

## **MEDIA RELEASE**

### **Unaudited Results of Keppel REIT for the Half Year Ended 30 June 2022**

**26 July 2022**

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 2022.

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*The materials are also available at [www.keppelreit.com](http://www.keppelreit.com), [www.kepcapital.com](http://www.kepcapital.com) and [www.kepcorp.com](http://www.kepcorp.com)*

## Keppel REIT achieves 4.6% year-on-year growth in its Distribution to Unitholders for 1H 2022

### Key Highlights

- Distribution to Unitholders for the first half of 2022 (1H 2022) grew 4.6% year-on-year to \$110.5 million.
- Distribution per Unit (DPU) for 1H 2022 increased 1.0% year-on-year to 2.97 cents.
- Aggregate leverage decreased to 37.9% with no outstanding borrowings maturing in 2H 2022.
- Borrowings on fixed rate increased to 73% and all-in interest rate for 1H 2022 was 1.93% per annum.
- Achieved 50% sustainability-focused funding ahead of original target of 2025.
- Maintained high portfolio committed occupancy at 95.5% and long portfolio weighted average lease expiry (WALE) of 6.0 years.
- Keppel Bay Tower is the first building in Asia to achieve the highest recognition of Platinum rating for WiredScore certification. It was also awarded the WELL Health-Safety Rating.

### Summary of Results

	GROUP		
	1H 2022 \$'million	1H 2021 \$'million	+ / (-)
<b>Property income</b>	<b>\$109.8m</b>	\$105.8m	+3.7%
<b>Net property income (NPI)</b>	<b>\$89.5m</b>	\$84.4m	+6.0%
Less: Attributable to non-controlling interests	<b>(\$8.5m)</b>	(\$8.4m)	+0.7%
<b>NPI attributable to Unitholders</b>	<b>\$81.0m</b>	\$76.0m	+6.6%
<b>Share of results of associates</b>	<b>\$44.6m</b>	\$46.8m	(4.6%)
<b>Share of results of joint ventures</b>	<b>\$11.7m</b>	\$15.3m	(24.0%)
<b>Distribution to Unitholders</b>	<b>\$110.5m</b>	<b>\$105.7m</b>	<b>+4.6%</b>
<b>DPU (cents)</b>	<b>2.97</b>	<b>2.94</b>	<b>+1.0%</b>
<b>Distribution yield</b>	5.4% <sup>(a)</sup>	5.2% <sup>(b)</sup>	+0.2pp

(a) Based on an annualised DPU and the market closing price of \$1.09 per Unit as at 30 June 2022.

(b) Based on total DPU of 5.82 cents for FY2021 and the market closing price of \$1.13 per Unit as at 31 December 2021.

### Financial Performance

Keppel REIT's distribution to Unitholders for 1H 2022 grew 4.6% year-on-year to \$110.5 million. The increase was mainly driven by the acquisition of Keppel Bay Tower in May 2021, partially offset by the divestment of 275 George Street in Brisbane in July 2021 and lower contribution from 8 Chifley Square.

DPU for 1H 2022 was 2.97 cents, 1.0% increase over the same period last year. DPU for 1H 2022 translated to an annualised distribution yield of 5.4% based on the market closing price of \$1.09 per Unit as at 30 June 2022.

### Capital Management

Compared to a quarter ago, aggregate leverage was reduced to 37.9% from 38.7%, while borrowings on fixed rate increased from 71% to 73%, providing more certainty over interest cost. A new A\$100 million green loan facility was secured in the second quarter of 2022, bringing Keppel REIT's total green borrowings to approximately 50% of its total borrowings. This has enabled Keppel REIT to achieve 50% sustainability-focused funding ahead of original target of 2025.

The all-in interest rate and interest coverage ratio<sup>1</sup> for 1H 2022 were 1.93% per annum and 3.8 times respectively. The weighted average term to maturity of Keppel REIT's borrowings was maintained at 3.1 years with no outstanding loans maturing in 2H 2022.

<sup>1</sup> 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.

## Portfolio Review

As at 30 June 2022, Keppel REIT's portfolio committed occupancy was 95.5%, while portfolio and top 10 tenants' WALE remained long at approximately 6.0 years and 10.5 years respectively. Tenant retention rate was 89% for 1H 2022.

On the leasing front, a total of approximately 881,900 sf (attributable area of approximately 466,900 sf) was committed in 1H 2022. This included new and expansion leases from tenants across diverse industry sectors, including technology, media and telecommunications sector, banking and financial services sector, as well as real estate and property services sector. The majority of the leases concluded were in Singapore and the weighted average signing rent for the Singapore office leases was approximately \$11.43<sup>2</sup> psf pm for 1H 2022.

The development project, Blue & William, was approximately 48.7% completed as at 30 June 2022 and on track to be completed by mid-2023. During the development phase, the developer<sup>3</sup> will provide a coupon of 4.5% per annum on cumulative progress payments and a three-year rental guarantee on any unlet space after practical completion.

Keppel Bay Tower is the first building in Asia to achieve the highest recognition of Platinum rating for WiredScore certification. Keppel REIT is also one of the first three building owners and developers in Singapore to commit to the WiredScore and SmartScore certifications, a global benchmark for smart and digitally connected buildings.

In addition, Keppel Bay Tower achieved the WELL Health-Safety Rating by the International WELL Building Institute in May 2022 for its robust health and safety management. Together with Ocean Financial Centre, Keppel REIT has two properties within its portfolio that have achieved the WELL Health-Safety Rating.

Keppel REIT has conducted an independent valuation of all its investment properties as at 30 June 2022. Fair value changes on investment properties for 1H 2022 range from 0% to positive 3.7% as compared to valuations as at 31 December 2021<sup>4</sup>. As at 30 June 2022, Keppel REIT's portfolio comprised \$9.0 billion of Grade A commercial properties which are well-located in key business districts of Singapore (78.0% of portfolio), Australia (18.6% of portfolio) and South Korea (3.4% of portfolio).

## Market Review

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase in 2Q 2022, from \$10.95 psf pm to \$11.30 psf pm, while average core CBD occupancy decreased marginally from 93.8% as at end March 2022 to 93.6% as at end June 2022.

In Australia, JLL Research noted that the prime grade occupancies in Sydney CBD, North Sydney, Macquarie Park and Perth CBD have decreased, while Melbourne CBD registered an increase in 2Q 2022. In Seoul, JLL Research reported an increase in the CBD Grade A office market occupancy from 91.2% as at end March 2022 to 92.9% as at end June 2022.

Despite global economic uncertainties and rising costs, Keppel REIT's sustainability-focused portfolio comprising Grade A commercial properties have been delivering resilient performance. Looking ahead, the Manager will continue to focus on maintaining stable and sustainable distribution to Unitholders and achieving long-term growth.

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<sup>2</sup> Weighted average for the Singapore office leases concluded in 1H 2022 in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

<sup>3</sup> Lendlease Development Pty Limited is the developer of Blue & William.

<sup>4</sup> Excluding fair value increase of 18.8% for Blue & William due to construction progress.

## **About Keppel REIT ([www.keppelreit.com](http://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 \$9.0 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.

### **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.*