

MEDIA RELEASE

Unaudited Results of Keppel REIT for the Half Year Ended 30 June 2021

27 July 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 half year ended 30 June 2021.

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Keppel REIT achieves distributable income of \$105.7 million for 1H 2021

Key Highlights

- Distributable income for the half year of 2021 (1H 2021) was up 11.5% year-on-year at \$105.7 million.
- Distribution per Unit (DPU) for 1H 2021 was 2.94 cents, comprising 2.00 cents¹ which will be paid on 27 August 2021 and advanced DPU² of 0.94 cents that was paid on 31 March 2021.
- Aggregate leverage was 38.9% and all-in interest rate was lower year-on-year at 1.97% per annum.
- Portfolio committed occupancy maintained at 96.7% with a long portfolio weighted average lease expiry (WALE) of 6.2 years.
- Continuing portfolio optimisation with the acquisition of Keppel Bay Tower in Singapore on 18 May 2021, and the entry of contract of sale on 30 June 2021 for the divestment of 50% interest in 275 George Street in Brisbane.

Summary of Results

	GROUP		
	1H 2021 \$'million	1H 2020 \$'million	+/(−)
Property income	105.8	75.5	+40.2%
Net property income (NPI)	84.4	59.0	+43.1%
Less: Attributable to non-controlling interests	(8.4)	(8.4)	-
NPI attributable to Unitholders	76.0	50.6	+50.3%
Share of results of associates	46.8	40.5	+15.4%
Share of results of joint ventures	15.3	13.7	+12.1%
Distributable income from operations	105.7^(a)	84.8	+24.7%
Capital gains distribution	-	10.0	N.m.
Distribution to Unitholders	105.7^(a)	94.8	+11.5%
DPU (cents)	2.94^(b)	2.80	+5.0%
Distribution yield	5.0%^(c)	5.1% ^(d)	(0.1 pp)

(a) Includes advanced distribution of \$32.2 million for the period from 1 January 2021 to 28 February 2021 that was paid to eligible Unitholders on 31 March 2021, in connection with the private placement launched on 18 February 2021.

(b) Comprises DPU of 2.00 cents for the period from 1 March 2021 to 30 June 2021 which will be paid to eligible Unitholders on 27 August 2021, and advanced DPU of 0.94 cents for the period from 1 January 2021 to 28 February 2021 that was paid on 31 March 2021.

(c) Based on an annualised DPU and the market closing price of \$1.18 per Unit as at 30 June 2021.

(d) Based on the total DPU of 5.73 cents for FY 2020, and the market closing price of \$1.12 per Unit as at 31 December 2020.

Financial Performance

Keppel REIT has achieved distributable income of \$105.7 million³ for 1H 2021, an increase of 11.5% year-on-year from 1H 2020.

The year-on-year improvement in distributable income was due mainly to contributions from Victoria Police Centre in Melbourne, Pinnacle Office Park in Sydney and Keppel Bay Tower in Singapore, as well as higher one-off income. The increase was partially offset by the impact of lower portfolio occupancy.

DPU for 1H 2021 registered a 5.0% year-on-year increase to 2.94 cents, comprising 2.00 cents¹ which will be paid on 27 August 2021 and advanced DPU² of 0.94 cents that was paid on 31 March 2021 in connection with the private placement. DPU for 1H 2021 translated to an annualised distribution yield of 5.0% based on the market closing price of \$1.18 per Unit as at 30 June 2021.

¹ For the period from 1 March 2021 to 30 June 2021.

² For the period from 1 January 2021 to 28 February 2021, in connection with the private placement that was launched on 18 February 2021.

³ Includes advanced distribution of \$32.2 million for the period from 1 January 2021 to 28 February 2021 that was paid to eligible Unitholders on 31 March 2021, in connection with the private placement launched on 18 February 2021.

Capital Management

As at 30 June 2021, Keppel REIT's all-in interest rate was reduced to 1.97% per annum compared to 2.48% per annum a year ago, and the interest coverage ratio⁴ improved year-on-year from 3.1 times⁵ to 4.0 times. The Manager has obtained loan facilities to refinance all outstanding loans that are maturing in 2021.

Aggregate leverage remained healthy at 38.9%⁶ after loans were drawn to partially fund the acquisition of Keppel Bay Tower. Weighted average term to maturity of borrowings as at 30 June 2021 was 3.1 years and 68% of Keppel REIT's total borrowings are at fixed rates.

Portfolio Review

To enhance Keppel REIT's income resilience and deliver sustainable total return to Unitholders, the Manager continued to execute its portfolio optimisation strategy in 1H 2021.

On 18 May 2021, the acquisition of Keppel Bay Tower in Singapore was completed, adding a Grade A waterfront office building located at HarbourFront to Keppel REIT's portfolio. In addition to complementing Keppel REIT's core CBD offering, Keppel Bay Tower, which is fully powered by renewable energy, also augments Keppel REIT's green footprint as it is Singapore's first Zero Energy⁷ commercial building.

On 30 June 2021, a contract of sale was entered into for the divestment of Keppel REIT's 50% interest in 275 George Street in Brisbane. The adjusted consideration of A\$264.0 million⁸ is 7.8% above the last valuation⁹ and 59.0% above the original purchase price. The divestment unlocks value from Keppel REIT's first Australian asset that was acquired in 2010, providing greater financial flexibility as the Manager seeks strategic and higher-yielding growth opportunities. In the interim, the divestment proceeds will be used to repay debt and transaction costs to enhance capital efficiency and manage borrowing costs.

On the leasing front, a total of approximately 721,500 sf (attributable area of approximately 319,000 sf) was committed in 1H 2021. The majority of the leases concluded were in Singapore and the average signing rent for the Singapore office leases was approximately \$10.73¹⁰ psf pm.

As at 30 June 2021, Keppel REIT's portfolio committed occupancy was 96.7%, while portfolio and top 10 tenants' WALE remained long at approximately 6.2 years and 11.2 years respectively. For 1H 2021, Keppel REIT had a tenant retention rate of 60%.

Additional tenant relief measures granted in 1H 2021 amounted to approximately \$1.6 million. Rental collection remained healthy at 99% for 1H 2021, while total outstanding rent deferrals were reduced to \$0.5 million as tenants progressively repay their deferred rents.

Keppel REIT has conducted an independent valuation of all its investment properties as at 30 June 2021, except for 275 George Street in Brisbane as a contract of sale was entered into on 30 June 2021 with completion

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, borrowing-related fees and distributions on hybrid securities.

⁵ Restated to 3.1x for the trailing 12-month period ended 30 June 2020 to include distributions on hybrid securities in the computation, as defined in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

⁶ A contract of sale was entered into on 30 June 2021 for the divestment of 275 George Street which is targeted for completion in 3Q 2021. Assuming the entire amount of adjusted consideration is used to repay debt and related transaction costs before 30 June 2021, Keppel REIT's aggregate leverage would be lowered to 37.4%.

⁷ Certified by the Building and Construction Authority as a Green Mark Platinum (Zero Energy) building.

⁸ Aggregate sale consideration of A\$275.0 million net of A\$11.0 million of outstanding incentives, capital expenditures and related costs, before transaction costs.

⁹ Valuation by CBRE Valuations Pty Limited as at 31 December 2020.

¹⁰ Weighted average for the Singapore office leases concluded in 1H 2021 in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

targeted in 3Q 2021. Fair value changes on investment properties for 1H 2021 range from negative 0.9% to positive 5.4% as compared to valuations as at 31 December 2020.

Market Review

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase in 2Q 2021, from \$10.40 psf pm to \$10.50 psf pm. Average core CBD occupancy decreased during the quarter from 93.9% as at end March 2021 to 92.1% as at end June 2021.

In Australia, JLL Research observed a quarterly decline in prime grade occupancy in Brisbane CBD, Sydney CBD and Macquarie Park, while prime grade occupancy increased in Melbourne CBD and Perth CBD during the quarter. In Seoul, JLL Research reported an increase in occupancy in the CBD Grade A office market from 87.2% as at end March 2021 to 87.8% as at end June 2021.

As the global community progressively recovers from the COVID-19 pandemic, the Manager remains focused on ensuring stable and sustainable distributions to Unitholders, as well as achieving long-term growth. The Manager will continue its portfolio optimisation strategy and proactive tenant engagement to build a robust portfolio that meets diverse tenant needs.

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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, a wholly-owned subsidiary of Keppel Corporation Limited. 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 with a diversified portfolio in real estate, infrastructure, data centre and alternative assets 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.