

**KEPPEL REIT
FIRST QUARTER 2020 FINANCIAL STATEMENTS ANNOUNCEMENT
UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2020****TABLE OF CONTENTS**

	Page	
-	INTRODUCTION	2
-	SUMMARY OF KEPPEL REIT RESULTS	2
1(a)(i)	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND DISTRIBUTION STATEMENT	3
1(a)(ii)	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
1(b)(i)	BALANCE SHEETS	6
1(b)(ii)	AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	8
1(c)	CONSOLIDATED STATEMENT OF CASH FLOWS	9
1(d)(i)	STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS	11
1(d)(ii)	DETAILS OF CHANGES IN THE UNITS	13
1(d)(iii)	TOTAL NUMBER OF ISSUED UNITS	13
1(d)(iv)	SALES, TRANSFERS, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY UNITS	13
2	AUDIT	13
3	AUDITORS' REPORT	13
4	ACCOUNTING POLICIES	13
5	CHANGES IN ACCOUNTING POLICIES	14
6	CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT	14
7	NET ASSET VALUE AND NET TANGIBLE ASSET PER UNIT	14
8	REVIEW OF PERFORMANCE	15
9	VARIANCE FROM FORECAST STATEMENT	16
10	PROSPECTS	16
11	RISK FACTORS AND RISK MANAGEMENT	17
12	DISTRIBUTIONS	18
13	DISTRIBUTION STATEMENT	20
14	INTERESTED PERSON TRANSACTIONS	20
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)	20
	CONFIRMATION BY THE BOARD	22

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 31 March 2020, 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 (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 (99.4% 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 QUARTER ENDED 31 MARCH 2020

	GROUP	
	1Q2020 \$'000	1Q2019 \$'000
Property income	38,715	40,017
Net property income	30,165	31,311
Share of results of associates	19,016	19,271
Share of results of joint ventures	6,903	7,172
Income available for distribution	47,317	47,319
Distribution to Unitholders ²	47,317 ³	47,319 ³
Distribution per Unit ("DPU") (cents) for the period	1.40 ⁴	1.39
Distribution yield (%)	5.9% ⁵	4.5% ⁶

Notes:

- (1) Includes 311 Spencer Street in Melbourne, which is under development.
- (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 \$3.0 million for 1Q2020 and 1Q2019 respectively.
- (4) DPU for 1Q2020 is computed based on units in issue as at 31 March 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 April 2020 and the record date, 30 April 2020.
- (5) Based on an annualised DPU and the market closing price per Unit of \$0.95 as at 31 March 2020.
- (6) 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 QUARTER ENDED 31 MARCH 2020

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the quarter ended 31 March 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		+/(-) %
		1Q2020 \$'000	1Q2019 \$'000	
Gross rent		36,593	36,135	1.3
Car park income		891	849	4.9
Other income	1	1,231	3,033	(59.4)
Property income		38,715	40,017	(3.3)
Property tax		(2,765)	(3,199)	(13.6)
Other property expenses	2	(4,538)	(4,417)	2.7
Property management fee	3	(1,247)	(1,090)	14.4
Property expenses		(8,550)	(8,706)	(1.8)
Net property income		30,165	31,311	(3.7)
Rental support	4	-	2,690	(100.0)
Interest income	5	5,934	7,294	(18.6)
Share of results of associates	6	19,016	19,271	(1.3)
Share of results of joint ventures	7	6,903	7,172	(3.8)
Amortisation expense	8	-	(2,549)	(100.0)
Borrowing costs	9	(12,901)	(15,133)	(14.7)
Manager's management fees	10	(11,395)	(11,984)	(4.9)
Trust expenses		(1,877)	(470)	299.4
Net foreign exchange differences		(92)	(2,696)	(96.6)
Net change in fair value of derivatives		(6,994)	1,214	NM
Profit before tax		28,759	36,120	(20.4)
Income tax	11	(1,761)	(1,485)	18.6
Profit after tax		26,998	34,635	(22.0)
Attributable to:				
Unitholders		21,385	29,358	(27.2)
Perpetual securities holders	12	1,858	1,841	0.9
Non-controlling interests	13	3,755	3,436	9.3
		26,998	34,635	(22.0)
Distribution Statement				
Profit for the period attributable to Unitholders		21,385	29,358	(27.2)
Net tax and other adjustments	14	25,932	17,961	44.4
Income available for distribution		47,317	47,319	(0.01)
Distribution to Unitholders	15	47,317	47,319	(0.01)
Distribution per Unit (cents) for the period		1.40	1.39	0.7
Annualised/Actual Distribution per Unit¹ (cents)		5.60	5.58	0.4

(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 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>	
	1Q2020	1Q2019
	\$'000	\$'000
Marketing expenses	461	659
Utilities	966	702
Repair and maintenance	2,370	2,072
Property management reimbursements	407	510
Others	334	474
	<u>4,538</u>	<u>4,417</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:

	<u>Group</u>	
	1Q2020	1Q2019
	\$'000	\$'000
Interest income from fixed deposits and current accounts	208	874
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	5,726	6,420
	<u>5,934</u>	<u>7,294</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:

	<u>Group</u>	
	1Q2020	1Q2019
	\$'000	\$'000
Interest expense on borrowings	12,475	14,671
Amortisation of capitalised transaction costs	426	462
	<u>12,901</u>	<u>15,133</u>

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

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

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

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

- (13) 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.

For 1Q2019, non-controlling interests comprised Allianz Real Estate's 20% interest and AIPL's 0.1% interest in OPLLP partnership profit.

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

	<u>Group</u>	
	1Q2020	1Q2019
	\$'000	\$'000
Management fees paid and/or payable in units	11,395	11,984
Trustee's fees	295	298
Amortisation of intangible asset and capitalised transaction costs	422	2,996
Temporary differences and other adjustments	8,820	(317)
Capital gains distribution	5,000	3,000
	<u>25,932</u>	<u>17,961</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.

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

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

Statement of Comprehensive Income

	<u>Group</u>		
	1Q2020	1Q2019	+ / (-)
	\$'000	\$'000	%
Profit after tax	26,998	34,635	(22.0)
Other comprehensive income:			
Foreign currency translation	(17,785)	(45,259)	(60.7)
<u>Cash flow hedges:</u>			
Net change in fair value of cash flow hedges	(9,979)	5,509	NM
Share of net change in fair value of cash flow hedges of associates	(3,522)	861	NM
Other comprehensive income for the period	(31,286)	(38,889)	(19.6)
Total comprehensive income for the period	(4,288)	(4,254)	0.8
Attributable to:			
Unitholders	(9,059)	(9,914)	(8.6)
Perpetual securities holders	1,858	1,841	0.9
Non-controlling interests	2,913	3,819	(23.7)
	<u>(4,288)</u>	<u>(4,254)</u>	0.8

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			
	31/03/2020	31/12/2019	+ / (-)	31/03/2020	31/12/2019	+ / (-)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Non-current assets							
Investment properties	1	3,732,170	3,730,320	0.05	-	-	-
Investments in subsidiaries		-	-	-	1,473,781	1,473,781	-
Investments in associates	2	2,517,073	2,520,669	(0.1)	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	430,010	437,833	(1.8)	-	-	-
Amounts owing by subsidiaries		-	-	-	1,152,199	1,148,157	0.4
Fixed assets		77	79	(2.5)	-	-	-
Derivative financial instruments	4	180	-	100.0	180	-	100.0
Total non-current assets		7,298,447	7,307,046	(0.1)	5,268,292	5,263,278	0.1
Current assets							
Trade and other receivables	5	38,448	16,160	137.9	47,373	21,297	122.4
Prepaid expenses		283	262	8.0	45	8	462.5
Cash and bank balances		99,129	124,841	(20.6)	26,929	65,297	(58.8)
Derivative financial instruments	4	755	1,054	(28.4)	755	1,054	(28.4)
Total current assets		138,615	142,317	(2.6)	75,102	87,656	(14.3)
Total assets		7,437,062	7,449,363	(0.2)	5,343,394	5,350,934	(0.1)
Current liabilities							
Trade and other payables		41,657	52,885	(21.2)	19,166	31,852	(39.8)
Income received in advance		984	278	254.0	-	-	-
Borrowings	6	99,974	99,924	0.1	-	-	-
Security deposits		4,085	4,397	(7.1)	-	-	-
Derivative financial instruments	4	1,723	976	76.5	172	650	(73.5)
Provision for taxation		1,188	1,230	(3.4)	381	420	(9.3)
Total current liabilities		149,611	159,690	(6.3)	19,719	32,922	(40.1)
Non-current liabilities							
Borrowings	7	2,041,363	2,021,540	1.0	1,523,789	1,503,587	1.3
Derivative financial instruments	4	34,038	17,931	89.8	29,301	16,135	81.6
Security deposits		35,386	34,989	1.1	-	-	-
Deferred tax liabilities		51,429	51,433	(0.01)	-	-	-
Total non-current liabilities		2,162,216	2,125,893	1.7	1,553,090	1,519,722	2.2
Total liabilities		2,311,827	2,285,583	1.1	1,572,809	1,552,644	1.3
Net assets		5,125,235	5,163,780	(0.7)	3,770,585	3,798,290	(0.7)
Represented by:							
Unitholders' funds		4,545,293	4,584,849	(0.9)	3,619,026	3,648,589	(0.8)
Perpetual securities	8	151,559	149,701	1.2	151,559	149,701	1.2
Non-controlling interests	9	428,383	429,230	(0.2)	-	-	-
		5,125,235	5,163,780	(0.7)	3,770,585	3,798,290	(0.7)
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; offset by translation differences arising from the Australian investment properties.
- (2) This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates. ORQPL holds One Raffles Quay, and BFCDLLP and CBDPL hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (3) This relates to the 50% interests in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interests in MOTT and Mirvac (Old Treasury) Pty Limited. The properties held through M8CT and MOTT are 8 Chifley Square and the David Malcolm Justice Centre respectively.
- (4) 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 \$21.2 million (31 December 2019: \$2.1 million).
- (6) This relates to gross borrowings of \$100.0 million due in 2Q2020. The Manager has received commitments to refinance these 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 31 March 2020, borrowings included the liability component of the convertible bonds amounting to \$191.0 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

	Group	
	As at 31/3/2020	As at 31/12/2019
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	620,793	621,448
Less: Unamortised portion of fees	(1,275)	(1,381)
	619,518	620,067
Unsecured borrowings		
Amount repayable within one year	100,000	100,000
Amount repayable after one year	1,425,539	1,405,443
Less: Unamortised portion of fees	(3,720)	(4,046)
	1,521,819	1,501,397
Total net borrowings	2,141,337	2,121,464

Details of Collaterals

The Group has mortgaged certain investment properties of an aggregate amount of \$1,084.0 million (31 December 2019: \$1,084.8 million) as securities for loan facilities granted.

As at 31 March 2020, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,155.3 million and undrawn facilities of \$966.1 million available to meet its future obligations. The all-in interest rate was 2.58% per annum for the period ended 31 March 2020.

1(c) Consolidated Statement of Cash Flows

	<u>Group</u>	
	1Q2020	1Q2019
Note	\$'000	\$'000
Operating activities		
Profit before tax	28,759	36,120
Adjustments for:		
Interest income	(5,934)	(7,294)
Amortisation expense	-	2,549
Share of results of associates	(19,016)	(19,271)
Share of results of joint ventures	(6,903)	(7,172)
Borrowing costs	12,901	15,133
Management fees paid and/or payable in units	11,395	11,984
Net change in fair value of derivatives	6,994	(1,214)
Depreciation	2	2
Rental support income	-	(2,690)
Unrealised currency translation differences	226	2,557
	28,424	30,704
Operating cash flows before changes in working capital		
(Increase)/decrease in receivables	(3,130)	1,466
Decrease in payables	(3,511)	(6,467)
Increase in security deposits	240	730
Cash flows from operations	22,023	26,433
Income taxes paid	(1,800)	(1,421)
	20,223	25,012
Investing activities		
Progress payments on investment property under development	(15,972)	(19,178)
Subsequent expenditure on investment properties	(2,616)	(2,873)
Interest received	5,926	7,360
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	6,552	6,352
	(6,902)	(9,321)
Financing activities		
Distribution to Unitholders	1 (47,135)	(46,150)
Purchase of units	(1,548)	(6,870)
Loans drawdown	220,415	218,546
Repayment of loans	(193,317)	(314,938)
Payment of financing expenses/upfront debt arrangement costs	(270)	(105)
Interest paid	(12,171)	(14,158)
Distribution to non-controlling interests	(3,760)	-
	(37,786)	(163,675)

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

	<u>Group</u>	
	1Q2020	1Q2019
Note	\$'000	\$'000
Net decrease in cash and cash equivalents	(24,465)	(147,984)
Cash and cash equivalents at the beginning of period	113,770	255,807
Effect of exchange rate changes on cash and cash equivalents	(1,199)	(2,851)
Cash and cash equivalents at the end of period	88,106	104,972
Comprising:		
Cash and bank balances	99,129	105,399
Less: Restricted cash and bank balances	2 (11,023)	(427)
Cash and cash equivalents per Consolidated Statement of Cash Flows	88,106	104,972

Notes:

(1) Distribution paid to Unitholders in 1Q2020 was for the period of 1 October 2019 to 31 December 2019, paid on 28 February 2020.

Distribution paid to Unitholders in 1Q2019 was for the period of 1 October 2018 to 31 December 2018, paid on 28 February 2019

(2) As at 31 March 2020, this relates to tenant security deposits held in designated accounts for T Tower.

As at 31 March 2019, this pertained to accumulated interest on rental support top-up payments received in advance by Keppel REIT 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>Units in</u>	<u>Treasury</u>	<u>Accumulated</u>	<u>Foreign</u>	<u>Hedging</u>	<u>Other</u>	<u>Unitholders'</u>	<u>Perpetual</u>	<u>Non-Controlling</u>	<u>Total</u>
		<u>Issue</u>	<u>Units</u>	<u>Profits</u>	<u>Currency</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Reserves</u>	<u>Funds</u>	<u>Securities</u>	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2020		3,524,983	-	1,180,203	(120,275)	(14,321)	14,259	4,584,849	149,701	429,230	5,163,780
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)
At 31 March 2020		3,541,621	-	1,154,453	(138,055)	(26,985)	14,259	4,545,293	151,559	428,383	5,125,235

<u>Group</u>	Note	<u>Units in</u>	<u>Treasury</u>	<u>Accumulated</u>	<u>Foreign</u>	<u>Hedging</u>	<u>Other</u>	<u>Unitholders'</u>	<u>Perpetual</u>	<u>Non-Controlling</u>	<u>Total</u>
		<u>Issue</u>	<u>Units</u>	<u>Profits</u>	<u>Currency</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Reserves</u>	<u>Funds</u>	<u>Securities</u>	
		\$'000	\$'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 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	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)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(3,436)	(3,436)
At 31 March 2019		3,570,270	-	1,231,757	(91,677)	152	3,222	4,713,724	151,542	428,993	5,294,259

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 14,830,218 units issued in 1Q2020 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 units issued in 1Q2019 as payment of management fees in units.
- (5) The Trust purchased 5,750,000 units from the open market in 1Q2019 which were subsequently cancelled.

Trust	Note	Units in	Treasury	Accumulated	Hedging	Other	Unitholders'	Perpetual	Total
		Issue	Units	Profits	Reserve	Reserves	Funds	Securities	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2020		3,524,983	-	118,459	(5,890)	11,037	3,648,589	149,701	3,798,290
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)
At 31 March 2020		3,541,621	-	78,119	(11,751)	11,037	3,619,026	151,559	3,770,585

Trust	Note	Units in	Treasury	Accumulated	Hedging	Unitholders'	Perpetual	Total
		Issue	Units	Profits	Reserve	Funds	Securities	
		\$'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 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)
At 31 March 2019		3,570,270	-	190,800	(974)	3,760,096	151,542	3,911,638

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 units issued in 1Q2020 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 units issued in 1Q2019 as payment of management fees in units.
- (5) The Trust purchased 5,750,000 units from the open market in 1Q2019 which were subsequently cancelled.

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

	<u>Group and Trust</u>	
	2020 Units	2019 Units
Issued units as at 1 January	3,366,800,000	3,393,398,818
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)
Issued units as at 31 March	3,379,816,718	3,404,214,300

As at 31 March 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 31 March 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 31 March 2020 and 31 December 2019.

Total number of issued units in Keppel REIT as at 31 March 2020 and 31 December 2019 were 3,379,816,718 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>	
	2020 Units	2019 Units
Treasury units as at 1 January	-	-
- Purchase of units	1,813,500	5,750,000
- Cancellation of treasury units	(1,813,500)	(5,750,000)
Treasury units as at 31 March	-	-

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>	
	1Q2020	1Q2019
Basic EPU		
Based on profit after tax	0.63 cents	0.86 cents
- Weighted average number of Units during the period	3,376,092,798	3,401,465,422
Diluted EPU¹		
Based on profit after tax	0.60 cents	0.86 cents
- Weighted average number of units during the period (diluted)	3,516,168,439	3,401,465,422
DPU²	1.40 cents	1.39 cents
- Number of units in issue as at the end of the period	3,379,816,718	3,404,214,300

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 April 2020 and the record date, 30 April 2020.

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

	<u>Group</u>		<u>Trust</u>	
	As at 31/03/2020	As at 31/12/2019	As at 31/03/2020	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)

<u>Property</u>	<u>Group</u>		<u>+ / (-)</u> %
	<u>1Q2020</u> \$'000	<u>1Q2019</u> \$'000	
Bugis Junction Towers ¹	-	6,066	(100.0)
Ocean Financial Centre	26,920	25,663	4.9
275 George Street	3,384	3,590	(5.7)
8 Exhibition Street ²	4,149	4,698	(11.7)
T Tower	4,262	-	NM
Total property income of directly held properties (excluding property income contribution from associates and joint ventures)	38,715	40,017	(3.3)

8(ii) Income Contribution of the Portfolio

<u>Property</u>	<u>Group</u>		<u>+ / (-)</u> %
	<u>1Q2020</u> \$'000	<u>1Q2019</u> \$'000	
Bugis Junction Towers ¹	-	4,997	(100.0)
Ocean Financial Centre	21,476	20,186	6.4
275 George Street	2,457	2,674	(8.1)
8 Exhibition Street ²	2,858	3,454	(17.3)
T Tower	3,374	-	NM
Total net property income of directly held properties	30,165	31,311	(3.7)
One-third interest in ORQPL ³ :			
- Interest income	482	599	(19.5)
- Dividend income	5,207	5,574	(6.6)
Total income	5,689	6,173	(7.8)
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :			
- Rental support	-	2,690	(100.0)
- Interest income	5,244	5,821	(9.9)
- Dividend and distribution income	13,883	13,755	0.9
Total income	19,127	22,266	(14.1)
50% interest in M8CT ⁵ :			
- Distribution income	3,368	3,084	9.2
50% interest in MOTT ⁶ :			
- Distribution income	3,166	3,203	(1.2)
Total income contribution of the portfolio	61,515	66,037	(6.8)
Less: Income contribution attributable to non-controlling interests			
- Ocean Financial Centre ⁷	(4,317)	(4,057)	6.4
- T Tower ⁸	(21)	-	NM
Total income contribution attributable to unitholders	57,177	61,980	(7.7)

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) Represents interest of 20.1% in Ocean Financial Centre ("OFC").
- (8) Represents interest of 0.6% in T Tower.

8. REVIEW OF PERFORMANCE (CONT'D)**Review of Performance for 1Q2020 vs 1Q2019**

Property income and net property income for 1Q2020 were \$38.7 million and \$30.2 million respectively. These were lower compared to the property income and net property income of \$40.0 million and \$31.3 million respectively for 1Q2019. The decrease was mainly attributable to lower one-off income, 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 1Q2020 was \$28.8 million, lower as compared to \$36.1 million for 1Q2019. The variance was mainly attributable to absence of net property income from Bugis Junction Towers after it was divested on 29 November 2019, lower net property income from 275 George Street and 8 Exhibition Street, absence of rental support, lower interest income, lower share of results of associates and joint ventures, and net change in fair value of derivatives. These were partially offset by higher net property income from Ocean Financial Centre, income contribution from T Tower, absence of amortisation expense, lower borrowing costs and net foreign exchange differences.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

According to CBRE, Singapore average Grade A office rents registered a slight decrease in 1Q2020, from \$11.55 psf pm to \$11.50 psf pm. Average occupancy decreased during the quarter from 95.8% as at end December 2019 to 95.4% as at end March 2020.

In Australia, JLL Research reported a slight decline in the national CBD office market occupancy from 91.9% as at end September 2019 to 91.7% as at end December 2019. In Seoul, JLL Research observed an improvement in CBD Grade A occupancy from 85.1% as at end September 2019 to 90.0% as at end December 2019.

In Singapore, to ease tenants' cash flow and cost pressures during the COVID-19 outbreak, Keppel REIT has extended approximately \$9.5 million of tenant support measures, which include the full pass-through of property tax rebates of 30% to its office tenants and 100% to its retail tenants, in line with the Singapore Government's Resilience Budget which was announced on 26 March 2020, as well as full rental waiver for April 2020 to eligible retail tenants. In addition, eligible retail tenants will also be able to utilise one month's security deposit to offset rent payment.

The COVID-19 pandemic presents unprecedented challenges to the business community. Its impact on the global economy has yet to be fully assessed. The Manager remains focused on maintaining stable and sustainable distributions to Unitholders, and achieving long-term growth. Keppel REIT's portfolio of established tenants from diversified sectors, high portfolio committed occupancy and long WALE 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.

12. DISTRIBUTIONS

(a) Current Financial Period Reported on

Name of Distribution	1 January 2020 to 31 March 2020
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution rate	(a) Taxable income distribution - 0.80 cents per unit (b) Tax-exempt income distribution - 0.45 cents per unit (c) Capital gains distribution - 0.15 cents per unit The above Distribution per Unit is computed based on 3,379,816,718 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 30 April 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 January 2019 to 31 March 2019
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution Rate	(a) Taxable income distribution - 0.93 cents per unit (b) Tax-exempt income distribution - 0.37 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 non-resident 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) Record Date

30 April 2020

(d) Date Payable

29 May 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)	
		1Q2020 \$'000	1Q2019 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u> - Manager's management fees - Property management and asset management fees and reimbursables - Leasing commissions - Rental support - Settlement of accrued development costs for 87.51% interest in a subsidiary ¹	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.	11,395 1,150 141 -	11,984 1,251 1,260 2,690 3,879
<u>RBC Investor Services Trust Singapore Limited</u> - Trustee's fees	Trustee of the REIT	295	298

(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

CHUA HUA YEOW KELVIN / TAN WEIQIANG MARC
Joint Company Secretaries
22 April 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 First Quarter 2020 financial statements of Keppel REIT to be false or misleading in any material respect.

On Behalf of the Board

PENNY GOH
Chairman

22 April 2020



CHRISTINA TAN
Director