

## **MEDIA RELEASE**

### **Keppel REIT Key Business and Operational Updates for the Third Quarter of 2024**

**22 October 2024**

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 2024.

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

## Higher property income bolstered by strong operational performance and contributions from 2 Blue Street and 255 George Street

### Key Highlights

- 9M 2024 property income and net property income (NPI) increased by 12.3% and 10.8% year-on-year respectively, stemming from strong operational performance, as well as contributions from 2 Blue Street and 255 George Street
- Recorded robust rental reversion of 10.2% and an increase in portfolio committed occupancy to 97.6%
- Portfolio weighted average lease expiry (WALE) and top 10 tenants' WALE remained long at 4.6 years<sup>1</sup> and 8.2 years<sup>1</sup> respectively

### Summary of Results

	GROUP		
	9M 2024 \$'million	9M 2023 \$'million	+/(-) %
<b>Property Income<sup>(a)</sup></b>	<b>193.7</b>	<b>172.6</b>	<b>12.3</b>
<b>NPI</b>	<b>148.5</b>	<b>134.0</b>	<b>10.8</b>
<b>NPI Attributable to Unitholders</b>	<b>134.4</b>	<b>120.4</b>	<b>11.6</b>
<b>Share of Results of Associates<sup>(b)</sup></b>	<b>65.3</b>	<b>60.5</b>	<b>7.9</b>
<b>Share of Results of Joint Ventures<sup>(c)</sup></b>	<b>17.8</b>	<b>17.9</b>	<b>(0.6)</b>
<b>Borrowing Costs</b>	<b>(65.0)</b>	<b>(48.8)</b>	<b>33.3<sup>(d)</sup></b>
<b>Distributable Income from Operations</b>	<b>145.6</b>	<b>148.6</b>	<b>(2.1)</b>
<b>Anniversary Distribution<sup>(e)</sup></b>	<b>15.0</b>	<b>15.0</b>	<b>-</b>
<b>Distributable Income Including Anniversary Distribution</b>	<b>160.6</b>	<b>163.6</b>	<b>(1.9)</b>

- (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. Income contribution from Building D of Pinnacle Office Park (<1% of total property income) ceased from 2Q 2024 and is currently 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.
- (c) Relates to Keppel REIT's 50% interests in 8 Chifley Square and David Malcolm Justice Centre.
- (d) Higher borrowing costs is due mainly to increased borrowings following the acquisition of 255 George Street in May 2024, as well as the refinancing of borrowings during the current period at prevailing interest rates.
- (e) 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 2024 property income increased 12.3% year-on-year to \$193.7 million while NPI grew 10.8% to \$148.5 million. The higher property income and NPI were bolstered by higher occupancy at Ocean Financial Centre and KR Ginza II, as well as contributions from 2 Blue Street and 255 George Street. Distributable income including anniversary distribution for 9M 2024 decreased 1.9% year-on-year to \$160.6 million due mainly to higher borrowing costs.

Mr Koh Wee Lih, Chief Executive Officer of the Manager, said, "Keppel REIT's portfolio continued to deliver strong performance in the first nine months of 2024, underscoring the strength of our assets and proactive leasing strategy. For the Singapore portfolio, committed occupancy remained high at 98.9% while 9M 2024 NPI grew 3.8% year-on-year. For the Australia portfolio, committed occupancy

<sup>1</sup> Based on attributable committed gross rent.

continued to improve in 3Q 2024 to 95.0% from 93.6% in 2Q 2024, while 9M 2024 NPI recorded a solid increase of 17.4% year-on-year. The two properties in North Asia have also maintained 100% occupancy and recorded a strong 15.5% year-on-year growth in NPI.

“Looking ahead, we remain focused on proactive asset management while maintaining a prudent and flexible capital structure to deliver sustainable long-term total return to the Unitholders.”

### **Capital Management**

As at 30 September 2024, aggregate leverage was 41.9% and 68% of total borrowings<sup>2</sup> were on fixed rates. Weighted average term to maturity of borrowings was 2.9 years and all-in interest rate was 3.38% per annum with adjusted interest coverage ratio<sup>3</sup> at 2.7 times. Sustainability-focused funding formed 81% of total borrowings<sup>2</sup> as at 30 September 2024.

Adopting a disciplined and prudent approach towards capital management, most of the loans maturing in 2024 have been refinanced and there are no significant refinancing requirements for the rest of 2024. The majority of the borrowings due in 2025 will mature in 1H 2025 and the Manager has commenced refinancing discussions with the lenders.

### **Portfolio Review**

Underpinned by healthy demand for its prime office space, Keppel REIT achieved a robust rental reversion of 10.2% and committed approximately 869,100 sf (attributable area of approximately 449,400 sf) of office space in 9M 2024.

As at 30 September 2024, Keppel REIT's portfolio committed occupancy increased to 97.6% from 97.0%, a quarter ago. Portfolio and top 10 tenants' WALE remained long at approximately 4.6 years<sup>1</sup> and 8.2 years<sup>1</sup> respectively.

The weighted average signing rent<sup>4</sup> for Keppel REIT's Singapore office leases was approximately \$12.93 psf pm in 9M 2024 with average expiring rents for the rest of 2024 at \$10.34 psf pm.

The total new and expansion leases committed were distributed across various industry sectors, including banking, insurance and financial services (22.1%<sup>1</sup>), legal (19.6%<sup>1</sup>), as well as real estate and property services (18.7%<sup>1</sup>).

As part of Keppel REIT's proactive asset management strategy, One Raffles Quay commenced its asset enhancement initiatives (AEI) in 1Q 2024, and the progress is on track. There has been a refresh of the main lobby concierge counters, signages and the North and South Tower lift lobbies, and new seating areas have been added at the lobbies. Over at the Garden Plaza, the installation of a feature wall and new seating areas have been completed. One Raffles Quay's food and beverage offerings will be expanded, which will enrich the building's amenities and provide more options for tenants.

### **Market Review**

In Singapore, CBRE reported that the average core CBD Grade A office rents remained at \$11.95 psf pm in 3Q 2024 with average core CBD occupancy at 93.4% as at 30 September 2024.

JLL Research (JLL) noted that the prime grade occupancies as at 30 September 2024 for Sydney, North Sydney, Macquarie Park, Melbourne CBD and Perth CBD increased compared to a quarter ago. JLL also noted that the CBD Grade A office market occupancy in Seoul remained high at 97.2%

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<sup>2</sup> This includes Keppel REIT's share of external borrowings accounted for at the level of associates.

<sup>3</sup> 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.

<sup>4</sup> Weighted average for the Singapore office leases concluded in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

as at 30 September 2024. In the Tokyo central five wards, JLL noted that the Grade A office market occupancy increased from 96.4% as at 30 June 2024 to 96.9% as at 30 September 2024, while the Grade B office market occupancy remained at 97.0% as at 30 September 2024.

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### **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 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.

#### **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.*