

COMPANY RESULTS

Keppel REIT (KREIT SP)

1Q25: Completes AEI For Pinnacle Office Park And 255 George Street

Distributable income of S\$53.4m for 1Q25 (-3.2% yoy) was in line with our expectation. KREIT has already backfilled 70% of the space vacated by BNP Paribas at OFC with positive rental reversion at more than 30%. KREIT has reinstated NLA of about 43,000sf at Building D of Pinnacle Office Park and completed four fitted suites at 255 George Street. KREIT provides 2025 distribution yield of 6.8% (CIC: 5.1%, Suntec: 5.0%) and P/NAV is at 0.68x. Maintain BUY. Target price: S\$1.06.

1Q25 RESULTS

Year to 31 Dec (\$m)	1Q25	yoy % chg	Remarks
Property Income	68.7	+12.1%	Higher occupancy at 2 Blue Street in North Sydney and contribution from
Net Property Income (Attributable)	50.1	+15.5%	Newly-acquired 255 George Street in Sydney CBD.
Associates and JVs	30.3	+9.8%	Associates benefitting from higher rentals.
Borrowing Costs	(23.1)	+23.4%	Additional borrowings to fund acquisition of 255 George Street and refinancing
Distributable Income	53.4	-3.2%	at higher market interest rate. Includes anniversary distribution of S\$5m.

Source: KREIT, UOB Kay Hian

RESULTS

- Keppel REIT (KREIT) reported distributable income of S\$53.4m for 1Q25 (-3.2% yoy), which is in line with our expectation. Management has lowered the proportion of management fees paid in units from 100% to 75% starting from 2025. Without the change in policy, distributable income would have grown 3.2% yoy instead.
- Stronger growth from Australia.** NPI attributable to unitholders increased 13.3% yoy in 1Q25. NPI from Singapore properties registered steady growth of 3.3% yoy. NPI from Australia properties increased 20.8% yoy due to higher occupancy at 2 Blue Street in North Sydney (with Alstom and BBC Studios secured as new tenants in 4Q24) and contribution from newly-acquired 255 George Street in Sydney CBD (completion: 9 May 24). Borrowing costs increased 23.4% yoy in 1Q25.
- Portfolio occupancy eased 1.9ppt qoq to 96.0%** as of Mar 25. Occupancy at Ocean Financial Centre (OFC) dipped 3.7ppt qoq to 94.7% in 1Q25 due to BNP Paribas returning several floors. KREIT has already backfilled 70% of the vacant space with positive rental reversion at more than 30%. Occupancy at Keppel Bay Tower dipped 6.8ppt qoq to 92.5% due to downsizing by a food & beverage tenant. KREIT received one-off income of S\$3.0m in 1Q25, primarily comprising a pre-termination fee equivalent to 12 months of rental income from the food & beverage tenant.
- KREIT generated strong rental reversion of 10.6% in 1Q25.** The weighted average signing rent for Singapore CBD office leases was S\$12.93psf per month in 1Q25. KREIT should be able to sustain positive rental reversion as the average rent of expiring leases for the next three quarters in 2025 is lower at S\$11.21psf per month. Management targets to achieve double-digit positive rental reversion in 2025. Portfolio WALE remains long at 4.7 years (top 10 tenants: 8.7 years).

KEY FINANCIALS

Year to 31 Dec (\$m)	2023	2024	2025F	2026F	2027F
Net turnover	233	262	283	286	291
EBITDA	120	137	159	161	164
Operating profit	120	137	159	161	164
Net profit (rep./act.)	171	101	165	166	169
Net profit (adj.)	138	145	165	166	169
EPU (\$ cent)	3.7	3.8	4.3	4.2	4.3
DPU (\$ cent)	5.8	5.6	5.7	5.7	5.4
PE (x)	23.1	22.2	19.9	19.9	19.8
P/B (x)	0.6	0.7	0.7	0.7	0.7
DPU Yld (%)	6.9	6.6	6.8	6.7	6.4
Net margin (%)	73.2	38.5	58.1	57.9	58.1
Net debt/(cash) to equity (%)	41.4	49.6	51.8	53.7	55.4
Interest cover (x)	2.1	1.7	1.8	1.8	1.8
ROE (%)	3.2	1.9	3.2	3.2	3.3
Consensus DPU (\$ cent)	-	-	5.5	5.7	5.7
UOBKH/Consensus (x)	-	-	1.04	1.00	0.96

Source: Keppel REIT, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$0.845
Target Price	S\$1.06
Upside	25.4%

COMPANY DESCRIPTION

Keppel REIT invests in quality income-producing commercial real estate in Asia Pacific. Its portfolio with AUM of S\$9b comprises predominantly of premium grade A office buildings located in prime business and financial districts in Singapore, Australia (Sydney, Melbourne and Perth), South Korea (Seoul) and Japan (Tokyo).

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	KREIT SP
Shares issued (m):	3,870.6
Market cap (\$m):	3,270.7
Market cap (US\$m):	2,495.3
3-mth avg daily t'over (US\$m):	6.5

Price Performance (%)

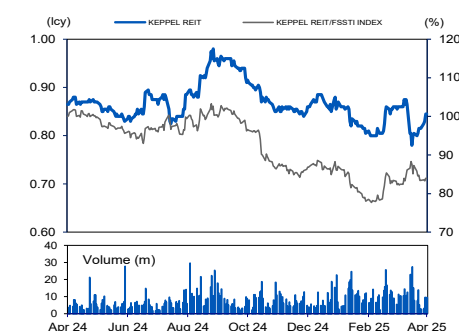
52-week high/low S\$0.985/S\$0.76

1mth	3mth	6mth	1yr	YTD
(1.7)	(4.0)	(10.1)	(0.6)	(2.9)

Major Shareholders

	%
Keppel REIT Investment	29.5
FY25 NAV/Share (\$)	1.24
FY25 Net Debt/ Share (\$)	0.68

PRICE CHART



Source: Bloomberg

ANALYST(S)

Jonathan Koh, CFA, MSc Econ

+65 6590 6620

jonathankoh@uobkayhian.com

- **Gearing remains elevated.** Aggregate leverage remained elevated at 42.1% as of Mar 25. Interest coverage ratio was 2.5x, above the minimum requirement of 1.5x. KREIT has completed refinancing for S\$421m of loans at lower margins in 1Q25. It is in the documentation stage for refinancing of S\$475m of loans maturing in 2Q25. All-in interest rate rose 0.34ppt yoy to 3.52% in 1Q25. About 65% of KREIT's borrowings are at fixed interest rates.

STOCK IMPACT

- **Reciprocal tariff not having an immediate impact yet.** KREIT does not have direct exposure to tenants in the export sector. It is, however, not immune to secondary impact from a slowdown in the broader economy triggered by the Trump Administration's reciprocal tariffs. Management sees leasing demand from banking, insurance & financial services and technology, media & telecommunications sectors.
- **Expect moderate growth in rent.** Rents for Grade A office space in Core CBD increased 0.8% qoq to S\$12.05psf/month in 1Q25, the first uptick after four consecutive quarters of flat rental growth. Private wealth and asset management companies continue to prefer prime office space at central locations with premium specifications. Vacancy rate increased 1.0ppt qoq to 5.9% in 1Q25 due to non-renewals by Meta Platforms at Marina One and Morgan Stanley at Capital Square. Keppel South Central was completed and secured Manulife as anchor tenant. On a more positive note, occupancy at IOI Central Boulevard has improved to over 80%. Uncertainties and a potential economic slowdown could undermine confidence. Nevertheless, CBRE expects rents for Grade A office space in Core CBD to increase 2% in 2025 due to limited new supply.
- **Continuing to enhance and future-proof its properties.** KREIT has completed AEI for Building D of Pinnacle Office Park at MacQuarie Park and four fitted suites at 255 George Street during the quarter. KREIT has reinstated NLA of about 43,000sf at Building D of Pinnacle Office Park. It has signed a heads of agreement with a tenant for 75% of the additional space. KREIT has secured a tenant for one suite and signed a heads of agreement for another suite. The remaining two office suites have attracted strong leasing interests.
- **Leadership renewal.** Chua Hsien Yang took over as CEO with effect from 1 Jan 25. He has been with Keppel since 2008 and has over 20 years of experience in real estate fund management. He held various roles within Keppel, including CEO of Keppel DC REIT during 2014-21 and Managing Director & Head of Mergers & Acquisitions during 2021-24.

EARNINGS REVISION

- We maintain our existing DPU forecast.

VALUATION/RECOMMENDATION

- **Valuation is attractive based on distribution yield and P/NAV.** KREIT provides an attractive 2025 distribution yield of 6.8% (CICIT: 5.1%, Suntec: 5.0%). It trades at P/NAV of 0.68x (32% discount to NAV per unit of S\$1.24).
- **Maintain BUY.** Our target price of S\$1.06 is based on DDM (cost of equity: 6.5%, terminal growth: 1.5%).

SHARE PRICE CATALYST

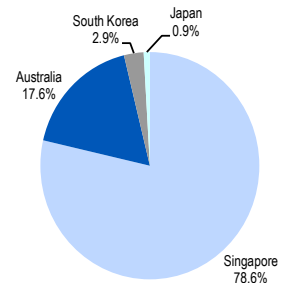
- Resilient rents and capital values for office properties in Singapore and Sydney, Australia.
- Contribution from 255 George Street in Sydney has kicked in starting 2H24.

KEY OPERATING METRICS

	1Q24	2Q24	3Q24	4Q24	1Q25	yoy	qoq*
DPU (S cents)	n.a.	2.80	n.a.	2.80	n.a.	n.a.	n.a.
Occupancy	96.4%	97.0%	97.6%	97.9%	96.0%	-0.4ppt	-1.9ppt
Aggregate Leverage	39.4%	41.3%	41.9%	41.2%	42.1%	2.7ppt	0.9ppt
Average Cost of Debt	3.18%	3.31%	3.38%	3.40%	3.52%	0.34ppt	0.12ppt
% of Borrowings on Fixed Rates	74.0%	65.0%	68.0%	69.0%	65.0%	-9ppt	-4ppt
WALE by NLA (years)	5.4	5.3	4.6	4.7	4.7	-0.7yrs	0yrs
Weighted Average Debt Maturity (years)	2.3	3.0	2.9	2.5	2.6	0.3yrs	0.1yrs
Rental Reversions	10.9%	9.3%	10.2%	13.2%	10.6%	-0.3%	-2.6%
Tenant Retention Rate	54.9%	64.0%	67.2%	79.1%	67.0%	12.1ppt	-12.1ppt

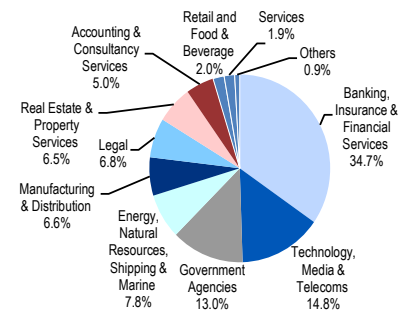
Source: KREIT * hoh % change for DPU

PORTFOLIO VALUATION BY COUNTRY



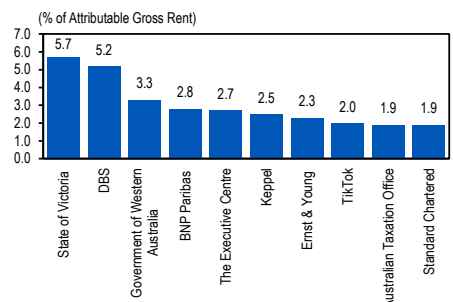
Source: KREIT

DIVERSIFIED BASE OF 495 TENANTS



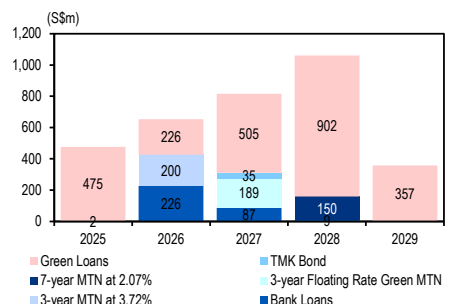
Source: KREIT

TOP 10 TENANTS BY ATTRIBUTABLE GROSS RENT



Source: KREIT

DEBT MATURITY PROFILE



Source: KREIT

PROFIT & LOSS

Year to 31 Dec (\$m)	2024	2025F	2026F	2027F
Net turnover	261.6	283.4	286.4	290.7
EBITDA	136.9	158.6	160.9	164.3
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	136.9	158.6	160.9	164.3
Total other non-operating income	(35.1)	0.0	0.0	0.0
Associate contributions	110.0	138.0	139.9	142.0
Net interest income/(expense)	(79.0)	(87.0)	(89.8)	(92.1)
Pre-tax profit	132.7	209.6	211.0	214.1
Tax	(1.2)	(15.6)	(15.7)	(15.9)
Minorities	(21.3)	(20.0)	(20.0)	(20.0)
Perpetual Securities	(9.5)	(9.5)	(9.5)	(9.5)
Net profit	100.8	164.6	165.9	168.8
Net profit (adj.)	145.3	164.6	165.9	168.8

CASH FLOW

Year to 31 Dec (\$m)	2024	2025F	2026F	2027F
Operating	189.0	104.5	121.7	125.4
Pre-tax profit	175.5	207.6	209.0	212.1
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	(110.0)	(138.0)	(139.9)	(142.0)
Working capital changes	(8.2)	(6.0)	0.3	0.6
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	131.7	40.8	52.3	54.7
Investing	(250.9)	128.0	129.9	132.0
Capex (growth)	(342.2)	0.0	0.0	0.0
Capex (maintenance)	(14.5)	(10.0)	(10.0)	(10.0)
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	105.8	138.0	139.9	142.0
Financing	2.2	(228.6)	(249.3)	(254.7)
Distribution to unitholders	(216.6)	(221.0)	(222.4)	(215.4)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	332.8	86.5	70.0	60.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(114.1)	(94.2)	(97.0)	(99.3)
Net cash inflow (outflow)	(59.8)	3.8	2.3	2.7
Beginning cash & cash equivalent	141.6	80.9	84.7	87.0
Changes due to forex impact	(0.9)	0.0	0.0	0.0
Ending cash & cash equivalent	80.9	84.7	87.0	89.7

BALANCE SHEET

Year to 31 Dec (\$m)	2024	2025F	2026F	2027F
Fixed assets	5,167.5	5,177.5	5,187.5	5,197.5
Other LT assets	3,183.9	3,183.9	3,183.9	3,183.9
Cash/ST investment	80.9	84.7	87.0	89.7
Other current assets	25.3	42.7	43.0	43.6
Total assets	8,457.6	8,488.8	8,501.4	8,514.7
ST debt	694.3	694.3	694.3	694.3
Other current liabilities	62.8	70.5	71.2	72.4
LT debt	1,963.5	2,050.0	2,120.0	2,180.0
Other LT liabilities	95.8	91.1	91.5	92.3
Shareholders' equity	5,193.1	5,134.7	5,076.2	5,027.6
Minority interest	448.1	448.1	448.1	448.1
Total liabilities & equity	8,457.6	8,488.8	8,501.4	8,514.7

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	52.3	56.0	56.2	56.5
Pre-tax margin	50.7	74.0	73.7	73.7
Net margin	38.5	58.1	57.9	58.1
ROA	1.2	1.9	2.0	2.0
ROE	1.9	3.2	3.2	3.3
Growth				
Turnover	12.2	8.3	1.0	1.5
EBITDA	14.1	15.9	1.4	2.1
Pre-tax profit	(36.8)	57.9	0.7	1.5
Net profit	(40.9)	63.3	0.8	1.7
Net profit (adj.)	5.6	13.3	0.8	1.7
EPU	4.3	11.6	(0.3)	0.6
Leverage				
Debt to total capital	32.0	33.0	33.8	34.4
Debt to equity	51.2	53.4	55.4	57.2
Net debt/(cash) to equity	49.6	51.8	53.7	55.4
Interest cover (x)	1.7	1.8	1.8	1.8

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2025, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W