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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Fourth Quarter and Financial Year 2014

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The Directors of Keppel REIT Management Limited, as Manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the fourth quarter and financial year 2014.

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

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Keppel REIT achieves 12% year-on-year growth in Net Property Income for current portfolio[(1)] in FY2014

Attains rental upside averaging 23% for new office leases and rental growth of 16% for renewals and reviews during the year

- One-off impact to distribution due to lesser income from Prudential Tower, which was divested in 3Q 2014
- Only a two-week contribution from Marina Bay Financial Centre ("MBFC") Tower 3 in FY 2014. From 2015 onwards, Unitholders can look forward to the full contribution from MBFC Tower 3
- FY 2014 net property income and property income for current portfolio[(1)] grew 12% and 9% year-on-year ("y-o-y") respectively
- Achieved positive rent reversions of approximately 23% for new office leases and an average 16% upside from renewals and reviews in FY 2014
- High tenant retention rate of approximately 85% for office tenants in FY 2014
- Average rental rates of $12 psf per month for new leases and renewals at properties in the Raffles Place and Marina Bay precincts, with some leases committed at $15 psf per month in 2014
- The acquisition of MBFC Tower 3 positions Keppel REIT as the S-REIT with the youngest and largest portfolio of premium Grade A office assets in Singapore's central business district ("CBD")
- All-in interest rate remains at 2.23%
- Maintained healthy interest coverage ratio of 5.0 times

Summary of Results

	GROUP		
	FY2014 $'000	**FY2013** $'000	**+/(-)** %
Property Income	184,093	174,043	5.8
Net Property Income	151,436	138,294	9.5
Share of Results of Joint Ventures	9,848	2,103	368.3
Income Available for Distribution	206,142	214,043	(3.7)
Distribution to Unitholders[1]	206,142	214,043	(3.7)
Distribution per Unit ("DPU") (cents) For the Period/Year	7.23 [2]	7.88	(8.2)
Distribution Yield %	5.9% [3]	6.6% [4]	

Notes to Summary of Results:

(1) Distribution to Unitholders is based on 100% of the taxable income available for distribution.

(2) Total DPU for FY2014 is 7.23 cents, based on 1.97 cents, 1.90 cents, 1.85 cents and 1.51 cents reported in 1Q2014, 2Q2014, 3Q2014 and 4Q2014 respectively.

(3) The yield is based on the market closing price per unit of $1.220 as at the last trading day, 31 December 2014.

(4) The yield is based on the market closing price per unit of $1.185 as at the last trading day, 31 December 2013.

[(1)] *Excludes Prudential Tower that was divested in September 2014.*

Sustainable Performance

For FY 2014, Keppel REIT Management Limited (the "Manager") is pleased to announce a 12% and 9% year-on-year ("y-o-y") growth in net property income ("NPI") and property income ("PI") respectively for its current portfolio[1].

The growth in NPI and PI of Keppel REIT's current portfolio was partially offset by reduced income contribution from Prudential Tower which was divested in 3Q 2014. Despite the divestment, Keppel REIT ended the financial year with NPI of $151.4 million and PI of $184.1 million respectively. This represented a net increase in NPI and PI of 9.5% and 5.8% y-o-y respectively.

The increases in NPI and PI were due mainly to better performance from Ocean Financial Centre and the full year contribution from the 50% interest in 8 Exhibition Street in Melbourne, Australia, which was acquired in August 2013.

Notably, the NPI of Ocean Financial Centre increased by 14.3% to $82.7 million while the NPI of 8 Exhibition Street almost doubled to $13.1 million y-o-y.

Share of results of joint ventures grew more than three times to $9.8 million due mainly to higher contribution from 8 Chifley Square, which was completed in July 2013 and achieved full committed occupancy in December 2014.

Notwithstanding the one-off impact to the distribution due to the divestment of Prudential Tower and only a two-week contribution from MBFC Tower 3, which was acquired in mid-December 2014, Keppel REIT achieved DPU of 7.23 cents for FY 2014. This translates to a yield of 5.9%.

From 2015 onwards, Unitholders can look forward to the full contribution from MBFC Tower 3.

Proactive Lease Management

During the year, the Manager achieved positive rent reversions of approximately 17% for the entire portfolio on average. Rental rates achieved from new office leases saw an approximate 23% growth, while renewals and reviews recorded a 16% increment.

New leases and renewals at Keppel REIT's properties in the Raffles Place and Marina Bay precincts in Singapore recorded an average of $12 psf per month, with a number of leases committed at $15 psf per month in 2014. The average committed rent compares favourably with the monthly average rent of $11.20 psf per month for Grade A offices in the CBD core as at end-2014[2].

Proactive marketing and ongoing leasing efforts saw nine of 11 completed office towers in Singapore and Australia achieve 100% committed occupancy in 2014. This brought the committed occupancy for the overall portfolio to 99.3%. Occupancy for the Singapore portfolio stood at 99.5%, above the average occupancy rate of 95.7%[2] for the core CBD area.

Tenancy at the newly acquired MBFC Tower 3 has also increased to 97% from 94% when Keppel REIT first announced the proposed acquisition in mid-September 2014.

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[1] Excludes Prudential Tower that was divested in September 2014
[2] Source: CBRE

Meanwhile, the retention rate for office tenants remained strong at approximately 85%, providing Keppel REIT with a steady stream of income.

The addition of MBFC Tower 3 and healthy leasing demand saw the total number of tenants in Keppel REIT's portfolio increase approximately 10% to 289 in 2014 and from diverse tenant sectors.

New tenants in 2014 include those from the banking, insurance and financial services, technology, media and telecommunications ("TMT") sector, energy and natural resources, as well as real estate and property services.

During the year, Keppel REIT saw an increase in demand from firms in the TMT sector for its properties in Singapore's CBD. The amount of space taken up by new TMT tenants was more than double that of 2013 as these companies chose to locate to prime business addresses.

The Manager continues to maintain a long weighted average lease expiry of approximately nine years for its top 10 tenants and over six years for the entire portfolio.

Portfolio Transformation

Following the acquisition of MBFC Tower 3, Keppel REIT has an ownership interest in all three office towers at MBFC. This has significantly upgraded Keppel REIT's portfolio of buildings and improved the overall portfolio age to approximately five years old. Keppel REIT is now the S-REIT with the youngest and largest portfolio of premium Grade A office buildings in Singapore's prime business and financial district.

As at 31 December 2014, Keppel REIT's portfolio of nine quality assets comprising 12 office towers in Singapore and Australia were independently valued at approximately $8.2 billion.

The valuation appreciation was due to the addition of MBFC Tower 3 as well as the growth in capital values of the other properties in the portfolio as a result of improved building performances and market outlook.

Prudent Capital Management Strategy

In 2014, the Manager successfully completed the early refinancing of $275 million (48%) and $75 million (16%) of borrowings due in 2015 and 2016 respectively. As a result of the refinancing, the debt maturity profile of Keppel REIT was extended to 2020. More than 80% of Keppel REIT's borrowings are not due for repayment until 2017 and beyond.

Approximately 65% of the total borrowings is fixed and the average all-in interest rate stood at 2.23% as at 31 December 2014. The weighted average term to expiry is 3.6 years, with a healthy interest coverage of 5.0 times.

Singapore Office Market

Advanced estimates by the Ministry of Trade and Industry ("MTI") indicate that the Singapore economy is expected to record a 2.8% growth in 2014, in line with the earlier forecast growth of around 3%. Looking ahead, MTI forecast a 2% to 4% growth in 2015, on the back of modest global growth and the tight labour conditions domestically.

Property consultants expect the positive office demand in 2014 to continue into 2015 driven by various industries and increasingly the TMT sector. Overall Grade A office rentals, which recorded an average 14.9% increase in 2014, are also forecast to grow further in 2015.

Australia Office Market

The Australian Bureau of Statistics recorded a y-o-y economic growth of 2.7% in 3Q 2014. In December 2014, the Reserve Bank of Australia announced that it will continue to maintain interest rates at 2.5% to encourage sustainable economic growth.

Demand for office space steadied across Australia with vacancies stabilising across most markets. Demand was driven largely by the increase in the number of firms in the TMT sector seeking office space across all CBDs in Australia. Consultants envisage stronger business conditions providing support to the office market through 2015.

Looking Ahead

The Manager has started to engage tenants to renew and review approximately 420,000 sf of prime office space, majority of which are located in the Raffles Place and Marina Bay areas.

Given Keppel REIT’s quality portfolio of buildings in prime CBD locations as well as market expectations of positive demand and limited office supply, rental reversions are expected to be healthy in 2015.

The Manager will also adopt a prudent and proactive capital management strategy as well as monitor interest rates and foreign exchange exposures to manage financing risks.

- End -

About Keppel REIT (http://www.keppelreit.com)

Listed by way of an introduction on 28 April 2006, K-REIT Asia was renamed Keppel REIT on 15 October 2012. Keppel REIT is currently one of the largest real estate investment trusts listed on the Singapore Exchange Securities Trading Limited.

Keppel REIT's objective is to generate stable income and long-term growth for Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets pan-Asia.

As at 31 December 2014, Keppel REIT has an asset size of approximately $8.2 billion comprising interests in nine premium office assets with 12 office towers strategically located in the central business districts of Singapore, as well as key cities of Sydney, Melbourne, Brisbane and Perth in Australia.

Following the completion of the acquisition of a one-third interest in MBFC Tower 3 on 16 December 2014, the assets in Singapore are Bugis Junction Towers, a one-third interest in MBFC (comprising office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall), a one-third interest in One Raffles Quay and a 99.9% interest in Ocean Financial Centre.

The assets in Australia are a 50% interest in 8 Chifley Square and the office tower at 77 King Street, both in Sydney, a 50% interest in the office building at 8 Exhibition Street in Melbourne, a 50% interest in 275 George Street in Brisbane, as well as a 50% interest in the new office tower to be built on the 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 is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Land.

Important Notice

The value of Units and the income from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of Keppel REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel REIT is not necessarily indicative of the future performance of Keppel REIT.