

Keppel REIT Management Limited

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MEDIA RELEASE

Keppel REIT Key Business and Operational Updates for the First 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 first quarter of 2021.

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Keppel REIT achieves distributable income from operations of \$51.6 million for 1Q 2021

Key Highlights

- Distributable income from operations¹ for the first quarter of 2021 (1Q 2021) was up 22.0% year-on-year at \$51.6 million, including income contribution from Pinnacle Office Park in Sydney which commenced on 1 January 2021.
- Aggregate leverage was 35.2% and all-in interest rate was lower year-on-year at 2.01% per annum.
- Completed a \$270.0 million private placement in February 2021, which was approximately 4.6 times covered, with strong participation from new and existing institutional, accredited and other investors.
- Obtained Unitholders' approval for the acquisition of Keppel Bay Tower at the Extraordinary General Meeting (EGM) in February 2021, with acquisition completion targeted in 2Q 2021.
- Portfolio committed occupancy of 96.5% and long portfolio weighted average lease expiry (WALE) of 6.7 years.

Summary of Results

		GROUP		
	1Q 2021	1Q 2020	+/(-)	
	\$'m	\$'m	%	
Property income	51.1	38.7	+32.0	
Net property income (NPI)	40.7	30.2	+34.8	
Less: Attributable to non-controlling interests	(4.3)	(4.3)	-	
NPI attributable to Unitholders	36.4	25.9	+40.5	
Share of results of associates	24.9	19.0	+31.1	
Share of results of joint ventures	7.7	6.9	+11.6	
Distributable income from operations	51.6 ^(a)	42.3	+22.0	
Capital gains distribution	N.a. ^(b)	5.0	N.m.	

(a) Includes advanced distribution of \$32.2m (0.94 cents per Unit) for the period from 1 January 2021 to 28 February 2021 that was paid to eligible Unitholders on 31 March 2021, in connection with the private placement launched on 18 February 2021. Distribution for the period from 1 March 2021 to 30 June 2021 will be disclosed at the 1H 2021 results announcement.

(b) Any distribution of capital gains for 1H 2021 will be disclosed at the 1H 2021 results announcement.

Financial Performance

Keppel REIT has achieved distributable income from operations of \$51.6 million² for 1Q 2021, a 22.0% increase year-on-year due mainly to contributions from Victoria Police Centre in Melbourne and Pinnacle Office Park in Sydney³, higher one-off income as well as lower borrowing costs, and partially offset by the impact of slightly lower portfolio occupancy.

Capital Management

On 18 February 2021, the Manager successfully launched a \$270.0 million private placement that was approximately 4.6 times covered, and saw strong participation from new and existing institutional, accredited and other investors. Part of the proceeds from the placement will be used to partially fund the acquisition of Keppel Bay Tower. Pursuant to the private placement, 238.9 million new Units were issued on 1 March 2021, increasing Keppel REIT's free float and liquidity.

¹ As Keppel REIT has adopted half-yearly distributions from 2H 2020 onwards, any distribution of capital gains for 1H 2021 will be disclosed at the 1H 2021 results announcement.

² Includes advanced distribution of \$32.2m (0.94 cents per Unit) for the period from 1 January 2021 to 28 February 2021 that was paid to eligible Unitholders on 31 March 2021, in connection with the private placement launched on 18 February 2021. Distribution for the period from 1 March 2021 to 30 June 2021, as well as any distribution of capital gains for 1H 2021 will be disclosed at the 1H 2021 results announcement.

³ The acquisition of Pinnacle Office Park was completed on 31 December 2020, with income contribution commencing on 1 January 2021.

As at 31 March 2021, green loans represented approximately 25% of Keppel REIT's attributable share of total borrowings, including the additional A\$50 million green loan facility obtained in 1Q 2021.

In addition, the Manager has obtained loan facilities to refinance all outstanding loans that are maturing in 2021. Keppel REIT's all-in interest rate was reduced to 2.01% per annum for the quarter ended 31 March 2021 compared to 2.58% per annum a year ago. Aggregate leverage remained low at 35.2%⁴ with a weighted average term to maturity of 3.0 years. Interest coverage ratio was 3.7 times and 85% of Keppel REIT's total borrowings are at fixed rates.

As at end March 2021, Keppel REIT had approximately \$1,059 million of undrawn credit facilities available, including \$592 million of committed facilities.

Portfolio Review

The proposed acquisition of a 100% interest in Keppel Bay Tower was approved by Unitholders at the EGM on 24 February 2021. Post completion of acquisition which is targeted in 2Q 2021, the addition of the Grade A office building strategically located in the Keppel Bay waterfront precinct of the HarbourFront/Alexandra submarket will complement Keppel REIT's core CBD offering. Keppel Bay Tower, being Singapore's first Zero Energy⁵ commercial building that is fully powered by renewable energy, will also augment Keppel REIT's green footprint.

On the leasing front, a total of approximately 309,800 sf (attributable area of approximately 146,800 sf) were committed in 1Q 2021. Most of the leases concluded were in Singapore and the average signing rent for the Singapore office leases was approximately \$10.64⁶ psf pm.

As at 31 March 2021, Keppel REIT's portfolio committed occupancy was 96.5%, while portfolio and top 10 tenants' WALE remained long at approximately 6.7 years and 11.8 years respectively. For 1Q 2021, Keppel REIT had a tenant retention rate of 44%.

Bearing testament to the Manager's commitment to uphold operational excellence at its properties, Ocean Financial Centre has become Singapore's first commercial building to achieve the WELL Health-Safety Rating by the International WELL Building Institute for its robust health and safety management.

Additional tenant relief measures granted in 1Q 2021 amounted to approximately \$0.1 million. As at 31 March 2021, rental collection remained healthy at 99%, while total outstanding rent deferrals was reduced to \$1.2 million as tenants progressively repay their deferred rent.

Market Review

In Singapore, the average core CBD Grade A office rents reported by CBRE remained stable in 1Q 2021 at \$10.40 psf pm. Average occupancy increased slightly during the quarter from 93.8% as at end December 2020 to 93.9% as at end March 2021.

On 24 March 2021, the Singapore Government announced the updated workplace safe management measures whereby working from home is no longer the default, and the limit on staff who can return to office has been raised from 50% to 75% with effect from 5 April 2021. More tenants have returned to their office premises since. The Manager will continue to implement strict safe management measures and leverage technology at Keppel REIT's properties to provide a safe and conducive work environment for building occupants.

⁴ Assuming the acquisition of Keppel Bay Tower was completed as at 31 March 2021, the aggregate leverage would have been 39.4%.

⁵ Certified by the Building and Construction Authority as a Green Mark Platinum (Zero Energy) building.

⁶ For the Singapore office leases concluded in 1Q 2021 and based on a weighted average calculation.

In Australia, JLL Research noted that office market occupancy was higher in Brisbane, stable in Sydney, and slightly lower in Melbourne, Perth and Macquarie Park during the quarter. In Seoul, JLL Research reported an increase in occupancy in the CBD Grade A office market to 87.2% as at end March 2021.

As countries around the world make progress in managing the COVID-19 pandemic, the Manager remains focused on ensuring stable and sustainable distributions to Unitholders, as well as achieving long-term growth. Keppel REIT's high portfolio committed occupancy, long WALE and established tenants from diverse sectors will continue to support the REIT's income resilience. The Manager will continue to optimise Keppel REIT's portfolio and calibrate its leasing strategy to meet tenants' evolving business needs.

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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, Brisbane 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.