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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Fourth Quarter and Full Year Ended 31 December 2017

23 January 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 fourth quarter and full year ended 31 December 2017.

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Keppel REIT achieves distributable income of \$190.7 million for FY 2017
Portfolio committed occupancy remains high at 99.7%

Key Highlights

- Distributable income (DI) of \$48.2 million for 4Q 2017, bringing DI for the full year ended 31 December 2017 (FY 2017) to \$190.7 million.
- Distribution per Unit (DPU) of 1.43 cents declared for 4Q 2017. FY 2017 DPU amounted to 5.70 cents.
- Aggregate leverage at 38.7% and all-in interest rate at 2.62% per annum.
- Construction of 311 Spencer Street in Melbourne progressing as planned with piling works completed.
- High portfolio committed occupancy of 99.7% and weighted average lease expiry (WALE) of 5.5 years.
- Maintained high tenant retention rate of 95%.

Summary of Results

	GROUP			
	4Q 2017	4Q 2016	FY 2017	FY 2016
	\$'000	\$'000	\$'000	\$'000
Property income	44,369	40,001	164,516	161,252
Net property income	36,242	31,422	131,200	128,370
Share of results of associates	19,476	19,907	83,795	83,460
Share of results of joint ventures	7,932	7,746	31,959	30,789
Income available for distribution	48,201	48,716	190,730	208,123 ¹
Distribution to Unitholders	48,201 ²	48,716 ²	190,730	208,123
DPU (cents) for the period/year	1.43	1.48	5.70	6.37
Actual distribution yield (%)			4.5% ³	6.2% ⁴

(1) Included income from 77 King Street before its divestment on 29 January 2016.

(2) There was no distribution of other gains for the quarters ended 31 December 2016 and 31 December 2017.

(3) Based on the market closing price per Unit of \$1.26 as at the last trading day, 31 December 2017.

(4) Based on the market closing price per Unit of \$1.02 as at the last trading day, 31 December 2016.

Financial Performance & Capital Management

Keppel REIT Management Limited, the Manager of Keppel REIT, wishes to announce that the REIT has delivered DI of \$48.2 million for 4Q 2017, bringing DI for FY 2017 to \$190.7 million. On a year-on-year (y-o-y) basis, FY 2017 DI was lower than FY 2016 DI of \$208.1 million mainly due to the absence of income from 77 King Street in Sydney which was divested in January 2016, lower one-off income received, lower rental support and the absence of other gains distribution.

A DPU of 1.43 cents has been declared for 4Q 2017, bringing total DPU for FY 2017 to 5.70 cents.

On the capital management front, the Manager has received commitments from the banks for the refinancing of the remaining loans due in 2018. Subsequently, Keppel REIT will have no refinancing requirements until 2019.

Keppel REIT's aggregate leverage remained stable at 38.7%. Weighted average term to maturity of borrowings was 3.4 years¹. All-in interest rate was at 2.62% per annum with interest coverage ratio at 4.3x. The Manager has entered into interest rate swaps to manage the REIT's interest rate exposure. As at 31 December 2017, the interest rates of 77% of the REIT's borrowings were fixed.

¹ This takes into account the commitments received by the Manager to refinance the remaining loans due in 2018.

Portfolio Review

In line with its strategy of selecting strategic acquisitions that will enhance the REIT's overall portfolio, Keppel REIT acquired a 50% interest in 311 Spencer Street in Melbourne in July 2017. 311 Spencer Street is a freehold Grade A office tower development which will be the headquarters for the Victoria Police upon completion in 4Q 2019. Construction of the office tower is on track with piling works completed as at end 2017. The addition of a AAA-rated tenant on a 30-year lease at 311 Spencer Street will enhance the stability of Keppel REIT's income stream over the long term.

The Manager has been adopting a tenant-centric leasing approach for Keppel REIT's \$8.5 billion portfolio of premium CBD office assets in Singapore and Australia. Continuous tenant engagement efforts helped Keppel REIT maintain a high portfolio committed occupancy of 99.7% and portfolio tenant retention rate of 95% as at end December 2017.

In 2017, the Manager signed leases taking up a total of approximately 829,500 sf (attributable NLA: 377,700 sf) of space. Signing rent for the Singapore office leases was approximately \$9.80 psf¹ for FY 2017. New leases committed in 2017 were signed with tenants from diverse sectors, with the majority from the TMT, banking, insurance and financial services, as well as real estate and property services sectors.

The high committed occupancy rates, and the tenant profile of the new committed leases are testament to the portfolio's quality and relevance in meeting tenants' evolving business needs. Committed occupancy of the REIT's Singapore portfolio was 99.6%, higher than Singapore's core CBD average of 93.8%², while committed occupancy of the Australia portfolio remained stable at 99.8%, well above Australia's national CBD average occupancy of 89.2%³.

In 2018, there are 8.3% and 14.2% of leases (by attributable NLA) due for renewal and review respectively. Out of the 22.5% leases due for renewal and review, 19.2% are for the Singapore office leases and rents for majority number of these leases range between \$8.50 to \$12.00 psf. The WALE for Keppel REIT's top 10 tenants and overall portfolio remained long at approximately 7.8 years and 5.5 years respectively as at 31 December 2017.

Commitment to Sustainability

Sustainability is integral to Keppel REIT's strategy and operations. The Manager is committed to best practices in environmental, social and governance aspects to shape a sustainable future.

Keppel REIT is the only REIT to have achieved the highest Green Mark Platinum award from the Building and Construction Authority for all its Singapore assets. All its Australia assets have also achieved at least a minimum 4.5 star NABERS (National Australian Built Environmental Rating System) rating.

In the Global Real Estate Sustainability Benchmark's (GRESB) assessment of property companies' sustainability and environmental performance, Keppel REIT emerged 2nd among 13 Asian listed office entities, and 3rd among 52 Asian listed companies in 2017.

On the governance front, Keppel REIT ranked 3rd in the REIT and business trust category of the Singapore Governance and Transparency Index (SGTI) 2017.

¹ For the Singapore office leases concluded in 2017, and based on a simple average calculation.

² CBRE, 4Q 2017

³ JLL, end September 2017

Looking Ahead

According to CBRE, the general outlook for the Singapore office market remains positive, driven by improved economic prospects and a lower quantum of new supply in the mid-term.

Singapore's core CBD office occupancy improved quarter-on-quarter (q-o-q) from 92.5% in 3Q 2017 to 93.8% in 4Q 2017, driven by higher commitment levels at both new and existing office developments. Average Grade A rents increased q-o-q from \$9.10 psf in 3Q 2017 to \$9.40 psf in 4Q 2017 due to stronger leasing activity, mainly from tenants in the co-working and technology sectors.

In Australia, the national CBD office average occupancy was reported by JLL to have improved marginally q-o-q from 89.1% as at end June 2017 to 89.2% as at end September 2017. JLL noted that business conditions were at the highest level since early 2008, and the medium-term outlook has improved with the Australian Bureau of Statistics reporting strong employment growth over 2017.

Looking ahead, the Manager remains focused on providing stable and sustainable distributable income to Unitholders. At the same time, the Manager will continue to pursue strategic portfolio enhancements, including selectively seeking acquisitions that will result in long-term income and capital appreciation. A proactive tenant and lease management approach, as well as a prudent capital management strategy will be maintained to maximise the REIT's performance.

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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.

As at 31 December 2017, Keppel REIT had assets under management of approximately \$8.5 billion¹ comprising interests in nine premium office assets (completed and under development) 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 two retail units, as well as a 100% interest in the three adjoining 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.

¹ Includes 311 Spencer Street in Melbourne, which is under construction.