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## **MEDIA RELEASE**

### **Unaudited Results of Keppel REIT for the Fourth Quarter and Full Year Ended 31 December 2015**

**18 January 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 fourth quarter and full year ended 31 December 2015.

The materials are also available at [www.keppelreit.com](http://www.keppelreit.com), [www.keppelland.com](http://www.keppelland.com) and [www.kepcorp.com](http://www.kepcorp.com).

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## Keppel REIT's 4Q 2015 distributable income grew 17.8% y-o-y

*Gearing reduced significantly to 39.3% and*

*High portfolio occupancy of 99.3% as at end-2015*

### Key Financial Highlights

- Income distributed to Unitholders for the fourth quarter of 2015 ("4Q 2015") and full year 2015 (FY 2015) rose 17.8% and 5.4% year-on-year ("y-o-y"), and remained constant on a quarter-on-quarter ("q-o-q") basis
- Higher distributable income was achieved despite the lack of income from Prudential Tower, as well as the absence of rental support from Ocean Financial Centre and Marina Bay Financial Centre ("MBFC") Phase One
- Improvement in distributable income was due mainly to higher property income from all assets in Singapore and Australia, as well as higher contributions from share of results of associates and share of results of joint ventures
- Distribution per unit ("DPU") of 1.68 cents for 4Q 2015, amounting to a total of 6.80 cents for FY 2015

### Key Capital Management Highlights

- Gearing level reduced significantly by approximately 8% to 39.3%, considerably lower than the Monetary Authority of Singapore's (MAS) revised gearing limit of 45%
- Maintained fixed-rate loans at 70% which safeguards against interest rate volatility and provides certainty of interest expenses as well as financial and operational flexibility
- Average cost of debt remained stable at 2.5% and interest coverage ratio at a healthy 4.4 times
- Completed almost 100% of refinancing requirements in 2016, and maintained well-staggered debt maturity profile with weighted average term to expiry at a healthy 3.7 years
- Almost 100% of income from Australia hedged up till the third quarter of 2016 ("3Q 2016")

### Key Portfolio Highlights

- Concluded a total of 114 leases, equivalent to approximately 1.6 million sf (attributable space of approximately 800,000 sf) of prime office space in 2015, bringing overall portfolio occupancy to a high of 99.3%
- Of the total new leases signed during the year, half were from tenants who were new to Keppel REIT's portfolio, one quarter from tenants new to Singapore and the remaining one quarter were expansions by existing tenants

Key Portfolio Highlights (continued)

- Approximately 30% (32 leases) or 480,000 sf (attributable space of approximately 222,000 sf) of space was committed in 4Q 2015
- Tenants from the telecommunications, media and technology ("TMT") sector accounted for half of the new leases signed during the quarter
- Achieved high tenant retention rate of 90% as at end-2015, and positive rent reversion averaging 13% for all new and renewed office leases in Singapore
- For leases expiring in 2016, the Manager is already in advanced negotiations with these tenants and is likely to achieve high retention
- For leases expiring in 2017, the Manager is also proactively engaging these tenants and is likely to renew most of these leases as the majority of these tenants are in their first renewal cycle
- Approximately 75% of total leases not due for renewal till 2018 and beyond, when limited new office supply is expected
- The Government of Western Australia (WA) commenced its 25-year lease at the office tower on the Old Treasury Building site in Perth in November 2015
- Announced divestment of interest in 77 King Street in Sydney for A\$160 million or S\$160 million, which is approximately 40% and 27% above the original purchase price and latest valuation respectively

**Summary of Results**

	GROUP			
	4Q2015 \$'000	4Q2014 \$'000	FY2015 \$'000	FY2014 \$'000
Property income	42,795	42,337	170,347	184,093
Net property income	34,771	34,253	137,465	151,436
Share of results of associates	16,862	16,115	75,695	60,745
Share of results of joint ventures	5,157	4,128	17,163	9,848
Income available for distribution	54,031	45,848	217,268	206,142
Distribution to Unitholders <sup>1</sup>	54,031	45,848	217,268	206,142
Distribution per Unit ("DPU") (cents) for the period/year	1.68	1.51	6.80 <sup>2</sup>	7.23
Distribution Yield %			7.3% <sup>3</sup>	5.9% <sup>4</sup>

**Notes:**

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

(2) Based on 1.70 cents, 1.72 cents, 1.70 cents and 1.68 cents reported in 1Q 2015, 2Q 2015, 3Q 2015 and 4Q 2015 respectively.

(3) Based on the market closing price per unit of \$0.93 as at the last trading day, 31 December 2015.

(4) Based on the market closing price per unit of \$1.22 as at the last trading day, 31 December 2014.

## Delivering Sustained Returns

Keppel REIT Management Limited, the Manager of Keppel REIT, is pleased to deliver higher y-o-y distributable income of \$54.0 million for 4Q 2015 and \$217.3 million for FY 2015. The income distributed to Unitholders is 17.8% and 5.4% above the corresponding periods in 2014 respectively, and constant on a q-o-q basis.

The Manager achieved higher distributable income despite the lack of income from Prudential Tower, which was divested in September 2014, as well as the absence of rental support from Ocean Financial Centre<sup>1</sup> and MBFC Phase One from January 2015 and 1Q 2014 respectively.

The y-o-y improvement to distributable income was due mainly to higher property income from all assets in Singapore and Australia, as well as higher contributions from share of results of associates and share of results of joint ventures. The increases in share of results of associates and joint ventures were due mainly to the full-year income contribution from Keppel REIT's one-third stake in MBFC Tower 3 and higher contributions from 8 Chifley Square in Sydney as well as the office tower on the Old Treasury Building site in Perth respectively.

The Manager is declaring a DPU of 1.68 cents for 4Q 2015. This amounts to a total of 6.80 cents for FY 2015, which translates to a distribution yield of 7.3%.

On 17 January 2016, the Manager announced the divestment of its interest in 77 King Street in Sydney for A\$160 million or approximately S\$160 million<sup>2</sup>. The sale price is approximately 40% above Keppel REIT's original purchase price of A\$116 million in end-2010 and an approximate 27% premium over its latest valuation. The divestment, which is expected to be completed in 1Q 2016 is in line with the Manager's aim to maximise and capture value for Unitholders, while providing Keppel REIT with greater financial flexibility.

Keppel REIT's properties in Singapore and Australia were assessed by independent valuers to be \$8.4 billion as at end-2015 due to better performance and stronger rental income from the properties. This resulted in a net fair value gain of \$218 million for FY 2015. The average cap rates for the Singapore and Australian properties were approximately 3.75% and 6.15% respectively.

## Robust Capital Structure

In managing market volatilities, the Manager continued to proactively manage its financing, interest and foreign currency exposure risks.

During the quarter, Keppel REIT's gearing level reduced significantly by approximately 8% to 39.3%, considerably lower than MAS' revised gearing limit of 45%<sup>3</sup>. The improvement was due mainly to lower borrowings and revaluation gains from Keppel REIT's investment properties in end-2015.

As at end-2015, the Manager maintained its fixed-rate loans at 70%, which safeguards the REIT against interest rate volatility and provides certainty of interest expenses as well as financial and operational flexibility. This saw Keppel REIT's average cost of debt remaining stable at 2.5% and interest coverage ratio at a healthy 4.4 times.

Keppel REIT continued to maintain a well-staggered debt maturity profile, with its weighted average term to expiry at a healthy 3.7 years. As at end-2015, almost 100% of the REIT's refinancing requirements in 2016 have been completed.

<sup>1</sup> Refers to Keppel REIT's 87.5% interest in Ocean Financial Centre

<sup>2</sup> Based on the exchange rate of A\$1=S\$1 as at 14 January 2016.

<sup>3</sup> W.e.f 1 January 2016.

As at 31 December 2015, Keppel REIT's Australian assets comprise approximately 11% of the REIT's total portfolio value. In keeping with the Manager's ongoing efforts to mitigate exposure to currency fluctuations and provide greater certainty over future distributions, the Manager has hedged almost 100% of its income from Australia up till 3Q 2016.

### **Sustaining High Occupancy**

2015 was a demanding year for the office leasing market. Despite the challenging operating environment, the Manager's proactive marketing and rigorous leasing efforts saw a total of 114 leases concluded for 2015, equivalent to approximately 1.6 million sf (attributable space of approximately 800,000 sf) of prime office space. This is approximately 23% of Keppel REIT's net lettable area under management.

Of the total new leases signed during the year, half were from tenants who were new to Keppel REIT's portfolio, one quarter from tenants new to Singapore and the remaining one quarter were expansions by existing tenants. This brought Keppel REIT's overall portfolio committed occupancy to a high of 99.3% as at end-2015.

Approximately 30% (32 leases) or 480,000 sf (attributable space of approximately 222,000 sf) of space were concluded in 4Q 2015. Tenants from the TMT sector, such as Netflix, accounted for half of the new leases signed during the quarter. This is in line with consultants' observations of increasing office demand from the technology sector.

In managing the impending office supply spike over these two years, the Manager has been channeling its efforts to retain existing tenants and attract new tenants. Such efforts saw Keppel REIT maintain a high tenant retention rate of 90% and a 13% positive rent reversion for its Singapore portfolio for the whole of 2015.

For leases expiring in 2016, the Manager is already in advanced negotiations with these tenants and is likely to achieve a high retention. Similarly, for leases expiring in 2017, the Manager is also proactively engaging tenants and is likely to renew most of the leases as the majority of these tenants are in their first renewal cycle. As at end-2015, approximately 75% of total leases are not due for renewal till 2018 and beyond, when limited new office supply is expected.

The Manager continued to maintain a healthy weighted average lease expiry (WALE) of approximately 8 years and 6 years for Keppel REIT's top 10 tenants and overall portfolio respectively as at end-2015. The long WALE will provide Unitholders income stability and sustain returns over a longer term.

In November 2015, the Government of WA commenced its 25-year lease at the office tower on the Old Treasury Building site in Perth. The lease, which will yield a return of 7.15%, includes fixed annual rental escalations throughout its lease term and options for another 25 years.

### **Office Market Outlook**

In Singapore, advance estimates by the Ministry of Trade and Industry (MTI) indicate that the economy recorded a 2% y-o-y growth for 4Q 2015. Growth was driven mainly by expansions in construction and services. MTI is projecting a modest growth of close to 2.1% for the whole of 2015, and between 1-3% for 2016 due to tepid global growth prospects.

The slowing economy continued to weigh on office demand in the second half of 2015. Singapore's core CBD recorded average occupancy of 94.8% in 4Q 2015, with average Grade A rents at \$10.40 psf per month<sup>1</sup>.

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<sup>1</sup> Preliminary numbers by CBRE, 4Q 2015.

Demand in 4Q 2015 was driven by growth in the TMT, financial and insurance as well as the pharmaceutical sectors. CBRE opined that the TMT sector continued to expand at an impressive rate and is expected to contribute meaningfully to the take-up in office space. Concurrently, demand from Asian financial institutions, as well as insurance and pharmaceutical companies is expected to be sustained in the core CBD market.

In Australia, the economy grew 2.5% y-o-y in 3Q 2015, exceeding economists' median forecast of 2.4%. Growth in 4Q 2015 is expected to remain steady at 2.5% and between 2-3% for 2016. Improving economic conditions over the past few months had also prompted the Reserve Bank of Australia to leave the official cash rate unchanged at 2% to drive sustainable growth.

According to Jones Lang LaSalle, Sydney and Melbourne remained at the forefront of the leasing market recovery with positive net absorption recorded in both markets in 3Q 2015. Demand for office spaces continued to be driven by firms in the finance and insurance industry as well as the TMT sector, offsetting weaker demand from the mining and commodity sectors.

### **Building Resilience**

2016 marks Keppel REIT's 10<sup>th</sup> anniversary. Since its listing in April 2006, Keppel REIT has grown from strength-to-strength to become one of Asia's leading office REITS with premium assets in prime locations in the key business and financial hubs of Singapore and Australia.

Today, Keppel REIT has the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts, which will put the REIT in good stead to weather the challenging office market conditions.

Looking ahead, market conditions are expected to be demanding as Singapore undergoes economic transformation. The office market will also face headwinds with the upcoming office supply over these two years.

The Manager remains committed to deliver sustained returns to its Unitholders through harnessing strengths and capturing greater value through its ongoing tenant retention and engagement programme. The Manager will also continue to focus its efforts on maintaining a healthy and long lease expiry profile. On the capital management front, the Manager will maintain a disciplined approach towards mitigating financing, interest and foreign exchange risks.

## About Keppel REIT ([www.keppelreit.com](http://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 pan-Asia.

As at 31 December 2015, Keppel REIT had an asset size of approximately \$8.4 billion comprising interests in nine premium office assets with 12 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 office tower and its annexe on the Old Treasury Building site in Perth (50% interest). On 17 January 2016, the Manager announced the divestment of its 100% interest in 77 King Street in Sydney. The transaction is expected to be completed in 1Q 2016.

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  
FULL YEAR 2015 FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015****TABLE OF CONTENTS**

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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 December 2015, Keppel REIT had an asset size of approximately \$8.4 billion comprising interests in nine premium office assets with 12 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 office tower and its annexe on the Old Treasury Building site in Perth (50% interest). On 17 January 2016, the Manager announced the divestment of its 100% interest in 77 King Street in Sydney. The transaction is expected to be completed in 1Q 2016.

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 YEAR ENDED 31 DECEMBER 2015

	GROUP			
	4Q2015 \$'000	4Q2014 \$'000	FY2015 \$'000	FY2014 \$'000
Property income	42,795	42,337	170,347	184,093
Net property income	34,771	34,253	137,465	151,436
Share of results of associates	16,862	16,115	75,695	60,745
Share of results of joint ventures	5,157	4,128	17,163	9,848
Income available for distribution	54,031	45,848	217,268	206,142
Distribution to Unitholders <sup>1</sup>	54,031	45,848	217,268	206,142
Distribution per Unit ("DPU") (cents) for the period/year	1.68	1.51	6.80 <sup>2</sup>	7.23
Distribution Yield %			7.3% <sup>3</sup>	5.9% <sup>4</sup>

### Notes:

- (1) Distribution to Unitholders was based on 100% of the taxable income available for distribution.
- (2) Total DPU for FY2015 was 6.80 cents, based on 1.70 cents, 1.72 cents, 1.70 cents and 1.68 cents reported in 1Q2015, 2Q2015, 3Q2015 and 4Q2015 respectively.
- (3) The yield was based on the market closing price per unit of \$0.93 as at the last trading day, 31 December 2015.
- (4) The yield was based on the market closing price per unit of \$1.22 as at the last trading day, 31 December 2014.

## 1. UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the year ended 31 December 2015:

### 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					
		4Q2015	4Q2014	+/(−)	FY2015	FY2014	+/(−)
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		40,945	40,566	0.9	162,978	177,667	(8.3)
Car park income		867	844	2.7	3,351	3,269	2.5
Other income		983	927	6.0	4,018	3,157	27.3
<b>Property income</b>		<b>42,795</b>	<b>42,337</b>	<b>1.1</b>	<b>170,347</b>	<b>184,093</b>	<b>(7.5)</b>
Property tax		(2,296)	(2,512)	(8.6)	(11,552)	(9,779)	18.1
Other property expenses	1	(4,461)	(4,333)	3.0	(17,068)	(16,954)	0.7
Property management fee		(1,113)	(1,021)	9.0	(4,283)	(4,499)	(4.8)
Maintenance and sinking fund contributions		(154)	(218)	(29.4)	21	(1,425)	NM
<b>Property expenses</b>		<b>(8,024)</b>	<b>(8,084)</b>	<b>(0.7)</b>	<b>(32,882)</b>	<b>(32,657)</b>	<b>0.7</b>
<b>Net property income</b>		<b>34,771</b>	<b>34,253</b>	<b>1.5</b>	<b>137,465</b>	<b>151,436</b>	<b>(9.2)</b>
Rental support	2	4,633	12,061	(61.6)	20,480	50,011	(59.0)
Interest income	3	9,169	9,009	1.8	36,940	37,432	(1.3)
Share of results of associates	4	16,862	16,115	4.6	75,695	60,745	24.6
Share of results of joint ventures	5	5,157	4,128	24.9	17,163	9,848	74.3
Amortisation expenses	6	(4,312)	(9,241)	(53.3)	(18,763)	(37,364)	(49.8)
Borrowing costs	7	(17,159)	(15,094)	13.7	(67,313)	(60,124)	12.0
Manager's management fees	8	(12,774)	(11,182)	14.2	(49,984)	(45,492)	9.9
Trust expenses		(640)	(2,159)	(70.4)	(6,786)	(7,451)	(8.9)
Changes in fair value of an interest rate swap	9	997	1,030	(3.2)	3,879	(3,879)	NM
<b>Net income before divestment gain and net change in fair value of investment properties</b>		<b>36,704</b>	<b>38,920</b>	<b>(5.7)</b>	<b>148,776</b>	<b>155,162</b>	<b>(4.1)</b>
Gain on divestment of investment property		-	-	-	-	16,179	(100.0)
Net change in fair value of investment properties	10	197,178	119,914	64.4	218,038	212,191	2.8
<b>Total return before tax</b>		<b>233,882</b>	<b>158,834</b>	<b>47.2</b>	<b>366,814</b>	<b>383,532</b>	<b>(4.4)</b>
Income tax expense	11	(19,789)	(2,661)	>500	(27,966)	(11,630)	140.5
<b>Total return after tax</b>		<b>214,093</b>	<b>156,173</b>	<b>37.1</b>	<b>338,848</b>	<b>371,902</b>	<b>(8.9)</b>
<b>Attributable to:</b>							
Unitholders		212,794	156,126	36.3	337,495	371,753	(9.2)
Perpetual securities holders	12	1,228	-	100.0	1,228	-	100.0
Non-controlling interest		71	47	51.1	125	149	(16.1)
		<b>214,093</b>	<b>156,173</b>	<b>37.1</b>	<b>338,848</b>	<b>371,902</b>	<b>(8.9)</b>

#### Distribution Statement

<b>Total return for the period/year attributable to Unitholders</b>		<b>212,794</b>	<b>156,126</b>	<b>36.3</b>	<b>337,495</b>	<b>371,753</b>	<b>(9.2)</b>
Net tax and other adjustments	13	(158,763)	(110,278)	44.0	(120,227)	(165,611)	(27.4)
<b>Income available for distribution</b>		<b>54,031</b>	<b>45,848</b>	<b>17.8</b>	<b>217,268</b>	<b>206,142</b>	<b>5.4</b>
<b>Distribution to Unitholders</b>	14	<b>54,031</b>	<b>45,848</b>	<b>17.8</b>	<b>217,268</b>	<b>206,142</b>	<b>5.4</b>
<b>Distribution per Unit (cents) for the period/year</b>		<b>1.68</b>	<b>1.51</b>	<b>11.3</b>	<b>6.80</b>	<b>7.23</b>	<b>(5.9)</b>

NM – Not meaningful

**Notes:**

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

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	206	92	635	470
Utilities	893	864	3,375	3,335
Repair and maintenance	2,619	2,580	10,014	10,165
Property management reimbursements	450	552	1,799	1,787
Other property expenses	293	245	1,245	1,197
	<u>4,461</u>	<u>4,333</u>	<u>17,068</u>	<u>16,954</u>

- (2) For 4Q2015, this relates to the rental support top-up payments received by Keppel REIT for 77 King Street Office Tower, Sydney, the approximate 12.4% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre ("OFC") and the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds Marina Bay Financial Centre ("MBFC") Tower 3. For FY2015, the rental support top-up payments received by Keppel REIT also included its approximate 87.5% interest in OPLLP. For 4Q2014, the rental support top-up payments received by Keppel REIT were for 77 King Street Office Tower, Sydney, and the approximate 99.9% interest in OPLLP which holds OFC. For FY2014, the rental support top-up payments received by Keppel REIT also included its additional 29% interest in Prudential Tower acquired on 2 November 2009 and the one-third interest in BFC Development LLP ("BFCDLLP") which holds MBFC Towers 1 and 2 and Marina Bay Link Mall. The rental support drawn down for OFC and MBFC Tower 3 for FY 2015 are \$5,577,000 and \$14,800,000 respectively.

- (3) Interest income comprises the following:

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	474	1,053	2,115	2,064
Interest income from shareholders' loans to One Raffles Quay Pte Ltd ("ORQPL") and BFCDLLP	7,130	5,443	26,114	21,449
Interest income from convertible notes in Mirvac (Old Treasury) Trust and Mirvac 8 Chifley Trust	1,565	2,513	8,711	13,919
	<u>9,169</u>	<u>9,009</u>	<u>36,940</u>	<u>37,432</u>

Interest income from convertible notes for the current periods relates to that of the Mirvac (Old Treasury) Trust ("MOTT") as the convertible notes in Mirvac 8 Chifley Trust ("M8CT") had been fully converted to units in June 2014. Keppel REIT ceased receiving coupon interest income from M8CT and started receiving distribution income subsequent to the conversion. The convertible notes in MOTT have also been fully converted to units on 30 November 2015 and Keppel REIT also ceased receiving coupon interest income from MOTT and started receiving distribution income subsequent to the conversion.

- (4) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax and before net change in fair value of investment properties, and (ii) BFCDLLP's partnership profit before net change in fair value of investment property.
- (5) Share of results of joint ventures relates to Keppel REIT's 50% interests in M8CT's and MOTT's respective net profit after tax and before net change in fair value of investment properties.
- (6) Please refer to paragraph 1(b)(i), note 4.
- (7) Borrowing costs comprise the following:

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	15,726	13,850	61,796	55,278
Interest expense on revolving loans	249	659	2,473	2,028
Amortisation of capitalised transaction costs	1,184	585	3,044	2,818
	<u>17,159</u>	<u>15,094</u>	<u>67,313</u>	<u>60,124</u>

- (8) The Manager has elected to receive 100% of its management fees earned in respect of all the properties in units of Keppel REIT for the current periods. For the prior periods, the Manager elected to receive 100% of its management fees earned in respect of the approximate 87.5% interest in OPLLP, the 50% interest in 8 Exhibition Street and one-third interest in CBDPL as well as 50% of its management fees earned for the approximate 12.4% interest in OPLLP and the rest of the properties in units of Keppel REIT.
- (9) This relates to the fair value change of an interest rate swap, which had been re-designated to hedge other existing loans subsequent to the repayment of a previously hedged loan. The change in fair value has no DPU impact.
- (10) The net change in fair value of the investment properties is as follows:

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Group	110,519	35,606	110,519	97,962
Investment properties held directly by associates	69,391	70,809	69,391	102,981
Investment properties held directly by joint ventures	17,175	1,774	38,035	1,774
Effects of recognising rental income on a straight line basis over the lease term	93	11,725	93	9,474
	197,178	119,914	218,038	212,191

- (11) Income tax expense comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its interests in CBDPL and OPLLP, net of deductible interest expense, (ii) withholding tax expense in relation to the income from the Group's investments in Australia and (iii) deferred tax on valuation gains of Australian investment properties. In the prior period, income tax expense comprised (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its interests in BFCDLLP and OPLLP, net of deductible interest expense, (ii) withholding tax expense in relation to the income from the Group's investments in Australia and (iii) deferred tax on valuation gains of Australian investment properties.

- (12) Please refer to paragraph 1(b)(i), note 8.

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

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	12,774	7,728	49,984	30,729
Trustee's fees	316	268	1,229	1,085
Net change in fair value of investment properties (net of non-controlling interest)	(197,125)	(119,886)	(217,986)	(212,117)
Amortisation of intangible asset and capitalised transaction costs	5,496	9,826	21,807	40,182
Temporary differences and other adjustments	14,776	(8,214)	13,739	(25,490)
Other gains distribution	5,000	-	11,000	-
	(158,763)	(110,278)	(120,227)	(165,611)

Included in temporary differences and other adjustments for the current periods were share of results of associates and joint ventures, dividend and distributions income, fair value change of an interest rate swap, effect of recognising rental income on a straight line basis over the lease terms, deferred tax on valuation gains of Australian investment properties, non-taxable income and non-deductible expenses. For the prior periods, it also included the gain on divestment of investment property. Other gains distribution relates to distribution from the gain on divestment from Prudential Tower.

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

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

**Statement of Comprehensive Income**

	<u>Group</u>					
	4Q2015 \$'000	4Q2014 \$'000	+ / (-) %	FY2015 \$'000	FY2014 \$'000	+ / (-) %
<b>Total return after tax</b>	<b>214,093</b>	<b>156,173</b>	<b>37.1</b>	<b>338,848</b>	<b>371,902</b>	<b>(8.9)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	13,382	(26,438)	NM	(76,281)	(28,336)	169.2
<u>Cashflow hedges:</u>						
Net change in fair value of cash flow hedges	(2,520)	(1,038)	142.8	27,042	15,566	73.7
Share of net change in fair value of cash flow hedges of associates	(1,836)	371	NM	1,526	1,301	17.3
<b>Other comprehensive income for the period/year</b>	<b>9,026</b>	<b>(27,105)</b>	<b>NM</b>	<b>(47,713)</b>	<b>(11,469)</b>	<b>316.0</b>
<b>Total comprehensive income for the period/year</b>	<b>223,119</b>	<b>129,068</b>	<b>72.9</b>	<b>291,135</b>	<b>360,433</b>	<b>(19.2)</b>
<b>Attributable to:</b>						
Unitholders	221,799	129,022	71.9	289,778	360,285	(19.6)
Perpetual securities holders	1,228	-	100.0	1,228	-	100.0
Non-controlling interest	92	46	100.0	129	148	(12.8)
	<b>223,119</b>	<b>129,068</b>	<b>72.9</b>	<b>291,135</b>	<b>360,433</b>	<b>(19.2)</b>

NM –Not meaningful

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

**Balance Sheets**

	<u>Group</u>			<u>Trust</u>			
	Note	31/12/2015 \$'000	31/12/2014 \$'000	+ / (-) %	31/12/2015 \$'000	31/12/2014 \$'000	+ / (-) %
<b>Non-current assets</b>							
Investment properties	1	3,691,073	3,613,616	2.1	550,000	527,000	4.4
Investments in subsidiaries		-	-	-	1,837,852	1,837,852	-
Investments in associates	2	2,497,798	2,429,485	2.8	2,025,483	2,031,098	(0.3)
Advances to associates		608,922	613,222	(0.7)	608,922	613,222	(0.7)
Investments in joint ventures	3	408,112	288,931	41.2	-	-	-
Advances to a joint venture	3	-	99,853	(100.0)	-	-	-
Amounts owing by subsidiaries		-	-	-	818,836	876,886	(6.6)
Fixed assets		199	142	40.1	1	-	100.0
Intangible asset	4	37,823	56,607	(33.2)	32,600	46,623	(30.1)
Derivative financial instruments	5	17,542	2,081	>500	9,965	255	>500
<b>Total non-current assets</b>		<b>7,261,469</b>	<b>7,103,937</b>	<b>2.2</b>	<b>5,883,659</b>	<b>5,932,936</b>	<b>(0.8)</b>
<b>Current assets</b>							
Trade and other receivables	6	18,057	25,016	(27.8)	27,502	37,918	(27.5)
Prepaid expenses		1,031	629	63.9	27	23	17.4
Cash and bank balances		144,601	199,689	(27.6)	126,501	172,729	(26.8)
Derivative financial instruments	5	260	133	95.5	260	133	95.5
<b>Total current assets</b>		<b>163,949</b>	<b>225,467</b>	<b>(27.3)</b>	<b>154,290</b>	<b>210,803</b>	<b>(26.8)</b>
<b>Total assets</b>		<b>7,425,418</b>	<b>7,329,404</b>	<b>1.3</b>	<b>6,037,949</b>	<b>6,143,739</b>	<b>(1.7)</b>
<b>Current liabilities</b>							
Trade and other payables	7	51,208	84,469	(39.4)	26,285	64,022	(58.9)
Income received in advance		758	1,043	(27.3)	-	239	(100.0)
Short term borrowings		25,355	274,924	(90.8)	-	274,924	(100.0)
Current portion of security deposits		9,172	3,223	184.6	1,902	508	274.4
Derivative financial instruments	5	168	9,071	(98.1)	168	9,071	(98.1)
Provision for taxation		3,284	7,641	(57.0)	3,315	7,400	(55.2)
<b>Total current liabilities</b>		<b>89,945</b>	<b>380,371</b>	<b>(76.4)</b>	<b>31,670</b>	<b>356,164</b>	<b>(91.1)</b>
<b>Non-current liabilities</b>							
Income received in advance		45,742	61,871	(26.1)	45,483	61,021	(25.5)
Long term borrowings		2,464,217	2,390,439	3.1	2,028,126	1,928,554	5.2
Derivative financial instruments	5	464	6,894	(93.3)	464	4,724	(90.2)
Non-current portion of security deposits		21,435	25,074	(14.5)	2,202	3,237	(32.0)
Deferred tax liabilities		25,767	5,283	387.7	-	-	-
<b>Total non-current liabilities</b>		<b>2,557,625</b>	<b>2,489,561</b>	<b>2.7</b>	<b>2,076,275</b>	<b>1,997,536</b>	<b>3.9</b>
<b>Total liabilities</b>		<b>2,647,570</b>	<b>2,869,932</b>	<b>(7.7)</b>	<b>2,107,945</b>	<b>2,353,700</b>	<b>(10.4)</b>
<b>Net assets</b>		<b>4,777,848</b>	<b>4,459,472</b>	<b>7.1</b>	<b>3,930,004</b>	<b>3,790,039</b>	<b>3.7</b>
Represented by:							
<b>Unitholders' funds</b>		<b>4,626,021</b>	<b>4,457,420</b>	<b>3.8</b>	<b>3,780,285</b>	<b>3,790,039</b>	<b>(0.3)</b>
<b>Perpetual securities</b>	8	<b>149,719</b>	<b>-</b>	<b>100.0</b>	<b>149,719</b>	<b>-</b>	<b>100.0</b>
<b>Non-controlling interest</b>		<b>2,108</b>	<b>2,052</b>	<b>2.7</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>4,777,848</b>	<b>4,459,472</b>	<b>7.1</b>	<b>3,930,004</b>	<b>3,790,039</b>	<b>3.7</b>
Net asset value per unit (\$)		1.44	1.41		1.18	1.20	

**Notes:**

- (1) *The increase in investment properties is mainly due to net change in fair value of investment properties recognised for the year ended 31 December 2015, 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 office tower and its annexe on the site of the Old Treasury Building respectively. Advances to a joint venture relate to convertible notes held in MOTT. The convertible notes in MOTT have been fully converted to units on 30 November 2015.*
- (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. In the prior period, the balance relates to the unamortised aggregate rental support top-up payments receivable by the Group for its 100% interest in the office tower at 77 King Street, Sydney, the approximate 99.9% interest in OPLLP and the one-third interest in CBDPL. The intangible asset is amortised over the remaining rental support periods for the respective properties.*
- (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 joint ventures of \$1.0 million (31 December 2014: \$1.0 million) and receivables for rental support top-up payments of \$4.6 million (31 December 2014: \$11.9 million).*
- (7) *Included in the balances for the comparative period was an accrued advanced distribution of \$37.6 million for the period 1 October to 15 December 2014, which has been paid on 21 January 2015.*
- (8) *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**

	<b>Group</b>	
	<b>As at 31/12/2015</b>	<b>As at 31/12/2014</b>
	\$'000	\$'000
<b>Secured borrowings</b>		
Amount repayable within one year	-	175,000
Amount repayable after one year	816,454	466,454
Less: Unamortised portion of fees	(3,870)	(2,474)
	<b>812,584</b>	<b>638,980</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	25,500	100,000
Amount repayable after one year	1,656,000	1,930,859
Less: Unamortised portion of fees	(4,512)	(4,476)
	<b>1,676,988</b>	<b>2,026,383</b>
<b>Total borrowings</b>	<b>2,489,572</b>	<b>2,665,363</b>

**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 December 2015, the Group had total borrowings of approximately \$2,498.0 million and unutilised facilities of \$568.5 million available to meet its future obligations. The year-to-date all-in interest rate was 2.54% as at 31 December 2015.



1(c) Consolidated Statement of Cash Flows

	Note	Group			
		4Q2015	4Q2014	FY2015	FY2014
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Total return before tax		233,882	158,834	366,814	383,532
Adjustments for:					
Interest income		(9,169)	(9,009)	(36,940)	(37,432)
Amortisation expense		4,312	9,241	18,763	37,364
Share of results of associates		(16,862)	(16,115)	(75,695)	(60,745)
Share of results of joint ventures		(5,157)	(4,128)	(17,163)	(9,848)
Borrowing costs		17,159	15,094	67,313	60,124
Management fees paid and/or payable in units		12,774	7,728	49,984	30,729
Net change in fair value of investment properties		(197,178)	(119,914)	(218,038)	(212,191)
Gain on divestment of investment property		-	-	-	(16,179)
Changes in fair value of an interest rate swap		(997)	(1,030)	(3,879)	3,879
Depreciation		12	10	46	42
Rental support income		(4,633)	(12,061)	(20,480)	(50,011)
Translation differences		(217)	1,413	431	1,532
<b>Operating cash flows before changes in working capital</b>		<b>33,926</b>	<b>30,063</b>	<b>131,156</b>	<b>130,796</b>
Increase in receivables		(578)	(5,394)	(3,071)	(7,675)
Decrease in payables		(2,656)	(77,772)	(4,777)	(60,490)
Increase/(Decrease) in security deposits		56	252	2,310	(5,813)
Cash flows from/(used in) operations		30,748	(52,851)	125,618	56,818
Income taxes paid		(1,918)	(2,829)	(11,337)	(14,257)
<b>Net cash flows generated from/(used in) operating activities</b>		<b>28,830</b>	<b>(55,680)</b>	<b>114,281</b>	<b>42,561</b>
<b>Investing activities</b>					
Purchase of investment property		(9,680)	-	(9,680)	-
Subsequent expenditure on investment properties		(1,422)	(662)	(2,424)	(2,118)
Net proceeds from divestment of investment property		-	(5,473)	-	506,527
Purchase of fixed assets		(80)	-	(102)	(162)
Interest received		9,356	8,788	37,915	40,815
Rental support received		4,820	12,648	27,750	58,902
Investments in joint ventures		(260)	-	(5,959)	(63,767)
Advance to a joint venture		-	-	(6,075)	(36,223)
Investment in an associate		-	(478,186)	-	(478,186)
(Advance to an associate)/Repayment of advance from an associate		(2,700)	(7,000)	4,300	(7,000)
Reimbursement of development costs for the interest in an associate		-	-	4,837	-
Distribution income received from joint ventures		3,316	3,686	14,258	6,943
Dividend and distribution income received from associates		35,370	34,517	75,762	66,449
<b>Net cash flows generated from/(used in) investing activities</b>		<b>38,720</b>	<b>(431,682)</b>	<b>140,582</b>	<b>92,180</b>
<b>Financing activities</b>					
Distribution to Unitholders (net of distribution in Units)	1	(51,873)	(52,022)	(203,862)	(214,899)
Proceeds from issuance of Medium Term Notes		-	-	50,000	-
Proceeds from issuance of perpetual securities		150,000	-	150,000	-
Loans drawdown		350,000	119,123	461,774	487,334
Repayment of loans		(533,883)	-	(683,883)	(506,975)
Payment of financing expenses/upfront debt arrangement costs		(1,177)	(103)	(2,784)	(1,279)
Proceeds from placement of Units		-	-	-	228,150
Partnership distribution to non-controlling interest		(18)	(19)	(66)	(69)
Interest paid		(21,734)	(18,658)	(62,041)	(56,462)
Issue expenses		(1,509)	-	(1,509)	(3,162)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(110,194)</b>	<b>48,321</b>	<b>(292,371)</b>	<b>(67,362)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(42,644)</b>	<b>(439,041)</b>	<b>(37,508)</b>	<b>67,379</b>
Cash and cash equivalents at the beginning of period/year		141,133	577,519	137,818	71,140
Effect of exchange rate changes on cash and cash equivalents		275	(660)	(1,546)	(701)
<b>Cash and cash equivalents at the end of period/year</b>		<b>98,764</b>	<b>137,818</b>	<b>98,764</b>	<b>137,818</b>
<b>Comprising:</b>					
Cash and bank balances		144,601	199,689	144,601	199,689
Less: Rental support received in advance held in designated accounts	2	(45,837)	(61,871)	(45,837)	(61,871)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>		<b>98,764</b>	<b>137,818</b>	<b>98,764</b>	<b>137,818</b>

Notes:

(1) Distribution for FY2015 is for the period of 1 October 2014 to 15 December 2014, paid on 21 January 2015, 16 December 2014 to 31 December 2014, paid on 27 February 2015, 1 January 2015 to 31 March 2015, paid on 28 May 2015, 1 April 2015 to 30 June 2015, paid on 28 August 2015, and 1 July 2015 to 30 September 2015 paid on 27 November 2015.

Distribution for FY2014 is for the period 1 October 2013 to 31 December 2013, paid on 28 February 2014, 1 January 2014 to 31 March 2014, paid on 28 May 2014, 1 April 2014 to 30 June 2014, paid on 28 August 2014, 1 July 2014 to 28 September 2014, paid on 12 November 2014, and 29 September 2014 to 30 September 2014, paid on 28 November 2014.

(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, the office tower at 77 King Street and the one-third interest in MBFC Tower 3.

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' Funds</u>	<u>Perpetual Securities</u>	<u>Non-</u>	<u>Total</u>	
				<u>Translation Reserve</u>	<u>Acquisition of</u>			<u>Controlling Interest</u>		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>At 1 January 2015</b>		<b>3,354,095</b>	<b>1,234,402</b>	<b>(123,164)</b>	<b>(11,135)</b>	<b>3,222</b>	<b>4,457,420</b>	<b>-</b>	<b>2,052</b>	<b>4,459,472</b>
Return for the year		-	337,495	-	-	-	337,495	1,228	125	338,848
Other comprehensive income	1	-	-	(76,281)	28,564	-	(47,717)	-	4	(47,713)
Total comprehensive income		-	337,495	(76,281)	28,564	-	289,778	1,228	129	291,135
Issue of Perpetual Securities		-	-	-	-	-	150,000	-	-	150,000
Issue of units for payment of management fees	2	44,939	-	-	-	-	44,939	-	-	44,939
Issue expense adjustments/ (Issue expenses)	3	142	-	-	-	-	142	(1,509)	-	(1,367)
Distribution Reinvestment Plan		5,221	(5,221)	-	-	-	-	-	-	-
Distribution to Unitholders		(9,565)	(156,693)	-	-	-	(166,258)	-	-	(166,258)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(73)	(73)
<b>At 31 December 2015</b>		<b>3,394,832</b>	<b>1,409,983</b>	<b>(199,445)</b>	<b>17,429</b>	<b>3,222</b>	<b>4,626,021</b>	<b>149,719</b>	<b>2,108</b>	<b>4,777,848</b>

<u>Group</u>	<i>Note</i>	<u>Units in Issue</u>	<u>Accumulated Profits</u>	<u>Foreign</u>	<u>Discount on</u>	<u>Unitholders' funds</u>	<u>Perpetual Securities</u>	<u>Non-</u>	<u>Total</u>	
				<u>Translation Reserve</u>	<u>Acquisition of</u>			<u>Controlling Interest</u>		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>At 1 January 2014</b>		<b>2,924,291</b>	<b>1,092,311</b>	<b>(94,828)</b>	<b>(28,003)</b>	<b>3,222</b>	<b>3,896,993</b>	<b>-</b>	<b>1,978</b>	<b>3,898,971</b>
Return for the year		-	371,753	-	-	-	371,753	-	149	371,902
Other comprehensive income	1	-	-	(28,336)	16,868	-	(11,468)	-	(1)	(11,469)
Total comprehensive income		-	371,753	(28,336)	16,868	-	360,285	-	148	360,433
Issue of units for payment of management fees	4	30,669	-	-	-	-	30,669	-	-	30,669
Issue of placement units	5	228,150	-	-	-	-	228,150	-	-	228,150
Issue of consideration units	6	185,000	-	-	-	-	185,000	-	-	185,000
Issue of units for payment of acquisition fees	7	11,988	-	-	-	-	11,988	-	-	11,988
Issue expenses	8	(3,162)	-	-	-	-	(3,162)	-	-	(3,162)
Distribution to Unitholders	9	(22,841)	(229,662)	-	-	-	(252,503)	-	-	(252,503)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(74)	(74)
<b>At 31 December 2014</b>		<b>3,354,095</b>	<b>1,234,402</b>	<b>(123,164)</b>	<b>(11,135)</b>	<b>3,222</b>	<b>4,457,420</b>	<b>-</b>	<b>2,052</b>	<b>4,459,472</b>

**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 40,679,411 units issued in FY2015 as payment of management fees in units.
- (3) The issue expense adjustments are in relation to the placement of 195 million units at an issue price of \$1.17 per unit in the prior year. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.  
  
The issue expenses are in relation to the issuance of \$150.0 million of subordinated perpetual securities at a fixed rate of 4.98% per annum on 2 November 2015.
- (4) This represents 25,675,626 units issued in FY2014 as payment of management fees in units.
- (5) This relates to the placement of 195 million units at an issue price of \$1.17 per unit on 29 September 2014. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.
- (6) This relates to the issuance of 152,213,000 units at an issue price of \$1.2154 per unit on 16 December 2014 as partial consideration for the acquisition of one-third interest in MBFC Tower 3.
- (7) This represents 9,863,378 units issued in 4Q2014 as payment of acquisition fees in units, for the acquisition of the one-third interest in MBFC Tower 3.
- (8) This relates to issue expenses in relation to the placement as mentioned in note 5 above.
- (9) The Distribution to Unitholders includes accrued advanced distribution for the period 1 October to 15 December 2014 paid on 21 January 2015.

<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
<b>At 1 January 2015</b>		<b>3,354,095</b>	<b>445,473</b>	<b>(9,529)</b>	<b>3,790,039</b>	<b>-</b>	<b>3,790,039</b>
Return for the year		-	92,301	-	92,301	1,228	93,529
Other comprehensive income	1	-	-	19,122	19,122	-	19,122
Total comprehensive income		-	92,301	19,122	111,423	1,228	112,651
Issue of Perpetual Securities		-	-	-	-	150,000	150,000
Issue of units for payment of management fees	2	44,939	-	-	44,939	-	44,939
Issue expense adjustments/ (Issue expenses)	3	142	-	-	142	(1,509)	(1,367)
Distribution Reinvestment Plan		5,221	(5,221)	-	-	-	-
Distribution to Unitholders		(9,565)	(156,693)	-	(166,258)	-	(166,258)
<b>At 31 December 2015</b>		<b>3,394,832</b>	<b>375,860</b>	<b>9,593</b>	<b>3,780,285</b>	<b>149,719</b>	<b>3,930,004</b>

<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
<b>At 1 January 2014</b>		<b>2,924,291</b>	<b>479,884</b>	<b>(26,233)</b>	<b>3,377,942</b>	<b>-</b>	<b>3,377,942</b>
Return for the year		-	195,251	-	195,251	-	195,251
Other comprehensive income	1	-	-	16,704	16,704	-	16,704
Total comprehensive income		-	195,251	16,704	211,955	-	211,955
Issue of units for payment of management fees	4	30,669	-	-	30,669	-	30,669
Issue of placement units	5	228,150	-	-	228,150	-	228,150
Issue of consideration units	6	185,000	-	-	185,000	-	185,000
Issue of units for payment of acquisition fees	7	11,988	-	-	11,988	-	11,988
Issue expenses	8	(3,162)	-	-	(3,162)	-	(3,162)
Distribution to Unitholders	9	(22,841)	(229,662)	-	(252,503)	-	(252,503)
<b>At 31 December 2014</b>		<b>3,354,095</b>	<b>445,473</b>	<b>(9,529)</b>	<b>3,790,039</b>	<b>-</b>	<b>3,790,039</b>

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

**Notes:**

- (1) This relates to fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.
- (2) This represents 40,679,411 units issued in FY2015 as payment of management fees in units.
- (3) The issue expense adjustments are in relation to the placement of 195 million units at an issue price of \$1.17 per unit in the prior year. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.  
  
The issue expenses are in relation to the issuance of \$150.0 million of subordinated perpetual securities at a fixed rate of 4.98% per annum on 2 November 2015.
- (4) This represents 25,675,626 units issued in FY2014 as payment of management fees in units.
- (5) This relates to the placement of 195 million units at an issue price of \$1.17 per unit on 29 September 2014. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.
- (6) This relates to the issuance of 152,213,000 units at an issue price of \$1.2154 per unit on 16 December 2014 as partial consideration for the acquisition of one-third interest in MBFC Tower 3.
- (7) This represents 9,863,378 units issued in 4Q2014 as payment of acquisition fees in units, for the acquisition of the one-third interest in MBFC Tower 3.
- (8) This relates to issue expenses in relation to the placement as mentioned in note 5 above.
- (9) The Distribution to Unitholders includes accrued advanced distribution for the period 1 October to 15 December 2014 paid on 21 January 2015.

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

	<b>Group and Trust</b>	
	<b>2015</b>	<b>2014</b>
	<b>Units</b>	<b>Units</b>
<b>Issued units as at 1 January</b>	<b>3,170,433,879</b>	<b>2,787,681,875</b>
Issue of new units:		
- Payment of management fees	27,619,548	19,293,071
- Distribution Reinvestment Plan	2,431,820	-
- Placement units	-	195,000,000
<b>Issued units as at 30 September</b>	<b>3,200,485,247</b>	<b>3,001,974,946</b>
Issue of new units:		
- Payment of management fees	13,059,863	6,382,555
- Distribution Reinvestment Plan	2,579,356	-
- Consideration units	-	152,213,000
- Payment of acquisition fees in units	-	9,863,378
<b>Issued units as at 31 December</b>	<b>3,216,124,466</b>	<b>3,170,433,879</b>

**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 December 2015 and 31 December 2014.

Total number of issued units in Keppel REIT as at 31 December 2015 and 31 December 2014 are as disclosed in paragraph 1(d)(ii).

**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 2015.

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.

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

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
<b>EPU</b> (based on weighted average number of units as at the end of the period/year)				
Based on total return before divestment gain and fair value change of investment properties	1.06 cents	1.20 cents	4.40 cents	5.02 cents
Based on total return after divestment gain and fair value change of investment properties	6.63 cents	5.18 cents	10.58 cents	13.00 cents
- Weighted average number of units as at the end of the period/year	3,209,675,749	3,013,072,005	3,191,283,102	2,858,883,273
<b>DPU</b> (based on the number of units as at the end of the period/year)				
- Number of units in issue as at the end of the period/year	3,216,124,466	3,170,433,879	3,216,124,466	3,170,433,879

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

**7. NET ASSET VALUE ("NAV")**

	<u>Group</u>		<u>Trust</u>	
	As at 31/12/15	As at 31/12/14	As at 31/12/15	As at 31/12/14
NAV <sup>1</sup> per unit (\$) based on issued units at the end of the year	1.44	1.41	1.18	1.20
Adjusted NAV per unit (\$) based on issued units at the end of the year (excluding the distributable income)	1.42	1.40	1.16	1.19

**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>					
	4Q2015	4Q2014	+/(-)	FY2015	FY2014	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Prudential Tower <sup>1</sup>	-	-	-	-	15,528	(100.0)
Bugis Junction Towers	5,735	5,298	8.2	22,599	20,859	8.3
Ocean Financial Centre	26,069	24,945	4.5	101,858	97,695	4.3
275 George Street	4,634	5,072	(8.6)	18,946	20,630	(8.2)
77 King Street	2,287	2,658	(14.0)	10,508	11,617	(9.5)
8 Exhibition Street <sup>2</sup>	4,070	4,364	(6.7)	16,436	17,764	(7.5)
<b>Total property income</b>	<b>42,795</b>	<b>42,337</b>	<b>1.1</b>	<b>170,347</b>	<b>184,093</b>	<b>(7.5)</b>

### 8(ii) Income Contribution of the Properties

<u>Property</u>	<u>Group</u>					
	4Q2015	4Q2014	+/(-)	FY2015	FY2014	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Prudential Tower <sup>1</sup>	-	-	-	-	13,250	(100.0)
Bugis Junction Towers	4,633	4,177	10.9	18,872	16,447	14.7
Ocean Financial Centre	21,857	20,624	6.0	83,044	82,652	0.5
275 George Street	3,674	4,200	(12.5)	15,294	16,858	(9.3)
77 King Street	1,832	1,991	(8.0)	8,462	9,097	(7.0)
8 Exhibition Street	2,775	3,261	(14.9)	11,793	13,132	(10.2)
<b>Total net property income</b>	<b>34,771</b>	<b>34,253</b>	<b>1.5</b>	<b>137,465</b>	<b>151,436</b>	<b>(9.2)</b>
One-third interest in ORQPL <sup>3</sup> :						
- Interest income	550	425	29.4	2,019	1,640	23.1
- Dividend income	5,560	7,516	(26.0)	24,120	28,384	(15.0)
<b>Total income</b>	<b>6,110</b>	<b>7,941</b>	<b>(23.1)</b>	<b>26,139</b>	<b>30,024</b>	<b>(12.9)</b>
One-third interests in BFCDLLP <sup>4</sup> and CBDPL <sup>4</sup> :						
- Rental support	3,700	-	100.0	14,800	1,437	>500
- Interest income	6,580	5,018	31.1	24,095	19,809	21.6
- Dividend income	11,298	10,562	7.0	51,642	38,065	35.7
<b>Total income</b>	<b>21,578</b>	<b>15,580</b>	<b>38.5</b>	<b>90,537</b>	<b>59,311</b>	<b>52.6</b>
50% interest in M8CT <sup>5</sup> :						
- Interest income	-	-	-	-	5,157	(100.0)
- Distribution income	2,959	3,272	(9.6)	12,135	6,230	94.8
<b>Total income</b>	<b>2,959</b>	<b>3,272</b>	<b>(9.6)</b>	<b>12,135</b>	<b>11,387</b>	<b>6.6</b>
50% interest in MOTT <sup>6</sup> :						
- Interest income	1,565	2,513	(37.7)	8,711	8,762	(0.6)
- Distribution income	1,425	540	163.9	3,131	1,799	74.0
<b>Total income</b>	<b>2,990</b>	<b>3,053</b>	<b>(2.1)</b>	<b>11,842</b>	<b>10,561</b>	<b>12.1</b>

#### Notes:

- (1) Prudential Tower was divested on 26 September 2014.
- (2) Comprises 50% interest in the office building and two retail units. On 12 October 2015, Keppel REIT acquired 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 Tower 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 OTB. OTB 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 FY2015 vs FY2014

The Group achieved a 5.4% increase in its distributable income, from \$206.1 million for FY2014 to \$217.3 million for FY2015.

The higher distributable income was mainly attributable to higher property income and higher net property income from OFC and Bugis Junction Towers, higher share of results of associates due to the full-year income contribution from the one-third interest in MBFC Tower 3, higher share of results of joint ventures with higher contributions from 8 Chifley Square in Sydney as well as the Old Treasury Building ("OTB") office tower in Perth and lower trust expenses.

Despite the absence of income from the divested Prudential Tower and lower rental support, the Group recorded a \$11.1 million increase in distributable income.

Property income and net property income for FY2015 were \$170.3 million and \$137.5 million respectively, compared to the property income and net property income of \$184.1 million and \$151.4 million respectively for FY2014. The variances were mainly attributable to the divestment of Prudential Tower on 26 September 2014. These were partially offset by higher property income and higher net property income from OFC and Bugis Junction Towers.

The Group's total return before tax for FY2015 was \$366.8 million, compared to \$383.5 million for FY2014. This variance was mainly attributable to the divestment of Prudential Tower, lower rental support, lower interest income, higher borrowing costs and higher management fees which were offset by higher property income and net property income from OFC and Bugis Junction Towers, higher share of results of associates and joint ventures, lower amortisation expenses, lower trust expenses, changes in fair value of an interest rate swap as well as higher fair value gain on investment properties for FY2015.

### Review of Performance for 4Q2015 vs 4Q2014

Distributable income for 4Q2015 increased 17.8% over 4Q2014, to \$54.0 million.

The higher distributable income was mainly attributable to higher property income and higher net property income from OFC and Bugis Junction Towers, lower trust expenses, higher share of results of associates due to the full-quarter income contribution from the one-third interest in MBFC Tower 3, and higher share of results of joint ventures mainly due to the contribution from the OTB office tower in Perth. Keppel REIT commenced sharing OTB's results subsequent to the conversion of convertible notes in MOTT which holds OTB on 30 November 2015.

Property income and net property income were \$42.8 million and \$34.8 million respectively for 4Q2015, an increase of 1.1% and 1.5% respectively over that of 4Q2014. These were mainly attributable to higher property income and net property income from OFC and Bugis Junction Towers.

The Group's total return before tax for 4Q2015 increased 47.2% to \$233.9 million, from \$158.8 million for 4Q2014. This was mainly attributable to higher property income and net property income from OFC and Bugis Junction Towers, higher interest income, higher share of results of associates and joint ventures, lower amortisation expenses, lower trust expenses as well as higher fair value gain on investment properties for 4Q2015 which were offset by lower rental support, higher borrowing costs, higher management fees and the changes in fair value of an interest rate swap.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

In Singapore, advance estimates by the Ministry of Trade and Industry (MTI) indicate that the economy recorded a 2% year-on-year (“y-o-y”) growth for 4Q2015. Growth was driven mainly by expansions in construction and services. MTI is projecting a modest growth of close to 2.1% for the whole of 2015, and between 1-3% for 2016 due to tepid global growth prospects.

The slowing economy continued to weigh on office demand in the second half of 2015. Singapore’s core CBD recorded average occupancy of 94.8% in 4Q2015, with average Grade A rents at \$10.40 psf per month<sup>1</sup>.

Demand in 4Q2015 was driven by growth in the telecommunications, multimedia and technology (“TMT”), financial and insurance as well as the pharmaceutical sectors. CBRE opined that the TMT sector continued to expand at an impressive rate and is expected to contribute meaningfully to the take-up in office space. Concurrently, demand from Asian financial institutions, as well as insurance and pharmaceutical companies is expected to be sustained in the core CBD market.

In Australia, the economy grew 2.5% y-o-y in 3Q2015, exceeding economists’ median forecast of 2.4%. Growth in 4Q2015 is expected to remain steady at 2.5% and between 2-3% for 2016. Improving economic conditions over the past few months had also prompted the Reserve Bank of Australia to leave the official cash rate unchanged at 2% to drive sustainable growth.

According to Jones Lang LaSalle, Sydney and Melbourne remained at the forefront of the leasing market recovery with positive net absorption recorded in both markets in 3Q2015. Demand for office space continued to be driven by firms in the finance and insurance industry as well as the TMT sector, offsetting weaker demand from the mining and commodity sectors.

The Manager expects a challenging operating environment going forward. In Singapore, new office space is expected to come on-stream over these two years. To deal with this impending supply spike, the Manager has been proactively engaging existing and potential tenants on lease renewals and commencements. Such efforts have resulted in a total of 114 leases (existing and new) concluded for 2015 equivalent to approximately 1.6 million sf (attributable space of approximately 800,000 sf) of prime office space. This is approximately 23% of Keppel REIT’s net lettable area under management. Keppel REIT achieved a high tenant retention rate of 90% and a 13% positive rent reversion for the Singapore portfolio in 2015.

With these initiatives and weighted average lease expiry of approximately six years, Keppel REIT is likely to maintain a high occupancy rate.

<sup>1</sup> Preliminary numbers by CBRE, 4Q 2015



## 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 property portfolio's tenant trade sector mix to assess and manage exposure to any one potentially volatile trade sector.

### **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 continuously reviews disaster and pandemic business continuity plans and modifies them, when necessary.

12. DISTRIBUTIONS

(a) Current Financial Period Reported on

Name of Distribution	1 October 2015 to 31 December 2015
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Other gains distribution (d) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.15 cents per unit (b) Tax-exempt income distribution - 0.27 cents per unit (c) Other gains distribution - 0.16 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	(i) Distribution for 1 October 2014 to 15 December 2014 (ii) Distribution for 16 December 2014 to 31 December 2014
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(i) Distribution for 1 October 2014 to 15 December 2014 (a) Taxable income distribution - 0.77 cents per unit (b) Tax-exempt income distribution - 0.38 cents per unit (c) Capital distribution - 0.10 cents per unit  (ii) Distribution for 16 December 2014 to 31 December 2014 (a) Taxable income distribution - 0.15 cents per unit (b) Tax-exempt income distribution - 0.11 cents per unit
Tax Rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.  Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.  Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.  Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.  All other investors will receive their distributions after deduction of tax at the rate of 17%.  <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.  <u>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.

**(c) Books Closure Date**

26 January 2016

**(d) Date Payable**

26 February 2016

**13. DISTRIBUTION STATEMENT**

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

#### 14. SEGMENTAL INFORMATION

	<u>Group</u>		+ / (-) %
	FY2015 \$'000	FY2014 \$'000	
<b>Property</b>			
Prudential Tower <sup>1</sup>	-	13,250	(100.0)
Bugis Junction Towers	18,872	16,447	14.7
Ocean Financial Centre	83,044	82,652	0.5
275 George Street	15,294	16,858	(9.3)
77 King Street	8,462	9,097	(7.0)
8 Exhibition Street <sup>2</sup>	11,793	13,132	(10.2)
<b>Total net property income</b>	<b>137,465</b>	<b>151,436</b>	<b>(9.2)</b>
Ocean Financial Centre			
- Rental support	5,577	46,885	(88.1)
One-third interest in ORQPL <sup>3</sup> :			
- Interest income	2,019	1,640	23.1
- Dividend income	24,120	28,384	(15.0)
<b>Total income</b>	<b>26,139</b>	<b>30,024</b>	<b>(12.9)</b>
One-third interests in BFCDLLP <sup>4</sup> and CBDPL <sup>4</sup> :			
- Rental support	14,800	1,437	>500
- Interest income	24,095	19,809	21.6
- Dividend income	51,642	38,065	35.7
<b>Total income</b>	<b>90,537</b>	<b>59,311</b>	<b>52.6</b>
50% interest in M8CT <sup>5</sup>			
- Interest income	-	5,157	(100.0)
- Distribution income	12,135	6,230	94.8
<b>Total income</b>	<b>12,135</b>	<b>11,387</b>	<b>6.6</b>
50% interest in MOTT <sup>6</sup>			
- Interest income	8,711	8,762	(0.6)
- Distribution income	3,131	1,799	74.0
<b>Total income</b>	<b>11,842</b>	<b>10,561</b>	<b>12.1</b>
<b>Total income contribution</b>	<b>283,695</b>	<b>309,604</b>	<b>(8.4)</b>

**Notes:**

- (1) Prudential Tower was divested on 26 September 2014.
- (2) Comprises 50% interest in the office building and two retail units. On 12 October 2015, Keppel REIT acquired 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 Tower 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 OTB. OTB received its Certificate of Practical Completion on 31 August 2015. The convertible notes in MOTT were converted to units on 30 November 2015.

#### 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 on the review of performance.

## 16. BREAKDOWN OF SALES

	<u>Group</u>		+ / (-) %
	FY2015 \$'000	FY2014 \$'000	
(a) Property income reported for first half year	85,369	94,128	(9.3)
(b) Total return after tax for first half year	73,750	77,464	(4.8)
(c) Property income reported for second half year	84,978	89,965	(5.5)
(d) Total return after tax for second half year <sup>1</sup>	265,098	294,438	(10.0)

**Note:**

(1) The total return after tax for second half year FY2015 and FY2014 includes net change in fair value of investment properties amounting to approximately \$218.0 million and \$212.2 million respectively. For second half year of FY2014, it also included the gain on divestment of Prudential Tower. The net change in fair value of investment properties and the gain on divestment are non-taxable items and have no impact on the distributable income to Unitholders.

## 17. 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)	
	FY2015 \$'000	FY2014 \$'000
<u>Temasek Holdings (Private) Limited and its subsidiaries</u>		
- Rental income <sup>1</sup>	-	379
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager’s management fees	49,984	45,492
- Acquisition fee	89	11,988
- Divestment fee	-	2,560
- Property management fees and reimbursable	5,709	5,991
- Leasing commissions	1,453	575
- Rental and service charge income <sup>1</sup>	128	646
- Rental support	16,122	44,038
- Electricity expenses <sup>1</sup>	12,400	-
- Acquisition of one-third interest in CBDPL	-	710,544
- Reimbursement of development costs for one-third interest in an associate	4,837	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee’s fees	1,229	1,085

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.

**18. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION**

	<b>FY2015</b>	<b>FY2014</b>
	\$'000	\$'000
1 January 2014 to 31 March 2014 (paid)	-	55,047
1 April 2014 to 30 June 2014 (paid)	-	53,220
1 July 2014 to 28 September 2014 (paid)	-	50,526
29 September 2014 to 30 September 2014 (paid)	-	1,501
1 October 2014 to 31 December 2014 (paid)	-	45,848
1 January 2015 to 31 March 2015 (paid)	54,009	-
1 April 2015 to 30 June 2015 (paid)	54,820	-
1 July 2015 to 30 September 2015 (paid)	54,408	-
1 October 2015 to 31 December 2015 (to be paid) <sup>1</sup>	54,031	-
	<u>217,268</u>	<u>206,142</u>

**Note:**

(1) Please refer to paragraph 12(a) on page 19.

**19. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

**20. 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**

LAW ZHI-EN DANIEL / TAN WEIQIANG MARC  
 Joint Company Secretaries  
 18 January 2016



**Keppel REIT**

**Full Year 2015 Financial Results**

18 January 2016





<b>1. Key Highlights .....</b>	<b>5</b>
<b>2. Financial Highlights .....</b>	<b>9</b>
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<b>5. Market Review &amp; Outlook .....</b>	<b>32</b>

### ***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.*

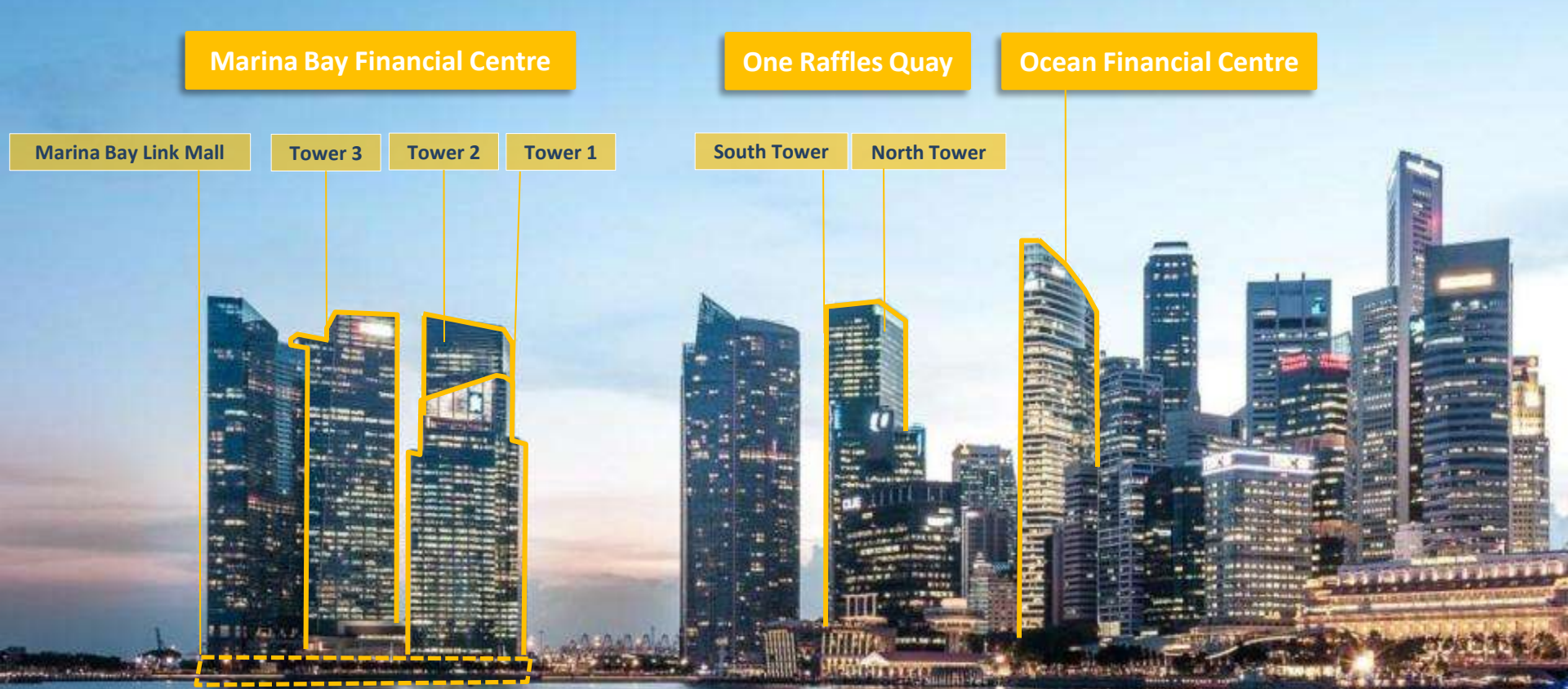
*Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of Keppel REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.*

*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
12 office towers in 9 quality Premium Grade and Grade A assets in the business and financial districts of Singapore and Australia	3.5 million sf total attributable NLA	S\$8.4 billion	311 tenants diversified across various business sectors	5 years



The above information is as at 31 December 2015.

(1) Based on market closing price per Unit of \$0.93 as at the last trading day, 31 December 2015.

- » **89%** of portfolio in Singapore and **11%** in Australia
- » **Youngest** and **largest portfolio of premium Grade A office assets** in Singapore's central business district
  - **Average portfolio age** of approximately **5 years**



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



**Ocean Financial Centre**  
(99.9% interest)



**Marina Bay Financial Centre**  
(33.3% interest)



**One Raffles Quay**  
(33.3% interest)



**Bugis Junction Towers**  
(100% interest)



» **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)



**77 King Street Office Tower, Sydney**  
(100% interest)



**275 George Street, Brisbane**  
(50% interest)



**Old Treasury Building Office Tower, Perth**  
(50% interest)

# 1. Key Highlights

## UNLEASHING POTENTIAL

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

**Keppel REIT**

Ocean Financial Centre,  
Singapore



- » **Higher distributable income** y-o-y of **\$54.0m** for **4Q 2015** and **\$217.3m** for **FY 2015**
  - **17.8% ↑** over 4Q 2014 and **5.4% ↑** over FY 2014 respectively, and **sustained** on a q-o-q basis
  - **Higher property income** from **all assets in Singapore** and **Australia**
  - **Full-year contribution** from **MBFC Tower 3** which saw **stronger share of results of associates**
  - **Increased contributions** from **8 Chifley Square in Sydney** and **the office tower in Perth** which led to **higher share of results of joint ventures**
  
- » Achieved **higher distributable income** despite
  - Lack of income from the divested Prudential Tower
  - Absence of rental support from the 87.5% interest in Ocean Financial Centre and MBFC Phase One
  
- » DPU of **1.68 cents** for **4Q 2015**, amounting to a total of **6.80 cents** for **FY 2015**
  - Annualised distribution yield of **7.3%**<sup>(1)</sup>



(1) Based on the market closing price per unit of \$0.93 as at the last trading day, 31 Dec 2015.



- » **Gearing level reduced significantly** by approximately 8% to **39.3%**
- » Maintained fixed-rate loans of 70%, which **safeguards against interest rate volatility** and **provides certainty of interest expenses**
- » Average cost of debt remained **stable** at **2.5%** and **interest coverage ratio** at a **healthy** level of **4.4 times**
- » **Completed almost 100% of refinancing needs in 2016**, and maintained **well-staggered debt maturity profile** with **weighted average term to expiry** at a **healthy 3.7 years**
- » Close to **100%** of income from Australia **hedged up till 3Q 2016**



- » Concluded a total of **114** leases or approximately **1.6 mil sf** (attributable space of 800,000 sf) of **prime office spaces** in 2015
  - **Healthy demand** from firms in the **TMT** sector in **2015**
- » **High overall portfolio occupancy** of **99.3%** as at end-2015
- » Continued to **intensify** efforts to **retain** and **secure new tenants**
  - **High tenant retention rate** of **90%** as at end-2015
  - Achieved **positive rent reversion** averaging **13%** for office leases in Singapore
- » Approximately **75%** of leases **not due for renewal till 2018 and beyond**
- » **Government of Western Australia (WA)** commenced its **25-year lease** in **November 2015**
- » On 17 January 2016, Keppel REIT announced the **divestment** of its interest in **77 King Street** in Sydney for A\$160 million or approximately S\$160 million<sup>(1)</sup>
  - Approximately **40% above original purchase price** of A\$116 million in end-2010 and an approximate **27% premium over valuation** of A\$126 million<sup>(2)</sup>
  - To **maximise** and **capture value** for Unitholders



One Raffles Quay



77 King Street, Sydney

(1) Based on the exchange rate of A\$1=S\$1 as at 14 January 2016

(2) Valuation as at 31 July 2015.

## 2. Financial Highlights

### STRATEGIC INTENT

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

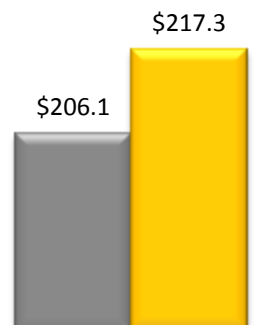
One Raffles Quay,  
Singapore

Keppel REIT

- » **Distributable income** ↑ **17.8%** y-o-y for **4Q 2015** and ↑ **5.4%** y-o-y for **FY 2015**, despite:
  - Lack of income from the divested Prudential Tower
  - Absence of rental support from the 87.5% interest in Ocean Financial Centre and MBFC Phase One
- » **Higher distributable income** due to:
  - **Higher property income** from **all assets in Singapore** and **Australia**
  - **Full-year contribution** from **MBFC Tower 3** which saw **stronger share of results of associates**
  - **Increased contributions from 8 Chifley Square in Sydney** and **the office tower in Perth** which led to **higher share of results of joint ventures**

## FY 2015 Distribution Income

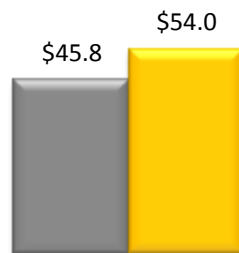
**up 5.4% y-o-y**  
\$217.3 mil



Distribution Income  
■ FY 2014 ■ FY 2015

## 4Q 2015 Distribution Income

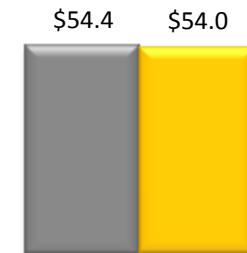
**up 17.8% y-o-y**  
\$54.0 mil



Distribution Income  
■ 4Q 2014 ■ 4Q 2015

## 4Q 2015 Distribution Income

**stable q-o-q**  
\$54.0 mil



Distribution Income  
■ 3Q 2015 ■ 4Q 2015





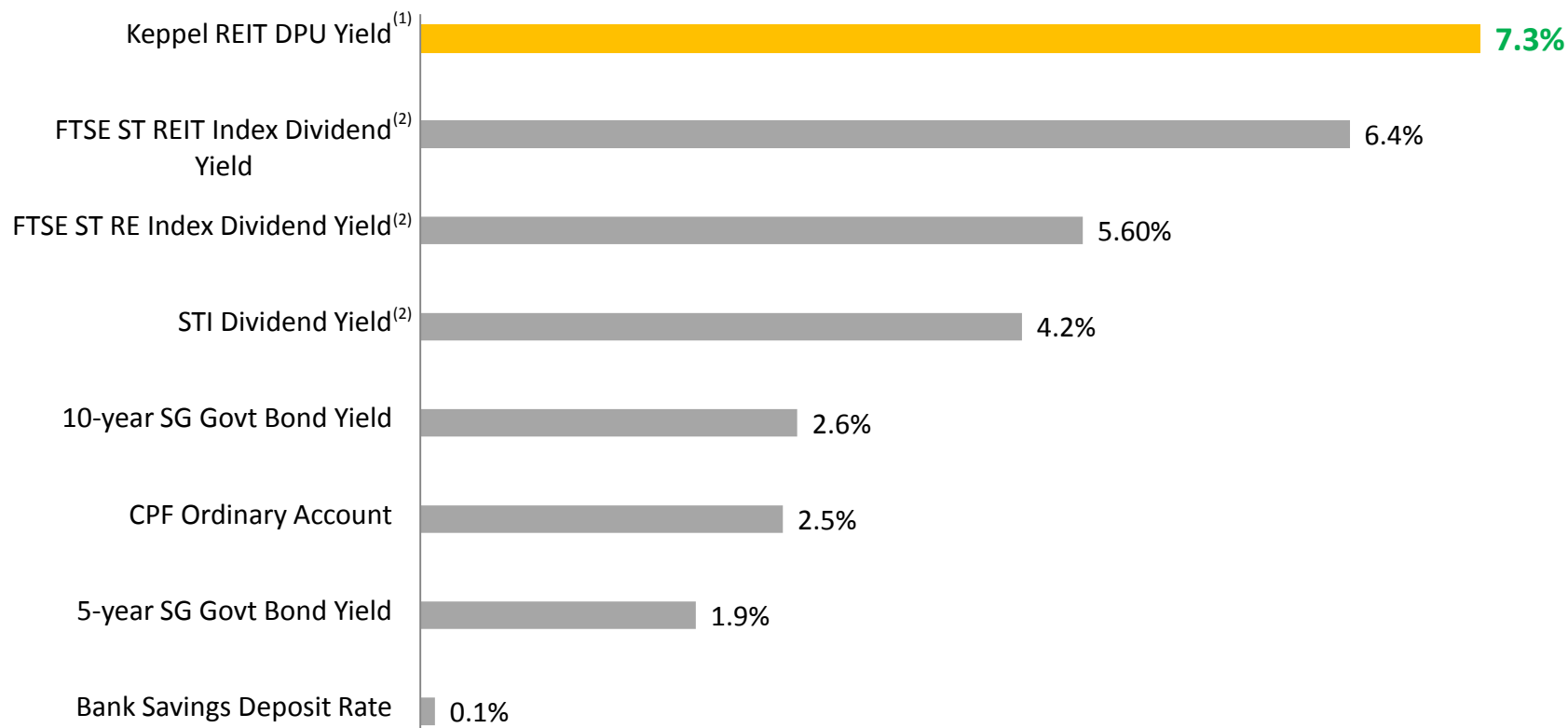
» DPU for FY 2015 was 6.80 cents, translating to a **distribution yield** of **7.3%**<sup>(1)</sup>

	FY 2015	FY 2014	Remarks
<b>Property Income</b>	<b>\$170.3m</b>	\$184.1m	Absence of income from Prudential Tower, and higher property income from all assets in Singapore and Australia
<b>Net Property Income</b>	<b>\$137.5m</b>	\$151.4m	
<b>Share of Results of Associates</b>	<b>\$75.7m</b>	\$60.7m	Increase 24.6% y-o-y due to full-year income contribution from the one-third stake in MBFC Tower 3
<b>Share of Results of Joint Ventures</b>	<b>\$17.2m</b>	\$9.8m	Rose 74.3% y-o-y due to higher contributions from 8 Chifley Square in Sydney and the office tower in Perth
<b>Distributable Income to Unitholders</b>	<b>\$217.3m</b>	\$206.1m	Increased 5.4% despite lack of income from Prudential Tower, as well as absence of rental support from Ocean Financial Centre and MBFC Phase One

(1) Based on the market closing price per unit of \$0.93 as at the last trading day, 31 Dec 2015.



» Keppel REIT continues to offer an **attractive yield** compared to other investments



<sup>(1)</sup> Based on Keppel REIT's 6.80 cents DPU for FY2015 and market closing unit price of \$0.93 as at 31 December 2015.

<sup>(2)</sup> Based on Bloomberg's dividend yield data for the FTSE ST Real Estate Investment Trust (REIT) Index, FTSE ST Real Estate (RE) Index and Straits Time Index (STI) as at 31 December 2015.

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



	As at 31 December 2015	As at 30 September 2015
Non-current Assets	\$7,261 mil	\$7,041 mil
Total Assets	\$7,425 mil	\$7,273 mil
Borrowings <sup>1</sup>	\$3,341 mil	\$3,554 mil
Total Liabilities	\$2,648 mil	\$2,828 mil
Unitholders' Funds	\$4,626 mil	\$4,444 mil
Adjusted NAV Per Unit <sup>2</sup>	\$1.42	\$1.37

(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 30 September 2015, this excluded the distribution paid in November 2015.

For 31 December 2015, this excluded the distribution to be paid in February 2016.



Distribution Per Unit (DPU)	Distribution Period
1.68 cents	1 October 2015 – 31 December 2015

Distribution Timetable	
Trading on “Ex” Basis	Friday, 22 January 2016
Books Closure Date	Tuesday, 26 January 2016
Distribution Payment Date	Friday, 26 February 2016



# 3. Capital Management

## UNRELENTING TENACITY

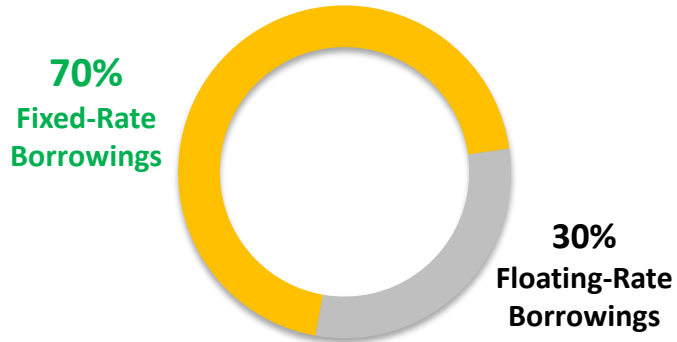
*Our steadfast discipline and prudent capital management approach propel us towards operational efficiency in all that we do.*



# Disciplined Capital Structure

- » Gearing level **reduced significantly** by approximately **8%** to **39.3%**
- » Maintained **fixed-rate** loans of **70%**
  - **Safeguards against interest rate volatility** and provides **certainty of interest expenses**
- » Average cost of debt remained **stable** at **2.5%** and **interest coverage ratio** at a **healthy level** of **4.4 times**

## Borrowings on Fixed-Rate



## % of Assets Unencumbered

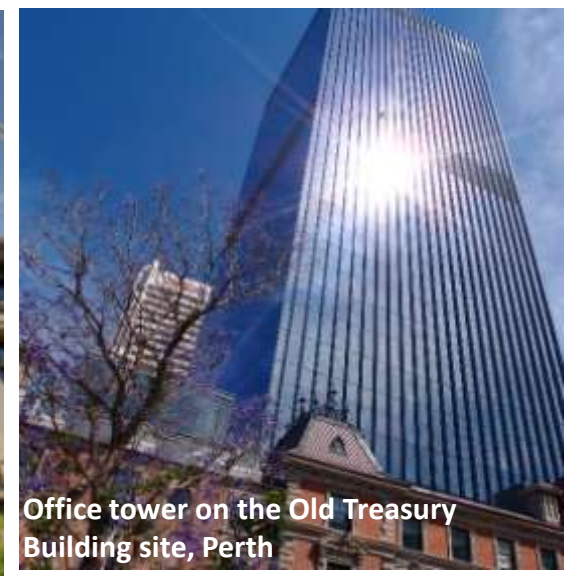
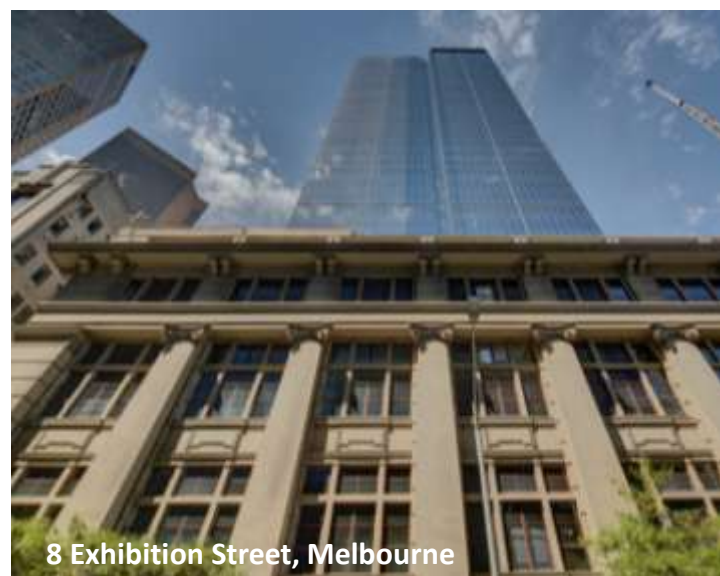
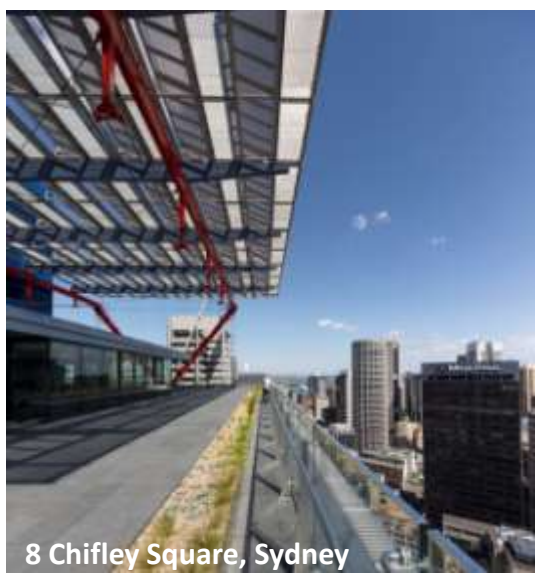


	As at 31 Dec 2015
Gross Borrowings	<b>\$3,341 mil</b>
Interest Coverage Ratio	<b>4.4 times</b>
All-in Interest Rate	<b>2.5%</b>
Weighted Average Term to Expiry	<b>3.7 years</b>
Aggregate Leverage	<b>39.3%</b>
Moody's Rating	<b>Baa2</b>

	DPU Change
Every 100 bps <b>↑</b> in SOR	~0.15 cents <b>↓</b> in DPU

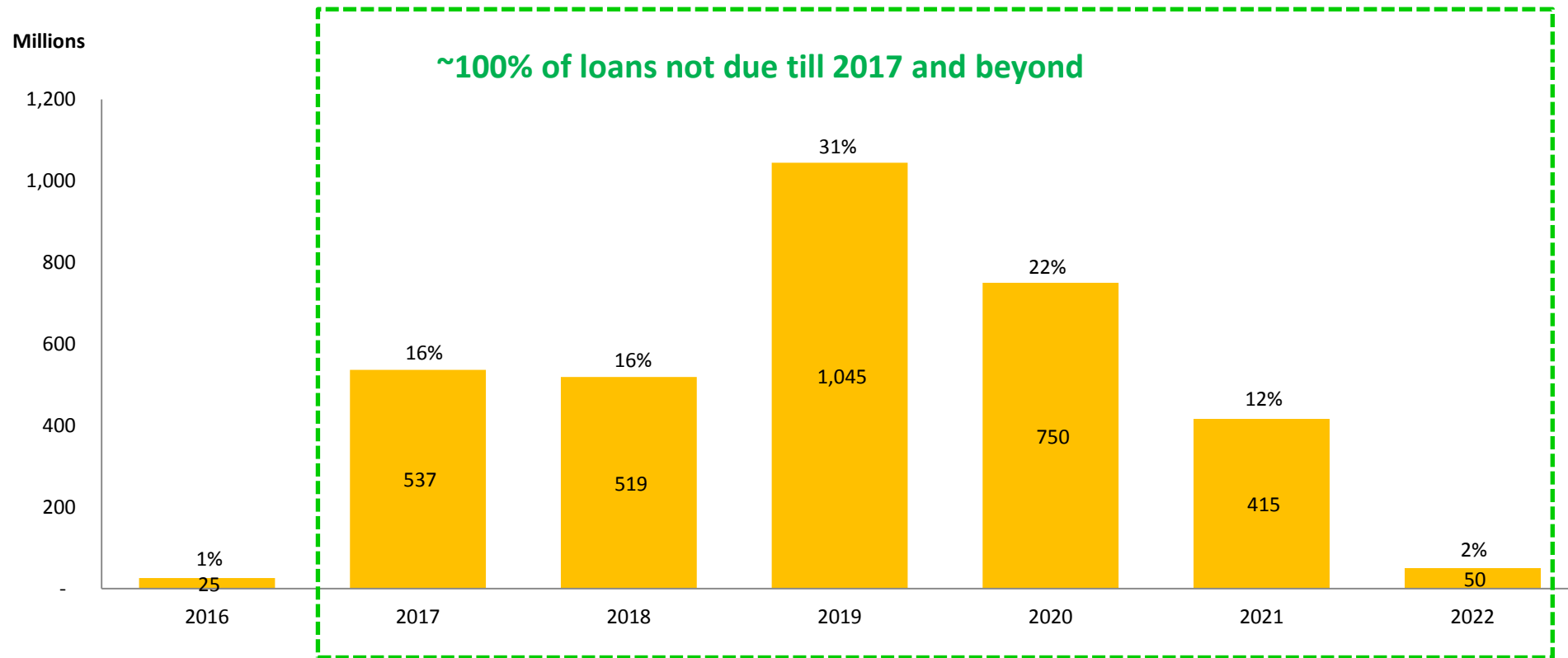
- » **Almost 100%** of income from Australia **hedged up till 3Q 2016**
- » Impact of **AUD movement** on **Keppel REIT's DPU, NAV** and **gearing**:

	Assuming AUD 1:SGD 0.95
<b>DPU</b>	Minimal
<b>NAV</b>	↓ by 2 cents
<b>Gearing</b>	↑ by 0.3%





- » Completed almost 100% of refinancing requirements in 2016
- » Continued to maintain well-staggered debt maturity profile with weighted average term to expiry at a healthy 3.7 years





# 4. Portfolio Analysis

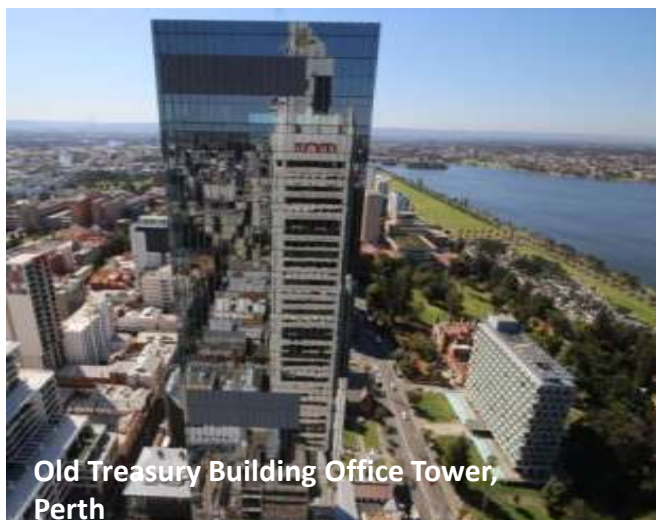
## ENGAGING **TENANTS**

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

275 George Street, Brisbane



- » Achieved **high overall portfolio occupancy** of **99.3%** as at end-2015
  - **Ongoing proactive marketing** and **rigorous leasing efforts** to manage the challenging operating environment due to impending supply
- » Concluded total of **114** leases or approximately **1.6 mil sf** (att. space of 800,000 sf) in 2015
  - Accounts for approximately **23%** of Keppel REIT's net lettable area under management
  - Approximately **30%** (32 leases) or **480,000 sf** (att. space of 222,000 sf) committed in 4Q 2015
  - **Half of new leases** in 4Q 2015 from firms in the **TMT sector**
- » Continued to **intensify** efforts to **retain existing** and **secure new tenants**
  - **High tenant retention rate** of **90%** as at end-2015
  - **Positive rent reversion** averaging **13%** for office leases in Singapore
- » Approximately **75%** of leases **not due for renewal till 2018 and beyond**



Old Treasury Building Office Tower,  
Perth



Ocean Financial Centre



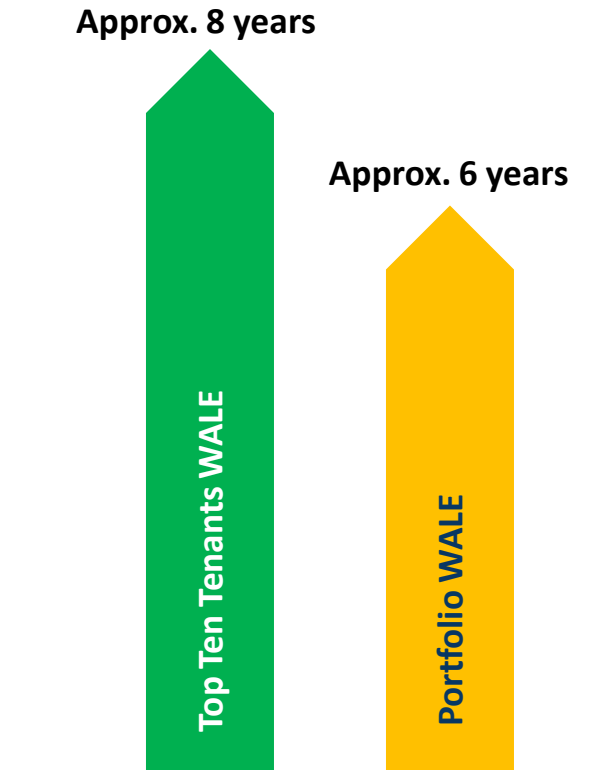
Marina Bay Financial Centre



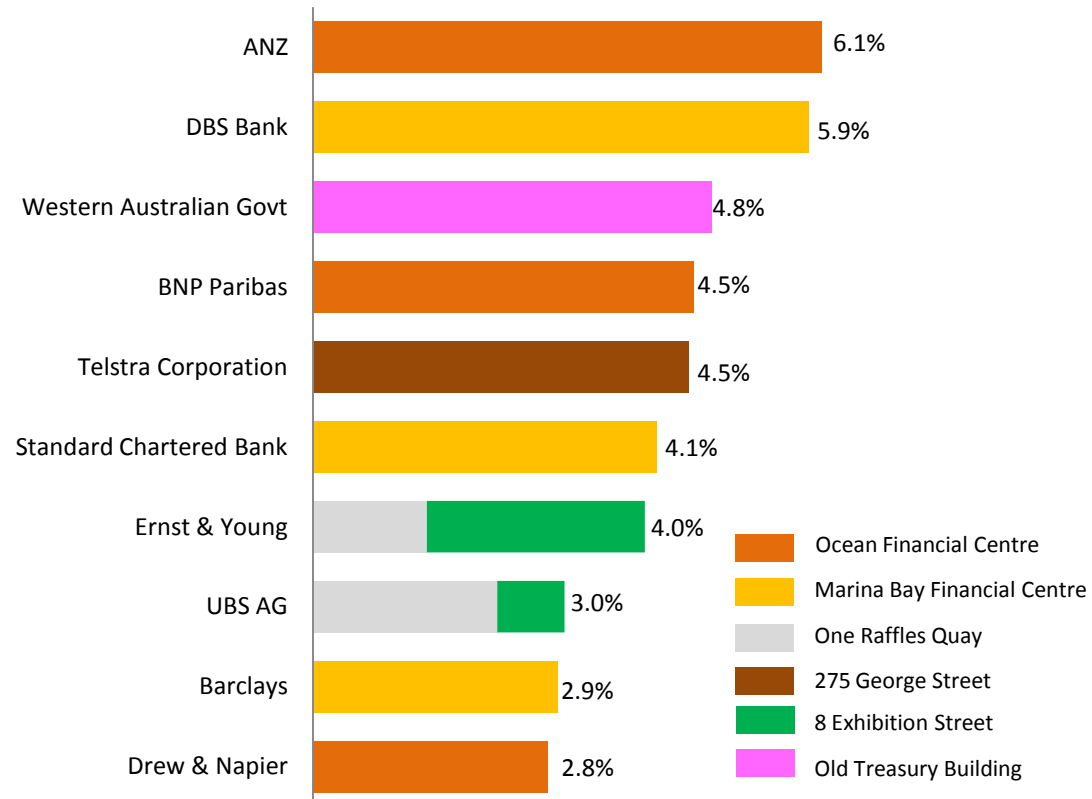
# Long Weighted Average Lease Expiry

- » **Top 10 tenants** accounted for approximately **43%** of portfolio NLA
- » **Long WALE** of approximately **8 years** and **6 years** for top 10 tenants and portfolio respectively
  - Enhance **income sustainability and resilience** over a long period

## Weighted Average Lease Expiry (WALE)



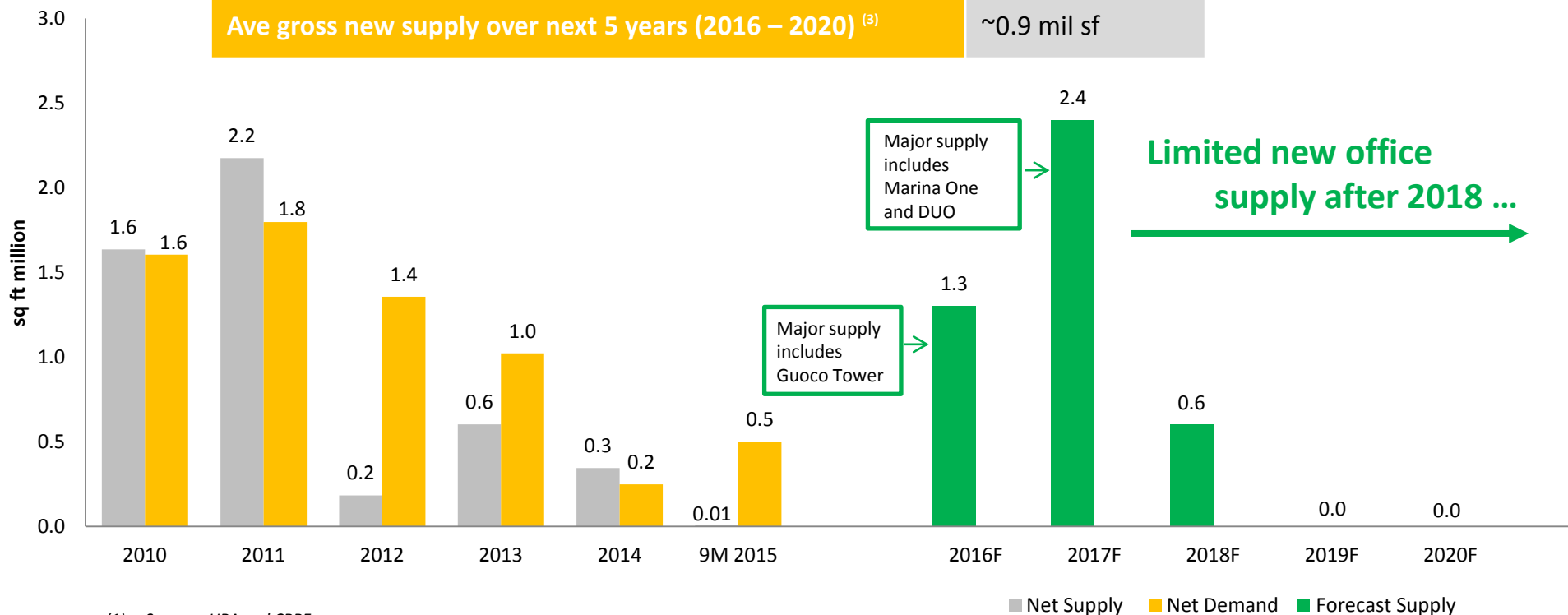
## Top Ten Tenants (by NLA)





- » **Healthy demand** for office space of approximately **1.2 mil sf p.a.** in the last 5 years
- » Average supply of approximately **0.9mil sf p.a.** over the next 5 years till end-2020
- » **Limited new office supply after 2018**

5 years (2010 – 2014) Ave annual net demand <sup>(2)</sup>	~1.2 mil sf
5 years (2010 – 2014) Ave annual net supply <sup>(2)</sup>	~1.0 mil sf
Ave gross new supply over next 5 years (2016 – 2020) <sup>(3)</sup>	~0.9 mil sf



(1) Sources: URA and CBRE

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

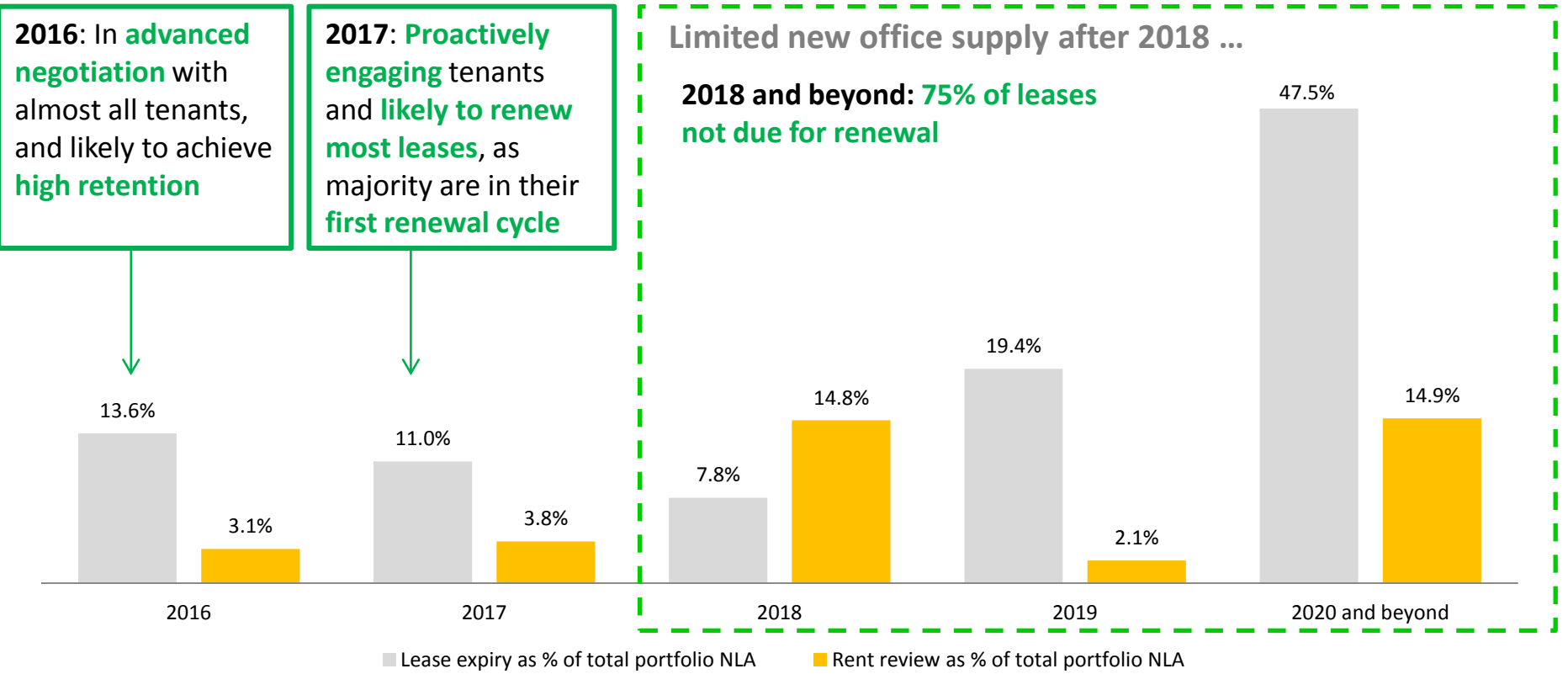
(3) Forecast new supply excludes strata offices



# Healthy Lease Expiry Profile

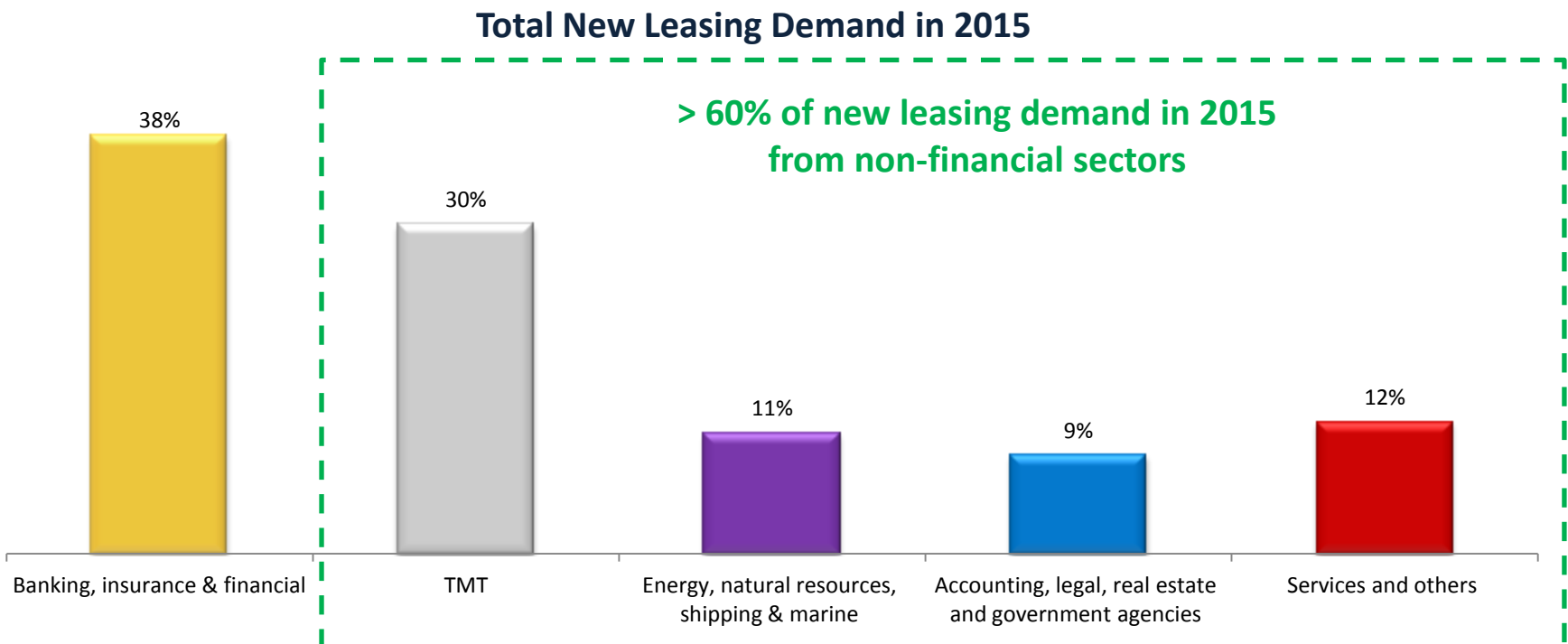
- » The Manager is in **advanced negotiations** with tenants whose **leases are expiring in 2016** and is **likely to achieve high retention**
- » Similarly, for **leases expiring in 2017**, the Manager is also **proactively engaging tenants** and is **likely to renew most of the leases** as the **majority** these tenants are in their **first renewal cycle**
- » Approximately **75%** of leases **not due for renewal till 2018 and beyond**

Portfolio Lease Profile (By NLA) as at 31 December 2015





- » Concluded total of **114** leases or approximately **1.6 mil sf** (att. space of 800,000 sf) for the whole of 2015
- » **Healthy demand** from tenants for Keppel REIT's prime office spaces in Singapore in 2015
  - Half were **new to Keppel REIT's portfolio**
  - One quarter were tenants **new to Singapore**
  - One quarter were **expansion by existing tenants**





# Leasing Activities in 4Q 2015

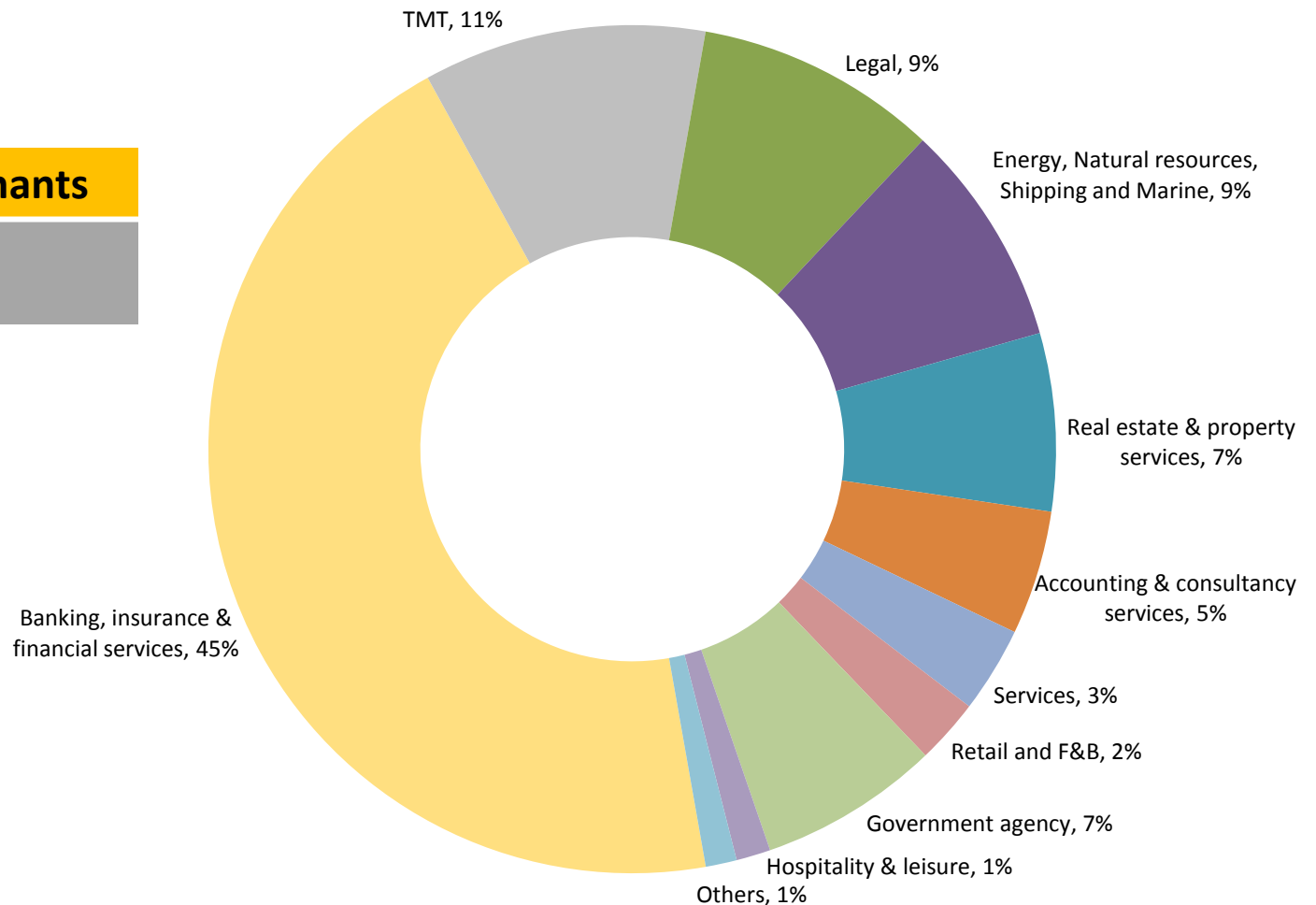
- » Concluded a total of **32 leases** or approximately **480,000 sf** of space in 4Q 2015
- » Of the **new leases secured** in 4Q 2015
  - 60% were tenants **new to Keppel REIT's portfolio**
  - 20% were tenants **new to Singapore**
  - 20% were **expansion by existing tenants**
- » **Healthy demand** from firms in the **TMT sector** in 4Q 2015
  - Accounted for **half** of the **new leases signed**
  - New tenants include Netflix





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

**Number of tenants**  
**311<sup>(1)</sup>**



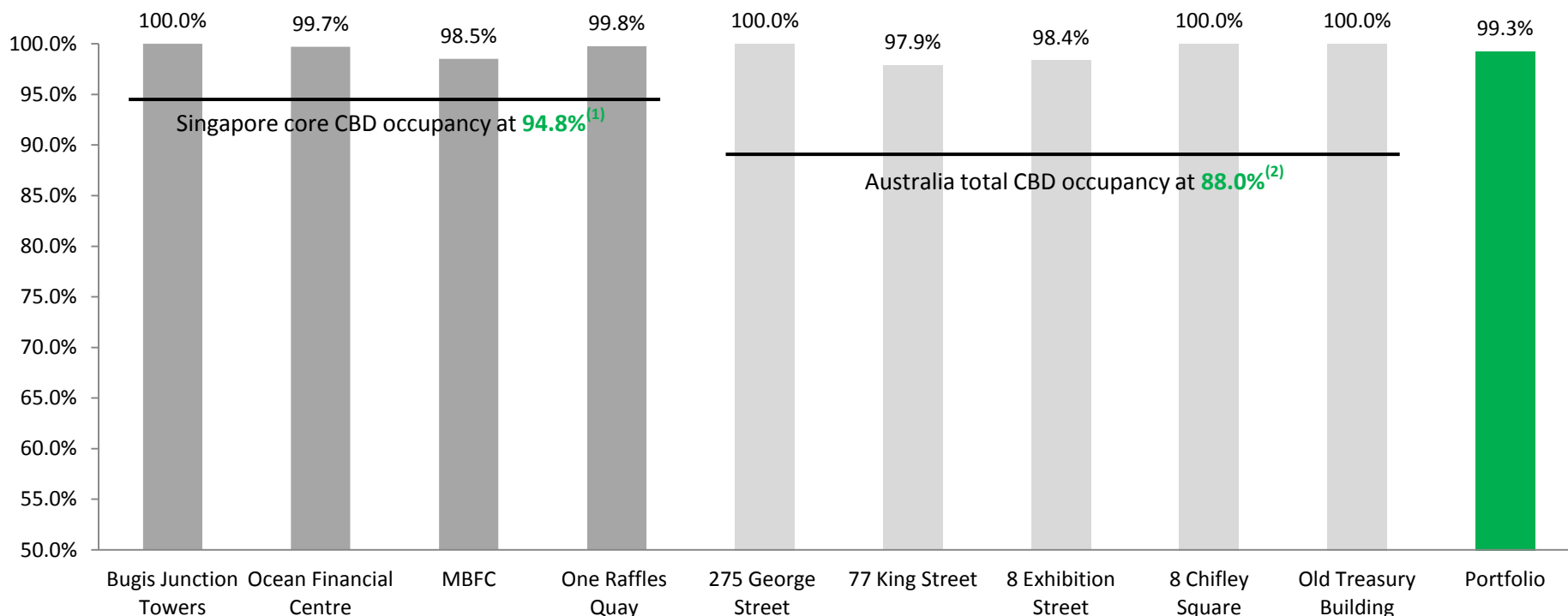
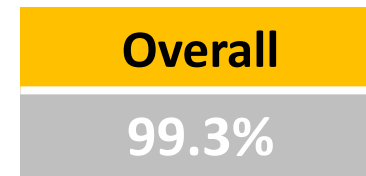
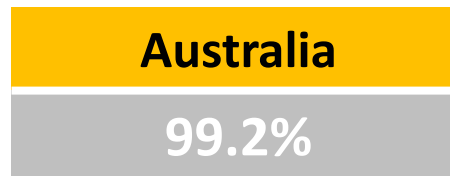
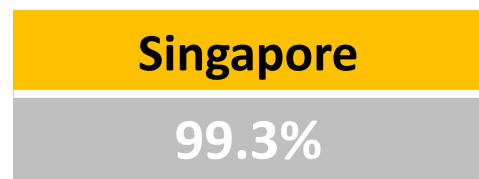
(1) Tenants with multiple leases were accounted as one tenant





# Stable Committed Occupancy Levels

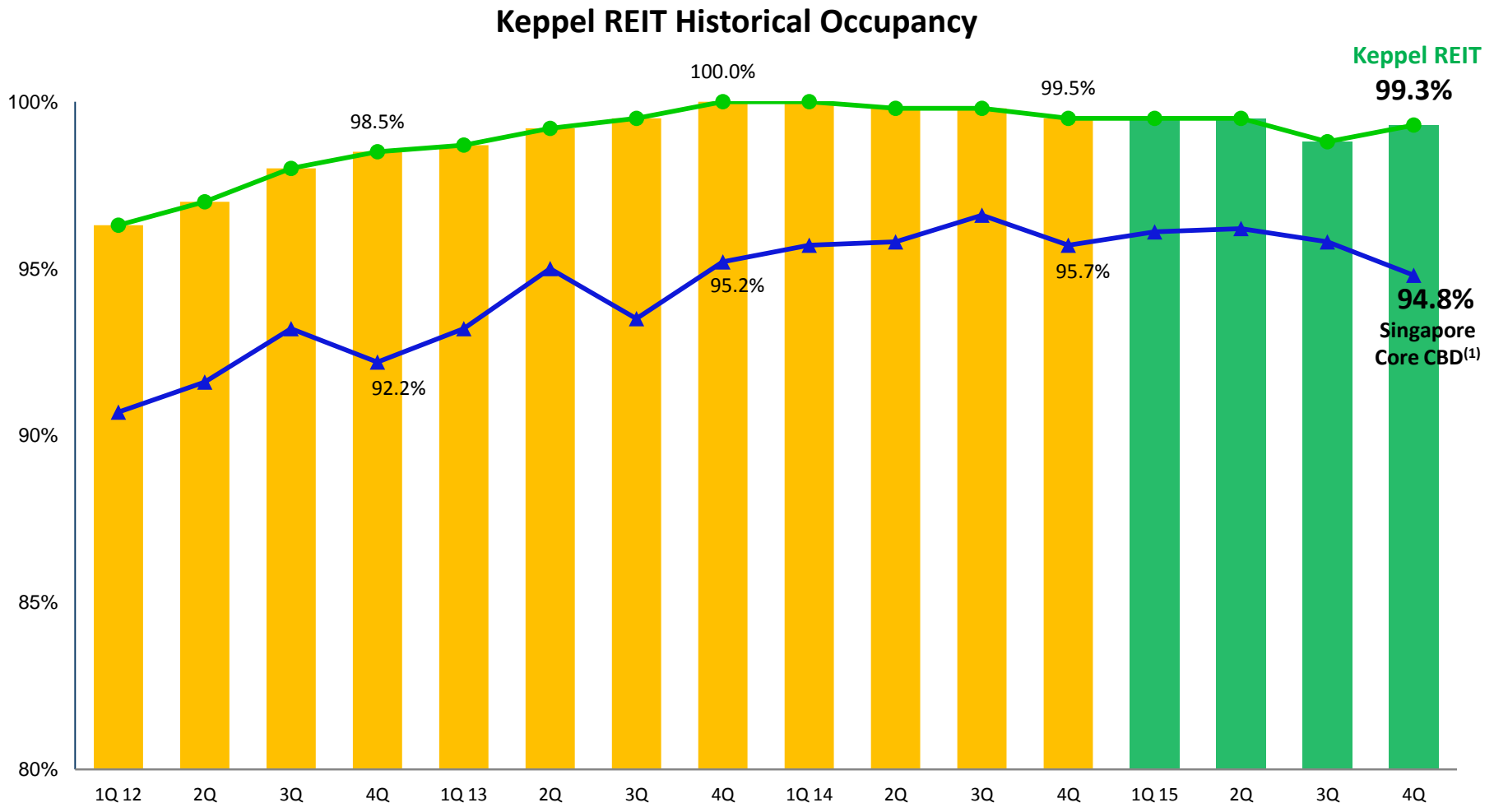
» Maintained **high portfolio committed occupancy** of **99.3%**



(1) Preliminary numbers by CBRE, 4Q 2015

(2) JLL, October 2015

» Keppel REIT's Singapore portfolio occupancy **consistently above Core CBD occupancy levels**



(1) Preliminary numbers by CBRE, 4Q 2015

■ Keppel REIT Singapore Occupancy    ▲ Singapore Core CBD Occupancy

- » **Government of Western Australia** commenced its 25-year lease in **November 2015**
- » Effective **return** of **7.15%**
- » **Fixed annual rental escalation** throughout lease term, with options for **another 25 years**



## SGX Bull Charge Charity Run

- » Keppel Group contributed a total of \$30,000 to support the annual SGX Bull Charge
- » Keppel REIT staff joined participants from the finance industry and SGX-listed companies in raising funds for the underprivileged



## Christmas Cheer

- » Tenants of Ocean Financial Centre and Bugis Junction Towers as well as those working in the vicinities were invited to grant wishes and make contributions to the children from Movement for the Intellectually Disabled of Singapore (MINDS)
- » Tenants were treated to Christmas carolling performances by the Anglo-Chinese Junior College choir





**Singapore Corporate Awards 2015**

Conferred **Best Investor Relations (Gold)** (REITs & Business Trusts) award at the Singapore Corporate Awards 2015



**Global Real Estate Sustainability Benchmark (GRESB)**

Keppel REIT became the first REIT in Asia to **maintain its pole position** in the internationally-recognised GRESB 2015



**16<sup>th</sup> SIAS Investors' Choice Awards**

Awarded runner-up for **Most Transparent Company Award** (REITs and Business Trusts) category by SIAS



**PUB Water Efficient Building (WEB) Certification 2015**

**Ocean Financial Centre, MBFC Phase One** and **MBFC Tower 3** were all conferred the **Gold awards** while **Bugis Junction Towers** was conferred the **Silver award**

**Lauded for Sustainable and Good Corporate Governance**

# 5. Market Review & Outlook

## HARNESSING COMPETENCIES

*We leverage our strengths to invest in growth  
and capture opportunities with agility*

8 Exhibition Street, Melbourne

**Keppel REIT**



## Singapore

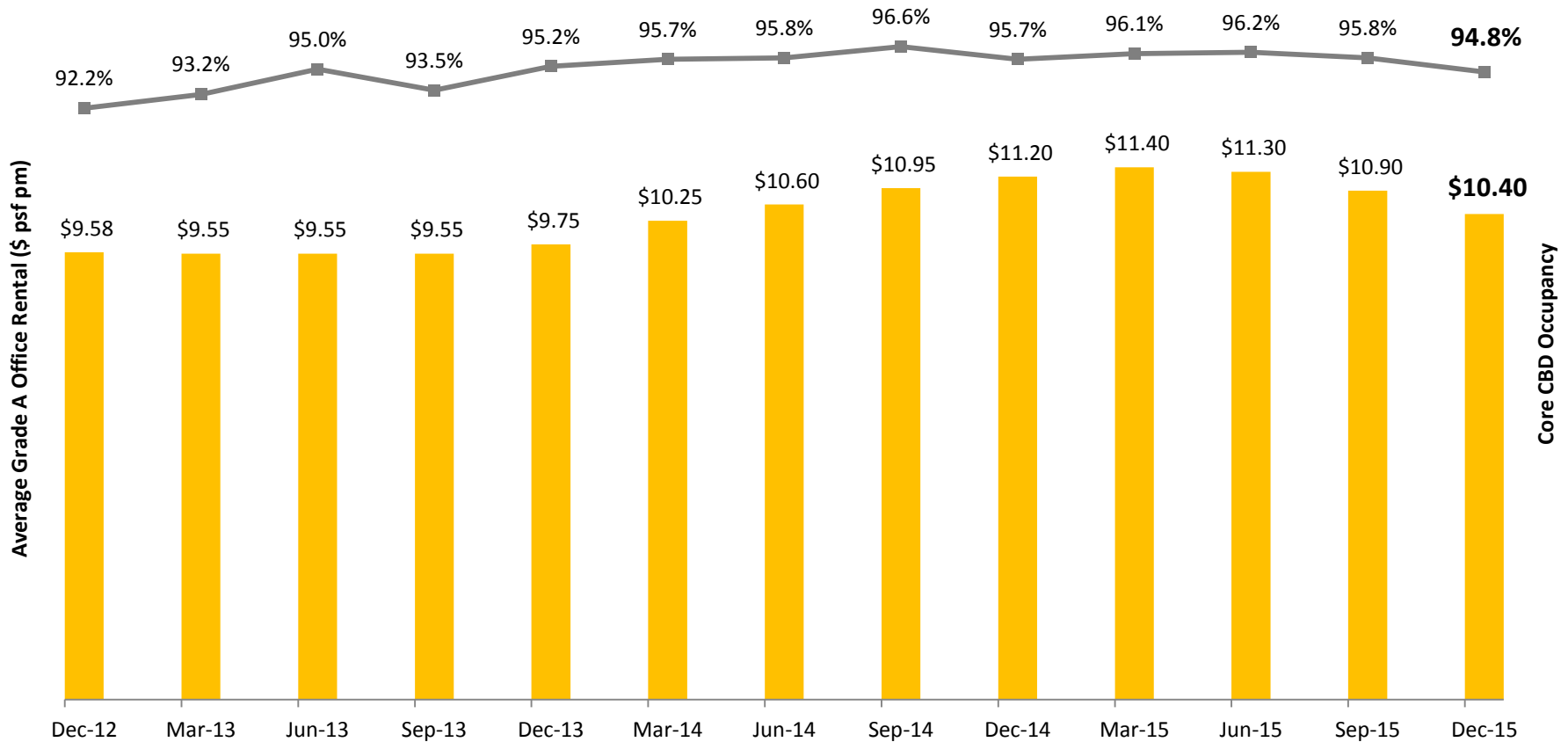
- » Advance estimates indicate that the Singapore economy is expected to record 2.0% y-o-y growth in 4Q 2015, supported by expansion in the construction and services sectors
- » Modest growth of close to 2.1% for the whole of 2015, and between 1-3% for 2016 on the back of tepid global growth
- » The slowing economy continued to weigh in on office demand in 2H 2015
- » Office demand in the quarter was driven by growth in the TMT, financial and insurance as well as pharmaceutical sectors
  - TMT sectors are expected to continue to expand at an impressive rate and contribute meaningfully to take-up in office space
  - Asian financial institutions as well as insurance and pharmaceutical firms are also expected to drive demand for spaces in core CBD market



Sources: Ministry of Trade and Industry and preliminary numbers by CBRE, 4Q 2015



- » **Occupancy** in Singapore's **core CBD** remained **stable** at **94.8%**
- » Average Grade A rents at approximately **\$10.40 psf** in 4Q 2015



Source: Preliminary numbers by CBRE, 4Q 2015

■ Average Grade A Rental (\$ psf pm)

—■ Core CBD Occupancy





## Australia

- » The Australia economy grew 2.5% y-o-y in 3Q 2015, exceeding economists' median forecast of 2.4%
- » 4Q 2015 growth expected to remain steady at 2.5%, while growth in 2016 is forecast to be between 2-3%
- » Improving economic conditions prompted the Reserve Bank of Australia to leave the official cash rate unchanged at 2% to drive sustainable growth
- » Sydney and Melbourne remained at the forefront of the leasing market recovery with positive net absorption recorded in both markets in 3Q 2015
- » Demand for office spaces continued to be driven by firms in the finance and insurance industry as well as TMT sector



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



## 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

## ENLIGHTENING COMMUNITIES

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

Ocean Financial Centre,  
Singapore



## 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.

## Key Thrusts

### Acquisition growth

- » Pursue opportunities for acquisition in Singapore and pan-Asia
- » Focus on strategic portfolio upgrading and optimisation

### Disciplined capital management

- » Effective management of assets and cost structure
- » Exercise prudent interest rate and foreign exchange hedging policies
- » Structure borrowings to ensure financial flexibility

### Active asset management

- » Attract creditworthy tenants to increase occupancy as well as retain good existing tenants
- » Balance lease expiry and rent review profiles to enhance cash flow resilience for Unitholders



Bugis Junction Towers



One Raffles Quay



Prudential Tower



275 George Street



8 Chifley Square



MBFC Phase One



Office Tower on the Old Treasury Building site



MBFC Tower 3



8 Exhibition Street



➤ Maiden acquisition: One Raffles Quay



➤ First third-party acquisition: Increased stake in Prudential Tower



77 King Street

- First overseas acquisition
- First S-REIT to qualify for Australia's MIT structure
- First strategic asset swap to acquire MBFC Phase One



Ocean Financial Centre

- First forward funding acquisition structure
- First S-REIT to utilise LLP structure to hold assets

- Increased interest in Ocean Financial Centre to 99.9%
- Obtained tax transparency for MBFC Phase One



Renamed



8 Exhibition Street

- Acquisition of the new office tower at the Old Treasury Building site in Perth
- Acquisition of 8 Exhibition Street in Melbourne

- Divested stake in Prudential Tower
- Acquisition of a one-third interest in MBFC Tower 3

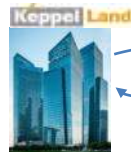


Prudential Tower

- Acquired the three remaining prime street-fronting retail units at 8 Exhibition Street

**1Q 2016:**

- Announced the divestment of 77 King Street, Sydney



Asset Swap



Assets Under Management





- » Keppel REIT's AUM is approximately **\$8.4 billion** as at 31 December 2015
- » **89%** of portfolio in Singapore and **11%** in Australia

	Bugis Junction Towers	Marina Bay Financial Centre <sup>(1)</sup>	One Raffles Quay <sup>(1)</sup>	Ocean Financial Centre <sup>(2)</sup>
Description	15-storey 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	43-storey premium Grade A office tower
Attributable NLA (sf)	244,989	1,027,557	443,760	883,172
Ownership	100.0%	33.33%	33.33%	99.9%
Number of tenants	15	161	47	54
Principal tenants	IE Singapore, InterContinental Hotels Group, Keppel Land	DBS Bank, Standard Chartered Bank, BHP Billiton	Deutsche Bank, Ernst & Young, UBS	ANZ, BNP Paribas, Drew & Napier
Tenure	99 years expiring 9 Sept 2089	99 years expiring 10 Oct 2104 <sup>(3)</sup> and 7 March 2106 <sup>(4)</sup>	99 years expiring 12 June 2100	99 years expiring 13 Dec 2110
Valuation <sup>(5)</sup> (S\$ million)	550.0	1,682.0 <sup>(3)</sup> 1,307.0 <sup>(4)</sup>	1,263.0	2,597.0
Capitalisation rates	3.75%	3.75%	3.75%	3.75%
Committed occupancy (As at 31 Dec 2015)	100.0%	98.5%	99.8%	99.7%

(1) Refers to Keppel REIT's one-third interest in MBFC Towers 1, 2 and 3 and Marina Bay Link Mall (MBLM), as well as One Raffles Quay.

(2) Refers to Keppel REIT's 99.9% interest in Ocean Financial Centre.

(3) Refers to MBFC Tower 1 and 2, as well as MBLM.

(4) Refers to MBFC Tower 3.

(5) The valuations are based on Keppel REIT's interest in the respective properties as at 31 December 2015.



# Portfolio Information

	8 Chifley Square, Sydney <sup>(1)</sup>	8 Exhibition Street, Melbourne <sup>(2)</sup>	275 George Street, Brisbane <sup>(1)</sup>	Office Tower on the Old Treasury Building site, Perth <sup>(1)</sup>	77 King Street Office Tower, Sydney <sup>(3)</sup>
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	18-storey Grade A office tower
Attributable NLA (sf)	104,138	247,033	224,688	167,784	146,670
Ownership	50.0%	50.0%	50.0%	50.0%	100.0%
Number of tenants	8	21	8	2	14
Principal tenants	Corrs Chambers Westgarth, QBE Insurance Group, Quantum Group	Ernst & Young, UBS, CBRE	Queensland Gas Company, Telstra Corporation	Government of Western Australia	Apple, Facebook, CEB
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	99 years	Freehold
Valuation <sup>(4)</sup> (S\$ million)	206.6	215.5	204.0	201.5	128.5 <sup>(6)</sup>
Capitalisation rates	5.40%	5.75% <sup>(5)</sup>	6.75%	6.00%	6.50%
Committed occupancy (As at 31 Dec 2015)	100.0%	98.4%	100.0%	100.0%	97.9%

(1) Refers to Keppel REIT's 50% interest in the properties.

(2) Keppel REIT owns a 50% interest in the office building and 2 retail units, as well as a 100% interest in the another 3 retail units.

(3) The Manager announced the divestment of 77 King Street in Sydney on 17 January 2016. Completion is expected in 1Q 2016.

(4) Based on the exchange rate of A\$1 = S\$1.02. Valuation as at 31 December 2015 based on Keppel REIT's interest in the respective properties.

(5) Refers only to the office tower at 8 Exhibition Street.

(6) Valuation as at 31 July 2015.