

MEDIA RELEASE

Keppel REIT enters Seoul office market with acquisition of freehold CBD Grade A building for KRW 252.6 billion

- *Entry into Seoul which has a deep office market with favourable fundamentals*
- *Investment in DPU-accretive and higher yielding asset as part of portfolio optimisation*
- *Ability to leverage Keppel Capital's on-the-ground presence and experience to seek opportunities for growth*

Singapore, 23 April 2019 – Keppel REIT Management Limited, as manager of Keppel REIT, wishes to announce that Keppel REIT¹ had entered into an agreement with a value-add strategy fund managed by PGIM Real Estate² to acquire an approximate 99.38% stake in T Tower, a freehold Grade A office building located in Seoul's central business district (CBD), at an agreed property value of KRW 252.6 billion³ (approximately S\$301.4 million⁴). The remaining 0.62% stake⁵ will be acquired by a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital). Concurrently, Keppel Investment Management Co., Ltd. (Keppel Investment Management), the asset management arm of Keppel Capital in South Korea, will be appointed the local asset manager for the property.

Mr Paul Tham, CEO of Keppel REIT Management Limited, said, "The acquisition of T Tower in Seoul is in line with Keppel REIT's long-term strategic growth plan. While Keppel REIT's portfolio will remain anchored by our prime CBD assets in Singapore, we believe that owning assets across Singapore, Australia and South Korea will enhance our geographical and income diversification, as well as provide greater stability and further opportunities for growth in the long term."

Mr Tham added, "As Asia's fourth largest economy, South Korea has enjoyed stable growth over the past few years, with expectations of continued steady economic progress. Its capital, Seoul, has a deep office market with high transaction volumes driven by both strong domestic demand and growing interest from international investors. T Tower, located in the CBD of Seoul, will enable Keppel REIT to benefit from potential capital value appreciation and rental growth amidst steady leasing demand and limited upcoming supply."

¹ Through a special purpose vehicle.

² PGIM Real Estate is the real estate investment business of PGIM, the global investment management businesses of Prudential Financial, Inc. (NYSE: PRU), which is incorporated in the United States of America, and is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

³ Based on an approximate 99.38% interest in T Tower. Equivalent to KRW 20.2 million/pyeong (py), based on attributable gross floor area of 444,979 sf and conversion of 1 py to 35.6 sf

⁴ Based on an exchange rate of KRW 1,000 to S\$1.193 as at 18 April 2019.

⁵ Held by Sky-Value Co., Ltd. and IGIS Asset Management Co., Ltd., the current asset management company for the property.

Completed in 2010, T Tower is a freehold 28-storey office building offering approximately 228,000 sf in net lettable area (NLA). The property is located in Seoul's CBD and is a five-minute walk to the city's major railway station, Seoul Station. The building is also well-served by various rail, subway and bus networks, including direct connections across the Seoul metropolitan area and regionally via high speed KTX train services. T Tower is sited amidst a diverse range of amenities and major hotels, and is close to key retail districts such as Myeong-dong and Namdaemun.

T Tower is currently 100% leased to established national and international tenants, mainly from the technology, media and telecommunications (TMT), manufacturing and distribution, and services sectors. Some of the notable tenants include Philips Korea, LG Electronics and SK Communications. The property has a weighted average lease expiry of 2.8 years by NLA as at 31 March 2019. The majority of the leases in the property have fixed annual rental escalations of 3%.

Ms Christina Tan, CEO of Keppel Capital, said, "Keppel Capital has managed close to S\$3 billion of assets with gross floor area of 5.2 million sf in South Korea since 2004, including CBD commercial offices such as Seoul Square, Jongno Tower, Pacific Tower and Center Place. Our experienced team on the ground will work closely with Keppel REIT to seek opportunities for growth in the Seoul office market."

With an initial net property income yield of approximately 4.7%, the DPU-accretive acquisition of T Tower is part of Keppel REIT's ongoing portfolio optimisation efforts.

The acquisition is expected to be completed in 2Q 2019 and will be funded with debt, including proceeds from the issuance of the 1.90% convertible bonds that was announced on 10 April 2019. Post-acquisition, aggregate leverage will be approximately 38.1%⁶. Assets under management will grow to S\$8.4 billion⁶ across 10 properties in Singapore (82.4%), Australia (14.0%) and South Korea (3.6%). Portfolio WALE will remain long at approximately 5.5 years⁶, while the freehold portion of the portfolio will increase from 14.9% to 20.6%⁶.

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⁶ Pro forma as at 31 March 2019.

For more information, please contact:

Media Relations

Ms Frances Teh
Senior Manager
Group Corporate Communications
Keppel Corporation
Tel: (65) 6413 6437
Email: frances.teh@kepcorp.com

Investor Relations

Ms Liang Huihui
Deputy Manager
Investor Relations
Keppel Capital
Tel: (65) 6803 1649
Email: huihui.liang@kepcapital.com

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.

As at 31 March 2019, the REIT has assets under management of over \$8 billion in Singapore, as well as in key Australian cities of Sydney, Melbourne, Brisbane and Perth. On 23 April 2019, Keppel REIT announced its first investment in South Korea with the acquisition of T Tower in Seoul, which is expected to be completed in 2Q 2019.

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.