

The logo for Keppel REIT, featuring the word "Keppel" in white and "REIT" in red, with a red diagonal line above the "K".

Keppel REIT

Citi Pan-Asia Regional Investor Conference

3 Jun 2021



Outline

- Portfolio Overview 3
- Market Review 11
- Additional Information 16

Constituent of:



FTSE ST Large &
Mid Cap Index



FTSE EPRA Nareit Global
Developed Index



GPR 250
Index Series



MSCI Singapore
Small Cap Index

IMPORTANT NOTICE: The past performance of Keppel REIT is not necessarily indicative of its future performance. Certain statements made in this presentation may not be based on historical information or facts and may be “forward-looking” statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments or shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Prospective investors and unitholders of Keppel REIT (“Unitholders”) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel REIT Management Limited, as manager of Keppel REIT (the “Manager”) on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this presentation. None of the Manager, the trustee of Keppel REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of units in Keppel REIT (“Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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

Sustainable Pan-Asian Portfolio with Income Resilience

\$8.9b

Grade A commercial portfolio with strong committed occupancy to an established and diversified tenant base

Singapore,
77.4%



Australia,
19.2%

South
Korea,
3.4%



ESG Awards

- **BCA Green Mark Platinum** award for all Singapore assets
- 5 Stars and above in the **NABERS Energy** rating for most Australian assets



ESG Benchmarking

- **ISS ESG corporate rating** – Prime status
- **Global Real Estate Sustainability Benchmark (GRESB)** – Green Star status

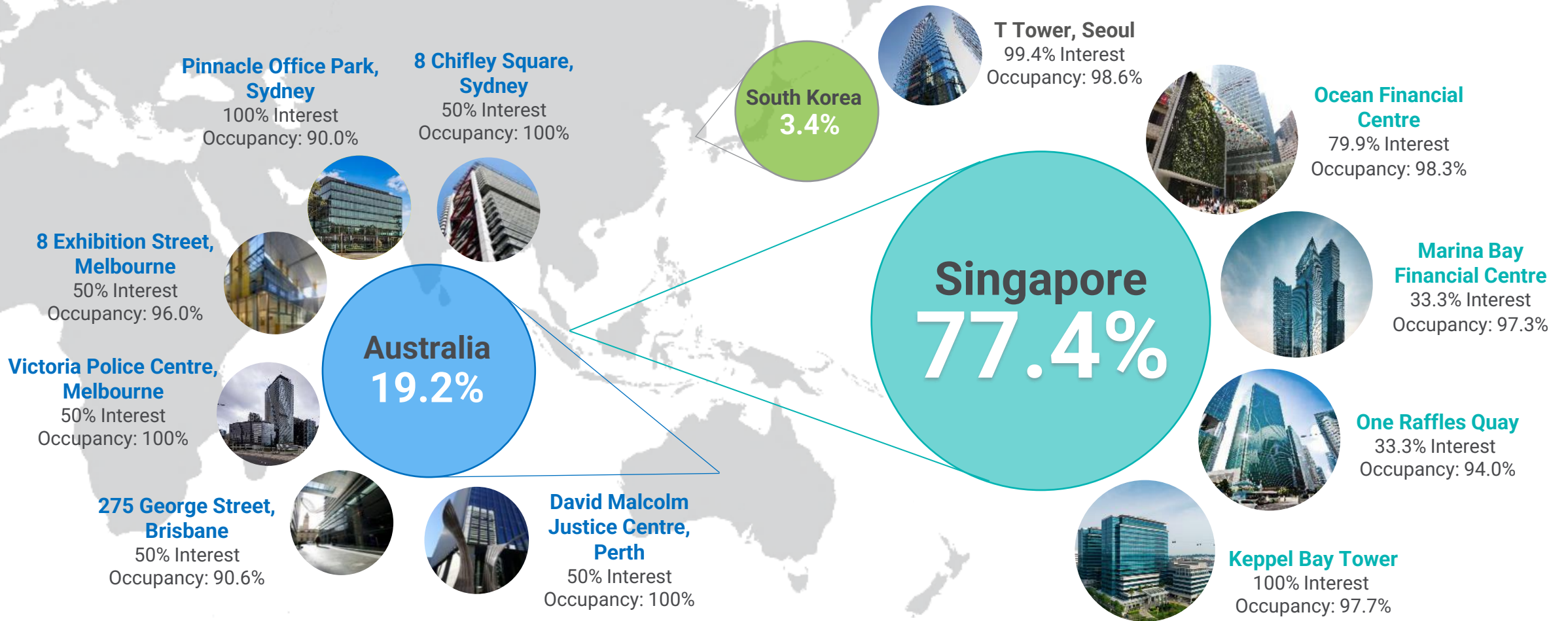


ESG Indices

- **iEdge SG ESG Transparency Index**
- **iEdge SG ESG Leaders Index**

Grade A Portfolio with High Occupancy and Long WALE

\$8.9 billion portfolio in key business districts of Singapore, Australia and South Korea enhances income diversification and long-term stability



Key Highlights



\$51.6m

1Q 2021 distributable income from operations⁽¹⁾

Up 22.0% y-o-y

\$270.0m

Gross proceeds raised from the private placement⁽²⁾ that was approximately 4.6 times covered

35.2%

Aggregate leverage as at 31 Mar 2021

Low all-in interest rate of 2.01% p.a.



96.5%

High portfolio committed occupancy as at 31 Mar 2021

6.7 years

Long portfolio weighted average lease expiry (WALE) as at 31 Mar 2021

Top 10 tenants' WALE was 11.8 years

Pinnacle Office Park

Commencement of income contribution in 1Q 2021, after acquisition completion on 31 Dec 2020



Keppel Bay Tower

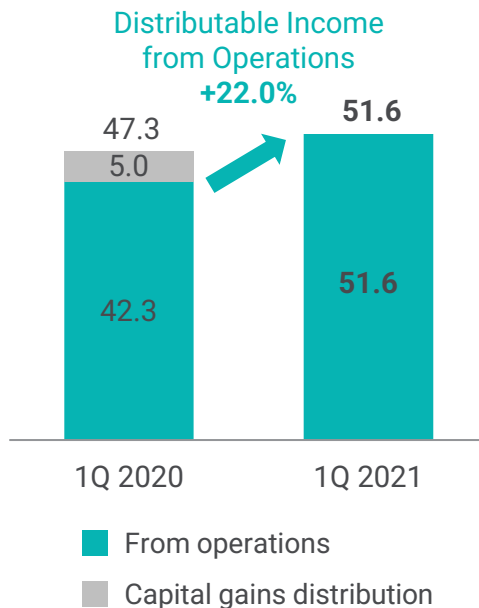
Acquisition of Grade A office building in the Keppel Bay waterfront precinct has been completed on 18 May 2021

Financial Performance

Achieved year-on-year growth in distributable income from operations due mainly to:

- Contributions from Victoria Police Centre and Pinnacle Office Park, higher one-off income as well as lower borrowing costs
- Offset by the impact of slightly lower portfolio occupancy

Distributable Income (\$m)



| | 1Q 2021 | 1Q 2020 | + / (-) |
|---|------------------------------|----------------|---------------|
| Property Income⁽¹⁾ | \$51.1m | \$38.7m | +32.0% |
| Net Property Income (NPI) | \$40.7m | \$30.2m | +34.8% |
| Less: Attributable to Non-controlling Interests | (\$4.3m) | (\$4.3m) | - |
| NPI Attributable to Unitholders | \$36.4m | \$25.9m | +40.5% |
| Share of Results of Associates⁽²⁾ | \$24.9m | \$19.0m | +31.1% |
| Share of Results of Joint Ventures⁽³⁾ | \$7.7m | \$6.9m | +11.6% |
| Distributable Income from Operations | \$51.6m⁽⁴⁾ | \$42.3m | +22.0% |
| Capital Gains Distribution | N.a. ⁽⁵⁾ | \$5.0m | N.m. |

N.m. = Not meaningful

(1) Property income relates to income from directly-held properties including Ocean Financial Centre, 50% interest in 275 George Street, 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units, T Tower, Victoria Police Centre after it achieved practical completion on 9 Jul 2020, and Pinnacle Office Park after it was acquired on 31 Dec 2020.

(2) Share of results of associates relates to Keppel REIT's one-third interests in One Raffles Quay and Marina Bay Financial Centre.

(3) Share of results of joint ventures relates to Keppel REIT's 50% interests in 8 Chifley Square and David Malcolm Justice Centre.

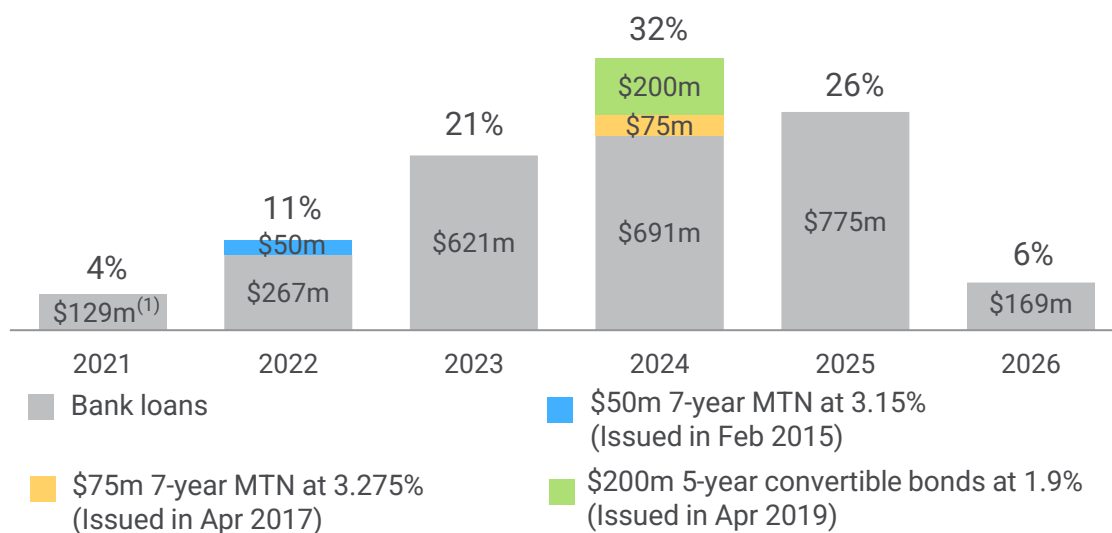
(4) Includes advanced distribution of \$32.2m (0.94 cents per Unit) for the period from 1 Jan 2021 to 28 Feb 2021 that was paid to eligible Unitholders on 31 Mar 2021, in connection with the private placement launched on 18 Feb 2021. Distribution for the period from 1 Mar 2021 to 30 Jun 2021 will be disclosed at the 1H 2021 results announcement.

(5) Any distribution of capital gains for 1H 2021 will be disclosed at the 1H 2021 results announcement.

Prudent Capital Management

- All-in interest rate reduced year-on-year to 2.01% p.a. from 2.58% p.a.
- Successful private placement of 238.9m new Units to partially fund the acquisition of Keppel Bay Tower, as well as increase Keppel REIT's free float and liquidity
- Green loans represented approximately 25% of Keppel REIT's attributable share of total borrowings, including the additional A\$50m green loan facility obtained in 1Q 2021

Debt Maturity Profile (As at 31 Mar 2021)



| As at 31 Mar 2021 | |
|--|--------------------------------|
| Adjusted NAV per Unit ⁽²⁾ | \$1.29 |
| Interest Coverage Ratio ⁽³⁾ | 3.7x |
| All-in Interest Rate | 2.01% p.a. |
| Aggregate Leverage | 35.2% ⁽⁴⁾ |
| Weighted Average Term to Maturity | 3.0 years |
| Borrowings on Fixed Rates | 85% |
| Undrawn Credit Facilities | \$1,059m (\$592m committed) |

(1) Obtained loan facilities to refinance all outstanding loans in 2021 as at the date of announcement.

(2) Excluded the distributable income for the period 1 Mar 2021 to 31 Mar 2021 to be paid in Aug 2021.

(3) 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, borrowing-related fees and distributions on hybrid securities.

(4) Assuming the acquisition of Keppel Bay Tower was completed as at 31 Mar 2021, the aggregate leverage would have been 39.4%.

Established and Diversified Tenant Base

- Keppel REIT has a diversified tenant base of 354⁽¹⁾ tenants, many of which are established blue-chip corporations

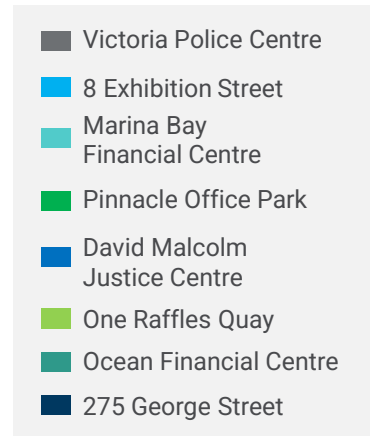
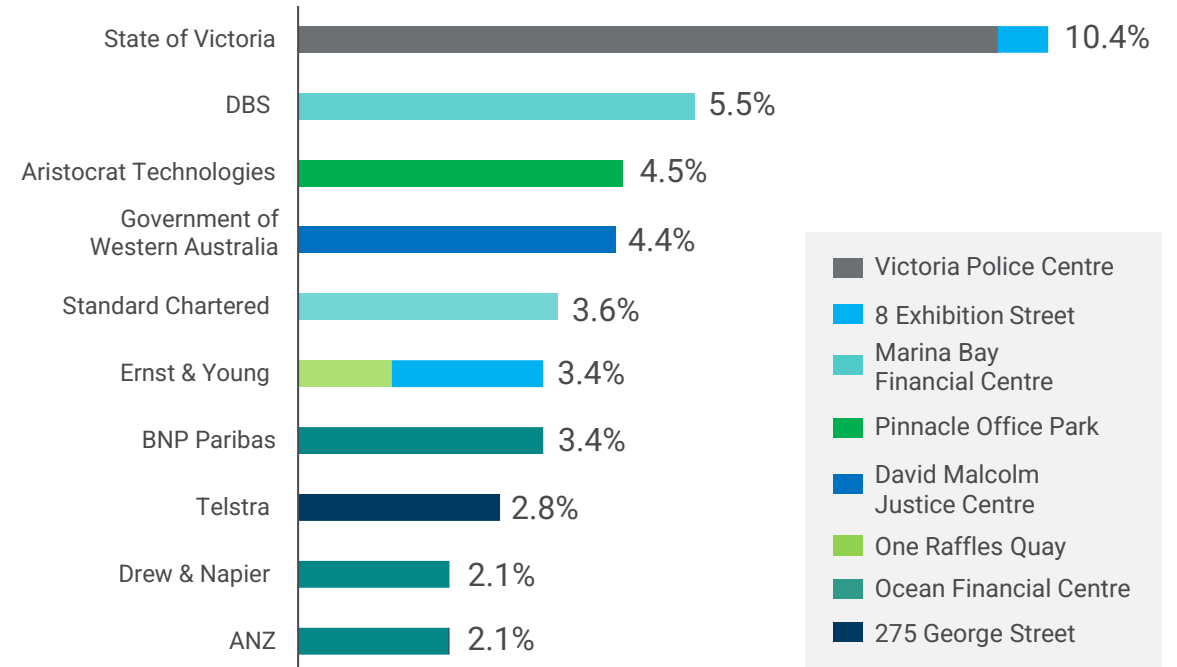
- Top 10 tenants take up 42.2% of NLA and contribute 37.3% of gross rent



Tenant Business Sector

| | |
|--|-------------|
| Banking, insurance and financial services | 32.0% |
| Government agency | 16.3% |
| Technology, media and telecommunications | 15.8% |
| Legal | 7.4% |
| Energy, natural resources, shipping and marine | 6.5% |
| Real estate and property services | 4.9% |
| Accounting and consultancy services | 4.8% |
| Services | 4.6% |
| Manufacturing and distribution | 4.2% |
| Retail and food & beverage | 2.8% |
| Others | 0.7% |
| Total | 100% |

Top 10 Tenants



1Q 2021 Portfolio Update

Managing the COVID-19 Situation:

- Keppel REIT's quality office portfolio and high-quality tenant profile continue to provide income stability and resilience
- The Manager will continue to implement strict safe management measures and leverage technology at Keppel REIT's properties to provide a safe and conducive work environment for building occupants



Rental collection⁽¹⁾

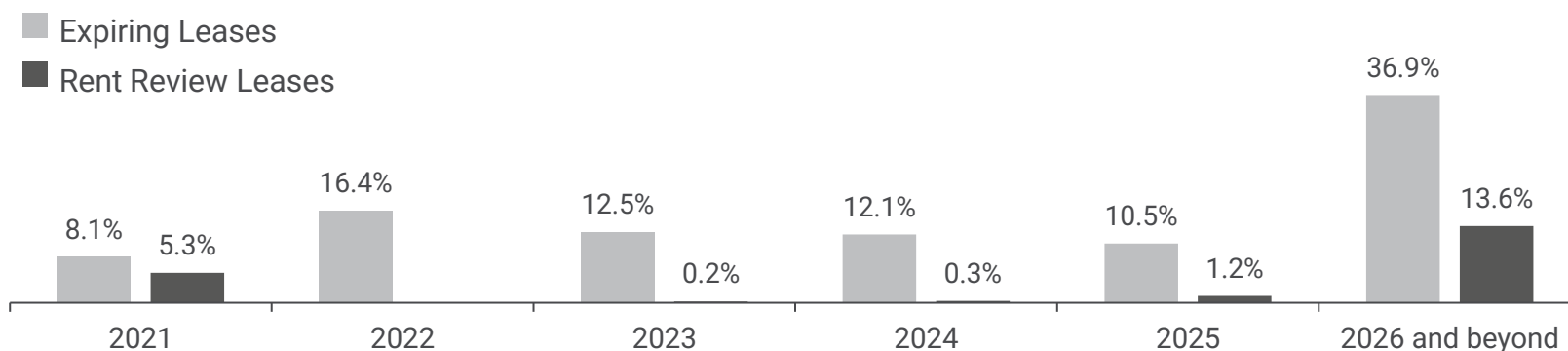
99%
in 1Q 2021



Tenant relief measures

Approx. \$0.1m
granted in 1Q 2021

Lease Expiries and Rent Reviews⁽²⁾



- Average signing rent for Singapore office leases concluded in 1Q 2021 was \$10.64⁽³⁾ psf pm
- Average expiring rents⁽⁴⁾ of Singapore office leases (psf pm): \$9.98 in 2021, \$10.27 in 2022 and \$10.96 in 2023

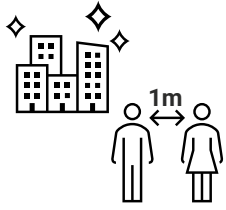
(1) Rent deferrals are excluded from rental collection in 1Q 2021.

(2) Based on committed attributable area.

(3) Based on a weighted average calculation. Simple average signing rent was \$10.94 psf pm.

(4) Weighted average based on attributable NLA of office lease expiries and reviews in Singapore.

Operating in the New Environment



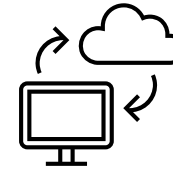
Wellness

Strong hygiene, air quality and safe management measures to enhance well-being and safety



Flexibility

Incorporation of flexibility into office design and work arrangement to facilitate collaboration and increase resilience



Technology

Robust IT infrastructure and smart building technology to support tenant requirements, enhance workplace safety and optimise energy consumption



Ocean Financial Centre (pictured):
Singapore's first commercial building to achieve the WELL Health-Safety rating by the International WELL Building Institute

Keppel REIT will continue to optimise the portfolio and calibrate its leasing strategy to meet tenants' evolving business needs

- Build a robust portfolio with strong operational excellence which would be well sought after by tenants in view of health, environmental and business continuity considerations
- Proactive tenant engagement to develop mutually beneficial lease arrangements, as well as position Keppel REIT for the next leasing cycle

Market Review

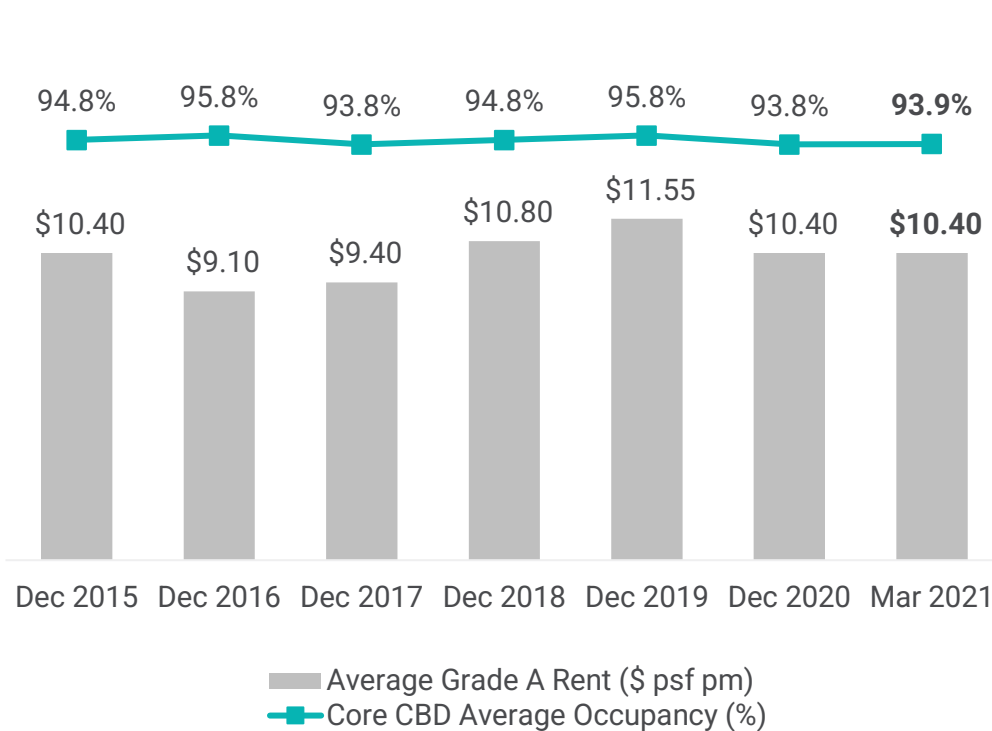
T Tower,
Seoul



Singapore Office Market

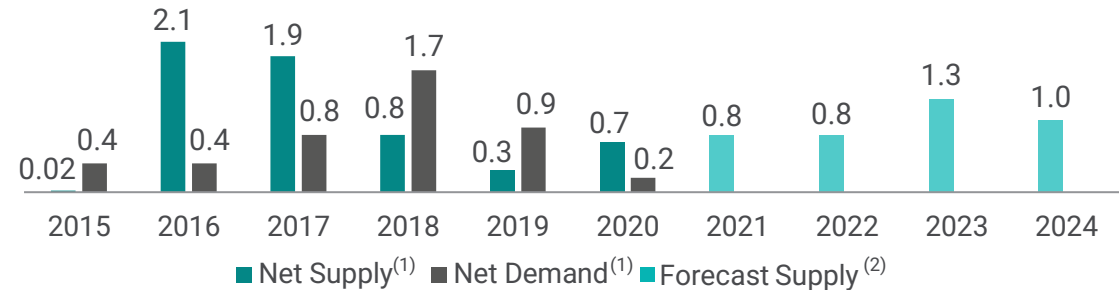
- Average core CBD Grade A office rents remained stable at \$10.40 psf pm in 1Q 2021 while average occupancy in core CBD increased slightly to 93.9%

Grade A Rent and Core CBD Occupancy



Source: CBRE, 1Q 2021.

Demand and Supply



Key Upcoming Supply in CBD⁽²⁾

| Year | Project | sf |
|------|---------------------------------|-----------|
| 2021 | Afro-Asia i-Mark | 140,000 |
| | CapitaSpring | 635,000 |
| 2022 | Guoco Midtown | 650,000 |
| | Hub Synergy Point Redevelopment | 131,200 |
| 2023 | Central Boulevard Towers | 1,258,000 |
| 2024 | Keppel Towers Redevelopment | 522,800 |
| | Shaw Towers Redevelopment | 435,600 |

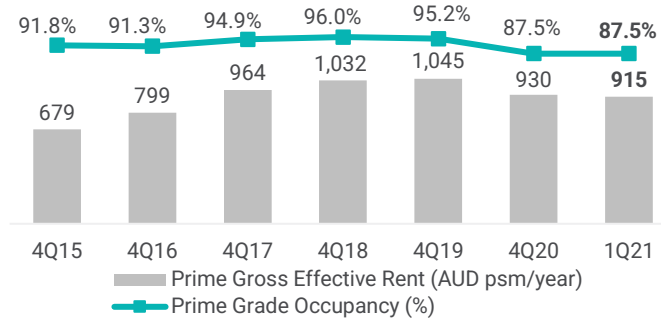
(1) Based on URA data on historical net demand and supply of office space in Downtown Core and Rest of Central Area. Supply is calculated as net change of stock over the year and may include office stock removed from market due to demolitions or change of use.

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

Australia Office Market

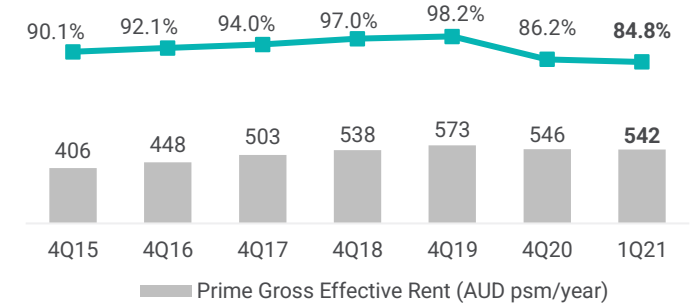
Sydney CBD

Prime Grade occupancy was stable at 87.5%



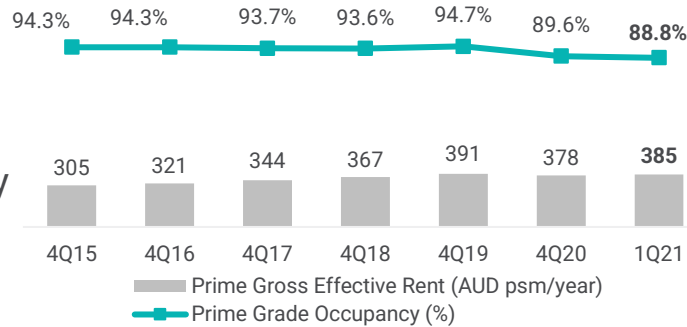
Melbourne CBD

Prime Grade occupancy was lower at 84.8%



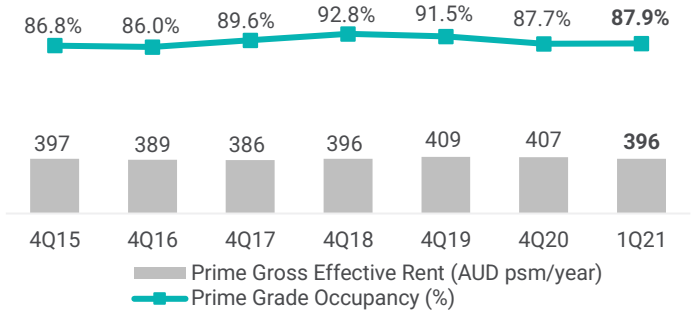
Macquarie Park

Prime Grade occupancy was lower at 88.8%



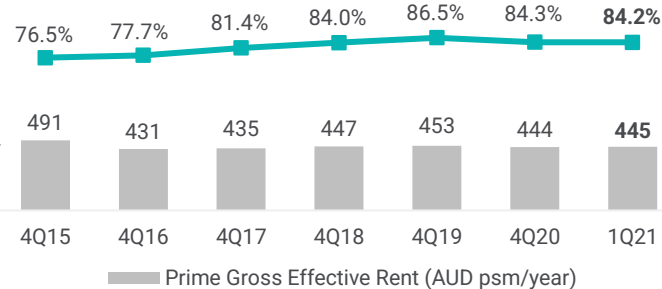
Brisbane CBD

Prime Grade occupancy was higher at 87.9%



Perth CBD

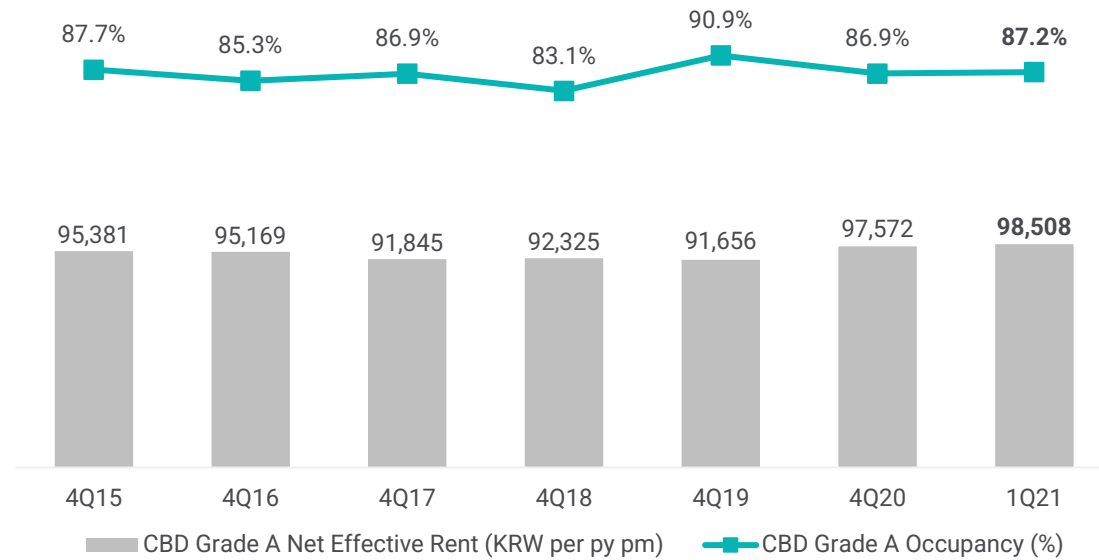
Prime Grade occupancy was lower at 84.2%



Seoul Office Market

- CBD Grade A occupancy increased to 87.2% in 1Q 2021

CBD Grade A Rent and Occupancy



Committed to Delivering Stable Income & Sustainable Returns

Portfolio Optimisation

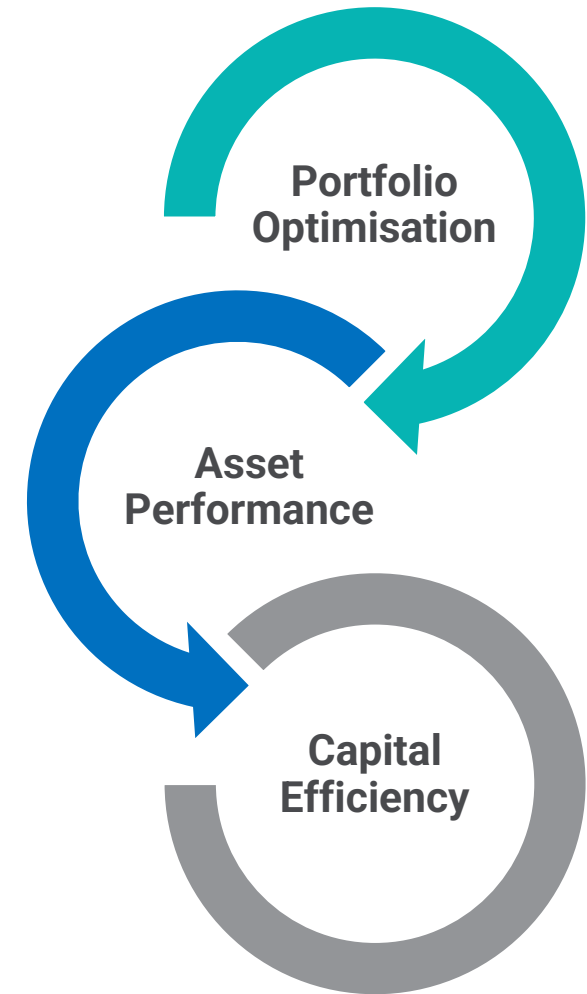
- Portfolio optimisation to improve yield, while maintaining exposure to Singapore CBD
- Hold quality assets across different markets for improved income stability and to provide more long-term growth opportunities

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



Additional Information

One Raffles Quay,
Singapore

Portfolio Information: Singapore

| <u>As at 31 Mar 2021</u> | Ocean Financial Centre | Marina Bay Financial Centre ⁽⁴⁾ | One Raffles Quay | Keppel Bay Tower |
|------------------------------------|---------------------------------------|--|--|---|
| Attributable NLA | 699,959 sf | 1,023,412 sf | 441,392 sf | 386,600 sf |
| Ownership | 79.9% | 33.3% | 33.3% | 100.0% |
| Principal tenants ⁽¹⁾ | BNP Paribas, ANZ, Drew & Napier | DBS Bank, Standard Chartered Bank, Barclays | Deutsche Bank, Ernst & Young, TikTok | Keppel Group, BMW Asia, Mondelez International |
| 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 | 99 years expiring 30 Sep 2096 |
| Purchase Price (on acquisition) | S\$1,838.6m ⁽³⁾ | S\$1,426.8m ⁽⁵⁾ S\$1,248.0m ⁽⁶⁾ | S\$941.5m | S\$657.2m |
| Valuation ⁽²⁾ | S\$2,066.2m | S\$1,665.0m ⁽⁵⁾ S\$1,277.3m ⁽⁶⁾ | S\$1,240.0m | S\$665.0m ⁽⁹⁾ S\$667.3m ⁽¹⁰⁾ |
| Capitalisation rates | 3.50% | 3.45% ⁽⁷⁾ ; 4.25% ⁽⁸⁾ ; 3.63% ⁽⁶⁾ | 3.45% | 3.65% ⁽⁹⁾ 3.60% ⁽¹⁰⁾ |

1) On committed gross rent basis.

2) Valuation as at 31 Dec 2020 based on Keppel REIT's interest in the respective properties, except for Keppel Bay Tower which was acquired on 18 May 2021.

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.

9) Refers to the valuation as at 30 Nov 2020, carried out by JLL (commissioned by Trustee). Takes into account rental support of up to S\$3.2m for vacant units and leases that are expiring in the 18 months post-completion. Without rental support, valuation is S\$664.0m.

10) Refers to the valuation as at 30 Nov 2020, carried out by Cushman & Wakefield (commissioned by Manager). Takes into account rental support of up to S\$3.2m for vacant units and leases that are expiring in the 18 months post-completion. Without rental support, valuation is S\$665.0m.

Portfolio Information: Australia & South Korea

| As at 31 Mar 2021 | 8 Chifley Square, Sydney | Pinnacle Office Park, Sydney | 8 Exhibition Street⁽³⁾, Melbourne | Victoria Police Centre, Melbourne | 275 George Street, Brisbane | David Malcolm Justice Centre, Perth | T Tower, Seoul |
|---------------------------------------|--|---|--|--|---|--|--|
| Attributable NLA | 104,055 sf | 378,164 sf | 244,659 sf | 364,180 sf | 224,537 sf | 167,784 sf | 226,949 sf |
| Ownership | 50.0% | 100.0% | 50.0% | 50.0% | 50.0% | 50.0% | 99.4% |
| Principal tenants ⁽¹⁾ | Corrs Chambers Westgarth, Quantium, QBE Insurance | Aristocrat Technologies, Konica Minolta, Coles Supermarkets | Ernst & Young, Amazon, Minister for Finance - State of Victoria | Minister for Finance - State of Victoria | Telstra, Queensland Gas Company, The State of Queensland ⁽⁶⁾ | Minister for Works - Government of Western Australia | Hankook Corporation, SK Communications, Philips Korea |
| Tenure | 99 years expiring 5 Apr 2105 | Freehold | Freehold | Freehold | Freehold | 99 years expiring 30 Aug 2114 | Freehold |
| Purchase Price (on acquisition) | A\$165.0m S\$197.8m | A\$306.0m S\$289.9m | A\$168.8m S\$201.3m ⁽³⁾ | A\$347.8m S\$350.1m | A\$166.0m S\$209.4m | A\$165.0m S\$208.1m | KRW252.6b S\$292.0m |
| Valuation ⁽²⁾ | A\$234.5m S\$231.5m | A\$306.1m S\$302.1m | A\$259.5m S\$256.2m ⁽³⁾ | A\$385.0m S\$380.0m | A\$245.0m S\$241.8m | A\$232.5m S\$229.5m | KRW260.2b S\$314.3m |
| Capitalisation rates | 4.63% | 5.25% | 5.13% ⁽⁴⁾ ; 4.50% ⁽⁵⁾ | 4.50% | 5.25% | 5.38% | 4.25% |

1) On committed gross rent basis.

2) Valuation as at 31 Dec 2020 based on Keppel REIT's interest in the respective properties and on the exchange rates of A\$1 = S\$0.9871 and KRW 1,000 = S\$1.208.

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.

Thank You

For more information, please visit:
www.keppelreit.com

Connect with us on: 

Victoria Police Centre,
Melbourne

