

**KEPPEL REIT
FULL YEAR 2019 FINANCIAL STATEMENTS ANNOUNCEMENT
UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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INTRODUCTION

Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading REITs with a young and large portfolio of premium Grade A commercial assets in 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 31 December 2019, Keppel REIT had assets under management of approximately \$7.9 billion¹ comprising interests in nine 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)

Australia

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

South Korea

- T Tower, Seoul (99.38% interest)

On 29 November 2019, Keppel REIT completed the divestment of Bugis Junction Towers in Singapore for a sale price of \$547.7 million.

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

Note:

(1) Includes 311 Spencer Street which is under construction in Melbourne.

**SUMMARY OF KEPPEL REIT RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	GROUP			
	4Q2019 \$'000	4Q2018 \$'000	FY2019 \$'000	FY2018 \$'000
Property income	41,745	37,815	164,053	165,858
Net property income	33,355	30,525	128,899	133,155
Share of results of associates	17,510	16,622	77,897	73,720
Share of results of joint ventures	6,912	7,324	28,525	30,170
Income available for distribution	47,135	46,150	189,261	189,045
Distribution to Unitholders ¹	47,135 ²	46,150 ³	189,261 ²	189,045 ³
Distribution per Unit ("DPU") (cents) for the period/year	1.40	1.36	5.58	5.56
Distribution yield (%)			4.5% ⁴	4.9% ⁵

Notes:

- (1) *Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders.*
- (2) *These include capital gains distributions of \$4.0 million and \$12.0 million for 4Q2019 and FY2019 respectively.*
- (3) *These included a capital gains distribution of \$3.0 million for 4Q2018 and FY2018.*
- (4) *Based on the total DPU of 5.58 cents for FY2019 and the market closing price per Unit of \$1.24 as at 31 December 2019.*
- (5) *Based on the total DPU of 5.56 cents for FY2018 and the market closing price per Unit of \$1.14 as at 31 December 2018.*

1. UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the year ended 31 December 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>					
		4Q2019	4Q2018	+ / (-)	FY2019	FY2018	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		40,184	35,727	12.5	155,266	146,995	5.6
Car park income		929	892	4.1	3,625	3,542	2.3
Other income	1	632	1,196	(47.2)	5,162	15,321	(66.3)
Property income		41,745	37,815	10.4	164,053	165,858	(1.1)
Property tax		(2,413)	(1,986)	21.5	(12,326)	(10,654)	15.7
Other property expenses	2	(4,591)	(4,137)	11.0	(17,496)	(17,012)	2.8
Property management fee	3	(1,283)	(1,012)	26.8	(4,852)	(4,419)	9.8
Maintenance and sinking fund contributions		(103)	(155)	(33.5)	(480)	(618)	(22.3)
Property expenses		(8,390)	(7,290)	15.1	(35,154)	(32,703)	7.5
Net property income		33,355	30,525	9.3	128,899	133,155	(3.2)
Rental support	4	-	2,154	(100.0)	2,690	8,615	(68.8)
Interest income	5	6,285	6,524	(3.7)	27,162	25,075	8.3
Share of results of associates	6	17,510	16,622	5.3	77,897	73,720	5.7
Share of results of joint ventures	7	6,912	7,324	(5.6)	28,525	30,170	(5.5)
Amortisation expense	8	-	(2,040)	(100.0)	(2,549)	(8,163)	(68.8)
Borrowing costs	9	(15,289)	(17,556)	(12.9)	(64,463)	(69,084)	(6.7)
Manager's management fees	10	(11,992)	(12,747)	(5.9)	(48,160)	(51,263)	(6.1)
Trust expenses	11	(971)	(238)	308.0	(11,225)	(3,114)	260.5
Net foreign exchange differences		(8)	1,241	NM	(3,547)	623	NM
Net change in fair value of derivatives		(241)	(4,207)	(94.3)	(4,130)	(8,077)	(48.9)
Profit before gain on divestment of investment property and net change in fair value of investment properties		35,561	27,602	28.8	131,099	131,657	(0.4)
Gain on divestment of investment property	12	18,091	-	NM	18,091	-	NM
Net change in fair value of investment properties	13	3,827	33,167	(88.5)	3,827	33,167	(88.5)
Profit before tax		57,479	60,769	(5.4)	153,017	164,824	(7.2)
Income tax	14	(7,211)	(7,995)	(9.8)	(11,347)	(10,236)	10.9
Profit after tax		50,268	52,774	(4.7)	141,670	154,588	(8.4)
Attributable to:							
Unitholders		44,528	49,997	(10.9)	119,930	146,160	(17.9)
Perpetual securities holders	15	1,883	1,883	-	7,470	7,470	-
Non-controlling interests	16	3,857	894	NM	14,270	958	NM
		50,268	52,774	(4.7)	141,670	154,588	(8.4)
<u>Distribution Statement</u>							
Profit for the period/year attributable to Unitholders		44,528	49,997	(10.9)	119,930	146,160	(17.9)
Net tax and other adjustments	17	2,607	(3,847)	NM	69,331	42,885	61.7
Income available for distribution		47,135	46,150	2.1	189,261	189,045	0.1
Distribution to Unitholders	18	47,135	46,150	2.1	189,261	189,045	0.1
Distribution per Unit (cents) for the period/year		1.40	1.36	2.9	5.58	5.56	0.4

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>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	481	385	2,056	1,477
Utilities	968	715	3,286	2,949
Repair and maintenance	2,348	2,207	9,037	9,339
Property management reimbursements	504	487	1,866	1,908
Others	290	343	1,251	1,339
	<u>4,591</u>	<u>4,137</u>	<u>17,496</u>	<u>17,012</u>

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

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

- (5) Interest income comprises the following:

	<u>Group</u>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	193	410	1,938	1,882
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	6,092	6,114	25,224	23,193
	<u>6,285</u>	<u>6,524</u>	<u>27,162</u>	<u>25,075</u>

- (6) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax before net change in fair value of investment properties, and (ii) BFCDLLP's partnership profit before net change in fair value of investment property.

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

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

- (9) Borrowing costs comprise the following:

	<u>Group</u>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Interest expense on borrowings	14,751	16,720	61,564	66,679
Amortisation of capitalised transaction costs	538	836	2,899	2,405
	<u>15,289</u>	<u>17,556</u>	<u>64,463</u>	<u>69,084</u>

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

- (11) For FY2019, trust expenses included expenses amounting to \$5,308,000 relating to the acquisition of 99.38% interest in K4 LLC which holds T Tower.

- (12) This relates to the gain on divestment of Bugis Junction Towers on 29 November 2019, net of transaction and other related costs.

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

	<u>Group</u>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Group	20,897	23,819	20,897	23,819
Investment properties held directly by associates	(8,158)	4,622	(8,158)	4,622
Investment properties held directly by joint ventures	4,643	12,579	4,643	12,579
Effects of recognising rental income on a straight line basis over the lease terms	(13,555)	(7,853)	(13,555)	(7,853)
	<u>3,827</u>	<u>33,167</u>	<u>3,827</u>	<u>33,167</u>

- (14) 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, (ii) withholding tax expense in relation to the income from the Group's investments in Australia and South Korea, and (iii) deferred tax on valuation gains on the properties in Australia and South Korea.

For FY2019, this includes an adjustment of overprovision of income tax in respect of previous years of assessment amounting to \$99,000 (FY2018: nil).

For FY2018, this included a one-off refund of withholding tax of \$2,121,000 previously paid on the gain on divestment of 77 King Street.

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

- (16) 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 FY2018, non-controlling interests excluded KCIH's 0.62% interest in K4 LLC's net profit after tax.

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

	<u>Group</u>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	11,992	12,747	48,160	51,263
Trustee's fees	311	321	1,232	1,278
Amortisation of intangible asset and capitalised transaction costs	537	2,876	5,269	10,568
Net change in fair value of investment properties (net of non-controlling interests)	(3,730)	(33,091)	(3,730)	(33,091)
Gain on divestment of investment property	(18,091)	-	(18,091)	-
Temporary differences and other adjustments	7,588	10,300	24,491	9,867
Capital gains distribution	4,000	3,000	12,000	3,000
	<u>2,607</u>	<u>(3,847)</u>	<u>69,331</u>	<u>42,885</u>

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.

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

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

Consolidated Statement of Comprehensive Income

	<u>Group</u>					
	4Q2019	4Q2018	+(-)	FY2019	FY2018	+(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after tax	50,268	52,774	(4.7)	141,670	154,588	(8.4)
Other comprehensive income:						
Foreign currency translation	(2,481)	19,118	NM	(73,860)	(11,610)	NM
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	1,525	(14,611)	NM	(3,440)	10,176	NM
Share of net change in fair value of cash flow hedges of associates	(407)	882	NM	(5,472)	4,462	NM
Other comprehensive income for the period/year	(1,363)	5,389	NM	(82,772)	3,028	NM
Total comprehensive income for the period/year	48,905	58,163	(15.9)	58,898	157,616	(62.6)
Attributable to:						
Unitholders	43,414	55,390	(21.6)	37,587	149,186	(74.8)
Perpetual securities holders	1,883	1,883	-	7,470	7,470	-
Non-controlling interests	3,608	890	NM	13,841	960	NM
	<u>48,905</u>	<u>58,163</u>	<u>(15.9)</u>	<u>58,898</u>	<u>157,616</u>	<u>(62.6)</u>

NM – Not meaningful

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

Balance Sheets

Note	Group			Trust			
	31/12/2019	31/12/2018	+ / (-)	31/12/2019	31/12/2018	+ / (-)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Non-current assets							
Investment properties	1	3,730,320	3,879,956	(3.9)	-	515,000	(100.0)
Investments in subsidiaries		-	-	-	1,473,781	1,473,781	-
Investments in associates	2	2,520,669	2,538,663	(0.7)	2,023,195	2,025,135	(0.1)
Advances to associates		618,145	615,622	0.4	618,145	615,622	0.4
Investments in joint ventures	3	437,833	471,691	(7.2)	-	-	-
Amounts owing by subsidiaries		-	-	-	1,148,157	955,086	20.2
Fixed assets		79	112	(29.5)	-	30	(100.0)
Intangible asset	4	-	2,549	(100.0)	-	2,549	(100.0)
Derivative financial instruments	5	-	1,329	(100.0)	-	692	(100.0)
Total non-current assets		7,307,046	7,509,922	(2.7)	5,263,278	5,587,895	(5.8)
Current assets							
Trade and other receivables	6	16,160	15,056	7.3	21,297	11,269	89.0
Prepaid expenses		262	343	(23.6)	8	12	(33.3)
Cash and bank balances		124,841	258,924	(51.8)	65,297	231,455	(71.8)
Derivative financial instruments	5	1,054	206	411.7	1,054	206	411.7
Total current assets		142,317	274,529	(48.2)	87,656	242,942	(63.9)
Total assets		7,449,363	7,784,451	(4.3)	5,350,934	5,830,837	(8.2)
Current liabilities							
Trade and other payables		52,885	64,757	(18.3)	31,852	43,457	(26.7)
Income received in advance		278	2,879	(90.3)	-	2,829	(100.0)
Borrowings	7	99,924	59,943	66.7	-	59,943	(100.0)
Security deposits		4,397	4,933	(10.9)	-	1,616	(100.0)
Derivative financial instruments	5	976	230	324.3	650	230	182.6
Provision for taxation		1,230	1,414	(13.0)	420	1,414	(70.3)
Total current liabilities		159,690	134,156	19.0	32,922	109,489	(69.9)
Non-current liabilities							
Borrowings	8	2,021,540	2,225,761	(9.2)	1,503,587	1,759,833	(14.6)
Derivative financial instruments	5	17,931	11,585	54.8	16,135	11,333	42.4
Security deposits		34,989	27,315	28.1	-	4,208	(100.0)
Deferred tax liabilities		51,433	50,038	2.8	-	-	-
Total non-current liabilities		2,125,893	2,314,699	(8.2)	1,519,722	1,775,374	(14.4)
Total liabilities		2,285,583	2,448,855	(6.7)	1,552,644	1,884,863	(17.6)
Net assets		5,163,780	5,335,596	(3.2)	3,798,290	3,945,974	(3.7)
Represented by:							
Unitholders' funds		4,584,849	4,757,285	(3.6)	3,648,589	3,796,273	(3.9)
Perpetual securities	9	149,701	149,701	-	149,701	149,701	-
Non-controlling interests	10	429,230	428,610	0.1	-	-	-
		5,163,780	5,335,596	(3.2)	3,798,290	3,945,974	(3.7)
Net asset value per unit (\$)		1.36	1.40		1.08	1.12	

Notes:

- (1) The decrease in investment properties is mainly due to the divestment of Bugis Junction Towers on 29 November 2019 and translation differences arising mainly from the Australian investment properties, offset by 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.
- (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 year, 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 Group investments in Australia and South Korea, and the fair value of interest rate and cross currency swaps entered into by the Group.
- (6) Included in the balances are distribution receivables from joint ventures of \$2.1 million (31 December 2018: \$2.2 million).
- (7) This relates to gross borrowings of \$100.0 million due in FY2020. The Manager has obtained commitments to refinance these borrowings when they fall due.
- (8) On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal of convertible bonds due 10 April 2024 ("Convertible Bonds"). As at 31 December 2019, borrowings included the liability component of the convertible bonds amounting to \$190.5 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 of 4.98% per annum. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movement in Unitholders' funds.
- (10) Non-controlling interests relate to Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLL, and KCIH's 0.62% interest in the net assets of K4 LLC.

As at 31 December 2018, this excluded KCIH's 0.62% interest in the net assets of K4 LLC.

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

	Group	
	As at 31/12/2019	As at 31/12/2018
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	621,448	246,000
Less: Unamortised portion of fees	(1,381)	(889)
	620,067	245,111
Unsecured borrowings		
Amount repayable within one year	100,000	60,000
Amount repayable after one year	1,405,443	1,984,624
Less: Unamortised portion of fees	(4,046)	(4,031)
	1,501,397	2,040,593
Total net borrowings	2,121,464	2,285,704

Details of Collaterals

The Group has mortgaged certain investment properties of an aggregate amount of \$1,084.8 million (31 December 2018: \$515.0 million) as securities for loan facilities granted.

As at 31 December 2019, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,136.4 million and unutilised facilities of \$989.0 million available to meet its future obligations. The all-in interest rate was 2.77% per annum for the year ended 31 December 2019.

1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		4Q2019	4Q2018	FY2019	FY2018
		\$'000	\$'000	\$'000	\$'000
Operating activities					
Profit before tax		57,479	60,769	153,017	164,824
Adjustments for:					
Interest income		(6,285)	(6,524)	(27,162)	(25,075)
Amortisation expense		-	2,040	2,549	8,163
Share of results of associates		(17,510)	(16,622)	(77,897)	(73,720)
Share of results of joint ventures		(6,912)	(7,324)	(28,525)	(30,170)
Borrowing costs		15,289	17,556	64,463	69,084
Management fees paid and/or payable in units		11,992	12,747	48,160	51,263
Net change in fair value of investment properties		(3,827)	(33,167)	(3,827)	(33,167)
Gain on divestment of investment property		(18,091)	-	(18,091)	-
Net change in fair value of derivatives		241	4,207	4,130	8,077
Depreciation		4	11	9	43
Rental support income		-	(2,154)	(2,690)	(8,615)
Unrealised currency translation differences		1,023	(943)	2,753	546
Operating cash flows before changes in working capital		33,403	30,596	116,889	131,253
Increase in receivables		(7,337)	(5,262)	(9,037)	(11,507)
Increase/(decrease) in payables		1,650	(4,812)	(8,287)	402
Increase/(decrease) in security deposits		108	91	(601)	1,414
Cash flows from operations		27,824	20,613	98,964	121,562
Income taxes paid		(1,752)	(1,381)	(6,384)	(4,490)
Net cash flows provided by operating activities		26,072	19,232	92,580	117,072
Investing activities					
Net cash outflow on acquisition of a subsidiary	1	(332)	-	(151,324)	-
Progress payments on investment property under development		(28,465)	(29,652)	(96,494)	(81,280)
Subsequent expenditure on investment properties		(2,090)	(3,234)	(16,232)	(9,438)
Proceeds from divestment of investment property, net of transaction and other related costs		530,258	-	530,258	-
Purchase of fixed assets		-	-	(5)	(6)
Interest received		6,284	6,430	27,284	25,112
Rental support received		-	4,308	2,690	8,615
Investments in joint ventures		-	-	(166)	-
Receipt of/(payment on) adjustment to investment in an associate		-	-	457	(333)
Advance to an associate		(1,648)	(2,500)	(2,523)	(2,500)
Reimbursement of development costs for one third-interest in an associate		-	-	757	-
Settlement of accrued development costs for 99.9% interest in a subsidiary and one-third interest in an associate		-	-	(9,945)	-
Redemption of share capital by non-controlling interest		-	-	(33)	-
Distribution income received from joint ventures		6,301	6,468	25,570	26,237
Dividend and distribution income received from associates		38,715	34,408	77,873	73,993
Net proceeds from divestment of partial interest in a subsidiary		-	439,272	-	439,272
Net cash flows provided by investing activities		549,023	455,500	388,167	479,672
Financing activities					
Distribution to Unitholders (net of distribution in Units)	2	(47,514)	(46,340)	(188,276)	(181,389)
Proceeds from issuance of convertible bonds	3	-	-	200,000	-
Distribution to perpetual securities holders		(3,766)	(3,766)	(7,470)	(7,470)
Purchase of units		(46,483)	(26,629)	(82,134)	(32,822)
Loans drawdown		238,832	173,619	725,251	783,922
Repayment of loans		(670,214)	(449,641)	(1,191,497)	(1,018,503)
Payment of financing expenses/upfront debt arrangement costs		-	(160)	(1,869)	(1,223)
Interest paid		(17,692)	(19,191)	(59,307)	(68,231)
Issue expenses for convertible bonds		-	-	(2,025)	-
Partnership distribution to non-controlling interests		(3,565)	(818)	(10,406)	(882)
Net cash flows used in financing activities		(550,402)	(372,926)	(617,733)	(526,598)

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

	Note	Group		FY2019	FY2018
		4Q2019	4Q2018		
		\$'000	\$'000	\$'000	\$'000
Net increase/(decrease) in cash and cash equivalents		24,693	101,806	(136,986)	70,146
Cash and cash equivalents at the beginning of period/year		89,561	152,539	255,807	186,462
Effect of exchange rate changes on cash and cash equivalents		(484)	1,462	(5,051)	(801)
Cash and cash equivalents at the end of period/year		113,770	255,807	113,770	255,807
Comprising:					
Cash and bank balances		124,841	258,924	124,841	258,924
Less: Restricted cash and bank balances	4	(11,071)	(3,117)	(11,071)	(3,117)
Cash and cash equivalents per Consolidated Statement of Cash Flows		113,770	255,807	113,770	255,807

Notes:

(1) Net cash outflow on acquisition of a subsidiary

On 27 May 2019, the Group acquired a 99.38% interest in K4 LLC which holds T Tower. The fair value of net assets acquired was determined on a provisional basis and disclosed as such in the unaudited results of Keppel REIT for the third quarter ended 30 September 2019 and second quarter ended 30 June 2019. This has been adjusted subsequent to settlement of the final purchase consideration with the vendor in 4Q2019.

	Group
	FY2019
	\$'000
Investment property	293,838
Other assets	12,224
Borrowings (non-current)	(137,564)
Security deposits	(11,025)
Other liabilities	(4,024)
Fair value of net assets acquired	153,449
Less: Non-controlling interest	(966)
Total purchase consideration	152,483
Less: Cash and bank balances acquired (excluding restricted cash and bank balances)	(1,159)
Net cash outflow on acquisition of a subsidiary	151,324

(2) Distribution paid to Unitholders in FY2019 was for the periods of 1 October 2018 to 31 December 2018, paid on 28 February 2019, 1 January 2019 to 31 March 2019, paid on 30 May 2019, 1 April 2019 to 30 June 2019, paid on 27 August 2019, and 1 July 2019 to 30 September 2019 paid on 27 November 2019.

Distribution paid to Unitholders in FY2018 was for the periods of 1 October 2017 to 31 December 2017, paid on 28 February 2018, 1 January 2018 to 31 March 2018, paid on 30 May 2018, 1 April 2018 to 30 June 2018, paid on 28 August 2018, and 1 July 2018 to 30 September 2018 paid on 27 November 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 31 December 2019, this relates to tenant security deposits held in designated accounts for T Tower.

As at 31 December 2018, this pertained to the rental support top-up payments received in advance by Keppel REIT and related accumulated interest, held in designated accounts for the one-third interest in CBDPL which holds MBFC Tower 3.

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

<u>Group</u>	Note	<u>Foreign Currency</u>									
		<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Accumulated Profits</u>	<u>Translation Reserve</u>	<u>Hedging Reserve</u>	<u>Other Reserves</u>	<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Non-Controlling Interests</u>	<u>Total</u>
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2019		3,557,767	-	1,248,549	(46,418)	(5,835)	3,222	4,757,285	149,701	428,610	5,335,596
Profit for the year		-	-	119,930	-	-	-	119,930	7,470	14,270	141,670
Other comprehensive income	1	-	-	-	(73,857)	(8,486)	-	(82,343)	-	(429)	(82,772)
Total comprehensive income		-	-	119,930	(73,857)	(8,486)	-	37,587	7,470	13,841	58,898
Issue of units for payment of management fees	2	49,350	-	-	-	-	-	49,350	-	-	49,350
Purchase of units	3	-	(82,134)	-	-	-	-	(82,134)	-	-	(82,134)
Cancellation of treasury units	3	(82,134)	82,134	-	-	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	-	11,037	11,037	-	-	11,037
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	966	966
Redemption of share capital by non-controlling interest	5	-	-	-	-	-	-	-	-	(33)	(33)
Distribution to Unitholders		-	-	(188,276)	-	-	-	(188,276)	-	-	(188,276)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(7,470)	-	(7,470)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(14,154)	(14,154)
At 31 December 2019		3,524,983	-	1,180,203	(120,275)	(14,321)	14,259	4,584,849	149,701	429,230	5,163,780

<u>Group</u>	Note	<u>Foreign Currency</u>									
		<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Accumulated Profits</u>	<u>Translation Reserve</u>	<u>Hedging Reserve</u>	<u>Other Reserves</u>	<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Non-Controlling Interests</u>	<u>Total</u>
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2018		3,530,732	-	1,284,749	(34,808)	(20,471)	3,222	4,763,424	149,701	2,133	4,915,258
Profit for the year		-	-	146,160	-	-	-	146,160	7,470	958	154,588
Other comprehensive income	1	-	-	-	(11,610)	14,636	-	3,026	-	2	3,028
Total comprehensive income		-	-	146,160	(11,610)	14,636	-	149,186	7,470	960	157,616
Issue of units for payment of management fees	6	51,498	-	-	-	-	-	51,498	-	-	51,498
Purchase of units	7	-	(32,822)	-	-	-	-	(32,822)	-	-	(32,822)
Cancellation of treasury units	7	(32,822)	32,822	-	-	-	-	-	-	-	-
Distribution Reinvestment Plan		9,707	-	(9,707)	-	-	-	-	-	-	-
Divestment of partial interest in a subsidiary	8	-	-	7,388	-	-	-	7,388	-	426,399	433,787
Distribution to Unitholders		(1,348)	-	(180,041)	-	-	-	(181,389)	-	-	(181,389)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(7,470)	-	(7,470)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(882)	(882)
At 31 December 2018		3,557,767	-	1,248,549	(46,418)	(5,835)	3,222	4,757,285	149,701	428,610	5,335,596

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

Notes:

- (1) Other comprehensive income relates to the movement in foreign currency translation reserve arising from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities, fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and share of hedging reserves of associates.
- (2) This represents 40,456,154 units issued in FY2019 as payment of management fees in units.
- (3) The Trust purchased 67,054,972 units from the open market in FY2019 which were subsequently cancelled.
- (4) This relates to the value of options granted to holders of the Convertible Bonds to convert their bonds into new Units.
- (5) This relates to the redemption of share capital by KCIH in K4 LLC.
- (6) This represents 42,986,667 units issued in FY2018 as payment of management fees in units.
- (7) The Trust purchased 28,277,800 units from the open market in FY2018 which were subsequently cancelled.
- (8) This represents the divestment of a 20% interest in OPLLP to Allianz Real Estate.

<u>Trust</u>		<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Accumulated Profits</u>	<u>Hedging Reserve</u>	<u>Other Reserves</u>	<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Total</u>
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019		3,557,767	-	243,467	(4,961)	-	3,796,273	149,701	3,945,974
Profit for the year		-	-	63,268	-	-	63,268	7,470	70,738
Other comprehensive income	1	-	-	-	(929)	-	(929)	-	(929)
Total comprehensive income		-	-	63,268	(929)	-	62,339	7,470	69,809
Issue of units for payment of management fees	2	49,350	-	-	-	-	49,350	-	49,350
Purchase of units	3	-	(82,134)	-	-	-	(82,134)	-	(82,134)
Cancellation of treasury units	3	(82,134)	82,134	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	11,037	11,037	-	11,037
Distribution to Unitholders		-	-	(188,276)	-	-	(188,276)	-	(188,276)
Distribution to perpetual securities holders		-	-	-	-	-	-	(7,470)	(7,470)
At 31 December 2019		3,524,983	-	118,459	(5,890)	11,037	3,648,589	149,701	3,798,290

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

<u>Trust</u>	Note	<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Accumulated Profits</u>	<u>Hedging Reserve</u>	<u>Other Reserves</u>	<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Total</u>
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2018		3,530,732	-	270,068	(12,554)	-	3,788,246	149,701	3,937,947
Profit for the year		-	-	163,147	-	-	163,147	7,470	170,617
Other comprehensive income	1	-	-	-	7,593	-	7,593	-	7,593
Total comprehensive income		-	-	163,147	7,593	-	170,740	7,470	178,210
Issue of units for payment of management fees	5	51,498	-	-	-	-	51,498	-	51,498
Purchase of units	6	-	(32,822)	-	-	-	(32,822)	-	(32,822)
Cancellation of treasury units	6	(32,822)	32,822	-	-	-	-	-	-
Distribution Reinvestment Plan		9,707	-	(9,707)	-	-	-	-	-
Distribution to Unitholders		(1,348)	-	(180,041)	-	-	(181,389)	-	(181,389)
Distribution to perpetual securities holders		-	-	-	-	-	-	(7,470)	(7,470)
At 31 December 2018		3,557,767	-	243,467	(4,961)	-	3,796,273	149,701	3,945,974

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 40,456,154 units issued in FY2019 as payment of management fees in units.
- (3) The Trust purchased 67,054,972 units from the open market in FY2019 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 42,986,667 units issued in FY2018 as payment of management fees in units.
- (6) The Trust purchased 28,277,800 units from the open market in FY2018 which were subsequently cancelled.

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

	<u>Group and Trust</u>	
	2019	2018
	Units	Units
Issued units as at 1 January	3,393,398,818	3,370,734,208
Issue of new units:		
- Payment of management fees	32,284,101	33,940,067
- Distribution Reinvestment Plan	-	7,955,743
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(29,137,600)	(5,282,800)
Issued units as at 30 September	3,396,545,319	3,407,347,218
Issue of new units:		
- Payment of management fees	8,172,053	9,046,600
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(37,917,372)	(22,995,000)
Issued units as at 31 December	3,366,800,000	3,393,398,818

As at 31 December 2019, Keppel REIT has \$200.0 million of Convertible Bonds due 2024. Assuming all of the Convertible Bonds were fully converted at the current conversion price of \$1.4441 per Unit, the number of new Units issued would be 138,494,564, representing approximately 4.1% of the total number of Units in issue as at 31 December 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 31 December 2019 and 31 December 2018.

Total number of issued units in Keppel REIT as at 31 December 2019 and 31 December 2018 were 3,366,800,000 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	2018
	Units	Units
Treasury units as at 1 January	-	-
- Purchase of units	29,137,600	5,282,800
- Cancellation of treasury units	(29,137,600)	(5,282,800)
Treasury units as at 30 September	-	-
- Purchase of units	37,917,372	22,995,000
- Cancellation of treasury units	(37,917,372)	(22,995,000)
Treasury units as at 31 December	-	-

2. AUDIT

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

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

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

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

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

	4Q2019	4Q2018	FY2019	FY2018
Basic EPU				
Based on profit before gain on divestment of investment property and net change in fair value of investment properties and related tax expense	0.84 cents	0.69 cents	3.05 cents	3.46 cents
Based on profit after tax	1.32 cents	1.47 cents	3.53 cents	4.30 cents
- Weighted average number of units during the period/year	3,383,702,657	3,404,300,851	3,397,144,613	3,397,636,703
Diluted EPU¹				
Based on profit before gain on divestment of investment property and net change in fair value of investment properties and related tax expense	0.80 cents	0.69 cents	3.03 cents	3.46 cents
Based on profit after tax	1.26 cents	1.47 cents	3.50 cents	4.30 cents
- Weighted average number of units during the period/year (diluted)	3,522,197,221	3,404,300,851	3,482,517,974	3,397,636,703
DPU²				
- Number of units in issue as at the end of the period/year	3,366,800,000	3,393,398,818	3,366,800,000	3,393,398,818

Notes:

- (1) 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.
- (2) On 10 April 2019, Keppel REIT issued \$200.0 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 January 2020 and the books closure date, 31 January 2020.

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

	<u>Group</u>		<u>Trust</u>	
	As at 31/12/2019	As at 31/12/2018	As at 31/12/2019	As at 31/12/2018
NAV per unit (\$)	1.36	1.40	1.08	1.12
NTA per unit (\$) based on number of units in issue at the end of the year	1.36	1.40	1.08	1.12
Adjusted NAV per unit (\$)	1.35	1.39	1.07	1.11
Adjusted NTA per unit (\$) based on number of units in issue at the end of the year (excluding the distributable income)	1.35	1.39	1.07	1.10

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

8. REVIEW OF PERFORMANCE

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

	<u>Group</u>			<u>Group</u>		
	4Q2019	4Q2018	+/(-) %	FY2019	FY2018	+/(-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Property</u>						
Bugis Junction Towers ¹	3,597	5,102	(29.5)	18,356	20,391	(10.0)
Ocean Financial Centre	26,103	25,187	3.6	103,809	113,321	(8.4)
275 George Street	3,601	3,566	1.0	14,612	14,785	(1.2)
8 Exhibition Street ²	4,152	3,960	4.8	17,105	17,361	(1.5)
T Tower	4,292	-	NM	10,171	-	NM
Total property income of directly held properties (excluding property income contribution from associates and joint ventures)	41,745	37,815	10.4	164,053	165,858	(1.1)

Notes:

- (1) Bugis Junction Towers was divested on 29 November 2019.
- (2) Comprises 50% interest in the office building and a 100% interest in the three adjacent retail units.

8. REVIEW OF PERFORMANCE (CONT'D)

8(ii) Income Contribution of the Portfolio

	<u>Group</u>			<u>Group</u>		
	4Q2019	4Q2018	+/(-) %	FY2019	FY2018	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
<u>Property</u>						
Bugis Junction Towers ¹	2,775	4,194	(33.8)	14,371	16,145	(11.0)
Ocean Financial Centre	21,625	21,187	2.1	83,468	94,718	(11.9)
275 George Street	2,728	2,707	0.8	11,019	11,135	(1.0)
8 Exhibition Street ²	2,797	2,437	14.8	11,825	11,157	6.0
T Tower	3,430	-	NM	8,216	-	NM
Total net property income of directly held properties	33,355	30,525	9.3	128,899	133,155	(3.2)
One-third interest in ORQPL ³ :						
- Interest income	510	584	(12.7)	2,159	2,241	(3.7)
- Dividend income	4,910	4,940	(0.6)	21,693	22,552	(3.8)
Total income	5,420	5,524	(1.9)	23,852	24,793	(3.8)
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :						
- Rental support	-	2,154	(100.0)	2,690	8,615	(68.8)
- Interest income	5,582	5,530	0.9	23,065	20,952	10.1
- Dividend and distribution income	12,520	11,960	4.7	56,180	51,441	9.2
Total income	18,102	19,644	(7.8)	81,935	81,008	1.1
50% interest in M8CT ⁵ :						
- Distribution income	3,200	3,247	(1.4)	12,832	13,019	(1.4)
50% interest in MOTT ⁶ :						
- Distribution income	3,144	3,272	(3.9)	12,703	13,169	(3.5)
Total income contribution of the portfolio	63,221	62,212	1.6	260,221	265,144	(1.9)
Less: Income contribution attributable to non-controlling interests						
- Ocean Financial Centre ⁷	(4,347)	(953)	NM	(16,777)	(1,027)	NM
- T Tower ⁸	(22)	-	NM	(51)	-	NM
Total income contribution attributable to unitholders	58,852	61,259	(3.9)	243,393	264,117	(7.8)

Notes:

- (1) Bugis Junction Towers was divested on 29 November 2019.
- (2) Comprises 50% interest in the office building and a 100% interest in the three adjacent retail units.
- (3) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (4) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (5) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (6) Comprises 50% interest in MOTT which holds the David Malcolm Justice Centre.
- (7) For FY2019, this represents interest of 20.1% in Ocean Financial Centre ("OFC"). For FY2018, this represents interest of 0.1% in OFC for the period 1 January 2018 to 11 December 2018, and 20.1% in OFC for the period 12 December 2018 to 31 December 2018.
- (8) Represents interest of 0.62% in T Tower.

8. REVIEW OF PERFORMANCE (CONT'D)

Review of Performance for FY2019 vs FY2018

Property income and net property income for FY2019 were \$164.1 million and \$128.9 million respectively. These were lower compared to the property income and net property income of \$165.9 million and \$133.2 million respectively for FY2018. The decrease was mainly attributable to the lower one-off income, and lower property income and net property income from Bugis Junction Towers after it was divested on 29 November 2019. 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 asset. This is partially offset by higher net property income from 8 Exhibition Street and income contribution from T Tower (acquired on 27 May 2019).

The Group's profit before tax for FY2019 was \$153.0 million compared to \$164.8 million for FY2018. The variance was mainly attributable to lower net property income from Bugis Junction Towers after it was divested on 29 November 2019, Ocean Financial Centre and 275 George Street, lower rental support, lower share of results of joint ventures, net foreign exchange differences and lower net gain on fair value of investment properties. These were partially offset by higher net property income from 8 Exhibition Street and income contribution from T Tower, higher interest income, higher share of results of associates, lower amortisation expense, lower borrowing costs, net change in fair value of derivatives and gain realised from the divestment of Bugis Junction Towers.

Review of Performance for 4Q2019 vs 4Q2018

Property income and net property income for 4Q2019 were \$41.7 million and \$33.4 million respectively. These were higher compared to the property income and net property income of \$37.8 million and \$30.5 million respectively for 4Q2018. The increase was mainly attributable to higher property income and net property income from Ocean Financial Centre, 275 George Street, 8 Exhibition Street, and income contribution from T Tower. This was offset by lower property income and net property income from Bugis Junction Towers after it was divested on 29 November 2019.

The Group's profit before tax for 4Q2019 was \$57.5 million, lower compared to \$60.8 million for 4Q2018. The decrease was mainly attributable to lower net property income from Bugis Junction Towers after it was divested on 29 November 2019, lower rental support, lower interest income, lower share of results of joint ventures, net foreign exchange differences and lower net gain on fair value of investment properties. This was partially offset by higher net property income from Ocean Financial Centre, 275 George Street and 8 Exhibition Street, income contribution from T Tower, higher share of results of associates, lower amortisation expense, lower borrowing costs, net change in fair value of derivatives and gain realised from the divestment of Bugis Junction Towers.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

According to CBRE, Singapore average Grade A office rents continued to trend upwards in 4Q2019, rising from \$11.45 psf pm to \$11.55 psf pm. Average occupancy dipped slightly during the quarter from 96.0% as at end September 2019 to 95.8% as at end December 2019.

In Australia, JLL Research reported a slight increase in the national CBD office market occupancy from 91.7% as at end June 2019 to 91.9% as at end September 2019. In Seoul, JLL Research observed an improvement in CBD Grade A occupancy from 84.5% as at end June 2019 to 85.1% as at end September 2019.

Amidst an uncertain macro-economic environment, the Manager remains focused on delivering stable and sustainable distributions to Unitholders, and achieving long-term growth. The Manager will continue its ongoing portfolio optimisation strategy, which seeks to improve yield and create long-term value for Unitholders. Apart from driving operational excellence in asset management, the Manager will continue its prudent capital management to optimise borrowing costs, manage debt maturities and hedging strategies to improve returns.

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 October 2019 to 31 December 2019
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution rate	(a) Taxable income distribution - 0.96 cents per unit (b) Tax-exempt income distribution - 0.32 cents per unit (c) Capital gains distribution - 0.12 cents per unit The above Distribution per Unit is computed based on 3,366,800,000 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 31 January 2020, 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 October 2018 to 31 December 2018
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution Rate	(a) Taxable income distribution - 0.98 cents per unit (b) Tax-exempt income distribution - 0.29 cents per unit (c) Capital gains distribution - 0.09 cents per unit
Tax Rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, qualifying foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.</p>

(c) Books Closure Date

31 January 2020

(d) Date Payable

28 February 2020

13. DISTRIBUTION STATEMENT

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

14. SEGMENTAL INFORMATION

	<u>Group</u>		+ / (-) %
	FY2019 \$'000	FY2018 \$'000	
Property			
Bugis Junction Towers ¹	14,371	16,145	(11.0)
Ocean Financial Centre	83,468	94,718	(11.9)
275 George Street	11,019	11,135	(1.0)
8 Exhibition Street ²	11,825	11,157	6.0
T Tower	8,216	-	NM
Total net property income of directly held properties	128,899	133,155	(3.2)
One-third interest in ORQPL ³ :			
- Interest income	2,159	2,241	(3.7)
- Dividend income	21,693	22,552	(3.8)
Total income	23,852	24,793	(3.8)
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :			
- Rental support	2,690	8,615	(68.8)
- Interest income	23,065	20,952	10.1
- Dividend and distribution income	56,180	51,441	9.2
Total income	81,935	81,008	1.1
50% interest in M8CT ⁵ :			
- Distribution income	12,832	13,019	(1.4)
50% interest in MOTT ⁶ :			
- Distribution income	12,703	13,169	(3.5)
Total income contribution of the portfolio	260,221	265,144	(1.9)
Less: Income contribution attributable to non-controlling interests			
- Ocean Financial Centre ⁷	(16,777)	(1,027)	NM
- T Tower ⁸	(51)	-	NM
Total income contribution attributable to unitholders	243,393	264,117	(7.8)

Notes:

- (1) Bugis Junction Towers was divested on 29 November 2019.
- (2) Comprises 50% interest in the office building and a 100% interest in the three adjacent retail units.
- (3) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (4) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (5) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (6) Comprises 50% interest in MOTT which holds the David Malcolm Justice Centre.
- (7) For FY2019, this represents interest of 20.1% in Ocean Financial Centre ("OFC"). For FY2018, this represents interest of 0.1% in OFC for the period 1 January 2018 to 11 December 2018, and 20.1% in OFC for the period 12 December 2018 to 31 December 2018.
- (8) Represents interest of 0.62% in T Tower.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 on the review of performance.

16. BREAKDOWN OF SALES

	Group		+/(-) %
	FY2019	FY2018	
	\$'000	\$'000	
Property income reported for first half year	79,930	91,388	(12.5)
Profit after tax for first half year	55,025	78,660	(30.0)
Property income reported for second half year	84,123	74,470	13.0
Profit after tax for second half year ¹	86,645	75,928	14.1

Note:

- (1) Profit after tax for second half year FY2019 and FY2018 includes net change in fair value of investment properties amounting to approximately \$3.8 million and \$33.2 million respectively.

17. INTERESTED PERSON TRANSACTIONS (“IPTs”)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000)	
	FY2019	FY2018
	\$'000	\$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	48,160	51,263
- Acquisition fee	2,933	-
- Divestment fee	2,738	2,686
- Property management and asset management fees and reimbursables	5,048	6,087
- Leasing commissions	2,664	1,779
- Rental support	2,690	8,615
- Adjustment to one-third interest in an associate	-	333
- Reimbursement of development costs for one-third interest in an associate	-	757
- 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	-
- Rent and service charge income ²	435	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	1,232	1,278

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

- (2) The aggregate value of interested person transactions refers to the total contract sum entered into during the financial year.

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

18. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION

	Group	
	FY2019	FY2018
	\$'000	\$'000
1 January 2018 to 31 March 2018 (paid)	-	48,232
1 April 2018 to 30 June 2018 (paid)	-	48,323
1 July 2018 to 30 September 2018 (paid)	-	46,340
1 October 2018 to 31 December 2018 (paid)	-	46,150
1 January 2019 to 31 March 2019 (paid)	47,319	-
1 April 2019 to 30 June 2019 (paid)	47,293	-
1 July 2019 to 30 September 2019 (paid)	47,514	-
1 October 2019 to 31 December 2019 (to be paid) ¹	47,135	-
	189,261	189,045

Note:

(1) Please refer to paragraph 12(a) on page 21.

19. 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.

20. 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
22 January 2020