

**KEPPEL REIT
FIRST QUARTER 2016 FINANCIAL STATEMENTS ANNOUNCEMENT**

UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2016

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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 31 March 2016, Keppel REIT had assets under management of over \$8.2 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), 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 David Malcolm Justice Centre (previously known as the office tower and its annexe on the Old Treasury Building site in Perth) (50% interest). On 29 January 2016, Keppel REIT successfully completed the divestment of its 100% interest in 77 King Street in Sydney.

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.

SUMMARY OF KEPPEL REIT RESULTS FOR THE QUARTER ENDED 31 MARCH 2016

	GROUP	
	1Q2016 \$'000	1Q2015 \$'000
Property income	41,167	42,405
Net property income	32,910	34,587
Share of results of associates	18,786	20,367
Share of results of joint ventures	6,807	4,043
Income available for distribution	54,438	54,009
Distribution to Unitholders ¹	54,438	54,009
Distribution per Unit ("DPU") (cents) for the period	1.68	1.70
Annualised/Actual distribution yield %	6.8% ²	7.3% ³

Notes:

- (1) Distribution to Unitholders was based on 100% of the taxable income available for distribution.
- (2) The yield was based on the market closing price per unit of \$0.995 as at the last trading day, 31 March 2016.
- (3) 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 QUARTER ENDED 31 MARCH 2016

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 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		+/(-)
		1Q2016	1Q2015	
		\$'000	\$'000	%
Gross rent		39,639	40,835	(2.9)
Car park income		820	830	(1.2)
Other income		708	740	(4.3)
Property income		41,167	42,405	(2.9)
Property tax		(2,907)	(2,873)	1.2
Other property expenses	1	(4,138)	(4,031)	2.7
Property management fee		(1,058)	(1,085)	(2.5)
Maintenance and sinking fund contributions		(154)	171	NM
Property expenses		(8,257)	(7,818)	5.6
Net property income		32,910	34,587	(4.8)
Rental support	2	4,199	6,179	(32.0)
Interest income	3	8,646	8,982	(3.7)
Share of results of associates	4	18,786	20,367	(7.8)
Share of results of joint ventures	5	6,807	4,043	68.4
Amortisation expenses	6	(3,838)	(5,500)	(30.2)
Borrowing costs	7	(16,047)	(16,299)	(1.5)
Manager's management fees	8	(12,576)	(12,343)	1.9
Trust expenses		(2,331)	(2,472)	(5.7)
Changes in fair value of an interest rate swap		-	878	(100.0)
Net income before divestment gain		36,556	38,422	(4.9)
Gain on divestment of investment property	9	28,299	-	100.0
Total return before tax		64,855	38,422	68.8
Income tax expense	10	(6,968)	(1,902)	266.4
Total return after tax		57,887	36,520	58.5
Attributable to:				
Unitholders		56,007	36,502	53.4
Perpetual securities holders	11	1,862	-	100.0
Non-controlling interest		18	18	-
		57,887	36,520	58.5
<u>Distribution Statement</u>				
Total return for the period attributable to Unitholders		56,007	36,502	53.4
Net tax and other adjustments	12	(1,569)	17,507	NM
Income available for distribution		54,438	54,009	0.8
Distribution to Unitholders	13	54,438	54,009	0.8
Distribution per Unit (cents)				
for the period		1.68	1.70	(1.2)
Annualised/Actual Distribution ¹		6.72	6.80	(1.2)

(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>	
	1Q2016	1Q2015
	\$'000	\$'000
<i>Marketing expenses</i>	192	102
<i>Utilities</i>	828	900
<i>Repair and maintenance</i>	2,262	2,264
<i>Property management reimbursements</i>	467	486
<i>Other property expenses</i>	389	279
	4,138	4,031

- (2) *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. In the prior period, 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 the current period are \$999,000 and \$3,200,000 respectively.*

- (3) *Interest income comprises the following:*

	<u>Group</u>	
	1Q2016	1Q2015
	\$'000	\$'000
<i>Interest income from fixed deposits and current accounts</i>	1,068	557
<i>Interest income from shareholders' loans to One Raffles Quay Pte Ltd ("ORQPL") and BFCDLLP</i>	7,578	6,068
<i>Interest income from convertible notes in Mirvac (Old Treasury) Trust</i>	-	2,357
	8,646	8,982

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 (ii) BFCDLLP's partnership profit.*
- (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>	
	1Q2016	1Q2015
	\$'000	\$'000
<i>Interest expense on term loans</i>	15,345	14,895
<i>Interest expense on revolving loans</i>	-	795
<i>Amortisation of capitalised transaction costs</i>	702	609
	16,047	16,299

- (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) 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.

(11) Please refer to paragraph 1(b)(i), note 7.

(12) Included in the net tax and other adjustments are the following:

	<u>Group</u>	
	1Q2016	1Q2015
	\$'000	\$'000
Management fees paid and/or payable in units	12,576	12,343
Trustee's fees	310	301
Amortisation of intangible asset and capitalised transaction costs	4,540	6,109
Temporary differences and other adjustments	(21,995)	(1,246)
Other gains distribution	3,000	-
	<u>(1,569)</u>	<u>17,507</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 the gain on divestment from Prudential Tower.

(13) 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>		
	1Q2016	1Q2015	+ / (-)
	\$'000	\$'000	%
Total return after tax	57,887	36,520	58.5
Other comprehensive income:			
Foreign currency translation	15,780	(41,735)	NM
<u>Cashflow hedges:</u>			
Net change in fair value of cash flow hedges	(13,969)	17,847	NM
Share of net change in fair value of cash flow hedges of associates	(2,008)	874	NM
Other comprehensive income for the period	(197)	(23,014)	(99.1)
Total comprehensive income for the period	57,690	13,506	327.1
Attributable to:			
Unitholders	55,811	13,484	313.9
Perpetual securities holders	1,862	-	100.0
Non-controlling interest	17	22	(22.7)
	57,690	13,506	327.1

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		
		31/3/2016	31/12/2015	+ / (-)	31/3/2016	31/12/2015	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets							
Investment properties	1	3,569,627	3,691,073	(3.3)	550,000	550,000	-
Investments in subsidiaries		-	-	-	1,836,942	1,837,852	(0.05)
Investments in associates	2	2,495,034	2,497,798	(0.1)	2,025,483	2,025,483	-
Advances to associates		608,922	608,922	-	608,922	608,922	-
Investments in joint ventures	3	415,915	408,112	1.9	-	-	-
Amounts owing by subsidiaries		-	-	-	832,912	818,836	1.7
Fixed assets		189	199	(5.0)	1	1	-
Intangible asset	4	33,985	37,823	(10.1)	29,568	32,600	(9.3)
Derivative financial instruments	5	8,570	17,542	(51.1)	3,637	9,965	(63.5)
Total non-current assets		7,132,242	7,261,469	(1.8)	5,887,465	5,883,659	0.1
Current assets							
Trade and other receivables	6	32,349	18,057	79.1	39,427	27,502	43.4
Prepaid expenses		564	1,031	(45.3)	85	27	214.8
Cash and bank balances		263,794	144,601	82.4	118,040	126,501	(6.7)
Derivative financial instruments	5	-	260	(100.0)	-	260	(100.0)
Total current assets		296,707	163,949	81.0	157,552	154,290	2.1
Total assets		7,428,949	7,425,418	0.05	6,045,017	6,037,949	0.1
Current liabilities							
Trade and other payables		48,191	51,208	(5.9)	26,135	26,285	(0.6)
Income received in advance		302	758	(60.2)	78	-	100.0
Short term borrowings		25,720	25,355	1.4	-	-	-
Current portion of security deposits		11,017	9,172	20.1	2,154	1,902	13.2
Derivative financial instruments	5	780	168	364.3	780	168	364.3
Provision for taxation		5,896	3,284	79.5	2,966	3,315	(10.5)
Total current liabilities		91,906	89,945	2.2	32,113	31,670	1.4
Non-current liabilities							
Income received in advance		40,875	45,742	(10.6)	40,875	45,483	(10.1)
Long term borrowings		2,444,953	2,464,217	(0.8)	2,008,667	2,028,126	(1.0)
Derivative financial instruments	5	4,589	464	>500	4,158	464	>500
Non-current portion of security deposits		19,416	21,435	(9.4)	1,950	2,202	(11.4)
Deferred tax liabilities		23,806	25,767	(7.6)	-	-	-
Total non-current liabilities		2,533,639	2,557,625	(0.9)	2,055,650	2,076,275	(1.0)
Total liabilities		2,625,545	2,647,570	(0.8)	2,087,763	2,107,945	(1.0)
Net assets		4,803,404	4,777,848	0.5	3,957,254	3,930,004	0.7
Represented by:							
Unitholders' funds		4,649,734	4,626,021	0.5	3,805,691	3,780,285	0.7
Perpetual securities	7	151,563	149,719	1.2	151,563	149,719	1.2
Non-controlling interest		2,107	2,108	(0.05)	-	-	-
		4,803,404	4,777,848	0.5	3,957,254	3,930,004	0.7
Net asset value per unit (\$)		1.43	1.44		1.17	1.18	

Notes:

- (1) *The decrease in investment properties is mainly due to the divestment of 77 King Street in Sydney, offset by translation differences arising from the Australian investment properties.*
- (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 \$21.6 million (31 December 2015: \$1.0 million) and receivables for rental support top-up payments of \$4.2 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 of 4.98% 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 31/3/2016	As at 31/12/2015
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	816,454	816,454
Less: Unamortised portion of fees	(3,554)	(3,870)
	812,900	812,584
Unsecured borrowings		
Amount repayable within one year	25,900	25,500
Amount repayable after one year	1,636,000	1,656,000
Less: Unamortised portion of fees	(4,127)	(4,512)
	1,657,773	1,676,988
Total borrowings	2,470,673	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 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 2016, the Group had total borrowings of approximately \$2,478.4 million and unutilised facilities of \$568.5 million available to meet its future obligations. The year-to-date all-in interest rate was 2.58% as at 31 March 2016.

1(c) Consolidated Statement of Cash Flows

	Note	Group	
		1Q2016 \$'000	1Q2015 \$'000
Operating activities			
Total return before tax		64,855	38,422
Adjustments for:			
Interest income		(8,646)	(8,982)
Amortisation expense		3,838	5,500
Share of results of associates		(18,786)	(20,367)
Share of results of joint ventures		(6,807)	(4,043)
Borrowing costs		16,047	16,299
Management fees paid and/or payable in units		12,576	12,343
Gain on divestment of investment property		(28,299)	-
Changes in fair value of an interest rate swap		-	(878)
Depreciation		11	10
Rental support income		(4,199)	(6,179)
Translation differences		2,558	350
Operating cash flows before changes in working capital		33,148	32,475
Decrease in receivables		6,365	1,870
Decrease in payables		(4,073)	(2,160)
(Decrease)/Increase in security deposits		(174)	1,250
Cash flows from operations		35,266	33,435
Income taxes paid		(6,305)	(3,208)
Net cash flows generated from operating activities		28,961	30,227
Investing activities			
Subsequent expenditure on investment properties		(482)	(43)
Proceeds from divestment of investment property, net of divestment costs		157,233	-
Purchase of fixed assets		(1)	-
Interest received		7,930	8,798
Rental support received		4,608	11,906
Repayment of advance from an associate		-	7,000
Distribution income received from joint ventures		4,625	3,761
Net cash flows generated from investing activities		173,913	31,422
Financing activities			
Distribution to Unitholders (net of distribution in Units)	1	(44,870)	(45,848)
Proceeds from issuance of medium term notes		-	50,000
Repayment of loans		(20,000)	(50,000)
Payment of financing expenses/upfront debt arrangement costs		-	(107)
Partnership distribution to non-controlling interest		(12)	(12)
Interest paid		(14,190)	(10,173)
Issue expenses		(18)	-
Net cash flows used in financing activities		(79,090)	(56,140)
Net increase in cash and cash equivalents		123,784	5,509
Cash and cash equivalents at the beginning of period		98,764	137,818
Effect of exchange rate changes on cash and cash equivalents		371	(859)
Cash and cash equivalents at the end of period		222,919	142,468
Comprising:			
Cash and bank balances		263,794	203,211
Less: Rental support received in advance held in designated accounts	2	(40,875)	(60,743)
Cash and cash equivalents per Consolidated Statement of Cash Flows		222,919	142,468

Notes:

- (1) Distribution for 1Q2016 is for the period of 1 October 2015 to 31 December 2015, paid on 26 February 2016.
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.
- (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

Group	Note	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Discount on Acquisition of Non- Controlling Interest \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Non- Controlling Interest \$'000	Total \$'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

Group	Note	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Discount on Acquisition of Non- Controlling Interest \$'000	Unitholders' funds \$'000	Perpetual Securities \$'000	Non- Controlling Interest \$'000	Total \$'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

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 units issued in 1Q2016 as payment of management fees in units.*
- (3) *This represents 6,474,804 units issued in 1Q2015 as payment of management fees in units.*

<u>Trust</u>	<u>Note</u>	<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

<u>Trust</u>	<u>Note</u>	<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

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 units issued in 1Q2016 as payment of management fees in units.*
- (3) *This represents 6,474,804 units issued in 1Q2015 as payment of management fees in units.*

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

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 2016 and 31 December 2015.

Total number of issued units in Keppel REIT as at 31 March 2016 and 31 December 2015 were 3,240,361,853 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>	
	1Q2016	1Q2015
EPU (based on weighted average number of units as at the end of the period)		
Based on total return before divestment gain	0.86 cents	1.15 cents
Based on total return after divestment gain	1.73 cents	1.15 cents
- Weighted average number of units as at the end of the period	3,229,668,077	3,174,822,357
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	1.68 cents	1.70 cents
	3,240,361,853	3,176,908,683

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”)

	<u>Group</u>		<u>Trust</u>	
	As at 31/3/16	As at 31/12/15	As at 31/3/16	As at 31/12/15
NAV ¹ per unit (\$) based on issued units at the end of the period	1.43	1.44	1.17	1.18
Adjusted NAV per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.42	1.42	1.16	1.16

Note:

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

8. REVIEW OF PERFORMANCE

8(i) Property Income Contribution of the Properties

<u>Property</u>	<u>Group</u>		<u>+ / (-)</u> %
	<u>1Q2016</u>	<u>1Q2015</u>	
	\$'000	\$'000	
Bugis Junction Towers	5,751	5,517	4.2
Ocean Financial Centre	26,100	24,819	5.2
275 George Street	4,649	4,878	(4.7)
77 King Street ¹	669	2,874	(76.7)
8 Exhibition Street ²	3,998	4,317	(7.4)
Total property income	41,167	42,405	(2.9)

8(ii) Income Contribution of the Properties

<u>Property</u>	<u>Group</u>		<u>+ / (-)</u> %
	<u>1Q2016</u>	<u>1Q2015</u>	
	\$'000	\$'000	
Bugis Junction Towers	4,624	4,754	(2.7)
Ocean Financial Centre	21,134	20,262	4.3
275 George Street	3,780	3,981	(5.0)
77 King Street	524	2,358	(77.8)
8 Exhibition Street	2,848	3,232	(11.9)
Total net property income	32,910	34,587	(4.8)
One-third interest in ORQPL ³ :			
- Interest income	580	470	23.4
- Dividend income	6,346	6,391	(0.7)
Total income	6,926	6,861	0.9
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :			
- Rental support	3,200	3,700	(13.5)
- Interest income	6,998	5,598	25.0
- Dividend income	13,196	14,048	(6.1)
Total income	23,394	23,346	0.2
50% interest in M8CT ⁵ :			
- Distribution income	3,128	3,138	(0.3)
50% interest in MOTT ⁶ :			
- Interest income	-	2,357	(100.0)
- Distribution income	2,450	508	382.3
Total income	2,450	2,865	(14.5)

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 1Q2016 vs 1Q2015

The Group's distributable income increased from \$54.0 million for 1Q2015 to \$54.4 million for 1Q2016.

Despite the absence of income contribution from 77 King Street following its divestment on 29 January 2016, the distributable income had increased. This was mainly attributable to higher property income from OFC and Bugis Junction Towers, better results of joint ventures with higher contributions from 8 Chifley Square in Sydney as well as the David Malcolm Justice Centre in Perth, and lower trust expenses.

Property income and net property income for 1Q2016 were \$41.2 million and \$32.9 million respectively, compared to the property income and net property income of \$42.4 million and \$34.6 million respectively for 1Q2015. 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.

The Group's total return before tax for 1Q2016 was \$64.9 million, a 68.8% increase from \$38.4 million for 1Q2015. 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 and gain on divestment of 77 King Street. These were partially offset by lower rental support, lower interest income, lower share of results of associates, higher management fees as well as the absence of changes in fair value of an interest rate swap.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

The Singapore economy expanded by 2% in 2015, lower than the 3.3% growth recorded in 2014. Advance estimates by the Ministry of Trade and Industry (MTI) indicate that the economy recorded a 1.8% y-o-y growth for 1Q2016, driven mainly by expansions in the construction and services sectors. Stronger growth in the construction sector was supported by activities in both public and private sectors, while growth in services was driven primarily by the finance and insurance sectors. MTI expects growth in 2016 to remain muted, with full-year GDP growth at between 1 and 3%.

As at 1Q2016, occupancy in Singapore's core CBD stood at 95.2% with average Grade A rents at \$9.90 psf per month as landlords continued to focus on preserving occupancy and/or attracting new tenants¹. CBRE opined that the contraction phase for office spaces in the financial sector appears to be nearing an end. However, volatility in the energy sector may result in further right-sizing activities by tenants in the oil and gas sector. Meanwhile, companies in the technology, media and telecommunications (TMT) sector continue to see positive leasing activities, along with occupiers in the insurance and pharmaceutical sectors. Narrowing rental rates has also seen a flight-to-quality move among tenants.

CBRE expects the down cycle in the office sector to persist through the rest of 2016 with vacancy levels picking up from 3Q2016 as the market awaits the completion of major new CBD developments. However, with very limited confirmed supply from 2018 onwards, CBRE is of the opinion that the market could recover earlier than expected.

In Australia, the Australian economy grew 2.5% in 2015, supported by healthy demand from non-mining sectors despite a contraction in mining-related investments due to declining commodity prices. In its drive for continued growth, in particular the housing and infrastructure sectors, the Reserve Bank of Australia (RBA) has kept its official cash rate on hold at 2% in 1Q2016. Australia expects to record steady growth of between 2.5% and 3.5% for 2016. The RBA however cautioned that the outlook for China's economic growth remains a key focus.

According to Jones Lang LaSalle, the positive net absorption in the Australian office market in 2015 came in higher than the 20-year average for the CBD office markets. Sydney and Melbourne continued to record the strongest annual net absorption, with leasing activities driven mainly by the TMT, commercial banking and education sectors.

The Singapore office market is expected to remain challenging these two years given the impending new supply. For Keppel REIT, 85% of total leases is not due for renewal till 2018 and beyond and approximately 80% of total leases is not due for renewal till 2019 and beyond, when limited new office supply is expected. Continuing its proactive marketing and leasing efforts, the Manager has completed the renewal of more than three quarters of the total leases expiring in 2016. With this, the Manager has achieved a 99.4% portfolio occupancy rate, with only a minimal 3% of the portfolio's total net lettable area of 3.3 million sf due for renewal for the rest of 2016. As at 1Q2016, the Manager achieved a 99% tenant retention rate and with rental rates for all new, renewal, forward renewal and review leases recording an average positive rent reversion of 7%.

The Manager will continue to intensify efforts on tenant retention to maintain a healthy and long lease expiry profile. The Manager will continue to achieve capital efficiency as it strives to maintain a well-staggered debt maturity profile. The Manager believes that such efforts, coupled with Keppel REIT's quality portfolio, will put it in good stead to weather the challenging conditions ahead.

¹ Source: CBRE, 1Q2016

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 January 2016 to 31 March 2016
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Other gains distribution (d) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.23 cents per unit (b) Tax-exempt income distribution - 0.26 cents per unit (c) Other gains distribution - 0.09 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 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 - 0.10 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

22 April 2016

(d) Date Payable

27 May 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)	
	1Q2016 \$'000	1Q2015 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager’s management fees	12,576	12,343
- Divestment fee	810	-
- Property management fees and reimbursable	1,469	1,444
- Leasing commissions	-	55
- Rental and service charge income ¹	36,041	-
- Rental support	3,200	5,022
- Electricity expenses ¹	-	12,400
- Reimbursement of development costs for one-third interest in an associate	-	4,837
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee’s fees	310	301

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

Note:

(1) *The aggregate value of interested person transactions refers to the total contract sum entered into during the financial year.*

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

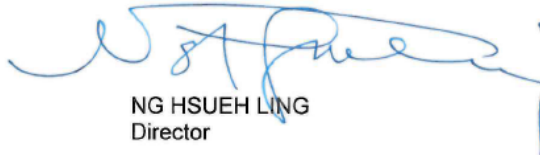
TAN WEIQIANG MARC
 Company Secretary
 14 April 2016

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 First Quarter 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



NG HSUEH LING
Director

14 April 2016