

MEDIA RELEASE

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

20 April 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 first quarter of 2022.

For more information, please contact:

Media Relations

Mr Roy Tan
Assistant General Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413 6421
Email: roy.tan@kepcorp.com

Investor Relations

Ms Lilian Goh
Head
Investor Relations & Sustainability
Keppel Capital
Tel: (65) 6803 1636
Email: lilian.goh@kepcapital.com

The materials are also available at www.keppelreit.com, www.kepcapital.com and www.kepcorp.com

Keppel REIT achieves distributable income from operations of \$53.8 million for 1Q 2022

Key Highlights

- Distributable income from operations¹ for the first quarter of 2022 (1Q 2022) was up 4.3% year-on-year at \$53.8 million, including income contribution from Keppel Bay Tower in Singapore which commenced on 19 May 2021.
- Aggregate leverage was 38.7% and all-in interest rate was lower year-on-year at 1.81% per annum.
- 71% of total borrowings are on fixed rates to mitigate interest rate volatility.
- Portfolio committed occupancy of 95.1% and long portfolio weighted average lease expiry (WALE) of 6.1 years.
- Victoria Police Centre certified Carbon Neutral by Climate Active in April 2022.

Summary of Results

	GROUP		
	1Q 2022 \$'m	1Q 2021 \$'m	+/(-) %
Property income	54.5	51.1	+6.7
Net property income (NPI)	44.2	40.7	+8.6
Less: Attributable to non-controlling interests	(4.2)	(4.3)	(2.3)
NPI attributable to Unitholders	40.0	36.4	+9.9
Share of results of associates	23.0	24.9	(7.6)
Share of results of joint ventures	5.8	7.7	(24.7)
Distributable income from operations	53.8	51.6	+4.3

Financial Performance

Keppel REIT has achieved distributable income from operations of \$53.8 million for 1Q 2022, a 4.3% increase year-on-year due mainly to the acquisition of Keppel Bay Tower in Singapore in May 2021. The increase was partially offset by the impact from the divestment of 275 George Street in Brisbane in July 2021.

Capital Management

During 1Q 2022, Keppel REIT's total borrowings on fixed rates were increased from 63% to 71% to mitigate interest rate volatility. As at 31 March 2022, all-in interest rate was reduced to 1.81% per annum as compared to 2.01% per annum a year ago, with interest coverage ratio² at 3.8 times. Aggregate leverage was 38.7% with a weighted average term to maturity of 3.1 years. Approximately 48%³ of Keppel REIT's total borrowings are green loans, an increase from 39% as at 31 December 2021.

On 11 April 2022, subsequent to the put option exercised by certain holders of the 1.90% convertible bonds due 2024, \$146.5 million of the convertible bonds were redeemed. The redemption was funded through loan facilities at comparable interest rates, maturing mainly in 2026 and 2027.

Portfolio Review

Victoria Police Centre has been certified Carbon Neutral by Climate Active in April 2022, reinforcing Keppel REIT's commitment to sustainability. This is the second Keppel REIT property that has achieved Carbon Neutral certification.

¹ Keppel REIT adopts half-yearly distributions and any distribution of capital gains for 1H 2022 will be disclosed at the 1H 2022 results announcement.

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.

As at 31 March 2022, Keppel REIT's portfolio remained well-anchored in the key business districts of Singapore (78.3% of portfolio), Australia (18.2% of portfolio) and South Korea (3.5% of portfolio).

The Manager committed leases of approximately 475,000 sf (attributable area of approximately 222,500 sf) in 1Q 2022, including new leases and expansions mainly from the real estate and property services sector and manufacturing and distribution sector. Most of the leases concluded were in Singapore and the average signing rent for the Singapore office leases was approximately \$11.15⁴ psf pm.

Keppel REIT's portfolio committed occupancy was 95.1% as at 31 March 2022, while portfolio and top 10 tenants' WALE remained long at approximately 6.1 years and 10.7 years respectively. For 1Q 2022, tenant retention rate was 91%.

Additional tenant relief measures granted in 1Q 2022 amounted to approximately \$0.2 million, to some ancillary retail tenants. Rental collection remained healthy at 99% for 1Q 2022.

Market Review

In Singapore, the average core CBD Grade A office rents reported by CBRE increased slightly in 1Q 2022 at \$10.95 psf pm. Average occupancy increased slightly during the quarter from 93.3% as at end December 2021 to 93.8% as at end March 2022.

In Australia, JLL Research noted an increase in prime grade occupancy in North Sydney, stable in Melbourne CBD, and slightly lower in Sydney CBD, Macquarie Park, and Perth CBD during the quarter. In Seoul, JLL Research reported an increase in the CBD Grade A office market occupancy from 89.2% as at end December 2021 to 91.2% as at end March 2022.

Global economies continue to progress towards COVID-19 resilience amidst geopolitical uncertainties. Keppel REIT's well-managed Grade A properties are expected to benefit from improved office market fundamentals. The Manager will continue to focus on proactive asset and capital management to ensure stable and sustainable distribution to Unitholders, as well as to achieve long-term growth.

- END -

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.

⁴ Weighted average for the Singapore office leases concluded in 1Q 2022 in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

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.