

KEPPEL REIT FULL YEAR 2012 FINANCIAL STATEMENTS ANNOUNCEMENT

UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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**SUMMARY OF KEPPEL REIT RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	GROUP			
	4Q2012 \$'000	FY2012 \$'000	FY2011 \$'000	+/(-) %
Property Income	40,797	156,870	77,968	101.2
Net Property Income	32,799	124,660	61,654	102.2
Share of Results of Associates	12,043	46,844	37,393	25.3
Net Income	29,983	131,077	73,732	77.8
Income Available for Distribution	51,859	201,899	112,965	78.7
Distributable Income to Unitholders ¹	51,859	201,899	112,965	78.7
Distribution per Unit ("DPU") (cents) For the Period/Year	1.97	7.77 ²	7.08	9.7
Distribution Yield	6.0% ³	6.0% ³	8.5% ⁴	
Adjusted for Rights Issue DPU (cents) For the Period/Year	1.97	7.77	4.46 ⁵	74.2

Notes:

- (1) The distributable income to Unitholders is based on 100% of the income available for distribution.
- (2) Total DPU for FY2012 is 7.77 cents based on 1.90 cents, 1.94 cents, 1.96 cents and 1.97 cents announced in 1Q2012, 2Q2012, 3Q2012 and 4Q2012 results announcements respectively.
- (3) The yield is based on the market closing price per unit of \$1.295 as at the last trading day, 31 December 2012.
- (4) The yield is based on the market closing price per unit of \$0.83 as at the last trading day, 30 December 2011.
- (5) This is restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

Distribution	1 October 2012 to 31 December 2012
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 0.39 cents per unit (b) Tax-exempt income distribution - 0.87 cents per unit (c) Capital distribution - 0.71 cents per unit
Books Closure Date	29 January 2013
Payment Date	27 February 2013

INTRODUCTION

Listed by way of an introduction on 28 April 2006, K-REIT Asia was renamed Keppel REIT on 15 October 2012. Keppel REIT is 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 in Singapore and across Asia.

As at 31 December 2012, Keppel REIT has an asset size of \$6.5 billion comprising eight premium commercial assets strategically located in the central business districts of Singapore, and key cities of Sydney and Brisbane in Australia.

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

In Australia, Keppel REIT owns the office tower at 77 King Street and a 50% interest in 8 Chifley Square, both in Sydney as well as a 50% interest in 275 George Street in Brisbane. On 26 September 2012, Keppel REIT announced the acquisition of a 50% interest in a new office tower to be built on the site of the Old Treasury Building in Perth, Australia. The acquisition is expected to be completed in end-March 2013.

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.

1 UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the year ended 31 December 2012:

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					
		4Q2012	4Q2011 (restated)	+ / (-) %	FY2012	FY2011 (restated)	+ / (-) %
		\$'000	\$'000		\$'000	\$'000	
Gross rent		39,929	21,679	84.2	153,779	76,070	102.2
Car park income		347	303	14.5	1,366	1,154	18.4
Other income		521	638	(18.3)	1,725	744	131.9
Property income		40,797	22,620	80.4	156,870	77,968	101.2
Property tax		(2,308)	(1,323)	74.5	(10,723)	(4,265)	151.4
Other property expenses	1	(3,976)	(2,566)	54.9	(14,895)	(8,070)	84.6
Property management fee		(1,067)	(328)	225.3	(4,000)	(1,582)	152.8
Maintenance and sinking fund contributions		(647)	(648)	(0.2)	(2,592)	(2,397)	8.1
Property expenses		(7,998)	(4,865)	64.4	(32,210)	(16,314)	97.4
Net property income		32,799	17,755	84.7	124,660	61,654	102.2
Rental support	2	17,481	17,210	1.6	86,510	45,633	89.6
Interest income	3	7,792	5,962	30.7	29,157	23,048	26.5
Share of results of associates	4	12,043	11,978	0.5	46,844	37,393	25.3
Share of results of joint ventures	5	(30)	(33)	(9.1)	(28)	(33)	(15.2)
Amortisation expenses	6	(16,759)	(13,348)	25.6	(64,963)	(36,035)	80.3
Borrowing costs	7	(12,413)	(7,993)	55.3	(46,791)	(28,932)	61.7
Manager's management fees	8	(10,272)	(6,951)	47.8	(39,438)	(23,699)	66.4
Trust expenses		(553)	(2,223)	(75.1)	(4,174)	(4,510)	(7.5)
Changes in fair value of derivative financial instruments	9	(105)	4	Nm	(700)	(787)	(11.1)
Net income		29,983	22,361	34.1	131,077	73,732	77.8
Net change in fair value of investment properties	10	216,801	248,285	(12.7)	216,801	248,285	(12.7)
Total return before tax		246,784	270,646	(8.8)	347,878	322,017	8.0
Income tax expense	11	(3,499)	(2,789)	25.5	(14,881)	(6,321)	135.4
Total return after tax		243,285	267,857	(9.2)	332,997	315,696	5.5
Attributable to:							
Unitholders		243,186	261,783	(7.1)	329,679	309,622	6.5
Non-controlling interest		99	6,074	(98.4)	3,318	6,074	(45.4)
		243,285	267,857	(9.2)	332,997	315,696	5.5
Distribution Statement							
Total return for the period attributable to Unitholders		243,186	261,783	(7.1)	329,679	309,622	6.5
Net tax adjustments	12	(191,327)	(226,054)	(15.4)	(127,780)	(196,657)	(35.0)
Income available for distribution		51,859	35,729	45.1	201,899	112,965	78.7
Distribution to Unitholders	13	51,859	35,729	45.1	201,899	112,965	78.7
Distribution per unit (cents)							
For the period/year	14	1.97	1.40	40.7	7.77	4.46	74.2

Notes:

Nm – Not meaningful

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

	<u>Group</u>			
	4Q2012	4Q2011	FY2012	FY2011
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	88	729	527	1,452
Utilities	1,716	751	5,559	2,258
Repair and maintenance	1,542	752	6,158	3,516
Property management reimbursements	277	140	1,681	381
Other property expenses	353	194	970	463
	<u>3,976</u>	<u>2,566</u>	<u>14,895</u>	<u>8,070</u>

(2) *This relates to the rental support top-up payments received by Keppel REIT for its one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), the additional 29% and 19.4% interests in Prudential Tower acquired on 2 November 2009 and 3 May 2011 respectively, the 50% interest in 275 George Street, Brisbane, the one-third interest in BFC Development LLP ("BFCDLLP") which holds Marina Bay Financial Centre Towers 1 and 2 and Marina Bay Link Mall, the office tower at 77 King Street, Sydney, and the approximate 99.9% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre.*

(3) *Interest income comprises the following:*

	<u>Group</u>			
	4Q2012	4Q2011	FY2012	FY2011
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	181	187	986	1,019
Interest income from shareholder's loans to ORQPL and BFCDLLP	5,657	5,242	22,519	21,120
Interest income from convertible notes in Mirvac 8 Chifley Trust	1,954	533	5,652	909
	<u>7,792</u>	<u>5,962</u>	<u>29,157</u>	<u>23,048</u>

(4) *Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's net profit after tax, (ii) BFCDPL's net profit after tax for the period from 1 January 2012 till 14 June 2012, and (iii) BFCDLLP's partnership profits for the period from 15 June 2012 till 31 December 2012.*

(5) *Share of results of joint ventures relates to Keppel REIT's 50% interest in Mirvac 8 Chifley Trust's net profit after tax which is represented by the proportionate share of gross revenue less property expenses, interest expenses, and income tax.*

(6) *Please refer to paragraph 1(b)(i), note 4.*

(7) *Borrowing costs comprise the following:*

	<u>Group</u>			
	4Q2012	4Q2011	FY2012	FY2011
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	10,129	6,792	38,396	23,999
Interest expense on revolving loans	1,962	988	7,137	4,146
Amortisation of capitalised transaction costs	322	213	1,258	787
	<u>12,413</u>	<u>7,993</u>	<u>46,791</u>	<u>28,932</u>

(8) *The Manager has elected to receive 100% of its management fees earned in respect of the approximate 87.5% interest in OPLLP and 50% of its management fee earned for the approximate 12.4% interest in OPLLP and the rest of the properties in units of Keppel REIT for FY2012 and FY2011.*

(9) *This represents the change in fair value of foreign currency forward contracts which were entered into to hedge the Group's foreign currency exposure in the net income from its Australian properties.*

(10) The net change in the fair value on investment properties is analysed as follows:

	<u>Group</u>			
	4Q2012	4Q2011 (restated)	FY2012	FY2011 (restated)
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Trust	150,072	133,290	150,072	133,290
Investment properties held directly by associates	77,765	114,995	77,765	114,995
Investment properties held directly by a joint venture	6,325	-	6,325	-
Effects of recognising rental income on a straight line basis over the lease term	(17,361)	-	(17,361)	-
	<u>216,801</u>	<u>248,285</u>	<u>216,801</u>	<u>248,285</u>

(11) Income tax expense comprises (i) tax of 17% (2011: 17%) on the rental support top-up payments received by Keppel REIT for its interests in ORQPL, BFCDLLP and OPLL, net of deductible interest expense, and (ii) withholding tax expense in relation to the income from the Group's investments in 275 George Street, Brisbane, the office tower at 77 King Street and 8 Chifley Square, both in Sydney.

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

	<u>Group</u>			
	4Q2012	4Q2011 (restated)	FY2012	FY2011 (restated)
	\$'000	\$'000	\$'000	\$'000
Management fees payable in units	6,850	3,848	26,490	12,222
Trustee's fees	246	163	939	564
Net change in fair value of investment properties (net of non-controlling interest)	(216,719)	(242,446)	(216,719)	(242,446)
Amortisation of intangible asset and capitalised transaction costs	17,081	13,561	66,221	36,822
Temporary differences and other tax adjustments	1,215	(1,180)	(4,711)	(3,819)
	<u>(191,327)</u>	<u>(226,054)</u>	<u>(127,780)</u>	<u>(196,657)</u>

Included in temporary differences and other tax adjustments are share of results of associates, dividend income, changes in fair value of derivative financial instruments, effect of recognising rental income on a straight line basis over the lease terms, non-taxable income and non-deductible expenses.

(13) Keppel REIT is committed to distribute 100% of its income available for distribution to Unitholders. The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders.

(14) DPU for FY2011 has been restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

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>					
	4Q2012	4Q2011 (restated)	+ / (-)	FY2012	FY2011 (restated)	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Total return after tax	243,285	267,857	(9.2)	332,997	315,696	5.5
Other comprehensive income:						
Foreign currency translation	(5,698)	11,741	Nm	(15,494)	12,666	Nm
<u>Cashflow hedges:</u>						
Net change in fair value of cash flow hedges	(3,264)	21,881	Nm	(12,135)	(8,536)	42.2
Share of net change in fair value of cash flow hedges of an associate	(484)	2,107	Nm	(1,719)	(1,603)	7.2
Other comprehensive income for the period, net of tax	(9,446)	35,729	Nm	(29,348)	2,527	Nm
Total comprehensive income for the period/year	233,839	303,586	(23.0)	303,649	318,223	(4.6)

Nm – Not meaningful

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

Balance Sheets

Note	<u>Group</u>				<u>Trust</u>			
	31/12/2012	31/12/2011 (restated)	31/12/2010 (restated)	+ / (-)	31/12/2012	31/12/2011	+ / (-)	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	%	
Non-current assets								
Investment properties	1	3,614,744	3,472,069	1,025,634	4.1	942,034	881,870	6.8
Investment in subsidiaries		-	-	-	-	1,839,552	1,611,166	14.2
Investment in associates	2	2,155,050	2,092,711	1,978,276	3.0	1,978,145	1,979,813	(0.1)
Investment in joint ventures	3	140,079	37,011	-	278.5	-	-	-
Amount owing by subsidiary		-	-	-	-	496,862	430,314	15.5
Other non-current receivables		-	6,734	-	Nm	-	-	-
Fixed assets		38	53	-	(28.3)	-	-	-
Intangible asset	4	92,371	137,945	37,242	(33.0)	5,241	10,893	(51.9)
Derivative financial instruments	5	-	5,264	-	Nm	-	5,264	Nm
Total non-current assets		6,002,282	5,751,787	3,041,152	4.4	5,261,834	4,919,320	7.0
Current assets								
Trade and other receivables	7	28,669	30,582	21,144	(6.3)	43,631	21,069	107.1
Prepaid expenses		1,130	723	998	56.3	637	544	17.1
Cash and cash equivalents		101,930	85,741	49,860	18.9	59,091	59,386	(0.5)
Derivative financial instruments	5	5,461	4,835	-	12.9	5,461	4,835	12.9
Total current assets		137,190	121,881	72,002	12.6	108,820	85,834	26.8
Total assets		6,139,472	5,873,668	3,113,154	4.5	5,370,654	5,005,154	7.3
Current liabilities								
Trade and other payables		139,605	141,355	44,000	(1.2)	45,176	45,645	(1.0)
Income received in advance		2,415	2,352	5,225	2.7	249	105	137.1
Short term borrowings	8	154,964	510,127	-	(69.6)	99,964	-	Nm
Current portion of security deposits		3,544	1,213	2,400	192.2	3,544	1,213	192.2
Derivative financial instruments	6	760	267	452	184.6	760	267	184.6
Provision for taxation		14,577	5,402	3,261	169.8	13,614	5,056	169.3
Total current liabilities		315,865	660,716	55,338	(52.2)	163,307	52,286	212.3
Non-current liabilities								
Income received in advance		30,551	15,179	4,310	101.3	27,860	9,102	206.1
Long term borrowings	8	2,267,723	1,655,833	989,932	37.0	1,898,328	1,755,715	8.1
Derivative financial instruments	9	29,978	22,974	4,606	30.5	29,829	22,974	29.8
Non-current portion of security deposits		29,387	26,720	6,186	10.0	7,137	8,118	(12.1)
Total non-current liabilities		2,357,639	1,720,706	1,005,034	37.0	1,963,154	1,795,909	9.3
Total liabilities		2,673,504	2,381,422	1,060,372	12.3	2,126,461	1,848,195	15.1
Net assets		3,465,968	3,492,246	2,052,782	(0.8)	3,244,193	3,156,959	2.8
Represented by:								
Unitholders' funds		3,464,157	3,279,413	2,052,782	5.6	3,244,193	3,156,959	2.8
Non-controlling interest		1,811	212,833	-	(99.1)	-	-	-
		3,465,968	3,492,246	2,052,782	(0.8)	3,244,193	3,156,959	2.8
Net asset value per unit (\$)		1.32	1.29	1.51		1.23	1.24	
Gross borrowings / Value of deposited properties (%)	10	42.9	41.6	37.0				

Notes:

Nm – Not meaningful

- (1) *The increase in investment properties is due mainly to the revaluation of investment properties and capital expenditure, partly offset by translation differences arising from the Australian properties. The valuations were conducted by independent valuers. The valuations of the properties as at 31 December 2012 were:*

<u>Property</u>	<u>Tenure</u>	<u>Date of Valuation</u>	<u>Valuation</u> \$'000
Prudential Tower	99 years from 15 January 1996	31 December 2012	487,034
Bugis Junction Towers	99 years from 10 September 1990	31 December 2012	455,000
275 George Street	Freehold	31 December 2012	236,406
77 King Street	Freehold	31 December 2012	152,520
Ocean Financial Centre	99 years from 14 December 2011	31 December 2012	2,283,784
			3,614,744

- (2) *This relates to the one-third equity interests in ORQPL and BFCDLLP, advances to these associates and the Group's share of post-acquisition results of these associates.*
- (3) *This relates to the 50% interest in Mirvac 8 Chifley Trust ("M8CT") and Mirvac 8 Chifley Pty Limited, which were acquired on 28 July 2011, advances to M8CT and convertible notes held which were issued by M8CT. M8CT owns 8 Chifley Square, Sydney, a property currently under development.*
- (4) *This relates to the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in BFCDLLP, 100% interest in the office tower at 77 King Street, Sydney, the additional 19.4% interest in Prudential Tower, and the approximate 99.9% interest in OPLLP. The intangible asset will be 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 investment in 8 Chifley Square.*
- (6) *This relates to the fair value of the foreign currency forward contracts entered into in relation to the net income from the Australian properties and the fair value of an interest rate swap entered into by the Trust.*
- (7) *Included in the balances are receivables for rental support top-up payments of \$20.5 million as at 31 December 2012 (31 December 2011: \$17.3 million).*
- (8) *This relates mainly to bank borrowings taken up to finance the acquisition of one-third equity interest in associate, BFCDLLP, the additional 19.4% interest in Prudential Tower, the 50% interest in 8 Chifley Square and the acquisition of the approximate 99.9% interest in OPLLP. The balance also includes OPLLP's bank borrowings.*
- (9) *This relates to the fair value of the interest rate swaps entered into by the Group.*
- (10) *This is based on the total amount of gross borrowings and valuation of deposited properties (held directly and indirectly) of \$6.52 billion as at 31 December 2012 (31 December 2011: \$6.00 billion).*

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

	Group	
	As at 31/12/12 \$'000	As at 31/12/11 \$'000
Secured borrowings		
Amount repayable within one year	-	410,222
Amount repayable after one year	853,780	425,000
Less: Unamortised portion of fees	(5,594)	(2,185)
	848,186	833,037
Unsecured borrowings		
Amount repayable within one year	155,000	100,000
Amount repayable after one year	1,422,147	1,235,434
Less: Unamortised portion of fees	(2,646)	(2,511)
	1,574,501	1,332,923
Total borrowings	2,422,687	2,165,960

Details of Collaterals

As a security for the 5-year term loan facilities of \$425 million, the Group mortgaged its Bugis Junction Towers and a 73.4% interest in Prudential Tower. In addition, Keppel REIT granted in favour of 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 million, the Group granted in favour of the lenders securities of up to an aggregate principal amount of \$900 million comprising of a mortgage against Ocean Financial Centre and the following:

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

As at 31 December 2012, the Group had utilised approximately \$2,430.9 million and had an unutilised \$181.1 million of facilities available to meet its future obligations. The weighted average interest rate for all borrowings for 4Q2012 stood at 2.03% per annum.

1(c) Consolidated Statement of Cash Flows

	Group			
	4Q2012	4Q2011	FY2012	FY2011
Note	\$'000	(restated) \$'000	\$'000	(restated) \$'000
Operating activities				
Total return before tax	246,784	270,646	347,878	322,017
Adjustments for:				
Interest income	(7,792)	(5,962)	(29,157)	(23,048)
Amortisation expenses	16,759	13,348	64,963	36,035
Share of results of associates	(12,043)	(11,978)	(46,844)	(37,393)
Share of results of joint ventures	30	33	28	33
Borrowing costs	12,413	7,993	46,791	28,932
Management fees payable in units	6,850	3,848	26,490	12,222
Net change in fair value of investment properties	(216,801)	(248,285)	(216,801)	(248,285)
Depreciation	3	-	15	-
Rental support income	(17,481)	(17,210)	(86,510)	(45,633)
Translation differences	(1,465)	13	(924)	356
Operating cash flows before changes in working capital	27,257	12,446	105,929	45,236
(Increase)/Decrease in receivables	(135)	(6,294)	3,625	(3,327)
Increase/(Decrease) in payables	9,977	(16,908)	(10,914)	(19,332)
Increase in security deposits	943	18,262	4,998	19,347
Cash flows from operations	38,042	7,506	103,638	41,924
Income taxes paid	(1,682)	(331)	(6,097)	(4,184)
Net cash flows generated from operating activities	36,360	7,175	97,541	37,740
Investing activities				
Purchase of investment property	-	-	-	(119,195)
Increase in intangible assets	-	-	-	(7,351)
Improvements in investment properties	(1,406)	(193)	(4,715)	(1,267)
Interest received	7,446	5,371	28,011	22,102
Rental support received	19,156	3,592	83,288	44,592
Investment in a joint venture	(20,332)	193	(100,220)	(37,092)
Net cash outflow on acquisition of a subsidiary	2	-	(1,563,684)	-
Dividend income received from associates	27,189	22,827	52,028	40,090
Net cash flows generated from/(used in) investing activities	32,053	(1,531,894)	58,392	(1,621,805)
Financing activities				
Distribution to Unitholders	1	(51,459)	-	(212,170)
Loans drawdown	532,391	605,989	789,050	766,944
Loan to an associate	-	(1,874)	-	(1,874)
Repayment of loans	(528,780)	-	(528,780)	-
Upfront debt arrangement costs	(4,700)	(1,925)	(4,800)	(1,925)
Acquisition of non-controlling interest	(141)	-	(133,081)	-
Partnership distribution to non-controlling interest	(15)	-	(3,168)	-
Interest paid	(18,260)	(12,226)	(46,259)	(27,083)
Proceeds from rights issue	-	985,740	-	985,740
Issue expenses	-	(5,405)	-	(5,405)
Net cash flows (used in)/generated from financing activities	(70,964)	1,570,299	(139,208)	1,619,946
Net (decrease)/increase in cash and cash equivalents	(2,551)	45,580	16,725	35,881
Cash and cash equivalents at the beginning of period	104,606	40,161	85,741	49,860
Effect of exchange rate changes on cash and cash equivalents	(125)	-	(536)	-
Cash and cash equivalents at the end of period	101,930	85,741	101,930	85,741

Notes:

- (1) Distribution for FY2012 is for the period 1 July 2011 to 31 December 2011, paid on 24 February 2012; 1 January 2012 to 30 June 2012, paid on 27 August 2012; and 1 July 2012 to 30 September 2012, paid on 27 November 2012. Distribution for FY2011 is for the period 1 July 2010 to 31 December 2010, paid on 25 February 2011; and 1 January 2011 to 30 June 2011, paid on 26 August 2011.

1(c) Consolidated Statement of Cash Flows (cont'd)

Notes:

(2) *Effect of acquisition of Ocean Properties Pte. Limited ("OPPL") on cash flows in FY2011 is as follows:*

	\$'000
<i>Fair value of OPPL's NTA acquired</i>	1,579,265
<u><i>Add:-</i></u>	
<i>Acquisition costs</i>	27,720
<i>Total consideration</i>	<u>1,606,985</u>
<u><i>Less:-</i></u>	
<i>Non-cash consideration:</i>	
<i>- Acquisition fee</i>	(20,131)
<i>Accrued acquisition costs</i>	<u>(3,542)</u>
	(23,673)
<i>Consideration settled in cash</i>	1,583,312
<i>Less: cash and cash equivalents of OPPL acquired</i>	<u>(19,628)</u>
<i>Net cash outflow on acquisition</i>	<u>1,563,684</u>

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

Group	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Discount on Acquisition of Non-Controlling Interest \$'000	Non- Controlling Interest \$'000	Total \$'000
At 1 January 2012	2,682,996	583,025	11,356	(14,745)	-	212,833	3,475,465
Change in accounting policy	-	16,781	-	-	-	-	16,781
As restated	2,682,996	599,806	11,356	(14,745)	-	212,833	3,492,246
Return for the year	-	329,679	-	-	-	3,318	332,997
Other comprehensive income, net of tax	-	-	(15,494)	(13,854)	-	-	(29,348)
Total comprehensive income	-	329,679	(15,494)	(13,854)	-	3,318	303,649
Issue of units for payment of management fees	23,486	-	-	-	-	-	23,486
Issue of placement units	70,200	-	-	-	-	-	70,200
Issue expenses adjustment	644	-	-	-	-	-	644
Distribution to Unitholders	(5,642)	(206,528)	-	-	-	-	(212,170)
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	(3,168)	(3,168)
Acquisition of non-controlling interest	-	-	-	-	2,253	(211,172)	(208,919)
At 31 December 2012	2,771,684	722,957	(4,138)	(28,599)	2,253	1,811	3,465,968
At 1 January 2011	1,672,063	389,404	(1,310)	(4,606)	-	-	2,055,551
Change in accounting policy	-	(2,769)	-	-	-	-	(2,769)
As restated	1,672,063	386,635	(1,310)	(4,606)	-	-	2,052,782
Return for the year	-	309,622	-	-	-	6,074	315,696
Other comprehensive income, net of tax	-	-	12,666	(10,139)	-	-	2,527
Total comprehensive income	-	309,622	12,666	(10,139)	-	6,074	318,223
Issue of units for payment of management fees and acquisition fees	30,598	-	-	-	-	-	30,598
Rights issue	985,740	-	-	-	-	-	985,740
Issue expenses	(5,405)	-	-	-	-	-	(5,405)
Distribution to Unitholders	-	(96,451)	-	-	-	-	(96,451)
Acquisition of a subsidiary	-	-	-	-	-	206,759	206,759
At 31 December 2011	2,682,996	599,806	11,356	(14,745)	-	212,833	3,492,246

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

Notes:

- (1) Please refer to paragraph 5: Changes in Accounting Policies, on page 16.
- (2) Other comprehensive income relates to the movement in foreign currency translation reserve arising from the translation of foreign entities, intercompany loans that form part of the Group's net investment in foreign entities, fair value change 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 fair value change of hedging reserves of an associate.
- (3) This represents 23,605,269 units issued in FY2012 as satisfaction of management fees payable in units.
- (4) This relates to the placement of 60,000,000 units at an issue price of \$1.17 per unit as partial satisfaction of the purchase consideration for the acquisition of additional 12.39% interest in OPLLP which holds Ocean Financial Centre as stated in the SGX announcement dated 25 June 2012.
- (5) This relates to issue expense adjustments in relation to previous year's rights issue as mentioned in note 7 below.
- (6) This represents 8,442,733 units issued in FY2011 as satisfaction of management fees payable in units and 23,534,019 units issued on 30 December 2011 in payment of acquisition fee for the approximate 87.5% interest in OPLLP.
- (7) This relates to gross proceeds raised from the rights issue of 1,159,694,000 units at the issue price of \$0.85 per unit. The Manager has utilised 100% of the gross proceeds to partially fund the acquisition of approximately 87.51% interest in Ocean Properties Pte Limited which holds Ocean Financial Centre as stated in the SGX announcement dated 17 October 2011.
- (8) This relates to the issuance expenses in relation to the rights issue as mentioned in note 7 above.

<u>Trust</u>	<u>Note</u>	<u>Accumulated</u>		<u>Hedging</u>	<u>Total</u>
		<u>Units in Issue</u>	<u>Profits</u>	<u>Reserve</u>	
		\$'000	\$'000	\$'000	\$'000
At 1 January 2012		2,682,996	487,105	(13,142)	3,156,959
Return for the year		-	217,060	-	217,060
Other comprehensive income, net of tax	1	-	-	(11,986)	(11,986)
Total comprehensive income		-	217,060	(11,986)	205,074
Issue of units for payment of management fees	2	23,486	-	-	23,486
Issue of placement units	3	70,200	-	-	70,200
Issue expenses adjustments	4	644	-	-	644
Distribution to Unitholders		(5,642)	(206,528)	-	(212,170)
At 31 December 2012		2,771,684	497,637	(25,128)	3,244,193
At 1 January 2011		1,672,063	400,406	(4,606)	2,067,863
Return for the year		-	183,150	-	183,150
Other comprehensive income, net of tax	1	-	-	(8,536)	(8,536)
Total comprehensive income		-	183,150	(8,536)	174,614
Issue of units for payment of management fees and acquisition fees	5	30,598	-	-	30,598
Rights issue	6	985,740	-	-	985,740
Issue expenses	7	(5,405)	-	-	(5,405)
Distribution to Unitholders		-	(96,451)	-	(96,451)
At 31 December 2011		2,682,996	487,105	(13,142)	3,156,959

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

Notes:

- (1) This relates to fair value change 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 23,605,269 units issued in FY2012 as satisfaction of management fees payable in units.
- (3) This relates to the placement of 60,000,000 units at an issue price of \$1.17 per unit as partial satisfaction of the purchase consideration for the acquisition of additional 12.39% interest in OPLLP which holds Ocean Financial Centre as stated in the SGX announcement dated 25 June 2012.
- (4) This relates to issue expense adjustments in relation to previous year's rights issue as mentioned in note 6 below.
- (5) This represents 8,442,733 units issued in FY2011 as satisfaction of management fees payable in units and 23,534,019 units issued on 30 December 2011 in payment of acquisition fee for the approximate 87.5% interest in OPLLP.
- (6) This relates to gross proceeds raised from the rights issue of 1,159,694,000 units at the issue price of \$0.85 per unit. The Manager has utilised 100% of the gross proceeds to partially fund the acquisition of approximately 87.51% interest in Ocean Properties Pte Limited which holds Ocean Financial Centre as stated in the SGX announcement dated 17 October 2011.
- (7) This relates to the issuance expenses in relation to the rights issue as mentioned in note 6 above.

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

	Group and Trust	
	2012 Units	2011 Units
Issued units as at 1 January	2,547,574,969	1,355,904,217
Issue of new units:		
- Payment of management fees	17,841,347	5,710,905
- Placement units	60,000,000	-
Issued units as at 30 September	2,625,416,316	1,361,615,122
Issue of new units:		
- Payment of management fees	5,763,922	2,731,828
- Rights issue	-	1,159,694,000
- Payment of acquisition and divestment fees in units	-	23,534,019
Issued units as at 31 December	2,631,180,238	2,547,574,969

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

Keppel REIT did not hold any treasury units as at 31 December 2012 and 31 December 2011.

Total number of issued units in Keppel REIT as at 31 December 2012 and 31 December 2011 are as disclosed in paragraph 1(d)(ii).

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

Not applicable.

2. AUDIT

The figures have not been audited or 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 periods beginning on 1 January 2012.

Except as disclosed in paragraph 5 below, the adoption of these standards and interpretations did not have any significant effect on the financial performance or positions of the Group and the Trust.

5. CHANGES IN ACCOUNTING POLICIES

The Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets are effective for annual periods beginning on or after 1 January 2012. On 1 January 2012, the Group adopted the Amendments to FRS 12.

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 Investment Property, including investment property acquired in a business combination and subsequently measured using the fair value model. For purposes of measuring deferred tax, the Amendments to FRS 12 introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The change in accounting policy has been applied retrospectively. The effects of the adoption of the Amendments to FRS 12 are as follows:

	31/12/2012	Group 31/12/2011 (restated)	31/12/2010 (restated)
	\$'000	\$'000	\$'000
Increase/ (Decrease) in:			
<u>Consolidated Balance Sheet</u>			
Investment in associates	-	16,781	(2,769)
Retained earnings	-	16,781	(2,769)
		FY2011 (restated)	
		\$'000	
<u>Statement of Total Return</u>			
Net change in fair value of investment properties	-	19,550	
Total return for the year	-	19,550	
Basic and diluted earnings per Unit (cents) based on total return for the year	-	1.38	

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

	<u>Group</u>			
	4Q2012	4Q2011 (restated)	FY2012	FY2011 (restated)
EPU (based on weighted average number of units as at the end of the period/year)				
Based on total return before fair value change on investment properties	1.01 cents	1.21 cents	4.36 cents	4.73 cents
Based on total return after fair value change on investment properties	9.25 cents	16.33 cents	12.73 cents	21.80 cents
- Weighted average number of units as at the end of the period/year	2,629,426,001	1,603,558,849	2,590,687,505	1,420,582,653
DPU (adjusted for rights issue) (based on the number of units as at the end of the period/year including rights units)	1.97 cents	1.40 cents	7.77 cents	4.46 cents ¹
- Number of units in issue as at the end of the period/year	2,631,180,238	2,547,574,969	2,631,180,238	2,547,574,969

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

Notes:

(1) This is restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

7. NET ASSET VALUE (“NAV”)

	<u>Group</u>		<u>Trust</u>	
	As at 31/12/12	As at 31/12/11 (restated)	As at 31/12/12	As at 31/12/11
NAV ¹ per unit (\$) based on issued units at the end of the year	1.32	1.29	1.23	1.24
Adjusted NAV ¹ per unit (\$) based on issued units at the end of the year (excluding the distributable income)	1.30	1.26	1.21	1.21

Notes:

(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>			<u>Group</u>			
	4Q2012	4Q2011	+/(-) %	FY2012	FY2011	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Prudential Tower ¹	5,195	4,748	9.4	21,019	19,188	9.5
Bugis Junction Towers	5,149	5,606	(8.2)	20,427	21,326	(4.2)
Ocean Financial Centre ²	21,701	2,866	>500	79,489	2,866	>500
275 George Street	5,629	5,627	0.0	23,425	22,274	5.2
77 King Street	3,123	3,773	(17.2)	12,510	12,314	1.6
Total property income	40,797	22,620	80.4	156,870	77,968	101.2

8(ii) Income Contribution of the Properties

<u>Property</u>			<u>Group</u>			
	4Q2012	4Q2011	+/(-) %	FY2012	FY2011	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Prudential Tower ¹	3,960	3,709	6.8	16,712	14,753	13.3
Bugis Junction Towers	4,108	3,804	8.0	16,652	16,543	0.7
Ocean Financial Centre ²	17,661	2,046	>500	62,346	2,046	>500
275 George Street	4,602	4,752	(3.2)	19,111	18,800	1.7
77 King Street	2,468	3,444	(28.3)	9,839	9,512	3.4
Total net property income	32,799	17,755	84.7	124,660	61,654	102.2
One-third interest in ORQPL:						
- Rental support	-	5,061	Nm	9,267	18,788	(50.7)
- Interest income	388	359	8.1	1,544	1,446	6.8
- Dividend income	6,015	3,304	82.1	25,255	15,731	60.5
Total income from one-third interest in ORQPL	6,403	8,724	(26.6)	36,066	35,965	0.3
One-third interest in BFCDLLP:						
- Rental support	1,141	1,730	(34.0)	5,848	11,523	(49.2)
- Interest income	5,269	4,883	7.9	20,975	19,674	6.6
- Dividend income ³	7,132	8,594	(17.0)	26,773	21,539	24.3
Total income from one-third interest in BFCDLLP	13,542	15,207	(10.9)	53,596	52,736	1.6
Ocean Financial Centre ²						
- Rental support	15,265	8,611	77.3	67,144	8,611	>500
8 Chifley Square ⁴						
- Interest income	1,954	533	266.6	5,652	909	>500
Total income contribution	69,963	50,830	37.6	287,118	159,875	79.6

Notes:

Nm – Not meaningful

- (1) This includes the additional 19.4% interest of Prudential Tower acquired on 3 May 2011.
- (2) The acquisitions of the approximate 87.5% and 12.4% interests in OPLLP which owns Ocean Financial Centre were completed on 14 December 2011 and 25 June 2012 respectively.
- (3) This comprises dividend income from BFCDDL prior to its conversion to a limited liability partnership on 15 June 2012 and the distributions from BFCDLLP subsequent to its conversion.
- (4) The acquisition of the 50% interest in 8 Chifley Square was legally completed on 28 July 2011. The property is currently under development and is scheduled for completion in 3Q2013.

Review of Performance for FY2012 vs FY2011

FY2012 DPU rose by 74.2% to 7.77 cents.

Property income for FY2012 was \$156.9 million, a significant increase of \$78.9 million or 101.2% over that for FY2011. The increase was due mainly to higher property income from OFC, Prudential Tower, 275 George Street and 77 King Street.

Net property income more than doubled to \$124.7 million in FY2012 as compared with \$61.7 million in FY2011, primarily as a result of the acquisition of OFC in December last year.

The Group's total return before tax for FY2012 was \$347.9 million, an increase of 8.0% over FY2011 as a result of higher net property income, higher contributions from the associates, higher interest income and rental support, partly offset by higher amortisation expenses, borrowing costs and management fees expense resulting from the increased assets under management.

Distribution to Unitholders increased by 78.7% to \$201.9 million in FY2012 from \$113.0 million in FY2011.

Review of Performance for 4Q2012 vs 4Q2011

The Group's 4Q2012 results included contributions from the 50% interest in 8 Chifley Square and the approximate 87.5% and 12.4% interests in Ocean Financial Centre ("OFC") which were acquired on 28 July 2011, 14 December 2011 and 25 June 2012 respectively.

Property income for 4Q2012 was \$40.8 million, an approximately 80.4% increase compared with the property income of \$22.6 million in 4Q2011. The increase was due mainly to higher property income from OFC and Prudential Tower.

Net property income increased by 84.7% from \$17.8 million in 4Q2011 to \$32.8 million in 4Q2012 due mainly to the acquisition of OFC in December 2011.

The Group's net income for 4Q2012 was \$30.0 million, an increase of 34.1% over 4Q2011 as a result of higher net property income, higher interest income, lower trust expenses, partly offset by higher amortisation expenses, borrowing costs and management fees resulting from the increased assets under management.

Distribution to Unitholders increased by 45.1% from \$35.7 million in 4Q2011 to \$51.9 million in 4Q2012.

The weighted average interest rate was 2.03% per annum in 4Q2012 compared with 2.35% per annum in 4Q2011. The aggregate leverage stood at 42.9% as at 31 December 2012. The weighted average term to expiry of debt was 3.1 years as at 31 December 2012.

The portfolio attained 98.5% committed occupancy as at 31 December 2012.

9. VARIANCE FROM FORECAST STATEMENT

Statement of Total Return (Actual vs Forecast)

	<u>Actual</u>	<u>Forecast</u> ¹		<u>Actual</u>	<u>Forecast</u> ¹	
	4Q2012	4Q2012	+ / (-)	FY2012	FY2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Gross rent	39,929	39,074	2.2	153,779	152,123	1.1
Car park income	347	277	25.3	1,366	1,107	23.4
Other income	521	299	74.2	1,725	1,197	44.1
Property income	40,797	39,650	2.9	156,870	154,427	1.6
Property tax	(2,308)	(3,041)	(24.1)	(10,723)	(11,763)	(8.8)
Other property expenses	(3,976)	(4,878)	(18.5)	(14,895)	(19,596)	(24.0)
Property management fee	(1,067)	(1,026)	4.0	(4,000)	(3,989)	0.3
Maintenance and sinking fund contributions	(647)	(684)	(5.4)	(2,592)	(2,718)	(4.6)
Property expenses	(7,998)	(9,629)	(16.9)	(32,210)	(38,066)	(15.4)
Net property income	32,799	30,021	9.3	124,660	116,361	7.1
Rental support	17,481	18,006	(2.9)	86,510	76,915	12.5
Interest income	7,792	6,803	14.5	29,157	27,060	7.7
Share of results of associates	12,043	11,275	6.8	46,844	43,703	7.2
Share of results of joint ventures	(30)	(20)	50.0	(28)	(20)	40.0
Amortisation expenses	(16,759)	(15,369)	9.0	(64,963)	(62,057)	4.7
Borrowing costs	(12,413)	(13,076)	(5.1)	(46,791)	(51,707)	(9.5)
Manager's management fees	(10,272)	(9,472)	8.4	(39,438)	(37,533)	5.1
Trust expenses	(553)	(952)	(41.9)	(4,174)	(3,787)	10.2
Changes in fair value of derivative financial instruments	(105)	-	Nm	(700)	-	Nm
Net income	29,983	27,216	10.2	131,077	108,935	20.3
Net change in fair value of investment properties	216,801	-	Nm	216,801	-	Nm
Total return before tax	246,784	27,216	>500	347,878	108,935	219.3
Income tax expense	(3,499)	(3,101)	12.8	(14,881)	(13,142)	13.2
Total return after tax	243,285	24,115	>500	332,997	95,793	247.6
Attributable to:						
Unitholders	243,186	22,455	>500	329,679	89,651	267.7
Non-controlling interest	99	1,660	(94.0)	3,318	6,142	(46.0)
	243,285	24,115	>500	332,997	95,793	247.6
Distribution Statement						
Total return for the period attributable to Unitholders	243,186	22,455	>500	329,679	89,651	267.7
Net tax adjustments	(191,327)	23,307	Nm	(127,780)	93,648	Nm
Income available for distribution	51,859	45,762	13.3	201,899	183,299	10.1
Distribution to Unitholders	51,859	45,762	13.3	201,899	183,299	10.1
Distribution per unit (cents)						
For the period/year	1.97	1.78	10.7	7.77	7.16	8.5

Notes:

Nm – Not meaningful

(1) The Forecast for 4Q2012 and FY2012 is derived from the Forecast shown in Keppel REIT's Circular dated 19 October 2011 for the acquisition of the approximate 87.5% interest in OFC.

Review of Performance for FY2012 (Actual) vs FY2012 (Forecast)

Net property income for FY2012 of \$124.7 million was an increase of \$8.3 million or 7.1% over the Forecast. The increase was due mainly to higher property income and lower property expenses incurred as compared with Forecast.

Net income for FY2012 increased by \$22.1 million or 20.3% to \$131.1 million, as compared with \$108.9 million for Forecast. This was due mainly to higher net property income, higher contributions from the associates, higher interest income, higher rental support and lower borrowing costs, partly offset by higher amortisation expenses and management fees expense.

Distributable income to Unitholders increased by \$18.6 million or 10.1% to \$201.9 million as compared with Forecast of \$183.3 million.

DPU of 7.77 cents for FY2012 surpassed the Forecast DPU of 7.16 cents as shown in Keppel REIT's Circular dated 19 October 2011 for the acquisition of the approximate 87.5% interest in OFC.

Review of Performance for 4Q2012 (Actual) vs 4Q2012 (Forecast)

The Group's net property income for 4Q2012 was \$32.8 million, an increase of \$2.8 million or 9.3% over the Forecast of \$30.0 million. This was due mainly to an increase in property income of \$1.1 million and lower property expenses incurred.

Net income for 4Q2012 was \$30.0 million, an increase of \$2.8 million or 10.2% over the Forecast of \$27.2 million. This was due mainly to higher net property income, higher contributions from the associates, higher interest income, lower borrowing costs and trust expenses, partly offset by lower rental support, higher amortisation expenses and management fees expense.

Distributable income to Unitholders of \$51.9 million exceeded the Forecast of \$45.8 million by 13.3%.

4Q2012 DPU of 1.97 cents exceeded the Forecast of 1.78 cents by 10.7%.

10. PROSPECTS

Advance estimates by the Ministry of Trade and Industry (“MTI”) indicate that Singapore’s economy grew by 1.2% for 2012, marginally lower than its earlier forecast of 1.5%. As for 2013, the MTI expects Singapore to grow between 1% and 3%.

As a result of Singapore’s competitive rental rates, attractive corporate tax regime and good infrastructure, a number of corporations have been relocating to Singapore.

The core CBD office market occupancy remains healthy after rising approximately 1% year-on-year to 92.2% as at end-4Q2012. CBRE believes that Grade A office rentals have bottomed-out in 4Q2012 at \$9.58 psf pm as there is limited new supply of Grade A office space next year. Asia Square Tower 2 will be the only new Grade A office building to be added to the CBD in 2013.

In Australia, following the latest round of interest rate cuts by the Reserve Bank of Australia on 4 December 2012, the cash rate has fallen to a three-year low of 3.0%. The rate cuts were aimed at fostering sustainable growth.

In Sydney, the New South Wales Government has committed to investing A\$62 billion to improve the State’s infrastructure. This, coupled with the limited new supply of office space in the CBD, has supported Sydney’s prime office occupancy and rental rates. In Brisbane, CBRE forecasts that growth in public administration, education, health, and business services sectors will continue to lead the Queensland economy in outperforming the average national growth rate and bolster demand for office space.

The Manager remains confident of the performance of Keppel REIT’s property portfolio. Keppel REIT’s completed assets are nearly fully committed with long tenured leases.

In 2013, there will be additional floor space added to the portfolio. Ocean Financial Centre Phase 2 comprising the retail and carpark podium and 8 Chifley Square which are currently under construction are on track for completion in 3Q2013. The Manager also expects to complete the acquisition of a 50% interest in the new office tower to be built on the site of the Old Treasury Building in Perth, Western Australia in March 2013. The new office tower is expected to be completed in 2015.

Going forward, the Manager will continue to focus on maintaining strong occupancy for its portfolio of properties, as well as proactively manage the leases due for rent review and renewal in the year ahead. The Manager will also actively seek to refinance maturing loans at competitive terms and extend the debt maturity profile. It will also undertake prudent interest rate and foreign exchange hedging policies so as to manage financial risks. The Manager will selectively pursue opportunities for strategic acquisitions so as to deliver long-term growth to Unitholders.

11. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes great 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 expenses 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 to its investments in Australia, and the distributable income from and progressive payments related to such Australian 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 to promote sustainability of net property income. Some of these measures include steps taken to negotiate for favourable terms/covenants, manage expenses, 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	Distribution for 1 October 2012 to 31 December 2012
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 0.39 cents per unit (b) Tax-exempt income distribution - 0.87 cents per unit (c) Capital distribution - 0.71 cents per unit
Tax Rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

12. DISTRIBUTIONS (CONT'D)

(b) Financial Period of the Immediately Preceding Financial Year

Name of Distribution	Distribution for 1 July 2011 to 31 December 2011
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 0.81 cents per unit (b) Tax-exempt income distribution - 1.57 cents per unit (c) Capital distribution - 0.07 cents per unit
Tax Rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

(c) Date Payable

27 February 2013

(d) Books Closure Date

29 January 2013

13. DISTRIBUTION STATEMENT

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

14. SEGMENTAL INFORMATION

	<u>Group</u>		+ / (-) %
	FY2012 \$'000	FY2011 \$'000	
Property			
Prudential Tower ¹	16,712	14,753	13.3
Bugis Junction Towers	16,652	16,543	0.7
Ocean Financial Centre ²	62,346	2,046	>500
275 George Street	19,111	18,800	1.7
77 King Street	9,839	9,512	3.4
Total net property income	124,660	61,654	102.2
One-third interest in ORQPL:			
- Rental support	9,267	18,788	(50.7)
- Interest income	1,544	1,446	6.8
- Dividend income	25,255	15,731	60.5
Total income from one-third interest in ORQPL	36,066	35,965	0.3
One-third interest in BFCDLLP:			
- Rental support	5,848	11,523	(49.2)
- Interest income	20,975	19,674	6.6
- Dividend income ³	26,773	21,539	24.3
Total income from one-third interest in BFCDLLP	53,596	52,736	1.6
Ocean Financial Centre ²			
- Rental support	67,144	8,611	>500
8 Chifley Square ⁴			
- Interest income	5,652	909	>500
Total income contribution	287,118	159,875	79.6

Notes:

- (1) This includes the additional 19.4% interest of Prudential Tower acquired on 3 May 2011.
- (2) The acquisitions of the approximate 87.5% and 12.4% interests in OPLLP which owns Ocean Financial Centre were completed on 14 December 2011 and 25 June 2012 respectively.
- (3) This comprises dividend income from BFCDPL prior to its conversion to a limited liability partnership on 15 June 2012 and the distributions from BFCDLLP subsequent to its conversion.
- (4) The acquisition of the 50% interest in 8 Chifley Square was legally completed on 28 July 2011. The property is currently under development and is scheduled for completion in 3Q2013.

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

Please refer to paragraph 8 on the review of performance.

16. BREAKDOWN OF SALES

	<u>Group</u>		+ / (-) %
	FY2012 \$'000	FY2011 \$'000	
(a) Property income reported for first half year	75,873	36,734	106.5
(b) Total return after tax for first half year	58,886	31,421	87.4
(c) Property income reported for second half year	80,997	41,234	96.4
(d) Total return after tax for second half year ¹	274,111	284,275	(3.6)

Notes:

(1) The total return after tax for second half year FY2012 and FY2011 includes fair value changes of the investment properties amounting to approximately \$216.8 million and \$248.3 million respectively. Fair value changes are non-taxable items and have no impact on the distributable income to Unitholders.

17. INTERESTED PERSON TRANSACTIONS (“IPT”)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000)	
	FY2012 \$'000	FY2011 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager’s management fees	39,438	23,699
- Acquisition fee	2,857	23,437
- Property management fees and reimbursable	5,455	1,692
- Project management fees	490	-
- Leasing commissions	966	1,230
- Rental and service charge income ¹	983	32,898
- Rental support	78,984	38,922
- Electricity expenses ¹	7,771	-
- Transportation expenses ¹	620	-
- Interest on borrowings ¹	3,336	8,192
- Acquisition of approximately 87.5% interest in Ocean Properties Pte Limited	-	1,579,265
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee’s fees	939	564

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

Notes:

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

18. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION

	FY2012	FY2011
	\$'000	\$'000
1 January 2011 to 30 June 2011 (paid)	-	50,572
1 July 2011 to 31 December 2011 (paid)	-	62,416
1 January 2012 to 30 June 2012 (paid)	98,295	-
1 July 2012 to 30 September 2012 (paid)	51,459	-
1 October 2012 to 31 December 2012 (to be paid) ¹	52,145	-
	<u>201,899</u>	<u>112,988</u>

Notes:

(1) Please refer to paragraph 12(a) on page 24.

19. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION

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

QUARTERLY BREAKDOWN

Property Income Contribution by Asset (\$'000)

	1Q11	2Q11	3Q11	4Q11	FY11	1Q12	2Q12	3Q12	4Q12	FY12
Property										
Prudential Tower ¹	4,847	4,763	4,830	4,748	19,188	5,231	5,321	5,272	5,195	21,019
Bugis Junction Towers	5,358	5,277	5,085	5,606	21,326	5,038	5,095	5,145	5,149	20,427
Ocean Financial Centre ²	-	-	-	2,866	2,866	17,296	19,696	20,796	21,701	79,489
275 George Street	5,446	5,492	5,709	5,627	22,274	6,041	5,914	5,841	5,629	23,425
77 King Street	3,021	2,530	2,990	3,773	12,314	2,982	3,259	3,146	3,123	12,510
Total property income	18,672	18,062	18,614	22,620	77,968	36,588	39,285	40,200	40,797	156,870

Income Contribution by Asset (\$'000)

	1Q11	2Q11	3Q11	4Q11	FY11	1Q12	2Q12	3Q12	4Q12	FY12
Property										
Prudential Tower ¹	3,827	3,788	3,429	3,709	14,753	4,412	4,252	4,088	3,960	16,712
Bugis Junction Towers	4,327	4,290	4,122	3,804	16,543	4,155	4,311	4,078	4,108	16,652
Ocean Financial Centre ²	-	-	-	2,046	2,046	12,644	15,369	16,672	17,661	62,346
275 George Street	4,612	4,716	4,720	4,752	18,800	5,064	4,695	4,750	4,602	19,111
77 King Street	2,173	1,509	2,386	3,444	9,512	2,234	2,642	2,495	2,468	9,839
Net property income	14,939	14,303	14,657	17,755	61,654	28,509	31,269	32,083	32,799	124,660
One-third interest in ORQPL:										
- Rental support	4,596	4,495	4,636	5,061	18,788	3,422	2,586	3,259	-	9,267
- Interest income	364	362	361	359	1,446	398	377	381	388	1,544
- Dividend income	4,084	4,355	3,988	3,304	15,731	6,052	6,906	6,282	6,015	25,255
Total income from one-third interest in ORQPL	9,044	9,212	8,985	8,724	35,965	9,872	9,869	9,922	6,403	36,066
One-third interest in BFCDLLP:										
- Rental support	4,385	4,305	1,103	1,730	11,523	1,487	1,238	1,982	1,141	5,848
- Interest income	4,940	4,929	4,922	4,883	19,674	5,392	5,123	5,191	5,269	20,975
- Dividend income ³	2,067	3,937	6,941	8,594	21,539	6,590	5,291	7,760	7,132	26,773
Total income from one-third interest in BFCDLLP	11,392	13,171	12,966	15,207	52,736	13,469	11,652	14,933	13,542	53,596
Ocean Financial Centre ²										
- Rental support	-	-	-	8,611	8,611	18,949	16,454	16,476	15,265	67,144
8 Chifley Square ⁴										
- Interest income	-	-	376	533	909	883	1,193	1,622	1,954	5,652
Total income contribution	35,375	36,686	36,984	50,830	159,875	71,682	70,437	75,036	69,963	287,118

Notes:

- (1) This includes the additional 19.4% interest of Prudential Tower acquired on 3 May 2011.
- (2) The acquisitions of the approximate 87.5% and 12.4% interests in OPLLP which owns OFC were completed on 14 December 2011 and 25 June 2012.
- (3) This comprises dividend income from BFCDDL prior to its conversion to a limited liability partnership on 15 June 2012 and the distributions from BFCDLLP subsequent to its conversion.
- (4) The acquisition of the 50% interest in 8 Chifley Square, Sydney was legally completed on 28 July 2011. The property is currently under development and is scheduled for completion in 3Q2013.

By Order of the Board

Keppel REIT Management Limited
(Company Registration Number: 200411357K)
As Manager of Keppel REIT

CHOO CHIN TECK / KELVIN CHUA HUA YEOW
 Joint Company Secretaries
 21 January 2013