

**KEPPEL REIT AND ITS SUBSIDIARIES  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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## INTRODUCTION

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

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

As at 31 December 2022, Keppel REIT had assets under management of approximately \$9.2 billion in Singapore, key Australian cities of Sydney, Melbourne and Perth, Seoul, South Korea as well as Tokyo, Japan. The assets are:

### Singapore

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

### Australia

- 8 Chifley Square, Sydney (50% interest)
- 8 Exhibition Street, Melbourne (50% interest in the office building and a 100% interest in the three adjacent retail units)
- David Malcolm Justice Centre, Perth (50% interest)
- Victoria Police Centre, Melbourne (50% interest)
- Pinnacle Office Park, Sydney (100% interest)
- Blue & William, Sydney (100% interest) – under development

### South Korea

- T Tower, Seoul (99.4% interest)

### Japan

- KR Ginza II<sup>1</sup>, Tokyo (98.5% interest)

Keppel REIT is sponsored by Keppel Land Limited, one of Asia's leading property companies. It is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital). Keppel Capital is a premier asset manager in Asia with a diversified portfolio in real estate, infrastructure and data centre properties in key global markets.

<sup>1</sup> The acquisition of KR Ginza II (formerly known as Ginza 2-chome) was completed on 30 November 2022.

**SUMMARY OF KEPPEL REIT RESULTS**  
**For the year ended 31 December 2022**

	<b>Group</b>			
	<b>2H2022</b> \$'000	<b>2H2021</b> \$'000	<b>FY2022</b> \$'000	<b>FY2021</b> \$'000
Property income	109,517	110,792	219,286	216,606
Net property income	86,471	88,150	175,942	172,532
Interest income	16,170	7,737	25,264	15,603
Share of results of associates	33,159	42,281	77,787	89,039
Share of results of joint ventures	11,244	14,212	22,907	29,556
Income available for distribution	110,396	106,428	220,936	212,141
Distribution to Unitholders <sup>1</sup>	110,396 <sup>2</sup>	106,428 <sup>3</sup>	220,936 <sup>2</sup>	212,141 <sup>3</sup>
Distribution per Unit ("DPU") (cents) for the period/year	2.95 <sup>4</sup>	2.88	5.92 <sup>4</sup>	5.82
Distribution yield (%)			6.5% <sup>5</sup>	5.2% <sup>6</sup>

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

<sup>2</sup> This included an anniversary distribution of \$10.0 million out of capital gains for the second half year ended 31 December 2022 ("2H2022") and full year ended 31 December 2022 ("FY2022"). As announced on 25 October 2022, in appreciation to Unitholders for their support, Keppel REIT will distribute a total of \$100 million of Anniversary Distribution over the next four years leading up to its 20<sup>th</sup> anniversary in 2026. \$20 million will be paid annually with such distributions to be made semi-annually.

<sup>3</sup> This included capital gains distribution of \$2.0 million for the second half year ended 31 December 2021 ("2H2021") and full year ended 31 December 2021 ("FY2021").

<sup>4</sup> DPU for the period 1 July 2022 to 31 December 2022 is computed based on units in issue as at 31 December 2022. On 10 April 2019, Keppel REIT issued \$200 million in aggregate principal of convertible bonds due 10 April 2024, of which, \$146.5 million were redeemed on 10 April 2022. The actual quantum of DPU may therefore differ if any of the remaining convertible bonds is converted between 1 January 2023 and the record date, 6 February 2023.

<sup>5</sup> Based on the total DPU of 5.92 cents for FY2022 and the market closing price per Unit of \$0.91 as at 31 December 2022.

<sup>6</sup> Based on the total DPU of 5.82 cents for FY2021 and the market closing price per Unit of \$1.13 as at 31 December 2021.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
For the year ended 31 December 2022

	2H2022	2H2021	Group				Note
	\$'000	\$'000	+ / (-)	FY2022	FY2021	+ / (-)	
			%	\$'000	\$'000	%	
Gross rent	103,759	105,308	(1.5)	207,777	204,681	1.5	
Car park income	4,195	4,001	4.8	8,290	8,631	(4.0)	
Other income	1,563	1,483	5.4	3,219	3,294	(2.3)	(i)
<b>Property income</b>	<b>109,517</b>	<b>110,792</b>	<b>(1.2)</b>	<b>219,286</b>	<b>216,606</b>	<b>1.2</b>	
Property tax	(7,576)	(7,226)	4.8	(14,137)	(13,590)	4.0	
Other property expenses	(12,514)	(12,466)	0.4	(23,378)	(24,702)	(5.4)	(ii)
Property management fee	(2,956)	(2,950)	0.2	(5,829)	(5,782)	0.8	
<b>Property expenses</b>	<b>(23,046)</b>	<b>(22,642)</b>	<b>1.8</b>	<b>(43,344)</b>	<b>(44,074)</b>	<b>(1.7)</b>	
<b>Net property income</b>	<b>86,471</b>	<b>88,150</b>	<b>(1.9)</b>	<b>175,942</b>	<b>172,532</b>	<b>2.0</b>	
Rental support	589	1,614	(63.5)	1,688	2,672	(36.8)	(iii)
Interest income	16,170	7,737	109.0	25,264	15,603	61.9	(iv)
Share of results of associates	33,159	42,281	(21.6)	77,787	89,039	(12.6)	
Share of results of joint ventures	11,244	14,212	(20.9)	22,907	29,556	(22.5)	
Borrowing costs	(32,514)	(26,524)	22.6	(57,736)	(51,472)	12.2	(v)
Manager's management fees	(26,537)	(25,945)	2.3	(52,676)	(50,682)	3.9	(vi)
Trust expenses	(6,338)	(6,453)	(1.8)	(10,812)	(11,547)	(6.4)	
Net foreign exchange differences	(2,267)	(399)	468.2	(2,390)	1,052	NM	
Net change in fair value of financial assets at fair value through profit or loss	4,609	(1,711)	NM	3,510	(2,862)	NM	(vii)
Net change in fair value of derivatives	5,109	(304)	NM	5,506	325	NM	
<b>Profit before costs incurred on divestment of investment property and net change in fair value of investment properties</b>	<b>89,695</b>	<b>92,658</b>	<b>(3.2)</b>	<b>188,990</b>	<b>194,216</b>	<b>(2.7)</b>	
Costs incurred on divestment of investment property	-	(2,600)	(100.0)	-	(2,600)	(100.0)	(viii)
Net change in fair value of investment properties	152,747	59,132	158.3	261,458	87,240	199.7	(ix)
<b>Profit before tax</b>	<b>242,442</b>	<b>149,190</b>	<b>62.5</b>	<b>450,448</b>	<b>278,856</b>	<b>61.5</b>	
Income tax	2,893	(9,608)	NM	(2,045)	(23,000)	(91.1)	(x)
<b>Profit for the period/year</b>	<b>245,335</b>	<b>139,582</b>	<b>75.8</b>	<b>448,403</b>	<b>255,856</b>	<b>75.3</b>	
<b>Attributable to:</b>							
Unitholders	219,944	127,579	72.4	405,387	231,738	74.9	
Perpetual securities holders	4,764	4,764	-	9,450	9,430	0.2	(xi)
Non-controlling interests	20,627	7,239	184.9	33,566	14,688	128.5	(xii)
	<b>245,335</b>	<b>139,582</b>	<b>75.8</b>	<b>448,403</b>	<b>255,856</b>	<b>75.3</b>	
Earnings per Unit (cents) based on profit for the period/year attributable to Unitholders							
- Basic	<b>5.89</b>	3.46	70.2	<b>10.89</b>	6.37	71.0	(xiii)
- Diluted	<b>5.83</b>	3.39	72.0	<b>10.76</b>	6.26	71.9	(xiii)
Earnings per Unit (cents) based on profit before costs incurred on divestment of investment property and net change in fair value of investment properties and related tax expenses							
- Basic	<b>2.14</b>	2.10	1.9	<b>4.37</b>	4.49	(2.7)	(xiii)
- Diluted	<b>2.14</b>	2.08	2.9	<b>4.36</b>	4.45	(2.0)	(xiii)

NM – Not meaningful

## CONDENSED DISTRIBUTION STATEMENT For the year ended 31 December 2022

	2H2022 \$'000	2H2021 \$'000	Group + / (-) %	FY2022 \$'000	FY2021 \$'000	+ / (-) %	Note
<b>Profit for the period/year attributable to Unitholders</b>	<b>219,944</b>	<b>127,579</b>	<b>72.4</b>	<b>405,387</b>	<b>231,738</b>	<b>74.9</b>	
Net tax and other adjustments							
- Management fees paid and/or payable in units	26,537	25,945	2.3	52,676	50,682	3.9	
- Trustee fees	335	659	(49.2)	1,000	1,287	(22.3)	
- Amortisation of capitalised transaction costs	637	888	(28.3)	1,941	1,629	19.2	
- Net change in fair value of investment properties (net of non-controlling interests)	(139,383)	(59,225)	135.3	(242,896)	(87,381)	178.0	
- Costs incurred on divestment of investment property	-	2,600	(100.0)	-	2,600	(100.0)	
- Temporary differences and other adjustments	(7,674)	5,982	NM	(7,172)	9,586	NM	(xiv)
- Capital gains distribution	10,000	2,000	400.0	10,000	2,000	400.0	
	(109,548)	(21,151)	417.9	(184,451)	(19,597)	NM	
<b>Income available for distribution</b>	<b>110,396</b>	<b>106,428</b>	<b>3.7</b>	<b>220,936</b>	<b>212,141</b>	<b>4.1</b>	
<b>Distribution to Unitholders</b>	<b>110,396</b>	<b>106,428</b>	<b>3.7</b>	<b>220,936</b>	<b>212,141</b>	<b>4.1</b>	(xv)
<b>Distribution per Unit (cents)</b>	<b>2.95</b>	<b>2.88</b>	<b>2.4</b>	<b>5.92</b>	<b>5.82</b>	<b>1.7</b>	(xiii)

NM – Not meaningful

### Notes:

- (i) Other income comprises government grants and various types of miscellaneous income, other than rental income, ancillary to the operation of investment properties. This included licence fees and one-off income received for both the current and previous years.
- (ii) Other property expenses comprise the following:

	2H2022 \$'000	2H2021 \$'000	Group FY2022 \$'000	FY2021 \$'000
Marketing expenses	1,005	1,058	2,022	2,144
Utilities	2,068	1,763	3,599	4,082
Repair and maintenance	6,998	6,805	13,050	13,637
Property management reimbursements	792	849	1,664	1,567
Others	1,651	1,991	3,043	3,272
	12,514	12,466	23,378	24,702

For 2H2022 and FY2022, impairment of trade receivables amounting to \$196,000 (2H2021: \$160,000) and \$70,000 (FY2021: \$268,000) were recorded respectively.

- (iii) This relates to rental support drawn on Keppel Bay Tower. In FY2021, this also included rental support drawn on Pinnacle Office Park. The rental support arrangements for Pinnacle Office Park and Keppel Bay Tower ended in December 2021 and November 2022 respectively.
- (iv) Interest income comprises the following:

	2H2022 \$'000	2H2021 \$'000	Group FY2022 \$'000	FY2021 \$'000
Interest income from fixed deposits and current accounts	839	59	944	193
Interest income from advances to associates	15,331	7,678	24,320	15,410
	16,170	7,737	25,264	15,603

- (v) Borrowing costs comprise the following:

	<b>Group</b>			
	<b>2H2022</b>	<b>2H2021</b>	<b>FY2022</b>	<b>FY2021</b>
	\$'000	\$'000	\$'000	\$'000
Interest expense on borrowings	31,705	25,473	55,468	49,515
Amortisation of capitalised transaction costs	809	1,051	2,268	1,957
	<u>32,514</u>	<u>26,524</u>	<u>57,736</u>	<u>51,472</u>

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

- (vii) Please refer to Note (iv) of the notes to balance sheets on Page 11.

- (viii) Keppel REIT completed the divestment of its 50% interest in 275 George Street on 30 July 2021. A fair value gain of \$19,801,000 and costs incurred on the divestment of \$2,600,000 were recorded for the year ended 31 December 2021.

- (ix) The net change in fair value of investment properties is as follows:

	<b>Group</b>			
	<b>2H2022</b>	<b>2H2021</b>	<b>FY2022</b>	<b>FY2021</b>
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Group	88,874	45,482	147,681	86,699
Investment properties held by associates	76,673	21,313	132,728	12,640
Investment properties held by joint ventures	(5,709)	394	(5,704)	2,695
Effects of recognising rental income on a straight-line basis over the lease terms	(7,091)	(8,057)	(13,247)	(14,794)
	<u>152,747</u>	<u>59,132</u>	<u>261,458</u>	<u>87,240</u>

- (x) Income tax comprise mainly (a) withholding tax expense in relation to the income from the Group's investments in Australia and South Korea; and (b) deferred tax on changes in fair value of the investment properties in Australia and South Korea.

For FY2022, income tax included an adjustment for over-accrual of withholding tax amounting to \$1,244,000, as well as a refund of corporate income tax of \$3,586,000 from the Inland Revenue Authority of Singapore for previous years of assessment.

- (xi) Please refer to Note (x) of the notes to balance sheets on Page 12.

- (xii) Non-controlling interests comprise Allianz Real Estate's 20% interest and Avan Investments Pte. Ltd.'s ("AIPL") 0.1% interest in Ocean Properties LLP's ("OPLLP") partnership profit, Keppel Capital Investment Holdings Pte. Ltd.'s ("KCIH") 0.6% interest in Keppel No. 4 General Investors' Private Real Estate Investment Limited Liability Company's ("K4 LLC"), as well as Keppel Capital Japan Limited's ("KCJ") 1.5% interest and 3% interest in KR Ginza TMK's and KR Shintomi GK's net profit after tax respectively.

(xiii) Earnings per Unit (“EPU”) and Distribution per Unit (“DPU”)

	2H2022	2H2021	FY2022	FY2021
<b>Basic EPU (cents)</b>				
Based on profit for the period/year	5.89	3.46	10.89	6.37
Based on profit before costs incurred on divestment of investment property and net change in fair value of investment properties and related tax expenses	2.14	2.10	4.37	4.49
- Weighted average number of Units during the period/year (units)	3,733,530,830	3,687,058,738	3,723,145,531	3,636,748,138
<b>Diluted EPU<sup>1</sup> (cents)</b>				
Based on profit for the period/year	5.83	3.39	10.76	6.26
Based on profit before costs incurred on divestment of investment property and net change in fair value of investment properties and related tax expenses	2.14	2.08	4.36	4.45
- Weighted average number of Units during the period/year (units)	3,773,178,080	3,831,078,324	3,792,239,658	3,780,767,724
<b>DPU<sup>2</sup> (cents)</b>	2.95 <sup>2</sup>	2.88	5.92 <sup>2</sup>	5.82
- Number of Units in issue as at the end of the period/year (units)	3,742,222,952	3,695,418,528	3,742,222,952	3,695,418,528

<sup>1</sup> Based on the weighted average number of units during the period/year, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to units.

<sup>2</sup> On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal of convertible bonds due 10 April 2024, of which, \$146.5 million were redeemed on 10 April 2022. The actual quantum of DPU may therefore differ if any of the remaining convertible bonds is converted between 1 January 2023 and the record date, 6 February 2023.

(xiv) 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.

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2022**

	2H2022	2H2021	<b>Group</b>	FY2022	FY2021	<b>+ / (-)</b>
	\$'000	\$'000	+ / (-)	\$'000	\$'000	%
<b>Profit for the period/year</b>	<b>245,335</b>	<b>139,582</b>	<b>75.8</b>	<b>448,403</b>	<b>255,856</b>	<b>75.3</b>
Items that may be reclassified subsequently to profit or loss:						
- Foreign currency translation	(66,404)	(51,014)	30.2	(63,159)	(22,098)	185.8
- Cash flow hedges	(16,518)	20,476	NM	55,175	32,171	71.5
- Share of other comprehensive income of associates (cash flow hedges)	13,583	3,849	252.9	26,674	13,386	99.3
<b>Other comprehensive income for the period/year, net of tax</b>	<b>(69,339)</b>	<b>(26,689)</b>	<b>159.8</b>	<b>18,690</b>	<b>23,459</b>	<b>(20.3)</b>
<b>Total comprehensive income for the period/year</b>	<b>175,996</b>	<b>112,893</b>	<b>55.9</b>	<b>467,093</b>	<b>279,315</b>	<b>67.2</b>
<b>Attributable to:</b>						
Unitholders	150,272	99,811	50.6	420,799	253,096	66.3
Perpetual securities holders	4,764	4,764	-	9,450	9,430	0.2
Non-controlling interests	20,960	8,318	152.0	36,844	16,789	119.5
	<b>175,996</b>	<b>112,893</b>	<b>55.9</b>	<b>467,093</b>	<b>279,315</b>	<b>67.2</b>

NM – Not meaningful



**CONDENSED BALANCE SHEETS**  
**As at 31 December 2022**

	Group		+ / (-) %	Trust		+ / (-) %	Note
	31.12.2022 \$'000	31.12.2021 \$'000		31.12.2022 \$'000	31.12.2021 \$'000		
<b>Non-current assets</b>							
Investment properties	4,917,045	4,707,363	4.5	–	–	–	(i)
Investments in subsidiaries	–	–	–	2,087,193	2,086,432	0.04	
Investments in associates	2,615,186	2,454,993	6.5	2,023,195	2,023,195	–	(ii)
Advances to associates	51,343	621,167	(91.7)	51,343	621,167	(91.7)	(iii)
Investments in joint ventures	430,898	457,639	(5.8)	–	–	–	
Amounts owing by subsidiaries	–	–	–	1,665,012	1,625,539	2.4	
Fixed assets	116	132	(12.1)	–	–	–	
Financial assets at fair value through profit or loss	17,474	12,474	40.1	–	–	–	(iv)
Derivative financial instruments	52,504	7,982	NM	34,157	4,602	NM	(v)
Other non-current asset	948	–	100.0	–	–	–	(vi)
	<b>8,085,514</b>	<b>8,261,750</b>	<b>(2.1)</b>	<b>5,860,900</b>	<b>6,360,935</b>	<b>(7.9)</b>	
<b>Current assets</b>							
Trade and other receivables	19,866	32,884	(39.6)	28,463	29,471	(3.4)	(vii)
Advances to associates	570,156	–	100.0	570,156	–	100.0	(iii)
Prepaid expenses	958	556	72.3	10	9	11.1	
Financial assets at fair value through profit or loss	–	2,452	(100.0)	–	–	–	(iv)
Cash and bank balances	186,433	189,299	(1.5)	98,182	114,346	(14.1)	
Derivative financial instruments	18,448	743	NM	17,390	743	NM	(v)
	<b>795,861</b>	<b>225,934</b>	<b>252.3</b>	<b>714,201</b>	<b>144,569</b>	<b>394.0</b>	
<b>Total assets</b>	<b>8,881,375</b>	<b>8,487,684</b>	<b>4.6</b>	<b>6,575,101</b>	<b>6,505,504</b>	<b>1.1</b>	
<b>Current liabilities</b>							
Trade and other payables	57,837	59,503	(2.8)	18,342	26,892	(31.8)	
Income received in advance	2,324	4,716	(50.7)	–	–	–	(viii)
Borrowings	643,690	187,886	242.6	63,975	–	100.0	(ix)
Security deposits	8,528	14,397	(40.8)	–	–	–	
Derivative financial instruments	56	2,146	(97.4)	56	2,146	(97.4)	(v)
Provision for taxation	1,831	4,628	(60.4)	–	28	(100.0)	
	<b>714,266</b>	<b>273,276</b>	<b>161.4</b>	<b>82,373</b>	<b>29,066</b>	<b>183.4</b>	
<b>Non-current liabilities</b>							
Borrowings	2,208,190	2,538,921	(13.0)	2,145,678	2,109,183	1.7	(ix)
Derivative financial instruments	7,084	3,448	105.5	7,084	2,634	168.9	(v)
Security deposits	37,374	29,968	24.7	–	–	–	
Deferred tax liabilities	49,157	52,087	(5.6)	–	–	–	
	<b>2,301,805</b>	<b>2,624,424</b>	<b>(12.3)</b>	<b>2,152,762</b>	<b>2,111,817</b>	<b>1.9</b>	
<b>Total liabilities</b>	<b>3,016,071</b>	<b>2,897,700</b>	<b>4.1</b>	<b>2,235,135</b>	<b>2,140,883</b>	<b>4.4</b>	
<b>Net assets</b>	<b>5,865,304</b>	<b>5,589,984</b>	<b>4.9</b>	<b>4,339,966</b>	<b>4,364,621</b>	<b>(0.6)</b>	
Represented by:							
Unitholders' funds	5,118,916	4,866,188	5.2	4,037,943	4,062,598	(0.6)	
Perpetual securities	302,023	302,023	–	302,023	302,023	–	(x)
Non-controlling interests	444,365	421,773	5.4	–	–	–	(xi)
	<b>5,865,304</b>	<b>5,589,984</b>	<b>4.9</b>	<b>4,339,966</b>	<b>4,364,621</b>	<b>(0.6)</b>	
Net asset value per Unit (\$)	1.37	1.32	3.8	1.08	1.10	(1.8)	(xii)

NM – Not meaningful

Notes:

- (i) The increase is due mainly to fair value gains on investment properties in Singapore and South Korea, the acquisition of KR Ginza II in Tokyo on 30 November 2022 and progress payments made for the development of Blue & William in North Sydney. This is offset by translation differences arising from the Australian and South Korean investment properties.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
At 1 January	4,707,363	4,080,321
Translation differences	(104,951)	(24,990)
Acquisition of investment property <sup>1</sup>	95,746	-
Acquisition of investment property under development	-	155,806
Acquisition of a subsidiary	-	654,000
Transaction and other related costs capitalised on acquisition of investment properties	1,659	21,712
Progress payments on investment property under development	67,155	-
Coupon receivable/received <sup>2</sup>	(8,219)	-
Capitalised expenditure	10,611	5,119
Divestment of investment property	-	(271,304)
Net change in fair value of investment properties	147,681	86,699
<b>At 31 December</b>	<b>4,917,045</b>	<b>4,707,363</b>

<sup>1</sup> On 30 November 2022, Keppel REIT acquired a 98.5% interest in KR Ginza II, Tokyo, Japan through KR Ginza TMK. The total purchase consideration for 100.0% of the trust beneficial interest in the property is JPY 8.97 billion, of which Keppel REIT paid JPY 8.83 billion for its effective interest.

<sup>2</sup> This pertains to the coupon of 4.5% per annum on cumulative progress payments made by the developer during the development period of Blue & William.

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

	<b>Group</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	\$'000	\$'000
Unquoted equity, at cost	2,023,195	2,023,195
Share of post-acquisition reserves	591,991	431,798
	<b>2,615,186</b>	<b>2,454,993</b>

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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
At 1 January	431,798	405,094
Share of results of associates		
- Profit excluding net change in fair value of investment properties	77,787	89,039
- Net change in fair value of investment properties	132,728	12,640
- Effects of recognising rental income on a straight-line basis over the lease terms	(254)	(279)
	210,261	101,400
Share of net change in fair value of cash flow hedges	26,674	13,386
Dividend and distribution income received	(76,742)	(88,082)
<b>At 31 December</b>	<b>591,991</b>	<b>431,798</b>

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

	<b>Group</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	\$'000	\$'000
One Raffles Quay Pte Ltd ("ORQPL")	680,459	655,853
BFC Development LLP ("BFCDLLP")	1,167,986	1,093,894
Central Boulevard Development Pte. Ltd. ("CBDPL")	766,741	705,246
	<b>2,615,186</b>	<b>2,454,993</b>

(iii) These relate to advances to ORQPL and BFCDLLP. As at 31 December 2022, the advance to BFCDLLP is classified as current, as it is expected to be repaid within the next 12 months.

(iv) This relates to rental support provided by the developer of Blue & William in lieu of vacant spaces and leases upon practical completion.

As at 31 December 2021, this pertained to rental support provided by the vendor of Keppel Bay Tower and developer of Blue & William in lieu of vacant spaces and leases.

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

(vi) This relates to a refundable deposit placed with a financial institution for a cash-backed bank guarantee.

(vii) Included in the Group's balance are GST receivables of \$5.7 million (31 December 2021: \$19.9 million). As at 31 December 2021, GST receivables mainly relate to GST paid upon the acquisition of Blue & William in December 2021.

(viii) As at 31 December 2021, it included rental support received in advance from the vendor of Keppel Bay Tower of \$2.5 million. The rental support arrangement ended in November 2022.

(ix) Current borrowings relate to gross borrowings of \$644.0 million due in 2023. There are sufficient loan facilities available to refinance these borrowings when they fall due.

Included in non-current borrowings are Tokutei Mokuteki Kaisha ("TMK") bonds of JPY 4.0 billion, and the liability component of the \$53.5 million (31 December 2021: \$200 million) in aggregate principal of convertible bonds amounting to \$52.6 million (31 December 2021: \$194.8 million), which is measured at amortised cost. On 10 April 2022, \$146.5 million of the aggregate principal of \$200 million of these convertible bonds were redeemed.

	<b>Group</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	\$'000	\$'000
<b><u>Secured borrowings</u></b>		
Amount repayable within one year	1,590	-
Amount repayable after one year	645,124	620,531
Less: Unamortised portion of fees	(728)	(792)
	<b>645,986</b>	<b>619,739</b>
<b><u>Unsecured borrowings</u></b>		
Amount repayable within one year	642,366	187,892
Amount repayable after one year	1,567,568	1,922,440
Less: Unamortised portion of fees	(4,040)	(3,264)
	<b>2,205,894</b>	<b>2,107,068</b>
<b>Total net borrowings</b>	<b>2,851,880</b>	<b>2,726,807</b>

Details of collateral and securities

The Group has mortgaged certain investment properties of an aggregate amount of \$1,155.3 million (31 December 2021: \$1,083.7 million) as securities for loan facilities granted and TMK bonds issued.

As at 31 December 2022, the Group had total gross borrowings (including the principal amount of convertible bonds of \$53.5 million) of approximately \$2,857.4 million and undrawn facilities of \$815.0 million available to meet its future obligations. For FY2022, the all-in interest rate was 2.29% per annum and the interest coverage ratio was 3.3 times. The aggregate leverage was 38.4% as at 31 December 2022.

As at 31 December 2021, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,736.1 million and undrawn facilities of \$990.2 million available to meet its future obligations. For FY2021, the all-in interest rate was 1.98% per annum and the interest coverage ratio was 3.9 times. The aggregate leverage was 38.4% as at 31 December 2021.

- (x) These relate to \$300.0 million of subordinated perpetual securities at a fixed rate of 3.15% per annum. These are classified as equity instruments and recorded as equity in the Condensed Statements of Movements in Unitholders' Funds.
- (xi) Non-controlling interests relate to Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLLP, KCIH's 0.6% interest in the net assets of K4 LLC, as well as KCJ's 1.5% interest and 3% interest in KR Ginza TMK's and KR Shintomi GK's net assets respectively.
- (xii) Net Asset Value ("NAV") and Net Tangible Asset ("NTA") per Unit

	<u>Group</u>		<u>Trust</u>	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$	\$	\$	\$
NAV per Unit	1.37	1.32	1.08	1.10
NTA per Unit	1.37	1.32	1.08	1.10
Adjusted NAV per Unit	1.34	1.29	1.05	1.07
Adjusted NTA per Unit <i>(excluding distributable income for the year)</i>	1.34	1.29	1.05	1.07

The above is based on number of units in issue at the end of the year, and excludes non-controlling interests' and perpetual securities holders' share of net asset value and net tangible asset.

**CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
For the year ended 31 December 2022

<u>Group</u>	<u>Units in issue</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Foreign currency translation reserve</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Non-controlling interests</u> \$'000	<u>Total</u> \$'000	<u>Note</u>
<b>At 1 January 2022</b>	<b>3,890,819</b>	<b>1,048,269</b>	<b>(80,899)</b>	<b>(6,260)</b>	<b>14,259</b>	<b>4,866,188</b>	<b>302,023</b>	<b>421,773</b>	<b>5,589,984</b>	
Profit for the year	-	405,387	-	-	-	405,387	9,450	33,566	448,403	
Other comprehensive income	-	-	(63,052)	78,464	-	15,412	-	3,278	18,690	(i)
Total comprehensive income	-	405,387	(63,052)	78,464	-	420,799	9,450	36,844	467,093	
Issue of units for payment of management fees	52,362	-	-	-	-	52,362	-	-	52,362	(ii)
Distribution to unitholders	-	(216,968)	-	-	-	(216,968)	-	-	(216,968)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(9,450)	-	(9,450)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	(15,086)	(15,086)	
Redemption of convertible bonds	-	4,620	-	-	(8,085)	(3,465)	-	-	(3,465)	(iii)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	834	834	(iv)
<b>At 31 December 2022</b>	<b>3,943,181</b>	<b>1,241,308</b>	<b>(143,951)</b>	<b>72,204</b>	<b>6,174</b>	<b>5,118,916</b>	<b>302,023</b>	<b>444,365</b>	<b>5,865,304</b>	

**CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
For the year ended 31 December 2022

<u>Group</u>	<u>Units in issue</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Foreign currency translation reserve</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Non-controlling interests</u> \$'000	<u>Total</u> \$'000	<u>Note</u>
<b>At 1 January 2021</b>	<b>3,570,515</b>	<b>1,022,093</b>	<b>(58,853)</b>	<b>(49,664)</b>	<b>14,259</b>	<b>4,498,350</b>	<b>302,056</b>	<b>419,727</b>	<b>5,220,133</b>	
Profit for the year	-	231,738	-	-	-	231,738	9,430	14,688	255,856	
Other comprehensive income	-	-	(22,046)	43,404	-	21,358	-	2,101	23,459	(i)
Total comprehensive income	-	231,738	(22,046)	43,404	-	253,096	9,430	16,789	279,315	
Issue of units for payment of management fees	48,561	-	-	-	-	48,561	-	-	48,561	(ii)
Issue of units for payment of acquisition fee	6,540	-	-	-	-	6,540	-	-	6,540	(ii)
Issue of units for private placement	270,001	-	-	-	-	270,001	-	-	270,001	(ii)
Issue expenses for private placement	(4,798)	-	-	-	-	(4,798)	-	-	(4,798)	
Issue expenses for perpetual securities	-	-	-	-	-	-	(13)	-	(13)	
Distribution to unitholders	-	(205,562)	-	-	-	(205,562)	-	-	(205,562)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(9,450)	-	(9,450)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	(14,743)	(14,743)	
<b>At 31 December 2021</b>	<b>3,890,819</b>	<b>1,048,269</b>	<b>(80,899)</b>	<b>(6,260)</b>	<b>14,259</b>	<b>4,866,188</b>	<b>302,023</b>	<b>421,773</b>	<b>5,589,984</b>	

**CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
For the year ended 31 December 2022

	<u>Units in issue</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Total</u> \$'000	Note
<b>Trust</b>								
<b>At 1 January 2022</b>	<b>3,890,819</b>	<b>159,906</b>	<b>836</b>	<b>11,037</b>	<b>4,062,598</b>	<b>302,023</b>	<b>4,364,621</b>	
Profit for the year	-	104,877	-	-	104,877	9,450	114,327	
Other comprehensive income	-	-	38,539	-	38,539	-	38,539	(i)
Total comprehensive income	-	104,877	38,539	-	143,416	9,450	152,866	
Issue of units for payment of management fees	52,362	-	-	-	52,362	-	52,362	(ii)
Distribution to unitholders	-	(216,968)	-	-	(216,968)	-	(216,968)	
Distribution to perpetual securities holders	-	-	-	-	-	(9,450)	(9,450)	
Redemption of convertible bonds	-	4,620	-	(8,085)	(3,465)	-	(3,465)	(iii)
<b>At 31 December 2022</b>	<b>3,943,181</b>	<b>52,435</b>	<b>39,375</b>	<b>2,952</b>	<b>4,037,943</b>	<b>302,023</b>	<b>4,339,966</b>	
<b>At 1 January 2021</b>	<b>3,570,515</b>	<b>151,716</b>	<b>(20,343)</b>	<b>11,037</b>	<b>3,712,925</b>	<b>302,056</b>	<b>4,014,981</b>	
Profit for the year	-	213,752	-	-	213,752	9,430	223,182	
Other comprehensive income	-	-	21,179	-	21,179	-	21,179	(i)
Total comprehensive income	-	213,752	21,179	-	234,931	9,430	244,361	
Issue of units for payment of management fees	48,561	-	-	-	48,561	-	48,561	(ii)
Issue of units for payment of acquisition fee	6,540	-	-	-	6,540	-	6,540	(ii)
Issue of units for private placement	270,001	-	-	-	270,001	-	270,001	(ii)
Issue expenses for private placement	(4,798)	-	-	-	(4,798)	-	(4,798)	
Issue expenses for perpetual securities	-	-	-	-	-	(13)	(13)	
Distribution to unitholders	-	(205,562)	-	-	(205,562)	-	(205,562)	
Distribution to perpetual securities holders	-	-	-	-	-	(9,450)	(9,450)	
<b>At 31 December 2021</b>	<b>3,890,819</b>	<b>159,906</b>	<b>836</b>	<b>11,037</b>	<b>4,062,598</b>	<b>302,023</b>	<b>4,364,621</b>	

Notes:

- (i) Other comprehensive income relates to the movement in fair values of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and Trust. For the Group, this also includes movement in foreign currency translation reserve arising from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities, as well as share of hedging reserves of associates.

(ii) Units in issue

	<u>Group and Trust</u>	
	<b>2022</b>	<b>2021</b>
	Units	Units
At 1 January	3,695,418,528	3,407,824,769
Issue of new units		
- Payment of management fees	46,804,424	43,186,075
- Issuance of units in connection with a private placement	-	238,939,000
- Payment of acquisition fee	-	5,468,684
<b>At 31 December</b>	<b><u>3,742,222,952</u></b>	<b><u>3,695,418,528</u></b>

As at 31 December 2022, Keppel REIT has \$53.5 million in aggregate principal of Convertible Bonds due 2024 outstanding. Assuming all of the Convertible Bonds are fully converted at the current conversion price of \$1.3494 per Unit (the "Conversion"), the number of new Units issued pursuant to the Conversion would be 39,647,250, representing approximately 1.1% of the total number of Units in issue as at 31 December 2022.

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

Keppel REIT did not hold any treasury units as at 31 December 2022 and 31 December 2021. The total number of issued units in Keppel REIT as at 31 December 2022 and 31 December 2021 were 3,742,222,952 and 3,695,418,528 respectively.

- (iii) This pertains to \$146.5 million in aggregate principal of convertible bonds which were redeemed on 10 April 2022.
- (iv) This pertains to the capital contribution from KCJ for their 1.5% interest and 3% interest in KR Ginza TMK and KR Shintomi GK respectively, in relation to the acquisition of KR Ginza II.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2022

	<b>Group</b>				
	<b>2H2022</b>	<b>2H2021</b>	<b>FY2022</b>	<b>FY2021</b>	<b>Note</b>
	\$'000	\$'000	\$'000	\$'000	
<b>Operating activities</b>					
Profit before tax	242,442	149,190	450,448	278,856	
Adjustments for:					
Interest income	(16,170)	(7,737)	(25,264)	(15,603)	
Share of results of associates	(33,159)	(42,281)	(77,787)	(89,039)	
Share of results of joint ventures	(11,244)	(14,212)	(22,907)	(29,556)	
Borrowing costs	32,514	26,524	57,736	51,472	
Management fees paid and payable in Units	26,537	25,945	52,676	50,682	
Net change in fair value of financial assets at fair value through profit or loss	(4,609)	1,711	(3,510)	2,862	
Net change in fair value of derivative financial instruments	(5,109)	304	(5,506)	(325)	
Net change in fair value of investment properties	(152,747)	(59,132)	(261,458)	(87,240)	
Costs incurred on divestment of investment property	-	2,600	-	2,600	
Depreciation	17	15	32	20	
Rental support	(589)	(1,614)	(1,688)	(2,672)	
Unrealised currency translation differences	5,138	(1,268)	4,628	(2,523)	
<b>Operating cash flows before changes in working capital</b>	<b>83,021</b>	<b>80,045</b>	<b>167,400</b>	<b>159,534</b>	
(Increase)/decrease in receivables	(13,476)	(23,234)	112	(30,239)	
Increase/(decrease) in payables	102	3,302	(1,822)	8,977	
Increase in security deposits	2,138	729	1,893	1,652	
<b>Cash flows from operations</b>	<b>71,785</b>	<b>60,842</b>	<b>167,583</b>	<b>139,924</b>	
Income taxes refunded/(paid), net	679	(21,429)	(5,349)	(26,252)	
<b>Net cash flows provided by operating activities</b>	<b>72,464</b>	<b>39,413</b>	<b>162,234</b>	<b>113,672</b>	
<b>Investing activities</b>					
Net cash outflow on acquisition of a subsidiary	-	563	-	(599,046)	
Acquisition of investment property	(94,912)	(168,280)	(94,912)	(168,280)	(i)
Transaction and other related costs incurred on acquisition of investment property, net of manager's acquisition fee paid in units	(1,659)	(12,917)	(1,659)	(15,173)	
Progress payments on investment property under development, net of coupon received	(32,389)	-	(60,401)	-	(ii)
Subsequent expenditure on investment properties	(4,386)	(2,061)	(10,611)	(5,119)	
Proceeds from divestment of investment property, net of transaction and other related costs	-	271,297	-	271,297	
Purchase of fixed assets	(16)	-	(16)	-	
Interest received	15,929	7,758	25,011	15,623	
Rental support received	589	1,614	1,688	2,672	
Investment in a joint venture	-	(1,198)	(4,956)	(1,198)	
Dividend and distribution income received from associates	54,153	63,524	76,742	88,082	
Distribution income received from joint ventures	13,790	16,140	23,067	30,240	
Advance to an associate	(332)	-	(332)	(2,230)	
<b>Net cash flows (used in)/provided by investing activities</b>	<b>(49,233)</b>	<b>176,440</b>	<b>(46,379)</b>	<b>(383,132)</b>	

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2022

	2H2022	2H2021	<u>Group</u> FY2022	FY2021	Note
	\$'000	\$'000	\$'000	\$'000	
<b>Financing activities</b>					
Loans drawdown	340,029	365,765	802,281	1,499,890	
Repayment of loans	(151,230)	(553,665)	(419,190)	(1,333,568)	
Redemption of convertible bonds	-	-	(146,500)	-	
Repayment of medium term notes	-	-	(50,000)	-	
Proceeds from issuance of medium term notes	-	150,000	-	150,000	
Proceeds from private placement of units	-	-	-	270,001	
Payment of financing expenses/upfront debt arrangement costs	(1,362)	-	(2,637)	(1,244)	
Issue expenses for medium term notes	-	(337)	-	(337)	
Issue expenses for perpetual securities	-	-	-	(13)	
Issue expenses for private placement of units	-	(58)	-	(4,798)	
Distribution to non-controlling interests	(7,324)	(7,277)	(15,086)	(14,743)	
Distribution to Unitholders	(110,540)	(73,528)	(216,968)	(205,562)	(iii)
Distribution to perpetual securities holders	(4,764)	(4,764)	(9,450)	(9,450)	
Interest paid	(30,661)	(24,702)	(53,866)	(46,824)	
<b>Net cash flows provided by/(used in) financing activities</b>	<b>34,148</b>	<b>(148,566)</b>	<b>(111,416)</b>	<b>303,352</b>	
<b>Net increase in cash and cash equivalents</b>	<b>57,379</b>	<b>67,287</b>	<b>4,439</b>	<b>33,892</b>	
Cash and cash equivalents at beginning of the period/year	123,403	112,506	176,232	143,961	
Effect of exchange rate changes on cash and cash equivalents	(5,819)	(3,561)	(5,708)	(1,621)	
<b>Cash and cash equivalents at end of the period/year</b>	<b>174,963</b>	<b>176,232</b>	<b>174,963</b>	<b>176,232</b>	
<b>Cash and bank balances</b>	<b>186,433</b>	<b>189,299</b>	<b>186,433</b>	<b>189,299</b>	
Less: Restricted cash and bank balances	(11,470)	(13,067)	(11,470)	(13,067)	(iv)
<b>Cash and cash equivalents per condensed Consolidated Statement of Cash Flows</b>	<b>174,963</b>	<b>176,232</b>	<b>174,963</b>	<b>176,232</b>	

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2022**

Notes:

(i) Acquisition of investment property

On 30 November 2022, the Group acquired an effective interest of 98.5% in KR Ginza II, a freehold boutique office building in Tokyo, Japan. The remaining 1.5% interest in the property is held by KCJ.

Purchase consideration includes:

	<u>Group</u> <u>FY2022</u> \$'000
Investment property	95,746
Less: Non-controlling interest	<u>(834)</u>
Total purchase consideration	<u>94,912</u>

(ii) During the development period of Blue & William, the developer will provide a coupon of 4.5% per annum on cumulative progress payments made. During the year ended 31 December 2022, coupon received of \$6.8 million was offset against progress payments made.

(iii) Distribution paid to Unitholders in FY2022 was for the following periods:

- 1 July 2021 to 31 December 2021, paid on 1 March 2022; and
- 1 January 2022 to 30 June 2022, paid on 29 August 2022.

Distribution paid to Unitholders in FY2021 was for the following periods:

- 1 July 2020 to 31 December 2020, paid on 1 March 2021;
- 1 January 2021 to 28 February 2021, paid on 31 March 2021; and
- 1 March 2021 to 30 June 2021, paid on 27 August 2021.

(iv) This relates to tenant security deposits held in designated accounts for T Tower and cash reserves maintained for KR Ginza II which is a requirement of the bank.

For FY2021, this included tenant security deposits held in designated accounts for T Tower and rental support received in advance from the vendor of Keppel Bay Tower held in a designated account.

## **ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **For the year ended 31 December 2022**

#### **1. General**

Keppel REIT is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 28 November 2005 (as amended) (the “Trust Deed”) between Keppel REIT Management Limited (the “Manager”) and the trustee. On 30 September 2022, RBC Investor Services Trust Singapore Limited retired as the trustee and HSBC Institutional Trust Services (Singapore) Limited was appointed the replacement trustee (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of Keppel REIT (the “Trust”) and its subsidiaries (collectively, the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”). The address of the Trustee’s registered office and principal place of business is 10 Marina Boulevard, #48-01 Marina Bay Financial Centre Tower 2, Singapore 018983.

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

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

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

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation**

This condensed consolidated interim financial statements for the year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. This condensed consolidated interim financial statements do not contain all the disclosures included in the annual report of Keppel REIT for the financial year ended 31 December 2021 (“Annual Report 2021”). Accordingly, this report should be read in conjunction with Annual Report 2021 and public announcements made during the interim reporting period.

##### **2.2 Changes in accounting policies**

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of Annual Report 2021, except in the current financial year, the Group has adopted the new and revised standards that are effective for annual periods beginning on 1 January 2022. The adoption of these standards did not have any effect of the financial performance or position of the Group.

##### **2.3 Interest Rate Benchmark Reform – Phase 2**

The Group had adopted the amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2 amendments* (collectively the “Phase 2 amendments”), that were effective from 1 January 2021.

## ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the year ended 31 December 2022

### 2. Significant accounting policies (continued)

#### 2.3 Interest Rate Benchmark Reform – Phase 2 (continued)

##### Hedge relationships

The Phase 2 amendments address issues arising during interest rate benchmark reform (“IBOR reform”), including specifying when hedge designations and documentation should be updated, and when amounts accumulated in cash flow hedge reserve should be recognised in profit or loss.

##### Financial instruments measured at amortised cost

The Phase 2 amendments require that, for financial instruments measured at amortised cost, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

For the year ended 31 December 2022, the Group has applied the practical expedients provided under the Phase 2 amendments to gross borrowings of \$569,750,000 and interest rate swaps of \$279,750,000 which transitioned from the Singapore Swap Offer Rate (“SOR”) to the Singapore Overnight Rate Average (“SORA”).

##### Effect of IBOR reform

The Group’s risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are referenced to the SOR. A significant portion of these borrowings are hedged using interest rate swaps, which have been designated as cash flow hedges.

SOR will cease publication after 30 June 2023, and it will be replaced by the SORA. The financial instruments of the Group and Trust that are affected by the IBOR reform comprise SOR-referenced instruments, with maturity dates falling after 30 June 2023. The following table provides details of affected financial instruments of the Group and Trust, which have not transitioned to the SORA as at 31 December 2022.

31 December 2022	Group \$’000	Trust \$’000
<u>Liabilities</u>		
Borrowings	(164,000)	(164,000)

The Group’s communication with its counterparties is ongoing for these affected financial instruments and has continued to apply temporary reliefs provided previously for hedge accounting on cash flow hedges relating to risk arising from the IBOR reform.

#### 2.4 Critical accounting judgements and estimates

The significant areas of estimation, uncertainty and critical judgements in applying accounting policies disclosed in Annual Report 2021 remain relevant. Please refer to Note 5 for more information on the valuation of investment properties as at 31 December 2022.

## ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### For the year ended 31 December 2022

#### 3. Guarantees

The Trust has provided corporate guarantees amounting to \$1,904.2 million (31 December 2021: \$1,627.3 million) and \$225.0 million (31 December 2021: \$275.0 million) to banks for loans taken by subsidiaries and medium term notes issued by a subsidiary respectively.

#### 4. Significant related party transactions

During the year ended 31 December 2022, other than those disclosed elsewhere in the condensed consolidated interim financial statements, the following significant related party transactions took place at terms agreed between the parties:

	<u>Group</u>			
	2H2022	2H2021	FY2022	FY2021
	\$'000	\$'000	\$'000	\$'000
Acquisition fee paid to the Manager	870	3,190	870	9,730
Divestment fee paid to the Manager	–	1,313	–	1,313
Trustee fees	335	659	1,000	1,287
Property and asset management fees and reimbursements paid/payable to related companies	3,228	3,210	6,422	5,944
Leasing commissions paid/payable to a related company	1,163	969	2,178	1,386
Service fees paid/payable to a related company	65	160	237	211
Rental income and other related income from related companies	6,358	6,345	12,836	7,960
Interest income received from associates	15,331	7,678	24,320	15,410
Rental support received from a related company	589	656	1,688	747
Electricity supply provided by a related company	1,776	1,387	3,059	2,549
Acquisition of a subsidiary from a related company	–	–	–	645,727
Entry into a joint investment with a related company in connection with the acquisition of an investment property	94,974	–	94,974	–

#### 5. Fair value of financial instruments and investment properties

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

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

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

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

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**

**5. Fair value of financial instruments and investment properties (continued)**

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

	Level 2 \$'000	<u>Group</u> Level 3 \$'000	Total \$'000
<b>As at 31 December 2022</b>			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	17,474	17,474
Derivative financial instruments:			
- Forward currency contracts	6,313	-	6,313
- Interest rate swaps	64,639	-	64,639
	<u>70,952</u>	<u>17,474</u>	<u>88,426</u>
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(56)	-	(56)
- Interest rate swaps	(7,084)	-	(7,084)
	<u>(7,140)</u>	<u>-</u>	<u>(7,140)</u>
<u>Non-financial assets</u>			
Investment properties	-	4,917,045	4,917,045
	<u>-</u>	<u>4,917,045</u>	<u>4,917,045</u>
<b>As at 31 December 2021</b>			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	14,926	14,926
Derivative financial instruments:			
- Forward currency contracts	835	-	835
- Interest rate swaps	7,890	-	7,890
	<u>8,725</u>	<u>14,926</u>	<u>23,651</u>
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(1,119)	-	(1,119)
- Interest rate swaps	(4,475)	-	(4,475)
	<u>(5,594)</u>	<u>-</u>	<u>(5,594)</u>
<u>Non-financial assets</u>			
Investment properties	-	4,707,363	4,707,363
	<u>-</u>	<u>4,707,363</u>	<u>4,707,363</u>

There have been no transfers between Level 2 and 3 for the Group in the year ended 31 December 2022.

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**

**5. Fair value of financial instruments and investment properties (continued)**

Level 2 fair value measurements

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

Level 3 fair value measurements – Investment properties

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at least once at the end of every financial year. As at 31 December 2022, the Group has obtained valuations by external valuers on its investment properties.

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

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

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

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

Description	Fair value \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<b><u>As at 31 December 2022</u></b>					
Investment properties	4,917,045	Capitalisation approach	Capitalisation rate	2.70% - 5.38%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	2.50% - 6.75%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$735/sf - \$2,715/sf	The higher the price, the higher the fair value



**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**

**5. Fair value of financial instruments and investment properties (continued)**

Level 3 fair value measurements – Investment properties (continued)

Description	Fair value \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<b><u>As at 31 December 2021</u></b>					
Investment properties	4,707,363	Capitalisation approach	Capitalisation rate	3.50% - 5.13%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	6.00% - 6.75%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$657/sf - \$10,224/sf	The higher the price, the higher the fair value

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

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

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

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

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

The financial assets at fair value through profit or loss held as non-current assets pertain to rental support provided by the developer of Blue & William in lieu of spaces which remain unleased for up to a period of three years after practical completion. The fair value as at 31 December 2022 was determined by the external valuer of Blue & William, contemporaneously in their valuation of the investment property. The key unobservable input used in their valuation technique to determine the fair value of financial assets at fair value through profit or loss was the assumed leasing pre-commitment of 31% (31 December 2021: 62%) of Blue & William prior to practical completion. An increase/decrease in the level of assumed leasing pre-commitment would result in a decrease/increase to its fair value. Please refer to the fair value measurements of investment properties above for more information on the valuation of the investment property.

## ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the year ended 31 December 2022

### 5. Fair value of financial instruments and investment properties (continued)

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

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

The fair values of non-current fixed-rate borrowings as at 31 December 2022 and 31 December 2021 are as stated below. They are estimated using discounted cash flow analyses based on current rates for similar types of borrowing arrangements.

	<b>Group</b>	
	<b>Carrying value</b>	<b>Fair value</b>
	\$'000	\$'000
<b>As at 31 December 2022</b>		
Borrowings (non-current)	413,165	380,521
<b>As at 31 December 2021</b>		
Borrowings (non-current)	568,910	569,813

### 6. Portfolio reporting

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

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

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

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the year ended 31 December 2022

**6. Portfolio reporting (continued)**

**By property**

	2H2022	2H2021	Group			
	\$'000	\$'000	+ / (-)	FY2022	FY2021	+ / (-)
			%	\$'000	\$'000	%
<b>Property income</b>						
Ocean Financial Centre	52,745	51,149	3.1	103,708	102,732	1.0
Keppel Bay Tower <sup>1</sup>	16,295	15,834	2.9	31,836	19,724	61.4
275 George Street <sup>2</sup>	–	989	(100.0)	–	8,033	(100.0)
8 Exhibition Street <sup>3</sup>	8,273	8,610	(3.9)	17,277	17,470	(1.1)
Victoria Police Centre <sup>4</sup>	16,193	16,835	(3.8)	32,847	33,937	(3.2)
Pinnacle Office Park	8,377	8,946	(6.4)	17,676	17,615	0.3
T Tower	7,527	8,429	(10.7)	15,835	17,095	(7.4)
KR Ginza II <sup>5</sup>	107	–	100.0	107	–	100.0
<b>Total property income of directly held properties</b>	<b>109,517</b>	<b>110,792</b>	<b>(1.2)</b>	<b>219,286</b>	<b>216,606</b>	<b>1.2</b>
<b>Net property income</b>						
Ocean Financial Centre	41,999	40,855	2.8	84,014	82,559	1.8
Keppel Bay Tower <sup>1</sup>	12,978	12,758	1.7	25,506	15,746	62.0
275 George Street <sup>2</sup>	–	490	(100.0)	–	5,517	(100.0)
8 Exhibition Street <sup>3</sup>	5,693	5,650	0.8	11,976	11,602	3.2
Victoria Police Centre <sup>4</sup>	13,201	14,025	(5.9)	27,165	28,421	(4.4)
Pinnacle Office Park	6,886	7,672	(10.2)	15,083	15,033	0.3
T Tower	5,649	6,700	(15.7)	12,133	13,654	(11.1)
KR Ginza II <sup>5</sup>	65	–	100.0	65	–	100.0
<b>Total net property income of directly held properties</b>	<b>86,471</b>	<b>88,150</b>	<b>(1.9)</b>	<b>175,942</b>	<b>172,532</b>	<b>2.0</b>
Less: Net property income attributable to non-controlling interests						
- Ocean Financial Centre <sup>6</sup>	(8,442)	(8,211)	2.8	(16,887)	(16,594)	1.8
- T Tower <sup>7</sup>	(35)	(42)	(16.7)	(75)	(85)	(11.8)
- KR Ginza II <sup>8</sup>	(1)	–	(100.0)	(1)	–	(100.0)
<b>Total net property income attributable to non-controlling interests</b>	<b>(8,478)</b>	<b>(8,253)</b>	<b>2.7</b>	<b>(16,963)</b>	<b>(16,679)</b>	<b>1.7</b>
One-third interest in ORQPL <sup>9</sup>	19,226	17,067	12.7	39,587	35,453	11.7
One-third interests in BFCDLLP <sup>10</sup> and CBDPL <sup>10</sup>	46,237	45,271	2.1	92,977	94,133	(1.2)
50% interest in M8CT <sup>11</sup>	3,452	5,809	(40.6)	6,652	12,449	(46.6)
50% interest in MOTT <sup>12</sup>	7,830	8,452	(7.4)	16,257	17,141	(5.2)
<b>Total attributable net property income of associates and joint ventures</b>	<b>76,745</b>	<b>76,599</b>	<b>0.2</b>	<b>155,473</b>	<b>159,176</b>	<b>(2.3)</b>
<b>Total net property income attributable to Unitholders</b>	<b>154,738</b>	<b>156,496</b>	<b>(1.1)</b>	<b>314,452</b>	<b>315,029</b>	<b>(0.2)</b>
<b>Rental support</b>						
Keppel Bay Tower	589	656	(10.2)	1,688	747	126.0
Pinnacle Office Park	–	958	(100.0)	–	1,925	(100.0)
<b>Total rental support</b>	<b>589</b>	<b>1,614</b>	<b>(63.5)</b>	<b>1,688</b>	<b>2,672</b>	<b>(36.8)</b>
<b>Total net property income attributable to Unitholders, including rental support</b>	<b>155,327</b>	<b>158,110</b>	<b>(1.8)</b>	<b>316,140</b>	<b>317,701</b>	<b>(0.5)</b>

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**

**6. Portfolio reporting (continued)**

**By property** (continued)

- <sup>1</sup> Keppel Bay Tower was acquired on 18 May 2021.  
<sup>2</sup> Comprised 50% interest in 275 George Street which was divested on 30 July 2021.  
<sup>3</sup> Comprised 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units.  
<sup>4</sup> Comprised 50% interest in Victoria Police Centre.  
<sup>5</sup> KR Ginza II was acquired on 30 November 2022.  
<sup>6</sup> Represents an approximate interest of 20.1% in Ocean Financial Centre.  
<sup>7</sup> Represents an approximate interest of 0.6% in T Tower.  
<sup>8</sup> Represents an approximate interest of 1.5% in KR Ginza II.  
<sup>9</sup> Comprised one-third interest in ORQPL which holds One Raffles Quay.  
<sup>10</sup> Comprised one-third interest in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.  
<sup>11</sup> Comprised 50% interest in M8CT which holds 8 Chifley Square.  
<sup>12</sup> Comprised 50% interest in MOTT which holds David Malcolm Justice Centre.

Reconciliation to profit before costs incurred on divestment of investment property and net change in fair value of investment properties per condensed Consolidated Statement of Profit or Loss:

	<b>2H2022</b>	<b>2H2021</b>	<b>FY2022</b>	<b>FY2021</b>
	\$'000	\$'000	\$'000	\$'000
Total net property income attributable to Unitholders, including rental support	155,327	158,110	316,140	317,701
<b><u>Add/(less):</u></b>				
Net property income attributable to non-controlling interests	8,478	8,253	16,963	16,679
Net property income of associates and joint ventures attributable to Unitholders	(76,745)	(76,599)	(155,473)	(159,176)
Interest income	16,170	7,737	25,264	15,603
Share of results of associates	33,159	42,281	77,787	89,039
Share of results of joint ventures	11,244	14,212	22,907	29,556
Borrowing costs	(32,514)	(26,524)	(57,736)	(51,472)
Manager's management fees	(26,537)	(25,945)	(52,676)	(50,682)
Net foreign exchange differences	(2,267)	(399)	(2,390)	1,052
Net change in fair value of financial assets at fair value through profit or loss	4,609	(1,711)	3,510	(2,862)
Net change in fair value of derivatives	5,109	(304)	5,506	325
Less: Other unallocated expenses	(6,338)	(6,453)	(10,812)	(11,547)
<b>Profit before costs incurred on divestment of investment property and net change in fair value of investment properties</b>	<b>89,695</b>	<b>92,658</b>	<b>188,990</b>	<b>194,216</b>

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**

**6. Portfolio reporting (continued)**

**By property** (continued)

	<b>Group</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	\$'000	\$'000
<b><u>Interests in associates</u></b>		
<b><u>One-third interest in ORQPL</u></b>		
Investment in associate	680,459	655,853
Advances to associate	51,343	51,343
	<b>731,802</b>	<b>707,196</b>
<b><u>One-third interest in BFCDLLP</u></b>		
Investment in associate	1,167,986	1,093,894
Advances to associate	570,156	569,824
	<b>1,738,142</b>	<b>1,663,718</b>
<b><u>One-third interest in CBDPL</u></b>		
Investment in associate	<b>766,741</b>	<b>705,246</b>
<b><u>Interests in joint ventures</u></b>		
<b><u>50% interest in M8CT</u></b>		
Investment in joint venture	<b>209,112</b>	<b>226,058</b>
<b><u>50% interest in MOTT</u></b>		
Investment in joint venture	<b>221,786</b>	<b>231,581</b>

**By geographical area**

	<b>Group</b>			
	<b>2H2022</b>	<b>2H2021</b>	<b>FY2022</b>	<b>FY2021</b>
	\$'000	\$'000	\$'000	\$'000
<b><u>Property income</u></b>				
- Singapore	69,040	66,983	135,544	122,456
- Australia	32,843	35,380	67,800	77,055
- South Korea	7,527	8,429	15,835	17,095
- Japan	107	-	107	-
<b>Total property income of directly held properties</b>	<b>109,517</b>	<b>110,792</b>	<b>219,286</b>	<b>216,606</b>
<b><u>Net property income</u></b>				
- Singapore	54,977	53,613	109,520	98,305
- Australia	25,780	27,837	54,224	60,573
- South Korea	5,649	6,700	12,133	13,654
- Japan	65	-	65	-
<b>Total net property income of directly held properties</b>	<b>86,471</b>	<b>88,150</b>	<b>175,942</b>	<b>172,532</b>

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the year ended 31 December 2022**

**6. Portfolio reporting (continued)**

**By geographical area**

	<b>2H2022</b>	<b>2H2021</b>	<b>FY2022</b>	<b>FY2021</b>
	\$'000	\$'000	\$'000	\$'000
<u>Net property income attributable to Unitholders, including rental support</u>				
- Singapore	112,587	108,396	226,885	212,044
- Australia	37,062	43,056	77,133	92,088
- South Korea	5,614	6,658	12,058	13,569
- Japan	64	-	64	-
<b>Total net property income attributable to Unitholders, including rental support</b>	<b>155,327</b>	<b>158,110</b>	<b>316,140</b>	<b>317,701</b>

	<b>31.12.2022</b>	<b>31.12.2021</b>
	\$'000	\$'000
<u>Investment properties</u>		
- Singapore	3,389,000	3,258,600
- Australia	1,150,270	1,133,734
- South Korea	288,149	315,029
- Japan	89,626	-
<b>Total value of investment properties</b>	<b>4,917,045</b>	<b>4,707,363</b>

**Review of segment performance**

Please refer to Note C under the Other Information section on Page 31 for the review of performance.

**7. Subsequent events**

On 27 January 2023, the Manager announced a distribution of 2.95 cents per Unit for the period from 1 July 2022 to 31 December 2022.

**OTHER INFORMATION****For the year ended 31 December 2022****A. AUDIT**

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

**B. AUDITORS' REPORT**

Not applicable.

**C. REVIEW OF PERFORMANCE****Review of Performance for 2H2022 vs 2H2021**

Property income and net property income for 2H2022 were \$109.5 million and \$86.5 million respectively. These were lower as compared to property income and net property income of \$110.8 million and \$88.2 million respectively for 2H2021. The decrease was mainly attributable to the absence of contribution from 275 George Street which was divested in July 2021, lower property income and net property income from the Australia properties and T Tower. These were partially offset by higher property income and net property income from Ocean Financial Centre and Keppel Bay Tower.

The Group's profit before tax for 2H2022 was \$242.4 million as compared to \$149.2 million for 2H2021. The increase was mainly attributable to higher net fair value gain on Singapore investment properties as compared to 2H2021, higher net property income from Ocean Financial Centre and Keppel Bay Tower, higher interest income, net change in fair value of derivatives and financial assets at fair value through profit or loss, and absence of costs incurred on divestment of 275 George Street in 2H2021. These were partially offset by the absence of contribution from 275 George Street which was divested in July 2021, lower property income and net property income from the Australia properties and T Tower, lower share of results of associates and joint ventures, higher manager's management fees, borrowing costs, and net foreign exchange differences.

**Review of Performance for FY2022 vs FY2021**

Property income and net property income for FY2022 were \$219.3 million and \$175.9 million respectively. These were higher as compared to property income and net property income of \$216.6 million and \$172.5 million respectively for FY2021. The increase was due mainly to a full year of contribution following the acquisition of Keppel Bay Tower in May 2021 and contribution following the acquisition of KR Ginza II in November 2022, as well as higher property income and net property income from Ocean Financial Centre and Pinnacle Office Park. This was offset partially by the absence of contribution from 275 George Street which was divested in July 2021, lower net property income from Victoria Police Centre due to a weaker Australian dollar, as well as lower property income and net property income from T Tower due to tenancy changes and a weaker Korean Won.

The Group's profit before tax for FY2022 was \$450.4 million as compared to \$278.9 million for FY2021. The increase was mainly attributable to a full year of contribution following the acquisition of Keppel Bay Tower in May 2021 and contribution following the acquisition of KR Ginza II in November 2022, as well as higher property income and net property income from Ocean Financial Centre and Pinnacle Office Park, higher net fair value gain on investment properties in FY2022 as compared to FY2021, higher interest income, net change in fair value of derivatives and fair value of financial assets at fair value through profit or loss, and absence of costs incurred on divestment of 275 George Street in FY2021. These were partially offset by the absence of contribution from 275 George Street which was divested in July 2021, lower share of results of associates and joint ventures, lower rental support received, higher manager's management fees, higher borrowing costs, lower net property income from Victoria Police Centre and T Tower and net foreign exchange differences.

**D. VARIANCE FROM FORECAST STATEMENT**

Not applicable.

## **OTHER INFORMATION**

### **For the year ended 31 December 2022**

#### **E. PROSPECTS**

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase from \$11.60 psf pm in 3Q 2022 to \$11.70 psf pm in 4Q 2022, and average core CBD occupancy remained stable at 94.7% as at end December 2022.

In Australia, JLL Research (JLL) noted that the prime grade occupancies in North Sydney and Perth CBD increased, while Sydney CBD, Macquarie Park and Melbourne CBD registered a decrease in 4Q 2022.

In Seoul, JLL reported an increase in the CBD Grade A office market occupancy from 95.1% as at end September 2022 to 97.0% as at end December 2022. In Tokyo central five wards, JLL noted that the Grade A occupancy increased from 95.8% as at end September 2022 to 96.3% as at end December 2022 and Grade B occupancy increased from 96.1% as at end September 2022 to 96.3% as at end December 2022.

Despite the uncertain macro-economic environment, the Manager remains focused on delivering long-term sustainable returns to Unitholders. The Manager will continue to manage the impact of rising interest costs as well as drive operational excellence and ensure a disciplined approach in executing its portfolio optimisation strategy.

#### **F. RISK FACTORS AND RISK MANAGEMENT**

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

##### Interest rate risk

The Manager constantly monitors its exposure to changes in interest rates of 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, South Korea and Japan, 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 manages its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.



## OTHER INFORMATION

For the year ended 31 December 2022

### F. RISK FACTORS AND RISK MANAGEMENT (continued)

#### 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.

As workplace normalcy resumes following the COVID-19 outbreak, the Manager continues to ensure all properties are in compliance with measures and advisories issued by the respective governments of the countries Keppel REIT is invested in. This includes ensuring a clean and safe environment for returning tenants, and a well maintained building infrastructure for tenants who continue to engage with their workforce outside the office.

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

**OTHER INFORMATION**  
**For the year ended 31 December 2022**

**G. DISTRIBUTIONS**

(i) Current Financial Period Reported on

Name of Distribution	1 July 2022 to 31 December 2022
<p>Distribution type</p> <p>Distribution rate</p>	<p>(a) Taxable income  (b) Tax exempt income  (c) Capital gains</p> <p>(a) Taxable income distribution – 1.60 cents per unit  (b) Tax-exempt income distribution – 1.08 cents per unit  (c) Capital gains distribution – 0.27 cents per unit</p> <p>The above Distribution per Unit is computed based on 3,742,222,952 Units in issue which are entitled to the Distribution, and on the basis that none of the S\$53,500,000 principal amount of 1.90% convertible bonds due 2024 (“Convertible Bonds”) is converted into Units on or prior to the Record Date. The actual quantum of the Distribution per Unit may therefore differ from the above Distribution per Unit if any of the Convertible Bonds is converted into Units on or prior to the Record Date. Any change to the above Distribution per Unit will be announced on 6 February 2023, after the closure of the Transfer Books and Register of Unitholders of Keppel REIT.</p>
Tax rate	<p><u>Taxable income distribution</u>  Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, qualifying non-resident non-individual unitholders and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u>  Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital gains distribution</u>  Capital gains distribution is not taxable in the hands of all Unitholders.</p>

**OTHER INFORMATION**  
**For the year ended 31 December 2022**

**G. DISTRIBUTIONS** (continued)

(ii) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 July 2021 to 31 December 2021
Distribution type	(a) Taxable income (b) Tax exempt income (c) Capital gains
Distribution rate	(a) Taxable income distribution – 1.73 cents per unit (b) Tax-exempt income distribution – 1.10 cents per unit (c) Capital gains distribution – 0.05 cents per unit

Tax rate	<p><u>Taxable income distribution</u>  Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, qualifying non-resident non-individual unitholders and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u>  Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital gains distribution</u>  Capital gains distribution is not taxable in the hands of all Unitholders.</p>
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(iii) Record Date

6 February 2023

(iv) Date paid/payable

1 March 2023

**OTHER INFORMATION**  
**For the year ended 31 December 2022**

**H. BREAKDOWN OF SALES**

	<b>Group</b>		<b>+ / (-)</b>
	<b>FY2022</b>	<b>FY2021</b>	
	\$'000	\$'000	%
Property income reported for first half year	109,769	105,814	3.7
Profit after tax for first half year <sup>1</sup>	203,068	116,274	74.6
Property income reported for second half year	109,517	110,792	(1.2)
Profit after tax for second half year <sup>2</sup>	245,335	139,582	75.8

<sup>1</sup> Profit after tax for 1H2022 includes net fair value gain on investment properties amounting to approximately \$108.7 million (1H2021: \$28.1 million).

<sup>2</sup> Profit after tax for 2H2022 includes net fair value gain on investment properties amounting to approximately \$152.7 million. Profit after tax for 2H2021 includes costs incurred on divestment of investment property amounting to approximately \$2.6 million and net fair value gain on investment properties amounting to approximately \$59.1 million.

**I. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION**

	<b>Group</b>	
	<b>FY2022</b>	<b>FY2021</b>
	\$'000	\$'000
1 January 2021 to 28 February 2021 (paid)	-	32,185
1 March 2021 to 30 June 2021 (paid)	-	73,528
1 July 2021 to 31 December 2021 (paid)	-	106,428
1 January 2022 to 30 June 2022 (paid)	110,540	-
1 July 2022 to 31 December 2022 (to be paid) <sup>1</sup>	110,396	-
	<b>220,936</b>	<b>212,141</b>

<sup>1</sup> Please refer to Note G(i) on Page 34.

**OTHER INFORMATION**  
**For the year ended 31 December 2022**

**J. INTERESTED PERSON TRANSACTIONS**

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000)	
		FY2022 \$'000	FY2021 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u> - Manager's management fees - Acquisition fee - Divestment fee - Property management and asset management fees and reimbursables - Leasing commissions - Service fees - Rental support <sup>3,4</sup> - Electricity and related expenses <sup>3</sup> - Rent, service charge and other income <sup>3</sup> - Acquisition of a subsidiary <sup>3</sup> - Entry into a joint investment with a related company in connection with the acquisition of an investment property	Keppel Corporation Limited is a "controlling Unitholder" of the REIT and a "controlling shareholder" of the REIT Manager under the Listing Manual of the Singapore Exchange Securities Trading Limited and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.	52,676 870 - 4,580 1,269 - - 12,586 854 - 94,974	50,682 9,730 1,313 7,002 <sup>1</sup> 2,302 <sup>2</sup> 104 3,200 3,424 <sup>4</sup> 61,921 <sup>5</sup> 645,727 -
<u>RBC Investor Services Trust Singapore Limited</u> - Trustee fees	Trustee of the REIT (retired with effect from 30 September 2022)	1,000	1,287

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

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

<sup>3</sup> The aggregate value of interested person transactions refers to the total contract sum entered into during the financial year.

<sup>4</sup> This is in connection with the acquisition of Keppel Bay Tower.

<sup>5</sup> Included in the aggregate value is the total contract sum of rent and service charge, amounting to \$61,224,000 in connection with the acquisition of Keppel Bay Tower.

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

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

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

## OTHER INFORMATION

For the year ended 31 December 2022

### L. 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**

Chiam Yee Sheng / Gillian Loh  
Joint Company Secretaries  
27 January 2023