



(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended))

## **RESPONSE TO SGX-ST'S QUERY ON KEPPEL REIT'S UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2020**

Keppel REIT Management Limited, as manager of Keppel REIT (the "**Manager**") sets out its response to the query raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 29 July 2020 in relation to Keppel REIT's unaudited results for the second quarter and half year 30 June 2020 ("**Unaudited Results**"), as follows:

### **SGX-ST Query on 29 July 2020:**

We refer to the REIT's 20 July 2020 announcement on its half yearly results for the financial period ended 30 June 2020. Please clarify if the REIT has assessed the value of its investment properties for the financial period ended 30 June 2020, and its basis of assessment. Please explain how the Board has addressed its mind to the carrying value of its properties and decided if any material change is required, in view of the current Covid-19 situation.

### **Manager's Response:**

For Keppel REIT's unaudited half year results for period ended 30 June 2020, the carrying value of Keppel REIT's investment properties was based on the independent valuations as at 31 December 2019 taking into account progress payments and capitalised expenditure made during the six-month period.

Keppel REIT's management assessed the impact of Covid-19 on the value of the REIT's investment properties and were of the view that, while the effects of Covid-19 continue to present unprecedented challenges to the business community, there were no indicators of significant deterioration of or material changes to the carrying value of Keppel REIT's investment properties for the period ended 30 June 2020.

Factors taken into consideration in this assessment included Keppel REIT's high portfolio committed occupancy (1Q 2020: 98.9%, 2Q 2020: 98.6%) with a long weighted average lease expiry of 4.6 years. Its tenant portfolio is underpinned by large established companies from diversified sectors. Rental collections for 2Q 2020 remained high at 98%, rental reversions for the portfolio were positive and there were only 2.2% of leases expiring (by net lettable area) for the remainder of 2020. Additionally, with only an estimated 5.6% (by net lettable area) of small and medium sized enterprises in its portfolio: this mitigates the impact of the current mandatory rental relief measures rolled out by the Singapore and Australian governments.

Given the abovementioned factors and the stability of distributable income from the investment properties as of 30 June 2020, Keppel REIT's management assessed that for the financial period ended 30 June 2020, there were no current indicators of significant deterioration of or material changes to the carrying value of Keppel REIT's investment properties and the Manager will continue to monitor the impact of Covid-19.

The above assessment were presented to and considered by the Board who concurred with management's assessment and conclusion that, as the impact of Covid-19 on the office sector is yet to be fully determined, a full revaluation of Keppel REIT's investment properties at Keppel REIT's financial year-end, in line with the Property Fund Guidelines on annual valuation, would be appropriate.

BY ORDER OF THE BOARD  
Keppel REIT Management Limited  
(Company Registration no. 200411357K)  
as manager of Keppel REIT

Tan Weiqiang, Marc  
Company Secretary  
Singapore  
30 July 2020