

**KEPPEL REIT  
UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED  
30 SEPTEMBER 2019****TABLE OF CONTENTS**

	Page
- INTRODUCTION	2
- SUMMARY OF KEPPEL REIT RESULTS	3
1(a)(i) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND DISTRIBUTION STATEMENT	4
1(a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6
1(b)(i) BALANCE SHEETS	7
1(b)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	9
1(c) CONSOLIDATED STATEMENT OF CASH FLOWS	10
1(d)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS	12
1(d)(ii) DETAILS OF CHANGES IN THE UNITS	16
1(d)(iii) TOTAL NUMBER OF ISSUED UNITS	16
1(d)(iv) SALES, TRANSFERS, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY UNITS	16
2 AUDIT	17
3 AUDITORS' REPORT	17
4 ACCOUNTING POLICIES	17
5 CHANGES IN ACCOUNTING POLICIES	17
6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT	17
7 NET ASSET VALUE AND NET TANGIBLE ASSET PER UNIT	18
8 REVIEW OF PERFORMANCE	18
9 VARIANCE FROM FORECAST STATEMENT	20
10 PROSPECTS	20
11 RISK FACTORS AND RISK MANAGEMENT	21
12 DISTRIBUTIONS	22
13 DISTRIBUTION STATEMENT	24
14 INTERESTED PERSON TRANSACTIONS	24
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)	24
CONFIRMATION BY THE BOARD	26

## 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 prime business and financial districts pan-Asia.

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

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

### Singapore

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

### Australia

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

### South Korea

- T Tower, Seoul (99.38% interest)

On 1 October 2019, Keppel REIT announced the divestment of Bugis Junction Towers in Singapore for a sale price of \$547.5 million. Completion is scheduled for 4Q2019.

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.

#### **Note:**

- (1) *Includes 311 Spencer Street which is under construction in Melbourne, as well as Bugis Junction Towers which was announced to be undergoing divestment.*

**SUMMARY OF KEPPEL REIT RESULTS  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019**

	GROUP			
	3Q2019 \$'000	3Q2018 \$'000	YTD Sep 2019 \$'000	YTD Sep 2018 \$'000
Property income	42,378	36,655	122,308	128,043
Net property income	33,170	28,204	95,544	102,630
Share of results of associates	21,285	17,509	60,387	57,098
Share of results of joint ventures	7,316	7,528	21,613	22,846
Income available for distribution	47,514	46,340	142,126	142,895
Distribution to Unitholders <sup>1</sup>	47,514 <sup>2</sup>	46,340	142,126 <sup>2</sup>	142,895
Distribution per Unit ("DPU") (cents) for the period	1.40 <sup>3</sup>	1.36	4.18 <sup>3</sup>	4.20
Annualised/Actual distribution yield (%)			4.4% <sup>4</sup>	4.9% <sup>5</sup>

**Notes:**

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

(2) These include capital gains distributions of \$2.0 million and \$8.0 million for 3Q2019 and YTD Sep 2019 respectively.

(3) DPU for 3Q2019 is computed based on the number of units in issue as at 30 September 2019. On 1 October 2019, Keppel REIT purchased 2,700,000 units from the open market which were subsequently cancelled. Based on the number of units in issue as at 1 October 2019, DPU for 3Q2019 and YTD Sep 2019 remains unchanged at 1.40 cents and 4.18 cents respectively.

On 10 April 2019, Keppel REIT issued \$200 million in aggregate principal of convertible bonds due 10 April 2024. The actual quantum of DPU may therefore differ if any of the convertible bonds is converted between 1 October 2019 and the books closure date, 24 October 2019.

(4) Based on the market closing price per Unit of \$1.26 as at 30 September 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the third quarter and nine months ended 30 September 2019:

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

#### Consolidated Statement of Profit or Loss

	Note	<u>Group</u>					
		3Q2019	3Q2018	+ /(-)	YTD Sep 2019	YTD Sep 2018	+ /(-)
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		40,815	35,231	15.8	115,082	111,268	3.4
Car park income		960	841	14.1	2,696	2,650	1.7
Other income	1	603	583	3.4	4,530	14,125	(67.9)
<b>Property income</b>		<b>42,378</b>	<b>36,655</b>	<b>15.6</b>	<b>122,308</b>	<b>128,043</b>	<b>(4.5)</b>
Property tax		(3,525)	(3,328)	5.9	(9,913)	(8,668)	14.4
Other property expenses	2	(4,154)	(3,989)	4.1	(12,905)	(12,875)	0.2
Property management fee	3	(1,375)	(980)	40.3	(3,569)	(3,407)	4.8
Maintenance and sinking fund contributions		(154)	(154)	-	(377)	(463)	(18.6)
<b>Property expenses</b>		<b>(9,208)</b>	<b>(8,451)</b>	<b>9.0</b>	<b>(26,764)</b>	<b>(25,413)</b>	<b>5.3</b>
<b>Net property income</b>		<b>33,170</b>	<b>28,204</b>	<b>17.6</b>	<b>95,544</b>	<b>102,630</b>	<b>(6.9)</b>
Rental support	4	-	2,154	(100.0)	2,690	6,461	(58.4)
Interest income	5	6,553	6,554	(0.02)	20,877	18,551	12.54
Share of results of associates	6	21,285	17,509	21.6	60,387	57,098	5.8
Share of results of joint ventures	7	7,316	7,528	(2.8)	21,613	22,846	(5.4)
Amortisation expense	8	-	(2,041)	(100.0)	(2,549)	(6,123)	(58.4)
Borrowing costs	9	(16,882)	(17,659)	(4.4)	(49,174)	(51,528)	(4.6)
Manager's management fees	10	(12,285)	(12,740)	(3.6)	(36,168)	(38,516)	(6.1)
Trust expenses	11	(1,107)	(1,076)	2.9	(10,254)	(2,876)	256.5
Net foreign exchange differences		(728)	(935)	(22.1)	(3,539)	(618)	472.7
Net change in fair value of derivatives		393	(2,863)	NM	(3,889)	(3,870)	0.5
<b>Profit before tax</b>		<b>37,715</b>	<b>24,635</b>	<b>53.1</b>	<b>95,538</b>	<b>104,055</b>	<b>(8.2)</b>
Income tax	12	(1,338)	(1,481)	(9.7)	(4,136)	(2,241)	84.6
<b>Profit after tax</b>		<b>36,377</b>	<b>23,154</b>	<b>57.1</b>	<b>91,402</b>	<b>101,814</b>	<b>(10.2)</b>
<b>Attributable to:</b>							
Unitholders		30,918	21,256	45.5	75,402	96,163	(21.6)
Perpetual securities holders	13	1,883	1,883	-	5,587	5,587	-
Non-controlling interests	14	3,576	15	NM	10,413	64	NM
		<b>36,377</b>	<b>23,154</b>	<b>57.1</b>	<b>91,402</b>	<b>101,814</b>	<b>(10.2)</b>
<b>Distribution Statement</b>							
<b>Profit for the period attributable to Unitholders</b>		<b>30,918</b>	<b>21,256</b>	<b>45.5</b>	<b>75,402</b>	<b>96,163</b>	<b>(21.6)</b>
Net tax and other adjustments	15	16,596	25,084	(33.8)	66,724	46,732	42.8
<b>Income available for distribution</b>		<b>47,514</b>	<b>46,340</b>	<b>2.5</b>	<b>142,126</b>	<b>142,895</b>	<b>(0.5)</b>
<b>Distribution to Unitholders</b>	16	<b>47,514</b>	<b>46,340</b>	<b>2.5</b>	<b>142,126</b>	<b>142,895</b>	<b>(0.5)</b>
<b>Distribution per Unit (cents) for the period</b>		<b>1.40</b>	<b>1.36</b>	<b>2.9</b>	<b>4.18</b>	<b>4.20</b>	<b>(0.5)</b>
Annualised/Actual Distribution per Unit <sup>1</sup> (cents)		<b>5.57</b>	<b>5.56</b>	<b>0.2</b>	<b>5.57</b>	<b>5.56</b>	<b>0.2</b>

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

NM – Not meaningful

**Notes:**

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

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

	<u>Group</u>		<u>YTD Sep</u>	<u>YTD Sep</u>
	<u>3Q2019</u>	<u>3Q2018</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	393	370	1,575	1,092
Utilities	875	693	2,318	2,234
Repair and maintenance	2,232	2,173	6,689	7,131
Property management reimbursements	349	417	1,362	1,421
Others	305	336	961	997
	<u>4,154</u>	<u>3,989</u>	<u>12,905</u>	<u>12,875</u>

- (3) The increase is due mainly to the inclusion of property management fee incurred by Keppel No.4 Professional Investors' Private Real Estate Investment Limited Liability Company ("K4 LLC"), following the acquisition of T Tower in Seoul, South Korea.

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

- (5) Interest income comprises the following:

	<u>Group</u>		<u>YTD Sep</u>	<u>YTD Sep</u>
	<u>3Q2019</u>	<u>3Q2018</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	259	483	1,745	1,472
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	6,294	6,071	19,132	17,079
	<u>6,553</u>	<u>6,554</u>	<u>20,877</u>	<u>18,551</u>

- (6) 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.

- (7) 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.

- (8) This represents the amortisation of intangible asset as explained in note 4 of paragraph 1(b)(i) (page 8). There was no amortisation expense for 3Q2019 as the remaining rental support was fully drawn in the period ended 31 March 2019.

- (9) Borrowing costs comprise the following:

	<u>Group</u>		<u>YTD Sep</u>	<u>YTD Sep</u>
	<u>3Q2019</u>	<u>3Q2018</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000	\$'000
Interest expense on borrowings	16,267	17,146	46,813	49,959
Amortisation of capitalised transaction costs	615	513	2,361	1,569
	<u>16,882</u>	<u>17,659</u>	<u>49,174</u>	<u>51,528</u>

- (10) The Manager has elected to receive 100% of its management fees entitlement in units of Keppel REIT.

- (11) For YTD Sep 2019, trust expenses included expenses amounting to \$5,654,000 relating to the acquisition of 99.38% interest in K4 LLC which holds T Tower.

- (12) Income tax comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its one-third interest in CBDPL, net of deductible interest expense and (ii) withholding tax expense in relation to the income from the Group's investments in Australia and South Korea.

For YTD Sep 2019, this included an adjustment of overprovision of income tax in respect of previous years of assessment amounting to \$99,000 (YTD Sep 2018: nil).

For YTD Sep 2018, this included a one-off refund of withholding tax of \$2,121,000 previously paid on the gain on divestment of 77 King Street.

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

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

For the prior period, non-controlling interests only included AIPL's 0.1% interest in OPLLP's partnership profit.

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

	<u>Group</u>			
	3Q2019	3Q2018	YTD Sep 2019	YTD Sep 2018
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	12,285	12,740	36,168	38,516
Trustee's fees	317	322	921	957
Amortisation of intangible asset and capitalised transaction costs	610	2,554	4,736	7,692
Temporary differences and other adjustments	1,384	9,468	16,899	(433)
Capital gains distribution	2,000	-	8,000	-
	16,596	25,084	66,724	46,732

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

(16) 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**

**Consolidated Statement of Comprehensive Income**

	<u>Group</u>					
	3Q2019	3Q2018	+ / (-)	YTD Sep 2019	YTD Sep 2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit after tax</b>	<b>36,377</b>	<b>23,154</b>	<b>57.1</b>	<b>91,402</b>	<b>101,814</b>	<b>(10.2)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	(19,441)	(25,877)	(24.9)	(71,379)	(30,728)	132.3
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	(210)	(304)	(30.9)	(4,965)	24,787	NM
Share of net change in fair value of cash flow hedges of associates	(4,148)	(177)	NM	(5,065)	3,580	NM
<b>Other comprehensive income for the period</b>	<b>(23,799)</b>	<b>(26,358)</b>	<b>(9.7)</b>	<b>(81,409)</b>	<b>(2,361)</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>12,578</b>	<b>(3,204)</b>	<b>NM</b>	<b>9,993</b>	<b>99,453</b>	<b>(90.0)</b>
<b>Attributable to:</b>						
Unitholders	7,043	(5,101)	NM	(5,827)	93,796	NM
Perpetual securities holders	1,883	1,883	-	5,587	5,587	-
Non-controlling interests	3,652	14	NM	10,233	70	NM
	<b>12,578</b>	<b>(3,204)</b>	<b>NM</b>	<b>9,993</b>	<b>99,453</b>	<b>(90.0)</b>

NM – Not meaningful

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

**Balance Sheets**

Note	Group			Trust		
	30/9/2019	31/12/2018	+/(-) %	30/9/2019	31/12/2018	+/(-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Non-current assets</b>						
1	4,198,385	3,879,956	8.2	515,035	515,000	0.01
	-	-	-	1,473,781	1,473,781	-
2	2,531,601	2,538,663	(0.3)	2,023,195	2,025,135	(0.1)
	616,497	615,622	0.1	616,497	615,622	0.1
3	439,879	471,691	(6.7)	-	-	-
	-	-	-	1,120,060	955,086	17.3
	112	112	-	30	30	-
4	-	2,549	(100.0)	-	2,549	(100.0)
5	192	1,329	(85.6)	-	692	(100.0)
	<b>7,786,666</b>	<b>7,509,922</b>	<b>3.7</b>	<b>5,748,598</b>	<b>5,587,895</b>	<b>2.9</b>
<b>Current assets</b>						
6	37,161	15,056	146.8	49,772	11,269	341.7
	547	343	59.5	49	12	308.3
	100,523	258,924	(61.2)	30,869	231,455	(86.7)
5	761	206	269.4	761	206	269.4
	<b>138,992</b>	<b>274,529</b>	<b>(49.4)</b>	<b>81,451</b>	<b>242,942</b>	<b>(66.5)</b>
	<b>7,925,658</b>	<b>7,784,451</b>	<b>1.8</b>	<b>5,830,049</b>	<b>5,830,837</b>	<b>(0.01)</b>
<b>Current liabilities</b>						
	50,924	64,757	(21.4)	28,857	43,457	(33.6)
	1,351	2,879	(53.1)	-	2,829	(100.0)
7	99,874	59,943	66.6	-	59,943	(100.0)
	4,237	4,933	(14.1)	317	1,616	(80.4)
5	872	230	279.1	872	230	279.1
	1,332	1,414	(5.8)	680	1,414	(51.9)
	<b>158,590</b>	<b>134,156</b>	<b>18.2</b>	<b>30,726</b>	<b>109,489</b>	<b>(71.9)</b>
<b>Non-current liabilities</b>						
8	2,452,749	2,225,761	10.2	1,936,271	1,759,833	10.0
5	19,216	11,585	65.9	18,162	11,333	60.3
	38,911	27,315	42.5	4,228	4,208	0.5
	50,038	50,038	-	-	-	-
	<b>2,560,914</b>	<b>2,314,699</b>	<b>10.6</b>	<b>1,958,661</b>	<b>1,775,374</b>	<b>10.3</b>
	<b>2,719,504</b>	<b>2,448,855</b>	<b>11.1</b>	<b>1,989,387</b>	<b>1,884,863</b>	<b>5.5</b>
	<b>5,206,154</b>	<b>5,335,596</b>	<b>(2.4)</b>	<b>3,840,662</b>	<b>3,945,974</b>	<b>(2.7)</b>
Represented by:						
	<b>4,625,195</b>	<b>4,757,285</b>	<b>(2.8)</b>	<b>3,689,078</b>	<b>3,796,273</b>	<b>(2.8)</b>
9	151,584	149,701	1.3	151,584	149,701	1.3
10	429,375	428,610	0.2	-	-	-
	<b>5,206,154</b>	<b>5,335,596</b>	<b>(2.4)</b>	<b>3,840,662</b>	<b>3,945,974</b>	<b>(2.7)</b>
Net asset value per unit (\$)	1.36	1.40		1.09	1.12	

**Notes:**

- (1) The increase in investment properties is mainly due to the acquisition of T Tower in Seoul on 27 May 2019 and progress payments made for the office tower being developed at 311 Spencer Street in Melbourne, offset by translation differences arising mainly from the Australian investment properties.
- (2) This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates. ORQPL holds One Raffles Quay, and BFCDLLP and CBDPL hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (3) This relates to the 50% interests in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interests in MOTT and Mirvac (Old Treasury) Pty Limited. The properties held through M8CT and MOTT are 8 Chifley Square and the David Malcolm Justice Centre respectively.
- (4) This relates to the aggregate rental support top-up payments receivable by the Group for the one-third interest in CBDPL which holds MBFC Tower 3. As at the end of the current period, the intangible asset has been fully amortised.
- (5) These relate to the fair value of the foreign currency forward contracts entered into in relation to the income from the Australian investments, and the fair value of interest rate and cross currency swaps entered into by the Group.
- (6) Included in the balances are dividend and distribution receivables from associates and joint ventures of \$23.3 million (31 December 2018: \$2.2 million).
- (7) This relates to gross borrowings of \$100.0 million due in FY2020. There are sufficient loan facilities available to refinance the borrowings when they fall due.
- (8) On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal of convertible bonds due 10 April 2024 ("Convertible Bonds"). As at 30 September 2019, borrowings included the liability component of the convertible bonds amounting to \$189.9 million, which was measured at amortised cost.
- (9) On 2 November 2015, Keppel REIT issued \$150.0 million of subordinated perpetual securities at a fixed rate of 4.98% per annum. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movement in Unitholders' funds.
- (10) Non-controlling interests relate to Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLLP, and KCIH's 0.62% interest in the net assets of K4 LLC.

As at 31 December 2018, this only included Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLLP.



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

	<b>Group</b>	
	<b>As at 30/9/2019</b>	<b>As at 31/12/2018</b>
	\$'000	\$'000
<b>Secured borrowings</b>		
Amount repayable within one year	-	-
Amount repayable after one year	857,573	246,000
Less: Unamortised portion of fees	(2,018)	(889)
	<b>855,555</b>	<b>245,111</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	100,000	60,000
Amount repayable after one year	1,601,350	1,984,624
Less: Unamortised portion of fees	(4,282)	(4,031)
	<b>1,697,068</b>	<b>2,040,593</b>
<b>Total net borrowings</b>	<b>2,552,623</b>	<b>2,285,704</b>

#### Details of Collaterals

The Group has mortgaged certain investment properties of an aggregate amount of \$1,598.3 million (31 December 2018: \$515.0 million) as securities for loan facilities granted.

As at 30 September 2019, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,569.0 million and unutilised facilities of \$872.6 million available to meet its future obligations. The all-in interest rate was 2.82% per annum for the period ended 30 September 2019.

## 1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		3Q2019	3Q2018	YTD Sep 2019	YTD Sep 2018
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Profit before tax		37,715	24,635	95,538	104,055
Adjustments for:					
Interest income		(6,553)	(6,554)	(20,877)	(18,551)
Amortisation expense		-	2,041	2,549	6,123
Share of results of associates		(21,285)	(17,509)	(60,387)	(57,098)
Share of results of joint ventures		(7,316)	(7,528)	(21,613)	(22,846)
Borrowing costs		16,882	17,659	49,174	51,528
Management fees paid and/or payable in units		12,285	12,740	36,168	38,516
Changes in fair value of derivatives		(393)	2,863	3,889	3,870
Depreciation		2	11	5	32
Rental support income		-	(2,154)	(2,690)	(6,461)
Unrealised currency translation differences		596	824	1,730	1,489
<b>Operating cash flows before changes in working capital</b>		<b>31,933</b>	<b>27,028</b>	<b>83,486</b>	<b>100,657</b>
Decrease/(increase) in receivables		3,051	6,290	(1,700)	(6,245)
(Decrease)/increase in payables		(14,503)	3,337	(9,937)	5,214
(Decrease)/increase in security deposits		(1,460)	(1,136)	(709)	1,323
Cash flows from operations		19,021	35,519	71,140	100,949
Income taxes paid		(1,624)	(1,724)	(4,632)	(3,109)
<b>Net cash flows provided by operating activities</b>		<b>17,397</b>	<b>33,795</b>	<b>66,508</b>	<b>97,840</b>
<b>Investing activities</b>					
Net cash outflow on acquisition of a subsidiary	1	-	-	(150,992)	-
Progress payments on investment property under development		(27,171)	(20,180)	(68,029)	(51,628)
Subsequent expenditure on investment properties		(1,964)	(1,327)	(14,142)	(6,204)
Purchase of fixed assets		-	-	(5)	(6)
Interest received		6,598	6,618	21,000	18,682
Rental support received		-	-	2,690	4,307
Investments in joint ventures		(166)	-	(166)	-
Receipt of/(payment on) adjustment to investment in an associate		457	-	457	(333)
Advance to an associate		(875)	-	(875)	-
Reimbursement of development costs for one third-interest in an associate		-	-	757	-
Settlement of accrued development costs for 99.9% interest in a subsidiary		-	-	(4,429)	-
Settlement of accrued development costs for one-third interest in an associate		(5,516)	-	(5,516)	-
Redemption of share capital by non-controlling interest		(33)	-	(33)	-
Distribution income received from joint ventures		6,584	6,556	19,269	19,769
Dividend and distribution income received from associates		19,829	18,977	39,158	39,585
<b>Net cash flows (used in)/provided by investing activities</b>		<b>(2,257)</b>	<b>10,644</b>	<b>(160,856)</b>	<b>24,172</b>
<b>Financing activities</b>					
Distribution to Unitholders (net of distribution in Units)	2	(47,293)	(48,323)	(140,762)	(135,049)
Proceeds from issuance of convertible bonds	3	-	-	200,000	-
Distribution to perpetual securities holders		-	-	(3,704)	(3,704)
Purchase of treasury units		(16,815)	(6,193)	(35,651)	(6,193)
Loans drawdown		132,254	243,838	486,419	610,303
Repayment of loans		(74,735)	(200,000)	(521,283)	(568,862)
Payment of financing expenses/upfront debt arrangement costs		-	-	(1,869)	(1,063)
Interest paid		(13,120)	(15,951)	(41,615)	(49,040)
Issue expenses for convertible bonds		-	-	(2,025)	-
Partnership distribution to non-controlling interests		(3,405)	(15)	(6,841)	(64)
<b>Net cash flows used in financing activities</b>		<b>(23,114)</b>	<b>(26,644)</b>	<b>(67,331)</b>	<b>(153,672)</b>

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

	3Q2019	3Q2018	YTD Sep 2019	YTD Sep 2018
Note	\$'000	\$'000	\$'000	\$'000
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(7,974)</b>	<b>17,795</b>	<b>(161,679)</b>	<b>(31,660)</b>
Cash and cash equivalents at the beginning of period	98,714	136,654	255,807	186,462
Effect of exchange rate changes on cash and cash equivalents	(1,179)	(1,910)	(4,567)	(2,263)
<b>Cash and cash equivalents at the end of period</b>	<b>89,561</b>	<b>152,539</b>	<b>89,561</b>	<b>152,539</b>
<b>Comprising:</b>				
Cash and bank balances	100,523	159,964	100,523	159,964
Less: Restricted cash and bank balances	4 (10,962)	(7,425)	(10,962)	(7,425)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>	<b>89,561</b>	<b>152,539</b>	<b>89,561</b>	<b>152,539</b>

Notes:

(1) Net cash outflow on acquisition of a subsidiary

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

	<u>Group</u> YTD Sep 2019 \$'000
Investment property	293,838
Other assets	12,257
Borrowings (non-current)	(137,564)
Security deposits	(11,025)
Other liabilities	(4,389)
Fair value of net assets acquired	<u>153,117</u>
Less: Non-controlling interest	(966)
Total purchase consideration	<u>152,151</u>
Less: Cash and bank balances acquired (excluding restricted cash and bank balances)	(1,159)
Net cash outflow on acquisition of a subsidiary	<u>150,992</u>

(2) Distribution paid to Unitholders in YTD Sep 2019 was for the periods of 1 October 2018 to 31 December 2018, paid on 28 February 2019, 1 January 2019 to 31 March 2019, paid on 30 May 2019 and 1 April 2019 to 30 June 2019, paid on 27 August 2019.

Distribution paid to Unitholders in YTD Sep 2018 was for the periods of 1 October 2017 to 31 December 2017, paid on 28 February 2018, 1 January 2018 to 31 March 2018, paid on 30 May 2018 and 1 April 2018 to 30 June 2018, paid on 28 August 2018.

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

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

As at 30 September 2018, this pertained to the rental support top-up payments received in advance by Keppel REIT and related accumulated interest, held in designated accounts for the one-third interest in CBDPL which holds MBFC Tower 3.

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

Group	Note	Units in Issue \$'000	Treasury Units \$'000	Foreign Currency		Hedging Reserve \$'000	Other Reserves \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Non-Controlling Interests \$'000	Total \$'000
				Accumulated Profits \$'000	Translation Reserve \$'000						
<b>At 1 January 2019</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>
Profit for the period		-	-	44,484	-	-	-	44,484	3,704	6,837	55,025
Other comprehensive income	1	-	-	-	(51,938)	(5,416)	-	(57,354)	-	(256)	(57,610)
Total comprehensive income		-	-	44,484	(51,938)	(5,416)	-	(12,870)	3,704	6,581	(2,585)
Issue of units for payment of management fees	2	29,304	-	-	-	-	-	29,304	-	-	29,304
Purchase of units	3	-	(18,836)	-	-	-	-	(18,836)	-	-	(18,836)
Cancellation of treasury units	3	(18,836)	18,836	-	-	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	-	11,037	11,037	-	-	11,037
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	966	966
Distribution to Unitholders		-	-	(93,469)	-	-	-	(93,469)	-	-	(93,469)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(3,704)	-	(3,704)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(6,841)	(6,841)
<b>At 30 June 2019</b>		<b>3,568,235</b>	<b>-</b>	<b>1,199,564</b>	<b>(98,356)</b>	<b>(11,251)</b>	<b>14,259</b>	<b>4,672,451</b>	<b>149,701</b>	<b>429,316</b>	<b>5,251,468</b>
Profit for the period		-	-	30,918	-	-	-	30,918	1,883	3,576	36,377
Other comprehensive income	1	-	-	-	(19,434)	(4,441)	-	(23,875)	-	76	(23,799)
Total comprehensive income		-	-	30,918	(19,434)	(4,441)	-	7,043	1,883	3,652	12,578
Issue of units for payment of management fees	2	9,809	-	-	-	-	-	9,809	-	-	9,809
Purchase of units	3	-	(16,815)	-	-	-	-	(16,815)	-	-	(16,815)
Cancellation of treasury units	3	(16,815)	16,815	-	-	-	-	-	-	-	-
Redemption of share capital by non-controlling interest	5	-	-	-	-	-	-	-	-	(33)	(33)
Distribution to Unitholders		-	-	(47,293)	-	-	-	(47,293)	-	-	(47,293)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(3,560)	(3,560)
<b>At 30 September 2019</b>		<b>3,561,229</b>	<b>-</b>	<b>1,183,189</b>	<b>(117,790)</b>	<b>(15,692)</b>	<b>14,259</b>	<b>4,625,195</b>	<b>151,584</b>	<b>429,375</b>	<b>5,206,154</b>

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

Group	Note	Units in Issue \$'000	Treasury Units \$'000	Foreign Currency			Other Reserves \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Non-Controlling Interest \$'000	Total \$'000
				Accumulated Profits \$'000	Translation Reserve \$'000	Hedging Reserve \$'000					
<b>At 1 January 2018</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>
Profit for the period		-	-	74,907	-	-	-	74,907	3,704	49	78,660
Other comprehensive income	1	-	-	-	(4,851)	28,841	-	23,990	-	7	23,997
Total comprehensive income		-	-	74,907	(4,851)	28,841	-	98,897	3,704	56	102,657
Issue of units for payment of management fees	6	30,120	-	-	-	-	-	30,120	-	-	30,120
Distribution Reinvestment Plan		9,707	-	(9,707)	-	-	-	-	-	-	-
Distribution to Unitholders		(1,348)	-	(85,378)	-	-	-	(86,726)	-	-	(86,726)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(3,704)	-	(3,704)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	-	(49)	(49)
<b>At 30 June 2018</b>		<b>3,569,211</b>	-	<b>1,264,571</b>	<b>(39,659)</b>	<b>8,370</b>	<b>3,222</b>	<b>4,805,715</b>	<b>149,701</b>	<b>2,140</b>	<b>4,957,556</b>
Profit for the period		-	-	21,256	-	-	-	21,256	1,883	15	23,154
Other comprehensive income	1	-	-	-	(25,877)	(480)	-	(26,357)	-	(1)	(26,358)
Total comprehensive income		-	-	21,256	(25,877)	(480)	-	(5,101)	1,883	14	(3,204)
Issue of units for payment of management fees	6	10,637	-	-	-	-	-	10,637	-	-	10,637
Purchase of units	7	-	(6,193)	-	-	-	-	(6,193)	-	-	(6,193)
Cancellation of treasury units	7	(6,193)	6,193	-	-	-	-	-	-	-	-
Distribution to Unitholders		-	-	(48,323)	-	-	-	(48,323)	-	-	(48,323)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	-	(15)	(15)
<b>At 30 September 2018</b>		<b>3,573,655</b>	-	<b>1,237,504</b>	<b>(65,536)</b>	<b>7,890</b>	<b>3,222</b>	<b>4,756,735</b>	<b>151,584</b>	<b>2,139</b>	<b>4,910,458</b>

Notes:

- (1) Other comprehensive income relates to the movement in foreign currency translation reserve arising from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities, fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and share of hedging reserves of associates.
- (2) This represents 16,565,482, 7,921,556 and 7,797,063 units issued in 1Q2019, 2Q2019 and 3Q2019 respectively as payment of management fees in units.
- (3) The Trust purchased 5,750,000, 9,740,700 and 13,646,900 units from the open market in 1Q2019, 2Q2019 and 3Q2019 respectively which were subsequently cancelled.
- (4) This relates to the value of options granted to holders of the Convertible Bonds to convert their bonds into new Units.
- (5) This relates to the redemption of share capital by KCIH in K4 LLC.
- (6) This represents 15,680,593, 8,661,268 and 9,598,206 units issued in 1Q2018, 2Q2018 and 3Q2018 respectively as payment of management fees in units.
- (7) The Trust purchased 5,282,800 units from the open market in 3Q2018 which were subsequently cancelled.

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

<u>Trust</u>	Note	<u>Units in Issue</u>		<u>Accumulated</u>		<u>Other</u>	<u>Unitholders'</u>	<u>Perpetual</u>	<u>Total</u>
		<u>\$'000</u>	<u>Treasury Units</u> <u>\$'000</u>	<u>Profits</u> <u>\$'000</u>	<u>Hedging Reserve</u> <u>\$'000</u>				
<b>At 1 January 2019</b>		<b>3,557,767</b>	-	<b>243,467</b>	<b>(4,961)</b>	-	<b>3,796,273</b>	<b>149,701</b>	<b>3,945,974</b>
Profit for the period		-	-	3,870	-	-	3,870	3,704	7,574
Other comprehensive income	1	-	-	-	(3,481)	-	(3,481)	-	(3,481)
Total comprehensive income		-	-	3,870	(3,481)	-	389	3,704	4,093
Issue of units for payment of management fees	2	29,304	-	-	-	-	29,304	-	29,304
Purchase of units	3	-	(18,836)	-	-	-	(18,836)	-	(18,836)
Cancellation of treasury units	3	(18,836)	18,836	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	11,037	11,037	-	11,037
Distribution to Unitholders		-	-	(93,469)	-	-	(93,469)	-	(93,469)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	(3,704)
<b>At 30 June 2019</b>		<b>3,568,235</b>	-	<b>153,868</b>	<b>(8,442)</b>	<b>11,037</b>	<b>3,724,698</b>	<b>149,701</b>	<b>3,874,399</b>
Profit for the period		-	-	18,917	-	-	18,917	1,883	20,800
Other comprehensive income	1	-	-	-	(238)	-	(238)	-	(238)
Total comprehensive income		-	-	18,917	(238)	-	18,679	1,883	20,562
Issue of units for payment of management fees	2	9,809	-	-	-	-	9,809	-	9,809
Purchase of units	3	-	(16,815)	-	-	-	(16,815)	-	(16,815)
Cancellation of treasury units	3	(16,815)	16,815	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	-	-	-	-
Distribution to Unitholders		-	-	(47,293)	-	-	(47,293)	-	(47,293)
<b>At 30 September 2019</b>		<b>3,561,229</b>	-	<b>125,492</b>	<b>(8,680)</b>	<b>11,037</b>	<b>3,689,078</b>	<b>151,584</b>	<b>3,840,662</b>

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

<u>Trust</u>	Note	<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Accumulated Profits</u>	<u>Hedging Reserve</u>	<u>Other Reserves</u>	<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Total</u>
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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>
Profit for the period		-	-	63,962	-	-	63,962	3,704	67,666
Other comprehensive income	1	-	-	-	19,103	-	19,103	-	19,103
Total comprehensive income		-	-	63,962	19,103	-	83,065	3,704	86,769
Issue of units for payment of management fees	5	30,120	-	-	-	-	30,120	-	30,120
Distribution Reinvestment Plan		9,707	-	(9,707)	-	-	-	-	-
Distribution to Unitholders		(1,348)	-	(85,378)	-	-	(86,726)	-	(86,726)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	(3,704)
<b>At 30 June 2018</b>		<b>3,569,211</b>	-	<b>238,945</b>	<b>6,549</b>	-	<b>3,814,705</b>	<b>149,701</b>	<b>3,964,406</b>
Profit for the period		-	-	165	-	-	165	1,883	2,048
Other comprehensive income	1	-	-	-	(91)	-	(91)	-	(91)
Total comprehensive income		-	-	165	(91)	-	74	1,883	1,957
Issue of units for payment of management fees	5	10,637	-	-	-	-	10,637	-	10,637
Purchase of units	6	-	(6,193)	-	-	-	(6,193)	-	(6,193)
Cancellation of treasury units	6	(6,193)	6,193	-	-	-	-	-	-
Distribution to Unitholders		-	-	(48,323)	-	-	(48,323)	-	(48,323)
<b>At 30 September 2018</b>		<b>3,573,655</b>	-	<b>190,787</b>	<b>6,458</b>	-	<b>3,770,900</b>	<b>151,584</b>	<b>3,922,484</b>

Notes:

- (1) This relates to fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.
- (2) This represents 16,565,482, 7,921,556 and 7,797,063 units issued in 1Q2019, 2Q2019 and 3Q2019 respectively as payment of management fees in units.
- (3) The Trust purchased 5,750,000, 9,740,700 and 13,646,900 units from the open market in 1Q2019, 2Q2019 and 3Q2019 respectively which were subsequently cancelled.
- (4) This relates to the value of options granted to holders of the Convertible Bonds to convert their bonds into new Units.
- (5) This represents 15,680,593, 8,661,268 and 9,598,206 units issued in 1Q2018, 2Q2018 and 3Q2018 respectively as payment of management fees in units.
- (6) The Trust purchased 5,282,800 units from the open market in 3Q2018 which were subsequently cancelled.

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

	<u>Group and Trust</u>	
	<b>2019</b>	<b>2018</b>
	<b>Units</b>	<b>Units</b>
<b>Issued units as at 1 January</b>	<b>3,393,398,818</b>	<b>3,370,734,208</b>
Issue of new units:		
- Payment of management fees	24,487,038	24,341,861
- Distribution Reinvestment Plan	-	7,955,743
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(15,490,700)	-
<b>Issued units as at 30 June</b>	<b>3,402,395,156</b>	<b>3,403,031,812</b>
Issue of new units:		
- Payment of management fees	7,797,063	9,598,206
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(13,646,900)	(5,282,800)
<b>Issued units as at 30 September</b>	<b>3,396,545,319</b>	<b>3,407,347,218</b>

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

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

Keppel REIT did not hold any treasury units as at 30 September 2019 and 31 December 2018.

Total number of issued units in Keppel REIT as at 30 September 2019 and 31 December 2018 were 3,396,545,319 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>	
	<b>2019</b>	<b>2018</b>
	<b>Units</b>	<b>Units</b>
<b>Treasury units as at 1 January</b>	-	-
- Purchase of units	15,490,700	-
- Cancellation of treasury units	(15,490,700)	-
<b>Treasury units as at 30 June</b>	-	-
- Purchase of units	13,646,900	5,282,800
- Cancellation of treasury units	(13,646,900)	(5,282,800)
<b>Treasury units as at 30 September</b>	-	-



**2. AUDIT**

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

**3. AUDITORS' REPORT**

Not applicable.

**4. ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on 1 January 2019. The Manager does not expect the adoption of these new and revised standards and INT FRS to have a material impact on the financial performance or position of the Group.

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.

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

	<u>Group</u>			
	3Q2019	3Q2018	YTD Sep 2019	YTD Sep 2018
<b>Basic EPU</b>	0.91 cents	0.62 cents	2.22 cents	2.77 cents
- Weighted average number of units during the period	3,398,770,409	3,406,710,608	3,401,674,503	3,395,390,910
<b>Diluted EPU<sup>1</sup></b>	0.86 cents	0.62 cents	2.18 cents	2.77 cents
- Weighted average number of units during the period (diluted)	3,535,522,545	3,406,710,608	3,468,297,338	3,395,390,910
<b>DPU<sup>2</sup></b>	1.40 cents	1.36 cents	4.18 cents	4.20 cents
- Number of units in issue as at the end of the period	3,396,545,319	3,407,347,218	3,396,545,319	3,407,347,218

**Notes:**

- (1) Based on the weighted average number of units during the period, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to units.
- (2) Based on the number of units as at the end of the period. On 1 October 2019, Keppel REIT purchased 2,700,000 units from the open market which were subsequently cancelled. Based on the number of units in issue as at 1 October 2019, DPU for 3Q2019 and YTD Sep 2019 remains unchanged at 1.40 cents and 4.18 cents respectively.

On 10 April 2019, Keppel REIT issued \$200 million in aggregate principal of convertible bonds due 10 April 2024. The actual quantum of DPU may therefore differ if any of the convertible bonds is converted between 1 October 2019 and the books closure date, 24 October 2019.

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

	<u>Group</u>		<u>Trust</u>	
	As at 30/09/2019	As at 31/12/2018	As at 30/09/2019	As at 31/12/2018
NAV per unit (\$)	1.36	1.40	1.09	1.12
NTA per unit (\$) based on number of units in issue at the end of the period	1.36	1.40	1.09	1.12
Adjusted NAV per unit (\$)	1.35	1.39	1.07	1.11
Adjusted NTA per unit (\$) based on number of units in issue at the end of the period (excluding the distributable income)	1.35	1.39	1.07	1.10

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

## 8. REVIEW OF PERFORMANCE

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

	<u>Group</u>			<u>Group</u>		
	3Q2019	3Q2018	+ / (-)	YTD Sep 2019	YTD Sep 2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b><u>Property</u></b>						
Bugis Junction Towers	4,672	5,084	(8.1)	14,759	15,289	(3.5)
Ocean Financial Centre	25,939	23,863	8.7	77,706	88,134	(11.8)
275 George Street	3,498	3,447	1.5	11,011	11,219	(1.9)
8 Exhibition Street <sup>1</sup>	3,988	4,261	(6.4)	12,953	13,401	(3.3)
T Tower	4,281	-	NM	5,879	-	NM
<b>Total property income of directly held properties (excluding property income contribution from associates and joint ventures)</b>	<b>42,378</b>	<b>36,655</b>	<b>15.6</b>	<b>122,308</b>	<b>128,043</b>	<b>(4.5)</b>

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

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

	Group			Group		
	3Q2019	3Q2018	+ / (-)	YTD Sep 2019	YTD Sep 2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Property</b>						
Bugis Junction Towers	3,593	3,992	(10.0)	11,596	11,951	(3.0)
Ocean Financial Centre	20,797	18,757	10.9	61,843	73,531	(15.9)
275 George Street	2,640	2,623	0.6	8,291	8,428	(1.6)
8 Exhibition Street <sup>1</sup>	2,673	2,832	(5.6)	9,028	8,720	3.5
T Tower	3,467	-	NM	4,786	-	NM
<b>Total net property income of directly held properties</b>	<b>33,170</b>	<b>28,204</b>	<b>17.6</b>	<b>95,544</b>	<b>102,630</b>	<b>(6.9)</b>
One-third interest in ORQPL <sup>2</sup> :						
- Interest income	522	581	(10.2)	1,649	1,657	(0.5)
- Dividend income	5,597	5,182	8.0	16,783	17,612	(4.7)
<b>Total income</b>	<b>6,119</b>	<b>5,763</b>	<b>6.2</b>	<b>18,432</b>	<b>19,269</b>	<b>(4.3)</b>
One-third interests in BFCDLLP <sup>3</sup> and CBDPL <sup>3</sup> :						
- Rental support	-	2,154	(100.0)	2,690	6,461	(58.4)
- Interest income	5,772	5,490	5.1	17,483	15,422	13.4
- Dividend and distribution income	15,688	12,326	27.3	43,660	39,481	10.6
<b>Total income</b>	<b>21,460</b>	<b>19,970</b>	<b>7.5</b>	<b>63,833</b>	<b>61,364</b>	<b>4.0</b>
50% interest in M8CT <sup>4</sup> :						
- Distribution income	3,418	3,265	4.7	9,632	9,772	(1.4)
50% interest in MOTT <sup>5</sup> :						
- Distribution income	3,160	3,236	(2.3)	9,559	9,897	(3.4)
<b>Total income contribution of the portfolio</b>	<b>67,327</b>	<b>60,438</b>	<b>11.4</b>	<b>197,000</b>	<b>202,932</b>	<b>(2.9)</b>
Less: Income contribution attributable to non-controlling interests						
- Ocean Financial Centre <sup>6</sup>	(4,180)	(19)	NM	(12,430)	(74)	NM
- T Tower <sup>7</sup>	(21)	-	NM	(29)	-	NM
<b>Total income contribution attributable to unitholders</b>	<b>63,126</b>	<b>60,419</b>	<b>4.5</b>	<b>184,541</b>	<b>202,858</b>	<b>(9.0)</b>

#### Notes:

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

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

### Review of Performance for YTD Sep 2019 vs YTD Sep 2018

Property income and net property income for YTD Sep 2019 were \$122.3 million and \$95.5 million respectively. These were lower as compared to the property income and net property income of \$128.0 million and \$102.6 million respectively for YTD Sep 2018. The decrease was mainly attributable to lower one-off income, and lower property income and net property income from Bugis Junction Towers. Whilst the operating performance of 275 George Street has improved year-on-year, a weaker Australian dollar contributed to the decrease in property income and net property income of this property. This is partially offset by higher net property income from 8 Exhibition Street and income contribution from T Tower (acquired on 27 May 2019).

The Group's profit before tax for YTD Sep 2019 was \$95.5 million compared to \$104.1 million for YTD Sep 2018. The variance was mainly attributable to lower net property income from Bugis Junction Towers, Ocean Financial Centre and 275 George Street, lower rental support, lower share of results of joint ventures, net foreign exchange differences as well as net change in fair value of derivatives. These were partially offset by higher net property income from 8 Exhibition Street and income contribution from T Tower, higher interest income, higher share of results of associates, lower amortisation expense and lower borrowing costs.

### Review of Performance for 3Q2019 vs 3Q2018

Property income and net property income for 3Q2019 were \$42.4 million and \$33.2 million respectively. These were higher as compared to the property income and net property income of \$36.7 million and \$28.2 million respectively for 3Q2018. The increase was mainly attributable to higher property income and net property income from Ocean Financial Centre and 275 George Street, and income contribution from T Tower. This was offset by lower property income and net property income from Bugis Junction Towers. Whilst the operating performance of 8 Exhibition Street remained stable year-on-year, a weaker Australian dollar contributed to the decrease in property income and net property income of this property.

The Group's profit before tax for 3Q2019 was \$37.7 million, higher as compared to \$24.6 million for 3Q2018. The increase was mainly attributable to higher net property income from Ocean Financial Centre and 275 George Street, income contribution from T Tower, higher share of results of associates, lower amortisation expense, lower borrowing costs, net foreign exchange differences and net change in fair value of derivatives. This was partially offset by lower net property income from Bugis Junction Towers and 8 Exhibition Street, lower rental support and lower share of results of joint ventures.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

According to CBRE, Singapore average Grade A office rents continued to trend upwards in 3Q2019, rising from \$11.30 psf pm to \$11.45 psf pm. Average occupancy also rose during the quarter from 95.8% as at end June 2019 to 96.0% as at end September 2019.

In Australia, the national CBD office market occupancy was reported by JLL Research to be stable quarter-on-quarter at 91.7% as at end June 2019.

In Seoul, JLL Research observed an improvement in CBD Grade A occupancy from 82.5% as at end March 2019 to 84.5% as at end June 2019. Occupancy is expected to decline going into 2020, before rising in the subsequent years with the lack of new supply.

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

## 11. RISK FACTORS AND RISK MANAGEMENT

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

### **Interest rate risk**

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

### **Liquidity risk**

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

### **Credit risk**

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

### **Currency risk**

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia and South Korea, and the regular distributable income and interest income from these investments. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

### **Operational risk**

Measures have been put in place to manage expenses, actively monitor rental payments from tenants and continuously evaluate the Group's counter-parties. In addition, the Manager also performs an annual review of the adequacy and appropriateness of insurance coverage, continuously reviews disaster and pandemic business continuity plans, and updates and modifies them regularly.

## 12. DISTRIBUTIONS

### (a) Current Financial Period Reported on

Name of Distribution	1 July 2019 to 30 September 2019
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution rate	(a) Taxable income distribution - 0.96 cents per unit (b) Tax-exempt income distribution - 0.38 cents per unit (c) Capital gains distribution - 0.06 cents per unit  The above Distribution per Unit is computed based on 3,393,845,319 Units in issue which are entitled to the Distribution, and on the basis that none of the S\$200,000,000 principal amount of 1.90% convertible bonds due 2024 ("Convertible Bonds") is converted into Units on or prior to the Books Closure Date. The actual quantum of the Distribution per Unit may therefore differ from the above Distribution per Unit if any of the Convertible Bonds is converted into Units on or prior to the Books Closure Date. Any change to the above Distribution per Unit will be announced on 24 October 2019, after the closure of the Transfer Books and Register of Unitholders of Keppel REIT.
Tax rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.  Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.  Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.  Subject to meeting certain conditions, qualifying foreign non-individual unitholders and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.  All other investors will receive their distributions after deduction of tax at the rate of 17%.  <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.  <u>Capital gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.

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

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

Name of Distribution	1 July 2018 to 30 September 2018
Distribution Type	(a) Taxable income (b) Tax-exempt income
Distribution Rate	(a) Taxable income distribution - 0.93 cents per unit (b) Tax-exempt income distribution - 0.43 cents per unit
Tax Rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, qualifying 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>

**(c) Books Closure Date**

24 October 2019

**(d) Date Payable**

27 November 2019

**13. DISTRIBUTION STATEMENT**

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

**14. INTERESTED PERSON TRANSACTIONS (“IPTs”)**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	YTD Sep 2019 \$'000	YTD Sep 2018 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager’s management fees	36,168	38,516
- Acquisition fee	2,933	-
- Property management and asset management fees and reimbursables	3,746	4,634
- Leasing commissions	2,139	884
- Rental support	2,690	6,461
- Adjustment to one-third interest in an associate	-	333
- Settlement of accrued development costs for 87.51% interest in a subsidiary <sup>1</sup>	3,879	-
- Settlement of accrued development costs for one-third interest in an associate	5,516	-
- Entry into a joint venture agreement in connection with the acquisition of a subsidiary	154,628	-
- Purchase of services from a related company	208	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee’s fees	921	957

(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 under 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.

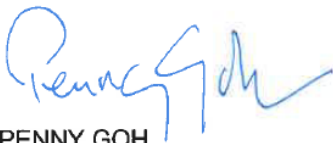
**By Order of the Board**  
**Keppel REIT Management Limited**  
**(Company Registration Number: 200411357K)**  
**As Manager of Keppel REIT**

CHUA HUA YEOW KELVIN / TAN WEIQIANG MARC  
Joint Company Secretaries  
16 October 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 Third Quarter and Nine Months ended 30 September 2019 financial statements of Keppel REIT to be false or misleading in any material respect.

### On Behalf of the Board

A handwritten signature in blue ink, appearing to read "Penny Goh".

PENNY GOH  
Chairman

A handwritten signature in blue ink, appearing to read "Christina Tan".

CHRISTINA TAN  
Director

16 October 2019