(Constituted in the Republic of Singapore pursuant to
a trust deed dated 28 November 2005 (as amended))

RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS FOR THE ANNUAL GENERAL MEETING TO BE HELD ON 21 APRIL 2023

Keppel REIT Management Limited, as manager of Keppel REIT (the "**Manager**"), wishes to thank all unitholders of Keppel REIT ("**Unitholders**") who have submitted their questions in advance of the Annual General Meeting to be held on 21 April 2023.

The Manager's responses to substantial and relevant questions received from Unitholders and the Securities Investors Association (Singapore) are published in this announcement. For Unitholders' ease of reference and reading, the Manager wishes to inform Unitholders that it had summarised and consolidated certain related and similar questions under relevant topic headings and made editorial amendments to some of the questions to ensure that the meaning of each question is clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions.

By Order of the Board
Keppel REIT Management Limited
(Company Registration Number: 200411357K)
as manager of Keppel REIT

Chiam Yee Sheng / Gillian Loh
Company Secretaries
14 April 2023

Important Notice

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to acquire, purchase or subscribe for Units of Keppel REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of 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, the Trustee or any of their respective 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 the SGX-ST.

Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Keppel REIT is not necessarily indicative of the future performance of Keppel REIT.

ANNEX A - LIST OF SUBSTANTIAL AND RELEVANT QUESTIONS AND ANSWERS

1.	**i.**	**What is the manager's view of interest rate trends?**
	ii.	**Can management clarify if 2.29% is the average all-in interest rate for the entire 2022? Given that interest rates have increased, what is the current all-in interest rate?**
	iii.	**What is the weighted average maturity of the interest rate swaps?**
	iv.	**Can the manager provide more insight into any acquisition plans, considering the current macroeconomic conditions, including interest rate trends?**
	v.	**Given the higher interest rate environment, would Keppel REIT be able to at least maintain its DPU for FY2023?**
	vi.	**Based on the current interest rate environment, what is the all-in interest rate expected for Keppel REIT in FY2023?**
	We have seen a few rounds of interest rate hikes in 2022 and major central banks continue to hike interest rates in 1Q 2023 to fight inflation. There are early signs that inflation is gradually coming under control after the series of rate hikes earlier and the recent banking crisis in the United States may see an end to the interest rate hikes. However, the outlook on the interest rate remains volatile and could change quickly due to new developments in geo-political or macro-economic events. The average all-in interest rate of 2.29% per annum is for FY2022 and we will announce our 1Q 2023 all-in interest cost in due course. The weighted average term to maturity of Keppel REIT's fixed rate instruments including interest rate swaps was 2.3 years as at 31 December 2022. The Manager remains focused on delivering sustainable long-term total return to Unitholders. We continue to look for suitable investment or divestment opportunities to optimise the portfolio. Location, demand and supply dynamics, macroeconomics, potential for rental growth, quality of the asset and DPU accretion, as well as capital constructs will all be taken into considerations. Over the years, we have successfully executed our portfolio optimisation strategy and realised substantial capital gains. Whilst we do not provide forecast on DPU, given the quality of the portfolio and the positive rental reversions that we are seeing in the markets that we are in, we remain focused and confident to provide sustainable long-term total return to Unitholders. Given that 76% of the loan portfolio has been hedged, every 50bps increase in interest rates will have an approximate 1.9% impact to DPU per annum.	

2	**i. Can the manager clarify if there is a significant difference between actual and committed occupancy rates?** **ii. With the completion of the asset enhancement at 8 Chifley Square, what steps is the manager taking to attract new tenants and increase occupancy rates at the property?** **iii. Can the manager elaborate on the challenges to fully lease out Pinnacle Office Park? Are there any specific actions being taken to address these challenges?**
	There is no significant difference between actual and committed occupancy as most of the leases that are committed generally commences within the year. As at 31 December 2022, the committed occupancy and actual occupancy were approximately 96% and 93% respectively. With the completion of asset enhancement at 8 Chifley Square, the Manager has been proactively subdividing the space into smaller units and may consider providing fitted-out units to increase rental per square metre. The committed occupancy of 8 Chifley Square was 82.0% as at 31 December 2022, an increase from 68.6% as at end of 2021. Pinnacle Office Park's occupancy as at 31 December 2022 was 89.5%. Following the success of leasing out most of the fitted-out units, we will do up more fitted-out units.
3	**i. With the shift towards hybrid working arrangements and businesses reassessing their office space requirements, what is the manager's view on the strength of the commercial market in North Sydney?** **ii. How will the manager attract tenants for Blue & William given that North Sydney vacancy rates are at 16%? Also, is there a cap on the amount receivable by the trust from the vendor for the 3-year rental guarantee on any unlet space after practical completion?**
	You may refer to the Independent Market Research Report on page 31 of Keppel REIT's 2022 Annual Report for more details. Positive demand is projected over the medium-term in North Sydney and vacancy is expected to trend downwards as well. With the fall in vacancy, rents are forecasted to continue to trend upwards over the medium-term. As such, the Manager remains confident of the medium- to long-term prospects of the North Sydney market. Given the unique attributes of Blue & William (with distinctive harbour views), the asset is expected to enjoy positive leasing dynamics. To further support the leasing of the remaining vacancies, we are also exploring fitted-out units at certain floors of Blue & William. We expect Blue & William to be well sought after by tenants seeking best-in-class Grade A office space in North Sydney, with strong tenant amenities, advanced green features and proximity to the metro station. The developer is providing rental guarantee on all unlet space for a period of three years, post practical completion on 3 April 2023. The rental guarantee is calculated based on target rental rates which are in line with market rents (at the time of acquisition).

4	**i. Could the manager provide an update on the leasing efforts for KR Ginza II?** **ii. Has the situation resulted in a shortfall from the projected 3.1% NPI yield and 0.5% DPU accretion mentioned during the acquisition?** **iii. What types of tenants would find KR Ginza II attractive?** **iv. How was Keppel Capital Japan selected as the asset manager?**
	We are in discussions with a few prospective tenants. They are keen on fitted-out units which will minimise the time taken for them to move in. The property will be attractive to companies who want to have a presence in the Ginza area such as local Japanese corporations in wholesale businesses and professional services who support the large corporations in the vicinity. Given that this is a well-located asset, we are confident of leasing the remaining vacant space. During the acquisition phase, the projection was for the property to be fully leased within a one-year period. The acquisition was funded fully by debt with a loan tenure of five years and at a fixed interest cost. Keppel Capital Japan has been operating in the Japanese market since 2005. They have strong local experience and track record in asset management and leasing of commercial buildings. The team was also involved in the acquisition process and has strong understanding of KR Ginza II which will be valuable in the management of the property.
5	**i. Can the manager elaborate further on its capital management strategy? Does the $100 million anniversary distribution constrain the manager's flexibility to respond to changes in the operating environment?** **ii. What is the significance of the 20th anniversary? Will the REIT continue to make capital distributions in the five years leading up to its 25th anniversary in 2031?** **iii. Is it implied that the REIT will not engage in any equity fundraising over the next five years? If not, will the REIT incur additional professional fees while raising funds and simultaneously distributing capital gains?** **iv. Furthermore, does the manager plan to draw down loans to make these payments? What advantages would there be in doing so in a high-interest rate environment?**
	The Manager adopts a prudent approach towards capital management, and proactively manages debt maturities and borrowing costs. Keppel REIT's cash flow position and working capital needs are also closely monitored. Keppel REIT has adequate cash reserves and credit facilities to meet its obligations. It was announced on 25 October 2022, to celebrate Keppel REIT's 20th anniversary in 2026, it will distribute $100 million out of its accumulated capital gains as an Anniversary Distribution over a 5-year period. $20 million of Anniversary Distribution will be distributed per year with such distributions to be made semi-annually.

	Over the years, Keppel REIT has accumulated a significant sum of capital gains through the successful execution of its portfolio optimisation strategy. The intention of the 20th Anniversary Distribution is to show appreciation to the Unitholders for their support, as well as to encourage Unitholders to look at Keppel REIT from a total unitholder return perspective. The Anniversary Distribution is a separate exercise and is not an indication of whether Keppel REIT will or will not undertake any equity fundraising over the 5-year distribution period. We adopt a prudent and disciplined approach towards equity fundraising and each fundraising exercise should have a clear purpose and has to be beneficial to the Unitholders.
6	**9.5 million units of Keppel REIT were bought back over a few days in March. Was there any particular reason for the unit buy-back?**
	Unit buy-back is an effective capital management tool which enhances the returns to Unitholders in the long-term. In considering the buy-back of units, we will only purchase units when the market price remains undervalued, and when it is accretive to distribution per unit, while maintaining Keppel REIT's financial capability for strategic opportunities.
7	**What is Keppel Corporation's percentage ownership of Keppel REIT?**
	As at 3 March 2023, Keppel Corporation Limited has a direct and deemed interest in 46.41% of the units in Keppel REIT. Keppel Corporation Limited's deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd. and Keppel REIT Management Limited, both of which are wholly-owned subsidiaries of Keppel Corporation Limited held through Keppel Capital Holdings Pte. Ltd. and (ii) Keppel REIT Investment Pte. Ltd., a wholly-owned subsidiary of Keppel Corporation Limited held through Keppel Land (Singapore) Pte. Ltd. and Keppel Land Limited. You may refer to the Substantial Unitholders section on page 205 of Keppel REIT's 2022 Annual Report for more details.

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