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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Second Half and Full Year Ended 31 December 2021

25 January 2022

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 2021.

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Keppel REIT announces 9.0% year-on-year growth in its distribution to Unitholders for FY 2021

Key Highlights

- Distribution to Unitholders for the full year of 2021 (FY 2021) was up 9.0% year-on-year at $212.1 million, including capital gains distribution of $2.0 million.
- Distribution per Unit (DPU) for FY 2021 increased 1.6% year-on-year to 5.82 cents, including DPU of 2.88 cents for the second half of 2021 (2H 2021).
- Aggregate leverage was 38.4% and all-in interest rate was 1.98% per annum.
- Portfolio committed occupancy of 95.4% with a long portfolio weighted average lease expiry (WALE) of 6.1 years.
- Active portfolio optimisation with the acquisitions of Keppel Bay Tower in Singapore and Blue & William in North Sydney, as well as unlocking of value from divestment of 275 George Street in Brisbane.
- Reinforcing focus on sustainability with new targets for material environmental, social and governance (ESG) factors.
- Keppel REIT's MSCI ESG Rating was upgraded to 'A' from 'BBB' in December 2021.

Summary of Results

	GROUP					
	2H 2021 $'million	**2H 2020** $'million	**+/(-)**	**FY 2021** $'million	**FY 2020** $'million	**+/(-)**
Property income	**110.8**	94.7	+16.9%	**216.6**	170.2	+27.2%
Net property income (NPI)	**88.2**	76.5	+15.2%	**172.5**	135.5	+27.3%
Less: Attributable to non-controlling interests	**(8.3)**	(8.5)	(2.9%)	**(16.7)**	(16.9)	(1.5%)
NPI attributable to Unitholders	**79.9**	68.0	+17.5%	**155.8**	118.6	+31.4%
Share of results of associates	**42.3**	47.7	(11.4%)	**89.0**	88.2	+0.9%
Share of results of joint ventures	**14.2**	15.7	(9.3%)	**29.6**	29.4	+0.7%
Distributable income from operations	**104.4**	99.8	+4.6%	**210.1**	184.6	+13.8%
Capital gains distribution	**2.0**	-	N.m.	**2.0**	10.0	(80.0%)
Distribution to Unitholders	**106.4**	**99.8**	**+6.6%**	**212.1**	**194.6**	**+9.0%**
DPU (cents)	**2.88**	**2.93**	**(1.7%)**	**5.82**	**5.73**	**+1.6%**
Distribution yield				**5.2%[(a)]**	5.1%[(b)]	+0.1 pp

(a) Based on the market closing price of $1.13 per Unit as at 31 December 2021.
(b) Based on the market closing price of $1.12 per Unit as at 31 December 2020.

Financial Performance

Keppel REIT has announced $106.4 million in distribution to Unitholders for 2H 2021, including capital gains distribution of $2.0 million for the period. This brought distribution to Unitholders for FY 2021 to $212.1 million, an increase of 9.0% from FY 2020.

Ongoing efforts to optimise Keppel REIT's portfolio over the years have and will continue to support the Manager's aim to enhance income resilience and improve total return to Unitholders. The year-on-year improvement in distribution to Unitholders in FY 2021 was supported by the accretive acquisitions in Australia and Singapore, namely Victoria Police Centre in Melbourne and Pinnacle Office Park in Sydney in 2020, and Keppel Bay Tower in Singapore in May 2021, as well as efforts to drive asset performance through proactive leasing and cost management strategies. This was partially offset by the impact of the divestment of Keppel REIT's 50% interest in 275 George Street in Brisbane in July 2021, which allowed the Manager to unlock value from the asset so as to seek strategic and higher yielding acquisitions, and lower occupancies in some buildings.

DPU for 2H 2021 was 2.88 cents, bringing DPU for FY 2021 to 5.82 cents, which was a 1.6% increase over the previous year. Distribution yield as at end December 2021 was 5.2% based on the market closing price of $1.13 per Unit.

Capital Management

In February 2021, to partially fund the acquisition of Keppel Bay Tower, Keppel REIT successfully launched a $270.0 million private placement that was approximately 4.6 times covered with strong participation from new and existing institutional investors. At the same time, to further diversify Keppel REIT's funding sources, $150.0 million of 7-year medium term notes were issued at 2.07% per annum in September 2021.

As at 31 December 2021, aggregate leverage was 38.4% with 63% of Keppel REIT's total borrowings on fixed rates. Meanwhile, all-in interest rate and interest coverage ratio[1] were 1.98% per annum and 3.9 times as at end 2021, an improvement from 2.35% per annum and 3.4 times in end 2020 respectively.

The weighted average term to maturity of Keppel REIT's borrowings was 3.1 years and only 5% of total borrowings are due for refinancing in FY 2022. The Manager has also been focusing its efforts on increasing sustainability-focused funding. During the year, the Manager secured approximately $520 million in green loan facilities, bringing Keppel REIT's green loans to approximately 39%[2] of total borrowings.

Portfolio Review

In December 2021, the Manager also completed the acquisition of Blue & William, a sustainable Grade A office building currently under development in North Sydney. The strategic addition of Blue & William, together with the acquisition of Keppel Bay Tower in May 2021, reinforce the Manager's discipline to build a quality and sustainable portfolio that supports climate action as businesses move towards a low-carbon future.

On the leasing front, a total of approximately 2,015,000 sf (attributable area of approximately 888,600 sf) was committed in FY 2021. This included new and expansion leases from tenants across diverse industry sectors namely the financial services sector, technology, media and telecommunications sector, as well as manufacturing and distribution sector. Majority of the leases concluded were in Singapore and the weighted average signing rent for the Singapore office leases was approximately $10.56[3] psf pm for FY 2021.

Keppel REIT's portfolio committed occupancy was 95.4% as at 31 December 2021, while portfolio and top 10 tenants' WALE remained long at approximately 6.1 years and 10.8 years respectively. Tenant retention rate was 62% for FY 2021.

Additional tenant relief measures granted in FY 2021 amounted to approximately $2.5 million, mostly to ancillary retail tenants. Rental collection remained healthy at 99.6% for FY 2021.

Keppel REIT has conducted an independent valuation of all its investment properties as at 31 December 2021. Fair value changes on investment properties for FY 2021 range from 0% to positive 7.7% as compared to valuations as at 30 June 2021. As at 31 December 2021, Keppel REIT's portfolio comprised $8.9 billion of Grade A commercial properties which are well-located in key business districts of Singapore (78.4% of portfolio), Australia (18.1% of portfolio) and South Korea (3.5% of portfolio).

[1] 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.
[2] This includes Keppel REIT's share of external borrowings accounted for at the level of associates.
[3] Weighted average for the Singapore office leases concluded in FY 2021 in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

Commitment to ESG Excellence
Keppel REIT strives to uphold high ESG standards and is pleased to have been recognised in various international ESG benchmarks. In December 2021, Keppel REIT's MSCI ESG Rating was upgraded to 'A' from 'BBB'. Keppel REIT also retained its Prime status in ISS ESG corporate rating, as well as 4 Star rating and Green Star status in the 2021 Global Real Estate Sustainability Benchmark (GRESB).

To further its efforts on the sustainability front, the Manager has set new targets for the management of material ESG aspects. The Manager's sustainability framework is guided by three themes – **Environmental Stewardship** to combat climate change, **Responsible Business** to uphold high standards of corporate governance and risk management, as well as **People and Community** to promote a safe and inclusive workforce and uplift communities wherever we operate.

Market Review
In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase in 4Q 2021, from $10.65 psf pm to $10.80 psf pm, while average core CBD occupancy increased from 92.1% as at end September 2021 to 93.3% as at end December 2021.

In Australia, JLL Research noted an increase in prime grade occupancy across all markets that Keppel REIT is in – Sydney CBD, North Sydney, Macquarie Park, Melbourne CBD and Perth CBD – in 4Q 2021. In Seoul, JLL Research reported an increase in the CBD Grade A office market occupancy from 87.9% as at end September 2021 to 89.2% as at end December 2021.

As the global community transitions towards endemic living, Grade A commercial buildings with strong safety and service levels are well positioned to attract and retain tenants. With sustainability factors at the core of its business and strategy, the Manager will continue to actively manage its portfolio to ensure stable and sustainable distributions to Unitholders, as well as achieve long-term growth.

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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 sustainable 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 approximately $9 billion in Singapore, key Australian cities of Sydney, Melbourne 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.