

**KEPPEL REIT AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2023**

<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	30
B. AUDITORS' REPORT	30
C. REVIEW OF PERFORMANCE	30
D. VARIANCE FROM FORECAST STATEMENT	30
E. PROSPECTS	30
F. RISK FACTORS AND RISK MANAGEMENT	31
G. DISTRIBUTIONS	32
H. INTERESTED PERSON TRANSACTIONS	34
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)	35
CONFIRMATION BY THE BOARD	36

INTRODUCTION

Listed by way of an introduction on 28 April 2006, Keppel REIT is one of Asia's leading REITs with a portfolio of prime 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 2023, Keppel REIT had a total portfolio value of approximately \$9.2 billion, comprising properties in Singapore, key Australian cities of Sydney, Melbourne and Perth, Seoul, South Korea as well as Tokyo, Japan. 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)

South Korea

- T Tower, Seoul (99.4% interest)

Japan

- KR Ginza II, Tokyo (98.5% interest)

Keppel REIT is managed by Keppel REIT Management Limited and sponsored by Keppel, a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity.

SUMMARY OF KEPPEL REIT RESULTS
For the half year ended 30 June 2023

	Group	
	1H2023 \$'000	1H2022 \$'000
Property income	114,874	109,769
Net property income	89,870	89,471
Interest income	3,685	9,094
Share of results of associates	40,296	44,628
Share of results of joint ventures	11,943	11,663
Distribution to Unitholders ¹	108,965 ²	110,540
Distribution per Unit ("DPU") (cents) for the period	2.90 ³	2.97
Distribution yield (%)	6.4% ⁴	6.5% ⁵

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

² This included an anniversary distribution of \$10.0 million out of capital gains for the period from 1 January 2023 to 30 June 2023 ("1H2023"). As announced on 25 October 2022, in appreciation to Unitholders for their support, Keppel REIT will distribute a total of \$100 million of Anniversary Distribution over a five-year period leading up to its 20th anniversary in 2026. \$20 million will be paid annually with such distributions to be made semi-annually.

³ DPU for 1H2023 is computed based on the number of units in issue as at 30 June 2023. 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 2023 and the record date, 2 August 2023.

⁴ Based on an annualised DPU and the market closing price per Unit of \$0.90 as at 30 June 2023.

⁵ Based on the total DPU of 5.92 cents for FY2022 and the market closing price per Unit of \$0.91 as at 30 December 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the half year ended 30 June 2023

	Group		+ / (-)	Note
	1H2023	1H2022		
	\$'000	\$'000		
Gross rent	108,975	104,018	4.8	
Car park income	4,341	4,095	6.0	
Other income	1,558	1,656	(5.9)	(i)
Property income	114,874	109,769	4.7	
Property tax	(7,828)	(6,561)	19.3	
Other property expenses	(13,974)	(10,864)	28.6	(ii)
Property management fee	(3,202)	(2,873)	11.5	
Property expenses	(25,004)	(20,298)	23.2	(ii)
Net property income	89,870	89,471	0.4	
Rental support	3,742	1,099	240.5	(iii)
Interest income	3,685	9,094	(59.5)	(iv)
Share of results of associates	40,296	44,628	(9.7)	
Share of results of joint ventures	11,943	11,663	2.4	
Borrowing costs	(31,780)	(25,222)	26.0	(v)
Manager's management fees	(26,865)	(26,139)	2.8	(vi)
Trust expenses	(3,018)	(4,474)	(32.5)	
Net foreign exchange differences	11,909	(123)	NM	
Net change in fair value of financial assets at fair value through profit or loss	(4,570)	(1,099)	315.8	(vii)
Net change in fair value of derivatives	(2,581)	397	NM	
Profit before net change in fair value of investment properties	92,631	99,295	(6.7)	
Net change in fair value of investment properties	(10,325)	108,711	NM	(viii)
Profit before tax	82,306	208,006	(60.4)	
Income tax	(6,889)	(4,938)	39.5	(ix)
Profit for the period	75,417	203,068	(62.9)	
Attributable to:				
Unitholders	62,765	185,443	(66.2)	
Perpetual securities holders	4,686	4,686	-	(x)
Non-controlling interests	7,966	12,939	(38.4)	(xi)
	75,417	203,068	(62.9)	
Earnings per Unit (cents) based on profit for the period attributable to Unitholders				
- Basic	1.67	4.99	(66.5)	(xii)
- Diluted	1.67	4.91	(66.0)	(xii)
Earnings per Unit (cents) based on profit before net change in fair value of investment properties and related tax expenses				
- Basic	2.02	2.23	(9.4)	(xii)
- Diluted	2.02	2.22	(9.0)	(xii)

NM – Not meaningful

CONDENSED DISTRIBUTION STATEMENT
For the half year ended 30 June 2023

	Group		+ / (-)	Note
	1H2023	1H2022		
	\$'000	\$'000		
Profit for the period attributable to Unitholders	62,765	185,443	(66.2)	
Net tax and other adjustments				
- Management fees paid and/or payable in units	26,865	26,139	2.8	
- Trustee fees	470	665	(29.3)	
- Amortisation of capitalised transaction costs	748	1,304	(42.6)	
- Net change in fair value of investment properties (net of non-controlling interests)	10,430	(103,513)	NM	
- Temporary differences and other adjustments	(2,313)	502	NM	(xiii)
- Capital gains distribution	10,000	-	100.0	
	46,200	(74,903)	NM	
Income available for distribution	108,965	110,540	(1.4)	
Distribution to Unitholders	108,965	110,540	(1.4)	(xiv)
Distribution per Unit (cents)	2.90	2.97	(2.4)	(xii)
Annualised/Actual Distribution per Unit¹ (cents)	5.80	5.92	(2.0)	

¹ Actual Distribution per Unit of 5.92 cents was based on 2.97 cents and 2.95 cents for the periods of 1 January to 30 June 2022 and 1 July to 31 December 2022 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	
	1H2023	1H2022
	\$'000	\$'000
Marketing expenses	1,181	1,017
Utilities	3,670	1,531
Repair and maintenance	6,711	6,052
Property management reimbursements	821	872
Others	1,591	1,392
	13,974	10,864

For 1H2023, an allowance for impairment of trade receivables amounting to \$242,000 was made (period from 1 January 2022 to 30 June 2022 ("1H2022")); allowance for impairment of trade receivables of \$126,000 was written back).

The overall increase in total property expenses is due mainly to higher property expenses from Ocean Financial Centre, Blue & William which achieved practical completion on 3 April 2023, as well as KR Ginza II which was acquired on 30 November 2022.

- (iii) For 1H2023, this relates to rental support drawn on Blue & William.

For 1H2022, it pertained to rental support drawn on Keppel Bay Tower. The rental support arrangement for Keppel Bay Tower ended in November 2022.

- (iv) Interest income comprises the following:

	<u>Group</u>	
	1H2023	1H2022
	\$'000	\$'000
Interest income from fixed deposits and current accounts	1,653	105
Interest income from advances to associates	2,032	8,989
	<u>3,685</u>	<u>9,094</u>

The decrease in interest income from advances to associates is due mainly to repayment of advances by an associate in 1H2023.

- (v) Borrowing costs comprise the following:

	<u>Group</u>	
	1H2023	1H2022
	\$'000	\$'000
Interest expense on borrowings	30,740	23,763
Amortisation of capitalised transaction costs	1,040	1,459
	<u>31,780</u>	<u>25,222</u>

- (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:

	<u>Group</u>	
	1H2023	1H2022
	\$'000	\$'000
Investment properties held directly by the Group	(38,591)	58,807
Investment properties held by associates	38,222	56,055
Investment properties held by joint ventures	(5,667)	5
Effects of recognising rental income on a straight-line basis over the lease terms	(4,289)	(6,156)
	<u>(10,325)</u>	<u>108,711</u>

- (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 changes in fair value of 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, 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, as well as Keppel Capital Japan Limited's ("KCJ") 1.5% interest and 3% interest in KR Ginza TMK's and KR Shintomi GK's net profit after tax respectively.

(xii) Earnings per Unit (“EPU”) and Distribution per Unit (“DPU”)

	Group	
	1H2023	1H2022
Basic EPU (cents)		
Based on profit for the period	1.67	4.99
Based on profit before net change in fair value of investment properties and related tax expenses	2.02	2.23
– Weighted average number of Units during the period (units)	3,757,954,594	3,712,588,099
Diluted EPU¹ (cents)		
Based on profit for the period	1.67	4.91
Based on profit before net change in fair value of investment properties and related tax expenses	2.02	2.22
– Weighted average number of Units during the period (units)	3,797,601,844	3,811,617,174
DPU (cents)	2.90 ²	2.97
– Number of Units in issue as at the end of the period (units)	3,757,411,697	3,721,893,287

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 2023 and the record date, 2 August 2023.

(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 2023

	<u>Group</u>		
	1H2023	1H2022	+ / (-)
	\$'000	\$'000	%
Profit for the period	75,417	203,068	(62.9)
Items that may be reclassified subsequently to profit or loss:			
- Foreign currency translation	(55,874)	3,245	NM
- Cash flow hedges	(1,184)	71,693	NM
- Share of other comprehensive income of associates (cash flow hedges)	(5,520)	13,091	NM
Other comprehensive (loss)/income for the period, net of tax	(62,578)	88,029	NM
Total comprehensive income for the period	12,839	291,097	(95.6)
Attributable to:			
Unitholders	531	270,527	(99.8)
Perpetual securities holders	4,686	4,686	-
Non-controlling interests	7,622	15,884	(52.0)
	12,839	291,097	(95.6)

NM – Not meaningful

CONDENSED BALANCE SHEETS
As at 30 June 2023

	<u>Group</u>			<u>Trust</u>			Note
	30.06.2023 \$'000	31.12.2022 \$'000	+/(-) %	30.06.2023 \$'000	31.12.2022 \$'000	+/(-) %	
Non-current assets							
Investment properties	4,903,164	4,917,045	(0.3)	–	–	–	(i)
Investments in subsidiaries	–	–	–	2,087,206	2,087,193	–	
Investments in associates	2,648,814	2,615,186	1.3	2,023,195	2,023,195	–	(ii)
Advances to associates	–	51,343	(100.0)	–	51,343	(100.0)	(iii)
Investments in joint ventures	409,265	430,898	(5.0)	–	–	–	
Amounts owing by subsidiaries	–	–	–	1,677,936	1,665,012	0.8	
Fixed assets	357	116	207.8	–	–	–	
Financial assets at fair value through profit or loss	2,198	17,474	(87.4)	–	–	–	(iv)
Derivative financial instruments	53,274	52,504	1.5	35,726	34,157	4.6	(v)
Other non-current asset	905	948	(4.5)	–	–	–	(vi)
	8,017,977	8,085,514	(0.8)	5,824,063	5,860,900	(0.6)	
Current assets							
Trade and other receivables	41,244	19,866	107.6	65,228	28,463	129.2	(vii)
Advances to associates	51,343	570,156	(91.0)	51,343	570,156	(91.0)	(iii)
Prepaid expenses	2,057	958	114.7	2	10	(80.0)	
Financial assets at fair value through profit or loss	10,039	–	100.0	–	–	–	(iv)
Cash and bank balances	147,268	186,433	(21.0)	37,070	98,182	(62.2)	
Derivative financial instruments	9,406	18,448	(49.0)	9,406	17,390	(45.9)	(v)
	261,357	795,861	(67.2)	163,049	714,201	(77.2)	
Total assets	8,279,334	8,881,375	(6.8)	5,987,112	6,575,101	(8.9)	
Current liabilities							
Trade and other payables	52,872	57,837	(8.6)	13,706	18,342	(25.3)	
Income received in advance	2,175	2,324	(6.4)	–	–	–	
Borrowings	351,193	643,690	(45.4)	216,114	63,975	237.8	(viii)
Security deposits	7,966	8,528	(6.6)	–	–	–	
Derivative financial instruments	9	56	(83.9)	9	56	(83.9)	(v)
Provision for taxation	1,904	1,831	4.0	12	–	100.0	
	416,119	714,266	(41.7)	229,841	82,373	179.0	
Non-current liabilities							
Borrowings	1,999,252	2,208,190	(9.5)	1,497,972	2,145,678	(30.2)	(viii)
Derivative financial instruments	5,159	7,084	(27.2)	5,159	7,084	(27.2)	(v)
Security deposits	39,882	37,374	6.7	–	–	–	
Deferred tax liabilities	49,855	49,157	1.4	–	–	–	
	2,094,148	2,301,805	(9.0)	1,503,131	2,152,762	(30.2)	
Total liabilities	2,510,267	3,016,071	(16.8)	1,732,972	2,235,135	(22.5)	
Net assets	5,769,067	5,865,304	(1.6)	4,254,140	4,339,966	(2.0)	
Represented by:							
Unitholders' funds	5,022,968	5,118,916	(1.9)	3,952,117	4,037,943	(2.1)	
Perpetual securities	302,023	302,023	–	302,023	302,023	–	(ix)
Non-controlling interests	444,076	444,365	(0.1)	–	–	–	(x)
	5,769,067	5,865,304	(1.6)	4,254,140	4,339,966	(2.0)	
Net asset value per Unit (\$)	1.34	1.37	(2.2)	1.05	1.08	(2.8)	(xi)

Notes:

- (i) The decrease is due mainly to fair value loss on investment properties in Australia, as well as translation differences arising from the Australia, South Korea and Japan investment properties. This is offset by progress payments made for Blue & William and fair value gain from T Tower.

	Group	
	30.06.2023	31.12.2022
	\$'000	\$'000
At 1 January	4,917,045	4,707,363
Translation differences	(60,513)	(104,951)
Acquisition of investment property ¹	–	95,746
Transaction and other related costs capitalised on acquisition of investment properties	–	1,659
Progress payments on investment property under development	80,122	67,155
Coupon receivable/received ²	(2,449)	(8,219)
Capitalised expenditure	7,550	10,611
Net change in fair value of investment properties	(38,591)	147,681
At end of period/year	4,903,164	4,917,045

¹ On 30 November 2022, Keppel REIT acquired a 98.5% interest in KR Ginza II, Tokyo, Japan through KR Ginza TMK. The total purchase consideration for 100.0% of the trust beneficial interest in the property is JPY 8.97 billion, of which Keppel REIT paid JPY 8.83 billion for its effective interest.

² This pertains to the coupon of 4.5% per annum on cumulative progress payments made by the developer during the development period of Blue & William. Blue & William achieved practical completion on 3 April 2023.

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

	Group	
	30.06.2023	31.12.2022
	\$'000	\$'000
Unquoted equity, at cost	2,023,195	2,023,195
Share of post-acquisition reserves	625,619	591,991
	2,648,814	2,615,186

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

	Group	
	30.06.2023	31.12.2022
	\$'000	\$'000
At 1 January	591,991	431,798
Share of results of associates		
– Profit excluding net change in fair value of investment properties	40,296	77,787
– Net change in fair value of investment properties	38,222	132,728
– Effects of recognising rental income on a straight-line basis over the lease terms	1,073	(254)
	79,591	210,261
Share of net change in fair value of cash flow hedges	(5,520)	26,674
Dividend and distribution income receivable/received	(40,443)	(76,742)
At end of period/year	625,619	591,991

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

	Group	
	30.06.2023	31.12.2022
	\$'000	\$'000
One Raffles Quay Pte Ltd (“ORQPL”)	678,263	680,459
BFC Development LLP (“BFCDLLP”)	1,180,237	1,167,986
Central Boulevard Development Pte. Ltd. (“CBDPL”)	790,314	766,741
	2,648,814	2,615,186

(iii) As at 30 June 2023, this relates to advances to ORQPL. The advances to BFCDLLP were repaid in 1H2023.

As at 31 December 2022, this pertained to advances to ORQPL and BFCDLLP.

(iv) This relates to rental support provided by the developer of Blue & William in lieu of vacant spaces and leases upon practical completion.

For 1H2022, the net change in fair value of financial assets at fair value through profit or loss also included rental support provided by the vendor of Keppel Bay Tower. This rental support arrangement ended in November 2022.

(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) This relates to a refundable deposit placed with a financial institution for a cash-backed bank guarantee.

(vii) Included in the Group's balance are dividend and distribution receivables from associates and joint ventures of \$22.5 million (31 December 2022: distribution receivables from joint ventures of \$1.9 million), as well as GST receivables of \$10.1 million (31 December 2022: \$5.7 million).

Included in the Trust's balance are dividend and distribution receivables from subsidiaries and associates of \$49.0 million (31 December 2022: distribution receivables from subsidiaries of \$27.2 million).

(viii) Current borrowings relate to gross borrowings of \$351.6 million due within the next 12 months, including the liability component of the \$53.5 million in aggregate principal of convertible bonds amounting to \$52.9 million, which is measured at amortised cost.

There are sufficient loan facilities available to refinance these borrowings when they fall due.

Included in non-current borrowings are Tokutei Mokuteki Kaisha ("TMK") bonds of JPY 4.0 billion.

	Group	
	30.06.2023	31.12.2022
	\$'000	\$'000
<u>Secured borrowings</u>		
Amount repayable within one year	135,445	1,590
Amount repayable after one year	508,482	645,124
Less: Unamortised portion of fees	(499)	(728)
	643,428	645,986
<u>Unsecured borrowings</u>		
Amount repayable within one year	216,199	642,366
Amount repayable after one year	1,495,080	1,567,568
Less: Unamortised portion of fees	(4,262)	(4,040)
	1,707,017	2,205,894
Total net borrowings	2,350,445	2,851,880

Details of collateral and securities

The Group has investment properties of an aggregate amount of \$1,151.2 million (31 December 2022: \$1,155.3 million) that are secured for credit facilities granted.

As at 30 June 2023, the Group had total gross borrowings (including the principal amount of convertible bonds of \$53.5 million) of approximately \$2,355.7 million and undrawn facilities of \$903.5 million available to meet its future obligations. For 1H2023, the all-in interest rate was 2.84% per annum with interest coverage ratio¹ and adjusted interest coverage ratio² at 3.4 times and 3.0 times respectively. The aggregate leverage was 39.2% as at 30 June 2023.

As at 31 December 2022, the Group had total gross borrowings (including the principal amount of convertible bonds of \$53.5 million) of approximately \$2,857.4 million and undrawn facilities of \$815.0 million available to meet its future obligations. For FY2022, the all-in interest rate was 2.29% per annum with interest coverage ratio¹ and adjusted interest coverage ratio² at 3.8 times and 3.3 times respectively. The aggregate leverage was 38.4% as at 31 December 2022.

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

² 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, as well as KCJ's 1.5% interest and 3% interest in the respective net assets of KR Ginza TMK and KR Shintomi GK.
- (xi) Net Asset Value ("NAV") and Net Tangible Asset ("NTA") per Unit

	<u>Group</u>		<u>Trust</u>	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	\$	\$	\$	\$
NAV per Unit	1.34	1.37	1.05	1.08
NTA per Unit	1.34	1.37	1.05	1.08
Adjusted NAV per Unit	1.31	1.34	1.02	1.05
Adjusted NTA per Unit	1.31	1.34	1.02	1.05
<i>(excluding distributable income for the period)</i>				

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 2023

<u>Group</u>	<u>Units in issue</u> \$'000	<u>Treasury units</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 2023	3,943,181	-	1,241,308	(143,951)	72,204	6,174	5,118,916	302,023	444,365	5,865,304	
Profit for the period	-	-	62,765	-	-	-	62,765	4,686	7,966	75,417	
Other comprehensive income	-	-	-	(55,903)	(6,331)	-	(62,234)	-	(344)	(62,578)	(i)
Total comprehensive income	-	-	62,765	(55,903)	(6,331)	-	531	4,686	7,622	12,839	
Issue of units for payment of management fees	31,098	-	-	-	-	-	31,098	-	-	31,098	(ii)
Purchase of Units	-	(17,181)	-	-	-	-	(17,181)	-	-	(17,181)	(iii)
Cancellation of treasury units	(17,181)	17,181	-	-	-	-	-	-	-	-	(iii)
Distribution to unitholders	-	-	(110,396)	-	-	-	(110,396)	-	-	(110,396)	
Distribution to perpetual securities holders	-	-	-	-	-	-	-	(4,686)	-	(4,686)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(7,911)	(7,911)	
At 30 June 2023	3,957,098	-	1,193,677	(199,854)	65,873	6,174	5,022,968	302,023	444,076	5,769,067	

CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the half year ended 30 June 2023

<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 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	
Other comprehensive income	–	–	3,265	81,819	–	85,084	–	2,945	88,029	(i)
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)	(iv)
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 2023

	<u>Units in issue</u> \$'000	<u>Treasury units</u> \$'000	<u>Accumulated profits/ (losses)</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 2023	3,943,181	-	52,435	39,375	2,952	4,037,943	302,023	4,339,966	
Profit for the period	-	-	9,819	-	-	9,819	4,686	14,505	
Other comprehensive income	-	-	-	834	-	834	-	834	(i)
Total comprehensive income	-	-	9,819	834	-	10,653	4,686	15,339	
Issue of units for payment of management fees	31,098	-	-	-	-	31,098	-	31,098	(ii)
Purchase of Units	-	(17,181)	-	-	-	(17,181)	-	(17,181)	(iii)
Cancellation of treasury units	(17,181)	17,181	-	-	-	-	-	-	(iii)
Distribution to unitholders	-	-	(110,396)	-	-	(110,396)	-	(110,396)	
Distribution to perpetual securities holders	-	-	-	-	-	-	(4,686)	(4,686)	
At 30 June 2023	3,957,098	-	(48,142)	40,209	2,952	3,952,117	302,023	4,254,140	
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)	(iv)
At 30 June 2022	3,921,259	-	127,379	57,879	2,952	4,109,469	302,023	4,411,492	

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

	<u>Group and Trust</u>	
	2023	2022
	Units	Units
At 1 January	3,742,222,952	3,695,418,528
Issue of new units:		
- Payment of management fees	34,838,745	26,474,759
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(19,650,000)	-
At 30 June	<u>3,757,411,697</u>	<u>3,721,893,287</u>

As at 30 June 2023, 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 \$1.2999 per Unit (the "Conversion"), the number of new Units issued pursuant to the Conversion would be 41,157,012, representing approximately 1.1% of the total number of Units in issue as at 30 June 2023.

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 2023 and 31 December 2022. The total number of issued units in Keppel REIT as at 30 June 2023 and 31 December 2022 were 3,757,411,697 and 3,742,222,952 respectively.

- (iii) During 1H2023, 19,650,000 Units were purchased at unit prices ranging from \$0.855 to \$0.910 from the open market and subsequently cancelled.
- (iv) This pertained 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 2023

	Group		
	1H2023	1H2022	Note
	\$'000	\$'000	
Operating activities			
Profit before tax	82,306	208,006	
Adjustments for:			
Interest income	(3,685)	(9,094)	
Share of results of associates	(40,296)	(44,628)	
Share of results of joint ventures	(11,943)	(11,663)	
Borrowing costs	31,780	25,222	
Management fees paid and payable in Units	26,865	26,139	
Net change in fair value of financial assets at fair value through profit or loss	4,570	1,099	
Net change in fair value of derivatives	2,581	(397)	
Net change in fair value of investment properties	10,325	(108,711)	
Depreciation	14	15	
Rental support	(3,742)	(1,099)	
Unrealised currency translation differences	(1,217)	(510)	
Operating cash flows before changes in working capital	97,558	84,379	
(Increase)/decrease in receivables	(8,190)	13,588	
Decrease in payables	(4,350)	(1,924)	
Increase/(decrease) in security deposits	2,585	(245)	
Cash flows from operations	87,603	95,798	
Income taxes paid	(5,349)	(6,028)	
Net cash flows provided by operating activities	82,254	89,770	
Investing activities			
Progress payments on investment property under development, net of coupon received	(76,219)	(28,012)	(i)
Subsequent expenditure on investment properties	(7,550)	(6,225)	
Purchase of fixed assets	(255)	-	
Interest received	3,637	9,082	
Rental support received	2,467	1,099	
Investment in a joint venture	(3,573)	(4,956)	
Dividend and distribution income received from associates	19,811	22,589	
Distribution income received from joint ventures	11,987	9,277	
Repayment of advances by an associate	570,156	-	
Net cash flows provided by investing activities	520,461	2,854	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2023

	1H2023	Group	
	\$'000	1H2022	
		\$'000	
Financing activities			
Loans drawdown	254,498	462,252	
Repayment of loans	(730,759)	(267,960)	
Redemption of convertible bonds	-	(146,500)	
Repayment of medium term notes	-	(50,000)	
Payment of financing expenses/upfront debt arrangement costs	(927)	(1,275)	
Distribution to non-controlling interests	(7,911)	(7,762)	
Distribution to Unitholders	(110,396)	(106,428)	(ii)
Distribution to perpetual securities holders	(4,686)	(4,686)	
Interest paid	(22,810)	(23,205)	
Purchase of units	(17,181)	-	
Net cash flows used in financing activities	(640,172)	(145,564)	
Net decrease in cash and cash equivalents	(37,457)	(52,940)	
Cash and cash equivalents at beginning of the period	174,963	176,232	
Effect of exchange rate changes on cash and cash equivalents	(1,051)	111	
Cash and cash equivalents at end of the period	136,455	123,403	
Cash and bank balances	147,268	135,520	
Less: Restricted cash and bank balances	(10,813)	(12,117)	(iii)
Cash and cash equivalents per condensed Consolidated Statement of Cash Flows	136,455	123,403	

Notes:

(i) During the development period of Blue & William, the developer provided a coupon of 4.5% per annum on cumulative progress payments made. During 1H2023, coupon received of \$3.9 million was offset against progress payments made. Blue & William achieved practical completion on 3 April 2023.

(ii) Distribution paid to Unitholders in 1H2023 was for the period of 1 July 2022 to 31 December 2022, paid on 1 March 2023.

Distribution paid to Unitholders in 1H2022 was for the period of 1 July 2021 to 31 December 2021, paid on 1 March 2022.

(iii) This relates to tenant security deposits held in designated accounts for T Tower and cash reserves maintained for KR Ginza II, which is a requirement of the bank.

For 1H2022, this pertained to tenant security deposits held in designated accounts 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 2023

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 the trustee. The Trust Deed is governed by the laws of the Republic of Singapore. HSBC Institutional Trust Services (Singapore) Limited (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 10 Marina Boulevard, #48-01 Marina Bay Financial Centre Tower 2, Singapore 018983.

On 28 April 2006, the Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") and included in the Central Provident Fund Investment Scheme. 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 set of condensed consolidated interim financial statements for the half year ended 30 June 2023 has been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*. This set of condensed consolidated interim financial statements does not contain all the disclosures included in the annual report of Keppel REIT for the financial year ended 31 December 2022 ("Annual Report 2022"). Accordingly, this report should be read in conjunction with Annual Report 2022 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 2022 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 2023. 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 2023

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 1H2023, the Group has applied the practical expedients provided under Phase 2 amendments to gross borrowings of \$164,000,000 which 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 has ceased publication after 30 June 2023, and it has been replaced by the SORA. As at 30 June 2023, all financial instruments of the Group and Trust that were affected by the IBOR reform have been transitioned to the SORA.

2.4 Critical accounting judgements and estimates

The significant areas of estimation, uncertainty and critical judgements in applying accounting policies disclosed in Annual Report 2022 remain relevant. Please refer to Note 5 for more information on the valuation of investment properties as at 30 June 2023.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2023

3. Guarantees

The Trust has provided corporate guarantees amounting to \$1,367.1 million (31 December 2022: \$1,824.5 million) and \$225.0 million (31 December 2022: \$225.0 million) to banks for loans taken by subsidiaries and medium term notes issued by a subsidiary respectively.

4. Significant related party transactions

During 1H2023, 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:

	<u>Group</u>	
	1H2023	1H2022
	\$'000	\$'000
Trustee fees	470	665
Property and asset management fees and reimbursements paid/payable to related companies	3,478	3,194
Leasing commissions paid/payable to a related company	728	1,015
Service fees paid/payable to a related company	45	172
Rental income and other related income from related companies	6,500	6,478
Interest income received from associates	2,032	8,989
Rental support received from a related company	–	1,099
Electricity supply provided by a related company	3,401	1,283
Additional equity injection in connection with a joint investment with a related company	2,794	–

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 2023

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	<u>Group</u> Level 3 \$'000	Total \$'000
As at 30 June 2023			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	12,237	12,237
Derivative financial instruments:			
- Forward currency contracts	3,696	-	3,696
- Interest rate swaps	58,984	-	58,984
	<u>62,680</u>	<u>12,237</u>	<u>74,917</u>
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(9)	-	(9)
- Interest rate swaps	(5,159)	-	(5,159)
	<u>(5,168)</u>	<u>-</u>	<u>(5,168)</u>
<u>Non-financial assets</u>			
Investment properties	-	4,903,164	4,903,164
	<u>-</u>	<u>4,903,164</u>	<u>4,903,164</u>
As at 31 December 2022			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	-	17,474	17,474
Derivative financial instruments:			
- Forward currency contracts	6,313	-	6,313
- Interest rate swaps	64,639	-	64,639
	<u>70,952</u>	<u>17,474</u>	<u>88,426</u>
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(56)	-	(56)
- Interest rate swaps	(7,084)	-	(7,084)
	<u>(7,140)</u>	<u>-</u>	<u>(7,140)</u>
<u>Non-financial assets</u>			
Investment properties	-	4,917,045	4,917,045
	<u>-</u>	<u>4,917,045</u>	<u>4,917,045</u>

There have been no transfers between Levels 2 and 3 for the Group in 1H2023.

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the half year ended 30 June 2023

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 2023, 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
As at 30 June 2023					
Investment properties	4,903,164	Capitalisation approach	Capitalisation rate	2.70% – 6.00%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	2.50% – 7.00%	The higher the rate, the lower the fair value
			Terminal capitalisation rate	2.80% – 6.38%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$493/sf – \$2,490/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 2023

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 2022</u>					
Investment properties	4,917,045	Capitalisation approach	Capitalisation rate	2.70% – 5.38%	The higher the rate, the lower the fair value
		Discounted cash flow analysis	Discount rate	2.50% – 6.75%	The higher the rate, the lower the fair value
			Terminal capitalisation rate	2.80% – 5.63%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$735/sf – \$2,715/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 current and 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 2023 was determined by the external valuer of Blue & William, contemporaneously in their valuation of the investment property. An increase/decrease in the assumed level and period of leasing 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 2023

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 2023 and 31 December 2022 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 2023		
Borrowings (non-current)	150,000	134,000
As at 31 December 2022		
Borrowings (non-current)	413,165	380,521

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, South Korea and Japan.

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 prime commercial properties located in the key business districts of Singapore, Australia, South Korea and Japan. 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 2023

6. Portfolio reporting (continued)

By property

	Group		
	1H2023	1H2022	+/(−)
	\$'000	\$'000	%
<u>Property income</u>			
Ocean Financial Centre	56,930	50,963	11.7
Keppel Bay Tower	17,151	15,541	10.4
8 Exhibition Street ¹	8,349	9,004	(7.3)
Victoria Police Centre ²	15,506	16,654	(6.9)
Pinnacle Office Park	8,336	9,299	(10.4)
T Tower	7,960	8,308	(4.2)
KR Ginza II ³	642	–	100.0
Total property income of directly held properties	114,874	109,769	4.7
<u>Net property income</u>			
Ocean Financial Centre	44,886	42,015	6.8
Keppel Bay Tower	13,960	12,528	11.4
8 Exhibition Street ¹	5,484	6,283	(12.7)
Victoria Police Centre ²	12,748	13,964	(8.7)
Pinnacle Office Park	6,870	8,197	(16.2)
Blue & William ⁴	(281)	–	(100.0)
T Tower	5,872	6,484	(9.4)
KR Ginza II ³	331	–	100.0
Total net property income of directly held properties	89,870	89,471	0.4
Less: Net property income attributable to non-controlling interests			
– Ocean Financial Centre ⁵	(9,022)	(8,445)	6.8
– T Tower ⁶	(36)	(40)	(10.0)
– KR Ginza II ⁷	(5)	–	100.0
Total net property income attributable to non-controlling interests	(9,063)	(8,485)	6.8
One-third interest in ORQPL ⁸	21,915	20,361	7.6
One-third interests in BFCDLLP ⁹ and CBDPL ⁹	50,989	46,740	9.1
50% interest in M8CT ¹⁰	4,229	3,200	32.2
50% interest in MOTT ¹¹	7,671	8,427	(9.0)
Total attributable net property income of associates and joint ventures	84,804	78,728	7.7
Total net property income attributable to Unitholders	165,611	159,714	3.7
<u>Rental support</u>			
Keppel Bay Tower	–	1,099	(100.0)
Blue & William	3,742	–	100.0
Total rental support	3,742	1,099	240.5
Total net property income attributable to Unitholders, including rental support	169,353	160,813	5.3

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2023

6. Portfolio reporting (continued)

By property (continued)

- ¹ Comprises 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units.
² Comprises 50% interest in Victoria Police Centre.
³ KR Ginza II was acquired on 30 November 2022.
⁴ Blue & William achieved practical completion on 3 April 2023 and has incurred property expenses in 1H2023. Whilst the committed tenancies have not commenced, the developer of Blue & William is providing rental support in lieu of spaces which remain unleased for up to a period of three years after practical completion.
⁵ Represents an approximate interest of 20.1% in Ocean Financial Centre.
⁶ Represents an approximate interest of 0.6% in T Tower.
⁷ Represents an approximate interest of 1.5% in KR Ginza II.
⁸ Comprises one-third interest in ORQPL which holds One Raffles Quay.
⁹ Comprise one-third interests 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 net change in fair value of investment properties per condensed Consolidated Statement of Profit or Loss:

	Group	
	1H2023	1H2022
	\$'000	\$'000
Total net property income attributable to Unitholders, including rental support	169,353	160,813
<u>Add/(less):</u>		
Net property income attributable to non-controlling interests	9,063	8,485
Net property income of associates and joint ventures attributable to Unitholders	(84,804)	(78,728)
Interest income	3,685	9,094
Share of results of associates	40,296	44,628
Share of results of joint ventures	11,943	11,663
Borrowing costs	(31,780)	(25,222)
Manager's management fees	(26,865)	(26,139)
Net foreign exchange differences	11,909	(123)
Net change in fair value of financial assets at fair value through profit or loss	(4,570)	(1,099)
Net change in fair value of derivatives	(2,581)	397
Other unallocated expenses	(3,018)	(4,474)
Profit before net change in fair value of investment properties	92,631	99,295

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2023

6. Portfolio reporting (continued)

By property (continued)

	Group	
	30.06.2023	31.12.2022
	\$'000	\$'000
<u>Interests in associates</u>		
<u>One-third interest in ORQPL</u>		
Investment in associate	678,263	680,459
Advances to associate	51,343	51,343
	729,606	731,802
<u>One-third interest in BFCDLLP</u>		
Investment in associate	1,180,237	1,167,986
Advances to associate	-	570,156
	1,180,237	1,738,142
<u>One-third interest in CBDPL</u>		
Investment in associate	790,314	766,741
<u>Interests in joint ventures</u>		
<u>50% interest in M8CT</u>		
Investment in joint venture	198,605	209,112
<u>50% interest in MOTT</u>		
Investment in joint venture	210,660	221,786

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2023

6. Portfolio reporting (continued)

By geographical area

	Group	
	1H2023	1H2022
	\$'000	\$'000
<u>Property income</u>		
- Singapore	74,081	66,504
- Australia	32,191	34,957
- South Korea	7,960	8,308
- Japan	642	-
Total property income of directly held properties	114,874	109,769
<u>Net property income</u>		
- Singapore	58,846	54,543
- Australia	24,821	28,444
- South Korea	5,872	6,484
- Japan	331	-
Total net property income of directly held properties	89,870	89,471
<u>Net property income attributable to Unitholders, including rental support</u>		
- Singapore	122,728	114,298
- Australia	40,463	40,071
- South Korea	5,836	6,444
- Japan	326	-
Total net property income attributable to Unitholders, including rental support	169,353	160,813
	Group	
	30.06.2023	31.12.2022
	\$'000	\$'000
<u>Investment properties</u>		
- Singapore	3,389,000	3,389,000
- Australia	1,124,252	1,150,270
- South Korea	301,797	288,149
- Japan	88,115	89,626
Total value of investment properties	4,903,164	4,917,045

Review of segment performance

Please refer to Note C under the Other Information section on Page 30 for the review of performance.

7. Subsequent events

On 25 July 2023, the Manager announced a distribution of 2.90 cents per Unit for the period from 1 January 2023 to 30 June 2023.

OTHER INFORMATION**For the half year ended 30 June 2023****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 1H2023 vs 1H2022**

Property income and net property income for 1H2023 were \$114.9 million and \$89.9 million respectively. These were higher as compared to property income and net property income of \$109.8 million and \$89.5 million respectively for 1H2022. The increase was mainly attributable to higher property income and higher net property income from Ocean Financial Centre, Keppel Bay Tower and KR Ginza II which was acquired on 30 November 2022. This was partially offset by lower net property income from the Australia properties and T Tower due mainly to weaker Australian dollar and Korean Won respectively.

The Group's profit before tax for 1H2023 was \$82.3 million as compared to \$208.0 million for 1H2022. The decrease was mainly attributable to net fair value loss on investment properties in 1H2023 as compared to net fair value gain in 1H2022, lower interest income due mainly to repayment of advances by an associate, lower share of results of associates, lower net property income from Australia properties and T Tower, net change in fair value of derivatives, higher manager's management fees and higher borrowing costs, partially offset by higher net property income from Ocean Financial Centre, Keppel Bay Tower and KR Ginza II, higher rental support, higher share of results of joint ventures 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 from \$11.75 psf pm in 1Q 2023 to \$11.80 psf pm in 2Q 2023, and average core CBD occupancy increased from 94.5% as at end March 2023 to 94.8% as at end June 2023.

In Australia, JLL Research (JLL) noted that the prime grade occupancy in Perth CBD increased, while Sydney, North Sydney, Macquarie Park and Melbourne CBD decreased in 2Q 2023. In Seoul, JLL reported a decrease in the CBD Grade A office market occupancy from 98.5% as at end March 2023 to 98.1% as at end June 2023. In Tokyo central five wards, JLL noted that the Grade A office market occupancy decreased from 95.8% as at end March 2023 to 95.2% as at end June 2023, while Grade B office market occupancy maintained at 96.1% as at end June 2023.

Delivering sustainable long-term total return to Unitholders continues to be a key focus of Keppel REIT. The Manager will continue to proactively manage the portfolio and exercise prudence in capital management.

OTHER INFORMATION

For the half year ended 30 June 2023

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, South Korea and Japan, 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.

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 2023

G. DISTRIBUTIONS

(i) Current Financial Period Reported on

Name of Distribution	1 January 2023 to 30 June 2023
Distribution type	<p>(a) Taxable income distribution (b) Tax exempt income distribution (c) Capital gains distribution</p>
Distribution rate	<p>(a) Taxable income distribution – 1.46 cents per Unit (b) Tax-exempt income distribution – 1.17 cents per Unit (c) Capital gains distribution – 0.27 cents per Unit</p> <p>The above Distribution per Unit is computed based on 3,757,411,697 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 2 August 2023, 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>

OTHER INFORMATION
For the half year ended 30 June 2023

G. DISTRIBUTIONS (continued)

(ii) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 January 2022 to 30 June 2022
Distribution type	(a) Taxable income distribution (b) Tax exempt income distribution
Distribution rate	(a) Taxable income distribution – 2.30 cents per Unit (b) Tax-exempt income distribution – 0.67 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

2 August 2023

(iv) Date payable

8 September 2023

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)	
		1H2023 \$'000	1H2022 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u> – Manager’s management fees – Property management and asset management fees and reimbursables – Leasing commissions – Electricity and related expenses ¹ – Rent and service charge income ¹ – Additional equity injection in connection with a joint investment with a related company	Keppel Corporation Limited is a "controlling Unitholder" of the REIT and a "controlling shareholder" of the REIT Manager under the Listing Manual of the Singapore Exchange Securities Trading Limited and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.	26,865 2,480 448 1,900 – 2,794	26,139 2,287 383 – 731 –
<u>Temasek Holdings (Private) Limited and its subsidiaries or associates</u> – Marketing fee income from a related company	Temasek Holdings (Private) Limited is a "controlling shareholder" of Keppel Corporation Limited, and thus 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.	290	–
<u>HSBC Institutional Trust Services (Singapore) Limited</u> – Trustee fees	Trustee ² of the REIT	470	–
<u>RBC Investor Services Trust Singapore Limited</u> – Trustee fees	Trustee ² of the REIT	–	665

¹ The aggregate value of interested person transactions refers to the total contract sum entered into during the financial period.

² On 30 September 2022, RBC Investor Services Trust Singapore Limited retired as the trustee and HSBC Institutional Trust Services (Singapore) Limited was appointed the replacement trustee.

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 / Gillian Loh
Company Secretaries
25 July 2023

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 2023 to be false or misleading in any material respect.

On behalf of the Board

TAN SWEE YIOW
Chairman

25 July 2023



CHRISTINA TAN
Director