

**KEPPEL REIT AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**

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INTRODUCTION

Listed by way of an introduction on 28 April 2006, Keppel REIT is one of Asia's leading REITs with a portfolio of Grade A commercial assets in key business 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.

As at 30 June 2021, Keppel REIT had assets under management of approximately \$9.0 billion in 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)
- Keppel Bay Tower¹ (100% interest)
- Marina Bay Financial Centre (Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest)
- One Raffles Quay (one-third 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, Brisbane² (50% interest)
- David Malcolm Justice Centre, Perth (50% interest)
- Victoria Police Centre, Melbourne (50% interest)
- Pinnacle Office Park, Sydney (100% interest)

South Korea

- T Tower, Seoul (99.4% interest)

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.

¹ The acquisition of Keppel Bay Tower was completed on 18 May 2021.

² On 1 July 2021, Keppel REIT announced the divestment of its 50% interest in 275 George Street to Northbank Trust, which is wholly owned by Charter Hall Prime Office Fund. The contract of sale was entered into on 30 June 2021 and the divestment is targeted for completion in 3Q2021.

SUMMARY OF KEPPEL REIT RESULTS
For the half year ended 30 June 2021

	Group	
	Half Year	
	30.06.2021	30.06.2020
	\$'000	\$'000
Property income	105,814	75,487
Net property income	84,382	58,979
Share of results of associates	46,758	40,505
Share of results of joint ventures	15,344	13,686
Income available for distribution	105,713	94,782
Distribution to Unitholders ¹	105,713	94,782 ²
Distribution per Unit ("DPU") (cents) for the period	2.94 ^{3,4}	2.80
Distribution yield (%)	5.0% ⁵	5.1% ⁶

¹ Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders.

² This included capital gains distribution of \$10.0 million for the half year ended 30 June 2020 ("1H2020").

³ DPU for the period 1 March 2021 to 30 June 2021 is computed based on units in issue as at 30 June 2021. 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 2021 and the record date, 4 August 2021.

⁴ Comprises DPU of 0.94 cents for the period 1 January 2021 to 28 February 2021 paid to eligible unitholders on 31 March 2021, and 2.00 cents for the period 1 March 2021 to 30 June 2021 to be paid to eligible unitholders on 27 August 2021.

⁵ Based on an annualised DPU and the market closing price per Unit of \$1.18 as at 30 June 2021.

⁶ Based on the total DPU of 5.73 cents for FY2020 and the market closing price per Unit of \$1.12 as at 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the half year ended 30 June 2021

	Group		+ / (-)	Note
	Half Year			
	30.06.2021	30.06.2020	%	
	\$'000	\$'000		
Gross rent	99,373	68,389	45.3	
Car park income	4,630	1,519	204.8	
Other income	1,811	5,579	(67.5)	(i)
Property income	105,814	75,487	40.2	
Property tax	(6,364)	(5,437)	17.0	
Other property expenses	(12,236)	(8,654)	41.4	(ii)
Property management fee	(2,832)	(2,417)	17.2	
Property expenses	(21,432)	(16,508)	29.8	(ii)
Net property income	84,382	58,979	43.1	
Rental support	1,058	-	100.0	(iii)
Interest income	7,866	10,478	(24.9)	(iv)
Share of results of associates	46,758	40,505	15.4	
Share of results of joint ventures	15,344	13,686	12.1	
Borrowing costs	(24,948)	(25,188)	(1.0)	(v)
Manager's management fees	(24,737)	(22,831)	8.3	(vi)
Trust expenses	(5,094)	(3,867)	31.7	
Net foreign exchange differences	1,451	905	60.3	
Net change in fair value of financial assets at fair value through profit or loss	(1,151)	-	100.0	(vii)
Net change in fair value of derivatives	629	1,227	(48.7)	
Profit before net change in fair value of investment properties	101,558	73,894	37.4	
Net change in fair value of investment properties	28,108	-	100.0	(viii)
Profit before tax	129,666	73,894	75.5	
Income tax	(13,392)	(3,191)	319.7	(ix)
Profit for the period	116,274	70,703	64.5	
Attributable to:				
Unitholders	104,159	59,702	74.5	
Perpetual securities holders	4,666	3,715	25.6	(x)
Non-controlling interests	7,449	7,286	2.2	(xi)
	116,274	70,703	64.5	
Earnings per Unit (cents) based on profit for the period attributable to Unitholders				
- Basic	2.90	1.77	63.8	(xii)
- Diluted	2.79	1.74	60.3	(xii)
Earnings per Unit (cents) based on profit before net change in fair value of investment properties and related tax expenses				
- Basic	2.39	1.77	35.0	(xii)
- Diluted	2.35	1.74	35.1	(xii)

CONDENSED DISTRIBUTION STATEMENT
For the half year ended 30 June 2021

	Group		+ / (-)	Note
	Half Year			
	30.06.2021	30.06.2020	%	
	\$'000	\$'000		
Profit for the period attributable to Unitholders	104,159	59,702	74.5	
Net tax and other adjustments				
- Management fees paid and/or payable in units	24,737	22,831	8.3	
- Trustee fees	628	591	6.3	
- Amortisation of capitalised transaction costs	741	678	9.3	
- Net change in fair value of investment properties (net of non-controlling interests)	(28,156)	-	100.0	
- Temporary differences and other adjustments	3,604	980	267.8	(xiii)
- Capital gains distribution	-	10,000	(100.0)	
	1,554	35,080	(95.6)	
Income available for distribution	105,713	94,782	11.5	
Distribution to Unitholders	105,713	94,782	11.5	(xiv)
Distribution per Unit (cents)	2.94	2.80	5.0	(xii)
Annualised/Actual Distribution per Unit¹ (cents)	5.88	5.73	2.6	

¹ Actual Distribution per Unit of 5.73 cents was based on 1.40 cents, 1.40 cents and 2.93 cents reported in 1Q2020, 2Q2020 and 2H2020 respectively.

Notes:

- (i) Other income comprises government grants and 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 for both the current and previous periods.

For the half year ended 30 June 2021 ("1H2021"), this includes cash grant for tenants received from the Singapore Government, as well as land tax relief received from the Australian Government for the State of Victoria as part of COVID-19 relief measures.

For the half year ended 30 June 2020 ("1H2020"), this included property tax rebates received from the Singapore Government.

The property tax rebates and cash grant from the Singapore Government were passed through to the tenants in the form of rental waivers and were recorded as a reduction in gross rent.

- (ii) Other property expenses comprise the following:

	Group Half Year	
	30.06.2021	30.06.2020
	\$'000	\$'000
Marketing expenses	1,086	909
Utilities	2,319	1,764
Repair and maintenance	6,832	4,399
Property management reimbursements	718	833
Others	1,281	749
	12,236	8,654

For 1H2021, an amount of \$108,000 (1H2020: Nil) relating to the impairment of trade receivables was recorded.

The increase in total property expenses is due mainly to the inclusion of property expenses for Pinnacle Office Park and Keppel Bay Tower, which were acquired on 31 December 2020 and 18 May 2021 respectively, as well as property expenses for Victoria Police Centre which achieved practical completion on 9 July 2020.

- (iii) This relates to rental support drawn on Pinnacle Office Park and Keppel Bay Tower.
 (iv) Interest income comprises the following:

	Group Half Year	
	30.06.2021	30.06.2020
	\$'000	\$'000
Interest income from fixed deposits and current accounts	134	345
Interest income from advances to associates	7,732	10,133
	7,866	10,478

- (v) Borrowing costs comprise the following:

	Group Half Year	
	30.06.2021	30.06.2020
	\$'000	\$'000
Interest expense on borrowings	24,042	24,349
Amortisation of capitalised transaction costs	906	839
	24,948	25,188

- (vi) The Manager has elected to receive 100% of its management fees entitlement in units of Keppel REIT.
 (vii) Please refer to Note (vi) of the notes to balance sheets on Page 11.
 (viii) The net change in fair value of investment properties is as follows:

	Group Half Year	
	30.06.2021	30.06.2020
	\$'000	\$'000
Investment properties held directly by the Group	41,217	-
Investment properties held by associates	(8,673)	-
Investment properties held by joint ventures	2,301	-
Effects of recognising rental income on a straight-line basis over the lease terms	(6,737)	-
	28,108	-

- (ix) Income tax comprises withholding tax expense in relation to the income from the Group's investments in Australia and South Korea.

For 1H2021, this also includes deferred tax on valuation gains on the investment properties in Australia and South Korea.

- (x) Please refer to Note (x) of the notes to balance sheets on Page 12.
- (xi) Non-controlling interests comprise 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") 0.6% interest in Keppel No. 4 Professional Investors' Private Real Estate Investment Limited Liability Company's ("K4 LLC") net profit after tax.
- (xii) Earnings per Unit ("EPU") and Distribution per Unit ("DPU")

	Group Half Year	
	30.06.2021	30.06.2020
Basic EPU (cents)		
Based on profit for the period	2.90	1.77
Based on profit before net change in fair value of investment properties and related tax expenses	2.39	1.77
- Weighted average number of Units during the period (units)	3,585,603,660	3,381,546,990
Diluted EPU¹ (cents)		
Based on profit for the period	2.79	1.74
Based on profit before net change in fair value of investment properties and related tax expenses	2.35	1.74
- Weighted average number of Units during the period (units)	3,729,623,246	3,521,622,630
DPU² (cents)	2.94 ³	2.80
- Number of Units in issue as at the end of the period (units)	3,676,395,817	3,390,361,656

¹ 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.

² On 10 April 2019, Keppel REIT issued \$200.0 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 2021 and the record date, 4 August 2021.

³ DPU for the period 1 January 2021 to 28 February 2021 was 0.94 cents, based on the number of Units in issue of 3,423,890,330 as at 28 February 2021. This was an advanced distribution before new Units were issued pursuant to a private placement. DPU for the period 1 March 2021 to 30 June 2021 is 2.00 cents, based on the number of Units in issue of 3,676,395,817 as at 30 June 2021.

- (xiii) 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.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2021

	Group		+ / (-)
	Half Year		
	30.06.2021	30.06.2020	%
	\$'000	\$'000	
Profit for the period	116,274	70,703	64.5
Items that may be reclassified subsequently to profit or loss:			
- Foreign currency translation	28,916	12,656	128.5
- Cash flow hedges	11,695	(20,110)	NM
- Share of other comprehensive income of associates (cash flow hedges)	9,537	(15,067)	NM
Other comprehensive income for the period, net of tax	50,148	(22,521)	NM
Total comprehensive income for the period	166,422	48,182	245.4
Attributable to:			
Unitholders	153,285	38,525	297.9
Perpetual securities holders	4,666	3,715	25.6
Non-controlling interests	8,471	5,942	42.6
	166,422	48,182	245.4

NM – Not meaningful

CONDENSED BALANCE SHEETS
As at 30 June 2021

	Group			Trust			Note
	30.06.2021 \$'000	31.12.2020 \$'000	+ / (-) %	30.06.2021 \$'000	31.12.2020 \$'000	+ / (-) %	
Non-current assets							
Investment properties	4,555,611	4,080,321	11.6	-	-	-	(i)
Investments in subsidiaries	-	-	-	2,084,987	1,475,164	41.3	
Investments in associates	2,430,445	2,428,289	0.1	2,023,195	2,023,195	-	(ii)
Advances to associates	621,167	618,937	0.4	621,167	618,937	0.4	
Investments in joint ventures	480,115	461,300	4.1	-	-	-	
Amounts owing by subsidiaries	-	-	-	1,669,840	1,566,902	6.6	
Fixed assets	149	74	101.4	-	-	-	
Derivative financial instruments	1,070	14	NM	381	14	NM	(iii)
	8,088,557	7,588,935	6.6	6,399,570	5,684,212	12.6	
Current assets							
Investment property held for sale	270,081	-	100.0	-	-	-	(iv)
Trade and other receivables	37,581	15,952	135.6	67,653	16,247	316.4	(v)
Prepaid expenses	1,149	1,073	7.1	10	10	-	
Financial assets at fair value through profit or loss	4,192	2,062	103.3	-	-	-	(vi)
Cash and bank balances	127,012	155,349	(18.2)	25,188	106,863	(76.4)	
Derivative financial instruments	70	997	(93.0)	70	997	(93.0)	(iii)
	440,085	175,433	150.9	92,921	124,117	(25.1)	
Total assets	8,528,642	7,764,368	9.8	6,492,491	5,808,329	11.8	
Current liabilities							
Trade and other payables	49,223	46,981	4.8	19,703	20,888	(5.7)	
Income received in advance	6,007	137	NM	-	-	-	(vii)
Borrowings	152,239	152,754	(0.3)	-	-	-	(viii)
Security deposits	10,368	9,207	12.6	-	-	-	
Derivative financial instruments	10,785	13,351	(19.2)	8,627	9,341	(7.6)	(iii)
Provision for taxation	4,705	749	NM	28	29	(3.4)	(ix)
	233,327	223,179	4.5	28,358	30,258	(6.3)	
Non-current liabilities							
Borrowings	2,647,026	2,222,390	19.1	2,177,260	1,750,199	24.4	(viii)
Derivative financial instruments	7,397	17,024	(56.5)	5,876	12,891	(54.4)	(iii)
Security deposits	34,715	28,696	21.0	-	-	-	
Deferred tax liabilities	64,498	52,946	21.8	-	-	-	
	2,753,636	2,321,056	18.6	2,183,136	1,763,090	23.8	
Total liabilities	2,986,963	2,544,235	17.4	2,211,494	1,793,348	23.3	
Net assets	5,541,679	5,220,133	6.2	4,280,997	4,014,981	6.6	
Represented by:							
Unitholders' funds	4,818,924	4,498,350	7.1	3,978,974	3,712,925	7.2	
Perpetual securities	302,023	302,056	(0.01)	302,023	302,056	(0.01)	(x)
Non-controlling interests	420,732	419,727	0.2	-	-	-	(xi)
	5,541,679	5,220,133	6.2	4,280,997	4,014,981	6.6	
Net asset value per Unit (\$)	1.31	1.32	(0.8)	1.08	1.09	(0.9)	(xii)

NM – Not meaningful

Notes:

- (i) The increase is due mainly to the acquisition of Keppel Bay Tower in Singapore on 18 May 2021, translation differences arising from the Australian investment properties, and fair value gains for 8 Exhibition Street, T Tower, Pinnacle Office Park and Keppel Bay Tower. This is offset by a reclassification of 275 George Street to investment property held for sale. Please refer to Note (iv) on Page 11.

	Group	
	30.06.2021	31.12.2020
	\$'000	\$'000
At 1 January 2021	4,080,321	3,730,320
Translation differences	38,299	80,190
Acquisition of investment property	–	287,813
Acquisition of a subsidiary ¹	654,000	–
Transaction and other related costs capitalised on acquisition of an investment property	8,796	19,448
Progress payments on investment property under development	–	28,940
Capitalised expenditure	3,059	10,732
Reclassification to investment property held for sale ²	(270,081)	–
Net change in fair value of investment properties	41,217	(77,122)
At end of period/year	4,555,611	4,080,231

¹ On 18 May 2021, Keppel REIT acquired a 100% interest in Keppel Bay Tower for a consideration of \$657.2 million.

² On 1 July 2021, Keppel REIT announced the divestment of its 50% interest in 275 George Street to Northbank Trust, which is wholly owned by Charter Hall Prime Office Fund. The contract of sale was entered into on 30 June 2021 and the divestment is targeted for completion in 3Q2021.

- (ii) The breakdown of investments in associates is as follows:

	Group	
	30.06.2021	31.12.2020
	\$'000	\$'000
Unquoted equity, at cost	2,023,195	2,023,195
Share of post-acquisition reserves	407,250	405,094
	2,430,445	2,428,289

The movement in share of post-acquisition reserves is as follows:

	Group	
	30.06.2021	31.12.2020
	\$'000	\$'000
At 1 January 2021	405,094	494,474
Share of results of associates		
- Profit excluding net change in fair value of investment properties	46,758	88,215
- Net change in fair value of investment properties	(8,673)	(77,049)
- Effects of recognising rental income on a straight-line basis over the lease terms	468	(1,103)
	38,553	10,063
Share of net change in fair value of cash flow hedges	9,537	(15,926)
Dividend and distribution income receivable/received	(45,934)	(86,517)
At end of period/year	407,250	405,094

The carrying amounts of the associates, all of which are equity accounted for, are as follows:

	Group	
	30.06.2021	31.12.2020
	\$'000	\$'000
One Raffles Quay Pte Ltd ("ORQPL")	651,742	644,424
BFC Development LLP ("BFCDLLP")	1,076,359	1,075,119
Central Boulevard Development Pte. Ltd. ("CBDPL")	702,344	708,746
	2,430,445	2,428,289

- (iii) These relate to the foreign currency forward contracts entered into in relation to the income from the Group's investments in Australia and South Korea, and the interest rate swaps entered into by the Group. These are measured at their respective fair values.

As at 31 December 2020, these also included a cross currency swap which was measured at its fair value.

- (iv) This relates to 275 George Street in Brisbane, Australia. On 1 July 2021, Keppel REIT announced the divestment of its 50% interest in the property to Northbank Trust, which is wholly owned by Charter Hall Prime Office Fund. The contract of sale was entered into on 30 June 2021 and the divestment is targeted for completion in 3Q2021.

The carrying value is measured based on the sale consideration of A\$275.0 million in the contract of sale executed on 30 June 2021, net of outstanding incentives, capital expenditures and related costs payable to the purchaser amounting to A\$11.0 million.

- (v) Included in the balances are dividend and distribution receivables from associates and joint ventures of \$23.8 million (31 December 2020: \$2.3 million).

- (vi) This relates to rental support provided by the vendor of Pinnacle Office Park in lieu of vacant spaces and leases.

As at 30 June 2021, this also includes rental support provided by the vendor of Keppel Bay Tower in lieu of vacant spaces and leases.

- (vii) Included in the balances is rental support received in advance from the vendor of Keppel Bay Tower of \$3.1 million (31 December 2020: Nil).

- (viii) Current borrowings relate to gross borrowings of \$102.3 million due in the second half of 2021 and medium term notes of \$50.0 million due in the first half of 2022. There are sufficient loan facilities available to refinance these borrowings and medium term notes when they fall due.

Included in non-current borrowings is the liability component of the \$200 million in aggregate principal of convertible bonds amounting to \$193.7 million (31 December 2020: \$192.6 million), which is measured at amortised cost.

	Group	
	30.06.2021	31.12.2020
	\$'000	\$'000
<u>Secured borrowings</u>		
Amount repayable after one year	625,771	627,998
Less: Unamortised portion of fees	(1,050)	(1,122)
	624,721	626,876
<u>Unsecured borrowings</u>		
Amount repayable within one year	152,310	152,754
Amount repayable after one year	2,026,346	1,599,083
Less: Unamortised portion of fees	(4,112)	(3,569)
	2,174,544	1,748,268
Total net borrowings	2,799,265	2,375,144

Details of collateral and securities

The Group has mortgaged certain investment properties of an aggregate amount of \$1,090.1 million (31 December 2020: \$1,092.8 million) as securities for loan facilities granted.

As at 30 June 2021, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,810.8 million and undrawn facilities of \$808.9 million available to meet its future obligations. For 1H2021, the all-in interest rate was 1.97% per annum and the interest coverage ratio¹ was 4.0 times. The aggregate leverage was 38.9% as at 30 June 2021.

¹ Defined in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities.

- (ix) As at 30 June 2021, this included the provision for taxation for Keppel Bay Tower Pte. Ltd. which was acquired on 18 May 2021, up to 20 May 2021, being the date preceding its conversion to a limited liability partnership.
- (x) On 11 September 2020 and 7 October 2020, Keppel REIT issued a total of \$300.0 million of subordinated perpetual securities at a fixed rate of 3.15%. These are classified as equity instruments and recorded as equity in the Statements of Movement in Unitholders' Funds.
- (xi) Non-controlling interests relate to Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLL, and KCIH's 0.6% interest in the net assets of K4 LLC.
- (xii) Net Asset Value ("NAV") and Net Tangible Asset ("NTA") per Unit

	<u>Group</u>		<u>Trust</u>	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	\$	\$	\$	\$
NAV per Unit	1.31	1.32	1.08	1.09
NTA per Unit	1.31	1.32	1.08	1.09
<i>Based on number of units in issue at the end of the period</i>				
Adjusted NAV per Unit	1.29	1.29	1.06	1.06
Adjusted NTA per Unit	1.29	1.29	1.06	1.06
<i>Based on number of units in issue at the end of the period (excluding distributable income for the period)</i>				

The above excluded non-controlling interests' and perpetual securities holders' share of net asset value and net tangible asset.

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the half year ended 30 June 2021

<u>Group</u>	<u>Units in issue</u> \$'000	<u>Treasury units</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Foreign currency translation reserve</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Non-controlling interests</u> \$'000	<u>Total</u> \$'000	Note
At 1 January 2021	3,570,515	-	1,022,093	(58,853)	(49,664)	14,259	4,498,350	302,056	419,727	5,220,133	
Profit for the period	-	-	104,159	-	-	-	104,159	4,666	7,449	116,274	
Other comprehensive income	-	-	-	28,930	20,196	-	49,126	-	1,022	50,148	(i)
Total comprehensive income	-	-	104,159	28,930	20,196	-	153,285	4,666	8,471	166,422	
Issue of units for payment of management fees	27,522	-	-	-	-	-	27,522	-	-	27,522	(ii)
Issue of units for payment of acquisition fee	6,540	-	-	-	-	-	6,540	-	-	6,540	(ii)
Issue of units for private placement	270,001	-	-	-	-	-	270,001	-	-	270,001	(ii)
Issue expenses for private placement	(4,740)	-	-	-	-	-	(4,740)	-	-	(4,740)	
Issue expenses for perpetual securities	-	-	-	-	-	-	-	(13)	-	(13)	
Distribution to unitholders	-	-	(132,034)	-	-	-	(132,034)	-	-	(132,034)	
Distribution to perpetual securities holders	-	-	-	-	-	-	-	(4,686)	-	(4,686)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(7,466)	(7,466)	
At 30 June 2021	3,869,838	-	994,218	(29,923)	(29,468)	14,259	4,818,924	302,023	420,732	5,541,679	

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the half year ended 30 June 2021

	<u>Units in issue</u> \$'000	<u>Treasury units</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Foreign currency translation reserve</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Non-controlling interests</u> \$'000	<u>Total</u> \$'000	Note
Group											
At 1 January 2020	3,524,983	-	1,180,203	(120,275)	(14,321)	14,259	4,584,849	149,701	429,230	5,163,780	
Profit for the period	-	-	59,702	-	-	-	59,702	3,715	7,286	70,703	
Other comprehensive income	-	-	-	12,671	(33,848)	-	(21,177)	-	(1,344)	(22,521)	(i)
Total comprehensive income	-	-	59,702	12,671	(33,848)	-	38,525	3,715	5,942	48,182	
Issue of units for payment of management fees	27,698	-	-	-	-	-	27,698	-	-	27,698	(ii)
Purchase of units	-	(1,548)	-	-	-	-	(1,548)	-	-	(1,548)	(ii)
Cancellation of treasury units	(1,548)	1,548	-	-	-	-	-	-	-	-	(ii)
Final settlement of divestment of partial interest in a subsidiary	-	-	439	-	-	-	439	-	89	528	(iii)
Distribution to unitholders	-	-	(94,452)	-	-	-	(94,452)	-	-	(94,452)	
Distribution to perpetual securities holders	-	-	-	-	-	-	-	(3,726)	-	(3,726)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(7,291)	(7,291)	
At 30 June 2020	3,551,133	-	1,145,892	(107,604)	(48,169)	14,259	4,555,511	149,690	427,970	5,133,171	

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the half year ended 30 June 2021

	<u>Units in issue</u> \$'000	<u>Treasury units</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Total</u> \$'000	Note
Trust									
At 1 January 2021	3,570,515	-	151,716	(20,343)	11,037	3,712,925	302,056	4,014,981	
Profit for the period	-	-	92,374	-	-	92,374	4,666	97,040	
Other comprehensive income	-	-	-	6,386	-	6,386	-	6,386	(i)
Total comprehensive income	-	-	92,374	6,386	-	98,760	4,666	103,426	
Issue of units for payment of management fees	27,522	-	-	-	-	27,522	-	27,522	(ii)
Issue of units for payment of acquisition fee	6,540	-	-	-	-	6,540	-	6,540	(ii)
Issue of units for private placement	270,001	-	-	-	-	270,001	-	270,001	(ii)
Issue expenses for private placement	(4,740)	-	-	-	-	(4,740)	-	(4,740)	
Issue expenses for perpetual securities	-	-	-	-	-	-	(13)	(13)	
Distribution to unitholders	-	-	(132,034)	-	-	(132,034)	-	(132,034)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(4,686)	(4,686)	
At 30 June 2021	3,869,838	-	112,056	(13,957)	11,037	3,978,974	302,023	4,280,997	
At 1 January 2020	3,524,983	-	118,459	(5,890)	11,037	3,648,589	149,701	3,798,290	
Profit for the period	-	-	66,853	-	-	66,853	3,715	70,568	
Other comprehensive income	-	-	-	(13,657)	-	(13,657)	-	(13,657)	(i)
Total comprehensive income	-	-	66,853	(13,657)	-	53,196	3,715	56,911	
Issue of units for payment of management fees	27,698	-	-	-	-	27,698	-	27,698	(ii)
Purchase of units	-	(1,548)	-	-	-	(1,548)	-	(1,548)	(ii)
Cancellation of treasury units	(1,548)	1,548	-	-	-	-	-	-	(ii)
Distribution to unitholders	-	-	(94,452)	-	-	(94,452)	-	(94,452)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(3,726)	(3,726)	
At 30 June 2020	3,551,133	-	90,860	(19,547)	11,037	3,633,483	149,690	3,783,173	

Notes:

- (i) Other comprehensive income relates to the movement in fair values of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and Trust. For the Group, this also includes 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, as well as share of hedging reserves of associates.

(ii) Units in issue

	Group and Trust	
	2021 Units	2020 Units
At 1 January	3,407,824,769	3,366,800,000
Issue of new units		
- Payment of management fees	24,163,364	25,375,156
- Issuance of units in connection with a private placement	238,939,000	-
- Payment of acquisition fee ¹	5,468,684	-
Cancellation of units		
- Purchase and subsequent cancellation of treasury units	-	(1,813,500)
At 30 June	3,676,395,817	3,390,361,656

¹ This is in connection with the acquisition of Keppel Bay Tower.

As at 30 June 2021, Keppel REIT has \$200.0 million of Convertible Bonds due 2024. Assuming all of the Convertible Bonds were fully converted at the current conversion price of \$1.3887 per Unit (the "Conversion"), the number of new Units issued pursuant to the Conversion would be 144,019,586, representing approximately 3.9% of the total number of Units in issue as at 30 June 2021.

Keppel REIT does not have any subsidiary that holds units issued by the Trust.

Treasury units

	Group and Trust	
	2021 Units	2020 Units
At 1 January	-	-
Purchase of units	-	1,813,500
Cancellation of treasury units	-	(1,813,500)
At 30 June	-	-

Keppel REIT did not hold any treasury units as at 30 June 2021 and 31 December 2020. The total number of issued units in Keppel REIT as at 30 June 2021 and 31 December 2020 were 3,676,395,817 and 3,407,824,769 respectively.

- (iii) This pertained to an adjustment to the gain on divestment recognised in equity in FY2018 for the divestment of 20% interest in OPLL to Allianz Real Estate. The adjustment was made upon final settlement with the purchaser.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2021

	Group		
	Half Year		
	30.06.2021	30.06.2020	Note
	\$'000	\$'000	
Operating activities			
Profit before tax	129,666	73,894	
Adjustments for:			
Interest income	(7,866)	(10,478)	
Share of results of associates	(46,758)	(40,505)	
Share of results of joint ventures	(15,344)	(13,686)	
Borrowing costs	24,948	25,188	
Management fees paid and payable in Units	24,737	22,831	
Net change in fair value of financial assets at fair value through profit or loss	1,151	-	
Net change in fair value of derivative financial instruments	(629)	(1,227)	
Net change in fair value of investment properties	(28,108)	-	
Depreciation	5	3	
Rental support	(1,058)	-	
Unrealised currency translation differences	(1,254)	(1,548)	
Operating cash flows before changes in working capital	79,490	54,472	
Increase in receivables	(7,005)	(2,891)	
Increase/(decrease) in payables	5,675	(3,578)	
Increase in security deposits	923	394	
Cash flows from operations	79,083	48,397	
Income taxes paid	(4,823)	(3,549)	
Net cash flows provided by operating activities	74,260	44,848	
Investing activities			
Net cash outflow on acquisition of a subsidiary	(599,609)	-	(i)
Transaction and other related costs incurred on acquisition of investment property, net of manager's acquisition fee paid in units	(2,256)	-	
Progress payments on investment property under development	-	(23,775)	
Subsequent expenditure on investment properties	(3,059)	(7,446)	
Interest received	7,865	10,510	
Rental support received	1,058	-	
Dividend and distribution income received from associates	24,558	19,090	
Distribution income received from joint ventures	14,100	12,711	
Advance to an associate	(2,230)	(792)	
Final settlement of divestment of partial interest in a subsidiary	-	(489)	
Net cash flows (used in)/provided by investing activities	(559,573)	9,809	
Financing activities			
Loans drawdown	1,134,125	526,114	
Repayment of loans	(779,903)	(476,519)	
Proceeds from private placement of units	270,001	-	(ii)
Payment of financing expenses/upfront debt arrangement costs	(1,244)	(520)	
Issue expenses for perpetual securities	(13)	-	
Issue expenses for private placement of units	(4,740)	-	
Distribution to non-controlling interests	(7,466)	(7,291)	
Distribution to Unitholders	(132,034)	(94,452)	(iii)
Distribution to perpetual securities holders	(4,686)	(3,726)	
Interest paid	(22,122)	(23,034)	
Purchase of units	-	(1,548)	
Net cash flows provided by/(used in) financing activities	451,918	(80,976)	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2021

	Group	
	Half Year	
	30.06.2021	30.06.2020
	\$'000	\$'000
Net decrease in cash and cash equivalents	(33,395)	(26,319)
Cash and cash equivalents at beginning of the period	143,961	113,770
Effect of exchange rate changes on cash and cash equivalents	1,940	672
Cash and cash equivalents at end of the period	112,506	88,123
Cash and bank balances	127,012	98,656
Less: Restricted cash and bank balances	(14,506)	(10,533)
Cash and cash equivalents per condensed Consolidated Statement of Cash Flows	112,506	88,123

Notes:

(i) Net cash outflow on acquisition of a subsidiary

On 18 May 2021, the Group acquired a 100.0% interest in Keppel Bay Tower Pte. Ltd. ("KBTP") which holds Keppel Bay Tower. KBTP was converted to a limited liability partnership, Keppel Bay Tower LLP on 21 May 2021.

	Group
	Half Year
	30.06.2021
	\$'000
Investment property	654,000
Financial asset at fair value through profit or loss	3,200
Other assets	1,468
Borrowings (non-current)	(44,700)
Security deposits	(6,529)
Other liabilities	(6,412)
Total purchase consideration	601,027
Less: Cash and bank balances acquired	(1,418)
Net cash outflow on acquisition of a subsidiary	599,609

(ii) Proceeds from the private placement have been used to partially fund the total consideration for the acquisition of Keppel Bay Tower, to pay the professional and other fees and expenses incurred in connection with the private placement and loan facilities, and for the repayment of existing indebtedness.

(iii) Distribution paid to Unitholders in 1H2021 was for the following periods:

- 1 July 2020 to 31 December 2020, paid on 1 March 2021; and
- 1 January 2021 to 28 February 2021, paid on 31 March 2021.

Distribution paid to Unitholders in 1H2020 was for the following periods:

- 1 October 2019 to 31 December 2019, paid on 28 February 2020; and
- 1 January 2020 to 31 March 2020, paid on 29 May 2020.

(iv) This relates to tenant security deposits held in designated accounts for T Tower.

As at 30 June 2021, this also includes rental support received in advance from the vendor of Keppel Bay Tower held in designated accounts.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2021

1. General

Keppel REIT is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 28 November 2005 (as amended) (the “Trust Deed”) between Keppel REIT Management Limited (the “Manager”) and RBC Investor Services Trust Singapore Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of Keppel REIT (the “Trust”) and its subsidiaries (collectively, the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”). The address of the Trustee’s registered office and principal place of business is 8 Marina View, #26-01 Asia Square Tower 1, Singapore 018960.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 28 April 2006 and was included in the Central Provident Fund Investment Scheme on 28 April 2006. The principal activity of the Trust is to invest in a portfolio of quality real estate and real estate-related assets which are predominantly used for commercial purposes in Singapore and Asia with the primary objective of generating stable returns to its Unitholders and achieving long-term capital growth.

The principal activities of its subsidiaries, associates and joint ventures are:

- Property investment and development
- Investment holding and fund administration
- Provision of treasury services (special purpose vehicles of Keppel REIT)

2. Significant accounting policies

2.1 Basis of Preparation

This condensed consolidated interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. This condensed consolidated interim financial statements do not contain all the disclosures included in the annual report of Keppel REIT for the financial year ended 31 December 2020 (“Annual Report 2020”). Accordingly, this report should be read in conjunction with Annual Report 2020 and public announcements made during the interim reporting period.

2.2 Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of Annual Report 2020, except in the current financial period, the Group has adopted the new and revised standards that are effective for annual periods beginning on 1 January 2021.

The following are the new or amended SFRS(I), SFRS (I) Interpretations and amendments to SFRS(I), that are relevant to the Group:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: *Interest Rate Benchmark Reform - Phase 2*
- Amendment to SFRS(I) 16 *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

The adoption of the above new or amended SFRS(I), SFRS (I) Interpretations and amendments to SFRS(I) did not have any significant impact on the condensed consolidated interim financial statements of the Group.

2.3 Critical accounting judgements and estimates

The significant areas of estimation, uncertainty and critical judgements in applying accounting policies disclosed in Annual Report 2020 remain relevant. Please refer to Note 5 for more information on the valuation of investment properties as at 30 June 2021.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2021

3. Guarantees

The Trust has provided corporate guarantees amounting to \$1,852.0 million (31 December 2020: \$1,425.5 million) and \$125.0 million (31 December 2020: \$125.0 million) to banks for loans taken by subsidiaries and medium term notes issued by a subsidiary respectively.

4. Significant related party transactions

During the half year ended 30 June 2021, other than those disclosed elsewhere in the condensed consolidated interim financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group	
	Half Year	
	30.06.2021	30.06.2020
Acquisition fee paid to the Manager	6,540	-
Trustee fees	628	591
Property and asset management fees and reimbursements paid/payable to related companies	2,734	2,779
Leasing commissions paid/payable to a related company	417	534
Service fees paid/payable to a related company	51	17
Rental income and other related income from related companies	1,615	90
Interest income received from associates	7,732	10,133
Rental support received from a related company	91	-
Electricity supply provided by a related company	1,162	1,692
Acquisition of a subsidiary from a related company	645,727	-

5. Fair value of financial instruments, investment properties and investment property held for sale

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

5. Fair value of financial instruments, investment properties and investment property held for sale
(continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Level 2 \$'000	<u>Group</u> Level 3 \$'000	Total \$'000
As at 30 June 2021			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	4,192	4,192
Derivative financial instruments:			
- Forward currency contracts	70	-	70
- Interest rate swaps	1,070	-	1,070
	<u>1,140</u>	<u>4,192</u>	<u>5,332</u>
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(4,301)	-	(4,301)
- Interest rate swaps	(13,881)	-	(13,881)
	<u>(18,182)</u>	<u>-</u>	<u>(18,182)</u>
<u>Non-financial assets</u>			
Investment properties	-	4,555,611	4,555,611
Investment property held for sale	-	270,081	270,081
	<u>-</u>	<u>4,825,692</u>	<u>4,825,692</u>
As at 31 December 2020			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	2,062	2,062
Derivative financial instruments:			
- Forward currency contracts	16	-	16
- Cross currency swap	995	-	995
	<u>1,011</u>	<u>2,062</u>	<u>3,073</u>
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(4,584)	-	(4,584)
- Interest rate swaps	(25,791)	-	(25,791)
	<u>(30,375)</u>	<u>-</u>	<u>(30,375)</u>
<u>Non-financial assets</u>			
Investment properties	-	4,080,321	4,080,321
	<u>-</u>	<u>4,080,321</u>	<u>4,080,321</u>

There have been no transfers between Level 2 and 3 for the Group in the half year ended 30 June 2021.

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021****5. Fair value of financial instruments, investment properties and investment property held for sale
(continued)**Level 2 fair value measurements

Forward currency contracts, interest rate swaps and cross currency swap are valued using valuation techniques with market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Level 3 fair value measurements – Financial assets at fair value through profit or loss

Rental support provided by the vendors of investment properties to the Group is classified as financial assets at fair value through profit or loss.

Fair value adjustments due to changes in estimated cash flows are recognised as net change in fair value of financial assets at fair value through profit or loss in the condensed Consolidated Statement of Profit or Loss.

In determining the fair value of the financial assets at fair value through profit or loss, the time value of money has been assessed as insignificant as the expected cash flows are due within 12 months from the balance sheet date.

Level 3 fair value measurements – Investment properties

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at least once at the end of every financial year. As at 30 June 2021, the Group has obtained valuations by external valuers on its investment properties, except 275 George Street. Refer to Page 23 for the basis of measurement of the fair value of 275 George Street as at 30 June 2021.

The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuers.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Committee.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

5. Fair value of financial instruments, investment properties and investment property held for sale
(continued)

Level 3 fair value measurements – Investment properties (continued)

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<u>As at 30 June 2021</u>					
Investment properties	4,555,611	Capitalisation approach	Capitalisation rate	3.50% - 5.13%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	5.75% - 6.75%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$668/sf - \$10,395/sf	The higher the price, the higher the fair value
<u>As at 31 December 2020</u>					
Investment properties	4,080,321	Capitalisation approach	Capitalisation rate	3.50% - 5.25%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	6.00% - 6.50%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$323/sf - \$6,226/sf	The higher the price, the higher the fair value

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in a significant change to the fair value of the respective investment properties.

Level 3 fair value measurements – Investment property held for sale

On 1 July 2021, Keppel REIT announced the divestment of its 50% interest in 275 George Street. The contract of sale was entered into on 30 June 2021. Accordingly, 275 George Street was reclassified from an investment property to an investment property held for sale and excluded from the valuation exercise as at 30 June 2021. The carrying value of the investment property held for sale is based on the sale consideration of A\$275.0 million in the contract of sale entered into on 30 June 2021, net of outstanding incentives, capital expenditures and related costs payable to the purchaser amounting to A\$11.0 million.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

5. Fair value of financial instruments, investment properties and investment property held for sale
(continued)

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The Manager has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, security deposits and current borrowings reasonably approximate their fair values because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair value of non-current fixed-rate borrowings as at 30 June 2021 and 31 December 2020 are as stated below. They are estimated using discounted cash flow analyses based on current rates for similar types of borrowing arrangements.

	Group	
	Carrying value	Fair value
	\$'000	\$'000
As at 30 June 2021		
Borrowings (non-current)	422,652	420,621
As at 31 December 2020		
Borrowings (non-current)	473,431	474,836

6. Portfolio reporting

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes. All its existing properties are located in Singapore, Australia and South Korea.

Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rental (including property income and property expenses) and the value of the investment properties. The Board is of the view that the portfolio reporting is appropriate as the Group's business is investing in prime commercial properties located in the financial precincts of Singapore, Australia and South Korea. In making this judgement, the Board considers the nature and location of these properties which are similar for the entire portfolio of the Group.

Investments in One Raffles Quay and Marina Bay Financial Centre are held through one-third interests in ORQPL, BFCDLLP and CBDPL, investments in 8 Chifley Square and David Malcolm Justice Centre are held through 50% interests in Mirvac 8 Chifley Trust ("M8CT") and Mirvac (Old Treasury) Trust ("MOTT"), and the information provided below is in relation to the properties.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2021

6. Portfolio reporting (continued)

By property

	Group Half Year		+/(-) %
	30.06.2021 \$'000	30.06.2020 \$'000	
<u>Property income</u>			
Ocean Financial Centre	51,583	52,296	(1.4)
Keppel Bay Tower ¹	3,890	-	100.0
275 George Street ²	7,044	6,607	6.6
8 Exhibition Street ³	8,860	8,032	10.3
Victoria Police Centre ⁴	17,102	-	100.0
Pinnacle Office Park ⁵	8,669	-	100.0
T Tower	8,666	8,552	1.3
Total property income of directly held properties	105,814	75,487	40.2
<u>Net property income</u>			
Ocean Financial Centre	41,704	41,759	(0.1)
Keppel Bay Tower ¹	2,988	-	100.0
275 George Street ²	5,027	4,861	3.4
8 Exhibition Street ³	5,952	5,448	9.3
Victoria Police Centre ⁴	14,396	-	100.0
Pinnacle Office Park ⁵	7,361	-	100.0
T Tower	6,954	6,911	0.6
Total net property income of directly held properties	84,382	58,979	43.1
Less: Net property income attributable to non-controlling interests			
- Ocean Financial Centre ⁶	(8,383)	(8,394)	(0.1)
- T Tower ⁷	(43)	(43)	-
Total net property income attributable to non-controlling interests	(8,426)	(8,437)	(0.1)
One-third interest in ORQPL ⁸	18,386	18,378	0.04
One-third interests in BFCDLLP ⁹ and CBDPL ⁹	48,862	47,563	2.7
50% interest in M8CT ¹⁰	6,640	6,106	8.7
50% interest in MOTT ¹¹	8,689	7,567	14.8
Total attributable net property income of associates and joint ventures	82,577	79,614	3.7
Total net property income attributable to Unitholders	158,533	130,156	21.8
<u>Rental support</u>			
Keppel Bay Tower	91	-	100.0
Pinnacle Office Park	967	-	100.0
Total rental support	1,058	-	100.0
Total net property income attributable to Unitholders, including rental support	159,591	130,156	22.6

¹ Keppel Bay Tower was acquired on 18 May 2021.

² Comprises 50.0% interest in 275 George Street. On 1 July 2021, Keppel REIT announced the divestment of its 50% interest in 275 George Street to Northbank Trust, which is wholly owned by Charter Hall Prime Office Fund. Completion of the sale is expected to take place in 3Q2021.

³ Comprises 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units.

⁴ Comprises 50% interest in Victoria Police Centre. The property achieved practical completion on 9 July 2020.

⁵ Pinnacle Office Park was acquired on 31 December 2020.

⁶ Represents an approximate interest of 20.1% in Ocean Financial Centre.

⁷ Represents an approximate interest of 0.6% in T Tower.

⁸ Comprises one-third interest in ORQPL which holds One Raffles Quay.

⁹ Comprise one-third interest in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.

¹⁰ Comprises 50% interest in M8CT which holds 8 Chifley Square.

¹¹ Comprises 50% interest in MOTT which holds David Malcolm Justice Centre.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

6. Portfolio reporting (continued)

By property (continued)

Reconciliation to profit before net change in fair value of investment properties per condensed Consolidated Statement of Profit or Loss:

	Group	
	Half Year	
	30.06.2021	30.06.2020
	\$'000	\$'000
Total net property income attributable to Unitholders, including rental support	159,591	130,156
<u>Add/(less):</u>		
Net property income attributable to non-controlling interests	8,426	8,437
Net property income of associates and joint ventures attributable to Unitholders	(82,577)	(79,614)
Interest income	7,866	10,478
Share of results of associates	46,758	40,505
Share of results of joint ventures	15,344	13,686
Borrowing costs	(24,948)	(25,188)
Manager's management fees	(24,737)	(22,831)
Net foreign exchange differences	1,451	905
Net change in fair value of financial assets at fair value through profit or loss	(1,151)	-
Net change in fair value of derivatives	629	1,227
Less: Other unallocated expenses	(5,094)	(3,867)
Profit before net change in fair value of investment properties	101,558	73,894

	Group	
	30.06.2021	31.12.2020
	\$'000	\$'000

Interests in associates

One-third interest in ORQPL

Investment in associate	651,742	644,424
Advances to associate	51,343	49,113
	703,085	693,537

One-third interest in BFCDLLP

Investment in associate	1,076,359	1,075,119
Advances to associate	569,824	569,824
	1,646,183	1,644,943

One-third interest in CBDPL

Investment in associate	702,344	708,746
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Interests in joint ventures

50% interest in M8CT

Investment in joint venture	239,392	231,188
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50% interest in MOTT

Investment in joint venture	240,723	230,112
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ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

6. Portfolio reporting (continued)

By geographical area

	Group	
	Half Year	
	30.06.2021	30.06.2020
	\$'000	\$'000
<u>Property income</u>		
- Singapore	55,473	52,296
- Australia	41,675	14,639
- South Korea	8,666	8,552
Total property income of directly held properties	105,814	75,487
<u>Net property income</u>		
- Singapore	44,692	41,759
- Australia	32,736	10,309
- South Korea	6,954	6,911
Total net property income of directly held properties	84,382	58,979
<u>Net property income attributable to Unitholders, including rental support</u>		
- Singapore	103,648	99,306
- Australia	49,032	23,982
- South Korea	6,911	6,868
Total net property income attributable to Unitholders, including rental support	159,591	130,156
	Group	
	30.06.2021	31.12.2020
	\$'000	\$'000
<u>Investment properties</u>		
- Singapore	3,251,200	2,586,000
- Australia	987,129	1,178,066
- South Korea	317,282	316,255
Total value of investment properties	4,555,611	4,080,321
<u>Investment property held for sale</u>		
- Australia	270,081	-
Total value of investment property held for sale	270,081	-

Review of segment performance

Please refer to Note C under the Other Information section on Page 28 for the review of performance.

7. Subsequent events

On 1 July 2021, Keppel REIT announced the divestment of its 50% interest in 275 George Street to Northbank Trust, which is wholly owned by Charter Hall Prime Office Fund. The contract of sale was entered into on 30 June 2021 and the divestment is targeted for completion in 3Q2021.

On 27 July 2021, the Manager announced a distribution of 2.00 cents per Unit for the period from 1 March 2021 to 30 June 2021.

OTHER INFORMATION**For the half year ended 30 June 2021****A. AUDIT**

The condensed consolidated interim financial statements have neither been audited nor reviewed by the auditors.

B. AUDITORS' REPORT

Not applicable.

C. REVIEW OF PERFORMANCE**Review of Performance for 1H2021 vs 1H2020**

Property income and net property income for 1H2021 were \$105.8 million and \$84.4 million respectively. These were higher as compared to property income and net property income of \$75.5 million and \$59.0 million respectively for 1H2020. The increase was mainly attributable to contribution from Victoria Police Centre which achieved practical completion on 9 July 2020, contribution from Pinnacle Office Park and Keppel Bay Tower acquired on 31 December 2020 and 18 May 2021 respectively, and higher property income and net property income from 275 George Street, 8 Exhibition Street and T Tower due to stronger Australian dollar and Korean Won respectively. This was partially offset by lower property income and net property income from Ocean Financial Centre.

The Group's profit before tax for 1H2021 was \$129.7 million as compared to \$73.9 million for 1H2020. The increase was mainly attributable to contribution from Victoria Police Centre, Pinnacle Office Park and Keppel Bay Tower, higher net property income from 275 George Street, 8 Exhibition Street and T Tower, higher one-off income, net fair value gain on investment properties in 1H2021, rental support received, higher share of results of associates and joint ventures, as well as lower borrowing costs. These were partially offset by lower net property income from Ocean Financial Centre, lower interest income, higher manager's management fees and trust expenses, net change in fair value of financial assets at fair value through profit or loss in 1H2021, net change in fair value of derivatives and net foreign exchange differences.

D. VARIANCE FROM FORECAST STATEMENT

Not applicable.

E. PROSPECTS

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase in 2Q2021, from \$10.40 psf pm to \$10.50 psf pm. Average core CBD occupancy decreased during the quarter from 93.9% as at end March 2021 to 92.1% as at end June 2021.

In Australia, JLL Research observed a quarterly decline in prime grade occupancy in Brisbane CBD, Sydney CBD and Macquarie Park, while prime grade occupancy increased in Melbourne CBD and Perth CBD during the quarter. In Seoul, JLL Research reported an increase in occupancy in the CBD Grade A office market from 87.2% as at end March 2021 to 87.8% as at end June 2021.

As the global community progressively recovers from the COVID-19 pandemic, the Manager remains focused on ensuring stable and sustainable distributions to Unitholders, as well as achieving long-term growth. The Manager will continue its portfolio optimisation strategy and proactive tenant engagement to build a robust portfolio that meets diverse tenant needs.

OTHER INFORMATION

For the half year ended 30 June 2021

F. 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.

In view of the COVID-19 outbreak, the Manager has activated business continuity plans at all properties in compliance with measures and advisories issued by the respective governments of the countries Keppel REIT is invested in. This includes ensuring a clean and safe environment for returning tenants, and a well-maintained building infrastructure for tenants who continue to engage with their workforce outside the office.

The Manager is also pro-actively engaging with existing and potential tenants to ensure the Manager is aware of the changing needs of tenants in this new environment so that it can adjust its leasing strategy and asset enhancement plans accordingly.

OTHER INFORMATION
For the half year ended 30 June 2021

G. DISTRIBUTIONS

(i) Current Financial Period Reported on

Name of Distribution	1 January 2021 to 28 February 2021
Distribution type	(a) Taxable income (b) Tax exempt income
Distribution rate	(a) Taxable income distribution – 0.53 cents per unit (b) Tax-exempt income distribution – 0.41 cents per unit
Name of Distribution	1 March 2021 to 30 June 2021
Distribution type	(a) Taxable income (b) Tax exempt income
Distribution rate	(a) Taxable income distribution – 1.03 cents per unit (b) Tax-exempt income distribution – 0.97 cents per unit The above Distribution per Unit is computed based on 3,676,395,817 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 Record 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 Record Date. Any change to the above Distribution per Unit will be announced on 4 August 2021, after the closure of the Transfer Books and Register of Unitholders of Keppel REIT.
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, qualifying non-resident non-individual unitholders and qualifying non-resident funds 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>

OTHER INFORMATION
For the half year ended 30 June 2021

G. DISTRIBUTIONS (continued)

(ii) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 January 2020 to 31 March 2020
Distribution type	(a) Taxable income (b) Tax exempt income (c) Capital gains
Distribution rate	(a) Taxable income distribution – 0.80 cents per unit (b) Tax-exempt income distribution – 0.45 cents per unit (c) Capital gains distribution – 0.15 cents per unit

Name of Distribution	1 April 2020 to 30 June 2020
Distribution type	(a) Taxable income (b) Tax exempt income (c) Capital gains
Distribution rate	(a) Taxable income distribution – 0.74 cents per unit (b) Tax-exempt income distribution – 0.51 cents per unit (c) Capital gains distribution – 0.15 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, qualifying non-resident non-individual unitholders and qualifying non-resident funds 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 gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.</p>
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OTHER INFORMATION
For the half year ended 30 June 2021

G. DISTRIBUTIONS (continued)

(iii) Record Date

For the distribution 1 January 2021 to 28 February 2021: 26 February 2021
For the distribution 1 March 2021 to 30 June 2021: 4 August 2021

(iv) Date paid/payable

For the distribution 1 January 2021 to 28 February 2021: 31 March 2021
For the distribution 1 March 2021 to 30 June 2021: 27 August 2021

H. INTERESTED PERSON TRANSACTIONS

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
		Half Year	
		30.06.2021 \$'000	30.06.2020 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>	Keppel Corporation Limited is a "controlling Unitholder" of the REIT and a "controlling shareholder" of the REIT Manager under the Listing Manual of the Singapore Exchange Securities Trading Limited and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.		
- Manager's management fees		24,737	22,831
- Acquisition fee		6,540	-
- Property management and asset management fees and reimbursables		3,583 ¹	2,275
- Leasing commissions		1,528 ²	427
- Rental support ³		3,200	-
- Electricity expenses ³		3,424	-
- Rent and service charge income ³		61,224	-
- Acquisition of a subsidiary ³	645,727	-	
<u>RBC Investor Services Trust Singapore Limited</u>	Trustee of the REIT		
- Trustee fees		628	591

¹ Included in the aggregate value is the total contract sum of estimated property management fees and reimbursables amounting to \$2,338,000 in connection with the acquisition of Keppel Bay Tower on 18 May 2021.

² Included in the aggregate value is the total contract sum of estimated leasing commissions amounting to \$1,195,000 in connection with the acquisition of Keppel Bay Tower.

³ The aggregate value of interested person transactions refers to the total contract sum entered into during the financial period. This is in connection with the acquisition of Keppel Bay Tower.

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

I. 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

Tan Weiqiang Marc / Chiam Yee Sheng
Joint Company Secretaries
27 July 2021

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 Keppel REIT's condensed consolidated interim financial statements for the half year ended 30 June 2021 to be false or misleading in any material respect.

On behalf of the Board

PENNY GOH
Chairman



CHRISTINA TAN
Director

27 July 2021