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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Second Half and Full Year Ended 31 December 2022

27 January 2023

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 2022.

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Keppel REIT achieves 4.1% year-on-year growth in FY 2022 Distribution to Unitholders

Key Highlights

- Distribution to Unitholders increased 4.1% year-on-year to $220.9 million for the full year of 2022 (FY 2022), which included the first tranche of the Anniversary Distribution of $10 million[1].
- FY 2022 distribution per unit (DPU) grew 1.7% year-on-year to 5.92 cents, including DPU of 2.95 cents for the second half of 2022 (2H 2022), which was 2.4% higher than the same period last year.
- Portfolio committed occupancy remained high at 96.3% with long weighted average lease expiry (WALE) of 6.0 years.
- Healthy aggregate leverage of 38.4% and borrowings on fixed rate increased to 76%.
- With T Tower achieving LEED Platinum Certification, 100% of Keppel REIT's operational properties are now green certified.

Summary of Results

	GROUP					
	2H 2022 $'million	**2H 2021** $'million	**+/(-)**	**FY 2022** $'million	**FY 2021** $'million	**+/(-)**
Property income	**109.5**	110.8	(1.2%)	**219.3**	216.6	+1.2%
Net property income (NPI)	**86.5**	88.2	(1.9%)	**175.9**	172.5	+2.0%
Less: Attributable to non-controlling interests	**(8.5)**	(8.3)	+2.7%	**(17.0)**	(16.7)	+1.7%
NPI attributable to Unitholders	**78.0**	79.9	(2.4%)	**158.9**	155.8	+2.0%
Interest income[(a)]	**16.2**	7.7	+109.0%	**25.3**	15.6	+61.9%
Share of results of associates	**33.2**	42.3	(21.6%)	**77.8**	89.0	(12.6%)
Share of results of joint ventures	**11.2**	14.2	(20.9%)	**22.9**	29.6	(22.5%)
Distributable income from operations	**100.4**	104.4	(3.8%)	**210.9**	210.1	0.4%
Capital gains distribution	**-**	2.0	N.m.	**-**	2.0	N.m.
Anniversary distribution	**10.0**	-	N.m.	**10.0**	-	N.m.
Distribution to Unitholders	**110.4**	106.4	+3.7%	**220.9**	212.1	+4.1%
DPU (cents)	**2.95**	2.88	+2.4%	**5.92**	5.82	+1.7%
Distribution yield				**6.5%[(b)]**	5.2%[(c)]	+1.3pp

N.m.: Not meaningful

a. *Consist mainly of interest income from advances to associates.*

b. *Based on the market closing price of $0.91 per Unit as at 30 December 2022.*

c. *Based on the market closing price of $1.13 per Unit as at 31 December 2021.*

Financial Performance

Keppel REIT announced $110.4 million in distribution to Unitholders for 2H 2022, which included the first tranche of the Anniversary Distribution[1] of $10 million. The distribution to Unitholders for FY 2022 was $220.9 million, a 4.1% increase year-on-year.

The increase in distribution to Unitholders for FY 2022 was mainly driven by the acquisition of Keppel Bay Tower in May 2021, adjustments of income tax expense for previous years, as well as the first tranche of the Anniversary Distribution, partially offset by the divestment of 275 George Street in Brisbane in July 2021, lower contribution from 8 Chifley Square and higher borrowing costs.

2H 2022 DPU grew 2.4% year-on-year to 2.95 cents, bringing FY 2022 DPU to 5.92 cents. Based on market closing price as at end December 2022 of $0.91 per Unit, distribution yield was 6.5%.

[1] In appreciation to Unitholders for their support, Keppel REIT will distribute a total of $100 million of Anniversary Distribution over the next four years leading up to its 20th anniversary in 2026. $20 million will be paid annually with such distributions to be made semi-annually.

Capital Management

As at 31 December 2022, Keppel REIT's aggregate leverage remained healthy at 38.4% and weighted average term to maturity of the borrowings was 2.7 years. Borrowings on fixed rate increased to 76% as at 31 December 2022 from 72% as at 30 September 2022, providing more certainty over interest costs. All-in interest rate and interest coverage ratio for FY 2022 were 2.29% per annum and 3.3 times respectively. Australian Dollar, South Korean Won and Japanese Yen denominated loans formed approximately 20%, 4% and 3% of total borrowings[2] respectively. Sustainability-focused funding was maintained at 50% of total borrowings[2].

In January 2023, approximately $486 million of loans maturing in 2023 have been refinanced, with maturities extended to 2028.

Portfolio Review

In December 2022, Keppel REIT completed the acquisition of KR Ginza II (formerly known as Ginza 2-chome), a freehold boutique office building in Ginza, Tokyo. This marks Keppel REIT's entry into Japan and this strategic acquisition will enhance its visibility in the Japanese market for future expansion in the well-established office market in Japan.

As at 31 December 2022, Keppel REIT's portfolio committed occupancy remained high at 96.3%, whilst portfolio and top 10 tenants' WALE remained long at approximately 6.0 years and 10.5 years respectively.

On the back of a steady leasing demand, approximately 1,829,600 sf (attributable area of approximately 909,500 sf) was committed in FY 2022, with Singapore making up most of the leases committed. The weighted average signing rent for the Singapore office leases increased to approximately $11.54[3] psf pm for FY 2022, from $11.47 psf pm for the first nine months of 2022.

The total new and expansion leases concluded are distributed across various industry sectors, including technology, media and telecommunications (22.2%), manufacturing and distribution (19.4%) and banking, insurance and financial services (18.8%). Tenant retention rate was 78% for FY 2022.

Blue & William in North Sydney, which is currently under development, secured its first anchor tenant, Equifax, a global data, analytics and technology company, in December 2022. With the intention to relocate all its employees to the same location, Equifax will occupy approximately 4,350 square metres, which is approximately one third of the building's net lettable area. Blue & William is on track to complete by mid-2023 and Equifax is expected to move in from late 2023.

Keppel REIT is committed to reduce its environmental impact through enhancing the efficiency of its buildings and is pleased to announce that T Tower in Seoul has achieved the Leadership in Energy and Environmental Design (LEED) Building Operations and Maintenance: Existing Buildings Platinum Certification. With that, all of Keppel REIT's operational properties have obtained green certifications. Blue & William is designed to achieve the 5 Star Green Star Design and As Built Rating by the Green Building Council of Australia upon completion and the 5.5 Stars NABERS energy rating. In addition, the NABERS energy rating for Victoria Police Centre has improved from 4.5 stars to 5 stars.

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[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 2022 in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

Keppel REIT conducted an independent valuation of all its investment properties as at 31 December 2022. Valuation of the portfolio increased 1.7% from 30 June 2022. As at 31 December 2022, Keppel REIT's $9.2 billion portfolio of Grade A commercial properties is strategically located in key business districts of Singapore (78.5% of portfolio), Australia (17.4% of portfolio), South Korea (3.1% of portfolio) and Japan (1.0% of portfolio).

Market Review

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase from $11.60 psf pm in 3Q 2022 to $11.70 psf pm in 4Q 2022, and average core CBD occupancy remained stable at 94.7% as at end December 2022.

In Australia, JLL Research (JLL) noted that the prime grade occupancies in North Sydney and Perth CBD increased, while Sydney CBD, Macquarie Park and Melbourne CBD registered a decrease in 4Q 2022.

In Seoul, JLL reported an increase in the CBD Grade A office market occupancy from 95.1% as at end September 2022 to 97.0% as at end December 2022. In Tokyo central five wards, JLL noted that the Grade A occupancy increased from 95.8% as at end September 2022 to 96.3% as at end December 2022 and Grade B occupancy increased from 96.1% as at end September 2022 to 96.3% as at end December 2022.

Despite the uncertain macro-economic environment, the Manager remains focused on delivering long-term sustainable returns to Unitholders. The Manager will continue to manage the impact of rising interest costs as well as drive operational excellence and ensure a disciplined approach in executing its portfolio optimisation strategy.

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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 prime 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 over $9.0 billion in Singapore, key Australian cities of Sydney, Melbourne and Perth, Seoul, South Korea, as well as Tokyo, Japan.

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.