

Managed by
Keppel REIT Management Limited Tel: (65) 6835 7477
(Co Reg No. 200411357K) Fax: (65) 6835 7747
230 Victoria Street
#15-03 Bugis Junction Towers
Singapore 188024
www.keppelreit.com

MEDIA RELEASE

Unaudited Results of Keppel REIT for the First Quarter Ended 31 March 2016

14 April 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 first quarter ended 31 March 2016.

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

For more information, please contact:

Media Relations

Ms Eileen Tan
Senior Executive
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413-6430 / (65) 9770-2546
Email: eileen.tan@kepcorp.com

Investor Relations

Ms Grace Chia
Senior Manager
Investor Relations & Research
Keppel REIT Management Limited
Tel: (65) 6433-7622
Email: grace.chia@keppelreit.com

Keppel REIT delivers sustainable returns to Unitholders amidst a challenging environment

Significant reduction of expiring leases to only a minimal 3% for the rest of 2016, with a 99% tenant retention rate, 99.4% occupancy rate and an average positive rent reversion of 7% for all leases executed in 1Q 2016

Key Financial Highlights

- Increased distributable income year-on-year (“y-o-y”) and quarter-on-quarter (“q-o-q”) despite the absence of income contribution from 77 King Street in Sydney following its divestment on 29 January 2016
- Notwithstanding the divestment of 77 King Street, a higher level of distributable income was achieved due to the consistent performance across all Keppel REIT’s properties in Singapore and Australia, in particular improved contributions from its joint ventures
- Better results of joint ventures were due to higher contributions from 8 Chifley Square in Sydney and the newly-completed David Malcolm Justice Centre office tower in Perth (formerly known as the Old Treasury Building site)
- Distribution per Unit (“DPU”) of 1.68 cents in 1Q 2016, which translates to an annualised yield of 6.8%
- Moody’s reaffirmed its Baa2 corporate rating on Keppel REIT, with a stable outlook

Key Portfolio Highlights

- Only a minimal 3% of expiring leases for the rest of 2016, a significant decrease from the approximate 14% one quarter ago
- Majority of the remaining 3% of expiring leases for the rest of 2016 likely to be renewed and tenants retained
- Successfully concluded a total of 28 leases, equivalent to approximately 430,000 sf (attributable space of 353,000 sf) in 1Q 2016, and increased overall portfolio occupancy to 99.4% from 99.3% as at end-2015
- 99% tenant retention rate, with an average positive rent reversion of 7% for all new, renewal, forward renewal and review leases
- Continued to maintain long weighted average lease expiries (“WALE”) at approximately 8 years and 6 years for the top 10 tenants and overall portfolio respectively
- To-date, 85% of total leases is not due for renewal till 2018 and beyond, and approximately 80% of total leases is not due for renewal till 2019 and beyond, when limited new office supply is expected
- The Manager is expected to renew most of the 11.5% of expiring leases in 2017, given that majority of these tenants are in their first lease renewal cycle. The Manager is also proactively engaging tenants with leases expiring in 2018
- The Old Treasury Building in Perth, at which the Government of Western Australia (WA) had commenced its long 25-year lease in end-November 2015, was named the David Malcolm Justice Centre on 11 March 2016. The Government is expected to move into the office tower in mid-2016

Key Capital Management Highlights

- Continued proactive refinancing efforts saw aggregate leverage reduce to 39% in 1Q 2016
- Completed 100% of refinancing requirements in 2016, bringing its weighted average term to maturity to 3.6 years. No refinancing requirements until the second half of 2017
- Increased fixed-rate loans to over 75% as at 1Q 2016, up from 70% last quarter
- Average cost of debt remained stable at 2.58% and interest coverage ratio at a healthy 4.5 times
- Hedged almost all of the forecasted distribution payout from Australia in 2016

Celebrating A Decade of Excellence

- 2016 marks Keppel REIT's 10th anniversary since its listing in April 2006
- Over the last decade, Keppel REIT achieved an approximate 40% compounded annual growth rate for its distributable income, and has undergone a portfolio transformation to remain relevant to changing economic and environmental landscapes
- With an initial 4 assets in Tanjong Pagar and Raffles Place, Keppel REIT has transformed and grown to become one of Asia's leading REITs with a premium portfolio of 11 office towers with long land tenures, strategically located in the prime financial hub of the Marina Bay and Raffles Place precinct, and in key Australian cities of Sydney, Melbourne, Brisbane and Perth
- Assets under management have grown from approximately \$600 million in 2006 to over \$8 billion to-date, of which 90% of total portfolio is in Singapore and the remaining 10% in key Australian cities, with approximately 300 tenants across diverse business sectors
- With an average portfolio age of 5 years old, Keppel REIT's portfolio is amongst the youngest in the industry. Had there been no portfolio transformation, the 4 initial assets would now have been approximately 25 years old on average
- As part of the portfolio transformation, assets were divested at an average of approximately 50% above their original purchase prices and an approximate 13% premium to last appraised values. Average holding period was approximately 6 years
- To ensure long-term income sustainability, conscious efforts to sign longer leases have seen portfolio WALE improve significantly from approximately 3 years when Keppel REIT was first listed, to approximately 8 years for the top 10 tenants and 6 years for the overall portfolio currently
- Long leases in Singapore are embedded with mark-to-market rent mechanisms at pre-determined anniversaries, ensuring that there are no voids or vacancies throughout these long lease terms. In addition, leases in Australia are on triple-net basis, with tenants responsible for all property expenses including taxes, insurance and common area maintenance, and also with fixed annual rental escalations embedded throughout each respective lease

Celebrating A Decade of Excellence (continued)

- The current portfolio has appreciated steadily over its average portfolio holding period of 4.5 years, recording an average fair value gain of approximately 30% or an approximate 7% appreciation per annum to-date

Keppel REIT's transformation in the last decade has seen it grow to become a REIT with a young portfolio of best-in-class assets on long land tenures in premium locations. Its portfolio is well-leased to a stable of creditable tenants on long leases with mark-to-market rent mechanisms in Singapore and triple-net leases with fixed annual rental escalations in Australia, all of which position Keppel REIT to continually deliver long-term steady returns and sustainable capital values.

Delivering Sustained Returns

Keppel REIT Management Limited, the Manager of Keppel REIT, has continued to deliver sustained returns to Unitholders amidst the challenging economic and operating environments.

Higher distributable income was achieved y-o-y and q-o-q amounting to \$54.4 million, despite the absence of income contribution from 77 King Street following its divestment on 29 January 2016 for A\$160 million. Consistent performance across all Keppel REIT's properties in Singapore and Australia, in particular improved returns from its joint ventures, contributed to a higher level of income distributed to Unitholders. Better results of joint ventures were due to higher contributions from 8 Chifley Square and the newly-completed David Malcolm Justice Centre office tower.

Excluding the contribution from 77 King Street and other non-recurring income and expenses, property income for the current portfolio improved 2.5% y-o-y, while net property income improved 1.6% y-o-y.

The Manager is declaring a DPU of 1.68 cents for 1Q 2016, which translates to an annualised yield of 6.8%.

Summary of Results

	GROUP	
	1Q2016 \$'000	1Q2015 \$'000
Property income	41,167	42,405
Net property income	32,910	34,587
Share of results of associates	18,786	20,367
Share of results of joint ventures	6,807	4,043
Income available for distribution	54,438	54,009
Distribution to Unitholders ¹	54,438	54,009
Distribution per Unit ("DPU") (cents) for the period	1.68	1.70
Distribution yield %	6.8% ²	7.3% ³

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

(2) Based on the market closing price per unit of \$0.995 as at the last trading day, 31 March 2016.

(3) Based on the total DPU of 6.80 cents in FY 2015 and the market closing price per unit of \$0.93 as at the last trading day, 31 December 2015.

In its latest report dated 4 April 2016, Moody's Investors Services reaffirmed its Baa2 corporate rating of Keppel REIT, with a stable outlook. According to Moody's, the rating reflects Keppel REIT's ability to continue generating stable and recurring income from its quality tenant base in strategically-located assets across the prime central business districts (CBDs) of Singapore and Australia. Moody's stable outlook demonstrates the rater's expectation that Keppel REIT will continue to generate stable cashflows from its portfolio, driven by steady occupancy levels and positive rent reversions for its portfolio.

Robust Leasing Efforts

Continuing its proactive marketing and rigorous leasing efforts, the Manager has completed the renewal of more than three quarter of the total leases expiring in 2016. With this, the Manager has achieved a 99.4% portfolio occupancy rate, with only a minimal 3% of the portfolio's total net lettable area due for renewal for the rest of 2016. This is a significant decrease from the approximate 14% expiring leases one quarter ago. For the remaining 3% of expiring leases for the rest of 2016, most of these tenants are likely to be retained.

Including the recent renewals, the Manager has successfully concluded a total of 28 leases, equivalent to approximately 430,000 sf (attributable space of approximately 353,000 sf) of prime office space. This saw Keppel REIT's overall portfolio occupancy increase to 99.4% as at end-March 2016, from 99.3% as at end-2015. The Manager continued to maintain healthy occupancy levels of 99.3% and 99.5% for its Singapore and Australia portfolio as at 1Q 2016 respectively.

As at 1Q 2016, the Manager achieved a 99% tenant retention rate, with rental rates for all new, renewal, forward renewal and review leases recording an average positive rent reversion of 7%.

New leasing demand in 1Q 2016 came mainly from the legal and financial sectors. The Manager has been making a conscious effort to sign longer leases that will provide income stability over the longer term. With this, the Manager continues to maintain a long WALE of approximately 8 years for Keppel REIT's top 10 tenants and 6 years for the overall portfolio.

To ensure long-term income sustainability, the long leases in Singapore are embedded with mark-to-market rent mechanisms at pre-determined anniversaries, thereby ensuring that there are no voids or vacancies throughout these long lease terms. In addition, the leases in Australian are on triple-net basis, with tenants cover all outgoings including taxes, insurance and common area maintenance, and also with fixed annual rental escalations embedded throughout the respective leases.

The office tower on the Old Treasury Building site in Perth was named the David Malcolm Justice Centre on 11 March 2016. With an initial yield of 7.15% per annum, the Government of WA had commenced its 25-year lease at the office tower in end-November 2015. The long 25-year lease is on a triple-net basis and includes fixed annual rental escalations throughout its entire lease term with options for another 25 years. The Government has been renovating the office spaces, and move-in is expected in mid-2016.

The Singapore office market is expected to remain challenging these two years given the impending new supply. For Keppel REIT, 85% of total leases is not due for renewal till 2018 and beyond, and approximately 80% of total leases is not due for renewal till 2019 and beyond, when limited new office supply is expected.

Efforts have been ongoing to engage tenants with leases expiring in 2017 and 2018. The Manager expects to renew most of the 11.5% of total portfolio NLA that is expiring in 2017 given that majority of these tenants are in their first lease renewal cycle. Likewise, the Manager is also proactively engaging tenants with leases expiring in 2018.

Prudent Capital Structure

Adopting a prudent approach towards capital management remains imperative for the Manager to manage market volatilities.

As at 1Q 2016, continued proactive refinancing efforts saw Keppel REIT's aggregate leverage decrease to 39.0% from 39.3% as at end-2015. The Manager has also completed 100% of refinancing requirements in 2016, bringing its weighted average term to maturity to a healthy 3.6 years. With this, Keppel REIT does not have any refinancing requirements until the second half of 2017.

To provide certainty of interest expenses and safeguard against interest rate volatility, the Manager has increased its fixed-rate loans to over 75% as at 1Q 2016, up from 70% last quarter. Average cost of debt remained stable at 2.58%, with interest coverage ratio at a healthy 4.5 times.

In keeping with its policy of hedging more than 90% of income from its Australian assets, the Manager has hedged almost all of its forecasted distribution payout from Australia in 2016. This minimises Keppel REIT's exposure to currency fluctuations and provides certainty over distributions from the Australian assets in 2016.

Office Market Overview

The Singapore economy expanded by 2% in 2015, lower than the 3.3% growth recorded in 2014. Advance estimates by the Ministry of Trade and Industry (MTI) indicate that the economy recorded a 1.8% y-o-y growth for 1Q 2016, driven mainly by expansions in the construction and services sectors. Stronger growth in the construction sector was supported by activities in both public and private sectors, while growth in services was driven primarily by the finance and insurance sectors. MTI expects growth in 2016 to remain muted, with full-year GDP growth at between 1 and 3%.

As at 1Q 2016, occupancy in Singapore's core CBD stood at 95.2% with average Grade A rents at \$9.90 psf per month as landlords continued to focus on preserving occupancy and/or attracting new tenants¹. CBRE opined that the contraction phase for office spaces in the financial sector appears to be nearing an end. However, volatility in the energy sector may result in further right-sizing activities by tenants in the oil and gas sector. Meanwhile, companies in the technology, media and telecommunications (TMT) sector continue to see positive leasing activities, along with occupiers in the insurance and pharmaceutical sectors. Narrowing rental rates has also seen flight-to-quality moves among tenants.

CBRE expects the down cycle in the office sector to persist through the rest of 2016 with vacancy levels picking up from 3Q 2016 as the market awaits the completion of major new CBD developments. However, with very limited confirmed supply from 2018 onwards, CBRE is of the opinion that the market could recover earlier than expected.

The Australian economy grew 2.5% in 2015, supported by healthy demand from non-mining sectors despite a contraction in mining-related investments due to declining commodity prices. In its drive for continued growth, in particular the housing and infrastructure sectors, the Reserve Bank of Australia (RBA) has kept its official cash rate on hold at 2% in 1Q 2016.

Australia expects to record steady growth of between 2.5% and 3.5% for 2016. The RBA however cautioned that the outlook for China's economic growth remains a key focus.

According to Jones Lang LaSalle, the positive net absorption in the Australian office market in 2015 came in higher than the 20-year average for the CBD office markets. Sydney and Melbourne continued to record the strongest

¹ Source: CBRE, 1Q 2016

annual net absorption, with leasing activities driven mainly by the TMT, commercial banking and education sectors.

Building a Sustainable Future

Recognising that sustainability makes good business sense, the Manager continues to maintain high standards of environmental protection.

MBFC Tower 3 is the latest to be awarded the highest Green Mark Platinum Award by the Building and Construction Authority of Singapore (BCA), bringing the total number of Platinum-rated office towers in Singapore to three. Ocean Financial Centre, which has been recertified as a Green Mark Platinum building, was also awarded the BCA Green Mark Pearl Award, which acknowledges the Manager's commitment and continued leadership in working with tenants to achieve excellence in environmental sustainability.

In January 2016, Keppel Corporation Limited announced its intention to consolidate its interests in all four of its subsidiaries in business trust management, REIT management and fund management under Keppel Capital Holdings Pte. Ltd. This includes Keppel Land Limited's interest in the Manager.

Leveraging the scale and resources of a larger, integrated asset management platform, the Manager will benefit from improved operational efficiency and performances, as well as sharing of best practices with the centralisation of certain non-regulated support functions. This will also strengthen the recruitment and retention of talents needed to drive the Manager's as well as Keppel REIT's performance into the future. The proposed transaction is expected to be completed by the second half of 2016.

The Manager will continue to intensify efforts on tenant retention to maintain a healthy and long lease expiry profile. The Manager will also continue to achieve capital efficiency as it strives to maintain a well-staggered debt maturity profile.

The Manager believes that such efforts, coupled with Keppel REIT's quality portfolio, will put it in good stead to weather the challenging conditions ahead.

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 31 March 2016, Keppel REIT had assets under management of over \$8.2 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), Marina Bay Financial Centre (comprising office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest), One Raffles Quay (one-third interest) and Ocean Financial Centre (99.9% interest).

In Australia, the assets are 8 Chifley Square (50% interest) in Sydney, 8 Exhibition Street in Melbourne (50% interest in the office building and 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). On 29 January 2016, the Manager divested its 100% interest in 77 King Street in Sydney.

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 Land.

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
FIRST QUARTER 2016 FINANCIAL STATEMENTS ANNOUNCEMENT**

UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 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 31 March 2016, Keppel REIT had assets under management of over \$8.2 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.

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

The assets in Australia are 8 Chifley Square (50% interest) in Sydney, 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 (previously known as the office tower and its annexe on the Old Treasury Building site in Perth) (50% interest). On 29 January 2016, Keppel REIT successfully completed the divestment of its 100% interest in 77 King Street in Sydney.

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 Land.

SUMMARY OF KEPPEL REIT RESULTS FOR THE QUARTER ENDED 31 MARCH 2016

	GROUP	
	1Q2016 \$'000	1Q2015 \$'000
Property income	41,167	42,405
Net property income	32,910	34,587
Share of results of associates	18,786	20,367
Share of results of joint ventures	6,807	4,043
Income available for distribution	54,438	54,009
Distribution to Unitholders ¹	54,438	54,009
Distribution per Unit ("DPU") (cents) for the period	1.68	1.70
Annualised/Actual distribution yield %	6.8% ²	7.3% ³

Notes:

- (1) Distribution to Unitholders was based on 100% of the taxable income available for distribution.
- (2) The yield was based on the market closing price per unit of \$0.995 as at the last trading day, 31 March 2016.
- (3) 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.

1. UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2016

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the quarter ended 31 March 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

	Note	Group		+/(-) %
		1Q2016 \$'000	1Q2015 \$'000	
Gross rent		39,639	40,835	(2.9)
Car park income		820	830	(1.2)
Other income		708	740	(4.3)
Property income		41,167	42,405	(2.9)
Property tax		(2,907)	(2,873)	1.2
Other property expenses	1	(4,138)	(4,031)	2.7
Property management fee		(1,058)	(1,085)	(2.5)
Maintenance and sinking fund contributions		(154)	171	NM
Property expenses		(8,257)	(7,818)	5.6
Net property income		32,910	34,587	(4.8)
Rental support	2	4,199	6,179	(32.0)
Interest income	3	8,646	8,982	(3.7)
Share of results of associates	4	18,786	20,367	(7.8)
Share of results of joint ventures	5	6,807	4,043	68.4
Amortisation expenses	6	(3,838)	(5,500)	(30.2)
Borrowing costs	7	(16,047)	(16,299)	(1.5)
Manager's management fees	8	(12,576)	(12,343)	1.9
Trust expenses		(2,331)	(2,472)	(5.7)
Changes in fair value of an interest rate swap		-	878	(100.0)
Net income before divestment gain		36,556	38,422	(4.9)
Gain on divestment of investment property	9	28,299	-	100.0
Total return before tax		64,855	38,422	68.8
Income tax expense	10	(6,968)	(1,902)	266.4
Total return after tax		57,887	36,520	58.5
Attributable to:				
Unitholders		56,007	36,502	53.4
Perpetual securities holders	11	1,862	-	100.0
Non-controlling interest		18	18	-
		57,887	36,520	58.5
<u>Distribution Statement</u>				
Total return for the period attributable to Unitholders		56,007	36,502	53.4
Net tax and other adjustments	12	(1,569)	17,507	NM
Income available for distribution		54,438	54,009	0.8
Distribution to Unitholders	13	54,438	54,009	0.8
Distribution per Unit (cents)				
for the period		1.68	1.70	(1.2)
Annualised/Actual Distribution ¹		6.72	6.80	(1.2)

(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:

	<u>Group</u>	
	1Q2016	1Q2015
	\$'000	\$'000
Marketing expenses	192	102
Utilities	828	900
Repair and maintenance	2,262	2,264
Property management reimbursements	467	486
Other property expenses	389	279
	4,138	4,031

- (2) 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. In the prior period, 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 the current period are \$999,000 and \$3,200,000 respectively.

- (3) Interest income comprises the following:

	<u>Group</u>	
	1Q2016	1Q2015
	\$'000	\$'000
Interest income from fixed deposits and current accounts	1,068	557
Interest income from shareholders' loans to One Raffles Quay Pte Ltd ("ORQPL") and BFCDLLP	7,578	6,068
Interest income from convertible notes in Mirvac (Old Treasury) Trust	-	2,357
	8,646	8,982

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 (ii) BFCDLLP's partnership profit.
- (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:

	<u>Group</u>	
	1Q2016	1Q2015
	\$'000	\$'000
Interest expense on term loans	15,345	14,895
Interest expense on revolving loans	-	795
Amortisation of capitalised transaction costs	702	609
	16,047	16,299

- (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) 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.

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

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

	<u>Group</u>	
	1Q2016	1Q2015
	\$'000	\$'000
Management fees paid and/or payable in units	12,576	12,343
Trustee's fees	310	301
Amortisation of intangible asset and capitalised transaction costs	4,540	6,109
Temporary differences and other adjustments	(21,995)	(1,246)
Other gains distribution	3,000	-
	<u>(1,569)</u>	<u>17,507</u>

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 the gain on divestment from Prudential Tower.

(13) 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

	<u>Group</u>		
	1Q2016	1Q2015	+ / (-)
	\$'000	\$'000	%
Total return after tax	57,887	36,520	58.5
Other comprehensive income:			
Foreign currency translation	15,780	(41,735)	NM
<u>Cashflow hedges:</u>			
Net change in fair value of cash flow hedges	(13,969)	17,847	NM
Share of net change in fair value of cash flow hedges of associates	(2,008)	874	NM
Other comprehensive income for the period	(197)	(23,014)	(99.1)
Total comprehensive income for the period	57,690	13,506	327.1
Attributable to:			
Unitholders	55,811	13,484	313.9
Perpetual securities holders	1,862	-	100.0
Non-controlling interest	17	22	(22.7)
	57,690	13,506	327.1

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			Trust		
		31/3/2016 \$'000	31/12/2015 \$'000	+ / (-) %	31/3/2016 \$'000	31/12/2015 \$'000	+ / (-) %
Non-current assets							
Investment properties	1	3,569,627	3,691,073	(3.3)	550,000	550,000	-
Investments in subsidiaries		-	-	-	1,836,942	1,837,852	(0.05)
Investments in associates	2	2,495,034	2,497,798	(0.1)	2,025,483	2,025,483	-
Advances to associates		608,922	608,922	-	608,922	608,922	-
Investments in joint ventures	3	415,915	408,112	1.9	-	-	-
Amounts owing by subsidiaries		-	-	-	832,912	818,836	1.7
Fixed assets		189	199	(5.0)	1	1	-
Intangible asset	4	33,985	37,823	(10.1)	29,568	32,600	(9.3)
Derivative financial instruments	5	8,570	17,542	(51.1)	3,637	9,965	(63.5)
Total non-current assets		7,132,242	7,261,469	(1.8)	5,887,465	5,883,659	0.1
Current assets							
Trade and other receivables	6	32,349	18,057	79.1	39,427	27,502	43.4
Prepaid expenses		564	1,031	(45.3)	85	27	214.8
Cash and bank balances		263,794	144,601	82.4	118,040	126,501	(6.7)
Derivative financial instruments	5	-	260	(100.0)	-	260	(100.0)
Total current assets		296,707	163,949	81.0	157,552	154,290	2.1
Total assets		7,428,949	7,425,418	0.05	6,045,017	6,037,949	0.1
Current liabilities							
Trade and other payables		48,191	51,208	(5.9)	26,135	26,285	(0.6)
Income received in advance		302	758	(60.2)	78	-	100.0
Short term borrowings		25,720	25,355	1.4	-	-	-
Current portion of security deposits		11,017	9,172	20.1	2,154	1,902	13.2
Derivative financial instruments	5	780	168	364.3	780	168	364.3
Provision for taxation		5,896	3,284	79.5	2,966	3,315	(10.5)
Total current liabilities		91,906	89,945	2.2	32,113	31,670	1.4
Non-current liabilities							
Income received in advance		40,875	45,742	(10.6)	40,875	45,483	(10.1)
Long term borrowings		2,444,953	2,464,217	(0.8)	2,008,667	2,028,126	(1.0)
Derivative financial instruments	5	4,589	464	>500	4,158	464	>500
Non-current portion of security deposits		19,416	21,435	(9.4)	1,950	2,202	(11.4)
Deferred tax liabilities		23,806	25,767	(7.6)	-	-	-
Total non-current liabilities		2,533,639	2,557,625	(0.9)	2,055,650	2,076,275	(1.0)
Total liabilities		2,625,545	2,647,570	(0.8)	2,087,763	2,107,945	(1.0)
Net assets		4,803,404	4,777,848	0.5	3,957,254	3,930,004	0.7
Represented by:							
Unitholders' funds		4,649,734	4,626,021	0.5	3,805,691	3,780,285	0.7
Perpetual securities	7	151,563	149,719	1.2	151,563	149,719	1.2
Non-controlling interest		2,107	2,108	(0.05)	-	-	-
		4,803,404	4,777,848	0.5	3,957,254	3,930,004	0.7
Net asset value per unit (\$)		1.43	1.44		1.17	1.18	

Notes:

- (1) *The decrease in investment properties is mainly due to the divestment of 77 King Street in Sydney, offset by translation differences arising from the Australian investment properties.*
- (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 \$21.6 million (31 December 2015: \$1.0 million) and receivables for rental support top-up payments of \$4.2 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 of 4.98% 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 31/3/2016	As at 31/12/2015
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	816,454	816,454
Less: Unamortised portion of fees	(3,554)	(3,870)
	812,900	812,584
Unsecured borrowings		
Amount repayable within one year	25,900	25,500
Amount repayable after one year	1,636,000	1,656,000
Less: Unamortised portion of fees	(4,127)	(4,512)
	1,657,773	1,676,988
Total borrowings	2,470,673	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 Group granted the lenders securities of up to an aggregate principal amount of \$900.0 million comprising a mortgage against OFC and the following:

- (i) an assignment of construction contracts and construction guarantees; and
- (ii) an assignment of rental and insurance proceeds derived from OFC.

As at 31 March 2016, the Group had total borrowings of approximately \$2,478.4 million and unutilised facilities of \$568.5 million available to meet its future obligations. The year-to-date all-in interest rate was 2.58% as at 31 March 2016.

1(c) Consolidated Statement of Cash Flows

	Note	Group	
		1Q2016 \$'000	1Q2015 \$'000
Operating activities			
Total return before tax		64,855	38,422
Adjustments for:			
Interest income		(8,646)	(8,982)
Amortisation expense		3,838	5,500
Share of results of associates		(18,786)	(20,367)
Share of results of joint ventures		(6,807)	(4,043)
Borrowing costs		16,047	16,299
Management fees paid and/or payable in units		12,576	12,343
Gain on divestment of investment property		(28,299)	-
Changes in fair value of an interest rate swap		-	(878)
Depreciation		11	10
Rental support income		(4,199)	(6,179)
Translation differences		2,558	350
Operating cash flows before changes in working capital		33,148	32,475
Decrease in receivables		6,365	1,870
Decrease in payables		(4,073)	(2,160)
(Decrease)/Increase in security deposits		(174)	1,250
Cash flows from operations		35,266	33,435
Income taxes paid		(6,305)	(3,208)
Net cash flows generated from operating activities		28,961	30,227
Investing activities			
Subsequent expenditure on investment properties		(482)	(43)
Proceeds from divestment of investment property, net of divestment costs		157,233	-
Purchase of fixed assets		(1)	-
Interest received		7,930	8,798
Rental support received		4,608	11,906
Repayment of advance from an associate		-	7,000
Distribution income received from joint ventures		4,625	3,761
Net cash flows generated from investing activities		173,913	31,422
Financing activities			
Distribution to Unitholders (net of distribution in Units)	1	(44,870)	(45,848)
Proceeds from issuance of medium term notes		-	50,000
Repayment of loans		(20,000)	(50,000)
Payment of financing expenses/upfront debt arrangement costs		-	(107)
Partnership distribution to non-controlling interest		(12)	(12)
Interest paid		(14,190)	(10,173)
Issue expenses		(18)	-
Net cash flows used in financing activities		(79,090)	(56,140)
Net increase in cash and cash equivalents		123,784	5,509
Cash and cash equivalents at the beginning of period		98,764	137,818
Effect of exchange rate changes on cash and cash equivalents		371	(859)
Cash and cash equivalents at the end of period		222,919	142,468
Comprising:			
Cash and bank balances		263,794	203,211
Less: Rental support received in advance held in designated accounts	2	(40,875)	(60,743)
Cash and cash equivalents per Consolidated Statement of Cash Flows		222,919	142,468

Notes:

- (1) Distribution for 1Q2016 is for the period of 1 October 2015 to 31 December 2015, paid on 26 February 2016.
Distribution for 1Q2015 is for the period of 1 October 2014 to 15 December 2014, paid on 21 January 2015, and 16 December 2014 to 31 December 2014, paid on 27 February 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

<u>Group</u>	<i>Note</i>	<u>Units in Issue</u>	<u>Accumulated Profits</u>	<u>Foreign</u>	<u>Discount on</u>	<u>Unitholders'</u>	<u>Perpetual</u>	<u>Non-</u>	<u>Total</u>	
				<u>Translation Reserve</u>	<u>Acquisition of Non-Controlling Interest</u>			<u>Controlling Interest</u>		
		\$'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

<u>Group</u>	<i>Note</i>	<u>Units in Issue</u>	<u>Accumulated Profits</u>	<u>Foreign</u>	<u>Discount on</u>	<u>Unitholders'</u>	<u>Perpetual</u>	<u>Non-</u>	<u>Total</u>	
				<u>Translation Reserve</u>	<u>Acquisition of Non-Controlling Interest</u>			<u>Controlling Interest</u>		
		\$'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

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 units issued in 1Q2016 as payment of management fees in units.*
- (3) *This represents 6,474,804 units issued in 1Q2015 as payment of management fees in units.*

<u>Trust</u>	<u>Note</u>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'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

<u>Trust</u>	<u>Note</u>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'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

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 units issued in 1Q2016 as payment of management fees in units.*
- (3) *This represents 6,474,804 units issued in 1Q2015 as payment of management fees in units.*

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

	<u>Group and Trust</u>	
	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

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 31 March 2016 and 31 December 2015.

Total number of issued units in Keppel REIT as at 31 March 2016 and 31 December 2015 were 3,240,361,853 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”)

	<u>Group</u>	
	1Q2016	1Q2015
EPU (based on weighted average number of units as at the end of the period)		
Based on total return before divestment gain	0.86 cents	1.15 cents
Based on total return after divestment gain	1.73 cents	1.15 cents
- Weighted average number of units as at the end of the period	3,229,668,077	3,174,822,357
DPU (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	1.68 cents	1.70 cents
	3,240,361,853	3,176,908,683

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”)

	<u>Group</u>		<u>Trust</u>	
	As at 31/3/16	As at 31/12/15	As at 31/3/16	As at 31/12/15
NAV ¹ per unit (\$) based on issued units at the end of the period	1.43	1.44	1.17	1.18
Adjusted NAV per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.42	1.42	1.16	1.16

Note:

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

8. REVIEW OF PERFORMANCE

8(i) Property Income Contribution of the Properties

<u>Property</u>	<u>Group</u>		<u>+ / (-)</u> %
	<u>1Q2016</u>	<u>1Q2015</u>	
	\$'000	\$'000	
Bugis Junction Towers	5,751	5,517	4.2
Ocean Financial Centre	26,100	24,819	5.2
275 George Street	4,649	4,878	(4.7)
77 King Street ¹	669	2,874	(76.7)
8 Exhibition Street ²	3,998	4,317	(7.4)
Total property income	41,167	42,405	(2.9)

8(ii) Income Contribution of the Properties

<u>Property</u>	<u>Group</u>		<u>+ / (-)</u> %
	<u>1Q2016</u>	<u>1Q2015</u>	
	\$'000	\$'000	
Bugis Junction Towers	4,624	4,754	(2.7)
Ocean Financial Centre	21,134	20,262	4.3
275 George Street	3,780	3,981	(5.0)
77 King Street	524	2,358	(77.8)
8 Exhibition Street	2,848	3,232	(11.9)
Total net property income	32,910	34,587	(4.8)
One-third interest in ORQPL ³ :			
- Interest income	580	470	23.4
- Dividend income	6,346	6,391	(0.7)
Total income	6,926	6,861	0.9
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :			
- Rental support	3,200	3,700	(13.5)
- Interest income	6,998	5,598	25.0
- Dividend income	13,196	14,048	(6.1)
Total income	23,394	23,346	0.2
50% interest in M8CT ⁵ :			
- Distribution income	3,128	3,138	(0.3)
50% interest in MOTT ⁶ :			
- Interest income	-	2,357	(100.0)
- Distribution income	2,450	508	382.3
Total income	2,450	2,865	(14.5)

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 1Q2016 vs 1Q2015

The Group's distributable income increased from \$54.0 million for 1Q2015 to \$54.4 million for 1Q2016.

Despite the absence of income contribution from 77 King Street following its divestment on 29 January 2016, the distributable income had increased. This was mainly attributable to higher property income from OFC and Bugis Junction Towers, better results of joint ventures with higher contributions from 8 Chifley Square in Sydney as well as the David Malcolm Justice Centre in Perth, and lower trust expenses.

Property income and net property income for 1Q2016 were \$41.2 million and \$32.9 million respectively, compared to the property income and net property income of \$42.4 million and \$34.6 million respectively for 1Q2015. 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.

The Group's total return before tax for 1Q2016 was \$64.9 million, a 68.8% increase from \$38.4 million for 1Q2015. 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 and gain on divestment of 77 King Street. These were partially offset by lower rental support, lower interest income, lower share of results of associates, higher management fees as well as the absence of changes in fair value of an interest rate swap.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

The Singapore economy expanded by 2% in 2015, lower than the 3.3% growth recorded in 2014. Advance estimates by the Ministry of Trade and Industry (MTI) indicate that the economy recorded a 1.8% y-o-y growth for 1Q2016, driven mainly by expansions in the construction and services sectors. Stronger growth in the construction sector was supported by activities in both public and private sectors, while growth in services was driven primarily by the finance and insurance sectors. MTI expects growth in 2016 to remain muted, with full-year GDP growth at between 1 and 3%.

As at 1Q2016, occupancy in Singapore's core CBD stood at 95.2% with average Grade A rents at \$9.90 psf per month as landlords continued to focus on preserving occupancy and/or attracting new tenants¹. CBRE opined that the contraction phase for office spaces in the financial sector appears to be nearing an end. However, volatility in the energy sector may result in further right-sizing activities by tenants in the oil and gas sector. Meanwhile, companies in the technology, media and telecommunications (TMT) sector continue to see positive leasing activities, along with occupiers in the insurance and pharmaceutical sectors. Narrowing rental rates has also seen a flight-to-quality move among tenants.

CBRE expects the down cycle in the office sector to persist through the rest of 2016 with vacancy levels picking up from 3Q2016 as the market awaits the completion of major new CBD developments. However, with very limited confirmed supply from 2018 onwards, CBRE is of the opinion that the market could recover earlier than expected.

In Australia, the Australian economy grew 2.5% in 2015, supported by healthy demand from non-mining sectors despite a contraction in mining-related investments due to declining commodity prices. In its drive for continued growth, in particular the housing and infrastructure sectors, the Reserve Bank of Australia (RBA) has kept its official cash rate on hold at 2% in 1Q2016. Australia expects to record steady growth of between 2.5% and 3.5% for 2016. The RBA however cautioned that the outlook for China's economic growth remains a key focus.

According to Jones Lang LaSalle, the positive net absorption in the Australian office market in 2015 came in higher than the 20-year average for the CBD office markets. Sydney and Melbourne continued to record the strongest annual net absorption, with leasing activities driven mainly by the TMT, commercial banking and education sectors.

The Singapore office market is expected to remain challenging these two years given the impending new supply. For Keppel REIT, 85% of total leases is not due for renewal till 2018 and beyond and approximately 80% of total leases is not due for renewal till 2019 and beyond, when limited new office supply is expected. Continuing its proactive marketing and leasing efforts, the Manager has completed the renewal of more than three quarters of the total leases expiring in 2016. With this, the Manager has achieved a 99.4% portfolio occupancy rate, with only a minimal 3% of the portfolio's total net lettable area of 3.3 million sf due for renewal for the rest of 2016. As at 1Q2016, the Manager achieved a 99% tenant retention rate and with rental rates for all new, renewal, forward renewal and review leases recording an average positive rent reversion of 7%.

The Manager will continue to intensify efforts on tenant retention to maintain a healthy and long lease expiry profile. The Manager will continue to achieve capital efficiency as it strives to maintain a well-staggered debt maturity profile. The Manager believes that such efforts, coupled with Keppel REIT's quality portfolio, will put it in good stead to weather the challenging conditions ahead.

¹ Source: CBRE, 1Q2016

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 January 2016 to 31 March 2016
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Other gains distribution (d) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.23 cents per unit (b) Tax-exempt income distribution - 0.26 cents per unit (c) Other gains distribution - 0.09 cents per unit (d) Capital distribution - 0.10 cents per unit
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><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.</p> <p><u>Other gains distribution</u> Other gains distribution is not taxable in the hands of all Unitholders.</p> <p><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.</p>

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 January 2015 to 31 March 2015
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 1.11 cents per unit (b) Tax-exempt income distribution - 0.49 cents per unit (c) Capital distribution - 0.10 cents per unit
Tax Rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><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.</p> <p><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.</p>

(c) Books Closure Date

22 April 2016

(d) Date Payable

27 May 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)	
	1Q2016 \$'000	1Q2015 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager’s management fees	12,576	12,343
- Divestment fee	810	-
- Property management fees and reimbursable	1,469	1,444
- Leasing commissions	-	55
- Rental and service charge income ¹	36,041	-
- Rental support	3,200	5,022
- Electricity expenses ¹	-	12,400
- Reimbursement of development costs for one-third interest in an associate	-	4,837
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee’s fees	310	301

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

Note:

(1) *The aggregate value of interested person transactions refers to the total contract sum entered into during the financial year.*

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

TAN WEIQIANG MARC
 Company Secretary
 14 April 2016

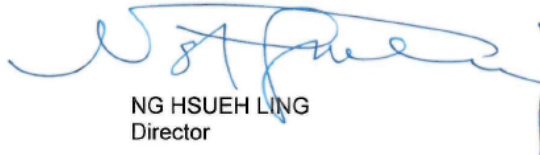
CONFIRMATION BY THE BOARD

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 First Quarter 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

14 April 2016



NG HSUEH LING
Director

Keppel REIT

10
TEN YEARS
CAPTURING VALUE | SUSTAINING RETURNS

1Q 2016 Financial Results
14 April 2016



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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.

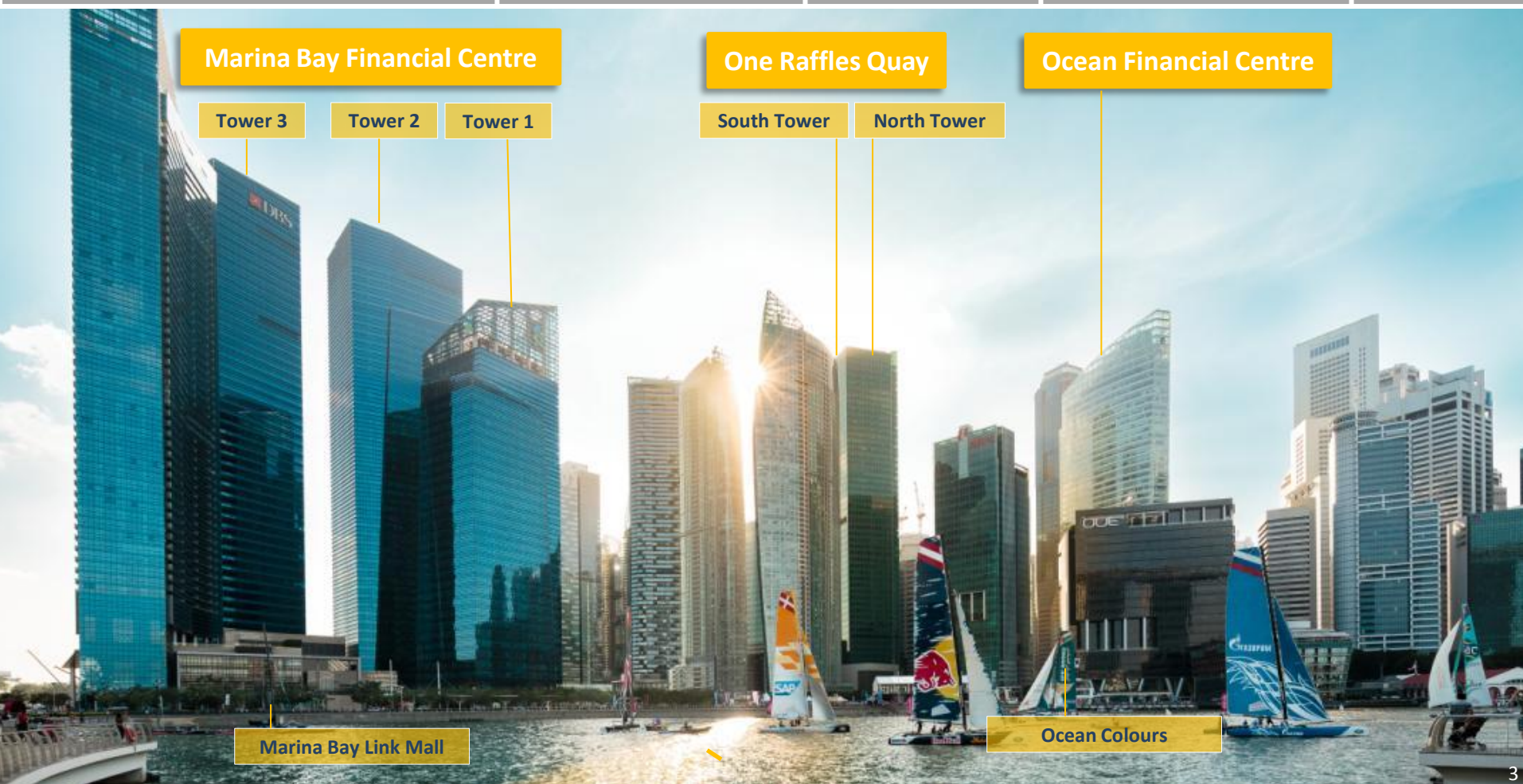
Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of Keppel REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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





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\$8.2 billion	296 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)



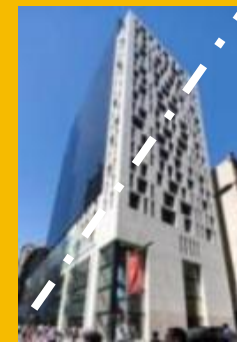
8 Exhibition Street,
Melbourne
(50% interest)



275 George Street,
Brisbane
(50% interest)



David Malcolm Justice
Centre, Perth
(50% interest)



77 King Street,
Sydney
(Divested on 29 Jan 2016)

- » 2016 marks **Keppel REIT's 10th anniversary** since its listing in April 2006
- » Over the last decade, Keppel REIT achieved an approximate **40% compounded annual growth rate** for its distributable income, and has undergone a **portfolio transformation** to remain relevant to **changing economic** and **environmental landscapes**
- » With an **initial 4 assets** in Tanjong Pagar and Raffles Place, Keppel REIT has **transformed** and **grown** to become one of Asia's **leading REITs**
 - **Premium** portfolio of **11** office towers with **long land tenures**
 - **Strategically located** in the **prime** financial hub of the **Raffles Place** and **Marina Bay** precinct, and in key Australian cities of **Sydney, Melbourne, Brisbane** and **Perth**
- » **Assets under management** have grown from approximately **\$600 million** in 2006 to over **\$8 billion**
 - **90%** of total portfolio in Singapore and the remaining **10%** in key Australian cities, with approximately **300 tenants** across **diverse business sectors**
- » Average portfolio age of **5 years** old
 - Keppel REIT's portfolio is amongst the **youngest** in the industry
 - Had there been no **portfolio transformation**, the **4 initial assets** would now have been approximately **25 years** old on average



- » As part of the **portfolio transformation**,
 - Assets were divested at an average of approximately **50% above** original purchase prices and an approximate **13% premium** to last appraised value
 - Average holding period was approximately **6 years**
- » To ensure **long-term income sustainability**
 - Conscious efforts to sign **longer** leases have also seen portfolio WALE **improve significantly** from approximately 3 years at listing to approximately **8 years** for the top 10 tenants and **6 years** for overall portfolio currently
 - Long leases in Singapore are embedded with **mark-to-market rent mechanisms** at **pre-determined anniversaries**, ensuring there are **no voids or vacancies** throughout these long lease terms
 - Leases in Australia are on **triple-net basis**, with tenants responsible for **all property expenses** including taxes, insurance and common area maintenance, and also with **fixed annual rental escalations** embedded throughout each respective lease
- » Current portfolio has **appreciated steadily** over its average portfolio holding period of **4.5 years**, recording an average fair value gain of approximately **30%** or an approximate **7%** appreciation per annum to-date





Keppel REIT's **transformation** in the last decade has seen it grow to become a REIT with a **young portfolio** of **best-in-class assets** on **long land tenures** in **premium locations**.

Its portfolio is **well-leased** to a stable of creditable tenants on **long leases** with **mark-to-market rent mechanisms** in Singapore and **triple-net leases** with **fixed annual rental escalations** in Australia, all of which position Keppel REIT to continually deliver **long-term steady returns** and **sustainable capital values**.



1. Key Highlights – 1Q 2016

- Continue to deliver sustainable returns to Unitholders amidst a challenging environment
- Significant reduction of expiring leases to only a minimal **3%** for the rest of 2016
- **99%** tenant retention rate
- **99.4%** portfolio occupancy rate
- Average positive rent reversion of **7%** for all leases executed in 1Q 2016



Key Financial Highlights

- » Continue to deliver **sustainable returns** to Unitholders amidst a challenging environment
- » **Increased distributable income (DI)** y-o-y and q-o-q of **\$54.4m** for 1Q 2016 despite the absence of income contribution from 77 King Street in Sydney
- » **Higher DI** due to
 - **Consistent** performance across **all** properties in Singapore and Australia, in particular **improved contributions** from its **joint ventures**
 - **Better** results of joint ventures were due to **higher contributions** from **8 Chifley Square** in Sydney and the newly-completed **David Malcolm Justice Centre** office tower in Perth (formerly known as the Old Treasury Building site)
- » **PI** for the current portfolio⁽¹⁾ **improved 2.5% y-o-y**, while **NPI increased 1.6% y-o-y**
- » DPU of **1.68 cents** for 1Q 2016, and an annualised yield of **6.8%**⁽²⁾
- » Moody's reaffirmed its **Baa2** corporate rating on Keppel REIT, with a **stable** outlook



Ocean Financial Centre



Bugis Junction Towers



Marina Bay Financial Centre

(1) Excluding the divested 77 King Street

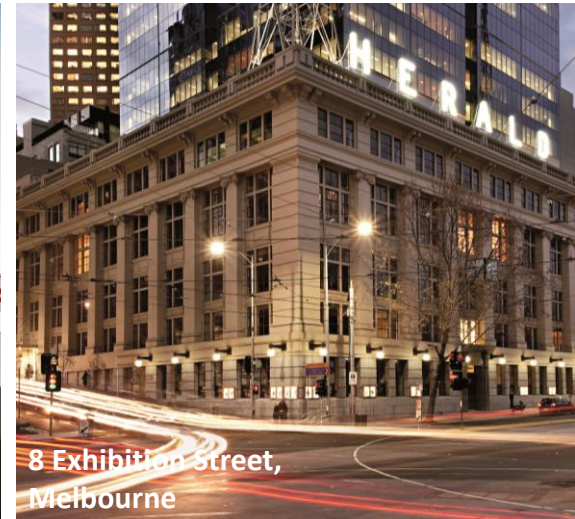
(2) Based on the market closing price per unit of \$0.995 as at 31 March 2016





Key Portfolio Highlights

- » Continued **proactive** marketing and **rigorous** leasing efforts
 - Only a minimal **3%** of expiring leases for the rest of 2016, a **significant decrease** from the approximate 14% one quarter ago
 - Majority of the remaining **3%** of expiring leases for **the rest of 2016** likely to be renewed and **tenants retained**
- » Successfully concluded a total of **28 leases**, equivalent to approximately **430,000 sf** (attributable space of 353,000 sf) in 1Q2016, and **increased overall portfolio occupancy** to **99.4%** from 99.3% as at end-2015
- » **99% tenant retention rate**, with an average **positive rent reversion** of **7%** for all new, renewal, forward renewal and review leases



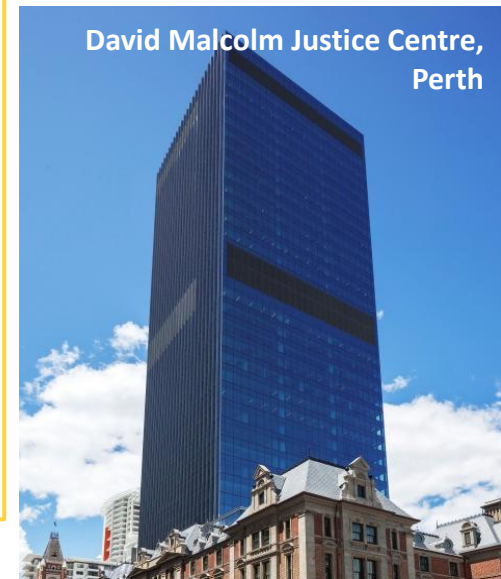


Key Portfolio Highlights

- » Conscious efforts to sign **longer leases** that will provide **income stability** over the longer term
- » Continue to maintain **long WALE** of approximately **8 years** (till year 2024) and **6 Years** (till year 2022) for the top 10 tenants and overall portfolio respectively
- » To date, **85%** of total leases is **not due for renewal till 2018 and beyond**, and approximately **80%** of total leases is **not due for renewal till 2019 and beyond**, when **limited new office supply** is expected
 - Expects to renew **most** of the **11.5%** of expiring leases in **2017**, given that majority of these tenants are in their **first lease renewal cycle**
 - **Proactively engaging** tenants with leases expiring in **2018**
- » The Old Treasury Building in Perth, at which the Government of WA had commenced its **long 25-year** lease in end-November 2015, was named the **David Malcolm Justice Centre** on 11 March 2016



Ocean Financial Centre



David Malcolm Justice Centre, Perth

1. Key Highlights

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Key Capital Management Highlights

- » **Proactive** refinancing efforts saw aggregate leverage **reduce** to **39%** in 1Q 2016
- » Continue to maintain a **well-staggered debt maturity profile**
 - Completed **100%** of refinancing requirements in **2016**
 - Weighted average term to maturity to **3.6 years**
 - **No refinancing requirements** until the **second half of 2017**
- » **Increased** fixed-rate loans to **over 75%** as at 1Q 2016, up from 70% last quarter
 - Average cost of debt remained **stable** at **2.58%**
 - Interest coverage ratio at a **healthy 4.5 times**
 - Provides **certainty** of interest expenses and **safeguards** against interest rate volatility
- » **Hedged** almost all of the forecasted distribution payout from Australia in **2016**



2. Financial Highlights

BRIGHTENING ENVIRONMENTS

A holistic and proactive approach towards environment management helps us achieve long-term savings for all our stakeholders.

Bugis Junction Towers,
Singapore

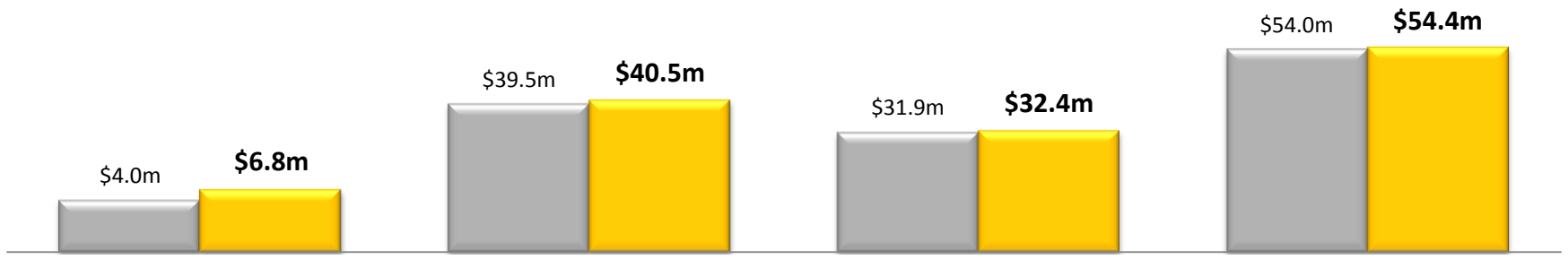
Keppel REIT



Delivering Sustained Returns

- » **DI** ↑ y-o-y and q-o-q for 1Q 2016 despite the absence of income from 77 King Street
- » **Higher DI** due to:
 - **Consistent** performance across **all** properties in Singapore and Australia, in particular **improved contributions** from its **joint ventures**
 - **Better** results of joint ventures were due to **higher contributions** from **8 Chifley Square** and the **David Malcolm Justice Centre** office tower
- » Excluding 77 King Street and other non-recurring income and expenses, PI for the current portfolio⁽¹⁾ **improved 2.5%** y-o-y, while NPI **increased 1.6%** y-o-y

Share of Results of Joint Ventures	Property Income	Net Property Income ⁽²⁾	Distributable Income
↑ 68% y-o-y	↑ 2.5% y-o-y	↑ 1.6% y-o-y	↑ 0.8% y-o-y
\$6.8 mil	\$40.5 mil	\$32.4 mil	\$54.4 mil



■ 1Q 2015 ■ 1Q 2016

(1) Excluding the divested 77 King Street
 (2) Excluding 77 King Street and other non-recurring income and expenses



- 1. Key Highlights
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Delivering Sustained Returns

- » In its report dated 4 April 2016, Moody’s reaffirmed its **Baa2** corporate rating on Keppel REIT, with a **stable** outlook
 - Rating reflects Keppel REIT’s ability to continue generating **stable** and **recurring income** from its **quality tenant base** in **strategically-located** assets
 - Expects Keppel REIT to continue to generate **stable cashflows** from its portfolio, driven by **steady occupancy levels** and **positive rent reversions** for its portfolio
- » DPU of **1.68 cents** for **1Q 2016**, and an annualised yield of **6.8%**

Distribution Per Unit (DPU)	Distribution Period
1.68 cents	1 January 2016 – 31 March 2016

Distribution Timetable	
Trading on “Ex” Basis	Wednesday, 20 April 2016
Books Closure Date	Friday, 22 April 2016
Distribution Payment Date	Friday, 27 May 2016

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	As at 31 March 2016	As at 31 December 2015
Non-current Assets	\$7,132 mil	\$7,261 mil
Total Assets	\$7,429 mil	\$7,425 mil
Borrowings ¹	\$3,321 mil	\$3,341 mil
Total Liabilities	\$2,626 mil	\$2,648 mil
Unitholders' Funds	\$4,650 mil	\$4,626 mil
Adjusted NAV Per Unit ²	\$1.42	\$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 December 2015, this excluded the distribution paid in February 2016.

For 31 March 2016, this excluded the distribution to be paid in May 2016.

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3. Portfolio Analysis

ENGAGING **TENANTS**

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

8 Exhibition Street,
Melbourne



Robust Leasing efforts

- » Continued **proactive** marketing and **rigorous** leasing efforts
 - Completed renewal of more than **three quarter** of total leases expiring in 2016
 - Only a minimal **3%** of expiring leases for the rest of 2016, a **significant decrease** from the approximate 14% one quarter ago
 - Majority of the remaining **3%** of expiring leases for **the rest of 2016** likely to be **renewed** and **tenants retained**
- » **Increased** overall portfolio occupancy to **99.4%** from 99.3% as at end-2015
- » **99% tenant retention rate**, with an average **positive rent reversion** of **7%** for all new, renewal, forward renewal and review leases
- » To date, **85%** of total leases is **not due for renewal till 2018 and beyond**, and approximately **80%** of total leases is **not due for renewal till 2019 and beyond**, when **limited new office supply** is expected
- » **Average rents** for leases due for **renewal** and **review** from 2016 to 2018 range between **\$8.50 to low \$9 psf**



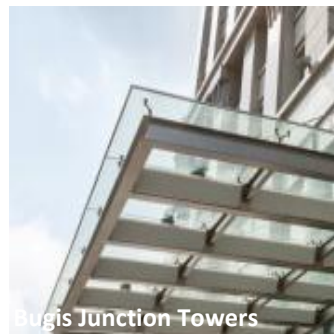
Ocean Financial Centre



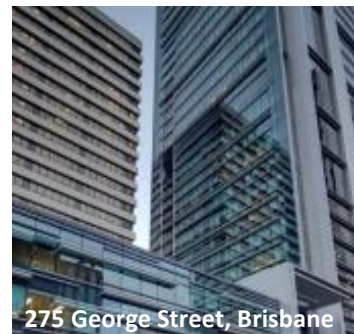
Marina Bay Financial Centre



One Raffles Quay



Bugis Junction Towers



275 George Street, Brisbane

1. Key Highlights

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5. Market Review





Long Weighted Average Lease Expiry

1. Key Highlights

2. Financial Highlights

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- » Conscious efforts to sign **longer leases** that will provide **income stability** over the **longer term**
- » Continue to maintain a **long WALE** that will **enhance income sustainability** and **resilience** over a long period
- » **Top 10 tenants** accounted for approximately **44%** of portfolio NLA
- » **Long WALE** of approximately **8 years** and **6 years** for top 10 tenants and portfolio respectively
 - Long leases in Singapore are embedded with **mark-to-market rent mechanisms** at **pre-determined anniversaries**, thereby ensuring no voids or vacancies throughout the long lease term
 - 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

Weighted Average Lease Expiry (WALE)

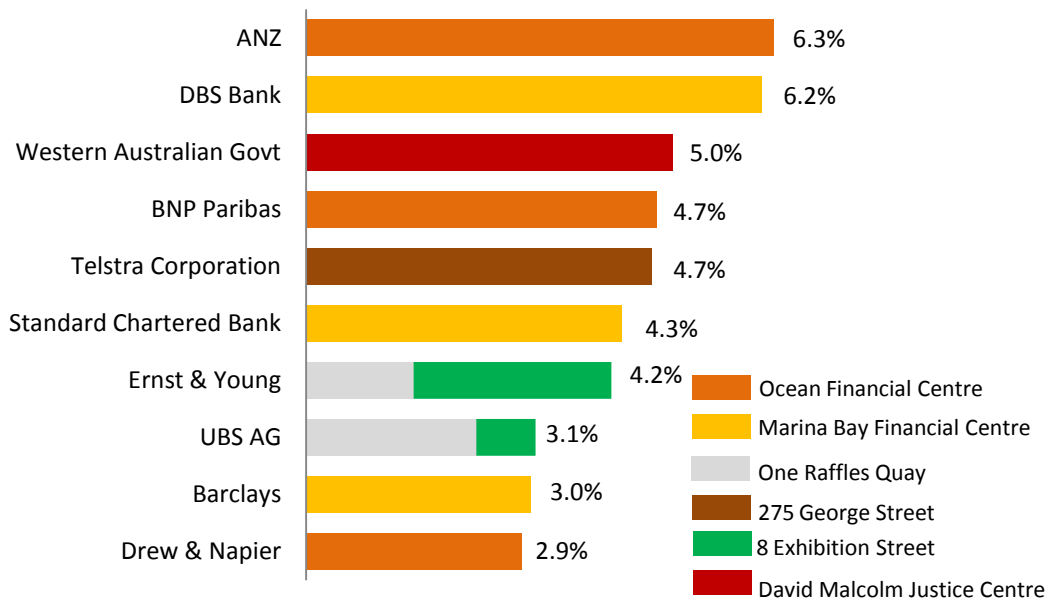
Approx. 8 years
(till year 2024)



Approx. 6 years
(till year 2022)



Top Ten Tenants (by NLA)

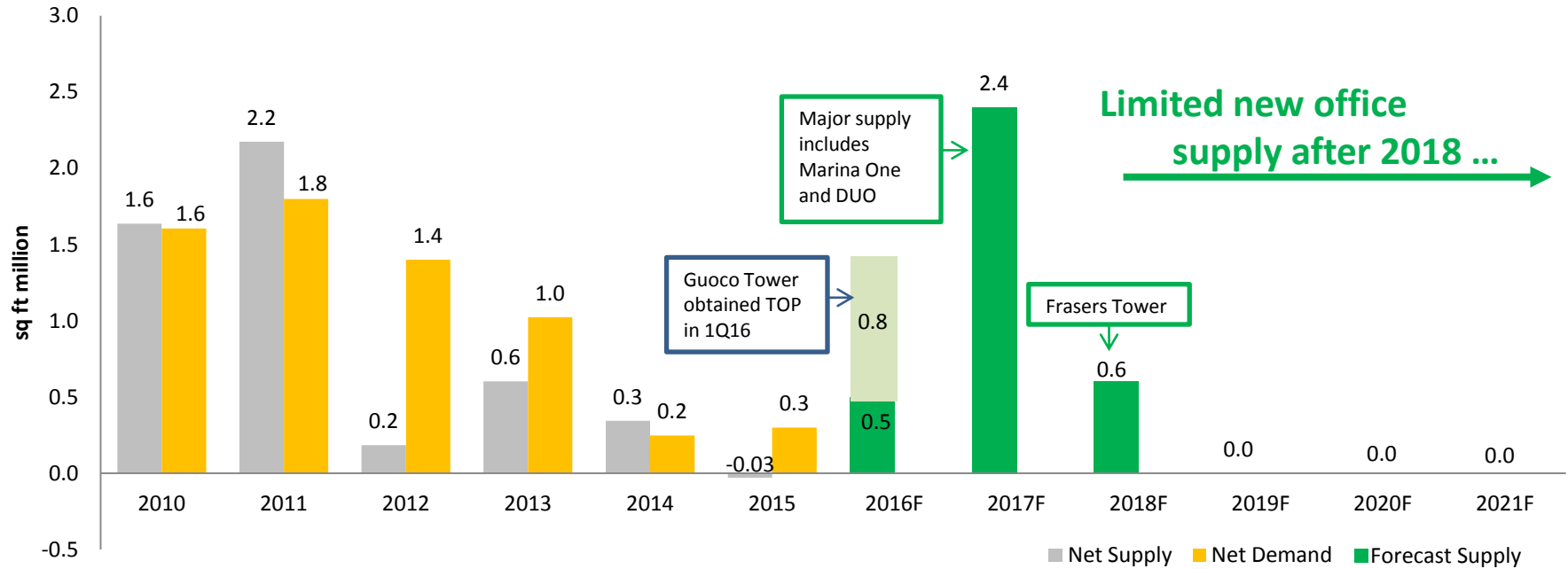




Singapore Average Net Office Demand and Supply

- » **Healthy demand** for office space of approximately **1.1 mil sf p.a.** in the last 6 years
- » Average supply of approximately **0.7 mil sf p.a.** over the next 6 years till 2021
- » **Limited new office supply after 2018**

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 supply over next 6 years (2016 – 2021) ⁽²⁾	~0.7mil sf



Sources: URA and CBRE

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

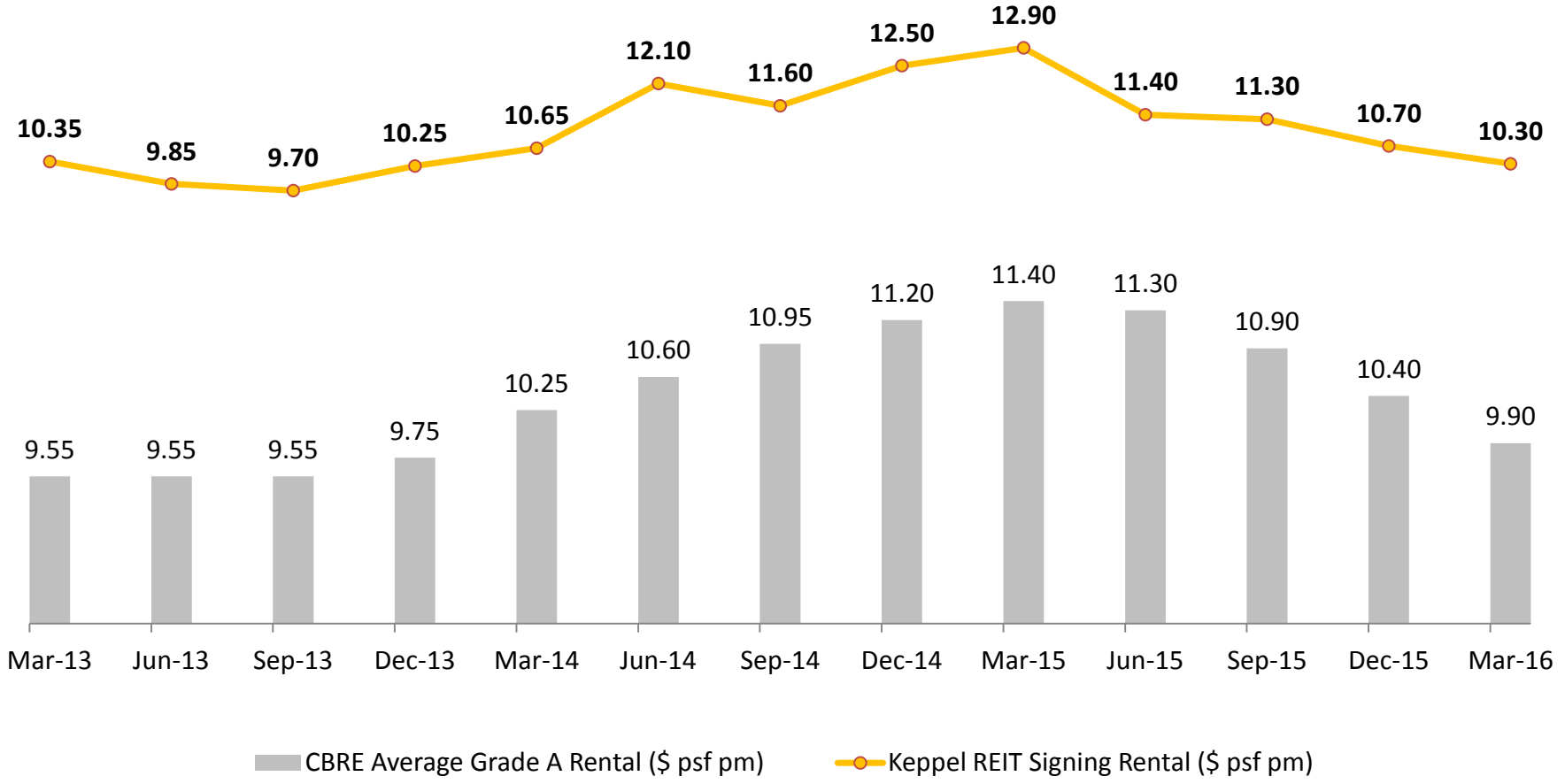
(2) Forecast new supply excludes strata offices

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Strong Track Record of Rents Above Market

» Average Grade A rent for Singapore's core CBD at approximately **\$9.90 psf** in 1Q 2016



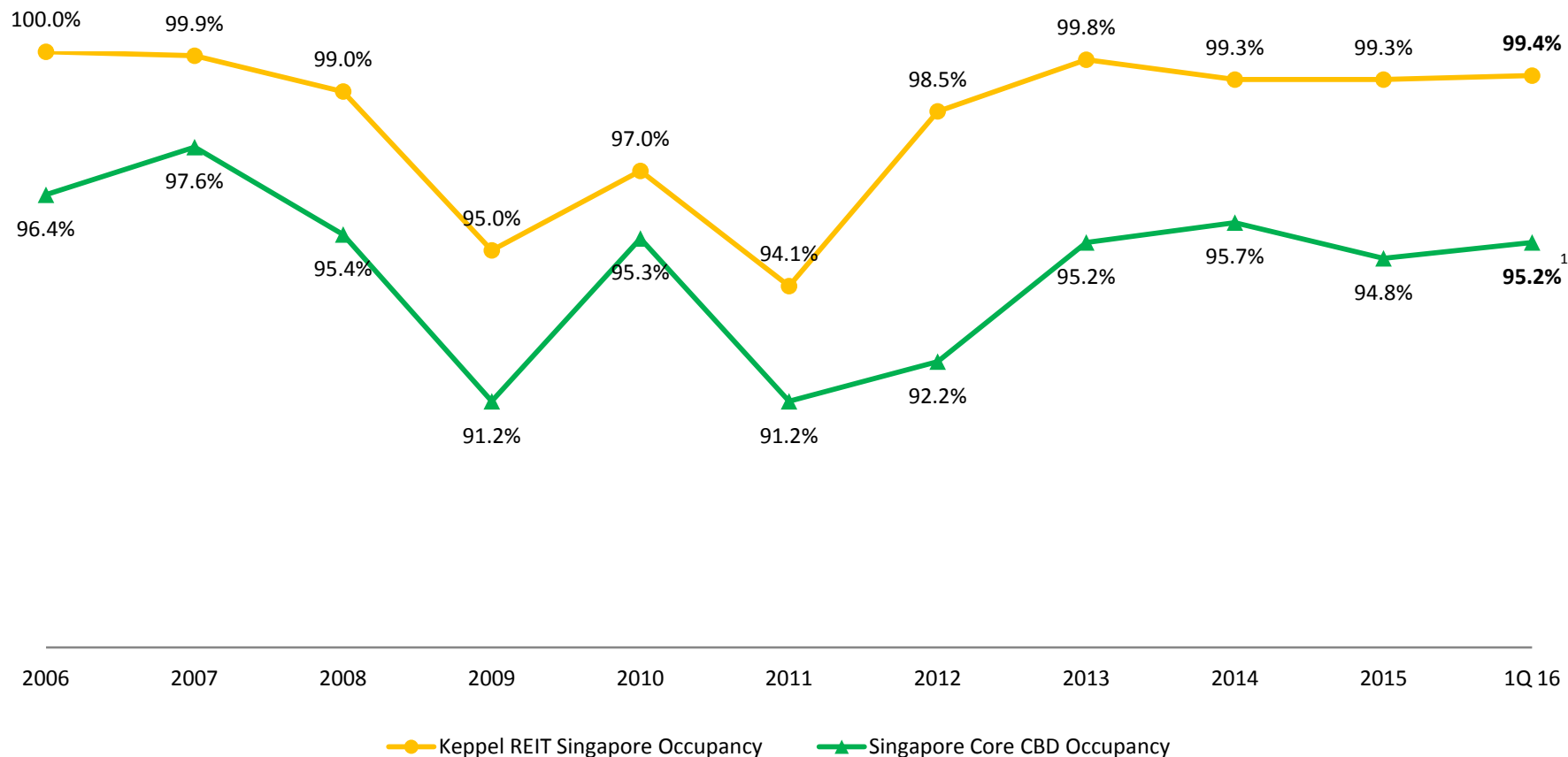
Source: CBRE, 1Q 2016

- 1. Key Highlights
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Strong Singapore Portfolio Occupancy

- » **Occupancy** in Singapore's **core CBD** remained **stable** at **95.2%** in 1Q 2016
- » **Keppel REIT's** Singapore portfolio occupancy has remained **consistently above** Core CBD occupancy levels since listing in 2006



(1) CBRE, 1Q 2016

- 1. Key Highlights
- 2. Financial Highlights
- 3. Portfolio Analysis
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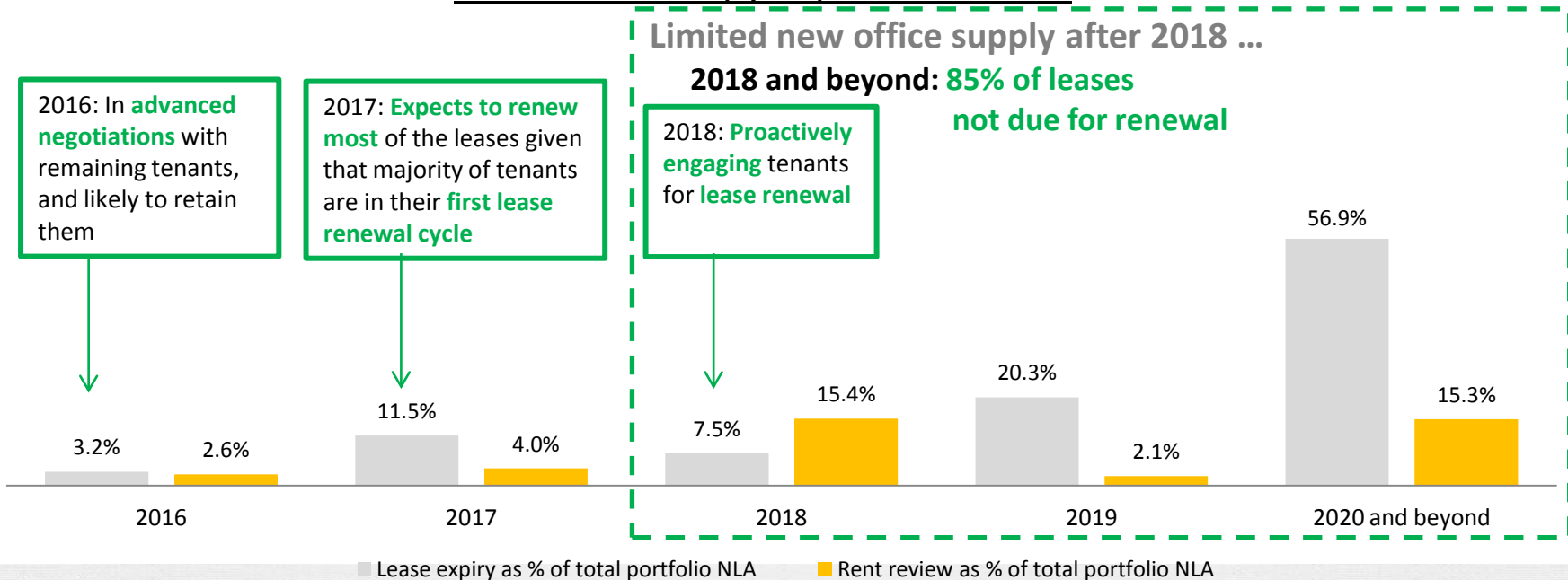




Healthy Lease Expiry Profile

- » Only a minimal approximate **3%** of the portfolio's total NLA due for renewal for the **rest of 2016**, a **significant decrease** from the approximate 14% one quarter ago
- » Majority of the remaining **3%** of expiring leases for **the rest of 2016** likely to be **renewed** and **tenants retained**
- » To-date, approximately **85%** of total leases is **not due for renewal till 2018 and beyond**, and approximately **80%** of total leases is **not due for renewal till 2019 and beyond**, when **limited new office supply** is expected
 - Expects to renew most of the **11.5%** of expiring leases in **2017**, given that majority of these tenants are in their **first lease renewal cycle**
 - **Proactively engaging** tenants with leases expiring in **2018**

Portfolio Lease Profile (By NLA) as at 31 March 2016



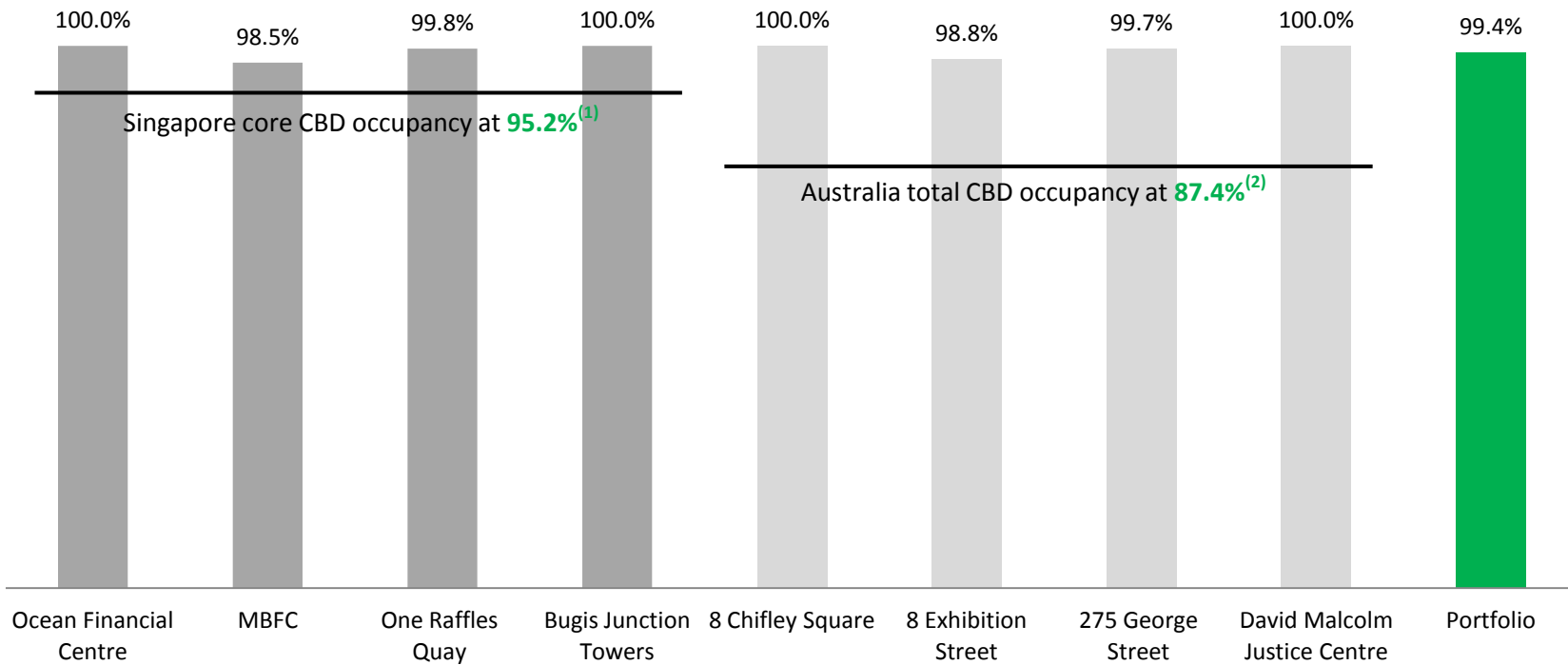
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Stable Committed Occupancy Levels

» Maintained **high portfolio committed occupancy** of **99.4%**



(1) CBRE, 1Q 2016

(2) JLL, January 2016

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Healthy Leasing Activities in 1Q 2016


- » Concluded a total of **28 leases** or approximately **430,000 sf** (attributable space of 353,000 sf) of space in 1Q 2016
- » **99%** tenant retention rate
- » Recorded a **7% positive rent reversion** on average for all new, renewal, forward renewal and review leases
- » **New** leasing demand in 1Q 2016 came mainly from the **legal** and **financial** sectors





RHB  RHB Securities Singapore Pte. Ltd.


PICTET 


Keppel Land  Thinking Unboxed™


NewForests 


GUNVOR  Global Commodities Trading

esking  爱斯奇摩
Cafe & Fruit Dessert Bar

KNICKER+BOCKERS 

GIORDANO 

awfully chocolate 

7-ELEVEN. 

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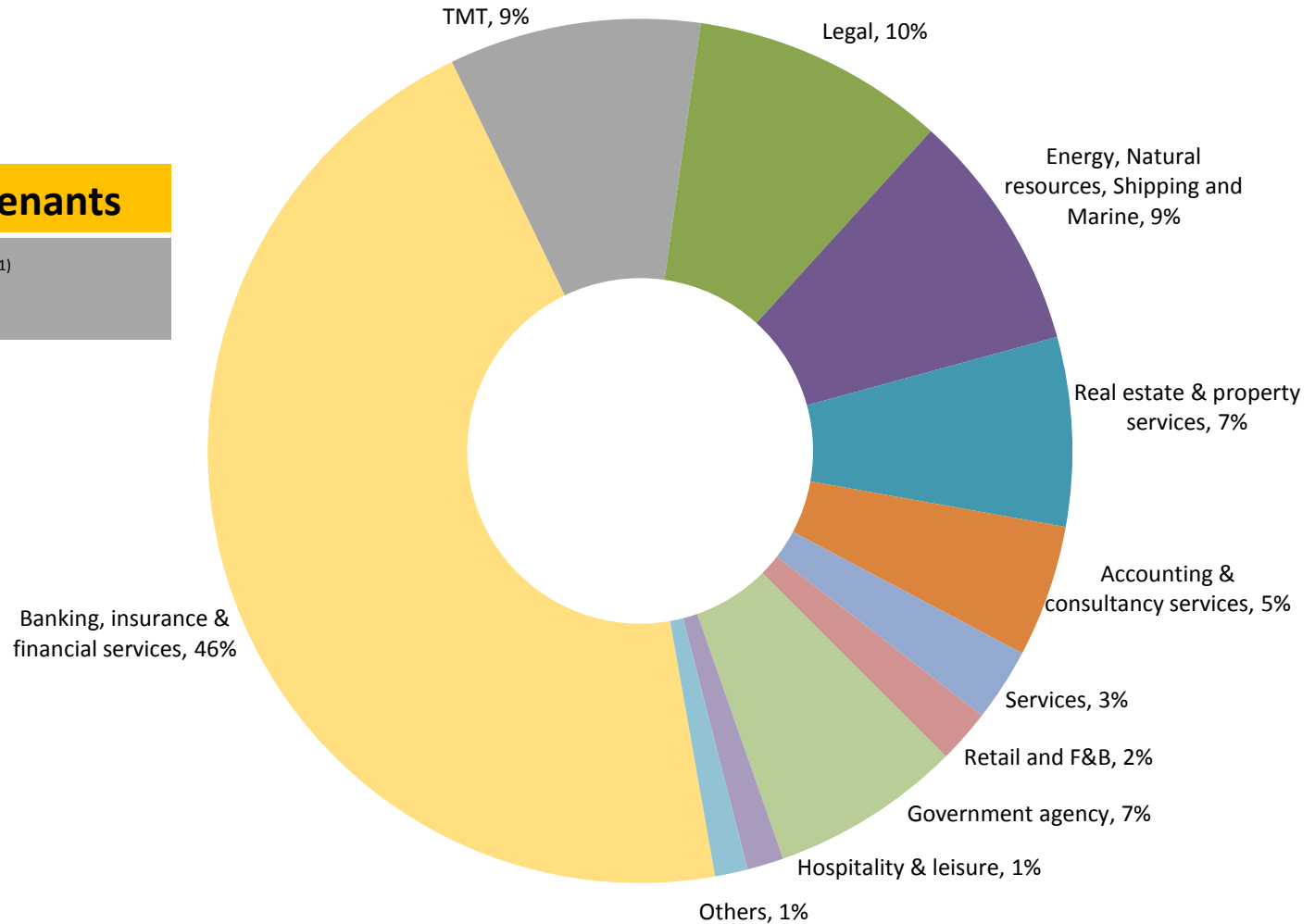




Well-Diversified Tenant Base

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

Number of tenants
296 ⁽¹⁾



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

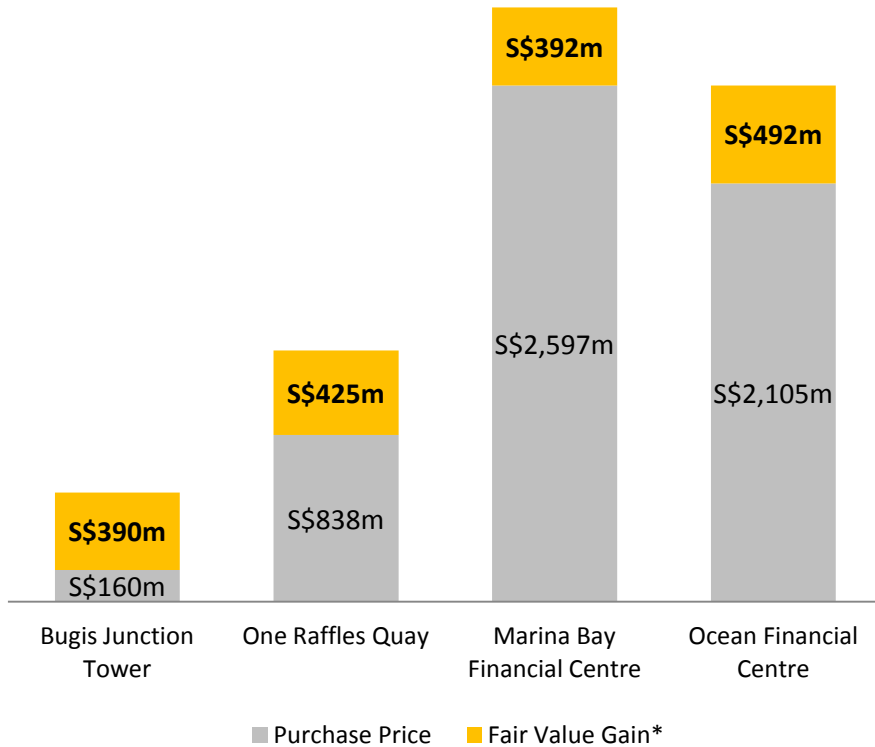
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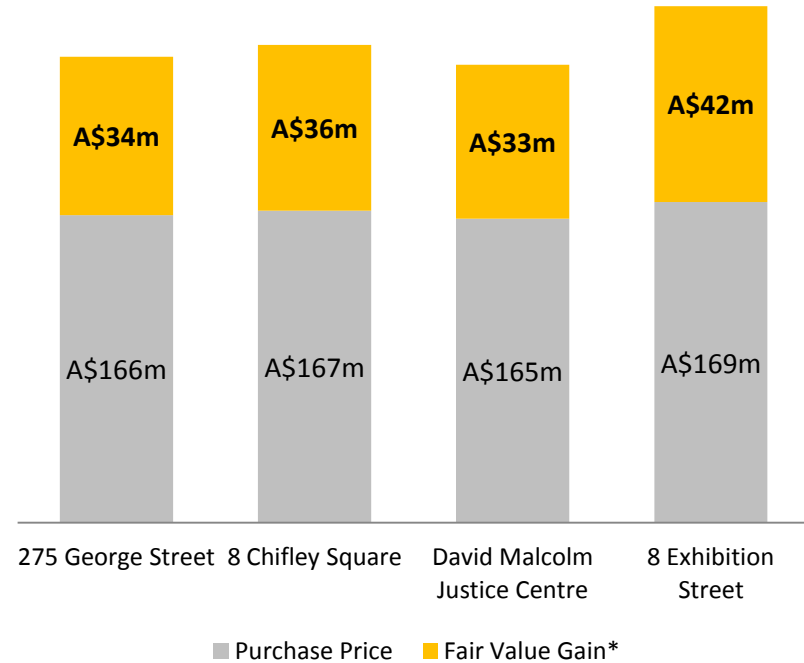
Steady Appreciation of Current Portfolio

- » Average fair value gain of approximately **30%** for current portfolio, or an approximate **7% appreciation** per annum to-date
- » Average **4.5 years** portfolio holding period to-date
- » Compounded annual growth rate for Keppel REIT's distributable income has been approximately **40%** since listing

Singapore



Australia



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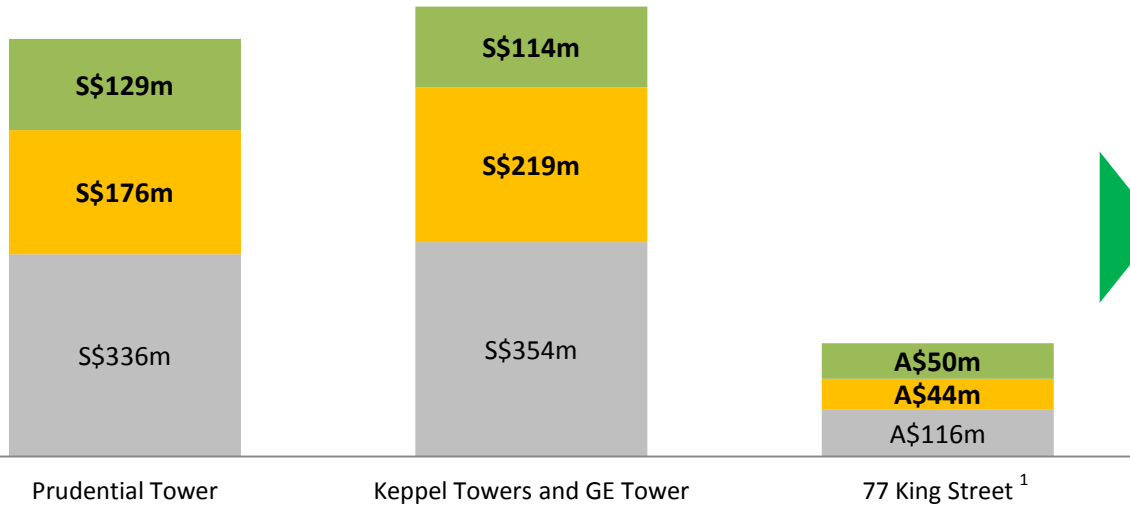
* Based on 31 December 2015 valuation



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**

■ Original Purchase Price ■ Divestment Gain² ■ Property Income



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

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- » The office tower on the Old Treasury Building site in Perth was named the **David Malcolm Justice Centre** on 11 March 2016
- » The Government of WA commenced its **25-year lease** since end-November 2015
 - Lease is on **triple-net basis** and includes **fixed annual rental escalations** throughout its lease term with options for another 25 years
 - Initial yield of **7.15%**
- » Fit-out ongoing, with move-in expected in **mid-2016**



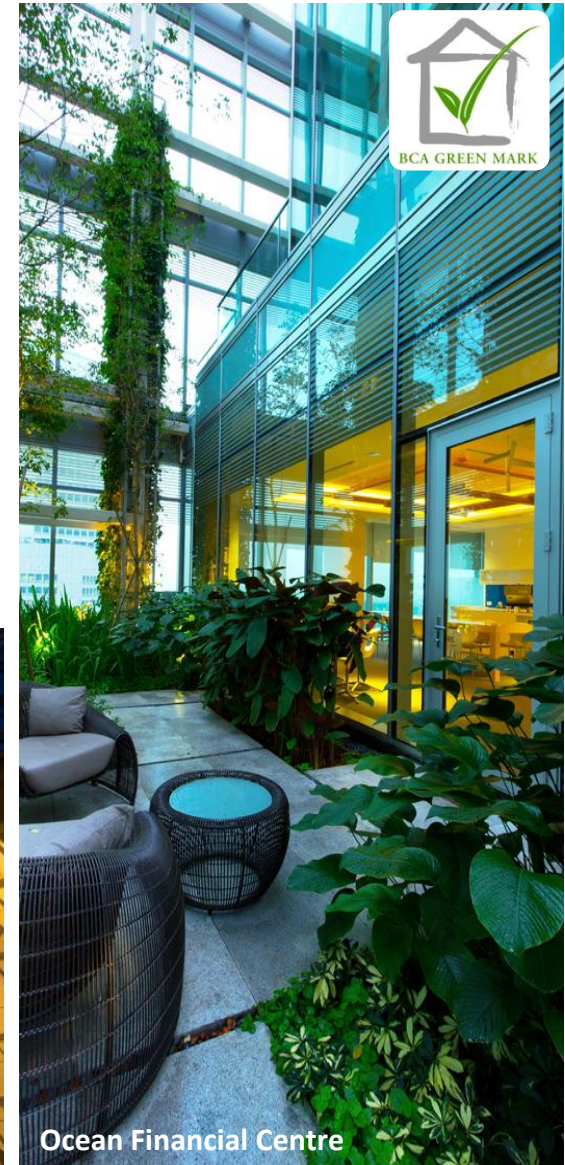
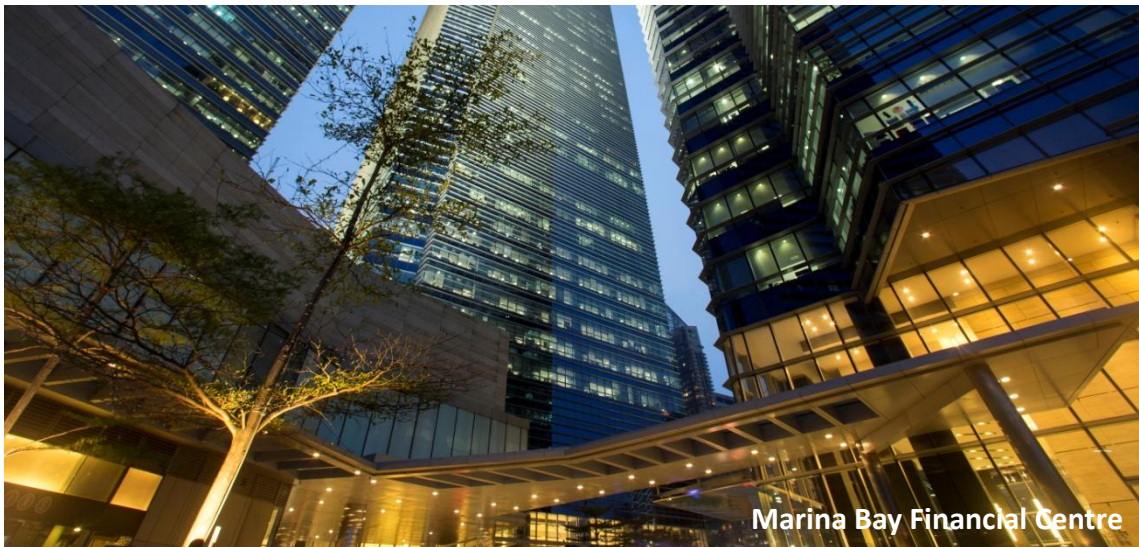
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Building a Sustainable Future

- » Continues to maintain **high standards** of environmental protection
- » Awarded the following **sustainable accolades**
 - **MBFC Tower 3** awarded the **highest Green Mark Platinum Award**
 - **Ocean Financial Centre** recertified as a **BCA Green Mark Platinum building** and awarded the **Green Mark Pearl Award**
- » Beyond awards, these accolades reaffirm the Manager's commitment towards **achieving excellence in environmental sustainability**



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4. Capital Management

UNRELENTING TENACITY

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

One Raffles Quay,
Singapore

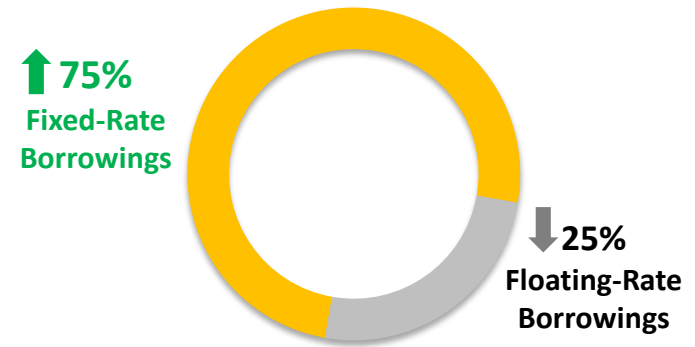


Prudent Capital Management

- » Continued proactive refinancing efforts saw aggregate leverage **decrease** to **39.0%** as at 1Q 2016 from 39.3% as at end-2015
- » **Increased fixed-rate loans** to over **75%** as at 1Q 2016, up from 70% last quarter
 - Provides **certainty** of interest expenses and **safeguards** against interest rate volatility
- » Average cost of debt remained **stable** at **2.58%**, with **interest coverage ratio** at a **healthy 4.5 times**

	As at 31 Mar 2016
Gross Borrowings	\$3,321 mil
Interest Coverage Ratio	4.5 times
All-in Interest Rate	2.58%
Weighted Average Term to Expiry	3.6 years
Aggregate Leverage	39.0%
Moody's Rating	Baa2

Borrowings on Fixed-Rate



% of Assets Unencumbered



	DPU Change
Every 100 bps ↓↑ in SOR	~0.12cents ↑↓ in DPU

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Optimising Capital Structure

- » Ongoing efforts to **minimise exposure** to currency fluctuations and **provide greater certainty** over future distributions
- » Policy of **hedging more than 90%** of income from its Australian assets
- » Hedged **almost all** of its forecasted distribution payout from Australia in **2016**



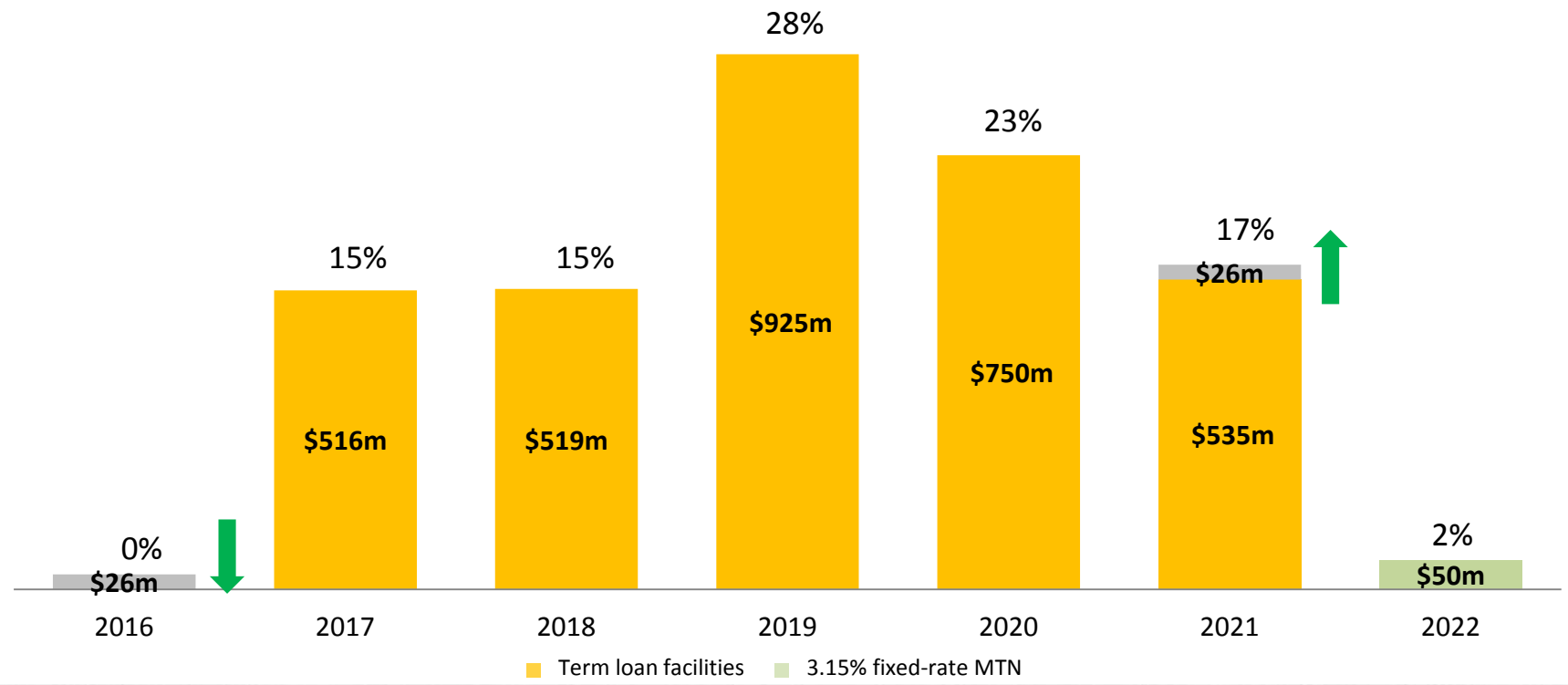
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Well-staggered Debt Maturity Profile

- » **100%** of **refinancing requirements** completed for FY 2016
- » Continue to maintain **well-staggered debt maturity profile** with **weighted average term to expiry** at a **healthy 3.6 years**

No refinancing requirements until second half of 2017



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5. Market Review & Outlook

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

Keppel REIT



Singapore

- » Advance estimates indicate that the economy grew 1.8% y-o-y for 1Q 2016, driven by expansions in the construction and services sectors
- » Growth is expected to remain muted in 2016 with full-year GDP growth at between 1 and 3%
- » Occupancy in Singapore's core CBD was 95.2% in 1Q 2016 as landlords continued to focus on preserving occupancy and/or attracting new tenants
 - Positive leasing activities by TMT companies, as well as firms in the insurance and pharmaceutical sectors
- » CBRE opined that the contraction phase for office spaces in the financial sector appears to be nearing an end. However, volatility in the energy sector may result in further right-sizing activities by tenants in the oil and gas sector
- » CBRE expects the down cycle in the office sector to persist through the rest of 2016
- » However, with very limited confirmed supply from 2018 onwards, CBRE is of the opinion that the market could recover earlier than expected

1. Key Highlights

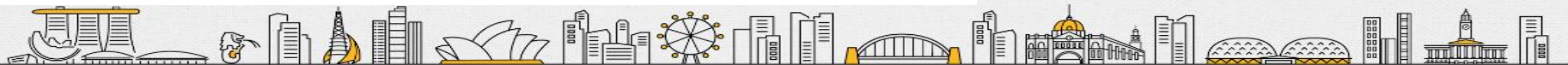
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Sources: Ministry of Trade (MTI) and Industry and CBRE





Australia

- » Economy grew 2.5% in 2015, supported by healthy demand from non-mining sectors
- » To drive continued growth, the Reserve Bank of Australia kept its official cash rate at 2% in 1Q 2016
- » Australia expects to record steady growth of between 2.5% and 3.5% in 2016
- » Positive net absorption in the office market in 2015 came in higher than the 20-year average for the CBD office markets
 - Leasing activities driven mainly by the TMT, commercial banking and education sectors



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



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- » In January 2016, Keppel Corporation announced its intention to consolidate its interests in all four of its subsidiaries in business trust management, REIT management and fund management under **Keppel Capital**
- » This includes Keppel Land's interest in Keppel REIT Management Limited, the Manager of Keppel REIT
- » Leveraging the scale and resources of a **larger, integrated asset management platform**, the Manager will benefit from:
 - ✓ **Improved** operational efficiency and performances
 - ✓ **Sharing** of best practices with the centralisation of certain non-regulated support functions
 - ✓ **Strengthen** recruitment and retention of talents to drive the Manager's as well as Keppel REIT's performances into the future
- » Proposed transaction expected to be completed by the **second half of 2016**

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**





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.*

Keppel REIT

Thank You

Ocean Financial Centre,
Singapore

UNDIVIDED ATTENTION

*Our attention to details helps ensure
that we provide the best value propositions
to our stakeholders*



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	Enhancing Assets	Achieving Capital Efficiency	Acquiring Quality Assets	Developing Talent
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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





Celebrating 10 Years of Excellence

2006 2007 2009 2010 2011 2012 2013 2014 2015 – Mar 2016



- Keppel REIT (previously known as K-REIT Asia) was listed on the SGX-ST Main Board on 28 April 2006
- The REIT started with an initial property portfolio of \$630 million, comprising Bugis Junction Towers, Prudential Tower, Keppel Towers and GE Tower (KTGE), which was revealed to \$677 million in end-2006

Assets Under Management
\$630m



- Maiden acquisition of a one-third interest in One Raffles Quay in December
- Assigned a corporate rating of Baa3 with a stable outlook by Moody's

Assets Under Management
\$2.1b

- Ms Ng Hweh Ling was appointed CEO and Executive Director on 17 August 2009
- First third-party acquisition which saw Keppel REIT increase its stake in Prudential Tower in November

Assets Under Management
\$2.1b

- First S-REIT to qualify for Australia's MIT structure, which saw Keppel REIT's overseas acquisitions of a 50% stake in Brisbane's 276 George Street in March and in Sydney's 77 King Street in December
- Inaugural AGM in April
- First strategic asset swap involving the divestment of KTGE and the acquisition of a one-third interest in MBFC Phase One in December

Assets Under Management
\$3.5b



- Acquired a 50% interest in Sydney's 8 Chifley Square in July through the REIT's first forward funding acquisition structure
- Acquired an 87.5% interest in Ocean Financial Centre through a limited liability partnership (LLP) structure in December, the first S-REIT to utilise such a structure to hold an asset

Assets Under Management
\$6.0b



- Obtained tax transparency for MBFC Phase One in June via a LLP structure
- Increased interest in Ocean Financial Centre to 99.9% in June
- Dr Chin Wei-Li, Audrey Marie was appointed non-executive Chairman on 3 July 2012
- Renamed Keppel REIT on 15 October 2012

Assets Under Management
\$6.5b



- Acquired 50% interests in the office tower at Perth's Old Treasury Building site in March and in Melbourne's 8 Exhibition Street in August
- Moody's upgraded corporate rating to Baa2 with a stable outlook
- Free float increased to 55.3% after Keppel Corporation's dividend in specie

Assets Under Management
\$7.2b

- Divested Prudential Tower in September
- Ranked first and named Regional Leader for Office Sector in Asia in the prestigious Global Real Estate Sustainability Benchmark (GRESB) 2014
- Acquired a one-third interest in MBFC Tower 3 in December
- Moody's and S&P reaffirmed corporate ratings of Baa2 and BBB respectively with a stable outlook

Assets Under Management
\$8.2b

- Maiden issuance of \$50 million 3.15% fixed-rate medium term notes, which extended Keppel REIT's debt maturity profile to 2022, as well as \$150 million perpetual securities at 4.58%
- Topped the GRESB 2015 for the second consecutive year
- Acquired the three remaining prime street-fronting retail units at Melbourne's 8 Exhibition Street in October
- The Government of Western Australia commenced its 25-year lease at the office tower on the Old Treasury Building site in Perth in November
- Divested 100% interest in 77 King Street in Sydney in January 2016 as part of ongoing efforts to maximise and capture value for Unitholders, while providing Keppel REIT with greater financial flexibility

Assets Under Management (as at end-2015)
\$8.4b





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

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





Portfolio Information: Singapore

- » Keppel REIT's AUM is approximately **\$8.2 billion** as at 31 March 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 of 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)	883,193	1,027,647	443,760	244,989
Ownership	99.9%	33.33%	33.33%	100.0%
Number of tenants	55	159	47	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 March 2106 ⁽⁶⁾	99 years expiring 12 June 2100	99 years expiring 9 Sept 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\$2,597m	S\$1,682m ⁽⁵⁾ S\$1,307m ⁽⁶⁾	S\$1,263m	S\$550m
Capitalisation rates	3.75%	3.75%	3.75%	3.75%
Committed occupancy (As at 31 Mar 2016)	100.0%	98.5%	99.8%	100.0%

1) Valuation as at 31 December 2015 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 ⁽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, Quantum 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
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\$\$201.5m
Capitalisation rates	5.40%	5.75% ⁽⁴⁾	6.75%	6.00%
Committed occupancy (As at 31 Mar 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.