

**KEPPEL REIT AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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INTRODUCTION

Listed by way of an introduction on 28 April 2006, Keppel REIT is one of Asia's leading REITs with a portfolio of Grade A commercial assets in key business districts pan-Asia.

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

As at 31 December 2021, Keppel REIT had assets under management of approximately \$8.9 billion in Singapore, key Australian cities of Sydney, Melbourne and Perth, as well as Seoul, South Korea. The assets are:

Singapore

- Ocean Financial Centre (79.9% interest)
- Keppel Bay Tower¹ (100% interest)
- Marina Bay Financial Centre (Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest)
- One Raffles Quay (one-third interest)

Australia

- 8 Chifley Square, Sydney (50% interest)
- 8 Exhibition Street, Melbourne (50% interest in the office building and a 100% interest in the three adjacent retail units)
- David Malcolm Justice Centre, Perth (50% interest)
- Victoria Police Centre, Melbourne (50% interest)
- Pinnacle Office Park, Sydney (100% interest)
- Blue & William², Sydney (100% 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.

¹ The acquisition of Keppel Bay Tower was completed on 18 May 2021.

² On 14 December 2021, the Group completed the acquisition of land located at 2-4 Blue Street and 1-5 William Street, North Sydney, Australia. The land is currently being developed into a freehold Grade A office building named "Blue & William".

SUMMARY OF KEPPEL REIT RESULTS

For the year ended 31 December 2021

	Group			
	2H2021 \$'000	2H2020 \$'000	FY2021 \$'000	FY2020 \$'000
Property income	110,792	94,736	216,606	170,223
Net property income	88,150	76,500	172,532	135,479
Share of results of associates	42,281	47,710	89,039	88,215
Share of results of joint ventures	14,212	15,670	29,556	29,356
Income available for distribution	106,428	99,849	212,141	194,631
Distribution to Unitholders ¹	106,428 ²	99,849	212,141 ²	194,631 ³
Distribution per Unit ("DPU") (cents) for the period/year	2.88 ⁴	2.93	5.82 ⁴	5.73
Distribution yield (%)			5.2% ⁵	5.1% ⁶

¹ Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders.

² This included capital gains distribution of \$2.0 million for the second half year ended 31 December 2021 ("2H2021") and full year ended 31 December 2021 ("FY2021").

³ This included capital gains distribution of \$10.0 million for the full year ended 31 December 2020 ("FY2020"). There was no capital gains distribution for the second half year ended 31 December 2020 ("2H2020").

⁴ DPU for the period 1 July 2021 to 31 December 2021 is computed based on units in issue as at 31 December 2021. On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal of convertible bonds due 10 April 2024. The actual quantum of DPU may therefore differ if any of the convertible bonds is converted between 1 January 2022 and the record date, 4 February 2022.

⁵ Based on the total DPU of 5.82 cents for FY2021 and the market closing price per Unit of \$1.13 as at 31 December 2021.

⁶ Based on the total DPU of 5.73 cents for FY2020 and the market closing price per Unit of \$1.12 as at 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	2H2021	2H2020	Group +/(-) %	FY2021	FY2020	+/(-) %	Note
	\$'000	\$'000		\$'000	\$'000		
Gross rent	105,308	85,081	23.8	204,681	153,470	33.4	
Car park income	4,001	3,379	18.4	8,631	4,898	76.2	
Other income	1,483	6,276	(76.4)	3,294	11,855	(72.2)	(i)
Property income	110,792	94,736	16.9	216,606	170,223	27.2	
Property tax	(7,226)	(5,390)	34.1	(13,590)	(10,827)	25.5	
Other property expenses	(12,466)	(10,383)	20.1	(24,702)	(19,037)	29.8	(ii)
Property management fee	(2,950)	(2,463)	19.8	(5,782)	(4,880)	18.5	
Property expenses	(22,642)	(18,236)	24.2	(44,074)	(34,744)	26.9	(ii)
Net property income	88,150	76,500	15.2	172,532	135,479	27.3	
Rental support	1,614	–	100.0	2,672	–	100.0	(iii)
Interest income	7,737	7,671	0.9	15,603	18,149	(14.0)	(iv)
Share of results of associates	42,281	47,710	(11.4)	89,039	88,215	0.9	
Share of results of joint ventures	14,212	15,670	(9.3)	29,556	29,356	0.7	
Borrowing costs	(26,524)	(25,414)	4.4	(51,472)	(50,602)	1.7	(v)
Manager's management fees	(25,945)	(23,748)	9.3	(50,682)	(46,579)	8.8	(vi)
Trust expenses	(6,453)	(4,596)	40.4	(11,547)	(8,463)	36.4	
Net foreign exchange differences	(399)	1,318	NM	1,052	2,223	(52.7)	
Net change in fair value of financial assets at fair value through profit or loss	(1,711)	–	(100.0)	(2,862)	–	(100.0)	(vii)
Net change in fair value of derivatives	(304)	7,888	NM	325	9,115	(96.4)	
Profit before costs incurred on divestment of investment property and net change in fair value of investment properties	92,658	102,999	(10.0)	194,216	176,893	9.8	
Costs incurred on divestment of investment property	(2,600)	–	(100.0)	(2,600)	–	(100.0)	(viii)
Net change in fair value of investment properties	59,132	(171,967)	NM	87,240	(171,967)	NM	(ix)
Profit/(loss) before tax	149,190	(68,968)	NM	278,856	4,926	NM	
Income tax	(9,608)	(1,456)	NM	(23,000)	(4,647)	394.9	(x)
Profit/(loss) for the period/year	139,582	(70,424)	NM	255,856	279	NM	
Attributable to:							
Unitholders	127,579	(74,807)	NM	231,738	(15,105)	NM	
Perpetual securities holders	4,764	5,467	(12.9)	9,430	9,182	2.7	(xi)
Non-controlling interests	7,239	(1,084)	NM	14,688	6,202	136.8	(xii)
	139,582	(70,424)	NM	255,856	279	NM	
Earnings/(loss) per Unit (cents) based on profit/(loss) for the period/year attributable to Unitholders							
- Basic	3.46	(2.20)	NM	6.37	(0.45)	NM	(xiii)
- Diluted	3.39	(2.20)	NM	6.26	(0.45)	NM	(xiii)
Earnings per Unit (cents) based on profit before costs incurred on divestment of investment property and net change in fair value of investment properties and related tax expenses							
- Basic	2.10	2.56	(18.0)	4.49	4.32	3.9	(xiii)
- Diluted	2.08	2.50	(16.8)	4.45	4.28	4.0	(xiii)

NM – Not meaningful

CONDENSED DISTRIBUTION STATEMENT

For the year ended 31 December 2021

	2H2021 \$'000	2H2020 \$'000	Group +/(-) %	FY2021 \$'000	FY2020 \$'000	+/(-) %	Note
Profit/(loss) for the period/year attributable to Unitholders	127,579	(74,807)	NM	231,738	(15,105)	NM	
Net tax and other adjustments							
- Management fees paid and/or payable in units	25,945	23,748	9.3	50,682	46,579	8.8	
- Trustee fees	659	602	9.5	1,287	1,193	7.9	
- Amortisation of capitalised transaction costs	888	665	33.5	1,629	1,343	21.3	
- Net change in fair value of investment properties (net of non-controlling interests)	(59,225)	163,541	NM	(87,381)	163,541	NM	
- Costs incurred on divestment of investment property	2,600	-	100.0	2,600	-	100.0	
- Temporary differences and other adjustments	5,982	(13,900)	NM	9,586	(12,920)	NM	(xiv)
- Capital gains distribution	2,000	-	100.0	2,000	10,000	(80.0)	
	(21,151)	174,656	NM	(19,597)	209,736	NM	
Income available for distribution	106,428	99,849	6.6	212,141	194,631	9.0	
Distribution to Unitholders	106,428	99,849	6.6	212,141	194,631	9.0	(xv)
Distribution per Unit (cents)	2.88	2.93	(1.7)	5.82	5.73	1.6	(xiii)

NM – Not meaningful

Notes:

- (i) Other income comprises government grants and various types of miscellaneous income, other than rental income, ancillary to the operation of investment properties. This included licence fees and one-off income received for both the current and previous years.

For FY2021, this included cash grant for tenants received from the Singapore Government, as well as land tax relief received from the authorities for the State of Victoria as part of COVID-19 relief measures.

For 2H2020 and FY2020, this included a one-off income received relating to Victoria Police Centre as well as property tax rebates and cash grant for tenants received from the Singapore Government as part of its COVID-19 relief measures. These property tax rebates and cash grant were passed through to the tenants in the form of rental waivers and are recorded as a reduction in gross rent.

- (ii) Other property expenses comprise the following:

	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	1,058	1,036	2,144	1,945
Utilities	1,763	2,282	4,082	4,046
Repair and maintenance	6,805	4,855	13,637	9,254
Property management reimbursements	849	648	1,567	1,481
Others	1,991	1,562	3,272	2,311
	12,466	10,383	24,702	19,037

For 2H2021 and FY2021, impairment of trade receivables amounting to \$160,000 and \$268,000 were recorded respectively.

For 2H2020 and FY2020, impairment of trade receivables amounting to \$519,000 was recorded.

For 2H2021 and FY2021, the overall increase in total property expenses was due mainly to the inclusion of property expenses of Pinnacle Office Park and Keppel Bay Tower, which were acquired on 31 December 2020 and 18 May 2021 respectively, as well as property expenses of Victoria Police Centre which achieved practical completion on 9 July 2020. This was offset by lower property expenses following the divestment of 275 George Street on 30 July 2021.

- (iii) This relates to rental support drawn on Pinnacle Office Park and Keppel Bay Tower.

- (iv) Interest income comprises the following:

	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	59	147	193	492
Interest income from advances to associates	7,678	7,524	15,410	17,657
	7,737	7,671	15,603	18,149

- (v) Borrowing costs comprise the following:

	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Interest expense on borrowings	25,473	24,583	49,515	48,932
Amortisation of capitalised transaction costs	1,051	831	1,957	1,670
	26,524	25,414	51,472	50,602

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

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

- (viii) On 30 June 2021, Keppel REIT entered into a contract of sale for the divestment of its 50% interest in 275 George Street, Australia. Consequently, the carrying value of the investment property was recorded at A\$264.0 million, being the sale consideration of A\$275.0 million, net of outstanding incentives, capital expenditures and related costs payable to the purchaser amounting to A\$11.0 million. A fair value gain of \$19,801,000 was recorded for the half year ended 30 June 2021 ("1H2021").

The divestment was completed on 30 July 2021 and the costs incurred on the divestment of \$2,600,000 was recorded for 2H2021.

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

		Group		
	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Group	45,482	(77,122)	86,699	(77,122)
Investment properties held by associates	21,313	(77,049)	12,640	(77,049)
Investment properties held by joint ventures	394	(5,428)	2,695	(5,428)
Effects of recognising rental income on a straight-line basis over the lease terms	(8,057)	(12,368)	(14,794)	(12,368)
	<u>59,132</u>	<u>(171,967)</u>	<u>87,240</u>	<u>(171,967)</u>

- (x) Income tax comprise mainly (a) withholding tax expense in relation to the income from the Group's investments in Australia and South Korea; and (b) deferred tax on changes in fair value of the investment properties in Australia and South Korea.
- (xi) Please refer to Note (ix) of the notes to balance sheets on Page 13.
- (xii) 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 Keppel No. 4 General Investors' Private Real Estate Investment Limited Liability Company's ("K4 LLC") net profit after tax.

(xiii) Earnings/(loss) per Unit ("EPU") and Distribution per Unit ("DPU")

	2H2021	Group 2H2020	FY2021	FY2020
Basic EPU (cents)				
Based on profit/(loss) for the period/year	3.46	(2.20)	6.37	(0.45)
Based on profit before costs incurred on divestment of investment property and net change in fair value of investment properties and related tax expenses	2.10	2.56	4.49	4.32
- Weighted average number of Units during the period/year (units)	3,687,058,738	3,400,634,013	3,636,748,138	3,381,142,652
Diluted EPU¹ (cents)				
Based on profit/(loss) for the period/year	3.39	(2.20)	6.26	(0.45)
Based on profit before costs incurred on divestment of investment property and net change in fair value of investment properties and related tax expenses	2.08	2.50	4.45	4.28
- Weighted average number of Units during the period/year (units)	3,831,078,324	3,540,709,653	3,780,767,724	3,521,218,292
DPU² (cents)	2.88 ²	2.93	5.82 ²	5.73
- Number of Units in issue as at the end of the period/year (units)	3,695,418,528	3,407,824,769	3,695,418,528	3,407,824,769

¹ Based on the weighted average number of units during the period/year, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to units.

² On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal of convertible bonds due 10 April 2024. The actual quantum of DPU may therefore differ if any of the convertible bonds is converted between 1 January 2022 and the record date, 4 February 2022.

(xiv) 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.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	2H2021	2H2020	Group	FY2021	FY2020	+ / (-)
	\$'000	\$'000	+ / (-)	\$'000	\$'000	%
Profit/(loss) for the period/year	139,582	(70,424)	NM	255,856	279	NM
Items that may be reclassified subsequently to profit or loss:						
- Foreign currency translation	(51,014)	48,809	NM	(22,098)	61,465	NM
- Cash flow hedges	20,476	(518)	NM	32,171	(20,628)	NM
- Share of other comprehensive income of associates (cash flow hedges)	3,849	(859)	NM	13,386	(15,926)	NM
Other comprehensive income for the period/year, net of tax	(26,689)	47,432	NM	23,459	24,911	(5.8)
Total comprehensive income for the period/year	112,893	(22,992)	NM	279,315	25,190	NM
Attributable to:						
Unitholders	99,811	(27,551)	NM	253,096	10,974	NM
Perpetual securities holders	4,764	5,467	(12.9)	9,430	9,182	2.7
Non-controlling interests	8,318	(908)	NM	16,789	5,034	233.5
	112,893	(22,992)	NM	279,315	25,190	NM

NM – Not meaningful

CONDENSED BALANCE SHEETS

As at 31 December 2021

	Group			Trust			
	31.12.2021	31.12.2020	+ / (-)	31.12.2021	31.12.2020	+ / (-)	Note
	\$'000	\$'000	%	\$'000	\$'000	%	
Non-current assets							
Investment properties	4,707,363	4,080,321	15.4	-	-	-	(i)
Investments in subsidiaries	-	-	-	2,086,432	1,475,164	41.4	
Investments in associates	2,454,993	2,428,289	1.1	2,023,195	2,023,195	-	(ii)
Advances to associates	621,167	618,937	0.4	621,167	618,937	0.4	
Investments in joint ventures	457,639	461,300	(0.8)	-	-	-	
Amounts owing by subsidiaries	-	-	-	1,625,539	1,566,902	3.7	
Fixed assets	132	74	78.4	-	-	-	
Financial assets at fair value through profit or loss	12,474	-	100.0	-	-	-	(iii)
Derivative financial instruments	7,982	14	NM	4,602	14	NM	(iv)
	8,261,750	7,588,935	8.9	6,360,935	5,684,212	11.9	
Current assets							
Trade and other receivables	32,884	15,952	106.1	29,471	16,247	81.4	(v)
Prepaid expenses	556	1,073	(48.2)	9	10	(10.0)	
Financial assets at fair value through profit or loss	2,452	2,062	18.9	-	-	-	(iii)
Cash and bank balances	189,299	155,349	21.9	114,346	106,863	7.0	
Derivative financial instruments	743	997	(25.5)	743	997	(25.5)	(iv)
	225,934	175,433	28.8	144,569	124,117	16.5	
Total assets	8,487,684	7,764,368	9.3	6,505,504	5,808,329	12.0	
Current liabilities							
Trade and other payables	59,503	46,981	26.7	26,892	20,888	28.7	
Income received in advance	4,716	137	NM	-	-	-	(vi)
Borrowings	187,886	152,754	23.0	-	-	-	(vii)
Security deposits	14,397	9,207	56.4	-	-	-	
Derivative financial instruments	2,146	13,351	(83.9)	2,146	9,341	(77.0)	(iv)
Provision for taxation	4,628	749	NM	28	29	(3.4)	(viii)
	273,276	223,179	22.4	29,066	30,258	(3.9)	
Non-current liabilities							
Borrowings	2,538,921	2,222,390	14.2	2,109,183	1,750,199	20.5	(vii)
Derivative financial instruments	3,448	17,024	(79.7)	2,634	12,891	(79.6)	(iv)
Security deposits	29,968	28,696	4.4	-	-	-	
Deferred tax liabilities	52,087	52,946	(1.6)	-	-	-	
	2,624,424	2,321,056	13.1	2,111,817	1,763,090	19.8	
Total liabilities	2,897,700	2,544,235	13.9	2,140,883	1,793,348	19.4	
Net assets	5,589,984	5,220,133	7.1	4,364,621	4,014,981	8.7	
Represented by:							
Unitholders' funds	4,866,188	4,498,350	8.2	4,062,598	3,712,925	9.4	
Perpetual securities	302,023	302,056	(0.01)	302,023	302,056	(0.01)	(ix)
Non-controlling interests	421,773	419,727	0.5	-	-	-	(x)
	5,589,984	5,220,133	7.1	4,364,621	4,014,981	8.7	
Net asset value per Unit (\$)	1.32	1.32	-	1.10	1.09	0.9	(xi)

NM – Not meaningful

Notes:

- (i) The increase is due mainly to the acquisition of Keppel Bay Tower in Singapore on 18 May 2021 and Blue & William in Sydney, Australia on 14 December 2021, and fair value gains for 8 Exhibition Street, Pinnacle Office Park, Victoria Police Centre and T Tower. This is offset by the divestment of 275 George Street on 30 July 2021, and translation differences arising from the Australian and South Korean investment properties.

	Group	
	2021	2020
	\$'000	\$'000
At 1 January	4,080,321	3,730,320
Translation differences	(24,990)	80,190
Acquisition of investment property	–	287,813
Acquisition of investment property under development ¹	155,806	–
Acquisition of a subsidiary ²	654,000	–
Transaction and other related costs capitalised on acquisition of investment properties	21,712	19,448
Progress payments on investment property under development	–	28,940
Capitalised expenditure	5,119	10,732
Divestment of investment property ³	(271,304)	–
Net change in fair value of investment properties	86,699	(77,122)
At 31 December	4,707,363	4,080,321

¹ On 14 December 2021, Keppel REIT acquired a 100% interest in the land located at 2-4 Blue Street and 1-5 William Street, North Sydney, Australia, to be developed into a Grade A office building named "Blue & William". The total development consideration for the project is A\$327.7 million, including the consideration for the acquisition of land of A\$150.0 million.

² On 18 May 2021, Keppel REIT acquired a 100% interest in Keppel Bay Tower for a consideration of \$657.2 million.

³ On 30 July 2021, Keppel REIT divested its 50% interest in 275 George Street to Northbank Trust, which is wholly owned by Charter Hall Prime Office Fund.

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

	Group	
	31.12.2021	31.12.2020
	\$'000	\$'000
Unquoted equity, at cost	2,023,195	2,023,195
Share of post-acquisition reserves	431,798	405,094
	2,454,993	2,428,289

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

	Group	
	2021	2020
	\$'000	\$'000
At 1 January	405,094	497,474
Share of results of associates		
- Profit excluding net change in fair value of investment properties	89,039	88,215
- Net change in fair value of investment properties	12,640	(77,049)
- Effects of recognising rental income on a straight-line basis over the lease terms	(279)	(1,103)
	101,400	10,063
Share of net change in fair value of cash flow hedges	13,386	(15,926)
Dividend and distribution income received	(88,082)	(86,517)
At 31 December	431,798	405,094

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

	Group	
	31.12.2021	31.12.2020
	\$'000	\$'000
One Raffles Quay Pte Ltd ("ORQPL")	655,853	644,424
BFC Development LLP ("BFCDLLP")	1,093,894	1,075,119
Central Boulevard Development Pte. Ltd. ("CBDPL")	705,246	708,746
	2,454,993	2,428,289

- (iii) These relate to rental support provided by the vendor of Keppel Bay Tower and developer of Blue & William in lieu of vacant spaces and leases.

As at 31 December 2020, this relates to rental support provided by the vendor of Pinnacle Office Park in lieu of vacant spaces and leases.

- (iv) These relate to the foreign currency forward contracts entered into in relation to the income from the Group's investments in Australia and South Korea, and the interest rate swaps entered into by the Group. These are measured at their respective fair values.

As at 31 December 2020, these also included a cross currency swap which was measured at its fair value.

- (v) Included in the Group's balance is a GST receivable of \$16.2 million (31 December 2020: Nil), paid upon the acquisition of Blue & William in December 2021.

Included in the Trust's balance are distribution receivables from subsidiaries of \$20.9 million (31 December 2020: \$14.5 million from a subsidiary).

- (vi) This includes rental support received in advance from the vendor of Keppel Bay Tower of \$2.5 million (31 December 2020: Nil).

- (vii) Current borrowings relate to gross borrowings of \$137.9 million and medium term notes of \$50.0 million due in 2022. There are sufficient loan facilities available to refinance these borrowings and medium term notes when they fall due.

Included in non-current borrowings is the liability component of the \$200.0 million in aggregate principal of convertible bonds amounting to \$194.8 million (31 December 2020: \$192.6 million), which is measured at amortised cost.

	Group	
	31.12.2021	31.12.2020
	\$'000	\$'000
Secured borrowings		
Amount repayable after one year	620,531	627,998
Less: Unamortised portion of fees	(792)	(1,122)
	619,739	626,876
Unsecured borrowings		
Amount repayable within one year	187,892	152,754
Amount repayable after one year	1,922,440	1,599,083
Less: Unamortised portion of fees	(3,264)	(3,569)
	2,107,068	1,748,268
Total net borrowings	2,726,807	2,375,144

Details of collateral and securities

The Group has mortgaged certain investment properties of an aggregate amount of \$1,083.7 million (31 December 2020: \$1,092.8 million) as securities for loan facilities granted.

As at 31 December 2021, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,736.1 million and undrawn facilities of \$990.2 million available to meet its future obligations. For FY2021, the all-in interest rate was 1.98% per annum and the interest coverage ratio¹ was 3.9 times. The aggregate leverage was 38.4% as at 31 December 2021.

¹ Defined in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities.

- (viii) As at 31 December 2021, this included the provision for taxation for Keppel Bay Tower Pte. Ltd. which was acquired on 18 May 2021, up to 20 May 2021, being the date preceding its conversion to a limited liability partnership.
- (ix) These relate to \$300.0 million of subordinated perpetual securities at a fixed rate of 3.15% per annum. These are classified as equity instruments and recorded as equity in the Condensed Statements of Movement in Unitholders' Funds.
- (x) Non-controlling interests relate to Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLLP, and KCIH's 0.6% interest in the net assets of K4 LLC.
- (xi) Net Asset Value ("NAV") and Net Tangible Asset ("NTA") per Unit

	<u>Group</u>		<u>Trust</u>	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	\$	\$	\$	\$
NAV per Unit	1.32	1.32	1.10	1.09
NTA per Unit	1.32	1.32	1.10	1.09
Adjusted NAV per Unit	1.29	1.29	1.07	1.06
Adjusted NTA per Unit	1.29	1.29	1.07	1.06
<i>(excluding distributable income for the period)</i>				

The above is based on number of units in issue at the end of the year, and excluded non-controlling interests' and perpetual securities holders' share of net asset value and net tangible asset.

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the year ended 31 December 2021

	<u>Units in issue</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Foreign currency translation reserve</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Non- controlling interests</u> \$'000	<u>Total</u> \$'000	Note
Group										
At 1 January 2021	3,570,515	1,022,093	(58,853)	(49,664)	14,259	4,498,350	302,056	419,727	5,220,133	
Profit for the year	-	231,738	-	-	-	231,738	9,430	14,688	255,856	(i)
Other comprehensive income	-	-	(22,046)	43,404	-	21,358	-	2,101	23,459	
Total comprehensive income	-	231,738	(22,046)	43,404	-	253,096	9,430	16,789	279,315	
Issue of units for payment of management fees	48,561	-	-	-	-	48,561	-	-	48,561	(ii)
Issue of units for payment of acquisition fee	6,540	-	-	-	-	6,540	-	-	6,540	(ii)
Issue of units for private placement	270,001	-	-	-	-	270,001	-	-	270,001	(ii)
Issue expenses for private placement	(4,798)	-	-	-	-	(4,798)	-	-	(4,798)	
Issue expenses for perpetual securities	-	-	-	-	-	-	(13)	-	(13)	
Distribution to unitholders	-	(205,562)	-	-	-	(205,562)	-	-	(205,562)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(9,450)	-	(9,450)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	(14,743)	(14,743)	
At 31 December 2021	3,890,819	1,048,269	(80,899)	(6,260)	14,259	4,866,188	302,023	421,773	5,589,984	

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the year ended 31 December 2021

	<u>Units in</u> <u>issue</u> \$'000	<u>Treasury</u> <u>units</u> \$'000	<u>Accumulated</u> <u>profits</u> \$'000	<u>Foreign</u> <u>currency</u> <u>translation</u> <u>reserve</u> \$'000	<u>Hedging</u> <u>reserve</u> \$'000	<u>Other</u> <u>reserves</u> \$'000	<u>Unitholders'</u> <u>funds</u> \$'000	<u>Perpetual</u> <u>securities</u> \$'000	<u>Non-</u> <u>controlling</u> <u>interests</u> \$'000	<u>Total</u> \$'000	Note
Group											
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 year	-	-	-	-	-	-	-	9,182	6,202	15,384	
Other comprehensive income	-	-	(15,105)	61,422	(35,343)	-	10,974	-	(1,168)	9,806	(i)
Total comprehensive income	-	-	(15,105)	61,422	(35,343)	-	10,974	9,182	5,034	25,190	
Issue of units for payment of management fees	47,080	-	-	-	-	-	47,080	-	-	47,080	(ii)
Purchase of units	-	(1,548)	-	-	-	-	(1,548)	-	-	(1,548)	(ii)
Cancellation of treasury units	(1,548)	1,548	-	-	-	-	-	-	-	-	(ii)
Final settlement of divestment of partial interest in a subsidiary	-	-	439	-	-	-	439	-	89	528	(iii)
Proceeds from issuance of perpetual securities	-	-	-	-	-	-	-	300,000	-	300,000	
Issue expenses for perpetual securities	-	-	-	-	-	-	-	(863)	-	(863)	
Redemption of perpetual securities	-	-	-	-	-	-	-	(150,000)	-	(150,000)	
Reclassification of issue expenses on redemption of perpetual securities	-	-	(1,527)	-	-	-	(1,527)	1,527	-	-	
Distribution to unitholders	-	-	(141,917)	-	-	-	(141,917)	-	-	(141,917)	
Distribution to perpetual securities holders	-	-	-	-	-	-	-	(7,491)	-	(7,491)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(14,626)	(14,626)	
At 31 December 2020	3,570,515	-	1,022,093	(58,853)	(49,664)	14,259	4,498,350	302,056	419,727	5,220,133	

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the year ended 31 December 2021

	<u>Units in issue</u> \$'000	<u>Treasury units</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Hedging reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual securities</u> \$'000	<u>Total</u> \$'000	Note
Trust									
At 1 January 2021	3,570,515	-	151,716	(20,343)	11,037	3,712,925	302,056	4,014,981	
Profit for the year	-	-	213,752	-	-	213,752	9,430	223,182	
Other comprehensive income	-	-	-	21,179	-	21,179	-	21,179	(i)
Total comprehensive income	-	-	213,752	21,179	-	234,931	9,430	244,361	
Issue of units for payment of management fees	48,561	-	-	-	-	48,561	-	48,561	(ii)
Issue of units for payment of acquisition fee	6,540	-	-	-	-	6,540	-	6,540	(ii)
Issue of units for private placement	270,001	-	-	-	-	270,001	-	270,001	(ii)
Issue expenses for private placement	(4,798)	-	-	-	-	(4,798)	-	(4,798)	
Issue expenses for perpetual securities	-	-	-	-	-	-	(13)	(13)	
Distribution to unitholders	-	-	(205,562)	-	-	(205,562)	-	(205,562)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(9,450)	(9,450)	
At 31 December 2021	3,890,819	-	159,906	836	11,037	4,062,598	302,023	4,364,621	
At 1 January 2020	3,524,983	-	118,459	(5,890)	11,037	3,648,589	149,701	3,798,290	
Profit for the year	-	-	176,701	-	-	176,701	9,182	185,883	
Other comprehensive income	-	-	-	(14,453)	-	(14,453)	-	(14,453)	(i)
Total comprehensive income	-	-	176,701	(14,453)	-	162,248	9,182	171,430	
Issue of units for payment of management fees	47,080	-	-	-	-	47,080	-	47,080	(ii)
Proceeds from issuance of perpetual securities	-	-	-	-	-	-	300,000	300,000	
Issue expenses for perpetual securities	-	-	-	-	-	-	(863)	(863)	
Redemption of perpetual securities	-	-	-	-	-	-	(150,000)	(150,000)	
Reclassification of issue expenses on redemption of perpetual securities	-	-	(1,527)	-	-	(1,527)	1,527	-	
Purchase of units	-	(1,548)	-	-	-	(1,548)	-	(1,548)	(ii)
Cancellation of treasury units	(1,548)	1,548	-	-	-	-	-	-	(ii)
Distribution to unitholders	-	-	(141,917)	-	-	(141,917)	-	(141,917)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(7,491)	(7,491)	
At 31 December 2020	3,570,515	-	151,716	(20,343)	11,037	3,712,925	302,056	4,014,981	

Notes:

- (i) Other comprehensive income relates to the movement in fair values of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and Trust. For the Group, this also includes movement in foreign currency translation reserve arising from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities, as well as share of hedging reserves of associates.

(ii) Units in issue

	Group and Trust	
	2021	2020
	Units	Units
At 1 January	3,407,824,769	3,366,800,000
Issue of new units		
- Payment of management fees	43,186,075	42,838,269
- Issuance of units in connection with a private placement	238,939,000	-
- Payment of acquisition fee ¹	5,468,684	-
Cancellation of units		
- Purchase and subsequent cancellation of treasury units	-	(1,813,500)
At 31 December	3,695,418,528	3,407,824,769

¹ This is in connection with the acquisition of Keppel Bay Tower.

As at 31 December 2021, 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 \$1.3887 per Unit (the "Conversion"), the number of new Units issued pursuant to the Conversion would be 144,019,586, representing approximately 3.9% of the total number of Units in issue as at 31 December 2021.

Keppel REIT does not have any subsidiary that holds units issued by the Trust.

Treasury units

	Group and Trust	
	2021	2020
	Units	Units
At 1 January	-	-
Purchase of units	-	1,813,500
Cancellation of treasury units	-	(1,813,500)
At 31 December	-	-

Keppel REIT did not hold any treasury units as at 31 December 2021 and 31 December 2020. The total number of issued units in Keppel REIT as at 31 December 2021 and 31 December 2020 were 3,695,418,528 and 3,407,824,769 respectively.

- (iii) This pertained to an adjustment to the gain on divestment recognised in equity in FY2018 for the divestment of 20% interest in OPLL to Allianz Real Estate. The adjustment was made upon final settlement with the purchaser.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2H2021	2H2020	FY2021	FY2020	Note
	\$'000	\$'000	\$'000	\$'000	
Operating activities					
Profit/(loss) before tax	149,190	(68,968)	278,856	4,926	
Adjustments for:					
Interest income	(7,737)	(7,671)	(15,603)	(18,149)	
Share of results of associates	(42,281)	(47,710)	(89,039)	(88,215)	
Share of results of joint ventures	(14,212)	(15,670)	(29,556)	(29,356)	
Borrowing costs	26,524	25,414	51,472	50,602	
Management fees paid and payable in Units	25,945	23,748	50,682	46,579	
Net change in fair value of financial assets at fair value through profit or loss	1,711	–	2,862	–	
Net change in fair value of derivative financial instruments	304	(7,888)	(325)	(9,115)	
Net change in fair value of investment properties	(59,132)	171,967	(87,240)	171,967	
Costs incurred on divestment of investment property	2,600	–	2,600	–	
Depreciation	15	3	20	5	
Rental support	(1,614)	–	(2,672)	–	
Unrealised currency translation differences	(1,268)	(953)	(2,523)	(2,501)	
Operating cash flows before changes in working capital	80,045	72,272	159,534	126,743	
Increase in receivables	(23,234)	(5,458)	(30,239)	(8,349)	
Increase/(decrease) in payables	3,302	(553)	8,977	(4,130)	
Increase/(decrease) in security deposits	729	(3,160)	1,652	(2,766)	
Cash flows from operations	60,842	63,101	139,924	111,498	
Income taxes paid	(21,429)	(3,488)	(26,252)	(7,037)	
Net cash flows provided by operating activities	39,413	59,613	113,672	104,461	
Investing activities					
Net cash outflow on acquisition of a subsidiary	563	–	(599,046)	–	(i)
Transaction and other related costs incurred on acquisition of investment property, net of manager's acquisition fee paid in units	(12,917)	(19,448)	(15,173)	(19,448)	
Progress payments on investment property under development	–	(5,165)	–	(28,940)	
Acquisition of investment property	(168,280)	(289,875)	(168,280)	(289,875)	(ii)
Subsequent expenditure on investment properties	(2,061)	(3,286)	(5,119)	(10,732)	
Proceeds from divestment of investment property, net of transaction and other related costs	271,297	–	271,297	–	
Interest received	7,758	7,647	15,623	18,157	
Rental support received	1,614	–	2,672	–	
Investment in a joint venture	(1,198)	–	(1,198)	–	
Dividend and distribution income received from associates	63,524	67,427	88,082	86,517	
Distribution income received from joint ventures	16,140	13,015	30,240	25,726	
Advance to an associate	–	–	(2,230)	(792)	
Final settlement of divestment of partial interest in a subsidiary	–	–	–	(489)	
Net cash flows provided by/(used in) investing activities	176,440	(229,685)	(383,132)	(219,876)	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2H2021 \$'000	2H2020 \$'000	Group FY2021 \$'000	FY2020 \$'000	Note
Financing activities					
Loans drawdown	365,765	867,860	1,499,890	1,393,974	
Repayment of loans	(553,665)	(712,015)	(1,333,568)	(1,188,534)	
Proceeds from issuance of medium term notes	150,000	–	150,000	–	
Proceeds from issuance of perpetual securities	–	300,000	–	300,000	
Proceeds from private placement of units	–	–	270,001	–	(iii)
Redemption of perpetual securities	–	(150,000)	–	(150,000)	
Payment of financing expenses/upfront debt arrangement costs	–	(537)	(1,244)	(1,057)	
Issue expenses for medium term notes	(337)	–	(337)	–	
Issue expenses for perpetual securities	–	(863)	(13)	(863)	
Issue expenses for private placement of units	(58)	–	(4,798)	–	
Distribution to non-controlling interests	(7,277)	(7,335)	(14,743)	(14,626)	
Distribution to Unitholders	(73,528)	(47,465)	(205,562)	(141,917)	(iv)
Distribution to perpetual securities holders	(4,764)	(3,765)	(9,450)	(7,491)	
Interest paid	(24,702)	(24,020)	(46,824)	(47,054)	
Purchase of units	–	–	–	(1,548)	
Net cash flows (used in)/provided by financing activities	(148,566)	221,860	303,352	140,884	
Net increase in cash and cash equivalents	67,287	51,788	33,892	25,469	
Cash and cash equivalents at beginning of the period/year	112,506	88,123	143,961	113,770	
Effect of exchange rate changes on cash and cash equivalents	(3,561)	4,050	(1,621)	4,722	
Cash and cash equivalents at end of the period/year	176,232	143,961	176,232	143,961	
Cash and bank balances	189,299	155,349	189,299	155,349	
Less: Restricted cash and bank balances	(13,067)	(11,388)	(13,067)	(11,388)	(v)
Cash and cash equivalents per condensed Consolidated Statement of Cash Flows	176,232	143,961	176,232	143,961	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

Notes:

(i) Net cash outflow on acquisition of a subsidiary

On 18 May 2021, the Group acquired a 100.0% interest in Keppel Bay Tower Pte. Ltd. ("KBTP") which holds Keppel Bay Tower. KBTP was converted to a limited liability partnership, Keppel Bay Tower LLP on 21 May 2021. The fair value of net assets acquired was determined on a provisional basis and disclosed as such in the unaudited results of Keppel REIT for 1H2021. This has been adjusted subsequent to settlement of the final purchase consideration with the vendor in 2H2021.

	Group FY2021 \$'000
Investment property	654,000
Financial asset at fair value through profit or loss	3,200
Other assets	1,685
Borrowings (non-current)	(44,700)
Security deposits	(6,529)
Other liabilities	(7,252)
Total purchase consideration	<u>600,404</u>
Less: Cash and bank balances acquired	<u>(1,358)</u>
Net cash outflow on acquisition of a subsidiary	<u>599,046</u>

(ii) On 14 December 2021, the Group completed the acquisition of land located at 2-4 Blue Street and 1-5 William Street, North Sydney, Australia. The land is currently being developed into a freehold Grade A office building named "Blue & William". The initial purchase consideration includes:

	Group FY2021 \$'000
Investment property	155,806
Financial asset at fair value through profit or loss	12,474
Total purchase consideration	<u>168,280</u>

(iii) Proceeds from the private placement have been used to partially fund the total consideration for the acquisition of Keppel Bay Tower, to pay the professional and other fees and expenses incurred in connection with the private placement and loan facilities, and for the repayment of existing indebtedness.

(iv) Distribution paid to Unitholders in FY2021 was for the following periods:

- 1 July 2020 to 31 December 2020, paid on 1 March 2021;
- 1 January 2021 to 28 February 2021, paid on 31 March 2021; and
- 1 March 2021 to 30 June 2021, paid on 27 August 2021.

Distribution paid to Unitholders in FY2020 was for the following periods:

- 1 October 2019 to 31 December 2019, paid on 28 February 2020;
- 1 January 2020 to 31 March 2020, paid on 29 May 2020; and
- 1 April 2020 to 30 June 2020, paid on 28 August 2020.

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

As at 31 December 2021, this also includes rental support received in advance from the vendor of Keppel Bay Tower held in designated accounts.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. General

Keppel REIT is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 28 November 2005 (as amended) (the "Trust Deed") between Keppel REIT Management Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of Keppel REIT (the "Trust") and its subsidiaries (collectively, the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 8 Marina View, #26-01 Asia Square Tower 1, Singapore 018960.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 April 2006 and was included in the Central Provident Fund Investment Scheme on 28 April 2006. The principal activity of the Trust is to invest in a portfolio of quality real estate and real estate-related assets which are predominantly used for commercial purposes in Singapore and Asia with the primary objective of generating stable returns to its Unitholders and achieving long-term capital growth.

The principal activities of its subsidiaries, associates and joint ventures are:

- Property investment and development
- Investment holding and fund administration
- Provision of treasury services (special purpose vehicles of Keppel REIT)

2. Significant accounting policies

2.1 Basis of preparation

This condensed consolidated interim financial statements for the year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*. This condensed consolidated interim financial statements do not contain all the disclosures included in the annual report of Keppel REIT for the financial year ended 31 December 2020 ("Annual Report 2020"). Accordingly, this report should be read in conjunction with Annual Report 2020 and public announcements made during the interim reporting period.

2.2 Changes in accounting policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of Annual Report 2020, except in the current financial year, the Group has adopted the new and revised standards that are effective for annual periods beginning on 1 January 2021.

The following are the new or amended SFRS(I), SFRS (I) Interpretations and amendments to SFRS(I), that are relevant to the Group:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: *Interest Rate Benchmark Reform - Phase 2*
- Amendment to SFRS(I) 16 *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

The adoption of the above new or amended SFRS(I), SFRS (I) Interpretations and amendments to SFRS(I) did not have any significant impact on the condensed consolidated interim financial statements of the Group. Please refer to Note 2.3 for more information on Interest Rate Benchmark Reform – Phase 2.

2.3 Interest Rate Benchmark Reform – Phase 2

The Group has adopted the amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2 amendments* (collectively the "Phase 2 amendments"), effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. Significant accounting policies (continued)

2.3 Interest Rate Benchmark Reform – Phase 2 (continued)

Hedge relationships

The Phase 2 amendments address issues arising during interest rate benchmark reform (“IBOR reform”), including specifying when hedge designations and documentation should be updated, and when amounts accumulated in cash flow hedge reserve should be recognised in profit or loss.

Financial instruments measured at amortised cost

The Phase 2 amendments require that, for financial instruments measured at amortised cost, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

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

For the year ended 31 December 2021, the Group has applied the practical expedients provided under Phase 2 amendments to \$190,000,000 of its gross borrowings which have transitioned from the Singapore Swap Offer Rate (“SOR”) to the Singapore Overnight Rate Average (“SORA”).

Effect of IBOR reform

The Group’s risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are referenced to the SOR. A significant portion of these borrowings are hedged using interest rate swaps, which have been designated as cash flow hedges.

SOR will cease publication after 30 June 2023, and it will be replaced by the SORA. The financial instruments of the Group and Trust that are affected by the IBOR reform comprise SOR-referenced instruments, with maturity dates falling after 30 June 2023. The following table provides details of affected financial instruments of the Group and Trust, which have not transitioned to SORA as at 31 December 2021.

31 December 2021	Group \$’000	Trust \$’000
<u>Assets</u>		
Derivative financial instruments		
- Carrying value	4,389	1,010
- Contractual notional amount	292,000	105,000
<u>Liabilities</u>		
Borrowings	(733,750)	(164,000)

The Group’s communication with its counterparties is ongoing for these affected financial instruments and has continued to apply temporary reliefs provided previously for hedge accounting on cash flow hedges relating to risk arising from the IBOR reform.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. Significant accounting policies (continued)

2.4 Critical accounting judgements and estimates

The significant areas of estimation, uncertainty and critical judgements in applying accounting policies disclosed in Annual Report 2020 remain relevant. Please refer to Note 5 for more information on the valuation of investment properties as at 31 December 2021.

In the process of applying the Group's accounting policies, there is no instance of application of judgments which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

Interest Rate Benchmark Reform – Phase 1

In calculating the change in fair value attributable to the hedged SGD borrowings, the Group assumes that:

- The existing floating-rate borrowings will move to SORA at the same time as the interest rate swaps (hedging instruments) with similar adjustment spreads;
- No other material changes to the terms of the borrowings and interest rate swaps are anticipated; and
- The interest rate swaps will not be derecognised.

Given that the critical terms are assumed to continue to match, the change in fair value of the hedged risk is the same as the change in fair value of the hedging instrument. Therefore, no hedge ineffectiveness is recognised as a result of the expected transition of the cash flow hedges from SOR to SORA.

3. Guarantees

The Trust has provided corporate guarantees amounting to \$1,627.3 million (31 December 2020: \$1,425.5 million) and \$275.0 million (31 December 2020: \$125.0 million) to banks for loans taken by subsidiaries and medium term notes issued by a subsidiary respectively.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. Significant related party transactions

During the year ended 31 December 2021, other than those disclosed elsewhere in the condensed consolidated interim financial statements, the following significant related party transactions took place at terms agreed between the parties:

	2H2021	2H2020	FY2021	FY2020
		Group		
Acquisition fee paid to the Manager	3,190	3,112	9,730	3,112
Divestment fee paid to the Manager	1,313	–	1,313	–
Trustee fees	659	602	1,287	1,193
Property and asset management fees and reimbursements paid/payable to related companies	3,210	2,572	5,944	5,351
Leasing commissions paid/payable to a related company	969	58	1,386	592
Service fees paid/payable to a related company	160	161	211	178
Rental income and other related income from related companies	6,345	79	7,960	169
Interest income received from associates	7,678	7,524	15,410	17,657
Rental support received from a related company	656	–	747	–
Electricity supply provided by a related company	1,387	1,545	2,549	3,237
Acquisition of a subsidiary from a related company	–	–	645,727	–

5. Fair value of financial instruments and investment properties

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Level 2 \$'000	Group Level 3 \$'000	Total \$'000
As at 31 December 2021			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	14,926	14,926
Derivative financial instruments:			
- Forward currency contracts	835	-	835
- Interest rate swaps	7,890	-	7,890
	<u>8,725</u>	<u>14,926</u>	<u>23,651</u>
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(1,119)	-	(1,119)
- Interest rate swaps	(4,475)	-	(4,475)
	<u>(5,594)</u>	<u>-</u>	<u>(5,594)</u>
<u>Non-financial assets</u>			
Investment properties	-	4,707,363	4,707,363
	<u>-</u>	<u>4,707,363</u>	<u>4,707,363</u>
As at 31 December 2020			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	2,062	2,062
Derivative financial instruments:			
- Forward currency contracts	16	-	16
- Cross currency swap	995	-	995
	<u>1,011</u>	<u>2,062</u>	<u>3,073</u>
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(4,584)	-	(4,584)
- Interest rate swaps	(25,791)	-	(25,791)
	<u>(30,375)</u>	<u>-</u>	<u>(30,375)</u>
<u>Non-financial assets</u>			
Investment properties	-	4,080,321	4,080,321
	<u>-</u>	<u>4,080,321</u>	<u>4,080,321</u>

There have been no transfers between Level 2 and 3 for the Group in the year ended 31 December 2021.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

Level 2 fair value measurements

Forward currency contracts, interest rate swaps and cross currency swap are valued using valuation techniques with market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Level 3 fair value measurements – Investment properties

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at least once at the end of every financial year. As at 31 December 2021, the Group has obtained valuations by external valuers on its investment properties.

The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuers.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Committee

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<u>As at 31 December 2021</u>					
Investment properties	4,707,363	Capitalisation approach	Capitalisation rate	3.50% - 5.13%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	6.00% - 6.75%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$657/sf - \$10,224/sf	The higher the price, the higher the fair value

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

Level 3 fair value measurements – Investment properties (continued)

Description	Fair value \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<u>As at 31 December 2020</u>					
Investment properties	4,080,321	Capitalisation approach	Capitalisation rate	3.50% - 5.25%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	6.00% - 6.50%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$323/sf - \$6,226/sf	The higher the price, the higher the fair value

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in a significant change to the fair value of the respective investment properties.

Level 3 fair value measurements – Financial assets at fair value through profit or loss

Rental support provided by the vendor or developer of investment properties to the Group is classified as financial assets at fair value through profit or loss.

Fair value adjustments due to changes in estimated cash flows are recognised as net change in fair value of financial assets at fair value through profit or loss in the condensed Consolidated Statement of Profit or Loss.

In determining the fair value of the financial assets at fair value through profit or loss held as current assets, the time value of money has been assessed as insignificant as the expected cash flows are due within 12 months from the balance sheet date.

The financial assets at fair value through profit or loss held as non-current assets pertain to rental support provided by the developer of Blue & William in lieu of spaces which remain unleased for up to a period of three years after practical completion. The fair value as at 31 December 2021 was determined by the external valuer of Blue & William, contemporaneously in their valuation of the investment property. The key unobservable input used in their valuation technique to determine the fair value of financial assets at fair value through profit or loss was the assumed leasing pre-commitment of 62% of Blue & William prior to practical completion. An increase/decrease in the level of assumed leasing pre-commitment would result in a decrease/increase to its fair value. Please refer to the fair value measurements of investment properties above for more information on the valuation of the investment property.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The Manager has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, security deposits and current borrowings reasonably approximate their fair values. The carrying amounts of advances to associates and floating rate borrowings reasonably approximate their fair values because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair value of non-current fixed-rate borrowings as at 31 December 2021 and 31 December 2020 are as stated below. They are estimated using discounted cash flow analyses based on current rates for similar types of borrowing arrangements.

	Group Carrying value \$'000	Fair value \$'000
As at 31 December 2021		
Borrowings (non-current)	568,910	569,813
As at 31 December 2020		
Borrowings (non-current)	473,431	474,836

6. Portfolio reporting

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes. All its existing properties are located in Singapore, Australia and South Korea.

Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rental (including property income and property expenses) and the value of the investment properties. The Board is of the view that the portfolio reporting is appropriate as the Group's business is investing in Grade A commercial properties located in the key business districts of Singapore, Australia and South Korea. In making this judgement, the Board considers the nature and location of these properties which are similar for the entire portfolio of the Group.

Investments in One Raffles Quay and Marina Bay Financial Centre are held through one-third interests in ORQPL, BFCDLLP and CBDPL, investments in 8 Chifley Square and David Malcolm Justice Centre are held through 50% interests in Mirvac 8 Chifley Trust ("M8CT") and Mirvac (Old Treasury) Trust ("MOTT"), and the information provided below is in relation to the properties.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. Portfolio reporting (continued)

By property

	2H2021 \$'000	2H2020 \$'000	Group +/(-) %	FY2021 \$'000	FY2020 \$'000	+/(-) %
<u>Property income</u>						
Ocean Financial Centre	51,149	51,967	(1.6)	102,732	104,263	(1.5)
Keppel Bay Tower ¹	15,834	-	100.0	19,724	-	100.0
275 George Street ²	989	7,020	(85.9)	8,033	13,627	(41.1)
8 Exhibition Street ³	8,610	8,645	(0.4)	17,470	16,677	4.8
Victoria Police Centre ⁴	16,835	18,811	(10.5)	33,937	18,811	80.4
Pinnacle Office Park ⁵	8,946	-	100.0	17,615	-	100.0
T Tower	8,429	8,293	1.6	17,095	16,845	1.5
Total property income of directly held properties	110,792	94,736	16.9	216,606	170,223	27.2
<u>Net property income</u>						
Ocean Financial Centre	40,855	42,069	(2.9)	82,559	83,828	(1.5)
Keppel Bay Tower ¹	12,758	-	100.0	15,746	-	100.0
275 George Street ²	490	4,579	(89.3)	5,517	9,440	(41.6)
8 Exhibition Street ³	5,650	6,089	(7.2)	11,602	11,537	0.6
Victoria Police Centre ⁴	14,025	17,039	(17.7)	28,421	17,039	66.8
Pinnacle Office Park ⁵	7,672	-	100.0	15,033	-	100.0
T Tower	6,700	6,724	(0.4)	13,654	13,635	0.1
Total net property income of directly held properties	88,150	76,500	15.2	172,532	135,479	27.3
Less: Net property income attributable to non-controlling interests						
- Ocean Financial Centre ⁶	(8,211)	(8,455)	(2.9)	(16,594)	(16,849)	(1.5)
- T Tower ⁷	(42)	(42)	-	(85)	(85)	-
Total net property income attributable to non-controlling interests	(8,253)	(8,497)	(2.9)	(16,679)	(16,934)	(1.5)
One-third interest in ORQPL ⁸	17,067	20,684	(17.5)	35,453	39,062	(9.2)
One-third interests in BFCDLLP ⁹ and CBDPL ⁹	45,271	48,183	(6.0)	94,133	95,746	(1.7)
50% interest in M8CT ¹⁰	5,809	6,541	(11.2)	12,449	12,647	(1.6)
50% interest in MOTT ¹¹	8,452	9,153	(7.7)	17,141	16,720	2.5
Total attributable net property income of associates and joint ventures	76,599	84,561	(9.4)	159,176	164,175	(3.0)
Total net property income attributable to Unitholders	156,496	152,564	2.6	315,029	282,720	11.4
<u>Rental support</u>						
Keppel Bay Tower	656	-	100.0	747	-	100.0
Pinnacle Office Park	958	-	100.0	1,925	-	100.0
Total rental support	1,614	-	100.0	2,672	-	100.0
Total net property income attributable to Unitholders, including rental support	158,110	152,564	3.6	317,701	282,720	12.4

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. Portfolio reporting (continued)

By property (continued)

- ¹ Keppel Bay Tower was acquired on 18 May 2021.
- ² Comprises 50% interest in 275 George Street which was divested on 30 July 2021
- ³ Comprises 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units.
- ⁴ Comprises 50% interest in Victoria Police Centre. The property achieved practical completion on 9 July 2020.
- ⁵ Pinnacle Office Park was acquired on 31 December 2020.
- ⁶ Represents an approximate interest of 20.1% in Ocean Financial Centre.
- ⁷ Represents an approximate interest of 0.6% in T Tower.
- ⁸ Comprises one-third interest in ORQPL which holds One Raffles Quay.
- ⁹ Comprise one-third interest in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- ¹⁰ Comprises 50% interest in M8CT which holds 8 Chifley Square.
- ¹¹ Comprises 50% interest in MOTT which holds David Malcolm Justice Centre.

Reconciliation to profit before costs incurred on divestment of investment property and net change in fair value of investment properties per condensed Consolidated Statement of Profit or Loss:

	Group			
	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Total net property income attributable to Unitholders, including rental support	158,110	152,564	317,701	282,720
<u>Add/(less):</u>				
Net property income attributable to non-controlling interests	8,253	8,497	16,679	16,934
Net property income of associates and joint ventures attributable to Unitholders	(76,599)	(84,561)	(159,176)	(164,175)
Interest income	7,737	7,671	15,603	18,149
Share of results of associates	42,281	47,710	89,039	88,215
Share of results of joint ventures	14,212	15,670	29,556	29,356
Borrowing costs	(26,524)	(25,414)	(51,472)	(50,602)
Manager's management fees	(25,945)	(23,748)	(50,682)	(46,579)
Net foreign exchange differences	(399)	1,318	1,052	2,223
Net change in fair value of financial assets at fair value through profit or loss	(1,711)	–	(2,862)	–
Net change in fair value of derivatives	(304)	7,888	325	9,115
Less: Other unallocated expenses	(6,453)	(4,596)	(11,547)	(8,463)
Profit before costs incurred on divestment of investment property and net change in fair value of investment properties	92,658	102,999	194,216	176,893

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS **For the year ended 31 December 2021**

6. Portfolio reporting (continued)

By property (continued)

	Group	
	31.12.2021	31.12.2020
	\$'000	\$'000
<u>Interests in associates</u>		
<u>One-third interest in ORQPL</u>		
Investment in associate	655,853	644,424
Advances to associate	51,343	49,113
	707,196	693,537
<u>One-third interest in BFCDLLP</u>		
Investment in associate	1,093,894	1,075,119
Advances to associate	569,824	569,824
	1,663,718	1,644,943
<u>One-third interest in CBDPL</u>		
Investment in associate	705,246	708,746
<u>Interests in joint ventures</u>		
<u>50% interest in M8CT</u>		
Investment in joint venture	226,058	231,188
<u>50% interest in MOTT</u>		
Investment in joint venture	231,581	230,112

By geographical area

	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
<u>Property income</u>				
- Singapore	66,983	51,967	122,456	104,263
- Australia	35,380	34,476	77,055	49,115
- South Korea	8,429	8,293	17,095	16,845
Total property income of directly held properties	110,792	94,736	216,606	170,223
<u>Net property income</u>				
- Singapore	53,613	42,069	98,305	83,828
- Australia	27,837	27,707	60,573	38,016
- South Korea	6,700	6,724	13,654	13,635
Total net property income of directly held properties	88,150	76,500	172,532	135,479

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the year ended 31 December 2021

6. Portfolio reporting (continued)

By geographical area

	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
<u>Net property income attributable to Unitholders, including rental support</u>				
- Singapore	108,396	102,481	212,044	201,787
- Australia	43,056	43,401	92,088	67,383
- South Korea	6,658	6,682	13,569	13,550
Total net property income attributable to Unitholders, including rental support	158,110	152,564	317,701	282,720

	31.12.2021	31.12.2020
	\$'000	\$'000
<u>Investment properties</u>		
- Singapore	3,258,600	2,586,000
- Australia	1,133,734	1,178,066
- South Korea	315,029	316,255
Total value of investment properties	4,707,363	4,080,321

Review of segment performance

Please refer to Note C under the Other Information section on Page 33 for the review of performance.

7. Subsequent events

On 25 January 2022, the Manager announced a distribution of 2.88 cents per Unit for the period from 1 July 2021 to 31 December 2021.

OTHER INFORMATION

For the year ended 31 December 2021

A. AUDIT

The condensed consolidated interim financial statements have neither been audited nor reviewed by the auditors.

B. AUDITORS' REPORT

Not applicable.

C. REVIEW OF PERFORMANCE

Review of Performance for 2H2021 vs 2H2020

Property income and net property income for 2H2021 were \$110.8 million and \$88.2 million respectively. These were higher as compared to property income and net property income of \$94.7 million and \$76.5 million respectively for 2H2020. The increase was mainly attributable to contribution from Victoria Police Centre which achieved practical completion on 9 July 2020, contributions from the acquisition of Pinnacle Office Park in December 2020 and Keppel Bay Tower in May 2021, and higher property income from T Tower. This was offset partially by lower contribution from 275 George Street which was divested in July 2021, lower property income and net property income from Ocean Financial Centre and 8 Exhibition Street, and higher property expenses from T Tower.

The Group's profit before tax for 2H2021 was \$149.2 million as compared to a loss of \$69.0 million for 2H2020. The increase was mainly attributable to contribution from Victoria Police Centre, Pinnacle Office Park and Keppel Bay Tower, net fair value gain on investment properties in 2H2021 as compared to a loss in 2H2020, rental support received and higher interest income. These were partially offset by lower contribution from 275 George Street which was divested in July 2021, lower net property income from Ocean Financial Centre, 8 Exhibition Street and T Tower, costs incurred on divestment of investment property, lower share of results of associates and joint ventures, higher manager's management fees, borrowing costs and trust expenses, net change in fair value of financial assets at fair value through profit or loss, net change in fair value of derivatives and net foreign exchange differences.

Review of Performance for FY2021 vs FY2020

Property income and net property income for FY2021 were \$216.6 million and \$172.5 million respectively. These were higher as compared to property income of \$170.2 million and \$135.5 million respectively for FY2020. The increase was due mainly to full year contribution from Victoria Police Centre which achieved practical completion in July 2020, contribution from the acquisition of Pinnacle Office Park in December 2020 and Keppel Bay Tower in May 2021, as well as higher property and net property income from 8 Exhibition Street and T Tower due to stronger Australian dollar and Korean Won respectively. This was offset partially by the lower contribution from 275 George Street which was divested in July 2021, as well as lower property income and net property income from Ocean Financial Centre. The lower property income and net property income from Ocean Financial Centre was due to occupancy changes.

The Group's profit before tax for FY2021 was \$278.9 million as compared to \$4.9 million for FY2020. The increase was mainly attributable to contribution from Victoria Police Centre, Pinnacle Office Park and Keppel Bay Tower, higher net property income from 8 Exhibition Street and T Tower, net fair value gain on investment properties in FY2021 as compared to a loss in FY2020, rental support received and higher share of results of associates and joint ventures. These were partially offset by lower net property income from Ocean Financial Centre, costs incurred on divestment of investment property, lower interest income, higher manager's management fees and trust expenses, higher borrowing costs, net change in fair value of financial assets at fair value through profit or loss in FY2021, net change in fair value of derivatives and net foreign exchange differences.

D. VARIANCE FROM FORECAST STATEMENT

Not applicable.

OTHER INFORMATION

For the year ended 31 December 2021

E. PROSPECTS

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase in 4Q 2021, from \$10.65 psf pm to \$10.80 psf pm, while average core CBD occupancy increased from 92.1% as at end September 2021 to 93.3% as at end December 2021.

In Australia, JLL Research noted an increase in prime grade occupancy across all markets that Keppel REIT is in – Sydney CBD, North Sydney, Macquarie Park, Melbourne CBD and Perth CBD – in 4Q 2021. In Seoul, JLL Research reported an increase in the CBD Grade A office market occupancy from 87.9% as at end September 2021 to 89.2% as at end December 2021.

As the global community transitions towards endemic living, Grade A commercial buildings with strong safety and service levels are well positioned to attract and retain tenants. With sustainability factors at the core of its business and strategy, the Manager will continue to actively manage its portfolio to ensure stable and sustainable distributions to Unitholders, as well as achieve long-term growth.

F. RISK FACTORS AND RISK MANAGEMENT

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

Interest rate risk

The Manager constantly monitors its exposure to changes in interest rates 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.

OTHER INFORMATION
For the year ended 31 December 2021

G. DISTRIBUTIONS

(i) Current Financial Period Reported on

Name of Distribution	1 July 2021 to 31 December 2021
Distribution type	(a) Taxable income (b) Tax exempt income (c) Capital gains
Distribution rate	<p>(a) Taxable income distribution – 1.73 cents per unit (b) Tax-exempt income distribution – 1.10 cents per unit (c) Capital gains distribution – 0.05 cents per unit</p> <p>The above Distribution per Unit is computed based on 3,695,418,528 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 4 February 2022, after the closure of the Transfer Books and Register of Unitholders of Keppel REIT.</p>
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, qualifying non-resident non-individual unitholders and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.</p>

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For the year ended 31 December 2021

G. DISTRIBUTIONS (continued)

(ii) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 July 2020 to 31 December 2020
Distribution type	(a) Taxable income (b) Tax exempt income
Distribution rate	(a) Taxable income distribution – 1.63 cents per unit (b) Tax-exempt income distribution – 1.30 cents per unit
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, qualifying non-resident non-individual unitholders and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p>

(iii) Record Date

4 February 2022

(iv) Date paid/payable

1 March 2022

OTHER INFORMATION

For the year ended 31 December 2021

H. BREAKDOWN OF SALES

	Group		
	FY2021	FY2020	+/(-) %
	\$'000	\$'000	
Property income reported for first half year	105,814	75,487	40.2
Profit after tax for first half year ¹	116,274	70,703	64.5
Property income reported for second half year	110,792	94,736	16.9
Profit/(loss) after tax for second half year ²	139,582	(70,424)	NM

¹ Profit after tax for 1H2021 includes net fair value gain on investment properties amounting to approximately \$28.1 million (1H2020: Nil).

² Profit after tax for 2H2021 includes costs incurred on divestment of investment property amounting to approximately \$2.6 million and net fair value gain on investment properties amounting to approximately \$59.1 million. Loss after tax for 2H2020 included net fair value loss on investment properties amounting to approximately \$172.0 million.

NM – Not meaningful

I. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION

	Group	
	FY2021	FY2020
	\$'000	\$'000
1 January 2020 to 31 March 2020 (paid)	-	47,317
1 April 2020 to 30 June 2020 (paid)	-	47,465
1 July 2020 to 31 December 2020 (paid)	-	99,849
1 January 2021 to 28 February 2021 (paid)	32,185	-
1 March 2021 to 30 June 2021 (paid)	73,528	-
1 July 2021 to 31 December 2021 (to be paid) ¹	106,428	-
	212,141	194,631

¹ Please refer to Note G item (i) on Page 35.

OTHER INFORMATION

For the year ended 31 December 2021

J. INTERESTED PERSON TRANSACTIONS

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000)	
		FY2021 \$'000	FY2020 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>	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.		
- Manager's management fees		50,682	46,579
- Acquisition fee		9,730	3,112
- Divestment fee		1,313	-
- Property management and asset management fees and reimbursables		7,002 ¹	4,388
- Leasing commissions		2,302 ²	473
- Service fees		104	-
- Rental support ^{3,4}		3,200	-
- Electricity expenses ³		3,424 ⁴	3,356
- Rent and service charge income ⁵		61,921	-
- Acquisition of a subsidiary ³		645,727	-
<u>RBC Investor Services Trust Singapore Limited</u>	Trustee of the REIT		
- Trustee fees		1,287	1,193

¹ Included in the aggregate value is the total contract sum of estimated property management fees and reimbursables amounting to \$2,338,000 in connection with the acquisition of Keppel Bay Tower on 18 May 2021.

² Included in the aggregate value is the total contract sum of estimated leasing commissions amounting to \$1,195,000 in connection with the acquisition of Keppel Bay Tower.

³ The aggregate value of interested person transactions refers to the total contract sum entered into during the financial period.

⁴ This is in connection with the acquisition of Keppel Bay Tower.

⁵ Included in the aggregate value is the total contract sum of rent and service charge, amounting to \$61,224,000 in connection with the acquisition of Keppel Bay Tower.

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

K. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

OTHER INFORMATION

For the year ended 31 December 2021

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

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

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

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

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

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

Chiam Yee Sheng
Company Secretary
25 January 2022