

**KEPPEL REIT
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED
30 JUNE 2019****TABLE OF CONTENTS**

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INTRODUCTION

Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading REITs with a young and large portfolio of premium Grade A commercial assets in prime business and financial districts pan-Asia.

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

As at 30 June 2019, Keppel REIT had assets under management of approximately \$8.4 billion¹ comprising interests in ten premium office assets strategically located in the central business districts of Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea. The assets are:

Singapore

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

Australia

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

South Korea

- T Tower, Seoul (99.38% interest)

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

SUMMARY OF KEPPEL REIT RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

	GROUP			
	2Q2019 \$'000	2Q2018 \$'000	1H2019 \$'000	1H2018 \$'000
Property income	39,913	51,654	79,930	91,388
Net property income	31,063	43,206	62,374	74,426
Share of results of associates	19,831	18,977	39,102	39,589
Share of results of joint ventures	7,125	7,479	14,297	15,318
Income available for distribution	47,293	48,323	94,612	96,555
Distribution to Unitholders ²	47,293 ³	48,323	94,612 ³	96,555
Distribution per Unit ("DPU") (cents) for the period	1.39 ⁴	1.42	2.78 ⁴	2.84
Annualised/Actual distribution yield (%)			4.4% ⁵	4.9% ⁶

Notes:

- (1) Includes 311 Spencer Street in Melbourne, which is under construction.
- (2) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders.
- (3) These include capital gains distributions of \$3.0 million and \$6.0 million for 2Q2019 and 1H2019 respectively.
- (4) DPU for 2Q2019 is computed based on units in issue as at 30 June 2019. On 10 April 2019, Keppel REIT issued \$200 million in aggregate principal of convertible bonds due 10 April 2024. The actual quantum of DPU may therefore differ if any of the convertible bonds is converted between 1 July 2019 and the books closure date, 23 July 2019.
- (5) Based on the market closing price per Unit of \$1.26 as at 30 June 2019.
- (6) Based on the total DPU of 5.56 cents for FY2018 and the market closing price per Unit of \$1.14 as at 31 December 2018.

1. UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the second quarter and half year ended 30 June 2019:

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

Consolidated Statement of Profit or Loss

	Note	<u>Group</u>					+ / (-)
		2Q2019	2Q2018	+ / (-)	1H2019	1H2018	
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		38,132	37,909	0.6	74,267	76,037	(2.3)
Car park income		887	892	(0.6)	1,736	1,809	(4.0)
Other income	1	894	12,853	(93.0)	3,927	13,542	(71.0)
Property income		39,913	51,654	(22.7)	79,930	91,388	(12.5)
Property tax		(3,189)	(2,505)	27.3	(6,388)	(5,340)	19.6
Other property expenses	2	(4,488)	(4,378)	2.5	(8,751)	(8,886)	(1.5)
Property management fee		(1,104)	(1,411)	(21.8)	(2,194)	(2,427)	(9.6)
Maintenance and sinking fund contributions		(69)	(154)	(55.2)	(223)	(309)	(27.8)
Property expenses		(8,850)	(8,448)	4.8	(17,556)	(16,962)	3.5
Net property income		31,063	43,206	(28.1)	62,374	74,426	(16.2)
Rental support	3	-	2,153	(100.0)	2,690	4,307	(37.5)
Interest income	4	7,030	6,238	12.7	14,324	11,997	19.4
Share of results of associates	5	19,831	18,977	4.5	39,102	39,589	(1.2)
Share of results of joint ventures	6	7,125	7,479	(4.7)	14,297	15,318	(6.7)
Amortisation expense	7	-	(2,041)	(100.0)	(2,549)	(4,082)	(37.6)
Borrowing costs	8	(17,159)	(17,117)	0.2	(32,292)	(33,869)	(4.7)
Manager's management fees	9	(11,899)	(13,113)	(9.3)	(23,883)	(25,776)	(7.3)
Trust expenses	10	(8,677)	(1,206)	NM	(9,147)	(1,800)	408.2
Net foreign exchange differences		(115)	(469)	(75.5)	(2,811)	317	NM
Net change in fair value of derivatives		(5,496)	(1,755)	213.2	(4,282)	(1,007)	325.2
Profit before tax		21,703	42,352	(48.8)	57,823	79,420	(27.2)
Income tax	11	(1,313)	675	NM	(2,798)	(760)	268.2
Profit after tax		20,390	43,027	(52.6)	55,025	78,660	(30.0)
Attributable to:							
Unitholders		15,126	41,134	(63.2)	44,484	74,907	(40.6)
Perpetual securities holders	12	1,863	1,863	-	3,704	3,704	-
Non-controlling interests	13	3,401	30	NM	6,837	49	NM
		20,390	43,027	(52.6)	55,025	78,660	(30.0)

Distribution Statement

Profit for the period attributable to Unitholders		15,126	41,134	(63.2)	44,484	74,907	(40.6)
Net tax and other adjustments	14	32,167	7,189	347.4	50,128	21,648	131.6
Income available for distribution		47,293	48,323	(2.1)	94,612	96,555	(2.0)
Distribution to Unitholders	15	47,293	48,323	(2.1)	94,612	96,555	(2.0)
Distribution per Unit (cents) for the period		1.39	1.42	(2.1)	2.78	2.84	(2.1)
Annualised/Actual Distribution per Unit ¹ (cents)		5.56	5.56	-	5.56	5.56	-

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

NM – Not meaningful

Notes:

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

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

	<u>Group</u>			
	2Q2019	2Q2018	1H2019	1H2018
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	523	406	1,182	722
Utilities	741	689	1,444	1,541
Repair and maintenance	2,385	2,428	4,457	4,959
Property management reimbursements	503	504	1,013	1,004
Others	336	351	655	660
	4,488	4,378	8,751	8,886

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

- (4) Interest income comprises the following:

	<u>Group</u>			
	2Q2019	2Q2018	1H2019	1H2018
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	612	470	1,486	989
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	6,418	5,768	12,838	11,008
	7,030	6,238	14,324	11,997

- (5) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax and (ii) BFCDLLP's partnership profit.
- (6) Share of results of joint ventures relates to Keppel REIT's 50% interests in Mirvac 8 Chifley Trust's ("M8CT") and Mirvac (Old Treasury) Trust's ("MOTT") respective net profit after tax.
- (7) This represents the amortisation of intangible asset as explained in note 4 of paragraph 1(b)(i) (page 7). There was no amortisation expense for 2Q2019 as the remaining rental support was fully drawn in the period ended 31 March 2019.
- (8) Borrowing costs comprise the following:

	<u>Group</u>			
	2Q2019	2Q2018	1H2019	1H2018
	\$'000	\$'000	\$'000	\$'000
Interest expense on borrowings	15,875	16,580	30,546	32,813
Amortisation of capitalised transaction costs	1,284	537	1,746	1,056
	17,159	17,117	32,292	33,869

- (9) The Manager has elected to receive 100% of its management fees entitlement in units of Keppel REIT.
- (10) For 2Q2019 and 1H2019, trust expenses included expenses amounting to \$5,654,000 relating to the acquisition of 99.38% interest in Keppel No.4 Professional Investors' Private Real Estate Investment Limited Liability Company's ("K4 LLC") which holds T Tower.
- (11) Income tax comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its one-third interest in CBDPL, net of deductible interest expense and (ii) withholding tax expense in relation to the income from the Group's investments in Australia and South Korea.

For 2Q2019 and 1H2019, this included an adjustment of overprovision of income tax in respect of previous years of assessment amounting to \$99,000 (2Q2018 and 1H2018: nil). For 2Q2018 and 1H2018, this also included a one-off refund of withholding tax of \$2,121,000 previously paid on the gain on divestment of 77 King Street.

(12) Please refer to note 9 of paragraph 1(b)(i) (page 7).

(13) For 2Q2019 and 1H2019, non-controlling interests relate to Allianz Real Estate's 20% interest and Avan Investments Pte. Ltd.'s ("AIPL") 0.1% interest in Ocean Properties LLP's ("OPLLP") partnership profit, and Keppel Capital Investment Holdings Pte. Ltd.'s ("KCIH") 0.62% interest in K4 LLC's net profit after tax.

For 2Q2018 and 1H2018, non-controlling interests only included AIPL's 0.1% interest in OPLLP's partnership profit.

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

	<u>Group</u>			
	2Q2019	2Q2018	1H2019	1H2018
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	11,899	13,113	23,883	25,776
Trustee's fees	306	319	604	635
Amortisation of intangible asset and capitalised transaction costs	1,130	2,578	4,127	5,138
Temporary differences and other adjustments	15,832	(8,821)	15,514	(9,901)
Capital gains distribution	3,000	-	6,000	-
	32,167	7,189	50,128	21,648

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.

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

1(a)(ii) Statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Comprehensive Income

	<u>Group</u>					
	2Q2019	2Q2018	+ / (-)	1H2019	1H2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after tax	20,390	43,027	(52.6)	55,025	78,660	(30.0)
Other comprehensive income:						
Foreign currency translation	(6,679)	(14,804)	(54.9)	(51,938)	(4,851)	970.7
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	(10,264)	9,217	NM	(4,755)	25,091	NM
Share of net change in fair value of cash flow hedges of associates	(1,778)	1,881	(194.5)	(917)	3,757	>500
Other comprehensive income for the period	(18,721)	(3,706)	NM	(57,610)	23,997	NM
Total comprehensive income for the period	1,669	39,321	NM	(2,585)	102,657	(102.5)
Attributable to:						
Unitholders	(2,956)	37,425	NM	(12,870)	98,897	NM
Perpetual securities holders	1,863	1,863	-	3,704	3,704	-
Non-controlling interests	2,762	33	>500	6,581	56	>500
	1,669	39,321	NM	(2,585)	102,657	NM

NM – Not meaningful

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

Balance Sheets

	Note	Group			Trust		
		30/6/2019	31/12/2018	+ / (-)	30/6/2019	31/12/2018	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets							
Investment properties	1	4,186,418	3,879,956	7.9	515,035	515,000	0.01
Investments in subsidiaries		-	-	-	1,473,781	1,473,781	-
Investments in associates	2	2,535,749	2,538,663	(0.1)	2,023,195	2,025,135	(0.1)
Advances to associates		615,622	615,622	-	615,622	615,622	-
Investments in joint ventures	3	447,821	471,691	(5.1)	-	-	-
Amounts owing by subsidiaries		-	-	-	1,107,255	955,086	15.9
Fixed assets		114	112	1.8	30	30	-
Intangible asset	4	-	2,549	(100.0)	-	2,549	(100.0)
Derivative financial instruments	5	299	1,329	(77.5)	42	692	(93.9)
Total non-current assets		7,786,023	7,509,922	3.7	5,734,960	5,587,895	2.6
Current assets							
Trade and other receivables	6	38,507	15,056	155.8	61,275	11,269	443.7
Prepaid expenses		624	343	81.9	6	12	(50.0)
Cash and bank balances		109,739	258,924	(57.6)	27,133	231,455	(88.3)
Derivative financial instruments	5	823	206	299.5	823	206	299.5
Total current assets		149,693	274,529	(45.5)	89,237	242,942	(63.3)
Total assets		7,935,716	7,784,451	1.9	5,824,197	5,830,837	(0.1)
Current liabilities							
Trade and other payables		65,948	64,757	1.8	34,402	43,457	(20.8)
Income received in advance		327	2,879	(88.6)	-	2,829	(100.0)
Borrowings	7	99,824	59,943	66.5	-	59,943	(100.0)
Security deposits		3,782	4,933	(23.3)	196	1,616	(87.9)
Derivative financial instruments	5	1,137	230	394.3	1,137	230	394.3
Provision for taxation		1,199	1,414	(15.2)	1,071	1,414	(24.3)
Total current liabilities		172,217	134,156	28.4	36,806	109,489	(66.4)
Non-current liabilities							
Borrowings	8	2,402,449	2,225,761	7.9	1,890,564	1,759,833	7.4
Derivative financial instruments	5	19,302	11,585	66.6	18,156	11,333	60.2
Security deposits		40,242	27,315	47.3	4,272	4,208	1.5
Deferred tax liabilities		50,038	50,038	-	-	-	-
Total non-current liabilities		2,512,031	2,314,699	8.5	1,912,992	1,775,374	7.8
Total liabilities		2,684,248	2,448,855	9.6	1,949,798	1,884,863	3.4
Net assets		5,251,468	5,335,596	(1.6)	3,874,399	3,945,974	(1.8)
Represented by:							
Unitholders' funds		4,672,451	4,757,285	(1.8)	3,724,698	3,796,273	(1.9)
Perpetual securities	9	149,701	149,701	-	149,701	149,701	-
Non-controlling interests	10	429,316	428,610	0.2	-	-	-
		5,251,468	5,335,596	(1.6)	3,874,399	3,945,974	(1.8)
Net asset value per unit (\$)		1.37	1.40		1.09	1.12	

Notes:

- (1) The increase in investment properties is mainly due to the acquisition of T Tower in Seoul on 27 May 2019 and progress payments made for the office tower being developed at 311 Spencer Street in Melbourne, offset by translation differences arising mainly from the Australian investment properties.
- (2) This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates. ORQPL holds One Raffles Quay, and BFCDLLP and CBDPL hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (3) This relates to the 50% interests in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interests in MOTT and Mirvac (Old Treasury) Pty Limited. The properties held through M8CT and MOTT are 8 Chifley Square and the David Malcolm Justice Centre respectively.
- (4) This relates to the aggregate rental support top-up payments receivable by the Group for the one-third interest in CBDPL which holds MBFC Tower 3. As at the end of the current period, the intangible asset has been fully amortised.
- (5) These relate to the fair value of the foreign currency forward contracts entered into in relation to the income from the Australian investments, and the fair value of interest rate and cross currency swaps entered into by the Group.
- (6) Included in the balances are dividend and distribution receivables from associates and joint ventures of \$21.9 million (31 December 2018: \$2.2 million).
- (7) This relates to gross borrowings of \$100.0 million due in FY2020. There are sufficient loan facilities available to refinance the borrowings when they fall due.
- (8) On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal amount of convertible bonds due 10 April 2024 ("Convertible Bonds"). As at 30 June 2019, borrowings included the liability component of the convertible bonds amounting to \$189.5 million, which was measured at amortised cost.
- (9) On 2 November 2015, Keppel REIT issued \$150.0 million of subordinated perpetual securities at a fixed rate per annum. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movement in Unitholders' funds.
- (10) Non-controlling interests relate to Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLLP, and KCIH's 0.62% interest in the net assets of K4 LLC. As at 31 December 2018, this only included Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLLP.

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

	Group	
	As at 30/6/2019	As at 31/12/2018
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	830,897	246,000
Less: Unamortised portion of fees	(2,276)	(889)
	828,621	245,111
Unsecured borrowings		
Amount repayable within one year	100,000	60,000
Amount repayable after one year	1,578,046	1,984,624
Less: Unamortised portion of fees	(4,394)	(4,031)
	1,673,652	2,040,593
Total net borrowings	2,502,273	2,285,704

Details of Collaterals

The Group has mortgaged certain investment properties of an aggregate amount of \$1,599.5 million (31 December 2018: \$515.0 million) as securities for loan facilities granted.

As at 30 June 2019, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,519.4 million and unutilised facilities of \$927.5 million available to meet its future obligations. The all-in interest rate was 2.86% per annum for the period ended 30 June 2019.

1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		2Q2019	2Q2018	1H2019	1H2018
		\$'000	\$'000	\$'000	\$'000
Operating activities					
Profit before tax		21,703	42,352	57,823	79,420
Adjustments for:					
Interest income		(7,030)	(6,238)	(14,324)	(11,997)
Amortisation expense		-	2,041	2,549	4,082
Share of results of associates		(19,831)	(18,977)	(39,102)	(39,589)
Share of results of joint ventures		(7,125)	(7,479)	(14,297)	(15,318)
Borrowing costs		17,159	17,117	32,292	33,869
Management fees paid and/or payable in units		11,899	13,113	23,883	25,776
Changes in fair value of derivatives		5,496	1,755	4,282	1,007
Depreciation		1	11	3	21
Rental support income		-	(2,153)	(2,690)	(4,307)
Unrealised currency translation differences		(1,423)	991	1,134	665
Operating cash flows before changes in working capital		20,849	42,533	51,553	73,629
Increase in receivables		(6,217)	(8,441)	(4,751)	(12,535)
Increase in payables		11,033	2,097	4,566	1,877
Increase in security deposits		21	1,869	751	2,459
Cash flows from operations		25,686	38,058	52,119	65,430
Income taxes (paid)/refunded		(1,587)	435	(3,008)	(1,385)
Net cash flows provided by operating activities		24,099	38,493	49,111	64,045
Investing activities					
Net cash outflow on acquisition of a subsidiary	1	(150,992)	-	(150,992)	-
Progress payments on investment property under development		(21,680)	(15,952)	(40,858)	(31,448)
Subsequent expenditure on investment properties		(9,305)	(3,073)	(12,178)	(4,877)
Purchase of fixed assets		(5)	-	(5)	(6)
Interest received		7,042	6,215	14,402	12,064
Rental support received		-	2,153	2,690	4,307
Payment on adjustment to investment in an associate		-	(333)	-	(333)
Reimbursement of development costs for one third-interest in an associate		-	-	757	-
Distribution income received from joint ventures		6,333	6,526	12,685	13,213
Dividend and distribution income received from associates		19,329	20,608	19,329	20,608
Settlement of accrued development costs for 99.9% interest in a subsidiary		-	-	(4,429)	-
Net cash flows (used in)/provided by investing activities		(149,278)	16,144	(158,599)	13,528
Financing activities					
Distribution to Unitholders (net of distribution in Units)	2	(47,319)	(42,401)	(93,469)	(86,726)
Proceeds from issuance of convertible bonds	3	200,000	-	200,000	-
Distribution to perpetual securities holders		(3,704)	(3,704)	(3,704)	(3,704)
Purchase of treasury units		(11,966)	-	(18,836)	-
Loans drawdown		135,619	298,958	354,165	366,465
Repayment of loans		(131,610)	(291,886)	(446,548)	(368,862)
Payment of financing expenses/upfront debt arrangement costs		(1,764)	(188)	(1,869)	(1,063)
Interest paid		(14,337)	(17,309)	(28,495)	(33,089)
Issue expenses for convertible bonds		(2,025)	-	(2,025)	-
Partnership distribution to non-controlling interests		(3,436)	(30)	(3,436)	(49)
Net cash flows provided by/(used in) financing activities		119,458	(56,560)	(44,217)	(127,028)

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

		<u>Group</u>		
	2Q2019	2Q2018	1H2019	1H2018
Note	\$'000	\$'000	\$'000	\$'000
Net decrease in cash and cash equivalents	(5,721)	(1,923)	(153,705)	(49,455)
Cash and cash equivalents at the beginning of period	104,972	139,678	255,807	186,462
Effect of exchange rate changes on cash and cash equivalents	(537)	(1,101)	(3,388)	(353)
Cash and cash equivalents at the end of period	98,714	136,654	98,714	136,654
Comprising:				
Cash and bank balances	109,739	144,067	109,739	144,067
Less: Restricted cash and bank balances	4 (11,025)	(7,413)	(11,025)	(7,413)
Cash and cash equivalents per Consolidated Statement of Cash Flows	98,714	136,654	98,714	136,654

Notes:

(1) Net cash outflow on acquisition of a subsidiary

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

	<u>Group</u>
	<u>1H2019</u>
	\$'000
Investment property	293,838
Other assets	12,257
Borrowings (non-current)	(137,564)
Security deposits	(11,025)
Other liabilities	(4,389)
Fair value of net assets acquired	153,117
Less: Non-controlling interest	(966)
Total purchase consideration	152,151
Less: Cash and bank balances acquired (excluding restricted cash and bank balances)	(1,159)
Net cash outflow on acquisition of a subsidiary	150,992

(2) Distribution paid to Unitholders in 1H2019 was for the period of 1 October 2018 to 31 December 2018, paid on 28 February 2019, and 1 January 2019 to 31 March 2019, paid on 30 May 2019.

Distribution paid to Unitholders in 1H2018 was for the period of 1 October 2017 to 31 December 2017, paid on 28 February 2018, and 1 January 2018 to 31 March 2018, paid on 30 May 2018.

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

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

In 2Q2018 and 1H2018, this pertained to the rental support top-up payments received in advance by Keppel REIT and related accumulated interest, held in designated accounts for the one-third interest in CBDPL which holds MBFC Tower 3.

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

Group	Note	Units in Issue \$'000	Treasury Units \$'000	Foreign Currency		Hedging Reserve \$'000	Other Reserves \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Non-Controlling Interests \$'000	Total \$'000
				Accumulated Profits \$'000	Translation Reserve \$'000						
At 1 January 2019		3,557,767	-	1,248,549	(46,418)	(5,835)	3,222	4,757,285	149,701	428,610	5,335,596
Profit for the period		-	-	29,358	-	-	-	29,358	1,841	3,436	34,635
Other comprehensive income	1	-	-	-	(45,259)	5,987	-	(39,272)	-	383	(38,889)
Total comprehensive income		-	-	29,358	(45,259)	5,987	-	(9,914)	1,841	3,819	(4,254)
Issue of units for payment of management fees	2	19,373	-	-	-	-	-	19,373	-	-	19,373
Purchase of units	3	-	(6,870)	-	-	-	-	(6,870)	-	-	(6,870)
Cancellation of treasury units	3	(6,870)	6,870	-	-	-	-	-	-	-	-
Distribution to Unitholders		-	-	(46,150)	-	-	-	(46,150)	-	-	(46,150)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(3,436)	(3,436)
At 31 March 2019		3,570,270	-	1,231,757	(91,677)	152	3,222	4,713,724	151,542	428,993	5,294,259
Profit for the period		-	-	15,126	-	-	-	15,126	1,863	3,401	20,390
Other comprehensive income	1	-	-	-	(6,679)	(11,403)	-	(18,082)	-	(639)	(18,721)
Total comprehensive income		-	-	15,126	(6,679)	(11,403)	-	(2,956)	1,863	2,762	1,669
Issue of units for payment of management fees	2	9,931	-	-	-	-	-	9,931	-	-	9,931
Purchase of units	3	-	(11,966)	-	-	-	-	(11,966)	-	-	(11,966)
Cancellation of treasury units	3	(11,966)	11,966	-	-	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	-	11,037	11,037	-	-	11,037
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	966	966
Distribution to Unitholders		-	-	(47,319)	-	-	-	(47,319)	-	-	(47,319)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(3,704)	-	(3,704)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(3,405)	(3,405)
At 30 June 2019		3,568,235	-	1,199,564	(98,356)	(11,251)	14,259	4,672,451	149,701	429,316	5,251,468

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

Group	Note	Units in Issue \$'000	Treasury Units \$'000	Foreign Currency		Hedging Reserve \$'000	Other Reserves \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Non-Controlling Interest \$'000	Total \$'000
				Accumulated Profits \$'000	Translation Reserve \$'000						
At 1 January 2018		3,530,732	-	1,284,749	(34,808)	(20,471)	3,222	4,763,424	149,701	2,133	4,915,258
Profit for the period		-	-	33,773	-	-	-	33,773	1,841	19	35,633
Other comprehensive income	1	-	-	-	9,953	17,746	-	27,699	-	4	27,703
Total comprehensive income		-	-	33,773	9,953	17,746	-	61,472	1,841	23	63,336
Issue of units for payment of management fees	5	19,602	-	-	-	-	-	19,602	-	-	19,602
Distribution Reinvestment Plan		3,876	-	(3,876)	-	-	-	-	-	-	-
Distribution to Unitholders		(1,348)	-	(42,977)	-	-	-	(44,325)	-	-	(44,325)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	-	(19)	(19)
At 31 March 2018		3,552,862	-	1,271,669	(24,855)	(2,725)	3,222	4,800,173	151,542	2,137	4,953,852
Profit for the period		-	-	41,134	-	-	-	41,134	1,863	30	43,027
Other comprehensive income	1	-	-	-	(14,804)	11,095	-	(3,709)	-	3	(3,706)
Total comprehensive income		-	-	41,134	(14,804)	11,095	-	37,425	1,863	33	39,321
Issue of units for payment of management fees	5	10,518	-	-	-	-	-	10,518	-	-	10,518
Distribution Reinvestment Plan		5,831	-	(5,831)	-	-	-	-	-	-	-
Distribution to Unitholders		-	-	(42,401)	-	-	-	(42,401)	-	-	(42,401)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(3,704)	-	(3,704)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	-	(30)	(30)
At 30 June 2018		3,569,211	-	1,264,571	(39,659)	8,370	3,222	4,805,715	149,701	2,140	4,957,556

Notes:

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

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

Trust	Note	Units in Issue \$'000	Treasury Units \$'000	Accumulated			Unitholders' Funds \$'000	Perpetual Securities \$'000	Total \$'000
				Profits \$'000	Hedging Reserve \$'000	Other Reserves \$'000			
At 1 January 2019		3,557,767	-	243,467	(4,961)	-	3,796,273	149,701	3,945,974
Profit for the period		-	-	(6,517)	-	-	(6,517)	1,841	(4,676)
Other comprehensive income	1	-	-	-	3,987	-	3,987	-	3,987
Total comprehensive income		-	-	(6,517)	3,987	-	(2,530)	1,841	(689)
Issue of units for payment of management fees	2	19,373	-	-	-	-	19,373	-	19,373
Purchase of units	3	-	(6,870)	-	-	-	(6,870)	-	(6,870)
Cancellation of treasury units	3	(6,870)	6,870	-	-	-	-	-	-
Distribution to Unitholders		-	-	(46,150)	-	-	(46,150)	-	(46,150)
At 31 March 2019		3,570,270	-	190,800	(974)	-	3,760,096	151,542	3,911,638
Profit for the period		-	-	10,387	-	-	10,387	1,863	12,250
Other comprehensive income	1	-	-	-	(7,468)	-	(7,468)	-	(7,468)
Total comprehensive income		-	-	10,387	(7,468)	-	2,919	1,863	4,782
Issue of units for payment of management fees	2	9,931	-	-	-	-	9,931	-	9,931
Purchase of units	3	-	(11,966)	-	-	-	(11,966)	-	(11,966)
Cancellation of treasury units	3	(11,966)	11,966	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	11,037	11,037	-	11,037
Distribution to Unitholders		-	-	(47,319)	-	-	(47,319)	-	(47,319)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	(3,704)
At 30 June 2019		3,568,235	-	153,868	(8,442)	11,037	3,724,698	149,701	3,874,399

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

<u>Trust</u>	Note	<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Accumulated</u>			<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Total</u>
				<u>\$'000</u>	<u>\$'000</u>	<u>Profits</u>			
At 1 January 2018		3,530,732	-	270,068	(12,554)	-	3,788,246	149,701	3,937,947
Profit for the period		-	-	38,626	-	-	38,626	1,841	40,467
Other comprehensive income	1	-	-	-	12,075	-	12,075	-	12,075
Total comprehensive income		-	-	38,626	12,075	-	50,701	1,841	52,542
Issue of units for payment of management fees	5	19,602	-	-	-	-	19,602	-	19,602
Distribution Reinvestment Plan		3,876	-	(3,876)	-	-	-	-	-
Distribution to Unitholders		(1,348)	-	(42,977)	-	-	(44,325)	-	(44,325)
At 31 March 2018		3,552,862	-	261,841	(479)	-	3,814,224	151,542	3,965,766
Profit for the period		-	-	25,336	-	-	25,336	1,863	27,199
Other comprehensive income	1	-	-	-	7,028	-	7,028	-	7,028
Total comprehensive income		-	-	25,336	7,028	-	32,364	1,863	34,227
Issue of units for payment of management fees	5	10,518	-	-	-	-	10,518	-	10,518
Distribution Reinvestment Plan		5,831	-	(5,831)	-	-	-	-	-
Distribution to Unitholders		-	-	(42,401)	-	-	(42,401)	-	(42,401)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	(3,704)
At 30 June 2018		3,569,211	-	238,945	6,549	-	3,814,705	149,701	3,964,406

Notes:

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

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

	<u>Group and Trust</u>	
	2019 Units	2018 Units
Issued units as at 1 January	3,393,398,818	3,370,734,208
Issue of new units:		
- Payment of management fees	16,565,482	15,680,593
- Distribution Reinvestment Plan	-	3,052,523
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(5,750,000)	-
Issued units as at 31 March	3,404,214,300	3,389,467,324
Issue of new units:		
- Payment of management fees	7,921,556	8,661,268
- Distribution Reinvestment Plan	-	4,903,220
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(9,740,700)	-
Issued units as at 30 June	3,402,395,156	3,403,031,812

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

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

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

Total number of issued units in Keppel REIT as at 30 June 2019 and 31 December 2018 were 3,402,395,156 and 3,393,398,818 respectively.

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

	<u>Group and Trust</u>	
	2019 Units	2018 Units
Treasury units as at 1 January	-	-
- Purchase of units	5,750,000	-
- Cancellation of treasury units	(5,750,000)	-
Treasury units as at 31 March	-	-
- Purchase of units	9,740,700	-
- Cancellation of treasury units	(9,740,700)	-
Treasury units as at 30 June	-	-

2. AUDIT

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

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

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

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

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

	<u>Group</u>			
	2Q2019	2Q2018	1H2019	1H2018
Basic EPU¹	0.44 cents	1.15 cents	1.31 cents	2.15 cents
- Weighted average number of units during the period	3,405,105,755	3,397,092,617	3,403,150,617	3,389,637,252
Diluted EPU²	0.40 cents	1.15 cents	1.26 cents	2.15 cents
- Weighted average number of units during the period (diluted)	3,466,719,355	3,397,092,617	3,434,127,620	3,389,637,252
DPU³	1.39 cents	1.42 cents	2.78 cents	2.84 cents
- Number of units in issue as at the end of the period	3,402,395,156	3,403,031,812	3,402,395,156	3,403,031,812

Notes:

- (1) Based on the weighted average number of units during the period.
- (2) Based on the weighted average number of units during the period, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to units.
- (3) Based on the number of units as at the end of the period. On 10 April 2019, Keppel REIT issued \$200 million in aggregate principal of convertible bonds due 10 April 2024. The actual quantum of DPU may therefore differ if any of the convertible bonds is converted between 1 July 2019 and the books closure date, 23 July 2019.

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

	<u>Group</u>		<u>Trust</u>	
	As at 30/06/2019	As at 31/12/2018	As at 30/06/2019	As at 31/12/2018
NAV ¹ per unit (\$)	1.37	1.40	1.09	1.12
NTA ¹ per unit (\$) based on number of units in issue at the end of the period	1.37	1.40	1.09	1.12
Adjusted NAV ¹ per unit (\$)	1.36	1.39	1.08	1.11
Adjusted NTA ¹ per unit (\$) based on number of units in issue at the end of the period (excluding the distributable income)	1.36	1.39	1.08	1.10

Note:

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

8. REVIEW OF PERFORMANCE

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

	<u>Group</u>			<u>Group</u>		
	2Q2019	2Q2018	+ / (-)	1H2019	1H2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Property</u>						
Bugis Junction Towers	4,021	5,126	(21.6)	10,086	10,205	(1.2)
Ocean Financial Centre	26,104	38,158	(31.6)	51,767	64,271	(19.5)
275 George Street	3,923	4,033	(2.7)	7,514	7,772	(3.3)
8 Exhibition Street ¹	4,267	4,337	(1.6)	8,965	9,140	(1.9)
T Tower	1,598	-	NM	1,598	-	NM
Total property income of directly held properties (excluding property income contribution from associates and joint ventures)	39,913	51,654	(22.7)	79,930	91,388	(12.5)

8. REVIEW OF PERFORMANCE (CONT'D)

8(ii) Income Contribution of the Portfolio

	<u>Group</u>			<u>Group</u>		
	2Q2019	2Q2018	+ / (-)	1H2019	1H2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Property</u>						
Bugis Junction Towers	3,006	4,224	(28.8)	8,003	7,959	0.6
Ocean Financial Centre	20,860	33,273	(37.3)	41,046	54,774	(25.1)
275 George Street	2,977	2,983	(0.2)	5,651	5,805	(2.7)
8 Exhibition Street ¹	2,901	2,726	6.4	6,355	5,888	7.9
T Tower	1,319	-	NM	1,319	-	NM
Total net property income of directly held properties	31,063	43,206	(28.1)	62,374	74,426	(16.2)
One-third interest in ORQPL ² :						
- Interest income	528	558	(5.4)	1,127	1,076	4.7
- Dividend income	5,612	6,020	(6.8)	11,186	12,430	(10.0)
Total income	6,140	6,578	(6.7)	12,313	13,506	(8.8)
One-third interests in BFCDLLP ³ and CBDPL ³ :						
- Rental support	-	2,153	(100.0)	2,690	4,307	(37.5)
- Interest income	5,890	5,210	13.1	11,711	9,932	17.9
- Dividend and distribution income	14,217	12,957	9.7	27,972	27,155	3.0
Total income	20,107	20,320	(1.0)	42,373	41,394	2.4
50% interest in M8CT ⁴ :						
- Distribution income	3,130	3,274	(4.4)	6,214	6,507	(4.5)
50% interest in MOTT ⁵ :						
- Distribution income	3,196	3,230	(1.1)	6,399	6,661	(3.9)
Total income contribution of the portfolio	63,636	76,608	(16.9)	129,673	142,494	(9.0)
Less: Income contribution attributable to non-controlling interests						
- Ocean Financial Centre ⁶	(4,193)	(33)	NM	(8,250)	(55)	NM
- T Tower ⁷	(8)	-	NM	(8)	-	NM
Total income contribution attributable to unitholders	59,435	76,575	(22.4)	121,415	142,439	(14.8)

Notes:

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

8. REVIEW OF PERFORMANCE (CONT'D)

Review of Performance for 1H2019 vs 1H2018

Property income and net property income for 1H2019 were \$79.9 million and \$62.4 million respectively, lower as compared with property income and net property income of \$91.4 million and \$74.4 million respectively for 1H2018. The decrease was mainly attributable to lower one-off income, and lower property income and net property income from Ocean Financial Centre. Whilst the operating performance of 275 George Street has improved year-on-year, a weaker Australian dollar contributed to the decrease in property income and net property income of this property. This is partially offset by income contribution from T Tower (acquired on 27 May 2019) and higher net property income from 8 Exhibition Street.

The Group's profit before tax for 1H2019 was \$57.8 million, lower as compared to \$79.4 million for 1H2018. The decrease was mainly attributable to lower net property income from Ocean Financial Centre and 275 George Street, lower share of results of associates and joint ventures, lower rental support, higher trust expenses, unfavourable foreign exchange differences and net change in fair value of derivatives. This was partially offset by higher net property income from Bugis Junction Towers and 8 Exhibition Street, income contribution from T Tower, higher interest income, lower amortisation expense and lower borrowing costs.

Review of Performance for 2Q2019 vs 2Q2018

Property income and net property income for 2Q2019 were \$39.9 million and \$31.1 million respectively, lower than property income and net property income of \$51.7 million and \$43.2 million respectively for 2Q2018. The decrease was mainly attributable to lower one-off income from Ocean Financial Centre and lower property income and net property income from Bugis Junction Towers. Whilst the operating performance of 275 George Street has improved year-on-year, a weaker Australian dollar contributed to the decrease in property income and net property income of this property. This is partially offset by income contribution from T Tower and higher net property income from 8 Exhibition Street.

The Group's profit before tax for 2Q2019 was \$21.7 million, lower as compared to \$42.4 million for 2Q2018. The decrease was mainly attributable to lower net property income from Bugis Junction Towers, Ocean Financial Centre and 275 George Street, lower rental support, lower share of results of joint ventures, higher borrowing costs, higher trust expenses, as well as net change in fair value of derivatives. This was partially offset by income contribution from T Tower, higher net property income from 8 Exhibition Street, higher share of results of associates, higher interest income, lower amortisation expense and net foreign exchange differences.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

According to CBRE, Singapore average Grade A office rents for 2Q 2019 was \$11.30 psf pm, up from \$11.15 psf pm a quarter ago. Average occupancy also rose quarter-on-quarter from 95.2% as at end March 2019 to 95.8% as at end June 2019.

In Australia, JLL Research reported positive net absorption and further improvement of national CBD office market occupancy from 91.4% as at end December 2018 to 91.7% as at end March 2019. Occupancy is expected to remain healthy on the back of stable leasing activity.

In Seoul, JLL Research observed a decrease in CBD Grade A occupancy from 82.7% as at end December 2018 to 82.5% as at end March 2019. Occupancy is expected to decline going into 2020, before rising in the subsequent years with the lack of new supply.

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

11. RISK FACTORS AND RISK MANAGEMENT

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

Interest rate risk

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

Liquidity risk

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

Credit risk

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

Currency risk

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

Operational risk

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

12. DISTRIBUTIONS

(a) Current Financial Period Reported on

Name of Distribution	1 April 2019 to 30 June 2019
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution rate	(a) Taxable income distribution - 0.90 cents per unit (b) Tax-exempt income distribution - 0.40 cents per unit (c) Capital gains distribution - 0.09 cents per unit The above Distribution per Unit is computed based on 3,402,395,156 Units in issue which are entitled to the Distribution, and on the basis that none of the S\$200,000,000 principal amount of 1.90% convertible bonds due 2024 ("Convertible Bonds") is converted into Units on or prior to the Books Closure Date. The actual quantum of the Distribution per Unit may therefore differ from the above Distribution per Unit if any of the Convertible Bonds is converted into Units on or prior to the Books Closure Date. Any change to the above Distribution per Unit will be announced on 23 July 2019, after the closure of the Transfer Books and Register of Unitholders of Keppel REIT.
Tax rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax. Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently. Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt. Subject to meeting certain conditions, qualifying foreign non-individual unitholders and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%. All other investors will receive their distributions after deduction of tax at the rate of 17%. <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT. <u>Capital gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 April 2018 to 30 June 2018
Distribution Type	(a) Taxable income (b) Tax-exempt income
Distribution Rate	(a) Taxable income distribution - 1.38 cents per unit (b) Tax-exempt income distribution - 0.04 cents per unit
Tax Rate	<p><u>Taxable income distribution</u></p> <p>Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, qualifying foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u></p> <p>Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p>

(c) Books Closure Date

23 July 2019

(d) Date Payable

27 August 2019

13. DISTRIBUTION STATEMENT

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

14. INTERESTED PERSON TRANSACTIONS (“IPTs”)

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	1H2019 \$'000	1H2018 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager’s management fees	23,883	25,776
- Acquisition fee	2,933	-
- Property management fees and reimbursables	2,451	3,310
- Leasing commissions	2,063	188
- Rental support	2,690	4,307
- Adjustment to one-third interest in an associate	-	333
- Settlement of accrued development costs for 87.51% interest in a subsidiary ¹	3,879	-
- Settlement of accrued development costs for one-third interest in an associate	5,516	-
- Entry into a joint venture agreement in connection with the acquisition of a subsidiary	154,628	-
- Purchase of services from a related company	208	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee’s fees	604	635

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

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

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

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

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

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

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

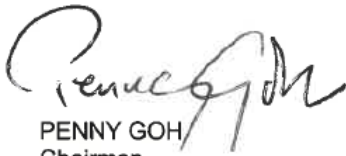
By Order of the Board
Keppel REIT Management Limited
(Company Registration Number: 200411357K)
As Manager of Keppel REIT

CHUA HUA YEOW KELVIN / TAN WEIQIANG MARC
Joint Company Secretaries
15 July 2019

CONFIRMATION BY THE BOARD

We, PENNY GOH and CHRISTINA TAN, being two Directors of Keppel REIT Management Limited (the "Company"), as manager of Keppel REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Second Quarter and Half Year ended 30 June 2019 financial statements of Keppel REIT to be false or misleading in any material respect.

On Behalf of the Board

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

PENNY GOH
Chairman

15 July 2019

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

CHRISTINA TAN
Director