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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Half Year Ended 30 June 2024

30 July 2024

The Directors of Keppel REIT Management Limited, as Manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the half year ended 30 June 2024.

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The materials are also available at www.keppelreit.com, www.keppel.com/fundmgt and www.keppel.com.

Higher property income and net property income driven by robust operational performance and contributions from 2 Blue Street and 255 George Street

Key Highlights

- Achieved strong rental reversion of 9.3% and higher portfolio committed occupancy of 97.0%
- Portfolio weighted average lease expiry (WALE) and top 10 tenants' WALE remained long at 4.6 years[1] and 8.3 years[2] respectively
- Supported by robust operational performance as well as contributions from 2 Blue Street and the newly acquired 255 George Street, 1H 2024 property income and net property income (NPI) increased by 8.9% and 7.7% year-on-year respectively
- Aggregate leverage at 41.3% and all-in interest rate of 3.31% p.a. with 65% of borrowings on fixed rates
- To further step up on its sustainability efforts, Keppel REIT established a Green Financing Framework which was assigned a Sustainability Quality Score of SQS2 (Very good) by Moody's Investors Service

Summary of Results

	GROUP		
	1H 2024 $'million	**1H 2023** $'million	**+/(-)** %
Property Income[(a)]	**125.1**	114.9	8.9
NPI	**96.8**	89.9	7.7
NPI Attributable to Unitholders	**87.2**	80.8	8.0
Share of Results of Associates[(b)]	**43.4**	40.3	7.8
Share of Results of Joint Ventures[(c)]	**11.5**	11.9	(3.5)
Borrowing Costs	**(41.3)**	(31.8)	29.8
Distributable Income from Operations	**96.9**	99.0	(2.1)
Anniversary Distribution[(d)]	**10.0**	10.0	-
Distributable Income Including Anniversary Distribution	**106.9**	109.0	(1.9)
DPU (cents)	**2.80**	2.90	(3.4)
Distribution yield	**6.7%[(e)]**	6.2%[(f)]	0.5 pp

(a) 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, 2 Blue Street, T Tower, Keppel Bay Tower, KR Ginza II and 50% interest in 255 George Street which was acquired on 9 May 2024. Building D of Pinnacle Office Park ceased income contribution (<1% of total property income) from 2Q 2024 and will be undergoing AEI.

(b) Relates to Keppel REIT's one-third interests in One Raffles Quay and Marina Bay Financial Centre. The increase is due mainly to higher rentals and occupancy, offset partially by higher borrowing costs and property expenses.

(c) Relates to Keppel REIT's 50% interests in 8 Chifley Square and David Malcolm Justice Centre.

(d) 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.

(e) Based on annualised DPU for 1H 2024 and the market closing price of $0.835 per Unit as at 28 June 2024.

(f) Based on total DPU of 5.80 cents for FY 2023 and the market closing price of $0.93 per Unit as at 29 December 2023.

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[1] Based on attributable committed gross rent. Portfolio WALE based on attributable committed NLA was 5.3 years as at 30 June 2024.

[2] Based on attributable committed gross rent. Top 10 tenants' WALE based on attributable committed NLA was 9.3 years as at 30 June 2024.

Financial Performance
Keppel REIT's property income increased 8.9% year-on-year to $125.1 million and NPI grew 7.7% to $96.8 million in 1H 2024. Growth was driven by higher occupancy from Ocean Financial Centre and KR Ginza II, as well as contributions from 2 Blue Street and 255 George Street, an iconic freehold Grade A office property that was acquired on 9 May 2024. Impacted by higher borrowing costs, distributable income including anniversary distribution and distribution per unit for 1H 2024 decreased 1.9% and 3.4% year-on-year to $106.9 million and 2.80 cents respectively.

Mr Koh Wee Lih, Chief Executive Officer of the Manager, said, "Keppel REIT's portfolio of high-quality office properties continued to exhibit strength in 1H 2024. Together with the addition of 255 George Street, strong gains in property income, NPI and rental reversion were recorded. As the anchor of the portfolio, Keppel REIT's Singapore properties have consistently delivered solid performance and continued to do so in 1H 2024. The committed occupancy of the Singapore portfolio remained high at 98.9%, while NPI increased 4.1% year-on-year. The performance of the Australia portfolio has also improved, with committed occupancy increasing to 93.6% as at 30 June 2024, as compared to 91.6% a quarter ago. 1H 2024 NPI for the Australia portfolio grew 12.3% year-on-year despite a stronger Singapore dollar. The two properties in North Asia have also achieved full committed occupancy and posted a 13.8% growth in NPI."

"With the high interest rate environment impacting businesses globally, delivering sustainable long-term total return to the Unitholders remains our priority. Moving ahead, we will continue to focus on asset management and exercise discipline in implementing our portfolio optimisation strategy to maintain a sound capital structure over the long term, with a strong and resilient balance sheet."

Capital Management
With the completion of the acquisition of a 50% interest in 255 George Street, Keppel REIT's aggregate leverage increased to 41.3% as at 30 June 2024. Borrowings on fixed rates constituted 65% of total borrowings[3], while weighted average term to maturity of borrowings was extended to 3.0 years as at 30 June 2024 as compared to 2.3 years a quarter ago. All-in interest rate was 3.31% per annum with adjusted interest coverage ratio[4] at 2.8 times.

As part of its effort to diversify its funding sources and reinforce its sustainability commitments, Keppel REIT established a Green Financing Framework which will serve as a reference for all its green finance transactions, including bonds, term loans, revolving credit facilities, medium-term notes, convertible bonds, perpetual securities and any other financial instrument publicly or privately placed in various formats, tenure and currency[5]. The Green Financing Framework was assigned a Sustainability Quality Score of SQS2 (Very good) by Moody's Investors Service.

Following the establishment of the Green Financing Framework, Keppel REIT issued A$175 million of 3-year floating rate green notes in June 2024. The issuance reinforces its sustainability commitments. As at 30 June 2024, sustainability-focused funding was increased further to 82% of its total borrowings[3].

The Manager adopts a proactive approach towards capital management and has completed most of Keppel REIT's refinancing requirements for 2024. The majority of the borrowings due in 2025 will mature in 1H 2025.

[3] This includes Keppel REIT's share of external borrowings accounted for at the level of associates.
[4] Defined as trailing 12 months earnings before interest, tax, depreciation and amortisation (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.
[5] The Manager established a green loan framework in 2019 (the 2019 framework) which covered only green term loans and revolving credit facilities. The 2019 framework will lapse once the existing green term loans and revolving credit facilities issued under the 2019 framework mature.

Portfolio Review
Keppel REIT continued to enjoy healthy demand for its prime office space in 1H 2024. Approximately 546,300 sf (attributable area of approximately 264,000 sf) of office space was committed and achieved a robust rental reversion of 9.3% in 1H 2024.

As at 30 June 2024, Keppel REIT's portfolio committed occupancy increased to 97.0% from 96.4% as at 31 March 2024. Portfolio and top 10 tenants' WALE remained long at approximately 4.6 years[1] and 8.3 years[2] respectively.

The weighted average signing rent[6] for Singapore office leases was approximately $12.63 psf pm in 1H 2024 with average expiring rents for the rest of 2024 at $10.77 psf pm.

The total new and expansion leases committed were distributed across various industry sectors, including banking, insurance and financial services (23.2%[7]), technology, media and telecommunications (22.8%[7]) and legal (21.4%[7]).

In 2Q 2024, 2 Blue Street secured a new tenant from the technology, media and telecommunications sector and increased its occupancy to 77.7%. In addition, T Tower achieved full committed occupancy after securing new tenants from the banking, insurance and financial services and government agency sectors.

Keppel REIT conducted an independent valuation of its investment properties and following the acquisition of 255 George Street, the portfolio valuation increased by 3.3%[8] to $9.6 billion as at 30 June 2024. Keppel REIT's portfolio of prime commercial properties is strategically located in the key business districts of Singapore (77% of portfolio), Australia (19% of portfolio), South Korea (3.1% of portfolio) and Japan (0.9% of portfolio).

Market Review
In Singapore, CBRE reported that the average core CBD Grade A office rents remained at $11.95 psf pm in 2Q 2024 with average core CBD occupancy at 94.4% as at end-June 2024.

In Australia, JLL Research (JLL) noted that the prime grade occupancies in North Sydney and Macquarie Park increased, while prime grade occupancies in Sydney CBD, Melbourne CBD and Perth CBD were lower as at 30 June 2024. According to JLL, the CBD Grade A office market vacancy in Seoul remained low, with an increase in occupancy to 98.4% as at 30 June 2024. In the Tokyo central five wards, JLL noted that the Grade A office market occupancy increased from 95.8% as at 31 March 2024 to 96.4% as at 30 June 2024, while the Grade B office market occupancy increased from 96.8% as at 31 March 2024 to 97.0% as at 30 June 2024.

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[6] Weighted average for the Singapore office leases concluded in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.
[7] Based on attributable committed gross rent.
[8] Excluding 255 George Street, which was newly acquired on 9 May 2024, the portfolio valuation would have been S$9,226.7 million, a decrease of S$18.3 million (0.2%) when compared to the portfolio valuation as at 31 December 2023.

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 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.