

**KEPPEL REIT
FIRST QUARTER 2019 FINANCIAL STATEMENTS ANNOUNCEMENT
UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2019**

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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 March 2019, Keppel REIT had assets under management of approximately \$8.1 billion¹ comprising interests in nine premium office assets (completed and under development) strategically located in the central business districts of Singapore, as well as key Australian cities of Sydney, Melbourne, Brisbane and Perth.

In Singapore, the assets are Ocean Financial Centre (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 QUARTER ENDED 31 MARCH 2019

	GROUP	
	1Q2019 \$'000	1Q2018 \$'000
Property income	40,017	39,734
Net property income	31,311	31,220
Share of results of associates	19,271	20,612
Share of results of joint ventures	7,172	7,839
Income available for distribution	47,319	48,232
Distribution to Unitholders ²	47,319 ³	48,232
Distribution per Unit ("DPU") (cents) for the period	1.39	1.42
Annualised/Actual distribution yield (%)	4.3% ⁴	4.9% ⁵

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 S\$3.0 million for 1Q 2019.
- (4) Based on the market closing price per Unit of S\$1.29 as at 31 March 2019.
- (5) Based on the total DPU of 5.56 cents for FY2018 and the market closing price per Unit of \$1.14 as at 31 December 2018.

1. UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2019

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the quarter ended 31 March 2019:

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

Consolidated Statement of Profit or Loss

	Note	Group		+ / (-)
		1Q2019	1Q2018	
		\$'000	\$'000	%
Gross rent		36,135	38,128	(5.2)
Car park income		849	917	(7.4)
Other income	1	3,033	689	340.2
Property income		40,017	39,734	0.7
Property tax		(3,199)	(2,835)	12.8
Other property expenses	2	(4,263)	(4,508)	(5.4)
Property management fee		(1,090)	(1,016)	7.3
Maintenance and sinking fund contributions		(154)	(155)	(0.6)
Property expenses		(8,706)	(8,514)	2.3
Net property income		31,311	31,220	0.3
Rental support	3	2,690	2,154	24.9
Interest income	4	7,294	5,759	26.7
Share of results of associates	5	19,271	20,612	(6.5)
Share of results of joint ventures	6	7,172	7,839	(8.5)
Amortisation expense	7	(2,549)	(2,041)	24.9
Borrowing costs	8	(15,133)	(16,752)	(9.7)
Manager's management fees	9	(11,984)	(12,663)	(5.4)
Trust expenses		(470)	(594)	(20.9)
Net foreign exchange differences		(2,696)	786	NM
Net change in fair value of derivatives		1,214	748	62.3
Profit before tax		36,120	37,068	(2.6)
Income tax	10	(1,485)	(1,435)	3.5
Profit after tax		34,635	35,633	(2.8)
Attributable to:				
Unitholders		29,358	33,773	(13.1)
Perpetual securities holders	11	1,841	1,841	-
Non-controlling interests	12	3,436	19	NM
		34,635	35,633	(2.8)
Distribution Statement				
Profit for the period attributable to Unitholders		29,358	33,773	(13.1)
Net tax and other adjustments	13	17,961	14,459	24.2
Income available for distribution		47,319	48,232	(1.9)
Distribution to Unitholders	14	47,319	48,232	(1.9)
Distribution per Unit (cents) for the period		1.39	1.42	(2.1)
Annualised/Actual Distribution per Unit ¹ (cents)		5.56	5.56	-

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

NM – Not meaningful

Notes:

- (1) Other income comprises various types of miscellaneous income, other than rental income, ancillary to the operation of investment properties. This included licence fees for both the current and previous financial periods. For the current financial period ended 31 March 2019, this also included one-off income received from certain tenants.

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

	<u>Group</u>	
	1Q2019	1Q2018
	\$'000	\$'000
Marketing expenses	659	316
Utilities	702	852
Repair and maintenance	2,072	2,531
Property management reimbursements	510	500
Others	320	309
	<u>4,263</u>	<u>4,508</u>

- (3) This relates to the rental support top-up payments received by Keppel REIT for the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds Marina Bay Financial Centre ("MBFC") Tower 3.

- (4) Interest income comprises the following:

	<u>Group</u>	
	1Q2019	1Q2018
	\$'000	\$'000
Interest income from fixed deposits and current accounts	874	519
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	6,420	5,240
	<u>7,294</u>	<u>5,759</u>

- (5) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax and (ii) BFCDLLP's partnership profit.

- (6) Share of results of joint ventures relates to Keppel REIT's 50% interests in Mirvac 8 Chifley Trust's ("M8CT") and Mirvac (Old Treasury) Trust's ("MOTT") respective net profit after tax.

- (7) Amortisation expense represents the amortisation of intangible asset as explained in note 4 of paragraph 1(b)(i) (page 7).

- (8) Borrowing costs comprise the following:

	<u>Group</u>	
	1Q2019	1Q2018
	\$'000	\$'000
Interest expense on borrowings	14,671	16,233
Amortisation of capitalised transaction costs	462	519
	<u>15,133</u>	<u>16,752</u>

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

- (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 and (ii) withholding tax expense in relation to the income from the Group's investments in Australia.

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

- (12) Non-controlling interests relate to Allianz Real Estate's 20% interest and Avan Investments Pte. Ltd.'s 0.1% interest in OPLL's partnership profit.

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

	<u>Group</u>	
	1Q2019	1Q2018
	\$'000	\$'000
Management fees paid and/or payable in units	11,984	12,663
Trustee's fees	298	316
Amortisation of intangible asset and capitalised transaction costs	2,996	2,560
Temporary differences and other adjustments	(317)	(1,080)
Capital gains distribution	3,000	-
	17,961	14,459

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>		
	1Q2019	1Q2018	+ / (-)
	\$'000	\$'000	%
Profit after tax	34,635	35,633	(2.8)
Other comprehensive income:			
Foreign currency translation	(45,259)	9,953	NM
<u>Cash flow hedges:</u>			
Net change in fair value of cash flow hedges	5,509	15,874	(65.3)
Share of net change in fair value of cash flow hedges of associates	861	1,876	(54.1)
Other comprehensive income for the period	(38,889)	27,703	NM
Total comprehensive income for the period	(4,254)	63,336	NM
Attributable to:			
Unitholders	(9,914)	61,472	NM
Perpetual securities holders	1,841	1,841	-
Non-controlling interests	3,819	23	NM
	(4,254)	63,336	NM

NM – Not meaningful

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

Balance Sheets

Note	Group			Trust			
	31/3/2019	31/12/2018	+ / (-)	31/3/2019	31/12/2018	+ / (-)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Non-current assets							
Investment properties	1	3,866,861	3,879,956	(0.3)	515,000	515,000	-
Investments in subsidiaries		-	-	-	1,473,781	1,473,781	-
Investments in associates	2	2,539,464	2,538,663	0.03	2,025,135	2,025,135	-
Advances to associates		615,622	615,622	-	615,622	615,622	-
Investments in joint ventures	3	450,164	471,691	(4.6)	-	-	-
Amounts owing by subsidiaries		-	-	-	937,293	955,086	(1.9)
Fixed assets		110	112	(1.8)	30	30	-
Intangible asset	4	-	2,549	(100.0)	-	2,549	(100.0)
Derivative financial instruments	5	4,778	1,329	259.5	2,871	692	314.9
Total non-current assets		7,476,999	7,509,922	(0.4)	5,569,732	5,587,895	(0.3)
Current assets							
Trade and other receivables	6	32,168	15,056	113.7	47,808	11,269	324.2
Prepaid expenses		192	343	(44.0)	40	12	233.3
Cash and bank balances		105,399	258,924	(59.3)	51,030	231,455	(78.0)
Derivative financial instruments	5	754	206	266.0	754	206	266.0
Total current assets		138,513	274,529	(49.5)	99,632	242,942	(59.0)
Total assets		7,615,512	7,784,451	(2.2)	5,669,364	5,830,837	(2.8)
Current liabilities							
Trade and other payables		50,380	64,757	(22.2)	31,570	43,457	(27.4)
Income received in advance		230	2,879	(92.0)	64	2,829	(97.7)
Borrowings		59,958	59,943	0.03	59,958	59,943	0.03
Security deposits		3,511	4,933	(28.8)	249	1,616	(84.6)
Derivative financial instruments	5	703	230	205.7	703	230	205.7
Provision for taxation		1,478	1,414	4.5	1,478	1,414	4.5
Total current liabilities		116,260	134,156	(13.3)	94,022	109,489	(14.1)
Non-current liabilities							
Borrowings		2,117,102	2,225,761	(4.9)	1,650,954	1,759,833	(6.2)
Derivative financial instruments	5	8,386	11,585	(27.6)	8,386	11,333	(26.0)
Security deposits		29,467	27,315	7.9	4,364	4,208	3.7
Deferred tax liabilities		50,038	50,038	-	-	-	-
Total non-current liabilities		2,204,993	2,314,699	(4.7)	1,663,704	1,775,374	(6.3)
Total liabilities		2,321,253	2,448,855	(5.2)	1,757,726	1,884,863	(6.7)
Net assets		5,294,259	5,335,596	(0.8)	3,911,638	3,945,974	(0.9)
Represented by:							
Unitholders' funds		4,713,724	4,757,285	(0.9)	3,760,096	3,796,273	(1.0)
Perpetual securities	7	151,542	149,701	1.2	151,542	149,701	1.2
Non-controlling interests	8	428,993	428,610	0.1	-	-	-
		5,294,259	5,335,596	(0.8)	3,911,638	3,945,974	(0.9)
Net asset value per unit (\$)		1.38	1.40		1.10	1.12	

Notes:

- (1) The decrease in investment properties is mainly due to translation differences arising from the Australian investment properties, offset by progress payments made for the office tower being developed at 311 Spencer Street in Melbourne.
- (2) This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates. ORQPL holds One Raffles Quay, and BFCDLLP and CBDPL hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (3) This relates to the 50% interests in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interests in MOTT and Mirvac (Old Treasury) Pty Limited. The properties held through M8CT and MOTT are 8 Chifley Square and the David Malcolm Justice Centre respectively.
- (4) This relates to the aggregate rental support top-up payments receivable by the Group for the one-third interest in CBDPL which holds MBFC Tower 3. As at 31 March 2019, the intangible asset has been fully amortised.
- (5) These relate to the fair value of the foreign currency forward contracts entered into in relation to the income from the Australian investments, and the fair value of interest rate and cross currency swaps entered into by the Group.
- (6) Included in the balances are dividend and distribution receivables from associates and joint ventures of \$21.4 million (31 December 2018: \$2.2 million).
- (7) 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.
- (8) 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

	Group	
	As at 31/3/2019	As at 31/12/2018
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	216,430	246,000
Less: Unamortised portion of fees	(775)	(889)
	215,655	245,111
Unsecured borrowings		
Amount repayable within one year	60,000	60,000
Amount repayable after one year	1,905,194	1,984,624
Less: Unamortised portion of fees	(3,789)	(4,031)
	1,961,405	2,040,593
Total net borrowings	2,177,060	2,285,704

Details of Collaterals

The Group mortgaged Bugis Junction Towers as security for the 5-year revolving loan facility of \$350.0 million, of which \$216.4 million have been drawn.

As at 31 March 2019, the Group had total gross borrowings of approximately \$2,181.6 million and unutilised facilities of \$1,022.3 million available to meet its future obligations. The all-in interest rate was 2.88% per annum for the period ended 31 March 2019.

1(c) Consolidated Statement of Cash Flows

	Group	
Note	1Q2019 \$'000	1Q2018 \$'000
Operating activities		
Profit before tax	36,120	37,068
Adjustments for:		
Interest income	(7,294)	(5,759)
Amortisation expense	2,549	2,041
Share of results of associates	(19,271)	(20,612)
Share of results of joint ventures	(7,172)	(7,839)
Borrowing costs	15,133	16,752
Management fees paid and/or payable in units	11,984	12,663
Net change in fair value of derivatives	(1,214)	(748)
Depreciation	2	10
Rental support income	(2,690)	(2,154)
Unrealised currency translation differences	2,557	(326)
Operating cash flows before changes in working capital	30,704	31,096
Decrease/(increase) in receivables	1,466	(4,094)
Decrease in payables	(6,467)	(220)
Increase in security deposits	730	590
Cash flows from operations	26,433	27,372
Income taxes paid	(1,421)	(1,820)
Net cash flows provided by operating activities	25,012	25,552
Investing activities		
Progress payments on investment property under development	(19,178)	(15,496)
Subsequent expenditure on investment properties	(2,873)	(1,804)
Purchase of fixed assets	-	(6)
Interest received	7,360	5,849
Rental support received	2,690	2,154
Reimbursement of development costs for one-third interest in an associate	757	-
Distribution income received from joint ventures	6,352	6,687
Settlement of accrued development costs for 99.9% interest in a subsidiary	(4,429)	-
Net cash flows used in investing activities	(9,321)	(2,616)
Financing activities		
Distribution to Unitholders (net of distribution in Units)	1 (46,150)	(44,325)
Purchase of units	(6,870)	-
Loans drawdown	218,546	67,507
Repayment of loans	(314,938)	(76,976)
Payment of financing expenses/upfront debt arrangement costs	(105)	(875)
Distribution of partnership profits to non-controlling interests	-	(19)
Interest paid	(14,158)	(15,780)
Net cash flows used in financing activities	(163,675)	(70,468)
Net decrease in cash and cash equivalents	(147,984)	(47,532)
Cash and cash equivalents at the beginning of period	255,807	186,462
Effect of exchange rate changes on cash and cash equivalents	(2,851)	748
Cash and cash equivalents at the end of period	104,972	139,678
Comprising:		
Cash and bank balances	105,399	149,233
Less: Restricted cash and bank balances	2 (427)	(9,555)
Cash and cash equivalents per Consolidated Statement of Cash Flows	104,972	139,678

Notes:

(1) Distribution paid to Unitholders in 1Q2019 was for the period of 1 October 2018 to 31 December 2018, paid on 28 February 2019.

Distribution paid to Unitholders in 1Q2018 was for the period of 1 October 2017 to 31 December 2017, paid on 28 February 2018.

(2) As at 31 March 2019, this relates to accumulated interest on 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. In the prior year, this also included the rental support top-up payments received in advance by Keppel REIT.

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

Group	Note	Units in Issue	Treasury Units	Accumulated Profits	Foreign	Discount on	Unitholders' Funds	Perpetual Securities	Non-	Total	
					Currency Translation Reserve	Acquisition of Non-Controlling Interest			Controlling Interest		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2019		3,557,767	-	1,248,549	(46,418)	(5,835)	3,222	4,757,285	149,701	428,610	5,335,596
Profit for the period		-	-	29,358	-	-	-	29,358	1,841	3,436	34,635
Other comprehensive income	1	-	-	-	(45,259)	5,987	-	(39,272)	-	383	(38,889)
Total comprehensive income		-	-	29,358	(45,259)	5,987	-	(9,914)	1,841	3,819	(4,254)
Issue of units for payment of management fees	2	19,373	-	-	-	-	-	19,373	-	-	19,373
Purchase of units	3	-	(6,870)	-	-	-	-	(6,870)	-	-	(6,870)
Cancellation of treasury units	3	(6,870)	6,870	-	-	-	-	-	-	-	-
Distribution to Unitholders		-	-	(46,150)	-	-	-	(46,150)	-	-	(46,150)
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	(3,436)	(3,436)
At 31 March 2019		3,570,270	-	1,231,757	(91,677)	152	3,222	4,713,724	151,542	428,993	5,294,259

Group	Note	Units in Issue	Accumulated Profits	Foreign	Discount on	Unitholders' Funds	Perpetual Securities	Non-	Total	
				Currency Translation Reserve	Acquisition of Non-Controlling Interest			Controlling Interest		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2018		3,530,732	1,284,749	(34,808)	(20,471)	3,222	4,763,424	149,701	2,133	4,915,258
Profit for the period		-	33,773	-	-	-	33,773	1,841	19	35,633
Other comprehensive income	1	-	-	9,953	17,746	-	27,699	-	4	27,703
Total comprehensive income		-	33,773	9,953	17,746	-	61,472	1,841	23	63,336
Issue of units for payment of management fees	4	19,602	-	-	-	-	19,602	-	-	19,602
Distribution Reinvestment Plan		3,876	(3,876)	-	-	-	-	-	-	-
Distribution to Unitholders		(1,348)	(42,977)	-	-	-	(44,325)	-	-	(44,325)
Distribution to non-controlling interest		-	-	-	-	-	-	-	(19)	(19)
At 31 March 2018		3,552,862	1,271,669	(24,855)	(2,725)	3,222	4,800,173	151,542	2,137	4,953,852

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

Notes:

- (1) Other comprehensive income relates to the movement in foreign currency translation reserve arising from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities, fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and share of hedging reserves of associates.
- (2) This represents 16,565,482 units issued in 1Q2019 as payment of management fees in units.
- (3) The Trust purchased 5,750,000 units from the open market in 1Q2019 which were subsequently cancelled.
- (4) This represents 15,680,593 units issued in 1Q2018 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
At 1 January 2019		3,557,767	-	243,467	(4,961)	3,796,273	149,701	3,945,974
(Loss)/profit for the period		-	-	(6,517)	-	(6,517)	1,841	(4,676)
Other comprehensive income	1	-	-	-	3,987	3,987	-	3,987
Total comprehensive income		-	-	(6,517)	3,987	(2,530)	1,841	(689)
Issue of units for payment of management fees	2	19,373	-	-	-	19,373	-	19,373
Purchase of units	3	-	(6,870)	-	-	(6,870)	-	(6,870)
Cancellation of treasury units	3	(6,870)	6,870	-	-	-	-	-
Distribution to Unitholders		-	-	(46,150)	-	(46,150)	-	(46,150)
At 31 March 2019		3,570,270	-	190,800	(974)	3,760,096	151,542	3,911,638

<u>Trust</u>	Note	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'000
At 1 January 2018		3,530,732	270,068	(12,554)	3,788,246	149,701	3,937,947
Profit for the period		-	38,626	-	38,626	1,841	40,467
Other comprehensive income	1	-	-	12,075	12,075	-	12,075
Total comprehensive income		-	38,626	12,075	50,701	1,841	52,542
Issue of units for payment of management fees	4	19,602	-	-	19,602	-	19,602
Distribution Reinvestment Plan		3,876	(3,876)	-	-	-	-
Distribution to Unitholders		(1,348)	(42,977)	-	(44,325)	-	(44,325)
At 31 March 2018		3,552,862	261,841	(479)	3,814,224	151,542	3,965,766

Notes:

- (1) This relates to fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.
- (2) This represents 16,565,482 units issued in 1Q2019 as payment of management fees in units.
- (3) The Trust purchased 5,750,000 units from the open market in 1Q2019 which were subsequently cancelled.
- (4) This represents 15,680,593 units issued in 1Q2018 as payment of management fees in units.

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

	<u>Group and Trust</u>	
	2019 Units	2018 Units
Issued units as at 1 January	3,393,398,818	3,370,734,208
Issue of new units:		
- Payment of management fees	16,565,482	15,680,593
- Distribution Reinvestment Plan	-	3,052,523
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(5,750,000)	-
Issued units as at 31 March	3,404,214,300	3,389,467,324

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

Keppel REIT did not hold any treasury units as at 31 March 2019 and 31 December 2018.

Total number of issued units in Keppel REIT as at 31 March 2019 and 31 December 2018 were 3,404,214,300 and 3,393,398,818 respectively.

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

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

2. AUDIT

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

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on 1 January 2019.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

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

	<u>Group</u>	
	1Q2019	1Q2018
EPU (based on weighted average number of units as at the end of the period)	0.86 cents	1.00 cents
- Weighted average number of units as at the end of the period	3,401,465,422	3,382,099,049
DPU (based on the number of units as at the end of the period)	1.39 cents	1.42 cents
- Number of units in issue as at the end of the period	3,404,214,300	3,389,467,324

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

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

	<u>Group</u>		<u>Trust</u>	
	As at 31/03/2019	As at 31/12/2018	As at 31/03/2019	As at 31/12/2018
NAV ¹ per unit (\$)	1.38	1.40	1.10	1.12
NTA ¹ per unit (\$) based on issued units at the end of the period	1.38	1.40	1.10	1.12
Adjusted NAV ¹ per unit (\$)	1.37	1.39	1.09	1.11
Adjusted NTA ¹ per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.37	1.39	1.09	1.10

Note:

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

8. REVIEW OF PERFORMANCE

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

	<u>Group</u>		+/(-) %
	1Q2019	1Q2018	
	\$'000	\$'000	
Property			
Bugis Junction Towers	6,066	5,079	19.4
Ocean Financial Centre	25,663	26,113	(1.7)
275 George Street	3,590	3,739	(4.0)
8 Exhibition Street ¹	4,698	4,803	(2.2)
Total property income of directly held properties (excluding property income contribution from associates and joint ventures)	40,017	39,734	0.7

8(ii) Income Contribution of the Portfolio

	<u>Group</u>		+/(-) %
	1Q2019	1Q2018	
	\$'000	\$'000	
Property			
Bugis Junction Towers	4,997	3,735	33.8
Ocean Financial Centre	20,186	21,501	(6.1)
275 George Street	2,674	2,822	(5.2)
8 Exhibition Street ¹	3,454	3,162	9.2
Total net property income of directly held properties	31,311	31,220	0.3
One-third interest in ORQPL ² :			
- Interest income	599	518	15.6
- Dividend income	5,574	6,410	(13.0)
Total income	6,173	6,928	(10.9)
One-third interests in BFCDLLP ³ and CBDPL ³ :			
- Rental support	2,690	2,154	24.9
- Interest income	5,821	4,722	23.3
- Dividend and distribution income	13,755	14,198	(3.1)
Total income	22,266	21,074	5.7
50% interest in M8CT ⁴ :			
- Distribution income	3,084	3,233	(4.6)
50% interest in MOTT ⁵ :			
- Distribution income	3,203	3,431	(6.6)
Total income contribution of the portfolio	66,037	65,886	0.2
Less: Income contribution attributable to non-controlling interests			
- Ocean Financial Centre ⁶	(4,057)	(22)	NM
Total income contribution attributable to unitholders	61,980	65,864	(5.9)

Notes:

- (1) Comprises 50% interest in the office building and a 100% interest in the three adjacent retail units.
- (2) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (3) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (4) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (5) Comprises 50% interest in MOTT which holds the David Malcolm Justice Centre.
- (6) Represents interest of 20.1% (1Q 2018: 0.1%) in Ocean Financial Centre.

8. REVIEW OF PERFORMANCE (CONT'D)

Review of Performance for 1Q2019 vs 1Q2018

Property income and net property income for 1Q2019 were \$40.0 million and \$31.3 million respectively, consistent with property income and net property income of \$39.7 million and \$31.2 million respectively for 1Q2018. The increase was mainly attributable to higher one-off income, partially offset by lower property income and net property income from Ocean Financial Centre and Bugis Junction Towers (after excluding attributable one-off income). Whilst the operating performances of 275 George Street and 8 Exhibition Street have improved year-on-year, a weaker Australian dollar contributed to the decrease in property income and net property income of these properties.

The Group's profit before tax for 1Q2019 was \$36.1 million, lower as compared to \$37.1 million for 1Q2018. The decrease was mainly attributable to lower net property income from Ocean Financial Centre, 275 George Street and Bugis Junction Towers (after excluding attributable one-off income), lower share of results of associates and joint ventures, higher amortisation expense and unfavourable foreign exchange differences. These were partially offset by higher rental support, higher interest income, lower borrowing costs, lower trust expenses, as well as net change in fair value of derivatives.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

CBRE's research indicates continued growth in the Singapore office sector, with average Grade A office rents at \$11.15 psf from \$10.80 psf a quarter ago. Average occupancy saw similar quarter-on-quarter growth from 94.8% as at end December 2018 to 95.2% as at end March 2019. CBRE maintains its positive outlook on the Singapore office sector, supported by limited supply pipeline which could further tighten in the medium term if older buildings are redeveloped in view of URA's CBD incentive scheme.

In Australia, JLL reported healthy leasing activity and strong net absorption. National CBD office market occupancy continued its upward trend from 90.9% as at end-September 2018 to 91.4% as at end-December 2018, and vacancy rates are expected to remain low.

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

11. RISK FACTORS AND RISK MANAGEMENT

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

Interest rate risk

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

Liquidity risk

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

Credit risk

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

Currency risk

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, and 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 January 2019 to 31 March 2019
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution rate	(a) Taxable income distribution - 0.93 cents per unit (b) Tax-exempt income distribution - 0.37 cents per unit (c) Capital gains distribution - 0.09 cents per unit The Distribution per Unit is computed based on the number of Units in issue of 3,404,214,300 Units as at 17 April 2019 entitled to the Distribution, and on the basis that none of the S\$200,000,000 principal amount of 1.90% convertible bonds due 2024 ("Convertible Bonds") is converted into Units on or prior to the Books Closure Date. Accordingly, the actual quantum of the Distribution per Unit may differ from the above Distribution per Unit if any of the Convertible Bonds is converted into Units on or prior to the Books Closure Date. It should be noted that holders of the Convertible Bonds may only exercise their conversion right on or after 21 May 2019 unless a change of control event occurs.
Tax rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax. Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently. Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt. Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%. All other investors will receive their distributions after deduction of tax at the rate of 17%. <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT. <u>Capital gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 January 2018 to 31 March 2018
Distribution type	(a) Taxable income (b) Tax-exempt income
Distribution rate	(a) Taxable income distribution - 1.06 cents per unit (b) Tax-exempt income distribution - 0.36 cents per unit
Tax rate	<p><u>Taxable income distribution</u></p> <p>Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p>

(c) Books Closure Date

26 April 2019

(d) Date Payable

30 May 2019

13. DISTRIBUTION STATEMENT

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

14. INTERESTED PERSON TRANSACTIONS (“IPTs”)

Name of Interested Person

Keppel Corporation Limited and its subsidiaries or associates

- Manager’s management fees
- Property management fees and reimbursable
- Leasing commissions
- Rental support
- Settlement of accrued development costs for 87.51% interest in a subsidiary ⁽¹⁾

RBC Investor Services Trust Singapore Limited

- Trustee’s fees

Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
1Q2019	1Q2018
\$’000	\$’000
11,984	12,663
1,251	1,472
1,260	92
2,690	2,154
3,879	-
298	316

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

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

15. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL OF ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

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

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

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

By Order of the Board
Keppel REIT Management Limited
(Company Registration Number: 200411357K)
As Manager of Keppel REIT

CHUA HUA YEOW KELVIN / TAN WEIQIANG MARC
Joint Company Secretaries
17 April 2019

CONFIRMATION BY THE BOARD

We, PENNY GOH and CHRISTINA TAN, being two Directors of Keppel REIT Management Limited (the "Company"), as manager of Keppel REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the First Quarter 2019 financial statements of Keppel REIT to be false or misleading in any material respect.

On Behalf of the Board

PENNY GOH
Chairman

17 April 2019



CHRISTINA TAN
Director