

**KEPPEL REIT AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022**

<u>CONTENTS</u>	Page
INTRODUCTION	2
SUMMARY OF KEPPEL REIT RESULTS	3
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	4
CONDENSED DISTRIBUTION STATEMENT	5
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
CONDENSED BALANCE SHEETS	9
CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS	13
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	17
ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	19
OTHER INFORMATION	
A. AUDIT	29
B. AUDITORS' REPORT	29
C. REVIEW OF PERFORMANCE	29
D. VARIANCE FROM FORECAST STATEMENT	29
E. PROSPECTS	29
F. RISK FACTORS AND RISK MANAGEMENT	30
G. DISTRIBUTIONS	31
H. INTERESTED PERSON TRANSACTIONS	33
I. 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)	34
CONFIRMATION BY THE BOARD	35

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 30 June 2022, Keppel REIT had assets under management of approximately \$9.0 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 Tower (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 & William, 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.

SUMMARY OF KEPPEL REIT RESULTS

For the half year ended 30 June 2022

	Group	
	Half Year	
	30.06.2022 \$'000	30.06.2021 \$'000
Property income	109,769	105,814
Net property income	89,471	84,382
Share of results of associates	44,628	46,758
Share of results of joint ventures	11,663	15,344
Income available for distribution	110,540	105,713
Distribution to Unitholders ¹	110,540	105,713
Distribution per Unit ("DPU") (cents) for the period	2.97 ²	2.94
Distribution yield (%)	5.4% ³	5.2% ⁴

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

² DPU for the period 1 January 2022 to 30 June 2022 is computed based on the number of units in issue as at 30 June 2022. On 10 April 2019, Keppel REIT issued \$200 million in aggregate principal of convertible bonds due 10 April 2024, of which, \$146.5 million were redeemed on 10 April 2022. The actual quantum of DPU may therefore differ if any of the remaining convertible bonds is converted between 1 July 2022 and the record date, 3 August 2022.

³ Based on an annualised DPU and the market closing price per Unit of \$1.09 as at 30 June 2022.

⁴ 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the half year ended 30 June 2022

	Group Half Year		+ / (-)	Note
	30.06.2022	30.06.2021	%	
	\$'000	\$'000		
Gross rent	104,018	99,373	4.7	
Car park income	4,095	4,630	(11.6)	
Other income	1,656	1,811	(8.6)	(i)
Property income	109,769	105,814	3.7	
Property tax	(6,561)	(6,364)	3.1	
Other property expenses	(10,864)	(12,236)	(11.2)	(ii)
Property management fee	(2,873)	(2,832)	1.4	
Property expenses	(20,298)	(21,432)	(5.3)	(ii)
Net property income	89,471	84,382	6.0	
Rental support	1,099	1,058	3.9	(iii)
Interest income	9,094	7,866	15.6	(iv)
Share of results of associates	44,628	46,758	(4.6)	
Share of results of joint ventures	11,663	15,344	(24.0)	
Borrowing costs	(25,222)	(24,948)	1.1	(v)
Manager's management fees	(26,139)	(24,737)	5.7	(vi)
Trust expenses	(4,474)	(5,094)	(12.2)	
Net foreign exchange differences	(123)	1,451	NM	
Net change in fair value of financial assets at fair value through profit or loss	(1,099)	(1,151)	(4.5)	(vii)
Net change in fair value of derivatives	397	629	(36.9)	
Profit before net change in fair value of investment properties	99,295	101,558	(2.2)	
Net change in fair value of investment properties	108,711	28,108	286.8	(viii)
Profit before tax	208,006	129,666	60.4	
Income tax	(4,938)	(13,392)	(63.1)	(ix)
Profit for the period	203,068	116,274	74.6	
Attributable to:				
Unitholders	185,443	104,159	78.0	
Perpetual securities holders	4,686	4,666	0.4	(x)
Non-controlling interests	12,939	7,449	73.7	(xi)
	203,068	116,274	74.6	
Earnings per Unit (cents) based on profit for the period attributable to Unitholders				
- Basic	4.99	2.90	72.1	(xii)
- Diluted	4.91	2.79	76.0	(xii)
Earnings per Unit (cents) based on profit before net change in fair value of investment properties and related tax expenses				
- Basic	2.23	2.39	(6.7)	(xii)
- Diluted	2.22	2.35	(5.5)	(xii)

NM – Not meaningful

CONDENSED DISTRIBUTION STATEMENT

For the half year ended 30 June 2022

	Group Half Year		+ / (-)	Note
	30.06.2022	30.06.2021	%	
	\$'000	\$'000		
Profit for the period attributable to Unitholders	185,443	104,159	78.0	
Net tax and other adjustments				
- Management fees paid and/or payable in units	26,139	24,737	5.7	
- Trustee fees	665	628	5.9	
- Amortisation of capitalised transaction costs	1,304	741	76.0	
- Net change in fair value of investment properties (net of non-controlling interests)	(103,513)	(28,156)	267.6	
- Temporary differences and other adjustments	502	3,604	(86.1)	(xiii)
	<u>(74,903)</u>	<u>1,554</u>	<u>NM</u>	
Income available for distribution	110,540	105,713	4.6	
Distribution to Unitholders	110,540	105,713	4.6	(xiv)
Distribution per Unit (cents)	2.97	2.94	1.0	(xii)
Annualised/Actual Distribution per Unit¹ (cents)	5.94	5.82	2.1	

¹ Actual Distribution per Unit of 5.82 cents was based on 0.94 cents, 2.00 cents and 2.88 cents for the periods of 1 January to 28 February 2021, 1 March to 30 June 2021, and 1 July to 31 December 2021 respectively.

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 prior periods.
- (ii) Other property expenses comprise the following:

	Group Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
Marketing expenses	1,017	1,086
Utilities	1,531	2,319
Repair and maintenance	6,052	6,832
Property management reimbursements	872	718
Others	1,392	1,281
	<u>10,864</u>	<u>12,236</u>

For 1H2022, an allowance for impairment of trade receivables amounting to \$126,000 was written back (half year ended 30 June 2021 ("1H2021"): allowance for impairment of trade receivables of \$108,000 was made).

The overall decrease in total property expenses is due mainly to the absence of property expenses of 275 George Street following its divestment on 30 July 2021, as well as lower property expenses from Ocean Financial Centre. This was offset by higher property expenses from Keppel Bay Tower which was acquired on 18 May 2021.

- (iii) This relates to rental support drawn on Keppel Bay Tower. For 1H2021, this also included rental support drawn on Pinnacle Office Park. The rental support arrangement for Pinnacle Office Park ended in December 2021.

- (iv) Interest income comprises the following:

	Group Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
Interest income from fixed deposits and current accounts	105	134
Interest income from advances to associates	8,989	7,732
	9,094	7,866

- (v) Borrowing costs comprise the following:

	Group Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
Interest expense on borrowings	23,763	24,042
Amortisation of capitalised transaction costs	1,459	906
	25,222	24,948

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

- (vii) Please refer to Note (iv) of the notes to balance sheets on Page 11.

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

	Group Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
Investment properties held directly by the Group	58,807	41,217
Investment properties held by associates	56,055	(8,673)
Investment properties held by joint ventures	5	2,301
Effects of recognising rental income on a straight-line basis over the lease terms	(6,156)	(6,737)
	108,711	28,108

- (ix) Income tax comprises 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 valuation gains on the investment properties in Australia and South Korea.

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

- (xi) 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.

(xii) Earnings per Unit ("EPU") and Distribution per Unit ("DPU")

	Group Half Year	
	30.06.2022	30.06.2021
Basic EPU (cents)		
Based on profit for the period	4.99	2.90
Based on profit before net change in fair value of investment properties and related tax expenses	2.23	2.39
- Weighted average number of Units during the period (units)	3,712,588,099	3,585,603,660
Diluted EPU¹ (cents)		
Based on profit for the period	4.91	2.79
Based on profit before net change in fair value of investment properties and related tax expenses	2.22	2.35
- Weighted average number of Units during the period (units)	3,811,617,174	3,729,623,246
DPU (cents)	2.97 ²	2.94
- Number of Units in issue as at the end of the period (units)	3,721,893,287	3,676,395,817

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, of which, \$146.5 million were redeemed on 10 April 2022. The actual quantum of DPU may therefore differ if any of the remaining convertible bonds is converted between 1 July 2022 and the record date, 3 August 2022.

(xiii) 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.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2022

	Group		
	Half Year		
	30.06.2022	30.06.2021	+ / (-)
	\$'000	\$'000	%
Profit for the period	203,068	116,274	74.6
Items that may be reclassified subsequently to profit or loss:			
- Foreign currency translation	3,245	28,916	(88.8)
- Cash flow hedges	71,693	11,695	NM
- Share of other comprehensive income of associates (cash flow hedges)	13,091	9,537	37.3
Other comprehensive income for the period, net of tax	88,029	50,148	75.5
Total comprehensive income for the period	291,097	166,422	74.9
Attributable to:			
Unitholders	270,527	153,285	76.5
Perpetual securities holders	4,686	4,666	0.4
Non-controlling interests	15,884	8,471	87.5
	291,097	166,422	74.9

NM – Not meaningful

CONDENSED BALANCE SHEETS

As at 30 June 2022

	<u>Group</u>			<u>Trust</u>			
	30.06.2022	31.12.2021	+/(-) %	30.06.2022	31.12.2021	+/(-) %	Note
	\$'000	\$'000		\$'000	\$'000		
Non-current assets							
Investment properties	4,800,284	4,707,363	2.0	-	-	-	(i)
Investments in subsidiaries	-	-	-	2,086,446	2,086,432	-	
Investments in associates	2,525,382	2,454,993	2.9	2,023,195	2,023,195	-	(ii)
Advances to associates	51,343	621,167	(91.7)	51,343	621,167	(91.7)	(iii)
Investments in joint ventures	468,165	457,639	2.3	-	-	-	
Amounts owing by subsidiaries	-	-	-	1,661,331	1,625,539	2.2	
Fixed assets	123	132	(6.8)	-	-	-	
Financial assets at fair value through profit or loss	12,609	12,474	1.1	-	-	-	(iv)
Derivative financial instruments	69,085	7,982	NM	52,544	4,602	NM	(v)
	7,926,991	8,261,750	(4.1)	5,874,859	6,360,935	(7.6)	
Current assets							
Trade and other receivables	34,975	32,884	6.4	71,173	29,471	141.5	(vi)
Advances to associates	569,824	-	100.0	569,824	-	100.0	(iii)
Prepaid expenses	1,550	556	178.8	11	9	22.2	
Financial assets at fair value through profit or loss	1,354	2,452	(44.8)	-	-	-	(iv)
Cash and bank balances	135,520	189,299	(28.4)	28,769	114,346	(74.8)	
Derivative financial instruments	6,137	743	NM	5,359	743	NM	(v)
	749,360	225,934	231.7	675,136	144,569	367.0	
Total assets	8,676,351	8,487,684	2.2	6,549,995	6,505,504	0.7	
Current liabilities							
Trade and other payables	51,636	59,503	(13.2)	18,252	26,892	(32.1)	
Income received in advance	3,538	4,716	(25.0)	-	-	-	(vii)
Borrowings	305,141	187,886	62.4	-	-	-	(viii)
Security deposits	10,610	14,397	(26.3)	-	-	-	
Derivative financial instruments	-	2,146	(100.0)	-	2,146	(100.0)	(v)
Provision for taxation	3,385	4,628	(26.9)	34	28	21.4	
	374,310	273,276	37.0	18,286	29,066	(37.1)	
Non-current liabilities							
Borrowings	2,426,560	2,538,921	(4.4)	2,120,217	2,109,183	0.5	(viii)
Derivative financial instruments	-	3,448	(100.0)	-	2,634	(100.0)	(v)
Security deposits	33,055	29,968	10.3	-	-	-	
Deferred tax liabilities	53,246	52,087	2.2	-	-	-	
	2,512,861	2,624,424	(4.3)	2,120,217	2,111,817	0.4	
Total liabilities	2,887,171	2,897,700	(0.4)	2,138,503	2,140,883	(0.1)	
Net assets	5,789,180	5,589,984	3.6	4,411,492	4,364,621	1.1	
Represented by:							
Unitholders' funds	5,057,262	4,866,188	3.9	4,109,469	4,062,598	1.2	
Perpetual securities	302,023	302,023	-	302,023	302,023	-	(ix)
Non-controlling interests	429,895	421,773	1.9	-	-	-	(x)
	5,789,180	5,589,984	3.6	4,411,492	4,364,621	1.1	
Net asset value per Unit (\$)	1.36	1.32	3.0	1.10	1.10	-	(xi)

NM – Not meaningful

Notes:

- (i) The increase is due mainly to progress payments made for Blue & William, fair value gains for all investment properties and translation differences arising from the Australian investment properties. This is offset by translation differences arising from T Tower.

	Group	
	30.06.2022	31.12.2021
	\$'000	\$'000
At 1 January	4,707,363	4,080,321
Translation differences	1,130	(24,990)
Acquisition of investment property under development ¹	–	155,806
Acquisition of a subsidiary	–	654,000
Transaction and other related costs capitalised on acquisition of investment properties	–	21,712
Progress payments on investment property under development ¹	30,727	–
Coupon receivable/received ¹	(3,968)	–
Capitalised expenditure	6,225	5,119
Divestment of investment property	–	(271,304)
Net change in fair value of investment properties	58,807	86,699
At end of period/year	4,800,284	4,707,363

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". During the development period, the developer will provide a coupon of 4.5% per annum on cumulative progress payments made.

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

	Group	
	30.06.2022	31.12.2021
	\$'000	\$'000
Unquoted equity, at cost	2,023,195	2,023,195
Share of post-acquisition reserves	502,187	431,798
	2,525,382	2,454,993

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

	Group	
	30.06.2022	31.12.2021
	\$'000	\$'000
At 1 January	431,798	405,094
Share of results of associates		
- Profit excluding net change in fair value of investment properties	44,628	89,039
- Net change in fair value of investment properties	56,055	12,640
- Effects of recognising rental income on a straight-line basis over the lease terms	374	(279)
	101,057	101,400
Share of net change in fair value of cash flow hedges	13,091	13,386
Dividend and distribution income receivable/received	(43,759)	(88,082)
At end of period/year	502,187	431,798

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

	Group	
	30.06.2022	31.12.2021
	\$'000	\$'000
One Raffles Quay Pte Ltd ("ORQPL")	669,699	655,853
BFC Development LLP ("BFCDLLP")	1,122,545	1,093,894
Central Boulevard Development Pte. Ltd. ("CBDPL")	733,138	705,246
	2,525,382	2,454,993

- (iii) These relate to advances to ORQPL and BFCDLLP. As at 30 June 2022, the advance to BFCDLLP is classified as current, as it is expected to be repaid within the next 12 months.
- (iv) 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.
- (v) 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.
- (vi) Included in the Group's balance are dividend and distribution receivables from associates and joint ventures of \$23.1 million (31 December 2021: distribution receivables from joint ventures of \$1.8 million), as well as GST receivables of \$3.1 million (31 December 2021: \$19.9 million).

Included in the Trust's balance are dividend and distribution receivables from subsidiaries and associates of \$48.9 million (31 December 2021: distribution receivables from subsidiaries of \$20.9 million).

- (vii) Included in the balance is rental support received in advance from the vendor of Keppel Bay Tower of \$1.4 million (31 December 2021: \$2.5 million).
- (viii) Current borrowings relate to gross borrowings of \$305.3 million due in the first half of 2023. There are sufficient loan facilities available to refinance these borrowings when they fall due.

Included in non-current borrowings is the liability component of the \$53.5 million (31 December 2021: \$200 million) in aggregate principal of convertible bonds amounting to \$52.2 million (31 December 2021: \$194.8 million), which is measured at amortised cost. On 10 April 2022, \$146.5 million of these convertible bonds were redeemed.

	Group	
	30.06.2022	31.12.2021
	\$'000	\$'000
<u>Secured borrowings</u>		
Amount repayable after one year	615,029	620,531
Less: Unamortised portion of fees	(649)	(792)
	614,380	619,739
<u>Unsecured borrowings</u>		
Amount repayable within one year	305,310	187,892
Amount repayable after one year	1,815,285	1,922,440
Less: Unamortised portion of fees	(3,274)	(3,264)
	2,117,321	2,107,068
Total net borrowings	2,731,701	2,726,807

Details of collateral and securities

The Group has mortgaged certain investment properties of an aggregate amount of \$1,077.0 million (31 December 2021: \$1,083.7 million) as securities for loan facilities granted.

As at 30 June 2022, the Group had total gross borrowings (including the principal amount of convertible bonds of \$53.5 million) of approximately \$2,736.7 million and undrawn facilities of \$793.3 million available to meet its future obligations. For 1H2022, the all-in interest rate was 1.93% per annum and the interest coverage ratio¹ was 3.8 times. The aggregate leverage was 37.9% as at 30 June 2022.

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.

- (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 Movements 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>	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	\$	\$	\$	\$
NAV per Unit	1.36	1.32	1.10	1.10
NTA per Unit	1.36	1.32	1.10	1.10
Adjusted NAV per Unit	1.33	1.29	1.08	1.07
Adjusted NTA per Unit (excluding distributable income for the period)	1.33	1.29	1.08	1.07

The above is based on the number of the units in issue at the end of the period/year, and excludes 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 half year ended 30 June 2022

<u>Group</u>	<u>Units in</u> <u>issue</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	<u>Note</u>
At 1 January 2022	3,890,819	1,048,269	(80,899)	(6,260)	14,259	4,866,188	302,023	421,773	5,589,984	
Profit for the period	–	185,443	–	–	–	185,443	4,686	12,939	203,068	(i)
Other comprehensive income	–	–	3,265	81,819	–	85,084	–	2,945	88,029	
Total comprehensive income	–	185,443	3,265	81,819	–	270,527	4,686	15,884	291,097	
Issue of units for payment of management fees	30,440	–	–	–	–	30,440	–	–	30,440	(ii)
Distribution to unitholders	–	(106,428)	–	–	–	(106,428)	–	–	(106,428)	
Distribution to perpetual securities holders	–	–	–	–	–	–	(4,686)	–	(4,686)	
Distribution to non-controlling interests	–	–	–	–	–	–	–	(7,762)	(7,762)	
Redemption of convertible bonds	–	4,620	–	–	(8,085)	(3,465)	–	–	(3,465)	(iii)
At 30 June 2022	3,921,259	1,131,904	(77,634)	75,559	6,174	5,057,262	302,023	429,895	5,789,180	

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the half year ended 30 June 2022

<u>Group</u>	<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	<u>Note</u>
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 period	-	104,159	-	-	-	104,159	4,666	7,449	116,274	(i)
Other comprehensive income	-	-	28,930	20,196	-	49,126	-	1,022	50,148	
Total comprehensive income	-	104,159	28,930	20,196	-	153,285	4,666	8,471	166,422	
Issue of units for payment of management fees	27,522	-	-	-	-	27,522	-	-	27,522	(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	(4,740)	-	-	-	-	(4,740)	-	-	(4,740)	
Issue expenses for perpetual securities	-	-	-	-	-	-	(13)	-	(13)	
Distribution to unitholders	-	(132,034)	-	-	-	(132,034)	-	-	(132,034)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(4,686)	-	(4,686)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	(7,466)	(7,466)	
At 30 June 2021	3,869,838	994,218	(29,923)	(29,468)	14,259	4,818,924	302,023	420,732	5,541,679	

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the half year ended 30 June 2022

	<u>Units in issue</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 2022	3,890,819	159,906	836	11,037	4,062,598	302,023	4,364,621	
Profit for the period	–	69,281	–	–	69,281	4,686	73,967	
Other comprehensive income	–	–	57,043	–	57,043	–	57,043	(i)
Total comprehensive income	–	69,281	57,043	–	126,324	4,686	131,010	
Issue of units for payment of management fees	30,440	–	–	–	30,440	–	30,440	(ii)
Distribution to unitholders	–	(106,428)	–	–	(106,428)	–	(106,428)	
Distribution to perpetual securities holders	–	–	–	–	–	(4,686)	(4,686)	
Redemption of convertible bonds	–	4,620	–	(8,085)	(3,465)	–	(3,465)	(iii)
At 30 June 2022	3,921,259	127,379	57,879	2,952	4,109,469	302,023	4,411,492	
At 1 January 2021	3,570,515	151,716	(20,343)	11,037	3,712,925	302,056	4,014,981	
Profit for the period	–	92,374	–	–	92,374	4,666	97,040	
Other comprehensive income	–	–	6,386	–	6,386	–	6,386	(i)
Total comprehensive income	–	92,374	6,386	–	98,760	4,666	103,426	
Issue of units for payment of management fees	27,522	–	–	–	27,522	–	27,522	(ii)
Issue of units for payment of acquisition fee	6,540	–	–	–	6,540	–	6,540	
Issue of units for private placement	270,001	–	–	–	270,001	–	270,001	
Issue expenses for private placement	(4,740)	–	–	–	(4,740)	–	(4,740)	(ii)
Issue expenses for perpetual securities	–	–	–	–	–	(13)	(13)	(ii)
Distribution to unitholders	–	(132,034)	–	–	(132,034)	–	(132,034)	
Distribution to perpetual securities holders	–	–	–	–	–	(4,686)	(4,686)	
At 30 June 2021	3,869,838	112,056	(13,957)	11,037	3,978,974	302,023	4,280,997	

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	
	2022	2021
	Units	Units
At 1 January	3,695,418,528	3,407,824,769
Issue of new units		
- Payment of management fees	26,474,759	24,163,364
- Issuance of units in connection with a private placement	–	238,939,000
- Payment of acquisition fee ¹	–	5,468,684
At 30 June	3,721,893,287	3,676,395,817

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

As at 30 June 2022, Keppel REIT has \$53.5 million in aggregate principal of Convertible Bonds due 2024. Assuming all of the Convertible Bonds are fully converted at the current conversion price of \$1.3494 per Unit (the “Conversion”), the number of new Units issued pursuant to the Conversion would be 39,647,250, representing approximately 1.1% of the total number of Units in issue as at 30 June 2022.

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

Keppel REIT did not hold any treasury units as at 30 June 2022 and 31 December 2021. The total number of issued units in Keppel REIT as at 30 June 2022 and 31 December 2021 were 3,721,893,287 and 3,695,418,528 respectively.

(iii) This pertains to \$146.5 million in aggregate principal of convertible bonds which were redeemed on 10 April 2022.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2022

	Group		
	Half Year		
	30.06.2022	30.06.2021	Note
	\$'000	\$'000	
Operating activities			
Profit before tax	208,006	129,666	
Adjustments for:			
Interest income	(9,094)	(7,866)	
Share of results of associates	(44,628)	(46,758)	
Share of results of joint ventures	(11,663)	(15,344)	
Borrowing costs	25,222	24,948	
Management fees paid and payable in Units	26,139	24,737	
Net change in fair value of financial assets at fair value through profit or loss	1,099	1,151	
Net change in fair value of derivative financial instruments	(397)	(629)	
Net change in fair value of investment properties	(108,711)	(28,108)	
Depreciation	15	5	
Rental support	(1,099)	(1,058)	
Unrealised currency translation differences	(510)	(1,254)	
Operating cash flows before changes in working capital	84,379	79,490	
Decrease/(increase) in receivables	13,588	(7,005)	
(Decrease)/increase in payables	(1,924)	5,675	
(Decrease)/increase in security deposits	(245)	923	
Cash flows from operations	95,798	79,083	
Income taxes paid	(6,028)	(4,823)	
Net cash flows provided by operating activities	89,770	74,260	
Investing activities			
Net cash outflow on acquisition of a subsidiary	–	(599,609)	
Transaction and other related costs incurred on acquisition of investment property, net of manager's acquisition fee paid in Units	–	(2,256)	
Progress payments on investment property under development, net of coupon received	(28,012)	–	(i)
Subsequent expenditure on investment properties	(6,225)	(3,059)	
Interest received	9,082	7,865	
Rental support received	1,099	1,058	
Investments in joint ventures	(4,956)	–	
Dividend and distribution income received from associates	22,589	24,558	
Distribution income received from joint ventures	9,277	14,100	
Advances to an associate	–	(2,230)	
Net cash flows provided by/(used in) investing activities	2,854	(559,573)	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2022

	Group		
	Half Year		
	30.06.2022	30.06.2021	Note
	\$'000	\$'000	
Financing activities			
Loans drawdown	462,252	1,134,125	
Repayment of loans	(267,960)	(779,903)	
Redemption of convertible bonds	(146,500)	–	
Repayment of medium-term notes	(50,000)	–	
Proceeds from private placement of Units	–	270,001	
Payment of financing expenses/upfront debt arrangement costs	(1,275)	(1,244)	
Issue expenses for perpetual securities	–	(13)	
Issue expenses for private placement of Units	–	(4,740)	
Distribution to non-controlling interests	(7,762)	(7,466)	
Distribution to Unitholders	(106,428)	(132,034)	(ii)
Distribution to perpetual securities holders	(4,686)	(4,686)	
Interest paid	(23,205)	(22,122)	
Net cash flows (used in)/provided by financing activities	(145,564)	451,918	
Net decrease in cash and cash equivalents	(52,940)	(33,395)	
Cash and cash equivalents at beginning of the period	176,232	143,961	
Effect of exchange rate changes on cash and cash equivalents	111	1,940	
Cash and cash equivalents at end of the period	123,403	112,506	
Cash and bank balances	135,520	127,012	
Less: Restricted cash and bank balances	(12,117)	(14,506)	(iii)
Cash and cash equivalents per condensed Consolidated Statement of Cash Flows	123,403	112,506	

Notes:

- (i) During the development period of Blue & William, the developer will provide a coupon of 4.5% per annum on cumulative progress payments made. During the period ended 30 June 2022, coupon received of \$2.7 million was offset against progress payments made.
- (ii) Distribution paid to Unitholders in 1H2022 was for the following period:
- 1 July 2021 to 31 December 2021, paid on 1 March 2022.
- Distribution paid to Unitholders in 1H2021 was for the following periods:
- 1 July 2020 to 31 December 2020, paid on 1 March 2021; and
 - 1 January 2021 to 28 February 2021, paid on 31 March 2021.
- (iii) This relates to tenant security deposits for T Tower, and 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 half year ended 30 June 2022

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 half year ended 30 June 2022 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 2021 ("Annual Report 2021"). Accordingly, this report should be read in conjunction with Annual Report 2021 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 2021 except in the current financial period, the Group has adopted all the new and revised standards that are effective for annual periods beginning on 1 January 2022. The adoption of these standards did not have any effect of the financial performance or position of the Group.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2022**2.3 Interest Rate Benchmark Reform – Phase 2**

The Group had 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”), that were effective from 1 January 2021.

Hedge relationships

The Phase 2 amendments address issues arising during the interest rate benchmark reform (“IBOR reform”), including specifying when hedge designations and documentation should be updated, and when amounts accumulated in the 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 the IBOR reform are reflected by adjusting their respective effective interest rate. No immediate gain or loss is recognised.

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

For half year ended 30 June 2022, the Group has applied the practical expedients provided under Phase 2 amendments to gross borrowings of \$569,750,000 and interest rate swaps of \$279,750,000 which have transitioned from the Singapore Swap Offer Rate (“SOR”) to the Singapore Overnight Rate Average (“SORA”).

Effect of IBOR reform

The Group’s exposure arising from the IBOR reform predominantly relates to 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.

The 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 the SORA as at 30 June 2022.

30 June 2022	Group \$'000	Trust \$'000
<u>Liabilities</u>		
Borrowings	<u>(164,000)</u>	<u>(164,000)</u>

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 half year ended 30 June 2022

2.4 Critical accounting judgements and estimates

The significant areas of estimation, uncertainty and critical judgements in applying accounting policies disclosed in Annual Report 2021 remain relevant. Please refer to Note 5 for more information on the valuation of investment properties as at 30 June 2022.

3. Guarantees

The Trust has provided corporate guarantees amounting to \$1,824.5 million (31 December 2021: \$1,627.3 million) and \$225.0 million (31 December 2021: \$275.0 million) to banks for loans taken by subsidiaries and medium term notes issued by a subsidiary respectively.

4. Significant related party transactions

During the half year ended 30 June 2022, 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:

	Group	
	Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
Acquisition fee paid to the Manager	–	6,540
Trustee fees	665	628
Property and asset management fees and reimbursements paid/payable to related companies	3,194	2,734
Leasing commissions paid/payable to a related company	1,015	417
Service fees paid/payable to a related company	172	51
Rental income and other related income from related companies	6,478	1,615
Interest income received from associates	8,989	7,732
Rental support received from a related company	1,099	91
Electricity supply provided by a related company	1,283	1,162
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 half year ended 30 June 2022

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 30 June 2022			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	13,963	13,963
Derivative financial instruments:			
- Forward currency contracts	1,614	-	1,614
- Interest rate swaps	73,608	-	73,608
	<u>75,222</u>	<u>13,963</u>	<u>89,185</u>
<u>Non-financial assets</u>			
Investment properties	-	4,800,284	4,800,284
	<u>-</u>	<u>4,800,284</u>	<u>4,800,284</u>
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>

There have been no transfers between Levels 2 and 3 for the Group in the half year ended 30 June 2022.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2022

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

Level 2 fair value measurements

Forward currency contracts and interest rate swaps 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 30 June 2022, 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 30 June 2022</u>					
Investment properties	4,800,284	Capitalisation approach	Capitalisation rate	3.50% - 5.25%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	5.75% - 6.75%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$471/sf - \$9,941/sf	The higher the price, the higher the fair value

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2022

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

Level 3 fair value measurements – Investment properties (continued)

As at 31 December 2021

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

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 classified as current assets, the time value of money has been assessed to be 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 30 June 2022 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% (31 December 2021: 62%) of the total net lettable area 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 half year ended 30 June 2022

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 30 June 2022 and 31 December 2021 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	Fair value
	\$'000	\$'000
As at 30 June 2022		
Borrowings (non-current)	421,883	400,211
As at 31 December 2021		
Borrowings (non-current)	568,910	569,813

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 half year ended 30 June 2022

6. Portfolio reporting (continued)

By property

	Group Half Year		
	30.06.2022	30.06.2021	+/(-) %
	\$'000	\$'000	%
<u>Property income</u>			
Ocean Financial Centre	50,963	51,583	(1.2)
Keppel Bay Tower ¹	15,541	3,890	299.5
275 George Street ²	-	7,044	(100.0)
8 Exhibition Street ³	9,004	8,860	1.6
Victoria Police Centre ⁴	16,654	17,102	(2.6)
Pinnacle Office Park	9,299	8,669	7.3
T Tower	8,308	8,666	(4.1)
Total property income of directly held properties	109,769	105,814	3.7
<u>Net property income</u>			
Ocean Financial Centre	42,015	41,704	0.7
Keppel Bay Tower ¹	12,528	2,988	319.3
275 George Street ²	-	5,027	(100.0)
8 Exhibition Street ³	6,283	5,952	5.6
Victoria Police Centre ⁴	13,964	14,396	(3.0)
Pinnacle Office Park	8,197	7,361	11.4
T Tower	6,484	6,954	(6.8)
Total net property income of directly held properties	89,471	84,382	6.0
Less: Net property income attributable to non-controlling interests			
- Ocean Financial Centre ⁵	(8,445)	(8,383)	0.7
- T Tower ⁶	(40)	(43)	(7.0)
Total net property income attributable to non-controlling interests	(8,485)	(8,426)	0.7
One-third interest in ORQPL ⁷	20,361	18,386	10.7
One-third interests in BFCDLLP ⁸ and CBDPL ⁸	46,740	48,862	(4.3)
50% interest in M8CT ⁹	3,200	6,640	(51.8)
50% interest in MOTT ¹⁰	8,427	8,689	(3.0)
Total attributable net property income of associates and joint ventures	78,728	82,577	(4.7)
Total net property income attributable to Unitholders	159,714	158,533	0.7
<u>Rental support</u>			
Keppel Bay Tower	1,099	91	NM
Pinnacle Office Park	-	967	(100.0)
Total rental support	1,099	1,058	3.9
Total net property income attributable to Unitholders, including rental support	160,813	159,591	0.8

¹ Keppel Bay Tower was acquired on 18 May 2021.

² Comprised 50.0% interest in 275 George Street which was divested on 30 July 2021.

³ Comprised 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units.

⁴ Comprised 50% interest in Victoria Police Centre.

⁵ Represents an approximate interest of 20.1% in Ocean Financial Centre.

⁶ Represents an approximate interest of 0.6% in T Tower.

⁷ Comprised one-third interest in ORQPL which holds One Raffles Quay.

⁸ Comprised one-third interest in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.

⁹ Comprised 50% interest in M8CT which holds 8 Chifley Square.

¹⁰ Comprised 50% interest in MOTT which holds David Malcolm Justice Centre.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2022

6. Portfolio reporting (continued)

By property (continued)

Reconciliation to profit before net change in fair value of investment properties per condensed Consolidated Statement of Profit or Loss:

	Group	
	Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
Total net property income attributable to Unitholders, including rental support	160,813	159,591
<u>Add/(less):</u>		
Net property income attributable to non-controlling interests	8,485	8,426
Net property income of associates and joint ventures attributable to Unitholders	(78,728)	(82,577)
Interest income	9,094	7,866
Share of results of associates	44,628	46,758
Share of results of joint ventures	11,663	15,344
Borrowing costs	(25,222)	(24,948)
Manager's management fees	(26,139)	(24,737)
Net foreign exchange differences	(123)	1,451
Net change in fair value of financial assets at fair value through profit or loss	(1,099)	(1,151)
Net change in fair value of derivatives	397	629
Less: Other unallocated expenses	(4,474)	(5,094)
Profit before net change in fair value of investment properties	99,295	101,558

	Group	
	30.06.2022	31.12.2021
	\$'000	\$'000

Interests in associates

One-third interest in ORQPL

Investment in associate	669,699	655,853
Advances to associate	51,343	51,343
	721,042	707,196

One-third interest in BFCDLLP

Investment in associate	1,122,545	1,093,894
Advances to associate	569,824	569,824
	1,692,369	1,663,718

One-third interest in CBDPL

Investment in associate	733,138	705,246
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Interests in joint ventures

50% interest in M8CT

Investment in joint venture	234,133	226,058
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50% interest in MOTT

Investment in joint venture	234,032	231,581
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ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2022

6. Portfolio reporting (continued)

By geographical area

	Group	
	Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
<u>Property income</u>		
- Singapore	66,504	55,473
- Australia	34,957	41,675
- South Korea	8,308	8,666
Total property income of directly held properties	109,769	105,814
<u>Net property income</u>		
- Singapore	54,543	44,692
- Australia	28,444	32,736
- South Korea	6,484	6,954
Total net property income of directly held properties	89,471	84,382
<u>Net property income attributable to Unitholders, including rental support</u>		
- Singapore	114,298	103,648
- Australia	40,071	49,032
- South Korea	6,444	6,911
Total net property income attributable to Unitholders, including rental support	160,813	159,591
	30.06.2022	31.12.2021
	\$'000	\$'000
<u>Investment properties</u>		
- Singapore	3,295,000	3,258,600
- Australia	1,198,867	1,133,734
- South Korea	306,417	315,029
Total value of investment properties	4,800,284	4,707,363

Review of segment performance

Please refer to Note C under the Other Information section on Page 29 for the review of performance.

7. Subsequent events

On 26 July 2022, the Manager announced a distribution of 2.97 cents per Unit for the period from 1 January 2022 to 30 June 2022.

OTHER INFORMATION

For the half year ended 30 June 2022

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 1H2022 vs 1H2021

Property income and net property income for 1H2022 were \$109.8 million and \$89.5 million respectively. These were higher as compared to property income and net property income of \$105.8 million and \$84.4 million respectively for 1H2021. The increase was mainly attributable to contribution from Keppel Bay Tower which was acquired on 18 May 2021, and higher net property income from Ocean Financial Centre, 8 Exhibition Street and Pinnacle Office Park. This was partially offset by the absence of contribution from 275 George Street following its divestment on 30 July 2021 and lower net property income from Victoria Police Centre and T Tower due to weaker Australian dollar and Korean Won respectively.

The Group's profit before tax for 1H2022 was \$208.0 million as compared to \$129.7 million for 1H2021. The increase was mainly attributable to higher net fair value gain on investment properties in 1H2022, contribution from Keppel Bay Tower, higher net property income from Ocean Financial Centre, 8 Exhibition Street and Pinnacle Office Park, higher rental support received, higher interest income, as well as lower trust expenses. These were partially offset by the absence of contribution from 275 George Street, lower net property income from Victoria Police Centre and T Tower, lower share of results of associates and joint ventures, higher manager's management fees, net change in fair value of derivatives and net foreign exchange differences.

D. VARIANCE FROM FORECAST STATEMENT

Not applicable.

E. PROSPECTS

In Singapore, the average core CBD Grade A office rents reported by CBRE registered an increase in 2Q 2022, from \$10.95 psf pm to \$11.30 psf pm, while average core CBD occupancy decreased marginally from 93.8% as at end March 2022 to 93.6% as at end June 2022.

In Australia, JLL Research noted that the prime grade occupancies in Sydney CBD, North Sydney, Macquarie Park and Perth CBD have decreased, while Melbourne CBD registered an increase in 2Q 2022. In Seoul, JLL Research reported an increase in the CBD Grade A office market occupancy from 91.2% as at end March 2022 to 92.9% as at end June 2022.

Despite global economic uncertainties and rising costs, Keppel REIT's sustainability-focused portfolio comprising Grade A commercial properties have been delivering resilient performance. Looking ahead, the Manager will continue to focus on maintaining stable and sustainable distribution to Unitholders and achieving long-term growth.

OTHER INFORMATION

For the half year ended 30 June 2022

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.

As workplace normalcy resumes following the COVID-19 outbreak, the Manager continues to ensure all properties are 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 half year ended 30 June 2022

G. DISTRIBUTIONS

(i) Current Financial Period Reported on

Name of Distribution	1 January 2022 to 30 June 2022
Distribution type	(a) Taxable income (b) Tax exempt income
Distribution rate	(a) Taxable income distribution – 2.30 cents per Unit (b) Tax-exempt income distribution – 0.67 cents per Unit The above Distribution per Unit is computed based on 3,721,893,287 Units in issue which are entitled to the Distribution, and on the basis that none of the S\$53,500,000 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 3 August 2022, 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.

OTHER INFORMATION
For the half year ended 30 June 2022

G. DISTRIBUTIONS (continued)

(ii) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 January 2021 to 28 February 2021
Distribution type	(a) Taxable income (b) Tax exempt income
Distribution rate	(a) Taxable income distribution – 0.53 cents per Unit (b) Tax-exempt income distribution – 0.41 cents per Unit

Name of Distribution	1 March 2021 to 30 June 2021
Distribution type	(a) Taxable income (b) Tax exempt income
Distribution rate	(a) Taxable income distribution – 1.03 cents per Unit (b) Tax-exempt income distribution – 0.97 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

3 August 2022

(iv) Date payable

29 August 2022

H. INTERESTED PERSON TRANSACTIONS

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)	
		Half Year	
		30.06.2022 \$'000	30.06.2021 \$'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		26,139	24,737
- Acquisition fee		-	6,540
- Property management and asset management fees and reimbursables		2,287	3,583 ¹
- Leasing commissions		383	1,528 ²
- Rental support ³		-	3,200
- Electricity expenses ³		-	3,424
- Rent and service charge income ³		731	61,224
- Acquisition of a subsidiary ⁴		-	645,727
<u>RBC Investor Services Trust Singapore Limited</u>	Trustee of the REIT		
- Trustee fees		665	628

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 pertained to the acquisition of Keppel Bay Tower.

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

I. 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
26 July 2022

CONFIRMATION BY THE BOARD

We, TAN SWEE YIOW 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 Keppel REIT's condensed consolidated interim financial statements for the half year ended 30 June 2022 to be false or misleading in any material respect.

On behalf of the Board

A handwritten signature in black ink, appearing to read "TAN SWEE YIOW".

TAN SWEE YIOW
Chairman

A handwritten signature in black ink, appearing to read "CHRISTINA TAN".

CHRISTINA TAN
Director

26 July 2022