

## **MEDIA RELEASE**

### **Keppel REIT unlocks value with divestment of Bugis Junction Towers for \$547.5 million**

*Realising capital gains of \$378.1 million<sup>1</sup> as part of ongoing portfolio optimisation strategy*

**Singapore, 1 October 2019** – Keppel REIT Management Limited, as manager of Keppel REIT, is pleased to announce the divestment of the REIT’s strata ownership of Bugis Junction Towers in Singapore to Village Prop. Pte. Ltd., a company incorporated in Singapore, for a sale price of \$547.5 million or \$2,200 psf based on the building’s net lettable area (NLA).

Bugis Junction Towers has been held since Keppel REIT’s listing in 2006 and has delivered asset-level returns of 19.4% p.a. over the holding period. The sale price is 6.3% above the latest valuation<sup>2</sup> of \$515.0 million and 243.2% above the purchase price of \$159.5 million in 2006. Based on the net property income for the 12 months preceding 30 June 2019, the sale price translates to a yield of 3.0%.

Mr Paul Tham, CEO of the Manager, said, “The divestment of Bugis Junction Towers is part of our ongoing portfolio optimisation strategy and realises capital gains of approximately \$378.1 million<sup>1</sup>. Post-divestment, Keppel REIT’s portfolio will remain firmly anchored by our assets in the central business district of Singapore, which account for 81.1% of the portfolio.”

The divestment proceeds will increase the Manager’s financial flexibility to continue its DPU-accretive Unit buy-back programme, fund growth through reinvestments, distribute capital gains, or pare down debt.

Mr Tham added, “We will continue to seek strategic and higher yielding acquisitions in our current geographies of Singapore, Australia and South Korea. We believe that quality assets across different markets provide greater income stability and opportunities for growth in the long term.”

Completed in 1994, Bugis Junction Towers is a 15-storey Grade A office building with approximately 70-year leasehold land tenure remaining and close to 250,000 sf of NLA. The development has 100% committed occupancy and a long weighted average lease expiry (WALE) of 6.2 years as at 30 June 2019. Its principal tenants are Enterprise Singapore, InterContinental Hotels Group and UCommune.

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<sup>1</sup> Based on difference between sale price and purchase price, after taking into consideration capitalised expenditures and divestment costs

<sup>2</sup> Valuation as at 8 August 2019

Upon completion of divestment expected in 4Q 2019, Keppel REIT's \$7.9 billion portfolio<sup>3</sup> will comprise nine premium commercial properties across Singapore (81.1%), Australia (15.1%) and South Korea (3.8%). Portfolio committed occupancy will remain high at 99.0%<sup>4</sup> while portfolio WALE will remain long at 5.2 years<sup>4</sup>.

For more information, please refer to the SGX announcement.

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**About Keppel REIT ([www.keppelreit.com](http://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 prime business and financial districts pan-Asia.

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 approximately \$8 billion in Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea.

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.

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<sup>3</sup> Based on pro forma assets under management, assuming that the sale was completed on 30 June 2019

<sup>4</sup> Based on portfolio committed NLA, assuming that the sale was completed on 30 June 2019