

MEDIA RELEASE

Keppel REIT Key Business and Operational Updates for the Third Quarter 2022

25 October 2022

The Directors of Keppel REIT Management Limited, as Manager of Keppel REIT, are pleased to provide the key business and operational updates of Keppel REIT for the third quarter of 2022.

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Keppel REIT's 9M 2022 Distributable Income increased 3.4% year-on-year 20th Anniversary Distribution of \$100m Announced

Key Highlights

- Distributable Income for the nine months ended 30 September 2022 (9M 2022) grew 3.4% year-on-year to \$165.4 million.
- To reward Unitholders for their unwavering support, an additional \$100 million from accumulated capital gains will be distributed over the next five years leading up to its 20th anniversary in 2026.
- Portfolio committed occupancy and weighted average lease expiry (WALE) increased to 96.8% and 6.1 years respectively.
- Aggregate leverage remained healthy at 38.4%.
- Borrowings on fixed rate maintained at approximately 72% while all-in interest rate for 9M 2022 was 2.13% per annum.
- Marina Bay Financial Centre and One Raffles Quay received WELL Health–Safety Ratings in September 2022.

Summary of Results

	GROUP		
	9M 2022 \$'million	9M 2021 \$'million	+/(–)
Property income	\$164.4m	\$162.2m	+1.4%
Net property income (NPI)	\$132.6m	\$129.4m	+2.5%
Less: Attributable to non-controlling interests	(\$12.7m)	(\$12.6m)	+0.8%
NPI attributable to Unitholders	\$119.9m	\$116.8m	+2.7%
Share of results of associates	\$63.3m	\$67.8m	(6.6%)
Share of results of joint ventures	\$17.2m	\$22.7m	(24.2%)
Distributable income	\$165.4m	\$159.9m	+3.4%

Financial Performance

Keppel REIT's 9M 2022 distributable income rose 3.4% year-on-year to S\$165.4 million. The increase was mainly driven by the acquisition of Keppel Bay Tower in May 2021, adjustments of income tax expense for previous years, partially offset by the divestment of 275 George Street in Brisbane in July 2021 and lower contribution from 8 Chifley Square.

Since its listing in 2006, Keppel REIT has been focusing on delivering sustainable total returns to its Unitholders. In addition to its active asset and capital management to generate regular rental income, its disciplined portfolio optimisation strategy has enabled Keppel REIT to accumulate capital gains over the years.

Mr Tan Swee Yiow, Chairman of the Manager, said, "To celebrate its 20th anniversary in 2026, Keppel REIT will, over the next five years, distribute \$100 million¹ out of its accumulated capital gains as an Anniversary Distribution in appreciation to Unitholders for their support. With the unwavering support of Unitholders, Keppel REIT has grown its assets under management from the initial portfolio of about \$600 million to approximately \$9 billion as at 30 September 2022. Our disciplined portfolio optimisation not only grew the portfolio from four assets in Singapore to 11 assets across Singapore, Australia and South Korea, it also transformed Keppel REIT into a leading office REIT in Asia Pacific. The Anniversary Distribution is a timely gesture to thank Unitholders."

Mr Koh Wee Lih, CEO of the Manager, added, "Over the years, Keppel REIT has built a resilient portfolio comprising quality Grade A assets. Looking forward, we will continue to drive our portfolio

¹ Distribute \$20 million annually, such distributions to be made semi-annually.

optimisation strategy, while enhancing Keppel REIT's asset performance and capital efficiency to create value and deliver sustainable total returns to Unitholders."

Capital Management

As at 30 September 2022, Keppel REIT's aggregate leverage remained healthy at 38.4%. All-in interest rate and interest coverage ratio² for 9M 2022 were 2.13% per annum and 3.6 times respectively. Borrowings on fixed rate was maintained at around 72% to mitigate the impact of rising interest costs, and weighted average term to maturity of the borrowings was 2.8 years with no loans maturing for the rest of 2022. Australian Dollar and South Korean Won denominated loans formed approximately 22%³ and 4%³ of total borrowings respectively, and income from Australia and South Korea are hedged up to 18 months in advance. Keppel REIT achieved sustainability-focused funding of 50% of total borrowings³.

Portfolio Review

Keppel REIT's \$9.0 billion portfolio of Grade A commercial properties is strategically located in key business districts of Singapore (78.6% of portfolio), Australia (18.2% of portfolio) and South Korea (3.2% of portfolio).

Compared to a quarter ago, Keppel REIT's portfolio committed occupancy grew from 95.5% to 96.8%, whilst portfolio and top 10 tenants' WALE remained long at approximately 6.1 years and 10.5 years respectively.

Leasing demand continued to show positive momentum. Approximately 1,686,100 sf (attributable area of approximately 830,100 sf) was committed in 9M 2022, with Singapore making up most of the leases committed. The weighted average signing rent for the Singapore office leases increased to approximately \$11.47⁴ psf pm for 9M 2022, from \$11.43 psf pm for 1H 2022.

The total new and expansion leases concluded are distributed across various industry sectors, including technology, media and telecommunications (26.1%), manufacturing and distribution (19.4%) and banking, insurance and financial services (16.6%). Tenant retention rate was 82% for 9M 2022.

Blue & William reached structural completion in September 2022 and has entered the next phase of development with the installation of its distinct terracotta façade. Blue & William is on track to be completed by mid-2023 and the Manager is in advanced discussions with a few prospective tenants. During the development phase, Keppel REIT receives from the developer⁵ a coupon of 4.5% per annum on cumulative progress payments, as well as a three-year rental guarantee on any unlet space after practical completion.

At Keppel REIT, providing a safe and healthy environment for its occupants is one of its top priorities and a key part of upholding service levels for its tenants. Both Marina Bay Financial Centre and One Raffles Quay achieved the WELL Health-Safety Rating by the International WELL Building Institute in September 2022. With this, all of Keppel REIT's properties in Singapore have received the WELL Health-Safety Rating, a testament to its robust health and safety management.

² 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.

³ This includes Keppel REIT's share of external borrowings accounted for at the level of associates.

⁴ Weighted average for the Singapore office leases concluded in 9M 2022 in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

⁵ Lendlease Development Pty Limited is the developer of Blue & William.

Market Review

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase in 3Q 2022, from \$11.30 psf pm to \$11.60 psf pm and average core CBD occupancy increased from 93.6% as at end June 2022 to 94.8% as at end September 2022.

In Australia, JLL Research noted that the prime grade occupancies in North Sydney, Macquarie Park, Melbourne CBD and Perth CBD have increased, while Sydney CBD registered a decrease in 3Q 2022. In Seoul, JLL Research reported an increase in the CBD Grade A office market occupancy from 92.9% as at end June 2022 to 95.1% as at end September 2022.

Through its proactive asset and capital management, as well as sustained effort in optimising its portfolio, Keppel REIT continued to deliver a set of resilient performance this quarter. Its portfolio of Grade A commercial properties is well-positioned to benefit from tenants' growing preference for better quality assets and ride on the positive leasing momentum in Singapore. The Manager remains focused on reducing the impact of rising costs, in particular interest costs while continuing with its portfolio optimisation strategy and maintaining a disciplined approach to investment to deliver long-term sustainable returns to Unitholders.

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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 \$9.0 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.

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.