

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

Third Quarter & Nine Months 2019 Financial Results

16 October 2019

A photograph of a modern office lobby with a high ceiling, large windows, and people walking. A yellow diagonal graphic is overlaid on the image. The text "ONE RAFFLES QUAY" is visible on the wall to the right.

ONE RAFFLES QUAY

Outline

• Performance Highlights	3
• Financial Review	5
• Portfolio Optimisation	10
• Looking Ahead	19
• Additional Information	25

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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.

Performance Highlights



Topped out 311 Spencer Street in Melbourne



Divesting Bugis Junction Towers in Singapore

Financial Review

- 3Q 2019 distributable income was \$47.5 million⁽¹⁾; 3Q 2019 DPU was up 2.9% year-on-year at 1.40 cents
- Continued with DPU-accretive Unit buy-back programme
- All-in interest rate down from 2.86% p.a. to 2.82% p.a.

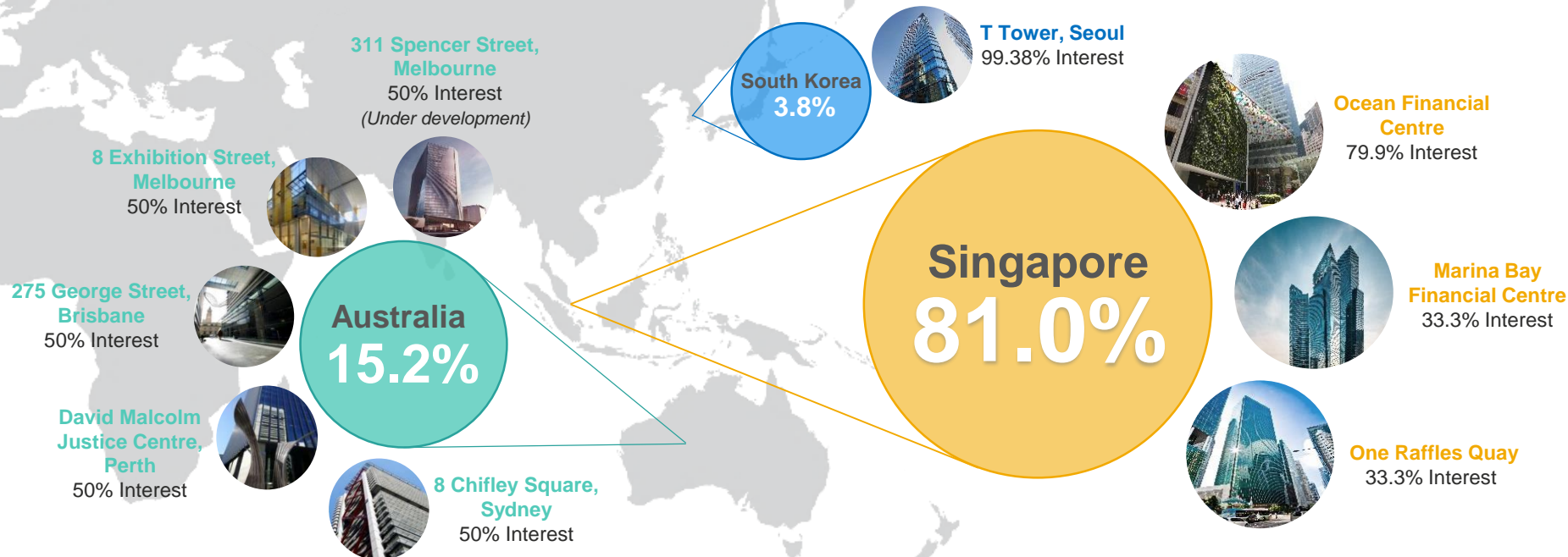
Portfolio Updates

- High portfolio committed occupancy of 98.9% and long portfolio weighted average lease expiry (WALE) of 5.1 years
- 311 Spencer Street topped out with development completion expected in 2Q 2020
- Divestment of Bugis Junction Towers as part of ongoing portfolio optimisation strategy

(1) Includes distribution of capital gains of \$2.0 million for 3Q 2019.

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 assuming that the divestment of Bugis Junction Towers was completed on 30 September 2019.

Financial Review

Marina Bay Financial Centre,
Singapore



Financial Performance

	3Q 2019	3Q 2018	+ / (-)	9M 2019	9M 2018	+ / (-)
Property Income	\$42.4 m	\$36.7 m	+15.6%	\$122.3 m	\$128.0 m	(4.5%) ⁽¹⁾
Net Property Income (NPI)	\$33.2 m	\$28.2 m	+17.6%	\$95.5 m	\$102.6 m	(6.9%)
Less: Attributable to Non-controlling Interests	(\$4.2 m)	-*	Nm	(\$12.4 m)	-*	Nm
NPI Attributable to Unitholders	\$29.0 m ⁽²⁾	\$28.2 m	+2.8%	\$83.1 m ⁽²⁾	\$102.6 m	(19.0%)
Share of Results of Associates and Joint Ventures	\$28.6 m ⁽³⁾	\$25.0 m	+14.2%	\$82.0 m ⁽³⁾	\$79.9 m	+2.6%
Distribution to Unitholders	\$47.5 m ⁽⁴⁾	\$46.3 m	+2.5%	\$142.1 m ⁽⁴⁾	\$142.9 m	(0.5%)
DPU (cents)	1.40	1.36	+2.9%	4.18	4.20	(0.5%)

* Denotes less than \$0.1m

(1) The decrease was due mainly to lower one-off income for early surrender of leases.

(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 December 2018, as well as an interest of 99.38% in T Tower in Seoul which was acquired in May 2019.

(3) Share of results of associates was higher year-on-year due mainly to higher rentals and one-off income. Share of results of joint ventures was lower year-on-year due mainly to depreciation of Australian dollar against Singapore dollar.

(4) Includes distribution of capital gains of \$2.0 million for 3Q 2019 and \$8.0 million for 9M 2019.

Distribution Timetable

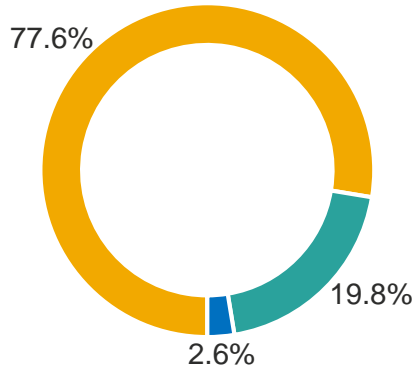
Ex-Date: Wed, 23 Oct 2019

Books Closure Date: Thu, 24 Oct 2019

Payment Date: Wed, 27 Nov 2019

Income Contribution

Breakdown by Geography (for 9M 2019)



■ Singapore ■ Australia ■ South Korea

	9M 2019	%	9M 2018	%
Ocean Financial Centre⁽¹⁾	49,413	26.7	73,457	36.2
Marina Bay Financial Centre	63,833	34.6	61,364	30.2
One Raffles Quay	18,432	10.0	19,269	9.5
Bugis Junction Towers	11,596	6.3	11,951	5.9
8 Chifley Square	9,632	5.2	9,772	4.8
8 Exhibition Street	9,028	4.9	8,720	4.3
275 George Street	8,291	4.5	8,428	4.2
David Malcolm Justice Centre	9,559	5.2	9,897	4.9
T Tower⁽²⁾	4,757	2.6	-	-
Total	184,541	100.0	202,858	100.0

(1) Reflects the amount attributable to Unitholders based on an interest of 79.9% (9M 2018: 99.9%) following the divestment of a 20% stake in December 2018.

(2) Reflects the amount attributable to Unitholders based on an interest of 99.38% acquired on 27 May 2019.

Balance Sheet

	As at 30 Sep 2019	As at 30 Jun 2019	+ / (-)
Deposited Property⁽¹⁾	\$8,510 m	\$8,512 m	(0.02%)
Total Assets	\$7,926 m	\$7,936 m	(0.1%)
Borrowings⁽²⁾	\$3,311 m	\$3,267 m	+1.3%
Total Liabilities	\$2,720 m	\$2,684 m	+1.3%
Unitholders' Funds	\$4,625 m	\$4,672 m	(1.0%)
Adjusted NAV per Unit⁽³⁾	\$1.35	\$1.36	(0.7%)

(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.

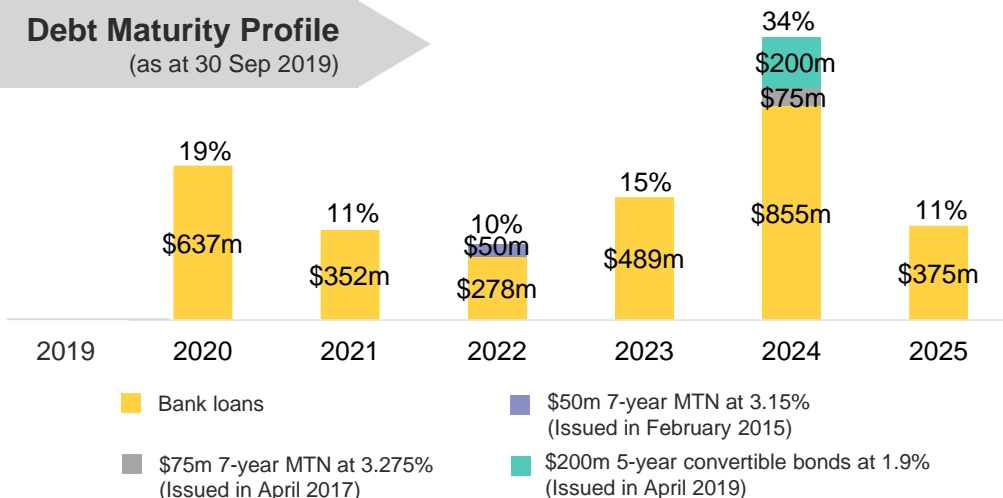
(3) For 30 September 2019 and 30 June 2019, these excluded the distributions to be paid in November 2019 and paid in August 2019 respectively.

Capital Management

- Continued with DPU-accretive Unit buy-back programme, purchasing and cancelling 13.6 million Units in 3Q 2019
- All-in interest rate declined for the second consecutive quarter to 2.82% p.a.

Debt Maturity Profile

(as at 30 Sep 2019)



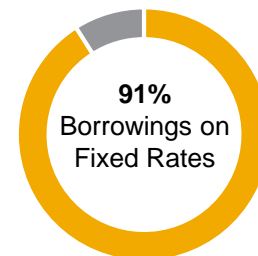
(1) Computed as EBITDA (including share of results of associates and joint ventures) over borrowing costs, after adjusting for non-cash items including but not limited to management fees paid in Units and fair value changes on derivatives.

(2) Based on the Group's borrowings including those accounted for at the level of associates, and number of Units in issue as at 30 September 2019.

As at 30 Sep 2019

Interest Coverage Ratio ⁽¹⁾	3.8x
All-in Interest Rate	2.82% p.a.
Aggregate Leverage	38.9%
Weighted Average Term to Maturity	3.4 years
Unencumbered Assets	73%

Managing interest rate exposure



Sensitivity to SOR⁽²⁾

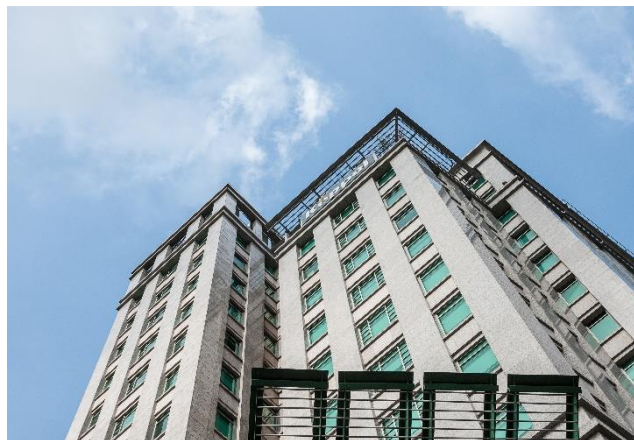
Every 50 bps \uparrow \downarrow in SOR translates to
 ~0.03 cents \downarrow \uparrow in DPU

Portfolio Optimisation

T Tower, Seoul

Unlocking Value: Divestment of Bugis Junction Towers

- Sale of strata ownership of Bugis Junction Towers for \$547.5 million (\$2,200 psf), which translates to a net property income yield of 3.0%⁽¹⁾
- Realising capital gains of \$378.1 million⁽²⁾ as part of ongoing portfolio optimisation strategy
- Post divestment which is expected in 4Q 2019, Keppel REIT's portfolio will remain firmly anchored by Singapore CBD assets



Bugis Junction Towers, Singapore	
Building Completion	1994
Total NLA	248,853 sf
Land Tenure	~70-year leasehold remaining until 9 Sep 2089
Occupancy (as at 30 Sep 2019)	99.0% committed
WALE (as at 30 Sep 2019)	6.0 years
Purchase Price	\$159.5m (\$645 psf ⁽³⁾)
Valuation (as at 8 Aug 2019)	\$515.0m (\$2,069 psf)

(1) Based on net property income for the 12 months preceding 30 June 2019.

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

(3) Based on NLA of 247,464 sf at the time of acquisition.



Asset-level returns

19.4% p.a.

*Bugis Junction Towers has been held since
Keppel REIT's listing in 2006*

Divestment Rationale

- 1** Attractive asset-level returns of 19.4% p.a., driven by \$378.1 million⁽¹⁾ of capital gains
- 2** Unlock value of capital appreciation while maintaining exposure to Singapore CBD
- 3** Improved financial flexibility for ongoing portfolio optimisation:
 - Continue DPU-accretive Unit buy-back programme
 - Redeploy funds to higher yielding assets
 - Distribute capital gains
 - Pare down debt
- 4** In-line with strategy to continually capture opportunities to achieve long-term sustainable return for Unitholders

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

Topping Out of 311 Spencer Street

- Development of 311 Spencer Street in Melbourne achieved an important milestone with the topping out and completion of the building structure
- The freehold Grade A office building will be internally fitted out over the coming months
- The 30-year lease to the Victoria Police is expected to commence in 2Q 2020 and contribute a steady income stream to Keppel REIT



Ms Lisa Neville, Minister for Police, speaking at the topping out ceremony of 311 Spencer Street



*311 Spencer Street
(Artist's Impression)*

9M 2019 Leasing Update

Total Leases Committed

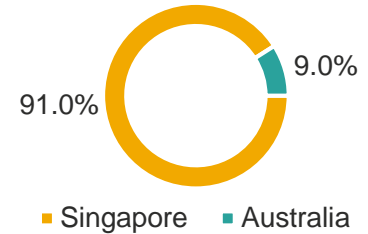
~516,400 sf

(Attributable ~221,000 sf)

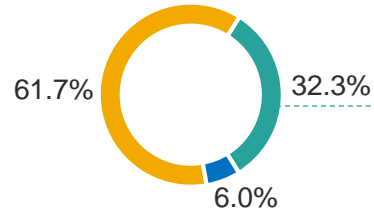
Retention Rate

78%

Leases Committed by Geography⁽³⁾



Leases Committed by Type⁽³⁾



- Renewal leases
- New leases
- Review leases

New leasing demand and expansions from:

Technology, media and telecommunications	31.0%
Real estate and property services	19.4%
Banking, insurance and financial services	18.9%
Energy, natural resources, shipping and marine	8.9%
Retail and F&B	7.8%
Accounting and consultancy services	3.1%
Services	0.1%
Others	10.8%

Average signing rent for Singapore office leases
~\$12.35⁽¹⁾ psf pm

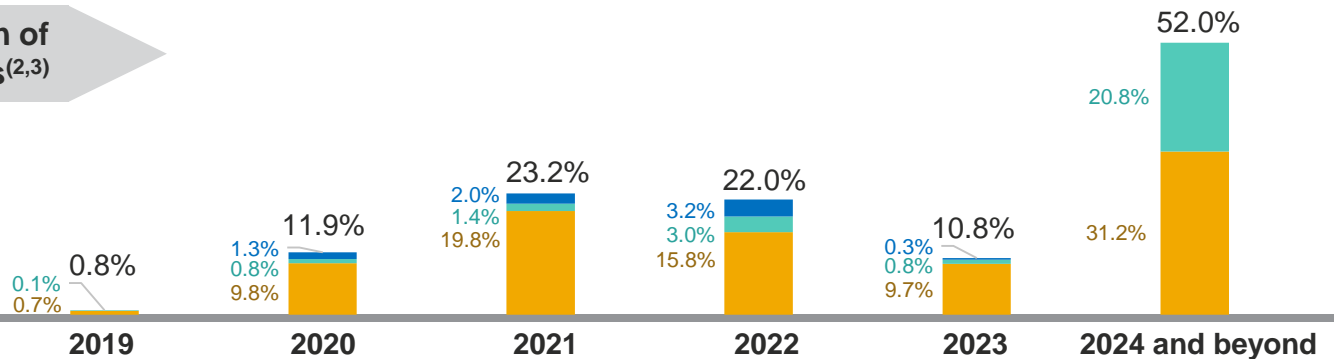
above Grade A core CBD market average of \$11.45⁽²⁾ psf pm

Lease Expiry Profile and Expiring Rents

- Average expiring rents⁽¹⁾ of Singapore office leases: \$9.59 psf pm in 2020, \$9.53 psf pm in 2021 and \$10.00 psf pm in 2022

Geographical Breakdown of Expiring & Rent Review Leases^(2,3)

- Singapore
- Australia
- South Korea



Based on committed attributable NLA⁽²⁾

	2019	2020	2021	2022	2023	2024 and beyond
Expiring leases	0.8%	8.3%	16.1%	22.0%	6.9%	44.8%
Rent review leases	-	3.6%	7.1%	-	3.9%	7.2%

Based on committed attributable gross rent⁽²⁾

	2019	2020	2021	2022	2023	2024 and beyond
Expiring leases	1.0%	8.6%	16.5%	22.3%	7.2%	44.4%
Rent review leases	-	3.5%	7.5%	-	3.0%	7.3%

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

(2) Data as at 30 September 2019.

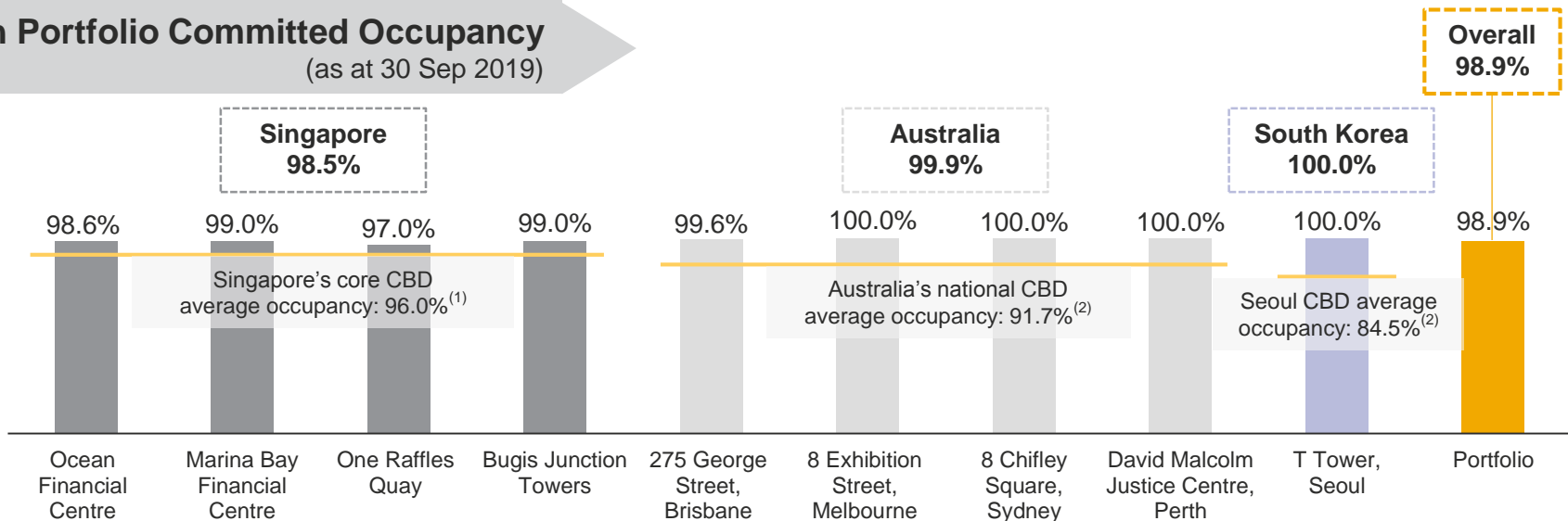
(3) Based on committed attributable NLA.

Proactive Leasing Strategy

- Healthy portfolio committed occupancy of 98.9%
- Long overall portfolio WALE of 5.1 years (Singapore portfolio: 4.2 years, Australia portfolio: 9.2 years, South Korea portfolio: 2.3 years); Top 10 tenants' WALE was 7.2 years

High Portfolio Committed Occupancy

(as at 30 Sep 2019)



Sources: (1) CBRE, 3Q 2019 (2) JLL Research, 2Q 2019

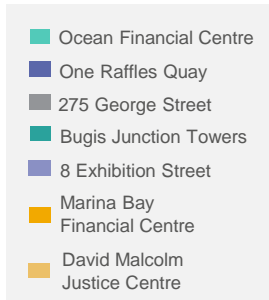
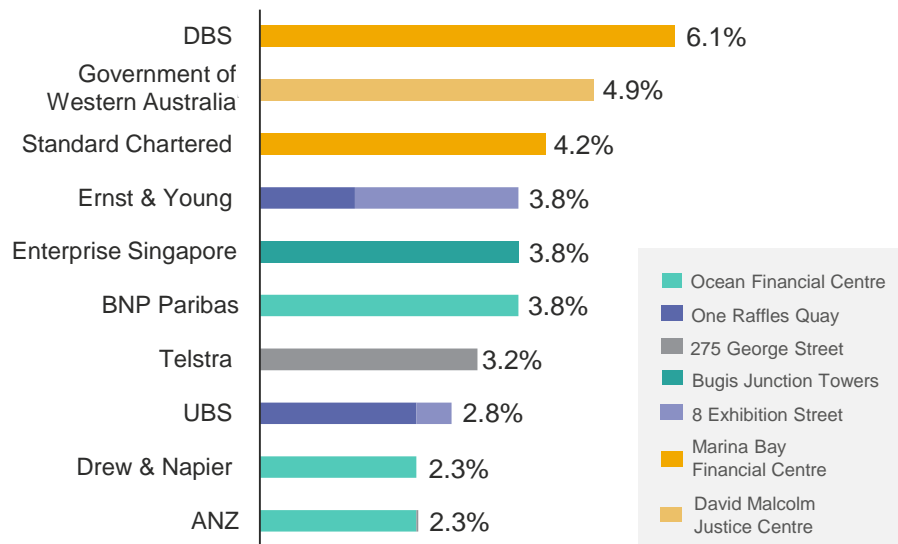
Note: Based on committed attributable area.

Diversified Tenant Base

Top 10 Tenants

37.2% of NLA

34.7% of gross rent



Note: All data as at 30 September 2019 and based on portfolio committed NLA.
 (1) Tenants with multiple leases were accounted as one tenant.

Profile of Tenant Base

355⁽¹⁾ tenants in total



Commitment to Sustainability

- Attained the Green Star Status and was ranked 6th out of 19 listed office entities in Asia at the Global Real Estate Sustainability Benchmark (GRESB) 2019
- Committed to continue engaging with tenants and have a positive impact on the community

Supporting blood donation



Celebrating as a community



Promoting healthy living



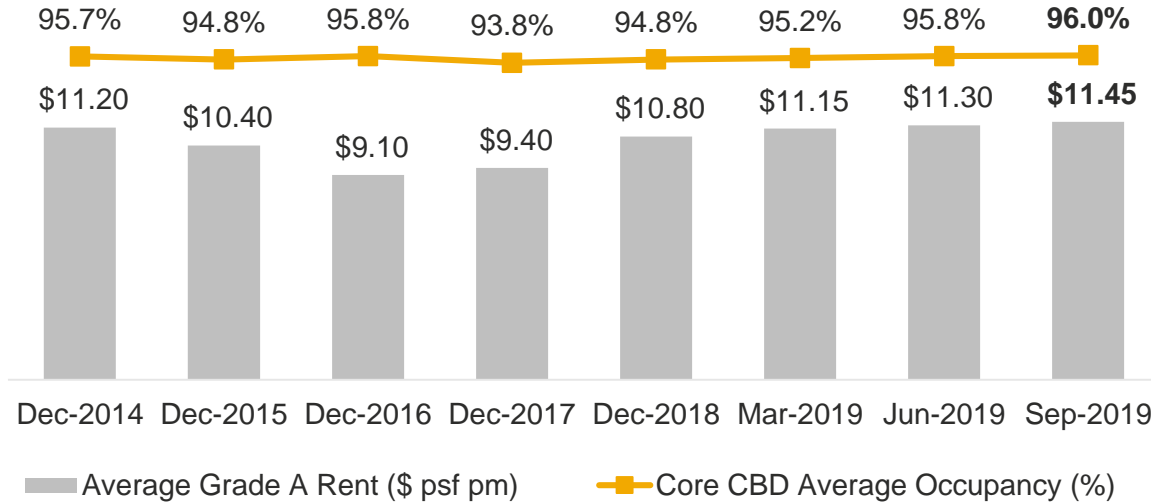
Looking Ahead

Singapore CBD Skyline



Singapore Office Market

- Average Grade A office rents increased to \$11.45 psf pm as average occupancy in core CBD rose to 96.0% in 3Q 2019



Source: CBRE, 3Q 2019.

Singapore Office Market (Cont'd)

Office Demand and Supply

Past average annual net demand⁽¹⁾:

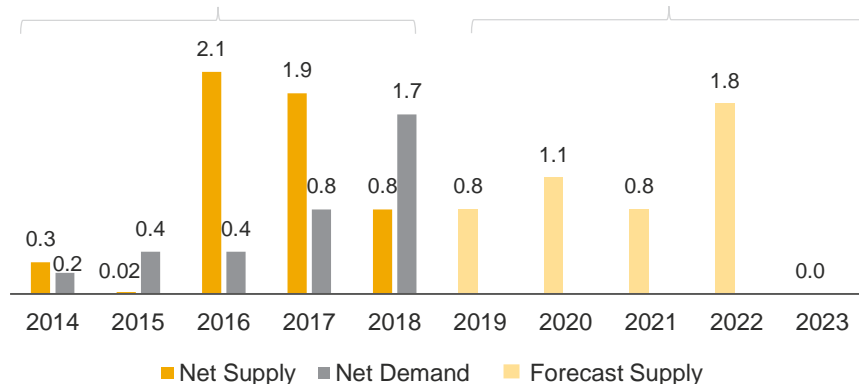
0.7 million sf

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
4Q 2019	HD 139 9 Penang Road	84,000 381,000
2020	55 Market Street (AEI) 30 Raffles Place Afro-Asia I-Mark 79 Robinson Road	76,000 313,000 154,000 514,000
2021	CapitaSpring Hub Synergy Point Redevelopment	635,000 128,000
2022	Central Boulevard Towers Guoco Midtown	1,138,000 650,000

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.

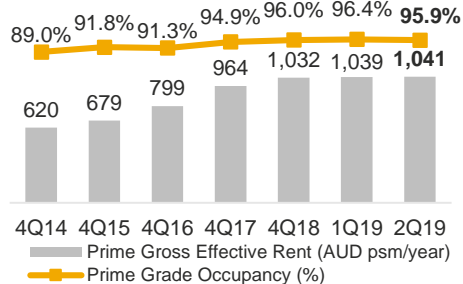
Australia Office Market

- National CBD office market occupancy was stable quarter-on-quarter at 91.7% as at end June 2019

Sydney CBD

Prime Grade occupancy was lower at 95.9%

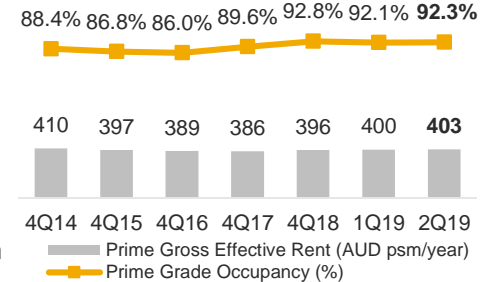
Steady leasing demand and limited supply to support high occupancy



Brisbane CBD

Prime Grade occupancy rose to 92.3%

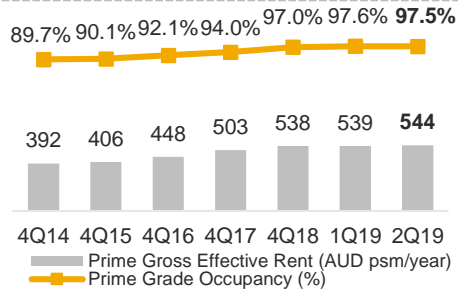
Leasing demand to improve and vacancy to decline over the short term



Melbourne CBD

Prime Grade occupancy was slightly lower at 97.5%

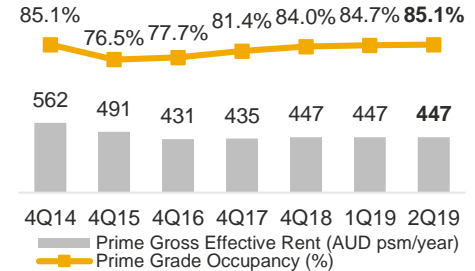
Vacancy to remain tight as majority of upcoming projects have been pre-committed



Perth CBD

Prime Grade occupancy rose to 85.1%

Vacancy to reduce with minimal supply pipeline

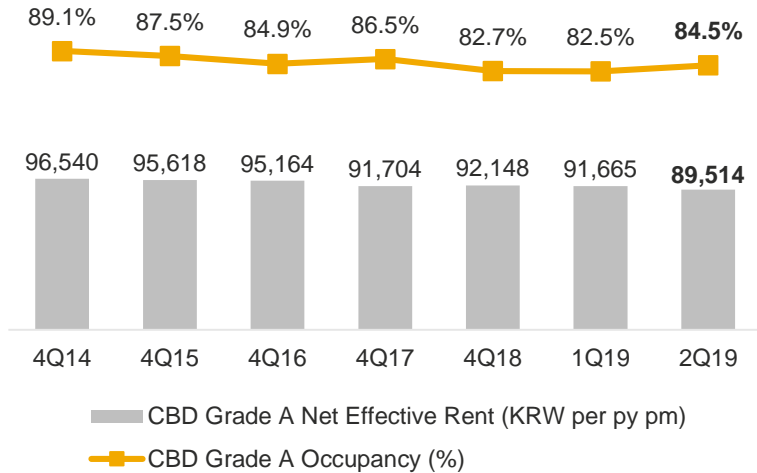


Source: JLL Research, 2Q 2019.

Seoul Office Market

Occupancy Improvement

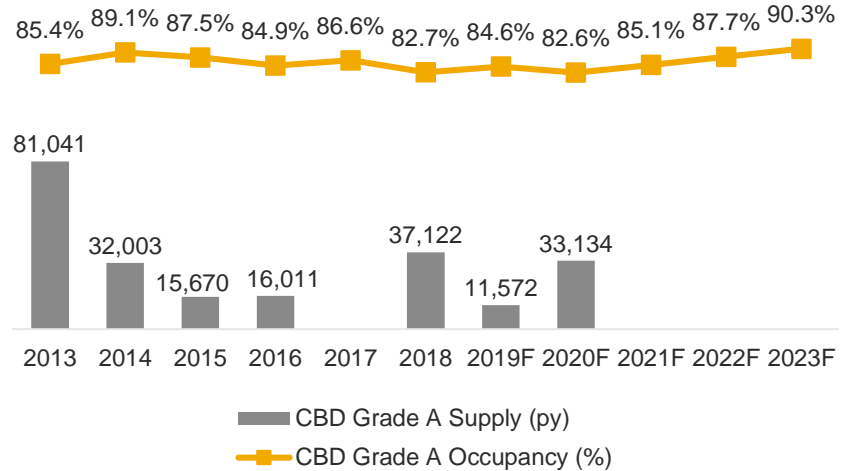
CBD Grade A occupancy improved from 82.5% as at end March 2019 to 84.5% as at end June 2019



Source: JLL Research, 2Q 2019.

Lack of New Supply After 2020

CBD Grade A occupancy is expected to decline going into 2020, before rising in the subsequent years with the lack of new supply



Committed to Delivering Stable Income & Sustainable Returns

Portfolio Optimisation

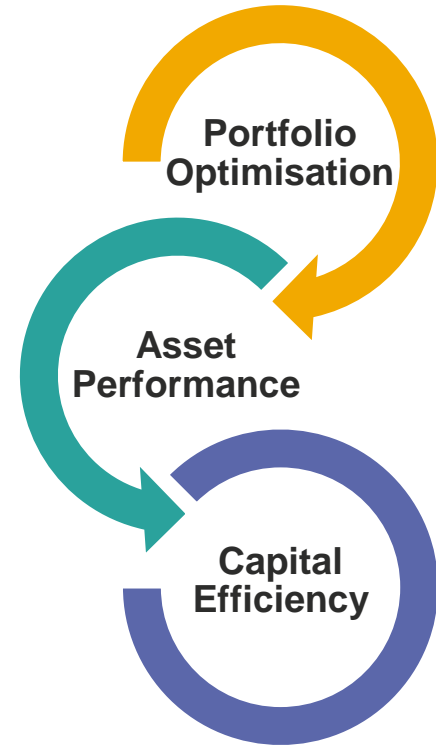
- Ongoing portfolio optimisation to improve yield, while maintaining exposure to Singapore CBD
- Hold quality assets across different markets for improved income stability and to provide more long-term growth opportunities

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 maturity and hedging profiles to reduce risk



Additional Information

David Malcolm Justice Centre,
Perth



Young and Green Commercial Assets

Large Portfolio of Premium Office Assets

Approximately \$8 billion of Grade A commercial assets pan-Asia

Strong Portfolio Occupancy and WALE

High portfolio committed occupancy and long WALE provides income resilience

Commitment to Sustainability

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

Marina Bay Financial Centre

One Raffles Quay

Ocean Financial Centre

Milestones since Listing

Listed on
SGX
with over
\$600m AUM



2007

Increased Stake in Prudential Towers in Singapore



2010

Acquired 50% of 8 Chifley Square in Sydney



2012

Acquired 87.5% of Ocean Financial Centre in Singapore



2014

Acquired 50% of David Malcolm Justice Centre in Perth and 8 Exhibition Street in Melbourne



2016

Acquired three retail units at 8 Exhibition Street in Melbourne



2018

Acquired 50% of 311 Spencer Street development in Melbourne



2019
\$7.9b⁽¹⁾
AUM

2006



Maiden Acquisition: One Raffles Quay in Singapore

2009



Expanded footprint to Australia with 77 King Street in Sydney and 275 George Street in Brisbane

2011



Asset swap of Keppel Towers and GE Tower for one-third of MBFC Phase 1 in Singapore

2013



Increased stake to 99.9% for Ocean Financial Centre in Singapore

2015



Divested stake in Prudential Tower in Singapore

Acquired one-third of MBFC Tower 3 in Singapore

2017



Divested 77 King Street in Sydney

2018



Divested 20% minority stake in Ocean Financial Centre in Singapore

2019



Announced divestment of Bugis Junction Towers in Singapore

1) Based on assets under management assuming that the divestment of Bugis Junction Towers was completed on 30 September 2019.

Portfolio Information: Singapore

	Ocean Financial Centre	Marina Bay Financial Centre ⁽⁴⁾	One Raffles Quay	Bugis Junction Towers ⁽⁷⁾
Attributable NLA	700,323 sf	1,024,988 sf	442,224 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.

7) The divestment of Bugis Junction Towers was announced on 1 October 2019 and is expected to complete in 4Q 2019. Valuation stated as at 8 August 2019.

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>(Under development)</i>	T Tower, Seoul
Attributable NLA	104,070 sf	244,491 sf	244,542 sf	167,784 sf	358,683 sf	226,945 sf
Ownership	50.0%	50.0%	50.0%	50.0%	50.0%	99.38%
Principal tenants ⁽¹⁾	Corrs Chambers Westgarth, Quantium, 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)	S\$197.8m	S\$201.3m ⁽³⁾	S\$209.4m	S\$208.1m	S\$362.4m ⁽⁷⁾	S\$301.4m ⁽⁹⁾
Valuation ⁽²⁾	S\$249.3m	S\$271.9m ⁽³⁾	S\$232.2m	S\$221.6m	S\$233.8m ⁽⁸⁾	S\$309.0m ^(9,10)
Capitalisation rates	4.88%	5.00% ⁽⁴⁾ ; 4.50% ⁽⁵⁾	5.25%	5.50%	4.50%	4.50%

1) On committed gross rent basis.

2) Valuation of Australian assets 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.

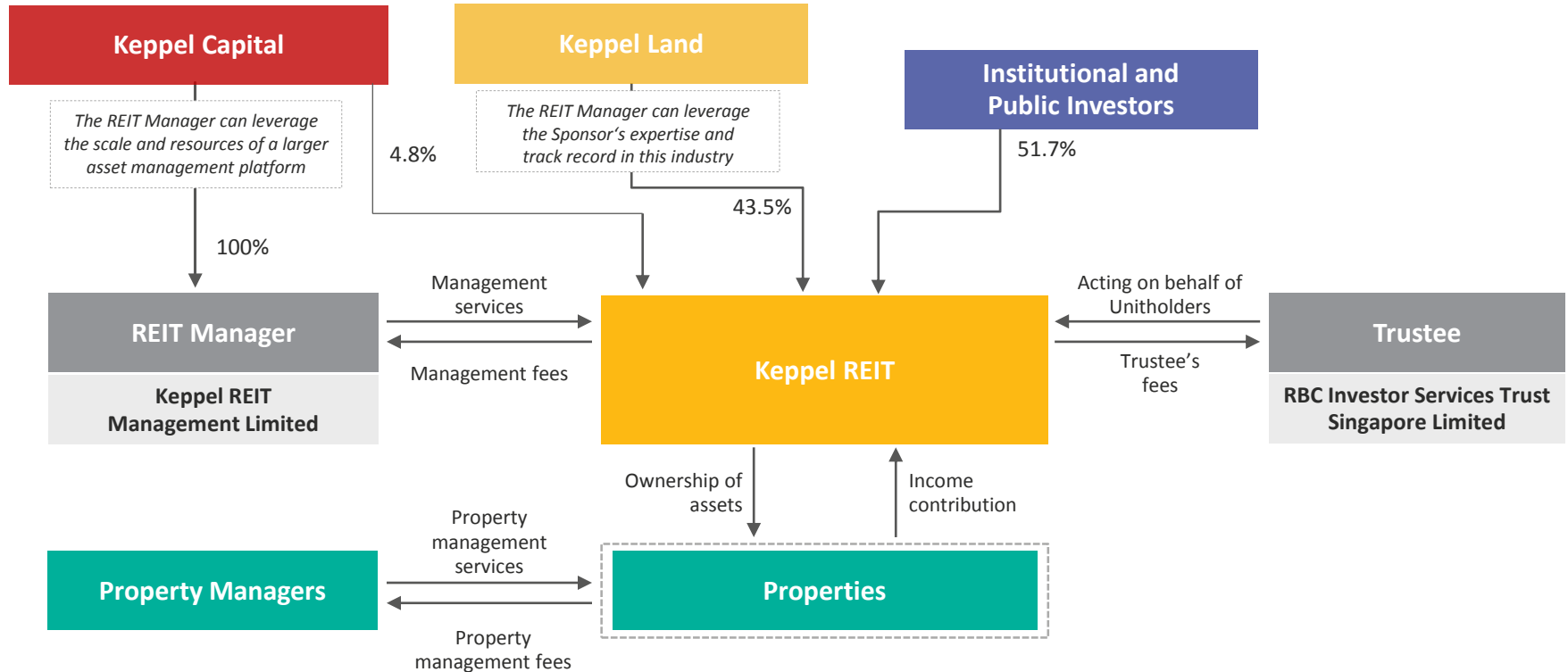
7) Based on the aggregate consideration paid-to-date and to be paid, including development costs of the building, at the exchange rate of A\$1=S\$1.042 as disclosed in the announcement dated 29 June 2017.

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

9) Based on Keppel REIT's interest in T Tower and an exchange rate of KRW 1,000 to S\$1.193 as at 18 April 2019.

10) Valuation as at 25 March 2019.

Keppel REIT Structure



Note: As of 30 September 2019.

Thank You