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MEDIA RELEASE

Keppel REIT Key Business and Operational Updates for the Third Quarter 2021

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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 2021.

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Keppel REIT achieves distributable income from operations of $159.9 million for 9M 2021

Key Highlights

- Distributable income from operations for the nine months of 2021 (9M 2021) was up 20.8% year-on-year at $159.9 million, due mainly to contributions from Victoria Police Centre in Melbourne, Pinnacle Office Park in Sydney and Keppel Bay Tower in Singapore.
- Aggregate leverage was lowered to 37.6% after debt repayment with proceeds from the divestment of 275 George Street in Brisbane.
- All-in interest rate was reduced year-on-year to 1.99% per annum.
- Keppel REIT's quality portfolio has remained resilient despite the COVID-19 pandemic, with positive portfolio leasing activities from diverse industry sectors.
- Portfolio committed occupancy of 97.1% with a long portfolio weighted average lease expiry (WALE) of 6.1 years.
- Asset enhancement initiatives at 8 Chifley Square in Sydney to enhance tenants' experience and rejuvenate the asset.

Summary of Results

	GROUP		
	9M 2021 $'million	**9M 2020** $'million	**+/(-)**
Property income	**162.2**	120.3	+34.8%
Net property income (NPI)	**129.4**	94.6	+36.8%
Less: Attributable to non-controlling interests	**(12.6)**	(12.7)	(0.8%)
NPI attributable to Unitholders	**116.8**	81.9	+42.6%
Share of results of associates	**67.8**	63.6	+6.6%
Share of results of joint ventures	**22.7**	21.9	+3.7%
Distributable income from operations	**159.9**	132.4	+20.8%
Capital gains distribution	-[(a)]	10.0	N.m.

(a) Any distribution of capital gains for 2H 2021 will be disclosed at the FY 2021 results announcement.

Financial Performance

Keppel REIT has achieved distributable income from operations of $159.9 million for 9M 2021, an increase of 20.8% year-on-year from 9M 2020.

The year-on-year improvement in distributable income, excluding any distribution of capital gains, was due mainly to contributions from Victoria Police Centre in Melbourne, Pinnacle Office Park in Sydney and Keppel Bay Tower in Singapore. The increase was partially offset by the impact of the divestment of 275 George Street in Brisbane.

Capital Management

To enhance capital efficiency and manage borrowing costs, proceeds from the divestment of 275 George Street were used to repay debt and lower Keppel REIT's aggregate leverage to 37.6% as at 30 September 2021. The weighted average term to maturity of Keppel REIT's borrowings has also been lengthened during the quarter to 3.3 years with the issuance of $150.0 million of 7-year medium term notes at 2.07% per annum in September 2021.

For 9M 2021, Keppel REIT's all-in interest rate was reduced to 1.99% per annum compared to 2.39% per annum a year ago, with interest coverage ratio[1] at 3.9 times. 71% of Keppel REIT's total borrowings are at fixed rates.

[1] 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 part of continuing portfolio optimisation, Keppel REIT divested its 50% interest in 275 George Street in Brisbane on 30 July 2021. Asset enhancement initiatives are also being carried out at 8 Chifley Square in Sydney to rejuvenate the property, as well as enhance building amenities and tenants' experience.

As at 30 September 2021, Keppel REIT's portfolio comprised $8.6 billion of Grade A commercial properties which are well-located in key business districts of Singapore (80.0% of portfolio), Australia (16.4% of portfolio) and South Korea (3.6% of portfolio). Nine[2] out of Keppel REIT's 10 properties are green-certified. Of these properties, Keppel Bay Tower, 8 Exhibition Street and Victoria Police Centre are fully powered by renewable energy. In addition, 8 Exhibition Street is also carbon neutral.

In recognition of its sustainability efforts, Keppel REIT retained its 4 Star rating and Green Star Status in the 2021 Global Real Estate Sustainability Benchmark (GRESB).

On the leasing front, a total of approximately 1,717,000 sf (attributable area of approximately 738,500 sf) was committed in 9M 2021. Most of the leases concluded were in Singapore and the weighted average signing rent for the Singapore office leases was approximately $10.49[3] psf pm.

Despite the COVID-19 pandemic, portfolio leasing activities remained positive, with new leases and expansions seen from diverse industry sectors including the financial services sector, technology, media and telecommunications sector, as well as manufacturing and distribution sector.

Keppel REIT's portfolio committed occupancy was 97.1% as at 30 September 2021, while portfolio and top 10 tenants' WALE remained long at approximately 6.1 years and 10.8 years respectively. For 9M 2021, Keppel REIT had a tenant retention rate of 64%.

Additional tenant relief measures granted in 9M 2021 amounted to approximately $2.0 million. Rental collection remained healthy at 99% for 9M 2021, while total outstanding rent deferrals were $0.8 million.

Market Review

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase in 3Q 2021, from $10.50 psf pm to $10.65 psf pm. Average core CBD occupancy remained stable at 92.1% as at end September 2021.

In Australia, JLL Research noted a quarterly increase in prime grade occupancy in Sydney CBD, Macquarie Park and Perth CBD, while prime grade occupancy decreased in Melbourne CBD during the quarter. In Seoul, JLL Research reported a slight increase in the CBD Grade A office market occupancy from 87.6% as at end June 2021 to 87.9% as at end September 2021.

Keppel REIT's quality portfolio has remained resilient during the COVID-19 pandemic. With accelerated vaccinations and further reopening, Grade A office buildings that are well managed with sustainable and technologically-advanced features are expected to be well sought after. The Manager will continue its portfolio optimisation strategy and proactive tenant engagement to build a robust portfolio that meets diverse tenant needs. Sustainability factors will remain key considerations in the Manager's strategy formulation and business operations to ensure stable and sustainable distributions to Unitholders, as well as to achieve long-term growth.

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[2] The Manager is targeting to obtain green certification for T Tower by 2022.

[3] Weighted average for the Singapore office leases concluded in 9M 2021 in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

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 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 over $8 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.