

The logo for Keppel REIT, featuring the word "Keppel" in white on a dark grey background and "REIT" in yellow on a white background.

Keppel REIT

First Quarter 2019 Financial Results

17 April 2019



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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 Statistics

High Committed Occupancy

98.7%

Long Weighted Average Lease Expiry

5.7 years

1Q 2019 Key Highlights



- **Delivered distributable income (DI)** of \$47.3 million⁽¹⁾ and **distribution per Unit (DPU)** of 1.39 cents
- **Lowered aggregate leverage** to 35.7% and **extended weighted average term to maturity** to 3.3 years⁽²⁾
- **Issued \$200.0 million convertible bonds** at a coupon rate of 1.9% per annum



- **Raised portfolio committed occupancy** to 98.7%
- **Maintained long portfolio WALE** of 5.7 years

(1) Includes distribution of capital gains of \$3.0 million for 1Q 2019.

(2) Takes into account commitments received to refinance the remaining 2019 loans.

Financial Review

8 Chifley Square, Sydney



Financial Performance

	1Q 2019	1Q 2018	+/(%)
Property Income	\$40.0 m ⁽¹⁾	\$39.7 m	+0.7%
Net Property Income (NPI)	\$31.3 m	\$31.2 m	+0.3%
Less: Attributable to Non-controlling Interests	(\$4.1 m)	-*	
NPI Attributable to Unitholders	\$27.2 m ⁽²⁾	\$31.2 m	(12.6%)
Share of Results of Associates and Joint Ventures	\$26.4 m ⁽³⁾	\$28.5 m	(7.1%)
Distribution to Unitholders	\$47.3 m ⁽⁴⁾	\$48.2 m	(1.9%)
Distribution per Unit (DPU)	1.39 cents	1.42 cents	(2.1%)

* Denotes less than \$0.1m

- (1) Property income was higher year-on-year due mainly to higher one-off compensation received in 1Q 2019.
- (2) Reflects amount attributable to Unitholders based on an interest of 79.9% in Ocean Financial Centre following the divestment of a 20% stake in Dec 2018.
- (3) Share of results of associates was lower year-on-year due mainly to lower one-off income received, occupancy changes and higher borrowing costs.
Share of results of joint ventures was lower year-on-year due mainly to depreciation of Australian dollar against Singapore dollar.
- (4) This includes a distribution of capital gains of \$3.0 million for 1Q 2019.

Distribution Timetable

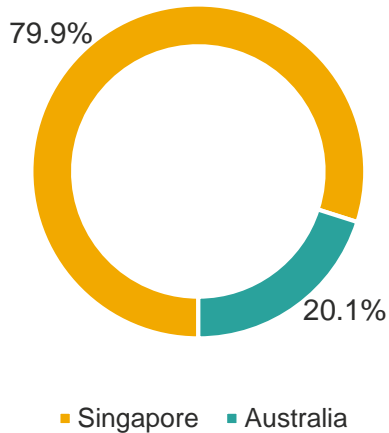
Ex-Date: Thu, 25 Apr 2019

Books Closure Date: Fri, 26 Apr 2019

Payment Date: Thu, 30 May 2019

Income Contribution

Breakdown by Geography (for 1Q 2019)



	1Q 2019	%	1Q 2018	%
Ocean Financial Centre⁽¹⁾	16,129	26.0	21,479	32.6
Marina Bay Financial Centre	22,266	35.9	21,074	32.0
One Raffles Quay	6,173	9.9	6,928	10.5
Bugis Junction Towers	4,997	8.1	3,735	5.7
8 Chifley Square	3,084	5.0	3,233	4.9
8 Exhibition Street	3,454	5.6	3,162	4.8
275 George Street	2,674	4.3	2,822	4.3
David Malcolm Justice Centre	3,203	5.2	3,431	5.2
Total	61,980	100.0	65,864	100.0

(1) Income contribution from Ocean Financial Centre reflects the amount attributable to Unitholders based on an interest of 79.9% (2018: 99.9%) following the divestment of a 20% stake in December 2018.

Balance Sheet

	As at 31 Mar 2019	As at 31 Dec 2018	+ / (-)
Total Assets	\$7,616 m	\$7,784 m	(2.2%)
Borrowings⁽¹⁾	\$2,930 m	\$3,044 m	(3.7%)
Total Liabilities	\$2,321 m	\$2,449 m	(5.2%)
Unitholders' Funds	\$4,714 m	\$4,757 m	(0.9%)
Adjusted NAV per Unit⁽²⁾	\$1.37	\$1.39	(1.4%)

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

(2) For 31 March 2019 and 31 December 2018, these excluded the distributions to be paid in May 2019 and paid in February 2019 respectively.

Capital Management

- Received commitments to refinance the remaining loans due in 2019
- Extended weighted average term to maturity from 2.8 years⁽¹⁾ to 3.3 years⁽²⁾
- Lowered aggregate leverage from 36.3%⁽¹⁾ to 35.7% after repayment of loans through working capital optimisation and with part of proceeds from the sale of a 20% stake in Ocean Financial Centre

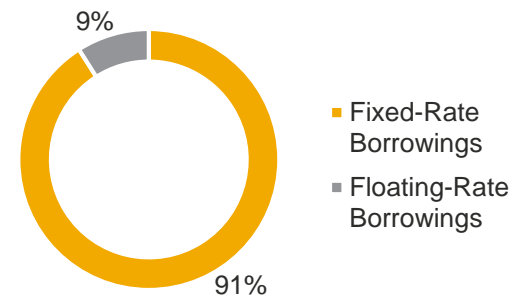
As at 31 Mar 2019	
Interest Coverage Ratio	4.1x
All-in Interest Rate	2.88% p.a.
Aggregate Leverage	35.7%
Weighted Average Term to Maturity	3.3 years ⁽²⁾
Unencumbered Assets	83%

(1) As at 31 December 2018.

(2) This takes into account commitments received to refinance the remaining loans that are due in 2019.

(3) Based on the Group's borrowings including those accounted for at the level of associates, and number of Units in issue as at 31 March 2019.

Managing interest rate exposure



Sensitivity to SOR⁽³⁾

Every 50 bps in SOR

translates to

~0.04 cents in DPU

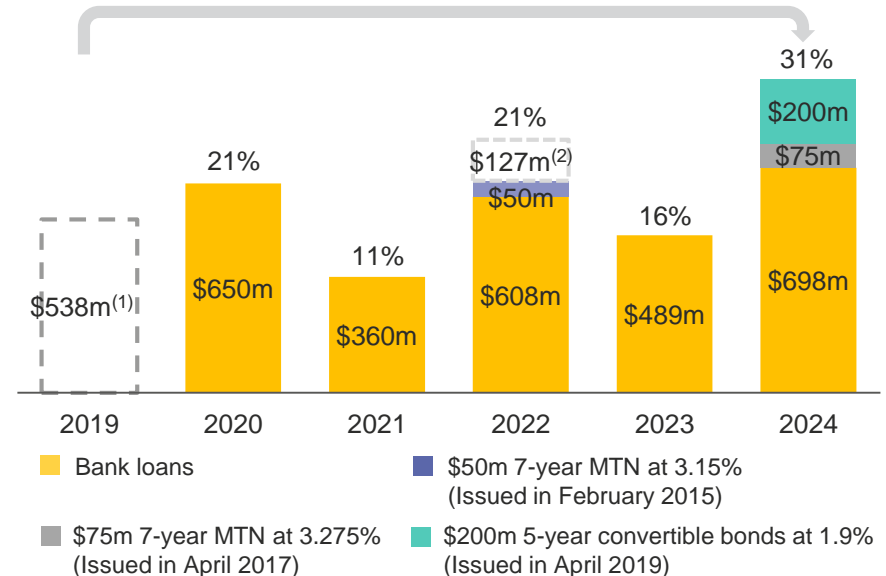
Convertible Bonds

- Issued 5-year convertible bonds on 10 April 2019 at coupon rate of 1.9% to lower interest costs and diversify funding sources
- Financing option that brings estimated interest savings of approximately \$1.5-2.0 million p.a. compared to a new loan in current high interest rate environment

Convertible Bonds	
Issue Size	\$200.0 m
Coupon Rate	1.9% p.a.
Conversion Premium	12.5%
Maturity	5 year

Debt Maturity Profile

(as at 31 Mar 2019, assuming convertible bonds were issued in 1Q 2019)



(1) Received commitments to refinance these loans.

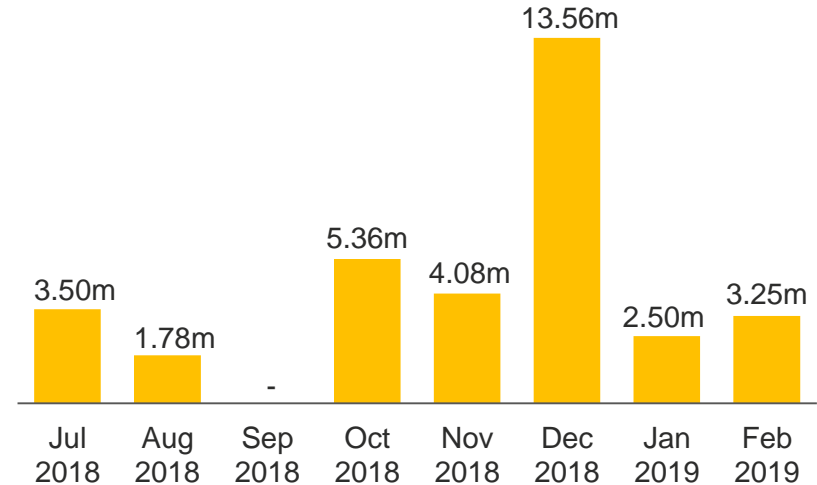
(2) \$127.0 million loan repayment through working capital optimisation efforts and with part of the proceeds from the sale of a 20% stake in Ocean Financial Centre.

Unit Buy-Back Programme

- Buying back Units below NAV is accretive to Unitholders and is part of proactive capital management strategy
- Purchased and cancelled 34.0 million issued Units since the initiation of Unit buy-back programme in 3Q 2018
- Seeking Unitholders' approval at the coming Annual General Meeting to continue with the Unit buy-back programme

Monthly Unit Buy-Back Volume

(since initiation of programme)



Portfolio Update

Marina Bay Financial Centre,
Singapore



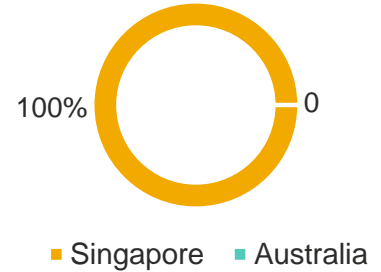
1Q 2019 Leasing Update

~136,400 sf
(Attributable ~57,100 sf)
Leases Committed

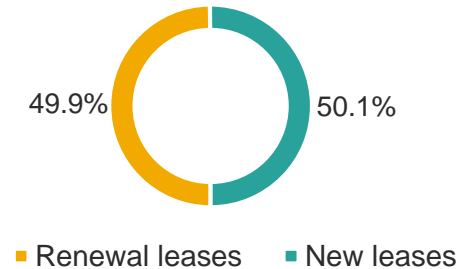
69%
Retention Rate

98.7%
**Portfolio Committed
Occupancy**

Leases Committed by Geography⁽³⁾



Leases Committed by Type⁽³⁾



Average signing rent for
Singapore office leases

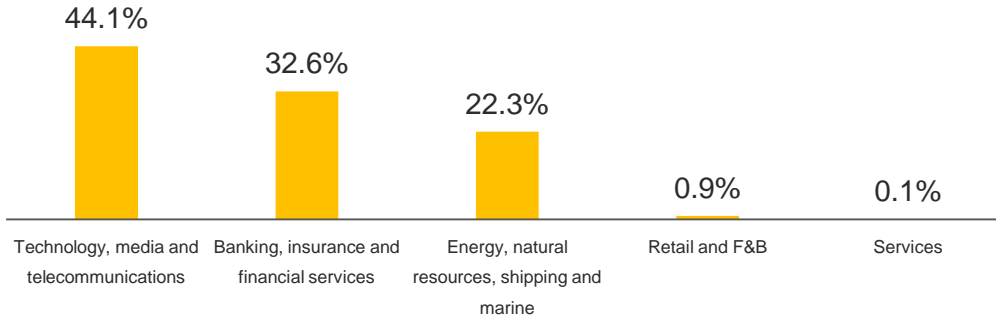
~\$12.03⁽¹⁾ psf

above Grade A core CBD market average
of \$11.15⁽²⁾ psf

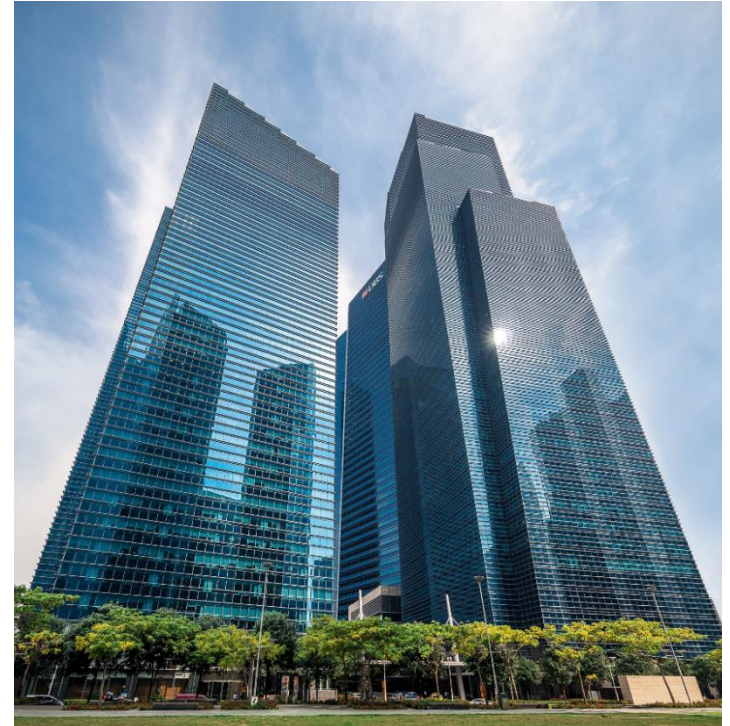
Leasing Update

- New leasing demand and expansions mainly contributed by:
 - 1) Technology, media and telecommunications sector
 - 2) Banking and financial services sector
 - 3) Energy sector

New leases committed (in 1Q 2019)



Note: Based on committed attributable area.



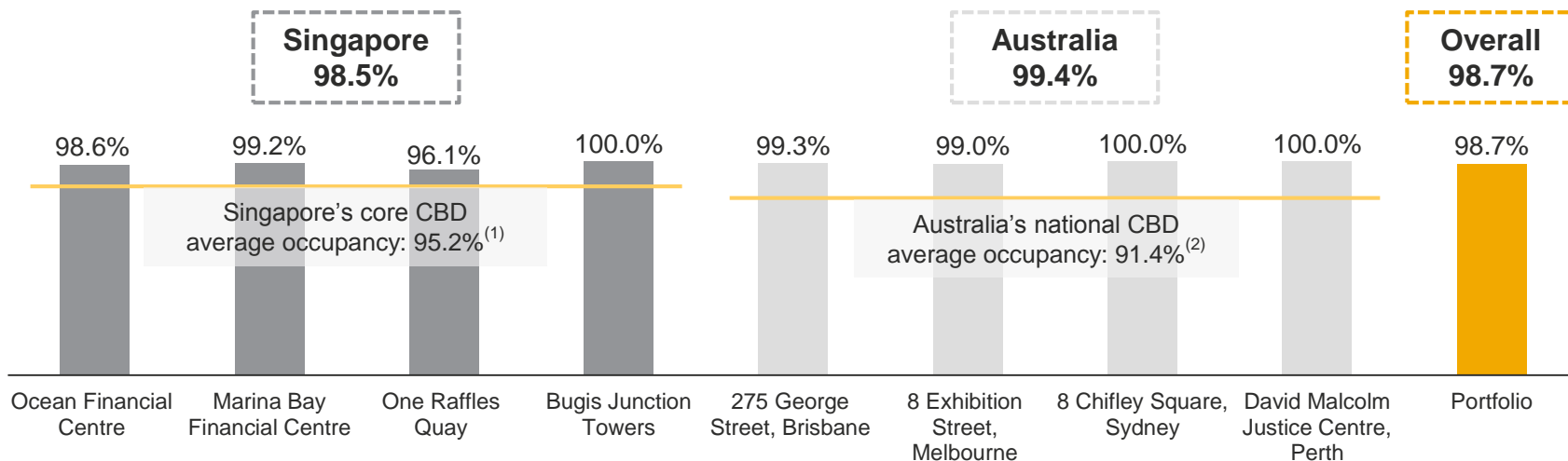
Marina Bay Financial Centre is a world-class live-work-play development that continues to attract quality tenants

Proactive Leasing Strategy

- Committed occupancies remain healthy and above market average

High Portfolio Committed Occupancy

(as at 31 Mar 2019)



Sources: (1) CBRE, 1Q 2019 (2) JLL, end December 2018

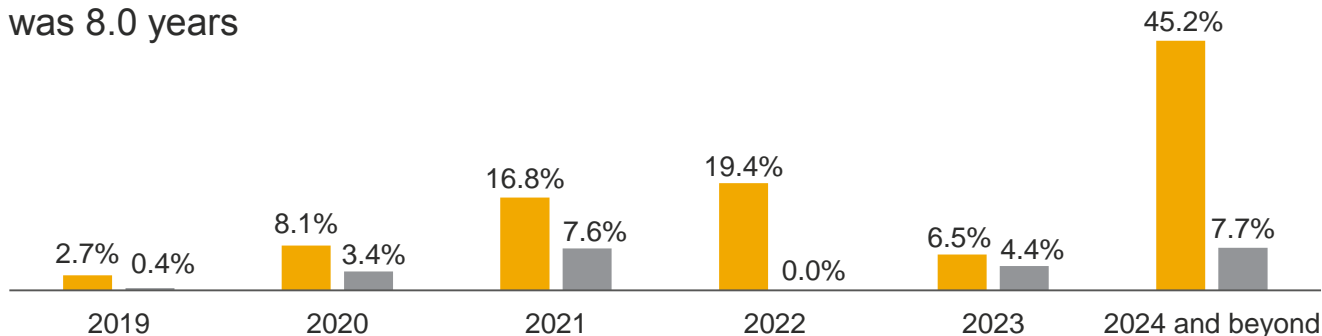
Note: Based on committed attributable area.

Well-Spread Lease Expiry Profile

Based on committed attributable NLA

- Long overall portfolio WALE of 5.7 years (Singapore portfolio: 4.5 years, Australia portfolio: 9.6 years)
- Top 10 tenants' WALE was 8.0 years

■ Expiring leases
■ Rent review leases



Based on committed attributable gross rent

	2019	2020	2021	2022	2023	2024 and beyond
Expiring leases	3.2%	8.9%	17.7%	19.7%	6.6%	43.9%
Rent review leases	0.4%	3.2%	8.0%	-	3.2%	7.9%

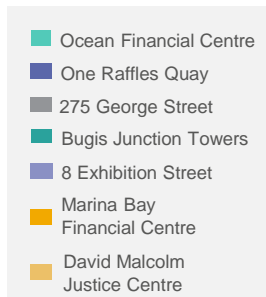
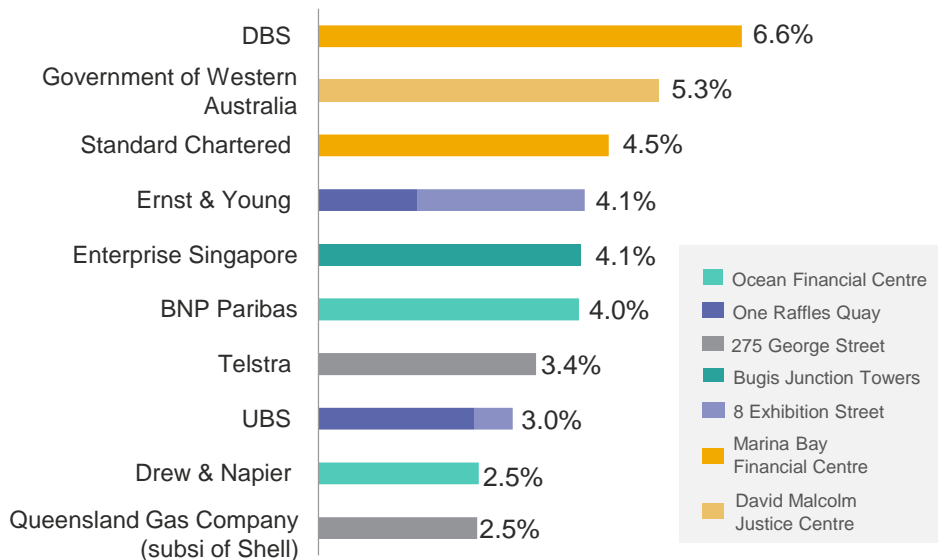
Note: All data as at 31 March 2019.

Diversified Tenant Base

Top 10 Tenants

40.0% of NLA

36.6% of gross rent



Note: All data as at 31 March 2019 and based on portfolio committed NLA.

(1) Tenants with multiple leases were accounted as one tenant.

Profile of Tenant Base

338⁽¹⁾ tenants in total

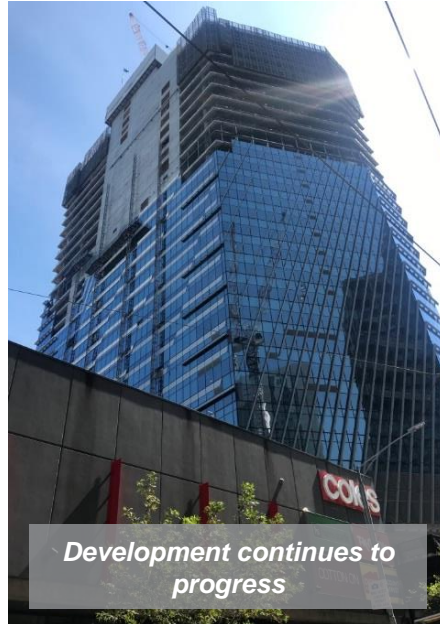


Progress in Australia

Development:

311 Spencer Street, Melbourne

- Construction of freehold Grade A office tower is ongoing in Melbourne
- Commencement of 30-year lease to the Victoria Police expected in 1H 2020



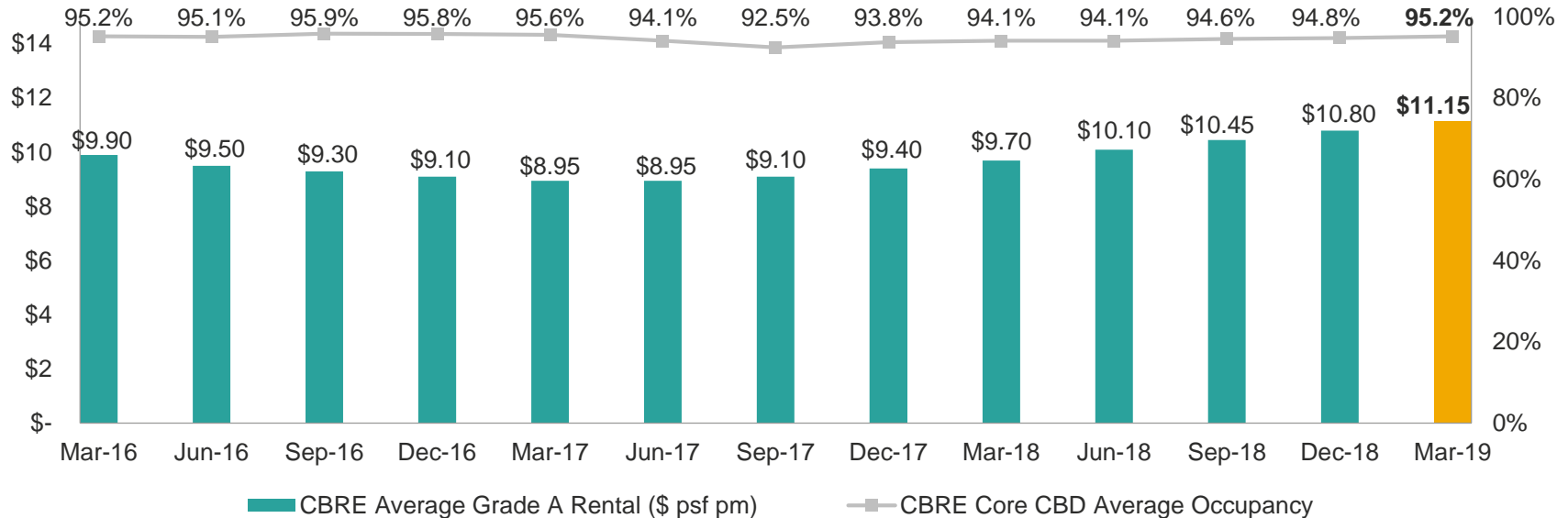
Looking Ahead

Singapore CBD Skyline



Singapore Office Market

- Continued growth in the Singapore office sector, with average Grade A office rents increasing to \$11.15 psf as average occupancy in core CBD rose to 95.2%



Source: CBRE, 1Q 2019.

Singapore Office Market (Cont'd)

- Office market outlook remains positive, supported by limited supply which could further tighten in the medium term if older buildings are redeveloped in view of URA's CBD incentive scheme

Office Demand and Supply

Past average annual net demand⁽¹⁾:

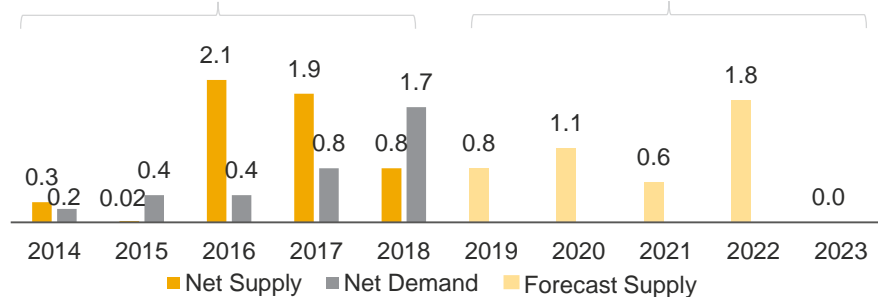
0.7 million sf

Past average annual net supply⁽¹⁾:

1.0 million sf

Forecast average annual supply⁽²⁾:

0.9 million sf



Key Upcoming Supply in CBD ⁽²⁾		sf
2019	18 Robinson	145,000
	HD 139	84,000
	Funan Digital Mall Redevelopment	204,000
	9 Penang Road	381,000
2020	Chevron House Additions & Alterations	313,000
	Afro-Asia I-Mark	154,000
	ASB Tower	514,000
	Hub Synergy Point Redevelopment	128,000
2021	CapitaSpring	635,000
2022	Central Boulevard	1,138,000
	Guoco Midtown	650,000

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.

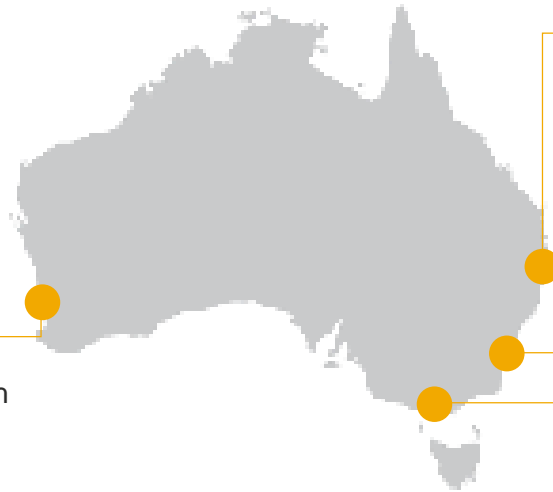
2) Based on CBRE data on CBD Core and CBD Fringe.

Australia Office Market

- Healthy leasing activity and strong net absorption reported
- National CBD office market occupancy continued its upward trend from 90.9% as at end September 2018 to 91.4% as at end December 2018
- Vacancy rates expected to remain low

Perth CBD

- Occupancy rose to 78.9%
- Vacancy to reduce marginally with minimal supply pipeline



Brisbane CBD

- Occupancy rose to 86.8%
- Leasing demand expected to improve and vacancy expected to decline steadily

Sydney CBD

- Occupancy rose to 95.9%
- Steady leasing demand and limited supply to support high occupancy

Melbourne CBD

- Occupancy rose to 96.2%
- Supply to remain tight as majority of upcoming projects have been pre-committed

Source: JLL, end December 2018.

Additional Information

David Malcolm Justice Centre,
Perth



Young and Green Commercial Assets

Large Portfolio of Premium Office Assets

\$8.1 billion of 9 premium commercial assets with 3.5 million sf total attributable NLA



Prime Assets in Strategic Locations

Grade A assets located in prime business districts of Singapore and key Australian cities of Sydney, Melbourne, Brisbane and Perth



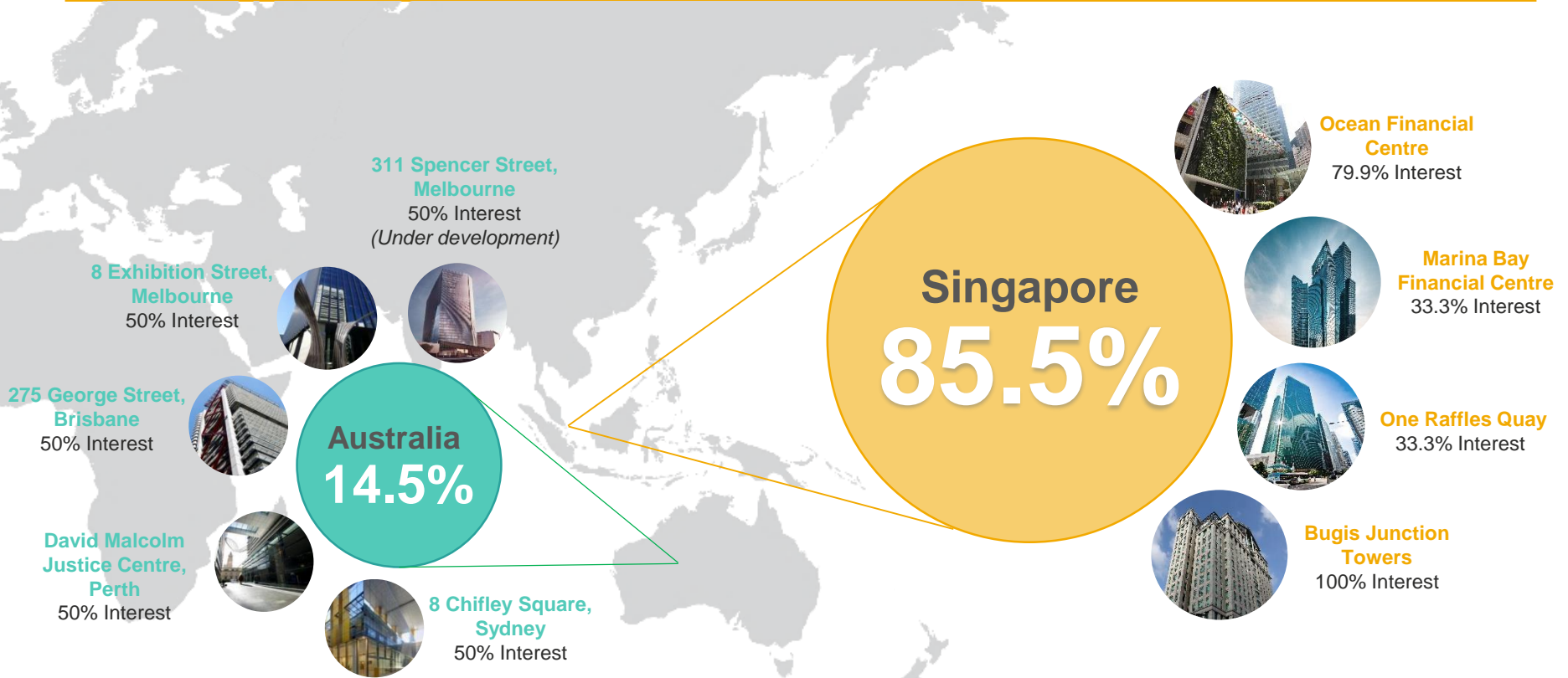
Commitment to Sustainability

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



Note: As at 31 March 2019.

Pan-Asia REIT with Premium Office Portfolio



Note: Based on Keppel REIT's total assets under management of approximately \$8.1 billion as at 31 March 2019.

Portfolio Information: Singapore

	Ocean Financial Centre	Marina Bay Financial Centre ⁽⁴⁾	One Raffles Quay	Bugis Junction Towers
Attributable NLA	699,868 sf	1,024,611 sf	442,576 sf	248,853 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, UBS, Ernst & Young	Enterprise Singapore, InterContinental Hotels Group, UCommune
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 9 Sep 2089
Purchase Price (on acquisition)	S\$1,838.6m ⁽³⁾	S\$1,426.8m ⁽⁵⁾ S\$1,248m ⁽⁶⁾	S\$941.5m	S\$159.5m
Valuation ⁽²⁾	S\$2,099.0m	S\$1,695.3m ⁽⁵⁾ S\$1,297.0m ⁽⁶⁾	S\$1,275.6m	S\$515.0m
Capitalisation rates	3.60%	3.65% ⁽⁵⁾ 3.63% ⁽⁶⁾	3.65%	3.65%

1) On committed gross rent basis.

2) Valuation as at 31 December 2018 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) office 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.

Portfolio Information: Australia

	8 Chifley Square, Sydney	8 Exhibition Street, Melbourne ⁽³⁾	275 George Street, Brisbane	David Malcolm Justice Centre, Perth	311 Spencer Street, Melbourne <i>(Under construction)</i>
Attributable NLA	104,070 sf	244,491 sf	224,693 sf	167,784 sf	358,683 sf
Ownership	50.0%	50.0%	50.0%	50.0%	50.0%
Principal tenants ⁽¹⁾	Corrs Chambers Westgarth, Quantium Group, QBE Insurance Group	Ernst & Young, Minister for Finance - State of Victoria, Amazon	Telstra Corporation, Queensland Gas Company, The State of Queensland ⁽⁶⁾	Minister for Works - Government of Western Australia	Minister for Finance - State of Victoria
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	99 years expiring 30 Aug 2114	Freehold
Purchase Price (on acquisition)	S\$197.8m	S\$201.3m ⁽³⁾	S\$209.4m	S\$208.1m	S\$362.4m ⁽⁷⁾
Valuation ⁽²⁾	S\$249.3m	S\$271.9m ⁽³⁾	S\$232.2m	S\$221.6m	S\$233.8m ⁽⁸⁾
Capitalisation rates	4.88%	5.00% ⁽⁴⁾ 4.50% ⁽⁵⁾	5.25%	5.50%	4.50%

1) On committed gross rent basis.

2) Valuation as at 31 December 2018 based on Keppel REIT's interest in the respective properties and on the exchange rate of A\$1 = S\$1.0071.

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.

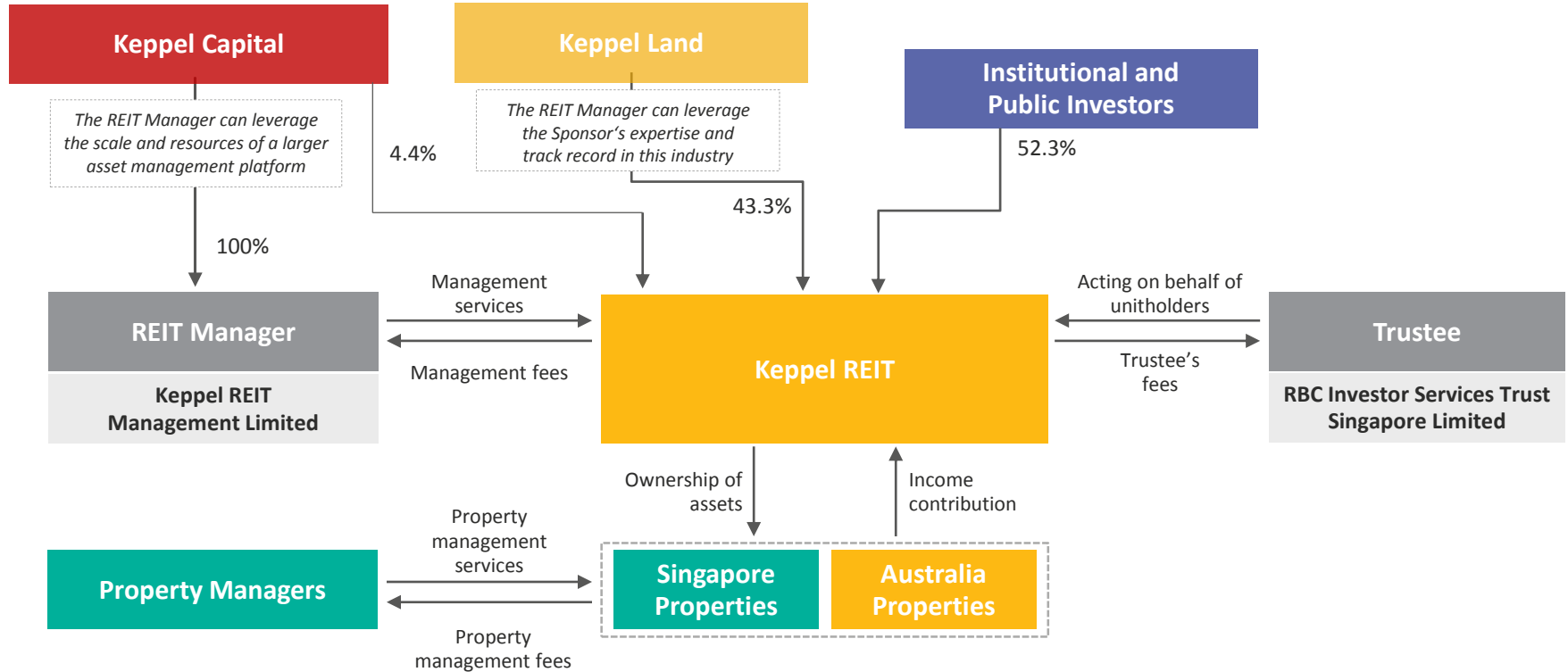
5) Refers to Keppel REIT's 100% interest in the three adjacent retail units.

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) Based on "as is" valuation as at 31 December 2018.

Keppel REIT Structure



Thank You