

**KEPPEL REIT  
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED  
30 JUNE 2020****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 Singapore's prime business and financial districts.

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 2020, Keppel REIT had assets under management of approximately \$7.9 billion<sup>1</sup> 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 (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)

### South Korea

- T Tower, Seoul (99.4% 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 2020

	GROUP			
	2Q2020 \$'000	2Q2019 \$'000	1H2020 \$'000	1H2019 \$'000
Property income	36,772	39,913	75,487	79,930
Net property income	28,814	31,063	58,979	62,374
Share of results of associates	21,489	19,831	40,505	39,102
Share of results of joint ventures	6,783	7,125	13,686	14,297
Income available for distribution	47,465	47,293	94,782	94,612
Distribution to Unitholders <sup>2</sup>	47,465 <sup>3</sup>	47,293 <sup>4</sup>	94,782 <sup>3</sup>	94,612 <sup>4</sup>
Distribution per Unit ("DPU") (cents) for the period	1.40 <sup>5</sup>	1.39	2.80 <sup>5</sup>	2.78
Distribution yield (%)			5.1% <sup>6</sup>	4.5% <sup>7</sup>

### Notes:

- (1) Includes 311 Spencer Street in Melbourne, which was under development as at 30 June 2020. On 17 July 2020, Keppel REIT Management Limited announced that 311 Spencer Street received its Certificate of Practical Completion which is effective from 9 July 2020.
- (2) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders.
- (3) This includes capital gains distribution of \$5.0 million and \$10.0 million for 2Q2020 and 1H2020 respectively.
- (4) This includes capital gains distribution of \$3.0 million and \$6.0 million for 2Q2019 and 1H2019 respectively.
- (5) DPU for 2Q2020 is computed based on units in issue as at 30 June 2020. 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 2020 and the record date, 28 July 2020.
- (6) Based on an annualised DPU and the market closing price per Unit of \$1.10 as at 30 June 2020.
- (7) 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.

## 1. UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2020

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 2020:

### 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	Group					
		2Q2020	2Q2019	+ / (-)	1H2020	1H2019	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		31,796	38,132	(16.6)	68,389	74,267	(7.9)
Car park income		628	887	(29.2)	1,519	1,736	(12.5)
Other income	1	4,348	894	386.4	5,579	3,927	42.1
<b>Property income</b>		<b>36,772</b>	<b>39,913</b>	<b>(7.9)</b>	<b>75,487</b>	<b>79,930</b>	<b>(5.6)</b>
Property tax		(2,672)	(3,189)	(16.2)	(5,437)	(6,388)	(14.9)
Other property expenses	2	(4,116)	(4,557)	(9.7)	(8,654)	(8,974)	(3.6)
Property management fee	3	(1,170)	(1,104)	6.0	(2,417)	(2,194)	10.2
<b>Property expenses</b>		<b>(7,958)</b>	<b>(8,850)</b>	<b>(10.1)</b>	<b>(16,508)</b>	<b>(17,556)</b>	<b>(6.0)</b>
<b>Net property income</b>		<b>28,814</b>	<b>31,063</b>	<b>(7.2)</b>	<b>58,979</b>	<b>62,374</b>	<b>(5.4)</b>
Rental support	4	-	-	-	-	2,690	(100.0)
Interest income	5	4,544	7,030	(35.4)	10,478	14,324	(26.9)
Share of results of associates	6	21,489	19,831	8.4	40,505	39,102	3.6
Share of results of joint ventures	7	6,783	7,125	(4.8)	13,686	14,297	(4.3)
Amortisation expense	8	-	-	-	-	(2,549)	(100.0)
Borrowing costs	9	(12,287)	(17,159)	(28.4)	(25,188)	(32,292)	(22.0)
Manager's management fees	10	(11,436)	(11,899)	(3.9)	(22,831)	(23,883)	(4.4)
Trust expenses	11	(1,990)	(8,677)	(77.1)	(3,867)	(9,147)	(57.7)
Net foreign exchange differences		997	(115)	NM	905	(2,811)	NM
Net change in fair value of derivatives		8,221	(5,496)	NM	1,227	(4,282)	NM
<b>Profit before tax</b>		<b>45,135</b>	<b>21,703</b>	<b>108.0</b>	<b>73,894</b>	<b>57,823</b>	<b>27.8</b>
Income tax	12	(1,430)	(1,313)	8.9	(3,191)	(2,798)	14.0
<b>Profit after tax</b>		<b>43,705</b>	<b>20,390</b>	<b>114.3</b>	<b>70,703</b>	<b>55,025</b>	<b>28.5</b>
<b>Attributable to:</b>							
Unitholders		38,317	15,126	153.3	59,702	44,484	34.2
Perpetual securities holders	13	1,857	1,863	(0.3)	3,715	3,704	0.3
Non-controlling interests	14	3,531	3,401	3.8	7,286	6,837	6.6
		<b>43,705</b>	<b>20,390</b>	<b>114.3</b>	<b>70,703</b>	<b>55,025</b>	<b>28.5</b>

#### Distribution Statement

<b>Profit for the period attributable to Unitholders</b>		<b>38,317</b>	<b>15,126</b>	<b>153.3</b>	<b>59,702</b>	<b>44,484</b>	<b>34.2</b>
Net tax and other adjustments	15	9,148	32,167	(71.6)	35,080	50,128	(30.0)
<b>Income available for distribution</b>		<b>47,465</b>	<b>47,293</b>	<b>0.4</b>	<b>94,782</b>	<b>94,612</b>	<b>0.2</b>
<b>Distribution to Unitholders</b>	16	<b>47,465</b>	<b>47,293</b>	<b>0.4</b>	<b>94,782</b>	<b>94,612</b>	<b>0.2</b>
<b>Distribution per Unit (cents) for the period</b>		<b>1.40</b>	<b>1.39</b>	<b>0.7</b>	<b>2.80</b>	<b>2.78</b>	<b>0.7</b>
<b>Annualised/Actual Distribution per Unit<sup>1</sup> (cents)</b>		<b>5.60</b>	<b>5.58</b>	<b>0.4</b>	<b>5.60</b>	<b>5.58</b>	<b>0.4</b>

(1) Actual Distribution per Unit for the prior period was based on 1.39 cents, 1.39 cents, 1.40 cents and 1.40 cents reported in 1Q2019, 2Q2019, 3Q2019 and 4Q2019 respectively.

NM – Not meaningful

**Notes:**

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

For 1H2020, this included property tax rebates received from the Singapore Government as part of its COVID-19 relief measures. These rebates were passed through to the tenants in the form of rental waivers and are recorded as a reduction in gross rent.

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

	2Q2020	Group		1H2019
		2Q2019	1H2020	
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	448	523	909	1,182
Utilities	798	741	1,764	1,444
Repair and maintenance	2,029	2,385	4,399	4,457
Property management reimbursements	426	503	833	1,013
Others	415	405	749	878
	<u>4,116</u>	<u>4,557</u>	<u>8,654</u>	<u>8,974</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 on 27 May 2019; offset by the absence of property management fee of Bugis Junction Towers following the divestment on 29 November 2019.

- (4) Rental support was fully drawn in the period ended 31 March 2019.

- (5) Interest income comprises the following:

	2Q2020	Group		1H2019
		2Q2019	1H2020	
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	137	612	345	1,486
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	4,407	6,418	10,133	12,838
	<u>4,544</u>	<u>7,030</u>	<u>10,478</u>	<u>14,324</u>

- (6) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and Central Boulevard Development Pte. Ltd.'s ("CBDPL") respective net profit after tax and (ii) BFCDLLP's partnership profit.

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

- (8) Intangible asset was fully amortised in the period ended 31 March 2019.

- (9) Borrowing costs comprise the following:

	2Q2020	Group		1H2019
		2Q2019	1H2020	
	\$'000	\$'000	\$'000	\$'000
Interest expense on borrowings	11,874	15,875	24,349	30,546
Amortisation of capitalised transaction costs	413	1,284	839	1,746
	<u>12,287</u>	<u>17,159</u>	<u>25,188</u>	<u>32,292</u>

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

- (11) For 2Q2019 and 1H2019, trust expenses included expenses amounting to \$5,654,000 relating to the acquisition of 99.4% interest in K4 LLC which holds T Tower.

- (12) Income tax comprises withholding tax expense in relation to the income from the Group's investments in Australia and South Korea.

For 1H2019, this also included tax of 17% on the rental support top-up payments received by Keppel REIT in 1Q2019 for its one-third interest in CBDPL.

- (13) Please refer to note 8 of paragraph 1(b)(i) (page 7).

- (14) Non-controlling interests comprise Allianz Real Estate's 20% interest and Avan Investments Pte. Ltd.'s ("AIPL") 0.1% interest in Ocean Properties LLP's ("OPLLP") partnership profit, and Keppel Capital Investment Holdings Pte. Ltd.'s ("KCIH") 0.6% interest in K4 LLC's net profit after tax.

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

	<u>Group</u>			
	<b>2Q2020</b>	<b>2Q2019</b>	<b>1H2020</b>	<b>1H2019</b>
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	11,436	11,899	22,831	23,883
Trustee fees	296	306	591	604
Amortisation of intangible asset and capitalised transaction costs	256	1,130	678	4,127
Temporary differences and other adjustments	(7,840)	15,832	980	15,514
Capital gains distribution	5,000	3,000	10,000	6,000
	<u>9,148</u>	<u>32,167</u>	<u>35,080</u>	<u>50,128</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.

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

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

**Statement of Comprehensive Income**

	<b>2Q2020</b>	<b>2Q2019</b>	<u>Group</u>			
			\$'000	\$'000	+ / (-) %	<b>1H2020</b>
				\$'000	\$'000	
<b>Profit after tax</b>	<b>43,705</b>	<b>20,390</b>	<b>114.3</b>	<b>70,703</b>	<b>55,025</b>	<b>28.5</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	30,441	(6,679)	NM	12,656	(51,938)	NM
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	(10,131)	(10,264)	(1.3)	(20,110)	(4,755)	322.9
Share of net change in fair value of cash flow hedges of associates	(11,545)	(1,778)	NM	(15,067)	(917)	NM
<b>Other comprehensive income for the period</b>	<b>8,765</b>	<b>(18,721)</b>	<b>NM</b>	<b>(22,521)</b>	<b>(57,610)</b>	<b>(60.9)</b>
<b>Total comprehensive income for the period</b>	<b>52,470</b>	<b>1,669</b>	<b>NM</b>	<b>48,182</b>	<b>(2,585)</b>	<b>NM</b>
<b>Attributable to:</b>						
Unitholders	47,584	(2,956)	NM	38,525	(12,870)	NM
Perpetual securities holders	1,857	1,863	(0.3)	3,715	3,704	0.3
Non-controlling interests	3,029	2,762	9.7	5,942	6,581	(9.7)
	<u>52,470</u>	<u>1,669</u>	<b>NM</b>	<u>48,182</u>	<u>(2,585)</u>	<b>NM</b>

NM – Not meaningful

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

**Balance Sheets**

Note	Group			Trust				
	30/06/2020	31/12/2019	+ / (-)	30/06/2020	31/12/2019	+ / (-)		
	\$'000	\$'000	%	\$'000	\$'000	%		
<b>Non-current assets</b>								
	Investment properties	1	3,771,179	3,730,320	1.1	-	-	-
	Investments in subsidiaries		-	-	-	1,473,781	1,473,781	-
	Investments in associates	2	2,505,531	2,520,669	(0.6)	2,023,195	2,023,195	-
	Advances to associates		618,937	618,145	0.1	618,937	618,145	0.1
	Investments in joint ventures	3	445,959	437,833	1.9	-	-	-
	Amounts owing by subsidiaries		-	-	-	1,190,492	1,148,157	3.7
	Fixed assets		76	79	(3.8)	-	-	-
	Derivative financial instruments	4	51	-	100.0	51	-	100.0
	<b>Total non-current assets</b>		<b>7,341,733</b>	<b>7,307,046</b>	<b>0.5</b>	<b>5,306,456</b>	<b>5,263,278</b>	<b>0.8</b>
<b>Current assets</b>								
	Trade and other receivables	5	40,411	16,160	150.1	62,483	21,297	193.4
	Prepaid expenses		562	262	114.5	10	8	25.0
	Cash and bank balances		98,656	124,841	(21.0)	21,893	65,297	(66.5)
	Derivative financial instruments	4	351	1,054	(66.7)	351	1,054	(66.7)
	<b>Total current assets</b>		<b>139,980</b>	<b>142,317</b>	<b>(1.6)</b>	<b>84,737</b>	<b>87,656</b>	<b>(3.3)</b>
	<b>Total assets</b>		<b>7,481,713</b>	<b>7,449,363</b>	<b>0.4</b>	<b>5,391,193</b>	<b>5,350,934</b>	<b>0.8</b>
<b>Current liabilities</b>								
	Trade and other payables		42,325	52,885	(20.0)	19,514	31,852	(38.7)
	Income received in advance		1,660	278	497.1	-	-	-
	Borrowings	6	143,467	99,924	43.6	-	-	-
	Security deposits		5,279	4,397	20.1	-	-	-
	Derivative financial instruments	4	5,321	976	445.2	3,715	650	471.5
	Provision for taxation		863	1,230	(29.8)	225	420	(46.4)
	<b>Total current liabilities</b>		<b>198,915</b>	<b>159,690</b>	<b>24.6</b>	<b>23,454</b>	<b>32,922</b>	<b>(28.8)</b>
<b>Non-current liabilities</b>								
	Borrowings	7	2,032,725	2,021,540	0.6	1,559,877	1,503,587	3.7
	Derivative financial instruments	4	31,816	17,931	77.4	24,689	16,135	53.0
	Security deposits		33,666	34,989	(3.8)	-	-	-
	Deferred tax liabilities		51,420	51,433	(0.03)	-	-	-
	<b>Total non-current liabilities</b>		<b>2,149,627</b>	<b>2,125,893</b>	<b>1.1</b>	<b>1,584,566</b>	<b>1,519,722</b>	<b>4.3</b>
	<b>Total liabilities</b>		<b>2,348,542</b>	<b>2,285,583</b>	<b>2.8</b>	<b>1,608,020</b>	<b>1,552,644</b>	<b>3.6</b>
	<b>Net assets</b>		<b>5,133,171</b>	<b>5,163,780</b>	<b>(0.6)</b>	<b>3,783,173</b>	<b>3,798,290</b>	<b>(0.4)</b>
Represented by:								
	<b>Unitholders' funds</b>		<b>4,555,511</b>	<b>4,584,849</b>	<b>(0.6)</b>	<b>3,633,483</b>	<b>3,648,589</b>	<b>(0.4)</b>
	<b>Perpetual securities</b>	8	<b>149,690</b>	<b>149,701</b>	<b>(0.01)</b>	<b>149,690</b>	<b>149,701</b>	<b>(0.01)</b>
	<b>Non-controlling interests</b>	9	<b>427,970</b>	<b>429,230</b>	<b>(0.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>
			<b>5,133,171</b>	<b>5,163,780</b>	<b>(0.6)</b>	<b>3,783,173</b>	<b>3,798,290</b>	<b>(0.4)</b>
	Net asset value per unit (\$)		1.34	1.36		1.07	1.08	

**Notes:**

- (1) The increase in investment properties is due mainly to progress payments made for the office tower being developed at 311 Spencer Street and translation differences arising from the Australian investment properties. On 17 July 2020, Keppel REIT Management Limited announced that 311 Spencer Street received its Certificate of Practical Completion which is effective from 9 July 2020.
- (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) These relate to the fair value of the foreign currency forward contracts entered into in relation to the income from the Group's investments in Australia and South Korea, and the fair value of interest rate and cross currency swaps entered into by the Group.
- (5) Included in the balances are dividend and distribution receivables from associates and joint ventures of \$23.6 million (31 December 2019: \$2.1 million).
- (6) This relates to gross borrowings of \$143.5 million due in 1H2021. There are sufficient loan facilities available to refinance the borrowings when they fall due.
- (7) On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal of Convertible Bonds due 10 April 2024 ("Convertible Bonds"). As at 30 June 2020, borrowings included the liability component of the Convertible Bonds amounting to \$191.5 million (31 December 2019: \$190.5 million), which was measured at amortised cost.
- (8) 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.
- (9) 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 0.6% interest in the net assets of K4 LLC.

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

	<u>Group</u>	
	As at 30/06/2020	As at 31/12/2019
	\$'000	\$'000
<b>Secured borrowings</b>		
Amount repayable after one year	619,352	621,448
Less: Unamortised portion of fees	(1,264)	(1,381)
	<b>618,088</b>	<b>620,067</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	143,504	100,000
Amount repayable after one year	1,418,256	1,405,443
Less: Unamortised portion of fees	(3,656)	(4,046)
	<b>1,558,104</b>	<b>1,501,397</b>
<b>Total net borrowings</b>	<b>2,176,192</b>	<b>2,121,464</b>

**Details of Collaterals**

The Group has mortgaged certain investment properties of an aggregate amount of \$1,082.3 million (31 December 2019: \$1,084.8 million) as securities for loan facilities granted.

As at 30 June 2020, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,189.6 million and undrawn facilities of \$938.5 million available to meet its future obligations. The all-in interest rate was 2.48% per annum for the period ended 30 June 2020.



1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		2Q2020	2Q2019	1H2020	1H2019
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Profit before tax		45,135	21,703	73,894	57,823
Adjustments for:					
Interest income		(4,544)	(7,030)	(10,478)	(14,324)
Amortisation expense		-	-	-	2,549
Share of results of associates		(21,489)	(19,831)	(40,505)	(39,102)
Share of results of joint ventures		(6,783)	(7,125)	(13,686)	(14,297)
Borrowing costs		12,287	17,159	25,188	32,292
Management fees paid and/or payable in units		11,436	11,899	22,831	23,883
Net change in fair value of derivatives		(8,221)	5,496	(1,227)	4,282
Depreciation		1	1	3	3
Rental support income		-	-	-	(2,690)
Unrealised currency translation differences		(1,774)	(1,423)	(1,548)	1,134
		<b>26,048</b>	<b>20,849</b>	<b>54,472</b>	<b>51,553</b>
<b>Operating cash flows before changes in working capital</b>					
Decrease/(increase) in receivables		239	(6,217)	(2,891)	(4,751)
(Decrease)/increase in payables		(67)	11,033	(3,578)	4,566
Increase in security deposits		154	21	394	751
Cash flows from operations		26,374	25,686	48,397	52,119
Income taxes paid		(1,749)	(1,587)	(3,549)	(3,008)
		<b>24,625</b>	<b>24,099</b>	<b>44,848</b>	<b>49,111</b>
<b>Net cash flows provided by operating activities</b>					
<b>Investing activities</b>					
Net cash outflow on acquisition of a subsidiary		-	(150,992)	-	(150,992)
Progress payments on investment property under development		(7,803)	(21,680)	(23,775)	(40,858)
Subsequent expenditure on investment properties		(4,830)	(9,305)	(7,446)	(12,178)
Purchase of fixed assets		-	(5)	-	(5)
Interest received		4,584	7,042	10,510	14,402
Rental support received		-	-	-	2,690
Advance to an associate		-	-	(792)	-
Reimbursement of development costs for one-third interest in an associate		-	-	-	757
Settlement of accrued development costs for 99.9% interest in a subsidiary		-	-	-	(4,429)
Distribution income received from joint ventures		6,159	6,333	12,711	12,685
Dividend and distribution income received from associates		19,090	19,329	19,090	19,329
Final settlement of divestment of partial interest in a subsidiary		(489)	-	(489)	-
		<b>16,711</b>	<b>(149,278)</b>	<b>9,809</b>	<b>(158,599)</b>
<b>Net cash flows provided by/(used in) investing activities</b>					
<b>Financing activities</b>					
Distribution to Unitholders	1	(47,317)	(47,319)	(94,452)	(93,469)
Proceeds from issuance of convertible bonds		-	200,000	-	200,000
Distribution to perpetual securities holders		(3,726)	(3,704)	(3,726)	(3,704)
Purchase of units		-	(11,966)	(1,548)	(18,836)
Loans drawdown		305,699	135,619	526,114	354,165
Repayment of loans		(283,202)	(131,610)	(476,519)	(446,548)
Payment of financing expenses/upfront debt arrangement costs		(250)	(1,764)	(520)	(1,869)
Interest paid		(10,863)	(14,337)	(23,034)	(28,495)
Issue expenses for convertible bonds		-	(2,025)	-	(2,025)
Distribution of profits to non-controlling interests		(3,531)	(3,436)	(7,291)	(3,436)
		<b>(43,190)</b>	<b>119,458</b>	<b>(80,976)</b>	<b>(44,217)</b>
<b>Net cash flows (used in)/provided by financing activities</b>					
<b>Net decrease in cash and cash equivalents</b>					
Cash and cash equivalents at the beginning of period		88,106	104,972	113,770	255,807
Effect of exchange rate changes on cash and cash equivalents		1,871	(537)	672	(3,388)
		<b>88,123</b>	<b>98,714</b>	<b>88,123</b>	<b>98,714</b>
<b>Cash and cash equivalents at the end of period</b>					
<b>Comprising:</b>					
Cash and bank balances		98,656	109,739	98,656	109,739
Less: Restricted cash and bank balances	2	(10,533)	(11,025)	(10,533)	(11,025)
		<b>88,123</b>	<b>98,714</b>	<b>88,123</b>	<b>98,714</b>
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>					

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

**Notes:**

- (1) Distribution paid to Unitholders in 1H2020 was for the period of 1 October 2019 to 31 December 2019, paid on 28 February 2020, and 1 January 2020 to 31 March 2020, paid on 29 May 2020.

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.

- (2) This relates to tenant security deposits held in designated accounts for T Tower.

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

<u>Group</u>	<u>Note</u>	<u>Units in Issue</u>	<u>Treasury Units</u>	<u>Accumulated Profits</u>	<u>Foreign Currency 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	\$'000
<b>At 1 January 2020</b>		<b>3,524,983</b>	<b>-</b>	<b>1,180,203</b>	<b>(120,275)</b>	<b>(14,321)</b>	<b>14,259</b>	<b>4,584,849</b>	<b>149,701</b>	<b>429,230</b>	<b>5,163,780</b>
Profit for the period		-	-	21,385	-	-	-	21,385	1,858	3,755	26,998
Other comprehensive income	1	-	-	-	(17,780)	(12,664)	-	(30,444)	-	(842)	(31,286)
Total comprehensive income		-	-	21,385	(17,780)	(12,664)	-	(9,059)	1,858	2,913	(4,288)
Issue of units for payment of management fees	2	18,186	-	-	-	-	-	18,186	-	-	18,186
Purchase of units	3	-	(1,548)	-	-	-	-	(1,548)	-	-	(1,548)
Cancellation of treasury units	3	(1,548)	1,548	-	-	-	-	-	-	-	-
Distribution to Unitholders		-	-	(47,135)	-	-	-	(47,135)	-	-	(47,135)
Distribution of profits to non-controlling interests		-	-	-	-	-	-	-	-	(3,760)	(3,760)
<b>At 31 March 2020</b>		<b>3,541,621</b>	<b>-</b>	<b>1,154,453</b>	<b>(138,055)</b>	<b>(26,985)</b>	<b>14,259</b>	<b>4,545,293</b>	<b>151,559</b>	<b>428,383</b>	<b>5,125,235</b>
Profit for the period		-	-	38,317	-	-	-	38,317	1,857	3,531	43,705
Other comprehensive income	1	-	-	-	30,451	(21,184)	-	9,267	-	(502)	8,765
Total comprehensive income		-	-	38,317	30,451	(21,184)	-	47,584	1,857	3,029	52,470
Issue of units for payment of management fees	2	9,512	-	-	-	-	-	9,512	-	-	9,512
Final settlement of divestment of partial interest in a subsidiary	4	-	-	439	-	-	-	439	-	89	528
Distribution to Unitholders		-	-	(47,317)	-	-	-	(47,317)	-	-	(47,317)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(3,726)	-	(3,726)
Distribution of profits to non-controlling interests		-	-	-	-	-	-	-	-	(3,531)	(3,531)
<b>At 30 June 2020</b>		<b>3,551,133</b>	<b>-</b>	<b>1,145,892</b>	<b>(107,604)</b>	<b>(48,169)</b>	<b>14,259</b>	<b>4,555,511</b>	<b>149,690</b>	<b>427,970</b>	<b>5,133,171</b>

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

Group	Note	Foreign Currency									Total
		Units in Issue	Treasury Units	Accumulated Profits	Translation Reserve	Hedging Reserve	Other Reserves	Unitholders' Funds	Perpetual Securities	Non-Controlling Interests	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2019</b>		<b>3,557,767</b>	-	<b>1,248,549</b>	<b>(46,418)</b>	<b>(5,835)</b>	<b>3,222</b>	<b>4,757,285</b>	<b>149,701</b>	<b>428,610</b>	<b>5,335,596</b>
Profit for the period		-	-	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	5	19,373	-	-	-	-	-	19,373	-	-	19,373
Purchase of units	6	-	(6,870)	-	-	-	-	(6,870)	-	-	(6,870)
Cancellation of treasury units	6	(6,870)	6,870	-	-	-	-	-	-	-	-
Distribution to Unitholders		-	-	(46,150)	-	-	-	(46,150)	-	-	(46,150)
Distribution of profits to non-controlling interest		-	-	-	-	-	-	-	-	(3,436)	(3,436)
<b>At 31 March 2019</b>		<b>3,570,270</b>	-	<b>1,231,757</b>	<b>(91,677)</b>	<b>152</b>	<b>3,222</b>	<b>4,713,724</b>	<b>151,542</b>	<b>428,993</b>	<b>5,294,259</b>
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	5	9,931	-	-	-	-	-	9,931	-	-	9,931
Purchase of units	6	-	(11,966)	-	-	-	-	(11,966)	-	-	(11,966)
Cancellation of treasury units	6	(11,966)	11,966	-	-	-	-	-	-	-	-
Issuance of convertible bonds	7	-	-	-	-	-	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 profits to non-controlling interests		-	-	-	-	-	-	-	-	(3,405)	(3,405)
<b>At 30 June 2019</b>		<b>3,568,235</b>	-	<b>1,199,564</b>	<b>(98,356)</b>	<b>(11,251)</b>	<b>14,259</b>	<b>4,672,451</b>	<b>149,701</b>	<b>429,316</b>	<b>5,251,468</b>

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 14,830,218 and 10,544,938 units issued in 1Q2020 and 2Q2020 respectively as payment of management fees in units.
- (3) The Trust purchased 1,813,500 units from the open market in 1Q2020 which were subsequently cancelled.
- (4) This is an adjustment to the gain on divestment recognised in equity in FY2018 for the divestment of 20% interest in OPLLP to Allianz Real Estate. The adjustment was made upon final settlement with the purchaser.
- (5) This represents 16,565,482 and 7,921,556 units issued in 1Q2019 and 2Q2019 respectively as payment of management fees in units.
- (6) The Trust purchased 5,750,000 and 9,740,000 units from the open market in 1Q2019 and 2Q2019 respectively which were subsequently cancelled.
- (7) This relates to the value of options granted to holders of the Convertible Bonds to convert their bonds into new Units.

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

<u>Trust</u>	Note	<u>Units in</u>	<u>Treasury</u>	<u>Accumulated</u>	<u>Hedging</u>	<u>Other</u>	<u>Unitholders'</u>	<u>Perpetual</u>	<u>Total</u>
		<u>Issue</u>	<u>Units</u>	<u>Profits</u>	<u>Reserve</u>	<u>Reserves</u>	<u>Funds</u>	<u>Securities</u>	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2020</b>		<b>3,524,983</b>	-	<b>118,459</b>	<b>(5,890)</b>	<b>11,037</b>	<b>3,648,589</b>	<b>149,701</b>	<b>3,798,290</b>
Profit for the period		-	-	6,795	-	-	6,795	1,858	8,653
Other comprehensive income	1	-	-	-	(5,861)	-	(5,861)	-	(5,861)
Total comprehensive income		-	-	6,795	(5,861)	-	934	1,858	2,792
Issue of units for payment of management fees	2	18,186	-	-	-	-	18,186	-	18,186
Purchase of units	3	-	(1,548)	-	-	-	(1,548)	-	(1,548)
Cancellation of treasury units	3	(1,548)	1,548	-	-	-	-	-	-
Distribution to Unitholders		-	-	(47,135)	-	-	(47,135)	-	(47,135)
<b>At 31 March 2020</b>		<b>3,541,621</b>	-	<b>78,119</b>	<b>(11,751)</b>	<b>11,037</b>	<b>3,619,026</b>	<b>151,559</b>	<b>3,770,585</b>
Profit for the period		-	-	60,058	-	-	60,058	1,857	61,915
Other comprehensive income	1	-	-	-	(7,796)	-	(7,796)	-	(7,796)
Total comprehensive income		-	-	60,058	(7,796)	-	52,262	1,857	54,119
Issue of units for payment of management fees	2	9,512	-	-	-	-	9,512	-	9,512
Distribution to Unitholders		-	-	(47,317)	-	-	(47,317)	-	(47,317)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,726)	(3,726)
<b>At 30 June 2020</b>		<b>3,551,133</b>	-	<b>90,860</b>	<b>(19,547)</b>	<b>11,037</b>	<b>3,633,483</b>	<b>149,690</b>	<b>3,783,173</b>
<u>Trust</u>	Note	<u>Units in</u>	<u>Treasury</u>	<u>Accumulated</u>	<u>Hedging</u>	<u>Other</u>	<u>Unitholders'</u>	<u>Perpetual</u>	<u>Total</u>
		<u>Issue</u>	<u>Units</u>	<u>Profits</u>	<u>Reserve</u>	<u>Reserves</u>	<u>Funds</u>	<u>Securities</u>	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2019</b>		<b>3,557,767</b>	-	<b>243,467</b>	<b>(4,961)</b>	-	<b>3,796,273</b>	<b>149,701</b>	<b>3,945,974</b>
Profit for the period		-	-	(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	4	19,373	-	-	-	-	19,373	-	19,373
Purchase of units	5	-	(6,870)	-	-	-	(6,870)	-	(6,870)
Cancellation of treasury units	5	(6,870)	6,870	-	-	-	-	-	-
Distribution to Unitholders		-	-	(46,150)	-	-	(46,150)	-	(46,150)
<b>At 31 March 2019</b>		<b>3,570,270</b>	-	<b>190,800</b>	<b>(974)</b>	-	<b>3,760,096</b>	<b>151,542</b>	<b>3,911,638</b>
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	4	9,931	-	-	-	-	9,931	-	9,931
Purchase of units	5	-	(11,966)	-	-	-	(11,966)	-	(11,966)
Cancellation of treasury units	5	(11,966)	11,966	-	-	-	-	-	-
Issuance of convertible bonds	6	-	-	-	-	11,037	11,037	-	11,037
Distribution to Unitholders		-	-	(47,319)	-	-	(47,319)	-	(47,319)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	(3,704)
<b>At 30 June 2019</b>		<b>3,568,235</b>	-	<b>153,868</b>	<b>(8,442)</b>	<b>11,037</b>	<b>3,724,698</b>	<b>149,701</b>	<b>3,874,399</b>

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

**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 14,830,218 and 10,544,938 units issued in 1Q2020 and 2Q2020 respectively as payment of management fees in units.
- (3) The Trust purchased 1,813,500 units from the open market in 1Q2020 which were subsequently cancelled.
- (4) This represents 16,565,482 and 7,921,556 units issued in 1Q2019 and 2Q2019 respectively as payment of management fees in units.
- (5) The Trust purchased 5,750,000 and 9,740,000 units from the open market in 1Q2019 and 2Q2019 respectively which were subsequently cancelled.
- (6) This relates to the value of options granted to holders of the Convertible Bonds to convert their bonds into new units.

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

	<u>Group and Trust</u>	
	<b>2020</b>	<b>2019</b>
	<b>Units</b>	<b>Units</b>
<b>Issued units as at 1 January</b>	<b>3,366,800,000</b>	<b>3,393,398,818</b>
Issue of new units:		
- Payment of management fees	14,830,218	16,565,482
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(1,813,500)	(5,750,000)
<b>Issued units as at 31 March</b>	<b>3,379,816,718</b>	<b>3,404,214,300</b>
Issue of new units:		
- Payment of management fees	10,544,938	7,921,556
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	-	(9,740,700)
<b>Issued units as at 30 June</b>	<b>3,390,361,656</b>	<b>3,402,395,156</b>

As at 30 June 2020, 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 \$1.4278 per Unit, the number of new Units issued would be 140,075,641, representing approximately 4.1% of the total number of Units in issue as at 30 June 2020.

### 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 2020 and 31 December 2019.

Total number of issued units in Keppel REIT as at 30 June 2020 and 31 December 2019 were 3,390,361,656 and 3,366,800,000 respectively.

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

	<u>Group and Trust</u>	
	<b>2020 Units</b>	<b>2019 Units</b>
<b>Treasury units as at 1 January</b>	-	-
- Purchase of units	1,813,500	5,750,000
- Cancellation of treasury units	(1,813,500)	(5,750,000)
<b>Treasury units as at 31 March</b>	-	-
- Purchase of units	-	9,740,700
- Cancellation of treasury units	-	(9,740,700)
<b>Treasury units as at 30 June</b>	-	-

**2. AUDIT**

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

**3. AUDITORS' REPORT**

Not applicable.

**4. ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on 1 January 2020.

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.

## 6. CONSOLIDATED EARNINGS PER UNIT (“EPU”) AND DISTRIBUTION PER UNIT (“DPU”)

	<u>Group</u>			
	2Q2020	2Q2019	1H2020	1H2019
<b>Basic EPU</b>				
Based on profit after tax	1.12 cents	0.44 cents	1.77 cents	1.31 cents
- Weighted average number of Units during the period	3,428,076,916	3,405,105,755	3,381,546,990	3,403,150,617
<b>Diluted EPU<sup>1</sup></b>				
Based on profit after tax	1.07 cents	0.40 cents	1.74 cents	1.26 cents
- Weighted average number of units during the period (diluted)	3,568,152,556	3,466,719,355	3,521,622,630	3,434,127,620
<b>DPU<sup>2</sup></b>				
- Number of units in issue as at the end of the period	3,390,361,656	3,402,395,156	3,390,361,656	3,402,395,156

### Notes:

- (1) Based on the weighted average number of units during the period, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to units.
- (2) 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 July 2020 and the record date, 28 July 2020.

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

	<u>Group</u>		<u>Trust</u>	
	As at 30/06/2020	As at 31/12/2019	As at 30/06/2020	As at 31/12/2019
NAV per unit (\$)	1.34	1.36	1.07	1.08
NTA per unit (\$) based on number of units in issue at the end of the period/year	1.34	1.36	1.07	1.08
Adjusted NAV per unit (\$)	1.33	1.35	1.06	1.07
Adjusted NTA per unit (\$) based on number of units in issue at the end of the period/year (excluding the distributable income)	1.33	1.35	1.06	1.07

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)

	Group			Group		
	2Q2020	2Q2019	+ / (-)	1H2020	1H2019	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Property</b>						
Bugis Junction Towers <sup>1</sup>	-	4,021	(100.0)	-	10,086	(100.0)
Ocean Financial Centre	25,376	26,104	(2.8)	52,296	51,767	1.0
275 George Street	3,223	3,923	(17.8)	6,607	7,514	(12.1)
8 Exhibition Street <sup>2</sup>	3,883	4,267	(9.0)	8,032	8,965	(10.4)
T Tower <sup>3</sup>	4,290	1,598	168.5	8,552	1,598	435.2
<b>Total property income of directly held properties</b>	<b>36,772</b>	<b>39,913</b>	<b>(7.9)</b>	<b>75,487</b>	<b>79,930</b>	<b>(5.6)</b>
<b>(excluding property income contribution from associates and joint ventures)</b>						

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

	Group			Group		
	2Q2020	2Q2019	+ / (-)	1H2020	1H2019	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Property</b>						
Bugis Junction Towers <sup>1</sup>	-	3,006	(100.0)	-	8,003	(100.0)
Ocean Financial Centre	20,283	20,860	(2.8)	41,759	41,046	1.7
275 George Street	2,404	2,977	(19.2)	4,861	5,651	(14.0)
8 Exhibition Street <sup>2</sup>	2,590	2,901	(10.7)	5,448	6,355	(14.3)
T Tower <sup>3</sup>	3,537	1,319	168.2	6,911	1,319	424.0
<b>Total net property income of directly held properties</b>	<b>28,814</b>	<b>31,063</b>	<b>(7.2)</b>	<b>58,979</b>	<b>62,374</b>	<b>(5.4)</b>
One-third interest in ORQPL <sup>4</sup> :						
- Interest income	384	528	(27.3)	866	1,127	(23.2)
- Dividend income	6,395	5,612	14.0	11,602	11,186	3.7
<b>Total income</b>	<b>6,779</b>	<b>6,140</b>	<b>10.4</b>	<b>12,468</b>	<b>12,313</b>	<b>1.3</b>
One-third interests in BFCDLLP <sup>5</sup> and CBDPL <sup>5</sup> :						
- Rental support	-	-	-	-	2,690	(100.0)
- Interest income	4,023	5,890	(31.7)	9,267	11,711	(20.9)
- Dividend and distribution income	15,091	14,217	6.1	28,974	27,972	3.6
<b>Total income</b>	<b>19,114</b>	<b>20,107</b>	<b>(4.9)</b>	<b>38,241</b>	<b>42,373</b>	<b>(9.8)</b>
50% interest in M8CT <sup>6</sup> :						
- Distribution income	2,994	3,130	(4.3)	6,362	6,214	2.4
50% interest in MOTT <sup>7</sup> :						
- Distribution income	3,130	3,196	(2.1)	6,296	6,399	(1.6)
<b>Total income contribution of the portfolio</b>	<b>60,831</b>	<b>63,636</b>	<b>(4.4)</b>	<b>122,346</b>	<b>129,673</b>	<b>(5.7)</b>
Less: Income contribution attributable to non-controlling interests						
- Ocean Financial Centre <sup>8</sup>	(4,077)	(4,193)	(2.8)	(8,394)	(8,250)	1.7
- T Tower <sup>9</sup>	(22)	(8)	175.0	(43)	(8)	437.5
<b>Total income contribution attributable to unitholders</b>	<b>56,732</b>	<b>59,435</b>	<b>(4.5)</b>	<b>113,909</b>	<b>121,415</b>	<b>(6.2)</b>

#### 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) T Tower was acquired on 27 May 2019.
- (4) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (5) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (6) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (7) Comprises 50% interest in MOTT which holds the David Malcolm Justice Centre.
- (8) Represents interest of 20.1% in Ocean Financial Centre ("OFC").
- (9) Represents interest of 0.6% in T Tower.

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

### Review of Performance for 1H2020 vs 1H2019

Property income and net property income for 1H2020 were \$75.5 million and \$59.0 million respectively. These were lower as compared to the property income and net property income of \$79.9 million and \$62.4 million respectively for 1H2019. The decrease was mainly attributable to lower one-off income, rental waivers given to eligible tenants, lower property income and net property income from 275 George Street and 8 Exhibition Street, and absence of property income and net property income from Bugis Junction Towers after it was divested on 29 November 2019. This was partially offset by higher property income and net property income from Ocean Financial Centre and income contribution from T Tower which was acquired on 27 May 2019.

The Group's profit before tax for 1H2020 was \$73.9 million, higher as compared to \$57.8 million for 1H2019. The increase was mainly attributable to higher income contribution from T Tower, higher net property income from Ocean Financial Centre, higher share of results of associates, lower trust expenses, lower borrowing costs and favourable foreign exchange differences and net change in fair value of derivatives. This was partially offset by lower net property income from 275 George Street and 8 Exhibition Street, absence of net property income from Bugis Junction Towers, lower interest income and lower share of results of joint ventures.

### Review of Performance for 2Q2020 vs 2Q2019

Property income and net property income for 2Q2020 were \$36.8 million and \$28.8 million respectively. These were lower compared to the property income and net property income of \$39.9 million and \$31.1 million respectively for 2Q2019. The decrease was mainly attributable to rental waivers given to eligible tenants, lower property income and net property income from Ocean Financial Centre, 275 George Street and 8 Exhibition Street, and absence of property income and net property income from Bugis Junction Towers after it was divested on 29 November 2019. This was partially offset by income contribution from T Tower which was acquired on 27 May 2019.

The Group's profit before tax for 2Q2020 was \$45.1 million, higher as compared to \$21.7 million for 2Q2019. The increase was mainly attributable to income contribution from T Tower, higher share of results of associates, lower borrowing costs, lower trust expenses, favourable foreign exchange differences and net change in fair value of derivatives. This was partially offset by absence of net property income from Bugis Junction Towers, lower net property income from Ocean Financial Centre, 275 George Street and 8 Exhibition Street, lower interest income and lower share of results of joint ventures.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

According to CBRE, Singapore average Grade A office rents registered a decrease in 2Q2020, from \$11.50 psf pm to \$11.15 psf pm. Average occupancy decreased during the quarter from 95.4% as at end March 2020 to 94.4% as at end June 2020.

In Australia, JLL Research reported a slight decrease in the national CBD office market occupancy from 91.7% as at end December 2019 to 91.6% as at end March 2020. In Seoul, JLL Research observed an improvement in CBD Grade A occupancy from 90.7% as at end December 2019 to 91.2% as at end March 2020.

The COVID-19 pandemic continues to present unprecedented challenges to the business community. Its impact on the global economy is yet to be fully determined. The Manager remains focused on maintaining stable and sustainable distributions to Unitholders, and achieving long-term growth. Keppel REIT's high portfolio committed occupancy, long WALE and established tenants from diversified sectors will continue to support the REIT's income resilience.

## 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.

In view of the COVID-19 outbreak, the Manager has activated business continuity plans at all properties in compliance with measures and advisories issued by the respective governments of the countries Keppel REIT is invested in. This includes ensuring a clean and safe environment for returning tenants, and a well-maintained building infrastructure for tenants who continue to engage with their workforce outside the office.

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

## 12. DISTRIBUTIONS

### (a) Current Financial Period Reported on

Name of Distribution	1 April 2020 to 30 June 2020
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution rate	(a) Taxable income distribution - 0.74 cents per unit (b) Tax-exempt income distribution - 0.51 cents per unit (c) Capital gains distribution - 0.15 cents per unit  The above Distribution per Unit is computed based on 3,390,361,656 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 Record Date. The actual quantum of the Distribution per Unit may therefore differ from the above Distribution per Unit if any of the Convertible Bonds is converted into Units on or prior to the Record Date. Any change to the above Distribution per Unit will be announced on 28 July 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 non-resident 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 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 (b) 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 and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.</p>

**(c) Record Date**

28 July 2020

**(d) Date Payable**

28 August 2020

### 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	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
		1H2020 \$'000	1H2019 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u> - Manager's management fees - Acquisition fee - Property management and asset management fees and reimbursables - Leasing commissions - Rental support - Settlement of accrued development costs for 87.51% interest in a subsidiary <sup>1</sup> - Settlement of accrued development costs for one-third interest in an associate - Entry into a joint venture agreement in connection with the acquisition of a subsidiary - Purchase of services from a related company	Keppel Corporation Limited is a "controlling Unitholder" of the REIT and a "controlling shareholder" of the REIT Manager under the Listing Manual of the Singapore Exchange Securities Trading Limited and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.	22,831 - 2,275 427 - - - -	23,883 2,933 2,451 2,063 2,690 3,879 5,516 154,628 208
<u>RBC Investor Services Trust Singapore Limited</u> - Trustee fees	Trustee of the REIT	591	604

(1) This excludes the settlement of accrued development costs for the 12.4% interest in the same subsidiary as the vendor of the 12.4% 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**

TAN WEIQIANG MARC  
Company Secretary  
20 July 2020

**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 2020 financial statements of Keppel REIT to be false or misleading in any material respect.

**On Behalf of the Board**

PENNY GOH  
Chairman

20 July 2020



CHRISTINA TAN  
Director