

# **KEPPEL REIT** **UNAUDITED RESULTS FOR THE THIRD QUARTER AND** **NINE MONTHS ENDED 30 SEPTEMBER 2017**

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## INTRODUCTION

Keppel REIT was listed by way of an introduction on 28 April 2006. Keppel REIT is 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 in Singapore and pan-Asia.

As at 30 September 2017, Keppel REIT had assets under management of approximately \$8.5 billion<sup>1</sup> comprising interests in nine premium office assets (completed and under development) strategically located in the central business districts of Singapore, as well as key Australian cities of Sydney, Melbourne, Brisbane and Perth.

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

In Australia, the assets 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 the three adjoining retail units), 275 George Street in Brisbane (50% interest), as well as the David Malcolm Justice Centre in Perth (50% interest). Keppel REIT also has a 50% stake in a premium office tower which is under construction at 311 Spencer Street in Melbourne.

Keppel REIT is sponsored by Keppel Land Limited, one of Asia's leading property companies. It is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd. (Keppel Capital). Keppel Capital is a premier asset manager in Asia with a diversified portfolio in real estate, infrastructure and data centre properties in key global markets.

## SUMMARY OF KEPPEL REIT RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	GROUP			
	3Q2017 \$'000	3Q2016 \$'000	YTD Sep 2017 \$'000	YTD Sep 2016 \$'000
Property income	40,445	39,532	120,147	121,251
Net property income	31,672	31,580	94,958	96,948
Share of results of associates	20,441	24,661	64,319	63,553
Share of results of joint ventures	8,146	7,890	24,027	23,043
Income available for distribution	47,002	52,452	142,529	159,407 <sup>2</sup>
Distribution to Unitholders <sup>3</sup>	47,002	52,452	142,529	159,407
Distribution per Unit ("DPU") (cents) for the period	1.40 <sup>4</sup>	1.60 <sup>5</sup>	4.27	4.89
Annualised/Actual distribution yield (%)			4.8% <sup>6</sup>	6.2% <sup>7</sup>

### Notes:

- (1) Includes capitalised costs for 311 Spencer Street in Melbourne, which is under construction.
- (2) Included income from 77 King Street before divestment on 29 January 2016.
- (3) Distribution to Unitholders was based on 100% of the taxable income available for distribution.
- (4) There is no distribution of other gains for the quarter ended 30 September 2017.
- (5) There was a distribution of other gains of 0.09 cents per Unit for the quarter ended 30 September 2016.
- (6) Based on the market closing price per Unit of \$1.18 as at the last trading day, 30 September 2017.
- (7) 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the third quarter and nine months ended 30 September 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

	Note	Group				
		3Q2017	3Q2016	+/( -)	YTD Sep 2017	YTD Sep 2016
		\$'000	\$'000	%	\$'000	\$'000
Gross rent		38,544	37,819	1.9	114,273	116,402
Car park income		1,047	843	24.2	2,863	2,506
Other income		854	870	(1.8)	3,011	2,343
<b>Property income</b>		<b>40,445</b>	<b>39,532</b>	<b>2.3</b>	<b>120,147</b>	<b>121,251</b>
Property tax		(3,183)	(2,486)	28.0	(8,678)	(8,267)
Other property expenses	1	(4,415)	(4,352)	1.4	(13,043)	(12,605)
Property management fee		(1,020)	(1,031)	(1.1)	(3,004)	(3,133)
Maintenance and sinking fund contributions		(155)	(83)	86.7	(464)	(298)
<b>Property expenses</b>		<b>(8,773)</b>	<b>(7,952)</b>	<b>10.3</b>	<b>(25,189)</b>	<b>(24,303)</b>
<b>Net property income</b>		<b>31,672</b>	<b>31,580</b>	<b>0.3</b>	<b>94,958</b>	<b>96,948</b>
Rental support	2	3,227	4,159	(22.4)	10,250	12,523
Interest income	3	5,650	5,799	(2.6)	17,358	21,892
Share of results of associates	4	20,441	24,661	(17.1)	64,319	63,553
Share of results of joint ventures	5	8,146	7,890	3.2	24,027	23,043
Amortisation expense	6	(2,969)	(3,806)	(22.0)	(9,360)	(11,455)
Borrowing costs	7	(16,468)	(15,539)	6.0	(48,568)	(48,486)
Manager's management fees	8	(12,853)	(12,760)	0.7	(37,983)	(37,856)
Trust expenses		(1,136)	(3,397)	(66.6)	(4,362)	(5,531)
Net foreign exchange differences		1,210	507	138.7	303	(409)
Net change in fair value of derivatives		3,130	2,721	15.0	2,559	3,520
<b>Net income before gain on divestment of investment property and net change in fair value of investment properties</b>		<b>40,050</b>	<b>41,815</b>	<b>(4.2)</b>	<b>113,501</b>	<b>117,742</b>
Gain on divestment of investment property	9	-	-	-	-	28,299
Net change in fair value of investment properties	10	-	-	-	-	62,022
<b>Total return before tax</b>		<b>40,050</b>	<b>41,815</b>	<b>(4.2)</b>	<b>113,501</b>	<b>208,063</b>
Income tax expense	11	(1,394)	(1,836)	(24.1)	(5,297)	(11,768)
<b>Total return after tax</b>		<b>38,656</b>	<b>39,979</b>	<b>(3.3)</b>	<b>108,204</b>	<b>196,295</b>
<b>Attributable to:</b>						
Unitholders		36,755	38,077	(3.5)	102,561	190,601
Perpetual securities holders	12	1,883	1,883	-	5,587	5,608
Non-controlling interest		18	19	(5.3)	56	86
		<b>38,656</b>	<b>39,979</b>	<b>(3.3)</b>	<b>108,204</b>	<b>196,295</b>
<b>Distribution Statement</b>						
<b>Total return for the period attributable to Unitholders</b>		<b>36,755</b>	<b>38,077</b>	<b>(3.5)</b>	<b>102,561</b>	<b>190,601</b>
Net tax and other adjustments	13	10,247	14,375	(28.7)	39,968	(31,194)
<b>Income available for distribution</b>		<b>47,002</b>	<b>52,452</b>	<b>(10.4)</b>	<b>142,529</b>	<b>159,407</b>
<b>Distribution to Unitholders</b>	14	<b>47,002</b>	<b>52,452</b>	<b>(10.4)</b>	<b>142,529</b>	<b>159,407</b>
<b>Distribution per Unit (cents) for the period</b>		<b>1.40</b>	<b>1.60</b>	<b>(12.5)</b>	<b>4.27</b>	<b>4.89</b>
Annualised/Actual Distribution <sup>1</sup>		<b>5.69</b>	<b>6.37</b>	<b>(10.7)</b>	<b>5.69</b>	<b>6.37</b>

(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>			
	3Q2017	3Q2016	YTD Sep 2017	YTD Sep 2016
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	374	402	1,063	794
Utilities	705	825	2,180	2,451
Repair and maintenance	2,490	2,329	7,408	6,984
Property management reimbursements	497	484	1,411	1,407
Others	349	312	981	969
	<u>4,415</u>	<u>4,352</u>	<u>13,043</u>	<u>12,605</u>

- (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 YTD Sep 2017 are \$2,525,000 and \$7,725,000 (YTD Sep 2016: \$2,923,000 and \$9,600,000) respectively.

- (3) Interest income comprises the following:

	<u>Group</u>			
	3Q2017	3Q2016	YTD Sep 2017	YTD Sep 2016
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	887	1,095	2,769	3,341
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	4,763	4,704	14,589	18,551
	<u>5,650</u>	<u>5,799</u>	<u>17,358</u>	<u>21,892</u>

- (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 note 4 of paragraph 1(b)(i) (page 7).
- (7) Borrowing costs comprise the following:

	<u>Group</u>			
	3Q2017	3Q2016	YTD Sep 2017	YTD Sep 2016
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	12,279	14,824	38,865	44,967
Interest expense on revolving loans	3,676	150	8,151	210
Amortisation of capitalised transaction costs	513	565	1,552	3,309
	<u>16,468</u>	<u>15,539</u>	<u>48,568</u>	<u>48,486</u>

- (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 note 8 of paragraph 1(b)(i) (page 7).

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

	<u>Group</u>			
	3Q2017	3Q2016	YTD Sep 2017	YTD Sep 2016
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	12,853	12,760	37,983	37,856
Trustee's fees	320	313	941	932
Net change in fair value of investment properties (net of non-controlling interest)	-	-	-	(61,989)
Amortisation of intangible asset and capitalised transaction costs	3,482	4,371	10,912	14,764
Temporary differences and other adjustments	(6,408)	(6,069)	(9,868)	(33,757)
Other gains distribution	-	3,000	-	11,000
	<u>10,247</u>	<u>14,375</u>	<u>39,968</u>	<u>(31,194)</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 YTD Sep 2016, temporary differences and other adjustments also included the gain on divestment of investment property.

Other gains distribution pertained 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>					
	3Q2017	3Q2016	+/(-)	YTD Sep 2017	YTD Sep 2016	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Total return after tax</b>	<b>38,656</b>	<b>39,979</b>	<b>(3.3)</b>	<b>108,204</b>	<b>196,295</b>	<b>(44.9)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	34,145	18,872	80.9	18,798	(1,424)	NM
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	(1,774)	(12,358)	(85.6)	(24,719)	(34,935)	(29.2)
Share of net change in fair value of cash flow hedges of associates	(229)	(5,249)	(95.6)	(2,183)	(9,355)	(76.7)
<b>Other comprehensive income for the period</b>	<b>32,142</b>	<b>1,265</b>	<b>&gt;500</b>	<b>(8,104)</b>	<b>(45,714)</b>	<b>(82.3)</b>
<b>Total comprehensive income for the period</b>	<b><u>70,798</u></b>	<b><u>41,244</u></b>	<b>71.7</b>	<b><u>100,100</u></b>	<b><u>150,581</u></b>	<b>(33.5)</b>
<b>Attributable to:</b>						
Unitholders	68,898	39,345	75.1	94,461	144,898	(34.8)
Perpetual securities holders	1,883	1,883	-	5,587	5,608	(0.4)
Non-controlling interest	17	16	6.3	52	75	(30.7)
	<u>70,798</u>	<u>41,244</u>	<u>71.7</u>	<u>100,100</u>	<u>150,581</u>	<u>(33.5)</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>		
	30/9/2017	31/12/2016	+/(-) %	30/9/2017	31/12/2016	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
<b>Non-current assets</b>						
Investment properties	1 3,778,083	3,618,097	4.4	540,264	540,000	0.05
Investments in subsidiaries	-	-	-	1,837,110	1,837,110	-
Investments in associates	2 2,515,497	2,525,112	(0.4)	2,025,559	2,025,483	0.004
Advances to associates	610,922	610,922	-	610,922	610,922	-
Investments in joint ventures	3 469,352	450,284	4.2	-	-	-
Amounts owing by subsidiaries	-	-	-	932,503	852,650	9.4
Fixed assets	159	190	(16.3)	31	31	-
Intangible asset	4 13,151	22,511	(41.6)	13,151	20,471	(35.8)
Derivative financial instruments	5 8,465	18,016	(53.0)	8,465	16,354	(48.2)
<b>Total non-current assets</b>	<b>7,395,629</b>	<b>7,245,132</b>	<b>2.1</b>	<b>5,968,005</b>	<b>5,903,021</b>	<b>1.1</b>
<b>Current assets</b>						
Trade and other receivables	6 40,288	10,662	277.9	42,546	7,721	451.0
Prepaid expenses	267	604	(55.8)	55	11	400.0
Cash and bank balances	197,457	278,682	(29.1)	127,314	141,948	(10.3)
Derivative financial instruments	5 12	245	(95.1)	12	99	(87.9)
<b>Total current assets</b>	<b>238,024</b>	<b>290,193</b>	<b>(18.0)</b>	<b>169,927</b>	<b>149,779</b>	<b>13.5</b>
<b>Total assets</b>	<b>7,633,653</b>	<b>7,535,325</b>	<b>1.3</b>	<b>6,137,932</b>	<b>6,052,800</b>	<b>1.4</b>
<b>Current liabilities</b>						
Trade and other payables	55,178	51,828	6.5	33,286	34,640	(3.9)
Income received in advance	8,985	278	>500	93	-	100.0
Borrowings	7 424,963	-	100.0	99,954	-	100.0
Security deposits	2,867	3,545	(19.1)	85	431	(80.3)
Derivative financial instruments	5 3,249	1,483	119.1	2,060	1,281	60.8
Provision for taxation	2,633	2,735	(3.7)	1,986	2,735	(27.4)
<b>Total current liabilities</b>	<b>497,875</b>	<b>59,869</b>	<b>&gt;500</b>	<b>137,464</b>	<b>39,087</b>	<b>251.7</b>
<b>Non-current liabilities</b>						
Income received in advance	14,532	25,152	(42.2)	14,532	25,152	(42.2)
Borrowings	2,117,771	2,481,754	(14.7)	1,977,865	2,015,901	(1.9)
Derivative financial instruments	5 22,974	7,315	214.1	20,334	6,287	223.4
Security deposits	28,466	27,869	2.1	4,023	2,976	35.2
Deferred tax liabilities	34,808	34,808	-	-	-	-
<b>Total non-current liabilities</b>	<b>2,218,551</b>	<b>2,576,898</b>	<b>(13.9)</b>	<b>2,016,754</b>	<b>2,050,316</b>	<b>(1.6)</b>
<b>Total liabilities</b>	<b>2,716,426</b>	<b>2,636,767</b>	<b>3.0</b>	<b>2,154,218</b>	<b>2,089,403</b>	<b>3.1</b>
<b>Net assets</b>	<b>4,917,227</b>	<b>4,898,558</b>	<b>0.4</b>	<b>3,983,714</b>	<b>3,963,397</b>	<b>0.5</b>
Represented by:						
<b>Unitholders' funds</b>	<b>4,763,508</b>	<b>4,746,717</b>	<b>0.4</b>	<b>3,832,130</b>	<b>3,813,696</b>	<b>0.5</b>
<b>Perpetual securities</b>	<b>151,584</b>	<b>149,701</b>	<b>1.3</b>	<b>151,584</b>	<b>149,701</b>	<b>1.3</b>
<b>Non-controlling interest</b>	<b>2,135</b>	<b>2,140</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>4,917,227</b>	<b>4,898,558</b>	<b>0.4</b>	<b>3,983,714</b>	<b>3,963,397</b>	<b>0.5</b>
Net asset value per unit (\$)	1.42	1.44		1.14	1.16	

**Notes:**

- (1) The increase in investment properties is mainly due to translation differences arising from the Australian investment properties and capitalised costs on the acquisition of a 50% stake in a premium office tower to be developed at 311 Spencer Street in Melbourne.
- (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) For the period ended 30 September 2017, this relates to the unamortised aggregate rental support top-up payments receivable by the Group for the one-third interest in CBDPL which holds MBFC Tower 3. For the year ended 31 December 2016, this also included the unamortised aggregate rental support top-up payments receivable by the Group for the approximate 12.4% interest in OPLLP.
- (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 \$25.2 million (31 December 2016: \$2.1 million) and receivables for rental support top-up payments of \$0.7 million (31 December 2016: \$1.0 million).
- (7) These relate to gross borrowings of \$425.2 million due in 2018. These borrowings will be refinanced in due course.
- (8) 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**

	<b>Group</b>	
	<b>As at 30/9/2017</b>	<b>As at 31/12/2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Secured borrowings</b>		
Amount repayable within one year	-	-
Amount repayable after one year	266,000	350,000
Less: Unamortised portion of fees	(1,458)	(1,799)
	<b>264,542</b>	<b>348,201</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	425,210	-
Amount repayable after one year	1,857,995	2,138,461
Less: Unamortised portion of fees	(5,013)	(4,908)
	<b>2,278,192</b>	<b>2,133,553</b>
<b>Total net borrowings</b>	<b>2,542,734</b>	<b>2,481,754</b>

**Details of Collaterals**

The Group mortgaged Bugis Junction Towers as security for the 5-year revolving loan facility of \$266.0 million.

As at 30 September 2017, the Group had total gross borrowings of approximately \$2,549.2 million and unutilised facilities of \$865.0 million available to meet its future obligations. The all-in interest rate was 2.58% for the nine months ended 30 September 2017.



**1(c) Consolidated Statement of Cash Flows**

		<b>Group</b>			
	<b>Note</b>	<b>3Q2017</b>	<b>3Q2016</b>	<b>YTD Sep 2017</b>	<b>YTD Sep 2016</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>					
Total return before tax		40,050	41,815	113,501	208,063
Adjustments for:					
Interest income		(5,650)	(5,799)	(17,358)	(21,892)
Amortisation expense		2,969	3,806	9,360	11,455
Share of results of associates		(20,441)	(24,661)	(64,319)	(63,553)
Share of results of joint ventures		(8,146)	(7,890)	(24,027)	(23,043)
Borrowing costs		16,468	15,539	48,568	48,486
Management fees paid and/or payable in units		12,853	12,760	37,983	37,856
Net change in fair value of investment properties		-	-	-	(62,022)
Gain on divestment of investment property		-	-	-	(28,299)
Changes in fair value of derivatives		(3,130)	(2,721)	(2,559)	(3,520)
Depreciation		10	9	31	34
Rental support income		(3,227)	(4,159)	(10,250)	(12,523)
Unrealised currency translation differences		(1,455)	2,912	(926)	1,118
<b>Operating cash flows before changes in working capital</b>		<b>30,301</b>	<b>31,611</b>	<b>90,004</b>	<b>92,160</b>
(Increase)/Decrease in receivables		(1,345)	(1,229)	(7,025)	5,564
Increase/(Decrease) in payables		3,446	(3,012)	12,632	(3,241)
(Decrease)/Increase in security deposits		(605)	255	(81)	579
Cash flows from operations		31,797	27,625	95,530	95,062
Income taxes paid		(1,851)	(796)	(5,409)	(11,748)
<b>Net cash flows provided by operating activities</b>		<b>29,946</b>	<b>26,829</b>	<b>90,121</b>	<b>83,314</b>
<b>Investing activities</b>					
Purchase of investment property		(133,953)	-	(133,953)	-
Subsequent expenditure on investment properties		(11,290)	(369)	(13,692)	(1,180)
Proceeds from divestment of investment property, net of divestment costs		-	-	-	157,233
Purchase of fixed assets		-	-	-	(4)
Interest received		5,675	5,735	17,851	21,812
Rental support received		3,482	4,165	10,621	16,172
Distribution income received from joint ventures		6,644	6,325	19,636	17,172
Dividend and distribution income received from associates		23,235	20,855	48,889	40,397
<b>Net cash flows (used in)/provided by investing activities</b>		<b>(106,207)</b>	<b>36,711</b>	<b>(50,648)</b>	<b>251,602</b>
<b>Financing activities</b>					
Distribution to Unitholders (net of distribution in Units)	1	(38,998)	(45,848)	(117,820)	(134,245)
Distribution to perpetual securities holders		-	-	(3,704)	(3,725)
Proceeds from issuance of medium term notes		-	-	75,000	-
Loans drawdown		141,030	102,250	179,298	638,700
Repayment of loans		(92,268)	(99,790)	(197,268)	(656,744)
Payment of financing expenses/upfront debt arrangement costs		(829)	(355)	(1,315)	(2,157)
Partnership distribution to non-controlling interest		(19)	(16)	(57)	(46)
Interest paid		(15,011)	(14,867)	(45,882)	(45,643)
Issue expenses		-	-	-	(18)
<b>Net cash flows used in financing activities</b>		<b>(6,095)</b>	<b>(58,626)</b>	<b>(111,748)</b>	<b>(203,878)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(82,356)</b>	<b>4,914</b>	<b>(72,275)</b>	<b>131,038</b>
Cash and cash equivalents at the beginning of period		260,510	224,378	253,219	98,764
Effect of exchange rate changes on cash and cash equivalents		4,396	487	1,606	(23)
<b>Cash and cash equivalents at the end of period</b>		<b>182,550</b>	<b>229,779</b>	<b>182,550</b>	<b>229,779</b>
<b>Comprising:</b>					
Cash and bank balances		197,457	259,091	197,457	259,091
Less: Rental support received in advance held in designated accounts	2	(14,907)	(29,312)	(14,907)	(29,312)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>		<b>182,550</b>	<b>229,779</b>	<b>182,550</b>	<b>229,779</b>

**Notes:**

(1) Distribution for YTD Sep 2017 is for the period of 1 October 2016 to 31 December 2016, paid on 28 February 2017, 1 January 2017 to 31 March 2017, paid on 30 May 2017 and 1 April 2017 to 30 June 2017, paid on 29 August 2017.

Distribution for YTD Sep 2016 is for the period of 1 October 2015 to 31 December 2015, paid on 26 February 2016, 1 January 2016 to 31 March 2016, paid on 27 May 2016 and 1 April 2016 to 30 June 2016, paid on 26 August 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
<b>At 1 January 2017</b>		<b>3,456,557</b>	<b>1,459,734</b>	<b>(167,302)</b>	<b>(5,494)</b>	<b>3,222</b>	<b>4,746,717</b>	<b>149,701</b>	<b>2,140</b>	<b>4,898,558</b>
Return for the period		-	65,806	-	-	-	65,806	3,704	38	69,548
Other comprehensive income	1	-	-	(15,347)	(24,896)	-	(40,243)	-	(3)	(40,246)
Total comprehensive income		-	65,806	(15,347)	(24,896)	-	25,563	3,704	35	29,302
Issue of units for payment of management fees	2	29,750	-	-	-	-	29,750	-	-	29,750
Distribution Reinvestment Plan		18,015	(18,015)	-	-	-	-	-	-	-
Distribution to Unitholders		(6,609)	(72,213)	-	-	-	(78,822)	-	-	(78,822)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,704)	-	(3,704)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(38)	(38)
<b>At 30 June 2017</b>		<b>3,497,713</b>	<b>1,435,312</b>	<b>(182,649)</b>	<b>(30,390)</b>	<b>3,222</b>	<b>4,723,208</b>	<b>149,701</b>	<b>2,137</b>	<b>4,875,046</b>
Return for the period		-	36,755	-	-	-	36,755	1,883	18	38,656
Other comprehensive income	1	-	-	34,145	(2,002)	-	32,143	-	(1)	32,142
Total comprehensive income		-	36,755	34,145	(2,002)	-	68,898	1,883	17	70,798
Issue of units for payment of management fees	2	10,400	-	-	-	-	10,400	-	-	10,400
Distribution Reinvestment Plan		8,408	(8,408)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,340)	(35,658)	-	-	-	(38,998)	-	-	(38,998)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(19)	(19)
<b>At 30 September 2017</b>		<b>3,513,181</b>	<b>1,428,001</b>	<b>(148,504)</b>	<b>(32,392)</b>	<b>3,222</b>	<b>4,763,508</b>	<b>151,584</b>	<b>2,135</b>	<b>4,917,227</b>

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

<u>Group</u>	Note	<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
<b>At 1 January 2016</b>		<b>3,394,832</b>	<b>1,409,983</b>	<b>(199,445)</b>	<b>17,429</b>	<b>3,222</b>	<b>4,626,021</b>	<b>149,719</b>	<b>2,108</b>	<b>4,777,848</b>
Return for the period		-	152,524	-	-	-	152,524	3,725	67	156,316
Other comprehensive income	1	-	-	(20,296)	(26,675)	-	(46,971)	-	(8)	(46,979)
Total comprehensive income		-	152,524	(20,296)	(26,675)	-	105,553	3,725	59	109,337
Issue of units for payment of management fees	3	23,096	-	-	-	-	23,096	-	-	23,096
Issue expenses	4	-	-	-	-	-	-	(18)	-	(18)
Distribution Reinvestment Plan		20,072	(20,072)	-	-	-	-	-	-	-
Distribution to Unitholders		(6,457)	(81,940)	-	-	-	(88,397)	-	-	(88,397)
Distribution to perpetual securities holders		-	-	-	-	-	-	(3,725)	-	(3,725)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(30)	(30)
<b>At 30 June 2016</b>		<b>3,431,543</b>	<b>1,460,495</b>	<b>(219,741)</b>	<b>(9,246)</b>	<b>3,222</b>	<b>4,666,273</b>	<b>149,701</b>	<b>2,137</b>	<b>4,818,111</b>
Return for the period		-	38,077	-	-	-	38,077	1,883	19	39,979
Other comprehensive income	1	-	-	18,872	(17,604)	-	1,268	-	(3)	1,265
Total comprehensive income		-	38,077	18,872	(17,604)	-	39,345	1,883	16	41,244
Issue of units for payment of management fees	3	10,308	-	-	-	-	10,308	-	-	10,308
Distribution Reinvestment Plan		6,669	(6,669)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,262)	(42,586)	-	-	-	(45,848)	-	-	(45,848)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(16)	(16)
<b>At 30 September 2016</b>		<b>3,445,258</b>	<b>1,449,317</b>	<b>(200,869)</b>	<b>(26,850)</b>	<b>3,222</b>	<b>4,670,078</b>	<b>151,584</b>	<b>2,137</b>	<b>4,823,799</b>

# 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, 10,018,667 and 9,089,301 units issued in 1Q2017, 2Q2017 and 3Q2017 respectively as payment of management fees in units.
- (3) This represents 13,720,004, 10,397,509 and 10,034,593 units issued in 1Q2016, 2Q2016 and 3Q2016 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.

Trust	Note	Units in Issue \$'000	Accumulated Profits \$'000	Hedging Reserve \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Total \$'000
<b>At 1 January 2017</b>		<b>3,456,557</b>	<b>357,271</b>	<b>(132)</b>	<b>3,813,696</b>	<b>149,701</b>	<b>3,963,397</b>
Return for the period		-	52,310	-	52,310	3,704	56,014
Other comprehensive income	1	-	-	(19,349)	(19,349)	-	(19,349)
Total comprehensive income		-	52,310	(19,349)	32,961	3,704	36,665
Issue of units for payment of management fees	2	29,750	-	-	29,750	-	29,750
Distribution Reinvestment Plan		18,015	(18,015)	-	-	-	-
Distribution to Unitholders		(6,609)	(72,213)	-	(78,822)	-	(78,822)
Distribution to perpetual securities holders		-	-	-	-	(3,704)	(3,704)
<b>At 30 June 2017</b>		<b>3,497,713</b>	<b>319,353</b>	<b>(19,481)</b>	<b>3,797,585</b>	<b>149,701</b>	<b>3,947,286</b>
Return for the period		-	64,110	-	64,110	1,883	65,993
Other comprehensive income	1	-	-	(967)	(967)	-	(967)
Total comprehensive income		-	64,110	(967)	63,143	1,883	65,026
Issue of units for payment of management fees	2	10,400	-	-	10,400	-	10,400
Distribution Reinvestment Plan		8,408	(8,408)	-	-	-	-
Distribution to Unitholders		(3,340)	(35,658)	-	(38,998)	-	(38,998)
<b>At 30 September 2017</b>		<b>3,513,181</b>	<b>339,397</b>	<b>(20,448)</b>	<b>3,832,130</b>	<b>151,584</b>	<b>3,983,714</b>

Trust	Note	Units in Issue \$'000	Accumulated Profits \$'000	Hedging Reserve \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Total \$'000
<b>At 1 January 2016</b>		<b>3,394,832</b>	<b>375,859</b>	<b>9,594</b>	<b>3,780,285</b>	<b>149,719</b>	<b>3,930,004</b>
Return for the period		-	68,407	-	68,407	3,725	72,132
Other comprehensive income	1	-	-	(15,501)	(15,501)	-	(15,501)
Total comprehensive income		-	68,407	(15,501)	52,906	3,725	56,631
Issue of units for payment of management fees	3	23,096	-	-	23,096	-	23,096
Issue expenses	4	-	-	-	-	(18)	(18)
Distribution Reinvestment Plan		20,072	(20,072)	-	-	-	-
Distribution to Unitholders		(6,457)	(81,940)	-	(88,397)	-	(88,397)
Distribution to perpetual securities holders		-	-	-	-	(3,725)	(3,725)
<b>At 30 June 2016</b>		<b>3,431,543</b>	<b>342,254</b>	<b>(5,907)</b>	<b>3,767,890</b>	<b>149,701</b>	<b>3,917,591</b>
Return for the period		-	53,791	-	53,791	1,883	55,674
Other comprehensive income	1	-	-	(9,890)	(9,890)	-	(9,890)
Total comprehensive income		-	53,791	(9,890)	43,901	1,883	45,784
Issue of units for payment of management fees	3	10,308	-	-	10,308	-	10,308
Distribution Reinvestment Plan		6,669	(6,669)	-	-	-	-
Distribution to Unitholders		(3,262)	(42,586)	-	(45,848)	-	(45,848)
<b>At 30 September 2016</b>		<b>3,445,258</b>	<b>346,790</b>	<b>(15,797)</b>	<b>3,776,251</b>	<b>151,584</b>	<b>3,927,835</b>

**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, 10,018,667 and 9,089,301 units issued in 1Q2017, 2Q2017 and 3Q2017 respectively as payment of management fees in units.
- (3) This represents 13,720,004, 10,397,509 and 10,034,593 units issued in 1Q2016, 2Q2016 and 3Q2016 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**

	<b>Group and Trust</b>	
	<b>2017 Units</b>	<b>2016 Units</b>
<b>Issued units as at 1 January</b>	<b>3,291,616,169</b>	<b>3,216,124,466</b>
Issue of new units:		
- Payment of management fees	29,168,317	24,117,513
- Distribution Reinvestment Plan	17,634,128	21,629,838
<b>Issued units as at 30 June</b>	<b>3,338,418,614</b>	<b>3,261,871,817</b>
Issue of new units:		
- Payment of management fees	9,089,301	10,034,593
- Distribution Reinvestment Plan	7,361,332	6,307,530
<b>Issued units as at 30 September</b>	<b>3,354,869,247</b>	<b>3,278,213,940</b>

**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 September 2017 and 31 December 2016.

Total number of issued units in Keppel REIT as at 30 September 2017 and 31 December 2016 were 3,354,869,247 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")

	3Q2017	3Q2016	<u>Group</u> YTD Sep 2017	YTD Sep 2016
<b>EPU</b> (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	1.10 cents	1.16 cents	3.08 cents	3.09 cents
Based on total return after gain on divestment of investment property and net change in fair value of investment properties	1.10 cents	1.16 cents	3.08 cents	5.86 cents
- Weighted average number of units as at the end of the period	3,347,480,880	3,269,681,130	3,327,884,704	3,251,015,310
<b>DPU</b> (based on the number of units as at the end of the period)	1.40 cents	1.60 cents	4.27 cents	4.89 cents
- Number of units in issue as at the end of the period	3,354,869,247	3,278,213,940	3,354,869,247	3,278,213,940

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 30/9/2017	As at 31/12/2016	As at 30/9/2017	As at 31/12/2016
NAV <sup>1</sup> per unit (\$)	1.42	1.44	1.14	1.16
NTA <sup>1</sup> per unit (\$) based on issued units at the end of the period	1.42	1.44	1.14	1.15
Adjusted NAV <sup>1</sup> per unit (\$)	1.41	1.43	1.13	1.14
Adjusted NTA <sup>1</sup> per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.40	1.42	1.12	1.14

**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)

	<b>Group</b>					
	<b>3Q2017</b>	<b>3Q2016</b>	<b>+/(−)</b>	<b>YTD Sep 2017</b>	<b>YTD Sep 2016</b>	<b>+/(−)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b><u>Property</u></b>						
Bugis Junction Towers	4,944	4,880	1.3	14,362	16,401	(12.4)
Ocean Financial Centre	25,854	26,043	(0.7)	77,742	78,351	(0.8)
275 George Street	4,728	4,524	4.5	14,578	13,630	7.0
77 King Street <sup>1</sup>	-	-	-	-	669	(100.0)
8 Exhibition Street <sup>2</sup>	4,919	4,085	20.4	13,465	12,200	10.4
<b>Total property income of directly held properties</b>	<b>40,445</b>	<b>39,532</b>	<b>2.3</b>	<b>120,147</b>	<b>121,251</b>	<b>(0.9)</b>
<b>(excluding property income contribution from associates and joint ventures)</b>						

### 8(ii) Income Contribution of the Portfolio

	<b>Group</b>					
	<b>3Q2017</b>	<b>3Q2016</b>	<b>+/(−)</b>	<b>YTD Sep 2017</b>	<b>YTD Sep 2016</b>	<b>+/(−)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b><u>Property</u></b>						
Bugis Junction Towers	3,778	3,693	2.3	10,897	12,968	(16.0)
Ocean Financial Centre	20,780	21,449	(3.1)	63,554	63,904	(0.5)
275 George Street	3,831	3,722	2.9	11,681	11,183	4.5
77 King Street <sup>1</sup>	-	-	-	-	524	(100.0)
8 Exhibition Street <sup>2</sup>	3,283	2,716	20.9	8,826	8,369	5.5
<b>Total net property income of directly held properties</b>	<b>31,672</b>	<b>31,580</b>	<b>0.3</b>	<b>94,958</b>	<b>96,948</b>	<b>(2.1)</b>
One-third interest in ORQPL <sup>3</sup> :						
- Interest income	487	483	0.8	1,478	1,547	(4.5)
- Dividend income	6,112	8,025	(23.8)	20,847	21,034	(0.9)
<b>Total income</b>	<b>6,599</b>	<b>8,508</b>	<b>(22.4)</b>	<b>22,325</b>	<b>22,581</b>	<b>(1.1)</b>
One-third interests in BFCDLLP <sup>4</sup> and CBDPL <sup>4</sup> :						
- Rental support	2,575	3,200	(19.5)	7,725	9,600	(19.5)
- Interest income	4,276	4,221	1.3	13,111	17,004	(22.9)
- Dividend and distribution income	16,828	17,385	(3.2)	50,982	44,773	13.9
<b>Total income</b>	<b>23,679</b>	<b>24,806</b>	<b>(4.5)</b>	<b>71,818</b>	<b>71,377</b>	<b>0.6</b>
50% interest in M8CT <sup>5</sup> :						
- Distribution income	3,346	3,042	10.0	9,897	9,139	8.3
50% interest in MOTT <sup>6</sup> :						
- Distribution income	3,287	3,171	3.7	9,960	8,871	12.3
<b>Total income contribution of the portfolio</b>	<b>68,583</b>	<b>71,107</b>	<b>(3.5)</b>	<b>208,958</b>	<b>208,916</b>	<b>0.02</b>

**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 YTD Sep 2017 vs YTD Sep 2016

Property income and net property income for YTD Sep 2017 were \$120.1 million and \$95.0 million respectively, compared to the property income and net property income of \$121.3 million and \$96.9 million respectively for YTD Sep 2016. 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 YTD Sep 2017 was \$113.5 million, compared to \$208.1 million for YTD Sep 2016. The variance was mainly attributable to the absence of gain on divestment of 77 King Street and net change in fair value of Singapore investment properties, 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 borrowing costs, 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, lower trust expenses and net foreign exchange differences.

### Review of Performance for 3Q2017 vs 3Q2016

Property income and net property income for 3Q2017 were \$40.4 million and \$31.7 million respectively, compared to the property income and net property income of \$39.5 million and \$31.6 million respectively for 3Q2016. The variances were mainly attributable to higher property income and net property income from Bugis Junction Towers, 275 George Street and 8 Exhibition Street.

The Group's total return before tax for 3Q2017 was \$40.1 million, compared to \$41.8 million for 3Q2016. The variance was mainly attributable to lower rental support, lower interest income, lower share of results of associates, and higher borrowing costs. These were partially offset by higher property income and net property income from Bugis Junction Towers, 275 George Street and 8 Exhibition Street, higher share of results of joint ventures, lower amortisation expense, lower trust expenses, net foreign exchange differences, as well as changes in fair value of derivatives.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

Property consultants are generally of the view that sentiments in the Singapore office market are improving amidst stronger economic fundamentals. CBRE reported an increase in the average rental rate of Grade A office space to \$9.10 psf in 3Q2017, up from \$8.95 psf in 2Q2017. However, average occupancy rate in the core CBD was 92.5%, down from 94.1% in 2Q2017.

In Australia, JLL reported marginal improvement in average occupancy for Australia's national CBD office market from 88.6% as at end-March 2017 to 89.1% as at end-June 2017. The Australian CBD office markets generally saw positive leasing activities in 2Q2017 with business confidence at healthy levels. JLL has observed that 2Q2017 was the first quarter in six years to have exhibited positive net absorption across key CBD office markets including Sydney, Melbourne, Brisbane and Perth.

Over the long term, the Manager remains focused on achieving stable and sustainable income for Unitholders. The Manager will maintain its proactive tenant and lease management strategy to optimise value from the REIT's quality portfolio of office buildings. Active refinancing and diversification measures will be undertaken to mitigate interest rate and funding related risks. The Manager will also continue to uphold environmental, social and governance standards and practices which will be essential to sustain Keppel REIT's performance.



## 11. RISK FACTORS AND RISK MANAGEMENT

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

### **Interest rate risk**

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

### **Liquidity risk**

The Manager monitors and maintains Keppel REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan for funding and expense requirements so as to manage the cash position at any point of time.

### **Credit risk**

Credit risk assessments of tenants are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease agreements. Tenants are required to pay a security deposit as a multiple of monthly rents. In addition, the Manager also monitors the tenant mix.

### **Currency risk**

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, and 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 July 2017 to 30 September 2017
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.03 cents per unit (b) Tax-exempt income distribution - 0.34 cents per unit (c) Capital distribution - 0.03 cents per unit
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 July 2016 to 30 September 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 - 0.39 cents per unit</p> <p>(c) Other gains distribution - 0.09 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 October 2017

### (d) Date Payable

28 November 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	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	3Q2017 \$'000	3Q2016 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	12,853	12,760
- Acquisition fee	3,772	-
- Property management fees and reimbursable	1,457	1,457
- Leasing commissions	699	916
- Rental support	2,575	3,200
- Electricity expenses <sup>1</sup>	-	17,810
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	320	313

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

**Note:**

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

### 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  
17 October 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 Third Quarter and Nine Months ended 30 September 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

17 October 2017

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

TAN SWEE YIOW  
Director