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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Fourth Quarter and Full Year Ended 31 December 2015

18 January 2016

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 full year ended 31 December 2015.

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

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Keppel REIT's 4Q 2015 distributable income grew 17.8% y-o-y

Gearing reduced significantly to 39.3% and

High portfolio occupancy of 99.3% as at end-2015

Key Financial Highlights

- Income distributed to Unitholders for the fourth quarter of 2015 ("4Q 2015") and full year 2015 (FY 2015) rose 17.8% and 5.4% year-on-year ("y-o-y"), and remained constant on a quarter-on-quarter ("q-o-q") basis
- Higher distributable income was achieved despite the lack of income from Prudential Tower, as well as the absence of rental support from Ocean Financial Centre and Marina Bay Financial Centre ("MBFC") Phase One
- Improvement in distributable income was due mainly to higher property income from all assets in Singapore and Australia, as well as higher contributions from share of results of associates and share of results of joint ventures
- Distribution per unit ("DPU") of 1.68 cents for 4Q 2015, amounting to a total of 6.80 cents for FY 2015

Key Capital Management Highlights

- Gearing level reduced significantly by approximately 8% to 39.3%, considerably lower than the Monetary Authority of Singapore's (MAS) revised gearing limit of 45%
- Maintained fixed-rate loans at 70% which safeguards against interest rate volatility and provides certainty of interest expenses as well as financial and operational flexibility
- Average cost of debt remained stable at 2.5% and interest coverage ratio at a healthy 4.4 times
- Completed almost 100% of refinancing requirements in 2016, and maintained well-staggered debt maturity profile with weighted average term to expiry at a healthy 3.7 years
- Almost 100% of income from Australia hedged up till the third quarter of 2016 ("3Q 2016")

Key Portfolio Highlights

- Concluded a total of 114 leases, equivalent to approximately 1.6 million sf (attributable space of approximately 800,000 sf) of prime office space in 2015, bringing overall portfolio occupancy to a high of 99.3%
- Of the total new leases signed during the year, half were from tenants who were new to Keppel REIT's portfolio, one quarter from tenants new to Singapore and the remaining one quarter were expansions by existing tenants

Key Portfolio Highlights (continued)

- Approximately 30% (32 leases) or 480,000 sf (attributable space of approximately 222,000 sf) of space was committed in 4Q 2015
- Tenants from the telecommunications, media and technology ("TMT") sector accounted for half of the new leases signed during the quarter
- Achieved high tenant retention rate of 90% as at end-2015, and positive rent reversion averaging 13% for all new and renewed office leases in Singapore
- For leases expiring in 2016, the Manager is already in advanced negotiations with these tenants and is likely to achieve high retention
- For leases expiring in 2017, the Manager is also proactively engaging these tenants and is likely to renew most of these leases as the majority of these tenants are in their first renewal cycle
- Approximately 75% of total leases not due for renewal till 2018 and beyond, when limited new office supply is expected
- The Government of Western Australia (WA) commenced its 25-year lease at the office tower on the Old Treasury Building site in Perth in November 2015
- Announced divestment of interest in 77 King Street in Sydney for A$160 million or S$160 million, which is approximately 40% and 27% above the original purchase price and latest valuation respectively

Summary of Results

	GROUP			
	4Q2015 $'000	4Q2014 $'000	FY2015 $'000	FY2014 $'000
Property income	42,795	42,337	170,347	184,093
Net property income	34,771	34,253	137,465	151,436
Share of results of associates	16,862	16,115	75,695	60,745
Share of results of joint ventures	5,157	4,128	17,163	9,848
Income available for distribution	54,031	45,848	217,268	206,142
Distribution to Unitholders[1]	54,031	45,848	217,268	206,142
Distribution per Unit ("DPU") (cents) for the period/year	1.68	1.51	6.80 [2]	7.23
Distribution Yield %			7.3% [3]	5.9% [4]

Notes:
(1) Distribution to Unitholders was based on 100% of the taxable income available for distribution.
(2) Based on 1.70 cents, 1.72 cents, 1.70 cents and 1.68 cents reported in 1Q 2015, 2Q 2015, 3Q 2015 and 4Q 2015 respectively.
(3) Based on the market closing price per unit of $0.93 as at the last trading day, 31 December 2015.
(4) Based on the market closing price per unit of $1.22 as at the last trading day, 31 December 2014.

Delivering Sustained Returns

Keppel REIT Management Limited, the Manager of Keppel REIT, is pleased to deliver higher y-o-y distributable income of $54.0 million for 4Q 2015 and $217.3 million for FY 2015. The income distributed to Unitholders is 17.8% and 5.4% above the corresponding periods in 2014 respectively, and constant on a q-o-q basis.

The Manager achieved higher distributable income despite the lack of income from Prudential Tower, which was divested in September 2014, as well as the absence of rental support from Ocean Financial Centre[1] and MBFC Phase One from January 2015 and 1Q 2014 respectively.

The y-o-y improvement to distributable income was due mainly to higher property income from all assets in Singapore and Australia, as well as higher contributions from share of results of associates and share of results of joint ventures. The increases in share of results of associates and joint ventures were due mainly to the full-year income contribution from Keppel REIT's one-third stake in MBFC Tower 3 and higher contributions from 8 Chifley Square in Sydney as well as the office tower on the Old Treasury Building site in Perth respectively.

The Manager is declaring a DPU of 1.68 cents for 4Q 2015. This amounts to a total of 6.80 cents for FY 2015, which translates to a distribution yield of 7.3%.

On 17 January 2016, the Manager announced the divestment of its interest in 77 King Street in Sydney for A$160 million or approximately S$160 million[2]. The sale price is approximately 40% above Keppel REIT's original purchase price of A$116 million in end-2010 and an approximate 27% premium over its latest valuation. The divestment, which is expected to be completed in 1Q 2016 is in line with the Manager's aim to maximise and capture value for Unitholders, while providing Keppel REIT with greater financial flexibility.

Keppel REIT's properties in Singapore and Australia were assessed by independent valuers to be $8.4 billion as at end-2015 due to better performance and stronger rental income from the properties. This resulted in a net fair value gain of $218 million for FY 2015. The average cap rates for the Singapore and Australian properties were approximately 3.75% and 6.15% respectively.

Robust Capital Structure

In managing market volatilities, the Manager continued to proactively manage its financing, interest and foreign currency exposure risks.

During the quarter, Keppel REIT's gearing level reduced significantly by approximately 8% to 39.3%, considerably lower than MAS' revised gearing limit of 45%[3]. The improvement was due mainly to lower borrowings and revaluation gains from Keppel REIT's investment properties in end-2015.

As at end-2015, the Manager maintained its fixed-rate loans at 70%, which safeguards the REIT against interest rate volatility and provides certainty of interest expenses as well as financial and operational flexibility. This saw Keppel REIT's average cost of debt remaining stable at 2.5% and interest coverage ratio at a healthy 4.4 times.

Keppel REIT continued to maintain a well-staggered debt maturity profile, with its weighted average term to expiry at a healthy 3.7 years. As at end-2015, almost 100% of the REIT's refinancing requirements in 2016 have been completed.

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[1] *Refers to Keppel REIT's 87.5% interest in Ocean Financial Centre*
[2] *Based on the exchange rate of A$1=S$1 as at 14 January 2016.*
[3] *W.e.f 1 January 2016.*

As at 31 December 2015, Keppel REIT's Australian assets comprise approximately 11% of the REIT's total portfolio value. In keeping with the Manager's ongoing efforts to mitigate exposure to currency fluctuations and provide greater certainty over future distributions, the Manager has hedged almost 100% of its income from Australia up till 3Q 2016.

Sustaining High Occupancy

2015 was a demanding year for the office leasing market. Despite the challenging operating environment, the Manager's proactive marketing and rigorous leasing efforts saw a total of 114 leases concluded for 2015, equivalent to approximately 1.6 million sf (attributable space of approximately 800,000 sf) of prime office space. This is approximately 23% of Keppel REIT's net lettable area under management.

Of the total new leases signed during the year, half were from tenants who were new to Keppel REIT's portfolio, one quarter from tenants new to Singapore and the remaining one quarter were expansions by existing tenants. This brought Keppel REIT's overall portfolio committed occupancy to a high of 99.3% as at end-2015.

Approximately 30% (32 leases) or 480,000 sf (attributable space of approximately 222,000 sf) of space were concluded in 4Q 2015. Tenants from the TMT sector, such as Netflix, accounted for half of the new leases signed during the quarter. This is in line with consultants' observations of increasing office demand from the technology sector.

In managing the impending office supply spike over these two years, the Manager has been channeling its efforts to retain existing tenants and attract new tenants. Such efforts saw Keppel REIT maintain a high tenant retention rate of 90% and a 13% positive rent reversion for its Singapore portfolio for the whole of 2015.

For leases expiring in 2016, the Manager is already in advanced negotiations with these tenants and is likely to achieve a high retention. Similarly, for leases expiring in 2017, the Manager is also proactively engaging tenants and is likely to renew most of the leases as the majority of these tenants are in their first renewal cycle. As at end-2015, approximately 75% of total leases are not due for renewal till 2018 and beyond, when limited new office supply is expected.

The Manager continued to maintain a healthy weighted average lease expiry (WALE) of approximately 8 years and 6 years for Keppel REIT's top 10 tenants and overall portfolio respectively as at end-2015. The long WALE will provide Unitholders income stability and sustain returns over a longer term.

In November 2015, the Government of WA commenced its 25-year lease at the office tower on the Old Treasury Building site in Perth. The lease, which will yield a return of 7.15%, includes fixed annual rental escalations throughout its lease term and options for another 25 years.

Office Market Outlook

In Singapore, advance estimates by the Ministry of Trade and Industry (MTI) indicate that the economy recorded a 2% y-o-y growth for 4Q 2015. Growth was driven mainly by expansions in construction and services. MTI is projecting a modest growth of close to 2.1% for the whole of 2015, and between 1-3% for 2016 due to tepid global growth prospects.

The slowing economy continued to weigh on office demand in the second half of 2015. Singapore's core CBD recorded average occupancy of 94.8% in 4Q 2015, with average Grade A rents at $10.40 psf per month[1].

[1] *Preliminary numbers by CBRE, 4Q 2015.*

Demand in 4Q 2015 was driven by growth in the TMT, financial and insurance as well as the pharmaceutical sectors. CBRE opined that the TMT sector continued to expand at an impressive rate and is expected to contribute meaningfully to the take-up in office space. Concurrently, demand from Asian financial institutions, as well as insurance and pharmaceutical companies is expected to be sustained in the core CBD market.

In Australia, the economy grew 2.5% y-o-y in 3Q 2015, exceeding economists' median forecast of 2.4%. Growth in 4Q 2015 is expected to remain steady at 2.5% and between 2-3% for 2016. Improving economic conditions over the past few months had also prompted the Reserve Bank of Australia to leave the official cash rate unchanged at 2% to drive sustainable growth.

According to Jones Lang LaSalle, Sydney and Melbourne remained at the forefront of the leasing market recovery with positive net absorption recorded in both markets in 3Q 2015. Demand for office spaces continued to be driven by firms in the finance and insurance industry as well as the TMT sector, offsetting weaker demand from the mining and commodity sectors.

Building Resilience

2016 marks Keppel REIT's 10th anniversary. Since its listing in April 2006, Keppel REIT has grown from strength-to-strength to become one of Asia's leading office REITS with premium assets in prime locations in the key business and financial hubs of Singapore and Australia.

Today, Keppel REIT has the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts, which will put the REIT in good stead to weather the challenging office market conditions.

Looking ahead, market conditions are expected to be demanding as Singapore undergoes economic transformation. The office market will also face headwinds with the upcoming office supply over these two years.

The Manager remains committed to deliver sustained returns to its Unitholders through harnessing strengths and capturing greater value through its ongoing tenant retention and engagement programme. The Manager will also continue to focus its efforts on maintaining a healthy and long lease expiry profile. On the capital management front, the Manager will maintain a disciplined approach towards mitigating financing, interest and foreign exchange risks.

About Keppel REIT (www.keppelreit.com)

Keppel REIT was listed by way of an introduction on 28 April 2006. Over the last decade, Keppel REIT has grown from strength-to-strength to become one of Asia's leading REITs with the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts.

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 2015, Keppel REIT had an asset size of approximately $8.4 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 (100% interest), Marina Bay Financial Centre (comprising office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest), One Raffles Quay (one-third interest) and Ocean Financial Centre (99.9% interest).

The assets in Australia are 8 Chifley Square (50% interest) in Sydney, 8 Exhibition Street in Melbourne (50% interest in the office building and two retail units, as well as a 100% interest in another three retail units), 275 George Street in Brisbane (50% interest), as well as the office tower and its annexe on the Old Treasury Building site in Perth (50% interest). On 17 January 2016, the Manager announced the divestment of its 100% interest in 77 King Street in Sydney. The transaction is expected to be completed in 1Q 2016.

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