

Keppel REIT

1Q 2022

Key Business and Operational Updates

20 April 2022



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FTSE ST Large & Mid Cap Index



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GPR 250 Index Series



MSCI Singapore Small Cap Index

1Q 2022 Key Highlights



\$53.8m

1Q 2022 distributable income from operations⁽¹⁾

Up 4.3% y-o-y

38.7%

Aggregate leverage as at 31 Mar 2022

1.81% p.a.

All-in interest rate for 1Q 2022



95.1%

Portfolio committed occupancy as at 31 Mar 2022

6.1 years

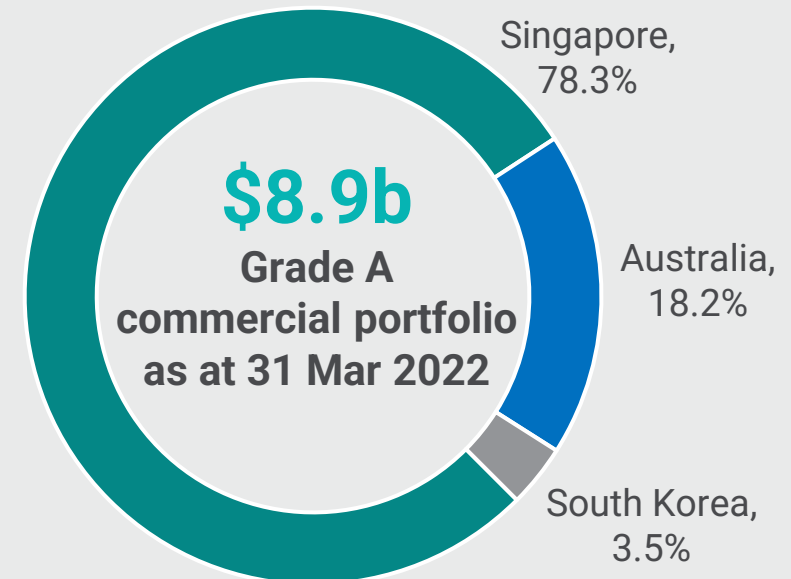
Long portfolio weighted average lease expiry (WALE) as at 31 Mar 2022
Top 10 tenants' WALE was 10.7 years

Certified Carbon Neutral

By Climate Active for Victoria Police Centre in April 2022

Pan-Asian Portfolio with Income Resilience

Anchored in key business districts of Singapore, Australia and South Korea



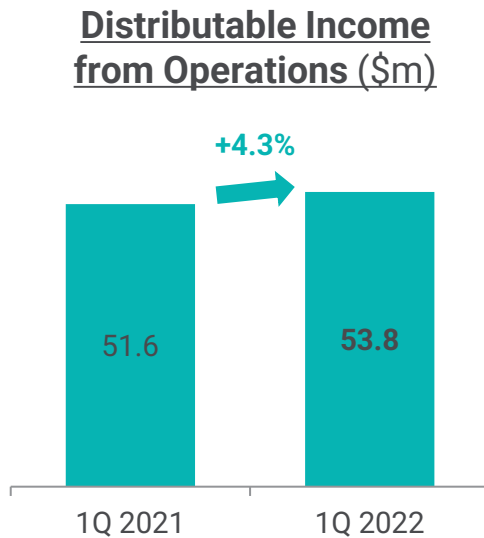
Financial & Portfolio Highlights

Pinnacle Office Park,
Sydney



Higher Distributable Income from Operations

- Distributable income of \$53.8 million, a 4.3% year-on-year growth due mainly to the acquisition of Keppel Bay Tower in May 2021
- The increase was partially offset by the impact of the divestment of 275 George Street in July 2021



	1Q 2022	1Q 2021	+ / (-)
Property Income⁽¹⁾	\$54.5m	\$51.1m	+6.7%
Net Property Income (NPI)	\$44.2m	\$40.7m	+8.6%
Less: Attributable to Non-controlling Interests	(\$4.2m)	(\$4.3m)	(2.3%)
NPI Attributable to Unitholders	\$40.0m	\$36.4m	+9.9%
Share of Results of Associates⁽²⁾	\$23.0m	\$24.9m	(7.6%)
Share of Results of Joint Ventures⁽³⁾	\$5.8m	\$7.7m	(24.7%)
Distributable Income from Operations	\$53.8m	\$51.6m	+4.3%

(1) Property income relates to income from directly-held properties including Ocean Financial Centre, 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units, 50% interest in Victoria Police Centre, Pinnacle Office Park, T Tower, Keppel Bay Tower after it was acquired on 18 May 2021 and 50% interest in 275 George Street before it was divested on 30 Jul 2021.

(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.

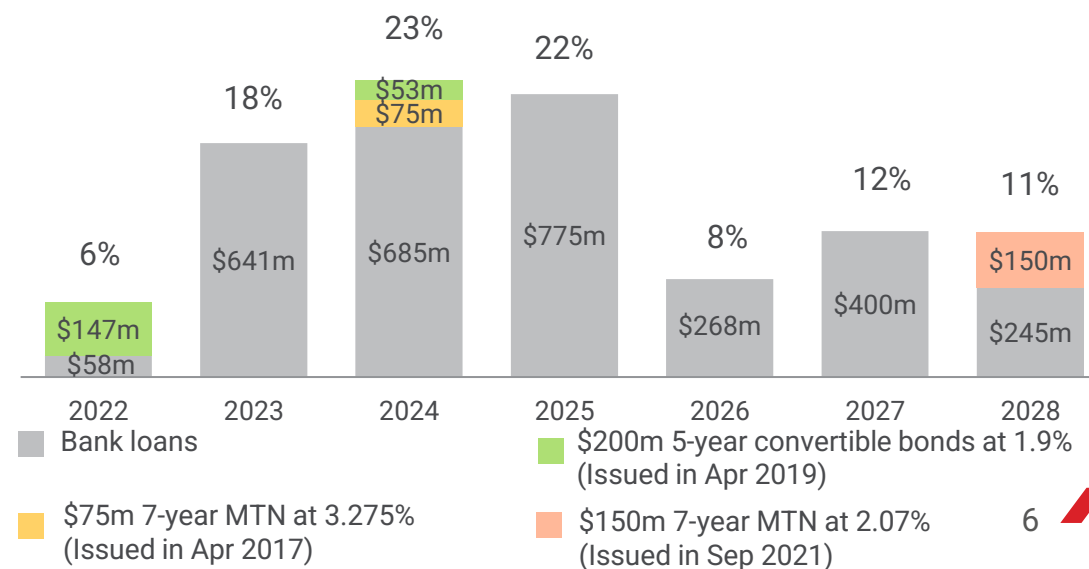
Prudent Capital Management

- All-in interest rate reduced year-on-year to 1.81% p.a. from 2.01% p.a.
- Total borrowings on fixed rates increased from 63% to 71% during the quarter, to mitigate interest rate volatility
- Approximately 48%⁽¹⁾ of Keppel REIT's total borrowings are green loans
- On 11 April 2022, \$146.5 million of the 1.90% convertible bonds due 2024 were redeemed. The redemption was funded through loan facilities at comparable interest rates, maturing mainly in 2026 and 2027

- (1) This includes Keppel REIT's share of external borrowings accounted for at the level of associates.
 (2) Excluded the distributable income for the period 1 Jan 2022 to 31 Mar 2022 to be paid in Aug 2022.
 (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) Refers to changes to SOR/SORA/BBSW for applicable loans on floating rates.
 (5) Computed based on DPU of 5.82 cents for FY 2021.

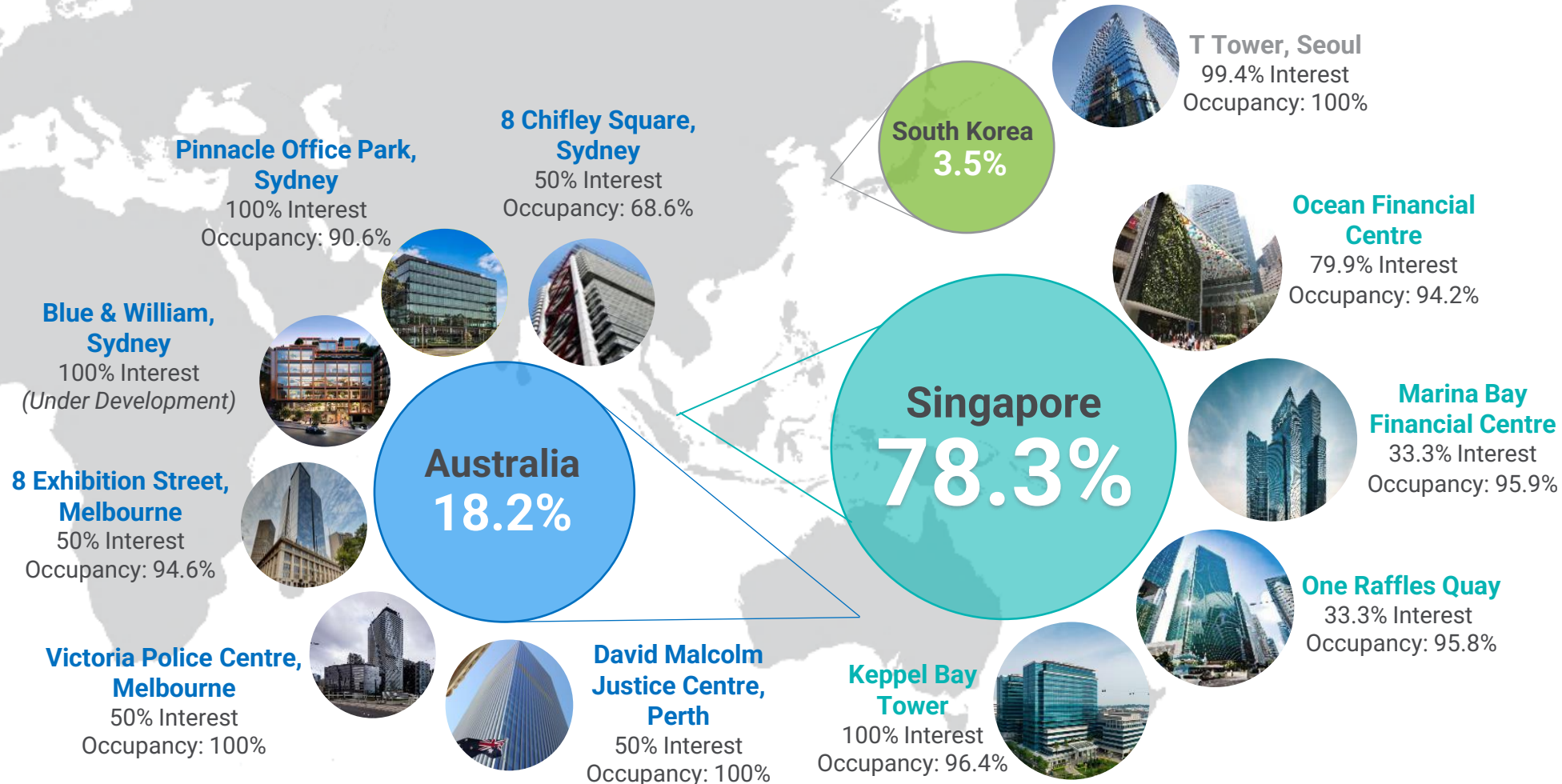
As at 31 Mar 2022	
Adjusted NAV per Unit ⁽²⁾	\$1.29
Interest Coverage Ratio ⁽³⁾	3.8x
All-in Interest Rate	1.81% p.a.
Aggregate Leverage	38.7%
Weighted Average Term to Maturity	3.1 years
Borrowings on Fixed Rates	71%
Sensitivity to Interest Rates ⁽⁴⁾	+ 50 bps = ~0.14 cents ↓ in DPU p.a. or ~2.4% ⁽⁵⁾ ↓ in DPU p.a.

Debt Maturity Profile (As at 31 Mar 2022)



Diversified Pan-Asian Portfolio of Prime Commercial Assets

\$8.9b portfolio of prime quality assets anchored across different markets enhance income stability and long-term growth opportunities



As at 31 Mar 2022:

95.1%

Portfolio committed occupancy

10.7 years

Top 10 tenants' WALE

6.1 years

Portfolio WALE

- Singapore portfolio: 2.9 years
- Australia portfolio: 13.3 years
- South Korea portfolio: 2.0 years

Robust 1Q 2022 Portfolio Performance

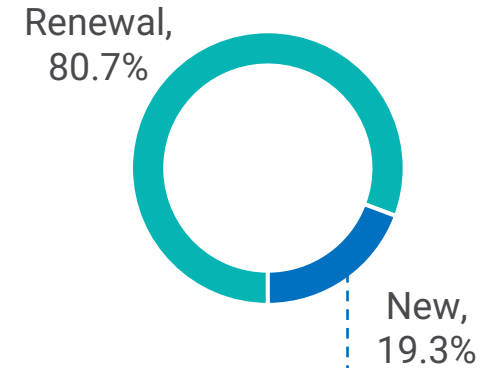
Total Leases Committed
~475,000 sf
 (Attributable ~222,500 sf)

Retention Rate
91%

Leases Committed by Geography⁽¹⁾



Leases Committed by Type⁽¹⁾



New leasing demand and expansions from:

Real estate and property services	43.4%
Manufacturing and distribution	23.1%
Banking, insurance and financial services	13.0%
Accounting and consultancy services	8.9%
Technology, media and telecommunications	6.3%
Legal	4.3%
Retail and F&B	1.0%

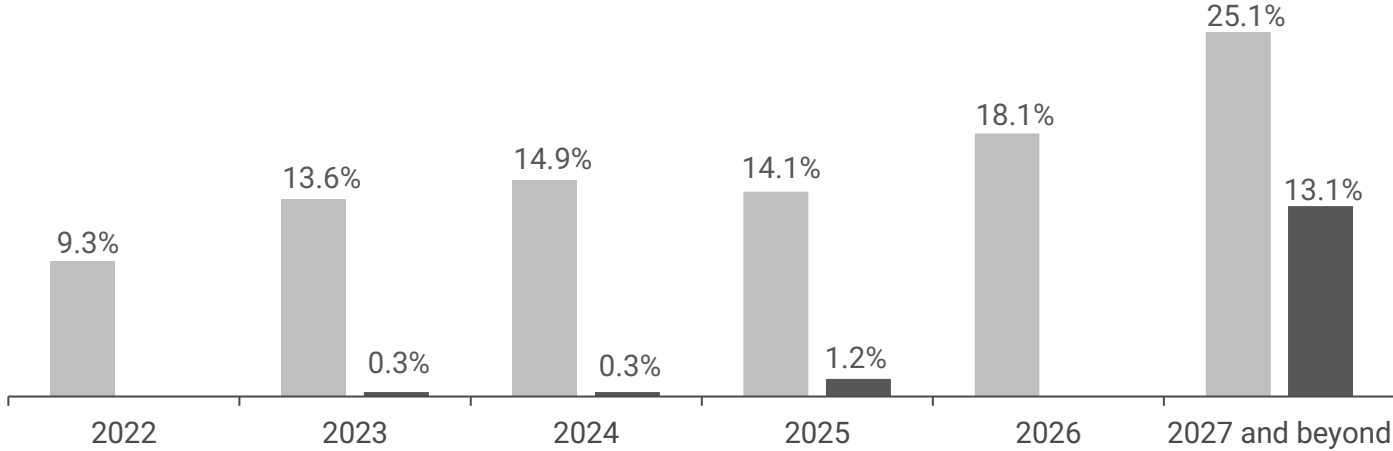
- Rental collection remained healthy at 99% in 1Q 2022
- Tenant relief measures of ~\$0.2m were granted in 1Q 2022, to some ancillary retail tenants

Well-spread Lease Expiry Profile

- Average signing rent for Singapore office leases⁽¹⁾ concluded in 1Q 2022 was \$11.15 psf pm
- Average expiring rents of Singapore office leases⁽²⁾(psf pm): \$10.10 in 2022, \$10.84 in 2023 and \$10.72 in 2024

Lease Expiries and Rent Reviews⁽³⁾

- Expiring Leases
- Rent Review Leases



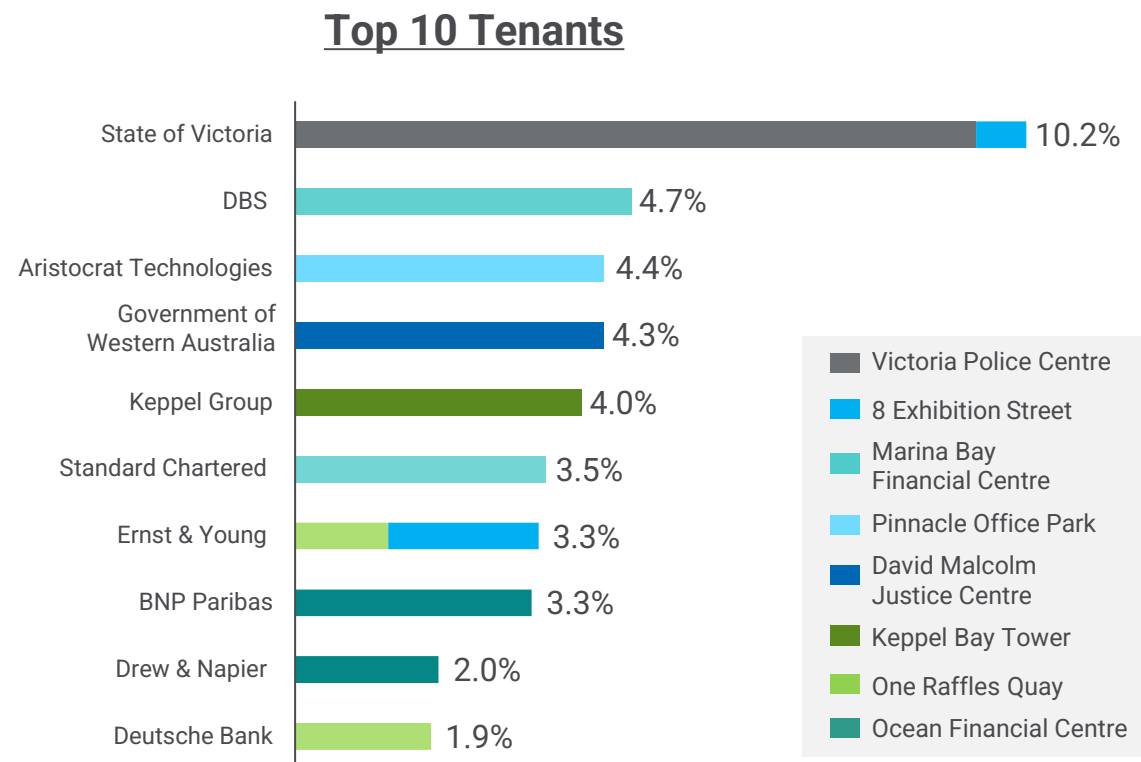
(1) Weighted average for Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.
 (2) Weighted average based on attributable NLA of office lease expiries and rent reviews in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.
 (3) Based on committed attributable area.

Established and Diversified Tenant Base

- Keppel REIT has a diversified tenant base of 383⁽¹⁾ tenants, many of which are established blue-chip corporations

Tenant Business Sector	%
Banking, insurance and financial services	30.0%
Government agency	15.2%
Technology, media and telecommunications	12.9%
Legal	7.2%
Manufacturing and distribution	6.8%
Energy, natural resources, shipping and marine	6.7%
Real estate and property services	6.4%
Accounting and consultancy services	5.3%
Services	4.0%
Retail and food & beverage	2.6%
Others	2.9%
Total	100%

- Top 10 tenants take up 41.6% of NLA and contribute 36.8% of gross rent



Sustainable Portfolio with ESG Excellence

Supporting climate action and the transition to a low-carbon future with Keppel REIT's portfolio including Keppel Bay Tower and Blue & William



Artist's
Impression



ESG Benchmarks

- MSCI ESG – 'A' Rating
- ISS ESG Corporate Rating – Prime status
- Global Real Estate Sustainability Benchmark (GRESB) – Green Star status; 'A' rating for Public Disclosure



ESG Indices

- iEdge SG ESG Transparency Index and ESG Leaders Index
- iEdge-UOB APAC Yield Focus Green REIT Index
- Morningstar Singapore REIT Yield Focus Index
- Solactive CarbonCare Asia Pacific Green REIT Index



Green Credentials and Green Financing

- 9 out of 11 Keppel REIT's properties are **green certified**. T Tower is targeting green certification in 2022 while Blue & William is under development
- All Singapore office assets have maintained **BCA Green Mark Platinum**
- 5 Stars and above in the **NABERS Energy** rating for majority of the operational Australian assets
- **Fully powered by renewable energy**: Keppel Bay Tower, 8 Exhibition Street and Victoria Police Centre
- **Carbon neutral**: 8 Exhibition Street and Victoria Police Centre (certified in April 2022)
- Approximately 48% of Keppel REIT's total borrowings are **green loans**

ESG Targets

Environmental Stewardship

- Halve Scope 1 and 2 emissions by 2030 from 2019 levels
- Reduce energy and water usage
- Increase renewable energy usage
- Increase waste recycling rate

Responsible Business

- Uphold high standards of corporate governance and risk management
- Attain green certification for all properties by 2023
- Increase sustainability-focused funding to 50% by 2025

People and Community

- Provide a safe and healthy workplace
- Invest in developing and training its people
- Uplift communities wherever it operates
- Maintain approximately 30% of female directors on the Board



Photo Credit: PUB

In support of PUB's "City Turns Blue" initiative, Ocean Financial Centre was lit blue to celebrate World Water Day 2022



Sustainability credentials and potential for enhancement are taken into consideration in investment decisions



Safety and wellbeing are key considerations in building a safe and healthy workplace

Meeting Diverse Tenant Needs

Robust portfolio of Grade A office properties that caters to tenants' diverse business needs

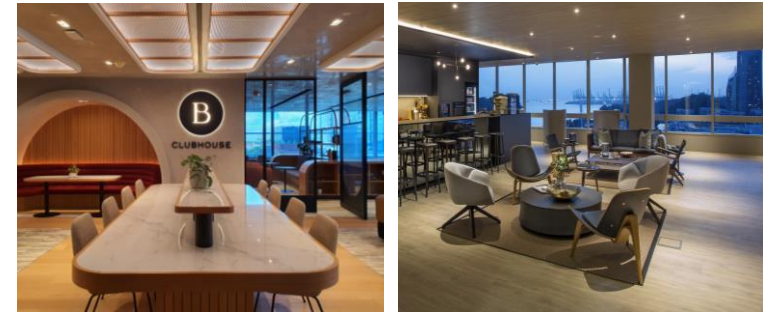
Quality Workplaces with Strong ESG Focus

Grade A office buildings that are well managed with sustainable and technologically-advanced features



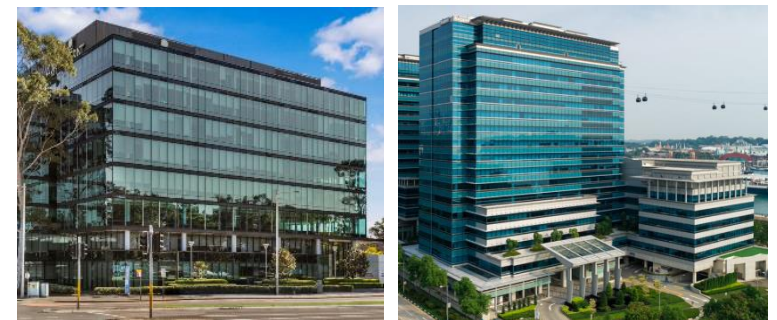
Fitted/Flexible Solutions

Providing greater tenant flexibility with fully fitted out spaces and/or flexible space operators in Keppel REIT's portfolio



Hub-and-Spoke Business Model

Offering alternatives to tenants seeking cost-effective solutions or dual locations for business continuity purposes



Market Review

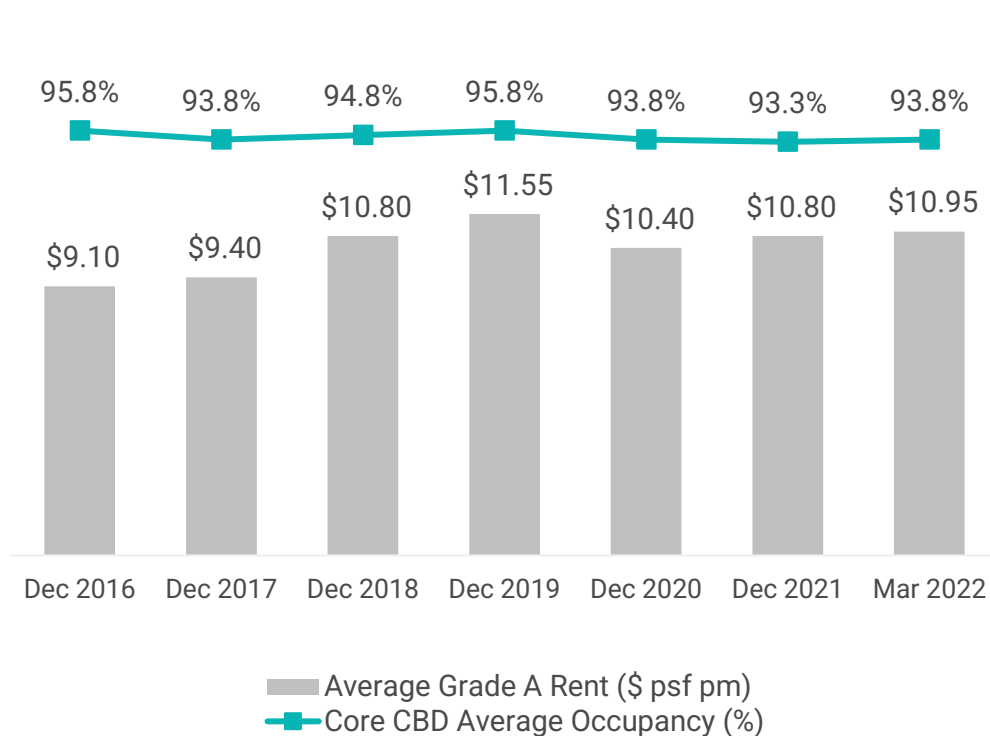
Marina Bay Financial Centre,
Singapore



Singapore Office Market

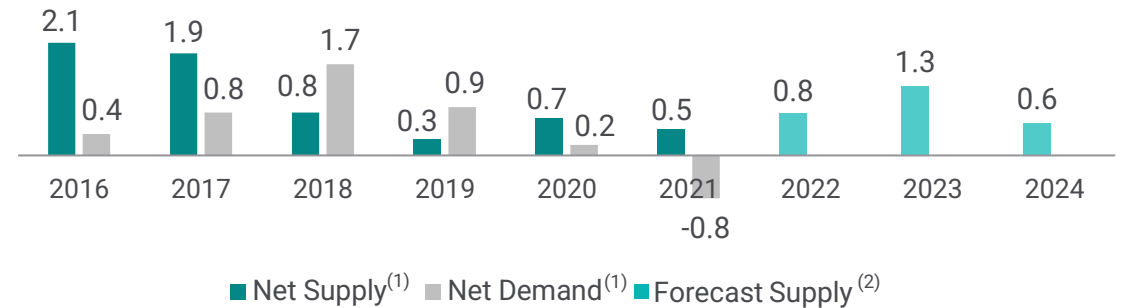
- Average core CBD Grade A office rents increased to \$10.95 psf pm in 1Q 2022 and average occupancy in core CBD increased to 93.8%

Grade A Rent and Core CBD Occupancy



Source: CBRE, 1Q 2022.

Demand and Supply



Key Upcoming Supply in CBD ⁽²⁾		sf
2022	Guoco Midtown	709,100
	Hub Synergy Point Redevelopment	131,200
2023	IOI Central Boulevard Towers	1,258,000
2024	333 North Bridge Road	40,000
	Keppel Towers Redevelopment	526,100

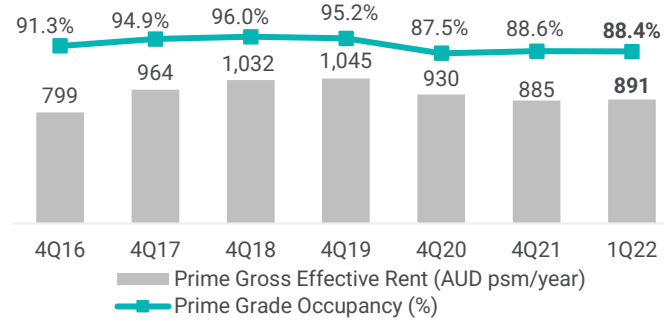
(1) Based on URA data as at 4Q 2021, on historical net demand and supply of office space in Downtown Core and Rest of Central Area. Supply is calculated as net change of stock over the year and may include office stock removed from market due to demolitions or change of use.

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

Australia Office Market

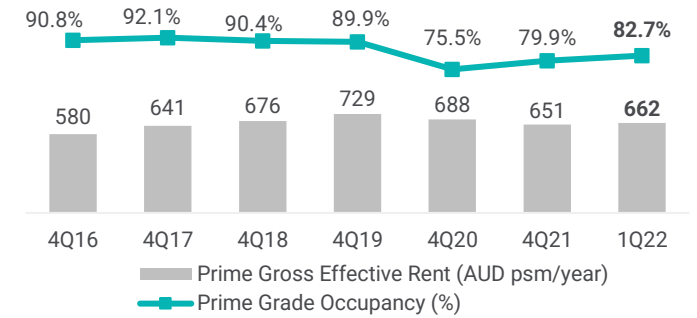
Sydney CBD

Prime Grade occupancy decreased to 88.4%



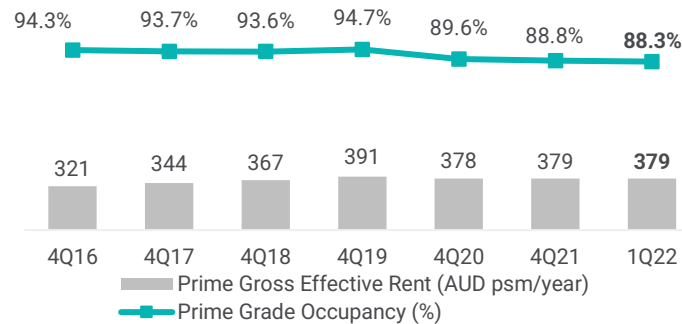
North Sydney

Prime Grade occupancy increased to 82.7%



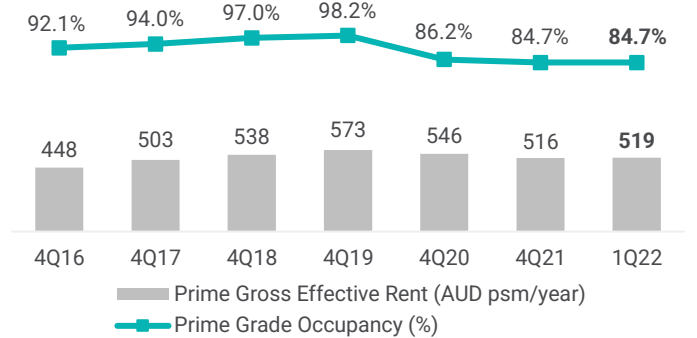
Macquarie Park

Prime Grade occupancy decreased to 88.3%



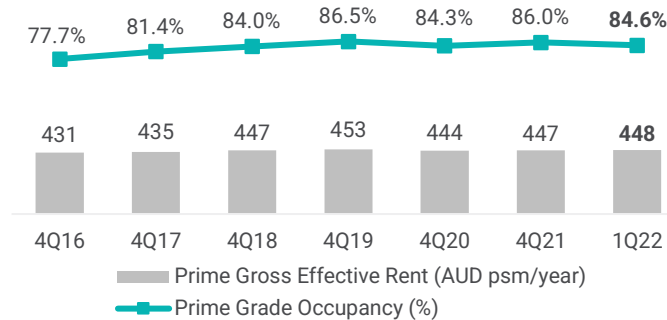
Melbourne CBD

Prime Grade occupancy maintained at 84.7%



Perth CBD

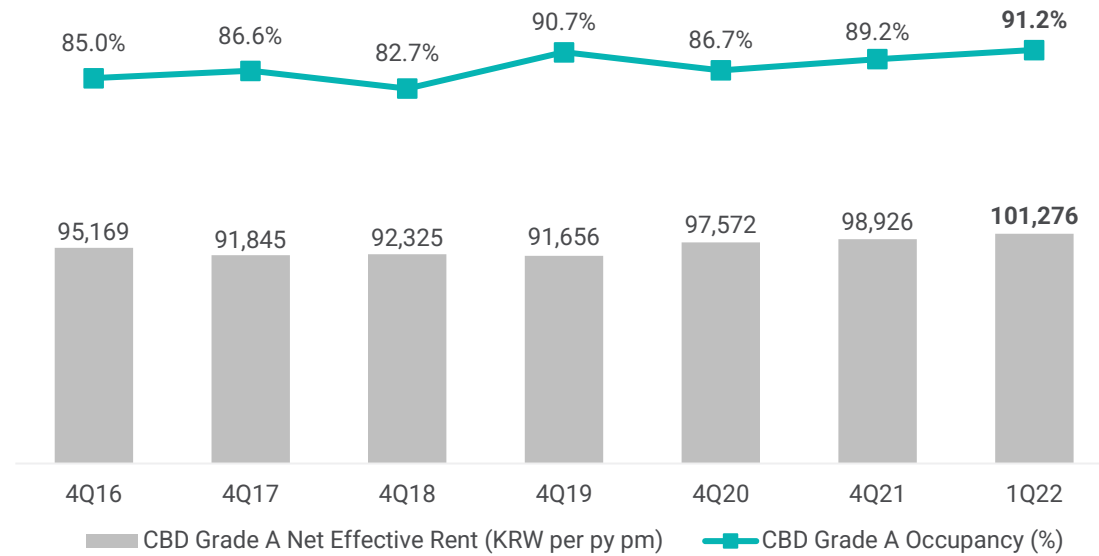
Prime Grade occupancy decreased to 84.6%



Seoul Office Market

- CBD Grade A occupancy increased to 91.2% in 1Q 2022

CBD Grade A Rent and Occupancy



Committed to Delivering Stable Income & Sustainable Returns

Portfolio Optimisation

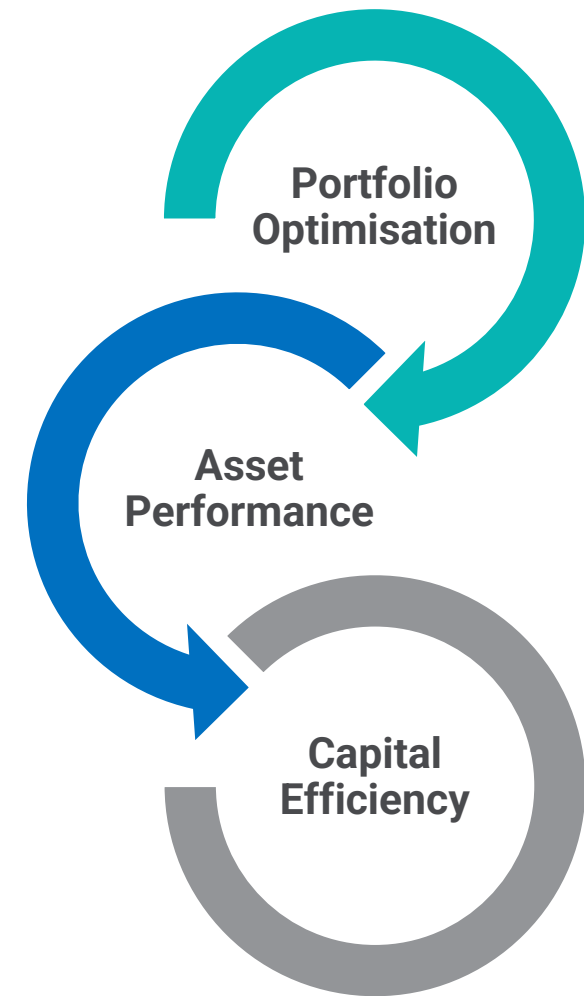
- Portfolio optimisation to improve yield, anchored by prime CBD assets in Singapore
- Hold quality assets across different markets for improved income stability and to provide more long-term growth opportunities

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

Keppel Bay Tower,
Singapore



Portfolio Information: Singapore

<u>As at 31 Mar 2022</u>	Ocean Financial Centre	Marina Bay Financial Centre ⁽⁴⁾	One Raffles Quay	Keppel Bay Tower
Attributable NLA	698,312 sf	1,022,508 sf	441,102 sf	386,223 sf
Ownership	79.9%	33.3%	33.3%	100.0%
Principal tenants ⁽¹⁾	BNP Paribas, Drew & Napier, The Executive Centre	DBS Bank, Standard Chartered Bank, HSBC	Deutsche Bank, Ernst & Young, TikTok	Keppel Group, BMW Asia, Pacific Refreshments
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\$1,683.3m ⁽⁵⁾ S\$1,265.3m ⁽⁶⁾	S\$1,250.0m	S\$674.7m
Capitalisation rates	3.50%	3.45% ⁽⁷⁾ ; 3.63% ⁽⁶⁾ ; 4.25% ⁽⁸⁾	3.45%	3.55%

1) On committed gross rent basis.

2) Valuation as at 31 Dec 2021 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

As at 31 Mar 2022	8 Chifley Square, Sydney	Pinnacle Office Park, Sydney	Blue & William⁽³⁾, Sydney (Under Development)	8 Exhibition Street⁽⁴⁾, Melbourne	Victoria Police Centre, Melbourne	David Malcolm Justice Centre, Perth	T Tower, Seoul
Attributable NLA	104,055 sf	375,640 sf	152,666 sf	244,490 sf	364,180 sf	167,784 sf	226,949 sf
Ownership	50.0%	100.0%	100.0%	50.0%	50.0%	50.0%	99.4%
Principal tenants ⁽¹⁾	Corrs Chambers Westgarth, QBE Insurance, Berkshire Hathaway	Aristocrat Technologies, Konica Minolta, Coles Supermarkets	Pending Practical Completion	Ernst & Young, Amazon, Minister for Finance - State of Victoria	Minister for Finance - State of Victoria	Minister for Works - Government of Western Australia	Hankook Corporation, Philips Korea, SK Communications
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\$327.7m S\$322.2m	A\$168.8m S\$201.3m ⁽⁴⁾	A\$347.8m S\$350.1m	A\$165.0m S\$208.1m	KRW252.6b S\$292.0m
Valuation ⁽²⁾	A\$234.5m S\$228.5m	A\$310.0m S\$302.1m	A\$166.8m ⁽³⁾ S\$162.5m	A\$294.4m S\$286.9m ⁽⁴⁾	A\$405.0m S\$394.7m	A\$237.5m S\$231.4m	KRW272.0b S\$313.1m
Capitalisation rates	4.63%	5.13%	4.50%	5.00% ⁽⁵⁾	4.38%	5.38%	3.80%

1) On committed gross rent basis.

2) Valuation as at 31 Dec 2021 based on Keppel REIT's interest in the respective properties and the exchange rates of A\$1 = S\$0.9745 and KRW 1,000 = S\$1.151.


3) Under development and based on "as-is" valuation as at 31 Dec 2021.

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

5) Refers to Keppel REIT's 50% interest in the office building and 100% interest in the three adjacent retail units.

Thank You

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

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Victoria Police Centre,
Melbourne

