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MEDIA RELEASE

Unaudited Results of Keppel REIT for the First Quarter Ended 31 March 2019

17 April 2019

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 2019.

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Keppel REIT achieves distributable income of \$47.3 million for 1Q 2019

Key Highlights

- Distributable income (DI) for the first quarter ended 31 March 2019 (1Q 2019) was \$47.3 million, which includes capital gains distribution of \$3.0 million; and translates to Distribution per Unit (DPU) of 1.39 cents.
- Lowered aggregate leverage to 35.7% and extended the weighted average term to maturity to 3.3 years.
- Issued \$200.0 million convertible bonds at a coupon rate of 1.9% per annum.
- Maintained high portfolio committed occupancy of 98.7% and portfolio weighted average lease expiry (WALE) of 5.7 years.

Summary of Results

	GROUP		
	1Q 2019 \$'000	1Q 2018 \$'000	+ / (-)
Property income	40,017	39,734	+0.7%
Net property income (NPI)	31,311	31,220	+0.3%
Less: Attributable to non-controlling interests	(4,057)	(22)	
NPI attributable to Unitholders	27,254 ⁽¹⁾	31,198	(12.6%)
Share of results of associates	19,271	20,612	(6.5%)
Share of results of joint ventures	7,172	7,839	(8.5%)
Income available for distribution	47,319	48,232	(1.9%)
Distribution to Unitholders	47,319 ⁽²⁾	48,232	(1.9%)
DPU (cents)	1.39	1.42	(2.1%)
Annualised/Actual distribution yield (%)	4.3% ⁽³⁾	4.9% ⁽⁴⁾	(0.6 pp)

(1) Reflects amount attributable to Unitholders based on an interest of 79.9% in Ocean Financial Centre following the divestment of a 20% stake in December 2018.

(2) Includes distribution of capital gains of \$3.0 million for 1Q 2019.

(3) Based on the market closing price of \$1.29 per Unit as at 31 March 2019.

(4) Based on the total DPU of 5.56 cents for FY 2018, and the market closing price of \$1.14 per Unit as at 31 December 2018.

Financial Performance & Capital Management

Keppel REIT Management Limited, as Manager of Keppel REIT, is pleased to announce that Keppel REIT has delivered DI of \$47.3 million for 1Q 2019. DI for the quarter was lower than 1Q 2018 due mainly to the impact of occupancy changes, weaker Australian dollar and lower income contribution from Ocean Financial Centre following the divestment of a 20% stake in mid December 2018. The decrease was partially offset by higher one-off income and rental support in 1Q 2019, and the distribution of capital gains of \$3.0 million. This brings DPU for 1Q 2019 to 1.39 cents and translates to a distribution yield of 4.3% based on Keppel REIT's market closing price of \$1.29 per Unit as at 31 March 2019.

Commitments to refinance the remainder of Keppel REIT's 2019 loans have been received, extending the weighted average term to maturity to 3.3¹ years. Aggregate leverage has been lowered to 35.7% following the further repayment of loans through working capital optimisation and with part of the proceeds from the sale of a 20% stake in Ocean Financial Centre in 4Q 2018. Interest coverage ratio was 4.1 times. All-in interest rate was 2.88% per annum, and the interest rates of 91% of total borrowings are fixed.

As part of pro-active efforts to manage interest costs, on 10 April 2019, the Manager successfully raised \$200.0 million through an issuance of five-year convertible bonds, which serves to lower interest costs and

¹ This takes into account commitments received to refinance the remaining loans that are due in 2019.

also diversify the REIT's funding sources. The convertible bonds, which were priced on 2 April 2019, will bear a coupon rate of 1.9% per annum.

Since the initiation of the Unit buy-back programme in 3Q 2018, the Manager purchased and cancelled a total of approximately 34.0 million issued Units. The Manager will be seeking Unitholders' approval at the coming Annual General Meeting to continue with its DPU-accretive Unit buy-back programme¹.

Leasing Updates

The Manager committed leases of approximately 136,400 sf (attributable area of approximately 57,100 sf) in 1Q 2019. Of the attributable spaces committed, approximately half are renewals while the other half are new leases and expansions mainly from tenants in the technology, media and telecommunications (TMT), banking, financial services and energy sectors.

All leases concluded in this quarter were from the Singapore portfolio. The average signing rent for the Singapore office leases for 1Q 2019 was approximately \$12.03² psf, above the Grade A core CBD market average of \$11.15³ psf.

As at the end of 1Q 2019, Keppel REIT's portfolio committed occupancy was 98.7%. WALE for the portfolio and top 10 tenants remained long at approximately 5.7 years and 8.0 years respectively. Portfolio tenant retention rate for the quarter was 69%.

In Australia, the development of 311 Spencer Street in Melbourne is ongoing, with completion and commencement of the 30-year lease to the Victoria Police expected in 1H 2020.

Looking Ahead

CBRE's research indicates continued growth in the Singapore office sector, with average Grade A office rents at \$11.15 psf from \$10.80 psf a quarter ago. Average occupancy saw similar quarter-on-quarter growth from 94.8% as at end December 2018 to 95.2% as at end March 2019. CBRE maintains its positive outlook on the Singapore office sector, supported by limited supply pipeline which could further tighten in the medium term if older buildings are redeveloped in view of URA's CBD incentive scheme.

In Australia, JLL reported healthy leasing activity and strong net absorption. National CBD office market occupancy continued its upward trend from 90.9% as at end September 2018 to 91.4% as at end December 2018, and vacancy rates are expected to remain low.

Amidst the uncertain macro-economic environment, the Manager remains focused on delivering stable and sustainable distributions to Unitholders, and on achieving long-term growth. The Manager will seek to continue its ongoing portfolio optimisation, while driving operational excellence in its asset and capital management efforts.

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¹ Subject to market conditions and taking into account restrictions under the Singapore Code on Take-overs and Mergers.

² For the Singapore office leases concluded in 1Q 2019 and based on a simple average calculation.

³ Source: CBRE, 1Q 2019.

About Keppel REIT (www.keppelreit.com)

Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading REITs with a young and large portfolio of premium Grade A commercial assets in Singapore and Australia'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.

The REIT has assets under management of over \$8 billion in Singapore as well as key Australian cities of Sydney, Melbourne, Brisbane and Perth.

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 release 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 release. 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 release or its contents or otherwise arising in connection with this release. 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.