

## **MEDIA RELEASE**

### **Keppel REIT Key Business and Operational Updates for the First Quarter of 2023**

**19 April 2023**

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 2023.

**For more information, please contact:**

#### **Media Relations**

Ms Loh Jing Ting  
Deputy Manager  
Group Corporate Communications  
Keppel Corporation  
Tel: (65) 6413 6431  
Email: [jingting.loh@kepcorp.com](mailto:jingting.loh@kepcorp.com)

#### **Investor Relations**

Ms Leng Tong Yan  
Senior Manager  
Investor Relations & Sustainability  
Keppel Capital  
Tel: (65) 6803 1710  
Email: [tongyan.leng@kepcapital.com](mailto:tongyan.leng@kepcapital.com)

*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)*

## Stronger NPI Supported by Healthy Operational Performance

### Key Highlights

- Net property income (NPI) attributable to Unitholders increased 1.3% year-on-year; Keppel REIT recorded higher NPI for the majority of its properties in the first quarter of 2023 (1Q 2023).
- 1Q 2023 distributable income from operations was \$50.2 million, lower than 1Q 2022 due mainly to higher borrowing costs.
- Including the Anniversary Distribution of \$5 million<sup>1</sup>, 1Q 2023 distributable income would be \$55.2 million, 2.6% higher year-on-year.
- Maintained high portfolio committed occupancy of 96.3% and long weighted average lease expiry (WALE) of 5.8 years.
- Aggregate leverage remained healthy at 38.7% with 75% of borrowings on fixed rates.
- Resumed unit buy-back activities in 1Q 2023, purchased and cancelled 9.5 million units.
- Blue & William achieved practical completion on 3 April 2023 and will start contributing income to Keppel REIT.

### Summary of Results

	GROUP		
	1Q 2023 \$'million	1Q 2022 \$'million	+/(-) %
<b>Property income</b>	<b>57.7</b>	54.5	5.9
<b>Net property income (NPI)</b>	<b>45.0</b>	44.2	1.8
Less: Attributable to non-controlling interests	<b>(4.5)</b>	(4.2)	7.1
<b>NPI attributable to Unitholders</b>	<b>40.5</b>	40.0	1.3
<b>Interest income<sup>(a)</sup></b>	<b>2.0</b>	4.1	(51.2)
<b>Share of results of associates<sup>(b)</sup></b>	<b>19.7</b>	23.0	(14.3)
<b>Share of results of joint ventures<sup>(c)</sup></b>	<b>6.0</b>	5.8	3.4
<b>Borrowing costs</b>	<b>(15.4)</b>	(12.1)	27.3
<b>Distributable income from operations</b>	<b>50.2</b>	53.8	(6.7)
<b>Anniversary Distribution</b>	<b>5.0</b>	-	N.m.
<b>Distributable income including Anniversary Distribution</b>	<b>55.2</b>	<b>53.8</b>	2.6

N.m.: Not meaningful

- (a) Consists mainly of interest income from advances to associates. The decrease is due mainly to repayment of an advance by an associate in January 2023.
- (b) Share of results of associates relates to Keppel REIT's one-third interests in One Raffles Quay and Marina Bay Financial Centre. The decrease is due mainly to higher borrowing costs.
- (c) Share of results of joint ventures relates to Keppel REIT's 50% interests in 8 Chifley Square and David Malcolm Justice Centre.

### Financial Performance

In 1Q 2023, Keppel REIT saw an increase in NPI for the majority of its properties due to higher rentals achieved on leases committed in 2022 and higher portfolio occupancy of 96.3% as at 31 March 2023 as compared to 95.1% as at 31 March 2022. Distributable income from operations for 1Q 2023 was \$50.2 million, lower than 1Q 2022 due mainly to higher borrowing costs. Including the Anniversary Distribution of \$5 million<sup>1</sup>, Keppel REIT's distributable income for 1Q 2023 would be \$55.2 million, a 2.6% increase year-on-year.

<sup>1</sup> In appreciation to Unitholders for their support and to celebrate Keppel REIT's 20th anniversary in 2026, Keppel REIT 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, \$5 million is the pro-rated amount per quarter.

## Capital Management

Keppel REIT's financial position remained strong with well-spread debt maturity and no major refinancing requirements in 2023. As at 31 March 2023, aggregate leverage remained healthy at 38.7% and average term to maturity of the borrowings increased to 3.0 years. To provide more certainty over interest expenses, borrowings on fixed rates were maintained at 75% and all-in interest rate was 2.86% per annum. Interest coverage ratio<sup>2</sup> and adjusted interest coverage ratio<sup>3</sup> were 3.7 times and 3.2 times respectively. Keppel REIT adopts natural hedge where practicable by matching the currency of the borrowings to that of the assets. As at 31 March 2023, Australian Dollar, South Korean Won and Japanese Yen denominated loans formed approximately 16%, 4% and 3% of total borrowings<sup>4</sup> respectively. As part of our ongoing efforts to strengthen our green funding sources, sustainability-focused funding was increased to 62% of total borrowings<sup>4</sup> as at 31 March 2023.

Keppel REIT also resumed its unit buy-back exercise in 1Q 2023 and purchased a total of 9.5 million units which were subsequently cancelled during the quarter.

## Portfolio Review

As at 31 March 2023, Keppel REIT continued to maintain a high portfolio committed occupancy of 96.3%, whilst portfolio and top 10 tenants' WALE remained long at approximately 5.8 years and 10.3 years respectively.

In 1Q 2023, approximately 205,500 sf (attributable area of approximately 74,400 sf) was committed with a high retention rate of 98%. The weighted average signing rent for the Singapore office leases increased to approximately \$12.05<sup>5</sup> psf pm in 1Q 2023, from \$11.54 psf pm in 2022.

The total new and expansion leases committed were distributed across various industry sectors, including banking, insurance and financial services (27.8%), accounting and consultancy services (25.6%), and energy, natural resources, shipping and marine (16.8%).

Blue & William, Keppel REIT's project in North Sydney, achieved practical completion on 3 April 2023 and will start contributing income to Keppel REIT. The freehold Grade A office building features an on-site café and end-of-trip facilities, as well as outdoor terraces that offer panoramic views of the iconic Sydney Harbour Bridge. Blue & William's anchor tenant, Equifax, will occupy approximately one third of the building's net lettable area, while the developer will provide a three-year rental guarantee on unlet spaces from the practical completion date.

In 1Q 2023, 8 Exhibition Street achieved the highest recognition of Platinum rating for WiredScore certification. Including Keppel Bay Tower, Keppel REIT has two properties that have achieved the WiredScore Platinum rating. In addition, Keppel Bay Tower received the Gold rating for SmartScore certificate, the first commercial building in Singapore to receive this accolade.

As at 31 March 2023, Keppel REIT's portfolio of prime commercial properties remained well-anchored in the key business districts of Singapore (78.7% of portfolio), Australia (17.2% of portfolio), South Korea (3.1% of portfolio) and Japan (1.0% of portfolio).

---

<sup>2</sup> Defined as trailing 12 months earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expense and borrowing-related fees.

<sup>3</sup> Defined 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.

<sup>4</sup> This includes Keppel REIT's share of external borrowings accounted for at the level of associates.

<sup>5</sup> Weighted average for the Singapore office leases concluded in 1Q 2023 in Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay.

## **Market Review**

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase from \$11.70 psf pm in 4Q 2022 to \$11.75 psf pm in 1Q 2023, and average core CBD occupancy decreased from 94.7% as at end December 2022 to 94.5% as at end March 2023.

In Australia, JLL Research (JLL) noted that the prime grade occupancies in Sydney CBD and North Sydney increased, while Macquarie Park, Melbourne CBD and Perth CBD registered a decrease in 1Q 2023.

In Seoul, JLL reported an increase in the CBD Grade A office market occupancy from 97.0% as at end 2022 to 98.5% as at end March 2023. In Tokyo central five wards, JLL noted that the Grade A occupancy decreased from 96.3% as at end 2022 to 95.2% as at end March 2023 and Grade B occupancy decreased from 96.3% as at end 2022 to 95.8% as at end March 2023.

The Manager remains committed to delivering sustainable long-term total return to Unitholders through capitalising on Keppel REIT's quality portfolio to benefit from the flight-to-quality trend, and will continue to maintain a prudent and proactive approach to capital management.

– END –

## **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 \$9.0 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 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 the asset management arm of Keppel Corporation, a Singapore-headquartered global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of energy & environment, urban development and connectivity. Keppel Capital has a diversified portfolio of real estate, infrastructure, data centres 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.*