



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 Quarter Ended 31 March 2013

15 April 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 quarter ended 31 March 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 Grace Chia

Senior Manager

Group Corporate Communications

Keppel Corporation Limited

Tel: (65)6413-6434 / (65) 9694-1328

Email: grace.chia@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's Net Property Income Increased 20.7% Year-on-year

- **Net Property Income (“NPI”) increased 20.7% year-on-year (“y-o-y”) to \$34.4 million primarily due to improved performance from Ocean Financial Centre (“OFC”) and 77 King Street.**
- **Property Income registered an improvement of 13.2% y-o-y to \$41.4 million.**
- **Share of Results of Associates increased 26.4% y-o-y to \$14.2 million due to higher contribution from Marina Bay Financial Centre Phase 1 (“MBFC Phase1”).**
- **Distributable income for 1Q 2013 was \$52.2 million, an increase 7.6% y-o-y.**
- **Annualised 1Q 2013 Distribution Per Unit (“DPU”) rose by 4.6% y-o-y to 7.99 cents.**
- **All refinancing for 2013 is completed, and weighted average term to expiry has been extended from 3.1 years to 3.2 years.**
- **Completed the acquisition of the new office building to be built on the Old Treasury Building site in Perth, Western Australia.**
- **Overall committed portfolio occupancy increased to approximately 99%.**
- **Four out of seven completed properties are 100% occupied.**

Summary of Results

(\$'000)	1Q 2013	1Q 2012	Change	% Change
Property Income	41,432	36,588	4,844	13.2
Net Property Income	34,418	28,509	5,909	20.7
Share of Results of Associates	14,198	11,230	2,968	26.4
Distributable Income to Unitholders ¹	52,242	48,544	3,698	7.6
Distribution Per Unit (cents)	1.97	1.90	0.07	3.7
Annualised Distribution Per Unit (cents)	7.99	7.64	0.35	4.6
Distribution Yield (%)	5.9 ²	7.9 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 \$1.360 as at the last trading day, 28 March 2013.

³ The yield is based on the market closing price per unit of \$0.965 as at the last trading day, 30 March 2012.

Growth in Net Property Income

The Board and management of Keppel REIT Management Limited, the Manager of Keppel REIT, are pleased to announce that Keppel REIT registered a 20.7% y-o-y increase in NPI to \$34.4 million in 1Q 2013. Higher occupancies and improved performance from OFC and 77 King Street were the main contributors to the rise of 13.2% y-o-y in property income.

In addition to the higher occupancy of OFC, which increased from 90.6% in 1Q 2012 to 96.6% in 1Q 2013, the increased contribution from OFC was also attributed to Keppel REIT's acquisition of an additional 12.4% interest in the asset in June 2012. The acquisition increased Keppel REIT's interest in OFC to 99.9%, enabling Unitholders' to enjoy 99.9% of tax transparent income from the asset.

During the quarter, share of results of associates posted a 26.4% y-o-y increment to \$14.2 million. The improved result was due mainly to higher contribution from MBFC Phase 1. This was due to an increase in occupancy from 98.7% in 1Q 2012 to 100% in 1Q 2013 as well as MBFC Phase 1 being successfully converted to a Limited Liability Partnership ("LLP") structure in June 2012. The conversion to a LLP structure enabled income contribution from MBFC Phase 1 to be passed on to Unitholders on a tax transparent basis.

Distributable income for 1Q 2013 increased 7.6% y-o-y to \$52.2 million. DPU for 1Q 2013 stood at 1.97 cents, 3.7% higher y-o-y, while annualised DPU of 7.99 cents was 4.6% higher as compared to a year ago.

On the capital management front, the Manager completed all refinancing that was due in 2013. The \$155 million debt has been termed out to 2018, extending the debt weighted average term to expiry from 3.1 years to 3.2 years. Keppel REIT also managed to maintain a low all-in interest rate of 2.17% and a healthy interest coverage ratio of 4.8 times.

Strong Portfolio Performance

Keppel REIT continued to strengthen its occupancy across its properties in 1Q 2013. Total property portfolio average committed occupancy rose to 98.8%. During the quarter, occupancy levels at MBFC Phase 1 and OFC improved to 100% and 96.6% respectively. This brings four of Keppel REIT's completed seven properties to 100% occupancy.

The Manager had been proactively managing its portfolio lease profile in 1Q 2013. For the rest of 2013, approximately 3.5% and 3.0% of portfolio net lettable area ("NLA") will be up for renewal and rent review respectively.

To date, Keppel REIT has a total of 222 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 6.9 years for its top ten tenants and 5.7 years for the entire portfolio, by NLA.

In March 2013, 77 King Street in Sydney achieved an improved 4.5-Stars National Australian Built Environment Rating System ("NABERS") energy rating. The 4.5-Stars NABERS rating was awarded to the building in recognition of the better energy efficiency and improved sustainability performance of the building.

On 28 March 2013, Keppel REIT completed the acquisition of a 50% interest in the new office tower to be built on the Old Treasury Building site in Perth, Western Australia. 98% of the NLA of this asset has been pre-committed by the Government of Western Australia for 25 years, with options to extend for an additional 25 years.

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. Also on schedule to be completed in 3Q 2013 is 8 Chifley Square in Sydney. This new premium office building in Sydney's CBD recently increased pre-committed occupancy to more than 56%. QBE Insurance Group, one of the world's top 20 general insurance and reinsurance firms that is listed on the Australian Stock Exchange, has signed on a long lease of 10 years for approximately 30,000 sf of prime office space.

Singapore Office Market Supported by Strong Economic Fundamentals

Fitch Ratings has reaffirmed Singapore's AAA sovereign rating. The rating agency cited Singapore's fiscal prudence and well-capitalised financial institutions as the main reason for the reaffirmation. Singapore was also commended for its strong economic fundamentals and stable political scene.

During the first quarter of 2013, reports showed an increase in demand for office space from the insurance, commodities, multi-media, business services and legal sectors. Reflecting the strong economic fundamentals and attractiveness of Singapore, core CBD office occupancy rate increased from 92.2% in 4Q 2012 to 93.2% in 1Q 2013. The contraction in core CBD office vacancy coupled with the continued "flight to quality" trend has helped to maintain average Grade A rentals at a relatively stable \$9.55 psf. CB Richard Ellis expects occupancy rates in the business district to remain high as Asia Square Tower 2 will be the only new Grade A office building to be added to the CBD this year.

Upbeat Australia Office Market Outlook

During the quarter, the Australian economy registered a stronger than expected employment growth. Consumer sentiments as well as the outlook on asset prices and housing construction sector also showed improvements. As a result of the more upbeat market view, the Reserve Bank of Australia has kept the benchmark interest rate unchanged at 3.0%.

In the Sydney CBD office market, increased demand and removal of some existing office buildings for redevelopment have contributed to the relatively stable occupancy rates. Rental rates for prime office have held firm at A\$811 psm pa. In Brisbane, the office leasing market is also expecting an increase in activity in the coming months. Leasing agents highlighted that several mining, engineering and financial tenants have been on the lookout for prime CBD space.

Looking Ahead

The Manager remains confident of the performance of Keppel REIT's property portfolio. As at end 1Q 2013, Keppel REIT's portfolio occupancy was nearly 99%, coupled with a long weighted average lease term to expiry for its top ten tenants and entire portfolio at 6.9 years and 5.7 years respectively.

The asset enhancement initiatives at Prudential Tower have been completed while the remaining works at Bugis Junction Towers are on track for completion in 2Q 2013. Ocean Financial Centre Phase 2, comprising the retail and car park annex as well as 8 Chifley Square, which are currently under construction are both on track for completion in 3Q 2013.

Going forward, the Manager will continue to focus efforts in maintaining a high occupancy for its portfolio of properties, as well as proactively managing the leases due for renewals and rent reviews for the rest of the year. All refinancing for 2013 has been completed, the refinanced sum for 2013 has been termed out to 2018 and the weighted average term to expiry has been extended to 3.2 years. The Manager will also continue to exercise prudent interest rate and foreign exchange hedging practices so as to manage financial risks. In addition, 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 in Singapore and across Asia.

As at 31 March 2013, Keppel REIT has an asset size of approximately \$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 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.

On 28 March 2013, Keppel REIT completed the acquisition of a 50% interest in the new office tower to be built on the Old Treasury Building site in Perth, Australia. 98% of NLA of this asset has been pre-committed by the Government of Western Australia for 25 years, with options to extend for an additional 25 years.

In Australia, Keppel REIT now owns four premium commercial assets; the office tower at 77 King Street and a 50% interest in 8 Chifley Square, 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.