

**KEPPEL REIT**  
**FULL YEAR 2018 FINANCIAL STATEMENTS ANNOUNCEMENT**  
**UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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## INTRODUCTION

Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading REITs with a young and large portfolio of premium Grade A commercial assets in 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 31 December 2018, Keppel REIT had assets under management of approximately \$8.1 billion<sup>1</sup> 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 (79.9% interest), Marina Bay Financial Centre (office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest), One Raffles Quay (one-third interest) 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.

## SUMMARY OF KEPPEL REIT RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

	GROUP			
	4Q2018 \$'000	4Q2017 \$'000	FY2018 \$'000	FY2017 \$'000
Property income	37,815	44,369	165,858	164,516
Net property income	30,525	36,242	133,155	131,200
Share of results of associates	16,622	19,476	73,720	83,795
Share of results of joint ventures	7,324	7,932	30,170	31,959
Income available for distribution	46,150	48,201	189,045	190,730
Distribution to Unitholders <sup>2</sup>	46,150 <sup>3</sup>	48,201	189,045 <sup>3</sup>	190,730
Distribution per Unit ("DPU") (cents) for the period/year	1.36	1.43	5.56	5.70
Actual distribution yield (%)			4.9% <sup>4</sup>	4.5% <sup>5</sup>

### Notes:

- (1) Includes 311 Spencer Street in Melbourne, which is under construction.
- (2) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders.
- (3) This includes a capital gains distribution of \$3.0 million for 4Q 2018.
- (4) Based on the total DPU of 5.56 cents for FY2018 and the market closing price per Unit of \$1.14 as at 31 December 2018.
- (5) 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 YEAR ENDED 31 DECEMBER 2018

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the year ended 31 December 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	<u>Group</u>					
		4Q2018	4Q2017	+ / (-)	FY2018	FY2017	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		35,727	38,591	(7.4)	146,995	152,864	(3.8)
Car park income		892	986	(9.5)	3,542	3,849	(8.0)
Other income		1,196	4,792	(75.0)	15,321	7,803	96.3
<b>Property income</b>		<b>37,815</b>	<b>44,369</b>	<b>(14.8)</b>	<b>165,858</b>	<b>164,516</b>	<b>0.8</b>
Property tax		(1,986)	(2,379)	(16.5)	(10,654)	(11,057)	(3.6)
Other property expenses	1	(4,137)	(4,442)	(6.9)	(17,012)	(17,485)	(2.7)
Property management fee		(1,012)	(1,153)	(12.2)	(4,419)	(4,157)	6.3
Maintenance and sinking fund contributions		(155)	(153)	1.3	(618)	(617)	0.2
<b>Property expenses</b>		<b>(7,290)</b>	<b>(8,127)</b>	<b>(10.3)</b>	<b>(32,703)</b>	<b>(33,316)</b>	<b>(1.8)</b>
<b>Net property income</b>		<b>30,525</b>	<b>36,242</b>	<b>(15.8)</b>	<b>133,155</b>	<b>131,200</b>	<b>1.5</b>
Rental support	2	2,154	2,575	(16.3)	8,615	12,825	(32.8)
Interest income	3	6,524	5,617	16.1	25,075	22,975	9.1
Share of results of associates	4	16,622	19,476	(14.7)	73,720	83,795	(12.0)
Share of results of joint ventures	5	7,324	7,932	(7.7)	30,170	31,959	(5.6)
Amortisation expense	6	(2,040)	(2,439)	(16.4)	(8,163)	(11,799)	(30.8)
Borrowing costs	7	(17,556)	(16,688)	5.2	(69,084)	(65,256)	5.9
Manager's management fees	8	(12,747)	(13,006)	(2.0)	(51,263)	(50,989)	0.5
Trust expenses		(238)	(1,107)	(78.5)	(3,114)	(5,469)	(43.1)
Net foreign exchange differences		1,241	(2,363)	NM	623	(2,060)	NM
Net change in fair value of derivatives		(4,207)	(4,157)	1.2	(8,077)	(1,598)	405.4
<b>Net income before net change in fair value of investment properties</b>		<b>27,602</b>	<b>32,082</b>	<b>(14.0)</b>	<b>131,657</b>	<b>145,583</b>	<b>(9.6)</b>
Net change in fair value of investment properties	9	33,167	51,727	(35.9)	33,167	51,727	(35.9)
<b>Total return before tax</b>		<b>60,769</b>	<b>83,809</b>	<b>(27.5)</b>	<b>164,824</b>	<b>197,310</b>	<b>(16.5)</b>
Income tax	10	(7,995)	(11,859)	(32.6)	(10,236)	(17,156)	(40.3)
<b>Total return after tax</b>		<b>52,774</b>	<b>71,950</b>	<b>(26.7)</b>	<b>154,588</b>	<b>180,154</b>	<b>(14.2)</b>
<b>Attributable to:</b>							
Unitholders		49,997	70,047	(28.6)	146,160	172,608	(15.3)
Perpetual securities holders	11	1,883	1,883	-	7,470	7,470	-
Non-controlling interests	12	894	20	>500	958	76	>500
		<b>52,774</b>	<b>71,950</b>	<b>(26.7)</b>	<b>154,588</b>	<b>180,154</b>	<b>(14.2)</b>

#### Distribution Statement

Total return for the period/year attributable to

<b>Unitholders</b>		<b>49,997</b>	<b>70,047</b>	<b>(28.6)</b>	<b>146,160</b>	<b>172,608</b>	<b>(15.3)</b>
Net tax and other adjustments	13	(3,847)	(21,846)	(82.4)	42,885	18,122	136.6
<b>Income available for distribution</b>		<b>46,150</b>	<b>48,201</b>	<b>(4.3)</b>	<b>189,045</b>	<b>190,730</b>	<b>(0.9)</b>
<b>Distribution to Unitholders</b>	14	<b>46,150</b>	<b>48,201</b>	<b>(4.3)</b>	<b>189,045</b>	<b>190,730</b>	<b>(0.9)</b>
<b>Distribution per Unit (cents) for the period/year</b>		<b>1.36</b>	<b>1.43</b>	<b>(4.9)</b>	<b>5.56</b>	<b>5.70</b>	<b>(2.5)</b>

NM – Not meaningful

**Notes:**

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

	<u>Group</u>			
	4Q2018	4Q2017	FY2018	FY2017
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	385	384	1,477	1,447
Utilities	715	679	2,949	2,859
Repair and maintenance	2,207	2,665	9,339	10,073
Property management reimbursements	487	487	1,908	1,898
Others	343	227	1,339	1,208
	<u>4,137</u>	<u>4,442</u>	<u>17,012</u>	<u>17,485</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 year, 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 FY2018 is \$8,615,000 (FY2017: \$2,525,000 and \$10,300,000 for OFC and MBFC Tower 3 respectively).

- (3) Interest income comprises the following:

	<u>Group</u>			
	4Q2018	4Q2017	FY2018	FY2017
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	410	545	1,882	3,314
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	6,114	5,072	23,193	19,661
	<u>6,524</u>	<u>5,617</u>	<u>25,075</u>	<u>22,975</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 5 of paragraph 1(b)(i) (page 8).
- (7) Borrowing costs comprise the following:

	<u>Group</u>			
	4Q2018	4Q2017	FY2018	FY2017
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	12,440	12,234	50,933	51,099
Interest expense on revolving loans	4,280	3,935	15,746	12,086
Amortisation of capitalised transaction costs	836	519	2,405	2,071
	<u>17,556</u>	<u>16,688</u>	<u>69,084</u>	<u>65,256</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) The net change in fair value of the investment properties is as follows:

	<u>Group</u>			
	4Q2018	4Q2017	FY2018	FY2017
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Group	23,819	23,604	23,819	23,604
Investment properties held directly by associates	4,622	10,627	4,622	10,627
Investment properties held directly by joint ventures	12,579	26,462	12,579	26,462
Effects of recognising rental income on a straight line basis over the lease terms	(7,853)	(8,966)	(7,853)	(8,966)
	33,167	51,727	33,167	51,727

- (10) 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, (ii) withholding tax expense in relation to the income from the Group's investments in Australia and (iii) deferred tax on valuation gains on Australian investment properties. For FY2018, this also includes a one-off refund of [\$2,121,000] of withholding tax previously paid on the gain on divestment of 77 King Street.

For the prior year, 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.

- (11) Please refer to note 9 of paragraph 1(b)(i) (page 8).

- (12) Non-controlling interests relate to Allianz Real Estate's 20% interest and Avan Investments Pte. Ltd.'s 0.1% interest in OPLLP's partnership profit and net change in fair value of investment property.

For the prior year, this pertained to Avan Investments Pte. Ltd.'s 0.1% interest in OPLLP's partnership profit and net change in fair value of investment property.

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

	<u>Group</u>			
	4Q2018	4Q2017	FY2018	FY2017
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	12,747	13,006	51,263	50,989
Trustee's fees	321	322	1,278	1,263
Net change in fair value of investment properties (net of non-controlling interests)	(33,091)	(51,729)	(33,091)	(51,729)
Amortisation of intangible asset and capitalised transaction costs	2,876	2,958	10,568	13,870
Temporary differences and other adjustments	10,300	13,597	9,867	3,729
Capital gains distribution	3,000	-	3,000	-
	(3,847)	(21,846)	42,885	18,122

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.

- (14) 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>					
	4Q2018 \$'000	4Q2017 \$'000	+(-) %	FY2018 \$'000	FY2017 \$'000	+(-) %
<b>Total return after tax</b>	<b>52,774</b>	<b>71,950</b>	<b>(26.7)</b>	<b>154,588</b>	<b>180,154</b>	<b>(14.2)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	19,118	(53,606)	NM	(11,610)	(34,808)	(66.6)
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	(14,611)	9,524	NM	10,176	(15,195)	NM
Share of net change in fair value of cash flow hedges of associates	882	2,397	(63.2)	4,462	214	>500
<b>Other comprehensive income for the period/year</b>	<b>5,389</b>	<b>(41,685)</b>	<b>NM</b>	<b>3,028</b>	<b>(49,789)</b>	<b>NM</b>
<b>Total comprehensive income for the period/year</b>	<b>58,163</b>	<b>30,265</b>	<b>92.2</b>	<b>157,616</b>	<b>130,365</b>	<b>20.9</b>
<b>Attributable to:</b>						
Unitholders	55,390	28,362	95.3	149,186	122,823	21.5
Perpetual securities holders	1,883	1,883	-	7,470	7,470	-
Non-controlling interests	890	20	>500	960	72	>500
	<b>58,163</b>	<b>30,265</b>	<b>92.2</b>	<b>157,616</b>	<b>130,365</b>	<b>20.9</b>

NM – Not meaningful

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

**Balance Sheets**

	Note	<u>Group</u>			<u>Trust</u>		
		31/12/2018 \$'000	31/12/2017 \$'000	+ / (-) %	31/12/2018 \$'000	31/12/2017 \$'000	+ / (-) %
<b>Non-current assets</b>							
Investment properties	1	3,879,956	3,774,870	2.8	515,000	525,000	(1.90)
Investments in subsidiaries	2	-	-	-	1,473,781	1,837,110	(19.8)
Investments in associates	3	2,538,663	2,527,842	0.4	2,025,135	2,025,559	(0.02)
Advances to associates		615,622	613,122	0.4	615,622	613,122	0.4
Investments in joint ventures	4	471,691	465,096	1.4	-	-	-
Amounts owing by subsidiaries		-	-	-	955,086	877,973	8.8
Fixed assets		112	149	(24.8)	30	31	(3.2)
Intangible asset	5	2,549	10,712	(76.2)	2,549	10,712	(76.2)
Derivative financial instruments	6	1,329	4,190	(68.3)	692	4,190	(83.5)
<b>Total non-current assets</b>		<b>7,509,922</b>	<b>7,395,981</b>	<b>1.5</b>	<b>5,587,895</b>	<b>5,893,697</b>	<b>(5.2)</b>
<b>Current assets</b>							
Trade and other receivables	7	15,056	8,619	74.7	11,269	12,120	(7.0)
Prepaid expenses		343	333	3.0	12	11	9.1
Cash and bank balances		258,924	198,158	30.7	231,455	155,823	48.5
Derivative financial instruments	6	206	1,197	(82.8)	206	1,175	(82.5)
<b>Total current assets</b>		<b>274,529</b>	<b>208,307</b>	<b>31.8</b>	<b>242,942</b>	<b>169,129</b>	<b>43.6</b>
<b>Total assets</b>		<b>7,784,451</b>	<b>7,604,288</b>	<b>2.4</b>	<b>5,830,837</b>	<b>6,062,826</b>	<b>(3.8)</b>
<b>Current liabilities</b>							
Trade and other payables		64,757	56,451	14.7	43,457	34,905	24.5
Income received in advance		2,879	4,209	(31.6)	2,829	-	100.0
Borrowings		59,943	425,039	(85.9)	59,943	99,967	(40.0)
Security deposits		4,933	3,159	56.2	1,616	116	>500
Derivative financial instruments	6	230	1,748	(86.8)	230	1,134	(79.7)
Provision for taxation		1,414	2,259	(37.4)	1,414	2,138	(33.9)
<b>Total current liabilities</b>		<b>134,156</b>	<b>492,865</b>	<b>(72.8)</b>	<b>109,489</b>	<b>138,260</b>	<b>(20.8)</b>
<b>Non-current liabilities</b>							
Income received in advance		-	11,305	(100.0)	-	11,305	(100.0)
Borrowings		2,225,761	2,097,142	6.1	1,759,833	1,956,921	(10.1)
Derivative financial instruments	6	11,585	16,017	(27.7)	11,333	14,411	(21.4)
Security deposits		27,315	27,675	(1.3)	4,208	3,982	5.7
Deferred tax liabilities		50,038	44,026	13.7	-	-	-
<b>Total non-current liabilities</b>		<b>2,314,699</b>	<b>2,196,165</b>	<b>5.4</b>	<b>1,775,374</b>	<b>1,986,619</b>	<b>(10.6)</b>
<b>Total liabilities</b>		<b>2,448,855</b>	<b>2,689,030</b>	<b>(8.9)</b>	<b>1,884,863</b>	<b>2,124,879</b>	<b>(11.3)</b>
<b>Net assets</b>		<b>5,335,596</b>	<b>4,915,258</b>	<b>8.6</b>	<b>3,945,974</b>	<b>3,937,947</b>	<b>0.2</b>
Represented by:							
<b>Unitholders' funds</b>	8	<b>4,757,285</b>	<b>4,763,424</b>	<b>(0.1)</b>	<b>3,796,273</b>	<b>3,788,246</b>	<b>0.2</b>
<b>Perpetual securities</b>	9	<b>149,701</b>	<b>149,701</b>	<b>-</b>	<b>149,701</b>	<b>149,701</b>	<b>-</b>
<b>Non-controlling interests</b>	10	<b>428,610</b>	<b>2,133</b>	<b>&gt;500</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>5,335,596</b>	<b>4,915,258</b>	<b>8.6</b>	<b>3,945,974</b>	<b>3,937,947</b>	<b>0.2</b>
Net asset value per unit (\$)		1.40	1.41		1.12	1.12	

**Notes:**

- (1) The increase in investment properties is mainly due to progress payments made for the office tower being developed at 311 Spencer Street in Melbourne and net change in fair value of investment properties, offset by translation differences arising from the Australian investment properties.
- (2) On 11 December 2018, Keppel REIT completed the divestment of a 20% interest in OPLLP to Allianz Real Estate. The gain on divestment of the said interest of \$7.4 million was recorded in Unitholders' funds.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) Included in the balances are GST receivables of \$3.4 million (31 December 2017: \$0.6 million) and distribution receivables from joint ventures of \$2.2 million (31 December 2017: \$2.1 million).
- (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.
- (10) Non-controlling interests relate to Allianz Real Estate's 20% interest and Avan Investment Pte. Ltd.'s 0.1% interest in the net assets of OPLLP.



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

	<b>Group</b>	
	<b>As at 31/12/2018</b>	<b>As at 31/12/2017</b>
	\$'000	\$'000
<b>Secured borrowings</b>		
Amount repayable within one year	-	-
Amount repayable after one year	246,000	196,000
Less: Unamortised portion of fees	(889)	(1,344)
	<b>245,111</b>	<b>194,656</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	60,000	425,210
Amount repayable after one year	1,984,624	1,906,922
Less: Unamortised portion of fees	(4,031)	(4,607)
	<b>2,040,593</b>	<b>2,327,525</b>
<b>Total net borrowings</b>	<b>2,285,704</b>	<b>2,522,181</b>

**Details of Collaterals**

The Group mortgaged Bugis Junction Towers as security for the 5-year revolving loan facility of \$350.0 million, of which \$246.0 million have been drawn.

As at 31 December 2018, the Group had total gross borrowings of approximately \$2,290.6 million and unutilised facilities of \$905.2 million available to meet its future obligations. The all-in interest rate was 2.81% per annum for the year ended 31 December 2018.

## 1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		4Q2018	4Q2017	FY2018	FY2017
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Total return before tax		60,769	83,809	164,824	197,310
Adjustments for:					
Interest income		(6,524)	(5,617)	(25,075)	(22,975)
Amortisation expense		2,040	2,439	8,163	11,799
Share of results of associates		(16,622)	(19,476)	(73,720)	(83,795)
Share of results of joint ventures		(7,324)	(7,932)	(30,170)	(31,959)
Borrowing costs		17,556	16,688	69,084	65,256
Management fees paid and/or payable in units		12,747	13,006	51,263	50,989
Net change in fair value of investment properties		(33,167)	(51,727)	(33,167)	(51,727)
Net change in fair value of derivatives		4,207	4,157	8,077	1,598
Depreciation		11	10	43	41
Rental support income		(2,154)	(2,575)	(8,615)	(12,825)
Unrealised currency translation differences		(943)	2,845	546	1,919
<b>Operating cash flows before changes in working capital</b>		<b>30,596</b>	<b>35,627</b>	<b>131,253</b>	<b>125,631</b>
(Increase)/decrease in receivables		(5,262)	1,449	(11,507)	(5,576)
(Decrease)/increase in payables		(4,812)	(5,471)	402	7,161
Increase/(decrease) in security deposits		91	(499)	1,414	(580)
Cash flows from operations		20,613	31,106	121,562	126,636
Income taxes paid		(1,381)	(1,262)	(4,490)	(6,671)
<b>Net cash flows provided by operating activities</b>		<b>19,232</b>	<b>29,844</b>	<b>117,072</b>	<b>119,965</b>
<b>Investing activities</b>					
Purchase of investment property under development		-	-	-	(133,953)
Progress payments on investment property under development		(29,652)	(9,409)	(81,280)	(9,409)
Subsequent expenditure on investment properties		(3,234)	(735)	(9,438)	(14,427)
Purchase of fixed assets		-	-	(6)	-
Interest received		6,430	5,541	25,112	23,392
Rental support received		4,308	3,227	8,615	13,848
Payment on adjustment to investment in an associate		-	-	(333)	-
Advance to an associate		(2,500)	(2,200)	(2,500)	(2,200)
Distribution income received from joint ventures		6,468	6,700	26,237	26,336
Dividend and distribution income received from associates		34,408	44,920	73,993	93,809
Net proceeds from divestment of partial interest in a subsidiary		439,272	-	439,272	-
<b>Net cash flows provided by/(used in) investing activities</b>		<b>455,500</b>	<b>48,044</b>	<b>479,672</b>	<b>(2,604)</b>
<b>Financing activities</b>					
Distribution to Unitholders (net of distribution in Units)	1	(46,340)	(39,118)	(181,389)	(156,938)
Distribution to perpetual securities holders		(3,766)	(3,766)	(7,470)	(7,470)
Purchase of units		(26,629)	-	(32,822)	-
Proceeds from issuance of medium term notes		-	-	-	75,000
Loans drawdown		173,619	126,870	783,922	306,168
Repayment of loans		(449,641)	(137,030)	(1,018,503)	(334,298)
Payment of financing expenses/upfront debt arrangement costs		(160)	-	(1,223)	(1,315)
Distribution of partnership profits to non-controlling interests		(818)	(22)	(882)	(79)
Interest paid		(19,191)	(16,586)	(68,231)	(62,468)
<b>Net cash flows used in financing activities</b>		<b>(372,926)</b>	<b>(69,652)</b>	<b>(526,598)</b>	<b>(181,400)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>101,806</b>	<b>8,236</b>	<b>70,146</b>	<b>(64,039)</b>
Cash and cash equivalents at the beginning of period/year		152,539	182,550	186,462	253,219
Effect of exchange rate changes on cash and cash equivalents		1,462	(4,324)	(801)	(2,718)
<b>Cash and cash equivalents at the end of period/year</b>		<b>255,807</b>	<b>186,462</b>	<b>255,807</b>	<b>186,462</b>
<b>Comprising:</b>					
Cash and bank balances		258,924	198,158	258,924	198,158
Less: Rental support received in advance held in designated accounts	2	(3,117)	(11,696)	(3,117)	(11,696)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>		<b>255,807</b>	<b>186,462</b>	<b>255,807</b>	<b>186,462</b>

### Notes:

(1) Distribution paid to Unitholders in FY2018 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, 1 April 2018 to 30 June 2018, paid on 28 August 2018, and 1 July 2018 to 30 September 2018 paid on 27 November 2018.

Distribution paid to Unitholders in FY2017 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, 1 April 2017 to 30 June 2017, paid on 29 August 2017 and 1 July 2017 to 30 September 2017 paid on 28 November 2017.

(2) As at 31 December 2018 and 31 December 2017, 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.

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

<u>Group</u>	Note	<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Accumulated Profits</u>	<u>Foreign</u>	<u>Discount on</u>		<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Non-</u>	<u>Total</u>
					<u>Translation Reserve</u>	<u>Acquisition of</u>	<u>Controlling Interest</u>				
		\$'000	\$'000	\$'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	-	-	-	-	-	-
<b>At 1 January 2018 (restated)</b>		<b>3,530,732</b>	<b>-</b>	<b>1,284,749</b>	<b>(34,808)</b>	<b>(20,471)</b>	<b>3,222</b>	<b>4,763,424</b>	<b>149,701</b>	<b>2,133</b>	<b>4,915,258</b>
Return for the year		-	-	146,160	-	-	-	146,160	7,470	958	154,588
Other comprehensive income	2	-	-	-	(11,610)	14,636	-	3,026	-	2	3,028
Total comprehensive income		-	-	146,160	(11,610)	14,636	-	149,186	7,470	960	157,616
Issue of units for payment of management fees	3	51,498	-	-	-	-	-	51,498	-	-	51,498
Purchase of units	4	-	(32,822)	-	-	-	-	(32,822)	-	-	(32,822)
Cancellation of treasury units	4	(32,822)	32,822	-	-	-	-	-	-	-	-
Distribution Reinvestment Plan		9,707	-	(9,707)	-	-	-	-	-	-	-
Divestment of partial interest in a subsidiary	5	-	-	7,388	-	-	-	7,388	-	426,399	433,787
Distribution to Unitholders		(1,348)	-	(180,041)	-	-	-	(181,389)	-	-	(181,389)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(7,470)	-	(7,470)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(882)	(882)
<b>At 31 December 2018</b>		<b>3,557,767</b>	<b>-</b>	<b>1,248,549</b>	<b>(46,418)</b>	<b>(5,835)</b>	<b>3,222</b>	<b>4,757,285</b>	<b>149,701</b>	<b>428,610</b>	<b>5,335,596</b>

  

<u>Group (restated)</u>	Note	<u>Units in Issue</u>	<u>Accumulated Profits</u>	<u>Foreign</u>	<u>Discount on</u>		<u>Unitholders' funds</u>	<u>Perpetual Securities</u>	<u>Non-</u>	<u>Total</u>
				<u>Translation Reserve</u>	<u>Acquisition of</u>	<u>Controlling Interest</u>				
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	-	-	-	-	-	-
<b>At 1 January 2017 (restated)</b>		<b>3,456,557</b>	<b>1,292,432</b>	<b>-</b>	<b>(5,494)</b>	<b>3,222</b>	<b>4,746,717</b>	<b>149,701</b>	<b>2,140</b>	<b>4,898,558</b>
Return for the year		-	172,608	-	-	-	172,608	7,470	76	180,154
Other comprehensive income	2	-	-	(34,808)	(14,977)	-	(49,785)	-	(4)	(49,789)
Total comprehensive income		-	172,608	(34,808)	(14,977)	-	122,823	7,470	72	130,365
Issue of units for payment of management fees	6	50,822	-	-	-	-	50,822	-	-	50,822
Distribution Reinvestment Plan		34,307	(34,307)	-	-	-	-	-	-	-
Distribution to Unitholders		(10,954)	(145,984)	-	-	-	(156,938)	-	-	(156,938)
Distribution to perpetual securities holders		-	-	-	-	-	-	(7,470)	-	(7,470)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(79)	(79)
<b>At 31 December 2017 (restated)</b>		<b>3,530,732</b>	<b>1,284,749</b>	<b>(34,808)</b>	<b>(20,471)</b>	<b>3,222</b>	<b>4,763,424</b>	<b>149,701</b>	<b>2,133</b>	<b>4,915,258</b>

### 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 42,986,667 units issued in FY2018 as payment of management fees in units.
- (4) The Trust purchased 28,277,800 units from the open market in FY2018 which were subsequently cancelled.
- (5) This represents the divestment of a 20% interest in OPLLP to Allianz Real Estate.
- (6) This represents 47,360,865 units issued in FY2017 as payment of management fees in units.

<u>Trust</u>	Note	<u>Units in Issue</u> \$'000	<u>Treasury Units</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
<b>At 1 January 2018</b>		<b>3,530,732</b>	-	<b>270,068</b>	<b>(12,554)</b>	<b>3,788,246</b>	<b>149,701</b>	<b>3,937,947</b>
Return for the year		-	-	163,147	-	163,147	7,470	170,617
Other comprehensive income	1	-	-	-	7,593	7,593	-	7,593
Total comprehensive income		-	-	163,147	7,593	170,740	7,470	178,210
Issue of units for payment of management fees	2	51,498	-	-	-	51,498	-	51,498
Purchase of units	3	-	(32,822)	-	-	(32,822)	-	(32,822)
Cancellation of treasury units	3	(32,822)	32,822	-	-	-	-	-
Distribution Reinvestment Plan		9,707	-	(9,707)	-	-	-	-
Distribution to Unitholders		(1,348)	-	(180,041)	-	(181,389)	-	(181,389)
Distribution to perpetual securities holders		-	-	-	-	-	(7,470)	(7,470)
<b>At 31 December 2018</b>		<b>3,557,767</b>	-	<b>243,467</b>	<b>(4,961)</b>	<b>3,796,273</b>	<b>149,701</b>	<b>3,945,974</b>

<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
<b>At 1 January 2017</b>		<b>3,456,557</b>	<b>357,271</b>	<b>(132)</b>	<b>3,813,696</b>	<b>149,701</b>	<b>3,963,397</b>
Return for the year		-	93,088	-	93,088	7,470	100,558
Other comprehensive income	1	-	-	(12,422)	(12,422)	-	(12,422)
Total comprehensive income		-	93,088	(12,422)	80,666	7,470	88,136
Issue of units for payment of management fees	4	50,822	-	-	50,822	-	50,822
Distribution Reinvestment Plan		34,307	(34,307)	-	-	-	-
Distribution to Unitholders		(10,954)	(145,984)	-	(156,938)	-	(156,938)
Distribution to perpetual securities holders		-	-	-	-	(7,470)	(7,470)
<b>At 31 December 2017</b>		<b>3,530,732</b>	<b>270,068</b>	<b>(12,554)</b>	<b>3,788,246</b>	<b>149,701</b>	<b>3,937,947</b>

**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 42,986,667 units issued in FY2018 as payment of management fees in units.
- (3) The Trust purchased 28,277,800 units from the open market in FY2018 which were subsequently cancelled.
- (4) This represents 47,360,865 units issued in FY2017 as payment of management fees in units.

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

	<u>Group and Trust</u>	
	<b>2018 Units</b>	<b>2017 Units</b>
<b>Issued units as at 1 January</b>	<b>3,370,734,208</b>	<b>3,291,616,169</b>
Issue of new units:		
- Payment of management fees	33,940,067	38,257,618
- Distribution Reinvestment Plan	7,955,743	24,995,460
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(5,282,800)	-
<b>Issued units as at 30 September</b>	<b>3,407,347,218</b>	<b>3,354,869,247</b>
Issue of new units:		
- Payment of management fees	9,046,600	9,103,247
- Distribution Reinvestment Plan	-	6,761,714
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(22,995,000)	-
<b>Issued units as at 31 December</b>	<b>3,393,398,818</b>	<b>3,370,734,208</b>

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

Keppel REIT did not hold any treasury units as at 31 December 2018 and 31 December 2017.

Total number of issued units in Keppel REIT as at 31 December 2018 and 31 December 2017 were 3,393,398,818 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.**

	<u>Group and Trust</u>	
	<b>2018 Units</b>	<b>2017 Units</b>
<b>Treasury units as at 1 January</b>	-	-
- Purchase of units	5,282,800	-
- Cancellation of treasury units	(5,282,800)	-
<b>Treasury units as at 30 September</b>	-	-
- Purchase of units	22,995,000	-
- Cancellation of treasury units	(22,995,000)	-
<b>Treasury units as at 31 December</b>	-	-

**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 year 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 ended 31 December 2018 have been 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>			
	4Q2018	4Q2017	FY2018	FY2017
<b>EPU</b>				
(based on weighted average number of units as at the end of the period/year)				
Based on total return before net change in fair value of investment properties	0.69 cents	0.87 cents	3.46 cents	3.95 cents
Based on total return after net change in fair value of investment properties	1.47 cents	2.08 cents	4.30 cents	5.17 cents
- Weighted average number of units as at the end of the period/year	3,404,300,851	3,363,601,886	3,397,636,703	3,336,887,391
<b>DPU</b>	1.36 cents	1.43 cents	5.56 cents	5.70 cents
(based on the number of units as at the end of the period/year)				
- Number of units in issue as at the end of the period/year	3,393,398,818	3,370,734,208	3,393,398,818	3,370,734,208

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

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

	<u>Group</u>		<u>Trust</u>	
	As at 31/12/2018	As at 31/12/2017	As at 31/12/2018	As at 31/12/2017
NAV <sup>1</sup> per unit (\$)	1.40	1.41	1.12	1.12
NTA <sup>1</sup> per unit (\$)	1.40	1.41	1.12	1.12
based on issued units at the end of the year				
Adjusted NAV <sup>1</sup> per unit (\$)	1.39	1.40	1.11	1.11
Adjusted NTA <sup>1</sup> per unit (\$)	1.39	1.40	1.10	1.11
based on issued units at the end of the year (excluding the distributable income)				

**Note:**

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

## 8. REVIEW OF PERFORMANCE

### 8(i) Property Income Contribution of Directly Held Properties (excluding property income contribution from associates and joint ventures)

	<u>Group</u>					
	4Q2018	4Q2017	+/(-) <u>Group</u>	FY2018	FY2017	+/(-) <u>Group</u>
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Property</b>						
Bugis Junction Towers	5,102	5,084	0.4	20,391	19,446	4.9
Ocean Financial Centre	25,187	30,210	(16.6)	113,321	107,952	5.0
275 George Street	3,566	4,641	(23.2)	14,785	19,219	(23.1)
8 Exhibition Street <sup>1</sup>	3,960	4,434	(10.7)	17,361	17,899	(3.0)
<b>Total property income of directly held properties (excluding property income contribution from associates and joint ventures)</b>	<b>37,815</b>	<b>44,369</b>	<b>(14.8)</b>	<b>165,858</b>	<b>164,516</b>	<b>0.8</b>

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

	<u>Group</u>					
	4Q2018	4Q2017	+/(-) <u>Group</u>	FY2018	FY2017	+/(-) <u>Group</u>
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Property</b>						
Bugis Junction Towers	4,194	4,214	(0.5)	16,145	15,111	6.8
Ocean Financial Centre	21,187	25,566	(17.1)	94,718	89,120	6.3
275 George Street	2,707	3,774	(28.3)	11,135	15,455	(28.0)
8 Exhibition Street <sup>1</sup>	2,437	2,688	(9.3)	11,157	11,514	(3.1)
<b>Total net property income of directly held properties</b>	<b>30,525</b>	<b>36,242</b>	<b>(15.8)</b>	<b>133,155</b>	<b>131,200</b>	<b>1.5</b>
Ocean Financial Centre:						
- Rental support	-	-	-	-	2,525	(100.0)
One-third interest in ORQPL <sup>2</sup> :						
- Interest income	584	510	14.5	2,241	1,988	12.7
- Dividend income	4,940	5,980	(17.4)	22,552	26,827	(15.9)
<b>Total income</b>	<b>5,524</b>	<b>6,490</b>	<b>(14.9)</b>	<b>24,793</b>	<b>28,815</b>	<b>(14.0)</b>
One-third interests in BFCDLLP <sup>3</sup> and CBDPL <sup>3</sup> :						
- Rental support	2,154	2,575	(16.3)	8,615	10,300	(16.4)
- Interest income	5,530	4,562	21.2	20,952	17,673	18.6
- Dividend and distribution income	11,960	16,000	(25.3)	51,441	66,982	(23.2)
<b>Total income</b>	<b>19,644</b>	<b>23,137</b>	<b>(15.1)</b>	<b>81,008</b>	<b>94,955</b>	<b>(14.7)</b>
50% interest in M8CT <sup>4</sup> :						
- Distribution income	3,247	3,374	(3.8)	13,019	13,271	(1.9)
50% interest in MOTT <sup>5</sup> :						
- Distribution income	3,272	3,334	(1.9)	13,169	13,294	(0.9)
<b>Total income contribution of the portfolio</b>	<b>62,212</b>	<b>72,577</b>	<b>(14.3)</b>	<b>265,144</b>	<b>284,060</b>	<b>(6.7)</b>

#### 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 FY2018 vs FY2017

Property income and net property income for FY2018 were \$165.9 million and \$133.2 million respectively, compared to property income and net property income of \$164.5 million and \$131.2 million respectively for FY2017. 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. These were partially offset by lower property income and net property income from Ocean Financial Centre, 275 George Street and 8 Exhibition Street.

The Group's total return before tax for FY2018 was \$164.8 million, compared to \$197.3 million for FY2017. The variance was mainly attributable to lower fair value gain on investment properties, lower net property income from Ocean Financial Centre, 275 George Street and 8 Exhibition 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. These were partially offset by higher net property income from Bugis Junction Towers, higher interest income, lower amortisation expense, lower trust expenses and net foreign exchange differences.

### Review of Performance for 4Q2018 vs 4Q2017

Property income and net property income for 4Q2018 were \$37.8 million and \$30.5 million respectively, compared to property income and net property income of \$44.4 million and \$36.2 million respectively for 4Q2017. The variances were mainly attributable to lower property income and net property income from Ocean Financial Centre, 275 George Street and 8 Exhibition Street. These were partially offset by higher property income from Bugis Junction Towers.

The Group's total return before tax for 4Q2018 was \$60.8 million, compared to \$83.8 million for 4Q2017. The variance was mainly attributable to lower net property income from Ocean Financial Centre, Bugis Junction Towers, 275 George Street and 8 Exhibition Street, lower fair value gain on investment properties, 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. These were partially offset by higher interest income, lower amortisation expense, lower trust expenses and net foreign exchange differences.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

CBRE's research showed continued improvement in average Grade A office rents through FY2018. In 4Q2018, average Grade A office rents increased from \$10.45 psf pm to \$10.80 psf pm as occupancy in Singapore's core CBD rose quarter-on-quarter from 94.6% as at end September 2018 to 94.8% as at end December 2018. Despite the presence of macroeconomic factors that could dampen its growth, the Singapore office market outlook remains largely positive, supported by a tightening supply pipeline and diverse demand drivers.

In Australia, JLL reported quarterly net absorption at its highest level in more than a decade. National CBD office average occupancy increased from 90.6% as at end-June 2018 to 90.9% as at end-September 2018. Business conditions remain generally positive across Australia. However, global trade and geopolitical uncertainties could potentially impact future leasing demand.

Amidst a volatile macro-economic environment, the Manager remains focused on delivering stable and sustainable distribution through ongoing portfolio optimisation, as well as driving operational excellence in its asset and capital management efforts.



## 11. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigate them. Some of the key risks that the Manager has identified are as follows:

### **Interest rate risk**

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

### **Liquidity risk**

The Manager monitors and maintains Keppel REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan for funding and expense requirements so as to manage the cash position at any point of time.

### **Credit risk**

Credit risk assessments of tenants are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease agreements. Tenants are required to pay a security deposit as a multiple of monthly rents. In addition, the Manager also monitors the tenant mix.

### **Currency risk**

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, and 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 October 2018 to 31 December 2018
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution rate	(a) Taxable income distribution - 0.98 cents per unit (b) Tax-exempt income distribution - 0.29 cents per unit (c) Capital gains distribution - 0.09 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 gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.</p>

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

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

Name of Distribution	1 October 2017 to 31 December 2017
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 1.17 cents per unit (b) Tax-exempt income distribution - 0.22 cents per unit (c) Capital distribution - 0.04 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**

29 January 2019

**(d) Date Payable**

28 February 2019

### 13. DISTRIBUTION STATEMENT

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

### 14. SEGMENTAL INFORMATION

	<u>Group</u>		+ / (-) %
	FY2018 \$'000	FY2017 \$'000	
<b>Property</b>			
Bugis Junction Towers	16,145	15,111	6.8
Ocean Financial Centre	94,718	89,120	6.3
275 George Street	11,135	15,455	(28.0)
8 Exhibition Street <sup>1</sup>	11,157	11,514	(3.1)
<b>Total net property income of directly held properties</b>	<b>133,155</b>	<b>131,200</b>	<b>1.5</b>
Ocean Financial Centre:			
- Rental support	-	2,525	(100.0)
One-third interest in ORQPL <sup>2</sup> :			
- Interest income	2,241	1,988	12.7
- Dividend income	22,552	26,827	(15.9)
<b>Total income</b>	<b>24,793</b>	<b>28,815</b>	<b>(14.0)</b>
One-third interests in BFCDLLP <sup>3</sup> and CBDPL <sup>3</sup> :			
- Rental support	8,615	10,300	(16.4)
- Interest income	20,952	17,673	18.6
- Dividend and distribution income	51,441	66,982	(23.2)
<b>Total income</b>	<b>81,008</b>	<b>94,955</b>	<b>(14.7)</b>
50% interest in M8CT <sup>4</sup> :			
- Distribution income	13,019	13,271	(1.9)
50% interest in MOTT <sup>5</sup> :			
- Distribution income	13,169	13,294	(0.9)
<b>Total income contribution of the portfolio</b>	<b>265,144</b>	<b>284,060</b>	<b>(6.7)</b>

**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.

### 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 on the review of performance.

## 16. BREAKDOWN OF SALES

	<u>Group</u>		<b>+ / (-)</b> %
	<b>FY2018</b> \$'000	<b>FY2017</b> \$'000	
Property income reported for first half year	91,388	79,702	14.7
Total return after tax for first half year	78,660	69,548	13.1
Property income reported for second half year	74,470	84,814	(12.2)
Total return after tax for second half year <sup>1</sup>	75,928	110,606	(31.4)

**Note:**

(1) The total return after tax for second half year FY2018 and FY2017 includes net change in fair value of investment properties amounting to approximately \$33.2 million and \$51.7 million respectively.

## 17. INTERESTED PERSON TRANSACTIONS (“IPTs”)

<b>Name of Interested Person</b>	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000)</b>	
	<b>FY2018</b> \$'000	<b>FY2017</b> \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	51,263	50,989
- Acquisition fee	-	3,772
- Divestment fee	2,686	-
- Property management fees and reimbursable	6,087	5,865
- Leasing commissions	1,779	4,259
- Rental support	8,615	10,300
- Adjustment to one-third interest in an associate	333	-
- Reimbursement of development costs for one-third interest in an associate	757	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	1,278	1,263

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

**18. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION**

	<b>FY2018</b>	<b>FY2017</b>
	\$'000	\$'000
1 January 2017 to 31 March 2017 (paid)	-	48,121
1 April 2017 to 30 June 2017 (paid)	-	47,406
1 July 2017 to 30 September 2017 (paid)	-	47,002
1 October 2017 to 31 December 2017 (paid)	-	48,201
1 January 2018 to 31 March 2018 (paid)	48,232	-
1 April 2018 to 30 June 2018 (paid)	48,323	-
1 July 2018 to 30 September 2018 (paid)	46,340	-
1 October 2018 to 31 December 2018 (to be paid) <sup>1</sup>	46,150	-
	<u>189,045</u>	<u>190,730</u>

**Note:**

(1) Please refer to paragraph 12(a) on page 18.

**19. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

**20. 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  
21 January 2019