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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Third Quarter and Nine Months Ended 30 September 2018

15 October 2018

The Directors of Keppel REIT Management Limited, as Manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the third quarter and nine months ended 30 September 2018.

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Keppel REIT achieves distributable income of \$142.9 million for 9M 2018

Key Highlights

- Distributable income (DI) for nine months of 2018 (9M 2018) amounted to \$142.9 million, with \$46.3 million achieved for third quarter of 2018 (3Q 2018).
- Distribution per unit (DPU) of 1.36 cents for 3Q 2018, bringing DPU for 9M 2018 to 4.20 cents.
- Total of 5.3 million units purchased and cancelled in unit buy-back exercises in 3Q 2018.
- Aggregate leverage at 39.1% and all-in interest rate at 2.80% per annum.
- Portfolio weighted average lease expiry (WALE) extended to 5.7 years while portfolio committed occupancy remained high at 98.0%.

Summary of Results

	GROUP			
	3Q 2018	3Q 2017	9M 2018	9M 2017
	\$'000	\$'000	\$'000	\$'000
Property income	36,655	40,445	128,043 ⁽¹⁾	120,147
Net property income	28,204	31,672	102,630	94,958
Share of results of associates	17,509	20,441	57,098	64,319
Share of results of joint ventures	7,528	8,146	22,846	24,027
Income available for distribution	46,340	47,002	142,895	142,529
Distribution to unitholders	46,340	47,002	142,895	142,529
DPU (cents) for the period	1.36	1.40	4.20	4.27
Annualised/Actual distribution yield (%)			4.7% ⁽²⁾	4.5% ⁽³⁾

(1) The year-on-year increase in 9M 2018 property income was mainly contributed by one-off income for early surrender of leases.

(2) Based on the market closing price per unit of \$1.19 as at 30 September 2018.

(3) Based on the total DPU of 5.70 cents for FY 2017, and market closing price per unit of \$1.26 as at 31 December 2017.

Financial Performance & Capital Management

Keppel REIT Management Limited, the Manager of Keppel REIT, is pleased to announce that the REIT has delivered DI of \$142.9 million for 9M 2018, higher than DI of \$142.5 million for 9M 2017. DPU for 3Q 2018 was 1.36 cents, bringing DPU for 9M 2018 to 4.20 cents. This translates to an annualised distribution yield of 4.7% based on the market closing price per unit of \$1.19 as at 30 September 2018.

As part of proactive capital management efforts, the Manager has obtained a facility to refinance a \$64 million loan that is due in 2019. As at the end of 3Q 2018, aggregate leverage was 39.1%, and weighted average term to maturity was 2.8 years. For 9M 2018, all-in interest rate was 2.80% per annum with interest coverage ratio at 4.0 times. To mitigate exposure to interest rate volatility, 76% of the REIT's total borrowings are on fixed rates.

In 3Q 2018, the Manager purchased and cancelled approximately 5.3 million issued units, amounting to about 0.16% of total issued units, pursuant to its unit buy-back programme¹.

¹ On 16 July 2018, the Manager announced its intention of buying back up to approximately 1.5% of issued units over six months, subject to market conditions and taking into account the restrictions under the Singapore Code on Take-overs and Mergers.

Portfolio Review

Total committed spaces for 9M 2018 were approximately 1.9 million sf (attributable area of approximately 855,300 sf). Average signing rent for the Singapore office leases was approximately \$10.88 psf pm² for 9M 2018.

Of the total leases signed in 9M 2018, based on attributable area, about 40% of these are new leases and the rest are renewals and rent reviews. New leasing demand was mainly contributed by government agencies and the banking, insurance and financial services sector.

In 3Q 2018, HSBC signed a 10-year lease for its new headquarters at Marina Bay Financial Centre Tower 2. Fit-out work is expected to commence in 2H 2019, with target occupation by April 2020. The addition of an established tenant on a long tenure is testament to the asset's quality and ability to attract tenants. Keppel REIT also saw the take-up of space by government agencies at Bugis Junction Towers in Singapore and at 275 George Street in Australia.

Portfolio committed occupancy remained high at 98.0% and portfolio tenant retention rate was 84% as at 30 September 2018. Amidst improving market sentiments, the Manager will continue to strive for an optimal balance between maintaining high occupancy levels and maximising returns from the assets.

Portfolio WALE was extended from 5.2 years as at 30 June 2018 to 5.7 years as at 30 September 2018. The WALE for top 10 tenants remained long at approximately 8.1 years. As at the end of 3Q 2018, 7% of portfolio NLA remained for renewal and review in 2018.

In Australia, the development of 311 Spencer Street is in progress. Meanwhile, the Manager has rolled out enhancement initiatives at 275 George Street to attract and retain tenants. Similar initiatives have been planned at 8 Exhibition Street to enhance tenants' experience and optimise asset performance.

Commitment to Sustainability

The Manager's proactive approach to sustainability and its ongoing efforts to raise its environmental, social and governance standards have been recognised at various platforms.

Keppel REIT was ranked 4th in the REIT and business trust category of the Singapore Governance and Transparency Index (SGTI) 2018 which reviews Singapore-listed companies' corporate governance and disclosure practices. Keppel REIT also maintained its Green Star Status at the Global Real Estate Sustainability Benchmark (GRESB) 2018 which assesses sustainability performance of property companies and real estate funds globally.

In Australia, David Malcolm Justice Centre, which is the first building in Perth to attain the Green Building Council of Australia's 6 Star Green Star performance rating, also won the MizCo Western Australia Commercial Property of the Year Award (over 20,000 sm) and the Environmentally Sustainable Design & Sustainability Award (Premium/A Grade) by the Property Council of Australia. These attest to the team's dedication towards sustainability.

² For the Singapore office leases concluded in 9M 2018, and based on a simple average calculation.

Looking Ahead

According to CBRE, office occupancy in Singapore's core CBD rose quarter-on-quarter from 94.1% as at end June 2018 to 94.6% as at end September 2018. Average Grade A rents also increased from \$10.10 psf pm to \$10.45 psf pm. The office market outlook remains positive in view of a tapering supply pipeline and continued demand from a wide range of sectors.

In Australia, JLL reported an increase in national CBD office average occupancy from 90.1% as at end March 2018 to 90.6% as at end June 2018. Amidst a positive business outlook, healthy leasing activities were observed from various sectors including the finance, insurance and flexible working space industries, which are expected by JLL to contribute towards tightening vacancy and rental improvement.

Looking ahead, the Manager will remain focused on driving operational excellence to navigate the volatile macro-economic environment, while capitalising on the improving office market to mitigate the impact of recent years' declining rentals. A prudent capital management strategy will be maintained to optimise the REIT's performance amidst rising interest rates.

About Keppel REIT (www.keppelreit.com)

Keppel REIT was listed by way of an introduction on 28 April 2006. Keppel REIT is one of Asia's leading REITs with the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts.

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.

Keppel REIT had assets under management of approximately \$8.5 billion³ comprising interests in nine premium office assets strategically located in the central business districts of Singapore, as well as key Australian cities of Sydney, Melbourne, Brisbane and Perth.

In Singapore, the assets are Ocean Financial Centre (99.9% interest), Marina Bay Financial Centre (office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest), One Raffles Quay (one-third interest) and Bugis Junction Towers (100% interest).

In Australia, the assets are 8 Chifley Square (50% interest) in Sydney, 8 Exhibition Street in Melbourne (50% interest in the office building and 100% interest in another three retail units), 275 George Street in Brisbane (50% interest), as well as the David Malcolm Justice Centre in Perth (50% interest). Keppel REIT also has a 50% stake in a premium office tower which is under construction at 311 Spencer Street in Melbourne.

Keppel REIT is sponsored by Keppel Land Limited, one of Asia's leading property companies. 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 in Asia with a diversified portfolio in real estate, infrastructure and data centre properties 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 presentation 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 presentation. 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 presentation or its contents or otherwise arising in connection with this presentation. 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.

³ Includes the office tower under development at 311 Spencer Street in Melbourne.