



Managed by

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## **MEDIA RELEASE**

### **Unaudited Results of Keppel REIT for the Third Quarter and Nine Months Ended 30 September 2015**

**19 October 2015**

The Directors of Keppel REIT Management Limited, as Manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the third quarter and nine months ended 30 September 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 distributable income for 3Q 2015 rose 4.6% y-o-y

***A resilient portfolio and the Manager's continued focus on tenant retention see high retention rate of 90% and positive rental reversion of 16% on average***

- Recorded a 4.6% and 1.8% year-on-year ("y-o-y") growth in distributable income for 3Q 2015 and year-to-date 2015 ("YTD 2015") respectively, as well as sustained levels of distributable income on a quarter-on-quarter ("q-o-q") basis
- Higher distributable income was due mainly to better performance from Ocean Financial Centre, Bugis Junction Towers and 8 Chifley Square in Sydney
- Distribution per unit ("DPU") of 1.70 cents for the third quarter 2015 ("3Q 2015")
- Increased fixed-rate loans to over 70%, which will insulate against interest rate fluctuations
- Average cost of debt remained constant at 2.5% and interest coverage ratio at a healthy 4.4 times
- Hedged almost 100% of distribution payment from Australia up till the first quarter of 2016 ("1Q 2016")
- Continued to maintain low refinancing obligations, with close to 100% of total borrowings not due for repayment till 2017
- Concluded a total of 82 leases or approximately 1.1 million sf of office space to-date
- Of the new office leases secured in 3Q 2015, one-third were from tenants setting up presence and operations in Singapore, one-third were from first-time entrants into Keppel REIT's portfolio and the remaining one-third were expansions by existing tenants
- Notwithstanding the supply of office spaces from both upcoming and existing buildings, the Manager completed 100% of all leases due for review and almost all leases due for renewal in 2015. With this, approximately 70% of total leases are not due for renewal till 2018 and beyond
- Despite challenging leasing market conditions, the Manager has achieved a positive rent reversion averaging 16% for office leases signed, renewed and reviewed year-to-date
- Overall portfolio occupancy declined slightly q-o-q from 99.3% to 98.5%
- Gained strategic control of the office and retail components at 8 Exhibition Street in Melbourne with the successful acquisition of the three remaining prime street-fronting retail units
- Achieved Certificate of Practical Completion for the office tower on the Old Treasury Building site in Perth, and the Government of Western Australia (WA) will commence its 25-year long lease in the fourth quarter of 2015 ("4Q 2015")

## Summary of Results

	GROUP			
	3Q2015 \$'000	2Q2015 <sup>2</sup> \$'000	YTD Sep 2015 <sup>2</sup> \$'000	YTD Sep 2014 <sup>2</sup> \$'000
Property income	42,183	42,964	127,552	141,756
Net property income	33,396	34,711	102,694	117,183
Share of results of associates	18,513	19,953	58,833	44,630
Share of results of joint ventures	3,907	4,056	12,006	5,720
Income available for distribution	54,408	54,820	163,237	160,294
Distribution to Unitholders <sup>1</sup>	54,408	54,820	163,237	160,294
DPU (cents) for the period	1.70	1.72	5.12	5.72
Annualised Distribution Yield			7.2% <sup>3</sup>	6.4% <sup>4</sup>

**Notes:**

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

(2) Information for YTD Sep 2014 includes the contribution from Prudential Tower, which was divested on 26 September 2014. In 4Q2014, Keppel REIT acquired a one-third stake in Marina Bay Financial Centre Tower 3. As such, the financial information for 2Q2015 has also been provided to give a more meaningful comparison of Keppel REIT's performance quarter-on-quarter since the portfolio of properties are the same over the two periods.

(3) The yield is based on the market closing price per unit of \$0.955 as at the last trading day, 30 September 2015.

(4) The yield is based on the market closing price per unit of \$1.190 as at the last trading day, 30 September 2014.

## Sustaining Returns

Keppel REIT Management Limited, the Manager of Keppel REIT, is pleased to announce higher distributable income of \$54.4 million for 3Q 2015 and \$163.2 million for YTD 2015, both of which are 4.6% and 1.8% above that of the corresponding periods in 2014 respectively. Q-o-q, the Manager also achieved sustained levels of distributable income.

The improved distribution income was due largely to better performance from Ocean Financial Centre, Bugis Junction Towers and 8 Chifley Square in Sydney.

The Manager is declaring a DPU of 1.70 cents for 3Q 2015, which translates to an annualised distribution yield of 7.2%.

## Achieving Capital Efficiency

On the capital management front, the Manager continues to proactively mitigate financing, interest and foreign exchange risks.

During the quarter, the Manager increased its fixed-rate loans to over 70%, which will insulate against interest rate fluctuations and at the same time allow for operational and financial flexibilities. The Manager's disciplined capital management approach saw Keppel REIT's average cost of debt remain constant at 2.5%, with interest coverage ratio at a healthy 4.4 times.

In keeping with ongoing efforts to reduce volatility and provide greater certainty over future income distributions, the Manager has also hedged almost 100% of distribution payment from Australia up till 1Q 2016.



Keppel REIT's weighted average term to maturity remained stable at 3.6 years. The Manager continued to maintain low refinancing obligations as at end-September 2015, with close to 100% of Keppel REIT's total borrowings not due for repayment till 2017.

### **Continuing Focus on Tenant Retention**

To-date, the Manager has concluded a total of 82 leases or approximately 1.1 million sf of office space, with approximately 43% or 470,000 sf (34 leases) committed in 3Q 2015. This brought overall portfolio occupancy to 98.5% as at 3Q 2015.

Of the new office leases secured in 3Q 2015, one-third were from tenants setting up presence and operations in Singapore, one-third were from first-time entrants into Keppel REIT's portfolio and the remaining one-third were expansions by existing tenants.

Majority of these tenants were Asian companies including banks and financial institutions from the region as well as from the commodities and real estate sectors. Other new tenants in this quarter include those from the insurance, accounting and consultancy services as well as the legal sectors. Meanwhile, tenants who expanded came from the TMT, legal and commodities sectors.

To mitigate the impact of office supply from both upcoming and existing buildings, the Manager continued to intensify its lease management efforts to retain and secure tenants. These efforts saw a high tenant retention rate of 90% for Keppel REIT's Singapore assets in 3Q 2015. The Manager has also completed 100% of all leases due for review and almost all leases due for renewal in 2015. With this, approximately 70% of total leases are not due for renewal till 2018 and beyond.

Despite the challenging leasing market sentiments, the Manager has achieved a positive rent reversion averaging 16% for office leases signed, renewed and reviewed to-date.

The Manager also continues to maintain a healthy weighted average lease expiry of approximately 8.5 years and 6 years for its top 10 tenants and overall portfolio respectively, which will provide Unitholders income stability and resilience over the longer term.

During the quarter, the Manager acquired the three remaining prime street-fronting retail units at 8 Exhibition Street in Melbourne. The DPU accretive acquisition, which was completed on 12 October 2015, provides Keppel REIT with strategic control over the 35-storey freehold office building and all five retail units within the development.

In Australia, the office tower on the Old Treasury Building site in Perth received its Certificate of Practical Completion in end-August 2015. With this, the Government of WA will commence its 25-year lease in this landmark development in Perth's central business district ("CBD") in 4Q 2015 and will yield a return of 7.15%. The 25-year lease includes fixed annual rental escalations throughout its lease term and options for another 25 years.

### **Office Market Outlook**

Advance estimates by the Ministry of Trade and Industry indicate that the Singapore economy expanded 1.4% y-o-y in 3Q 2015, supported by growth in the construction and services sectors. Singapore is expected to record a modest 2.0% to 2.5% growth for the whole of 2015.

According to CBRE<sup>1</sup>, occupancy in Singapore's core CBD stood at 95.8% as at 3Q 2015 on the back of a slowing economy. Office rents recorded a second quarter of correction, with average Grade A rents at \$10.90 psf per month. Nonetheless, 3Q 2015 continued to see firms in the TMT sector, Asian financial institutions and pharmaceutical companies picking up office space as landlords adopt a more proactive approach towards leasing.

The Australia economy grew 2.0% y-o-y in 2Q 2015, with full-year growth expected at 2.5%. The Reserve Bank of Australia maintained the official cash rate at 2.0% to foster growth, particularly in the housing and infrastructure sectors.

Improved office occupancy levels were recorded in Sydney and Melbourne in 2Q 2015. Demand was driven by growth in the TMT sector, finance and insurance industry as well as real estate services. These sectors are expected to drive office demand in the short- to medium-term.

### **Upholding Sustainable Practices**

In recognition of the Manager's ongoing commitment to uphold good sustainability and corporate governance practices, Keppel REIT has once again topped the coveted Global Real Estate Sustainability Benchmark (GRESB) 2015, which will continue to raise its profile among socially responsible funds.

This is the second consecutive year that Keppel REIT has been assessed and ranked against real estate industry players in Asia and globally. It is also the first REIT in Asia to maintain its pole position as the Regional Leader for Office Sector in Asia for two consecutive years.

Keppel REIT's accolades include:

- 1<sup>st</sup> in Asia across all diversified entities and sectors
- 1<sup>st</sup> in Asia for office sector/Regional Sector Leader in Asia for Office Sector (the first REIT to achieve this for the second consecutive year)
- 1<sup>st</sup> in Asia for listed real estate companies
- 1<sup>st</sup> amongst the Asia Pacific Real Estate Composite Indices
- Top 3 globally for office sector
- Top 3 globally across all diversified entities and sectors

More recently, Keppel REIT was awarded Runner-Up for the Most Transparent Company in the REITs and Business Trusts category at the 16<sup>th</sup> SIAS Investors' Choice Awards 2015. The award recognises the Manager's efforts to continually uphold and improve corporate disclosure and transparency standards.

Keppel REIT's properties have also been lauded for good sustainable practices. Ocean Financial Centre and Marina Bay Financial Centre ("MBFC") Phase One and MBFC Tower 3 were all conferred the Gold awards at the PUB Water Efficient Building (WEB) Certification 2015, while Bugis Junction Towers received the Silver award. Part of the Green Mark scheme, the WEB certification recognises landlords who implement water efficient measures and processes at their properties.

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<sup>1</sup> Preliminary numbers by CBRE, 3Q 2015

## Looking Ahead

Looking ahead, market conditions are expected to be challenging due to the upcoming office supply over the next two years and possible rising interest rate environment.

The Manager will continue to intensify its tenant retention and engagement efforts to support occupancy and rental rates, while maintaining a well-staggered lease expiry profile for sustainable and resilient returns. The Manager will maintain its disciplined capital management approach to mitigate financing, interest and foreign exchange risks.

- End -

## About Keppel REIT ([www.keppelreit.com](http://www.keppelreit.com))

Keppel REIT was listed by way of an introduction on 28 April 2006. Today, it is one of the largest real estate investment trusts listed on the Singapore Exchange.

Keppel REIT's objective is to generate stable income and long-term growth for Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets pan-Asia.

As at 30 September 2015, Keppel REIT has an asset size of approximately \$8.2 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), MBFC (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) and the office tower at 77 King Street (100% interest), both 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).

Keppel REIT is sponsored by Keppel Land Limited ("Keppel Land"), one of Asia's leading property developers, 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  
THIRD QUARTER 2015 FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015****TABLE OF CONTENTS**

	Page
- INTRODUCTION	2
- SUMMARY OF KEPPEL REIT RESULTS	2
1(a)(i) STATEMENT OF TOTAL RETURN AND DISTRIBUTION STATEMENT	3
1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME	5
1(b)(i) BALANCE SHEETS	6
1(b)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	8
1(c) CONSOLIDATED STATEMENT OF CASH FLOWS	9
1(d)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS	10
1(d)(ii) DETAILS OF CHANGES IN THE UNITS	14
1(d)(iii) TOTAL NUMBER OF ISSUED UNITS	14
1(d)(iv) SALES, TRANSFERS, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY UNITS	14
2 AUDIT	14
3 AUDITORS' REPORT	14
4 ACCOUNTING POLICIES	14
5 CHANGES IN ACCOUNTING POLICIES	14
6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT	15
7 NET ASSET VALUE	15
8 REVIEW OF PERFORMANCE	16
9 VARIANCE FROM FORECAST STATEMENT	17
10 PROSPECTS	18
11 RISK FACTORS AND RISK MANAGEMENT	19
12 DISTRIBUTIONS	20
13 DISTRIBUTION STATEMENT	21
14 INTERESTED PERSON TRANSACTIONS	22
CONFIRMATION BY THE BOARD	23

## INTRODUCTION

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Keppel REIT's objective is to generate stable income and long-term growth for Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets pan-Asia.

As at 30 September 2015, Keppel REIT has an asset size of approximately \$8.2 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).

During the quarter, the Manager acquired the three remaining prime street-fronting retail units at 8 Exhibition Street in Melbourne. This DPU accretive acquisition, completed on 12 October 2015, provides Keppel REIT with strategic control over the 35-storey freehold office building and all five retail units within the development. The office tower on the Old Treasury Building site in Perth has also received its Certificate of Practical Completion in end-August 2015.

The assets in Australia now comprise 8 Chifley Square (50% interest) and the office tower at 77 King Street (100% interest), both 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 site of the Old Treasury Building in Perth (50% interest).

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

## SUMMARY OF KEPPEL REIT RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

	GROUP			
	3Q2015 \$'000	2Q2015 <sup>2</sup> \$'000	YTD Sep 2015 <sup>2</sup> \$'000	YTD Sep 2014 <sup>2</sup> \$'000
Property income	42,183	42,964	127,552	141,756
Net property income	33,396	34,711	102,694	117,183
Share of results of associates	18,513	19,953	58,833	44,630
Share of results of joint ventures	3,907	4,056	12,006	5,720
Income available for distribution	54,408	54,820	163,237	160,294
Distribution to Unitholders <sup>1</sup>	54,408	54,820	163,237	160,294
Distribution per Unit ("DPU") (cents) for the period	1.70	1.72	5.12	5.72
Annualised Distribution Yield %			7.2% <sup>3</sup>	6.4% <sup>4</sup>

### Notes:

- (1) Distribution to Unitholders is based on 100% of the taxable income available for distribution.
- (2) Information for YTD Sep 2014 includes the contribution from Prudential Tower, which was divested on 26 September 2014. In 4Q2014, Keppel REIT acquired a one-third stake in Marina Bay Financial Centre Tower 3. As such, the financial information for 2Q2015 has also been provided to give a more meaningful comparison of Keppel REIT's performance quarter on quarter since the portfolio of properties are the same over the two periods.
- (3) The yield is based on the market closing price per unit of \$0.955 as at the last trading day, 30 September 2015.
- (4) The yield is based on the market closing price per unit of \$1.190 as at the last trading day, 30 September 2014.



## 1. UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the third quarter and nine months ended 30 September 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					+/(-) %
		3Q2015 \$'000	3Q2014 \$'000	+/(-) %	YTD Sep 2015 \$'000	YTD Sep 2014 \$'000	
Gross rent		40,433	46,059	(12.2)	122,033	137,101	(11.0)
Car park income		842	833	1.1	2,484	2,425	2.4
Other income		908	736	23.4	3,035	2,230	36.1
<b>Property income</b>		<b>42,183</b>	<b>47,628</b>	<b>(11.4)</b>	<b>127,552</b>	<b>141,756</b>	<b>(10.0)</b>
Property tax		(3,248)	(3,038)	6.9	(9,256)	(7,267)	27.4
Other property expenses	1	(4,255)	(4,621)	(7.9)	(12,607)	(12,621)	(0.1)
Property management fee		(1,119)	(1,172)	(4.5)	(3,170)	(3,478)	(8.9)
Maintenance and sinking fund contributions		(165)	(273)	(39.6)	175	(1,207)	NM
<b>Property expenses</b>		<b>(8,787)</b>	<b>(9,104)</b>	<b>(3.5)</b>	<b>(24,858)</b>	<b>(24,573)</b>	<b>1.2</b>
<b>Net property income</b>		<b>33,396</b>	<b>38,524</b>	<b>(13.3)</b>	<b>102,694</b>	<b>117,183</b>	<b>(12.4)</b>
Rental support	2	4,820	12,655	(61.9)	15,847	37,950	(58.2)
Interest income	3	9,257	8,321	11.2	27,771	28,423	(2.3)
Share of results of associates	4	18,513	14,401	28.6	58,833	44,630	31.8
Share of results of joint ventures	5	3,907	3,969	(1.6)	12,006	5,720	109.9
Amortisation expenses	6	(4,463)	(9,697)	(54.0)	(14,451)	(28,123)	(48.6)
Borrowing costs	7	(17,086)	(15,324)	11.5	(50,154)	(45,030)	11.4
Manager's management fees	8	(12,460)	(11,507)	8.3	(37,210)	(34,310)	8.5
Trust expenses		(2,278)	(3,091)	(26.3)	(6,146)	(5,292)	16.1
Changes in fair value of interest rate swap	9	1,014	(4,909)	NM	2,882	(4,909)	NM
<b>Net income before divestment gain and net change in fair value of investment properties</b>		<b>34,620</b>	<b>33,342</b>	<b>3.8</b>	<b>112,072</b>	<b>116,242</b>	<b>(3.6)</b>
Gain on divestment of investment property		-	16,179	(100.0)	-	16,179	(100.0)
Net change in fair value of investment properties	10	20,860	92,277	(77.4)	20,860	92,277	(77.4)
<b>Total return before tax</b>		<b>55,480</b>	<b>141,798</b>	<b>(60.9)</b>	<b>132,932</b>	<b>224,698</b>	<b>(40.8)</b>
Income tax expense	11	(4,475)	(3,533)	26.7	(8,177)	(8,969)	(8.8)
<b>Total return after tax</b>		<b>51,005</b>	<b>138,265</b>	<b>(63.1)</b>	<b>124,755</b>	<b>215,729</b>	<b>(42.2)</b>
<b>Attributable to:</b>							
Unitholders		50,987	138,201	(63.1)	124,701	215,627	(42.2)
Non-controlling interest		18	64	(71.9)	54	102	(47.1)
		<b>51,005</b>	<b>138,265</b>	<b>(63.1)</b>	<b>124,755</b>	<b>215,729</b>	<b>(42.2)</b>
<b>Distribution Statement</b>							
<b>Total return for the period attributable to Unitholders</b>		<b>50,987</b>	<b>138,201</b>	<b>(63.1)</b>	<b>124,701</b>	<b>215,627</b>	<b>(42.2)</b>
Net tax and other adjustments	12	3,421	(86,174)	NM	38,536	(55,333)	NM
<b>Income available for distribution</b>		<b>54,408</b>	<b>52,027</b>	<b>4.6</b>	<b>163,237</b>	<b>160,294</b>	<b>1.8</b>
<b>Distribution to Unitholders</b>	13	<b>54,408</b>	<b>52,027</b>	<b>4.6</b>	<b>163,237</b>	<b>160,294</b>	<b>1.8</b>
Distribution per Unit (cents)							
For the period		1.70	1.85	(8.1)	5.12	5.72	(10.5)
Annualised/Actual Distribution <sup>1</sup>		6.83	7.23	(5.5)	6.83	7.23	(5.5)

(1) Actual distribution is based on the 1.97 cents, 1.90 cents, 1.85 cents and 1.51 cents reported in 1Q2014, 2Q2014, 3Q2014 and 4Q2014 respectively.

NM – Not meaningful

**Notes:**

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

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	222	200	429	378
Utilities	772	839	2,482	2,471
Repair and maintenance	2,600	2,718	7,395	7,585
Property management reimbursements	353	515	1,349	1,235
Other property expenses	308	349	952	952
	<u>4,255</u>	<u>4,621</u>	<u>12,607</u>	<u>12,621</u>

- (2) For 3Q2015, 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 ("OPLL") 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 YTD Sep 2015, the rental support top-up payments received by Keppel REIT also included its approximate 87.5% interest in OPLL. For 3Q2014, 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 OPLL which holds OFC. For YTD Sep 2014, 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 YTD Sep 2015 are \$4,669,000 and \$11,100,000 respectively.

- (3) Interest income comprises the following:

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	545	470	1,641	1,011
Interest income from shareholders' loans to One Raffles Quay Pte Ltd ("ORQPL") and BFCDLLP	6,275	5,403	18,984	16,006
Interest income from convertible notes in Mirvac 8 Chifley Trust and Mirvac (Old Treasury) Trust	2,437	2,448	7,146	11,406
	<u>9,257</u>	<u>8,321</u>	<u>27,771</u>	<u>28,423</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.

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

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	15,796	14,069	46,070	41,428
Interest expense on revolving loans	644	553	2,224	1,369
Amortisation of capitalised transaction costs	646	702	1,860	2,233
	<u>17,086</u>	<u>15,324</u>	<u>50,154</u>	<u>45,030</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 this quarter. In the prior period, 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 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 for FY2014.
- (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) This relates to the net change in fair value of the Old Treasury Building ("OTB") held through Keppel REIT's 50% interest in MOTT. Keppel REIT carried out a valuation for OTB subsequent to its receipt of the Certificate of Practical Completion on 31 August 2015. In the prior period, the net change in fair value was for Keppel REIT's 99.9% interest in Ocean Financial Centre, one-third interest in MBFC Phase One (comprising Towers 1 and 2 and Marina Bay Link Mall), one-third interest in One Raffles Quay and Bugis Junction Towers. A valuation was carried out for these properties in connection with the acquisition of the one-third interest in MBFC Tower 3.
- (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 gain of OTB. 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, and (ii) withholding tax expense in relation to the income from the Group's investments in Australia.
- (12) Included in the net tax and other adjustments are the following:

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	12,460	7,728	37,210	23,001
Trustee's fees	308	277	913	817
Net change in fair value of investment properties (net of non-controlling interest)	(20,860)	(92,231)	(20,860)	(92,231)
Amortisation of intangible asset and capitalised transaction costs	5,109	10,399	16,311	30,356
Temporary differences and other adjustments	404	(12,347)	(1,038)	(17,276)
Other gains distribution	6,000	-	6,000	-
	<u>3,421</u>	<u>(86,174)</u>	<u>38,536</u>	<u>(55,333)</u>

Included in temporary differences and other adjustments and other items 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, non-taxable income and non-deductible expenses. Other gains distribution relates to distribution from the gain on divestment from Prudential Tower.

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

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

**Statement of Comprehensive Income**

	<u>Group</u>					
	3Q2015	3Q2014	+(-) %	YTD Sep 2015	YTD Sep 2014	+(-) %
	\$'000	\$'000		\$'000	\$'000	
<b>Total return after tax</b>	<b>51,005</b>	<b>138,265</b>	<b>(63.1)</b>	<b>124,755</b>	<b>215,729</b>	<b>(42.2)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	(29,532)	(26,054)	13.3	(89,663)	(1,898)	>500
<u>Cashflow hedges:</u>						
Net change in fair value of cash flow hedges	11,556	11,453	0.9	29,562	16,604	78.0
Share of net change in fair value of cash flow hedges of associates	2,314	380	>500	3,362	930	261.5
<b>Other comprehensive income for the period</b>	<b>(15,662)</b>	<b>(14,221)</b>	<b>10.1</b>	<b>(56,739)</b>	<b>15,636</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>35,343</b>	<b>124,044</b>	<b>(71.5)</b>	<b>68,016</b>	<b>231,365</b>	<b>(70.6)</b>
<b>Attributable to:</b>						
Unitholders	35,323	123,979	(71.5)	67,957	231,263	(70.6)
Non-controlling interest	20	65	(69.2)	59	102	(42.2)
	<u>35,343</u>	<u>124,044</u>	<u>(71.5)</u>	<u>68,016</u>	<u>231,365</u>	<u>(70.6)</u>

NM –Not meaningful

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

**Balance Sheets**

	Note	Group			Trust		
		30/9/2015 \$'000	31/12/2014 \$'000	+ / (-) %	30/9/2015 \$'000	31/12/2014 \$'000	+ / (-) %
<b>Non-current assets</b>							
Investment properties	1	3,562,271	3,613,616	(1.4)	527,000	527,000	-
Investment in subsidiaries		-	-	-	1,837,852	1,837,852	-
Investment in associates	2	2,426,997	2,429,485	(0.1)	2,025,319	2,031,098	(0.3)
Advances to associates		606,222	613,222	(1.1)	606,222	613,222	(1.1)
Investment in joint ventures	3	287,624	288,931	(0.5)	-	-	-
Advances to joint venture	3	96,083	99,853	(3.8)	-	-	-
Amount owing by subsidiaries		-	-	-	802,440	876,886	(8.5)
Fixed assets		130	142	(8.5)	1	-	100.0
Intangible asset	4	42,135	56,607	(25.6)	36,106	46,623	(22.6)
Derivative financial instruments	5	19,883	2,081	>500	10,738	255	>500
<b>Total non-current assets</b>		<b>7,041,345</b>	<b>7,103,937</b>	<b>(0.9)</b>	<b>5,845,678</b>	<b>5,932,936</b>	<b>(1.5)</b>
<b>Current assets</b>							
Trade and other receivables	6	37,643	25,016	50.5	40,241	37,918	6.1
Prepaid expenses		1,257	629	99.8	100	23	334.8
Cash and bank balances		191,873	199,689	(3.9)	163,334	172,729	(5.4)
Derivative financial instruments	5	1,239	133	>500	1,239	133	>500
<b>Total current assets</b>		<b>232,012</b>	<b>225,467</b>	<b>2.9</b>	<b>204,914</b>	<b>210,803</b>	<b>(2.8)</b>
<b>Total assets</b>		<b>7,273,357</b>	<b>7,329,404</b>	<b>(0.8)</b>	<b>6,050,592</b>	<b>6,143,739</b>	<b>(1.5)</b>
<b>Current liabilities</b>							
Trade and other payables	7	57,332	84,469	(32.1)	32,284	64,022	(49.6)
Income received in advance		309	1,043	(70.4)	124	239	(48.1)
Short term borrowings		299,962	274,924	9.1	274,987	274,924	0.02
Current portion of security deposits		4,306	3,223	33.6	1,653	508	225.4
Derivative financial instruments	5	2,429	9,071	(73.2)	2,429	9,071	(73.2)
Provision for taxation		3,650	7,641	(52.2)	3,347	7,400	(54.8)
<b>Total current liabilities</b>		<b>367,988</b>	<b>380,371</b>	<b>(3.3)</b>	<b>314,824</b>	<b>356,164</b>	<b>(11.6)</b>
<b>Non-current liabilities</b>							
Income received in advance		50,740	61,871	(18.0)	50,278	61,021	(17.6)
Long term borrowings		2,374,885	2,390,439	(0.7)	1,937,835	1,928,554	0.5
Derivative financial instruments	5	-	6,894	(100.0)	-	4,724	(100.0)
Non-current portion of security deposits		26,245	25,074	4.7	2,451	3,237	(24.3)
Deferred tax liabilities		7,836	5,283	48.3	-	-	-
<b>Total non-current liabilities</b>		<b>2,459,706</b>	<b>2,489,561</b>	<b>(1.2)</b>	<b>1,990,564</b>	<b>1,997,536</b>	<b>(0.3)</b>
<b>Total liabilities</b>		<b>2,827,694</b>	<b>2,869,932</b>	<b>(1.5)</b>	<b>2,305,388</b>	<b>2,353,700</b>	<b>(2.1)</b>
<b>Net assets</b>		<b>4,445,663</b>	<b>4,459,472</b>	<b>(0.3)</b>	<b>3,745,204</b>	<b>3,790,039</b>	<b>(1.2)</b>
Represented by:							
<b>Unitholders' funds</b>		<b>4,443,605</b>	<b>4,457,420</b>	<b>(0.3)</b>	<b>3,745,204</b>	<b>3,790,039</b>	<b>(1.2)</b>
<b>Non-controlling interest</b>		<b>2,058</b>	<b>2,052</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>4,445,663</b>	<b>4,459,472</b>	<b>(0.3)</b>	<b>3,745,204</b>	<b>3,790,039</b>	<b>(1.2)</b>
Net asset value per unit (\$)		1.39	1.41		1.17	1.20	

**Notes:**

- (1) *The decrease in investment properties is due mainly to translation differences arising from the Australian 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% interest in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interest 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 joint venture relate to convertible notes held in MOTT.*
- (4) *This 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 12.4% interest in OPLLP and its 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 its 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 properties and the fair value of interest rate swaps entered into by the Group.*
- (6) *Included in the balances are dividend receivables from associates and joint ventures of \$19.5 million (31 December 2014: \$1.0 million) and receivables for rental support top-up payments of \$4.8 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.*

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

	<b>Group</b>	
	<b>As at 30/9/2015</b>	<b>As at 31/12/2014</b>
	\$'000	\$'000
<b>Secured borrowings</b>		
Amount repayable within one year	175,000	175,000
Amount repayable after one year	466,454	466,454
Less: Unamortised portion of fees	(1,829)	(2,474)
	<b>639,625</b>	<b>638,980</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	125,100	100,000
Amount repayable after one year	1,914,882	1,930,859
Less: Unamortised portion of fees	(4,760)	(4,476)
	<b>2,035,222</b>	<b>2,026,383</b>
<b>Total borrowings</b>	<b>2,674,847</b>	<b>2,665,363</b>

**Details of Collaterals**

As security for the 5-year term loan facilities of \$175.0 million, the Group mortgaged its Bugis Junction Towers. In addition, Keppel REIT granted the lender the following:

- (i) an assignment of the rights, title and interest of the Trust and the insurances effected over Bugis Junction Towers;
- (ii) an assignment of all the rights, benefits, title and interest of the Trust in and to the property sale agreement and tenancy agreements relating to Bugis Junction Towers; and
- (iii) a debenture creating fixed and floating charges over all assets of the Trust relating to 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 30 September 2015, the Group had total borrowings of approximately \$2,681.4 million and an unutilised \$875.7 million of facilities available to meet its future obligations. The year-to-date all-in interest rate was 2.51% as at 30 September 2015.

## 1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Total return before tax		55,480	141,798	132,932	224,698
Adjustments for:					
Interest income		(9,257)	(8,321)	(27,771)	(28,423)
Amortisation expense		4,463	9,697	14,451	28,123
Share of results of associates		(18,513)	(14,401)	(58,833)	(44,630)
Share of results of joint ventures		(3,907)	(3,969)	(12,006)	(5,720)
Borrowing costs		17,086	15,324	50,154	45,030
Management fees paid and/or payable in units		12,460	7,728	37,210	23,001
Net change in fair value of investment properties		(20,860)	(92,277)	(20,860)	(92,277)
Gain on divestment of investment property		-	(16,179)	-	(16,179)
Changes in fair value of interest rate swap		(1,014)	4,909	(2,882)	4,909
Depreciation		11	11	34	32
Rental support income		(4,820)	(12,655)	(15,847)	(37,950)
Translation differences		(5)	1,265	648	119
<b>Operating cash flows before changes in working capital</b>		<b>31,124</b>	<b>32,930</b>	<b>97,230</b>	<b>100,733</b>
Increase in receivables		(4,012)	(263)	(2,493)	(2,281)
Increase/(Decrease) in payables		2,853	29,126	(2,251)	(74)
Increase/(Decrease) in security deposits		504	(5,978)	2,254	(6,065)
Cash flows from operations		30,469	55,815	94,740	92,313
Income taxes paid		(3,261)	(3,982)	(9,419)	(11,428)
<b>Net cash flows generated from operating activities</b>		<b>27,208</b>	<b>51,833</b>	<b>85,321</b>	<b>80,885</b>
<b>Investing activities</b>					
Improvement in investment properties		(793)	(140)	(1,002)	(1,456)
Net proceeds from divestment of investment property		-	460,800	-	512,000
Purchase of fixed assets		-	(4)	(22)	(162)
Interest received		9,472	8,093	28,559	32,027
Rental support received		4,848	12,248	22,930	46,254
Investment in joint ventures		-	(22,120)	(5,699)	(82,222)
Advances to joint ventures		-	-	(6,075)	-
Repayment of advance from an associate		-	-	7,000	-
Reimbursement of development costs for the interest in an associate		-	-	4,967	-
Distribution received from joint ventures		3,539	2,484	10,942	3,257
Dividend income/distribution received from associates		19,953	16,280	40,392	31,932
<b>Net cash flows generated from investing activities</b>		<b>37,019</b>	<b>477,641</b>	<b>101,992</b>	<b>541,630</b>
<b>Financing activities</b>					
Distribution to Unitholders (net of distribution in Units)	1	(52,132)	(53,222)	(151,989)	(162,877)
Proceeds from issuance of Medium Term Notes		-	-	50,000	-
Loans drawdown		-	25,866	111,774	368,211
Repayment of loan		-	(250,000)	(150,000)	(506,975)
Payment of financing expenses/upfront debt arrangement costs		(500)	-	(1,607)	(1,176)
Proceeds from placement		-	228,150	-	228,150
Partnership distribution to non-controlling interest		(18)	(18)	(48)	(50)
Interest paid		(11,049)	(10,190)	(40,307)	(37,804)
Issue expenses		-	(3,574)	-	(3,574)
<b>Net cash flows used in financing activities</b>		<b>(63,699)</b>	<b>(62,988)</b>	<b>(182,177)</b>	<b>(116,095)</b>
<b>Net increase in cash and cash equivalents</b>		<b>528</b>	<b>466,486</b>	<b>5,136</b>	<b>506,420</b>
Cash and cash equivalents at the beginning of period		141,189	111,693	137,818	71,140
Effect of exchange rate changes on cash and cash equivalents		(584)	(660)	(1,821)	(41)
<b>Cash and cash equivalents at the end of period</b>		<b>141,133</b>	<b>577,519</b>	<b>141,133</b>	<b>577,519</b>
<b>Comprising:</b>					
Cash and bank balances		191,873	591,374	191,873	591,374
Less: Rental support received in advance held in designated accounts	2	(50,740)	(13,855)	(50,740)	(13,855)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>		<b>141,133</b>	<b>577,519</b>	<b>141,133</b>	<b>577,519</b>

**Note:**

- (1) Distribution for YTD Sep 2015 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 and 1 April 2015 to 30 June 2015, paid on 28 August 2015.  
Distribution for YTD Sep 2014 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 and 1 April 2014 to 30 June 2014, paid on 28 August 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. In the prior period, the rental support top-up payments received in advance by Keppel REIT held in designated accounts were for the 12.4% interest in OPLLP and the office tower at 77 King Street.

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

Group	Note	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Discount on Acquisition of Non-Controlling Interest \$'000	Unitholders' Funds \$'000	Non-Controlling Interest \$'000	Total \$'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>2,052</b>	<b>4,459,472</b>
Return for the period		-	73,714	-	-	-	73,714	36	73,750
Other comprehensive income	1	-	-	(60,131)	19,051	-	(41,080)	3	(41,077)
Total comprehensive income		-	73,714	(60,131)	19,051	-	32,634	39	32,673
Issue of units for payment of management fees	2	20,073	-	-	-	-	20,073	-	20,073
Issue expense adjustments	3	(70)	-	-	-	-	(70)	-	(70)
Distribution to Unitholders		(3,177)	(59,075)	-	-	-	(62,252)	-	(62,252)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	(36)	(36)
<b>At 30 June 2015</b>		<b>3,370,921</b>	<b>1,249,041</b>	<b>(183,295)</b>	<b>7,916</b>	<b>3,222</b>	<b>4,447,805</b>	<b>2,055</b>	<b>4,449,860</b>
Return for the period		-	50,987	-	-	-	50,987	18	51,005
Other comprehensive income	1	-	-	(29,532)	13,868	-	(15,664)	2	(15,662)
Total comprehensive income		-	50,987	(29,532)	13,868	-	35,323	20	35,343
Issue of units for payment of management fees	2	12,404	-	-	-	-	12,404	-	12,404
Issue expense adjustments	3	206	-	-	-	-	206	-	206
Distribution Reinvestment Plan		2,687	(2,687)	-	-	-	-	-	-
Distribution to Unitholders		(3,187)	(48,946)	-	-	-	(52,133)	-	(52,133)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	(17)	(17)
<b>At 30 September 2015</b>		<b>3,383,031</b>	<b>1,248,395</b>	<b>(212,827)</b>	<b>21,784</b>	<b>3,222</b>	<b>4,443,605</b>	<b>2,058</b>	<b>4,445,663</b>



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

<u>Group</u>	<i>Note</i>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Foreign Currency Translation Reserve</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Discount on Acquisition of Non-Controlling Interest</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Non-Controlling Interest</u> \$'000	<u>Total</u> \$'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>1,978</b>	<b>3,898,971</b>
Return for the period		-	77,426	-	-	-	77,426	38	77,464
Other comprehensive income	1	-	-	24,156	5,702	-	29,858	(1)	29,857
Total comprehensive income		-	77,426	24,156	5,702	-	107,284	37	107,321
Issue of units for payment of management fees	4	15,330	-	-	-	-	15,330	-	15,330
Distribution to Unitholders		(14,224)	(95,431)	-	-	-	(109,655)	-	(109,655)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	(38)	(38)
<b>At 30 June 2014</b>		<b>2,925,397</b>	<b>1,074,306</b>	<b>(70,672)</b>	<b>(22,301)</b>	<b>3,222</b>	<b>3,909,952</b>	<b>1,977</b>	<b>3,911,929</b>
Return for the period		-	138,201	-	-	-	138,201	64	138,265
Other comprehensive income	1	-	-	(26,054)	11,832	-	(14,222)	1	(14,221)
Total comprehensive income		-	138,201	(26,054)	11,832	-	123,979	65	124,044
Issue of units for payment of management fees	4	7,603	-	-	-	-	7,603	-	7,603
Issue of placement units	5	228,150	-	-	-	-	228,150	-	228,150
Issue expenses	6	(3,574)	-	-	-	-	(3,574)	-	(3,574)
Distribution to Unitholders		(2,802)	(50,420)	-	-	-	(53,222)	-	(53,222)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	(18)	(18)
<b>At 30 September 2014</b>		<b>3,154,774</b>	<b>1,162,087</b>	<b>(96,726)</b>	<b>(10,469)</b>	<b>3,222</b>	<b>4,212,888</b>	<b>2,024</b>	<b>4,214,912</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 6,474,804, 10,302,623 and 10,842,121 units issued in 1Q2015, 2Q2015 and 3Q2015 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.*
- (4) *This represents 6,591,764, 6,715,908 and 5,985,399 units issued in 1Q2014, 2Q2014 and 3Q2014 as payment of management fees in units.*
- (5) *This relates to the placement as mentioned in note 3 above.*
- (6) *This relates to issue expenses in relation to the placement as mentioned in note 3 above.*

<u>Trust</u>	<u>Note</u>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Total</u> \$'000
<b>At 1 January 2015</b>		<b>3,354,095</b>	<b>445,472</b>	<b>(9,528)</b>	<b>3,790,039</b>
Return for the period		-	16,588	-	16,588
Other comprehensive income	1	-	-	12,815	12,815
Total comprehensive income		-	16,588	12,815	29,403
Issue of units for payment of management fees	2	20,073	-	-	20,073
Issue expense adjustments	3	(70)	-	-	(70)
Distribution to Unitholders		(3,177)	(59,075)	-	(62,252)
<b>At 30 June 2015</b>		<b>3,370,921</b>	<b>402,985</b>	<b>3,287</b>	<b>3,777,193</b>
Return for the period		-	277	-	277
Other comprehensive income	1	-	-	7,257	7,257
Total comprehensive income		-	277	7,257	7,534
Issue of units for payment of management fees	2	12,404	-	-	12,404
Issue expense adjustments	3	206	-	-	206
Distribution Reinvestment Plan		2,687	(2,687)	-	-
Distribution to Unitholders		(3,187)	(48,946)	-	(52,133)
<b>At 30 September 2015</b>		<b>3,383,031</b>	<b>351,629</b>	<b>10,544</b>	<b>3,745,204</b>

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

<u>Trust</u>	<u>Note</u>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</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>
Return for the period		-	120,916	-	120,916
Other comprehensive income	1	-	-	6,398	6,398
Total comprehensive income		-	120,916	6,398	127,314
Issue of units for payment of management fees	4	15,330	-	-	15,330
Distribution to Unitholders		(14,224)	(95,431)	-	(109,655)
<b>At 30 June 2014</b>		<b>2,925,397</b>	<b>505,369</b>	<b>(19,835)</b>	<b>3,410,931</b>
Return for the period		-	43,112	-	43,112
Other comprehensive income	1	-	-	9,580	9,580
Total comprehensive income		-	43,112	9,580	52,692
Issue of units for payment of management fees	4	7,603	-	-	7,603
Issue of placement units	5	228,150	-	-	228,150
Issue expenses	6	(3,574)	-	-	(3,574)
Distribution to Unitholders		(2,802)	(50,420)	-	(53,222)
<b>At 30 September 2014</b>		<b>3,154,774</b>	<b>498,061</b>	<b>(10,255)</b>	<b>3,642,580</b>

**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 6,474,804, 10,302,623 and 10,842,121 units issued in 1Q2015, 2Q2015 and 3Q2015 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.
- (4) This represents 6,591,764, 6,715,908 and 5,985,399 units issued in 1Q2014, 2Q2014 and 3Q2014 as payment of management fees in units.
- (5) This relates to the placement as mentioned in note 3 above.
- (6) This relates to issue expenses in relation to the placement as mentioned in note 3 above.

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

	<u>Group and Trust</u>	
	<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	16,777,427	13,307,672
<b>Issued units as at 30 June</b>	<b>3,187,211,306</b>	<b>2,800,989,547</b>
Issue of new units:		
- Payment of management fees	10,842,121	5,985,399
- 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>

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

Keppel REIT did not hold any treasury units as at 30 September 2015 and 31 December 2014.

Total number of issued units in Keppel REIT as at 30 September 2015 and 31 December 2014 were 3,200,485,247 and 3,170,433,879 respectively.

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

Not applicable.

**2. AUDIT**

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

**3. AUDITORS' REPORT**

Not applicable.

**4. ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on 1 January 2015.

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.

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

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
<b>EPU</b> (based on weighted average number of units as at the end of the period)				
Based on total return before divestment gain and fair value change of investment properties	1.03 cents	1.06 cents	3.35 cents	3.83 cents
Based on total return after divestment gain and fair value change of investment properties	1.60 cents	4.92 cents	3.92 cents	7.70 cents
- Weighted average number of units as at the end of the period	3,195,534,518	2,809,327,374	3,184,837,511	2,800,195,839
<b>DPU</b> (based on the number of units as at the end of the period)	1.70 cents	1.85 cents	5.12 cents <sup>1</sup>	5.72 cents <sup>2</sup>
- Number of units in issue as at the end of the period	3,200,485,247	3,001,974,946	3,200,485,247	3,001,974,946

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

**Notes:**

- (1) DPU of 5.12 cents for YTD Sep 2015 is based on 1.70 cents, 1.72 cents and 1.70 cents announced during the 1Q2015, 2Q2015 and 3Q2015 financial results announcements respectively.
- (2) DPU of 5.72 cents for YTD Sep 2014 is based on 1.97 cents, 1.90 cents and 1.85 cents announced during the 1Q2014, 2Q2014 and 3Q2014 financial results announcements respectively.

**7. NET ASSET VALUE (“NAV”)**

	<u>Group</u>		<u>Trust</u>	
	As at 30/09/15	As at 31/12/14	As at 30/09/15	As at 31/12/14
NAV <sup>1</sup> per unit (\$) based on issued units at the end of the period	1.39	1.41	1.17	1.20
Adjusted NAV per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.37	1.40	1.15	1.19

**Note:**

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

## 8. REVIEW OF PERFORMANCE

### 8(i) Property Income Contribution of the Properties

<u>Property</u>	3Q2015	3Q2014	<u>Group</u>		YTD Sep 2015	YTD Sep 2014	+/(-) %
			+/(-) %	YTD Sep 2015			
	\$'000	\$'000	%	\$'000	\$'000	%	
Prudential Tower <sup>1</sup>	-	5,038	(100.0)	-	15,528	(100.0)	
Bugis Junction Towers	5,620	5,298	6.1	16,864	15,561	8.4	
Ocean Financial Centre	25,578	24,414	4.8	75,789	72,750	4.2	
275 George Street	4,609	5,272	(12.6)	14,312	15,558	(8.0)	
77 King Street	2,524	2,974	(15.1)	8,221	8,959	(8.2)	
8 Exhibition Street	3,852	4,632	(16.8)	12,366	13,400	(7.7)	
<b>Total property income</b>	<b>42,183</b>	<b>47,628</b>	<b>(11.4)</b>	<b>127,552</b>	<b>141,756</b>	<b>(10.0)</b>	

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

<u>Property</u>	3Q2015	3Q2014	<u>Group</u>		YTD Sep 2015	YTD Sep 2014	+/(-) %
			+/(-) %	YTD Sep 2015			
	\$'000	\$'000	%	\$'000	\$'000	%	
Prudential Tower <sup>1</sup>	-	4,366	(100.0)	-	13,250	(100.0)	
Bugis Junction Towers	4,500	4,188	7.4	14,239	12,270	16.0	
Ocean Financial Centre	20,470	20,012	2.3	61,187	62,028	(1.4)	
275 George Street	3,668	4,347	(15.6)	11,620	12,658	(8.2)	
77 King Street	2,047	2,292	(10.7)	6,630	7,106	(6.7)	
8 Exhibition Street	2,711	3,319	(18.3)	9,018	9,871	(8.6)	
<b>Total net property income</b>	<b>33,396</b>	<b>38,524</b>	<b>(13.3)</b>	<b>102,694</b>	<b>117,183</b>	<b>(12.4)</b>	
One-third interest in ORQPL <sup>2</sup> :							
- Interest income	486	421	15.4	1,469	1,215	20.9	
- Dividend income	5,617	7,095	(20.8)	18,560	20,868	(11.1)	
<b>Total income</b>	<b>6,103</b>	<b>7,516</b>	<b>(18.8)</b>	<b>20,029</b>	<b>22,083</b>	<b>(9.3)</b>	
One-third interest in BFCDLLP <sup>3</sup> and CBDPL <sup>3</sup> :							
- Rental support	3,700	-	100.0	11,100	1,437	>500	
- Interest income	5,789	4,982	16.2	17,515	14,791	18.4	
- Dividend income	12,895	9,344	38.0	40,344	27,503	46.7	
<b>Total income</b>	<b>22,384</b>	<b>14,326</b>	<b>56.2</b>	<b>68,959</b>	<b>43,731</b>	<b>57.7</b>	
50% interest in M8CT <sup>4</sup> :							
- Interest income	-	-	-	-	5,157	(100.0)	
- Distribution income	3,056	2,958	3.3	9,176	2,958	210.2	
<b>Total income</b>	<b>3,056</b>	<b>2,958</b>	<b>3.3</b>	<b>9,176</b>	<b>8,115</b>	<b>13.1</b>	
50% interest in MOTT <sup>5</sup> :							
- Interest income	2,437	2,448	(0.4)	7,146	6,249	14.4	
- Distribution income	574	486	18.1	1,706	1,259	35.5	
<b>Total income</b>	<b>3,011</b>	<b>2,934</b>	<b>2.6</b>	<b>8,852</b>	<b>7,508</b>	<b>17.9</b>	

#### Notes:

- (1) Prudential Tower was divested on 26 September 2014.
- (2) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (3) Comprise one-third interest in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Tower 1, 2 and 3 and Marina Bay Link Mall.
- (4) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (5) Comprises 50% interest in MOTT which holds OTB. OTB received its Certificate of Practical Completion on 31 August 2015.

## 8. REVIEW OF PERFORMANCE (CONT'D)

### Review of Performance for YTD Sep 2015 vs YTD Sep 2014

Property income and net property income for YTD Sep 2015 were \$127.6 million and \$102.7 million respectively, compared to the property income and net property income of \$141.8 million and \$117.2 million respectively for YTD Sep 2014. The variances were attributable mainly to the divestment of Prudential Tower on 26 September 2014. This was partially offset by higher property income from OFC and Bugis Junction Towers and higher net property income from Bugis Junction Towers.

The Group's net income before divestment gain and net change in fair value of investment properties for YTD Sep 2015 was \$112.1 million, compared to \$116.2 million for YTD Sep 2014. This variance was attributable mainly to the divestment of Prudential Tower, lower rental support, lower interest income, higher borrowing costs, higher management fees and higher trust expenses which were offset by higher net property income from Bugis Junction Towers, higher share of results of associates and joint ventures and lower amortisation expenses, as well as the changes in fair value of interest rate swap.

The Group's total return before tax for YTD Sep 2015 was \$132.9 million, compared to \$224.7 million for YTD Sep 2014. This variance was mainly due to the divestment gain of Prudential Tower as well as higher fair value gain on investment properties for YTD Sep 2014.

### Review of Performance for 3Q2015 vs 3Q2014

Property income and net property income for 3Q2015 were \$42.2 million and \$33.4 million respectively, compared to the property income and net property income of \$47.6 million and \$38.5 million respectively for 3Q2014. The variances were attributable mainly to the divestment of Prudential Tower on 26 September 2014. This was partially offset by higher property income and net property income from OFC and Bugis Junction Towers.

The Group's net income before divestment gain and net change in fair value of investment properties for 3Q2015 was \$34.6 million, an increase of \$1.3 million from \$33.3 million for 3Q2014. This variance was attributable mainly to the higher net property income from OFC and Bugis Junction Towers, higher interest income, higher share of results of associates, lower amortisation expenses and lower trust expenses, as well as the changes in fair value of interest rate swap which were offset by the absence of income contribution from the divestment of Prudential Tower, lower rental support, lower share of results of joint ventures, higher borrowing costs and higher management fees.

The Group's total return before tax for 3Q2015 was \$55.5 million, compared to \$141.8 million for 3Q2014. This variance was mainly due to the divestment gain of Prudential Tower as well as higher fair value gain on investment properties for 3Q2014.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

Advance estimates by the Ministry of Trade and Industry (MTI) indicate that the Singapore economy expanded 1.4% year-on-year (y-o-y) in 3Q2015, supported by growth in the construction and services sectors. Singapore is expected to record a modest 2.0% to 2.5% growth for the whole of 2015.

According to CBRE<sup>1</sup>, occupancy in Singapore's core Central Business District stood at 95.8% as at 3Q2015 on the back of a slowing economy. Office rents recorded a second quarter of correction, with average Grade A rents at \$10.90 psf per month. Nonetheless, 3Q2015 continued to see firms in the TMT sector, Asian financial institutions and pharmaceutical companies picking up office space as landlords adopt a more proactive approach towards leasing.

The Australia economy grew 2.0% y-o-y in 2Q2015, with full-year growth expected at 2.5%. The Reserve Bank of Australia maintained the official cash rate at 2.0% to foster growth, particularly in the housing and infrastructure sectors.

Improved office occupancy levels were recorded in Sydney and Melbourne in 2Q2015. Demand was driven by growth in the TMT sector, finance and insurance industry as well as real estate services. These sectors are expected to drive office demand in the short- to medium-term.

During the quarter, the Manager acquired three remaining prime street-fronting retail units at 8 Exhibition Street in Melbourne. This DPU accretive acquisition, completed on 12 October 2015, provides Keppel REIT with strategic control over the 35-storey freehold office building and all five retail units within the development.

Notwithstanding the supply of office spaces from both upcoming and existing buildings, the Manager has completed its review for all leases due in 2015. In addition, it has renewed nearly all of the leases due for renewal in 2015. As at 3Q2015, the Manager has achieved a positive rent reversion averaging 16% for office leases signed, renewed and reviewed year-to-date. The Manager continues to maintain healthy tenant retention rate and an overall portfolio occupancy level of approximately 90% and 98.5% respectively.

Looking ahead, market conditions are expected to be challenging due to the upcoming office supply over the next two years and possible rising interest rate environment. The Manager will continue to intensify its tenant retention and engagement efforts to support occupancy and rental rates, while maintaining a well-staggered lease expiry profile for sustainable and resilient returns. The Manager will maintain its disciplined capital management approach to mitigate financing, interest and foreign exchange risks.

<sup>1</sup> Preliminary numbers by CBRE, 3Q2015.



## 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 July 2015 to 30 September 2015
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Other gains distribution (d) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.14 cents per unit (b) Tax-exempt income distribution - 0.27 cents per unit (c) Other gains distribution - 0.19 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 July 2014 to 28 September 2014 (ii) Distribution for 29 September 2014 to 30 September 2014
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	(i) Distribution for 1 July 2014 to 28 September 2014 (a) Taxable income distribution - 1.07 cents per unit (b) Tax-exempt income distribution - 0.63 cents per unit (c) Capital distribution - 0.10 cents per unit  (ii) Distribution for 29 September 2014 to 30 September 2014 (a) Taxable income distribution - 0.02 cents per unit (b) Tax-exempt income distribution - 0.03 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**

27 October 2015

**(d) Date Payable**

27 November 2015

**13. DISTRIBUTION STATEMENT**

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

**14. INTERESTED PERSON TRANSACTIONS (“IPTs”)**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	3Q2015 \$'000	3Q2014 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	12,460	11,507
- Divestment fee	-	2,560
- Property management fees and reimbursable	1,332	1,604
- Leasing commissions	723	371
- Rental support	3,700	11,302
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	307	277

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

**Note:**

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

**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  
 19 October 2015

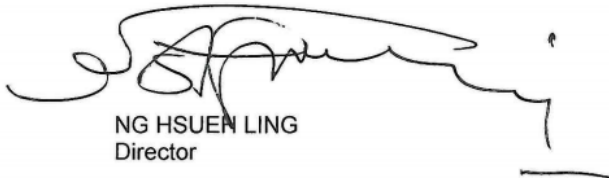
**CONFIRMATION BY THE BOARD**

We, CHIN WEI-LI AUDREY MARIE and NG HSUEH LING, being two Directors of Keppel REIT Management Limited (the "Company"), as manager of Keppel REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Third Quarter 2015 financial statements of Keppel REIT to be false or misleading in any material respect.

**On Behalf of the Board**

CHIN WEI-LI AUDREY MARIE  
Chairman

19 October 2015



NG HSUEN LING  
Director





# Keppel REIT

Third Quarter 2015  
Financial Results  
19 October 2015



<b>1. Key Highlights .....</b>	<b>5</b>
<b>2. Financial Highlights .....</b>	<b>9</b>
<b>3. Capital Management .....</b>	<b>13</b>
<b>4. Portfolio Analysis .....</b>	<b>17</b>
<b>5. Market Review &amp; Outlook .....</b>	<b>31</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.*



The above information is as at 30 September 2015.

(1) Based on market closing price per Unit of \$0.955 as at the last trading day, 30 September 2015.



- » **88%** of portfolio in Singapore and **12%** 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**



- » **92%** 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**



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



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





# 1. Key Highlights

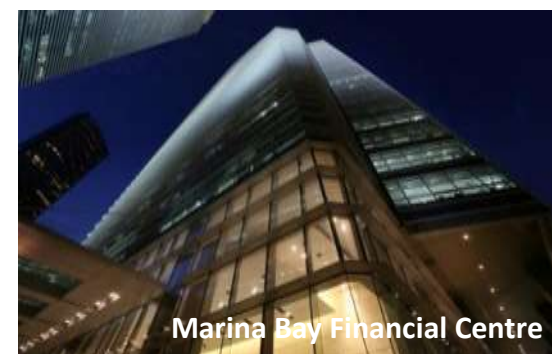
Ocean Financial Centre,  
Singapore

Keppel REIT





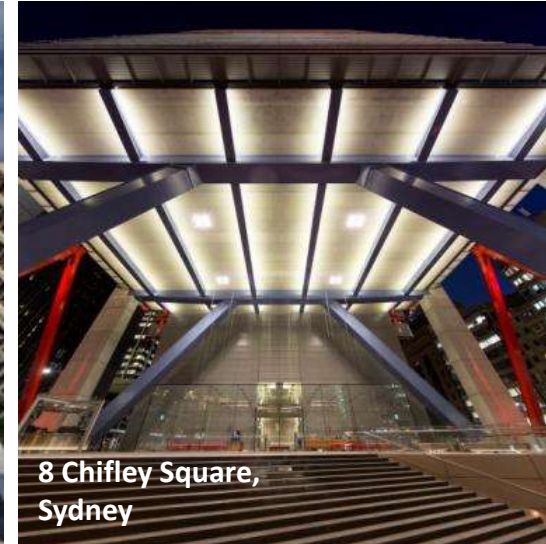
- » **Higher distributable income** y-o-y of **\$54.4 mil** in **3Q 2015** and **\$163.2 mil** for **YTD 2015**
  - **4.6% ↑** over 3Q 2014 and **1.8% ↑** over YTD 2014 respectively, and **sustained** on a q-o-q basis
  - Due mainly to **better performance** from **Ocean Financial Centre, Bugis Junction Towers** and **8 Chifley Square** in Sydney
- » Achieved **higher distributable income** despite
  - Absence of income from the divested Prudential Tower
  - Absence of rental support from Ocean Financial Centre<sup>1</sup> and MBFC Phase One
- » DPU of **1.70 cents** for 3Q 2015
  - Annualised distribution yield of **7.2%**



(1) Refers to the 87.5% interest in Ocean Financial Centre.



- » **Increased fixed-rate loans to over 70%**, which will **insulate against interest rate fluctuations**, while allowing for **financial and operational flexibility**
- » All-in interest rate remained **stable** at **2.5%**
- » Maintained **long weighted average term to maturity** of **3.6 years** and **healthy interest coverage ratio** of **4.4 times**
- » **Hedged almost 100%** of distribution payment from Australia up till 1Q 2016
- » Continued to maintain **low refinancing obligations**, with **close to 100%** of total borrowings **not due for repayment till 2017**



- » Concluded a total of **82** leases or approximately **1.1 mil sf** to-date
- » Continued to **intensify** efforts to **retain** and **secure tenants**
  - **High tenant retention rate** of **90%** in Singapore
  - **Portfolio occupancy** of **98.5%**
- » Notwithstanding office supply from upcoming and existing buildings, the Manager completed **100%** of all leases due for **review** and **almost all leases** due for **renewal** in 2015
- » **70%** of leases **not due for renewal till 2018 and beyond**
- » Despite challenging leasing market conditions, achieved a **positive rent reversion** averaging **16%** for office leases signed, renewed and reviewed year-to-date
- » Gained **strategic control** of the office and retail components at **8 Exhibition Street** in Melbourne
- » Received **Certificate of Practical Completion** for the **Office tower on the Old Treasury Building site** in Perth in end-August 2015
  - **Government of Western Australia** will commence its **25-year lease** in **4Q 2015**, with **fixed annual rental escalations** throughout lease term





## 2. Financial Highlights

CENTRE

FINANCIAL

BAY

FINANCIAL

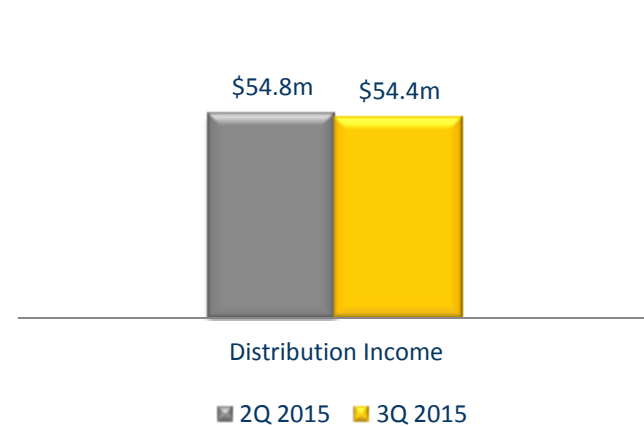
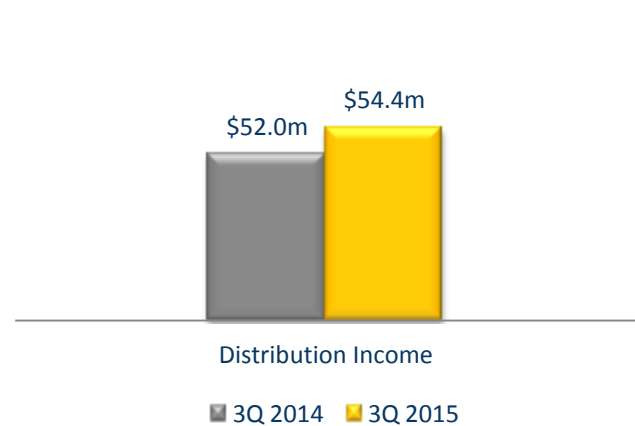
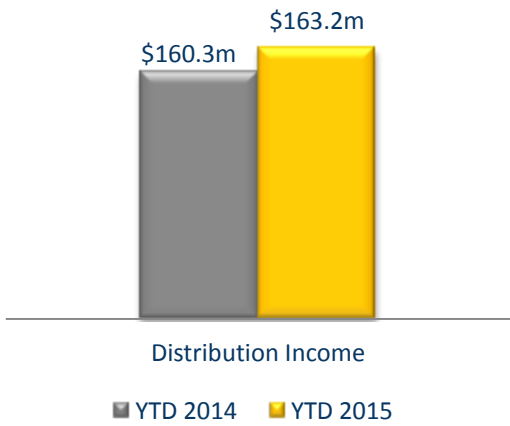
Marina Bay Financial Centre,  
Singapore

Keppel REIT



- » **Distributable income** ↑ 4.6% y-o-y for 3Q 2015 and ↑ 1.8% y-o-y for YTD 2015, and **sustained** on a q-o-q basis
  - Due mainly to **better performance** from **Ocean Financial Centre, Bugis Junction Towers** and **8 Chifley Square** in Sydney
- » DPU of **1.70 cents** for 3Q 2015

YTD 2015 Distribution Income	3Q 2015 Distribution Income	3Q 2015 Distribution Income
<b>up 1.8% y-o-y</b> \$163.2 mil	<b>up 4.6% y-o-y</b> \$54.4 mil	<b>stable q-o-q</b> \$54.4 mil



	As at 30 September 2015	As at 30 June 2015
Non-current Assets	\$7,041 mil	\$7,042 mil
Total Assets	\$7,273 mil	\$7,276 mil
Borrowings <sup>1</sup>	\$3,554 mil	\$3,555 mil
Total Liabilities	\$2,828 mil	\$2,826 mil
Unitholders' Funds	\$4,444 mil	\$4,448 mil
Adjusted NAV Per Unit <sup>2</sup>	\$1.37	\$1.38

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

(2) For 30 June 2015, this excludes the distribution paid in August 2015.

For 30 September 2015, this excludes the distribution to be paid in November 2015.





## Distribution Per Unit (DPU)

1.70 cents

## Distribution Period

1 July 2015 – 30 September 2015

## Distribution Timetable

Trading on “Ex” Basis

Friday, 23 October 2015

Books Closure Date

Tuesday, 27 October 2015

Distribution Payment Date

Friday, 27 November 2015



# 3. Capital Management

One Raffles Quay,  
Singapore

Keppel REIT





- » **Increased fixed-rate loans to over 70%**, which will **insulate against interest rate fluctuations**, while allowing for **operational** and **financial flexibility**
- » All-in interest rate remained **stable** at **2.5%**

	As at 30 Sep 2015
Gross Borrowings	\$3,554 mil
Interest Coverage Ratio	4.4 times
All-in Interest Rate	2.5%
Weighted Average Term to Expiry	3.6 years
Aggregate Leverage	42.6%
Moody's Rating	Baa2

**Borrowings on Fixed-Rate**



**% of Assets Unencumbered**



**DPU Change**

~100% ↑ in SOR

~0.15 cents ↓ in DPU

- » Hedged almost 100% of distribution payment from Australia up till 1Q 2016
  - Reduces volatility and provides greater certainty over future income distributions
- » Impact of AUD movement on Keppel REIT's DPU, NAV and gearing:

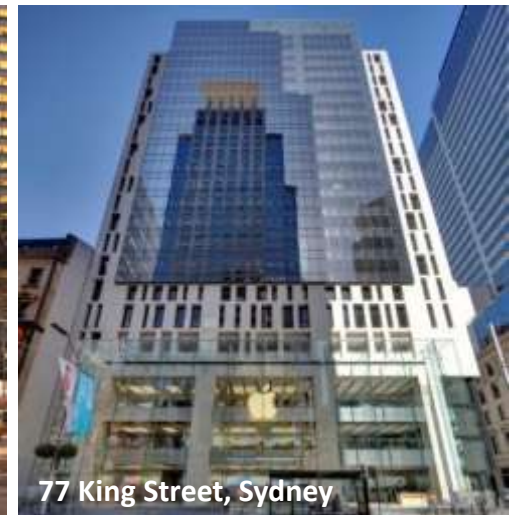
	Assuming AUD 1:SGD 0.95
DPU	Minimal
NAV	↓ by 2 cents
Gearing	↑ by 0.3%



8 Chifley Square, Sydney



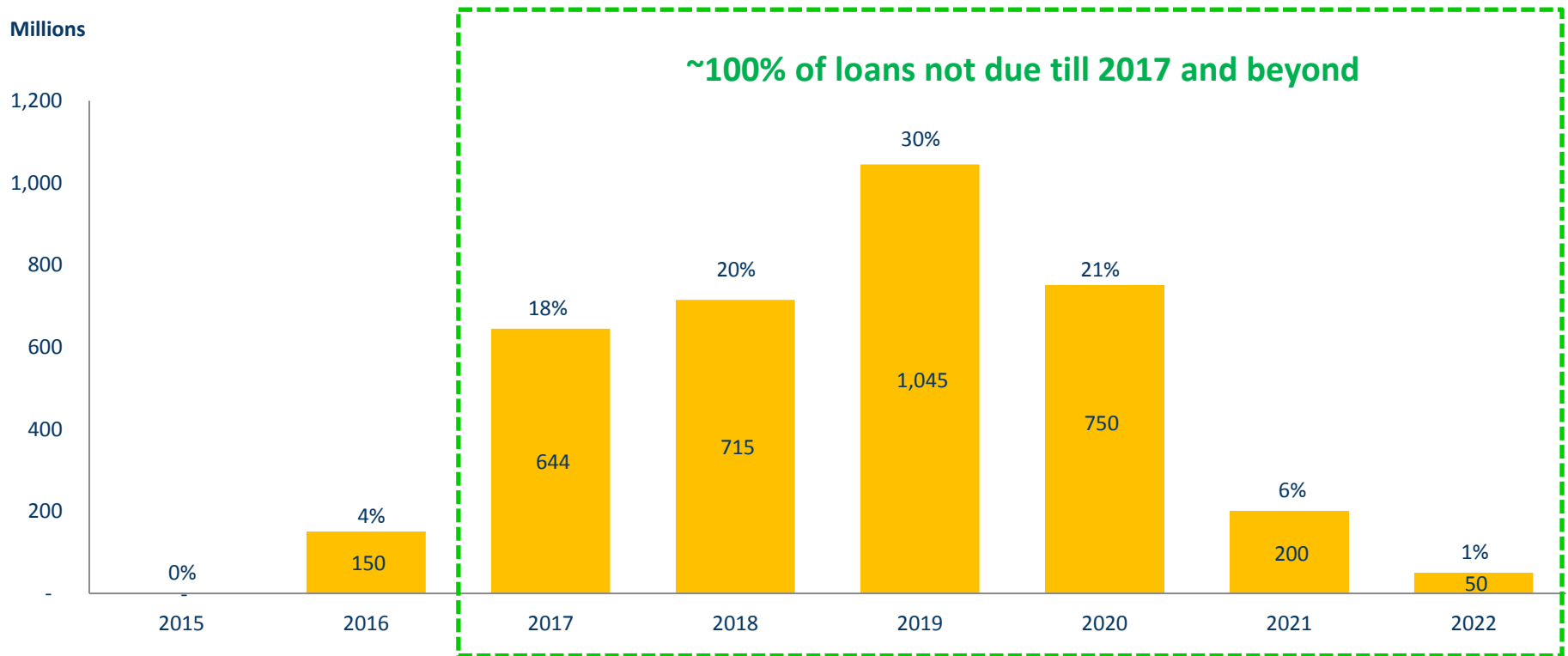
8 Exhibition Street, Melbourne



77 King Street, Sydney



- » Maintained **stable weighted average term to maturity of 3.6 years**
- » **Healthy interest coverage ratio of 4.4 times**
- » Continued to maintain **low refinancing obligations**, with **close to 100% of total borrowings not due for repayment till 2017**



## 4. Portfolio Analysis

Keppel REIT

Keppel REIT



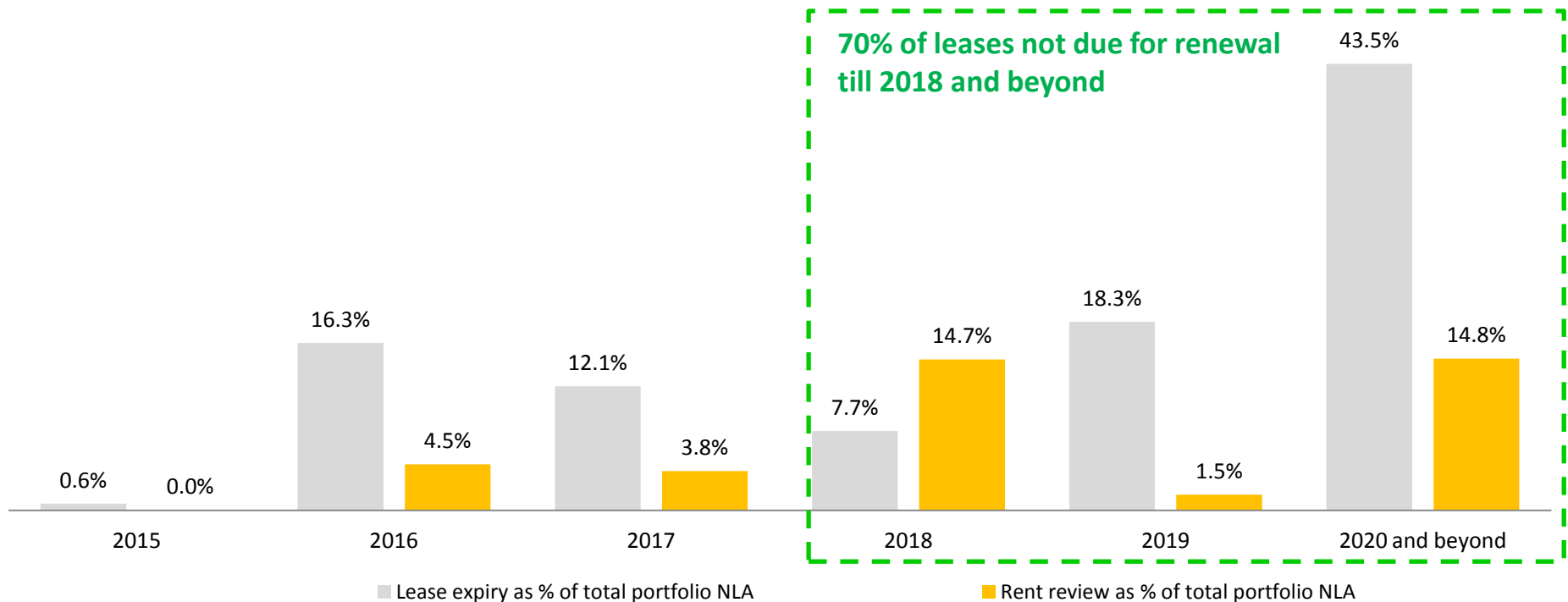
- » Continued to **intensify lease management efforts** to **retain** and **secure tenants**
- » Concluded a total of **82** leases or approximately **1.1 mil sf** of office spaces to-date
  - Approximately **43%** or **470,000 sf** committed in 3Q 2015
  - Portfolio occupancy stood at **98.5%** as at 3Q 2015
- » **Unwavering focus on tenant retention** saw **high tenant retention** rate of **90%** in Singapore
- » Notwithstanding office supply from upcoming and existing buildings, the Manager completed **100%** of all leases due for **review** and **almost all leases** due for **renewal** in 2015
- » **70%** of leases **not due for renewal till 2018 and beyond**
- » Despite challenging leasing market conditions, achieved a **positive rent reversion** averaging **16%** for office leases signed, renewed and reviewed year-to-date
- » Acquired three remaining **prime street-fronting retail units** at **8 Exhibition Street**
  - Gained **strategic control** of the **office** and **retail components**





- » **Continued focus on tenant retention**
- » Notwithstanding office supply from upcoming and existing buildings, completed **100%** of all leases due for **review** and **almost all leases** due for **renewal** in 2015
- » **70%** of leases **not due for renewal till 2018 and beyond**
- » Despite challenging leasing market conditions, achieved a **positive rent reversion** averaging **16%** for office leases signed, renewed and reviewed year-to-date

Portfolio Lease Profile (By NLA) as at 30 September 2015







- » Concluded a total of **34 leases** or approximately **470,000 sf** of space in 3Q 2015
- » Of the **new office leases** secured in 3Q 2015
  - One-third were from tenants **setting up presence and operations in Singapore**
  - One-third were from **first-time entrants to Keppel REIT's portfolio**
  - One-third were **expansion by existing tenants**
- » Majority of new tenants are **Asian companies** including **banks** and **financial institutions** as well as from the **commodities** and **real estate** sectors
- » Existing tenants who expanded in 3Q 2015 came from **TMT**, **legal** and **commodities** sectors

## Expanding into Singapore



DASIN RETAIL TRUST  
大信商用信托



## New to Keppel REIT's portfolio

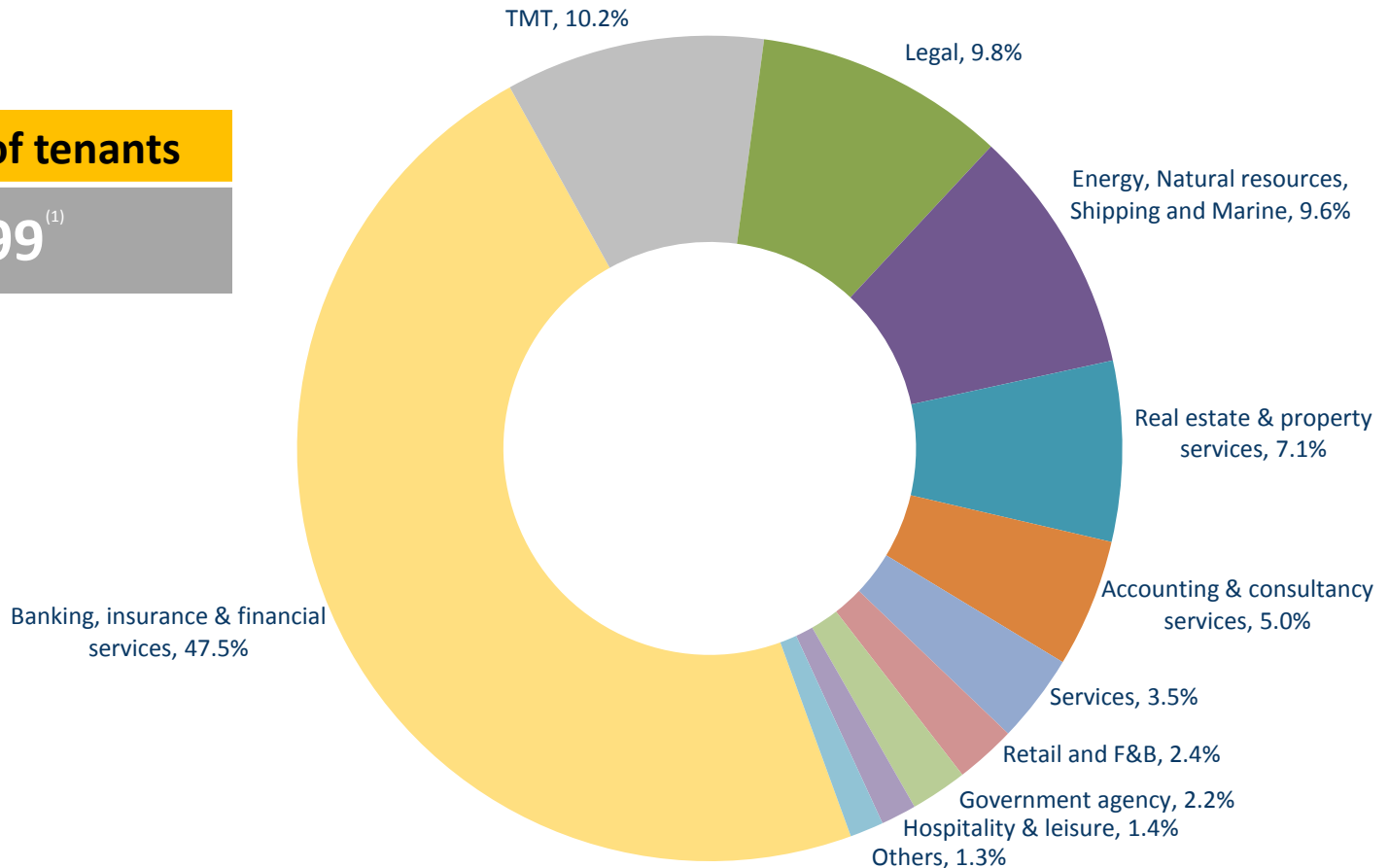




» Continue to maintain **well-diversified tenant base** from **various business sectors**

**Number of tenants**

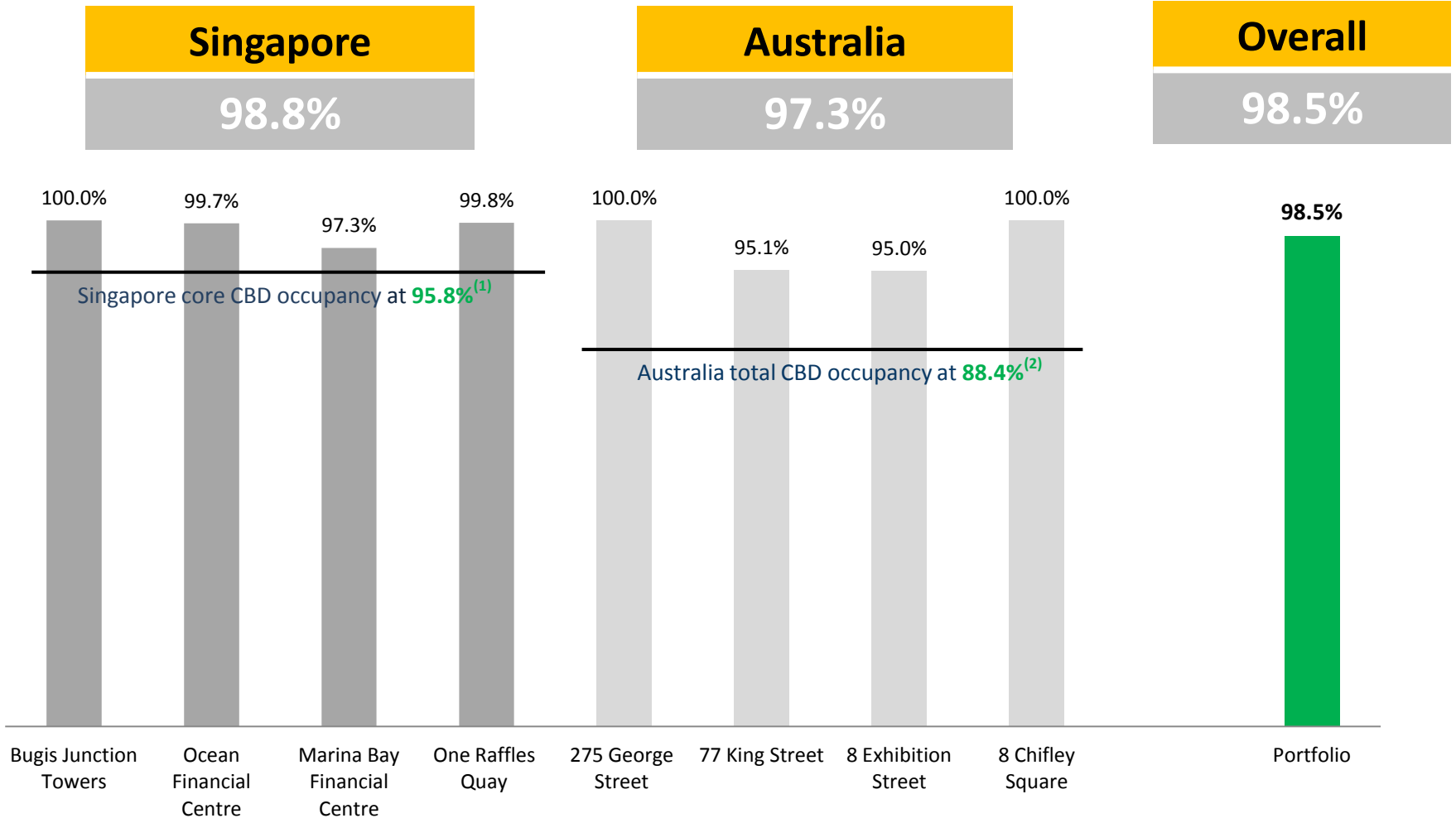
**299<sup>(1)</sup>**



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



» Maintained **high portfolio committed occupancy of 98.5%**

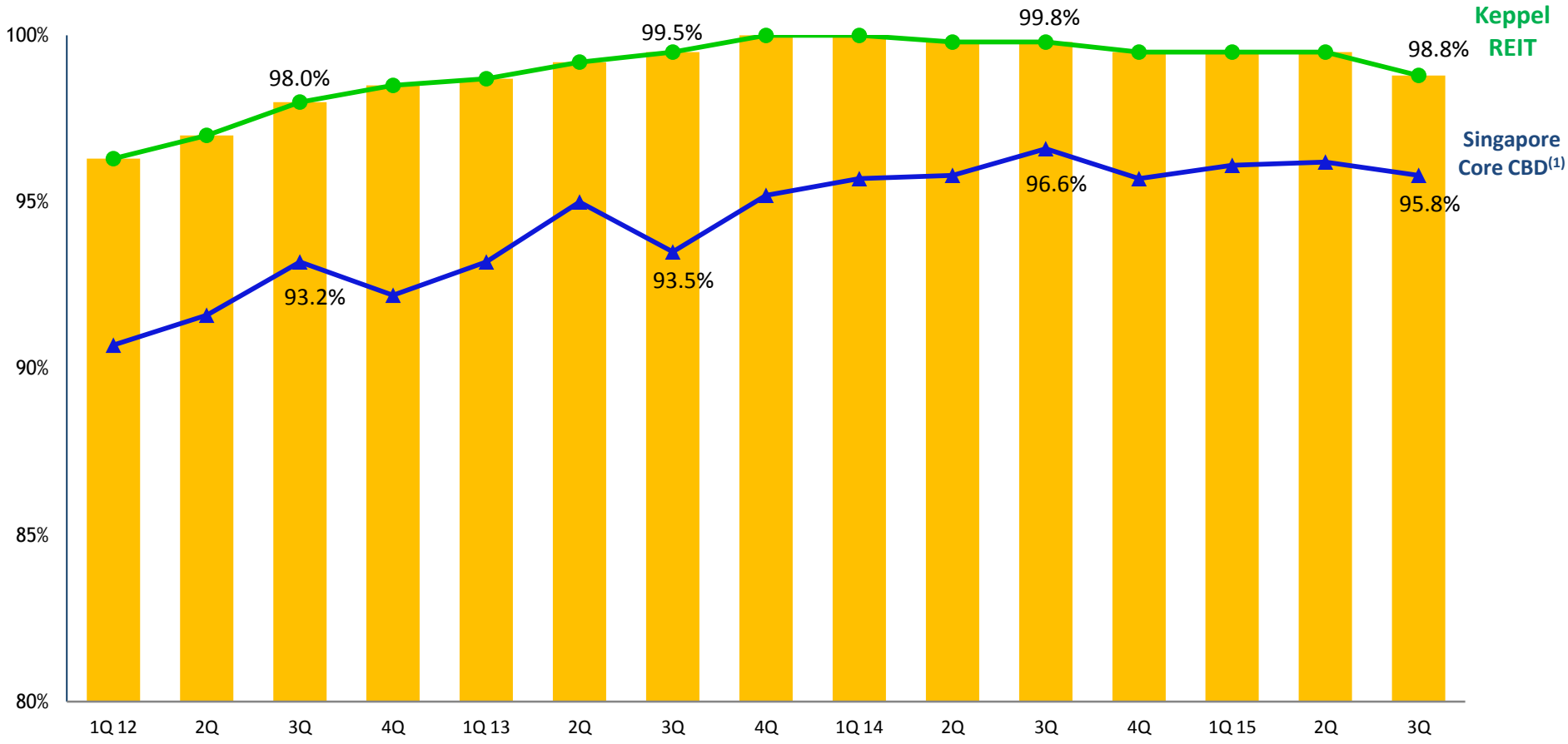


(1) Preliminary numbers by CBRE, 3Q 2015

(2) JLL, July 2015

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

### Keppel REIT Historical Occupancy



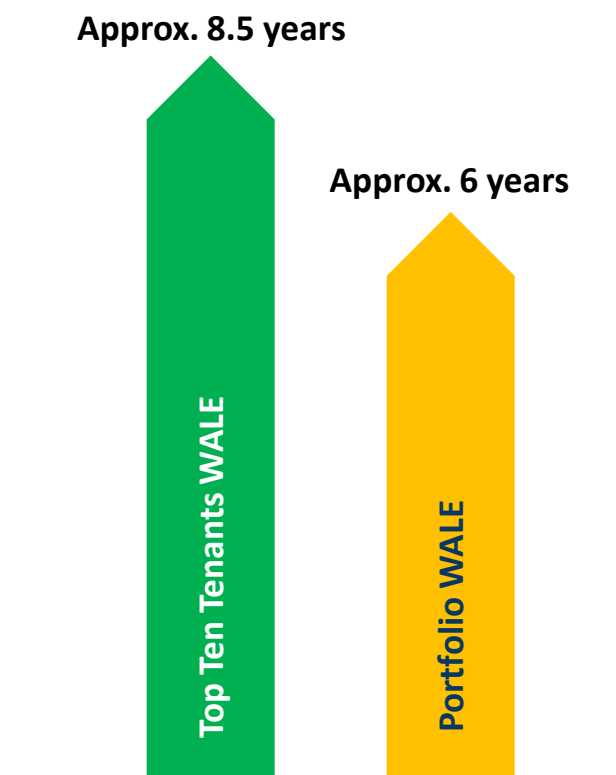
(1) Preliminary numbers by CBRE, 3Q 2015

Keppel REIT Singapore Occupancy Singapore Core CBD Occupancy

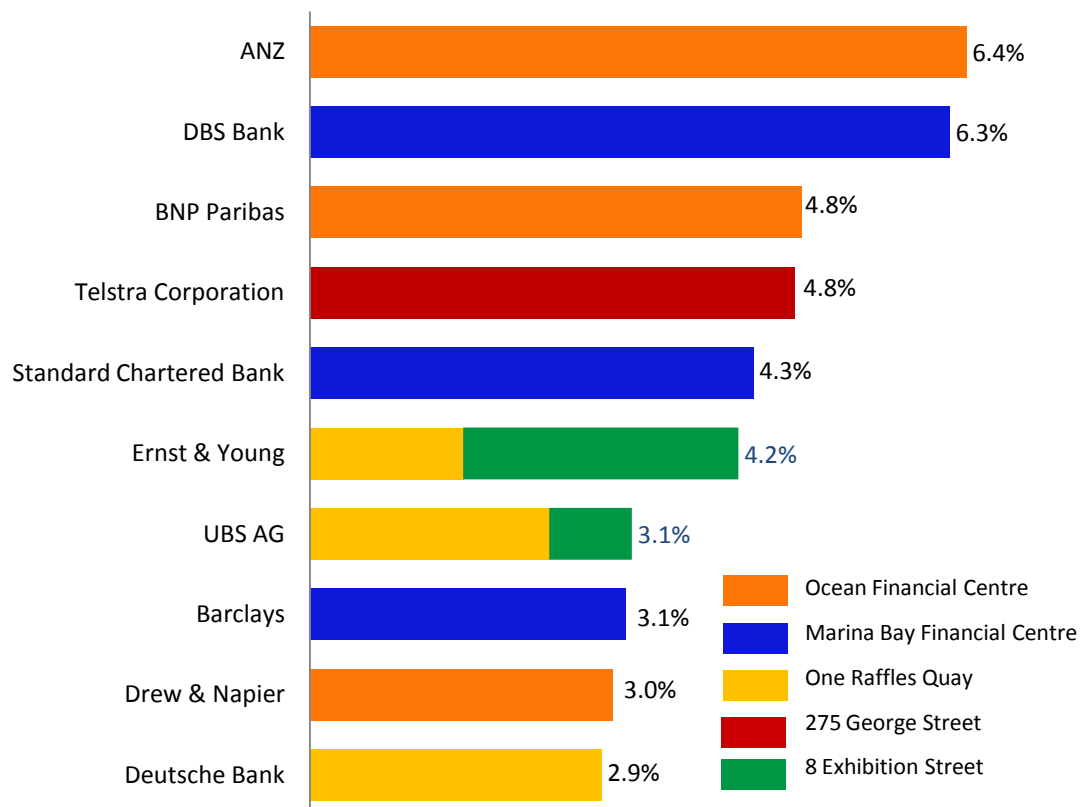


- » **Top 10 tenants** account for approximately **43%** of portfolio NLA
- » **Long WALE** of approximately **8.5 years** and **6 years** for top 10 tenants and portfolio respectively will **enhance income sustainability** over the long term

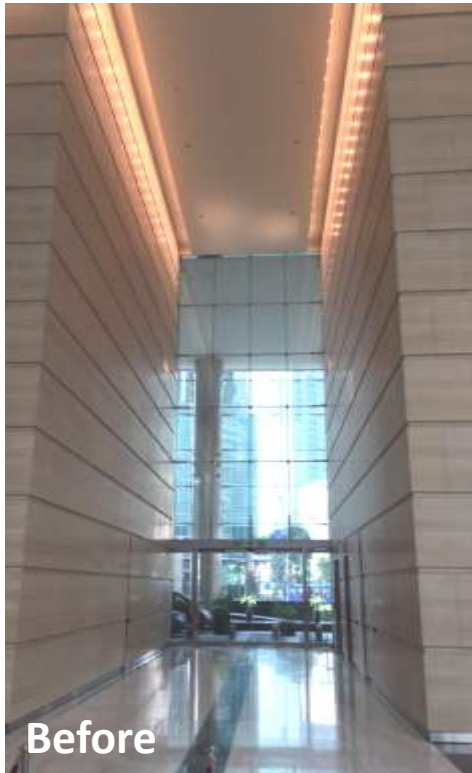
## Weighted Average Lease Expiry (WALE)



## Top Ten Tenants (by NLA)



- » **Enhanced ambience** and **added convenience** at Ocean Financial Centre
- » Two new retail units – DailyGrind and Spinelli Coffee Roasters
- » **Improved vibrancy** with the addition of “*Tales from the Ocean*”, a hanging sculpture by Israeli artist, Uri Dushy







Before



DailyGrind



Before



Spinelli Coffee Roasters





- » Received **Certificate of Practical Completion** in end-August 2015
- » **Government of Western Australia** is expected to commence its 25-year lease in **4Q 2015**
- » Effective **return** of **7.15%** upon lease commencement
- » **Fixed annual rental escalation** throughout lease term, with options for **another 25 years**



Received Certificate of Practical Completion  
End-August 2015



## Global Real Estate Sustainability Benchmark (GRESB) 2015



- » Internationally-recognised benchmark on companies' integrated organisational approach and performance in environmental measurement and management
- » First Asian REIT to maintain its pole position as the Regional Leader for Office Sector in Asia for two consecutive years
  - ✓ **1st in Asia across all diversified entities and sectors**
  - ✓ **1st in Asia for Office Sector/Regional Leader in Asia for Office Sector**
  - ✓ **1st in Asia for listed real estate companies**
  - ✓ **1st amongst the Asia Pacific Real Estate Composite Indices**
  - ✓ **Top 3 Globally for Office Sector**
  - ✓ **Top 3 Globally across all diversified entities and sectors**



## 16<sup>th</sup> SIAS Investors' Choice Awards 2015

- » Recognises companies for outstanding efforts in upholding and improving corporate disclosure and transparency standards
- ✓ **Most Transparent Company in the REITs and Business Trusts category, Runner-Up**



## PUB Water Efficient Building (WEB) Certification 2015

- » Part of the Green Mark Certification scheme for buildings and encourages water efficient measures and processes
- ✓ **Ocean Financial Centre, MBFC Phase One and MBFC Tower 3 were all conferred the Gold awards**
- ✓ **Bugis Junction Towers was conferred the Silver award**

- » Keppel REIT's office buildings were decked out to commemorate **SG50**
- » **Ocean Financial Centre** featured a **SG50 green wall**, and the building façade was lit up in a spectacular LED lighting display during the National Day Parade





# 5. Market Review & Outlook



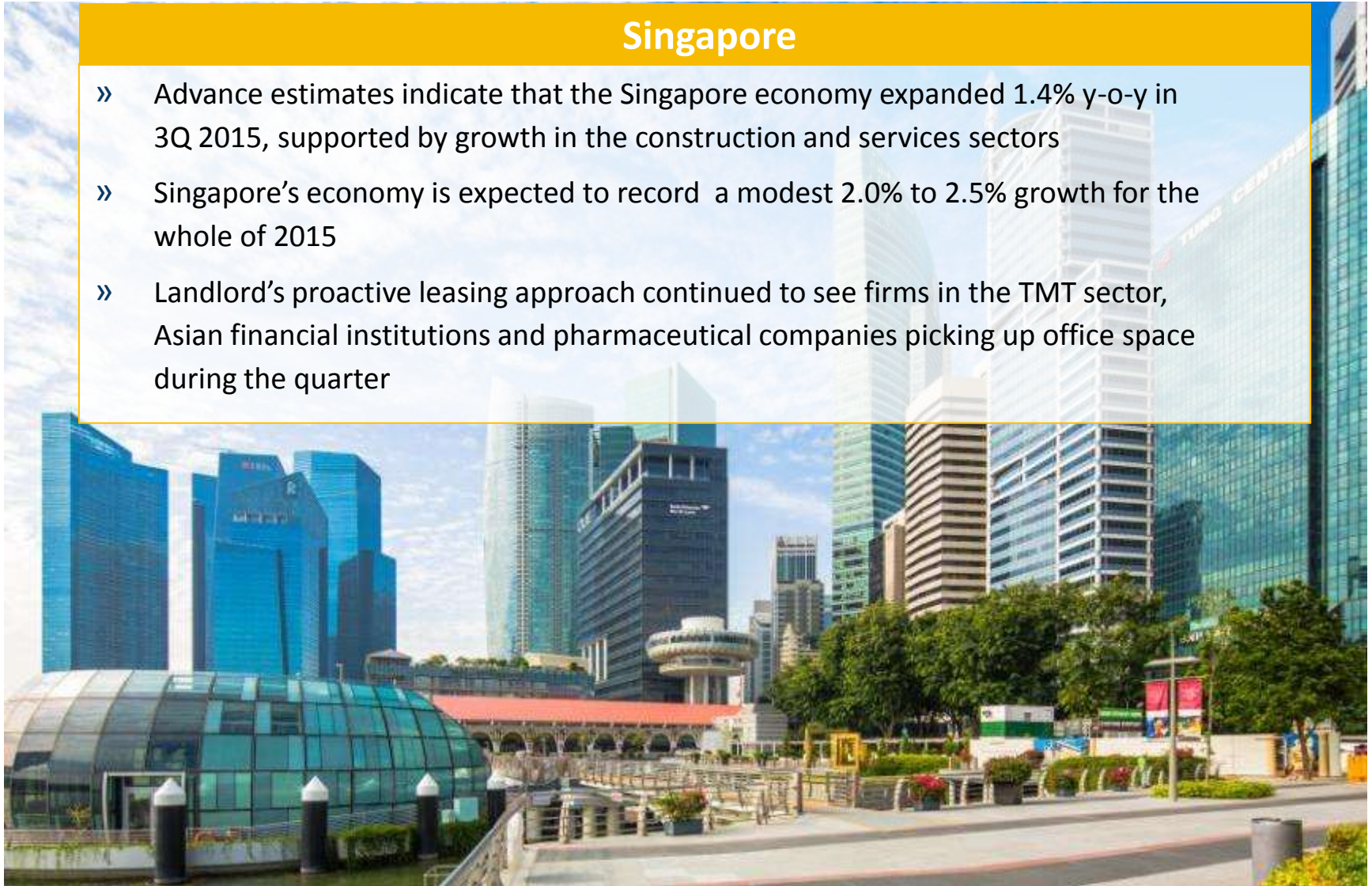
Bugis Junction Towers,  
Singapore





## Singapore

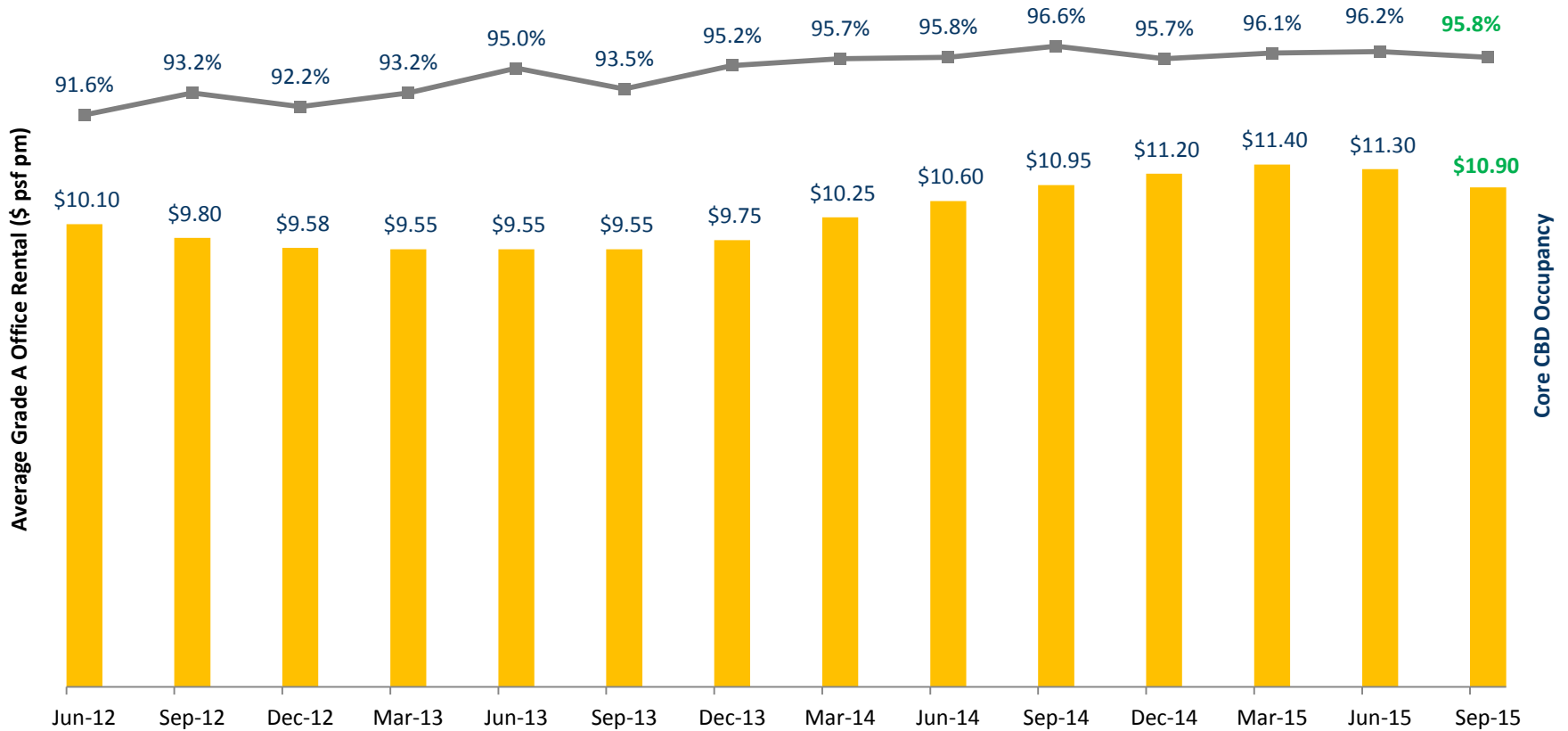
- » Advance estimates indicate that the Singapore economy expanded 1.4% y-o-y in 3Q 2015, supported by growth in the construction and services sectors
- » Singapore's economy is expected to record a modest 2.0% to 2.5% growth for the whole of 2015
- » Landlord's proactive leasing approach continued to see firms in the TMT sector, Asian financial institutions and pharmaceutical companies picking up office space during the quarter



Sources: Ministry of Trade and Industry and preliminary numbers by CBRE, 3Q 2015



- » **Occupancy** in Singapore's **core CBD** remained **stable** at **95.8%**
- » Office rents recorded a second quarter of correction, with average Grade A rents at approximately **\$10.90 psf** in 3Q 2015



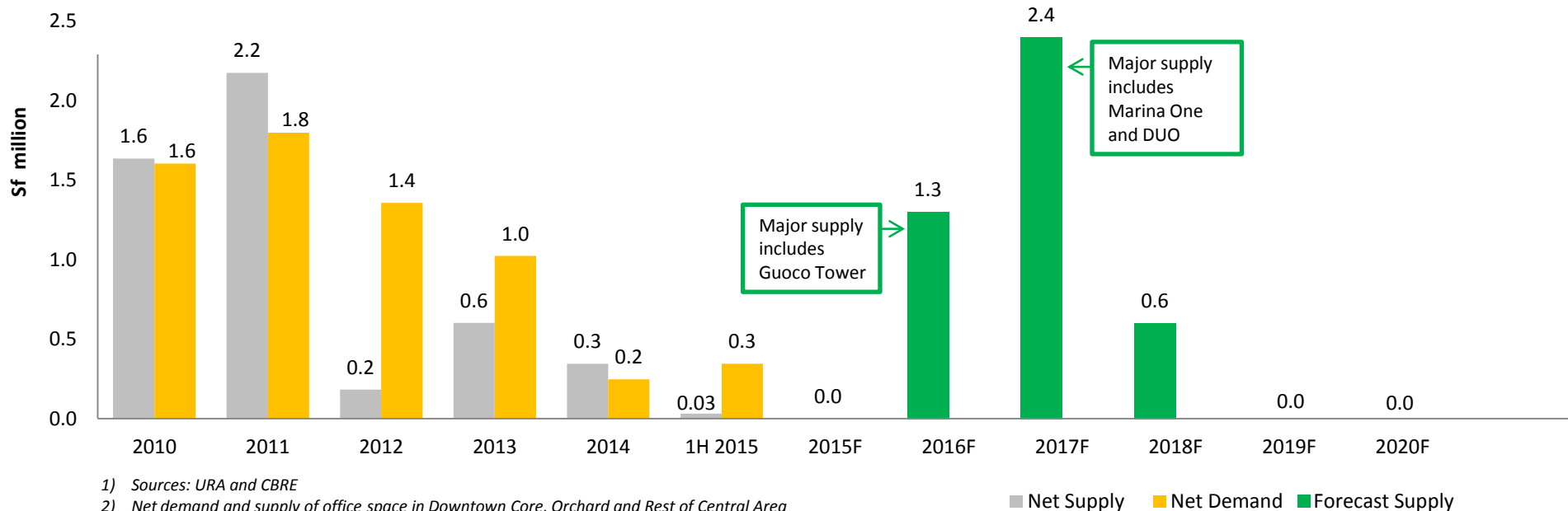
Source: Preliminary numbers by CBRE, 3Q 2015

■ Average Grade A Rental (\$ psf pm)

■ Core CBD Occupancy

- » **Healthy demand** for office space of approximately **1.2 mil sf p.a.** in the last 5 years
- » Average supply of approximately **0.7mil sf p.a.** over the next 6 years till end-2020

Period	Ave annual net supply	Ave annual net demand <sup>(2)</sup>
5 years (2010 – 2014)	1.0 mil sf	1.2 mil sf
Ave gross new supply over next 6 years (2015 – 2020) <sup>(3)</sup>	0.7 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

■ Net Supply ■ Net Demand ■ Forecast Supply





## Australia

- » The Australia economy grew 2.0% y-o-y in 2Q2015, with full-year growth expected at 2.5%
- » The Reserve Bank of Australia maintained the official cash rate at 2.0% to foster growth, particularly in the housing and infrastructure sectors
- » Sydney and Melbourne recorded improved office occupancy levels in 2Q2015
- » Growth in the TMT sector, finance and insurance industry as well as real estate services drove demand for office spaces, and are expected to drive office demand in the short- to medium-term



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





- » Best-in-class assets strategically located in Singapore's prime business and financial districts
- » S-REIT with the youngest and largest portfolio of premium office assets
- » Reputable tenant base spanning diverse business sectors

Marina Bay Financial Centre

One Raffles Quay

Ocean Financial Centre

Marina Bay Link Mall

Tower 3

Tower 2

Tower 1

South Tower

North Tower







Link to ↓  
MRT  
Raffles Place  
One Raffles Quay  
One Marina Boulevard  
Marina Bay Financial Centre  
COLLOUIS

**Keppel REIT**

**Thank You**

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





# Growth Record



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



8 Exhibition Street

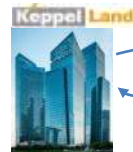
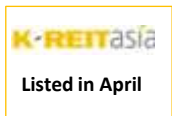
- Acquisition of the new office tower at the Old Treasury Building site in Perth
- Acquisition of 8 Exhibition Street in Melbourne

- 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



Asset Swap



Assets Under Management

\$0.63 bn  
2006

\$2.1 bn  
2007

\$2.1 bn  
2009

\$3.5 bn  
2010

\$6.0 bn  
2011

\$6.5 bn  
2012

\$7.2 bn  
2013

\$8.2bn  
2014

\$8.2 bn  
YTD 2015



- » Keppel REIT's AUM is approximately **\$8.2 billion** as at 30 September 2015
- » **88%** of portfolio in Singapore and **12%** 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	1,028,443	443,715	883,172
Ownership	100.0%	33.33%	33.33%	99.9%
Number of tenants	15	155	46	53
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)	527.0	1,641.0 <sup>(3)</sup> 1,289.0 <sup>(4)</sup>	1,228.0	2,560.0
Committed occupancy (As at 30 Sept 2015)	100.0%	97.3%	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 2014.





	8 Chifley Square, Sydney <sup>(1)</sup>	77 King Street Office Tower, Sydney	8 Exhibition Street, Melbourne <sup>(1)</sup>	275 George Street, Brisbane <sup>(1)</sup>	Office Tower on the Old Treasury Building site, Perth <sup>(1)</sup>
Description	34-storey Grade A office tower	18-storey Grade A office tower	35-storey Grade A office tower	30-storey Grade A office tower	33-storey Grade A office tower and its annexe
Attributable NLA (sf)	104,140	146,670	241,574	224,688	165,685
Ownership	50.0%	100.0%	50.0%	50.0%	50.0%
Number of tenants	8	15	17	8	1
Principal tenants	Corrs Chambers Westgarth, QBE Insurance Group, Quantum Group	Apple, Facebook, Capgemini Australia	Ernst & Young, UBS, CBRE	Queensland Gas Company, Telstra Corporation	Government of Western Australia
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	Freehold	99 years
Valuation <sup>(2)</sup> (S\$ million)	205.9	139.9	194.3	213.7	197.0
Committed occupancy (As at 30 Sept 2015)	100.0%	95.1%	95.0%	100.0%	98.7%

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

(2) Based on the exchange rate of A\$1 = S\$1.11. Valuation as at 31 December 2014 based on Keppel REIT's interest in the respective properties.