

**KEPPEL REIT  
FIRST QUARTER 2013 FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2013****TABLE OF CONTENTS**

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**SUMMARY OF KEPPEL REIT RESULTS  
FOR THE QUARTER ENDED 31 MARCH 2013**

	GROUP		
	1Q2013 \$'000	1Q2012 \$'000	+/(-) %
Property Income	41,432	36,588	13.2
Net Property Income	34,418	28,509	20.7
Share of Results of Associates	14,198	11,230	26.4
Total Return before Tax	36,099	34,132	5.8
Income Available for Distribution	52,242	48,544	7.6
Distribution to Unitholders <sup>1</sup>	52,242	48,544	7.6
<b>Distribution per Unit ("DPU") (cents)</b>			
<b>For the Period</b>	<b>1.97</b> <sup>2</sup>	<b>1.90</b>	3.7
<b>Annualised</b>	<b>7.99</b>	<b>7.64</b>	4.6
Distribution Yield	5.9% <sup>3</sup>	7.9% <sup>4</sup>	

**Notes:**

- (1) The distribution to Unitholders is based on 100% of the income available for distribution.
- (2) On 12 April 2013, an advanced distribution of 1.35 cents per unit was paid to eligible unitholders. This advanced distribution represents the distribution from 1 January 2013 to 3 March 2013. The distribution of 0.62 cents for the period from 4 March 2013 to 31 March 2013 will be paid on 28 May 2013.
- (3) The yield is based on the market closing price per unit of \$1.360 as at the last trading day, 28 March 2013.
- (4) The yield is based on the market closing price per unit of \$0.965 as at the last trading day, 30 March 2012.

## DISTRIBUTION DETAILS

Distribution <sup>1</sup>	1 January 2013 to 3 March 2013
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 0.65 cents per unit (b) Tax-exempt income distribution - 0.57 cents per unit (c) Capital distribution - 0.13 cents per unit
Books Closure Date	1 March 2013
Payment Date	12 April 2013

Distribution	4 March 2013 to 31 March 2013
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 0.35 cents per unit (b) Tax-exempt income distribution - 0.26 cents per unit (c) Capital distribution - 0.01 cents per unit
Books Closure Date	23 April 2013
Payment Date	28 May 2013

**Note:**

- (1) 40 million new units ("placement units") were issued on a non pro rata basis on 4 March 2013. On 12 April 2013, eligible unitholders received an advanced distribution of 1.35 cents per unit for the period from 1 January 2013 to 3 March 2013. Thereafter, the placement units rank *pari passu* in all respects with the units on issue prior to 4 March 2013, including the entitlement of all future distributions.

## 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 in Singapore and across Asia.

As at 31 March 2013, Keppel REIT has an asset size of \$6.6 billion comprising nine premium commercial assets strategically located in the central business districts of Singapore, and key cities of Sydney, Brisbane and Perth in Australia.

In Singapore, Keppel REIT owns Bugis Junction Towers, a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and Marina Bay Link Mall, a 99.9% interest in Ocean Financial Centre, a one-third interest in One Raffles Quay, and a 92.8% interest in Prudential Tower.

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

Post the completion of this acquisition in Australia, Keppel REIT now owns the office tower at 77 King Street and a 50% interest in 8 Chifley Square, both in Sydney and a 50% interest in 275 George Street in Brisbane, as well as a 50% interest in a new office tower to be built on the site of the Old Treasury Building in Perth.

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

## 1 UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2013

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the quarter ended 31 March 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		+ / (-) %
		1Q2013 \$'000	1Q2012 \$'000	
Gross rent		40,685	35,848	13.5
Car park income		347	339	2.4
Other income		400	401	(0.2)
<b>Property income</b>		<b>41,432</b>	<b>36,588</b>	<b>13.2</b>
Property tax		(1,546)	(2,677)	(42.2)
Other property expenses	1	(3,755)	(3,835)	(2.1)
Property management fee		(1,064)	(919)	15.8
Maintenance and sinking fund contributions		(649)	(648)	0.2
<b>Property expenses</b>		<b>(7,014)</b>	<b>(8,079)</b>	<b>(13.2)</b>
<b>Net property income</b>		<b>34,418</b>	<b>28,509</b>	<b>20.7</b>
Rental support	2	17,325	24,896	(30.4)
Interest income	3	7,902	6,943	13.8
Share of results of associates	4	14,198	11,230	26.4
Share of results of joint ventures	5	8	-	Nm
Amortisation expenses	6	(13,220)	(15,668)	(15.6)
Borrowing costs	7	(12,895)	(11,112)	16.0
Manager's management fees	8	(10,229)	(9,515)	7.5
Trust expenses		(1,128)	(1,151)	(2.0)
Changes in fair value of derivative financial instruments	9	(280)	-	Nm
<b>Total return before tax</b>		<b>36,099</b>	<b>34,132</b>	<b>5.8</b>
Income tax expense	10	(2,925)	(4,162)	(29.7)
<b>Total return after tax</b>		<b>33,174</b>	<b>29,970</b>	<b>10.7</b>
<b>Attributable to:</b>				
Unitholders		33,157	28,502	16.3
Non-controlling interest		17	1,468	(98.8)
		<b>33,174</b>	<b>29,970</b>	<b>10.7</b>
<b>Distribution Statement</b>				
<b>Total return for the period attributable to Unitholders</b>		<b>33,157</b>	<b>28,502</b>	<b>16.3</b>
Net tax adjustments	11	19,085	20,042	(4.8)
<b>Income available for distribution</b>		<b>52,242</b>	<b>48,544</b>	<b>7.6</b>
<b>Distribution to Unitholders</b>	12	<b>52,242</b>	<b>48,544</b>	<b>7.6</b>
<b>Distribution per unit (cents)</b>				
For the period		1.97	1.90	3.7
Annualised		7.99	7.64	4.6

**Notes:**

Nm – Not meaningful

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

	<u>Group</u>	
	1Q2013	1Q2012
	\$'000	\$'000
Marketing expenses	39	94
Utilities	1,344	1,394
Repair and maintenance	1,559	1,499
Property management reimbursements	605	390
Other property expenses	208	458
	3,755	3,835

- (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 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>	
	1Q2013	1Q2012
	\$'000	\$'000
Interest income from fixed deposits and current accounts	190	270
Interest income from shareholder's loans to ORQPL and BFCDLLP	5,423	5,790
Interest income from convertible notes in Mirvac 8 Chifley Trust and Mirvac (Old Treasury) Trust	2,289	883
	7,902	6,943

- (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 and Mirvac (Old Treasury) 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>	
	1Q2013	1Q2012
	\$'000	\$'000
Interest expense on term loans	10,444	9,169
Interest expense on revolving loans	1,908	1,635
Amortisation of capitalised transaction costs	543	308
	12,895	11,112

- (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 275 George Street, Brisbane, the office tower at 77 King Street and 8 Chifley Square, both in Sydney, and a new office tower to be built on the Old Treasury Building site, Perth.*

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

	<u>Group</u>	
	1Q2013	1Q2012
	\$'000	\$'000
<i>Management fees payable in units</i>	6,803	6,443
<i>Trustee's fees</i>	242	224
<i>Amortisation of intangible asset and capitalised transaction costs</i>	13,763	15,976
<i>Temporary differences and other tax adjustments</i>	(1,723)	(2,601)
	<u>19,085</u>	<u>20,042</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 is committed to distribute 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>		
	1Q2013	1Q2012	+ / (-)
	\$'000	\$'000	%
<b>Total return after tax</b>	<b>33,174</b>	<b>29,970</b>	<b>10.7</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation	10,557	4,242	148.9
<u>Cashflow hedges:</u>			
Net change in fair value of cash flow hedges	4,203	(2,640)	Nm
Share of net change in fair value of cash flow hedges of an associate	(1,733)	(1,296)	33.7
<b>Other comprehensive income for the period, net of tax</b>	<b>13,027</b>	<b>306</b>	<b>&gt;500</b>
<b>Total comprehensive income for the period</b>	<b><u>46,201</u></b>	<b><u>30,276</u></b>	<b><u>52.6</u></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**

	Group			Trust			
	Note	31/03/2013 \$'000	31/12/2012 \$'000	+ / (-) %	31/03/2013 \$'000	31/12/2012 \$'000	+ / (-) %
<b>Non-current assets</b>							
Investment properties	1	3,623,896	3,614,744	0.3	943,043	942,034	0.1
Investment in subsidiaries		-	-	-	1,839,604	1,839,552	-
Investment in associates	2	2,153,448	2,155,050	(0.1)	1,977,990	1,978,145	-
Investment in joint ventures	3	250,303	140,079	78.7	-	-	-
Amount owing by subsidiary		-	-	-	637,262	496,862	28.3
Fixed assets		34	38	(10.5)	-	-	-
Intangible asset	4	79,194	92,371	(14.3)	3,923	5,241	(25.1)
<b>Total non-current assets</b>		<b>6,106,875</b>	<b>6,002,282</b>	<b>1.7</b>	<b>5,401,822</b>	<b>5,261,834</b>	<b>2.7</b>
<b>Current assets</b>							
Trade and other receivables	5	43,554	28,669	51.9	60,416	43,631	38.5
Prepaid expenses		690	1,130	(38.9)	70	637	(89.0)
Cash and cash equivalents		96,796	101,930	(5.0)	47,801	59,091	(19.1)
Derivative financial instruments	6	5,794	5,461	6.1	5,794	5,461	6.1
<b>Total current assets</b>		<b>146,834</b>	<b>137,190</b>	<b>7.0</b>	<b>114,081</b>	<b>108,820</b>	<b>4.8</b>
<b>Total assets</b>		<b>6,253,709</b>	<b>6,139,472</b>	<b>1.9</b>	<b>5,515,903</b>	<b>5,370,654</b>	<b>2.7</b>
<b>Current liabilities</b>							
Trade and other payables		112,615	139,605	(19.3)	49,193	45,176	8.9
Income received in advance		3,005	2,415	24.4	374	249	50.2
Short term borrowings	7	154,974	154,964	-	99,974	99,964	-
Current portion of security deposits		3,096	3,544	(12.6)	3,096	3,544	(12.6)
Derivative financial instruments	8	505	760	(33.6)	505	760	(33.6)
Provision for taxation		16,953	14,577	16.3	15,889	13,614	16.7
<b>Total current liabilities</b>		<b>291,148</b>	<b>315,865</b>	<b>(7.8)</b>	<b>169,031</b>	<b>163,307</b>	<b>3.5</b>
<b>Non-current liabilities</b>							
income received in advance		27,386	30,551	(10.4)	25,182	27,860	(8.5)
Long term borrowings	7	2,357,983	2,267,723	4.0	1,975,092	1,898,328	4.0
Derivative financial instruments	9	28,129	29,978	(6.2)	26,214	29,829	(12.1)
Non-current portion of security deposits		29,452	29,387	0.2	7,464	7,137	4.6
<b>Total non-current liabilities</b>		<b>2,442,950</b>	<b>2,357,639</b>	<b>3.6</b>	<b>2,034,252</b>	<b>1,963,154</b>	<b>3.6</b>
<b>Total liabilities</b>		<b>2,734,098</b>	<b>2,673,504</b>	<b>2.3</b>	<b>2,203,283</b>	<b>2,126,461</b>	<b>3.6</b>
<b>Net assets</b>		<b>3,519,611</b>	<b>3,465,968</b>	<b>1.5</b>	<b>3,312,620</b>	<b>3,244,193</b>	<b>2.1</b>
Represented by:							
<b>Unitholders' funds</b>		<b>3,517,800</b>	<b>3,464,157</b>	<b>1.5</b>	<b>3,312,620</b>	<b>3,244,193</b>	<b>2.1</b>
<b>Non-controlling interest</b>		<b>1,811</b>	<b>1,811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>3,519,611</b>	<b>3,465,968</b>	<b>1.5</b>	<b>3,312,620</b>	<b>3,244,193</b>	<b>2.1</b>
Net asset value per unit (\$)		1.31	1.32		1.24	1.23	
Gross borrowings / Value of deposited properties (%)	10	43.3	42.9				



**Notes:**

Nm – Not meaningful

- (1) *The increase in investment properties is due mainly to the capital expenditure and translation differences arising from the Australian properties.*
- (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 Mirvac 8 Chifley Trust and Mirvac 8 Chifley Pty Limited; and 50% interest in Mirvac (Old Treasury) Trust ("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 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.*
- (5) *Included in the balances are receivables for rental support top-up payments of \$20.4 million as at 31 March 2013 (31 December 2012: \$20.5 million).*
- (6) *This relates to the fair value of the foreign currency forward contracts entered into in relation to the investment in 8 Chifley Square.*
- (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, the approximate 99.9% interest in OPLLP, and the 50% interest in MOTT. The balance also includes OPLLP's bank borrowings.*
- (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 the fair value of an interest rate swap entered into by the Trust.*
- (9) *This relates to the fair value of the interest rate swaps entered into by the Group.*
- (10) *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 31 March 2013 (31 December 2012: \$6.52 billion).*

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

	<b>Group</b>	
	<b>As at 31/03/13</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	(5,332)	(5,594)
	<b>862,168</b>	<b>848,186</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	155,000	155,000
Amount repayable after one year	1,498,729	1,422,147
Less: Unamortised portion of fees	(2,940)	(2,646)
	<b>1,650,789</b>	<b>1,574,501</b>
<b>Total borrowings</b>	<b>2,512,957</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 Ocean Financial Centre and the following:

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

As at 31 March 2013, the Group had a total borrowings of approximately \$2,521.2 million and an unutilised \$205.8 million of facilities available to meet its future obligations. The weighted average interest rate for all borrowings for 1Q2013 stood at 2.17% per annum.

1(c) Consolidated Statement of Cash Flows

	<u>Group</u>	
	1Q2013	1Q2012
Note	\$'000	\$'000
<b>Operating activities</b>		
Total return before tax	36,099	34,132
Adjustments for:		
Interest income	(7,902)	(6,943)
Amortisation expenses	13,220	15,668
Share of results of associates	(14,198)	(11,230)
Share of results of joint ventures	(8)	-
Borrowing costs	12,895	11,112
Management fees payable in units	6,803	6,443
Depreciation	4	5
Rental support income	(17,325)	(24,896)
Translation differences	(1,785)	56
<b>Operating cash flows before changes in working capital</b>	<b>27,803</b>	<b>24,347</b>
Decrease/(Increase) in receivables	1,245	(2,238)
Decrease in payables	(14,889)	(6,884)
(Decrease)/Increase in security deposits	(383)	1,259
Cash flows from operations	13,776	16,484
Income taxes paid	(561)	(359)
<b>Net cash flows generated from operating activities</b>	<b>13,215</b>	<b>16,125</b>
<b>Investing activities</b>		
Improvements in investment properties	(1,196)	(2,282)
Interest received	7,785	7,008
Rental support received	17,435	20,625
Investment in joint ventures	(126,822)	(20,349)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(102,798)</b>	<b>5,002</b>
<b>Financing activities</b>		
Distribution to Unitholders	1 (51,834)	(62,416)
Loans drawdown	142,748	32,653
Repayment of loans	(52,446)	-
Upfront debt arrangement costs	(575)	-
Proceeds from issuance of placement units	53,200	-
Partnership distribution to non-controlling interest	(17)	-
Interest paid	(6,806)	(5,549)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>84,270</b>	<b>(35,312)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,313)</b>	<b>(14,185)</b>
Cash and cash equivalents at the beginning of period	101,930	85,741
Effect of exchange rate changes on cash and cash equivalents	179	67
<b>Cash and cash equivalents at the end of period</b>	<b>96,796</b>	<b>71,623</b>

**Note:**

- (1) Distribution for 1Q2013 is for the period 1 October 2012 to 31 December 2012, paid on 27 February 2013.  
Distribution for 1Q2012 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

	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Discount on Acquisition of Non-Controlling Interest \$'000	Non- Controlling Interest \$'000	Total \$'000
<b>Group</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>
<b>At 1 January 2013</b>							
Return for the period	-	33,157	-	-	-	17	33,174
Other comprehensive income, net of tax	-	-	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	6,849	-	-	-	-	-	6,849
Issue of placement units	53,200	-	-	-	-	-	53,200
Issue expenses	(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>
<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	29,970
Other comprehensive income, net of tax	-	-	4,242	(3,936)	-	-	306
Total comprehensive income	-	28,502	4,242	(3,936)	-	1,468	30,276
Issue of units for payment of management fees	3,860	-	-	-	-	-	3,860
Issue expenses adjustment	352	-	-	-	-	-	352
Distribution to Unitholders	(1,783)	(60,633)	-	-	-	-	(62,416)
<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>

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 units issued in 1Q2013 as satisfaction of management fees payable in units.*
- (3) *This relates to the placement of 40,000,000 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 placement as mentioned in note 3 above.*
- (5) *This represents 4,721,998 units issued in 1Q2012 as satisfaction of management fees payable in units.*
- (6) *This relates to issue expense adjustments in relation to rights issue of 1,159,694,000 new units in December 2011.*

<u>Trust</u>	Note	<u>Accumulated</u>		<u>Hedging</u>	<u>Total</u>
		<u>Units in Issue</u>	<u>Profits</u>	<u>Reserve</u>	
		\$'000	\$'000	\$'000	\$'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>
<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>

**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 5,324,113 units issued in 1Q2013 as satisfaction of management fees payable in units.
- (3) This relates to the placement of 40,000,000 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 placement as mentioned in note 3 above.
- (5) This represents 4,721,998 units issued in 1Q2012 as satisfaction of management fees payable in units.
- (6) This relates to issue expense adjustments in relation to rights issue of 1,159,694,000 new units in December 2011.

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

	<b>Group and Trust</b>	
	<b>2013 Units</b>	<b>2012 Units</b>
<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>

**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 31 March 2013 and 31 December 2012.

Total number of issued units in Keppel REIT as at 31 March 2013 and 31 December 2012 were 2,676,504,351 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 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 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>	
	1Q2013	1Q2012
<b>EPU</b>	1.25 cents	1.12 cents
(based on weighted average number of units as at the end of the period)		
- Weighted average number of units as at the end of the period	2,647,233,248	2,550,792,154
<b>DPU</b>	1.97 cents <sup>1</sup>	1.90 cents
(based on the number of units as at the end of the period)		
- Number of units in issue as at the end of the period	2,676,504,351	2,552,296,967

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

**Note:**

(1) The DPU of 1.97 cents comprised of 1.35 cents and 0.62 cents calculated based on the applicable number of units on issue of 2,636,504,351 units as at 3 March 2013 and 2,676,504,351 units as at 31 March 2013 respectively.

**7. NET ASSET VALUE ("NAV")**

	<u>Group</u>		<u>Trust</u>	
	As at 31/03/13	As at 31/12/12	As at 31/03/13	As at 31/12/12
NAV <sup>1</sup> per unit (\$) based on issued units at the end of the period	1.31	1.32	1.24	1.23
Adjusted NAV <sup>1</sup> per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.29	1.30	1.22	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>		<u>+/(-) %</u>
	<u>1Q2013</u> \$'000	<u>1Q2012</u> \$'000	
Prudential Tower	5,004	5,231	(4.3)
Bugis Junction Towers	5,111	5,038	1.4
Ocean Financial Centre <sup>1</sup>	22,111	17,296	27.8
275 George Street	5,747	6,041	(4.9)
77 King Street	3,459	2,982	16.0
<b>Total property income</b>	<b>41,432</b>	<b>36,588</b>	<b>13.2</b>

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

<u>Property</u>	<u>Group</u>		<u>+/(-) %</u>
	<u>1Q2013</u> \$'000	<u>1Q2012</u> \$'000	
Prudential Tower	3,961	4,412	(10.2)
Bugis Junction Towers	4,120	4,155	(0.8)
Ocean Financial Centre <sup>1</sup>	18,677	12,644	47.7
275 George Street	4,713	5,064	(6.9)
77 King Street	2,947	2,234	31.9
<b>Total net property income</b>	<b>34,418</b>	<b>28,509</b>	<b>20.7</b>
One-third interest in ORQPL:			
- Rental support	-	3,422	Nm
- Interest income	371	398	(6.8)
- Dividend income	7,264	6,052	20.0
<b>Total income from one-third interest in ORQPL</b>	<b>7,635</b>	<b>9,872</b>	<b>(22.7)</b>
One-third interest in BFCDLLP:			
- Rental support	2,133	1,487	43.4
- Interest income	5,052	5,392	(6.3)
- Dividend income <sup>2</sup>	8,414	6,590	27.7
<b>Total income from one-third interest in BFCDLLP</b>	<b>15,599</b>	<b>13,469</b>	<b>15.8</b>
Ocean Financial Centre <sup>1</sup>			
- Rental support	14,064	18,949	(25.8)
8 Chifley Square <sup>3</sup>			
- Interest income	2,208	883	150.1
Old Treasury Building <sup>4</sup>			
- Interest income	81	-	Nm
<b>Total income contribution</b>	<b>74,005</b>	<b>71,682</b>	<b>3.2</b>

**Notes:**

Nm – Not meaningful

- (1) 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.
- (2) 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.
- (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.

### **Review of Performance for 1Q2013 vs 1Q2012**

Property income for 1Q2013 was \$41.4 million, an increase of approximately 13.2% compared with the property income of \$36.6 million in 1Q2012. The increase was due mainly to higher property income from OFC and 77 King Street.

Net property income increased by 20.7% from \$28.5 million in 1Q2012 to \$34.4 million in 1Q2013 due mainly to the better performance from OFC.

The Group's total return before tax for 1Q2013 was \$36.1 million, an increase of 5.8% over 1Q2012 as a result of higher net property income, higher interest income, higher share of results of associates, lower amortisation expenses, partly offset by lower rental support, higher borrowing costs and management fees as a result of the increased assets under management.

Distribution to Unitholders increased by 7.6% from \$48.5 million in 1Q2012 to \$52.2 million in 1Q2013.

The weighted average interest rate was 2.17% per annum in 1Q2013 compared with 2.03% per annum in 1Q2012. The aggregate leverage stood at 43.3% as at 31 March 2013.

The portfolio attained 98.8% committed occupancy as at 31 March 2013.

### **Review of Performance for 1Q2013 vs 4Q2012**

Property income for 1Q2013 was \$41.4 million, an increase of \$0.6 million or 1.6% from \$40.8 million in 4Q2012. This was contributed mainly by higher property income from OFC, 275 George Street and 77 King Street.

Net property income increased from \$32.8 million in 4Q2012 to \$34.4 million in 1Q2013, attributed mainly to higher net property income from OFC and 77 King Street.

Total return before tax for 1Q2013 was \$36.1 million, an increase of \$6.1 million or 20.4% over 4Q2012 (excluding net change in fair value of investment properties). The increase was due mainly to higher net property income, higher share of results of associates and lower amortisation expenses, partly offset by higher borrowing costs and trust expenses.

Distribution to Unitholders in 1Q2013 was \$52.2 million, an increase of \$0.4 million or 0.7% over the \$51.9 million distribution in 4Q2012.

The weighted average interest rate in 1Q2013 was 2.17% per annum compared with 2.03% per annum in 4Q2012.

## **9. VARIANCE FROM FORECAST STATEMENT**

Not applicable.

## 10. PROSPECTS

In 1Q2013, core CBD office occupancy rate improved to 93.2% from 92.2% in 4Q2012. The improvement in core CBD office occupancy has helped to maintain average Grade A rentals at a relatively stable \$9.55 psf. As Asia Square Tower 2 will be the only new Grade A office building to be added to the CBD this year, occupancy rate in the CBD is expected to remain high.

In Australia, the Reserve Bank of Australia has kept the benchmark interest rate unchanged at 3.0% after employment growth, consumer sentiments and housing construction sector showed improvements. In the Sydney CBD office market, increased demand coupled with the removal of some existing office buildings for redevelopment have contributed to relatively stable occupancy rates, with rental rates for prime office holding firm at A\$811 psm pa. In Brisbane, the office leasing market is also expecting an increase in activity in the coming months. Leasing agents highlighted that several mining, engineering and financial tenants have been on the lookout for prime CBD space.

The Manager remains confident of the performance of Keppel REIT's property portfolio. As at end 1Q2013, Keppel REIT had portfolio occupancy of nearly 99%, as well as a long weighted average lease term to expiry for its top ten tenants and portfolio at 6.9 years and 5.7 years respectively.

On 28 March 2013, Keppel REIT completed the acquisition of a 50% interest in the new office tower to be built on the site of the Old Treasury Building in Perth, Western Australia. The new office tower is expected to be completed in 2015. Ocean Financial Centre Phase 2 comprising the retail and carpark annex and 8 Chifley Square which are currently under construction are on track for completion in 3Q2013.

Going forward, the Manager will continue to focus on maintaining high occupancy for its portfolio of properties, as well as proactively managing the leases due for rent reviews and renewals during the year. All refinancing for 2013 has been completed and termed out to 2018. Weighted average term to expiry has been extended from 3.1 years to 3.2 years. The Manager will also undertake prudent interest rate and foreign exchange hedging policies so as to manage financial risks, and 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 4 March 2013 to 31 March 2013
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 0.35 cents per unit (b) Tax-exempt income distribution - 0.26 cents per unit (c) Capital distribution - 0.01 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</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**

28 May 2013

**(d) Books Closure Date**

23 April 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)	
	1Q2013 \$'000	1Q2012 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	10,229	9,515
- Acquisition fee	2,140	-
- Property management fees and reimbursable	1,591	1,204
- Project management fees	-	90
- Leasing commissions	291	233
- Rental support	14,835	23,858
- Electricity expenses <sup>1</sup>	-	7,771
- Transportation expenses <sup>1</sup>	-	452
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	242	224

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

<b>Property</b>	<b>1Q12</b>	<b>2Q12</b>	<b>3Q12</b>	<b>4Q12</b>	<b>FY12</b>	<b>1Q13</b>
Prudential Tower	5,231	5,321	5,272	5,195	<b>21,019</b>	5,004
Bugis Junction Towers	5,038	5,095	5,145	5,149	<b>20,427</b>	5,111
Ocean Financial Centre <sup>1</sup>	17,296	19,696	20,796	21,701	<b>79,489</b>	22,111
275 George Street	6,041	5,914	5,841	5,629	<b>23,425</b>	5,747
77 King Street	2,982	3,259	3,146	3,123	<b>12,510</b>	3,459
<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>

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

<b>Property</b>	<b>1Q12</b>	<b>2Q12</b>	<b>3Q12</b>	<b>4Q12</b>	<b>FY12</b>	<b>1Q13</b>
Prudential Tower	4,412	4,252	4,088	3,960	<b>16,712</b>	3,961
Bugis Junction Towers	4,155	4,311	4,078	4,108	<b>16,652</b>	4,120
Ocean Financial Centre <sup>1</sup>	12,644	15,369	16,672	17,661	<b>62,346</b>	18,677
275 George Street	5,064	4,695	4,750	4,602	<b>19,111</b>	4,713
77 King Street	2,234	2,642	2,495	2,468	<b>9,839</b>	2,947
<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>
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
- Dividend income	6,052	6,906	6,282	6,015	<b>25,255</b>	7,264
<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>
One-third interest in BFCDLLP:						
- Rental support	1,487	1,238	1,982	1,141	<b>5,848</b>	2,133
- Interest income	5,392	5,123	5,191	5,269	<b>20,975</b>	5,052
- Dividend income <sup>2</sup>	6,590	5,291	7,760	7,132	<b>26,773</b>	8,414
<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>
Ocean Financial Centre <sup>1</sup>						
- Rental support	18,949	16,454	16,476	15,265	<b>67,144</b>	14,064
8 Chifley Square <sup>3</sup>						
- Interest income	883	1,193	1,622	1,954	<b>5,652</b>	2,208
Old Treasury Building <sup>4</sup>						
- Interest income	-	-	-	-	-	81
<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>

**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.
- (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.

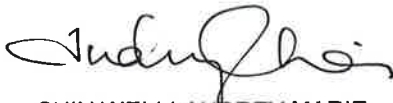
By Order of the Board  
**Keppel REIT Management Limited**  
 (Company Registration Number: 200411357K)  
 As Manager of Keppel REIT

CHOO CHIN TECK / KELVIN CHUA HUA YEOW  
 Joint Company Secretaries  
 15 April 2013

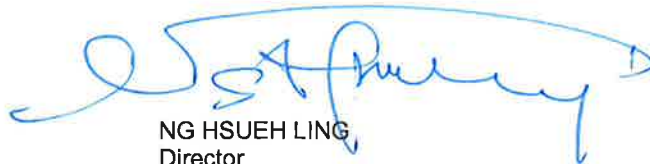


**CONFIRMATION BY THE BOARD**

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 First 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 April 2013