



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 Second Quarter and Half Year Ended 30 June 2013

15 July 2013

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the second quarter and half year ended 30 June 2013.

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

Executive

Investor Relations & Research

Keppel REIT Management Limited

Tel: (65)6433-7695

Email: dale.lai@keppelreit.com

Keppel REIT delivers 6.1% Distribution Yield for 1H 2013

- ***Distributable Income for 1H 2013 rose by 6.8% year-on-year (“y-o-y”) to \$105.1 million, surpassing \$104 million for two consecutive half-year distributions***
- ***Distribution Per Unit (“DPU”) for 1H 2013 increased by 2.6% y-o-y to 3.94 cents***
- ***Annualised DPU for 1H 2013 rose by 3.0% y-o-y to 7.95 cents***
- ***Net Property Income (“NPI”) for 1H 2013 increased 11.5% y-o-y to \$66.7 million due mainly to improved performance from Ocean Financial Centre (“OFC”) and 77 King Street***
- ***Property Income for 1H 2013 registered an improvement of 8.9% y-o-y to \$82.6 million***
- ***Share of Results of Associates for 1H 2013 increased 37.5% y-o-y to \$30.4 million and increased 48.9% y-o-y to \$16.2 million for 2Q 2013 due to higher contribution from Marina Bay Financial Centre Phase 1 (“MBFC Phase 1”) and One Raffles Quay (“ORQ”)***
- ***Overall committed portfolio occupancy increased from 98.8% to 99.1%***

Milestones in 2Q 2013

- ***Successfully completed the early refinancing of \$425.0 million or approximately 60% of borrowings due in 2014 and termed out the borrowings by five years***
- ***Extended the weighted average term to expiry of borrowings from 3.2 years to 3.6 years following the early refinancing***
- ***Announced the acquisition of a 50% stake in 8 Exhibition Street, a premium freehold Grade A office building in prime central business district (“CBD”) of Melbourne, Australia***
- ***Keppel REIT’s free-float increased to approximately 48.5%***
- ***Inclusion in FTSE EPRA/NAREIT Global Developed Index, FTSE EPRA/NAREIT Pure Asia Index, and GPR 250 Index***
- ***Awarded the Assisted Compliance Assurance Programme (“ACAP”) Premium status by the Inland Revenue Authority of Singapore (“IRAS”) for the next five years***

Summary of Results

	1H 2013 (\$'000)	1H 2012 (\$'000)	% Change	2Q 2013 (\$'000)	2Q 2012 (\$'000)	% Change
Property Income	82,599	75,873	8.9	41,167	39,285	4.8
Net Property Income	66,667	59,778	11.5	32,249	31,269	3.1
Share of results of Associates	30,371	22,092	37.5	16,173	10,862	48.9
Distributable Income to Unitholders ¹	105,070	98,355	6.8	52,828	49,811	6.1
DPU (cents)	3.94	3.84	2.6	1.97	1.94	1.5
Annualised DPU (cents)	7.95	7.72	3.0	7.90	7.80	1.3
Distribution Yield (%)	6.1 ²	7.3% ³		6.1 ²	7.3% ³	

¹ The distributable income to Unitholders is based on 100% of the income available for distribution.

² The yield is based on the market closing price per unit of \$1.295 as at the last trading day, 28 June 2013.

³ The yield is based on the market closing price per unit of \$1.065 as at the last trading day, 29 June 2012.

Sound Financial Performance

Keppel REIT Management Limited is pleased to announce that Keppel REIT's distributable income for 1H 2013 has increased 6.8% y-o-y to \$105.1 million, representing a DPU yield of 6.1% based on the market closing price of \$1.295 as at 28 June 2013. This surpasses \$104 million for two consecutive half-year distributions.

In 1H 2013, Keppel REIT registered an increase of 11.5% and 8.9% y-o-y in NPI and property income to \$66.7 million and \$82.6 million respectively due mainly to improved performance from OFC and 77 King Street.

Keppel REIT increased its interest in OFC from 87.5% to 99.9% on 25 June 2012. The additional 12.4% of tax transparent income from OFC and the improved occupancy of the property accounted for the increased contribution from the asset in 1H 2013.

Share of result of associates for 2Q 2013 increased 48.9% y-o-y to \$16.2 million. This was due to the higher contribution from both MBFC Phase 1 and ORQ. The improved performance of both assets were attributed to a combination of an increase in occupancy, positive rental reversions and the conversion of MBFC Phase 1 to a Limited Liability Partnership ("LLP") in mid-June 2012. The conversion to a LLP enabled income contribution from MBFC Phase 1 to be passed on to Unitholders on a tax transparent basis.

Following the completion of all its refinancing due in 2013, the Manager commenced early refinancing on borrowings which will be due in 2014. To-date, \$425 million or approximately 60% of borrowings due next

year have been successfully refinanced and termed out for five years. Weighted average term to expiry of borrowings has been extended from 3.2 years to 3.6 years. Keppel REIT also managed to maintain a low all-in interest rate of 2.16% and a healthy interest coverage ratio of 4.8 times as at 2Q 2013.

Sustained Strong Portfolio Performance

Keppel REIT registered improved occupancy of its portfolio in 2Q 2013. MBFC Phase 1, Prudential Tower, Bugis Junction Towers and 275 George Street continue to maintain their full occupancies, while occupancy at OFC has increased from 96.6% in 1Q 2013 to 97.9% in 2Q 2013. This brings Keppel REIT's Singapore portfolio average occupancy up to 99.2% in 2Q 2013 from 98.7% in 1Q 2013, significantly higher than the average Singapore core CBD occupancy of 93.5%. Occupancy of Keppel REIT's Australia portfolio remains strong in 2Q 2013, with an average occupancy rate of 98.8%.

The Manager had been proactively managing its portfolio lease profile in 2Q 2013. Only 2.3% of Keppel REIT's portfolio net lettable area ("NLA") remains to be renewed while 2.5% remains to be reviewed for the rest of 2013. To-date, Keppel REIT has a total of 223 tenants from a diverse range of business sectors spread out across its portfolio of quality office space. The weighted average lease expiry ("WALE") remained at healthy levels of 9.0 years and 6.6 years for its top ten tenants (by NLA) and the entire portfolio respectively.

The construction of the OFC retail and car park annex is on track to be completed in 3Q 2013. The retail and car park annex will comprise 222 car park lots and more than 8,000 sf of retail and F&B space. Ahead of its completion, a majority of the OFC retail space has been pre-committed as at end-June 2013. Also on schedule to be completed in 3Q 2013 is the new premium office building in Sydney's CBD, 8 Chifley Square.

DPU Accretive Acquisition of 8 Exhibition Street in Melbourne

On 26 June 2013, Keppel REIT announced the acquisition of a 50% interest in a premium freehold Grade A office building at 8 Exhibition Street, Melbourne, Australia. The acquisition of the 50% interest in the property, which is DPU accretive, is at a price of A\$160.2 million or approximately S\$192.4 million¹. This will add to its sterling portfolio of commercial assets in Singapore and in key cities of Australia.

8 Exhibition Street is 100% leased to well-established tenants in the financial, aviation, financial advisory, tax and transaction services sectors. The 35-storey commercial building, located in the prime part of Melbourne's CBD has a total NLA of approximately 480,309 sf with 3,304 sf of ancillary retail space on the ground floor. The building has a 4.5 star NABERS energy rating.

¹ Based on an exchange rate of A\$1 = S\$1.201

Industry Recognition

With effect from 24 June 2013, Keppel REIT has been included in the FTSE EPRA/NAREIT Global Developed Index, FTSE EPRA/NAREIT Pure Asia Index, and the GPR 250 Index.

Following Keppel Corporation Limited's distribution-in-specie of Keppel REIT units on 8 May 2013, and the subsequent sale of 180 million Keppel REIT units, Keppel REIT currently has a free-float of approximately 48.5%. With the higher liquidity and trading price, Keppel REIT was included in the FTSE EPRA/NAREIT indices and the GPR 250 Index, where constituents are free-float weighted to ensure that only investable stocks are included. The index series are suitable for use as performance benchmarks for the industry and as a basis for investment products such as Exchange Traded Funds.

During the quarter, Keppel REIT was awarded the ACAP Premium status by IRAS in recognition of the Manager's efforts in demonstrating a long-term commitment in establishing a good tax infrastructure, and also for incorporating goods and services tax ("GST") risk management as part of good corporate governance. The Premium Status is valid for five years and will allow Keppel REIT to benefit from a stepped down level of IRAS-GST compliance activities, faster GST refunds as well as a dedicated team from IRAS to handle GST rulings and issues.

Positive Outlook for Singapore Office Market

Advanced estimates released by the Ministry of Trade and Industry showed that the Singapore economy grew by a larger than expected 15.2% quarter-on-quarter in 2Q 2013. As compared to 1Q 2013, the manufacturing, construction, and services sectors led the strong growth in 2Q 2013. With this, the Singapore economy appears to be on track to grow by the forecasted 1% to 3% in 2013, while inflation continues to remain moderate.

With limited new office supply this year and demand remaining firm, Colliers reported an increase in core CBD occupancy rate from 90.2% in 1Q 2013 to 93.5% in 2Q 2013. Premium grade office rentals have increased from an average of \$9.41 psf in 1Q 2013 to an average of \$9.60 psf in 2Q 2013. Singapore's office market is also becoming more diversified, and is benefiting from the city's growth as one of Asia's wealth management centres and commodities hubs.

Rebalancing of Growth in Australia

In the recent Reserve Bank of Australia ("RBA") meeting on 2 July 2013, the benchmark interest rate was kept at 2.75%. With the US Federal Reserve signalling a possible slowdown in the US central bank's quantitative easing, the US dollar strengthened against the Australian dollar. The RBA cited the normalisation of the Australian dollar against the US dollar as a good stimulus for the Australian economy.

The limited new supply of prime offices in Sydney's CBD has kept CBD occupancy rates at healthy levels of 93.0% as at end-March 2013. With the rebalancing of growth from mining to other sectors, the prime office markets of Brisbane and Perth posted steady occupancy rates of 91.9% and 94.9% respectively as at end-March 2013.

Looking Ahead

With nearly all assets fully committed with long tenure leases, the Manager remains confident of the performance of Keppel REIT's property portfolio.

Ocean Financial Centre Phase 2 comprising the retail and carpark annex and 8 Chifley Square which are currently under construction are both on track for completion in 3Q2013. In Perth, Western Australia, construction of the new office tower on the site of the Old Treasury Building has commenced and is expected to be completed in 2015. .

The recent announcement of the acquisition of 8 Exhibition Street will complement Keppel REIT's sterling portfolio and is in line with its objective of acquiring quality commercial buildings with strong cash flows, in key cities pan-Asia.

Looking ahead, the Manager will continue to focus on maintaining strong occupancy for its portfolio of properties as well as proactively managing leases due for rent review and renewal. The Manager will also actively seek to early refinance maturing loans at competitive terms and extend the debt maturity profile. It will also monitor interest rate and foreign exchange exposures so as to manage its financial risks. The Manager will selectively pursue opportunities for strategic acquisitions so as to deliver long-term growth to 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 30 June 2013, Keppel REIT has an asset size of approximately S\$6.6 billion comprising nine premium commercial assets strategically located in the central business districts of Singapore, and key cities of Sydney, 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 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 Bugis Junction Towers.

In Australia, Keppel REIT owns four premium commercial assets: a 50% interest in 8 Chifley Square and the office tower at 77 King Street, both in Sydney, 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 site of the Old Treasury Building 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.