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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Second Half and Full Year Ended 31 December 2020

25 January 2021

The Directors of Keppel REIT Management Limited, as Manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the second half and full year ended 31 December 2020.

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Keppel REIT achieves distributable income of \$194.6 million for FY 2020

Key Highlights

- Distributable income for the full year of 2020 (FY 2020) was \$194.6 million, including capital gains distribution of \$10.0 million.
- Distribution per Unit (DPU) for FY 2020 was 5.73 cents, including DPU of 2.93 cents for the second half of 2020 (2H 2020).
- Aggregate leverage was 37.3% and all-in interest rate was lower year-on-year at 2.35% per annum.
- Active portfolio optimisation efforts which saw the practical completion of Victoria Police Centre¹ in Melbourne in July 2020, acquisition of Pinnacle Office Park in Sydney in December 2020, and the proposed acquisition of Keppel Bay Tower in Singapore announced in December 2020.
- High portfolio committed occupancy of 97.9% and long portfolio weighted average lease expiry (WALE) of 6.7 years.

Summary of Results

	GROUP					
	2H 2020 \$'000	2H 2019 \$'000	+ / (-)	FY 2020 \$'000	FY 2019 \$'000	+ / (-)
Property income	94,736	84,123	+12.6%	170,223	164,053	+3.8%
Net property income (NPI)	76,500	66,525	+15.0%	135,479	128,899	+5.1%
Less: Attributable to non-controlling interests	(8,497)	(8,570)	(0.9%)	(16,934)	(16,828)	+0.6%
NPI attributable to Unitholders	68,003	57,955	+17.3%	118,545	112,071	+5.8%
Share of results of associates	47,710	38,795	+23.0%	88,215	77,897	+13.2%
Share of results of joint ventures	15,670	14,228	+10.1%	29,356	28,525	+2.9%
Distributable income from operations	99,849	88,649	+12.6%	184,631	177,261	+4.2%
Capital gains distribution	-	6,000	N.m.	10,000	12,000	(16.7%)
Distribution to Unitholders	99,849	94,649	+5.5%	194,631	189,261	+2.8%
DPU (cents)	2.93	2.80	+4.6%	5.73	5.58	+2.7%
Distribution yield				5.1% ^(a)	4.5% ^(b)	+0.6 pp

(a) Based on the market closing price of \$1.12 per Unit as at 31 December 2020.

(b) Based on the market closing price of \$1.24 per Unit as at 31 December 2019.

Financial Performance

Keppel REIT has achieved distributable income of \$99.8 million for 2H 2020, bringing FY 2020 distributable income to \$194.6 million, an increase of 2.8% from FY 2019.

The improvement in distributable income for FY 2020 was due mainly to contributions from T Tower and Victoria Police Centre, as well as lower borrowing costs. The year-on-year increase was partially offset by the absence of income from Bugis Junction Towers, which was divested in November 2019, the impact of COVID-19 tenant relief measures and the cessation of rental support².

DPU for 2H 2020 was 2.93 cents, bringing DPU for FY 2020 to 5.73 cents, which was a 2.7% increase over the previous year. Distribution yield as at end December 2020 was 5.1% based on the market closing price of \$1.12 per Unit. With effect from 2H 2020, Keppel REIT has adopted half-yearly distributions, and eligible Unitholders will receive their DPU for 2H 2020 on 1 March 2021.

¹ Formerly known as 311 Spencer Street.

² Refers to rental support in relation to Marina Bay Financial Centre Tower 3, which was fully drawn in 1Q 2019.

Capital Management

As at 31 December 2020, Keppel REIT's all-in interest rate was lower at 2.35% per annum compared to 2.77% per annum a year ago. Aggregate leverage was 37.3% with a weighted average term to maturity of 3.2 years. Interest coverage ratio was 3.4 times³ and the interest rates of 74% of total borrowings are fixed.

During the year, the Manager issued a total of \$300 million of perpetual securities⁴ at a coupon rate of 3.15%. The rate compares favourably to the \$150 million of perpetual securities at 4.98%, which was redeemed in November 2020. In addition, as part of the Manager's efforts to strengthen sustainability-focused funding, green loans amounting to a total of A\$300 million were obtained to partially finance the acquisition of Pinnacle Office Park. As at 31 December 2020, green loans represented approximately 23% of Keppel REIT's attributable share of total borrowings.

As at end 2020, Keppel REIT had approximately \$835 million of undrawn credit facilities available, including \$367 million of committed facilities.

Portfolio Review

Despite the COVID-19 pandemic, the Manager remained focused on executing its portfolio optimisation strategy during the year. In doing so, the Manager sought to improve yield, as well as generate stable income for the REIT and deliver sustainable growth in total Unitholder returns.

In Melbourne, the Victoria Police Centre at 311 Spencer Street, which serves as the headquarters for the Victoria Police, has achieved practical completion on 9 July 2020. This also marked the commencement of the 30-year lease to the Minister for Finance for the State of Victoria, and the asset's income contribution to Keppel REIT.

The acquisition of a 100% interest in Pinnacle Office Park, a freehold Grade A commercial property within Macquarie Park in Sydney, was announced in September 2020 and completed on 31 December 2020. The acquisition allows Keppel REIT to gain a foothold in Macquarie Park, a key Australian metropolitan office market, as well as expand into the Grade A metropolitan office space to meet the growing demand from tenants seeking cost-effective spaces or hub-and-spoke business models.

On 23 December 2020, Keppel REIT announced the proposed acquisition of a 100% interest in Keppel Bay Tower. Keppel Bay Tower is a Grade A office building strategically located in the Keppel Bay waterfront precinct in the HarbourFront/Alexandra submarket of Singapore. It is Singapore's first commercial development to be fully powered by renewable energy and certified BCA Green Mark Platinum (Zero Energy). This acquisition complements the REIT's core CBD offering and is consistent with its strategy of strengthening and diversifying its portfolio, while staying focused on its core markets.

On the leasing front, a total of approximately 1,205,500 sf (attributable area of approximately 510,500 sf) were committed in FY 2020, bringing Keppel REIT's portfolio committed occupancy to 97.9% as at end 2020. The majority of the leases concluded during the year were in Singapore, and the average signing rent for the Singapore office leases was approximately \$11.02⁵ psf pm.

As at 31 December 2020, portfolio and top 10 tenants' WALE remained long at approximately 6.7 years and 11.8 years respectively. For FY 2020, Keppel REIT had a tenant retention rate of 72% due mainly to

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, as defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore on 16 April 2020.

⁴ \$150 million was issued on 11 September 2020 while another \$150 million was issued on 7 October 2020.

⁵ For the Singapore office leases concluded in FY 2020 and based on a weighted average calculation.

non-renewals at One Raffles Quay and Marina Bay Financial Centre. More than half of the non-renewed spaces have since been committed to new and expanding tenants.

As at 31 December 2020, Keppel REIT's tenant relief measures were estimated to amount to approximately \$14.6 million. This included the full pass-through of property tax rebates and cash grants from the Singapore Government, which amounted to approximately \$9.9 million, as well as rental waivers for eligible tenants. Rental collection for 4Q 2020 was also at a healthy 98%, with only \$1.9 million in rent deferrals as at end December 2020.

In line with the Property Funds Appendix of the Code on Collective Investment Schemes on annual valuation, Keppel REIT has conducted an independent valuation of all its investment properties as at end-2020. Fair value changes on investment properties for FY 2020 range from positive 0.5% to negative mid-2% as compared to FY 2019.

Market Review

According to CBRE, Singapore average Grade A office rents registered a decrease in 4Q 2020, from \$10.70 psf pm to \$10.40 psf pm. Average occupancy decreased slightly during the quarter from 93.9% as at end September 2020 to 93.8% as at end December 2020.

In Australia, JLL Research observed a decline in the market occupancy in Sydney, Melbourne and Brisbane, while occupancy increased in Macquarie Park and Perth during the quarter. In Seoul, JLL Research reported occupancy increase in the CBD Grade A office market from 85.1% as at end September 2020 to 86.9% as at end December 2020.

To facilitate tenants' return to the workplace, the Manager will continue to adopt measures to provide a safe and conducive work environment. While telecommuting has become widely adopted during the COVID-19 pandemic, the Manager believes that physical offices will remain a necessity, although the form and functions of the office will evolve. The Manager will continue to optimise Keppel REIT's portfolio and calibrate its leasing and investment strategy to meet potential shifts in occupier demand.

The COVID-19 pandemic continues to present numerous multi-faceted challenges to the community. Amidst this pandemic, the Manager remains focused on maintaining stable and sustainable distributions to Unitholders, as well as achieving long-term growth. Keppel REIT's high portfolio committed occupancy, long WALE and established tenants from diversified sectors will continue to support the REIT's income resilience.

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About Keppel REIT (www.keppelreit.com)

Listed by way of an introduction on 28 April 2006, Keppel REIT is one of Asia's leading REITs with a portfolio of Grade A commercial assets in key business districts pan-Asia.

Keppel REIT's objective is to generate stable income and long-term growth for Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets in Singapore and pan-Asia.

The REIT has assets under management of over \$8 billion in Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea.

Keppel REIT is sponsored by Keppel Land Limited, one of Asia's leading property companies. It is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital). Keppel Capital is a premier asset manager in Asia with a diversified portfolio in real estate, infrastructure and data centre properties in key global markets.

Important Notice

The past performance of Keppel REIT is not necessarily indicative of its future performance. Certain statements made in this release 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 release. 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 release or its contents or otherwise arising in connection with this release. 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.