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## **MEDIA RELEASE**

### **Unaudited Results of Keppel REIT for the Second Quarter and Half Year Ended 30 June 2019**

**15 July 2019**

The Directors of Keppel REIT Management Limited, as Manager of Keppel REIT, are pleased to announce the unaudited results of Keppel REIT for the second quarter and half year ended 30 June 2019.

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## Keppel REIT achieves distributable income of \$47.3 million for 2Q 2019

### Key Highlights

- Distributable income (DI) for the second quarter of 2019 (2Q 2019) was \$47.3 million, which includes capital gains distribution of \$3.0 million.
- Distribution per Unit (DPU) for 2Q 2019 was 1.39 cents.
- Obtained the REIT's first green secured loan facility.
- Aggregate leverage was 38.4% and weighted average term to maturity was 3.7 years.
- Completed the DPU-accretive acquisition of T Tower, a Grade A freehold office building in Seoul Central Business District (CBD).
- Maintained high portfolio committed occupancy of 99.1% and portfolio weighted average lease expiry (WALE) of 5.3 years.

### Summary of Results

	GROUP					
	2Q 2019 \$'000	2Q 2018 \$'000	+ / (-)	1H 2019 \$'000	1H 2018 \$'000	+ / (-)
<b>Property income</b>	39,913 <sup>(1)</sup>	51,654	(22.7%)	79,930 <sup>(1)</sup>	91,388	(12.5%)
<b>Net property income (NPI)</b>	31,063	43,206	(28.1%)	62,374	74,426	(16.2%)
Less: Attributable to non-controlling interests	(4,201)	(33)	Nm	(8,258)	(55)	Nm
<b>NPI attributable to Unitholders</b>	26,862 <sup>(2)</sup>	43,173	(37.8%)	54,116 <sup>(2)</sup>	74,371	(27.2%)
<b>Share of results of associates</b>	19,831	18,977	+4.5%	39,102	39,589	(1.2%)
<b>Share of results of joint ventures</b>	7,125	7,479	(4.7%)	14,297	15,318	(6.7%)
<b>Income available for distribution</b>	47,293	48,323	(2.1%)	94,612	96,555	(2.0%)
<b>Distribution to Unitholders</b>	47,293 <sup>(3)</sup>	48,323	(2.1%)	94,612 <sup>(3)</sup>	96,555	(2.0%)
<b>DPU (cents)</b>	1.39	1.42	(2.1%)	2.78	2.84	(2.1%)
<b>Annualised/Actual distribution yield (%)</b>				4.4% <sup>(4)</sup>	4.9% <sup>(5)</sup>	(0.5 pp)

(1) The decrease was due mainly to lower one-off income for early surrender of leases.

(2) Reflects amount attributable to Unitholders based on an interest of 79.9% in Ocean Financial Centre following the divestment of a 20% stake in December 2018, as well as an interest of 99.38% in T Tower in Seoul which was acquired in May 2019.

(3) Includes distribution of capital gains of \$3.0 million for 2Q 2019 and \$6.0 million for 1H 2019.

(4) Based on the market closing price of \$1.26 per Unit as at 30 June 2019.

(5) Based on the total DPU of 5.56 cents for FY 2018, and the market closing price of \$1.14 per Unit as at 31 December 2018.

### Financial Performance

Keppel REIT Management Limited, as Manager of Keppel REIT, announced that Keppel REIT's DI for 2Q 2019 was \$47.3 million, which includes capital gains distribution of \$3.0 million. This brought DI for 1H 2019 to \$94.6 million, lower than 1H 2018's \$96.6 million due mainly to lower one-off income received from the early surrender of leases, absence of rental support in 2Q 2019, and the impact from the divestment of a 20% stake in Ocean Financial Centre. The decrease was partially offset by income contribution from the newly acquired T Tower in Seoul CBD, as well as capital gains distribution of \$6.0 million for 1H 2019.

DPU for 2Q 2019 was 1.39 cents, bringing DPU for 1H 2019 to 2.78 cents. Annualised distribution yield was 4.4% based on Keppel REIT's market closing price of \$1.26 per Unit as at 30 June 2019.

### Capital Management

As part of the Manager's proactive efforts to manage interest costs and extend its debt maturity profile, all of Keppel REIT's 2019 loans have been refinanced. \$200.0 million of five-year convertible bonds at coupon rate of 1.9% per annum were also issued to lower interest costs and partially fund the acquisition of T Tower.

On 18 June 2019, Keppel REIT obtained its first green secured loan facility of \$505.0 million. The green loan facility reflects the Manager's commitment to sustainability, which includes upholding high environmental standards at the properties and meeting requirements to access green funding sources. Proceeds from this green loan facility have been used to refinance loans maturing in 2022.

As at 30 June 2019, weighted average term to maturity was extended to 3.7 years, from 3.3 years as at 31 March 2019. Aggregate leverage was 38.4% following the issuance of \$200.0 million of convertible bonds and the drawdown of a loan of KRW 126.4 billion to fund the acquisition of T Tower. The KRW-denominated loan will provide the REIT a natural hedge against potential currency fluctuations. Interest coverage ratio was 3.7 times, all-in interest rate was 2.86% per annum, and the interest rates of 92% of total borrowings are fixed.

During the quarter, the Manager continued with its DPU-accretive Unit buy-back programme<sup>1</sup>, purchasing and cancelling a total of approximately 9.7 million issued Units. With effect from 24 June 2019, Keppel REIT was included as a constituent of Global Property Research's GPR 250 Index and GPR 250 REIT Index.

### **Portfolio Optimisation**

On 27 May 2019, Keppel REIT completed the acquisition of T Tower, a 28-storey freehold Grade A office building in Seoul CBD, for KRW 252.6 billion<sup>2</sup> (approximately \$301.4 million<sup>3</sup>). A five-minute walk to the city's major railway station, Seoul Station, T Tower is well-positioned to benefit from potential capital value appreciation and rental growth amidst steady leasing demand and limited upcoming supply. Completed in 2010, T Tower offers approximately 228,000 sf in net lettable area and is 100% leased to established national and international tenants, mainly from the technology, media and telecommunications, manufacturing and distribution, and services sectors.

With an initial NPI yield of approximately 4.7%, the DPU-accretive acquisition of T Tower is part of Keppel REIT's ongoing portfolio optimisation. While Keppel REIT's portfolio will remain anchored by prime CBD assets in Singapore, owning assets across Singapore, Australia and South Korea enhances geographical and income diversification, as well as provides greater stability and further opportunities for growth in the long term.

### **Portfolio Review**

With the strategic addition of T Tower, Keppel REIT's \$8.4 billion portfolio now comprises 10 properties in Singapore (82.3%), Australia (14.1%) and South Korea (3.6%). The development of 311 Spencer Street in Melbourne is progressing, with commencement of the 30-year lease to the Victoria Police expected upon completion in 1H 2020.

In 1H 2019, the Manager committed total leases of approximately 272,900 sf (attributable area of approximately 112,600 sf), bringing Keppel REIT's portfolio committed occupancy to 99.1% as at 30 June 2019. Of the attributable spaces committed, approximately half are new leases and expansions from mainly tenants in the technology, media and telecommunications, banking and financial services sectors, while the remaining committed leases were renewals and rent reviews.

Almost all leases concluded in 1H 2019 were in Singapore. The average signing rent for the Singapore office leases committed in 1H 2019 was approximately \$11.93<sup>4</sup> psf pm, above the Grade A core CBD market average of \$11.30<sup>5</sup> psf pm.

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<sup>1</sup> Subject to market conditions and taking into account restrictions under the Singapore Code on Take-overs and Mergers.

<sup>2</sup> Based on an approximate 99.38% interest in T Tower. Equivalent to KRW 20.2 million/pyeong (py), based on attributable gross floor area of 444,979 sf and conversion of 1 py to 35.6 sf.

<sup>3</sup> Based on an exchange rate of KRW 1,000 to \$1.193 as at 18 April 2019.

<sup>4</sup> For the Singapore office leases concluded in 1H 2019 and based on a simple average calculation.

<sup>5</sup> Source: CBRE, 2Q 2019.

The portfolio and top 10 tenants WALE remained long at approximately 5.3 years and 7.5 years respectively. Portfolio tenant retention rate for 1H 2019 was 64%.

On the sustainability front and as part of tenant engagement efforts, various activities were organised to raise environmental consciousness among tenants and the public. In conjunction with Earth Day and World Water Day, Earth Hour was observed at all of Keppel REIT's properties in Singapore and Australia, and eco-roadshows were held in collaboration with Public Utilities Board (PUB) to encourage water conservation at Ocean Financial Centre and Bugis Junction Towers.

To raise awareness on plastic pollution, the Manager together with Keppel Land organised the display of 'Ayer Ayer Project Table', an interactive microplastics artwork made from Singapore's shore debris. Tenants and members of the public at Ocean Financial Centre, Marina Bay Financial Centre and Keppel Bay Tower joined efforts in removing microplastic fragments in the shore debris.

### **Looking Ahead**

According to CBRE, Singapore average Grade A office rents for 2Q 2019 was \$11.30 psf pm, up from \$11.15 psf pm a quarter ago. Average occupancy also rose quarter-on-quarter from 95.2% as at end March 2019 to 95.8% as at end June 2019.

In Australia, JLL Research reported positive net absorption and further improvement of national CBD office market occupancy from 91.4% as at end December 2018 to 91.7% as at end March 2019. Occupancy is expected to remain healthy on the back of stable leasing activity.

In Seoul, JLL Research observed a decrease in CBD Grade A occupancy from 82.7% as at end December 2018 to 82.5% as at end March 2019. Occupancy is expected to decline going into 2020, before rising in the subsequent years with the lack of new supply.

Amidst the current uncertain macro-economic environment, the Manager remains focused on delivering stable and sustainable distributions to Unitholders, and on achieving long-term growth. The Manager will continue its ongoing portfolio optimisation focus, while driving operational excellence in its asset and capital management efforts.

- END -

## **About Keppel REIT ([www.keppelreit.com](http://www.keppelreit.com))**

Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading REITs with a young and large portfolio of premium Grade A commercial assets in prime business and financial districts pan-Asia.

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 in Singapore and pan-Asia.

The REIT has assets under management of over \$8 billion in Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea.

Keppel REIT is sponsored by Keppel Land Limited, one of Asia's leading property companies. It is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital). Keppel Capital is a premier asset manager in Asia with a diversified portfolio in real estate, infrastructure and data centre properties in key global markets.

### **Important Notice**

*The past performance of Keppel REIT is not necessarily indicative of its future performance. Certain statements made in this release may not be based on historical information or facts and may be "forward-looking" statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments or shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.*

*Prospective investors and unitholders of Keppel REIT ("Unitholders") are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel REIT Management Limited, as manager of Keppel REIT (the "Manager") on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this release. None of the Manager, the trustee of Keppel REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this release or its contents or otherwise arising in connection with this release. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of units in Keppel REIT ("Units") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.*

*Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.*

**KEPPEL REIT  
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED  
30 JUNE 2019****TABLE OF CONTENTS**

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## INTRODUCTION

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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 in Singapore and pan-Asia.

As at 30 June 2019, Keppel REIT had assets under management of approximately \$8.4 billion<sup>1</sup> comprising interests in ten premium office assets strategically located in the central business districts of Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea. The assets are:

### Singapore

- Ocean Financial Centre (79.9% interest)
- Marina Bay Financial Centre (office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest)
- One Raffles Quay (one-third interest)
- Bugis Junction Towers (100% interest)

### Australia

- 8 Chifley Square, Sydney (50% interest)
- 8 Exhibition Street, Melbourne (50% interest in the office building and a 100% interest in the three adjacent retail units)
- 275 George Street, Brisbane (50% interest)
- David Malcolm Justice Centre, Perth (50% interest)
- 311 Spencer Street, Melbourne (50% interest) (under development)

### South Korea

- T Tower, Seoul (99.38% interest)

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## SUMMARY OF KEPPEL REIT RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

	GROUP			
	2Q2019 \$'000	2Q2018 \$'000	1H2019 \$'000	1H2018 \$'000
Property income	39,913	51,654	79,930	91,388
Net property income	31,063	43,206	62,374	74,426
Share of results of associates	19,831	18,977	39,102	39,589
Share of results of joint ventures	7,125	7,479	14,297	15,318
Income available for distribution	47,293	48,323	94,612	96,555
Distribution to Unitholders <sup>2</sup>	47,293 <sup>3</sup>	48,323	94,612 <sup>3</sup>	96,555
Distribution per Unit ("DPU") (cents) for the period	1.39 <sup>4</sup>	1.42	2.78 <sup>4</sup>	2.84
Annualised/Actual distribution yield (%)			4.4% <sup>5</sup>	4.9% <sup>6</sup>

### Notes:

- (1) Includes 311 Spencer Street in Melbourne, which is under construction.
- (2) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders.
- (3) These include capital gains distributions of \$3.0 million and \$6.0 million for 2Q2019 and 1H2019 respectively.
- (4) DPU for 2Q2019 is computed based on units in issue as at 30 June 2019. On 10 April 2019, Keppel REIT issued \$200 million in aggregate principal of convertible bonds due 10 April 2024. The actual quantum of DPU may therefore differ if any of the convertible bonds is converted between 1 July 2019 and the books closure date, 23 July 2019.
- (5) Based on the market closing price per Unit of \$1.26 as at 30 June 2019.
- (6) Based on the total DPU of 5.56 cents for FY2018 and the market closing price per Unit of \$1.14 as at 31 December 2018.

## 1. UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

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 2019:

### 1(a)(i) Statement of profit or loss and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

#### Consolidated Statement of Profit or Loss

	Note	<u>Group</u>					+ / (-)
		2Q2019	2Q2018	+ / (-)	1H2019	1H2018	
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		38,132	37,909	0.6	74,267	76,037	(2.3)
Car park income		887	892	(0.6)	1,736	1,809	(4.0)
Other income	1	894	12,853	(93.0)	3,927	13,542	(71.0)
<b>Property income</b>		<b>39,913</b>	<b>51,654</b>	<b>(22.7)</b>	<b>79,930</b>	<b>91,388</b>	<b>(12.5)</b>
Property tax		(3,189)	(2,505)	27.3	(6,388)	(5,340)	19.6
Other property expenses	2	(4,488)	(4,378)	2.5	(8,751)	(8,886)	(1.5)
Property management fee		(1,104)	(1,411)	(21.8)	(2,194)	(2,427)	(9.6)
Maintenance and sinking fund contributions		(69)	(154)	(55.2)	(223)	(309)	(27.8)
<b>Property expenses</b>		<b>(8,850)</b>	<b>(8,448)</b>	<b>4.8</b>	<b>(17,556)</b>	<b>(16,962)</b>	<b>3.5</b>
<b>Net property income</b>		<b>31,063</b>	<b>43,206</b>	<b>(28.1)</b>	<b>62,374</b>	<b>74,426</b>	<b>(16.2)</b>
Rental support	3	-	2,153	(100.0)	2,690	4,307	(37.5)
Interest income	4	7,030	6,238	12.7	14,324	11,997	19.4
Share of results of associates	5	19,831	18,977	4.5	39,102	39,589	(1.2)
Share of results of joint ventures	6	7,125	7,479	(4.7)	14,297	15,318	(6.7)
Amortisation expense	7	-	(2,041)	(100.0)	(2,549)	(4,082)	(37.6)
Borrowing costs	8	(17,159)	(17,117)	0.2	(32,292)	(33,869)	(4.7)
Manager's management fees	9	(11,899)	(13,113)	(9.3)	(23,883)	(25,776)	(7.3)
Trust expenses	10	(8,677)	(1,206)	NM	(9,147)	(1,800)	408.2
Net foreign exchange differences		(115)	(469)	(75.5)	(2,811)	317	NM
Net change in fair value of derivatives		(5,496)	(1,755)	213.2	(4,282)	(1,007)	325.2
<b>Profit before tax</b>		<b>21,703</b>	<b>42,352</b>	<b>(48.8)</b>	<b>57,823</b>	<b>79,420</b>	<b>(27.2)</b>
Income tax	11	(1,313)	675	NM	(2,798)	(760)	268.2
<b>Profit after tax</b>		<b>20,390</b>	<b>43,027</b>	<b>(52.6)</b>	<b>55,025</b>	<b>78,660</b>	<b>(30.0)</b>
<b>Attributable to:</b>							
Unitholders		15,126	41,134	(63.2)	44,484	74,907	(40.6)
Perpetual securities holders	12	1,863	1,863	-	3,704	3,704	-
Non-controlling interests	13	3,401	30	NM	6,837	49	NM
		<b>20,390</b>	<b>43,027</b>	<b>(52.6)</b>	<b>55,025</b>	<b>78,660</b>	<b>(30.0)</b>

#### Distribution Statement

<b>Profit for the period attributable to Unitholders</b>		<b>15,126</b>	<b>41,134</b>	<b>(63.2)</b>	<b>44,484</b>	<b>74,907</b>	<b>(40.6)</b>
Net tax and other adjustments	14	32,167	7,189	347.4	50,128	21,648	131.6
<b>Income available for distribution</b>		<b>47,293</b>	<b>48,323</b>	<b>(2.1)</b>	<b>94,612</b>	<b>96,555</b>	<b>(2.0)</b>
<b>Distribution to Unitholders</b>	15	<b>47,293</b>	<b>48,323</b>	<b>(2.1)</b>	<b>94,612</b>	<b>96,555</b>	<b>(2.0)</b>
<b>Distribution per Unit (cents) for the period</b>		<b>1.39</b>	<b>1.42</b>	<b>(2.1)</b>	<b>2.78</b>	<b>2.84</b>	<b>(2.1)</b>
Annualised/Actual Distribution per Unit <sup>1</sup> (cents)		<b>5.56</b>	<b>5.56</b>	-	<b>5.56</b>	<b>5.56</b>	-

(1) Actual Distribution per Unit for the prior periods was based on 1.42 cents, 1.42 cents, 1.36 cents and 1.36 cents reported in 1Q2018, 2Q2018, 3Q2018 and 4Q2018 respectively.

NM – Not meaningful



**Notes:**

- (1) Other income comprises various types of miscellaneous income, other than rental income, ancillary to the operation of investment properties. This included licence fees and one-off income received from certain tenants for both the current and previous periods.

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

	<u>Group</u>			
	<b>2Q2019</b>	<b>2Q2018</b>	<b>1H2019</b>	<b>1H2018</b>
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	523	406	1,182	722
Utilities	741	689	1,444	1,541
Repair and maintenance	2,385	2,428	4,457	4,959
Property management reimbursements	503	504	1,013	1,004
Others	336	351	655	660
	<b>4,488</b>	<b>4,378</b>	<b>8,751</b>	<b>8,886</b>

- (3) This relates to the rental support top-up payments received by Keppel REIT for the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds Marina Bay Financial Centre ("MBFC") Tower 3. The remaining rental support was fully drawn in the period ended 31 March 2019.

- (4) Interest income comprises the following:

	<u>Group</u>			
	<b>2Q2019</b>	<b>2Q2018</b>	<b>1H2019</b>	<b>1H2018</b>
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	612	470	1,486	989
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	6,418	5,768	12,838	11,008
	<b>7,030</b>	<b>6,238</b>	<b>14,324</b>	<b>11,997</b>

- (5) 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.
- (6) Share of results of joint ventures relates to Keppel REIT's 50% interests in Mirvac 8 Chifley Trust's ("M8CT") and Mirvac (Old Treasury) Trust's ("MOTT") respective net profit after tax.
- (7) This represents the amortisation of intangible asset as explained in note 4 of paragraph 1(b)(i) (page 7). There was no amortisation expense for 2Q2019 as the remaining rental support was fully drawn in the period ended 31 March 2019.
- (8) Borrowing costs comprise the following:

	<u>Group</u>			
	<b>2Q2019</b>	<b>2Q2018</b>	<b>1H2019</b>	<b>1H2018</b>
	\$'000	\$'000	\$'000	\$'000
Interest expense on borrowings	15,875	16,580	30,546	32,813
Amortisation of capitalised transaction costs	1,284	537	1,746	1,056
	<b>17,159</b>	<b>17,117</b>	<b>32,292</b>	<b>33,869</b>

- (9) The Manager has elected to receive 100% of its management fees entitlement in units of Keppel REIT.
- (10) For 2Q2019 and 1H2019, trust expenses included expenses amounting to \$5,654,000 relating to the acquisition of 99.38% interest in Keppel No.4 Professional Investors' Private Real Estate Investment Limited Liability Company's ("K4 LLC") which holds T Tower.
- (11) Income tax comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its one-third interest in CBDPL, net of deductible interest expense and (ii) withholding tax expense in relation to the income from the Group's investments in Australia and South Korea.

For 2Q2019 and 1H2019, this included an adjustment of overprovision of income tax in respect of previous years of assessment amounting to \$99,000 (2Q2018 and 1H2018: nil). For 2Q2018 and 1H2018, this also included a one-off refund of withholding tax of \$2,121,000 previously paid on the gain on divestment of 77 King Street.

(12) Please refer to note 9 of paragraph 1(b)(i) (page 7).

(13) For 2Q2019 and 1H2019, non-controlling interests relate to Allianz Real Estate's 20% interest and Avan Investments Pte. Ltd.'s ("AIPL") 0.1% interest in Ocean Properties LLP's ("OPLLP") partnership profit, and Keppel Capital Investment Holdings Pte. Ltd.'s ("KCIH") 0.62% interest in K4 LLC's net profit after tax.

For 2Q2018 and 1H2018, non-controlling interests only included AIPL's 0.1% interest in OPLLP's partnership profit.

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

	<u>Group</u>			
	<b>2Q2019</b>	<b>2Q2018</b>	<b>1H2019</b>	<b>1H2018</b>
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	11,899	13,113	23,883	25,776
Trustee's fees	306	319	604	635
Amortisation of intangible asset and capitalised transaction costs	1,130	2,578	4,127	5,138
Temporary differences and other adjustments	15,832	(8,821)	15,514	(9,901)
Capital gains distribution	3,000	-	6,000	-
	<b>32,167</b>	<b>7,189</b>	<b>50,128</b>	<b>21,648</b>

Included in temporary differences and other adjustments for the current and prior periods are share of results of associates and joint ventures, timing differences for dividend and distribution income, effects of recognising rental income on a straight line basis over the lease terms, net change in fair value of derivatives, non-taxable income and non-deductible expenses.

(15) Keppel REIT has been distributing 100% of its 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>					
	<b>2Q2019</b>	<b>2Q2018</b>	<b>+ / (-)</b>	<b>1H2019</b>	<b>1H2018</b>	<b>+ / (-)</b>
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit after tax</b>	<b>20,390</b>	<b>43,027</b>	<b>(52.6)</b>	<b>55,025</b>	<b>78,660</b>	<b>(30.0)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	(6,679)	(14,804)	(54.9)	(51,938)	(4,851)	970.7
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	(10,264)	9,217	NM	(4,755)	25,091	NM
Share of net change in fair value of cash flow hedges of associates	(1,778)	1,881	(194.5)	(917)	3,757	>500
<b>Other comprehensive income for the period</b>	<b>(18,721)</b>	<b>(3,706)</b>	<b>NM</b>	<b>(57,610)</b>	<b>23,997</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>1,669</b>	<b>39,321</b>	<b>NM</b>	<b>(2,585)</b>	<b>102,657</b>	<b>(102.5)</b>
<b>Attributable to:</b>						
Unitholders	(2,956)	37,425	NM	(12,870)	98,897	NM
Perpetual securities holders	1,863	1,863	-	3,704	3,704	-
Non-controlling interests	2,762	33	>500	6,581	56	>500
	<b>1,669</b>	<b>39,321</b>	<b>NM</b>	<b>(2,585)</b>	<b>102,657</b>	<b>NM</b>

NM – Not meaningful

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

**Balance Sheets**

	Note	Group			Trust		
		30/6/2019	31/12/2018	+(-)	30/6/2019	31/12/2018	+(-)
		\$'000	\$'000	%	\$'000	\$'000	%
<b>Non-current assets</b>							
Investment properties	1	4,186,418	3,879,956	7.9	515,035	515,000	0.01
Investments in subsidiaries		-	-	-	1,473,781	1,473,781	-
Investments in associates	2	2,535,749	2,538,663	(0.1)	2,023,195	2,025,135	(0.1)
Advances to associates		615,622	615,622	-	615,622	615,622	-
Investments in joint ventures	3	447,821	471,691	(5.1)	-	-	-
Amounts owing by subsidiaries		-	-	-	1,107,255	955,086	15.9
Fixed assets		114	112	1.8	30	30	-
Intangible asset	4	-	2,549	(100.0)	-	2,549	(100.0)
Derivative financial instruments	5	299	1,329	(77.5)	42	692	(93.9)
<b>Total non-current assets</b>		<b>7,786,023</b>	<b>7,509,922</b>	<b>3.7</b>	<b>5,734,960</b>	<b>5,587,895</b>	<b>2.6</b>
<b>Current assets</b>							
Trade and other receivables	6	38,507	15,056	155.8	61,275	11,269	443.7
Prepaid expenses		624	343	81.9	6	12	(50.0)
Cash and bank balances		109,739	258,924	(57.6)	27,133	231,455	(88.3)
Derivative financial instruments	5	823	206	299.5	823	206	299.5
<b>Total current assets</b>		<b>149,693</b>	<b>274,529</b>	<b>(45.5)</b>	<b>89,237</b>	<b>242,942</b>	<b>(63.3)</b>
<b>Total assets</b>		<b>7,935,716</b>	<b>7,784,451</b>	<b>1.9</b>	<b>5,824,197</b>	<b>5,830,837</b>	<b>(0.1)</b>
<b>Current liabilities</b>							
Trade and other payables		65,948	64,757	1.8	34,402	43,457	(20.8)
Income received in advance		327	2,879	(88.6)	-	2,829	(100.0)
Borrowings	7	99,824	59,943	66.5	-	59,943	(100.0)
Security deposits		3,782	4,933	(23.3)	196	1,616	(87.9)
Derivative financial instruments	5	1,137	230	394.3	1,137	230	394.3
Provision for taxation		1,199	1,414	(15.2)	1,071	1,414	(24.3)
<b>Total current liabilities</b>		<b>172,217</b>	<b>134,156</b>	<b>28.4</b>	<b>36,806</b>	<b>109,489</b>	<b>(66.4)</b>
<b>Non-current liabilities</b>							
Borrowings	8	2,402,449	2,225,761	7.9	1,890,564	1,759,833	7.4
Derivative financial instruments	5	19,302	11,585	66.6	18,156	11,333	60.2
Security deposits		40,242	27,315	47.3	4,272	4,208	1.5
Deferred tax liabilities		50,038	50,038	-	-	-	-
<b>Total non-current liabilities</b>		<b>2,512,031</b>	<b>2,314,699</b>	<b>8.5</b>	<b>1,912,992</b>	<b>1,775,374</b>	<b>7.8</b>
<b>Total liabilities</b>		<b>2,684,248</b>	<b>2,448,855</b>	<b>9.6</b>	<b>1,949,798</b>	<b>1,884,863</b>	<b>3.4</b>
<b>Net assets</b>		<b>5,251,468</b>	<b>5,335,596</b>	<b>(1.6)</b>	<b>3,874,399</b>	<b>3,945,974</b>	<b>(1.8)</b>
Represented by:							
<b>Unitholders' funds</b>		<b>4,672,451</b>	<b>4,757,285</b>	<b>(1.8)</b>	<b>3,724,698</b>	<b>3,796,273</b>	<b>(1.9)</b>
<b>Perpetual securities</b>	9	<b>149,701</b>	<b>149,701</b>	<b>-</b>	<b>149,701</b>	<b>149,701</b>	<b>-</b>
<b>Non-controlling interests</b>	10	<b>429,316</b>	<b>428,610</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>5,251,468</b>	<b>5,335,596</b>	<b>(1.6)</b>	<b>3,874,399</b>	<b>3,945,974</b>	<b>(1.8)</b>
Net asset value per unit (\$)		1.37	1.40		1.09	1.12	

**Notes:**

- (1) The increase in investment properties is mainly due to the acquisition of T Tower in Seoul on 27 May 2019 and progress payments made for the office tower being developed at 311 Spencer Street in Melbourne, offset by translation differences arising mainly 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. ORQPL holds One Raffles Quay, and BFCDLLP and CBDPL hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (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 aggregate rental support top-up payments receivable by the Group for the one-third interest in CBDPL which holds MBFC Tower 3. As at the end of the current period, the intangible asset has been fully amortised.
- (5) These relate 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 and cross currency swaps entered into by the Group.
- (6) Included in the balances are dividend and distribution receivables from associates and joint ventures of \$21.9 million (31 December 2018: \$2.2 million).
- (7) This relates to gross borrowings of \$100.0 million due in FY2020. There are sufficient loan facilities available to refinance the borrowings when they fall due.
- (8) On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal amount of convertible bonds due 10 April 2024 ("Convertible Bonds"). As at 30 June 2019, borrowings included the liability component of the convertible bonds amounting to \$189.5 million, which was measured at amortised cost.
- (9) 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.
- (10) Non-controlling interests relate to Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLLP, and KCIH's 0.62% interest in the net assets of K4 LLC. As at 31 December 2018, this only included Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLLP.

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

	<b>Group</b>	
	<b>As at 30/6/2019</b>	<b>As at 31/12/2018</b>
	\$'000	\$'000
<b>Secured borrowings</b>		
Amount repayable within one year	-	-
Amount repayable after one year	830,897	246,000
Less: Unamortised portion of fees	(2,276)	(889)
	<b>828,621</b>	<b>245,111</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	100,000	60,000
Amount repayable after one year	1,578,046	1,984,624
Less: Unamortised portion of fees	(4,394)	(4,031)
	<b>1,673,652</b>	<b>2,040,593</b>
<b>Total net borrowings</b>	<b>2,502,273</b>	<b>2,285,704</b>

**Details of Collaterals**

The Group has mortgaged certain investment properties of an aggregate amount of \$1,599.5 million (31 December 2018: \$515.0 million) as securities for loan facilities granted.

As at 30 June 2019, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,519.4 million and unutilised facilities of \$927.5 million available to meet its future obligations. The all-in interest rate was 2.86% per annum for the period ended 30 June 2019.

### 1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		<b>2Q2019</b>	<b>2Q2018</b>	<b>1H2019</b>	<b>1H2018</b>
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Profit before tax		21,703	42,352	57,823	79,420
Adjustments for:					
Interest income		(7,030)	(6,238)	(14,324)	(11,997)
Amortisation expense		-	2,041	2,549	4,082
Share of results of associates		(19,831)	(18,977)	(39,102)	(39,589)
Share of results of joint ventures		(7,125)	(7,479)	(14,297)	(15,318)
Borrowing costs		17,159	17,117	32,292	33,869
Management fees paid and/or payable in units		11,899	13,113	23,883	25,776
Changes in fair value of derivatives		5,496	1,755	4,282	1,007
Depreciation		1	11	3	21
Rental support income		-	(2,153)	(2,690)	(4,307)
Unrealised currency translation differences		(1,423)	991	1,134	665
<b>Operating cash flows before changes in working capital</b>		<b>20,849</b>	<b>42,533</b>	<b>51,553</b>	<b>73,629</b>
Increase in receivables		(6,217)	(8,441)	(4,751)	(12,535)
Increase in payables		11,033	2,097	4,566	1,877
Increase in security deposits		21	1,869	751	2,459
Cash flows from operations		25,686	38,058	52,119	65,430
Income taxes (paid)/refunded		(1,587)	435	(3,008)	(1,385)
<b>Net cash flows provided by operating activities</b>		<b>24,099</b>	<b>38,493</b>	<b>49,111</b>	<b>64,045</b>
<b>Investing activities</b>					
Net cash outflow on acquisition of a subsidiary	1	(150,992)	-	(150,992)	-
Progress payments on investment property under development		(21,680)	(15,952)	(40,858)	(31,448)
Subsequent expenditure on investment properties		(9,305)	(3,073)	(12,178)	(4,877)
Purchase of fixed assets		(5)	-	(5)	(6)
Interest received		7,042	6,215	14,402	12,064
Rental support received		-	2,153	2,690	4,307
Payment on adjustment to investment in an associate		-	(333)	-	(333)
Reimbursement of development costs for one third-interest in an associate		-	-	757	-
Distribution income received from joint ventures		6,333	6,526	12,685	13,213
Dividend and distribution income received from associates		19,329	20,608	19,329	20,608
Settlement of accrued development costs for 99.9% interest in a subsidiary		-	-	(4,429)	-
<b>Net cash flows (used in)/provided by investing activities</b>		<b>(149,278)</b>	<b>16,144</b>	<b>(158,599)</b>	<b>13,528</b>
<b>Financing activities</b>					
Distribution to Unitholders (net of distribution in Units)	2	(47,319)	(42,401)	(93,469)	(86,726)
Proceeds from issuance of convertible bonds	3	200,000	-	200,000	-
Distribution to perpetual securities holders		(3,704)	(3,704)	(3,704)	(3,704)
Purchase of treasury units		(11,966)	-	(18,836)	-
Loans drawdown		135,619	298,958	354,165	366,465
Repayment of loans		(131,610)	(291,886)	(446,548)	(368,862)
Payment of financing expenses/upfront debt arrangement costs		(1,764)	(188)	(1,869)	(1,063)
Interest paid		(14,337)	(17,309)	(28,495)	(33,089)
Issue expenses for convertible bonds		(2,025)	-	(2,025)	-
Partnership distribution to non-controlling interests		(3,436)	(30)	(3,436)	(49)
<b>Net cash flows provided by/(used in) financing activities</b>		<b>119,458</b>	<b>(56,560)</b>	<b>(44,217)</b>	<b>(127,028)</b>

1(c) Consolidated Statement of Cash Flows (cont'd)

		<u>Group</u>		
	2Q2019	2Q2018	1H2019	1H2018
Note	\$'000	\$'000	\$'000	\$'000
<b>Net decrease in cash and cash equivalents</b>	<b>(5,721)</b>	<b>(1,923)</b>	<b>(153,705)</b>	<b>(49,455)</b>
Cash and cash equivalents at the beginning of period	104,972	139,678	255,807	186,462
Effect of exchange rate changes on cash and cash equivalents	(537)	(1,101)	(3,388)	(353)
<b>Cash and cash equivalents at the end of period</b>	<b>98,714</b>	<b>136,654</b>	<b>98,714</b>	<b>136,654</b>
<b>Comprising:</b>				
Cash and bank balances	109,739	144,067	109,739	144,067
Less: Restricted cash and bank balances	4 (11,025)	(7,413)	(11,025)	(7,413)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>	<b>98,714</b>	<b>136,654</b>	<b>98,714</b>	<b>136,654</b>

**Notes:**

(1) Net cash outflow on acquisition of a subsidiary

In 2Q2019, the Group acquired a 99.38% interest in K4 LLC which holds T Tower. The fair value of net assets acquired is determined on a provisional basis.

	<u>Group</u>
	<u>1H2019</u>
	\$'000
Investment property	293,838
Other assets	12,257
Borrowings (non-current)	(137,564)
Security deposits	(11,025)
Other liabilities	(4,389)
Fair value of net assets acquired	153,117
Less: Non-controlling interest	(966)
Total purchase consideration	152,151
Less: Cash and bank balances acquired (excluding restricted cash and bank balances)	(1,159)
Net cash outflow on acquisition of a subsidiary	150,992

(2) Distribution paid to Unitholders in 1H2019 was for the period of 1 October 2018 to 31 December 2018, paid on 28 February 2019, and 1 January 2019 to 31 March 2019, paid on 30 May 2019.

Distribution paid to Unitholders in 1H2018 was for the period of 1 October 2017 to 31 December 2017, paid on 28 February 2018, and 1 January 2018 to 31 March 2018, paid on 30 May 2018.

(3) Net proceeds from the issuance of convertible bonds (after payment of issue expenses) were used in the financing of acquisition of a subsidiary as disclosed in Note (1). The remaining proceeds were used for the repayment of loans.

(4) As at 30 June 2019, this relates to tenant security deposits held in designated accounts for T Tower.

In 2Q2018 and 1H2018, this pertained to the rental support top-up payments received in advance by Keppel REIT and related accumulated interest, held in designated accounts for the one-third interest in CBDPL which holds MBFC Tower 3.

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

<u>Group</u>	Note	<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Foreign Currency</u>		<u>Hedging Reserve</u>	<u>Other Reserves</u>	<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Non-Controlling Interests</u>	<u>Total</u>
				<u>Accumulated Profits</u>	<u>Translation Reserve</u>						
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2019</b>		<b>3,557,767</b>	-	<b>1,248,549</b>	<b>(46,418)</b>	<b>(5,835)</b>	<b>3,222</b>	<b>4,757,285</b>	<b>149,701</b>	<b>428,610</b>	<b>5,335,596</b>
Profit for the period		-	-	29,358	-	-	-	29,358	1,841	3,436	34,635
Other comprehensive income	1	-	-	-	(45,259)	5,987	-	(39,272)	-	383	(38,889)
Total comprehensive income		-	-	29,358	(45,259)	5,987	-	(9,914)	1,841	3,819	(4,254)
Issue of units for payment of management fees	2	19,373	-	-	-	-	-	19,373	-	-	19,373
Purchase of units	3	-	(6,870)	-	-	-	-	(6,870)	-	-	(6,870)
Cancellation of treasury units	3	(6,870)	6,870	-	-	-	-	-	-	-	-
Distribution to Unitholders		-	-	(46,150)	-	-	-	(46,150)	-	-	(46,150)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(3,436)	(3,436)
<b>At 31 March 2019</b>		<b>3,570,270</b>	-	<b>1,231,757</b>	<b>(91,677)</b>	<b>152</b>	<b>3,222</b>	<b>4,713,724</b>	<b>151,542</b>	<b>428,993</b>	<b>5,294,259</b>
Profit for the period		-	-	15,126	-	-	-	15,126	1,863	3,401	20,390
Other comprehensive income	1	-	-	-	(6,679)	(11,403)	-	(18,082)	-	(639)	(18,721)
Total comprehensive income		-	-	15,126	(6,679)	(11,403)	-	(2,956)	1,863	2,762	1,669
Issue of units for payment of management fees	2	9,931	-	-	-	-	-	9,931	-	-	9,931
Purchase of units	3	-	(11,966)	-	-	-	-	(11,966)	-	-	(11,966)
Cancellation of treasury units	3	(11,966)	11,966	-	-	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	-	11,037	11,037	-	-	11,037
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	966	966
Distribution to Unitholders		-	-	(47,319)	-	-	-	(47,319)	-	-	(47,319)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(3,704)	-	(3,704)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(3,405)	(3,405)
<b>At 30 June 2019</b>		<b>3,568,235</b>	-	<b>1,199,564</b>	<b>(98,356)</b>	<b>(11,251)</b>	<b>14,259</b>	<b>4,672,451</b>	<b>149,701</b>	<b>429,316</b>	<b>5,251,468</b>



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

Group	Note	Foreign Currency									Total
		Units in Issue	Treasury Units	Accumulated Profits	Translation Reserve	Hedging Reserve	Other Reserves	Unitholders' Funds	Perpetual Securities	Non-Controlling Interest	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2018</b>		3,530,732	-	1,284,749	(34,808)	(20,471)	3,222	4,763,424	149,701	2,133	4,915,258
Profit for the period		-	-	33,773	-	-	-	33,773	1,841	19	35,633
Other comprehensive income	1	-	-	-	9,953	17,746	-	27,699	-	4	27,703
Total comprehensive income		-	-	33,773	9,953	17,746	-	61,472	1,841	23	63,336
Issue of units for payment of management fees	5	19,602	-	-	-	-	-	19,602	-	-	19,602
Distribution Reinvestment Plan		3,876	-	(3,876)	-	-	-	-	-	-	-
Distribution to Unitholders		(1,348)	-	(42,977)	-	-	-	(44,325)	-	-	(44,325)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	-	(19)	(19)
<b>At 31 March 2018</b>		<b>3,552,862</b>	<b>-</b>	<b>1,271,669</b>	<b>(24,855)</b>	<b>(2,725)</b>	<b>3,222</b>	<b>4,800,173</b>	<b>151,542</b>	<b>2,137</b>	<b>4,953,852</b>
Profit for the period		-	-	41,134	-	-	-	41,134	1,863	30	43,027
Other comprehensive income	1	-	-	-	(14,804)	11,095	-	(3,709)	-	3	(3,706)
Total comprehensive income		-	-	41,134	(14,804)	11,095	-	37,425	1,863	33	39,321
Issue of units for payment of management fees	5	10,518	-	-	-	-	-	10,518	-	-	10,518
Distribution Reinvestment Plan		5,831	-	(5,831)	-	-	-	-	-	-	-
Distribution to Unitholders		-	-	(42,401)	-	-	-	(42,401)	-	-	(42,401)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(3,704)	-	(3,704)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	-	(30)	(30)
<b>At 30 June 2018</b>		<b>3,569,211</b>	<b>-</b>	<b>1,264,571</b>	<b>(39,659)</b>	<b>8,370</b>	<b>3,222</b>	<b>4,805,715</b>	<b>149,701</b>	<b>2,140</b>	<b>4,957,556</b>

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 16,565,482 and 7,921,556 units issued in 1Q2019 and 2Q2019 respectively as payment of management fees in units.
- (3) The Trust purchased 5,750,000 and 9,740,700 units from the open market in 1Q2019 and 2Q2019 respectively which were subsequently cancelled.
- (4) This relates to the value of options granted to holders of the Convertible Bonds to convert their bonds into new Units.
- (5) This represents 15,680,593 and 8,661,268 units issued in 1Q2018 and 2Q2018 respectively as payment of management fees in units.

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

Trust	Note	Units in Issue \$'000	Treasury Units \$'000	Accumulated			Unitholders' Funds \$'000	Perpetual Securities \$'000	Total \$'000
				Profits \$'000	Hedging Reserve \$'000	Other Reserves \$'000			
<b>At 1 January 2019</b>		<b>3,557,767</b>	-	<b>243,467</b>	<b>(4,961)</b>	-	<b>3,796,273</b>	<b>149,701</b>	<b>3,945,974</b>
Profit for the period		-	-	(6,517)	-	-	(6,517)	1,841	(4,676)
Other comprehensive income	1	-	-	-	3,987	-	3,987	-	3,987
Total comprehensive income		-	-	(6,517)	3,987	-	(2,530)	1,841	(689)
Issue of units for payment of management fees	2	19,373	-	-	-	-	19,373	-	19,373
Purchase of units	3	-	(6,870)	-	-	-	(6,870)	-	(6,870)
Cancellation of treasury units	3	(6,870)	6,870	-	-	-	-	-	-
Distribution to Unitholders		-	-	(46,150)	-	-	(46,150)	-	(46,150)
<b>At 31 March 2019</b>		<b>3,570,270</b>	-	<b>190,800</b>	<b>(974)</b>	-	<b>3,760,096</b>	<b>151,542</b>	<b>3,911,638</b>
Profit for the period		-	-	10,387	-	-	10,387	1,863	12,250
Other comprehensive income	1	-	-	-	(7,468)	-	(7,468)	-	(7,468)
Total comprehensive income		-	-	10,387	(7,468)	-	2,919	1,863	4,782
Issue of units for payment of management fees	2	9,931	-	-	-	-	9,931	-	9,931
Purchase of units	3	-	(11,966)	-	-	-	(11,966)	-	(11,966)
Cancellation of treasury units	3	(11,966)	11,966	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	11,037	11,037	-	11,037
Distribution to Unitholders		-	-	(47,319)	-	-	(47,319)	-	(47,319)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	(3,704)
<b>At 30 June 2019</b>		<b>3,568,235</b>	-	<b>153,868</b>	<b>(8,442)</b>	<b>11,037</b>	<b>3,724,698</b>	<b>149,701</b>	<b>3,874,399</b>

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

<u>Trust</u>	Note	<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Accumulated</u>			<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Total</u>
				<u>\$'000</u>	<u>\$'000</u>	<u>Profits</u>			
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>At 1 January 2018</b>		<b>3,530,732</b>	-	<b>270,068</b>	<b>(12,554)</b>	-	<b>3,788,246</b>	<b>149,701</b>	<b>3,937,947</b>
Profit for the period		-	-	38,626	-	-	38,626	1,841	40,467
Other comprehensive income	1	-	-	-	12,075	-	12,075	-	12,075
Total comprehensive income		-	-	38,626	12,075	-	50,701	1,841	52,542
Issue of units for payment of management fees	5	19,602	-	-	-	-	19,602	-	19,602
Distribution Reinvestment Plan		3,876	-	(3,876)	-	-	-	-	-
Distribution to Unitholders		(1,348)	-	(42,977)	-	-	(44,325)	-	(44,325)
<b>At 31 March 2018</b>		<b>3,552,862</b>	-	<b>261,841</b>	<b>(479)</b>	-	<b>3,814,224</b>	<b>151,542</b>	<b>3,965,766</b>
Profit for the period		-	-	25,336	-	-	25,336	1,863	27,199
Other comprehensive income	1	-	-	-	7,028	-	7,028	-	7,028
Total comprehensive income		-	-	25,336	7,028	-	32,364	1,863	34,227
Issue of units for payment of management fees	5	10,518	-	-	-	-	10,518	-	10,518
Distribution Reinvestment Plan		5,831	-	(5,831)	-	-	-	-	-
Distribution to Unitholders		-	-	(42,401)	-	-	(42,401)	-	(42,401)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	(3,704)
<b>At 30 June 2018</b>		<b>3,569,211</b>	-	<b>238,945</b>	<b>6,549</b>	-	<b>3,814,705</b>	<b>149,701</b>	<b>3,964,406</b>

**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 16,565,482 and 7,921,556 units issued in 1Q2019 and 2Q2019 respectively as payment of management fees in units.
- (3) The Trust purchased 5,750,000 and 9,740,700 units from the open market in 1Q2019 and 2Q2019 respectively which were subsequently cancelled.
- (4) This relates to the value of options granted to holders of the Convertible Bonds to convert their bonds into new Units.
- (5) This represents 15,680,593 and 8,661,268 units issued in 1Q2018 and 2Q2018 respectively as payment of management fees in units.

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

	<b>Group and Trust</b>	
	<b>2019 Units</b>	<b>2018 Units</b>
<b>Issued units as at 1 January</b>	<b>3,393,398,818</b>	<b>3,370,734,208</b>
Issue of new units:		
- Payment of management fees	16,565,482	15,680,593
- Distribution Reinvestment Plan	-	3,052,523
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(5,750,000)	-
<b>Issued units as at 31 March</b>	<b>3,404,214,300</b>	<b>3,389,467,324</b>
Issue of new units:		
- Payment of management fees	7,921,556	8,661,268
- Distribution Reinvestment Plan	-	4,903,220
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(9,740,700)	-
<b>Issued units as at 30 June</b>	<b>3,402,395,156</b>	<b>3,403,031,812</b>

As at 30 June 2019, Keppel REIT has \$200.0 million of Convertible Bonds due 2024. Assuming all of the Convertible Bonds were fully converted at the initial conversion price of \$1.4625 per Unit, the number of new Units issued would be 136,752,136, representing approximately 4.0% of the total number of Units in issue as at 30 June 2019.

**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 2019 and 31 December 2018.

Total number of issued units in Keppel REIT as at 30 June 2019 and 31 December 2018 were 3,402,395,156 and 3,393,398,818 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.**

	<b>Group and Trust</b>	
	<b>2019 Units</b>	<b>2018 Units</b>
<b>Treasury units as at 1 January</b>	-	-
- Purchase of units	5,750,000	-
- Cancellation of treasury units	(5,750,000)	-
<b>Treasury units as at 31 March</b>	-	-
- Purchase of units	9,740,700	-
- Cancellation of treasury units	(9,740,700)	-
<b>Treasury units as at 30 June</b>	-	-

## 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 2019. The Manager does not expect the adoption of these new and revised standards and INT FRS to have a material impact on the financial performance or position of the Group.

## 5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

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

	<u>Group</u>			
	2Q2019	2Q2018	1H2019	1H2018
<b>Basic EPU<sup>1</sup></b>	0.44 cents	1.15 cents	1.31 cents	2.15 cents
- Weighted average number of units during the period	3,405,105,755	3,397,092,617	3,403,150,617	3,389,637,252
<b>Diluted EPU<sup>2</sup></b>	0.40 cents	1.15 cents	1.26 cents	2.15 cents
- Weighted average number of units during the period (diluted)	3,466,719,355	3,397,092,617	3,434,127,620	3,389,637,252
<b>DPU<sup>3</sup></b>	1.39 cents	1.42 cents	2.78 cents	2.84 cents
- Number of units in issue as at the end of the period	3,402,395,156	3,403,031,812	3,402,395,156	3,403,031,812

### Notes:

- (1) Based on the weighted average number of units during the period.
- (2) Based on the weighted average number of units during the period, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to units.
- (3) Based on the number of units as at the end of the period. On 10 April 2019, Keppel REIT issued \$200 million in aggregate principal of convertible bonds due 10 April 2024. The actual quantum of DPU may therefore differ if any of the convertible bonds is converted between 1 July 2019 and the books closure date, 23 July 2019.

## 7. NET ASSET VALUE (“NAV”) AND NET TANGIBLE ASSET (“NTA”) PER UNIT

	<u>Group</u>		<u>Trust</u>	
	As at 30/06/2019	As at 31/12/2018	As at 30/06/2019	As at 31/12/2018
NAV <sup>1</sup> per unit (\$)	1.37	1.40	1.09	1.12
NTA <sup>1</sup> per unit (\$) based on number of units in issue at the end of the period	1.37	1.40	1.09	1.12
Adjusted NAV <sup>1</sup> per unit (\$)	1.36	1.39	1.08	1.11
Adjusted NTA <sup>1</sup> per unit (\$) based on number of units in issue at the end of the period (excluding the distributable income)	1.36	1.39	1.08	1.10

**Note:**

(1) These excluded non-controlling interests' 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>			<u>Group</u>		
	2Q2019	2Q2018	+ / (-)	1H2019	1H2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b><u>Property</u></b>						
Bugis Junction Towers	4,021	5,126	(21.6)	10,086	10,205	(1.2)
Ocean Financial Centre	26,104	38,158	(31.6)	51,767	64,271	(19.5)
275 George Street	3,923	4,033	(2.7)	7,514	7,772	(3.3)
8 Exhibition Street <sup>1</sup>	4,267	4,337	(1.6)	8,965	9,140	(1.9)
T Tower	1,598	-	NM	1,598	-	NM
<b>Total property income of directly held properties (excluding property income contribution from associates and joint ventures)</b>	<b>39,913</b>	<b>51,654</b>	<b>(22.7)</b>	<b>79,930</b>	<b>91,388</b>	<b>(12.5)</b>

## 8. REVIEW OF PERFORMANCE (CONT'D)

### 8(ii) Income Contribution of the Portfolio

	<u>Group</u>			<u>Group</u>		
	2Q2019	2Q2018	+ / (-)	1H2019	1H2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b><u>Property</u></b>						
Bugis Junction Towers	3,006	4,224	(28.8)	8,003	7,959	0.6
Ocean Financial Centre	20,860	33,273	(37.3)	41,046	54,774	(25.1)
275 George Street	2,977	2,983	(0.2)	5,651	5,805	(2.7)
8 Exhibition Street <sup>1</sup>	2,901	2,726	6.4	6,355	5,888	7.9
T Tower	1,319	-	NM	1,319	-	NM
<b>Total net property income of directly held properties</b>	<b>31,063</b>	<b>43,206</b>	<b>(28.1)</b>	<b>62,374</b>	<b>74,426</b>	<b>(16.2)</b>
One-third interest in ORQPL <sup>2</sup> :						
- Interest income	528	558	(5.4)	1,127	1,076	4.7
- Dividend income	5,612	6,020	(6.8)	11,186	12,430	(10.0)
<b>Total income</b>	<b>6,140</b>	<b>6,578</b>	<b>(6.7)</b>	<b>12,313</b>	<b>13,506</b>	<b>(8.8)</b>
One-third interests in BFCDLLP <sup>3</sup> and CBDPL <sup>3</sup> :						
- Rental support	-	2,153	(100.0)	2,690	4,307	(37.5)
- Interest income	5,890	5,210	13.1	11,711	9,932	17.9
- Dividend and distribution income	14,217	12,957	9.7	27,972	27,155	3.0
<b>Total income</b>	<b>20,107</b>	<b>20,320</b>	<b>(1.0)</b>	<b>42,373</b>	<b>41,394</b>	<b>2.4</b>
50% interest in M8CT <sup>4</sup> :						
- Distribution income	3,130	3,274	(4.4)	6,214	6,507	(4.5)
50% interest in MOTT <sup>5</sup> :						
- Distribution income	3,196	3,230	(1.1)	6,399	6,661	(3.9)
<b>Total income contribution of the portfolio</b>	<b>63,636</b>	<b>76,608</b>	<b>(16.9)</b>	<b>129,673</b>	<b>142,494</b>	<b>(9.0)</b>
Less: Income contribution attributable to non-controlling interests						
- Ocean Financial Centre <sup>6</sup>	(4,193)	(33)	NM	(8,250)	(55)	NM
- T Tower <sup>7</sup>	(8)	-	NM	(8)	-	NM
<b>Total income contribution attributable to unitholders</b>	<b>59,435</b>	<b>76,575</b>	<b>(22.4)</b>	<b>121,415</b>	<b>142,439</b>	<b>(14.8)</b>

#### Notes:

- (1) Comprises 50% interest in the office building and a 100% interest in the three adjacent retail units.
- (2) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (3) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (4) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (5) Comprises 50% interest in MOTT which holds the David Malcolm Justice Centre.
- (6) Represents interest of 20.1% (2Q2018: 0.1%) in Ocean Financial Centre.
- (7) Represents interest of 0.62% in T Tower.

## 8. REVIEW OF PERFORMANCE (CONT'D)

### Review of Performance for 1H2019 vs 1H2018

Property income and net property income for 1H2019 were \$79.9 million and \$62.4 million respectively, lower as compared with property income and net property income of \$91.4 million and \$74.4 million respectively for 1H2018. The decrease was mainly attributable to lower one-off income, and lower property income and net property income from Ocean Financial Centre. Whilst the operating performance of 275 George Street has improved year-on-year, a weaker Australian dollar contributed to the decrease in property income and net property income of this property. This is partially offset by income contribution from T Tower (acquired on 27 May 2019) and higher net property income from 8 Exhibition Street.

The Group's profit before tax for 1H2019 was \$57.8 million, lower as compared to \$79.4 million for 1H2018. The decrease was mainly attributable to lower net property income from Ocean Financial Centre and 275 George Street, lower share of results of associates and joint ventures, lower rental support, higher trust expenses, unfavourable foreign exchange differences and net change in fair value of derivatives. This was partially offset by higher net property income from Bugis Junction Towers and 8 Exhibition Street, income contribution from T Tower, higher interest income, lower amortisation expense and lower borrowing costs.

### Review of Performance for 2Q2019 vs 2Q2018

Property income and net property income for 2Q2019 were \$39.9 million and \$31.1 million respectively, lower than property income and net property income of \$51.7 million and \$43.2 million respectively for 2Q2018. The decrease was mainly attributable to lower one-off income from Ocean Financial Centre and lower property income and net property income from Bugis Junction Towers. Whilst the operating performance of 275 George Street has improved year-on-year, a weaker Australian dollar contributed to the decrease in property income and net property income of this property. This is partially offset by income contribution from T Tower and higher net property income from 8 Exhibition Street.

The Group's profit before tax for 2Q2019 was \$21.7 million, lower as compared to \$42.4 million for 2Q2018. The decrease was mainly attributable to lower net property income from Bugis Junction Towers, Ocean Financial Centre and 275 George Street, lower rental support, lower share of results of joint ventures, higher borrowing costs, higher trust expenses, as well as net change in fair value of derivatives. This was partially offset by income contribution from T Tower, higher net property income from 8 Exhibition Street, higher share of results of associates, higher interest income, lower amortisation expense and net foreign exchange differences.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

According to CBRE, Singapore average Grade A office rents for 2Q 2019 was \$11.30 psf pm, up from \$11.15 psf pm a quarter ago. Average occupancy also rose quarter-on-quarter from 95.2% as at end March 2019 to 95.8% as at end June 2019.

In Australia, JLL Research reported positive net absorption and further improvement of national CBD office market occupancy from 91.4% as at end December 2018 to 91.7% as at end March 2019. Occupancy is expected to remain healthy on the back of stable leasing activity.

In Seoul, JLL Research observed a decrease in CBD Grade A occupancy from 82.7% as at end December 2018 to 82.5% as at end March 2019. Occupancy is expected to decline going into 2020, before rising in the subsequent years with the lack of new supply.

Amidst the current uncertain macro-economic environment, the Manager remains focused on delivering stable and sustainable distributions to Unitholders, and on achieving long-term growth. The Manager will continue its ongoing portfolio optimisation focus, while driving operational excellence in its asset and capital management efforts.



## 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 mitigate 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. 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 South Korea, 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 to manage expenses, actively monitor rental payments from tenants and continuously evaluate the Group's counter-parties. 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 2019 to 30 June 2019
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution rate	(a) Taxable income distribution - 0.90 cents per unit (b) Tax-exempt income distribution - 0.40 cents per unit (c) Capital gains distribution - 0.09 cents per unit  The above Distribution per Unit is computed based on 3,402,395,156 Units in issue which are entitled to the Distribution, and on the basis that none of the S\$200,000,000 principal amount of 1.90% convertible bonds due 2024 ("Convertible Bonds") is converted into Units on or prior to the Books Closure Date. The actual quantum of the Distribution per Unit may therefore differ from the above Distribution per Unit if any of the Convertible Bonds is converted into Units on or prior to the Books Closure Date. Any change to the above Distribution per Unit will be announced on 23 July 2019, after the closure of the Transfer Books and Register of Unitholders of Keppel REIT.
Tax rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.  Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.  Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.  Subject to meeting certain conditions, qualifying foreign non-individual unitholders and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.  All other investors will receive their distributions after deduction of tax at the rate of 17%.  <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.  <u>Capital gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.

**12. DISTRIBUTIONS (CONT'D)**

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Name of Distribution	1 April 2018 to 30 June 2018
Distribution Type	(a) Taxable income (b) Tax-exempt income
Distribution Rate	(a) Taxable income distribution - 1.38 cents per unit (b) Tax-exempt income distribution - 0.04 cents per unit
Tax Rate	<p><u>Taxable income distribution</u></p> <p>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, qualifying 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></p> <p>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>

**(c) Books Closure Date**

23 July 2019

**(d) Date Payable**

27 August 2019

**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 period under review (excluding transactions of less than \$100,000)	
	1H2019 \$'000	1H2018 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager’s management fees	23,883	25,776
- Acquisition fee	2,933	-
- Property management fees and reimbursables	2,451	3,310
- Leasing commissions	2,063	188
- Rental support	2,690	4,307
- Adjustment to one-third interest in an associate	-	333
- Settlement of accrued development costs for 87.51% interest in a subsidiary <sup>1</sup>	3,879	-
- Settlement of accrued development costs for one-third interest in an associate	5,516	-
- Entry into a joint venture agreement in connection with the acquisition of a subsidiary	154,628	-
- Purchase of services from a related company	208	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee’s fees	604	635

(1) This excludes the settlement of accrued development costs for the 12.39% interest in the same subsidiary as the vendor of the 12.39% interest is not an interested person for the purpose of Chapter 9 of the SGX-ST Listing Manual.

No IPT mandate has been obtained by Keppel REIT for the financial period 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.

The past performance of Keppel REIT is not necessarily indicative of its future performance. Certain statements made in this presentation may not be based on historical information or facts and may be “forward-looking” statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments or shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Prospective investors and unitholders of Keppel REIT (“**Unitholders**”) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel REIT Management Limited, as manager of Keppel REIT (the “**Manager**”) on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this presentation. None of the Manager, the trustee of Keppel REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of units in Keppel REIT (“**Units**”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

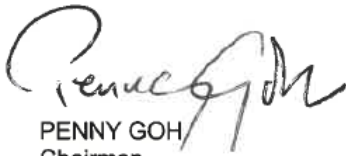
Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

**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  
15 July 2019

**CONFIRMATION BY THE BOARD**

We, PENNY GOH and CHRISTINA TAN, 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 2019 financial statements of Keppel REIT to be false or misleading in any material respect.

**On Behalf of the Board**

PENNY GOH  
Chairman

15 July 2019



CHRISTINA TAN  
Director

The logo for Keppel REIT, featuring the word "Keppel" in a grey sans-serif font and "REIT" in a bold, yellow sans-serif font, both contained within a grey rectangular box with a thin white border.

Keppel REIT

# Second Quarter & Half Year 2019 Financial Results

15 July 2019

A photograph of a modern office lobby with a high ceiling, large glass windows, and a reception desk. People are walking through the lobby. A large yellow graphic element is overlaid on the image.

ONE RAFFLES QUAY

# Outline

• Key Highlights	3
• Financial Review	5
• Portfolio Optimisation	11
• Looking Ahead	20
• Additional Information	27

**IMPORTANT NOTICE:** The past performance of Keppel REIT is not necessarily indicative of its future performance. Certain statements made in this presentation may not be based on historical information or facts and may be “forward-looking” statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments or shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

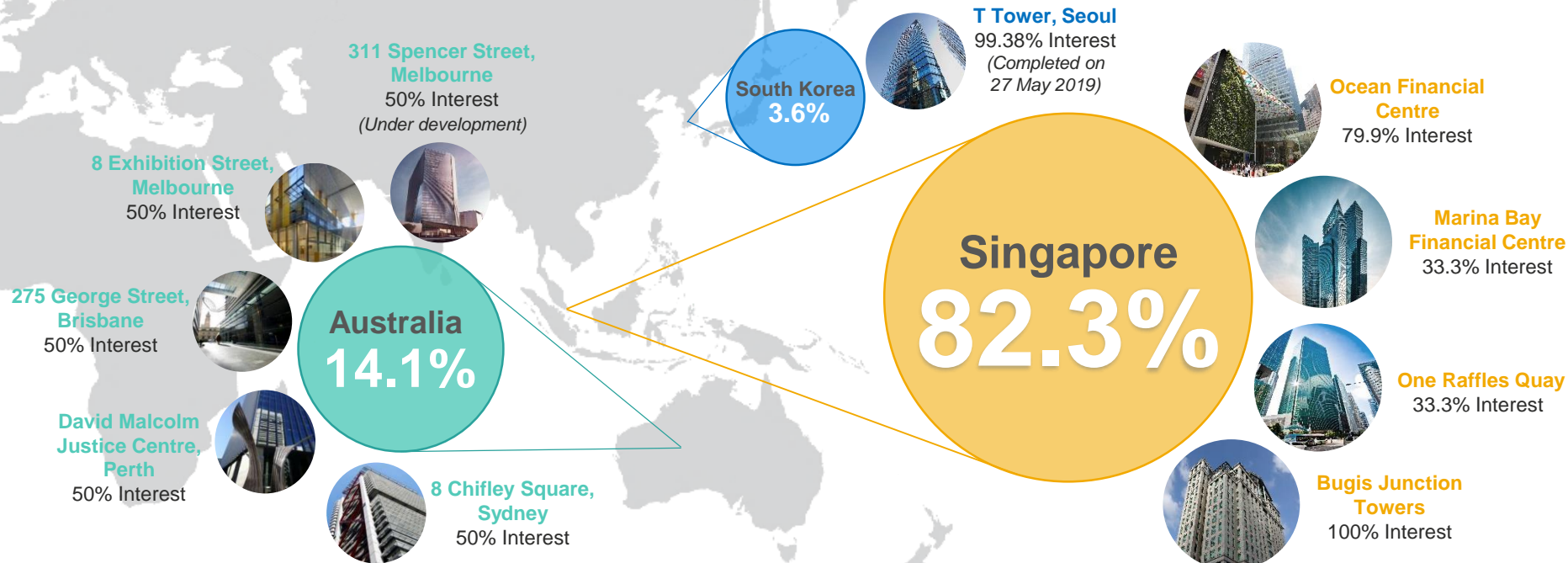
Prospective investors and unitholders of Keppel REIT (“Unitholders”) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel REIT Management Limited, as manager of Keppel REIT (the “Manager”) on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this presentation. None of the Manager, the trustee of Keppel REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of units in Keppel REIT (“Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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# Pan-Asian REIT with Premium Office Portfolio

\$8.4b portfolio of 10 prime commercial assets  
in key business districts of Singapore, Australia and South Korea



Note: Based on total assets under management as at 30 June 2019.

## Key Highlights

---

- Completed acquisition of T Tower in Seoul CBD
- Obtained first green secured loan facility
- Issued convertible bonds at 1.9% coupon rate

## 1H 2019 Performance Updates



- **2Q 2019 distributable income (DI)** of \$47.3 million<sup>(1)</sup>, bringing 1H 2019 DI to \$94.6 million<sup>(1)</sup>.
- **2Q 2019 Distribution per Unit (DPU)** was 1.39 cents; 1H 2019 DPU amounted to 2.78 cents
- **Weighted average term to maturity** extended to 3.7 years



- **High portfolio committed occupancy** of 99.1%
- **Long portfolio WALE** of 5.3 years

# Financial Review

Marina Bay Financial Centre,  
Singapore



# Financial Performance

	2Q 2019	2Q 2018	+ / (-)	1H 2019	1H 2018	+ / (-)
<b>Property Income</b>	\$39.9 m <sup>(1)</sup>	\$51.7 m	(22.7%)	\$79.9 m <sup>(1)</sup>	\$91.4 m	(12.5%)
<b>Net Property Income (NPI)</b>	\$31.1 m	\$43.2 m	(28.1%)	\$62.4 m	\$74.4 m	(16.2%)
Less: Attributable to Non-controlling Interests	(\$4.2 m)	-*	Nm	(\$8.3 m)	-*	Nm
<b>NPI Attributable to Unitholders</b>	\$26.9 m <sup>(2)</sup>	\$43.2 m	(37.8%)	\$54.1 m <sup>(2)</sup>	\$74.4 m	(27.2%)
<b>Share of Results of Associates and Joint Ventures</b>	\$27.0 m <sup>(3)</sup>	\$26.5 m	+1.9%	\$53.4 m	\$54.9 m	(2.7%)
<b>Distribution to Unitholders</b>	\$47.3 m <sup>(4)</sup>	\$48.3 m	(2.1%)	\$94.6 m <sup>(4)</sup>	\$96.6 m	(2.0%)
<b>DPU (cents)</b>	1.39	1.42	(2.1%)	2.78	2.84	(2.1%)

\* Denotes less than \$0.1m

(1) The decrease was due mainly to lower one-off income for early surrender of leases.

(2) Reflects amount attributable to Unitholders based on an interest of 79.9% in Ocean Financial Centre following the divestment of a 20% stake in December 2018, as well as an interest of 99.38% in T Tower in Seoul which was acquired in May 2019.

(3) Share of results of associates was higher year-on-year due mainly to higher one-off income. Share of results of joint ventures was lower year-on-year due mainly to depreciation of Australian dollar against Singapore dollar.

(4) Includes distribution of capital gains of \$3.0 million for 2Q 2019 and \$6.0 million for 1H 2019.

## Distribution Timetable

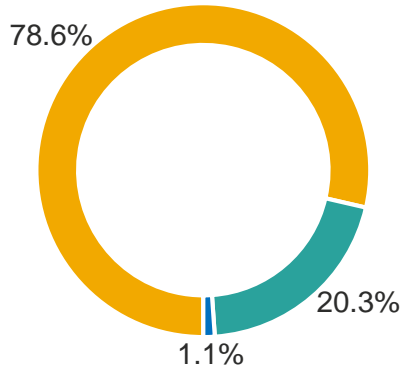
**Ex-Date:** Mon, 22 Jul 2019

**Books Closure Date:** Tue, 23 Jul 2019

**Payment Date:** Tue, 27 Aug 2019

# Income Contribution

## Breakdown by Geography (for 1H 2019)



■ Singapore ■ Australia ■ South Korea

	1H 2019	%	1H 2018	%
<b>Ocean Financial Centre<sup>(1)</sup></b>	32,796	27.0	54,719	38.4
<b>Marina Bay Financial Centre</b>	42,373	34.9	41,394	29.0
<b>One Raffles Quay</b>	12,313	10.1	13,506	9.5
<b>Bugis Junction Towers</b>	8,003	6.6	7,959	5.6
<b>8 Chifley Square</b>	6,214	5.1	6,507	4.6
<b>8 Exhibition Street</b>	6,355	5.2	5,888	4.1
<b>275 George Street</b>	5,651	4.7	5,805	4.1
<b>David Malcolm Justice Centre</b>	6,399	5.3	6,661	4.7
<b>T Tower<sup>(2)</sup></b>	1,311	1.1	-	-
<b>Total</b>	<b>121,415</b>	<b>100.0</b>	<b>142,439</b>	<b>100.0</b>

(1) Reflects the amount attributable to Unitholders based on an interest of 79.9% (1H 2018: 99.9%) following the divestment of a 20% stake in December 2018.

(2) Reflects the amount attributable to Unitholders based on an interest of 99.38% acquired on 27 May 2019.

# Balance Sheet

	As at 30 Jun 2019	As at 31 Mar 2019	+ / (-)
<b>Deposited Property<sup>(1)</sup></b>	\$8,512 m	\$8,206 m	+3.7%
<b>Total Assets</b>	\$7,936 m	\$7,616 m	+4.2%
<b>Borrowings<sup>(2)</sup></b>	\$3,267 m	\$2,930 m	+11.5%
<b>Total Liabilities</b>	\$2,684 m	\$2,321 m	+15.6%
<b>Unitholders' Funds</b>	\$4,672 m	\$4,714 m	(0.8%)
<b>Adjusted NAV per Unit<sup>(3)</sup></b>	\$1.36	\$1.37	(0.7%)

(1) Included interests in associates and joint ventures.

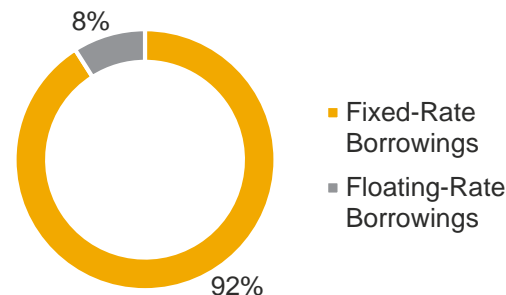
(2) Included borrowings accounted for at the level of associates and excluded the unamortised portion of upfront fees in relation to the borrowings.

(3) For 30 June 2019 and 31 March 2019, these excluded the distributions to be paid in August 2019 and paid in May 2019 respectively.

# Capital Management

- Completed refinancing of loans due in 2019
- Issued \$200.0 million of 5-year convertible bonds at coupon rate of 1.9% p.a.
- Obtained \$505.0 million<sup>(1)</sup> green secured loan facility
- Continued with DPU-accretive Unit buy-back programme, purchasing and cancelling approximately 9.7 million Units in 2Q 2019

## Managing interest rate exposure



### Sensitivity to SOR<sup>(3)</sup>

Every 50 bps  $\uparrow$   $\downarrow$  in SOR

translates to

~0.03 cents  $\downarrow$   $\uparrow$  in DPU

As at 30 Jun 2019	
Interest Coverage Ratio <sup>(2)</sup>	3.7x
All-in Interest Rate	2.86% p.a.
Aggregate Leverage	38.4%
Weighted Average Term to Maturity	3.7 years
Unencumbered Assets	73%

(1) This relates to total amount secured at Ocean Properties LLP, which Keppel REIT has a 79.9% attributable interest in.

(2) Computed as EBITDA (including share of results of associates and joint ventures) over borrowing costs, after adjusting for non-cash items including but not limited to management fees paid in Units and fair value changes on derivatives.

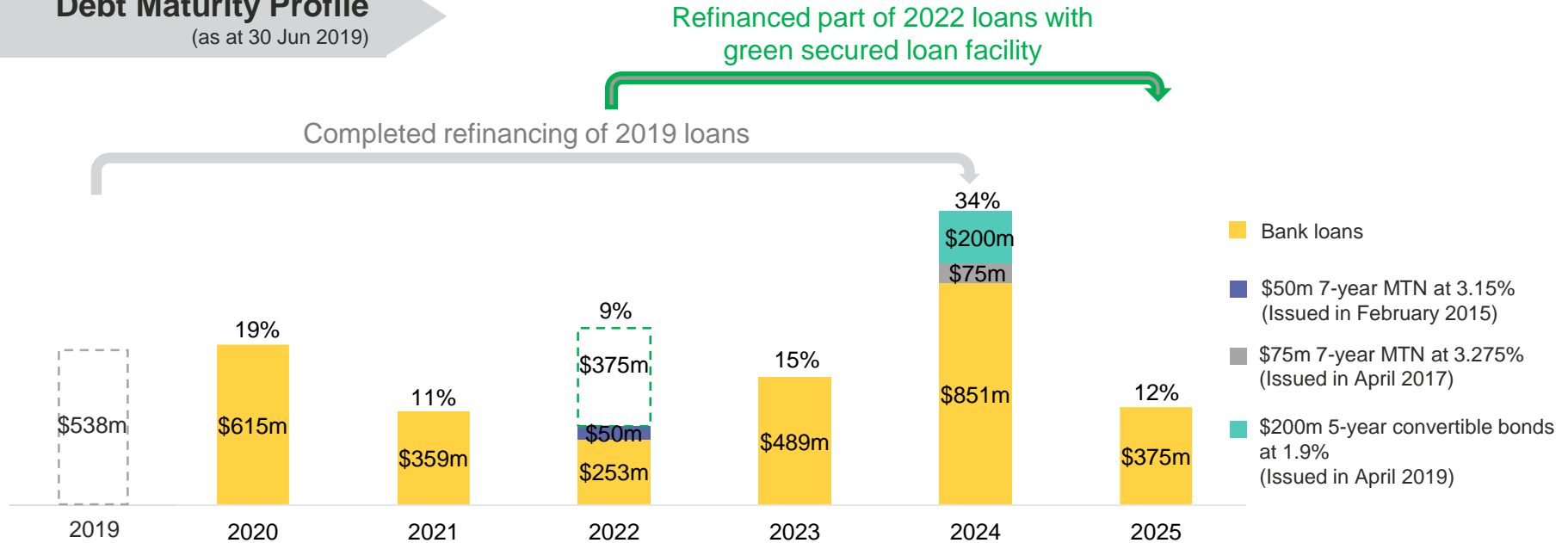
(3) Based on the Group's borrowings including those accounted for at the level of associates, and number of Units in issue as at 30 June 2019.

# Capital Management (Cont'd)

- Extended weighted average term to maturity from 3.3 years to 3.7 years

## Debt Maturity Profile

(as at 30 Jun 2019)



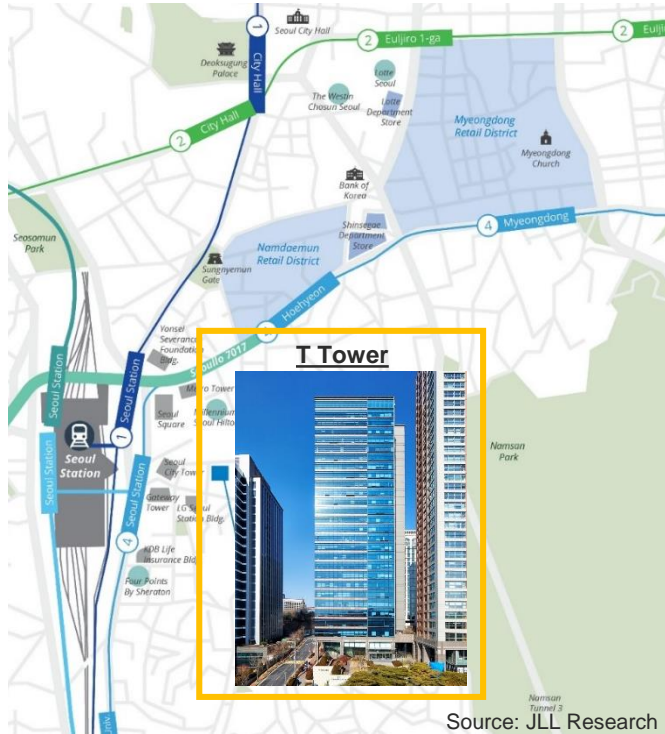


# Portfolio Optimisation

T Tower, Seoul



# Completed Acquisition in Seoul



- Acquired a 99.38%<sup>(1)</sup> interest in T Tower, a freehold Grade A office building in Seoul CBD
- Entry into Seoul which has a deep office market with favourable fundamentals
- The DPU-accretive acquisition with an initial NPI yield of 4.7% is part of ongoing portfolio optimisation efforts

T Tower in Seoul CBD	
<b>Building Completion</b>	2010
<b>Attributable NLA</b>	226,945 sf
<b>Occupancy</b>	100% committed
<b>Agreed Property Value</b>	KRW 252.6 billion <sup>(2)</sup> (\$301.4 million) <sup>(3)</sup>

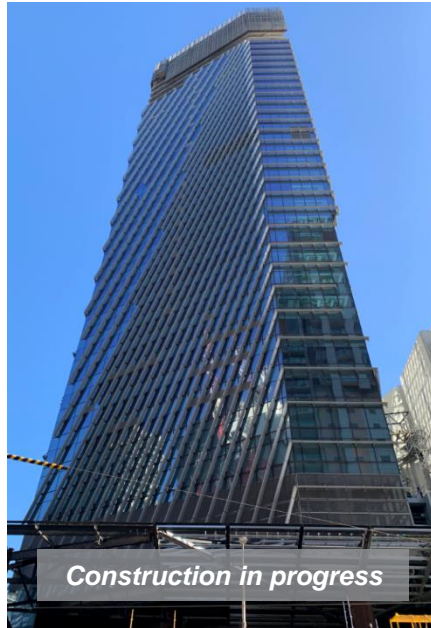
- (1) The remaining 0.62% stake was acquired by Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital)
- (2) Based on an approximate 99.38% interest in T Tower. Equivalent to KRW 20.2 million/pyeong (py), based on attributable gross floor area of 444,979 sf and conversion of 1 py to 35.6 sf.
- (3) Based on an exchange rate of KRW 1,000 to \$1.193 as at 18 April 2019.

 [Click](#) to view property video

# 311 Spencer Street in Progress

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- Development of 311 Spencer Street is progressing in Melbourne
- The freehold Grade A office building will be fully leased to the Victoria Police for 30 years upon completion expected in 1H 2020



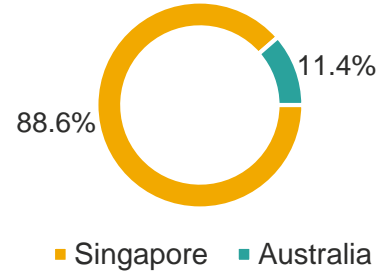
# 1H 2019 Leasing Update

**~272,900 sf**  
(Attributable ~112,600 sf)  
**Leases Committed**

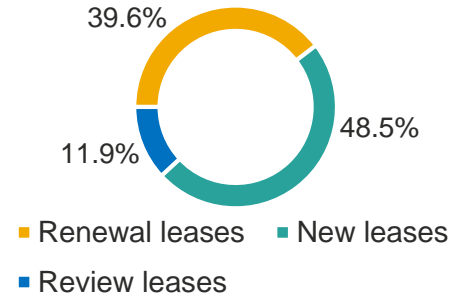
**64%**  
**Retention Rate**

**99.1%**  
**Portfolio Committed  
Occupancy**

## Leases Committed by Geography<sup>(3)</sup>



## Leases Committed by Type<sup>(3)</sup>

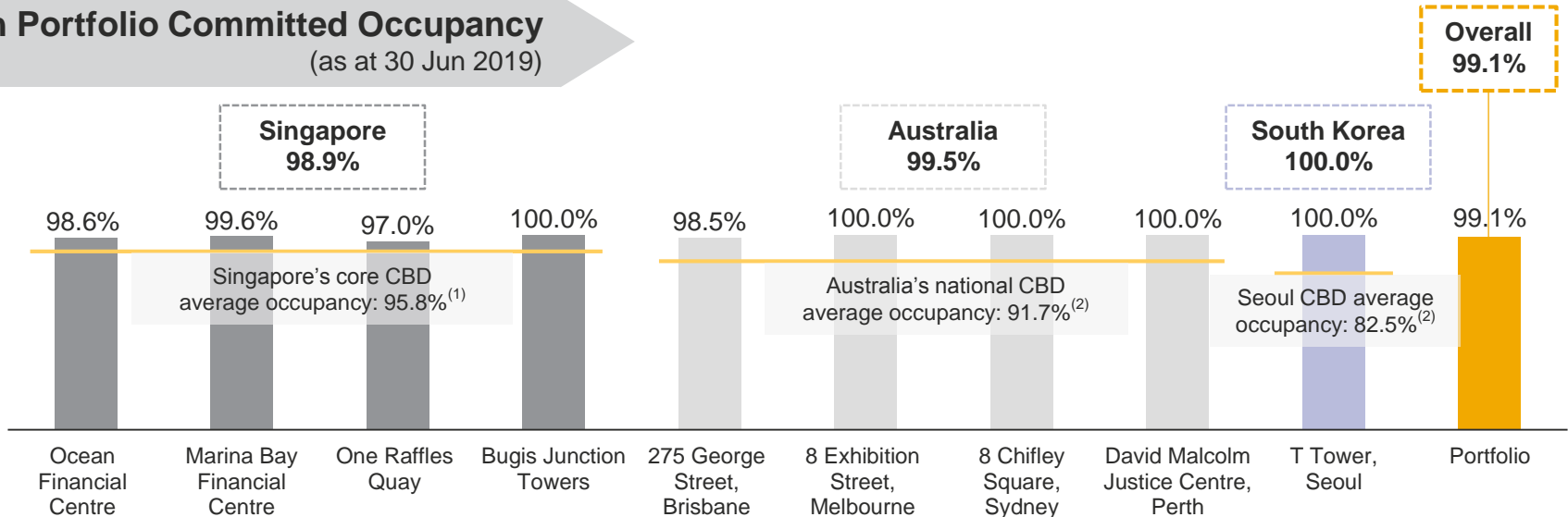


Average signing rent for  
Singapore office leases  
**~\$11.93<sup>(1)</sup> psf pm**  
above Grade A core CBD market average  
of \$11.30<sup>(2)</sup> psf pm

# Proactive Leasing Strategy

- Portfolio committed occupancy improved to 99.1%

## High Portfolio Committed Occupancy (as at 30 Jun 2019)



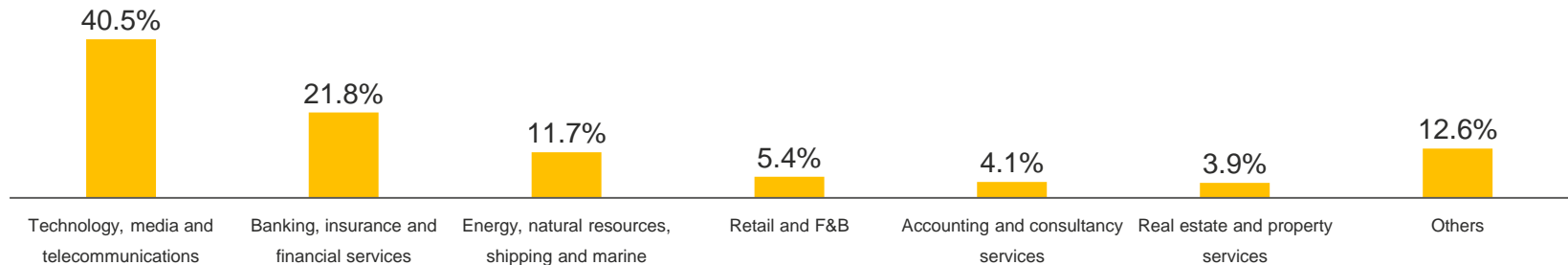
Sources: (1) CBRE, 2Q 2019 (2) JLL Research, 1Q 2019

Note: Based on committed attributable area.

# Leasing Update

- New leasing demand and expansions mainly contributed by:
  - 1) Technology, media and telecommunications sector
  - 2) Banking and financial services sector

## New leases committed (in 1H 2019)



*Note: Based on committed attributable area.*

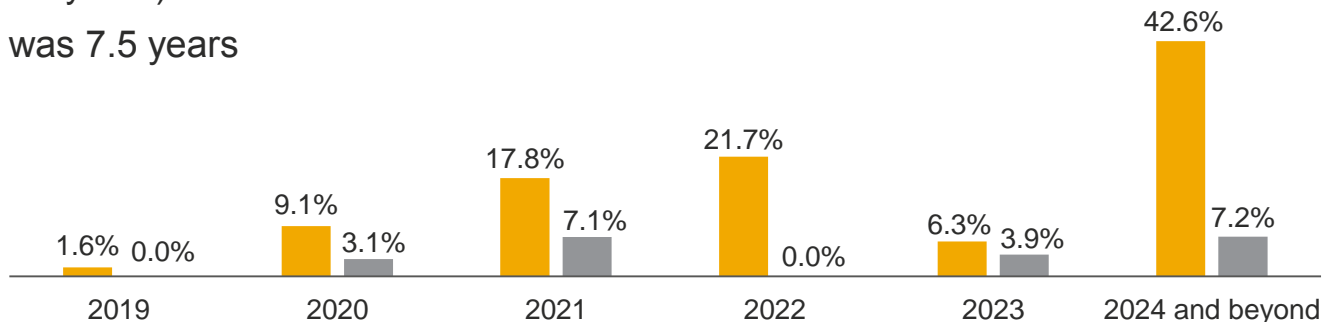
# Well-Spread Lease Expiry Profile

## Based on committed attributable NLA

- Long overall portfolio WALE of 5.3 years (Singapore portfolio: 4.2 years, Australia portfolio: 9.4 years, South Korea portfolio: 2.5 years)
- Top 10 tenants' WALE was 7.5 years

■ Expiring leases

■ Rent review leases



## Based on committed attributable gross rent

	2019	2020	2021	2022	2023	2024 and beyond
Expiring leases	2.1%	9.5%	18.5%	22.0%	6.4%	41.5%
Rent review leases	-	3.0%	7.5%	-	3.0%	7.3%

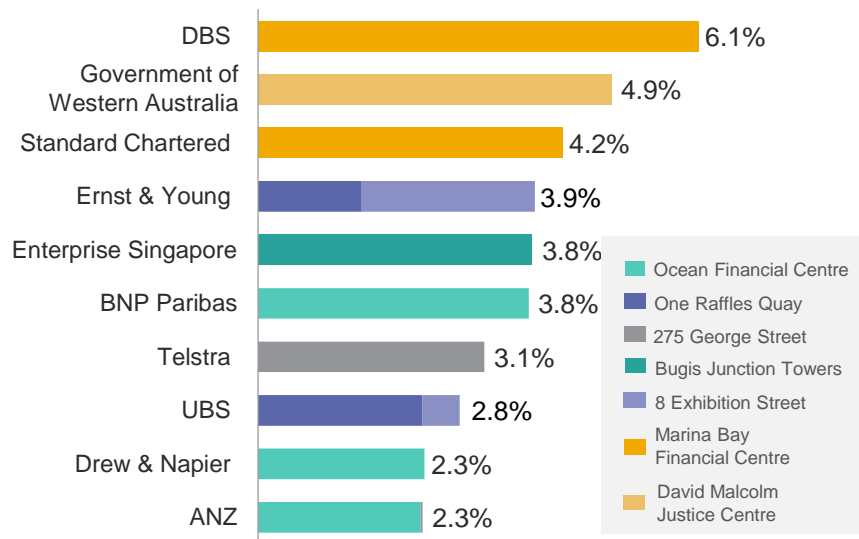
Note: All data as at 30 June 2019.

# Diversified Tenant Base

## Top 10 Tenants

37.2% of NLA

34.8% of gross rent



Note: All data as at 30 June 2019 and based on portfolio committed NLA.

(1) Tenants with multiple leases were accounted as one tenant.

## Profile of Tenant Base

354<sup>(1)</sup> tenants in total





# Sustainability and Tenant Engagement

- **In conjunction with Earth Day:** Earth Hour was observed at all of Keppel REIT's properties in Singapore and Australia
- **In support of World Water Day:** Eco-roadshows were held in collaboration with Public Utilities Board to encourage water conservation at Ocean Financial Centre and Bugis Junction Towers
- **To rally fight against plastic pollution:** An interactive microplastics artwork made from Singapore's shore debris was displayed at office lobbies of Ocean Financial Centre and Marina Bay Financial Centre



*Removing microplastics from shore debris*



*Sharing water-saving tips*

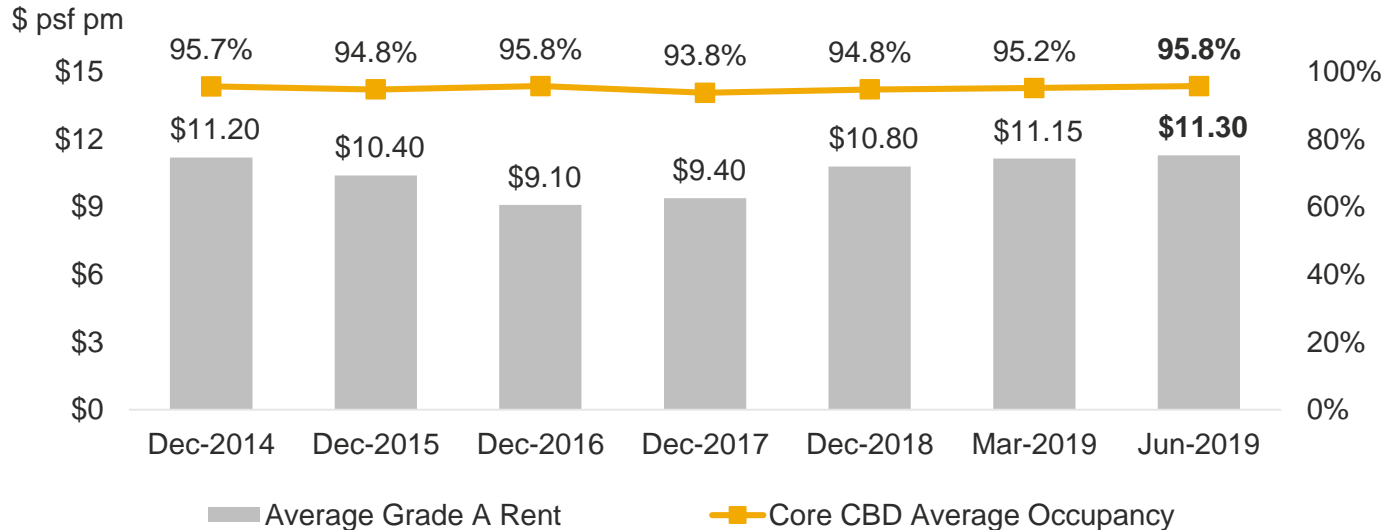
# Looking Ahead

Singapore CBD Skyline



# Singapore Office Market

- Average Grade A office rents increased to \$11.30 psf pm as average occupancy in core CBD rose to 95.8% in 2Q 2019



Source: CBRE, 2Q 2019.

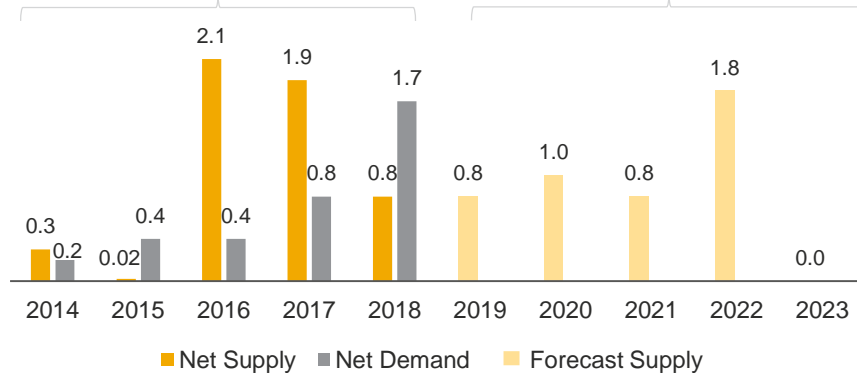
# Singapore Office Market (Cont'd)

## Office Demand and Supply

Past average annual net demand<sup>(1)</sup>:  
**0.7 million sf**

Past average annual net supply<sup>(1)</sup>:  
**1.0 million sf**

Forecast average annual supply<sup>(2)</sup>:  
**0.9 million sf**



Key Upcoming Supply in CBD <sup>(2)</sup>		sf
2H 2019	HD 139 9 Penang Road	84,000 381,000
2020	Oxley@Raffles Afro-Asia I-Mark ASB Tower	313,000 154,000 514,000
2021	CapitaSpring Hub Synergy Point Redevelopment	635,000 128,000
2022	Central Boulevard Towers Guoco Midtown	1,138,000 650,000

1) Based on URA data on historical net demand and supply of office space in Downtown Core and Rest of Central Area. Supply is calculated as net change of stock over the year and may include office stock removed from market due to demolitions or change of use.

2) Based on CBRE data on CBD Core and CBD Fringe.

# Australia Office Market

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- Improvement of national CBD office market occupancy from 91.4% as at end December 2018 to 91.7% as at end March 2019
- Occupancy is expected to remain healthy on the back of stable leasing activity



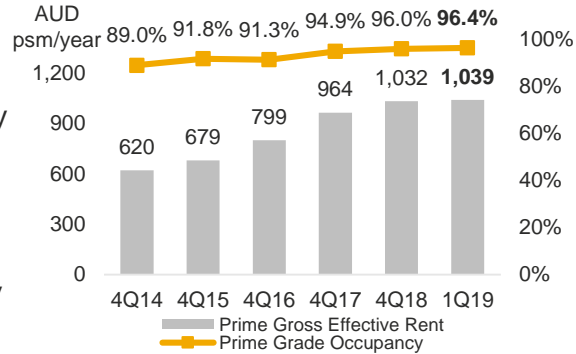
Source: JLL Research, 1Q 2019.

# Australia Office Market (Cont'd)

## Sydney CBD

Prime Grade occupancy rose to 96.4%

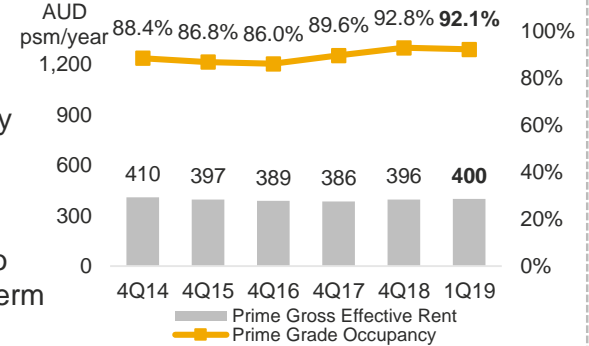
Steady leasing demand and limited supply to support high occupancy



## Brisbane CBD

Prime Grade occupancy rose to 92.1%

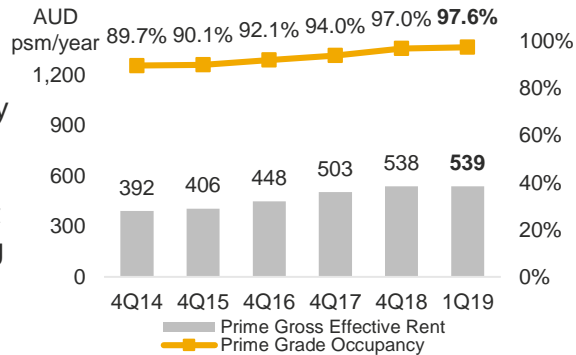
Leasing demand to improve and vacancy to decline over the short term



## Melbourne CBD

Prime Grade occupancy rose to 97.6%

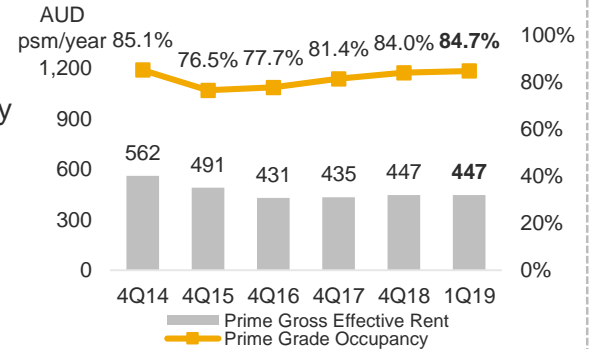
Vacancy to remain tight as majority of upcoming projects have been pre-committed



## Perth CBD

Prime Grade occupancy rose to 84.7%

Vacancy to reduce with minimal supply pipeline



Source: JLL Research, 1Q 2019.

## 3 Key Business Districts in Seoul

### Central Business District (CBD):

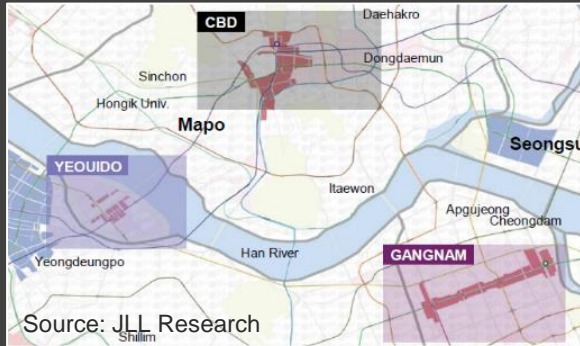
The traditional CBD, a well-established market

### Gangnam Business District (GBD):

Fastest growing of late, newest major market

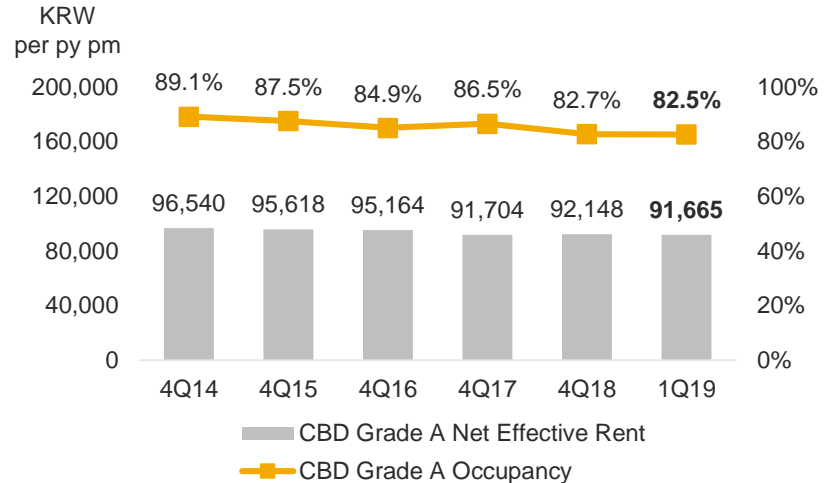
### Yeouido Business District (YBD):

Government-driven finance hub on an island



# Seoul Office Market

- South Korea is Asia's fourth largest economy<sup>(1)</sup>
- Seoul had the fourth highest volume of commercial real estate investment globally in 2018<sup>(2)</sup>
- CBD Grade A occupancy decreased from 82.7% as at end December 2018 to 82.5% as at end March 2019<sup>(3)</sup>



Sources:

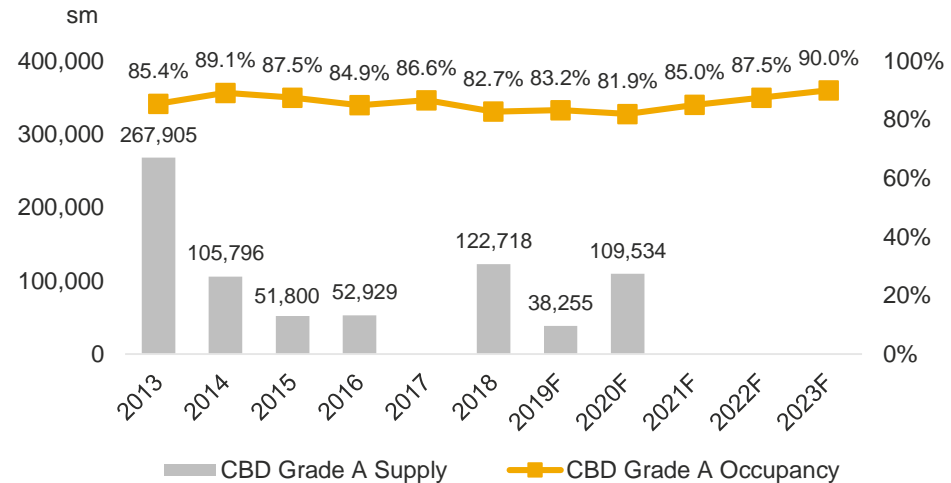
- IMF, April 2019
- JLL Research, 4Q 2018
- JLL Research, 1Q 2019

# Seoul Office Market (Cont'd)



View from T Tower in Seoul

- CBD Grade A occupancy is expected to decline going into 2020, before rising in the subsequent years with the lack of new supply



Source: JLL Research, 1Q 2019.



# Additional Information

David Malcolm Justice Centre,  
Perth



# Young and Green Commercial Assets

## Large Portfolio of Premium Office Assets

Over \$8 billion of Grade A commercial assets pan-Asia

## Strong Portfolio Occupancy and WALE

High portfolio committed occupancy and long WALE provides income resilience

## Commitment to Sustainability

BCA Green Mark Platinum award for all Singapore assets; 5 Stars NABERS Energy rating for most Australian assets

Marina Bay Financial Centre

One Raffles Quay

Ocean Financial Centre

# Milestones since Listing

Listed on  
SGX  
with over  
\$600m AUM



2007

Increased Stake in Prudential Towers in Singapore



2010

Acquired 50% of 8 Chifley Square in Sydney



Acquired 87.5% of Ocean Financial Centre in Singapore



2012

Acquired 50% of David Malcolm Justice Centre in Perth and 8 Exhibition Street in Melbourne



2014

Acquired three retail units at 8 Exhibition Street in Melbourne



2016

Acquired 50% of 311 Spencer Street development in Melbourne



2018

Expanded footprint to South Korea with 99.38% of T Tower in Seoul



2006

Maiden Acquisition: One Raffles Quay in Singapore



2009

Expanded footprint to Australia with 77 King Street in Sydney and 275 George Street in Brisbane



2011

Asset swap of Keppel Towers and GE Tower for one-third of MBFC Phase 1 in Singapore



2013

Increased stake to 99.9% for Ocean Financial Centre in Singapore



Divested stake in Prudential Tower in Singapore



Acquired one-third of MBFC Tower 3 in Singapore

2015

Divested 77 King Street in Sydney



2017

Divested 20% minority stake in Ocean Financial Centre in Singapore



2019  
\$8.4b  
AUM

# Portfolio Information: Singapore

	Ocean Financial Centre	Marina Bay Financial Centre <sup>(4)</sup>	One Raffles Quay	Bugis Junction Towers
Attributable NLA	699,945 sf	1,024,370 sf	442,224 sf	248,853 sf
Ownership	79.9%	33.3%	33.3%	100.0%
Principal tenants <sup>(1)</sup>	BNP Paribas, ANZ, Drew & Napier	DBS Bank, Standard Chartered Bank, Barclays	Deutsche Bank, UBS, Ernst & Young	Enterprise Singapore, InterContinental Hotels Group, UCommune
Tenure	99 years expiring 13 Dec 2110	99 years expiring 10 Oct 2104 <sup>(5)</sup> and 7 Mar 2106 <sup>(6)</sup>	99 years expiring 12 Jun 2100	99 years expiring 9 Sep 2089
Purchase Price (on acquisition)	S\$1,838.6m <sup>(3)</sup>	S\$1,426.8m <sup>(5)</sup> S\$1,248m <sup>(6)</sup>	S\$941.5m	S\$159.5m
Valuation <sup>(2)</sup>	S\$2,099.0m	S\$1,695.3m <sup>(5)</sup> S\$1,297.0m <sup>(6)</sup>	S\$1,275.6m	S\$515.0m
Capitalisation rates	3.60%	3.65% <sup>(5)</sup> 3.63% <sup>(6)</sup>	3.65%	3.65%

1) On committed gross rent basis.

2) Valuation as at 31 December 2018 based on Keppel REIT's interest in the respective properties.

3) Based on Keppel REIT's 79.9% of the historical purchase price.

4) Comprises Marina Bay Financial Centre (MBFC) office Towers 1, 2 and 3 and Marina Bay Link Mall (MBLM).

5) Refers to MBFC Towers 1 and 2 and MBLM.

6) Refers to MBFC Tower 3.

# Portfolio Information: Australia & South Korea

	8 Chifley Square, Sydney	8 Exhibition Street, Melbourne <sup>(3)</sup>	275 George Street, Brisbane	David Malcolm Justice Centre, Perth	311 Spencer Street, Melbourne <i>(Under construction)</i>	T Tower, Seoul
Attributable NLA	104,070 sf	244,491 sf	224,693 sf	167,784 sf	358,683 sf	226,945 sf
Ownership	50.0%	50.0%	50.0%	50.0%	50.0%	99.38%
Principal tenants <sup>(1)</sup>	Corrs Chambers Westgarth, Quantium, QBE Insurance	Ernst & Young, Amazon, Minister for Finance - State of Victoria	Telstra, Queensland Gas Company, The State of Queensland <sup>(6)</sup>	Minister for Works - Government of Western Australia	Minister for Finance - State of Victoria	Hankook Corporation, SK Communications, Philips Korea
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	99 years expiring 30 Aug 2114	Freehold	Freehold
Purchase Price (on acquisition)	S\$197.8m	S\$201.3m <sup>(3)</sup>	S\$209.4m	S\$208.1m	S\$362.4m <sup>(7)</sup>	S\$301.4m <sup>(9)</sup>
Valuation <sup>(2)</sup>	S\$249.3m	S\$271.9m <sup>(3)</sup>	S\$232.2m	S\$221.6m	S\$233.8m <sup>(8)</sup>	S\$309.0m <sup>(9,10)</sup>
Capitalisation rates	4.88%	5.00% <sup>(4)</sup> ; 4.50% <sup>(5)</sup>	5.25%	5.50%	4.50%	4.50%

1) On committed gross rent basis.

2) Valuation of Australian assets as at 31 December 2018 based on Keppel REIT's interest in the respective properties and on the exchange rate of A\$1 = S\$1.0071.

3) Keppel REIT owns a 50% interest in the 8 Exhibition Street office building and a 100% interest in the three adjacent retail units.

4) Refers to Keppel REIT's 50% interest in the office building.

5) Refers to Keppel REIT's 100% interest in the three adjacent retail units.

6) Refers to the Department of Housing and Public Works – The State of Queensland.

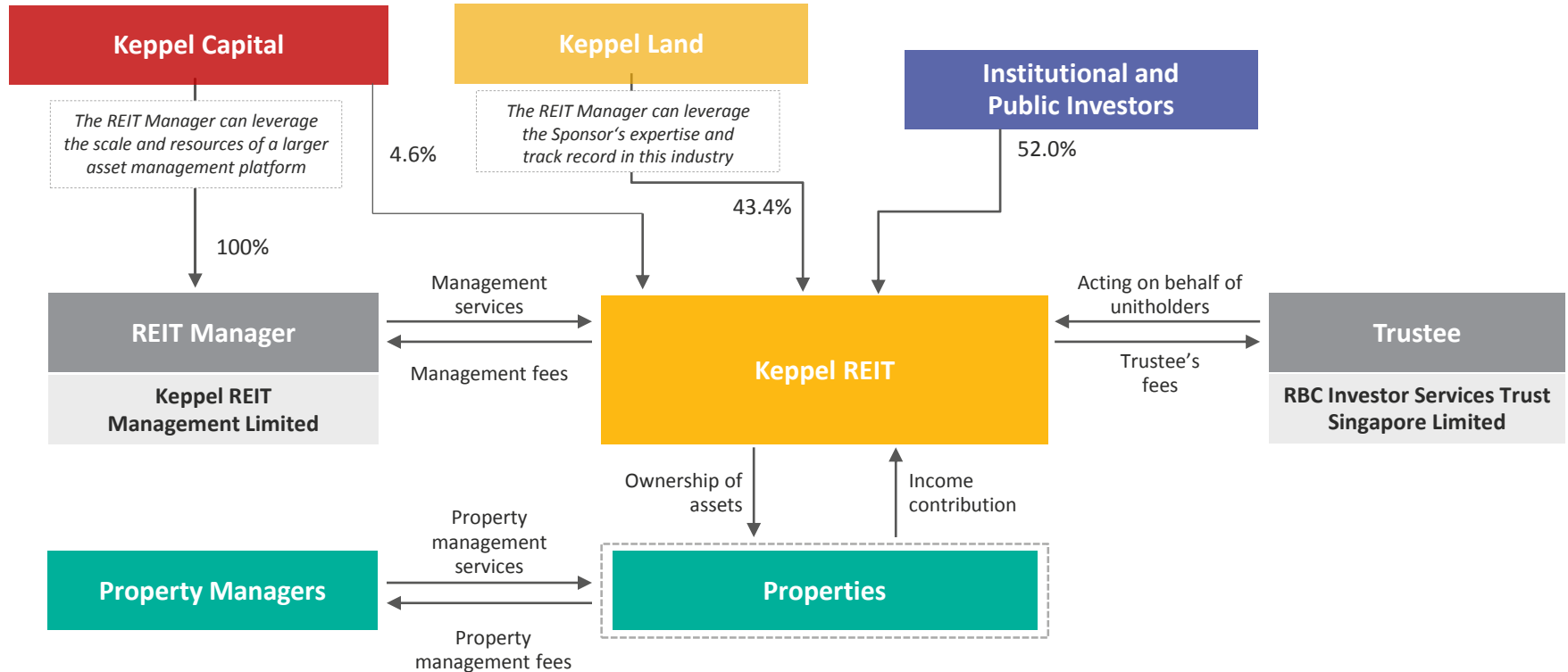
7) Based on the aggregate consideration paid-to-date and to be paid, including development costs of the building, at the exchange rate of A\$1=S\$1.042 as disclosed in the announcement dated 29 June 2017.

8) Based on "as is" valuation as at 31 December 2018.

9) Based on Keppel REIT's interest in T Tower and an exchange rate of KRW 1,000 to S\$1.193 as at 18 April 2019.

10) Valuation as at 25 March 2019.

# Keppel REIT Structure



**Thank You**