

**KEPPEL REIT
UNAUDITED RESULTS FOR THE SECOND QUARTER AND
HALF YEAR ENDED 30 JUNE 2016****TABLE OF CONTENTS**

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INTRODUCTION

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 30 June 2016, Keppel REIT had assets under management of approximately \$8.3 billion comprising interests in eight premium office assets with 11 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), Ocean Financial Centre (99.9% interest), Marina Bay Financial Centre (comprising office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest) and One Raffles Quay (one-third 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 David Malcolm Justice Centre (previously known as the office tower and its annexe on the Old Treasury Building site in Perth) (50% interest).

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 Capital Holdings Pte Ltd.

SUMMARY OF KEPPEL REIT RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

	GROUP			
	2Q2016 \$'000	2Q2015 \$'000	1H2016 \$'000	1H2015 \$'000
Property income	40,552	42,964	81,719	85,369
Net property income	32,458	34,711	65,368	69,298
Share of results of associates	20,106	19,953	38,892	40,320
Share of results of joint ventures	8,346	4,056	15,153	8,099
Income available for distribution	52,517	54,820	106,955	108,829
Distribution to Unitholders ¹	52,517	54,820	106,955	108,829
Distribution per Unit ("DPU") (cents) for the period	1.61 ²	1.72	3.29 ²	3.42
Annualised/Actual distribution yield %			6.3% ³	7.3% ⁴

Notes:

- (1) Distribution to Unitholders was based on 100% of the taxable income available for distribution.
- (2) Excluded income contribution from 77 King Street which was divested on 29 January 2016.
- (3) The yield was based on the market closing price per unit of \$1.05 as at the last trading day, 30 June 2016.
- (4) Based on the total DPU of 6.80 cents in FY2015 and the market closing price per unit of \$0.930 as at the last trading day, 31 December 2015.

1. UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the second quarter and half year ended 30 June 2016:

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					
		2Q2016	2Q2015	+ / (-)	1H2016	1H2015	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		38,944	40,765	(4.5)	78,583	81,600	(3.7)
Car park income		843	812	3.8	1,663	1,642	1.3
Other income		765	1,387	(44.8)	1,473	2,127	(30.7)
Property income		40,552	42,964	(5.6)	81,719	85,369	(4.3)
Property tax		(2,874)	(3,135)	(8.3)	(5,781)	(6,008)	(3.8)
Other property expenses	1	(4,115)	(4,321)	(4.8)	(8,253)	(8,352)	(1.2)
Property management fee		(1,044)	(966)	8.1	(2,102)	(2,051)	2.5
Maintenance and sinking fund contributions		(61)	169	NM	(215)	340	NM
Property expenses		(8,094)	(8,253)	(1.9)	(16,351)	(16,071)	1.7
Net property income		32,458	34,711	(6.5)	65,368	69,298	(5.7)
Rental support	2	4,165	4,848	(14.1)	8,364	11,027	(24.1)
Interest income	3	7,447	9,532	(21.9)	16,093	18,514	(13.1)
Share of results of associates	4	20,106	19,953	0.8	38,892	40,320	(3.5)
Share of results of joint ventures	5	8,346	4,056	105.8	15,153	8,099	87.1
Amortisation expenses	6	(3,811)	(4,488)	(15.1)	(7,649)	(9,988)	(23.4)
Borrowing costs	7	(16,900)	(16,769)	0.8	(32,947)	(33,068)	(0.4)
Manager's management fees	8	(12,520)	(12,407)	0.9	(25,096)	(24,750)	1.4
Trust expenses		(719)	(1,396)	(48.5)	(3,050)	(3,868)	(21.1)
Changes in fair value of derivatives		799	990	(19.3)	799	1,868	(57.2)
Net income before divestment gain and net change in fair value of investment properties		39,371	39,030	0.9	75,927	77,452	(2.0)
Gain on divestment of investment property	9	-	-	-	28,299	-	100.0
Net change in fair value of investment properties	10	62,022	-	100.0	62,022	-	100.0
Total return before tax		101,393	39,030	159.8	166,248	77,452	114.6
Income tax expense	11	(2,964)	(1,800)	64.7	(9,932)	(3,702)	168.3
Total return after tax		98,429	37,230	164.4	156,316	73,750	112.0
Attributable to:							
Unitholders		96,517	37,212	159.4	152,524	73,714	106.9
Perpetual securities holders	12	1,863	-	100.0	3,725	-	100.0
Non-controlling interest		49	18	172.2	67	36	86.1
		98,429	37,230	164.4	156,316	73,750	112.0

Distribution Statement

Total return for the period attributable to Unitholders		96,517	37,212	159.4	152,524	73,714	106.9
Net tax and other adjustments	13	(44,000)	17,608	NM	(45,569)	35,115	NM
Income available for distribution		52,517	54,820	(4.2)	106,955	108,829	(1.7)
Distribution to Unitholders	14	52,517	54,820	(4.2)	106,955	108,829	(1.7)
Distribution per Unit (cents) for the period		1.61	1.72	(6.4)	3.29	3.42	(3.8)
Annualised/Actual Distribution ¹		6.58	6.80	(3.2)	6.58	6.80	(3.2)

(1) Actual distribution is based on 1.70 cents, 1.72 cents, 1.70 cents and 1.68 cents reported in 1Q2015, 2Q2015, 3Q2015 and 4Q2015 respectively.

NM – Not meaningful

Notes:

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

	<u>Group</u>			
	2Q2016	2Q2015	1H2016	1H2015
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	200	105	392	207
Utilities	798	810	1,626	1,710
Repair and maintenance	2,393	2,531	4,655	4,795
Property management reimbursements	456	510	923	996
Other property expenses	268	365	657	644
	4,115	4,321	8,253	8,352

- (2) For the current periods, this relates to the rental support top-up payments received by Keppel REIT for the approximate 12.4% 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 Marina Bay Financial Centre ("MBFC") Tower 3. For 1H2015, the rental support top-up payments received by Keppel REIT also included 77 King Street Office Tower, Sydney and the approximate 87.5% interest in OPLLP. The rental support drawn down for OFC and MBFC Tower 3 for 1H2016 are \$1,964,000 and \$6,400,000 respectively.

- (3) Interest income comprises the following:

	<u>Group</u>			
	2Q2016	2Q2015	1H2016	1H2015
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	1,178	539	2,246	1,096
Interest income from shareholders' loans to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	6,269	6,641	13,847	12,709
Interest income from convertible notes in Mirvac (Old Treasury) Trust	-	2,352	-	4,709
	7,447	9,532	16,093	18,514

Interest income from convertible notes for the prior period relates to that of the Mirvac (Old Treasury) Trust ("MOTT"). The convertible notes in MOTT have been fully converted to units on 30 November 2015 and Keppel REIT ceased receiving coupon interest income from MOTT and started receiving distribution income subsequent to the conversion.

- (4) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax and before net change in fair value of investment properties, and (ii) BFCDLLP's partnership profit before net change in fair value of investment property.
- (5) Share of results of joint ventures relates to Keppel REIT's 50% interests in M8CT's and MOTT's respective net profit after tax.
- (6) Amortisation expense represents the amortisation of intangible asset as explained in paragraph 1(b)(i), note 4.
- (7) Borrowing costs comprise the following:

	<u>Group</u>			
	2Q2016	2Q2015	1H2016	1H2015
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	14,798	15,379	30,143	30,274
Interest expense on revolving loans	60	785	60	1,580
Amortisation of capitalised transaction costs	2,042	605	2,744	1,214
	16,900	16,769	32,947	33,068

- (8) The Manager has elected to receive 100% of its management fees earned in respect of all the properties in units of Keppel REIT.
- (9) This relates to the gain on divestment of Keppel REIT's 100% interest in 77 King Street in Sydney.
- (10) This relates to the net change in fair value of investment properties for Keppel REIT's 99.9% interest in OFC, one-third interest in MBFC Towers 1, 2 and 3 and Marina Bay Link Mall, one-third interest in One Raffles Quay and Bugis Junction Towers.

- (11) 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 OPLL, net of deductible interest expense, and (ii) withholding tax expense in relation to the income from the Group's investments in Australia.
- (12) Please refer to paragraph 1(b)(i), note 7.
- (13) Included in the net tax and other adjustments are the following:

	<u>Group</u>			
	2Q2016	2Q2015	1H2016	1H2015
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	12,520	12,407	25,096	24,750
Trustee's fees	309	304	619	605
Net change in fair value of investment properties (net of non-controlling interest)	(61,989)	-	(61,989)	-
Amortisation of intangible asset and capitalised transaction costs	5,853	5,093	10,393	11,202
Temporary differences and other adjustments	(5,693)	(196)	(27,688)	(1,442)
Other gains distribution	5,000	-	8,000	-
	<u>(44,000)</u>	<u>17,608</u>	<u>(45,569)</u>	<u>35,115</u>

Included in temporary differences and other adjustments for the current period were share of results of associates and joint ventures, dividend and distributions income, effect of recognising rental income on a straight line basis over the lease terms, gain on divestment of investment property, non-taxable income and non-deductible expenses.

Other gains distribution relates to distribution from Keppel REIT's divested properties.

- (14) 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

	<u>Group</u>					
	2Q2016	2Q2015	+/(-) %	1H2016	1H2015	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Total return after tax	98,429	37,230	164.4	156,316	73,750	112.0
Other comprehensive income:						
Foreign currency translation	(36,076)	(18,396)	96.1	(20,296)	(60,131)	(66.2)
Cashflow hedges:						
Net change in fair value of cash flow hedges	(8,608)	1,421	NM	(22,577)	19,268	NM
Share of net change in fair value of cash flow hedges of associates	(2,098)	(1,088)	92.8	(4,106)	(214)	>500
Other comprehensive income for the period	(46,782)	(18,063)	159.0	(46,979)	(41,077)	14.4
Total comprehensive income for the period	<u>51,647</u>	<u>19,167</u>	<u>169.5</u>	<u>109,337</u>	<u>32,673</u>	<u>234.6</u>
Attributable to:						
Unitholders	49,742	19,150	159.7	105,553	32,634	223.4
Perpetual securities holders	1,863	-	100.0	3,725	-	100.0
Non-controlling interest	42	17	147.1	59	39	51.3
	<u>51,647</u>	<u>19,167</u>	<u>169.5</u>	<u>109,337</u>	<u>32,673</u>	<u>234.6</u>

NM –Not meaningful

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

Balance Sheets

	Note	Group			Trust		
		30/6/2016 \$'000	31/12/2015 \$'000	+ / (-) %	30/6/2016 \$'000	31/12/2015 \$'000	+ / (-) %
Non-current assets							
Investment properties	1	3,587,449	3,691,073	(2.8)	550,000	550,000	-
Investments in subsidiaries		-	-	-	1,836,942	1,837,852	(0.05)
Investments in associates	2	2,521,412	2,497,798	0.9	2,025,483	2,025,483	-
Advances to associates		608,922	608,922	-	608,922	608,922	-
Investments in joint ventures	3	402,480	408,112	(1.4)	-	-	-
Amounts owing by subsidiaries		-	-	-	801,660	818,836	(2.1)
Fixed assets		179	199	(10.1)	1	1	-
Intangible asset	4	30,174	37,823	(20.2)	26,536	32,600	(18.6)
Derivative financial instruments	5	3,515	17,542	(80.0)	2,018	9,965	(79.7)
Total non-current assets		7,154,131	7,261,469	(1.5)	5,851,562	5,883,659	(0.5)
Current assets							
Trade and other receivables	6	29,489	18,057	63.3	44,453	27,502	61.6
Prepaid expenses		243	1,031	(76.4)	38	27	40.7
Cash and bank balances		257,854	144,601	78.3	105,733	126,501	(16.4)
Derivative financial instruments	5	555	260	113.5	555	260	113.5
Total current assets		288,141	163,949	75.8	150,779	154,290	(2.3)
Total assets		7,442,272	7,425,418	0.2	6,002,341	6,037,949	(0.6)
Current liabilities							
Trade and other payables		52,145	51,208	1.8	28,962	26,285	10.2
Income received in advance		962	758	26.9	-	-	-
Short term borrowings		44,902	25,355	77.1	-	-	-
Current portion of security deposits		6,109	9,172	(33.4)	759	1,902	(60.1)
Derivative financial instruments	5	527	168	213.7	527	168	213.7
Provision for taxation		4,157	3,284	26.6	2,668	3,315	(19.5)
Total current liabilities		108,802	89,945	21.0	32,916	31,670	3.9
Non-current liabilities							
Income received in advance		33,476	45,742	(26.8)	33,476	45,483	(26.4)
Long term borrowings		2,425,108	2,464,217	(1.6)	2,007,858	2,028,126	(1.0)
Derivative financial instruments	5	8,147	464	>500	7,155	464	>500
Non-current portion of security deposits		24,822	21,435	15.8	3,345	2,202	51.9
Deferred tax liabilities		23,806	25,767	(7.6)	-	-	-
Total non-current liabilities		2,515,359	2,557,625	(1.7)	2,051,834	2,076,275	(1.2)
Total liabilities		2,624,161	2,647,570	(0.9)	2,084,750	2,107,945	(1.1)
Net assets		4,818,111	4,777,848	0.8	3,917,591	3,930,004	(0.3)
Represented by:							
Unitholders' funds		4,666,273	4,626,021	0.9	3,767,890	3,780,285	(0.3)
Perpetual securities	7	149,701	149,719	(0.01)	149,701	149,719	(0.01)
Non-controlling interest		2,137	2,108	1.4	-	-	-
		4,818,111	4,777,848	0.8	3,917,591	3,930,004	(0.3)
Net asset value per unit (\$)		1.43	1.44		1.16	1.18	

Notes:

- (1) The decrease in investment properties is mainly due to the divestment of 77 King Street in Sydney and translation differences arising from the Australian investment properties, offset by net change in fair value of investment properties recognised for the period ended 30 June 2016.
- (2) This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates.
- (3) This relates to the 50% interests in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interests in MOTT and Mirvac (Old Treasury) Pty Limited. The properties held through M8CT and MOTT are 8 Chifley Square and the David Malcolm Justice Centre respectively.
- (4) This relates to the unamortised aggregate rental support top-up payments receivable by the Group for the approximate 12.4% interest in OPLLP and the one-third interest in CBDPL which holds MBFC Tower 3.
- (5) This relates to the fair value of the foreign currency forward contracts entered into in relation to the income from the Australian investments and the fair value of interest rate swaps entered into by the Group.
- (6) Included in the balances are dividend receivables from associates and joint ventures of \$22.8 million (31 December 2015: \$1.0 million) and receivables for rental support top-up payments of \$1.0 million (31 December 2015: \$4.6 million).
- (7) On 2 November 2015, Keppel REIT issued \$150.0 million of subordinated perpetual securities at a fixed rate per annum. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movement in Unitholders' funds.

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

	Group	
	As at 30/6/2016	As at 31/12/2015
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	350,000	816,454
Less: Unamortised portion of fees	(2,027)	(3,870)
	347,973	812,584
Unsecured borrowings		
Amount repayable within one year	45,000	25,500
Amount repayable after one year	2,082,450	1,656,000
Less: Unamortised portion of fees	(5,413)	(4,512)
	2,122,037	1,676,988
Total borrowings	2,470,010	2,489,572

Details of Collaterals

As security for the 5-year term loan facility of \$350.0 million, the Group mortgaged its Bugis Junction Towers.

For the 5-year term loan facility of \$505.0 million, the securities of up to an aggregate principal amount of \$900.0 million comprising a mortgage against OFC, an assignment of construction contracts and construction guarantees and an assignment of rental and insurance proceeds derived from OFC has been released as of the date of this announcement following a refinancing on 30 June 2016.

As at 30 June 2016, the Group had total borrowings of approximately \$2,477.5 million and unutilised facilities of \$523.5 million available to meet its future obligations. The year-to-date all-in interest rate was 2.55% as at 30 June 2016.

1(c) Consolidated Statement of Cash Flows

		<u>Group</u>			
		2Q2016	2Q2015	1H2016	1H2015
Note	\$'000	\$'000	\$'000	\$'000	\$'000
Operating activities					
	Total return before tax	101,393	39,030	166,248	77,452
	Adjustments for:				
	Interest income	(7,447)	(9,532)	(16,093)	(18,514)
	Amortisation expenses	3,811	4,488	7,649	9,988
	Share of results of associates	(20,106)	(19,953)	(38,892)	(40,320)
	Share of results of joint ventures	(8,346)	(4,056)	(15,153)	(8,099)
	Borrowing costs	16,900	16,769	32,947	33,068
	Management fees paid and/or payable in units	12,520	12,407	25,096	24,750
	Net change in fair value of investment properties	(62,022)	-	(62,022)	-
	Gain on divestment of investment property	-	-	(28,299)	-
	Changes in fair value of derivatives	(799)	(990)	(799)	(1,868)
	Depreciation	14	13	25	23
	Rental support income	(4,165)	(4,848)	(8,364)	(11,027)
	Translation differences	(4,352)	303	(1,794)	653
	Operating cash flows before changes in working capital	27,401	33,631	60,549	66,106
	Decrease/(Increase) in receivables	428	(351)	6,793	1,519
	Increase/(Decrease) in payables	3,844	1,893	(229)	(5,104)
	Increase in security deposits	498	500	324	1,750
	Cash flows from operations	32,171	35,673	67,437	64,271
	Income taxes paid	(4,647)	(2,950)	(10,952)	(6,158)
	Net cash flows generated from operating activities	27,524	32,723	56,485	58,113
Investing activities					
	Subsequent expenditure on investment properties	(329)	(166)	(811)	(209)
	Proceeds from divestment of investment property, net of divestment costs	-	-	157,233	-
	Purchase of fixed assets	(3)	(22)	(4)	(22)
	Interest received	8,147	10,289	16,077	19,087
	Rental support received	7,399	6,176	12,007	18,082
	Investment in a joint venture	-	(5,699)	-	(5,699)
	Advance to a joint venture	-	(6,075)	-	(6,075)
	Repayment of advance from an associate	-	-	-	7,000
	Reimbursement of development costs for the interest in an associate	-	130	-	4,967
	Distribution income received from joint ventures	6,222	3,642	10,847	7,403
	Dividend and distribution income received from associates	19,542	20,439	19,542	20,439
	Net cash flows generated from investing activities	40,978	28,714	214,891	64,973
Financing activities					
	Distribution to Unitholders (net of distribution in Units)	(43,527)	(54,009)	(88,397)	(99,857)
	Distribution to perpetual securities holders	(3,725)	-	(3,725)	-
	Proceeds from issuance of medium term notes	-	-	-	50,000
	Loans drawdown	536,450	111,774	536,450	111,774
	Repayment of loans	(536,954)	(100,000)	(556,954)	(150,000)
	Payment of financing expenses/upfront debt arrangement costs	(1,802)	(1,000)	(1,802)	(1,107)
	Partnership distribution to non-controlling interest	(18)	(18)	(30)	(30)
	Interest paid	(16,586)	(19,085)	(30,776)	(29,258)
	Issue expenses	-	-	(18)	-
	Net cash flows used in financing activities	(66,162)	(62,338)	(145,252)	(118,478)
	Net increase/(decrease) in cash and cash equivalents	2,340	(901)	126,124	4,608
	Cash and cash equivalents at the beginning of period	222,919	142,468	98,764	137,818
	Effect of exchange rate changes on cash and cash equivalents	(881)	(378)	(510)	(1,237)
	Cash and cash equivalents at the end of period	224,378	141,189	224,378	141,189
Comprising:					
	Cash and bank balances	257,854	197,085	257,854	197,085
	Less: Rental support received in advance held in designated accounts	(33,476)	(55,896)	(33,476)	(55,896)
	Cash and cash equivalents per Consolidated Statement of Cash Flows	224,378	141,189	224,378	141,189

Notes:

- (1) Distribution for 1H2016 is for the period of 1 October 2015 to 31 December 2015, paid on 26 February 2016, and 1 January 2016 to 31 March 2016, paid on 27 May 2016.
Distribution for 1H2015 is for the period of 1 October 2014 to 15 December 2014, paid on 21 January 2015, 16 December 2014 to 31 December 2014, paid on 27 February 2015, and 1 January 2015 to 31 March 2015, paid on 28 May 2015.
- (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 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 was also for the office tower at 77 King Street.

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

<u>Group</u>	Note	<u>Units in Issue</u>	<u>Accumulated Profits</u>	<u>Foreign Currency Translation Reserve</u>	<u>Hedging Reserve</u>	<u>Discount on Acquisition of</u>	<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Non-</u>	<u>Total</u>
						<u>Controlling Interest</u>			<u>Controlling Interest</u>	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2016		3,394,832	1,409,983	(199,445)	17,429	3,222	4,626,021	149,719	2,108	4,777,848
Return for the period		-	56,007	-	-	-	56,007	1,862	18	57,887
Other comprehensive income	1	-	-	15,780	(15,976)	-	(196)	-	(1)	(197)
Total comprehensive income		-	56,007	15,780	(15,976)	-	55,811	1,862	17	57,690
Issue of units for payment of management fees	2	12,772	-	-	-	-	12,772	-	-	12,772
Issue expenses		-	-	-	-	-	-	(18)	-	(18)
Distribution Reinvestment Plan		9,160	(9,160)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,216)	(41,654)	-	-	-	(44,870)	-	-	(44,870)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(18)	(18)
At 31 March 2016		3,413,548	1,415,176	(183,665)	1,453	3,222	4,649,734	151,563	2,107	4,803,404
Return for the period		-	96,517	-	-	-	96,517	1,863	49	98,429
Other comprehensive income	1	-	-	(36,076)	(10,699)	-	(46,775)	-	(7)	(46,782)
Total comprehensive income		-	96,517	(36,076)	(10,699)	-	49,742	1,863	42	51,647
Issue of units for payment of management fees	2	10,324	-	-	-	-	10,324	-	-	10,324
Distribution Reinvestment Plan		10,912	(10,912)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,241)	(40,286)	-	-	-	(43,527)	-	-	(43,527)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,725)	-	(3,725)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(12)	(12)
At 30 June 2016		3,431,543	1,460,495	(219,741)	(9,246)	3,222	4,666,273	149,701	2,137	4,818,111

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

<u>Group</u>	Note	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Foreign Currency Translation Reserve</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Discount on Acquisition of Non-Controlling Interest</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Non-Controlling Interest</u> \$'000	<u>Total</u> \$'000
At 1 January 2015		3,354,095	1,234,402	(123,164)	(11,135)	3,222	4,457,420	-	2,052	4,459,472
Return for the period		-	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	3	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
Return for the period		-	37,212	-	-	-	37,212	-	18	37,230
Other comprehensive income	1	-	-	(18,396)	334	-	(18,062)	-	(1)	(18,063)
Total comprehensive income		-	37,212	(18,396)	334	-	19,150	-	17	19,167
Issue of units for payment of management fees	3	12,344	-	-	-	-	12,344	-	-	12,344
Issue expense adjustments	4	(70)	-	-	-	-	(70)	-	-	(70)
Distribution to Unitholders		(3,177)	(50,832)	-	-	-	(54,009)	-	-	(54,009)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(18)	(18)
At 30 June 2015		3,370,921	1,249,041	(183,295)	7,916	3,222	4,447,805	-	2,055	4,449,860

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 reserves of associates.
- (2) This represents 13,720,004 and 10,397,509 units issued in 1Q2016 and 2Q2016 respectively as payment of management fees in units.
- (3) This represents 6,474,804 and 10,302,623 units issued in 1Q2015 and 2Q2015 respectively as payment of management fees in units.
- (4) The issue expense adjustments were in relation to the placement of 195 million units at an issue price of \$1.17 per unit in FY2014. The net proceeds were used for the acquisition of the one-third interest in MBFC Tower 3.

<u>Trust</u>	Note	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'000
At 1 January 2016		3,394,832	375,860	9,593	3,780,285	149,719	3,930,004
Return for the period		-	68,398	-	68,398	1,862	70,260
Other comprehensive income	1	-	-	(10,894)	(10,894)	-	(10,894)
Total comprehensive income		-	68,398	(10,894)	57,504	1,862	59,366
Issue of units for payment of management fees	2	12,772	-	-	12,772	-	12,772
Issue expenses		-	-	-	-	(18)	(18)
Distribution Reinvestment Plan		9,160	(9,160)	-	-	-	-
Distribution to Unitholders		(3,216)	(41,654)	-	(44,870)	-	(44,870)
At 31 March 2016		3,413,548	393,444	(1,301)	3,805,691	151,563	3,957,254
Return for the period		-	9	-	9	1,863	1,872
Other comprehensive income	1	-	-	(4,607)	(4,607)	-	(4,607)
Total comprehensive income		-	9	(4,607)	(4,598)	1,863	(2,735)
Issue of units for payment of management fees	2	10,324	-	-	10,324	-	10,324
Distribution Reinvestment Plan		10,912	(10,912)	-	-	-	-
Distribution to Unitholders		(3,241)	(40,286)	-	(43,527)	-	(43,527)
Distribution to perpetual securities holders		-	-	-	-	(3,725)	(3,725)
At 30 June 2016		3,431,543	342,255	(5,908)	3,767,890	149,701	3,917,591

<u>Trust</u>	Note	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'000
At 1 January 2015		3,354,095	445,472	(9,528)	3,790,039	-	3,790,039
Return for the period		-	(8,370)	-	(8,370)	-	(8,370)
Other comprehensive income	1	-	-	10,702	10,702	-	10,702
Total comprehensive income		-	(8,370)	10,702	2,332	-	2,332
Issue of units for payment of management fees	3	7,729	-	-	7,729	-	7,729
Distribution to Unitholders		-	(8,243)	-	(8,243)	-	(8,243)
At 31 March 2015		3,361,824	428,859	1,174	3,791,857	-	3,791,857
Return for the period		-	24,958	-	24,958	-	24,958
Other comprehensive income	1	-	-	2,113	2,113	-	2,113
Total comprehensive income		-	24,958	2,113	27,071	-	27,071
Issue of units for payment of management fees	3	12,344	-	-	12,344	-	12,344
Issue expense adjustments	4	(70)	-	-	(70)	-	(70)
Distribution to Unitholders		(3,177)	(50,832)	-	(54,009)	-	(54,009)
At 30 June 2015		3,370,921	402,985	3,287	3,777,193	-	3,777,193

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

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 13,720,004 and 10,397,509 units issued in 1Q2016 and 2Q2016 respectively as payment of management fees in units.
- (3) This represents 6,474,804 and 10,302,623 units issued in 1Q2015 and 2Q2015 respectively as payment of management fees in units.
- (4) The issue expense adjustments were in relation to the placement of 195 million units at an issue price of \$1.17 per unit in FY2014. The net proceeds were used for the acquisition of the one-third interest in MBFC Tower 3.

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

	<u>Group and Trust</u>	
	2016 Units	2015 Units
Issued units as at 1 January	3,216,124,466	3,170,433,879
Issue of new units:		
- Payment of management fees	13,720,004	6,474,804
- Distribution Reinvestment Plan	10,517,383	-
Issued units as at 31 March	3,240,361,853	3,176,908,683
Issue of new units:		
- Payment of management fees	10,397,509	10,302,623
- Distribution Reinvestment Plan	11,112,455	-
Issued units as at 30 June	3,261,871,817	3,187,211,306

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.

Keppel REIT did not hold any treasury units as at 30 June 2016 and 31 December 2015.

Total number of issued units in Keppel REIT as at 30 June 2016 and 31 December 2015 were 3,261,871,817 and 3,216,124,466 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 2016.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

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

	<u>Group</u>			
	2Q2016	2Q2015	1H2016	1H2015
EPU (based on weighted average number of units as at the end of the period)				
Based on total return before divestment gain and fair value change of investment properties	1.06 cents	1.17 cents	1.92 cents	2.32 cents
Based on total return after divestment gain and fair value change of investment properties	2.97 cents	1.17 cents	4.71 cents	2.32 cents
- Weighted average number of units as at the end of the period	3,251,834,149	3,183,928,052	3,240,751,113	3,179,400,359
DPU (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	1.61 cents	1.72 cents	3.29 cents	3.42 cents
- Number of units in issue as at the end of the period	3,261,871,817	3,187,211,306	3,261,871,817	3,187,211,306

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”) AND NET TANGIBLE ASSET (“NTA”) PER UNIT

	<u>Group</u>		<u>Trust</u>	
	As at 30/6/2016	As at 31/12/2015	As at 30/6/2016	As at 31/12/2015
NAV ¹ per unit (\$)	1.43	1.44	1.16	1.18
NTA ¹ per unit (\$) based on issued units at the end of the period	1.42	1.43	1.15	1.17
Adjusted NAV ¹ per unit (\$)	1.41	1.42	1.14	1.16
Adjusted NTA ¹ per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.41	1.41	1.13	1.15

Note:

(1) This excludes non-controlling interest's and perpetual securities holders' share of net asset value and net tangible asset.

8. REVIEW OF PERFORMANCE

8(i) Property Income Contribution of Directly Held Properties

(excluding property income contribution from associates and joint ventures)

	<u>Group</u>					
	2Q2016	2Q2015	+/(-)	1H2016	1H2015	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Property						
Bugis Junction Towers	5,770	5,727	0.8	11,521	11,244	2.5
Ocean Financial Centre	26,208	25,392	3.2	52,308	50,211	4.2
275 George Street	4,457	4,825	(7.6)	9,106	9,703	(6.2)
77 King Street ¹	-	2,823	(100.0)	669	5,697	(88.3)
8 Exhibition Street ²	4,117	4,197	(1.9)	8,115	8,514	(4.7)
Total property income of directly held properties	40,552	42,964	(5.6)	81,719	85,369	(4.3)
(excluding property income contribution from associates and joint ventures)						

8(ii) Income Contribution of the Portfolio

	<u>Group</u>					
	2Q2016	2Q2015	+/(-)	1H2016	1H2015	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Property						
Bugis Junction Towers	4,651	4,985	(6.7)	9,275	9,739	(4.8)
Ocean Financial Centre	21,321	20,455	4.2	42,455	40,717	4.3
275 George Street	3,681	3,971	(7.3)	7,461	7,952	(6.2)
77 King Street ¹	-	2,225	(100.0)	524	4,583	(88.6)
8 Exhibition Street ²	2,805	3,075	(8.8)	5,653	6,307	(10.4)
Total net property income of directly held properties	32,458	34,711	(6.5)	65,368	69,298	(5.7)
One-third interest in ORQPL ³ :						
- Interest income	484	513	(5.7)	1,064	983	8.2
- Dividend income	6,663	6,552	1.7	13,009	12,943	0.5
Total income	7,147	7,065	1.2	14,073	13,926	1.1
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :						
- Rental support	3,200	3,700	(13.5)	6,400	7,400	(13.5)
- Interest income	5,785	6,128	(5.6)	12,783	11,726	9.0
- Dividend income	14,192	13,401	5.9	27,388	27,449	(0.2)
Total income	23,177	23,229	(0.2)	46,571	46,575	(0.01)
50% interest in M8CT ⁵ :						
- Distribution income	2,969	2,982	(0.4)	6,097	6,120	(0.4)
50% interest in MOTT ⁶ :						
- Interest income	-	2,352	(100.0)	-	4,709	(100.0)
- Distribution income	3,250	624	420.8	5,700	1,132	403.5
Total income	3,250	2,976	9.2	5,700	5,841	(2.4)
Total income contribution of the portfolio	69,001	70,963	(2.8)	137,809	141,760	(2.8)

Notes:

- (1) 77 King Street was divested on 29 January 2016.
- (2) Comprises 50% interest in the office building and two retail units, and a 100% interest in another three retail units.
- (3) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (4) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (5) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (6) Comprises 50% interest in MOTT which holds the David Malcolm Justice Centre. The David Malcolm Justice Centre received its Certificate of Practical Completion on 31 August 2015. The convertible notes in MOTT were converted to units on 30 November 2015.

8. REVIEW OF PERFORMANCE (CONT'D)

Review of Performance for 1H2016 vs 1H2015

Property income and net property income for 1H2016 were \$81.7 million and \$65.4 million respectively, compared to the property income and net property income of \$85.4 million and \$69.3 million respectively for 1H2015. The variances were mainly attributable to the absence of income contribution from 77 King Street which was divested on 29 January 2016. These were partially offset by higher property income from OFC and Bugis Junction Towers. Excluding the impact from 77 King Street, property income and net property income increased by \$1.4 million and \$0.1 million respectively over 1H2015.

The Group's total return before tax increased by \$88.7 million, from \$77.5 million for 1H2015 to \$166.2 million for 1H2016. The increase was mainly attributable to higher property income from OFC and Bugis Junction Towers, higher share of results of joint ventures, lower amortisation expenses, lower borrowing costs, lower trust expenses, gain on divestment of 77 King Street and fair value gain on investment properties. These were partially offset by lower rental support, lower interest income, lower share of results of associates, higher management fees as well as changes in fair value of derivatives.

Review of Performance for 2Q2016 vs 2Q2015

Property income and net property income for 2Q2016 were \$40.6 million and \$32.5 million respectively, compared to the property income and net property income of \$43.0 million and \$34.7 million respectively for 2Q2015. The variances were mainly attributable to the absence of income contribution from 77 King Street. These were partially offset by higher property income from OFC and Bugis Junction Towers. Excluding the impact from 77 King Street, property income increased by \$0.4 million over 2Q2015 and net property income remained stable.

The Group's total return before tax increased by \$62.4 million, from \$39.0 million for 2Q2015 to \$101.4 million for 2Q2016. The increase was mainly attributable to higher property income from OFC and Bugis Junction Towers, higher share of results of associates and joint ventures, lower amortisation expenses, lower trust expenses and fair value gain on investment properties. These were partially offset by lower rental support, lower interest income, higher borrowing costs, higher management fees as well as changes in fair value of derivatives.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

Advance estimates by the Ministry of Trade and Industry (MTI) indicate that the economy grew 2.2% year-on-year (y-o-y) in 2Q2016, marginally higher than the 2.1% expansion in 1Q2016. Growth was led mainly by the construction and services sectors and a 0.8% expansion in the manufacturing sector, a reversal from the 0.5% contraction in 1Q2016. With the slowdown in private sector activities, growth in the construction sector eased from 4.5% to 2.7% during the current quarter. The services sector maintained stable growth at 1.7%, driven mainly by the transportation, storage, wholesale and retail trade sectors. MTI expects growth in 2016 to remain subdued, with full-year GDP growth forecast at between 1% and 3%.

Based on statistics from CBRE, core CBD office occupancy remained steady at 95.1% in 2Q2016, marginally lower than the 95.2% occupancy in the previous quarter. Average Grade A rents were lower at \$9.50 psf per month, compared with \$9.90 psf in 1Q2016. The pressure on rents is a result of competition from new CBD developments due for completion over the next two years. However, leasing activities increased during the current quarter, bolstered by flight-to-quality move by companies taking advantage of the more favourable lease terms. Sectors that contributed to leasing demand included financial and professional services as well as technology, media and telecommunications (TMT).

The Australian economy grew further by 3.1% y-o-y in 1Q2016, after registering a 2.5% growth in 2015, supported by strong growth in the tourism, healthcare and education sectors as well as higher mining and resource-related exports. According to the Reserve Bank of Australia (RBA), Australia is expected to record stable economic growth of between 2.5% and 3.5% for 2016. In a preemptive move to stave off deflation and spur inflation to its target range of 2-3%, RBA has cut its official cash rate by 25 basis points to 1.75% in May 2016.

The Australian office market continues to see positive net absorption in 1Q2016. According to Jones Lang LaSalle, net absorption in 1Q2016 reached 67,300 sm, which further raised the overall office occupancy in the CBD to 87.6% in 1Q2016 compared with 87.4% in 4Q 2015. In Sydney and Melbourne, office occupancy continued to strengthen to 93.2% and 90.8% respectively in 1Q2016, up from 92.2% and 90% respectively in 4Q2015, on positive demand driven mainly by the professional services and education sectors. Improved business sentiments prompted companies to look beyond the short-term financial market volatility and make long-term strategic real estate decisions.

With its continued focus on proactive leasing and marketing, the Manager successfully renewed almost all the leases expiring in 2016 in the first half of this year, with only a minimal 0.6% of expiring leases due for renewal in the second half of 2016. Forward renewal efforts also reduced the proportion of leases expiring in 2017 and 2018 to 9.5% and 5.5% respectively as at 2Q2016. The majority of these expiring leases are in their first renewal cycle and are likely to be renewed. Average rent for leases due for renewal and review in 2016 to 2018 ranges from mid-\$8.00 psf to low-\$9.00 psf, which is currently below CBRE's average Grade A rent of \$9.50 psf. Approximately 90% of leases are not due for renewal till 2018 and beyond, and approximately 85% of leases not due for renewal till 2019 and beyond, when limited to no new office supply in the CBD is expected. The Manager continues to secure tenants for the longer term, maintaining a long WALE of approximately 8 years for Keppel REIT's top 10 tenants and 6 years for the overall portfolio, which will provide income stability for Unitholders amidst economic and market headwinds.

The Singapore office market will remain challenging over the next two years given the impending new supply. The Manager remains committed to executing its strategy, focusing on tenant retention and attraction to maintain a healthy and long lease expiry profile as well as provide sustained returns for Unitholders over the longer term. The Manager will also continue its active capital management efforts to safeguard against interest rate and currency volatilities as well as enhance its financial flexibility to capitalise on opportunities that may arise during periods of uncertainties.

The Manager believes that Keppel REIT is well positioned to weather the current challenging conditions, supported by its proactive leasing and capital management, as well as its sterling property portfolio and quality tenant profile.

11. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes 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 tenant mix.

Currency risk

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, and the regular distributable income and interest income from these 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 performs an annual review of the adequacy and appropriateness of insurance coverage, continuously reviews disaster and pandemic business continuity plans, and updates and modifies them regularly.

12. DISTRIBUTIONS

(a) Current Financial Period Reported on

Name of Distribution	1 April 2016 to 30 June 2016
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Other gains distribution (d) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.02 cents per unit (b) Tax-exempt income distribution - 0.34 cents per unit (c) Other gains distribution - 0.15 cents per unit (d) Capital distribution - 0.10 cents per unit
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Other gains distribution</u> Other gains distribution is not taxable in the hands of all Unitholders.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 April 2015 to 30 June 2015
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 1.15 cents per unit (b) Tax-exempt income distribution - 0.47 cents per unit (c) Capital distribution - 0.10 cents per unit
Tax Rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

(c) Books Closure Date

27 July 2016

(d) Date Payable

26 August 2016

13. DISTRIBUTION STATEMENT

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

14. INTERESTED PERSON TRANSACTIONS (“IPTs”)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000)	
	2Q2016 \$'000	2Q2015 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager’s management fees	12,520	12,407
- Property management fees and reimbursable	1,461	1,481
- Leasing commissions	190	111
- Rental support	3,200	3,700
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee’s fees	309	304

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

15. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL OF ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

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

CHUA HUA YEOW KELVIN / TAN WEIQIANG MARC
 Joint Company Secretaries
 19 July 2016

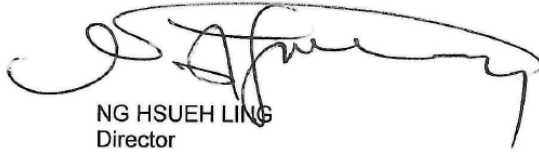
CONFIRMATION BY THE BOARD

We, CHIN WEI-LI AUDREY MARIE and NG HSUEH LING, being two Directors of Keppel REIT Management Limited (the "Company"), as manager of Keppel REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Second Quarter and Half Year ended 30 June 2016 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

19 July 2016



NG HSUEH LING
Director