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MEDIA RELEASE

Unaudited Results of Keppel REIT for the Second Quarter and Half Year Ended 30 June 2018

16 July 2018

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 2018.

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Keppel REIT delivers stable distributable income of \$48.3 million for 2Q 2018

Key Highlights

- Distributable income (DI) of \$48.3 million for the second quarter of 2018 (2Q 2018), bringing DI for the half year of 2018 (1H 2018) to \$96.6 million.
- Distribution per unit (DPU) for 1H 2018 was 2.84 cents, with DPU of 1.42 cents declared for 2Q 2018.
- No refinancing requirement until 2019. 77% of total borrowings on fixed rates.
- Aggregate leverage at 38.6% and all-in interest rate at 2.77% per annum.
- High portfolio committed occupancy of 99.3% and portfolio weighted average lease expiry (WALE) of 5.2 years.

Summary of Results

	GROUP			
	2Q 2018	2Q 2017	1H 2018	1H 2017
	\$'000	\$'000	\$'000	\$'000
Property income	51,654 ⁽¹⁾	39,846	91,388 ⁽¹⁾	79,702
Net property income	43,206	31,892	74,426	63,286
Share of results of associates	18,977	20,733	39,589	43,878
Share of results of joint ventures	7,479	7,565	15,318	15,881
Income available for distribution	48,323	47,406	96,555	95,527
Distribution to unitholders	48,323	47,406	96,555	95,527
DPU (cents) for the period	1.42	1.42	2.84	2.87
Annualised/Actual distribution yield (%)			5.2% ⁽²⁾	4.5% ⁽³⁾

(1) The increase in property income was mainly contributed by one-off income for early surrender of leases.

(2) Based on the market closing price per unit of \$1.10 as at 30 June 2018.

(3) Based on the total DPU of 5.70 cents for FY 2017, and market closing price per unit of \$1.26 as at 31 December 2017.

Financial Performance & Capital Management

Keppel REIT Management Limited, the Manager of Keppel REIT, is pleased to announce that the REIT has delivered DI of \$96.6 million for 1H 2018, higher than DI of \$95.5 million for 1H 2017. A DPU of 1.42 cents has been declared for 2Q 2018, bringing DPU for 1H 2018 to 2.84 cents. This translates to an annualised distribution yield of 5.2% based on the market closing price per unit of \$1.10 as at 30 June 2018.

On the capital management front, there is no refinancing requirement until 2019 and the Manager is proactively managing the refinancing of loans that are due in 2019. All-in interest rate was at 2.77% per annum with interest coverage ratio at 4.3 times. To mitigate exposure to interest rate volatility, the rates of 77% of the REIT's total borrowings have been fixed. As at the end of 2Q 2018, aggregate leverage remained stable at 38.6%, and weighted average term to maturity was 2.9 years.

The Manager also intends to initiate unit buy-backs pursuant to the mandate obtained at the annual general meeting in April 2018 as part of its proactive capital management strategy. Subject to market conditions and taking into account the restrictions under the Singapore Code on Take-overs and Mergers, the Manager currently intends to buy back up to approximately 1.5% of issued units over 6 months. In considering the buy-back of units, the Manager will only purchase units when it is accretive to distribution and net asset value per unit, while maintaining the REIT's financial capability for strategic opportunities. In view of the planned buy-backs, the Distribution Reinvestment Plan (DRP) will be suspended.

Portfolio Review

The Grade A office tower at 311 Spencer Street in Melbourne is currently under development. Upon completion, the 30-year lease to the Victoria Police will commence and contribute a steady income stream with fixed annual rental escalations to the portfolio.

Meanwhile, the Manager remains focused on its proactive leasing strategy to generate returns from the REIT's young and well-located portfolio of Grade A office space in Singapore and Australia.

Approximately 882,800 sf (attributable area of approximately 386,800 sf) of leases were committed in 1H 2018. Of the total leases signed in 1H 2018, based on attributable area, about 40% are new leases and the rest are renewals and rent reviews. Average signing rent for the Singapore office leases was approximately \$10.74 psf pm¹ for 1H 2018.

New leasing demand was driven by diverse sectors in 1H 2018. In Singapore, new leases were mainly from the banking, insurance and financial services sector, while in Australia, demand came mainly from a government agency.

As at end June 2018, portfolio committed occupancy remained high at 99.3%. Although portfolio tenant retention rate was 77%, majority of the available space has been leased up. Committed occupancies for the Singapore and Australian portfolios were 99.9% and 97.1% respectively, above the average of 94.1%² for Singapore's core in the Central Business District (CBD) and 90.1%³ for Australia's national CBD. This is testament to the portfolio's ability to attract quality tenants.

The continuous tenant-centric leasing approach also helped to reduce the remaining leases due for renewal. Remaining leases for renewal and review in 2018 were 2.9% and 8.8% respectively as at 30 June 2018. The WALE for top 10 tenants and overall portfolio are at approximately 8.0 years and 5.2 years respectively, providing a sustainable income stream.

Looking Ahead

According to CBRE, office occupancy in Singapore's core CBD remained stable quarter-on-quarter (q-o-q) at 94.1% in 2Q 2018. Average Grade A rents rose q-o-q from \$9.70 psf pm in 1Q 2018 to \$10.10 psf pm in 2Q 2018. Medium-term rental outlook remains positive in view of tapering supply pipeline and recovering market fundamentals.

In Australia, JLL reported an improvement in national CBD office average occupancy from 89.6% as at end December 2017, to 90.1% as at end March 2018. Vacancy level was noted to be at its lowest since 2013, driven largely by improving business and leasing conditions across Australia office markets. JLL also observed that leasing enquiries were gravitating towards quality assets.

Looking ahead, the volatile environment will continue to pose challenges. The Manager will continue to drive operational excellence through a tenant-centric leasing approach to capitalise on the improving office market so as to offset the impact of recent years' declining rentals. A prudent capital management strategy will be maintained to optimise the REIT's performance in a rising interest rate environment.

¹ For the Singapore office leases concluded in 1H 2018, and based on a simple average calculation.

² CBRE, 2Q 2018.

³ JLL, end March 2018.

About Keppel REIT (www.keppelreit.com)

Keppel REIT was listed by way of an introduction on 28 April 2006. Keppel REIT is one of Asia's leading REITs with the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts.

Keppel REIT's objective is to generate stable income and long-term growth for unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets in Singapore and pan-Asia.

Keppel REIT had assets under management of approximately \$8.5 billion¹ comprising interests in nine premium office assets strategically located in the central business districts of Singapore, as well as key Australian cities of Sydney, Melbourne, Brisbane and Perth.

In Singapore, the assets are Ocean Financial Centre (99.9% 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) and Bugis Junction Towers (100% interest).

In Australia, the assets are 8 Chifley Square (50% interest) in Sydney, 8 Exhibition Street in Melbourne (50% interest in the office building and 100% interest in another three retail units), 275 George Street in Brisbane (50% interest), as well as the David Malcolm Justice Centre in Perth (50% interest). Keppel REIT also has a 50% stake in a premium office tower which is under construction at 311 Spencer Street in Melbourne.

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 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.

¹ Includes the office tower under development at 311 Spencer Street in Melbourne.

KEPPEL REIT UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

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INTRODUCTION

Keppel REIT was listed by way of an introduction on 28 April 2006. Keppel REIT is one of Asia's leading REITs with the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts.

Keppel REIT's objective is to generate stable income and long-term growth for Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets in Singapore and pan-Asia.

As at 30 June 2018, Keppel REIT had assets under management of approximately \$8.5 billion¹ comprising interests in nine premium office assets (completed and under development) strategically located in the central business districts of Singapore, as well as key Australian cities of Sydney, Melbourne, Brisbane and Perth.

In Singapore, the assets are Ocean Financial Centre (99.9% 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) and Bugis Junction Towers (100% interest).

In Australia, the assets are 8 Chifley Square (50% interest) in Sydney, 8 Exhibition Street in Melbourne (50% interest in the office building and 100% interest in another three retail units), 275 George Street in Brisbane (50% interest), as well as the David Malcolm Justice Centre in Perth (50% interest). Keppel REIT also has a 50% stake in a premium office tower which is under construction at 311 Spencer Street in Melbourne.

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SUMMARY OF KEPPEL REIT RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

	GROUP			
	2Q2018 \$'000	2Q2017 \$'000	1H2018 \$'000	1H2017 \$'000
Property income	51,654	39,846	91,388	79,702
Net property income	43,206	31,892	74,426	63,286
Share of results of associates	18,977	20,733	39,589	43,878
Share of results of joint ventures	7,479	7,565	15,318	15,881
Income available for distribution	48,323	47,406	96,555	95,527
Distribution to Unitholders ²	48,323	47,406	96,555	95,527
Distribution per Unit ("DPU") (cents) for the period	1.42	1.42	2.84	2.87
Annualised/Actual distribution yield (%)			5.2% ³	4.5% ⁴

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) Based on the market closing price per Unit of \$1.10 as at 30 June 2018.
- (4) Based on the total DPU of 5.70 cents for FY2017 and the market closing price per Unit of \$1.26 as at 31 December 2017.

1. UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

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 2018:

1(a)(i) Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Total Return

	Note	Group					
		2Q2018	2Q2017	+ / (-)	1H2018	1H2017	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		37,909	37,764	0.4	76,037	75,729	0.4
Car park income		892	894	(0.2)	1,809	1,816	(0.4)
Other income		12,853	1,188	>500	13,542	2,157	>500
Property income		51,654	39,846	29.6	91,388	79,702	14.7
Property tax		(2,505)	(2,607)	(3.9)	(5,340)	(5,495)	(2.8)
Other property expenses	1	(4,378)	(4,183)	4.7	(8,886)	(8,628)	3.0
Property management fee		(1,411)	(1,010)	39.7	(2,427)	(1,984)	22.3
Maintenance and sinking fund contributions		(154)	(154)	-	(309)	(309)	-
Property expenses		(8,448)	(7,954)	6.2	(16,962)	(16,416)	3.3
Net property income		43,206	31,892	35.5	74,426	63,286	17.6
Rental support	2	2,153	3,482	(38.2)	4,307	7,023	(38.7)
Interest income	3	6,238	5,627	10.9	11,997	11,708	2.5
Share of results of associates	4	18,977	20,733	(8.5)	39,589	43,878	(9.8)
Share of results of joint ventures	5	7,479	7,565	(1.1)	15,318	15,881	(3.5)
Amortisation expense	6	(2,041)	(3,172)	(35.7)	(4,082)	(6,391)	(36.1)
Borrowing costs	7	(17,117)	(16,346)	4.7	(33,869)	(32,100)	5.5
Manager's management fees	8	(13,113)	(12,583)	4.2	(25,776)	(25,130)	2.6
Trust expenses		(1,206)	(1,324)	(8.9)	(1,800)	(3,226)	(44.2)
Net foreign exchange differences		(469)	(714)	(34.3)	317	(907)	NM
Net change in fair value of derivatives		(1,755)	(3,744)	(53.1)	(1,007)	(571)	76.4
Total return before tax		42,352	31,416	34.8	79,420	73,451	8.1
Income tax	9	675	(1,834)	NM	(760)	(3,903)	(80.5)
Total return after tax		43,027	29,582	45.4	78,660	69,548	13.1
Attributable to:							
Unitholders		41,134	27,700	48.5	74,907	65,806	13.8
Perpetual securities holders	10	1,863	1,863	-	3,704	3,704	-
Non-controlling interest		30	19	57.9	49	38	28.9
		43,027	29,582	45.4	78,660	69,548	13.1

Distribution Statement

Total return for the period attributable to Unitholders							
		41,134	27,700	48.5	74,907	65,806	13.8
Net tax and other adjustments	11	7,189	19,706	(63.5)	21,648	29,721	(27.2)
Income available for distribution		48,323	47,406	1.9	96,555	95,527	1.1
Distribution to Unitholders	12	48,323	47,406	1.9	96,555	95,527	1.1
Distribution per Unit (cents) for the period		1.42	1.42	-	2.84	2.87	(1.0)
Annualised/Actual Distribution per Unit ¹ (cents)		5.68	5.70	(0.4)	5.68	5.70	(0.4)

(1) Actual Distribution per Unit was based on 1.45 cents, 1.42 cents, 1.40 cents and 1.43 cents reported in 1Q2017, 2Q2017, 3Q2017 and 4Q2017 respectively.

NM – Not meaningful

Notes:

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

	<u>Group</u>			
	2Q2018	2Q2017	1H2018	1H2017
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	406	440	722	689
Utilities	689	653	1,541	1,475
Repair and maintenance	2,428	2,457	4,959	4,918
Property management reimbursements	504	405	1,004	914
Others	351	228	660	632
	<u>4,378</u>	<u>4,183</u>	<u>8,886</u>	<u>8,628</u>

- (2) 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. In the prior period, this also included the rental support top-up payments received by Keppel REIT for the approximate 12.4% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre ("OFC").

The rental support drawn down for MBFC Tower 3 for 1H2018 is \$4,307,000 (1H17: \$1,873,000 and \$5,150,000 for OFC and MBFC Tower 3 respectively).

- (3) Interest income comprises the following:

	<u>Group</u>			
	2Q2018	2Q2017	1H2018	1H2017
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	470	825	989	1,882
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	5,768	4,802	11,008	9,826
	<u>6,238</u>	<u>5,627</u>	<u>11,997</u>	<u>11,708</u>

- (4) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax before net change in fair value of investment properties, and (ii) BFCDLLP's partnership profit before net change in fair value of investment property.
- (5) Share of results of joint ventures relates to Keppel REIT's 50% interests in Mirvac 8 Chifley Trust's ("M8CT") and Mirvac (Old Treasury) Trust's ("MOTT") respective net profit after tax before net change in fair value of investment properties.
- (6) Amortisation expense represents the amortisation of intangible asset as explained in note 4 of paragraph 1(b)(i) (page 7).
- (7) Borrowing costs comprise the following:

	<u>Group</u>			
	2Q2018	2Q2017	1H2018	1H2017
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	12,446	13,105	24,857	26,586
Interest expense on revolving loans	4,134	2,688	7,956	4,475
Amortisation of capitalised transaction costs	537	553	1,056	1,039
	<u>17,117</u>	<u>16,346</u>	<u>33,869</u>	<u>32,100</u>

- (8) The Manager has elected to receive 100% of its management fees earned in respect of all the properties in units of Keppel REIT.

- (9) 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. In the current period, this also included a one-off refund of withholding tax previously paid on the gain on divestment of 77 King Street.

In the prior period, this also included tax of 17% on the rental support top-up payments received by Keppel REIT for its approximate 12.4% interest in OPLLP, net of deductible interest expense.

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

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

	<u>Group</u>			
	2Q2018	2Q2017	1H2018	1H2017
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	13,113	12,583	25,776	25,130
Trustee's fees	319	312	635	621
Amortisation of intangible asset and capitalised transaction costs	2,578	3,725	5,138	7,430
Temporary differences and other adjustments	(8,821)	3,086	(9,901)	(3,460)
	7,189	19,706	21,648	29,721

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

- (12) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders.

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>					
	2Q2018	2Q2017	+(-)	1H2018	1H2017	+(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Total return after tax	43,027	29,582	45.4	78,660	69,548	13.1
Other comprehensive income:						
Foreign currency translation	(14,804)	(20,412)	(27.5)	(4,851)	(15,347)	(68.4)
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	9,217	(18,364)	NM	25,091	(22,945)	NM
Share of net change in fair value of cash flow hedges of associates	1,881	(1,532)	NM	3,757	(1,954)	NM
Other comprehensive income for the period	(3,706)	(40,308)	(90.8)	23,997	(40,246)	NM
Total comprehensive income for the period	39,321	(10,726)	NM	102,657	29,302	250.3
Attributable to:						
Unitholders	37,425	(12,605)	NM	98,897	25,563	286.9
Perpetual securities holders	1,863	1,863	-	3,704	3,704	-
Non-controlling interest	33	16	106.3	56	35	60.0
	39,321	(10,726)	NM	102,657	29,302	250.3

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		
		30/6/2018	31/12/2017	+/-	30/6/2018	31/12/2017	+/-
		\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets							
Investment properties	1	3,807,243	3,774,870	0.9	525,164	525,000	0.03
Investments in subsidiaries		-	-	-	1,837,110	1,837,110	-
Investments in associates	2	2,531,935	2,527,842	0.2	2,025,892	2,025,559	0.02
Advances to associates		613,122	613,122	-	613,122	613,122	-
Investments in joint ventures	3	465,014	465,096	(0.02)	-	-	-
Amounts owing by subsidiaries		-	-	-	893,056	877,973	1.7
Fixed assets		134	149	(10.1)	30	31	(3.2)
Intangible asset	4	6,630	10,712	(38.1)	6,630	10,712	(38.1)
Derivative financial instruments	5	14,548	4,190	247.2	10,667	4,190	154.6
Total non-current assets		7,438,626	7,395,981	0.6	5,911,671	5,893,697	0.3
Current assets							
Trade and other receivables	6	40,222	8,619	366.7	56,557	12,120	366.6
Prepaid expenses		192	333	(42.3)	20	11	81.8
Cash and bank balances		144,067	198,158	(27.3)	96,174	155,823	(38.3)
Derivative financial instruments	5	183	1,197	(84.7)	183	1,175	(84.4)
Total current assets		184,664	208,307	(11.4)	152,934	169,129	(9.6)
Total assets		7,623,290	7,604,288	0.2	6,064,605	6,062,826	0.03
Current liabilities							
Trade and other payables		57,191	56,451	1.3	30,243	34,905	(13.4)
Income received in advance		749	4,209	(82.2)	126	-	100.0
Borrowings	7	363,908	425,039	(14.4)	99,992	99,967	0.03
Security deposits		3,035	3,159	(3.9)	280	116	141.4
Derivative financial instruments	5	698	1,748	(60.1)	606	1,134	(46.6)
Provision for taxation		1,635	2,259	(27.6)	1,635	2,138	(23.5)
Total current liabilities		427,216	492,865	(13.3)	132,882	138,260	(3.9)
Non-current liabilities							
Income received in advance		6,998	11,305	(38.1)	6,998	11,305	(38.1)
Borrowings		2,154,908	2,097,142	2.8	1,953,820	1,956,921	(0.2)
Derivative financial instruments	5	2,328	16,017	(85.5)	2,328	14,411	(83.8)
Security deposits		30,258	27,675	9.3	4,171	3,982	4.7
Deferred tax liabilities		44,026	44,026	-	-	-	-
Total non-current liabilities		2,238,518	2,196,165	1.9	1,967,317	1,986,619	(1.0)
Total liabilities		2,665,734	2,689,030	(0.9)	2,100,199	2,124,879	(1.2)
Net assets		4,957,556	4,915,258	0.9	3,964,406	3,937,947	0.7
Represented by:							
Unitholders' funds	8	4,805,715	4,763,424	0.9	3,814,705	3,788,246	0.7
Perpetual securities	9	149,701	149,701	-	149,701	149,701	-
Non-controlling interest		2,140	2,133	0.3	-	-	-
		4,957,556	4,915,258	0.9	3,964,406	3,937,947	0.7
Net asset value per unit (\$)		1.41	1.41		1.12	1.12	

Notes:

- (1) The increase in investment properties is mainly due to progress payments made on the premium office tower to be developed at 311 Spencer Street in Melbourne, offset by translation differences arising from the Australian investment properties.
- (2) This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates. 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) As at 30 June 2018, this relates to the unamortised aggregate rental support top-up payments receivable by the Group for the one-third interest in CBDPL which holds MBFC Tower 3. As at 31 December 2017, this also included the unamortised aggregate rental support top-up payments receivable by the Group for the approximate 12.4% interest in OPLLP which holds OFC.
- (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 \$21.1 million (31 December 2017: \$2.1 million).
- (7) These relate to gross borrowings of \$364.0 million due in FY2018 and 1H2019. For the gross borrowings of \$200.0 million due in FY2018, the Manager has received commitments from financial institutions to refinance the borrowings when they fall due.
- (8) The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018. In adopting SFRS(I), the Group has elected the optional exemption to reset its foreign currency translation differences for all foreign operations to nil at the date of transition on 1 January 2017. As a result, the Group reclassified cumulative foreign currency translation differences from foreign currency translation reserve to accumulated profits on 1 January 2017.
- (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.

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

	<u>Group</u>	
	As at 30/6/2018 \$'000	As at 31/12/2017 \$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	196,000	196,000
Less: Unamortised portion of fees	(1,117)	(1,344)
	194,883	194,656
Unsecured borrowings		
Amount repayable within one year	364,000	425,210
Amount repayable after one year	1,964,774	1,906,922
Less: Unamortised portion of fees	(4,841)	(4,607)
	2,323,933	2,327,525
Total net borrowings	2,518,816	2,522,181

Details of Collaterals

The Group mortgaged Bugis Junction Towers as security for the 5-year revolving loan facility of \$350.0 million, of which \$196.0 million has been drawn.

As at 30 June 2018, the Group had total gross borrowings of approximately \$2,524.8 million and unutilised facilities of \$1,071.9 million available to meet its future obligations. The all-in interest rate was 2.77% per annum for the half year ended 30 June 2018.

1(c) Consolidated Statement of Cash Flows

	Note	Group			
		2Q2018	2Q2017	1H2018	1H2017
		\$'000	\$'000	\$'000	\$'000
Operating activities					
Total return before tax		42,352	31,416	79,420	73,451
Adjustments for:					
Interest income		(6,238)	(5,627)	(11,997)	(11,708)
Amortisation expense		2,041	3,172	4,082	6,391
Share of results of associates		(18,977)	(20,733)	(39,589)	(43,878)
Share of results of joint ventures		(7,479)	(7,565)	(15,318)	(15,881)
Borrowing costs		17,117	16,346	33,869	32,100
Management fees paid and/or payable in units		13,113	12,583	25,776	25,130
Net change in fair value of derivatives		1,755	3,744	1,007	571
Depreciation		11	10	21	21
Rental support income		(2,153)	(3,482)	(4,307)	(7,023)
Unrealised currency translation differences		991	496	665	529
Operating cash flows before changes in working capital		42,533	30,360	73,629	59,703
Increase in receivables		(8,441)	(2,753)	(12,535)	(5,680)
Increase in payables		2,097	4,961	1,877	9,186
Increase in security deposits		1,869	221	2,459	524
Cash flows from operations		38,058	32,789	65,430	63,733
Income taxes refunded/(paid)		435	(1,790)	(1,385)	(3,558)
Net cash flows provided by operating activities		38,493	30,999	64,045	60,175
Investing activities					
Progress payments on investment property under development		(15,952)	-	(31,448)	-
Subsequent expenditure on investment properties		(3,073)	(1,426)	(4,877)	(2,402)
Purchase of fixed assets		-	-	(6)	-
Interest received		6,215	5,820	12,064	12,176
Rental support received		2,153	3,541	4,307	7,139
Payment on adjustment to investment in an associate		(333)	-	(333)	-
Distribution income received from joint ventures		6,526	6,277	13,213	12,992
Dividend and distribution income received from associates		20,608	25,654	20,608	25,654
Net cash flows provided by investing activities		16,144	39,866	13,528	55,559
Financing activities					
Distribution to Unitholders (net of distribution in Units)	1	(42,401)	(38,061)	(86,726)	(78,822)
Distribution to perpetual securities holders		(3,704)	(3,704)	(3,704)	(3,704)
Proceeds from issuance of medium term notes		-	75,000	-	75,000
Loans drawdown		298,958	38,268	366,465	38,268
Repayment of loans		(291,886)	(105,000)	(368,862)	(105,000)
Payment of financing expenses/upfront debt arrangement costs		(188)	(486)	(1,063)	(486)
Partnership distribution to non-controlling interest		(30)	(20)	(49)	(38)
Interest paid		(17,309)	(15,539)	(33,089)	(30,871)
Net cash flows used in financing activities		(56,560)	(49,542)	(127,028)	(105,653)
Net (decrease)/increase in cash and cash equivalents		(1,923)	21,323	(49,455)	10,081
Cash and cash equivalents at the beginning of period		139,678	242,779	186,462	253,219
Effect of exchange rate changes on cash and cash equivalents		(1,101)	(3,592)	(353)	(2,790)
Cash and cash equivalents at the end of period		136,654	260,510	136,654	260,510
Comprising:					
Cash and bank balances		144,067	278,880	144,067	278,880
Less: Rental support received in advance held in designated accounts	2	(7,413)	(18,370)	(7,413)	(18,370)
Cash and cash equivalents per Consolidated Statement of Cash Flows		136,654	260,510	136,654	260,510

Notes:

(1) 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.

Distribution paid to Unitholders in 1H2017 was for the period of 1 October 2016 to 31 December 2016, paid on 28 February 2017, and 1 January 2017 to 31 March 2017, paid on 30 May 2017.

(2) As at 30 June 2018, this relates to the rental support top-up payments received in advance by Keppel REIT held in designated accounts for the one-third interest in CBDPL which holds MBFC Tower 3.

As at 30 June 2017, this also included rental support top-up payments received in advance by Keppel REIT held in designated accounts for the approximate 12.4% interest in OPLLP which holds OFC.

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

Group	Note	Units in Issue	Accumulated Profits	Foreign	Discount on	Unitholders' Funds	Perpetual Securities	Non-	Total	
				Currency Translation Reserve	Acquisition of Non-Controlling Interest			Controlling Interest		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2018		3,530,732	1,452,051	(202,110)	(20,471)	3,222	4,763,424	149,701	2,133	4,915,258
Adoption of SFRS (I)	1	-	(167,302)	167,302	-	-	-	-	-	-
At 1 January 2018 (restated)		3,530,732	1,284,749	(34,808)	(20,471)	3,222	4,763,424	149,701	2,133	4,915,258
Return for the period		-	33,773	-	-	-	33,773	1,841	19	35,633
Other comprehensive income	2	-	-	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	3	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)
At 31 March 2018		3,552,862	1,271,669	(24,855)	(2,725)	3,222	4,800,173	151,542	2,137	4,953,852
Return for the period		-	41,134	-	-	-	41,134	1,863	30	43,027
Other comprehensive income	2	-	-	(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	3	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)
At 30 June 2018		3,569,211	1,264,571	(39,659)	8,370	3,222	4,805,715	149,701	2,140	4,957,556

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

Group (restated)	Note	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Discount on Acquisition of Non- Controlling Interest \$'000	Unitholders' funds \$'000	Perpetual Securities \$'000	Non- Controlling Interest \$'000	Total \$'000
At 1 January 2017		3,456,557	1,459,734	(167,302)	(5,494)	3,222	4,746,717	149,701	2,140	4,898,558
Adoption of SFRS (I)	1	-	(167,302)	167,302	-	-	-	-	-	-
At 1 January 2017 (restated)		3,456,557	1,292,432	-	(5,494)	3,222	4,746,717	149,701	2,140	4,898,558
Return for the period		-	38,106	-	-	-	38,106	1,841	19	39,966
Other comprehensive income	2	-	-	5,065	(5,003)	-	62	-	-	62
Total comprehensive income		-	38,106	5,065	(5,003)	-	38,168	1,841	19	40,028
Issue of units for payment of management fees	4	19,441	-	-	-	-	19,441	-	-	19,441
Distribution Reinvestment Plan		7,954	(7,954)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,291)	(37,470)	-	-	-	(40,761)	-	-	(40,761)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(18)	(18)
At 31 March 2017 (restated)		3,480,661	1,285,114	5,065	(10,497)	3,222	4,763,565	151,542	2,141	4,917,248
Return for the period		-	27,700	-	-	-	27,700	1,863	19	29,582
Other comprehensive income	2	-	-	(20,412)	(19,893)	-	(40,305)	-	(3)	(40,308)
Total comprehensive income		-	27,700	(20,412)	(19,893)	-	(12,605)	1,863	16	(10,726)
Issue of units for payment of management fees	4	10,309	-	-	-	-	10,309	-	-	10,309
Distribution Reinvestment Plan		10,061	(10,061)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,318)	(34,743)	-	-	-	(38,061)	-	-	(38,061)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	-	(3,704)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(20)	(20)
At 30 June 2017 (restated)		3,497,713	1,268,010	(15,347)	(30,390)	3,222	4,723,208	149,701	2,137	4,875,046

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

Notes:

- (1) The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018. In adopting SFRS(I), the Group has elected the optional exemption to reset its foreign currency translation differences for all foreign operations to nil at the date of transition on 1 January 2017. As a result, the Group reclassified cumulative foreign currency translation differences from foreign currency translation reserve to accumulated profits as at 1 January 2017.
- (2) 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.
- (3) This represents 15,680,593 and 8,661,268 units issued in 1Q2018 and 2Q2018 respectively as payment of management fees in units.
- (4) This represents 19,149,650 and 10,018,667 units issued in 1Q2017 and 2Q2017 respectively as payment of management fees in units.

<u>Trust</u>	Note	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'000
At 1 January 2018		3,530,732	270,068	(12,554)	3,788,246	149,701	3,937,947
Return 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	2	19,602	-	-	19,602	-	19,602
Distribution Reinvestment Plan		3,876	(3,876)	-	-	-	-
Distribution to Unitholders		(1,348)	(42,977)	-	(44,325)	-	(44,325)
At 31 March 2018		3,552,862	261,841	(479)	3,814,224	151,542	3,965,766
Return 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	2	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)
At 30 June 2018		3,569,211	238,945	6,549	3,814,705	149,701	3,964,406

<u>Trust</u>	Note	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'000
At 1 January 2017		3,456,557	357,271	(132)	3,813,696	149,701	3,963,397
Return for the period		-	36,127	-	36,127	1,841	37,968
Other comprehensive income	1	-	-	(4,340)	(4,340)	-	(4,340)
Total comprehensive income		-	36,127	(4,340)	31,787	1,841	33,628
Issue of units for payment of management fees	3	19,441	-	-	19,441	-	19,441
Distribution Reinvestment Plan		7,954	(7,954)	-	-	-	-
Distribution to Unitholders		(3,291)	(37,470)	-	(40,761)	-	(40,761)
At 31 March 2017		3,480,661	347,974	(4,472)	3,824,163	151,542	3,975,705
Return for the period		-	16,183	-	16,183	1,863	18,046
Other comprehensive income	1	-	-	(15,009)	(15,009)	-	(15,009)
Total comprehensive income		-	16,183	(15,009)	1,174	1,863	3,037
Issue of units for payment of management fees	3	10,309	-	-	10,309	-	10,309
Distribution Reinvestment Plan		10,061	(10,061)	-	-	-	-
Distribution to Unitholders		(3,318)	(34,743)	-	(38,061)	-	(38,061)
Distribution to perpetual securities holders		-	-	-	-	(3,704)	(3,704)
At 30 June 2017		3,497,713	319,353	(19,481)	3,797,585	149,701	3,947,286

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

Notes:

- (1) This relates to fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.
- (2) This represents 15,680,593 and 8,661,268 units issued in 1Q2018 and 2Q2018 respectively as payment of management fees in units.
- (3) This represents 19,149,650 and 10,018,667 units issued in 1Q2017 and 2Q2017 respectively as payment of management fees in units.

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

	<u>Group and Trust</u>	
	2018 Units	2017 Units
Issued units as at 1 January	3,370,734,208	3,291,616,169
Issue of new units:		
- Payment of management fees	15,680,593	19,149,650
- Distribution Reinvestment Plan	3,052,523	7,935,402
Issued units as at 31 March	3,389,467,324	3,318,701,221
Issue of new units:		
- Payment of management fees	8,661,268	10,018,667
- Distribution Reinvestment Plan	4,903,220	9,698,726
Issued units as at 30 June	3,403,031,812	3,338,418,614

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 2018 and 31 December 2017.

Total number of issued units in Keppel REIT as at 30 June 2018 and 31 December 2017 were 3,403,031,812 and 3,370,734,208 respectively.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. AUDIT

The figures have neither been audited nor reviewed by the auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2017.

5. CHANGES IN ACCOUNTING POLICIES

The Accounting Standards Council (Singapore) has introduced a new financial reporting framework, Singapore Financial Reporting Standards (International) (“SFRS(I)”), that is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board, for the financial year beginning on or after 1 January 2018. The Monetary Authority of Singapore has granted the Group a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the Code on Collective Investment Schemes to prepare its financial statements in accordance with the Singapore Financial Reporting Standards.

The Group has adopted SFRS(I) on 1 January 2018 and as a result, the Group’s financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I).

In adopting SFRS(I), the Group has elected the optional exemption to reset its foreign currency translation differences for all foreign operations to nil at the date of transition on 1 January 2017. As a result, the Group reclassified cumulative foreign currency translation differences of \$167,302,000 from foreign currency translation reserve to accumulated profits on 1 January 2017.

Other than as disclosed above, the adoption of SFRS(I) will have no material impact on the Group’s financial statements in this year of initial application.

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

	<u>Group</u>			
	2Q2018	2Q2017	1H2018	1H2017
EPU (based on weighted average number of units as at the end of the period)	1.15 cents	0.83 cents	2.15 cents	1.98 cents
- Weighted average number of units as at the end of the period	3,397,092,617	3,329,157,857	3,389,637,252	3,317,924,216
DPU (based on the number of units as at the end of the period)	1.42 cents	1.42 cents	2.84 cents	2.87 cents
- Number of units in issue as at the end of the period	3,403,031,812	3,338,418,614	3,403,031,812	3,338,418,614

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

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

	<u>Group</u>		<u>Trust</u>	
	As at 30/6/2018	As at 31/12/2017	As at 30/6/2018	As at 31/12/2017
NAV ¹ per unit (\$)	1.41	1.41	1.12	1.12
NTA ¹ per unit (\$) based on issued units at the end of the period/year	1.41	1.41	1.12	1.12
Adjusted NAV ¹ per unit (\$)	1.40	1.40	1.11	1.11
Adjusted NTA ¹ per unit (\$) based on issued units at the end of the period/year (excluding the distributable income)	1.40	1.40	1.10	1.11

Note:

(1) These excluded non-controlling interest’s and perpetual securities holders’ share of net asset value and net tangible asset.

8. REVIEW OF PERFORMANCE

8(i) Property Income Contribution of Directly Held Properties

(excluding property income contribution from associates and joint ventures)

	<u>Group</u>					
	2Q2018	2Q2017	+/(-) %	1H2018	1H2017	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Property						
Bugis Junction Towers	5,126	4,830	6.1	10,205	9,418	8.4
Ocean Financial Centre	38,158	25,937	47.1	64,271	51,888	23.9
275 George Street	4,033	4,765	(15.4)	7,772	9,850	(21.1)
8 Exhibition Street ¹	4,337	4,314	0.5	9,140	8,546	7.0
Total property income of directly held properties (excluding property income contribution from associates and joint ventures)	51,654	39,846	29.6	91,388	79,702	14.7

8(ii) Income Contribution of the Portfolio

	<u>Group</u>					
	2Q2018	2Q2017	+/(-) %	1H2018	1H2017	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Property						
Bugis Junction Towers	4,224	3,727	13.3	7,959	7,119	11.8
Ocean Financial Centre	33,273	21,559	54.3	54,774	42,774	28.1
275 George Street	2,983	3,753	(20.5)	5,805	7,850	(26.1)
8 Exhibition Street ¹	2,726	2,853	(4.5)	5,888	5,543	6.2
Total net property income of directly held properties	43,206	31,892	35.5	74,426	63,286	17.6
Ocean Financial Centre:						
- Rental support	-	907	(100.0)	-	1,873	(100.0)
One-third interest in ORQPL ² :						
- Interest income	558	488	14.3	1,076	991	8.6
- Dividend income	6,020	6,321	(4.8)	12,430	14,735	(15.6)
Total income	6,578	6,809	(3.4)	13,506	15,726	(14.1)
One-third interests in BFCDLLP ³ and CBDPL ³ :						
- Rental support	2,153	2,575	(16.4)	4,307	5,150	(16.4)
- Interest income	5,210	4,314	20.8	9,932	8,835	12.4
- Dividend and distribution income	12,957	16,914	(23.4)	27,155	34,154	(20.5)
Total income	20,320	23,803	(14.6)	41,394	48,139	(14.0)
50% interest in M8CT ⁴ :						
- Distribution income	3,274	3,216	1.8	6,507	6,551	(0.7)
50% interest in MOTT ⁵ :						
- Distribution income	3,230	3,130	3.2	6,661	6,673	(0.2)
Total income contribution of the portfolio	76,608	69,757	9.8	142,494	142,248	0.2

Notes:

- (1) Comprises 50% interest in the office building and a 100% interest in another three 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.

8. REVIEW OF PERFORMANCE (CONT'D)

Review of Performance for 1H2018 vs 1H2017

Property income and net property income for 1H2018 were \$91.4 million and \$74.4 million respectively, compared to property income and net property income of \$79.7 million and \$63.3 million respectively for 1H2017. The variances were mainly attributable to an increase in one-off income, as well as higher property income and net property income from Bugis Junction Towers, Ocean Financial Centre and 8 Exhibition Street. These were partially offset by lower property income and net property income from 275 George Street.

The Group's total return before tax for 1H2018 was \$79.4 million, compared to \$73.5 million for 1H2017. The variance was mainly attributable to higher net property income from Bugis Junction Towers, Ocean Financial Centre and 8 Exhibition Street, higher interest income, lower amortisation expense and net foreign exchange differences. These were partially offset by lower net property income from 275 George Street, lower rental support, lower share of results of associates and joint ventures, higher borrowing costs, as well as net change in fair value of derivatives.

Review of Performance for 2Q2018 vs 2Q2017

Property income and net property income for 2Q2018 were \$51.7 million and \$43.2 million respectively, compared to property income and net property income of \$39.8 million and \$31.9 million respectively for 2Q2017. The variances were mainly attributable to an increase in one-off income, as well as higher property income and net property income from Bugis Junction Towers and Ocean Financial Centre. These were partially offset by lower property income and net property income from 275 George Street.

The Group's total return before tax for 2Q2018 was \$42.4 million, compared to \$31.4 million for 2Q2017. The variance was mainly attributable to higher net property income from Bugis Junction Towers and Ocean Financial Centre, higher interest income, lower amortisation expense, net foreign exchange differences, as well as net change in fair value of derivatives. These were partially offset by lower net property income from 275 George Street, lower rental support, lower share of results of associates and joint ventures, and higher borrowing costs.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

According to CBRE, office occupancy in Singapore's core CBD remained stable quarter-on-quarter (qoq) at 94.1% in 2Q2018. Average Grade A rents rose qoq from \$9.70 psf pm in 1Q2018 to \$10.10 psf pm in 2Q2018. Medium-term rental outlook remains positive in view of a tapering supply pipeline and recovering market fundamentals.

In Australia, JLL reported an improvement in national CBD office average occupancy from 89.6% as at end December 2017, to 90.1% as at end March 2018. Vacancy level was noted to be at its lowest since 2013, driven largely by improving business and leasing conditions across Australia office markets. JLL also observed that leasing enquiries were gravitating towards quality assets.

Looking ahead, the volatile environment will continue to pose challenges. The Manager will continue to drive operational excellence through a tenant-centric leasing approach to capitalise on the improving office market so as to offset the impact of recent years' declining rentals. A prudent capital management strategy will be maintained to optimise the REIT's performance in a rising interest rate environment.

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 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 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, 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>

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 April 2017 to 30 June 2017
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 0.98 cents per unit (b) Tax-exempt income distribution - 0.34 cents per unit (c) Capital distribution - 0.10 cents per unit
Tax Rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

(c) Books Closure Date

24 July 2018

(d) Date Payable

28 August 2018

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)	
	2Q2018 \$'000	2Q2017 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	13,113	12,583
- Property management fees and reimbursable	1,838	1,366
- Leasing commissions	97	465
- Rental support	2,153	2,575
- Adjustment to one-third interest in an associate	333	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	319	312

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
16 July 2018

CONFIRMATION BY THE BOARD

We, PENNY GOH and TAN SWEE YIOW, 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 2018 financial statements of Keppel REIT to be false or misleading in any material respect.

On Behalf of the Board

A handwritten signature in blue ink that reads "Penny Goh".

PENNY GOH
Chairman

A handwritten signature in blue ink that reads "Tan Swee Yiow".

TAN SWEE YIOW
Director

16 July 2018



Second Quarter & Half Year 2018 Financial Results

16 July 2018



Key Highlights	3
Financial Performance & Capital Management	4
Portfolio Review	9
Looking Ahead	16

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.

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.



- **Distributable Income** **\$96.6 mil**
- **Distribution per Unit** **2.84 cents**
- **Aggregate Leverage** **38.6%**
- **All-in Interest Rate** **2.77% p.a.**



- **Leases Committed** **882,800 sf**
(Attributable area ~386,800 sf)
- **Portfolio Committed Occupancy** **99.3%**
- **Portfolio WALE** **5.2 years**
- **Tenant Retention** **77%**

Financial Performance & Capital Management

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The sun is shining brightly from the left, creating a lens flare effect. The buildings are set against a clear blue sky. The overall composition is dynamic and emphasizes the height and modern architecture of the structures.

Marina Bay Financial Centre, Singapore



	2Q 2018	2Q 2017	1H 2018	1H 2017
Property Income	\$51.7 mil ⁽¹⁾	\$39.8 mil	\$91.4 mil ⁽¹⁾	\$79.7 mil
Net Property Income	\$43.2 mil	\$31.9 mil	\$74.4 mil	\$63.3 mil
Share of Results of Associates and Joint Ventures	\$26.5 mil	\$28.3 mil	\$54.9 mil	\$59.8 mil
Distribution to Unitholders	\$48.3 mil	\$47.4 mil	\$96.6 mil	\$95.5 mil
Distribution per Unit (DPU)	1.42 cents	1.42 cents	2.84 cents	2.87 cents

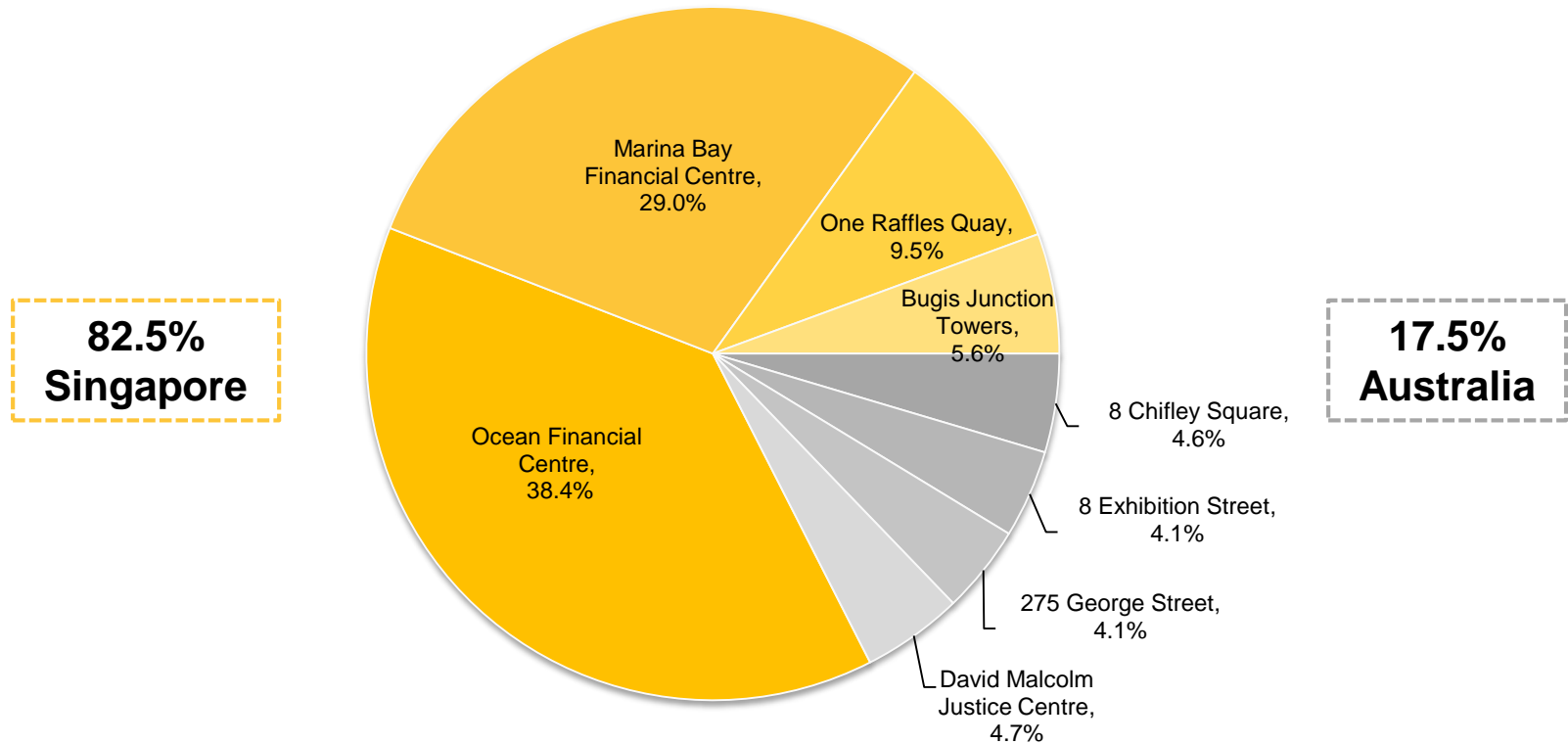
Distribution Timetable for 2Q 2018	Ex-Date	Fri, 20 Jul 2018
	Books Closure Date	Tue, 24 Jul 2018
	Payment Date	Tue, 28 Aug 2018

(1) The increase in property income was mainly contributed by one-off income for early surrender of leases.



- Resilient income streams augmented by a young and diversified portfolio of premium Grade A office space in Singapore and Australia

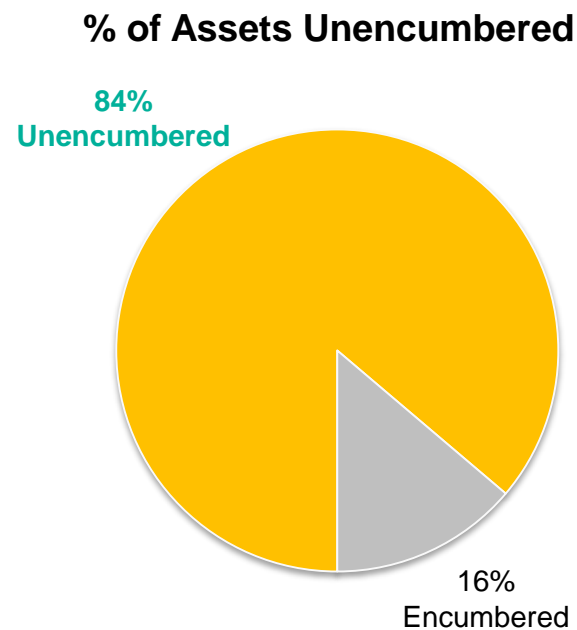
**Income Contribution*
by Asset & Geography**
(for 1H 2018)



* Comprised net property income of directly held properties, distribution/dividend income from associates & joint ventures, rental support income, as well as interest income on advances to associates.



	As at 30 Jun 2018	As at 31 Mar 2018
Total Assets	\$7,623 mil	\$7,615 mil
Borrowings⁽¹⁾	\$3,371 mil	\$3,367 mil
Total Liabilities	\$2,666 mil	\$2,661 mil
Unitholders' Funds	\$4,806 mil	\$4,800 mil
Adjusted NAV per Unit⁽²⁾	\$1.40	\$1.40



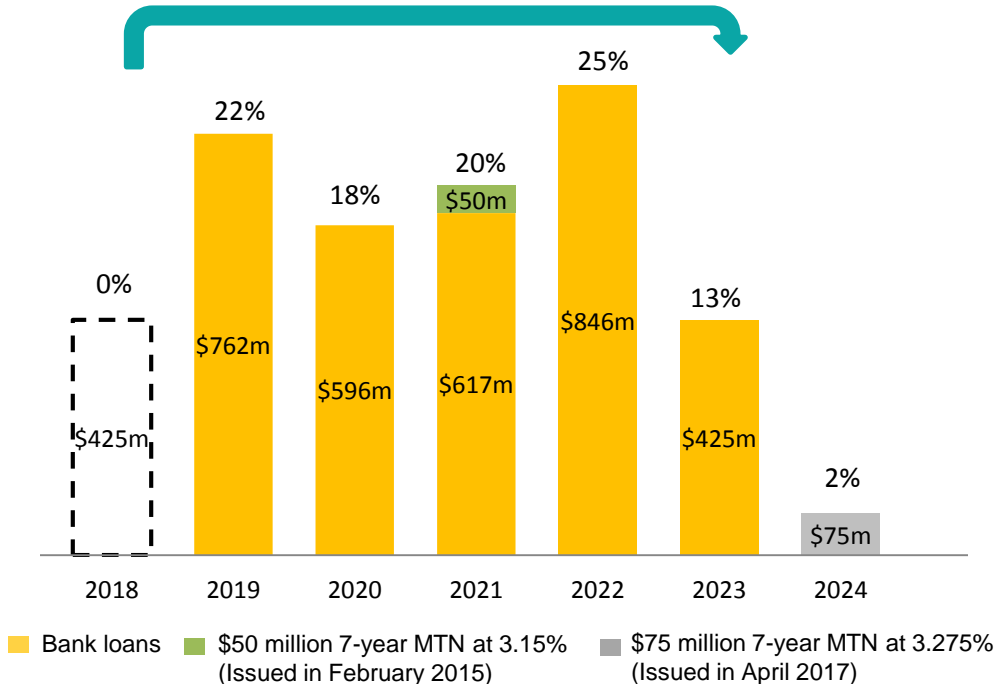
(1) Included borrowings accounted for at the level of associates and excluded the unamortised portion of upfront fees in relation to the borrowings.

(2) For 30 June 2018 and 31 March 2018, these excluded the distributions to be paid in August 2018 and paid in May 2018 respectively.



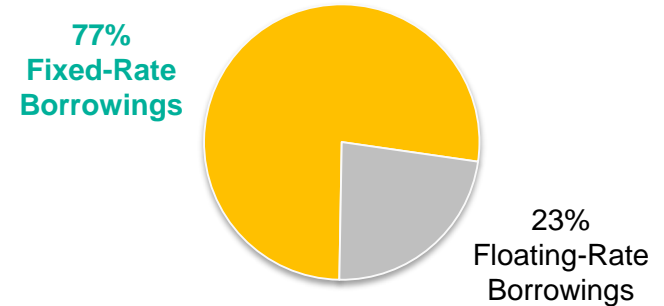
- Proactively managing the refinancing of loans that are due in 2019
- Weighted average term to maturity of 2.9 years
- Intends to initiate unit buy-backs as part of proactive capital management strategy

Debt Maturity Profile



30 Jun 2018	
Interest Coverage Ratio	4.3x
All-in Interest Rate (p.a.)	2.77%
Aggregate Leverage	38.6%

Managing interest rate exposure



Sensitivity to SOR⁽¹⁾

Every 50 bps \uparrow \downarrow in SOR translates to ~0.10 cents \downarrow \uparrow in DPU

(1) 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 2018.

Portfolio Review

8 Chifley Square, Sydney



- Development of freehold Grade A office tower is progressing
- 30-year lease to Victoria Police will commence upon completion of development

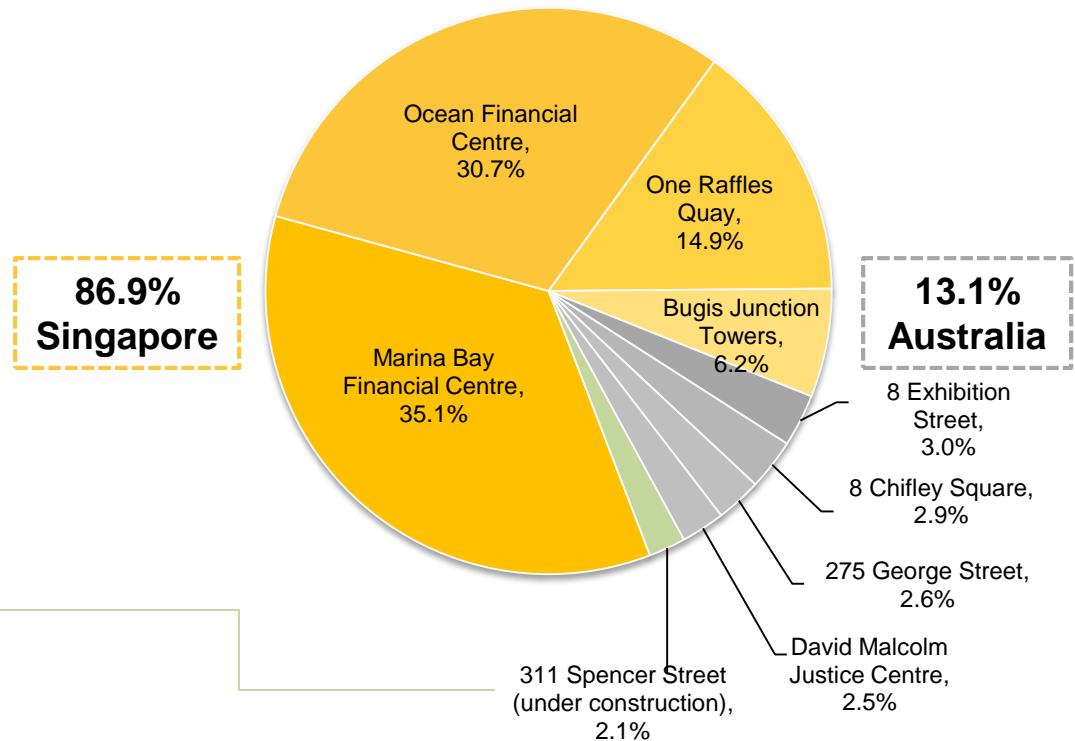


50% interest in 311 Spencer Street development

- **Yield accretive:** 6.4%⁽¹⁾
- **Steady income stream:** 30-year lease with fixed annual rental escalations

AUM⁽²⁾ Breakdown by Asset & Geography

(as at 30 Jun 2018)



(1) Stable average yield based on the expected net property income of the building for the first 15 years of the lease to the tenant, over the consideration.
 (2) Based on Keppel REIT's total assets under management of approximately \$8.5 billion as at 30 June 2018, including the office tower under development at 311 Spencer Street in Melbourne.

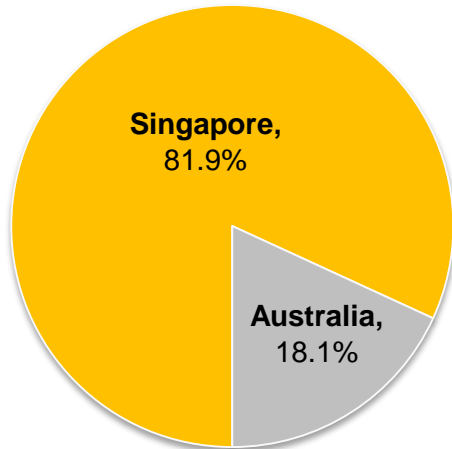


Leasing Updates for 1H 2018

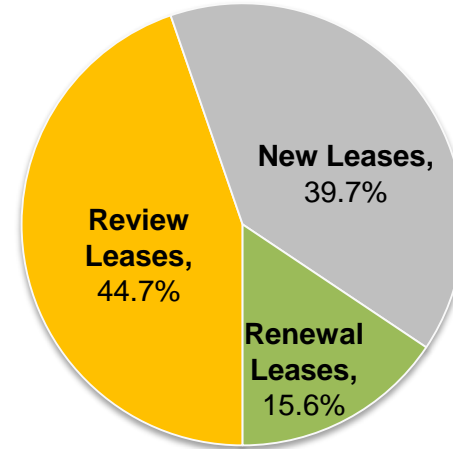
Committed Leases	54 Leases	~882,800 sf (Attributable ~386,800 sf)	99.3% Portfolio Committed Occupancy
Tenant Retention & WALE	77% Retention Rate	~5.2 years Portfolio WALE	~8.0 years Top 10 Tenants' WALE

Leases Committed in 1H 2018

Breakdown by Geography⁽¹⁾:



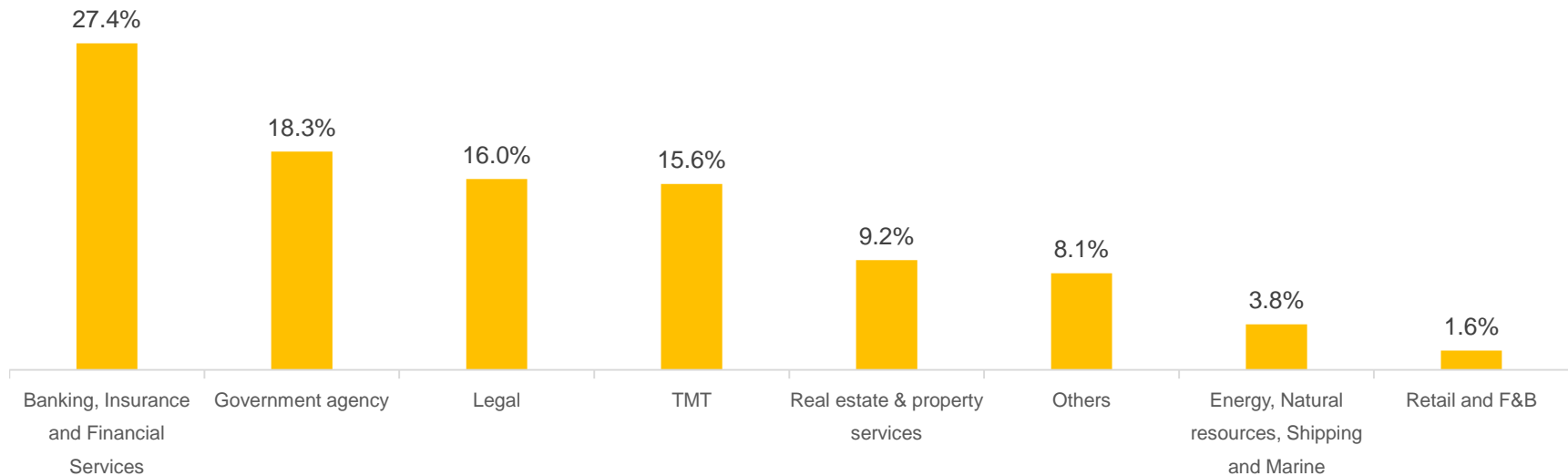
Breakdown by Type⁽¹⁾:



(1) Based on attributable area.

- Average signing rent for the Singapore office leases was ~\$10.74 psf pm⁽¹⁾ for 1H 2018
- New demand from diverse sectors:
 - In Singapore, new leases were mainly from the banking, insurance and financial services sector
 - In Australia, demand mainly came from a government agency

New leases committed in 1H 2018 (by attributable area)

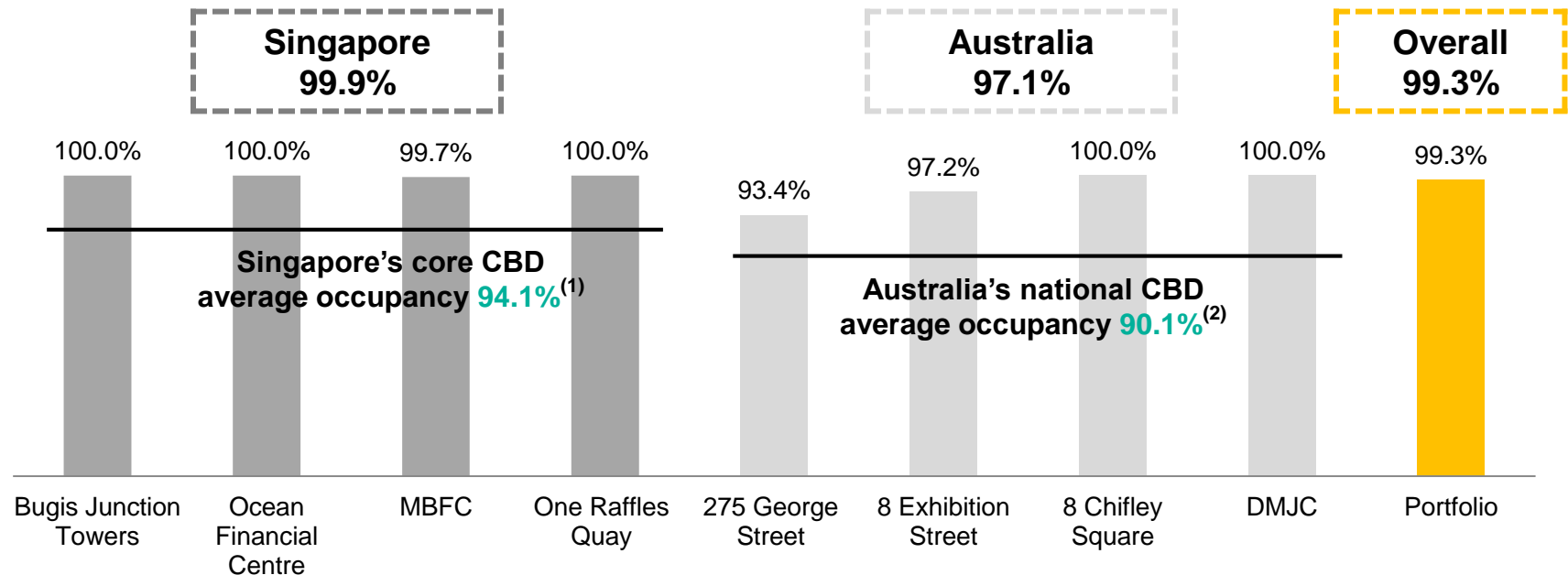


(1) For the Singapore office leases concluded in 1H 2018, and based on a simple average calculation.

- Committed occupancies for the Singapore and Australia assets are well above market average, testament to the portfolio's ability to attract quality tenants
- In the midst of leasing up vacancies at 275 George Street and 8 Exhibition Street

High Portfolio Committed Occupancy

(as at 30 Jun 2018)



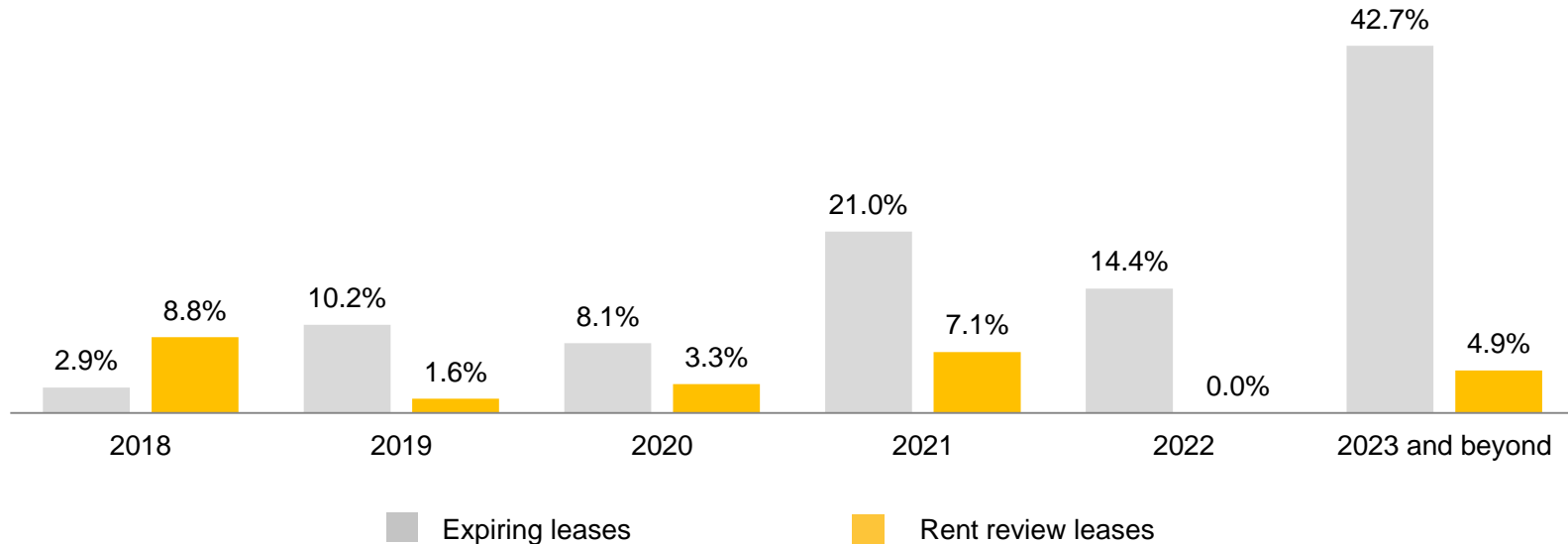
Sources: (1) CBRE, 2Q 2018 (2) JLL, end March 2018



- Portfolio income stability enhanced with a well-spread lease expiry profile
- 2.9% of portfolio NLA remaining for renewal and 8.8% remaining for review in 2018

Portfolio Lease Expiry Profile

(by attributable area)

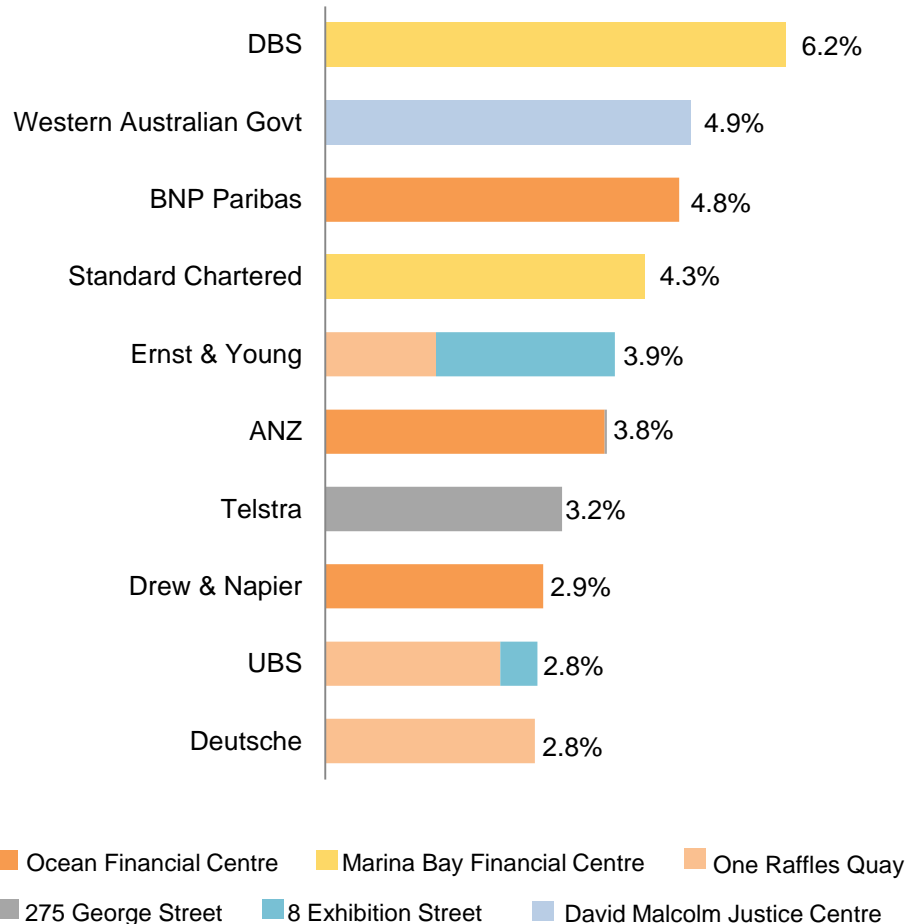


All data as at 30 June 2018. Remaining lease term to expiry based on portfolio committed NLA.



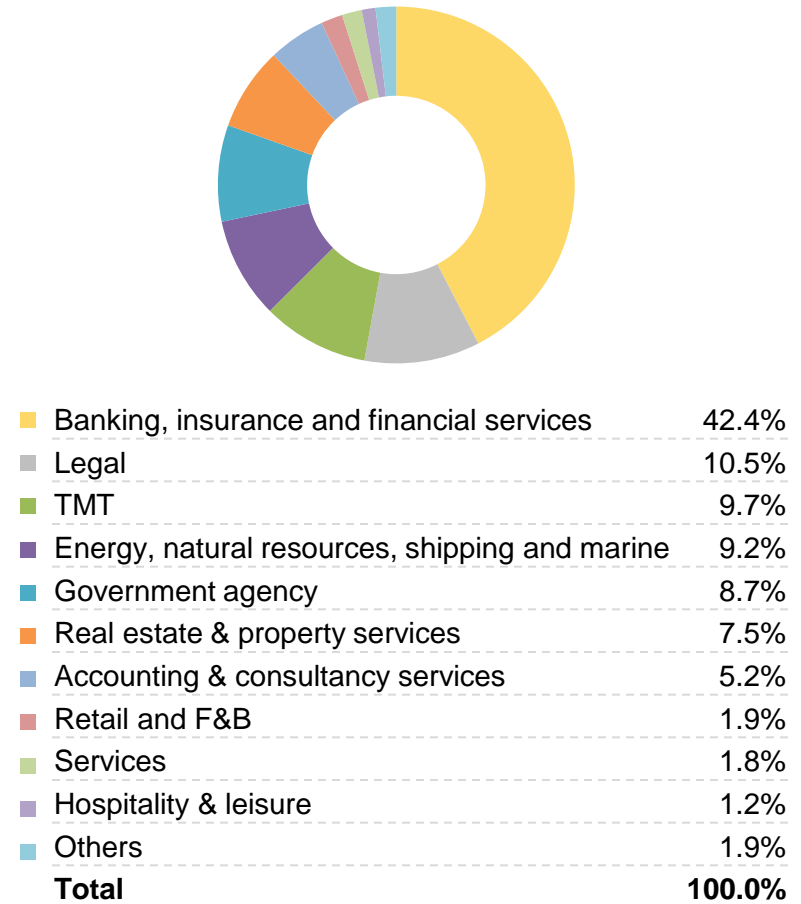
Top 10 Tenants⁽¹⁾

Occupies 39.6% of portfolio NLA
Contributes 37.0% of gross rental income



Profile of Tenant Base⁽¹⁾

Number of Tenants: 337⁽²⁾



(1) All data as at 30 June 2018, and based on portfolio committed NLA.

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

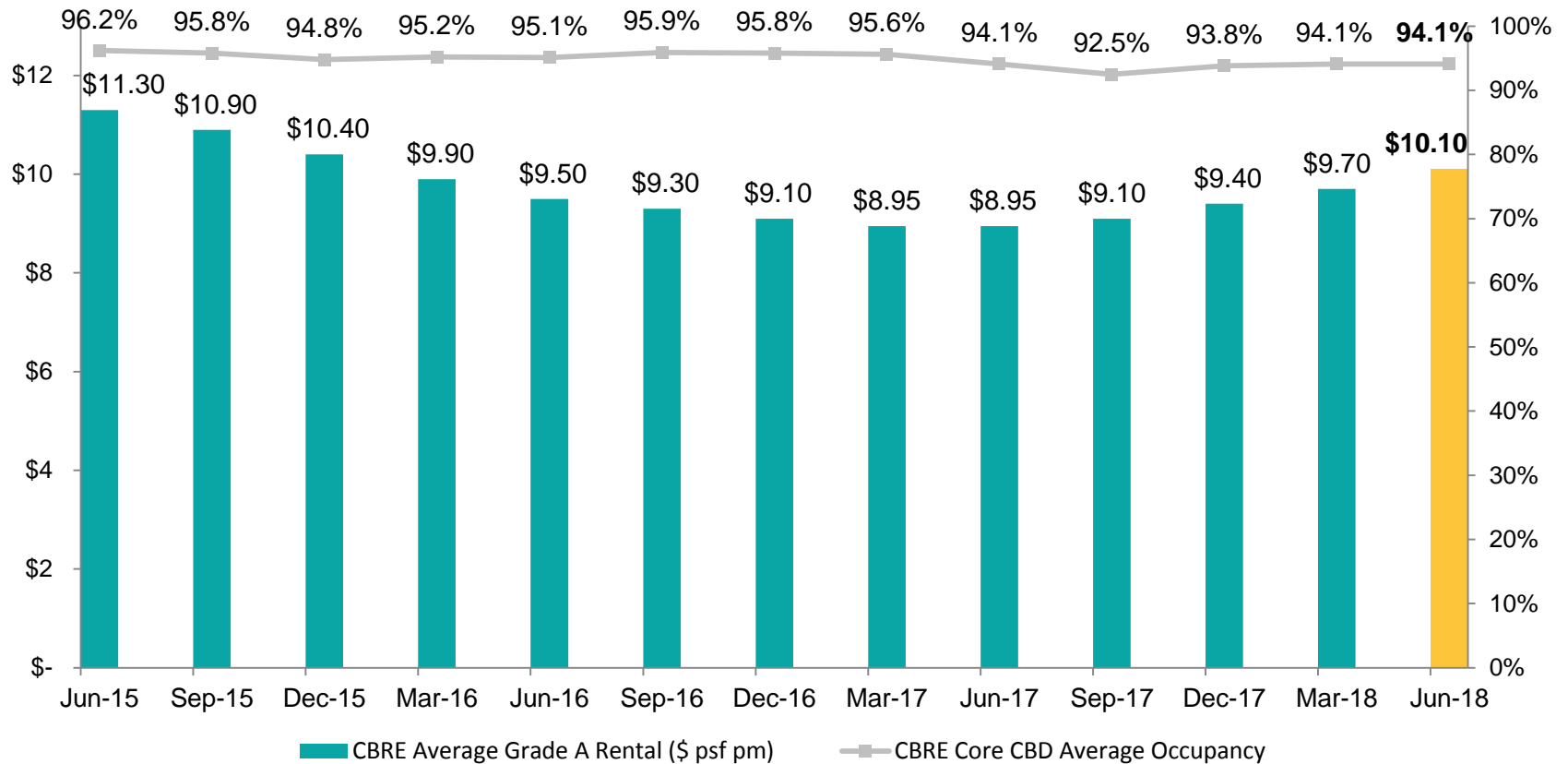


Looking Ahead

Ocean Financial Centre, Singapore

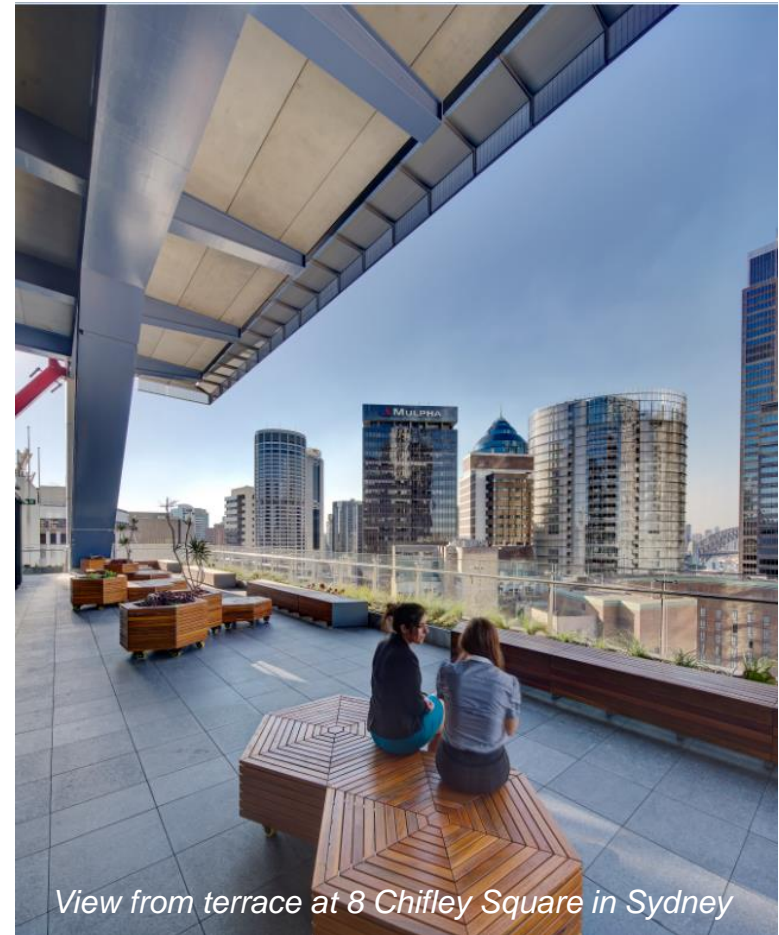


- In 2Q 2018, occupancy in the core CBD remained stable at 94.1%, while average Grade A office rental rose to \$10.10 psf pm
- Positive medium-term rental outlook in view of tapering supply pipeline and recovering market fundamentals

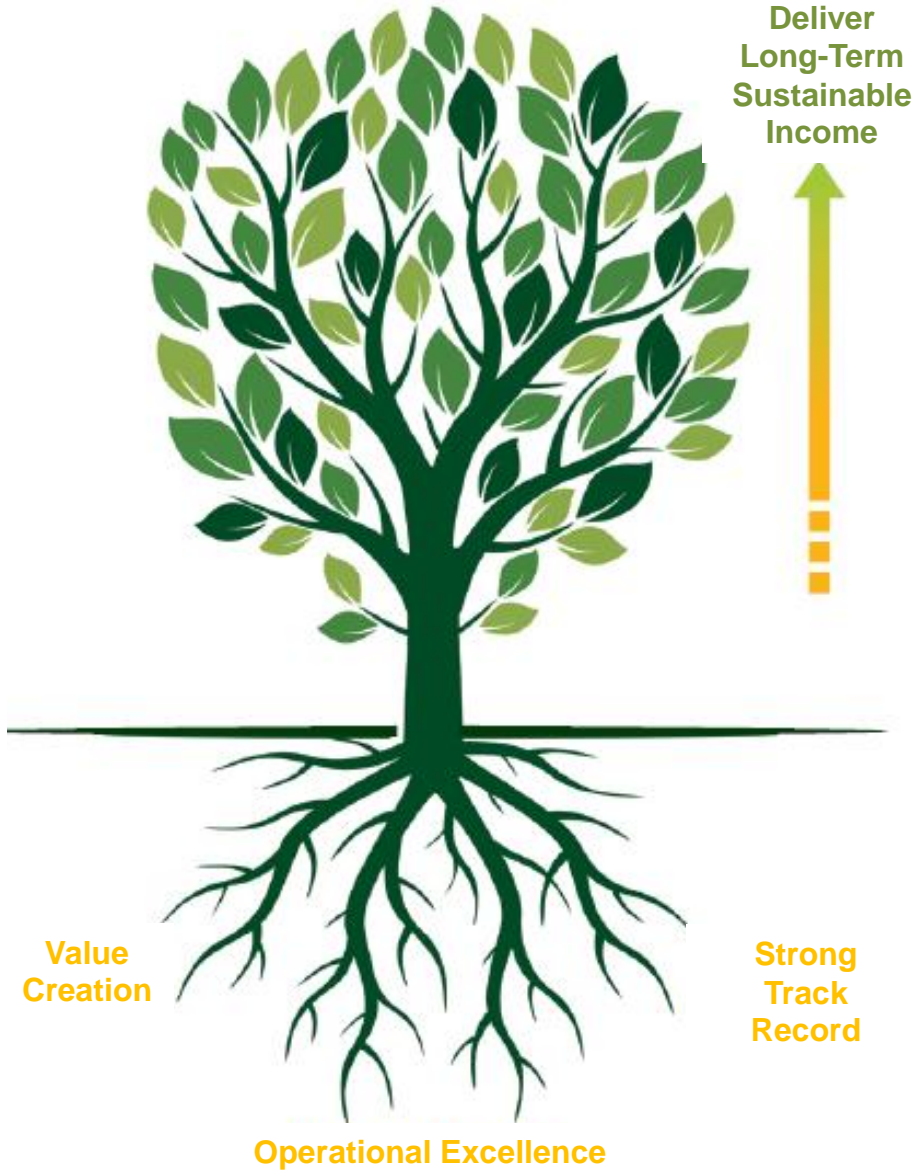




- National CBD office average occupancy improved to 90.1%
- Vacancy level is at its lowest level since 2013 driven by improving business and leasing conditions across Australia office markets
- Leasing enquiries observed to be gravitating towards quality assets



View from terrace at 8 Chifley Square in Sydney



Strategy in Action

Our goal is to generate **sustainable income** and create **long-term value** for unitholders through achieving **operational excellence** in all that we do.

Our foundation stems from:

Our Strong Track Record

- ✓ Delivering sustainable income
- ✓ Maintaining high portfolio occupancy and WALE

Value Creation through Active Management

- ✓ Strong capital creation and preservation, with approximately S\$1.5 billion of unrealised capital gains achieved as at end 2017
- ✓ Quality assets managed with a tenant-centric approach

Operational Excellence

- ✓ Prudent management of costs and capital
- ✓ Sustained performance during market volatility



Additional Information

8 Exhibition Street, Melbourne

Best-in-Class Assets in Strategic Locations	Largest Portfolio of Premium Office Assets	Assets Under Management
9 quality Premium Grade and Grade A assets in the business and financial districts of Singapore and Australia ⁽¹⁾	3.7 million sf total attributable NLA ⁽¹⁾	S\$8.5 billion ⁽¹⁾



(1) As at 30 June 2018 and includes the office tower under development at 311 Spencer Street in Melbourne.



Ocean Financial Centre
(99.9% interest)



Marina Bay Financial Centre
(33.3% interest)



One Raffles Quay
(33.3% interest)



Bugis Junction Towers
(100% interest)

Singapore*

87%

Australia*

13%



8 Chifley Square, Sydney
(50% interest)



8 Exhibition Street, Melbourne
(50% interest)



275 George Street, Brisbane
(50% interest)



David Malcolm Justice Centre, Perth
(50% interest)



311 Spencer Street Melbourne
(50% interest)
-Under construction-

* Based on Keppel REIT's total assets under management of approximately S\$8.5 billion as at 30 June 2018, and includes the office tower under development at 311 Spencer Street in Melbourne.

	Ocean Financial Centre	Marina Bay Financial Centre ⁽³⁾	One Raffles Quay	Bugis Junction Towers
Attributable NLA (sf)	880,603	1,025,522	442,806	244,579
Ownership	99.9%	33.33%	33.33%	100.0%
Principal tenants	ANZ, BNP Paribas, Drew & Napier	DBS Bank, Standard Chartered Bank, BHP Billiton	Deutsche Bank, UBS, Ernst & Young	Keppel Land, IE Singapore, InterContinental Hotels Group
Tenure	99 years expiring 13 Dec 2110	99 years expiring 10 Oct 2104 ⁽⁴⁾ and 7 Mar 2106 ⁽⁵⁾	99 years expiring 12 Jun 2100	99 years expiring 9 Sep 2089
Purchase Price (on acquisition)	S\$2,298.8m ⁽²⁾	S\$1,426.8m ⁽⁴⁾ S\$1,248m ⁽⁵⁾	S\$941.5m	S\$159.5m
Valuation ⁽¹⁾	S\$2,623.0m	S\$1,693.0m ⁽⁴⁾ S\$1,300.3m ⁽⁵⁾	S\$1,273.0m	S\$525.0m
Capitalisation rates	3.75%	3.75%	3.75%	3.75%

1) Valuation as at 31 December 2017 based on Keppel REIT's interest in the respective properties.

2) 87.5% interest of the building was acquired on 14 December 2011 and 12.4% interest of the building was acquired on 25 June 2012.

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

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

5) Refers to MBFC Tower 3.



	8 Chifley Square, Sydney	8 Exhibition Street, Melbourne ⁽²⁾	275 George Street, Brisbane	David Malcolm Justice Centre, Perth	311 Spencer Street, Melbourne <i>(Under construction)</i>
Attributable NLA (sf)	104,138	245,954	224,693	167,784	358,683
Ownership	50.0%	50.0%	50.0%	50.0%	50.0%
Principal tenants	Corrs Chambers Westgarth, Quantum Group, QBE Insurance Group	Ernst & Young, UBS, Minister for Finance - State of Victoria, CBRE	Telstra Corporation, Queensland Gas Company	Government of Western Australia	Assistant Treasurer - State of Victoria
Tenure	99 years expiring 5 Apr 2105	Freehold	Freehold	99 years expiring 30 Aug 2114	Freehold
Purchase Price (on acquisition)	S\$197.8m	S\$201.3m ⁽²⁾	S\$209.4m	S\$208.1m	S\$362.4m ⁽⁵⁾
Valuation ⁽¹⁾	S\$247.4m	S\$256.0m ⁽²⁾	S\$219.3m	S\$216.8m	S\$148.9m ⁽⁶⁾
Capitalisation rates	5.00%	5.00% ⁽³⁾ 4.50% ⁽⁴⁾	5.63%	5.50%	4.63%

1) Valuation as at 31 December 2017 based on Keppel REIT's interest in the respective properties.

Based on the exchange rate of A\$1 = S\$1.02 as at 31 December 2017.

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

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

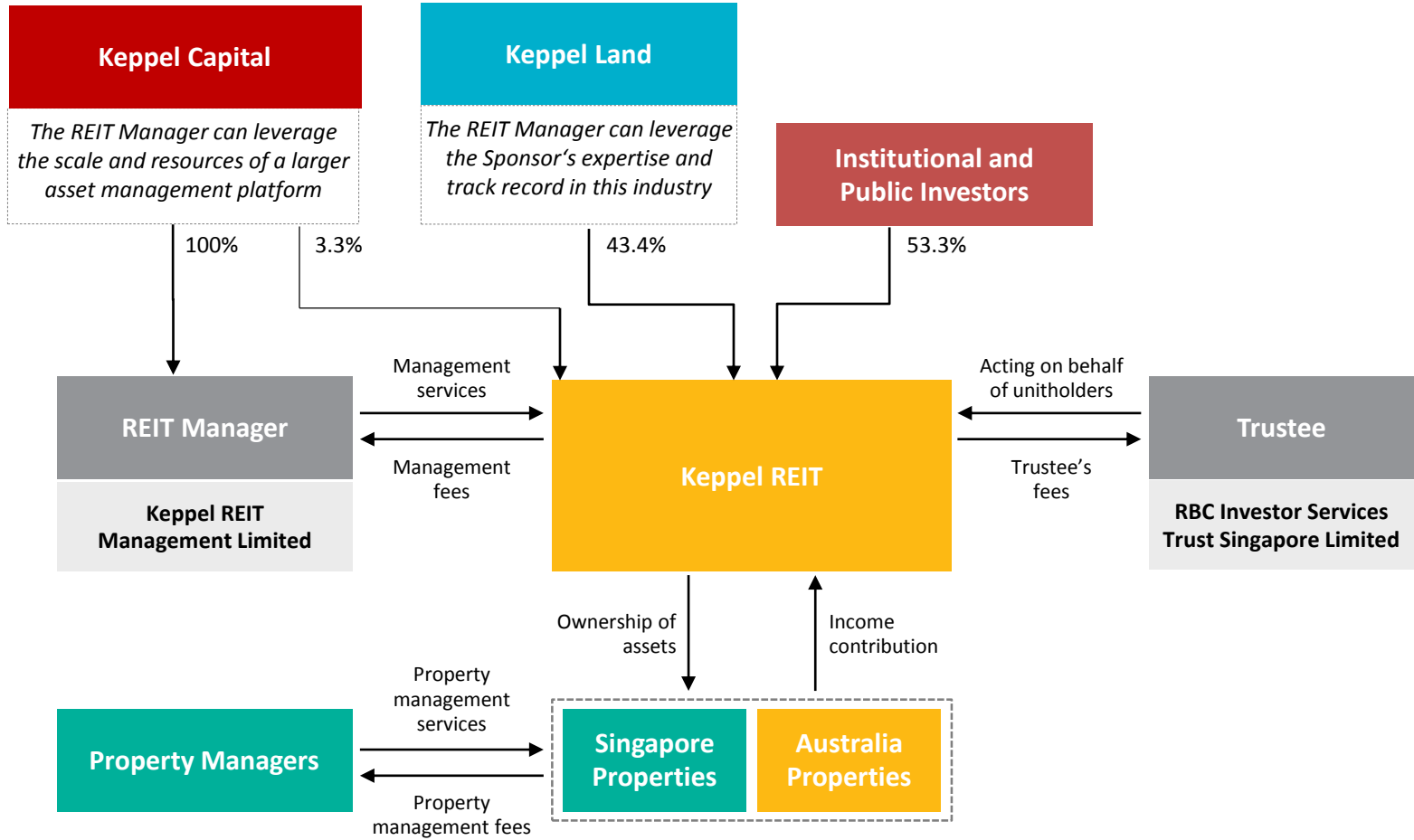
4) Refers to Keppel REIT's 100% interest in the three retail units.

5) 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.

6) Based on "as is" valuation as at 31 December 2017.



Keppel REIT Structure





Thank You