

3Q 2020

Operational Updates

19 October 2020

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FTSE ST Large &
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GPR 250
Index Series



MSCI Singapore
Small Cap Index

Financial & Portfolio Highlights

Marina Bay Financial Centre,
Singapore



Key Highlights



\$47.6m

3Q 2020 Distributable income from operations⁽¹⁾

Up 12.0% q-o-q; up 4.6% y-o-y

\$142.4m

9M 2020 Distributable income, including \$10.0m capital gains⁽¹⁾

Up 0.2% y-o-y

\$300m

3.15% perpetual securities issued



98.3%

High portfolio committed occupancy as at 30 Sep 2020

7.1 years

Long portfolio weighted average lease expiry as at 30 Sep 2020

Extended from 4.6 years to 7.1 years in 3Q 2020

311 Spencer Street

Commencement of income contribution in 3Q 2020, after practical completion on 9 Jul 2020



Pinnacle Office Park

Optimising portfolio and expanding into Sydney Grade A metropolitan office space with acquisition announced on 13 Sep 2020

Financial Performance

Stable distributable income for 9M 2020 due mainly to:

- Contributions from T Tower and 311 Spencer Street, commencement of major Singapore leases, capital gains distribution, and lower borrowing costs
- Offset by the impact of the divestment of Bugis Junction Towers in Nov 2019, COVID-19 tenant relief measures and the cessation of rental support

Distributable Income (\$m)



	3Q 2020	3Q 2019	+ / (-)	9M 2020	9M 2019	+ / (-)
Property Income⁽¹⁾	\$44.8m	\$42.4m	+5.7%	\$120.3m	\$122.3m	(1.6%)
Net Property Income (NPI)	\$35.6m	\$33.2m	+7.2%	\$94.6m	\$95.5m	(0.9%)
Less: Attributable to Non-controlling Interests	(\$4.3m)	(\$4.2m)	+2.4%	(\$12.7m)	(\$12.5m)	+1.6%
NPI Attributable to Unitholders	\$31.3m	\$29.0m	+7.9%	\$81.9m	\$83.0m	(1.3%)
Share of Results of Associates⁽²⁾	\$23.1m	\$21.3m	+8.5%	\$63.6m	\$60.4m	+5.3%
Share of Results of Joint Ventures⁽³⁾	\$8.2m	\$7.3m	+12.3%	\$21.9m	\$21.6m	+1.4%
Distributable Income from Operations	\$47.6m	\$45.5m	+4.6%	\$132.4m	\$134.1m	(1.3%)
Capital Gains Distribution	N.a. ⁽⁴⁾	\$2.0m	N.m.	\$10.0m ⁽⁴⁾	\$8.0m	+25.0%

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 after it was acquired on 27 May 2019, Bugis Junction Towers before it was divested on 29 Nov 2019 and 311 Spencer Street after it achieved practical completion on 9 Jul 2020.

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

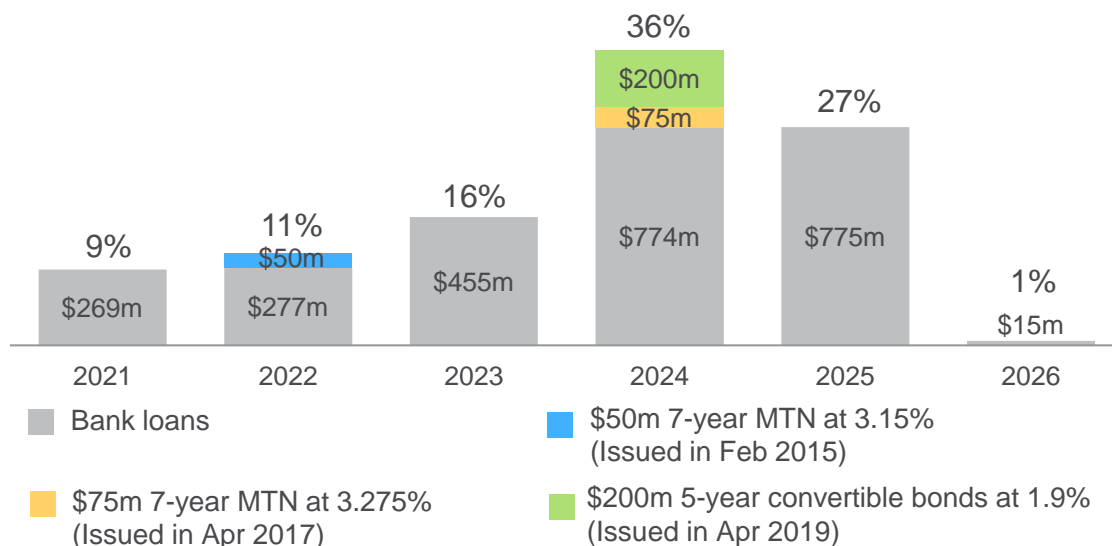
(3) Share of results of joint ventures relates to Keppel REIT's 50% interests in 8 Chifley Square and David Malcolm Justice Centre.

(4) As Keppel REIT has adopted half-yearly distributions from 2H 2020 onwards, any distribution of capital gains for 2H 2020 will be disclosed at the FY 2020 results announcement.

Prudent Capital Management

- All-in interest rate reduced year-on-year to 2.39% p.a. from 2.82% p.a.
- Issued \$300m⁽¹⁾ of 3.15% perpetual securities to refinance \$150m of 4.98% perpetual securities⁽²⁾ and increase financial flexibility
- Approximately \$894m of undrawn credit facilities available, including \$426m of committed facilities
- Capital gains available from past divestments to enhance stability of distributions

Debt Maturity Profile (As at 30 Sep 2020)



As at 30 Sep 2020	
Adjusted NAV per Unit ⁽³⁾	\$1.34
Interest Coverage Ratio ⁽⁴⁾	3.9x
All-in Interest Rate	2.39% p.a.
Aggregate Leverage ⁽⁵⁾	35.0%
Weighted Average Term to Maturity	3.3 years
Borrowings on Fixed Rates	80%

(1) \$150m was issued on 11 Sep 2020 while another \$150m was issued on 7 Oct 2020.

(2) \$150m of 4.98% perpetual securities will be redeemed on 2 Nov 2020.

(3) Excluded the distributable income for the period 1 Jul 2020 to 30 Sep 2020 to be paid in Feb 2021.

(4) 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 MAS on 16 Apr 2020.

(5) Assuming the acquisition of Pinnacle Office Park is completed as at 30 Sep 2020 and taking into account the effects of the issuance of \$150m perpetual securities on 7 Oct 2020 and the redemption of \$150m perpetual securities on 2 Nov 2020, the aggregate leverage would have been 36.9%.

DPU-Accretive Acquisition of Pinnacle Office Park, Sydney

- Acquiring a 100% interest in Pinnacle Office Park, a freehold Grade A commercial property comprising three office buildings near the Macquarie Park Metro Station
- Acquisition at a 5.25% initial NPI yield is part of ongoing portfolio optimisation to improve income resilience and portfolio yield

Transaction Overview	
Agreed Property Value ⁽¹⁾	A\$306.0m (\$303.3m) ⁽²⁾
Funding Structure	100% funded by AUD-denominated loan for natural hedge
Initial NPI Yield	5.25% ⁽³⁾
DPU Accretion	+4.5% ⁽⁴⁾
Expected Completion	4Q 2020



(1) Includes A\$2.1m of rental guarantee until the later of 31 Dec 2021 and 12 (or 6) months after the date of completion, depending on the relevant vacant premises.

(2) Based on an exchange rate of A\$1.00 = S\$0.9912 as at 9 Sep 2020. Including estimated transaction costs, the acquisition consideration would be A\$329.0m (\$326.1m).

(3) Based on the estimated NPI for a year from completion of the acquisition, including rental guarantee by the vendor for the same period.

(4) On a pro forma basis for FY 2019 as if the acquisition was completed on 1 Jan 2019. DPU accretion would be +3.2% had the acquisition been funded by AUD-denominated loan and \$150m of perpetual securities issued on 11 Sep 2020.

Investment Merits

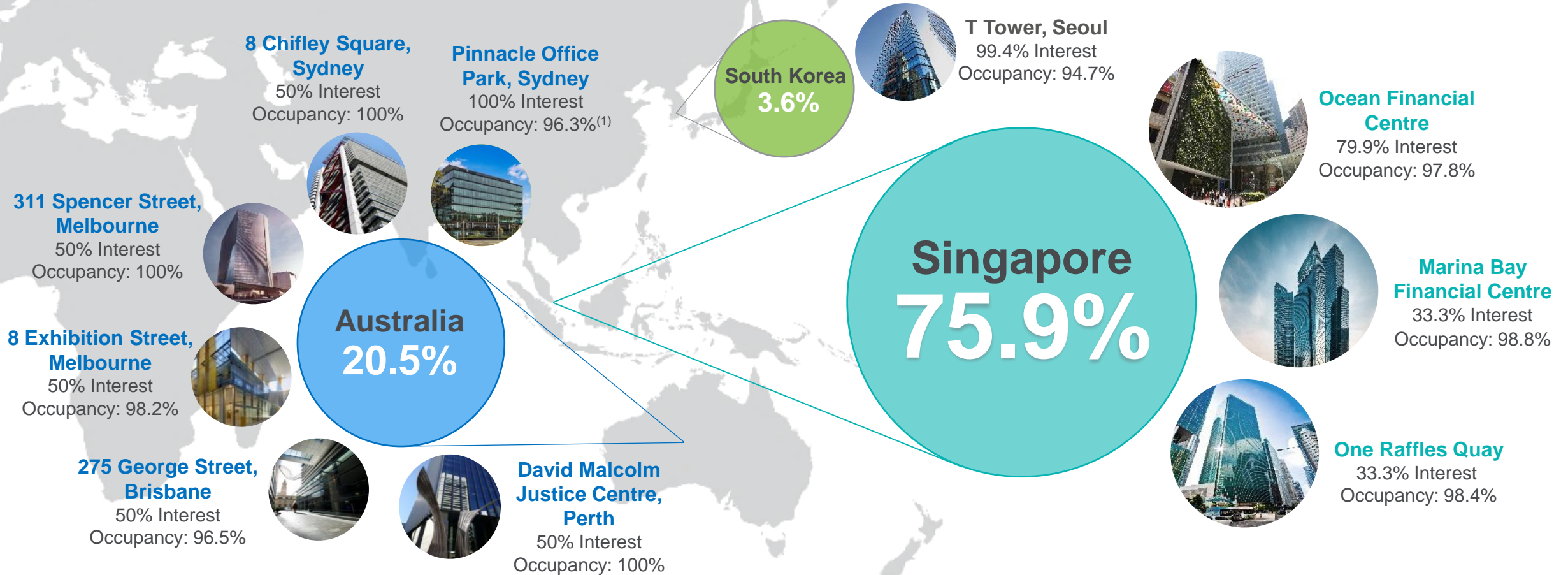
[Click](#) to view property video

1. Portfolio optimisation to improve income resilience and portfolio yield
2. DPU-accretive acquisition that will enhance the REIT's distributions
3. Opportunity to gain exposure to a key Australian metropolitan office market
4. Expansion into Grade A metropolitan office space for tenants seeking cost-effective or hub-and-spoke business models
5. Potential partial re-development opportunity in the medium term



Resilient Portfolio Anchored by Singapore CBD Assets

\$8.4 billion portfolio in key business districts of Singapore, Australia and South Korea enhances income diversification and long-term stability



Note: Information as of 30 Sep 2020 and assuming the inclusion of Pinnacle Office Park in Sydney which was announced on 13 Sep 2020 and targeted for acquisition completion in 4Q 2020.

(1) As at 30 Jun 2020.

Managing the COVID-19 Situation

- Keppel REIT's quality office portfolio and high-quality tenant profile continue to provide income stability and resilience
- Portfolio committed occupancy remained high at 98.3%⁽¹⁾. Portfolio weighted average lease expiry was extended to 7.1 years⁽¹⁾; Top 10 tenants' WALE was 12.3 years⁽¹⁾
- Safety measures in place to facilitate the return of tenants to the workplace
- To support tenants, and in line with government measures, measures were implemented to alleviate tenants' cashflow and cost pressures



Rental collection⁽²⁾

97%

in 3Q 2020



Rental deferrals

\$1.7m

as at 30 Sep 2020



Tenant relief measures⁽³⁾

Approx. \$13.8m

including estimated \$10.0m of government property tax rebates and cash grant

9M 2020 Leasing Update

Total Leases Committed

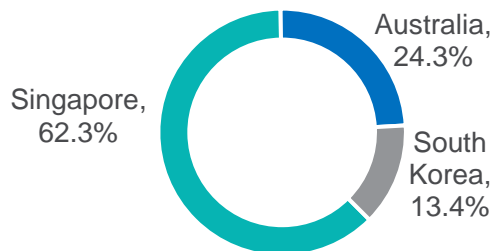
~955,600 sf

(Attributable ~413,100 sf)

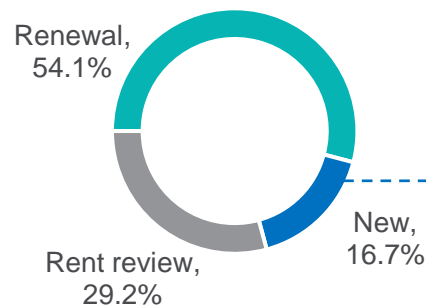
Retention Rate

81%⁽¹⁾

Leases Committed by Geography⁽²⁾



Leases Committed by Type⁽²⁾

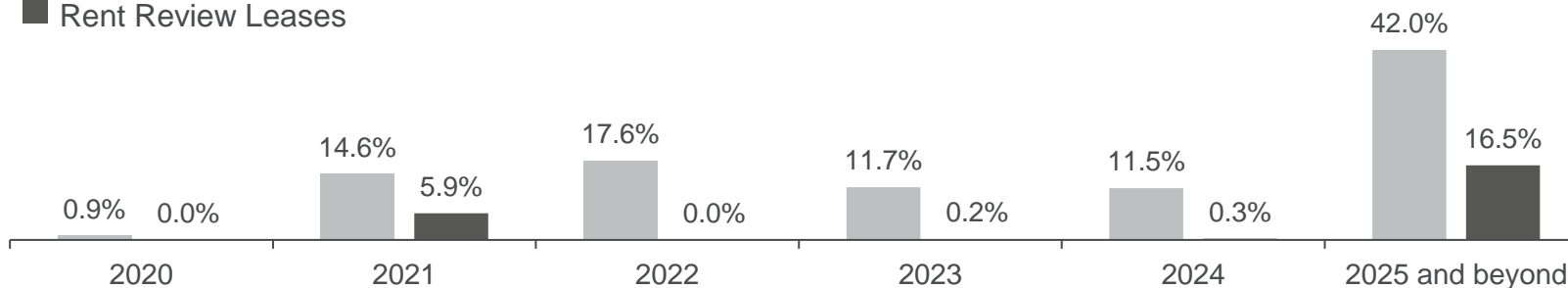


New leasing demand and expansions from:

Real estate and property services	38.2%
Technology, media and telecommunications	23.7%
Banking, insurance and financial services	21.1%
Energy, natural resources, shipping and marine	11.5%
Accounting and consultancy services	3.5%
Retail and F&B	2.0%

Lease Expiries and Rent Reviews⁽²⁾

- Expiring Leases
- Rent Review Leases



- Average signing rent for Singapore office leases concluded in 9M 2020 was \$11.03⁽³⁾ psf pm
- Average expiring rents⁽⁴⁾ of Singapore office leases (psf pm): \$9.72 in 2021, \$10.25 in 2022 and \$11.00 in 2023

(1) For 9M 2020. Retention rate for 3Q 2020 was 94%.

(2) Based on committed attributable area.

(3) Based on a weighted average calculation. Simple average signing rent was \$11.81 psf pm.

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

Established and Diversified Tenant Base

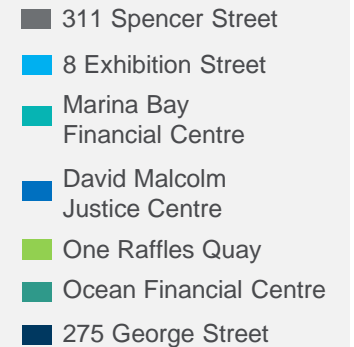
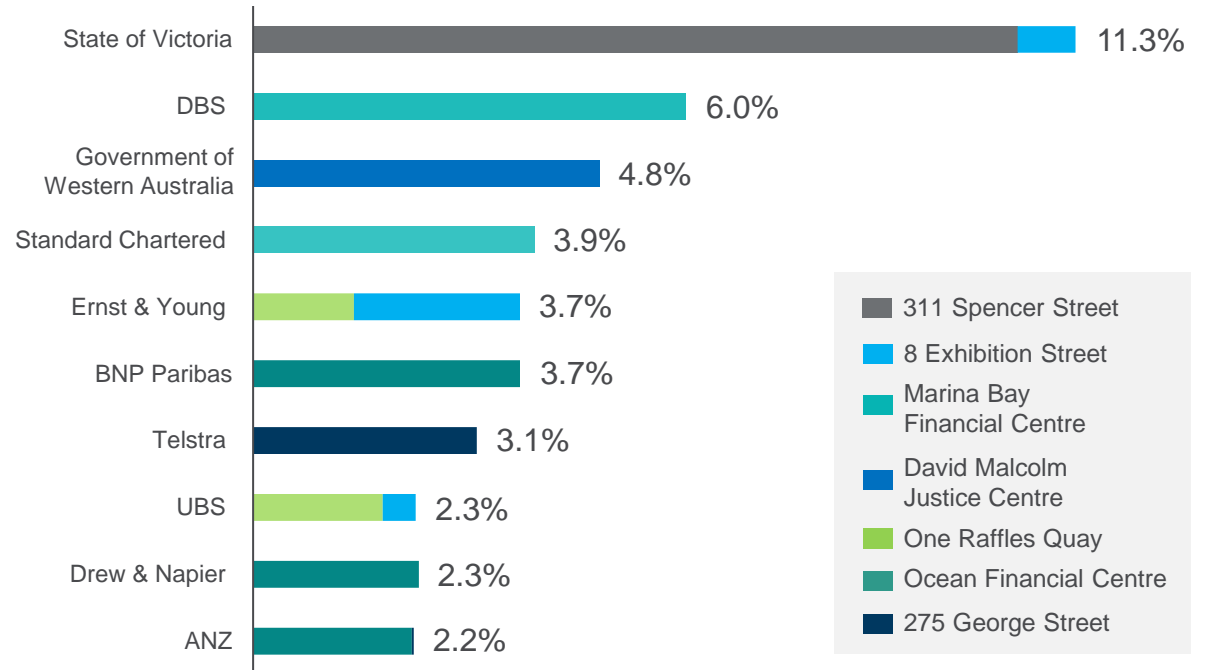
- Keppel REIT has a diversified tenant base of 342⁽¹⁾ tenants, many of which are established blue-chip corporations
- Top 10 tenants take up 43.3% of NLA and contribute 38.0% of gross rent



Tenant Business Sector

Banking, insurance and financial services	36.2%
Government agency	17.6%
Technology, media and telecommunications	12.0%
Legal	7.9%
Energy, natural resources, shipping and marine	7.3%
Real estate and property services	5.7%
Accounting and consultancy services	5.3%
Services	3.5%
Manufacturing and distribution	2.1%
Retail and food & beverage	1.6%
Hospitality and leisure	0.1%
Others	0.7%
Total	100%

Top 10 Tenants



Note: All data as at 30 Sep 2020 and based on portfolio committed NLA.

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

Market Review

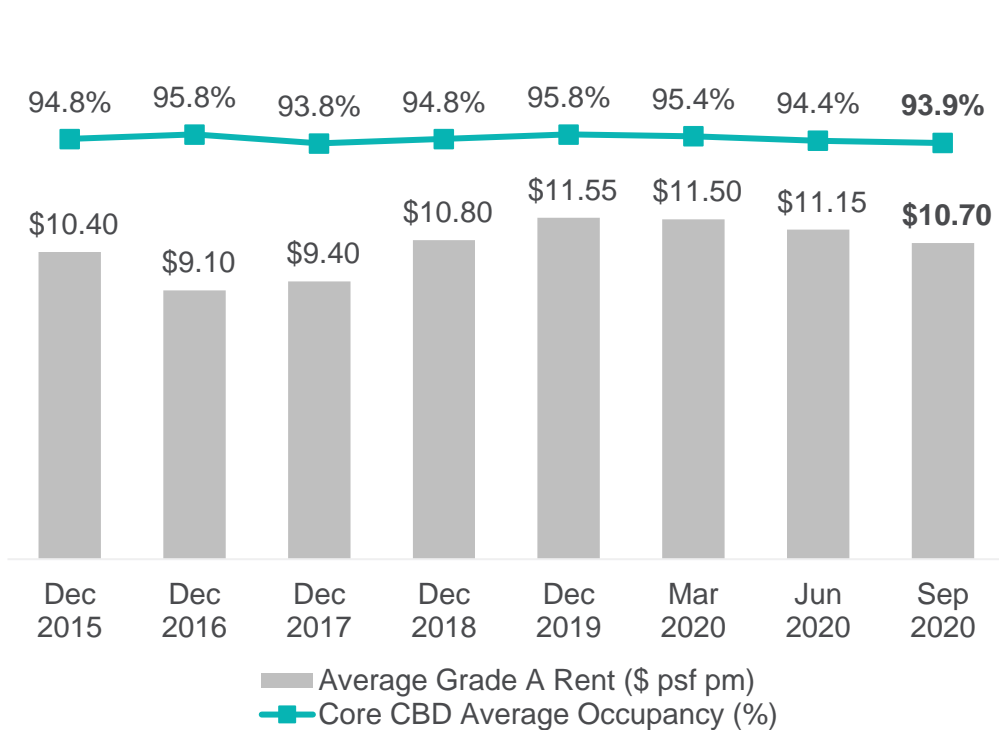
8 Chifley Square,
Sydney



Singapore Office Market

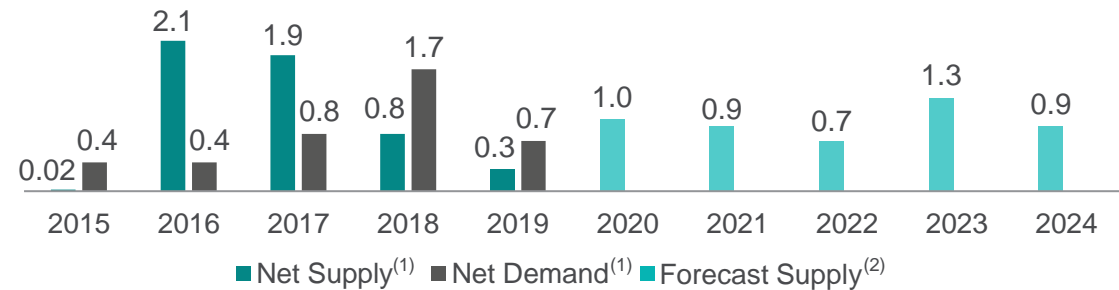
- Average Grade A office rents registered a decrease to \$10.70 psf pm in 3Q 2020 while average occupancy in core CBD decreased to 93.9%

Grade A Rent and Core CBD Occupancy



Source: CBRE, 3Q 2020.

Demand and Supply



Key Upcoming Supply in CBD⁽²⁾

Year	Project	Supply (sf)
2021	Afro-Asia i-Mark	140,000
	CapitaSpring	635,000
	Hub Synergy Point Redevelopment	131,200
2022	Guoco Midtown	650,000
2023	Central Boulevard Towers	1,258,000
2024	Keppel Towers Redevelopment	522,800
	Shaw Towers Redevelopment	407,000

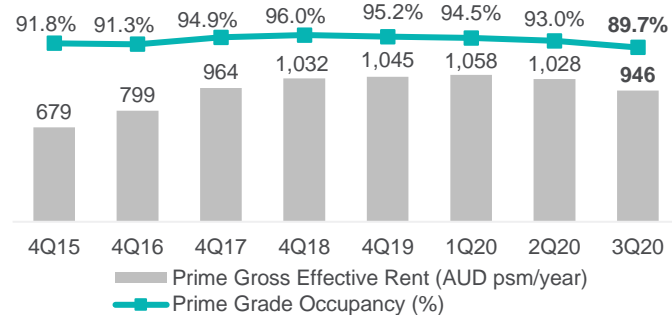
(1) Based on URA data on historical net demand and supply of office space in Downtown Core and Rest of Central Area. Supply is calculated as net change of stock over the year and may include office stock removed from market due to demolitions or change of use.

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

Australia Office Market

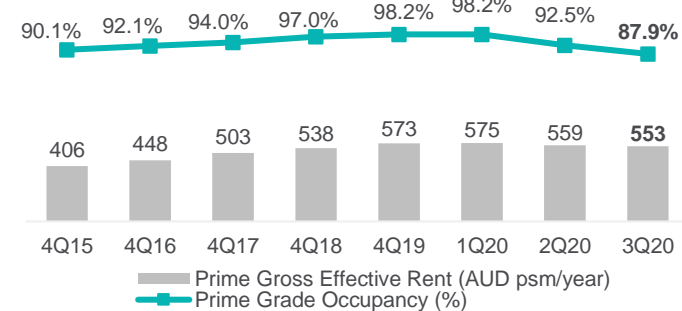
Sydney CBD

Prime Grade occupancy was lower at 89.7%



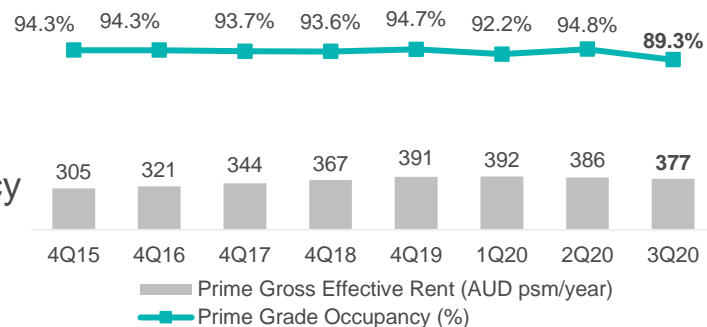
Melbourne CBD

Prime Grade occupancy was lower at 87.9%



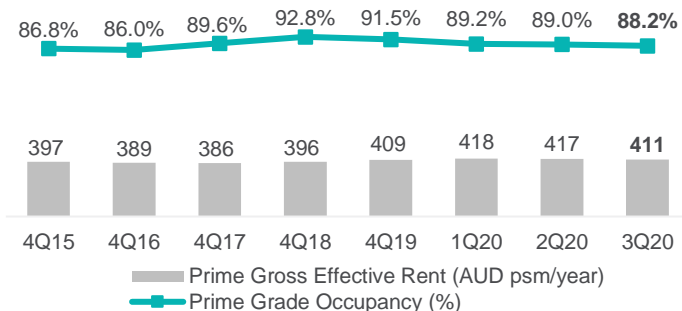
Macquarie Park

Prime Grade occupancy was lower at 89.3%



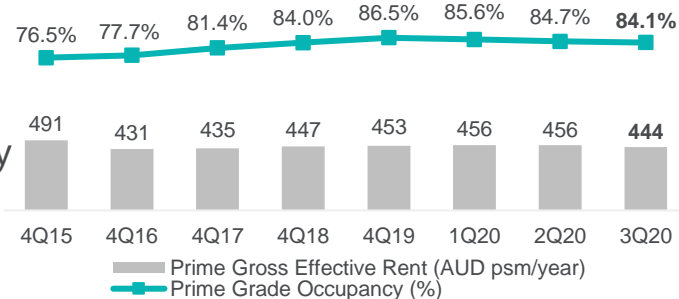
Brisbane CBD

Prime Grade occupancy was lower at 88.2%



Perth CBD

Prime Grade occupancy was lower at 84.1%

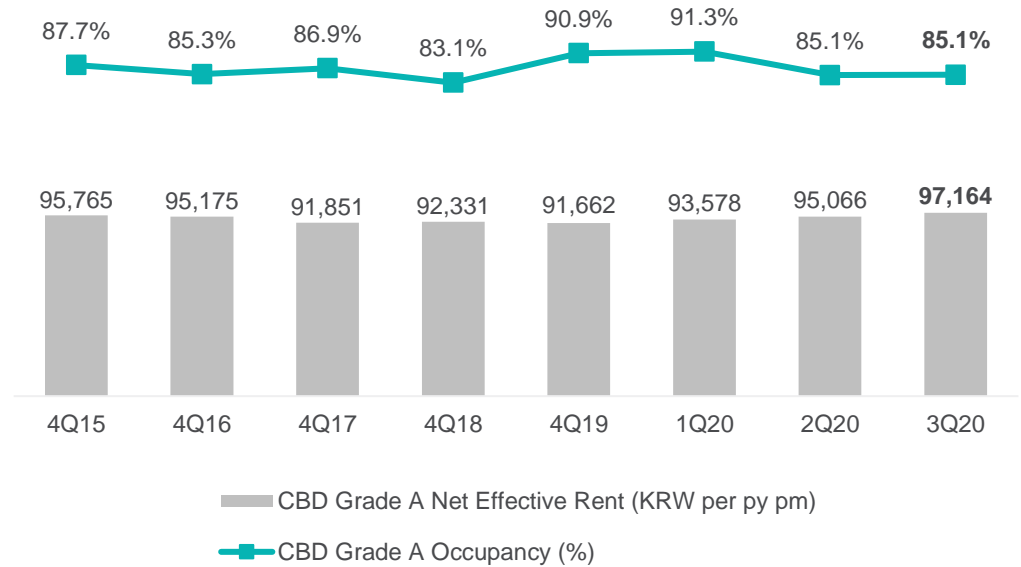


Seoul Office Market

- CBD Grade A occupancy remained stable at 85.1% in 3Q 2020



CBD Grade A Rent and Occupancy



Committed to Delivering Stable Income & Sustainable Returns

Portfolio Optimisation

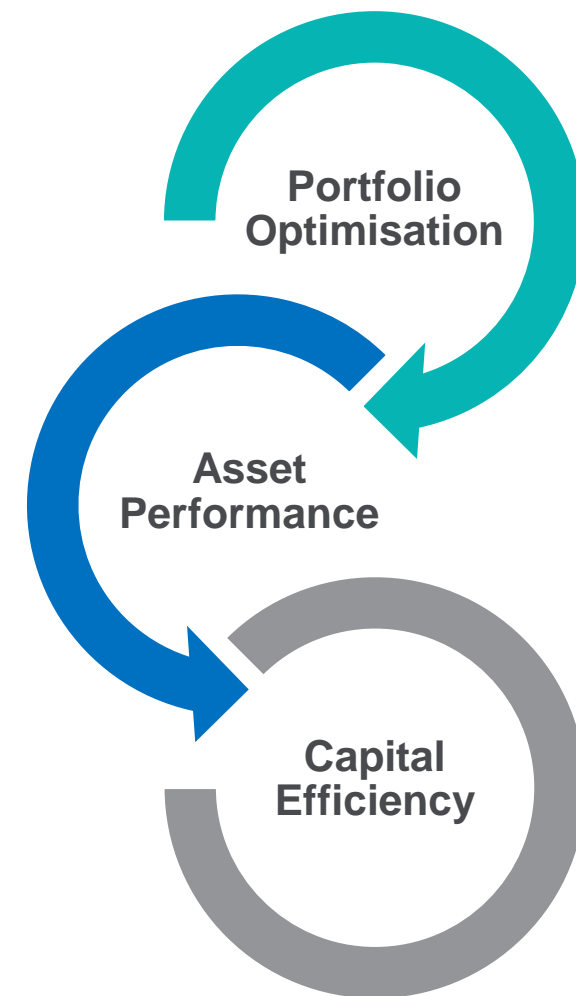
- Portfolio optimisation to improve yield, while maintaining exposure to Singapore CBD
- Hold quality assets across different markets for improved income stability and to provide more long-term growth opportunities

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

	Ocean Financial Centre	Marina Bay Financial Centre ⁽⁴⁾	One Raffles Quay
Attributable NLA	700,504 sf	1,024,238 sf	441,475 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 Dec 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 ⁽³⁾ , Melbourne	311 Spencer Street, Melbourne	275 George Street, Brisbane	David Malcolm Justice Centre, Perth	Pinnacle Office Park, Sydney (Pending completion)	T Tower, Seoul
Attributable NLA	104,055 sf	244,659 sf	364,180 sf	224,537 sf	167,784 sf	378,165 sf	226,949 sf
Ownership	50.0%	50.0%	50.0%	50.0%	50.0%	100.0%	99.4%
Principal tenants ⁽¹⁾	Corrs Chambers Westgarth, Quantum, QBE Insurance	Ernst & Young, Amazon, Minister for Finance - State of Victoria	Minister for Finance - State of Victoria	Telstra, Queensland Gas Company, The State of Queensland ⁽⁸⁾	Minister for Works - Government of Western Australia	Aristocrat Technologies, Konica Minolta, Coles Supermarkets	Hankook Corporation, SK Communications, Philips Korea
Tenure	99 years expiring 5 Apr 2105	Freehold	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\$347.8m S\$362.4m ⁽⁶⁾	A\$166.0m S\$209.4m	A\$165.0m S\$208.1m	A\$306.0m S\$303.3m ⁽⁹⁾	KRW252.6b S\$292.0m ⁽¹¹⁾
Valuation ⁽²⁾	A\$240.0m S\$222.2m	A\$265.3m S\$245.6m ⁽³⁾	A\$384.3m S\$372.5m ⁽⁷⁾	A\$250.0m S\$231.4m	A\$232.5m S\$215.2m	A\$306.0m S\$303.3m ^(9,10)	KRW259.0b S\$299.9m
Capitalisation rates	4.75%	5.00% ⁽⁴⁾ ; 4.50% ⁽⁵⁾	4.50%	5.00%	5.38%	5.25%	4.50%

1) On committed gross rent basis.

2) Valuation as at 31 Dec 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) 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 Jun 2017.

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

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

9) Based on an exchange rate of A\$1 = S\$0.9912 as at 9 Sep 2020.

10) Valuation as at 31 Aug 2020.

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

Thank You

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T Tower,
Seoul