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MEDIA RELEASE

Unaudited Results of Keppel REIT for the First Quarter Ended 31 March 2018

18 April 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 first quarter ended 31 March 2018.

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Keppel REIT continues to deliver stable distributable income of $48.2 million for 1Q 2018

Key Highlights

- Distributable income (DI) of $48.2 million and distribution per Unit (DPU) of 1.42 cents for the first quarter of 2018 (1Q 2018).
- Aggregate leverage at 38.6% and all-in interest rate at 2.75% per annum.
- Maintained high portfolio committed occupancy of 99.4%[1] and tenant retention rate of 93.0%.
- Portfolio weighted average lease expiry (WALE) of 5.3 years.

Summary of Results

	GROUP	
	1Q 2018	**1Q 2017**
	$'000	$'000
Property income	39,734	39,856
Net property income	31,220	31,394
Share of results of associates	20,612	23,145
Share of results of joint ventures	7,839	8,316
Income available for distribution	48,232	48,121
Distribution to Unitholders	48,232	48,121
DPU (cents) for the period	1.42	1.45
Annualised/Actual distribution yield (%)	4.7%(1)	4.5%(2)

(1) Based on the market closing price per Unit of $1.21 as at 31 March 2018.
(2) 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 $48.2 million for 1Q 2018, comparable to DI of $48.1 million for 1Q 2017. A DPU of 1.42 cents has been declared for 1Q 2018, translating to an annualised distribution yield of 4.7%, based on the market closing price per Unit of $1.21 as at 31 March 2018.

On the capital management front, the REIT has received commitments to refinance the loans due in 2018, and will have no refinancing requirements until 2019. As at the end of 1Q 2018, aggregate leverage remained stable at 38.6%, and weighted average term to maturity was 3.2 years. All-in interest rate was at 2.75% per annum with interest coverage ratio at 4.1 times. To mitigate interest rate volatility, the rates of 77% of the REIT's total borrowings have been fixed.

Portfolio Review

The Manager signed leases of approximately 674,100 sf (attributable area of approximately 261,400 sf) in 1Q 2018. Of the total leases signed by attributable area, 23.3% are new leases, 10.5% are renewal leases and 66.2% are review leases.

Average signing rent for the Singapore office leases was approximately $10.05 psf pm[2] for 1Q 2018.

[1] As at 31 March 2018.
[2] For the Singapore office leases concluded in 1Q 2018, and based on a simple average calculation.

On the whole, new leasing demand during the quarter came from diverse sectors. In Singapore, majority of leases were expansions in the legal sector, while in Australia, demand came from a government agency taking up space at 275 George Street in Brisbane.

As at end March 2018, portfolio committed occupancy remained high at 99.4% and portfolio tenant retention rate for the quarter was 93.0%. Committed occupancies for the Singapore and Australian portfolios were 99.8% and 97.9% respectively, above the average of 94.1%[1] for Singapore's core in the Central Business District (CBD) and 89.6%[2] for Australia's national CBD. The WALE for Keppel REIT's top 10 tenants and overall portfolio remained long at approximately 7.9 years and 5.3 years respectively.

The remaining leases due for renewal and review in 2018 are 6.2% and 8.8% respectively, while those in 2019 are at 10.3% and 1.6% respectively.

Meanwhile, the development project at 311 Spencer Street in Melbourne is progressing as planned. Piling works were completed in end 2017, and construction of the core and perimeter basement walls have also been completed to-date.

Progress in Sustainability

The Manager continues to take proactive steps to improve sustainability practices at its properties. During the quarter, the Manager rallied tenants and staff through eco-activities to raise environmental awareness among stakeholders. Beyond engaging tenants, such initiatives encourage the adoption of sustainable best practices at the workplace and at home.

For its energy-efficient performance and low greenhouse gas emission levels, David Malcolm Justice Centre in Perth was awarded the 5 Stars NABERS (National Australian Built Environmental Rating System) Energy rating. The building, which is on a 25-year lease to the Government of Western Australia, commenced operations in November 2015. With this, all completed assets in Australia have achieved 5 Stars NABERS Energy rating.

Looking Ahead

According to CBRE, office occupancy in Singapore's core CBD improved quarter-on-quarter (q-o-q) to 94.1% in 1Q 2018, from 93.8% in 4Q 2017. Demand from the insurance and TMT sectors, along with flexible space providers remained strong during the quarter. Average Grade A rents continued its upward trend, increasing q-o-q from $9.40 psf pm in 4Q 2017 to $9.70 psf pm in 1Q 2018.

CBRE remains upbeat on the Singapore office market and has observed improving confidence among the traditional finance, energy and professional services sectors, which will lend support to a recovering office market.

In Australia, JLL reported stronger leasing activities across Australian office markets. The national CBD office average occupancy improved slightly to 89.6% as at end December 2017, from 89.2% one quarter ago. JLL noted that the vacancy level is at its lowest since 2013, driven largely by employment growth.

Looking ahead, challenges remain amidst a volatile macro environment. The Manager will continue to drive stable portfolio performance through ongoing proactive tenant and lease management so as to deliver sustainable distributable income to Unitholders. A prudent capital management strategy will be maintained to optimise the REIT's performance in a rising interest rate environment.

[1] CBRE, 1Q 2018.
[2] JLL, end December 2017.

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 billion[1] 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 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.

[1] Includes the office tower under development at 311 Spencer Street in Melbourne.