

## **KEPPEL REIT SECOND QUARTER 2013 FINANCIAL STATEMENTS ANNOUNCEMENT**

### **UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2013**

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**SUMMARY OF KEPPEL REIT RESULTS  
FOR THE HALF YEAR ENDED 30 JUNE 2013**

	GROUP			
	2Q2013 \$'000	1H2013 \$'000	1H2012 \$'000	+/(-) %
Property Income	41,167	82,599	75,873	8.9
Net Property Income	32,249	66,667	59,778	11.5
Share of Results of Associates	16,173	30,371	22,092	37.5
Total Return before Tax	39,166	75,265	66,622	13.0
Income Available for Distribution	52,828	105,070	98,355	6.8
Distribution to Unitholders <sup>1</sup>	52,828	105,070	98,355	6.8
<b>Distribution per Unit ("DPU") (cents)</b>				
<b>For the Period</b>	<b>1.97</b>	<b>3.94</b>	<b>3.84</b>	2.6
<b>Annualised</b>	<b>7.90</b>	<b>7.95</b>	<b>7.72</b>	3.0
Distribution Yield	6.1% <sup>2</sup>	6.1% <sup>2</sup>	7.3% <sup>3</sup>	

**Notes:**

- (1) The distribution 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.

**DISTRIBUTION DETAILS**

Distribution	1 April 2013 to 30 June 2013
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 1.03 cents per unit (b) Tax-exempt income distribution - 0.55 cents per unit (c) Capital distribution - 0.39 cents per unit
Books Closure Date	23 July 2013
Payment Date	28 August 2013

## INTRODUCTION

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

On 26 June 2013, Keppel REIT announced the acquisition of a 50% interest in a premium Grade A commercial office building at 8 Exhibition Street, Melbourne, Australia. The acquisition is expected to be completed on or about 1 August 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 HALF YEAR ENDED 30 JUNE 2013

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the half year ended 30 June 2013:

### 1(a)(i) Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

#### Statement of Total Return

	Note	Group					
		2Q2013	2Q2012	+/(-) %	1H2013	1H2012	+/(-) %
		\$'000	\$'000		\$'000	\$'000	
Gross rent		40,391	38,561	4.7	81,076	74,409	9.0
Car park income		352	333	5.7	699	672	4.0
Other income		424	391	8.4	824	792	4.0
<b>Property income</b>		<b>41,167</b>	<b>39,285</b>	<b>4.8</b>	<b>82,599</b>	<b>75,873</b>	<b>8.9</b>
Property tax		(2,529)	(2,808)	(9.9)	(4,075)	(5,485)	(25.7)
Other property expenses	1	(4,644)	(3,590)	29.4	(8,399)	(7,425)	13.1
Property management fee		(1,097)	(969)	13.2	(2,161)	(1,888)	14.5
Maintenance and sinking fund contributions		(648)	(649)	(0.2)	(1,297)	(1,297)	-
<b>Property expenses</b>		<b>(8,918)</b>	<b>(8,016)</b>	<b>11.3</b>	<b>(15,932)</b>	<b>(16,095)</b>	<b>(1.0)</b>
<b>Net property income</b>		<b>32,249</b>	<b>31,269</b>	<b>3.1</b>	<b>66,667</b>	<b>59,778</b>	<b>11.5</b>
Rental support	2	19,092	21,348	(10.6)	36,417	46,244	(21.3)
Interest income	3	9,517	6,954	36.9	17,419	13,897	25.3
Share of results of associates	4	16,173	10,862	48.9	30,371	22,092	37.5
Share of results of joint ventures	5	705	(2)	Nm	713	(2)	Nm
Amortisation expenses	6	(13,037)	(15,572)	(16.3)	(26,257)	(31,240)	(16.0)
Borrowing costs	7	(13,679)	(11,149)	22.7	(26,574)	(22,261)	19.4
Manager's management fees	8	(10,497)	(9,529)	10.2	(20,726)	(19,044)	8.8
Trust expenses		(1,340)	(1,691)	(20.8)	(2,468)	(2,842)	(13.2)
Changes in fair value of derivative financial instruments	9	(17)	-	Nm	(297)	-	Nm
<b>Total return before tax</b>		<b>39,166</b>	<b>32,490</b>	<b>20.5</b>	<b>75,265</b>	<b>66,622</b>	<b>13.0</b>
Income tax expense	10	(2,740)	(3,574)	(23.3)	(5,665)	(7,736)	(26.8)
<b>Total return after tax</b>		<b>36,426</b>	<b>28,916</b>	<b>26.0</b>	<b>69,600</b>	<b>58,886</b>	<b>18.2</b>
<b>Attributable to:</b>							
Unitholders		36,410	27,180	34.0	69,567	55,682	24.9
Non-controlling interest		16	1,736	(99.1)	33	3,204	(99.0)
		<b>36,426</b>	<b>28,916</b>	<b>26.0</b>	<b>69,600</b>	<b>58,886</b>	<b>18.2</b>

#### Distribution Statement

<b>Total return for the period attributable to Unitholders</b>		<b>36,410</b>	<b>27,180</b>	<b>34.0</b>	<b>69,567</b>	<b>55,682</b>	<b>24.9</b>
Net tax adjustments	11	16,418	22,631	(27.5)	35,503	42,673	(16.8)
<b>Income available for distribution</b>		<b>52,828</b>	<b>49,811</b>	<b>6.1</b>	<b>105,070</b>	<b>98,355</b>	<b>6.8</b>
<b>Distribution to Unitholders</b>	12	<b>52,828</b>	<b>49,811</b>	<b>6.1</b>	<b>105,070</b>	<b>98,355</b>	<b>6.8</b>
<b>Distribution per unit (cents)</b>							
For the period		1.97	1.94	1.5	3.94	3.84	2.6
Annualised		7.90	7.80	1.3	7.95	7.72	3.0

**Notes:**

Nm – Not meaningful

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

	<u>Group</u>			
	2Q2013	2Q2012	1H2013	1H2012
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	945	192	984	286
Utilities	1,320	1,432	2,664	2,672
Repair and maintenance	1,704	1,487	3,263	3,165
Property management reimbursements	316	479	921	869
Other property expenses	359	-	567	433
	<u>4,644</u>	<u>3,590</u>	<u>8,399</u>	<u>7,425</u>

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

- (3) Interest income comprises the following:

	<u>Group</u>			
	2Q2013	2Q2012	1H2013	1H2012
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	170	261	360	531
Interest income from shareholder's loans to ORQPL and BFCDLLP	5,300	5,500	10,723	11,290
Interest income from convertible notes in Mirvac 8 Chifley Trust and Mirvac (Old Treasury) Trust	4,047	1,193	6,336	2,076
	<u>9,517</u>	<u>6,954</u>	<u>17,419</u>	<u>13,897</u>

- (4) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's net profit after tax, (ii) BFC Development Pte Ltd's ("BFCDPL") net profit after tax from 1 January 2012 till 14 June 2012, and (iii) BFCDLLP's partnership profits from 15 June 2012.

- (5) Share of results of joint ventures relates to Keppel REIT's 50% interests in Mirvac 8 Chifley Trust's ("M8CT") and Mirvac (Old Treasury) Trust's ("MOTT") 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 5.

- (7) Borrowing costs comprise the following:

	<u>Group</u>			
	2Q2013	2Q2012	1H2013	1H2012
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	11,330	9,164	21,774	18,333
Interest expense on revolving loans	1,776	1,678	3,684	3,313
Amortisation of capitalised transaction costs	573	307	1,116	615
	<u>13,679</u>	<u>11,149</u>	<u>26,574</u>	<u>22,261</u>

- (8) The Manager has elected to receive 100% of its management fees earned in respect of the approximate 87.5% interest in OPLLP and 50% of its management fee earned for the approximate 12.4% interest in OPLLP and the rest of the properties in units of Keppel REIT for FY2013 and FY2012.

- (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% (2012: 17%) on the rental support top-up payments received by Keppel REIT for its interests in ORQPL, BFCDLLP and OPLLP, net of deductible interest expense, and (ii) withholding tax expense in relation to the income from the Group's investments in Australia.
- (11) Included in the net tax adjustments are the following:

	<u>Group</u>			
	2Q2013	2Q2012	1H2013	1H2012
	\$'000	\$'000	\$'000	\$'000
Management fees payable in units	6,951	6,444	13,754	12,887
Trustee's fees	248	228	490	452
Amortisation of intangible asset and capitalised transaction costs	13,610	15,879	27,373	31,855
Temporary differences and other tax adjustments	(4,391)	80	(6,114)	(2,521)
	<u>16,418</u>	<u>22,631</u>	<u>35,503</u>	<u>42,673</u>

Included in temporary differences and other tax adjustments are share of results of associates, dividend and distributions income, 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 distributing 100% of its taxable income available for distribution to Unitholders. The distribution to Unitholders is based on 100% of the income available for distribution to Unitholders.

**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>					
	2Q2013	2Q2012	+ / (-)	1H2013	1H2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Total return after tax</b>	<b>36,426</b>	<b>28,916</b>	<b>26.0</b>	<b>69,600</b>	<b>58,886</b>	<b>18.2</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	(51,985)	(16,401)	217.0	(41,428)	(12,159)	240.7
<b>Cashflow hedges:</b>						
Net change in fair value of cash flow hedges	2,432	(13,060)	Nm	4,869	(15,700)	Nm
Share of net change in fair value of cash flow hedges of an associate	761	(314)	Nm	794	(1,610)	Nm
<b>Other comprehensive income for the period, net of tax</b>	<b>(48,792)</b>	<b>(29,775)</b>	<b>63.9</b>	<b>(35,765)</b>	<b>(29,469)</b>	<b>21.4</b>
<b>Total comprehensive income for the period</b>	<b>(12,366)</b>	<b>(859)</b>	<b>&gt;500</b>	<b>33,835</b>	<b>29,417</b>	<b>15.0</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		
		30/06/2013 \$'000	31/12/2012 \$'000	+ / (-) %	30/06/2013 \$'000	31/12/2012 \$'000	+ / (-) %
<b>Non-current assets</b>							
Investment properties	1	3,596,357	3,614,744	(0.5)	944,675	942,034	0.3
Investment in subsidiaries		-	-	-	1,839,795	1,839,552	-
Investment in associates	2	2,153,658	2,155,050	(0.1)	1,977,990	1,978,145	-
Investment in joint ventures	3	267,452	140,079	90.9	-	-	-
Amount owing by subsidiary		-	-	-	636,090	496,862	28.0
Fixed assets		86	38	126.3	-	-	-
Other assets	4	10,977	-	Nm	-	-	-
Intangible asset	5	66,025	92,371	(28.5)	2,609	5,241	(50.2)
Derivative financial instruments	6	2,670	-	Nm	-	-	-
<b>Total non-current assets</b>		<b>6,097,225</b>	<b>6,002,282</b>	<b>1.6</b>	<b>5,401,159</b>	<b>5,261,834</b>	<b>2.6</b>
<b>Current assets</b>							
Trade and other receivables	7	47,424	28,669	65.4	66,470	43,631	52.3
Prepaid expenses		521	1,130	(53.9)	91	637	(85.7)
Cash and cash equivalents		82,168	101,930	(19.4)	35,027	59,091	(40.7)
Derivative financial instruments	8	1,046	5,461	(80.8)	1,046	5,461	(80.8)
<b>Total current assets</b>		<b>131,159</b>	<b>137,190</b>	<b>(4.4)</b>	<b>102,634</b>	<b>108,820</b>	<b>(5.7)</b>
<b>Total assets</b>		<b>6,228,384</b>	<b>6,139,472</b>	<b>1.4</b>	<b>5,503,793</b>	<b>5,370,654</b>	<b>2.5</b>
<b>Current liabilities</b>							
Trade and other payables		101,430	139,605	(27.3)	43,125	45,176	(4.5)
Income received in advance		2,115	2,415	(12.4)	90	249	(63.9)
Short term borrowings	9	326,986	154,964	111.0	226,986	99,964	127.1
Current portion of security deposits		2,136	3,544	(39.7)	1,348	3,544	(62.0)
Derivative financial instruments	10	3,065	760	303.3	3,065	760	303.3
Provision for taxation		14,767	14,577	1.3	14,314	13,614	5.1
<b>Total current liabilities</b>		<b>450,499</b>	<b>315,865</b>	<b>42.6</b>	<b>288,928</b>	<b>163,307</b>	<b>76.9</b>
<b>Non-current liabilities</b>							
Income received in advance		24,909	30,551	(18.5)	23,147	27,860	(16.9)
Long term borrowings	9	2,239,407	2,267,723	(1.2)	1,901,907	1,898,328	0.2
Derivative financial instruments	10	21,060	29,978	(29.7)	21,060	29,829	(29.4)
Non-current portion of security deposits		30,693	29,387	4.4	8,405	7,137	17.8
<b>Total non-current liabilities</b>		<b>2,316,069</b>	<b>2,357,639</b>	<b>(1.8)</b>	<b>1,954,519</b>	<b>1,963,154</b>	<b>(0.4)</b>
<b>Total liabilities</b>		<b>2,766,568</b>	<b>2,673,504</b>	<b>3.5</b>	<b>2,243,447</b>	<b>2,126,461</b>	<b>5.5</b>
<b>Net assets</b>		<b>3,461,816</b>	<b>3,465,968</b>	<b>(0.1)</b>	<b>3,260,346</b>	<b>3,244,193</b>	<b>0.5</b>
Represented by:							
<b>Unitholders' funds</b>		<b>3,460,020</b>	<b>3,464,157</b>	<b>(0.1)</b>	<b>3,260,346</b>	<b>3,244,193</b>	<b>0.5</b>
<b>Non-controlling interest</b>		<b>1,796</b>	<b>1,811</b>	<b>(0.8)</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>3,461,816</b>	<b>3,465,968</b>	<b>(0.1)</b>	<b>3,260,346</b>	<b>3,244,193</b>	<b>0.5</b>
Net asset value per unit (\$)		1.29	1.32		1.22	1.23	
Gross borrowings / Value of deposited properties (%)	11	44.2	42.9				

**Notes:**

*Nm – Not meaningful*

- (1) *The decrease in investment properties is due mainly to translation differences arising from the Australian properties, partly offset by increase in capital expenditure.*
- (2) *This relates to the one-third equity interests in ORQPL and BFCDLLP, advances to these associates and the Group's share of post-acquisition results of these associates.*
- (3) *This relates to the 50% interest in M8CT and Mirvac 8 Chifley Pty Limited; and 50% interest in MOTT and Mirvac (Old Treasury) Pty Limited acquired on 28 March 2013. It also includes convertible notes held in these joint ventures. Both properties are currently under development.*
- (4) *This relates to the initial payment for the acquisition of a 50% interest in 8 Exhibition Street, Melbourne, and its related acquisition costs.*
- (5) *This relates to the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in BFCDLLP, 100% interest in the office tower at 77 King Street, Sydney, the additional 19.4% interest in Prudential Tower, and the approximate 99.9% interest in OPLLP. The intangible asset will be amortised over the remaining rental support periods for the respective properties.*
- (6) *This relates to the fair value of interest rate swaps entered into by the Group.*
- (7) *Included in the balances are receivables for rental support top-up payments of \$22.0 million as at 30 June 2013 (31 December 2012: \$20.5 million).*
- (8) *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 M8CT.*
- (9) *This relates mainly to bank borrowings taken up to finance the acquisition of one-third equity interest in associates, ORQPL and BFCDLLP, the additional 19.4% interest in Prudential Tower, the 50% interest in M8CT, the approximate 99.9% interest in OPLLP, 50% interest in MOTT and 50% interest in 8 Exhibition Street. The balance also includes OPLLP's bank borrowings.*
- (10) *This relates to the fair value of the foreign currency forward contracts entered into in relation to the investment in MOTT and fair value of an interest rate swap entered into by the Trust.*
- (11) *This is based on the total amount of gross borrowings and valuation of deposited properties (held directly and indirectly) of \$6.64 billion as at 30 June 2013 (31 December 2012: \$6.52 billion).*



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

	<b>Group</b>	
	<b>As at 30/06/13</b>	<b>As at 31/12/12</b>
	\$'000	\$'000
<b>Secured borrowings</b>		
Amount repayable after one year	867,500	853,780
Less: Unamortised portion of fees	(4,992)	(5,594)
	<b>862,508</b>	<b>848,186</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	327,000	155,000
Amount repayable after one year	1,380,364	1,422,147
Less: Unamortised portion of fees	(3,479)	(2,646)
	<b>1,703,885</b>	<b>1,574,501</b>
<b>Total borrowings</b>	<b>2,566,393</b>	<b>2,422,687</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.

For the 5-year term loan facility of \$505 million, the Group granted in favour of the lenders securities of up to an aggregate principal amount of \$900 million comprising of a mortgage against OFC and the following:

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

As at 30 June 2013, the Group had total borrowings of approximately \$2,574.9 million and an unutilised \$252.1 million of facilities available to meet its future obligations. The weighted average interest rate for all borrowings for 2Q2013 stood at 2.16% per annum.

1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		2Q2013	2Q2012	1H2013	1H2012
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Total return before tax		39,166	32,490	75,265	66,622
Adjustments for:					
Interest income		(9,517)	(6,954)	(17,419)	(13,897)
Amortisation expense		13,037	15,572	26,257	31,240
Share of results of associates		(16,173)	(10,862)	(30,371)	(22,092)
Share of results of joint ventures		(705)	2	(713)	2
Borrowing costs		13,679	11,149	26,574	22,261
Management fees payable in units		6,951	6,444	13,754	12,887
Depreciation		6	3	10	8
Rental support income		(19,092)	(21,348)	(36,417)	(46,244)
Translation differences		(600)	158	(2,385)	214
<b>Operating cash flows before changes in working capital</b>		<b>26,752</b>	<b>26,654</b>	<b>54,555</b>	<b>51,001</b>
Decrease/(Increase) in receivables		(17,311)	7,486	(16,066)	5,248
Decrease in payables		(8,118)	(10,497)	(23,007)	(15,913)
Increase/(Decrease) in security deposits		281	1,518	(102)	2,777
Cash flows from operations		1,604	25,161	15,380	43,113
Income taxes paid		(4,859)	(2,262)	(5,420)	(2,621)
<b>Net cash flows (used in)/generated from operating activities</b>		<b>(3,255)</b>	<b>22,899</b>	<b>9,960</b>	<b>40,492</b>
<b>Investing activities</b>					
Purchase of investment property		(10,977)	-	(10,977)	-
Improvement in investment properties		(1,837)	(617)	(3,033)	(2,899)
Purchase of fixed assets		(58)	-	(58)	-
Interest received		8,937	6,638	16,722	13,646
Rental support received		17,556	24,012	34,991	44,637
Investment in joint ventures		(37,463)	(39,664)	(164,285)	(60,013)
Distribution received from a joint venture		240	-	240	-
Dividend income/distribution received from associates		32,403	12,642	32,403	12,642
<b>Net cash flows generated from/(used in) investing activities</b>		<b>8,801</b>	<b>3,011</b>	<b>(93,997)</b>	<b>8,013</b>
<b>Financing activities</b>					
Distribution to Unitholders	1	(52,187)	-	(104,021)	(62,416)
Loans drawdown		108,636	197,696	251,384	230,349
Repayment of loan drawdown		(55,000)	-	(107,446)	-
Upfront debt arrangement costs		(775)	(100)	(1,350)	(100)
Proceeds from placement		-	-	53,200	-
Acquisition of non-controlling interest		-	(129,786)	-	(129,786)
Partnership distribution to non-controlling interest		(16)	-	(33)	(1,468)
Interest paid		(18,942)	(16,439)	(25,748)	(21,988)
Issue expenses		(774)	-	(774)	-
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(19,058)</b>	<b>51,371</b>	<b>65,212</b>	<b>14,591</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(13,512)</b>	<b>77,281</b>	<b>(18,825)</b>	<b>63,096</b>
Cash and cash equivalents at the beginning of period		96,796	71,623	101,930	85,741
Effect of exchange rate changes on cash and cash equivalents		(1,116)	(365)	(937)	(298)
<b>Cash and cash equivalents at the end of period</b>		<b>82,168</b>	<b>148,539</b>	<b>82,168</b>	<b>148,539</b>

**Note:**

(1) Distribution for 1H2013 is for the period of 1 October 2012 to 31 December 2012, paid on 27 February 2013, 1 January 2013 to 3 March 2013, paid on 12 April 2013 and 4 March 2013 to 31 March 2013, paid on 28 May 2013. Distribution for 1H2012 is for the period 1 July 2011 to 31 December 2011, paid on 24 February 2012.

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

Group	Note	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Discount on Acquisition of		Total \$'000
						Controlling Interest \$'000	Non- Controlling Interest \$'000	
<b>At 1 January 2013</b>		<b>2,771,684</b>	<b>722,957</b>	<b>(4,138)</b>	<b>(28,599)</b>	<b>2,253</b>	<b>1,811</b>	<b>3,465,968</b>
Return for the period		-	33,157	-	-	-	17	33,174
Other comprehensive income, net of tax	1	-	-	10,557	2,470	-	-	13,027
Total comprehensive income		-	33,157	10,557	2,470	-	17	46,201
Issue of units for payment of management fees	2	6,849	-	-	-	-	-	6,849
Issue of placement units	3	53,200	-	-	-	-	-	53,200
Issue expenses	4	(756)	-	-	-	-	-	(756)
Distribution to Unitholders		(18,681)	(33,153)	-	-	-	-	(51,834)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	(17)	(17)
<b>At 31 March 2013</b>		<b>2,812,296</b>	<b>722,961</b>	<b>6,419</b>	<b>(26,129)</b>	<b>2,253</b>	<b>1,811</b>	<b>3,519,611</b>
Return for the period		-	36,410	-	-	-	16	36,426
Other comprehensive income, net of tax	1	-	-	(51,985)	3,193	-	-	(48,792)
Total comprehensive income		-	36,410	(51,985)	3,193	-	16	(12,366)
Issue of units for payment of management fees	2	6,807	-	-	-	-	-	6,807
Issue expenses adjustment	4	(18)	-	-	-	-	-	(18)
Distribution to Unitholders		(3,695)	(48,492)	-	-	-	-	(52,187)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	(32)	(32)
Share of non-controlling interest in hedging reserve		-	-	-	-	-	1	1
<b>At 30 June 2013</b>		<b>2,815,390</b>	<b>710,879</b>	<b>(45,566)</b>	<b>(22,936)</b>	<b>2,253</b>	<b>1,796</b>	<b>3,461,816</b>

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

		Units in Issue	Accumulated	Foreign	Hedging	Discount on	Total
	Note	\$'000	Profits	Currency	Reserve	Acquisition of	\$'000
			\$'000	Translation	Reserve	Non-	\$'000
				Reserve	\$'000	Controlling	\$'000
				\$'000	\$'000	Interest	\$'000
<b>Group</b>							
<b>At 1 January 2012</b>		<b>2,682,996</b>	<b>599,806</b>	<b>11,356</b>	<b>(14,745)</b>	<b>-</b>	<b>212,833</b>
							<b>3,492,246</b>
Return for the period		-	28,502	-	-	-	1,468
Other comprehensive income, net of tax	1	-	-	4,242	(3,936)	-	-
Total comprehensive income		-	28,502	4,242	(3,936)	-	1,468
Issue of units for payment of management fees	5	3,860	-	-	-	-	-
Issue expenses adjustment	6	352	-	-	-	-	-
Distribution to Unitholders		(1,783)	(60,633)	-	-	-	-
<b>At 31 March 2012</b>		<b>2,685,425</b>	<b>567,675</b>	<b>15,598</b>	<b>(18,681)</b>	<b>-</b>	<b>214,301</b>
							<b>3,464,318</b>
Return for the period		-	27,180	-	-	-	1,736
Other comprehensive income, net of tax	1	-	-	(16,401)	(13,374)	-	-
Total comprehensive income		-	27,180	(16,401)	(13,374)	-	1,736
Issue of units for payment of management fees	5	6,440	-	-	-	-	-
Issue of placement units	7	70,200	-	-	-	-	-
Issue expenses adjustment	6	292	-	-	-	-	-
Non-controlling interest's share of partnership profits		-	-	-	-	-	(1,468)
Acquisition of non-controlling interest		-	-	-	-	2,253	(211,172)
<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>

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

**Notes:**

- (1) *Other comprehensive income relates to the movement in foreign currency translation reserve arising from the translation of foreign entities, intercompany loans that form part of the Group's net investment in foreign entities, fair value change of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and share of hedging reserve of an associate.*
- (2) *This represents 5,324,113 and 5,096,741 units issued in 1Q2013 and 2Q2013 as payment of management fees in units.*
- (3) *This relates to the placement of 40 million units at an issue price of \$1.33 per unit on 4 March 2013. The net proceeds raised have been used to repay outstanding borrowings.*
- (4) *This relates to issue expenses in relation to the placement as mentioned in note 3 above.*
- (5) *This represents 4,721,998 and 6,873,459 units issued in 1Q2012 and 2Q2012 as payment of management fees in units.*
- (6) *This relates to issue expense adjustments in relation to the previous years' rights issues.*
- (7) *This relates to the placement of 60 million units at an issue price of \$1.17 per unit as part payment for the acquisition of additional 12.4% interest in OPLLP.*

<b>Trust</b>	<i>Note</i>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Total</u> \$'000
<b>At 1 January 2013</b>		<b>2,771,684</b>	<b>497,637</b>	<b>(25,128)</b>	<b>3,244,193</b>
Return for the period		-	56,765	-	56,765
Other comprehensive income, net of tax	1	-	-	4,203	4,203
Total comprehensive income		-	56,765	4,203	60,968
Issue of units for payment of management fees	2	6,849	-	-	6,849
Issue of placement units	3	53,200	-	-	53,200
Issue expenses	4	(756)	-	-	(756)
Distribution to Unitholders		(18,681)	(33,153)	-	(51,834)
<b>At 31 March 2013</b>		<b>2,812,296</b>	<b>521,249</b>	<b>(20,925)</b>	<b>3,312,620</b>
Return for the period		-	(4,722)	-	(4,722)
Other comprehensive income, net of tax	1	-	-	(2,154)	(2,154)
Total comprehensive income		-	(4,722)	(2,154)	(6,876)
Issue of units for payment of management fees	2	6,807	-	-	6,807
Issue expenses adjustments	4	(18)	-	-	(18)
Distribution to Unitholders		(3,695)	(48,492)	-	(52,187)
<b>At 30 June 2013</b>		<b>2,815,390</b>	<b>468,035</b>	<b>(23,079)</b>	<b>3,260,346</b>

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

<u>Trust</u>	<i>Note</i>	<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		-	47,447	-	47,447
Other comprehensive income, net of tax	1	-	-	(2,640)	(2,640)
Total comprehensive income		-	47,447	(2,640)	44,807
Issue of units for payment of management fees	5	3,860	-	-	3,860
Issue expenses adjustments	6	352	-	-	352
Distribution to Unitholders		(1,783)	(60,633)	-	(62,416)
<b>At 31 March 2012</b>		<b>2,685,425</b>	<b>473,919</b>	<b>(15,782)</b>	<b>3,143,562</b>
Return for the period		-	25,380	-	25,380
Other comprehensive income, net of tax	1	-	-	(13,060)	(13,060)
Total comprehensive income		-	25,380	(13,060)	12,320
Issue of units for payment of management fees	5	6,440	-	-	6,440
Issue of placement units	7	70,200	-	-	70,200
Issue expenses adjustments	6	292	-	-	292
<b>At 30 June 2012</b>		<b>2,762,357</b>	<b>499,299</b>	<b>(28,842)</b>	<b>3,232,814</b>

**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 5,324,113 and 5,096,741 units issued in 1Q2013 and 2Q2013 as payment of management fees in units.
- (3) This relates to the placement of 40 million units at an issue price of \$1.33 per unit on 4 March 2013. The net proceeds raised have been used to repay outstanding borrowings.
- (4) This relates to issue expenses in relation to the placement as mentioned in note 3 above.
- (5) This represents 4,721,998 and 6,873,459 units issued in 1Q2012 and 2Q2012 as payment of management fees in units.
- (6) This relates to issue expense adjustments in relation to the previous years' rights issues.
- (7) This relates to the placement of 60 million units at an issue price of \$1.17 per unit as part payment for the acquisition of additional 12.4% interest in OPLLP.

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

	<u>Group and Trust</u>	
	<b>2013</b> Units	<b>2012</b> Units
<b>Issued units as at 1 January</b>	<b>2,631,180,238</b>	<b>2,547,574,969</b>
Issue of new units:		
- Payment of management fees	5,324,113	4,721,998
- Placement units	40,000,000	-
<b>Issued units as at 31 March</b>	<b>2,676,504,351</b>	<b>2,552,296,967</b>
Issue of new units:		
- Payment of management fees	5,096,741	6,873,459
- Placement units	-	60,000,000
<b>Issued units as at 30 June</b>	<b>2,681,601,092</b>	<b>2,619,170,426</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 June 2013 and 31 December 2012.

Total number of issued units in Keppel REIT as at 30 June 2013 and 31 December 2012 were 2,681,601,092 and 2,631,180,238 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 neither been audited nor 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 period beginning on 1 January 2013.

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.

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

	<u>Group</u>			
	2Q2013	2Q2012	1H2013	1H2012
<b>EPU</b> (based on weighted average number of units as at the end of the period)	1.36 cents	1.06 cents	2.61 cents	2.18 cents
- Weighted average number of units as at the end of the period	2,679,976,856	2,558,298,664	2,663,695,504	2,554,545,409
<b>DPU</b> (based on the number of units as at the end of the period)	1.97 cents	1.94 cents	3.94 cents <sup>1</sup>	3.84 cents <sup>2</sup>
- Number of units in issue as at the end of the period	2,681,601,092	2,619,170,426		

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

**Notes:**

(1) DPU of 3.94 cents for 1H2013 is based on 1.97 cents and 1.97 cents announced during the 1Q2013 and 2Q2013 financial results announcements respectively.

(2) DPU of 3.84 cents for 1H2012 is based on 1.90 cents and 1.94 cents announced during the 1Q2012 and 2Q2012 financial results announcements respectively.

## 7. NET ASSET VALUE (“NAV”)

	<u>Group</u>		<u>Trust</u>	
	As at 30/06/13	As at 31/12/12	As at 30/06/13	As at 31/12/12
NAV <sup>1</sup> per unit (\$) based on issued units at the end of the period	1.29	1.32	1.22	1.23
Adjusted NAV <sup>1</sup> per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.27	1.30	1.20	1.21

**Note:**

(1) This excludes non-controlling interest's share of net asset value.



## 8. REVIEW OF PERFORMANCE

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

<u>Property</u>	<u>Group</u>					
	2Q2013	2Q2012	+ / (-)	1H2013	1H2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Prudential Tower	4,475	5,321	(15.9)	9,479	10,552	(10.2)
Bugis Junction Towers	5,091	5,095	(0.1)	10,202	10,133	0.7
Ocean Financial Centre <sup>1</sup>	22,460	19,696	14.0	44,571	36,992	20.5
275 George Street	5,889	5,914	(0.4)	11,636	11,955	(2.7)
77 King Street	3,252	3,259	(0.2)	6,711	6,241	7.5
<b>Total property income</b>	<b>41,167</b>	<b>39,285</b>	<b>4.8</b>	<b>82,599</b>	<b>75,873</b>	<b>8.9</b>

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

<u>Property</u>	<u>Group</u>					
	2Q2013	2Q2012	+ / (-)	1H2013	1H2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Prudential Tower	3,133	4,252	(26.3)	7,094	8,664	(18.1)
Bugis Junction Towers	4,381	4,311	1.6	8,501	8,466	0.4
Ocean Financial Centre <sup>1</sup>	17,456	15,369	13.6	36,133	28,013	29.0
275 George Street	4,682	4,695	(0.3)	9,395	9,759	(3.7)
77 King Street	2,597	2,642	(1.7)	5,544	4,876	13.7
<b>Total net property income</b>	<b>32,249</b>	<b>31,269</b>	<b>3.1</b>	<b>66,667</b>	<b>59,778</b>	<b>11.5</b>
One-third interest in ORQPL:						
- Rental support	-	2,586	Nm	-	6,008	Nm
- Interest income	362	377	(4.0)	733	775	(5.4)
- Dividend income	7,519	6,906	8.9	14,783	12,958	14.1
<b>Total income from one-third interest in ORQPL</b>	<b>7,881</b>	<b>9,869</b>	<b>(20.1)</b>	<b>15,516</b>	<b>19,741</b>	<b>(21.4)</b>
One-third interest in BFCDLLP:						
- Rental support	2,023	1,238	63.4	4,156	2,725	52.5
- Interest income	4,938	5,123	(3.6)	9,990	10,515	(5.0)
- Dividend income <sup>2</sup>	9,206	5,291	74.0	17,620	11,881	48.3
<b>Total income from one-third interest in BFCDLLP</b>	<b>16,167</b>	<b>11,652</b>	<b>38.7</b>	<b>31,766</b>	<b>25,121</b>	<b>26.5</b>
Ocean Financial Centre <sup>1</sup>						
- Rental support	15,518	16,454	(5.7)	29,582	35,403	(16.4)
8 Chifley Square <sup>3</sup>						
- Interest income	2,555	1,193	114.2	4,763	2,076	129.4
Old Treasury Building <sup>4</sup>						
- Interest income	1,492	-	Nm	1,573	-	Nm
<b>Total income contribution</b>	<b>75,862</b>	<b>70,437</b>	<b>7.7</b>	<b>149,867</b>	<b>142,119</b>	<b>5.5</b>

#### Notes:

Nm – Not meaningful

- (1) The acquisitions of the approximate 87.5% and 12.4% interests in OPLL which owns OFC were completed on 14 December 2011 and 25 June 2012 respectively.
- (2) 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.
- (3) The 50% interest in 8 Chifley Square is currently under development and is scheduled for completion in 3Q2013.
- (4) The 50% interest in a new office tower to be built on the Old Treasury Building site is currently under development and is scheduled for completion in second half of 2015.

## 8. REVIEW OF PERFORMANCE (CONT'D)

### Review of Performance for 1H2013 vs 1H2012

The Group's distribution to Unitholders for 1H2013 rose 6.8% year-on-year to \$105.1 million.

The Group's 1H2013 distributable income included (i) the additional contributions from BFCDLLP as a result of its conversion to a limited liability partnership on 15 June 2012, (ii) contributions from 12.4% interest in OPLLP acquired on 25 June 2012, which holds OFC and (iii) contributions from 50% interest in Mirvac (Old Treasury) Trust acquired on 28 March 2013, which holds the office tower in Perth that is currently under construction.

Property income for 1H2013 was \$82.6 million, an increase of \$6.7 million or 8.9% over that for 1H2012. The increase was due mainly to higher property income from OFC and 77 King Street.

Net property income increased from \$59.8 million in 1H2012 to \$66.7 million in 1H2013. This was attributable mainly to better performance from OFC.

The Group's total return before tax for 1H2013 was \$75.3 million, an increase of 13.0% over 1H2012 as a result of higher interest income, higher share of results of associates and joint ventures, and lower amortisation expenses. These were partly offset by lower rental support, higher borrowing costs and management fees.

1H2013 DPU rose 2.6% to 3.94 cents from 3.84 cents in 1H2012.

### Review of Performance for 2Q2013 vs 2Q2012

Property income for 2Q2013 was \$41.2 million, an increase of approximately 4.8% compared with the property income of \$39.3 million in 2Q2012. The increase was due mainly to higher property income from OFC.

Net property income for 2Q2013 was \$32.3 million, an increase of \$1.0 million as compared with 2Q2012, due mainly to the better performance from OFC.

The Group's total return before tax for 2Q2013 was \$39.2 million, an increase of 20.5% over 2Q2012 due mainly to higher interest income, higher share of results of associates and joint ventures, and lower amortisation expenses, partly offset by lower rental support, higher borrowing costs and management fees as a result of the larger portfolio of assets under management.

Distribution to Unitholders increased 6.1% from \$49.8 million in 2Q2012 to \$52.8 million in 2Q2013.

The weighted average interest rate was 2.16% per annum in 2Q2013. The aggregate leverage stood at 44.2% as at 30 June 2013.

The portfolio attained 99.1% committed occupancy as at 30 June 2013.

### Review of Performance for 2Q2013 vs 1Q2013

The Group's total return before tax for 2Q2013 was \$39.2 million, an increase of \$3.1 million over 1Q2013. This was due mainly to higher rental support and interest income, higher share of results of associates and joint ventures, partly offset by lower net property income, borrowing costs and management fees.

Distribution to Unitholders in 2Q2013 was \$52.8 million, an increase of \$0.6 million over \$52.2 million in 1Q2013.

The weighted average interest rate for 2Q2013 was 2.16% per annum compared with 2.17% per annum for 1Q2013.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

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 2Q2013. As compared to 1Q2013, the manufacturing, construction, and services sectors led the strong growth in 2Q2013. 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 1Q2013 to 93.5% in 2Q2013. Premium grade office rentals have increased from an average of \$9.41 psf in 1Q2013 to an average of \$9.60 psf in 2Q2013. 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.

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.

OFC Phase 2 comprising the retail and carpark annex and 8 Chifley Square which are currently under construction are 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.

On 26 June 2013, Keppel REIT announced the acquisition of a 50% interest in a premium Grade A commercial office building at 8 Exhibition Street, Melbourne, Australia. 8 Exhibition Street is 100% leased to well-established tenants and will be DPU accretive. The acquisition provides a strategic fit with Keppel REIT's sterling portfolio and is in line with Keppel REIT's objective of acquiring quality commercial buildings with strong cash flows, in key cities pan-Asia.

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

Going forward, 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 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 April 2013 to 30 June 2013
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 1.03 cents per unit (b) Tax-exempt income distribution - 0.55 cents per unit (c) Capital distribution - 0.39 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

Name of Distribution	Distribution for 1 January 2012 to 30 June 2012
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	<p><u>Main K-REIT<sup>1</sup> Units</u> (a) Taxable income distribution - 1.41 cents per unit (b) Tax-exempt income distribution - 2.31 cents per unit (c) Capital distribution - 0.12 cents per unit</p> <p><u>K-REIT<sup>1</sup> A Units</u> (a) Taxable income distribution - 0.02 cents per unit (b) Tax-exempt income distribution - 0.02 cents per unit</p>
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax. 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 K-REIT<sup>1</sup> Asia.</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 K-REIT<sup>1</sup> Asia units, the amount of capital distribution will be applied to reduce the cost base of their K-REIT<sup>1</sup> Asia units for Singapore income tax purposes.</p>

**Note:**

(1) K-REIT Asia was renamed Keppel REIT on 15 October 2012.

**12. DISTRIBUTIONS (CONT'D)**

**(c) Date Payable**

28 August 2013

**(d) Books Closure Date**

23 July 2013

**13. DISTRIBUTION STATEMENT**

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

**14. INTERESTED PERSON TRANSACTIONS ("IPT")**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	2Q2013 \$'000	2Q2012 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	10,497	9,529
- Acquisition fee	-	2,857
- Property management fees and reimbursable	1,337	1,451
- Leasing commissions	853	478
- Rental support	15,999	20,174
- Electricity expenses <sup>1</sup>	12,400	-
- Interest on borrowings <sup>1</sup>	-	3,336
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	248	228

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

**Note:**

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

**QUARTERLY BREAKDOWN**

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

	1Q12	2Q12	3Q12	4Q12	FY12	1Q13	2Q13
<b>Property</b>							
Prudential Tower	5,231	5,321	5,272	5,195	<b>21,019</b>	5,004	4,475
Bugis Junction Towers	5,038	5,095	5,145	5,149	<b>20,427</b>	5,111	5,091
Ocean Financial Centre <sup>1</sup>	17,296	19,696	20,796	21,701	<b>79,489</b>	22,111	22,460
275 George Street	6,041	5,914	5,841	5,629	<b>23,425</b>	5,747	5,889
77 King Street	2,982	3,259	3,146	3,123	<b>12,510</b>	3,459	3,252
<b>Total property income</b>	<b>36,588</b>	<b>39,285</b>	<b>40,200</b>	<b>40,797</b>	<b>156,870</b>	<b>41,432</b>	<b>41,167</b>

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

	1Q12	2Q12	3Q12	4Q12	FY12	1Q13	2Q13
<b>Property</b>							
Prudential Tower	4,412	4,252	4,088	3,960	<b>16,712</b>	3,961	3,133
Bugis Junction Towers	4,155	4,311	4,078	4,108	<b>16,652</b>	4,120	4,381
Ocean Financial Centre <sup>1</sup>	12,644	15,369	16,672	17,661	<b>62,346</b>	18,677	17,456
275 George Street	5,064	4,695	4,750	4,602	<b>19,111</b>	4,713	4,682
77 King Street	2,234	2,642	2,495	2,468	<b>9,839</b>	2,947	2,597
<b>Net property income</b>	<b>28,509</b>	<b>31,269</b>	<b>32,083</b>	<b>32,799</b>	<b>124,660</b>	<b>34,418</b>	<b>32,249</b>
One-third interest in ORQPL:							
- Rental support	3,422	2,586	3,259	-	<b>9,267</b>	-	-
- Interest income	398	377	381	388	<b>1,544</b>	371	362
- Dividend income	6,052	6,906	6,282	6,015	<b>25,255</b>	7,264	7,519
<b>Total income from one-third interest in ORQPL</b>	<b>9,872</b>	<b>9,869</b>	<b>9,922</b>	<b>6,403</b>	<b>36,066</b>	<b>7,635</b>	<b>7,881</b>
One-third interest in BFCDLLP:							
- Rental support	1,487	1,238	1,982	1,141	<b>5,848</b>	2,133	2,023
- Interest income	5,392	5,123	5,191	5,269	<b>20,975</b>	5,052	4,938
- Dividend income <sup>2</sup>	6,590	5,291	7,760	7,132	<b>26,773</b>	8,414	9,206
<b>Total income from one-third interest in BFCDLLP</b>	<b>13,469</b>	<b>11,652</b>	<b>14,933</b>	<b>13,542</b>	<b>53,596</b>	<b>15,599</b>	<b>16,167</b>
Ocean Financial Centre <sup>1</sup>							
- Rental support	18,949	16,454	16,476	15,265	<b>67,144</b>	14,064	15,518
8 Chifley Square <sup>3</sup>							
- Interest income	883	1,193	1,622	1,954	<b>5,652</b>	2,208	2,555
Old Treasury Building <sup>4</sup>							
- Interest income	-	-	-	-	-	81	1,492
<b>Total income contribution</b>	<b>71,682</b>	<b>70,437</b>	<b>75,036</b>	<b>69,963</b>	<b>287,118</b>	<b>74,005</b>	<b>75,862</b>

**Notes:**

- (1) 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 respectively.
- (2) 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.
- (3) The 50% interest in 8 Chifley Square, Sydney is currently under development and is scheduled for completion in 3Q2013.
- (4) The acquisition of the 50% interest in a new office tower to be built on the Old Treasury Building site, Perth was legally completed on 28 March 2013. The property is currently under development and is scheduled for completion in second half of 2015.

**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 July 2013

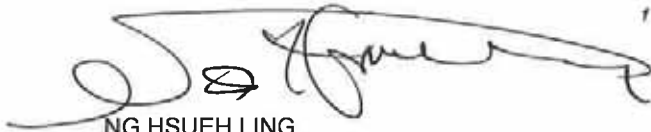


**CONFIRMATION BY THE BOARD**

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 Second Quarter 2013 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 July 2013