

KEPPEL REIT **UNAUDITED RESULTS FOR THE SECOND QUARTER AND** **HALF YEAR ENDED 30 JUNE 2017**

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INTRODUCTION

Keppel REIT was listed by way of an introduction on 28 April 2006. Over the last decade, Keppel REIT has grown from strength-to-strength to become one of Asia's leading REITs with the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts.

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

As at 30 June 2017, Keppel REIT had assets under management of approximately \$8.3 billion comprising interests in eight premium office assets with 11 office towers strategically located in the central business districts of Singapore, as well as key cities of Sydney, Melbourne, Brisbane and Perth in Australia.

The assets in Singapore are Bugis Junction Towers (100% interest), Ocean Financial Centre (99.9% interest), Marina Bay Financial Centre (comprising office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest) and One Raffles Quay (one-third interest).

The assets in Australia are 8 Chifley Square (50% interest) in Sydney, 8 Exhibition Street in Melbourne (50% interest in the office building and two retail units, as well as a 100% interest in another three retail units), 275 George Street in Brisbane (50% interest), as well as the David Malcolm Justice Centre in Perth (50% interest). On 29 June 2017, Keppel REIT Management Limited (the "Manager") announced the acquisition of a 50% stake in a premium office tower to be developed at 311 Spencer Street in Melbourne. The acquisition is expected to be completed in the third quarter of 2017.

Keppel REIT is sponsored by Keppel Land Limited ("Keppel Land"), one of Asia's leading property companies, and is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. ("Keppel Capital").

SUMMARY OF KEPPEL REIT RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

	GROUP			
	2Q2017 \$'000	2Q2016 \$'000	1H2017 \$'000	1H2016 \$'000
Property income	39,846	40,552	79,702	81,719
Net property income	31,892	32,458	63,286	65,368
Share of results of associates	20,733	20,106	43,878	38,892
Share of results of joint ventures	7,565	8,346	15,881	15,153
Income available for distribution	47,406	52,517	95,527	106,955 ¹
Distribution to Unitholders ²	47,406	52,517	95,527	106,955
Distribution per Unit ("DPU") (cents) for the period	1.42 ³	1.61 ⁴	2.87	3.29
Annualised/Actual distribution yield (%)			5.0% ⁵	6.2% ⁶

Notes:

- (1) Income contribution from 77 King Street was from 1 January 2016 up to date of divestment on 29 January 2016.
- (2) Distribution to Unitholders was based on 100% of the taxable income available for distribution.
- (3) There is no distribution of other gains for the quarter ended 30 June 2017.
- (4) There was a distribution of other gains of 0.15 cents per Unit for the quarter ended 30 June 2016.
- (5) Based on the market closing price per Unit of \$1.145 as at the last trading day, 30 June 2017.
- (6) Based on the total DPU of 6.37 cents for FY2016 and the market closing price per Unit of \$1.02 as at the last trading day, 31 December 2016.

1. UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the second quarter and half year ended 30 June 2017:

1(a)(i) Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Total Return

		Group					
		2Q2017	2Q2016	+/(−)	1H2017	1H2016	+/(−)
	Note	\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		37,764	38,944	(3.0)	75,729	78,583	(3.6)
Car park income		894	843	6.0	1,816	1,663	9.2
Other income		1,188	765	55.3	2,157	1,473	46.4
Property income		39,846	40,552	(1.7)	79,702	81,719	(2.5)
Property tax		(2,607)	(2,874)	(9.3)	(5,495)	(5,781)	(4.9)
Other property expenses	1	(4,183)	(4,115)	1.7	(8,628)	(8,253)	4.5
Property management fee		(1,010)	(1,044)	(3.3)	(1,984)	(2,102)	(5.6)
Maintenance and sinking fund contributions		(154)	(61)	152.5	(309)	(215)	43.7
Property expenses		(7,954)	(8,094)	(1.7)	(16,416)	(16,351)	0.4
Net property income		31,892	32,458	(1.7)	63,286	65,368	(3.2)
Rental support	2	3,482	4,165	(16.4)	7,023	8,364	(16.0)
Interest income	3	5,627	7,447	(24.4)	11,708	16,093	(27.2)
Share of results of associates	4	20,733	20,106	3.1	43,878	38,892	12.8
Share of results of joint ventures	5	7,565	8,346	(9.4)	15,881	15,153	4.8
Amortisation expense	6	(3,172)	(3,811)	(16.8)	(6,391)	(7,649)	(16.4)
Borrowing costs	7	(16,346)	(16,900)	(3.3)	(32,100)	(32,947)	(2.6)
Manager's management fees	8	(12,583)	(12,520)	0.5	(25,130)	(25,096)	0.1
Trust expenses		(2,038)	(719)	183.4	(4,133)	(3,050)	35.5
Net change in fair value of derivatives		(3,744)	799	NM	(571)	799	NM
Net income before gain on divestment of investment property and net change in fair value of investment properties		31,416	39,371	(20.2)	73,451	75,927	(3.3)
Gain on divestment of investment property	9	-	-	-	-	28,299	(100.0)
Net change in fair value of investment properties	10	-	62,022	(100.0)	-	62,022	(100.0)
Total return before tax		31,416	101,393	(69.0)	73,451	166,248	(55.8)
Income tax expense	11	(1,834)	(2,964)	(38.1)	(3,903)	(9,932)	(60.7)
Total return after tax		29,582	98,429	(69.9)	69,548	156,316	(55.5)
Attributable to:							
Unitholders		27,700	96,517	(71.3)	65,806	152,524	(56.9)
Perpetual securities holders	12	1,863	1,863	-	3,704	3,725	(0.6)
Non-controlling interest		19	49	(61.2)	38	67	(43.3)
		29,582	98,429	(69.9)	69,548	156,316	(55.5)

Distribution Statement

Total return for the period attributable to Unitholders		27,700	96,517	(71.3)	65,806	152,524	(56.9)
Net tax and other adjustments	13	19,706	(44,000)	NM	29,721	(45,569)	NM
Income available for distribution		47,406	52,517	(9.7)	95,527	106,955	(10.7)
Distribution to Unitholders	14	47,406	52,517	(9.7)	95,527	106,955	(10.7)
Distribution per Unit (cents)							
for the period		1.42	1.61	(11.8)	2.87	3.29	(12.8)
Annualised/Actual Distribution ¹		5.74	6.37	(9.9)	5.74	6.37	(9.9)

(1) Actual distribution was based on 1.68 cents, 1.61 cents, 1.60 cents and 1.48 cents reported in 1Q2016, 2Q2016, 3Q2016 and 4Q2016 respectively.

NM – Not meaningful

Notes:

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

	<u>Group</u>			
	2Q2017	2Q2016	1H2017	1H2016
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	440	200	689	392
Utilities	653	798	1,475	1,626
Repair and maintenance	2,457	2,393	4,918	4,655
Property management reimbursements	405	456	914	923
Others	228	268	632	657
	4,183	4,115	8,628	8,253

- (2) This relates to the rental support top-up payments received by Keppel REIT for the approximate 12.4% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre ("OFC") and the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds Marina Bay Financial Centre ("MBFC") Tower 3. The rental support drawn down for OFC and MBFC Tower 3 for 1H2017 are \$1,873,000 and \$5,150,000 (1H2016: \$1,964,000 and \$6,400,000) respectively.

- (3) Interest income comprises the following:

	<u>Group</u>			
	2Q2017	2Q2016	1H2017	1H2016
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	825	1,178	1,882	2,246
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	4,802	6,269	9,826	13,847
	5,627	7,447	11,708	16,093

- (4) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax and before net change in fair value of investment properties, and (ii) BFCDLLP's partnership profit before net change in fair value of investment property.

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

- (6) Amortisation expense represents the amortisation of intangible asset as explained in paragraph 1(b)(i), note 4.

- (7) Borrowing costs comprise the following:

	<u>Group</u>			
	2Q2017	2Q2016	1H2017	1H2016
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	13,105	14,798	26,586	30,143
Interest expense on revolving loans	2,688	60	4,475	60
Amortisation of capitalised transaction costs	553	2,042	1,039	2,744
	16,346	16,900	32,100	32,947

- (8) The Manager has elected to receive 100% of its management fees earned in respect of all the properties in units of Keppel REIT.

- (9) This pertained to the gain on divestment of Keppel REIT's 100% interest in 77 King Street in Sydney.

- (10) This pertained to the net change in fair value of investment properties for Keppel REIT's 99.9% interest in OFC, one-third interest in MBFC Towers 1, 2 and 3 and Marina Bay Link Mall, one-third interest in One Raffles Quay and Bugis Junction Towers for 2Q2016.

- (11) Income tax expense comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its one-third interest in CBDPL and the approximate 12.4% interest in OPLLP, net of deductible interest expense, and (ii) withholding tax expense in relation to the income from the Group's investments in Australia.

- (12) Please refer to paragraph 1(b)(i), note 9.

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

	<u>Group</u>			
	2Q2017	2Q2016	1H2017	1H2016
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	12,583	12,520	25,130	25,096
Trustee's fees	312	309	621	619
Net change in fair value of investment properties (net of non-controlling interest)	-	(61,989)	-	(61,989)
Amortisation of intangible asset and capitalised transaction costs	3,725	5,853	7,430	10,393
Temporary differences and other adjustments	3,086	(5,693)	(3,460)	(27,688)
Other gains distribution	-	5,000	-	8,000
	<u>19,706</u>	<u>(44,000)</u>	<u>29,721</u>	<u>(45,569)</u>

Included in temporary differences and other adjustments for the current and prior periods were share of results of associates and joint ventures, dividend and distribution income, effect of recognising rental income on a straight line basis over the lease terms, non-taxable income and non-deductible expenses. For 1H2016, temporary differences and other adjustments also included the gain on divestment of investment property.

Other gains distribution relates to distribution of gains from Keppel REIT's divested properties.

(14) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders. The distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.

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

Statement of Comprehensive Income

	<u>Group</u>					
	2Q2017	2Q2016	+ / (-)	1H2017	1H2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Total return after tax	29,582	98,429	(69.9)	69,548	156,316	(55.5)
Other comprehensive income:						
Foreign currency translation	(20,412)	(36,076)	(43.4)	(15,347)	(20,296)	(24.4)
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	(18,364)	(8,608)	113.3	(22,945)	(22,577)	1.6
Share of net change in fair value of cash flow hedges of associates	(1,532)	(2,098)	(27.0)	(1,954)	(4,106)	(52.4)
Other comprehensive income for the period	(40,308)	(46,782)	(13.8)	(40,246)	(46,979)	(14.3)
Total comprehensive income for the period	(10,726)	51,647	NM	29,302	109,337	(73.2)
Attributable to:						
Unitholders	(12,605)	49,742	NM	25,563	105,553	(75.8)
Perpetual securities holders	1,863	1,863	-	3,704	3,725	(0.6)
Non-controlling interest	16	42	(61.9)	35	59	(40.7)
	<u>(10,726)</u>	<u>51,647</u>	<u>NM</u>	<u>29,302</u>	<u>109,337</u>	<u>(73.2)</u>

NM –Not meaningful

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

Balance Sheets

	Note	<u>Group</u>			<u>Trust</u>		
		30/06/2017	31/12/2016	+/(-) %	30/06/2017	31/12/2016	+/(-) %
		\$'000	\$'000		\$'000	\$'000	
Non-current assets							
Investment properties	1	3,612,796	3,618,097	(0.1)	540,264	540,000	0.05
Investments in subsidiaries		-	-	-	1,837,110	1,837,110	-
Investments in associates	2	2,518,149	2,525,112	(0.3)	2,025,483	2,025,483	-
Advances to associates		610,922	610,922	-	610,922	610,922	-
Investments in joint ventures	3	450,364	450,284	0.02	-	-	-
Amounts owing by subsidiaries		-	-	-	845,974	852,650	(0.8)
Fixed assets		169	190	(11.1)	31	31	-
Intangible asset	4	16,120	22,511	(28.4)	15,591	20,471	(23.8)
Derivative financial instruments	5	5,247	18,016	(70.9)	5,247	16,354	(67.9)
Total non-current assets		7,213,767	7,245,132	(0.4)	5,880,622	5,903,021	(0.4)
Current assets							
Trade and other receivables	6	39,082	10,662	266.6	31,539	7,721	308.5
Prepaid expenses		169	604	(72.0)	22	11	100.0
Cash and bank balances		278,880	278,682	0.1	133,946	141,948	(5.6)
Derivative financial instruments	5	681	245	178.0	681	99	>500
Other assets	7	125,690	-	100.0	-	-	-
Total current assets		444,502	290,193	53.2	166,188	149,779	11.0
Total assets		7,658,269	7,535,325	1.6	6,046,810	6,052,800	(0.1)
Current liabilities							
Trade and other payables	8	180,947	51,828	249.1	29,995	34,640	(13.4)
Income received in advance		1,240	278	346.0	118	-	100.0
Borrowings		154,847	-	100.0	-	-	-
Security deposits		4,137	3,545	16.7	243	431	(43.6)
Derivative financial instruments	5	431	1,483	(70.9)	67	1,281	(94.8)
Provision for taxation		3,066	2,735	12.1	2,232	2,735	(18.4)
Total current liabilities		344,668	59,869	475.7	32,655	39,087	(16.5)
Non-current liabilities							
Income received in advance		18,014	25,152	(28.4)	18,014	25,152	(28.4)
Borrowings		2,333,334	2,481,754	(6.0)	2,022,811	2,015,901	0.3
Derivative financial instruments	5	24,598	7,315	236.3	21,940	6,287	249.0
Security deposits		27,801	27,869	(0.2)	4,104	2,976	37.9
Deferred tax liabilities		34,808	34,808	-	-	-	-
Total non-current liabilities		2,438,555	2,576,898	(5.4)	2,066,869	2,050,316	0.8
Total liabilities		2,783,223	2,636,767	5.6	2,099,524	2,089,403	0.5
Net assets		4,875,046	4,898,558	(0.5)	3,947,286	3,963,397	(0.4)
Represented by:							
Unitholders' funds		4,723,208	4,746,717	(0.5)	3,797,585	3,813,696	(0.4)
Perpetual securities	9	149,701	149,701	-	149,701	149,701	-
Non-controlling interest		2,137	2,140	(0.1)	-	-	-
		4,875,046	4,898,558	(0.5)	3,947,286	3,963,397	(0.4)
Net asset value per unit (\$)							
		1.41	1.44		1.14	1.16	

Notes:

- (1) The decrease in investment properties is mainly due to translation differences arising from the Australian investment properties.
- (2) This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates. ORQPL holds One Raffles Quay, and BFCDLLP and CBDPL hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (3) This relates to the 50% interests in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interests in MOTT and Mirvac (Old Treasury) Pty Limited. The properties held through M8CT and MOTT are 8 Chifley Square and the David Malcolm Justice Centre respectively.
- (4) This relates to the unamortised aggregate rental support top-up payments receivable by the Group for the approximate 12.4% interest in OPLLP and the one-third interest in CBDPL which holds MBFC Tower 3.
- (5) These relate to the fair value of the foreign currency forward contracts entered into in relation to the income from the Australian investments, and the fair value of interest rate and cross currency swaps entered into by the Group.
- (6) Included in the balances are dividend and distribution receivables from associates and joint ventures of \$25.4 million (31 December 2016: \$2.1 million) and receivables for rental support top-up payments of \$0.9 million (31 December 2016: \$1.0 million).
- (7) This relates to capitalised costs on the acquisition of a 50% stake in a premium office tower to be developed at 311 Spencer Street in Melbourne.
- (8) Included in the balances as at 30 June 2017 are amounts payable of \$125.2 million for the acquisition of a 50% stake in a premium office tower to be developed at 311 Spencer Street in Melbourne.
- (9) On 2 November 2015, Keppel REIT issued \$150.0 million of subordinated perpetual securities at a fixed rate per annum. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movement in Unitholders' funds.

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

	Group	
	As at 30/6/2017	As at 31/12/2016
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	320,000	350,000
Less: Unamortised portion of fees	(1,572)	(1,799)
	318,428	348,201
Unsecured borrowings		
Amount repayable within one year	155,000	-
Amount repayable after one year	2,019,338	2,138,461
Less: Unamortised portion of fees	(4,585)	(4,908)
	2,169,753	2,133,553
Total net borrowings	2,488,181	2,481,754

Details of Collaterals

As security for the 5-year revolving loan facility of \$320.0 million, the Group mortgaged its title of Bugis Junction Towers.

As at 30 June 2017, the Group had total gross borrowings of approximately \$2,494.3 million and unutilised facilities of \$727.0 million available to meet its future obligations. The all-in interest rate was 2.59% for the half year ended 30 June 2017.

1(c) Consolidated Statement of Cash Flows

		<u>Group</u>			
		2Q2017	2Q2016	1H2017	1H2016
	Note	\$'000	\$'000	\$'000	\$'000
Operating activities					
Total return before tax		31,416	101,393	73,451	166,248
Adjustments for:					
Interest income		(5,627)	(7,447)	(11,708)	(16,093)
Amortisation expense		3,172	3,811	6,391	7,649
Share of results of associates		(20,733)	(20,106)	(43,878)	(38,892)
Share of results of joint ventures		(7,565)	(8,346)	(15,881)	(15,153)
Borrowing costs		16,346	16,900	32,100	32,947
Management fees paid and/or payable in units		12,583	12,520	25,130	25,096
Net change in fair value of investment properties		-	(62,022)	-	(62,022)
Gain on divestment of investment property		-	-	-	(28,299)
Changes in fair value of derivatives		3,744	(799)	571	(799)
Depreciation		10	14	21	25
Rental support income		(3,482)	(4,165)	(7,023)	(8,364)
Unrealised currency translation differences		496	(4,352)	529	(1,794)
Operating cash flows before changes in working capital		30,360	27,401	59,703	60,549
(Increase)/Decrease in receivables		(2,753)	428	(5,680)	6,793
Increase/(Decrease) in payables		4,961	3,844	9,186	(229)
Increase in security deposits		221	498	524	324
Cash flows from operations		32,789	32,171	63,733	67,437
Income taxes paid		(1,790)	(4,647)	(3,558)	(10,952)
Net cash flows provided by operating activities		30,999	27,524	60,175	56,485
Investing activities					
Subsequent expenditure on investment properties		(1,426)	(329)	(2,402)	(811)
Proceeds from divestment of investment property, net of divestment costs		-	-	-	157,233
Purchase of fixed assets		-	(3)	-	(4)
Interest received		5,820	8,147	12,176	16,077
Rental support received		3,541	7,399	7,139	12,007
Distribution income received from joint ventures		6,277	6,222	12,992	10,847
Dividend and distribution income received from associates		25,654	19,542	25,654	19,542
Net cash flows provided by investing activities		39,866	40,978	55,559	214,891
Financing activities					
Distribution to Unitholders (net of distribution in Units)	1	(38,061)	(43,527)	(78,822)	(88,397)
Distribution to perpetual securities holders		(3,704)	(3,725)	(3,704)	(3,725)
Proceeds from issuance of medium term notes		75,000	-	75,000	-
Loans drawdown		38,268	536,450	38,268	536,450
Repayment of loans		(105,000)	(536,954)	(105,000)	(556,954)
Payment of financing expenses/upfront debt arrangement costs		(486)	(1,802)	(486)	(1,802)
Partnership distribution to non-controlling interest		(20)	(18)	(38)	(30)
Interest paid		(15,539)	(16,586)	(30,871)	(30,776)
Issue expenses		-	-	-	(18)
Net cash flows used in financing activities		(49,542)	(66,162)	(105,653)	(145,252)
Net increase in cash and cash equivalents		21,323	2,340	10,081	126,124
Cash and cash equivalents at the beginning of period		242,779	222,919	253,219	98,764
Effect of exchange rate changes on cash and cash equivalents		(3,592)	(881)	(2,790)	(510)
Cash and cash equivalents at the end of period		260,510	224,378	260,510	224,378
Comprising:					
Cash and bank balances		278,880	257,854	278,880	257,854
Less: Rental support received in advance held in designated accounts	2	(18,370)	(33,476)	(18,370)	(33,476)
Cash and cash equivalents per Consolidated Statement of Cash Flows		260,510	224,378	260,510	224,378

Notes:

(1) Distribution for 1H2017 is for the period of 1 October 2016 to 31 December 2016, paid on 28 February 2017, and 1 January 2017 to 31 March 2017, paid on 30 May 2017.

Distribution for 1H2016 is for the period of 1 October 2015 to 31 December 2015, paid on 26 February 2016, and 1 January 2016 to 31 March 2016, paid on 27 May 2016.

(2) This relates to the rental support top-up payments received in advance by Keppel REIT held in designated accounts for the approximate 12.4% interest in OPLLP and the one-third interest in MBFC Tower 3.

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

		<u>Units in Issue</u>	<u>Accumulated Profits</u>	<u>Foreign Currency Translation Reserve</u>	<u>Hedging Reserve</u>	<u>Discount on Acquisition of Non-Controlling Interest</u>	<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Non-Controlling Interest</u>	<u>Total</u>
<u>Group</u>	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017		3,456,557	1,459,734	(167,302)	(5,494)	3,222	4,746,717	149,701	2,140	4,898,558
Return for the period		-	38,106	-	-	-	38,106	1,841	19	39,966
Other comprehensive income	1	-	-	5,065	(5,003)	-	62	-	-	62
Total comprehensive income		-	38,106	5,065	(5,003)	-	38,168	1,841	19	40,028
Issue of units for payment of management fees	2	19,441	-	-	-	-	19,441	-	-	19,441
Distribution Reinvestment Plan		7,954	(7,954)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,291)	(37,470)	-	-	-	(40,761)	-	-	(40,761)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(18)	(18)
At 31 March 2017		3,480,661	1,452,416	(162,237)	(10,497)	3,222	4,763,565	151,542	2,141	4,917,248
Return for the period		-	27,700	-	-	-	27,700	1,863	19	29,582
Other comprehensive income	1	-	-	(20,412)	(19,893)	-	(40,305)	-	(3)	(40,308)
Total comprehensive income		-	27,700	(20,412)	(19,893)	-	(12,605)	1,863	16	(10,726)
Issue of units for payment of management fees	2	10,309	-	-	-	-	10,309	-	-	10,309
Distribution Reinvestment Plan		10,061	(10,061)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,318)	(34,743)	-	-	-	(38,061)	-	-	(38,061)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	-	(3,704)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(20)	(20)
At 30 June 2017		3,497,713	1,435,312	(182,649)	(30,390)	3,222	4,723,208	149,701	2,137	4,875,046

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

<u>Group</u>	<u>Note</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>Discount on Acquisition of Non-Controlling Interest</u> \$'000	<u>Unitholders' funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Non-Controlling Interest</u> \$'000	<u>Total</u> \$'000
At 1 January 2016		3,394,832	1,409,983	(199,445)	17,429	3,222	4,626,021	149,719	2,108	4,777,848
Return for the period		-	56,007	-	-	-	56,007	1,862	18	57,887
Other comprehensive income	1	-	-	15,780	(15,976)	-	(196)	-	(1)	(197)
Total comprehensive income		-	56,007	15,780	(15,976)	-	55,811	1,862	17	57,690
Issue of units for payment of management fees	3	12,772	-	-	-	-	12,772	-	-	12,772
Issue expenses	4	-	-	-	-	-	-	(18)	-	(18)
Distribution Reinvestment Plan		9,160	(9,160)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,216)	(41,654)	-	-	-	(44,870)	-	-	(44,870)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(18)	(18)
At 31 March 2016		3,413,548	1,415,176	(183,665)	1,453	3,222	4,649,734	151,563	2,107	4,803,404
Return for the period		-	96,517	-	-	-	96,517	1,863	49	98,429
Other comprehensive income	1	-	-	(36,076)	(10,699)	-	(46,775)	-	(7)	(46,782)
Total comprehensive income		-	96,517	(36,076)	(10,699)	-	49,742	1,863	42	51,647
Issue of units for payment of management fees	3	10,324	-	-	-	-	10,324	-	-	10,324
Distribution Reinvestment Plan		10,912	(10,912)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,241)	(40,286)	-	-	-	(43,527)	-	-	(43,527)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,725)	-	(3,725)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(12)	(12)
At 30 June 2016		3,431,543	1,460,495	(219,741)	(9,246)	3,222	4,666,273	149,701	2,137	4,818,111

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

Notes:

- (1) Other comprehensive income relates to the movement in foreign currency translation reserve arising from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities, fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and share of hedging reserves of associates.
- (2) This represents 19,149,650 and 10,018,667 units issued in 1Q2017 and 2Q2017 respectively as payment of management fees in units.
- (3) This represents 13,720,004 and 10,397,509 units issued in 1Q2016 and 2Q2016 respectively as payment of management fees in units.
- (4) The issue expenses were in relation to the issuance of \$150.0 million of subordinated perpetual securities at a fixed rate per annum on 2 November 2015.

<u>Trust</u>	Note	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'000
At 1 January 2017		3,456,557	357,271	(132)	3,813,696	149,701	3,963,397
Return for the period		-	36,127	-	36,127	1,841	37,968
Other comprehensive income	1	-	-	(4,340)	(4,340)	-	(4,340)
Total comprehensive income		-	36,127	(4,340)	31,787	1,841	33,628
Issue of units for payment of management fees	2	19,441	-	-	19,441	-	19,441
Distribution Reinvestment Plan		7,954	(7,954)	-	-	-	-
Distribution to Unitholders		(3,291)	(37,470)	-	(40,761)	-	(40,761)
At 31 March 2017		3,480,661	347,974	(4,472)	3,824,163	151,542	3,975,705
Return for the period		-	16,183	-	16,183	1,863	18,046
Other comprehensive income	1	-	-	(15,009)	(15,009)	-	(15,009)
Total comprehensive income		-	16,183	(15,009)	1,174	1,863	3,037
Issue of units for payment of management fees	2	10,309	-	-	10,309	-	10,309
Distribution Reinvestment Plan		10,061	(10,061)	-	-	-	-
Distribution to Unitholders		(3,318)	(34,743)	-	(38,061)	-	(38,061)
Distribution to perpetual securities holders		-	-	-	-	(3,704)	(3,704)
At 30 June 2017		3,497,713	319,353	(19,481)	3,797,585	149,701	3,947,286

<u>Trust</u>	Note	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'000
At 1 January 2016		3,394,832	375,859	9,594	3,780,285	149,719	3,930,004
Return for the period		-	68,398	-	68,398	1,862	70,260
Other comprehensive income	1	-	-	(10,894)	(10,894)	-	(10,894)
Total comprehensive income		-	68,398	(10,894)	57,504	1,862	59,366
Issue of units for payment of management fees	3	12,772	-	-	12,772	-	12,772
Issue expenses	4	-	-	-	-	(18)	(18)
Distribution Reinvestment Plan		9,160	(9,160)	-	-	-	-
Distribution to Unitholders		(3,216)	(41,654)	-	(44,870)	-	(44,870)
At 31 March 2016		3,413,548	393,443	(1,300)	3,805,691	151,563	3,957,254
Return for the period		-	9	-	9	1,863	1,872
Other comprehensive income	1	-	-	(4,607)	(4,607)	-	(4,607)
Total comprehensive income		-	9	(4,607)	(4,598)	1,863	(2,735)
Issue of units for payment of management fees	3	10,324	-	-	10,324	-	10,324
Distribution Reinvestment Plan		10,912	(10,912)	-	-	-	-
Distribution to Unitholders		(3,241)	(40,286)	-	(43,527)	-	(43,527)
Distribution to perpetual securities holders		-	-	-	-	(3,725)	(3,725)
At 30 June 2016		3,431,543	342,254	(5,907)	3,767,890	149,701	3,917,591

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

Notes:

- (1) This relates to fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.
- (2) This represents 19,149,650 and 10,018,667 units issued in 1Q2017 and 2Q2017 respectively as payment of management fees in units.
- (3) This represents 13,720,004 and 10,397,509 units issued in 1Q2016 and 2Q2016 respectively as payment of management fees in units.
- (4) The issue expenses were in relation to the issuance of \$150.0 million of subordinated perpetual securities at a fixed rate per annum on 2 November 2015.

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

	<u>Group and Trust</u>	
	2017 Units	2016 Units
Issued units as at 1 January	3,291,616,169	3,216,124,466
Issue of new units:		
- Payment of management fees	19,149,650	13,720,004
- Distribution Reinvestment Plan	7,935,402	10,517,383
Issued units as at 31 March	3,318,701,221	3,240,361,853
Issue of new units:		
- Payment of management fees	10,018,667	10,397,509
- Distribution Reinvestment Plan	9,698,726	11,112,455
Issued units as at 30 June	3,338,418,614	3,261,871,817

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.

Keppel REIT did not hold any treasury units as at 30 June 2017 and 31 December 2016.

Total number of issued units in Keppel REIT as at 30 June 2017 and 31 December 2016 were 3,338,418,614 and 3,291,616,169 respectively.

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

Not applicable.

2. AUDIT

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

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on 1 January 2017.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")

	2Q2017	2Q2016	<u>Group</u> 1H2017	1H2016
EPU				
(based on weighted average number of units as at the end of the period)				
Based on total return before gain on divestment of investment property and net change in fair value of investment properties	0.83 cents	1.06 cents	1.98 cents	1.92 cents
Based on total return after gain on divestment of investment property and net change in fair value of investment properties	0.83 cents	2.97 cents	1.98 cents	4.71 cents
- Weighted average number of units as at the end of the period	3,329,157,857	3,251,834,149	3,317,924,216	3,240,751,113
DPU				
(based on the number of units as at the end of the period)				
- Number of units in issue as at the end of the period	3,338,418,614	3,261,871,817	3,338,418,614	3,261,871,817

The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the periods.

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

	<u>Group</u>		<u>Trust</u>	
	As at 30/6/2017	As at 31/12/2016	As at 30/6/2017	As at 31/12/2016
NAV ¹ per unit (\$)	1.41	1.44	1.14	1.16
NTA ¹ per unit (\$)	1.41	1.44	1.13	1.15
based on issued units at the end of the period				
Adjusted NAV ¹ per unit (\$)	1.40	1.43	1.12	1.14
Adjusted NTA ¹ per unit (\$)	1.40	1.42	1.12	1.14
based on issued units at the end of the period (excluding the distributable income)				

Note:

- (1) These excluded non-controlling interest's and perpetual securities holders' share of net asset value and net tangible asset.

8. REVIEW OF PERFORMANCE

8(i) Property Income Contribution of Directly Held Properties

(excluding property income contribution from associates and joint ventures)

	<u>Group</u>					
	2Q2017	2Q2016	+/(-)	1H2017	1H2016	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Property</u>						
Bugis Junction Towers	4,830	5,770	(16.3)	9,418	11,521	(18.3)
Ocean Financial Centre	25,937	26,208	(1.0)	51,888	52,308	(0.8)
275 George Street	4,765	4,457	6.9	9,850	9,106	8.2
77 King Street ¹	-	-	-	-	669	(100.0)
8 Exhibition Street ²	4,314	4,117	4.8	8,546	8,115	5.3
Total property income of directly held properties	39,846	40,552	(1.7)	79,702	81,719	(2.5)
(excluding property income contribution from associates and joint ventures)						

8(ii) Income Contribution of the Portfolio

	<u>Group</u>					
	2Q2017	2Q2016	+/(-)	1H2017	1H2016	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Property</u>						
Bugis Junction Towers	3,727	4,651	(19.9)	7,119	9,275	(23.2)
Ocean Financial Centre	21,559	21,321	1.1	42,774	42,455	0.8
275 George Street	3,753	3,681	2.0	7,850	7,461	5.2
77 King Street ¹	-	-	-	-	524	(100.0)
8 Exhibition Street ²	2,853	2,805	1.7	5,543	5,653	(1.9)
Total net property income of directly held properties	31,892	32,458	(1.7)	63,286	65,368	(3.2)
One-third interest in ORQPL ³ :						
- Interest income	488	484	0.8	991	1,064	(6.9)
- Dividend income	6,321	6,663	(5.1)	14,735	13,009	13.3
Total income	6,809	7,147	(4.7)	15,726	14,073	11.7
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :						
- Rental support	2,575	3,200	(19.5)	5,150	6,400	(19.5)
- Interest income	4,314	5,785	(25.4)	8,835	12,783	(30.9)
- Dividend and distribution income	16,914	14,192	19.2	34,154	27,388	24.7
Total income	23,803	23,177	2.7	48,139	46,571	3.4
50% interest in M8CT ⁵ :						
- Distribution income	3,216	2,969	8.3	6,551	6,097	7.4
50% interest in MOTT ⁶ :						
- Distribution income	3,130	3,250	(3.7)	6,673	5,700	17.1
Total income contribution of the portfolio	68,850	69,001	(0.2)	140,375	137,809	1.9

Notes:

- (1) 77 King Street was divested on 29 January 2016.
- (2) Comprises 50% interest in the office building and two retail units, and a 100% interest in another three retail units.
- (3) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (4) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
- (5) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (6) Comprises 50% interest in MOTT which holds the David Malcolm Justice Centre.

8. REVIEW OF PERFORMANCE (CONT'D)

Review of Performance for 1H2017 vs 1H2016

Property income and net property income for 1H2017 were \$79.7 million and \$63.3 million respectively, compared to the property income and net property income of \$81.7 million and \$65.4 million respectively for 1H2016. The variances were mainly attributable to the absence of income contribution from 77 King Street which was divested on 29 January 2016 and lower property income and net property income from Bugis Junction Towers.

The Group's total return before tax for 1H2017 was \$73.5 million, compared to \$166.2 million for 1H2016. The variance was mainly attributable to the absence of gain on divestment of 77 King Street and net change in fair value of investment properties which were recorded in 1H2016, lower property and net property income from Bugis Junction Towers, absence of income contribution from 77 King Street, lower rental support, lower interest income, higher trust expenses, as well as changes in fair value of derivatives. These were partially offset by higher share of results of associates and joint ventures, lower amortisation expense, and lower borrowing costs.

Review of Performance for 2Q2017 vs 2Q2016

Property income and net property income for 2Q2017 were \$39.8 million and \$31.9 million respectively, compared to the property income and net property income of \$40.6 million and \$32.5 million respectively for 2Q2016. The variances were mainly attributable to lower property income and net property income from Bugis Junction Towers.

The Group's total return before tax for 2Q2017 was \$31.4 million, compared to \$101.4 million for 2Q2016. The variance was mainly attributable to the absence of net change in fair value of investment properties which was recorded in 2Q2016, lower property and net property income from Bugis Junction Towers, lower share of results of joint ventures, lower rental support, lower interest income, higher trust expenses, as well as changes in fair value of derivatives. These were partially offset by higher share of results of associates, lower amortisation expense and lower borrowing costs.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

Advance estimates from the Ministry of Trade and Industry (MTI) indicate that the Singapore economy is on track to achieve its growth forecast of between 1% and 3% in 2017. The economy maintained a year-on-year (yoy) growth rate of 2.5% in 2Q2017, unchanged from the previous quarter, supported mainly by the strength of the manufacturing sector.

Property consultants are of the opinion that the Singapore office market is seeing early signs of recovery. CBRE data showed average rental rates of Grade A office space holding steady at \$8.95 in 2Q2017, after eight consecutive quarters of decline, and unchanged from 1Q2017. CBRE opined that the stabilised rent level points to a trough in the office market. Meanwhile, overall occupancy rate of Singapore's core CBD decreased from 95.6% in 1Q2017 to 94.1% in 2Q2017, as a result of new office towers achieving temporary occupation permits.

The Australian economy expanded by a modest 1.7% yoy in 1Q2017, coming off a 2.5% growth rate for the year 2016. The Reserve Bank of Australia estimates full year growth between 2.5% and 3.5% for 2017. CBRE has observed strong demand amid tight supply for CBD office space in Sydney and Melbourne, while Brisbane and Perth continued to show signs of recovery.

The US Federal Reserve raised interest rates with a 25 basis point hike in June 2017. However, the impact of rising rates to Keppel REIT is expected to be mitigated by active measures the Manager has taken to reduce interest rate risk. At the same time, the Manager will continue to diversify its funding sources and lengthen its debt profile to mitigate funding related risks.

The REIT's leasing risk is minimal with only 2% of the net lettable area of leases expiring for the rest of 2017. Nevertheless, a proactive approach to tenant and lease management remains a priority for the Manager.

Looking ahead, the Manager remains committed to its long term goal of achieving stable and sustainable income for Keppel REIT Unitholders.

11. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates 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 and maintain sufficient deposits in their accounts. 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 the regular distributable income and interest income from these investments. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

Operational risk

Measures have been put in place to manage expenses, actively monitor rental payments from tenants and continuously evaluate the Group's counter-parties. In addition, the Manager also performs an annual review of the adequacy and appropriateness of insurance coverage, continuously reviews disaster and pandemic business continuity plans, and updates and modifies them regularly.

12. DISTRIBUTIONS

(a) Current Financial Period Reported on

Name of Distribution	1 April 2017 to 30 June 2017
Distribution type	<p>(a) Taxable income</p> <p>(b) Tax-exempt income</p> <p>(c) Capital distribution</p>
Distribution rate	<p>(a) Taxable income distribution - 0.98 cents per unit</p> <p>(b) Tax-exempt income distribution - 0.34 cents per unit</p> <p>(c) Capital distribution - 0.10 cents per unit</p>
Tax rate	<p><u>Taxable income distribution</u></p> <p>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, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u></p> <p>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 distribution</u></p> <p>Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 April 2016 to 30 June 2016
Distribution Type	<p>(a) Taxable income</p> <p>(b) Tax-exempt income</p> <p>(c) Other gains distribution</p> <p>(d) Capital distribution</p>
Distribution Rate	<p>(a) Taxable income distribution - 1.02 cents per unit</p> <p>(b) Tax-exempt income distribution - 0.34 cents per unit</p> <p>(c) Other gains distribution - 0.15 cents per unit</p> <p>(d) Capital distribution - 0.10 cents per unit</p>
Tax Rate	<p><u>Taxable income distribution</u></p> <p>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, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u></p> <p>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>Other gains distribution</u></p> <p>Other gains distribution is not taxable in the hands of all Unitholders.</p> <p><u>Capital distribution</u></p> <p>Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

(c) Books Closure Date

26 July 2017

(d) Date Payable

29 August 2017

13. DISTRIBUTION STATEMENT

Other than as disclosed in paragraph 12(a), no distribution has been declared/recommended.

14. INTERESTED PERSON TRANSACTIONS ("IPTs")

Name of Interested Person

Keppel Corporation Limited and its subsidiaries or associates

- Manager's management fees
- Property management fees and reimbursable
- Leasing commissions
- Rental support

RBC Investor Services Trust Singapore Limited

- Trustee's fees

Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
2Q2017 \$'000	2Q2016 \$'000
12,583	12,520
1,366	1,461
465	190
2,575	3,200
312	309

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

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

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

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

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

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

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

CHUA HUA YEOW KELVIN / TAN WEIQIANG MARC
Joint Company Secretaries
18 July 2017

CONFIRMATION BY THE BOARD

We, PENNY GOH and TAN SWEE YIOW, being two Directors of Keppel REIT Management Limited (the "Company"), as manager of Keppel REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Second Quarter and Half Year ended 30 June 2017 financial statements of Keppel REIT to be false or misleading in any material respect.

On Behalf of the Board

A handwritten signature in blue ink, appearing to read "Penny Goh".

PENNY GOH
Chairman

18 July 2017

A handwritten signature in blue ink, appearing to read "Tan Swee Yiow".

TAN SWEE YIOW
Director