

MEDIA RELEASE

Keppel REIT Key Business and Operational Updates for the Third Quarter of 2023

17 October 2023

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 2023.

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Improved Operational Performance Supported by Healthy Demand

Key Highlights

- Property income in 9M 2023 increased 5.0% year-on-year to \$172.6 million from higher rentals achieved and portfolio occupancy
- Achieved higher portfolio committed occupancy of 95.9% for 9M 2023 compared to 94.9% in 1H2023
- Positive rental reversion supported by healthy demand and portfolio weighted average lease expiry (WALE) remained long at 5.6 years
- Aggregate leverage at 39.5% and all-in interest rate of 2.85% p.a. with 76% of borrowings on fixed rates

Summary of Results

	GROUP		
	9M 2023 \$'million	9M 2022 \$'million	+/(⁻) %
Property income	172.6	164.4	5.0
Net property income (NPI)	134.0	132.6	1.0
Less: Attributable to non-controlling interests	(13.6)	(12.7)	7.7
NPI attributable to Unitholders	120.4	119.9	0.3
Interest income^(a)	5.6	16.1	(65.4)
Share of results of associates^(b)	60.5	63.3	(4.3)
Share of results of joint ventures^(c)	17.9	17.2	4.4
Borrowing costs	(48.8)	(40.5)	20.3
Distributable income from operations	148.6	165.4	(10.1)
Anniversary distribution^(d)	15.0	-	100.0
Distributable income including anniversary distribution	163.6	165.4	(1.1)

(a) Includes interest income from advances to associates. The decrease is due mainly to repayments of advance by an associate in January 2023 and April 2023.

(b) Share of results of associates relates to Keppel REIT's one-third interests in One Raffles Quay and Marina Bay Financial Centre. The decrease is due mainly to higher borrowing costs.

(c) Share of results of joint ventures relates to Keppel REIT's 50% interests in 8 Chifley Square and David Malcolm Justice Centre.

(d) In appreciation to Unitholders for their support and to celebrate Keppel REIT's 20th anniversary in 2026, Keppel REIT announced in October 2022 that it will distribute a total of \$100 million of Anniversary Distribution over a 5-year period. \$20 million will be distributed annually with such distribution to be made semi-annually.

Financial Performance

Keppel REIT's 9M 2023 property income¹ increased 5.0% year-on-year to \$172.6 million. Distributable income including anniversary distribution was 1.1% lower year-on-year at \$163.6 million due to higher borrowing costs, as well as higher property tax and utility costs, which are offset partially by higher property income, rental support and anniversary distribution of \$15 million.

Capital Management

As at 30 September 2023, Keppel REIT's aggregate leverage was 39.5% with 76% of its borrowings on fixed rates. All-in interest rate was 2.85% per annum, with interest coverage ratio² and adjusted

¹ Property income relates to income from directly-held properties including Ocean Financial Centre, 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units, 50% interest in Victoria Police Centre, Pinnacle Office Park, T Tower, Keppel Bay Tower and KR Ginza II after it was acquired on 30 November 2022.

² Defined as trailing 12 months earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expense and borrowing-related fees.

interest coverage ratio³ at 3.3 times and 2.9 times respectively. Weighted average term to maturity of borrowings was 2.7 years. Exposure to foreign currency is appropriately managed as Keppel REIT adopts natural hedge to the extent practicable and hedges at least 50% of its foreign currency denominated income on a rolling 6-month basis. As at 30 September 2023, the Australian Dollar, South Korean Won and Japanese Yen denominated loans formed approximately 17%, 4% and 3% of total borrowings⁴ respectively. Keppel REIT's sustainability-focused funding forms 68% of total borrowings⁴, a reflection of Keppel REIT's portfolio of green-certified office properties. There is no major refinancing required for the rest of 2023 and the majority of the debt due in 2024 will mature in 2Q 2024, for which refinancing discussion with the respective lenders has been initiated. Keppel REIT has approximately S\$1.0 billion of available borrowing facilities to meet short- to medium-term funding requirements.

Portfolio Review

Keppel REIT's portfolio committed occupancy increased to 95.9% as at 30 September 2023 compared to occupancy of 94.9% as at 30 June 2023. Excluding Blue & William which achieved practical completion on 3 April 2023, the portfolio committed occupancy would have been 97.9%, an increase from 97.0% a quarter ago. Portfolio and top 10 tenants' WALE remained long at approximately 5.6 years and 10.0 years respectively.

Approximately 1,103,800 sf (attributable area of approximately 561,900 sf) was committed in 9M 2023. Keppel REIT's Australia portfolio continued to experience healthy leasing momentum. In 3Q 2023, 8 Chifley Square secured a new tenant who has taken up two floors, while Blue & William's committed occupancy increased to 42.5% as it secured its third tenant. The rental guarantee⁵ on the unlet space for Blue & William has commenced and will continue for a period of up to three years from the practical completion date. In Tokyo, committed occupancy at KR Ginza II has increased to 74.5% as at 9M 2023 from 36.3% in 1H 2023.

In Singapore, the weighted average signing rent⁶ for Singapore office leases increased from approximately \$12.35 psf pm in 1H 2023 to \$12.43 psf pm in 9M 2023.

The total new and expansion leases committed were distributed across various industry sectors, including banking, insurance and financial services (22.6%), technology, media and telecommunications (22.4%), and government agency (15.7%).

Keppel REIT is committed to promoting and enabling sustainable practices amongst occupants at our properties. In 3Q 2023, three electric vehicle chargers were installed at 8 Chifley Square. These electric vehicle chargers are also powered by the renewable electricity that powers the building. At Victoria Police Centre, to further efforts to promote circularity through segregation of waste, Soft Plastics and Coffee Ground Recycling have been added to waste streams. As part of the tenant engagement efforts at One Raffles Quay, there was a collaboration with Dignity Kitchen to enable tenants to cook and serve afternoon tea and host lively karaoke sessions with seniors on 4 August 2023.

³ Defined 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.

⁴ This includes Keppel REIT's share of external borrowings accounted for at the level of associates.

⁵ Rental guarantee received for the period from practical completion date (3 April 2023) to 30 September 2023 amounted to \$7.5 million.

⁶ Weighted average for the Singapore office leases concluded in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

Market Review

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase from \$11.80 psf pm in 2Q 2023 to \$11.85 psf pm in 3Q 2023, and average core CBD occupancy increased from 94.8% as at end June 2023 to 95.3% as at end September 2023.

In Australia, JLL Research (JLL) noted that the prime grade occupancy in Melbourne CBD and Perth CBD increased, while the prime grade occupancy in Sydney, North Sydney and Macquarie Park was lower in 3Q 2023. In Seoul, CBD Grade A office market vacancy remained low with occupancy at 96.6% as at end September 2023 according to JLL. In Tokyo central five wards, JLL noted that the Grade A office market occupancy increased from 95.2% as at end June 2023 to 95.3% as at end September 2023, while Grade B office market occupancy increased from 96.1% as at end June 2023 to 96.5% as at end September 2023.

Keppel REIT remains focused on delivering sustainable long-term total return to Unitholders and the Manager will continue to proactively manage the portfolio and exercise prudence in capital management.

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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 real estate investment trusts with a portfolio of prime commercial assets in Asia Pacific's key business districts.

Keppel REIT's objective is to generate stable income and sustainable long-term total return for its Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets in Asia Pacific.

Keppel REIT has a portfolio value of over \$9.0 billion, comprising properties in Singapore; the key Australian cities of Sydney, Melbourne and Perth; Seoul, South Korea; as well as Tokyo, Japan.

Keppel REIT is managed by Keppel REIT Management Limited and sponsored by Keppel, a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity.

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.