

**KEPPEL REIT  
THIRD QUARTER 2012 FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012****TABLE OF CONTENTS**

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**SUMMARY OF KEPPEL REIT RESULTS  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012**

	GROUP			
	3Q2012 \$'000	YTD Sep 2012 \$'000	YTD Sep 2011 \$'000	+/(-) %
Property Income	40,200	116,073	55,348	109.7
Net Property Income	32,083	91,861	43,899	109.3
Share of Results of Associates	12,709	34,801	25,415	36.9
Total Return before Tax	34,472	101,094	51,371	96.8
Income Available for Distribution	51,685	150,040	77,236	94.3
Distributable Income to Unitholders <sup>1</sup>	51,685	150,040	77,236	94.3
<b>Distribution per Unit ("DPU") (cents)</b>				
<b>For the Period</b>	<b>1.96</b>	<b>5.80</b>	<b>5.68</b>	2.1
<b>Annualised</b>	<b>7.80</b>	<b>7.75</b>	<b>7.59</b>	2.1
Distribution Yield	6.6% <sup>2</sup>	6.5% <sup>2</sup>	7.6% <sup>3</sup>	
<b>Adjusted for Rights Issue</b>				
<b>DPU (cents)</b>				
<b>For the Period</b>	<b>1.96</b>	<b>5.80</b>	<b>3.06</b> <sup>4</sup>	89.5
<b>Annualised</b>	<b>7.80</b>	<b>7.75</b>	<b>4.09</b> <sup>4</sup>	89.5

**Notes:**

- (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 \$1.185 as at the last trading day, 28 September 2012.
- (3) The yield is based on the market closing price per unit of \$1.005 as at the last trading day, 30 September 2011.
- (4) 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 July 2012 to 30 September 2012
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 0.90 cents per unit (b) Tax-exempt income distribution - 1.03 cents per unit (c) Capital distribution - 0.03 cents per unit
Books Closure Date	23 October 2012
Payment Date	27 November 2012

## 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 30 September 2012, Keppel REIT has an asset size of \$6.35 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 & 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the third quarter and nine months ended 30 September 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	3Q2012		3Q2011		+ / (-) %	Group		+ / (-) %
		\$'000	\$'000	YTD Sep 2012 \$'000	YTD Sep 2011 \$'000				
Gross rent		39,441	18,291	115.6	113,850	54,391	109.3		
Car park income		347	289	20.1	1,019	851	19.7		
Other income		412	34	>500	1,204	106	>500		
<b>Property income</b>		<b>40,200</b>	<b>18,614</b>	<b>116.0</b>	<b>116,073</b>	<b>55,348</b>	<b>109.7</b>		
Property tax		(2,930)	(1,096)	167.3	(8,415)	(2,942)	186.0		
Other property expenses	1	(3,494)	(1,823)	91.7	(10,919)	(5,504)	98.4		
Property management fee		(1,045)	(414)	152.4	(2,933)	(1,254)	133.9		
Maintenance and sinking fund contributions		(648)	(624)	3.8	(1,945)	(1,749)	11.2		
<b>Property expenses</b>		<b>(8,117)</b>	<b>(3,957)</b>	<b>105.1</b>	<b>(24,212)</b>	<b>(11,449)</b>	<b>111.5</b>		
<b>Net property income</b>		<b>32,083</b>	<b>14,657</b>	<b>118.9</b>	<b>91,861</b>	<b>43,899</b>	<b>109.3</b>		
Rental support	2	22,785	7,923	187.6	69,029	28,423	142.9		
Interest income	3	7,468	5,885	26.9	21,365	17,086	25.0		
Share of results of associates	4	12,709	10,929	16.3	34,801	25,415	36.9		
Share of results of joint ventures	5	4	-	Nm	2	-	Nm		
Amortisation expense	6	(16,964)	(7,806)	117.3	(48,204)	(22,687)	112.5		
Borrowing costs	7	(12,117)	(7,173)	68.9	(34,378)	(20,939)	64.2		
Manager's management fees	8	(10,122)	(5,761)	75.7	(29,166)	(16,748)	74.1		
Trust expenses		(779)	(510)	52.7	(3,621)	(2,287)	58.3		
Changes in fair value of derivative financial instruments	9	(595)	(466)	27.7	(595)	(791)	(24.8)		
<b>Total return before tax</b>		<b>34,472</b>	<b>17,678</b>	<b>95.0</b>	<b>101,094</b>	<b>51,371</b>	<b>96.8</b>		
Income tax expense	10	(3,646)	(1,260)	189.4	(11,382)	(3,532)	222.3		
<b>Total return after tax</b>		<b>30,826</b>	<b>16,418</b>	<b>87.8</b>	<b>89,712</b>	<b>47,839</b>	<b>87.5</b>		
<b>Attributable to:</b>									
Unitholders		30,811	16,418	87.7	86,493	47,839	80.8		
Non-controlling interest		15	-	Nm	3,219	-	Nm		
		<b>30,826</b>	<b>16,418</b>	<b>87.8</b>	<b>89,712</b>	<b>47,839</b>	<b>87.5</b>		
<b>Distribution Statement</b>									
<b>Total return for the period attributable to Unitholders</b>		<b>30,811</b>	<b>16,418</b>	<b>87.7</b>	<b>86,493</b>	<b>47,839</b>	<b>80.8</b>		
Net tax adjustments	11	20,874	10,274	103.2	63,547	29,397	116.2		
<b>Income available for distribution</b>		<b>51,685</b>	<b>26,692</b>	<b>93.6</b>	<b>150,040</b>	<b>77,236</b>	<b>94.3</b>		
<b>Distribution to Unitholders</b>	12	<b>51,685</b>	<b>26,692</b>	<b>93.6</b>	<b>150,040</b>	<b>77,236</b>	<b>94.3</b>		
<b>Distribution per unit (cents)</b>									
For the period	13	1.96	1.06	84.9	5.80	3.06	89.5		
Annualised	13	7.80	4.21	85.3	7.75	4.09	89.5		

**Notes:**

Nm – Not meaningful

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

	<u>Group</u>		YTD	YTD
	3Q2012	3Q2011	Sep 2012	Sep 2011
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	153	328	439	723
Utilities	1,171	517	3,843	1,507
Repair and maintenance	1,451	782	4,616	2,764
Property management reimbursements	535	88	1,404	241
Other property expenses	184	108	617	269
	<b>3,494</b>	<b>1,823</b>	<b>10,919</b>	<b>5,504</b>

- (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 & 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>		YTD	YTD
	3Q2012	3Q2011	Sep 2012	Sep 2011
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	274	226	805	832
Interest income from shareholder's loans to ORQPL and BFCDLLP	5,572	5,283	16,862	15,878
Interest income from convertible notes in Mirvac 8 Chifley Trust	1,622	376	3,698	376
	<b>7,468</b>	<b>5,885</b>	<b>21,365</b>	<b>17,086</b>

- (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 30 September 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>		YTD	YTD
	3Q2012	3Q2011	Sep 2012	Sep 2011
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	10,333	6,116	29,429	17,678
Interest expense on revolving loans	1,463	865	4,013	2,687
Amortisation of capitalised transaction costs	321	192	936	574
	<b>12,117</b>	<b>7,173</b>	<b>34,378</b>	<b>20,939</b>

- (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 2012 and 2011.

- (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) 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.

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

	<u>Group</u>		YTD	YTD
	3Q2012	3Q2011	Sep 2012	Sep 2011
	\$'000	\$'000	\$'000	\$'000
Management fees payable in units	6,753	2,881	19,640	8,374
Trustee's fees	241	138	693	401
Amortisation of intangible asset and capitalised transaction costs	17,285	7,998	49,140	23,261
Temporary differences and other tax adjustments	(3,405)	(743)	(5,926)	(2,639)
	<u>20,874</u>	<u>10,274</u>	<u>63,547</u>	<u>29,397</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.

(12) Keppel REIT has been committed to distributing 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.

(13) DPU for 3Q2011 and YTD September 2011 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>		+ / (-) %	YTD	YTD	+ / (-) %
	3Q2012	3Q2011		Sep 2012	Sep 2011	
	\$'000	\$'000		\$'000	\$'000	
Total return after tax	30,826	16,418	87.8	89,712	47,839	87.5
<b>Other comprehensive income:</b>						
Foreign currency translation	2,363	(12,041)	Nm	(9,796)	925	Nm
<u>Cashflow hedges:</u>						
Net change in fair value of cash flow hedges	6,829	(19,169)	Nm	(8,871)	(30,417)	(70.8)
Share of net change in fair value of cash flow hedges of an associate	375	(3,710)	Nm	(1,235)	(3,710)	(66.7)
<b>Other comprehensive income for the period, net of tax</b>	<b>9,567</b>	<b>(34,920)</b>	<b>Nm</b>	<b>(19,902)</b>	<b>(33,202)</b>	<b>(40.1)</b>
<b>Total comprehensive income for the period</b>	<b><u>40,393</u></b>	<b><u>(18,502)</u></b>	<b>Nm</b>	<b><u>69,810</u></b>	<b><u>14,637</u></b>	<b>376.9</b>

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	Group				Trust			
	30/09/2012	31/12/2011 (restated)	31/12/2010 (restated)	+ / (-)	30/09/2012	31/12/2011	+ / (-)	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	%	
<b>Non-current assets</b>								
Investment properties	1	3,467,544	3,472,069	1,025,634	(0.1)	884,195	881,870	0.3
Investment in subsidiaries		-	-	-	-	1,839,501	1,611,166	14.2
Investment in associates	2	2,087,396	2,092,711	1,978,276	(0.3)	1,979,813	1,979,813	-
Investment in joint ventures	3	114,914	37,011	-	210.5	-	-	-
Amount owing by subsidiary		-	-	-	-	502,394	430,314	16.8
Other non-current receivables		10,141	6,734	-	50.6	462	-	Nm
Fixed assets		41	53	-	(22.6)	-	-	-
Intangible asset	4	109,158	137,945	37,242	(20.9)	6,645	10,893	(39.0)
Derivative financial instruments	5	-	5,264	-	Nm	-	5,264	Nm
<b>Total non-current assets</b>		<b>5,789,194</b>	<b>5,751,787</b>	<b>3,041,152</b>	<b>0.7</b>	<b>5,213,010</b>	<b>4,919,320</b>	<b>6.0</b>
<b>Current assets</b>								
Trade and other receivables	6	42,440	30,582	21,144	38.8	59,699	21,069	183.3
Prepaid expenses		1,295	723	998	79.1	693	544	27.4
Cash and cash equivalents		104,606	85,741	49,860	22.0	49,048	59,386	(17.4)
Derivative financial instruments	5	7,154	4,835	-	48.0	7,154	4,835	48.0
<b>Total current assets</b>		<b>155,495</b>	<b>121,881</b>	<b>72,002</b>	<b>27.6</b>	<b>116,594</b>	<b>85,834</b>	<b>35.8</b>
<b>Total assets</b>		<b>5,944,689</b>	<b>5,873,668</b>	<b>3,113,154</b>	<b>1.2</b>	<b>5,329,604</b>	<b>5,005,154</b>	<b>6.5</b>
<b>Current liabilities</b>								
Trade and other payables		134,733	141,355	44,000	(4.7)	53,400	45,645	17.0
Income received in advance		2,330	2,352	5,225	(0.9)	272	105	159.0
Short term borrowings	7	580,149	510,127	-	13.7	-	-	-
Current portion of security deposits		3,489	1,213	2,400	187.6	3,489	1,213	187.6
Derivative financial instruments	5	381	267	452	42.7	381	267	42.7
Provision for taxation		12,780	5,402	3,261	136.6	12,168	5,056	140.7
<b>Total current liabilities</b>		<b>733,862</b>	<b>660,716</b>	<b>55,338</b>	<b>11.1</b>	<b>69,710</b>	<b>52,286</b>	<b>33.3</b>
<b>Non-current liabilities</b>								
Income received in advance		33,381	15,179	4,310	119.9	30,522	9,102	235.3
Long term borrowings	7	1,843,306	1,655,833	989,932	11.3	1,997,915	1,755,715	13.8
Derivative financial instruments	8	28,786	22,974	4,606	25.3	28,786	22,974	25.3
Non-current portion of security deposits		28,499	26,720	6,186	6.7	7,111	8,118	(12.4)
<b>Total non-current liabilities</b>		<b>1,933,972</b>	<b>1,720,706</b>	<b>1,005,034</b>	<b>12.4</b>	<b>2,064,334</b>	<b>1,795,909</b>	<b>14.9</b>
<b>Total liabilities</b>		<b>2,667,834</b>	<b>2,381,422</b>	<b>1,060,372</b>	<b>12.0</b>	<b>2,134,044</b>	<b>1,848,195</b>	<b>15.5</b>
<b>Net assets</b>		<b>3,276,855</b>	<b>3,492,246</b>	<b>2,052,782</b>	<b>(6.2)</b>	<b>3,195,560</b>	<b>3,156,959</b>	<b>1.2</b>
Represented by:								
<b>Unitholders' funds</b>		<b>3,275,128</b>	<b>3,279,413</b>	<b>2,052,782</b>	<b>(0.1)</b>	<b>3,195,560</b>	<b>3,156,959</b>	<b>1.2</b>
<b>Non-controlling interest</b>		<b>1,727</b>	<b>212,833</b>	<b>-</b>	<b>(99.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>3,276,855</b>	<b>3,492,246</b>	<b>2,052,782</b>	<b>(6.2)</b>	<b>3,195,560</b>	<b>3,156,959</b>	<b>1.2</b>
Net asset value per unit (\$)		1.25	1.29	1.51		1.22	1.24	
Gross borrowings / Value of deposited properties (%)	9	44.1	41.6	37.0				

**Notes:**

Nm – Not meaningful

- (1) *The decrease in investment properties is due mainly to translation exchange differences arising from the Australian properties partly offset by capital expenditure for Prudential Tower.*
- (2) *This relates to the one-third equity interests in ORQPL and BFCDLLP, the 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 OPLL. 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 net income from the Australian properties and investment in 8 Chifley Square.*
- (6) *Included in the balances are receivables for rental support top-up payments and dividend income of \$36.3 million as at 30 September 2012 (31 December 2011: \$17.3 million).*
- (7) *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 OPLL. The balance also includes the bank borrowings recorded in OPLL.*
- (8) *This relates to the fair value of the interest rate swaps entered into by the Trust.*
- (9) *This is based on the total amount of gross borrowings and valuation of deposited properties (held directly and indirectly) of \$6.35 billion as at 30 September 2012 (31 December 2011: \$6.00 billion).*



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

	<u>Group</u>	
	As at 30/09/12 \$'000	As at 31/12/11 \$'000
<b>Secured borrowings</b>		
Amount repayable w ithin one year	425,168	410,222
Amount repayable after one year	425,000	425,000
Less: Unamortised portion of fees	(1,757)	(2,185)
	<b>848,411</b>	<b>833,037</b>
<b>Unsecured borrowings</b>		
Amount repayable w ithin one year	155,000	100,000
Amount repayable after one year	1,422,147	1,235,434
Less: Unamortised portion of fees	(2,103)	(2,511)
	<b>1,575,044</b>	<b>1,332,923</b>
<b>Total borrowings</b>	<b>2,423,455</b>	<b>2,165,960</b>

**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.

As a security for the 4-year term loan facility of \$760 million, the Group mortgaged its Ocean Financial Centre and granted in favour of the lender the following:

- (i) an assignment of construction contracts and construction guarantees, shareholders undertaking, subordination deed, trust deed; and
- (ii) an assignment of rental and insurance proceeds derived from the property.

As at 30 September 2012, the Group had utilised approximately \$2,427.3 million and had an unutilised \$359.7 million of facilities available to meet its future obligations. The weighted average interest rate for all borrowings for 3Q2012 stood at 2.00% per annum.

1(c) Consolidated Statement of Cash Flows

	Note	Group			
		3Q2012	3Q2011	YTD Sep 2012	YTD Sep 2011
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Total return before tax		34,472	17,678	101,094	51,371
Adjustments for:					
Interest income		(7,468)	(5,885)	(21,365)	(17,086)
Amortisation expense		16,964	7,806	48,204	22,687
Share of results of associates		(12,709)	(10,929)	(34,801)	(25,415)
Share of results of joint ventures		(4)	-	(2)	-
Borrowing costs		12,117	7,173	34,378	20,939
Management fees payable in units		6,753	2,881	19,640	8,374
Depreciation		4	-	12	-
Rental support income		(22,785)	(7,923)	(69,029)	(28,423)
Translation differences		327	397	541	342
<b>Operating cash flows before changes in working capital</b>		<b>27,671</b>	<b>11,198</b>	<b>78,672</b>	<b>32,789</b>
(Increase)/Decrease in receivables		(1,488)	(1,148)	3,760	2,967
(Decrease)/Increase in payables		(4,978)	103	(20,891)	(2,423)
Increase in security deposits		1,278	106	4,055	1,085
Cash flows from operations		22,483	10,259	65,596	34,418
Income taxes paid		(1,794)	(2,123)	(4,415)	(3,853)
<b>Net cash flows generated from operating activities</b>		<b>20,689</b>	<b>8,136</b>	<b>61,181</b>	<b>30,565</b>
<b>Investing activities</b>					
Purchase of investment property		-	-	-	(119,195)
Increase in intangible assets		-	-	-	(7,351)
Improvement in investment properties		(410)	(93)	(3,309)	(1,074)
Interest received		6,919	5,535	20,565	16,731
Rental support received		19,495	12,522	64,132	41,000
Investment in a joint venture		(19,875)	(37,285)	(79,888)	(37,285)
Dividend income received from associates		12,197	8,292	24,839	17,263
<b>Net cash flows generated from/(used in) investing activities</b>		<b>18,326</b>	<b>(11,029)</b>	<b>26,339</b>	<b>(89,911)</b>
<b>Financing activities</b>					
Distribution to Unitholders	1	(98,295)	(50,572)	(160,711)	(96,451)
Loans drawdown		26,310	35,255	256,659	160,955
Upfront debt arrangement costs		-	-	(100)	-
Acquisition of non-controlling interest		(3,154)	-	(132,940)	-
Partnership distribution to non-controlling interest		(1,685)	-	(3,153)	-
Interest paid		(6,011)	(1,399)	(27,999)	(14,857)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(82,835)</b>	<b>(16,716)</b>	<b>(68,244)</b>	<b>49,647</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(43,820)</b>	<b>(19,609)</b>	<b>19,276</b>	<b>(9,699)</b>
Cash and cash equivalents at the beginning of period		148,539	59,770	85,741	49,860
Effect of exchange rate changes on cash and cash equivalents		(113)	-	(411)	-
<b>Cash and cash equivalents at the end of period</b>		<b>104,606</b>	<b>40,161</b>	<b>104,606</b>	<b>40,161</b>

**Notes:**

- (1) Distribution for 3Q2012 is for the period 1 January 2012 to 30 June 2012, paid on 27 August 2012.  
Distribution for 3Q2011 is for the period 1 January 2011 to 30 June 2011, paid on 26 August 2011.  
Distribution for YTD September 2012 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.  
Distribution for YTD September 2011 is for the period 1 July 2010 to 31 December 2010, paid on 25 February 2011; 1 January 2011 to 30 June 2011, paid on 26 August 2011.

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

<u>Group</u>	<u>Note</u>	<u>Units in Issue</u>	<u>Accumulated</u>	<u>Foreign</u>	<u>Hedging</u>	<u>Discount on</u>	<u>Non-</u>	<u>Total</u>
		<u>\$'000</u>	<u>Profits</u>	<u>Currency</u>	<u>Reserve</u>	<u>Acquisition of</u>	<u>Controlling</u>	<u>\$'000</u>
			<u>\$'000</u>	<u>Translation</u>	<u>\$'000</u>	<u>Non-Controlling</u>	<u>Interest</u>	
				<u>Reserve</u>	<u>\$'000</u>	<u>Interest</u>	<u>\$'000</u>	
<b>At 1 January 2012</b>		<b>2,682,996</b>	<b>583,025</b>	<b>11,356</b>	<b>(14,745)</b>	-	<b>212,833</b>	<b>3,475,465</b>
Change in accounting policy	1	-	16,781	-	-	-	-	16,781
<b>As restated</b>		<b>2,682,996</b>	<b>599,806</b>	<b>11,356</b>	<b>(14,745)</b>	-	<b>212,833</b>	<b>3,492,246</b>
Return for the period		-	55,682	-	-	-	3,204	58,886
Other comprehensive income, net of tax	2	-	-	(12,159)	(17,310)	-	-	(29,469)
Total comprehensive income		-	55,682	(12,159)	(17,310)	-	3,204	29,417
Issue of units for payment of management fees	3	10,300	-	-	-	-	-	10,300
Issue of placement units	4	70,200	-	-	-	-	-	70,200
Issue expenses adjustment	5	644	-	-	-	-	-	644
Distribution to Unitholders		(1,783)	(60,633)	-	-	-	-	(62,416)
Non-controlling interest's share of partnership profits		-	-	-	-	-	(1,468)	(1,468)
Acquisition of non-controlling interest		-	-	-	-	2,253	(211,172)	(208,919)
<b>At 30 June 2012</b>		<b>2,762,357</b>	<b>594,855</b>	<b>(803)</b>	<b>(32,055)</b>	<b>2,253</b>	<b>3,397</b>	<b>3,330,004</b>
Return for the period		-	30,811	-	-	-	15	30,826
Other comprehensive income, net of tax	2	-	-	2,363	7,204	-	-	9,567
Total comprehensive income		-	30,811	2,363	7,204	-	15	40,393
Issue of units for payment of management fees	6	6,438	-	-	-	-	-	6,438
Non-controlling interest's share of partnership profits		-	-	-	-	-	(1,685)	(1,685)
Distribution to Unitholders		(3,071)	(95,224)	-	-	-	-	(98,295)
<b>At 30 September 2012</b>		<b>2,765,724</b>	<b>530,442</b>	<b>1,560</b>	<b>(24,851)</b>	<b>2,253</b>	<b>1,727</b>	<b>3,276,855</b>
<b>At 1 January 2011</b>		<b>1,672,063</b>	<b>389,404</b>	<b>(1,310)</b>	<b>(4,606)</b>	-	-	<b>2,055,551</b>
Change in accounting policy	1	-	(2,769)	-	-	-	-	(2,769)
<b>As restated</b>		<b>1,672,063</b>	<b>386,635</b>	<b>(1,310)</b>	<b>(4,606)</b>	-	-	<b>2,052,782</b>
Return for the period		-	31,421	-	-	-	-	31,421
Other comprehensive income, net of tax	2	-	-	12,966	(11,248)	-	-	1,718
Total comprehensive income		-	31,421	12,966	(11,248)	-	-	33,139
Issue of units for payment of management fees	7	4,772	-	-	-	-	-	4,772
Distribution to Unitholders		-	(45,879)	-	-	-	-	(45,879)
<b>At 30 June 2011</b>		<b>1,676,835</b>	<b>372,177</b>	<b>11,656</b>	<b>(15,854)</b>	-	-	<b>2,044,814</b>
Return for the period		-	16,418	-	-	-	-	16,418
Other comprehensive income, net of tax	2	-	-	(12,041)	(22,879)	-	-	(34,920)
Total comprehensive income		-	16,418	(12,041)	(22,879)	-	-	(18,502)
Issue of units for payment of management fees	8	2,812	-	-	-	-	-	2,812
Distribution to Unitholders		-	(50,572)	-	-	-	-	(50,572)
<b>At 30 September 2011</b>		<b>1,679,647</b>	<b>338,023</b>	<b>(385)</b>	<b>(38,733)</b>	-	-	<b>1,978,552</b>

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

**Notes:**

- (1) Please refer to paragraph 5: Changes in Accounting Policies, on page 14.
- (2) Other comprehensive income relates to the movement in foreign exchange 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 Trust and share of fair value change of hedging reserves of an associate.
- (3) This represents 4,721,998 and 6,873,459 units issued in 1Q2012 and 2Q2012 respectively as satisfaction of management fees payable in units.
- (4) This relates to gross proceeds raised from the placement of 60,000,000 units at an issue price of \$1.17 per unit.
- (5) This relates to issue expense adjustments in relation to previous years' rights issue.
- (6) This represents 6,245,890 units issued in 3Q2012 as satisfaction of management fees payable in units.
- (7) This represents 1,473,527 and 2,084,872 units issued in 1Q2011 and 2Q2011 respectively as satisfaction of management fees payable in units.
- (8) This represents 2,152,506 units issued in 3Q2011 as satisfaction of management fees payable in units.

<u>Trust</u>	<u>Note</u>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Total</u> \$'000
<b>At 1 January 2012</b>		<b>2,682,996</b>	<b>487,105</b>	<b>(13,142)</b>	<b>3,156,959</b>
Return for the period		-	72,827	-	72,827
Other comprehensive income, net of tax	1	-	-	(15,700)	(15,700)
Total comprehensive income		-	72,827	(15,700)	57,127
Issue of units for payment of management fees	2	10,300	-	-	10,300
Issue of placement units	3	70,200	-	-	70,200
Issue expenses adjustments	4	644	-	-	644
Distribution to Unitholders		(1,783)	(60,633)	-	(62,416)
<b>At 30 June 2012</b>		<b>2,762,357</b>	<b>499,299</b>	<b>(28,842)</b>	<b>3,232,814</b>
Return for the period		-	47,774	-	47,774
Other comprehensive income, net of tax	1	-	-	6,829	6,829
Total comprehensive income		-	47,774	6,829	54,603
Issue of units for payment of management fees	5	6,438	-	-	6,438
Distribution to Unitholders		(3,071)	(95,224)	-	(98,295)
<b>At 30 September 2012</b>		<b>2,765,724</b>	<b>451,849</b>	<b>(22,013)</b>	<b>3,195,560</b>
<b>At 1 January 2011</b>		<b>1,672,063</b>	<b>400,406</b>	<b>(4,606)</b>	<b>2,067,863</b>
Return for the period		-	29,394	-	29,394
Other comprehensive income, net of tax	1	-	-	(11,248)	(11,248)
Total comprehensive income		-	29,394	(11,248)	18,146
Issue of units for payment of management fees	6	4,772	-	-	4,772
Distribution to Unitholders		-	(45,879)	-	(45,879)
<b>At 30 June 2011</b>		<b>1,676,835</b>	<b>383,921</b>	<b>(15,854)</b>	<b>2,044,902</b>
Return for the period		-	(7,669)	-	(7,669)
Other comprehensive income, net of tax	1	-	-	(19,169)	(19,169)
Total comprehensive income		-	(7,669)	(19,169)	(26,838)
Issue of units for payment of management fees	7	2,812	-	-	2,812
Distribution to Unitholders		-	(50,572)	-	(50,572)
<b>At 30 September 2011</b>		<b>1,679,647</b>	<b>325,680</b>	<b>(35,023)</b>	<b>1,970,304</b>

**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 4,721,998 and 6,873,459 units issued in 1Q2012 and 2Q2012 respectively as satisfaction of management fees payable in units.
- (3) This relates to gross proceeds raised from the placement of 60,000,000 units at an issue price of \$1.17 per unit.
- (4) This relates to issue expense adjustments in relation to previous years' rights issue.
- (5) This represents 6,245,890 units issued in 3Q2012 as satisfaction of management fees payable in units.
- (6) This represents 1,473,527 and 2,084,872 units issued in 1Q2011 and 2Q2011 respectively as satisfaction of management fees payable in units.
- (7) This represents 2,152,506 units issued in 3Q2011 as satisfaction of management fees payable in units.

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

	<b>Group and Trust</b>	
	<b>2012</b>	<b>2011</b>
	<b>Units</b>	<b>Units</b>
<b>Issued units as at 1 January</b>	<b>2,547,574,969</b>	<b>1,355,904,217</b>
Issue of new units:		
- Payment of management fees	11,595,457	3,558,399
- Placement units	60,000,000	-
<b>Issued units as at 30 June</b>	<b>2,619,170,426</b>	<b>1,359,462,616</b>
Issue of new units:		
- Payment of management fees	6,245,890	2,152,506
<b>Issued units as at 30 September</b>	<b>2,625,416,316</b>	<b>1,361,615,122</b>

**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 30 September 2012 and 31 December 2011.

Total number of issued units in Keppel REIT as at 30 September 2012 and 31 December 2011 were 2,625,416,316 and 2,547,574,969 respectively.

**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 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:

	30/09/2012	<u>Group</u> 31/12/2011 (restated)	31/12/2010 (restated)
	\$'000	\$'000	\$'000
Increase/ (Decrease) in:			
<u>Consolidated Balance Sheets</u>			
Investment in associates	-	16,781	(2,769)
Retained earnings	-	16,781	(2,769)
		<b>FY 2012</b>	<b>FY 2011</b>
		<b>(restated)</b>	
	\$'000	\$'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>			
	3Q2012	3Q2011 (restated)	YTD Sep 2012	YTD Sep 2011 (restated)
<b>EPU</b> (based on weighted average number of units as at the end of the period)	1.17 cents	1.11 cents <sup>1</sup>	3.36 cents	3.24 cents <sup>1</sup>
- Weighted average number of units as at the end of the period	2,623,447,503	1,480,241,618 <sup>1</sup>	2,577,680,419	1,478,023,185 <sup>1</sup>
<b>DPU (adjusted for rights issue)</b> (based on the number of units as at the end of the period including rights units)	1.96 cents	1.06 cents <sup>2</sup>	5.80 cents	3.06 cents <sup>2</sup>
- Number of units in issue as at the end of the period	2,625,416,316	2,521,309,122 <sup>2</sup>	2,625,416,316	2,521,309,122 <sup>2</sup>

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

**Notes:**

- (1) *The comparative figures for earnings per unit and weighted average number of units in issue have been adjusted to account for the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units which were issued on 13 December 2011.*
- (2) *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 30/09/12	As at 31/12/11 (restated)	As at 30/09/12	As at 31/12/11
NAV <sup>1</sup> per unit (\$) based on issued units at the end of the period	1.25	1.29	1.22	1.24
Adjusted NAV <sup>1</sup> per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.23	1.26	1.20	1.21

**Notes:**

- (1) *Excludes non-controlling interest’s share of net asset value.*

## 8. REVIEW OF PERFORMANCE

### 8(i) Property Income Contribution of the Properties

	<u>Group</u>					
	3Q2012	3Q2011	+/(-) %	YTD Sep 2012	YTD Sep 2011	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
<b>Property</b>						
Prudential Tower <sup>1</sup>	5,272	4,830	9.2	15,824	14,440	9.6
Bugis Junction Towers	5,145	5,085	1.2	15,278	15,720	(2.8)
Ocean Financial Centre <sup>2</sup>	20,796	-	Nm	57,788	-	Nm
275 George Street	5,841	5,709	2.3	17,796	16,647	6.9
77 King Street	3,146	2,990	5.2	9,387	8,541	9.9
<b>Total property income</b>	<b>40,200</b>	<b>18,614</b>	<b>116.0</b>	<b>116,073</b>	<b>55,348</b>	<b>109.7</b>

### 8(ii) Income Contribution of the Properties

	<u>Group</u>					
	3Q2012	3Q2011	+/(-) %	YTD Sep 2012	YTD Sep 2011	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
<b>Property</b>						
Prudential Tower <sup>1</sup>	4,088	3,429	19.2	12,752	11,044	15.5
Bugis Junction Towers	4,078	4,122	(1.1)	12,544	12,739	(1.5)
Ocean Financial Centre <sup>2</sup>	16,672	-	Nm	44,685	-	Nm
275 George Street	4,750	4,720	0.6	14,509	14,048	3.3
77 King Street	2,495	2,386	4.6	7,371	6,068	21.5
<b>Total net property income</b>	<b>32,083</b>	<b>14,657</b>	<b>118.9</b>	<b>91,861</b>	<b>43,899</b>	<b>109.3</b>
One-third interest in ORQPL:						
- Rental support	3,259	4,636	(29.7)	9,267	13,727	(32.5)
- Interest income	381	361	5.5	1,156	1,087	6.3
- Dividend income	6,282	3,988	57.5	19,240	12,427	54.8
<b>Total income from one-third interest in ORQPL</b>	<b>9,922</b>	<b>8,985</b>	<b>10.4</b>	<b>29,663</b>	<b>27,241</b>	<b>8.9</b>
One-third interest in BFCDLLP:						
- Rental support	1,982	1,103	79.7	4,707	9,793	(51.9)
- Interest income	5,191	4,922	5.5	15,706	14,791	6.2
- Dividend income <sup>3</sup>	7,760	6,941	11.8	19,641	12,945	51.7
<b>Total income from one-third interest in BFCDLLP</b>	<b>14,933</b>	<b>12,966</b>	<b>15.2</b>	<b>40,054</b>	<b>37,529</b>	<b>6.7</b>
Ocean Financial Centre <sup>2</sup>						
- Rental support	16,476	-	Nm	51,879	-	Nm
8 Chifley Square <sup>4</sup>	1,622	376	331.4	3,698	376	>500
<b>Total income contribution</b>	<b>75,036</b>	<b>36,984</b>	<b>102.9</b>	<b>217,155</b>	<b>109,045</b>	<b>99.1</b>

**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 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.



### **Review of Performance for 3Q2012 vs 3Q2011**

The Group's 3Q2012 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 3Q2012 was \$40.2 million, an approximately 116.0% increase compared to the property income of \$18.6 million in 3Q2011. The increase was due mainly to property income from OFC of \$20.8 million and higher property income from Prudential Tower, Bugis Junction Towers, 275 George Street and 77 King Street.

Net property income increased by 118.9% from \$14.7 million in 3Q2011 to \$32.1 million in 3Q2012 due mainly to the acquisition of OFC in December 2011.

The Group's total return before tax for 3Q2012 was \$34.5 million, a significant increase of 95.0% over 3Q2011 as a result of higher net property income, higher contributions from the associates, higher interest income and rental support, partly offset by higher amortisation expense, borrowing costs and management fees resulting from the increased assets under management.

Distribution to Unitholders increased by 93.6% from \$26.7 million in 3Q2011 to \$51.7 million in 3Q2012.

The weighted average interest rate was 2.00% per annum in 3Q2012 compared with 2.48% per annum in 3Q2011. The aggregate leverage stood at 44.1% as at 30 September 2012. The weighted average term to expiry of debt was 2.3 years as at 30 September 2012.

The portfolio attained 98.2% committed occupancy as at 30 September 2012.

### **Review of Performance for 3Q2012 vs 2Q2012**

Property income for 3Q2012 was \$40.2 million, an increase of \$0.9 million or 2.3% from \$39.3 million in 2Q2012. This was contributed mainly by higher property income from OFC.

Net property income increased from \$31.3 million in 2Q2012 to \$32.1 million in 3Q2012, attributed mainly to higher property income.

Distribution to Unitholders in 3Q2012 was \$51.7 million, an increase of \$1.9 million over the \$49.8 million distribution in 2Q2012.

The weighted average interest rate for 3Q2012 remained at 2.00% per annum.

### **Review of Performance for YTD Sep 2012 vs YTD Sep 2011**

Property income for YTD September 2012 was \$116.1 million, a significant increase of \$60.7 million or 109.7% over that for YTD September 2011. The increase was due mainly to property income from OFC of \$57.8 million and higher property income from Prudential Tower, 275 George Street and 77 King Street.

Net property income more than doubled to \$91.9 million in YTD September 2012 as compared to \$43.9 million in YTD September 2011, primarily as a result of the acquisition of OFC in December last year.

The Group's total return before tax for YTD September 2012 was \$101.1 million, a significant increase of 96.8% over YTD September 2011 as a result of higher net property income, higher contributions from the associates, higher interest income and rental support, partly offset by higher amortisation expense, borrowing costs and management fees expense resulting from the increased assets under management.

Distribution to Unitholders increased by 94.3% to \$150.0 million in YTD September 2012 from \$77.2 million in YTD September 2011.

YTD September 2012 DPU rose by 89.5% to 5.80 cents from 3.06 cents in YTD September 2011.

## 9. VARIANCE FROM FORECAST STATEMENT

### Statement of Total Return (Actual vs Forecast)

	<u>Actual</u>	<u>Forecast</u> <sup>1</sup>		<u>Actual</u>	<u>Forecast</u> <sup>1</sup>	
	<u>3Q2012</u>	<u>3Q2012</u>	<u>+(-)</u>	<u>YTD</u>	<u>YTD</u>	<u>+(-)</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>Sep 2012</u>	<u>Sep 2012</u>	<u>%</u>
				<u>\$'000</u>	<u>\$'000</u>	
Gross rent	39,441	39,076	0.9	113,850	113,049	0.7
Car park income	347	278	24.8	1,019	830	22.8
Other income	412	300	37.3	1,204	898	34.1
<b>Property income</b>	<b>40,200</b>	<b>39,654</b>	<b>1.4</b>	<b>116,073</b>	<b>114,777</b>	<b>1.1</b>
Property tax	(2,930)	(3,033)	(3.4)	(8,415)	(8,722)	(3.5)
Other property expenses	(3,494)	(4,876)	(28.3)	(10,919)	(14,718)	(25.8)
Property management fee	(1,045)	(1,027)	1.8	(2,933)	(2,963)	(1.0)
Maintenance and sinking fund contributions	(648)	(678)	(4.4)	(1,945)	(2,034)	(4.4)
<b>Property expenses</b>	<b>(8,117)</b>	<b>(9,614)</b>	<b>(15.6)</b>	<b>(24,212)</b>	<b>(28,437)</b>	<b>(14.9)</b>
<b>Net property income</b>	<b>32,083</b>	<b>30,040</b>	<b>6.8</b>	<b>91,861</b>	<b>86,340</b>	<b>6.4</b>
Rental support	22,785	18,350	24.2	69,029	58,909	17.2
Interest income	7,468	6,801	9.8	21,365	20,257	5.5
Share of results of associates	12,709	11,203	13.4	34,801	32,428	7.3
Share of results of joint ventures	4	-	Nm	2	-	Nm
Amortisation expense	(16,964)	(15,453)	9.8	(48,204)	(46,688)	3.2
Borrowing costs	(12,117)	(13,085)	(7.4)	(34,378)	(38,631)	(11.0)
Manager's management fees	(10,122)	(9,453)	7.1	(29,166)	(28,061)	3.9
Trust expenses	(779)	(948)	(17.8)	(3,621)	(2,835)	27.7
Changes in fair value of derivative financial instruments	(595)	-	Nm	(595)	-	Nm
<b>Total return before tax</b>	<b>34,472</b>	<b>27,455</b>	<b>25.6</b>	<b>101,094</b>	<b>81,719</b>	<b>23.7</b>
Income tax expense	(3,646)	(3,173)	14.9	(11,382)	(10,041)	13.4
<b>Total return after tax</b>	<b>30,826</b>	<b>24,282</b>	<b>27.0</b>	<b>89,712</b>	<b>71,678</b>	<b>25.2</b>
<b>Attributable to:</b>						
Unitholders	30,811	22,673	35.9	86,493	67,196	28.7
Non-controlling interest	15	1,609	(99.1)	3,219	4,482	(28.2)
	<b>30,826</b>	<b>24,282</b>	<b>27.0</b>	<b>89,712</b>	<b>71,678</b>	<b>25.2</b>
<b>Distribution Statement</b>						
<b>Total return for the period attributable to Unitholders</b>	<b>30,811</b>	<b>22,673</b>	<b>35.9</b>	<b>86,493</b>	<b>67,196</b>	<b>28.7</b>
Net tax adjustments	20,874	23,286	(10.4)	63,547	70,341	(9.7)
<b>Income available for distribution</b>	<b>51,685</b>	<b>45,959</b>	<b>12.5</b>	<b>150,040</b>	<b>137,537</b>	<b>9.1</b>
<b>Distribution to Unitholders</b>	<b>51,685</b>	<b>45,959</b>	<b>12.5</b>	<b>150,040</b>	<b>137,537</b>	<b>9.1</b>
<b>Distribution per unit (cents)</b>						
For the period	1.96	1.79	9.5	5.80	5.38	7.8
Annualised	7.80	7.12	9.5	7.75	7.19	7.8

## **VARIANCE FROM FORECAST STATEMENT (CONT'D)**

### **Notes:**

*Nm – Not meaningful*

(1) *The Forecast for 3Q2012 and YTD September 2012 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 3Q2012 (Actual) vs 3Q2012 (Forecast)**

The Group's net property income for 3Q2012 was \$32.1 million, which is an increase of \$2.1 million or 6.8% over the Forecast of \$30.0 million. This was due mainly to an increase in property income of \$0.5 million and lower property expenses incurred.

Total return before tax for 3Q2012 was \$34.5 million, an increase of \$7.0 million or 25.6% over the Forecast of \$27.5 million. 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 expense and management fees expense.

Distributable income to Unitholders of \$51.7 million exceeded the Forecast of \$46.0 million by 12.5%.

3Q2012 DPU of 1.96 cents exceeded the Forecast of 1.79 cents by 9.5%.

### **Review of Performance for YTD Sep 2012 (Actual) vs YTD Sep 2012 (Forecast)**

Net property income for YTD September 2012 of \$91.9 million was an increase of \$5.6 million or 6.4% over the Forecast. The increase was due mainly to higher property income and lower property expenses incurred as compared with Forecast.

Total return before tax for YTD September 2012 increased by \$19.4 million or 23.7% to \$101.1 million, as compared with \$81.7 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 expense and management fees expense.

Distributable income to Unitholders increased by \$12.5 million or 9.1% to \$150.0 million as compared with Forecast of \$137.5 million.

The annualised DPU of 7.75 cents for YTD September 2012 surpassed the Forecast DPU of 7.19 cents as shown in Keppel REIT's Circular dated 19 October 2011 for the acquisition of the approximate 87.5% interest in OFC.

## 10. PROSPECTS

The Singapore economy remained resilient in 3Q2012 even though the GDP growth rate slowed slightly to 1.3% in 3Q2012 from 2.3% in the previous quarter. According to CB Richard Ellis, the Singapore office market outperformed market expectations as total net absorption YTD September 2012 amounted to 1.69 million sf, exceeding the historical 10-year average net absorption of 1.12 million sf per annum.

The overall office market continues to show signs of stabilising as occupancy in the CBD increased and the rate of rental decline eased in 3Q2012. The average Grade A rental in the core CBD dipped a marginal 3% Q-o-Q to \$9.80 psf pm in 3Q2012. The average occupancy in the core CBD increased from 91.6% in 2Q2012 to 93.2% in 3Q2012.

In contrast to the take-up that was dominated by the financial services sector in 2010/2011, lessees from the natural resource, legal services and multi-media sectors were largely responsible for the current take-up. Leasing demand in the core CBD mostly comprised smaller transactions that were under 30,000 sf.

Looking ahead, approximately 2.4 million sf of new supply is expected island-wide in 2013, of which 800,000 sf are located in the CBD. Despite the additional supply of office space coming on stream, rentals for well-located quality space in the core CBD and Marina Bay precincts continue to command a premium over CBD-fringe areas.

The Australia economy continues to be supported by an accommodative monetary policy. To mitigate any softening of the mining and resources sectors, the Reserve Bank of Australia has reduced the official interest rate by 25 basis points to 3.25% in October. The lower rate is expected to boost private sector growth and domestic consumption.

In Sydney, prime gross face rents for its CBD office market held firm in 3Q2012. Over in Brisbane, strong real output growth forecast coupled with short-term supply tightness has led to stabilised occupancy and rental rates.

The Manager remains confident of maintaining the performance of its properties. Keppel REIT's assets are nearly fully committed with leases with long tenures. Approximately 45% of the portfolio net lettable area is committed to leases which are five years and longer. The long weighted average lease expiry of the top ten tenants and portfolio at 7.2 years and 6.1 years respectively also reinforce income stability.

Going forward, the Manager will strive to maintain strong occupancy for its portfolio of properties by attracting new tenants, retaining existing tenants and managing the lease profile. It will actively seek to refinance maturing loans at competitive terms and extend the debt maturity profile. It will also maintain 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 July 2012 to 30 September 2012
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	(a) Taxable income distribution - 0.90 cents per unit (b) Tax-exempt income distribution - 1.03 cents per unit (c) Capital distribution - 0.03 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) Corresponding Period of the Immediately Preceding Financial Year**

Not applicable.

**(c) Date Payable**

27 November 2012

**(d) Books Closure Date**

23 October 2012

**13. DISTRIBUTION STATEMENT**

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

14. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	3Q2012 \$'000	3Q2011 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	10,122	5,761
- Acquisition fee	-	2,055
- Property management fees and reimbursable	1,519	385
- Leasing commissions	124	144
- Rental and service charge income <sup>1</sup>	-	32,436
- Rental support	20,056	5,739
- Transportation expenses <sup>1</sup>	168	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	241	138

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

**Notes:**

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



QUARTERLY BREAKDOWN

**Property Income Contribution by Asset (\$'000)**

	1Q11	2Q11	3Q11	4Q11	FY11	1Q12	2Q12	3Q12
<b>Property</b>								
Prudential Tower <sup>1</sup>	4,847	4,763	4,830	4,748	<b>19,188</b>	5,231	5,321	5,272
Bugis Junction Towers	5,358	5,277	5,085	5,606	<b>21,326</b>	5,038	5,095	5,145
Ocean Financial Centre <sup>2</sup>	-	-	-	2,866	<b>2,866</b>	17,296	19,696	20,796
275 George Street	5,446	5,492	5,709	5,627	<b>22,274</b>	6,041	5,914	5,841
77 King Street	3,021	2,530	2,990	3,773	<b>12,314</b>	2,982	3,259	3,146
<b>Total property income</b>	<b>18,672</b>	<b>18,062</b>	<b>18,614</b>	<b>22,620</b>	<b>77,968</b>	<b>36,588</b>	<b>39,285</b>	<b>40,200</b>

**Income Contribution by Asset (\$'000)**

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

**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  
 15 October 2012

**CONFIRMATION BY THE BOARD**

We, CHIN WEI-LI AUDREY MARIE and NG HSUEH LING, being two Directors of Keppel REIT Management Limited (the "Company"), as manager of Keppel REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Third Quarter 2012 financial statements of Keppel REIT to be false or misleading in any material respect.

**On Behalf of the Board**

CHIN WEI-LI AUDREY MARIE  
Chairman

NG HSUEH LING  
Director

15 October 2012