

AGILITY

Sustaining Value

Report to
Unitholders
2014

AGILITY

Sustaining Value

Agility marks the ability of the Keppel Group to respond to market and environmental changes in ways that drive performance and build competitive advantage. We are configured with our financial and organisational strengths to navigate challenging terrain and scour new markets, offer new solutions through innovation, and execute with precision and enhanced productivity.

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VISION

To be a successful commercial real estate investment trust with a sterling portfolio of assets pan-Asia.

MISSION

Guided by our operating principles and core values, we will deliver stable and sustainable returns to Unitholders by continually enhancing our assets and expanding our portfolio.

OPERATING PRINCIPLES

- 1 Best value propositions to customers.
- 2 Tapping and developing best talents from our global workforce.
- 3 Cultivating a spirit of innovation and enterprise.
- 4 Executing our projects well.
- 5 Being financially disciplined to earn best risk-adjusted returns.
- 6 Clarity of focus and operating within our core competence.
- 7 Being prepared for the future.

Key Figures for 2014

Distribution Yield

5.9%¹

Based on distribution per unit of 7.23 cents for FY 2014.

Net Property Income

\$151.4m

Increased 9.5% year-on-year (y-o-y) due to better performance from Ocean Financial Centre and the full-year contribution from 8 Exhibition Street in Melbourne.

Distributable Income

\$206.1m

Despite lesser income contribution from Prudential Tower and only a two-week contribution from Marina Bay Financial Centre (MBFC) Tower 3, distributable income stood at \$206.1 million.

Share of Results of Associates

\$60.7m

Income contribution from the one-third interests in MBFC and One Raffles Quay.

Share of Results of Joint Ventures

\$9.8m

Increased approximately 370% y-o-y due to higher contribution from the 50% interest in 8 Chifley Square in Sydney.

Weighted Average All-in Interest Rate

2.23%

Maintained healthy all-in interest rate of 2.23%.

Assets Under Management

\$8.2b

Grew approximately 14% due to the strategic addition of MBFC Tower 3 and higher capital value of properties.

Net Asset Value Per Unit

\$1.40

Increased to \$1.40 as at end-December 2014 from \$1.38 a year ago.

¹ Based on the market closing price of \$1.22 per Unit as at 31 December 2014.

Financial Highlights

ACTUALS

for the financial year ended 31 December

	2014 \$'000	2013 \$'000	Change %
Property income	184,093¹	174,043 ²	5.8
Net property income	151,436	138,294	9.5
Share of results of associates	60,745³	62,134 ⁴	(2.2)
Share of results of joint ventures ⁵	9,848	2,103	368.3
Distributable income	206,142	214,043	(3.7)

BALANCE SHEET

as at 31 December

	2014 \$'000	2013 \$'000	Change %
Total assets	7,329,404	6,775,539	8.2
Total liabilities	2,869,932	2,876,568	(0.2)
Unitholders' funds	4,457,420	3,896,993	14.4
Total borrowings (gross)	3,545,300⁶	3,030,824 ⁷	17.0
Value of deposited properties	8,184,726	7,200,498	13.7
Market capitalisation ⁸	3,867,929	3,303,403	17.1
Net asset value per Unit (\$)	1.41	1.40	0.7
Adjusted net asset value per Unit (\$) – excluding distributable income	1.40	1.38	1.4

FINANCIAL RATIOS

	2014	2013	Change %
Distribution per Unit (DPU) (cents)	7.23⁹	7.88 ¹⁰	(8.2)
Distribution yield (%)	5.9	6.6	(10.6)
Interest coverage ratio (times)	5.0	5.5	(9.1)
All-in interest rate (%)	2.23	2.15	3.7
Aggregate leverage (%)	43.3	42.1	2.9

¹ Property income in 2014 comprised property income from Bugis Junction Towers, 99.9% interest in Ocean Financial Centre (the Ocean Financial Centre Interest), 92.8% interest in Prudential Tower for the period from 1 January 2014 to 26 September 2014, 50% interest in 275 George Street (the 275 George Street Interest), 77 King Street Office Tower and 50% interest in 8 Exhibition Street (the 8 Exhibition Street Interest).

² Property income in 2013 comprised property income from Bugis Junction Towers, the Ocean Financial Centre Interest, 92.8% interest in Prudential Tower, the 275 George Street Interest, 77 King Street Office Tower and the 8 Exhibition Street Interest for the period from 1 August 2013 to 31 December 2013.

³ Share of results of associates in 2014 comprised Keppel REIT's one-third share of the net profit after tax of One Raffles Quay Pte Ltd (ORQPL), BFC Development Limited Liability Partnership (BFCDLLP) and Central Boulevard Development Pte Ltd (CBDPL) for the period from 16 December 2014 to 31 December 2014.

⁴ Share of results of associates in 2013 comprised Keppel REIT's one-third share of the net profit after tax of ORQPL and BFCDLLP.

⁵ Share of results of joint ventures comprised Keppel REIT's 50% interests in Mirvac 8 Chifley Trust's (M8CT) and Mirvac (Old Treasury) Trust's (MOTT) net profit after tax.

⁶ Including Keppel REIT's share of deferred payments in relation to the development of Ocean Financial Centre carpark and retail podium, and share of borrowings carried at ORQPL and CBDPL.

⁷ Including Keppel REIT's share of deferred payments in relation to the development of Ocean Financial Centre carpark and retail podium, and share of borrowings carried at ORQPL.

⁸ Based on closing Unit price as at the last trading day for the financial year.

⁹ 7.23 cents total DPU for FY 2014 is based on 1.97 cents, 1.90 cents, 1.85 cents and 1.51 cents announced during the 1Q 2014, 2Q2014, 3Q 2014 and 4Q 2014 results announcements respectively.

¹⁰ 7.88 cents total DPU for FY 2013 is based on 1.97 cents, 1.97 cents, 1.97 cents and 1.97 cents announced during the 1Q 2013, 2Q2013, 3Q 2013 and 4Q 2013 results announcements respectively.

Quarterly Results

	Quarter 1 \$'000	%	Quarter 2 \$'000	%	Quarter 3 \$'000	%	Quarter 4 \$'000	%	Full Year \$'000
Distributable income									
2014	55,047	27	53,220	26	52,027	25	45,848	22	206,142
2013	52,216	24	52,828	25	54,079	25	54,920	26	214,043
Property income									
2014	46,782	25	47,346	26	47,628	26	42,337	23	184,093
2013	41,432	24	41,167	24	43,952	25	47,492	27	174,043
Net property income									
2014	39,468	26	39,191	26	38,524	25	34,253	23	151,436
2013	34,418	25	32,249	23	34,277	25	37,350	27	138,294
Share of results of associates									
2014	15,985	26	14,244	23	14,401	24	16,115	27	60,745
2013	14,198	23	16,173	26	15,999	26	15,764	25	62,134
Share of results of joint ventures									
2014	831	9	920	9	3,969	40	4,128	42	9,848
2013	8	n.m.	705	34	703	33	687	33	2,103

Corporate Profile



01

Keppel REIT is the S-REIT with the youngest and largest portfolio of premium Grade A office assets in Singapore's central business district.

Keppel REIT was listed by way of an introduction on 28 April 2006. Today, it is one of the largest real estate investment trusts listed on the Singapore Exchange.

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

As at 31 December 2014, Keppel REIT has assets under management of approximately \$8.2 billion comprising interests in nine premium assets with 12 office towers strategically located in Singapore's central business district as well as key financial precincts of Sydney, Melbourne, Brisbane and Perth in Australia.

The assets in Singapore are Bugis Junction Towers, a one-third

interest in Marina Bay Financial Centre (comprising office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall), a one-third interest in One Raffles Quay and a 99.9% interest in Ocean Financial Centre.

The assets in Australia are a 50% interest in 8 Chifley Square and the office tower at 77 King Street, both in Sydney, a 50% interest in the office building at 8 Exhibition Street in Melbourne, a 50% interest in 275 George Street in Brisbane as well as a 50% interest in the office tower and its annexe being built on the Old Treasury Building site in Perth.

Keppel REIT is sponsored by Keppel Land Limited (Keppel Land), one of Asia's leading property developers, and is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Land.

Strategic Direction

Keppel REIT aims to be a successful commercial real estate investment trust with a sterling portfolio of assets in Singapore and key cities pan-Asia.

The Manager will achieve this by:

Maximising performance

- Maximising the performance and efficiency of its assets
- Maintaining a well-staggered tenancy profile
- Attracting quality tenants from diverse business sectors
- Strengthening relationships to retain good tenants
- Executing proactive marketing and leasing strategies
- Seeking out other income opportunities in addition to rentals

Enhancing assets

- Strengthening asset management expertise and capabilities
- Undertaking asset enhancement initiatives and upgrading of facilities
- Leveraging technology to enhance operations
- Ensuring the safety and security of all building occupants
- Implementing environmentally sustainable features and initiatives

Achieving capital efficiency

- Adopting a prudent and proactive capital management strategy
- Optimising capital structure
- Negotiating competitive credit facilities to fund business operations
- Extending the debt maturity profile to mitigate refinancing risks
- Limiting exposure to fluctuations in interest and foreign exchange rates

Acquiring quality assets

- Identifying quality assets that are aligned with Keppel REIT's investment mandate
- Conducting thorough feasibility studies and comprehensive due diligence on potential acquisitions
- Structuring investments to optimise tax efficiency and allow for repatriation of income from foreign assets
- Evaluating performance of the properties and recycling of assets, where appropriate, to optimise portfolio

Building efficiencies and nurturing talent

- Nurturing a united and motivated team to drive further growth
- Investing in training and development to raise the competency level of its employees
- Adopting best-in-class management practices
- Leveraging technology to raise productivity and achieve workflow efficiencies

PROACTIVE PORTFOLIO MANAGEMENT

The Manager ensures that all its properties are well-leased to tenants across diverse business sectors. It strives to balance the lease expiry and rent review profiles as well as structure leases with regular rent reviews. The Manager also adopts a flexible leasing approach to meet tenants' business needs for expansion and restructuring.

Asset performances and operating costs are monitored closely to ensure that its buildings are operating at optimum levels without any compromise to the safety and comfort of its occupants and service levels.

PRUDENT CAPITAL MANAGEMENT

The Manager proactively explores alternative funding sources, balances the debt expiry profile as well as hedges its exposure to fluctuations in interest and foreign exchange rates. Leveraging the strong credit standing of the Keppel Group, the Manager is also able to obtain favourable credit facilities.

SOUND INVESTMENT STRATEGY

The Manager invests in quality commercial properties that are strategically located within key business districts pan-Asia and seeks acquisitions that offer stable income growth and capital appreciation in the mid- to long-term.

The Manager adheres to stringent criteria in its evaluation of potential assets for acquisition. This involves a thorough review of the exposures, risks and returns as well as the overall value-add to Keppel REIT's existing portfolio and future growth expectations. The Manager also evaluates the performance of the properties and considers the recycling of assets, where appropriate, to optimise its portfolio.

COMMITTED TO SUSTAINABILITY

All of Keppel REIT's buildings bear internationally-recognised green certifications. Energy-saving features are thoughtfully incorporated into Keppel REIT's properties, where feasible. Keppel REIT is also a constituent of the Global Real Estate Sustainability Benchmark 2014, which will raise the REIT's profile among socially responsible funds.

Chairman's Statement

**DR CHIN WEI-LI,
AUDREY MARIE
CHAIRMAN**

Keppel REIT
Management is resolute
in our commitment
to deliver stable and
sustainable returns
to our Unitholders.
We will continue to
harness talent, innovate
and adapt to the
business landscape
to drive excellence
for Keppel REIT.



Dear Unitholders,

2014 was a constructive year for Keppel REIT. In its quest to drive continual performance, the Manager took active steps to keep its portfolio relevant and adaptable to the changing economic and environmental landscapes.

In September 2014, the Manager divested its 92.8% stake in the 16-year-old Prudential Tower and in December, acquired a one-third interest in the two-year-old Marina Bay Financial Centre (MBFC) Tower 3.

Following the acquisition of MBFC Tower 3, Keppel REIT now has an ownership interest in all three office towers at MBFC. This prime office building augments Keppel REIT's portfolio, which now comprises 12 office towers in nine quality assets across the key business and financial districts of Singapore and Australia.

The strategic upgrade has also improved Keppel REIT's overall portfolio age to approximately five years, positioning it as the S-REIT with the youngest and largest portfolio of premium Grade A office buildings in Singapore's prime business district.

DELIVERING RESULTS

Notwithstanding the one-off impact due to the divestment of Prudential Tower in the third quarter and only a two-week contribution from MBFC Tower 3, Keppel REIT delivered creditable results and achieved a distributable income of \$206.1 million and distribution per unit of 7.23 cents for FY 2014. This translates to a yield of 5.9%.

From 2015 onwards, Unitholders can look forward to the full contribution from MBFC Tower 3.

For FY 2014, net property income and property income increased by 9.5% and 5.8% year-on-year respectively, due mainly to better performance from Ocean Financial Centre and the full-year contribution from the 50% interest in 8 Exhibition Street in Melbourne, Australia, which was acquired in August 2013.

In keeping with its prudent capital management strategy, the Manager successfully completed the early refinancing of \$275 million and \$75 million of borrowings due in 2015 and 2016 respectively.

As at end-2014, Keppel REIT's borrowings were diversified across 16 lenders, with approximately 65% of the total borrowings fixed. The average all-in interest rate stood at 2.23%. The weighted average term to expiry is 3.6 years, with a healthy interest coverage of 5.0 times.

In early-February 2015, the Manager embarked on its maiden issuance of \$50 million fixed-rate Medium Term Notes to mitigate volatility in interest rates. This has extended Keppel REIT's debt maturity profile to 2022, with more than 80% of borrowings due for repayment only after 2017.

BUILDING EXCELLENCE

The Manager recognises that our tenants are integral to Keppel REIT's success. Keen understanding of their business and regular interaction through meetings and tenant engagement activities are just some of the Manager's ongoing efforts to ensure strong relations.

In driving continual performance for Keppel REIT, the Manager took active steps in 2014 to keep its portfolio relevant and adaptable to the changing economic and environmental landscapes.

Chairman's Statement

Keppel REIT was named Regional Leader for Office Sector (Large Cap) in Asia in the GRESB 2014, which will raise its profile among socially responsible funds.

Proactive marketing and leasing efforts saw nine of Keppel REIT's 11 completed office towers in Singapore and Australia achieve 100% committed occupancy as at end-2014, bringing the committed occupancy for the overall portfolio to 99.3%.

During the year, Keppel REIT experienced a growth in demand from international tenants in the technology, media and telecommunications (TMT) sector for its properties in Singapore's central business district. The amount of space taken up by new TMT tenants in 2014 at Keppel REIT's properties was more than double that of 2013 as these companies chose to locate at prime business addresses.

As at end-2014, Keppel REIT achieved positive rent reversion of approximately 17% for its entire portfolio. Rental rates for new office leases increased by as much as 23%, while renewals and reviews recorded a 16% growth. Retention rate for office tenants also remained strong at about 85%, providing Keppel REIT with a steady stream of income.

In Australia, construction of the 35-storey office tower at the Old Treasury Building site in Perth is well underway and on track for completion in the second half of 2015. The premium office tower is 100% pre-committed to the State Government of Western Australia on a long-term lease of 25 years.

Keppel REIT's quality portfolio with its long weighted average lease expiries of approximately nine years for its top 10 tenants and over six years for the entire portfolio will continue to provide Unitholders steady and sustainable returns over the longer term.

01 |



02 |



EMBRACING SUSTAINABILITY

On the sustainability front, Keppel REIT was named Regional Leader for Office Sector (Large Cap) in Asia in the Global Real Estate Sustainability Benchmark (GRESB) 2014. It also emerged top three across all entities and sectors in Asia, placing Keppel REIT among the top 5% in these sectors globally.

This is the first year that Keppel REIT has been assessed and ranked against real estate industry players worldwide. Keppel REIT's inclusion in this internationally-recognised benchmark is testament to the Manager's commitment towards greater environmental, social and governance (ESG) disclosure, and will raise its profile among socially responsible funds.

To keep Unitholders abreast of the Manager's efforts and performance in the aspect of ESG, Keppel REIT has also been reporting on its sustainability efforts in its Annual Report since 2007.

SUSTAINING VALUE

2015 is expected to be a challenging year. Against the headwinds, the Manager will remain resilient and agile as it seeks to continue creating and sustaining value for Keppel REIT Unitholders.

The Manager will continue to adopt a holistic approach towards asset management as well as proactively manage leases due for renewal and review so as to maintain strong occupancy for Keppel REIT's portfolio. A prudent capital management strategy will also be key in managing financing risks.

Harnessing the collective expertise and experience of its people, the Manager remains committed to operational efficiency and excellence.

CONTINUING SUPPORT

On behalf of the Board of Directors, I would like to thank Unitholders, business partners and tenants for your unwavering support and confidence.

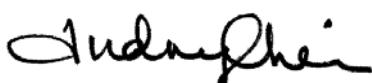
With the Board's guidance and continued efforts of the management and staff, we remain resolute in our commitment to deliver stable and sustainable returns to our Unitholders.

The Manager will continue to adopt a holistic approach towards asset management as well as proactively manage leases due for renewal and review so as to maintain strong occupancy for Keppel REIT's portfolio.

Yours sincerely,

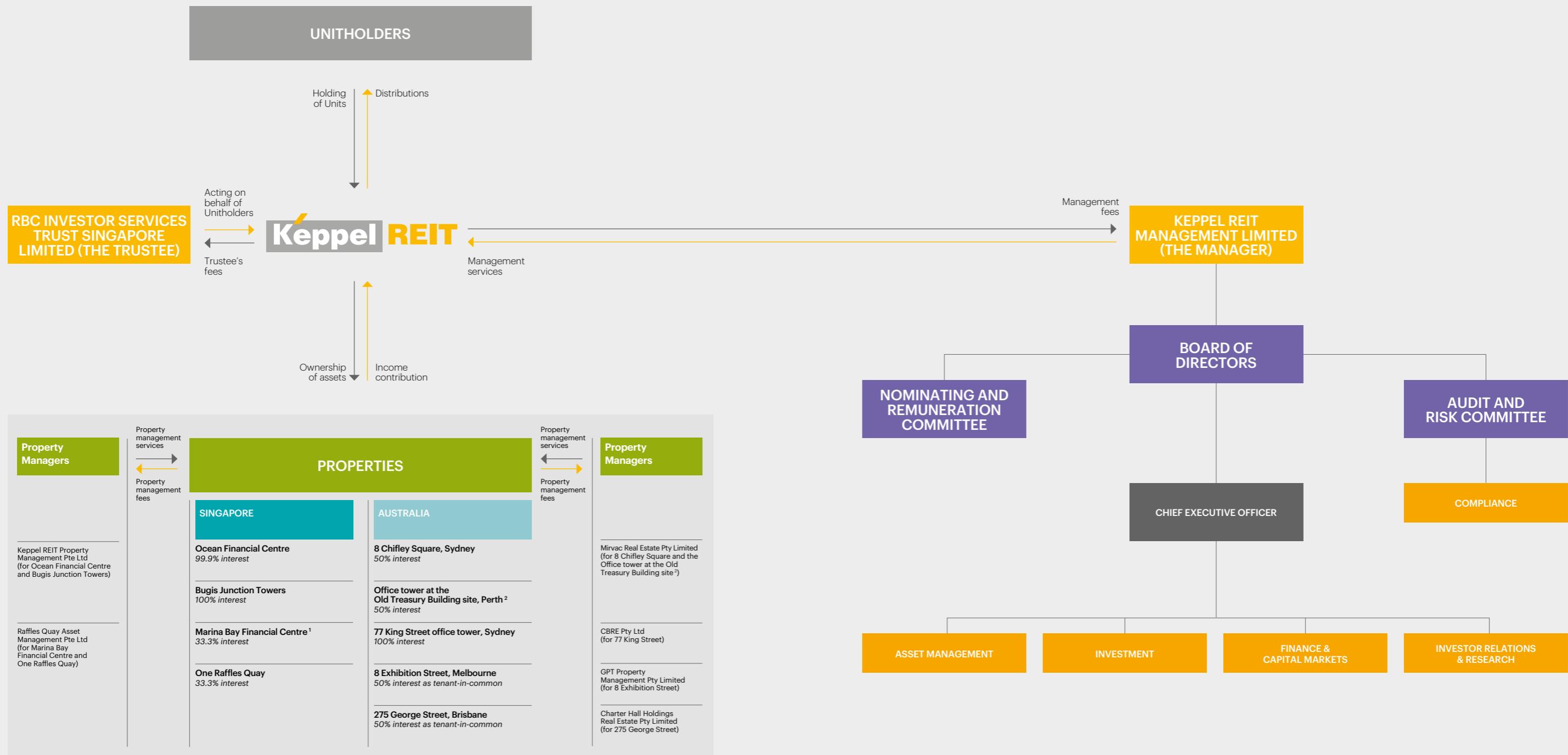
01 & 02

Stronger performance from Ocean Financial Centre (Image 02) and the full-year income from the 50% interest in 8 Exhibition Street (Image 01) in Melbourne contributed to Keppel REIT's healthy performance in FY 2014.



**DR CHIN WEI-LI, AUDREY MARIE
CHAIRMAN**
16 February 2015

Trust and Organisation Structure



¹ Marina Bay Financial Centre comprises office Towers 1, 2 and 3 as well as the subterranean mall, Marina Bay Link Mall.

² The office tower and its annexe being built on the Old Treasury Building site in Perth, Western Australia, is expected to be completed in 2H 2015.

Board of Directors

Dr Chin Wei-Li, Audrey Marie, 57
Chairman and Non-Executive
Independent Director

Member of Nominating and Remuneration Committee

Dr Chin has been a non-executive independent Director of the Manager since 3 February 2005.

Dr Chin also serves as an independent Director on NTUC Income Insurance Co-operative Singapore, where she is a member of the Investment Committee and the Risk Committee. Dr Chin is concurrently Executive Chairman of Vietnam Investing Associates – Financials Singapore Private Limited.

Prior to assuming her position at Vietnam Investing Associates, Dr Chin held investment-related roles in various financial institutions and the Government of Singapore Investment Corporation.

Dr Chin graduated from Manchester University with a Bachelor of Laws (Honours), Oxford University with a Master of Science (Research Methods and Public Policy) and the Rand Graduate School with a PhD in Public Policy.



CHIN WEI-LI, AUDREY MARIE

Leveraging their vast experience and expertise across different fields, the Board lends keen insights and strategic counsel to shape Keppel REIT's growth into the future.

Ms Ng Hsueh Ling, 48
Chief Executive Officer and
Executive Director

Ms Ng has been the Chief Executive Officer and Executive Director of the Manager since 17 August 2009.

Ms Ng works with the Board to set the strategy for Keppel REIT and make recommendations to the Trustee of Keppel REIT. Ms Ng leads the management team of the Manager to deliver stable and sustainable returns to Unitholders by proactively optimising and enhancing the property portfolio.

With over 25 years of experience in the real estate industry, Ms Ng has been involved in the strategic sourcing, investment, asset and portfolio management as well as the development of assets in key Asian cities. She has also extensive fund management experience in the areas of real estate fund product creation, deal origination, distribution and structuring of real estate-based financial products.

Ms Ng previously served as the Senior Vice President (Funds Business) and the Chief Executive Officer (Korea and Japan) of Ascendas Pte Ltd. She has also held senior positions at CapitaLand Commercial Ltd and CapitaLand Financial Ltd.

Ms Ng holds a Bachelor of Science Degree in Real Estate from the National University of Singapore (NUS). She is also a Licensed Appraiser for land and buildings and is a Fellow of the Singapore Institute of Surveyors and Valuers.



NG HSUEH LING



TAN CHIN HWEE

Mr Tan Chin Hwee, 43
Non-Executive Independent Director

Chairman of Nominating and Remuneration Committee
Member of Audit and Risk Committee

Mr Tan has been a non-executive independent Director of the Manager since 14 September 2010.

Mr Tan is the founding partner in Asia for Apollo Global Management, a leading global alternative investment firm which is among the top three largest in the world. He was voted by the Hedge Fund Journal as the emerging top 40 absolute return investors globally and was also named as Best Asia Credit Hedge Fund by Hong Kong-based publication, The Asset. Mr Tan was also honoured as a World Economic Forum Young Global Leader and a World Cities Summit Young Leader. He received the Nanyang Alumni Award 2014 and was the winner of the 2013 Distinguished Financial Industry Certified Professional Award (FICP) from the Singapore Government.

Mr Tan is active in serving the community and sits on various for-profit and not-for-profit boards; he is a member of the Advisory Panel for the Volunteer Youth Corp formed by the Ministry of Culture, Community and Youth and a board member of Singapore Press Holdings Limited. Mr Tan is also an Adjunct Professor in a number of universities including Shanghai Jiaotong University. He is the author of the best selling book "Asia Financial Statement Analysis: Detecting Financial Irregularities".

Mr Tan received a Bachelor of Accountancy Degree and graduated with Second Class Upper Honours in 1995 from the Nanyang Technological University, Singapore. Mr Tan has an MBA from Yale University and completed a postgraduate course at Harvard Kennedy School. He is a Chartered Financial Analyst (CFA) and is both an Australian and Singapore registered Certified Public Accountant (CPA). He is also a non-executive Director of CFA Society Singapore.

Mr Lee Chiang Huat, 65
Non-Executive Independent Director

Chairman of Audit and Risk Committee

Mr Lee has been a non-executive independent Director of the 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, taxes, 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, tax, 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.

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



LEE CHIANG HUAT



DANIEL CHAN CHOONG SENG

Mr Daniel Chan Choong Seng, 62
Non-Executive Independent Director

Member of Audit and Risk Committee

Mr Daniel Chan has been a non-executive independent Director of the Manager since 9 April 2012.

Mr Chan runs his own asset management firm, DCG Capital, a Registered Fund Management company investing mainly in Asian equities. Prior to setting up DCG Capital in 2011, Mr Chan was the Chief Executive Officer of Lion Global Investors (Lion), the asset management subsidiary of the OCBC Group. He was instrumental in establishing Lion through the merger of Straits Lion Asset Management, a subsidiary of Great Eastern Holdings, with OCBC Asset Management in 2005. From September 2005 to September 2009, Mr Chan was also Lion's Chief Investment Officer.

Before joining the OCBC Group, Mr Chan was with the UOB Group for 26 years during which time, he helped establish UOB Asset Management (UOBAM) to be one of Singapore's largest asset managers. Between 2000 and 2004, Mr Chan also served as Chairman of the Investment Management Association of Singapore.

In 2009, Mr Chan was conferred "Distinguished Financial Industry Certified Professional" award by the Institute of Banking & Finance. Under his stewardship, both UOBAM and Lion were recognised for fund performance and garnered a large number of fund awards. Mr Chan holds a Bachelor of Business Administration Degree from the NUS.

Mr Lor Bak Liang, 57
Non-Executive Independent Director

Member of Audit and Risk Committee

Mr Lor has been a non-executive independent Director of the 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 (Hons) and NUS with a Master of Science (Business Administration) and a Master of Science (Civil Engineering). His professional qualifications include Professional Engineer and CFA.



LOR BAK LIANG



ANG WEE GEE

Mr Ang Wee Gee, 53
Non-Executive Director

Member of Nominating and Remuneration Committee

Mr Ang has been a non-executive Director of the Manager since 1 January 2013.

Mr Ang joined the Keppel Land Group in 1991 and was appointed Chief Executive Officer of Keppel Land Limited (Keppel Land) on 1 January 2013.

Prior to his appointment as Chief Executive Officer of Keppel Land, Mr Ang held senior management positions in the Keppel Land Group. He was Executive Vice Chairman of Keppel Land China Limited, a wholly-owned subsidiary of Keppel Land which owns and operates Keppel Land's businesses in China and, prior to that, Executive Director and Chief Executive Officer, International, of Keppel Land International Limited, where he was responsible for Keppel Land's overseas businesses. He was also Chairman of Keppel Philippines Properties, Inc. and Keppel Thai Properties Public Company Limited, which are listed on The Philippine Stock Exchange and The Stock Exchange of Thailand respectively. Mr Ang previously held positions in business and project development for Singapore and overseas markets, and corporate planning in Keppel Land's hospitality arm. He was also Keppel Land's country head for Vietnam as well as the head of Keppel Land Hospitality Management Pte Ltd, Keppel Land's hotel and serviced apartment management company.

Prior to joining the Keppel Land Group, Mr Ang acquired diverse experience in the hotel, real estate and management consulting industries in the USA, Hong Kong and Singapore.

Mr Ang holds a Master of Business Administration Degree from Imperial College, University of London. He received his Bachelor of Science Degree summa cum laude from the University of Denver, USA.

Professor Tan Cheng Han, 50
Non-Executive Independent Director

Member of Nominating and
 Remuneration Committee

Professor Tan has been a non-executive independent Director of the Manager since 1 January 2013.

Professor Tan is a professor of Law at the NUS Faculty of Law. He is on the panel of arbitrators for the Singapore International Arbitration Centre and the Kuala Lumpur Regional Centre for Arbitration. He is also a member of the Dispute Resolution and Compensation Arbitration Panel of the National Electricity Market of Singapore.

Professor Tan's current appointments include being a Commissioner of the Competition Commission of Singapore, a Council member of the Singapore Sports Council, a member of the Appeal Advisory Panel to the Minister for Finance, and a member of the Military Court of Appeal. He currently holds several board directorships, including at Singapore Technologies Marine Limited, Chuan Hup Holdings Ltd, Anwell Technologies Limited, NTUC First Campus Cooperative and Global Yellow Pages Limited.

Professor Tan obtained his Bachelor of Laws (Honours) Degree from NUS and Master of Laws Degree from the University of Cambridge. In 2006, he was awarded the Public Administration Medal (Silver).



TAN CHENG HAN



LIM KEI HIN

Mr Lim Kei Hin, 57
Non-Executive Director

Mr Lim has been a non-executive Director of the Manager since 10 January 2014. He is also the Chief Financial Officer of Keppel Land.

Prior to joining Keppel Land in 2007, Mr Lim was with Singapore Airlines Limited and has more than 20 years of diverse experience in different financial and general management roles in Singapore, the Philippines, Australia and the USA. His last appointment was as the Chief Financial Officer of Singapore Airport Terminal Services Limited.

Mr Lim is a Director in various subsidiaries and associated companies of Keppel Land, including Keppel Thai Properties Public Company Limited, Keppel Philippines Properties, Inc, Keppel Land China Limited and Alpha Investment Partners Limited.

Mr Lim holds a Bachelor of Science (Economics) Degree in Accounting & Finance (Honours) from the London School of Economics & Political Science, UK.

Present and Past Directorships

DIRECTORS

Present (as at 1 January 2015) and past principal directorships held by the Directors over the preceding five years (from 1 January 2010 to 31 December 2014) are as follows:

DR CHIN WEI-LI, AUDREY MARIE

Present Directorships

Listed companies

Nil

Other principal directorships

NTUC Income Insurance Co-operative Singapore; Vietnam Investing Associates – Financials Singapore Private Limited (Executive Chairman); JC Trust Limited, Singapore

Major Appointments (other than directorships)

Nil

Past Directorships

Singapore Petroleum Company Ltd; Save the Children Singapore Limited; Rossignol Private Limited

MS NG HSUEH LING

Present Directorships

Listed companies

Nil

Other principal directorships

Nil

Major Appointments (other than directorships)

Nil

Past Directorships

The National Art Gallery, Singapore; Raffles Quay Asset Management Pte Ltd

MR TAN CHIN HWEE

Present Directorships

Listed companies

Singapore Press Holdings Limited

Other principal directorships

Apollo Management Singapore Pte Ltd

Major Appointments (other than directorships)

KK Hospital Board of Trustees (Member); Lien Aid Limited (Trustee)

Past Directorships

AOI Investment

MR LEE CHIANG HUAT

Present Directorships

Listed companies

Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT)

Other principal directorships

Icurrencies Pte Ltd; Channoil Asia Pte Ltd

Major Appointments (other than directorships)

Nil

Past Directorships

Various subsidiaries and associated companies of Singapore Petroleum Company Ltd

MR DANIEL CHAN CHOONG SENG

Present Directorships

Listed companies

Nil

Other principal directorships

DCG Capital Pte Ltd

Major Appointments (other than directorships)

SAVERS Board of Trustees (Member)

Past Directorships

Pacific Mas Berhad

MR LOR BAK LIANG

Present Directorships

Listed companies

Nil

Other principal directorships

Werone Connect Pte Ltd

Major Appointments (other than directorships)

Nil

Past Directorships

Nil

MR ANG WEE GEE

Present Directorships

Listed companies

Keppel Land Limited

Other principal directorships

Nil

Major Appointments (other than directorships)

Nil

Past Directorships

Various subsidiaries and associated companies of Keppel Land Limited

PROFESSOR TAN CHENG HAN

Present Directorships

Listed companies

Chuan Hup Holdings Ltd (Chairman); Global Yellow Pages Limited (Deputy Chairman); Anwell Technologies Limited; Yamada Green Resources Limited

Other principal directorships

Singapore Technologies Marine Limited; Caritas Singapore Community Council Ltd; NTUC First Campus Cooperative; Tokio-Marine Life Insurance Singapore Ltd; Tokio-Marine Insurance Singapore Ltd

Major Appointments (other than directorships)

Competition Commission of Singapore (Commission Member); Singapore Sports Council (Council Member); Media Literacy Council (Chairman); Accounting and Corporate Regulatory Authority (Board Member); Public Accountants Oversight Committee (Chairman); Consultant at TSMP Law Corporation

Past Directorships

Centillion Environment and Recycling Ltd; NTUC Income Insurance Co-operative Singapore; The Asian Society of International Law Ltd

MR LIM KEI HIN

Present Directorships

Listed companies

Keppel Thai Properties Public Company Limited; Keppel Philippines Properties, Inc.

Other principal directorships

Nil

Major Appointments (other than directorships)

Nil

Past Directorships

Various subsidiaries and associated companies of Keppel Land Limited

SENIOR MANAGEMENT

Present (as at 1 January 2015) and past principal directorships held by senior management over the preceding five years (from 1 January 2010 to 31 December 2014) are as follows:

MR KELVIN CHOW CHUNG YIP

Present Directorships

Nil

Past Directorships

Various subsidiaries and associated companies of OUE Limited; Various special purpose vehicles in funds managed by Invista Real Estate Investment Management Limited

MR TOH WAH SAN

Present Directorships

Nil

Past Directorships

Remarkable Investment Pte Ltd; Victoria Square Pte Ltd; Simple Hope Sdn Bhd

MR WONG CHO WAI

Present Directorships

Nil

Past Directorships

CBP 3 Pte. Ltd.

The Manager



1. Mr Toh Wah San
Senior Vice President
Asset Management

2. Ms Ng Hsueh Ling
Chief Executive Officer

3. Mr Wong Cho Wai
Senior Vice President
Investment

4. Mr Kelvin Chow
Chief Financial Officer

1. Ms Janet Soh
Assistant Vice President
Asset Management

2. Ms Anthea Lee
Vice President
Investment

3. Ms Cassie Ang
Assistant Vice President
Asset Management

4. Ms Wong Man Li
Vice President
Finance

5. Ms Chow Ching Sian
Assistant Vice President
Finance

6. Ms Karen Goh
Assistant Vice President
Capital Markets

7. Ms Grace Chia
Senior Manager
Investor Relations & Research



The Manager

KEPPEL REIT MANAGEMENT LIMITED

Ng Hsueh Ling
CHIEF EXECUTIVE OFFICER
Please refer to the description under the Board of Directors section on page 13.

FINANCE & CAPITAL MARKETS

The finance team is responsible for the accounting, taxation, treasury, capital management and financial reporting functions of Keppel REIT. The team ensures that its functions are implemented in line with Keppel REIT's investment and asset management strategies.

Kelvin Chow
CHIEF FINANCIAL OFFICER
Mr Chow has more than 20 years of experience in financial and corporate reporting, corporate financing and tax planning, compliance as well as capital and risk management. Prior to joining the Manager, he was the Chief Financial Officer of SB REIT Management Pte. Ltd. He has also held senior positions at Cambridge Industrial Trust Management Limited, Invista Real Estate Investment Management Limited, Overseas Union Enterprise Limited and Allco (Singapore) Limited. He has also worked at various entities within the Ascendas Group.

Mr Chow holds a Master of Business Administration (MBA) from Universitas 21 Global. He is a Fellow of the Association of Chartered Certified Accountants.

Wong Man Li
VICE PRESIDENT, FINANCE
Ms Wong has more than 16 years of experience in audit and financial reporting. Prior to joining the Manager, she was a Senior Audit Manager with PricewaterhouseCoopers. Ms Wong has also been involved in the auditing of several Singapore-listed corporations, REITs and multinational companies, mainly in the real estate sector. Her experience includes financial reporting, consolidation, taxation, compliance with statutory requirements and internal audit.

Ms Wong holds a Bachelor of Commerce Degree (Honours) from the University of Melbourne. She is a member of the Certified Practising Accountants Australia.

Chow Ching Sian ASSISTANT VICE PRESIDENT, FINANCE

Ms Chow has more than 14 years of experience in financial and management accounting, tax, external audit and corporate secretarial functions. Prior to joining the Manager, she was the Group Finance Manager of HG Metal Manufacturing Limited. She was also previously a Finance Manager at Neptune Orient Lines Limited.

Ms Chow holds a Bachelor of Accountancy Degree (Honours) from the Nanyang Technological University (NTU), Singapore. She is a member of the Institute of Singapore Chartered Accountants.

Karen Goh ASSISTANT VICE PRESIDENT, CAPITAL MARKETS

Ms Goh has more than 14 years of experience in corporate finance, treasury and capital markets functions. Prior to joining the Manager, she was the Treasury Manager of GMG Global Ltd. She was also previously Senior Manager, Treasury, in Mapletree Investments Pte Ltd.

Ms Goh holds a Bachelor of Commerce Degree (Accounting and Finance) from Monash University.

ASSET MANAGEMENT

The asset management team develops and implements business plans to maximise rental income and asset performances. The team reviews Keppel REIT's portfolio profile regularly to achieve optimal leasing terms for each building. The team also ensures that the REIT's portfolio is well-maintained with healthy lease expiry profiles and regular rent reviews.

The team also analyses the performance of each asset and executes asset enhancement initiatives to improve the buildings competitiveness.

Toh Wah San**SENIOR VICE PRESIDENT**

Mr Toh has over 30 years of experience in the construction and real estate industry, particularly in areas of asset development and management. Prior to joining the 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 investments 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 the National University of Singapore (NUS).

Cassie Ang**ASSISTANT VICE PRESIDENT**

Ms Ang has over 14 years of experience in the real estate industry. She has been involved in real estate and construction financing; real estate fund structuring and origination, acquisition and cross-border tax structuring; analysis of asset and REIT's performance; as well as capital management. Prior to joining the Manager, Ms Ang was Senior Manager, Capital Markets and Transactions, at Ascendas Funds Management (S) Limited.

Ms Ang holds a Bachelor of Science Degree in Real Estate from NUS and a MBA (Banking and Finance) from NTU.

Janet Soh**ASSISTANT VICE PRESIDENT, ASSET MANAGEMENT**

Ms Soh has more than 15 years of experience in the real estate industry. She has been involved in corporate real estate, leasing, marketing and asset management for commercial developments.

Prior to joining the Manager, Ms Soh was Asset Manager at Raffles Quay Asset Management Pte Ltd where she handled the marketing, leasing and asset management of Marina Bay Financial Centre and One Raffles Quay.

Ms Soh holds a Bachelor of Applied Science in Construction Management from the Royal Melbourne Institute of Technology.

INVESTMENT

The investment team is responsible for identifying and evaluating potential acquisitions. Besides structuring potential acquisition transactions, the team identifies possible divestment opportunities so as to optimise Keppel REIT's property portfolio.

Wong Cho Wai**SENIOR VICE PRESIDENT**

Mr Wong has more than 14 years of experience in real estate investments, asset management, business development and portfolio management.

Prior to joining the Manager, he was Vice President for Real Estate Asset Management at Credit Suisse where he oversaw investment decisions as well as asset and property management matters across key markets across the Asia Pacific region. Mr Wong started his career at Keppel Land and has held key appointments at several real estate groups.

Mr Wong holds a Bachelor of Engineering Degree (Civil Engineering) from NUS and Master of Applied Finance from Macquarie University.

Anthea Lee**VICE PRESIDENT**

Ms Lee has more than 17 years of experience in real estate investment, business development, asset management and project management. Prior to joining the Manager, she was Business Development Manager at Ascendas Land (S) Pte Ltd.

Ms Lee holds a Bachelor of Science Degree (Honours) in Estate Management from NUS and Master of Science Degree (International Construction Management) from NTU.

INVESTOR RELATIONS & RESEARCH

The investor relations and research team establishes as well as maintains good relations with the investment and research community including institutional and retail Unitholders. It also spearheads the Manager's efforts in Corporate Social Responsibility.

Grace Chia**SENIOR MANAGER**

Ms Chia has been with the Keppel Group for over 13 years. She was previously Senior Manager of the Group Corporate Communications division at Keppel Corporation Limited.

In her current role, Ms Chia facilitates continuous two-way communication with investors, analysts and key stakeholders, ensuring clear and timely disclosure of pertinent information as well as conducting research and competitive analysis on the real estate industry.

Ms Chia holds a Bachelor of Commerce Degree from The University of Western Australia.

COMPLIANCE

The compliance team develops work plans, policies and practicable guidelines that adhere to relevant legislation. It works closely with the authorities, governing bodies, Keppel Group as well as external legal counsels and staff of the Manager to implement a holistic compliance framework. The team also regularly researches and updates the representatives and Board members on the latest developments in corporate governance, compliance and risk management.

2014



01

Keppel REIT completed the acquisition of MBFC Tower 3 in mid-December 2014.

2015

January

- Achieved distributable income of \$214 million and DPU of 7.88 cents for FY 2013
- Ocean Colours achieved full occupancy

March

- The office tower being built on the Old Treasury Building site in Perth was awarded the 5-Star Green Star Office Design v3 rating
- Refinanced early \$350 million loans due in 2015 and 2016, extending the debt maturity to 2020

April

- Achieved distributable income of \$55 million and DPU of 1.97 cents for 1Q 2014
- Convened AGM on 15 April 2014

May

- Bugis Junction Towers was conferred the highest BCA Green Mark Platinum Award

June

- The convertible notes in Mirvac 8 Chifley Trust, which owns the 50% interest in 8 Chifley Square in Sydney, were converted into units on 26 June 2014

July

- Achieved distributable income of \$53.2 million and DPU of 1.90 cents for 2Q 2014

August

- Ocean Financial Centre won the coveted International Real Estate Federation FIABCI Singapore Property awards under the Office category

September

- Announced the proposed acquisition of a one-third interest in Marina Bay Financial Centre (MBFC) Tower 3 on 18 September 2014
- Successfully divested the 92.8% interest in Prudential Tower on 26 September 2014
- Keppel REIT was ranked first and named Regional Leader for Office Sector (Large Cap) in Asia in the Global Real Estate Sustainability Benchmark 2014
- Ocean Financial Centre certified a Water Efficient Building (Silver) by PUB

October

- Achieved distributable income of \$52 million and DPU of 1.85 cents for 3Q 2014
- Moody's and S&P reaffirmed Keppel REIT's rating at "Baa2" and "BBB" respectively with a stable outlook

November

- Keppel REIT received overwhelming response from minority Unitholders for all three resolutions relating to the acquisition of a one-third interest in MBFC Tower 3 at the EGM on 24 November 2014

December

- Ocean Financial Centre clinched the Gold Award for Best Innovative Green Building at the 8th MIPIM Asia Awards 2014
- Completed the acquisition of a one-third interest in MBFC Tower 3 on 16 December 2014
- Achieved 100% committed occupancy for nine of the 11 completed office towers in Singapore and Australia

January

- Achieved distributable income of \$206.1 million and DPU of 7.23 cents for FY 2014

February

- Issued \$50 million 3.15% fixed-rate Medium Term Notes, which extended Keppel REIT's debt maturity profile to 2022

Investor Relations

The Manager is committed to maintaining high standards of corporate disclosure and transparency. It achieves this by providing clear, fair and balanced disclosure of pertinent information to its Unitholders and the investing community in a timely and effective manner.

The Investor Relations (IR) team supports the CEO and management in promoting and facilitating communications with existing and potential institutional investors, retail Unitholders, financial analysts as well as other key stakeholders.

Guided by a clearly defined set of principles and practices set out in its IR Policy, the Manager engages in proactive communication with the investing community. The IR Policy is published on Keppel REIT's corporate website at www.keppelreit.com and is reviewed regularly to ensure its effectiveness.

PROACTIVE ENGAGEMENT

In 2014, the Manager hosted over 40 meetings, conference calls and luncheons where they met and strengthened ties with local and international investors. These meetings provided a platform for the management to share Keppel REIT's strategy, update on the operational and financial performances and business operations as well as understand issues that matter to investors.

Keppel REIT publishes its results on a quarterly basis. Media and analyst briefings are organised for the half- and full-year results announcements where the CEO and CFO present Keppel REIT's financial performance and business operations for that period as well as the latest industry developments.

The fifth Annual General Meeting took place in April 2014 and was well-attended by over 500 Unitholders. The CEO updated Unitholders on Keppel REIT's operating and financial performance as well as the market

outlook and the REIT's growth strategy. The Board of Directors also met and renewed ties with Unitholders.

As the largest landlord of premium office space in the Raffles Place and Marina Bay precincts, the Manager also arranges regular site visits to its properties in Singapore to help investors understand the office market and Keppel REIT's business operations.

In relation to the acquisition of Marina Bay Financial Centre (MBFC) Tower 3, the management engaged in more than 30 meetings on roadshows in Singapore, Amsterdam, Zurich, London, Tokyo and Hong Kong in October and November 2014.

At these meetings, management explained that the acquisition of the two-year-old MBFC Tower 3 and divestment of the 16-year-old Prudential Tower is in line with Keppel REIT's strategy to proactively optimise and upgrade its portfolio to provide long-term sustainable returns to Unitholders. The management also highlighted the benefits of the MBFC Tower 3 transaction, addressed queries such as the funding structure and provided property-related information.

Regular and proactive engagement with the investing community is a key focus for Keppel REIT. The Manager will continue to uphold sound corporate governance and disclosure as well as maintain strategic two-way communication to provide timely updates on Keppel REIT's business operations.

02

The CEO updates on Keppel REIT's business operations and shares industry developments at the half- and full-year conferences with media and analysts.

02 |



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The Annual General Meeting provides Unitholders the platform to meet and ask the Board and management questions relating to Keppel REIT's business operations.

SOUND GOVERNANCE AND DISCLOSURES

The Manager recognises the importance of maintaining good financial reporting standards and aims to provide a wider scope of disclosure beyond regulatory requirements.

Keppel REIT's financial results are released within one month after the end of each quarter. Included in the quarterly results are commentaries of the REIT's financial performance and capital management efforts as well as an update on the portfolio and business operations.

Market sensitive news and corporate actions are filed with the Singapore Exchange and are posted on Keppel REIT's corporate website on the same day of release. This ensures that all stakeholders have timely and equal access to updates on Keppel REIT. Other information such as Keppel REIT's investor presentations, annual reports, distribution history and portfolio information are also available at the corporate website.

The investing community can also post queries via a dedicated email address at investor.relations@keppelreit.com. They are also encouraged to subscribe to the email alerts to receive updates on Keppel REIT's business operations.

Recognising the need to provide stakeholders with quicker access to information on the go, Keppel REIT launched the mobile interface of its website in December 2014. Users can now access up-to-date financial information, news, media releases and presentations that are optimised for viewing on their mobile devices.

LOOKING AHEAD

The Manager will continue to be guided by the principle of upholding best practices in corporate governance and disclosure in its outreach efforts with the investing community.

The CEO and IR team will also continue to actively engage stakeholders in a timely manner as well as provide regular updates on Keppel REIT's performance and operations.



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INVESTOR RELATIONS CALENDAR

Regular and ongoing outreach efforts ensure the investing community is kept abreast of Keppel REIT's business operations.



FIRST QUARTER 2014

- Announced FY 2013 results with a joint media and analysts' briefing
- 4Q 2013 distribution payout to Unitholders
- Engaged 12 investors at a post-FY 2013 results luncheon organised by Standard Chartered Bank
- Conducted 16 one-on-one investor meetings

SECOND QUARTER 2014

- Announced 1Q 2014 results
- 1Q 2014 distribution payout to Unitholders
- Convened AGM on 15 April 2014
- Engaged 13 investors at a post-1Q 2014 results luncheon organised by BNP Paribas
- Conducted 14 one-on-one investor meetings

THIRD QUARTER 2014

- Announced 1H 2014 results with a joint press and analysts' briefing
- 2Q 2014 distribution payout to Unitholders
- Engaged 16 investors at a post-1H 2014 results luncheon organised by UBS
- Announced the proposed acquisition of a one-third interest in MBFC Tower 3 with a joint media and analysts' briefing
- Conducted five one-on-one investor meetings
- Hosted over 45 students to introduce the S-REIT sector at the "Asian Cities" event organised by the Hong Kong University

FOURTH QUARTER 2014

- Announced 3Q 2014 results
- 3Q 2014 distribution payout to Unitholders
- Engaged 16 investors at a post-3Q 2014 results luncheon organised by Credit Suisse
- Conducted nine one-on-one investor meetings
- Roadshows in Singapore, Amsterdam, Zurich, London, Tokyo and Hong Kong, with Citibank for the MBFC Tower 3 acquisition
- Hosted investor visits to Keppel REIT's properties in Singapore
- Convened EGM for the MBFC Tower 3 acquisition
- Launched Keppel REIT's mobile website

UNITHOLDER ENQUIRIES

For more information on Keppel REIT and its operations, please contact the IR team at:

Telephone: +65 6433 7622
Email: investor.relations@keppelreit.com
Website: www.keppelreit.com

Market Review

Singapore's role as a leading financial hub will generate continued demand for prime office space in the Raffles Place and Marina Bay precincts.

OFFICE RENTAL RATE

10.9%

Increased 10.9% y-o-y in 2014 due to limited supply within the Central Area

AVERAGE OFFICE RENT

\$12.10 psf

For Grade A+ office buildings in Raffles Place and Marina Bay in 4Q 2014

SINGAPORE MARKET REVIEW

ECONOMIC OVERVIEW

The Singapore economy registered moderate growth of 2.9% for the whole of 2014. The finance and insurance, information and communication as well as business services sectors led economic growth particularly in third and fourth quarters of 2014.

The Monetary Authority of Singapore announced its monetary adjustment policy to slowdown the appreciation of the Singapore Dollar as well as manage both domestic and imported sources of inflation. This will in turn encourage higher demand for exports of goods and services with greater price competitiveness for Singapore compared with other countries.

OFFICE LEASING MARKET

Total island-wide office stock was approximately 81.3 million sf for 2014, a marginal increase of 1.5% from the previous year.

The most significant increase in supply was at the Outside Central Region, where total available stock increased by 8.5% to reach 6.9 million sf in 2014. This was contributed mainly by the completion of Westgate Tower (Gross Floor Area, GFA, 0.4 million sf), Paya Lebar Square (GFA 0.5 million sf) and other developments including Galaxis (GFA 51,000 sf) and Jem (GFA 0.3 million sf) in Jurong East.

Total supply of available office stock in the Downtown Core saw a slight increase of 1.4% in 2014 with the completion of CapitaGreen (GFA 0.9 million sf).

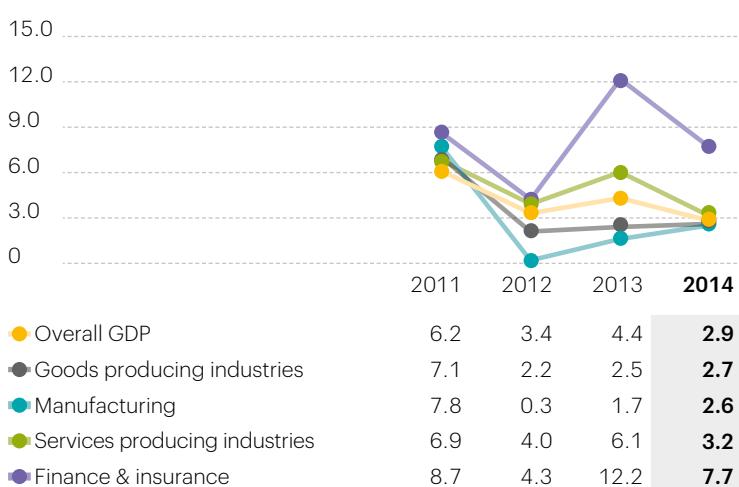
As at end-2014, total demand for office space reached about 73 million sf of net lettable area (NLA). There was marginal increases in demand for space in the Downtown Core (0.9%), Orchard (2.6%) and Fringe Area (1.8%) in 2014. Demand for space outside the Central Region saw a 3.2% increase, while office demand for the Rest of Central Area saw a marginal decline of 1.1% from the preceding year to 11.7 million sf of NLA in 2014.

Tenancy profile shifts have been evident in recent years whereby some typical occupiers from the banking and finance sectors have been scaling down their spatial needs in the prime CBD. Conversely, numerous tenants from the technology, media and telecommunications (TMT) sector have relocated as well as taken up new space at prime office space in the central business district (CBD).

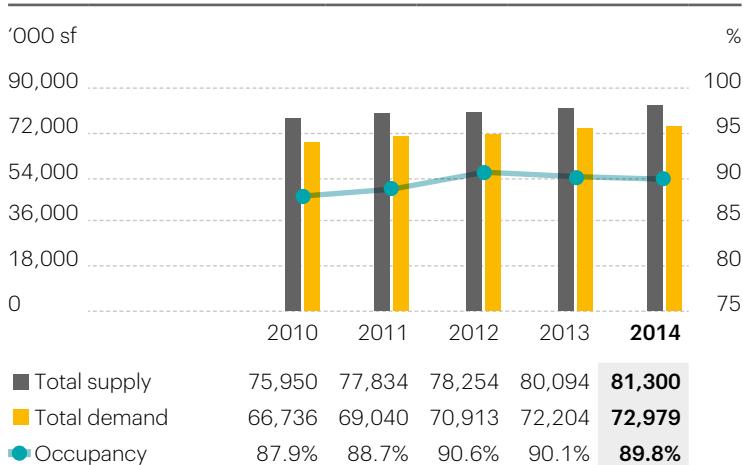
For instance, TMT companies such as LinkedIn and Booking.com are currently occupying space at Marina Bay Financial Centre Towers 2 and 3 respectively. Earlier in 2Q 2014, Vodafone took up approximately 30,000 sf of space in Asia Square Tower 2, while Twitter is relocating to CapitaGreen to occupy 22,000 sf of office space.

Island-wide occupancy rate remained healthy at 89.8% in 2014, a marginal decline from 90.1% in the preceding year. Vacancy rates for the Downtown Core, Orchard, Rest of Central Area and Fringe Area were at 10.3%, 10.0%, 8.9% and 9.4%, respectively in the year. The increase in supply from

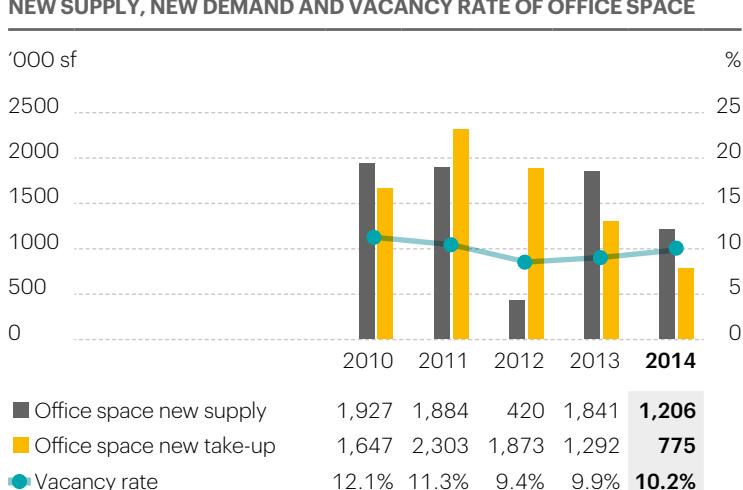
SINGAPORE GDP GROWTH RATES



ISLAND-WIDE SUPPLY, DEMAND AND OCCUPANCY OF OFFICE SPACE



NEW SUPPLY, NEW DEMAND AND VACANCY RATE OF OFFICE SPACE



developments outside the Central Region saw vacancy rate for this cluster reaching 15.3% in 2014.

As at 2014, the increase in annual new supply was approximately 1.2 million sf of NLA. The increase was mainly contributed by the completion of developments outside the Central Region.

Meanwhile, take-up for new office space island-wide fell by 40% in 2014, despite a significant increase in the demand for space outside the Central Region (NLA 183,000 sf). An offset was observed in the Rest of Central Area (NLA 129,000 sf), which contributed partially to the fall in new demand.

The lower new supply and new demand resulted in a marginal increase of vacancy rate from 9.9% in 2013 to 10.2% in 2014.

AVERAGE OFFICE RENT

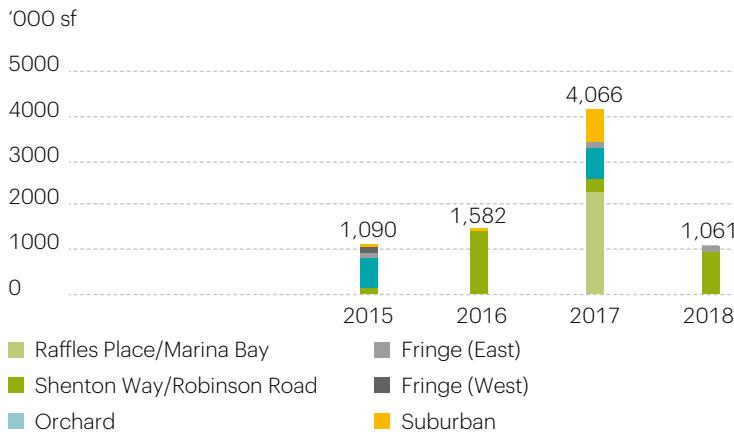
Most office clusters in Singapore, especially in the core CBD experienced upward rental trajectory in 2014.

Amongst the various office segments island-wide, Grade A+ office buildings in the Raffles Place and Marina Bay areas continued to lead rental growth to reach \$12.10 psf in 4Q 2014, representing their highest average rental level since 4Q 2011. This increment was mainly attributed to landlords increasing their rents for new leases and renewals as well as the injection of new prime office space in end-2014.

Grade A office buildings in the Raffles Place area achieved an average monthly gross rent of \$10.50 psf.

Office space rentals in the Central Area saw a moderate growth rate of 2% quarter-on-quarter (q-o-q) in 4Q 2014 compared to a 2.8% q-o-q increase in 3Q 2014.

On the whole, office space rentals experienced a 10.9% year-on-year (y-o-y) increase in 2014 due to limited supply within the Central Area.

UPCOMING OFFICE SUPPLY

Source: Knight Frank Research

AVERAGE MONTHLY RENTALS BY OFFICE PRECINCTS IN CENTRAL AREA

Source: Knight Frank Research

OFFICE INVESTMENT SALES

The upbeat office market sentiments amidst rising office rents and limited office supply contributed to active acquisitions of prime office assets in 2014. Total office investment sales value totalled \$6.1 billion for the year.

UPCOMING OFFICE SUPPLY

An additional office supply of about 7.8 million sf is scheduled for completion by 2018, with the largest upcoming supply of office stock (4.1 million sf) in 2017.

Moderate inflow of office supply is expected in the next two years with the completion of a few major office developments in the Central Area, such as South Beach Tower (0.6 million sf) in 2015 as well as two other developments namely Guoco Tower (1.0 million sf) and V on Shenton (0.3 million sf) in 2016.

Office supply in 2017 include Marina One and Duo Tower, which will contribute a combined GFA of close to 3.0 million sf, while Vision Exchange in Jurong East will add a further 0.6 million sf of GFA in the suburban region.

SINGAPORE REIT (S-REIT) SECTOR

The Singapore equity market ended 2014 on an uptrend with the Straits Times Index closing at 3,365 in December 2014, a 6.2% y-o-y increase from 2013, while the FTSE ST Real Estate Investment Trusts Index ended the year with a 9.2% y-o-y increase over the preceding year.

The equity market was relatively stable during the first half of 2014 with marginal growth experienced with a slight month-on-month (m-o-m) dip in June 2014 of 1.4%, but showed a moderated growth during the second half of the year with a decline of 3% in September 2014 on a m-o-m basis and subsequent increases of 1.8% and 1.9% m-o-m, in October and November, respectively.



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Companies in the TMT sector such as LinkedIn and Booking.com are currently occupying space at MBFC.

MAJOR OFFICE INVESTMENT SALES TRANSACTIONS

Date of Transaction	Name of Development	Tenure	Transaction Value (\$ mil)
Jan 14	OUE Bayfront	Leasehold of 99 years wef 2007	\$1,005
Jan 14	Springleaf Tower (12 Floors)	Leasehold of 99 years wef 1996	\$289
Jan 14	Westgate Tower	Leasehold of 99 years wef 2011	\$580
Jan 14	Finexis Building (50% stake)	Freehold	\$124
May 14	Prudential Tower ¹ (92.8% stake)	Leasehold of 99 years wef 1996	\$512
Jun 14	Equity Plaza	Leasehold of 99 years wef 1989	\$550
Jul 14	Anson House	Leasehold of 99 years wef 1997	\$172
Sep 14	Straits Trading Building	Leasehold of 999 years wef 1863	\$450
Sep 14	MBFC Tower 3 ² (one-third stake)	Leasehold of 99 years wef 2007	\$1,248

Sources: REALIS and Knight Frank Research

¹ The divestment of Prudential Tower was completed on 26 September 2014.

² The acquisition of MBFC Tower 3 was completed on 16 December 2014.

MARKET CAPITALISATION OF OFFICE S-REITS

S/n.	REIT	Market Capitalisation (\$ mil)
1	CapitaCommercial Trust	5,168
2	Suntec REIT	4,904
3	Keppel REIT	3,868
4	Mapletree Commercial Trust	2,966
5	Starhill Global REIT	1,723
6	Frasers Commercial Trust	961
7	OUE Commercial REIT	701
Total		20,291

Source: Bloomberg (as at 31 December 2014)



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Leasing demand for office space in Singapore's CBD is expected to remain positive.

02

Well-located offices in key financial precincts of Australia will continue to see demand from companies seeking quality office space.

As at end-2014, the total market capitalisation for S-REITs stood at \$78.7 billion. Of this, office S-REITs accounted for close to \$20.3 billion.

The total estimated NLA of the Singapore commercial properties for office S-REITs stood at 14.3 million sf, as at end-December 2014.

MARKET OUTLOOK **ECONOMIC OUTLOOK**

Singapore's economy is expected to grow by 2% to 4% in 2015. Concerns remained that the Eurozone economy will continue on its weak growth path; while the widely expected interest rate hikes by the US Federal Reserve may affect investments and consumer demand globally.

In Asia, China's economy may continue its growth momentum due to efforts by

the government to effect economic restructuring.

At the domestic front, labour-intensive industries will continue to face higher operational costs due to labour constraints, which is likely to impede their growth in 2015.

Although decline in oil prices may ease the impact of high operational costs for transportation-related businesses, oil and gas-related businesses may face operational challenges with lower revenue and higher labour costs, potentially impacting the growth of the manufacturing sector.

Notwithstanding global risks and local challenges, Singapore's economy is expected to register stable growth in 2015, barring unforeseen macroeconomic or geopolitical circumstances.

Singapore continues to play a significant role as it positions itself to be one of the leading global financial and wealth management hubs. The sustaining appeal of Singapore to global enterprises will generate continued demand for prime office space in the Raffles Place and Marina Bay precincts.

OFFICE MARKET OUTLOOK

Leasing demand for high quality office space in prime locations is expected to remain positive into the first half of 2015.

Demand is likely to come from various types of business enterprises especially in insurance, private equity and technology.

Against the backdrop of limited supply and sustained demand for prime office space in the Raffles Place and Marina Bay precincts, prime office rents are likely to register an annual growth of 5% to 7% by the final quarter of 2015.

The Singapore office market review and outlook as well as the overview of the S-REIT sector are prepared by Knight Frank Pte Ltd.

AUSTRALIA MARKET REVIEW

After an 18-month period, the Reserve Bank of Australia (RBA) announced in February 2015 that it will lower interest rate by 25 basis points to a new record low of 2.25%. In explaining its move, RBA said that the cut was justified to spur economic growth.

OFFICE MARKET

The office investment market had been experiencing favourable demand for the past two years, with a record high of approximately AUD\$16 billion worth of assets transacted in 2014 alone.

Leasing demand for office space in 2014 steadied across key cities in Australia, with vacancies stabilising across most markets.

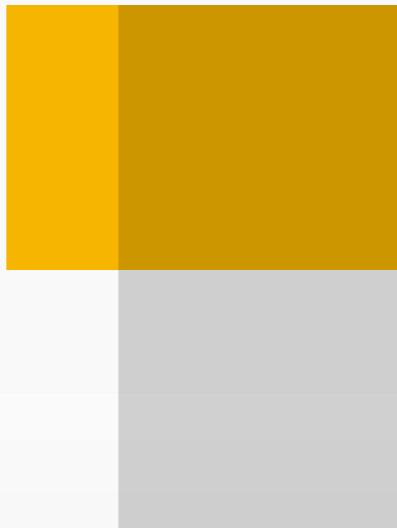
Office demand was driven largely by the increase in the number of firms in the TMT sector seeking office space across all key central business districts in Australia.

Consultants envisage stronger business conditions providing support to the office market through 2015.



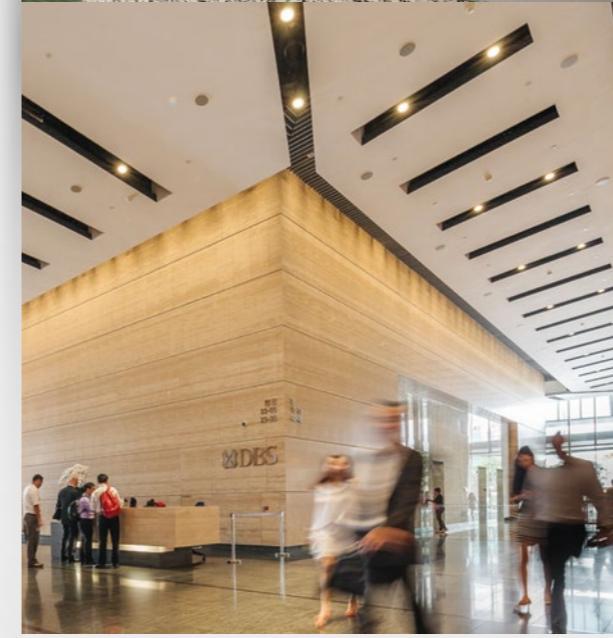
Sustaining Value

Growing into the future, Keppel REIT Management is committed to sustain value and deliver stable returns to Unitholders. We exercise discipline in our daily operations along with building a strong team that embraces innovation and flexibility to strive for excellence in all that we do.



DISCIPLINED FOCUS

We drive Keppel REIT forward with our sound investment strategy, disciplined approach towards operational efficiency and prudent financial management. Our operating principles and core values keep us focused as we work towards long-term growth.



HARNESSING STRENGTHS

Our driving force is our people. Nimble and quick-thinking, we seize opportunities for growth while innovating to maximise performance. We seek new and revolutionary ways to optimise the value of our assets and remain relevant to changing needs.



Property Portfolio

Keppel REIT is the S-REIT with the youngest and largest portfolio of premium Grade A office buildings in Singapore's prime business district.

TOTAL ATTRIBUTABLE NLA

3.3m sf

Premium office space in Singapore and Australia

PORTFOLIO AGE

5 years

S-REIT with the youngest portfolio of office properties

STRATEGIC PORTFOLIO TRANSFORMATION

The Manager adopts a proactive strategy to optimise and upgrade Keppel REIT's property portfolio to provide long-term sustainable income to Unitholders.

In keeping with this strategy, Keppel REIT divested its 92.8% interest in the 16-year-old Prudential Tower to companies held by KOP Limited, Lian Beng Group Ltd, KSH Holdings Limited and Centurion Global Ltd for \$512 million on 26 September 2014. The Manager completed the acquisition of a one-third interest in the two-year-old Marina Bay Financial Centre (MBFC) Tower 3 from Bayfront Development Pte. Ltd. for \$1,248 million on 16 December 2014.

The sale price for Prudential Tower is 4.5% above the property's valuation of \$490 million (as at April 2014)¹ and a 46.7% premium over Keppel REIT's original purchase price of the property at \$349.1 million.

Following the acquisition of MBFC Tower 3, Keppel REIT has an ownership interest in all the three office towers and the subterranean mall at MBFC. This has significantly upgraded Keppel REIT's portfolio and improved the overall portfolio age to approximately five years old. Keppel REIT is now the S-REIT with the youngest and largest portfolio of premium Grade A commercial assets in Singapore's central business district (CBD).

As at end-2014, Keppel REIT has approximately \$8.2 billion

assets under management. This includes 11 completed office towers in eight quality premium Grade A assets in Singapore as well as in Sydney, Melbourne and Brisbane, Australia; and the office tower and its annexe being built on the Old Treasury Building site in Perth.

GEOGRAPHICAL ASSET DISTRIBUTION

The acquisition of MBFC Tower 3 has increased Keppel REIT's portfolio net lettable area (NLA) to over 3.3 million sf.

Upon the completion of the office tower and its annexe on the Old Treasury Building site in Perth in 2H 2015, Keppel REIT will have approximately 3.5 million sf of premium quality office space under management.

Keppel REIT's four assets in Singapore, comprising seven office towers, account for approximately \$7.2 billion (88%) of the total portfolio value and the remaining \$1 billion (12%) comprise five assets in Australia. In terms of NLA, approximately 2.6 million sf (79%) of office space is located in Singapore and the remaining 0.7 million sf (21%) in Australia.

For the Singapore assets, about 2.4 million sf (92%) of Keppel REIT's properties are in the prime Raffles Place and Marina Bay precincts. They represent approximately \$6.7 billion (93%) of Keppel REIT Singapore's portfolio value.

¹ The valuation is prepared in accordance with the Singapore Institute Surveyors and Valuers' Valuation Standards and Guidelines (March 2000 Edition, last update March 2002).

SUSTAINING VALUE IN 2014

PROACTIVE MANAGEMENT STRATEGY

MAXIMISING PERFORMANCES

- Nine of 11 completed office towers achieved 100% committed occupancies
- Positive rent reversion of 17% for the overall portfolio
- High tenant retention rate of 85% for office tenants

VALUE ENHANCEMENTS

- Improvement works at Bugis Junction Towers include a new concierge, security turnstile system and a refreshed lobby

UNLOCKING VALUE VIA STRATEGIC DIVESTMENT

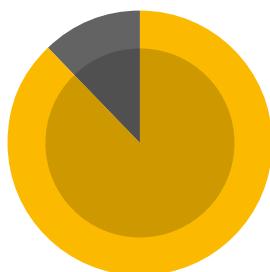
- Divested the 92.8% stake in the 16-year-old Prudential Tower for \$512 million, which is 4.5% above the property's latest valuation and a 46.7% premium over the purchase price

STRATEGIC ACQUISITION AND PORTFOLIO TRANSFORMATION

- Acquired a one-third stake in the two-year-old MBFC Tower 3 for \$1,248 million

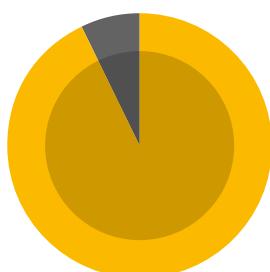
PORTFOLIO ASSET DISTRIBUTION BY VALUE

as at 31 December 2014



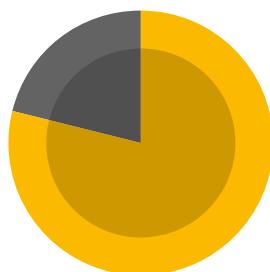
SINGAPORE ASSET DISTRIBUTION BY VALUE

as at 31 December 2014



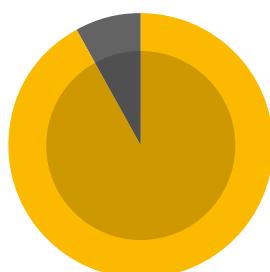
PORTFOLIO ASSET DISTRIBUTION BY NLA

as at 31 December 2014



SINGAPORE ASSET DISTRIBUTION BY NLA

as at 31 December 2014



STRONG COMMITTED OCCUPANCY

In 2014, proactive marketing and ongoing leasing efforts saw Keppel REIT achieve strong occupancy levels for its portfolio of properties. This brought the overall committed occupancy to 99.3%.

Nine of its 11 completed office towers in Singapore and Australia

achieved full committed occupancy as at end-2014. Bugis Junction Towers, MBFC Towers 1 and 2, the North and South Towers at One Raffles Quay and Ocean Financial Centre in Singapore as well as 275 George Street in Brisbane, 8 Exhibition Street in Melbourne and 8 Chifley Square in Sydney, Australia, all achieved 100% committed occupancy.

The average portfolio committed occupancy for Singapore properties was 99.5% as at end-2014, higher than the core CBD occupancy of 95.7%¹.

The average committed occupancy for the Australian properties in operation also remained healthy at 98.5% as at end-2014.

WELL-STAGGERED LEASE EXPIRY PROFILE

Keppel REIT continues to maintain a well-staggered lease expiry profile with not more than 18.2% of the portfolio's total committed NLA expiring in any one year over the next five years.

Leases based on committed NLA that are due for renewal in 2015, 2016 and 2017 account for 5.8%, 18.2% and 16.1% of the total portfolio NLA respectively.

In terms of committed gross rental income, approximately 5.7%, 16.9% and 17.3% of leases are due for renewal in 2015, 2016 and 2017 respectively.

PORTFOLIO STATISTICS

	As at 31 December 2014	As at 31 December 2013
NLA ²	3,319,962 sf 308,432 sm \$8.2 billion	3,095,906 sf 287,617 sm \$7.2 billion
Valuation ³	289	263
Number of tenants ⁴	2,279	1,924
Number of carpark lots ⁵	99.3%	99.8%
Committed occupancy	6.1 years	6.5 years
Weighted average lease expiry		

² NLA excludes the office tower and its annexe being built on the Old Treasury Building site in Perth. Completion is expected in 2H 2015.

³ Includes valuation of Keppel REIT's 50% interest in the office tower and its annexe being built on the Old Treasury Building site in Perth on an "as-is" basis.

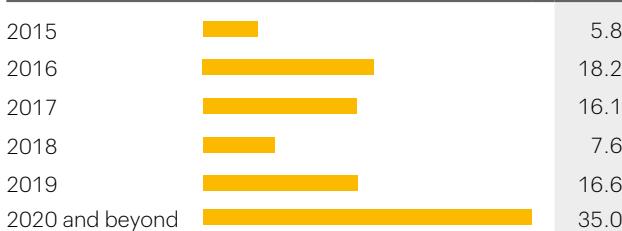
⁴ Tenants located in more than one property are counted as one tenant when computing the total number of tenants.

⁵ Refers to the total number of carpark lots in the buildings, and excludes carpark lots owned and managed by the respective management corporations.

PORTFOLIO LEASE EXPIRY BY NLA

as at 31 December 2014

%



PORTFOLIO RENT REVIEW BY NLA

as at 31 December 2014

%



PORTFOLIO LEASE EXPIRY BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014

%



PORTFOLIO RENT REVIEW BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014

%



HEALTHY RENT REVIEW PROFILE

The Manager structures leases with regular rent reviews to ensure that the rental rates remain relevant to current market levels. These leases are reviewed at regular intervals and the rents are adjusted to the prevailing market rates.

Leases based on committed NLA that are due for review in 2015, 2016 and 2017 account for 6.9%, 4.9% and 4.0% of the total portfolio NLA respectively.

In terms of committed gross rental income, approximately 7.6%, 6.6% and 3.8% of leases are due for review in 2015, 2016 and 2017 respectively.

PORTFOLIO OCCUPANCY BY COMMITTED NLA

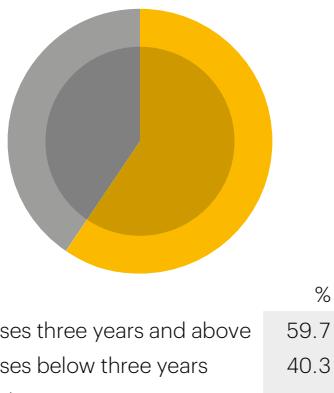
as at 31 December 2014



¹ Includes office Towers 1, 2 and 3 and Marina Bay Link Mall

PORTFOLIO COMMITTED NLA BY LEASE TERM¹

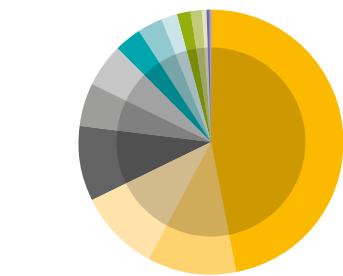
as at 31 December 2014



¹ Remaining lease term to expiry

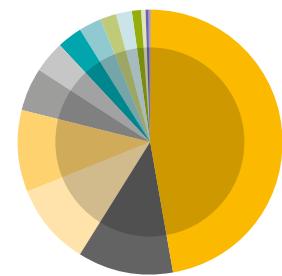
TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED NLA

as at 31 December 2014



TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014



TOP 10 TENANTS BY TOTAL COMMITTED MONTHLY GROSS RENT

Tenant	% of Total Committed Monthly Gross Rent ¹	% of Total Committed NLA ²	Business Sector	Building ²
1 DBS Bank	5.7%	6.2%	Banking, insurance & financial services	MBFC
2 Standard Chartered Bank	5.3%	5.1%	Banking, insurance & financial services	MBFC
3 Australia and New Zealand Banking Group	5.1%	6.4%	Banking, insurance & financial services	OFC
4 Telstra Corporation	3.7%	4.7%	TMT	275GS
5 BHP Billiton	3.5%	2.3%	Energy & natural resources	MBFC
6 Deutsche Bank	3.3%	2.8%	Banking, insurance & financial services	ORQ
7 Ernst & Young	3.1%	4.3%	Accounting & consultancy services	ORQ, 8EX
8 BNP Paribas	3.1%	3.0%	Banking, insurance & financial services	OFC
9 Barclays	2.9%	3.1%	Banking, insurance & financial services	MBFC
10 UBS	2.8%	3.1%	Banking, insurance & financial services	ORQ, 8EX
	38.5%	41.0%		

¹ Based on Keppel REIT's interest in respective properties² MBFC: Comprises Marina Bay Financial Centre office Towers 1, 2 and 3 and Marina Bay Link Mall, OFC: Ocean Financial Centre, 275GS: 275 George Street, ORQ: One Raffles Quay, 8EX: 8 Exhibition Street**WEIGHTED AVERAGE LEASE EXPIRY BY NLA**

as at 31 December 2014

years

**HEALTHY WEIGHTED AVERAGE LEASE EXPIRY (WALE)**

The weighted average lease term to expiries for Keppel REIT's top 10 tenants and overall portfolio are 9.0 years and 6.1 years respectively. A long WALE ensures sustainable income for Keppel REIT's Unitholders.

The committed portfolio NLA with remaining lease term of three years or more is approximately 60%.

DIVERSIFIED TENANT PROFILE

Healthy leasing during the year as well as the addition of MBFC Tower 3 saw the number of tenants in Keppel REIT's portfolio increase from 263 as at end-2013 to 289 as at end-2014.

Keppel REIT continues to maintain a well-diversified tenant profile with established corporations from various business sectors such as the banking, insurance and financial services; technology, media and telecommunications (TMT); legal; energy and natural resources as well as real estate and property services.

In 2014, Keppel REIT saw over 50% of new leases coming from non-banking industries including the TMT sector, which accounted for over 20% of the take-up.

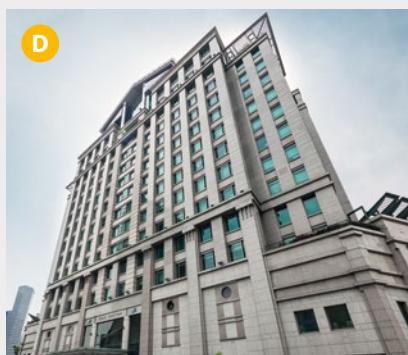
New take-up from firms in the TMT sector at Keppel REIT's properties more than doubled that of 2013 as these companies chose to locate at prime business addresses.

TOP TEN TENANTS

Keppel REIT's top 10 tenants are diversified across eight office towers in Singapore and Australia. Together, they account for 38.5% of the monthly gross rental income and occupy 41% of the total committed NLA.

The top three tenants in terms of monthly gross rent and total committed NLA as at end-2014 were DBS Bank at MBFC Tower 3, Standard Chartered Bank at MBFC Tower 1 and Australia and New Zealand Banking Group at Ocean Financial Centre.

LOCATION OF SINGAPORE PROPERTIES



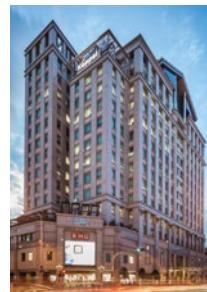
- Core CBD
- East West Line
- North South Line
- Downtown Line
- Circle Line
- North East Line

OFFICE

- A. Ocean Financial Centre
- B. One Raffles Quay
- C. Marina Bay Financial Centre
- D. Bugis Junction Towers

MRT STATION

1. Raffles Place
2. Telok Ayer
3. Downtown
4. Bayfront
5. Chinatown
6. Promenade
7. Esplanade
8. Bras Basah
9. City Hall
10. Dhoby Ghaut
11. Somerset
12. Bugis
13. Outram Park
14. Clarke Quay



SINGAPORE

Property	Ocean Financial Centre³	Marina Bay Financial Centre^{3,6}	One Raffles Quay³	Bugis Junction Towers
Location	10 Collyer Quay, Singapore 049315	8, 8A, 10 and 12 Marina Boulevard, Singapore 018981-4	1 Raffles Quay, Singapore 048583	230 Victoria Street, Singapore 188024
Title	Leasehold interest of 99 years expiring 13 December 2110	Leasehold estate of 99 years expiring 10 October 2104 ⁷ Leasehold estate of 99 years expiring 7 March 2106 ⁸	Leasehold estate of 99 years expiring 12 June 2100	Leasehold estate of 99 years expiring 9 September 2089
Ownership Interest	99.9%	33.3%	33.3%	100%
Acquisition Date	14 December 2011 ⁴ 25 June 2012 ⁴	15 December 2010 ⁷ 16 December 2014 ⁸	10 December 2007	26 April 2006
Purchase Price	\$2,298.8 million ⁵	\$1,426.8 million ⁷ \$1,248.0 million ⁸	\$941.5 million	\$159.5 million
Valuation¹	\$2,560 million \$2,894 psf	\$1,641 million ⁷ \$1,289 million ⁸ \$2,848 psf ⁶	\$1,228 million \$2,762 psf	\$527 million \$2,151 psf
Attributable NLA	884,525 sf 82,174 sm	1,028,719 sf 95,570 sm	444,679 sf 41,312 sm	244,989 sf 22,760 sm
Committed Occupancy	100%	98.7%	100%	100%
FY2014 Income Contribution	\$129.5 million	\$59.3 million ⁹	\$30 million	\$16.4 million
Number of Tenants	50	152	40	15
Principal Tenants	Australia and New Zealand Banking Group, BNP Paribas, Drew & Napier	DBS Bank, Standard Chartered Bank, BHP Billiton	Deutsche Bank, Ernst & Young, UBS	Keppel Land, International Enterprise Singapore, InterContinental Hotels Group
Number of Carpark Lots²	224	1,054	713	648

¹ Valuation as at 31 December 2014 based on Keppel REIT's interest in the respective properties.² Refers to the total number of carpark lots in the buildings, and includes carpark lots owned and managed by the respective management corporations.³ Refers to Keppel REIT's respective interest in the development and not as a whole unless otherwise stated.⁴ The 87.5% interest of the building was acquired on 14 December 2011 and 12.4% interest of the building was acquired on 25 June 2012.⁵ Based on purchase price of \$2,013.1 million at 14 December 2011 and \$285.7 million as at 25 June 2012.⁶ Comprises Marina Bay Financial Centre (MFBC) office Towers 1, 2 and 3 and Marina Bay Link Mall (MBLM).⁷ Refers to MBFC Towers 1 and 2 and MBLM.⁸ Refers to MBFC Tower 3.⁹ Includes income from MBFC Towers 1 and 2 and MBLM, and only a two-week income contribution from MBFC Tower 3, which was acquired on 16 December 2014.



Property	8 Chifley Square³	77 King Street Office Tower	8 Exhibition Street³	275 George Street³	Office tower on the Old Treasury Building site^{3,4}
Location	8 Chifley Square New South Wales 2000 Sydney	77 King Street New South Wales 2000 Sydney	8 Exhibition Street Victoria 3000 Melbourne	275 George Street Queensland 4000 Brisbane	28 Barrack Street and 585 Hay Street Western Australia 6000 Perth
Title	Leasehold estate of 99 years expiring 5 April 2105	Freehold	Freehold	Freehold	Leasehold estate of 99 years ⁵
Ownership Interest	50%	100%	50%	50%	50%
Acquisition Date	28 July 2011	21 December 2010	1 August 2013	1 March 2010	28 March 2013
Purchase Price	\$197.8 million	\$147.2 million	\$192.4 million	\$209.4 million	\$183.2 million ^{2,6}
Valuation^{1,2}	\$205.9 million \$1,977 psf	\$139.9 million \$954 psf	\$194.3 million \$804 psf	\$213.7 million \$951 psf	\$197 million ⁷ \$1,189 psf
Attributable NLA	104,138 sf 9,675 sm	146,624 sf 13,622 sm	241,600 sf 22,445 sm	224,688 sf 20,874 sm	165,685 sf 15,393 sm
Committed Occupancy	100%	92.5%	100%	100%	98.2%
FY 2014 Income Contribution	\$11.4 million	\$9.1 million	\$13.1 million	\$16.9 million	\$10.6 million
Number of Tenants	8	13	19	8	1 ⁸
Principal Tenants	Corrs Chambers Westgarth, Quantum Group, QBE Insurance Group	Apple, Capgemini Australia, Facebook	Ernst & Young, UBS, AECOM	Telstra Corporation, Queensland Gas Company	Government of Western Australia
Number of Carpark Lots	32	12	-	244	206

¹ Valuation as at 31 December 2014 based on Keppel REIT's interest in the respective properties.

² Based on the exchange rate of A\$1 = S\$1.11.

³ Refers to Keppel REIT's respective interest in the development and not as a whole unless otherwise stated.

⁴ The office tower and its annexe on the Old Treasury Building site is currently under construction and is expected to be completed in 2H 2015.

⁵ The 99-year leasehold tenure will commence on the date of practical completion of the property.

⁶ The consideration for the transaction will be A\$165 million subject to adjustment based on the adjusted net operating income achieved by the property in the first year capitalised at the agreed rate of 7.15% per annum.

⁷ Valuation as at 31 December 2014 based on completed basis.

⁸ Refers to the pre-committed lease at the office tower.

01 |



OCEAN FINANCIAL CENTRE

Strategically located at the intersection of the Raffles Place and Marina Bay business precincts, Ocean Financial Centre offers approximately 885,000 sf of premium space. Standing tall at 43 storeys, the building comprises floor-plates of between 20,000 sf to 25,000 sf. It obtained its Certificate of Statutory Completion on 27 June 2014.

Tenants and those working in the vicinity can enjoy a variety of dining options and ancillary services at Ocean Colours, which is located on the ground and basement levels of Ocean Financial Centre.

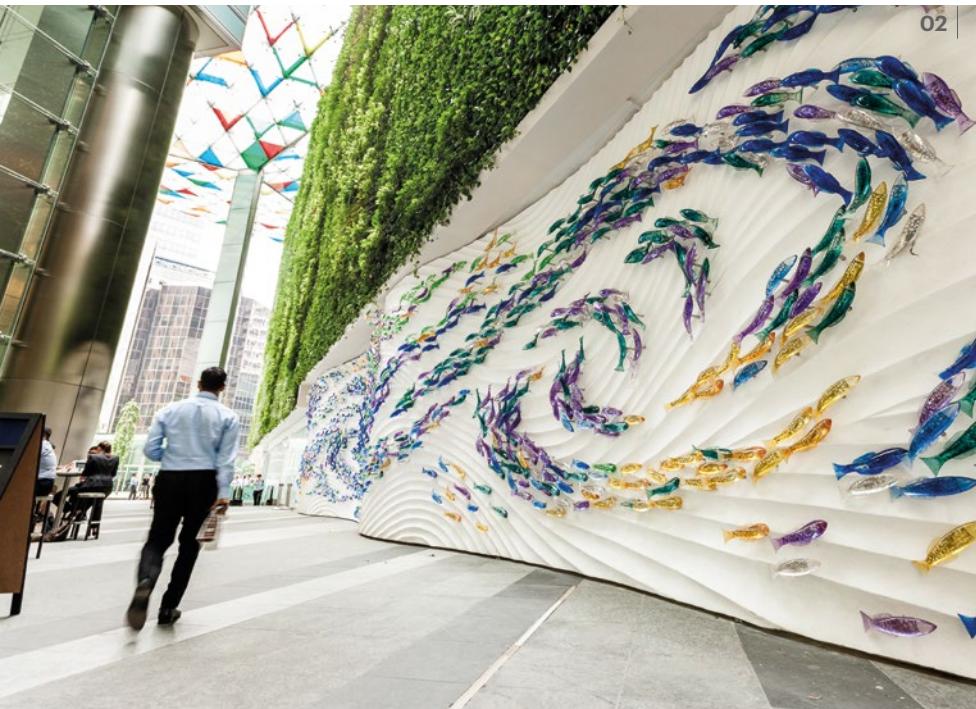
An underground pedestrian network connects Ocean Financial Centre to the Raffles Place MRT interchange station and surrounding office buildings.

As at end-2014, Ocean Financial Centre achieved 100% committed occupancy and is the preferred business address for major financial institutions and multinational corporations.

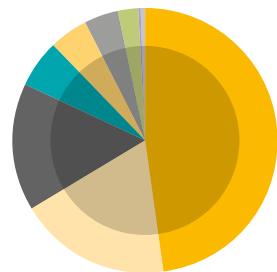
For its outstanding features and architecture, Ocean Financial Centre was conferred the Gold award in the Best Innovative Green Building category at the MIPIM Asia Award 2014. It was also named a Water Efficient Building (Silver Award) by PUB.

TOP FIVE TENANTS as at 31 December 2014

	% of Total Committed Monthly Gross Rent
Australia and New Zealand Banking Group	18.8%
BNP Paribas	11.4%
Drew & Napier	9.2%
Trafigura	6.7%
BNP Paribas Wealth Management	6.3%



TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT
as at 31 December 2014



KEY STATISTICS

as at 31 December 2014

Location	10 Collyer Quay, Singapore 049315
Ownership Interest	99.9%
Attributable NLA	884,525 sf 82,174 sm
Title	Leasehold interest of 99 years expiring 13 December 2110
Committed Occupancy	100%
Acquisition Date ¹	14 December 2011 and 25 June 2012
Valuation	\$2,560 million ²
Number of Tenants	50
Number of Carpark Lots	224
FY 2014 Income Contribution	\$129.5 million ³

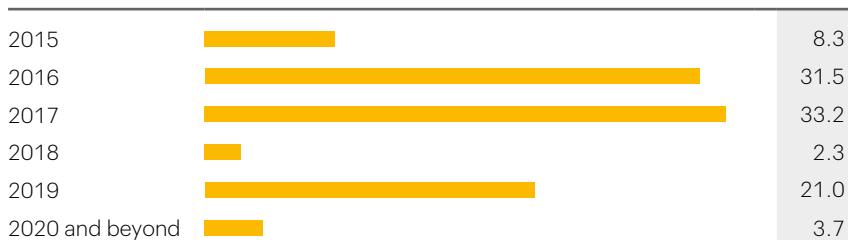
¹ The 87.5% and 12.4% interest of the building were acquired on 14 December 2011 and 25 June 2012 respectively.

² Valuation as at 31 December 2014 based on Keppel REIT's interest in the property.

³ Includes rental support from Keppel REIT's 99.9% interest in Ocean Properties Limited Liability Partnership.

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014



01 & 02

For its outstanding features and architecture, Ocean Financial Centre was named the Best Innovative Green Building (Gold Award) at the MIPIM Asia Award 2014.

01 |

MARINA BAY FINANCIAL CENTRE

Marina Bay Financial Centre (MBFC) is an integrated development which comprises three office Towers 1, 2 and 3; two residential developments – Marina Bay Residences and Marina Bay Suites; as well as a subterranean retail mall, Marina Bay Link Mall.

Designed by world-renowned New York-based architect Kohn Pedersen Fox Associates, MBFC Towers 1, 2 and 3 stand tall at 33-, 50- and 46-storeys respectively and offer a total of approximately 3 million sf of prime office space. Tenants enjoy large column-free office space of approximately 20,000 sf to 45,000 sf.

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.

Positioned as Asia's Best Business Address™, 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.

MBFC Tower 3 was conferred the Green Mark Gold^{Plus} Award by the Building and Construction Authority (BCA) of Singapore. The development also won the Workplace Safety and Health (WSH) Performance Award at the national WSH awards 2014.

TOP FIVE TENANTS as at 31 December 2014

	% of Total Committed Monthly Gross Rent
DBS Bank	16.7
Standard Chartered Bank	15.5
BHP Billiton	10.2
Barclays	8.5
Macquarie Capital Securities	3.6

KEY STATISTICS

as at 31 December 2014

Location	8, 8A, 10 and 12 Marina Boulevard, Singapore 018981-4
Ownership Interest	33.3%
Attributable NLA	1,028,719 sf 95,570 sm
Title	Leasehold estate of 99 years expiring 10 October 2104 ² Leasehold estate of 99 years expiring 7 March 2106 ³
Committed Occupancy	98.7%
Acquisition Date	15 December 2010 ² 16 December 2014 ³
Valuation ¹	\$1,641 million ² \$1,289 million ³
Number of Tenants	152
Number of Carpark Lots	1,054
FY 2014 Income Contribution	\$59.3 million ⁴

¹ Valuation as at 31 December 2014 based on Keppel REIT's interest in the property.

² Refers to MBFC Towers 1 and 2 and Marina Bay Link Mall

³ Refers to MBFC Tower 3

⁴ Includes rental support, interest income and dividend income from Keppel REIT's one-third interest in BFCDLLP, which owns MBFC Towers 1 and 2 and Marina Bay Link Mall, and only a two-week contribution from CBDPL, which owns MBFC Tower 3.

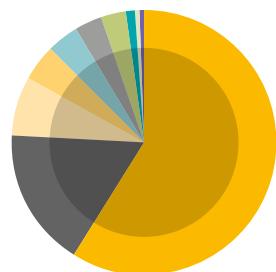
LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014



TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014



	%
Banking, insurance & financial services	59.1
Energy & natural resources	16.8
Legal	7.3
TMT	4.5
Others	3.7
Real estate & property services	3.4
F&B	3.1
Services	1.0
Retail (Exclude F&B and Services)	0.6
Shipping & marine services	0.5
Total	100.0



01

Positioned as Asia's Best Business Address™, MBFC is located on prime waterfront land in Singapore's new financial district.

02

Following the acquisition of Tower 3, Keppel REIT owns a one-third interest in all three office towers at MBFC and Marina Bay Link Mall.

01 |



ONE RAFFLES QUAY

A landmark 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 sf, while the 29-storey South Tower offers approximately 30,000 sf of floor space. Together, both towers offer over 1.3 million sf of Grade A office space.

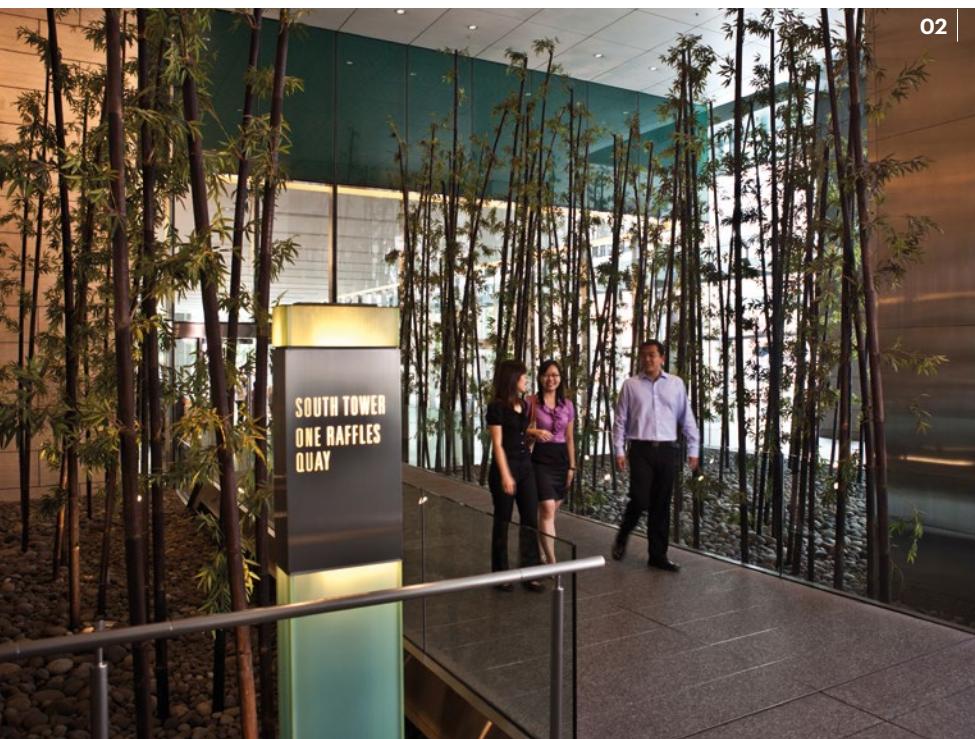
The North and South Towers are connected by a podium plaza. Spacious and thoughtfully-designed, the plaza provides a meeting point for tenants and visitors alike.

One Raffles Quay also features retail shops and dining outlets in the underground pedestrian walkway that connects the development to the Raffles Place MRT interchange station and surrounding office buildings.

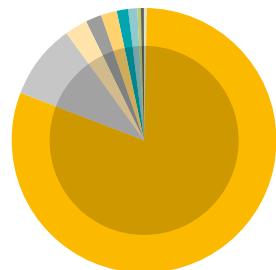
The prime office development received the Water Efficient Building (Silver Award) by PUB in 2014.

TOP FIVE TENANTS as at 31 December 2014

	% of Total Committed Monthly Gross Rent
Deutsche Bank	22.0
UBS	15.3
Royal Bank of Scotland	9.9
Ernst & Young	9.2
Barclays	7.1



TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT
as at 31 December 2014



	%
Banking, insurance & financial services	81.0
Accounting & consultancy services	9.2
Legal	2.6
Real estate & property services	2.1
TMT	1.8
Services	1.4
Others	1.1
F&B	0.5
Energy & natural resources	0.2
Retail (Exclude F&B and Services)	0.1
Total	100.0

KEY STATISTICS

as at 31 December 2014

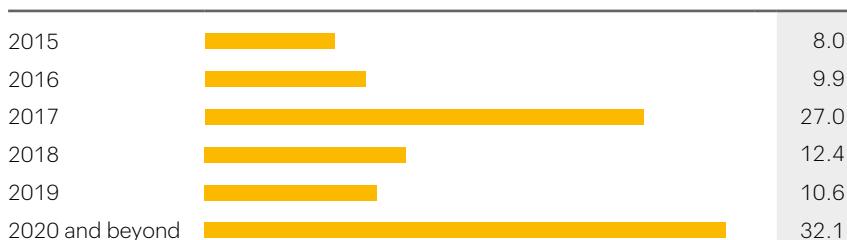
Location	1 Raffles Quay, Singapore 048583
Ownership Interest	33.3%
Attributable NLA	444,679 sf 41,312 sm
Title	Leasehold estate of 99 years expiring 12 June 2100
Committed Occupancy	100%
Acquisition Date	10 December 2007
Valuation	\$1,228 million ¹
Number of Tenants	40
Number of Carpark Lots	713
FY 2014 Income Contribution	\$30 million ²

¹ Valuation as at 31 December 2014 based on Keppel REIT's interest in the property.

² Includes interest income and dividend income from Keppel REIT's one-third interest in ORQPL, which owns One Raffles Quay.

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014



01 & 02

One Raffles Quay, with its large column-free floor-plates, offers tenants flexible and efficient use of space.

01 |

BUGIS JUNCTION TOWERS

Located along Victoria Street, Bugis Junction Towers sits right above the Bugis MRT interchange station.

The office tower, which offers approximately 245,000 sf of space, is part of the integrated mixed-use development which also includes the Bugis Junction retail mall and the five-star InterContinental Singapore.

In end-2014, Bugis Junction Towers underwent improvement works to the lobby area. New features including a concierge and security turnstile system were introduced. The waiting area was also refreshed and incorporates an indoor green wall, which adds to the building's overall aesthetics.

With floor-plates of approximately 20,000 sf, Bugis Junction Towers is fully leased to leading corporations such as Keppel Land, International Enterprise Singapore and InterContinental Hotels Group.

The building was conferred the highest BCA Green Mark Platinum Award in 2014.



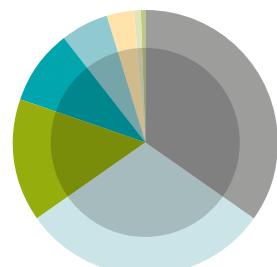
TOP FIVE TENANTS as at 31 December 2014

	% of Total Committed Monthly Gross Rent
Keppel Land	31.8
International Enterprise Singapore	30.6
InterContinental Hotels Group	12.6
JV Fitness	9.3
Shenton Holdings	2.5



02 |

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT
as at 31 December 2014



%

Real estate & property services	34.8
Government agency	30.6
Hospitality & leisure	14.9
Services	9.3
Others	5.9
Legal	3.2
Retail (Exclude F&B and Services)	0.8
F&B	0.5
Total	100.0

KEY STATISTICS

as at 31 December 2014

Location	230 Victoria Street, Singapore 188024
Ownership Interest	100%
Attributable NLA	244,989 sf 22,760 sm
Title	Leasehold estate of 99 years expiring 9 September 2089
Committed Occupancy	100%
Acquisition Date	26 April 2006
Valuation	\$527 million ¹
Number of Tenants	15
Number of Carpark Lots ²	648
FY 2014 Income Contribution	\$16.4 million

¹ Valuation as at 31 December 2014 based on Keppel REIT's interest in the property.² Carpark lots are owned and managed by the management corporation.

01

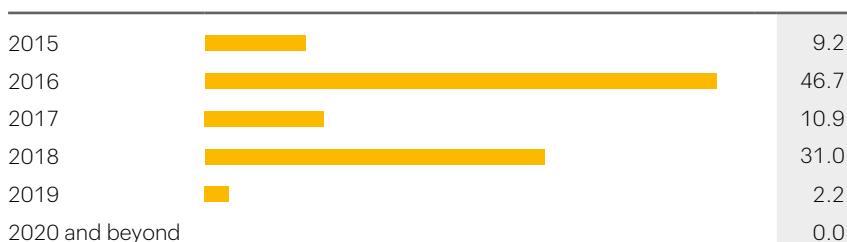
Bugis Junction Towers is part of the integrated mixed-use development and is located just above the Bugis MRT interchange station.

02

Tenants and visitors can enjoy respite at the refreshed lobby at Bugis Junction Towers.

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014





01 |

8 CHIFLEY SQUARE

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 34-storey premium grade office tower offers approximately 210,000 sf of NLA. 8 Chifley Square boasts a revolutionary workplace design and is one of the first buildings in Australia to feature the innovative vertical village concept, providing tenants with unparalleled connectivity and interaction.

8 Chifley Square, with its modern façade and unique architecture, offers unobstructed views of Sydney's cityscape. The building is 100% leased to leading Australian companies such as Corrs Chambers Westgarth, Quantum and QBE.

It is one of the few commercial buildings in Australia to be awarded the 6-Star Green Star – Office Design v2 rating by the Green Building Council of Australia in 2012.

In 2014, 8 Chifley Square was conferred several accolades including the National Award for Commercial Architecture Category by the Australian Institute of Architects and the Property Development Award at the Australian Property Institute NSW Excellence in Property Awards.

TOP FIVE TENANTS as at 31 December 2014

	% of Total Committed Monthly Gross Rent
Corrs Chambers Westgarth	40.8
Quantum Group	28.5
QBE Insurance Group	16.0
PPB Advisory	11.3
Natixis	2.5

KEY STATISTICS

as at 31 December 2014

Location	8 Chifley Square, New South Wales 2000, Sydney
Ownership Interest	50%
Attributable NLA	104,138 sf 9,675 sm
Title	Leasehold estate of 99 years expiring 5 April 2105
Committed Occupancy	100%
Acquisition Date	28 July 2011
Valuation	\$205.9 million ^{1,2}
Number of Tenants	8
Number of Carpark Lots	32
FY 2014 Income Contribution	\$11.4 million ³

¹ Valuation as at 31 December 2014 based on Keppel REIT's interest in the property.

² Based on the exchange rate of A\$1 = S\$1.11.

³ Refers to interest income and distribution income.

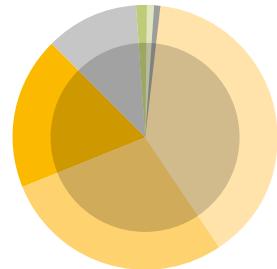
LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014



TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014



	%
Legal	40.8
TMT	28.5
Banking, insurance & financial services	18.5
Accounting & consultancy services	11.3
F&B	0.7
Retail (Exclude F&B and Services)	0.1
Real estate & property services	0.1
Total	100.0



01 & 02

8 Chifley Square is one of only a few commercial buildings in Australia to feature the innovative vertical village concept.

01 |



77 KING STREET OFFICE TOWER

Located at the junction of George Street and King Street, 77 King Street is a freehold Grade A commercial building in Sydney's CBD.

The building, which offers approximately 147,000 sf of NLA, is conveniently located close to major CityRail Stations including Wynyard, Martin Place and Town Hall.

77 King Street comprises 18 levels of offices and two basement levels of retail space. Its tenants include those from the TMT sector such as Apple, Facebook and Capgemini.

Featuring a modern façade, 77 King Street incorporates energy-efficient fittings and fixtures such as chilled beam air-conditioning that not only minimises utility expenses, but also cools the interiors.

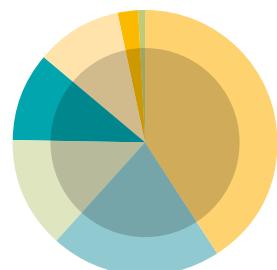
Its innovative and thoughtful features have earned 77 King Street a 4.5-STAR NABERS rating.

TOP FIVE TENANTS as at 31 December 2014

	% of Total Committed Monthly Gross Rent
Rebel Sport	13.6
Apple	12.9
Capgemini Australia	11.0
Drake Australia	10.8
Facebook	10.1



TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT
as at 31 December 2014



	%
TMT	41.0
Others	20.8
Retail (Exclude F&B and Services)	13.6
Services	10.8
Legal	10.7
Banking, insurance & financial services	2.3
F&B	0.8
Total	100.0

KEY STATISTICS

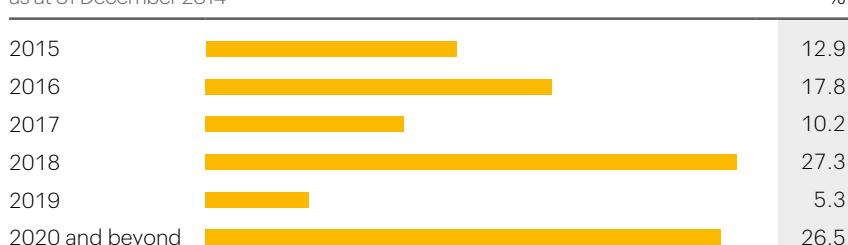
as at 31 December 2014

Location	77 King Street, New South Wales 2000, Sydney
Ownership Interest	100%
Attributable NLA	146,624 sf 13,622 sm
Title	Freehold
Committed Occupancy	92.5%
Acquisition Date	21 December 2010
Valuation	\$139.9 million ^{1,2}
Number of Tenants	13
Number of Carpark Lots	12
FY 2014 Income Contribution	\$9.1 million

¹ Valuation as at 31 December 2014 based on Keppel REIT's interest in the property.

² Based on the exchange rate of A\$1 = S\$1.11.

**LEASE EXPIRY PROFILE
BY COMMITTED MONTHLY GROSS RENT**
as at 31 December 2014



01 & 02

Located in Sydney's CBD, 77 King Street is the preferred business address for TMT corporations including Apple, Facebook and Capgemini.

01 |



8 EXHIBITION STREET

One of the city's architectural landmarks, 8 Exhibition Street is located in the prime part of Melbourne's CBD.

Rising above the historic Herald and Weekly Times Building, the 35-storey freehold premium grade commercial building has a total NLA of over 483,000 sf, 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.

The property offers tenants panoramic views of famous Melbourne landmarks such as the Yarra River and the Royal Botanical Gardens.

For its efficient design technology and innovative green solutions, 8 Exhibition Street was recertified with a 4.5 star NABERS energy rating in 2014.

TOP FIVE TENANTS as at 31 December 2014

	% of Total Committed Monthly Gross Rent
Ernst & Young	38.0
UBS	11.3
AECOM	10.2
CBRE	6.7
National Australia Bank Limited	5.5

KEY STATISTICS

as at 31 December 2014

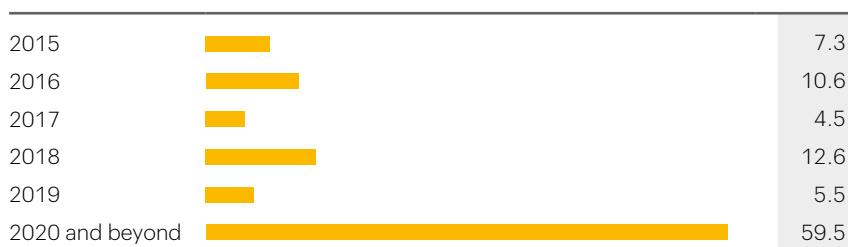
Location	8 Exhibition Street, Victoria 3000, Melbourne
Ownership Interest	50%
Attributable NLA	241,600 sf 22,445 sm
Title	Freehold
Committed Occupancy	100%
Acquisition Date	1 August 2013
Valuation	\$194.3 million ^{1,2}
Number of Tenants	19
Number of Carpark Lots	-
FY 2014 Income Contribution	\$13.1 million

¹ Valuation as at 31 December 2014 based on Keppel REIT's interest in the property.

² Based on the exchange rate of A\$1 = S\$1.11.

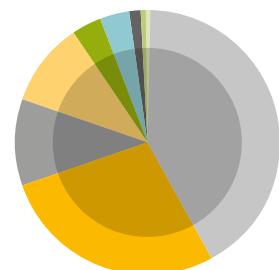
LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014



TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT

as at 31 December 2014



	%
Accounting & consultancy services	42.1
Banking, insurance & financial services	27.7
Real estate & property services	10.7
TMT	10.2
Hospitality & leisure	3.7
Others	3.6
Energy & natural resources	1.2
F&B	0.4
Retail (Exclude F&B and Services)	0.4
Total	100.0



01

Tenants of 8 Exhibition Street enjoy great accessibility via various public transportation nodes and road systems.

02

Well-designed office space enable tenants to optimise their working environment.



01

275 GEORGE STREET

Keppel REIT owns a 50% interest as tenant-in-common in 275 George Street.

The freehold 30-storey Grade A building, which offers about 450,000 sf 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.

The building, which enjoys spectacular views of the Brisbane River and cityscape, is 100% leased to well-established tenants including Telstra Corporation and Queensland Gas Company.

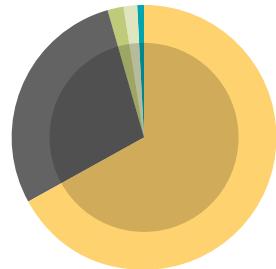
275 George Street has achieved both the 5-Star Green Star - Office Design and As Built v2 ratings. In 2014, the property was awarded a 5-Star NABERS Energy base building rating.

TOP FIVE TENANTS as at 31 December 2014

	% of Total Committed Monthly Gross Rent
Telstra Corporation	66.8
Queensland Gas Company	28.5
Savilo	1.9
UBER	1.0
ASN Retail Developments & Kooringa Enterprises	0.6



TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT
as at 31 December 2014



	%
TMT	67.2
Energy & natural resources	28.5
F&B	1.9
Retail (Exclude F&B and Services)	1.6
Services	0.8
Total	100.0

KEY STATISTICS

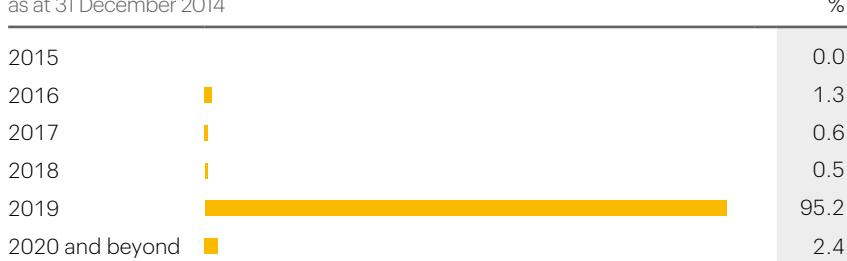
as at 31 December 2014

Location	275 George Street, Queensland 4000, Brisbane
Ownership Interest	50%
Attributable NLA	224,688 sf 20,874 sm
Title	Freehold
Committed Occupancy	100%
Acquisition Date	1 March 2010
Valuation	\$213.7 million ^{1,2}
Number of Tenants	8
Number of Carpark Lots	244
FY 2014 Income Contribution	\$16.9 million

¹ Valuation as at 31 December 2014 based on Keppel REIT's interest in the property.

² Based on the exchange rate of A\$1 = S\$1.11.

**LEASE EXPIRY PROFILE
BY COMMITTED MONTHLY GROSS RENT**
as at 31 December 2014



01 & 02

275 George Street
is 100% leased to
well-established
tenants including
Telstra Corporation
and Queensland
Gas Company.

01 |

OFFICE TOWER ON THE OLD TREASURY BUILDING SITE

Keppel REIT acquired a 50% interest in the office tower and its annexe being built on the landmark site of the Old Treasury Building in Perth, Western Australia (WA), in March 2013.

The development, which has an estimated total NLA of over 331,000 sf, comprises a 35-storey office tower and its annexe at 585 Hay Street.

Strategically located in Perth's CBD at the junction of Barrack Street and St Georges Terrace, the office tower is 100% pre-committed with a 25-year lease to the Government of WA.

Upon completion, the building is expected to achieve the 5-Star Green Star v3 rating from the Green Building Council of Australia and 4.5-Star NABERS energy rating.



KEY STATISTICS

as at 31 December 2014

Location	28 Barrack Street and 585 Hay Street, Western Australia 6000, Perth
Ownership Interest	50%
Attributable NLA	165,685 sf 15,393 sm
Title	Leasehold estate of 99 years ¹
Committed Occupancy	98.2%
Acquisition Date	28 March 2013
Valuation	\$197 million ²
Number of Tenants	1 ³
Number of Carpark Lots	206
FY 2014 Income Contribution	\$10.6 million ⁴

¹ The 99-year leasehold tenure will commence on the date of practical completion of the property which is expected in 2H 2015.

² Valuation as at 31 December 2014 based on completed basis and exchange rate of A\$1 = S\$1.11.

³ Refers to the pre-committed lease at the office tower.

⁴ Refers to interest income and distribution income.



01 & 02

Construction of the office tower at the Old Treasury Building site in Perth, Western Australia, is well on-track for completion in 2H 2015 (Image 02 as at end-2014).

Financial Review

Stronger performance from Ocean Financial Centre and the full-year contribution from 8 Exhibition Street supported NPI growth in 2014.

NET PROPERTY INCOME

9.5%

Grew 9.5% year-on-year to \$151.4 million for FY 2014.

DISTRIBUTABLE INCOME

\$206.1m

Income available for distribution for FY 2014.

Keppel REIT recorded a distributable income of \$206.1 million for the financial year ended 31 December 2014 (FY 2014) despite lesser income contribution from Prudential Tower, which was divested in 3Q 2014 and only a two-week contribution from Marina Bay Financial Centre (MBFC) Tower 3.

Net property income (NPI) grew by 9.5% year-on-year (y-o-y) to \$151.4 million on the back of higher income from Ocean Financial Centre and the full-year contribution from 8 Exhibition Street in Melbourne. The stronger performance of these assets more than offset the impact of lower income from the divested Prudential Tower.

Excluding the one-off impact from the divestment of Prudential Tower, Keppel REIT achieved a y-o-y NPI growth of approximately 12%.

PORTFOLIO TRANSFORMATION VIA DIVESTMENT AND ACQUISITION

On 26 September 2014, Keppel REIT divested its 92.8% interest in Prudential Tower, for an aggregate consideration of \$512 million. This resulted in a divestment gain of \$16.2 million.

On 16 December 2014, Keppel REIT acquired one-third of the issued share capital in Central Boulevard Development Pte. Ltd. (CBDPL), which holds MBFC Tower 3. The agreed value for the one-third interest in MBFC Tower 3 was \$1,248 million, which includes an approximate \$49.2 million of rental support for up to five years. Excluding the net liabilities of \$532.9 million carried at CBDPL,

the amount paid to the vendor was approximately \$715.1 million.

Keppel REIT funded the acquisition through:

- i) issuance of \$185 million worth of Units as partial consideration;
- ii) net proceeds from the placement of Units of \$224.9 million;
- iii) approximately \$185.2 million of proceeds from the divestment of Prudential Tower; and
- iv) bank borrowings of \$120 million.

As at 31 December 2014, Keppel REIT had an asset size of approximately \$8.2 billion, comprising nine quality assets with 12 office towers in Singapore and key cities of Australia.

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

The assets in Australia are a 50% interest in 8 Chifley Square (8 Chifley Square Interest) and 77 King Street Office Tower, both in Sydney, a 50% interest in the office building at 8 Exhibition Street in Melbourne (8 Exhibition Street Interest), a 50% interest in 275 George Street in Brisbane (275 George Street Interest) as well as a 50% interest in the office tower and its annexe being built on the Old Treasury Building site in Perth (Old Treasury Building Interest).

01

01

Innovation and agility will continue to drive Keppel REIT's business operations for long-term sustainable growth.



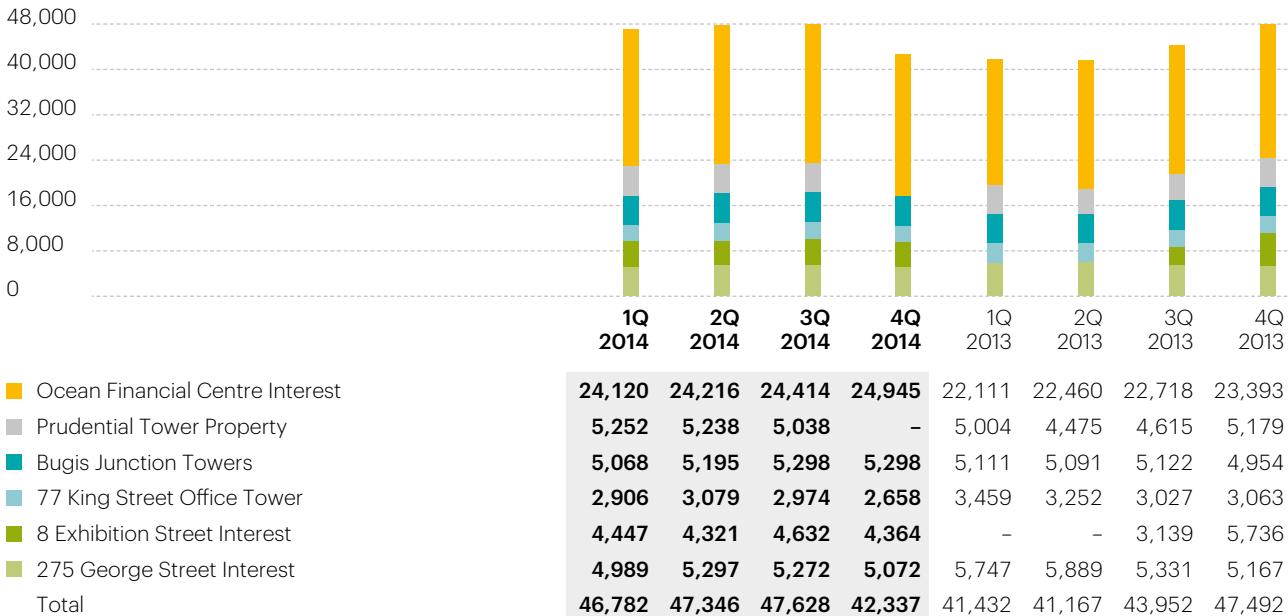
OVERVIEW

	FY 2014 \$'000	FY 2013 \$'000	Change %
Property income	184,093	174,043	5.8
Property expenses	(32,657)	(35,749)	(8.6)
Net property income	151,436	138,294	9.5
Share of results of associates	60,745	62,134	(2.2)
Share of results of joint ventures	9,848	2,103	368.3
Interest income and rental support	87,443¹	109,826 ²	(20.4)
Other operating expenses	(154,310)	(149,796)	3.0
Net income	155,162	162,561	(4.6)
Gain on divestment of investment property	16,179	-	n.m.
Net change in fair value of investment properties	212,191	389,141	(45.5)
Income tax expense	(11,630)	(16,774)	(30.7)
Total return after tax	371,902	534,928	(30.5)
Attributable to:			
– Unitholders	371,753	534,681	(30.5)
– Non-controlling interest	149	247	(39.7)
Distributable income	206,142	214,043	(3.7)

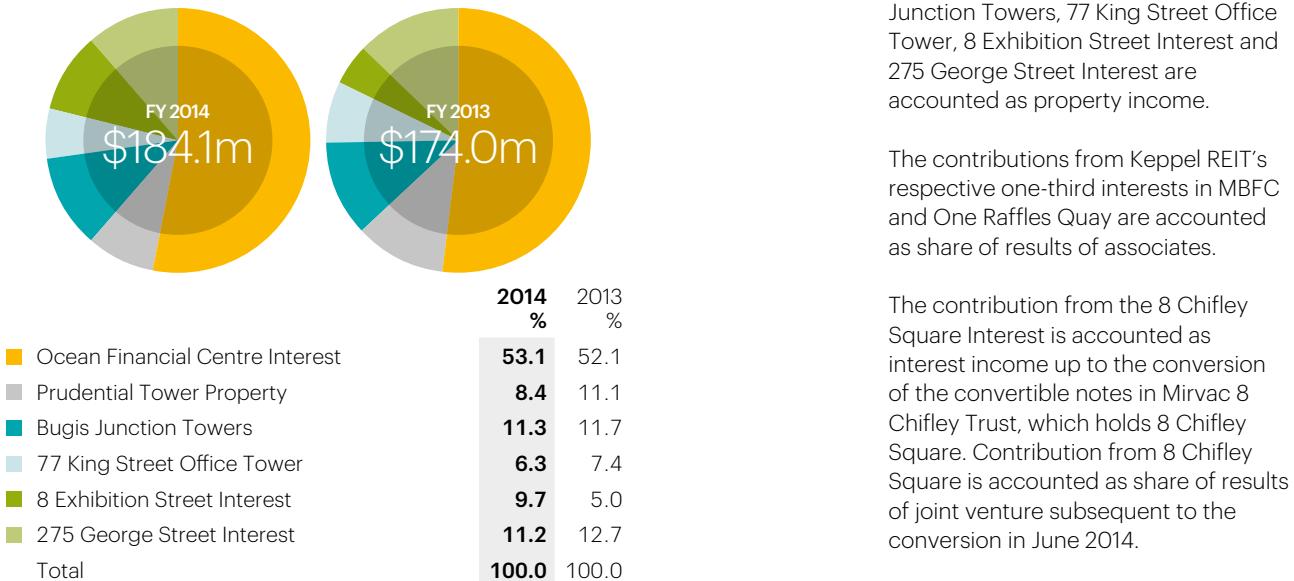
¹ Rental support in 2014 comprised rental support from vendors for the 29% interest in Prudential Tower Property, 77 King Street Office Tower, one-third interest in BFCDLLP and the Ocean Financial Centre Interest. Interest income in 2014 included contribution from the 8 Chifley Square Interest and the Old Treasury Building Interest.

² Rental support in 2013 comprised rental support from vendors for the respective 19.4% and 29% interests in Prudential Tower Property, 77 King Street Office Tower, one-third interest in BFCDLLP and the Ocean Financial Centre Interest. Interest income in 2013 included contribution from the 8 Chifley Square Interest and the Old Treasury Building Interest.

PROPERTY INCOME CONTRIBUTION BY ASSET BY QUARTER (\$'000)



PROPERTY INCOME CONTRIBUTION BY ASSET



DISTRIBUTABLE INCOME

Keppel REIT ended the year with a distributable income of \$206.1 million



in FY 2014 due to lesser income contribution arising from the divestment of Prudential Tower in 3Q 2014, only a two-week contribution from MBFC Tower 3, lower rental support and contributions from associates, higher borrowing costs, management fees and trust expenses as well as the changes in fair value of interest rate swap. These were offset by higher interest income, higher contributions from joint ventures and lower amortisation expenses.

The distributable income for FY 2013 was \$214 million.

PROPERTY INCOME

Property income in FY 2014 increased to \$184.1 million, compared with \$174 million in FY2013.

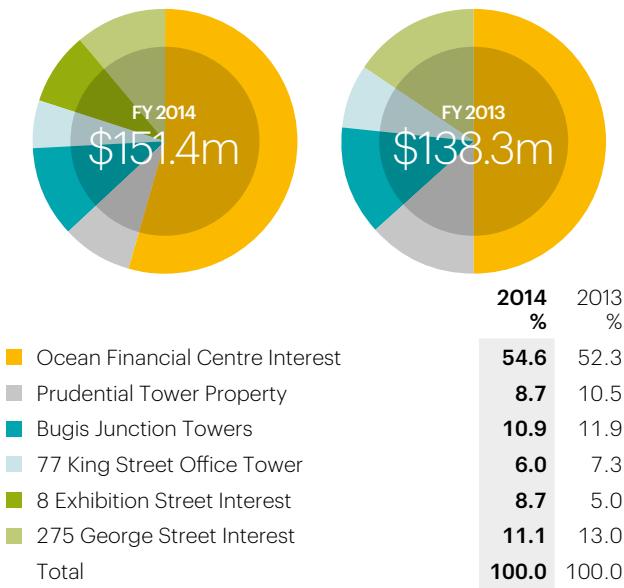
The increase was due mainly to higher property income from the Ocean Financial Centre Interest and the full-year contribution from the 8 Exhibition Street Interest acquired on 1 August 2013.

01

Keppel REIT's assets are located primarily in the prime Raffles Place and Marina Bay precincts of Singapore.

DISTRIBUTABLE INCOME BY QUARTER (\$'000)

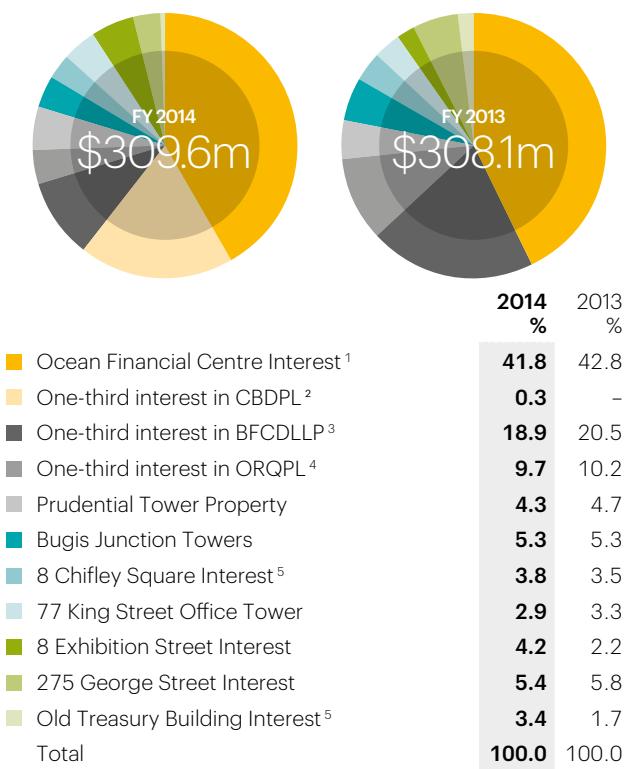
1Q 2014		55,047
2Q 2014		53,220
3Q 2014		52,027
4Q 2014		45,848
1Q 2013		52,216
2Q 2013		52,828
3Q 2013		54,079
4Q 2013		54,920

NET PROPERTY INCOME CONTRIBUTION BY ASSET**NET PROPERTY INCOME**

NPI in FY 2014 increased to \$151.4 million compared with \$138.3 million in FY 2013. The increase was due mainly to higher NPI from the Ocean Financial Centre Interest and the full-year contribution from the 8 Exhibition Street Interest acquired on 1 August 2013.

INCOME CONTRIBUTION

Income contribution comprises NPI from the Ocean Financial Centre Interest, Prudential Tower Property, Bugis Junction Towers, 77 King Street Office Tower, 8 Exhibition Street Interest and 275 George Street Interest; rental support; distribution and interest income from the 8 Chifley Square Interest and the Old Treasury Building Interest; and contributions from the one-third interests in One Raffles Quay Pte Ltd (ORQPL), BFC Development Limited Liability Partnership (BFCDLLP) and CBDPL.

INCOME CONTRIBUTION BY ASSET

Notwithstanding the divestment of Prudential Tower in 3Q 2014, Keppel REIT's income contribution for FY 2014 was \$309.6 million, an increase of \$1.5 million or 0.5% over \$308.1 million for FY 2013. This was due mainly to the full-year contribution from the 8 Exhibition Street Interest acquired on 1 August 2013, contribution from MBFC Tower 3 acquired on 16 December 2014, higher interest income from the Old Treasury Building Interest as well as increased contributions from the 8 Chifley Square Interest.

ASSETS UNDER MANAGEMENT (AUM)

Keppel REIT's total AUM as at 31 December 2014 was \$8.2 billion compared with \$7.2 billion a year ago.

The 13.7% or \$984.4 million increase in AUM was attributed to the growth in the capital value of existing properties and the addition of MBFC Tower 3.

NET ASSET VALUE (NAV)

As at 31 December 2014, Keppel REIT's NAV excluding the distributable income for the fourth quarter of FY 2014 was \$1.40.

¹ Comprised net property income and rental support.

² Comprised dividend income.

³ Comprised rental support, interest income and distribution income.

⁴ Comprised interest income and dividend income.

⁵ Comprised interest income and distribution income.

CAPITAL MANAGEMENT

The Manager adopts a prudent approach towards cash management.

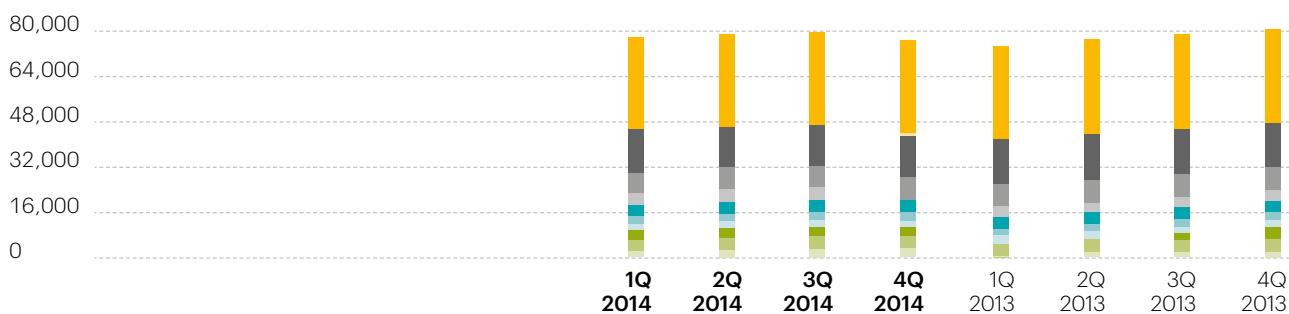
It regularly assesses and forecasts the REIT's expense requirements and potential funding needs. It monitors closely the REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and available credit facilities to meet short- to medium-term obligations.

01

Keppel REIT's Australian properties are strategically located in the key business cities of Sydney, Melbourne, Brisbane and Perth.



INCOME CONTRIBUTION BY ASSET BY QUARTER (\$'000)



¹ Comprised net property income and rental support.

² Comprised dividend income.

³ Comprised rental support, interest income and distribution income.

⁴ Comprised interest income and dividend income.

⁵ Comprised interest income and distribution income.

VALUATION OF PROPERTIES

	FY 2014 Valuation \$ million	FY 2013 Valuation \$ million	Change %
Ocean Financial Centre Interest	2,560.0¹	2,515.0 ³	1.8
One-third interest in BFCDLLP	1,641.0¹	1,609.0 ³	2.0
One-third interest in CBDPL	1,289.0¹	–	n.m.
One-third interest in ORQPL	1,228.0¹	1,200.0 ³	2.3
Prudential Tower Property	–	490.0 ³	n.m.
Bugis Junction Towers	527.0¹	504.8 ³	4.4
8 Chifley Square Interest	205.9¹	197.3 ³	4.4
77 King Street Office Tower	139.9¹	143.0 ³	(2.2)
8 Exhibition Street Interest	194.3¹	193.6 ³	0.4
275 George Street Interest	213.7¹	219.6 ³	(2.7)
Old Treasury Building Interest	186.0²	128.1 ⁴	45.2
Total	8,184.8	7,200.4	13.7

¹ Valuation as at 31 December 2014.

² Valuation as at 31 December 2014 on an "as-is" basis.

³ Valuation as at 31 December 2013.

⁴ Valuation as at 31 December 2013 on an "as-is" basis.

FUNDING AND BORROWINGS

During the financial year, Keppel REIT borrowed \$230.4 million from various banks to partially fund the acquisition of MBFC Tower 3, progressive payments for the 8 Chifley Square Interest and Old Treasury Building Interest, payment of development costs for Ocean Financial Centre and for general working capital. During the year, Keppel REIT had also repaid \$250 million of secured borrowings upon the divestment of Prudential Tower.

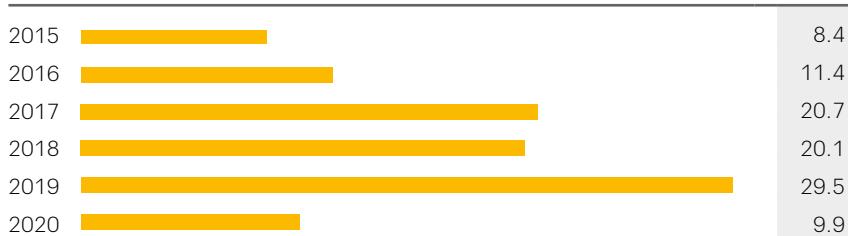
As at 31 December 2014, Keppel REIT had utilised credit facilities of \$2,672.3 million. The un-utilised credit facilities available to meet its future obligations amounted to \$437.4 million. The Group has also obtained an additional \$300 million revolving loan facility subsequent to year-end. The all-in interest rate for FY 2014 was 2.23%. The interest coverage was 5.0 times.

With respect to \$680 million of secured loan facilities, Keppel REIT has mortgaged 100% of Bugis Junction Towers and an aggregate principal amount of \$900 million in Ocean Financial Centre. In addition, Keppel REIT also granted in favour of the lenders the following:

- i. An assignment of the rights, title and interest of Keppel REIT in insurances and tenancy agreements relating to Bugis Junction Towers and Ocean Financial Centre;
- ii. An assignment of the rights, benefits, title and interest of Keppel REIT in the property sale agreement relating to Bugis Junction Towers;
- iii. Debenture creating fixed and floating charges over all assets of Keppel REIT relating to Bugis Junction Towers; and
- iv. An assignment of construction contracts and construction guarantees relating to Ocean Financial Centre.

Keppel REIT's associate, CBDPL, took a secured loan during the financial year, of which Keppel REIT's proportionate share of the loan is \$540 million. This loan is mortgaged against an aggregate principal amount of up to \$833.3 million of Keppel REIT's one-third share in MBFC Tower 3.

DEBT MATURITY PROFILE (as at 31 December 2014)



KEY STATISTICS

	As at 31 Dec 2014	As at 31 Dec 2013
Aggregate leverage ¹	43.3%	42.1%
Interest coverage ratio	5.0 times	5.5 times
Percentage of assets unencumbered	72%	75%
All-in interest rate ²	2.23%	2.15%
Weighted average term to expiry	3.6 years	3.6 years
Corporate rating ³	Baa2 / BBB	Baa2 / BBB

¹ Aggregate leverage: Ratio of gross borrowings to value of deposited properties. Gross borrowings in 2014 included Keppel REIT's share of deferred payments in relation to the development of OFC carpark and retail podium, and share of borrowings carried at ORQPL and CBDPL. Gross borrowings in 2013 included Keppel REIT's share of deferred payments in relation to the development of OFC carpark and retail podium, and share of borrowings carried at ORQPL.

² All-in interest rate includes amortisation of upfront debt arrangement expenses.

³ By Moody's Investor Services and Standards & Poor's respectively.

To diversify its funding sources and mitigate interest rate volatility, Keppel REIT issued \$50 million 3.15% fixed-rate Medium Term Notes on 11 February 2015. The Notes are due in 2022.

For the purpose of computing the aggregate leverage of 43.3% under the Property Funds Appendix of the Code on Collective Investment Schemes, Keppel REIT had included the deferred payments of approximately \$35.3 million in relation to the development of Ocean Financial Centre's carpark and retail annexe as well as Keppel REIT's proportionate share of its associates' term loans to arrive at total gross borrowings of \$3,545.3 million.

CASH FLOWS AND LIQUIDITY

As at 31 December 2014, Keppel REIT's cash and cash bank balances (including rental support received in advance held in designated accounts amounted to \$61.9 million) stood at \$199.7 million, as compared with \$90.6 million (including rental support received in advance held in designated account amounted to \$19.5 million) as at 31 December 2013.

Net cash generated from operating activities for FY 2014 was \$42.6 million. This was a decrease of \$17.7 million over the operating cash flow of \$60.3 million in the preceding financial year. The decrease was due mainly to payment of the development costs for Ocean Financial Centre.

Net cash generated from investing activities for FY 2014 was \$92.2 million. This comprised mainly of \$506.5 million of net proceeds from the divestment of Prudential Tower, \$66.4 million of dividend and distribution income received from associates, \$6.9 million of distribution income received from joint ventures, \$40.8 million of interest income and \$58.9 million of rental support received in FY 2014.

This was partially offset by \$478.2 million used for the acquisition of MBFC Tower 3 as well as \$100 million used for the progressive payments for the 8 Chifley Square Interest and Old Treasury Building Interest.

Net cash used in financing activities was \$67.4 million. This mainly included repayment of loans of \$507 million, distribution payment of \$214.9 million to Unitholders, payment of interest expense of \$56.5 million, partially offset by drawdown of loans amounting to \$487.3 million and proceeds from placement of \$228.2 million.

USE OF PLACEMENT PROCEEDS

Keppel REIT raised approximately \$228.2 million from the placement of 195 million Units at an issue price of \$1.17 per Unit in September 2014.

The placement proceeds had been utilised as follows:

- i. \$224.9 million for the acquisition of the one-third interest in MBFC Tower 3;
- ii. Approximately \$3.3 million for fees and expenses incurred in relation to the placement.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (RAP) 7 (Revised 2012) "Reporting Framework of Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed.

SENSITIVITY ANALYSIS

The rental income from Keppel REIT's properties in operation is sensitive to changes in the properties' occupancies and the rental rates achieved for lease renewals and rent reviews.

Assuming that current average rental rate is maintained, the impact on rental income for every 5% increase or decrease in current average rental rates for a financial year would be approximately \$2.2 million.

Keppel REIT is also subject to interest rate fluctuations, which affects its interest-earning financial assets and interest-bearing financial liabilities. It is also subject to foreign exchange fluctuations, which affects the income generated from its Australian dollar-denominated assets.

In respect of interest rate applicable to interest-earning financial assets and interest-bearing financial liabilities, a 10 basis-point increase or decrease in the interest rates will cause a corresponding decrease or increase of \$0.3 million in Keppel REIT's total return before tax.

Keppel REIT's total return before tax will decrease or increase by \$0.4 million if the Australian dollar appreciates or depreciates by 5% against the Singapore dollar.

CHANGE IN RENTAL INCOME (\$'000)

Resulting from:

1% increase in occupancy ¹	3,448
1% decrease in occupancy ¹	(3,448)
5% increase in current average rent rates ²	2,194
5% decrease in current average rent rates ²	(2,194)

¹ Assuming current average rental rates are maintained.

² Based on leases due for renewal and rent review in year 2015.

CHANGE IN TOTAL RETURN BEFORE TAX (\$'000)

Resulting from:

0.1% increase in interest rate	(345)
0.1% decrease in interest rate	345
5% appreciation of Australian dollar against Singapore dollar	(432)
5% depreciation of Australian dollar against Singapore dollar	432

Sustainability Report

Keppel REIT is committed to delivering value through sustaining growth in our business, empowering the lives of our people and nurturing communities wherever we operate.



SUSTAINING GROWTH

PAGE 70-105

Our commitment to business excellence is driven by our unwavering focus on strong governance and prudent risk management.

Resource efficiency is not only our responsibility, but also makes good business sense.

We harness innovation and execute with precision to sharpen our competitive edge.

EMPOWERING LIVES

PAGE 106-109

People are the cornerstone of our business.

As an employer of choice, we are committed to growing and nurturing our talent pool through continuous training and development to help our people reach their full potential.

We want to instil a culture of safety so that everyone who comes to work goes home safe.

NURTURING COMMUNITIES

PAGE 110-111

As a responsible corporate citizen, we believe that as communities thrive, we thrive.

We give back through our multi-faceted approach towards corporate social responsibility.

Cultivating long-term relationships with our tenants help achieve sustainable growth. We also support industry programmes and initiatives to promote growth.

Letter to Our Stakeholders

Sustainability is an ongoing journey. We will challenge ourselves to constantly seek sustainable solutions that will reap benefits for all our stakeholders.



Dear Valued Stakeholders,

I am pleased to highlight Keppel REIT's efforts for sustainability, which has become an integral part of our culture.

With rapid urbanisation, demographic shifts and technological breakthroughs dominating global agendas, we are also spurred on to embrace change, innovate and collaborate as we seek new opportunities.

We remain resolute in our commitment to deliver sustainable solutions which will provide us with a competitive edge and enable us to fulfil our role as a responsible corporate citizen.

SUSTAINABLE COMMUNITY

Committed to excellence, Keppel REIT was named Regional Leader for the Office Sector (Large Cap) in Asia in the Global Real Estate Sustainability Benchmark 2014. This internationally-recognised benchmark assesses companies for excellence in integrated organisational approach towards environmental measurement and management.

This is the first year that Keppel REIT was assessed and ranked against real estate industry players worldwide. Keppel REIT emerged top three across all entities and sectors in Asia, placing it in the top 5% of these sectors globally.

Recognising that sustainability makes good business sense, all our buildings in Singapore are rated Green Mark Gold and above by the Building and Construction Authority of Singapore. In Australia, our properties bear green certifications by the Green Building Council of Australia and National Australian Built Environmental Rating System.

In our sustainability journey, we continue to engage our employees, tenants and stakeholders through partnerships, sharing of best practices and supporting eco-related events. We also advocate a strong safety culture and strive to provide a conducive work environment for our employees and tenants.

Keppel REIT's properties in Singapore and Australia undergo annual audits to ensure they comply with workplace safety and health standards. Regular meetings are in place to discuss and address safety-related matters.

We also seek to enrich lives and positively impact communities wherever we operate. For five consecutive years, Keppel REIT has influenced and touched the lives of the special children from MINDSville@Napiri through fun activities and outings.

Creating vibrancy in Singapore's financial district, the Manager had over the year organised lunchtime performances featuring professional musicians and young budding artistes at Ocean Financial Centre and Marina Bay Link Mall. We also partnered key government agencies including the National Arts Council and National Youth Council to host various arts-related activities at our properties.

Playing our part to promote the growth and development of the S-REIT industry, Keppel REIT was among the founding members of the REIT Association of Singapore, which was launched in November 2014.

CONTINUOUS JOURNEY

While we are making progress in our sustainability roadmap, our journey is a continuous one.

We value your support in our sustainability strides ahead.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ng Hsueh Ling".

NG HSUEH LING
CHIEF EXECUTIVE OFFICER
16 February 2015

Corporate Governance



01

The Board and management continue to uphold good corporate governance to protect Unitholders' interests.

The board and management of Keppel REIT Management Limited, the manager of Keppel REIT (the "Manager"), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the Unitholders. Good corporate governance is also critical to the performance and success of the Manager.

The Manager adopts the Code of Corporate Governance 2012¹ (the "2012 Code") as its benchmark for corporate governance policies and practices. The following describes the Manager's main corporate governance policies and practices, with specific reference to the 2012 Code.

THE MANAGER OF KEPPEL REIT

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

with a focus on generating rental income and enhancing asset value over time so as to maximise the returns from the investments, and ultimately the distributions and total returns to Unitholders.

The primary role of the Manager is to set the strategic direction of Keppel REIT and make recommendations to RBC Investor Services Trust Singapore Limited as trustee of Keppel REIT (the "Trustee") on the acquisitions to, and divestments from, Keppel REIT's portfolio of assets, as well as enhancement of the assets of Keppel REIT, in accordance with its stated investment strategy. The research, analysis and evaluation required to achieve this is carried out by the Manager. The Manager is also responsible for the risk management of Keppel REIT.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner and to

¹ The Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012.

conduct all transactions with, or for Keppel REIT, at arm's length.

Other functions and responsibilities of the Manager include:

1. developing a business plan for Keppel REIT with a view to maximise the distributable income of Keppel REIT;
2. acquiring, selling, leasing, licensing or otherwise dealing with any real estate in furtherance of the investment policy and prevailing investment strategy that the Manager has for Keppel REIT;
3. supervising and overseeing the management of Keppel REIT's properties (including lease management, systems control, data management and business plan implementation);
4. undertaking regular individual asset performance analysis and market research analysis;
5. managing the finances of Keppel REIT, including accounts preparation, capital management, co-ordination of the budget process, forecast modeling, performance analysis and reporting, corporate treasury functions and ongoing financial market analysis;
6. ensuring compliance with the applicable provisions of the Companies Act, the Securities and Futures Act and all other relevant legislation of Singapore, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), the Code on Collective Investment Schemes (including the Property Funds Appendix) issued by the Monetary Authority of Singapore ("MAS"), the tax rulings issued by the Inland Revenue Authority of Singapore on taxation of Keppel REIT and its Unitholders;
7. managing regular communication with Unitholders; and
8. supervising the property managers who perform day-to-day property management functions

(including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for Keppel REIT's properties, pursuant to the property management agreements signed for the respective properties.

Keppel REIT, constituted as a trust, is externally managed by the Manager and therefore has no personnel of its own. The Manager appoints an experienced and well-qualified management team to run the day-to-day operations of Keppel REIT. All Directors and employees of the Manager are remunerated by the Manager, and not by Keppel REIT.

The Manager is appointed in accordance with the terms of the Trust Deed dated 28 November 2005 as amended by the Supplemental Trust Deed dated 2 February 2006, the Second Supplemental Trust Deed dated 17 March 2006, the Third Supplemental Deed dated 30 July 2007, the Fourth Supplemental Deed dated 17 October 2007, the Fifth Supplemental Deed dated 19 January 2009, the Sixth Supplemental Deed dated 16 April 2009, a First Amending and Restating Deed dated 19 April 2010 and a Supplemental Deed dated 15 October 2012 to the First Amending and Restating Deed (collectively, the "Trust Deed"). The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, upon the occurrence of certain events, including if the Unitholders by a resolution duly proposed and passed by a simple majority of Unitholders present and voting at a meeting of Unitholders, with no Unitholder (including the Manager) being disenfranchised, vote to remove the Manager.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1:

Effective Board to lead and control the company

The Board of Directors of the Manager (the "Board") is responsible for the overall management and the corporate governance of the Manager and Keppel REIT, including establishing goals for management and monitoring the achievement of these goals.

The principal functions of the Board are to:

- decide on matters in relation to Keppel REIT's and the Manager's activities which are significant in nature, including decisions on strategic direction, guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of Keppel REIT and the Manager, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and
- assume responsibility for corporate governance.

All directors of the Manager (the "Directors") are expected to exercise independent judgment in the best interests of Keppel REIT, and all Directors have discharged this duty consistently well.

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee and the Nominating and Remuneration Committee have been constituted with clear written terms of reference. The Committees are actively

Corporate Governance

engaged and play an important role in ensuring good corporate governance. The terms of reference of the respective Board committees were amended following the issuance of the 2012 Code. The responsibilities of the Board committees are disclosed in the Appendix hereto.

The Board meets four times a year and as warranted by particular circumstances to discuss and review the Manager's key activities, including its business strategies and policies for Keppel REIT, proposed acquisitions and disposals, the annual budget, the performance of the business and the financial performance of Keppel REIT and the Manager. The Board also reviews and approves the release of the quarterly, half- and full-year results. In addition, the Board reviews the risks to the assets of Keppel REIT, and acts upon any comments from the auditors of Keppel REIT.

The Manager's Articles of Association permit Board meetings to be held by way of conference via telephone or any other electronic means of communication by which all persons participating are able,

contemporaneously, to hear and be heard by all other participants.

The number of Board and Board committee meetings held in FY 2014, as well as the attendance of each Board member at these meetings, are disclosed in the table below.

If a Director is unable to attend a Board or Board committee meeting, he or she still receives all the papers and materials for discussion at that meeting. He or she will review them and will advise the Chairman or Board committee Chairman of his or her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

The Manager has adopted a set of internal guidelines which sets out the financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of assets and corporate matters that require the approval of the Board. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as Director. All newly-appointed Directors undergo a comprehensive orientation programme which includes management presentations on the businesses and strategic plans and objectives of Keppel REIT, and site visits. Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on Keppel REIT and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members. A training programme is in place for Directors in

BOARD AND BOARD COMMITTEE MEETINGS IN FY 2014

Director	Board Meetings	Audit and Risk Committee Meetings	Nominating and Remuneration Committee Meetings
Dr Chin Wei-Li, Audrey Marie	4	3	2
Ms Ng Hsueh Ling	4	4	2
Mr Tan Chin Hwee	3	3	2
Mr Lee Chiang Huat	4	4	-
Mr Daniel Chan Choong Seng	4	4	-
Mr Lor Bak Liang	4	4	-
Mr Ang Wee Gee	4	-	2
Professor Tan Cheng Han	4	-	2
Mr Lim Kei Hin	4	-	-
No. of Meetings held in FY 2014	4	4	2

areas such as accounting, finance and the roles and responsibilities of a director of a listed company.

BOARD COMPOSITION AND GUIDANCE

Principle 2:

Strong and independent element on the Board

The Board consists of nine members, six of whom are non-executive independent Directors. The Chairman of the Board is Dr Chin Wei-Li, Audrey Marie, who is a non-executive independent Director. A Director who has no relationship with the Manager, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of Keppel REIT, is considered to be independent.

The Nominating and Remuneration Committee ("NRC") determines on an annual basis whether or not a Director is independent, bearing in mind the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent.

The NRC is of the view that, taking into account the nature and scope of Keppel REIT's operations, the present Board size is appropriate and facilitates effective decision making.

The nature of the Directors' appointments on the Board and details of their membership on Board committees are set out in the Appendix hereto.

The NRC is satisfied that the Board and its Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge, as well as core

competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and Board committees to be effective.

The composition of the Board is also determined using the following principles:

- (i) The Chairman of the Board should be a non-executive Director of the Manager;
- (ii) The Board comprises Directors with a range of commercial and financial experience including expertise in funds management and the property industry; and
- (iii) At least one-third of the Board comprises independent Directors.

The composition is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals. For this to happen, the Board, in particular, the non-executive Directors, are kept well informed of Keppel REIT's and the Manager's businesses and affairs and are knowledgeable about the industry in which the businesses operate. For the current financial year, the non-executive Directors have constructively challenged and helped to develop proposals on strategy and reviewed the performance of management. The non-executive Directors are supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources

to discharge their oversight function effectively.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3:

Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making

The positions of Chairman and Chief Executive Officer ("CEO") are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and CEO are not immediate family members.

The Chairman leads the Board in working together with management with integrity, competency and in an effective manner to address strategy, business operations and enterprise risk issues, and facilitates the effective contribution of the non-executive Directors and the Board as a whole. With the assistance of the company secretaries, the Chairman also sets and approves the agenda of all Board meetings.

The Chairman monitors the flow of information from management to the Board to ensure that material information is provided timeously to the Board. She also encourages constructive relations between the Board and management, and between the executive Director and non-executive Directors.

The Chairman ensures effective communication with Unitholders and leads discussions and development of relations with them. She also takes a

Corporate Governance

leading role in promoting high standards of corporate governance with the full support of the Directors and the management.

The CEO is responsible for working with the Board to determine the strategy for Keppel REIT. The CEO also works with the other members of the Manager's management team to ensure that Keppel REIT is operated in accordance with the stated investment strategy of the Manager. She is also responsible for the strategic planning and development of Keppel REIT.

The clear separation of roles of the Chairman and CEO provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberations on the business activities of Keppel REIT.

BOARD MEMBERSHIP

Principle 4:

Formal and transparent process for the appointment of new Directors to the Board

NOMINATING AND REMUNERATION COMMITTEE

The Manager has established a Nominating and Remuneration Committee ("NRC") to, among other things, make recommendations to the Board on all Board appointments. The NRC comprises of four Directors, the majority of whom, including the Chairman of the NRC, are independent; namely:

Mr Tan Chin Hwee	Chairman
Dr Chin Wei-Li,	Member
Audrey Marie	
Mr Ang Wee Gee	Member
Professor Tan	Member
Cheng Han	

The responsibilities of the NRC are disclosed in the Appendix hereto.

PROCESS FOR APPOINTMENT OF NEW DIRECTORS AND SUCCESSION PLANNING FOR THE BOARD

The NRC is responsible for reviewing the succession plans for the Board (in particular, the Chairman). In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors. The NRC leads the process and makes recommendations to the Board as follows:

- a. NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making;
- b. In light of such review and in consultation with management, the NRC assesses if there are any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- c. External help (for example, the Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions;
- d. NRC meets with the shortlisted candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- e. NRC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

CRITERIA FOR APPOINTMENT OF NEW DIRECTORS

All new appointments are subject to the recommendation

of the NRC based on the following objective criteria:

1. Integrity;
2. Independent mindedness;
3. Diversity – possess core competencies that meet the current needs of Keppel REIT and the Manager and complement the skills and competencies of the existing Directors on the Board;
4. Able to commit time and effort to carry out duties and responsibilities effectively – proposed Director should not have more than six listed company board representations and other principal commitments;
5. Track record of making good decisions;
6. Experience in high-performing corporations or property funds; and
7. Financially literate.

ENDORSEMENT BY UNITHOLDERS OF APPOINTMENT OF DIRECTORS

Keppel Land Limited ("Keppel Land") has on 24 March 2014 provided an undertaking to the Trustee (the "Undertaking") to provide Unitholders with the right to endorse the appointment of each of the Directors by way of an ordinary resolution at the Annual General Meetings ("AGM") of Unitholders. Pursuant to the Undertaking, Keppel Land undertakes to the Trustee:

- i. to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
- ii. (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders' endorsement for his appointment as a Director

- at the next AGM immediately following his appointment;
- iii. to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting where the endorsement or re-endorsement (as the case may be) for his appointment was sought, to resign or otherwise be removed from the Board either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained; and
 - iv. (for so long as Section 153 of the Companies Act shall remain in force) to procure the Manager to seek Unitholders' endorsement or re-endorsement, as the case may be, for any person of or over the age of 70 years to be appointed or reappointed, as the case may be, as a Director, at each AGM.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager or Keppel Land from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of Singapore Exchange Securities Trading Limited) and the Articles of Association of the Manager.

- The Undertaking shall remain in force for so long as:
- a. Keppel Land remains as the holding company (as defined in the Companies Act) of the Manager; and

- b. Keppel REIT Management Limited remains as the manager of Keppel REIT.
- Notwithstanding that the appointments of Dr Chin Wei-Li, Audrey Marie, Ms Ng Hsueh Ling and Mr Tan Chin Hwee were endorsed by Unitholders on 15 April 2014 and the Undertaking requires the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM of Keppel REIT after the relevant general meeting at which such Director's appointment was last endorsed, the Manager is seeking the re-endorsement of the appointments of Dr Chin Wei-Li, Audrey Marie, Ms Ng Hsueh Ling and Mr Tan Chin Hwee at the AGM to be held in 2015 so that eventually at any one annual general meeting, only one-third of the Directors will seek re-endorsement.

The NRC recommends the seeking of endorsement and re-endorsement of the appointments of the Directors to the Board for approval, having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director.

REVIEW OF DIRECTORS' INDEPENDENCE

The NRC is also charged with determining the "independence" status of the Directors annually. Please refer to page 73 on the basis of the NRC's determination as to whether a Director should or should not be deemed independent.

The NRC noted that Dr Chin Wei-Li, Audrey Marie would be deemed non-independent as she was first appointed to the Board on 3 February 2005. However, the NRC considered that Dr Chin has demonstrated independence of views and conduct at both Board

meetings and Board committee meetings and was of the firm view that Dr Chin has been exercising independent judgment in the best interests of Keppel REIT. The NRC therefore considered Dr Chin should be deemed as an independent Director. Taking into account the views of the NRC, the Board concurred that Dr Chin should be deemed independent.

ANNUAL REVIEW OF DIRECTORS' TIME COMMITMENTS

The NRC also determines annually whether a Director with other listed company board representations and other principal commitments is able to and has been adequately carrying out his or her duties as a Director of the Manager. The NRC took into account the results of the assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in making this determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties as Director notwithstanding their other listed company board representations and other principal commitments.

The NRC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments. As a guide, Directors should not have more than six listed company board representations and other principal commitments.

KEY INFORMATION REGARDING DIRECTORS

The following key information regarding Directors are set out in the following pages of this Annual Report:

Pages 12 to 17: Academic and professional qualifications, Board committees served on (as a member or Chairman), date of first appointment as a

Corporate Governance

Director, listed company and other principal directorships both present and past held over the preceding five years and other major appointments, whether appointment is executive or non-executive, whether considered by the NRC to be independent; and

Pages 184 and 185: Unitholdings in Keppel REIT as at 21 January 2015.

BOARD PERFORMANCE

Principle 5:

Formal assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each Director to the effectiveness of the Board

The Board has implemented formal processes which are carried out by the NRC for assessing the effectiveness of the Board as a whole and its Board committees, and the contribution by each individual Director to the effectiveness of the Board. During the year, each Board member is required to complete a board evaluation questionnaire. The completed board evaluation questionnaires are collated and sent to the NRC for its review, discussions and evaluation.

The NRC Chairman and members evaluate the returns and provide their comments and recommendations to the Board on the changes which should be made to help the Board discharge its duties more effectively.

The following performance criteria are used in the evaluation of the effectiveness of the Board as a whole and its Board committees and the contribution by each individual Director:

- a. The performance criteria for the Board evaluation are in respect of the board size and composition, board

independence, board processes, board information and accountability, board performance in relation to discharging its principal functions, board committee performance in relation to discharging their responsibilities set out in their respective terms of reference, and financial targets which includes earnings per Unit, distribution per Unit, net asset value per Unit and Unit price performance.

- b. The individual Director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether the Director works well with other Directors, and participates actively are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts are taken into consideration); (3) Director's duties (under which factors as to the Director's Board committee work contribution, whether the Director takes his role of Director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at Board and Board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes, etc. are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his/her strength in certain areas which, taken together with the skill sets of the other Directors, provides the

Board with the required mix of skills and competencies.

Where the Board is of the view that any changes should be made to enhance the effectiveness of the Board as a whole and its Board committees or to enhance the effectiveness of individual Directors, the Board will implement the changes accordingly. Any Board member may also give his feedback at any time to the Chairman of the NRC and/or the Chairman of the Board with a view to enhancing the effectiveness of the Board and its Board committees or of the individual Directors.

The Board assessment exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allowed him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board as a whole and its Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities.

ACCESS TO INFORMATION

Principle 6:

Board members to have complete, adequate and timely information

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis.

As a general rule, Board papers are required to be sent to Directors at least seven days before each Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Managers who can provide additional insight into the matters at hand would be present at the



relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required.

The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of Keppel REIT's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period.

The Manager has implemented quarterly financial reporting from the date of listing of Keppel REIT on the SGX.

The Directors have separate and independent access to both company secretaries of the Manager. The company secretaries assist the Chairman in ensuring that Board procedures (including but

not limited to assisting the Chairman to ensure timely and good information flow to the Board and its committees, and between senior management and the non-executive Directors) are followed and that the Manager's memorandum and articles of association and relevant rules and regulations are complied with. At least one of the two company secretaries attends all Board meetings and prepares minutes of the Board proceedings. The appointment and removal of each of the company secretaries are subject to the approval of the Board as a whole.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties.

REMUNERATION MATTERS

Principle 7:

Formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual Directors

Principle 8:

Remuneration of Directors and key management personnel should be adequate but not excessive

Principle 9:

Disclosure on remuneration policies, level and mix of remuneration, and procedure for setting remuneration

The composition of the NRC has been set out under Principle 4 on page 74. The NRC comprises entirely of non-executive Directors, a majority of whom are independent Directors.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits in kind) and the specific remuneration packages for each Director (including the CEO). The NRC also reviews the remuneration of the key management personnel of the Manager and administers the Manager's Unit-based incentive plans. In addition, the NRC reviews the Manager's obligations arising in the event of termination of the executive Director's and key management personnel's

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Unitholders have the opportunity to ask the Board and management questions relating to Keppel REIT's business strategy and operations at the Annual General Meetings.

FRAMEWORK FOR DIRECTORS' FEES

Main Board	Chairman	\$85,000 per annum
	Director	\$56,000 per annum
Audit and Risk Committee	Chairman	\$40,000 per annum
	Member	\$22,500 per annum
Nominating and Remuneration Committee	Chairman	\$22,500 per annum
	Member	\$13,000 per annum

contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external consultants where required. In FY 2014, the NRC sought views on market practice and trends from external remuneration consultants, such as Aon Hewitt. The NRC undertook a review of the independence and objectivity of the external remuneration consultants and has confirmed that the external remuneration consultants had no relationships with the Manager which would affect their independence.

ANNUAL REMUNERATION REPORT

Although the remuneration of the Directors and employees of the Manager is paid by the Manager and not by Keppel REIT, the Manager is disclosing the following information on the remuneration of its Directors and key executives.

**POLICY IN RESPECT OF
DIRECTORS' REMUNERATION**

Director's fees are established annually and the amount is dependent on their level of responsibilities on the Board and its Board committees. Each Director is paid a basic fee. In addition, Directors who perform additional services through Board committees are paid an additional fee for such services. The Chairman of the Board and of each Board committee is paid a higher fee compared with members of the Board and of such Board committee

in view of the greater responsibility carried by that office.

The framework for determining the Directors' fees is shown in the table above.

**REMUNERATION POLICY
IN RESPECT OF KEY
MANAGEMENT PERSONNEL
AND OTHER KEY EXECUTIVES**

The Manager advocates a performance-based remuneration system that is flexible and responsive to the market and the individual employee's performance.

In designing the compensation structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation. The total remuneration mix comprises three key components - annual fixed pay, annual performance incentive and long-term incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances which the Manager benchmarks against the relevant industry market median. The annual performance incentive is mainly tied to the performances of Keppel REIT and the individual employee. The long-term incentive is in the form of two Unit plans, the Restricted Unit Plan ("RUP") to retain and reward, and the Performance Unit Plan ("PUP") to motivate employees to achieve superior performance. Executives who have greater ability to

influence strategic outcomes have a greater proportion of overall reward at risk. Eligible employees of the Manager are granted existing Units in Keppel REIT, already owned by the Manager. Therefore, no new Units are or will be issued by Keppel REIT to satisfy the grant of the Units under the RUP and/or the PUP as the Units that are granted under these plans will be taken from the Units which are already owned by the Manager.

The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and promote the long-term success of Keppel REIT. The mix of fixed and variable reward is considered appropriate for the Manager and for each individual role. The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Manager's risk profile.

The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of Unitholder wealth. This is achieved in the following ways:

1. By placing a significant portion of executive's remuneration at risk ("at risk component") and in some cases, subject to a vesting schedule;
2. By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
 - a. There are four scorecard areas that the Manager has identified as key to measuring its performance
 - i. Commercial/Financial;
 - ii. Customers;
 - iii. Process; and
 - iv. People;
 - b. The four scorecard areas have been chosen because

- they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals;
- c. By selecting performance conditions such as Distributable Income to Unitholders of Keppel REIT and Total Unitholder Returns for equity awards that are aligned with Unitholders' interests;
 - d. By requiring those KPIs or conditions to be met in order for the at risk components of remuneration to be awarded or to vest; and
 - e. Forfeiture of the at risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, as set out above, have been met. The NRC is of the view that remuneration is aligned to performance during FY 2014.

In order to align the interests of the CEO and key management personnel with that of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

LONG TERM INCENTIVE PLANS - KRML UNIT PLANS

The RUP and the PUP (the "KRML Unit Plans") are long-term incentive schemes implemented by the Manager in 2010. No employee share option schemes or share schemes have been implemented by Keppel REIT.

The KRML Unit Plans are put in place to increase the Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value. The KRML Unit Plans also aim to strengthen the Manager's competitiveness in attracting and retaining talented key management personnel and employees. The RUP applies to a broader base of employees while the PUP applies to a selected group of key management personnel. Generally, the performance targets set under the RUP and the PUP will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer-term growth.

The NRC has the discretion to not award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or of misconduct resulting in financial losses. Outstanding incentives under the RUP and the PUP are also subject to NRC's discretion before further payment or vesting can occur.

REMUNERATION OF EMPLOYEES WHO ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR OR THE CHIEF EXECUTIVE OFFICER

No employee of the Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded \$50,000 during the financial year ended 31 December 2014. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT

Principle 10:

The Board should present a balanced and understandable assessment of the company's performance, position and prospects

Principle 12:

Establishment of Audit Committee with written terms of reference

The Board is responsible for providing a balanced and understandable assessment of Keppel REIT's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of the Manager's affairs, whilst preserving the commercial interests of Keppel REIT. Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNET to the SGX, media releases, Keppel REIT's website as well as press and analyst briefings.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of Keppel REIT's performance, position and prospects on a periodic basis. Such reports include financial results, market and business developments, and business and operational information. The financial results are compared against the respective budgets, together with explanations for significant variances for the reporting period.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") has been appointed by the Board from among the Directors of the Manager and comprises four non-executive Directors, all of whom (including the Chairman of the ARC) are independent.

THE LEVEL AND MIX OF EACH OF THE DIRECTORS' REMUNERATION (OTHER THAN THE CEO) ARE SET OUT BELOW:

Name of Director	Base/Fixed Salary	Variable or performance-related income/bonuses	Directors' Fees (\$)	Benefits- in-Kind
Dr Chin Wei-Li, Audrey Marie	–	–	98,000	–
Mr Tan Chin Hwee	–	–	101,000	–
Mr Lee Chiang Huat	–	–	96,000	–
Mr Daniel Chan Choong Seng	–	–	78,500	–
Mr Lor Bak Liang	–	–	78,500	–
Mr Loh Chin Hua ¹	–	–	1,534	–
Mr Ang Wee Gee	–	–	69,000	–
Professor Tan Cheng Han	–	–	69,000	–
Mr Lim Kei Hin ²	–	–	54,466	–

¹ Mr Loh Chin Hua resigned as Director of the Manager with effect from 10 January 2014. Director fees are pro-rated.

² Mr Lim Kei Hin was appointed as Director of the Manager with effect from 10 January 2014. Director fees are pro-rated.

THE LEVEL AND MIX OF THE REMUNERATION OF THE CEO AND EACH OF THE OTHER TOP FIVE KEY EXECUTIVES IN BANDS OF \$250,000 ARE SET OUT BELOW:

Remuneration Band and Names of CEO and Top 5 Key Executives	Base/ Fixed Salary	Variable or Performance-related Income/ Bonuses ⁴	Directors' Fees	Benefits -in-Kind	Contingent Award of Units ¹
Above \$750,000 to \$1,000,000					
Ms Ng Hsueh Ling	49%	51%	0%	Nm ²	i. 0 to 387,000 units in Keppel REIT pursuant to the Performance Unit Plan of the Manager. ii 0 or 150,000 units in Keppel REIT pursuant to the Restricted Unit Plan of the Manager.
Above \$250,000 to \$500,000					
Mr Toh Wah San	56%	44%	0%	Nm ²	0 or 39,000 units in Keppel REIT pursuant to the Restricted Unit Plan of the Manager.
Mr Chua Hsien Yang ³	53%	47%	0%	Nm ²	0 or 39,000 units in Keppel REIT pursuant to the Restricted Unit Plan of the Manager.
Ms Lee Meng Hoon, Anthea	53%	47%	0%	Nm ²	0 or 24,000 units in Keppel REIT pursuant to the Restricted Unit Plan of the Manager.
Ms Wong Man Li	53%	47%	0%	Nm ²	Nil
Below \$250,000					
Ms Chow Ching Sian	53%	47%	0%	Nm ²	0 or 16,500 units in Keppel REIT pursuant to the Restricted Unit Plan of the Manager.

¹ Units awarded under the Manager's Performance Unit Plan (PUP) and the Restricted Unit Plan (RUP) are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. For the PUP, the additional award can be up to 50% of the maximum range depending on the achievement of the pre-determined targets at the end of the three-year performance period. The number of units which are the subject of the contingent awards have been adjusted due to the capital distributions in FY 2014. As at 31 March 2014 (being the grant date), the estimated fair value of each unit granted in respect of the contingent awards under the RUP and PUP were \$1.030 and \$0.570 respectively.

² Nm - Not meaningful

³ Mr Chua Hsien Yang was transferred from Keppel REIT Management Limited to Keppel DC REIT Management Pte Ltd (formerly known as Keppel Data Centre Investment Management Pte Ltd) with effect from 1 October 2014.

⁴ The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key executives of the Manager was fair and appropriate taking into account the extent to which their KPIs were met.

Directors. The Chairman of the ARC is Mr Lee Chiang Huat and the members are Mr Tan Chin Hwee, Mr Daniel Chan Choong Seng and Mr Lor Bak Liang.

All members of the ARC have accounting or related financial management expertise or experience.

The ARC's role includes assisting the Board to ensure integrity of financial reporting and that sound internal control systems are in place. The responsibilities of the ARC are disclosed in the Appendix hereto.

The ARC has authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The Manager's internal audit functions are performed by Keppel Corporation Limited's Group Internal Audit department ("Group Internal Audit"). Group Internal Audit, together with the external auditors, report independently their findings and recommendations to the ARC.

A total of four ARC meetings were held in 2014. In addition, the ARC met with the external auditor and with the internal auditor at least once during the year, without the presence of the management.

During the year, the ARC performed independent reviews of the financial statements of Keppel REIT before the announcement of Keppel REIT's quarterly and full-year results. In the process, the ARC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a significant impact on the financials.

The ARC also reviewed and approved both the internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of Keppel REIT and the Manager. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations put up by the internal and external auditors were forwarded to the ARC. Significant issues were discussed at these meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.

For FY 2014, an aggregate amount of \$516,000, comprising non-audit service fees of \$226,000 and audit service fees of \$290,000, was paid/payable to Keppel REIT's external auditor.

Keppel REIT has complied with Rule 712 and Rule 715, read with Rule 716 of the SGX Listing Manual in relation to its appointment of audit firms.

The ARC also reviewed the adequacy of the internal audit function and was satisfied that the team was adequately resourced to perform its functions, and had appropriate standing within Keppel REIT and the Manager.

The ARC reviewed the "Whistle-Blower Protection Policy" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial

reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the ARC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Policy annually to ensure that it remains current. The details of the Policy are set out on pages 90 to 91 herein.

The ARC members are kept updated whenever there are changes to the accounting standards or issues that may have an impact on the financial statements of Keppel REIT.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11:

Sound system of risk management and internal controls

The ARC also assists the Board in examining the adequacy and effectiveness of the Manager's and Keppel REIT's risk management system to ensure that a robust risk management system is maintained. The ARC reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard Unitholders' interests and Keppel REIT's assets. The ARC reports to the Board on material findings and recommendations in respect of significant risk matters. The responsibilities of the ARC are disclosed in the Appendix hereto.

Corporate Governance

RISK ASSESSMENT AND MANAGEMENT OF BUSINESS RISK

Recognising and managing risk is central to the business of Keppel REIT and to protecting Unitholders' interests and value. Keppel REIT operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risk lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed experienced and well-qualified management to handle its day-to-day operations.

The Board met four times in 2014. Management surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

Keppel REIT's Enterprise Risk Management framework ("ERM Framework") provides the

Manager and Keppel REIT with a holistic and systematic approach in risk management. In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the property industry. The Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. The Manager's approach to risk management and internal control and the management of key business risks is set out in the "Risk Management" section on pages 101 and 102 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles, as disclosed on page 101.

The Manager has in place a risk management assessment framework which was established to facilitate the Board's assessment on the adequacy and effectiveness of

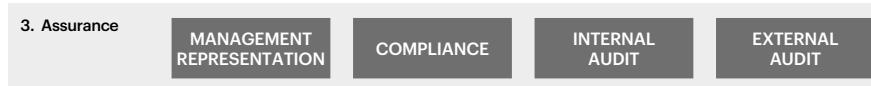
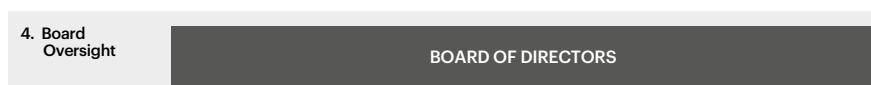
the Manager's and Keppel REIT's risk management system. The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of the Manager and Keppel REIT and assessments are made on the adequacy and effectiveness of the Manager's and Keppel REIT's risk management system in managing each of these key risk areas. The risk tolerance guiding principles and risk management assessment framework are reviewed and updated annually.

In addition, the Manager has adopted the Whistle-Blower Protection Policy, Insider Trading Policy and Code of Practice for Safeguarding Information which reflect the management commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

KEPPEL REIT'S SYSTEM OF MANAGEMENT CONTROLS

SYSTEMS

POLICIES



PROCESSES

PEOPLE

INDEPENDENT REVIEW OF INTERNAL CONTROLS

The Manager's internal and external auditors conduct an annual review of the effectiveness of Keppel REIT's and the Manager's material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

The Manager and Keppel REIT also have in place the Keppel REIT's System of Management Controls Framework (the "Framework") outlining the Manager's and Keppel REIT's internal control and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of the Manager's and Keppel REIT's system of internal controls and risk management.

Under the first Line of Defence, management is required to ensure good corporate governance through implementation and management of policies and procedures relevant to the Manager's and Keppel REIT's business scope and environment. Such policies and procedures govern financial, operational, information technology and compliance matters and are reviewed and updated periodically. Employees are also guided by the Manager's core values and are expected to comply strictly with the Employee Code of Conduct.

Under the second Line of Defence, the Manager and Keppel REIT are required to conduct self-assessment exercise on an annual basis. This exercise requires the Manager and Keppel REIT

to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under Keppel REIT's ERM Framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Fraud risk management processes include mandatory conflict of interest declaration by employees in high-risk positions and the implementation of policies such as the Whistle-Blower Protection Policy and Employee Code of Conduct to establish a clear tone at the top with regard to employees' business and ethical conduct.

Under the third Line of Defence, the CEO and Chief Financial Officer ("CFO") are required to provide the Manager and Keppel REIT with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. Such assurances are also sought from the internal and external auditors based on their independent assessments.

The Board, supported by the ARC, oversees the Manager's and Keppel REIT's system of internal controls and risk management. The Board has received assurance from the CEO, Ms Ng Hsueh Ling, and the CFO, Mr Kelvin Chow Chung Yip, that, amongst others:

1. the financial records of the Manager and Keppel REIT have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Manager and Keppel REIT;
2. the internal controls of the Manager and Keppel REIT are adequate and effective to address the financial, operational, compliance and information technology

risks which the Manager and Keppel REIT consider relevant and material to its current business scope and environment and that they are not aware of any material weakness in the system of internal controls; and

3. they are satisfied with the adequacy and effectiveness of the Manager's and Keppel REIT's risk management system.

For FY 2014, based on the Manager's and Keppel REIT's framework of management control, the internal control and risk management policies and procedures established and maintained by the Manager and Keppel REIT, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the ARC, is of the opinion that the Manager's and Keppel REIT's internal controls and risk management system, are adequate and effective to address the financial, operational, compliance and information technology risks which the Manager and Keppel REIT consider relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Manager and Keppel REIT provides reasonable, but not absolute, assurance that the Manager and Keppel REIT will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

INTERNAL AUDIT**Principle 13:**

Adequately resourced and independent internal audit function

The internal audit function of the Manager is performed by Keppel Corporation Limited's ("KCL") Group Internal Audit. Group Internal Audit was appointed as the internal auditor in February 2006.

The role of the internal auditor is to assist the ARC to ensure that Keppel REIT and the Manager maintain a sound system of internal controls by reviewing the key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high risk areas.

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the ARC and access to all the Manager's and Keppel REIT's documents, records, properties and personnel. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the ARC.

As a corporate member of the Singapore branch of the Institute of Internal Auditors Incorporated, USA ("IIA"), Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute and performance standards. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2011, and the results re-affirmed that the internal audit activity conforms to the International Standards. The professional competence of Group Internal Audit is maintained through its continuing professional development programme



for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, auditing and accounting pronouncements.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance and information technology controls. Group Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and adequate closure of audit findings, the status of the implementation of the actions agreed by management is tracked and discussed with the ARC.

**UNITHOLDER RIGHTS
AND RESPONSIBILITIES,
COMMUNICATION WITH
UNITHOLDERS AND CONDUCT
OF UNITHOLDER MEETINGS****Principle 14:**

Recognition, protection and facilitation of the exercise of Unitholders' rights

Principle 15:

Regular, effective and fair communication with Unitholders

Principle 16:

Greater Unitholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/ Accountability", the Manager regularly communicates with Unitholders and responds promptly to their queries and concerns. In 2014, the Manager hosted over 40 meetings, conference calls and luncheons where management met with local and international investors. In relation to the proposed acquisition of Marina Bay Financial

Centre (MBFC) Tower 3, management also engaged in more than 30 meetings on roadshows in Singapore, Amsterdam, Zurich, London, Tokyo and Hong Kong in October and November 2014. More details on the Manager's investor relations activities are found on pages 23 to 25 of this Annual Report.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and/or media releases. The Manager ensures that unpublished price sensitive information are not disclosed selectively, and on the rare occasion when such information are inadvertently disclosed, they are immediately released to the public via SGXNET and/or media releases.

Unitholders are also kept abreast of latest announcements and updates on Keppel REIT via the corporate website and email alert system. Unitholders and members of the public can also ask questions via the website or email their queries and feedback to investor.relations@keppelreit.com.

The Manager has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies in order to provide Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on Keppel REIT's website at www.keppelreit.com.

Unitholders are informed of Unitholders' meetings through circulars sent to all Unitholders and/or notices published in the newspapers. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Unitholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At Unitholders' meetings, each distinct issue is proposed as a separate resolution. Each resolution at the AGM will be voted on by way of a poll and an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made after the meeting.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the Chairman of the Board and the respective Chairmen of the ARC and the NRC are required to be present to address questions at general meetings. External auditors are also present at such meetings to assist the Directors to address Unitholders' queries, where necessary.

The Manager is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The company secretary of the Manager prepares minutes of Unitholders' meetings, which incorporates comments or queries from Unitholders and responses from the Board and management. These minutes are available to Unitholders upon request.

SECURITIES TRANSACTIONS INSIDER TRADING POLICY

The Manager has a formal Insider Trading Policy on dealings in the securities of Keppel REIT, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the Manager's directors and officers. It has also adopted the best practices on securities dealings issued by the SGX. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Manager issues notices to its Directors and officers informing that the Manager and its officers must not deal in listed securities of Keppel REIT one month before the release of the full-year results and two weeks before

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Chairman
Dr Audrey Chin
exchanging insights
with Unitholders.

Corporate Governance

the release of quarterly results, and if they are in possession of unpublished price-sensitive information. The Manager's officers are also informed that they should not deal in Keppel REIT's securities on short-term considerations.

CONFLICTS OF INTERESTS

The Manager has instituted the following procedures to deal with potential conflicts of interests issues:

1. The Manager will not manage any other real estate investment trust which invests in the same types of properties as Keppel REIT.
2. All executive officers will be employed by the Manager.
3. All resolutions in writing of the Directors of the Manager in relation to matters concerning Keppel REIT and its interested parties (meaning any "interested person" as defined in the Listing Manual and/or, as the case may be, an "interested party" as defined in the Property Funds Appendix) ("Interested Party") must be approved by a majority of the Directors, including at least one independent Director and the nominees of the Interested Party on the Board shall abstain from voting.
4. At least one-third of the Board shall comprise independent Directors.
5. All matters relating to Interested Party transactions will follow the procedures set out in the section "Interested Party Transactions" herein.
6. In respect of matters in which Keppel Land and/or KCL and/or its/their subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel Land and/or KCL and/or its/their subsidiaries to the Board to represent its/their interests shall abstain from voting. In such matters, the quorum

shall comprise a majority of the independent Directors of the Manager and shall exclude such nominee directors of Keppel Land and/or KCL and/or its/their subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Keppel REIT with an Interested Party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Keppel REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager (including its independent Directors) will have a duty to ensure that the Manager so complies.

Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Keppel REIT with an Interested Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against an Interested Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Interested Party.

Further, to address potential conflicts of interests in respect of overlapping investment objectives, Keppel Land will inform Keppel REIT if any

completed investment property used or predominantly used for commercial purposes and which is income-producing is identified by Keppel Land as being suitable for acquisition (other than co-investment with third parties), and being suitable for investment by Keppel REIT. Further details are set out in "The Manager and Corporate Governance - Conflicts Resolution" section of the Introductory Document of K-REIT Asia dated 20 March 2006.

EMPLOYEE CODE OF CONDUCT

The Manager has in place an employee code of conduct which establishes a culture of high integrity as well as reinforces ethical business practices.

This policy addresses, at the employee level, the standards of acceptable and unacceptable behaviour and personal decorum as well as issues of workplace harassment. On the business front, the policy addresses the standards of business behaviour including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures as well as conflicts of interests. The policy also requires all staff to avoid any conflict between their own interests and the interests of the Manager in dealing with its suppliers, customers and other third parties.

The rules require business to be conducted with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Relevant anti-corruption rules are also spelled out to protect the business, resources and reputation of the Manager and Keppel REIT. Employees must not offer or authorise the giving, directly or through third parties, of any bribe, kickback, illicit payment, or any benefit-in-kind or any other advantage to any person or entity,



as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees must not solicit or accept illicit payment, directly or indirectly, from any person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

The policy is published on intranet which is accessible by all employees of the Manager. New employees are briefed on the policy when they join the Manager. Subsequently, all employees are required to acknowledge the policy annually to ensure awareness.

INTERESTED PARTY TRANSACTIONS THE MANAGER'S INTERNAL CONTROL SYSTEM

The Manager has established an internal control system to ensure that all Interested Party transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of Keppel REIT and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager. In the case of acquisition or disposal of assets undertaken with an Interested Party, the Manager and Trustee will obtain two independent valuations of each of those real estate assets (in accordance with the Property Funds Appendix), with one of the valuers commissioned independently by the Trustee. Each of those assets must be acquired from the Interested Party at a price not more than the higher of the two assessed values, or sold to the Interested Party at a price not less than the lower of the two assessed values. The ARC may further choose to appoint an independent financial adviser to provide an opinion stating that the transaction is on normal commercial terms and is not prejudicial to the interests of Keppel REIT and the Unitholders.

Further, the following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding \$100,000 in value but below 3% of the value of Keppel REIT's net tangible assets will be subject to review by the ARC at regular intervals;

aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding \$100,000 in value but below 3% of the value of Keppel REIT's net tangible assets will be subject to review by the ARC at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 3% but below 5% of the value of Keppel REIT's net tangible assets will be subject to the review and approval of the ARC. Such approval shall only be given if the transactions are on normal

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Keppel REIT and Keppel Land held a joint briefing for media and analysts to explain the MBFC transaction.

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commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 5% of the value of Keppel REIT's net tangible assets will be reviewed and approved, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the rules of the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning Keppel REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Keppel REIT with an Interested Party of the Manager of Keppel REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of Keppel REIT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an Interested Party of the Manager or of Keppel REIT. If the Trustee is to sign any contract with an

Interested Party of the Manager or of Keppel REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to Interested Party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX to apply to real estate investment trusts. If the Trustee is to sign any contract with an Interested Party of the Trustee, such review will be carried out by the ARC, not the Trustee.

Keppel REIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3% or more of Keppel REIT's latest audited net tangible assets.

The aggregate value of all interested person transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in Keppel REIT's Annual Report for the relevant financial year.

ROLE OF THE AUDIT AND RISK COMMITTEE FOR INTERESTED PARTY TRANSACTIONS

The Manager's internal control procedures are intended to ensure that Interested Party transactions are conducted at arm's length and on normal commercial terms and are not prejudicial to Unitholders.

The Manager maintains a register to record all Interested Party transactions (and the basis,

including, where practicable, the quotations obtained to support such basis on which they are entered into) which are entered into by Keppel REIT.

On a quarterly basis, the management reports to the ARC the Interested Party transactions entered into by Keppel REIT. The Interested Party transactions were also reviewed by the internal auditors and all findings were reported during the ARC meetings.

The ARC reviews all Interested Party transactions to ensure compliance with the internal control procedures and with the relevant provisions of the Listing Manual and the Property Funds Appendix. The review includes the examination of the nature of the transaction and if necessary, its supporting documents or such other data deemed necessary by the ARC. In addition, the Trustee will review such internal audit reports to ascertain that the requirements of the Property Funds Appendix have been complied with.

If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

APPENDIX

BOARD COMMITTEES – RESPONSIBILITIES

A. AUDIT AND RISK COMMITTEE

1. Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements

- and announcements.
2. Review and report to the Board at least annually the adequacy and effectiveness of the Manager's and Keppel REIT's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
 3. Review the audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.
 4. Review the independence and objectivity of external auditors annually.
 5. Review the nature and extent of non-audit services performed by external auditors.
 6. Meet with external and internal auditors, without the presence of management, at least annually.
 7. Make recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.
 8. Review the adequacy and effectiveness of the Manager's and Keppel REIT's internal audit function, at least annually.
 9. Ensure at least annually that the internal audit function is adequately resourced and has appropriate standing with the Manager and Keppel REIT.
 10. Approve the accounting/ auditing firm or corporation to which the internal audit function is outsourced.
 11. Review the policy and arrangements by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.
 12. Monitor the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).
 13. Review interested person transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions" (as defined therein) (both such type of transactions constituting interested party transactions).
 14. Investigate any matters within the ARC's purview, whenever it deems necessary.
 15. Receive, as and when appropriate, reports and recommendations from management on risk tolerance and strategy, and recommend to the Board for its determination.
 - i. The nature and extent of significant risks which the Manager and Keppel REIT may take in achieving its strategic objectives; and
 - ii. Overall levels of risk tolerance and risk policies.
 16. Review and discuss, as and when appropriate, with management the Manager and Keppel REIT's risk governance structure and their risk policies, risk mitigation and monitoring processes and procedures.
 17. Receive and review at least quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.
 18. Review the Manager's capability to identify and manage new risk types.
 19. Review and monitor management's responsiveness to the recommendations of the ARC.
 20. Provide timely input to the Board on critical risk issues.
 21. Report to the Board on material matters, findings and recommendations.
 22. Review the ARC's terms of reference annually and recommend any proposed changes to the Board.
 23. Perform such other functions as the Board may determine.
 24. Sub-delegate any of its powers within its terms of reference as listed above from time to time as the ARC may deem fit.

B. NOMINATING AND REMUNERATION COMMITTEE

1. Recommend to the Board the appointment/re-appointment of Directors.
2. Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.
3. Annual review of independence of each Director, and to ensure that the Board comprises at least one-third independent Directors. In this connection, the NRC should conduct particularly rigorous review of the independence of any Director who has served on the Board beyond nine years from the date of his first appointment.

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4. Decide, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Manager.
5. Recommend to the Board the process for the evaluation of the performance of the Board, the Board committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director.
6. Annual assessment of the effectiveness of the Board as a whole and individual Directors.
7. Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).
8. Review talent development plans.
9. Review the training and professional development programs for Board members.
10. Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for the key management personnel.
11. Review the Manager's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
12. Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).
13. Administer the Manager's long-term incentive schemes in

- accordance with the rules of such schemes.
14. Report to the Board on material matters and recommendations.
 15. Review the NRC's terms of reference annually and recommend any proposed changes to the Board.
 16. Perform such other functions as the Board may determine.
 17. Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the NRC may deem fit.

WHISTLE-BLOWER PROTECTION POLICY

The Keppel Whistle-Blower Protection Policy (the "Policy") was established to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Manager or contract worker appointed by the Manager, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

- a. Dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Manager;
- b. Fraudulent;
- c. Corrupt;
- d. Illegal;
- e. Other serious improper conduct;
- f. An unsafe work practice; or
- g. Any other conduct which may cause financial or non-financial loss to the Manager or damage to the Manager's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness.

The General Manager (Group Internal Audit) is the Receiving Officer for the purposes of the Policy, who is responsible for the administration, implementation and overseeing ongoing compliance with the Policy, and reports directly to the ARC Chairman on all matters arising under the Policy.

REPORTING MECHANISM

The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he may make

the report directly to the Receiving Officer or the ARC Chairman.

Other Whistle-Blowers (other than employees) may report a suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman.

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken. Whistle-Blowers must provide their names, phone numbers and addresses so that the Receiving Officer or ARC Chairman may, if need be, contact them for more information.

INVESTIGATION

The ARC Chairman will review the information disclosed, interview the Whistle-Blower(s) when required and, either exercising his own discretion or in consultation with the other members of ARC, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective

actions (if any) to take. The ARC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on an administrative leave or an investigatory leave when it is determined by the ARC Chairman that it would be in the best interests of the employee, the Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle-Blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

NO REPRISAL

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:

- a. Dismissal;
- b. Demotion;
- c. Suspension;
- d. Termination of employment/contract;
- e. Any form of harassment or threatened harassment;
- f. Discrimination; or
- g. Current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the ARC Chairman) or directly to the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the ARC Chairman will take into account the fact that he/she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him/her.

NATURE OF CURRENT DIRECTORS' APPOINTMENTS AND MEMBERSHIP ON BOARD COMMITTEES

Director	Board Membership	Audit and Risk Committee Membership	Nominating and Remuneration Committee Membership
Dr Chin Wei-Li, Audrey Marie	Chairman and Non-Executive Independent Director	-	Member
Ms Ng Hsueh Ling	Chief Executive Officer and Executive Director	-	-
Mr Tan Chin Hwee	Non-Executive Independent Director	Member	Chairman
Mr Lee Chiang Huat	Non-Executive Independent Director	Chairman	-
Mr Daniel Chan Choong Seng	Non-Executive Independent Director	Member	-
Mr Lor Bak Liang	Non-Executive Independent Director	Member	-
Mr Ang Wee Gee	Non-Executive Director	-	Member
Professor Tan Cheng Han	Non-Executive Independent Director	-	Member
Mr Lim Kei Hin	Non-Executive Director	-	-

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General	<p>a. Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>b. In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Yes, save in respect of the guidelines on disclosure of remuneration where the Manager has disclosed the information under the Annual Remuneration Report in pages 77 to 80 of the Corporate Governance Report even though the remuneration of the Directors and employees of the Manager is paid by the Manager and not by Keppel REIT.</p> <p>The information under the Annual Remuneration Report in pages 77 to 80 of the Corporate Governance Report enables investors to understand the link between remuneration paid to Directors and key executives, and performance.</p>
Board Responsibility Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Manager has adopted a set of internal guidelines which sets out the financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of assets and corporate matters that require the approval of the Board.
Members of the Board Guideline 2.6	<p>a. What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>b. Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>c. What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>The Nominating and Remuneration Committee (NRC) reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision making. In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment.</p> <p>The NRC is satisfied that the Board and Board committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning and customer-based experience or knowledge, required for the Board and the Board committees to be effective.</p> <p>There is a process of refreshing the Board progressively.</p> <p>See Guideline 4.6 below on process for nomination of new directors and Board succession planning.</p>

Guideline	Questions	How has the Company complied?
Guideline 4.6	<p>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</p>	<p>For new directors</p> <ul style="list-style-type: none"> a. The NRC reviews the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. b. In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment. c. NRC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required. d. NRC makes recommendations to the Board for approval. <p>For incumbent directors</p> <p>The appointment of each of the Directors is subject to endorsement and re-endorsement by Unitholders by way of an ordinary resolution at the Annual General Meetings of Unitholders. The details of the endorsement process is set out on pages 74 to 75 of the Corporate Governance Report.</p> <p>The NRC recommends the seeking of endorsement and re-endorsement of the appointments of the Directors to the Board for approval, having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director.</p>
Guideline 1.6	<p>a. Are new directors given formal training? If not, please explain why.</p> <p>b. What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes, all new directors undergo a comprehensive orientation programme.</p> <p>All Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters.</p> <p>A training programme is in place for Directors in areas such as accounting, finance and the roles and responsibilities of a director of a listed company.</p>

Guideline	Questions	How has the Company complied?
Guideline 4.4	<p>a. What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>b. If a maximum number has not been determined, what are the reasons?</p> <p>c. What are the specific considerations in deciding on the capacity of directors?</p>	<p>Directors should not have more than six listed company board representations and/or other principal commitments. This serves as a guide and the NRC takes into account other factors in deciding on the capacity of director.</p> <p>N.A.</p> <p>The NRC takes into account the results of the annual assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in determining whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Manager.</p>
Board Evaluation Guideline 5.1	<p>a. What was the process upon which the Board reached the conclusion on its performance for the financial year?</p>	<p>Each Board member was required to complete a board evaluation questionnaire. The completed board evaluation questionnaires are collated and sent to the NRC for its review, discussions and evaluation.</p>
		<p>The NRC Chairman and members evaluate the returns and provide their comments and recommendations to the Board on the changes which should be made to help the Board discharge its duties more effectively.</p>
	<p>b. Has the Board met its performance objectives?</p>	<p>The detailed process for the conduct of the assessment is set out on page 76 of the Corporate Governance Report.</p> <p>Yes</p>
Independence of Directors Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes
Guideline 2.3	<p>a. Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.</p> <p>b. What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>No</p> <p>N.A.</p>

Guideline	Questions	How has the Company complied?
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	<p>Yes. Dr Chin Wei-Li, Audrey Marie is an independent Director who has served on the Board for more than nine years from date of first appointment.</p> <p>The NRC considered that Dr Chin has demonstrated independence of views and conduct at both Board meetings and Board committee meetings, and was of the firm view that Dr Chin has been exercising independent judgment in the best interests of Keppel REIT. The NRC therefore considered Dr Chin should be deemed as an independent Director. Taking into account the views of the NRC, the Board concurred that Dr Chin should be deemed independent.</p>
Disclosure on Remuneration Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Although the remuneration of the Directors and employees of the Manager is paid by the Manager and not by Keppel REIT, the Manager has disclosed the level and mix of the remuneration of the Directors, CEO and each of the other top five key executives on page 80 of the Corporate Governance Report.
Guideline 9.3	<p>a. Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>b. Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p>	<p>Yes</p> <p>The level and mix of the remuneration of the CEO and each of the other top five key executives, in bands of \$250,000, is set out on page 80 of the Corporate Governance Report.</p>
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No

Guideline	Questions	How has the Company complied?
Guideline 9.6	<p>a. Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>b. What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>c. Were all of these performance conditions met? If not, what were the reasons?</p>	<p>The compensation structure is directly linked to Keppel REIT and individual performance, both in terms of financial, non-financial performance and the creation of Unitholder wealth. This is achieved in the following ways:</p> <ol style="list-style-type: none"> 1. By placing a significant portion of executive's remuneration at risk ("at risk component") and in some cases, subject to a vesting schedule; 2. By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives: <ol style="list-style-type: none"> a. There are four scorecard areas that the Manager has identified as key to measuring its performance – <ol style="list-style-type: none"> i. Commercial/Financial; ii. Customers; iii. Process; and iv. People; b. The four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals; c. By selecting performance conditions such as Distributable Income to Unitholders of Keppel REIT and Total Unitholder Returns for equity awards that are aligned with Unitholders' interests; d. By requiring those KPIs or conditions to be met in order for the at risk components of remuneration to be awarded or to vest; and e. Forfeiture of the at risk components of remuneration when those KPIs or conditions are not met at a satisfactory level. <p>In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, as set out above, have been met. The NRC is of the view that remuneration is aligned to performance during FY 2014.</p> <p>In order to align the interests of the CEO and key management personnel with that of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager.</p> <p>Please refer to pages 77 to 80 of the Corporate Governance Report for details.</p>

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis.</p> <p>As a general rule, Board papers are required to be sent to Directors at least seven days before each Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required.</p> <p>The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of Keppel REIT's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period.</p> <p>Management also surfaces key risk issues for discussion and confers with the ARC and the Board regularly.</p>
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	The Manager's internal audit functions are performed by Keppel Corporation Limited's Group Internal Audit department.
Guideline 11.3	a. In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board oversees the Manager's and Keppel REIT's system of internal controls and risk management with the support from Audit and Risk Committee (ARC).</p> <p>The Board's view on the adequacy and effectiveness of the Manager's and Keppel REIT's internal controls and risk management system is based on the framework of management control, the internal control and risk management policies and procedures established and maintained by the Manager and Keppel REIT, and the regular audits, monitoring and reviews performed by the internal and external auditors. The ARC has concurred with this view.</p>

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 11.3	b. In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes
Guideline 12.6	a. Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. b. If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	For FY 2014, an aggregate amount of \$516,000, comprising non-audit service fees of \$226,000 and audit service fees of \$290,000, was paid/payable to Keppel REIT's external auditor. The ARC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.
Communication with Shareholders Guideline 15.4	a. Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? b. Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? c. How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Yes. In 2014, the Manager hosted over 40 meetings, conference calls and luncheons where management met with local and international investors. The management also engaged in more than 30 meetings on roadshows in Singapore, Amsterdam, Zurich, London, Tokyo and Hong Kong in relation to the acquisition of MBFC Tower 3. Yes Engagement with Unitholders and other key stakeholders take several forms including half and full-year results briefing, corporate announcements, email communications, publications and content on Keppel REIT's website. In addition to Unitholder meetings, senior management also meet with investors, analysts and the media as well as participate in conference calls, roadshows and industry conferences organised by major brokerage firms to solicit and understand the views of the investment community.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	N.A.

CODE OF CORPORATE GOVERNANCE 2012
Specific Principles and Guidelines for Disclosure

Relevant Principle or Guideline	Page Reference
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Pages 71 to 72
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 72
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 72
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Pages 72 to 73
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Pages 73 and 75
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	Page 75
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not Applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 74 and 89 to 90
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 75
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Pages 74 to 75
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 12 to 17 and 91
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Page 76
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 74, 77 to 78 and 89 to 90
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Page 78
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 77 to 80
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 78 to 80

CODE OF CORPORATE GOVERNANCE 2012 (cont'd)

Specific Principles and Guidelines for Disclosure

Relevant Principle or Guideline	Page Reference
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	Pages 78 to 80
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	Pages 78 to 80
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000	Page 79
Guideline 9.5 Details and important terms of employee share schemes	Pages 78 to 79
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 78 to 80
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems	Pages 81 to 83
The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems	
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Pages 79, 81 and 88 to 89
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Page 81
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 90 to 91
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Pages 79 and 81
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Pages 84 to 85
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	Not Applicable

Risk Management

Proactive and effective risk management is a fundamental part of Keppel REIT's business strategy.

The Manager adopts a robust Enterprise Risk Management (ERM) framework, which outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools as well as Keppel REIT's policies and limits, in addressing and managing key risks identified.

ROBUST ERM FRAMEWORK

The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation as well as monitoring and review.

The risk assessment takes into account both the impact and likelihood of occurrence, and covers the strategic investment, financial, operational and reputational aspects of Keppel REIT's business. Tools such as a risk rating matrix, key risk indicator and risk register assist the Manager in its risk management process.

The Board is responsible for governing risks and ensuring that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders' interests and Keppel REIT's assets. Assisted by the Audit and Risk Committee (ARC), the Board provides valuable advice to management in formulating various risk policies and guidelines. Terms of reference of the ARC are disclosed on pages 88 and 89 of this Report.

The Board and Manager meet on a quarterly basis or more, when necessary, to review Keppel REIT's financial performance; assess its current and future operating, financial and investment risks; as well as respond to feedback from the compliance manager and auditors.

The Board, assisted by the ARC, has put in place three Risk Tolerance Guiding Principles for the Manager and Keppel REIT.



These principles, which determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives, include:

1. Risk taken should be carefully evaluated, commensurate with rewards and in line with Keppel REIT's core strengths and strategic objectives.
2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger Keppel REIT.
3. Keppel REIT adopts zero tolerance towards safety incidents, non-compliance with laws and regulations as well as acts such as fraud, bribery and corruption.

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A new security turnstile system was introduced at Bugis Junction Towers in end-2014 as part of the Manager's ongoing efforts to ensure the safety and security of its tenants.

5-STEP RISK MANAGEMENT PROCESS



Risk Management

The risk management assessment framework also determines the adequacy and effectiveness of the risk management system within Keppel REIT. In 2014, the Board has assessed and deemed Keppel REIT's risk management system to be adequate and effective in addressing the key risks identified below:

1. OPERATIONAL RISK

- All operations are aligned with Keppel REIT's strategies to ensure income sustainability and growth. Measures include prompt lease renewals to reduce rental voids, monitoring of rental arrears to minimise bad debts, and controlling property expenses to maximise net property income.
- Standard operating procedures are reviewed regularly to incorporate good industry practices into daily operations.
- The Manager actively engages and fosters close relationships with tenants as well as manages lease expiries to avoid a disproportionate amount of space expiring in any one year.
- Business continuity plans are reviewed and improved periodically to minimise operational disruptions. Regular external audits are conducted to ensure that safety standards and procedures are implemented and up-to-date. Key spokespersons undergo training to equip them with the necessary communication skills in the event of a crisis.
- For assets that are co-owned, the Manager works closely with the property manager and co-owners to ensure that the asset performance is optimised and property expenses are controlled. The Manager and co-owners also jointly assess and approve all new, renewal, review and restructured leases as well as capital expenditures. The Manager attends regular operational meetings to ensure that the assets are managed in accordance with Keppel REIT's operating plans.

- Asset enhancement works are conducted when necessary to ensure that Keppel REIT's properties remain relevant and competitive.

2. FINANCING RISK

- Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager also closely monitors its cash flow, debt maturity profile and liquidity positions.
- The Manager diversifies its funding sources and lengthens the tenure of borrowings to ensure a well-staggered debt maturity profile.
- Borrowings are refinanced early to reduce refinancing risk and lengthen the overall debt maturity.
- The Manager maintains a robust cash flow position and ensures that there are sufficient working capital lines to meet its financial obligations.

3. EXPOSURE TO FINANCIAL MARKETS RISK

- The Manager constantly monitors the exposure of Keppel REIT to changes in exchange and interest rates. It utilises various financial instruments, where appropriate, to hedge against these risks.
- As at end-2014, approximately 65% of the borrowings are hedged on fixed rates thereby mitigating the risk of adverse interest rate movements.
- In keeping with its policy, the Manager forward hedged approximately 90% of income from the Australian assets in 2014. All progressive payments for the office tower and its annexe being built on the Old Treasury Building site in Perth are also hedged.

4. CREDIT RISK

- Tenants' credit worthiness are assessed prior to signing of lease agreements. They are also required to place security deposits upon confirmation of their leases.

- Systematic rental collection procedures are implemented to ensure regular collection of rents and prevent potential rental arrears.

5. INVESTMENT RISK

- Comprehensive due diligence to assess and evaluate potential investment risks are conducted prior to any transaction. All investment proposals are evaluated objectively based on the Manager's investment criteria as well as the target asset's specifications, location, expected returns, yield accretion, growth potential and performance sustainability, taking into account the current economic climate and market conditions.
- The Board reviews and approves all transactions only after evaluating all sensitivities and risks involved.
- To manage concentration risk, the effect of each proposed transaction on the Singapore-overseas ratio is assessed before any transaction.

6. COMPLIANCE RISK

- The Manager, being a Capital Markets Services Licence holder, complies with applicable laws and regulations including the SGX Listing Rules, Code on Collective Investment Schemes, Property Fund Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore under the Securities and Futures Act as well as the tax rulings issued by the Inland Revenue Authority of Singapore.
- The Manager keeps abreast of changes in legislations and regulations as well as new developments in its operating environment.
- Keppel REIT and the Manager undergo periodic internal and external audits to ensure that they adhere to relevant policies and processes.

Environmental Responsibility



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CEO Ms Ng Hsueh Ling receiving the highest Green Mark Platinum certification for Bugis Junction Towers at the BCA Awards 2014.

As a responsible corporate citizen, Keppel REIT adopts a holistic and proactive approach towards environmental management and protection. It strives to continually innovate to improve the environmental performance of its properties.

BENCHMARKS OF EXCELLENCE

The Manager believes that green and efficient developments will achieve tangible long-term savings for all its stakeholders. As such, it spares no efforts in incorporating environmentally sustainable initiatives at its properties, where feasible.

All of Keppel REIT's assets bear internationally-recognised green certifications by industry bodies including the Building and Construction Authority (BCA) of Singapore, the Green Building Council of Australia (GBCA) and the National Australian Built Environmental Rating System (NABERS).

In Singapore, all of Keppel REIT's assets are certified a minimum BCA Green Mark Gold rating.

In 2014, Bugis Junction Towers was conferred the highest BCA Platinum Green Mark status.

To recognise building managers for their efforts and achievements in operating sustainable properties, the BCA has also introduced Green Mark plaques to allow building owners to prominently display the Green Mark rating awarded to a project. Ocean Financial Centre, the first office building in Singapore to attain the highest BCA Green Mark Platinum rating, is among those to have received the Green Mark plaque.

Testament to the Manager's commitment towards sustainability, Ocean Financial Centre was awarded the Water Efficient Building (Silver) certification by PUB in September 2014. The premium Grade A office building, with its state-of-the-art energy-efficient and environmentally-friendly technologies, features a myriad of sustainable and innovative green applications. These include the harvesting of rainwater for the irrigation of rooftop gardens, recycling of condensate water

for the cooling tower as well as the use of water-efficient tap fittings, all of which contribute towards overall savings of 42 million litres of water annually.

Ocean Financial Centre was also among eight finalists under the Leadership in Sustainable Design and Performance category in the inaugural World Green Building Council Asia Pacific Regional Network Leadership Awards. The award celebrates innovative green building projects that reduce carbon emissions and other environmental impacts, while cutting costs and driving higher levels of health and productivity for building occupants.

In Sydney, 8 Chifley Square is recognised as one of the most environmentally advanced buildings in Australia. The office development was conferred several sustainability accolades in 2014 including the Sydney Design Awards (Best of the Best for Architecture category), Urban Development Institute of Australia (UDIA) Awards for Excellence and the BPN Sustainability Awards.

ENVIRONMENTAL STEWARDSHIP

Keppel REIT was ranked first and named the Regional Leader for Office Sector (Large Cap) in Asia in the Global Real Estate Sustainability Benchmark (GRESB) 2014.

This is the first year that Keppel REIT has been assessed and ranked against real estate industry players worldwide.

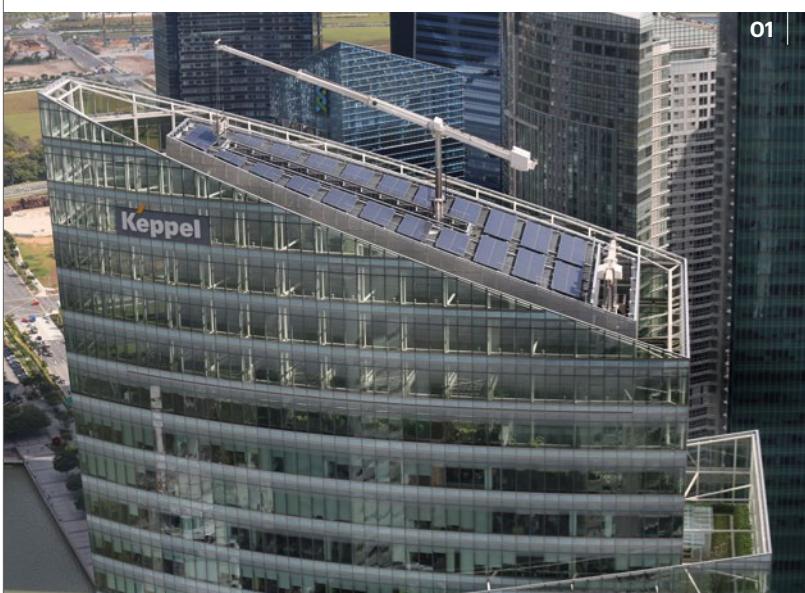
Over 630 entities participated in the annual survey, which saw Keppel REIT emerge among the top three across all entities and sectors in Asia as well as the top 5% in the same sectors globally.

An internationally-recognised benchmark, GRESB assesses companies for excellence in integrated organisational approach towards measurement and management of environmental key performance indicators.

Corporations are evaluated on seven aspects of sustainability namely:

- Management
- Policy and disclosure
- Risks and opportunities
- Monitoring and environmental management systems
- Performance indicators
- Building certificate benchmarking
- Stakeholder engagement

Keppel REIT's participation in GRESB is in line with the Manager's commitment towards greater environmental, social and governance disclosure. It will also raise Keppel REIT's profile among socially responsible funds.



All of Keppel REIT's assets in Australia are also rated a minimum 4.5-Stars NABERS energy rating. The office tower being built on the Old Treasury Building site in Perth has been awarded a 5-Star Green Star Office Design v3 rating certification by the GBCA, representing "Australian Excellence" in environmentally sustainable design.

ACTIVE STAKEHOLDER ENGAGEMENT

The Manager recognises the importance of inculcating a green mindset among its stakeholders. It works closely with its sponsor, Keppel Land, through the Go Green outreach programme, to engage various stakeholders through partnerships with related agencies, sharing of best practices with industry players and supporting eco-related events.

Starting at home, Keppel REIT's headquarters at Bugis Junction Towers is certified an Eco-Office (2013-2015) by the Singapore Environment Council. The certification demonstrates the Manager's commitment and efforts to implement green initiatives in the office and inculcate an eco-mindset among staff.

In line with the aim to raise environmental consciousness, Keppel REIT participated in the Earth Hour campaign organised by the World Wide Fund for Nature on 29 March 2014. Non-essential lightings such as façade flood lights and lightings at lobbies, carparks, staircases, walkways and corridors were switched off for an hour. Notices were also displayed at prominent locations to rally tenants to participate in this global initiative which saw over 400 kwh of energy saved across all four of Keppel REIT's properties in Singapore.

In June 2014, Keppel REIT was once again the sole office building supporter of Ricoh Asia Pacific's Eco-Action Day environmental awareness



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Ocean Financial Centre features the latest in green technology, including one of the largest assembly of photovoltaic cell systems for a commercial building in Singapore's central business district.

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8 Chifley Square in Sydney is one of the most environmentally advanced buildings in Australia.

campaign to commemorate World Environment Day. A series of roadshows were held over two weeks at some of Keppel REIT's properties including Ocean Financial Centre, Bugis Junction Towers, One Raffles Quay and Marina Bay Link Mall.

At these roadshows, tenants and visitors received energy conservation tips and were encouraged to make individual as well as corporate pledges to conserve energy and resources both at home and at work. Electronic direct mailers were also sent to tenants and posters displayed in the lobbies of the buildings to promote awareness of the campaign.

Keppel REIT also demonstrated its firm support towards greening the environment during the International Green Building Conference held in September 2014. It hosted a site tour to Ocean Financial Centre, which is widely recognised as an eco-icon incorporating some of the latest green technologies.

The Manager is committed to minimise energy consumption

and optimise its ecological footprint by adopting energy efficiency measures to enhance its buildings' performance.

As tenants contribute to nearly half of a building's total energy consumption, the Manager actively engages and promotes green practices among its tenants. Some of these efforts include the distribution of the Green Fit-Out and Green Office Operation Guides to tenants to encourage the adoption of green practices at their workplaces.

In September 2014, Keppel REIT extended a zero capital expenditure scheme for its office tenants to replace existing conventional office lamps with energy-efficient LED lights. Under the scheme, Philips will offer LED lighting to tenants with no upfront capital investment required. The cost savings from the lower energy consumption from the LED lighting will be shared between Philips and the respective tenant for an agreed time period, following which the savings will be enjoyed by Keppel REIT and its tenants.

SUSTAINABILITY ACCOLADES

Property	Award	Year
Singapore		
Bugis Junction Towers	BCA Green Mark Platinum	2014
Marina Bay Financial Centre (Towers 1 and 2)	BCA Green Mark Gold	2008/2014
Ocean Financial Centre	BCA Green Mark Platinum	2008/2013
One Raffles Quay	BCA Green Mark Gold	2009/2013
Marina Bay Financial Centre (Tower 3)	BCA Green Mark Gold ^{Plus}	2009/2012
Australia		
275 George Street, Brisbane	NABERS 5-Stars	2014
8 Exhibition Street, Melbourne	NABERS 4.5-Stars	2014
Office tower being built on the Old Treasury Building site, Perth	GBCA 5-Star Green Star – Office Design v3	2014
77 King Street, Sydney	NABERS 4.5-Stars	2013
8 Chifley Square, Sydney	GBCA 6 Star Green Star – Office Design v2	2012

Safety and Health

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The Manager strives to provide a safe and conducive working environment for its employees and tenants.

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To enhance operational resilience, an anti-terror exercise was held at Marina Bay Link Mall in October 2014 (Photograph courtesy of the Singapore Police Force).

The Manager advocates a strong safety culture and strives to provide a conducive working environment for all its employees, tenants and building occupants.

UPHOLDING STANDARDS

As a member of the Keppel Group, Keppel REIT is committed to the Keppel Workplace Safety and Health (WSH) 2018. The initiative aims to implement uniform safeguards, increase accountability and promote ownership across the Group through four key thrusts:

- Establish an integrated WSH framework
- Implement an effective safety management system
- Enhance safety ownership
- Strengthen safety partnerships

Recognising that good safety management contributes to operational excellence, the Management Safety Committee meets bi-monthly with representatives from the WSH and property management teams to discuss safety-related matters.

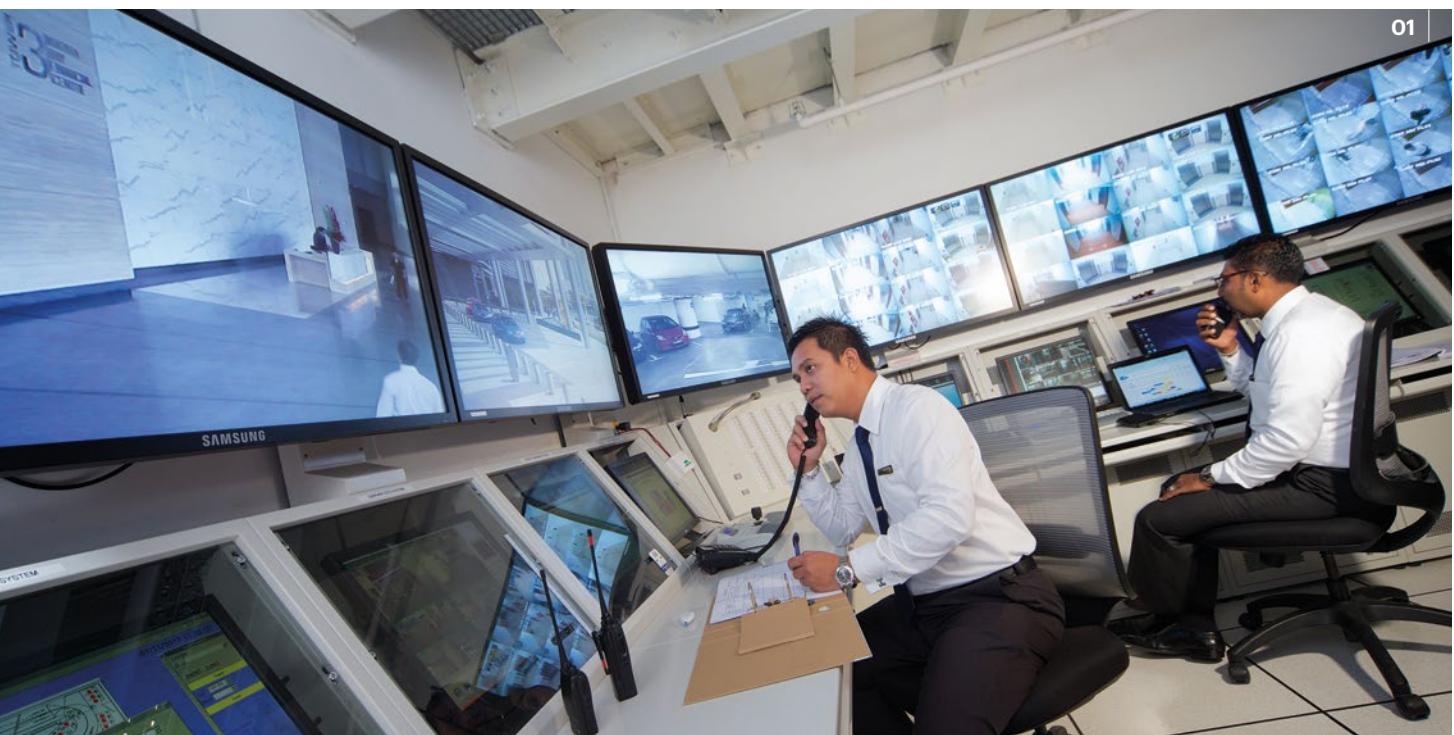
All Keppel REIT's buildings in Singapore and Australia undergo annual audits to ensure that they comply with WSH standards. Gaps that are identified are addressed and mitigating actions taken to prevent recurrence.

In Singapore, all of Keppel REIT's properties fulfil the guidelines set out in the international Occupational Health and Safety Management Systems (OHSAS) 18001 standards. The OHSAS 18001 enables organisations to manage, control its occupational health and safety risks as well as improve its performance.

For excellence in its WSH performance and effective safety management system, both Marina Bay Financial Centre (MBFC) and One Raffles Quay were conferred the Workplace Safety and Health Performance Awards at the national WSH Awards 2014.

The Manager has also established the Company Emergency Response Team (CERT) for its respective assets in Singapore to mitigate and control

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an emergency situation before it escalates into a disaster. Members of the CERT have undergone the relevant training for emergency preparedness to ensure operational synergy with the Singapore Civil Defence Force (SCDF).

ENGAGING WORKFORCE

To achieve a zero-harm workplace, the Manager encourages all stakeholders to embrace safety as a personal and collective responsibility.

All new employees are required to undergo a safety initiation course as part of their orientation programme. Employees are also updated regularly on matters such as key safety principles, action plans as well as accident and/or incident reporting procedures.

To facilitate the sharing of best practices across the Keppel Group, various platforms are provided including an e-safety portal for the Group's safety champions, key management and operations personnel to access, contribute and share information efficiently.

To familiarise employees and all tenants on emergency procedures, fire and evacuation drills are conducted regularly at all of Keppel REIT's properties in Singapore and Australia.

In December 2014, exhibitions were also held at Ocean Financial Centre and Bugis Junction Towers to promote safety awareness among tenants. The exhibition highlighted the potential safety hazards at the workplace and at home, and how they can be prevented.

On 26 October 2014, the Singapore Police Force, SCDF and members of the Safety and Security Watch Group held their annual anti-terror exercise codenamed 'Exercise Heartbeat' at Marina Bay Link Mall. The exercise involving staff from Raffles Quay Asset Management, which manages MBFC and One Raffles Quay, simulated a cross-fire between the police and "terrorists" in the subterranean mall.

In Australia, training sessions are also conducted for all tenant evacuation warden

representatives twice yearly by accredited trainers.

MANAGING SAFETY

To effectively instil safety consciousness, the Manager believes in inculcating a safety mindset through regular communication with all stakeholders.

Keppel REIT will continue to remind all its employees and contractors on the need to observe all safety and health practices. The Manager also encourages all its stakeholders to proactively take all necessary precautions to protect themselves, their co-workers, visitors and the public from harm.

With safety as an integral aspect of its business operations, the Manager will continue to set meaningful and measurable targets to control and manage safety and health risks. It will regularly evaluate its operations and processes, risk assessment and controls through ongoing reviews and audits while ensuring compliance with the relevant legislative requirements.

People Matter

01



01

To foster bonds between departments, a cross-unit interaction session at Marina at Keppel Bay was organised for staff from Keppel REIT and Keppel Land Hospitality Management.

02

Keppel REIT staff gained further insights into the property market landscape and trends.

With people as the cornerstone of its success, the Manager is committed to develop a motivated and competent workforce. The Manager seeks to continuously improve its organisational climate and empower its employees through rigorous training and development programmes as well as wellness activities.

EMBRACING CORE VALUES

The Manager shares the Keppel Group's set of eight core values – Can Do, Integrity, Customer Focus, People-Centredness, Safety, Agility and Innovation, Collective Strength and Accountability.

To align employees with the core values, a Values-In-Action programme is included as one of the orientation events for new hires. The one-day programme is organised quarterly and seeks to imbibe in employees with an ownership of the core values through experiential activities. In 2014, seven Keppel REIT employees participated in the programme.

In 2012, the Keppel Group launched the Outstanding Keppelite Awards to recognise exemplary work performances as well as the exemplification of core values among staff. One of Keppel REIT's staff was conferred the award in recognition of her outstanding performance in 2014.

ONGOING TRAINING AND DEVELOPMENT

The Manager adopts a holistic approach towards its human resources strategy.

New hires are given a detailed onboarding course to help them assimilate into the organisation and understand the Manager's core corporate philosophies, policies and business strategies. This includes presentations by unit heads, interaction sessions with management as well as site tours to its Singapore properties.

Mentors are also assigned to high-potential employees to help them adapt to the Keppel culture and guide them in their professional and personal

growth. Both mentors and mentees receive reference articles on a bi-monthly basis to provide them additional insights on improving their mentoring experience.

The Manager recognises that talent management is vital to Keppel REIT's long-term organisational success. It is able to enhance its talent development and succession planning through leveraging programmes organised by the Keppel Group.

Regular dialogue sessions with management are also organised to provide opportunities for management to share the Group's progress and strategies with staff.

High-potential employees are identified and selected for the Keppel Young Leaders programme which encourages innovative thinking and hones entrepreneurship skills. These young leaders are given the opportunity to participate in and champion high-impact projects and cross-border assignments beyond their regular scope of work as well as learn through interaction with their peers across the Keppel Group.

In addition, strong performing executives are selected for the Leadership Development (LEAD) programme under Keppel Land, which aims to accelerate the development of high-potential staff for managerial and middle management roles.

A stringent selection process, which includes psychometric testing, has been instituted to ensure rigour and objectivity in identifying suitable candidates. There are currently three Keppel REIT employees under the LEAD programme. They will progress through a structured learning roadmap, including taking on stretched assignments and job rotations to help them develop core competencies. Each LEAD employee is also guided by a trained mentor who will coach, share experiences as well as provide insights

and perspectives throughout the programme.

In 2014, a customised business acumen workshop and a leadership lunch talk series were introduced to equip employees under the LEAD programme. Staff also attended leadership development programmes which saw top talents across the Keppel Group and Temasek Group of companies come together to learn and network.

The Manager held its annual management strategy retreat in Bali, Indonesia, over three days in March 2014. Chaired by the CEO, the management team reviewed its performance in the past year as well as discussed the challenges ahead and its business plan for the year. The retreat also aimed to strengthen the bond among team members through fun-filled activities.

Various talks were also held by the Manager throughout the year to keep its Directors and employees abreast of the latest regulatory requirements as well as the property market landscape and trends.

In August 2014, the Manager organised an anti-money laundering talk where Directors and staff learnt how money launderers and the financiers of terrorism could exploit vulnerabilities in organisations as well as the various due diligence procedures the organisation can undertake to reduce its risk exposure.

Overall, Keppel REIT employees clocked in an average of 49 training hours in 2014, while the average training investment per employee was \$1,173.

EMPLOYEE WELLNESS

To promote the well-being and to better engage employees, the Manager participated in numerous corporate activities during the year. These include the annual Dinner & Dance, quarterly chill-out sessions as well as the annual Lunar New Year, Mid-Autumn and Christmas celebrations.

In November 2014, a cross-unit interaction lunch was held for Keppel REIT and Keppel Land Hospitality Management at Marina at Keppel Bay to forge stronger bonds between staff across different business units.



Community Relations

01

In driving the REIT industry, Keppel REIT is among the founding members of REITAS, which was launched in November 2014.

02

Staff of Keppel REIT befriended children from MINDSville@ Napiri in a workshop where they picked up basic culinary skills.

Keppel REIT is committed to be a responsible corporate citizen and seeks to make a difference in the lives of the less privileged. The Manager also constantly engages its tenants to foster stronger and meaningful relationships as well as promote industry-wide initiatives, all of which are integral to the success of its business.

STRENGTHENING TENANT RELATIONS

To celebrate another year of excellent business relations with tenants and business partners, the 9th Keppel REIT and 39th Ocean Financial Centre Combined Golf Tournament 2014 was held on 6 June 2014 at the Sentosa Golf Club.

Over 90 tenants and business associates participated in the annual game which provides a platform for the Manager to interact and strengthen ties with tenants and other stakeholders alike.

DRIVING THE REIT INDUSTRY

As one of the largest REITs listed on the Singapore Exchange (SGX), Keppel REIT is among the founding members of the REIT Association of Singapore (REITAS).

Launched in November 2014, REITAS aims to promote the growth and development of the S-REIT industry.

The Manager's CEO, Ms Ng Hsueh Ling, is also REITAS' Vice President where she oversees the development of programmes and initiatives to raise greater awareness and further promote the REIT industry.

PROMOTING THE ARTS

The Manager continues to inject vibrancy into Singapore's business and financial district through monthly lunchtime performances featuring young budding musicians. Performances were held throughout 2014 at Ocean Financial Centre and Marina Bay Link Mall.

In partnership with the National Arts Council (NAC) and the National Youth Council, Keppel REIT's property, Ocean Financial Centre, was the host venue for *root*, an art exhibition featuring works from eight young Singaporean artists. Held over two weeks from 27 June to 11 July 2014, the exhibition aimed to inspire Singaporeans to re-examine their understanding of identity and home.

In its efforts to showcase young musical talents and bring classical music to a wider audience, Keppel REIT also partnered MediaCorp in their 'Symphony in the City' initiative. A concert was held at Ocean Financial Centre on 24 September 2014 and showcased performances by winners of Symphony 92.4FM's Young Talents Projects, a talent search for the region's brightest classical music prodigies.

Workshops and performances were also organised for working professionals and shoppers in the vicinity to enjoy a myriad of art-inspired activities. At Marina Bay Link Mall, visitors were encouraged to express their creativity through art during NAC's Silver Arts programme from 17 to 24 October 2014.





Separately, Keppel REIT also partnered the Urban Redevelopment Authority in November 2014 to promote *PubliCity*, aimed at enlivening city spaces with inspiring art installations. Inspired by similar successful initiatives in New York and Sydney, lightweight and portable chairs were installed at the ground plaza of Ocean Financial Centre where members of the public were encouraged to interact with the exhibits.

SUPPORTING COMMUNITY CAUSES

The Manager continues to make a positive impact to the society through its partnership with MINDSville@Napiri. On 20 June 2014, Keppel REIT organised a culinary workshop at Cookyn Inc where the children were empowered with basic culinary skills. This is the fifth consecutive year that Keppel REIT is reaching out to the children from this school.

Keppel REIT also sponsored the Bull Charge Lollipop Wall, which

was part of a series of fundraising activities held prior to SGX annual Bull Charge Charity Run. Members of the public who donated a nominal sum were invited to pick a lollipop off the wall made up of about 30,000 sweets. Keppel REIT staff also joined 6,000 participants from the finance industry and SGX-listed companies in the Bull Charge Charity Run on 14 November 2014.

Amid the year-end festivities, Keppel REIT invited tenants of Ocean Financial Centre and those working in the vicinity to fulfil Christmas wishes for the beneficiaries from Melrose Home. The home, which is part of the Children's Aid Society, provides a supportive environment for children and teenagers aged between three and 18 years who require care and protection.

In addition, Keppel REIT supported the Marina Bay

Singapore Countdown 2015 celebrations with a themed synchronised animation on the façade of Ocean Financial Centre to usher in the New Year and Singapore's Golden Jubilee.

Recognising that charity goes beyond monetary contributions, employees are granted two days of volunteerism leave annually to participate in community-related activities. This encourages them to take on social responsibilities that are aligned with the Group's core values, while playing an active role in the lives of the beneficiaries.

The Manager also reached out to the less privileged through Keppel Volunteers, a Keppel Group-wide volunteer movement. Throughout the year, Keppel REIT employees joined in the monthly activities organised by Keppel Volunteers for its adopted charity, the Association for Persons with Special Needs.

Corporate Information

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AUDITOR

Ernst & Young LLP
 One Raffles Quay
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 Fax: +65 6532 7662
 (Partner-in-charge:
 Mr. Tham Chee Soon)
 (With effect from financial year ended 31 December 2011)

THE MANAGER

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COMPANY SECRETARIES

Mr Choo Chin Teck
Mr Kelvin Chua

DIRECTORS OF THE MANAGER

Dr Chin Wei-Li, Audrey Marie
 Chairman and Non-Executive Independent Director

Ms Ng Hsueh Ling
 Chief Executive Officer and Executive Director

Mr Tan Chin Hwee
 Non-Executive Independent Director

Mr Lee Chiang Huat
 Non-Executive Independent Director

Mr Daniel Chan Choong Seng
 Non-Executive Independent Director

Mr Lor Bak Liang
 Non-Executive Independent Director

Mr Ang Wee Gee
 Non-Executive Director

Professor Tan Cheng Han
 Non-Executive Independent Director

Mr Lim Kei Hin
 Non-Executive Director

AUDIT AND RISK COMMITTEE

Mr Lee Chiang Huat
 (Chairman)

Mr Tan Chin Hwee

Mr Daniel Chan Choong Seng

Mr Lor Bak Liang

NOMINATING AND REMUNERATION COMMITTEE

Mr Tan Chin Hwee
 (Chairman)

Dr Chin Wei-Li, Audrey Marie

Mr Ang Wee Gee

Professor Tan Cheng Han

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Report of the Trustee

For the financial year ended 31 December 2014

RBC Investor Services Trust Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel REIT (the "Trust") and its subsidiaries (the "Group") in trust for the holders of units ("Unitholders") in Keppel REIT. In accordance with, inter alia, the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), 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 which shall contain the matters prescribed by the laws and regulations as well as recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

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 117 to 180 comprising the Balance Sheets, Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,
RBC Investor Services Trust Singapore Limited



Andrew Charles Allen
Managing Director

Singapore, 16 February 2015

Statement by the Manager

For the financial year ended 31 December 2014

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In the opinion of the directors of Keppel REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 117 to 180 comprising the Balance Sheets, Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, 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 2014, 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 (Revised 2012) "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



Ng Hsueh Ling
Chief Executive Officer and Executive Director

Singapore, 16 February 2015

Independent Auditor's Report to the Unitholders of Keppel REIT

For the financial year ended 31 December 2014

To the Unitholders of Keppel REIT

We have audited the financial statements of Keppel REIT (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the Balance Sheets of the Group and the Trust and Portfolio Statement of the Group as at 31 December 2014, the Statements of Movements in Unitholders' Funds of the Group and the Trust, and the Statement of Total Return, Distribution Statement and Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 117 to 180.

Manager's Responsibility for the Financial Statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of financial statements 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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2014 and 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 then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.



ERNST & YOUNG LLP

Public Accountants and
Chartered Accountants

Singapore, 16 February 2015

Balance Sheets

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As at 31 December 2014

Note	Group		Trust	
	31.12.2014 \$'000	31.12.2013 \$'000	31.12.2014 \$'000	31.12.2013 \$'000
Non-current assets				
Investment properties	3	3,613,616	4,015,094	527,000
Investment in subsidiaries	4	—	—	1,837,852
Investment in associates	5	2,429,485	1,662,963	2,031,098
Advances to associates	8	613,222	606,222	613,222
Investment in joint ventures	6	288,931	137,271	—
Advances to joint ventures	8	99,853	178,039	—
Amount owing by subsidiaries	7	—	—	876,886
Fixed assets		142	23	—
Intangible asset	9	56,607	47,356	46,623
Derivative financial instruments	13	2,081	2,738	255
		7,103,937	6,649,706	5,932,936
				5,611,521
Current assets				
Trade and other receivables	10	25,016	33,865	37,918
Prepaid expenses		629	1,010	23
Cash and bank balances	11	199,689	90,611	172,729
Derivative financial instruments	13	133	347	133
		225,467	125,833	210,803
				102,279
Total assets		7,329,404	6,775,539	6,143,739
				5,713,800
Current liabilities				
Trade and other payables	12	84,469	94,258	64,022
Income received in advance	14	1,043	1,621	239
Short term borrowings (secured)	15	174,950	—	174,950
Short term borrowings (unsecured)	15	99,974	281,953	99,974
Current portion of security deposits		3,223	3,927	508
Derivative financial instruments	13	9,071	6,559	9,071
Provision for taxation		7,641	10,858	7,400
		380,371	399,176	356,164
				343,696
Non-current liabilities				
Income received in advance	14	61,871	19,585	61,021
Long term borrowings (secured)	15	464,030	882,642	—
Long term borrowings (unsecured)	15	1,926,409	1,518,263	1,928,554
Derivative financial instruments	13	6,894	21,966	4,724
Non-current portion of security deposits		25,074	30,183	3,237
Deferred tax liabilities	16	5,283	4,753	—
		2,489,561	2,477,392	1,997,536
				1,992,162
Total liabilities		2,869,932	2,876,568	2,353,700
				2,335,858
Net assets		4,459,472	3,898,971	3,790,039
				3,377,942
Represented by:				
Unitholders' funds		4,457,420	3,896,993	3,790,039
Non-controlling interest		2,052	1,978	—
		4,459,472	3,898,971	3,790,039
				3,377,942
Units in issue ('000)	17	3,170,434	2,787,682	3,170,434
Net asset value per Unit (\$)		1.41	1.40	1.20
				1.21

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Total Return

For the financial year ended 31 December 2014

	Note	Group 2014 \$'000	2013 \$'000
Property income	18	184,093	174,043
Property expenses	19	(32,657)	(35,749)
Net property income		151,436	138,294
Rental support	20	50,011	72,873
Share of results of associates	5	60,745	62,134
Share of results of joint ventures	6	9,848	2,103
Interest income		37,432	36,953
Amortisation expense	9	(37,364)	(44,860)
Trust expenses	21	(52,943)	(49,758)
Borrowing costs	22	(60,124)	(55,178)
Changes in fair value of interest rate swap	13	(3,879)	–
Net income before net change in fair value of investment properties and gain on divestment of investment property		155,162	162,561
Gain on divestment of investment property		16,179	–
Net change in fair value of investment properties	23	212,191	389,141
Total return before tax		383,532	551,702
Income tax expense	24	(11,630)	(16,774)
Total return for the year		371,902	534,928
Attributable to:			
Unitholders		371,753	534,681
Non-controlling interest		149	247
		371,902	534,928
Basic and diluted earnings per Unit (cents) based on total return for the year	25	13.00	19.70
Basic and diluted earnings per Unit (cents) based on total return for the year and excluding net change in fair value of investment properties and gain on divestment of investment property	25	5.02	5.37

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Distribution Statement

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For the financial year ended 31 December 2014

	Group	
	2014 \$'000	2013 \$'000
Income available for distribution to Unitholders at beginning of the year	54,841	52,066
Net income before net change in fair value of investment properties and gain on divestment of investment property	155,162	162,561
Net income attributable to non-controlling interest	(75)	(66)
Net tax and other adjustments (Note A)	62,685	68,322
Income tax expense	(11,630)	(16,774)
	206,142	214,043
Income available for distribution to Unitholders	260,983	266,109
Distributions to Unitholders:		
Distribution of 1.97 cents per Unit for the period from 1/10/2012 to 31/12/2012	-	(52,145)
Distribution of 1.97 cents per Unit for the period from 1/1/2013 to 31/3/2013	-	(52,187)
Distribution of 1.97 cents per Unit for the period from 1/4/2013 to 30/6/2013	-	(52,828)
Distribution of 1.97 cents per Unit for the period from 1/7/2013 to 30/9/2013	-	(54,108)
Distribution of 1.97 cents per Unit for the period from 1/10/2013 to 31/12/2013	(54,605)	-
Distribution of 1.97 cents per Unit for the period from 1/1/2014 to 31/3/2014	(55,047)	-
Distribution of 1.90 cents per Unit for the period from 1/4/2014 to 30/6/2014	(53,220)	-
Distribution of 1.85 cents per Unit for the period from 1/7/2014 to 30/9/2014	(52,027)	-
Distribution of 1.25 cents per Unit for the period from 1/10/2014 to 15/12/2014 ¹	(37,604)	-
Total Unitholders' distribution (including capital return) (Note B)	(252,503)	(211,268)
Income available for distribution to Unitholders at end of the year	8,480	54,841
Note A – Net tax and other adjustments comprise:		
- Manager's management fees paid and payable in Units	30,729	28,657
- Trustee's fees	1,085	1,018
- Amortisation of intangible asset and capitalised transaction costs	40,182	47,286
- Share of results of associates	(60,745)	(62,134)
- Share of results of joint ventures	(9,848)	(2,103)
- Effect of recognising rental income on a straight-line basis over the lease terms	(1,416)	(1,687)
- Interest income to be received	(1,218)	(4,601)
- Changes in fair value of interest rate swap	3,879	-
- Timing difference in remittance of overseas income	(14,377)	(10,608)
- Deferred tax	549	5,061
- Other items	473	1,984
	(10,707)	2,873
Dividend and distribution income from associates	66,449	64,593
Distribution income from joint ventures	6,943	856
Net tax and other adjustments	62,685	68,322
Note B – Total Unitholders' distribution		
- Taxable income	(141,525)	(90,477)
- Tax exempt income	(88,137)	(74,850)
- Capital return	(22,841)	(45,941)
	(252,503)	(211,268)

1 This relates to the advanced distribution declared on 18 December 2014. The amount was subsequently paid on 21 January 2015.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value 2014 \$'000	Carrying value 2013 \$'000	Percentage of net assets 2014 %	Percentage of net assets 2013 %
Investment properties in Singapore									
Prudential Tower ¹	Leasehold	99 years	-	30 Cecil Street	Commercial	-	490,000	-	12.6
Bugis Junction Towers	Leasehold	99 years	74.7 years	230 Victoria Street	Commercial	527,000	504,760	11.8	12.9
Ocean Financial Centre ²	Leasehold	99 years	95.9 years	10 Collyer Quay	Commercial	2,538,831	2,464,064	56.9	63.2
Investment properties in Australia									
275 George Street ³	Freehold ⁴	NA	NA	Brisbane	Commercial	213,675	219,648	4.8	5.6
77 King Street office tower	Freehold ⁴	NA	NA	Sydney	Commercial	139,860	143,000	3.1	3.7
8 Exhibition Street ⁵	Freehold ⁴	NA	NA	Melbourne	Commercial	194,250	193,622	4.4	5.0
Investment properties, at valuation (Note 3)						3,613,616	4,015,094	81.0	103.0
Investments in associates and joint ventures, advances to associates and joint ventures (Notes 5, 6 and 8) and intangible asset (Note 9)						3,488,098	2,631,851	78.2	67.5
Properties held by joint ventures:									
8 Chifley Square ⁶	Leasehold	99 years	90.3 years	Sydney	Commercial				
Old Treasury Building ⁷	Leasehold	99 years	NA ⁸	Perth	Under development				
Properties held by associates:									
One Raffles Quay	Leasehold	99 years	85.4 years	1 Raffles Quay	Commercial				
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Leasehold	99 years	89.8 years	Nos. 8, 8A and 10 Marina Boulevard	Commercial				
Marina Bay Financial Centre Tower 3 ⁹	Leasehold	99 years	91.2 years	No. 12 Marina Boulevard	Commercial				
Other assets and liabilities (net)						(2,642,242)	(2,747,974)	(59.2)	(70.5)
Net assets						4,459,472	3,898,971	100.0	100.0

1 Prudential Tower was divested on 26 September 2014.

2 Carrying value is based on 100.0% of Ocean Financial Centre. Keppel REIT owns approximately 99.9% (2013: 99.9%) interest in Ocean Financial Centre.

3 Comprises 50.0% (2013: 50.0%) interest in 275 George Street.

4 Also known as estate in fee simple.

5 Comprises 50.0% (2013: 50.0%) interest in 8 Exhibition Street.

6 Comprises 50.0% (2013: 50.0%) interest in 8 Chifley Square, held through Mirvac 8 Chifley Trust.

7 Comprises 50.0% (2013: 50.0%) interest in Old Treasury Building, held through Mirvac (Old Treasury) Trust.

8 The 99-year leasehold tenure will commence on the date of practical completion of the property.

9 Marina Bay Financial Centre Tower 3 was acquired on 16 December 2014.

The carrying amounts of the Group's assets under management as at 31 December 2014 and 31 December 2013 were based on independent valuations undertaken by various independent valuers. The independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued. The below valuations were determined based on investment method, discounted cash flow 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.

FY2014

Property	Independent valuer	Date of valuation	Valuation \$'000
Bugis Junction Towers	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2014	527,000
Ocean Financial Centre	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2014	2,560,000¹
275 George Street	CBRE Valuations Pty Limited	31 December 2014	213,675
77 King Street office tower	CIVAS (NSW) Pty Limited	31 December 2014	139,860
8 Exhibition Street	m3Property (Vic) Pty Ltd	31 December 2014	194,250
One Raffles Quay	Knight Frank Pte Ltd	31 December 2014	1,228,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Knight Frank Pte Ltd	31 December 2014	1,641,000
Marina Bay Financial Centre Tower 3	Cushman & Wakefield VHS Pte Ltd	31 December 2014	1,289,000
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2014	205,905
Old Treasury Building	m3Property (Vic) Pty Ltd	31 December 2014	186,036
			<u>8,184,726</u>

FY2013

Property	Independent valuer	Date of valuation	Valuation \$'000
Prudential Tower	Cushman & Wakefield VHS Pte Ltd	31 December 2013	490,000
Bugis Junction Towers	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2013	504,760
Ocean Financial Centre	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2013	2,515,000¹
275 George Street	CBRE Valuations Pty Limited	31 December 2013	219,648
77 King Street office tower	CBRE Valuations Pty Limited	31 December 2013	143,000
8 Exhibition Street	m3Property (Vic) Pty Ltd	31 December 2013	193,622
One Raffles Quay	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2013	1,200,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2013	1,609,000
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2013	197,340
Old Treasury Building	m3Property (Vic) Pty Ltd	31 December 2013	128,128
			7,200,498

¹ The carrying value based on 100.0% interest in Ocean Financial Centre, excluding rental support top-up payment, is \$2,538,831,000 (2013: \$2,464,064,000).

The investment properties comprised commercial properties that are mainly leased to third party tenants. Generally, these leases contain an initial non-cancellable period of between 2 and 25 years. Subsequent renewals are negotiated with individual lessee.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Movements in Unitholders' Funds

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For the financial year ended 31 December 2014

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	Non- controlling interest \$'000	
At 1 January 2014	2,924,291	(94,828)	(28,003)	1,092,311	3,222	3,896,993	1,978	3,898,971
Operations								
Total return for the year	-	-	-	371,753	-	371,753	149	371,902
Net increase in assets resulting from operations	-	-	-	371,753	-	371,753	149	371,902
Unitholders' transactions								
Creation of Units								
- payment of management fees in Units	30,669	-	-	-	-	30,669	-	30,669
- placement of Units	228,150	-	-	-	-	228,150	-	228,150
- payment of purchase consideration in Units (Note 5)	185,000	-	-	-	-	185,000	-	185,000
- payment of acquisition fees in Units	11,988	-	-	-	-	11,988	-	11,988
Issue expenses	(3,162)	-	-	-	-	(3,162)	-	(3,162)
Distributions to Unitholders	(22,841)	-	-	(229,662)	-	(252,503)	-	(252,503)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	429,804	-	-	(229,662)	-	200,142	-	200,142
Net movement in foreign currency translation reserve	-	(28,336)	-	-	-	(28,336)	-	(28,336)
Net change in fair value of cash flow hedges	-	-	15,569	-	-	15,569	(1)	15,568
Share of net change in fair value of cash flow hedges of an associate	-	-	1,299	-	-	1,299	-	1,299
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	-	(74)	(74)
At 31 December 2014	3,354,095	(123,164)	(11,135)	1,234,402	3,222	4,457,420	2,052	4,459,472

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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	Non- controlling interest \$'000	
At 1 January 2013	2,771,684	(4,138)	(28,599)	722,957	2,253	3,464,157	1,811	3,465,968
Operations								
Total return for the year	-	-	-	534,681	-	534,681	247	534,928
Net increase in assets resulting from operations	-	-	-	534,681	-	534,681	247	534,928
Unitholders' transactions								
Creation of Units								
- payment of management fees in Units	27,838	-	-	-	-	27,838	-	27,838
- placement of Units	172,900	-	-	-	-	172,900	-	172,900
Issue expenses	(2,190)	-	-	-	-	(2,190)	-	(2,190)
Distributions to Unitholders	(45,941)	-	-	(165,327)	-	(211,268)	-	(211,268)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	152,607	-	-	(165,327)	-	(12,720)	-	(12,720)
Acquisition expenses adjustments	-	-	-	-	969	969	-	969
Net movement in foreign currency translation reserve	-	(90,690)	-	-	-	(90,690)	-	(90,690)
Net change in fair value of cash flow hedges	-	-	(163)	-	-	(163)	2	(161)
Share of net change in fair value of cash flow hedges of an associate	-	-	759	-	-	759	-	759
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	-	(82)	(82)
At 31 December 2013	2,924,291	(94,828)	(28,003)	1,092,311	3,222	3,896,993	1,978	3,898,971

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Trust	Units in issue \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 January 2014	2,924,291	(26,233)	479,884	3,377,942
Operations				
Total return for the year	-	-	195,250	195,250
Net increase in assets resulting from operations	-	-	195,250	195,250
Unitholders' transactions				
Creation of Units				
- payment of management fees in Units	30,669	-	-	30,669
- placement of Units	228,150	-	-	228,150
- payment of purchase consideration in Units (Note 5)	185,000	-	-	185,000
- payment of acquisition fees in Units	11,988	-	-	11,988
Issue expenses	(3,162)	-	-	(3,162)
Distributions to Unitholders	(22,841)	-	(229,662)	(252,503)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	429,804	-	(229,662)	200,142
Net change in fair value of cash flow hedges	-	16,705	-	16,705
At 31 December 2014	3,354,095	(9,528)	445,472	3,790,039
At 1 January 2013	2,771,684	(25,128)	497,637	3,244,193
Operations				
Total return for the year	-	-	147,574	147,574
Net increase in assets resulting from operations	-	-	147,574	147,574
Unitholders' transactions				
Creation of Units				
- payment of management fees in Units	27,838	-	-	27,838
- placement of Units	172,900	-	-	172,900
Issue expenses	(2,190)	-	-	(2,190)
Distributions to Unitholders	(45,941)	-	(165,327)	(211,268)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	152,607	-	(165,327)	(12,720)
Net change in fair value of cash flow hedges	-	(1,105)	-	(1,105)
At 31 December 2013	2,924,291	(26,233)	479,884	3,377,942

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

For the financial year ended 31 December 2014

	Group	
	2014 \$'000	2013 \$'000
Operating activities		
Total return before tax	383,532	551,702
Adjustments for:		
Interest income	(37,432)	(36,953)
Amortisation expense	37,364	44,860
Share of results of associates	(60,745)	(62,134)
Share of results of joint ventures	(9,848)	(2,103)
Borrowing costs	60,124	55,178
Management fees paid and payable in Units	30,729	28,657
Gain on divestment of investment property	(16,179)	–
Changes in fair value of interest rate swap	3,879	–
Net change in fair value of investment properties	(212,191)	(389,141)
Depreciation	42	15
Rental support income	(50,011)	(72,873)
Translation differences	1,532	3,728
Operating cash flows before changes in working capital	130,796	120,936
Increase in receivables	(7,675)	(5,544)
Decrease in payables	(60,490)	(40,898)
(Decrease)/Increase in security deposits	(5,813)	1,179
Cash flows from operations	56,818	75,673
Income taxes paid	(14,257)	(15,418)
Net cash flows generated from operating activities	42,561	60,255
Investing activities		
Purchase of investment property	–	(187,184)
Subsequent expenditure on investment properties	(2,118)	(17,805)
Purchase of fixed assets	(162)	–
Proceeds from divestment of investment property, net of divestment costs	506,527	–
Interest received	40,815	34,422
Rental support received	58,902	72,644
Dividend and distribution income received from associates	66,449	64,593
Distribution income received from joint ventures	6,943	856
Investment in joint ventures	(63,767)	(70,762)
Advances to joint ventures	(36,223)	(118,717)
Investment in an associate (Note A)	(478,186)	(1,735)
Advances to an associate	(7,000)	–
Net cash flows generated from/(used in) investing activities	92,180	(223,688)
Financing activities		
Loans drawdown	487,334	968,834
Repayment of loans	(506,975)	(707,883)
Proceeds from placement of Units	228,150	172,900
Payment of upfront debt arrangement costs	(1,279)	(3,206)
Distribution of partnership profits to non-controlling interest	(69)	(76)
Distributions to Unitholders	(214,899)	(211,268)
Interest paid	(56,462)	(52,603)
Issue expenses	(3,162)	(2,190)
Net cash flows (used in)/generated from financing activities	(67,362)	164,508

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Group	
	2014 \$'000	2013 \$'000
Net increase in cash and cash equivalents	67,379	1,075
Cash and cash equivalents at beginning of the year	71,140	71,766
Effect of exchange rate changes on cash and cash equivalents	(701)	(1,701)
Cash and cash equivalents at end of the year (Note 11)	137,818	71,140
 Cash and bank balances	 199,689	90,611
Less: Rental support received in advance held in designated accounts (Note B)	(61,871)	(19,471)
Cash and cash equivalents per Statement of Cash Flows	137,818	71,140

Note A – Net cash outflow on investment in an associate

On 16 December 2014, Keppel REIT acquired one-third of the issued share capital in Central Boulevard Development Pte. Ltd. (“CBDPL”), which holds Marina Bay Financial Centre (“MBFC”) Tower 3. The net cash outflow on the investment in CBDPL is set out below:

	\$'000
Aggregate consideration paid for investment in CBDPL (Note 5)	715,129
Acquisition costs	15,603
 Less:	
Rental support received in advance	(49,205)
Purchase consideration paid in Units	(185,000)
Acquisition fees paid in Units	(11,988)
Accrued acquisition costs (Note 12)	(1,768)
Pre-acquisition dividend received	(4,585)
 Net cash outflow on investment in an associate	 478,186

Note B – 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 CBDPL, 12.39% interest in Ocean Properties LLP (“OPLLP”) and the office tower at 77 King Street. In the prior year, this relates to the rental support top-up payments received in advance by the Group held in designated accounts for the additional 29.00% and 19.40% interests in Prudential Tower, the 12.39% interest in OPLLP and the office tower at 77 King Street.

Note C – Significant non-cash transactions

The following were the significant non-cash transactions:

- (i) 25,675,626 (2013: 21,501,637) Units were issued as payment of management fees to the Manager, amounting to \$30,669,000 (2013: \$27,838,000);
- (ii) 152,213,000 Units were issued during the financial year ended 31 December 2014 as partial satisfaction of the purchase consideration for the acquisition of the one-third interest in CBDPL (Note 5), amounting to \$185,000,000; and
- (iii) 9,863,378 Units were issued during the financial year ended 31 December 2014 as payment of acquisition fee to the Manager in relation to the acquisition of the one-third interest in CBDPL amounting to \$11,988,000.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2014

These notes form an integral part of the financial statements.

The financial statements of Keppel REIT (the "Trust") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2014 were authorised for issue by the Manager on 16 February 2015.

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 77 Robinson Road, #18-00 Robinson 77, Singapore 068896.

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.

(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 Manager's management fees are payable quarterly in arrears.

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.

(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 statement of the Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "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 Code on Collective Investment Schemes ("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 dollars (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.

(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 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Trust, and only affects disclosures.

2. Summary of significant accounting policies (cont'd)

(c) Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Reference	Description	Effective date (Annual periods beginning on or after)
Improvements to FRSs (January 2014):		
- Amendments to FRS 16	Property, Plant & Equipment	1 July 2014
- Amendments to FRS 24	Related Party Disclosures	1 July 2014
- Amendments to FRS 38	Intangible Assets	1 July 2014
- Amendments to FRS 102	Share-based Payment	1 July 2014
- Amendments to FRS 103	Business Combinations	1 July 2014
- Amendments to FRS 108	Operating Segments	1 July 2014
Improvements to FRSs (February 2014):		
- Amendments to FRS 40	Investment Property	1 July 2014
- Amendments to FRS 103	Business Combinations	1 July 2014
- Amendments to FRS 113	Fair Value Measurement	1 July 2014
Improvements to FRSs (November 2014):		
- FRS 34	Interim Financial Reporting	1 January 2016
- FRS 107	Financial Instruments: Disclosures	1 January 2016
Amendments to FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 1	Disclosure Initiative	1 January 2016
FRS 115	Revenue From Contracts With Customers	1 January 2017
FRS 109	Financial Instruments	1 January 2018

The Manager is presently assessing the impact of these standards on the financial statements and plans to adopt the new standards on the required effective date.

(d) Basis of consolidation

The consolidated financial statements incorporate 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 consistent accounting policies as 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 Statement of Total Return;
- re-classifies the Group's share of components previously recognised in other comprehensive income to the Statement of Total Return or retained earnings, as appropriate.

(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 are presented separately in the 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 dollars. The financial statements are presented in Singapore dollars.

(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 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 Statement of Total Return on disposal of the foreign operation.

(iii) Consolidated financial statements

For consolidation purpose, 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 Statement of Total Return 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 Statement of Total Return.

2. Summary of significant accounting policies (cont'd)

(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.

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 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 the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the 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.

All 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 Statement of Total Return in the year the asset is derecognised.

(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, investment in subsidiaries is 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 does not have any joint operation.

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) Joint ventures and associates

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 account for its investments in associates and joint ventures using the equity method from the date on which it 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 or joint venture's Statement of Total Return in the period in which the investment is acquired.

Under the equity method, the investment 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 Statement of Total Return reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture 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 obligations or 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 investment 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 Statement of 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.

2. Summary of significant accounting policies (cont'd)

(l) Intangible assets

Intangible assets, which relate to rental support top-up payments, are measured initially at cost, being the fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and any impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives 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 is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite useful lives are recognised in the Statement of 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 the Statement of 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.

Impairment losses of continuing operations are recognised in the Statement of Total Return, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is 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, had no impairment loss been recognised previously. Such reversal is recognised in the Statement of 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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

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 impairment. Gains and losses are recognised in the Statement of Total Return when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the Statement of Total Return when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where 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 the Statement of 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.

2. Summary of significant accounting policies (cont'd)

(n) Financial instruments (cont'd)

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 the Statement of Total Return when the liabilities are derecognised, and through the amortisation process.

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 the Statement of Total Return.

(o) Impairment of financial assets

The Group assesses at 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 the Statement of Total Return.

When the cash flow becomes uncollectible, the carrying amount of 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 the Statement of Total Return.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and demand deposits, and excludes amounts which are restricted for use.

(q) Unit capital and issuance expenses

Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds. Incidental costs directly attributable to the issuance of Units are deducted against Unitholders' funds.

(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 where the Group retains 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 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 (cont'd)**(u) Expenses****(i) Trust expenses**

Trust expenses are recognised on accrual basis.

(ii) Property expenses

Property expenses are recognised on accrual basis. Included in property expenses is property management fees which is 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).

(iv) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds, and are recognised in the period they occur.

(v) 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.

(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.

(iii) Tax transparency

The Inland Revenue Authority of Singapore (“IRAS”) has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of the Trust, the Group will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the Group’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 Group is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

The distributions made by the Trust out of its taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust’s distributions (the “tax transparency ruling”). The Trust is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust except:

- a) where the beneficial owners are individuals or Qualifying Unitholders, the Trust will make the distributions to such Unitholders without withholding any income tax; and
- b) where the beneficial owners are foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trust will withhold tax at a reduced rate of 10% from the distributions.

A Qualifying Unitholder is a Unitholder who is:

- a) A tax resident Singapore-incorporated company;
- b) A non-corporate Singapore constituted or registered entity (e.g. registered charities, town councils, statutory boards, registered co-operative societies and registered trade unions);
- c) A Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a specific waiver from tax deducted at source in respect of distributions from the Trust;
- d) An agent bank or a Supplementary Retirement Scheme (“SRS”) operator who act as nominee for individuals who have purchased Units in the Trust under the CPF Investment Scheme or the SRS respectively; or
- e) A nominee who can demonstrate that the Units are held for beneficial owners who are individuals or who fall within the classes of Unitholders listed in (a) to (c) above.

The above tax transparency ruling does not apply to gains from sale of real 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.

2. Summary of significant accounting policies (cont'd)

(v) Taxation (cont'd)

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services 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
- 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.

(w) 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.

(x) Hedge accounting

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 entity 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 ongoing 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 the Statement of Total Return.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to the Statement of Total Return when the hedge transaction affects the Statement of 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 the Statement of 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 the Statement of 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 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 foreign investment properties in Australia and firm commitments in relation to the progressive payments for the subscription of units and convertible notes in joint ventures in Australia. Details of the forward currency contracts are disclosed in Note 13.

2. Summary of significant accounting policies (cont'd)**(y) Related parties**

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Trust if that person:

- (i) has control or joint control over the Trust;
- (ii) has significant influence over the Trust; or
- (iii) is a member of the key management personnel of the Trust's Manager or of a parent of the Trust.

(b) An entity is related to the Group and the Trust if any of the following conditions applies:

- (i) The entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Trust. If the Trust is itself such a plan, the sponsoring employers are also related to the Trust;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(z) Significant accounting judgments and estimates

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgments, 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 ongoing basis. Financial impact arising from revisions to accounting estimates are 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 judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follow:

Valuation of investment properties

Investment properties are stated at fair value, with changes in fair values being recognised in the Statement of 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.

3. Investment properties

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At 1 January	4,015,094	3,614,744	994,760	942,034
Translation differences	(11,558)	(59,235)	–	–
Purchase of investment property	–	187,184	–	–
Divestment of investment property	(490,000)	–	(490,000)	–
Capital expenditure capitalised	2,118	17,805	749	3,340
Net change in fair value of investment properties (Note 23)	97,962	254,596	21,491	49,386
At 31 December	3,613,616	4,015,094	527,000	994,760

Investment properties are stated at fair value based on valuations performed by independent valuers. In determining the fair value, the valuers have used direct comparison method, investment method 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 market-corroborated capitalisation yields, terminal yields and discount rates. Details of valuation techniques and inputs used are disclosed in Note 29.

On 26 September 2014, Keppel REIT divested its 92.8% interest in Prudential Tower, for an aggregate consideration of \$512.0 million.

The Group has mortgaged certain investment properties of up to an aggregate principal amount of \$1,427,000,000 (2013: \$1,790,840,000) as security for credit facilities granted (Note 15).

4. Investment in subsidiaries

	Name	Country of incorporation /constitution	Principal activities	Trust	
				2014 \$'000	2013 \$'000
Unquoted equity, at cost				1,837.852	1,837,852
Held by the Trust					
Keppel REIT MTN Pte. Ltd. ¹	Singapore	Provision of treasury services	100.00	100.00	
Keppel REIT (Australia) Pte. Ltd. ²	Singapore	Investment holding	100.00	100.00	
Keppel REIT Fin. Company Pte. Ltd. ²	Singapore	Provision of treasury services	100.00	100.00	
Ocean Properties LLP ("OPLLP") ²	Singapore	Property investment	-99.90 ⁵	~99.90 ⁵	
Held through Keppel REIT (Australia) Pte. Ltd.					
Keppel REIT (Bermuda) Limited ³	Bermuda	Investment holding	100.00	100.00	
Keppel REIT (Australia) Trust ⁴	Australia	Investment in real estate properties	100.00	100.00	
Keppel REIT (Australia) Sub-Trust 1 ⁴	Australia	Investment in real estate properties	100.00	100.00	
Keppel REIT (Australia) Sub-Trust 2 ⁴	Australia	Investment holding	100.00	100.00	
Keppel REIT (Australia) Sub-Trust 3 ⁴	Australia	Investment holding	100.00	100.00	
Keppel REIT (Australia) Sub-Trust 4 ⁴	Australia	Investment in real estate properties	100.00	100.00	

1 Keppel REIT MTN Pte. Ltd. ("KRMTN") was incorporated to provide treasury services which include funding the Trust using proceeds from the issuance of notes under an unsecured multicurrency medium term programme. There was no drawdown made on the medium term notes facility held by KRMTN during the financial year, as the company remains dormant during the year. KRMTN is unaudited as there is no statutory requirement for the financial statements of a dormant company to be audited.

2 Audited by Ernst & Young LLP, Singapore.

3 There is no statutory requirement for the financial statements of Keppel REIT (Bermuda) Limited to be audited.

4 Audited by Ernst & Young LLP, Australia.

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 occurs 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 approximate 12.39% additional interest in OPLLP from a third party, Avan Investment Pte Ltd ("AIPL") for a period of 99 years from 14 December 2011. This acquisition increases the Group's interest in OPLLP from an approximate 87.51% to 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 approximately 12.39% interest in OPLLP for \$1.00 consideration, such option to be exercisable only after the expiry of a period of 99 years after 14 December 2011.

5. Investment in associates

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Unquoted equity, at cost	2,031,098	1,372,945	2,031,098	1,372,945
Share of post-acquisition reserves	398,387	290,018	—	—
	2,429,485	1,662,963	2,031,098	1,372,945

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

	Group	
	2014 \$'000	2013 \$'000
At 1 January	290,018	176,905
Share of results of associates		
- Profit excluding net change in fair value of investment properties	60,745	62,134
- Net change in fair value of investment properties held by associates (Note 23)	102,981	120,040
- Effects of recognising rental income on a straight line basis over lease term	9,793	(5,227)
	173,519	176,947
Share of net change in fair value of cash flow hedges	1,299	759
Dividend and distribution income received	(66,449)	(64,593)
At 31 December	398,387	290,018

Details of the associates are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest	
			2014 %	2013 %
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	-

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 MBFC Towers 1 & 2 and Marina Bay Link Mall.

3 Audited by Ernst & Young LLP, Singapore.
CBDPL is the owner of MBFC Tower 3.

On 16 December 2014, the Trust acquired one-third of the issued share capital of CBDPL which holds MBFC Tower 3, from Bayfront Development Pte. Ltd. (which is a wholly-owned subsidiary of Keppel Land Properties Pte Ltd, which is in turn a wholly-owned subsidiary of Keppel Land Limited) (the "Vendor"), for a total agreed value of \$1,248.0 million, which includes an approximate \$49.2 million of rental support for up to five years. Excluding the net liabilities of \$532.9 million carried at CBDPL, the amount paid to the Vendor was approximately \$715.1 million.

Keppel REIT funded the acquisition through:

- (a) the issuance of 152,213,000 new Units amounting to approximately \$185.0 million as partial consideration;
- (b) net proceeds from the placement of Units of \$224.9 million;
- (c) approximately \$185.2 million of proceeds from the divestment of Prudential Tower; and
- (d) bank borrowings of \$120.0 million.

CBDPL took a secured loan facility, with Keppel REIT's proportionate share of the loan facility at \$540.0 million. This loan is mortgaged against an aggregate principal amount of up to \$833.3 million of Keppel REIT's one-third share in MBFC Tower 3.

The Group does not equity account for the results of Marina Bay Residences Pte. Ltd. ("MBRPL") and Marina Bay Suites Pte. Ltd. ("MBSPL"), which are wholly-owned subsidiaries of BFCDLLP and CBDPL respectively, as the acquisitions of the respective one-third interests in BFCDLLP and CBDPL were structured to effectively exclude any significant interests in MBRPL and MBSPL respectively. Deeds of undertaking have been signed between the Vendor and the Trust, whereby the Trust agrees not to participate in the financial and operating policy decisions in MBRPL and MBSPL and that it would exercise all voting rights and other rights and powers that it directly or indirectly has or controls in BFCDLLP, CBDPL, MBRPL and MBSPL in accordance with the written instructions of the Vendor on all matters arising from, relating to, or otherwise connected with MBRPL and MBSPL, and/or BFCDLLP's ownership of MBRPL and/or CBDPL's ownership of MBSPL.

5. Investment in associates (cont'd)

The summarised financial information of the associates, excluding BFCDLLP's interest in MBRPL and CBDPL's interest in MBSPL, and a reconciliation with the carrying amount of the investments in the consolidated financial statements, are as follows:

	ORQPL		BFCDLLP		CBDPL	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Summarised Balance Sheet						
Current assets (including property held for sale)	1,448,301	1,454,724	47,328	15,814	33,426	–
Non-current assets	1,605,152	1,498,783	4,914,133	4,797,280	3,708,832	–
Total assets	3,053,453	2,953,507	4,961,461	4,813,094	3,742,258	–
Current liabilities	(946,722)	(172,654)	(84,002)	(72,818)	(16,650)	–
Non-current liabilities	(163,726)	(938,181)	(1,737,850)	(1,718,288)	(1,628,777)	–
Total liabilities	(1,110,448)	(1,110,835)	(1,821,852)	(1,791,106)	1,645,427	–
Net assets	1,943,005	1,842,672	3,139,609	3,021,988	2,096,831	–
Proportion of the Group's ownership	33.33%	33.33%	33.33%	33.33%	33.33%	–
Group's share of net assets	647,668	614,224	1,046,536	1,007,329	698,944	–
Adjustments:						
Acquisition fees paid in units	–	–	–	–	11,988	–
Acquisition expenses capitalised	13,734	13,734	7,000	27,676	3,615	–
Carrying amount of the investment	661,402	627,958	1,053,536	1,035,005	714,547	–
Summarised Statement of Comprehensive Income						
Property income	157,860	153,790	202,865	201,891	5,406	–
Total return for the year	181,585	174,539	231,548	356,306	107,423	–
Other comprehensive income	3,897	2,277	–	–	–	–
Total comprehensive income	185,482	176,816	231,548	356,306	107,423	–

The property income and total return for the year comprise full year results for ORQPL and BFCDLLP, and post-acquisition results of CBDPL.

6. Investment in joint ventures

	Group	
	2014 \$'000	2013 \$'000
Unquoted equity, at cost	257,967	108,962
Share of post-acquisition reserves	30,964	28,309
	288,931	137,271

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

	Group	
	2014 \$'000	2013 \$'000
At 1 January	28,309	6,142
Share of results of joint ventures		
- Profit excluding net change in fair value of investment properties	9,848	2,103
- Net change in fair value of investment properties held by joint ventures (Note 23)	1,774	22,993
	11,622	25,096
Translation differences	(938)	(2,073)
Distribution received/receivable	(8,029)	(856)
At 31 December	30,964	28,309

6. Investment in joint ventures (cont'd)

Name	Country of incorporation	Principal activities	Effective equity interest	
			2014 %	2013 %
Held through Keppel REIT (Bermuda) 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 ²	Australia	Investment in real estate properties	50.00	50.00
Held through Keppel REIT (Australia) Sub-Trust 3				
Mirvac (Old Treasury) Trust ¹	Australia	Investment in real estate properties	50.00	50.00

1 No statutory requirement for audit.

2 Audited by Ernst & Young LLP, Australia

Acquisition of 50% interest in Mirvac (Old Treasury) Trust ("MOTT")

On 28 March 2013, the Group completed the acquisition of a 50% interest in MOTT, which has entered into a development agreement with the State of Western Australia to deliver a new office tower to be built on the Old Treasury Building site in Perth, Australia.

The aggregate consideration is AUD 165,000,000, subject to adjustment. The final consideration will be determined based on the adjusted net operating income achieved by the property in the first year from the commencement date of the Government of Western Australia's lease, capitalised at the agreed rate of 7.15% per annum.

During the financial year ended 31 December 2013, the Group paid a consideration of AUD 82,500,000 for the following:

- (a) 50% of the existing units in MOTT;
- (b) 50% of the convertible notes and units issued by MOTT at completion of the sale agreement; and
- (c) 50% of the ordinary shares in the capital of Mirvac (Old Treasury) Pty Limited, the trustee of MOTT.

Upon acquisition, the Group will receive an effective annual return of 7% based on the total funds contributed until the commencement of the Government of Western Australia's lease.

The Group and the other unitholder, which holds the remaining 50% interest in MOTT, also entered into a subscription agreement with MOTT pursuant to which each of them will subscribe for further issuances of five separate tranches of convertible notes and six tranches of units in MOTT. Each party's contribution will be AUD 82,500,000, of which, as at 31 December 2014, the Group has paid 4 tranches of convertible notes and units which amounted to AUD 72,600,000. The fifth tranche of convertible note and unit will be subscribed in 2015, and the last tranche being made upon the conversion of all the convertible notes to units in MOTT.

Acquisition of 50% interest in Mirvac 8 Chifley Trust ("M8CT")

On 28 July 2011, the Group completed the acquisition of a 50% interest in Mirvac 8 Chifley Trust ("M8CT"), which owns a property situated at 8 Chifley Square. The property received its Certificate of Practical Completion in July 2013.

Under the sale agreement, the Group acquired 50% of the following:

- (a) the existing 14.7 million units in M8CT;
- (b) the 34.3 million convertible notes issued by M8CT; and
- (c) the ordinary shares in the capital of Mirvac 8 Chifley Pty Limited, the trustee of M8CT.

The Group and the other unitholder, which holds the remaining 50% interest in M8CT, also entered into a subscription agreement with M8CT pursuant to which each of them would subscribe for further issuances of eight separate tranches of units and seven tranches of convertible notes by M8CT.

The Group made the final subscription of units on 26 June 2014, at which point all the convertible notes were converted to units in M8CT. The aggregate consideration paid by the Group for its 50% interest in M8CT is AUD 166,974,000.

The summarised financial information of the joint ventures and a reconciliation with the carrying amount of the investments in the consolidated financial statements, are as follows:

	M8CT		MOTT	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Summarised Balance Sheet				
Cash and bank balances	1,697	161	170,356	133,664
Current assets	4,620	5,810	1,089	336
Non-current assets	407,636	387,625	200,617	118,743
Total assets	413,953	393,596	372,062	252,743
Current liabilities	(5,534)	(5,967)	(3,318)	-
Non-current liabilities (convertible notes)	-	(222,512)	(199,707)	(133,567)
Total liabilities	(5,534)	(228,479)	(203,025)	(133,567)
Net assets	408,419	165,117	169,037	119,176
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	204,210	82,559	84,519	59,588
Adjustments:				
Acquisition expenses	3,689	3,750	2,859	2,661
Effect of forward currency hedges	(10,092)	(10,582)	3,746	(705)
Carrying amount of the investment	197,807	75,727	91,124	61,544
Summarised Statement of Total Return				
Property income	26,180	3,859	-	-
Interest income	4,805	7,550	4,089	2,367
Interest expense	(10,296)	(9,435)	-	-
Total return for the year	16,952	24,635	6,291	25,556

7. Amount owing by subsidiaries (non-trade)

	Trust	
	2014 \$'000	2013 \$'000
Interest bearing	435,052	343,049
Non-interest bearing	441,834	455,599
	876,886	798,648

The amount owing by subsidiaries is unsecured, to be settled in cash and not expected to be repaid within the next 12 months. The interest bearing portion bears interest ranging from 7.0% to 9.5% (2013: 7.0% to 9.5%) per annum.

The amounts owing by subsidiaries as at 31 December 2014 and 31 December 2013 are denominated in Australian dollar.

8. Advances

Advances to associates (non-trade)

Advances to associates are unsecured and not expected to be repaid within the next 12 months. They bear interest ranging from 3.22% to 3.75% (2013: 3.21% to 3.65%) per annum which is repriced every quarter at a margin above the 3-month S\$ swap-offer rate ("SOR").

Advances to joint ventures (non-trade)

Advances to joint ventures relate to the convertible notes issued by MOTT. They are unsecured and bear interest at 9.95% (2013: 9.95%) per annum (Note 6). In the prior year, advances to joint ventures also related to the convertible notes issued by M8CT, which were unsecured, and carried interest at 9.50% per annum. The convertible notes issued by M8CT were all converted to units on 26 June 2014 (Note 6).

9. Intangible asset

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cost:				
At 1 January	182,720	183,228	29,426	29,426
Additions	46,623	–	46,623	–
Translation differences	(136)	(508)	–	–
At 31 December	229,207	182,720	76,049	29,426
Accumulated amortisation:				
At 1 January	135,364	90,857	28,332	24,185
Amortisation expense	37,364	44,860	1,094	4,147
Translation differences	(128)	(353)	–	–
At 31 December	172,600	135,364	29,426	28,332
Net carrying amount:				
At 31 December	56,607	47,356	46,623	1,094

Intangible asset represents the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in CBDPL, 100% interest in 77 King Street office tower, and approximately 99.9% interest in O PLLP. The remaining rental support periods range from 1 to 5 years.

In the prior year, the intangible asset represents the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in BFC DLLP, additional 19.4% interest in Prudential Tower, 100% interest in 77 King Street office tower, and approximately 99.9% interest in O PLLP. The remaining rental support periods ranged from 1 to 3 years.

10. Trade and other receivables

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables	8,640	8,377	1,787	450
Allowance for doubtful debts	(77)	(10)	-	-
Trade receivables (net)	8,563	8,367	1,787	450
Amounts due from subsidiaries (non-trade)	-	-	21,604	18,877
Amounts due from related companies				
- trade	10,787	18,814	10,787	18,814
- non-trade	-	30	-	-
Amounts due from joint ventures (non-trade)	1,893	4,568	-	-
Interest receivable	374	33	374	32
Rental support receivable	1,091	1,955	1,091	1,955
Others	2,308	98	2,275	-
	25,016	33,865	37,918	40,128

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 Trust, denominated in currency other than the functional currency, amounted to \$15,516,000 (2013: \$11,561,000). These balances are denominated in Australian dollar.

Receivables that are past due but not impaired

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables past due but not impaired:				
Past due <3 months and not impaired	3,692	1,103	-	-
Past due 3 - 6 months and not impaired	60	43	5	-
Past due >6 months and not impaired	62	140	-	-
	3,814	1,286	5	-

Analysis for allowance for doubtful debts

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At 1 January	(10)	(17)	-	-
Charge for the year	(69)	(10)	-	-
Write-off against allowance	-	17	-	-
Translation differences	2	-	-	-
At 31 December	(77)	(10)	-	-

11. Cash and bank balances

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash and bank balances	116,408	63,158	91,948	43,729
Fixed deposits	83,281	27,453	80,781	18,053
	199,689	90,611	172,729	61,782
Less: Rental support received in advance held in designated accounts	(61,871)	(19,471)	(61,021)	(17,907)
Cash and cash equivalents	137,818	71,140	111,708	43,875

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0% to 3.25% (2013: 0% to 3.25%) per annum. Short-term deposits are made for varying periods of between 14 days and 365 days (2013: 17 days and 182 days) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rates of short-term deposits range from 0.13% to 1.38% (2013: 0.05% to 3.47%) per annum.

Cash and bank balances for the Group and Trust, denominated in currencies other than the respective entities' functional currencies, amounted to \$19,069,000 (2013: \$9,336,000). These balances are denominated in Australian dollar.

12. Trade and other payables

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade payables	4,508	4,642	135	42
Accrued expenses	32,990	10,303	26,295	2,403
Other payables	13,725	53,360	8,865	27,808
Amounts due to related companies				
- trade	12,373	11,987	12,074	11,582
- non-trade	15,883	166	15,883	164
Other deposits	1,894	11,669	181	198
Interest payable	3,096	2,131	589	898
	84,469	94,258	64,022	43,095

Other payables mainly relate to (i) estimated development costs of \$4,860,000 (2013: \$7,892,000) 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 OPLL, (ii) estimated construction costs of \$7,000,000 (2013: \$27,676,000) withheld from the purchase consideration for the acquisition of one-third interest in BFCDLLP and (iii) accrued acquisition costs of \$1,768,000 for the acquisition of one-third interest in CBDPL. In the prior year, other payables also included the obligation in relation to the subscription of units issued by M8CT (Note 6) amounting to \$17,660,000.

Included in the trade amounts due to related companies are amounts due to the Property Manager of \$299,000 (2013: \$512,000) and the Manager of \$12,074,000 (2013: \$11,395,000).

Amounts due to related companies are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash with the exception of management fees payable to the Manager which will be paid in the form of cash and/or Units (Note 1(b)).

Included in accrued expenses and amounts due to related companies (non-trade) are amounts of \$21,758,000 (2013: \$Nil) and \$15,846,000 (2013: \$Nil) respectively, for the advance distribution accrued for the period from 1 October 2014 to 15 December 2014.

Included in other deposits is an amount of \$1,420,000 (2013: \$11,173,000) which relates to retention monies for the construction of Ocean Financial Centre.

Trade and other payables for the Group and Trust, denominated in currency other than the respective entities' functional currencies, amounted to \$Nil (2013: \$185,000). These balances are denominated in Australian dollar.

13. Derivative financial instruments

		Group					
		2014 \$'000			2013 \$'000		
Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities	
Forward currency contracts	2015	26,479	133	(961)	112,445	347	(6,496)
Interest rate swaps	2015 – 2019	1,622,267	2,081	(15,004)	1,302,949	2,738	(22,029)
		1,648,746	2,214	(15,965)	1,415,394	3,085	(28,525)
Percentage of derivatives to the Group's net asset value				(0.31%)			(0.65%)
Trust							
		2014 \$'000			2013 \$'000		
Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities	
Forward currency contracts	2015	26,479	133	(961)	112,445	347	(6,496)
Interest rate swaps	2015 – 2019	1,122,267	255	(12,834)	802,949	–	(20,395)
		1,148,746	388	(13,795)	915,394	347	(26,891)
Percentage of derivatives to the Trust's net asset value				(0.35%)			(0.79%)

Forward currency contracts

Forward currency contracts are used to hedge foreign currency risk arising from the cash flow of the Group's foreign investment properties in Australia. The Group also entered into forward currency contracts to hedge its firm commitment for the progressive payments to be made for the subscription of units and convertible notes in MOTT. In the prior year, the Group also entered into forward currency contracts to hedge its firm commitment for the progressive payments to be made for the subscription of units and convertible notes in M8CT.

The Group designates these forward currency contracts as cash flow hedges which were assessed to be highly effective. A net unrealised loss of \$828,000 (2013: net unrealised loss of \$6,149,000) 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 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 3.10% (2013: 0.88% to 3.10%) per annum.

The Group designates these interest rate swaps as cash flow hedges which were assessed to be highly effective. An unrealised loss of \$9,044,000 (2013: \$19,291,000) was included in hedging reserve in Unitholders' funds in respect of these contracts. During the financial year, an interest rate swap was re-designated to hedge interest rate risk of other existing bank loans subsequent to the repayment of a loan. The fair value change of the interest rate swap of \$3,879,000 was recognised in the Statement of Total Return.

14. Income received in advance

Income received in advance comprises mainly rental and incentive supports received in advance from third party and related party vendors for certain of the Group's investment properties.

15. Borrowings

	Maturity	Group		Trust	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current:					
Bank loans (secured)	2015	174,950	–	174,950	–
Bank loans (unsecured)	2015	99,974	59,914	99,974	59,914
Term loan (unsecured)	–	–	127,000	–	127,000
Revolving loan facility (unsecured)	–	–	95,039	–	95,039
		274,924	281,953	274,924	281,953
Non-current:					
Bank loans (secured)	2017	464,030	882,642	–	423,920
Bank loans (unsecured)	2016 - 2019	1,695,982	1,383,997	159,520	199,663
Revolving loan facilities (unsecured)	2016 - 2017	230,427	134,266	–	–
Borrowings from a subsidiary (unsecured)		–	–	1,769,034	1,321,059
		2,390,439	2,400,905	1,928,554	1,944,642
Percentage of total borrowings to net asset value		(59.8%)	(68.8%)	(58.1%)	(65.9%)

Borrowings for the Group and the Trust denominated in currency other than the respective entities' functional currencies amounted to \$27,711,000 (2013: \$22,883,000). These balances are denominated in Australian dollar.

Bank loans (secured)

Banks loans amounting to \$638,980,000 (2013: \$882,642,000) are secured by mortgage over certain investment properties of the Group (Note 3). The interest rates range from 0.79% + SOR to 0.94% + SOR (2013: 0.75% + SOR to 0.94% + SOR) per annum. The loans are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge \$472,526,000 (2013: \$720,688,000) of the bank loans that are on floating interest rates.

Bank loans (unsecured)

Bank loans amounting to \$504,138,000 (2013: \$603,513,000) are on fixed interest rates ranging from 1.85% to 2.44% (2013: 1.85% to 2.88%) per annum and are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge \$1,144,695,000 (2013: \$576,385,000) of the bank loans that are on floating interest rates. The remaining bank loans on floating interest rates of \$147,123,000 (2013: \$264,013,000) bear interest ranging from 0.88% + SOR to 1.22% + BBSY (2013: 0.94% + SOR to 1.45% + SOR) per annum.

Revolving loan facilities (unsecured)

The loans drawn down are on floating interest rates ranging from 0.86% to 1.42% (2013: 0.88% to 1.90%) per annum and are repriced every rollover period.

Borrowings from a subsidiary (unsecured)

Borrowings from a subsidiary bear interest ranging from 0.86% to 4.32% (2013: 0.88% to 4.32%) per annum and are not expected to be repaid within the next 12 months.

Unutilised available facilities

As at 31 December 2014, the Group had unutilised available facilities of \$437,400,000 (2013: \$735,700,000) to meet its future obligations. The Group has also obtained an additional \$300,000,000 revolving loan facility from a related party subsequent to year end.

16. Deferred tax liabilities

The movement in the deferred tax liabilities is as follows:

	Group	
	2014 \$'000	2013 \$'000
Change in fair value of investment properties		
At 1 January	4,753	-
Charged to Statement of Total Return	549	5,061
Translation differences	(19)	(308)
At 31 December	5,283	4,753

17. Units in issue

	Group and Trust			
	2014		2013	
	'000	\$'000	'000	\$'000
At 1 January	2,787,682	2,924,291	2,631,180	2,771,684
Issue of Units:				
- payment of management fees in Units	25,676	30,669	21,502	27,838
- placement of Units	195,000	228,150	135,000	172,900
- payment of purchase consideration in Units (Note 5)	152,213	185,000	-	-
- payment of acquisition fees in Units	9,863	11,988	-	-
Distributions to Unitholders	-	(22,841)	-	(45,941)
Issue expenses	-	(3,162)	-	(2,190)
At 31 December	3,170,434	3,354,095	2,787,682	2,924,291

During the year, the following Units were issued:

- 25,675,626 (2013: 21,501,637) Units were issued at unit prices ranging between \$1.1423 - \$1.2702 (2013: \$1.2341 - \$1.3355) as payment of management fees to the Manager;
- 195,000,000 Units were issued at unit price of \$1.17 to part finance the acquisition of the one-third interest in CBDPL; and
- 152,213,000 Units were issued at unit price of \$1.2154 as partial satisfaction of the purchase consideration for the acquisition of the one-third interest in CBDPL.
- 9,863,378 Units were issued at unit price of \$1.2154 as payment of acquisition fee to the Manager in relation to the acquisition of the one-third interest in CBDPL.

In 2013, 40,000,000 Units were issued at unit price of \$1.33 for the repayment of outstanding borrowings and 95,000,000 Units were issued at unit price of \$1.26 for the acquisition of the 50% interest in 8 Exhibition Street.

Each Unit represents 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 Units while 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.

18. Property income

	Group 2014 \$'000	2013 \$'000
Gross rent	177,667	169,201
Car park income	3,269	1,823
Others	3,157	3,019
	184,093	174,043

19. Property expenses

	Group 2014 \$'000	2013 \$'000
Property tax	9,779	10,882
Property management fee	4,499	4,373
Property management salary reimbursements	1,787	1,937
Marketing expenses	273	1,497
Utilities	3,335	5,144
Maintenance	11,590	10,679
Other property expenses	1,394	1,237
	32,657	35,749

20. Rental support

Rental support relates to top-up payments from vendors for shortfall of guaranteed income amounts in respect of the Group's interests in BFCDLLP, Prudential Tower, 77 King Street office tower and O PLLP.

21. Trust expenses

	Group	2014 \$'000	2013 \$'000
Manager's base fees	36,171	33,944	
Manager's performance fees	9,321	8,987	
Trustees' fees	1,440	1,302	
Valuation fees	115	371	
Auditors' remuneration	290	289	
Professional fees	1,800	1,854	
Other trust expenses	3,806	3,011	
	52,943	49,758	

The Manager has elected to receive in Units 100% of base fees and performance fees earned in respect of the approximate 87.51% interest in OPLLP, the 50% interest in 8 Exhibition Street and one-third interest in CBDPL as well as 50% of its base fees and performance fees earned for the approximate 12.39% interest in OPLLP and interests in other properties for the financial year ended 31 December 2014.

For the financial year ended 31 December 2013, the Manager elected to receive in Units 100% of base fees and performance fees earned in respect of the approximate 87.51% interest in OPLLP and the 50% interest in 8 Exhibition as well as 50% of its base fees and performance fees earned for the approximate 12.39% interest in OPLLP and interests in other properties.

22. Borrowing costs

	Group	2014 \$'000	2013 \$'000
Interest expense			
- bank loans	55,094	44,351	
- term loan from a related company	184	2,516	
- revolving loan from a related company	95	4,374	
- revolving loan	1,933	1,511	
Amortisation of capitalised transaction costs	2,818	2,426	
	60,124	55,178	

23. Net change in fair value of investment properties

	Group	2014 \$'000	2013 \$'000
Investment properties held directly by the Group (Note 3)	97,962	254,596	
Investment properties held by associates (Note 5)	102,981	120,040	
Investment properties held by joint ventures (Note 6)	1,774	22,993	
Effects of recognising rental income on a straight line basis over lease term	9,474	(8,488)	
	212,191	389,141	

24. Income tax expense

	Group	2014 \$'000	2013 \$'000
Singapore current tax:			
- current year	7,053	9,594	
- over provision in respect of previous years	-	(1,491)	
Overseas deferred tax:			
- current year	549	5,061	
Overseas withholding tax:			
- current year	4,028	3,610	
	11,630	16,774	
Reconciliation of effective tax:			
Total return before tax	383,532	551,702	
Income tax using Singapore tax rate of 17% (2013: 17%)	65,200	93,789	
Non-tax deductible items	9,847	12,228	
Net change in fair value of investment properties	(35,523)	(61,093)	
Gain on divestment of investment property	(2,750)	-	
Share of results of associates	(10,327)	(10,563)	
Share of results of joint ventures	(1,674)	(358)	
Withholding tax	4,028	3,610	
Over provision in respect of previous years	-	(1,491)	
Tax transparency	(17,171)	(19,348)	
Income tax expense recognised in Statement of Total Return	11,630	16,774	

25. Earnings per Unit

The basic earnings per Unit is calculated by dividing total return after tax attributable to Unitholders against weighted average number of Units outstanding during the financial year.

	Group	2014 \$'000	2013 \$'000
Total return after tax attributable to Unitholders	371,753	534,681	
Total return after tax and excluding net change in fair value of investment properties and gain on divestment of investment property	143,457	145,721	
	'000	'000	
Weighted average number of Units in issue during the financial year	2,858,883	2,714,470	
Basic earnings per Unit based on:			
Total return after tax attributable to Unitholders	13.00 cents	19.70 cents	
Total return after tax excluding net change in fair value of investment properties and gain on divestment of investment property	5.02 cents	5.37 cents	

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.

26. Significant related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, these were the following significant related party transactions which took place at terms agreed between the parties:

	Group	
	2014 \$'000	2013 \$'000
Acquisition fee paid to the Manager	11,988	3,970
Divestment fee paid to the Manager	2,560	–
Trustee's fees	1,085	1,018
Property management fees and reimbursements paid/payable to a related company	5,994	6,005
Leasing commissions paid/payable to a related company	575	1,771
Rental income and other related income from related companies	7,024	7,056
Interest income received/receivable from associates of the Trust	21,449	21,416
Rental support received/receivable from related companies	44,038	62,308
Coupon interest received/receivable from joint ventures	13,919	14,813
Project management fees paid to a related company	50	61
Electricity supply from a related company	4,082	4,525
Transportation services provided by related company	–	138
Telephone and internet services provided by related company	11	10
Aircon supply provided by a related company	559	2,674
Waste removal provided by a related company	–	94
Accrued development costs paid/payable for one-third interest in an associate	–	1,735
Acquisition of one-third interest in CBDPL, net of pre-acquisition dividend received	710,544	–

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 believes that good risk management practices and strong internal controls are critical components to Keppel REIT's business. As such, the Manager constantly reviews risks faced by the Group and pro-actively carries out initiatives to 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.

Prior to signing any major lease agreements, credit assessments on prospective tenants are carried out. This is usually done by way of evaluating information from corporate searches. Security deposits are collected from tenants, and the Group's tenant trade sector mix in its property portfolio is actively managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured appropriate terms and/or credit controls are stipulated in the agreements to ensure counterparty fulfil 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.

Credit risk concentration profile

At the reporting date, approximately 51% (2013: 69%) 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 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 (non-trade) 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 relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an ongoing 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 interest rate swaps.

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, 13 and 15 respectively.

Sensitivity analysis

At the reporting date, if Singapore dollar interest rates had been 0.1% per annum (2013: 0.1% per annum) higher/lower with all other variables constant, the Group's total return before tax would have been \$345,000 (2013: \$693,000) 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 \$4,014,000 (2013: \$4,067,000) lower/higher, arising mainly as a result of an increase/decrease in the fair value of interest rate swaps designated as cashflow hedges.

(c) Liquidity risk

The Group's cash flow position and working capital are monitored closely 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 early for funding and expense requirements so as to manage the cash position at any point in time. As at 31 December 2014, the Manager has ensured that the Group's total undrawn committed credit facilities that amounted to \$437.4 million (2013: \$735.7 million) are more than adequate to address the Group's current borrowings of \$274.9 million (2013: \$282.0 million) and working capital requirements.

The table below summarises the maturity profile and financial liabilities of the Group and Trust at the reporting date based on contractual undiscounted repayment obligations.

Group	2014				2013			
	1 year or less \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000	1 year or less \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Trade and other payables	84,469	-	-	84,469	94,258	-	-	94,258
Derivative financial instruments	16,539	25,951	-	42,490	20,463	27,879	-	48,342
Security deposits	3,223	23,413	1,661	28,297	3,927	25,731	4,452	34,110
Borrowings	316,654	2,476,458	-	2,793,112	320,732	2,499,956	-	2,820,688
	420,885	2,525,822	1,661	2,948,368	439,380	2,553,566	4,452	2,997,398

Trust	2014				2013			
	1 year or less \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000	1 year or less \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Trade and other payables	64,022	-	-	64,022	43,095	-	-	43,095
Derivative financial instruments	14,998	21,843	-	36,841	18,662	21,275	-	39,937
Security deposits	508	3,237	-	3,745	852	9,281	-	10,133
Borrowings	311,309	1,999,298	-	2,310,607	316,177	2,024,325	-	2,340,502
	390,837	2,024,378	-	2,415,215	378,786	2,054,881	-	2,433,667

27. Financial risk management objectives and policies (cont'd)

(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 total return for the year.

The Group's foreign currency risk relates mainly to its Australian dollar denominated investments. The Group monitors its foreign currency exposure on an on-going basis and manages 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 \$26,479,000 (2013: \$112,445,000) (Note 13). As at the reporting date, financial derivative liabilities of \$828,000 (2013: liabilities of \$6,149,000) were recorded on the Balance Sheets based on the net fair value of these forward exchange contracts.

Sensitivity analysis

At the reporting date, if the Australian dollar strengthened/weakened against Singapore dollar by 5% (2013: 5%) with all other variables constant, the Group's total return before tax would have been \$432,000 lower/higher (2013: \$687,000 lower/higher) due to exchange differences arising from appreciation/depreciation of Australian dollar against Singapore dollar, and the Group's hedging reserve would have been \$189,000 higher/lower (2013: \$3,718,000 lower/higher), arising mainly as a result of appreciation/depreciation of Australian dollar against Singapore dollar.

28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy credit rating and aggregate leverage ratio.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 35.0% of the Group's deposited property. The aggregate leverage may exceed 35.0% of the Group's deposited property (up to a maximum of 60.0%) only if a credit rating of the Trust from Fitch Inc., Moody's Investor Services or Standard and Poor's is obtained and disclosed to the public. The Group has been assigned a corporate rating of "Baa2" (2013 : Baa2) by Moody's Investor Services and "BBB" (2013 : BBB) by Standard & Poor's. The Group has complied with this requirement for the financial years ended 31 December 2014 and 2013.

The Group's capital is represented by its Unitholders' funds as disclosed in the Balance Sheets. The Group constantly monitors capital using aggregate leverage ratio, which is total gross borrowings divided by the value of its deposited properties. At the balance sheet date, the Group has gross borrowings (including deferred payments for the construction of Phase 2 of Ocean Financial Centre and the Group's respective share of borrowings carried at ORQPL and CBDPL) totalling \$3,545,300,000 (2013 : \$3,030,824,000) and an aggregate leverage of 43.3% (2013 : 42.1%).

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 its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

29. Fair value of assets and liabilities (cont'd)**(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		
	2014 \$'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	133	-	133
- Interest rate swaps	2,081	-	2,081
Financial assets as at 31 December 2014	<u>2,214</u>	<u>-</u>	<u>2,214</u>
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(961)	-	(961)
- Interest rate swaps	(15,004)	-	(15,004)
Financial liabilities as at 31 December 2014	<u>(15,965)</u>	<u>-</u>	<u>(15,965)</u>
<u>Non-financial assets</u>			
Investment properties	-	<u>3,613,616</u>	<u>3,613,616</u>
Non-financial assets as at 31 December 2014	<u>-</u>	<u>3,613,616</u>	<u>3,613,616</u>
	Group		
	2013 \$'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	347	-	347
- Interest rate swaps	2,738	-	2,738
Financial assets as at 31 December 2013	<u>3,085</u>	<u>-</u>	<u>3,085</u>
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(6,496)	-	(6,496)
- Interest rate swaps	(22,029)	-	(22,029)
Financial liabilities as at 31 December 2013	<u>(28,525)</u>	<u>-</u>	<u>(28,525)</u>
<u>Non-financial assets</u>			
Investment properties	-	<u>4,015,094</u>	<u>4,015,094</u>
Non-financial assets as at 31 December 2013	<u>-</u>	<u>4,015,094</u>	<u>4,015,094</u>

	Trust 2014 \$'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	133	-	133
- Interest rate swaps	255	-	255
Financial assets as at 31 December 2014	388	-	388
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(961)	-	(961)
- Interest rate swaps	(12,834)	-	(12,834)
Financial liabilities as at 31 December 2014	(13,795)	-	(13,795)
<u>Non-financial assets</u>			
Investment properties	-	527,000	527,000
Non-financial assets as at 31 December 2014	-	527,000	527,000
	Trust 2013 \$'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	347	-	347
Financial assets as at 31 December 2013	347	-	347
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(6,496)	-	(6,496)
- Interest rate swaps	(20,395)	-	(20,395)
Financial liabilities as at 31 December 2013	(26,891)	-	(26,891)
<u>Non-financial assets</u>			
Investment properties	-	994,760	994,760
Non-financial assets as at 31 December 2013	-	994,760	994,760

(c) Level 2 fair value measurements

Forward currency contracts and interest rate swap contracts are valued using valuation technique with market observable inputs. The most frequently applied valuation techniques include 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.

29. Fair value of assets and liabilities (cont'd)

(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 2014 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,613,616	Capitalisation approach	Capitalisation rate	3.75% - 7.00%	The higher the rate, the lower the fair value
		Discounted cash flow	Discount rate	5.75% - 8.50%	The higher the rate, the lower the fair value
Description	Fair value as at 31 December 2013 \$'000	Valuation techniques	Unobservable input	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	4,015,094	Capitalisation approach	Capitalisation rate	4.00% - 6.70%	The higher the rate, the lower the fair value
		Discounted cash flow	Discount rate	5.75% - 9.00%	The higher the rate, the lower 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 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.

For valuation performed by external valuers, management reviews the appropriateness of the valuation methodologies and assumptions adopted.

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 short term deposits, trade and other receivables, trade and other payables, current portion of security deposits and short-term borrowings reasonably approximate fair values due to their short-term nature. The carrying amount of advances to associates and floating-rate borrowings reasonably approximate fair value 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 long-term fixed-rate borrowings and non-current security deposits as at 31 December 2014 and 31 December 2013 are as stated below. They are estimated using discounted cash flow analysis based on current rates for similar types of borrowing arrangements.

Group	2014		2013	
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000
Long-term borrowings	504,138	497,414	603,513	598,614
Security deposits (non-current)	25,074	21,656	30,183	23,874
Trust				
Long-term borrowings	504,138	497,414	603,513	598,614
Security deposits (non-current)	3,237	2,891	9,281	7,613

Fair value information has not been disclosed for the Trust's amount owing by subsidiaries that is carried at cost because fair value cannot be measured reliably as the amount has no fixed repayment terms.

29. Fair value of assets and liabilities (cont'd)

(f) Classification of financial instruments

Group	Loans and receivables \$'000	Liabilities at amortised cost \$'000
2014		
Assets		
Advances to associates	613,222	-
Trade and other receivables	22,741	-
Cash and bank balances	199,689	-
Total	835,652	-
<i>Liabilities</i>		
Trade and other payables	-	84,469
Borrowings	-	2,665,363
Security deposits	-	28,297
Total	-	2,778,129
2013		
Assets		
Advances to associates	606,222	-
Trade and other receivables	33,865	-
Cash and bank balances	90,611	-
Total	730,698	-
<i>Liabilities</i>		
Trade and other payables	-	94,258
Borrowings	-	2,682,858
Security deposits	-	34,110
Total	-	2,811,226

Trust	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2014</u>		
Assets		
Advances to associates	613,222	-
Trade and other receivables	35,643	-
Cash and bank balances	172,729	-
Total	821,594	-
<i>Liabilities</i>		
Trade and other payables	-	64,022
Borrowings	-	2,203,478
Security deposits	-	3,745
Total	-	2,271,245
<u>2013</u>		
Assets		
Advances to associates	606,222	-
Trade and other receivables	40,128	-
Cash and bank balances	61,782	-
Total	708,132	-
<i>Liabilities</i>		
Trade and other payables	-	43,095
Borrowings	-	2,226,595
Security deposits	-	10,133
Total	-	2,279,823

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 is 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 Australia and Singapore Central Business District area.

Investments in One Raffles Quay and Marina Bay Financial Centre are held through one-third interests in ORQPL, BFCDLLP and CBDPL and the information provided below is in relation to the properties.

By property

Property income	Group	
	2014 \$'000	2013 \$'000
Prudential Tower ¹	15,528	19,273
Bugis Junction Towers	20,859	20,278
275 George Street ²	20,630	22,134
77 King Street office tower	11,617	12,801
Ocean Financial Centre ³	97,695	90,682
8 Exhibition Street ⁴	17,764	8,875
Total property income	184,093	174,043

	Group	2014 \$'000	2013 \$'000
Income contribution			
Prudential Tower ¹		13,250	14,559
Bugis Junction Towers		16,447	16,436
275 George Street ²		16,858	17,959
77 King Street office tower		9,097	10,162
Ocean Financial Centre ³		82,652	72,320
8 Exhibition Street ⁴		13,132	6,858
Total net property income		151,436	138,294
Ocean Financial Centre ³			
- Rental support		46,885	59,439
One-third interest in ORQPL:			
- Interest income		1,640	1,463
- Dividend income		28,384	30,066
Total income from one-third interest in ORQPL		30,024	31,529
One-third interest in BFCDLLP:			
- Rental support		1,437	8,710
- Interest income		19,809	19,953
- Distribution income		37,279	34,527
Total income from one-third interest in BFCDLLP		58,525	63,190
One-third interest in CBDPL:			
- Dividend income		786	-
8 Chifley Square ⁵			
- Interest income		5,157	10,275
- Distribution income		6,230	-
		11,387	10,275
Old Treasury Building ⁶			
- Interest income		8,762	4,538
- Distribution income		1,799	856
		10,561	5,394
Total income contribution		309,604	308,121

1 Prudential Tower was divested on 26 September 2014.

2 Comprises 50.0% interest (2013: 50.0%) in 275 George Street.

3 Comprises approximately 99.9% (2013: 99.9%) interest in Ocean Financial Centre through OPLL.

4 Comprises 50.0% interest (2013: 50.0%) in 8 Exhibition Street.

5 Comprises 50.0% interest (2013: 50.0%) in 8 Chifley Square, held through M8CT.

6 Comprises 50.0% interest (2013: 50.0%) in Old Treasury Building, held through MOTT.

Reconciliation to net income before net change in fair value of investment properties and gain on divestment of investment property per Statement of Total Return:

	Group	2014 \$'000	2013 \$'000
Total income contribution			
Less: Dividend and distribution income		(74,478)	(65,449)
Add: Rental support for directly held investment properties		1,689	4,724
Add: Interest income earned from deposits placed with financial institutions		2,064	724
Add: Share of results of associates		60,745	62,134
Add: Share of results of joint ventures		9,848	2,103
Less: Other unallocated expenses		(154,310)	(149,796)
Net income before net change in fair value of investment properties and gain on divestment of investment property		155,162	162,561

30. Portfolio reporting (cont'd)

Interests in associates	Group	
	2014 \$'000	2013 \$'000
<u>One-third interest in ORQPL:</u>		
Investment in associate	661,402	627,958
Advances to associate	44,946	44,946
	706,348	672,904
<u>One-third interest in BFCDLLP:</u>		
Investment in associate	1,053,536	1,035,005
Advances to associate	568,276	561,276
	1,621,812	1,596,281
<u>One-third interest in CBDPL:</u>		
Investment in associate	714,547	-
Interests in joint ventures	Group	
	2014 \$'000	2013 \$'000
<u>50% interest in M8CT:</u>		
Investment in joint venture	197,807	75,727
Advances to joint venture	-	111,256
	197,807	186,983
<u>50% interest in MOTT:</u>		
Investment in joint venture	91,124	61,544
Advances to joint venture	99,853	66,783
	190,977	128,327

By geographical area

	Group	
	2014 \$'000	2013 \$'000
<u>Property income</u>		
- Singapore	134,082	130,233
- Australia	50,011	43,810
Total property income	184,093	174,043
<u>Net property income</u>		
- Singapore	112,349	103,315
- Australia	39,087	34,979
Total net property income	151,436	138,294
<u>Income contribution</u>		
- Singapore	248,569	257,473
- Australia	61,035	50,648
Total income contribution	309,604	308,121
<u>Investment properties, at valuation</u>		
- Singapore	3,065,831	3,458,824
- Australia	547,785	556,270
Total value of investment properties	3,613,616	4,015,094

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:

	Group	2014 \$'000	2013 \$'000
Within 1 year	148,180	166,862	
Between 2 and 5 years	283,666	416,029	
After 5 years	25,641	76,881	
	457,487	659,772	

(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:

	Group	2014 \$'000	2013 \$'000	Trust	2014 \$'000	2013 \$'000
Committed progressive payments for investment in joint venture	10,989	105,499	-	-	-	-

The committed progressive payments for investment in joint venture are based on the consideration payable by the Group for its 50% interest in MOTT (Note 6). In the prior year, it also included the consideration payable by the Group for its 50% interest in M8CT (Note 6).

(c) Guarantee

The Trust has provided a corporate guarantee amounting to \$1,770,858,000 (2013: \$1,322,884,000) to banks for loans taken by a subsidiary.

32. Financial ratios

	2014 %	2013 %
Expenses to weighted average net assets ¹		
- including performance component of Manager's management fees	1.27	1.38
- excluding performance component of Manager's management fees	1.04	1.12
Portfolio turnover rate ²	12.18	-

1 The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expenses, foreign exchange differences and borrowing costs.

2 The annualised 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 19 January 2015, the Manager declared a distribution of 0.26 cents per Unit for the period from 16 December 2014 to 31 December 2014.

On 11 February 2015, Keppel REIT MTN Pte. Ltd. issued fixed rate notes of \$50 million due 2022 through its \$1 billion Multicurrency Medium Term Note Programme, at a fixed coupon of 3.15% per annum.

Interested Person Transactions

The transactions entered into with interested persons during the financial year which falls under the Listing Manual of the SGX-ST and the CIS Code are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	FY2014 \$'000
<u>Temasek Holdings (Private) Limited and its subsidiaries</u>		
- Rental income ¹	379	
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	45,492	
- Acquisition fee	11,988	
- Divestment fee	2,560	
- Property management fees and reimbursable	5,991	
- Leasing commissions	575	
- Rental and service charge income ¹	646	
- Rental support	44,038	
- Acquisition of one-third interest in CBDPL, net of pre-acquisition dividend received	710,544	
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	1,085	

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

SGX-ST has granted a waiver to Keppel REIT from Rules 905 and 906 of the SGX-ST's Listing Manual in relation to payments for Manager's management fees, payments of property management fees, reimbursements and leasing commissions to the Property Manager in respect of payroll and related expenses as well as payments of the Trustee's fees. Such payments are not to be included in the aggregate value of total interested person transactions as governed by Rules 905 and 906 of the Listing Manual. In addition, certain other interested person transactions as outlined in the Introductory Document dated 25 March 2006 are deemed to have been specifically approved by the Unitholders and are therefore not subject to Rules 905 and 906 of the Listing Manual insofar, in respect of each such agreement, there are no subsequent change to the rates and/or basis of the fees charged thereunder which will adversely affect Keppel REIT.

Please also see significant related party transactions on Note 26 in the financial statements.

Subscription of Keppel REIT Units

During the financial year ended 31 December 2014, Keppel REIT issued 25,675,626 new Units as payment of management fees, placement of 195,000,000 new Units to part finance the acquisition of one-third interest in CBDPL, issued 152,213,000 new Units as partial satisfaction of the purchase consideration for the acquisition of one-third interest in CBDPL and issued 9,863,378 new Units as payment of acquisition fee to the Manager in relation to the acquisition of one-third interest in CBDPL.

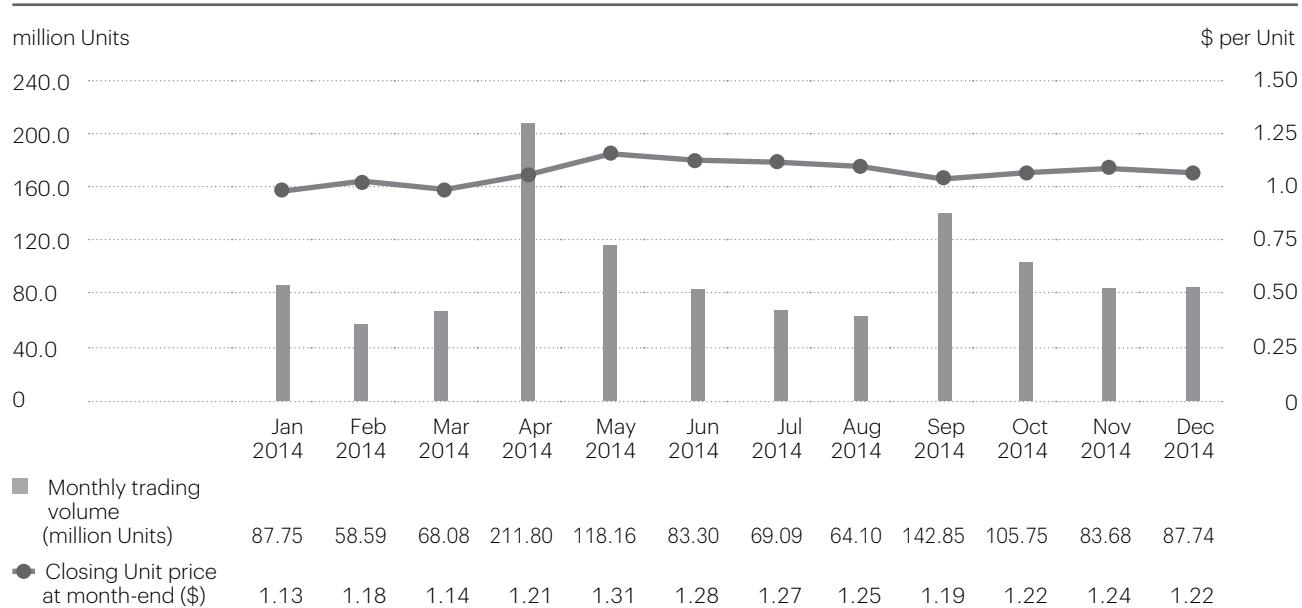
Unit Price Performance

A total of approximately 1.2 billion Keppel REIT Units were traded in 2014. The Unit closed at \$1.22 on 31 December 2014 from \$1.19 on 31 December 2013.

Keppel REIT's total Unitholder returns stood at approximately 11%, higher than the Straits Times Index's (STI) returns of about 9% and comparable to the FTSE ST Real Estate (RE) and Real Estate Investment Trust (REIT) Indices' returns.

Keppel REIT continues to offer attractive yields compared to other investments. Its distribution yield of approximately 6% in 2014 is higher than the STI, FTSE ST RE and REIT Indices' yield of 3.3%, 4.0% and 5.6% respectively. Compared to the broader benchmarks, Keppel REIT's yield was 340 basis points (bps), 360 bps and 430 bps above the yields from the CPF Ordinary Account, 10-year and five-year Singapore Government bond respectively.

TRADING PERFORMANCE

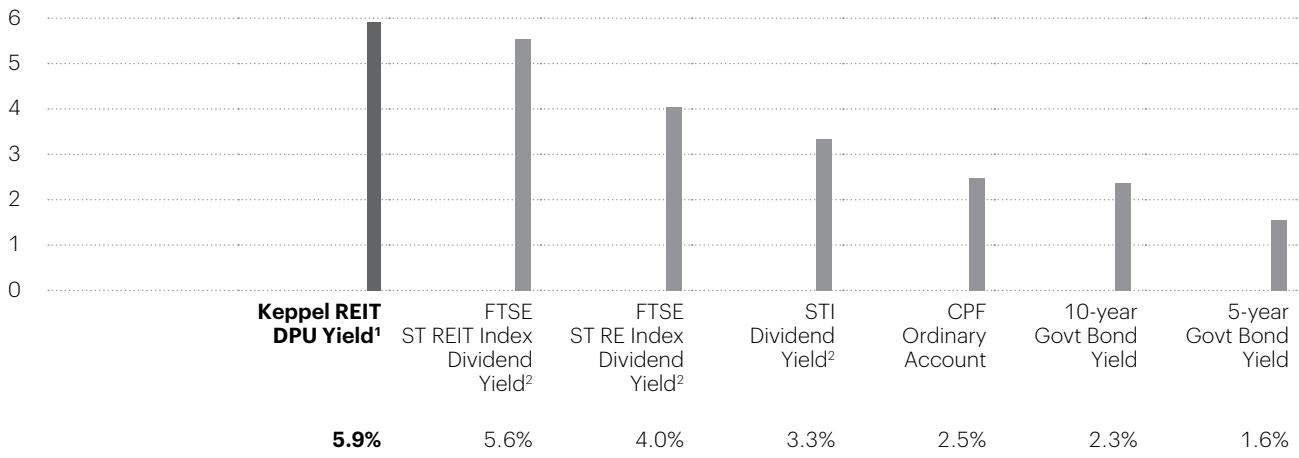


UNIT PRICE PERFORMANCE

	2014	2013
Highest closing price (\$)	1.31	1.61
Lowest closing price (\$)	1.11	1.16
Average closing price (\$)	1.21	1.31
Closing price on last market trading day (\$)	1.22	1.19
Trading volume (million Units)	1,180	1,658

COMPARATIVE PRICE TRENDS

Date	Keppel REIT		STI		FTSE ST RE		FTSE ST REIT	
	Closing Unit price (\$ at month-end)	Change (%)	Closing Unit price (\$ at month-end)	Change (%)	Closing Unit price (\$ at month-end)	Change (%)	Closing Unit price (\$ at month-end)	Change (%)
Dec 2013	1.19	0.00%	3167.43	0.00%	707.72	0.00%	714.00	0.00%
Jan 2014	1.13	-5.06%	3027.22	-4.43%	684.15	-3.33%	701.54	-1.75%
Feb 2014	1.18	-0.84%	3110.78	-1.79%	701.51	-0.88%	714.18	0.03%
Mar 2014	1.14	-3.80%	3188.63	0.67%	708.26	0.08%	720.18	0.87%
Apr 2014	1.21	2.11%	3264.71	3.07%	751.32	6.16%	747.30	4.66%
May 2014	1.31	10.13%	3295.85	4.05%	764.34	8.00%	777.81	8.94%
Jun 2014	1.28	8.02%	3255.67	2.79%	749.79	5.94%	766.61	7.37%
Jul 2014	1.27	7.17%	3374.06	6.52%	766.85	8.35%	772.09	8.14%
Aug 2014	1.25	5.49%	3327.09	5.04%	759.9	7.37%	773.41	8.32%
Sep 2014	1.19	0.42%	3276.74	3.45%	739.9	4.55%	750.01	5.04%
Oct 2014	1.22	2.95%	3274.25	3.37%	747.24	5.58%	763.85	6.98%
Nov 2014	1.24	4.64%	3350.50	5.78%	759.24	7.28%	778.01	8.96%
Dec 2014	1.22	2.95%	3365.15	6.24%	755.98	6.82%	779.50	9.17%
FY 2014 Total Unitholder Returns		10.5%		9.4%		11.2%		15.8%

COMPARATIVE YIELDS
as at 31 December 2014


1 Based on Keppel REIT's DPU of 7.23 cents for FY 2014 and market closing Unit price of \$1.22 as at 31 December 2014.

2 Based on sum of gross dividend amounts over the prior 12 months for STI, FTSE ST RE Index and FTSE ST REIT Index as at 31 December 2014.

Sources: Bloomberg, Monetary Authority of Singapore, Central Provident Fund and Singapore Government Securities

Statistics of Unitholdings

As at 27 February 2015

Issued and Fully Paid Units

3,176,908,683 Units (Voting rights : 1 vote per Unit)

There is only one class of Units in Keppel REIT.

Market capitalisation of S\$3,939,366,766.92 based on market closing price of S\$1.240 on 27 February 2015.

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	4,121	8.47	247,876	0.01
100 - 1,000	18,702	38.45	8,944,392	0.28
1,001 - 10,000	18,028	37.06	75,174,352	2.37
10,001 - 1,000,000	7,736	15.90	364,353,152	11.47
1,000,001 and above	58	0.12	2,728,188,911	85.87
Total	48,645	100.00	3,176,908,683	100.00

Twenty Largest Unitholders

No.	Name	No. of Units	%
1	Keppel REIT Investment Pte Ltd	1,419,904,054	44.69
2	DBS Nominees (Private) Limited	352,004,377	11.08
3	Citibank Nominees Singapore Pte Ltd	314,628,129	9.90
4	Raffles Nominees (Pte) Limited	148,958,675	4.69
5	HSBC (Singapore) Nominees Pte Ltd	111,319,886	3.50
6	Citibank Consumer Nominees Pte Ltd	65,063,142	2.05
7	DBSN Services Pte. Ltd.	53,295,125	1.68
8	United Overseas Bank Nominees (Private) Limited	41,449,551	1.30
9	BNP Paribas Securities Services Singapore Branch	26,976,111	0.85
10	Bank Of Singapore Nominees Pte. Ltd.	20,091,398	0.63
11	Keppel REIT Management Limited	16,338,182	0.51
12	DBS Vickers Securities (Singapore) Pte Ltd	11,634,118	0.37
13	Phillip Securities Pte Ltd	11,152,083	0.35
14	Khai Huat Trading (1975) Pte Ltd	10,800,000	0.34
15	DB Nominees (Singapore) Pte Ltd	10,061,150	0.32
16	ABN AMRO Nominees Singapore Pte Ltd	9,538,200	0.30
17	OCBC Nominees Singapore Private Limited	7,605,071	0.24
18	BNP Paribas Nominees Singapore Pte Ltd	6,037,660	0.19
19	Keppel Real Estate Investment Pte Ltd	5,749,554	0.18
20	UOB Kay Hian Private Limited	5,420,332	0.17
	Total	2,648,026,798	83.34

The Manager's Directors' Unitholdings

Based on the Register of Directors' Unitholdings maintained by the Manager, as at 21 January 2015, the direct and deemed interests of each Director of Keppel REIT Management Limited in the Units¹ in Keppel REIT are as follows :

Name of Director	No. of Units
Chin Wei-Li, Audrey Marie	555,000 (Direct) and 832,500 (Deemed)
Ng Hsueh Ling	402,133 (Direct)
Tan Chin Hwee	370,000 (Deemed)
Lee Chiang Huat	Nil
Chan Choong Seng, Daniel	Nil
Lor Bak Liang	100,000 (Direct)
Ang Wee Gee	685,200 (Direct)
Professor Tan Cheng Han	Nil
Lim Kei Hin	127,000 (Direct) and 130,000 (Deemed)

¹ As at 21 January 2015, there are no convertible securities in Keppel REIT.

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, as at 27 February 2015, the Substantial Unitholders of Keppel REIT and their interests in the Units in Keppel REIT are as follows :

Name	No. of Units	%
Temasek Holdings (Private) Limited	1,468,173,863 (Deemed) ¹	46.21
Keppel Corporation Limited	1,441,991,790 (Deemed) ²	45.39
Keppel Land Limited	1,436,242,236 (Deemed) ³	45.21
Keppel REIT Investment Pte. Ltd.	1,419,904,054 (Direct)	44.70

Notes:

- (1) Temasek Holdings (Private) Limited is deemed to have an interest in the Units in which its associated companies, namely Keppel Corporation Limited and DBS Group Holdings Limited, have interests.
- (2) Keppel Corporation Limited's deemed interest arises from its shareholdings in Keppel Real Estate Investment Pte. Ltd., a wholly-owned subsidiary of Keppel Corporation Limited, and in Keppel REIT Investment Pte. Ltd. and Keppel REIT Management Limited, both of which are wholly-owned subsidiaries of Keppel Land Limited, which is in turn a subsidiary of Keppel Corporation Limited.
- (3) Keppel Land Limited's deemed interest arises from its shareholdings in Keppel REIT Investment Pte. Ltd. and Keppel REIT Management Limited, both of which are wholly-owned subsidiaries of Keppel Land Limited.

Public Unitholders

Based on the information available to the Manager as at 27 February 2015, approximately 53.69% of the issued Units in Keppel REIT is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel REIT is at all times held by the public.

Treasury Units

As at 27 February 2015, there are no treasury units held by Keppel REIT or the Manager.

Notice of Annual General Meeting



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

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the holders of units of Keppel REIT (the "Unitholders") will be held at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 on 14 April 2015 at 10.30 a.m. to transact the following business:

(A) As Ordinary Business

1. To receive and adopt the Report of RBC Investor Services Trust Singapore Limited, as trustee of Keppel REIT (the "Trustee"), the Statement by Keppel REIT Management Limited, as manager of Keppel REIT (the "Manager"), and the Audited Financial Statements of Keppel REIT for the financial year ended 31 December 2014 and the Auditors' Report thereon. (**Ordinary Resolution 1**)
2. To re-appoint Messrs Ernst & Young LLP as the Auditors of Keppel REIT and to hold office until the conclusion of the next AGM of Keppel REIT, and to authorise the Manager to fix their remuneration. (**Ordinary Resolution 2**)
3. To re-endorse the appointments of the following directors of the Manager (the "Directors"), pursuant to the undertaking dated 24 March 2014 provided by Keppel Land Limited to the Trustee:
 - (a) Dr Chin Wei-Li, Audrey Marie (**Ordinary Resolution 3**)
 - (b) Ms Ng Hsueh Ling (**Ordinary Resolution 4**)
 - (c) Mr Tan Chin Hwee (**Ordinary Resolution 5**)

(Please see Explanatory Notes)

(B) As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolution as an Ordinary Resolution:

4. That authority be and is hereby given to the Manager, to

- (a) (i) issue units in Keppel REIT ("Units") whether by way of rights, bonus or otherwise, and including any capitalisation of any sum for the time being standing to the credit of any of Keppel REIT's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or
- (ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, options, debentures or other instruments convertible into Units (collectively, "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty per cent. (50%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed twenty per cent. (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the percentage of issued Units shall be calculated based on the total number of issued Units at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting Keppel REIT (as amended) (the "Trust Deed") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Keppel REIT or (ii) the date by which the next AGM of Keppel REIT is required by applicable regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of Keppel REIT to give effect to the authority contemplated and/or authorised by this Resolution.

(Ordinary Resolution 6)

(Please see Explanatory Notes)

(C) As Other Business

- 5. To transact such other business as may be transacted at an AGM.

BY ORDER OF THE BOARD
 Keppel REIT Management Limited
 (Company Registration No. 200411357K)
 As manager of Keppel REIT



Choo Chin Teck
 Joint Company Secretaries
 Singapore
 23 March 2015



Kelvin Chua

Explanatory notes:

1. Ordinary Resolutions 3 to 5

Keppel Land Limited has on 24 March 2014 provided an undertaking (the "**Undertaking**") to the Trustee:

- to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM of Keppel REIT after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
- (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders' endorsement for his appointment as a Director at the next AGM of Keppel REIT immediately following his appointment;
- to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting of Keppel REIT where the endorsement or re-endorsement (as the case may be) for his appointment was sought, to resign or otherwise be removed from the Board of Directors of the Manager either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board of Directors of the Manager determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained; and
- (for so long as Section 153 of the Companies Act, Cap. 50 of Singapore, shall remain in force) to procure the Manager to seek Unitholders' endorsement or re-endorsement, as the case may be, for any person of or over the age of 70 years to be appointed or reappointed, as the case may be, as a Director, at each AGM of Keppel REIT.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager or Keppel Land Limited from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of Singapore Exchange Securities Trading Limited) and the Articles of Association of the Manager.

The Undertaking shall remain in force for so long as:

- Keppel Land Limited remains as the holding company (as defined in the Companies Act of Singapore, Cap. 50 of Singapore) of the Manager; and
- Keppel REIT Management Limited remains as the manager of Keppel REIT.

Detailed information on Dr Chin Wei-Li, Audrey Marie, Ms Ng Hsueh Ling and Mr Tan Chin Hwee can be found in the "Board of Directors" section of Keppel REIT's Annual Report 2014.

Dr Chin Wei-Li, Audrey Marie will, upon re-endorsement, continue to serve as Chairman of the Board and a member of the Nominating and Remuneration Committee.

Ms Ng Hsueh Ling will, upon re-endorsement, continue to serve as an Executive Director and the Chief Executive Officer.

Mr Tan Chin Hwee will, upon re-endorsement, continue to serve as the Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Committee.

Dr Chin Wei-Li, Audrey Marie and Mr Tan Chin Hwee are considered as independent Directors.

Notwithstanding that the appointments of Dr Chin Wei-Li, Audrey Marie, Ms Ng Hsueh Ling and Mr Tan Chin Hwee were endorsed by Unitholders on 15 April 2014 and the Undertaking requires the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM of Keppel REIT after the relevant general meeting at which such Director's appointment was last endorsed, the Manager is seeking the re-endorsement of the appointments of Dr Chin Wei-Li, Audrey Marie, Ms Ng Hsueh Ling and Mr Tan Chin Hwee so that eventually at any one annual general meeting, only one-third of the Directors will seek re-endorsement.

The list of all current directorships in other listed companies and details of other principal commitments of the abovementioned Directors are set out in page 17 of Keppel REIT's Annual Report 2014.

2. Ordinary Resolution 6

The Ordinary Resolution 6 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of Keppel REIT; (ii) the date by which the next AGM of Keppel REIT is required by the applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest (the "**Mandated Period**"), to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units of which up to 20% may be issued other than on a pro rata basis to Unitholders.

The Ordinary Resolution 6 above, if passed, will empower the Manager to issue Units, during the Mandated Period, as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

To determine the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time the Ordinary Resolution 6 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time the Ordinary Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Important Notice:

1. A Unitholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not later than 12 April 2015 at 10.30 a.m., being 48 hours before the time fixed for the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing, administration and analysis by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

Proxy Form



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

Annual General Meeting

I/We _____
(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)

of _____ (Address)
being a unitholder/unitholders of Keppel REIT, hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Annual General Meeting of Keppel REIT to be held at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 on 14 April 2015 at 10.30 a.m., and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Resolution	Number of Votes For*	Number of Votes Against*
Ordinary Business			
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Keppel REIT for the year ended 31 December 2014 and the Auditors' Report thereon		
2.	To re-appoint Ernst & Young LLP as Auditors of Keppel REIT and authorise the Manager to fix the Auditors' remuneration		
3.	To re-endorse the appointment of Dr Chin Wei-Li, Audrey Marie as Director		
4.	To re-endorse the appointment of Ms Ng Hsueh Ling as Director		
5.	To re-endorse the appointment of Mr Tan Chin Hwee as Director		
Special Business			
6.	To authorise the Manager to issue Units and to make or grant convertible instruments		
Other Business			
7.	To transact such other business as may be transacted at an Annual General Meeting		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015

Signature(s) of Unitholder(s) / Common Seal of Corporate Unitholder

Total Number of Units Held

IMPORTANT : Please read the notes overleaf before completing this Proxy Form

Notes for Proxy Form

1. A unitholder of Keppel REIT ("Unitholder") entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of Keppel REIT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this Proxy Form (as defined in note 5 below) will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time set for the AGM.
6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the AGM.
7. The Proxy Form shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Manager and the Trustee shall be entitled and be bound, in determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, to have regard to any instructions and/or notes set out in the Proxy Form. The Manager and the Trustee shall have the right to reject any Proxy Form which has not been duly completed.

Fold along this line (1)



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The Company Secretary
Keppel REIT Management Limited
(As manager of Keppel REIT)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Manager and the Trustee shall have the right to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, each of the Trustee and the Manager : (a) may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 48 hours prior to the time of the AGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy/ies (if any) are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.
10. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
11. At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy and holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
12. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.
13. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the AGM as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee), should reach Keppel REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 12 April 2015 at 10.30 a.m., being 48 hours before the time fixed for the AGM.

