

## **MEDIA RELEASE**

### **Unaudited Results of Keppel REIT for the Second Half and Full Year Ended 31 December 2024**

**27 January 2025**

The Directors of Keppel REIT Management Limited, as Manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the second half and full year ended 31 December 2024.

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## Strong Property Income Growth Underpinned by Robust Operational Performance and Contributions from New Assets

### Key Highlights

- FY 2024 property income and net property income (NPI) grew 12.2% and 10.7% year-on-year respectively, bolstered by strong operational performance, as well as contributions from 2 Blue Street and the newly acquired 255 George Street
- Achieved strong rental reversion of 13.2% and maintained a high portfolio committed occupancy of 97.9% through proactive asset management, bolstered by the flight-to-quality trend
- Long portfolio weighted average lease expiry (WALE) and top 10 tenants' WALE of 4.7 years<sup>1</sup> and 9.0 years<sup>1</sup> respectively

### Summary of Results

	GROUP					
	2H 2024 \$'million	2H 2023 \$'million	+/(-) %	FY 2024 \$'million	FY 2023 \$'million	+/(-) %
<b>Property Income<sup>(a)</sup></b>	<b>136.5</b>	118.2	15.5	<b>261.6</b>	233.1	12.2
<b>NPI</b>	<b>105.1</b>	92.5	13.6	<b>201.9</b>	182.4	10.7
<b>NPI Attributable to Unitholders</b>	<b>95.7</b>	83.0	15.3	<b>182.9</b>	163.8	11.7
<b>Share of Results of Associates<sup>(b)</sup></b>	<b>42.8</b>	39.8	7.6	<b>86.3</b>	80.1	7.7
<b>Share of Results of Joint Ventures<sup>(c)</sup></b>	<b>12.2</b>	11.7	4.1	<b>23.7</b>	23.7	0.3
<b>Borrowing Costs<sup>(d)</sup></b>	<b>(47.3)</b>	(35.2)	34.3	<b>(88.5)</b>	(67.0)	32.2
<b>Distributable Income from Operations</b>	<b>97.6</b>	99.7	(2.1)	<b>194.5</b>	198.7	(2.1)
<b>Anniversary Distribution<sup>(e)</sup></b>	<b>10.0</b>	10.0	-	<b>20.0</b>	20.0	-
<b>Distributable Income Including Anniversary Distribution</b>	<b>107.6</b>	109.7	(1.9)	<b>214.5</b>	218.7	(1.9)
<b>DPU (cents)</b>	<b>2.80</b>	2.90	(3.4)	<b>5.60</b>	5.80	(3.4)
<b>Distribution Yield (%)</b>				<b>6.4%<sup>(f)</sup></b>	6.2% <sup>(g)</sup>	0.2pp

(a) Relates to income from directly-held properties including Ocean Financial Centre, Keppel Bay Tower, 2 Blue Street, Pinnacle Office Park, 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units, 50% interest in Victoria Police Centre, T 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 asset enhancement initiatives.

(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.

(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 in FY 2024 at market 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.

(f) Based on the market closing price of \$0.87 per Unit as at 31 December 2024.

(g) Based on the market closing price of \$0.93 per Unit as at 29 December 2023.

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

## Financial Performance

Keppel REIT's FY 2024 property income grew 12.2% year-on-year to \$261.6 million and NPI increased 10.7% to \$201.9 million. The increases are due mainly to better performance at Ocean Financial Centre, T Tower and KR Ginza II, as well as contributions from 2 Blue Street and 255 George Street. The Attributable NPI<sup>2</sup> for our portfolios in Singapore, Australia and North Asia also continued to show growth.

Distributable income including Anniversary Distribution for FY 2024 decreased 1.9% year-on-year to \$214.5 million due mainly to an increase in borrowing costs. 2H 2024 DPU was 2.80 cents with FY 2024 DPU at 5.60 cents. Based on the market closing price as at 31 December 2024 of \$0.87 per Unit, distribution yield was 6.4%.

Mr Chua Hsien Yang, Chief Executive Officer of the Manager, said, "Keppel REIT's portfolio of prime commercial assets continued to perform strongly as demonstrated by the higher portfolio committed occupancy and robust rental reversion. Our Singapore properties remain a solid foundation to our portfolio with sustained growth in Attributable NPI and high committed occupancy of 98.8%. For our Australia portfolio, the committed occupancy increased to 96.1% as at end-2024, while FY 2024 Attributable NPI grew 16.6% year-on-year. The two properties in North Asia have also registered a high Attributable NPI growth of 18.7% for FY 2024 and maintained 100% committed occupancy as at 31 December 2024."

"Looking ahead, our focus remains on proactive asset management to capitalise on the flight-to-quality trend, and we continue to be disciplined in capital management to deliver sustainable long-term total return to the Unitholders."

For the management fees attributable to FY 2025 and thereafter, the Manager has elected to receive 25% in cash.

## Capital Management

Keppel REIT's balance sheet remains healthy. As at end-2024, aggregate leverage was 41.2% with 69% of total borrowings<sup>3</sup> on fixed rates. All-in interest rate was 3.40% per annum for FY 2024 and interest coverage ratio<sup>4</sup> at 2.5 times. The debt maturity profile is well-staggered with weighted average term to maturity at 2.5 years. Sustainability-focused funding formed 82% of total borrowings<sup>3</sup> as at 31 December 2024.

The majority of the borrowings due in 2025 will mature in 1H 2025 and the Manager is in various stages of refinancing, including discussions with the lenders and documentation of facility agreements.

## Portfolio Review

Bolstered by strong demand for its prime office space, Keppel REIT achieved a robust rental reversion of 13.2% and committed approximately 1,660,700 sf (attributable area of approximately 781,500 sf) of leases in FY 2024. Keppel REIT's Singapore office leases had a weighted average signing rent<sup>5</sup> of approximately \$12.56 psf pm in FY 2024 with the average expiring rent for FY 2025 at \$11.31 psf pm.

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<sup>2</sup> Net property income attributable to unitholders, Keppel REIT's attributable share of net property income of associates and joint ventures, as well as rental support.

<sup>3</sup> This includes Keppel REIT's share of external borrowings accounted for at the level of associates.

<sup>4</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>5</sup> Weighted average for the Singapore office leases concluded in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

In 4Q 2024, the occupancy for 2 Blue Street rose to 92.1% from 77.7% in 3Q 2024 due mainly to securing Alstom, a leading rail solutions provider, as a new tenant. As at end-2024, Keppel REIT's portfolio committed occupancy increased to 97.9% from 97.6% as at 30 September 2024.

In FY 2024, the total new and expansion leases committed were distributed across various industry sectors, including banking, insurance and financial services (24.7%<sup>1</sup>), technology, media and telecommunications (17.2%<sup>1</sup>), as well as legal (16.3%<sup>1</sup>).

The portfolio and top 10 tenants' WALE were extended to approximately 4.7 years<sup>1</sup> and 9.0 years<sup>1</sup> respectively.

Keppel REIT conducted an independent valuation<sup>6</sup> of all its investment properties as at 31 December 2024 and the portfolio valuation decreased 0.2% from 30 June 2024 due mainly to expansion of capitalisation rates of the Australia assets and foreign exchange translation differences.

Keppel REIT's \$9.5 billion portfolio features prime commercial properties strategically located in the key business districts of Singapore (77.9% of portfolio), Australia (18.3% of portfolio), South Korea (2.9% of portfolio) and Japan (0.9% of portfolio).

The asset enhancement initiatives at One Raffles Quay are almost completed, with two food and beverage (F&B) outlets, VINO Tinto and Volks, having commenced operations in January 2025. VIOS by Blu Kouzina, a Mediterranean F&B outlet, is also scheduled to open in March 2025, enhancing F&B options at One Raffles Quay. Over at the Garden Plaza area, we have also completed the refurbishment of the drop-off point, where there will also be a digital screen installed as part of the enhancements.

### **Market Review**

The International Monetary Fund has projected global growth to be 3.3% in 2025, below the historical (2000 – 2019) average of 3.7%<sup>7</sup>. During the last Federal Open Market Committee meeting held in December 2024, the Committee indicated that they would likely slow the pace of further adjustments to the stance of monetary policy due to expanding economic activity, stable labour market and an elevated inflation level in the United States<sup>8</sup>.

In Singapore, CBRE reported that the average core CBD Grade A office rents remained at \$11.95 psf pm in 4Q 2024 while average core CBD occupancy increased to 94.7% as at 31 December 2024.

JLL Research (JLL) noted that the prime grade occupancies as at 31 December 2024 in North Sydney and Melbourne CBD increased while Sydney, Macquarie Park and Perth CBD declined compared to a quarter ago. JLL also noted that the CBD Grade A office occupancy in Seoul remained high at 96.6% as at 31 December 2024. In the Tokyo central five wards, JLL noted that the Grade A office market occupancy increased from 96.9% as at 30 September 2024 to 97.2% as at 31 December 2024, while the Grade B office market occupancy increased from 97.0% as at 30 September 2024 to 97.4% as at 31 December 2024.

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<sup>6</sup> With effect from FY 2025, Keppel REIT will conduct independent valuation of its assets annually.

<sup>7</sup> <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>.

<sup>8</sup> <https://www.federalreserve.gov/monetarypolicy/fomcminutes20241218.htm>.

## **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.*