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KEPPEL REIT FIRST QUARTER 2015 FINANCIAL STATEMENTS ANNOUNCEMENT

UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2015

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SUMMARY OF KEPPEL REIT RESULTS FOR THE QUARTER ENDED 31 MARCH 2015

	GROUP		
	1Q2015 \$'000	4Q2014 ² \$'000	1Q2014 \$'000
Property income	42,405	42,337	46,782
Net property income	34,587	34,253	39,468
Share of results of associates	20,367	16,115	15,985
Share of results of joint ventures	4,043	4,128	831
Income available for distribution	54,009	45,848	55,104
Distribution to Unitholders ¹	54,009	45,848	55,104
Distribution per Unit ("DPU") (cents) for the period	1.70	1.51	1.97
Annualised/Actual Distribution Yield %	5.7% ³	5.99	% ⁴

Notes:

- (1) Distribution to Unitholders is based on 100% of the taxable income available for distribution.
- (2) Information in 1Q2014 includes the contribution from Prudential Tower, which was divested in 3Q2014. In 4Q2014, Keppel REIT acquired a one-third stake in Marina Bay Financial Centre Tower 3. As such, the financial information for 4Q2014 has also been provided to give a more meaningful comparison of Keppel REIT's performance for 1Q2015 since the portfolio of properties are the same over the two periods.
- (3) The yield is based on the market closing price per unit of \$1.20 as at the last trading day, 31 March 2015.
- (4) The yield is based on the FY2014 DPU of 7.23 cents, at the market closing price per unit of \$1.22 as at the last trading day, 31 December 2014.

Distribution	1 January 2015 to 31 March 2015
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.11 cents per unit (b) Tax-exempt income distribution - 0.49 cents per unit (c) Capital distribution - 0.1 cents per unit
Books closure date	21 April 2015
Payment date	28 May 2015

DISTRIBUTION DETAILS



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 31 March 2015, 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.

The assets in Singapore are Bugis Junction Towers, a one-third interest in Marina Bay Financial Centre (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 being 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.



1. UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2015

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 2015:

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

Statement of Total Return			Group	
		2	<u>Group</u>	
		1Q2015	1Q2014	+/(-)
	Note	\$'000	\$'000	%
Gross rent		40,835	45,117	(9.5)
Car park income		830	770	7.8
Other income		740	895	(17.3)
Property income	-	42,405	46,782	(9.4)
Property tax		(2,873)	(1,492)	92.6
Other property expenses	1	(4,031)	(4,018)	0.3
Property management fee		(1,085)	(1,145)	(5.2)
Maintenance and sinking fund contributions		171	(659)	NM
Property expenses	-	(7,818)	(7,314)	6.9
Net property income		34,587	39,468	(12.4)
Rental support	2	6,179	13,045	(52.6)
Interest income	3	8,982	9,803	(8.4)
Share of results of associates	4	20,367	15,985	27.4
Share of results of joint ventures	5	4,043	831	386.5
Amortisation expenses	6	(5,500)	(9,038)	(39.1)
Borrowing costs	7	(16,299)	(14,539)	12.1
Manager's management fees	8	(12,343)	(11,498)	7.4
Trust expenses		(2,472)	(1,184)	108.8
Changes in fair value of interest rate swap	9	878	-	100.0
Total return before tax	-	38,422	42,873	(10.4)
Income tax expense	10	(1,902)	(3,022)	(37.1)
Total return after tax	-	36,520	39,851	(8.4)
Attributable to:				
Unitholders		36,502	39,831	(8.4)
Non-controlling interest	_	18	20	(10.0)
	-	36,520	39,851	(8.4)
Distribution Statement				
Total return for the period attributable to Unitholders		36,502	39,831	(8.4)
Net tax and other adjustments	11	17,507	15,273	14.6
Income available for distribution	_	54,009	55,104	(2.0)
Distribution to Unitholders	12	54,009	55,104	(2.0)
Distribution per Unit (cents)				
For the period		1.70	1.97	(13.7)
Annualised/Actual Distribution ¹		6.80	7.23	(5.9)

(1) Actual distribution is based on the 1.97 cents, 1.90 cents, 1.85 cents and 1.51 cents reported in 1Q2014, 2Q2014, 3Q2014 and 4Q2014 respectively.

NM – Not meaningful

Notes:

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

	Grou	<u>p</u>
	1Q2015	1Q2014
	\$'000	\$'000
Marketing expenses	32	75
Utilities	900	777
Repair and maintenance	2,264	2,309
Property management reimbursements	486	501
Other property expenses	349	356
	4,031	4,018

(2) This relates to the rental support top-up payments received by Keppel REIT for 77 King Street Office Tower, Sydney, the approximate 99.9% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre ("OFC") and the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds MBFC Tower 3. In the prior period, the rental support top-up payments received by Keppel REIT were for the additional 29% interest in Prudential Tower acquired on 2 November 2009, the one-third interest in BFC Development LLP ("BFCDLLP") which holds Marina Bay Financial Centre Towers 1 and 2 and Marina Bay Link Mall, 77 King Street Office Tower, Sydney, and the approximate 99.9% interest in OPLLP. The rental support drawn down for OFC and MBFC Tower 3 for the current period are \$2,452,000 and \$3,700,000 respectively.

⁽³⁾ Interest income comprises the following:

	Group	
	1Q2015	1Q2014
	\$'000	\$'000
Interest income from fixed deposits and current accounts	557	259
Interest income from shareholder's loans to One Raffles Quay Pte Ltd ("ORQPL") and BFCDLLP	6,068	5,249
Interest income from convertible notes in Mirvac 8 Chifley Trust and Mirvac (Old Treasury) Trust	2,357	4,295
	8,982	9,803

(4) Share of results of associates for the current period relates to Keppel REIT's one-third interests in (i) ORQPL and CBDPL's net profit after tax, and (ii) BFCDLLP's partnership profit. In the prior period, share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's net profit after tax, and (ii) BFCDLLP's partnership profit.

(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.

- (6) Please refer to paragraph 1(b)(i), note 4.
- (7) Borrowing costs comprise the following:

	Grou	<u>p</u>
	1Q2015	1Q2014
	\$'000	\$'000
Interest expense on term loans	14,895	13,264
Interest expense on revolving loans	795	423
Amortisation of capitalised transaction costs	609	852
	16,299	14,539

(8) The Manager has elected to earn 100% of its management fees earned in respect of all the properties in units of Keppel REIT for this quarter. In the prior period, the Manager elected to receive 100% of its management fees earned in respect of the approximate 87.5% interest in OPLLP, the 50% interest in 8 Exhibition Street as well as 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 FY2014.



- (9) This relates to the fair value change of an interest rate swap, which had been re-designated to hedge other existing loans subsequent to the repayment of a previously hedged loan. The change in fair value has no DPU impact.
- (10) Income tax expense comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its interests in CBDPL and OPLLP, net of deductible interest expense, and (ii) withholding tax expense in relation to the income from the Group's investments in Australia. In the prior period, income tax expense comprised (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its interests in BFCDLLP and OPLLP, net of deductible interest expense, and (ii) withholding tax expense, and oplus, net of adductible 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 and other adjustments are the following:

	Grou	<u>p</u>
	1Q2015 \$'000	1Q2014 \$'000
Management fees paid and/or payable in units	12,343	7,676
Trustee's fees	301	267
Amortisation of intangible asset and capitalised transaction costs	6,109	9,890
Temporary differences and other adjustments	(1,246)	(2,560)
	17,507	15,273

Included in temporary differences and other adjustments were share of results of associates and joint ventures, dividend and distributions income, fair value change of an interest rate swap, 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 taxable 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

	Group		
	1Q2015 \$'000	1Q2014 \$'000	+/(-) %
Total return after tax	36,520	39,851	(8.4)
Other comprehensive income:			
Foreign currency translation	(41,735)	1,806	NM
Cashflow hedges:			
Net change in fair value of cash flow hedges	17,847	(2,269)	NM
Share of net change in fair value of cash flow hedges of an associate	874	217	302.8
Other comprehensive income for the period	(23,014)	(246)	>500
Total comprehensive income for the period	13,506	39,605	(65.9)
Attributable to:			
Unitholders	13,484	39,586	(65.9)
Non-controlling interest	22	19	15.8
	13,506	39,605	(65.9)

NM – Not meaningful



1(b)(i) Balance sheets, together with a comparative statement of the end of the immediately preceding financial year

Balance Sheets

		Gro	oup			Trust	
	Note	31/3/2015	31/12/2014	+/(-)	31/3/2015	31/12/2014	+/(-)
		\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets							
Investment properties	1	3,588,983	3,613,616	(0.7)	527,000	527,000	-
Investment in subsidiaries		-	-	-	1,837,852	1,837,852	-
Investment in associates	2	2,425,450	2,429,485	(0.2)	2,026,261	2,031,098	(0.2)
Advances to associates		606,222	613,222	(1.1)	606,222	613,222	(1.1)
Investment in joint ventures	3	276,104	288,931	(4.4)	-	-	-
Advances to joint venture	3	95,355	99,853	(4.5)	-	-	-
Amount owing by subsidiaries		-	-	-	836,468	876,886	(4.6)
Fixed assets		132	142	(7.0)	-	-	-
Intangible asset	4	51,095	56,607	(9.7)	43,118	46,623	(7.5)
Derivative financial instruments	5	12,658	2,081	>500	5,472	255	>500
Total non-current assets		7,055,999	7,103,937	(0.7)	5,882,393	5,932,936	(0.9)
Current assets							
Trade and other receivables	6	37,568	25,016	50.2	43,446	37,918	14.6
Prepaid expenses		1,016	629	61.5	88	23	282.6
Cash and bank balances		203,211	199,689	1.8	177,181	172,729	2.6
Derivative financial instruments	5	713	133	436.1	713	133	436.1
Total current assets		242,508	225,467	7.6	221,428	210,803	5.0
Total assets		7,298,507	7,329,404	(0.4)	6,103,821	6,143,739	(0.6)
Current liabilities							
Trade and other payables	7	50,392	84,469	(40.3)	31,342	64,022	(51.0)
Income received in advance		654	1,043	(37.3)	296	239	23.9
Short term borrowings		274,945	274,924	0.01	274,945	274,924	0.01
Current portion of security deposits		3,223	3,223	-	508	508	-
Derivative financial instruments	5	7,029	9,071	(22.5)	7,029	9,071	(22.5)
Provision for taxation		6,323	7,641	(17.2)	6,178	7,400	(16.5)
Total current liabilities		342,566	380,371	(9.9)	320,298	356,164	(10.1)
Non-current liabilities							
Income received in advance		60,743	61,871	(1.8)	59,931	61,021	(1.8)
Long term borrowings		2,389,777	2,390,439	(0.03)	1,927,406	1,928,554	(0.1)
Derivative financial instruments	5	1,368	6,894	(80.2)	983	4,724	(79.2)
Non-current portion of security deposits		26,324	25,074	5.0	3,346	3,237	3.4
Deferred tax liabilities		5,283	5,283	-	_	-	-
Total non-current liabilities		2,483,495	2,489,561	(0.2)	1,991,666	1,997,536	(0.3)
Total liabilities		2,826,061	2,869,932	(1.5)	2,311,964	2,353,700	(1.8)
Net assets		4,472,446	4,459,472	0.3	3,791,857	3,790,039	0.05
Represented by:							
Unitholders' funds		4,470,390	4,457,420	0.3	3,791,857	3,790,039	0.05
Non-controlling interest		2,056	2,052	0.2	-	-	-
		4,472,446	4,459,472	0.3	3,791,857	3,790,039	0.05
Net asset value per unit (\$)		1.41	1.41		1.19	1.20	



Notes:

- (1) The decrease in investment properties is due mainly to translation differences arising from the Australian properties.
- (2) This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of postacquisition 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. The properties held through M8CT and MOTT are 8 Chifley Square and the new office tower being built on the Old Treasury Building site respectively. Advances to joint venture relates to convertible notes held in MOTT.
- (4) This relates to the unamortised aggregate rental support top-up payments receivable by the Group for its 100% interest in the office tower at 77 King Street, Sydney, the approximate 12.4% interest in OPLLP and its one-third interest in CBDPL which holds MBFC Tower 3. In the prior period, the balance relates to the unamortised aggregate rental support top-up payments receivable by the Group for its 100% interest in the office tower at 77 King Street, Sydney, the approximate 99.9% interest in OPLLP and its one-third interest in CBDPL which holds MBFC Tower 3. The intangible asset is amortised over the remaining rental support periods for the respective properties.
- (5) This relates to the fair value of the foreign currency forward contracts entered into in relation to the investments in MOTT and income from the Australian properties, and the fair value of interest rate swaps entered into by the Group.
- (6) Included in the balances are receivables for rental support top-up payments of \$6.2 million (31 December 2014: \$11.9 million) and dividend receivables from associates and joint ventures of \$21.4 million (31 December 2014: \$1.0 million).
- (7) Included in the balances for the comparative period was an accrued advanced distribution of \$37.6 million for the period 1 October to 15 December 2014, which has been paid on 21 January 2015.

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

	Gro	oup
	As at 31/3/2015	As at 31/12/2014
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	175,000	175,000
Amount repayable after one year	466,454	466,454
Less: Unamortised portion of fees	(2,259)	(2,474)
	639,195	638,980
Unsecured borrowings		
Amount repayable within one year	100,000	100,000
Amount repayable after one year	1,929,609	1,930,859
Less: Unamortised portion of fees	(4,082)	(4,476)
	2,025,527	2,026,383
Total borrowings	2,664,722	2,665,363

Medium Term Notes ("MTN")

On 11 February 2015, Keppel REIT MTN Pte. Ltd. issued fixed rate notes of \$50 million due 2022 through its \$1 billion Multicurrency Medium Term Note Programme, at a fixed coupon of 3.15% per annum. The MTN proceeds were used to early refinance a \$50 million bank loan due in 2016.

Details of Collaterals

As a security for the 5-year term loan facilities of \$175.0 million, the Group mortgaged its Bugis Junction Towers. In addition, Keppel REIT granted 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 \$505.0 million, the Group granted the lenders securities of up to an aggregate principal amount of \$900.0 million comprising 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 31 March 2015, the Group had total borrowings of approximately \$2,671.1 million and an unutilised \$737.4 million of facilities available to meet its future obligations. The year-to-date all-in interest rate was 2.47% as at 31 March 2015.

Group

1(c) Consolidated Statement of Cash Flows

		Grou	<u>up</u>
		1Q2015	1Q2014
	Note	\$'000	\$'000
Operating activities			
Total return before tax		38,422	42,873
Adjustments for:			
Interest income		(8,982)	(9,803)
Amortisation expense		5,500	9,038
Share of results of associates		(20,367)	(15,985)
Share of results of joint ventures		(4,043)	(831)
Borrowing costs		16,299	14,539
Management fees paid and/or payable in units		12,343	7,676
Changes in fair value of interest rate swap		(878)	-
Depreciation		10	3
Rental support income		(6,179)	(13,045)
Translation differences		350	(16)
Operating cash flows before changes in working capital		32,475	34,449
Decrease/(Increase) in receivables		1,870	(1,293)
Decrease in payables		(2,160)	(31,950)
Increase/(Decrease) in security deposits		1,250	(92)
Cash flows from operations		33,435	1,114
Income taxes paid		(3,208)	(3,628)
Net cash flows generated from/(used in) operating activities	_	30,227	(2,514)
Investing activities			
Improvement in investment properties		(43)	(716)
Interest received		8,798	11,135
Rental support received		11,906	21,894
Investment in joint ventures		-	(4,779)
Repayment of advance from an associate		7,000	-
Distribution received from joint ventures		3,761	353
Net cash flows generated from investing activities	_	31,422	27,887
Financing activities			
Distribution to Unitholders	1	(45,848)	(54,606)
Proceeds from issuance of MTN		50,000	-
Loans drawdown		-	284,949
Repayment of loan		(50,000)	(256,975)
Payment of financing expenses/upfront debt arrangement costs		(107)	(1,178)
Partnership distribution to non-controlling interest		(12)	(12)
Interest paid		(10,173)	(7,820)
Net cash flows used in financing activities	_	(56,140)	(35,642)
••••••			
Net increase/(decrease) in cash and cash equivalents		5,509	(10,269)
Cash and cash equivalents at the beginning of period		137,818	71,140
Effect of exchange rate changes on cash and cash equivalents		(859)	41
Cash and cash equivalents at the end of period		142,468	60,912
Cash and bank balances		203,211	77,517
Less: Rental support received in advance held in designated accounts	2	(60,743)	
			(16,605)
Cash and cash equivalents per Consolidated Statement of Cash Flows		142,468	60,912

Note:

(1) Distribution for 1Q2015 is for the period of 1 October 2014 to 15 December 2014, paid on 21 January 2015, and 16 December 2014 to 31 December 2014, paid on 27 February 2015.

Distribution for 1Q2014 is for the period of 1 October 2013 to 31 December 2013, paid on 28 February 2014.

(2) This relates to the rental support top-up payments received in advance by Keppel REIT held in designated accounts for the 12.4% interest in OPLLP, the office tower at 77 King Street and the one-third interest in MBFC Tower 3. In the prior period, the rental support top-up payments received in advance by Keppel REIT held in designated accounts were for the 12.4% interest in OPLLP and the office tower at 77 King Street.



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

<u>Group</u> At 1 January 2015	Note	<u>Units in Issue</u> \$'000 3,354,095	Accumulated Profits \$'000 1,234,402	<u>Foreign</u> <u>Currency</u> <u>Translation</u> <u>Reserve</u> \$'000 (123,164)	<u>Hedging</u> <u>Reserve</u> \$'000 (11,135)	Discount on Acquisition of Non- Controlling Interest \$'000 3,222	<u>Unitholders'</u> <u>Funds</u> \$'000 4,457,420	<u>Non-</u> Controlling Interest \$'000 2,052	<u>Total</u> \$'000 4,459,472
Return for the period	ſ	-	36,502	-	-	-	36,502	18	36,520
Other comprehensive income	1	-	-	(41,735)	18,717	-	(23,018)	4	(23,014)
Total comprehensive income	-	-	36,502	(41,735)	18,717	-	13,484	22	13,506
Issue of units for payment of									
management fees	2	7,729	-	-	-	-	7,729	-	7,729
Distribution to Unitholders		-	(8,243)	-	-	-	(8,243)	-	(8,243)
Distribution of partnership profits to non controlling interest	-	-	-	-	-	-	-	(18)	(18)
At 31 March 2015	-	3,361,824	1,262,661	(164,899)	7,582	3,222	4,470,390	2,056	4,472,446

<u>Group</u> At 1 January 2014	Note	<u>Units in Issue</u> \$'000 2,924,291	Accumulated Profits \$'000 1,092,311	Foreign Currency Translation <u>Reserve</u> \$'000 (94,828)	Hedging Reserve \$'000 (28,003)	Discount on Acquisition of Non- Controlling Interest \$'000 3,222	<u>Unitholders'</u> <u>funds</u> \$'000 3,896,993	<u>Non-</u> Controlling Interest \$'000 1,978	<u>Total</u> \$'000 3,898,971
Return for the period	. [-	39,831	-	-	-	39,831	20	39,851
Other comprehensive income Total comprehensive income	1	-	- 39,831	1,806 1,806	(2,051) (2,051)	-	(245) 39,586	(1) 19	(246) 39,605
Issue of units for payment of			00,001	1,000	(2,001)		00,000	15	00,000
management fees	3	7,669	-	-	-	-	7,669	-	7,669
Distribution to Unitholders		(11,429)	(43,177)	-	-	-	(54,606)	-	(54,606)
Distribution of partnership profits to non controlling interest	-	-	-	-	-	-	-	(20)	(20)
At 31 March 2014	-	2,920,531	1,088,965	(93,022)	(30,054)	3,222	3,889,642	1,977	3,891,619



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 and intercompany loans that form part of the Group's net investment in foreign entities, fair value changes 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 6,474,804 units issued in 1Q2015 as payment of management fees in units.
- (3) This represents 6,591,764 units issued in 1Q2014 as payment of management fees in units.

<u>Trust</u>	Note	<u>Units in Issue</u> \$'000	Accumulated Profits \$'000	Hedging Reserve \$'000	<u>Total</u> \$'000
At 1 January 2015		3,354,095	445,472	(9,528)	3,790,039
Return for the period Other comprehensive income	1	-	(8,370)	- 10,702	(8,370) 10,702
Total comprehensive income Issue of units for payment of management fees Distribution to Unitholders	2	- 7,729 -	(8,370) - (8,243)	10,702 - -	2,332 7,729 (8,243)
At 31 March 2015	_	3,361,824	428,859	1,174	3,791,857
Trust	Note	<u>Units in Issue</u> \$'000	Accumulated Profits \$'000	Hedging Reserve \$'000	<u>Total</u> \$'000
At 1 January 2014	Note	2,924,291	479,884	(26,233)	3,377,942
Return for the period Other comprehensive income Total comprehensive income	1	-	49,737 - 49,737	- (628) (628)	49,737 (628) 49,109
•			,	(0=0)	
Issue of units for payment of management fees Distribution to Unitholders	3	7,669 (11,429)	- (43,177)	-	7,669 (54,606)

Notes:

(1) This relates to fair value changes 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 6,474,804 units issued in 1Q2015 as payment of management fees in units.

(3) This represents 6,591,764 units issued in 1Q2014 as payment of management fees in units.

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

	<u>Group an</u>	<u>d Trust</u>
	2015 Units	2014 Units
Issued units as at 1 January	3,170,433,879	2,787,681,875
lssue of new units: - Payment of management fees	6,474,804	6,591,764
Issued units as at 31 March	3,176,908,683	2,794,273,639

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 2015 and 31 December 2014.

Total number of issued units in Keppel REIT as at 31 March 2015 and 31 December 2014 were 3,176,908,683 and 3,170,433,879 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 2015.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.



6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")

	Group		
	1Q2015	1Q2014	
EPU	1.15 cents	1.43 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	3,174,822,357	2,792,222,868	
DPU (based on the number of units as at the end of the period)	1.70 cents	1.97 cents	
- Number of units in issue as at the end of the period	3,176,908,683	2,794,273,639	

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

7. NET ASSET VALUE ("NAV")

	Group		<u>Trust</u>	
	As at 31/3/15	As at 31/12/14	As at 31/3/15	As at 31/12/14
NAV ¹ per unit (\$)	1.41	1.41	1.19	1.20
based on issued units at the end of the period				
Adjusted NAV per unit (\$)	1.39	1.40	1.18	1.19
based on issued units at the end of the period (excluding the distributable income)				

Note:

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

Group

8. **REVIEW OF PERFORMANCE**

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

	Group			
	1Q2015	1Q2014	+/(-)	
	\$'000	\$'000	%	
<u>Property</u>				
Prudential Tow er ¹	-	5,252	(100.0)	
Bugis Junction Tow ers	5,517	5,068	8.9	
Ocean Financial Centre	24,819	24,120	2.9	
275 George Street	4,878	4,989	(2.2)	
77 King Street	2,874	2,906	(1.1)	
8 Exhibition Street	4,317	4,447	(2.9)	
Total property income	42,405	46,782	(9.4)	

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

	<u>q</u>	Group			
	1Q2015	1Q2014	+/(-)		
	\$'000	\$'000	%		
Property					
Prudential Tow er ¹	-	4,131	(100.0)		
Bugis Junction Tow ers	4,754	3,982	19.4		
Ocean Financial Centre	20,262	21,674	(6.5)		
275 George Street	3,981	4,046	(1.6)		
77 King Street	2,358	2,311	2.0		
8 Exhibition Street	3,232	3,324	(2.8)		
Total net property income	34,587	39,468	(12.4)		
One-third interest in ORQPL ² :					
- Interest income	470	376	25.0		
- Dividend income	6,391	6,545	(2.4)		
Total income	6,861	6,921	(0.9)		
One-third interest in BFCDLLP ³ and CBDPL ³ :					
- Rental support	3,700	1,437	157.5		
Interest income	5,598	4,873	14.9		
- Dividend income	14,048	9,107	54.3		
Total income	23,346	15,417	51.4		
50% interest in M8CT ⁴			_		
- Interest income	-	2,581	(100.0)		
- Distribution income	3,138	-	100.0		
Total income	3,138	2,581	21.6		
50% interest in MOTT ⁵					

50% interest in MOTT 1,714 2,357 37.5 - Interest income - Distribution income 508 353 43.9 Total income 2,865 2,067 38.6

Notes:

Prudential Tower was divested on 26 September 2014.
 Comprises one-third interest in ORQPL which holds One Raffles Quay.
 Comprise one-third interest in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Tower 1, 2 and 3 and Marina Bay Link Mall.

(4) (5) Comprises 50% interest in M8CT which holds 8 Chifley Square.

Comprises 50% interest in MOTT which holds Old Treasury Building



8. REVIEW OF PERFORMANCE (CONT'D)

Review of Performance for 1Q2015 vs 1Q2014

Property income and net property income for 1Q2015 were \$42.4 million and \$34.6 million respectively, compared to the property income and net property income of \$46.8 million and \$39.5 million respectively for 1Q2014. The variances were attributable mainly to the divestment of Prudential Tower on 26 September 2014. This was partially offset by higher property income from OFC and Bugis Junction Towers and higher net property income from Bugis Junction Towers.

The Group's total return before tax for 1Q2015 was \$38.4 million, compared to \$42.9 million for 1Q2014. This was attributable mainly to the divestment of Prudential Tower, lower rental support, lower interest income, higher borrowing costs, higher management fees and trust expenses. These were offset by higher net property income from Bugis Junction Towers, higher share of results of associates and joint ventures and lower amortisation expenses.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

In Singapore, the economy grew by 2.9% in 2014, with the finance and insurance sector recording the highest growth rate at 7.7%, followed by the information and communications sector at 3.6%. For the year 2015, the Ministry of Trade and Industry has forecast a 2.0% to 4.0% growth, on the back of modest global growth and a tightening domestic labour market.

Property consultants expect demand for Grade A space to remain positive in 2015. In 1H 2015, consultants expect demand for quality office space to continue to be supported by steady economic conditions and a tight office supply situation, although rental momentum is expected to slow down from 2H 2015 when pre-leasing activities for the 2016 office supply commence. However, consultants expect average Grade A office rentals to increase by 5.0% to 6.0% in 2015.

In Australia, the Australian Bureau of Statistics reported a 2.5% y-o-y economic growth in 4Q2014. In February 2015, the Reserve Bank of Australia eased monetary policy to encourage sustainable economic growth by reducing the cash rates to 2.25%.

Demand for office space remained relatively stable in key Australian cities, with the last two consecutive quarters of 2014 recording positive net absorption for CBD office space. Consultants also noted that the number of job advertisements in 2014 has increased, indicating that firms are looking to grow headcount amidst improving business conditions.

In 2014, Keppel REIT achieved several significant milestones including the successful divestment of its 92.8% interest in Prudential Tower and completion of the acquisition of a one-third interest in MBFC Tower 3. The divestment and acquisition significantly enhanced Keppel REIT's portfolio, entrenching it as the S-REIT with the youngest and largest portfolio of premium assets in Singapore's business and financial districts.

Looking ahead, the Manager will continue on its proactive leasing strategy to maintain strong portfolio occupancy for all its properties. A prudent and proactive capital management approach will also be maintained to mitigate financing risks. Such efforts, coupled with Keppel REIT's young portfolio of premium assets in strategic business and financial precincts in Singapore as well as key cities in Australia, put the Manager in good stead to provide Unitholders with income stability and resilience over the long term.



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 expense 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 from its investments in Australia, and the distributable income and interest 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 for sustainability of net property income. Some of these measures include steps taken to negotiate for favourable terms/covenants, manage expenses, and 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	1 January 2015 to 31 March 2015
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	 (a) Taxable income distribution - 1.11 cents per unit (b) Tax-exempt income distribution - 0.49 cents per unit (c) Capital distribution - 0.1 cents per unit
Tax rate	Taxable income distribution 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.
	Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.
	Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.
	All other investors will receive their distributions after deduction of tax at the rate of 17%.
	Tax-exempt income distribution 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.
	<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.

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	Distribution for 1 January 2014 to 31 March 2014
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	 (a) Taxable income distribution - 1.17 cents per unit (b) Tax-exempt income distribution - 0.70 cents per unit (c) Capital distribution - 0.10 cents per unit
TaxRate	Taxable income distribution
	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.
	Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.
	Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.
	All other investors will receive their distributions after deduction of tax at the rate of 17%.
	Tax-exempt income distribution 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.
	<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.

(c) Books Closure Date

21 April 2015

(d) Date Payable

28 May 2015

13. DISTRIBUTION STATEMENT

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

14. INTERESTED PERSON TRANSACTIONS ("IPTs")

	interester transactions financial period (excluding tra	Aggregate value of all interested person transactions during the nancial period under review (excluding transactions of less than \$100,000)		
Name of Interested Person	1Q2015	1Q2014		
	\$'000	\$'000		
Keppel Corporation Limited and its subsidiaries or associates				
- Manager's management fees	12,343	11,498		
 Property management fees and reimbursable 	1,444	1,575		
- Leasing commissions	55	116		
- Rental and service charge income ¹	-	379		
- Rental support	5,022	11,002		
- Electricity expenses ¹	12,400	-		
- Reimbursement of development costs for one-third interest in an associate	4,837	-		
RBC Investor Services Trust Singapore Limited				
- Trustee's fees	301	267		

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.

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

KELVIN CHUA HUA YEOW / DANIEL LAW ZHI-EN Joint Company Secretaries 13 April 2015



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 2015 financial statements of Keppel REIT to be false or misleading in any material respect.

On Behalf of the Board

C

CHIN WEI-LI AUDREY MARIE Chairman

13 April 2015

NG HSUEH LING

Director