

**KEPPEL REIT AND ITS SUBSIDIARIES  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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## INTRODUCTION

Listed by way of an introduction on 28 April 2006, Keppel REIT is one of Asia's leading real estate investment trusts with a portfolio of prime commercial assets in Asia Pacific's key business districts.

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

As at 31 December 2023, Keppel REIT had a total portfolio value of approximately \$9.2 billion, comprising properties in Singapore; the 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)
- 2 Blue Street<sup>1</sup>, Sydney (100% interest)

### South Korea

- T Tower, Seoul (99.4% interest)

### Japan

- KR Ginza II, Tokyo (98.5% interest)

Keppel REIT is managed by Keppel REIT Management Limited and sponsored by Keppel, a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity.

<sup>1</sup> Formerly known as Blue & William.

**SUMMARY OF RESULTS**  
**For the year ended 31 December 2023**

	Group			
	2H2023 \$'000	2H2022 \$'000	FY2023 \$'000	FY2022 \$'000
Property income	118,197	109,517	233,071	219,286
Net property income	92,509	86,471	182,379	175,942
Interest income	3,655	16,170	7,340	25,264
Share of results of associates	39,829	33,159	80,125	77,787
Share of results of joint ventures	11,722	11,244	23,665	22,907
Distribution to Unitholders <sup>1</sup>	109,694 <sup>2</sup>	110,396 <sup>3</sup>	218,659 <sup>2</sup>	220,936 <sup>3</sup>
Distribution per Unit ("DPU") (cents) for the period/year	2.90 <sup>4</sup>	2.95	5.80 <sup>4</sup>	5.92
Distribution yield (%)			6.2% <sup>5</sup>	6.5% <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 includes an anniversary distribution of \$10.0 million out of capital gains for the second half year ended 31 December 2023 ("2H2023") and \$20.0 million for the full year ended 31 December 2023 ("FY2023"). 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 a five-year period 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 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").

<sup>4</sup> DPU for 2H2023 is computed based on the number of units in issue as at 31 December 2023. 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 2024 and the record date, 7 February 2024.

<sup>5</sup> Based on DPU of 5.80 cents for FY2023 and the market closing price per Unit of \$0.93 as at 29 December 2023.

<sup>6</sup> Based on DPU of 5.92 cents for FY2022 and the market closing price per Unit of \$0.91 as at 30 December 2022.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the year ended 31 December 2023**

			<b>Group</b>				
	<b>2H2023</b>	<b>2H2022</b>	<b>+/(-) %</b>	<b>FY2023</b>	<b>FY2022</b>	<b>+/(-) %</b>	<b>Note</b>
	\$'000	\$'000		\$'000	\$'000		
Gross rent	111,197	103,759	7.2	220,172	207,777	6.0	
Car park income	4,253	4,195	1.4	8,594	8,290	3.7	
Other income	2,747	1,563	75.8	4,305	3,219	33.7	(i)
<b>Property income</b>	<b>118,197</b>	<b>109,517</b>	<b>7.9</b>	<b>233,071</b>	<b>219,286</b>	<b>6.3</b>	
Property tax	(7,106)	(7,576)	(6.2)	(14,934)	(14,137)	5.6	
Other property expenses	(15,325)	(12,514)	22.5	(29,299)	(23,378)	25.3	(ii)
Property management fee	(3,257)	(2,956)	10.2	(6,459)	(5,829)	10.8	
<b>Property expenses</b>	<b>(25,688)</b>	<b>(23,046)</b>	<b>11.5</b>	<b>(50,692)</b>	<b>(43,344)</b>	<b>17.0</b>	
<b>Net property income</b>	<b>92,509</b>	<b>86,471</b>	<b>7.0</b>	<b>182,379</b>	<b>175,942</b>	<b>3.7</b>	
Rental support	7,132	589	NM	10,874	1,688	NM	(iii)
Interest income	3,655	16,170	(77.4)	7,340	25,264	(70.9)	(iv)
Share of results of associates	39,829	33,159	20.1	80,125	77,787	3.0	
Share of results of joint ventures	11,722	11,244	4.3	23,665	22,907	3.3	
Borrowing costs	(35,203)	(32,514)	8.3	(66,983)	(57,736)	16.0	(v)
Manager's management fees	(27,451)	(26,537)	3.4	(54,316)	(52,676)	3.1	(vi)
Trust expenses	(5,046)	(6,338)	(20.4)	(8,064)	(10,812)	(25.4)	
Net foreign exchange differences	8,313	(2,267)	NM	20,222	(2,390)	NM	
Net change in fair value of financial assets at fair value through profit or loss	(2,809)	4,609	NM	(7,379)	3,510	NM	(vii)
Net change in fair value of derivatives	(1,929)	5,109	NM	(4,510)	5,506	NM	
<b>Profit before net change in fair value of investment properties</b>	<b>90,722</b>	<b>89,695</b>	<b>1.1</b>	<b>183,353</b>	<b>188,990</b>	<b>(3.0)</b>	
Net change in fair value of investment properties	35,023	152,747	(77.1)	24,698	261,458	(90.6)	(viii)
<b>Profit before tax</b>	<b>125,745</b>	<b>242,442</b>	<b>(48.1)</b>	<b>208,051</b>	<b>450,448</b>	<b>(53.8)</b>	
Income tax	(4,683)	2,893	NM	(11,572)	(2,045)	465.9	(ix)
<b>Profit for the period/year</b>	<b>121,062</b>	<b>245,335</b>	<b>(50.7)</b>	<b>196,479</b>	<b>448,403</b>	<b>(56.2)</b>	
<b>Attributable to:</b>							
Unitholders	105,816	219,944	(51.9)	168,581	405,387	(58.4)	
Perpetual securities holders	4,764	4,764	-	9,450	9,450	-	(x)
Non-controlling interests	10,482	20,627	(49.2)	18,448	33,566	(45.0)	(xi)
	<b>121,062</b>	<b>245,335</b>	<b>(50.7)</b>	<b>196,479</b>	<b>448,403</b>	<b>(56.2)</b>	
Earnings per Unit (cents) based on profit for the period/year attributable to Unitholders							
- Basic	2.81	5.89	(52.3)	4.48	10.89	(58.9)	(xii)
- Diluted	2.80	5.83	(52.0)	4.47	10.76	(58.5)	(xii)
Earnings per Unit (cents) based on profit before net change in fair value of investment properties and related tax expenses							
- Basic	1.96	2.14	(8.4)	3.98	4.37	(8.9)	(xii)
- Diluted	1.96	2.14	(8.4)	3.98	4.36	(8.7)	(xii)

NM – Not meaningful

**CONDENSED DISTRIBUTION STATEMENT**  
For the year ended 31 December 2023

	2H2023	2H2022	Group				Note
	\$'000	\$'000	+ / (-)	FY2023	FY2022	+ / (-)	
			%	\$'000	\$'000	%	
<b>Profit for the period/year attributable to Unitholders</b>	<b>105,816</b>	<b>219,944</b>	<b>(51.9)</b>	<b>168,581</b>	<b>405,387</b>	<b>(58.4)</b>	
Net tax and other adjustments							
- Management fees paid and/or payable in units	27,451	26,537	3.4	54,316	52,676	3.1	
- Trustee fees	479	335	43.0	949	1,000	(5.1)	
- Amortisation of capitalised transaction costs	801	637	25.7	1,549	1,941	(20.2)	
- Net change in fair value of investment properties (net of non-controlling interests)	(32,854)	(139,383)	(76.4)	(22,424)	(242,896)	(90.8)	
- Temporary differences and other adjustments	(1,999)	(7,674)	(74.0)	(4,312)	(7,172)	(39.9)	(xiii)
- Capital gains distribution	10,000	10,000	-	20,000	10,000	100.0	
	3,878	(109,548)	NM	50,078	(184,451)	NM	
<b>Income available for distribution</b>	<b>109,694</b>	<b>110,396</b>	<b>(0.6)</b>	<b>218,659</b>	<b>220,936</b>	<b>(1.0)</b>	
<b>Distribution to Unitholders</b>	<b>109,694</b>	<b>110,396</b>	<b>(0.6)</b>	<b>218,659</b>	<b>220,936</b>	<b>(1.0)</b>	(xiv)
<b>Distribution per Unit (cents)</b>	<b>2.90</b>	<b>2.95</b>	<b>(1.7)</b>	<b>5.80</b>	<b>5.92</b>	<b>(2.0)</b>	(xii)

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:

	2H2023	2H2022	Group	
	\$'000	\$'000	FY2023	FY2022
			\$'000	\$'000
Marketing expenses	1,262	1,005	2,443	2,022
Utilities	4,585	2,068	8,255	3,599
Repair and maintenance	7,495	6,998	14,206	13,050
Property management reimbursements	787	792	1,608	1,664
Others	1,196	1,651	2,787	3,043
	<b>15,325</b>	<b>12,514</b>	<b>29,299</b>	<b>23,378</b>

For FY2023, a net allowance for impairment of trade receivables amounting to \$68,000 (FY2022: \$70,000) was made.

For 2H2023, a net allowance for impairment of trade receivables amounting to \$174,000 was written back (2H2022: net allowance for impairment of \$196,000 was made).

The overall increase in total property expenses is due mainly to higher property expenses incurred at Ocean Financial Centre, Keppel Bay Tower, KR Ginza II which was acquired on 30 November 2022, as well as 2 Blue Street which achieved practical completion on 3 April 2023.

- (iii) For 2H2023 and FY2023, this relates to rental support drawn on 2 Blue Street.

For 2H2022 and FY2022, it pertained to rental support drawn on Keppel Bay Tower. The rental support arrangement for Keppel Bay Tower ended in November 2022.

- (iv) Interest income comprises the following:

	<b>Group</b>			
	<b>2H2023</b>	<b>2H2022</b>	<b>FY2023</b>	<b>FY2022</b>
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	2,025	839	3,678	944
Interest income from advances to associates	1,630	15,331	3,662	24,320
	<b>3,655</b>	<b>16,170</b>	<b>7,340</b>	<b>25,264</b>

The decrease in interest income from advances to associates is due mainly to repayment of advances by an associate in 1H2023.

- (v) Borrowing costs comprise the following:

	<b>Group</b>			
	<b>2H2023</b>	<b>2H2022</b>	<b>FY2023</b>	<b>FY2022</b>
	\$'000	\$'000	\$'000	\$'000
Interest expense on borrowings	34,198	31,705	64,938	55,468
Amortisation of capitalised transaction costs	1,005	809	2,045	2,268
	<b>35,203</b>	<b>32,514</b>	<b>66,983</b>	<b>57,736</b>

- (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.

For 2H2022 and FY2022, this also included the fair value changes of rental support provided by the vendor of Keppel Bay Tower. This rental support arrangement ended in November 2022.

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

	<b>Group</b>			
	<b>2H2023</b>	<b>2H2022</b>	<b>FY2023</b>	<b>FY2022</b>
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Group	9,560	88,874	(29,031)	147,681
Investment properties held by associates	38,790	76,673	77,012	132,728
Investment properties held by joint ventures	(7,589)	(5,709)	(13,256)	(5,704)
Effects of recognising rental income on a straight-line basis over the lease terms	(5,738)	(7,091)	(10,027)	(13,247)
	<b>35,023</b>	<b>152,747</b>	<b>24,698</b>	<b>261,458</b>

- (ix) Income tax comprises mainly (a) withholding tax expense on 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 2H2022 and FY2022, income tax included an adjustment of 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.

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

- (xi) Non-controlling interests comprise Allianz Real Estate's 20% interest and Avan Investments Pte. Ltd.'s ("AIPL") 0.1% interest in Ocean Properties LLP's ("OPLLP") partnership profit, 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.

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

	2H2023	Group 2H2022	FY2023	FY2022
<b>Basic EPU (cents)</b>				
Based on profit for the period/year	2.81	5.89	4.48	10.89
Based on profit before net change in fair value of investment properties and related tax expenses	1.96	2.14	3.98	4.37
- Weighted average number of Units during the period/year (units)	3,771,852,136	3,733,530,830	3,764,960,478	3,723,145,531
<b>Diluted EPU<sup>1</sup> (cents)</b>				
Based on profit for the period/year	2.80	5.83	4.47	10.76
Based on profit before net change in fair value of investment properties and related tax expenses	1.96	2.14	3.98	4.36
- Weighted average number of Units during the period/year (units)	3,813,009,148	3,773,178,080	3,804,607,728	3,792,239,658
<b>DPU<sup>2</sup> (cents)</b>	2.90	2.95	5.80	5.92
- Number of Units in issue as at the end of the period/year (units)	3,782,553,326	3,742,222,952	3,782,553,326	3,742,222,952

<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 2024 and the record date, 7 February 2024.

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

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2023**

	2H2023	2H2022	Group +/(-) %	FY2023	FY2022	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
<b>Profit for the period/year</b>	<b>121,062</b>	<b>245,335</b>	<b>(50.7)</b>	<b>196,479</b>	<b>448,403</b>	<b>(56.2)</b>
Items that may be reclassified subsequently to profit or loss:						
- Foreign currency translation	2,252	(66,404)	NM	(53,622)	(63,159)	(15.1)
- Cash flow hedges	(33,794)	(16,518)	104.6	(34,978)	55,175	NM
- Share of other comprehensive income of associates (cash flow hedges)	(7,672)	13,583	NM	(13,192)	26,674	NM
<b>Other comprehensive income for the period/year, net of tax</b>	<b>(39,214)</b>	<b>(69,339)</b>	<b>(43.4)</b>	<b>(101,792)</b>	<b>18,690</b>	<b>NM</b>
<b>Total comprehensive income for the period/year</b>	<b>81,848</b>	<b>175,996</b>	<b>(53.5)</b>	<b>94,687</b>	<b>467,093</b>	<b>(79.7)</b>
<b>Attributable to:</b>						
Unitholders	68,455	150,272	(54.4)	68,986	420,799	(83.6)
Perpetual securities holders	4,764	4,764	-	9,450	9,450	-
Non-controlling interests	8,629	20,960	(58.8)	16,251	36,844	(55.9)
	<b>81,848</b>	<b>175,996</b>	<b>(53.5)</b>	<b>94,687</b>	<b>467,093</b>	<b>(79.7)</b>

NM – Not meaningful



**CONDENSED BALANCE SHEETS**  
**As at 31 December 2023**

	Group		+ / (-) %	Trust		+ / (-) %	Note
	31.12.2023 \$'000	31.12.2022 \$'000		31.12.2023 \$'000	31.12.2022 \$'000		
<b>Non-current assets</b>							
Investment properties	4,927,549	4,917,045	0.2	–	–	–	(i)
Investments in subsidiaries	–	–	–	2,087,290	2,087,193	0.005	
Investments in associates	2,680,059	2,615,186	2.5	2,023,195	2,023,195	–	(ii)
Advances to associates	51,343	51,343	–	51,343	51,343	–	(iii)
Investments in joint ventures	403,000	430,898	(6.5)	–	–	–	
Amounts owing by subsidiaries	–	–	–	1,688,218	1,665,012	1.4	
Fixed assets	322	116	177.6	–	–	–	
Financial assets at fair value through profit or loss	1,207	17,474	(93.1)	–	–	–	(iv)
Derivative financial instruments	25,837	52,504	(50.8)	17,584	34,157	(48.5)	(v)
Other non-current asset	910	948	(4.0)	–	–	–	(vi)
	<b>8,090,227</b>	<b>8,085,514</b>	<b>0.1</b>	<b>5,867,630</b>	<b>5,860,900</b>	<b>0.1</b>	
<b>Current assets</b>							
Trade and other receivables	13,840	19,866	(30.3)	30,752	28,463	8.0	(vii)
Advances to associates	–	570,156	(100.0)	–	570,156	(100.0)	(iii)
Prepaid expenses	1,332	958	39.0	4	10	(60.0)	
Financial assets at fair value through profit or loss	8,260	–	100.0	–	–	–	(iv)
Cash and bank balances	141,579	186,433	(24.1)	64,424	98,182	(34.4)	
Derivative financial instruments	4,090	18,448	(77.8)	4,090	17,390	(76.5)	(v)
	<b>169,101</b>	<b>795,861</b>	<b>(78.8)</b>	<b>99,270</b>	<b>714,201</b>	<b>(86.1)</b>	
<b>Total assets</b>	<b>8,259,328</b>	<b>8,881,375</b>	<b>(7.0)</b>	<b>5,966,900</b>	<b>6,575,101</b>	<b>(9.3)</b>	
<b>Current liabilities</b>							
Trade and other payables	59,627	57,837	3.1	28,851	18,342	57.3	
Income received in advance	2,514	2,324	8.2	–	–	–	
Borrowings	264,683	643,690	(58.9)	128,297	63,975	100.5	(viii)
Security deposits	10,590	8,528	24.2	–	–	–	
Derivative financial instruments	47	56	(16.1)	47	56	(16.1)	(v)
Provision for taxation	469	1,831	(74.4)	–	–	–	
	<b>337,930</b>	<b>714,266</b>	<b>(52.7)</b>	<b>157,195</b>	<b>82,373</b>	<b>90.8</b>	
<b>Non-current liabilities</b>							
Borrowings	2,073,715	2,208,190	(6.1)	1,572,641	2,145,678	(26.7)	(viii)
Derivative financial instruments	8,851	7,084	24.9	8,851	7,084	24.9	(v)
Security deposits	36,508	37,374	(2.3)	–	–	–	
Deferred tax liabilities	51,259	49,157	4.3	–	–	–	
	<b>2,170,333</b>	<b>2,301,805</b>	<b>(5.7)</b>	<b>1,581,492</b>	<b>2,152,762</b>	<b>(26.5)</b>	
<b>Total liabilities</b>	<b>2,508,263</b>	<b>3,016,071</b>	<b>(16.8)</b>	<b>1,738,687</b>	<b>2,235,135</b>	<b>(22.2)</b>	
<b>Net assets</b>	<b>5,751,065</b>	<b>5,865,304</b>	<b>(1.9)</b>	<b>4,228,213</b>	<b>4,339,966</b>	<b>(2.6)</b>	
Represented by:							
Unitholders' funds	5,004,621	5,118,916	(2.2)	3,926,190	4,037,943	(2.8)	
Perpetual securities	302,023	302,023	–	302,023	302,023	–	(ix)
Non-controlling interests	444,421	444,365	0.01	–	–	–	(x)
	<b>5,751,065</b>	<b>5,865,304</b>	<b>(1.9)</b>	<b>4,228,213</b>	<b>4,339,966</b>	<b>(2.6)</b>	
Net asset value per Unit (\$)	1.32	1.37	(3.6)	1.04	1.08	(3.7)	(xi)

Notes:

- (i) The increase is due mainly to progress payments made on 2 Blue Street and fair value gain on T Tower, Ocean Financial Centre, Keppel Bay Tower and KR Ginza II. This is offset by fair value loss on investment properties in Australia, as well as translation differences from the Australia, South Korea and Japan investment properties.

	<u>Group</u>	
	2023 \$'000	2022 \$'000
At 1 January	4,917,045	4,707,363
Translation differences	(54,188)	(104,951)
Acquisition of investment property <sup>1</sup>	-	95,746
Transaction and other related costs capitalised on acquisition of investment properties	-	1,659
Progress payments on investment property under development	80,122	67,155
Adjustment to purchase price of investment property under development (estimated) <sup>2</sup>	8,756	-
Coupon received/receivable <sup>3</sup>	(2,449)	(8,219)
Capitalised expenditure	7,294	10,611
Net change in fair value of investment properties	(29,031)	147,681
<b>At 31 December</b>	<b>4,927,549</b>	<b>4,917,045</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 was JPY 8.97 billion, of which Keppel REIT paid JPY 8.83 billion for its effective interest.

<sup>2</sup> This represents the estimated purchase price adjustment payable to the developer of 2 Blue Street in lieu of higher actual rents committed than target rents pursuant to the development agreement.

<sup>3</sup> This pertains to the coupon of 4.5% per annum on cumulative progress payments made received from the developer during the development period of 2 Blue Street. 2 Blue Street achieved practical completion on 3 April 2023.

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

	<u>Group</u>	
	31.12.2023 \$'000	31.12.2022 \$'000
Unquoted equity, at cost	2,023,195	2,023,195
Share of post-acquisition reserves	656,864	591,991
	<b>2,680,059</b>	<b>2,615,186</b>

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

	<u>Group</u>	
	2023 \$'000	2022 \$'000
At 1 January	591,991	431,798
Share of results of associates		
- Profit excluding net change in fair value of investment properties	80,125	77,787
- Net change in fair value of investment properties	77,012	132,728
- Effects of recognising rental income on a straight-line basis over the lease terms	1,011	(254)
	158,148	210,261
Share of net change in fair value of cash flow hedges	(13,192)	26,674
Dividend and distribution income received	(80,083)	(76,742)
<b>At 31 December</b>	<b>656,864</b>	<b>591,991</b>

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

	<b>Group</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	\$'000	\$'000
One Raffles Quay Pte Ltd ("ORQPL")	680,315	680,459
BFC Development LLP ("BFCDLLP")	1,198,448	1,167,986
Central Boulevard Development Pte. Ltd. ("CBDPL")	801,296	766,741
	<b>2,680,059</b>	<b>2,615,186</b>

- (iii) As at 31 December 2023, this relates to advances to ORQPL. The advances to BFCDLLP were repaid in 1H2023.

As at 31 December 2022, this pertained to advances to ORQPL and BFCDLLP.

- (iv) This relates to rental support provided by the developer of 2 Blue Street in lieu of vacant spaces from the date of practical completion.
- (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 \$1.2 million (31 December 2022: \$5.7 million).

Included in the Trust's balance are dividend and distribution receivables of \$29.1 million (31 December 2022: \$27.2 million).

- (viii) Current borrowings relate to gross borrowings of \$264.8 million due within the next 12 months, including the liability component of the \$53.5 million in aggregate principal of convertible bonds amounting to \$53.3 million, which is measured at amortised cost.

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.

	<b>Group</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	\$'000	\$'000
<b><u>Secured borrowings</u></b>		
Amount repayable within one year	135,716	1,590
Amount repayable after one year	505,982	645,124
Less: Unamortised portion of fees	(364)	(728)
	<b>641,334</b>	<b>645,986</b>
<b><u>Unsecured borrowings</u></b>		
Amount repayable within one year	129,125	642,366
Amount repayable after one year	1,572,350	1,567,568
Less: Unamortised portion of fees	(4,411)	(4,040)
	<b>1,697,064</b>	<b>2,205,894</b>
<b>Total net borrowings</b>	<b>2,338,398</b>	<b>2,851,880</b>

Details of collateral and securities

The Group has investment properties of an aggregate amount of \$1,153.7 million (31 December 2022: \$1,155.3 million) that are secured for credit facilities granted.

As at 31 December 2023, the Group has total gross borrowings (including the principal amount of convertible bonds of \$53.5 million) of approximately \$2,343.3 million and undrawn facilities of \$1,191.3 million available to meet its future obligations. For FY2023, the all-in interest rate is 2.89% per annum with interest coverage ratio<sup>1</sup> and adjusted interest coverage ratio<sup>2</sup> at 3.4 times and 3.0 times respectively. Aggregate leverage is 38.9% as at 31 December 2023.

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 with interest coverage ratio<sup>1</sup> and adjusted interest coverage ratio<sup>2</sup> at 3.8 times and 3.3 times respectively. Aggregate leverage was 38.4% as at 31 December 2022.

<sup>1</sup> Defined in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore as trailing 12 months earnings before interest, tax, depreciation and amortisation (EBITDA) (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expense and borrowing-related fees.

<sup>2</sup> Defined in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities.

- (ix) 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.
- (x) 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 the respective net assets of KR Ginza TMK and KR Shintomi GK.
- (xi) Net Asset Value ("NAV") and Net Tangible Asset ("NTA") per Unit

	<u>Group</u>		<u>Trust</u>	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	\$	\$	\$	\$
NAV per Unit	1.32	1.37	1.04	1.08
NTA per Unit	1.32	1.37	1.04	1.08
Adjusted NAV per Unit	1.29	1.34	1.01	1.05
Adjusted NTA per Unit	1.29	1.34	1.01	1.05
<i>(excluding distributable income for the year)</i>				

The above is based on the 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 2023

<u>Group</u>	<u>Units in issue</u> \$'000	<u>Treasury units</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Foreign currency translation reserve</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Non-controlling interests</u> \$'000	<u>Total</u> \$'000	Note
<b>At 1 January 2023</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>	
Profit for the year	-	-	168,581	-	-	-	168,581	9,450	18,448	196,479	
Other comprehensive income	-	-	-	(53,667)	(45,928)	-	(99,595)	-	(2,197)	(101,792)	(i)
Total comprehensive income	-	-	168,581	(53,667)	(45,928)	-	68,986	9,450	16,251	94,687	
Issue of units for payment of management fees	53,261	-	-	-	-	-	53,261	-	-	53,261	(ii)
Purchase of Units	-	(17,181)	-	-	-	-	(17,181)	-	-	(17,181)	(iii)
Cancellation of treasury units	(17,181)	17,181	-	-	-	-	-	-	-	-	(iii)
Distribution to perpetual securities holders	-	-	-	-	-	-	-	(9,450)	-	(9,450)	
Distribution to unitholders	-	-	(219,361)	-	-	-	(219,361)	-	-	(219,361)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(16,195)	(16,195)	
<b>At 31 December 2023</b>	<b>3,979,261</b>	-	<b>1,190,528</b>	<b>(197,618)</b>	<b>26,276</b>	<b>6,174</b>	<b>5,004,621</b>	<b>302,023</b>	<b>444,421</b>	<b>5,751,065</b>	

**CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
**For the year ended 31 December 2023**

<b>Group</b>	<b>Units in issue \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Hedging reserve \$'000</b>	<b>Other reserves \$'000</b>	<b>Unitholders' funds \$'000</b>	<b>Perpetual securities \$'000</b>	<b>Non- controlling interests \$'000</b>	<b>Total \$'000</b>	<b>Note</b>
<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)	(iv)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	834	834	(v)
<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 2023

	<u>Units in issue</u> \$'000	<u>Treasury units</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Total</u> \$'000	Note
<b>Trust</b>									
<b>At 1 January 2023</b>	<b>3,943,181</b>	<b>-</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>	
Profit for the year	-	-	95,426	-	-	95,426	9,450	104,876	
Other comprehensive income	-	-	-	(23,898)	-	(23,898)	-	(23,898)	(i)
Total comprehensive income	-	-	95,426	(23,898)	-	71,528	9,450	80,978	
Issue of units for payment of management fees	53,261	-	-	-	-	53,261	-	53,261	(ii)
Purchase of Units	-	(17,181)	-	-	-	(17,181)	-	(17,181)	(iii)
Cancellation of treasury units	(17,181)	17,181	-	-	-	-	-	-	(iii)
Distribution to unitholders	-	-	(219,361)	-	-	(219,361)	-	(219,361)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(9,450)	(9,450)	
<b>At 31 December 2023</b>	<b>3,979,261</b>	<b>-</b>	<b>(71,500)</b>	<b>15,477</b>	<b>2,952</b>	<b>3,926,190</b>	<b>302,023</b>	<b>4,228,213</b>	
<b>At 1 January 2022</b>	<b>3,890,819</b>	<b>-</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)	(iv)
<b>At 31 December 2022</b>	<b>3,943,181</b>	<b>-</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>	

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

	<b><u>Group and Trust</u></b>	
	<b>2023</b>	<b>2022</b>
	Units	Units
At 1 January	3,742,222,952	3,695,418,528
Issue of new units		
- Payment of management fees	59,980,374	46,804,424
Cancellation of units		
- Purchase and subsequent cancellation of treasury units	(19,650,000)	-
<b>At 31 December</b>	<b><u>3,782,553,326</u></b>	<b><u>3,742,222,952</u></b>

As at 31 December 2023, Keppel REIT has \$53.5 million in aggregate principal of Convertible Bonds due 2024. Assuming all of the Convertible Bonds are fully converted at the current conversion price of \$1.2999 per Unit (the "Conversion"), the number of new Units issued pursuant to the Conversion would be 41,157,012, representing approximately 1.1% of the total number of Units in issue as at 31 December 2023.

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 2023 and 31 December 2022. The total number of issued units in Keppel REIT as at 31 December 2023 and 31 December 2022 were 3,782,553,326 and 3,742,222,952 respectively.

- (iii) During FY2023, 19,650,000 Units were purchased at prices ranging from \$0.855 to \$0.910 per Unit from the open market and subsequently cancelled.
- (iv) This pertained to \$146.5 million in aggregate principal of convertible bonds which were redeemed on 10 April 2022.
- (v) This pertained 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 2023

	<b>2H2023</b>	<b>2H2022</b>	<b>FY2023</b>	<b>FY2022</b>	<b>Note</b>
	\$'000	\$'000	\$'000	\$'000	
<b>Operating activities</b>					
Profit before tax	125,745	242,442	208,051	450,448	
Adjustments for:					
Interest income	(3,655)	(16,170)	(7,340)	(25,264)	
Share of results of associates	(39,829)	(33,159)	(80,125)	(77,787)	
Share of results of joint ventures	(11,722)	(11,244)	(23,665)	(22,907)	
Borrowing costs	35,203	32,514	66,983	57,736	
Management fees paid and payable in Units	27,451	26,537	54,316	52,676	
Net change in fair value of financial assets at fair value through profit or loss	2,809	(4,609)	7,379	(3,510)	
Net change in fair value of derivatives	1,929	(5,109)	4,510	(5,506)	
Net change in fair value of investment properties	(35,023)	(152,747)	(24,698)	(261,458)	
Depreciation	37	17	51	32	
Rental support	(7,132)	(589)	(10,874)	(1,688)	
Unrealised currency translation differences	(3,461)	5,138	(4,934)	4,628	
<b>Operating cash flows before changes in working capital</b>	<b>92,352</b>	<b>83,021</b>	<b>189,654</b>	<b>167,400</b>	
Decrease/(increase) in receivables	3,698	(13,476)	(4,492)	112	
(Decrease)/increase in payables	(4,252)	102	(8,602)	(1,822)	
(Decrease)/increase in security deposits	(152)	2,138	2,433	1,893	
<b>Cash flows from operations</b>	<b>91,646</b>	<b>71,785</b>	<b>178,993</b>	<b>167,583</b>	
Income taxes (paid)/refunded, net	(3,744)	679	(9,093)	(5,349)	
<b>Net cash flows provided by operating activities</b>	<b>87,902</b>	<b>72,464</b>	<b>169,900</b>	<b>162,234</b>	
<b>Investing activities</b>					
Acquisition of investment property	-	(94,912)	-	(94,912)	
Transaction and other related costs incurred on acquisition of investment property	-	(1,659)	-	(1,659)	
Progress payments on investment property under development, net of coupon received	-	(32,389)	(76,219)	(60,401)	(i)
Subsequent expenditure on investment properties	-	(4,386)	(7,294)	(10,611)	
Purchase of fixed assets	(2)	(16)	(257)	(16)	
Interest received	3,756	15,929	7,393	25,011	
Rental support received	7,542	589	10,009	1,688	
Investment in a joint venture	-	-	(3,573)	(4,956)	
Dividend and distribution income received from associates	60,272	54,153	80,083	76,742	
Distribution income received from joint ventures	10,998	13,790	22,985	23,067	
(Advance to)/repayment of advances by an associate	-	(332)	570,156	(332)	
<b>Net cash flows provided by/(used in) investing activities</b>	<b>82,566</b>	<b>(49,233)</b>	<b>603,283</b>	<b>(46,379)</b>	

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2023

	2H2023	2H2022	<u>Group</u> FY2023	FY2022	Note
	\$'000	\$'000	\$'000	\$'000	
<b>Financing activities</b>					
Loans drawn	31,188	340,029	285,686	802,281	
Repayment of loans	(243,263)	(151,230)	(974,022)	(419,190)	
Redemption of convertible bonds	-	-	-	(146,500)	
Repayment of medium term notes	-	-	-	(50,000)	
Proceeds from issuance of medium term notes	200,000	-	200,000	-	
Payment of financing expenses/upfront debt arrangement costs	(840)	(1,362)	(1,767)	(2,637)	
Issue expenses for medium term notes	(1,200)	-	(1,200)	-	
Distribution to non-controlling interests	(8,284)	(7,324)	(16,195)	(15,086)	
Distribution to Unitholders	(108,965)	(110,540)	(219,361)	(216,968)	(ii)
Distribution to perpetual securities holders	(4,764)	(4,764)	(9,450)	(9,450)	
Interest paid	(38,276)	(30,661)	(61,086)	(53,866)	
Purchase of units	-	-	(17,181)	-	
<b>Net cash flows (used in)/provided by financing activities</b>	<b>(174,404)</b>	<b>34,148</b>	<b>(814,576)</b>	<b>(111,416)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,936)</b>	<b>57,379</b>	<b>(41,393)</b>	<b>4,439</b>	
Cash and cash equivalents at beginning of the period/year	136,455	123,403	174,963	176,232	
Effect of exchange rate changes on cash and cash equivalents	(1,913)	(5,819)	(2,964)	(5,708)	
<b>Cash and cash equivalents at end of the period/year</b>	<b>130,606</b>	<b>174,963</b>	<b>130,606</b>	<b>174,963</b>	
<b>Cash and bank balances</b>	<b>141,579</b>	<b>186,433</b>	<b>141,579</b>	<b>186,433</b>	
Less: Restricted cash and bank balances	(10,973)	(11,470)	(10,973)	(11,470)	(iii)
<b>Cash and cash equivalents per condensed Consolidated Statement of Cash Flows</b>	<b>130,606</b>	<b>174,963</b>	<b>130,606</b>	<b>174,963</b>	

Notes:

- (i) During the development period of 2 Blue Street, the developer provided a coupon of 4.5% per annum on cumulative progress payments made. During the year ended 31 December 2023, coupon received of \$3.9 million (31 December 2022: \$6.8 million) was offset against progress payments made. 2 Blue Street achieved practical completion on 3 April 2023.
- (ii) Distribution paid to Unitholders in FY2023 was for the following periods:
- 1 July 2022 to 31 December 2022, paid on 1 March 2023; and
  - 1 January 2023 to 30 June 2023, paid on 8 September 2023.
- 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.
- (iii) 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.

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

### **For the year ended 31 December 2023**

#### **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. The Trust Deed is governed by the laws of the Republic of Singapore. HSBC Institutional Trust Services (Singapore) Limited (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.

On 28 April 2006, the Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and included in the Central Provident Fund Investment Scheme. 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. Material accounting policies**

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

This set of condensed consolidated interim financial statements for the year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. This set of condensed consolidated interim financial statements does not contain all the disclosures included in the annual report of Keppel REIT for the financial year ended 31 December 2022 (“Annual Report 2022”). Accordingly, this report should be read in conjunction with Annual Report 2022 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 2022, except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on 1 January 2023. 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 2023**

#### **2. Material accounting policies (continued)**

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

###### **Hedge relationships**

The Phase 2 amendments address issues arising during the 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 the IBOR reform are reflected by adjusting their respective effective interest rate. No immediate gain or loss is recognised.

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

For the year ended 31 December 2023, the Group has applied the practical expedients provided under the Phase 2 amendments to gross borrowings of \$100,000,000 which transitioned from the Singapore Swap Offer Rate (“SOR”) to the Singapore Overnight Rate Average (“SORA”).

###### **Effect of IBOR reform**

The Group’s exposure arising from the IBOR reform predominantly pertained to its variable rate borrowings that were referenced to the SOR. A significant portion of these borrowings were hedged using interest rate swaps, which had been designated as cash flow hedges.

The SOR has ceased publication after 30 June 2023, and it has been replaced by the SORA. As at 31 December 2023, all financial instruments of the Group and Trust that were affected by the IBOR reform have been transitioned to the SORA.

#### **2.4 Critical accounting judgements and estimates**

The significant areas of estimation, uncertainty and critical judgements in applying accounting policies disclosed in Annual Report 2022 remain relevant. Please refer to Note 5 for more information on the valuation of investment properties as at 31 December 2023.

## ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the year ended 31 December 2023

### 3. Guarantees

The Trust has provided corporate guarantees amounting to \$1,158.9 million (31 December 2022: \$1,904.2 million) and \$425.0 million (31 December 2022: \$225.0 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 2023, 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>			
	2H2023 \$'000	2H2022 \$'000	FY2023 \$'000	FY2022 \$'000
Acquisition fee paid to the Manager	–	870	–	870
Trustee fees	479	335	949	1,000
Property and asset management fees and reimbursements paid/payable to related companies	3,475	3,228	6,953	6,422
Leasing commissions paid/payable to a related company	688	1,163	1,416	2,178
Service fees paid/payable to a related company	164	65	209	237
Rental income and other related income from related companies	6,586	6,358	13,086	12,836
Interest income received from associates	1,630	15,331	3,662	24,320
Rental support received from a related company	–	589	–	1,688
Electricity supply provided by a related company	3,957	1,776	7,358	3,059
Joint investment with a related company in connection the acquisition of an investment property	–	94,974	–	94,974
Additional equity injection in connection with a joint investment with a related company	–	–	2,794	–

### 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 2023**

**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 2023</b>			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	9,467	9,467
Derivative financial instruments:			
- Forward currency contracts	2,178	-	2,178
- Interest rate swaps	27,749	-	27,749
	<u>29,927</u>	<u>9,467</u>	<u>39,394</u>
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(50)	-	(50)
- Interest rate swaps	(8,848)	-	(8,848)
	<u>(8,898)</u>	<u>-</u>	<u>(8,898)</u>
<u>Non-financial assets</u>			
Investment properties	-	4,927,549	4,927,549
	<u>-</u>	<u>4,927,549</u>	<u>4,927,549</u>
<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>

There have been no transfers between Level 2 and 3 for the Group in the year ended 31 December 2023.

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.

## ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the year ended 31 December 2023

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

#### 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 2023, 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 2023</u></b>					
Investment properties	4,927,549	Capitalisation approach	Capitalisation rate	2.70% - 6.13%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	2.50% - 6.88%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$487/sf - \$1,843/sf	The higher the price, the higher the 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

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.

## ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the year ended 31 December 2023

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

#### 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.

The financial assets at fair value through profit or loss held as current and non-current assets pertain to rental support provided by the developer of 2 Blue Street 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 2023 was determined by the external valuer of 2 Blue Street, contemporaneously in their valuation of the investment property. An increase/decrease in the assumed level and period of leasing 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.

#### 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 2023 and 31 December 2022 are as stated below. They are estimated using discounted cash flow analyses based on current rates for similar types of borrowing arrangements.

	<u>Group</u> Carrying value \$'000	Fair value \$'000
<b>As at 31 December 2023</b>		
Borrowings (non-current)	350,000	337,820
<b>As at 31 December 2022</b>		
Borrowings (non-current)	413,165	380,521

### 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 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 2023

**6. Portfolio reporting (continued)**

**By property**

	2H2023	2H2022	Group			
	\$'000	\$'000	+I(-)	FY2023	FY2022	+I(-)
			%	\$'000	\$'000	%
<b><u>Property income</u></b>						
Ocean Financial Centre	58,644	52,745	11.2	115,574	103,708	11.4
Keppel Bay Tower	17,343	16,295	6.4	34,494	31,836	8.3
8 Exhibition Street <sup>1</sup>	10,204	8,273	23.3	18,553	17,277	7.4
Victoria Police Centre <sup>2</sup>	15,197	16,193	(6.2)	30,703	32,847	(6.5)
Pinnacle Office Park	7,891	8,377	(5.8)	16,227	17,676	(8.2)
2 Blue Street <sup>3</sup>	422	-	100.0	422	-	100.0
T Tower	7,564	7,527	0.5	15,524	15,835	(2.0)
KR Ginza II <sup>4</sup>	932	107	NM	1,574	107	NM
<b>Total property income of directly held properties</b>	<b>118,197</b>	<b>109,517</b>	<b>7.9</b>	<b>233,071</b>	<b>219,286</b>	<b>6.3</b>
<b><u>Net property income</u></b>						
Ocean Financial Centre	47,231	41,999	12.5	92,117	84,014	9.6
Keppel Bay Tower	13,243	12,978	2.0	27,203	25,506	6.7
8 Exhibition Street <sup>1</sup>	7,359	5,693	29.3	12,843	11,976	7.2
Victoria Police Centre <sup>2</sup>	12,404	13,201	(6.0)	25,152	27,165	(7.4)
Pinnacle Office Park	6,377	6,886	(7.4)	13,247	15,083	(12.2)
2 Blue Street <sup>3</sup>	(313)	-	(100.0)	(594)	-	(100.0)
T Tower	5,616	5,649	(0.6)	11,488	12,133	(5.3)
KR Ginza II <sup>4</sup>	592	65	NM	923	65	NM
<b>Total net property income of directly held properties</b>	<b>92,509</b>	<b>86,471</b>	<b>7.0</b>	<b>182,379</b>	<b>175,942</b>	<b>3.7</b>
Less: Net property income attributable to non-controlling interests						
- Ocean Financial Centre <sup>5</sup>	(9,494)	(8,442)	12.5	(18,516)	(16,887)	9.6
- T Tower <sup>6</sup>	(35)	(35)	-	(71)	(75)	(5.3)
- KR Ginza II <sup>7</sup>	(9)	(1)	NM	(14)	(1)	NM
<b>Total net property income attributable to non-controlling interests</b>	<b>(9,538)</b>	<b>(8,478)</b>	<b>12.5</b>	<b>(18,601)</b>	<b>(16,963)</b>	<b>9.7</b>
One-third interest in ORQPL <sup>8</sup>	22,175	19,226	15.3	44,090	39,587	11.4
One-third interests in BFCDLLP <sup>9</sup> and CBDPL <sup>9</sup>	51,120	46,237	10.6	102,109	92,977	9.8
50% interest in M8CT <sup>10</sup>	4,189	3,452	21.3	8,418	6,652	26.5
50% interest in MOTT <sup>11</sup>	7,495	7,830	(4.3)	15,166	16,257	(6.7)
<b>Total attributable net property income of associates and joint ventures</b>	<b>84,979</b>	<b>76,745</b>	<b>10.7</b>	<b>169,783</b>	<b>155,473</b>	<b>9.2</b>
<b>Total net property income attributable to Unitholders</b>	<b>167,950</b>	<b>154,738</b>	<b>8.5</b>	<b>333,561</b>	<b>314,452</b>	<b>6.1</b>
<b><u>Rental support</u></b>						
Keppel Bay Tower	-	589	(100.0)	-	1,688	(100.0)
2 Blue Street <sup>3</sup>	7,132	-	100.0	10,874	-	100.0
<b>Total rental support</b>	<b>7,132</b>	<b>589</b>	<b>NM</b>	<b>10,874</b>	<b>1,688</b>	<b>NM</b>
<b>Total net property income attributable to Unitholders, including rental support</b>	<b>175,082</b>	<b>155,327</b>	<b>12.7</b>	<b>344,435</b>	<b>316,140</b>	<b>9.0</b>

NM – Not meaningful

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the year ended 31 December 2023**

**6. Portfolio reporting (continued)**

**By property** (continued)

- <sup>1</sup> Comprises 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units.  
<sup>2</sup> Comprises 50% interest in Victoria Police Centre.  
<sup>3</sup> 2 Blue Street (formerly known as Blue & William) achieved practical completion on 3 April 2023. The developer of 2 Blue Street is providing rental support in lieu of spaces which remain unleased for a period of up to three years after practical completion.  
<sup>4</sup> KR Ginza II was acquired on 30 November 2022.  
<sup>5</sup> Represents an approximate interest of 20.1% in Ocean Financial Centre.  
<sup>6</sup> Represents an approximate interest of 0.6% in T Tower.  
<sup>7</sup> Represents an approximate interest of 1.5% in KR Ginza II.  
<sup>8</sup> Comprises one-third interest in ORQPL which holds One Raffles Quay.  
<sup>9</sup> Comprise one-third interest in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.  
<sup>10</sup> Comprises 50% interest in M8CT which holds 8 Chifley Square.  
<sup>11</sup> Comprises 50% interest in MOTT which holds David Malcolm Justice Centre.

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

	<b>Group</b>			
	<b>2H2023</b>	<b>2H2022</b>	<b>FY2023</b>	<b>FY2022</b>
	\$'000	\$'000	\$'000	\$'000
Total net property income attributable to Unitholders, including rental support	175,082	155,327	344,435	316,140
<u>Add/(less):</u>				
Net property income attributable to non-controlling interests	9,538	8,478	18,601	16,963
Net property income of associates and joint ventures attributable to Unitholders	(84,979)	(76,745)	(169,783)	(155,473)
Interest income	3,655	16,170	7,340	25,264
Share of results of associates	39,829	33,159	80,125	77,787
Share of results of joint ventures	11,722	11,244	23,665	22,907
Borrowing costs	(35,203)	(32,514)	(66,983)	(57,736)
Manager's management fees	(27,451)	(26,537)	(54,316)	(52,676)
Net foreign exchange differences	8,313	(2,267)	20,222	(2,390)
Net change in fair value of financial assets at fair value through profit or loss	(2,809)	4,609	(7,379)	3,510
Net change in fair value of derivatives	(1,929)	5,109	(4,510)	5,506
Other unallocated expenses	(5,046)	(6,338)	(8,064)	(10,812)
<b>Profit before net change in fair value of investment properties</b>	<b>90,722</b>	<b>89,695</b>	<b>183,353</b>	<b>188,990</b>

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the year ended 31 December 2023**

**6. Portfolio reporting (continued)**

**By property** (continued)

	<b>Group</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	\$'000	\$'000
<b><u>Interests in associates</u></b>		
<b><u>One-third interest in ORQPL</u></b>		
Investment in associate	680,315	680,459
Advances to associate	51,343	51,343
	<b>731,658</b>	<b>731,802</b>
<b><u>One-third interest in BFCDLLP</u></b>		
Investment in associate	1,198,448	1,167,986
Advances to associate	-	570,156
	<b>1,198,448</b>	<b>1,738,142</b>
<b><u>One-third interest in CBDPL</u></b>		
Investment in associate	<b>801,296</b>	<b>766,741</b>
<b><u>Interests in joint ventures</u></b>		
<b><u>50% interest in M8CT</u></b>		
Investment in joint venture	<b>191,642</b>	<b>209,112</b>
<b><u>50% interest in MOTT</u></b>		
Investment in joint venture	<b>211,358</b>	<b>221,786</b>

**By geographical area**

	<b>Group</b>			
	<b>2H2023</b>	<b>2H2022</b>	<b>FY2023</b>	<b>FY2022</b>
	\$'000	\$'000	\$'000	\$'000
<b><u>Property income</u></b>				
- Singapore	75,987	69,040	150,068	135,544
- Australia	33,714	32,843	65,905	67,800
- South Korea	7,564	7,527	15,524	15,835
- Japan	932	107	1,574	107
<b>Total property income of directly held properties</b>	<b>118,197</b>	<b>109,517</b>	<b>233,071</b>	<b>219,286</b>
<b><u>Net property income</u></b>				
- Singapore	60,474	54,977	119,320	109,520
- Australia	25,827	25,780	50,648	54,224
- South Korea	5,616	5,649	11,488	12,133
- Japan	592	65	923	65
<b>Total net property income of directly held properties</b>	<b>92,509</b>	<b>86,471</b>	<b>182,379</b>	<b>175,942</b>

**ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the year ended 31 December 2023**

**6. Portfolio reporting (continued)**

**By geographical area**

	<b>2H2023</b>	<b>2H2022</b>	<b>FY2023</b>	<b>FY2022</b>
	\$'000	\$'000	\$'000	\$'000
<u>Net property income attributable to Unitholders, including rental support</u>				
- Singapore	124,275	112,587	247,003	226,885
- Australia	44,643	37,062	85,106	77,133
- South Korea	5,581	5,614	11,417	12,058
- Japan	583	64	909	64
<b>Total net property income attributable to Unitholders, including rental support</b>	<b>175,082</b>	<b>155,327</b>	<b>344,435</b>	<b>316,140</b>

	<b>Group</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	\$'000	\$'000
<u>Investment properties</u>		
- Singapore	3,405,000	3,389,000
- Australia	1,115,456	1,150,270
- South Korea	318,777	288,149
- Japan	88,316	89,626
<b>Total value of investment properties</b>	<b>4,927,549</b>	<b>4,917,045</b>

**Review of segment performance**

Please refer to Note C under the Other Information section on Page 29 for the review of performance.

**7. Subsequent events**

On 30 January 2024, the Manager announced a distribution of 2.90 cents per Unit for the period from 1 July 2023 to 31 December 2023.

**OTHER INFORMATION****For the year ended 31 December 2023****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 2H2023 vs 2H2022**

Property income and net property income for 2H2023 were \$118.2 million and \$92.5 million respectively. These were higher as compared to property income and net property income of \$109.5 million and \$86.5 million respectively for 2H2022. The increase was mainly attributable to higher property income and higher net property income from Ocean Financial Centre, Keppel Bay Tower, 8 Exhibition Street and KR Ginza II which was acquired on 30 November 2022. This was partially offset by lower net property income from Victoria Police Centre and Pinnacle Office Park due mainly to a weaker Australian dollar.

Profit before tax for 2H2023 was \$125.7 million as compared to \$242.4 million for 2H2022. The decrease was mainly attributable to lower fair value gain on investment properties in 2H2023 as compared to 2H2022, lower interest income due mainly to repayment of advances by an associate, lower net property income from Victoria Police Centre and Pinnacle Office Park, net change in fair value of derivatives, net change in fair value of financial assets at fair value through profit or loss, higher manager's management fees and higher borrowing costs, partially offset by higher net property income from Ocean Financial Centre, Keppel Bay Tower, 8 Exhibition Street and KR Ginza II, higher rental support, higher share of results of associates and joint ventures, lower trust expenses and net foreign exchange differences.

**Review of Performance for FY2023 vs FY2022**

Property income and net property income for FY2023 were \$233.1 million and \$182.4 million respectively. These were higher as compared to property income and net property income of \$219.3 million and \$175.9 million respectively for FY2022. The increase was due mainly to 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, Keppel Bay Tower and 8 Exhibition Street. This was offset partially by lower property income and net property income from Victoria Police Centre and Pinnacle Office Park 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.

Profit before tax for FY2023 was \$208.1 million as compared to \$450.4 million for FY2022. The decrease was mainly attributable to lower fair value gain on investment properties in FY2023 as compared to FY2022, lower interest income, higher manager's management fees, higher borrowing costs, lower net property income from Victoria Police Centre, Pinnacle Office Park and T Tower, net change in fair value of financial assets at fair value through profit or loss and net change in fair value of derivatives. These were partially offset by contribution following the acquisition of KR Ginza II in November 2022, higher property income and net property income from Ocean Financial Centre, Keppel Bay Tower and 8 Exhibition Street, higher share of results of associates and joint ventures, higher rental support and net foreign exchange differences.

**D. VARIANCE FROM FORECAST STATEMENT**

Not applicable.

## OTHER INFORMATION

### For the year ended 31 December 2023

#### E. PROSPECTS

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase from \$11.85 psf pm in 3Q2023 to \$11.90 psf pm in 4Q2023, and with average core CBD occupancy at 94.8% as at end 2023.

In Australia, JLL Research (JLL) noted that the prime grade occupancy in North Sydney and Perth CBD increased. Prime grade occupancy in Sydney CBD remained stable while Melbourne and Macquarie Park prime grade occupancy trended lower in 4Q2023. In Seoul, the CBD Grade A office market recorded higher occupancy of 98.5% as at end 2023 according to JLL. In Tokyo central five wards, market occupancies for both Grade A and Grade B office remained high at 95.4% and 96.3% respectively as at end 2023 according to JLL.

Keppel REIT remains focused on delivering sustainable long-term total return to Unitholders and the Manager will continue to proactively manage the portfolio and exercise prudence in capital management.

#### 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.

##### Operational risk

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

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

**OTHER INFORMATION**  
**For the year ended 31 December 2023**

**G. DISTRIBUTIONS**

(i) Current Financial Period Reported on

Name of Distribution	1 July 2023 to 31 December 2023
<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 – 1.48 cents per unit  (b) Tax-exempt income distribution – 1.16 cents per unit  (c) Capital gains distribution – 0.26 cents per unit</p> <p>The above Distribution per Unit is computed based on 3,782,553,326 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 7 February 2024, 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 2023**

**G. DISTRIBUTIONS** (continued)

(ii) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 July 2022 to 31 December 2022
Distribution type	(a) Taxable income (b) Tax exempt income (c) Capital gains
Distribution rate	(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

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

7 February 2024

(iv) Date paid/payable

15 March 2024



**OTHER INFORMATION**  
**For the year ended 31 December 2023**

**H. BREAKDOWN OF SALES**

	<b>Group</b>		<b>+ / (-)</b> <b>%</b>
	<b>FY2023</b> \$'000	<b>FY2022</b> \$'000	
Property income reported for first half year	114,874	109,769	4.7
Profit after tax for first half year <sup>1</sup>	75,417	203,068	(62.9)
Property income reported for second half year	118,197	109,517	7.9
Profit after tax for second half year <sup>2</sup>	121,062	245,335	(50.7)

<sup>1</sup> Profit after tax for 1H2023 includes net fair value loss on investment properties amounting to approximately \$10.3 million. Profit after tax for 1H2022 included net fair value gain on investment properties amounting to approximately \$108.7 million.

<sup>2</sup> Profit after tax for 2H2023 includes net fair value gain on investment properties amounting to approximately \$35.0 million (2H22: \$152.7 million).

**I. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION**

	<b>Group</b>	
	<b>FY2023</b> \$'000	<b>FY2022</b> \$'000
1 January 2022 to 30 June 2022 (paid)	-	110,540
1 July 2022 to 31 December 2022 (paid)	-	110,396
1 January 2023 to 30 June 2023 (paid)	108,965	-
1 July 2023 to 31 December 2023 (to be paid) <sup>1</sup>	109,694	-
	<b>218,659</b>	<b>220,936</b>

<sup>1</sup> Please refer to Note G(i) on Page 31.

**OTHER INFORMATION**  
**For the year ended 31 December 2023**

**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)	
		FY2023 \$'000	FY2022 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u> - Manager's management fees - Acquisition fee - Property management and asset management fees and reimbursables - Leasing commissions - Electricity and related expenses <sup>1</sup> - Rent and service charge income <sup>1</sup> - Joint investment with a related company in connection with the acquisition of an investment property - Additional equity injection in connection with a joint investment with a related company	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.	54,316 - 4,964 904 1,900 407 - 2,794	52,676 870 4,580 1,269 12,586 854 94,974 -
<u>Temasek Holdings (Private) Limited and its subsidiaries or associates</u> - Marketing fee income	Temasek Holdings (Private) Limited is a "controlling shareholder" of Keppel Corporation Limited, and thus 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 Investments Schemes issued by the Monetary Authority of Singapore.	290	-
<u>HSBC Institutional Trust Services (Singapore) Limited</u> - Trustee fees	Trustee <sup>2</sup> of the REIT	949	-
<u>RBC Investor Services Trust Singapore Limited</u> - Trustee fees	Trustee <sup>2</sup> of the REIT	-	1,000

<sup>1</sup> The aggregate value of interested person transactions refers to the total contract sum entered into during the financial year.

<sup>2</sup> 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.

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.

**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  
Company Secretaries  
30 January 2024