



Managed by

Keppel REIT Management Limited

(Co Reg No. 200411357K)

230 Victoria Street

#15-03 Bugis Junction Towers

Singapore 188024

www.keppelreit.com

Tel: (65) 6835 7477

Fax: (65) 6835 7747

MEDIA RELEASE

Unaudited Results of Keppel REIT for the First Quarter 2014

14 April 2014

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the quarter ended 31 March 2014.

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

For more information, please contact:

Media relations

Ms Eileen Tan

Senior Executive

Group Corporate Communications

Keppel Corporation Limited

Tel: (65)6413-6430 / (65) 9770-2546

Email: eileen.tan@kepcorp.com

Investor relations

Mr Dale Lai

Senior Executive

Investor Relations & Research

Keppel REIT Management Limited

Tel: (65)6433-7695

Email: dale.lai@keppelreit.com

Keppel REIT's Net Property Income rises 14.7% year-on-year

- Property income and net property income for 1Q 2014 increased 12.9% and 14.7% year-on-year (“y-o-y”) to \$46.8 million and \$39.5 million respectively. The increase is due mainly to better performance from Ocean Financial Centre and Prudential Tower, and the additional contribution from 8 Exhibition Street in Melbourne which was acquired in August 2013.
- Share of results of associates higher by 12.6% y-o-y to \$16.0 million due to better performance of Marina Bay Financial Centre Phase One.
- Achieved highest quarterly distributable income of \$55.1 million, an increase of 5.5% y-o-y.
- Distribution per unit (“DPU”) of 1.97 cents for 1Q 2014.
- Early refinancing of an additional \$275 million and \$75 million of borrowings due in 2015 and 2016 respectively, extending the weighted average term to expiry of borrowings to 3.9 years.

Summary of Results

	GROUP		
	1Q 2014 \$'000	1Q 2013 \$'000	+ / (-) %
Property Income	46,782	41,432	12.9
Net Property Income	39,468	34,418	14.7
Share of Results of Associates	15,985	14,198	12.6
Total Return before Tax	42,873	36,099	18.8
Income Available for Distribution	55,104	52,242	5.5
Distribution to Unitholders ¹	55,104	52,242	5.5
Distribution per Unit (“DPU”) (Cents)			
For the Period/Year	1.97	1.97	-
Annualised	7.99	7.99	-
Distribution Yield %	7.0% ²	5.9% ³	

Notes:

- (1) Distribution to Unitholders is based on 100% of the taxable income available for distribution.
- (2) The yield is based on the market closing price per unit of \$1.140 as at the last trading day, 31 March 2014.
- (3) The yield is based on the market closing price per unit of \$1.360 as at the last trading day, 28 March 2013.

Steady Financial Performance

Keppel REIT Management Limited is pleased to announce that it recorded its highest quarterly distributable income of \$55.1 million, a 5.5% y-o-y increase in 1Q 2014. This translates to a DPU of 1.97 cents for the quarter, and an annualised DPU of 7.99 cents.

On the back of improved performance from Ocean Financial Centre and Prudential Tower, as well as the additional income from 8 Exhibition Street in Melbourne which was acquired in August 2013, property income increased 12.9% y-o-y to \$46.8 million. As a result, net property income rose by 14.7% y-o-y to \$39.5 million.

Marina Bay Financial Centre Phase 1 also performed better in 1Q 2014, resulting in a 12.6% y-o-y increment in the share or results of associates to \$16.0 million.

The better performance from Ocean Financial Centre, Marina Bay Financial Centre Phase One and Prudential Tower, as well as the additional income from 8 Exhibition Street in Melbourne contributed to a 5.5% y-o-y growth in distributable income.

Proactive portfolio management resulted in another quarter of 100% committed occupancy for the Singapore portfolio and 99.8% committed occupancy for the entire portfolio. 8 Chifley Square, the recently completed premium Grade A building in Sydney reported a higher committed occupancy of 97.0% with the signing of Natixis during the quarter.

Prudent Capital Management

The Manager continued to secure early refinancing of its loans during the quarter. All loans due in 2014 have been refinanced. A total of \$275 million and \$75 million of borrowings due in 2015 and 2016 respectively have also been refinanced early, extending the weighted average term to expiry of borrowings to 3.9 years.

Including the early refinancing of the \$60 million of borrowings in 2013, a total of \$335 million or approximately 38% of borrowings due in 2015 have been refinanced early. Borrowings of \$75 million due in 2016 that have been refinanced early represent an approximate 16% of the amount due in the year. Keppel REIT's all-in interest rate for the quarter was 2.18% and interest coverage ratio was 5.4 times. To mitigate interest rate volatility, an approximate 68% of total borrowings have been fixed.

Proactive Portfolio Performance

During the quarter, leases that were renewed and newly committed were from the insurance and financial services, shipping, human resource services, healthcare services and retail sectors. This enabled the Manager to maintain another quarter of 100% committed occupancy for Keppel REIT's Singapore portfolio and 99.8% for the entire portfolio.

Meanwhile, all retail units in Ocean Colours are now fully occupied and operational. Its latest tenant is SingPost, the only such branch in the Raffles Place vicinity, which commenced operations in March 2014. In Australia, the committed occupancy of 8 Chifley Square in Sydney edged up to 97.0% with the signing of its latest tenant, Natixis, during the quarter. The 34-storey premium grade building in Sydney's central business district ("CBD") was officially opened in end-October 2013, and currently has only half a floor remaining to be leased.

In Perth, the construction of the office tower to be built on the Old Treasury Building site is on track for completion in the second half of 2015. On 28 March 2014, the iconic project was awarded the 5-Star Green Star Office Design v3 Certified Rating by the Green Building Council of Australia. The Green Star rating represents "Australian Excellence" in environmentally sustainable design and recognises the green features in the building.

Keppel REIT's top 10 tenants have a weighted average lease expiry ("WALE") of 8.7 years, while the WALE for the entire portfolio was 6.4 years. At end-March 2014, Keppel REIT has a total of 264 tenants from a diverse range of business sectors in the portfolio's tenant base.

Positive Outlook for Singapore Office Market

After registering a growth rate of 4.1% in 2013, the Singapore economy is projected to expand by 3.9% this year, according to median forecast of economists surveyed by the Monetary Authority of Singapore. The International Monetary Fund expects global GDP to grow by 3.6% in 2014 and 3.9% in 2015, citing significant improvement in advanced economies.

According to CBRE, Singapore's core central business district ("CBD") occupancy increased from 95.2% to 95.7%, and average monthly rents of Grade A office space improved 5.1% to \$10.25 psf in 1Q2014. With continued economic growth, the demand for Premium Grade and Grade A office space should remain healthy, given that the pipeline for new Premium Grade and Grade A office supply for the rest of this year and 2015 remains limited.

Australian Economy Rebalancing

The Australia economy grew by 2.8% for 2013. Recent released economic indicators point to a pick-up in growth. The sustained low interest rates and lower exchange rates have helped exports and domestic consumption. The process of the economy rebalancing continues with the housing and service industries recovering their roles as primary economic drivers.

During the last quarter of 2013, Sydney and Melbourne experienced an improvement in leasing activities with tenants who previously held off committing their leases are gradually re-entering the market. Office tenants in both cities continue to consolidate their operations and relocate to the CBD. The office market in Brisbane has been supported by the limited new supply and bottoming-out of new sublease space in the last quarter of 2013. In Perth, leasing activity from the legal sector was relatively active, and new multinational tenants are also entering the market. Leasing activity for smaller spaces in Brisbane's and Perth's CBDs has also increased in 4Q2013.

The outlook for the Group's Australian properties is expected to be stable, given the long weighted average lease expiry of the properties, almost fully committed occupancy levels as well as the fixed annual rental escalations.

Looking Ahead

In 2014, the Manager will continue to focus on maintaining the strong occupancy for its portfolio of properties and proactively manage leases due for rent review and renewal. The Manager will also monitor interest rate and foreign exchange exposures so as to manage financial risks. At the same time, it will selectively pursue and review opportunities for strategic acquisitions and divestments to deliver long-term growth for Unitholders.

About Keppel REIT (<http://www.keppelreit.com>)

Listed by way of an introduction on 28 April 2006, K-REIT Asia was renamed Keppel REIT on 15 October 2012. Keppel REIT is currently one of the largest real estate investment trusts listed on the Singapore Exchange Securities Trading Limited.

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

As at 31 March 2014, Keppel REIT has an asset size of more than S\$7.2 billion comprising 10 premium commercial assets strategically located in the central business districts of Singapore, and key cities of Sydney, Melbourne, Brisbane and Perth in Australia.

In Singapore, Keppel REIT owns a 99.9% interest in Ocean Financial Centre, a one-third interest in Marina Bay Financial Centre Phase One (comprising Towers 1 and 2 and Marina Bay Link Mall), a one-third interest in One Raffles Quay, a 92.8% interest in Prudential Tower, and 100% of Bugis Junction Towers.

In Australia, Keppel REIT owns five premium commercial assets, which comprises a 50% interest in 8 Chifley Square and 77 King Street Office Tower in Sydney, a 50% interest in the office building at 8 Exhibition Street in Melbourne, a 50% interest in 275 George Street in Brisbane, as well as a 50% interest in the new office tower to be built on the Old Treasury Building site in Perth.

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

Important Notice

The value of units in Keppel REIT (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 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 its future performance. This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.