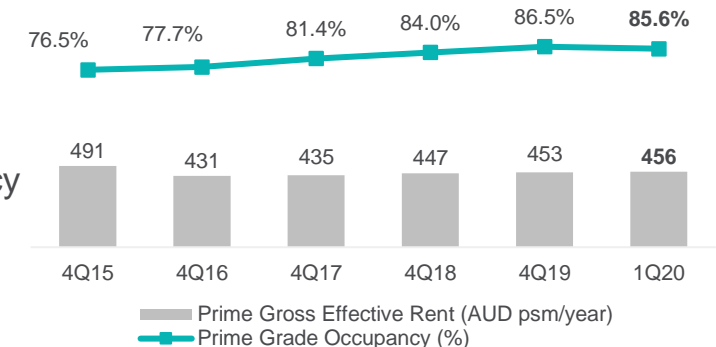
Melbourne CBD

Prime Grade occupancy was maintained at 98.2%



Perth CBD

Prime Grade occupancy was lower at 85.6%



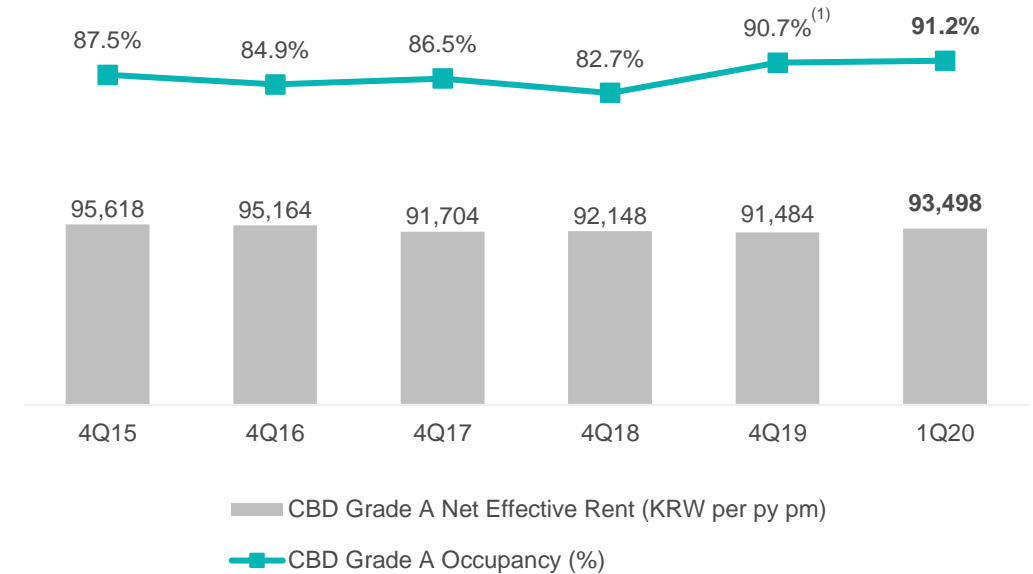
Source: JLL Research, 1Q 2020.

Seoul Office Market

- CBD Grade A occupancy improved from 90.7%⁽¹⁾ as at end December 2019 to 91.2% as at end March 2020



CBD Grade A Rent and Occupancy



Source: JLL Research, 1Q 2020.

(1) Based on JLL's revised 4Q 2019 Seoul CBD Grade A occupancy rate of 90.7% (previously reported as 90.0%).



1H 2020 Leasing Update

Total Leases Committed

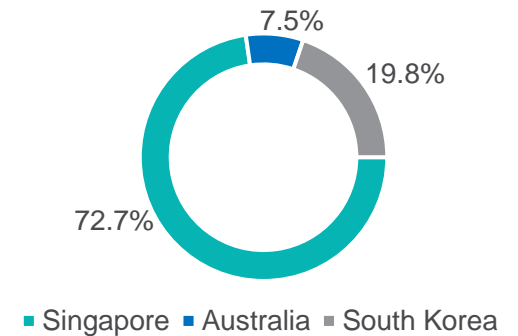
~623,200 sf

(Attributable ~267,800 sf)

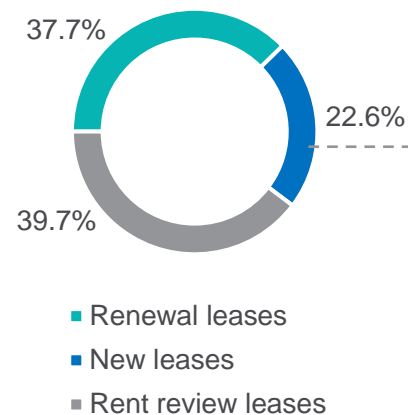
Retention Rate

71%⁽³⁾

Leases Committed by Geography⁽⁴⁾



Leases Committed by Type⁽⁴⁾



New leasing demand and expansions from:

Real estate and property services	41.9%
Technology, media and telecommunications	27.0%
Banking, insurance and financial services	15.2%
Energy, natural resources, shipping and marine	9.5%
Accounting and consultancy services	4.0%
Retail and F&B	2.4%

Average signing rent for Singapore office leases
~\$11.86⁽¹⁾ psf pm
 above Grade A core CBD market average
 of \$11.15⁽²⁾ psf pm

(1) For the Singapore office leases concluded in 1H 2020 and based on a simple average calculation. Weighted average signing rent was \$10.91 psf pm.

(2) Source: CBRE, 2Q 2020.

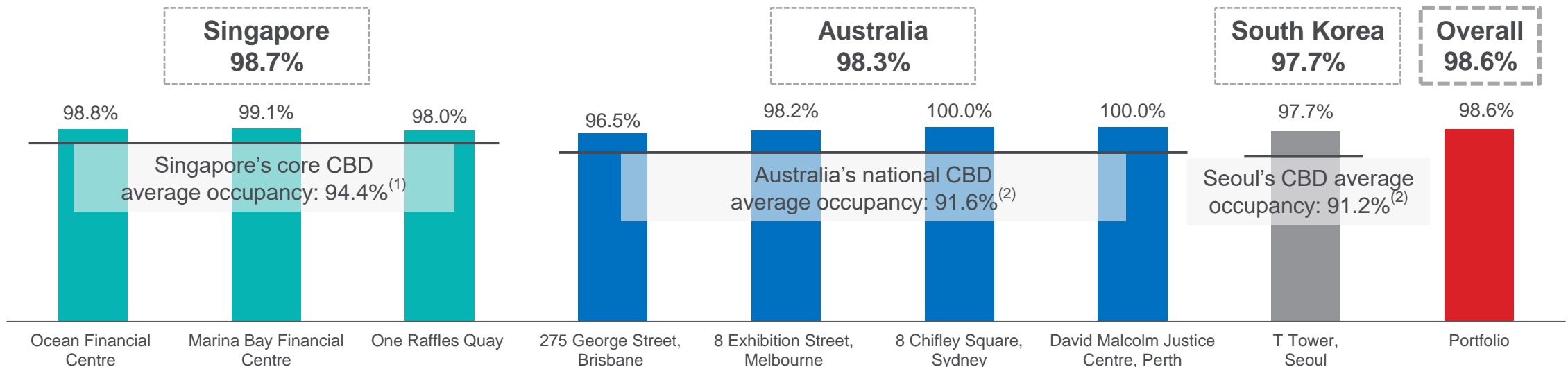
(3) For 1H 2020. Retention rate for 2Q 2020 was 91%.

(4) Based on committed attributable area.

High Occupancy and Long WALE

- HSBC Singapore's 10-year lease at Marina Bay Financial Centre commenced in May 2020
- High portfolio committed occupancy of 98.6%
- Long overall portfolio WALE of 4.6 years (Singapore portfolio: 3.5 years, Australia portfolio: 8.5 years, South Korea portfolio: 1.9 years); Top 10 tenants' WALE was 6.5 years

High Portfolio Committed Occupancy (As at 30 Jun 2020)



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

Note: Based on committed attributable area.

Resilient and Diversified Tenant Base

- Keppel REIT has a diversified tenant base of 340⁽¹⁾ tenants, many of which are established blue-chip corporations

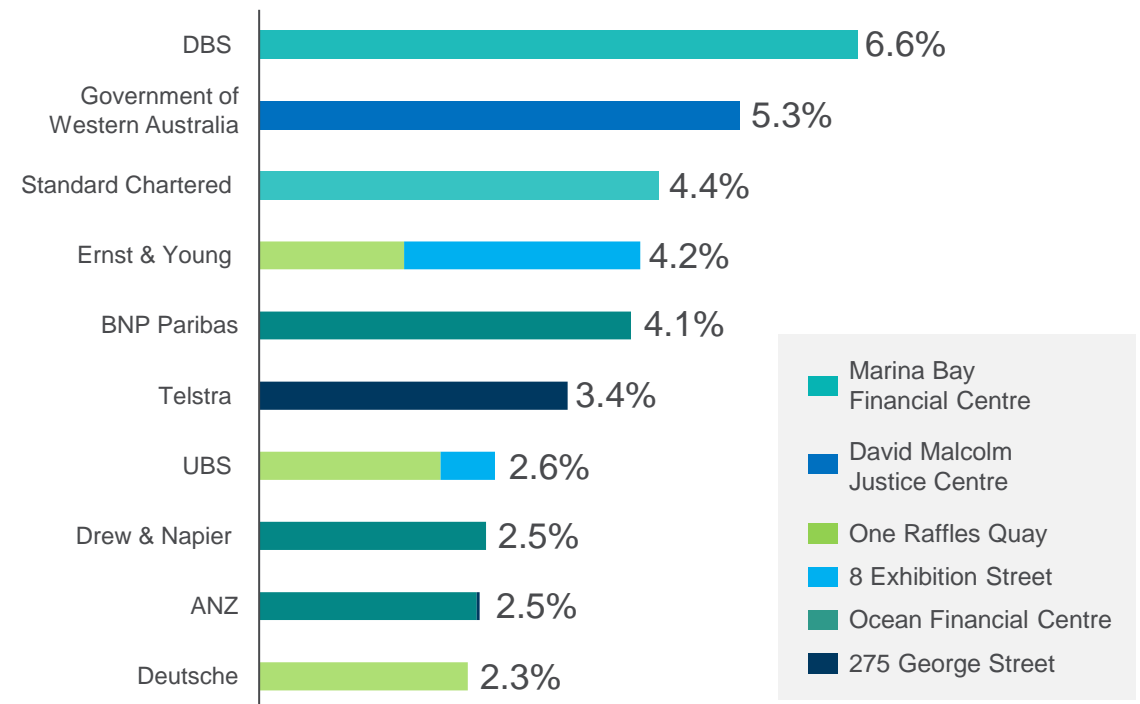
- Top 10 tenants take up 37.9% of NLA and contribute 34.9% of gross rent



Tenant Business Sector

Banking, insurance and financial services	40.3%
Technology, media and telecommunications	13.3%
Legal	8.8%
Energy, natural resources, shipping and marine	8.0%
Government agency	7.9%
Real estate and property services	6.4%
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	0.8%
Total	100%

Top 10 Tenants

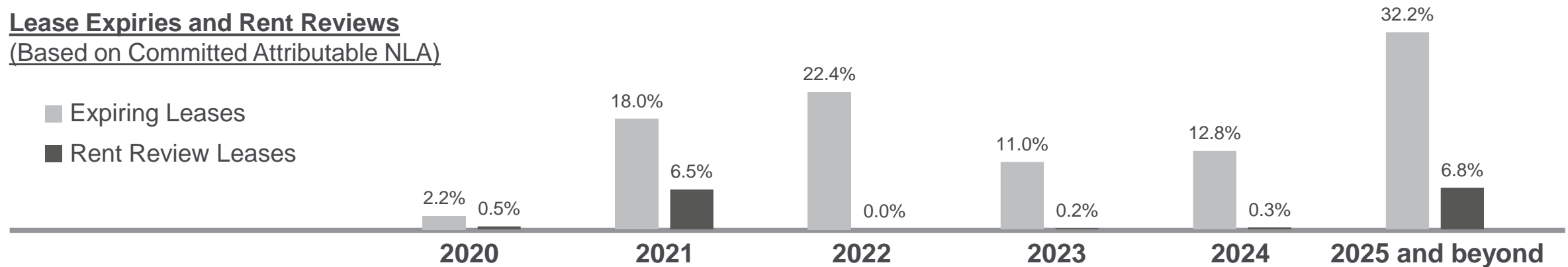


Lease Expiry Profile and Expiring Rents

- Only 2.2% of leases expiring and 0.5% due for rent review for the remainder of 2020⁽¹⁾
- Average expiring rents⁽²⁾ of Singapore office leases (psf pm): \$10.45 in 2020, \$9.73 in 2021 and \$10.22 in 2022

Lease Expiries and Rent Reviews

(Based on Committed Attributable NLA)



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

Expiring leases	2.4%	18.0%	22.4%	12.5%	14.3%	30.4%
Rent review leases	0.5%	7.0%	-	0.2%	0.4%	6.6%

Geographic Breakdown of Expiries and Rent Reviews ⁽¹⁾

Singapore	2.3%	19.6%	16.0%	10.0%	11.6%	17.9%
Australia	0.1%	1.8%	3.3%	0.9%	1.5%	20.8%
South Korea	0.3%	3.1%	3.1%	0.3%	-	0.3%

311 Spencer Street Achieves Practical Completion

Practical Completion:
9 July 2020



- Commencement of the 30-year lease for Victoria Police’s new headquarters contributes a steady income stream to Keppel REIT
- The Grade A office tower is designed to be an eco-icon in Melbourne and is powered by 100% renewable electricity as part of the City of Melbourne’s second Melbourne Renewable Energy Project

Victoria Police Centre at 311 Spencer Street, Melbourne

Ownership	50.0%
Attributable NLA	364,180 sf (33,833 sm)
Tenure	Freehold
Committed Occupancy	100%
Carrying Amount	A\$384.3 million ⁽¹⁾ (S\$372.5 million) ⁽²⁾
Initial NPI Yield	4.4% ⁽³⁾

(1) Based on “as is” valuation as at 31 December 2019, as well as progress payments and capitalised costs from 1 January 2020 to 9 July 2020.

Includes A\$5.4 million of estimated final payment to be made after 9 July 2020.

(2) Based on the exchange rate of A\$1 = S\$0.9695 as at 9 July 2020.

(3) Based on the carrying amount as at 9 July 2020 and expected NPI for the first 12 months of the lease.

Committed to Delivering Stable Income & Sustainable Returns

Portfolio Optimisation

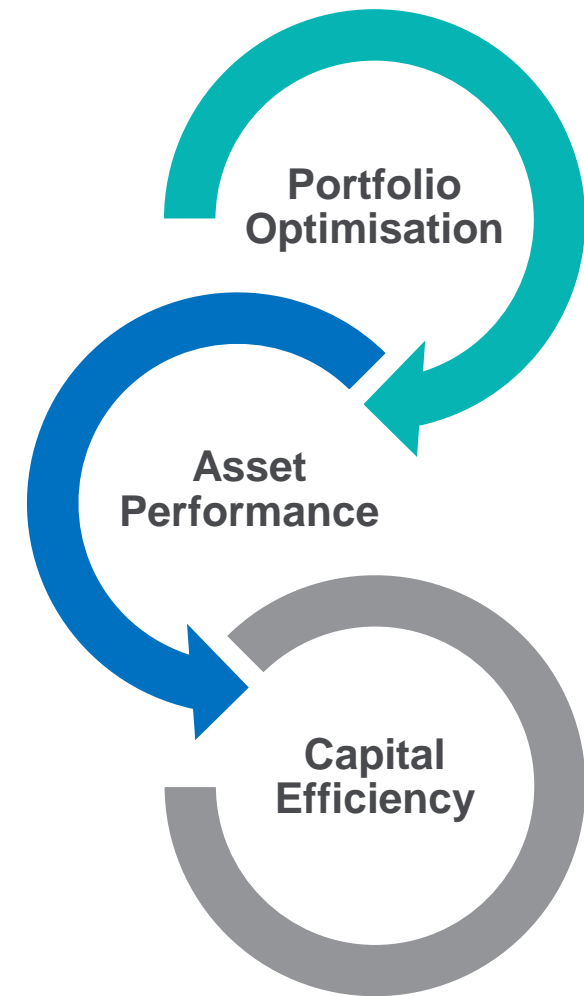
- Portfolio optimisation to improve yield, while maintaining exposure to Singapore CBD
- Hold quality assets across different markets for improved income stability and to provide more long-term growth opportunities

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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www.keppelreit.com

Connect with us on: 

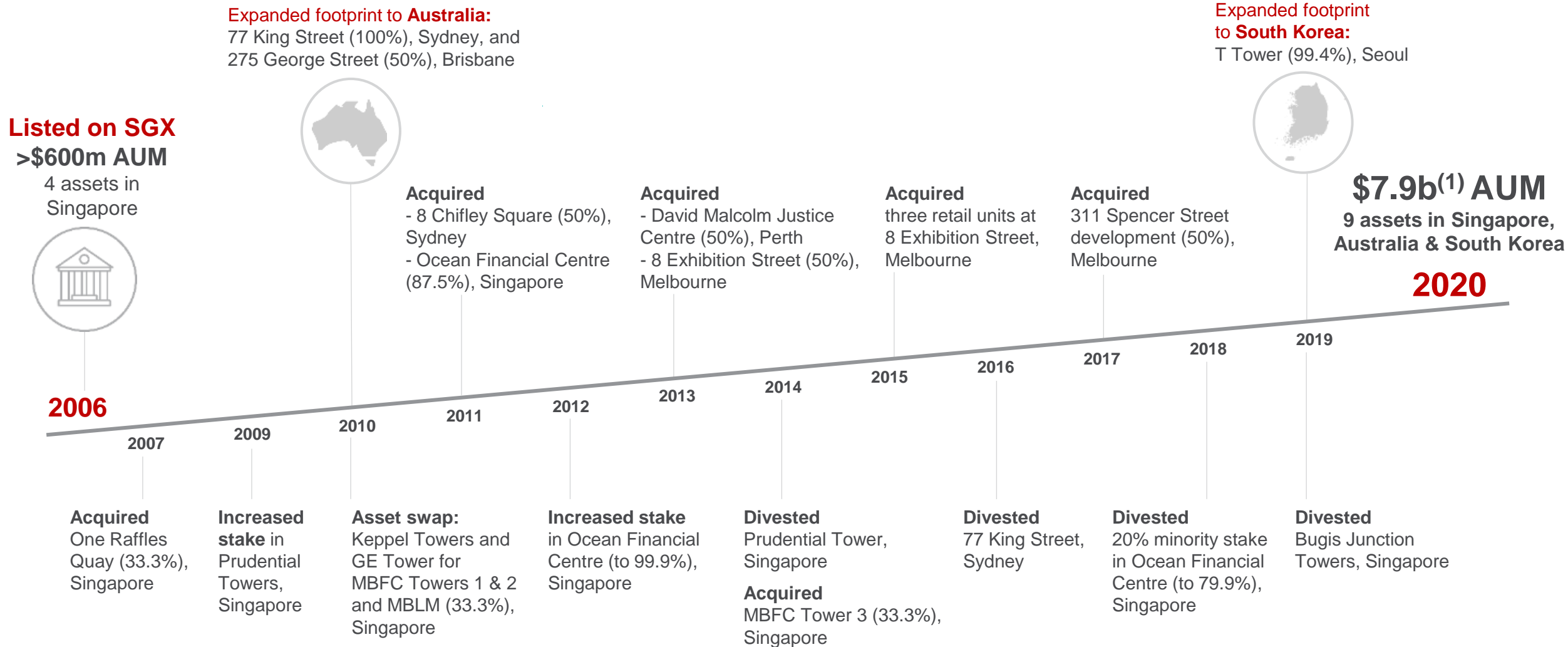
8 Chifley Square,
Sydney



Additional Information

T Tower, Seoul

Growth since Listing in 2006



Financial Performance

	2Q 2020	2Q 2019	+ / (-)	1H 2020	1H 2019	+ / (-)
Property Income	\$36.8 m	\$39.9 m	(7.9%)	\$75.5 m	\$79.9 m	(5.6%)
Net Property Income (NPI)	\$28.8 m ⁽¹⁾	\$31.1 m	(7.2%)	\$59.0 m	\$62.4 m	(5.4%)
Less: Attributable to Non-controlling Interests	(\$4.1 m)	(\$4.2 m)	(2.4%)	(\$8.4 m)	(\$8.3 m)	+2.2%
NPI Attributable to Unitholders	\$24.7 m	\$26.9 m	(8.0%)	\$50.6 m	\$54.1 m	(6.6%)
Share of Results of Associates and Joint Ventures	\$28.3 m ⁽²⁾	\$27.0 m	+4.8%	\$54.2 m	\$53.4 m	+1.5%
Distribution to Unitholders	\$47.5 m ⁽³⁾	\$47.3 m ⁽⁴⁾	+0.4%	\$94.8 m ⁽³⁾	\$94.6 m ⁽⁴⁾	+0.2%
DPU (cents)	1.40	1.39	+0.7%	2.80	2.78	+0.7%

2Q 2020 Distribution Timetable

Ex-Date: Mon, 27 Jul 2020

Record Date: Tue, 28 Jul 2020

Payment Date: Fri, 28 Aug 2020

(1) NPI was lower year-on-year due mainly to the divestment of Bugis Junction Towers in November 2019 and tenant relief measures implemented in view of COVID-19 outbreak, offset by contribution from T Tower which was acquired in May 2019.

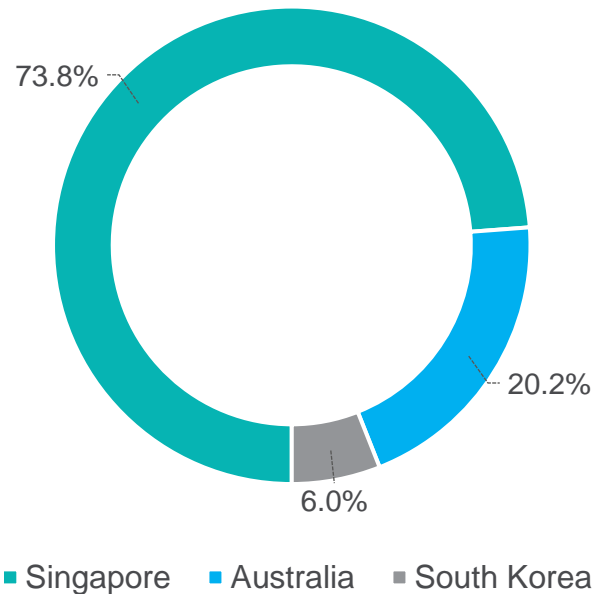
(2) Share of results of associates was higher year-on-year due mainly to lower borrowing costs, offset by tenant relief measures and lower carpark income during the COVID-19 outbreak. Share of results of joint ventures was lower year-on-year due mainly to depreciation of Australian dollar against Singapore dollar.

(3) Includes capital gains distribution of \$5.0 million for 2Q 2020 and \$10.0 million for 1H 2020.

(4) Includes capital gains distribution of \$3.0 million for 2Q 2019 and \$6.0 million for 1H 2019.

Income Contribution

Breakdown by Geography (For 1H 2020)



	1H 2020 \$'000	%	1H 2019 \$'000	%
Ocean Financial Centre	33,365	29.3	32,796	27.0
Marina Bay Financial Centre	38,241	33.6	42,373	34.9
One Raffles Quay	12,468	10.9	12,313	10.1
Bugis Junction Towers⁽¹⁾	-	-	8,003	6.6
8 Chifley Square	6,362	5.6	6,214	5.1
8 Exhibition Street	5,448	4.8	6,355	5.2
275 George Street	4,861	4.3	5,651	4.7
David Malcolm Justice Centre	6,296	5.5	6,399	5.3
T Tower⁽²⁾	6,868	6.0	1,311	1.1
Total	113,909	100.0	121,415	100.0

(1) Bugis Junction Towers was divested on 29 November 2019.

(2) Reflects the amount attributable to Unitholders based on an interest of 99.4% acquired on 27 May 2019.

Balance Sheet

	As at 30 Jun 2020	As at 31 Mar 2020	+/(-)
Deposited Property⁽¹⁾	\$8,078 m	\$8,013 m	+0.8%
Total Assets	\$7,482 m	\$7,437 m	+0.6%
Borrowings⁽²⁾	\$2,932 m	\$2,898 m	+1.2%
Total Liabilities	\$2,349 m	\$2,312 m	+1.6%
Unitholders' Funds	\$4,556 m	\$4,545 m	+0.2%
Adjusted NAV per Unit⁽³⁾	\$1.33	\$1.33	-

(1) Included interests in associates and joint ventures.

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

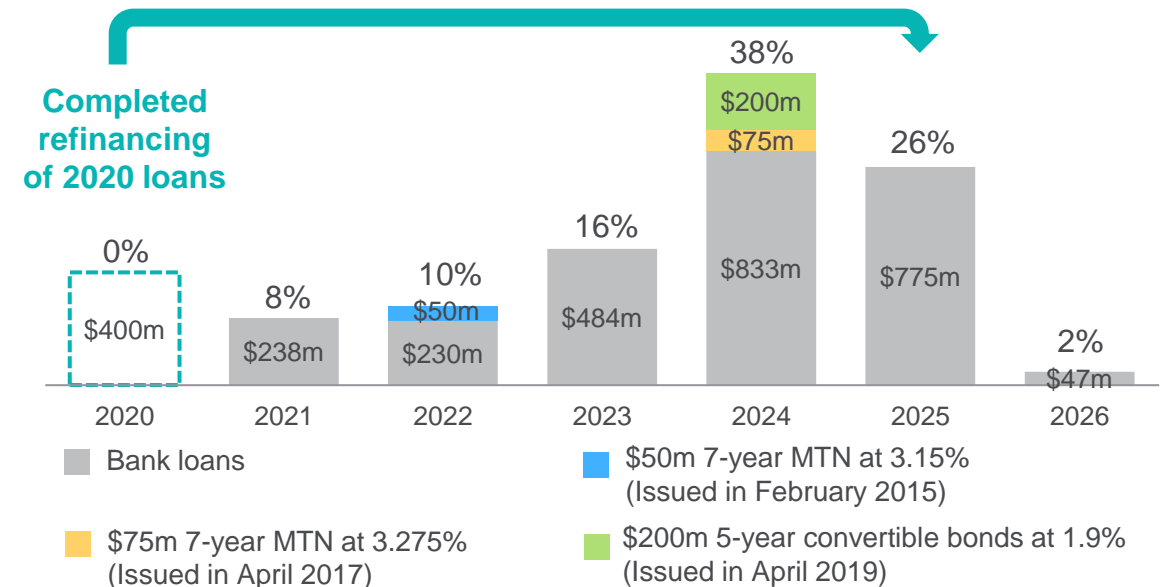
(3) For 30 June 2020 and 31 March 2020, these excluded the distributions to be paid in August 2020 and paid in May 2020 respectively.

Prudent Capital Management

- All-in interest rate reduced year-on-year from 2.86% to 2.48%
- Approximately \$938m of undrawn credit facilities available, including \$369m of committed facilities
- Capital gains available from past divestments to enhance stability of distributions

As at 30 Jun 2020	
Interest Coverage Ratio ⁽¹⁾	3.5x
All-in Interest Rate	2.48% p.a.
Aggregate Leverage	36.3%
Weighted Average Term to Maturity	3.6 years
Borrowings on Fixed Rates	79%
Unencumbered Assets	72%
Sensitivity to SOR ⁽²⁾	SOR ↑50bps = DPU ↓~0.07 cents

Debt Maturity Profile (As at 30 Jun 2020)



Portfolio Information: Singapore

	Ocean Financial Centre	Marina Bay Financial Centre ⁽⁴⁾	One Raffles Quay
Attributable NLA	700,504 sf	1,024,238 sf	441,424 sf
Ownership	79.9%	33.3%	33.3%
Principal tenants ⁽¹⁾	BNP Paribas, ANZ, Drew & Napier	DBS Bank, Standard Chartered Bank, Barclays	Deutsche Bank, Ernst & Young, UBS
Tenure	99 years expiring 13 Dec 2110	99 years expiring 10 Oct 2104 ⁽⁵⁾ and 7 Mar 2106 ⁽⁶⁾	99 years expiring 12 Jun 2100
Purchase Price (on acquisition)	S\$1,838.6m ⁽³⁾	S\$1,426.8m ⁽⁵⁾ S\$1,248.0m ⁽⁶⁾	S\$941.5m
Valuation ⁽²⁾	S\$2,099.8m	S\$1,695.3m ⁽⁵⁾ S\$1,297.0m ⁽⁶⁾	S\$1,254.3m
Capitalisation rates	3.50%	3.63% ⁽⁷⁾ ; 4.50% ⁽⁸⁾ ; 3.60% ⁽⁶⁾	3.63%

1) On committed gross rent basis.

2) Valuation as at 31 December 2019 based on Keppel REIT's interest in the respective properties.

3) Based on Keppel REIT's 79.9% of the historical purchase price.

4) Comprises Marina Bay Financial Centre (MBFC) Towers 1, 2 and 3 and Marina Bay Link Mall (MBLM).

5) Refers to MBFC Towers 1 and 2 and MBLM.

6) Refers to MBFC Tower 3.

7) Refers to MBFC Towers 1 and 2.

8) Refers to MBLM.

Portfolio Information: Australia & South Korea

	8 Chifley Square, Sydney	8 Exhibition Street, Melbourne ⁽³⁾	275 George Street, Brisbane	David Malcolm Justice Centre, Perth	311 Spencer Street, Melbourne <i>(Practical completion on 9 July 2020)</i>	T Tower, Seoul
Attributable NLA	104,055 sf	244,659 sf	224,537 sf	167,784 sf	364,180 sf	226,949 sf
Ownership	50.0%	50.0%	50.0%	50.0%	50.0%	99.4%
Principal tenants ⁽¹⁾	Corrs Chambers Westgarth, Quantum, QBE Insurance	Ernst & Young, Amazon, Minister for Finance - State of Victoria	Telstra, Queensland Gas Company, The State of Queensland ⁽⁶⁾	Minister for Works - Government of Western Australia	Minister for Finance - State of Victoria	Hankook Corporation, SK Communications, Philips Korea
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	99 years expiring 30 Aug 2114	Freehold	Freehold
Purchase Price (on acquisition)	A\$165.0m S\$197.8m	A\$168.8m S\$201.3m ⁽³⁾	A\$166.0m S\$209.4m	A\$165.0m S\$208.1m	A\$347.8m S\$362.4m ⁽⁷⁾	KRW252.6b S\$292.0m ⁽⁹⁾
Valuation ⁽²⁾	A\$240.0m S\$222.2m	A\$265.3m S\$245.6m ⁽³⁾	A\$250.0m S\$231.4m	A\$232.5m S\$215.2m	A\$384.3m S\$372.5m ⁽⁸⁾	KRW259.0b S\$299.9m
Capitalisation rates	4.75%	5.00% ⁽⁴⁾ ; 4.50% ⁽⁵⁾	5.00%	5.38%	4.50%	4.50%

1) On committed gross rent basis.

2) Valuation as at 31 December 2019 based on Keppel REIT's interest in the respective properties and on the exchange rates of A\$1 = S\$0.9257 and KRW 1,000 = S\$1.158.

3) Keppel REIT owns a 50% interest in the 8 Exhibition Street office building and a 100% interest in the three adjacent retail units.

4) Refers to Keppel REIT's 50% interest in the office building.

5) Refers to Keppel REIT's 100% interest in the three adjacent retail units.

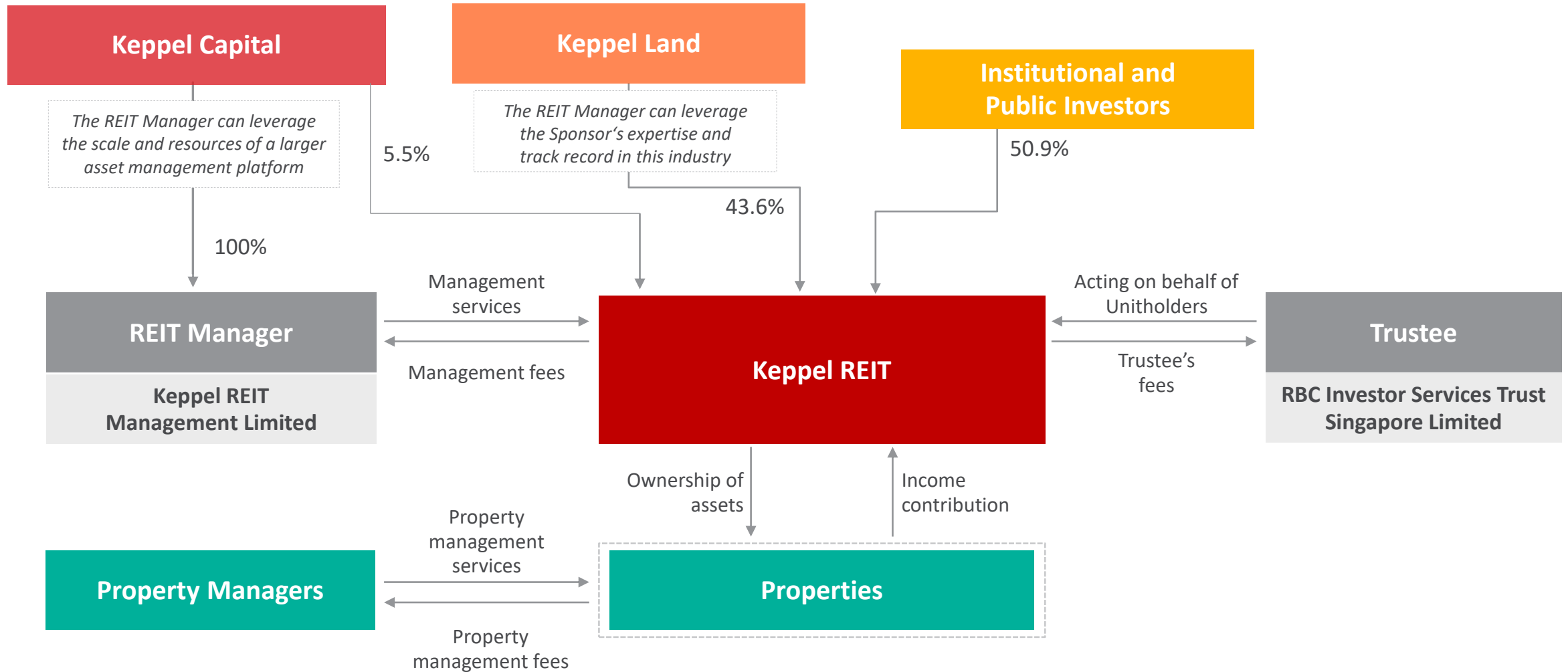
6) Refers to the Department of Housing and Public Works – The State of Queensland.

7) Based on the aggregate consideration paid-to-date and to be paid, including development costs of the building, at the exchange rate of A\$1=S\$1.042 as disclosed in the announcement dated 29 June 2017.

8) Carrying amount based on "as is" valuation as at 31 December 2019, as well as progress payments and capitalised costs from 1 January 2020 to 9 July 2020. Includes A\$5.4 million of estimated final payment to be made after 9 July 2020. Based on the exchange rate of A\$1 = S\$0.9695 as at 9 July 2020.

9) Based on Keppel REIT's interest in T Tower and an exchange rate of KRW 1,000 = S\$1.156 used for payment.

Keppel REIT Structure



Note: As of 30 June 2020.

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