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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Third Quarter and Nine Months Ended 30 September 2014

16 October 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 third quarter and nine months ended 30 September 2014.

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

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Keppel REIT's Net Property Income grows 16.1% year-on-year

Achieves positive rental reversion of 32.3% in 3Q 2014 and
Maintains healthy annualised distribution yield of 6.4%

- Net property income for the first nine months of 2014 ("YTD Sept 2014") rose 16.1% year-on-year ("y-o-y") to $117.2 million
- Achieved positive rental reversion of 32.3% in 3Q 2014
- Attained high tenant retention rate of 92% in 3Q 2014
- Strategic rejuvenation of property portfolio with the proposed acquisition of a one-third interest in Marina Bay Financial Centre ("MBFC") Tower 3 on 18 September 2014 and the successful divestment of its 92.8% stake in Prudential Tower on 26 September 2014
- With the portfolio upgrade, credit rating agencies Moody's and Standard & Poor's have both reaffirmed Keppel REIT's rating at "Baa2" and "BBB" respectively with a stable outlook
- All-in interest rate remains at 2.2%
- Proactive leasing strategy with forward renewals of approximately 175,000 sf for YTD Sept 2014
- Maintained strong committed portfolio occupancy of 99.3%, with seven of 11 office towers fully committed

Summary of Results

	GROUP			
	3Q 2014 $'000	**YTD Sept 2014** $'000	**YTD Sept 2013** $'000	**+/(-)** %
Property Income	47,628	141,756	126,551	12.0
Net Property Income	38,524	117,183	100,944	16.1
Net Income before Divestment Gain, Net Change in Fair Value of Investment Properties and Tax	33,342	116,242	115,901	0.3
Income Available for Distribution	52,027	160,294	159,149	0.7
Distribution to Unitholders[1]	52,027	160,294	159,149	0.7
Distribution per Unit ("DPU") (cents)				
For the Period	1.85	5.72	5.91	(3.2)
Annualised	7.34	7.65	7.90	(3.2)
Distribution Yield %	6.2% [2]	6.4% [2]	6.4% [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 $1.190 as at the last trading day, 30 September 2014.*
3. *The yield is based on the market closing price per unit of $1.230 as at the last trading day, 30 September 2013.*

Steady and Sustainable Performance

Keppel REIT Management Limited is pleased to announce a 16.1% y-o-y growth in net property income to $117.2 million for YTD Sept 2014. Property income for the same period also rose 12.0% y-o-y to $141.8 million. The increase was due mainly to better performance from Ocean Financial Centre and contribution from the 50% interest in 8 Exhibition Street, which was acquired on 1 August 2013.

The Group's net income before divestment gain, net change in fair value of investment properties and tax for YTD Sept 2014 was $116.2 million, a 0.3% y-o-y increase as a result of higher net property income and interest income, as well as a greater share of results of joint ventures and lower amortisation expenses. These were partly offset by lower rental support and share of results of associates, higher borrowing costs, management fees and trust expenses, as well as the change in fair value of interest rate swap. The Group's total return before tax for YTD September 2014 was $224.7 million, a 93.9% increase y-o-y as a result of gain on divestment of investment property and net fair value gain in investment properties.

Distributable income for YTD Sept 2014 grew 0.7% y-o-y to $160.3 million. DPU for 3Q and YTD Sept 2014 stood at 1.85 cents and 5.72 cents respectively, equivalent to an annualised distribution yield of 6.4%.

Proactive Lease Management

Proactive leasing efforts by the Manager saw positive rental reversions of 32.3% and a high tenant retention rate of 92% in 3Q 2014. During the quarter, approximately 25,000 sf of space were leased and renewed to tenants from diverse sectors including the energy and natural resources, info-communication services and consultancy, real estate and property services, as well as retail (including F&B) industries.

The Manager has also forward renewed approximately 175,000 sf of space for YTD Sept 2014. These efforts saw Keppel REIT continue to maintain strong committed occupancy levels of 99.3% for its entire portfolio, with seven out of 11 office towers fully committed as at 30 September 2014.

Only 0.2% or approximately 5,500 sf of Keppel REIT's portfolio remains to be renewed. The Manager is also in advanced negotiation with tenants for the review of 6.3% or approximately 182,000 sf of space for the remaining quarter of 2014.

Keppel REIT continues to retain a total of 227 tenants from a diverse range of business sectors in its portfolio's tenant base. The portfolio has a long weighted average lease expiry of 8.2 years and 6.2 years for its top ten tenants (by net lettable area) and the entire portfolio respectively.

Strategic Rejuvenation of Portfolio

The Manager is also committed to proactively optimise and upgrade its portfolio to ensure long-term sustainable income to Keppel REIT Unitholders.

Following its announcement in May 2014, Keppel REIT successfully completed the divestment of its 92.8% interest in the 16-year-old Prudential Tower for $512.0 million on 26 September 2014.

On 18 September 2014, Keppel REIT announced the proposed acquisition of a one-third interest in the two-year-old MBFC Tower 3 for an agreed property value of $1,248.0 million or $2,790 psf. Excluding the five-year rental support of up to an aggregate amount of approximately $49.2 million, the net purchase price will be $1,198.8 million or $2,680 psf.

The favourable rejuvenation of portfolio saw credit rating agencies Moody's and Standard & Poor's both reaffirm Keppel REIT's rating at "Baa2" and "BBB" respectively with a stable outlook. Both agencies expect the addition of MBFC Tower 3 to augment the overall quality of Keppel REIT's portfolio as well as enhance Keppel REIT's income diversification while keeping its financial strength intact.

Prudent Capital Management Strategy

The Manager has completed the refinancing of all loans due in 2014. In addition, $275 million (48%) and $75 million (16%) of borrowings due in 2015 and 2016 respectively have also been refinanced early, with no further refinancing requirements for the next 14 months.

Aggregate leverage decreased to 42.1% as at 30 September 2014, with approximately 72% of borrowings on fixed-rate. The year-to-date all-in interest rate stood at 2.2% as at 30 September 2014, while the weighted average term to expiry is 3.5 years. Interest coverage ratio is healthy at 5.1 times.

Singapore Office Market Outlook

Advanced estimates by the Ministry of Trade and Industry indicate that the Singapore economy expanded 1.2% quarter-on-quarter ("q-o-q") to 2.4% in 3Q 2014. With continued expansion in the global economy, the Monetary Authority of Singapore expects the economy to grow at a moderate pace for the rest of 2014 and in 2015.

According to CBRE, average occupancy for Grade A office space in the core CBD area held firm at 96.6%. Grade A rents in the CBD core market continued to lead rental growth, rising 3.3% q-o-q to $10.95 psf per month during the quarter. CBRE expects rental rates and leasing demand to remain positive over the new few quarters, underpinned by low vacancy and steady demand.

Australia Office Market Outlook

Meanwhile, the Australian Bureau of Statistics has recorded a y-o-y economic growth of 3.1% in 2Q 2014. The Reserve Bank of Australia (RBA) expects GDP to be 3.0% for 2014. In September 2014, RBA also announced that it will continue to maintain interest rates at 2.5% to sustain demand and economic growth.

According to Jones Lang LaSalle, office leasing activity in Australia is expected to improve through 2014 and 2015, with signs of expansion from companies in the professional services and technology-related sectors. It had also noted that an estimated 4% to 5% of office stock could potentially be withdrawn from the CBD office markets in the next few years, and together with the underinvestment in capital expenditure, this could likely generate new leasing enquiries in the office markets.

Looking Ahead

The Manager will continue to adopt a prudent and proactive capital management strategy to mitigate financing risks. The Manager also strives to deliver sustainable returns to Unitholders by maximising the performance of its properties as well as continually enhancing and optimising its portfolio to generate stable returns.

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 September 2014, Keppel REIT has an asset size of approximately $6.9 billion comprising interests in nine premium office assets with 11 office towers strategically located in the central business districts of Singapore, as well as 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 ("MBFC") Phase One (comprising Towers 1 and 2 and Marina Bay Link Mall), a one-third interest in One Raffles Quay, 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.

On 18 September 2014, Keppel REIT announced the proposed acquisition of a one-third interest in MBFC Tower 3. The acquisition is subject to and conditional upon among others, the approval of Unitholders at an extraordinary general meeting. On 26 September 2014, Keppel REIT successfully completed the divestment of its 92.8% interest in Prudential Tower.

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

Important Notice

The value of units 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.