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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Second Quarter and Half Year Ended 30 June 2016

19 July 2016

The Directors of Keppel REIT Management Limited, as Manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the second quarter and half year ended 30 June 2016.

The materials are also available at *www.keppelreit.com and www.kepcorp.com*.

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Keppel REIT continues to show resilience amidst market headwinds

Proactive leasing efforts brought expiring leases down to a minimal 0.6% for the rest of 2016, with close to full portfolio occupancy and almost every expiring tenant retained

Key Financial Highlights

- Due mainly to the absence of contribution from 77 King Street, property income and net property income for 2Q 2016 were marginally lower by 1.5% and 1.4% quarter-on-quarter ("q-o-q") respectively. Excluding contribution from 77 King Street, property income and net property income remained stable in 2Q 2016.
- Share of results of associates and joint ventures increased to $20.1 million and $8.3 million in 2Q 2016, up 7% and 22.6% q-o-q respectively, on higher share of contribution from David Malcolm Justice Centre and Marina Bay Financial Centre.
- Distribution per Unit ("DPU") of 1.61 cents for 2Q 2016, which translates to an annualised yield of 6.3%.

Key Portfolio Highlights

- Almost all the leases expiring in 2016 have been renewed, with only a minimal 0.6% of expiring leases due for renewal in 2H 2016, a significant improvement from 13.4% as at the beginning of 2016.
- Forward renewal efforts brought the proportion of expiring leases in 2017 and 2018 down substantially to 9.5% and 5.5% respectively as at 2Q 2016, from 11.5% and 7.5% respectively as at the beginning of 2016. The majority of these expiring leases are in their first renewal cycle and are likely to be renewed.
- Achieved overall portfolio occupancy of 99.7% as at 2Q 2016, not at the expense of rental to-date.
- Retained almost every expiring tenant in 1H 2016.
- New tenants secured in 1H 2016 were mainly from the banking, financial and insurance, real estate and property services as well as government agency sectors.
- Continues to command above-market rents, achieving average committed rent of $10.10 psf for new, renewal and forward renewal leases in 2Q 2016, higher than CBRE's average Grade A rent of $9.50 psf.
- Despite the subdued office market, the Manager achieved positive rent reversion of approximately 2% for new, renewal and forward renewal leases in 1H 2016.
- Maintained a long WALE of approximately 8 years for top 10 tenants and 6 years for the overall portfolio, which will provide income stability for Unitholders amidst economic and market headwinds.
- Approximately 90% of leases are not due for renewal till 2018 and beyond, and approximately 85% of leases not due for renewal till 2019 and beyond, when limited to no new office supply in the central business district ("CBD") is expected.

Key Capital Management Highlights

- Aggregate leverage remained stable at 39% as at 2Q 2016.

- Extended the weighted average term to maturity to a healthy 3.9 years with minimal refinancing requirements until 2H 2018.
- Released the encumbrance on Ocean Financial Centre.
- Significantly improved the percentage of unencumbered assets from 72% to 83%.
- Secured loan facilities at better pricing.
- Increased the proportion of fixed-rate loans to 75% as at 2Q 2016, up from 70% as at end-2015. This helps to mitigate interest rate risk and provide certainty of interest expenses.
- Average cost of debt remained stable at 2.55%, with interest coverage ratio at a healthy 4.6 times.

Resilient Performance amidst Challenging Market Conditions

Keppel REIT Management Limited, the Manager of Keppel REIT, continued to show resilience in its performance, delivering a creditable set of results for the second quarter of 2016 amidst market headwinds.

Due mainly to the absence of contribution from 77 King Street which was divested in 1Q 2016, property income and net property income for 2Q 2016 were marginally lower by 1.5% and 1.4% q-o-q respectively. Excluding contribution from 77 King Street, property income and net property income for the current portfolio remained stable in 2Q 2016.

Share of results of associates and joint ventures increased to $20.1 million and $8.3 million in 2Q 2016, up 7% and 22.6% q-o-q respectively, on higher share of contribution from David Malcolm Justice Centre in Perth, Australia, and Marina Bay Financial Centre.

The Manager is declaring a DPU of 1.61 cents for 2Q 2016. DPU for 2Q 2016 was marginally lower compared with 1Q 2016, primarily due to the absence of income contribution from 77 King Street which was divested in 1Q 2016. DPU for the first half of 2016 amounted to 3.29 cents, which translates to an annualised yield of 6.3%.

Summary of Results

	GROUP			
	2Q2016 $'000	**2Q2015** $'000	**1H2016** $'000	**1H2015** $'000
Property income	40,552	42,964	81,719	85,369
Net property income	32,458	34,711	65,368	69,298
Share of results of associates	20,106	19,953	38,892	40,320
Share of results of joint ventures	8,346	4,056	15,153	8,099
Income available for distribution	52,517	54,820	106,955	108,829
Distribution to Unitholders[1]	52,517	54,820	106,955	108,829
Distribution per Unit ("DPU") (cents) for the period	1.61[2]	1.72	3.29[2]	3.42
Annualised/Actual distribution yield %			6.3%[3]	7.3%[4]

(1) Distribution to Unitholders was based on 100% of the taxable income available for distribution.
(2) Excluded income contribution from 77 King Street which was divested in 1Q 2016.
(3) Based on the market closing price per unit of $1.05 as at the last trading day, 30 June 2016.
(4) Based on total DPU of 6.8 cents in FY2015 and the market closing price per unit of $0.93 as at the last trading day, 31 December 2015.

Enhancing Income Stability with Proactive Lease Management

With its continued focus on proactive leasing and marketing, the Manager successfully renewed almost all the leases expiring in 2016 in the first half of this year, with only a minimal 0.6% of expiring leases due for renewal in the second half of this year. This is a significant improvement from 13.4% as at the beginning of 2016.

The Manager has also been actively engaging tenants to forward renew leases expiring in 2017 and 2018. The Manager successfully forward renewed approximately 365,000 sf (attributable space of 329,000 sf) of prime office space in the first half of 2016, bringing the proportion of expiring leases in 2017 and 2018 down to 9.5% and 5.5% respectively as at 2Q 2016, compared with 11.5% and 7.5% respectively as at the beginning of the year. The majority of these expiring leases are in their first renewal cycle and are likely to be renewed.

In all, the Manager concluded a total of 69 leases or approximately 900,000 sf (attributable space of approximately 615,000 sf) of prime office space in the first half of 2016. This raised Keppel REIT's overall portfolio occupancy to 99.7% as at 2Q 2016, from 99.3% as at end-2015, and this was achieved not at the expense of rental to-date. Occupancy levels for Keppel REIT's Singapore properties grew to 99.7% from 99.3% as at end-2015 on improved occupancy at Marina Bay Financial Centre while occupancy for the Australian portfolio remained strong at 99.5% as at 2Q 2016. Keppel REIT's Singapore portfolio occupancy has been consistently above CBRE's core CBD occupancy since its listing in 2006.

The ongoing efforts in retaining tenants have paid off as the Manager managed to retain almost every expiring tenant in the first half of 2016. Tenants seeking 'flight to quality' and companies setting up new operations in Singapore were also attracted to Keppel REIT's premium office buildings strategically located in the Marina Bay and Raffles Place financial districts. New tenants secured in the first half of 2016 were mainly from the banking, financial and insurance, real estate and property services as well as government agency sectors. Of the new office leases signed in the first half of 2016, 20% were new to Singapore, 30% were from serviced offices, and the remaining 50% were flight-to-quality tenants moving to the Marina Bay and Raffles Place districts.

Keppel REIT continues to command above-market rents for its Singapore office leases, achieving average committed rent of $10.10 psf for new, renewal and forward renewal leases in 2Q 2016. This was higher than the market's average Grade A rent of $9.50 psf (CBRE's 2Q 2016 average Grade A rent). Despite the subdued office market, the Manager achieved positive rent reversion of approximately 2% for new, renewal and forward renewal leases in the first half of 2016. Going forward, the Manager will continue to stay focused in its leasing efforts to retain tenants by renewing and forward renewing expiring leases. Average rents for leases due for renewal and review in 2016 to 2018 range from mid $8 psf to low $9 psf, which are currently below CBRE's average Grade A rent of $9.50 psf.

The Manager continues to secure tenants for the longer term, maintaining a long WALE of approximately 8 years for Keppel REIT's top 10 tenants and 6 years for the overall portfolio, which will provide income stability for Unitholders amidst economic and market headwinds.

The long leases in Singapore are embedded with mark-to-market rent mechanisms at pre-determined anniversaries during the lease terms. In addition, the leases in Australia are on a triple-net basis, with tenants covering all outgoings including taxes, insurance and common area maintenance costs, and are embedded with fixed annual rental escalations throughout the respective leases.

Keppel REIT's lease expiry profile is well spread out, with approximately 90% of leases not due for renewal till 2018 and beyond, and approximately 85% of leases not due for renewal till 2019 and beyond, when limited to no new office supply in the CBD is expected. There will be no office supply in the CBD in 2019 to 2021, which is unprecedented.

The Singapore office market will remain challenging over the next two years given the impending new supply. The Manager remains committed to executing its strategy, focusing on tenant retention and attraction to maintain a healthy and long lease expiry profile as well as provide sustained returns for Unitholders over the longer term. The Manager will also continue its active capital management efforts to safeguard against interest rate and currency volatilities as well as enhance its financial flexibility to capitalise on opportunities that may arise during periods of uncertainties.

The Manager believes that Keppel REIT is well positioned to weather the current challenging conditions, supported by its proactive leasing and capital management, as well as its sterling property portfolio and quality tenant profile.

Focusing on Capital Efficiency and Financial Flexibility

In line with its disciplined and prudent approach towards capital management, the Manager maintained Keppel REIT's aggregate leverage at 39% as at 2Q 2016. All refinancing requirements in 2016 and almost all refinancing requirements in 2017 have been completed, extending the weighted average term to maturity to a healthy 3.9 years. Keppel REIT has minimal refinancing requirements until 2H 2018.

The Manager recently refinanced a $505 million secured loan facilities with unsecured borrowings at better pricing. The new unsecured loan facilities also released the encumbrance on Ocean Financial Centre and significantly improved the percentage of unencumbered assets from 72% to 83%. The Manager has increased the proportion of fixed-rate loans to 75% as at 2Q 2016, up from 70% as at end-2015. This helps to mitigate interest rate risk and provide certainty of interest expenses. The average cost of debt remained stable at 2.55%, with interest coverage ratio at a healthy 4.6 times.

The Manager will maintain its focus on optimising capital structure and enhancing financial flexibility to improve operational performance and capitalise on opportunities when they arise.

Office Market Overview

Advance estimates by the Ministry of Trade and Industry ("MTI") indicate that the economy grew 2.2% year-on-year ("y-o-y") in 2Q 2016, marginally higher than the 2.1% expansion in 1Q 2016. Growth was led mainly by the construction and services sectors and a 0.8% expansion in the manufacturing sector, a reversal from the 0.5% contraction in 1Q 2016. With the slowdown in private sector activities, growth in the construction sector eased from 4.5% to 2.7% during the quarter. The services sectors maintained stable growth at 1.7%, driven mainly by the transportation, storage, wholesale and retail trade sectors. MTI expects growth in 2016 to remain subdued, with full-year GDP growth forecast at between 1% and 3%.

Based on statistics from CBRE, core CBD office occupancy remained steady at 95.1% in 2Q 2016, marginally lower than the 95.2% occupancy in the previous quarter. Average Grade A rent was lower at $9.50 psf per month, compared with $9.90 psf in 1Q 2016. The pressure on rents is a result of competition from new CBD developments due for completion over the next two years. New office supply from Marina One and Guoco Tower are progressively being absorbed. During the current quarter, leasing activities increased, supported by flight-to-quality move by companies taking advantage of the more favourable lease terms. Sectors that contributed to leasing demand included financial and professional services as well as technology, media and telecommunications ("TMT").

Singapore is fast emerging as Asia's hub for financial technology ("fintech") as the country seeks to cultivate growth in this new field as part of its initiatives to become a Smart Financial Centre and support the growing startup ecosystem. Singapore's first-mover advantage in the development of fintech will also reinforce the city-state's status as a regional financial hub. Uncertainties from Brexit are expected to prompt some UK-based fintech companies to accelerate their move to Asia and Singapore is currently poised to benefit from such a trend.

The Australian economy grew further by 3.1% y-o-y in 1Q 2016, after registering a 2.5% growth in 2015, supported by growth in the tourism, healthcare and education sectors as well as higher mining and resource-related exports. According to the Reserve Bank of Australia ("RBA"), Australia is expected to record stable economic growth of between 2.5% and 3.5% for 2016. In a preemptive move to stave off deflation and spur inflation to its target range of 2-3%, RBA cut its official cash rate by 25 basis points to 1.75% in May 2016.

The Australian office market continues to see positive net absorption in 1Q 2016. According to Jones Lang LaSalle, net absorption in 1Q 2016 reached 67,300 sm. Overall office occupancy in the CBD remained stable at 87.6% in 1Q 2016 compared with 87.4% in 4Q 2015. In Sydney and Melbourne, office occupancy continued to strengthen to 93.2% and 90.8% respectively in 1Q 2016, up from 92.2% and 90% respectively in 4Q 2015, on positive demand driven mainly by the professional services and education sectors. Improved business sentiments prompted companies to look beyond the short-term financial market volatility and make long-term strategic real estate decisions.

Consolidation of Keppel REIT Management Ltd under Keppel Capital Holdings Pte Ltd

On 1 July 2016, Keppel Corporation Limited completed the consolidation of its interests in all four of its subsidiaries in business trust management, REIT management and fund management under its wholly-owned subsidiary, Keppel Capital Holdings Pte Ltd. This includes a 100% interest in Keppel REIT Management Ltd. Following the consolidation, the Manager will benefit from being part of a larger asset management platform.

Upholding Excellence in Sustainability

As a sustainability leader, the Manager is committed to maintain high standards of environmental protection and uphold excellence in sustainability. Keppel REIT received top accolades at the coveted Building and Construction Authority of Singapore ("BCA") Awards 2016. Ocean Financial Centre and Marina Bay Financial Centre Tower 3 were re-certified as BCA Green Mark Platinum developments. Ocean Financial Centre was also winner of the BCA Green Mark Pearl Award, which recognises building owners for their efforts in collaborating with tenants to achieve better total building performance. Keppel REIT's management offices at Ocean Financial Centre and Bugis Junction Towers were also conferred BCA Green Mark Gold^{Plus} certification for Office Interior, in recognition of their efforts in implementing green office practices and inculcating an eco-mindset among employees.

In May 2016, the Singapore Exchange ("SGX") announced the launch of the SGX Sustainability Leaders Index, which comprises companies considered as clear frontrunners in Environmental, Social and Governance ("ESG") standards when compared to their peers. Keppel REIT is among the 24 constituents and this inclusion puts Keppel REIT on the radar screen of a growing pool of ESG-focused investors.

In 2015, Keppel REIT topped the Global Real Estate Sustainability Benchmark with numerous accolades in various sectors. Keppel REIT was also the first REIT in Asia to maintain its pole position as the Regional Leader for Office Sector in Asia for two consecutive years.

Keppel REIT continues to engage the REIT investing community through the Manager's participation in the REITs Symposium for the second consecutive year. Held on 4 June 2016, the REITs Symposium provided an opportunity for existing and potential retail Unitholders to learn more about Keppel REIT's business operations.

Believing in doing well and doing good, Keppel REIT continues to reach out to the less privileged. On 23 June 2016, the Manager organised an outing to the Lee Kong Chian Natural History Museum for the youths from the Muscular Dystrophy Association of Singapore ("MDAS"). Staff volunteers, together with staff from MDAS, parents and caregivers, spent a meaningful day at the museum, where the youths immersed in the history and diversity of life on Earth.

About Keppel REIT (www.keppelreit.com)

Keppel REIT was listed by way of an introduction on 28 April 2006. Over the last decade, Keppel REIT has grown from strength-to-strength to become 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 across Asia.

As at 30 June 2016, Keppel REIT had assets under management of approximately $8.3 billion comprising interests in eight premium office assets with 11 office towers strategically located in the central business districts of Singapore, as well as key cities of Sydney, Melbourne, Brisbane and Perth in Australia.

In Singapore, the assets are Bugis Junction Towers (100% interest), Ocean Financial Centre (99.9% interest), Marina Bay Financial Centre (comprising office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest) and One Raffles Quay (one-third interest).

In Australia, the assets are 8 Chifley Square in Sydney (50% interest), 8 Exhibition Street in Melbourne (50% interest in the office building and two retail units, as well as a 100% interest in another three retail units), 275 George Street in Brisbane (50% interest), as well as the David Malcolm Justice Centre office tower in Perth (50% interest).

Keppel REIT is sponsored by Keppel Land Limited ("Keppel Land"), one of Asia's leading property companies, and is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte Ltd.

(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended))

KEPPEL REIT
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

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INTRODUCTION

Keppel REIT was listed by way of an introduction on 28 April 2006. Over the last decade, Keppel REIT has grown from strength-to-strength to become 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 pan-Asia.

As at 30 June 2016, Keppel REIT had assets under management of approximately $8.3 billion comprising interests in eight premium office assets with 11 office towers strategically located in the central business districts of Singapore, as well as key cities of Sydney, Melbourne, Brisbane and Perth in Australia.

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SUMMARY OF KEPPEL REIT RESULTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

	GROUP			
	2Q2016 $'000	**2Q2015** $'000	**1H2016** $'000	**1H2015** $'000
Property income	40,552	42,964	81,719	85,369
Net property income	32,458	34,711	65,368	69,298
Share of results of associates	20,106	19,953	38,892	40,320
Share of results of joint ventures	8,346	4,056	15,153	8,099
Income available for distribution	52,517	54,820	106,955	108,829
Distribution to Unitholders[1]	52,517	54,820	106,955	108,829
Distribution per Unit ("DPU") (cents) for the period	1.61[2]	1.72	3.29[2]	3.42
Annualised/Actual distribution yield %			6.3%[3]	7.3%[4]

Notes:

(1) Distribution to Unitholders was based on 100% of the taxable income available for distribution.

(2) Excluded income contribution from 77 King Street which was divested on 29 January 2016.

(3) The yield was based on the market closing price per unit of $1.05 as at the last trading day, 30 June 2016.

(4) Based on the total DPU of 6.80 cents in FY2015 and the market closing price per unit of $0.930 as at the last trading day, 31 December 2015.

(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended))

1. UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the second quarter and half year ended 30 June 2016:

1(a)(i) Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Total Return

		Group					
		2Q2016	2Q2015	+/(-)	1H2016	1H2015	+/(-)
	Note	$'000	$'000	%	$'000	$'000	%
Gross rent		38,944	40,765	(4.5)	78,583	81,600	(3.7)
Car park income		843	812	3.8	1,663	1,642	1.3
Other income		765	1,387	(44.8)	1,473	2,127	(30.7)
Property income		**40,552**	**42,964**	**(5.6)**	**81,719**	**85,369**	**(4.3)**
Property tax		(2,874)	(3,135)	(8.3)	(5,781)	(6,008)	(3.8)
Other property expenses	1	(4,115)	(4,321)	(4.8)	(8,253)	(8,352)	(1.2)
Property management fee		(1,044)	(966)	8.1	(2,102)	(2,051)	2.5
Maintenance and sinking fund contributions		(61)	169	NM	(215)	340	NM
Property expenses		**(8,094)**	**(8,253)**	**(1.9)**	**(16,351)**	**(16,071)**	**1.7**
Net property income		**32,458**	**34,711**	**(6.5)**	**65,368**	**69,298**	**(5.7)**
Rental support	2	4,165	4,848	(14.1)	8,364	11,027	(24.1)
Interest income	3	7,447	9,532	(21.9)	16,093	18,514	(13.1)
Share of results of associates	4	20,106	19,953	0.8	38,892	40,320	(3.5)
Share of results of joint ventures	5	8,346	4,056	105.8	15,153	8,099	87.1
Amortisation expenses	6	(3,811)	(4,488)	(15.1)	(7,649)	(9,988)	(23.4)
Borrowing costs	7	(16,900)	(16,769)	0.8	(32,947)	(33,068)	(0.4)
Manager's management fees	8	(12,520)	(12,407)	0.9	(25,096)	(24,750)	1.4
Trust expenses		(719)	(1,396)	(48.5)	(3,050)	(3,868)	(21.1)
Changes in fair value of derivatives		799	990	(19.3)	799	1,868	(57.2)
Net income before divestment gain and net change in fair value of investment properties		**39,371**	**39,030**	**0.9**	**75,927**	**77,452**	**(2.0)**
Gain on divestment of investment property	9	-	-	-	28,299	-	100.0
Net change in fair value of investment properties	10	62,022	-	100.0	62,022	-	100.0
Total return before tax		**101,393**	**39,030**	**159.8**	**166,248**	**77,452**	**114.6**
Income tax expense	11	(2,964)	(1,800)	64.7	(9,932)	(3,702)	168.3
Total return after tax		**98,429**	**37,230**	**164.4**	**156,316**	**73,750**	**112.0**
Attributable to:							
Unitholders		96,517	37,212	159.4	152,524	73,714	106.9
Perpetual securities holders	12	1,863	-	100.0	3,725	-	100.0
Non-controlling interest		49	18	172.2	67	36	86.1
		98,429	**37,230**	**164.4**	**156,316**	**73,750**	**112.0**

Distribution Statement

	Note	2Q2016	2Q2015	+/(-)	1H2016	1H2015	+/(-)
Total return for the period attributable to Unitholders		**96,517**	**37,212**	**159.4**	**152,524**	**73,714**	**106.9**
Net tax and other adjustments	13	(44,000)	17,608	NM	(45,569)	35,115	NM
Income available for distribution		**52,517**	**54,820**	**(4.2)**	**106,955**	**108,829**	**(1.7)**
Distribution to Unitholders	14	**52,517**	**54,820**	**(4.2)**	**106,955**	**108,829**	**(1.7)**
Distribution per Unit (cents) for the period		**1.61**	**1.72**	**(6.4)**	**3.29**	**3.42**	**(3.8)**
Annualised/Actual Distribution[1]		**6.58**	**6.80**	**(3.2)**	**6.58**	**6.80**	**(3.2)**

(1) Actual distribution is based on 1.70 cents, 1.72 cents, 1.70 cents and 1.68 cents reported in 1Q2015, 2Q2015, 3Q2015 and 4Q2015 respectively.

NM – Not meaningful

Notes:

(1) Included in other property expenses are the following:

	Group			
	2Q2016	**2Q2015**	**1H2016**	**1H2015**
	$'000	$'000	$'000	$'000
Marketing expenses	200	105	392	207
Utilities	798	810	1,626	1,710
Repair and maintenance	2,393	2,531	4,655	4,795
Property management reimbursements	456	510	923	996
Other property expenses	268	365	657	644
	4,115	4,321	8,253	8,352

(2) For the current periods, this relates to the rental support top-up payments received by Keppel REIT for the approximate 12.4% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre ("OFC") and the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds Marina Bay Financial Centre ("MBFC") Tower 3. For 1H2015, the rental support top-up payments received by Keppel REIT also included 77 King Street Office Tower, Sydney and the approximate 87.5% interest in OPLLP. The rental support drawn down for OFC and MBFC Tower 3 for 1H2016 are $1,964,000 and $6,400,000 respectively.

(3) Interest income comprises the following:

	Group			
	2Q2016	**2Q2015**	**1H2016**	**1H2015**
	$'000	$'000	$'000	$'000
Interest income from fixed deposits and current accounts	1,178	539	2,246	1,096
Interest income from shareholders' loans to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	6,269	6,641	13,847	12,709
Interest income from convertible notes in Mirvac (Old Treasury) Trust	-	2,352	-	4,709
	7,447	9,532	16,093	18,514

Interest income from convertible notes for the prior period relates to that of the Mirvac (Old Treasury) Trust ("MOTT"). The convertible notes in MOTT have been fully converted to units on 30 November 2015 and Keppel REIT ceased receiving coupon interest income from MOTT and started receiving distribution income subsequent to the conversion.

(4) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax and before net change in fair value of investment properties, and (ii) BFCDLLP's partnership profit before net change in fair value of investment property.

(5) Share of results of joint ventures relates to Keppel REIT's 50% interests in M8CT's and MOTT's respective net profit after tax.

(6) Amortisation expense represents the amortisation of intangible asset as explained in paragraph 1(b)(i), note 4.

(7) Borrowing costs comprise the following:

	Group			
	2Q2016	**2Q2015**	**1H2016**	**1H2015**
	$'000	$'000	$'000	$'000
Interest expense on term loans	14,798	15,379	30,143	30,274
Interest expense on revolving loans	60	785	60	1,580
Amortisation of capitalised transaction costs	2,042	605	2,744	1,214
	16,900	16,769	32,947	33,068

(8) The Manager has elected to receive 100% of its management fees earned in respect of all the properties in units of Keppel REIT.

(9) This relates to the gain on divestment of Keppel REIT's 100% interest in 77 King Street in Sydney.

(10) This relates to the net change in fair value of investment properties for Keppel REIT's 99.9% interest in OFC, one-third interest in MBFC Towers 1, 2 and 3 and Marina Bay Link Mall, one-third interest in One Raffles Quay and Bugis Junction Towers.

(11) Income tax expense comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its interests in CBDPL and OPLLP, net of deductible interest expense, and (ii) withholding tax expense in relation to the income from the Group's investments in Australia.

(12) Please refer to paragraph 1(b)(i), note 7.

(13) Included in the net tax and other adjustments are the following:

	Group			
	2Q2016	2Q2015	1H2016	1H2015
	$'000	$'000	$'000	$'000
Management fees paid and/or payable in units	12,520	12,407	25,096	24,750
Trustee's fees	309	304	619	605
Net change in fair value of investment properties (net of non-controlling interest)	(61,989)	-	(61,989)	-
Amortisation of intangible asset and capitalised transaction costs	5,853	5,093	10,393	11,202
Temporary differences and other adjustments	(5,693)	(196)	(27,688)	(1,442)
Other gains distribution	5,000	-	8,000	-
	(44,000)	17,608	(45,569)	35,115

Included in temporary differences and other adjustments for the current period were share of results of associates and joint ventures, dividend and distributions income, effect of recognising rental income on a straight line basis over the lease terms, gain on divestment of investment property, non-taxable income and non-deductible expenses.

Other gains distribution relates to distribution from Keppel REIT's divested properties.

(14) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders. The distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.

1(a)(ii) Statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Comprehensive Income

	Group					
	2Q2016	2Q2015	+/(-)	1H2016	1H2015	+/(-)
	$'000	$'000	%	$'000	$'000	%
Total return after tax	**98,429**	**37,230**	**164.4**	**156,316**	**73,750**	**112.0**
Other comprehensive income:						
Foreign currency translation	(36,076)	(18,396)	96.1	(20,296)	(60,131)	(66.2)
Cashflow hedges:						
Net change in fair value of cash flow hedges	(8,608)	1,421	NM	(22,577)	19,268	NM
Share of net change in fair value of cash flow hedges of associates	(2,098)	(1,088)	92.8	(4,106)	(214)	>500
Other comprehensive income for the period	**(46,782)**	**(18,063)**	**159.0**	**(46,979)**	**(41,077)**	**14.4**
Total comprehensive income for the period	**51,647**	**19,167**	**169.5**	**109,337**	**32,673**	**234.6**
Attributable to:						
Unitholders	49,742	19,150	159.7	105,553	32,634	223.4
Perpetual securities holders	1,863	-	100.0	3,725	-	100.0
Non-controlling interest	42	17	147.1	59	39	51.3
	51,647	**19,167**	**169.5**	**109,337**	**32,673**	**234.6**

NM –Not meaningful

1(b)(i) Balance sheets, together with a comparative statement of the end of the immediately preceding financial year

Balance Sheets

	Note	Group 30/6/2016 $'000	Group 31/12/2015 $'000	Group +/(-) %	Trust 30/6/2016 $'000	Trust 31/12/2015 $'000	Trust +/(-) %
Non-current assets							
Investment properties	1	3,587,449	3,691,073	(2.8)	550,000	550,000	-
Investments in subsidiaries		-	-	-	1,836,942	1,837,852	(0.05)
Investments in associates	2	2,521,412	2,497,798	0.9	2,025,483	2,025,483	-
Advances to associates		608,922	608,922	-	608,922	608,922	-
Investments in joint ventures	3	402,480	408,112	(1.4)	-	-	-
Amounts owing by subsidiaries		-	-	-	801,660	818,836	(2.1)
Fixed assets		179	199	(10.1)	1	1	-
Intangible asset	4	30,174	37,823	(20.2)	26,536	32,600	(18.6)
Derivative financial instruments	5	3,515	17,542	(80.0)	2,018	9,965	(79.7)
Total non-current assets		**7,154,131**	**7,261,469**	**(1.5)**	**5,851,562**	**5,883,659**	**(0.5)**
Current assets							
Trade and other receivables	6	29,489	18,057	63.3	44,453	27,502	61.6
Prepaid expenses		243	1,031	(76.4)	38	27	40.7
Cash and bank balances		257,854	144,601	78.3	105,733	126,501	(16.4)
Derivative financial instruments	5	555	260	113.5	555	260	113.5
Total current assets		**288,141**	**163,949**	**75.8**	**150,779**	**154,290**	**(2.3)**
Total assets		**7,442,272**	**7,425,418**	**0.2**	**6,002,341**	**6,037,949**	**(0.6)**
Current liabilities							
Trade and other payables		52,145	51,208	1.8	28,962	26,285	10.2
Income received in advance		962	758	26.9	-	-	-
Short term borrowings		44,902	25,355	77.1	-	-	-
Current portion of security deposits		6,109	9,172	(33.4)	759	1,902	(60.1)
Derivative financial instruments	5	527	168	213.7	527	168	213.7
Provision for taxation		4,157	3,284	26.6	2,668	3,315	(19.5)
Total current liabilities		**108,802**	**89,945**	**21.0**	**32,916**	**31,670**	**3.9**
Non-current liabilities							
Income received in advance		33,476	45,742	(26.8)	33,476	45,483	(26.4)
Long term borrowings		2,425,108	2,464,217	(1.6)	2,007,858	2,028,126	(1.0)
Derivative financial instruments	5	8,147	464	>500	7,155	464	>500
Non-current portion of security deposits		24,822	21,435	15.8	3,345	2,202	51.9
Deferred tax liabilities		23,806	25,767	(7.6)	-	-	-
Total non-current liabilities		**2,515,359**	**2,557,625**	**(1.7)**	**2,051,834**	**2,076,275**	**(1.2)**
Total liabilities		**2,624,161**	**2,647,570**	**(0.9)**	**2,084,750**	**2,107,945**	**(1.1)**
Net assets		**4,818,111**	**4,777,848**	**0.8**	**3,917,591**	**3,930,004**	**(0.3)**
Represented by:							
Unitholders' funds		**4,666,273**	**4,626,021**	**0.9**	**3,767,890**	**3,780,285**	**(0.3)**
Perpetual securities	7	**149,701**	**149,719**	**(0.01)**	**149,701**	**149,719**	**(0.01)**
Non-controlling interest		**2,137**	**2,108**	**1.4**	**-**	**-**	-
		4,818,111	**4,777,848**	**0.8**	**3,917,591**	**3,930,004**	**(0.3)**
Net asset value per unit ($)		1.43	1.44		1.16	1.18	

Notes:

(1) The decrease in investment properties is mainly due to the divestment of 77 King Street in Sydney and translation differences arising from the Australian investment properties, offset by net change in fair value of investment properties recognised for the period ended 30 June 2016.

(2) This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates.

(3) This relates to the 50% interests in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interests in MOTT and Mirvac (Old Treasury) Pty Limited. The properties held through M8CT and MOTT are 8 Chifley Square and the David Malcolm Justice Centre respectively.

(4) This relates to the unamortised aggregate rental support top-up payments receivable by the Group for the approximate 12.4% interest in OPLLP and the one-third interest in CBDPL which holds MBFC Tower 3.

(5) This relates to the fair value of the foreign currency forward contracts entered into in relation to the income from the Australian investments and the fair value of interest rate swaps entered into by the Group.

(6) Included in the balances are dividend receivables from associates and joint ventures of $22.8 million (31 December 2015: $1.0 million) and receivables for rental support top-up payments of $1.0 million (31 December 2015: $4.6 million).

(7) On 2 November 2015, Keppel REIT issued $150.0 million of subordinated perpetual securities at a fixed rate per annum. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movement in Unitholders' funds.

1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	Group	
	As at 30/6/2016	**As at 31/12/2015**
	$'000	$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	350,000	816,454
Less: Unamortised portion of fees	(2,027)	(3,870)
	347,973	**812,584**
Unsecured borrowings		
Amount repayable within one year	45,000	25,500
Amount repayable after one year	2,082,450	1,656,000
Less: Unamortised portion of fees	(5,413)	(4,512)
	2,122,037	**1,676,988**
Total borrowings	**2,470,010**	**2,489,572**

Details of Collaterals

As security for the 5-year term loan facility of $350.0 million, the Group mortgaged its Bugis Junction Towers.

For the 5-year term loan facility of $505.0 million, the securities of up to an aggregate principal amount of $900.0 million comprising a mortgage against OFC, an assignment of construction contracts and construction guarantees and an assignment of rental and insurance proceeds derived from OFC has been released as of the date of this announcement following a refinancing on 30 June 2016.

As at 30 June 2016, the Group had total borrowings of approximately $2,477.5 million and unutilised facilities of $523.5 million available to meet its future obligations. The year-to-date all-in interest rate was 2.55% as at 30 June 2016.

(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended))

1(c) Consolidated Statement of Cash Flows

	Note	Group 2Q2016	2Q2015	1H2016	1H2015
		$'000	$'000	$'000	$'000
Operating activities					
Total return before tax		101,393	39,030	166,248	77,452
Adjustments for:					
Interest income		(7,447)	(9,532)	(16,093)	(18,514)
Amortisation expenses		3,811	4,488	7,649	9,988
Share of results of associates		(20,106)	(19,953)	(38,892)	(40,320)
Share of results of joint ventures		(8,346)	(4,056)	(15,153)	(8,099)
Borrowing costs		16,900	16,769	32,947	33,068
Management fees paid and/or payable in units		12,520	12,407	25,096	24,750
Net change in fair value of investment properties		(62,022)	-	(62,022)	-
Gain on divestment of investment property		-	-	(28,299)	-
Changes in fair value of derivatives		(799)	(990)	(799)	(1,868)
Depreciation		14	13	25	23
Rental support income		(4,165)	(4,848)	(8,364)	(11,027)
Translation differences		(4,352)	303	(1,794)	653
Operating cash flows before changes in working capital		**27,401**	**33,631**	**60,549**	**66,106**
Decrease/(Increase) in receivables		428	(351)	6,793	1,519
Increase/(Decrease) in payables		3,844	1,893	(229)	(5,104)
Increase in security deposits		498	500	324	1,750
Cash flows from operations		32,171	35,673	67,437	64,271
Income taxes paid		(4,647)	(2,950)	(10,952)	(6,158)
Net cash flows generated from operating activities		**27,524**	**32,723**	**56,485**	**58,113**
Investing activities					
Subsequent expenditure on investment properties		(329)	(166)	(811)	(209)
Proceeds from divestment of investment property, net of divestment costs		-	-	157,233	-
Purchase of fixed assets		(3)	(22)	(4)	(22)
Interest received		8,147	10,289	16,077	19,087
Rental support received		7,399	6,176	12,007	18,082
Investment in a joint venture		-	(5,699)	-	(5,699)
Advance to a joint venture		-	(6,075)	-	(6,075)
Repayment of advance from an associate		-	-	-	7,000
Reimbursement of development costs for the interest in an associate		-	130	-	4,967
Distribution income received from joint ventures		6,222	3,642	10,847	7,403
Dividend and distribution income received from associates		19,542	20,439	19,542	20,439
Net cash flows generated from investing activities		**40,978**	**28,714**	**214,891**	**64,973**
Financing activities					
Distribution to Unitholders (net of distribution in Units)	1	(43,527)	(54,009)	(88,397)	(99,857)
Distribution to perpetual securities holders		(3,725)	-	(3,725)	-
Proceeds from issuance of medium term notes		-	-	-	50,000
Loans drawdown		536,450	111,774	536,450	111,774
Repayment of loans		(536,954)	(100,000)	(556,954)	(150,000)
Payment of financing expenses/upfront debt arrangement costs		(1,802)	(1,000)	(1,802)	(1,107)
Partnership distribution to non-controlling interest		(18)	(18)	(30)	(30)
Interest paid		(16,586)	(19,085)	(30,776)	(29,258)
Issue expenses		-	-	(18)	-
Net cash flows used in financing activities		**(66,162)**	**(62,338)**	**(145,252)**	**(118,478)**
Net increase/(decrease) in cash and cash equivalents		**2,340**	**(901)**	**126,124**	**4,608**
Cash and cash equivalents at the beginning of period		222,919	142,468	98,764	137,818
Effect of exchange rate changes on cash and cash equivalents		(881)	(378)	(510)	(1,237)
Cash and cash equivalents at the end of period		**224,378**	**141,189**	**224,378**	**141,189**
Comprising:					
Cash and bank balances		257,854	197,085	257,854	197,085
Less: Rental support received in advance held in designated accounts	2	(33,476)	(55,896)	(33,476)	(55,896)
Cash and cash equivalents per Consolidated Statement of Cash Flows		**224,378**	**141,189**	**224,378**	**141,189**

Notes:

(1) Distribution for 1H2016 is for the period of 1 October 2015 to 31 December 2015, paid on 26 February 2016, and 1 January 2016 to 31 March 2016, paid on 27 May 2016.
Distribution for 1H2015 is for the period of 1 October 2014 to 15 December 2014, paid on 21 January 2015, 16 December 2014 to 31 December 2014, paid on 27 February 2015, and 1 January 2015 to 31 March 2015, paid on 28 May 2015.

(2) This relates to the rental support top-up payments received in advance by Keppel REIT held in designated accounts for the 12.4% interest in OPLLP and the one-third interest in MBFC Tower 3. In the prior period, the rental support top-up payments received in advance by Keppel REIT held in designated accounts was also for the office tower at 77 King Street.

1(d)(i) Statements of Movements in Unitholders' Funds

Group	Note	Units in Issue	Accumulated Profits	Foreign Currency Translation Reserve	Hedging Reserve	Discount on Acquisition of Non-Controlling Interest	Unitholders' Funds	Perpetual Securities	Non-Controlling Interest	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2016		**3,394,832**	**1,409,983**	**(199,445)**	**17,429**	**3,222**	**4,626,021**	**149,719**	**2,108**	**4,777,848**
Return for the period		-	56,007	-	-	-	56,007	1,862	18	57,887
Other comprehensive income	1	-	-	15,780	(15,976)	-	(196)	-	(1)	(197)
Total comprehensive income		-	56,007	15,780	(15,976)	-	55,811	1,862	17	57,690
Issue of units for payment of management fees	2	12,772	-	-	-	-	12,772	-	-	12,772
Issue expenses		-	-	-	-	-	-	(18)	-	(18)
Distribution Reinvestment Plan		9,160	(9,160)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,216)	(41,654)	-	-	-	(44,870)	-	-	(44,870)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(18)	(18)
At 31 March 2016		**3,413,548**	**1,415,176**	**(183,665)**	**1,453**	**3,222**	**4,649,734**	**151,563**	**2,107**	**4,803,404**
Return for the period		-	96,517	-	-	-	96,517	1,863	49	98,429
Other comprehensive income	1	-	-	(36,076)	(10,699)	-	(46,775)	-	(7)	(46,782)
Total comprehensive income		-	96,517	(36,076)	(10,699)	-	49,742	1,863	42	51,647
Issue of units for payment of management fees	2	10,324	-	-	-	-	10,324	-	-	10,324
Distribution Reinvestment Plan		10,912	(10,912)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,241)	(40,286)	-	-	-	(43,527)	-	-	(43,527)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,725)	-	(3,725)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(12)	(12)
At 30 June 2016		**3,431,543**	**1,460,495**	**(219,741)**	**(9,246)**	**3,222**	**4,666,273**	**149,701**	**2,137**	**4,818,111**

1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)

Group	Note	Units in Issue	Accumulated Profits	Foreign Currency Translation Reserve	Hedging Reserve	Discount on Acquisition of Non-Controlling Interest	Unitholders' funds	Perpetual Securities	Non-Controlling Interest	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2015		**3,354,095**	**1,234,402**	**(123,164)**	**(11,135)**	**3,222**	**4,457,420**	**-**	**2,052**	**4,459,472**
Return for the period		-	36,502	-	-	-	36,502	-	18	36,520
Other comprehensive income	1	-	-	(41,735)	18,717	-	(23,018)	-	4	(23,014)
Total comprehensive income		-	36,502	(41,735)	18,717	-	13,484	-	22	13,506
Issue of units for payment of management fees	3	7,729	-	-	-	-	7,729	-	-	7,729
Distribution to Unitholders		-	(8,243)	-	-	-	(8,243)	-	-	(8,243)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(18)	(18)
At 31 March 2015		**3,361,824**	**1,262,661**	**(164,899)**	**7,582**	**3,222**	**4,470,390**	**-**	**2,056**	**4,472,446**
Return for the period		-	37,212	-	-	-	37,212	-	18	37,230
Other comprehensive income	1	-	-	(18,396)	334	-	(18,062)	-	(1)	(18,063)
Total comprehensive income		-	37,212	(18,396)	334	-	19,150	-	17	19,167
Issue of units for payment of management fees	3	12,344	-	-	-	-	12,344	-	-	12,344
Issue expense adjustments	4	(70)	-	-	-	-	(70)	-	-	(70)
Distribution to Unitholders		(3,177)	(50,832)	-	-	-	(54,009)	-	-	(54,009)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(18)	(18)
At 30 June 2015		**3,370,921**	**1,249,041**	**(183,295)**	**7,916**	**3,222**	**4,447,805**	**-**	**2,055**	**4,449,860**

1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)

Notes:

(1) Other comprehensive income relates to the movement in foreign currency translation reserve arising from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities, fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and share of hedging reserves of associates.

(2) This represents 13,720,004 and 10,397,509 units issued in 1Q2016 and 2Q2016 respectively as payment of management fees in units.

(3) This represents 6,474,804 and 10,302,623 units issued in 1Q2015 and 2Q2015 respectively as payment of management fees in units.

(4) The issue expense adjustments were in relation to the placement of 195 million units at an issue price of $1.17 per unit in FY2014. The net proceeds were used for the acquisition of the one-third interest in MBFC Tower 3.

Trust	Note	Units in Issue $'000	Accumulated Profits $'000	Hedging Reserve $'000	Unitholders' Funds $'000	Perpetual Securities $'000	Total $'000
At 1 January 2016		**3,394,832**	**375,860**	**9,593**	**3,780,285**	**149,719**	**3,930,004**
Return for the period		-	68,398	-	68,398	1,862	70,260
Other comprehensive income	1	-	-	(10,894)	(10,894)	-	(10,894)
Total comprehensive income		-	68,398	(10,894)	57,504	1,862	59,366
Issue of units for payment of management fees	2	12,772	-	-	12,772	-	12,772
Issue expenses		-	-	-	-	(18)	(18)
Distribution Reinvestment Plan		9,160	(9,160)	-	-	-	-
Distribution to Unitholders		(3,216)	(41,654)	-	(44,870)	-	(44,870)
At 31 March 2016		**3,413,548**	**393,444**	**(1,301)**	**3,805,691**	**151,563**	**3,957,254**
Return for the period		-	9	-	9	1,863	1,872
Other comprehensive income	1	-	-	(4,607)	(4,607)	-	(4,607)
Total comprehensive income		-	9	(4,607)	(4,598)	1,863	(2,735)
Issue of units for payment of management fees	2	10,324	-	-	10,324	-	10,324
Distribution Reinvestment Plan		10,912	(10,912)	-	-	-	-
Distribution to Unitholders		(3,241)	(40,286)	-	(43,527)	-	(43,527)
Distribution to perpetual securities holders		-	-	-	-	(3,725)	(3,725)
At 30 June 2016		**3,431,543**	**342,255**	**(5,908)**	**3,767,890**	**149,701**	**3,917,591**

Trust	Note	Units in Issue $'000	Accumulated Profits $'000	Hedging Reserve $'000	Unitholders' Funds $'000	Perpetual Securities $'000	Total $'000
At 1 January 2015		**3,354,095**	**445,472**	**(9,528)**	**3,790,039**	-	**3,790,039**
Return for the period		-	(8,370)	-	(8,370)	-	(8,370)
Other comprehensive income	1	-	-	10,702	10,702	-	10,702
Total comprehensive income		-	(8,370)	10,702	2,332	-	2,332
Issue of units for payment of management fees	3	7,729	-	-	7,729	-	7,729
Distribution to Unitholders		-	(8,243)	-	(8,243)	-	(8,243)
At 31 March 2015		**3,361,824**	**428,859**	**1,174**	**3,791,857**	**-**	**3,791,857**
Return for the period		-	24,958	-	24,958	-	24,958
Other comprehensive income	1	-	-	2,113	2,113	-	2,113
Total comprehensive income		-	24,958	2,113	27,071	-	27,071
Issue of units for payment of management fees	3	12,344	-	-	12,344	-	12,344
Issue expense adjustments	4	(70)	-	-	(70)	-	(70)
Distribution to Unitholders		(3,177)	(50,832)	-	(54,009)	-	(54,009)
At 30 June 2015		**3,370,921**	**402,985**	**3,287**	**3,777,193**	**-**	**3,777,193**

1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)

Notes:

(1) This relates to fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.

(2) This represents 13,720,004 and 10,397,509 units issued in 1Q2016 and 2Q2016 respectively as payment of management fees in units.

(3) This represents 6,474,804 and 10,302,623 units issued in 1Q2015 and 2Q2015 respectively as payment of management fees in units.

(4) The issue expense adjustments were in relation to the placement of 195 million units at an issue price of $1.17 per unit in FY2014. The net proceeds were used for the acquisition of the one-third interest in MBFC Tower 3.

1(d)(ii) Details of Changes in the Units

	Group and Trust	
	2016 Units	2015 Units
Issued units as at 1 January	**3,216,124,466**	**3,170,433,879**
Issue of new units:		
- Payment of management fees	13,720,004	6,474,804
- Distribution Reinvestment Plan	10,517,383	-
Issued units as at 31 March	**3,240,361,853**	**3,176,908,683**
Issue of new units:		
- Payment of management fees	10,397,509	10,302,623
- Distribution Reinvestment Plan	11,112,455	-
Issued units as at 30 June	**3,261,871,817**	**3,187,211,306**

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.

Keppel REIT did not hold any treasury units as at 30 June 2016 and 31 December 2015.

Total number of issued units in Keppel REIT as at 30 June 2016 and 31 December 2015 were 3,261,871,817 and 3,216,124,466 respectively.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. AUDIT

The figures have neither been audited nor reviewed by the auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on 1 January 2016.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")

	Group			
	2Q2016	**2Q2015**	**1H2016**	**1H2015**
EPU				
(based on weighted average number of units as at the end of the period)				
Based on total return before divestment gain and fair value change of investment properties	1.06 cents	1.17 cents	1.92 cents	2.32 cents
Based on total return after divestment gain and fair value change of investment properties	2.97 cents	1.17 cents	4.71 cents	2.32 cents
- Weighted average number of units as at the end of the period	3,251,834,149	3,183,928,052	3,240,751,113	3,179,400,359
DPU	1.61 cents	1.72 cents	3.29 cents	3.42 cents
(based on the number of units as at the end of the period)				
- Number of units in issue as at the end of the period	3,261,871,817	3,187,211,306	3,261,871,817	3,187,211,306

The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the periods.

7. NET ASSET VALUE ("NAV") AND NET TANGIBLE ASSET ("NTA") PER UNIT

	Group		Trust	
	As at 30/6/2016	**As at 31/12/2015**	**As at 30/6/2016**	**As at 31/12/2015**
NAV [1] per unit ($)	1.43	1.44	1.16	1.18
NTA [1] per unit ($)	1.42	1.43	1.15	1.17
based on issued units at the end of the period				
Adjusted NAV [1] per unit ($)	1.41	1.42	1.14	1.16
Adjusted NTA [1] per unit ($)	1.41	1.41	1.13	1.15
based on issued units at the end of the period (excluding the distributable income)				

Note:

(1) This excludes non-controlling interest's and perpetual securities holders' share of net asset value and net tangible asset.

8. REVIEW OF PERFORMANCE

8(i) Property Income Contribution of Directly Held Properties (excluding property income contribution from associates and joint ventures)

	Group					
	2Q2016	2Q2015	+/(-)	1H2016	1H2015	+/(-)
	$'000	$'000	%	$'000	$'000	%
Property						
Bugis Junction Towers	5,770	5,727	0.8	11,521	11,244	2.5
Ocean Financial Centre	26,208	25,392	3.2	52,308	50,211	4.2
275 George Street	4,457	4,825	(7.6)	9,106	9,703	(6.2)
77 King Street [1]	-	2,823	(100.0)	669	5,697	(88.3)
8 Exhibition Street [2]	4,117	4,197	(1.9)	8,115	8,514	(4.7)
Total property income of directly held properties (excluding property income contribution from associates and joint ventures)	**40,552**	**42,964**	**(5.6)**	**81,719**	**85,369**	**(4.3)**

8(ii) Income Contribution of the Portfolio

	Group					
	2Q2016	2Q2015	+/(-)	1H2016	1H2015	+/(-)
	$'000	$'000	%	$'000	$'000	%
Property						
Bugis Junction Towers	4,651	4,985	(6.7)	9,275	9,739	(4.8)
Ocean Financial Centre	21,321	20,455	4.2	42,455	40,717	4.3
275 George Street	3,681	3,971	(7.3)	7,461	7,952	(6.2)
77 King Street [1]	-	2,225	(100.0)	524	4,583	(88.6)
8 Exhibition Street [2]	2,805	3,075	(8.8)	5,653	6,307	(10.4)
Total net property income of directly held properties	**32,458**	**34,711**	**(6.5)**	**65,368**	**69,298**	**(5.7)**
One-third interest in ORQPL[3]:						
- Interest income	484	513	(5.7)	1,064	983	8.2
- Dividend income	6,663	6,552	1.7	13,009	12,943	0.5
Total income	**7,147**	**7,065**	**1.2**	**14,073**	**13,926**	**1.1**
One-third interests in BFCDLLP[4] and CBDPL[4]:						
- Rental support	3,200	3,700	(13.5)	6,400	7,400	(13.5)
- Interest income	5,785	6,128	(5.6)	12,783	11,726	9.0
- Dividend income	14,192	13,401	5.9	27,388	27,449	(0.2)
Total income	**23,177**	**23,229**	**(0.2)**	**46,571**	**46,575**	**(0.01)**
50% interest in M8CT [5]:						
- Distribution income	2,969	2,982	(0.4)	6,097	6,120	(0.4)
50% interest in MOTT [6]:						
- Interest income	-	2,352	(100.0)	-	4,709	(100.0)
- Distribution income	3,250	624	420.8	5,700	1,132	403.5
Total income	**3,250**	**2,976**	**9.2**	**5,700**	**5,841**	**(2.4)**
Total income contribution of the portfolio	**69,001**	**70,963**	**(2.8)**	**137,809**	**141,760**	**(2.8)**

Notes:

(1) 77 King Street was divested on 29 January 2016.
(2) Comprises 50% interest in the office building and two retail units, and a 100% interest in another three retail units.
(3) Comprises one-third interest in ORQPL which holds One Raffles Quay.
(4) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
(5) Comprises 50% interest in M8CT which holds 8 Chifley Square.
(6) Comprises 50% interest in MOTT which holds the David Malcolm Justice Centre. The David Malcolm Justice Centre received its Certificate of Practical Completion on 31 August 2015. The convertible notes in MOTT were converted to units on 30 November 2015.

8. REVIEW OF PERFORMANCE (CONT'D)

Review of Performance for 1H2016 vs 1H2015

Property income and net property income for 1H2016 were $81.7 million and $65.4 million respectively, compared to the property income and net property income of $85.4 million and $69.3 million respectively for 1H2015. The variances were mainly attributable to the absence of income contribution from 77 King Street which was divested on 29 January 2016. These were partially offset by higher property income from OFC and Bugis Junction Towers. Excluding the impact from 77 King Street, property income and net property income increased by $1.4 million and $0.1 million respectively over 1H2015.

The Group's total return before tax increased by $88.7 million, from $77.5 million for 1H2015 to $166.2 million for 1H2016. The increase was mainly attributable to higher property income from OFC and Bugis Junction Towers, higher share of results of joint ventures, lower amortisation expenses, lower borrowing costs, lower trust expenses, gain on divestment of 77 King Street and fair value gain on investment properties. These were partially offset by lower rental support, lower interest income, lower share of results of associates, higher management fees as well as changes in fair value of derivatives.

Review of Performance for 2Q2016 vs 2Q2015

Property income and net property income for 2Q2016 were $40.6 million and $32.5 million respectively, compared to the property income and net property income of $43.0 million and $34.7 million respectively for 2Q2015. The variances were mainly attributable to the absence of income contribution from 77 King Street. These were partially offset by higher property income from OFC and Bugis Junction Towers. Excluding the impact from 77 King Street, property income increased by $0.4 million over 2Q2015 and net property income remained stable.

The Group's total return before tax increased by $62.4 million, from $39.0 million for 2Q2015 to $101.4 million for 2Q2016. The increase was mainly attributable to higher property income from OFC and Bugis Junction Towers, higher share of results of associates and joint ventures, lower amortisation expenses, lower trust expenses and fair value gain on investment properties. These were partially offset by lower rental support, lower interest income, higher borrowing costs, higher management fees as well as changes in fair value of derivatives.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

Advance estimates by the Ministry of Trade and Industry (MTI) indicate that the economy grew 2.2% year-on-year (y-o-y) in 2Q2016, marginally higher than the 2.1% expansion in 1Q2016. Growth was led mainly by the construction and services sectors and a 0.8% expansion in the manufacturing sector, a reversal from the 0.5% contraction in 1Q2016. With the slowdown in private sector activities, growth in the construction sector eased from 4.5% to 2.7% during the current quarter. The services sector maintained stable growth at 1.7%, driven mainly by the transportation, storage, wholesale and retail trade sectors. MTI expects growth in 2016 to remain subdued, with full-year GDP growth forecast at between 1% and 3%.

Based on statistics from CBRE, core CBD office occupancy remained steady at 95.1% in 2Q2016, marginally lower than the 95.2% occupancy in the previous quarter. Average Grade A rents were lower at $9.50 psf per month, compared with $9.90 psf in 1Q2016. The pressure on rents is a result of competition from new CBD developments due for completion over the next two years. However, leasing activities increased during the current quarter, bolstered by flight-to-quality move by companies taking advantage of the more favourable lease terms. Sectors that contributed to leasing demand included financial and professional services as well as technology, media and telecommunications (TMT).

The Australian economy grew further by 3.1% y-o-y in 1Q2016, after registering a 2.5% growth in 2015, supported by strong growth in the tourism, healthcare and education sectors as well as higher mining and resource-related exports. According to the Reserve Bank of Australia (RBA), Australia is expected to record stable economic growth of between 2.5% and 3.5% for 2016. In a preemptive move to stave off deflation and spur inflation to its target range of 2-3%, RBA has cut its official cash rate by 25 basis points to 1.75% in May 2016.

The Australian office market continues to see positive net absorption in 1Q2016. According to Jones Lang LaSalle, net absorption in 1Q2016 reached 67,300 sm, which further raised the overall office occupancy in the CBD to 87.6% in 1Q2016 compared with 87.4% in 4Q 2015. In Sydney and Melbourne, office occupancy continued to strengthen to 93.2% and 90.8% respectively in 1Q2016, up from 92.2% and 90% respectively in 4Q2015, on positive demand driven mainly by the professional services and education sectors. Improved business sentiments prompted companies to look beyond the short-term financial market volatility and make long-term strategic real estate decisions.

With its continued focus on proactive leasing and marketing, the Manager successfully renewed almost all the leases expiring in 2016 in the first half of this year, with only a minimal 0.6% of expiring leases due for renewal in the second half of 2016. Forward renewal efforts also reduced the proportion of leases expiring in 2017 and 2018 to 9.5% and 5.5% respectively as at 2Q2016. The majority of these expiring leases are in their first renewal cycle and are likely to be renewed. Average rent for leases due for renewal and review in 2016 to 2018 ranges from mid-$8.00 psf to low-$9.00 psf, which is currently below CBRE's average Grade A rent of $9.50 psf. Approximately 90% of leases are not due for renewal till 2018 and beyond, and approximately 85% of leases not due for renewal till 2019 and beyond, when limited to no new office supply in the CBD is expected. The Manager continues to secure tenants for the longer term, maintaining a long WALE of approximately 8 years for Keppel REIT's top 10 tenants and 6 years for the overall portfolio, which will provide income stability for Unitholders amidst economic and market headwinds.

The Singapore office market will remain challenging over the next two years given the impending new supply. The Manager remains committed to executing its strategy, focusing on tenant retention and attraction to maintain a healthy and long lease expiry profile as well as provide sustained returns for Unitholders over the longer term. The Manager will also continue its active capital management efforts to safeguard against interest rate and currency volatilities as well as enhance its financial flexibility to capitalise on opportunities that may arise during periods of uncertainties.

The Manager believes that Keppel REIT is well positioned to weather the current challenging conditions, supported by its proactive leasing and capital management, as well as its sterling property portfolio and quality tenant profile.

11. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

Interest rate risk
The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

Liquidity risk
The Manager monitors and maintains Keppel REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan for funding and expense requirements so as to manage the cash position at any point of time.

Credit risk
Credit risk assessments of tenants are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease agreements. Tenants are required to pay a security deposit as a multiple of monthly rents and maintain sufficient deposits in their accounts. In addition, the Manager also monitors the tenant mix.

Currency risk
The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, and the regular distributable income and interest income from these investments. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

Operational risk
Measures have been put in place for sustainability of net property income. Some of these measures include steps taken to negotiate for favourable terms/covenants, manage expenses and actively monitor rental payments from tenants, continuously evaluate the Group's counter-parties and maximise property value. In addition, the Manager also performs an annual review of the adequacy and appropriateness of insurance coverage, continuously reviews disaster and pandemic business continuity plans, and updates and modifies them regularly.

12. DISTRIBUTIONS

(a) Current Financial Period Reported on

Name of Distribution	1 April 2016 to 30 June 2016
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Other gains distribution (d) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.02 cents per unit (b) Tax-exempt income distribution - 0.34 cents per unit (c) Other gains distribution - 0.15 cents per unit (d) Capital distribution - 0.10 cents per unit
Tax rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax. Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently. Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt. Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%. All other investors will receive their distributions after deduction of tax at the rate of 17%. <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT. <u>Other gains distribution</u> Other gains distribution is not taxable in the hands of all Unitholders. <u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 April 2015 to 30 June 2015
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 1.15 cents per unit (b) Tax-exempt income distribution - 0.47 cents per unit (c) Capital distribution - 0.10 cents per unit
Tax Rate	Taxable income distribution Individuals who receive such distribution as investment income will be exempted from tax. Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently. Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt. Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%. All other investors will receive their distributions after deduction of tax at the rate of 17%. Tax-exempt income distribution Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT. Capital distribution Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.

(c) Books Closure Date

27 July 2016

(d) Date Payable

26 August 2016

13. DISTRIBUTION STATEMENT

Other than as disclosed in paragraph 12(a), no distribution has been declared/recommended.

14. INTERESTED PERSON TRANSACTIONS ("IPTs")

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than $100,000)	
	2Q2016 $'000	2Q2015 $'000
Keppel Corporation Limited and its subsidiaries or associates		
- Manager's management fees	12,520	12,407
- Property management fees and reimbursable	1,461	1,481
- Leasing commissions	190	111
- Rental support	3,200	3,700
RBC Investor Services Trust Singapore Limited		
- Trustee's fees	309	304

No IPT mandate has been obtained by Keppel REIT for the financial year under review.

15. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL OF ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

By Order of the Board
Keppel REIT Management Limited
(Company Registration Number: 200411357K)
As Manager of Keppel REIT

CHUA HUA YEOW KELVIN / TAN WEIQIANG MARC
Joint Company Secretaries
19 July 2016

CONFIRMATION BY THE BOARD

We, CHIN WEI-LI AUDREY MARIE and NG HSUEH LING, being two Directors of Keppel REIT Management Limited (the "Company"), as manager of Keppel REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Second Quarter and Half Year ended 30 June 2016 financial statements of Keppel REIT to be false or misleading in any material respect.

On Behalf of the Board

CHIN WEI-LI AUDREY MARIE
Chairman

NG HSUEH LING
Director

19 July 2016

Keppel REIT

10 TEN YEARS
CAPTURING VALUE | SUSTAINING RETURNS

First Half 2016 Financial Results

19 July 2016

Outline

Important Notice

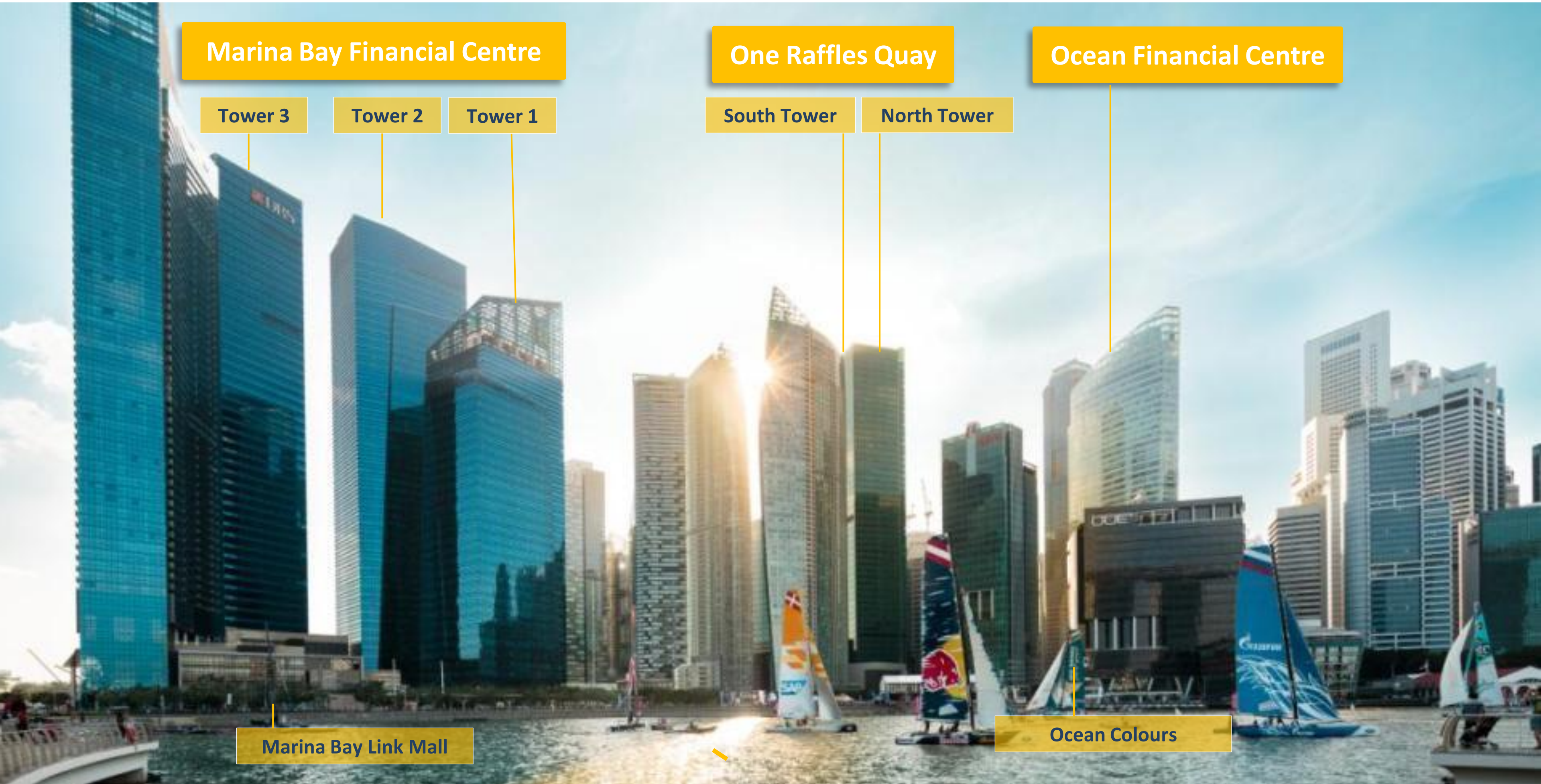
The value of Units and the income from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of Keppel REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel REIT is not necessarily indicative of the future performance of Keppel REIT.

Keppel REIT: Overview

Best-in-Class Assets in Strategic Locations	Largest Portfolio of Premium Office Assets	Assets Under Management	Well-Diversified Tenant Base	Youngest Portfolio
11 office towers in 8 quality Premium Grade and Grade A assets in the business and financial districts of Singapore and Australia	3.3 million sf total attributable NLA	S$8.3 billion	300 tenants diversified across various business sectors	5 years

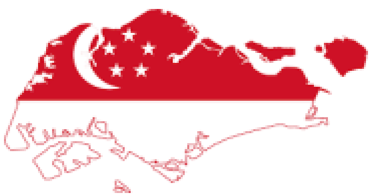


Youngest Premium Grade A Office Portfolio

» **90%** of portfolio in Singapore and **10%** in Australia

» **Youngest** and **largest portfolio of premium Grade A office assets** in Singapore's business district

- **Strategically located** in the prime Raffles Place and Marina Bay precinct
- **Average portfolio age** of approximately **5 years**



Singapore

» **93%** of Singapore properties in the prime **Raffles Place** and **Marina Bay** **precinct**

Ocean Financial Centre
(99.9% interest)

Marina Bay Financial Centre
(33.3% interest)

One Raffles Quay
(33.3% interest)

Bugis Junction Towers
(100% interest)

Australia

» **Strategically** located in the key financial precincts of **Sydney**, **Melbourne**, **Brisbane** and **Perth**

8 Chifley Square, Sydney
(50% interest)

8 Exhibition Street, Melbourne
(50% interest)

275 George Street, Brisbane
(50% interest)

David Malcolm Justice Centre, Perth
(50% interest)


1. Key Highlights
HARNESSING COMPETENCIES
We leverage our strengths to invest in growth
and capture opportunities with agility
Marina Bay Financial Centre, Singapore
Keppel REIT

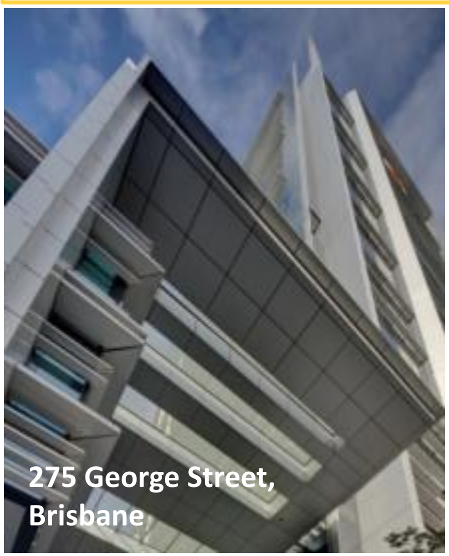
Key Highlights for 2Q 2016

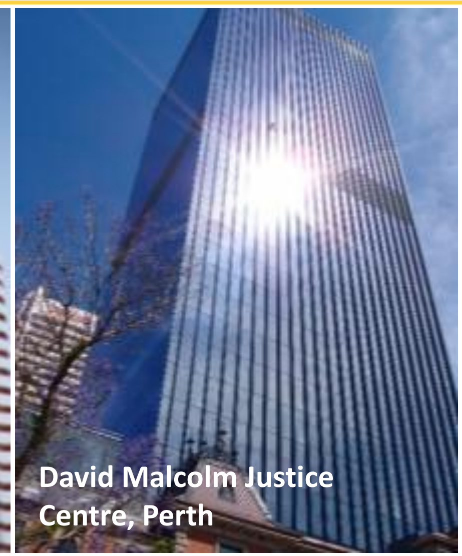
- Delivers **creditable set of results** amidst market headwinds
- **Almost all** the leases expiring in 2016 have been renewed, with only a **minimal 0.6%** of expiring leases due for renewal in 2H 2016
- **Retained** almost every expiring tenant
- Achieved **99.7%** portfolio occupancy rate, **not at expense** of rental to-date
- **WALE** maintained at **8** and **6 years** for top 10 tenants and overall portfolio respectively
- Continues to command **above-market** rents for Singapore office leases ($10.10 psf vs $9.50 psf*)
- Achieved **positive rent reversion of approximately 2%** for new, renewal and forward renewal leases in 1H 2016 despite subdued office market
- **Released encumbrance** on Ocean Financial Centre
  - **Significantly improved** percentage of unencumbered assets from 72% to **83%**
  - Secured loan facilities at **better pricing**
- Average cost of debt remained **stable** at all-in rate of **2.55%**

**Source: CBRE, 2Q 2016*

Key Financial Highlights

- Continued to show resilience in performance amidst market headwinds
- Due mainly to the absence of contribution from 77 King Street which was divested in 1Q 2016, **PI** and **NPI for 2Q 2016** were marginally lower by 1.5% and 1.4% q-o-q respectively
- Share of results of associates and joint ventures increased to **$20.1m** and **$8.3m** in 2Q 2016, **up 7%** and **22.6%** q-o-q respectively
  - Due to higher share of contribution from **David Malcolm Justice Centre** and **Marina Bay Financial Centre**
- DPU of **1.61 cents** for 2Q 2016, and an annualised yield of **6.3%**(1)





(1) Based on the market closing price per unit of $1.05 as at 30 June 2016

Key Portfolio Highlights

- Continued **focused** and **proactive** marketing and leasing efforts
  - Only a **minimal 0.6%** of expiring leases due for renewal in 2H 2016, a **significant improvement** from 13.4% as at beginning of 2016
  - Forward renewal efforts brought the proportion of expiring leases in 2017 and 2018 down substantially to **9.5%** and **5.5%** respectively, from 11.5% and 7.5% respectively as at beginning of 2016
  - Majority of these expiring leases are in their **first renewal cycle** and are likely to be **renewed**
- Achieved **positive rent reversion of approximately 2%** for new, renewal and forward renewal leases in 1H 2016 despite subdued office market
- Maintained a **long WALE** of approximately **8 years** for top 10 tenants and **6 years** for the overall portfolio, which will provide **income stability** for Unitholders amidst economic and market headwinds
- Approximately **90%** of leases are **not due for renewal till 2018 and beyond**, and approximately **85%** of leases **not due for renewal till 2019 and beyond**, when **limited to no new office supply** in the CBD is expected

Ocean Financial Centre, Singapore

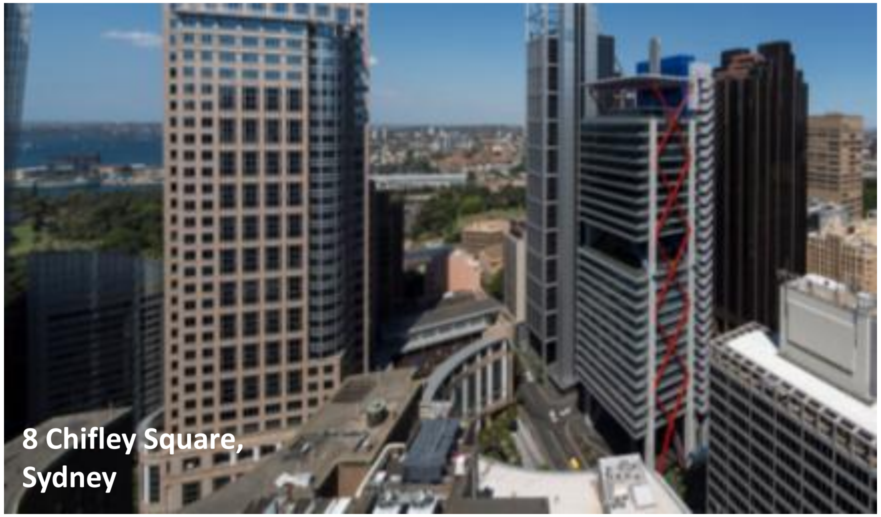
8 Exhibition Street, Melbourne

Bugis Junction Towers, Singapore

Key Capital Management Highlights

- Aggregate leverage remained stable at **39%** as at 2Q 2016
- Extended the weighted average term to maturity to a **healthy 3.9 years** with **minimal refinancing requirements** until 2H 2018
- **Significantly improved** the percentage of unencumbered assets from 72% to **83%** following the recent refinancing of $505 million secured loan facilities with unsecured borrowings
  - New unsecured loan facilities at **better pricing** and **released the encumbrance** on OFC
- Increased the proportion of fixed-rate loans to **75%** as at 2Q 2016, up from 70% as at end-2015
  - **Mitigates** interest rate risk and provides **certainty** of interest expenses
- Average cost of debt remained **stable** at **2.55%**, with **interest coverage ratio** at a **healthy 4.6 times**


Marina Bay Financial Centre, Singapore


8 Chifley Square, Sydney

2. Financial Highlights

ACTIVE LISTENING

People are the cornerstone of our business.
We believe in creating a cohesive workplace that nurtures and brings out the best in our talent.

One Raffles Quay, Singapore

Keppel REIT

Delivering Healthy Returns

» Continued to show resilience in performance amidst market headwinds

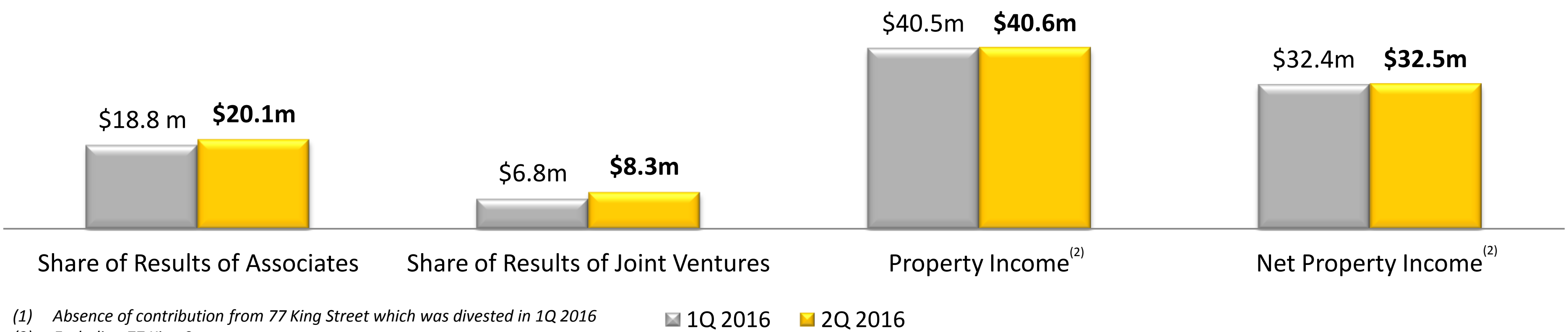
» Due mainly to the absence of contribution from 77 King Street which was divested in 1Q 2016, **PI** and **NPI for 2Q 2016** were marginally lower by 1.5% and 1.4% q-o-q respectively

» Share of results of associates and joint ventures increased to **$20.1m** and **$8.3m** in 2Q 2016, **up 7%** and **22.6%** q-o-q respectively

- Due to higher share of contribution from **David Malcolm Justice Centre** and **Marina Bay Financial Centre**

» DPU of **1.61 cents** for 2Q 2016[1] and an annualised yield of **6.3%**

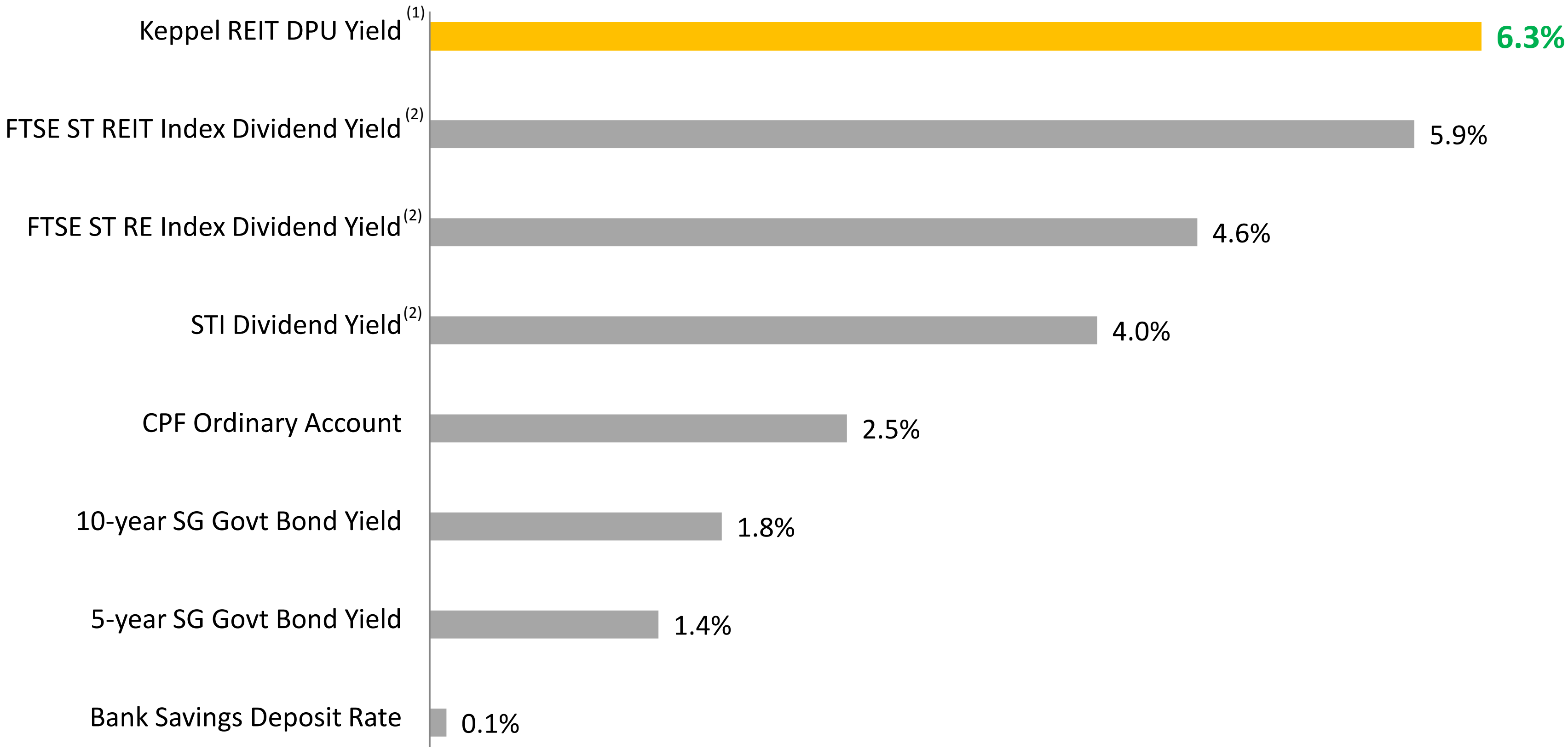
Share of Results of Associates	Share of Results of Joint Ventures	Property Income	Net Property Income
↑ 7% q-o-q	↑ 22.6% q-o-q	↑ 0.2% q-o-q	↑ 0.3% q-o-q
$20.1 mil	$8.3 mil	$40.6 mil	$32.5 mil



(1) *Absence of contribution from 77 King Street which was divested in 1Q 2016*
(2) *Excluding 77 King Street*

Attractive Yield

» Keppel REIT continues to offer an **attractive yield** for Unitholders



(1) Based on market closing unit price of $1.05 as at 30 June 2016.

(2) Based on Bloomberg's dividend yield data for the FTSE ST Real Estate Investment Trust (REIT) Index, FTSE ST Real Estate (RE) Index and Straits Time Index (STI) as at 30 June 2016.

Sources: Bloomberg, Monetary Authority of Singapore, Central Provident Fund and Singapore Government Securities.

Resilient Balance Sheet

	As at 30 June 2016	As at 31 March 2016
Non-current Assets	$7,154 mil	$7,132 mil
Total Assets	$7,442 mil	$7,429 mil
Borrowings[1]	$3,320 mil	$3,321 mil
Total Liabilities	$2,624 mil	$2,626 mil
Unitholders' Funds	$4,666 mil	$4,650 mil
Adjusted NAV Per Unit[2]	$1.41	$1.42

(1) These included borrowings accounted for at the level of associates and excluded the unamortised portion of upfront fees in relation to the borrowings.

(2) For 31 March 2016, this excluded the distribution paid in May 2016.
For 30 June 2016, this excluded the distribution to be paid in Aug 2016.

2Q 2016 Distribution Per Unit

Distribution Per Unit (DPU)	Distribution Period
1.61 cents	1 April 2016 – 30 June 2016

Distribution Timetable	
Trading on "Ex" Basis	Monday, 25 July 2016
Books Closure Date	Wednesday, 27 July 2016
Distribution Payment Date	Friday, 26 August 2016

Keppel REIT

3. Portfolio Analysis

STRATEGIC INTENT

Our focus on the triple bottom line spurs us to make strategic decisions to ensure sustainable growth for our business.

Ocean Financial Centre, Singapore

Proactive Leasing efforts

- Only a **minimal 0.6%** of expiring leases due for renewal in 2H 2016, a **significant improvement** from 13.4% as at beginning of 2016
- Forward renewal efforts brought the proportion of expiring leases in 2017 and 2018 down substantially to **9.5%** and **5.5%** respectively, from 11.5% and 7.5% respectively as at beginning of 2016
  - Majority of these expiring leases are in their **first renewal cycle** and are likely to be **renewed**
- Achieved **positive rent reversion of approximately 2%** for new, renewal and forward renewal leases in 1H 2016 despite subdued office market
- **Raised** overall portfolio occupancy to **99.7%** as at 2Q 2016, from 99.3% as at end-2015
- **Retained** almost every expiring tenant in 1H 2016
- Approximately **90%** of leases are **not due for renewal till 2018 and beyond**, and approximately **85%** of leases **not due for renewal till 2019 and beyond**, when **limited to no new office supply** in the CBD is expected

Ocean Financial Centre

Marina Bay Financial Centre

One Raffles Quay

Healthy Leasing Activities in 1H 2016

» Concluded a total of **69 leases** or approximately **900,000 sf** (attributable space of 615,000 sf) of prime office space in 1H 2016

» **New tenants** secured in the first half of 2016 were mainly from the banking, financial and insurance, real estate and property services as well as government agency sectors

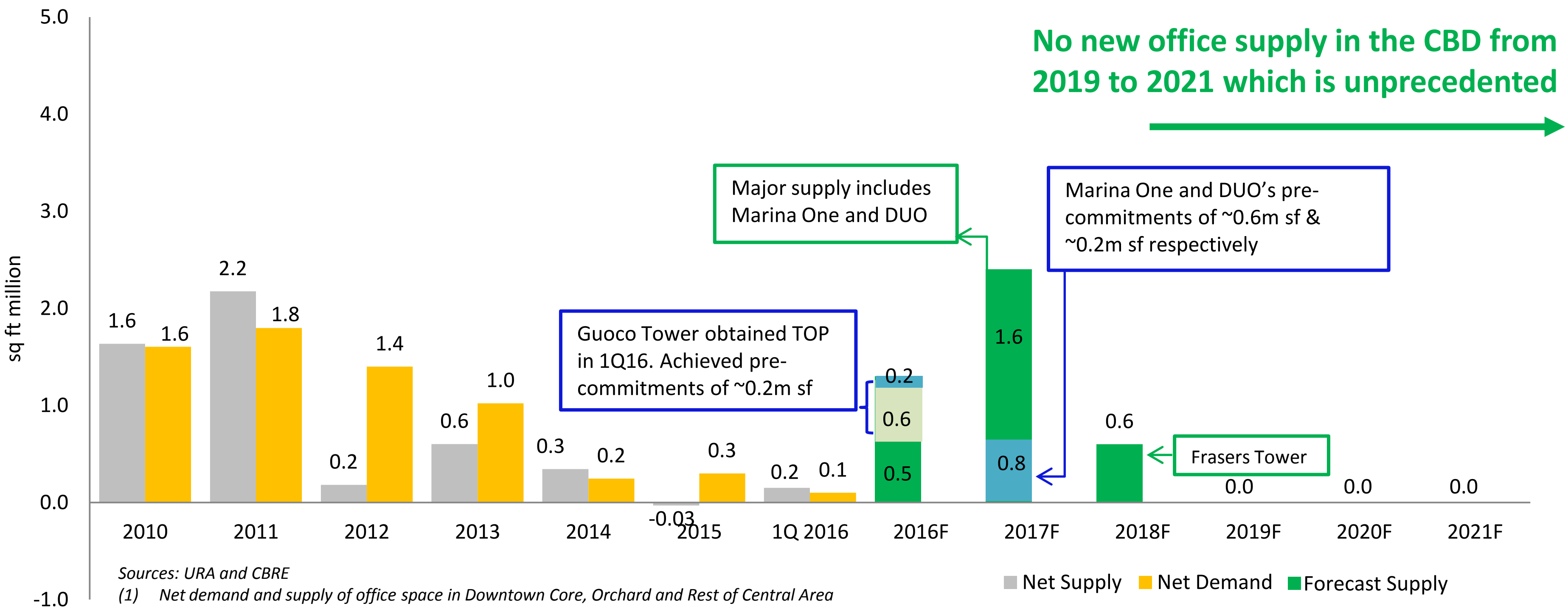
» Of the **new office leases** signed in Singapore in 1H 2016

- **20%** were **new to Singapore**, **30%** were from **serviced offices**, and the remaining **50%** were **"flight to quality"** tenants move to Marina Bay and Raffles Place districts

Singapore Average Net Office Demand and Supply

- **No new office supply** in the CBD from 2019 to 2021 which is unprecedented
- New supply from Marina One and Guoco Tower are progressively being absorbed

6 years (2010 – 2015) Ave annual net demand [(1)]	**~1.1 mil sf**
6 years (2010 – 2015) Ave annual net supply [(1)]	~0.8 mil sf
Ave forecast annual supply excluding pre-commitments over next 6 years (2016 – 2021) [(2)]	**~0.6mil sf**



Sources: URA and CBRE

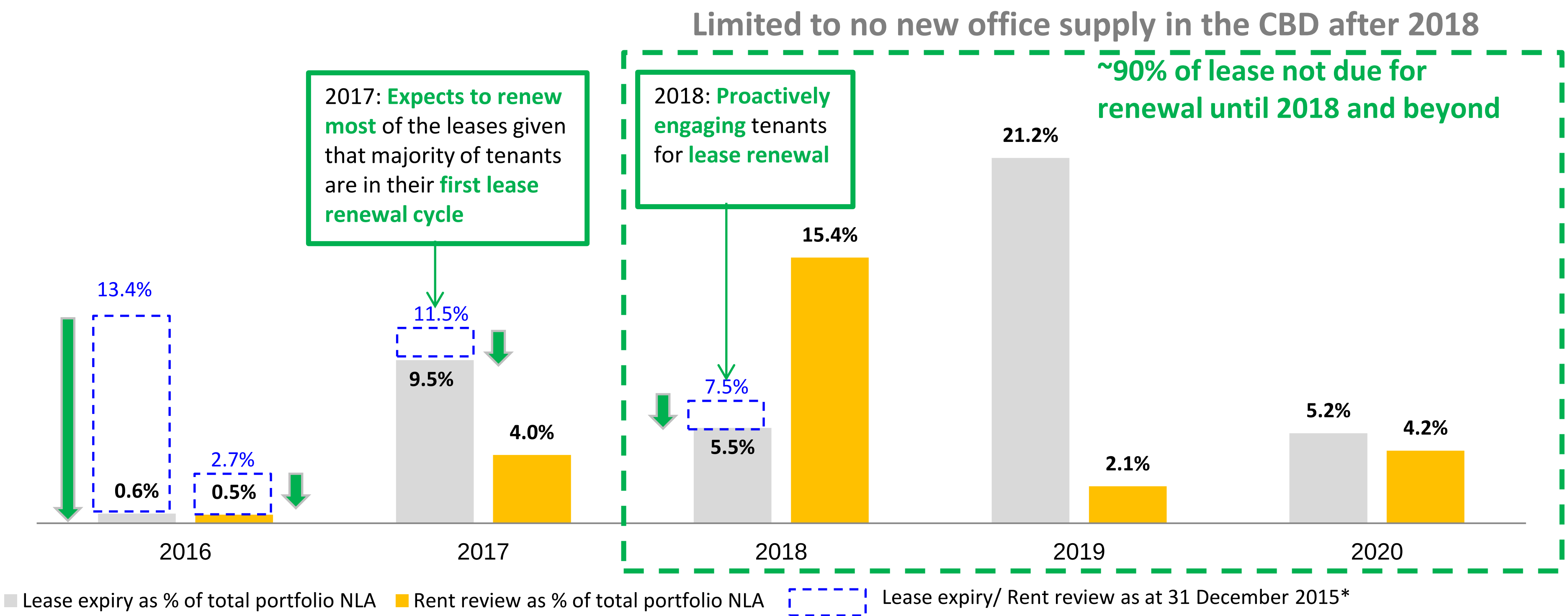
(1) Net demand and supply of office space in Downtown Core, Orchard and Rest of Central Area

(2) Forecast new supply excludes strata offices

Healthy Lease Expiry Profile

- Only a **minimal 0.6%** of expiring leases due for renewal in 2H 2016, a **significant improvement** from 13.4% as at beginning of 2016
- Forward renewal efforts brought the proportion of expiring leases in 2017 and 2018 down substantially to **9.5%** and **5.5%** respectively, from 11.5% and 7.5% respectively as at beginning of 2016
- Majority of these expiring leases are in their **first renewal cycle** and are likely to be **renewed**
- Average rents for leases due for **renewal** and **review** from 2016 to 2018 range between **mid-$8 to low-$9 psf**

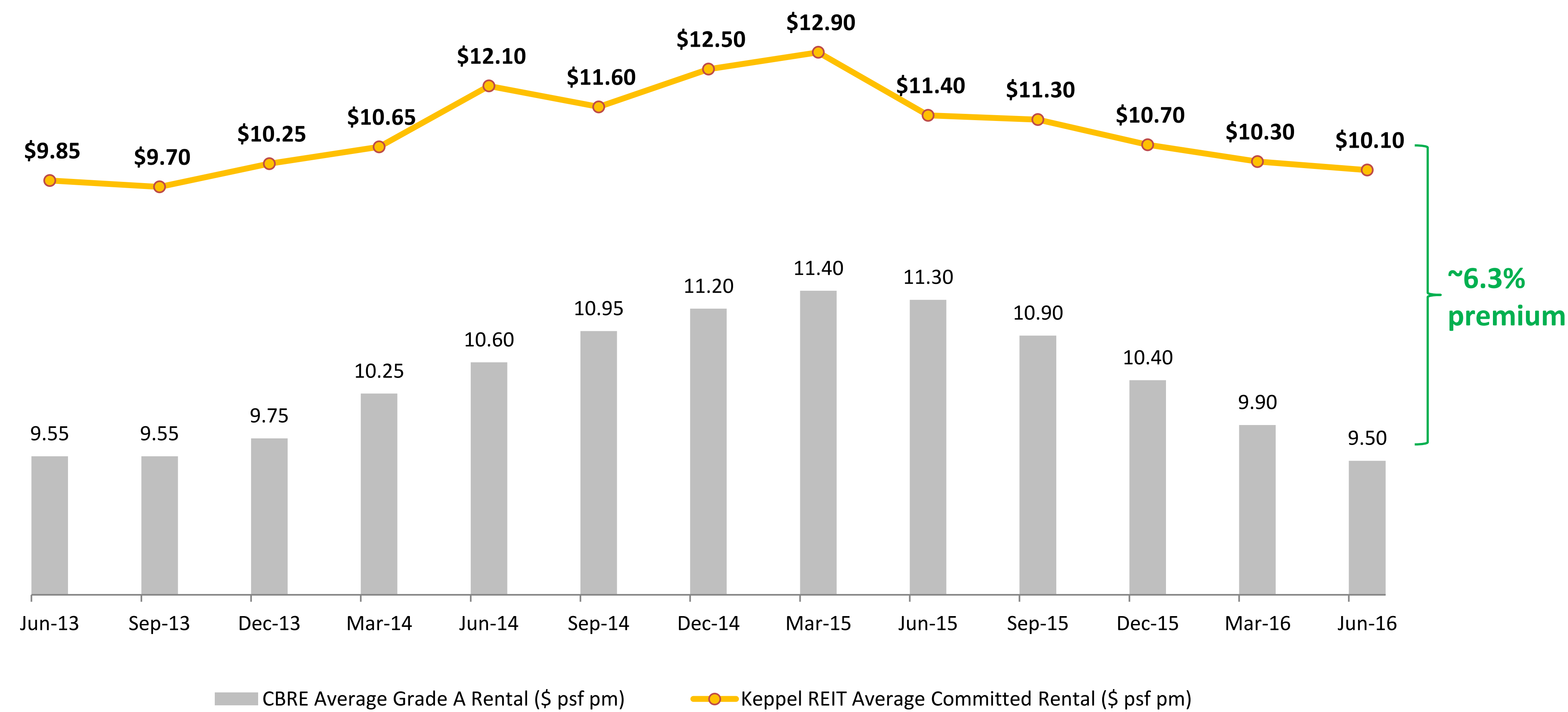
Portfolio Lease Profile (By NLA) as at 30 June 2016



** Excludes 77 King Street which was divested in 1Q 2016*

Strong Track Record of Rents Above Market

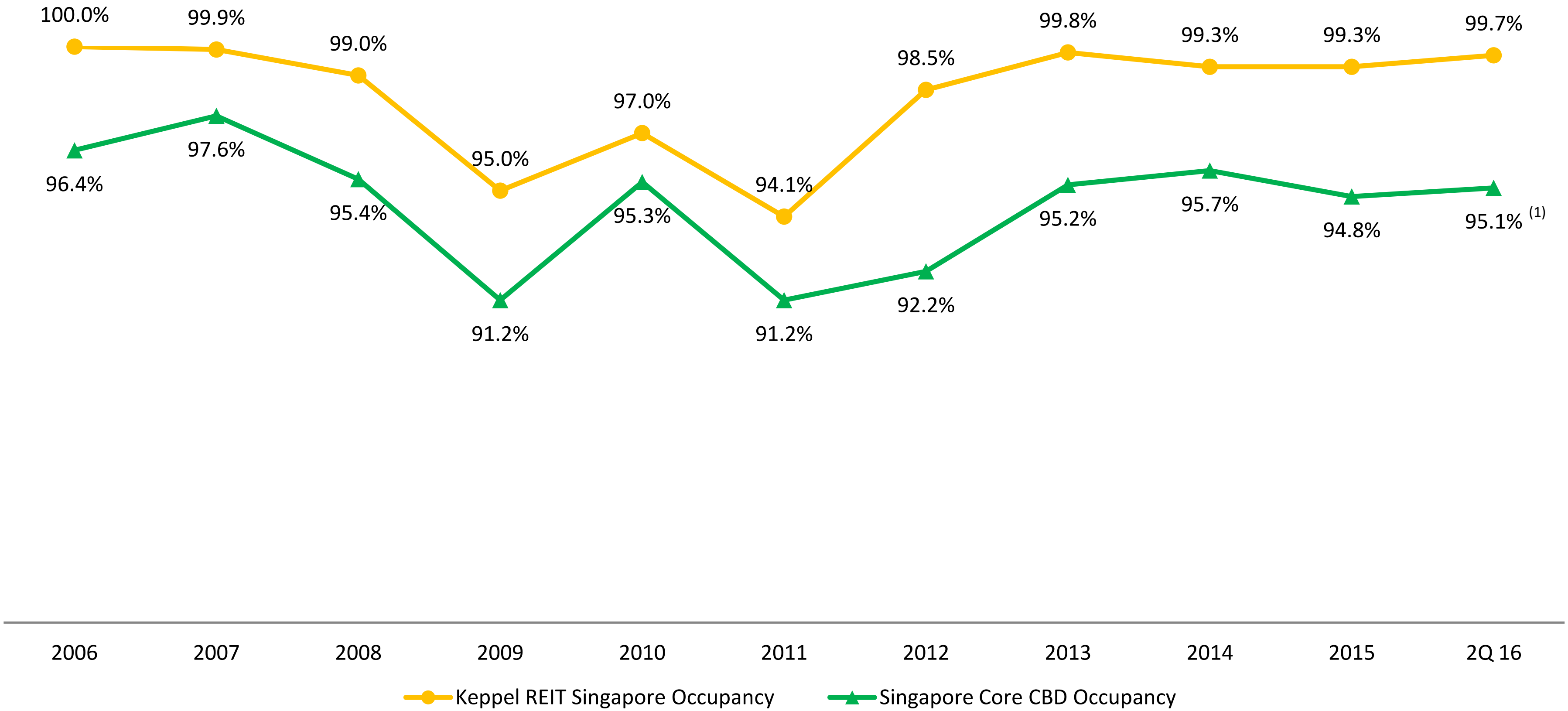
» Continued to command **above-market rents** for Singapore leases, achieving average committed rent of **$10.10 psf** for new, renewal and forward renewal leases in 2Q 2016, higher than CBRE's average Grade A rent of **$9.50 psf**



Source: CBRE, 2Q 2016

Strong Singapore Portfolio Occupancy

- » **Keppel REIT's** Singapore portfolio occupancy was **99.7%** compared to core CBD occupancy of **95.1%** in 2Q 2016
  - **Consistently above** core CBD occupancy levels since listing in 2006
- » Almost full portfolio occupancy achieved **not at the expense** of rental to-date

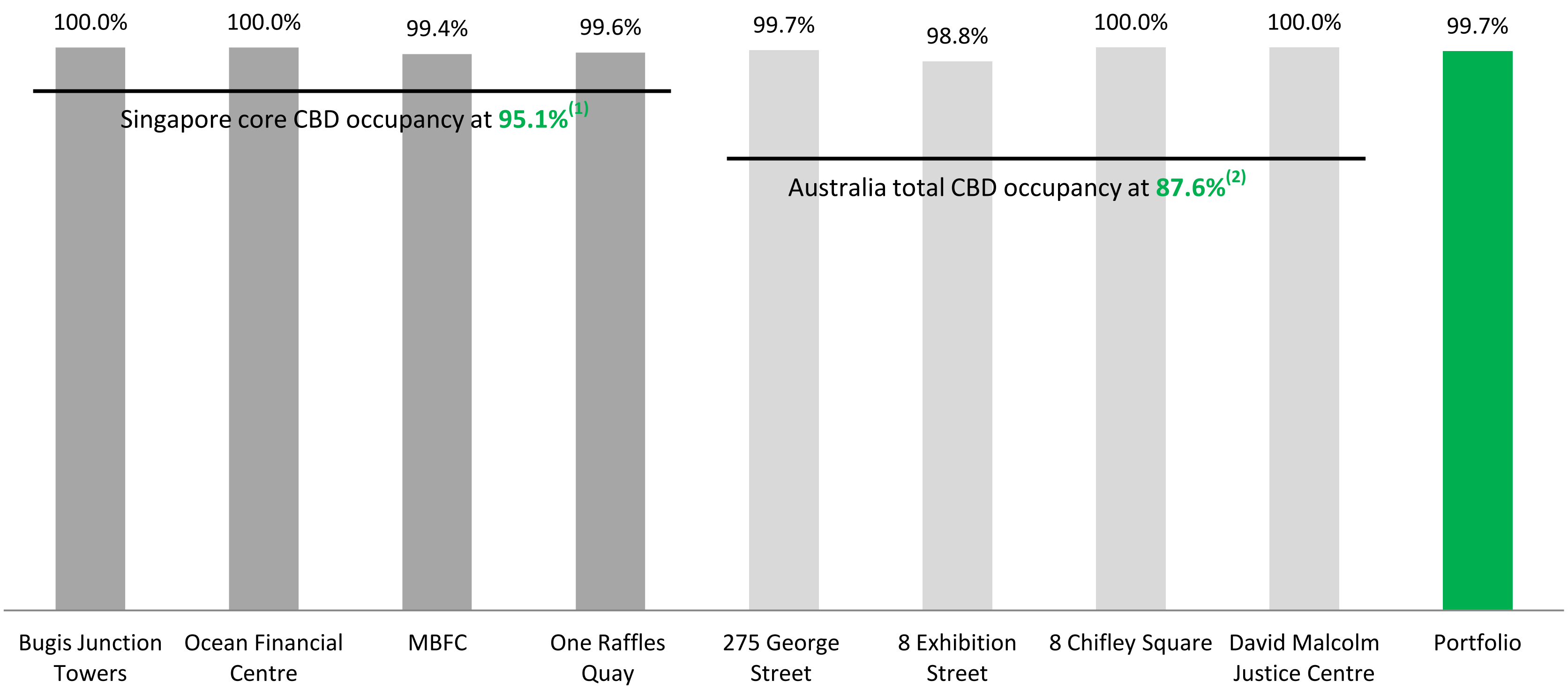


(1) CBRE, 2Q 2016

High Committed Occupancy Levels

» Maintained **almost full** portfolio occupancy of **99.7%**

Singapore	Australia	Overall
99.7%	99.5%	99.7%



(1) CBRE, 2Q 2016 *(2) JLL, April 2016*

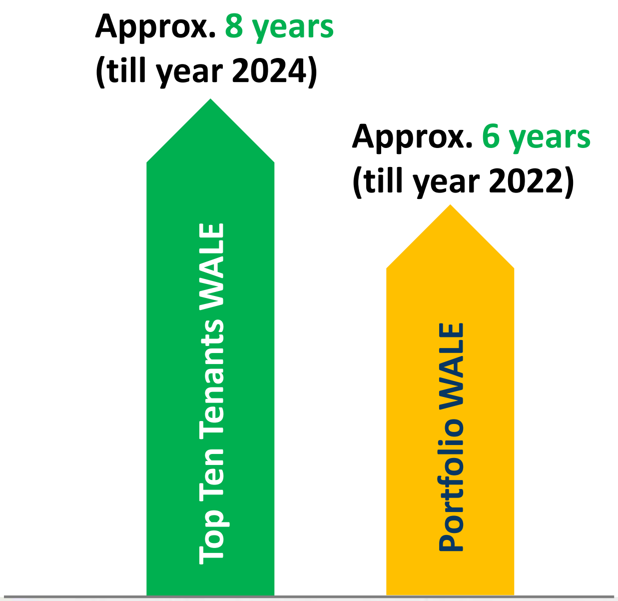
Long Weighted Average Lease Expiry

» Maintained a **long WALE** of approximately 8 years for top 10 tenants and 6 years for the overall portfolio

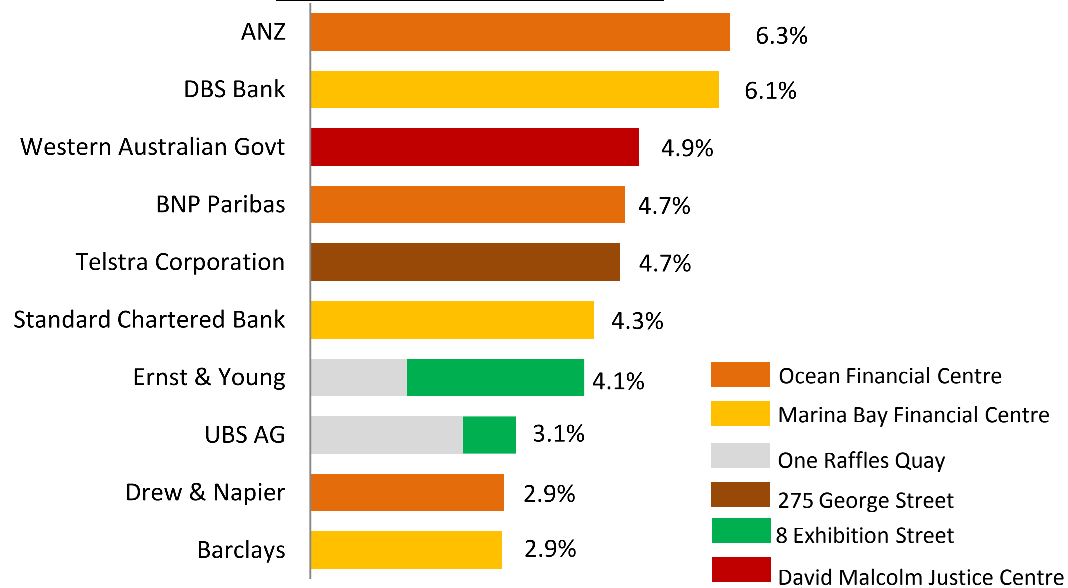
- Long leases in Singapore are embedded with **mark-to-market rent mechanisms** at **pre-determined anniversaries**, throughout the long lease terms
- Leases in Australia are on **triple-net basis**, with tenants covering all outgoings and also with **fixed annual rental escalations** embedded throughout the respective leases
- Provides income stability for Unitholders amidst economic and market headwinds

» **Top 10 tenants** accounted for approximately **45%** of portfolio NLA

Weighted Average Lease Expiry (WALE)



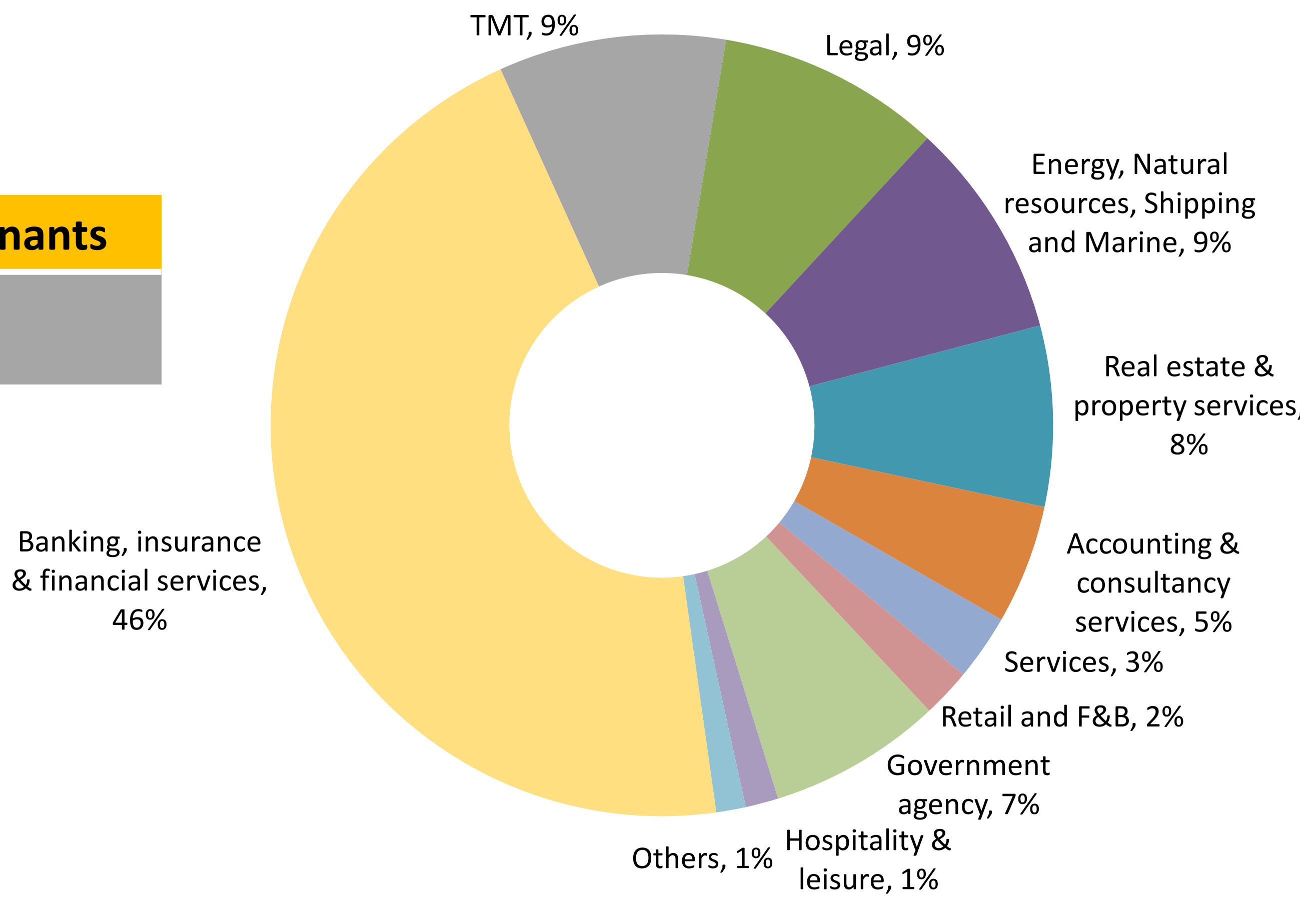
Top Ten Tenants (By NLA)



Well-Diversified Tenant Base

» Continue to maintain **well-diversified tenant base from various business sectors**

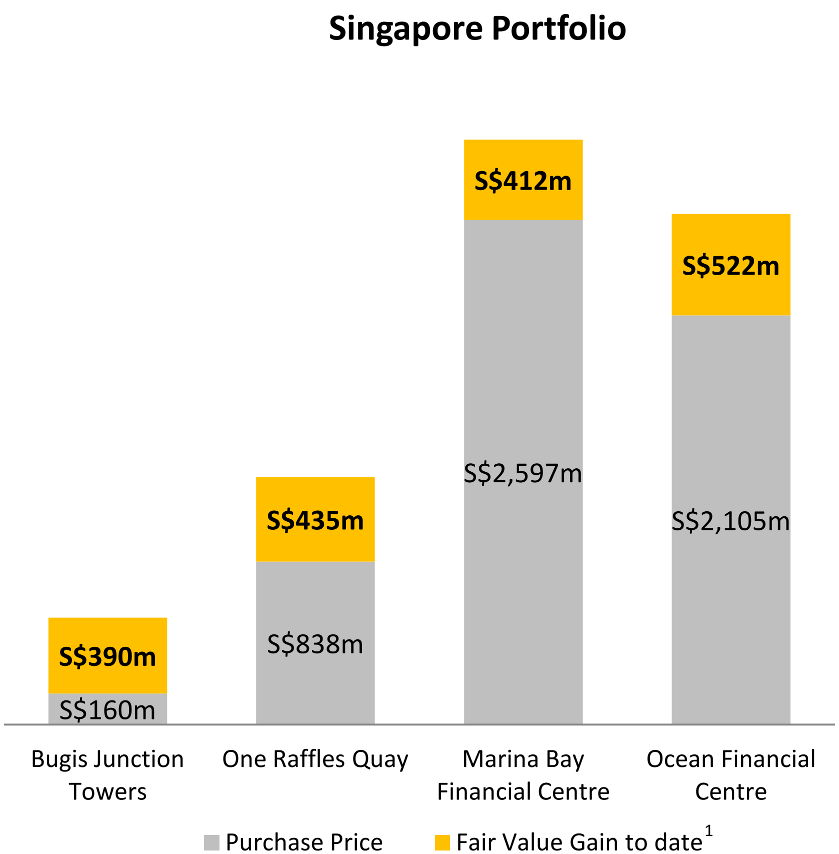
Number of tenants
300[1]

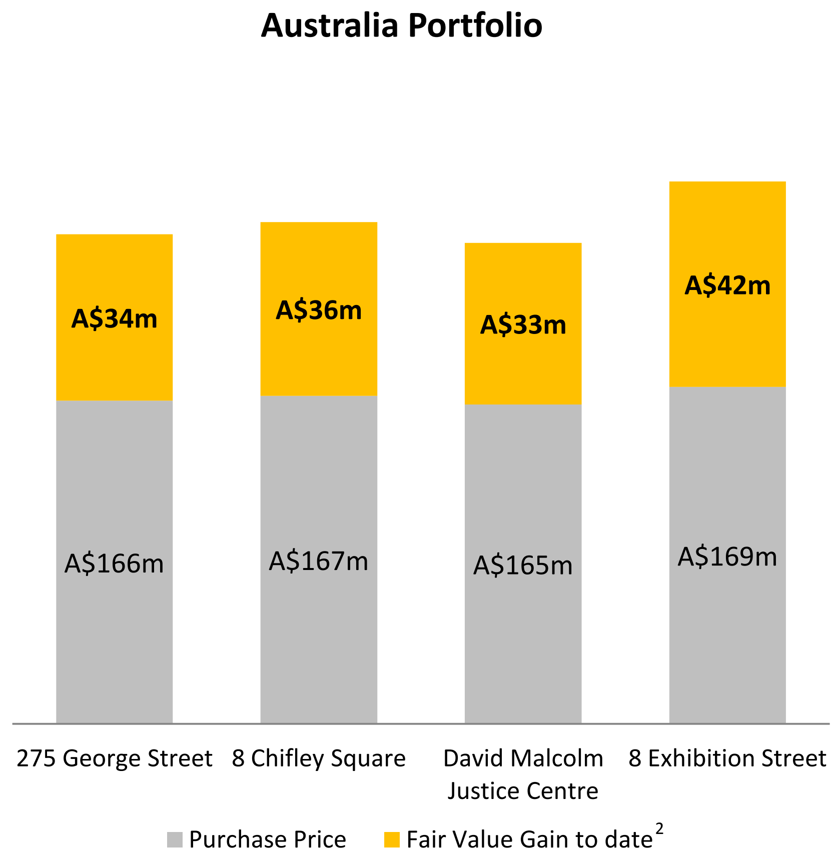


(1) Tenants with multiple leases were accounted as one tenant

Steady Appreciation of Current Portfolio

- Average fair value gain of approximately **30%** for current portfolio, or an approximate **6.5% appreciation** per annum to-date
- Approximate **4.5 years** portfolio holding period to-date





1) *Based on 30 June 2016 valuation*
2) *Based on 31 December 2015 valuation*

4. Capital Management

UNRELENTING

TENACITY

Our steadfast discipline and prudent capital management approach propel us towards operational efficiency in all that we do.

Bugis Junction Towers, Singapore

Keppel REIT

Prudent Capital Management

Keppel REIT
TEN YEARS CAPTURING VALUE | SUSTAINING RETURNS

» Disciplined and prudent approach towards capital management saw aggregate leverage maintained at **39%** as at 2Q 2016

» **Significantly improved** the percentage of unencumbered assets from 72% to **83%** following the recent refinancing of $505 million secured loan facilities with unsecured borrowings

- **Released the encumbrance** on OFC and at **better pricing**

» Increased the proportion of fixed-rate loans to **75%** as at 2Q 2016, up from 70% as at end-2015

- **Mitigates** interest rate risk and provides **certainty** of interest expenses

» Average cost of debt remained **stable** at all-in rate of **2.55%**, with **interest coverage ratio** at a **healthy 4.6 times**

» Hedged **almost all** of its forecasted distribution payout from Australia in **2016**

Borrowings on Fixed-Rate

↑ 75%
Fixed-Rate Borrowings

↓ 25%
Floating-Rate Borrowings

% of Assets Unencumbered

↑ 83%
Unencumbered

↓ 17%
Encumbered

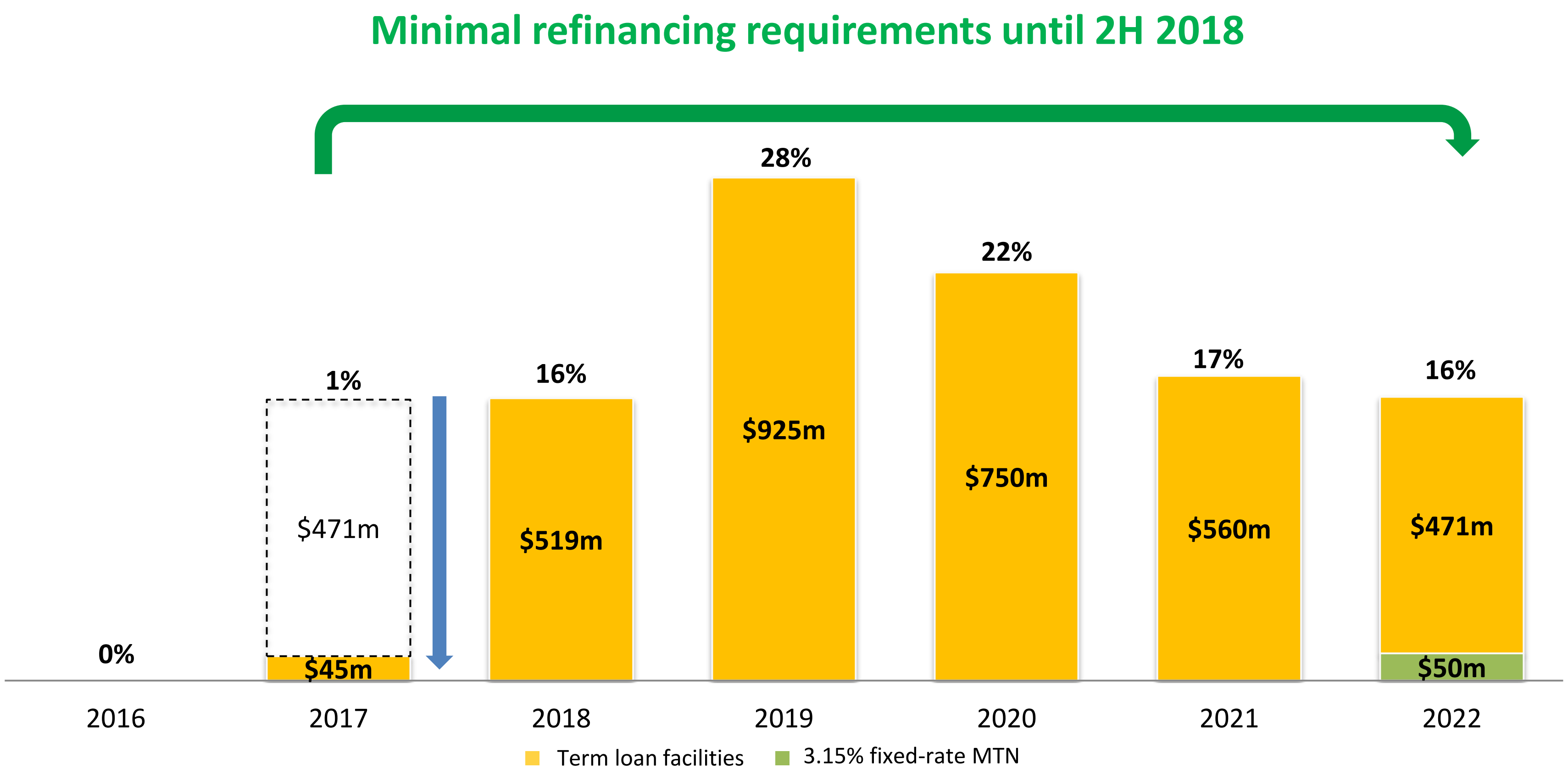
	As at 30 Jun 2016
Gross Borrowings	$3,320 mil
Interest Coverage Ratio	4.6 times
All-in Interest Rate	2.55%
Weighted Average Term to Expiry	3.9 years
Aggregate Leverage	39.0%

	DPU Change
Every 100 bps ↓↑ in SOR	~0.13cents ↑↓ in DPU

Well-staggered Debt Maturity Profile

» **Completed all refinancing requirements** in 2016 and **almost all refinancing requirements** in 2017

» Maintained **well-staggered debt maturity profile** and extended the **weighted average term to maturity** to a **healthy 3.9 years**



5. Market Review & Outlook

UNLEASHING POTENTIAL

Building on firm foundations, we push boundaries and unlock greater potential to drive continual growth.

Keppel REIT

275 George Street, Brisbane

Market Outlook – Singapore

Singapore

- Advance estimates indicate that the economy grew 2.2% y-o-y in 2Q 2016, marginally higher than the 2.1% growth in 1Q 2016. Growth in the quarter was led by the construction and services sectors and expansion in the manufacturing sector
- The Ministry of Trade and Industry maintained its 2016 growth forecast at between 1% and 3%
- According to CBRE, an increase in office leasing activities was observed in 2Q 2016, supported by flight-to-quality move by companies taking advantage of the more favourable lease terms
- Sectors that contributed to leasing demand included financial and professional services as well as TMT
- Singapore is fast emerging as Asia's hub for financial technology (fintech) and the country's first-mover advantage in the development of fintech will reinforce its status as a regional financial hub


Marina Bay Financial Centre


Ocean Financial Centre


One Raffles Quay

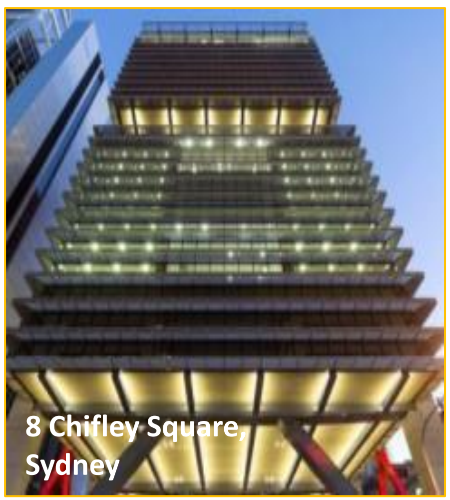

Bugis Junction Towers

Sources: Ministry of Trade and Industry (MTI), CBRE and The Straits Times

Market Outlook – Australia

Australia

- Economy grew 3.1% y-o-y in 1Q 2016, supported by growth in the tourism, healthcare and education sectors as well as higher mining and resource-related exports
- In a preemptive move to stave off deflation and spur inflation to its target range of 2-3%, RBA cut its official cash rate by 25 basis points to 1.75% in May 2016
- RBA expects full-year GDP growth to be stable at between 2.5% and 3.5% for 2016
- According to JLL, occupancy in Australia's national CBD office market remained stable at 87.6% in 1Q2016
- Improved business sentiments prompted companies to look beyond the short-term financial market volatility and making long-term strategic real estate decisions


8 Chifley Square, Sydney


8 Exhibition Street, Melbourne


275 George Street, Brisbane


David Malcolm Justice Centre,

Sources: Australian Bureau of Statistics, Reserve Bank of Australia and Jones Lang LaSalle

6. Community Engagement

ENLIGHTENING
COMMUNITIES

We believe in doing well and doing good.
We seek to enrich the lives of the people
in the communities where we operate.

Marina Bay Financial Centre,
Singapore

4 June 2016
REITs Symposium

- 22 REITs and approximately 1,200 investors participated in the event, jointly organised by REITAS and Share Investor
- Existing and potential unitholders were given the opportunity to learn more about Keppel REIT's business operations through an introductory presentation and a dedicated booth at the event

23 June 2016
CSR Outreach with MDAS

- Keppel REIT reached out to the youths from the Muscular Dystrophy Association Singapore (MDAS) for the 2nd consecutive year. The youths, together with Keppel REIT's employees, caregivers and staff of MDAS, visited Lee Kong Chian Natural History Museum where they immersed in the history and diversity of life on Earth

Harnessing Strengths

- In July 2016, Keppel Corporation completed the consolidation of its interests in all four of its subsidiaries in business trust management, REIT management and fund management under Keppel Capital
- This includes 100% interest in Keppel REIT Management Limited, the Manager of Keppel REIT
- Following the consolidation, the Manager will benefit from being part of a larger asset management platform

Keppel Capital

Keppel REIT Management Limited

Keppel REIT

alpha Investment Partners Limited

Keppel DC REIT Management Limited

Keppel DC REIT

Keppel Infrastructure Trust Management Pte Ltd

Keppel Infrastructure Trust

ENGAGING TENANTS

Tenants are the heart of our buildings. Keen understanding of their business and regular interactions help us create enduring partnerships.

Thank You

8 Exhibition Street, Melbourne

Keppel REIT

Additional Information

EXTENSIVE EXPERIENCE

We leverage our Board of Directors' depth of experience and wealth of expertise to shape Keppel REIT's growth into the future.

8 Chifley Square, Sydney

Capturing Value. Sustaining Returns

Keppel REIT

TEN YEARS
CAPTURING VALUE | SUSTAINING RETURNS

Vision

To be a successful commercial real estate investment trust with a sterling portfolio of assets pan-Asia.

Mission

Guided by our operating principles and core values, we will deliver stable and sustainable returns to Unitholders by continually enhancing our assets and expanding our portfolio.

Operating Principles

1. Best value propositions to customers.
2. Tapping and developing best talents from our global workforce.
3. Cultivating a spirit of innovation and enterprise.
4. Executing our projects well.
5. Being financially disciplined to earn best risk-adjusted returns.
6. Clarity of focus and operating within our core competence.
7. Being prepared for the future.

The Manager will continue to capture value and sustain returns through:

Maximising Performance

- Maximising asset performances and managing costs to achieve operational efficiency
- Executing proactive marketing and leasing strategies to attract and retain a well-diversified tenant base from various business sectors
- Maintaining a well-staggered lease expiry profile
- Delivering quality property and customer services to tenants
- Seeking additional income opportunities

Enhancing Assets

- Undertaking asset enhancement initiatives to maintain a portfolio of premium Grade A offices that meets changing business needs
- Leveraging technology to enhance operations
- Ensuring the safety and security of all building occupants
- Implementing environmentally sustainable features and initiatives where feasible
- Strengthening asset management expertise and capabilities

Achieving Capital Efficiency

- Maintaining a disciplined capital management approach
- Extending the debt maturity profile to mitigate refinancing risks
- Limiting exposure to fluctuations in interest and foreign exchange rates
- Optimising capital structure
- Negotiating favourable credit facilities to fund business operations

Acquiring Quality Assets

- Identifying quality assets that are aligned with Keppel REIT's investment mandate
- Conducting thorough feasibility studies and comprehensive due diligence on potential acquisitions
- Structuring investments to optimise tax efficiency and allow for repatriation of income from foreign assets
- Evaluating performance of the properties and recycling of capital, where appropriate, to optimise portfolio

Developing Talent

- Nurturing a motivated and competent team to drive further growth
- Investing in training and development to raise the competency level of its employees
- Promoting workplace wellness
- Adopting best-in-class management practices
- Leveraging technology to raise productivity and enhance workflow efficiencies

Best-In-Class Assets in Strategic Locations

Keppel REIT

TEN YEARS CAPTURING VALUE | SUSTAINING RETURNS

Offices

A. Ocean Financial Centre
B. One Raffles Quay
C. Marina Bay Financial Centre
D. Bugis Junction Towers

Location of Singapore Properties

MRT Stations

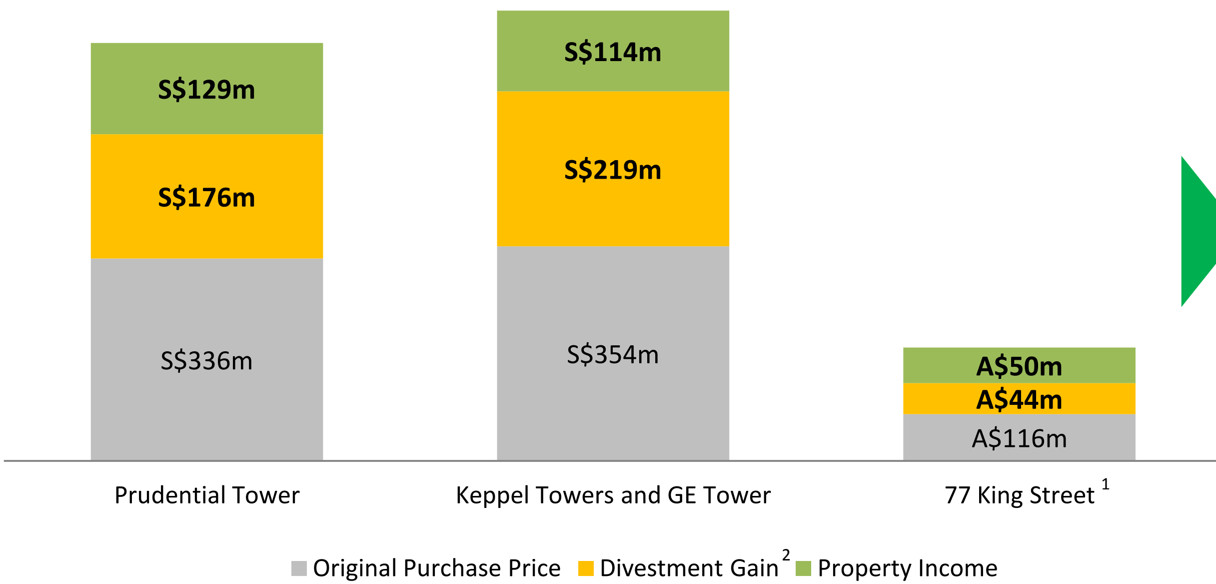
1. Raffles Place
2. Telok Ayer
3. Downtown
4. Bayfront
5. Chinatown
6. Promenade
7. Esplanade
8. Bras Basah
9. City Hall
10. Dhoby Ghaut
11. Somerset
12. Bugis
13. Outram Park
14. Clarke Quay
15. Nicoll Highway
16. Marina Bay

- Core CBD
- East West Line
- North South Line
- Downtown Line
- Circle Line
- North East Line

Capturing Value for Unitholders

- As part of **portfolio transformation**, assets were divested at an average of approximately **50% above** original purchase prices, and an approximate **13% premium** to last appraised values, excluding income earned from these assets throughout holding period
- Average holding period of approximately **6 years**

Divested Assets



- **Original Purchase Price: Approx. S$840m**
- **Total Divested Value: Approx. S$1.25b**
- **Total Divestment Gain & Income Earned: Approx. S$710m**




(1) Based on the exchange rates at the respective dates of transactions
(2) Sale price over original purchase price

Portfolio Information: Singapore

» Keppel REIT's AUM is approximately **$8.3 billion** as at 30 June 2016

» **90%** of portfolio in Singapore and **10%** in Australia

	Ocean Financial Centre[2]	Marina Bay Financial Centre [2] [4]	One Raffles Quay[2]	Bugis Junction Towers
Description	43-storey premium Grade A office tower	Comprises three premium Grade A office towers and a subterranean mall	A pair of 50 and 29 storey premium Grade A office towers	15-storey Grade A office tower
Attributable NLA (sf)	882,246	1,027,148	443,760	244,989
Ownership	99.9%	33.33%	33.33%	100.0%
Number of tenants	57	162	46	15
Principal tenants	ANZ, BNP Paribas, Drew & Napier	DBS Bank, Standard Chartered Bank, BHP Billiton	Deutsche Bank, Ernst & Young, UBS	IE Singapore, InterContinental Hotels Group, Keppel Land
Tenure	99 years expiring 13 Dec 2110	99 years expiring 10 Oct 2104[5] and 7 Mar 2106 [6]	99 years expiring 12 Jun 2100	99 years expiring 9 Sep 2089
Purchase Price (on acquisition)	S$2,298.8m[3]	S$1,426.8m[5] S$1,248m[6]	S$941.5m	S$159.5m
Valuation[1]	S$2,627m	S$1,693m [5] S$1,316m [6]	S$1,273m	S$550m
Valuer	Savills	Savills	Savills	Savills
Capitalisation rates	3.75%	3.75%	3.75%	3.75%
Committed occupancy (As at 30 Jun 2016)	100.0%	99.4%	99.6%	100.0%

1) *Valuation as at 30 June 2016 based on Keppel REIT's interest in the respective properties.*
2) *Refers to Keppel REIT's respective interest in the development and not as a whole unless otherwise stated.*
3) *87.5% interest of the building was acquired on 14 December 2011 and 12.4% interest of the building was acquired on 25 June 2012.*
4) *Comprises Marina Bay Financial Centre (MBFC) office Towers 1, 2 and 3 and Marina Bay Link Mall (MBLM).*
5) *Refers to MBFC Towers 1 and 2 and MBLM.*
6) *Refers to MBFC Tower 3.*

Portfolio Information: Australia

	8 Chifley Square, Sydney[3]	8 Exhibition Street, Melbourne[4]	275 George Street, Brisbane[3]	David Malcolm Justice Centre, Perth[3]
Description	34-storey Grade A office tower	35-storey Grade A office tower and 5 retail units	30-storey Grade A office tower	33-storey Grade A office tower and its annexe
Attributable NLA (sf)	104,138	247,033	224,688	167,784
Ownership	50.0%	50.0%[4]	50.0%	50.0%
Number of tenants	8	21	7	2
Principal tenants	Corrs Chambers Westgarth, QBE Insurance Group, Quantium Group	Ernst & Young, UBS, CBRE	Queensland Gas Company, Telstra Corporation	Government of Western Australia
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	99 years expiring 30 Aug 2114
Purchase Price (on acquisition)	A$167m	A$169m	A$166m	A$165m
Valuation[1] [2]	A$200m S$206.6m	A$212m S$215.5m[4]	A$200 S$204m	A$197.5m S$S$201.5m
Valuer	Colliers	Colliers	m3Property	Savills
Capitalisation rates	5.40%	5.75%[4]	6.75%	6.00%
Committed occupancy (As at 30 Jun 2016)	100.0%	98.8%	99.7%	100.0%

1) *Valuation as at 31 December 2015 based on Keppel REIT's interest in the respective properties unless otherwise stated.*
2) *Based on the exchange rate of A$1 = S$1.02.*
3) *Refers to Keppel REIT's respective interest in the development and not as a whole unless otherwise stated.*
4) *Keppel REIT owns a 50% interest in the 8 Exhibition Street office building and two retail units, as well as a 100% interest in the adjoining three retail units.*