

Pricing Supplement

KEPPEL REIT MTN PTE. LTD.
(the "Issuer")
(incorporated with limited liability in Singapore)

S\$1,000,000,000
Multicurrency Debt Issuance Programme
(in the case of Notes issued by Keppel REIT MTN Pte. Ltd.)
Unconditionally and irrevocably guaranteed by
RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED
(in its capacity as trustee of Keppel REIT)
(Incorporated with limited liability in Singapore)
(the "Guarantor")

SERIES NO: 003

TRANCHE NO: 001

S\$75,000,000 3.275 per cent. Notes due 2024

Issue Price: 100 per cent.

Dealer
DBS Bank Ltd.

CDP Paying Agent
CITICORP INVESTMENT BANK (SINGAPORE) LIMITED
8 Marina View
Asia Square Tower 1, #21-00
Singapore 018960

The date of the Pricing Supplement is 3 April 2017.

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the "Notes") are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 20 October 2015 (as revised, supplemented, amended, updated or replaced from time to time, the "Information Memorandum") issued in relation to the S\$1,000,000,000 Multicurrency Debt Issuance Programme of Keppel REIT MTN Pte. Ltd. (the "Issuer") and RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT) and (in the case of Notes issued by Keppel REIT MTN Pte. Ltd.) unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT) (the "Guarantor"). Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum.

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum, contains all information with regard to the Issuer, the Guarantor, Keppel REIT, the Group and to the Notes and the Guarantee which is material in the context of the issue and offering of the Notes and the giving of the Guarantee, all the information in the Information Memorandum, when read together with this Pricing Supplement, is true and accurate in all material respects, and that there are no other facts the omission of which in the said context would, or might, make any such information misleading in any material respect.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income (other than discount income from secondary trading), prepayment fee, redemption premium or break cost (collectively, "Specified Income") is derived from any Notes by any person (a) who is not resident in Singapore and (b) who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) for such Specified Income under the Income Tax Act (Chapter 134 of Singapore) (the "Income Tax Act"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose Specified Income derived from the Notes is not exempt from tax (including for the reasons described above) shall include such Specified Income in a return of income made under the Income Tax Act.

The terms of the Notes and additional provisions relating to their issue are as follows:

1.	Issuer:	Keppel REIT MTN Pte. Ltd.
2.	Guarantor:	RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT)
3.	Series No.:	003
4.	Tranche No.:	001
5.	Currency:	Singapore Dollars
6.	Principal Amount of Series:	S\$75,000,000
7.	Principal Amount of Tranche:	S\$75,000,000
8.	Denomination Amount:	S\$250,000
9.	Calculation Amount (if different from Denomination Amount):	S\$250,000
10.	Issue Date:	6 April 2017
11.	Redemption Amount: (including early redemption)	Denomination Amount
12.	Interest Basis:	Fixed Rate
13.	Interest Commencement Date:	6 April 2017
14.	<u>Fixed Rate Note</u>	
	(a) Maturity Date:	8 April 2024
	(b) Day Count Fraction:	Actual/365 (fixed)
	(c) Interest Payment Date(s):	Semi-annually on the 6 th of April and October of each year
	(d) Initial Broken Amount:	Not Applicable
	(e) Final Broken Amount:	There will be a short final coupon period in respect of the period from, and including, the Interest Payment Date falling 6 April 2024, to but excluding, 8 April 2024, in respect of which S\$44.86 per Calculation Amount will be payable on the Maturity Date
	(f) Interest Rate:	3.275 per cent. per annum
15.	<u>Floating Rate Notes</u>	Not Applicable
16.	<u>Variable Rate Notes</u>	Not Applicable
17.	<u>Hybrid Notes</u>	Not Applicable

18.	<u>Zero-Coupon Notes</u>	Not Applicable
19.	Issuer's Redemption Option: Issuer's Redemption Option Period (Condition 6(c)):	No Not Applicable
20.	Noteholders' Redemption Option Noteholders' Redemption Option Period (Condition 6(b)):	No Not Applicable
21.	Issuer's Purchase Option Issuer's Purchase Option Period (Condition 6(d)):	No Not Applicable
22.	Noteholders' VRN Purchase Option Noteholders' VRN Purchase Option Period (Condition 6(e)(i)):	No Not Applicable
23.	Noteholders' Purchase Option Noteholders' Purchase Option Period (Condition 6(e)(ii)):	No Not Applicable
24A.	Form of Notes:	Bearer
24.	Redemption for Taxation Reasons (Condition 6(f)):	Yes
25.	Notes to be represented on issue by:	Permanent Global Security
26.	Temporary Global Security exchangeable for Definitive Securities:	No
27.	Temporary Global Security exchangeable for Permanent Global Security:	No
28.	Applicable TEFRA exemption:	C Rules
29.	Listing:	Singapore Exchange Securities Trading Limited
30.	ISIN Code:	SG7AF0000002
31.	Common Code:	Not Applicable
32.	Clearing System(s):	The Central Depository (Pte) Limited
33.	Depository:	The Central Depository (Pte) Limited
34.	Delivery:	Delivery free of payment
35.	Method of issue of Notes:	Individual Dealer
36.	The following Dealer is subscribing for the Notes:	DBS Bank Ltd.
37.	The aggregate principal amount of Notes issued has been translated in Singapore dollars at the rate of [•] producing a sum of (for Notes not denominated in Singapore dollars):	Not Applicable

38.	Issuing and Paying Agent:	Citicorp Investment Bank (Singapore) Limited
39	Registrar:	Not Applicable
40.	Supplemental Trust Deed:	Not Applicable
41.	Talons for future Coupons to be attached to Definitive Securities (and dates on which such Talons mature):	No
42.	Other terms:	See Appendix 1 to this Pricing Supplement

Details of any additions or variations to terms and conditions of the Notes as set out in the Information Memorandum:

Any additions or variations to the selling restrictions:

The Issuer

KEPPEL REIT MTN PTE. LTD.



Signed: _____

Director

The Guarantor

**For and on behalf of
RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED
(in its capacity as trustee of Keppel REIT)**

Signed: _____
[Director/Authorised Signatory]

Signed: _____
[Director/Authorised Signatory]

The Issuer

KEPPEL REIT MTN PTE. LTD.

Signed: _____
Director

The Guarantor

**For and on behalf of
RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED
(in its capacity as trustee of Keppel REIT)**

Signed: _____
[~~Director~~/Authorised Signatory]

Signed: _____
[~~Director~~/Authorised Signatory]

Appendix 1

The section "Singapore Taxation" appearing from pages 165 to 174 of the Information Memorandum shall be deleted in its entirety and substituted with the following:

SINGAPORE TAXATION

The statements made below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by IRAS and the MAS in force as at 3 April 2017 and are subject to any changes in such laws, administrative guidelines, or circulars, or the interpretation of those laws, guidelines, or circulars occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Relevant Issuer, the Guarantor, the Keppel REIT Manager or any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

1. Taxation relating to payments on Notes

The disclosure below is on the assumption that the Comptroller of Income Tax in Singapore regards each Tranche of the Notes as "debt securities" for the purposes of the ITA and that payments made under each Tranche of the Notes will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the Qualifying Debt Securities scheme are satisfied. If any Tranche of the Notes is not regarded as "debt securities" for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities scheme, the tax treatment to holders may differ. Investors and holders of any Tranche of the Notes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any Tranche of the Notes.

Interests and other payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any

immovable property situated outside Singapore or (ii) deductible against any income accruing in or derived from Singapore; or

- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

In addition, as the Programme as a whole was arranged by the Arranger, which was, at the time of establishment of the Programme, a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA), any tranche of the Notes issued on or prior to 31 December 2018 (the "**Relevant Notes**") would, pursuant to the ITA, be "qualifying debt securities" for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as the MAS may direct, of a return on debt

securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require to the MAS and the inclusion by the Relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium, and break cost (collectively, the "**Specified Income**") from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from the operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require to the MAS), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10%; and

(iii) subject to:

(aa) the Relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the Relevant Issuer, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

Specified Income derived from the Relevant Notes is not subject to withholding of tax by the Relevant Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four (4) persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Relevant Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(B) even though a particular tranche of the Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related parties of the Relevant Issuer, Specified Income from such Relevant Notes derived by:

(I) any related party of the Relevant Issuer; or

(II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Relevant Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax of as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Relevant Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

The 10% concessionary tax rate for qualifying debt securities does not apply to persons who have been granted the financial sector incentive (standard tier) status (within the meaning of section 43N of the ITA).

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the Relevant Issuer or such other person as the MAS may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the MAS may specify and such other particulars in connection with the qualifying debt securities as the MAS may require to the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity date of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:—
 - i. the shortening of the tenure is a result of an early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such qualifying debt securities; and
 - ii. the qualifying debt securities do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the qualifying debt securities at the time of their issue;
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by related parties of the Relevant Issuer, Specified Income from such Relevant Notes derived by:

- (i) any related party of the Relevant Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained directly or indirectly from any related party of the Relevant Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Taxation relating to payments on Perpetual Securities

A. Singapore tax classification of hybrid instruments

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, the IRAS has published the e-Tax Guide: Income Tax Treatment of Hybrid Instruments on 19 May 2014 (the "**Hybrid Instruments e-Tax Guide**") which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes.

Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

- (a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;
- (b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes.

These factors include (but are not limited to):

- (i) nature of interest acquired;
 - (ii) investor's right to participate in issuer's business;
 - (iii) voting rights conferred by the instrument;
 - (iv) obligation to repay the principal amount;
 - (v) payout;
 - (vi) investor's right to enforce payment;
 - (vii) classification by other regulatory authority; and
 - (viii) ranking for repayment in the event of liquidation or dissolution;
- (c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest;
 - (d) if a hybrid instrument issued by a company or a REIT (as defined in the ITA) is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as either dividends or REIT distributions; and
 - (e) in respect of REIT distributions, the tax treatment depends on the underlying receipts from which such distributions are made and the profile of the investors.

B. Application for tax ruling

The Keppel REIT Trustee will apply to the IRAS for an advance tax ruling to confirm the classification of the Perpetual Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of distributions (including Optional Distributions) in respect of the Perpetual Securities.

The Keppel REIT Manager will provide details of the tax ruling issued by the IRAS via an announcement on its website www.keppelreit.com shortly after the receipt of the tax ruling.

i. Perpetual Securities characterised as debt instruments

In the event that the IRAS rules that the Perpetual Securities are debt instruments for Singapore income tax purposes, payment of distributions (including Optional Distributions) in respect of the Perpetual Securities should be regarded as interest payments and the disclosure under "Taxation relating to payments on Notes – Interest and other payments" summarises the income tax treatment that may be applicable on the distributions (including Optional Distributions).

ii. Perpetual Securities characterised as equity instruments

In the event that the IRAS rules that the Perpetual Securities are equity instruments for Singapore income tax purposes and distributions (including Optional Distributions) in respect of the Perpetual Securities will be treated as capital distributions in the hands of the Perpetual Securityholders, the payment of distributions (including Optional Distributions) in respect of the Perpetual Securities will not be subject to withholding of tax, irrespective of the profile of Perpetual Securityholders. The amount of such distributions (including Optional Distributions) will be treated as a return of capital in the hands of Perpetual Securityholders and will be applied to reduce the cost of their investment in the Perpetual Securities for Singapore income tax purposes. Where the Perpetual Securityholders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of the Perpetual Securities, the reduced cost of their investments will be used for the purposes of computing such gains.

In the event that IRAS rules that the Perpetual Securities are equity instruments for Singapore income tax purposes and that distributions (including Optional Distributions) in respect of the Perpetual Securities are to be treated in the same manner as distribution on Units, Perpetual Securityholders may be subject to income tax on such distributions, in whole or part, currently at the rate of 10% or 17%. The Keppel REIT Manager and the Keppel REIT Trustee may also be obliged to withhold or deduct tax from the payment of such distributions, in whole or part, currently at the rate of 17% or 10%, to certain Perpetual Securityholders and for this purpose, Perpetual Securityholders may, as in the case of Unitholders, be required to declare certain information relating to their status to the Keppel REIT Manager and the Keppel REIT Trustee prior to the making of each distribution (including any Optional Distribution). The disclosure under "Taxation of distributions on Units" summarises the Singapore income tax treatment currently applicable to distributions made on Units of Keppel REIT, which will be applicable to the distributions (including Optional Distributions), if the IRAS rules that the payment of distributions (including Optional Distributions) is to be treated in the same manner as distribution on Units.

Taxation of distributions on Units

Distributions on Units may comprise all, or a combination, of the following types of distributions:

- (a) taxable income distribution;
- (b) tax-exempt income distribution;
- (c) capital distribution; and
- (d) other gains distribution.

The tax treatment of each type of distribution differs and may depend on the profile of the beneficial owner of the distributions. The statements below provide a summary of the tax treatment. Prospective holders of the Relevant Tranche of Perpetual Securities are advised to consult their own professional tax advisers as to the tax consequences that they may be subject to, in particular on the distributions (including Optional Distributions) on the Relevant Tranche of Perpetual Securities, where such distributions (including Optional Distributions) are treated in the same manner as distributions on Units.

- (a) Taxable income distribution

Withholding tax

The Keppel REIT Trustee and the Keppel Manager are required to withhold or deduct tax from taxable income distributions unless such distributions are made to an individual or a "Qualifying Unitholder" who submits a declaration in a prescribed form within a stipulated time limit.

A "Qualifying Unitholder" is a Unitholder who is:

- a company incorporated and resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Chapter 37 of Singapore) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Chapter 62 of Singapore) or a trade union registered under the Trade Unions Act (Chapter 333 of Singapore); or
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap 145).

In all other cases, the Keppel REIT Trustee and the Keppel REIT Manager will withhold or deduct tax, currently at the rate of 17%, from taxable income distributions. This rate is reduced to 10% for distributions made on or before 31 March 2020 to a foreign non-individual. A foreign non-individual is a person (other than an individual) who is not a resident of Singapore for income tax purposes and:

- (i) who does not have any permanent establishment in Singapore; or
- (ii) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

Where the Units are held in the name of a nominee, the Keppel REIT Trustee and the Keppel REIT Manager will withhold or deduct tax, currently at the rate of 17%, unless the beneficial owner of the Units is an individual or a Qualifying Unitholder and provided that the nominee submits a declaration (containing certain particulars of the beneficial owner) in a prescribed form within a stipulated time limit to the Keppel REIT Trustee and the Keppel REIT Manager. Where the beneficial owner is a foreign non-individual as described above and provided the aforesaid declaration is submitted by the nominee, tax will be withheld or deducted at the rate of 10% for distributions made on or before 31 March 2020.

Tax deducted at source on taxable income distributions

The tax deducted at the prevailing tax rate, currently at the rate of 17%, by the Keppel REIT Trustee and the Keppel REIT Manager is not a final tax. A Unitholder can use this tax deducted as a set-off against its Singapore income tax liability, including the tax liability on the gross amount of taxable income distributions.

The tax deducted at the reduced rate of 10% on taxable income distributions made on or before 31 March 2020 to foreign non-individuals is a final tax imposed on the gross amount of distributions.

Taxation in the hands of Unitholders

Unless otherwise exempt, Unitholders are liable to Singapore income tax on the gross amount of taxable income distributions (i.e. the amount of distribution before tax deduction at source, if any).

Taxable income distributions received by individuals, irrespective of their nationality or tax residence status, are exempt from tax unless such distributions are derived by the individual through a partnership in Singapore or from the carrying on of a trade, business or profession. Individuals who do not qualify for this tax exemption are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates, i.e. even if they have received the distributions without tax deduction at source.

Unless exempt from income tax because of their own specific circumstances, Qualifying Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions, i.e. even if they have received the distributions without tax deduction at source.

Other non-individual Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates. Where the Unitholder is a foreign non-individual, tax at a reduced rate of 10% will be imposed on taxable income distributions made on or before 31 March 2020.

(b) Tax-exempt income distribution

Tax-exempt income distributions are exempt from tax in the hands of all Unitholders. Tax is not withheld or deducted from such distributions.

(c) Capital distribution

Capital distributions are returns of capital to Unitholders and are therefore not income subject to tax or withholding of tax. The amount received as capital distributions will be applied to reduce the cost of Unitholder's investment in Units for income tax purposes. Where Unitholders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of Units, the reduced cost of their investments will be used for the purposes of computing such gains.

(d) Other gains distribution

Other gains distributions are not taxable in the hands of Unitholders and are not subject to withholding of tax.

3. Capital Gains

Any gains considered to be in the nature of capital made from the sale of Securities will not be taxable in Singapore. However, any gains derived by an person from the sale of Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who are adopting Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**") may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

4. Adoption of FRS 39 treatment for Singapore income tax purposes

The IRAS has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 – Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. It is at present unclear whether, and to what extent, the replacement of FRS 39 by FRS 109 will affect the tax treatment of financial instruments which currently follows FRS 39.

5. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.