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The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Keppel REIT MTN Pte. Ltd. (the "Keppel REIT SPV"), RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT) (the "Keppel REIT Trustee"), Citigroup Global Markets Singapore Pte. Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Keppel REIT SPV, the Keppel REIT Trustee or Citigroup Global Markets Singapore Pte. Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the Keppel REIT SPV or the Keppel REIT Trustee in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended))

KEPPEL REIT MTN PTE. LTD.

(Incorporated in the Republic of Singapore on 24 November 2008)
(UEN/Company Registration No. 200822093D)

and

RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED

(In its capacity as trustee of Keppel REIT)

(Incorporated in the Republic of Singapore on 4 July 1995)

(UEN/Company Registration No. 199504677Z)

S\$1,000,000,000

Multicurrency Debt Issuance Programme

(the "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)

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of: (i) notes (the "Notes") to be issued from time to time by Keppel REIT MTN Pte. Ltd. (the "Keppel REIT SPV") or RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT) (the "Keppel REIT Trustee") (each an "Issuer" and together, the "Issuers"); and (ii) perpetual securities (the "Perpetual Securities") to be issued from time to time by the Keppel REIT Trustee, pursuant to the Programme may not be circulated or distributed, nor may the Notes and Perpetual Securities (together, the "Securities") be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased in reliance of an exemption under Section 274 or 275 of the SFA, the Securities shall not be sold within the period of six (6) months from the date of the initial acquisition of the Securities, except to any of the following persons:

- (i) an institutional investor (as defined in Section 4A of the SFA);
- (ii) a relevant person (as defined in Section 275(2) of the SFA); or
- (iii) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Securities issued by the Keppel REIT Trustee will not be guaranteed whereas sums payable in respect of the Notes issued from time to time by the Keppel REIT SPV are unconditionally and irrevocably guaranteed by the Keppel REIT Trustee (in its capacity as trustee of Keppel REIT) (the "Guarantor"). References in this Information Memorandum to the Guarantor and the Guarantee (as defined herein) shall only apply to Notes issued by the Keppel REIT SPV.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the permission to deal in and the listing and quotation of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuers, the Guarantor, Keppel REIT, their respective subsidiaries (as defined herein) and associates (as defined herein) (if any), the Programme or such Securities.

Potential investors should pay attention to the risk factors and considerations set out in the section on "Risk Factors".

Arranger



CITIGROUP GLOBAL MARKETS SINGAPORE PTE. LTD.

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NOTICE

Citigroup Global Markets Singapore Pte. Ltd. (the “Arranger”) has been appointed by the Keppel REIT SPV and the Keppel REIT Trustee (each an “Issuer” and together, the “Issuers”) as the arranger of the S\$1,000,000,000 Multicurrency Debt Issuance Programme (the “Programme”) described herein following the retirement of Citicorp Investment Bank (Singapore) Limited as the arranger of the Programme under the Programme Agreement (as defined herein), both with effect from 20 October 2015. Subject to compliance with all relevant laws, regulations and directives, under the Programme, Notes may be issued by each of the Issuers from time to time denominated in Singapore dollars and/or any other currencies, and Perpetual Securities may only be issued by the Keppel REIT Trustee from time to time denominated in Singapore dollars and/or any other currencies. The Securities issued by the Keppel REIT Trustee will not be guaranteed whereas the payment of all amounts payable in respect of Notes issued by the Keppel REIT SPV will be unconditionally and irrevocably guaranteed by the Keppel REIT Trustee (the “Guarantor”). References in this Information Memorandum to the Guarantor and the Guarantee (as defined herein) shall only apply to Notes issued by the Keppel REIT SPV.

This Information Memorandum contains information with regard to the Issuers, the Guarantor, Keppel REIT, the Keppel REIT Manager (as defined herein), their respective subsidiaries (if any) and the Programme, the Securities and the Guarantee (as defined herein). Each of the Issuers, the Guarantor and the Keppel REIT Manager, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is or may be material in the context of the Programme, the issue and offering of the Securities and the giving of the Guarantee, that the information contained herein is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the Programme and issue and offer of the Securities would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in Series (as defined herein) having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section “Summary of the Programme”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each Series may be issued in one or more Tranches (as defined herein) on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”) or otherwise delivered as agreed between the Relevant Issuer (as defined herein) and the relevant Dealer (as defined herein). To the extent that any Series or Tranche of Notes are to be deposited with a clearing system other than CDP, relevant documentation will be entered into with relevant parties and the appointment of additional agents will be made prior to the issuance of such Notes to effect the deposit of such Notes with the relevant clearing system. Interests in a Temporary Global Security will be exchangeable, in whole or in part, for interests in a Permanent Global Security or Definitive Securities (as indicated in the applicable Pricing Supplement (as defined herein)) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Relevant Issuer and the relevant Dealer and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Relevant Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement issued in relation to each Series or Tranche of Notes (the “Redemption Amount”). Details applicable to each Series or Tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in Series having one or more issue dates and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each Series may be issued in one or more Tranches on the same or different issue dates.

The Perpetual Securities may only be issued by the Keppel REIT Trustee and will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Keppel REIT Trustee and the relevant Dealer. Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each Series or Tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Securities Trust Deed referred to below) shall be S\$1,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be determined pursuant to the terms of the Programme Agreement.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by either of the Issuers, the Guarantor, the Keppel REIT Manager, the Trustee (as defined herein), the Arranger or any of the Dealers. The delivery or dissemination of this Information Memorandum at any time after the date of this Information Memorandum does not imply that the information contained in this Information Memorandum or any part of this Information Memorandum is correct at any time after such date. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of either of the Issuers, the Guarantor, the Keppel REIT Manager, Keppel REIT or any of their respective subsidiaries, associates or other entities to which they are related (collectively, the “Related Entities”) (if any), the Arranger or any of the Dealers.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of either of the Issuers, the Guarantor, the Keppel REIT Manager, the Trustee, the Arranger or any of the Dealers to subscribe for, or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum (or any part thereof) or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum (or any part thereof) or any such other document or information or into whose possession this Information Memorandum (or any part thereof) or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or jurisdiction of the United States and the Securities are subject to U.S. tax law requirements and restriction. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account of benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereafter).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of either of the Issuers, the Guarantor, the Keppel REIT Manager, the Trustee, the Arranger or any of the Dealers to subscribe for, or purchase, any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients

of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of either of the Issuers, the Guarantor, Keppel REIT, the Keppel REIT Manager or any of their respective Related Entities (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Trustee, the Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Issuers, the Guarantor, the Keppel REIT Manager, the Trustee, the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of any of the Issuers, the Guarantor, Keppel REIT or any of their Related Entities (if any). Further, none of the Trustee, the Arranger and the Dealers makes any representation or warranty as to the Issuers, the Guarantor, Keppel REIT, the Keppel REIT Manager or their Related Entities (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Keppel REIT Manager, the Trustee, the Arranger or any of the Dealers or their respective Related Entities (if any) that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser and/or subscriber shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of each Relevant Issuer, Keppel REIT and their respective Related Entities (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Relevant Issuer and Keppel REIT and their respective Related Entities (if any). Accordingly, notwithstanding anything herein, no representation, warranty or undertaking express or implied is made and none of the Trustee, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible or liable as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by either of the Issuers, the Guarantor or the Keppel REIT Manager or any of their respective officers, employees or agents in connection with the Securities or their distribution. Save as aforesaid, none of the Issuers, the Guarantor, the Keppel REIT Manager, the Trustee, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible or liable for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports or audited consolidated accounts or summary financial statements or interim results (whether audited or unaudited) of the Issuers, Keppel REIT and their respective Related Entities (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuers. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any Series or Tranche of Securities, any Pricing Supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by

implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Relevant Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Relevant Issuer, the Guarantor, the Keppel REIT Manager, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Relevant Issuer pursuant to the Programme Agreement.

Any discrepancies (if any) in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section on “Subscription, Purchase and Distribution” of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

Notification under Section 309B of the SFA: Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Securities may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise, neither the Arranger, the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Packaged Retail Investment and Insurance Products—Prohibition of Sales to Retail Investors

If the Pricing Supplement in respect of any Securities includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the “Prospectus Directive”). Consequently, no key information document required by Regulation (EU) No

1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuers, the Guarantor, Keppel REIT, the Subsidiaries and/or the Group (including the financial forecasts, profit projections, statements as to the expansion plans of the Issuers, the Guarantor, Keppel REIT, the Subsidiaries and/or the Group, expected growth of the Issuers, the Guarantor, Keppel REIT, the Subsidiaries and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuers, the Guarantor, Keppel REIT, the Subsidiaries and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail under the section “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuers, the Guarantor, or Keppel REIT, the Subsidiaries and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuers, the Guarantor, Keppel REIT, the Keppel REIT Manager, the Arranger and any of the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuers, the Guarantor, Keppel REIT, the Subsidiaries and/or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities by the Issuers shall, under any circumstances, constitute a continuing representation, or create any suggestion or implication, that there has been no change in the prospects, results of operations or general affairs of the Issuers, the Guarantor, Keppel REIT, any of the Subsidiaries or the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuers, the Guarantor, the Keppel REIT Manager, the Group, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

<u>“Agency Agreement”</u>	: The agency agreement dated 19 January 2009 between (1) the Keppel REIT SPV, as issuer, (2) the Keppel REIT Trustee, as guarantor, (3) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent and agent bank, (4) the Trustee, as trustee, as amended and restated by the amendment and restatement agency agreement dated 20 October 2015 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) Citicorp Investment Bank (Singapore) Limited, as CDP paying agent, CDP agent bank, CDP registrar and CDP transfer agent, (4) Citibank N.A., London Branch, as non-CDP paying agent, non-CDP agent bank, non-CDP registrar and non-CDP transfer agent, and (5) the Trustee, as trustee, as amended, varied or supplemented from time to time.
<u>“Arranger”</u>	: Citigroup Global Markets Singapore Pte. Ltd.
<u>“Associates”</u>	: An entity in which at least 20% but not more than 50% of its interests are held by Keppel REIT or the Group.
<u>“Bearer Securities”</u>	: Securities in bearer form.
<u>“Business Day”</u>	: A day (other than Saturday or Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore.
<u>“CBD”</u>	: The Central Business District.
<u>“CDP”</u>	: The Central Depository (Pte) Limited.
<u>“CDP Agent Bank”</u>	: Citicorp Investment Bank (Singapore) Limited.
<u>“CDP Paying Agent”</u>	: Citicorp Investment Bank (Singapore) Limited.
<u>“CDP Registrar”</u>	: Citicorp Investment Bank (Singapore) Limited.
<u>“CDP Transfer Agent”</u>	: Citicorp Investment Bank (Singapore) Limited.
<u>“Certificate”</u>	: A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
<u>“CIS Code”</u>	: The Code on Collective Investment Schemes issued by the MAS (as amended or modified from time to time) pursuant to section 321 of the SFA.
<u>“Clearstream, Luxembourg”</u>	: Clearstream Banking S.A., and includes a reference to its successors and permitted assigns.
<u>“Companies Act”</u>	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.

“Conditions”

- : (i) in relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and
- (ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.

“Couponholders”

- : The holders of the Coupons.

“Coupons”

- : The interest coupons appertaining to an interest or distribution bearing Definitive Security.

“Dealers”

- : Persons appointed as dealers under the Programme.

“Definitive Security(ies)”

- : A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue.

“Depositors”

- : Persons holding the Notes or Perpetual Securities in securities accounts with CDP.

“Directors”

- : The directors (including alternate directors, if any) of the Keppel REIT SPV or the Keppel REIT Manager, as the case may be, as at the date of this Information Memorandum.

“Euroclear”

- : Euroclear Bank SA/NV, and includes a reference to its successors and permitted assigns.

<u>“Extraordinary Resolution”</u>	: A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened under the provisions of the Keppel REIT Trust Deed.
<u>“FY”</u>	: Financial year ended or ending 31 December.
<u>“GIC”</u>	: Government of Singapore Investment Corporation.
<u>“Global Certificate”</u>	: A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (1) CDP, (2) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or (3) any other clearing system.
<u>“Global Security”</u>	: A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
<u>“Group”</u>	: Keppel REIT and its Subsidiaries.
<u>“Guarantee”</u>	: The guarantee and indemnity of the Guarantor contained in the Trust Deed. References to the Guarantee shall only apply to Notes issued by the Keppel REIT SPV.
<u>“Guarantor”</u> or <u>“Keppel REIT Trustee”</u>	: RBC Investor Services Trust Singapore Limited, in its capacity as trustee of Keppel REIT, and in such capacity, guarantor of the Notes issued by the Keppel REIT SPV.
<u>“IRAS”</u>	: Inland Revenue Authority of Singapore.
<u>“Issuers”</u>	: Keppel REIT SPV and Keppel REIT Trustee, and “Issuer” means either of them.
<u>“Issuing and Paying Agent”</u>	: The CDP Paying Agent and the Non-CDP Paying Agent, and “Issuing and Paying Agent” means either of them.
<u>“ITA”</u>	: Income Tax Act, Chapter 134 of Singapore.
<u>“Keppel Corporation”</u>	: Keppel Corporation Limited.
<u>“Keppel Land”</u>	: Keppel Land Limited.
<u>“Keppel Land Group”</u>	: Keppel Land and its Subsidiaries
<u>“Keppel REIT”</u>	: Keppel Real Estate Investment Trust (or such other name as the Keppel REIT Manager (with the approval of the Keppel REIT Trustee) may from time to time determine), a real estate investment trust established in Singapore and constituted by the Keppel REIT Trust Deed.
<u>“Keppel REIT Manager”</u>	: Keppel REIT Management Limited, as manager of Keppel REIT.
<u>“Keppel REIT Properties”</u>	: Keppel REIT’s current and future properties (including the Properties).

<u>“Keppel REIT SPV”</u>	: Keppel REIT MTN Pte. Ltd.
<u>“Keppel REIT Trust Deed”</u>	: The trust deed dated 28 November 2005 constituting Keppel REIT, as supplemented by a first supplemental deed dated 2 February 2006, a second supplemental deed dated 17 March 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 17 October 2007, a fifth supplemental deed dated 19 January 2009, a sixth supplemental deed dated 16 April 2009, a first amending and restating deed dated 19 April 2010, a supplemental deed dated 15 October 2012 to the first amending and restating deed, a second amending and restating deed dated 23 March 2016, and a tenth supplemental deed dated 20 April 2018, each entered into between (1) the Keppel REIT Manager, as manager of Keppel REIT, and (2) the Keppel REIT Trustee, as trustee of Keppel REIT, and as further amended, modified or supplemented from time to time.
<u>“Latest Practicable Date”</u>	: 4 February 2020.
<u>“Listing Manual”</u>	: The listing manual of the SGX-ST.
<u>“MAS”</u>	: Monetary Authority of Singapore.
<u>“MBFC”</u>	: Marina Bay Financial Centre.
<u>“MBFC Tower 1”</u>	: Marina Bay Financial Centre Tower 1.
<u>“MBFC Tower 2”</u>	: Marina Bay Financial Centre Tower 2.
<u>“MBFC Tower 3”</u>	: Marina Bay Financial Centre Tower 3.
<u>“MBLM”</u>	: Marina Bay Link Mall.
<u>“MRT”</u>	: Mass Rapid Transit.
<u>“NAV”</u>	: Net Asset Value.
<u>“Net Lettable Area” or “NLA”</u>	: Comprises the floor area in a building that is to be leased, excluding common areas such as common corridors, lift shafts, fire escape staircases and toilets, being the area in respect of which rent is payable.
<u>“Non-CDP Agent Bank”</u>	: Citibank, N.A., London Branch.
<u>“Non-CDP Paying Agent”</u>	: Citibank, N.A., London Branch.
<u>“Non-CDP Registrar”</u>	: Citibank, N.A., London Branch.
<u>“Non-CDP Transfer Agent”</u>	: Citibank, N.A., London Branch.
<u>“Noteholders”</u>	: The holders of the Notes.
<u>“Notes”</u>	: The notes to be issued by the Relevant Issuer under the Programme.
<u>“Paying Agents”</u>	: The Issuing and Paying Agents and such further or other Paying Agent or Paying Agents as may be appointed from time to time under the Agency Agreement.

<u>“Permanent Global Security”</u>	: A Global Security representing Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
<u>“Perpetual Securities”</u>	: The perpetual securities issued or to be issued by the Keppel REIT Trustee under the Programme.
<u>“Perpetual Securityholders”</u>	: The holders of the Perpetual Securities.
<u>“Pricing Supplement”</u>	: In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
<u>“Programme”</u>	: The S\$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuers.
<u>“Programme Agreement”</u>	: The programme agreement dated 19 January 2009 and entered into by (1) the Keppel REIT SPV, as issuer, (2) the Guarantor, as guarantor, (3) the Keppel REIT Manager, and (4) Citicorp Investment Bank (Singapore) Limited, as arranger and dealer, as amended and restated by the amendment and restatement programme agreement dated 20 October 2015 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) the Keppel REIT Manager, (4) Citigroup Global Markets Singapore Pte. Ltd., as arranger and dealer, and (5) Citicorp Investment Bank (Singapore) Limited, as original arranger and original dealer, and as further amended, restated, varied or supplemented from time to time.
<u>“Properties”</u>	: Refers collectively to the nine properties as set out under “Keppel REIT—Keppel REIT’s Property Portfolio Key Statistics” in this Information Memorandum, or to certain of these properties (as the context requires), and <u>“Property”</u> shall mean any of them.
<u>“Property Funds Appendix”</u>	: The guidelines for REITS issued by the MAS as Appendix 6 to the CIS Code, as amended, varied or supplemented from time to time.
<u>“Property Managers”</u>	: Keppel REIT Property Management Pte Ltd, Raffles Quay Asset Management Pte Ltd, Charter Hall Real Estate Management Services Pty Limited, Mirvac Real Estate Pty Limited, GPT Property Management Pty Limited and CBRE Pte. Ltd.
<u>“Rating Agencies”</u>	: Moody’s Investor Services Inc., Fitch Ratings Inc. and/or Standard & Poor’s Rating Services.
<u>“Registered Securities”</u>	: Securities in registered form.
<u>“REIT”</u>	: Real estate investment trust.
<u>“Relevant Issuer”</u>	: In relation to any Tranche or Series of Notes, the Issuer which has concluded an agreement with the relevant Dealer(s) to issue, or which has issued the Notes of that Tranche or Series and, in relation to any Tranche or Series of Perpetual Securities, the Keppel REIT Trustee.
<u>“Securities”</u>	: The Notes and the Perpetual Securities.
<u>“Securities Act”</u>	: Securities Act of 1933 of the United States, as amended.

<u>“Securityholders”</u>	: The Noteholders and the Perpetual Securityholders.
<u>“Series”</u>	: (1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
<u>“SFA”</u>	: Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
<u>“SGX-ST”</u>	: Singapore Exchange Securities Trading Limited.
<u>“Shares”</u>	: Ordinary shares each in the capital of the Keppel REIT SPV.
<u>“Subsidiary”</u> or <u>“subsidiary”</u>	: Any company which is for the time being, a subsidiary within the meaning of Section 5 of the Companies Act, and in relation to Keppel REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate): (1) which is controlled, directly or indirectly, by Keppel REIT (through its trustee); or (2) more than half the issued share capital of which is beneficially owned, directly or indirectly, by Keppel REIT (through its trustee); or (3) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (1) or (2) above applies, and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by Keppel REIT if Keppel REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.
<u>“sq ft”</u>	: Square Feet.
<u>“Talons”</u>	: Talons for further Coupons.
<u>“Temporary Global Security”</u>	: A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.
<u>“Tranche”</u>	: Securities which are identical in all respects (including as to listing).
<u>“Trust Deed”</u>	: The trust deed dated 19 January 2009 made between (1) the Keppel REIT SPV, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended and supplemented by a supplemental trust deed dated 15 October 2012 made between the same parties and as

amended and restated by the amendment and restatement trust dated 20 October 2015 between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, and as amended, varied or supplemented from time to time.

<u>“Trustee”</u>	: The Bank of New York Mellon.
<u>“Unit”</u>	: One unit representing an undivided interest in Keppel REIT.
<u>“United States”</u> or <u>“U.S.”</u>	: United States of America.
<u>“Unitholder”</u>	: A holder of Unit(s).
<u>“A\$”</u>	: Australia dollars.
<u>“KRW”</u>	: Korean won.
<u>“S\$”</u> or <u>“\$”</u> and <u>“cents”</u>	: Singapore dollars and cents respectively.
<u>“US\$”</u> or <u>“US dollars”</u>	: United States dollars.
<u>“Winding-Up”</u>	: Bankruptcy, termination, winding up, liquidation, receivership or similar proceedings in respect of Keppel REIT.
<u>“%”</u>	: Per cent.
<u>“2Q2020”</u>	: The 6 months financial period ended 30 June 2020.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Keppel REIT MTN Pte. Ltd.

Board of Directors	:	Mr Tham Wei Hsing, Paul Ms Kang Leng Hui
Company Secretaries	:	Mr Chua Hua Yeow Kelvin Mr Tan Weiqiang, Marc
Registered Office	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Auditors	:	PricewaterhouseCoopers LLP 7 Straits View, Marina One East Tower, Level 12 Singapore 018936

RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT)

Registered Office	:	8 Marina View #26-01 Asia Square Tower 1 Singapore 018960

Keppel REIT Management Limited

Board of Directors	:	Mrs Penny Goh Mr Lee Chiang Huat Mr Lor Bak Liang Ms Christina Tan Mr Tan Swee Yiow Mr Alan Rupert Nisbert Mr Ian Mackie
Company Secretaries	:	Mr Chua Hua Yeow Kelvin Mr Tan Weiqiang, Marc
Registered Office	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Auditors for Keppel REIT	:	PricewaterhouseCoopers LLP 7 Straits View, Marina One East Tower, Level 12 Singapore 018936
Arranger of the Programme	:	Citigroup Global Markets Singapore Pte. Ltd. 8 Marina View #21-00 Asia Square Tower 1 Singapore 018960
Legal Advisers to the Arranger	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982

Legal Advisers to the Keppel REIT SPV and the Keppel REIT Manager	: WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982 (at the update of the Programme on 20 October 2015)
Legal Advisers to the Keppel REIT Trustee	: Rajah & Tann Singapore LLP 9 Battery Road #25-01 Straits Trading Building Singapore 049910 (at the update of the Programme on 20 October 2015)
Non-CDP Paying Agent, Non-CDP Agent Bank, Non- CDP Registrar and Non- CDP Transfer Agent	: Citibank, N.A., London Branch Citigroup Centre, Canada Square Canary Wharf London E14 5LB
CDP Paying Agent, CDP Agent Bank, CDP Registrar and CDP Transfer Agent	: Citicorp Investment Bank (Singapore) Limited 8 Marina View #16-00 Asia Square Tower 1 Singapore 018960
Trustee for the Securityholders	: The Bank of New York Mellon 101 Barclay St New York, NY 10286 United States of America
Legal Advisers to the Trustee	: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989 (at the update of the Programme on 20 October 2015)

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Arranger	: Citigroup Global Markets Singapore Pte. Ltd.
Dealers	: Citigroup Global Markets Singapore Pte. Ltd. and/or such other Dealers as may be appointed by the Relevant Issuer in accordance with the Programme Agreement.
CDP Paying Agent, CDP Agent Bank, CDP Registrar and CDP Transfer Agent	: Citicorp Investment Bank (Singapore) Limited.
Non-CDP Paying Agent, Non-CDP Agent Bank, Non-CDP Registrar and Non-CDP Transfer Agent	: Citibank, N.A., London Branch.
Trustee	: The Bank of New York Mellon.
Description	: S\$1,000,000,000 Multicurrency Debt Issuance Programme.
Programme Size	: The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$1,000,000,000 or such higher amount as may be determined in accordance with the Programme Agreement.
Currency	: Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in US dollars, Singapore dollars or such other currency as the Relevant Issuer and the relevant Dealer(s) may so agree.
Method of Issue	: Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	: Securities may be issued at par or at a discount, or premium, to par.
Form and Denomination	: The Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Relevant Issuer and the relevant Dealer(s). Each Tranche or Series of Bearer Securities may initially be represented by a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate. Each Temporary Global Security may be deposited on the relevant issue date with either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global

Security or Definitive Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Securities upon the terms therein. Each Global Certificate may be registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Securities, a Certificate shall be issued in respect of each Securityholder's entire holding of registered Securities of one Series.

Custody : Securities which are to be listed on the SGX-ST may be cleared through CDP. Securities which are to be cleared through CDP are required to be kept with CDP as authorised depositary. Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

Listing : Each Series of the Securities may, if so agreed between the Relevant Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.

The Securities will, if traded on the SGX-ST, have a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Securities are listed on the SGX-ST.

Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of the Securities and the distribution of offering material relating to the Securities, see the section on "Subscription, Purchase and Distribution". Further restrictions may apply in connection with any particular Series or Tranche of Securities.

Governing Law : The Programme and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

NOTES

Issuers : Keppel REIT MTN Pte. Ltd. and RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT).

Guarantor in respect of Notes issued by the Keppel REIT SPV : RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT).

Maturities	: Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Relevant Issuer and the relevant Dealer(s).
Mandatory Redemption	: Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its Redemption Amount on the maturity date shown on its face.
Interest Basis	: Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Relevant Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	: Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrears on specified dates and at maturity.
Floating Rate Notes	: Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s).
Variable Rate Notes	: Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	: Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrears on specified dates and, during the floating rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (in the case of Hybrid Notes denominated in Singapore dollars), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Relevant Issuer and the relevant Dealer(s).
Zero Coupon Notes	: Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

Status of the Notes and the Guarantee

: The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, and rateably without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer from time to time outstanding.

The obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Redemption and Purchase

: If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Relevant Issuer (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes.

Redemption upon Termination of Keppel REIT

: In the event that Keppel REIT is terminated in accordance with the provisions of the Keppel REIT Trust Deed, the Relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of Keppel REIT.

Redemption upon De-listing of Keppel REIT

: In the event that Keppel REIT is unable to maintain its listing on the SGX-ST and further unable to obtain and maintain the quotation for, and listing of, the Notes on such other stock exchange or stock exchanges as it may decide (with approval of the Trustee), the Relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes.

Redemption for Taxation Reasons

: If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as defined in the Conditions of the Notes) (together with distribution accrued to (but excluding) the date fixed for redemption), if:

- (1) the Relevant Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in

Condition 8 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

- (2) such obligations cannot be avoided by the Relevant Issuer, or as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer, or as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Financial Covenants

: The Relevant Issuer has covenanted, and (where the Relevant Issuer is the Keppel REIT SPV), the Keppel REIT SPV and the Guarantor have jointly and severally covenanted with the Trustee that so long as any of the Notes remains outstanding, it will ensure that:

- (i) the Consolidated Net Assets Attributable to Unitholders (as defined in the Conditions of the Notes) shall not be less than S\$1,000,000,000;
- (ii) the ratio of Consolidated Total Borrowings (as defined in the Conditions of the Notes) to Consolidated Deposited Property (as defined in the Conditions of the Notes) shall not exceed 0.60 times; and
- (iii) the ratio of EBITDA (as defined in the Conditions of the Notes) to Interest Expense (as defined in the Conditions of the Notes) of the Group shall be at least 1.5 times.

Events of Default

: See Condition 10 of the Notes.

Taxation

: All payments in respect of the Notes and the Coupons by the Relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Relevant Issuer or as the case may be, the Guarantor will pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or

withholding been required. For further details, see the section on “Singapore Taxation”.

PERPETUAL SECURITIES

Issuer	:	RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT).
No Fixed Redemption Date	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Keppel REIT Trustee shall only have the right to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrears on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Keppel REIT Trustee and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Keppel REIT Trustee and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Keppel REIT Trustee and the relevant Dealer(s).
Distribution Discretion	:	The Keppel REIT Trustee may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than three business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.
Non-Cumulative Deferral	:	Any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Keppel REIT Trustee is not under any

obligation to pay that or any other distributions that have not been paid in whole or in part. The Keppel REIT Trustee may, at its sole discretion (and is not obliged to), and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("Optional Distribution") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Keppel REIT Trustee can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

Any partial payment of outstanding Optional Distribution by the Keppel REIT Trustee shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

Restrictions in the case of
Non-Payment

: If on any Distribution Payment Date, payments of all distributions scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Keppel REIT Trustee shall procure that Keppel REIT and the subsidiaries of Keppel REIT shall not:

- (1) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Junior Obligations of Keppel REIT or (except on a *pro rata* basis) any of the Parity Obligations of Keppel REIT; or
- (2) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Junior Obligations of Keppel REIT or (except on a *pro rata* basis) any of the Parity Obligations of Keppel REIT,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Parity Obligations of Keppel REIT for Junior Obligations of Keppel REIT unless and until (A) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (B) the Keppel REIT Trustee is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders. For the avoidance of doubt, nothing in Condition 4(IV)(d) of the Perpetual Securities shall restrict the payment of management fees to Keppel REIT Manager in the form of units in Keppel REIT, cash or any other form of consideration.

For the purposes of this “Summary of the Programme” section:

“Junior Obligation” means any class of equity capital in Keppel REIT and any instrument or security issued, entered into or guaranteed by the Keppel REIT Trustee, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of Keppel REIT.

“Parity Obligation” means any instrument or security (including without limitation any preference units in Keppel REIT) issued, entered into or guaranteed by the Keppel REIT Trustee (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a Notional Preferred Unit (as defined below) and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Keppel REIT Trustee and/or, in the case of an instrument or security guaranteed by the Keppel REIT Trustee, the issuer thereof.

Status of the Perpetual Securities : The Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of Keppel REIT and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of Keppel REIT. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Perpetual Securities are subordinated as provided in Condition 3 of the Perpetual Securities.

Subordination of Perpetual Securities : Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of the Keppel REIT, there shall be payable by the Keppel REIT Trustee in respect of each Perpetual Security (in lieu of any other payment by the Keppel REIT Trustee), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of Keppel REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of Keppel REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “Notional Preferred Units”) having an equal right to return of assets in the Winding-Up of Keppel REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of Keppel REIT, and so rank ahead of, the holders of Junior Obligations of the Issuer, but junior to the claims of all other present and future creditors of Keppel REIT (other than Parity Obligations of Keppel REIT), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount

(and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) of the Perpetual Securities in respect of which the Keppel REIT Trustee has given notice to the Perpetual Securityholders in accordance with the Conditions of Perpetual Securities.

No set-off in relation to Perpetual Securities

: Subject to applicable law, no holder of Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the Keppel REIT Trustee in respect of, or arising under or in connection with the Perpetual Securities or Coupons relating to them, and each holder of Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the Keppel REIT Trustee. Notwithstanding the preceding sentence, if at any time any Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Perpetual Securities or Coupons relating to them (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the Conditions of Perpetual Securities, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed to void for all purposes and such Perpetual Securityholder shall immediately pay an amount equal to the amount of such discharge to the Keppel REIT Trustee (or, in the event of a Winding-Up or administration of Keppel REIT, the liquidator or, as appropriate, administrator of Keppel REIT) and, until such time as payment is made, shall hold such amount in trust for the Keppel REIT Trustee (or the liquidator or, as appropriate, administrator of the Keppel REIT) and accordingly any such discharge shall be deemed not to have taken place.

Redemption at the Option of the Keppel REIT Trustee

: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Keppel REIT Trustee may, at its option, redeem the Perpetual Securities in whole, but not in part, on the First Call Date or on any Distribution Payment Date thereafter at their principal amount, together with the distribution accrued from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable).

If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Keppel REIT Trustee may, on giving irrevocable notice to the Perpetual

Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued to (but excluding) the date fixed for redemption.

Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Keppel REIT Trustee in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption), if:

- (1) the Keppel REIT Trustee has or will be become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; or as a result of a position adopted by any political subdivision or any authority of or in Singapore having power to tax, which causes the Perpetual Securities not to qualify as "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, which position becomes effective on or after the Issue Date or any other date specified in the Pricing Supplement; and

- (2) such obligations cannot be avoided by the Keppel REIT Trustee taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Keppel REIT Trustee, would be obliged to pay such additional amount were a payment in respect of the Perpetual Securities due.

Redemption for Accounting Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Keppel REIT Trustee in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual

Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time or after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the “SFRS”) or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of Keppel REIT (the “Relevant Accounting Standard”), the Perpetual Securities will not or will no longer be recorded as “equity” of Keppel REIT pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility

: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Keppel REIT Trustee in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption), if the Keppel REIT Trustee satisfies the Trustee immediately before giving such notice that, as a result of:

- (a) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
- (b) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
- (c) any applicable official interpretation or pronouncement (which, for the avoidance of doubt, includes any ruling) which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

payments by the Keppel REIT Trustee which would otherwise have been deductible to Keppel REIT, are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by Keppel REIT for Singapore income tax purposes.

Redemption upon a Regulatory Event	: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Keppel REIT Trustee in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption), if as a result of any change in, or amendment to, the Property Funds Appendix (as defined in Condition 18 of the Perpetual Securities), or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities will count towards the Aggregate Leverage (as defined in Condition 18 of the Perpetual Securities) under the Property Funds Appendix, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.
Redemption upon a Ratings Event	: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Keppel REIT Trustee in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption), if as of the date fixed for redemption, an amendment, clarification or change has occurred, or will in the Distribution Payment Period immediately following the date fixed or redemption occur, in the equity credit criteria, guidelines or methodology of the Rating Agency specified thereon (or any other rating agency or equivalent recognised standing requested from time to time by the Keppel REIT Trustee to grant a rating to the Keppel REIT Trustee or the Perpetual Securities) and in each case, any of the respective successors to the rating business thereof, which amendment, clarification or change results or will result in a lower equity credit for the Perpetual Securities than the equity credit assigned or which would have been assigned on the Issue Date (in the case of such Rating Agency) or assigned at the date when the equity credit is assigned for the first time (in the case of any other rating agency), provided that, prior to the publication of any notice of redemption pursuant to Condition 5(g) of the Perpetual Securities, the Keppel REIT Trustee shall deliver or procure that there is delivered to the Trustee and Issuing and Paying Agent, a certificate signed by a director or a duly authorised signatory of the Keppel REIT Manager on behalf of the Keppel REIT Trustee stating that the Keppel REIT Trustee is entitled to effect such redemption and setting out the details of such circumstances.
Redemption in the case of Minimal Outstanding Amount	: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may

be redeemed at the option of the Keppel REIT Trustee in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Limited right to institute proceedings in relation to Perpetual Securities : The right to institute proceedings for Winding-Up of Keppel REIT is limited to circumstances set out in Condition 9(b) of the Perpetual Securities. In the case of any distribution, such distribution will not be due if the Keppel REIT Trustee has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.

Proceedings for Winding-Up : If (1) a Winding-Up of Keppel REIT occurs, or (2) the Keppel REIT Trustee does not pay any sum payable by it under the Perpetual Securities when due and, such default continues for a period of three business days after the due date, the Keppel REIT Trustee shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the Winding-Up of Keppel REIT and/or prove in the Winding-Up of Keppel REIT and/or claim in the liquidation of Keppel REIT for such payment.

Taxation : Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Keppel REIT Trustee shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Keppel REIT Trustee shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments, or part thereof, in respect of the Perpetual Securities by and on behalf of the Keppel REIT Trustee may be subject to, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, in the same manner as distributions on ordinary units of Keppel REIT and Keppel REIT may be obliged (in certain circumstances) to withhold or deduct tax at the prevailing

rate (currently 10% or 17%) under section 45G of the ITA. In such event, the Keppel REIT Trustee shall not be under any obligation to pay any additional amounts in respect of any such withholding or deduction from payments in respect of the Perpetual Securities for or on account of any such taxes or duties. For further details, please see the section on “Singapore Taxation” herein.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed (the "Trust Deed") dated 19 January 2009 made between (1) Keppel REIT MTN Pte. Ltd. (the "Keppel REIT SPV"), as issuer, (2) RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT) (the "Keppel REIT Trustee"), as guarantor and (3) The Bank of New York Mellon (the "Trustee", which expression shall wherever the context so admits include all persons for the time being the trustee or trustees of the Trust Deed), as trustee of the Noteholders (as defined below), and as amended and supplemented by a supplemental trust deed dated 15 October 2012 made between the same parties, and as amended and restated by an amendment and restatement trust deed dated 20 October 2015 made between (1) the Keppel REIT SPV and the Keppel REIT Trustee, as issuers (each an "Issuer" and together, the "Issuers"), (2) the Keppel REIT Trustee, in its capacity as guarantor for Notes issued by the Keppel REIT SPV (the "Guarantor"), and (3) the Trustee, as trustee, and as further amended, varied or supplemented from time to time and (if applicable) as supplemented by the relevant Supplemental Trust Deed (if any) made between the parties to the Trust Deed, and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 20 October 2015 executed by the Keppel REIT Trustee, relating to Notes cleared through the CDP system (as defined in the Trust Deed) ("CDP Notes") issued by the Keppel REIT Trustee (the "Keppel REIT Trustee Deed of Covenant"), and a deed of covenant dated 19 January 2009 executed by the Keppel REIT SPV, as amended and supplemented by the supplemental deed of covenant dated 20 October 2015 executed by the Keppel REIT SPV, relating to CDP Notes issued by the Keppel REIT SPV (the "Keppel REIT SPV Deed of Covenant", and together with the Keppel REIT Trustee Deed of Covenant, (the "Deeds of Covenant")). These terms and conditions (the "Conditions") are subject to the detailed provisions of the Trust Deed. The Keppel REIT SPV has entered into an agency agreement (the "Agency Agreement") dated 19 January 2009 made between (1) the Keppel REIT SPV, as issuer, (2) the Keppel REIT Trustee, as guarantor, (3) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent and (4) the Trustee, as trustee of the Noteholders, as amended and restated by the amendment and restatement agency agreement dated 20 October 2015 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor for Notes issued by the Keppel REIT SPV, (3) Citicorp Investment Bank (Singapore) Limited as issuing and paying agent in respect of CDP Notes (in such capacity, the "CDP Paying Agent"), (4) Citibank N.A., London Branch, as issuing and paying agent in respect of Notes that are cleared through a clearing system other than The Central Depository (Pte) Limited ("CDP") (the "Non-CDP Notes") (in such capacity, the "Non-CDP Paying Agent", and together with the CDP Paying Agent, the "Issuing and Paying Agents", and each an "Issuing and Paying Agent"), (5) Citicorp Investment Bank (Singapore) Limited, as agent bank in respect of the CDP Notes (in such capacity, the "CDP Agent Bank"), (6) Citibank, N.A., London Branch, as agent bank in respect of Non-CDP Notes (in such capacity, the "Non-CDP Agent Bank", and together with the CDP Agent Bank, the "Agent Banks", and each an "Agent Bank"), (7) Citicorp Investment Bank (Singapore) Limited, as registrar in respect of CDP Notes (in such capacity, the "CDP Registrar") and transfer agent in respect of CDP Notes (in such capacity, the "CDP Transfer Agent"), (8) Citibank, N.A., London Branch, as registrar in respect of Non-CDP Notes (in such capacity, the "Non-CDP Registrar", and together with the CDP Registrar, the "Registrars", and each a "Registrar") and transfer agent in respect of Non-CDP Notes (in such capacity, the "Non-CDP Transfer Agent", and together with the CDP Transfer Agent, the "Transfer Agents", and each a "Transfer Agent"). The Noteholders and the holders of the coupons (the "Coupons") appertaining to the interest-bearing Notes (the "Couponholders") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the relevant Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Paying Agent, and in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar and (c) the Transfer Agent, shall in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Issues of Notes by the Keppel REIT Trustee will not be guaranteed whereas issues of Notes by the Keppel REIT SPV will be guaranteed by the Keppel REIT Trustee. References in these Conditions to the Guarantor and the Guarantee (as defined in the Trust Deed) shall apply only to Notes issued by the Keppel REIT SPV.

Copies of the Trust Deed, the Supplemental Trust Deed (if any), the Agency Agreement and the Deeds of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “Notes”) are issued in bearer form (the “Bearer Notes”) or in registered form (the “Registered Notes”) in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a note that does not bear interest (a “Zero-Coupon Note”) (depending upon the Interest Basis shown on its face).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and where applicable, a Talon) attached, save in the case of Zero-Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (“Certificates”), and save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

- (i) Subject as set out below, title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Relevant Issuer, the Guarantor and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of

principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Relevant Issuer, the Guarantor and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be the Global Certificate (and the expressions “Noteholder” and “holder of Notes” and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP.

- (iv) For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held on behalf of Euroclear S.A./N.V. (“Euroclear”) and/or Clearstream Banking, S.A. (“Clearstream, Luxembourg”), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Notes (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Relevant Issuer, the Guarantor and the Trustee as the holder of such principal amount of such Notes other than with respect to the payment of principal, interest and any other amounts in respect of such Notes, for which purpose the holder of the Global Security or, as the case may be, the Global Certificate shall be treated by the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Relevant Issuer, the Guarantor and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “Noteholder” and “holder of Notes” and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by a Global Security or, as the case may be, the Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.
- (v) In these Conditions, “Global Security” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “Global Certificate” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) CDP, (2) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or (3) any other clearing system, “Noteholder” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “holder” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon, or the person in whose name a Registered Note is registered (as the case may be), “Series” means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “Tranche” means Notes which are identical in all respects (including as to listing).
- (vi) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. NO EXCHANGE OF NOTES AND TRANSFER OF REGISTERED NOTES

(a) No Exchange of Notes:

Registered Notes may not be exchanged for Bearer Notes, Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes:

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Relevant Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Relevant Issuer or, as the case may be, the Guarantor, with the prior written approval of the Registrar and the Trustee and (in the case of any change proposed by the Registrar) with the prior written approval of the Relevant Issuer, the Guarantor and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes:

In the case of an exercise of a Relevant Issuer's or Noteholder's option in respect of, or a partial redemption of or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against the surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates:

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day (other than a Saturday or Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent (as the case may be).

(e) Transfers Free of Charge:

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Relevant Issuer, the

Guarantor, the Registrar or the Transfer Agent, but upon payment of any tax or governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods:

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of fifteen (15) days prior to any date on which Notes may be called for redemption by the Relevant Issuer at its option pursuant to Condition 6(c), (ii) after any such Note has been called for redemption or (iii) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. STATUS AND GUARANTEE

- (a) The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer. The Notes and Coupons shall at all times rank *pari passu*, and rateably without any preference or priority among themselves and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer.
- (b) The payment of all sums expressed to be payable by the Keppel REIT SPV as issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee and the Trust Deed are contained in the Trust Deed. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

4. FINANCIAL COVENANTS

In the Trust Deed, the Relevant Issuer has covenanted, and (where the Relevant Issuer is the Keppel REIT SPV), the Keppel REIT SPV and the Guarantor have jointly and severally covenanted with the Trustee that so long as any of the Notes remains outstanding, it will ensure that:

- (i) the Consolidated Net Assets Attributable to Unitholders shall not be less than S\$1,000,000,000;
- (ii) the ratio of Consolidated Total Borrowings to Consolidated Deposited Property shall not exceed 0.60 times; and
- (iii) the ratio of EBITDA to Interest Expense of the Group shall be at least 1.5 times,

provided that if the threshold in Condition 4(ii) is exceeded, the Issuers and the Guarantor shall not incur additional borrowings or enter into further deferred payment arrangements.

The financial covenants set out in this Condition 4 shall be calculated and interpreted in accordance with the FRS, as determined from the latest audited or, as the case may be, unaudited financial statements of Keppel REIT, and having regard to the Property Funds Appendix.

For the purpose of this Condition 4:

"Consolidated Deposited Property" means the value of the properties of the Group, interpreted in accordance with the Property Funds Appendix;

"Consolidated Net Assets Attributable to Unitholders" means the Consolidated Deposited Property less the Consolidated Total Borrowings;

"Consolidated Total Borrowings" means the aggregate of total borrowings and deferred payments of the Group required by the Property Funds Appendix to be taken into account for the purpose of computing its gearing ratio;

"EBITDA" means, in relation to any period, the total operating profit of the Group for that period:

- (a) before taking into account for that period:

- (1) Interest Expense;

- (2) tax; and
- (3) extraordinary and exceptional items;
- (b) after adding back the Management Fee payable in units in Keppel REIT and all amounts provided for depreciation and amortisation for that period; and
- (c) excluding unrealised gains or losses from valuation (including any valuation of derivatives);

“FRS” means the financial reporting standards prescribed by the Accounting Standards Council of Singapore from time to time; and

“Interest Expense” means, in relation to any period, calculated on a consolidated basis, the aggregate amount of interest (whether or not paid, payable or capitalised) accrued in respect of borrowings of the Group, adjusted (but without double counting) by including the net amount payable (or excluding the net amount receivable) in respect of that period under any interest or (so far as they relate to interest) currency hedging arrangements relating to such borrowings of the Group, but excluding amortisation of front-end fees.

For the avoidance of doubt, for the purposes of these definitions, any securities or financial instruments issued by the Keppel REIT Trustee or any member of the Group which are regarded by FRS as “equity” shall be treated as such (and not as debt).

5. RATE OF INTEREST

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 5(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgement) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“Interest Payment Date”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the

number of months specified as the Interest Period (as defined below) on the face of the Note (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is herein called an "Interest Period".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgement) at the rate and in the manner provided in this Condition 5(II) to the Relevant Date.

(b) Rate of Interest—Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "Rate of Interest".

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

- (1) in the case of Floating Rate Notes which are SIBOR Notes:

- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE—SIBOR AND SWAP OFFER RATES—RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

- (B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears under the caption "SINGAPORE DOLLAR INTER-BANK OFFERED RATES—11:00 A.M." and the row headed "SIBOR SGD" on the Reuters Screen SIBP Page (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
 - (C) if no such rate appears on Reuters SIBP Page (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters SIBP Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
 - (D) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE—SIBOR AND SWAP OFFER RATES—RATES AT 11:00 A.M. SINGAPORE TIME" under the column headed "SGD SWAP OFFER" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

- (B) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSIRFIX01 (or such other replacement page as aforesaid) or Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to four decimal places) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\begin{aligned} \text{Average Swap Rate} = & \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} \\ & + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

In the case of Discount:

$$\begin{aligned} \text{Average Swap Rate} = & \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} \\ & - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

where:

SIBOR = the rate which appears under the caption "SINGAPORE INTERBANK OFFER RATES (DOLLAR DEPOSITS) 11 A.M." and the row headed "SIBOR USD" on the Reuters Screen SIBO Page of the Reuters Monitor Money Rates Service (or such other page as may replace the Reuters Screen SIBO Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE—SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" and the column headed "SPOSPOT" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE—SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" (or such other replacement page

thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

- (C) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (B) above is not quoted on the relevant Reuters Screen Page (or such other replacement page as aforesaid) or the relevant Reuters Screen Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market;

Discount = the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market; and

T = the number of days in the Interest Period concerned; and

- (D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Agent Bank) and as adjusted by the Spread (if any), or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
- (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
- (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date, and as adjusted by the Spread (if any);
- (B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and
- (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

- (iii) On the last day of each Interest Period, the Relevant Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) Rate of Interest—Variable Rate Notes

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “Agreed Yield” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “Rate of Interest”.
- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
- (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Relevant Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
- (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
- (B) if interest in respect of such Variable Rate Note is agreed between the Relevant Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Relevant Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
- (C) if interest in respect of such Variable Rate Note is agreed between the Relevant Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “Agreed Rate”) and, in the event of the Relevant Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
- (2) if the Relevant Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Relevant Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:
- (1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
- (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “Fall Back Rate”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are

denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to "Rate of Interest" shall mean "Fall Back Rate".

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Relevant Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) **Definitions**

As used in these Conditions:

"Benchmark" means the rate specified as such in the applicable Pricing Supplement;

"business day" means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and CDP, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Notes denominated in Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euro and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

"Calculation Amount" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period)

the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and

- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

“Interest Commencement Date” means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

“Interest Determination Date” means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“Reuters”)) agreed to by the Calculation Agent;

“Reference Banks” means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

“Relevant Currency” means the currency in which the Notes are denominated;

“Relevant Dealer” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Relevant Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“Relevant Financial Centre” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre; and

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgement) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.
- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("Interest Payment Date"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.
- (ii) The period beginning on and including the first day of the Floating Rate Period and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is herein called an "Interest Period".
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgement) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.

- (iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero-Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero-Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the “Interest Amounts”) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Relevant Issuer and the Guarantor and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Relevant Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero-Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Relevant Issuer will appoint another bank with

an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

6. REDEMPTION AND PURCHASE

(a) Redemption at Maturity Date

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero-Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

So long as the Notes are listed on any Stock Exchange, the Relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(b) Redemption at Option of Noteholder

If so provided hereon, the Relevant Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Relevant Issuer (as applicable) within the Noteholder's Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Relevant Issuer.

(c) Redemption at Option of the Relevant Issuer

If so provided hereon, the Relevant Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof, and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(d) Purchase at the Option of the Relevant Issuer

If so provided hereon, the Relevant Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Relevant Issuer accordingly. To exercise such option, the Relevant Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be purchased, which shall have been drawn by or on behalf of the Relevant Issuer in such place and in such manner as may be agreed between the Relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(e) Purchase at the Option of Noteholders

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Relevant Issuer at their Redemption Amount on any Interest Payment Date and the Relevant Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase and all unexchanged Talons, or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Relevant Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent, and in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.
- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Relevant Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Relevant Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Relevant Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent, and in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero-Coupon Notes) Early

Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Relevant Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Relevant Issuer, or as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer, or as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Relevant Issuer shall deliver (or in the case of the Keppel REIT Trustee, procure to be delivered) to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Relevant Issuer stating that the Relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Relevant Issuer so to redeem have occurred, and an opinion of independent legal or, tax or any other professional advisors of recognised standing to the effect that the Relevant Issuer, or as the case may be, the Guarantor has or likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Relevant Issuer, the Guarantor, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Relevant Issuer, the Guarantor, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager may be surrendered by the purchaser through the Relevant Issuer to, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Relevant Issuer, the Guarantor, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager (as the case may be) be held or resold.

For the purposes of these Conditions, “directive” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero-Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero-Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in

respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgement) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) Redemption upon Termination of Keppel REIT

In the event that Keppel REIT is terminated in accordance with the provisions of the Keppel REIT Trust Deed (as defined in the Trust Deed), the Relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of Keppel REIT.

The Relevant Issuer shall forthwith notify the Trustee, the Agents and the Noteholders of the termination of Keppel REIT.

(j) Redemption upon De-listing of Keppel REIT

In the event that Keppel REIT is unable to maintain its listing on the SGX-ST and further unable to obtain and maintain the quotation for, and listing of, the Notes on such other stock exchange or stock exchanges as it may decide (with approval of the Trustee), the Relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes.

(k) Cancellation

All Notes purchased by or on behalf of the Relevant Issuer, the Guarantor, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar, and in each case, if so surrendered, shall, together with all Notes redeemed by the Relevant Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. PAYMENTS

(a) Principal and Interest in respect of Bearer Notes

Payments of principal (or, as the case may be, Redemption Amounts) and interest in respect of the Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which that payment is due on, or, at the option of the holders, by transfer to an account maintained with a bank in the principal financial centre for that currency.

(b) Principal and Interest in respect of Registered Notes

- (i) Payments of principal in respect of Registered Notes will subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in Condition 7(b)(ii).

- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or the first named of the joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre of that currency.

(c) Payments subject to law etc.

Without prejudice to the provisions of Condition 8, all payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, Registrar and Transfer Agent initially appointed by the Relevant Issuer and the Guarantor and their specified offices are listed below. The Relevant Issuer and the Guarantor reserves the right at any time to vary or terminate the appointment of the Issuing and the Paying Agent, Registrar, Transfer Agent and/or the Agent Bank in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that they will at all times maintain (i) a Issuing and Paying Agent (ii) a Transfer Agent in relation to Registered Notes (iii) a Registrar in relation to Registered Notes and (iv) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Relevant Issuer, the Guarantor and the Trustee, materially and adversely affect the interests of the holders. Such amendment shall be binding on the Noteholders and Couponholders.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmaturing Coupons and unexchanged Talons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 9.
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmaturing Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note comprising Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons and unexchanged Talons (if any) relating to it (and, in the case of the Hybrid Note, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Relevant Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement and/or in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Relevant Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders, or, as the case may be, Couponholders (as well after as before judgement) at a rate per annum determined by the Issuing and Paying Agent to be equal to one (1) per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero-Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Relevant Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Relevant Issuer.

8. TAXATION

(a) Payment after Withholding

All payments in respect of the Notes and Coupons by or on behalf of the Relevant Issuer, or as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Relevant Issuer, or as the case may be, the Guarantor shall pay such additional amounts as will result in the

receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (i) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being (1) a resident in Singapore for tax purposes or (2) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it); or
- (ii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (iii) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

For the avoidance of doubt, none of the Relevant Issuers, the Guarantor and any other person shall be required to pay any additional amount or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretation thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

(b) Interpretation

As used in these Conditions, “Relevant Date” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “principal” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “principal” and/or “premium” and/or “Redemption Amounts” and/or “interest” and/or “Early Redemption Amounts” shall be deemed to include any additional amounts which may be payable under these Conditions.

9. PRESCRIPTION

The Notes and Coupons shall become void unless presented for payment within three years from the Relevant Date for payment.

10. EVENTS OF DEFAULT

If any of the following events (“Events of Default”) occurs the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Relevant Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero-Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to (but excluding) the date of payment shall immediately become due and payable:

- (a) the Relevant Issuer or the Guarantor does not pay any sum payable by it under any of the Trust Deed, the Notes or the Coupons when due and such default continues for a period of
 - (i) three (3) Business Days after the due date in respect of any principal amount payable or
 - (ii) five (5) Business days after the due date in respect any other amount payable;

- (b) (i) the Relevant Issuer or the Guarantor fails to perform or observe any of its other obligations under the Conditions and the Trust Deed (other than the payment obligation referred to in sub-paragraph (a)) unless otherwise waived by the Trustee, and where such waiver was not granted, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 30 days from the date of notice of such default by the Trustee; and
 - (ii) the Relevant Issuer or the Guarantor fails to perform or observe any of its material obligations under any of the Transaction Documents (as defined in the Trust Deed) (other than the Trust Deed) unless otherwise waived by the other party(ies) to such Transaction Documents and where such waiver was not granted, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 30 days from the date of notice of such default by the Trustee;
 - (c) any representation, warranty or statement by the Relevant Issuer or the Guarantor in any of the Transaction Documents or any of the Notes or in any document delivered under any of the Transaction Documents or the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 30 days (save in respect of Clause 15(a)(iii) of the Trust Deed in relation to any bankruptcy or insolvency proceedings, within 45 days), from the date of notice of such default by the Trustee;
 - (d) (i) any other present or future indebtedness of the Relevant Issuer, Keppel REIT or any Principal Subsidiary in respect of borrowed money is or is declared to be or is capable of being rendered due and payable before its stated maturity by reason of any event of default or the like (however described) or is not paid when due, or as the case may be, within any applicable grace period; or
 - (ii) the Relevant Issuer, Keppel REIT or any of the Principal Subsidiaries fails to pay when properly called upon to do so any present or future guarantee of indebtedness for, or indemnity in respect of, any moneys borrowed or raised,
- however, no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S\$50,000,000;
- (e) the Relevant Issuer, Keppel REIT or any Principal Subsidiary shall cease or threaten to cease to carry on all or material part of its business, operations and undertakings as carried on at the date hereof (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, (i) on terms approved by the Trustee or by an Extraordinary Resolution of Noteholders or (ii) in the case of a Principal Subsidiary, not involving insolvency, or (iii) which does not materially and adversely affect the ability of the Relevant Issuer or, as the case may be, the Guarantor to perform or observe its obligations under the Notes, the Trust Deed or, as the case may be, the Guarantee) or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any part of its property or assets (other than permitted pursuant to Clause 16.1(aa) of the Trust Deed);
 - (f) any meeting is convened, or any petition or originating summons is presented for the winding-up or termination of the Relevant Issuer, Keppel REIT or any Principal Subsidiary (save and except where (1) any petition, originating summons or step of a frivolous or vexatious nature is contested, dismissed, struck out, stayed or withdrawn within 45 days from the date the petition or originating summons is served on, or the step is taken is brought to the notice of the Relevant Issuer, Keppel REIT or the Principal Subsidiary, as the case may be, and (2) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, (i) on terms approved by the Trustee or by an Extraordinary Resolution of Noteholders or (ii) in the case of a Principal Subsidiary, not involving insolvency, or (iii) which does not materially and adversely affect the ability of the Relevant Issuer or, as the case may be, the Guarantor to perform or observe its obligations under the Notes, the Trust Deed or, as the case may be, the Guarantee) or any step is taken for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee administrator, agent or similar officer of the Relevant Issuer, Keppel REIT or any Principal Subsidiary or over a material part of the assets of the Relevant Issuer, Keppel REIT or any Principal Subsidiary;

- (g) the Relevant Issuer, Keppel REIT or any Principal Subsidiary is (or is deemed by law or a court to be) insolvent, or proposes or makes a general assignment or an arrangement or scheme or composition with or for the benefit of the creditors of the Relevant Issuer, Keppel REIT or any Principal Subsidiary, or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the Relevant Issuer, Keppel REIT or any Principal Subsidiary;
- (h) a distress, attachment or execution or other legal process is levied, enforced or sued out upon or against all or a material part of the properties or assets of the Relevant Issuer, Keppel REIT or any Principal Subsidiary and is not discharged or stayed within 45 days;
- (i) any security on or over the whole or any material part of the assets of the Relevant Issuer, Keppel REIT or any Principal Subsidiary becomes enforceable;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Relevant Issuer, Keppel REIT or any Principal Subsidiary;
- (k) any event occurs which, under the laws of any relevant jurisdiction, has in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (f) to (j) above;
- (l) it is or will become unlawful or illegal for the Relevant Issuer or the Guarantor to observe, perform or comply with any one or more of its payment or other material obligations under the Notes or any other Transaction Document to which it is a party;
- (m) (i) any Transaction Document to which it is a party or the Notes ceases or is claimed by the Relevant Issuer or the Guarantor to cease at any time and for any reason to constitute legal and valid obligations of the Relevant Issuer or the Guarantor binding upon it in accordance with its terms; or
 - (ii) any applicable law, directive, order or judgement is enacted, promulgated or entered, the effect of which would be to render any Transaction Document to which the Relevant Issuer or the Guarantor is a party unenforceable;
- (n) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15(c) of the Trust Deed is not taken, fulfilled or done, or any decree, resolution, authorisation, approval, consent, filing, registration or exemption necessary for the execution and delivery of the Notes on behalf of the Relevant Issuer and the performance of the Relevant Issuer's or the Guarantor's obligations under the Notes, the Trust Deed and/or the Guarantee (as the case may be) is withdrawn or modified or otherwise ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with;
- (o) (i) (1) the Keppel REIT Trustee (as defined in the Trust Deed) resigns, retires, ceases to be or is removed or is unable to continue to act as the trustee of Keppel REIT; or (2) the ability of the Relevant Issuer or the Guarantor to perform its obligations under the Transaction Documents to which it is a party or any of the Notes is prevented or restricted as a result of matters relating to the Keppel REIT Trustee (including but not limited to the winding-up or insolvency proceedings involving the Keppel REIT Trustee); and (ii) the replacement or substitute trustee of Keppel REIT is not appointed in accordance with the terms of the Keppel REIT Trust Deed and/or in accordance with the applicable law;
- (p) the Keppel REIT Manager is removed pursuant to the terms of the Keppel REIT Trust Deed, and the replacement or substitute manager is not appointed in accordance with the terms of the Keppel REIT Trust Deed;
- (q) any litigation, arbitration or other proceedings (other than those which are (a) of a frivolous or vexatious nature and (b) discharged within 45 days of its commencement) against the Relevant Issuer, the Guarantor, Keppel REIT or any of the Principal Subsidiaries is pending or threatened which individually or in the aggregate (i) would restrain the entry into, exercise of any of the rights and/or the performance or enforcement of or compliance with any of the payment or other material obligations of the Relevant Issuer and/or the Guarantor under the Transaction Documents to which it is a party or any of the Notes, or (ii) which has or could have a material adverse effect on the Relevant Issuer, the Guarantor and/or Keppel REIT taken as a whole; or

- (r) the Relevant Issuer, the Guarantor or any of the Subsidiaries of Keppel REIT is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

For the purpose of the Conditions, a reference to “Principal Subsidiaries” means any subsidiary of Keppel REIT whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20.0 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the “transferor”) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or Keppel REIT (the “transferee”) then:

- (A) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is Keppel REIT) shall thereupon become a Principal Subsidiary; and
- (B) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is Keppel REIT) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (A) above or which remains or becomes a Principal Subsidiary by virtue of (B) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets as shown by the accounts of such subsidiary or the date of issue of a report by the Group’s auditors described below (whichever is earlier), based upon which such audited consolidated accounts or, as the case may be, Group auditor’s report have been prepared, to be less than 20.0 per cent. of the total assets of the Group, as shown by such audited consolidated accounts or, as the case may be, Group auditor’s report. A report by the Group auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive.

For the purposes of the Conditions, any reference to “subsidiaries” or “Subsidiaries”, in relation to Keppel REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate):

- (i) which is controlled, directly or indirectly, by Keppel REIT (through its trustee); or
- (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by Keppel REIT (through its trustee); or
- (iii) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (i) or (ii) above applies,

and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by Keppel REIT if Keppel REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

11. ENFORCEMENT

At any time after the Notes shall have become due and repayable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Relevant Issuer and/or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Notes outstanding or so directed by an Extraordinary Resolution and (b) it shall have been indemnified and/or secured and/or pre-funded by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Relevant Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

12. MEETING OF NOTEHOLDERS, MODIFICATIONS AND SUBSTITUTIONS

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes

of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the Relevant Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 25 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating Amortised Face Amount (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, (h) to cancel or modify the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any provisions of the Trust Deed or any of the Transaction Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with the mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Notes may be held and (ii) any modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Transaction Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents, which is in the opinion of the Trustee not materially prejudicial to the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including, but not limited to those in relation to any proposed modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders. No Noteholder shall be entitled to claim from the Relevant Issuer, the Guarantor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

For the purpose of ascertaining the right to attend and vote at any meeting of the Noteholders convened for the purpose of and in relation to Clauses 9.1 and 28 of the Trust Deed, Schedule 10 to the Trust Deed and Conditions 10, 11 and 12 of the Notes, those Notes (if any) which are beneficially held by, or are held on behalf of the Relevant Issuer, the Guarantor, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Notes shall be disregarded and be null and void.

The Trustee may, without the consent of the individual Noteholders or Couponholders, at any time agree to the substitution in place of the existing Keppel REIT Trustee as the Relevant Issuer or, in the case of Notes issued by the Keppel REIT SPV, as the Guarantor of another company being either the successor in business of the existing Keppel REIT Trustee or the substitution of the existing Keppel REIT Trustee as the new trustee of Keppel REIT (such substituted company being

hereinafter referred to as the “New Keppel REIT Trustee”), provided that the New Keppel REIT Trustee is a trustee that is approved under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) in respect of the provision of any trust business in connection with any collective investment scheme authorised under the SFA or is a trust corporation and certain other conditions set out in the Trust Deed are being complied with.

13. REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Relevant Issuer for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 16, on payment by the claimant of the costs, expenses and duties incurred in connection therewith and on such terms as to evidence, security, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate or Coupon is subsequently presented for payment, there will be paid to the Relevant Issuer and/or the Guarantor on demand the amount payable by the Relevant Issuer and/or the Guarantor in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Relevant Issuer and/or the Guarantor may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. FURTHER ISSUES

The Relevant Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

15. PROVISIONS RELATING TO THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Relevant Issuer, the Guarantor or the Group (or any of their respective related corporations) and to act as trustee of the holders of any other securities issued by, or relating to, the Relevant Issuer, the Guarantor or the Group (or any of their respective related corporations), (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Relevant Issuer and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

16. NOTICES

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given two days after the date of mailing. Notwithstanding the foregoing, notices to the holders of the Notes shall be valid if published in a daily newspaper of general circulation in Singapore. It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16. Notices to the holders of Notes shall be in English language or, if not in the English language, accompanied by a certified translation into the English language.

So long as the Notes are represented by a Global Security or Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or CDP, there may be substituted for such publication in such newspapers or delivery to Noteholders, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of CDP) CDP for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require or permit, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or CDP.

Notices to be given by any Noteholder pursuant hereto (including to the Relevant Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or CDP in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or CDP may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Relevant Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Noteholders.

17. GOVERNING LAW

(a) Governing Law

The Trust Deed, the Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Notes or Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, Notes or Coupons may be brought in such courts. The Relevant Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B OF SINGAPORE

No person shall have any right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of this Note.

19. LIABILITY OF THE KEPPEL REIT TRUSTEE

- (a) Notwithstanding any provision to the contrary in the Trust Deed, the Notes or the Coupons, the Trustee, the Noteholders and the Couponholders agree and acknowledge that RBC Investor Services Trust Singapore Limited has entered into the Trust Deed only in its capacity as trustee of Keppel REIT and not in its personal capacity and all references to the (i) the “Keppel REIT Trustee”, (ii) (in the case where the Keppel REIT Trustee is the Issuer), the “Issuer” and (iii) (in the case where the Keppel REIT Trustee is the guarantor), the “Guarantor” in the Trust Deed, the Notes and the Coupons shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, RBC Investor Services Trust Singapore Limited has assumed all obligations under the Trust Deed, the Notes and the Coupons only in its capacity as trustee of Keppel REIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Keppel REIT Trustee under the Trust Deed, the Notes and the Coupons is given by RBC Investor Services Trust Singapore Limited only in its capacity as trustee of Keppel REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Notes and the Coupons is limited to the assets of Keppel REIT over which RBC Investor Services Trust Singapore Limited has recourse and shall not extend to any personal assets of RBC Investor

Services Trust Singapore Limited or any assets held by RBC Investor Services Trust Singapore Limited as trustee for any trusts (other than Keppel REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by RBC Investor Services Trust Singapore Limited under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to Keppel REIT (and shall not extend to RBC Investor Services Trust Singapore Limited's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any negligence, fraud or breach of trust of RBC Investor Services Trust Singapore Limited.

- (b) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed that RBC Investor Services Trust Singapore Limited's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of RBC Investor Services Trust Singapore Limited and that the Trustee, the Noteholders and the Couponholders shall not have any recourse against the shareholders, directors, officers or employees of RBC Investor Services Trust Singapore Limited for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any negligence, fraud or breach of trust of RBC Investor Services Trust Singapore Limited.
- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Keppel REIT Trustee whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought against RBC Investor Services Trust Singapore Limited only in its capacity as trustee for Keppel REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any negligence, fraud or breach of trust of RBC Investor Services Trust Singapore Limited.
- (d) The provisions of this Condition 19 shall apply, *mutatis mutandis*, to any notices, certificates or other documents which the Keppel REIT Trustee issues under or pursuant to the Notes and any documents in connection therewith as if expressly set out in such notice, certificate or document and survive the termination or rescission of the Trust Deed, any Supplemental Trust Deeds (if any), the Notes or the Coupons.

CDP PAYING AGENT, CDP REGISTRAR AND CDP TRANSFER AGENT

CITICORP INVESTMENT BANK (SINGAPORE) LIMITED

8 Marina View
#16-00 Asia Square Tower 1
Singapore 018960

NON-CDP PAYING AGENT, NON-CDP REGISTRAR AND NON-CDP TRANSFER AGENT

CITIBANK, N.A., LONDON BRANCH

Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to “Perpetual Securities” are to the Perpetual Securities of one Series only, and not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.

The Perpetual Securities are constituted by a trust deed dated 19 January 2009 made between (1) Keppel REIT MTN Pte. Ltd. (the “Keppel REIT SPV”), which expression shall include its successors and permitted assigns), as issuer, (2) RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT) (the “Keppel REIT Trustee”), as guarantor and (3) The Bank of New York Mellon, as trustee, as amended and restated by an amendment and restatement trust deed dated 20 October 2015, made between (1) the Keppel REIT SPV and the Keppel REIT Trustee, as issuers (each an “Issuer” and together, the “Issuers”), (2) RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT), in its capacity as guarantor for Notes (as defined in the Trust Deed) issued by the Keppel REIT SPV, and (3) The Bank of New York Mellon (the “Trustee”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee of the holders of the Notes and the Perpetual Securities (as defined below), and as further amended, restated and supplemented from time to time (the “Trust Deed”), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, restated or supplemented from time to time, the “Deed of Covenant”) dated 20 October 2015 executed by the Keppel REIT Trustee, relating to the Perpetual Securities cleared or to be cleared through the CDP System (as defined in the Trust Deed) (“CDP Perpetual Securities”) issued by the Keppel REIT Trustee. These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Keppel REIT SPV has entered into an agency agreement dated 19 January 2009 made between (1) the Keppel REIT SPV, as issuer, (2) the Keppel REIT Trustee, as guarantor for Notes issued by the Keppel REIT SPV, (3) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent and agent bank and (4) the Trustee, as trustee (as amended and restated by an amendment and restatement agency agreement dated 20 October 2015 made between (1) the Issuers, as issuers, (2) the Guarantor, in its capacity as guarantor for Notes issued by the Keppel REIT SPV, (3) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent in respect of Perpetual Securities that are cleared through The Central Depository (Pte) Limited (“CDP”) (the “CDP Paying Agent”), (4) Citibank, N.A., London Branch, as issuing and paying agent in respect of Perpetual Securities that are cleared through a clearing system other than CDP (the “Non-CDP Paying Agent”, together with the CDP Paying Agent, the “Issuing and Paying Agents”, and each an “Issuing and Paying Agent”), (5) Citicorp Investment Bank (Singapore) Limited, as agent bank in respect of Perpetual Securities that are cleared through CDP (the “CDP Agent Bank”), (6) Citibank, N.A., London Branch, as agent bank in respect of Perpetual Securities that are cleared through a clearing system other than CDP (the “Non-CDP Agent Bank”, together with the CDP Agent Bank, the “Agent Banks”, and each an “Agent Bank”), (7) Citicorp Investment Bank (Singapore) Limited as CDP registrar (the “CDP Registrar”) and CDP transfer agent (the “CDP Transfer Agent”), (8) Citibank, N.A., London Branch, as non-CDP registrar (the “Non-CDP Registrar”, together with the CDP Registrar, the “Registrars”, and each a “Registrar”) and non-CDP transfer agent (the “Non-CDP Transfer Agent”, together with the CDP Transfer Agent, the “Transfer Agents”, and each a “Transfer Agent”), and (9) the Trustee, as trustee (as further amended, varied or supplemented from time to time, the “Agency Agreement”).

The Perpetual Securityholders (as defined below) and the holders (the “Couponholders”) of distribution coupons (the “Coupons”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “Talons”) are bound by and

are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the CDP Paying Agent shall, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (c) the Transfer Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Perpetual Securities shall only be issued by the Keppel REIT Trustee. References in these Conditions to the Issuer shall only refer to the Keppel REIT Trustee in its capacity as issuer of the Perpetual Securities.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "Perpetual Securities") are issued in bearer form ("Bearer Perpetual Securities") or in registered form ("Registered Perpetual Securities"), in each case in the Denomination Amount shown hereon.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register").
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by CDP as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CDP Paying Agent, the CDP Agent Bank, the CDP Registrar, the CDP Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the

payment of principal, premium, distribution, redemption, purchase and any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the CDP Paying Agent, the CDP Agent Bank, the CDP Registrar, the CDP Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "Perpetual Securityholder" and "holder of Perpetual Securities" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal and any other amounts in respect of the Perpetual Securities shall, unless otherwise specified by the Issuer, be the date falling five Business Days prior to the relevant payment date.

For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream, Luxembourg"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Perpetual Securities (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Non-CDP Paying Agent, the Non-CDP Agent Bank, the Non-CDP Registrar, the Non-CDP Transfer Agent and all other agents of the Issuer and the Trustee as the holder of such principal amount of such Perpetual Securities other than with respect to the payment of principal, premium, distribution, redemption, purchase and/or any other amounts in respect of such Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Non-CDP Paying Agent, the Non-CDP Agent Bank, the Euroclear and Clearstream Registrar, the Non-CDP Transfer Agent and all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "Perpetual Securityholder" and "holder of Perpetual Securities" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by a Global Security or, as the case may be, a Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.

- (iv) In these Conditions, "Global Security" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "Global Certificate" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) CDP and/or (3) any other clearing system, "Perpetual Securityholder" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "holder" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), "Series" means a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and "Tranche" means Perpetual Securities which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. NO EXCHANGE OF PERPETUAL SECURITIES AND TRANSFERS OF REGISTERED PERPETUAL SECURITIES

(a) No Exchange of Perpetual Securities:

Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) Transfer of Registered Perpetual Securities:

Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or such other Transfer Agent (as the case may be)) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities which is a schedule to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee and (in the case of any regulation proposed by the Registrar) with the prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities:

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates:

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests

otherwise and pays in advance to the Registrar or the Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day (other than a Saturday or Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent (as the case may be).

(e) Transfers Free of Charge:

Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the holder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods:

No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5, (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. STATUS

(i) Status of Perpetual Securities

The Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of Keppel REIT. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Perpetual Securities are subordinated as provided in this Condition 3.

In these Conditions, "Parity Obligation" means any instrument or security (including without limitation any preference units in Keppel REIT) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a Notional Preferred Unit (as defined below) and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

(ii) Subordination

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of Keppel REIT, there shall be payable by the Issuer in respect of each Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of Keppel REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of Keppel REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the "Notional Preferred Units") having an equal right to return of assets in the Winding-Up of Keppel REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of Keppel REIT, and so rank ahead of, the holders of Junior Obligations of Keppel REIT, but junior to the claims of all other present and future creditors of Keppel REIT (other than Parity Obligations of Keppel REIT), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with these Conditions.

In these Conditions, “Junior Obligation” means any class of equity capital in Keppel REIT and any instrument or security issued, entered into or guaranteed by the Issuer, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of Keppel REIT.

(iii) No set-off

Subject to applicable law, no holder of Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Perpetual Securities or Coupons relating to them, and each holder of Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the Issuer. Notwithstanding the preceding sentence, if at any time any Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Perpetual Securities or Coupons relating to them (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the Conditions, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Perpetual Securityholder shall immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of a Winding-Up or administration of Keppel REIT, the liquidator or, as appropriate, administrator of Keppel REIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of Keppel REIT) and accordingly any such discharge shall be deemed not to have taken place.

4. DISTRIBUTION AND OTHER CALCULATIONS

(I) DISTRIBUTION ON FIXED RATE PERPETUAL SECURITIES

(a) Distribution Rate

Each Fixed Rate Perpetual Security confers a right to receive distribution on its Calculation Amount (as defined in Condition 4(II)(c)) from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgement) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) Distribution Rate

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement), the rate shown on the face of such Perpetual Security; or
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate.

For the purposes of these Conditions:

“Reset Distribution Rate” means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement); and

“Swap Offer Rate” means:

- (aa) the rate per annum (expressed as a percentage) notified by the Agent Bank to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the “Reset Determination Date”);
- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Agent Bank will determine the swap offer rate for such Reset Period (determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon—Rates—Interest Rate Swaps—Asia Pac—SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);
- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon—Rates—Interest Rate Swaps—Asia Pac—SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days prior to and ending on the Reset Determination Date, the swap offer rate will be the rate per annum notified by the Agent Bank to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and
- (dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon—Rates—Interest Rate Swaps—Asia Pac—SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(c) Calculation of Reset Distribution Rate

The Agent Bank will, on the Reset Determination Date, determine the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The determination of the

Reset Determination Date, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(d) Notification of Relevant Reset Distribution Rate

The Agent Bank will cause the applicable Reset Distribution Rate to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after its determination but in no event later than the fourth business day thereafter. The Agent Bank shall cause notice of the then applicable Reset Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof.

(e) Determination or Calculation by Trustee

If the Agent Bank does not at any material time determine or calculate the applicable Reset Distribution Rate, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition 4(l), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculations

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount for any Fixed Rate Distribution Period (as defined below) in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

“Fixed Rate Distribution Period” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

(II) DISTRIBUTION ON FLOATING RATE PERPETUAL SECURITIES

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date (“Distribution Payment Date”). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period (as defined below) on the face of the Perpetual Security (the “Specified Number of Months”) after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a “Distribution Period”.

Distribution will cease to accrue on each Floating Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgement) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Distribution—Floating Rate Perpetual Securities

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Perpetual Security. The “Spread” is the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the “Rate of Distribution”.

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:

- (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX—SIBOR AND SWAP OFFER RATES—RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any), in consultation with the Issuer and taking into account the industry practice at the relevant time and recommendations by the Association of Banks in Singapore;
- (B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution

Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

- (C) if on any Distribution Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (D) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);
 - (B) if on any Distribution Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select in consultation with the Issuer; and
 - (C) if on any Distribution Determination Date, the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such

Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and

- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

- (A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any);

- (B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and

- (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.

- (iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

- (iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(c) Definitions

As used in these Conditions:

"Benchmark" means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Perpetual Security, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and CDP, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Perpetual Securities denominated in Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euro and (3) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

“Calculation Amount” means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 4:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365;

“Distribution Commencement Date” means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

“Distribution Determination Date” means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

“Euro” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service (“Reuters”)) agreed to by the Agent Bank;

“Reference Banks” means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

“Relevant Currency” means the currency in which the Perpetual Securities are denominated;

“Relevant Financial Centre” means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

“Relevant Time” means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System or any successor thereto.

(III) CALCULATIONS

(a) Determination of Rate of Distribution and Calculation of Distribution Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the “Distribution Amounts”) in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Agent Bank will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event (as defined below) occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

(IV) DISTRIBUTION DISCRETION

(a) Optional Payment

The Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an "Optional Payment Notice") to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than three business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

(b) No Obligation to Pay

Subject to Condition 4(IV)(c) and Condition 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral

Any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion (and is not obliged to), and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("Optional Distribution") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

(d) Restrictions in the case of Non-Payment

If on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer shall procure that Keppel REIT and the Subsidiaries of Keppel REIT shall not:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Junior Obligations of Keppel REIT or (except on a *pro rata* basis) any of the Parity Obligations of Keppel REIT; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Junior Obligations of Keppel REIT or (except on a *pro rata* basis) any of the Parity Obligations of Keppel REIT,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group (as defined in the Trust Deed) or (2) as a result of the exchange or conversion of Parity Obligations of Keppel REIT for Junior Obligations of Keppel REIT unless and until (A) a

redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (B) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders. For the avoidance of doubt, nothing in this Condition shall restrict the payment of management fees to the Keppel REIT Manager in the form of units in Keppel REIT, cash or any other form of consideration.

(e) Satisfaction of Optional Distribution

The Issuer may, at its sole discretion (and is not obliged to), satisfy an Optional Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution on the payment date specified in such notice).

Any partial payment of an Optional Distribution by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

(f) No Default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

5. REDEMPTION AND PURCHASE

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of Issuer

(i) If so provided hereon, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on the First Call Date (as specified hereon) or on any Distribution Payment Date thereafter at their principal amount, together with the distribution accrued from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable). Upon the expiry of any such notice as is referred to in this Condition 5(b)(i), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(b)(i).

(ii) If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued to (but excluding) the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5(b).

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the

Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, or as a result of a position adopted by any political subdivision or any authority of or in Singapore having power to tax, which causes the Perpetual Securities not to qualify as "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore ("ITA"), which position becomes effective on or after the Issue Date or any other date specified in the Pricing Supplement; and
- (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver (or in the case of the Keppel REIT Trustee, procure to be delivered) to the Trustee and the Issuing and Paying Agent:

- (A) a certificate signed by a director or a duly authorised signatory of the Keppel REIT Manager on behalf of the Keppel REIT Trustee stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(d) Redemption for Accounting Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "SFRS") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "Relevant Accounting Standard"), the Perpetual Securities will not or will no longer be recorded as "equity" of Keppel REIT pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver (or in the case of the Keppel REIT Trustee, procure to be delivered) to the Trustee and the Issuing and Paying Agent:

- (i) a certificate signed by a director or a duly authorised signatory of the Keppel REIT Manager on behalf of the Keppel REIT Trustee stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) Redemption for Tax Deductibility

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
- (iii) any applicable official interpretation or pronouncement (which, for the avoidance of doubt, includes any ruling) which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

payments by the Issuer which would otherwise have been deductible to the Keppel REIT, are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by Keppel REIT for Singapore income tax purposes.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (A) a certificate signed by a director or a duly authorised signatory of the Keppel REIT Manager on behalf of the Keppel REIT Trustee stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) an opinion of the Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(e).

(f) Redemption upon a Regulatory Event

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole but not in part on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution accrued to (but excluding) the date fixed for redemption), if as a result of any change in, or amendment to, the Property Funds Appendix (as defined in Condition 18), or any change in the application or official interpretation of the Property Funds Appendix, the Securities will

count towards the Aggregate Leverage (as defined in Condition 18) under the Property Funds Appendix, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.

Prior to the publication of any notice of redemption pursuant to this Condition 5(f), the Issuer shall deliver, or procure that there is delivered to the Trustee and Issuing and Paying Agent:

- (i) a certificate signed by a director or a duly authorised signatory of the Keppel REIT Manager on behalf of the Keppel REIT Trustee stating that the Issuer is entitled to effect such redemption and setting out the details of such circumstances; and
- (ii) an opinion of independent legal or any other professional advisers of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix, took, or is due to take, effect.

Upon the expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(f).

(g) Redemption upon a Ratings Event

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole but not in part on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution accrued to (but excluding) the date fixed for redemption), if as of the date fixed for redemption, an amendment, clarification or change has occurred, or will in the Distribution Payment Period immediately following the date fixed for redemption occur, in the equity credit criteria, guidelines or methodology of the Rating Agency specified hereon (or any other rating agency of equivalent recognised standing requested from time to time by the Issuer to grant a rating to the Issuer or the Perpetual Securities) and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results or will result in a lower equity credit for the Perpetual Securities than the equity credit assigned or which would have been assigned on the Issue Date (in the case of such Rating Agency) or assigned at the date when equity credit is assigned for the first time (in the case of any other rating agency), provided that, prior to the publication of any notice of redemption pursuant to this Condition 5(g), the Issuer shall deliver, or procure that there is delivered to the Trustee and Issuing and Paying Agent a certificate signed by a director or a duly authorised signatory of the Keppel REIT Manager on behalf of the Keppel REIT Trustee stating that the Issuer is entitled to effect such redemption and setting out the details of such circumstances.

Upon the expiry of any such notice as is referred to in this Condition 5(g), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(g).

(h) Redemption in the case of Minimal Outstanding Amount

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 5(h), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(h).

(i) Purchases

The Issuer, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the Issuer, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager, be held or resold.

For the purposes of these Conditions, “directive” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(j) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. PAYMENTS

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Distribution in respect of Registered Perpetual Securities

(i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).

(ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(c) Payments Subject to Law etc.

Without prejudice to the provisions of Condition 7, all payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The CDP Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuers and the Guarantor and their specified offices are listed below. The Issuers and the Guarantor reserve the right at any time to vary or terminate the appointment of the CDP Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, any other Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Agent Bank and to appoint additional or other Paying Agents, Transfer Agents and Agent Banks, provided that they will at all times maintain (i) a CDP Paying Agent having a specified office in Singapore and (in the case of Non-CDP Perpetual Securities) a Non-CDP Paying Agent, as the case may be, (ii) a Transfer Agent in relation to Registered Perpetual Securities, (iii) a Registrar in relation to Registered Perpetual Securities and (iv) a Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will be given by the Issuer to the Perpetual Securityholders in accordance with Condition 14 within the period specified in the Agency Agreement.

The Agency Agreement may be amended by the Issuers, the Guarantor, the CDP Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of any holder of any Perpetual Security or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuers, the Guarantor, the CDP Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuers, the Guarantor, the CDP Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unexpired Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexpired Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unexpired Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. TAXATION

Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being (1) a resident in Singapore for tax purposes or (2) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it);
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities by or on behalf of the Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by within Singapore or any authority thereof or therein having power to tax in the same manner as distributions on ordinary units of Keppel REIT, and Keppel REIT may be obliged (in certain circumstances) to withhold or deduct tax at the prevailing rate (currently 10% or 17%) under Section 45G of the ITA. In that event, the Issuer will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of the Perpetual Securities for or on account of any such taxes or duties.

For the avoidance of doubt, neither the Issuer nor any other person shall be required to pay any additional amount or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretation thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

As used in these Conditions, “Relevant Date” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “principal” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “distribution” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “principal” and/or “premium” and/or “Redemption Amounts” and/or “distribution” shall be deemed to include any additional amounts which may be payable under these Conditions.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

9. NON-PAYMENT

(a) Non-payment when due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for Winding-Up of Keppel REIT is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) a Winding-Up of Keppel REIT occurs, or (ii) the Issuer does not pay any sum payable by it under the Perpetual Securities when due and, such default continues for a period of three business days after the due date (together, the “Enforcement Events”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-Up of Keppel REIT and/or prove in the Winding-Up of Keppel REIT and/or claim in the liquidation of Keppel REIT for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the Issuer institute such proceedings against the Issuer to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded by the Perpetual Securityholders to its satisfaction.

(e) Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up, or claim in the liquidation of, Keppel REIT or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed, the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities (as applicable).

(g) Damages subject to Subordination

If any court awards money, damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Trust Deed and the Perpetual Securities, the payment of such moneys, damages or other restitution shall be subject to the subordination provisions set out in these Conditions and Clause 2.3 of the Trust Deed.

10. MEETING OF PERPETUAL SECURITYHOLDERS AND MODIFICATIONS

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 25 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding, and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution or (h) to amend the subordination provisions of the Perpetual Securities, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the Transaction Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Transaction Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents, which is in the opinion of the Trustee not materially

prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders. No Perpetual Securityholder shall be entitled to claim from the Issuer or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Securityholder except to the extent already provided for in Condition 7.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

For the purpose of ascertaining the right to attend and vote at any meeting of the Perpetual Securityholders convened for the purpose of and in relation to Clauses 9.2 and 28 of the Trust Deed, Schedule 10 to the Trust Deed and Conditions 9 and 10 of the Perpetual Securities, those Perpetual Securities (if any) which are beneficially held by, or are held on behalf of the Issuer, the subsidiaries of Keppel REIT, the Keppel REIT Manager or any of the related corporations of the Keppel REIT Manager and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Perpetual Securities shall be disregarded and be null and void.

The Trustee may, without the consent of the individual Perpetual Securityholders, at any time agree to the substitution in place of the existing Keppel REIT Trustee as the Issuer of another company being either the successor in business of the existing Keppel REIT Trustee or the substitution of the existing Keppel REIT Trustee as the new trustee of Keppel REIT (such substituted company being hereinafter referred to as the “New Keppel REIT Trustee”), provided that the New Keppel REIT Trustee is a trustee that is approved under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) in respect of the provision of any trust business in connection with any collective investment scheme authorised under the SFA or is a trust corporation and certain other conditions set out in the Trust Deed are being complied with.

11. REPLACEMENT OF PERPETUAL SECURITIES, CERTIFICATES, COUPONS AND TALONS

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the costs, expenses and duties incurred in connection therewith and on such terms as to evidence, undertaking security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to “Perpetual Securities” shall be construed accordingly.

13. PROVISIONS RELATING TO THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and

from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer or the Group (or any of their respective related corporations) and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer or the Group (or any of their respective related corporations), (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Perpetual Securityholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in respect thereof.

14. NOTICES

Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given two days after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities shall be valid if published in a daily newspaper of general circulation in Singapore. It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14. Notices to the holders of Perpetual Securities shall be in English language or, if not in the English language, accompanied by a certified translation into the English language.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or CDP, there may be substituted for such publication in such newspapers or delivery to the Perpetual Securityholders, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of CDP) CDP for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require or permit, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or CDP.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or CDP in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or CDP may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Perpetual Securityholders.

15. LIABILITY OF THE KEPPEL REIT TRUSTEE

- (a) Notwithstanding any provision to the contrary in the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities or the Coupons, the Trustee, the Perpetual Securityholders and the Couponholders agree and acknowledge that RBC Investor Services Trust Singapore Limited has entered into the Trust Deed only in its capacity as trustee of

Keppel REIT and not in its personal capacity and all references to (i) the “Keppel REIT Trustee”, (ii) (in the case where the Keppel REIT Trustee is the issuer), the “Issuer” and (iii) (in the case where the Keppel REIT Trustee is the guarantor) the “Guarantor” in the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons, RBC Investor Services Trust Singapore Limited has assumed all obligations under the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons only in its capacity as trustee of Keppel REIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Keppel REIT Trustee under the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons is given by RBC Investor Services Trust Singapore Limited only in its capacity as trustee of Keppel REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons is limited to the assets of Keppel REIT over which RBC Investor Services Trust Singapore Limited has recourse and shall not extend to any personal assets of RBC Investor Services Trust Singapore Limited or any assets held by RBC Investor Services Trust Singapore Limited as trustee for any trusts (other than Keppel REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the RBC Investor Services Trust Singapore Limited under the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons shall only be in connection with matters relating to Keppel REIT (and shall not extend to RBC Investor Services Trust Singapore Limited’s obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not discharge RBC Investor Services Trust Singapore Limited from any negligence, fraud or breach of trust of RBC Investor Services Trust Singapore Limited.

- (b) Notwithstanding any provision to the contrary in the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons, it is hereby agreed that RBC Investor Services Trust Singapore Limited’s obligations under the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons will be solely the corporate obligations of RBC Investor Services Trust Singapore Limited and that the Trustee, the Perpetual Securityholders and the Couponholders shall not have any recourse against the shareholders, directors, officers or employees of RBC Investor Services Trust Singapore Limited for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons. The foregoing shall not discharge RBC Investor Services Trust Singapore Limited from any negligence, fraud or breach of trust of RBC Investor Services Trust Singapore Limited.
- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Keppel REIT Trustee whether in Singapore or elsewhere pursuant to the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons shall be brought against RBC Investor Services Trust Singapore Limited only in its capacity as trustee for Keppel REIT and not in its personal capacity. The foregoing shall not discharge RBC Investor Services Trust Singapore Limited from any negligence, fraud or breach of trust of RBC Investor Services Trust Singapore Limited.
- (d) The provisions of this Condition 15 shall apply, *mutatis mutandis*, to any notices, certificates or other documents which the Keppel REIT Trustee issues under or pursuant to the Perpetual Securities and any documents in connection therewith as if expressly set out in such notice, certificate or document and survive the termination or rescission of the Trust Deed, any Supplemental Trust Deeds (if any), the Perpetual Securities or the Coupons.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

17. GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, Perpetual Securities, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

18. DEFINITIONS

“Aggregate Leverage” means, as defined under the Property Funds Appendix, the total borrowings and deferred payments of a real estate investment trust, or such other definition as may from time to time be provided for under the Property Funds Appendix;

“Property Funds Appendix” means appendix 6 to the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore in relation to real estate investment trusts; and

“Winding-Up” means bankruptcy, termination, winding-up, liquidation, receivership or similar proceedings in respect of Keppel REIT.

CDP PAYING AGENT, CDP REGISTRAR AND CDP TRANSFER AGENT

CITICORP INVESTMENT BANK (SINGAPORE) LIMITED

8 Marina View
#16-00 Asia Square Tower 1
Singapore 018960

NON-CDP PAYING AGENT, NON-CDP REGISTRAR AND NON-CDP TRANSFER AGENT

CITIBANK, N.A., LONDON BRANCH

Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB

KEPPEL REIT MTN PTE. LTD.

History and Business

The Keppel REIT SPV was incorporated under the Companies Act on 24 November 2008. It is a wholly-owned subsidiary of Keppel REIT. The Keppel REIT SPV changed its name from K-REIT Asia MTN Pte. Ltd. to Keppel REIT MTN Pte. Ltd. with effect from 15 October 2012.

Its principal activities are the provision of financial and treasury services for and on behalf of Keppel REIT. Since its incorporation, the Keppel REIT SPV has not engaged in any material activities other than the establishment of the Programme, the issuance of Notes under the Programme and the authorisation of documents and agreements referred to in this Information Memorandum to which it is or will be a party.

Registered Office

The registered address of the Keppel REIT SPV as at the date of this Information Memorandum is 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.

Shareholding and Capital

As at the date of this Information Memorandum, the issued share capital of the Keppel REIT SPV is S\$1.00, comprising one ordinary share. The sole issued ordinary share in the capital of the Keppel REIT SPV is held by the Keppel REIT Trustee for and on behalf of Keppel REIT.

Save as disclosed below, the Keppel REIT SPV has no borrowings, indebtedness in the nature of borrowings, loan capital outstanding or created but unissued (including term loans), guarantees or material contingent liabilities as at the date of this Information Memorandum.

On 11 February 2015, the Keppel REIT SPV issued S\$50,000,000 in aggregate principal amount of 3.15 per cent. Notes due 2022 under the Programme, which Notes are unconditionally and irrevocably guaranteed by the Keppel REIT Trustee.

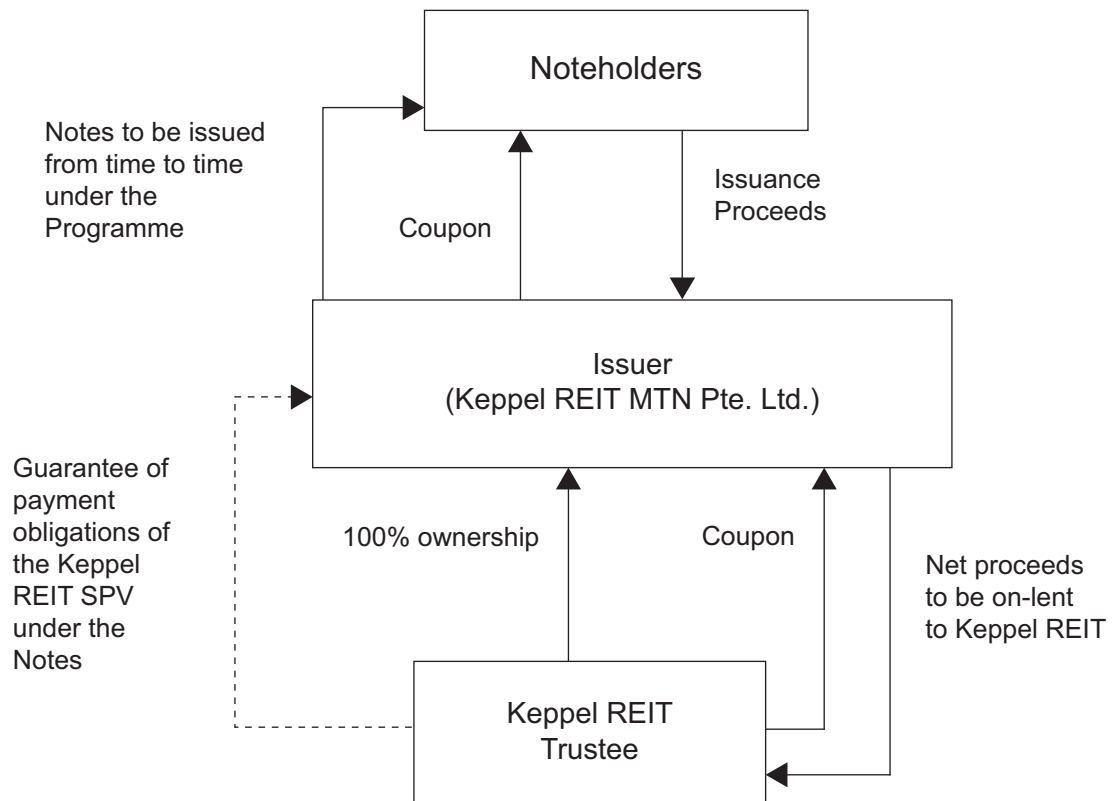
On 6 April 2017, the Keppel REIT SPV issued S\$75,000,000 in aggregate principal amount of 3.275 per cent. Notes due 2024 under the Programme, which Notes are unconditionally and irrevocably guaranteed by the Keppel REIT Trustee.

Directors

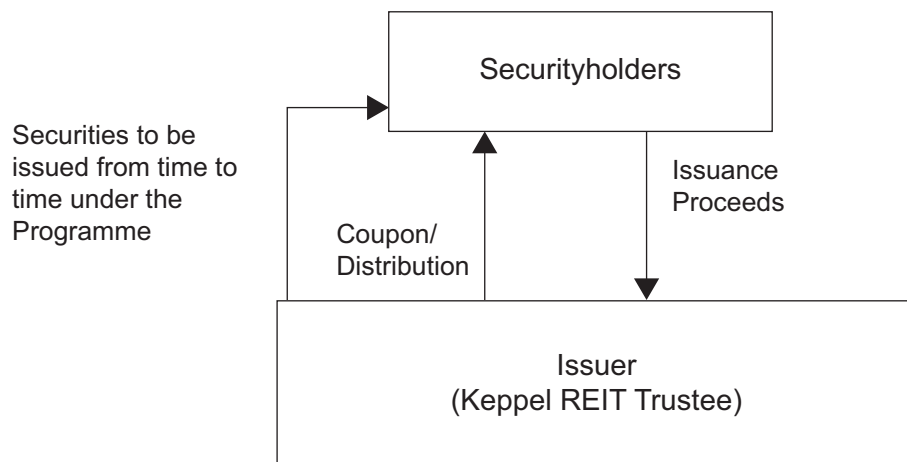
As at the date of this Information Memorandum, the Directors of the Keppel REIT SPV are:

<u>Name</u>	<u>Business Address</u>
Mr Tham Wei Hsing, Paul	1 Harbourfront Avenue #18-01 Keppel Bay Tower Singapore 098632
Ms Kang Leng Hui	1 Harbourfront Avenue #18-01 Keppel Bay Tower Singapore 098632

Issuance Structure under the Programme where Notes are issued by the Keppel REIT SPV



Issuance Structure under the Programme where Securities are issued by the Keppel REIT Trustee



KEPPEL REIT

OVERVIEW

Keppel REIT was listed on the SGX-ST on 28 April 2006 by way of an introduction. It is a Singapore-based real estate investment trust that owns a portfolio of premium Grade A commercial assets in prime business and financial districts pan-Asia. Its market capitalisation as at the Latest Practicable Date is approximately S\$4.1 billion.

Keppel REIT was established with the objective of generating stable returns to Unitholders by owning and investing in a portfolio of quality income-producing real estate and real estate-related assets which are predominantly used for commercial purposes in Singapore and Asia-Pacific.

As at the date of this Information Memorandum, Keppel REIT had assets under management of approximately S\$8 billion comprising interests in nine premium commercial assets (completed and under development) strategically located in the CBD of Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul in South Korea.

As at the Latest Practicable Date, in Singapore, Keppel REIT owns (1) a 79.9% interest in Ocean Financial Centre, (2) a one-third interest in MBFC office Towers 1, 2 and 3 and the subterranean mall, MBLM, and (3) a one-third interest in One Raffles Quay. As at the Latest Practicable Date, in Australia, Keppel REIT owns (1) a 50.0% interest in 8 Chifley Square, Sydney, (2) a 50.0% interest in the 8 Exhibition Street office building and a 100.0% interest in the three adjacent retail units in Melbourne, (3) a 50.0% interest in 275 George Street, Brisbane, (4) a 50.0% interest in David Malcolm Justice Centre, Perth, and (5) a 50.0% interest in a premium office tower which is under construction at 311 Spencer Street, Melbourne. As at the Latest Practicable Date, in South Korea, Keppel REIT owns a 99.4% interest in T Tower, Seoul.

KEY RECENT DEVELOPMENTS

Establishment of Unit Buy-Back programme

Keppel REIT is the first Singapore REIT to initiate an active Unit Buy-Back programme. Keppel REIT started buying back and cancelling Units in July 2018 as part of its proactive capital management strategy, subject to market conditions and taking into account the restrictions under the Singapore Code on Take-overs and Mergers. In considering the buy-back of Units, the Manager will only purchase Units when it is accretive to distribution and NAV per Unit, while maintaining the REIT's financial capability for strategic opportunities. In view of the planned buy-backs, the Distribution Reinvestment Plan ("DRP") has been suspended.

Acquisition of T Tower in Seoul, South Korea

On 27 May 2019, Keppel REIT completed the acquisition of a 99.4% interest in T Tower, a Grade A freehold office building in the CBD of Seoul. The acquisition price for T Tower is KRW252.6 billion¹ or S\$292.0 million². This marked Keppel REIT's entry into Seoul which has a deep office market.

Completed in 2010, T Tower is a five-minute walk to the city's major railway station, Seoul Station, and offers approximately 228,000 sq ft in NLA. The building is also well-served by various rail, subway and bus networks, including direct connections across the Seoul metropolitan area and regionally via high speed Korea Train eXpress ("KTX") train services. T Tower is sited amidst a diverse range of amenities and major hotels, and is close to key retail districts such as Myeong-dong and Namdaemun.

T Tower is currently 100.0% leased to established national and international tenants, mainly from the technology, media and telecommunications, manufacturing and distribution, and services sectors.

Topping out of 311 Spencer Street development in Melbourne

On 19 August 2019, Keppel REIT marked the topping out of the 311 Spencer Street development in Melbourne, Australia. On 31 July 2017, Keppel REIT acquired a 50.0% interest in the development for A\$347.8 million or approximately S\$362.4 million³. Cbus Property holds the remaining 50.0% interest.

¹ Based on an approximate 99.4% in T Tower. Equivalent to KRW20.2 million/pyeong ("py"), based on attributable gross floor area of 444,979 sq ft and conversion of 1 py to 35.6 sq ft.

² Based on the exchange rate of KRW1,000 to S\$1.156 used for payment.

³ Based on the exchange rate of A\$1.00 to S\$1.042 as at June 2017.

The 40-storey freehold Grade A office tower will be fully leased to the Victoria Police for 30 years upon completion which is expected in 2Q2020.

Divestment of Bugis Junction Towers in Singapore

On 29 November 2019, Keppel REIT divested its strata ownership of Bugis Junction Towers in Singapore for a sale price of S\$547.7 million or S\$2,200 per sq ft based on the building's NLA. The sale price is 6.3% above the valuation of S\$515.0 million as at 8 August 2019 and 243.4% higher than the purchase price of S\$159.5 million in 2006. Based on the net property income for the 12 months preceding 30 June 2019, the sale price translates to a yield of 3.0%.

Bugis Junction Towers was held by Keppel REIT since its listing in 2006 and delivered asset-level returns of 19.4% p.a. over the holding period. Approximately S\$378.4 million⁴ of capital gains were realised from the divestment. The office tower was completed in 1994 with a remaining leasehold tenure of approximately 70 years.

⁴ Based on the difference between sale price and purchase price, after taking into consideration capitalised expenditures and divestment costs.

KEPPEL REIT'S PROPERTY PORTFOLIO KEY STATISTICS

The key statistics for Keppel REIT's property portfolio in Singapore, Australia and South Korea as at 31 December 2019 are set out in the tables below.

Singapore Portfolio

	Ocean Financial Centre ⁽¹⁾	Marina Bay Financial Centre ⁽²⁾	One Raffles Quay ⁽²⁾
Attributable NLA (sq ft)	700,504	1,024,442	441,995
Ownership interest	79.9% ⁽³⁾	33.3%	33.3%
Number of tenants⁽⁴⁾ . . .	69	166	61
Principal tenants⁽⁵⁾	BNP Paribas, ANZ, Drew & Napier	DBS Bank, Standard Chartered Bank, Barclays	Deutsche Bank, UBS, Ernst & Young
Title	99 years expiring on 13 December 2110	99 years expiring on 10 October 2104 ⁽⁶⁾ and 7 March 2106 ⁽⁷⁾	99 years expiring on 12 June 2100
Purchase price (on acquisition) (S\$ million)	1,838.6 ⁽⁸⁾	1,426.8 ⁽⁶⁾ 1,248.0 ⁽⁷⁾	941.5
Valuation⁽⁹⁾ (S\$ million)	2,099.8	1,695.3 ⁽⁶⁾ 1,297.0 ⁽⁷⁾	1,254.3
Committed occupancy	99.2%	98.9%	97.8%
FY2018 income contribution (S\$ million)	93.7 ⁽¹⁰⁾	81.0	24.8
FY2019 income contribution (S\$ million)	66.7	81.9	23.9
Awards	Skyrise Greenery Awards (Excellence) by the National Parks Board (2013) Public Utilities Board of Singapore ("PUB") Water Efficient Building (Gold Award) (2015) ASEAN Energy Awards—Large Building (2015) SS577—Water Efficiency Management System ("WEMS") Certification (2015) Building and Construction Authority ("BCA") Green Mark Office Interior— Gold ^{PLUS} Award (Management Office) (2016) SSWG Outstanding Individual Award (2018)	MBFC Towers 1, 2, 3 and MBLM—PUB Water Efficient Building Gold Award (2015) MBFC Towers 1,2,3— SS577—WEMS Certification (2015) MBFC Towers 1 and 2 Safety and Health Award Recognition for Projects ("SHARP") Award (2017) MBFC Towers 1 and 2—BCA Green Mark Office Interior— Platinum Award (Management Office) (2017) MBFC Tower 3— SHARP Award (2018) MBFC Towers 1, 2, 3—Safety and Security Watch Group ("SSWG") Outstanding Individual Award (2018)	PUB Water Efficient Building (Silver Award) (2014) SS577—WEMS Certification (2015) SHARP Award (2018) SSWG Outstanding Individual Award (2018) BCA-HPB Green Mark for Healthier Workplaces—Platinum Award (Management Office) (2019) BCA Green Mark Platinum Award (2019)

Ocean Financial Centre ⁽¹⁾	Marina Bay Financial Centre ⁽²⁾	One Raffles Quay ⁽²⁾
BCA Green Mark Platinum Award (2019)	MBFC Tower 3—BCA Green Pearl Award (2019)	
	MBFC Towers 1, 2, and 3—BCA Green Mark Platinum Award (2019)	

Notes:

- (1) Refers to Keppel REIT's 79.9% interest in Ocean Financial Centre.
- (2) Refers to Keppel REIT's one-third interest in MBFC Tower 1, MBFC Tower 2, MBFC Tower 3 and MBLM, as well as One Raffles Quay.
- (3) Keppel REIT previously held a 99.9% interest comprising 87.5% interest that was acquired on 14 December 2011 and 12.4% interest that was acquired on 25 June 2012. Subsequently, on 11 December 2018, a 20.0% interest in the building was divested.
- (4) Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.
- (5) On committed gross rent basis.
- (6) Refers to MBFC Tower 1, MBFC Tower 2 and MBLM.
- (7) Refers to MBFC Tower 3.
- (8) Based on 79.9% of the historical purchase price of S\$2,298.8 million for the 99.9% ownership in Ocean Financial Centre.
- (9) The valuations are based on Keppel REIT's interest in the respective properties as at 31 December 2019.
- (10) Based on 99.9% interest before a 20.0% interest was divested on 11 December 2018, and remaining 79.9% interest subsequent to the divestment.

Ocean Financial Centre

10 Collyer Quay, Singapore 049315.

Strategically located at the intersection of the Raffles Place and Marina Bay business precincts, Ocean Financial Centre offers over 876,000 sq ft of premium space. Standing at 43 storeys, the building comprises of typical floor plates ranging 20,000 sq ft to 25,000 sq ft.

An underground pedestrian network connects Ocean Financial Centre to the Raffles Place MRT interchange station and surrounding office buildings.

Marina Bay Financial Centre

8, 8A, 10 and 12 Marina Boulevard, Singapore 018981-4.

MBFC is an integrated development which comprises three office towers—Towers 1, 2, and 3; two residential developments—Marina Bay Residences and Marina Bay Suites; as well as a subterranean retail mall, MBLM.

MBFC Towers 1, 2 and 3 stand at 33-, 50- and 46-storeys respectively and offer a total of approximately 3 million sq ft of prime office space. Tenants enjoy large column-free office space of approximately 20,000 sq ft to 45,000 sq ft. MBFC is connected to other developments in the Marina Bay precinct and the Raffles Place MRT interchange and Downtown MRT stations via an underground pedestrian network.

MBFC is close to a wide range of Singapore landmarks including the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade—Theatres on the Bay, international and boutique hotels, luxury residences as well as a range of dining and retail outlets.

One Raffles Quay

1 Raffles Quay, Singapore 048583.

A commercial development in the Marina Bay financial district, One Raffles Quay comprises two Grade A office buildings—the North and South Towers.

At 50 storeys, the North Tower offers column-free floor space of approximately 18,000 sq ft, while the 29-storey South Tower offers approximately 30,000 sq ft of floor space. Together, both towers offer over 1.3 million sq ft of Grade A office space.

An underground pedestrian network connects One Raffles Quay to the Raffles Place MRT interchange station and surrounding office buildings.

Australia Portfolio

	8 Chifley Square, Sydney ⁽¹⁾	8 Exhibition Street, Melbourne ⁽¹⁾	275 George Street, Brisbane ⁽¹⁾	David Malcolm Justice Centre, Perth ⁽¹⁾	311 Spencer Street, Melbourne ⁽¹⁾ (Under development)
Attributable NLA (sq ft)	104,055	244,490	224,537	167,784	358,683
Ownership interest ...	50.0%	50.0%	50.0%	50.0%	50.0%
Number of tenants⁽²⁾ ..	8	22	16	2	1
Principal tenants⁽³⁾	Corrs Chambers Westgarth, Quantum Group, QBE Insurance Group	Ernst & Young, Amazon, Minister for Finance—State of Victoria	Telstra, Queensland Gas Company, The State of Queensland ⁽⁴⁾	Minister for Works— Government of Western Australia	Minister for Finance—State of Victoria
Tenure	99 years expiring on 5 April 2105	Freehold	Freehold	99 years expiring on 30 August 2114	Freehold
Purchase price (on acquisition)	A\$165.0 million S\$197.8 million	A\$168.8 million S\$201.3 million ⁽⁵⁾	A\$166.0 million S\$209.4 million	A\$165.0 million S\$208.1 million	A\$347.8 million S\$362.4 million ⁽⁶⁾
Valuation⁽⁷⁾	A\$240.0 million S\$222.2 million	A\$265.3 million S\$245.6 million ⁽⁵⁾	A\$250.0 million S\$231.4 million	A\$232.5 million S\$215.2 million	A\$349.5 million S\$323.5 million ⁽⁸⁾
Committed occupancy	100.0%	100.0%	99.6%	100.0%	100.0%
FY2018 income contribution (S\$ million)	13.0	11.2	11.1	13.2	—
FY2019 income contribution (S\$ million)	12.8	11.8	11.0	12.7	—
Awards	Green Building Council of Australia ("GBCA") 6-Star Green Star—Office Design v2 (2012) GBCA 6-Star Green Star— Office as Built v2 (2015) 5 Stars National Australian Built Environment Rating System ("NABERS") Energy rating (2019)	5 Star NABERS Energy rating (2019)	GBCA 5 Star Green Star— Office Design v2 (2008) GBCA 5-Star Green Star— Office As Built v2 (2010) GBCA 3 Star Green Star— Performance v 1.1 (2017) 5 Star NABERS Energy rating (2019)	GBCA 5 Star Green Star— Office Design v3 (2013) GBCA 5 Star Green Star— Office As Built v3 (2017) GBCA 6 Star Green Star— Performance v 1.2 (2018) 5 Stars NABERS Energy rating (2019)	—

Notes:

(1) Refers to Keppel REIT's 50.0% interest in the properties.

(2) Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.

- (3) On committed gross rent basis.
- (4) Refers to the Department of Housing and Public Works—The State of Queensland.
- (5) Keppel REIT owns a 50.0% interest in the 8 Exhibition Street office building and a 100.0% interest in the three adjacent retail units.
- (6) Based on the aggregate consideration paid to date and to be paid, including development costs of the building, at the exchange rate of A\$1 = S\$1.042 as disclosed in the announcement dated 29 June 2017.
- (7) Based on the exchange rate of A\$1 = S\$0.9257. Valuation as at 31 December 2019 based on Keppel REIT's interest in the respective properties.
- (8) Based on "as is" valuation as at 31 December 2019, which includes the development cost of A\$102 million which has been capitalised in 2019.

8 Chifley Square, Sydney

8 Chifley Square, New South Wales 2000.

8 Chifley Square is a premium grade office tower located in the heart of Sydney's CBD at the junction of Hunter Street and Elizabeth Street.

The 30-storey premium grade office tower offers approximately 210,000 sq ft of NLA. 8 Chifley Square is one of the first buildings in Australia to feature the innovative vertical village concept, providing tenants with connectivity and interaction.

8 Exhibition Street, Melbourne

8 Exhibition Street, Victoria 3000.

One of the city's architectural landmarks, 8 Exhibition Street is located in the prime part of Melbourne's CBD. The 35-storey freehold premium grade commercial building has a total NLA of approximately 485,000 sq ft, which includes ancillary retail space on the ground floor.

Tenants enjoy good connectivity to the rest of the city with the building's close proximity to various public transport nodes including tram, bus and rail services such as the major Parliament and Flinders Street railway stations which are within walking distance.

275 George Street, Brisbane

275 George Street, Queensland 4000.

The freehold 31-storey Grade A building, which offers about 450,000 sq ft of NLA, stands at a prime location straddling the core retail and revitalised George Street precincts of Brisbane's CBD.

275 George Street is strategically located between the city's two largest railway stations—Roma Street Railway Station and Central Railway Station. It is also close to major transport nodes and amenities.

David Malcolm Justice Centre, Perth

28 Barrack Street, Western Australia 6000.

Strategically located in Perth's CBD at the junction of Barrack Street and St Georges Terrace, the 33-storey David Malcolm Justice Centre and its annex offer a total lettable area of approximately 336,000 sq ft. It was built on the historic site of the Old Treasury Building and houses the Supreme Court's civil functions, judicial chambers, as well as the departments of Treasury and Justice.

311 Spencer Street, Melbourne (Under Development)

311 Spencer Street, Victoria 3008.

Strategically located between Melbourne's CBD and the Docklands precinct, 311 Spencer Street will have an estimated total NLA of 717,000 sq ft when completed in 2Q2020.

It is also within walking distance to the Southern Cross Station, the city's major railway and transportation hub. The 42-storey office tower is fully leased to the Minister for Finance—State of Victoria and will be the headquarters for the Victoria Police.

Designed by leading architecture firm, Woods Bagot, the office tower will be an eco-icon in Melbourne, meeting the requirements of the GBCA 5 Star Green Star—Office Design and As Built ratings as well as the 4.5 Stars NABERS Energy rating.

South Korea Portfolio

T Tower, Seoul

Location	30 Sowolro 2-gil, Jung-gu, Seoul
Attributable NLA (sq ft)	226,945
Ownership interest	99.4%
Tenure	Freehold
Purchase price (on acquisition)	KRW252.6 billion ⁽¹⁾ S\$292.0 million ⁽²⁾
Valuation	KRW259.0 billion S\$299.9 million ⁽³⁾
Committed occupancy	100.0%

(1) Equivalent to KRW20.2 million/py, based on attributable gross floor area of 444,979 sq ft and conversion of 1 py to 35.6 sq ft.

(2) Based on the exchange rate of KRW1,000 to S\$1.156 used for payment.

(3) Valuation as at 31 December 2019 based on Keppel REIT's interest on the exchange rate of KRW1,000 to S\$1.158.

T Tower, Seoul

Completed in 2010, T Tower is a freehold 28-storey office building offering approximately 228,000 sq ft in NLA. The property is located in Seoul's CBD and is a five-minute walk to the city's major railway station, Seoul Station. The building is also well-served by various rail, subway and bus networks, including direct connections across the Seoul metropolitan area and regionally via high speed KTX train services. T Tower is sited amidst a diverse range of amenities and major hotels, and is close to key retail districts such as Myeong-dong and Namdaemun.

PORTFOLIO HIGHLIGHTS

(a) Resilient Portfolio of Premium Grade and Sustainable Commercial Assets

Keppel REIT is a pan-Asian REIT with a young and large portfolio of premium Grade A commercial assets in the prime business and financial districts of Singapore, Australia and South Korea.

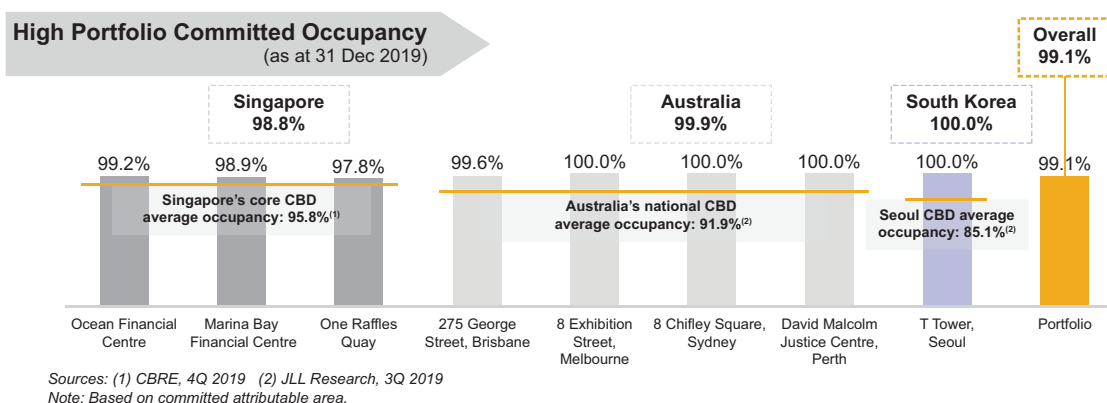
Keppel REIT remains focused on capturing opportunities to deliver long-term sustainable returns to Unitholders. While Keppel REIT's portfolio will remain anchored by assets in the Singapore CBD, the Keppel REIT Manager believes that owning quality assets across Singapore, Australia and South Korea provides greater income stability and opportunities for growth in the long term.

In Singapore, all of Keppel REIT's assets are certified by the highest Green Mark Platinum Award by the BCA. In Australia, all of Keppel REIT's operational buildings have achieved the 5 Stars NABERS Energy Rating.

(b) High Committed Occupancy

As at 31 December 2019, Keppel REIT's high portfolio committed occupancy of 99.1%, long Weighted Average Lease Expiry ("WALE") of 4.9 years and established tenant base provide income resilience and visibility. Given the quality and location of buildings, the portfolio has seen strong occupancy throughout the different cycles.

As at 31 December 2019, it achieved occupancy rates of 98.8% for Singapore portfolio, 99.9% for Australia portfolio and 100.0% for South Korea portfolio, outperforming the respective market average of 95.8%⁽¹⁾ for Singapore's core CBD, 91.9%⁽²⁾ for Australia's national CBD and 85.1%⁽²⁾ for Seoul's CBD.

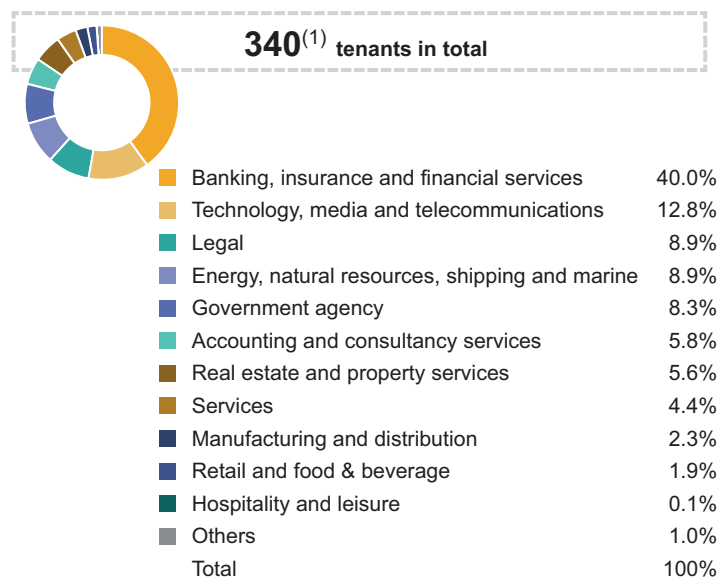


(c) Well-Diversified Quality Tenant Base

As at 31 December 2019, Keppel REIT's portfolio comprised 340⁽¹⁾ tenants, many of which are established corporations from diversified business sectors including banking, insurance and financial services; technology, media and telecommunications; and legal.

Breakdown of Tenant Sector by NLA

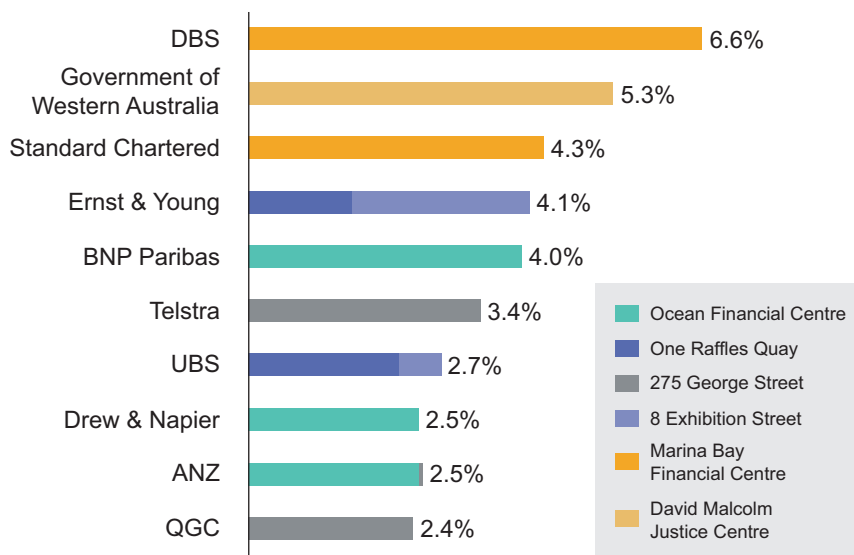
Profile of Tenant Base



Note:

(1) Tenants with multiple leases were accounted as one tenant.

As at 31 December 2019, the top 10 tenants accounted for 37.8% of the portfolio's NLA.

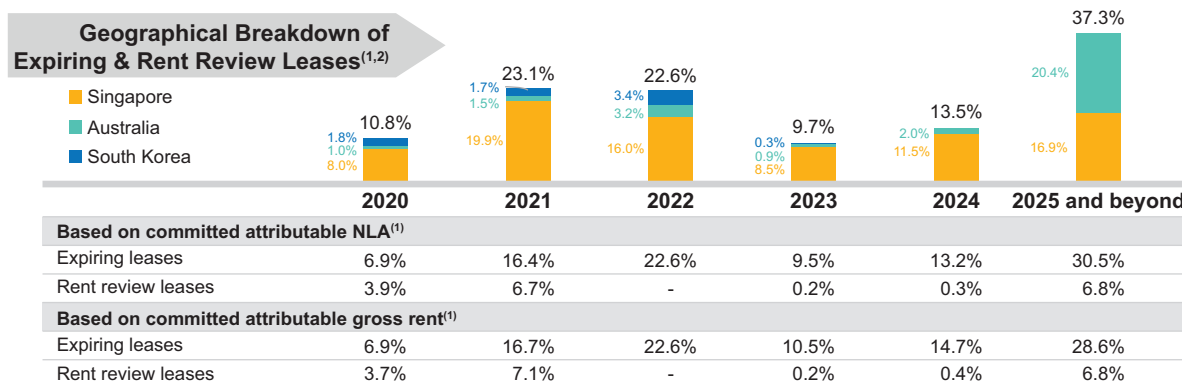


(d) Long Weighted Average Lease Expiry and Healthy Lease Expiry Profile

A key value proposition for Keppel REIT is its long WALE of approximately 7.0 years and 4.9 years for its top 10 tenants and portfolio respectively. This enhances income stability for the REIT over the long term.

At the same time, the Keppel REIT Manager seeks to maintain a well-staggered lease expiry profile. As at 31 December 2019, not more than 25.0% of the portfolio's total committed leases was due for expiry in any one year over the next five years.

Portfolio Lease Expiry Profile (By NLA) as at 31 December 2019



(1) Data as at 31 December 2019.

(2) Based on committed attributable NLA.

SELECTED FINANCIAL INFORMATION OF KEPPEL REIT

Statement of Profit or Loss of the Group for FY2019, FY2018 and FY2017:

	FY2019	FY2018	FY2017
	Unaudited S\$'000	Audited S\$'000	Audited S\$'000
Property income	164,053	165,858	164,516
Property expenses	(35,154)	(32,703)	(33,316)
Net property income	128,899	133,155	131,200
Rental support	2,690	8,615	12,825
Interest income	27,162	25,075	22,975
Share of results of associates	77,897	73,720	83,795
Share of results of joint ventures	28,525	30,170	31,959
Amortisation expenses	(2,549)	(8,163)	(11,799)
Borrowing costs	(64,463)	(69,084)	(65,256)
Trust expenses (including Manager's management fees)	(59,385)	(54,377)	(56,458)
Net foreign exchange differences	(3,547)	623	(2,060)
Net change in fair value of derivatives	(4,130)	(8,077)	(1,598)
Profit before gain on divestment of investment property and net change in fair value of investment properties	131,099	131,657	145,583
Gain on divestment of investment property	18,091	—	—
Net change in fair value of investment properties	3,827	33,167	51,727
Profit before tax	153,017	164,824	197,310
Income tax expense	(11,347)	(10,236)	(17,156)
Profit for the year	141,670	154,588	180,154
Attributable to:			
Unitholders	119,930	146,160	172,608
Perpetual securities holders	7,470	7,470	7,470
Non-controlling interests	14,270	958	76
	141,670	154,588	180,154
Distribution Statement			
Profit for the year attributable to Unitholders	119,930	146,160	172,608
Net tax and other adjustments	69,331	42,885	18,122
Income available for distribution	189,261	189,045	190,730
Distribution to Unitholders	189,261	189,045	190,730

Balance Sheet of the Group as at 31 December 2019, 31 December 2018 and 31 December 2017:

	31 December 2019	31 December 2018	31 December 2017
	Unaudited S\$'000	Audited S\$'000	Audited S\$'000
Non-current assets			
Investment properties	3,730,320	3,879,956	3,774,870
Investments in associates	2,520,669	2,538,663	2,527,842
Advances to associates	618,145	615,122	613,122
Investments in joint ventures	437,833	471,691	465,096
Fixed assets	79	112	149
Intangible asset	—	2,549	10,712
Derivative financial instruments	—	1,329	4,190
Total non-current assets	7,307,046	7,509,922	7,395,981
Current assets			
Trade and other receivables	16,160	15,056	8,619
Prepaid expenses	262	343	333
Cash and bank balances	124,841	258,924	198,158
Derivative financial instruments	1,054	206	1,197
Total current assets	142,317	274,529	208,307
Total assets	7,449,363	7,784,451	7,604,288
Current liabilities			
Trade and other payables	52,885	64,757	56,451
Income received in advance	278	2,879	4,209
Borrowings	99,924	59,943	425,039
Security deposits	4,397	4,933	3,159
Derivative financial instruments	976	230	1,748
Provision for taxation	1,230	1,414	2,259
Total current liabilities	159,690	134,156	492,865
Non-current liabilities			
Income received in advance	—	—	11,305
Borrowings	2,021,540	2,225,761	2,097,142
Derivative financial instruments	17,931	11,585	16,017
Security deposits	34,989	27,315	27,675
Deferred tax liabilities	51,433	50,038	44,026
Total non-current liabilities	2,125,893	2,314,699	2,196,165
Total liabilities	2,285,583	2,448,855	2,689,030
Net assets	5,163,780	5,335,596	4,915,258
Represented by:			
Unitholders' funds	4,584,849	4,757,285	4,763,424
Perpetual securities	149,701	149,701	149,701
Non-controlling interests	429,230	428,610	2,133
	5,163,780	5,335,596	4,915,258

Consolidated Cashflow Statements of the Group for FY2019, FY2018 and FY2017:

	FY2019 S\$'000	FY2018 S\$'000	FY2017 S\$'000
Operating activities			
Profit before tax	153,017	164,824	197,310
Adjustments for:			
Interest income	(27,162)	(25,075)	(22,975)
Amortisation expense	2,549	8,163	11,799
Share of results of associates	(77,897)	(73,720)	(83,795)
Share of results of joint ventures	(28,525)	(30,170)	(31,959)
Borrowing costs	64,463	69,084	65,256
Management fees paid and/or payable in units	48,160	51,263	50,989
Net change in fair value of investment properties	(3,827)	(33,167)	(51,727)
Gain on divestment of investment property	(18,091)	—	—
Net change in fair value of derivative financial instruments	4,130	8,077	1,598
Depreciation	9	43	41
Rental support	(2,690)	(8,615)	(12,825)
Unrealised currency translation differences	2,753	546	1,919
Operating cash flows before changes in working capital	116,889	131,253	125,631
Increase in receivables	(9,037)	(11,507)	(5,576)
(Decrease)/increase in payables	(8,287)	402	7,161
(Decrease)/increase in security deposits	(601)	1,414	(580)
Cash flows from operations	98,964	121,562	126,636
Income taxes paid	(6,384)	(4,490)	(6,671)
Net cash flows provided by operating activities	92,580	117,072	119,965
Investing activities			
Net cash outflow on acquisition of a subsidiary	(151,324)	—	—
Purchase of investment property under development	—	—	(133,953)
Progress payments on investment property under development	(96,494)	(81,280)	(9,409)
Subsequent expenditure on investment properties	(16,232)	(9,438)	(14,427)
Proceeds from divestment of investment property, net of divestment costs	530,258	—	—
Purchase of fixed assets	(5)	(6)	—
Interest received	27,284	25,112	23,392
Rental support received	2,690	8,615	13,848
Investments in joint ventures	(166)	—	—
Receipt of/(payment on) adjustment to investment in an associate	457	(333)	—
Dividend and distribution income received from associates	77,873	73,993	93,809
Distribution income received from joint ventures	25,570	26,237	26,336
Advance to an associate	(2,523)	(2,500)	(2,200)
Reimbursement of development costs for one-third interest in an associate	757	—	—
Settlement of accrued development costs for 99.9% interest in a subsidiary and one-third interest in an associate	(9,945)	—	—
Redemption of share capital by non-controlling interest	(33)	—	—
Net proceeds from divestment of partial interest in a subsidiary	—	439,272	—
Net cash flows provided by/(used in) investing activities	388,167	479,672	(2,604)

	FY2019	FY2018	FY2017
	S\$'000	S\$'000	S\$'000
Financing activities			
Loans drawdown	725,251	783,922	306,168
Repayment of loans	(1,191,497)	(1,018,503)	(334,298)
Proceeds from issuance of medium term notes	—	—	75,000
Proceeds from issuance of convertible bonds	200,000	—	—
Payment of financing expenses/upfront debt arrangement costs	(1,869)	(1,223)	(1,315)
Distribution of partnership profits to non-controlling interests	(10,406)	(882)	(79)
Distributions to Unitholders (net of distribution in Units)	(188,276)	(181,389)	(156,938)
Distribution to perpetual securities holders	(7,470)	(7,470)	(7,470)
Interest paid	(59,307)	(68,231)	(62,468)
Purchase of units	(82,134)	(32,822)	—
Issue expenses for convertible bonds	(2,025)	—	—
Net cash used in financing activities	(617,733)	(526,598)	(181,400)
Net (decrease)/increase in cash and cash equivalents	(136,986)	70,146	(64,039)
Cash and cash equivalents at the beginning of year	255,807	186,462	253,219
Effect of exchange rate changes on cash and cash equivalents	(5,051)	(801)	(2,718)
Cash and cash equivalents at the end of year	113,770	255,807	186,462
Comprising:			
Cash and bank balances	124,841	258,924	198,158
Less: Restricted cash and bank balances	(11,071)	(3,117)	(11,696)
Cash and cash equivalents per Consolidated Statement of Cash Flows	113,770	255,807	186,462

Review of Performance for FY2019 vs FY2018

Property income and net property income for FY2019 were S\$164.1 million and S\$128.9 million respectively. These were lower compared to the property income and net property income of S\$165.9 million and S\$133.2 million respectively for FY2018. The decrease was mainly attributable to the lower one-off income, and lower property income and net property income from Bugis Junction Towers after it was divested on 29 November 2019. Whilst the operating performance of 275 George Street has improved year-on-year, a weaker Australian dollar contributed to the decrease in property income and net property income of this asset. This is partially offset by higher net property income from 8 Exhibition Street and income contribution from T Tower (acquired on 27 May 2019).

The Group's profit before tax for FY2019 was S\$153.0 million compared to S\$164.8 million for FY2018. The variance was mainly attributable to lower net property income from Ocean Financial Centre and 275 George Street, loss in property income from Bugis Junction Towers (divested on 29 November 2019), lower rental support, lower share of results of joint ventures, net foreign exchange differences and lower net gain on fair value of investment properties. These were partially offset by higher net property income from 8 Exhibition Street and income contribution from T Tower, higher interest income, higher share of results of associates, lower amortisation expense, lower borrowing costs, net change in fair value of derivatives and gain realised from the divestment of Bugis Junction Towers.

Review of Performance for FY2018 vs FY2017

Property income and net property income for FY2018 were S\$165.9 million and S\$133.2 million respectively, compared to property income and net property income of S\$164.5 million and S\$131.2 million respectively for FY2017. The variances were mainly attributable to an increase in one-off income, as well as higher property income and net property income from Bugis Junction Towers. These were partially offset by lower property income and net property income from Ocean Financial Centre, 275 George Street and 8 Exhibition Street.

The Group's total return before tax for FY2018 was S\$164.8 million, compared to S\$197.3 million for FY2017. The variance was mainly attributable to lower fair value gain on investment properties, lower net property income from Ocean Financial Centre, 275 George Street and 8 Exhibition Street, lower rental support, lower share of results of associates and joint ventures, higher borrowing costs, as well as net change in fair value of derivatives. These were partially offset by higher net property income from Bugis Junction Towers, higher interest income, lower amortisation expense, lower trust expenses and net foreign exchange differences.

COMPETITIVE STRENGTHS

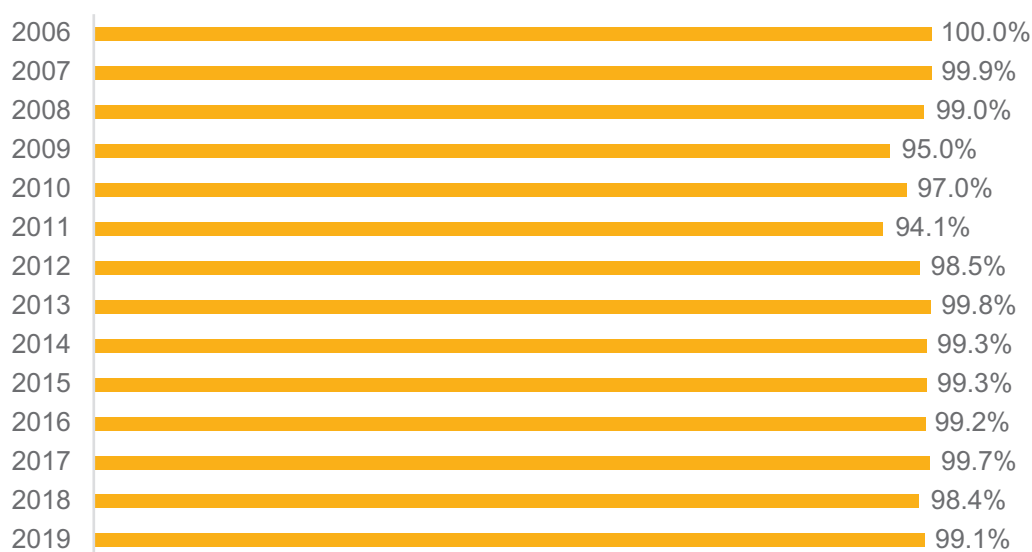
The Keppel REIT Manager believes that Keppel REIT has the following competitive strengths:

- *High Quality and Sustainable Assets in the Key Financial Districts of Singapore, Australia and South Korea:* Keppel REIT has a young and large portfolio of premium Grade A commercial assets strategically located in Singapore's prime business and financial districts, as well as key gateway cities of Sydney, Melbourne, Brisbane and Perth in Australia, and Seoul in South Korea.

Keppel REIT's Singapore assets have been certified the highest Green Mark Platinum Award by the BCA. In Australia, all of Keppel REIT's operational buildings have achieved the 5 Stars NABERS Energy rating.

- *Resilient Portfolio with High Committed Occupancy:* Keppel REIT has a track record of maintaining high committed portfolio occupancy rates, as shown below.

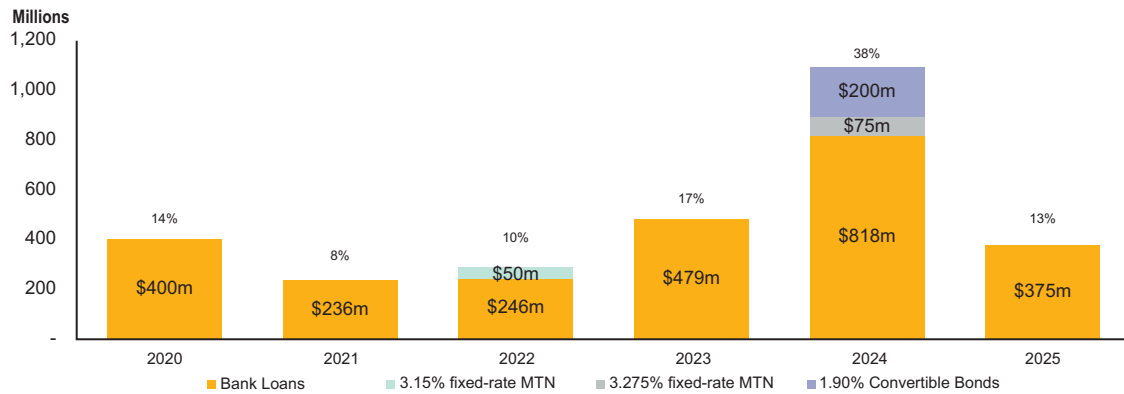
Portfolio Committed Occupancy



As at 31 December 2019, Keppel REIT's portfolio continues to maintain a high portfolio committed occupancy rate of 99.1%. The high committed occupancy rates are indications of the healthy demand for office space in each of the Keppel REIT Properties, attributable to their strategic locations as well as proactive lease management policies with respect to tenant retention and attraction.

- *Long Weighted Average Lease Expiry:* A key value proposition for Keppel REIT is its long WALE of approximately 7.0 years and 4.9 years for its top 10 tenants and portfolio respectively. This enhances income stability for Keppel REIT over the long term. At the same time, the Keppel REIT Manager seeks to maintain a well-staggered lease expiry profile. As at 31 December 2019, not more than 25.0% of the portfolio's total committed leases was due for expiry in any one year over the next five years.
- *Well-Diversified Tenant Base:* Keppel REIT's leases span across a well-diversified tenant profile, many of which are established corporations from diversified business sectors including banking, insurance and financial services; technology, media and telecommunications; and legal.
- *Disciplined Capital Management:* As at 31 December 2019, Keppel REIT has total gross borrowings (including its proportionate share of external borrowings carried at its associates) of approximately S\$2.88 billion diversified across medium-term notes investors and lending banks. The Keppel REIT Manager actively seeks refinancing at competitive costs and continues to maintain low refinancing obligations. Consequently, as at 31 December 2019, the aggregate leverage of Keppel REIT, which is the total gross borrowings divided by the value of its deposited property, was 35.8%, with weighted average term to maturity of 3.4 years, all-in weighted average interest rate of 2.77% per annum, and healthy interest coverage ratio of 3.8 times.

Debt Maturity Profile (As at 31 Dec 2019)



1 As at the latest practicable date, the Group has received commitments to refinance loans that are due in FY2020.

To mitigate the impact of interest rate fluctuations, the Keppel REIT Manager enters into interest rate swaps and/or fixed rate borrowings. As at 31 December 2019, the interest rates of 76.0% of Keppel REIT's borrowings are fixed. To manage exposure to fluctuations in foreign exchange rates and enhance income stability, the Keppel REIT Manager also has in place a policy of hedging its foreign currency-denominated income.

- **Experienced and Professional Management Teams:** The Board of Directors of the Keppel REIT Manager comprises experienced personnel with expertise across different fields. The Keppel REIT Manager is staffed with experienced professionals, with a track record of successfully investing in and managing quality real estate and real estate-related assets in Singapore and pan-Asia.
- **Ability to Leverage Strengths of Reputable Sponsors:** Keppel REIT is sponsored by Keppel Land. At the same time, the Keppel REIT Manager is a wholly-owned subsidiary of Keppel Capital. With the Keppel Group's support, Keppel REIT is able to leverage Keppel Land's extensive network, as well as property development and management expertise, while harnessing synergies from Keppel Capital's management platforms to deliver long-term sustainable distributions and total returns to Unitholders.

STRATEGY

Keppel REIT aims to be the leading commercial REIT with a portfolio of quality assets pan-Asia. The Keppel REIT Manager seeks to deliver sustainable total-returns, create long term value and achieve operational excellence through:

- **Driving Asset Performance:** (a) providing quality office spaces that meet tenants' evolving business needs; (b) executing proactive leasing and cost management strategies; and (c) implementing initiatives to future proof assets and enhance sustainability.
- **Optimising Capital Efficiency:** (a) optimising capital structure to maximise returns for Unitholders; (b) extending debt maturity profile to manage refinancing risks, as well as exploring alternative funding sources in the debt and equity markets to minimise costs; and (c) managing exposure to fluctuations in interest and foreign exchange rates for income stability.
- **Executing Sound Investment Strategy:** (a) optimising portfolio to improve yield while maintaining exposure to the Singapore CBD; (b) seeking strategic acquisitions that offer sustainable income and capital appreciation; and (c) holding quality assets across different markets for improved income stability and to provide more long-term growth opportunities.
- **Nurturing Talent:** (a) developing a motivated and capable team to drive growth; (b) investing in training and development to raise the competency levels of employees; and (c) promoting wellness and fostering a healthy workforce.

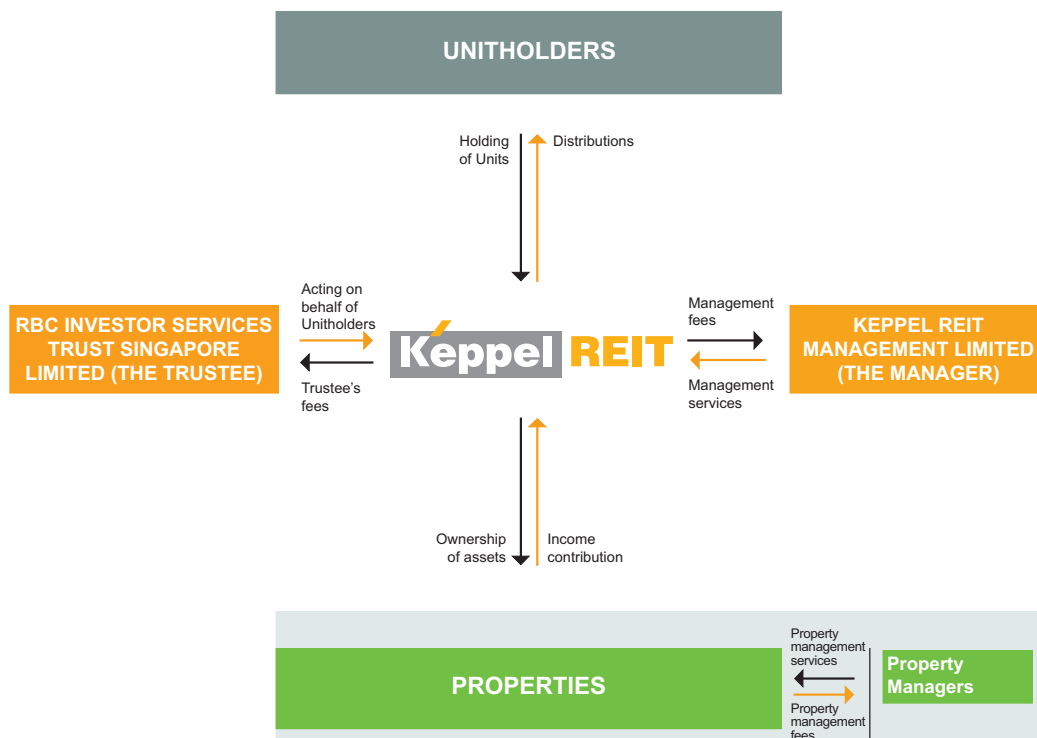
STRUCTURE AND ORGANISATION OF KEPPEL REIT

In this section, “Deposited Property” means all of the assets for the time being of Keppel REIT or deemed to be held upon the trust constituted under the Keppel REIT Trust Deed; “Depository Services Agreement” means the depository services agreement entered into between CDP, the Keppel REIT Manager and the Keppel REIT Trustee for, among other things, the deposit of Units in CDP and for the Units to be traded through CDP’s book entry (that is, scripless) clearance and settlement system; “Recognised Stock Exchange” means any stock exchange of repute in any part of the world; “Tax Ruling” means the tax ruling dated 10 November 2005 issued by the Inland Revenue Authority of Singapore on the taxation of Keppel REIT and its Unitholders, including any modification, amendment and revision that may be made to it up to the date of this Information Memorandum.

Operational Structure

Keppel REIT was established with a principal investment policy to invest in real estate and real estate-related assets and the Keppel REIT Manager must manage Keppel REIT so that the principal investments of Keppel REIT are real estate and real estate-related assets (including shares in companies whose primary purpose is to hold or own real estate and real estate-related assets). The current investment strategy of Keppel REIT is to invest in quality income-producing commercial properties and real estate-related assets pan-Asia.

Keppel REIT aims to generate returns for its Unitholders by owning, buying, selling and actively managing such properties in line with its investment strategy. Subject to the restrictions and requirements in the Property Funds Appendix and the listing rules for the time being applicable to the listing of Keppel REIT as an investment fund on the SGX-ST as the same may be modified, amended, supplemented, revised or replaced from time to time (the “Listing Rules”), the Keppel REIT Manager is also authorised under the Keppel REIT Trust Deed to invest in investments which need not be real estate. Although the Keppel REIT Manager may use certain financial instruments for hedging purposes, it presently does not have any intention to invest in options, warrants, commodities, futures contracts, unlisted securities and precious metals.



The Keppel REIT Trust Deed

The Keppel REIT Trust Deed is a complex document and the following is a summary only. Recipients of this Information Memorandum and all prospective investors in the Securities should refer to the Keppel REIT Trust Deed itself to confirm specific information or for a detailed understanding of Keppel REIT.

Keppel REIT is a real estate investment trust constituted by the Keppel REIT Trust Deed and is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix).

The terms and conditions of the Keppel REIT Trust Deed are binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Keppel REIT Trust Deed and as if the Keppel REIT Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Keppel REIT Trust Deed and an authorisation by each Unitholder to do all such acts and things as the Keppel REIT Trust Deed may require the Keppel REIT Manager and/or the Keppel REIT Trustee to do.

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the Keppel REIT Trust Deed and certain rights, duties and obligations of the Keppel REIT Manager, the Keppel REIT Trustee and the Unitholders under the Keppel REIT Trust Deed. The Property Funds Appendix also imposes certain restrictions on real estate investment trusts in Singapore, including a restriction on the types of investments which real estate investment trusts in Singapore may hold, a general limit on their aggregate leverage (up to a maximum of 45.0% of the value of their Deposited Property at the time the borrowing is incurred (or such other limit as may be stipulated by the MAS) and certain restrictions with respect to interested party transactions.

The Units and Unitholders

The rights and interests of Unitholders are set out in the Keppel REIT Trust Deed. Under the Keppel REIT Trust Deed, these rights and interests are safeguarded by the Keppel REIT Trustee.

Each Unit represents an undivided interest in Keppel REIT. A Unitholder has no equitable or proprietary interest in the underlying assets of Keppel REIT and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate related assets (or any part thereof) of Keppel REIT. A Unitholder's right is limited to the right to require due administration of Keppel REIT in accordance with the provisions of the Keppel REIT Trust Deed, including, without limitation, by suit against the Keppel REIT Trustee or the Keppel REIT Manager.

Under the Keppel REIT Trust Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the Keppel REIT Trustee or the Keppel REIT Manager seeking an order for specific performance or for injunctive relief in respect of the assets of Keppel REIT (or any part thereof), including all its Authorised Investments (as defined in the Keppel REIT Trust Deed), and waives any rights it may otherwise have to such relief. If the Keppel REIT Trustee or the Keppel REIT Manager breaches or threatens to breach its duties or obligations to the Unitholder under the Keppel REIT Trust Deed, the Unitholder's recourse against the Keppel REIT Trustee or the Keppel REIT Manager is limited to a right to recover damages or compensation from the Keppel REIT Trustee or the Keppel REIT Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the Keppel REIT Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Keppel REIT Manager or the Keppel REIT Trustee, exercise any right in respect of the assets of Keppel REIT or any part thereof or lodge any caveat or other notice affecting any assets or real estate related assets of Keppel REIT (or any part thereof), or require that any Authorised Investments forming part of the assets of Keppel REIT be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the Keppel REIT Manager or the Keppel REIT Trustee in respect of Units issued to Unitholders. For so long as Keppel REIT is listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or delisted permanently, the Keppel REIT Manager shall pursuant to the Depository Services Agreement, appoint CDP as the Unit depository for Keppel REIT, and all Units issued will be represented by entries in the register of Unitholders kept by the Keppel REIT Trustee or the agent appointed by the Keppel REIT Trustee in the name of, and deposited with, CDP as the registered holder of such Units. The Keppel REIT Manager or the agent appointed by the Keppel REIT Manager shall issue to CDP not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a lock-up and the expiry date of such lock-up and for the purposes of the Keppel REIT Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

Amendment of the Keppel REIT Trust Deed

Save where an amendment to the Keppel REIT Trust Deed has been approved by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Keppel REIT Trust Deed, no amendment may be made to the provisions of the Keppel REIT Trust Deed unless the Keppel REIT Trustee certified in writing that, in its opinion, such amendment:

- (a) does not materially prejudice the interests of the Unitholders and does not operate to release to any material extent the Keppel REIT Trustee or the Keppel REIT Manager from any responsibility to the Unitholders or (as the case may be) Depositors;
- (b) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or
- (c) is made to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

The Keppel REIT Trustee

The Keppel REIT Trustee is RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited). The Keppel REIT Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. The Keppel REIT Trustee has a paid-up capital of S\$6,000,000. The Keppel REIT Trustee has a place of business in Singapore at 8 Marina View, #26-01 Asia Square Tower 1, Singapore 018960.

Powers, Duties and Obligations of the Keppel REIT Trustee

The powers, duties and obligations of the Keppel REIT Trustee are set out in the Keppel REIT Trust Deed. Subject to the Keppel REIT Trust Deed, the Keppel REIT Trustee has all the powers of a natural person acting in his or her personal capacity. These powers include, without limitation, the powers of the Keppel REIT Trustee to deal with Investments (as defined in the Keppel REIT Trust Deed), grant indemnities and enter into joint venture arrangements.

In the exercise of its powers, the Keppel REIT Trustee may acquire or dispose of any real or personal property, borrow or incur any liability, issue any security in respect of any borrowing or any liability and encumber any asset only upon the recommendations and as directed by the Keppel REIT Manager.

The Keppel REIT Trustee may exercise its powers only as directed by the Keppel REIT Manager provided always that the Keppel REIT Trustee is empowered under the Keppel REIT Trust Deed to exercise its powers without such directions, or contrary to such directions, where the Keppel REIT Trustee, in its absolute discretion, considers it necessary to do so, by reason of the provisions of the SFA, the CIS Code (including the Property Funds Appendix) and at law or otherwise in the protection of the best interests of the Unitholders.

The Keppel REIT Trustee must execute all proxies, powers of attorney and other instruments as directed by the Keppel REIT Manager in exercise of the obligations and powers of the Keppel REIT Manager under the Keppel REIT Trust Deed provided always that the Keppel REIT Trustee is hereby empowered to exercise its powers without such directions or contrary to such directions where the Keppel REIT Trustee, in its absolute discretion, considers it necessary to do so, by reason of the provisions of the SFA, the CIS Code (including the Property Funds Appendix) and at law or otherwise in the protection of the best interests of the Unitholders.

Although the Keppel REIT Trustee may borrow money and obtain other financial accommodation for the purposes of Keppel REIT, both on a secured and unsecured basis, the Keppel REIT Manager must not direct the Keppel REIT Trustee to incur a liability if to do so would mean that the aggregate leverage of Keppel REIT exceeds 45.0% (or such other limit as may be stipulated by the MAS) of the value of its Deposited Property in accordance with the provisions of the Property Funds Appendix.

The Keppel REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the Keppel REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Tax Ruling and all other relevant laws.

The Keppel REIT Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud or negligence or wilful default. Any liability incurred and any indemnity to be given by the Keppel REIT Trustee shall be limited to the assets of Keppel REIT over which the Keppel REIT Trustee has recourse, provided that the Keppel REIT Trustee has acted without fraud, negligence, wilful default or breach of the Keppel REIT Trust Deed. The Keppel REIT Trust Deed contains certain indemnities in favour of the Keppel REIT Trustee under which it will be indemnified out of the assets of Keppel REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and Replacement of Keppel REIT Trustee

The Keppel REIT Trustee may retire or be replaced under the following circumstances:

- (a) The Keppel REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Keppel REIT Trust Deed); and
- (b) The Keppel REIT Trustee may be removed by notice in writing to the Keppel REIT Trustee by the Keppel REIT Manager in any of the following events:
 - (i) if the Keppel REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Keppel REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Keppel REIT Trustee;
 - (ii) if the Keppel REIT Trustee ceases to carry on business;
 - (iii) if the Keppel REIT Trustee fails or neglects after reasonable notice from the Keppel REIT Manager to carry out or satisfy any material obligation imposed on the Keppel REIT Trustee by the Keppel REIT Trust Deed;
 - (iv) if the Unitholders, by an Ordinary Resolution (as defined in the Keppel REIT Trust Deed) duly passed at a meeting of Unitholders held in accordance with the provisions contained in the Keppel REIT Trust Deed decide that the Keppel REIT Trustee be removed; and
 - (v) if the MAS directs that the Keppel REIT Trustee be removed.

Termination of Keppel REIT

Under the provisions of the Keppel REIT Trust Deed, the duration of Keppel REIT shall end on the earliest of:

- (a) the 100th anniversary of the date of the Keppel REIT Trust Deed or such other date as allowed by law;
- (b) the date on which Keppel REIT is terminated by the Keppel REIT Manager in the circumstances set out in the Keppel REIT Trust Deed, as set out below; or
- (c) the date on which Keppel REIT is terminated by the Keppel REIT Trustee in the circumstances set out in the Keppel REIT Trust Deed, as set out below.

The Keppel REIT Manager may in its absolute discretion terminate Keppel REIT by giving notice in writing thereof to all Unitholders or where the Units are listed, CDP and the Keppel REIT Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

- (a) if any law shall be passed which renders it illegal or in the opinion of the Keppel REIT Manager impracticable or inadvisable for Keppel REIT to continue to exist;
- (b) if the NAV of the Deposited Property shall be less than S\$50,000,000 after the end of the first anniversary of the date of the Keppel REIT Trust Deed or any time thereafter; and
- (c) if at any time Keppel REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, Keppel REIT may be terminated by the Keppel REIT Trustee by notice in writing as hereinafter provided in any of the following events, namely:

- (a) if the Keppel REIT Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Keppel REIT

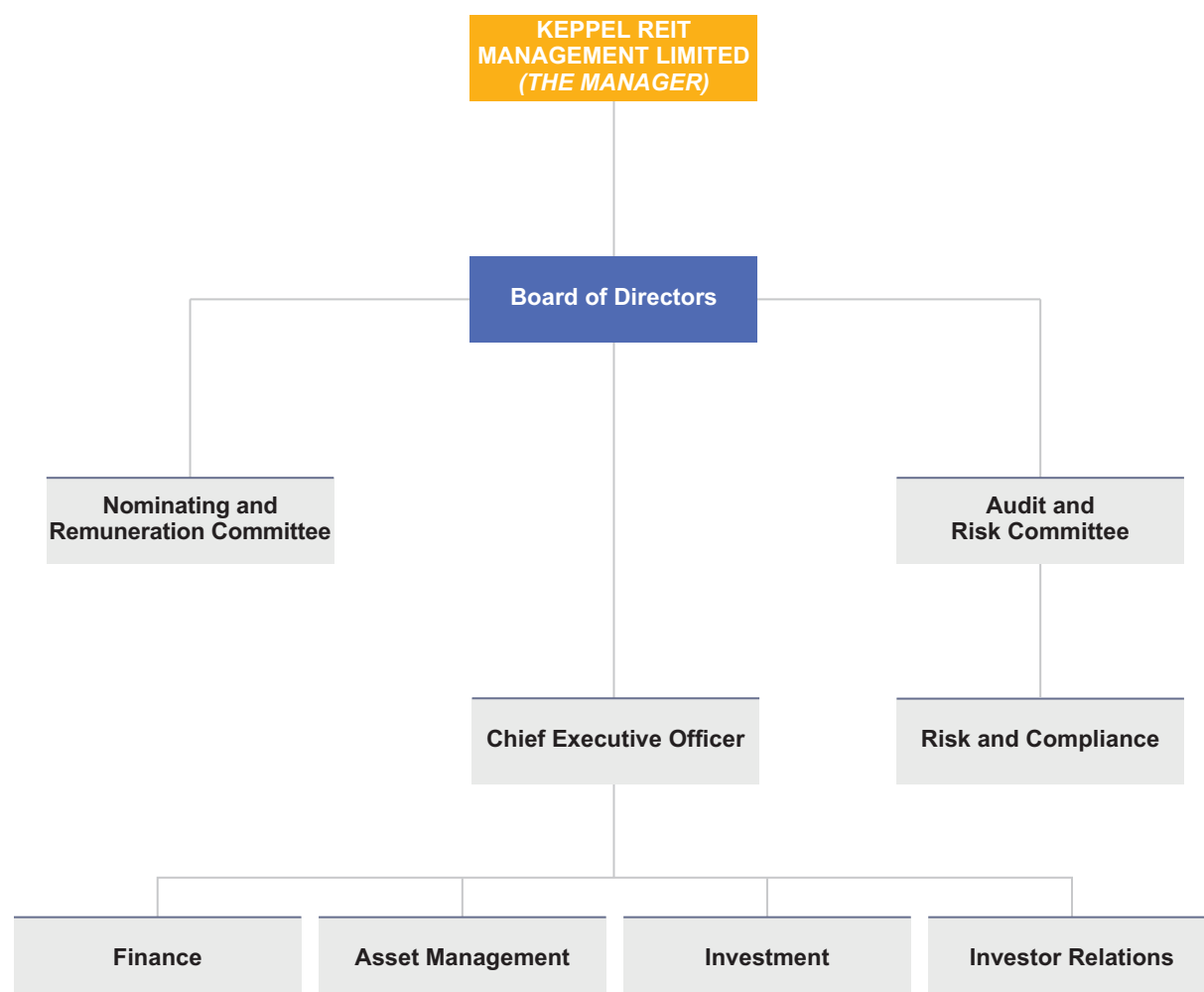
Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Keppel REIT Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Keppel REIT Trustee fails to appoint a successor manager for Keppel REIT in accordance with the provisions of the Keppel REIT Trust Deed;

- (b) if any law shall be passed which renders it illegal or in the opinion of the Keppel REIT Trustee impracticable or inadvisable for Keppel REIT to continue to exist; and
- (c) if within the period of three months from the date of the Keppel REIT Trustee expressing in writing to the REIT Manager the desire to retire, the REIT Manager shall have failed to appoint a new trustee in accordance with the terms of the Keppel REIT Trust Deed.

The Keppel REIT Manager

The Keppel REIT Manager, Keppel REIT Management Limited, was incorporated in Singapore under the Companies Act on 6 September 2004. The Keppel REIT Manager is a wholly-owned subsidiary of Keppel Capital Holdings Pte Ltd. The Keppel REIT Manager has a paid-up capital of S\$1,000,000, and its registered office is located at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632. It has its principal place of business at 1 HarbourFront Avenue, Level 2 Keppel Bay Tower, Singapore 098632 and its telephone number is (65) 6803 1818.

Reporting Structure of the Keppel REIT Manager



Roles and Responsibilities of the Keppel REIT Manager

The Keppel REIT Manager has general powers of management over the assets of Keppel REIT. The Keppel REIT Manager's main responsibility is to manage Keppel REIT's assets and liabilities for the benefit of the Unitholders.

The Keppel REIT Manager will set the strategic direction of Keppel REIT and give recommendations to the Keppel REIT Trustee on the acquisition, divestment or enhancement of assets of Keppel REIT in accordance with its stated investment strategy.

The Keppel REIT Manager has covenanted in the Keppel REIT Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner and to ensure that Keppel REIT's business is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for Keppel REIT at arm's length.

The Keppel REIT Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the listing rules of the SGX-ST, the CIS Code (including the Property Funds Appendix), the Keppel REIT Trust Deed, the Tax Ruling and all relevant contracts. The Keppel REIT Manager will be responsible for all regular communications with Unitholders.

The Keppel REIT Manager may require the Keppel REIT Trustee to borrow on behalf of Keppel REIT (upon such terms and conditions as the Keppel REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Keppel REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable Keppel REIT to meet any liabilities or to finance the acquisition of any property. However, the Keppel REIT Manager must not direct the Keppel REIT Trustee to incur a borrowing if to do so would mean that Keppel REIT's total borrowing would exceed 45.0% (or such other limit as may be stipulated by the MAS) of the value of its Deposited Property immediately prior to the time the borrowing is incurred.

In the absence of fraud, negligence, wilful default or breach of the Keppel REIT Trust Deed by the Keppel REIT Manager, it shall not be in any way responsible for any loss, costs or damages that may result from the exercise or non-exercise, in good faith of any powers or discretions vested in it under the Keppel REIT Trust Deed. In addition, the Keppel REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Keppel REIT Manager, to have recourse to the Deposited Property or any part thereof save where such actions, cost, claim damage, expense or demand is occasioned by the fraud, negligence, wilful default or breach of the Keppel REIT Trust Deed by the Keppel REIT Manager. The Keppel REIT Manager may, in managing Keppel REIT and in carrying out and performing its duties and obligations under the Keppel REIT Trust Deed, with the written consent of the Keppel REIT Trustee, appoint such person(s) to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Keppel REIT Trust Deed, provided always that the Keppel REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

Retirement or Removal of the Keppel REIT Manager

The Keppel REIT Manager shall have the power to retire in favour of a corporation approved by the Keppel REIT Trustee to act as the manager of Keppel REIT.

In addition, the Keppel REIT Manager may also be removed by notice given in writing by the Keppel REIT Trustee if:

- (a) the Keppel REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Keppel REIT Trustee) or if a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the Keppel REIT Manager;
- (b) the Keppel REIT Manager ceases to carry on business;
- (c) the Keppel REIT Manager fails or neglects after reasonable notice from the Keppel REIT Trustee to carry out or satisfy any material obligation imposed on the Keppel REIT Manager by the Keppel REIT Trust Deed;
- (d) the Unitholders by an Ordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Keppel REIT Trust Deed, vote that the Keppel REIT Manager is to be removed;
- (e) for good and sufficient reason the Keppel REIT Trustee is of the opinion, and so states in writing such reason and opinion, that a change of Keppel REIT Manager is desirable in the interests of the Unitholders; or
- (f) the MAS directs the Keppel REIT Trustee to remove the Keppel REIT Manager.

Where the Keppel REIT Manager is removed on the basis that a change of the Keppel REIT Manager is desirable in the interests of the Unitholders under (e) above and provided that if the Keppel REIT Manager within one month after such statement expresses its dissatisfaction in writing with such

opinion, the Keppel REIT Manager has a right under the Keppel REIT Trust Deed to refer the matter to arbitration in accordance with the provisions of the Arbitration Act, Chapter 10 of Singapore, before three arbitrators, the first of whom shall be appointed by the Keppel REIT Manager, the second of whom shall be appointed by the Keppel REIT Trustee and the third of whom shall be appointed by the chairman for the time being of the SGX-ST (failing which appointment, the third arbitrator shall be jointly appointed by the Keppel REIT Manager and the Keppel REIT Trustee). Any decision made pursuant to such arbitration proceedings is binding upon the Keppel REIT Manager, the Keppel REIT Trustee and all Unitholders.

Where the Keppel REIT Manager is removed, the Keppel REIT Trustee shall appoint some other corporation to secure the due performance of its duties as manager of Keppel REIT, and the deed to be entered into between the Keppel REIT Trustee and the new manager shall if so required by the Keppel REIT Manager provide that the words “K” or “Keppel” shall not thereafter form part of the name of the unit trust scheme presently constituted as Keppel REIT.

Directors and Management of the Keppel REIT Manager

Directors of the Keppel REIT Manager

The Board of Directors is entrusted with the responsibility for the overall management of the Keppel REIT Manager. The following table sets forth information regarding the Directors of the Keppel REIT Manager.

<u>Name</u>	<u>Position</u>
Mrs Penny Goh	Chairman and Non-Executive Director
Mr Lee Chiang Huat	Independent Director
Mr Lor Bak Liang	Independent Director
Ms Christina Tan	Non-Executive Director
Mr Tan Swee Yiow	Non-Executive Director
Mr Alan Rupert Nisbet	Independent Director
Mr Ian Mackie	Independent Director

Information on the business and working experience of the Directors is set out below:

Mrs Penny Goh has been a Director of the Keppel REIT Manager since 5 October 2016.

Mrs Goh was formerly the Co-Chairman and Senior Partner of Allen & Gledhill LLP, a leading law firm in Singapore, where she has for many years headed the firm’s corporate real estate practice. She advises listed corporations, private equity property funds, sovereign wealth funds and real estate investment trusts and she has extensive experience in a broad range of corporate real estate transactions for commercial, industrial and logistics projects in Singapore and Asia Pacific, involving investment, joint development and profit participation structures.

She is now Senior Adviser of Allen & Gledhill LLP with effect from 1 January 2020.

Mrs Goh also serves as an Honorary Legal Advisor to the Real Estate Developers’ Association of Singapore.

In addition, Mrs Goh is a member of the Advisory Board for Real Estate Programme, Singapore Management University and a member of the Advisory Committee for the School of Design and Environment, National University of Singapore (“NUS”).

She is the Lead Independent Director of Mapletree Logistics Trust Management Ltd, the manager of Mapletree Logistics Trust, where she also chairs its Nominating and Remuneration Committee.

She is also an Independent Director and member of Audit and Risk Committees, HSBC Bank (Singapore), and an Independent Director of Keppel Corporation Limited.

Mrs Goh holds a Bachelor of Law (Honours) degree from NUS and is a member of the Singapore Bar. She is consistently recommended as a leading specialist in corporate real estate practice by several legal publications including Chambers Asia-Pacific, IFLR 1000, The Legal 500 Asia Pacific, Best Lawyers and The International Who’s Who of Real Estate Lawyers.

Mr Lee Chiang Huat has been a Director of the Keppel REIT Manager since 9 April 2012.

Mr Lee was the Chief Financial Officer of the Nor Offshore Limited Group from April to December 2010 and was responsible for the finance activities relating to accounting, auditing, financial planning, taxation, treasury, investor relations, human resource, administration and management information systems. Between December 1980 and March 2010, Mr Lee was employed by Singapore Petroleum Company Limited (“SPC”). He joined SPC as a financial analyst and was promoted to the position of Chief Financial Officer in September 2000 and was responsible for the accounting, reporting, taxation, treasury, information technology, investor relations and regulatory compliance functions. Prior to his employment with SPC, Mr Lee was a credit analyst with a major US banking corporation from December 1979 to December 1980 and was responsible for the evaluation of the creditworthiness of corporate customers.

Since 12 December 2014, Mr Lee has been an independent director and chairman of the Audit and Risk Committee of Keppel DC REIT Management Pte. Ltd., the manager of Keppel DC REIT.

Mr Lee holds a Bachelor of Business Administration from NUS, a Master of Business Administration (“MBA”) from the University of New South Wales as well as a Master of Social Science (Applied Economics) from NUS.

Mr Lor Bak Liang has been a Director of the Keppel REIT Manager since 9 April 2012.

Mr Lor is a Director of Werone Connect Pte. Ltd., a company engaged in business consultancy.

Mr Lor was Executive Vice President and Head of Asset Management (Asia) in GIC Real Estate Pte Ltd. He was with GIC Real Estate from 1993 to 2007. Prior to joining GIC Real Estate, he was with the Strategic Planning and Business Development Division of DBS Land. Mr Lor began his career as a civil engineer in the Public Works Department in 1982.

Mr Lor graduated from the University of Adelaide with a Bachelor of Engineering (Honours) and from NUS with a Master of Science (Business Administration) and a Master of Science (Civil Engineering). His professional qualifications include Professional Engineer and Chartered Financial Analyst (“CFA”).

Ms Christina Tan has been a Director of the Keppel REIT Manager since 15 September 2016.

Ms Tan is the Chief Executive Officer of Keppel Capital Holdings Pte Ltd (“Keppel Capital”), Chairman of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT) and Deputy Chairman of Alpha Investment Partners Limited (Alpha).

Ms Tan has more than 20 years of experience and expertise in investing and fund management across the US, Europe and Asia. She previously served as the Chief Financial Officer of GRA (Singapore) Private Limited, the Asian real estate fund management arm of the Prudential Insurance Company of America, managing more than US\$1 billion in real estate funds. Prior to that, she was the Treasury Manager with Chartered Industries of Singapore, managing the group’s cash positions and investments. Ms Tan started her career with Ernst & Young before joining the Government of Singapore Investment Corporation (GIC).

Ms Tan’s principal directorships include Keppel Capital, as well as the listed REITs and Business Trust—Keppel REIT Management Limited, Keppel Infrastructure Fund Management Pte Ltd and Keppel DC REIT Management Pte Ltd, as well as the private funds. She also sits on the Investment Committee for the private funds and is instrumental in developing as well as implementing the funds’ portfolio strategy.

Ms Tan holds a Bachelor of Accountancy (Honours) from NUS and is a CFA® charterholder.

Mr Tan Swee Yiow has been a Director of the Keppel REIT Manager since 20 March 2017.

Mr Tan is the Chief Executive Officer and Executive Director of Keppel Land.

Mr Tan joined the Keppel Land Group in 1990. Prior to his current appointment, Mr Tan was the Chief Executive Officer and Executive Director of Keppel REIT Management Limited. Before this, he was President, Singapore, at Keppel Land and concurrently Head, Keppel Land Hospitality Management.

Mr Tan is also the Immediate Past President of the Singapore Green Building Council and a Director of the World Green Building Council Board. He also serves as Deputy Chairman of the Workplace Safety and Health Council (Construction and Landscape Committee) and is the second Vice-President on the Management Council of Real Estate Developers’ Association of Singapore (REDAS).

Mr Tan holds a Bachelor of Science (First Class Honours) in Estate Management from NUS and a MBA in Accountancy from the Nanyang Technological University (“NTU”).

Mr Alan Rupert Nisbet has been a Director of the Keppel REIT Manager since 1 October 2017.

Mr Nisbet is the Principal of Kanni Advisory, a consultancy specialising in financial and business advisory services. Prior to his retirement from Deloitte in 2011 after a successful career of 38 years, Mr Nisbet was the leader of Audit and Assurance Services for Deloitte Southeast Asia and Singapore, where he was responsible for overall audit and assurance operations, business development and quality control. He also established the Deloitte Enterprise Risk Service function in Singapore and led that practice division for four years, where he provided corporate governance, risk management, internal audit and IT security services to clients. Mr Nisbet has vast experience working in the United States and the Asia Pacific region across multiple industries, including real estate, marine and shipping, aviation and transportation services, manufacturing as well as retail/consumer products and services.

Mr Nisbet is a Board Member and Audit Committee Chairman of several private and public companies in Singapore including Standard Chartered Bank (Singapore) Limited, Halcyon Agri Corporation Limited as well as Ascendas Property Fund Trustee Pte Ltd, the Trustee-Manager of Ascendas India Trust.

Mr Nisbet holds a Diploma of Business Studies, Accounting from the Caulfield Institute of Technology in Melbourne, Australia. He is also Fellow of the Institute of Singapore Chartered Accountants and was formerly a Practising Associate of the Institute of Chartered Accountants in Australia.

Mr Ian Mackie has been a Director of the Keppel REIT Manager since 5 December 2019.

Mr Mackie is Chairman of the Urban Land Institute (“ULI”) Australia. He is also a member of the Board of the ULI Asia Pacific Foundation and has been a ULI Global Governing Trustee since July 2019.

Mr Mackie has more than 40 years of experience in real estate investments and funds management in Asia Pacific. He was previously the International Director and Asia Pacific Head of Strategic Partnerships at LaSalle Investment Management (Australia) from April 2015 to December 2018, and International Director and Head of Private Equity and Strategic Partnerships at LaSalle Investment Management Asia from January 2000 to April 2015. Mr Mackie also served on LaSalle’s Asia Pacific Investment Committee from 2006 and its Global Investment Strategy Committee from 2008. Mr Mackie spearheaded LaSalle Investment Management’s expansion strategy in Asia Pacific in the late 1990s, and supervised local teams as President of LaSalle’s Asia private equity funds. He retired from LaSalle Investment Management in December 2018.

Mr Mackie holds a Bachelor of Arts (Economics & Law) from the University of Canberra and an Associate Diploma in Valuation from the University of Technology Sydney. He is also an Associate of the Society of Land Economists, Australia.

Management of the Keppel REIT Manager

The following table sets forth information regarding the key executives of the Keppel REIT Manager:

<u>Name</u>	<u>Position</u>
Mr Tham Wei Hsing, Paul	Chief Executive Officer
Ms Kang Leng Hui	Chief Financial Officer
Mr Toh Wah San	Head, Asset Management
Ms Shirley Ng	Head, Investment

Information on the working experience of the key executives of the Keppel REIT Manager is set out below:

Mr Tham Wei Hsing, Paul was appointed the Chief Executive Officer of the Keppel REIT Manager with effect from 1 January 2019, after having served as its Deputy Chief Executive Officer since 1 February 2018.

Before his current appointment, Mr Tham was the Chief Financial Officer of Keppel Capital, the asset management arm of Keppel Corporation Limited, overseeing finance, compliance, legal, and investor relations functions. Prior to that, Mr Tham was part of Keppel Corporation’s Group Strategy & Development department, where he played a key role in the formation of Keppel Capital.

Before Keppel, Mr Tham served as a management consultant for Bain & Company, working with leading global companies in Asia Pacific across a range of topics, including financial performance management and growth strategy.

Mr Tham started his career as a structural engineer in New York and has experience with building developments and infrastructure. Mr Tham has a Bachelor of Science degree in Civil & Environmental Engineering from Cornell University and a MBA from the Singapore Management University.

Ms Kang Leng Hui is the Chief Financial Officer of the Keppel REIT Manager.

Ms Kang has more than 18 years of experience in financial and corporate reporting, tax planning, management accounting and audit. Prior to joining the REIT Manager, Ms Kang was the Financial Controller of Keppel Capital, the asset management arm of Keppel Corporation. She was also previously the Chief Financial Officer of Keppel Infrastructure Fund Management, the Trustee-Manager of Keppel Infrastructure Trust (previously K-Green Trust), between June 2010 and May 2013. She also held other senior positions in both Keppel Land Limited and Keppel Corporation Limited where she was responsible for the financial and reporting functions, and also participated in various corporate finance exercises.

Ms Kang started her career as an auditor with PricewaterhouseCoopers Singapore before joining the Keppel Group in 2005.

Ms Kang holds a Bachelor of Accountancy Degree (Honours) from NTU. She is a Chartered Accountant (Singapore) and is a member of the Institute of Singapore Chartered Accountants.

Mr Toh Wah San is the Head of Asset Management of the Keppel REIT Manager.

Mr Toh has over 30 years of experience in the construction and real estate industry, particularly in areas of development and asset management. Prior to joining the Keppel REIT Manager, Mr Toh held senior appointments at MC Asia Management, GIC Real Estate, ING Real Estate and Rodamco Asia where he was responsible for regional real estate investment and asset management across several Asian countries including Korea and Japan.

Mr Toh holds a Bachelor of Science Degree (Building) and a MBA, both from NUS.

Ms Shirley Ng is the Head of Investment of the Keppel REIT Manager.

Ms Ng has over 10 years of experience in real estate fund management. Prior to joining the Keppel REIT Manager, she was a Senior Vice President at Alpha Investment Partners Limited. She joined Alpha Investment Partners Limited in June 2008 and was involved in various areas including portfolio management, asset management, as well as investment acquisitions in various markets such as China and the United States. She worked closely with institutional investors and managed funds with gross asset value of more than US\$4 billion, comprising assets in different sectors including offices, retail malls, hotels, serviced apartments and residential apartments.

Before joining Alpha Investment Partners Limited, Ms Ng was with the MAS where she was involved in the risk management and regulatory functions.

Ms Ng holds a Bachelor of Accountancy (Honours) from NTU and a Master of Science (Financial Engineering) from NUS. She is a CFA® charterholder.

RISK FACTORS

Prior to making an investment decision with respect to the Securities, all prospective investors and purchasers should carefully consider all of the information contained in this Information Memorandum, including the risk factors set out below and the financial statements and related notes. The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the businesses of the Relevant Issuer, the Guarantor, Keppel REIT or the Group or any of their respective properties or any decision to purchase, own or dispose of the Securities. Additional risk factors which the Relevant Issuer, the Guarantor, or Keppel REIT Manager is currently unaware of may also impair Keppel REIT's business, financial condition, performance or prospects. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance or prospects of Keppel REIT or the Group could be materially and adversely affected. In such cases, the ability of the Relevant Issuer, the Guarantor, or Keppel REIT to comply with its obligations under the Trust Deed and the Securities may be adversely affected.

Prospective investors should not rely on the information set out herein as the sole basis for any investment decision in relation to the Securities but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Securities for their particular circumstances.

Headings and sub-headings are for convenience only and investment considerations and risk factors that appear under a particular heading or sub-heading may also apply to one or more other headings or sub-headings.

Limitation of this Information Memorandum

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if it has received information to assist it in making such a determination. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Relevant Issuer, the Guarantor, the Keppel REIT Manager, any of the Dealer(s) or the Arranger that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities.

Each person receiving this Information Memorandum acknowledges that such person has not relied on the Relevant Issuer, the Guarantor, Keppel REIT's subsidiaries or associates, the Keppel REIT Manager, any of the Dealer(s) or the Arranger or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained therein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness, of the Relevant Issuer, the Guarantor, Keppel REIT and the Group, the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

This Information Memorandum does not purport to contain all information that a prospective investor of the Securities may require in investigating the matters or the parties referred to above, prior to making an investment in the Securities.

RISKS ASSOCIATED WITH AN INVESTMENT IN SECURITIES

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Securities linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including S\$ Swap Offer Rate ("SOR") or the Singapore interbank offered rate ("SIBOR")) are the subject of recent national and

international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Security linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the “Benchmarks Regulation”) was published in the Official Journal of the EU on 29 June 2016 and mostly applies, subject to certain transitional provisions, from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Securities linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of the London interbank offered rate (“LIBOR”) has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (“FCA”) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “FCA Announcements”). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“SONIA”) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

As the SOR methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of SOR. On 30 August 2019, the MAS announced that, it has established a steering committee to oversee an industry-wide interest rate benchmark transition from the SOR to the Singapore Overnight Rate Average.

It is not possible to predict with certainty whether, and to what extent, SOR and SIBOR will continue to be supported going forward. This may cause SOR and SIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should be aware that, if SOR or SIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes and the rate of distribution on Floating Rate Perpetual Securities which reference SOR or SIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes or Perpetual Securities, as the case may be. Depending on the manner in which SOR or SIBOR is to be determined under the Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for SOR or SIBOR which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate for Floating Rate Notes and Floating Rate Perpetual Securities

based on the rate which was last observed on the relevant Screen Page. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes and Floating Rate Perpetual Securities which reference SOR or SIBOR.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Securities in making any investment decision with respect to any Securities referencing a benchmark.

Absence of secondary market for the Securities

The Securities have no established trading market when issued. There is no assurance that an active trading market for the Securities will develop, or as to the liquidity or sustainability of any such market, the ability of holders to sell their Securities or the price at which holders of the Securities will be able to sell their Securities. If an active market for the Securities fails to develop or be sustained, the value of the Securities could fall. If an active trading market were to develop, the Securities could trade at prices that may be lower than the initial offering price of the Securities. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment categories of investors. The types of Securities generally have a more limited secondary market and more price volatility than conventional debt securities.

Fluctuation of the market value of the Securities

The value of the Securities may fluctuate as a result of various factors, including: (i) the market for similar securities, (ii) general economic, political or financial conditions and (iii) Keppel REIT's financial condition, results of operations and future prospects. Adverse economic developments, in Singapore as well as countries in which Keppel REIT and/or subsidiaries and/or Associates of Keppel REIT operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of Keppel REIT, its subsidiaries and/or Associates.

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets or may adversely affect the market price of any Series or Tranche of Securities.

Interest Rate Risk

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Securities, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Securities may rise. The Securityholders may enjoy a capital gain but interest or distribution payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns.

Performance of contractual obligations by the Relevant Issuer is dependent on other parties

The ability of the Relevant Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent, the CDP Agent Bank, the Non-CDP Agent Bank, the CDP Registrar, the Non-CDP Registrar, the CDP Transfer Agent and/or the Non-CDP Transfer Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Relevant Issuer of their obligations to make payments in respect of the Securities, the Relevant Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders and the Couponholders.

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained in this Information Memorandum or any applicable supplement to this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments, but rather as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Legal risk factor may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult with its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Securities may be issued at a substantial discount or premium

The market value of Securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Securityholders should be aware that Definitive Securities and Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade

In relation to any issue of Securities which have a denomination consisting of a minimum Denomination Amount plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of the minimum Denomination Amount that are not integral multiples of such minimum Denomination Amount. In such a case, a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Denomination Amount will not receive a Definitive Security or Certificate in respect of such holding (should Definitive Securities or Certificates be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Denomination Amounts. If Definitive Securities or Certificates are issued, holders should be aware that Definitive Securities or Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade. Definitive Securities and Certificates will in no circumstances be issued to any person holding Securities in an amount lower than the minimum denomination and such Securities will be

cancelled and holders will have no rights against the Relevant Issuer (including rights to receive principal or interest or to vote or attend meetings of Securityholders) in respect of such Securities.

The Group may not fully hedge the currency risks associated with Securities denominated in foreign currencies

The majority of the Group's revenue is generally denominated in Singapore dollars and the majority of the Group's operating expenses are generally incurred in Singapore dollars as well. As Securities issued under the Programme can be denominated in currencies other than Singapore dollars, the Group may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that the Group may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

Exchange rate risks and exchange controls may result in Securityholders receiving less principal, interest or distribution than expected

The Relevant Issuer will pay principal, interest and distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if a Securityholder's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

A change in Singapore law which governs the Securities may adversely affect Securityholders

The Securities are governed by Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities.

The Securities and the Guarantee are not secured

The Securities and the Coupons relating to them constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer.

Accordingly, on a winding-up or termination of the Relevant Issuer, (where applicable) the Guarantor and/or Keppel REIT at any time prior to maturity of any Securities, the Securityholders will not have recourse to any specific assets of the Relevant Issuer, (where applicable) the Guarantor, Keppel REIT or the Group as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of the Relevant Issuer, (where applicable) the Guarantor and/or Keppel REIT, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.

Enforcement of payment under the Securities

Enforcement of payment under the Securities issued by the Relevant Issuer could be dependent on the Keppel REIT Trustee's right of indemnity out of the assets of Keppel REIT and various other factors arising from the trust structure of Keppel REIT.

Securityholders and potential investors in the Securities should note that the Securities are issued by the Relevant Issuer, and not Keppel REIT as the latter is not a legal entity. Securityholders should note that under the terms of the Securities, Securityholders shall only have recourse in respect of the Securities to the assets of Keppel REIT which the Keppel REIT Trustee has recourse to under or in relation to the Keppel REIT Trust Deed, and not to the Keppel REIT Trustee in its personal capacity or

any assets held by the Keppel REIT Trustee as trustee of any trust other than Keppel REIT. Further, Securityholders do not have direct access to the assets of Keppel REIT but may have to gain access through the Keppel REIT Trustee and if appropriate, seek directions of a court to subrogate the Keppel REIT Trustee's right of indemnity out of such assets, and accordingly, any claim of the Securityholders to the assets of Keppel REIT is derivative of the rights of the Keppel REIT Trustee. A Securityholder's right of subrogation therefore could be limited by the Keppel REIT Trustee's right of indemnity under or in relation to the KIT Trust Deed.

Securityholders should also note that such right of indemnity of the Keppel REIT Trustee may be limited or lost through fraud, negligence, breach of duty or breach of trust or by reason of other liabilities that the Keppel REIT Trustee may be liable to pay or contribute towards Keppel REIT. Where the Keppel REIT Trustee commits a breach of trust (whether or not such breach is committed in relation to the Securities), the assets of Keppel REIT may only be available to satisfy claims under the Securities upon the Keppel REIT Trustee first making good any loss arising from such breach of trust.

In addition, Securityholders should note that they may be adversely affected if the Keppel REIT Trustee becomes insolvent, is wound-up or is placed under judicial management. If such an event occurs, the enforcement of payment under the Securities may be subject to delay and/or otherwise be impacted by such proceedings.

Application of Singapore insolvency and related laws to Keppel REIT may result in a material adverse effect on the Securityholders

There can be no assurance that Keppel REIT will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. As of now, it is unclear whether the provisions of Singapore insolvency and related laws applicable to corporates can be applied to REITs. If Singapore insolvency and related laws applicable to corporates were to be applied to REITs, this could have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders.

Where Keppel REIT is insolvent or close to insolvent and the Keppel REIT Trustee undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to Keppel REIT. It may also be possible that if a company related to the Keppel REIT Trustee proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Keppel REIT Trustee may also seek a moratorium even if the Keppel REIT Trustee is not in itself proposing a scheme of arrangement. Further, it is not clear that an application by the Keppel REIT Trustee for a moratorium will in itself constitute an event of default under the terms and conditions of the Notes and the Trustee may not be able to declare the Notes immediately due and payable upon the occurrence of such an event. These moratoriums can be lifted with the court's permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Keppel REIT Trustee, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Furthermore, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75.0% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, recent amendments have also introduced cram-down provisions for where there is a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75.0% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class. In such a scenario, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the "IRD Act") was passed in Parliament on 1 October 2018, but is not yet in force. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company which commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. In the event that these provisions are applicable to REITs, it is unclear

how, and to what extent, the provisions in the IRD Act may affect this transaction and whether or not this transaction will be exempted from the application of such provisions.

There is no assurance that the Relevant Issuer will have sufficient cash flow to meet payment obligations under the Securities

There is no assurance that the Relevant Issuer will have sufficient cash flow to meet payment obligations under the Securities as and when they fall due. For example, the ability of the Relevant Issuer to comply with its payment obligations under the Trust Deed and the Securities may be adversely affected in the event the Relevant Issuer suffers a material deterioration in its financial condition.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (including pursuant to Condition 11 of the Notes or, as the case may be, Condition 9 of the Perpetual Securities), the Trustee at its discretion may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such actions directly. In addition, Securityholders should note that under the Trust Deed, the Trustee has the right, subject to any written law for the time being in force upon the provision of prior notice and if it has reasonable grounds to believe that an Event of Default or an Enforcement Event is likely to occur or would have occurred, to inspect the accounting and other records of the Group.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, a common depositary for Euroclear and/or Clearstream, Luxembourg, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a “Clearing System”). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities or Global Certificates, the Relevant Issuer will discharge its payment obligations under the Securities by making payments to the common depositary for Euroclear and/or Clearstream, Luxembourg or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Relevant Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right under the respective Global Securities and Global Certificates to take enforcement action against the Relevant Issuer following an Event of Default or, as the case may be, Enforcement Event (each as defined in the Trust Deed) under the relevant Securities but will have to rely upon their rights under the Trust Deed.

Securityholders may be subject to tax in Singapore and other jurisdictions

Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition of the Securities. See “Singapore Taxation” for certain Singapore tax consequences

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. The Trustee, the Relevant Issuer or the Guarantor may, and the Trustee upon the request in writing by Securityholders holding not less than 25 per cent. of the principal amount of the Securities of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Securityholders of that Series. These provisions permit defined majorities to bind all Securityholders, including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Securityholders or the Couponholders, agree to (i) any modification of any of the provisions of the Trust Deed or other Transaction Documents that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of Singapore law or is required by the relevant clearing system in which the Notes may be held, (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders, and (iii) the substitution in place of the existing Keppel REIT Trustee as the Relevant Issuer or, in the case of Notes issued by the Keppel REIT SPV, as the Guarantor of another company being either the successor in business of the existing Keppel REIT Trustee or the substitution of the existing Keppel REIT Trustee as the new trustee of Keppel REIT in the circumstances described in Condition 12 of the Notes and Condition 10 of the Perpetual Securities.

RISKS RELATING TO THE NOTES

The Notes are subject to mandatory redemption in the event of termination of Keppel REIT

In the event that Keppel REIT is terminated in accordance with the provisions of the Keppel REIT Trust Deed, the Relevant Issuer shall redeem all of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Notes may be subject to optional redemption by the Relevant Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Relevant Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Investors should be aware that Keppel REIT is not bound by a negative pledge clause under the Terms and Conditions of the Notes

The current Terms and Conditions of the Notes (as set out in the section entitled “Terms and Conditions of the Notes” of this Information Memorandum) do not bind Keppel REIT to a negative

pledge covenant. This means that Keppel REIT is generally not restricted from subjecting its undertakings, assets, property or revenue to security arrangements without having to seek the prior approval of the Trustee and/or Noteholders. Noteholders subscribing for any Tranche or Series of Notes should check the relevant Pricing Supplement for any change in the Terms and Conditions the Notes. If you are in any doubt, you should seek independent professional advice.

Enforcement of Guarantee

Noteholders should note that the Guarantee is issued by the Keppel REIT Trustee and not Keppel REIT as the latter is not a legal entity. Noteholders should note that under the terms of the Guarantee, Noteholders may only have recourse to the assets of Keppel REIT and not the Keppel REIT Trustee personally nor any other assets held by it as trustee of any trust (other than Keppel REIT). Further, Noteholders do not have direct access to the assets of Keppel REIT but may only have recourse to such assets through the Keppel REIT Trustee and if necessary seek to subrogate to the Keppel REIT Trustee's right of indemnity out of the trust properties, and accordingly, any claim to such assets is derivative in nature. A Noteholder's right of subrogation therefore could be limited by the Keppel REIT Trustee's right of indemnity. Noteholders should also note that such right of indemnity of the Keppel REIT Trustee may be lost by virtue of fraud, negligence or wilful default of the Keppel REIT Trustee or breach of any provisions of the Keppel REIT Trust Deed or breach of trust by the Keppel REIT Trustee. In this regard, the Trust Deed, the Programme Agreement, the Agency Agreement and the Securities (the "Relevant Documents") provide that any liability of or indemnity given by the Keppel REIT Trustee under the Relevant Documents is limited to the assets of Keppel REIT over which the Keppel REIT Trustee has recourse and shall not extend to any personal, or other assets of the Keppel REIT Trustee, or any assets held by the Keppel REIT Trustee as trustee of any trust (other than Keppel REIT).

Singapore Tax Risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Singapore Taxation".

However, there is no assurance that the conditions for "qualifying debt securities" will be met or that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time or should the required conditions cease to be fulfilled.

RISKS RELATING TO THE PERPETUAL SECURITIES

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Relevant Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time. Distributions are discretionary and non-cumulative. Perpetual Securityholders may not receive distribution payments if the Keppel REIT Trustee elects to not pay all or a part of a distribution under the terms and conditions of the Perpetual Securities.

The Keppel REIT Trustee may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Keppel REIT Trustee is subject to certain restrictions in relation to the declaration or payment of distributions on the Junior Obligations of Keppel REIT and (except on a *pro rata* basis) the Parity Obligations of Keppel REIT and the redemption and repurchase of the Junior Obligations of Keppel REIT and (except on a *pro rata* basis) the Parity Obligations of Keppel REIT in the event that it does not pay a distribution in whole or in part. The Keppel REIT Trustee is not subject to any limit as to the number of times or the amount with respect to which the Keppel REIT Trustee can elect not to pay distributions under the Perpetual Securities. Distributions are non-cumulative, while the Keppel REIT Trustee may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Keppel REIT Trustee will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite

period of time. Any non-payment of a distribution in whole or in part in accordance with the Conditions of the Perpetual Securities shall not constitute a default for any purpose. Any election by the Keppel REIT Trustee not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the discretionary and non-cumulative nature of the distribution payable in respect of the Perpetual Securities, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in Keppel REIT's financial condition.

The Perpetual Securities are unsecured and subordinated obligations

The obligations of the Keppel REIT Trustee under the Perpetual Securities will constitute unsecured and subordinated obligations of the Keppel REIT Trustee. Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-up of Keppel REIT, there shall be payable by the Keppel REIT Trustee in respect of each Perpetual Security (in lieu of any other payment by the Keppel REIT Trustee), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of Keppel REIT, and thereafter, such Perpetual Securityholder were the holder of one Notional Preferred Unit, on the assumption that the amount that such Perpetual Securityholder was entitled to receive under the Conditions in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions in respect of which the Keppel REIT Trustee has given notice to the Perpetual Securityholders in accordance with the Conditions of the Perpetual Securities. In the event of a shortfall of funds or a Winding-Up of Keppel REIT, there is a real risk that an investor in the Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any accrued and unpaid distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Keppel REIT Trustee without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Keppel REIT Trustee may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a Winding-Up of the Keppel REIT and/or may increase the likelihood of a non-payment of distribution under the Perpetual Securities.

If so specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Keppel REIT Trustee's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Keppel REIT Trustee on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Keppel REIT Trustee may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. Please refer to the section "Terms and Conditions of the Perpetual Securities—Redemption and Purchase".

The date on which the Keppel REIT Trustee elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for non-payment under the Perpetual Securities

Any scheduled distribution will not be due if the Keppel REIT Trustee elects not to pay all or a part of that distribution pursuant to the terms and conditions of the Perpetual Securities. Notwithstanding any

of the provisions relating to non-payment defaults, the right to institute proceedings is limited to circumstances where payment has become due and the Keppel REIT Trustee fails to make the payment when due and such failure continues for a period of three (3) business days after the due date. The only remedy against the Keppel REIT Trustee available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such Winding-Up and/or claiming in the liquidation of Keppel REIT in respect of any payment obligations of the Keppel REIT Trustee arising from the Perpetual Securities. As Keppel REIT is an authorised collective investment scheme, the enforcement of any remedy will be subject to the prevailing laws and legislation applicable to collective investment schemes in Singapore.

The Keppel REIT Trustee may raise or redeem other capital which affects the price of the Perpetual Securities

The Keppel REIT Trustee may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Keppel REIT Trustee may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the terms and conditions of the Perpetual Securities, the Keppel REIT Trustee may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a Winding-Up of Keppel REIT, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

Any future changes in the accounting treatment of the Perpetual Securities may entitle Keppel REIT to redeem such Securities

Any changes or amendments to the SFRS or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of Keppel REIT which result in the Perpetual Securities not being regarded as “equity” of Keppel REIT will allow the Keppel REIT Trustee to redeem such Perpetual Securities.

The date on which the Keppel REIT Trustee elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the circumstances of individual Perpetual Securityholders. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

Holders may be subject to Singapore taxation

The Singapore tax treatment of the Perpetual Securities as described in the Section “Singapore Taxation” is subject to the agreement of the IRAS. The Keppel REIT Trustee intends to apply to the IRAS for an advance ruling to confirm the Singapore tax treatment of the Perpetual Securities.

In the event that the IRAS regards any tranche of the Perpetual Securities (the “Relevant Tranche of the Perpetual Securities”) to be equity instruments for Singapore income tax purposes, consistent with the accounting treatment of the Relevant Tranche of the Perpetual Securities under SFRS, all payments, or part thereof, of Distributions and Optional Distributions in respect of the Relevant Tranche of the Perpetual Securities may be subject to Singapore income tax, and Keppel REIT may be obliged (in certain circumstances) to withhold tax at the prevailing rate (currently 10.0% or 17.0%) under Section 45G of the ITA. Where tax is withheld or deducted, the Keppel REIT Trustee shall not be under any obligation to pay additional amounts as will result in receipt by holders of the Relevant Tranche of the Perpetual Securities of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

No assurance, warranty or guarantee is given on the tax treatment to holders of the Perpetual Securities in respect of the Distributions and Optional Distributions payable to them. Perpetual Securityholders are thus advised to consult their own professional advisers regarding the risk of payments on the Perpetual Securities being subject to Singapore withholding tax.

In addition, no assurance is given that the IRAS will issue a ruling or that the ruling, if issued will apply to all tranches of Perpetual Securities issued under the Programme.

In the event that the IRAS regards any Relevant Tranche of the Perpetual Securities to be debt securities for Singapore income tax purposes, the Relevant Tranche of the Perpetual Securities is intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions. However, there is no assurance that the conditions for “qualifying debt securities” will be met or that such Relevant Tranche of the Perpetual Securities will continue to enjoy the tax concessions granted to “qualifying debt securities” should the relevant tax laws be amended or revoked at any time. There is also no assurance that the IRAS will regard the Perpetual Securities as debt securities which are within the ambit of “qualifying debt securities.”

For further details of the tax treatment of the Perpetual Securities, see “Singapore Taxation”.

RISKS RELATING TO THE PROPERTIES

Keppel REIT is exposed to economic and real estate market conditions, as well as changes in regulatory, fiscal and other governmental policies in Singapore, Australia and South Korea

Keppel REIT’s properties (the “Properties”) are located in Singapore, Australia and South Korea. An economic decline in Singapore, Australia and/or South Korea could adversely affect Keppel REIT’s results of operations and future growth. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. These events could adversely affect Keppel REIT insofar as they result in:

- a negative impact on the ability of the tenants to pay their rents in a timely manner or continuing their leases, thus reducing Keppel REIT’s cash flow;
- decreases in valuations of the Properties resulting from deteriorating operating cash flow and/or widening capitalisation rates;
- decreases in rental or occupancy rates;
- the insolvency of contractors resulting in construction delays in the Properties;
- an adverse effect on the cost of funding Keppel REIT’s business;
- an increase in counterparty risk;
- negative foreign exchange impacts as compared to the Singapore Dollar, at the time of consolidating the financial performance of the subsidiaries; and/or
- a likelihood that one or more of Keppel REIT’s banking syndicates or insurers may be unable to honour their commitments to Keppel REIT.

Uncertainties and potential downturn in the global economy could also impact the economies of Singapore, Australia and/or South Korea.

Other real estate market conditions which may also adversely affect the performance of Keppel REIT include the attractiveness of competing commercial-related assets or an oversupply or reduced demand for such commercial-related assets.

Further, Keppel REIT will be subject to foreign real estate laws, regulations and policies as a result of its property investments in Australia and South Korea. Measures and policies adopted by the Australian and South Korean governments and regulatory authorities at national, provincial or local levels, such as government control over property investments or foreign exchange regulations, might negatively impact the Properties.

Keppel REIT operates in a capital intensive industry that relies on the availability of sizeable amounts of capital

Keppel REIT may require additional financing to fund working capital requirements, support the future growth of its business and/or refinance its existing debt obligations. There can be no assurance that financing, either on a short-term or long-term basis, will be made available or, if available, that such financing will be obtained on commercially reasonable terms. Factors that could affect Keppel REIT’s ability to procure financing include the property market’s cyclical nature, any impairment of financial systems in the event of a downturn in financial markets, market disruption risks and lending curbs due to central bank tightening which could adversely affect the liquidity, interest rates and availability of any third-party capital funding sources.

The loss of anchor tenants or a significant number of tenants of any of the Properties, or a downturn in the businesses of anchor tenants or a significant number of tenants could have an adverse impact on the business, financial condition and results of operations of Keppel REIT

Keppel REIT's financial condition, results of operation and capital growth may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of one or more anchor tenants or a significant number of tenants of any of the Properties, resulting in failure of obtaining timely rental payments or tenants defaulting on tenancies with Keppel REIT as well as the decision by one or more of these tenants not to renew its lease or to terminate its lease before it expires. If any tenant defaults or fails to make timely rental payments, Keppel REIT may experience delays in enforcing its rights as landlord and incur time and expenses relating to any eviction proceedings, which may be substantial in the case of anchor tenants. If an anchor tenant or a significant number of tenants terminate their leases or do not renew their leases at expiry, it may be difficult to secure replacement tenants at short notice. In addition, the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than the current leases.

The loss of anchor tenants or a significant number of tenants in any one of the Properties or future acquisitions could result in periods of vacancy, which could adversely affect the revenue and financial conditions of the relevant Property and consequently the property income of Keppel REIT.

Planned amenities and transportation infrastructure near the Properties may not be implemented as planned, or may be closed, relocated, terminated, delayed or not completed

There is no assurance that amenities, transportation infrastructure and public transport services near the Properties will be implemented as planned or will not be closed, relocated, terminated, delayed or completed. If such an event were to occur, it will adversely impact the accessibility of the relevant Property and the attractiveness and marketability of the relevant Property to tenants. This may then have an adverse effect on the demand and the rental rates for the relevant Property and adversely affect the business, financial condition and results of operations of Keppel REIT.

The outbreak of an infectious disease or any other serious public health concerns in Asia, Australia and elsewhere could adversely impact the business, financial condition and results of operations of Keppel REIT

Epidemics that are beyond Keppel REIT's control may adversely affect the economies of Singapore, Australia and South Korea. These countries face threats of epidemics such as Severe Acute Respiratory Syndrome ("SARS"), H5N1 avian flu, swine flu ("Influenza A (H1N1)") or the 2019 Novel Coronavirus ("Covid-19"). Cases of the Middle East respiratory syndrome coronavirus (MERS-CoV) have been reported in several countries, including certain countries in the Middle East, the United Kingdom, the United States, South Korea and Thailand.

The outbreak of an infectious disease such as Influenza A (H1N1), H5N1 avian flu, SARS, MERS-CoV or the Covid-19 in Asia, Australia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia, Australia and globally and could thereby adversely impact the revenues and results of Keppel REIT. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concerns in Asia and/or Australia could have an adverse effect on the business, financial condition and results of operations of Keppel REIT.

Most of the Properties are jointly owned with third parties, which may have an impact on the liquidity, value and management of the relevant Properties

Keppel REIT is exposed to the ordinary risks relating to the partial and joint ownership of assets in relation to its (i) 79.9% interest in Ocean Financial Centre, (ii) one-third interest in MBFC (comprising office Towers 1, 2 and 3 and the subterranean mall, MBLM), (iii) one-third interest in One Raffles Quay, (iv) 50.0% interest in 8 Chifley Square, Sydney, (v) 50.0% interest in the 8 Exhibition Street office building and a 100.0% interest in the three adjacent retail units in Melbourne, (vi) 50.0% interest in 275 George Street, Brisbane, (vii) 50.0% interest in David Malcolm Justice Centre, Perth, (viii) 50.0% interest in an office building being developed at 311 Spencer Street, Melbourne, and (ix) 99.4% interest in T Tower, Seoul. Accordingly, the REIT Trustee does not have sole discretion to manage these Properties through the partnership/property holding companies/trust/jointly owned properties. Under the relevant shareholders' agreements, partnership agreements, joint venture/owners agreements (as

the case may be) relating to the partnership/property holding companies/trust/jointly owned properties that are not wholly owned by Keppel REIT, certain matters, such as amending the joint venture agreements, trust deed, changing the business or equity structure, issuing securities, use of funds, borrowings and other credit activities, replacing the property manager and appointment of key personnel, may require a unanimous or majority shareholders'/partners' approval of the relevant property companies.

There is no assurance that such unanimous or majority approval from the shareholders/partners of the Properties can be obtained. Should the relevant resolutions not be passed, certain matters relating to the Properties, such as those relating to the operation of the Properties and the level of dividends to be declared by the Properties, may not be carried out and this may adversely affect Keppel REIT's financial condition and results of operations.

In addition, if the other shareholders/partners of the Properties or the holding company of the Properties are obliged to contribute additional capital or funds to the Properties, but lack financial resources at the relevant time to meet these obligations, necessary capital or funds required for development or operations may be delayed or cancelled. This adds to the uncertainty of such collaborations and may adversely affect Keppel REIT's financial condition and results of operations.

Keppel REIT's success depends on the ability of the Keppel REIT Manager and the Property Managers to provide adequate maintenance and management to the Properties

Keppel REIT depends on the Keppel REIT Manager to manage its operations and its real estate assets. In turn, the Keppel REIT Manager depends on the Property Managers for, among other matters, the maintenance and management of the common areas, common facilities and public structures of the Keppel REIT Properties.

Should the Keppel REIT Manager and/or any of the Property Managers fail to provide adequate maintenance and management to the Properties, the value of the Properties might be adversely affected and this may result in a loss of tenants, which will have a material adverse effect on the business, financial condition and results of operations of Keppel REIT and may, in turn, affect Keppel REIT's ability to fulfil its payment obligations under the Securities.

Keppel REIT may suffer material losses in excess of insurance proceeds or Keppel REIT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties

The Properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties.

In addition, certain types of risks (such as war risk, acts of terrorism and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, Keppel REIT's insurance policies for the Properties cover risks which are commonly insured in the Singapore, Australia and South Korea markets.

Should an uninsured loss or a loss in excess of insured limits occur, Keppel REIT could suffer financial losses and/or lose capital invested in the affected property as well as anticipated future revenue from that property as it may not be able to rent out or sell the affected property. Keppel REIT will also be liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur.

Renovation or redevelopment works or physical damage to the Properties may disrupt the operations of the Properties and collection of rental income or otherwise result in adverse impact on the financial condition of Keppel REIT

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, the Properties. The Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen *ad hoc* maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining commercial properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. The business and operations of the Properties may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

In addition, physical damage to the Properties resulting from fire or other causes may lead to a significant disruption to the business and operation of the Properties and, together with the foregoing, may impose unbudgeted costs on Keppel REIT and result in an adverse impact on the financial condition and results of operations of Keppel REIT.

Keppel REIT could incur significant costs or liability related to environmental matters

Keppel REIT's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control and the storage of dangerous goods. Under these laws, an owner or operator of real property may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. In addition, Keppel REIT may be required to make capital expenditures to comply with these environmental laws. The presence of contamination, air pollution, noise pollution or dangerous goods without a valid licence or the failure to remediate contamination, air pollution, noise pollution or dangerous goods may expose Keppel REIT to liability or materially adversely affect its ability to sell or lease the real property or to borrow using the real property as collateral. Accordingly, if the Properties are affected by contamination or other environmental effects not previously identified and/or rectified, Keppel REIT risks prosecution by environmental authorities and may be required to incur unbudgeted capital expenditure to remedy such and the financial position of tenants may be adversely impacted, affecting their ability to trade and to meet their tenancy obligations.

The due diligence exercise on the Properties, tenancies, buildings and equipment may not have identified all defects, breaches of laws and regulations and other deficiencies

The Keppel REIT Manager believes that reasonable due diligence investigations with respect to the Properties have been conducted prior to their acquisitions. However, there is no assurance that the Properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair or maintenance expenses) or be affected by breaches of laws and regulations. Such defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on Keppel REIT's earnings and cash flows.

Losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flow

Design, construction or other latent property or equipment defects in the Properties may require additional capital expenditure, special repair, maintenance expenses or the payment of damages or other obligations to third parties.

Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on Keppel REIT's earnings and cash flows.

Statutory or contractual representations, warranties and indemnities given by any seller of commercial properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

The Properties may face increased competition from other properties

The Properties are located in areas where other competing properties are present and new properties may be developed which may compete with the Properties.

The income from and the market value of the Properties will be dependent on the ability of the Properties to compete against other properties for tenants. If competing properties are more successful in attracting and retaining tenants, the income from the Properties could be reduced, thereby adversely affecting Keppel REIT's cash flow. The increased competition may result in Keppel REIT having to lower its rental rates, suffer a decline in occupancy levels or incur additional capital improvements to improve the Properties. This would have an adverse effect on the financial condition and results of operations of Keppel REIT.

The Properties may be revalued downwards

There can be no assurance that Keppel REIT will not be required to make downward revaluation of the properties held by Keppel REIT in the future. Any fall in the gross revenue or net property income earned from the Properties may result in downward revaluation of the properties held by Keppel REIT.

In addition, Keppel REIT is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return. The changes in fair value may have an adverse effect on Keppel REIT's financial results in the financial years where there is a significant decrease in the valuation of Keppel REIT's investment properties which will result in revaluation losses that will be charged to its statement of profit or loss.

RISKS RELATING TO KEPPEL REIT'S OPERATIONS

Keppel REIT's business is concentrated in Singapore with all its properties in the same general location, which may result in a higher level of risk compared to some other REITs that have properties spread over diverse locations

Properties held by Keppel REIT are principally located in Singapore. A high concentration of its Properties in Singapore may entail a higher level of risk as compared to some other REITs which have properties spread over different countries or have a more diverse range of investments. Moreover, Keppel REIT's Singapore properties are located in Singapore's central area, with a majority located in the city's downtown core area. This concentration may entail a higher level of risk as compared to some other REITs that have properties spread over several different locations. A substantial portion of Keppel REIT's earnings depends on the continued strength of Singapore's office property market, which is in turn affected by general economic and business conditions. This exposes Keppel REIT to the risk of a downturn in economic and real estate conditions in Singapore. The value of Keppel REIT's properties and the rental revenue collected may also be adversely affected by local real estate conditions. Any circumstance which adversely affects the operations or business of any of Keppel REIT's Singapore properties or their attractiveness to tenants, may in effect affect all of Keppel REIT's Singapore properties. Should this happen, Keppel REIT may not have sufficient income from Keppel REIT's other properties (or interests in other properties) to mitigate any ensuing loss of income arising from such circumstance.

Keppel REIT operates substantially through property holding partnerships and/or companies and its ability to make payments to Unitholders is dependent on the financial position of these partnerships and/or companies

The ability of Keppel REIT to make payments to the Unitholders is dependent on payments or other distributions from the partnerships and/or companies holding the Properties. There can be no assurance that the partnerships and/or companies will have sufficient distributable or realised profits or surplus in any future period to pay dividends or make advances to Keppel REIT. The ability of these partnerships/companies to make such payments or distribution may be restricted by, among other things, their respective businesses and financial positions, the availability of distributable profits, applicable laws and regulations (which may restrict the payment of their dividends) or the terms of agreements to which they are, or may become, a party to.

Keppel Corporation Limited ("KCL") is a controlling Unitholder and will be able to exercise influence over certain activities of Keppel REIT

As at 31 December 2019, KCL is deemed to be interested in approximately 48.98% of the total number of Units in issue. KCL will therefore be in a position to exercise influence in matters which require the approval of Unitholders.

Keppel REIT Property Management Pte. Ltd. ("KRPMP"), the Property Manager for Ocean Financial Centre, Keppel Investment Management Co., Ltd. ("KIMCL"), the asset manager for T Tower in Seoul, South Korea, are both subsidiaries of KCL. There may be potential conflicts of interest between Keppel REIT, KRPMP, KIMCL and KCL

KCL is one of Asia's leading property developers, and KCL, its subsidiaries, related corporations and associates are engaged in, among others, the investment in, and the development and management of, commercial real estate pan-Asia.

KCL may exercise influence over the activities of Keppel REIT. These include matters which require Unitholders' approval. Moreover, KCL may in the future sponsor, manage or invest in other real estate investment trusts or other vehicles. There can be no assurance that conflicts of interest will not arise between Keppel REIT and KCL in the future.

Furthermore, KRPMPL, which is a subsidiary of KCL, has been appointed to manage Ocean Financial Centre, and KIMCL, which is also a subsidiary of KCL, has been appointed to manage T Tower, and KRPMPL and/or KIMCL may be appointed to manage future properties to be acquired by Keppel REIT. If KRPMPL or KIMCL were to manage a property which competes with the Properties, there can be no assurance that KRPMPL or KIMCL will not favour properties that KCL has in its own property portfolio over those owned by Keppel REIT when providing leasing services to Keppel REIT, which could lead to lower occupancy rates and/or lower rental income for the properties owned by Keppel REIT as a whole and this may affect Keppel REIT's ability to fulfil its payment obligations under the Securities.

Any breach by the major tenants of their obligations under the lease agreements or a downturn in their businesses may have an adverse effect on Keppel REIT

In the event that any major tenants of Keppel REIT are unable to pay their rent or breach their obligations under the lease agreements. The performance of the major tenants' other businesses could also have an impact on their ability to make rental payments to Keppel REIT. The occurrence of any such adverse events may have a material adverse effect on Keppel REIT's business, financial condition and results of operations of Keppel REIT.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial position;
- the local economies in which they have business operations;
- the ability of such major tenants to compete with its competitors;
- in the instance where such major tenants have sub-leased the Properties, the failure of the sub-tenants to pay rent; and
- material losses in excess of insurance proceeds.

If a large number of tenants do not renew their leases, this may affect the operations of Keppel REIT

A substantial number of the tenancies for the Properties are for periods of over five years, compared to a typical office lease in Singapore which ranges between two to three years. Notwithstanding this, vacancies following the non-renewal of leases may lead to reduced occupancy rates. If a large number of tenants do not renew their leases in a year in which a substantial number of leases expire, this could adversely affect the business, financial conditions and results of operations of Keppel REIT.

The amount Keppel REIT may borrow is limited, which may affect the operations of Keppel REIT

The Property Funds Appendix provides that the aggregate leverage of a REIT should not exceed 45.0% of the value of its Deposited Property at the time the borrowing is incurred, taking into account such deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

Adverse business consequences as a result of this limitation on future borrowings may include:

- an inability to fund capital expenditure requirements in relation to Keppel REIT's existing asset portfolio;
- an inability to fund acquisitions of properties; and
- cash flow shortages which Keppel REIT might otherwise be able to resolve by borrowing funds.

A downward revaluation of any of the Properties or investments may result in a breach of the borrowing limit under the Property Funds Appendix. In the event of such a breach, Keppel REIT would not be able to incur further indebtedness. In such circumstances, while Keppel REIT may not be required to dispose of its assets to reduce its indebtedness, the inability to incur further indebtedness may constrain its operational flexibility.

In addition, a severe downward revaluation of any of the properties in the Keppel REIT Portfolio may result in a breach of certain financial covenants under any of the debt financing arrangements of Keppel REIT or the Group.

Pursuant to the consultation paper on “Proposed Amendments to the Requirements for REITs” published by the MAS on 2 July 2019 (“Consultation Paper”), the MAS may in the future introduce the option of allowing a REIT’s leverage to exceed 45.0% but not more than 50.0%, subject to any requirements which the MAS may impose, such as a minimum interest coverage ratio of 2.5 times after taking into account the interest payments arising from the new debt. A decline in the value of Keppel REIT’s Deposited Property or revenue derived therefrom may affect Keppel REIT’s ability to borrow further.

Keppel REIT may have a higher level of gearing than certain other types of unit trusts and may experience limited availability of funds and face risks associated with debt financing and refinancing

As at 31 December 2019, Keppel REIT had approximately S\$2.88 billion of total indebtedness, including its proportionate share of the borrowings at the level of associates, of which commitments have been received for loans due in FY2020 as at the Latest Practicable Date.

Keppel REIT may, from time to time, require additional debt financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. Investors in Keppel REIT should note that the willingness of financial institutions to make capital commitments by way of investing in debt or equity instruments may for an indeterminate period be adversely affected by market volatility. Keppel REIT may also become a party to future indebtedness which is secured by a lien on certain of its properties. In the event of a default on the Bonds or under any other indebtedness or upon Keppel REIT’s bankruptcy, liquidation or reorganisation, any secured indebtedness of third party creditors to the Keppel REIT Portfolio would effectively be senior to the Bonds to the extent of the value of the Keppel REIT Portfolio securing their indebtedness. The holders of the Bonds would only have a senior unsecured claim against those assets to the extent any remain after satisfying the obligations under secured indebtedness. Keppel REIT’s level of borrowings may represent a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments.

Keppel REIT will also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. In addition, Keppel REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and Keppel REIT’s ability to fulfil its payment obligations under the Securities. Such covenants may also restrict Keppel REIT’s ability to invest in or dispose of properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect Keppel REIT’s cash flow and Keppel REIT’s ability to fulfil its payment obligations under the Securities.

Keppel REIT is exposed to interest rate fluctuations

As at 31 December 2019, the Group has a consolidated debt of approximately S\$2.14 billion (including principal amount of convertible bonds of S\$200 million).

A substantial percentage of the debt bears fixed interest rates and the balance bears floating interest rates. Consequently, the interest cost to the Group for the floating interest rate debt will be subject to fluctuations in interest rates. In addition, Keppel REIT is, and may in future be, subject to market disruption clauses contained in its loan agreements with banks. Such clauses will generally provide that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of funds to the borrower, notwithstanding the margins agreed.

Keppel REIT has entered into some hedging transactions to partially mitigate the risk of interest rate fluctuations and manage the currency risks associated with cash flows generated by the Properties outside Singapore. However, there can be no assurance as to the extent or efficacy of any such hedging arrangements. Hedging activities may not have the desired beneficial impact and involves risks and typically involves costs, including transaction costs, which may reduce the overall returns of

Keppel REIT. The Keppel REIT Manager will regularly monitor the feasibility of engaging in such hedging transactions while taking into account the cost of such transactions. These costs will increase as the period covered by the hedging increases and during periods of rising and volatile interest rates and/or foreign exchange rates.

Interest rate hedging could fail to protect Keppel REIT or adversely affect Keppel REIT for reasons, *inter alia*, such as:

- available interest rate hedging may not correspond directly with the interest rate risk for which protections are sought;
- the party owing money in the hedging transaction may default on its own obligation to pay;
- the credit quality of the counterparty owing money on the hedge may deteriorate to such an extent that it impairs Keppel REIT's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value.

Such changes, although unrealised, would reduce the NAV of Keppel REIT if it is due to downward adjustments.

Keppel REIT faces exchange rate fluctuation risk

The income and profit of Keppel REIT from its assets are denominated in the local currency of the countries in which such assets may be located, while the reporting currency of Keppel REIT for the purposes of its financial statements is in Singapore dollars. Keppel REIT recognises foreign currency gains or losses arising from its operations in the period incurred. As a result, currency fluctuations between the Singapore dollar and the non-Singapore dollar currencies will cause Keppel REIT to incur foreign currency translation gains and losses. Keppel REIT cannot predict the effects of exchange rate fluctuations upon its future operating results because of the variability of currency exposure and the potential volatility of foreign exchange rates. Significant fluctuations in the exchange rates between such currencies will also, among others, affect Keppel REIT's net asset value.

If the Manager's capital market services licence for REIT management ("CMS Licence") is cancelled or the authorisation of Keppel REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of Keppel REIT will be adversely affected

The CMS Licence issued to the Manager is subject to conditions unless otherwise cancelled. If the CMS Licence of the Manager is cancelled by the MAS, the operations of Keppel REIT will be adversely affected, as the Manager would no longer be able to act as the manager of Keppel REIT.

Keppel REIT is an authorised collective investment scheme under the SFA and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of Keppel REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

Regulatory issues and changes in law may have an adverse impact on Keppel REIT's business

Keppel REIT is subject to the usual business risks that there may be changes in laws that reduce its income or increase its costs. For example, there could be changes in tenancy laws that limit Keppel REIT's recovery of certain property operating expenses, changes or increases in real estate taxes that cannot be recovered from Keppel REIT's tenants or changes in environmental laws that require significant capital expenditure.

Additionally, new and revised accounting standards and pronouncements may be issued from time to time. These changes could adversely affect Keppel REIT's reported financial results and positions and adversely affect the comparability of Keppel REIT's future financial statements with those relating to prior periods.

The Keppel REIT Manager may change Keppel REIT's investment strategy

Keppel REIT's policies with respect to certain activities, including investments and acquisitions, will be determined by the Manager, subject to applicable laws and regulations. Under the Trust Deed, the Keppel REIT Manager has wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions.

The Keppel REIT Manager has stated its intention to restrict investments to real estate which is used, or primarily used, for commercial purposes. Notwithstanding the Trust Deed granting the Keppel REIT Manager such powers, there may be additional restrictions imposed on the Keppel REIT Manager in respect of changes being made to Keppel REIT's investment strategy following future amendments to the Listing Manual from time to time.

The Keppel REIT Manager may not be able to successfully implement its investment strategy for Keppel REIT and acquisitions may not yield the returns expected

There is no assurance that the Keppel REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand Keppel REIT's portfolio at any specified rate or to any specified size. The Keppel REIT Manager may not be able to make investments or acquisitions on favourable terms or within a desired time frame.

Keppel REIT faces active competition in acquiring suitable properties. Keppel REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected. Even if Keppel REIT were able to successfully acquire property or investments, there is no assurance that Keppel REIT will achieve its intended return on such acquisitions or investments. Since the amount of borrowings that Keppel REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions are likely to be largely dependent on Keppel REIT's ability to raise equity capital. Potential vendors may view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Additionally, Keppel REIT's external growth strategy and its asset selection process may not be successful and may have a material adverse effect on the business, financial condition and results of operations of Keppel REIT.

The Keppel REIT Manager's strategy to initiate asset enhancement on some of the Properties from time to time may not materialise

The Keppel REIT Manager may from time to time initiate asset enhancement on some of the Properties. The proposed asset enhancement initiatives are subjected to Keppel REIT obtaining the approvals of the relevant authorities. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs. Furthermore, the Keppel REIT Manager may not be able to carry out the proposed asset enhancement initiatives within a desired timeframe, and any benefit or return which may arise from such asset enhancement initiatives may be reduced or lost.

Keppel REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations

Keppel REIT's success and performance depends, in part, upon the continued service and performance of the executive officers of the Keppel REIT Manager. These key personnel may leave the employment of the Manager. If this were to occur, the Keppel REIT Manager will need to spend time searching for a replacement and the duties which such executive officers are responsible for may be affected. The loss of any of these key personnel could have a material adverse effect on Keppel REIT's results of operations and financial condition.

Keppel REIT may be involved in legal and other proceedings from time to time

Keppel REIT may be involved from time to time in disputes with various parties such as contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the asset enhancement, operation and purchase of its properties. These disputes may lead to legal and other proceedings, and may cause Keppel REIT to suffer additional costs and delays. In addition, Keppel REIT may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that result in financial losses and delay the construction or completion of its projects.

Occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may adversely and materially affect the business and operations of the Properties

Acts of God, such as natural disasters, and severe environmental pollution (including severe smog) are beyond the control of Keppel REIT or the Keppel REIT Manager. These may materially and adversely

affect the economy, infrastructure and livelihood of the local population. Keppel REIT's business, financial condition and results of operations may be adversely affected should such acts of God occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have a material adverse effect on the business, financial condition and results of operations of Keppel REIT.

In addition, physical damage to the Properties resulting from fire, earthquakes or other acts of God may lead to a significant disruption to the business and operation of the Properties. This may then result in an adverse impact on the business, financial condition, results of operations and capital growth of Keppel REIT.

Keppel REIT is exposed to general risks associated with relying on third-party contractors to provide various services in respect of its properties

Keppel REIT may engage third-party contractors to provide various services in respect of its properties, including property management, construction, piling and foundation, building and property fitting-out works, alterations and additions, interior decoration, installation and maintenance of air-conditioning units and lifts, and gardening and landscaping works. Keppel REIT is exposed to the risk that a third-party contractor may incur costs in excess of project estimates, which may have to be borne by Keppel REIT in order to complete the project. Furthermore, major third-party contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of development projects or resulting in additional costs to Keppel REIT. There can also be no assurance that the services rendered by the third-party contractors will always be satisfactory or match Keppel REIT's targeted quality levels. All of these factors could have an adverse effect on the business, financial condition and results of operations of Keppel REIT.

As a condition for tax transparency treatment, Keppel REIT is required to distribute at least 90.0% of its taxable income (after deduction of applicable expenses) (failing which Keppel REIT would be liable to pay tax on its taxable income) and may face liquidity constraints

As a condition for tax transparency treatment, Keppel REIT is required to distribute at least 90% of its taxable income to Unitholders, failing which Keppel REIT would be liable to pay tax on its taxable income (after deduction of applicable expenses).

If Keppel REIT's taxable income (after deduction of applicable expenses) is greater than its cashflow from operations, it may have to borrow funds to meet ongoing cashflow requirements in order to distribute at least 90.0% of its taxable income to Unitholders (after deduction of applicable expenses) since it may not have any reserves to draw on. Keppel REIT's ability to borrow is, however, limited by the Property Funds Appendix.

Failure to make such distributions to Unitholders would put Keppel REIT in breach of the terms for tax transparency treatment and Keppel REIT would be liable to pay income tax. This may in turn have a material adverse effect on the financial condition and results of operations of Keppel REIT.

RISKS RELATING TO INVESTING IN REAL ESTATE

Keppel REIT's property investments are relatively illiquid

Keppel REIT invests primarily in real estate which entails a higher level of risk as compared to a portfolio which has a diverse range of investments. Real estate investments are relatively illiquid. Such illiquidity may affect Keppel REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. For instance, Keppel REIT may be unable to liquidate its properties on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such properties, to ensure a quick sale. Moreover, Keppel REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of such properties. These factors could have a material adverse effect on the business, financial condition and results of operations of Keppel REIT and may, in turn, affect Keppel REIT's ability to fulfil its payment obligations under the Securities.

In addition, if Keppel REIT defaults on its payment obligations in respect of any financing facility secured by its properties, mortgagees to any of the affected properties could foreclose or require a forced sale of any of the affected properties resulting in a consequent loss of income and asset value to Keppel REIT. The amount to be received upon a foreclosure or sale of any affected property would

be dependent on numerous factors, including the actual fair market valuation of the relevant property at the time of such sale, the timing and manner of the sale and the availability of buyers. Each of the Properties is illiquid and there can be no assurance that any of the Properties can or will be liquidated in a short period of time. For all these reasons, there can be no assurance that the proceeds from any foreclosure or sale will be sufficient for Keppel REIT to meet its obligations pursuant to its borrowings.

Keppel REIT is exposed to general risks associated with the ownership and management of real estate

Keppel REIT invests primarily in real estate which entails a higher level of risk as compared to a portfolio which has a diverse range of investments. Keppel REIT's real estate investments are subject to risks incidental to the ownership and management of commercial properties including, among others, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in Keppel REIT's financial statements, increased operating costs, the need to renovate, repair and re-let space periodically and to pay the associated costs, wars, terrorist attacks, sabotage, property damage, riots, civil commotions, natural disasters, acts of God, disruption to utilities and other events beyond Keppel REIT's control. Keppel REIT's activities may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment.

Keppel REIT is exposed to real estate development risks in respect of future development property

Keppel REIT's principal investment strategy is to own and invest in quality income-producing commercial real estate and real estate-related assets pan-Asia. However, it may undertake development of real estate when the Keppel REIT Manager considers it to be in the interests of Keppel REIT and provided that Keppel REIT's investments in such development activities do not exceed such limits required under the Property Funds Appendix.

Undertaking real estate development involves various risks, including but not limited to regulatory, construction and financing risks. For instance, various permits and approvals would have to be obtained from the relevant government agencies which may not be forthcoming, costs of construction may overrun as a result of unanticipated cost increases or delays, and external financing may not be available on acceptable terms or at all in order to fund the capital investment required for the development. The Keppel REIT Manager does not possess any track record in real estate development and it may have to rely on its joint venture partners in respect of development activities undertaken by Keppel REIT.

The properties owned by Keppel REIT or a part of them may be acquired compulsorily by the respective governments in the countries in which such properties are located

The Properties are currently located in Singapore, Australia and South Korea. Under the laws and regulations of each country, there are various circumstances under which the respective governments of each country are empowered to acquire some of the Properties.

In the event that the compensation paid for the compulsory acquisition of the Property is less than the market value of the Property, such compulsory acquisitions would have an adverse effect on the gross revenue of Keppel REIT and the value of its asset portfolio.

Keppel REIT may in future acquire commercial and commercial-related assets located in other countries. The laws of these countries may also provide for a right by the governments of these countries to compulsorily acquire any land or property with no compensation to the owner, or for compensation below market value. Such compulsory acquisitions would have an adverse effect on the revenue, results of operations and value of Keppel REIT's asset portfolio.

The properties held by Keppel REIT may be subject to increases in property expenses and other operating expenses

Keppel REIT's business, financial condition and results of operations could be adversely affected if property expenses and other operating expenses increase without a corresponding increase in revenue.

Factors which could increase property expenses and operating expenses include any:

- increase in property taxes and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies. Rights relating to Keppel REIT Properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to condemnation and redevelopment;
- change in direct or indirect tax policies;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in insurance premiums;
- increase in the rate of inflation;
- defects affecting, or environmental pollution in connection with, the Properties that need to be rectified, leading to unforeseen capital expenditure;
- increase in cost of utilities;
- cost arising from litigation claims; and
- Increased in amount of maintenance charges for any affected Keppel REIT Properties.

The gross revenue earned from the Properties and the value of the Properties may be adversely affected by a number of factors

The gross revenue earned from the Properties and the value of the Properties may be adversely affected by a number of factors, including, but not limited to:

- vacancies following the expiry or termination of tenancies that lead to reduced occupancy rates which reduce Keppel REIT's gross revenue and its ability to recover certain operating costs through service charges;
- the ability of the Property Managers of Keppel REIT to collect rent from tenants on a timely basis or at all;
- tenants requesting waiver of interest on late payment of rent;
- events affecting the properties in Keppel REIT's portfolio which could result in the inability of the relevant tenants to operate on such properties and thereby resulting in the inability of such tenants to make timely payments of rent;
- tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income at all, or delays in the termination of the tenant's lease, or which could hinder or delay the re-letting of the space in question;
- the amount of rent payable by tenants and other terms on which tenancy renewals and new tenancies are agreed being less favourable than those under current tenancies;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, commercial space, changes in market rental rates and operating expenses for the Properties);
- the Keppel REIT Manager's ability to provide adequate management and maintenance or to purchase or put in place adequate insurance;
- competition for tenants from other similar properties which may affect rental income or occupancy levels at the Properties;

- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure needed to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and
- natural disasters, acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Keppel REIT Manager.

The rate of increase in rentals (if any) of the Properties may be less than the inflation rate

The rate of increase in rentals (if any) of the Properties may be less than the inflation rate and therefore an investment in Keppel REIT may not provide an effective hedge against inflation.

GENERAL RISKS RELATING TO SINGAPORE, AUSTRALIA AND SOUTH KOREA

Keppel REIT may be exposed to various types of taxes in Singapore, Australia and South Korea

The income and gains derived by Keppel REIT, directly or indirectly, from the Properties may be exposed to various types of taxes in Singapore, Australia and South Korea. These include but are not limited to income tax, withholding tax, capital gains tax and other taxes specifically imposed for the ownership of such assets. While the Keppel REIT Manager intends to manage the taxation in each of these countries efficiently, there can be no assurance that the desired tax outcome will necessarily be achieved. In addition, the level of taxation in each of these countries is subject to changes in laws and regulations and such changes, if any, may lead to an increase in tax rates or the introduction of new taxes. All these factors may adversely affect the ability of Keppel REIT to fulfil its payment obligations under the Securities.

The laws, regulations and accounting standards in Singapore, Australia and South Korea are subject to change

Keppel REIT may be affected by the introduction of new or revised legislation, regulations or accounting standards. Accounting standards in Singapore, Australia and South Korea are subject to change as these accounting standards are further aligned with international accounting standards. The financial statements of Keppel REIT may be affected by the introduction of such revised accounting standards. The extent and timing of these changes in accounting standards are unknown and subject to confirmation by the relevant authorities.

There is no assurance that these changes will not:

- have a significant impact on the presentation of Keppel REIT's financial statements;
- have a significant impact on Keppel REIT's results of operations;
- have an adverse effect on the ability of the Keppel REIT Manager to carry out Keppel REIT's investment mandate; and/or
- have an adverse effect on the business, financial condition, results of operations and prospects of Keppel REIT.

RISKS RELATING TO AUSTRALIA

Investments by Keppel REIT may be subject to Australia's foreign investment regime

In relation to investments by Keppel REIT, the Keppel REIT Trustee is both a "foreign person" and a "foreign government investor" for the purposes of Australia's foreign investment regime. This means investments in Australia by Keppel REIT (including acquisitions of Australian land or in Australian corporations) may be subject to notice requirements under the Foreign Acquisitions and Takeovers Act 1975 ("FATA"). Further, the issue of a prior no objection notification by the Australian Treasurer (which may or may not be given or may be given subject to conditions) under the FATA may be required in respect of relevant acquisitions. The no objection notification is referred to as "FIRB approval". If such FIRB approval is required and not obtained in relation to an investment, Keppel REIT may not be able to proceed with that investment.

In this regard, although Keppel REIT has obtained FIRB approval for its acquisition of the Properties in Australia, there can be no assurance that Keppel REIT will be able to obtain or renew required

government approvals, permits and licences for its activities in Australia as investments by Keppel REIT are subject to Australia's foreign investment regime. In the event that the requisite approvals are not obtained or renewed, there may be an adverse effect on the business, financial condition, results of operations and prospects of Keppel REIT and, in turn, Keppel REIT's ability to make payments to the Securityholders.

Keppel REIT is exposed to the risks relating to the uncertainties and changes in the Australian taxation regime

Australia maintains an elaborate tax system relating to the taxation of trusts, which is subject to change.

In broad terms, a public unit trust (e.g. trusts beneficially owned by certain listed trusts) will be taxed as a company where the trust's business does not consist wholly of "eligible investment business" at any time during an income year (subject to certain safe harbour rules or relevant concessions). "Eligible investment business" includes, among other things, investing in land for the purpose of deriving rent and investing or trading in units in a unit trust.

Furthermore, where the public unit trust would otherwise qualify as a managed investment trust ("MIT"), the public unit trust will be unable to qualify as an MIT if its business does not consist wholly of eligible investment business at any time during an income year.

These are annual tests. While Keppel REIT may seek professional advice to ensure that its relevant Australian unit trusts should only engage in eligible investment business, there is no assurance that the Australian Taxation Office may not take a different view.

Further, Australia has been going through a period of significant tax reform. Tax reform may result in changes to tax legislation which may adversely impact the acquisition and holding structure which Keppel REIT has adopted in relation to its Properties in Australia. To date, the proposed changes announced include:

- **MIT Taxation Regime**

The former Australian Government announced a new tax system for MITs on 7 May 2010. The tax legislation has been amended to introduce the MIT reforms, which themselves have been the subject of further amendments and Australian Taxation Office guidance.

- **AMIT Taxation Regime**

Continuing the measures announced in 2010, the Australian Parliament has enacted a special taxing regime applicable to attribution managed investment trusts ("AMITs"). The AMIT rules generally apply from 1 July 2016.

- **Reforms to Stapled Structures**

The Australian Government released an integrity package in 2018 to tighten the tax rules relating to stapled structures. The Australian Parliament has recently enacted legislation to restrict access to the 15.0% MIT withholding rate for "non-concessional MIT income". This is trading income converted to passive income via a stapled structure or distributed by a trading trust, and income from agricultural land and residential housing (other than affordable housing).

- **Broader Trusts Reform**

On 21 November 2011, the former Australian Government released a consultation paper on the modernisation of the taxation of trusts more generally. However, the status of these reforms is currently unclear.

RISK RELATING TO SOUTH KOREA

Potential acts of violence and war may adversely and materially affect the business and operations of the property in South Korea

The unresolved conflict between South Korea and the Democratic People's Republic of Korea may result in potential acts of violence and/or war. This may materially and adversely affect the economy, infrastructure and livelihood of South Korea, and in turn, the operations and value of Keppel REIT's property and future opportunities in South Korea. It cannot be reasonably predicted that any act of violence or war, potential, threatened or otherwise, will not, directly or indirectly, have a material

adverse effect on the business, financial condition and results of operations of Keppel REIT and may, in turn, affect Keppel REIT's ability to fulfil its payment obligations under the Securities. Keppel REIT's business and income available to fulfil its payment obligations under the Securities may be adversely affected should such acts occur.

OTHER RISKS

The United Kingdom's vote to leave the European Union may adversely affect Keppel REIT and the Keppel REIT Manager

In an advisory referendum held in June 2016, the United Kingdom electorate voted to leave the European Union. On 29 March 2017, the Government of the United Kingdom formally notified the European Union that it will leave the European Union. Following such notification, there will be a period of up to two years (which may be further extended) of exit negotiations before the United Kingdom leaves. The future economic and political relationship between the United Kingdom and the European Union (and between the United Kingdom and other countries by agreement) is uncertain, and a period of economic and political uncertainty is expected in the United Kingdom, in the rest of the European Union and globally. The result of the United Kingdom's referendum has caused severe currency movements and volatility in global markets and is likely to continue to do so as events develop. The United Kingdom's exit from the European Union is expected to result in regulatory changes, which may be adverse to the Manager. The ultimate nature and extent of the impact of these events on Keppel REIT and the Manager are uncertain, but may be significant.

Other Member States of the European Union may also reconsider their European Union membership. This could result in one or more other countries leaving the European Union, or in major reforms or other changes being made to the European Union or to the Eurozone. The nature and extent of the impact of any such changes on Keppel REIT and the Manager are uncertain.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

In the case where the Keppel REIT SPV is the Relevant Issuer, it will lend the net proceeds arising from the issue of Notes under the Programme (after deducting issue expenses) to the Keppel REIT Trustee. The net proceeds of an issuance of Notes, or, as the case may be, Perpetual Securities will be used by the Keppel REIT Trustee towards (a) financing or refinancing acquisitions and/or investments of Keppel REIT and any asset enhancement works initiated by the Keppel REIT Trustee or any trust, fund or entity in which the Keppel REIT Trustee has an interest, (b) on-lending to any trust, fund or entity in which the Keppel REIT Trustee has an interest, (c) financing the general working capital purposes of the Group and (d) refinancing the borrowings of the Group.

CLEARING AND SETTLEMENT

Clearing and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("Depository System") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP ("Depositors"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Securities through the Depository System may be effected through securities sub-accounts held with corporate depositors ("Depository Agents"). Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor, the CDP Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant paying agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

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 the date of this Information Memorandum 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. These laws, guidelines and circulars are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. 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 (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, in particular, 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, the Arranger 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.

The disclosure below is on the assumption that the IRAS regards each Tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that distribution payments made under each Tranche of the Perpetual Securities 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 Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA or any distribution payment under any Tranche of the Perpetual Securities is not regarded as interest payable on indebtedness or 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 Perpetual Securities 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 Perpetual Securities.

1. Taxation relating to payments on Securities

Interest 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 the prevailing corporate tax rate, currently 17%. The applicable rate for non-resident individuals is currently 22.0%. 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 and 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, a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Securities issued during the period from the date of this Information Memorandum to 31 December 2023 (the “Relevant Securities”) would be qualifying debt securities (“QDS”) 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 MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require, and the inclusion by the Relevant Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities 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 QDS shall not apply if the non-resident person acquires the Relevant Securities using the 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 Securities, paid by the Relevant Issuer and 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 Securities are not obtained from such person’s 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 MAS may direct, to MAS of a return on debt securities for the

Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Specified Income from the Relevant Securities paid by the Relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to income tax at a concessionary rate of 10% (except for holders who have been granted the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Relevant Issuer including in all offering documents relating to the Relevant Securities 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 Securities 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 MAS may direct, furnishing to the MAS a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Specified Income derived from the Relevant Securities are not subject to withholding of tax by the Relevant Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of the Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four (4) persons and 50% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by a related party or related parties of the Relevant Issuer or the Keppel REIT Manager, such Relevant Securities would not qualify as QDS; and

(B) even though a particular tranche of the Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50% or more of such Relevant Securities 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 or the Keppel REIT Manager, Specified Income derived from such Relevant Securities held by:

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

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

shall not be eligible for the tax exemption or concessionary rate of tax of 10% 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.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds of such person’s operations through a permanent establishment in Singapore.

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

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 (Second Edition) on 21 October 2019 (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; and
 - (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 distributions.

B. Application for tax ruling

The Keppel REIT Trustee had previously applied to the IRAS for an advance tax ruling to confirm the classification of the S\$150,000,000 in aggregate principal amount of 4.980 per cent. Subordinated perpetual securities (the “Series 002 Securities”) under the Programme. Although a favourable tax ruling was obtained from the IRAS (in that the Series 002 Securities would be treated as “debt securities” for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations), there is no guarantee that any other tranche of the Perpetual Securities would also be granted a favourable ruling.

Going forward, the Keppel REIT Trustee intends to apply to the IRAS for an advance tax ruling to confirm the classification of any tranche 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 such tranche 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.

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 any 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 apply or are required to apply Singapore Financial Reporting Standard (“FRS”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“SFRS(I) 9”) (as the case may be), 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, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes”.

4. Adoption of FRS 39, FRS109 or SFRS(I) 9 for Singapore Income Tax Purposes

Subject to certain “opt-out” provisions, Section 34A of the ITA requires taxpayers who adopt or are required to adopt FRS39 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 39, subject to certain exceptions provided in that section. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition & Measurement” to provide guidance on the Singapore income tax treatment of financial instruments

FRS109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who adopt or who are required to adopt FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109—Financial Instruments”.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 tax regime, FRS 109 tax regime or the SFRS(I) 9 tax regime should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

5. Estate Duty

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

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Relevant Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Relevant Issuer pursuant to the Programme Agreement.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("Regulation S").

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Relevant Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Securities on a syndicated basis, the relevant lead manager), of all Securities of the Tranche of which such Securities are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Securities, an offer or sale of Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Relevant Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Relevant Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

European Union

Unless the applicable Pricing Supplement in respect of any Securities specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- I. the expression “retail investor” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (b) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (c) not a qualified investor as defined in the Prospectus Directive; and
- II. the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

If the applicable Pricing Supplement in respect of any Securities specifies “Prohibition of Sales to EEA Investors” as “Not Applicable”, in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) if the Pricing Supplement in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the pricing supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealer nominated by the Relevant Issuer for any such offer; or
- (d) at any time in any other circumstance falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Securities referred to in (b) to (d) above shall require the Relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended or superseded) and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes, any other document (including without limitation, this Information Memorandum) or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Securities or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Securities or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Securities or any interest therein or rights in respect thereof, the Relevant Issuer shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the

Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors of the Keppel REIT SPV are set out below:

<u>Name</u>	<u>Position</u>
Mr Tham Wei Hsing, Paul	Director
Ms Kang Leng Hui	Director

2. No Director of the Keppel REIT SPV is or was involved in any of the following events:
- (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
 - (b) a conviction of any offence, other than a traffic offence, or judgement, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgement, or so far as such person is aware, any criminal investigation pending against him; or
 - (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment advisor, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
3. As at the date of this Information Memorandum, no option to subscribe for shares in, or debentures of, the Keppel REIT SPV has been granted to, or was exercised by, any Director of the Keppel REIT SPV.
4. No Director of the Keppel REIT SPV is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Keppel REIT SPV within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

SHARE CAPITAL OF THE KEPPEL REIT SPV

5. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Keppel REIT SPV. The rights and privileges attached to the Shares are stated in the Articles of Association of the Keppel REIT SPV.
6. Save as disclosed below, no shares in, or debentures of, the Keppel REIT SPV were issued or were proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, during the two years preceding the date of this Information Memorandum.
7. The Keppel REIT SPV issued S\$50,000,000 in aggregate principal amount of 3.15 per cent. Notes due 2022 and S\$75,000,000 in aggregate principal amount of 3.275 per cent. Notes due 2024 under the Programme on 11 February 2015 and 3 April 2017 respectively. The Notes are unconditionally and irrevocably guaranteed by the Keppel REIT Trustee.
8. The issued share capital of the Keppel REIT SPV as at the date of this Information Memorandum is as follows:

<u>Share Designation</u>	<u>Issued Share(s)</u>	<u>Issued Share Capital</u>
(S\$)		
Ordinary Shares	One (1)	1.00

9. As at the date of this Information Memorandum, the Keppel REIT SPV is a wholly-owned subsidiary of Keppel REIT.

ISSUED UNITS OF KEPPEL REIT

10. As at the date of this Information Memorandum, there is only one class of Units. The rights and privileges attached to the Units are stated in the Keppel REIT Trust Deed.

11. Save as disclosed below, no Units were issued or were proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, during the two years preceding the date of this Information Memorandum.

Payment of management fees to the Keppel REIT Manager in Units and issuance of Units under the DRP during the two years preceding the date of this Information Memorandum up to the Latest Practicable Date:

<u>Issuance Date</u>	<u>Number of Units</u>
1 February 2018	15,680,593
27 February 2018	3,052,523
30 April 2018	8,661,268
28 May 2018	4,903,220
30 July 2018	9,598,206
30 October 2018	9,046,600
30 January 2019	16,565,482
30 April 2019	7,921,556
30 July 2019	7,797,063
30 October 2019	8,172,053
3 February 2020	14,830,218

12. As at the Latest Practicable Date, there were 3,381,630,218 Units issued.

BORROWINGS

13. The borrowings of Keppel REIT as at 31 December 2019 are as disclosed in Appendix IV to this Information Memorandum.

WORKING CAPITAL

14. After taking into account its internal resources and available loan facilities, the working capital available to Keppel REIT as at the date of this Information Memorandum is sufficient for its present requirements.

CHANGES IN ACCOUNTING POLICIES

15. There has been no significant change in the accounting policies of Keppel REIT since its audited financial accounts for the financial year ended 31 December 2018.

LITIGATION

16. There are no final and conclusive judgements against or affecting the Keppel REIT SPV, the Guarantor, Keppel REIT or any of the Subsidiaries the outcome which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Relevant Issuer, the Guarantor, Keppel REIT or the Group taken as a whole.

MATERIAL ADVERSE CHANGE

17. There has been no material adverse change in the financial condition, business, results of operations, assets or properties of the Relevant Issuer, the Guarantor, Keppel REIT or the Group since 31 December 2018.

CONSENTS

18. The Auditors of Keppel REIT have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their names and reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

19. Copies of the following documents may be inspected by investors at the registered office of the Keppel REIT Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632

during normal business hours for a period of six months from the date of this Information Memorandum:

- (a) the Memorandum and Articles of Association of the Keppel REIT SPV;
- (b) the Trust Deed;
- (c) the Keppel REIT Trust Deed;
- (d) the letter of consent referred to in paragraph 18 above;
- (e) the audited accounts of Keppel REIT for the financial year ended 31 December 2017;
- (f) the audited accounts of Keppel REIT for the financial year ended 31 December 2018; and
- (g) the unaudited financial results announcement of Keppel REIT for the full year ended 31 December 2019.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

20. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED FINANCIAL STATEMENTS OF KEPPEL REIT FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2017**

The information in this Appendix II has been reproduced from the annual report of Keppel REIT for the financial year ended 31 December 2017 and has not been specifically prepared for inclusion in this Information Memorandum.

KEPPEL REIT
(Constituted under a Trust Deed in the Republic of Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2017

KEPPEL REIT
(Constituted under a Trust Deed in the Republic of Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2017

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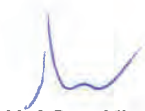
**KEPPEL REIT AND ITS SUBSIDIARIES
REPORT OF THE TRUSTEE**

For the financial year ended 31 December 2017

RBC Investor Services Trust Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel REIT and its subsidiaries in trust for the holders of units ("Unitholders") in Keppel REIT. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Keppel REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 November 2005 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Keppel REIT and its subsidiaries during the period covered by these financial statements, set out on pages 8 to 69 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
RBC Investor Services Trust Singapore Limited



Hoi Sau Kheng
Director

Singapore, 20 February 2018

KEPPEL REIT AND ITS SUBSIDIARIES
STATEMENT BY THE MANAGER

For the financial year ended 31 December 2017

In the opinion of the Directors of Keppel REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 8 to 69 comprising the Balance Sheets, Consolidated Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2017, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the movements in Unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust would be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Keppel REIT Management Limited



Tan Swee Yiow
Chief Executive Officer and Executive Director

Singapore, 20 February 2018

KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2017

Our opinion

In our opinion, the accompanying consolidated financial statements and Portfolio Statement of Keppel REIT (the "Trust") and its subsidiaries (the "Group") and the Balance Sheet and Statement of Movements in Unitholders' Funds of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust and the consolidated portfolio statement of the Group as at 31 December 2017 and the consolidated financial performance of the Group, the consolidated amount distributable of the Group, the consolidated movements in unitholders' funds of the Group and movements in unitholders' funds of the Trust, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Group and Trust comprise:

- the balance sheets of the Group and the Trust as at 31 December 2017;
- the consolidated statement of total return of the Group for the financial year ended 31 December 2017;
- the distribution statement of the Group for the financial year then ended;
- the portfolio statement of the Group as at 31 December 2017;
- the statements of movements in unitholders' funds of the Group and the Trust for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2017

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties Refer to <i>Note 3 (Investment properties)</i> The Group owns a portfolio of investment properties stated at their fair values based on independent external valuations. Information relating to these investment properties are disclosed in Note 3 to the financial statements. As at 31 December 2017, the carrying value of the Group's investment properties of \$3.8 billion accounted for 49.6% of the Group's total assets. The valuation of the investment properties was a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include capitalisation rates and discount rates and are dependent on the nature of each investment property and the prevailing market conditions. The key inputs are disclosed in Note 29(d) to the accompanying financial statements.	Our audit procedures included the following: - assessed the competence, capabilities and objectivity of the external valuers engaged by the Group; - obtained an understanding of the techniques used by the external valuers in determining the valuations of individual investment properties; - discussed the critical assumptions made by the external valuers for the key inputs used in valuation in the valuation techniques; - tested the integrity of information, including underlying lease and financial information provided to the external valuers; and - assessed the reasonableness of the capitalisation rates and discount rates by benchmarking these against those of comparable properties and prior year inputs. We have also assessed the adequacy of disclosures relating to the assumptions, as we consider them as likely to be significant to the users of the financial statements given the estimation uncertainty and sensitivity of the valuations. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.

Other Information

The Manager is responsible for the other information. The other information comprises the information included in the Report of the Trustee, and Statement by the Manager (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and other sections of the Trust's annual report ("Other Sections"), which are expected to be made available to us after that date.

KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2017

Other Information (continued)

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2017

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2017**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The engagement partner on the audit resulting in this independent auditor's report is Yeow Chee Keong.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 20 February 2018

KEPPEL REIT AND ITS SUBSIDIARIES
BALANCE SHEETS
As at 31 December 2017

		<u>Group</u>		<u>Trust</u>	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Investment properties	3	3,774,870	3,618,097	525,000	540,000
Investments in subsidiaries	4	—	—	1,837,110	1,837,110
Investments in associates	5	2,527,842	2,525,112	2,025,559	2,025,483
Advances to associates	8	613,122	610,922	613,122	610,922
Investments in joint ventures	6	465,096	450,284	—	—
Amounts owing by subsidiaries	7	—	—	877,973	852,650
Fixed assets		149	190	31	31
Intangible asset	9	10,712	22,511	10,712	20,471
Derivative financial instruments	13	4,190	18,016	4,190	16,354
		<u>7,395,981</u>	<u>7,245,132</u>	<u>5,893,697</u>	<u>5,903,021</u>
Current assets					
Trade and other receivables	10	8,619	10,662	12,120	7,721
Prepaid expenses		333	604	11	11
Cash and bank balances	11	198,158	278,682	155,823	141,948
Derivative financial instruments	13	1,197	245	1,175	99
		<u>208,307</u>	<u>290,193</u>	<u>169,129</u>	<u>149,779</u>
Total assets		<u>7,604,288</u>	<u>7,535,325</u>	<u>6,062,826</u>	<u>6,052,800</u>
Current liabilities					
Trade and other payables	12	56,451	51,828	34,905	34,640
Income received in advance	14	4,209	278	—	—
Borrowings (unsecured)	15	425,039	—	99,967	—
Security deposits		3,159	3,545	116	431
Derivative financial instruments	13	1,748	1,483	1,134	1,281
Provision for taxation		2,259	2,735	2,138	2,735
		<u>492,865</u>	<u>59,869</u>	<u>138,260</u>	<u>39,087</u>
Non-current liabilities					
Income received in advance	14	11,305	25,152	11,305	25,152
Borrowings (secured)	15	194,656	348,201	194,656	348,201
Borrowings (unsecured)	15	1,902,486	2,133,553	1,762,265	1,667,700
Derivative financial instruments	13	16,017	7,315	14,411	6,287
Security deposits		27,675	27,869	3,982	2,976
Deferred tax liabilities	16	44,026	34,808	—	—
		<u>2,196,165</u>	<u>2,576,898</u>	<u>1,986,619</u>	<u>2,050,316</u>
Total liabilities		<u>2,689,030</u>	<u>2,636,767</u>	<u>2,124,879</u>	<u>2,089,403</u>
Net assets		<u>4,915,258</u>	<u>4,898,558</u>	<u>3,937,947</u>	<u>3,963,397</u>
Represented by:					
Unitholders' funds		4,763,424	4,746,717	3,788,246	3,813,696
Perpetual securities	17	149,701	149,701	149,701	149,701
Non-controlling interest		2,133	2,140	—	—
		<u>4,915,258</u>	<u>4,898,558</u>	<u>3,937,947</u>	<u>3,963,397</u>
Units in issue ('000)	17	3,370,734	3,291,616	3,370,734	3,291,616
Net asset value per Unit (\$)		1.41	1.44	1.12	1.16

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF TOTAL RETURN
For the financial year ended 31 December 2017

		Group	
	Note	2017 \$'000	2016 \$'000
Property income	18	164,516	161,252
Property expenses	19	(33,316)	(32,882)
Net property income		131,200	128,370
Rental support	20	12,825	16,746
Share of results of associates	5	83,795	83,460
Share of results of joint ventures	6	31,959	30,789
Interest income		22,975	27,459
Amortisation expense	9	(11,799)	(15,312)
Trust expenses	21	(56,458)	(57,493)
Borrowing costs	22	(65,256)	(64,049)
Net foreign exchange differences		(2,060)	635
Net change in fair value of derivative financial instruments		(1,598)	9,018
Net income before gain on divestment of investment property and net change in fair value of investment properties		145,583	159,623
Gain on divestment of investment property	3	—	28,299
Net change in fair value of investment properties	23	51,727	91,171
Total return before tax		197,310	279,093
Income tax expense	24	(17,156)	(21,306)
Total return for the year		180,154	257,787
Attributable to:			
Unitholders		172,608	250,191
Perpetual securities holders		7,470	7,490
Non-controlling interest		76	106
		180,154	257,787
Basic and diluted earnings per Unit (cents) based on total return for the year	25	5.17	7.67
Basic and diluted earnings per Unit (cents) based on total return for the year and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expenses	25	3.95	4.40

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
DISTRIBUTION STATEMENT
For the financial year ended 31 December 2017

	Group	
	2017	2016
	\$'000	\$'000
Income available for distribution to Unitholders at beginning of the year	48,954	54,269
Net income before gain on divestment of investment property and net change in fair value of investment properties	145,583	159,623
Net income attributable to perpetual securities holders	(7,470)	(7,490)
Net income before net change in fair value of investment property attributable to non-controlling interest	(78)	(72)
Net tax and other adjustments (Note A)	69,851	77,368
Income tax expense	(17,156)	(21,306)
	190,730	208,123
Income available for distribution to Unitholders	239,684	262,392
Distribution to Unitholders:		
Distribution of 1.68 cents per Unit for the period from 1/10/2015 to 31/12/2015	—	(44,871)
Distribution of 1.68 cents per Unit for the period from 1/1/2016 to 31/3/2016	—	(43,526)
Distribution of 1.61 cents per Unit for the period from 1/4/2016 to 30/6/2016	—	(45,848)
Distribution of 1.60 cents per Unit for the period from 1/7/2016 to 30/9/2016	—	(48,318)
Distribution of 1.48 cents per Unit for the period from 1/10/2016 to 31/12/2016	(40,761)	—
Distribution of 1.45 cents per Unit for the period from 1/1/2017 to 31/3/2017	(38,061)	—
Distribution of 1.42 cents per Unit for the period from 1/4/2017 to 30/6/2017	(38,998)	—
Distribution of 1.40 cents per Unit for the period from 1/7/2017 to 30/9/2017	(39,118)	—
	(156,938)	(182,563)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/10/2015 to 31/12/2015	—	(9,160)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/1/2016 to 31/3/2016	—	(10,912)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/4/2016 to 30/6/2016	—	(6,669)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/7/2016 to 30/9/2016	—	(4,134)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/10/2016 to 31/12/2016	(7,954)	—
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/1/2017 to 31/3/2017	(10,061)	—
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/4/2017 to 30/6/2017	(8,408)	—
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/7/2017 to 30/9/2017	(7,884)	—
	(34,307)	(30,875)
Total Unitholders' distribution (including capital return) (Note B)	(191,245)	(213,438)
Income available for distribution to Unitholders at end of the year	48,439	48,954
Note A – Net tax and other adjustments comprise:		
- Manager's management fees paid and payable in Units	50,989	50,515
- Trustee's fees	1,263	1,248
- Amortisation of intangible asset and capitalised transaction costs	13,870	19,143
- Share of results of associates	(83,795)	(83,460)
- Share of results of joint ventures	(31,959)	(30,789)
- Effects of recognising rental income on a straight-line basis over the lease terms	1,330	279
- Interest income to be received	(197)	(614)
- Net change in fair value of derivative financial instruments	1,598	(9,018)
- Deferred tax expense	10,955	7,776
- Other gains distribution	—	11,000
- Other items	(14,348)	1,662
	(50,294)	(32,258)
Dividend and distribution income from associates	93,809	86,453
Distribution income from joint ventures	26,336	23,173
Net tax and other adjustments	69,851	77,368
Note B – Total Unitholders' distribution		
- Taxable income	(135,069)	(143,551)
- Tax exempt income	(45,222)	(40,984)
- Other gains	—	(15,905)
- Capital return	(10,954)	(12,998)
	(191,245)	(213,438)

The accompanying notes form an integral part of these financial statements.

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¹ Carrying value is based on 100.0% of Ocean Financial Centre. Keppel REIT owns approximately 99.9% (2016: 99.9%) interest in Ocean Financial Centre.

² Comprises 50.0% (2016: 50.0%) interest in 275 George Street.

³³ Also known as estate in fee simple.

⁴ Comprises 50.0% (2016: 50.0%) interest in 8 Exhibition Street office building and a 100.0% (2016: 100.0%) interest in another three retail units.

⁵ Comprises 50.0% (2016: Nil) interest in 311 Spencer Street.

Comprises 50.0% (2016: nil) interest in 311 Optical Quest.

⁷ Comprises 50.0% (2016: 50.0%) interest in David Malcolm Justice Centre, held through Mirvac (Old Treasury) Trust.

⁸Comprises one-third (2016: one-third) interest in One Raffles Quay, held through One Raffles Quay Pte Ltd. Comprises 50.0% (2016: 50.0%) interest in David Malcolm Justice Centre, held through DMJC (Old) Pte Ltd.

² Comprise one-third (2016: one-third) interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, held through BFC Development LLP.

¹⁰ Comprises one-third (2016: one-third) interest in Marina Bay Financial Centre Tower 1 & 2 and Marina Bay Link Walk, held through B10 Development Pte. Ltd.

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KEPPEL REIT AND ITS SUBSIDIARIES
PORTFOLIO STATEMENT
As at 31 December 2017

The carrying values of the Group's assets under management as at 31 December 2017 and 31 December 2016 are based on valuations undertaken by various independent valuers. The independent valuers have appropriate professional qualifications and experience in the location and asset class of the properties being valued. The following valuations are determined based on the capitalisation approach, discounted cash flows analysis and direct comparison method, and assessed in accordance with the Group's respective interests in the properties and include rental support top-up payments, where applicable.

FY2017

<u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Investment properties in Singapore:			
Bugis Junction Towers	Knight Frank Pte Ltd	31 December 2017	525,000
Ocean Financial Centre	Cushman & Wakefield VHS Pte Ltd	31 December 2017	2,623,000 ¹
Investment properties in Australia:			
275 George Street	CBRE Valuations Pty Limited	31 December 2017	219,300
8 Exhibition Street, comprising 50% interest in the office building and a 100% interest in another three retail units	m3property (Vic) Pty Ltd	31 December 2017	256,020
311 Spencer Street	CIVAS (VIC) Pty Limited	31 December 2017	148,920 ²
Investment properties held by associates:			
One Raffles Quay	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2017	1,273,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2017	1,693,000
Marina Bay Financial Centre Tower 3	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2017	1,300,300
Investment properties held by joint ventures:			
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2017	247,350
David Malcolm Justice Centre	Colliers International (WA) Pty Ltd	31 December 2017	216,750
			8,502,640

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
PORTFOLIO STATEMENT
As at 31 December 2017

FY2016

<u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Investment properties in Singapore:			
Bugis Junction Towers	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2016	540,000
Ocean Financial Centre	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2016	2,627,000 ¹
Investment properties in Australia:			
275 George Street	m3property (Qld) Pty Ltd	31 December 2016	213,855
8 Exhibition Street, comprising 50% interest in the office building and a 100% interest in another three retail units	CIVAS (VIC) Pty Limited	31 December 2016	236,910
Investment properties held by associates:			
One Raffles Quay	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2016	1,273,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2016	1,693,000
Marina Bay Financial Centre Tower 3	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2016	1,316,000
Investment properties held by joint ventures:			
8 Chifley Square	CIVAS (NSW) Pty Limited	31 December 2016	235,850
David Malcolm Justice Centre	Colliers International (WA) Pty Ltd	31 December 2016	219,950
			<u>8,355,565</u>

¹ The carrying value based on 100.0% interest in Ocean Financial Centre is \$2,625,630,000. As at 31 December 2016, the carrying value based on 100.0% interest in Ocean Financial Centre, excluding rental support top-up payment, was \$2,627,332,000.

² The valuation of the property is derived on an "as is" basis.

The investment properties comprise commercial properties that are mainly leased to third party tenants. Generally, these leases contain an initial non-cancellable period of between 2 and 30 years. Subsequent renewals are negotiated with individual lessees.

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2017

	Attributable to Unitholders						
	Units in issue \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Discount on acquisition of non-controlling interest \$'000	Unitholders' funds \$'000	Perpetual securities \$'000
Group							
At 1 January 2017	3,456,557	(167,302)	(5,494)	1,459,734	3,222	4,746,717	149,701
Operations							
Total return attributable to Unitholders and non-controlling interest	-	-	-	172,608	-	172,608	-
Net increase in net assets resulting from operations	-	-	-	172,608	-	172,608	-
Unitholders' transactions							
Creation of Units							
- Payment of management fees in Units	50,822	-	-	-	-	50,822	-
- Distribution Reinvestment Plan	34,307	-	-	(34,307)	-	-	-
Distribution to Unitholders	(10,954)	-	-	(145,984)	-	(156,938)	-
Net increase/(decrease) in net assets resulting from Unitholders' transactions	74,175	-	-	(180,291)	-	(106,116)	-
Perpetual securities							
Total return attributable to perpetual securities holders	-	-	-	-	-	-	7,470
Distribution to perpetual securities holders	-	-	-	-	-	-	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	-	-	-	-	-	-	-
Net movement in foreign currency translation reserve	-	(34,808)	-	-	-	(34,808)	-
Net change in fair value of cash flow hedges	-	-	(15,191)	-	-	(15,191)	(4)
Share of net change in fair value of cash flow hedges of associates	-	-	214	-	-	214	-
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	-	(79)
At 31 December 2017	3,530,732	(202,110)	(20,471)	1,452,051	3,222	4,763,424	149,701
							2,133
							4,915,258

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2017

	Attributable to Unitholders						
	Units in issue \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Discount on acquisition of non-controlling interest \$'000	Unitholders' funds \$'000	Non-controlling interest \$'000
Group							Total \$'000
At 1 January 2016	3,394,832	(199,445)	17,429	1,409,983	3,222	4,626,021	2,108
Operations							
Total return attributable to Unitholders and non-controlling interest	-	-	-	250,191	-	250,191	106
Net increase in net assets resulting from operations	-	-	-	250,191	-	250,191	106
Unitholders' transactions							
Creation of Units							
- Payment of management fees in Units	43,848	-	-	-	-	43,848	-
- Distribution Reinvestment Plan	30,875	-	-	(30,875)	-	-	-
Distribution to Unitholders	(12,998)	-	-	(169,565)	-	(182,563)	-
Net increase/(decrease) in net assets resulting from Unitholders' transactions	61,725	-	-	(200,440)	-	(138,715)	-
Perpetual securities							
Issue expenses	-	-	-	-	-	-	(18)
Total return attributable to perpetual securities holders	-	-	-	-	-	7,490	-
Distribution to perpetual securities holders	-	-	-	-	-	(7,490)	-
Net decrease in net assets resulting from perpetual securities holders' transactions	-	-	-	-	-	-	(18)
Net movement in foreign currency translation reserve	-	32,143	-	-	-	32,143	-
Net change in fair value of cash flow hedges	-	-	(16,724)	-	-	(16,724)	(3)
Share of net change in fair value of cash flow hedges of associates	-	-	(6,199)	-	-	(6,199)	-
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	-	(71)
At 31 December 2016	3,456,557	(167,302)	(5,494)	1,459,734	3,222	4,746,717	2,140
						149,701	4,898,558

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2017

	Attributable to Unitholders			Perpetual securities	Total
	Units in issue \$'000	Hedging reserve \$'000	Accumulated profits \$'000	\$'000	\$'000
Trust					
At 1 January 2017	3,456,557	(132)	357,271	149,701	3,963,397
Operations					
Total return attributable to Unitholders	–	–	93,088	–	93,088
Net increase in net assets resulting from operations	–	–	93,088	–	93,088
Unitholders' transactions					
Creation of Units					
- Payment of management fees in Units	50,822	–	–	–	50,822
- Distribution Reinvestment Plan	34,307	–	(34,307)	–	–
Distribution to Unitholders	(10,954)	–	(145,984)	–	(156,938)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	74,175	–	(180,291)	–	(106,116)
Perpetual securities					
Total return attributable to perpetual securities holders	–	–	–	7,470	7,470
Distribution to perpetual securities holders	–	–	–	(7,470)	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–
Net change in fair value of cash flow hedges	–	(12,422)	–	–	(12,422)
At 31 December 2017	3,530,732	(12,554)	270,068	149,701	3,937,947
At 1 January 2016	3,394,832	9,594	375,859	149,719	3,930,004
Operations					
Total return attributable to Unitholders	–	–	181,852	–	181,852
Net increase in net assets resulting from operations	–	–	181,852	–	181,852
Unitholders' transactions					
Creation of Units					
- Payment of management fees in Units	43,848	–	–	–	43,848
- Distribution Reinvestment Plan	30,875	–	(30,875)	–	–
Distribution to Unitholders	(12,998)	–	(169,565)	–	(182,563)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	61,725	–	(200,440)	–	(138,715)
Perpetual securities					
Issue expenses	–	–	–	(18)	(18)
Total return attributable to perpetual securities holders	–	–	–	7,490	7,490
Distribution to perpetual securities holders	–	–	–	(7,490)	(7,490)
Net decrease in net assets resulting from perpetual securities holders' transactions	–	–	–	(18)	(18)
Net change in fair value of cash flow hedges	–	(9,726)	–	–	(9,726)
At 31 December 2016	3,456,557	(132)	357,271	149,701	3,963,397

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

	Group	
	2017	2016
	\$'000	\$'000
Operating activities		
Total return before tax	197,310	279,093
Adjustments for:		
Interest income	(22,975)	(27,459)
Amortisation expense	11,799	15,312
Share of results of associates	(83,795)	(83,460)
Share of results of joint ventures	(31,959)	(30,789)
Borrowing costs	65,256	64,049
Management fees paid and payable in Units	50,989	50,515
Gain on divestment of investment property	—	(28,299)
Net change in fair value of derivative financial instruments	1,598	(9,018)
Net change in fair value of investment properties	(51,727)	(91,171)
Depreciation	41	44
Rental support	(12,825)	(16,746)
Unrealised currency translation differences	1,919	809
Operating cash flows before changes in working capital	125,631	122,880
(Increase)/decrease in receivables	(5,576)	4,619
Increase/(decrease) in payables	7,161	(6,073)
(Decrease)/increase in security deposits	(580)	807
Cash flows from operations	126,636	122,233
Income taxes paid	(6,671)	(14,054)
Net cash flows provided by operating activities	119,965	108,179
Investing activities		
Purchase of investment property under development	(133,953)	—
Progress payments on investment property under development	(9,409)	—
Subsequent expenditure on investment properties	(14,427)	(2,212)
Purchase of fixed assets	—	(35)
Proceeds from divestment of investment property, net of divestment costs	—	157,233
Interest received	23,392	27,085
Rental support received	13,848	20,331
Dividend and distribution income received from associates	93,809	86,453
Distribution income received from joint ventures	26,336	23,173
Advance to an associate	(2,200)	(2,000)
Net cash flows (used in)/provided by investing activities	(2,604)	310,028
Financing activities		
Loans drawdown	306,168	640,450
Repayment of loans	(334,298)	(656,744)
Proceeds from issuance of medium term notes	75,000	—
Payment of financing expenses/upfront debt arrangement costs	(1,315)	(2,157)
Distribution of partnership profits to non-controlling interest	(79)	(71)
Distribution to Unitholders (net of distribution in Units)	(156,938)	(182,563)
Distribution to perpetual securities holders	(7,470)	(7,490)
Interest paid	(62,468)	(60,737)
Issue expenses	—	(18)
Net cash flows used in financing activities	(181,400)	(269,330)

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

	<u>Group</u>	
	2017	2016
	\$'000	\$'000
Net (decrease)/increase in cash and cash equivalents	(64,039)	148,877
Cash and cash equivalents at beginning of the year	253,219	98,764
Effect of exchange rate changes on cash and cash equivalents	(2,718)	5,578
Cash and cash equivalents at end of the year (Note 11)	186,462	253,219
Cash and bank balances	198,158	278,682
Less: Rental support received in advance held in designated accounts (Note A)	(11,696)	(25,463)
Cash and cash equivalents per Consolidated Statement of Cash Flows	186,462	253,219

Reconciliation of liabilities arising from financing activities

	As at 1 January 2017 \$'000	Net principal drawdown and financing expenses/upfront debt arrangement costs \$'000	Non-cash changes		As at 31 December 2017 \$'000
			Amortisation of capitalised transaction costs \$'000	Foreign exchange movement \$'000	
Borrowings	2,481,754	45,555	2,071	(7,199)	2,522,181

Note A – Rental support received in advance held in designated accounts

As at 31 December 2017, this relates to the rental support top-up payments received in advance by the Group held in designated accounts for the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds MBFC Tower 3. As at 31 December 2016, this also included rental support top-up payments received in advance by the Group held in designated accounts for the approximate 12.39% interest in OPLLP which holds OFC.

Note B – Significant non-cash transactions

The following were the significant non-cash transactions:

- (i) 47,360,865 (2016: 43,763,613) Units were issued as payment of management fees to the Manager, amounting to \$50,822,000 (2016: \$43,848,000); and
- (ii) 31,757,174 (2016: 31,728,090) Units were issued pursuant to the Distribution Reinvestment Plan, amounting to \$34,307,000 (2016: \$30,875,000).

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements of Keppel REIT (the "Trust") and its subsidiaries (the "Group") for the financial year ended 31 December 2017 were authorised for issue by the Manager on 20 February 2018.

1. General

Keppel REIT is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 28 November 2005 (as amended) (the "Trust Deed") between Keppel REIT Management Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 8 Marina View, #26-01 Asia Square Tower 1, Singapore 018960.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 April 2006 and was included in the Central Provident Fund Investment Scheme on 28 April 2006. The principal activity of the Trust is to invest in a portfolio of quality real estate and real estate-related assets which are predominantly used for commercial purposes in Singapore and Asia with the primary objective of generating stable returns to its Unitholders and achieving long-term capital growth. The principal activities of its subsidiaries, associates and joint ventures are set out in Notes 4, 5 and 6 respectively.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Property management fees

Under the property management agreement, for property management services rendered by Keppel REIT Property Management Pte Ltd (the "Property Manager"), the Trustee will pay the Property Manager property management fees of 3.0% per annum of the property income of each of the investment properties.

The Property Manager is also entitled to receive leasing commission at the rates set out as follows:

- (i) one month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a tenancy or licence of two years or more;
- (ii) one-half month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a tenancy or licence of less than two years but at least a year and a proportionate part thereof; and
- (iii) one-quarter month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a renewal of tenancy or licence of a year or more and a proportionate part thereof for securing a renewal of a tenancy or licence of less than a year.

The property management fees are payable monthly in arrears.

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

1. General (continued)

(b) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to the following management fees:

- (i) a base fee of 0.5% per annum of the value of all the assets for the time being of the Trust or deemed to be held upon the Trust constituted under the Trust Deed ("Deposited Property"); and
- (ii) an annual performance fee of 3.0% per annum of the Net Property Income (as defined in the Trust Deed) of the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) after deducting all applicable taxes payable.

The management fees will be paid in the form of cash and/or Units (as the Manager may elect). The management fees payable in Units will be issued at the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the relevant Business Day.

The base fee component of the Manager's management fees is payable quarterly in arrears. The performance fee component of the Manager's management fees will be paid on an annual basis in arrears, subsequent to the applicable financial year.

The Manager is also entitled to receive an acquisition fee at the rate of 1.0% of acquisition price and a divestment fee of 0.5% of sale price on all acquisitions or disposals of properties respectively.

(c) Trustee's fees

Under the Trust Deed, the maximum fee payable to the Trustee is 0.03% per annum of the value of the Deposited Property and shall be payable quarterly in arrears.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants. The financial statements have also been prepared in accordance with the applicable requirements of the CIS Code issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards ("FRS").

The financial statements, which are expressed in Singapore dollar ("SGD" or "\$") and rounded to the nearest thousand (\$'000), unless otherwise stated, are prepared on the historical cost basis, except as disclosed in the accounting policies below.

2. Summary of significant accounting policies (continued)

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Trust, except for the following:

Amendments to FRS 7 Statement of cash flows

The amendments to FRS 7 *Statement of cash flows (Disclosure initiative)* set out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows to the financial statements.

(c) Standards issued but not yet effective

Full convergence with International Financial Reporting Standards ("IFRS") and adoption of new standards

The Accounting Standards Council (Singapore) has introduced a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board, for the financial year beginning on or after 1 January 2018. The Monetary Authority of Singapore has granted the Group a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the Code on Collective Investment Schemes to prepare its financial statements in accordance with the Singapore Financial Reporting Standards.

The Group has adopted SFRS(I) on 1 January 2018 and as a result, the Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I).

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application, other than the election of optional exemption to reset its cumulative foreign currency translation differences for all foreign operations to nil at the date of transition on 1 January 2017. As a result, the Group expects to reclassify cumulative foreign currency translation losses of \$167,302,000 from foreign currency translation reserve to accumulated profits as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

In addition to the adoption of SFRS(I), the following SFRS(I) that are relevant to the Group and the Trust are effective on or after the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 16 *Leases*

2. Summary of significant accounting policies (continued)

(c) Standards issued but not yet effective (continued)

(i) SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

SFRS(I) 15 will take effect from financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

The Manager anticipates that the adoption of SFRS(I) 15 in future periods will not have a material impact on the financial statements of the Group and of the Trust in the period of their initial adoption.

(ii) SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation. The adoption of SFRS(I) 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

SFRS(I) 9 will take effect from financial years beginning on or after 1 January 2018. The Group plans to elect to apply the short-term exemption under SFRS(I) 1, which exempts the Group from applying SFRS(I) 9 to comparative information.

The Manager anticipates that the adoption of SFRS(I) 9 in future periods will not have a material impact on the financial statements of the Group and of the Trust in the period of their initial adoption.

2. Summary of significant accounting policies (continued)

(c) Standards issued but not yet effective (continued)

(iii) SFRS(I) 16 Leases

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under SFRS(I) 16.

The standard also introduces expanded disclosure requirements and changes in presentation.

SFRS(I) 16 will take effect from financial years beginning on or after 1 January 2019.

The Manager anticipates that the adoption of SFRS(I) 16 in future periods will not have a material impact on the financial statements of the Group and of the Trust in the period of their initial adoption.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date and use accounting policies consistent with the Trust.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the Consolidated Statement of Total Return; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to the Consolidated Statement of Total Return or accumulated profits, as appropriate.

2. Summary of significant accounting policies (continued)

(e) Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to Unitholders of the Trust, and is presented separately in the Consolidated Statement of Total Return and within equity in the consolidated Balance Sheet, separately from equity attributable to the Unitholders of the Trust.

Changes in the Trust's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to Unitholders of the Trust.

(f) Functional and foreign currency

(i) Functional currency

The Manager has determined the currency of the primary economic environment in which the Trust operates, i.e. functional currency, to be Singapore dollar. The financial statements are presented in Singapore dollar.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Trust and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the Consolidated Statement of Total Return except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised under foreign currency translation reserve in Unitholders' funds. The foreign currency translation reserve is reclassified from Unitholders' funds to the Consolidated Statement of Total Return on disposal of the foreign operation.

(iii) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their total returns are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised under foreign currency translation reserve in Unitholders' funds. On disposal of a foreign operation, the foreign currency translation reserve relating to that particular foreign operation is recognised in the Consolidated Statement of Total Return.

2. Summary of significant accounting policies (continued)

(g) Investment properties

Investment properties are properties that are owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The cost of investment property under development includes the cost of materials and direct labour, and any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the Consolidated Statement of Total Return in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the Consolidated Statement of Total Return in the year of retirement or disposal.

(h) Fixed assets

Fixed assets are initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Included within fixed assets are artwork and sculpture that are considered inexhaustible, in that their values do not diminish over time. These artwork and sculpture are not depreciated but their carrying values are reviewed for impairment at the level of the respective cash-generating units to which they relate when events or changes in circumstances indicate that the carrying values may not be recoverable.

All other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Computer	3 years
Machinery and equipment	5 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in total return in the year the asset is derecognised.

2. Summary of significant accounting policies (continued)

(i) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Trust's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(j) Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2(k).

(k) Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which the investment becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's or joint venture's total return in the period in which the investment is acquired.

Under the equity method, the investments in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The total return reflects the share of results of the operations of the associates or joint ventures. Distributions or dividends received from associates or joint ventures reduce the carrying amounts of the investments. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

2. Summary of significant accounting policies (continued)

(k) Associates and joint ventures (continued)

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal and constructive obligations to make or has made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in total return.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Trust. Property held for sale is stated at the lower of cost and net realisable value. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group, and adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Trust.

(l) Intangible asset

Intangible asset, which relates to rental support top-up payments, is measured initially at cost, being the fair value as at the date of acquisition. Following initial recognition, intangible asset is measured at cost less any accumulated amortisation and any impairment losses.

Intangible asset with a finite useful life is amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible asset with finite useful life is recognised in total return.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in total return when the asset is derecognised.

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2. Summary of significant accounting policies (continued)

(m) Impairment of non-financial assets (continued)

Impairment losses of continuing operations are recognised in total return, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment losses are also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in total return.

(n) Financial instruments

Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets through profit or loss are recognised immediately as expenses.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Gains and losses are recognised in total return when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in total return.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in total return when the liabilities are derecognised, and through the amortisation process.

2. Summary of significant accounting policies (continued)

(n) Financial instruments (continued)

Financial liabilities (continued)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in total return.

(o) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in total return.

When the cash flow becomes uncollectible, the carrying amount of an impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in total return.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and demand deposits, and exclude amounts which are restricted for use.

2. Summary of significant accounting policies (continued)

(q) Unit capital, perpetual securities and issue expenses

Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds and incidental costs directly attributable to the issuance are deducted against Unitholders' funds.

Proceeds from issuance of perpetual securities are recognised in equity and incidental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(s) Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2(t)(i). Contingent rents are recognised as revenue in the period in which they are earned.

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rental support, dividend income and distribution income

Rental support, dividend income and distribution income are recognised when the Group's right to receive payment is established.

2. Summary of significant accounting policies (continued)

(u) Expenses

(i) Trust expenses

Trust expenses are recognised on an accrual basis.

(ii) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are property management fees which are based on the applicable formula stipulated in Note 1(a).

(iii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(v) Borrowing costs

Borrowing costs are recognised in the Consolidated Statement of Total Return using the effective interest method except for those costs that are directly attributable to the development of investment properties. These include costs on borrowings acquired specifically for the development of investment properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit of the investment property under development less any investment income on temporary investment of these borrowings, are capitalised in the cost of the investment property under development.

(w) Taxation

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax is recognised as an expense or income in total return, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which those assets and liabilities are expected to be realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2. Summary of significant accounting policies (continued)

(w) Taxation (continued)

(ii) Deferred tax (continued)

Deferred tax is measured based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Deferred tax is recognised as an expense or income in total return, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

(iii) Tax transparency

Pursuant to the Tax Transparency Ruling issued by the Inland Revenue Authority of Singapore ("IRAS"), tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the tax ruling which include a distribution of at least 90% of the taxable income of the Trust, the Trust will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the Trust's taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as adjustments to the amount to be distributed for the next distribution following the agreement with the IRAS.

Subject to the terms and conditions of the Tax Transparency Ruling, the Trust will not be taxed on Specified Taxable Income distributed to the Unitholders in the year in which the income was derived. Instead, the Trust will undertake to deduct income tax at the prevailing corporate tax rate on the distributions made to the Unitholders out of such Specified Taxable Income except:

- a) where the beneficial owner is a Qualifying Unitholder (as defined herein), distributions will be made to such Unitholder without deducting any income tax; and
- b) where the beneficial owner is a Qualifying Foreign Non-Individual Unitholder (as defined herein), income tax will be deducted at a reduced rate of 10% from the distributions made up to 31 March 2020, unless otherwise extended.

A Qualifying Unitholder is a Unitholder who is:

- a) an individual; or
- b) a company incorporated and tax resident in Singapore;
- c) a Singapore branch of a company incorporated outside Singapore;

2. Summary of significant accounting policies (continued)

(w) Taxation (continued)

(iii) Tax transparency (continued)

- d) a non-corporate entity (excluding partnerships) constituted or registered in Singapore including:
- institutions, authorities, persons or funds specified in the First Schedule to the Income Tax Act, Chapter 134 of Singapore;
 - co-operative societies registered under the Co-operative Societies Act, Chapter 62 of Singapore;
 - trade unions registered under the Trade Unions Act, Chapter 333 of Singapore;
 - charities registered under the Charities Act, Chapter 37 of Singapore or established by an Act of Parliament; and
 - town councils; or
- e) 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).

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual not resident in Singapore for Singapore income tax purposes and:

- a) who does not have a permanent establishment in Singapore; or
- b) who carries on an 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.

The above tax transparency ruling does not apply to gains from sale of real estate properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

KEPPEL REIT AND ITS SUBSIDIARIES
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2. Summary of significant accounting policies (continued)

(w) Taxation (continued)

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- a) Where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- b) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the Balance Sheets.

(x) Portfolio reporting

For management purposes, the Group is organised into operating segments based on individual investment property within the Group's portfolio, and prepares financial information on a property by property basis. The properties are independently managed by property managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Board on a property by property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

(y) Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when fair value is negative.

Gains or losses arising from the changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to total return.

The Group applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

2. Summary of significant accounting policies (continued)

(y) Derivative financial instruments and hedge accounting (continued)

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in total return.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to total return when the hedge transaction affects total return, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to total return. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects total return.

The Group uses interest rate swaps to hedge its exposure to interest rate risk for bank loans with floating interest rates. Details of the interest rate swaps are disclosed in Note 13.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its investment properties in Australia. Details of the forward currency contracts are disclosed in Note 13.

2. Summary of significant accounting policies (continued)

(z) Significant accounting judgements and estimates

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an on-going basis. Financial impact arising from revisions to accounting estimates is recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Valuation of investment properties

Investment properties are stated at fair value, with changes in fair value recognised in total return. The Group engaged independent professional valuers to determine fair value as at the financial year-end.

The fair value of investment properties held by the Group and through its associates and joint ventures is determined by independent real estate valuation experts using approved valuation methodologies. In determining the fair value, the valuers have used valuation methods which involve estimates and discount rates applicable to those assets. The Manager is satisfied that the valuation methods and estimates are reflective of current market conditions. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the vacancy assumptions. Specific assumptions and estimates are disclosed in Note 29.

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3. Investment properties

	Completed investment properties \$'000	Investment property under development \$'000	Total \$'000
<u>Group</u>			
<u>2017</u>			
At 1 January	3,618,097	—	3,618,097
Translation differences	(18,694)	(5,926)	(24,620)
Purchase of investment property	—	133,953	133,953
Progress payments on investment property under development	—	9,409	9,409
Capitalised expenditure	2,794	11,633	14,427
Net change in fair value of investment properties (Note 23)	23,753	(149)	23,604
At 31 December	3,625,950	148,920	3,774,870
<u>2016</u>			
At 1 January	3,691,073	—	3,691,073
Translation differences	16,905	—	16,905
Divestment of investment property	(128,520)	—	(128,520)
Capitalised expenditure	2,212	—	2,212
Net change in fair value of investment properties (Note 23)	36,427	—	36,427
At 31 December	3,618,097	—	3,618,097
<u>Trust</u>			
<u>2017</u>			
At 1 January	540,000	—	540,000
Capitalised expenditure	351	—	351
Net change in fair value of investment properties	(15,351)	—	(15,351)
At 31 December	525,000	—	525,000
<u>2016</u>			
At 1 January	550,000	—	550,000
Capitalised expenditure	706	—	706
Net change in fair value of investment properties	(10,706)	—	(10,706)
At 31 December	540,000	—	540,000

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3. Investment properties (continued)

Investment properties are stated at fair value based on valuations performed by independent valuers. In determining the fair value, the valuers have used the direct comparison method, capitalisation approach and discounted cash flows analysis which make reference to estimated market rental values and equivalent yields. The key assumptions used to determine the fair value of investment properties include, amongst others, market-corroborated capitalisation yields, discount rates and transacted prices of comparable properties. Details of valuation techniques and inputs used are disclosed in Note 29.

Included in capitalised expenditure for investment property under development are capitalised borrowing costs amounting to \$564,000 (2016: nil).

On 31 July 2017, the Group acquired a 50% interest in an office tower under development at 311 Spencer Street for an aggregate consideration of approximately \$362,400,000.

On 29 January 2016, the Group divested its interest in 77 King Street office tower for an aggregate consideration of approximately \$163,200,000. The Group recognised a gain on divestment of \$28,299,000.

The Group has mortgaged certain investment properties of up to an aggregate principal amount of \$525,000,000 (2016: \$540,000,000) as security for credit facilities granted (Note 15).

4. Investments in subsidiaries

			<u>Trust</u>	
			<u>2017</u>	<u>2016</u>
			<u>\$'000</u>	<u>\$'000</u>
Unquoted equity, at cost			<u>1,837,110</u>	<u>1,837,110</u>
<u>Name</u>	<u>Country of incorporation/ constitution</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			<u>2017</u>	<u>2016</u>
			<u>%</u>	<u>%</u>
Held by the Trust				
Keppel REIT MTN Pte. Ltd. ¹	Singapore	Provision of treasury services	100.00	100.00
Keppel REIT (Australia) Pte. Ltd. ¹	Singapore	Investment holding	100.00	100.00
Keppel REIT Fin. Company Pte. Ltd. ¹	Singapore	Provision of treasury services	100.00	100.00
Ocean Properties LLP ("OPLLP") ^{1, 4}	Singapore	Property investment	~99.90⁴	~99.90 ⁴

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4. Investments in subsidiaries (continued)

<u>Name</u>	<u>Country of incorporation/ constitution</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2017 %	2016 %
Held through Keppel REIT (Australia) Pte. Ltd.				
Keppel REIT (S) Limited ²	Bermuda	Investment holding	100.00	100.00
Keppel REIT (Australia) Trust ³	Australia	Property investment	100.00	100.00
Keppel REIT (Australia) Sub-Trust 1 ³	Australia	Property investment	100.00	100.00
Keppel REIT (Australia) Sub-Trust 2 ³	Australia	Investment holding	100.00	100.00
Keppel REIT (Australia) Sub-Trust 3 ³	Australia	Investment holding	100.00	100.00
Keppel REIT (Australia) Sub-Trust 4 ³	Australia	Property investment	100.00	100.00
Keppel REIT (Australia) Sub-Trust 5 ³	Australia	Property investment	100.00	100.00

¹ Audited by PricewaterhouseCoopers LLP, Singapore.

² There is no statutory requirement for the financial statements of Keppel REIT (S) Limited to be audited.

³ Audited by PricewaterhouseCoopers, Australia.

⁴ OPLLP owns Ocean Financial Centre. For the approximate 87.51% equity interest in OPLLP which the Trust acquired on 14 December 2011 for a period of 99 years from Straits Property Investments Pte Ltd ("SPIPL"), the Trust granted a call option under an option deed to SPIPL for the right to acquire the approximate 87.51% equity interest in OPLLP for \$1.00 at the expiry of the 99-year period after the acquisition date. Under the option deed, the Trust shall not dispose of its legal or beneficial interest in OPLLP to any person unless SPIPL's right of first refusal has lapsed. In addition, if any of certain specified events occur anytime during the 99 years after the acquisition date, SPIPL has the right to procure OPLLP to take the necessary steps to carve out and transfer a leasehold title of the remaining tenure to a special purpose vehicle owned by SPIPL and the non-controlling interest.

On 25 June 2012, the Trust acquired an additional equity interest in OPLLP of approximately 12.39% from a third party, Avan Investment Pte Ltd ("AIPL") for a period of 99 years from 14 December 2011. This acquisition increased the Group's interest in OPLLP from an approximate 87.51% to an approximate 99.90%. AIPL continues to hold a remaining equity interest of approximate 0.10% in OPLLP (the "non-controlling interest"). The Trust also entered into an option deed pursuant to which AIPL shall have the right to acquire the approximate 12.39% interest in OPLLP for \$1.00, such option to be exercisable only after the expiry of a period of 99 years after 14 December 2011.

KEPPEL REIT AND ITS SUBSIDIARIES
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5. Investments in associates

	<u>Group</u>		<u>Trust</u>	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Unquoted equity, at cost	2,025,559	2,025,483	2,025,559	2,025,483
Share of post-acquisition reserves	502,283	499,629	–	–
	<u>2,527,842</u>	<u>2,525,112</u>	<u>2,025,559</u>	<u>2,025,483</u>

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

	<u>Group</u>	
	2017 \$'000	2016 \$'000
At 1 January	499,629	472,315
Share of results of associates		
- Total return excluding net change in fair value of investment properties	83,795	83,460
- Net change in fair value of investment properties (Note 23)	10,627	34,079
- Effects of recognising rental income on a straight-line basis over the lease terms	1,827	2,427
	96,249	119,966
Share of net change in fair value of cash flow hedges	214	(6,199)
Dividend and distribution income received	(93,809)	(86,453)
At 31 December	<u>502,283</u>	<u>499,629</u>

Details of the associates are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2017 %	2016 %
One Raffles Quay Pte Ltd ¹	Singapore	Property development and investment	33.33	33.33
BFC Development LLP ²	Singapore	Property development and investment	33.33	33.33
Central Boulevard Development Pte. Ltd. ³	Singapore	Property development and investment	33.33	33.33

¹ Audited by Ernst & Young LLP, Singapore.
One Raffles Quay Pte Ltd ("ORQPL") is the owner of One Raffles Quay.

² Audited by Ernst & Young LLP, Singapore.
BFC Development LLP ("BFCDLLP") is the owner of Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

³ Audited by Ernst & Young LLP, Singapore.
Central Boulevard Development Pte. Ltd. ("CBDPL") is the owner of Marina Bay Financial Centre Tower 3.

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5. Investments in associates (continued)

The Group does not equity account for the results of Marina Bay Suites Pte. Ltd. ("MBSPL"), which is a wholly-owned subsidiary of CBDPL, as the acquisition of the one-third interest in CBDPL was structured to effectively exclude any interest in MBSPL.

A deed of undertaking was signed between Bayfront Development Pte. Ltd. (the "Vendor") and the Trust, whereby the Trust agrees not to participate in the financial and operating policy decisions in MBSPL and that it would exercise all voting rights and other rights and powers that it directly or indirectly has or controls in CBDPL and MBSPL in accordance with the written instructions of the Vendor on all matters arising from, relating to, or otherwise connected with MBSPL, and/or CBDPL's ownership of MBSPL.

The summarised financial information of the associates, excluding CBDPL's interest in MBSPL, and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	<u>ORQPL</u>		<u>BFCDLLP</u>		<u>CBDPL</u>	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Summarised Balance Sheet						
Current assets						
(including property held for sale)	1,450,453	1,455,356	18,446	17,478	21,669	42,721
Non-current assets	1,689,104	1,627,305	5,048,188	5,048,195	3,820,122	3,849,040
Total assets	3,139,557	3,082,661	5,066,634	5,065,673	3,841,791	3,891,761
Current liabilities	(44,998)	(43,299)	(30,064)	(36,600)	(31,830)	(33,039)
Non-current liabilities	(1,073,217)	(1,076,512)	(1,740,733)	(1,735,115)	(1,652,853)	(1,649,204)
Total liabilities	(1,118,215)	(1,119,811)	(1,770,797)	(1,771,715)	(1,684,683)	(1,682,243)
Net assets	2,021,342	1,962,850	3,295,837	3,293,958	2,157,108	2,209,518
Proportion of the Group's ownership	33.33%	33.33%	33.33%	33.33%	33.33%	33.33%
Group's share of net assets	673,781	654,283	1,098,612	1,097,986	719,036	736,506
Other adjustments	13,734	13,734	7,000	7,000	15,679	15,603
Carrying amount of the investment	687,515	668,017	1,105,612	1,104,986	734,715	752,109
Summarised Statement of Comprehensive Income						
Property income	158,146	162,344	202,804	227,443	148,071	143,958
Total return for the year	139,816	94,934	109,697	146,152	39,234	118,813
Other comprehensive income	(846)	(5,892)	—	—	1,488	(12,705)
Total comprehensive income	138,970	89,042	109,697	146,152	40,722	106,108

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6. Investments in joint ventures

	2017 \$'000	Group 2016 \$'000
Unquoted equity, at cost	345,286	353,477
Share of post-acquisition reserves	119,810	96,807
	465,096	450,284

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

	2017 \$'000	Group 2016 \$'000
At 1 January	96,807	68,165
Share of results of joint ventures		
- Total return excluding net change in fair value of investment properties	31,959	30,789
- Net change in fair value of investment properties (Note 23)	26,462	30,750
- Effects of recognising rental income on a straight-line basis over the lease terms	(4,219)	(12,018)
	54,202	49,521
Translation differences	(4,634)	3,283
Distribution received/receivable	(26,565)	(24,162)
At 31 December	119,810	96,807

Details of the joint ventures are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2017 %	2016 %
Held through Keppel REIT (S) Limited				
Mirvac 8 Chifley Pty Limited ¹	Australia	Fund administration	50.00	50.00
Mirvac (Old Treasury) Pty Limited ¹	Australia	Fund administration	50.00	50.00
Held through Keppel REIT (Australia) Sub-Trust 2				
Mirvac 8 Chifley Trust ("M8CT") ²	Australia	Investment in real estate properties	50.00	50.00
Held through Keppel REIT (Australia) Sub-Trust 3				
Mirvac (Old Treasury) Trust ("MOTT") ²	Australia	Investment in real estate properties	50.00	50.00

¹ There is no statutory requirement for the financial statements to be audited.

² Audited by PricewaterhouseCoopers, Australia.

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For the financial year ended 31 December 2017

6. Investments in joint ventures (continued)

The summarised financial information of the joint ventures and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	<u>M8CT</u>		<u>MOTT</u>	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Summarised Balance Sheet				
Cash and bank balances	2,678	1,036	5,420	5,031
Other current assets	3,559	3,065	6,197	3,540
Non-current assets	487,904	464,635	428,055	433,844
Total assets	494,141	468,736	439,672	442,415
Current liabilities	(5,985)	(3,803)	(9,878)	(9,805)
Total liabilities	(5,985)	(3,803)	(9,878)	(9,805)
Net assets	488,156	464,933	429,794	432,610
Proportion of the Group's ownership	50.00%	50.00%	50.00%	50.00%
Group's share of net assets	244,078	232,467	214,897	216,305
Other adjustments	3,399	(6,562)	2,722	8,074
Carrying amount of the investment	247,477	225,905	217,619	224,379
Summarised Statement of Total Return				
Property income	32,916	32,142	42,247	40,208
Interest income	—	3	52	75
Total return for the year	68,388	58,772	40,016	40,269

7. Amounts owing by subsidiaries (non-trade)

	<u>Trust</u>	
	2017 \$'000	2016 \$'000
Interest bearing	563,458	525,505
Non-interest bearing	314,515	327,145
	877,973	852,650

The amounts owing by subsidiaries are unsecured, to be settled in cash and not expected to be repaid within the next 12 months. The interest bearing portions bear interest ranging from 5.2% to 9.5% (2016: 7.0% to 9.5%) per annum.

The amounts owing by subsidiaries as at 31 December 2017 and 31 December 2016 are denominated in Australian dollar.

The non-interest bearing amounts owing by subsidiaries are considered part of the Trust's net investment in these subsidiaries and are accordingly accounted for in accordance with Note 2(i).

KEPPEL REIT AND ITS SUBSIDIARIES
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8. Advances to associates

Advances to associates are unsecured, not expected to be repaid within the next 12 months and carry interest which is repriced every quarter at a margin above the 3-month S\$ swap-offer rate ("SOR"). They bore interest ranging from 3.00% to 4.54% (2016: 2.86% to 5.18%) per annum during the year.

The advances to associates are denominated in Singapore dollar.

9. Intangible asset

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<i>Cost:</i>				
At 1 January	66,093	199,420	46,622	46,622
Write-off	(19,471)	(133,327)	—	—
At 31 December	46,622	66,093	46,622	46,622
<i>Accumulated amortisation:</i>				
At 1 January	43,582	161,597	26,151	14,022
Amortisation expense	11,799	15,312	9,759	12,129
Write-off	(19,471)	(133,327)	—	—
At 31 December	35,910	43,582	35,910	26,151
<i>Net carrying amount:</i>				
At 31 December	10,712	22,511	10,712	20,471

Intangible asset represents the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in CBDPL (2016: one-third interest in CBDPL and the approximate 12.39% interest in OPLL). The remaining rental support period is approximately 2 years (2016: range from 1 to 3 years). The write-off of intangible asset pertained to fully amortised rental support top-up payments.

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10. Trade and other receivables

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables	5,838	6,916	576	651
Amounts due from subsidiaries (non-trade)	—	—	10,927	5,963
Amounts due from related companies (trade)	174	—	174	—
Amounts due from joint ventures (non-trade)	2,138	2,065	—	—
Interest receivable	197	614	184	84
Rental support receivable	—	1,023	—	1,023
Others	272	44	259	—
	8,619	10,662	12,120	7,721

Amounts due from subsidiaries, related companies and joint ventures are unsecured, interest-free, repayable on demand and are to be settled in cash.

Trade and other receivables for the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to \$28,000 (2016: nil) and \$1,119,000 (2016: nil) respectively. These balances are denominated in Australian dollar.

Receivables that are past due but not impaired

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables past due but not impaired:				
Past due < 3 months	2,058	2,268	—	—
Past due 3 - 6 months	28	70	—	—
Past due > 6 months	59	105	—	—
	2,145	2,443	—	—

Analysis of allowance for doubtful debts

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
At 1 January	—	(40)	—	—
Charge for the year	—	(2)	—	—
Write-off against allowance	—	42	—	—
At 31 December	—	—	—	—

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11. Cash and bank balances

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	98,647	83,270	64,312	68,796
Fixed deposits	99,511	195,412	91,511	73,152
	<u>198,158</u>	<u>278,682</u>	<u>155,823</u>	<u>141,948</u>
Less: Rental support received in advance held in designated accounts	(11,696)	(25,463)	(11,696)	(25,463)
Cash and cash equivalents	<u>186,462</u>	<u>253,219</u>	<u>144,127</u>	<u>116,485</u>

Cash at banks earned interest at floating rates based on daily bank deposit rates ranging from 0% to 1.60% (2016: 0% to 2.25%) per annum. Short-term deposits were made for varying periods of between 32 days and 181 days (2016: 25 days and 182 days) depending on the cash requirements of the Group, and earned interest at the respective short-term deposit rates. The interest rates of short-term deposits ranged from 1.10% to 1.70% (2016: 0.15% to 2.90%) per annum.

Cash and bank balances for both the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to \$45,584,000 (2016: \$40,272,000). These balances are denominated in Australian dollar.

12. Trade and other payables

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade payables	3,278	4,373	1,379	1,779
Accrued expenses	14,506	10,246	4,613	3,894
Other payables	12,565	11,959	7,000	7,000
Amounts due to related companies:				
- trade	20,129	20,015	19,739	19,633
- non-trade	—	18	1,454	1,588
Other deposits	451	412	55	44
Interest payable	5,522	4,805	665	702
	<u>56,451</u>	<u>51,828</u>	<u>34,905</u>	<u>34,640</u>

Other payables mainly relate to (i) estimated development costs of \$3,751,000 (2016: \$3,751,000) to complete Phase 2 of Ocean Financial Centre of which the Group's proportionate share was withheld from the purchase consideration for the approximate 99.9% equity interest in OPLLP, (ii) estimated construction costs of \$7,000,000 (2016: \$7,000,000) withheld from the purchase consideration for the acquisition of the one-third interest in BFCDLLP.

Included in the trade amounts due to related companies are amounts due to the Property Manager of \$390,000 (2016: \$484,000) and the Manager of \$19,738,000 (2016: \$19,531,000).

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12. Trade and other payables (continued)

Amounts due to related companies are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash except for management fees payable to the Manager which will be settled in the form of cash and/or Units (Note 1(b)).

Trade and other payables for both the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to \$351,000 (2016: nil). These balances are denominated in Australian dollar.

13. Derivative financial instruments

		Group					
			2017 \$'000			2016 \$'000	
	Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities
Forward currency contracts	2018	21,865	1,175	—	35,226	99	(977)
Interest rate swaps	2018 – 2023	2,727,000	22	(17,765)	2,037,000	9,727	(7,821)
Cross currency swap	2021	99,790	4,190	—	99,790	8,435	—
		<u>2,848,655</u>	<u>5,387</u>	<u>(17,765)</u>	<u>2,172,016</u>	<u>18,261</u>	<u>(8,798)</u>
Less: Current portion		<u>(716,865)</u>	<u>(1,197)</u>	<u>1,748</u>	<u>(495,226)</u>	<u>(245)</u>	<u>1,483</u>
Non-current portion		<u>2,131,790</u>	<u>4,190</u>	<u>(16,017)</u>	<u>1,676,790</u>	<u>18,016</u>	<u>(7,315)</u>
Percentage of derivative financial instruments to the Group's net asset value				(0.25%)	0.19%		

		Trust					
			2017 \$'000			2016 \$'000	
	Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities
Forward currency contracts	2018	21,865	1,175	—	35,226	99	(977)
Interest rate swaps	2018 – 2023	1,950,000	—	(15,545)	1,560,000	7,919	(6,591)
Cross currency swap	2021	99,790	4,190	—	99,790	8,435	—
		<u>2,071,655</u>	<u>5,365</u>	<u>(15,545)</u>	<u>1,695,016</u>	<u>16,453</u>	<u>(7,568)</u>
Less: Current portion		<u>(316,865)</u>	<u>(1,175)</u>	<u>1,134</u>	<u>(195,226)</u>	<u>(99)</u>	<u>1,281</u>
Non-current portion		<u>1,754,790</u>	<u>4,190</u>	<u>(14,411)</u>	<u>1,499,790</u>	<u>16,354</u>	<u>(6,287)</u>
Percentage of derivative financial instruments to the Trust's net asset value				(0.26%)	0.22%		

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13. Derivative financial instruments (continued)

Forward currency contracts

Forward currency contracts are used to hedge foreign currency risk arising from the cash flows of the Group's investments in Australia.

The Group designates these forward currency contracts as cash flow hedges which were assessed to be highly effective. A net unrealised gain of \$2,053,000 (2016: net unrealised loss of \$1,082,000) was included in hedging reserve in Unitholders' funds in respect of these contracts.

Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of the respective bank loans. Under the interest rate swaps, the Group receives floating interest equal to SOR and A\$ bank bill swap bid rate ("BBSY") at specific contracted intervals and pays fixed rates of interest ranging from 0.88% to 2.48% (2016: 0.88% to 2.48%) per annum.

The Group designates most interest rate swaps as cash flow hedges which were assessed to be highly effective. A net unrealised loss of \$17,244,000 (2016: net unrealised loss of \$15,642,000) was included in hedging reserve in Unitholders' funds in respect of these contracts. A fair value loss of \$2,399,000 (2016: fair value gain of \$583,000) was recognised in total return as the interest rate swap was not designated as a hedging instrument.

Cross currency swap

Cross currency swap is used to hedge foreign currency risk arising from cash flow payments for an Australian dollar denominated loan. Under the cross currency swap, the Group receives a fixed S\$ amount and pays a fixed A\$ amount at inception of the loan, and vice versa upon maturity of the loan. The Group receives floating interest equal to A\$ bank bill swap rate ("BBSW") at specific contract intervals and pays floating interest equal to SOR. A fair value loss of \$4,245,000 (2016: gain of \$8,435,000) was recognised in total return as the cross currency swap was not designated as a hedging instrument.

14. Income received in advance

Income received in advance comprises mainly rental support and rental income received in advance for certain of the Group's investment properties.

15. Borrowings

		<u>Group</u>		<u>Trust</u>	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Current:</u>	Maturity				
Bank loans (unsecured)	2018	425,039	—	99,967	—

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15. Borrowings (continued)

		Group		Trust	
	Maturity	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Non-current:</u>					
Revolving loans (secured)	2020	194,656	348,201	194,656	348,201
Borrowings (secured)		194,656	348,201	194,656	348,201
Bank loans (unsecured)	2019 - 2022	1,349,948	2,080,312	59,883	159,740
Revolving loans (unsecured)	2022	427,538	3,241	—	—
Medium term notes (unsecured)	2022 - 2024	125,000	50,000	—	—
Borrowings from subsidiaries (unsecured)		—	—	1,702,382	1,507,960
Borrowings (unsecured)		1,902,486	2,133,553	1,762,265	1,667,700
Total borrowings		2,522,181	2,481,754	2,056,888	2,015,901
Percentage of total borrowings to net asset value					
		51.3%	50.7%	52.2%	50.9%

Borrowings for both the Group and the Trust denominated in currencies other than the respective entities' functional currencies amounted to \$181,651,000 (2016: \$132,084,000). These balances are denominated in Australian dollar.

For the current portion of borrowings, the Group has received commitments from banks to refinance these borrowings when they fall due.

Revolving loans (secured)

Revolving loans amounting to \$194,656,000 (2016: \$348,201,000) are secured by mortgage over certain investment properties of the Group (Note 3). The interest rate is at 0.80% + SOR (2016: 0.80% + SOR) per annum. The loans are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge \$194,656,000 (2016: \$239,761,000) of the bank loans that are on floating interest rates.

Bank loans (unsecured)

Bank loans amounting to \$154,925,000 (2016: \$154,770,000) are on a fixed interest rate of 1.85% (2016: 1.85%) per annum and are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge \$1,403,600,000 (2016: \$1,632,198,000) of the bank loans that are on floating interest rates. The remaining bank loans of \$216,462,000 (2016: \$293,344,000) are on floating interest rates and bear interest ranging from 0.64% + SOR to 1.02% + BBSW (2016: 0.64% + SOR to 1.02% + BBSW) per annum.

Revolving loans (unsecured)

Revolving loans bear interest ranging from 0.88% + SOR to 1.20% + BBSW (2016: 0.99% + SOR) per annum. The Group has entered into interest rate swaps (Note 13) to hedge \$273,990,000 (2016: nil) of the revolving loans that are on floating interest rates.

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15. Borrowings (continued)

Medium term notes (unsecured)

On 11 February 2015, Keppel REIT MTN Pte. Ltd. issued \$50,000,000 of medium term notes due in 2022 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.15% per annum.

On 6 April 2017, Keppel REIT MTN Pte. Ltd. issued \$75,000,000 of medium term notes due in 2024 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.275% per annum.

Borrowings from subsidiaries (unsecured)

Borrowings from subsidiaries bear interest ranging from 1.36% to 3.36% (2016: 1.09% to 3.36%) per annum and are not due for repayment within the next 12 months.

Unutilised available facilities

As at 31 December 2017, the Group had unutilised facilities of \$871,368,000 (2016: \$683,239,000) available to meet its future obligations.

16. Deferred tax liabilities

Movement in deferred tax liabilities is as follows:

	<u>Group</u>		<u>Trust</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Investment properties</u>				
At 1 January	34,808	25,767	—	—
Translation differences	(1,737)	1,265	—	—
Tax charged to Consolidated Statement of Total Return	10,955	7,776	—	—
At 31 December	<u>44,026</u>	<u>34,808</u>	<u>—</u>	<u>—</u>

Deferred tax liabilities are expected to be settled after one year from the balance sheet date.

17. Units in issue and perpetual securities

(a) Units in issue

	<u>Group and Trust</u>			
	<u>2017</u>		<u>2016</u>	
	<u>'000</u>	<u>\$'000</u>	<u>'000</u>	<u>\$'000</u>
At 1 January	3,291,616	3,456,557	3,216,124	3,394,832
Issue of Units:				
- Payment of management fees in Units	47,361	50,822	43,764	43,848
- Distribution Reinvestment Plan ("DRP")	31,757	34,307	31,728	30,875
Distribution to Unitholders	—	(10,954)	—	(12,998)
At 31 December	<u>3,370,734</u>	<u>3,530,732</u>	<u>3,291,616</u>	<u>3,456,557</u>

17. Units in issue and perpetual securities (continued)

(a) Units in issue (continued)

During the year, the following Units were issued:

- 47,360,865 (2016: 43,763,613) Units were issued at unit prices ranging from \$1.0152 to \$1.1723 (2016: \$0.9309 to \$1.0866) as payment of management fees to the Manager; and
- 31,757,174 (2016: 31,728,090) Units were issued at unit prices ranging from \$1.0004 to \$1.1635 (2016: \$0.8695 to \$1.0859) pursuant to the DRP where Unitholders have the option to receive their distribution in Units instead of cash or a combination of Units and cash.

Each Unit represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to transfer to it any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued Units of the Scheme) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include, *inter alia*, the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his or her Units while the Units are listed on SGX-ST.

The Trust Deed contains provisions designed to limit the liability of a Unitholder to the amount paid or payable for any Unit, and to ensure that no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of the Group in the event that the liabilities of the Group exceed its assets, if the issue price of the Units held by that Unitholder has been fully paid.

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17. Units in issue and perpetual securities (continued)

(b) Perpetual securities

On 2 November 2015, the Trust issued \$150,000,000 of subordinated perpetual securities at a fixed rate of 4.98% per annum, with the first distribution rate reset falling on 2 November 2020 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with the holders of preferred units (if any) and rank ahead of the Unitholders of the Trust, but junior to the claims of all other present and future creditors of the Trust.
- The Trust shall not declare or pay any distribution to the Unitholders, or make redemption, unless the Trust declares or pays any distribution to the perpetual securities holders.

These perpetual securities are classified as equity instruments and recorded in equity in the Statements of Movements in Unitholders' Funds. The \$149,701,000 (2016: \$149,701,000) presented on the Balance Sheets represent the \$150,000,000 (2016: \$150,000,000) perpetual securities issued net of issue expenses, and include the total return attributable to perpetual securities holders from the last distribution date.

18. Property income

	<u>Group</u> 2017 \$'000	2016 \$'000
Gross rent	152,864	154,508
Car park income	3,849	3,355
Others	7,803	3,389
	<u>164,516</u>	<u>161,252</u>

19. Property expenses

	<u>Group</u> 2017 \$'000	2016 \$'000
Property tax	11,057	11,004
Property management fee	4,157	4,139
Property management reimbursements	1,898	1,894
Marketing expenses	1,447	1,386
Utilities	2,859	3,190
Maintenance	10,690	9,836
Other property expenses	1,208	1,433
	<u>33,316</u>	<u>32,882</u>

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20. Rental support

Rental support relates to top-up payments from vendors in respect of the Group's one-third interest in CBDPL, which holds MBFC Tower 3, and the approximate 12.39% interest in OPLLP, which holds OFC.

21. Trust expenses

	<u>Group</u>	
	2017	2016
	\$'000	\$'000
Manager's base fees	42,097	41,605
Manager's performance fees	8,892	8,910
Trustees' fees	1,647	1,570
Valuation fees	344	234
Auditor's remuneration	275	266
Professional fees	781	1,584
Other trust expenses	2,422	3,324
	56,458	57,493

For the financial years ended 31 December 2017 and 2016, the Manager has elected to receive 100% of base fees and performance fees earned in Units.

22. Borrowing costs

	<u>Group</u>	
	2017	2016
	\$'000	\$'000
Interest expense on:		
- bank loans	51,099	59,420
- revolving loans	12,086	798
Amortisation of capitalised transaction costs	2,071	3,831
	65,256	64,049

23. Net change in fair value of investment properties

	<u>Group</u>	
	2017	2016
	\$'000	\$'000
Investment properties held directly by the Group (Note 3)	23,604	36,427
Investment properties held by associates (Note 5)	10,627	34,079
Investment properties held by joint ventures (Note 6)	26,462	30,750
Effects of recognising rental income on a straight-line basis over the lease terms	(8,966)	(10,085)
	51,727	91,171

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24. Income tax expense

	<u>Group</u>	
	2017	2016
	\$'000	\$'000
Singapore current tax:		
- current year	1,899	2,423
- (over)/under provision in respect of previous financial years	(80)	1,627
Overseas deferred tax:		
- current year	10,955	7,776
Overseas withholding tax:		
- current year	4,382	9,480
	17,156	21,306
Reconciliation of effective tax:		
Total return before tax	197,310	279,093
Income tax using Singapore tax rate of 17% (2016: 17%)	33,543	47,446
Effects of:		
- expenses not deductible for tax purposes	12,552	12,281
- income not subject to tax	(19,678)	(36,095)
- effects of tax rates in foreign jurisdiction	1,063	2,699
- tax transparency	(14,626)	(16,132)
- (over)/under provision in respect of previous financial years	(80)	1,627
- withholding tax	4,382	9,480
Income tax expense recognised in Consolidated Statement of Total Return	17,156	21,306

25. Earnings per unit

The basic earnings per Unit is calculated by dividing total return after tax attributable to Unitholders against the weighted average number of Units in issue during the financial year.

	<u>Group</u>	
	2017	2016
	\$'000	\$'000
Total return after tax attributable to Unitholders	172,608	250,191
Total return after tax attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expenses	131,834	143,584
	No. of Units	No. of Units
	'000	'000
Weighted average number of Units in issue during the financial year	3,336,887	3,259,942
Basic earnings per Unit based on:		
Total return after tax attributable to Unitholders	5.17 cents	7.67 cents
Total return after tax attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expenses	3.95 cents	4.40 cents

The diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial year.

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26. Significant related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	<u>Group</u>	
	2017	2016
	\$'000	\$'000
Acquisition fee paid to the Manager	3,772	–
Divestment fee paid to the Manager	–	810
Trustee's fees	1,263	1,248
Property management fees and reimbursements paid/payable to a related company	5,875	5,854
Property tax recovered/recoverable from related parties	69	64
Leasing commissions paid/payable to a related company	4,259	1,211
Service fees paid/payable to a related company	217	260
Rental income and other related income from related companies	7,268	6,885
Interest income received from associates	19,661	23,091
Rental support received from a related company	10,300	12,800
Electricity supply provided by a related company	3,480	3,621
Telephone and internet services provided by a related company	9	11
Aircon supply provided by a related company	553	547

27. Financial risk management objectives and policies

The Group is exposed to credit, interest rate, liquidity, foreign currency and operational risks in the normal course of its business. Assessment of financial risks is carried out regularly by the Manager.

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:

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Credit assessments on prospective tenants are carried out by way of evaluation of information from corporate searches and conducted prior to the signing of lease agreements. Security deposits are collected from tenants, and the Group's tenant trade sector mix in its property portfolio is actively monitored and managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured that appropriate terms and/or credit controls are stipulated in the agreements to ensure that the counterparty fulfils its obligations.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the Balance Sheets.

27. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Credit risk concentration profile

At the reporting date, approximately 27% (2016: 19%) of the Group's trade and other receivables were due from related companies and joint ventures. Concentration of credit risk relating to trade receivables is limited due to the Group's many and varied tenants. The tenants are engaged in diversified businesses and are of good quality and strong credit standing.

Financial assets that are neither past due nor impaired

Trade and other receivables and advances to associates that are neither past due nor impaired relate to creditworthy debtors and counterparties with good payment record. Cash and bank balances are placed and derivative financial instruments are entered into with financial institutions with good credit ratings.

(b) Interest rate risk

The Group's exposure to changes in interest rates arises primarily from its interest earning financial assets and interest bearing financial liabilities.

The Group constantly monitors its exposure to changes in interest rates of 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 the use of financial instruments or other suitable financial products.

The Group manages interest costs using a mix of fixed and floating rate debts. The details of the interest rates relating to interest earning financial assets and interest bearing financial liabilities are disclosed in Notes 8, 11 and 15 respectively.

Sensitivity analysis

At the reporting date, if the interest rates of borrowings had been 0.1% per annum (2016: 0.1% per annum) higher/lower with all other variables constant, the Group's total return before tax would have been \$173,000 (2016: \$128,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate borrowings that are not hedged, and the Group's hedging reserve would have been \$5,534,000 (2016: \$4,524,000) lower/higher, arising mainly as a result of an increase/decrease in the fair value of interest rate swaps designated as cash flow hedges.

(c) Liquidity risk

The Manager monitors and maintains the Group'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.

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27. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

The table below summarises the financial liabilities of the Group and the Trust and their maturity profile at the reporting date based on contractual undiscounted repayment obligations.

<u>Group</u>	2017				2016			
	1 year or less	> 1 year to 5 years	> 5 years	Total	1 year or less	> 1 year to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	56,451	—	—	56,451	51,828	—	—	51,828
Derivative financial instruments:								
– Interest rate swaps (settled net)	14,808	30,638	636	46,082	9,520	12,368	—	21,888
– Forward currency contracts (gross payments)	20,706	—	—	20,706	26,460	—	—	26,460
– Forward currency contracts (gross receipts)	(21,865)	—	—	(21,865)	(25,430)	—	—	(25,430)
Security deposits	3,159	20,222	7,453	30,834	3,545	16,439	11,430	31,414
Borrowings	474,633	2,140,517	78,129	2,693,279	43,252	2,056,627	520,700	2,620,579
	547,892	2,191,377	86,218	2,825,487	109,175	2,085,434	532,130	2,726,739
<u>Trust</u>	2017				2016			
	1 year or less	> 1 year to 5 years	> 5 years	Total	1 year or less	> 1 year to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	34,905	—	—	34,905	34,640	—	—	34,640
Derivative financial instruments:								
– Interest rate swaps (settled net)	12,263	25,378	636	38,277	8,064	11,553	—	19,617
– Forward currency contracts (gross payments)	20,706	—	—	20,706	26,460	—	—	26,460
– Forward currency contracts (gross receipts)	(21,865)	—	—	(21,865)	(25,430)	—	—	(25,430)
Security deposits	116	3,982	—	4,098	431	1,348	1,628	3,407
Borrowings	464,932	1,640,813	78,129	2,183,874	34,528	2,021,729	50,186	2,106,443
	511,057	1,670,173	78,765	2,259,995	78,693	2,034,630	51,814	2,165,137

27. Financial risk management objectives and policies (continued)

(d) Foreign currency risk

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of the various entities in the Group and impact the Group's net assets and total return for the year.

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.

The Group has outstanding forward currency contracts with notional amounts totalling \$21,865,000 (2016: \$35,226,000) (Note 13). As at the reporting date, net financial derivative assets of \$1,175,000 (2016: liabilities of \$878,000) were recorded on the Balance Sheets based on the net fair value of these forward exchange contracts.

The Group has an outstanding cross currency swap with a notional amount of \$99,790,000 (2016: \$99,790,000) (Note 13). As at the reporting date, a derivative asset of \$4,190,000 (2016: \$8,435,000) was recorded on the Balance Sheets based on the net fair value of the cross currency swap.

Sensitivity analysis

At the reporting date, if the Australian dollar strengthened/weakened against the Singapore dollar by 5% (2016: 5%) with all other variables constant, the Group's total return before tax would have been \$6,820,000 (2016: \$4,611,000) lower/higher, and the Group's hedging reserve would have been \$1,035,000 (2016: \$1,805,000) lower/higher.

28. Capital management

The primary objective of the Group's capital management is to optimise the Group's funding structure and ensure that it maintains a healthy aggregate leverage.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 45.0% of the Group's deposited properties, regardless whether a credit rating from Fitch Inc., Moody's Investor Services or Standard & Poor's has been obtained for the property fund.

The Group's capital is represented by its Unitholders' funds as disclosed in the Balance Sheets. The Group constantly monitors capital using the aggregate leverage, which is total gross borrowings divided by the value of its deposited properties. The value of the deposited properties refers to the value of the property fund's total assets (excluding restricted cash and bank balances) based on the latest valuation. At the balance sheet date, the Group has gross borrowings (including deferred payments for the construction of Phase 2 of Ocean Financial Centre, Phase 1 of Marina Bay Financial Centre and the Group's respective share of borrowings carried at ORQPL and CBDPL) totalling \$3,374,565,000 (2016: \$3,329,450,000) and an aggregate leverage of 38.7% (2016: 38.5%).

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29. Fair value of assets and liabilities

(a) Fair value hierarchy

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2017 \$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments:			
- Forward currency contracts	1,175	–	1,175
- Interest rate swaps	22	–	22
- Cross currency swap	4,190	–	4,190
Financial assets as at 31 December 2017	5,387	–	5,387
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Interest rate swaps	(17,765)	–	(17,765)
Financial liabilities as at 31 December 2017	(17,765)	–	(17,765)
<u>Non-financial assets</u>			
Investment properties	–	3,774,870	3,774,870
Non-financial assets as at 31 December 2017	–	3,774,870	3,774,870

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29. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value (continued)

	Group		
	2016		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments:			
- Forward currency contracts	99	—	99
- Interest rate swaps	9,727	—	9,727
- Cross currency swap	8,435	—	8,435
Financial assets as at 31 December 2016	18,261	—	18,261
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(977)	—	(977)
- Interest rate swaps	(7,821)	—	(7,821)
Financial liabilities as at 31 December 2016	(8,798)	—	(8,798)
<u>Non-financial assets</u>			
Investment properties	—	3,618,097	3,618,097
Non-financial assets as at 31 December 2016	—	3,618,097	3,618,097
	Trust		
	2017		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments:			
- Forward currency contracts	1,175	—	1,175
- Cross currency swap	4,190	—	4,190
Financial assets as at 31 December 2017	5,365	—	5,365
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Interest rate swaps	(15,545)	—	(15,545)
Financial liabilities as at 31 December 2017	(15,545)	—	(15,545)
<u>Non-financial assets</u>			
Investment properties	—	525,000	525,000
Non-financial assets as at 31 December 2017	—	525,000	525,000

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29. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value (continued)

	Trust		
	2016		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments:			
- Forward currency contracts	99	—	99
- Interest rate swaps	7,919	—	7,919
- Cross currency swap	8,435	—	8,435
Financial assets as at 31 December 2016	16,453	—	16,453
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(977)	—	(977)
- Interest rate swaps	(6,591)	—	(6,591)
Financial liabilities as at 31 December 2016	(7,568)	—	(7,568)
<u>Non-financial assets</u>			
Investment properties	—	540,000	540,000
Non-financial assets as at 31 December 2016	—	540,000	540,000

(c) Level 2 fair value measurements

Forward currency contracts, interest rate swaps and cross currency swap are valued using valuation techniques with market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(d) Level 3 fair value measurements

- (i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy.

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29. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements (continued)

- (i) Information about significant unobservable inputs used in Level 3 fair value measurements (continued)

Description	Fair value as at 31 December 2017 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,774,870	Capitalisation approach	Capitalisation rate	3.75% - 5.63%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.25% - 7.00%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$600/sf - \$8,600/sf	The higher the price, the higher the fair value
Description	Fair value as at 31 December 2016 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,618,097	Capitalisation approach	Capitalisation rate	3.75% - 6.25%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.00% - 7.50%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$600/sf - \$8,800/sf	The higher the price, the higher the fair value

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in a significant change to the fair value of the respective investment properties.

The Group assesses the fair value of investment properties on a yearly basis.

- (ii) Valuation policies and procedures

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

29. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements (continued)

(ii) Valuation policies and procedures (continued)

Management reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuers.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Committee.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The Manager has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, security deposits and current borrowings reasonably approximate their fair values. The carrying amounts of advances to associates and floating rate borrowings reasonably approximate their fair values because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair values of non-current fixed-rate borrowings as at 31 December 2017 and 31 December 2016 are as stated below. They are estimated using discounted cash flows analyses based on current rates for similar types of borrowing arrangements.

	2017		2016	
	Carrying value	Fair value	Carrying value	Fair value
<u>Group</u>	\$'000	\$'000	\$'000	\$'000
Borrowings (non-current)	125,000	126,829	204,770	199,396
<u>Trust</u>				
Borrowings (non-current)	125,000	126,829	204,770	199,396

Fair value information has not been disclosed for the Trust's interest bearing amounts owing by subsidiaries that are carried at cost because their fair values cannot be measured reliably as the amounts have no fixed repayment terms.

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

29. Fair value of assets and liabilities (continued)

(f) Classification of financial instruments

<u>Group</u>	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2017</u>		
<i>Assets</i>		
Advances to associates	613,122	–
Trade and other receivables	8,619	–
Cash and bank balances	198,158	–
Total	819,899	–
<i>Liabilities</i>		
Trade and other payables	–	56,451
Borrowings	–	2,522,181
Security deposits	–	30,834
Total	–	2,609,466
<u>2016</u>		
<i>Assets</i>		
Advances to associates	610,922	–
Trade and other receivables	10,662	–
Cash and bank balances	278,682	–
Total	900,266	–
<i>Liabilities</i>		
Trade and other payables	–	51,828
Borrowings	–	2,481,754
Security deposits	–	31,414
Total	–	2,564,996
<u>Trust</u>		
<u>2017</u>		
<i>Assets</i>		
Advances to associates	613,122	–
Trade and other receivables	12,120	–
Cash and bank balances	155,823	–
Total	781,065	–
<i>Liabilities</i>		
Trade and other payables	–	34,905
Borrowings	–	2,056,888
Security deposits	–	4,098
Total	–	2,095,891

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

29. Fair value of assets and liabilities (continued)

(f) Classification of financial instruments (continued)

<u>Trust</u>	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2016</u>		
<i>Assets</i>		
Advances to associates	610,922	—
Trade and other receivables	7,721	—
Cash and bank balances	141,948	—
Total	<u>760,591</u>	<u>—</u>
<i>Liabilities</i>		
Trade and other payables	—	34,640
Borrowings	—	2,015,901
Security deposits	—	3,407
Total	<u>—</u>	<u>2,053,948</u>

The Group and the Trust have financial assets at fair value through profit or loss amounting to \$4,190,000 (2016: \$9,018,000), and financial liabilities at fair value through profit or loss amounting to \$1,816,000 (2016: nil).

30. Portfolio reporting

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes. All its existing properties are located in Singapore and Australia.

Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rental (including property income and property expenses) and the value of the investment properties. The Board is of the view that the portfolio reporting is appropriate as the Group's business is in prime commercial properties located in Singapore's and Australia's financial precincts. In making this judgement, the Board considers the nature and location of these properties which are similar for the entire portfolio of the Group.

Investments in One Raffles Quay and Marina Bay Financial Centre are held through one-third interests in ORQPL, BFCDLLP and CBDPL, investments in 8 Chifley Square and David Malcolm Justice Centre are held through 50% interests in M8CT and MOTT, and the information provided below is in relation to the properties.

<u>By property</u>	<u>Group</u> 2017 \$'000	2016 \$'000
<u>Property income</u>		
Bugis Junction Towers	19,446	21,259
Ocean Financial Centre	107,952	104,863
275 George Street ¹	19,219	18,311
8 Exhibition Street ²	17,899	16,150
77 King Street office tower ³	—	669
Total property income	<u>164,516</u>	<u>161,252</u>

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

30. Portfolio reporting (continued)

By property (continued)

	2017 \$'000	Group 2016 \$'000
<u>Income contribution</u>		
Bugis Junction Towers	15,111	16,773
Ocean Financial Centre	89,120	84,925
275 George Street ¹	15,455	14,978
8 Exhibition Street ²	11,514	11,170
77 King Street office tower ³	—	524
Total net property income	131,200	128,370
Ocean Financial Centre:		
– Rental support	2,525	3,946
One-third interest in ORQPL ⁴ :		
– Interest income	1,988	2,019
– Dividend income	26,827	27,136
Total income	28,815	29,155
One-third interests in BFCDLLP ⁵ and CBDPL ⁵ :		
– Rental support	10,300	12,800
– Interest income	17,673	21,072
– Dividend and distribution income	66,982	59,317
Total income	94,955	93,189
50% interest in M8CT ⁶ :		
– Distribution income	13,271	12,206
50% interest in MOTT ⁷ :		
– Distribution income	13,294	11,956
Total income contribution	284,060	278,822

¹ Comprises 50.0% (2016: 50.0%) interest in 275 George Street.

² Comprises 50.0% (2016: 50.0%) interest in 8 Exhibition Street office building and a 100% (2016: 100%) interest in another three retail units.

³ 77 King Street office tower was divested on 29 January 2016.

⁴ Comprises one-third (2016: one-third) interest in ORQPL which holds One Raffles Quay.

⁵ Comprise one-third (2016: one-third) interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.

⁶ Comprises 50.0% (2016: 50.0%) interest in M8CT which holds 8 Chifley Square.

⁷ Comprises 50.0% (2016: 50.0%) interest in MOTT which holds David Malcolm Justice Centre.

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

30. Portfolio reporting (continued)

By property (continued)

Reconciliation to net income before gain on divestment of investment property and net change in fair value of investment properties per Consolidated Statement of Total Return:

	<u>Group</u> 2017 \$'000	2016 \$'000
Total income contribution	284,060	278,822
Less: Dividend and distribution income	(120,374)	(110,615)
Add: Interest income earned from deposits placed with financial institutions	3,314	4,368
Add: Share of results of associates	83,795	83,460
Add: Share of results of joint ventures	31,959	30,789
Less: Other unallocated expenses	(137,171)	(127,201)
Net income before gain on divestment of investment property and net change in fair value of investment properties	<u>145,583</u>	<u>159,623</u>

	<u>Group</u> 2017 \$'000	2016 \$'000

Interests in associates

One-third interest in ORQPL:		
Investment in associate	687,515	668,017
Advances to associate	44,946	44,946
	<u>732,461</u>	<u>712,963</u>

One-third interest in BFCDLLP:		
Investment in associate	1,105,612	1,104,986
Advances to associate	568,176	565,976
	<u>1,673,788</u>	<u>1,670,962</u>

One-third interest in CBDPL:		
Investment in associate	734,715	752,109

	<u>Group</u> 2017 \$'000	2016 \$'000

Interests in joint ventures

50% interest in M8CT:		
Investment in joint venture	247,477	225,905

50% interest in MOTT:		
Investment in joint venture	217,619	224,379

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

30. Portfolio reporting (continued)

By geographical area

	<u>Group</u>	
	2017	2016
	\$'000	\$'000
<u>Property income</u>		
- Singapore	127,398	126,122
- Australia	37,118	35,130
Total property income	<u>164,516</u>	<u>161,252</u>
<u>Net property income</u>		
- Singapore	104,231	101,698
- Australia	26,969	26,672
Total net property income	<u>131,200</u>	<u>128,370</u>
<u>Income contribution</u>		
- Singapore	230,526	227,988
- Australia	53,534	50,834
Total income contribution	<u>284,060</u>	<u>278,822</u>
<u>Investment properties, at valuation</u>		
- Singapore	3,150,630	3,167,332
- Australia	624,240	450,765
Total value of investment properties	<u>3,774,870</u>	<u>3,618,097</u>

31. Commitments and contingencies

(a) Operating lease commitments – as lessor

The Group leases out its investment properties. Lease arrangements for the Group's Australia-based investment properties include rental escalation clauses. Future minimum rental receivable under non-cancellable operating leases is as follows:

	<u>Group</u>	
	2017	2016
	\$'000	\$'000
Within 1 year	145,213	131,587
Between 2 and 5 years	460,459	358,816
After 5 years	965,811	149,211
	<u>1,571,483</u>	<u>639,614</u>

(b) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Committed progress payments for investment property under development	216,857	—	—	—

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

31. Commitments and contingencies (continued)

(c) Guarantee

The Trust has provided corporate guarantees amounting to \$1,577,382,000 (2016: \$1,458,711,000) and \$125,000,000 (2016: \$50,000,000) to banks for loans taken by a subsidiary and medium term notes issued by a subsidiary respectively.

32. Financial ratios

	2017	2016
	%	%
Expenses to weighted average net assets ¹		
- including performance component of Manager's management fees	1.19	1.22
- excluding performance component of Manager's management fees	1.00	1.03
Total operating expenses to net asset value ²	2.8	2.7
Portfolio turnover rate ³	—	—

¹ The ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expense, foreign exchange differences and borrowing costs for the financial year.

² The ratio is computed based on the total property expenses as a percentage of net asset value as at the end of the financial year. Total property expenses include the Group's share of property expenses incurred by its associates and joint ventures, and all fees and charges paid to the Manager and related parties for the financial year.

³ The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

33. Subsequent events

On 23 January 2018, the Manager declared a distribution of 1.43 cents per Unit for the period from 1 October 2017 to 31 December 2017.

**AUDITED FINANCIAL STATEMENTS OF KEPPEL REIT FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2018**

The information in this Appendix III has been reproduced from the annual report of Keppel REIT for the financial year ended 31 December 2018 and has not been specifically prepared for inclusion in this Information Memorandum.

KEPPEL REIT
(Constituted under a Trust Deed in the Republic of Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2018

KEPPEL REIT
(Constituted under a Trust Deed in the Republic of Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2018

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KEPPEL REIT AND ITS SUBSIDIARIES
REPORT OF THE TRUSTEE

For the financial year ended 31 December 2018

RBC Investor Services Trust Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel REIT and its subsidiaries in trust for the holders of units ("Unitholders") in Keppel REIT. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Keppel REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 November 2005 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Keppel REIT and its subsidiaries during the period covered by these financial statements, set out on pages 8 to 82 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
RBC Investor Services Trust Singapore Limited



Hoi Sau Kheng
Director



Farrah Begum Binte Abdul Salam
Senior Manager

Singapore, 20 February 2019

KEPPEL REIT AND ITS SUBSIDIARIES
STATEMENT BY THE MANAGER

For the financial year ended 31 December 2018

In the opinion of the Directors of Keppel REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 8 to 82 comprising the Balance Sheets, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2018, the profit or loss and other comprehensive income, distributable income, movements in Unitholders' funds and cash flows of the Group and the movements in Unitholders' funds of the Trust for the year ended on that date in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and applicable requirements of the Code on Collective Investment Schemes relating to financial reporting. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust would be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Keppel REIT Management Limited



Tan Swee Yiow
Director

Singapore, 20 February 2019

KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2018

Our opinion

In our opinion, the accompanying consolidated financial statements of Keppel REIT (the "Trust") and its subsidiaries (the "Group") and the balance sheet and statement of movements in unitholders' funds of the Trust are properly drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and applicable requirements of the Code on Collective Investment Schemes relating to financial reporting (the "CIS Code") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust and the consolidated portfolio statement of the Group as at 31 December 2018 and the consolidated financial performance of the Group, the consolidated amount distributable of the Group, the consolidated movements in unitholders' funds of the Group and movements in unitholders' funds of the Trust, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Group and Trust comprise:

- the balance sheets of the Group and the Trust as at 31 December 2018;
- the consolidated statement of profit or loss of the Group for the financial year ended 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2018;
- the distribution statement of the Group for the financial year then ended;
- the portfolio statement of the Group as at 31 December 2018;
- the statements of movements in unitholders' funds of the Group and the Trust for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2018

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties Refer to <i>Note 3 (Investment properties)</i> The Group owns a portfolio of investment properties stated at their fair values based on independent external valuations. Information relating to these investment properties are disclosed in Note 3 to the financial statements. As at 31 December 2018, the carrying value of the Group's investment properties of \$3.9 billion accounted for 49.8% of the Group's total assets. The valuation of the investment properties was a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include capitalisation rates and discount rates and are dependent on the nature of each investment property and the prevailing market conditions. The key inputs are disclosed in Note 31(d) to the accompanying financial statements.	Our audit procedures included the following: - assessed the competence, capabilities and objectivity of the external valuers engaged by the Group; - obtained an understanding of the techniques used by the external valuers in determining the valuations of individual investment properties; - discussed the significant judgements made by the external valuers for the key inputs used in valuation in the valuation techniques; - tested the integrity of information, including underlying lease and financial information provided to the external valuers; and - assessed the reasonableness of the capitalisation rates and discount rates by benchmarking these against those of comparable properties and prior year inputs. We have also assessed the adequacy of disclosures relating to the assumptions, as we consider them as likely to be significant to the users of the financial statements given the estimation uncertainty and sensitivity of the valuations. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.

Other Information

The Manager is responsible for the other information. The other information comprises the information included in the Report of the Trustee, and Statement by the Manager (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and other sections of the Trust's annual report ("Other Sections"), which are expected to be made available to us after that date.

KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2018

Other Information (continued)

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with SFRS(I) and applicable requirements of the CIS Code, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2018

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KEPPEL REIT AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT
For the financial year ended 31 December 2018

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The engagement partner on the audit resulting in this independent auditor's report is Yeow Chee Keong.


PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 20 February 2019

KEPPEL REIT AND ITS SUBSIDIARIES
BALANCE SHEETS
As at 31 December 2018

		31 December 2018	Group 31 December 2017	1 January 2017
	Note	\$'000	\$'000	\$'000
Non-current assets				
Investment properties	3	3,879,956	3,774,870	3,618,097
Investments in associates	5	2,538,663	2,527,842	2,525,112
Advances to associates	8	615,622	613,122	610,922
Investments in joint ventures	6	471,691	465,096	450,284
Fixed assets		112	149	190
Intangible asset	9	2,549	10,712	22,511
Derivative financial instruments	13	1,329	4,190	18,016
		7,509,922	7,395,981	7,245,132
Current assets				
Trade and other receivables	10	15,056	8,619	10,662
Prepaid expenses		343	333	604
Cash and bank balances	11	258,924	198,158	278,682
Derivative financial instruments	13	206	1,197	245
		274,529	208,307	290,193
Total assets		7,784,451	7,604,288	7,535,325
Current liabilities				
Trade and other payables	12	64,757	56,451	51,828
Income received in advance	14	2,879	4,209	278
Borrowings (unsecured)	15	59,943	425,039	—
Security deposits		4,933	3,159	3,545
Derivative financial instruments	13	230	1,748	1,483
Provision for taxation		1,414	2,259	2,735
		134,156	492,865	59,869
Non-current liabilities				
Income received in advance	14	—	11,305	25,152
Borrowings (secured)	15	245,111	194,656	348,201
Borrowings (unsecured)	15	1,980,650	1,902,486	2,133,553
Derivative financial instruments	13	11,585	16,017	7,315
Security deposits		27,315	27,675	27,869
Deferred tax liabilities	16	50,038	44,026	34,808
		2,314,699	2,196,165	2,576,898
Total liabilities		2,448,855	2,689,030	2,636,767
Net assets		5,335,596	4,915,258	4,898,558
Represented by:				
Unitholders' funds		4,757,285	4,763,424	4,746,717
Perpetual securities	17	149,701	149,701	149,701
Non-controlling interests	18	428,610	2,133	2,140
		5,335,596	4,915,258	4,898,558
Units in issue ('000)	17	3,393,399	3,370,734	3,291,616
Net asset value per Unit (\$)		1.40	1.41	1.44

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
BALANCE SHEETS
As at 31 December 2018

		31 December 2018	Trust	
	Note	\$'000	31 December 2017	1 January 2017
			\$'000	\$'000
Non-current assets				
Investment properties	3	515,000	525,000	540,000
Investments in subsidiaries	4	1,473,781	1,837,110	1,837,110
Investments in associates	5	2,025,135	2,025,559	2,025,483
Advances to associates	8	615,622	613,122	610,922
Amounts owing by subsidiaries	7	955,086	877,973	852,650
Fixed assets		30	31	31
Intangible asset	9	2,549	10,712	20,471
Derivative financial instruments	13	692	4,190	16,354
		5,587,895	5,893,697	5,903,021
Current assets				
Trade and other receivables	10	11,269	12,120	7,721
Prepaid expenses		12	11	11
Cash and bank balances	11	231,455	155,823	141,948
Derivative financial instruments	13	206	1,175	99
		242,942	169,129	149,779
Total assets		5,830,837	6,062,826	6,052,800
Current liabilities				
Trade and other payables	12	43,457	34,905	34,640
Income received in advance	14	2,829	—	—
Borrowings (unsecured)	15	59,943	99,967	—
Security deposits		1,616	116	431
Derivative financial instruments	13	230	1,134	1,281
Provision for taxation		1,414	2,138	2,735
		109,489	138,260	39,087
Non-current liabilities				
Income received in advance	14	—	11,305	25,152
Borrowings (secured)	15	245,111	194,656	348,201
Borrowings (unsecured)	15	1,514,722	1,762,265	1,667,700
Derivative financial instruments	13	11,333	14,411	6,287
Security deposits		4,208	3,982	2,976
		1,775,374	1,986,619	2,050,316
Total liabilities		1,884,863	2,124,879	2,089,403
Net assets		3,945,974	3,937,947	3,963,397
Represented by:				
Unitholders' funds		3,796,273	3,788,246	3,813,696
Perpetual securities	17	149,701	149,701	149,701
		3,945,974	3,937,947	3,963,397
Units in issue ('000)	17	3,393,399	3,370,734	3,291,616
Net asset value per Unit (\$)		1.12	1.12	1.16

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial year ended 31 December 2018

		<u>Group</u>	
	Note	2018 \$'000	2017 \$'000
Property income	20	165,858	164,516
Property expenses	21	(32,703)	(33,316)
Net property income		133,155	131,200
Rental support	22	8,615	12,825
Share of results of associates	5	73,720	83,795
Share of results of joint ventures	6	30,170	31,959
Interest income		25,075	22,975
Amortisation expense	9	(8,163)	(11,799)
Trust expenses	23	(54,377)	(56,458)
Borrowing costs	24	(69,084)	(65,256)
Net foreign exchange differences		623	(2,060)
Net change in fair value of derivative financial instruments		(8,077)	(1,598)
Profit before net change in fair value of investment properties		131,657	145,583
Net change in fair value of investment properties	25	33,167	51,727
Profit before tax		164,824	197,310
Income tax expense	26	(10,236)	(17,156)
Profit for the year		154,588	180,154
Attributable to:			
Unitholders		146,160	172,608
Perpetual securities holders		7,470	7,470
Non-controlling interests		958	76
		154,588	180,154
Basic and diluted earnings per Unit (cents) based on profit for the year	27	4.30	5.17
Basic and diluted earnings per Unit (cents) based on profit for the year and excluding net change in fair value of investment properties and related tax expense	27	3.46	3.95

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

		<u>Group</u>	
	Note	2018 \$'000	2017 \$'000
Profit for the year		154,588	180,154
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- Fair value changes arising during the year	19	3,670	(31,761)
- Realised and transferred to profit or loss	19	6,506	16,566
Foreign currency translation			
- Exchange difference arising during the year	19	(11,610)	(34,808)
Share of other comprehensive income of associates			
- Cash flow hedges	19	4,462	214
Other comprehensive income for the year, net of tax		3,028	(49,789)
Total comprehensive income for the year		157,616	130,365
Attributable to:			
Unitholders		149,186	122,823
Perpetual securities holders		7,470	7,470
Non-controlling interests		960	72
		157,616	130,365

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
DISTRIBUTION STATEMENT
For the financial year ended 31 December 2018

	<u>Group</u>	
	2018 \$'000	2017 \$'000
Income available for distribution to Unitholders at beginning of the year	48,439	48,954
Profit before net change in fair value of investment properties	131,657	145,583
Profit attributable to perpetual securities holders	(7,470)	(7,470)
Profit before net change in fair value of investment property attributable to non-controlling interests	(882)	(78)
Net tax and other adjustments (Note A)	75,976	69,851
Income tax expense	(10,236)	(17,156)
	<u>189,045</u>	<u>190,730</u>
Income available for distribution to Unitholders	237,484	239,684
Distribution to Unitholders:		
Distribution of 1.48 cents per Unit for the period from 1/10/2016 to 31/12/2016	—	(40,761)
Distribution of 1.45 cents per Unit for the period from 1/1/2017 to 31/3/2017	—	(38,061)
Distribution of 1.42 cents per Unit for the period from 1/4/2017 to 30/6/2017	—	(38,998)
Distribution of 1.40 cents per Unit for the period from 1/7/2017 to 30/9/2017	—	(39,118)
Distribution of 1.43 cents per Unit for the period from 1/10/2017 to 31/12/2017	(44,325)	—
Distribution of 1.42 cents per Unit for the period from 1/1/2018 to 31/3/2018	(42,401)	—
Distribution of 1.42 cents per Unit for the period from 1/4/2018 to 30/6/2018	(48,323)	—
Distribution of 1.36 cents per Unit for the period from 1/7/2018 to 30/9/2018	(46,340)	—
	<u>(181,389)</u>	<u>(156,938)</u>
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/10/2016 to 31/12/2016	—	(7,954)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/1/2017 to 31/3/2017	—	(10,061)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/4/2017 to 30/6/2017	—	(8,408)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/7/2017 to 30/9/2017	—	(7,884)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/10/2017 to 31/12/2017	(3,876)	—
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/1/2018 to 31/3/2018	(5,831)	—
	<u>(9,707)</u>	<u>(34,307)</u>
Total Unitholders' distribution (including capital return) (Note B)	(191,096)	(191,245)
Income available for distribution to Unitholders at end of the year	46,388	48,439
Note A – Net tax and other adjustments comprise:		
- Manager's management fees paid and payable in Units	51,263	50,989
- Trustee's fees	1,278	1,263
- Amortisation of intangible asset and capitalised transaction costs	10,568	13,870
- Share of results of associates	(73,720)	(83,795)
- Share of results of joint ventures	(30,170)	(31,959)
- Effects of recognising rental income on a straight-line basis over the lease terms	1,165	1,330
- Interest income to be received	(160)	(197)
- Net change in fair value of derivative financial instruments	8,077	1,598
- Deferred tax expense	6,591	10,955
- Capital gains distribution	3,000	—
- Other items	(2,146)	(14,348)
	<u>(24,254)</u>	<u>(50,294)</u>
Dividend and distribution income from associates	73,993	93,809
Distribution income from joint ventures	26,237	26,336
Net tax and other adjustments	75,976	69,851
Note B – Total Unitholders' distribution		
- Taxable income	(154,117)	(135,069)
- Tax exempt income	(35,631)	(45,222)
- Capital return	(1,348)	(10,954)
	<u>(191,096)</u>	<u>(191,245)</u>

The accompanying notes form an integral part of these financial statements.

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¹ Carrying value is based on 100.0% of Ocean Financial Centre. Keppel REIT owns approximately 79.9% (2017: 99.9%) interest in Ocean Financial Centre.

³ Also known as estate in fee simple.

⁵ Comprises 50.0% (2017: 50.0%) interest in 311 Spencer Street.

⁶ Comprises 50.0% (2017: 50.0%) interest in 8 Chiflev Square, he

⁷ Comprises 50.0% (2017: 50.0%) interest in David Malcolm Justice Centre, held through Mirvac (O).

^aComprises one-third (2017: one-third) interest in One Raffles Quay, held through One Raffles Quay Pte Ltd.

⁹ Comprise one-third (2017: one-third) interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay L

¹⁰ Comprises one-third (2017: one-third) interest in Marina Bay Financial Centre Tower 3, held through Central Boulevard Development Pte. Ltd.

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KEPPEL REIT AND ITS SUBSIDIARIES
PORTFOLIO STATEMENT
As at 31 December 2018

The carrying values of the Group's assets under management as at 31 December 2018 and 31 December 2017 are based on valuations undertaken by various independent valuers. The independent valuers have appropriate professional qualifications and experience in the location and asset class of the properties being valued. The following valuations are determined based on the capitalisation approach, discounted cash flows analysis and direct comparison method, and assessed in accordance with the Group's respective interests in the properties and include rental support top-up payments, where applicable.

FY2018

<u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Investment properties in Singapore:			
Bugis Junction Towers	Knight Frank Pte Ltd	31 December 2018	515,000
Ocean Financial Centre	Cushman & Wakefield VHS Pte Ltd	31 December 2018	2,098,973 ¹
Investment properties in Australia:			
275 George Street	CBRE Valuations Pty Limited	31 December 2018	232,188
8 Exhibition Street, comprising 50% interest in the office building and a 100% interest in three adjacent retail units	m3property (Vic) Pty Ltd	31 December 2018	271,918
311 Spencer Street	m3property (Vic) Pty Ltd	31 December 2018	233,850 ²
Investment properties held by associates:			
One Raffles Quay	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2018	1,275,600
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2018	1,695,300
Marina Bay Financial Centre Tower 3	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2018	1,297,000
Investment properties held by joint ventures:			
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2018	249,257
David Malcolm Justice Centre	Savills Valuations Pty Ltd	31 December 2018	221,562
			<u>8,090,648</u>

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
PORTFOLIO STATEMENT
As at 31 December 2018

FY2017

<u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Investment properties in Singapore:			
Bugis Junction Towers	Knight Frank Pte Ltd	31 December 2017	525,000
Ocean Financial Centre	Cushman & Wakefield VHS Pte Ltd	31 December 2017	2,623,000 ¹
Investment properties in Australia:			
275 George Street	CBRE Valuations Pty Limited	31 December 2017	219,300
8 Exhibition Street, comprising 50% interest in the office building and a 100% interest in three adjacent retail units	m3property (Vic) Pty Ltd	31 December 2017	256,020
311 Spencer Street	CIVAS (VIC) Pty Limited	31 December 2017	148,920 ²
Investment properties held by associates:			
One Raffles Quay	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2017	1,273,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2017	1,693,000
Marina Bay Financial Centre Tower 3	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2017	1,300,300
Investment properties held by joint ventures:			
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2017	247,350
David Malcolm Justice Centre	Colliers International (WA) Pty Ltd	31 December 2017	216,750
			8,502,640

¹ The carrying value based on 100.0% interest in Ocean Financial Centre is \$2,627,000,000 (2017: \$2,625,630,000).

² The valuation of the property is derived on an "as is" basis.

The investment properties comprise commercial properties that are mainly leased to third party tenants. Generally, these leases contain an initial non-cancellable period of between 1 and 30 years. Subsequent renewals are negotiated with individual lessees.

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2018

Group	Attributable to Unitholders									Total \$'000
	Units in issue \$'000	Treasury units \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Discount on acquisition of non-controlling interest \$'000	Unitholders' funds \$'000	Perpetual securities \$'000	Non- controlling interests \$'000	
At 1 January 2018	3,530,732	-	(202,110)	(20,471)	1,452,051	3,222	4,763,424	149,701	2,133	4,915,258
Adoption of SFRS(I)	-	-	167,302	-	(167,302)	-	-	-	-	-
At 1 January 2018 (restated)	3,530,732	-	(34,808)	(20,471)	1,284,749	3,222	4,763,424	149,701	2,133	4,915,258
Operations										
Profit attributable to Unitholders and non-controlling interests	-	-	-	-	146,160	-	146,160	-	958	147,118
Net increase in net assets resulting from operations	-	-	-	-	146,160	-	146,160	-	958	147,118
Unitholders' transactions										
Creation of Units										
- Payment of management fees in Units	51,498	-	-	-	-	-	51,498	-	-	51,498
- Distribution Reinvestment Plan	9,707	-	-	-	(9,707)	-	-	-	-	-
Purchase of Units	-	(32,822)	-	-	-	-	(32,822)	-	-	(32,822)
Cancellation of treasury units	(32,822)	32,822	-	-	-	-	-	-	-	-
Distribution to Unitholders	(1,348)	-	-	-	(180,041)	-	(181,389)	-	-	(181,389)
Divestment of partial interest in a subsidiary	-	-	-	-	7,388	-	7,388	-	426,399	433,787
Net increase/(decrease) in net assets resulting from Unitholders' transactions	27,035	-	-	-	(182,360)	-	(155,325)	-	426,399	271,074
Perpetual securities										
Profit attributable to perpetual securities holders	-	-	-	-	-	-	-	7,470	-	7,470
Distribution to perpetual securities holders	-	-	-	-	-	-	-	(7,470)	-	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	-	-	-	-	-	-	-	-	-	-
Net movement in foreign currency translation reserve	-	-	(11,610)	-	-	-	(11,610)	-	-	(11,610)
Net change in fair value of cash flow hedges	-	-	-	10,174	-	-	10,174	-	2	10,176
Share of net change in fair value of cash flow hedges of associates	-	-	-	4,462	-	-	4,462	-	-	4,462
Distribution of partnership profits to non-controlling interests	-	-	-	-	-	-	-	-	(882)	(882)
At 31 December 2018	3,557,767	-	(46,418)	(5,835)	1,248,549	3,222	4,757,285	149,701	428,610	5,335,596

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2018

Group	Attributable to Unitholders							Total \$'000
	Units in issue \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Discount on acquisition of non-controlling interest \$'000	Unitholders' funds \$'000	Perpetual securities \$'000	Non- controlling interest \$'000
At 1 January 2017	3,456,557	(167,302)	(5,494)	1,459,734	3,222	4,746,717	149,701	2,140
Adoption of SFRS(I)	-	167,302	-	(167,302)	-	-	-	-
At 1 January 2017 (restated)	3,456,557	-	(5,494)	1,292,432	3,222	4,746,717	149,701	2,140
Operations								
Profit attributable to Unitholders and non-controlling interest	-	-	-	172,608	-	172,608	-	76
Net increase in net assets resulting from operations	-	-	-	172,608	-	172,608	-	76
Unitholders' transactions								
Creation of Units								
- Payment of management fees in Units	50,822	-	-	-	-	50,822	-	-
- Distribution Reinvestment Plan	34,307	-	-	(34,307)	-	-	-	-
Distribution to Unitholders	(10,954)	-	-	(145,984)	-	(156,938)	-	-
Net increase/(decrease) in net assets resulting from Unitholders' transactions	74,175	-	-	(180,291)	-	(106,116)	-	-
Perpetual securities								
Profit attributable to perpetual securities holders	-	-	-	-	-	-	7,470	-
Distribution to perpetual securities holders	-	-	-	-	-	-	(7,470)	-
Net movement in net assets resulting from perpetual securities holders' transactions	-	-	-	-	-	-	-	-
Net movement in foreign currency translation reserve	-	(34,808)	-	-	-	(34,808)	-	-
Net change in fair value of cash flow hedges	-	-	(15,191)	-	-	(15,191)	-	(4)
Share of net change in fair value of cash flow hedges of associates	-	-	214	-	-	214	-	-
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	-	-	(79)
At 31 December 2017	3,530,732	(34,808)	(20,471)	1,284,749	3,222	4,763,424	149,701	2,133
								4,915,258

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2018

	Attributable to Unitholders				Perpetual securities	Total
	Units in issue	Treasury units	Hedging reserve	Accumulated profits		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trust						
At 1 January 2018	3,530,732	—	(12,554)	270,068	149,701	3,937,947
Operations						
Profit attributable to Unitholders	—	—	—	163,147	—	163,147
Net increase in net assets resulting from operations	—	—	—	163,147	—	163,147
Unitholders' transactions						
Creation of Units						
- Payment of management fees in Units	51,498	—	—	—	—	51,498
- Distribution Reinvestment Plan	9,707	—	—	(9,707)	—	—
Purchase of Units	—	(32,822)	—	—	—	(32,822)
Cancellation of treasury units	(32,822)	32,822	—	—	—	—
Distribution to Unitholders	(1,348)	—	—	(180,041)	—	(181,389)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	27,035	—	—	(189,748)	—	(162,713)
Perpetual securities						
Profit attributable to perpetual securities holders	—	—	—	—	7,470	7,470
Distribution to perpetual securities holders	—	—	—	—	(7,470)	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	—	—	—	—	—	—
Net change in fair value of cash flow hedges	—	—	7,593	—	—	7,593
At 31 December 2018	3,557,767	—	(4,961)	243,467	149,701	3,945,974
At 1 January 2017	3,456,557	—	(132)	357,271	149,701	3,963,397
Operations						
Profit attributable to Unitholders	—	—	—	93,088	—	93,088
Net increase in net assets resulting from operations	—	—	—	93,088	—	93,088
Unitholders' transactions						
Creation of Units						
- Payment of management fees in Units	50,822	—	—	—	—	50,822
- Distribution Reinvestment Plan	34,307	—	—	(34,307)	—	—
Distribution to Unitholders	(10,954)	—	—	(145,984)	—	(156,938)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	74,175	—	—	(180,291)	—	(106,116)
Perpetual securities						
Profit attributable to perpetual securities holders	—	—	—	—	7,470	7,470
Distribution to perpetual securities holders	—	—	—	—	(7,470)	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	—	—	—	—	—	—
Net change in fair value of cash flow hedges	—	—	(12,422)	—	—	(12,422)
At 31 December 2017	3,530,732	—	(12,554)	270,068	149,701	3,937,947

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Group	
	2018	2017
	\$'000	\$'000
Operating activities		
Profit before tax	164,824	197,310
Adjustments for:		
Interest income	(25,075)	(22,975)
Amortisation expense	8,163	11,799
Share of results of associates	(73,720)	(83,795)
Share of results of joint ventures	(30,170)	(31,959)
Borrowing costs	69,084	65,256
Management fees paid and payable in Units	51,263	50,989
Net change in fair value of derivative financial instruments	8,077	1,598
Net change in fair value of investment properties	(33,167)	(51,727)
Depreciation	43	41
Rental support	(8,615)	(12,825)
Unrealised currency translation differences	546	1,919
Operating cash flows before changes in working capital	131,253	125,631
Increase in receivables	(11,507)	(5,576)
Increase in payables	402	7,161
Increase/(decrease) in security deposits	1,414	(580)
Cash flows from operations	121,562	126,636
Income taxes paid	(4,490)	(6,671)
Net cash flows provided by operating activities	117,072	119,965
Investing activities		
Purchase of investment property under development	–	(133,953)
Progress payments on investment property under development	(81,280)	(9,409)
Subsequent expenditure on investment properties	(9,438)	(14,427)
Purchase of fixed assets	(6)	–
Interest received	25,112	23,392
Rental support received	8,615	13,848
Payment on adjustment to investment in an associate	(333)	–
Dividend and distribution income received from associates	73,993	93,809
Distribution income received from joint ventures	26,237	26,336
Advance to an associate	(2,500)	(2,200)
Net proceeds from divestment of partial interest in a subsidiary	439,272	–
Net cash flows provided by/(used in) by investing activities	479,672	(2,604)
Financing activities		
Loans drawdown	783,922	306,168
Repayment of loans	(1,018,503)	(334,298)
Proceeds from issuance of medium term notes	–	75,000
Payment of financing expenses/upfront debt arrangement costs	(1,223)	(1,315)
Distribution of partnership profits to non-controlling interests	(882)	(79)
Distribution to Unitholders (net of distribution in Units)	(181,389)	(156,938)
Distribution to perpetual securities holders	(7,470)	(7,470)
Interest paid	(68,231)	(62,468)
Purchase of Units	(32,822)	–
Net cash flows used in financing activities	(526,598)	(181,400)

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Group	
	2018	2017
	\$'000	\$'000
Net increase/(decrease) in cash and cash equivalents	70,146	(64,039)
Cash and cash equivalents at beginning of the year	186,462	253,219
Effect of exchange rate changes on cash and cash equivalents	(801)	(2,718)
Cash and cash equivalents at end of the year (Note 11)	255,807	186,462
Cash and bank balances	258,924	198,158
Less: Rental support received in advance held in designated accounts (Note A)	(3,117)	(11,696)
Cash and cash equivalents per Consolidated Statement of Cash Flows	255,807	186,462

Reconciliation of liabilities arising from financing activities

	As at 1 January 2018 \$'000	Net principal repayment and financing expenses/upfront debt arrangement costs \$'000	Non-cash changes		As at 31 December 2018 \$'000
			Amortisation of capitalised transaction costs \$'000	Foreign exchange movement \$'000	
Borrowings	2,522,181	(235,804)	2,405	(3,078)	2,285,704

	As at 1 January 2017 \$'000	Net principal drawdown and financing expenses/upfront debt arrangement costs \$'000	Non-cash changes		As at 31 December 2017 \$'000
			Amortisation of capitalised transaction costs \$'000	Foreign exchange movement \$'000	
Borrowings	2,481,754	45,555	2,071	(7,199)	2,522,181

Note A – Rental support received in advance held in designated accounts

This relates to the rental support top-up payments received in advance by the Group held in designated accounts for the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds MBFC Tower 3.

Note B – Significant non-cash transactions

The following were the significant non-cash transactions:

- 42,986,667 (2017: 47,360,865) Units were issued as payment of management fees to the Manager, amounting to \$51,498,000 (2017: \$50,822,000); and
- 7,955,743 (2017: 31,757,174) Units were issued pursuant to the Distribution Reinvestment Plan, amounting to \$9,707,000 (2017: \$34,307,000).

The accompanying notes form an integral part of these financial statements.

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements of Keppel REIT (the "Trust") and its subsidiaries (the "Group") for the financial year ended 31 December 2018 were authorised for issue by the Manager on 20 February 2019.

1. General

Keppel REIT is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 28 November 2005 (as amended) (the "Trust Deed") between Keppel REIT Management Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 8 Marina View, #26-01 Asia Square Tower 1, Singapore 018960.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 April 2006 and was included in the Central Provident Fund Investment Scheme on 28 April 2006. The principal activity of the Trust is to invest in a portfolio of quality real estate and real estate-related assets which are predominantly used for commercial purposes in Singapore and Asia with the primary objective of generating stable returns to its Unitholders and achieving long-term capital growth. The principal activities of its subsidiaries, associates and joint ventures are set out in Notes 4, 5 and 6 respectively.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Property management fees

Under the property management agreement, for property management services rendered by Keppel REIT Property Management Pte Ltd (the "Property Manager"), the Trustee will pay the Property Manager property management fees of 3.0% per annum of the property income of each of the investment properties.

The Property Manager is also entitled to receive leasing commission at the rates set out as follows:

- (i) one month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a tenancy or licence of two years or more;
- (ii) one-half month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a tenancy or licence of less than two years but at least a year and a proportionate part thereof; and
- (iii) one-quarter month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a renewal of tenancy or licence of a year or more and a proportionate part thereof for securing a renewal of a tenancy or licence of less than a year.

The property management fees are payable monthly in arrears.

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

1. General (continued)

(b) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to the following management fees:

- (i) a base fee of 0.5% per annum of the value of all the assets for the time being of the Trust or deemed to be held upon the Trust constituted under the Trust Deed ("Deposited Property"); and
- (ii) an annual performance fee of 3.0% per annum of the Net Property Income (as defined in the Trust Deed) of the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) after deducting all applicable taxes payable.

The management fees will be paid in the form of cash and/or Units (as the Manager may elect). The management fees payable in Units will be issued at the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the relevant Business Day.

The base fee component of the Manager's management fees is payable quarterly in arrears. The performance fee component of the Manager's management fees will be paid on an annual basis in arrears, subsequent to the applicable financial year.

The Manager is also entitled to receive an acquisition fee at the rate of 1.0% of acquisition price and a divestment fee of 0.5% of sale price on all acquisitions or disposals of properties respectively.

(c) Trustee's fees

Under the Trust Deed, the maximum fee payable to the Trustee is 0.03% per annum of the value of the Deposited Property and shall be payable quarterly in arrears.

2. Summary of significant accounting policies

(a) Basis of preparation

The Accounting Standards Council (Singapore) has introduced a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board, for the financial year beginning on or after 1 January 2018.

On 3 January 2018, the Monetary Authority of Singapore ("MAS") granted Keppel REIT a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the Code on Collective Investment Schemes (the "CIS Code") to prepare its financial statements in accordance with the Singapore Financial Reporting Standards. The Group has adopted SFRS(I) for the financial year beginning 1 January 2018 and the financial statements of the Group have been prepared in accordance with SFRS(I).

The financial statements have also been prepared in accordance with the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed.

The financial statements, which are expressed in Singapore dollar ("SGD" or "\$") and rounded to the nearest thousand (\$'000), unless otherwise stated, are prepared on the historical cost basis, except as disclosed in the accounting policies below.

2. Summary of significant accounting policies (continued)

(b) Changes in accounting policies

Except as disclosed in Note 2(c), the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2017.

(c) Adoption of SFRS(I)

These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, the Group reclassified cumulative foreign currency translation losses of \$167,302,000 from foreign currency translation reserve to accumulated profits as at 1 January 2017. After 1 January 2017, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before the date of transition.

(ii) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

2. Summary of significant accounting policies (continued)

(c) Adoption of SFRS(I) (continued)

Except for the effects of the optional exemption applied as described in Note 2(c)(i) and as disclosed in the Group's Statements of Movements in Unitholders' Funds, there were no adjustments to the Group's Consolidated Statement of Profit or Loss, Balance Sheet and Consolidated Statement of Cash Flows arising from the transition from SFRS to SFRS(I). For notes to the financial statements relating to the balance sheets, comparative information as at 1 January 2017, where applicable, has been included.

(d) Standards issued but not yet effective

SFRS(I) 16 Leases

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under SFRS(I) 16.

The standard also introduces expanded disclosure requirements and changes in presentation.

SFRS(I) 16 will take effect from financial years beginning on or after 1 January 2019.

The Manager anticipates that the adoption of SFRS(I) 16 in future periods will not have a material impact on the financial statements of the Group and of the Trust in the period of their initial adoption.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date and use accounting policies consistent with the Trust.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

2. Summary of significant accounting policies (continued)

(e) Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the Consolidated Statement of Profit or Loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to the Consolidated Statement of Profit or Loss or accumulated profits, as appropriate.

(f) Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to Unitholders of the Trust, and are presented separately in the Consolidated Statement of Profit or Loss and within equity in the consolidated Balance Sheet, separately from equity attributable to the Unitholders of the Trust.

Changes in the Trust's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to Unitholders of the Trust.

(g) Functional and foreign currency

(i) Functional currency

The Manager has determined the currency of the primary economic environment in which the Trust operates, i.e. functional currency, to be Singapore dollar. The financial statements are presented in Singapore dollar.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Trust and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

2. Summary of significant accounting policies (continued)

(g) Functional and foreign currency (continued)

(ii) Foreign currency transactions and balances (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the Consolidated Statement of Profit or Loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised under foreign currency translation reserve in Unitholders' funds. The foreign currency translation reserve is reclassified from Unitholders' funds to the Consolidated Statement of Profit or Loss on disposal of the foreign operation.

(iii) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profits are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised under foreign currency translation reserve in Unitholders' funds. On disposal of a foreign operation, the foreign currency translation reserve relating to that particular foreign operation is recognised in the Consolidated Statement of Profit or Loss.

(h) Investment properties

Investment properties are properties that are owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The cost of investment property under development includes the cost of materials and direct labour, and any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the Consolidated Statement of Profit or Loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the Consolidated Statement of Profit or Loss in the year of retirement or disposal.

2. Summary of significant accounting policies (continued)

(i) Fixed assets

Fixed assets are initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of fixed asset initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Included within fixed assets are artwork and sculpture that are considered inexhaustible, in that their values do not diminish over time. These artwork and sculpture are not depreciated but their carrying values are reviewed for impairment at the level of the respective cash-generating units to which they relate when events or changes in circumstances indicate that the carrying values may not be recoverable.

All other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Computer	3 years
Machinery and equipment	5 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(j) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Trust's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (continued)

(k) Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2(l).

(l) Associates and joint ventures

An associate is an entity over which the Group has significant influence, but not control over the financial and operating policy decisions of the investee.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

The Group accounts for its investments in associates and joint ventures using the equity method less impairment losses, if any, from the date on which the investment becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's or joint venture's profit or loss in the period in which the investment is acquired.

2. Summary of significant accounting policies (continued)

(l) Associates and joint ventures (continued)

Under the equity method, the investments in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions or dividends received from associates or joint ventures reduce the carrying amounts of the investments. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal and constructive obligations to make or has made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Trust. Property held for sale is stated at the lower of cost and net realisable value. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group, and adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Trust.

(m) Intangible asset

Intangible asset, which relates to rental support top-up payments, is measured initially at cost, being the fair value as at the date of acquisition. Following initial recognition, intangible asset is measured at cost less any accumulated amortisation and any impairment losses.

Intangible asset with a finite useful life is amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible asset with finite useful life is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(n) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (continued)

(n) Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. If that is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment losses are also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(o) Financial instruments

Financial assets

The accounting for financial assets before 1 January 2018 is as follows:

(i) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired and is determined at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

(ii) Recognition and derecognition

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(o) Financial instruments (continued)

Financial assets (continued)

(ii) Recognition and derecognition (continued)

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(iii) Initial and subsequent measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The accounting for financial assets from 1 January 2018 is as follows:

(iv) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through profit or loss

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(v) At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Summary of significant accounting policies (continued)

(o) Financial instruments (continued)

Financial assets (continued)

(vi) At subsequent measurement

Debt instruments mainly comprise cash and cash equivalents, advances to associates, trade and other receivables and derivative financial instruments. Depending on the Group's business model for managing the asset and the cash flow characteristics of the asset, the Group uses the following measurement categories:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **Fair value through profit or loss:** Debt instruments that do not meet the criteria for classification as amortised cost or fair value through other comprehensive income are classified as fair value through profit or loss. Movement in fair values is recognised in profit or loss in the period which it arises.

(vii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Financial liabilities

(i) Recognition and derecognition

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(o) Financial instruments (continued)

Financial liabilities (continued)

(ii) Initial and subsequent measurement

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(p) Impairment of financial assets

The accounting for impairment of financial assets before 1 January 2018 is as follows:

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the cash flow becomes uncollectible, the carrying amount of an impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(p) Impairment of financial assets (continued)

The accounting for impairment of financial assets after 1 January 2018 is as follows:

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and demand deposits, and exclude amounts which are restricted for use.

(r) Unit capital, treasury units, perpetual securities and issue expenses

Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds and incidental costs directly attributable to the issuance are deducted against Unitholders' funds.

When units are re-acquired by the Trust, the amount of consideration paid and any directly attributable transaction costs are recognised directly in equity. Re-acquired units are classified as treasury units and presented as a deduction from total equity. When treasury units are subsequently cancelled, the costs of treasury units are deducted against the units in issue account if the units are purchased out of capital of the Trust, or against accumulated profits of the Trust if the units are purchased out of earnings of the Trust.

Proceeds from issuance of perpetual securities are recognised in equity and incidental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(t) Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2(u)(i). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (continued)

(u) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rental support, dividend income and distribution income

Rental support, dividend income and distribution income are recognised when the Group's right to receive payment is established.

(v) Expenses

(i) Trust expenses

Trust expenses are recognised on an accrual basis.

(ii) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are property management fees which are based on the applicable formula stipulated in Note 1(a).

(iii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

2. **Summary of significant accounting policies (continued)**

(w) *Borrowing costs*

Borrowing costs are recognised in the Consolidated Statement of Profit or Loss using the effective interest method except for those costs that are directly attributable to the development of investment properties. These include costs on borrowings acquired specifically for the development of investment properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit of the investment property under development less any investment income on temporary investment of these borrowings, are capitalised in the cost of the investment property under development.

(x) *Taxation*

(i) *Current income tax*

Current income tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

(ii) *Deferred tax*

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which those assets and liabilities are expected to be realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is measured based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

2. Summary of significant accounting policies (continued)

(x) Taxation (continued)

(iii) Tax transparency

Pursuant to the Tax Transparency Ruling issued by the Inland Revenue Authority of Singapore ("IRAS"), tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the tax ruling which include a distribution of at least 90% of the taxable income of the Trust, the Trust will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the Trust's taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as adjustments to the amount to be distributed for the next distribution following the agreement with the IRAS.

Subject to the terms and conditions of the Tax Transparency Ruling, the Trust will not be taxed on Specified Taxable Income distributed to the Unitholders in the year in which the income was derived. Instead, the Trust will undertake to deduct income tax at the prevailing corporate tax rate on the distributions made to the Unitholders out of such Specified Taxable Income except:

- a) where the beneficial owner is a Qualifying Unitholder (as defined herein), distributions will be made to such Unitholder without deducting any income tax; and
- b) where the beneficial owner is a Qualifying Foreign Non-Individual Unitholder (as defined herein), income tax will be deducted at a reduced rate of 10% from the distributions made up to 31 March 2020, unless otherwise extended.

A Qualifying Unitholder is a Unitholder who is:

- a) an individual; or
 - b) a company incorporated and tax resident in Singapore;
 - c) a Singapore branch of a company incorporated outside Singapore;
 - d) a non-corporate entity (excluding partnerships) constituted or registered in Singapore including:
 - institutions, authorities, persons or funds specified in the First Schedule to the Income Tax Act, Chapter 134 of Singapore;
 - co-operative societies registered under the Co-operative Societies Act, Chapter 62 of Singapore;
 - trade unions registered under the Trade Unions Act, Chapter 333 of Singapore;
 - charities registered under the Charities Act, Chapter 37 of Singapore or established by an Act of Parliament; and
 - town councils; or
-

2. Summary of significant accounting policies (continued)

(x) Taxation (continued)

(iii) Tax transparency

- e) 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).

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual not resident in Singapore for Singapore income tax purposes and:

- a) who does not have a permanent establishment in Singapore; or
- b) who carries on an 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.

The above tax transparency ruling does not apply to gains from sale of real estate properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- a) Where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- b) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the Balance Sheets.

(y) Portfolio reporting

For management purposes, the Group is organised into operating segments based on individual investment property within the Group's portfolio, and prepares financial information on a property by property basis. The properties are independently managed by property managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Board of Directors (the "Board") on a property by property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

2. Summary of significant accounting policies (continued)

(z) Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from the changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss and presented in "net change in fair value of derivative financial instruments".

The Group applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The hedges in place as at 31 December 2018 qualified as cash flow hedges under SFRS(I) 9. The Group's management strategies and hedge documentation are aligned with the requirements of SFRS(I) 9 and are thus treated as continuing hedges.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to profit or loss when the hedge transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

2. Summary of significant accounting policies (continued)

(z) *Derivative financial instruments and hedge accounting (continued)*

Cash flow hedges (continued)

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to profit or loss. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects profit or loss.

The Group uses interest rate swaps to hedge its exposure to interest rate risk for bank loans with floating interest rates. Details of the interest rate swaps are disclosed in Note 13.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its investment properties in Australia. Details of the forward currency contracts are disclosed in Note 13.

(aa) *Significant accounting judgements and estimates*

The preparation of the financial statements in conformity with SFRS(I) requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an on-going basis. Financial impact arising from revisions to accounting estimates is recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Valuation of investment properties

Investment properties are stated at fair value, with changes in fair value recognised in profit or loss. The Group engaged independent professional valuers to determine fair value as at the financial year-end.

The fair value of investment properties held by the Group and through its associates and joint ventures is determined by independent real estate valuation experts using approved valuation methodologies. In determining the fair value, the valuers have used valuation methods which involve estimates and discount rates applicable to those assets. The Manager is satisfied that the valuation methods and estimates are reflective of current market conditions. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the vacancy assumptions. Specific assumptions and estimates are disclosed in Note 31.

KEPPEL REIT AND ITS SUBSIDIARIES
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3. Investment properties

	Completed investment properties \$'000	Investment property under development \$'000	Total \$'000
<u>Group</u>			
<u>2018</u>			
At 1 January	3,625,950	148,920	3,774,870
Translation differences	(6,234)	(3,217)	(9,451)
Progress payments on investment property under development	–	81,280	81,280
Capitalised expenditure	7,233	2,205	9,438
Net change in fair value of investment properties (Note 25)	19,157	4,662	23,819
At 31 December	3,646,106	233,850	3,879,956
<u>2017</u>			
At 1 January	3,618,097	–	3,618,097
Translation differences	(18,694)	(5,926)	(24,620)
Purchase of investment property	–	133,953	133,953
Progress payments on investment property under development	–	9,409	9,409
Capitalised expenditure	2,794	11,633	14,427
Net change in fair value of investment properties (Note 25)	23,753	(149)	23,604
At 31 December	3,625,950	148,920	3,774,870
<u>Trust</u>			
<u>2018</u>			
At 1 January	525,000	–	525,000
Capitalised expenditure	164	–	164
Net change in fair value of investment properties	(10,164)	–	(10,164)
At 31 December	515,000	–	515,000
<u>2017</u>			
At 1 January	540,000	–	540,000
Capitalised expenditure	351	–	351
Net change in fair value of investment properties	(15,351)	–	(15,351)
At 31 December	525,000	–	525,000

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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3. Investment properties (continued)

Investment properties are stated at fair value based on valuations performed by independent valuers. In determining the fair value, the valuers have used the direct comparison method, capitalisation approach and discounted cash flows analysis which make reference to estimated market rental values and equivalent yields. The key assumptions used to determine the fair value of investment properties include, amongst others, market-corroborated capitalisation yields, discount rates and transacted prices of comparable properties. Details of valuation techniques and inputs used are disclosed in Note 31.

Included in capitalised expenditure for investment property under development are capitalised borrowing costs amounting to \$2,205,000 (2017: \$564,000).

On 31 July 2017, the Group acquired a 50% interest in an office tower under development at 311 Spencer Street for an aggregate consideration of approximately \$362,400,000.

The Group has mortgaged an investment property of a principal amount of \$515,000,000 (2017: \$525,000,000) as security for credit facilities granted (Note 15).

4. Investments in subsidiaries

			Trust	
		31	31	1
		December	December	January
		2018	2017	2017
		\$'000	\$'000	\$'000
Unquoted equity, at cost		1,473,781	1,837,110	1,837,110

<u>Name</u>	<u>Country of incorporation/constitution</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2018	2017
			%	%
Held by the Trust				
Keppel REIT MTN Pte. Ltd. ¹	Singapore	Provision of treasury services	100.00	100.00
Keppel REIT (Australia) Pte. Ltd. ¹	Singapore	Investment holding	100.00	100.00
Keppel REIT Fin. Company Pte. Ltd. ¹	Singapore	Provision of treasury services	100.00	100.00
Ocean Properties LLP ("OPLLP") ^{1, 4}	Singapore	Property investment	~79.90 ⁴	~99.90 ⁴

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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4. Investments in subsidiaries (continued)

<u>Name</u>	<u>Country of incorporation/ constitution</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2018 %	2017 %
Held through Keppel REIT (Australia) Pte. Ltd.				
Keppel REIT (S) Limited ²	Bermuda	Investment holding	100.00	100.00
Keppel REIT (Australia) Trust ³	Australia	Property investment	100.00	100.00
Keppel REIT (Australia) Sub-Trust 1	Australia	Property investment	— ⁵	100.00 ³
Keppel REIT (Australia) Sub-Trust 2 ³	Australia	Investment holding	100.00	100.00
Keppel REIT (Australia) Sub-Trust 3 ³	Australia	Investment holding	100.00	100.00
Keppel REIT (Australia) Sub-Trust 4 ³	Australia	Property investment	100.00	100.00
Keppel REIT (Australia) Sub-Trust 5 ³	Australia	Property investment	100.00	100.00

¹ Audited by PricewaterhouseCoopers LLP, Singapore.

² There is no statutory requirement for the financial statements of Keppel REIT (S) Limited to be audited.

³ Audited by PricewaterhouseCoopers, Australia.

⁴ Keppel REIT (Australia) Sub-Trust 1 was wound up on 31 October 2018.

⁵ OPLLP owns Ocean Financial Centre. For the approximate 87.51% equity interest in OPLLP which the Trust acquired on 14 December 2011 for a period of 99 years from Straits Property Investments Pte Ltd ("SPIPL"), the Trust granted a call option under an option deed to SPIPL for the right to acquire the approximate 87.51% equity interest in OPLLP for \$1.00 at the expiry of the 99-year period after the acquisition date. Under the option deed, the Trust shall not dispose of its legal or beneficial interest in OPLLP to any person unless SPIPL's right of first refusal has lapsed. In addition, if any of certain specified events occur anytime during the 99 years after the acquisition date, SPIPL has the right to procure OPLLP to take the necessary steps to carve out and transfer a leasehold title of the remaining tenure to a special purpose vehicle owned by SPIPL and the non-controlling interest.

On 25 June 2012, the Trust acquired an additional equity interest in OPLLP of approximately 12.39% from a third party, Avan Investment Pte Ltd ("AIPL") for a period of 99 years from 14 December 2011. This acquisition increased the Group's interest in OPLLP from an approximate 87.51% to an approximate 99.90%. AIPL continues to hold a remaining equity interest of approximately 0.10% in OPLLP (the "non-controlling interest"). The Trust also entered into an option deed pursuant to which AIPL shall have the right to acquire the approximate 12.39% interest in OPLLP for \$1.00, such option to be exercisable only after the expiry of a period of 99 years after 14 December 2011.

KEPPEL REIT AND ITS SUBSIDIARIES
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4. Investments in subsidiaries (continued)

- ⁵ On 11 December 2018, the Trust divested a 20.00% equity interest in OPLLP to a third party, Allianz Real Estate. The Group recognised a gain on divestment of \$7,388,000 in Unitholders' funds. The divestment decreased the Group's interest in OPLLP from an approximate 99.90% to an approximate 79.90%. The effect of changes in the ownership interest of OPLLP on Unitholders' funds during the year is summarised as follows:

	2018
	\$'000
Consideration received from Allianz Real Estate	439,272
Carrying amount of interests in subsidiary disposed of	(426,399)
Estimated divestment expenses	(5,485)
Excess of consideration received recognised in Unitholders' funds	7,388

5. Investments in associates

	31	<u>Group</u>	1
	December	December	January
	2018	2017	2017
	\$'000	\$'000	\$'000
Unquoted equity, at cost	2,025,135	2,025,559	2,025,483
Share of post-acquisition reserves	513,528	502,283	499,629
	2,538,663	2,527,842	2,525,112

	31	<u>Trust</u>	1
	December	December	January
	2018	2017	2017
	\$'000	\$'000	\$'000
Unquoted equity, at cost	2,025,135	2,025,559	2,025,483

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

	2018	<u>Group</u>
	\$'000	2017
	\$'000	\$'000
At 1 January	502,283	499,629
Share of results of associates		
- Profit excluding net change in fair value of investment properties	73,720	83,795
- Net change in fair value of investment properties (Note 25)	4,622	10,627
- Effects of recognising rental income on a straight-line basis over the lease terms	2,434	1,827
	80,776	96,249
Share of net change in fair value of cash flow hedges	4,462	214
Dividend and distribution income received	(73,993)	(93,809)
At 31 December	513,528	502,283

KEPPEL REIT AND ITS SUBSIDIARIES
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5. Investments in associates (continued)

Details of the associates are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2018 %	2017 %
One Raffles Quay Pte Ltd ¹	Singapore	Property development and investment	33.33	33.33
BFC Development LLP ²	Singapore	Property development and investment	33.33	33.33
Central Boulevard Development Pte. Ltd. ³	Singapore	Property development and investment	33.33	33.33

¹ Audited by Ernst & Young LLP, Singapore.
One Raffles Quay Pte Ltd ("ORQPL") is the owner of One Raffles Quay.

² Audited by Ernst & Young LLP, Singapore.
BFC Development LLP ("BFCDLLP") is the owner of Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

³ Audited by Ernst & Young LLP, Singapore.
Central Boulevard Development Pte. Ltd. ("CBDPL") is the owner of Marina Bay Financial Centre Tower 3.

The Group does not equity account for the results of Marina Bay Suites Pte. Ltd. ("MBSPL") (dissolved in May 2018), which is a wholly-owned subsidiary of CBDPL, as the acquisition of the one-third interest in CBDPL was structured to effectively exclude any interest in MBSPL.

A deed of undertaking was signed between Bayfront Development Pte. Ltd. (the "Vendor") and the Trust, whereby the Trust agrees not to participate in the financial and operating policy decisions in MBSPL and that it would exercise all voting rights and other rights and powers that it directly or indirectly has or controls in CBDPL and MBSPL in accordance with the written instructions of the Vendor on all matters arising from, relating to, or otherwise connected with MBSPL, and/or CBDPL's ownership of MBSPL.

KEPPEL REIT AND ITS SUBSIDIARIES
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5. Investments in associates (continued)

The summarised financial information of the associates, excluding CBDPL's interest in MBSPL, and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	<u>ORQPL</u>		<u>BFGDLLP</u>		<u>CBDPL</u>	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Summarised Balance Sheet						
Current assets						
(including property held for sale)	1,444,189	1,450,453	20,148	18,446	26,781	21,669
Non-current assets	1,680,115	1,689,104	5,055,081	5,048,188	3,837,325	3,820,122
Total assets	3,124,304	3,139,557	5,075,229	5,066,634	3,864,106	3,841,791
Current liabilities	(34,645)	(44,998)	(25,319)	(30,064)	(1,643,984)	(31,830)
Non-current liabilities	(1,075,068)	(1,073,217)	(1,743,355)	(1,740,733)	(32,246)	(1,652,853)
Total liabilities	(1,109,713)	(1,118,215)	(1,768,674)	(1,770,797)	(1,676,230)	(1,684,683)
Net assets	2,014,591	2,021,342	3,306,555	3,295,837	2,187,876	2,157,108
Proportion of the Group's ownership	33.33%	33.33%	33.33%	33.33%	33.33%	33.33%
Group's share of net assets	671,530	673,781	1,102,185	1,098,612	729,292	719,036
Other adjustments	13,734	13,734	7,000	7,000	14,922	15,679
Carrying amount of the investment	685,264	687,515	1,109,185	1,105,612	744,214	734,715
Summarised Statement of Comprehensive Income						
Property income	147,138	158,146	209,285	202,804	145,799	148,071
Profit for the year	56,092	139,816	108,537	109,697	77,700	39,234
Other comprehensive income	4,818	(846)	—	—	8,568	1,488
Total comprehensive income	60,910	138,970	108,537	109,697	86,268	40,722

KEPPEL REIT AND ITS SUBSIDIARIES
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6. Investments in joint ventures

	2018 \$'000	Group 2017 \$'000
Unquoted equity, at cost	340,920	345,286
Share of post-acquisition reserves	130,771	119,810
	471,691	465,096

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

	2018 \$'000	Group 2017 \$'000
At 1 January	119,810	96,807
Share of results of joint ventures		
- Profit excluding net change in fair value of investment properties	30,170	31,959
- Net change in fair value of investment properties (Note 25)	12,579	26,462
- Effects of recognising rental income on a straight-line basis over the lease terms	(4,478)	(4,219)
	38,271	54,202
Translation differences	(1,122)	(4,634)
Distribution received/receivable	(26,188)	(26,565)
At 31 December	130,771	119,810

Details of the joint ventures are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2018 %	2017 %
Held through Keppel REIT (S) Limited				
Mirvac 8 Chifley Pty Limited ¹	Australia	Fund administration	50.00	50.00
Mirvac (Old Treasury) Pty Limited ¹	Australia	Fund administration	50.00	50.00
Held through Keppel REIT (Australia) Sub-Trust 2				
Mirvac 8 Chifley Trust ("M8CT") ²	Australia	Investment in real estate properties	50.00	50.00
Held through Keppel REIT (Australia) Sub-Trust 3				
Mirvac (Old Treasury) Trust ("MOTT") ²	Australia	Investment in real estate properties	50.00	50.00

¹ There is no statutory requirement for the financial statements to be audited.

² Audited by PricewaterhouseCoopers, Australia.

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6. Investments in joint ventures (continued)

The summarised financial information of the joint ventures and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	<u>M8CT</u>		<u>MOTT</u>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Summarised Balance Sheet				
Cash and bank balances	2,075	2,678	5,320	5,420
Other current assets	825	3,559	2,538	6,197
Non-current assets	491,804	487,904	437,748	428,055
Total assets	494,704	494,141	445,606	439,672
Current liabilities	(2,855)	(5,985)	(6,157)	(9,878)
Total liabilities	(2,855)	(5,985)	(6,157)	(9,878)
Net assets	491,849	488,156	439,449	429,794
Proportion of the Group's ownership	50.00%	50.00%	50.00%	50.00%
Group's share of net assets	245,925	244,078	219,725	214,897
Other adjustments	3,357	3,399	2,684	2,722
Carrying amount of the investment	249,282	247,477	222,409	217,619
Summarised Statement of Profit or Loss				
Property income	31,657	32,916	41,177	42,247
Interest income	—	—	39	52
Profit for the year	35,508	68,388	41,034	40,016

7. Amounts owing by subsidiaries (non-trade)

	<u>Trust</u>	
	2018	2017
	\$'000	\$'000
Interest bearing	644,644	563,458
Non-interest bearing	310,442	314,515
	955,086	877,973

The amounts owing by subsidiaries are unsecured, to be settled in cash and not expected to be repaid within the next 12 months. These amounts are denominated in Australian dollar.

These are considered hedges against foreign exchange risk arising from a net investment in foreign operations. For the year ended 31 December 2018, a net unrealised loss of \$12,712,000 (2017: \$34,761,000) was recorded in the foreign currency translation reserve.

The interest bearing portions bear interest ranging from 5.2% to 9.5% (2017: 5.2% to 9.5%) per annum. The non-interest bearing portions are considered part of the Trust's net investment in these subsidiaries and are accounted for in accordance with Note 2(j).

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8. Advances to associates

Advances to associates are unsecured, not expected to be repaid within the next 12 months and carry interest at rates which are repriced every quarter at margins above the 3-month SGD swap-offer rate ("SOR"). They bore interest ranging from 3.37% to 5.16% (2017: 3.00% to 4.54%) per annum during the year.

The advances to associates are denominated in Singapore dollar

9. Intangible asset

	<u>Group</u>		<u>Trust</u>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<i>Cost:</i>				
At 1 January	46,622	66,093	46,622	46,622
Write-off	—	(19,471)	—	—
At 31 December	46,622	46,622	46,622	46,622
<i>Accumulated amortisation:</i>				
At 1 January	35,910	43,582	35,910	26,151
Amortisation expense	8,163	11,799	8,163	9,759
Write-off	—	(19,471)	—	—
At 31 December	44,073	35,910	44,073	35,910
<i>Net carrying amount:</i>				
At 31 December	2,549	10,712	2,549	10,712

Intangible asset represents the unamortised rental support top-up payments receivable by the Group for its one-third interest in CBDPL. The remaining rental support period is approximately 1 year (2017: 2 years). In the prior year, the write-off of intangible asset pertained to fully amortised rental support top-up payments.

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10. Trade and other receivables

	<u>Group</u>		<u>Trust</u>	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade receivables	10,305	5,838	1,004	576
Amounts due from subsidiaries (non-trade)	—	—	7,756	10,927
Amounts due from related companies (trade)	810	174	810	174
Amounts due from related companies (non-trade)	762	—	762	—
Amounts due from joint ventures (non-trade)	2,167	2,138	—	—
Interest receivable	160	197	154	184
Others	852	272	783	259
	15,056	8,619	11,269	12,120

Amounts due from subsidiaries, related companies and joint ventures are unsecured, interest-free, repayable on demand and are to be settled in cash.

Trade and other receivables of the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to \$21,000 (2017: \$28,000) and \$2,822,000 (2017: \$1,119,000) respectively. These balances are denominated in Australian dollar.

Receivables that are past due but not impaired

	<u>Group</u>		<u>Trust</u>	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade receivables past due but not impaired:				
Past due < 3 months	2,949	2,058	217	—
Past due 3 - 6 months	185	28	175	—
Past due > 6 months	15	59	—	—
	3,149	2,145	392	—

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11. Cash and bank balances

	<u>Group</u>		<u>Trust</u>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	116,278	98,647	90,309	64,312
Fixed deposits	142,646	99,511	141,146	91,511
	258,924	198,158	231,455	155,823
Less: Rental support received in advance held in designated accounts	(3,117)	(11,696)	(3,117)	(11,696)
Cash and cash equivalents	255,807	186,462	228,338	144,127

Cash at banks earned interest at floating rates based on daily bank deposit rates ranging from 0% to 1.60% (2017: 0% to 1.60%) per annum. Short-term deposits were made for varying periods of between 39 days and 91 days (2017: 32 days and 181 days) depending on the cash requirements of the Group, and earned interest at the respective short-term deposit rates. The interest rates of short-term deposits ranged from 1.60% to 2.10% (2017: 1.10% to 1.70%) per annum.

Cash and bank balances of both the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to \$48,160,000 (2017: \$45,584,000). These balances are denominated in Australian dollar.

12. Trade and other payables

	<u>Group</u>		<u>Trust</u>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Trade payables	4,440	3,278	509	1,379
Accrued expenses	17,481	14,506	4,857	4,613
Other payables	16,917	12,565	16,917	7,000
Amounts due to related companies:				
- trade	21,496	20,129	20,369	19,739
- non-trade	—	—	41	1,454
Other deposits	453	451	111	55
Interest payable	3,970	5,522	653	665
	64,757	56,451	43,457	34,905

Other payables mainly relate to (i) estimated development costs of \$3,751,000 (2017: \$3,751,000) to complete Phase 2 of Ocean Financial Centre of which the Group's proportionate share was withheld from the purchase consideration for the approximate 99.90% equity interest in OPLLP, (ii) estimated construction costs of \$7,000,000 (2017: \$7,000,000) withheld from the purchase consideration for the acquisition of the one-third interest in BFCDLLP and (iii) estimated divestment expenses of \$5,485,000 (2017: nil) on the divestment of the 20.00% equity interest in OPLLP.

Included in the trade amounts due to related companies are amounts due to the Property Manager of \$1,183,000 (2017: \$390,000) and the Manager of \$20,313,000 (2017: \$19,738,000).

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12. Trade and other payables (continued)

Amounts due to related companies are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash except for management fees payable to the Manager which will be settled in the form of cash and/or Units (Note 1(b)).

Trade and other payables of both the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to \$16,000 (2017: \$351,000). These balances are denominated in Australian dollar.

13. Derivative financial instruments

			<u>Group</u>				
			2018 \$'000			2017 \$'000	
	Maturity	Contract/ Nominal amount	Assets	Liabilities	Contract/ Nominal amount	Assets	Liabilities
Derivatives whereby hedge accounting is applied							
<i>Cash flow hedges</i>							
Forward currency contracts	2019	28,885	30	(101)	21,865	1,175	–
Interest rate swaps	2019 – 2022	2,035,869	1,505	(6,010)	2,677,000	22	(15,949)
Derivatives whereby hedge accounting is not applied							
Interest rate swaps	2021 – 2023	275,000	–	(2,307)	50,000	–	(1,816)
Cross currency swap	2021	99,790	–	(3,397)	99,790	4,190	–
		<u>2,439,544</u>	<u>1,535</u>	<u>(11,815)</u>	<u>2,848,655</u>	<u>5,387</u>	<u>(17,765)</u>
Less: Current portion		<u>(408,885)</u>	<u>(206)</u>	<u>230</u>	<u>(716,865)</u>	<u>(1,197)</u>	<u>1,748</u>
Non-current portion		<u>2,030,659</u>	<u>1,329</u>	<u>(11,585)</u>	<u>2,131,790</u>	<u>4,190</u>	<u>(16,017)</u>
Percentage of derivative financial instruments to the Group's net asset value				(0.19%)	(0.25%)		

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13. Derivative financial instruments (continued)

			Trust				
	Maturity	Contract/ Nominal amount	2018 \$'000 Assets	Liabilities	Contract/ Nominal amount	2017 \$'000 Assets	Liabilities
Derivatives whereby hedge accounting is applied							
Cash flow hedges							
Forward currency contracts	2019	28,885	30	(101)	21,865	1,175	–
Interest rate swaps	2019 – 2022	1,658,869	868	(5,758)	1,900,000	–	(13,729)
Derivatives whereby hedge accounting is not applied							
Interest rate swaps	2021 – 2023	275,000	–	(2,307)	50,000	–	(1,816)
Cross currency swap	2021	99,790	–	(3,397)	99,790	4,190	–
		2,062,544	898	(11,563)	2,071,655	5,365	(15,545)
Less: Current portion		(408,885)	(206)	230	(316,865)	(1,175)	1,134
Non-current portion		1,653,659	692	(11,333)	1,754,790	4,190	(14,411)
Percentage of derivative financial instruments to the Trust's net asset value							
				(0.27%)			
					(0.26%)		

—

	Maturity date
0	2019
%	2019 – 2022
%	
9	2021 – 2022
0	2019
%	2019 – 2022
%	

13. Derivative financial instruments (continued)

Forward currency contracts

Forward currency contracts are used to hedge foreign currency risk arising from the cash flows of the Group's investments in Australia.

The Group designates these forward currency contracts as cash flow hedges which were assessed to be highly effective. A net unrealised loss of \$1,246,000 (2017: net unrealised gain of \$2,053,000) was included in hedging reserve in Unitholders' funds in respect of these contracts.

Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of the respective bank loans. Under the interest rate swaps, the Group receives floating interest equal to SOR and A\$ bank bill swap rate ("BBSW") at specific contracted intervals and pays fixed rates of interest ranging from 1.41% to 2.48% (2017: 0.88% to 2.48%) per annum.

The Group designates most interest rate swaps as cash flow hedges which were assessed to be highly effective. A net unrealised gain of \$11,420,000 (2017: net unrealised loss of \$17,244,000) was included in hedging reserve in Unitholders' funds in respect of these contracts. A fair value loss of \$490,000 (2017: \$2,399,000) was recognised in profit or loss as the interest rate swaps were not designated as hedging instruments.

Cross currency swap

Cross currency swap is used to hedge foreign currency risk arising from cash flow payments for an Australian dollar denominated loan. Under the cross currency swap, the Group receives a fixed SGD amount and pays a fixed A\$ amount at inception of the loan, and vice versa upon maturity of the loan. The Group receives floating interest equal to BBSW at specific contract intervals and pays floating interest equal to SOR. A fair value loss of \$7,587,000 (2017: \$4,245,000) was recognised in profit or loss as the cross currency swap was not designated as a hedging instrument.

14. Income received in advance

Income received in advance comprises mainly rental support and rental income received in advance for certain of the Group's investment properties.

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15. Borrowings

		Group		
		31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Maturity				
<u>Current:</u>				
Bank loans (unsecured)	2019	59,943	425,039	—
<u>Non-current:</u>				
Revolving loans (secured)	2020	245,111	194,656	348,201
Borrowings (secured)		245,111	194,656	348,201
Bank loans (unsecured)	2020 - 2023	1,338,760	1,349,948	2,080,312
Revolving loans (unsecured)	2021 - 2024	516,890	427,538	3,241
Medium term notes (unsecured)	2022 - 2024	125,000	125,000	50,000
Borrowings (unsecured)		1,980,650	1,902,486	2,133,553
Total borrowings		2,285,704	2,522,181	2,481,754
Percentage of total borrowings to net asset value		42.8%	51.3%	50.7%

		Trust		
		31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Maturity				
<u>Current:</u>				
Bank loans (unsecured)	2019	59,943	99,967	—
<u>Non-current:</u>				
Revolving loans (secured)	2020	245,111	194,656	348,201
Borrowings (secured)		245,111	194,656	348,201
Bank loans (unsecured)	2023	63,847	59,883	159,740
Borrowings from subsidiaries (unsecured)		1,450,875	1,702,382	1,507,960
Borrowings (unsecured)		1,514,722	1,762,265	1,667,700
Total borrowings		1,819,776	2,056,888	2,015,901
Percentage of total borrowings to net asset value		46.1%	52.2%	50.9%

Borrowings of both the Group and the Trust denominated in currencies other than the respective entities' functional currencies amounted to \$265,153,000 (2017: \$181,651,000). These balances are denominated in Australian dollar.

For the current portion of borrowings, the Group has received commitments from banks to refinance these borrowings when they fall due.

15. Borrowings (continued)

Revolving loans (secured)

Revolving loans amounting to \$245,111,000 (2017: \$194,656,000) are secured by mortgage over an investment property of the Group (Note 3). The interest rate is at 0.80% + SOR (2017: 0.80% + SOR) per annum. The loans are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge \$245,111,000 (2017: \$194,656,000) of the revolving loans that are on floating interest rates.

Bank loans (unsecured)

The Group has entered into interest rate swaps (Note 13) to hedge \$1,183,710,000 (2017: \$1,403,600,000) of the bank loans that are on floating interest rates. The remaining bank loans of \$214,993,000 (2017: \$216,462,000) are on floating interest rates and bear interest ranging from 0.64% + SOR to 1.02% + BBSW (2017: 0.64% + SOR to 1.02% + BBSW) per annum.

In the prior year, bank loans of \$154,925,000 were on a fixed interest rate of 1.85% per annum and were repaid upon maturity.

Revolving loans (unsecured)

Revolving loans bear interest ranging from 0.75% + SOR to 1.20% + BBSW (2017: 0.88% + SOR to 1.20% + BBSW) per annum. The Group has entered into interest rate swaps (Note 13) to hedge \$454,563,000 (2017: \$273,990,000) of the revolving loans that are on floating interest rates.

Medium term notes (unsecured)

On 11 February 2015, Keppel REIT MTN Pte. Ltd. issued \$50,000,000 of medium term notes due in 2022 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.15% per annum.

On 6 April 2017, Keppel REIT MTN Pte. Ltd. issued \$75,000,000 of medium term notes due in 2024 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.275% per annum.

Borrowings from subsidiaries (unsecured)

Borrowings from subsidiaries bear interest ranging from 2.47% to 3.36% (2017: 1.36% to 3.36%) per annum and are not due for repayment within the next 12 months.

Unutilised available facilities

As at 31 December 2018, the Group had unutilised facilities of \$905,159,000 (2017: \$871,368,000) available to meet its future obligations.

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16. Deferred tax liabilities

Movement in deferred tax liabilities is as follows:

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
<u>Investment properties</u>		
At 1 January	44,026	34,808
Translation differences	(579)	(1,737)
Tax charged to Consolidated Statement of Profit or Loss (Note 26)	6,591	10,955
At 31 December	50,038	44,026

Deferred tax liabilities are expected to be settled after one year from the balance sheet date.

17. Units in issue, treasury units and perpetual securities

(a) Units in issue

	<u>No. of units</u>		<u>Amount</u>	
	Units in issue '000	Treasury units '000	Units in issue \$'000	Treasury units \$'000
<u>Group and Trust</u>				
2018				
At 1 January	3,370,734	—	3,530,732	—
Issue of Units:				
- Payment of management fees in Units	42,987	—	51,498	—
- Distribution Reinvestment Plan ("DRP")	7,956	—	9,707	—
Distribution to Unitholders	—	—	(1,348)	—
Purchase of Units	—	(28,278)	—	(32,822)
Cancellation of treasury units	(28,278)	28,278	(32,822)	32,822
At 31 December	3,393,399	—	3,557,767	—
2017				
At 1 January	3,291,616	—	3,456,557	—
Issue of Units:				
- Payment of management fees in Units	47,361	—	50,822	—
- Distribution Reinvestment Plan ("DRP")	31,757	—	34,307	—
Distribution to Unitholders	—	—	(10,954)	—
At 31 December	3,370,734	—	3,530,732	—

17. Units in issue, treasury units and perpetual securities (continued)

(a) Units in issue (continued)

During the year, the following Units were issued:

- 42,986,667 (2017: 47,360,865) Units were issued at unit prices ranging from \$1.1082 to \$1.2501 (2017: \$1.0152 to \$1.1723) as payment of management fees to the Manager; and
- 7,955,743 (2017: 31,757,174) Units were issued at unit prices ranging from \$1.1864 to \$1.2656 (2017: \$1.0004 to \$1.1635) pursuant to the DRP where Unitholders have the option to receive their distribution in Units instead of cash or a combination of Units and cash.

Each Unit represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to transfer to it any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued Units of the Scheme) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include, *inter alia*, the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his or her Units while the Units are listed on SGX-ST.

The Trust Deed contains provisions designed to limit the liability of a Unitholder to the amount paid or payable for any Unit, and to ensure that no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of the Group in the event that the liabilities of the Group exceed its assets, if the issue price of the Units held by that Unitholder has been fully paid.

(b) Treasury units

The Manager initiated its Unit buy-back programme in the second half of 2018 following Unitholders' approval of the Unit buy-back mandate at the last annual general meeting.

During the year, 28,277,800 Units were purchased at unit prices ranging from \$1.1200 to \$1.1900 from the open market and subsequently cancelled.

17. Units in issue and perpetual securities (continued)

(c) Perpetual securities

On 2 November 2015, the Trust issued \$150,000,000 of subordinated perpetual securities at a fixed rate of 4.98% per annum, with the first distribution rate reset falling on 2 November 2020 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with the holders of preferred units (if any) and rank ahead of the Unitholders of the Trust, but junior to the claims of all other present and future creditors of the Trust.
- The Trust shall not declare or pay any distribution to the Unitholders, or make redemption, unless the Trust declares or pays any distribution to the perpetual securities holders.

These perpetual securities are classified as equity instruments and recorded in equity in the Statements of Movements in Unitholders' Funds. The \$149,701,000 (2017: \$149,701,000) presented on the Balance Sheets represent the \$150,000,000 (2017: \$150,000,000) perpetual securities issued net of issue expenses, and include the profit attributable to perpetual securities holders from the last distribution date.

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18. Non-controlling interests

Material non-controlling interests ("NCI") of the Group are as follows:

	NCI percentage of ownership interest and voting interest		Carrying amount of NCI	
	2018 %	2017 %	2018 \$'000	2017 \$'000
Ocean Properties LLP	~20.10	~0.10	428,610	2,133

Summarised financial information before inter-group elimination:

	Ocean Properties LLP	
	2018 \$'000	2017 \$'000
Non-current assets	2,781,727	2,775,126
Current assets	12,546	19,294
Non-current liabilities	(491,654)	(493,324)
Current liabilities	(17,804)	(27,354)
Net assets	<u>2,284,815</u>	<u>2,273,742</u>
Revenue	114,002	107,904
Profit for the year	92,141	76,176
Other comprehensive income	2,024	(3,245)
Total comprehensive income	<u>94,165</u>	<u>72,931</u>
Total comprehensive income attributable to NCI	<u>960</u>	<u>72</u>
Distribution of partnership profits to NCI	<u>(882)</u>	<u>(79)</u>
Net cash flows provided by operating activities	91,600	90,663
Net cash flows used in investing activities	(32)	(29)
Net cash flows used in financing activities	<u>(98,692)</u>	<u>(84,727)</u>

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19. Other reserves

	2018			Group	
	Interest rate risk \$'000	Foreign exchange risk \$'000	Hedging reserves of associates \$'000	Total \$'000	Total \$'000
(a) Hedging reserve					
At 1 January	(15,927)	1,175	(5,719)	(20,471)	(5,494)
Fair value gains/(losses)	4,121	(451)	—	3,670	(31,761)
Reclassification to profit or loss, as hedged item has affected profit or loss					
- Trust expenses	—	(795)	—	(795)	701
- Borrowing costs	7,301	—	—	7,301	15,865
Share of associates' fair value gains	—	—	4,462	4,462	214
Less: Non-controlling interests	(2)	—	—	(2)	4
	11,420	(1,246)	4,462	14,636	(14,977)
At 31 December	(4,507)	(71)	(1,257)	(5,835)	(20,471)

	2018			Trust	
	Interest rate risk \$'000	Foreign exchange risk \$'000	Total \$'000	Total \$'000	Total \$'000
At 1 January	(13,729)	1,175	(12,554)		(132)
Fair value gains/(losses)	2,753	(451)	2,302		(26,812)
Reclassification to profit or loss, as hedged item has affected profit or loss					
- Trust expenses	—	(795)	(795)		701
- Borrowing costs	6,086	—	6,086		13,689
	8,839	(1,246)	7,593		(12,422)
At 31 December	(4,890)	(71)	(4,961)		(12,554)

	Group	
	2018 \$'000	2017 \$'000
(b) Foreign currency translation reserve		
At 1 January	(202,110)	(167,302)
Adoption of SFRS(I)	167,302	167,302
At 1 January (restated)	(34,808)	—
Net currency translation differences of financial statements of foreign subsidiaries and joint ventures	(2,249)	(6,683)
Net currency translation differences on hedging instruments designated as net investment hedge of foreign operations	(9,361)	(28,125)
	(11,610)	(34,808)
At 31 December	(46,418)	(34,808)

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19. Other reserves (continued)

As at 31 December 2018, losses of \$37,233,000 recorded in the foreign currency translation reserve relate to continuing hedges. None of the foreign currency translation reserve relates to hedging relationships for which hedge accounting is no longer applied.

20. Property income

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
Gross rent	146,995	152,864
Car park income	3,542	3,849
Others	15,321	7,803
	165,858	164,516

21. Property expenses

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
Property tax	10,654	11,057
Property management fee	4,419	4,157
Property management reimbursements	1,908	1,898
Marketing expenses	1,477	1,447
Utilities	2,949	2,859
Maintenance	9,957	10,690
Other property expenses	1,339	1,208
	32,703	33,316

22. Rental support

Rental support relates to top-up payments from the vendor in respect of the Group's one-third interest in CBDPL, which holds MBFC Tower 3. In the prior year, this also included top-up payments from the vendor in respect of the Group's approximate 12.39% interest in OPLL, which holds OFC.

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23. Trust expenses

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
Manager's base fees	42,610	42,097
Manager's performance fees	8,653	8,892
Trustees' fees	1,695	1,647
Auditor's remuneration	271	275
Professional fees	674	1,125
Other trust expenses	474	2,422
	<u>54,377</u>	<u>56,458</u>

For the financial years ended 31 December 2018 and 2017, the Manager has elected to receive 100% of base fees and performance fees earned in Units.

24. Borrowing costs

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
Interest expense on borrowings	66,679	63,185
Amortisation of capitalised transaction costs	2,405	2,071
	<u>69,084</u>	<u>65,256</u>

25. Net change in fair value of investment properties

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
Investment properties held directly by the Group (Note 3)	23,819	23,604
Investment properties held by associates (Note 5)	4,622	10,627
Investment properties held by joint ventures (Note 6)	12,579	26,462
Effects of recognising rental income on a straight-line basis over the lease terms	(7,853)	(8,966)
	<u>33,167</u>	<u>51,727</u>

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26. Income tax expense

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
Singapore current tax:		
- current year	1,293	1,899
- over provision in respect of previous financial years	(110)	(80)
Overseas deferred tax:		
- current year	6,591	10,955
Overseas withholding tax:		
- current year	4,583	4,382
- over provision in respect of previous financial years	(2,121)	—
	10,236	17,156
Reconciliation of effective tax:		
Profit before tax	164,824	197,310
Income tax using Singapore tax rate of 17% (2017: 17%)	28,020	33,543
Effects of:		
- expenses not deductible for tax purposes	12,244	12,552
- income not subject to tax	(17,873)	(19,678)
- effects of tax rates in foreign jurisdiction	614	1,063
- tax transparency	(15,121)	(14,626)
- over provision in respect of previous financial years	(2,231)	(80)
- withholding tax	4,583	4,382
Income tax expense recognised in Consolidated Statement of Profit or Loss	10,236	17,156

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27. Earnings per unit

The basic earnings per Unit is calculated by dividing profit after tax attributable to Unitholders against the weighted average number of Units in issue during the financial year.

	<u>Group</u> 2018 \$'000	2017 \$'000
Profit after tax attributable to Unitholders	146,160	172,608
Profit after tax attributable to Unitholders and excluding net change in fair value of investment properties and related tax expense	117,539	131,834
	No. of Units '000	No. of Units '000
Weighted average number of Units in issue during the financial year	3,397,637	3,336,887
Basic earnings per Unit based on:		
Profit after tax attributable to Unitholders	4.30 cents	5.17 cents
Profit after tax attributable to Unitholders and excluding net change in fair value of investment properties and related tax expense	3.46 cents	3.95 cents

The diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial year.

28. Significant related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	<u>Group</u> 2018 \$'000	2017 \$'000
Acquisition fee paid to the Manager	—	3,772
Divestment fee paid to the Manager	2,686	—
Trustee's fees	1,278	1,263
Property management fees and reimbursements paid/payable to a related company	6,092	5,875
Property tax recovered/recoverable from related parties	—	69
Leasing commissions paid/payable to a related company	1,779	4,259
Service fees paid/payable to a related company	250	217
Rental income and other related income from related companies	6,781	7,268
Interest income received from associates	23,193	19,661
Rental support received from a related company	8,615	10,300
Electricity supply provided by a related company	3,381	3,480
Telephone and internet services provided by related companies	8	9
Aircon supply provided by a related company	561	553
Adjustment to one-third interest in an associate	333	—
Reimbursement of development costs for one-third interest in an associate	757	—

29. Financial risk management objectives and policies

The Group is exposed to credit, interest rate, liquidity, foreign currency and operational risks in the normal course of its business. Assessment of financial risks is carried out regularly by the Manager.

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:

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Credit assessments on prospective tenants are carried out by way of evaluation of information from corporate searches and conducted prior to the signing of lease agreements. Security deposits are collected from tenants, and the Group's tenant trade sector mix in its property portfolio is actively monitored and managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured that appropriate terms and/or credit controls are stipulated in the agreements to ensure that the counterparty fulfils its obligations.

In measuring the lifetime expected credit loss allowance for trade and other receivables, debtors are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtor to settle the receivables. Impaired receivables (net of security deposits and bank guarantees) are provided for when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where such receivables are provided for, the Manager continues to engage in enforcement activity to attempt to recover these receivables due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the Balance Sheets.

Credit risk concentration profile

At the reporting date, approximately 25% (2017: 27%) of the Group's trade and other receivables were due from related companies and joint ventures. Concentration of credit risk relating to trade receivables is limited due to the Group's many and varied tenants. The tenants are engaged in diversified businesses and are of good quality and strong credit standing.

Financial assets that are neither past due nor impaired

Trade and other receivables and advances to associates that are neither past due nor impaired relate to creditworthy debtors and counterparties with good payment record. Cash and bank balances are placed and derivative financial instruments are entered into with financial institutions with good credit ratings.

29. Financial risk management objectives and policies (continued)

(b) Interest rate risk

The Group's exposure to changes in interest rates arises primarily from its interest earning financial assets and interest bearing financial liabilities.

The Group constantly monitors its exposure to changes in interest rates of 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 the use of financial instruments or other suitable financial products.

The Group manages interest costs using a mix of fixed and floating rate debts. The details of the interest rates relating to interest earning financial assets and interest bearing financial liabilities are disclosed in Notes 8, 11 and 15 respectively.

Sensitivity analysis

At the reporting date, if the interest rates had been 0.1% per annum (2017: 0.1% per annum) higher/lower with all other variables constant, the Group's profit before tax would have been \$19,000 (2017: \$173,000) lower/higher, and the Group's hedging reserve would have been \$3,791,000 (2017: \$5,534,000) lower/higher, arising mainly as a result of an increase/decrease in the fair value of interest rate swaps designated as cash flow hedges.

(c) Liquidity risk

The Manager monitors and maintains the Group'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.

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29. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

The table below summarises the financial liabilities of the Group and the Trust and their maturity profile at the reporting date based on contractual undiscounted repayment obligations.

Group	2018				2017			
	1 year or less	> 1 year to 5 years	> 5 years	Total	1 year or less	> 1 year to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	64,757	—	—	64,757	56,451	—	—	56,451
Derivative financial instruments:								
– Interest rate swaps (settled net)	3,161	3,811	—	6,972	14,808	30,638	636	46,082
– Cross currency swap (settled net)	(131)	3,511	—	3,380	—	—	—	—
– Forward currency contracts (gross payments)	29,004	—	—	29,004	20,706	—	—	20,706
– Forward currency contracts (gross receipts)	(28,885)	—	—	(28,885)	(21,865)	—	—	(21,865)
Security deposits	4,933	18,567	8,748	32,248	3,159	20,222	7,453	30,834
Borrowings	124,179	2,198,409	177,169	2,499,757	474,633	2,140,517	78,129	2,693,279
	197,018	2,224,298	185,917	2,607,233	547,892	2,191,377	86,218	2,825,487
Trust	2018				2017			
	1 year or less	> 1 year to 5 years	> 5 years	Total	1 year or less	> 1 year to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	43,457	—	—	43,457	34,905	—	—	34,905
Derivative financial instruments:								
– Interest rate swaps (settled net)	3,305	4,099	—	7,404	12,263	25,378	636	38,277
– Cross currency swap (settled net)	(131)	3,511	—	3,380	—	—	—	—
– Forward currency contracts (gross payments)	29,004	—	—	29,004	20,706	—	—	20,706
– Forward currency contracts (gross receipts)	(28,885)	—	—	(28,885)	(21,865)	—	—	(21,865)
Security deposits	1,616	2,423	1,785	5,824	116	3,982	—	4,098
Borrowings	110,613	1,700,338	177,169	1,988,120	464,932	1,640,813	78,129	2,183,874
	158,979	1,710,371	178,954	2,048,304	511,057	1,670,173	78,765	2,259,995

29. Financial risk management objectives and policies (continued)

(d) Foreign currency risk

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of the various entities in the Group and impact the Group's net assets and profit for the year.

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.

The Group has outstanding forward currency contracts with notional amounts totalling \$28,885,000 (2017: \$21,865,000) (Note 13). As at the reporting date, net financial derivative liabilities of \$71,000 (2017: assets of \$1,175,000) were recorded on the Balance Sheets based on the net fair value of these forward exchange contracts.

The Group has an outstanding cross currency swap with a notional amount of \$99,790,000 (2017: \$99,790,000) (Note 13). As at the reporting date, a derivative liability of \$3,397,000 (2017: asset of \$4,190,000) was recorded on the Balance Sheets based on the net fair value of the cross currency swap.

Sensitivity analysis

At the reporting date, if the Australian dollar strengthened/weakened against the Singapore dollar by 5% (2017: 5%) with all other variables constant, the Group's profit before tax would have been \$2,408,000 (2017: \$2,263,000) higher/lower, and the Group's hedging reserve would have been \$1,448,000 (2017: \$1,035,000) lower/higher.

30. Capital management

The primary objective of the Group's capital management is to optimise the Group's funding structure and ensure that it maintains a healthy aggregate leverage.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 45.0% of the Group's deposited properties, regardless whether a credit rating from Fitch Inc., Moody's Investor Services or Standard & Poor's has been obtained for the property fund.

The Group's capital is represented by its Unitholders' funds as disclosed in the Balance Sheets. The Group constantly monitors capital using the aggregate leverage, which is total gross borrowings divided by the value of its deposited properties. The value of the deposited properties refers to the value of the property fund's total assets (excluding restricted cash and bank balances) based on the latest valuation. At the balance sheet date, the Group has gross borrowings (including deferred payments for the construction of Phase 2 of Ocean Financial Centre, Phase 1 of Marina Bay Financial Centre and the Group's respective share of external borrowings carried at ORQPL and CBDPL) totalling \$3,043,816,000 (2017: \$3,374,565,000) and an aggregate leverage of 36.3% (2017: 38.7%).

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31. Fair value of assets and liabilities

(a) Fair value hierarchy

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group		
	2018		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments:			
- Forward currency contracts	30	–	30
- Interest rate swaps	1,505	–	1,505
Financial assets as at 31 December 2018	1,535	–	1,535
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(101)	–	(101)
- Interest rate swaps	(8,317)	–	(8,317)
- Cross currency swap	(3,397)	–	(3,397)
Financial liabilities as at 31 December 2018	(11,815)	–	(11,815)
<u>Non-financial assets</u>			
Investment properties	–	3,879,956	3,879,956
Non-financial assets as at 31 December 2018	–	3,879,956	3,879,956

KEPPEL REIT AND ITS SUBSIDIARIES
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31. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value (continued)

	Group		
	2017		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments:			
- Forward currency contracts	1,175	–	1,175
- Interest rate swaps	22	–	22
- Cross currency swap	4,190	–	4,190
Financial assets as at 31 December 2017	5,387	–	5,387
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Interest rate swaps	(17,765)	–	(17,765)
Financial liabilities as at 31 December 2017	(17,765)	–	(17,765)
<u>Non-financial assets</u>			
Investment properties	–	3,774,870	3,774,870
Non-financial assets as at 31 December 2017	–	3,774,870	3,774,870
	Trust		
	2018		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments:			
- Forward currency contracts	30	–	30
- Interest rate swaps	868	–	868
Financial assets as at 31 December 2018	898	–	898
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Forward currency contracts	(101)	–	(101)
- Interest rate swaps	(8,065)	–	(8,065)
- Cross currency swap	(3,397)	–	(3,397)
Financial liabilities as at 31 December 2018	(11,563)	–	(11,563)
<u>Non-financial assets</u>			
Investment properties	–	515,000	515,000
Non-financial assets as at 31 December 2018	–	515,000	515,000

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31. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value (continued)

	Trust		
	2017		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments:			
- Forward currency contracts	1,175	—	1,175
- Cross currency swap	4,190	—	4,190
Financial assets as at 31 December 2017	5,365	—	5,365
<u>Financial liabilities</u>			
Derivative financial instruments:			
- Interest rate swaps	(15,545)	—	(15,545)
Financial liabilities as at 31 December 2017	(15,545)	—	(15,545)
<u>Non-financial assets</u>			
Investment properties	—	525,000	525,000
Non-financial assets as at 31 December 2017	—	525,000	525,000

(c) Level 2 fair value measurements

Forward currency contracts, interest rate swaps and cross currency swap are valued using valuation techniques with market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

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31. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements

- (i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2018 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,879,956	Capitalisation approach	Capitalisation rate	3.60% - 5.25%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.00% - 6.80%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$600/sf - \$8,200/sf	The higher the price, the higher the fair value

Description	Fair value as at 31 December 2017 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,774,870	Capitalisation approach	Capitalisation rate	3.75% - 5.63%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.25% - 7.00%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	\$600/sf - \$8,600/sf	The higher the price, the higher the fair value

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in a significant change to the fair value of the respective investment properties.

The Group assesses the fair value of investment properties on a yearly basis.

31. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements (continued)

(ii) Valuation policies and procedures

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuers.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Committee.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The Manager has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, security deposits and current borrowings reasonably approximate their fair values. The carrying amounts of advances to associates and floating rate borrowings reasonably approximate their fair values because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair values of non-current fixed-rate borrowings as at 31 December 2018 and 31 December 2017 are as stated below. They are estimated using discounted cash flows analyses based on current rates for similar types of borrowing arrangements.

	2018		2017	
	Carrying value	Fair value	Carrying value	Fair value
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
Borrowings (non-current)	125,000	125,327	125,000	126,829
<u>Trust</u>				
Borrowings (non-current)	125,000	125,327	125,000	126,829

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31. Fair value of assets and liabilities (continued)

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (continued)

Fair value information has not been disclosed for the Trust's interest bearing amounts owing by subsidiaries that are carried at cost because their fair values cannot be measured reliably as the amounts have no fixed repayment terms.

(f) Classification of financial instruments

<u>Group</u>	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000
<u>2018</u>		
<i>Assets</i>		
Advances to associates	615,622	—
Trade and other receivables	15,056	—
Cash and bank balances	258,924	—
Total	889,602	—
<i>Liabilities</i>		
Trade and other payables	—	64,757
Borrowings	—	2,285,704
Security deposits	—	32,248
Total	—	2,382,709
<u>Group</u>		
<u>2017</u>		
<i>Assets</i>		
Advances to associates	613,122	—
Trade and other receivables	8,619	—
Cash and bank balances	198,158	—
Total	819,899	—
<i>Liabilities</i>		
Trade and other payables	—	56,451
Borrowings	—	2,522,181
Security deposits	—	30,834
Total	—	2,609,466

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31. Fair value of assets and liabilities (continued)

(f) Classification of financial instruments (continued)

<u>Trust</u>	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000
<u>2018</u>		
<i>Assets</i>		
Advances to associates	615,622	–
Trade and other receivables	11,269	–
Cash and bank balances	231,455	–
Total	858,346	–
<i>Liabilities</i>		
Trade and other payables	–	43,457
Borrowings	–	1,819,776
Security deposits	–	5,824
Total	–	1,869,057
<u>Trust</u>		
<u>2017</u>		
<i>Assets</i>		
Advances to associates	613,122	–
Trade and other receivables	12,120	–
Cash and bank balances	155,823	–
Total	781,065	–
<i>Liabilities</i>		
Trade and other payables	–	34,905
Borrowings	–	2,056,888
Security deposits	–	4,098
Total	–	2,095,891

The Group and the Trust have financial liabilities at fair value through profit or loss amounting to \$5,704,000 (2017: \$1,816,000).

In the prior year, the Group and the Trust had financial assets at fair value through profit or loss amounting to \$4,190,000.

32. Portfolio reporting

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes. All its existing properties are located in Singapore and Australia.

Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rental (including property income and property expenses) and the value of the investment properties. The Board is of the view that the portfolio reporting is appropriate as the Group's business is in prime commercial properties located in Singapore's and Australia's financial precincts. In making this judgement, the Board considers the nature and location of these properties which are similar for the entire portfolio of the Group.

Investments in One Raffles Quay and Marina Bay Financial Centre are held through one-third interests in ORQPL, BFCDLLP and CBDPL, investments in 8 Chifley Square and David Malcolm Justice Centre are held through 50% interests in M8CT and MOTT, and the information provided below is in relation to the properties.

By property

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
<u>Property income</u>		
Bugis Junction Towers	20,391	19,446
Ocean Financial Centre	113,321	107,952
275 George Street ¹	14,785	19,219
8 Exhibition Street ²	17,361	17,899
Total property income	165,858	164,516

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32. Portfolio reporting (continued)

By property (continued)

	2018	Group
	\$'000	2017
		\$'000
<u>Income contribution</u>		
Bugis Junction Towers	16,145	15,111
Ocean Financial Centre	94,718	89,120
275 George Street ¹	11,135	15,455
8 Exhibition Street ²	11,157	11,514
Total net property income	133,155	131,200
Ocean Financial Centre:		
– Rental support	–	2,525
One-third interest in ORQPL ³ :		
– Interest income	2,241	1,988
– Dividend income	22,552	26,827
Total income	24,793	28,815
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :		
– Rental support	8,615	10,300
– Interest income	20,952	17,673
– Dividend and distribution income	51,441	66,982
Total income	81,008	94,955
50% interest in M8CT ⁵ :		
– Distribution income	13,019	13,271
50% interest in MOTT ⁶ :		
– Distribution income	13,169	13,294
Total income contribution	265,144	284,060

¹ Comprises 50.0% (2017: 50.0%) interest in 275 George Street.

² Comprises 50.0% (2017: 50.0%) interest in 8 Exhibition Street office building and a 100.0% (2017: 100.0%) interest in three adjacent retail units.

³ Comprises one-third (2017: one-third) interest in ORQPL which holds One Raffles Quay.

⁴ Comprise one-third (2017: 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 50.0% (2017: 50.0%) interest in M8CT which holds 8 Chifley Square.

⁶ Comprises 50.0% (2017: 50.0%) interest in MOTT which holds David Malcolm Justice Centre.

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

32. Portfolio reporting (continued)

By property (continued)

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

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
Total income contribution	265,144	284,060
Less: Dividend and distribution income	(100,181)	(120,374)
Add: Interest income earned from deposits placed with financial institutions	1,882	3,314
Add: Share of results of associates	73,720	83,795
Add: Share of results of joint ventures	30,170	31,959
Less: Other unallocated expenses	(139,078)	(137,171)
Profit before net change in fair value of investment properties	131,657	145,583

	<u>Group</u>	
	2018	2017
	\$'000	\$'000

Interests in associates

One-third interest in ORQPL:		
Investment in associate	685,264	687,515
Advances to associate	47,446	44,946
	732,710	732,461

One-third interest in BFCDLLP:		
Investment in associate	1,109,185	1,105,612
Advances to associate	568,176	568,176
	1,677,361	1,673,788

One-third interest in CBDPL:		
Investment in associate	744,214	734,715

	<u>Group</u>	
	2018	2017
	\$'000	\$'000

Interests in joint ventures

50% interest in M8CT:		
Investment in joint venture	249,282	247,477

50% interest in MOTT:		
Investment in joint venture	222,409	217,619

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

32. Portfolio reporting (continued)

By geographical area

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
<u>Property income</u>		
- Singapore	133,712	127,398
- Australia	32,146	37,118
Total property income	165,858	164,516
<u>Net property income</u>		
- Singapore	110,863	104,231
- Australia	22,292	26,969
Total net property income	133,155	131,200
<u>Income contribution</u>		
- Singapore	216,664	230,526
- Australia	48,480	53,534
Total income contribution	265,144	284,060
<u>Investment properties, at valuation</u>		
- Singapore	3,142,000	3,150,630
- Australia	737,956	624,240
Total value of investment properties	3,879,956	3,774,870

33. Commitments and contingencies

(a) Operating lease commitments – as lessor

The Group leases out its investment properties. Lease arrangements for the Group's Australia-based investment properties include rental escalation clauses. Future minimum rental receivable under non-cancellable operating leases is as follows:

	<u>Group</u>	
	2018	2017
	\$'000	\$'000
Within 1 year	130,458	145,213
Between 2 and 5 years	398,657	460,459
After 5 years	913,375	965,811
	1,442,490	1,571,483

(b) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	<u>Group</u>		<u>Trust</u>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Committed progress payments for investment property under development	134,201	216,857	–	–

KEPPEL REIT AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

33. Commitments and contingencies (continued)

(c) Guarantee

The Trust has provided corporate guarantees amounting to \$1,795,625,000 (2017: \$1,577,382,000) and \$125,000,000 (2017: \$125,000,000) to banks for loans taken by subsidiaries and medium term notes issued by a subsidiary respectively.

34. Financial ratios

	2018	2017
	%	%
Expenses to weighted average net assets ¹		
- including performance component of Manager's management fees	1.16	1.19
- excluding performance component of Manager's management fees	0.98	1.00
Total operating expenses to net asset value ²	2.8	2.8
Portfolio turnover rate ³	—	—

¹ The ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expense, foreign exchange differences and borrowing costs for the financial year.

² The ratio is computed based on the total property expenses as a percentage of net asset value as at the end of the financial year. Total property expenses include the Group's share of property expenses incurred by its associates and joint ventures, and all fees and charges paid to the Manager and related parties for the financial year.

³ The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

35. Subsequent events

On 21 January 2019, the Manager declared a distribution of 1.36 cents per Unit for the period from 1 October 2018 to 31 December 2018.

**UNAUDITED FINANCIAL STATEMENTS OF KEPPEL REIT FOR THE
FULL YEAR ENDED 31 DECEMBER 2019**

The information in this Appendix IV has been reproduced from the Financial Results Announcement of Keppel REIT for the fourth quarter and year ended 31 December 2019 and has not been specifically prepared for inclusion in this Information Memorandum nor has it been audited or reviewed by independent auditors of Keppel REIT.

**KEPPEL REIT
FULL YEAR 2019 FINANCIAL STATEMENTS ANNOUNCEMENT
UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended))

INTRODUCTION

Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading REITs with a young and large portfolio of premium Grade A commercial assets in prime business and financial districts pan-Asia.

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

As at 31 December 2019, Keppel REIT had assets under management of approximately \$7.9 billion¹ comprising interests in nine premium office assets strategically located in the central business districts of Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea. The assets are:

Singapore

- Ocean Financial Centre (79.9% 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)

Australia

- 8 Chifley Square, Sydney (50% interest)
- 8 Exhibition Street, Melbourne (50% interest in the office building and a 100% interest in the three adjacent retail units)
- 275 George Street, Brisbane (50% interest)
- David Malcolm Justice Centre, Perth (50% interest)
- 311 Spencer Street, Melbourne (50% interest) (under development)

South Korea

- T Tower, Seoul (99.38% interest)

On 29 November 2019, Keppel REIT completed the divestment of Bugis Junction Towers in Singapore for a sale price of \$547.7 million.

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.

Note:

(1) Includes 311 Spencer Street which is under construction in Melbourne.

**SUMMARY OF KEPPEL REIT RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	GROUP			
	4Q2019 \$'000	4Q2018 \$'000	FY2019 \$'000	FY2018 \$'000
Property income	41,745	37,815	164,053	165,858
Net property income	33,355	30,525	128,899	133,155
Share of results of associates	17,510	16,622	77,897	73,720
Share of results of joint ventures	6,912	7,324	28,525	30,170
Income available for distribution	47,135	46,150	189,261	189,045
Distribution to Unitholders ¹	47,135 ²	46,150 ³	189,261 ²	189,045 ³
Distribution per Unit ("DPU") (cents) for the period/year	1.40	1.36	5.58	5.56
Distribution yield (%)			4.5% ⁴	4.9% ⁵

Notes:

- (1) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders.
- (2) These include capital gains distributions of \$4.0 million and \$12.0 million for 4Q2019 and FY2019 respectively.
- (3) These included a capital gains distribution of \$3.0 million for 4Q2018 and FY2018.
- (4) Based on the total DPU of 5.58 cents for FY2019 and the market closing price per Unit of \$1.24 as at 31 December 2019.
- (5) Based on the total DPU of 5.56 cents for FY2018 and the market closing price per Unit of \$1.14 as at 31 December 2018.

1. UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the year ended 31 December 2019:

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

Consolidated Statement of Profit or Loss

		4Q2019	4Q2018	Group + / (-)	FY2019	FY2018	+ / (-)
	Note	\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		40,184	35,727	12.5	155,266	146,995	5.6
Car park income		929	892	4.1	3,625	3,542	2.3
Other income	1	632	1,196	(47.2)	5,162	15,321	(66.3)
Property income		41,745	37,815	10.4	164,053	165,858	(1.1)
Property tax		(2,413)	(1,986)	21.5	(12,326)	(10,654)	15.7
Other property expenses	2	(4,591)	(4,137)	11.0	(17,496)	(17,012)	2.8
Property management fee	3	(1,283)	(1,012)	26.8	(4,852)	(4,419)	9.8
Maintenance and sinking fund contributions		(103)	(155)	(33.5)	(480)	(618)	(22.3)
Property expenses		(8,390)	(7,290)	15.1	(35,154)	(32,703)	7.5
Net property income		33,355	30,525	9.3	128,899	133,155	(3.2)
Rental support	4	-	2,154	(100.0)	2,690	8,615	(68.8)
Interest income	5	6,285	6,524	(3.7)	27,162	25,075	8.3
Share of results of associates	6	17,510	16,622	5.3	77,897	73,720	5.7
Share of results of joint ventures	7	6,912	7,324	(5.6)	28,525	30,170	(5.5)
Amortisation expense	8	-	(2,040)	(100.0)	(2,549)	(8,163)	(68.8)
Borrowing costs	9	(15,289)	(17,556)	(12.9)	(64,463)	(69,084)	(6.7)
Manager's management fees	10	(11,992)	(12,747)	(5.9)	(48,160)	(51,263)	(6.1)
Trust expenses	11	(971)	(238)	308.0	(11,225)	(3,114)	260.5
Net foreign exchange differences		(8)	1,241	NM	(3,547)	623	NM
Net change in fair value of derivatives		(241)	(4,207)	(94.3)	(4,130)	(8,077)	(48.9)
Profit before gain on divestment of investment property and net change in fair value of investment properties		35,561	27,602	28.8	131,099	131,657	(0.4)
Gain on divestment of investment property	12	18,091	-	NM	18,091	-	NM
Net change in fair value of investment properties	13	3,827	33,167	(88.5)	3,827	33,167	(88.5)
Profit before tax		57,479	60,769	(5.4)	153,017	164,824	(7.2)
Income tax	14	(7,211)	(7,995)	(9.8)	(11,347)	(10,236)	10.9
Profit after tax		50,268	52,774	(4.7)	141,670	154,588	(8.4)
Attributable to:							
Unitholders		44,528	49,997	(10.9)	119,930	146,160	(17.9)
Perpetual securities holders	15	1,883	1,883	-	7,470	7,470	-
Non-controlling interests	16	3,857	894	NM	14,270	958	NM
		50,268	52,774	(4.7)	141,670	154,588	(8.4)

Distribution Statement

Profit for the period/year attributable to Unitholders		44,528	49,997	(10.9)	119,930	146,160	(17.9)
Net tax and other adjustments	17	2,607	(3,847)	NM	69,331	42,885	61.7
Income available for distribution		47,135	46,150	2.1	189,261	189,045	0.1
Distribution to Unitholders	18	47,135	46,150	2.1	189,261	189,045	0.1
Distribution per Unit (cents) for the period/year		1.40	1.36	2.9	5.58	5.56	0.4

NM – Not meaningful

Notes:

- (1) Other income comprises various types of miscellaneous income, other than rental income, ancillary to the operation of investment properties. This included licence fees and one-off income received from certain tenants for both the current and previous periods.

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

	<u>Group</u>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	481	385	2,056	1,477
Utilities	968	715	3,286	2,949
Repair and maintenance	2,348	2,207	9,037	9,339
Property management reimbursements	504	487	1,866	1,908
Others	290	343	1,251	1,339
	<u>4,591</u>	<u>4,137</u>	<u>17,496</u>	<u>17,012</u>

- (3) The increase is due mainly to the inclusion of property management fee incurred by Keppel No.4 Professional Investors' Private Real Estate Investment Limited Liability Company ("K4 LLC"), following the acquisition of T Tower in Seoul, South Korea.

- (4) This relates to the rental support top-up payments received by Keppel REIT for the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds Marina Bay Financial Centre ("MBFC") Tower 3. The remaining rental support was fully drawn in the period ended 31 March 2019.

- (5) Interest income comprises the following:

	<u>Group</u>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	193	410	1,938	1,882
Interest income from advances to One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP")	6,092	6,114	25,224	23,193
	<u>6,285</u>	<u>6,524</u>	<u>27,162</u>	<u>25,075</u>

- (6) 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 before net change in fair value of investment properties, and (ii) BFCDLLP's partnership profit before net change in fair value of investment property.

- (7) 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.

- (8) This represents the amortisation of intangible asset as explained in note 4 of paragraph 1(b)(i) (page 8). There was no amortisation expense for 4Q2019 as the remaining rental support was fully drawn in the period ended 31 March 2019.

- (9) Borrowing costs comprise the following:

	<u>Group</u>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Interest expense on borrowings	14,751	16,720	61,564	66,679
Amortisation of capitalised transaction costs	538	836	2,899	2,405
	<u>15,289</u>	<u>17,556</u>	<u>64,463</u>	<u>69,084</u>

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

- (11) For FY2019, trust expenses included expenses amounting to \$5,308,000 relating to the acquisition of 99.38% interest in K4 LLC which holds T Tower.

- (12) This relates to the gain on divestment of Bugis Junction Towers on 29 November 2019, net of transaction and other related costs.

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

	<u>Group</u>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Group	20,897	23,819	20,897	23,819
Investment properties held directly by associates	(8,158)	4,622	(8,158)	4,622
Investment properties held directly by joint ventures	4,643	12,579	4,643	12,579
Effects of recognising rental income on a straight line basis over the lease terms	(13,555)	(7,853)	(13,555)	(7,853)
	<u>3,827</u>	<u>33,167</u>	<u>3,827</u>	<u>33,167</u>

- (14) Income tax comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its one-third interest in CBDPL, net of deductible interest expense, (ii) withholding tax expense in relation to the income from the Group's investments in Australia and South Korea, and (iii) deferred tax on valuation gains on the properties in Australia and South Korea.

For FY2019, this includes an adjustment of overprovision of income tax in respect of previous years of assessment amounting to \$99,000 (FY2018: nil).

For FY2018, this included a one-off refund of withholding tax of \$2,121,000 previously paid on the gain on divestment of 77 King Street.

- (15) Please refer to note 9 of paragraph 1(b)(i) (page 8).

- (16) Non-controlling interests relate to Allianz Real Estate's 20% interest and Avan Investments Pte. Ltd.'s ("AIPL") 0.1% interest in Ocean Properties LLP's ("OPLLP") partnership profit, and Keppel Capital Investment Holdings Pte. Ltd.'s ("KCIH") 0.62% interest in K4 LLC's net profit after tax.

For FY2018, non-controlling interests excluded KCIH's 0.62% interest in K4 LLC's net profit after tax.

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

	<u>Group</u>			
	4Q2019	4Q2018	FY2019	FY2018
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	11,992	12,747	48,160	51,263
Trustee's fees	311	321	1,232	1,278
Amortisation of intangible asset and capitalised transaction costs	537	2,876	5,269	10,568
Net change in fair value of investment properties (net of non-controlling interests)	(3,730)	(33,091)	(3,730)	(33,091)
Gain on divestment of investment property	(18,091)	-	(18,091)	-
Temporary differences and other adjustments	7,588	10,300	24,491	9,867
Capital gains distribution	4,000	3,000	12,000	3,000
	2,607	(3,847)	69,331	42,885

Included in temporary differences and other adjustments for the current and prior periods are share of results of associates and joint ventures, timing differences for dividend and distribution income, effects of recognising rental income on a straight line basis over the lease terms, net change in fair value of derivatives, non-taxable income and non-deductible expenses.

- (18) Keppel REIT has been distributing 100% of its 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

Consolidated Statement of Comprehensive Income

	4Q2019	4Q2018	<u>Group</u>			
	\$'000	\$'000	+ / (-)	FY2019	FY2018	+ / (-)
			%	\$'000	\$'000	%
Profit after tax	50,268	52,774	(4.7)	141,670	154,588	(8.4)
Other comprehensive income:						
Foreign currency translation	(2,481)	19,118	NM	(73,860)	(11,610)	NM
<u>Cash flow hedges:</u>						
Net change in fair value of cash flow hedges	1,525	(14,611)	NM	(3,440)	10,176	NM
Share of net change in fair value of cash flow hedges of associates	(407)	882	NM	(5,472)	4,462	NM
Other comprehensive income for the period/year	(1,363)	5,389	NM	(82,772)	3,028	NM
Total comprehensive income for the period/year	48,905	58,163	(15.9)	58,898	157,616	(62.6)
Attributable to:						
Unitholders	43,414	55,390	(21.6)	37,587	149,186	(74.8)
Perpetual securities holders	1,883	1,883	-	7,470	7,470	-
Non-controlling interests	3,608	890	NM	13,841	960	NM
	48,905	58,163	(15.9)	58,898	157,616	(62.6)

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

Group				Trust			
Note	31/12/2019	31/12/2018	+/(-)	31/12/2019	31/12/2018	+/(-)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Non-current assets							
Investment properties	1	3,730,320	3,879,956	(3.9)	-	515,000	(100.0)
Investments in subsidiaries		-	-	-	1,473,781	1,473,781	-
Investments in associates	2	2,520,669	2,538,663	(0.7)	2,023,195	2,025,135	(0.1)
Advances to associates		618,145	615,622	0.4	618,145	615,622	0.4
Investments in joint ventures	3	437,833	471,691	(7.2)	-	-	-
Amounts owing by subsidiaries		-	-	-	1,148,157	955,086	20.2
Fixed assets		79	112	(29.5)	-	30	(100.0)
Intangible asset	4	-	2,549	(100.0)	-	2,549	(100.0)
Derivative financial instruments	5	-	1,329	(100.0)	-	692	(100.0)
Total non-current assets		7,307,046	7,509,922	(2.7)	5,263,278	5,587,895	(5.8)
Current assets							
Trade and other receivables	6	16,160	15,056	7.3	21,297	11,269	89.0
Prepaid expenses		262	343	(23.6)	8	12	(33.3)
Cash and bank balances		124,841	258,924	(51.8)	65,297	231,455	(71.8)
Derivative financial instruments	5	1,054	206	411.7	1,054	206	411.7
Total current assets		142,317	274,529	(48.2)	87,656	242,942	(63.9)
Total assets		7,449,363	7,784,451	(4.3)	5,350,934	5,830,837	(8.2)
Current liabilities							
Trade and other payables		52,885	64,757	(18.3)	31,852	43,457	(26.7)
Income received in advance		278	2,879	(90.3)	-	2,829	(100.0)
Borrowings	7	99,924	59,943	66.7	-	59,943	(100.0)
Security deposits		4,397	4,933	(10.9)	-	1,616	(100.0)
Derivative financial instruments	5	976	230	324.3	650	230	182.6
Provision for taxation		1,230	1,414	(13.0)	420	1,414	(70.3)
Total current liabilities		159,690	134,156	19.0	32,922	109,489	(69.9)
Non-current liabilities							
Borrowings	8	2,021,540	2,225,761	(9.2)	1,503,587	1,759,833	(14.6)
Derivative financial instruments	5	17,931	11,585	54.8	16,135	11,333	42.4
Security deposits		34,989	27,315	28.1	-	4,208	(100.0)
Deferred tax liabilities		51,433	50,038	2.8	-	-	-
Total non-current liabilities		2,125,893	2,314,699	(8.2)	1,519,722	1,775,374	(14.4)
Total liabilities		2,285,583	2,448,855	(6.7)	1,552,644	1,884,863	(17.6)
Net assets		5,163,780	5,335,596	(3.2)	3,798,290	3,945,974	(3.7)
Represented by:							
Unitholders' funds		4,584,849	4,757,285	(3.6)	3,648,589	3,796,273	(3.9)
Perpetual securities	9	149,701	149,701	-	149,701	149,701	-
Non-controlling interests	10	429,230	428,610	0.1	-	-	-
		5,163,780	5,335,596	(3.2)	3,798,290	3,945,974	(3.7)
Net asset value per unit (\$)		1.36	1.40		1.08	1.12	

Notes:

- (1) The decrease in investment properties is mainly due to the divestment of Bugis Junction Towers on 29 November 2019 and translation differences arising mainly from the Australian investment properties, offset by the acquisition of T Tower in Seoul on 27 May 2019 and progress payments made for the office tower being 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) This relates to the aggregate rental support top-up payments receivable by the Group for the one-third interest in CBDPL which holds MBFC Tower 3. As at the end of the current year, the intangible asset has been fully amortised.
- (5) These relate to the fair value of the foreign currency forward contracts entered into in relation to the income from the Group investments in Australia and South Korea, and the fair value of interest rate and cross currency swaps entered into by the Group.
- (6) Included in the balances are distribution receivables from joint ventures of \$2.1 million (31 December 2018: \$2.2 million).
- (7) This relates to gross borrowings of \$100.0 million due in FY2020. The Manager has obtained commitments to refinance these borrowings when they fall due.
- (8) On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal of convertible bonds due 10 April 2024 ("Convertible Bonds"). As at 31 December 2019, borrowings included the liability component of the convertible bonds amounting to \$190.5 million, which was measured at amortised cost.
- (9) On 2 November 2015, Keppel REIT issued \$150.0 million of subordinated perpetual securities at a fixed rate of 4.98% per annum. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movement in Unitholders' funds.
- (10) Non-controlling interests relate to Allianz Real Estate's 20% interest and AIPL's 0.1% interest in the net assets of OPLLP, and KCIH's 0.62% interest in the net assets of K4 LLC.

As at 31 December 2018, this excluded KCIH's 0.62% interest in the net assets of K4 LLC.

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

	<u>Group</u>	
	<u>As at 31/12/2019</u>	<u>As at 31/12/2018</u>
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	-	-
Amount repayable after one year	621,448	246,000
Less: Unamortised portion of fees	(1,381)	(889)
	620,067	245,111
Unsecured borrowings		
Amount repayable within one year	100,000	60,000
Amount repayable after one year	1,405,443	1,984,624
Less: Unamortised portion of fees	(4,046)	(4,031)
	1,501,397	2,040,593
Total net borrowings	2,121,464	2,285,704

Details of Collaterals

The Group has mortgaged certain investment properties of an aggregate amount of \$1,084.8 million (31 December 2018: \$515.0 million) as securities for loan facilities granted.

As at 31 December 2019, the Group had total gross borrowings (including the principal amount of convertible bonds of \$200.0 million) of approximately \$2,136.4 million and unutilised facilities of \$989.0 million available to meet its future obligations. The all-in interest rate was 2.77% per annum for the year ended 31 December 2019.

1(c) Consolidated Statement of Cash Flows

		Group			
	Note	4Q2019	4Q2018	FY2019	FY2018
		\$'000	\$'000	\$'000	\$'000
Operating activities					
Profit before tax		57,479	60,769	153,017	164,824
Adjustments for:					
Interest income		(6,285)	(6,524)	(27,162)	(25,075)
Amortisation expense		-	2,040	2,549	8,163
Share of results of associates		(17,510)	(16,622)	(77,897)	(73,720)
Share of results of joint ventures		(6,912)	(7,324)	(28,525)	(30,170)
Borrowing costs		15,289	17,556	64,463	69,084
Management fees paid and/or payable in units		11,992	12,747	48,160	51,263
Net change in fair value of investment properties		(3,827)	(33,167)	(3,827)	(33,167)
Gain on divestment of investment property		(18,091)	-	(18,091)	-
Net change in fair value of derivatives		241	4,207	4,130	8,077
Depreciation		4	11	9	43
Rental support income		-	(2,154)	(2,690)	(8,615)
Unrealised currency translation differences		1,023	(943)	2,753	546
Operating cash flows before changes in working capital		33,403	30,596	116,889	131,253
Increase in receivables		(7,337)	(5,262)	(9,037)	(11,507)
Increase/(decrease) in payables		1,650	(4,812)	(8,287)	402
Increase/(decrease) in security deposits		108	91	(601)	1,414
Cash flows from operations		27,824	20,613	98,964	121,562
Income taxes paid		(1,752)	(1,381)	(6,384)	(4,490)
Net cash flows provided by operating activities		26,072	19,232	92,580	117,072
Investing activities					
Net cash outflow on acquisition of a subsidiary	1	(332)	-	(151,324)	-
Progress payments on investment property under development		(28,465)	(29,652)	(96,494)	(81,280)
Subsequent expenditure on investment properties		(2,090)	(3,234)	(16,232)	(9,438)
Proceeds from divestment of investment property, net of transaction and other related costs		530,258	-	530,258	-
Purchase of fixed assets		-	-	(5)	(6)
Interest received		6,284	6,430	27,284	25,112
Rental support received		-	4,308	2,690	8,615
Investments in joint ventures		-	-	(166)	-
Receipt of/(payment on) adjustment to investment in an associate		-	-	457	(333)
Advance to an associate		(1,648)	(2,500)	(2,523)	(2,500)
Reimbursement of development costs for one third-interest in an associate		-	-	757	-
Settlement of accrued development costs for 99.9% interest in a subsidiary and one-third interest in an associate		-	-	(9,945)	-
Redemption of share capital by non-controlling interest		-	-	(33)	-
Distribution income received from joint ventures		6,301	6,468	25,570	26,237
Dividend and distribution income received from associates		38,715	34,408	77,873	73,993
Net proceeds from divestment of partial interest in a subsidiary		-	439,272	-	439,272
Net cash flows provided by investing activities		549,023	455,500	388,167	479,672
Financing activities					
Distribution to Unitholders (net of distribution in Units)	2	(47,514)	(46,340)	(188,276)	(181,389)
Proceeds from issuance of convertible bonds	3	-	-	200,000	-
Distribution to perpetual securities holders		(3,766)	(3,766)	(7,470)	(7,470)
Purchase of units		(46,483)	(26,629)	(82,134)	(32,822)
Loans drawdown		238,832	173,619	725,251	783,922
Repayment of loans		(670,214)	(449,641)	(1,191,497)	(1,018,503)
Payment of financing expenses/upfront debt arrangement costs		-	(160)	(1,869)	(1,223)
Interest paid		(17,692)	(19,191)	(59,307)	(68,231)
Issue expenses for convertible bonds		-	-	(2,025)	-
Partnership distribution to non-controlling interests		(3,565)	(818)	(10,406)	(882)
Net cash flows used in financing activities		(550,402)	(372,926)	(617,733)	(526,598)

1(c) Consolidated Statement of Cash Flows (cont'd)

		<u>Group</u>		
		4Q2019	4Q2018	FY2019
	Note	\$'000	\$'000	\$'000
Net increase/(decrease) in cash and cash equivalents		24,693	101,806	(136,986)
Cash and cash equivalents at the beginning of period/year		89,561	152,539	255,807
Effect of exchange rate changes on cash and cash equivalents		(484)	1,462	(5,051)
Cash and cash equivalents at the end of period/year		113,770	255,807	255,807
Comprising:				
Cash and bank balances		124,841	258,924	124,841
Less: Restricted cash and bank balances	4	(11,071)	(3,117)	(11,071)
Cash and cash equivalents per Consolidated Statement of Cash Flows		113,770	255,807	255,807

Notes:

(1) Net cash outflow on acquisition of a subsidiary

On 27 May 2019, the Group acquired a 99.38% interest in K4 LLC which holds T Tower. The fair value of net assets acquired was determined on a provisional basis and disclosed as such in the unaudited results of Keppel REIT for the third quarter ended 30 September 2019 and second quarter ended 30 June 2019. This has been adjusted subsequent to settlement of the final purchase consideration with the vendor in 4Q2019.

	<u>Group</u>
	FY2019
	\$'000
Investment property	293,838
Other assets	12,224
Borrowings (non-current)	(137,564)
Security deposits	(11,025)
Other liabilities	(4,024)
Fair value of net assets acquired	153,449
Less: Non-controlling interest	(966)
Total purchase consideration	152,483
Less: Cash and bank balances acquired (excluding restricted cash and bank balances)	(1,159)
Net cash outflow on acquisition of a subsidiary	151,324

(2) Distribution paid to Unitholders in FY2019 was for the periods of 1 October 2018 to 31 December 2018, paid on 28 February 2019, 1 January 2019 to 31 March 2019, paid on 30 May 2019, 1 April 2019 to 30 June 2019, paid on 27 August 2019, and 1 July 2019 to 30 September 2019 paid on 27 November 2019.

Distribution paid to Unitholders in FY2018 was for the periods of 1 October 2017 to 31 December 2017, paid on 28 February 2018, 1 January 2018 to 31 March 2018, paid on 30 May 2018, 1 April 2018 to 30 June 2018, paid on 28 August 2018, and 1 July 2018 to 30 September 2018 paid on 27 November 2018.

(3) Net proceeds from the issuance of convertible bonds (after payment of issue expenses) were used in the financing of acquisition of a subsidiary as disclosed in Note (1). The remaining proceeds were used for the repayment of loans.

(4) As at 31 December 2019, this relates to tenant security deposits held in designated accounts for T Tower.

As at 31 December 2018, this pertained to the rental support top-up payments received in advance by Keppel REIT and related accumulated interest, held in designated accounts for the one-third interest in CBDPL which holds MBFC Tower 3.

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

Group	Note	Units in Issue \$'000	Treasury Units \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Other Reserves \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Non-Controlling Interests \$'000	Total \$'000
At 1 January 2019		3,557,767	-	1,248,549	(46,418)	(5,835)	3,222	4,757,285	149,701	428,610	5,335,596
Profit for the year		-	-	119,930	-	-	-	119,930	7,470	14,270	141,670
Other comprehensive income		-	-	-	(73,857)	(8,486)	-	(82,343)	-	(429)	(82,772)
Total comprehensive income		-	-	119,930	(73,857)	(8,486)	-	37,587	7,470	13,841	58,898
Issue of units for payment of management fees		-	-	-	-	-	-	-	-	-	-
Purchase of units		49,350	-	-	-	-	-	49,350	-	-	49,350
Cancellation of treasury units		-	(82,134)	-	-	-	-	(82,134)	-	-	(82,134)
Issuance of convertible bonds		(82,134)	82,134	-	-	-	-	-	-	-	-
Acquisition of a subsidiary		-	-	-	-	-	11,037	11,037	-	-	11,037
Redemption of share capital by non-controlling interest		-	-	-	-	-	-	-	-	966	966
Distribution to Unitholders		-	-	-	-	-	-	-	-	(33)	(33)
Distribution to perpetual securities holders		-	-	(188,276)	-	-	-	(188,276)	-	-	(188,276)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	(7,470)	-	(7,470)
At 31 December 2019		3,524,983	-	1,180,203	(120,275)	(14,321)	14,259	4,584,849	149,701	429,230	5,163,780

Group	Note	Units in Issue \$'000	Treasury Units \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Other Reserves \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Non-Controlling Interests \$'000	Total \$'000
At 1 January 2018		3,530,732	-	1,284,749	(34,808)	(20,471)	3,222	4,763,424	149,701	2,133	4,915,258
Profit for the year		-	-	146,160	-	-	-	146,160	7,470	958	154,588
Other comprehensive income		-	-	-	(11,610)	14,636	-	3,026	-	2	3,028
Total comprehensive income		-	-	146,160	(11,610)	14,636	-	149,186	7,470	960	157,616
Issue of units for payment of management fees		51,498	-	-	-	-	-	51,498	-	-	51,498
Purchase of units		-	(32,822)	-	-	-	-	(32,822)	-	-	(32,822)
Cancellation of treasury units		(32,822)	32,822	-	-	-	-	-	-	-	-
Distribution Reinvestment Plan		9,707	-	(9,707)	-	-	-	-	-	-	-
Divestment of partial interest in a subsidiary		-	-	7,388	-	-	-	7,388	-	426,399	433,787
Distribution to Unitholders		(1,348)	-	(180,041)	-	-	-	(181,389)	-	-	(181,389)
Distribution to perpetual securities holders		-	-	-	-	-	-	-	(7,470)	-	(7,470)
Distribution of partnership profits to non-controlling interests		-	-	-	-	-	-	-	-	(882)	(882)
At 31 December 2018		3,557,767	-	1,248,549	(46,418)	(5,835)	3,222	4,757,285	149,701	428,610	5,335,596

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 40,456,154 units issued in FY2019 as payment of management fees in units.
- (3) The Trust purchased 67,054,972 units from the open market in FY2019 which were subsequently cancelled.
- (4) This relates to the value of options granted to holders of the Convertible Bonds to convert their bonds into new Units.
- (5) This relates to the redemption of share capital by KCIH in K4 LLC.
- (6) This represents 42,986,667 units issued in FY2018 as payment of management fees in units.
- (7) The Trust purchased 28,277,800 units from the open market in FY2018 which were subsequently cancelled.
- (8) This represents the divestment of a 20% interest in OPLLP to Allianz Real Estate.

Trust	Note	Units in Issue \$'000	Treasury Units \$'000	Accumulated Profits \$'000	Hedging Reserve \$'000	Other Reserves \$'000	Unitholders' Funds \$'000	Perpetual Securities \$'000	Total \$'000
At 1 January 2019		3,557,767	-	243,467	(4,961)	-	3,796,273	149,701	3,945,974
Profit for the year		-	-	63,268	-	-	63,268	7,470	70,738
Other comprehensive income	1	-	-	-	(929)	-	(929)	-	(929)
Total comprehensive income		-	-	63,268	(929)	-	62,339	7,470	69,809
Issue of units for payment of management fees	2	49,350	-	-	-	-	49,350	-	49,350
Purchase of units	3	-	(82,134)	-	-	-	(82,134)	-	(82,134)
Cancellation of treasury units	3	(82,134)	82,134	-	-	-	-	-	-
Issuance of convertible bonds	4	-	-	-	-	11,037	11,037	-	11,037
Distribution to Unitholders		-	-	(188,276)	-	-	(188,276)	-	(188,276)
Distribution to perpetual securities holders		-	-	-	-	-	-	(7,470)	(7,470)
At 31 December 2019		3,524,983	-	118,459	(5,890)	11,037	3,648,589	149,701	3,798,290

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

Trust	Units in Issue	Treasury Units	Accumulated Profits	Hedging Reserve	Other Reserves	Unitholders' Funds	Perpetual Securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2018	3,530,732	-	270,068	(12,554)	-	3,788,246	149,701	3,937,947
Profit for the year	-	-	163,147	-	-	163,147	7,470	170,617
Other comprehensive income	-	-	-	7,593	-	7,593	-	7,593
Total comprehensive income	-	-	163,147	7,593	-	170,740	7,470	178,210
Issue of units for payment of management fees	51,498	-	-	-	-	51,498	-	51,498
Purchase of units	-	(32,822)	-	-	-	(32,822)	-	(32,822)
Cancellation of treasury units	(32,822)	32,822	-	-	-	-	-	-
Distribution Reinvestment Plan	9,707	-	(9,707)	-	-	-	-	-
Distribution to Unitholders	(1,348)	-	(180,041)	-	-	(181,389)	-	(181,389)
Distribution to perpetual securities holders	-	-	-	-	-	-	(7,470)	(7,470)
At 31 December 2018	3,557,767	-	243,467	(4,961)	-	3,796,273	149,701	3,945,974

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 40,456,154 units issued in FY2019 as payment of management fees in units.
- (3) The Trust purchased 67,054,972 units from the open market in FY2019 which were subsequently cancelled.
- (4) This relates to the value of options granted to holders of the Convertible Bonds to convert their bonds into new Units.
- (5) This represents 42,986,667 units issued in FY2018 as payment of management fees in units.
- (6) The Trust purchased 28,277,800 units from the open market in FY2018 which were subsequently cancelled.

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

	Group and Trust	
	2019 Units	2018 Units
Issued units as at 1 January	3,393,398,818	3,370,734,208
Issue of new units:		
- Payment of management fees	32,284,101	33,940,067
- Distribution Reinvestment Plan	-	7,955,743
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(29,137,600)	(5,282,800)
Issued units as at 30 September	3,396,545,319	3,407,347,218
Issue of new units:		
- Payment of management fees	8,172,053	9,046,600
Cancellation of units:		
- Purchase and subsequent cancellation of treasury units	(37,917,372)	(22,995,000)
Issued units as at 31 December	3,366,800,000	3,393,398,818

As at 31 December 2019, Keppel REIT has \$200.0 million of Convertible Bonds due 2024. Assuming all of the Convertible Bonds were fully converted at the current conversion price of \$1.4441 per Unit, the number of new Units issued would be 138,494,564, representing approximately 4.1% of the total number of Units in issue as at 31 December 2019.

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 31 December 2019 and 31 December 2018.

Total number of issued units in Keppel REIT as at 31 December 2019 and 31 December 2018 were 3,366,800,000 and 3,393,398,818 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.

	Group and Trust	
	2019 Units	2018 Units
Treasury units as at 1 January	-	-
- Purchase of units	29,137,600	5,282,800
- Cancellation of treasury units	(29,137,600)	(5,282,800)
Treasury units as at 30 September	-	-
- Purchase of units	37,917,372	22,995,000
- Cancellation of treasury units	(37,917,372)	(22,995,000)
Treasury units as at 31 December	-	-

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 2019.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

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

	4Q2019	<u>Group</u> 4Q2018	FY2019	FY2018
Basic EPU				
Based on profit before gain on divestment of investment property and net change in fair value of investment properties and related tax expense	0.84 cents	0.69 cents	3.05 cents	3.46 cents
Based on profit after tax	1.32 cents	1.47 cents	3.53 cents	4.30 cents
- Weighted average number of units during the period/year	3,383,702,657	3,404,300,851	3,397,144,613	3,397,636,703
Diluted EPU¹				
Based on profit before gain on divestment of investment property and net change in fair value of investment properties and related tax expense	0.80 cents	0.69 cents	3.03 cents	3.46 cents
Based on profit after tax	1.26 cents	1.47 cents	3.50 cents	4.30 cents
- Weighted average number of units during the period/year (diluted)	3,522,197,221	3,404,300,851	3,482,517,974	3,397,636,703
DPU²	1.40 cents	1.36 cents	5.58 cents	5.56 cents
- Number of units in issue as at the end of the period/year	3,366,800,000	3,393,398,818	3,366,800,000	3,393,398,818

Notes:

- (1) Based on the weighted average number of units during the period/year, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to units.
- (2) On 10 April 2019, Keppel REIT issued \$200.0 million in aggregate principal of convertible bonds due 10 April 2024. The actual quantum of DPU may therefore differ if any of the convertible bonds is converted between 1 January 2020 and the books closure date, 31 January 2020.

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

	<u>Group</u>		<u>Trust</u>	
	As at 31/12/2019	As at 31/12/2018	As at 31/12/2019	As at 31/12/2018
NAV per unit (\$)	1.36	1.40	1.08	1.12
NTA per unit (\$)	1.36	1.40	1.08	1.12
based on number of units in issue at the end of the year				
Adjusted NAV per unit (\$)	1.35	1.39	1.07	1.11
Adjusted NTA per unit (\$)	1.35	1.39	1.07	1.10
based on number of units in issue at the end of the year (excluding the distributable income)				

The above excluded non-controlling interests' 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>			<u>Group</u>		
	4Q2019	4Q2018	+/(−)	FY2019	FY2018	+/(−)
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Property</u>						
Bugis Junction Towers ¹	3,597	5,102	(29.5)	18,356	20,391	(10.0)
Ocean Financial Centre	26,103	25,187	3.6	103,809	113,321	(8.4)
275 George Street	3,601	3,566	1.0	14,612	14,785	(1.2)
8 Exhibition Street ²	4,152	3,960	4.8	17,105	17,361	(1.5)
T Tower	4,292	-	NM	10,171	-	NM
Total property income of directly held properties (excluding property income contribution from associates and joint ventures)	41,745	37,815	10.4	164,053	165,858	(1.1)

Notes:

- (1) Bugis Junction Towers was divested on 29 November 2019.
(2) Comprises 50% interest in the office building and a 100% interest in the three adjacent retail units.

8. REVIEW OF PERFORMANCE (CONT'D)

8(ii) Income Contribution of the Portfolio

	<u>Group</u>			<u>Group</u>		
	4Q2019	4Q2018	+/(−)	FY2019	FY2018	+/(−)
	\$'000	\$'000	%	\$'000	\$'000	%
Property						
Bugis Junction Towers ¹	2,775	4,194	(33.8)	14,371	16,145	(11.0)
Ocean Financial Centre	21,625	21,187	2.1	83,468	94,718	(11.9)
275 George Street	2,728	2,707	0.8	11,019	11,135	(1.0)
8 Exhibition Street ²	2,797	2,437	14.8	11,825	11,157	6.0
T Tower	3,430	-	NM	8,216	-	NM
Total net property income of directly held properties	33,355	30,525	9.3	128,899	133,155	(3.2)
One-third interest in ORQPL ³ :						
- Interest income	510	584	(12.7)	2,159	2,241	(3.7)
- Dividend income	4,910	4,940	(0.6)	21,693	22,552	(3.8)
Total income	5,420	5,524	(1.9)	23,852	24,793	(3.8)
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :						
- Rental support	-	2,154	(100.0)	2,690	8,615	(68.8)
- Interest income	5,582	5,530	0.9	23,065	20,952	10.1
- Dividend and distribution income	12,520	11,960	4.7	56,180	51,441	9.2
Total income	18,102	19,644	(7.8)	81,935	81,008	1.1
50% interest in M8CT ⁵ :						
- Distribution income	3,200	3,247	(1.4)	12,832	13,019	(1.4)
50% interest in MOTT ⁶ :						
- Distribution income	3,144	3,272	(3.9)	12,703	13,169	(3.5)
Total income contribution of the portfolio	63,221	62,212	1.6	260,221	265,144	(1.9)
Less: Income contribution attributable to non-controlling interests						
- Ocean Financial Centre ⁷	(4,347)	(953)	NM	(16,777)	(1,027)	NM
- T Tower ⁸	(22)	-	NM	(51)	-	NM
Total income contribution attributable to unitholders	58,852	61,259	(3.9)	243,393	264,117	(7.8)

Notes:

- (1) Bugis Junction Towers was divested on 29 November 2019.
- (2) Comprises 50% interest in the office building and a 100% interest in the three adjacent 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.
- (7) For FY2019, this represents interest of 20.1% in Ocean Financial Centre ("OFC"). For FY2018, this represents interest of 0.1% in OFC for the period 1 January 2018 to 11 December 2018, and 20.1% in OFC for the period 12 December 2018 to 31 December 2018.
- (8) Represents interest of 0.62% in T Tower.

8. REVIEW OF PERFORMANCE (CONT'D)

Review of Performance for FY2019 vs FY2018

Property income and net property income for FY2019 were \$164.1 million and \$128.9 million respectively. These were lower compared to the property income and net property income of \$165.9 million and \$133.2 million respectively for FY2018. The decrease was mainly attributable to the lower one-off income, and lower property income and net property income from Bugis Junction Towers after it was divested on 29 November 2019. Whilst the operating performance of 275 George Street has improved year-on-year, a weaker Australian dollar contributed to the decrease in property income and net property income of this asset. This is partially offset by higher net property income from 8 Exhibition Street and income contribution from T Tower (acquired on 27 May 2019).

The Group's profit before tax for FY2019 was \$153.0 million compared to \$164.8 million for FY2018. The variance was mainly attributable to lower net property income from Bugis Junction Towers after it was divested on 29 November 2019, Ocean Financial Centre and 275 George Street, lower rental support, lower share of results of joint ventures, net foreign exchange differences and lower net gain on fair value of investment properties. These were partially offset by higher net property income from 8 Exhibition Street and income contribution from T Tower, higher interest income, higher share of results of associates, lower amortisation expense, lower borrowing costs, net change in fair value of derivatives and gain realised from the divestment of Bugis Junction Towers.

Review of Performance for 4Q2019 vs 4Q2018

Property income and net property income for 4Q2019 were \$41.7 million and \$33.4 million respectively. These were higher compared to the property income and net property income of \$37.8 million and \$30.5 million respectively for 4Q2018. The increase was mainly attributable to higher property income and net property income from Ocean Financial Centre, 275 George Street, 8 Exhibition Street, and income contribution from T Tower. This was offset by lower property income and net property income from Bugis Junction Towers after it was divested on 29 November 2019.

The Group's profit before tax for 4Q2019 was \$57.5 million, lower compared to \$60.8 million for 4Q2018. The decrease was mainly attributable to lower net property income from Bugis Junction Towers after it was divested on 29 November 2019, lower rental support, lower interest income, lower share of results of joint ventures, net foreign exchange differences and lower net gain on fair value of investment properties. This was partially offset by higher net property income from Ocean Financial Centre, 275 George Street and 8 Exhibition Street, income contribution from T Tower, higher share of results of associates, lower amortisation expense, lower borrowing costs, net change in fair value of derivatives and gain realised from the divestment of Bugis Junction Towers.

9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

10. PROSPECTS

According to CBRE, Singapore average Grade A office rents continued to trend upwards in 4Q2019, rising from \$11.45 psf pm to \$11.55 psf pm. Average occupancy dipped slightly during the quarter from 96.0% as at end September 2019 to 95.8% as at end December 2019.

In Australia, JLL Research reported a slight increase in the national CBD office market occupancy from 91.7% as at end June 2019 to 91.9% as at end September 2019. In Seoul, JLL Research observed an improvement in CBD Grade A occupancy from 84.5% as at end June 2019 to 85.1% as at end September 2019.

Amidst an uncertain macro-economic environment, the Manager remains focused on delivering stable and sustainable distributions to Unitholders, and achieving long-term growth. The Manager will continue its ongoing portfolio optimisation strategy, which seeks to improve yield and create long-term value for Unitholders. Apart from driving operational excellence in asset management, the Manager will continue its prudent capital management to optimise borrowing costs, manage debt maturities and hedging strategies to improve returns.

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 South Korea, and the regular distributable income and interest income from these investments. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

Operational risk

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

12. DISTRIBUTIONS

(a) Current Financial Period Reported on

Name of Distribution	1 October 2019 to 31 December 2019
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution rate	(a) Taxable income distribution - 0.96 cents per unit (b) Tax-exempt income distribution - 0.32 cents per unit (c) Capital gains distribution - 0.12 cents per unit The above Distribution per Unit is computed based on 3,366,800,000 Units in issue which are entitled to the Distribution, and on the basis that none of the S\$200,000,000 principal amount of 1.90% convertible bonds due 2024 ("Convertible Bonds") is converted into Units on or prior to the Books Closure Date. The actual quantum of the Distribution per Unit may therefore differ from the above Distribution per Unit if any of the Convertible Bonds is converted into Units on or prior to the Books Closure Date. Any change to the above Distribution per Unit will be announced on 31 January 2020, after the closure of the Transfer Books and Register of Unitholders of Keppel REIT.
Tax rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax. Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently. Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt. Subject to meeting certain conditions, qualifying foreign non-individual unitholders and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%. All other investors will receive their distributions after deduction of tax at the rate of 17%. <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT. <u>Capital gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Distribution	1 October 2018 to 31 December 2018
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital gains distribution
Distribution Rate	(a) Taxable income distribution - 0.98 cents per unit (b) Tax-exempt income distribution - 0.29 cents per unit (c) Capital gains distribution - 0.09 cents per unit
Tax Rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax. Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently. Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt. Subject to meeting certain conditions, qualifying foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%. All other investors will receive their distributions after deduction of tax at the rate of 17%. <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT. <u>Capital gains distribution</u> Capital gains distribution is not taxable in the hands of all Unitholders.

(c) Books Closure Date

31 January 2020

(d) Date Payable

28 February 2020

13. DISTRIBUTION STATEMENT

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

14. SEGMENTAL INFORMATION

	<u>Group</u>		
	<u>FY2019</u>	<u>FY2018</u>	<u>+/(-)</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
<u>Property</u>			
Bugis Junction Towers ¹	14,371	16,145	(11.0)
Ocean Financial Centre	83,468	94,718	(11.9)
275 George Street	11,019	11,135	(1.0)
8 Exhibition Street ²	11,825	11,157	6.0
T Tower	8,216	-	NM
Total net property income of directly held properties	128,899	133,155	(3.2)
One-third interest in ORQPL ³ :			
- Interest income	2,159	2,241	(3.7)
- Dividend income	21,693	22,552	(3.8)
Total income	23,852	24,793	(3.8)
One-third interests in BFCDLLP ⁴ and CBDPL ⁴ :			
- Rental support	2,690	8,615	(68.8)
- Interest income	23,065	20,952	10.1
- Dividend and distribution income	56,180	51,441	9.2
Total income	81,935	81,008	1.1
50% interest in M8CT ⁵ :			
- Distribution income	12,832	13,019	(1.4)
50% interest in MOTT ⁶ :			
- Distribution income	12,703	13,169	(3.5)
Total income contribution of the portfolio	260,221	265,144	(1.9)
Less: Income contribution attributable to non-controlling interests			
- Ocean Financial Centre ⁷	(16,777)	(1,027)	NM
- T Tower ⁸	(51)	-	NM
Total income contribution attributable to unitholders	243,393	264,117	(7.8)

Notes:

- (1) Bugis Junction Towers was divested on 29 November 2019.
- (2) Comprises 50% interest in the office building and a 100% interest in the three adjacent 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.
- (7) For FY2019, this represents interest of 20.1% in Ocean Financial Centre ("OFC"). For FY2018, this represents interest of 0.1% in OFC for the period 1 January 2018 to 11 December 2018, and 20.1% in OFC for the period 12 December 2018 to 31 December 2018.
- (8) Represents interest of 0.62% in T Tower.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 on the review of performance.

16. BREAKDOWN OF SALES

	FY2019	Group	FY2018	+/(-)
	\$'000		\$'000	%
Property income reported for first half year	79,930		91,388	(12.5)
Profit after tax for first half year	55,025		78,660	(30.0)
Property income reported for second half year	84,123		74,470	13.0
Profit after tax for second half year ¹	86,645		75,928	14.1

Note:

- (1) Profit after tax for second half year FY2019 and FY2018 includes net change in fair value of investment properties amounting to approximately \$3.8 million and \$33.2 million respectively.

17. INTERESTED PERSON TRANSACTIONS ("IPTs")

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000)	
	FY2019	FY2018
	\$'000	\$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	48,160	51,263
- Acquisition fee	2,933	-
- Divestment fee	2,738	2,686
- Property management and asset management fees and reimbursables	5,048	6,087
- Leasing commissions	2,664	1,779
- Rental support	2,690	8,615
- Adjustment to one-third interest in an associate	-	333
- Reimbursement of development costs for one-third interest in an associate	-	757
- Settlement of accrued development costs for 87.51% interest in a subsidiary ¹	3,879	-
- Settlement of accrued development costs for one-third interest in an associate	5,516	-
- Entry into a joint venture agreement in connection with the acquisition of a subsidiary	154,628	-
- Purchase of services from a related company	208	-
- Rent and service charge income ²	435	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	1,232	1,278

- (1) This excludes the settlement of accrued development costs for the 12.39% interest in the same subsidiary as the vendor of the 12.39% interest is not an interested person under Chapter 9 of the SGX-ST Listing Manual.
- (2) The aggregate value of interested person transactions refers to the total contract sum entered into during the financial year.

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

18. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION

	Group	
	FY2019	FY2018
	\$'000	\$'000
1 January 2018 to 31 March 2018 (paid)	-	48,232
1 April 2018 to 30 June 2018 (paid)	-	48,323
1 July 2018 to 30 September 2018 (paid)	-	46,340
1 October 2018 to 31 December 2018 (paid)	-	46,150
1 January 2019 to 31 March 2019 (paid)	47,319	-
1 April 2019 to 30 June 2019 (paid)	47,293	-
1 July 2019 to 30 September 2019 (paid)	47,514	-
1 October 2019 to 31 December 2019 (to be paid) ¹	47,135	-
	189,261	189,045

Note:

(1) Please refer to paragraph 12(a) on page 21.

19. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

20. 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
22 January 2020

